

Opinion

Too close to servility? Why is hospitality in New Zealand still a “Cinderella” industry?

Introduction

Something strange is going on in New Zealand’s hospitality industry. While the sector is booming (with tourism bringing in 34.7 billion dollars in 2016 and driving record growth in hospitality jobs and hotel building), New Zealanders seem to remain unconvinced about the legitimacy of hospitality as industry and as a career choice. At a time when there are thousands of new jobs being created in hospitality, why does it remain a “dummy subject” in schools? Why do so many parents ‘get the hint’ and hope their kids do anything other than hospitality work? In the 1950s the New Zealand tourism sector was known as the ‘Cinderella of industries’, underfunded, of “doubtful value” and home to poor quality jobs. This paper argues New Zealand hospitality is the modern Cinderella industry and is burdened by three historical legacies, which are affecting our ability to maximise the current opportunities in hospitality, and threaten a sustainable future for the sector: distrust, disdain and the legacy of neo-liberal reform.

Context

The New Zealand hospitality sector is thriving. Driven by strong domestic economic performance and record growth in tourism (2016 arrivals up 11% on 2015, total tourism revenue growing at over 10% per annum), all the hospitality numbers are looking great. Hospitality revenue in 2016 was up 7.2% on the previous year and the accommodation sector shows revenue per room and room nights growth at over 10% per annum (Horwath HTL, 2016; Restaurant Association of New Zealand, 2017; Statistics New Zealand, 2017a). As a result, hospitality labour is in extremely high demand. Based on projected tourism growth to 2025 (projections which are already proving conservative), the sector will need *at least* 8,500 new accommodation managers, 6,200 chefs, 5000 waiters and nearly 2000 baristas by 2025 (Tourism Industry Association New Zealand, 2015). The same TIA report argues that projected growth in the local labour force will not come close to providing the required number of employees. Already we see a full third of all hires in Auckland city accommodation and F&B sector in 2014 were migrants, holding temporary work visa’s (Tourism Industry

Association New Zealand, 2015). This dependence on migrant labour continues to grow, yet all at a time when New Zealand youth unemployment remains stubbornly above 10% (Statistics New Zealand, 2017b).

In response to these pressures we regularly see industry commentators bemoaning the lack of local workers in the media: “*Where have all our kiwi hospitality people gone?*” (Lee, 2017). Yet the discussion regarding labour shortages rarely moves beyond assertions that locals don’t want to work in hospitality or don’t have the skills: “*Staffing gaps must often be filled by migrants on temporary work permits because New Zealanders, aren't available or may be lacking in required skills or attributes*” (Sunday Star Times Newspaper, 2016). We are commonly told “*Kiwis are rarely up to the task*” (3 News, 2013). This is by no means limited to New Zealand. The British Hospitality Association (BHA) has recently warned that Brexit will result in bankruptcy for many hospitality operators due to the loss of cheap migrant labour: “*The question raised in the House of Lords this week was: why don't Brits want to work at Pret a Manger?*” (O’Carroll, 2017). The answer from a UK employer spokesperson: “*It really is a case of do people want to work in our industry? We are not seen always as a desirable place to work*” (O’Carroll, 2017).

Neither media commentary nor the majority of hospitality academic research seems to be adequately addressing this conundrum; why, when hospitality jobs are booming, are local workers avoiding this work? In the case of New Zealand, much can be learned from looking to the history of employment in the hospitality sector. A historical and critical perspective on hospitality employment answers long held calls for a greater focus on this type of research (Baum, 2015; Baum, Kralj, Robinson, & Solnet, 2016; Ladkin, 2011; Lashley, Lynch, & Morrison, 2006; Lashley & Morrison, 2000; McIntosh & Harris, 2012; Solnet, Baum, Robinson, & Lockstone-Binney, 2015; Walton, 2012). This paper aims to provide a partial answer to the critique that “the body of [hospitality research] work fails to position itself within the wider social, political and economic context” (Baum et al., 2016, p. 2). I argue that there are three historical legacies in New Zealand which can help explain the current labour shortages in hospitality: firstly, a distrust of the hospitality sector as a ‘serious’ industry; secondly, a long running public discourse that disdains hospitality work; and thirdly, the impacts of post-1980 neo-liberal policies on the quality of hospitality jobs.

