

**Accreditation as a response to employment
relations challenges in New Zealand
hospitality SMEs**

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Abstract

This dissertation examines professional body accreditation as a response to employment relations challenges in New Zealand hospitality small to medium enterprises (SMEs). Professional body accreditation occurs when groups like The Restaurant Association of New Zealand create a structured, self-regulating accreditation system for its members based on defined criteria and standards. This accreditation aims to help members be successful by facilitating training and support to raise overall standards of business practice.

The New Zealand restaurant sector forms a core part of the tourism industry, one of New Zealand's largest export earning activities. While restaurants are important to New Zealand economically and as large employers, they suffer from long-standing and intense employment problems, including high labour turnover, low pay, precarious employment and dependence on migrant workers. Recent increases in the minimum wage rates and potential restrictions on migrant labourers are adding pressure to already marginal businesses. This research explores the role of accreditation as a response to these employment challenges.

This dissertation is undertaken in partnership with The Restaurant Association of New Zealand (RANZ) to provide research on comparative accreditation schemes used in the international hospitality sector, to present recommendations for a proposed RANZ accreditation system. Recommendations are based on a synthesis of the international accreditation best practice as well as the relevance of those accreditation systems to the New Zealand employment relations context. The dissertation is applied research, aimed

at providing RANZ with useable, comparative data, to inform their decisions regarding creating an accreditation system for their members.

This dissertation applies an interpretive research approach using qualitative methods. The research uses text-based secondary sources which were thematically analysed, with the results presented in a narrative form. This dissertation makes several contributions to the field of hospitality. This dissertation fills a considerable gap in the literature as there is no existing research which links accreditation and employment relations challenges in the hospitality sector. This dissertation also contributed to applied research in hospitality by gathering and comparing various accreditation systems to find best practices which could help RANZ design an effective New Zealand accreditation programme for their members.

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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1. Chapter 1: Introduction

1.1 Context

The contemporary New Zealand hospitality and tourism sector is thriving, having recently overtaken the dairy industry as the largest contributor towards the export revenue for the country. The New Zealand Tourism Industry Association states that New Zealand hospitality and tourism is expanding due to the continued international growth in middle classes, low fuel prices and an efficient and increased aviation capacity (Tourism Industry Association New Zealand, 2016). The hospitality and the tourism sectors are on track to achieve the Tourism Industry Association's goals for revenue and visitors coming into the country: by the year 2025, \$41 billion in revenue and 4.5 million visitors. The largest contributor to the New Zealand hospitality industry is domestic travel, followed by international travel, with significant growth coming from the Chinese market (Stuff, 2016b; Tourism Industry Association New Zealand, 2014, 2015).

Hospitality revenue in 2016 increased by nearly 7.2 per cent in comparison to the previous year, and the accommodation sector is experiencing revenue per room and room nights growth of 10 per cent per annum (Restaurant Association of New Zealand, 2018; Statistics New Zealand, 2017a). In 2015, New Zealand tourism had nearly 3 million overseas visitors which resulted in almost \$11.8 billion in revenue (Tourism Industry Association New Zealand, 2014). The New Zealand hospitality sector contributes greatly in terms of providing employment. Employing numbers in the hospitality and tourism sector have grown 20 per cent since 2006 from 18,000 jobs in 2006 to employing more than 22,000 employees in 2014 (Tourism Industry Association New Zealand, 2014; Whiteford & Nolan, 2007). In summary, the hospitality and tourism sector is an important contributor to New Zealand's GDP and overall employment numbers.

However, while the hospitality and tourism industry in New Zealand is of significant economic and social importance, this industry suffers from some serious problems, including low pay, low productivity, low yields, high labour turnover and poor career pathways. (Lincoln University, 2007; The Ministry of Business, Innovation & Employment, 2013; Tourism Industry Association New Zealand, 2015). While these problems are in keeping with international employment issues in hospitality, the New Zealand context is intensified by the ongoing boom in tourism and recent changes to minimum wages and immigration setting that are adding further pressure on small to medium sized hospitality businesses.

Small and medium enterprises (SMEs) are a vital part of New Zealand's economy, and the number of SMEs operating in the New Zealand hospitality and tourism industry are rapidly growing (Ahmad, 2014). According to the MBIE report (2011; 2013), 99.5 per cent of small and medium enterprises operating in New Zealand belong to the hospitality and tourism sector. Just like other sectors in the New Zealand hospitality and tourism industry, small and medium enterprises generate high revenue and contribute greatly towards the country's economy as well as creating nearly 31 per cent of jobs for employees (MBIE, 2011; 2013). The SME hospitality industry in New Zealand suffers from problems such as low pay, low productivity, long working hours and high labour turnover (Lincoln University, 2007; The Ministry of Business, Innovation & Employment, 2013; Tourism Industry Association New Zealand, 2015).

As a response to the challenging hospitality environment discussed above, The Restaurant Association of New Zealand (RANZ) is undertaking an initiative to create an accreditation system for its members. RANZ is a private, not-for-profit organisation with a significant focus on helping member business owners succeed (Restaurant Association NZ, 2018). RANZ is the national voice for restaurant owners and has over 200 members.

Accreditation is defined as a self-regulating recognition that an organisation, institute, or professional body creates, which meets a set of requirements for defined criteria and standards (Selden, 1965). Accreditation assures the highest quality and performance for owners, managers, staff, stakeholders and customers of any organisation, company, or business. Accreditation is also a tool that helps business owners to measure and improve performance and outcomes (Selden, 1965).

This dissertation is undertaken in partnership with RANZ to provide foundational research on comparative accreditation schemes used in the international hospitality sector to present recommendations for the proposed RANZ accreditation system. The recommendations will be based on a synthesis of international best practice as well as relevance to the New Zealand employment relations context. The dissertation is a form of applied research, aimed at providing RANZ with useable, comparative data, to inform their decisions regarding the creation of an accreditation system for their members. As such, the dissertation includes links to online sources for RANZ to explore international accreditation options in greater detail and offers recommendations in the discussion section of Chapter 5.

1.2 Research Aims

The objectives of this study are to explore professional body accreditation as a response to contemporary employment relations challenges in New Zealand hospitality small and medium enterprises. This study will explore this aim through the following research objectives:

1. Present the employment relations context for hospitality small and medium enterprises in New Zealand and provide a global comparison regarding shared employment relations challenges.
2. Outline and compare significant accreditation schemes used in the international hospitality sector.
3. Present recommendations for a New Zealand accreditation system based on a synthesis of international best practice and relevance to the New Zealand employment relations context.

1.3 Rationale and Significance

The tourism and hospitality industry is one of the fastest growing industries internationally and in New Zealand. Unfortunately, the New Zealand hospitality industry suffers from long-lasting economic and employment relations problems, including low productivity, low yields, high labour turnover, low pay, high casualization and inadequate training (Brien, 2008; Human Resources Institute of New Zealand, 2009; Lincoln University, 2007; Markey, Harris, Knudsen, Lind, & Williamson, 2015; New Zealand Herald, 2016; New Zealand Tourism Research Institute, 2007; Statistics New Zealand, 2010; Stokes, Norman, & Ganesh, 2010; Stuff, 2016a; The Ministry of Business, Innovation & Employment, 2013; Tourism Industry Association New Zealand, 2014, 2015; Whiteford & Nolan, 2007). Thus, it is critical to explore challenges related to the various employment relations problems occurring in the small and medium hospitality enterprises. It is important to explore these employment relations problems because SMEs significant employers and an essential contributor to New Zealand's economy (Restaurant Association NZ, 2018).

While much has been written describing the various hospitality employment relations problems internationally and in New Zealand, there is a significant gap in academic

writing in terms of linking and comparing accreditation systems best practices to employment relations problems. There is no significant academic literature linking accreditation and employment relations issues either internationally or in the New Zealand context. By linking professional body accreditation systems used internationally for small and medium enterprises in context to the ER problems in New Zealand, this research makes a significant contribution to filling that gap. By linking accreditation with the various employment relations problems occurring in small and medium enterprises, this dissertation will also be able to present recommendations for a New Zealand accreditation system, which will also contribute to the aims and objectives of the Restaurant Association of New Zealand.

1.4 Research Design:

This research aims to explore accreditation as a response to the contemporary employment relations challenges in the New Zealand hospitality small and medium enterprises. The interpretive paradigm was used to fulfil this research aim. An interpretive approach allowed the researcher not just to highlight contemporary New Zealand and employment relations problems, but will also allowed discussion of how accreditation could be applied to address some of these challenges. The interpretive method enabled a meaningful construction of knowledge in the context of the hospitality sector.

The interpretive paradigm consists of a relativist ontology and constructivist epistemology. This combination of ontology and epistemology allowed the researcher to create a strong link with the subject material, bringing their own professional experience and interpretive skills to the research process (Denzin & Lincoln, 2008; Grant and Giddings, 2002). A relativist ontology was best suited for this dissertation because it allowed the researcher to explore various ways to tackle employment relations problems in the hospitality SME sector from both from the employer and employee perspective. To

provide a consistent and logical relationship between ontology, epistemology, methodology and methods this research followed a qualitative methods approach consistent with the interpretive paradigm.

This dissertation followed a qualitative methodology laying the foundations for an inductive approach. I used text-based sources that were analysed for themes and then built into narrative findings. The dissertation explored and synthesised secondary sources relevant to employment relations in hospitality small and medium enterprises, as well as discovering sources related to various accreditation standards and schemes. Due to the nature of the research paradigm and the relativist ontology, the methods applied in this study were literature and document review.

1.5 Dissertation Overview

Chapter 1: Introduction

This chapter outlines the research aims, methods, rationale and significance of this research. Additionally, it includes an overview of the dissertation chapter structures.

Chapter 2: Methodology

This chapter outlines the methodological foundations of this dissertation as well as justifying the choice of an interpretive paradigm for this dissertation. The justification for the paradigm choice will also explain the ontological and epistemological positions taken for this research, which will highlight the requirements for the interpretive research approach. Additionally, the chapter will also outline the design for this dissertation concerning the relativist, constructivist ontology and epistemology and justifying a qualitative approach. The final section will highlight the methods used to gather and analyse the data and conclude the chapter.

Chapter 3: Small and Medium Enterprises/Employment Relations problems

This chapter will outline critical literature around the nature, importance of and challenges faced by small and medium enterprise business owners and employers, internationally and in New Zealand. I will present the New Zealand context for various problems faced by small and medium enterprises concerning employment relations. The chapter will also provide a summary that will highlight the critical role played by positive employee-employer relationships essential for an organisation's success. Finally, the chapter will conclude by highlighting key literature findings.

Chapter 4: Accreditation Systems

This chapter outlines the various accreditation schemes and systems used in the international hospitality sector. I will provide a brief definition of accreditation and discuss the benefits of effective accreditation systems. Furthermore, this chapter will present a synthesis of five international accreditation schemes or systems. Accreditation systems from countries including Australia, the Philippines, India and the United Kingdom are presented and compared. The last section will underline the key aspects of this chapter.

Chapter 5: Discussion and Recommendations

This chapter reviews Chapters 3 and 4, briefly summarising the key employment relations challenges for New Zealand hospitality SMEs and reviewing the key content from the five accreditation systems discussed in Chapter 4. I will then discuss best practice from the accreditation systems as a response to New Zealand employment relations challenges in hospitality SMEs. Finally, I will present recommendations to RANZ regarding their proposed accreditation initiative based on the synthesis of international accreditation best practice concerning New Zealand's specific employment relations challenges.

Chapter 6: Conclusion

This chapter presents a summary of the main conclusions and contributions of this dissertation. I will summarise the main conclusions about each of the three research questions are summarised, then outline this dissertation's overall contribution to knowledge.

2 Chapter 2: Methodology

2.1 Introduction:

In this chapter, I present the methodological foundations of this dissertation. Firstly, the key terms used will be defined: research paradigms, ontology, epistemology and methodology. Following this, the chapter will define and critique the positivist and interpretive research paradigms, justifying my choice of the interpretive paradigm. The paradigm choice will also explain the ontological and epistemological positions that I take, highlighting the interpretive research approach. Additionally, the chapter will outline the design for this dissertation concerning the relativist, constructivist ontology and epistemology as well as justifying the qualitative methodology approach to research. The final section will highlight methods used to gather and analyse the data, concluding the chapter.

2.2 What is research?

Research is a systematic investigation or an inquiry where data is collected, analysed and interpreted to understand, describe, predict or control an educational or physiological phenomenon (Burns, 1997; Mertens, 2005). O’Leary (2004) states that defining research was relatively simple thirty to forty years ago, but now research has become very complex with the number of research methods increasing dramatically, especially in the social and applied sciences. Mertens (2005) states that the definition of research is influenced by the researcher’s theoretical frameworks used to build a relationship between or among phenomenon, to go beyond local events and connect them with other similar events. Krathwohl (1993) argues that research can be conducted for a variety of topics in the field of arts, literature, history and sociology. I also consider that research must be active, diligent and systematic to emphasise, interpret and underline various facts and theories.

Keeping the definition of what research is in our minds, Somekh & Lewin (2005) suggest that it is imperative for a researcher to select and design an effective and efficient methodology for the questions or problems probed in the research. The following sections will outline the methodology and research design undertaken in this dissertation.

2.3 Research aims

The aim of this study is to explore professional body accreditation as a response to contemporary employment relations challenges in New Zealand hospitality small and medium enterprises. I will explore this aim through the following research objectives:

1. Present the employment relations context for hospitality small and medium enterprises in New Zealand and provide a global comparison regarding shared employment relations challenges.
2. Outline and compare significant accreditation schemes used in the international hospitality sector.
3. Present recommendations for a New Zealand accreditation system based on a synthesis of international best practice and relevance to the New Zealand employment relations context.

2.4 Research Paradigms:

Paradigms are the theoretical frameworks that influence the study and interpretation of knowledge (Mertens, 2005; Bogdan & Bilken, 1998). Furthermore, paradigms are the philosophical foundations for a research approach defined as an “implicit body of intertwined theoretical and methodological belief that permits selection, evaluation and criticism” (Kuhn, 1970). According to Denzin and Lincoln (2008), research paradigms are a net that consists of the researcher’s epistemological, ontological and methodological ideas. Paradigms according to Grant and Giddings (2002) provide researchers with a

“framework for making order out of chaos of social life”. Paradigms are often described as distinct or discrete concepts, despite often having overlaps between them (Creswell, 2008; Denzin & Lincoln, 2008; Grant & Giddings, 2002). It is important for researchers to understand the crucial relationship between ontology, epistemology and methodology within a paradigm and the researcher must make sure that these three components remain logical and congruent to the overall paradigm (Grant & Giddings, 2002). Accordingly, the chapter will now define these concepts.

