

# Comprehensive sectoral analysis of emerging competencies and economic activities in the European Union

Lot 12: Hotels and restaurants

## Executive summary



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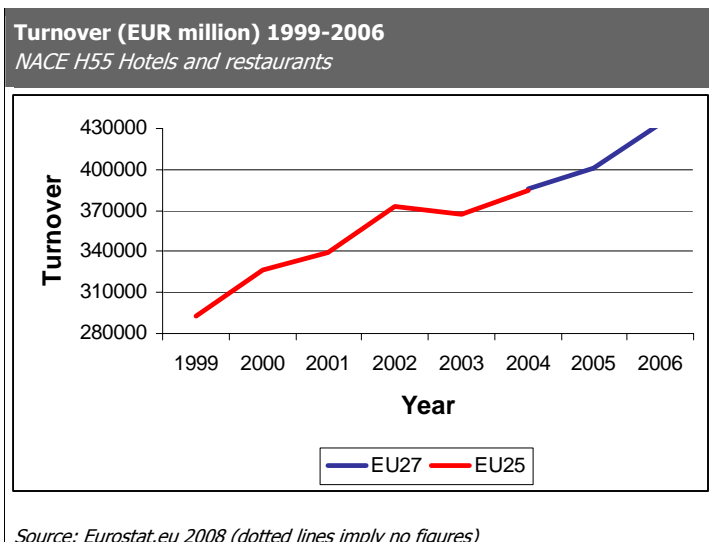
# Executive Summary

## Main economic and employment trends

The Hotels and restaurants sector is a highly labour intensive service sector employing nearly nine million persons across the EU. A large part of the sector is closely linked to the dynamics of the tourism economy; in terms of turnover the Hotels and restaurants sector counts for more than 70% of the EU tourism sector. The Hotels and restaurants sector can be divided into three thematic sub-sectors:

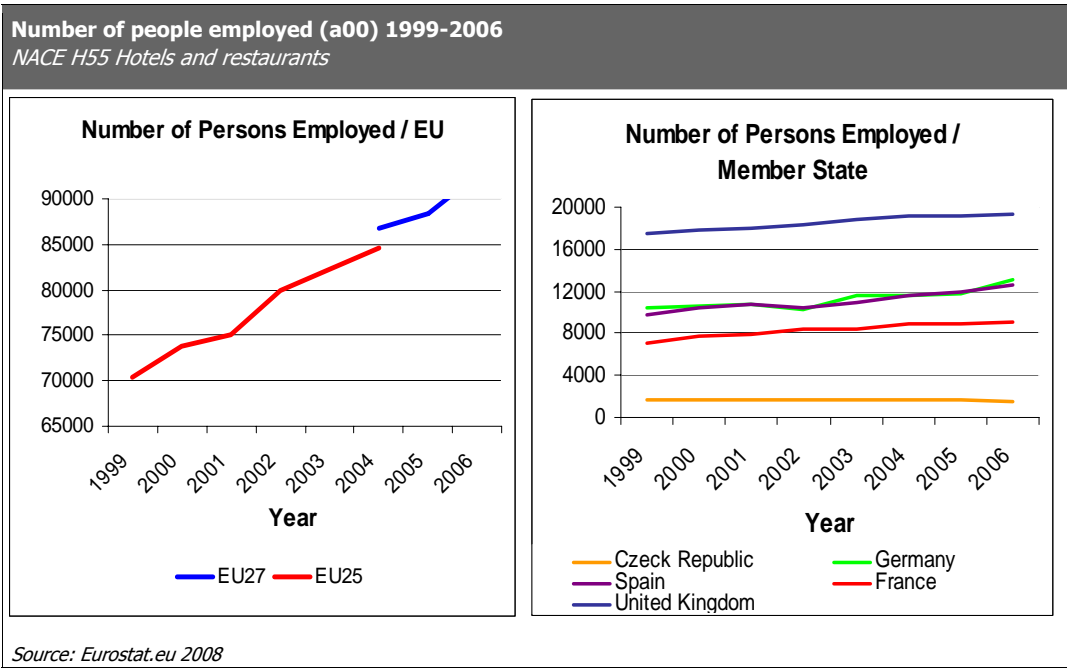
- Hotels and other short stay accommodations
- Restaurants, bars and cafés
- Catering and canteens

This division is important to mention since different factors affect the separate sub-sectors differently. While the Hotels and other short stay accommodations sub-sector and Restaurants, bars and cafés sub-sector both are closely connected to tourism; Catering and canteens are barely linked to it at all. The formation of companies also differs. While SME's are of utmost importance for the former sub-sectors, the part of the catering sector, which is operated externally by specialised catering companies, is characterized by a great extent of company concentration. In this report, the Hotels and restaurants sector (including all three sub-sectors) is regarded foremost as one sector. However, differences, such as those described above, are noted when necessary.



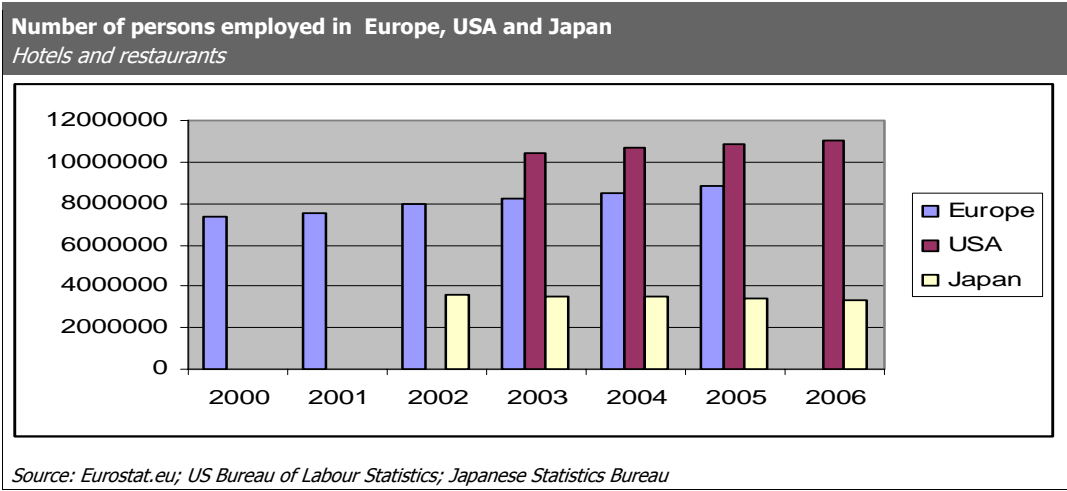
The European Hotel and restaurant sector has been growing steadily the last many years. In 2006, the total turnover reached €430 million, which is an 80% increase since 1999. Recent year's growth in turnover, however, is not as high compared to other European service sectors. Being a less knowledge intensive sector the Hotels and restaurants sector follows the typical trend in not growing as much as the knowledge-intensive sectors.