Distrust

New Zealand has a long history of distrust of the hospitality sector. Parliamentary debates in 1955 over the establishment of the Tourist Hotel Corporation (THC) demonstrated a deep seated suspicion of service based industries, be it hospitality, hotels or tourism. The sector was considered ‘frivolous’ by many until the 1980s, with Members of Parliament (MPs) strongly resisting any investment in the sector: *“The time is not right for further capital expansion in a field which is frankly ... only an experiment. We should not encourage ... the building of hotels or the development of a tourist industry **which is of doubtful value in any case**”* (New Zealand Government, 1955, p. 3271). The New Zealand Government and public has consistently underestimated the economic potential of the hospitality sector. During this 1955 debates on the Tourist Hotel Corporation, one MP laughed out loud in disbelief, when it was suggested that investing in hotels could eventually result in fifty thousand new tourists, one hundred new hotels and earn up to \$20 million in export earnings. One wonders what he would make of New Zealand tourism now; 3.4 million overseas visitors, over 600 hotels and \$14 billion in export earnings.

New Zealand in the post-war era was lacking in capital, with any investment in service based industries being seen to come at the cost of our traditional ‘real industries’; the primary sectors like farming, fishing and timber (Belich, 2001; Roper, 2005). In the 1950s the tourism sector was known as the ‘Cinderella of industries’ and MPs spoke openly about the incompatibility of service work with New Zealand values: *“I do not believe the people of New Zealand want to be put in a position where they are going to spend their lives giving service to people coming here **merely to enjoy themselves**”* (New Zealand Government, 1955, p. 3270). This historical legacy of discomfort with service industries is still apparent in contemporary discourse, as a 2016 article shows: *“There also feels something inherently insubstantial about having tourism as one of your main national industries. The jobs are generally low paid – bar staff and bed-making. Its fortunes are forever at the whim of the next global crisis”* (McCrone, 2016). There seems to remain a historical and ongoing distrust of hospitality, tourism and other service sector industries, despite hospitality and tourism overtaking dairy production as our largest export earning industries in 2016.

Disdain

In New Zealand there has been a long history of public discourse that holds hospitality and service work in open disdain. Much like the attitudes towards the hospitality *industry* described above, we have had decades of public commentary like this, from the 1955 Parliamentary debate on the THC: “*I do not believe we want to see in New Zealand the **servility** that we have in other countries. A great number of tourists expect servility. I do not believe that New Zealanders want to be in that position*” (New Zealand Government, 1955, p. 3271). Margret McClure, in her history of New Zealand tourism, summed up the views of many in the 1960s: “*For many, the concept of service was too close to servility*” (McClure, 2004, p. 177). The New Zealand Institute of Economic Research demonstrates an even more dismissive tone in their 1966 report on Tourism development: “*Occupations in the accommodation industry in New Zealand are generally regarded as servile, especially maids, waiters, waitresses, kitchen hands etc., who tend to be unskilled and unqualified. These are low status occupations and are looked down on*” (New Zealand Institute of Economic Research, 1966, p. 60).

This disdain has been commonly repeated by media over the years: “*[there is a] stigma attached to hotel work ... ten years ago you were frowned on for working in a hotel*” (Truth, 25 August, 1981); “*[we want to] promote the idea that hotel work is not second grade, but a good career*” (New Zealand Herald, 25 February, 1980). We have to recognise that we have a collective ‘history of unease’ regarding service work in New Zealand. As we saw in the opening quotes regarding why locals are not taking hospitality jobs, it is still common for employers, and commentators to speak of hospitality and service work as undesirable and second rate. So on the one hand we need to be aware of this historical disdain for the hospitality industry and hospitality work, but we also need to clearly address the final historical legacy that has undermined decent work in the sector, the impacts of the 1980s neo-liberal reforms on the quality of hospitality jobs.