Ontology can be defined as the nature and being of reality in the context of what is real in the world (Denzin, 2005; Denzin & Lincoln, 2008). Ontological approaches privileging a fixed and purely objective view of reality existing outside of the individual differ from a relativist view where reality is socially constructed by the observer (Denzin, 2005; Patton, 2002). An epistemology can be developed from this understanding of ontology. Epistemology is the philosophy of how things come to be known (Patton, 2002) and mainly focuses on the relationship between the inquirer and the known (Denzin & Lincoln, 2008). For example, a relativist epistemology suggests immutable and value-laden links between the researcher and the research object that will have a direct impact on findings. The relativist epistemology is closely linked to the constructivist epistemology suggesting that research is created through the interaction between the researcher and subjects as the project develops (Crotty, 1998). Therefore, the researcher must make sure that the ontology and epistemology are matching and that they remain logically coherent.

A methodology is a set of theoretical assumptions and principles that support a kind of research (Creswell, 2008; Denzin & Lincoln, 2008; Grant & Giddings, 2002). Additionally, methodology is a bridge drawing together theory, methods, perspectives and tools (Hesse-Biber & Leavy, 2006). Methodology helps the researcher and guides

them through the entire process from the first part of formulating the research questions, guiding them through the analysis of the collected data and representations of findings. Therefore, the researcher must make sure that their research ontology, epistemology and methodology are consistent within the paradigm and that the methods and practical means used to gather data are consistent with these three components.

The positivist and interpretive paradigms will be discussed and critiqued in the next section to justify the most suitable paradigm for this research.

2.5 Positivism:

The positivist research paradigm is closely related to a deeply objective ontology and epistemology, grounded in scientific methods and committed to uncovering ‘truths’ in the external world (Carson, 2001; Hudson & Ozanne, 1988). Thus, researchers under this paradigm take a scientifically controlled approach to research by clearly identifying the research topics, creating hypotheses as well as adopting a suitable and efficient methodology (Churchill, 1996; Carson, 2001). Positivist researchers often distance themselves from the participants to remain emotionally neutral and make clearer observations between reason and feeling (Carson, 2001). Also, positivist researchers tend to use statistical and mathematical techniques to create specific structural ways of uncovering objective reality (Carson, 2001). Furthermore, Carson (2001) states that a positivist researcher attempts to maintain a clear distinction between science, personal experiences, facts and value judgements.

Some academic writers argue that the positivist research paradigm has reduced significance in recent times (Ateljevic, 2007; Denzin & Lincoln, 2008; Hesse-Biber & Leavy, 2006; Neuman, 2014). Consequently, distinctions between the research paradigms have reduced resulting in many new approaches and methodologies (Denzin & Lincoln,

2008; Outhwaite & Turner, 2007). However, other researchers still agree that research using a positivist paradigm allows for useful objectivity and consistent, rational and logical results (Hudson & Ozanne, 1988; Grant & Giddings, 2002). These authors argue that the positivist paradigm still holds considerable power over other research paradigms or approaches (Hudson & Ozanne, 1988; Grant & Giddings, 2002).

2.6 The Interpretive approach

The interpretive position is closely related to ontology and epistemology arguing that reality is subject to multiple interpretations and relative to the observer (Hudson & Ozanne, 1988). Lincoln and Guba (1985) state that these ‘multiple realities can make it a difficult task for the researcher to present fixed realities (Neuman, 2000). Willis (2007) and Thomas (2003) argue that the interpretive paradigm “portrays a world in which reality is socially constructed, complex and ever changing...” (Thomas, 2003, p.6). Unlike positivism, interpretive approaches tend to avoid set structural frameworks and adopt more personal and flexible research structures to capture and direct meaning towards human interaction (Carson, 2001; Black, 2006). Neuman (2014) states that there has been a rapid growth of literature on the interpretive research paradigm and its different qualitative methodologies. Interpretive perspectives also argue that the researcher and the participant are interdependent and can become mutually interactive (Hudson & Ozanne, 1988). These authors also suggest that an interpretive researcher starts their research with some prior knowledge or insight about their topic, but they tend to reject a fixed research design because of the complex and unpredictable nature of “reality”. An interpretive researcher must keep an open mind in terms of learning and gathering new knowledge throughout their study.

The interpretive approach mostly uses qualitative methodologies and techniques, in comparison to positivism, which applies mostly quantitative methods (Neuman, 2014).

The interpretive research paradigm tends to rely on techniques for collecting data through interviews, participant observations, focus groups and analysing academic literature (Grant & Gidding, 2002). These various methods enable researchers to hear participants' voices from which the researcher can gather multiple perspectives (Denzin & Lincoln, 2008; Strauss & Corbin, 1990). Lastly, it can be argued that the goal of interpretive research is to understand and analyse the meanings of human behaviours, rather than to generalise the various effects and causes (Neuman, 2000; Hudson & Ozanne, 1988). An interpretive researcher must understand the various motives, meanings, reasons and other subjective experiences that are time and context bound (Hudson & Ozanne, 1988; Neuman, 2000; Livesey, 2006).

2.7 Paradigm Choice

This research aims to explore accreditation as a response to the contemporary employment relations challenges in the New Zealand hospitality small and medium enterprises. An interpretive paradigm will be used to fulfil this research aim. This dissertation will be using secondary data sources (academic literature, online reports, newspaper articles and professional literature) to inform the findings. This approach is inherently interpretive as the documents will need to be interpreted and built into a narrative that meets research objectives. Due to the contested nature of employment relations issues, the interpretive research paradigm is an appropriate choice. The interpretive approach will also allow the researcher to not only highlight contemporary New Zealand employment relations problems but will also enable discussion of how accreditation could be applied to address some of these challenges. The interpretive method enables a meaningful construction of knowledge in the context of the hospitality sector.

The interpretive paradigm consists of a relativist ontology and constructivist epistemology. This combination of ontology and epistemology allowed the researcher to create a strong link with the subject material, bringing their own professional experience and interpretive skills to the research process (Denzin & Lincoln, 2008; Grant and Giddings, 2002). A relativist ontology is best suited for this dissertation because it allowed the researcher to explore various ways to tackle employment relations problems in the hospitality SME sector from both employer and employee perspectives. To provide a consistent and logical relationship between ontology, epistemology, methodology and methods this research will follow a qualitative methods approach consistent with the interpretive paradigm.

The interpretive paradigm primarily uses qualitative research methods (Glesne & Peskin, 1992; Silverman, 2000; Mc Queen, 2002; Thomas, 2003; Willis, 2007; Nind & Todd, 2011). Willis (2007) explains that interpretive researchers tend to favour qualitative methods and gather data through case studies, secondary literature reviews, media reports and ethnography. According to Willis (2007), the qualitative methods research approach provides the researcher with in-depth, detailed and rich reports, enabling the researcher to understand the various links and contexts fully. Thomas (2003) also explains that the qualitative approach allows researchers to understand better the world's reality, which is socially constructed, complex and changes every day at a fast pace. McQueen (2002) also explains that a qualitative approach allows the researcher to seek methods that help them better understand the relationships of human beings to their surroundings. McQueen (2002) also emphasises that the interpretive paradigm allows the researcher to view the world through a "series of individual eyes" choosing participants to collect information through interpretations of reality.

Keeping that in mind Creswell (2009) also points out that the qualitative research approach is a useful means for exploring and understanding individuals and various groups in the context of many social and human problems. Hence, a qualitative approach will best enable an understanding of accreditation and its potential to mediate employee and employer problems in small and medium enterprises. By using qualitative methods in the interpretive paradigm, precise and in-depth information will be gathered about the various research questions. Punch (2009) further argues that the qualitative approach is beneficial for this type of research because the data gathered by researchers will be captured through the process of deep attentiveness and empathetic understanding. This also allows the researcher to focus on text, language and meaning as distinct from the statistical or hypothesis testing used in quantitative methodologies (McCaffery, Bouchel & Moules, 2012).

2.8 Methods/ Design of the study

This dissertation follows a qualitative methodology, laying the foundations for an inductive approach. The dissertation used text-based sources analysed for themes that were built into narrative findings. The dissertation explored and synthesised secondary sources relevant to employment relations in hospitality small and medium enterprises, as well as discovering sources related to various accreditation standards and schemes. To present the complex problems related to employment relations in small and medium enterprises, this research used academic resources and media/industry reports as primary data sources. Due to the nature of the research paradigm as well as the relativist ontology, the methods applied in this study were literature and document review.

Most of the primary resources for this dissertation were in online academic databases such as Google Scholar, Scopus, EBSCO and the AUT online library. Apart from academic resources, various media and newspaper reports were critiqued to understand

the nature of employment relations challenges in the hospitality SME sector. Additionally, published Government documents and reports were also analysed to gain perspective about the importance of SMEs for the New Zealand economy. Secondary literature was explored to understand the impacts of SMEs on host countries as well as the daily challenges these businesses face. As this research is also exploring accreditation, secondary resources were searched and critiqued for various accreditation schemes in New Zealand and globally.

2.9 Analysis

The secondary literature sources underpinning this thesis underwent manual thematic analysis. Qualitative thematic analysis allows the themes and categories that frame the findings to emerge from the data itself (Denzin & Lincoln, 2008; Fereday & Muir-Cochrane, 2008; Jennings, 2001). Themes and data from the literature were manually notated and collated for analysis. Digital coding systems were not used for this analysis, as the outcome aimed for was a focussed, practical narrative not relying on quantitative data, nor any other positivist support. Rather, the aim was to judge the quality of the relationship between the narrative and underpinning research materials (Denzin, 2005; Grant & Giddings, 2002; Patton, 2002).

3 Chapter 3: Small and Medium Enterprises, Employment Relations Problems

3.1 Introduction

This chapter will outline key literature about the nature, importance and challenges faced by small and medium enterprise business owners and employers, internationally and in New Zealand. I will begin by discussing the nature of small and medium enterprises, the

positive and negative impacts on the host country as well as exploring detailed literature about the small and medium hospitality industry in New Zealand. Several employment relations problems faced by small and medium New Zealand enterprises will feature. Drawing from a summary, this chapter will also highlight the critical role of positive employee-employer relationships, essential for an organisation's success. Finally, the chapter will finish with a conclusion highlighting key literature findings.

3.2 Defining SMEs

SME is an acronym referring to small and medium-sized businesses. According to Kushnir (2010), the definition of an SME differs from one country to another and they are also known as enterprises. Krotis and Petrakis (2012) explain that SMEs are a composition of three key ideas: small, single and local. According to these authors, "small" relates to SMEs at the smaller scale of the SME continuum as most SMEs have 10-200 employees. Krotis and Petrakis (2012) also emphasise that SMEs have limited working capital and that financial turnover is lower in comparison to the larger enterprises. They also relate the term 'single' to SMEs as majority of them tend to have a single owner and produce a single product or provide one type of service. Some SMEs according to Krotis and Petrakis (2012) are very local and offer services only through the area they are located; this could mean the SMEs operating from the same city, district or state. I note that some SMEs are considered local because these small enterprises or businesses might be operating from the owner's place of residence and are referred to as SOHO (Small Office Home Office).

Rijkers (2014) however argues that some exceptions can be made from the above literature and states that while SMEs may have small outputs, products and provide limited services, can also operate in a global market. He further states that it has become very common for SMEs to provide more than one type of product or service. SMEs,

although small, can still have manufacturing facilities, processing units, retail and distribution units. Vaart and Gibson (2008) also state that SMEs are socially and economically important for every country. According to the research conducted by Vaart and Gibson (2008), nearly 23 million SMEs exist around the globe. These SMEs are responsible for providing close to 75 million jobs. They further show that SMEs make up nearly 80 per cent of businesses in sectors such as hospitality and tourism, construction and the textile industry.

Berry (2002) states that SMEs have a considerable disadvantage in comparison to larger businesses, as there is reduced support from adequate capital and well-developed human resources. Lofaret and Tann (2006) explain that SMEs, especially in the hospitality and tourism sector, must deal with increased competition from emerging businesses and this is intensified by globalisation and an increase in technology and innovation. Hospitality and tourism SMEs are very reliant on the proximity of customers and suffer struggle with innovation for efficient working techniques (Lofaret and Tann, 2006). They further state that small and medium enterprise owners and managers tend to ignore these challenges. Schultz (2001) also suggests that for any SME to survive in the competitive market, they need to focus on identifying risks and problems which might have a direct effect on their organisations.

3.3 Impact of SMEs on host countries

In first world countries such as Canada, United States, Australia as well as New Zealand, SMEs play a very important role in the economy (Leopoulos, 2006). Rwigema and Karunga (1999) also stress the very important point that SMEs are responsible for providing much of the employment in these countries. In countries like New Zealand and Australia, how SMEs conduct their businesses have a direct impact on the country's economic growth and job creation and therefore improve economic outcomes. Rogerson

(2004) also points out that the majority of the first world countries have an estimated 90 per cent of businesses categorised as small and medium enterprises. Ntsika (2001), while researching SMEs found that these enterprises were responsible for providing nearly 75 per cent of new jobs.

Watson and Godfrey (1999) also state that the GDP of a country is directly affected by the number of small and medium enterprises. They go on to point out that 80 per cent of small and medium enterprises tend to fail. This failure occurs because the owners and managers of these enterprises have no set strategies which could support or grow their business. Van Nickerk (2005) points out that due to the lack of entrepreneurial performance and a conservative approach of some SME managers and owners organisations tend to stagnate and therefore cannot perform to their full potential. A lack of management skills, as well as employee and employer relationship skills, also lead to SMEs failing (Watson, 2004). Changes to various government and immigration policies have also had a direct impact on how well SMEs function.

3.4 Challenges for SMEs

Wong (2005) discusses that in comparison to larger businesses, the success of SMEs depends on their ability to have sound financial and human capital, i.e. enough capital reserves and the right employees. A study by McGrath and King (1990) on SMEs in Australia found that most of these enterprises failed to survive because they did not have the right employees working for them. However, Rogerson (2001) argues that just like the employees, the owners of small and medium enterprises need to have the skills to be good entrepreneurs and the owners need to be educated to tertiary level and have advanced training. This, according to the author, allows the entrepreneurs to adapt to their business and gives them the chance to educate themselves and gain knowledge about the changing business environment. Brink (2003) researched small and medium enterprises

in Canada and found that SMEs tend to fail because the employer and the employees lacked technical and management skills. However, Berger and Udell (2001) argue that the success of a small and medium enterprise does not depend on just technical and managerial skills but the ability to use the SME assets effectively and retain staff, which would mean lower turnover.

