

## Employee Engagement in Coastal Tourism SMEs

Results of business survey carried out for  
the National Coastal Tourism Academy



Prepared by:

TSE Research

40 Chamberlayne Road

Eastleigh

Hampshire SO50 5JH

# TSE RESEARCH



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**Authors:  
Dr Parves Khan and Kerry Payment , TSE Research**

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## **Authors**

Dr Parves Khan, Head of Research  
 Kerry Rayment, Senior Research Manager

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# 1 Executive Summary

## 1.1 Introduction

1.1.1 Coastal Tourism SMEs representing Food & Drink serving businesses, Guest-Houses / B&Bs Hotels took part in a survey to help the NCTA gather fresh insights into the staffing issues they face. An area of particular interest was to assess how many businesses had employee engagement strategies in place. The findings of this and other research being commissioned will help the NCTA evaluate the utility of the 'Service Profit Chain' as an approach to help Coastal Tourism SMEs grow and prosper.

1.1.2 Headline results are presented below.

## 1.2 Staffing profile

1.2.1 Guest-Houses and B&Bs employ the fewest staff; on average only 2 full-time permanent members of staff compared to an average of 12 full-time permanent members of staff for Hotels and an average of 8 full-time permanent members of staff for Food & Drink serving businesses. The workforce may be small but length of service is higher for staff working in Guest Houses/B&Bs; an average of 4.8 years of service. Length of service is shortest in the Food & Drink serving sector; an average of 2.9 years. The average length of service in Hotels is somewhere in between the two at 3.8 years.

1.2.2 Hotels have the highest proportion of non-UK staff; 17% compared to 6% for Guest-houses/B&Bs, and 13% for Food & Drink serving businesses. The Food & Drink serving sector has the youngest workforce; 36% are under 25 years of age compared to 17% of the Hotel workforce and only 8% of the workforce of Guest-Houses/B&Bs.

## 1.3 Staffing challenges

1.3.1 Coastal Tourism SMEs face a number of staffing challenges; the most common are staff costs (salaries, maternity pay, sick pay, etc.), lack of experienced staff and poor work ethic among staff.

1.3.2 For Food & Drink serving businesses, the role they find the most difficult to recruit are chefs (44% experience difficulties finding chefs). Finding other types of kitchen staff is also an issue for a fifth of Food & Drink serving businesses. A fifth of Hotels experience difficulties finding chefs and chambermaids and 16% experience difficulties finding kitchen staff. The main roles Guest Houses and B&Bs find difficult to recruit are housekeepers / chambermaids; 34% of Guest Houses and B&Bs reported difficulties in recruiting for these role.

1.3.3 The skills which businesses attach the most importance to when looking for new staff are having a positive attitude, being customer focused, being well-presented, being adaptable, and having good spoken English. However, only 4 in 10 businesses overall (39%) offer their staff training to support career progression and only 19% have a dedicated budget for staff training.

1.3.4 The overall results reveal that the majority of Coastal Tourism SMEs have some of the well recognised processes at work which are known to be conducive to promoting staff engagement. There are many other employee engagement processes which only a minority of businesses have in place.

- 1.3.5 The vast majority of Coastal Tourism SMEs across the accommodation and food & drink sectors offer flexible working practices for their staff (86% overall, 97% for Hotels, 80% for Guest Houses/B&Bs and 83% for Food & Drink businesses).
- 1.3.6 Most businesses also have formal staff induction process for new recruits, a customer service policy to embed excellent service in the business, and a system in place to review progress that considers the workforce development of their staff. Around a half of Coastal Tourism SMEs share with their staff the company's business plan and offer their staff a financial incentive or recognition awards to reward performance.
- 1.3.7 There are many other processes important to staff engagement which fewer businesses have in place. Only 23% of Guest Houses and B&Bs offer one to one meetings between staff and line managers. The percentage of Hotels and Food & Drink serving businesses offering staff one to one meetings with their line managers is higher; 47% and 64% respectively.
- 1.3.8 In general, Guest Houses and B&Bs are less likely than Hotels and Food & Drink serving business to have in place a number well recognised staff engagement processes. For example, only 13% have regular staff meetings involving staff at all levels and only 14% offer staff training to support their career progression.
- 1.3.9 Recommendations for further research include identifying suitable case studies from the tourism sector to show how effective an employee engagement strategy can be in improving staff motivation and overall business performance. The case studies should be widely disseminated to ensure that tourism businesses understand the concept of engagement and what it can deliver, and through this knowledge are geared up to support its implementation.
- 1.3.10 In addition to further research, we recommend that the topic of employee engagement needs to be aired more generally through a nationwide discussion, involving business leaders representing Coastal Tourism SMEs through events such as conferences and workshops.
- 1.3.11 Practical support will also need to be developed and provided to Coastal Tourism SMEs wanting to develop engagement. Practical proposals may include, for example, visits arranged to workplaces that are achieving high levels of employee engagement, access to evidence of the drivers of employee engagement through a web-based research observatory, and coaching from those who have done it.