The situation is quite different when focus is put on employment trends. In the years 2003-2004, the yearly employment growth rate in the Hotels and restaurants sector was more than six times as high as that of the total economy. Between 2000 and 2006, the number of persons employed in Europe increased by more than 1.5 million persons and now reaches around 9 million employees.



Also, in comparison to the USA and Japan, the European Hotels and restaurant sector has experienced the highest growth in terms of employment in the recent years. Within Europe; the UK, Spain, and Germany are the most important member states regarding employment in the sector. Together they employ more than 50 % of the total EU25 Hotels and restaurants workforce.

The amount of part-time work in the Hotels and restaurants sector is significantly higher than in both the total service economy and the total economy in all. In 2004, 26% worked part-time in the sector, compared to 18% in the total economy. The overall trend goes towards more part time employed. It is also important to note the great extent of young and female employees in the Hotels and restaurants sector. The gender distribution has hardly changed in recent years and the trend is clear: women possess most of the part-time jobs and are mostly employed as service workers, while men to a greater extent have full-time jobs and work as managers.



Finally, when looking at the different occupational groups of the Hotels and restaurants sector, some differences can be traced between the new and the old Member States. The old Member States (EU15) have significantly more managers of small enterprises than the new Member States, implying that the importance of SMEs is greater in the EU15. The core occupational group of the sector is the service workers and shop and market sales workers, comprising more than half of the total employment in the sector. Changes in the share of occupations from 2000 to 2007 are very small, making it hard to identify

major trends. There seems to be a slight tendency however, of service workers making up a decreasing share of the total sectoral employment.

<b>Employment by occupation of total sectoral employment (%)</b>				
<i>NACE H55 Hotels and restaurants</i>				
<b>ISCO Occupation</b>	<b>2000</b>		<b>2007</b>	
	<b>EU-15</b>	<b>NM-10</b>	<b>EU-15</b>	<b>NM-10</b>
Managers of small enterprises	15,1	5,5	15,5	7,2
Other legislators, senior officials and managers	4,3	3,6	4,1	3,2
Professionals, technicians and associate professionals	2,3	4,7	2,8	4,5
Clerks	4,3	4,6	4,7	5,5
Service workers and shop and market sales workers	59,6	65,6	57,5	64,1
Crafts and related trades workers	2,5	4,3	2,8	3,1
Elementary occupations	11,9	11,6	12,7	12,4

*Source: European Labour Force Survey 2008*

The level of employees' education is not particularly high within the sector. There are few persons employed with tertiary levels of education. Instead, most of the employees have none, low or a medium level of education. The educational level is, however, increasing for most positions. Especially worth noting is the significant increase in both new and old Member States of employees with tertiary education.

<b>Employed by educational attainment level (%)</b>				
<i>NACE H55 Hotels and restaurants</i>				
<b>1. Low (Basic schooling, ISCED 1+2)</b>	<b>2000</b>		<b>2007</b>	
	<b>EU-15</b>	<b>NM-10</b>	<b>EU-15</b>	<b>NM-10</b>
Managers of small enterprises	48,1	7,7	44,1	2,0
Other legislators, senior officials and managers	23,2	5,2	16,2	2,2
Professionals, technicians and associate professionals	20,7	3,5	17,6	3,9
Clerks	29,2	5,7	23,5	2,0
Service workers and shop and market sales workers	50,0	11,3	44,2	7,5
Crafts and related trades workers	50,9	14,6	48,1	9,2
Elementary occupations	63,9	43,3	52,8	33,3
<b>2. Medium (Upper secondary level, ISCED 3+4)</b>	<b>2000</b>		<b>2007</b>	
	<b>EU-15</b>	<b>NM-10</b>	<b>EU-15</b>	<b>NM-10</b>
Managers of small enterprises	42,1	80,0	44,9	80,4
Other legislators, senior officials and managers	49,2	69,9	53,0	69,5
Professionals, technicians and associate professionals	53,4	74,8	50,3	60,6
Clerks	55,6	86,7	54,1	81,4
Service workers and shop and market sales workers	44,4	85,0	47,8	88,5
Crafts and related trades workers	41,1	80,6	44,5	87,7
Elementary occupations	31,3	54,2	40,4	63,5
<b>3. High (Tertiary level, ISCED 5+6)</b>	<b>2000</b>		<b>2007</b>	
	<b>EU-15</b>	<b>NM-10</b>	<b>EU-15</b>	<b>NM-10</b>
Managers of small enterprises	9,9	12,3	11	17,6
Other legislators, senior officials and managers	27,7	24,9	30,7	28,3
Professionals, technicians and associate professionals	25,8	21,7	32,1	35,5
Clerks	15,2	7,6	22,4	16,6
Service workers and shop and market sales workers	5,7	3,7	8,0	3,9
Crafts and related trades workers	8,1	4,8	7,4	3,1
Elementary occupations	4,8	2,4	6,8	3,2

*Source: European Labour Force Survey 2008*

## SWOT analysis

This SWOT analysis gives a short but concise overview of the Strengths, Weaknesses, Opportunities and Threats of the European Hotels and Restaurants sector.