Apart from these factors, there are some internal and external factors which are also very critical for any small and medium enterprises to survive in a competitive business market. Naicker (2006) states that even though managers and the owners are familiar with their enterprises, they still are not able to identify various factors that directly influence their business. Kespen (2000) categorised and identified the most common types of problems that small and medium enterprise managers and owners must deal with:

1. Economic issues: This would include all the local economic conditions of a country that small and medium enterprises are operating in. The market or business environment that SMEs are competing in directly influences how successful a business becomes (Kespen, 2000).
2. Enterprise-based problems: These problems would include various internal issues that small and medium enterprises might be facing. This would include problems related to human resources, staff planning, lack of training, dealing with high turnover as well as difficulty recruiting skilled staff (Rogerson, 2004; Beaver, 2002). According to Watt (2007) how well a small and medium enterprise functions depends upon their staff, their skills and their training to do that job. Watson (2004) also states that managerial skills and the training of managers and SME owners are important. A lack of these skills can lead to small and medium enterprises failing (Watson, 2004). Leopoulous (2006) emphasises that apart from

skills and training, managers, as well as the owners, need to have the right positive attitude in dealing with their staff and conducting business.

3. Market-related problems: According to Naicker (2006), the type of market or environment that the small and medium enterprises are operating in also has a direct impact on whether these businesses will fail or survive. The owners and the manager must have the skills to advertise and come up with various marketing strategies properly. Naicker (2006) further points out that small and medium enterprises also need to come up with various strategies to attract their potential customers. In other words, they need to be able to identify their target market.

Watt (2007) states that most small and medium enterprises around the world, as well as SMEs operating in New Zealand, suffer from structural problems with their organisations. He explained that SMEs seem to underestimate the fact that these enterprises are operating in an environment where there is much competition. Rogerson (2004) emphasises that SMEs need to be smart when dealing with structural problems, as apart from SMEs competing, they also must compete with larger organisations. Rogerson (2004) also states that employment relations problems amongst SMEs are also prevalent. Robust and strong employer/employee relationships are important for the success and smooth functioning of SME organisations. It is important to identify and find solutions to these various problems as they can have a direct impact on the success and failure of these small businesses. After identifying the problems, owners and managers can train themselves as well as the staff by educating them and coming up with solutions and strategies to overcome the various issues faced by SMEs.

To summarise all the points about SMEs success and how well they operate in a competitive environment, it is evident that the right type of managerial skills are required. Proper training is also important for the employer and employee. From the above

literature and the research conducted by various authors, it can be clearly stated that it is important for small and medium enterprise managers and owners to be aware of their competition as well as market conditions. SMEs also need to maintain a good employer-employee relationship as it can have a direct impact on the success and failure of the business. Proper training and education for all these factors are crucial as once identified, SMEs can effortlessly meet their objectives and stand a chance of surviving in a competitive business environment.

3.5 Small and medium enterprises in New Zealand

Small and medium enterprises are a vital part of any country's economy. SMEs in New Zealand are described as enterprises which consist up to or less than 20 employees (Ministry of Business, Innovation and Employment, 2011; 2013). According to MBIE (2011; 2013), small and medium enterprises contribute to almost 40 per cent of total economic output and are responsible for creating nearly 31 per cent of jobs for employees. This report further explains that just like the rest of the world, the majority of small and medium enterprises in New Zealand are operated by the owners and lack the right management skills in comparison to larger businesses.

Ahmad (2014) found that the majority of businesses operating in New Zealand are SMEs and close to 97 per cent of these entrepreneurs employ 20 or fewer people. Ahmad (2014) also stresses that the New Zealand SME sector is proliferating, especially businesses operating in the hospitality and tourism sector. The other SME sectors of importance in New Zealand are agriculture, construction and real estate services. The largest number of small and medium enterprises according to MBIE (2011; 2013) operate in areas with larger urban centres. This report mentions that a majority of small and medium enterprises exist in the Auckland region (147,878), followed by Canterbury (58,811), Waikato (47,717) and Wellington (46,874). A survey conducted by the World Bank of

Entrepreneurship (2011) showed that New Zealand has more small and medium enterprises in comparison to other first world countries.

Whittaker (2016) found that many SMEs operating in New Zealand are only six years old. I also note that since 2010 the number of small and medium enterprises operating in New Zealand have been declining. Interestingly, SMEs in the hospitality and tourism sector tend to have a higher survival rate in comparison to other industries (Whittaker, 2016). According to data provided by MBIE (2011; 2013), SMEs make up 99.5 per cent of the hospitality and tourism sector. This includes the smaller motels, bars, pubs, coffee shops, takeaways and restaurants. The MBIE report also mentioned a decline in the number of SMEs operating in New Zealand since 2011. This report suggests that there have been more small and medium enterprise deaths than births.

According to MBIE (2011; 2013), small and medium enterprise profits in New Zealand are tightly related to the firm's size as well as the number of employees working for the business. The report also touches upon the fact that enterprises with 100-499 employees had the highest profit levels and contributed to the country's GDP more than small and medium businesses. SMEs survival rate was another issue that the MBIE (2011) report touched upon. The SMEs with the highest survival rate were healthcare, agriculture, fishing, financial and insurance sectors. The hospitality and tourism sector were categorised as having the lowest survival rates in the country.

Jaeger (2007) suggests that many of the SME owners in New Zealand are aged 40 years and below. Jaeger (2007) also shows that the hospitality and tourism sector SME owners were predominantly male. I note that there were very few female owners. Small and medium enterprises in New Zealand according to the Organisation for Economic Co-operation and Development (OECD) are also referred to as high-growth enterprises. According to MBIE (2011; 2013), SMEs are considered to be high-growth enterprises

because they are responsible for creating a high percentage of employment as well as economic growth. MBIE (2011) also mentions the fact that even though there has been a decline in the number of new small and medium enterprises opening and setting up business every year in New Zealand, the proportion of firms defined as SMEs have remained remarkably consistent. In February 2010 that number was recorded at 97.2 per cent.

According to Shangqin (2017), SMEs in New Zealand are a good source of employment, but research shows that the number of workers employed by SMEs has decreased over time. My research shows that there is a decline in employment by close to 2 per cent since February 2010 and that this level of decline continues. Shangqin (2017) goes on to say that SMEs in New Zealand are responsible for providing nearly 30 per cent of employment. However, the data in the MBIE (2011; 2013) report suggests that since the global financial crisis, even though the size of SMEs operating in New Zealand has remained constant, the number of employees hired by small and medium businesses has dropped. Firms or enterprises employing 20-40 employees on average have decreased to 7.1 per cent, and firms employing 100-499 employees have gone down by 5.4 per cent. A small number according to the MBIE report, but with drastic after effects, such as higher rates of unemployment. Overall employment in New Zealand also dropped by 4.25 per cent between the year 2008 and 2010.

Research conducted by Lewis (2007) found that the majority of SMEs employed more part-time employees in New Zealand in comparison to larger companies. Lewis (2007) found that wages play an important role in the survival of small and medium enterprises. Part-time employees according to Lewis (2007) are easy to hire and will work longer hours for lower wages. Apart from this Lewis (2007) also makes an interesting point that even though many SMEs provide a large percentage of employment to New Zealanders,

larger firms contribute more towards job growth than SMEs. As mentioned before, Lewis (2007) found that average salaries and wages were much lower for SMEs in comparison to larger firms. Finally, an important fact that my research revealed was that the price of products offered by SMEs in New Zealand tend to remain less and unchanged in comparison to the larger companies.

3.6 Employment relations issues in NZ hospitality SMEs

The term employment relations refers to an enterprise's management of the relationship between employers and employees. According to Lee (2017), an enterprise or business with a good employee/employer relations environment ensures that every employee is treated equitably. The author also states that employee/employer relations also have a direct impact on how committed and loyal employees remain towards the company. He further suggests that effective employee relations programmes are usually designed by the HR team of an enterprise or business and that is very important for any business or SME to have a good HR team. Employee/employer relations programmes, according to Lee (2017), usually focuses on the various issues affecting employees such as pay and benefits, work life balance, safe working conditions and any other issues that the employee might be facing.

Lee (2017) explains that one of the most effective ways for a company to make sure they have effective employee/employer relation programme is by introducing high values and ethics to their employees. Following Lee, I emphasise that employees should be considered as stakeholders in the company as this gives the ownership to the employee and they feel valued for the work they do. Effective employment relationships are important for the success of an SME as well as large businesses.

The hospitality industry globally as well as in New Zealand suffers from problems which include low pay, reduced productivity and high labour turnover (The Ministry of Business, Innovation and Employment, 2013). According to the report by Deloitte (2015) and New Zealand Tourism Association (2015), the labour market problems and the employment relations issues in the hospitality and tourism sector are worsening. The hospitality industry in New Zealand, especially the SMEs, suffer from major skill shortages, high labour turnover, low pay and lack of full-time work and clear career paths (Cropp, 2016). Some other factors that affect the hospitality sector in New Zealand include dependence on migrant workers. According to Baum (2007), small and medium enterprises suffer disproportionality from poor work conditions, poor work-life balance as well as weak service systems. According to Mooney (2016), the hospitality SMEs industry in New Zealand is also under increasing pressure from recent increases in the minimum wage and changes to immigration and visa laws that may result in less migrant workers being available to the sector.

The Tourism Industry Association Skills Report (2015) states that the most common issue SME employees complained about to their employers was low wages. SME owners in the report commented that for them to retain skilled staff they needed to pay adequate wages. For SMEs operating in New Zealand and Australia, the Tourism Industry Association Skill Report (2015) also points out that SME employees lack training and career growth options. Baum (2007), Kraji, Robinson & Solnet (2016) highlight another issue with the New Zealand hospitality and tourism industry, that is the lack of local workers in the hospitality and tourism workforce. However, Gatling, Kong & Kim (2016) suggest that the high turnover in the New Zealand hospitality industry is not directly related to low wages. Rather, the authors argue that effective leadership is the key aspect that the hospitality sector SMEs lack.

Apart from leadership, Braun, Thomas and Bosselman (2015) argue that depression, lack of creativity as well as job satisfaction are some other factors the hospitality industry and the SMEs operating in New Zealand face. Apart from above issues one specific factor that keeps coming up is the extreme low wages paid in the industry. Williamson (2017) stated that the hospitality wages in New Zealand from the year 1955 to 2000 have drastically decreased. The author also states that the hospitality wages in New Zealand are much lower compared to other sectors. The decrease in wages according to Williamson (2017) is directly linked to various political and economic policies that have led to a decrease of almost 25 per cent in the hospitality wages paid over this period. Small and medium enterprises according to Williamson (2017) suffer this problem because SMEs do not have strong union density that can help employees negotiate their wages.

There has been limited research on the problems faced by hospitality industry SMEs operating in New Zealand in terms of employee/employer relationship. As SMEs are the backbone to New Zealand's economy (MBIE, 2011; 2013), it is very important for us to understand the problems faced by them in terms of employee/employer relationships. Welsh (1988) and Conan (1990) state that small and medium enterprises are usually ignored for this research and most authors and academics have focused and conducted research only on larger firms.

3.7 Human resource management capacity

Early research has pointed out that HRM and the adoption of best practice human resources has had a positive effect on the performance of small and medium enterprises as well as larger businesses (Delaney & Huselid, 1996). Planning is an issue the owners and managers of hospitality small and medium enterprises must deal with. According to Hess (1987) when SMEs start to do well, managing growth is very difficult to understand

and control. Hess (1987) also states that due to a lack of resources, employers are unable to hire experienced employees with the right type of managerial and general management skills. According to Massey (2007) some specific examples of the types of issues faced by hospitality SMEs in New Zealand point directly to owners and managers lacking right management skills and business planning where they are unable to handle and operate their business.

Jenkins (2006) suggests that the most significant human resource issue facing small and medium enterprise operators is the training and development of staff and the recruitment and selection of skilled employees. Jenkins (2006) highlights that due to limited financial reserves and tight resources, SME hospitality owners in New Zealand have a tough time recruiting skilled staff. According to Beck (2003) hospitality SME employers in New Zealand tend to undervalue employee management, giving more importance to general management. Beck (2003) found with his research that the majority of small and medium enterprise owners are not aware that they are devaluing personnel issues. According to Beck (2003) due to the immense pressure of trying to operate in a competitive New Zealand hospitality SME environment, the SMEs owners trying to deal with personnel issues are likely to become frustrated, feeling that personnel or employee problems are beyond their control. The author further mentions that these owners have a mindset that thinks no matter what they do, their employees will never be satisfied. Beck (2003) mentions that personnel management by employers includes a vast area consisting of job description, recruitment, compensation and benefits, training and performance appraisals. However, Barrett and Mayson (2006) argue that this is not the case with small and medium enterprises. According to the authors it also depends on the size of the business and the amount of resources available to them. To summarise the above, it is understood that wages, benefits, the availability of qualified staff, job security and training remain the most common ER issues the SMEs employers must deal with on a frequent basis.

Another major employee/employer relationship issue that the SMEs hospitality owners face is increases to the minimum wage. In April 2018, New Zealand raised the minimum wage from \$15.75 to \$16.50 (BDONZ, 2018). The government has forecasted and suggested that they plan to increase the wage to almost \$20.00 an hour by April 2021. Larger businesses according to this media report have not been affected as much in comparison to the SMEs operating in an already very competitive market. According to MBIE (2011; 2013), minimum wages are paid to approximately 73,000 New Zealand workers. According to this report, minimum wages are usually paid to young people, migrants and people without adequate skills. The MBIE report also mentions that most of these employees who are paid minimum wages belong to the hospitality and tourism sector. BDONZ (2018) reports that much impact in the increase of minimum wages is felt by the businesses that employ less than 20 people and this includes 97 per cent of all the enterprises in New Zealand. BDONZ (2018) reports that hospitality SMEs in New Zealand have very tight margins and due to the increasing competition, small business owners struggle to pay their employees more than the set minimum wage.