## 2 Employee engagement in coastal tourism

### 2.1 Introduction

- 2.1.1 The NCTA is working on a UK Commission for Education and Skills (UKCES) funded project focussed on improving employee engagement and retention in Coastal Tourism SMEs. One of the key objectives of the project is to test the effectiveness of the Service Profit Chain model as a means with which Coastal Tourism SMEs can overcome human resource challenges and see their businesses grow. If successful this model could be rolled out nationally.
- 2.1.2 To inform their work, the NCTA is gathering evidence on how Coastal Tourism SMEs are experiencing and responding to issues such as staff recruitment, induction, engagement, progression, development and retention. One such evidence gathering exercise has involved a business survey with a random sample of visitor accommodation and food & drink serving businesses in three coastal destinations. These are Brighton & Hove, Eastbourne and the Isle of Wight. The survey involved a structured telephone interview with the owner or senior manager of the businesses. In total, 270 businesses took part in the survey.
- 2.1.3 The business survey was carried out by TSE Research and the results are presented in this report.
- 2.1.4 Before we present the findings of the business survey, it is useful to explain the key principles of the Service Profit Chain and why this model has grown in salience in the tourism industry in recent years.

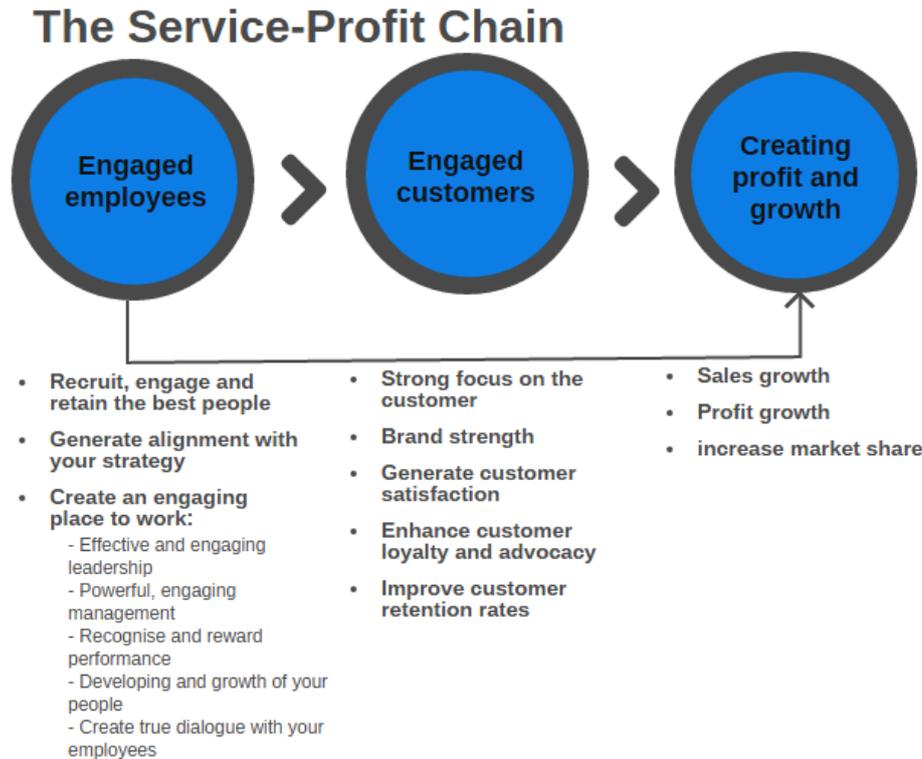
### 2.2 The Service Profit Chain

- 2.2.1 The Service Profit Chain is a theory and business concept evolved by a group of researchers from Harvard University in the nineties (among others James L. Heskett and Leonard Schlesinger). Over the years the principles of the service-profit chain has been adopted by many companies and organisations<sup>1</sup> and their experiences are seen as evidence of the way performance and profitability can be transformed by employee engagement.
- 2.2.2 The core idea behind the service profit chain is that a direct relationship exists between profit, growth, customer loyalty, customer satisfaction, value delivered, employee capability, satisfaction, loyalty, and productivity.
- 2.2.3 The links in the chain are as follows: profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of very high customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal and productive employees. Lastly, employee satisfaction is a result from high-quality support services and policies that empower employees to serve customers well. The processes involved are illustrated in Figure 1 overleaf.

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<sup>1</sup> Examples include John Lewis Partnership, Tesco, the London Ambulance Service, Sainsbury's, Standard Chartered Bank, BAE Systems, Toyota, Babcock Marine Clyde, Google, Telefónica UK.

Figure 1: Service-Profit Chain process



2.2.4 At the very heart of the service profit chain is employee engagement – the theory is that businesses which engage and inspire their employees produce higher levels of productivity than those who do not.

2.2.5 The growing currency of employee engagement has generated a large number of studies from academics, consultancies, and organisations that have looked at the impact of high levels of engagement on outcomes for the business or organisation. This research, together with anecdotal evidence, exists across a wide range of industries and suggests there is a strong story to be told about the link between employee engagement and positive outcomes. Some of these positive outcomes are listed below.