### SWOT analysis of the Hotels and restaurants sector

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• <b>Non-substitutable:</b> Historically the trend is clear: people will never stop travelling completely. Being a sector greatly depending on tourists, that is a great strength. Considering the catering industry it is the same; people will rarely stop eating.</li> <li>• An <b>open sector:</b> The sector creates job opportunities for young people and for women. Also, people with limited education can get the opportunity for a career.</li> <li>• It is a <b>global industry</b> with highly international markets</li> <li>• Due to its labour intensive and customer close nature it <b>cannot be exported or outsourced</b></li> <li>• It is a <b>flexible industry</b>, which handles changes relatively easy. The tsunami catastrophe is a good example of that.</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• <b>The ageing population</b> could be a boost for the integrated services of the catering sub-sector.</li> <li>• <b>Changes in the gender structures:</b> more women entering the labour market means less time to cook at home. Also, this means an opportunity for the sector to get the needed labour.</li> <li>• The trend of higher <b>demands on quality</b> could add value to the sector.</li> <li>• <b>Concerns for climate and health</b> are also trends that potentially add value to products and services.</li> <li>• <b>Increased globalisation</b>, leading to more international travellers and tourists, especially from emerging economies.</li> <li>• Being increasingly on the move, we need more <b>snacking and take away</b></li> </ul>
<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• High <b>dependency on tourists</b>, which are highly sensitive to political events.</li> <li>• High <b>seasonal dependency</b> for most parts of the sector.</li> <li>• Tend to be <b>reactive instead of proactive</b>; for example when it comes to CSR and climate.</li> <li>• <b>Low productivity:</b> low profit margins and low added value.</li> <li>• <b>Low levels of skills and education</b> among employees</li> <li>• <b>Reluctance to invest in its employees</b>, e.g. training, education, working conditions, etc.</li> <li>• Perceived to be a <b>low status</b> employment sector.</li> <li>• Especially for restaurants, cafes and bars: <b>Low barrier sector</b>- many start-ups and failures pressing profit margins.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• The big <b>black market</b> is a threat to working conditions, which in the long run is a threat to the sector's competitiveness when it comes to recruiting skilled staff.</li> <li>• The <b>lack of sufficiently skilled personnel</b> jeopardises the quality of the sector.</li> <li>• If <b>the climate threat</b> grows, long distance travelling might decrease and thereby hurt the sector.</li> <li>• An <b>ageing population</b> makes it even harder to recruit labour.</li> <li>• <b>The educational system</b> is ageing and might, if not renewed, jeopardise the quality of the sector.</li> <li>• For the catering industry: there is a trend to <b>invest less in food for employees</b> and to put taxes on these kinds of wage benefits.</li> <li>• <b>Terrorism and political unrest.</b></li> </ul>

Source: Oxford Research 2008

## Drivers of change

Due to its labour intensive nature and low knowledge intensity, the Hotels and restaurant sector changes less rapidly than many other European industry sectors. In many ways, the basic working and structures of the sector are the same as they were 20 years ago. Several drivers are though, to a certain level, influencing and changing the sector. In the next table an overview of the drivers is presented, after this, the drivers are classified in relation to importance and certainty.

Main drivers of change <i>Hotels and restaurants</i>							
Main drivers	Technology	Technology	Economic	Economic	Organisation	Organisation	Others
Activities	Products and services	Processes	Demand	Supply	Conceptual	Executive	
Industry							
Hotels and other short stay accommodation	<ul style="list-style-type: none"> <li>• ICT:</li> <li>• Internet booking</li> <li>• Online information</li> <li>• Web 2.0</li> </ul>	<ul style="list-style-type: none"> <li>• Digitalisation &amp; ICT</li> </ul>	<ul style="list-style-type: none"> <li>• High increase</li> <li>• Differentiation</li> <li>• Individualisation</li> <li>• Value for money</li> <li>• Segmented market: Price vs. quality driven</li> </ul>	<ul style="list-style-type: none"> <li>• Multinational companies</li> <li>• Specialised local SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Specialisation</li> <li>• Internationalisation</li> <li>• New partners and specialised supply-networks</li> </ul>	<ul style="list-style-type: none"> <li>• Internationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Concerns about health, environment, etc.</li> <li>• International stability</li> <li>• Climate and extreme weather conditions</li> </ul>
Restaurants, bars and cafes	<ul style="list-style-type: none"> <li>• ICT:</li> <li>• Internet booking</li> <li>• Online information</li> <li>• Web 2.0</li> </ul>	<ul style="list-style-type: none"> <li>• Digitalisation &amp; ICT</li> <li>• Preparation, cooling and storage</li> </ul>	<ul style="list-style-type: none"> <li>• High increase</li> <li>• Differentiation</li> <li>• Value for money</li> <li>• Convenience and snacking</li> </ul>	<ul style="list-style-type: none"> <li>• National and international restaurant chains</li> <li>• SMEs: 'local experience'</li> </ul>	<ul style="list-style-type: none"> <li>• Specialisation</li> <li>• Internationalisation</li> <li>• Chains and franchising</li> </ul>	<ul style="list-style-type: none"> <li>• Internationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Food prices</li> <li>• Ageing population</li> <li>• Concerns about health, environment, etc</li> </ul>
Catering and canteens	<ul style="list-style-type: none"> <li>• ICT:</li> <li>• Internet ordering</li> <li>• Online information</li> </ul>	<ul style="list-style-type: none"> <li>• Automation</li> <li>• Preparation, cooling and storage</li> <li>• Digitalisation &amp; ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Slight increase</li> <li>• Individualisation</li> <li>• Convenience and snacking</li> </ul>	<ul style="list-style-type: none"> <li>• Further international company concentration</li> </ul>	<ul style="list-style-type: none"> <li>• Internationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Internationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened legislation on food safety</li> <li>• Ageing population</li> <li>• Concerns about health, environment, etc</li> <li>• Food prices</li> <li>• Awarding of contracts to the lowest price</li> </ul>

