

Seasonality in tourism employment: human resource challenges

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Abstract

Seasonality in tourism has a profound impact on the management of human resources in organizations operating in a seasonal context. Tourism employment in Canada is profiled and its seasonality examined in Atlantic Canada, where seasonal tourism employment is common. A model for managing seasonality in employment is proposed as a continuum, ranging from "embracing" to "challenging" seasonality. For each approach, differing human resource management practices are identified and operational impacts are discussed, providing possible strategies for employers operating in seasonal tourism contexts. Ongoing research is planned in Atlantic Canada's accommodations sector, testing the model for managing seasonal tourism employment.

Introduction

As a fundamental characteristic of tourism, seasonality is recognized as a factor affecting all aspects of contemporary hospitality industries. Seasonality dramatically influences industry employment, leading to widespread seasonal employment, underemployment, and unemployment. For human resource (HR) managers, this creates a cyclical employment environment requiring extraordinary resources devoted to recruitment, selection, training and retention of staff.

In Atlantic Canada, seasonality is a pervasive feature of the tourism industry. The area, consisting of the provinces of Newfoundland and Labrador, Prince Edward Island (PEI), Nova Scotia (NS) and New Brunswick (NB) located on Canada's eastern seaboard, is economically dependent on the summer tourism season. In much of the region this season runs from late June until the first weekend in September. This short season creates human resource management (HRM) challenges. For example, in NB the annual accommodation occupancy rate of 55 per cent rose to 75.5 per cent during July and August of 2001 (Government of New Brunswick, 2001), a typical pattern for the region. Consequently, during the slower seasons, there is excess capacity resulting in staff being underutilized or unemployed. Addressing seasonality in tourism employment and the HR response to it is an issue that affects individual employers and employees, but is also of concern to entire communities and local, provincial and federal governments.

Seasonality in tourism employment

Seasonality in tourism can be defined as cyclical variations in tourism demand. Highman and Hinch (2002) describe

seasonality as one of the most predominant, yet least understood, features of tourism. Within the industry, seasonality is viewed as a challenge and often a problem affecting many areas. In tourism employment seasonal jobs, defined as "a non-permanent paid job that will end at a specified time or in the near future, once the seasonal peak has passed" (Marshall, 1999) are common. These seasonal positions often recur on an annual basis, influenced by the labour demands of seasonal industries (Perusse, 1997). While seasonality in tourism employment is dominant as, shown in Table I, little research has been done in this area.

A 1998 Canadian Tourism Human Resources Council (CTHRC, 1998) study estimates the tourism-related labour force as 1.4 million employed in the tourism-related sectors of: food and beverage, transportation, accommodation, attractions, travel trade, and adventure tourism and outdoor recreation. Studying tourism employment in Canada is challenging due to the lack of data on the extent of the labour force. For example, studying seasonal variation in the National Tourism Indicators (NTI) in 1998, Wilton and Skirjanto, reported small irregular fluctuations in tourism industries employment for the 1986 to 1997 period. This data does not account for hours worked by each employee or status as full or part-time. Since this information is key to understanding the nature of seasonal employment in the tourism industry, it is probable that the NTI, which does not include these details, may obscure larger, more regular fluctuations in tourism employment. The CTHRC 1998 study reported that 42 per cent of the tourism workforce is employed full-time and 23 per cent are employed seasonally. A high proportion of young workers characterize the seasonal workforce. Contrary to these observations, labour market research on



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Table I

Studies of seasonality in tourism employment

Finding	Author
Seasonal tourism worker migration	Ball (1989)
Evaluating seasonal hotel workers' job satisfaction	Lee-Ross, and Johns (1995)
Economic policy impact lessening seasonal employment	Ashworth and Thomas (1999)
Partitioning of seasonal employees as core or peripheral	Krakover (2000)

Vancouver Island, British Columbia (BC) indicated tourism businesses surveyed remained open almost year round and relied more on full-time than on part-time employees (Petryk and Vaugeois, 2002). This study noted the need for valid rather than anecdotal information on tourism employment.

Tourism employment in Canada is subject to regional effects that alter the degree of seasonal variation in employment, leading to the structuring of jobs classified as non-permanent, seasonal, temporary, term or contract (non-seasonal) or casual. In Atlantic Canada, these latter types of employment along with underemployment and unemployment, characterize the region (Perusse, 1997). Seasonal employment is so dominant in the area that in the province of PEI it is more common than other non-permanent work arrangements consisting of temporary or casual jobs (Marshall, 1999). The region's governments have addressed employment issues related to seasonality with seasonal work programs, and by funding initiatives to create new markets and extend tourism seasons. Tourism-related employment in the region is estimated at 92,100 for 2002 as depicted in Table II. However, these data refer to the number of persons employed in tourism-related jobs and does not account for part-time, casual or seasonal positions. Tourism also affects employment outside of industry-specific sectors. In the province of NB during 2001, it is estimated that \$900 million in tourism season expenditures generated 25,000 person years of employment (Government of New Brunswick, 2001). With

Table II

Atlantic Canada's tourism-related industry employment estimate – 2002

Category	Numbers
Accommodation	14,000
Food and beverage	49,300
Adventure tourism and outdoor recreation	3,900
Transportation	14,700
Travel trade	1,800
Attractions	8,400
Total	92,100

Source: Adapted from CTHRC (1998)

the predominance of seasonal tourism employment in areas of Canada such as the Atlantic region, an important issue is the complex set of HR issues emerging from these characteristics of tourism employment.