The legacy of neo-liberal reform

In New Zealand, the 1980s and 1990s provided a series of escalating collapses in the corporatist superstructure that supported the unions and underpinned the traditional employment relations approaches in the hospitality sector. The post-war political consensus regarding Keynesian economic management gave way to neo-liberal, free-market policies, firstly driven by the Fourth Labour Government but adopted in the most part by every subsequent government

(James, 1992; Kelsey, 1993; Roper, 2005). The ideology that drove this political reform process also led to a social movement away from traditional collective traditions to a focus on individual rights and responsibilities (Trotter, 2007). The rejection of full-employment policies during the 1980s and 1990s led to increased unemployment which weakened workers' negotiation power in the labour market, with a final blow coming in the form of the 1991 Employment Contracts Act, which removed exclusive union rights to negotiation in the sector and compulsory membership, thus fatally weakening the ability of the union to effectively represent the interests of employees (Rasmussen, 2009; Williamson, 2017).

As a result, from the late 1970s until the Employment Contracts Act era of the 1990s, hospitality and accommodation experienced some of the most extreme examples of de-unionisation, casualisation and wage reduction of any industrial sector in New Zealand (Foster, Murrie, & Laird, 2009; Fryer, Bretherton, & Haynes, 1994; Rasmussen, 2010). For example, the real value (the average hourly pay rate, adjusted for inflation) of the accommodation sector hourly wage fell by 23.5% between 1979 and 2000 (Williamson, 2017, p. 159). It is yet to significantly recover. The Hotel Workers Union (one of the oldest and largest industrial unions in New Zealand) mustered 70,000 members in 1979, but by the mid-1990s the hotel union had been amalgamated into the Service Workers Union, which registered around 20,000 members. As the neo-liberal policies enacted from 1984 on swept all before them, some of the harshest consequences have fallen on hospitality and service workers. The loss of penalty rates and union protections have edged many hospitality jobs closer and closer to minimum wage work. As a consequence, we can see New Zealand youth are increasingly refusing to accept these conditions, requiring ever increasing numbers of migrant labourers to fill the gaps. Yet looking at Brexit in the UK and Trump's America would suggest that an ever increasing reliance on cheap migrant labour could rest on shaky ground.

Conclusion

It is time for Cinderella to go to the ball. The hospitality community of researchers, employers, workers and indeed New Zealand as a whole, all have a vested interest in the ongoing, sustainable success of the hospitality industry. How are we to address the impacts of the three historical legacies discussed above? The distrust of hospitality as an industry, the disdain of hospitality as work and the impacts of neo-liberal reform, have greatly reduced the quality of hospitality jobs over the past 40 years. As a result we have ended up in a cyclical dead-end of ideas, where employers continue to speak about hospitality work as if it contains some magical

negative property that repels potential employees, rather than the problem being a concrete reality of low pay, casualised, high intensity work conditions, be it in the UK: “*I actually don’t think increasing pay would do the trick,*” she said. *It really is a case of do people want to work in our industry? We are not seen always as a desirable place to work.*” (O’Carroll, 2017) or in New Zealand “*TIA’s hotel sector manager Sally Attfield admits wages are “the elephant in the room” but says more hotels are paying above minimum wage*” (Sunday Star Times Newspaper, 2016). There appears to be a refusal to acknowledge that for many youth, other jobs, with higher pay and better conditions ... or even just sitting at home playing video games, are seen as a better offer.

If New Zealand wants to reap the rewards of the current hospitality and tourism boom and build a sustainable, high value, high skill future in this sector, we must work together to overcome our historical legacies. We need to work harder at promoting narratives that describe service work as a high skill, rewarding, crucial component of our economy, whilst demanding policy and legislation that aims to address the lack of quality and income in many of the sectors jobs. We must work harder at getting educators, employers, unions, and Government together, to reform the sector so that it rewards all stakeholders, not just investors. Finally, we can pick up on the idea forwarded by Professor Candice Harris at the last CAUTHE Critical Hospitality Special Interest Group discussion; engaging consumers in this fight. We can encourage customers to demand decent labour practices, to the same degree that they currently demand environmentalism and corporate social responsibility. It’s time to encourage employers to differentiate themselves by showing that paying the living wage is as important as reducing their carbon footprint.

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