

Labour standards, social responsibility and tourism

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Cover photo:

“Tips help Cancun develop – we live off them.”

Unionised hotel workers protest against taxation on tips. Cancun, Mexico, July 2003

Miami Herald, Cancun Edition

Tourism Concern is a campaigning group founded in 1989 to focus concern on the impact of tourism, particularly in developing countries. It aims to promote greater understanding of the impact of tourism on environments and host communities, to raise awareness of the forms of tourism that respect the rights and interests of people living in tourism receiving areas, to promote tourism that is just, sustainable and participatory; to work for change in current tourism practices; and to enable tourists and travellers to travel with critical insight and understanding.

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Campaigning for Ethical and Fairly Traded Tourism

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THE KEY ISSUES

Tour operators in Europe sell a profitable and highly desirable product. In order to do so they contract with distributors, transport providers, sales agents and hotels all over the world. The demand created by consumers, using the tourism product, creates millions of jobs world-wide. However, labour rights and working conditions are invisible on the corporate social responsibility agenda. Low wages, poor conditions and negligible promotion prospects are consistent across the tourism sector in both rich and poor countries and, ironically, often worst in developed economies where human rights, democracy and good governance infrastructure is strong.

There is ample evidence that European tour operators are accountable for the actions and policies of their supply chain – including economic, social and environmental standards. Labour standards must be addressed as part of the wider corporate social responsibility agenda.

Tourism Concern calls upon trade unions to engage with Tourism Concern to develop as wide a knowledge base as possible on labour standards in the tourism industry, and to work with Tourism Concern on its campaign to improve working conditions in tourism destinations – a hitherto neglected and hidden area of abuse. As part of this campaign, it also calls upon trade unions to demand that UK and European tour operators audit labour standards across the tourism supply chain.

A: BACKGROUND

1. OBJECTIVE

The objective of this report is to question the exclusion of labour rights and working conditions from the current dialogue on corporate social responsibility in the tourism sector. Numerous initiatives are being developed by the European tourism industry that embrace the principles of corporate social responsibility (CSR) and although tourism is the world's largest employer there are remarkably few opportunities for workers to engage in dialogue with industry leaders on labour standards.

2. THE ROLE OF TOURISM CONCERN

In 2002 Tourism Concern produced *Corporate Futures*, a guide to social responsibility in the tourism industry. *Corporate Futures* identifies how stakeholder engagement can assist companies to fulfil their social responsibility in destination management. The report highlights initiatives and businesses that are working towards a more ethical, responsible and sustainable tourism. *Corporate Futures* is widely respected and applauded for its contribution to the dialogue on CSR in the tourism sector.

Corporate Futures called upon European tour operators to ask their suppliers, through contract compliance, to implement good business practice as part of a commitment to high product quality. By strengthening supply chain management with social as well as environmental and economic indicators, tour operators can provide leadership on sustainable tourism development.

Since *Corporate Futures* was published Tourism Concern has continued to monitor the progress of CSR in tourism, particularly the impact at the holiday destination. There are some excellent initiatives arising from the work being done by European tour operators on environmental management, customer

relations, combating child abuse and donating to community development projects. However, there is almost no integration of workers rights and conditions into the CSR framework used by European tour operators in their supply chain management initiatives.

Anecdotal evidence provided to Tourism Concern over a number of years has indicated that workers in both large and small hotels are facing difficult, often exploitative conditions due to low wages, over-dependency on tips, long working hours, stress, lack of secure contracts, poor training and almost no promotion opportunity. Tour operators seem reluctant to address these issues, yet there is a wealth of evidence to show that they have a moral, ethical and legal responsibility to ensure that their suppliers are operating in accordance with international labour standards. This has become even more relevant when in times of crisis tour operators, hotels and airlines are implementing harsh cost-cutting measures, laying off staff and reducing opportunities for paid work.

3. RESEARCH BY THE INTERNATIONAL TRAVEL AND TOURISM RESEARCH TEAM

In order to verify and understand what issues are facing hotels workers today, a coalition of European non-governmental organisations formed the International Travel and Tourism Research Team in 2003¹ and agreed to conduct a rapid assessment of labour rights and conditions in mass tourism destinations. Between May and July 2003 research was undertaken in five destinations – Bali, Canary Islands, Dominican Republic, Egypt and Mexico. A selection of hotels was chosen to be representative of those destinations and both staff and management were interviewed. All hotels selected were in current brochures of major European tour operators. These interviews have informed and helped to guide

this discussion paper. Local trade union representatives and human rights activists were also interviewed. Further details of the research will be available from Tourism Concern.

