

# Higher Level Hospitality Qualifications: Who Wants Them?

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# Introduction

- A recent (2010) report by Business and Economic Research Limited (BERL) has highlighted concerns regarding qualification levels and productivity within the New Zealand hospitality workforce.
- The report suggests the hospitality sector suffers from lower than average qualification rates, which may be one factor driving poor productivity performance.
- This paper investigates the types of qualifications held by employees within a large hotel organisation. An online survey was completed by 172 respondents (59.3% response).
- The paper discusses the effect of gender, ethnicity and age on qualification rates and finds some support for Raybould and Wilkins (2005) suggestion that 'baby boomer' senior managers with low level qualifications may be hindering the advancement of younger, more educated employees.

# So, who wants higher level hospitality qualifications?

- Universities who provided them (pays my mortgage)
- Parents/Students (numbers have doubled on our programme in the last 5 years – 500 students on the current Bachelors programme)
- The Government (NZ Govt. Tertiary Education Strategy 2010-215)
- Hospitality Standards Institute (Well the ones that they offer)
- The CTU, BusinessNZ, Leader of the Opposition, PM
- Barack Obama
- Who is missing from this list?

# Background - Productivity

The positive relationship between education (knowledge and skills) and productivity is widely held as a self-evident truth:

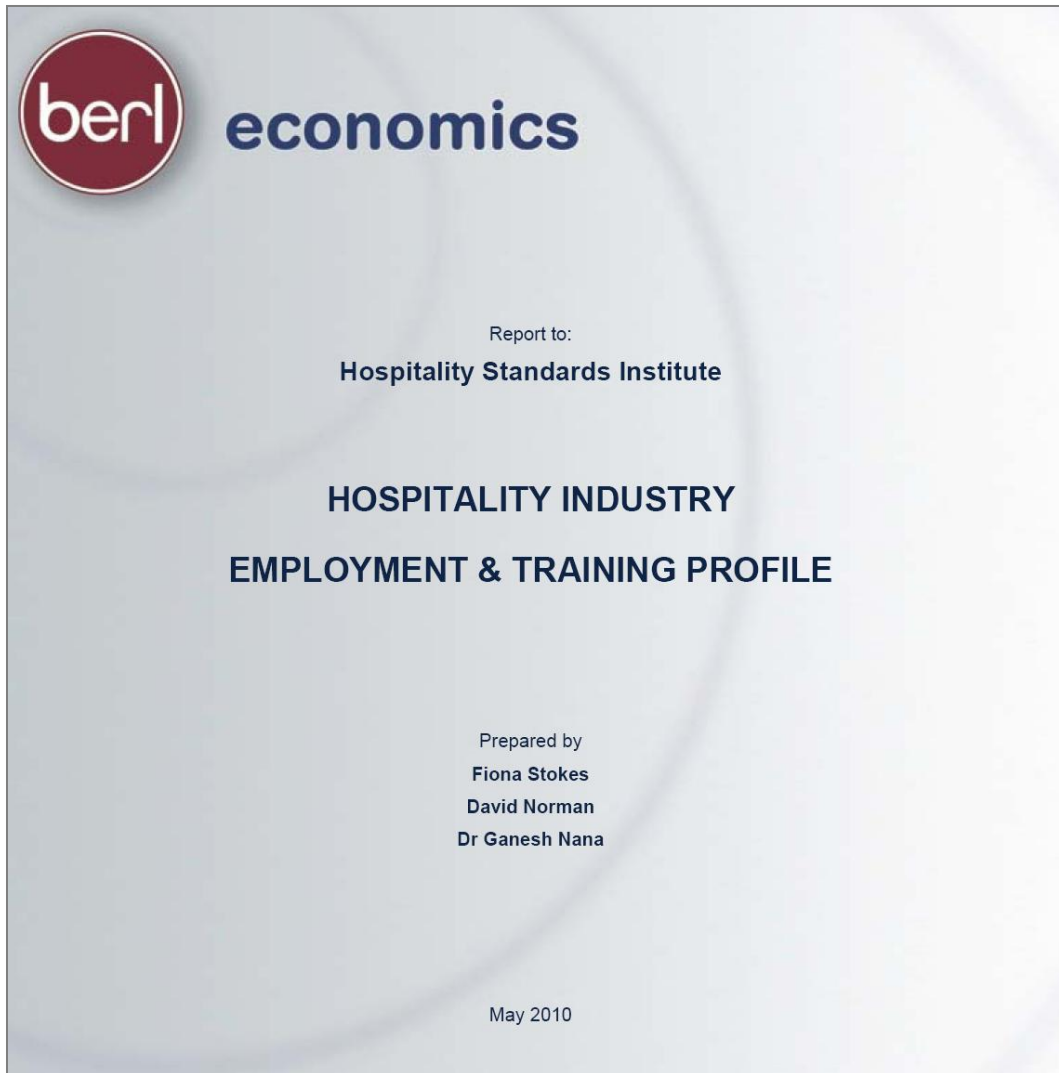
*New Zealand faces a big challenge to overcome its historically low productivity rates and to deliver greater prosperity and opportunity for New Zealanders. Developing skills is important for our long-term productivity and future growth. Higher skills increase the productivity of individuals and the productivity of others they work with.*

NZ Govt. Tertiary Education Strategy 2010-215

*Maintaining our leadership in research and technology is crucial to America's success. But if we want to win the future – then we also have to win the race to educate our kids.*

President Barack Obama - State of the Nation Speech, Jan 25, 2011

# HSI/BERL report



Outlines the state of qualifications in the hospitality sector

Paints a picture of very low qualification rates and levels

Recognises:  
*The Government will therefore look to prioritise qualifications that link strongly to higher-level learning and skilled employment*

# HSI/BERL report

The hospitality industry is one of the least educated sectors of the NZ economy:

**Table 4.3 Highest qualification by sector, percentage, 2006**

	% No Quals	% Levels 1 to 3	% Level 6	% Level 7 and above
<b>Qualifications by industry</b>				
Accommodation	21.7	45.4	5.6	14.1
Cafes, restaurants and pubs	17.5	60.4	2.6	8.8
Quick service restaurants	23.1	61.1	1.8	7.3
Catering services	23.0	52.4	2.7	9.4
Clubs (Hospitality)	26.2	47.4	2.9	12.7
Other	16.9	52.8	3.7	13.7
<b>Total Hospitality sector</b>	<b>19.9</b>	<b>55.1</b>	<b>3.4</b>	<b>10.5</b>
All NZ industry	18.7	39.6	6.0	19.4

*Source: Statistics New Zealand, BERL calculations*

# Background - Productivity

- Literature supports a positive relationship between education and productivity both in general industry (Moretti, 2004; Van Reenan 2004) and in hospitality specifically (Rodriquez and Gregory, 2005)
- However it is acknowledged that productivity measures for service industries are problematic and possibly paint an overly negative picture (Atkinson & Brown, 2001; Lee-Ross & Ingold, 1994)