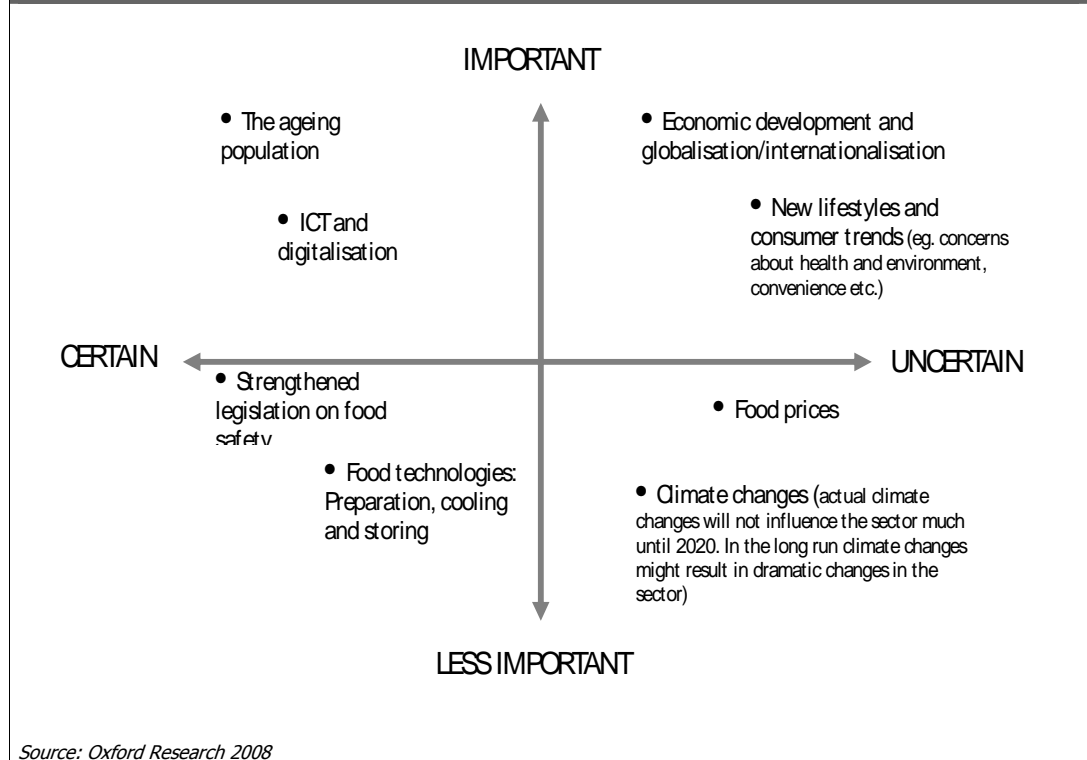
Source: Oxford Research 2008

In the figure on the next page, a classification of drivers has been made regarding their importance and certainty. Of all the presented drivers, the most important (groups of) drivers have been assessed to be:

- the ageing European population;
- new lifestyles and consumer demands (e.g. concerns about health; climate, environment, etc.);
- the increased use of ICT, digitalisation, and the internet, and finally
- economic development and globalisation/internationalisation

**Figure: Classification of drivers**

*Hotels and restaurants*



In the following sections, the most important drivers of change are discussed briefly:

### **Ageing population**

The population in Europe is ageing. This will, of course, have implications on the Hotels and restaurants industry as well as on every other sector. First of all, tourists will be older in the future, posing new demands on the service of the sector. Older tourists require more and more specialised service, among others due to disabilities, and are likely to plan their holidays closely rather than accept traditional 'family package deals'. Second, an ageing population means an ageing workforce. This is of utmost importance to the Hotels and restaurants sector, since its workforce today consists, to a great extent, of young workers. When it comes to catering and canteens the ageing population will mean a potential growth in their integrated services, which often include elderly care.

### **Changing lifestyles / consumer demands**

Parallel to the new demands of the ageing workforce, the changes in lifestyles in general have important effects on the Hotels and restaurants sector. Today, customers are more interested and enlightened when it comes to health, climate, environment and politics, posing new demands on the services they purchase. For hotels and other short stay accommodations, it means giving customers a full-time experience including for example, spas and professional guiding. For restaurants, bars, and cafés, traceability becomes more important – the customers require knowledge about where the food comes from, posing demands on the staff to be knowledgeable in that aspect. Within catering, snacking increases as a result of the new lifestyle trends, simultaneously diminishing demand for traditional 'heavy' lunches.

### **Increased use of ICT and the internet**

The increased use of ICT and the internet has had and still has a great impact on the Hotels and restaurants sector. For the customers it means greater possibilities in finding Hotels and restaurants, as well as catering establishments, and the ability to be pickier in what to choose. For the companies, it means greater possibilities to market themselves and to receive customers from areas far beyond their locality. ICT and the internet are of growing importance in the entire value chain; in the coming years supply chains and administration will increasingly be handled online.

### **Globalisation and economic growth**

The general economic situation is of utmost importance for the Hotels and restaurants sector, which is highly dependent on tourism. When people have more money they tend to spend more on travelling and dining out. Also, their requirements for quality, specialisation and uniqueness rise. An economic recession will, on the other hand, result in decreased demand and a much higher focus on price. Globalisation means increased opportunities for attracting new customers from outside Europe, but globalisation also means that competition will grow and become more international.

## **Emerging competencies**

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In general, there seems to be a growing demand for skilled labour in most parts of the sector. New emerging competencies assessed to be of most importance in the next five to seven years, are the following:

- multiskilling;
- financial management;
- ICT;
- intercultural competencies and language skills, and
- extended service skills and knowledge

### **Multi-skilling**

Multi-skilling is a term frequently used to describe the practice of employees extending their work tasks; meaning that a hotel receptionist e.g. also learn how to clean rooms or that a waiter learn how to help out in the kitchen. Multi-skilling requires more effort and resources for internal vocational training. Its purpose is to meet the growing needs of flexibility required by the highly temporal nature of the sector and to meet the demands for better working conditions and life cycle accommodated work. However, multi-skilling could create a lack of specialisation that might reduce the depth of skills of the employees.