4. THE WIDER GLOBAL CONTEXT

In order to produce this report Tourism Concern has consulted widely. Interviews have been conducted with the International Labour Organization (ILO), IUF, trade unions, UN Research Institute for Social Development, government ministers, hotel and tourism representatives, hotel workers, and NGOs. Additional research and interviews have taken place with corporate social responsibility experts of multinational corporations outside the tourism sector to identify appropriate responses to cross-border supply chain issues. We have tried to include as much feedback as possible from a diversity of stakeholders.

5. THE ISSUE

Tourism represents a growing 70 per cent of service exports of less developed countries² and in 2003 worldwide receipts for international tourism amounted to US\$474 billion, corresponding to US\$1.3 billion a day³. In 2003 the world's travel and tourism industry was expected to generate over 67 million jobs and generate 3.7 per cent of GDP; and the broader travel and tourism economy was expected to generate – directly and indirectly – 194 million jobs.⁴ Yet despite the importance of human resources in tourism and the contribution to the global economy, there is a dearth of research on labour issues. This is partly due to the fragmented tourism economy characterised by seasonal, part-time, and often family-based employment but also due to attitudes towards service industry jobs as non-professional or casual work. In some sectors of the travel and tourism industry there is a high turnover of staff but this often goes hand-in-glove with low

wages, long hours, no professional development and no promotion opportunities. The seasonality of tourism and the immediate sensitivity to local, regional and global crises affect tourism jobs like no other sector.

In contrast to the predictions of the World Travel and Tourism Council (WTTC) an analysis published by the ILO last May, entitled *New threats to employment in the travel and tourism industry – 2003*, showed the horrendous effects of global events such as the war on Iraq and SARS on job creation and job losses. In the Asia-Pacific Region, the travel and tourism industry closed the year 2003 with a loss of 2.8 million jobs. It will have lost no less than 5 million jobs since 2001, the year when the crisis in the world's tourism industry started.⁵

The tourism sector is linked both vertically and horizontally. The large European tour operators own retail sales outlets, airlines, hotels and other services. In recent years four of the largest European tour operating companies have bought up a wide range of smaller and diversified operators and now four major companies control over 50 per cent of the business leaving the UK. When contracting with other key suppliers such as hotels, the tour operators have the ultimate power to negotiate on rates of accommodation. In times of crisis in a price sensitive market the tour operators can push rates so low that the squeeze is felt throughout the destination. The direct impact of this is felt most severely on employees.

Tour operators have a responsibility to ensure their business practice does not add to the deterioration of the working and living conditions in the tourism destination. Reducing retail prices puts pressure on their suppliers – most often resulting in reduced manpower – yet at the same time tourists expect the same standards of services. It is often stated that it is only in the smaller, unregulated guesthouses and hotels where

worker exploitation is found. However, in addition to the worst forms of exploitation there are significant problems facing workers in 'star rated' hotels across the world as a result of poor labour practices. Many of these star rated hotels are used by European tour operators. Tourism Concern believes that these working conditions can be improved by tour operators working together with their hotel partners within the framework of corporate social responsibility.

Through excellence in supply chain management tour operators, hotels and worker representatives can work together to innovate good practice and reduce poor labour conditions, just as it has been done for environmental sustainability. Anecdotal evidence suggests that improved conditions for workers can lead to better performance, increased staff retention, greater efficiency and productivity. Better staff-customer relationships lead to greater satisfaction with the overall holiday experience and this can equate to increased customer satisfaction and repeat business. Reliable statistics⁶ show that improved working conditions, positive trade union relationships and opportunities for workers to improve their status increase the market value of a company.

Tour operators can and should request an audit of labour standards and practices from their suppliers to ensure that it falls in line with their policy statements on human resource management. Trade unions should insist that this is done.

B: WHY LABOUR RIGHTS, WHY NOW?