# Background - Productivity

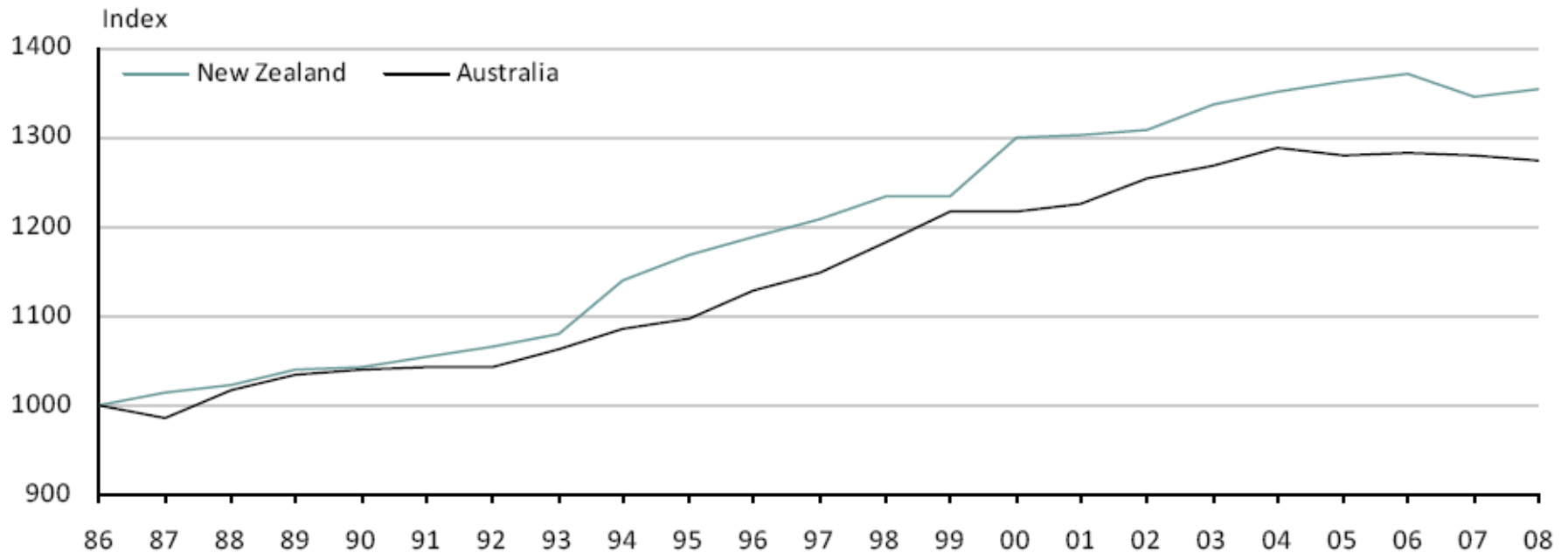
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# Background - Productivity

Figure 20.2

**New Zealand and Australia measured sector multifactor productivity**  
1986–2008  
Base: 1986 (=1000)



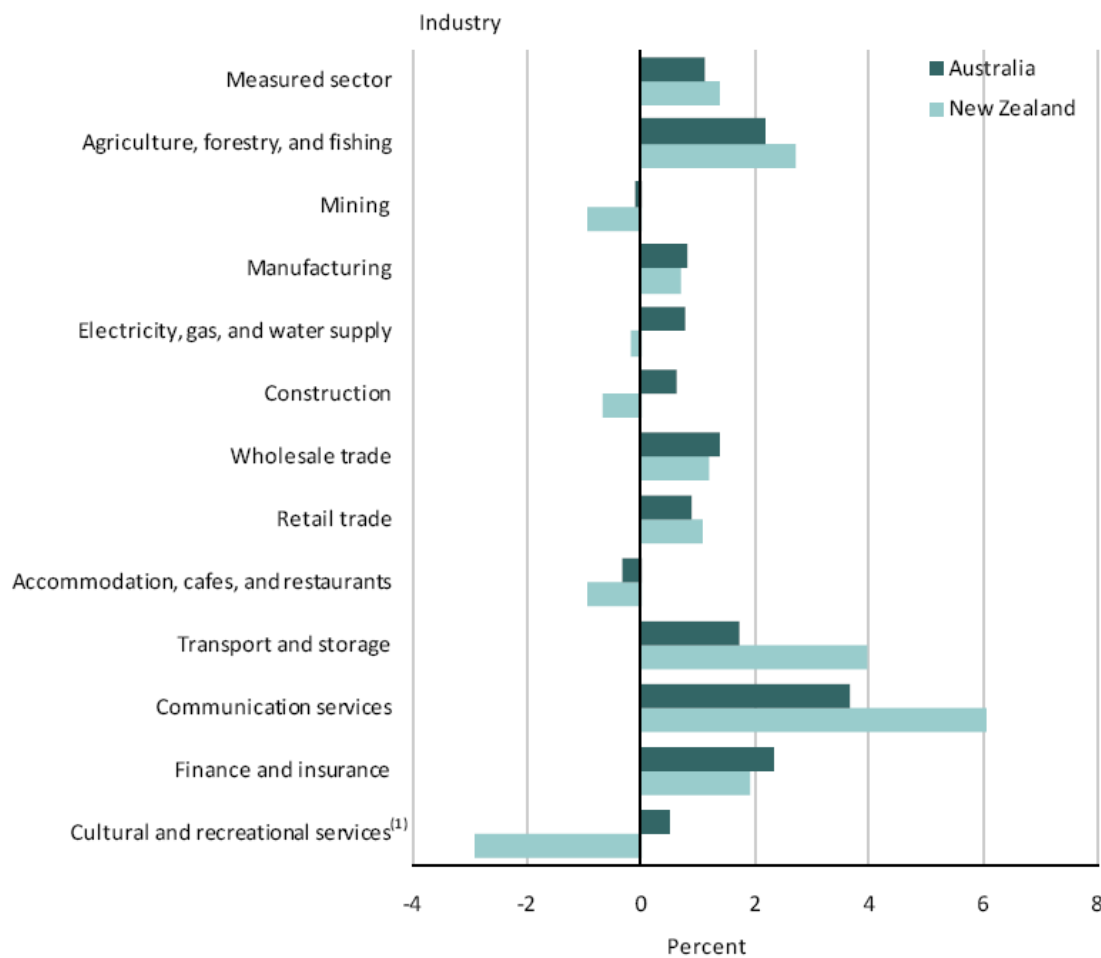
Source: Statistics New Zealand and Australian Bureau of Statistics