**Outcomes of engagement**

- Engaged employees in the UK take an average of 2.69 sick days per year; the disengaged take 6.19.<sup>2</sup>
- 70% of engaged employees indicate they have a good understanding of how to meet customer needs; only 17% of non-engaged employees say the same.<sup>3</sup>
- Engaged employees are 87% less likely to leave the organisation than the disengaged.<sup>4</sup>
- Engaged employees advocate their company or organisation; 78% would recommend their company's products or services, against 13% of the disengaged.<sup>5</sup>
- Research by Ipsos Mori on Audit Commission data showed that staff in councils rated as 'excellent' had much better results than those in weak or poor councils when asked about factors such as being informed and consulted, having confidence in senior managers and

<sup>2</sup> Gallup, 2003, cited in Melcrum (2005), *Employee Engagement: How to Build A High Performance Workforce*

<sup>3</sup> Right Management (2006), *Measuring True Employee Engagement*, A CIPD Report

<sup>4</sup> Corporate Leadership Council, Corporate Executive Board (2004)'Driving Performance and Retention through Employee Engagement: a quantitative analysis of effective engagement strategies'

<sup>5</sup> Corporate Leadership Council, Corporate Executive Board (2004)'Driving Performance and Retention through Employee Engagement: a quantitative analysis of effective engagement strategies'

understanding the overall objectives of their organisation; they were also twice as likely to be advocates for their organisation than staff in weak or poor councils.<sup>6</sup>

- 2.2.6 The findings of this survey will support the NCTA in gathering the evidence needed to understand the business case for employee engagement, and ensuring that the necessary advice and assistance is available to Coastal Tourism SMEs to help them succeed in growing their business.

## 2.3 Methodology

- 2.3.1 The survey involved a telephone interview with Coastal Tourism SMEs in three coastal destinations: Brighton & Hove, Eastbourne and the Isle of Wight.
- 2.3.2 A database of serviced accommodation businesses and food and drink serving businesses (restaurants, pubs and cafes) was put together by the TSE Research team drawing on a variety of sources including online visitor guides, internet searches and commercial business intelligence sources (i.e. Thomsons).
- 2.3.3 In total, telephone records were available for 1,171 businesses. However, of these 38% (445 businesses) were micro businesses often involving the owner running the business with a family member and employing no additional staff. This left a database of 726 businesses from which to pull together the sample. To gain access to a senior decision-maker in the businesses, several call backs were necessary and many interviews needed to be rescheduled to fit around the busy schedules of owner/managers.

**Table 1: Number of businesses by destination**

	Total	Brighton	Eastbourne	Isle of Wight
Guest-Houses and B&Bs	340	104	62	174
Hotels	456	106	78	272
Food & Drink	375	188	68	119
Total	1171	398	208	565

- 2.3.4 Participation in the survey was obtained from 270 businesses. This provides a response rate of 37% based on the sampling frame of 726 eligible businesses.

## 2.4 Outline of report

- 2.4.1 The profile of the businesses which took part in the survey is presented in Section 3 of this report. The results of the survey are presented in Sections 4 to 7.
- 2.4.2 In Section 4, the results on what businesses perceive to be their key staffing challenges are presented.
- 2.4.3 Section 5 present results on the approaches businesses take to recruit staff the roles they find the most difficult to recruit for.
- 2.4.4 In Section 6 results on the skills which businesses rank the most highly when looking for new staff are presented along with businesses views as to whether the lack of skills among staff are a barrier to growth.
- 2.4.5 Section 7 presents the findings on the processes businesses have in place to enable and strengthen staff engagement.

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<sup>6</sup> Ipsos MORI/Improvement and Development Agency (2006). *Lessons in Leadership*

- 2.4.6 In Section 8, findings on the approaches business take to identify staff training needs and the level of budget available for staff training are presented.
- 2.4.7 Section 9 presents business feedback over any additional support needed in the area of social media and web-based technology.
- 2.4.8 Our concluding thoughts and recommendation for further research are presented in Section 10.

### 3 Business profile

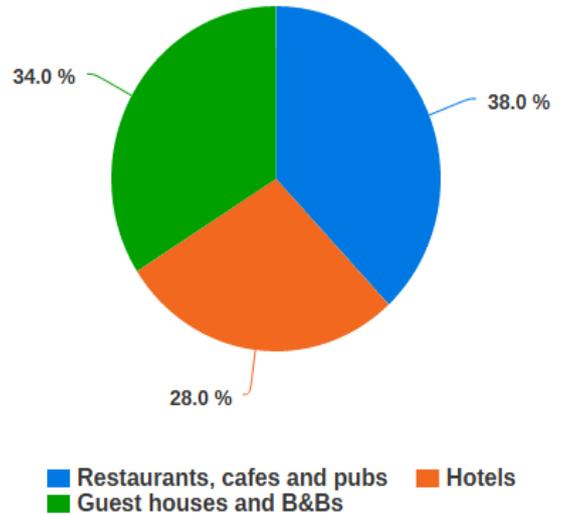
#### 3.1 Sample by business type

3.1.1 The sampling frame for the business survey was a database of serviced visitor accommodation businesses and food and drink serving businesses. The database was put together by the TSE Research team drawing on online visitor guides, internet searches and commercial business intelligence directories.

3.1.2 In total 1,117 serviced visitor accommodation businesses and food and drink serving businesses across Brighton & Hove, Eastbourne and the Isle of Wight was identified and full address with telephone number for each business was added to the database. Of these businesses, 726 employed staff and were contacted for the purpose of this research.

3.1.3 In total 270 businesses took part in the survey. Of the sample taking part, 38% were Food & Drink serving businesses, 34% were Guest-Houses and B&Bs and 28% were Hotels.