### **Financial management**

With globalisation and increased international competition, three trends concerning company structure are emerging, which influences the requirements of skills and competencies, especially at the executive level: the hotels, restaurants, and catering *chains* take more and more hold of the market and the ownership of hotels and restaurants is getting more complex, often involving franchising and private equity, and outsourcing e.g. of cleaning departments or hotel restaurants is becoming more common. Together with squeezed profit margins this generates high demands for financial skills and competencies within management. Also, a shift is taking place from resource management to con-



tract management. When business parts are outsourced, the managers' jobs are more about handling contracts than resources.

## **ICT**

The rapidly growing use of ICT and the internet requires new competencies within most occupations in the sector, especially within marketing, administration and logistical occupations. ICT skills are transversal and ICT skills needs must be analysed in the context of the actual application, as a part of marketing, customer service, financial management, logistics, etc.; Though in-depth skills might not be needed at the executive level, solid knowledge about the many new possibilities, advantages and challenges presented by ICT and the internet are also becoming crucial for most managers.

## **Intercultural competencies and language skills**

Other emerging competencies are the extended need for intercultural competencies and new language skills. This is both due to internationalisation of customers, for example the growing number of tourists from emerging economies, and the internationalisation of the workforce with more global expats at the executive level and more work migrants, from poor countries outside the EU, typically working in very basic positions. For managers, this also generates a need for new competencies within diversity management. Intercultural competencies are also closely connected to increasing demand for social competencies such cooperation ability, team spirit, self management, innovativeness and entrepreneurship.

## **Extended service skills and knowledge**

Different lifestyles with increased focus on health, soundness, and sustainability, require more knowledge and capabilities from the personnel. It is not only enough to serve the food; personnel also have to know its origin and the potential effects it will have both on the customer's health and on the environment and climate. In general, there is a rising demand for personnel with new complex and highly interdisciplinary competencies and skills needs.

## **Scenarios 2020**

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Four different scenarios investigating the possible development until 2020 have been created for the Hotels and restaurants sector by crossing the axis of two uncertain but important different drivers. One is the general economic development and the other is the development of consumer trends ranging from escapism to a more puritan approach. While puritans prefer genuinely healthy and spiritual experiences, the escapists are still concerned about health and the fairness of the world but tend, however, to escape via wellness and more traditional luxury and consumption modes. The economic development is projected to either go towards economic growth and increased globalisation or towards economic recession and increased nationalism and regionalisation. The four scenarios have been given names that somehow symbolise their distinct characteristics and implications:

- **Scenario 1: The Marco Polo Scenario**

In 'The Marco Polo Scenario', the combination of economic growth, globalisation, and escapism as the main consumption driver creates rapid growing consumer demands concerning both quantity and quality. The scenario can in many aspects be said to be a direct continuation of trends and developments of today. It takes its name after the great Italian trader and traveller creating connotations of globalisation, adventurousness, international trade and a burgeoning global economy and consumerism longing for exotic and extraordinary goods and experiences.

- **Scenario 2: The Sunny Beach Scenario**

The name 'The Sunny Beach Scenario' refers to the rapid development of discount tourism and mass consumption in the Sunny Beach area of Bulgaria. In this scenario consumers are still driven by escapism and the taste for 'bigger, better and faster' goods and experiences. The economic recession, however, puts strong limits on the consumer's ability to spend. Hence, price becomes the most important driver favouring economies of scale and mass production. Large international companies will dominate.

- **Scenario 3: The Body Shop Scenario**

In the third scenario, we have a combination of stable economic growth and increased globalisation with a puritan tendency among consumers. The general economic growth and growing spending ability of most consumers also generates growth in the Hotels and restaurants sector, but growth will mostly be within new and very specialised niche markets. The Body Shop, being an international chain specialised in alternative and 'politically correct' cosmetics, captures the development in this scenario. People do not cut down consuming or travelling – they just do it in new, alternative and more 'politically correct' ways. Consumers go for genuinely healthy lifestyles and holidays and seek more spiritual luxury and values.

- **Scenario 4: The Asceticism Scenario**

In 'The Asceticism Scenario', the combination of puritanism and economic recession and nationalisation creates almost ascetic consumers. Simple living and basic holidaying become crucial mantras. Experiences should be healthy, sustainable but also cheap. International travelling and tourism decline and close-to-home tourism becomes the preferred. Luxury and comfort is reduced to an absolute minimal niche market whereas do-it-yourself experiences increase.

## **Implications of scenarios**

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### **Employment trends in the Marco Polo Scenario**

In the Marco Polo Scenario the economic boom and continued globalisation favours further company concentration in the Hotels and restaurants sector. The size as well as the number of big hospitality companies will grow significantly. Therefore, new occupational functions will especially emerge on the management level. Given the higher diversity among staff and customers as well as customers' increased expectations of quality in one-to-one relationships, in general, a very important part of the new required skills will concern personal behaviour and communication, as opposed to specialised technical and operational skills. The market expansion and customers' longing for 'bigger, better and faster' goods and experiences will result in the expansion of most jobs – both high and low skilled.

### **Employment trends in the Sunny Beach Scenario**

Mass consumption, economies of scale, and a highly price driven market clearly favour cheap unskilled labour in the Sunny Beach Scenario. Thus, few new competencies and occupational functions will emerge. Furthermore, soft personalised services are prioritised very low and markets are increasingly nationalised and/or regionalised. International financial management, budget analysis and yield management become necessary disciplines in a market where profit margins are very low and international competition is fierce. Total employment will remain stable.