# Background - Productivity

Figure 20.6

## New Zealand and Australia multifactor productivity

Average annual growth rates 1986–2008



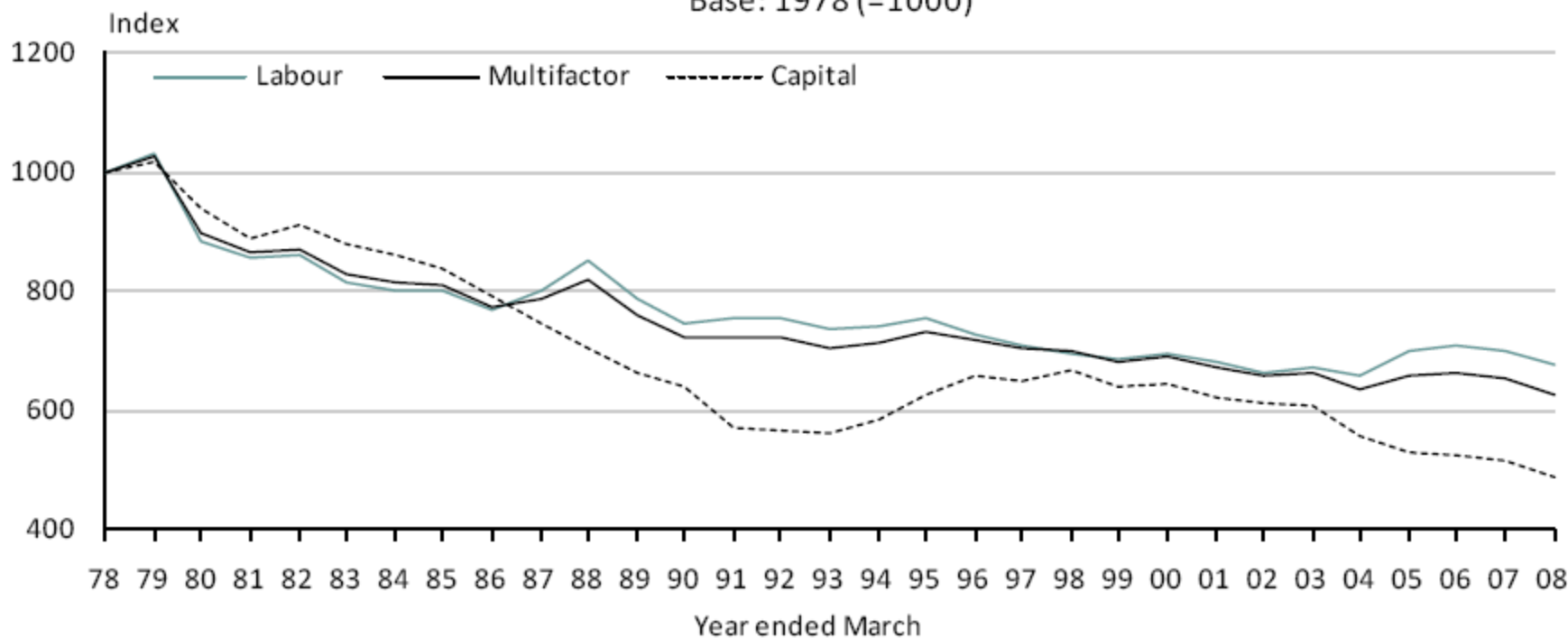
# Background - Productivity

Figure 13.3

## Accommodation, cafés, and restaurants productivity indexes

Year ended March, 1978–2008

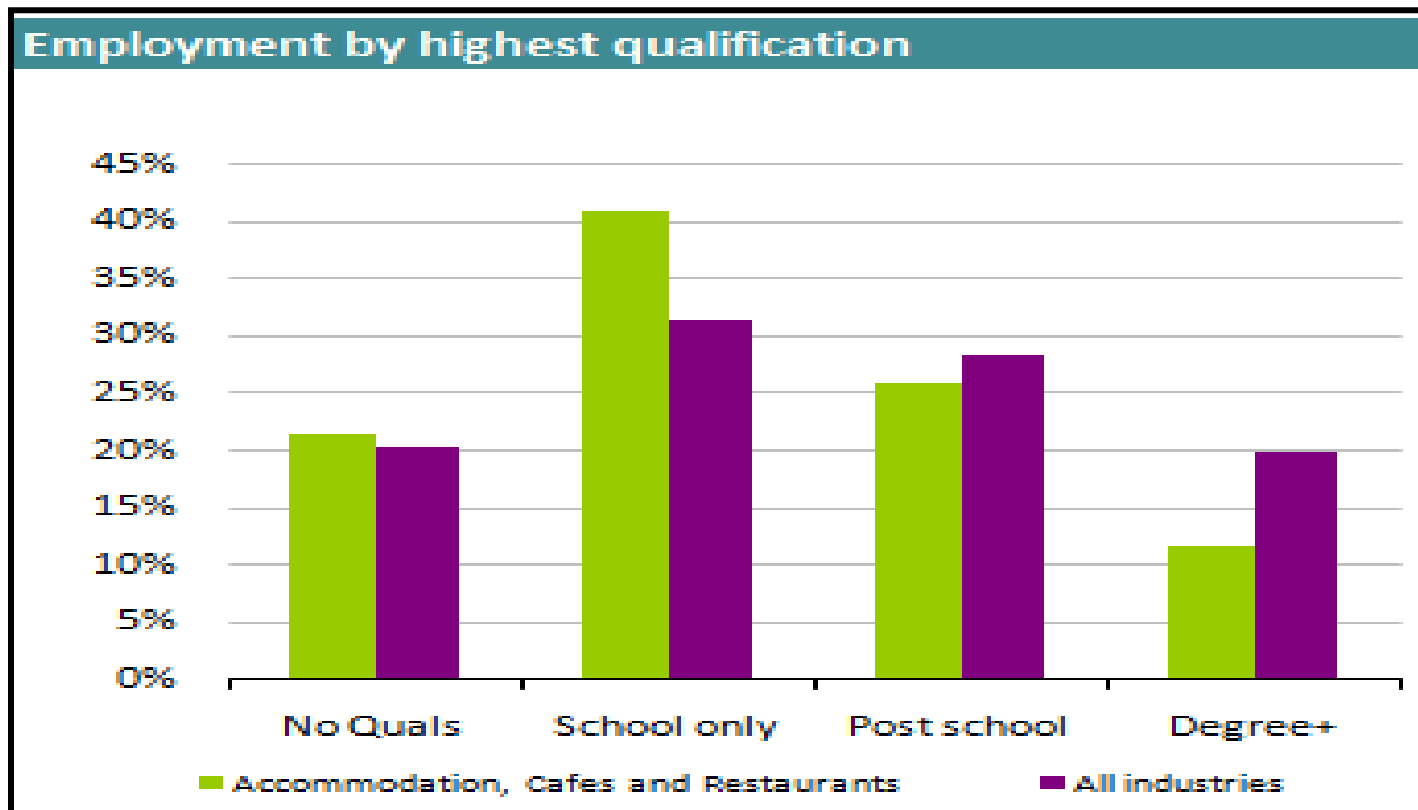
Base: 1978 (=1000)



Source: Statistics New Zealand

# Background - Education

The hospitality industry is one of the least educated sectors of the NZ economy:



# Background - Education

- There is strong literature support for the contention that the hospitality industry has not valued higher education in the past (Eaglen, Lashley & Thomas, 2000) and continues to remain unconvinced of the value of higher tertiary education (Raybould & Wilkins, 2005; Connolly & McGing, 2006; Lee-Ross & Ingold, 1994; Amoah & Baum 1999)
- These authors suggest that this devaluing of tertiary education is due to traditional hierarchical management structures, dominated by baby boomers with few formal qualifications, who only value the 'hands-on' experience that they typify

# Background - Education

- This attitude from management often results in graduates having to 'start at the bottom', despite having gained front-line experience during their degrees, or undertake 1-2 year graduate management training programmes (Raybould & Wilkins, 2005; Connolly & McGing, 2006; Rodriguez & Gregory, 2005)
- Employees can become frustrated in these entry level roles, feel their talent is not being used and become disengaged, eventually leaving the organisation/industry (Raybould & Wilkins, 2005; Connolly & McGing, 2006; Rodriguez & Gregory, 2005)

# Background - Education

- Almost all authors in this area call for a closer relationship between tertiary education providers and employers – in order to reduce the ‘theory vrs. practical’ mismatch
- Baum (2008) and Mayaka & Akama (2007) suggest that there is a role for increased Government intervention and direction to align the educational and training needs of this industry.