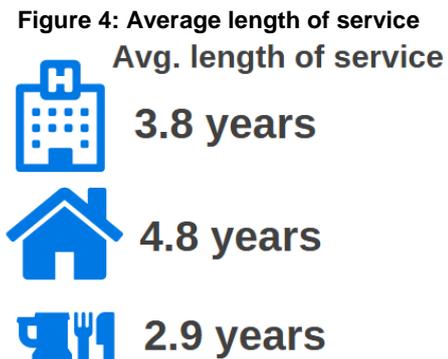
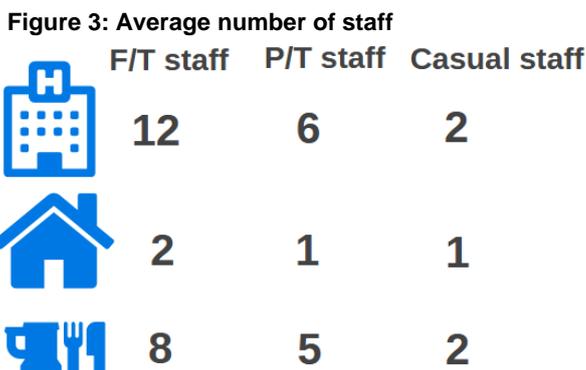
Figure 2: Sample distribution



#### 3.2 Average number of staff and length of employment

3.2.1 The results of the survey reveal that Hotels employ more staff than Guest-Houses and B&Bs; an average of 12 full-time permanent members of staff compared to an average of only 2 full-time permanent members of staff for Guest-Houses and B&Bs. Food & Drink serving businesses employ on average 8 full-time permanent members of staff.

3.2.2 The average length of employment is highest among Guest Houses/B&Bs; an average of 4.8 years of service. Length of service is shortest in the Food & Drink serving sector; an average of 2.9 years. The average length of service in Hotels is somewhere in between the two at 3.8 years.



### 3.3 Proportion of non-UK national staff and under 25s

3.3.1 Hotels have the highest proportion of non-UK staff; 17% compared to 6% for Guest-houses and B&Bs, and 13% for Food & Drink serving businesses.

3.3.2 The Food & Drink serving sector has the youngest workforce; 36% are under 25 years of age compared to 17% of the Hotel workforce and only 8% of workforce for Guest-Houses and B&Bs.

Figure 5: Proportion of non-UK national staff

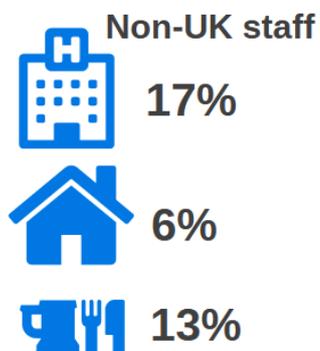
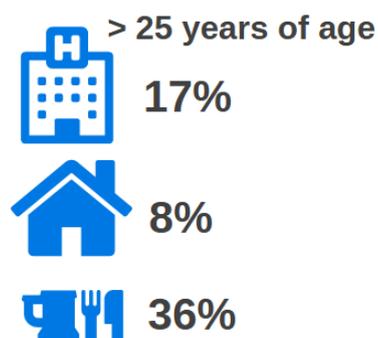


Figure 6: Proportion of staff under 25 years of age



## 4 Business staffing challenges

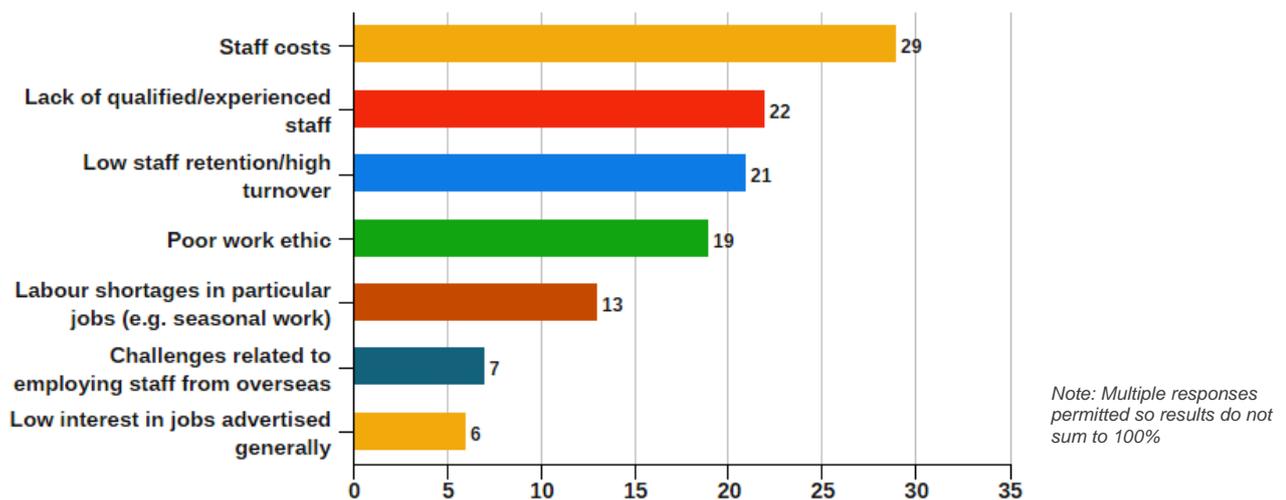
### 4.1 Staff costs key issue

4.1.1 The aggregated results reveal that there are a number of staffing challenges businesses face with no one issue dominating strongly. Overall, relatively more businesses (29%) mentioned challenges relating to staff costs (salaries, maternity pay, sick pay, etc.) as the main concern.