1. THE ROLE OF TOUR OPERATORS AND THEIR SUPPLY CHAIN

There is ample evidence available to underscore the role and responsibility of European corporations (regardless of whether they are primary, secondary or service industries), their suppliers and sub-suppliers. This relationship, the supply chain, includes a number of dimensions involving labour rights and conditions. The following are just some of the international and European conventions and standards that apply to European tour operators.

a) INTERNATIONAL LEGISLATION

International legislation to which all members of the United Nations are accountable:

- **The UN Declaration of Human Rights**

Adopted in 1948 the Declaration enshrines in international law: the right to work, equal pay for equal work, just and favourable remuneration and the right to form trade unions (Article 23), paid holidays (Article 25), freedom of association (Article 20) freedom from discrimination (Article 2).

- **The ILO Conventions**

The following International Labour Organisation Conventions are a direct result of negotiation between Governments, employers and workers: ILO Convention 87 and 98; ILO Convention 172 and recommendation 179.

b) INTERNATIONAL AGREEMENTS

Although not legally binding the following agreements do provide an internationally agreed set of principles for European Tour Operators:

- **The UN Global Compact (1999)**, developed at the World Economic Forum, sets out nine principles for the international business community on human rights, labour and the environment in relation to cross-border supply chain management.⁷

- **The OECD Guidelines for Multinational Enterprises** are recommendations for good corporate behaviour and have been made by governments of the 30 industrialised countries that make up the Organisation for Economic Cooperation and Development. The Guidelines are not binding however they can be used as a tool to influence the behaviour of multi-nationals.

The Guidelines are intended to apply to companies based in adhering countries, regardless of where they do business. The Guidelines cover employment and industrial relations practices. Chapter II of the Guidelines states that 'enterprises should....encourage, where practicable, business partners including suppliers and sub-contractors to apply principles of corporate conduct compatible with the Guidelines.'

- **The EU Charter of Fundamental Rights (2000)** and the European Commission Green Paper on 'Promoting a Framework for Corporate Social Responsibility' (2001) are based on deepening of partnerships in which all actors have a role to play. According to the Commission 'CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as the local community and society at large'. (EC 2001)

c) CORPORATE CODES OF PRACTICE AND LABOUR STANDARDS

There are many company and industry codes of practice and two international standards currently being adopted by corporations.

- **The SA8000 Standard** is a way for companies to maintain just and decent working conditions throughout the supply

chain. It aims at setting a uniform, auditable social responsibility standard and is based on the 11 Conventions of the ILO, the UN Declaration of Human Rights and the UN Convention on the Rights of the Child, all of which is legally binding. The SA8000 covers both suppliers and sub-suppliers (those businesses that supply the suppliers).⁸

- **The Ethical Trading Initiative (ETI)** is an alliance of companies, non-governmental organisations (NGOs) and trade union organisations in the UK. It exists to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. The goal is to ensure that the working conditions of workers meet or exceed international labour standards.

2. CURRENT TOURISM INITIATIVES

Four major companies control over 50 per cent of mass tourism bookings out of the UK. These companies are First Choice, My Travel, Thomas Cook and TUI. Only one of these – First Choice – has an employee working specifically on social responsibility. These ‘Big Four’ operators and other smaller, independent tour operators are increasingly being challenged to be more accountable for the actions of their suppliers.

- **The Tour Operators Initiative (TOI)**⁹ together with the Global Reporting Initiative (GRI), have developed performance indicators to enable their membership to report on economic, environmental and social issues. Through the acceptance of the TOI, European tour operators are accepting that they too are accountable for the social, economic and environmental consequences of the supply chain. The indicators are clustered around five areas: product management and development, internal management, customer relations, co-operation with destinations and supply

chain management. There are 15 supply chain management (SCM) indicators. Indicator SCM9 addresses labour rights and conditions.

The guidance notes to SCM9 suggest the following issues to be identified:

*Use of standard employment contracts, minimum remuneration regardless of tips, compensation for work on public holidays, agreement on working hours, minimum daily and weekly rest periods, paid annual leave, contributions to social security funds, for all employees including part-time and casual workers, and helping family members, in compliance with and beyond local laws and practice as well as collective bargaining agreements.*¹⁰

- **The UK-based Travel Foundation** recently commissioned a desk research project on tourism supply chains. The research identifies existing tourism supply chain initiatives worldwide.
- **The International Tourism Partnership (ITP)**¹¹ has recently been launched with the aim of providing practical and business solutions for responsible travel and tourism. The founding members of ITP include major international tourism stakeholders and hotel chains. ITP will focus on the areas of environment and community and is encouraging tour operators, car hire companies and airlines to join together with the existing hotels membership.
- **The World Tourism Organisation.** The rights and responsibilities of all tourism stakeholders are addressed in the World Tourism Organisation’s Global Code of Ethics. Developed through extensive stakeholder consultation, the code includes nine articles outlining the ‘rules of the game’ for destinations, governments, tour operators, developers, travel agents, workers and travellers themselves. The tenth article involves the redress of grievances and marks the first time that a code of this type will have a mechanism for enforcement.