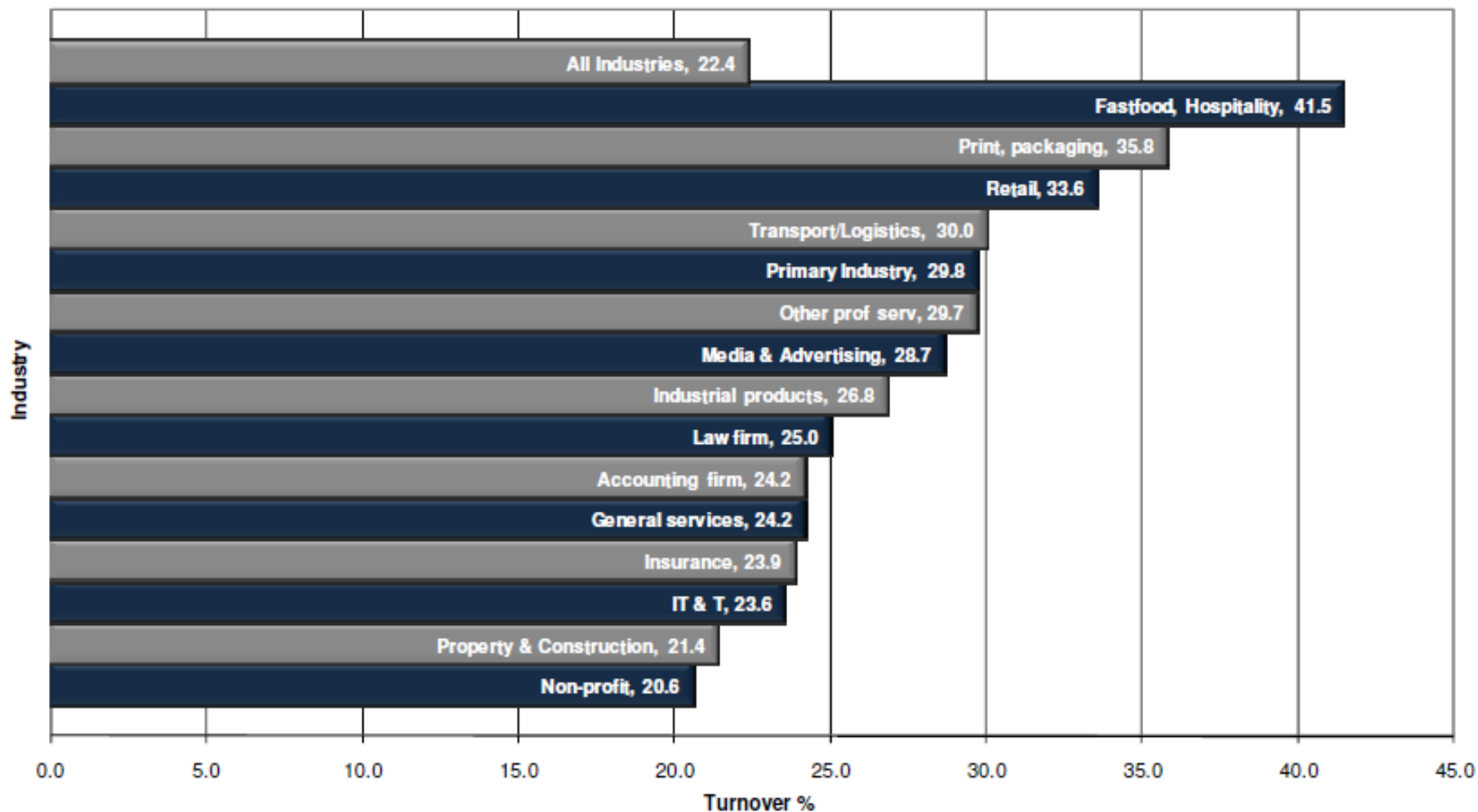


# NZ Hospitality Sector

- Growing economic contributor:
  - NZ 126,000 employees, 6.6% of workforce. \$3.8 billion in GDP, 2% of National GDP
- Characterised by:
  - Low productivity – Highly visible in NZ figures
  - Youth (NZ 37% under 24)
  - Feminisation (NZ 62%)
  - High proportion immigrants (NZ 25-35% 2001-2006)
  - Non standard employment (part-time works over 1/3)
  - Low pay
  - NZ low union coverage in hospitality (10%), but larger hotels unionised
  - Low collective bargaining coverage (NZ 10%)
  - High labour turnover: up to 60% in NZ