### **Employment trends in the Body Shop Scenario**

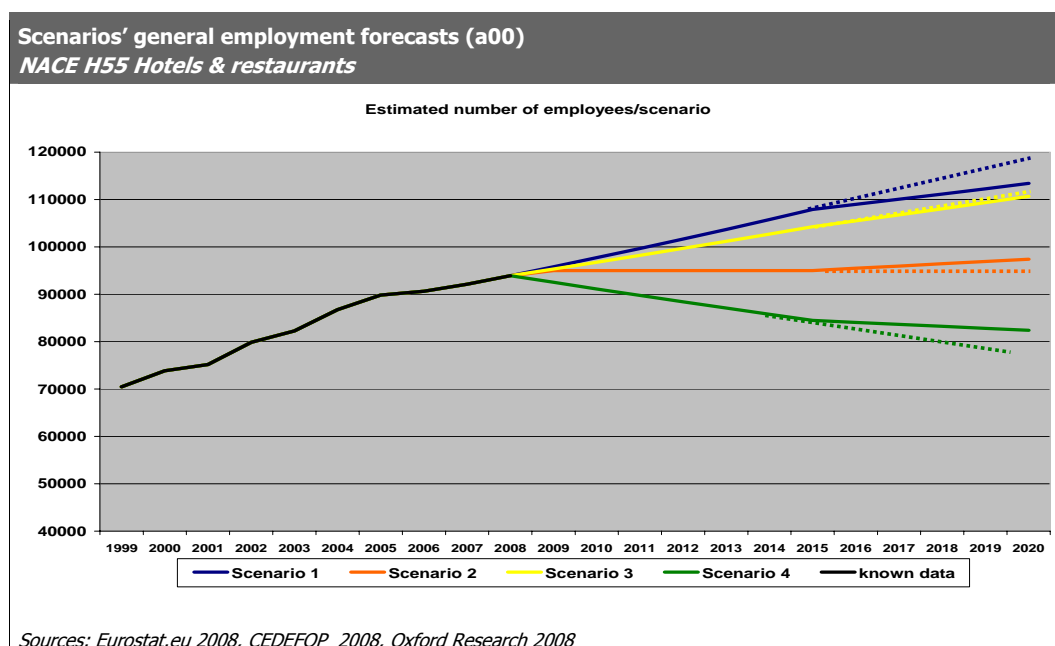
In the Body Shop Scenario, the Hotels and restaurants sector will experience a rapid increase in the demand for highly skilled labour within most occupational functions. This is due to the high demand for specialised, tailor made goods and experiences and consumers preferences for healthy and sustainable lifestyles. The sector will be dominated by SMEs and characterised by quickly changing niche markets. This requires managers with an entrepreneurial spirit and good international networking skills in order to continually create new projects, new branches and new creative alliances. In this scenario, the

number of executive jobs will increase significantly whereas the number of conceptual jobs will remain stable. This will lead to a steady rise in total employment. Nevertheless, growth rates will not equal those of The Marco Polo Scenario, where both conceptual and executive jobs increase.

### Employment trends in the Asceticism Scenario

In the Asceticism Scenario, economic recession and ascetic consumers will result in a general employment decline within the Hotels and restaurants sector. However, consumers still prefer unique services and goods and are very concerned about health, climate and sustainability. Thus, skilled labour will still be needed and some new competencies emerge. Since the market will be dominated by often family run SMEs with flat structures, very few new occupational functions will emerge. The new skills and knowledge needed will especially be within specialised areas such as health, climate, environment, organic produce, fair trade and other sustainability issues, and less within general operational skills such as administration, accounting, financial management, etc. The extreme flat management structures of the small hospitality enterprises will require good social skills e.g. good cooperation skills, team spirit, flexibility and very high levels of responsibility from employees in all levels of the work organisation. The steady decline in total employment will make the number of jobs decrease within almost all occupations.

The next figure shows employment forecasts of each of the four scenarios in extension of the development from 1999 to 2008. It should be taken into mind that the forecasts are made on the basis of scenarios and therefore contain great uncertainties. The different possible developments in each scenario, illustrated in the graph by broken and full lines, underline these uncertainties. The exact calculations and background for each forecast are discussed in the full length report.



The table next page summarises emerging tasks and competencies in the four different scenarios.

<b>Emerging competencies and tasks in the scenarios</b> <i>Hotels and restaurants</i>				
<b>Main occupational function</b>	<b>The Marco Polo Scenario</b>	<b>The Sunny Beach Scenario</b>	<b>The Body Shop Scenario</b>	<b>The Asceticism Scenario</b>
General Management	<ul style="list-style-type: none"> <li>• International financial management, yield management, etc.</li> <li>• Diversity management</li> <li>• Contract management</li> <li>• Knowledge about ICT</li> </ul>	<ul style="list-style-type: none"> <li>• International financial management, yield and cost management, etc.</li> <li>• Knowledge about ICT</li> <li>• Contract management</li> <li>• Rationalisation methods and techniques</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship</li> <li>• Project management</li> <li>• Diversity management</li> <li>• International networking</li> <li>• International financial management</li> <li>• Knowledge about ICT</li> <li>• Knowledge about health, environment, climate</li> <li>• CSR</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship</li> <li>• Knowledge about ICT</li> <li>• Knowledge about health, environment, climate</li> </ul>
Marketing and sales	<ul style="list-style-type: none"> <li>• Global corporate branding</li> <li>• Exploring new, individualised market segments</li> <li>• Employer branding</li> <li>• Using ICT and internet solutions in marketing and sales</li> </ul>	<ul style="list-style-type: none"> <li>• International corporate branding</li> <li>• Using ICT and internet solutions in marketing and sales</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating sustainability and CSR in corporate branding</li> <li>• Exploring new, individualised market segments</li> <li>• Employer branding</li> <li>• Using ICT and internet solutions in marketing and sales</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating health and sustainability in marketing activities</li> <li>• Using ICT and internet solutions in marketing sales</li> </ul>
Financial and administrative	<ul style="list-style-type: none"> <li>• International financial management, yield management, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• International financial management, yield and cost management, etc.</li> <li>• Budget analysis</li> </ul>	<ul style="list-style-type: none"> <li>• International financial management</li> <li>• Knowledge about CSR</li> <li>• 'Green accounting'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Green accounting'</li> </ul>
R&D	<ul style="list-style-type: none"> <li>• Developing new individualised hospitality experiences</li> <li>• Developing and applying ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Developing and applying ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Developing new individualised hospitality experiences</li> <li>• Developing sustainable resorts and healthy menus</li> <li>• Developing and applying ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Developing sustainable resorts and healthy menus</li> <li>• Developing and applying ICT and internet solutions</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>• International supply chain management</li> <li>• Online supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>• International supply chain management</li> <li>• Online supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>• International supply chain management</li> <li>• Online supply chain management</li> <li>• Knowledge about environment, climate and fair trade</li> </ul>	<ul style="list-style-type: none"> <li>• Online supply chain management</li> <li>• Knowledge about environment, climate and fair trade</li> </ul>
Production/service management	<ul style="list-style-type: none"> <li>• Managing individualised customer needs</li> <li>• Diversity management</li> <li>• ICT skills: using ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• ICT skills: using ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Managing individualised customer needs</li> <li>• Diversity management</li> <li>• ICT skills: using ICT and internet solutions</li> <li>• Knowledge about health, environment, climate</li> </ul>	<ul style="list-style-type: none"> <li>• ICT skills: using ICT and internet solutions</li> <li>• Knowledge about health, environment, climate</li> </ul>
Quality	<ul style="list-style-type: none"> <li>• Developing new quality standards</li> <li>• Applying international standards and certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Applying international standards and certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Developing and applying new quality standards and certifications</li> <li>• Controlling and labelling healthy and climate friendly food and experiences</li> <li>• Applying fair trade certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Developing and applying new quality standards and certifications</li> <li>• Controlling and labelling healthy and climate friendly food and experiences</li> <li>• Applying fair trade certifications</li> </ul>
Production/service	<ul style="list-style-type: none"> <li>• Language skills</li> <li>• Intercultural competencies</li> <li>• Multiskilling and flexibility</li> <li>• ICT skills: using ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Multiskilling and flexibility</li> <li>• ICT skills: using ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Language skills</li> <li>• Intercultural competencies</li> <li>• Cooperation and team spirit</li> <li>• Multiskilling and flexibility</li> <li>• Knowledge about health, nutrition, environment and climate</li> <li>• ICT skills: using ICT and internet solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation and team spirit</li> <li>• Multiskilling and flexibility</li> <li>• Knowledge about health, nutrition, environment, and climate</li> <li>• ICT skills: using ICT and internet solutions</li> </ul>