This media report also emphasises that many small and medium enterprises in New Zealand are funded with the owners borrowing money through friends or family. The increase in the minimum wage according to BDONZ (2018) has resulted in employee's reduced working hours, in some cases terminating the contracts of a couple of employees as the SMEs could not afford to pay them. The New Zealand Herald (2018) report on the increase in minimum wages also suggested that because of the increase in the minimum wages, small and medium enterprise owners in New Zealand will have to adjust to the increase in ACC levies, Kiwisaver contributions and holiday pay as well. The Herald also reported that skilled staff employed by small businesses and paid above the minimum wage will also want a raise in their hourly wages. This puts pressure on the owners of these businesses resulting in staff leaving the company and increased high turnover in the

hospitality industry linked directly to minimum wages (Lashley, 2016b). On the other hand, the BDONZ (2018) report suggests that the government is trying to help smaller businesses by allowing them to pay less taxes. However, this does not necessarily mean that after paying less taxes, SMEs will be able to survive and afford to pay their employees increased minimum wages.

Another major employee/employer relationship issue that the New Zealand small and medium enterprise owners face is the reliance on the migrant workers. The hospitality and tourism sector in New Zealand provide employment to majority of migrants coming to New Zealand (MBIE, 2011; 2013). The New Zealand hospitality and tourism sector is known as the ‘Cinderella’ of industries and many local New Zealanders think that hospitality is home to poor- and low-quality workers. New Zealanders according to Poulston (2007) just don’t consider hospitality work as a legitimate career path. According to the Tourism Industry Association New Zealand (2015) majority of the employees working in the hospitality industry hold temporary visa. According to McIntyre and Harris (2012) the reliance on the migrant workers by the SMEs owners has a direct impact on the employee/employer relation. The authors explain that language barriers between the employees and the guest has a direct impact on the business. McIntyre and Harris (2012) further explain that language barriers also tend to cause misunderstandings between the employers and employees. According to Rupen (2005), small and medium enterprise owners tend to employ migrant workers because the migrant workforce is known as cheap labour. Employers according to Rupen (2005) tend to ignore the bigger picture. According to the author, the vast availability of migrants also allows SMEs employers to exploit the vulnerable migrant workforce. Rasmussen (2010) explains that because of the vast availability of cheap migrant labour, skilled employees tend to be ignored as they expect higher wages. This results in many skilled and seasoned

employees leaving the hospitality industry and joining other sectors for better wages and benefits (Poulston, 2007).

NZ Business (2017) reports that hiring skilled and talented people is already an issue for many SME owners in New Zealand. An interview conducted by NZ Business (2017) states that it takes hospitality SMEs almost six weeks to fill a vacancy. A tighter immigration policy would mean that the SME hospitality industry in New Zealand will suffer from lack of workers and would have a direct impact on the country's productivity. NZ Business (2017) also reported that even if the employers of hospitality SMEs have jobs available that come under the category of skilled jobs, new changes to the immigration policies would restrict employers from offering jobs. The report also states recent changes to the immigration policy; that if an employee is paid less than \$49,000 they do not fall under the skilled employee category. Due to a lack of local workforce missing from the hospitality and tourism sector in New Zealand, the change in the immigration policy will have a direct effect on the survival of these businesses (NZ Business, 2017). Once again, the affordability factor comes into being as small and medium enterprise owners cannot afford to pay such high salaries. Even though the change in the immigration policy is a major setback for employers, employees can benefit from the change. This media report (NZ Business, 2017) also makes a very interesting point that changing the immigration policy and laws will also put a stop to the exploitation of migrant workers by the small and medium enterprise hospitality employers in New Zealand.

3.8 Good employers

Xesha (2014) explains that the term 'good employers' suggests images of generous companies. These attributes according to the author can be linked to this term, but being a good employer is very much complex and very difficult to achieve. Xesha (2014)

explains that there are various moving parts, trade-offs, judgements that the companies and owners need to make regarding their employees. Tanwar (2016) states there are three main elements to being a good employer:

1. The organisation should create value by committing to its employees. This is usually done through active management of the organisation's leadership style, working as well as training environment (Tanwar, 2016).
2. To become a good employer, it is very important to create good business intelligence. Creating business intelligence enables the company to treat their employees as an important asset, rather than employees as costs (Tanwar, 2016).
3. To be a good employer, it is very important for an organisation to provide purpose and meaningful answers to the following questions "Whom is the company or business designed to benefit?" and "What is the company or business trying to achieve (Tanwar, 2016).

Hill (2005) emphasises that for an individual or any business, company, organisation to become a good employer it is important that the employees are fundamental stakeholders of the organisation, rather than just paid labour. Hill (2005) states that all employees need to be treated and managed well. Further, over the long run it becomes very difficult for the organisations to deliver excellent service to their customers if their employees are unhappy or in short supply. Lastly, if an organisation cannot manage their employees and are mistreating them, eventually the business or organisation will suffer and fail their customers. This will have a direct impact on the organisation's capacity to deliver value and profits to its investors and stakeholders. For any company or an organisation to survive in a competitive business environment, it is very important that the employer has the skills and the right mindset to be a good employer. Being a good employer, will have

a direct impact on the success and failure of an organisation, business or company (Hill, 2005).

According to Immigration New Zealand, in the year 2015 there were 108,000 people working in the hospitality and tourism sector in New Zealand. The majority of them were migrant workers with 54.6 per cent employees working in small cafés and restaurants. Standards and rules that need to be followed by small and medium enterprise owners to be considered good employers have been set through New Zealand employment legislation and Immigration New Zealand. According to Dung (2017), New Zealand hospitality businesses are made up of workers from many different cultures and countries. Good hospitality employers do not just require a qualification from their potential employee but require previous work experience in the hospitality and tourism sector. They also provide flexible hours of work for their employees. Since many hospitality businesses operate during the day, evenings and weekends, the employee has an opportunity to decide when they can be working according to both the employee and employer's comfort (Dung, 2017). Robson (2000) states that good hospitality owners will display the hours of work through a roster, usually to avoid any confusions that an employee might have about their working times.

As mentioned earlier, exploitation by small and medium enterprise owners in the hospitality and tourism sector in New Zealand is very common. Flynn (2015) with their research state employers pay their employees at least the minimum wage set by the government. Although according to Flynn (2015) average pay in the hospitality sector is different depending upon the job and experience of the employee. In New Zealand, hourly pay rates can fluctuate depending on the region, the location of the business and the skill level of employees. The average pay rate in the New Zealand hospitality work is between \$16 to \$25 an hour (Careers NZ, 2016). Flynn (2015) further states that it is very

important to be clean and tidy when working in hospitality. Good employers set minimum hygiene and personal grooming standards for their staff. They provide uniforms to their staff to maintain these standards and in turn make a good impression on customers, which is beneficial for their business (Flynn, 2015).

Croucher (2013) states that good employers have employment agreements with their employees and can educate their employees if they are unsure about anything that is written in their agreements enabling employees to understand their basic working rights. They make sure that the employee agreement also clearly states the number of working hours an employee needs to fulfil every week to avoid any conflict that might take place between the employee and employer. By mentioning the number of working hours in the employee agreement an employer cannot force an employee to work above the number of hours mentioned in the employee agreement. Croucher (2013) points out that an employee working in the New Zealand hospitality industry sector or any other industry has the right to a 90-Day-trial period. Any employer cannot dismiss an employee before 90 days without providing the employee with valid reasons for their dismissal. These details are negotiated and mentioned in the employee agreements. Similarly, because of the long working hours in the hospitality industry an employee is entitled to have paid rest and meal breaks to fulfil the basic right of the employee (Croucher, 2013).

Farsi (2014) states that according to the employment law in New Zealand, good employers provide their employees with annual holidays. An employee can have four weeks of paid holiday every year. These are basic standards and rights set for the employees by the New Zealand employment legislation. Good employers providing employees with annual leave will make sure that employees remain happy and motivated to work well and stay with the organisation for a longer time. Apart from this, good employers pay their employees time and half if they have been scheduled to work on a

public holiday. Farsi (2014) underlines that apart from this an employee is also entitled to paid sick leave or paid leave in case of genuine health and family emergencies. A good employer will make sure that their employee is taken care of and under New Zealand Employment rules is also obligated to provide up to 18 weeks of paid parental leave (Farsi, 2014).

Stumbitz (2018) emphasises that good employers should look after their employees' health and safety. According to the author, this is usually done through proper training, supervision and providing the right equipment so that employees can do their jobs safely. A good employer makes sure that there is also effective communication between them and the employees in case the workers want to raise concerns or suggestions about staying safe and healthy at work. Employers need to be able to provide their employees with reasonable instructions, policies, and procedures about working in safe and healthy ways. This according to the author boosts the morale and confidence level of the employees and return they work well and efficiently. According to is very important for an employee to feel safe at work and confident that the work they are doing is not harmful to the employer and the other. These are various attributes as mentioned above in the literature which categorises the difference between good and bad employers (Stumbitz, 2018).

3.9 Conclusion

This chapter presented the key literature around the nature, importance and challenges of SMEs, both internationally and in New Zealand. Focus was applied to hospitality and tourism SMEs and the employment relations challenges they face in the contemporary environment. Key considerations from the chapter include the fact that, internationally, SMEs make up most of the businesses, provide most employment and contribute significantly to global GDP. However almost 80% of all SMEs fail within the first few years of their operation. Literature was covered that showed New Zealand SMEs make

up 40% of GDP, provide 31% of employment and make up a staggering 99.5% of all hospitality businesses (MBIE, 2011). The chapter outlined the considerable challenges the hospitality SMEs face in New Zealand, including: a lack of Government involvement in the sector; attracting, developing and retaining skilled employees; developing management expertise; overcoming low profit and resulting low wages; and dealing with intense competition.

The chapter highlighted two recent additional challenges facing hospitality SMEs, particularly the Government commitment to raising the minimum wage regularly and their desire to reduce incoming migrant labour. These two factors have the potential to put considerable pressure on hospitality SME operations that already run on very marginal profit margins. Finally, the chapter presented literature that discussed the attributes of good employers as a possible framework for constructing effective accreditation. These attributes included: a serious commitment towards employees that treats them as stakeholders in the organisation and not just a cost centre; superior management skills, clustered around training and development, employment relations and employment contracts and occupational safety; flexibility around work conditions, timings and higher pay.

4 Chapter 4: Accreditation

4.1 Introduction:

In this chapter, the various accreditation schemes and system used in the international hospitality sector to fulfil one of the objectives of this dissertation are presented. Firstly, the key term accreditation is defined, after which the benefits of accreditation are laid out. Next, the chapter will also present a synthesis about the various accreditation schemes or systems which are set out for the small and medium enterprises in New Zealand as well

as around the world. Accreditation systems from countries like Australia, Philippines, India and the United Kingdom are studied following which a synthesis of each accreditation system of that country are presented. The last section of this chapter will provide and underline the key aspects of this chapter.

4.2 What is accreditation?

Accreditation can be defined as a self-regulating recognition, that an organisation, institute, service, programme which meets a set of requirements for a certain type of defined criteria or standards (Selden, 1965). For any organisation, company, or business which has accreditation, it provides an assurance of highest quality and performance for its owners, managers, staff, stakeholders as well as customers. Accreditation can also be indicated as tool which helps business owners to measure and improve performance and outcomes (Selden, 1965). Young (1976) states that accreditation is usually a third-party examination and evaluation, which is typically done through a mutually agreed upon process to arrive at an assurance of quality of determination.

Young (1976) explains that accreditation can be beneficial for an organisation or business in many ways. The author states that accreditation provides an organisation with independent recognition, by assuring that the organisation is committed to safety and quality. Accreditation also forces an organisation to adopt or promote a culture of quality. It also provides and brings confidence to the organisations stakeholders as well as its customers. Young (1976) also explains that accreditation can help build a better and more efficient organisation with quality, safety and performance being its top most priority. Accreditation also increases capability of an organisation or business and reduces failures and risks. Young (1976) states that accreditation also provides a competitive advantage for an organisation, in comparison to businesses and companies which are not accredited.

Lastly, the author states that accreditation also helps an organisation to comply and follow regulatory requirement whenever they are required.

4.3 Who needs accreditation?

To answer this question Elam (1982) states that accreditation can be beneficial to any type of a business or organisation that wishes to stay one step ahead of their competition by measuring and improving their performance. The benefits of accreditation are very same as described earlier in the above literature.

4.4 Why should an organisation be accredited?

Elam (1982) explains that different types of businesses and organisations require different types of certifications services. Getting the right type of accreditation supports and helps an organisation on the quality improvement journey. There are many types of accreditation bodies that assist businesses and organisations and by making sure that they have the right certification. Accreditation services are provided to businesses and organisations in almost all major fields such as the medical sector, education sector, hospitality, restaurants. An example of an accreditation standard which is somewhat common for almost all major functioning organisations and businesses are the standards developed by the international organisation for standardisation. The most common types of ISO standards according to Elam (1982) are the basic safety procedures that all businesses and organisations need to carry certification for. Being an accredited business or organisation and having the right certification and from the above literature it can be stated that the right type of certification can have a direct impact on the success as well as failure of an organisation in a very competitive environment.

4.5 Accreditation Systems: Global and New Zealand Context

4.6 The Restaurant Association of New Zealand

The Restaurant Association of New Zealand also referred to as RANZ was established in 1972 and initially RANZ was known as the restaurant and cabaret association. In 2002, it was renamed to the restaurant association of New Zealand. RANZ has nearly 2000 members from the hospitality and restaurant industry, covering almost every part of the country. RANZ also have also set up 12 regional branches to help its current and future members, branches being operated and looked after by local industry owners (Restaurant Association NZ, 2018).

The main objective of RANZ is to help the small and medium hospitality businesses operating in New Zealand by providing guidance and resources so that the business has a competitive edge over its competitors. Unlike majority of accreditation and certification bodies around the world, RANZ is not worried about making profits by keeping their membership cost low and affordable for potential members. The Restaurant Association of New Zealand is owned and operated by RANZ members who are mainly focused on helping the business owners to succeed (Restaurant Association NZ, 2018). RANZ members includes small and medium enterprises such as cafes, food trucks, takeaway, chain restaurants, quick service restaurants, standalone cafes, restaurants and bars, catering companies as well as companies that feed into the hospitality industry (Restaurant Association NZ, 2018). RANZ states that entrepreneurs who are their members or businesses that get RANZ recognition, it represents a badge of professionalism. RANZ through their website and regular seminars and meetings encourages members to promote their relationship with RANZ, as it a professional body representing the New Zealand hospitality industry. RANZ also states that members who are associated with them, in comparison to non-members are more serious business

owners who want nothing but success for their businesses (Restaurant Association NZ, 2018).