Article 9(1) of the Global Code of Ethics states: *The fundamental rights of salaried and self-employed workers in the tourism industry and related activities, should be guaranteed under the supervision of the national and local administrations, both of their states of origin and of the host countries, with particular care given the specific constraints linked in particular to the seasonality of their activity, the global dimension of their industry and the flexibility often required of them by the nature of their work.*

3. LABOUR RIGHTS PERSPECTIVES

- **The International Labour Organisation (ILO)**
The ILO was established in 1919 in order to build a social framework for peace and stability within which economic processes could generate prosperity with social justice in the life of workers and in the world of work. The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.¹²

The ILO has a sectoral activities program looking at tourism, hotels and catering and continues to investigate issues relevant to the tourism sector labour force. In 2003 the ILO published the following reports:

- *Tourism employment in the Asia-Pacific region (2003)*
- *New threats to employment in the travel and tourism industry (2003)*
- *Violence at work at hotels, catering and tourism (2003)*
- *Draft code of practice on violence and stress at work in services: A threat to productivity and decent work (2003)*

The ILO recognises the need for increased social dialogue between stakeholders including employers, trade unions, governments and community as a means by which work rights are defended, employment

promoted and work secured. It is also a means to effective conflict resolution, social equity and policy implementation. The ILO also asserts that 'social dialogue can be an effective mechanism to find solutions that would ensure the sustainability of the tourism industry and preserve employment, especially in times of crisis, and the creation and expansion of quality jobs when conditions improve'.¹³

- **The IUF**

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is currently composed of 346 trade unions in 121 countries representing a combined membership of over 12 million workers.

- ***The IUF Policy for the Tourism Sector (1999)***

This document sets forth guidelines and minimum employment standards. It covers issues such as equal opportunity, vocational training, fighting against financial crime, collective bargaining, role of trade unions, respecting local communities and diversification of tourism markets.

C: CURRENT ISSUES IN TOURISM EMPLOYMENT

Research gathered by the International Travel and Tourism Research Team (ITTRT) led by Tourism Concern and from interviews and published data confirm that concern for job security, over-dependence on tips and service charge, long hours and unpaid overtime are consistent across numerous destinations. The recent tourism crisis brought on by economic downturn, terror attacks and SARS has increased the vulnerability of tourism and hotel workers but the global tourism industry has not yet addressed this within their social responsibility policies or programmes.

1. FORMAL EMPLOYMENT CONTRACTS

Hotels are increasingly using casual or part-time workers for long-term staffing solutions. The perceived benefit is greater efficiency, however, it also means hotels avoid having to pay benefits and creates a flexible workforce that can be laid off when occupancy is low.

Workers on temporary contracts (casual staff) or no contract are vulnerable to exploitation and unfair dismissal. In addition, workers on temporary contracts are often unable to secure bank loans for housing even if they have been working that way for many years.

The IUF Policy for the tourism sector states that 'IUF affiliates in the hotel, restaurant, catering and tourism sector should put a priority on the creation of stable, permanent, full-time jobs. Given the seasonal nature of tourism in certain regions and/or in the case of certain activities, unions should actively support efforts aimed at extending the tourist season, or else at implementing measures to ensure that seasonal workers can return every season to jobs with the same employer. To avoid persistent exploitation of seasonal or casual labour, efforts should be made to unionise these categories of labour in order for them to have bargaining power'.¹⁴

CASE STUDY – GRAN CANARIA

Room Cleaner, Gran Canaria

“To be honest, I need to work. The management hired me when I was a young woman. I worked for many years in mainland Spain, but illegally or without a contract. As a result I have not worked long enough, or paid in enough contributions, to get a pension. So, if in the future I want to get the pension, I have no choice but to work towards it now.”¹⁸

According to Apirat Nutamarn, President of the Hotel Workers' Federation of Thailand: “It's clear exploitation through legal loopholes. One of the most respected 5-star hotels [in Thailand] hires as much as one third of its staff on a temporary basis and has kept some of those employees working that way for five or even ten years.”¹⁵ Part-time workers are ineligible for paid maternity or vacation leave, welfare benefits, severance pay or union membership.

