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The Changing Role of Work: Staff outsourcing in the 'gig economy'

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When bad men combine, the good must associate; else they will fall, one by one, an unpitied sacrifice in a contemptible struggle.

Edmund Burke (1729-1797) Irish-born politician and man of letters

Learning goals

After studying this chapter, readers will have the ability to:

- 1 Define the changing role of work in tourism and hospitality;
- 2 Consider the impact of globalisation and the 'gig economy' on working practices;
- 3 Evaluate the impact of the changing role of work on sustainability, and specifically on its profit and people dimension;
- 4 Understand examples of current employment practice and recruitment in the tourism and hospitality sectors;
- 5 Identify sustainable employment practices for the future.

Introduction

The scale of the tourism, hospitality and leisure industry is enormous. It has become the world's largest employer and, despite the global financial crisis, it is predicted that the decline in international tourism arrivals may have bottomed out (United Nations World Tourism Organisation, 2016). It encompasses virtually every country and culture and has its foundations, according to Baum (2007), in the semi-feudal European society. Today the industry has multiple facets and the terminology can become confusing. For the purposes of this chapter the authors'

will use the terms tourism, hospitality, lodging and hotel industry, which will be deemed to include the leisure industry, interchangeably. These industries include multinational companies such as McDonald's, Marriott, Hilton, IHG and Accor, as well as smaller national companies, and the hospitality industry in particular as an array of independent businesses (Rowson *et al.*, 2016; Rowson and Lashley, 2012; Davidson *et al.*, 2011).

Fundamentally, this chapter explores how human resources in the tourism and hospitality sectors are utilized by individual organisations and how recruitment practices are changing under the pressure of socio-economic developments such as globalization. In doing so the authors bring together key issues that individually and collectively have substantial implications for the various parties to the employment relationship. First, the chapter considers organisational arrangements and policies for the effective utilization of human resources within companies, including areas such as flexible employment contracts, outsourcing, zero hour contracts, and quasi-self-employment roles (the so called 'gig economy'). Second, it discusses how globalization and the rise of the 'gig economy' have impacted on employment policies in tourism and hospitality organisations throughout the world. Although at first these may seem discrete areas, it can be shown how they connect with each other. The focus of this chapter is on outsourcing. For a discussion of challenges and opportunities connected to staff directly employed by a hospitality organisation, you may wish to consult Chapter 12.

Following the general lay out of the book, the chapter starts by highlighting sustainability challenges related to these developments, then it presents two best cases and finally looks at possible ways to address these challenges.

Main sustainability challenges

Intransigent human resource issues remain at the forefront of global tourism's challenges (Baum, 2015). In 2007 *Tourism Management*, a leading international journal, published a detailed assessment of the state of play with respect to human resources in tourism, with the somewhat pessimistic sub title of '*Still waiting for change*' (Baum, 2007). The assessment's conclusion was that, in a world of increasing social, economic, political and technological churn, not least within tourism, some dimensions of people management and the role of human resources appeared to be frozen in time (Baum, 2007). Furthermore, and perhaps unfortunately, the reputation of the tourism and hospitality sector as an employer remained very mixed: there was some evidence of very good employment practice, but there was also a widespread perception by many potential employees in hospitality and tourism of poor pay, challenging working conditions and limited opportunities for growth and development particularly for women and minorities (Baum, 2007). More than ten years later the picture has not changed dramatically. Authors keep pointing at the poor perception that potential employees have of the industry, and at the consequences for the labour market of the financial crash

of 2008, when most of the major banks in the world effectively went bankrupt, and in most cases were bailed out by the governments of various countries. This led to increased financial pressure on companies, and the tourism and hospitality sector, like many others, started to look seriously at policies for the effective utilization of human resources. While financial resources kept tightening, demand for the so-called flexible and outsourced workforce increased. This increased demand met with a seemingly ever-increasing offer of labour, because many employees lost their jobs in the aftermaths of the 2008 financial crisis. This *perfect storm* led to a race to the bottom that in terms of employment conditions pushed the hospitality and tourism industry back to the challenging situation already described in 2007 (Baum, 2015). The recovery of the world economy to date has shown the unsustainability of a human resource model based on outsourcing. Indeed, sustainability challenges are intrinsic to a staff strategy build upon an external workforce. In this section we will illustrate these challenges focussing first on workforce flexibility, then observing the impact of globalisation and the gig economy on the changing role of work and finally considering the role of algorithmic management in making the gig economy possible.

Workforce flexibility: outsourcing and offshoring

Traditionally many tourism and hospitality organisations have failed to develop strong internal labour markets, where skills are developed via internal promotion and upgrading. Managers have relied instead on the external labour market and on a transient flow of unskilled employees. This led to the use of various forms of employment flexibility. In the UK, for example, during the 1980s and 1990s much of the legislation of the Conservative Government was focused on increasing the flexibility of the labour market. Other European countries, such as the Netherlands, followed. A flexible labour market suits the tourism and hospitality industry employers particularly well, because several job roles had been deskilled so that they could easily be done by anyone in the labour market. In the 1990s there was evidence of a 'churn' of unskilled labour at the lower end of the labour market and often employees in this group circled between tourism organisations, hotels, restaurants and high street retailers or food retailers (Lashley and Rowson, 2000). A similar situation presented itself again after the 2008 financial crisis. Yet, when the world economy recovers and jobs are plentiful, then the hospitality and tourism industry feels the sting of this policy: recruitment and retention of employees becomes difficult as both skilled and unskilled employees may find jobs in industries with a better image and better working conditions. For example, immediately before the 2008 crisis the Dutch hospitality industry hit a record of 16,800 open vacancies. As could be expected, during the crisis vacancies dropped, but midway 2017 the 2008 record was broken and the industry faced 29,000 open vacancies, representing almost 8 per cent of the total workforce (CBS, 2017).

In an effort to curb the negative consequences of relying on an external, flexible workforce while maintaining the benefits of not having to hire and invest directly