The Restaurant Association of New Zealand assists their members in many ways. RANZ states that their association with its members is somewhat like them being their silent business partners by providing the businesses and owners with information, resources and tools which are beneficial for their businesses. RANZ also provides industry benchmarks and ideas for the betterment of the New Zealand hospitality sector. RANZ also helps businesses associated with them by trying to save them money as well as helping business owners to promote and markets their businesses. Apart from all this any employment related disputes can also be sorted out with RANZ help as they have many legal experts on their team to assist and provide solutions for the business owners. RANZ also comments that the association has seen an average of close to a 9 per cent increase in its members every year since they were established (Restaurant Association NZ, 2018).

RANZ also states that the New Zealand hospitality industry is growing rapidly at a very quick rate. In 2016, the hospitality industry had the best sales figures and generated close to \$9 billion dollars in sales. Since 2016, RANZ mentions that there has been close to a 12.3 per cent increase in sales each year (Restaurant Association NZ, 2018). The restaurant association of New Zealand also states that the total number of employees working in the hospitality industry has exceeded more than 120,000 people. Since 2016, the number of employees working in the industry has been growing by close to 5 per cent each year. It is evident that with the increase in employment it can be clearly stated that the number of new businesses establishing themselves in the New Zealand hospitality industry is also increasing rapidly. RANZ states that each year since 2016, an increase of close to 4 per cent in new businesses in this sector has been recorded (Restaurant Association NZ, 2018).

Keeping all this above literature in mind, the Restaurant Association of New Zealand states even though there is a growth in the number of new businesses opening, the hospitality small and medium organisations suffer extremely with issues related to labour as well as food costs. These are some of the major challenges that RANZ is trying to figure out and get some answers and trying to establish ways and strategies to help their members. Hiring skilled employees is one of the key challenges facing the small and medium hospitality business employers. One of the main reasons for this according to RANZ is the changing and tightening of the various immigration policies and restrictions. Because of this both RANZ and the business owners have concerns on how and where employees will be found as the New Zealand hospitality industry heavily relies of migrant workforce (Restaurant Association NZ, 2018). Keeping the various challenges in mind and by trying to find valid solutions and answers both RANZ and its members are attempting to closely work with the government and trying to get them involved by giving them valid reasons to make changes towards various policies. RANZ states that the hospitality industry alone contributes close to \$47.8 billion to New Zealand's GDP. As the industry is the powerhouse for the country's economy and by looking at the figures, RANZ states that government should be working closely with them by trying to help small and medium hospitality sector businesses, where making a profit in this industry has become a huge challenge (Restaurant Association NZ, 2018). A recent survey conducted by RANZ in 2017 also found that many of the members would also like the government to get involved and provide solutions to the various challenges and problems that the hospitality sector is facing. RANZ members stated that immigration policies as well as general trade policies affecting their businesses should be eased which would lead to encouragement and will allow the hospitality industry to grow further and contribute more towards this country (Restaurant Association NZ, 2018).

RANZ comments that there is very little government involvement in the hospitality and tourism industry in New Zealand. RANZ is trying to get the government to invest their time in this industry and getting them to support the growth as well as recognize the New Zealand hospitality sector as a global platform. As the hospitality industry relies heavily on migrant workers, RANZ would like the government to work with them and its members to try and educate local New Zealanders to choose hospitality as a career choice. RANZ is also trying to get to convince the government to set up immigration policies which would be beneficial for both the government as well as for RANZ members. As profits and margins are very low and survival in a competitive environment for some businesses is hard, RANZ is also trying to get the government and local councils to lower some costs and fees related to goods and services (Restaurant Association NZ, 2018). For example, card payments received by SMEs owners have a very significant and increasing cost to them. A more transparent and efficient system which would benefit both the consumers would be very beneficial for RANZ members (Restaurant Association NZ, 2018).

Lastly from the above synthesis about the Restaurant Association of New Zealand, their focus and aim is to try to come up with certain best practice targets which would help their members. Business management is very important and according to RANZ efficient business management practices, standards and procedures helps us to recognize these elite businesses. This is usually done by following the current standards in compliance and by maintain the highest possible standards which the hospitality industry demands. RANZ also states that government also needs to set up certain policies which helps recognize these elite businesses (Restaurant Association NZ, 2018). Overall. RANZ membership is very beneficial for its current and future members. Being a RANZ member is especially important for new entrepreneurs as they might not have relevant business knowledge and the challenges that they might face. Proper guidance and mentoring are

very important, which RANZ certainly can provide and result give assurance and makes the owner feel secure about their organisations.

4.7 RANZ Accreditation Plan

The RANZ accreditation plan and goals are simple: To create a platform to assist the Association and the wider industry to promote the excellent operators. This could be used as a tool for government, potential employees and others as a form of quality assurance. Accreditation is defined "as the act of granting credit or recognition, especially with respect to education and skill". This is also a response to the rising number of issues around management of hospitality businesses, particularly regarding employees. The Association wants to map out a way for businesses to set themselves apart from those that are attracting negative attention. It also provides RANZ with a way to "vouch" for our members so government, employees and others can deal with these businesses knowing that they have completed appropriate training and have in place several systems that have the approval of the Association. Ultimately, RANZ want their members to have access to a high-quality accreditation platform which includes good business practice all around such as tax compliance, sustainability, employee management, food safety and all other aspects of business.

More details about the various ways benefits in terms of how the Restaurant Association of New Zealand assists their members, the details can be found on their official website <https://www.restaurantnz.co.nz>

The next section will provide a synthesis about the various immigration requirements that need to be fulfilled by an employer to get certified regarding hiring migrant workers.

4.8 Accredited employer- Immigration (New Zealand context)

RANZ had mentioned that certain immigration policies need to be implemented and some current policies need to be changed by immigration New Zealand, which would ease pressure from business owners for them to be able to hire skilled migrant workers. Immigration New Zealand has set certain criteria and certifications for New Zealand business employers to get accredited employer status which would make eligible to be able to hire skilled migrant workers (Immigration New Zealand, 2018). Hospitality business owners according to the Restaurant Association of New Zealand face challenge of surviving in a very competitive business market, with very little margins and profits. To get accreditation from immigration makes an already stressful job much more stressful. Immigration New Zealand (2018) states that for an employer to get accredited they need to meet certain standards and follow procedures and should also be able to provide evidence being asked by immigration. The decision does not rely on immigration to decide whether an employer is accreditation worthy or not. Immigration New Zealand also contacts other relevant certification local council and government bodies to make their final decisions (Immigration New Zealand, 2018).

Immigration New Zealand has divided the accreditation process into 4 categories which an employer or a business owner must fulfil and provide evidence for:

1. Financial position of an organisation
2. HR resources as well as HR practices of an organisation
3. Workplace and business practices
4. Training and employing New Zealanders.

Immigration New Zealand (2018) states that under the financial position category an employer or business trying to get accredited needs to provide evidence related to the

various business financial indicators such as revenue, profits as well as equity levels. Evidence must also be provided by business owners in terms of reserve capital or cash in hand as well as evidence related to accounts receivable. Immigration New Zealand (2018) also expects evidence to be provided in terms of whether the employer can withstand and handle current and proposed employment. The businesses and employers according to Immigration New Zealand (2018) also need to have met the requirements and criteria of the Public Finance act 1989 as well as the Local Government Act 2002. Immigration also expects employers to provide annual reports, financial statement and business plans of their organisations.

The restaurant association of New Zealand looks after both large and small businesses. But more over and their main priority remains in trying to get the small and medium businesses noticed by the government. Low profits and low margins make it hard for a small and medium business owner to be able to have reserve capital. RANZ recommends and have tried to convince the government that accreditation employers' rules in terms of financial position and evidence needed should be different for small and medium businesses in comparison to large organisations (Restaurant Association NZ, 2018).

In the second category Immigration New Zealand (2018) states that an employer or business owner needs to have good human practices and standards. A business or an employer under this category must also pass inspection and get certification from Worksafe NZ. Worksafe is New Zealand's primary workplace health and safety regulator. Their main objective is to lift New Zealand's health and safety performance and support workers to return home healthy and safe (Ministry of Business and Innovation, 2011; 2013). The business or the employer should also be able to provide evidence and structure of the organisation's employment agreements. A business should also have certain human resource policies and standards in place as well as maintain a high standard

of health and safety procedures. Apart from this the business must also pass ISO standard inspection and must be ISO certified. Immigration New Zealand (2018) under this category can also contact current employees of the business to find out and make sure whether the business owners are following the standards and procedures that they have provided evidence for. The restaurant association of New Zealand have legal representatives which help their members to gather the right type of documents required by Immigration to get them accredited (Restaurant Association NZ, 2018). Once again, the questions for cost involved in getting these certifications and how these accreditations will cost a small and medium owner a lot a money, capital which they might not have. Immigration New Zealand (2018) needs to work with RANZ and modify this category and policies to make them favourable for small and medium business owners (Restaurant Association NZ, 2018).

According to New Zealand Immigration (2018) the next category is the most important out of all as they are related to the organisations various workplace policies and business practices. Immigration New Zealand states that employers or businesses try to get accredited must follow policies, standards and practices outlined by diversity work NZ. Diversity involves gender, age, disability, sexual orientation, education, national origin, and religion. Diversity encompasses a broad spread of experience, culture, perspective and lifestyle of those who live in New Zealand (Diversity Works NZ, 2018). Employers or businesses should also not have any records of them where they have been non-compliant of any immigration as well as employment standards and guidelines. The business and the employer also need to have policies and practices in place which would ensure that if the business gets immigration accreditation as well as certification from employment New Zealand both of their standards and practices are always being followed. As is the same case in the previous category, Immigration New Zealand can

contact and collect information and feedback about an organisation's business practices from their current employees as well as relevant unions.

Lastly Immigration New Zealand (2018) states that to become an accredited employer the business or organisation must be committed to training and employing local New Zealanders. The employer must provide relevant training industry training. Also, evidence that the business has been training employees who are New Zealand citizens or residents must also be provided by the employers. The employers must make sure that there is proportion in the organisation's workforce. They should be employing immigrants as well as New Zealand citizens. Immigration New Zealand also states that to attract local employee's apprenticeship programmes or graduate programmes should also be designed by the employer. To help their members get immigration accreditation the Restaurant Association of New Zealand have come up with several ways that will help small and medium businesses to remain compliant with the immigration standards.

RANZ have launched a programme named Pro Start which is committed to assisting employers by helping them find the right people with the relevant technical skills to enter the hospitality industry (Restaurant Association NZ, 2018). Pro start programme because of RANZ involvement, has already started to see some Government involvement as this programme takes place in partnership with the Ministry of Social Development (Restaurant Association NZ, 2018). Apart from this RANZ has also developed an apprenticeship programme for people wanting to work in the hospitality industry. The apprenticeship programme is designed keeping in mind the industry training organisation standards. Programmes like pro start as well as apprenticeship programmes are essential to get certification and compliance from Immigration New Zealand to become an accredited employer. Programmes like these will also help and assist the hospitality

industry with the ongoing skill shortages, by employing and training the right people for the job (Restaurant Association NZ, 2018).

To conclude this section the Restaurant Association of New Zealand in 2017 conducted a survey where current member feedback was taken. One of main the main concerns of its members were the issues related to immigration policies and getting immigration accreditation. One of the members quoted that “proposed policy settings regarding immigration and employment are main concerns for the future of small businesses in New Zealand” (Restaurant Association NZ, 2018). With this type of feedback, it can be made very clear that certain changes in the immigration policies that favour both the country and the business owners must be proposed. Otherwise, small and medium hospitality enterprises which are a major contributor to the New Zealand’s economy will be at a stage of total failure. Hence, the government involvement that RANZ is trying to intend to the New Zealand government (Restaurant Association NZ, 2018)

More details on the criteria which needs to be fulfilled by an employer to receive immigration accreditation can be found on the Immigration New Zealand website:

<https://www.immigration.govt.nz/employ-migrants/hire-a-candidate/employer-criteria/accredited-employer/apply>

The next section of this chapter will lay out the Accreditation schemes by the Restaurant and Catering Association of Australia for small and medium enterprises.

4.9 The Restaurant and Catering Association of Australia:

The Restaurant and Catering Association of Australia, also referred to as the R&CA is an industry body or accreditation body which represents close to 45,000 cafes, restaurants and catering businesses across Australia. The members of this association include owners

and operators of small and medium hospitality businesses in Australia (RCA, 2018). The Restaurant and Catering Association of Australia was established in 1922 by small café owners as a means of helping other business owners through sharing important business information, coming up with ways on saving money and negotiating with local councils and government (RCA, 2018). Like New Zealand, the restaurants and catering businesses are an important part and massive revenue generator for the Australian economy. These various small and medium enterprises such as cafés, restaurants and catering businesses are responsible for providing jobs to close to 610,900 Australians (RCA, 2018).

The restaurant and catering association of Australia's main strategic focus is by helping its members in the hospitality industry to remain profitable and sustainable. Accreditation and certification for a hospitality business from R&CA also means the best and continuous improvement of industry standards as well as professionalism in the sector (RCA, 2018). Being an R&CA member also ensures that businesses remain regularly updated on the various industry trends, developments, changes in various regulation policies and most importantly offers, exclusive deals and discounts with suppliers to reduce daily operating costs for the business. Unlike RANZ where membership costs are affordable, members for the R&CA must deal with a substantial fee to obtain accreditation. Depending upon the location, the size of the business and brand, the type of business the costs of becoming an R&CA member start from \$1000 Australian dollars, going all the way up to \$12,400 (RCA, 2018). Even though there is quite a bit of money which needs to be invested to become a R&CA member, but despite that being a member has many benefits.