Speaking at a recent ILO meeting Daniel Edralin, a workers' representative from the Philippines said: “Employers in the Philippines were using the crisis [in tourism], real or imagined, as a pretext to switch to subcontracted workers. Now new hotels are being opened in the Philippines where nearly everyone is subcontracted”.¹⁶

According to Miguel Guerra of the CC.OO (Canaries Federation of Commerce, Hotels and Tourism) the most significant abuse of labour rights are those workers that are on temporary contracts, which is around 40 per cent of workers in the Canaries. They tend to work unpaid overtime, long hours, sometimes not even getting their two days off a week.¹⁷

In Mexico, the use of short term/temporary contracts is similar. For example the RUI Hotel

in Playacar employs 53 per cent of staff on a short-term basis.¹⁹

According to Egyptian labour laws workers in the tourist industry must have a contract which states the terms and conditions of employment. However, according to numerous workers and human rights lawyers most hotels and cruise ships do not provide a full contract to workers. They ask workers to sign an 'application' for employment but this document is not a valid contract and does not state the terms of employment or wages. The employee does not receive a copy and has no legal document to support their employment²⁰.

2. HEALTH AND SAFETY

Stress and violence

The ILO recently published a report on violence in the workplace in hotels, catering and tourism²¹. The report highlights the high levels of violence and stress caused by the physical and social environment. Factors such as long shifts, irregular hours, income insecurity, weak industrial relations, cost cutting, new technology, alcohol consumption and the sometimes sexual nature of holiday promotion, create high risk zones, particularly for vulnerable groups such as women and youth as well as ethnic minority, migrants and part-time workers. A report by the European Agency for Safety and Health at Work

CASE STUDY – GRAN CANARIA²⁵

1. Santiago, waiter supervisor, 31 years old. Playa des Ingles, Gran Canaria.

He likes the tourists, he says and he has been working in the hotel for 12 years. He has already had 6 months off work because of depression but is now working again and trying to take his workplace to court. "Many workers leave because of the pressure, it's not just me" he says. "Now I am managing with the help of anti-depressants."

CASE STUDY – GRAN CANARIA²⁵

2. Carmen, room cleaner, Playa des Ingles, Gran Canaria.

"The people in higher positions treat us as inferior human beings, they think we are machines, while we work as hard as we can – I have to clean 23 rooms if everything is OK, but if a workmate is off, we will have to clean 26 rooms instead."

reported that the hotel and catering industry was noted as one of the sectors most prone to physical violence in the EU²². In less developed countries where there are few, if any, legal and social safety nets provided by governments the vulnerability of workers increases.

According to a number of research reports much of the work in the hotel, catering and tourism industry is stressful, and workers in the sector are reported to feel tired and physically exhausted. Employees on cruise liners face high stress levels due to excessively long working hours and cramped and noisy below deck conditions. Cooks and waiters have to make good quality products in a very limited time. Waiters have to accommodate the wishes of the guests, the constraints of the cooks, the harassment of supervisors and produce good service in limited time. The room attendants (housemaids) job involves a fast pace of work to be completed within the shift, considerable physical strain, conflicting demands from guests and management, and dealing with embarrassing situations in rooms.

Research conducted in 2003²³ by the International Travel and Tourism Research Group suggests that stress is a major health factor affecting hotel workers today. Long working hours, reduced salaries, split shifts, job insecurity, commuting time to the workplace and staff reductions were noted as contributing to increased levels of stress in the workplace. Housekeeping, kitchen and waiting staff are particularly prone to stress and depression

CASE STUDY – BALI

Several front line workers reported that they felt particularly stressed because they still had to smile and pretend nothing was wrong, even though they had their working hours and salaries cut by half due to the rapid decline in tourist arrivals following the Bali bomb in 2002 and the impact of the SARS virus in 2003. At the same time, several tourists staying at the same hotel responded when asked what they thought about the crisis in tourism and the impact on workers “they are still smiling so they must be happy.”

caused by the amount of work they are expected to do within their shift.