Strategic human resource management and seasonality in tourism employment

Wright and McMahan (1992) define strategic human resource management (SHRM) as “the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals” (Wright and McMahan, p. 298). Wright (1998) further suggests that this definition of SHRM implies that people, when appropriately deployed, provide a primary source of competitive advantage for a firm, and that this advantage depends largely on the concept of “fit”. In an SHRM context, two types of “fit” are important. Horizontal fit involves aligning HRM practices with one another (e.g. having congruent employee recruitment, selection, and training policies), while vertical fit involves alignment between a firm's HRM practices and its business strategy (Delery, 1998; Schuler and Jackson, 1987). Additionally, Schuler and Jackson (1987) describe how linking appropriate HR practices with business strategy results in employees exhibiting desired role behaviours, which, in turn, contribute to firm success. A large body of theoretical and empirical research supports the relationships described above; however, the SHRM literature is too voluminous to review here. (We refer readers to special issues of *Academy of Management Journal* and *Industrial Relations* in 1996, *International Journal of Human Resource Management* in 1997, and *Human Resource Management Review* in 1998, for more information on the subject.)

Taking a strategic approach to HRM – and assuring proper horizontal and vertical fit – contributes to organizational effectiveness in all types of industries, but particularly so in highly competitive and labour-intensive ones, such as tourism. One reason for this is because, in this industry, firm success is largely dependent on customer satisfaction,

and much of the customer's experience is dependent on employee behaviour, which is influenced by both horizontal and vertical fit. Consequently, we contend that SHRM theory provides a useful lens through which to view organizational effectiveness in the tourism industry. Furthermore, based on our previous discussion of the pervasiveness and importance of seasonality to this industry, we contend that seasonality is taken into consideration during strategy formulation.

Evidence suggests that some businesses in this highly seasonal industry develop a business strategy that "embraces" seasonality, while others develop a strategy that "challenges" the seasonal nature of their industry. Consistent with the SHRM models that emphasize "best fit" over "best practice" with regard to how HRM influences organizational effectiveness, neither strategy is believed to be inherently better than the other (see Boxall and Purcel, 2000). Instead, either strategy can be effective if both proper horizontal and vertical fit are achieved. Also consistent with SHRM theory, we contend that firms whose HRM strategies and practices are internally congruent (exhibit horizontal fit) and aligned with their seasonality strategy (exhibit vertical fit) will be more successful than firms whose strategies are not so aligned (Jolliffe and Farnsworth, 2002). Next, we propose a model for envisioning the relationship between seasonality strategy and HRM practices.

A model for managing seasonality in tourism employment

One way to think about the influence of seasonality on business strategy is to envision the business' response to seasonality as being dichotomous, with a firm choosing to either "embrace" or "challenge" seasonality. Another way of thinking about the issue is to view a business' response as being on a continuum, ranging from embracing to challenging seasonality, with other possible strategies related to seasonality falling somewhere in between these two extremes, as illustrated by Figure 1. Although for ease of description, we will discuss seasonality strategy as if it were dichotomous, it is probable that in some instances contextual factors, such as location

(e.g. urban vs rural), behaviour of direct competitors, government policies, or membership in networks or alliances may make it difficult or impossible to enact one's chosen strategy. Therefore, the enacted strategy might fall closer to one end of the continuum or the other, while still including some aspects of the other strategy.

Embracers of seasonality would be businesses that by choice or circumstance accept the seasonal nature of their industry. For example, some business owners might truly prefer to operate only eight to 12 weeks out of the year. They may be supplementing their income with a tourism-related business simply because they live in a locale with a specific tourist season, but might not want to run a year-round enterprise. An example of this type of business might be a summer bed-and-breakfast operation. Challengers, on the other hand, would be tourism operators that are, not by choice, affected by seasonality, but who would prefer the more even-paced nature of a non-seasonal business. These owners would challenge the seasonal nature of their business in any number of ways, trying to extend their season by offering visitor discounts during the shoulder season, adding additional services and activities and lobbying government to subsidize employee wages for a portion of the season.

Businesses, choosing to embrace or challenge seasonality, would need to align their HR policies and practices with their chosen strategy. Belcourt and McBey (2000) discuss the importance of both external and internal fit when describing characteristics of effective HRM strategies. This is very similar to earlier descriptions of vertical and horizontal fit. External fit refers to the need to align HR programs with the overall business strategy. Thus, if a business chooses to challenge seasonality as a part of its business strategy, then the overall HR strategy would need to support business beyond the normal season. Internal fit refers to two types of alignment:

- 1 the need to align HR programs with other functional areas, such as marketing; and
- 2 the need for alignment among HR programs, such as maintaining consistency among employee staffing, training, development, performance appraisal, and compensation practices.