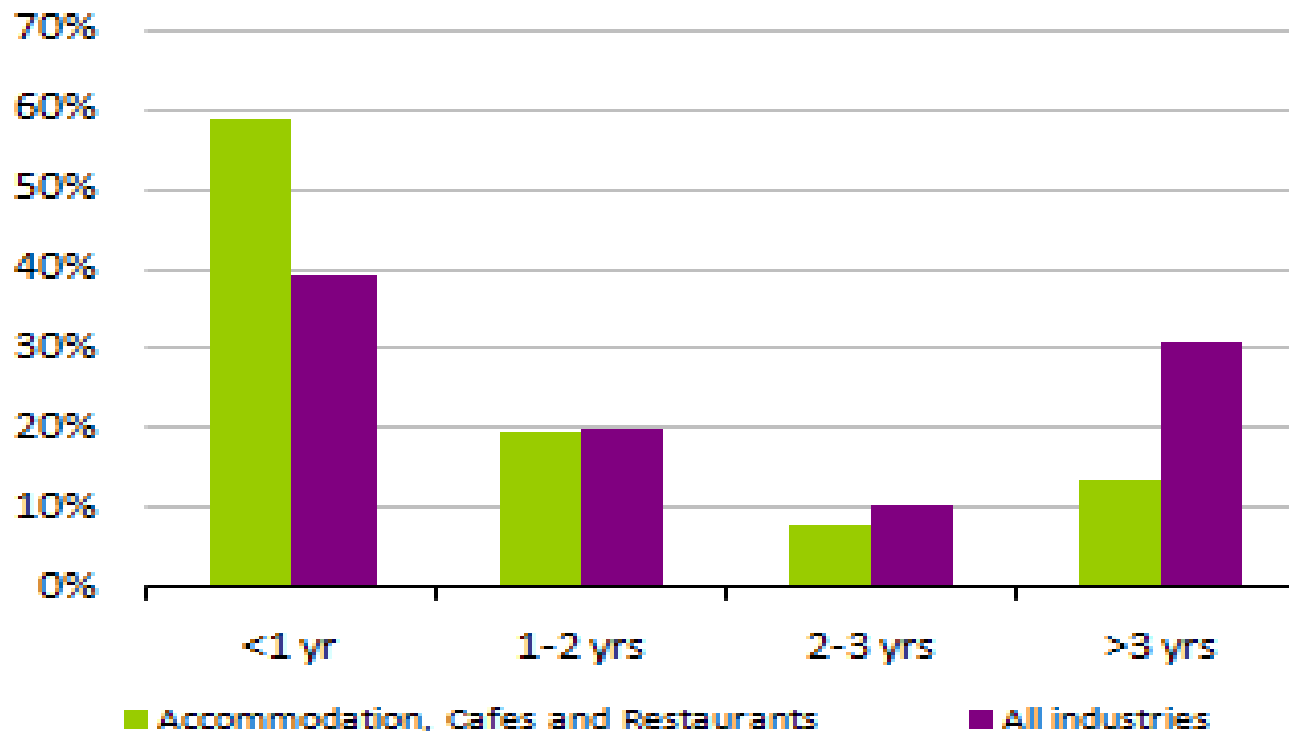
# NZ Hospitality Sector

## TURNOVER BY INDUSTRY SECTOR



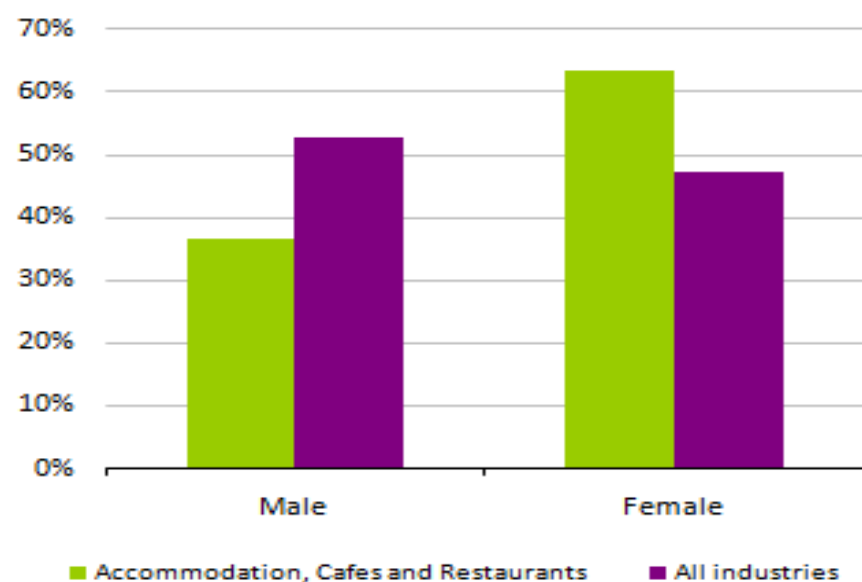
# NZ Hospitality Sector

## Job Tenure Duration(%)

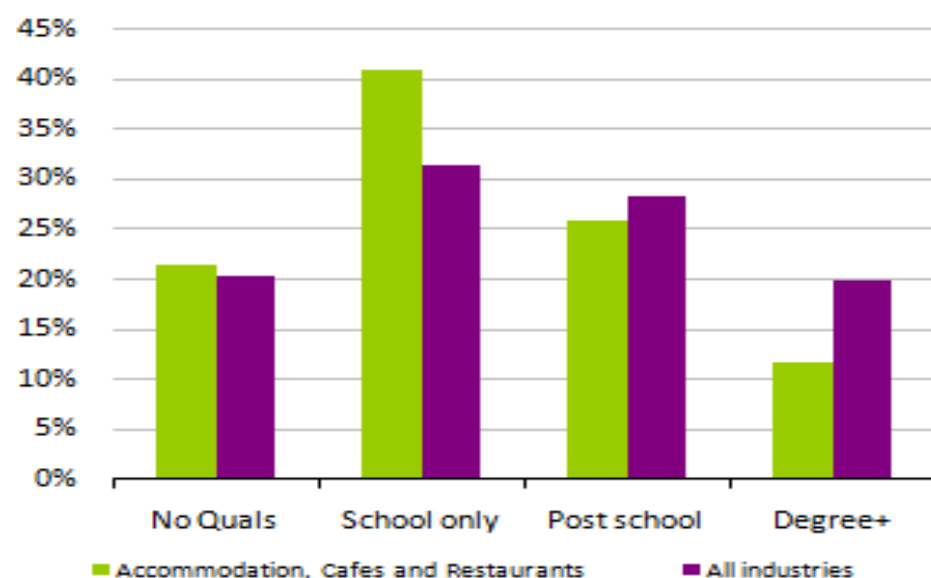


Source: Unpublished Statistics New Zealand annual LEED data

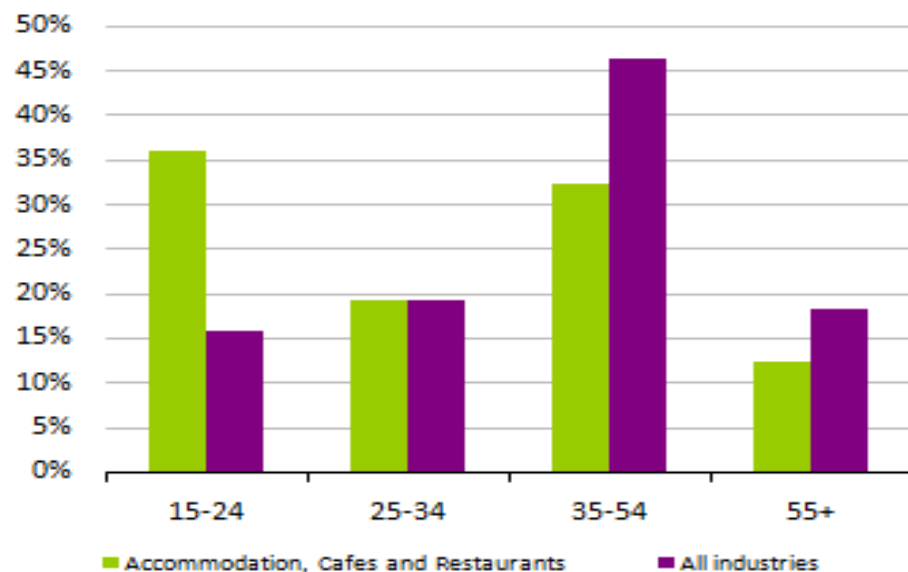
### Employment by sex



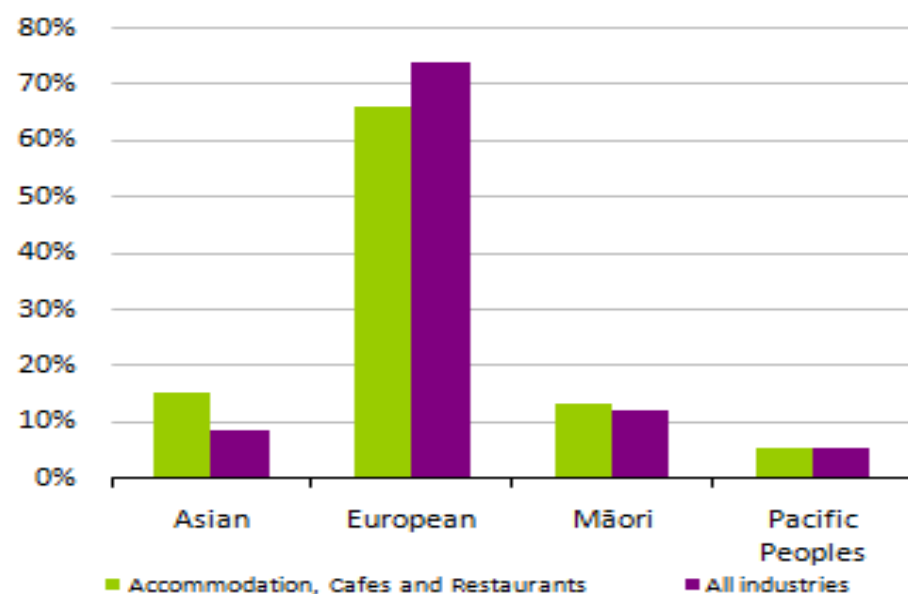
### Employment by highest qualification



### Employment by age



### Employment by ethnicity



## New Zealand Average Hourly Earnings ( Not Including Overtime)

Employment sector	Average Hourly Earnings 2009 \$	Average Hourly Earnings 2002 \$
Accommodation / cafes / restaurants	\$16.39	\$12.61
Retail	\$16.84	\$13.49
Manufacturing	\$23.05	\$18.25
Construction	\$22.93	\$17.17
Personal Services	\$22.85	\$18.34
Transport / postal / warehousing	\$23.86	\$18.89
Arts and recreation services	\$21.70	\$21.82
Wholesale trade	\$26.29	\$20.46
Health care and social assistance	\$27.05	\$19.26
Forestry and mining	\$27.56	\$19.96
Renting / hiring / real estate services	\$24.48	\$24.77
Education and training	\$30.92	\$22.66
Public admin. and safety	\$30.81	\$24.77
Finance and insurance	\$35.92	\$24.81
Electricity, gas and water	\$30.07	\$27.45
Information / media / telecommunications	\$33.10	n/a
Professional / scientific / technical services	\$29.14	n/a

# Methodology

- The project was undertaken in partnership with the host hotel group
- A survey hosted on [surveymonkey.com](https://www.surveymonkey.com) was sent to 27 properties