It is not only within the hotel sector that stress has been linked to travel and tourism. In a 2003 research project conducted by the British Market Research Bureau²⁴ on stress in the British workplace – eight out of ten employees in the travel and transport sector survey felt under pressure to work longer than contracted hours and one in three felt overwhelmed by their workload. More than a quarter said that work affects their sleep and many reported that their working environment inhibits reporting concerns about stress. The

CASE STUDY – GRAN CANARIA

Waiter

“There are so many violations of the law here, but tourists don’t see them. Workers get treated badly by management. Often you don’t know when your holiday is until the last minute, sometimes people are injured at work and the hotels try to bribe them to avoid compensation. Fire regulations are rarely observed and staff are continually overworked. Of course tourists don’t know any of this. We are trained to smile and only speak to ask how they are and if we can help them.”²⁶

rapid changes to traditional purchasing behaviour have added to the pressure on travel sales agents and the management of traditional high street travel agencies. The changing dynamics of retail travel include challenges brought about by internet sales, large volume, low fixed-cost telesales operators, capping on commissions and ‘no fee’ low cost airlines.

The ILO recommends that to tackle violence and stress a comprehensive approach is required through which the health, safety and well-being of workers becomes an integral part of continuous improvement of services.

3. EMOTIONAL LABOUR

A key characteristic of many jobs in the hospitality and tourism sector is that employees are paid to perform their duties as well as display positive

CASE STUDY – KOREA

Workers at Seoul’s Lotte Hotel won a landmark sexual harassment case when a Seoul court ruled on November 26, 2002 that the hotel was accountable for the sexual harassment of employees. The Seoul District Court ruled in favour of 40 female workers who filed suit against seven company executives, the president of the hotel and the company, and ordered the hotel to pay compensation. The female workers were harassed by their managers in the workplace. A collective bargaining agreement (CBA) was later signed which included, among other things, mechanisms to prevent retaliation by individual managers named in a sexual harassment suit filed by female employees. The CBA also established a joint union/management committee to investigate all harassment charges. In its decision, the court highlighted the company’s responsibility for failing to prevent sexual harassment in the high-risk environment of the hotel.²⁸

emotions as part of their job performance, even in difficult circumstances. This is known as ‘emotional labour’ and is a major contributor to stress in the tourism industry. This is exacerbated when the difference between the emotion felt and the emotion one has to show is increased.

4. SEXUAL HARASSMENT

Most empirical studies on violence carried out in hotels, restaurants, bars etc are related to the issue of sexual harassment.²⁷ Unsurprisingly it is mostly women in junior positions who experience this problem. Unlike many other sectors women face harassment from colleagues, managers and clients. Factors such as late working hours, service of alcohol, dress code, racism, negative attitudes related to service staff, and the sometimes uninhibited, sexualised nature of tourism contribute to a high-risk environment especially for women and young workers. This is of particular concern when management show no support for workers to bring forward complaints against guests, fellow workers or managers.

5. WAGES, TIPS AND SERVICE CHARGES

Globally, the tourism industry – and particularly the hotel sector – still relies heavily on low

CASE STUDY – BALI

Housekeeping staff, 4 star hotel, Sanur. Basic monthly wage: 450,000 Rupiah per month (approximately £34).

Ketut has worked in the hotel for 13 years – he has 2 children – 3 month old twins.

When tourism dropped off after the bomb in 2002 his wife returned to the family village in Singharaja with their children. He still has to rent a house in Denpasar. His usual monthly service charge remuneration when tourism was good was 1.2 million Rupiah per month now it is only about 300,000 Rupiah.³⁰ (June, 2003)

wages. Two main reasons for low wages are the weakness of union organisation in the sector and the emphasis on keeping costs down (usually salaries) in order to sell holidays at the cheapest possible price. Hotels and tour

CASE STUDY – DOMINICAN REPUBLIC

Minimum wage for hotel staff is 3,310 pesos per month (approx. £33). 10 per cent service charge is added on to all bills. For hotel workers this can amount to 50 per cent of the salary, depending on the season. Thus a worker receiving 3,310 pesos plus 1,500 pesos service charge will receive 4,800 pesos before taxes and other deductions. This can go up to perhaps 65 per cent in high season.

operators nearly always justify the low wages by the existence of service charges and tips. Service charge is a compulsory charge added to the bill and intended to be used to remunerate staff, tips on the other hand are discretionary. Unpaid service charges and tips, or over-dependency on service charges and tips, is a major concern for hotel workers.²⁹ In some instances income earned from service charge can be over 500 per cent more than the basic wage. When tourism is good then tips and service charges are likely to be good, but when tourism is bad the worker is forced to live on a basic salary, often below a living wage.