The R&CA gives suggestions and provides solutions to business owners regarding cost effective to support the core functions of the business. Some of the benefits and the association helps its members and how they make sure that their members businesses

remain profitable and continue to do so in the future, R&CA helps their members in several ways. Some of them being:

- Workplace Relations Advisory Service, in this the association makes sure businesses remain complaint. The association also makes sure that these businesses are following standards and practices set by the Fair Works Commission of Australia (RCA, 2018). The association also assists businesses on issues related to policy and representation. This is a very important point as the association works very closely with the local, state, federal and puts forward the various interests of its members (RCA, 2018). The restaurant and catering association of Australia also helps businesses by keeping their compliance costs down and by also appealing to the government on issues related to tax, immigration as well industrial relations (RCA, 2018).
- Next the R&CA also provides its members with migration advisory services. In this the association offers its members free of cost advice on visa application process when employers are trying to hire skilled migrant workers. This includes any information related to government, immigration requirements as well as the documents required for the visa application process. In case of any problems related to visa processing, the R&CA has very close links with the immigration department, which can provide them with the best possible solutions (RCA, 2018). The restaurant and catering association of Australia also offers exclusive member discounts to business owners by closely working with key industry suppliers to save business owners some money. The association also advises businesses in terms of saving money related to insurance as well as electricity.
- They also look after any work compensation cases and the association represents businesses in case of any legal proceeding occur. Training and education are another important aspect that R&CA looks after. By providing relevant hospitality

training and courses R&CA ensures that their members businesses employ skilled staff (RCA, 2018). The restaurant and catering association is also a registered training organisation and it is legally allowed to provide training courses, certificates, apprenticeship as well as provide the right resources for professional development of a business and individual (RCA, 2018).

Apart from all this the restaurant and catering association of Australia also offers many different accreditation programmes and certifications exclusively for its members. R&CA's accreditation programmes make sure that the business owners, managers and employees are following certain set of standards and business practices which provides a quality benchmark for the industry and in return would provide exceptional service for its customers (RCA, 2018). The accreditation programmes that the association offers and manages for the hospitality industry cover many important categories which in return assists businesses to highlight their honesty as well as best practice to its customers (RCA, 2018).

The four main accreditation programmes and certifications offered by the restaurant and catering association of Australia are:

1. Gold license catering accreditation.
2. Certified professional restaurateur.
3. Green label Australian environmental sustainability accreditation.
4. Savour Australia bench marking programme.

Gold license catering accreditation: The gold license caterer's accreditation according to the association serves a symbol of quality and provides assurance to the customers and public when they are hiring caterers. The gold license accreditation recognizes businesses and its owners which achieve the highest of standards in food safety, following standard

operating procedures, professionalism at work place as well as excellent working standards. This type of accreditation is a great tool of marketing a brand or a business as this type of accreditation assures customers about it being a well-established business (RCA, 2018)

Certified professional restaurateur: This certification or accreditation which has been developed by the R&CA by the hospitality industry for the industry. This accreditation is a two staged process which includes the certification for professional restaurateur (CPR) and includes the restaurant accreditation of that restaurateur. The CPR part of the certification recognizes businesses and skills of the restaurateur's that they have in terms of management of their organisations. Once the restaurateur has been CPR certified, they then can apply for their business or restaurant to become certified as well. This accreditation gives the business owners a chance and provides them with an aim to improve the quality and professionalism of their businesses as well as the industry personnel, which in result will improve profits by attracting customers and offering them the best possible dining experience (RCA, 2018).

Green table Australia environment sustainability accreditation: This accreditation and certification recognizes restaurants, cafes and catering businesses as well as its owners that a doing their best to reduce the impact on the environment as well as recognizing businesses which are using environment friendly products and practices (RCA, 2018). The main objective of this certification is to get businesses to control their wastage of water and energy, proper waste management, efficient recycling practice as well as coming up with efficient and successful procedures to reduce CO2 emission as well (RCA,2018).

Savour Australia benchmarking programme: This accreditation or certification provides support to restaurants, cafes and catering businesses with what is called a fresh eye

approach (RCA, 2018). This certification allows the association to review the organisation's various business processes and practices as well as looking into their business delivery standards. These are taken into consideration and after reviewing the practices, solutions are provided by the association for the organisation to improve their practices and standards against industry best practices. This programme also provides unbiased insights and feedbacks which serves as a very important improvement tool for the business and its owners (RCA, 2018). Lastly the programme will also provide the business owners and managers with a detailed written report about their business standards, which can be beneficial for the business to support and provide improvement strategies as well as best practice standards (RCA, 2018).

Just recently the restaurant and catering association of Australia have a launched a China ready welcome programme which their members can get certification for. This programme was created because Australia is attracting more than eight million international visitors every year and majority of these tourists belonging to Chinese countries (RCA, 2018). Because this a great boost to the country's economy which is rapidly growing every year and to capitalize on this the restaurant and catering association of Australia along with China ready & accredited in partnership developed this programme (RCA,2018). To get certification for this programme the business owners and managers need to take a short training course regarding Chinese culture. The business or the restaurant owners also need to maintain translated Chinese menu's, along with verbal translation services (RCA, 2018). The restaurant and catering association of Australia assists their members though each step. R&CA states that this type of certification is great tool for a business to promote Chinese culture, which in result can be very beneficial for the business to attract more tourists and in return generate more profits and revenue (RCA, 2018).

More details about the various accreditation systems laid out by the Restaurant and Catering Association of Australia can be found on their official website: <http://rca.asn.au/rca/accreditation-best-practice/>

The restaurant and catering association of Australia apart from helping businesses with their daily practices and providing accreditation also recognize and give awards to their members. The association has an award for excellence programme through which the association recognizes such restaurants and catering businesses. The awards recognize the exceptional service of these organisations as well as their culinary talents. These types of recognition and awards programme also allows the hospitality business owners to create a good network with key suppliers as well as acknowledging the achievements of the business as well as its staff (RCA, 2018).

The next section of this chapter will provide a summary about the different accreditation standards and procedure laid out by the United Registrar of Systems (URS) in India.

4.10 The United Registrar of Systems, India:

The United Registrar of Systems (URS) is an independent assessment and certification body which offers value added services throughout the world and in India (URS India, n.d.). URS was formed with one main objective and that is to help hospitality businesses to understand business processes and practices and to ensure that these systems and standards are in place and are being followed. The URS group is responsible for providing assessments and accreditation services in the fields related to an organisation's management system certifications, doing general compliance audits, regular inspections, product certifications as well as providing training (URS India, n.d.). This accreditation body has set rules, procedures and standards through which they help their members in significant financial savings as well as making sure that the businesses daily operations

standards are safe and smooth. This body is a privately funded professional group. Similar to accreditation systems in New Zealand and Australia, obtaining the right accreditation and certification is also very important for hospitality businesses operating in India (URS India, n.d.). The URS India looks after both large and small hospitality businesses as well as many international hotels and tourism brands such as IHG, Air Asia hold accreditations and recognition by URS. URS accreditations and certifications carried out in India are considered as legal entitles or contracts where the business have no choice but to follow the right and high uniform management systems set by them (URS India, n.d.).

Similar to international, Indian hotels and restaurants account for close to two-thirds of employment in country (URS India, n.d.). URS mentions that the hospitality businesses must have effective systems, procedures, standards and control in place if a business needs to survive in a very competitive environment. URS India has a portfolio of services which they provide accreditations and assessments both for hotels and restaurants operating in India. Most of these accreditations and certifications are directly linked to good business practices which an organisation must follow to keep up with the hospitality industry standards. The accreditation and certification standards set by URS India are very similar to the certifications that a business must be following compliance as these are also the legal certifications which are required by a business to operate set by the local, state and central government (URS India, n.d.). Majority of these certifications and accreditations are related to the ISO standards.

URS also provides accreditation for hotel and restaurants related to the organisations quality management systems. In this the URS gives and follows ISO9001 certification which aims to provide a global standard for the organisations which get this certification. This certification is a standard which spells out the highest quality and trust of trust of services that a business has to offer and must comply with (URS India, n.d.). The URS

also looks at and provides certification and accreditations for the organisations environment management systems. A business compliant to this get an ISO14001 certification which would make sure that their management system and business practices are dedicated to solving the various environmental issues and helping the environment (URS India, n.d.). URS also provides accreditation and certification related to an organisations occupational health and safety management systems. If an organisation is compliant, the URS awards another ISO standardization, certification of OHSAS18001. This certification defines and sets out standards and procedures for the health and labour protection systems of an organisation. This accreditation by the URS shows an organisation's commitment to provide a safe working environment for its employees as well as its customers (URS India, n.d.).

URS also provides accreditation related to the various food safety management systems of an organisation. These tools, standards and procedures are designed specifically for the hospitality industry to ensure food safety. A compliant business to this certification has to follow highest possible standards related to food safety, where the organisation must demonstrate its ability to control food safety hazards and also to make sure that the food being served to its customers is safe at the time of consumption (URS India, n.d.). This certification also includes trainings being provided to both business owners as well as employees regarding hazard analysis and critical control points (HACCP). This will help ensure that the employees as well as the owners are aware and are able to identify various hazards related to safety (URS India, n.d.). URS India also helps businesses by providing them with an information security management system. If a business is compliant for this certification ISO27001 certification is granted to the organisations which ensures that the organisation has a set system in place to protect the businesses information. This certification is a great tool as it helps organisations in terms of privacy and protecting information security (URS India, n.d.).

HSEQ business branding also referred to as health, safety & environment with quality is another certification or accreditation which URS India looks after. Under this category the health, safety and environment of an organisation is looked at. With this specialization URS makes sure that businesses and its owners make these elements their core business areas which can help the organisations to achieve a global status differentiating them from other non-certified businesses in this category. This certification is a great tool for a business to become a very dominant market leader (URS India, n.d.). Lastly URS also gives accreditation and recognizes businesses which also follow the standards of good manufacturing processes. In this certification the overall quality control of food as well as the manufacturing process of how food is prepared is looked at (URS India, n.d.). URS India also helps restaurants, hotels and managers, owners and employees by providing them training to enhance their management skills. URS training programmes certify business owners and managers by mentoring them and by evaluating their strengths and weaknesses. This helps both the owners and managers to better understand various business practices as well as helps them to gain knowledge, which in result gives businesses and organisations a competitive edge over its competitors (URS India, n.d.).

Additional details about the United Registrar of Systems Accreditation schemes (India) can be found on their official website: http://www.ursindia.com/hotels_restaurants.aspx

To maintain these standards and to make sure that businesses are following these procedures, URS India does regular monthly, quarterly and yearly inspections of its members. URS India quotes that the inspection programme is “checking a product or system against the set standards by the URS organisation itself”. The URS also provides secondary and third-party inspections as well (URS India, n.d.). Apart from regular inspections, URS India also conducts regular compliance auditing. Compliance audits are very much like inspections and these are carried out to find whether the auditee is

following prescribed laws, regulations, policies and procedures. URS India mentions that compliance audits are usually done for the businesses and organisations on government orders (URS India n.d.).

The next section will lay out the various hospitality accreditation schemes by the Department of Tourism Manilla, Philippines.

4.11 The Department of Tourism Manilla, Philippines:

Similar to RANZ, R&CA and the URS India accreditation bodies, the Department of Tourism in Philippines has also set some national accreditation and certification standards for the hotels operating in the country. The department of tourism is a government accreditation and certification body which gives certification to hotels based on their general business practices. The businesses are awarded and graded based on a five-star grading system created by the department. The tourism department mentions that for a hotel business owner to obtain high star accreditation standards they need to offer high services and facility quality, facility or business condition must be excellent and the business needs to commit to improving and maintain their various business practices (Accreditation PH, 2012). The department of tourism states that a business or a hotel cannot score higher than 1000 points, which is the highest possible certification and accreditation awarded according to the departments grading system (Accreditation PH, 2012).

In country like Philippines all hospitality businesses must follow the standards and remain compliant with the Republic Act NO. 9593, also referred to as the Tourism Act of 2009. Keeping the act in mind, the department of tourism looks at various procedures and standards being followed by the hotel or business. The Philippines Department of Tourism requires hotels wanting to get their certification and accreditation to follow the

Tourism Act requirements with reference to the minimum and mandatory requirements set by the accreditation body (Accreditation PH, 2012). Apart from the general standards and procedures which need to be followed by the hotel set by the department of tourism, the hotel must also follow and remain compliant to certain mandatory and minimum requirements in terms of business practices.

The standards set by the department are as follows:

To get accreditation a hotel must make sure that their emergency and fire evacuation procedures are in place, documented and are being followed. The hotel also needs to make sure that in case of a power failure, a backup generator is available in case of an emergency. The hotel also needs to have safety systems in place as well as documentation or instructions in case a natural disaster or a man-made threat occurs. Maintenance plans of the hotel must also be provided without any irregularities as well as evidence must be provided in what the hotel is doing to make sure that their property remains vermin and pest free. A hotel must carry out regular risk assessment audits, which review the potential security threats towards the hotel. (Accreditation PH, 2012). Apart from this the department of tourism of Philippines also requires the hotel to maintain certain environment related business practices. The department states that businesses must show evidence of environmental management systems in place which help to reduce wastes as well as systems in place to reduce water and energy wastage. The department of tourism also expects the hotels to purchase the products used for food and beverages, laundry services as well as guest amenities from organic suppliers (Accreditation PH, 2012).

HR standards and requirements have also been set up by the department of tourism of Philippines which the hospitality businesses must follow and maintain to get accreditation. The department states that the hotels must have training programmes in place for its staff and that the hotel makes sure training and new working techniques are

being taught and conducted on a regular basis. The hotels and hospitality businesses must also have regular recruitment programmes in place which ensure that local citizens are being hired. The department of tourism expects a minimum of 80 per cent of the business's employees belong to the local region that the business is operating in. Apart from this the department also expects the hotels to purchase their products for all the supply areas from the local suppliers and vendors (Accreditation PH, 2012).

The hotels must also be compliant in standards set by the department and must have guest complaint handling systems in place. The systems should be able to document and solve guest complaints and request within a 24-hour period. The hotels must also have affective guest feedback and satisfaction programmes and monitoring systems in place to ensure that guest remain happy (Accreditation PH, 2012). Another important business practice that a hotel must follow or accommodate in order to get the tourism department accreditation is that special facilities and systems need to be put in place to look after guest and tourists with disabilities i.e. special rooms with specially designed furniture's and bathroom, wheel chairs, wheel chair ramps must be made and special elevators to ensure that the guest does not feel uncomfortable (Accreditation PH, 2012).

Additional details about the Department of Tourism Accreditation schemes for Philippines can be found on their official website:

http://accreditationonline.tourism.gov.ph/Downloadables/Standards/Standards_Hotel.pdf

The department of tourism does regular inspections once the hotels have been given accreditation to ensure that standards and procedures are being followed. The department has a very strict policy where if any of the hotels are found to be not following their standards and procedures, the certification of that particular business can be cancelled or the business will have to cough up a hefty fine in order to remain complaint under the

department regulations (Accreditation PH, 2012). The department also states that certifications and accreditations awarded to the hotel must be displayed at all times in the reception area for guests to see. According to the Department, this is a great way of letting the customers and guests know that the hotel offers the highest quality of service in comparison to a non-certified hotel. It is a useful tool for increasing revenue and sales (Accreditation PH, 2012).