- Only supervisors and managers were surveyed
- The survey was completed by 172 respondents, which was a 59.3% response rate
- Exactly 50% of the respondents were female and 50% were male.
- Front Office (24.0%) and Food & Beverage (including Conferencing) (16.8%) all other departments that responded are in the range of 6.0% and 9.0%.

# Results

- 6.8% of Managers/Supervisors hold no Qualification
- 17.9% are qualified Tradespeople or hold a Certificate
- 24.7% hold Diplomas
- 32.7% hold an undergraduate degree
- 4.3% hold a Masters or above
- 79.6% of Management/Supervisor employees hold a qualification that is higher than a School Certificate or National Certificate in Educational Achievement (NCEA) Level 3



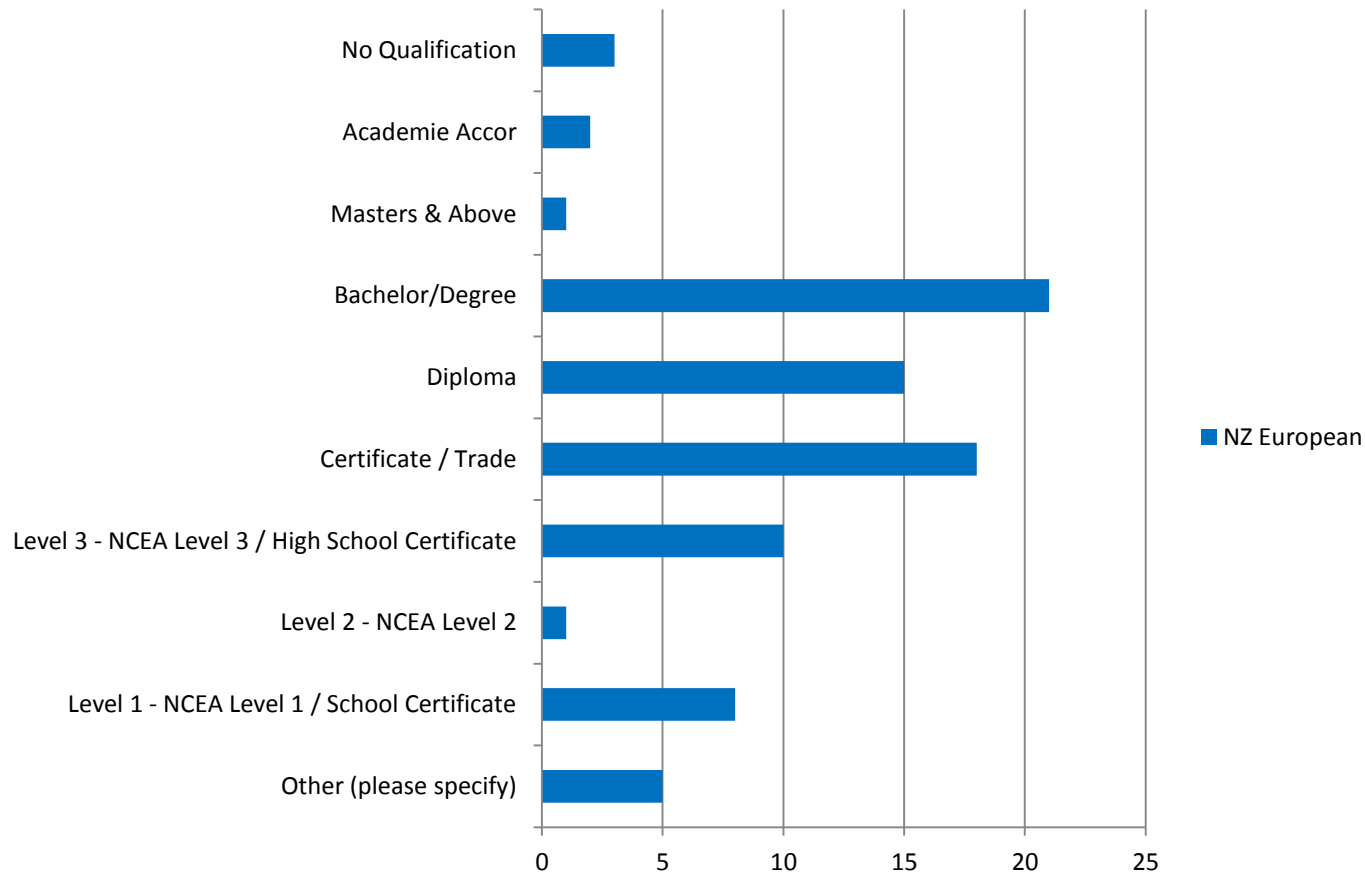
# Comparative Results

	No Quals	1-3 (Cert)	4-5 (Dip)	6-7 Degree and above
<b>BERL Figures</b>				
All Hospitality Employees	20%	53%	11%	13%
Accommodation Employees	20%	43%	13%	19%
All Hospitality Managers	17%	48%	13%	18%
<b>Hotel X Figures Mangers Only</b>	7%	18%	25%	37%

# Results - Ethnicity

- New Zealand European Employees are some of the most qualified Accor employees with the majority having obtained:
- Certificate/Trade (23.7%)
- Diploma (19.7%)
- Bachelors Degree (27.6%)
- Masters or above (1.3%)
- Combined these figures show 72.3% of all European Employees employed in a Management/Supervisory role have been educated beyond high school.
- 3.9% are still unqualified and 25% of all employees were only qualified to NCEA Level 1, 2, 3 or School Certificate level.