Service charge distribution can be at best a fair and equitable way of ensuring that all staff receive remuneration for providing good service. At worst it can be an ad-hoc, covert way for hotel management to siphon off extra income that is not taxed. Service charge distribution should be a well-documented and transparent process. All staff should be able to have access to financial reports that show how much total service charge has been accrued and the percentage that they are entitled to receive.

While basic salary remains low there is no incentive for workers to stay and not

CASE STUDY – CAMBODIA

A Singaporean-owned hotel in Cambodia has been ordered to pay compensation to its employees after an arbitration panel found ‘service charges’ collected from guests by the hotel were not passed on to workers in a transparent manner each month. The Arbitration Council awarded US\$50 each to about 440 current and former employees of Phnom Penh’s Hotel Cambodiana. Cambodian law states that any service charge levied on customer’s bills must be given ‘in full’ to employees.³⁴

surprisingly this contributes to the very high turnover of workers in the sector. Hotels are often reluctant to invest in training when there is a high propensity for lower level staff to leave after a short period.

And once again this is not just within the hotel sector. According to a recent survey produced by Croner Reward for the Association of British Travel Agents, salaries in the UK travel industry are up to 18 per cent lower than the national average. According to Croner Reward, with the exception of pay at the senior management level (where pay is about 8.3 per cent above national average), agents are between 6 per cent and 18.5 per cent behind national levels.³⁷

Differing views on Service Charge

Service charges vary around the world. The

CASE STUDY – EGYPT

According to Egyptian law the 12 per cent service charge levied on all accommodation, food and bar bills is to be distributed to staff. However, the majority of complaints handled by lawyers acting on behalf of hotel workers, are on disputes arising from service charge payments not received.³⁵

average service charge appears to be 10 per cent. In many countries the amount and the distribution methods are enshrined in labour laws. In some countries tipping is discouraged if service charges are added to the bill, whilst in others it is difficult for the customer to know what percentage of the service charge or the tip goes to the individual worker.

In Nepal, where the average hotel worker earns US\$16 per month and works 12-15 hours a day, the General Federation of Nepalese Trade Unions (GEFONT) has started a ‘Say Yes! 10 per

CASE STUDIES

The following case studies are taken from the ITTRT research interviews in 2003.

Riviera Maya, MEXICO

Overtime is often left unpaid. “As a housekeeper, I must clean ten rooms in 8 hours – all housekeepers have to. My problem is that if clients remain in the room longer than my working time, I must remain as well to finish my work.”

EGYPT

To maximise the productivity on board Nile cruise boats the workers are often required to work 45 consecutive days and then take 15 days off, however when workers were interviewed they all agreed that the working day is much longer than 8 hours due to the pattern of docking during the night and being ‘on call’ 24 hours a day. According to interviews it is not uncommon for a waitress to work 16 hours a day and those extra hours are not paid.

GRAN CANARIA

Mari and her 9 colleagues are laundry workers for a group of 6 hotels. Every day they iron 3000 sheets, 5000 towels, 3000 napkins and 1-2000 tablecloths. The average temperature in the laundry is 40 degrees centigrade. There are only 6 people on the afternoon shift.

cent Service Charge' campaign to help to improve working conditions for low paid hotel workers. GEFONT is lobbying employers and the Nepalese government to introduce a flat rate 10 per cent service charge in a fair and transparent process to ensure workers are rewarded for good service. Currently, the Nepal hoteliers are divided on this issue although some hotels have agreed if the government implement it.³²

In London, The Savoy Group has added a 5 per cent discretionary service charge to bills at its London hotels. A Savoy spokesperson said this rewarded back-of-house staff that are less likely to be tipped than other workers and helps offset the cost of living in London. But the trend is opposed by the (UK) Consumers Association 'When you pay to stay in a hotel, good service should be part and parcel of the package' according to the editor of consumer magazine Holiday Which. However the same editor states that 'hotels should pay staff wages they can live on'.³³

6. WORKING HOURS AND THE WORKING ENVIRONMENT

Numerous complaints from hotel workers suggested that it is commonplace for workers to be expected to do overtime without getting paid. The daily impact on workers is that they have less time with family members, become physically and mentally exhausted and feel aggrieved because of not being paid properly. If not managed properly the working environment in hotels can be detrimental to the health of workers. Housekeeping staff complained that conditions are often physically demanding, overheated laundries and kitchens, large trolleys, and working without modern equipment put pressure on staff every day.