**£ Perceived high staffing costs main concern**

4.1.2 Other challenges such as the lack of experienced staff (mentioned by 22% of businesses), low staff retention (mentioned by 21% of businesses) and poor work ethic among staff (mentioned by 19% of businesses) were not too far behind the main concern of the perceived high costs related to employing staff.

Figure 3: Key staffing issues among Coastal Tourism SMEs (results in %)



4.1.3 Results by business type reveals that Hotels (40%) experience challenges around staffing costs more often than Guest Houses and B&Bs (24%) and Food & Drink serving businesses (24%). Relatively more Hotels also mentioned challenges relating to employing staff from overseas and this corresponds to the finding that Hotels hire a higher proportion of staff who are non-UK national residents (see Fig. 7 above).

Table 2: Key staffing challenges for businesses

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
<b>Staff costs (salaries, maternity pay, sick pay, etc)</b>	<b>29%</b>	<b>40%</b>	<b>24%</b>	<b>24%</b>
Lack of qualified and experienced staff	22%	27%	16%	22%
Low staff retention/high staff turnover	21%	22%	26%	15%
Poor work ethic among staff	19%	16%	21%	19%
Labour shortages for particular vacancies (e.g. seasonal work)	13%	9%	12%	18%
Challenges related to employing staff from overseas	7%	16%	5%	1%
Low interest in jobs advertised generally	6%	2%	1%	15%

Note: Multiple responses permitted so results do not sum to 100%

## 5 Staff recruitment

### 5.1 Approaches to staff recruitment

5.1.1 Overall, the two most common approaches to recruiting new staff are to place an advert in a local paper (29%) and seek recommendation from friends/colleagues/ relatives to identify possible candidates (26%).

5.1.2 There are important differences between business sectors. Whereas accommodation businesses are mostly likely to place an advert in a local paper (38% of Hotels and 36% of Guest Houses/B&Bs), only 14% of Food & Drink serving businesses do so. Food & Drink serving businesses are far more likely to seek the recommendations of friends/colleagues/ relatives to identify possible candidates (36%) or speak to managers to find out if a role can be recruited internally (32%).

**Table 3: How business goes about recruiting new staff**

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
Place advert in local paper	<b>29%</b>	<b>38%</b>	<b>36%</b>	14%
Seek recommendations of friends/colleagues/ relatives to identify possible candidates	26%	18%	25%	<b>36%</b>
Place advert on Gumtree	17%	11%	22%	18%
Speak to managers to find out if role can be recruited internally	15%	7%	7%	<b>32%</b>
Post on Facebook/Twitter	9%	9%	5%	12%
Place advert with online recruitment agency (e.g. Totaljobs)	9%	13%	2%	11%
Contact local or specialist recruitment agency	7%	9%	5%	8%
Contact local Job Centre	7%	16%	0%	5%
Place advert in national or specialist publication	3%	2%	5%	3%
Place advert on LinkedIn	3%	2%	-	3%

*Note: Multiple responses permitted so results do not sum to 100%*

### 5.2 Role most difficult to recruit

5.2.1 There are important differences between business sectors in the roles they find the most difficult to recruit for. For Food & Drink serving businesses, the role they find the most difficult to recruit are chefs (44% experience difficulties finding chefs). Finding other types of kitchen staff is also an issue for a fifth of Food & Drink serving businesses.

5.2.2 There are a range of roles which Hotels find difficult to recruit for but this generally affects a fifth or fewer businesses. The survey did not find evidence that a large proportion (50% or more) were experiencing difficulties in finding suitable staff. A fifth of Hotels were experiencing difficulties finding chefs and chambermaids and 16% were experiencing difficulties finding kitchen staff.

5.2.3 The main role Guest Houses and B&Bs find difficult to recruit for are housekeepers / chambermaids; 34% of Guest Houses and B&Bs reported difficulties in recruiting for these role.

**Table 4: Roles which are difficult to recruit for**

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
Chefs	<b>24%</b>	<b>19%</b>	11%	<b>44%</b>
Kitchen staff	14%	16%	9%	21%
Housekeepers/chambermaids	12%	<b>19%</b>	<b>34%</b>	0%
Waiters/waitresses	12%	12%	11%	12%
Cleaners	10%	16%	23%	2%
Bar staff	8%	7%	3%	12%
First line managers	4%	4%	3%	5%
Other	2%	3%	4%	0%
Supervisors	2%	4%	3%	2%
Retail staff	-	-	-	-
Marketing/sales staff	-	-	-	-
Financial and commercial positions	-	-	-	-
Senior managers	-	-	-	2%

# 6 Employment skills

## 6.1 Skills which are ranked the most highly

6.1.1 The skills which businesses attach the most importance to when looking for new staff are having a positive attitude, being customer focused, being well-presented, being adaptable, and having good spoken English.

6.1.2 However, the level of importance attached to these attributes differs among business types. Food & Drink serving businesses appear to attach a higher level of importance to these attributes than Hotels and Guest Houses/B&Bs.