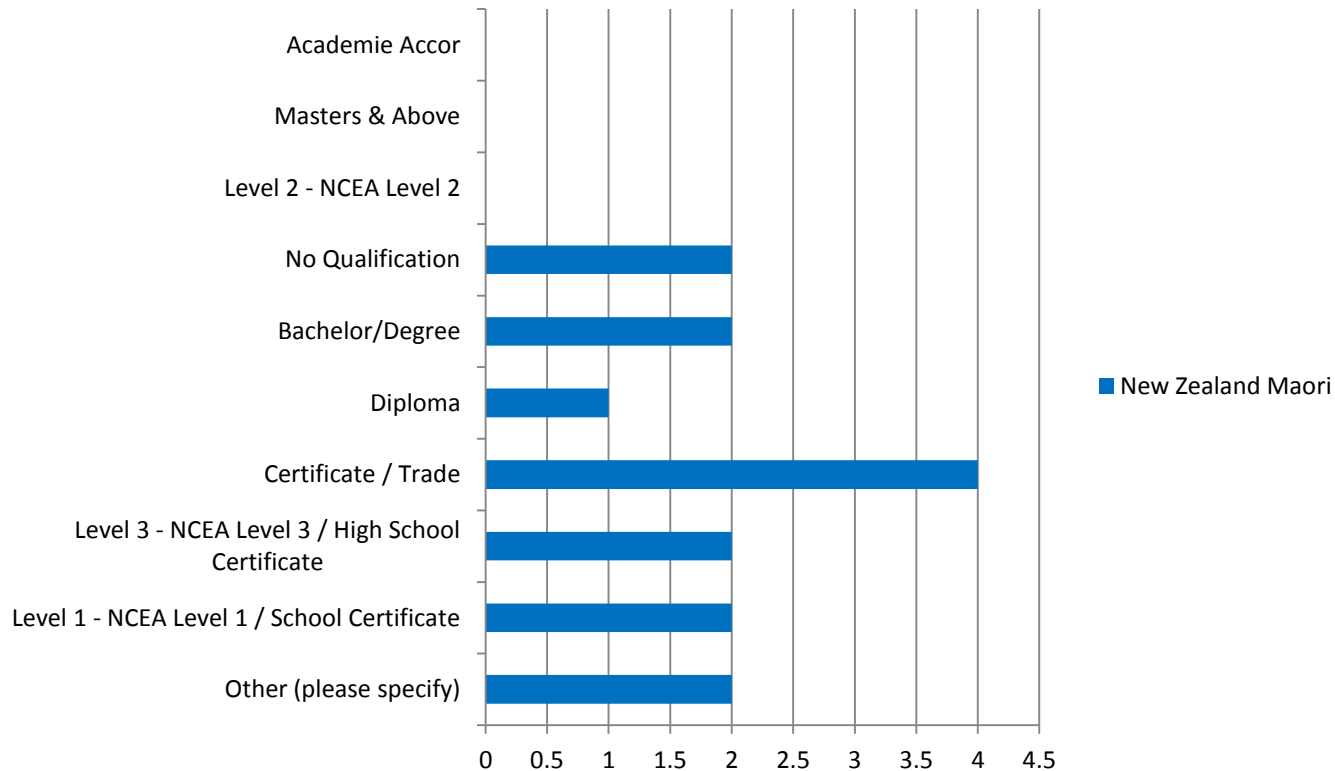
## NZ European - Highest Education Level



# Results - Ethnicity

- Maori Employees make up 8.9% of management employees
- No Maori are positioned in the upper management roles of Human Resources or Sales
- Certificate/Trade is the most common level of education achievement - 28.6% (European 23%)
- Bachelors degree sits at 14.3% (European 27%)
- 50% of Maori have been educated further than NCEA Level 1, 2, 3 or School Certificate (European 72.3%)
- The figures show that 14.3% of Maori hold no qualification (European 3.9%)

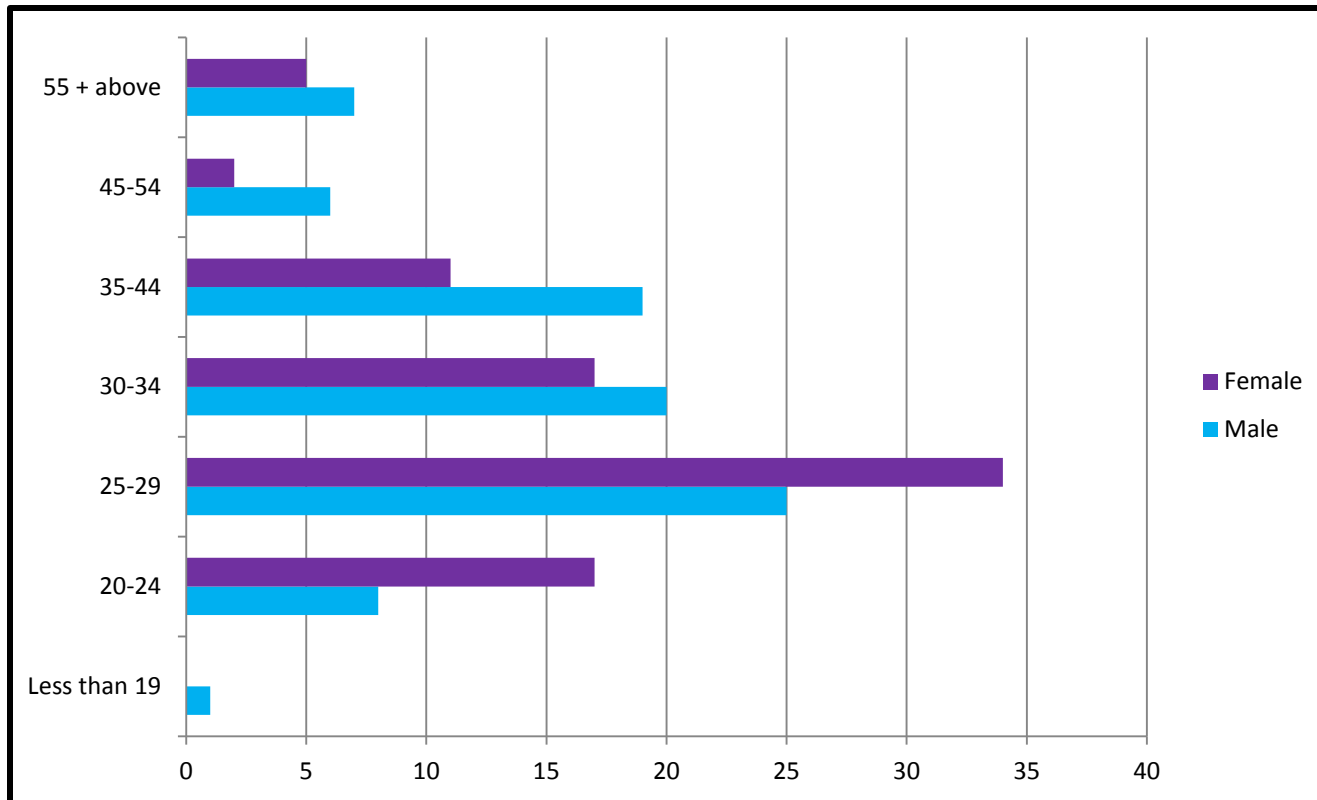
## New Zealand Maori - Highest Education Level