The next section will provide a synthesis for the various accreditation hospitality schemes being followed in the United Kingdom.

4.12 Accreditation schemes UK:

Davies (2005) states that various accreditation schemes and standards helps customers to choose the right type of hotels and restaurants. Accreditation standards of a hotel and restaurant also provides feedback and opinion for a potential or existing staff about the various practices and standards being followed in the organisation. Davies (2005) states that accreditation schemes in the UK are designed to provide assessments about the organisations employment practices which in theory should help to raise and maintain standards, motivate staff which in result would improve customer satisfaction. Keeping the various benefits of accreditation schemes in mind, there are three main schemes which were designed for the hospitality industry in the UK:

1. Investors in people – Fully Government funded
2. Excellence through people – combination of Government funding support and run by the British Hospitality Association
3. Hospitality assured – No Government funding – run by the Hotel and Catering International Management Association

4.13 Investors in people (IIP):

Investors in people accreditation scheme is a government run national standard which covers all hospitality businesses. This accreditation scheme according to Davies (2005) provides the organisations with opportunities to improve their training standards and gives them a chance to create strategies to develop their staff. Davies (2005) states that IIP was developed in the year 1990 by government led organisations such as the Confederation of British Industry and the Institute of Personnel and Development. This accreditation scheme covers 1,321 hospitality businesses all over the UK. Furthermore, this accreditation scheme has four key principles which help organisations: commitment, which means the commitment to invest in people or employees to achieve business goals. Second, planning according to Davies (2005) means that how the skills of employees, individuals as well as the team need to be developed by the organisations to achieve their business goals. The third principle of this accreditation scheme is action, which according to the author means developing and creating various strategies and programmes that can have a direct impact on the organisation's business objectives. The last principle of this accreditation scheme is referred to as evaluation where the outcomes of the various training and development programmes of individuals are evaluated to understand the value achieved as well as any type of further development. Lastly, Davies (2005) emphasizes on the point that certification of IIP standards guarantees improvement in motivation for both the staff and the owners as well as increasing productivity resulting in higher profitability.

4.14 Excellence through people:

Davies (2005) states that this accreditation scheme was introduced in January 1998 by the British hospitality association (BHA) with 350,000 pounds of government funding. The author states that currently this accreditation certification is managed by the BHA, with the help of a management company referred to as Hospitality and Leisure Manpower Ltd. This accreditation scheme according to Davies (2005) is specifically designed for the businesses operating in the hospitality industry. The main aim of this accreditation scheme is to help organisations to attract, employ and retain skilled staff. According to Davies (2005) this scheme gives the employers an opportunity to measure their employment practices against the set industry standards. This scheme provides guidance and gives advice to the business owners on how to improve and assess the organisation's practices. This accreditation scheme uses a ten-point code of employment practice, which is used as a bench mark to compare and improve the organisation's employment practices. Lastly this accreditation scheme since January, 2001 has provided certification to 794 hospitality businesses operating in the UK (Davies, 2005).

4.15 Hospitality assured:

Davies (2005) states that accreditation scheme was launched with one main goal, which is to improve customer service and satisfaction. This scheme was introduced in June 1998 and like the other two accreditation schemes, this one never received any government funding and is run by run by the Hotel and Catering International Management Association. Davies (2005) further mentions that this accreditation scheme contains a set of requirements, which are all measured against highest possible set industry standards, through a customer satisfaction survey. The accreditation scheme according to the author also provides assessments against the professional service standards. This allows the employers and managers to check and assess how various industry standards are being

maintained in the organisation. According to Davies (2005) this scheme covers 72 hospitality businesses and 2,2000 outlets throughout UK. Lastly, the author also goes to say that the main aim of this scheme is to improve customer service by following standards and this thorough a comprehensive scheme and the information collected from the customer satisfaction surveys genuinely does improve the customer service level of organisations.

Additional details about hospitality Accreditation schemes for the United Kingdom can be on the following official website:

<https://www.thecaterer.com/articles/40772/accreditation-schemes>

4.16 Conclusion:

This chapter defined accreditation and then presented a range of accreditation systems from five countries: New Zealand, Australia, India, the Philippines and the UK These systems varied from those fully hosted by Government Departments (the Philippines), to those partly funded by Government and run by private professional bodies (The United Kingdom), to those who are fully run by private, professional bodies (New Zealand, Australia and India). The Indian and Philippine models tend towards rigorous monitoring of standards around health and safety, environmental protection, food safety and employment regulations; with modest attention paid to training and development. The Philippines Department of Tourism accreditation also includes requirements for hiring local workers and buying local products – making it something of an outlier compared to the privately-run professional bodies.

The history and aims of the Restaurant Association of New Zealand were discussed and their desire to create an accreditation system for their members was presented. While RANZ shares many similarities to the overseas professional bodies in terms of providing

advice, discounts, advocacy and training initiatives, the intensity of employment relations pressures on hospitality SMEs in New Zealand has led them to believe the time is right for exploring accreditation for their members. Using the accreditation requirements from Immigration New Zealand as an example, the chapter shows that the level of compliance and costs involved effectively negate the ability of most hospitality SME businesses to apply for this accreditation. RANZ is involved in negotiating around this issue and their accreditation system could include support for this problem.

The Australian accreditation model stresses the need for close negotiation and influence on local and national Governments, a key goal for RANZ in New Zealand. In addition, The Australian model includes advisory services for workplaces relations, immigration, work safety claims, and a variety of apprenticeships, training and development courses and certificates. A key question raised is the membership fees associated with these services – the Australian system involves considerable cost to its members. Crucially, their accreditation system is varied, covering catering, restaurants and environmental foci, including business skills, workplace relations, food safety and professional standards. Of interest to RANZ may be their benchmarking approach and annual awards, as well as their recent China Ready accreditation, aimed at ensuring hospitality businesses are ready for rapidly increasing numbers of Chinese tourists.

Finally, the UK accreditation systems show an interesting combination of government support and private professional body management. Much like the Australian model, the UK system covers a range of approaches and contexts, but focused predominately on training and development to attract, retain and grow employees and managers and to improve customer experience. Drawing on the British Hospitality Association and the Hotel and Catering International Management Association, the Government invests

significantly in these accreditation systems. Again, attention should be drawn to the benchmarking aspects of these approaches.

5 Chapter 5: Discussion/Recommendations

5.1 Introduction:

This chapter will start by reviewing Chapters 3 and 4, briefly summarizing the key employment relations challenges for New Zealand hospitality SMEs, as well as reviewing the key content from the five accreditation systems discussed in Chapter 4. The chapter will then discuss best practice from the accreditation systems as a response to New Zealand employment relations challenges in hospitality SMEs. Finally, the chapter will present recommendations for RANZ regarding their proposed accreditation initiative, based on the synthesis of international accreditation best practice in relation to New Zealand's specific employment relations challenges.

5.2 Employment Relations Problems:

Chapter 3 presented the various employment relations problems occurring in New Zealand hospitality SMEs. An international comparison was briefly made to illustrate that similar employment relations challenges occur in the international hospitality sector and the response of professional bodies through accreditation are a common response to these challenges. The chapter showed that the majority of the employment relations problems occurring around the world are very much similar in nature (Resper, 2000; Naicker, 2006; Watt, 2007; Watson, 2004). The hospitality industry in New Zealand suffers from many different types of employment relations problems, often accentuated in the small and medium enterprise context. The hospitality industry in New Zealand suffers from problems related to low pay, poor productivity and high turnover (MBIE, 2011; 2013). In addition, there is are major shortages of skilled employees, a lack of full-time work as well as considerable social stigma regarding choosing hospitality as a career path (Cropp, 2016). Hospitality SMEs rely heavily on a migrant workforce, which, given Government

signals to reduce migrant inflows, is a major risk factor to these organisations. Baum (2007), points out that changes to the political and economic playing field by Governments, puts huge pressures on hospitality SMEs already struggling with the challenges of attracting, hiring and retaining skilled staff.

Another key finding from Chapter 3 was the importance of effective HRM systems in SMEs. Delaney and Huselid (1996) argue that the adoption of best practice HRM is a very important aspect of small and medium enterprises. This can have a positive effect on the organisation's overall business performance, yet most New Zealand small and medium enterprises lack these best practice HRM policies (Delaney & Huselid, 1996). This major employment relations concern is echoed by Lee (2017) who suggests that small and medium enterprise employers must have effective and efficient HRM teams which can develop effective employer relations programmes. But all this best practice becomes a major challenge for small and medium employers because of low margins and profits, restricting the ability of SME employers to spend precious capital on effective HRM teams (Lee, 2017).

In addition, New Zealand hospitality SMEs struggle to provide effective training and development for their staff and managers (Jenkins, 2006). Because of this lack of training, Jenkins (2006) states that employees can feel very dissatisfied with their work, which may result in them leaving the organisation, contributing towards the high turnover problem in the hospitality industry. Finally, another major employment relations problem is the lack of local New Zealanders considering hospitality work as a legitimate career path (Poulston, 2007). Locals, according to Poulston (2007), lack the proper education, training and experience to thrive in the hospitality industry and they have a mindset that hospitality work consists of poor- and low-quality jobs. The author argues that this

mindset of the local citizens needs to be changed and local employers must get involved to promote hospitality as a legitimate career path.

The next section will review the best practice content sourced from the various accreditation systems covered in Chapter 4.

5.3 Accreditation best practices

Accreditation can be defined as a self-regulatory recognition that an organisation, institute, or body can undertake; it is a programme which meets a set of requirements for specific, defined criteria or standards (Selden, 1965). Chapter 4 presented five different accreditation schemes from New Zealand and the world. Accreditation systems have many benefits related to them that can help employers to deal with various employment relations problems. Young (1976) argues that accreditation schemes help business organisations to measure and improve performance and business outcomes. Accreditation systems also provide best practices for a business to deal with various employment relations problems as well as general problems related to daily operations (Young, 1976).

When dealing with employment relations problems and to provide business owners with possible solutions to these problems, it is very important for us to understand the various standards and procedures laid out by the different accreditation bodies (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). While RANZ shares many similarities to overseas professional bodies in terms of providing advice, discounts, advocacy and training initiatives, they have yet to develop a full accreditation system. From international accreditation examples we can see monitoring of standards around health and safety, environmental protection, food safety and employment regulations, as well as advisory services for workplaces relations,

immigration, work safety claims, and a variety of apprenticeships, training and development course and certificates.

In addition, Chapter 4 raises questions around the level of membership fees associated with advisory and accreditation services noting that the Australian system involves considerable costs to its members. However, the Australian accreditation system is detailed and varied, covering catering, restaurants and environmental foci; including business skills, workplace relations, food safety and professional standards as well as annual awards and the China-Ready accreditation. The UK accreditation systems show an interesting combination of government support and private professional body management. Much like the Australian model, the UK system covers a range of approaches and contexts, but focused predominately on training and development to attract, retain and grow employees and managers and to improve customer experience. Finally, of key interest to RANZ may be the benchmarking approach taken by both Australia and the UK.

5.4 Synthesis and Discussion

The discussing below draws together the content of the various accreditation systems covered in Chapter 4 and uses this to address the key New Zealand hospitality SME employment relations challenges highlighted in Chapter 3. While each of the challenges are discussed separately, it is implicit that in using accreditation to address one challenge, it may also have positive impacts on several other ER problems the same time.

5.5 The Challenge: Restricted access to migrant labour

A major employment relations problem for international and New Zealand hospitality SMEs is dealing with the immigration department of the various countries. For each country there are certain legal immigration standards that a small and medium enterprise

employer must fulfil to be eligible in terms of hiring migrant workers (The Restaurant Association NZ, 2018; RCA, 2018). New Zealand SMEs face virtually impossible requirements to meet Immigration New Zealand accreditation, including detailed financial, HR, business practice and training requirements. Put simply, many hospitality SMEs do not have the time and financial resources to meet these requirements. Opportunities exist for immigration employment support to be built into RANZ accreditation based on examples from overseas, especially the Australian RCA example discussed next.

The Australian RCA separates its migrant advisory service from the other forms of accreditation it provides, however the way this accreditation body works closely with small and medium owners and employers to get them eligible to meet the immigration criteria is a useful example. From practical advice and support regarding the immigration process through to advocacy and influence at Governmental level, the R&CA provides considerable support for its members in this area (RCA, 2018). The opportunity exists for RANZ to align its accreditation system with the requirements of Immigration New Zealand, thus allowing members to achieve Immigration New Zealand accreditation concurrently with RANZ accreditation. However considerable negotiation with Immigration New Zealand would need to be undertaken to make the accreditation requirements realistic for resource and time poor hospitality SMEs. Immigration New Zealand currently has a set criteria that small and medium enterprise hospitality employers must fulfil to be eligible to hire skilled migrant workers. The current requirements implemented by Immigration New Zealand for which there is already a cost involved further expects organisations to have a capital reserves as well as getting certified under other legal laws in New Zealand. (Restaurant Association NZ, 2018; Immigration New Zealand, 2018). The current policies seem very unrealistic, mainly because small and medium enterprises lack capital and resources to fulfil the

requirements. Currently this Criteria set by Immigration New Zealand is same for all large and small organisations, this is very unfair due the fact that larger businesses have much more capital and thus can fulfil these requirements easily in comparison to SMEs (Immigration New Zealand, 2018). RANZ would considerably need to negotiate with Immigration New Zealand and try to convince them that certain policies and requirements for these criteria needs to be changed in order to help SMEs employers, otherwise these organisations which are a major contributor for New Zealand's economy will eventually end up failing.

5.6 The Challenge: Rising minimum wage rates

If the combined aims of the accreditation offered by the international bodies discussed in Chapter 4 were achieved, considerable impact could be made on the competitive advantage of those organisations taking part. By gaining the support of Government and private professional bodies to raise their competencies in management practice, HRM, OSH, training and development, customer experience and attracting, and retaining talent, hospitality SMEs could be expected to improve business outcomes significantly. Rising profit and yield because of sustained competitive advantage in the hospitality marketplace (due to the above improvements in practice, which are driven by accreditation) could provide a form of protection against raising minimum wage rates. Put simply, accreditation support can help make better businesses which can absorb rising wages by achieving greater profitability.