Source: Oxford Research 2008

## Recommendations and strategic choices

The scenarios' implications for sector structure, employment trends, emerging competencies and skills needs have now thoroughly been analysed and described. The next step is to assess what strategic choices and initiatives should/could be taken by the companies

within the Hotels and restaurants sector in order to meet the challenges connected to labour and skills needs. Lastly, the main recommendations of the study are presented.

The table below summarises the main strategic choices to be taken by hospitality companies in order to meet the different skills and labour needs of the four scenarios. Choices have been rated after the degree of relevance (high, medium, low or none) within the specific scenarios.

<b>Companies' strategic choices to meet skills needs</b> <i>Hotels and restaurants</i>												
<b>Choices to meet skills needs</b>	Changing work organisation	Re-training Employed Workers	Recruiting unemployed workers	Recruiting young people	Recruiting workers from other MS	Recruiting workers from abroad	Off shoring and outsourcing	Improving working conditions	Improving career structures	Promoting women and minorities in management positions	Improving sector image	Cluster and network initiatives
<b>Activity</b>												
Scenario 1: The Marco Polo Scenario	M	H	M	H	L	H	M	H	H	H	H	H
Scenario 2: The Sunny Beach Scenario	L	M	H	H	M	L	M	M	H	M	M	L
Scenario 3: The Body Shop Scenario	H	H	M	H	L	H	M	H	H	H	H	H
Scenario 4: The Asceticism Scenario	L	L	L	H	N	N	L	M	L	M	L	M
<b>H: High relevance M: Medium relevance L: Low relevance N: No Relevance</b>												
<i>Source: Oxford Research 2008</i>												

## Implications for training and education

In general, most levels of the education and training system within the hospitality and tourism industry will have to change and expand in the coming 10 to 12 years, but currently the greatest need seems to be at the operational level. Training institutions are largely geared towards general management training, whereas training of the basic skills and competencies needed by the vast majority of staff within the sector is far less developed

Recommendations regarding training and education within the Hotels and restaurants sector are presented below. Recommendations are built partly on the present trends and challenges described in the mapping part, and on the emerging skills and competencies identified as common in all or most of the scenarios.

- **Greater focus on social and cultural skills in education and training** will be relevant in most of the scenarios.
- The demand for improved cultural and social skills could also call for a **greater use of apprenticeship and/or mentoring programmes** in combination with formalised education.
- Closer cooperation between industry and educational institutions to **provide 'up to date' education, retraining, and upgrading of employees.**
- More cooperation between hospitality schools and other educational institutions in order to offer **educations and courses with new combinations of traditional hospitality skills and new specialised skills**

- The types and combinations of educations and courses offered, specialisation and competition will lead to a **growing need for internal training and educational programmes and facilities**.
- SMEs will need to join **networks and clusters in order to create joint education and training programmes**.
- **High quality online and digitalised learning tools** need to be further developed and more widespread. Online and digital learning tools often provide higher flexibility than conventional courses. This could especially improve access to education and training in SMEs.
- **Development and recognition of international certification of core skills.** Globalisation of the tourism and hospitality industry and the increased use of e-commerce require international understanding and certification of core skills.
- Development and **improvement of career structures including systematised education and training activities** as a tool to lower employee turnover.
- **Create a culture of life long learning in order to motivate both employers and employees.** Improvements in employees' access to education and training will not help much if employees are not motivated.

## **Main recommendations**

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The need for skilled labour has been rising slowly but steadily within the European Hotels and restaurant sector the last 10 to 15 years. However, if the sector is to be able to deal successfully with the challenges of the increased international competition, the little increase in added value, and the many new emerging consumer preferences, more focus has to be put on raising the sector's level of skills and competencies – both further and faster. The European Hotels and restaurant sector should look more into the possibilities of competing in quality and within the new emerging up-scale niche markets. A general recommendation is therefore to enhance up-skilling and innovation in the sector - two things that are also closely connected. Though the financial crisis and economic downturn that took speed in 2008/2009 could result in decreasing growth rates, the sector should not lose sight of the long term strategic challenges of increasing innovation, skills, and competencies, which make out the ground pillar of sector's future growth possibilities and increased international competitiveness.