6.1.3 Interestingly, proportionately more Hotels and Guest Houses/B&Bs reported that the desirability of these attributes very much depended on the role. The inference here is that roles which involve less contact with customers (e.g. cleaners and kitchen staff) require fewer of these skills.

**Key attributes:**  
**Positive attitude**  
**Customer focused**  
**Well presented**  
**Adaptability**  
**Good spoken English**

**Table 5: Importance of skills/attributes when looking for new staff - Hotel**

	Essential	Depends on role	Less important	Not relevant to my business
<b>Positive attitude</b>	<b>76%</b>	22%	-	2%
<b>Well presented</b>	<b>76%</b>	22%	2%	-
<b>Customer focused</b>	<b>72%</b>	24%	2%	2%
<b>Adaptable</b>	<b>65%</b>	24%	7%	4%
<b>Good spoken English</b>	<b>61%</b>	24%	11%	4%
<b>Literate</b>	<b>56%</b>	24%	20%	-
Commercial awareness	35%	18%	18%	29%
Relevant work experience	31%	25%	16%	27%
Technical skills e.g. chef/barman	24%	36%	13%	27%
Relevant qualifications	22%	20%	29%	29%
IT skills	15%	33%	20%	31%

**Table 6: Importance of skills/attributes when looking for new staff - Guest house/B&B**

	Essential	Depends on role	Less important	Not relevant to my business
<b>Customer focused</b>	<b>52%</b>	44%	3%	1%
<b>Well presented</b>	<b>51%</b>	44%	4%	1%
<b>Positive attitude</b>	<b>52%</b>	43%	4%	1%
<b>Good spoken English</b>	<b>54%</b>	32%	12%	1%
<b>Adaptable</b>	<b>54%</b>	30%	11%	5%
<b>Literate</b>	<b>58%</b>	18%	12%	12%
<b>Relevant work experience</b>	<b>59%</b>	15%	12%	15%
Commercial awareness	8%	20%	12%	60%
Technical skills e.g. chef/barman	8%	15%	8%	69%
IT skills	4%	9%	20%	66%
Relevant qualifications	3%	13%	19%	65%

**Table 7: Importance of skills/attributes when looking for new staff - Food and drink**

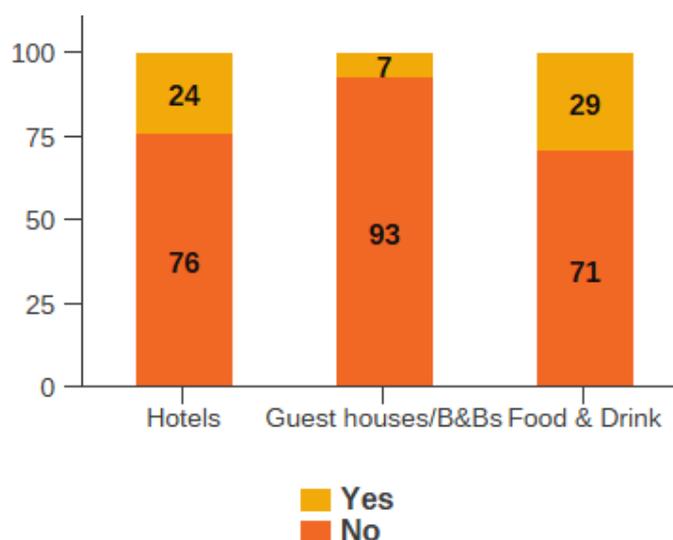
	Essential	Depends on role	Less important	Not relevant to my business
<b>Positive attitude</b>	<b>92%</b>	1%	2%	5%
<b>Well presented</b>	<b>86%</b>	7%	2%	5%
<b>Customer focused</b>	<b>85%</b>	6%	5%	4%
<b>Adaptable</b>	<b>68%</b>	20%	8%	4%
<b>Good spoken English</b>	<b>67%</b>	24%	3%	6%
<b>Literate</b>	<b>56%</b>	26%	13%	5%
Commercial awareness	34%	24%	29%	13%
Technical skills e.g. chef/barman	28%	31%	30%	11%
Relevant work experience	23%	28%	37%	12%
Relevant qualifications	14%	23%	40%	23%
IT skills	5%	16%	29%	49%

6.1.4 A significant number of businesses, particularly Guest Houses and B&Bs, reported that skills like commercial awareness, technical and IT skills were not relevant to their businesses. This needs to be evaluated against the context, particularly for Guest Houses and B&Bs, that many are very small family businesses which only employ a few members of staff who are hired to assist with housekeeping/cleaning and the preparation and serving of meals, where these skills are not necessarily required.

## 6.2 Views over whether lack of skills are barrier to growth

6.2.1 Interestingly, only a fifth of all businesses perceived the lack of suitable skills among their workforce as a barrier to growth. Guest Houses and B&Bs in particular were the least likely to see the lack of staff skills as a barrier to their growth (7% compared to 24% of Hotels and 29% of Food & Drink serving businesses). As highlighted above this finding needs to be put into the context of the generally small workforce employed by a typical Guest House/B&B which often is no more than one or two people.

**Figure 4: Whether businesses believe low/lack of skills are a barrier to growth (results in %)**



## 7 Staff engagement

### 7.1 Processes in place to improve staff engagement

7.1.1 The overall results reveal that the majority of Coastal Tourism SMEs have *some* of the well recognised processes at work which are known to be conducive to promoting staff engagement. There are many other employee engagement processes which only a minority of businesses have in place.