Figure 1

Possible business and HR strategies related to seasonality

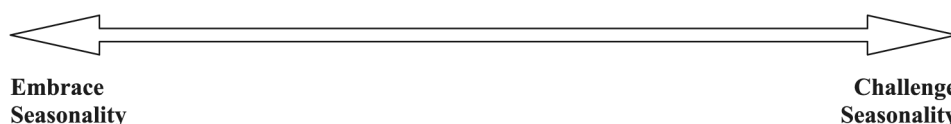


Table III provides examples of how an organization's HR practices might differ, depending on their chosen approach to the issue of seasonality. Notice that the HR practices support the overall strategy (external fit), and support one another (internal fit). For example, if a business chooses to embrace seasonality, then their staffing practices would focus on those activities that support a relatively short business season, such as hiring student workers, who would have less interest in full-time permanent employment, than would employees who are not constrained by school schedules. Additionally, the HR practices are aligned with one another. For example, training and development practices for businesses that embrace seasonality focus on training appropriate to the type of staff being hired. It is brief and task specific, and does not require long-term employees in order to achieve its goals. Thus, the HR practices are internally consistent. Another dimension of internal fit, alignment with other functional areas, is not explicitly depicted in Table III. However, it is implicit. Continuing with the example of the staffing choices of a business choosing to embrace seasonality, it would seem apparent that focusing on hiring temporary, short-term staff would, by necessity, require marketing to customers with a focus on a limited season as well. It would be incongruent, and thus a poor business strategy, to market excellent rates during the off-season, while not planning on having employees to meet the demand encouraged by such marketing.

Industry responses to managing seasonality in tourism employment

While the numbers of hospitality firms in Atlantic Canada "embracing" seasonality is evident by the preponderance of seasonally-

operated properties, some remain open year round, "challenging" seasonality. Some of the region's innkeepers have developed new products and tapped new markets in order to utilize capacity and keep employees. This is particularly evident in some family operated properties, where management is available year round. For example, the Blomidon Inn, in Wolfville, Nova Scotia, has extended their market and occupancy by offering an array of Elderhostel programmes. Another example is the Mariners Inn in Chance Harbour, New Brunswick, which has extended their market through the development of a BayofFundy.com Website. This "challenging" of seasonality has enabled the inn to employ a year-round manager. Governments also play a role in supporting tourism operators who either "embrace" or "challenge" seasonality and adopt related HRM strategies. For example, through provincial tourism industry associations, such as Hospitality Newfoundland and Labrador, Human Resources Development Canada, provides funding for the offering off-season training, skills standards and certification, opportunities for those who work seasonally for tourism firms that "embrace" seasonality. An example of assistance provided to those firms who "challenge" seasonality is a wage subsidy program for tourism employers in PEI who utilize employees during the shoulder seasons (PEI Labour Market Agreement, 2001). The goal is to counter the seasonal employment pattern by using incentives to help employers extend the region's tourist season. The federal employment insurance program, however, indirectly supports those firms that "embrace" seasonality by administering unemployment benefits to workers, often ensuring their availability as employees for the next summer season.

Table III

Human resource practices based on chosen approach to seasonality

Embrace seasonality	HR practice	Challenge seasonality
Focus on temporary workers (e.g. students, casual workers) employee retention less important	Staffing	Focus on full-time core workforce (supplemented as needed by temporary workers) employee retention valued
Focus on brief orientation and task specific training	Training and development	Focus on continual training (including cross-training) and employee development
Focus on ability to perform specific tasks; informal appraisal techniques	Performance appraisal	Focus on broader based competencies and task specific abilities; formal and informal appraisal techniques
Match or lead competitor's base pay; bonuses based on staying entire season	Compensation	Match competitor's base pay; benefits and merit increases encourage retention; bonuses for staying beyond normal season

Conclusion

This article addressed the impact of seasonality on contemporary hospitality and tourism employment. In identifying possible business models and HRM strategies in relation to seasonality a continuum is proposed from “embracing seasonality” to “challenging seasonality”. For each of these stages, differing HR practices are identified in the areas of recruitment, training and development, performance appraisal and compensation. It is suggested that some government HR development policies support those businesses that “embrace” or “challenge” seasonality. It is also possible that other factors, such as family management, support the efforts of hospitality managers to “challenge” seasonality.

Quantitative work in this area is planned, testing the proposed model for HR responses of “embracing” and “challenging” seasonality using the accommodation sectors in Atlantic Canada as a case. In addition to contributing to developing a more accurate picture of the extent of seasonal employment in this sector in the region this work will further develop our practical insights in managing tourism employment in a seasonal context.

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