Raising the level of skills, competencies and innovation in the sector especially seems to be a challenge for the many SMEs making up the majority of the sector. Many of the large companies in the sector, already today work systematically with both product, process, and human resource development. Another general recommendation is therefore to focus future initiatives on the many SMEs in the Hotel and restaurants sector.

The more specific recommendations presented below will focus on how to meet the skills and labour needs in the European Hotels and restaurants sector. These are the recommendations that have been identified to be the most important, taking into consideration both the findings of the mapping part as well as the outcome and implications of the scenarios. Thus, they do not relate to the specifics of the individual scenarios, but are general recommendations. The recommendations are presented in subchapters with headlines indicating to whom of the sector's stakeholders the different recommendations are addressed.

### **Industry**

- In many parts of the Hotel and restaurants sector, working conditions must be improved to attract more skilled workers and to lower employee turnover. At the same time, the industry must cooperate to improve the image of the sector.
- Improvement of career structures and promotion opportunities is also needed in order to keep employees and competencies within the sector (and the individual com-

pany). Education and training should be incorporated into the personal career paths of the employees.

- It will be necessary to launch initiatives in order to attract more women to executive and high skilled positions. Initiatives could, for example, be within flexible working time, equal pay for equal work, mentoring schemes, improved access to maternity leave, and gender-focused recruitment.
- Industry will have to cooperate more closely with educational institutions in order to create new and continually up to date education and training offers.
- Many hospitality companies will also have to extend and improve in-house training and education, especially to fill gaps in ICT skills and social competencies that rarely form part of the curriculum in hospitality related educations.
- It will also be necessary to recruit more high skilled employees with educational backgrounds and skills not traditionally applied in the sector, such as ICT, nutrition, health, sports, finance, etc.
- SMEs should increase their participation in networks and clusters in order to create joint training, education, and recruitment activities.
- In general, employees' access to systematic learning and training should be improved. Mentoring schemes and job related learning processes are useful tools; this can also make learning and training more attractive to the employees.

### **Social dialogue**

- The dialogue between the social partners in the Hotel and restaurants sector in general needs to be strengthened, especially in order to improve working conditions and employees' access to training and education. Nevertheless, social dialogue at both the national and EU level should also play an important role within a broad range of urgent topics including:
  - Exchange of information and dissemination of good practice within recruitment, in-house training, gender equality, etc.
  - Elaboration of tools (guides, training manuals) on issues like sustainability, health, food hygiene, etc.
- Social partners at the EU and international level should look more closely into the possibility of international standardisation and certification of core skills and competencies within the hospitality industry.
- Social dialogue will also have to play an important role in order to create the needed culture of life long learning in the sector.
- Unique to the Catering and canteens sector: cooperation with the EU social dialogue committees in other facility management sectors (e.g. cleaning and private security) should be initiated, as the sectors are becoming increasingly integrated.

### **Education and training institutions**

- Education and training institutions within the hospitality sector will have to heighten focus on the teaching and training of social and cultural skills.
- New and flexible combinations of courses and disciplines, e.g. traditional hospitality skills combined with skills and knowledge within ICT, health, environment, etc., should be created in order to meet the increasingly complex skills needs within the sector. To do this it could be advantageous to cooperate with education and training institutions from other sectors and disciplines.
- New online and digital learning tools should be developed and disseminated. Online and digital learning tools often provide higher flexibility than conventional courses. This could especially improve access to education and training in SMEs.

- Attracting more young students to hospitality educations is necessary to avoid serious skills and labour gaps in the future. This again is closely connected to the need to improve sector image as well as working conditions and career structures, and thus is a challenge not solely solvable by education and training institutions.

### **National, regional and/or local authorities**

- National and regional education authorities have to create the needed framework conditions for both public and private hospitality education and training providers. Closer cooperation with industry and regular national/regional screenings of skills and labour needs could be some of the measures. It is not in the scope of this study to forecast the more exact labour and skills needs of the single member states and regions, but it makes a good point of departure for nationally and regionally focused skills studies.
- With an ageing European workforce and steady future growth in the hospitality and tourism sectors, it will be necessary to attract and integrate skilled workers from outside the EU, calling for national policies and initiatives on the topic.
- The establishment of cluster and network initiatives containing training and educational activities will be helpful, especially for the many SMEs, which have few resources to retrain and educate employees. Cluster initiatives will rarely be initiated by SMEs, since they neither have the skills nor the resources to do so. Therefore, cluster and network initiatives are not a choice to be made by companies only, but are something that needs public support and attention as well. Clusters can also facilitate closer cooperation between educational institutions, R&D facilities and industry.

### **The EU**

- The questions of how to attract skilled workers from outside the EU and how to handle the increasing amount of illegal immigrants working in the Hotel and restaurants sector also call for discussions and initiatives at the EU level.
- The EU should support the strengthening of Social Dialogue at the EU level. Increasingly many hospitality companies are so called multinationals calling for social dialogue at the supra national level.
- In order to facilitate increased international mobility for hospitality workers, the EU should initiate and support the processes of international standardisation and certification of core skills and competencies.
- Awareness among EU decision makers of the specifics of the integrated catering and facility management sector should be heightened. In many relations, the catering sector has very divergent structures and workings compared to the rest of the hospitality sector. For example, this often calls for separated studies and initiatives.
- The EU should initiate and support the development of new digital learning and teaching tools within the sector. The tools are often too expensive to develop for a single company or educational institution, but can be good value for the money if disseminated widely in the industry.

Lastly, the lack of reliable and up-to-date data on the sector should be mentioned. There is a need for all stakeholders in the sector to invest more in high quality research at the micro level in order to get a clearer and more precise idea of the trends and specific workings of the sector.