7.1.2 The vast majority of Coastal Tourism SMEs across the accommodation and food & drink sectors offer flexible working practices for their staff (86% overall, 97% for Hotels, 80% for Guest Houses/B&Bs and 83% for Food & Drink businesses).

7.1.3 Most businesses also have formal staff induction process for new recruits, a customer service policy to embed excellent service in the business, and a system in place to review progress that considers the workforce development of their staff. Around a half of Coastal Tourism SMEs share with their staff the company's business plan and offer their staff a financial incentive or recognition awards to reward performance.

**Table 8: Processes businesses has in place to foster staff engagement (overall)**

	In place	Not in place
Base, 270 businesses		
Flexible working practices for staff	86%	14%
Formal staff induction process for new recruits	77%	23%
A customer service policy to embed excellent service in the business	74%	26%
A system in place to review progress that considers workforce development of your staff	63%	37%
A business plan with clear objectives that is communicated to all staff	58%	42%
Financial incentive or recognition awards to reward performance	50%	<b>50%</b>
One to one meetings between staff and line managers	47%	<b>53%</b>
Regular staff meetings involving staff at all levels	45%	<b>55%</b>
Training offered to support career progression	39%	<b>61%</b>
Staff team building days	24%	<b>76%</b>
Company newsletters for staff	20%	<b>80%</b>
Regular staff surveys	19%	<b>81%</b>
Staff suggestion box or other arrangement	17%	<b>83%</b>
Staff forum or staff liaison group	15%	<b>85%</b>

7.1.4 There are many other processes important to staff engagement which fewer businesses have in place. Only 23% of Guest Houses and B&Bs offer one to one meetings between staff and line managers. The percentage of Hotels and Food & Drink serving businesses offering staff one to one meetings with their line managers is higher; 47% and 64% respectively.

### 7.1.5

In general, Guest Houses and B&Bs are less likely than Hotels and Food & Drink serving business to have in place a number well recognised staff engagement processes. For example, only 13% have regular staff meetings involving staff at all levels and only 14% offer staff training to support their career progression. However, as has been highlighted earlier, these results need to be set against the context of the fact that most of these businesses are small scale operations, usually managed directly by the owner and family members, and involving only one or two additional members of staff.

**Table 9: Processes businesses has in place to foster staff engagement - Hotels**

	In place	Not in place
Base, 75 businesses		
Flexible working practices for staff	97%	3%
Formal staff induction process for new recruits	76%	24%
A customer service policy to embed excellent service in the business	90%	10%
A system in place to review progress that considers workforce development of your staff	76%	24%
A business plan with clear objectives that is communicated to all staff	59%	41%
Financial incentive or recognition awards to reward performance	55%	45%
One to one meetings between staff and line managers	47%	<b>53%</b>
Regular staff meetings involving staff at all levels	55%	<b>45%</b>
Training offered to support career progression	38%	<b>62%</b>
Staff team building days	11%	<b>89%</b>
Company newsletters for staff	17%	<b>83%</b>
Regular staff surveys	25%	<b>75%</b>
Staff suggestion box or other arrangement	22%	<b>78%</b>
Staff forum or staff liaison group	11%	<b>89%</b>

**Table 10: Processes businesses has in place to foster staff engagement – Guest Houses/B&Bs**

	In place	Not in place
Base, 92 businesses		
Flexible working practices for staff	80%	20%
Formal staff induction process for new recruits	52%	48%
A customer service policy to embed excellent service in the business	60%	40%
A system in place to review progress that considers workforce development of your staff	44%	56%
A business plan with clear objectives that is communicated to all staff	60%	40%
Financial incentive or recognition awards to reward performance	52%	48%
One to one meetings between staff and line managers	23%	<b>77%</b>
Regular staff meetings involving staff at all levels	13%	<b>87%</b>
Training offered to support career progression	14%	<b>86%</b>
Staff team building days	10%	<b>90%</b>
Company newsletters for staff	4%	<b>96%</b>
Regular staff surveys	3%	<b>97%</b>
Staff suggestion box or other arrangement	6%	<b>94%</b>
Staff forum or staff liaison group	1%	<b>99%</b>

**Table 11: Processes businesses has in place to foster staff engagement – Food & Drink**

Base, 104 businesses	In place	Not in place
Flexible working practices for staff	83%	17%
Formal staff induction process for new recruits	86%	14%
A customer service policy to embed excellent service in the business	73%	27%
A system in place to review progress that considers workforce development of your staff	64%	36%
A business plan with clear objectives that is communicated to all staff	58%	42%
Financial incentive or recognition awards to reward performance	47%	<b>53%</b>
One to one meetings between staff and line managers	64%	36%
Regular staff meetings involving staff at all levels	64%	36%
Training offered to support career progression	57%	43%
Staff team building days	43%	<b>57%</b>
Company newsletters for staff	27%	<b>73%</b>
Regular staff surveys	27%	<b>73%</b>
Staff suggestion box or other arrangement	23%	<b>77%</b>
Staff forum or staff liaison group	29%	<b>71%</b>

## 8 Staff training needs

### 8.1 Identifying staff training needs

8.1.1 The results reveal that businesses use a range of approaches to identify staff training and development needs and that there are differences between business types in the approaches used. Around a third of Food & Drink (33%) serving businesses and Hotels (36%) identify staff training needs through staff appraisal or review compared to a quarter of Guest Houses and B&Bs (26%).