5.7 The Challenge: Poor HRM, professional management systems

A key challenge identified in Chapter 3 was the lack of HRM capacity in hospitality SMEs. Due to limited time and financial resources, hospitality SMEs are tightly constrained in terms of investing in best practice HRM teams and processes (Delaney &

Huselid, 1996; Hess, 1987; Massey, 2007). Significant negative outcomes of underdeveloped HRM systems were highlighted including general business management practices, hiring and retaining of skilled staff with managerial and management skills, managing their organisations growth as well as lacking basic business skills in terms of operating and handling their business (Delaney & Huselid, 1996; Hess, 1987; Massey, 2007). The international accreditation systems offer considerable potential support for this deficit by providing and creating special management training programmes for both employees as well as the small and medium business owners. The Restaurant and Catering Association of Australia themselves is registered training organisation which is legally allowed to provide management training courses to deal with the various HRM problems (RCA, 2018). Similarly, URS India accreditation professional body also places emphasis on providing training for both the manager and business owners to enhance their management skills related professional management systems (URS India, n.d.). The URS India training programmes provides mentoring for an organisation's managers and owners to evaluate their strengths and weaknesses (URS India, n.d.). Effective training programmes created by professional accreditation bodies ensure that the management staff of an organisation understand various best practices related to effective HRM procedures, business operating knowledge which gives the organisations and businesses a competitive edge over its competitors (URS India, n.d.; RCA, 2018)

5.8 The Challenge: Training and Development of employees, owners and managers

One of the most significant employment relations problems occurring internationally and in New Zealand is the constraints on employee and management training and development in hospitality SMEs (Jenkins, 2006; Tourism Association Skills Report, 2015). This lack of training and development and the associated weakness in career

progression, has been linked to several important negative outcomes for small organisations. These include problems with attracting and retaining skilled personnel, achieving acceptable levels of customer service, developing innovative systems and products and maintaining competitive advantage (Jenkins, 2006). All the international case studies listed in Chapter 4 contained considerable focus on training and development; all the private professional groups including RANZ, RCA and URS and BHA are focused on developing effective training and apprenticeship programmes designed specifically for hospitality small and medium businesses (The Restaurant Association NZ, 2018; RCA, 2018). Similarly, other Government-based accreditation bodies in the Philippines, and the UK are trying to do the same by creating cost effective standard training systems which will allow small and medium business owners to efficiently train their staff, in order to solve the employment relations problems related to retaining and hiring of skilled staff (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). The standards and procedures for effective training programmes set by the various accreditation bodies can help small and medium business owners solve problems related to individual employee's morale as well as job satisfaction (Davies, 2005).

The restaurant Association of New Zealand have developed a programme called Pro-start which is committed to assisting employers by helping them find the right people with relevant technical skills to get them to enter and work efficiently in the hospitality industry (Restaurant Association NZ, 2018). This type of a programme can solve the employment relations problems related to skilled employees working in the small and medium enterprises within the hospitality industry. Similarly, the accreditation body in Australia (R&CA) considers the training and development of an organisation's staff to be very important. The Restaurant and Catering association of Australia have developed cost-effective programmes and they themselves have become legal registered bodies for

providing training courses and certification (RCA, 2018). The main purpose of doing this was to also save its members certain costs related in developing and investing in special training programmes. Additionally, in countries like India, Philippines and the U.K accreditation bodies expect and make sure that the small and medium business employers and owners invest some capital and their time in developing and training their staff o make a safe working environment for them (URS India, n.d.; Davies, 2005; Accreditation PH, 2018).

5.9 The Challenge: Attracting, hiring and retaining skilled staff

Another major employment relations issue where accreditation systems help employers is that they have set certain standards and procedures where an employer must insure and hire local citizens of a country, instead of relying heavily on migrant workers (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). This a major employment relations problem in New Zealand as well. The standards and procedures set by the accreditation bodies for this problem were created with one main objective and that is to educate local citizens and by trying to change their mindset regarding the hospitality industry (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). To educate the locals all accreditation legal bodies have developed certain apprenticeship programmes to attract and educate people to consider hospitality as a career path (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). For example, the accreditation body in the Philippines, which is the department of tourism, has set certain standards where 80 per cent of an organisation's employees must be from the local region that the business is operating in (Accreditation PH, 2018). This type of best practice will force the small and medium hospitality

employers to stop relying heavily on migrant workers, in return providing more job opportunities for local citizens.

5.10 The Challenge: Differentiating good employers for competitive advantage

Overall, accreditation systems and best practices are designed with one strategic focus and that is to help their members in the hospitality industry to remain profitable and sustainable (RCA, 2018). For this to occur, accreditation bodies help members by providing standards and procedures regarding another major employment relations issue related to the various HRM problems occurring within the workplace (Restaurant Association NZ, 2018). For this to occur, accreditation bodies work closely with legal entities to solve any work-related disputes occurring in the small and medium organisation. Issues related to low pay, any type of work compensation as well as if an employee is getting exploited by their employer accreditation best practices related to general management standards and procedures make sure employment relations problems like these get solved in a smooth and efficient manner (The Restaurant Association NZ, 2018; RCA, 2018; Davies, 2005; Accreditation PH, 2018; URS India, n.d.). These types of accreditation standards and procedures if put in simpler terms provide solution and answers to various personnel and individual problems.

5.11 Benchmarking

Benchmarking is a process which compares an organisations business processes and performances with the industry's best standards and practices (Attiany, 2014). To differentiate employers for competitive advantage the Restaurant and Catering Association of Australia as well the accreditation systems for UK have created their accreditation systems in terms of the hospitality industry's set standards (RCA, 2018;

Davies, 2005). The benchmarking accreditation programmes allows the professional bodies to review the organisations various business processes as well as their delivery standards (RCA, 2018; Davies, 2005). After reviewing these organisational processes, the accreditation systems provide unbiased insights and feedback as an important tool for organisational improvement. These accreditation standards also allow business owners to check and asses that the hospitality industry's set standards once implemented, must be maintained within the organisation. These types of accreditation systems created by the Restaurant Association of Australia and the professional accreditation body in UK makes sure that the businesses and organisations will increase productivity resulting in higher profits (RCA, 2018; Davies, 2005).

5.12 China Ready Programme

Lastly, to increase the productivity and profitability of an organisation and to provide a competitive edge for its members the Restaurant Association of Australia have created an accreditation scheme to attract more customers referred to as China Ready Programme (RCA, 2018). This scheme was created in partnership a private organisation called China-Ready to attract mainly Chinese tourists (RCA, 2018). Organisations and businesses which get China-Ready programme accreditation have a competitive edge over its competitors and schemes like this are very beneficial for the business which will generate more profits and revenue (RCA, 2018).

5.13 Recommendations

1. Drawing on the research in this dissertation and potentially using member questionnaires, RANZ could prioritize the training and support offers that are listed in Chapter 4. The considerable detail and range of options for training and

development offered by the 4 international professional bodies covered needs to be filtered and ranked to get the best immediate impact for RANZ members.

2. RANZ should consider including rigorous benchmarking as part of their accreditation system, this could provide tangible criteria for organisations to work on when upskilling and training.
3. RANZ could concentrate on providing training for members in relations to general management competence, HRM competence, employment relations, financial competence and the two most important components for a hospitality organisation: food safety and customer satisfaction. RANZ could also consider educating their members using the various ISO food safety standards. Good knowledge about the various safety standards will ensure higher customer satisfaction. Apart from food safety and customer satisfaction many small businesses lack basic HRM systems.
4. RANZ could provide members with proxy HRM systems support to build capacity and best practice in this area, offsetting the SMEs lack of time and resources to do it themselves. Instead of putting pressure on the business owners to worry about creating and outsourcing for these various training programmes, RANZ themselves could gain and become a certified training body for its members. By doing this RANZ will ensure that the best possible resources are being used during these trainings. By providing these trainings RANZ members will have a competitive advantage over other businesses.
5. RANZ could continue to concentrate on providing its members with updated industry trend and developments reports, any changes in various regulation policies as well as concentrating on helping their members to save costs. RANZ could continue to focus on building relationships with various suppliers in the

- industry through which they can offer exclusive deals and discounts. By doing this, RANZ will ensure their members save money on the various operating costs.
6. RANZ considers themselves a non-profit organisation, and their membership fees are minimal in comparison to other accreditation systems critiqued for this dissertation. RANZ could investigate this by restructuring and implementing new and higher membership costs based on the delivery of new accreditation products. Higher membership costs would allow RANZ to help and provide businesses with more efficient resources that will make sure that their member organisations remain profitable and survive in the competitive business environment.
 7. RANZ could work with Immigration New Zealand in terms of changing and implementing policies, which puts less pressure on their members in relation to hiring migrants. Current immigration policies require a lot of time and money, which their members cannot afford. RANZ could lobby the immigration department to adapt their current accreditation criteria to better suite SMEs. Current immigration policies are same for both large companies as well as small and medium enterprises, RANZ could work with the immigration department to change that. By doing this, RANZ will ensure that their members can easily hire and retain skilled migrant workers, which would give these businesses a competitive edge.
 8. The Restaurant and Catering Association of Australia created an accreditation programme for its members called the China Ready programme. Similarly, New Zealand is also considered as a very popular destination for Chinese tourists. RANZ could create a similar programme. RANZ members accredited under this scheme would be able to offer unique customer experience that will make for a sustained competitive advantage.

9. Currently, hospitality SMEs in New Zealand have very little government support compared to the professional bodies and accreditation systems presented in Chapter 4. RANZ, to provide better funded resources for their members, could continue to develop local and national government partnerships for the delivery of accreditation and support service for SME hospitality organisations. Local and national government financial support would provide an opportunity for RANZ to create better and more efficient training programmes. Government funding will also provide RANZ support for further development initiatives.
10. RANZ could also continue to lobby the government for increased financial resources as well as legislative support for small and medium hospitality organisations in New Zealand. Chapter 4 shows that accreditation systems tend to do much better when there is government support and rigorous benchmarking. RANZ could also continue to convince the local and national governments about the contributions that small and medium enterprises make towards the country's GDP as well as providing employment.

5.14 Conclusion

This chapter started with a brief review and summary of the key employment relations challenges for New Zealand hospitality SMEs as well as reviewing and summarising the key content from the five accreditation systems that were researched for this dissertation. After this the chapter presented key points, regarding best-practice solutions by comparing the several employment relations problems occurring in small and medium hospitality organisations in New Zealand. After linking and comparing the employment relations problems with the five accreditation systems best practice, the last section in this chapter will help fulfil the final research objective by providing recommendations to RANZ for creating an effective accreditation system.

6 Chapter 6: Conclusion

This chapter presents a summary of the main conclusions and contributions of this dissertation.

The objectives of this study were to explore professional body accreditation as a response to contemporary employment relations challenges in New Zealand hospitality small and medium enterprises. This study explored this aim through the following research objectives:

1. To present the employment relations context for hospitality small and medium enterprises in New Zealand and provide a global comparison regarding shared employment relations challenges.
2. To outline and compare significant accreditation schemes used in the international hospitality sector.
3. To present recommendations for a New Zealand accreditation system based on synthesis of international best practice and relevance to the New Zealand employment relations context.

Firstly, the main conclusions for each of the three research questions are summarised, then the next section of this chapter will discuss this dissertation's overall contribution to knowledge. The chapter will conclude by presenting limitations and emerging directions for future research.

6.1 Summary of the Main Findings

While there has been considerable research conducted on employment relations and accreditation systems separately (Lee, 2017; Cropp, 2016; Baum, 2007; Mooney, 2016;

Williamson, 2017; Riley & Stringer, 2003; Lashley, 2016b; RCA,2018; URS India, n.d., Davies, 2005) until this dissertation, there has been no work on comparing and linking accreditation systems with the various employment relations problems in New Zealand.

To fulfil the research, aim and objectives of this dissertation, Chapter 3 presented the key literature around the nature, importance and challenges that small and medium enterprises face internationally and in New Zealand. The focus was applied towards various employment relations problems that the organisations must deal with on a regular basis. This chapter highlighted content around how much small and medium enterprises contribute towards a country's GDP and employment. This chapter also presented and highlighted the considerable challenges small and medium enterprise operating in New Zealand face. This chapter also presented and highlighted the various attributes of good employers that could be used as possible framework for constructing effective accreditation systems.

To fulfil the second research, aim of this dissertation five different significant accreditation schemes used in the hospitality sector were outlined. Chapter 4 of this dissertation defined accreditation and presented accreditation systems from five countries: New Zealand, Australia, India, the Philippines and the UK. With the literature collected about the various accreditation systems it was found that some accreditation systems were fully run and funded by government departments, some were a mix of Government and private funding and some accreditation systems were run solely by private professional bodies. This chapter also presented the history and aims of the Restaurant Association of New Zealand. With the literature on RANZ it was found that this association shares many similarities to the international accreditation professional bodies in terms of trying to help their members. At this stage RANZ, does not have an accreditation system in place, but due to the intensity of employment relations problems

occurring in the small and medium enterprises in New Zealand it has led them to believe that an accreditation system needs to be designed for its members.

The last research objective was to present recommendations for RANZ for a New Zealand accreditation system based on a synthesis of international best practice and relevance to the New Zealand employment relations context. Chapter 5 of this dissertation helped fulfil this aim. To provide recommendations for RANZ for a suitable New Zealand accreditation system, this chapter started with a brief review and summarizing of the key employment relations problems as well as summarizing the key content from the five accreditation systems. The key employment relations problems were then compared with the various accreditation systems to find best practice solutions to tER problems. The last section of this chapter presented some recommendations for RANZ to design an effective New Zealand accreditation system.

6.2 Dissertation Contribution

This dissertation makes several contributions to the field of hospitality. The objectives of this study are to explore accreditation best practices to deal with the various employment relations challenges in New Zealand hospitality SMEs. This dissertation fills a considerable gap in the literature as there is no existing research which links accreditation and employment relations challenges in the hospitality sector. This dissertation also contributed to applied research in hospitality by gathering and comparing various accreditation systems to find best practices that could help RANZ design an effective New Zealand accreditation programme for their members.

6.3 Limitations and Future Research

One limitation of this dissertation was that the research was restricted to using secondary data in the form of academic journals, newspaper articles and Government documents.

The focus was predominately on the New Zealand hospitality experience and is not generalisable. Future research in this area could include gathering primary data regarding the effectiveness and use of accreditation in the hospitality sector to provide more detailed analysis of these systems.

7 References

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