# Results - Ethnicity

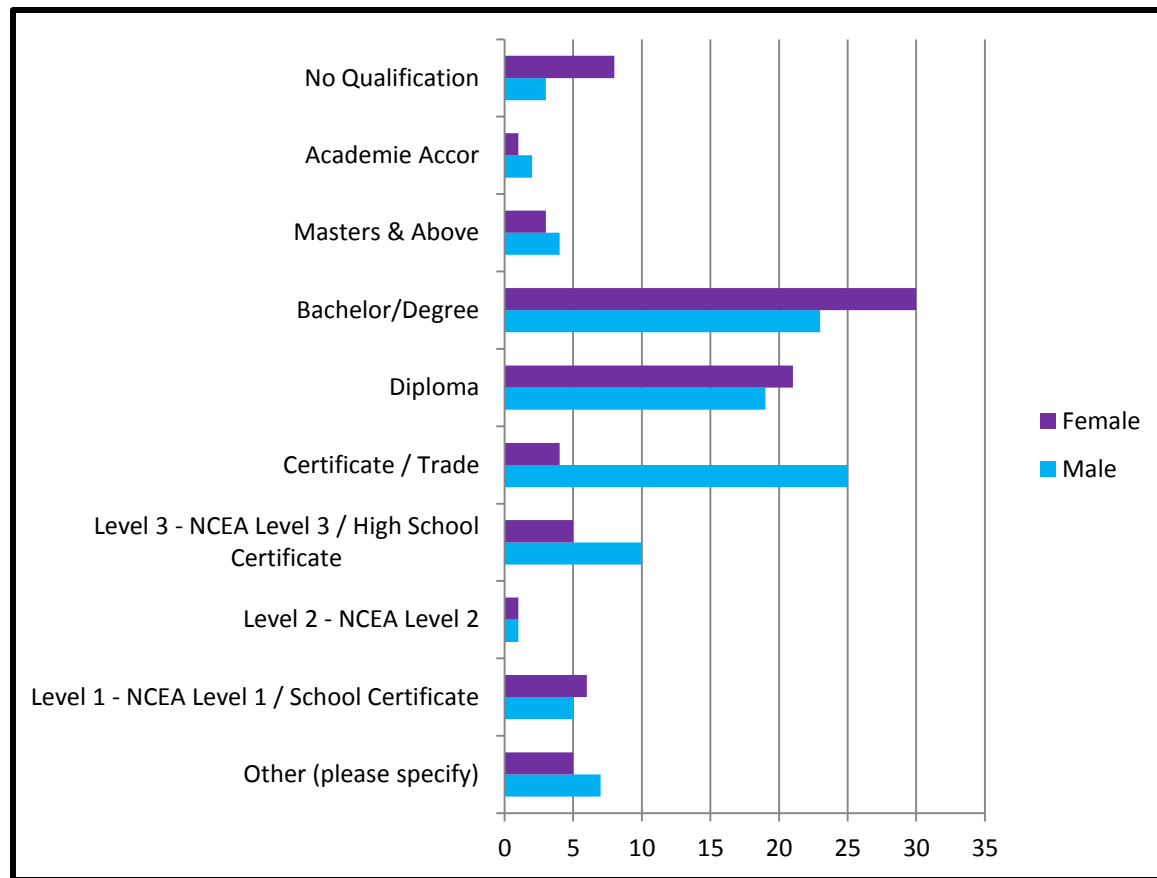
- This is important as NZ Maori are investing heavily in the hotel sector
- Tainui have partnered with Accor in the Novotel at the airport and are looking to continue this growth
- Education/qualifications and advancement for Maori employees are key areas the tribes are looking at in these partnerships

## *Accor New Zealand by Gender in Age Groups*

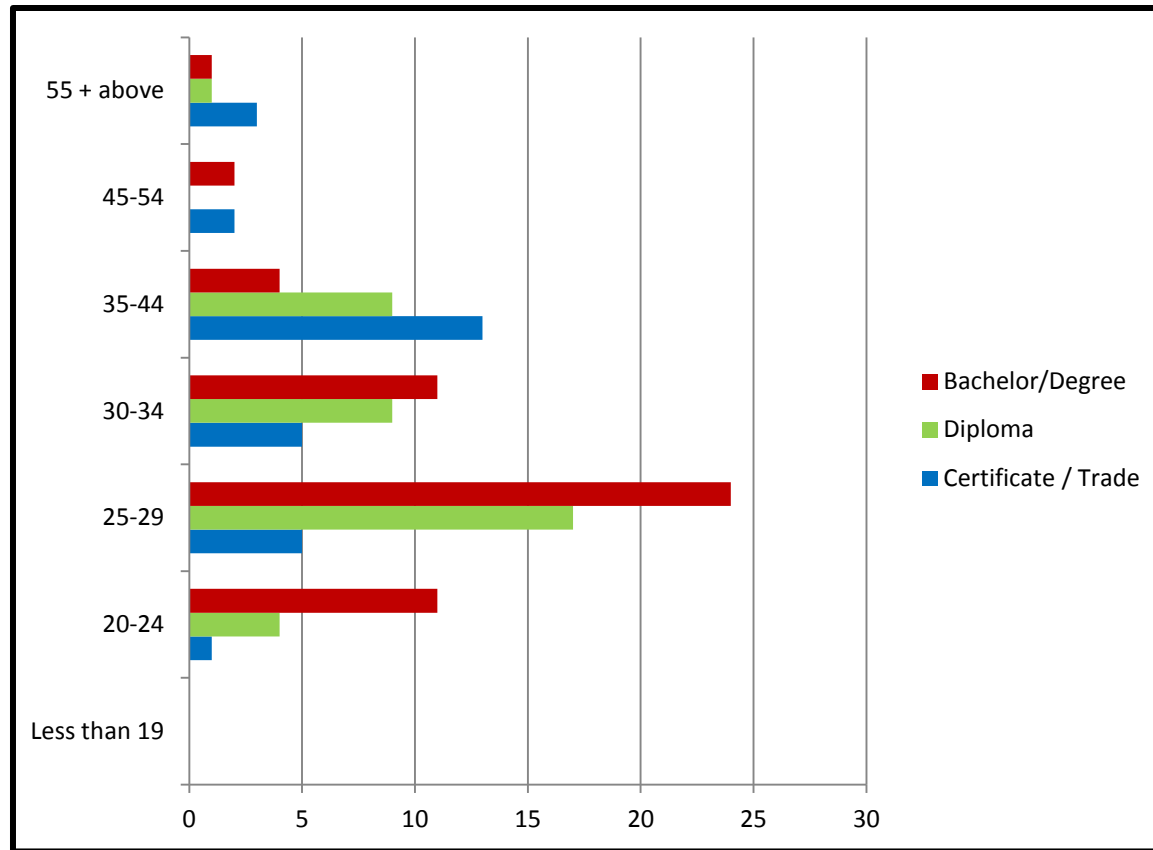




## *Accor New Zealand by Gender and Highest Level of Education Obtained*



## *Accor New Zealand Qualifications by Age Group*



# Conclusions

- This hotel group is at the top of the industry in terms of education levels, size and practices partnership with Unite Union
- Partnership Resource Centres claims that labour turnover was reduced from 75% to 43% during this relationship (recession, unemployment doubles)
- Could stand as a example of good practice
- However:
- The results from the survey show that only 9.9% of respondents are currently studying
- When asked if they would like to undertake further study, 39.5% of employees said yes and 43.8% said 'maybe'. This shows that 83.3% of managers are open to the idea of future education

# Conclusions

- Question around what the required skills really are.
- Graduates are too theory based, expect management roles and high wages, lack basic service skills
- Educators are often told we should produce graduates with developed skills in leadership, emotional intelligence, resilience, flexibility
- But the jobs still offer the lowest pay
- Crucial links between education, skills, productivity and rewards are still lacking

# The New Zealand Work and Labour Market Institute

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