8.1.2 The most common approach for identifying staff training/development needs among Food & Drink businesses is through the personal observation or assessment of the owner/manager (42%). This approach is also the most commonly used approach by Guest Houses and B&Bs (33%).

8.1.3 Overall, 9% of Coastal Tourism SMEs reported that they do not address staff training/development needs. The proportion is higher among Guest Houses and B&Bs (13%).

**Table 12: How business identifies staff training and development needs**

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
<b>Through appraisal or review process</b>	<b>32%</b>	<b>36%</b>	<b>26%</b>	<b>33%</b>
Through my own/or through line manager assessment/observation	32%	20%	33%	42%
Staff member makes a request for training	17%	20%	8%	24%
We ask staff about any training needs when they first start employment	17%	18%	9%	23%
Manager makes a request on staffs behalf	14%	16%	7%	20%
Do not identify staff training/development needs	9%	7%	13%	6%
Staff do not require training/development	5%	4%	7%	3%
Only undertake statutory training	4%	2%	4%	7%
New legislation	4%	4%	5%	2%

### 8.2 Staff training budget

8.2.1 Overall, only 19% of Coastal Tourism SMEs have a dedicated budget for staff training. The proportion is highest among Food & Drink serving businesses (28%) and lowest among Guest Houses and B&Bs (5%).

8.2.2 Among the 19% of Coastal Tourism SMEs which have a dedicated budget on staff training, most spend only up to £500 on staff training.

**Figure 5: Whether business has a dedicated budget for staff training (results in %)**



**Table 13: Level of budget allocated for staff training**

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
None	81%	80%	95%	72%
Up to £500	11%	7%	5%	20%
£501 - £1,000	6%	9%	-	5%
£1,001 - £5,000	2%	2%	-	2%
£5,001 - £10,000	-	-	-	1%
£10,001 plus	-	2%	-	-

## 9 Technology and social media support

### 9.1 Areas where extra support is needed

9.1.1 Overall, 87% of Coastal Tourism SMEs reported that they did not need any additional support in the area of social media and technology. The need for extra support was least required among Food & Drink serving businesses (96% reported no extra support was required).

9.1.2 Among the 13% of Coastal Tourism SMEs which welcomed extra support, the main area was in social media training (8%).

**Table 14: Areas of social media/technology support needed**

	Total	Hotel	Guest House or B&B	Food and drink
Base	270	75	91	104
Social media training	8%	7%	19%	1%
Website development	7%	13%	11%	2%
Mobile responsive site	3%	7%	4%	-
Website analytics (measurement of website performance)	3%	7%	3%	1%
Don't need any extra support in this area/not applicable	87%	80%	80%	96%

# 10 Conclusion

## 10.1 Concluding comments

- 10.1.1 The findings of the survey reveal that the main staffing challenges Coastal Tourism SMEs face are staffing costs, finding suitably experienced staff, high staff turnover, and a poor work ethic among staff.
- 10.1.2 It is not difficult to see how these challenges are often inter-related: a small business is unable to offer the financial incentives needed to attract highly qualified staff. Its poor grasp of the drivers of employee motivation leads to existing staff feeling disconnected to their work and they fail to develop key areas of work competencies; the outcome is that work performance among staff can be low and some eventually chose to leave.
- 10.1.3 The evidence on employee engagement show very strongly that engagement practices enable people to be the best they can at work, and these practices do not all focus on pay and financial rewards. Engagement is about creating a work place for staff where they feel respected, involved, heard, well led and valued by those they work for and with.
- 10.1.4 There is evidence from this survey that most Coastal Tourism SMEs have *some* of the well recognised processes at work which are known to be conducive to promoting staff engagement such as flexible working practices, a staff induction process for new recruits, and a system in place to review staff performance/progression. However, around a half or fewer have in place other employee engagement practices such as one to one meetings between staff and line managers, regular staff meetings involving staff at all levels, and staff training to support their career progression. Only around half of Coastal Tourism SMEs reward high staff performance with financial remuneration or some other non- monetised bonus scheme.

## 10.2 Next steps

- 10.2.1 There are several case studies from retail, telecommunication, information technology, financial services and other sectors of companies achieving high productivity and low staff turnover through employee engagement strategies. There are few case studies from the tourism sector. We recommend further research to identify suitable case studies from the tourism sector and the effective dissemination of these case studies to ensure that tourism businesses understand the concept of engagement and what it can deliver, and through this knowledge are geared up to support its implementation.
- 10.2.2 Along with identifying and widely disseminating case studies to tourism businesses, we recommend that the topic needs to be aired more generally through a nationwide discussion, involving business leaders representing Coastal Tourism SMEs through events such as conferences and workshops. These need to bring together those with experience in developing engagement with those who wish to learn more or to develop their own strategies further.
- 10.2.3 For Coastal Tourism SMEs wanting to develop engagement, practical support will also be needed. We suggest consultations with businesses to garner what kind of support is needed and the best ways in which this support can be delivered. Practical proposals may include for example, visits arranged to workplaces that are achieving high levels of employee engagement; access to evidence of the drivers of employee engagement through a web-based research observatory, and coaching from those who have done it.

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**Contact: [research@tourismse.com](mailto:research@tourismse.com)**