Cost cutting measures such as reducing staff, reducing the number of lifts in service and cutting out lighting and air-conditioning during the day were considered to put additional demands on workers.

7. RECOGNITION OF TRADE UNIONS AND COLLECTIVE BARGAINING AGREEMENTS

The right for every worker to freely join a trade union is enshrined in the UN Declaration of Human Rights (Article 23,4), ILO Declaration on Fundamental Principles at Work (1998), and in the International Labour Conventions C87 Freedom of Association and Protection of the Right to Organise Convention, 1948, and C98 Right to Organise and Collective Bargaining Convention, 1949.

Article 2 of Convention 87 defines the basic right for any worker to organise:

Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.

CASE STUDY – THAILAND

Unionised tourism workers in Phuket, Thailand, are facing an anti-union assault aimed at uprooting unions in this prime tourism destination. Former employees at the Diamond Cliff Resort and Spa in Phuket say their company's reason for firing them – bad business conditions – was just an excuse to destroy the union. On June 18, 22 members of the Diamond Cliff Phuket Labour Union were fired following union elections. Among the twenty-two were all nine newly-elected members of the hotel's worker welfare committee. The sacking of union members followed the mass layoff of 119 workers in February, at which time employees were informed that there would be no further dismissals as a result of the decline in tourism. Jaettana Klabeat, former President of the hotel's labour union said "this is against labour laws. Our ID cards have been confiscated." The Hotel's Human Resources director said that union leaders were not singled out.³⁶

CASE STUDY – BALI

The largest trade union in the Indonesian tourism sector, DFDSPPAR³⁷, was established in 1973 and has 48,000 members in Bali. DFDSPPAR as well as other trade unions are encouraged by the majority of employers to develop joint collective labour agreements, covering many aspects of workers rights. The union representative within hotels is called a Unit Union allowing the union to have representation to negotiate and mediate within the hotel. Hotels and unions have been working together to negotiate redundancy agreements during the recent tourism crisis.

Increasingly trade unions are becoming active in the promotion of socially responsible and sustainable tourism. The IUF Tourism Policy recognises that ‘Trade unions ought to support all initiatives of an economic, social or fiscal nature aimed at either consumers or at the industry and designed to promote sustainable tourism development’. However, the effects of terrorism, natural disaster and economic downturn are felt instantaneously in tourism and workers become immediately vulnerable to lay-offs. The role of the trade union, and the relationship between employers and trade unions have been highlighted both positively and negatively throughout the recent tourism crisis in Asia.

CASE STUDY – DOMINICAN REPUBLIC

Segunda works a nine hour day and cleans 21 rooms (including bathrooms and verandas). She is a widow with two teenage children. When she takes her holidays, she does not get paid for them and when she works overtime, which she does frequently, she also does not get paid. She would like a union to give her security, but the hotel has not agreed to have a union on the premises.³⁸

8. STAFF DEVELOPMENT

According to the IUF Tourism Policy specific courses should be offered to employees based on their needs and expectations (including training of seasonal workers during the off season, special courses on safety and health issues, etc.). Employers should also permit workers to pursue courses relevant to the sector by granting them paid study leave.³⁹

Within the hotel and tourism sector there are few opportunities to progress from entry-level front line positions through to senior management. Most multinational hotels recruit senior management from the parent company or through international recruiting. Cross-postings from one department to another are not always easy and limit the ability of employees to gain a wide range of experience across the business. Without this experience the opportunities for promotion to management diminish. Anecdotal information suggests that tension arises within hotels when foreign managers are recruited without fair opportunities for local staff.

CASE STUDY – DOMINICAN REPUBLIC

The main concern of tourism trade unions in the Dominican Republic was insufficient continuing education and training for employees. “The workers biggest problem is their lack of qualifications. It’s not only lack of money. There is now Infotep – Instituto de Informacion Technical y Profesional – which allows workers to gain qualifications. But it is not big enough and so insufficient people are climbing the professional tree.”

(Trade Union representatives of the Mutual Associations Council, Dominican Republic 14/7/03)⁴⁰

9. TOURISM IN CRISIS

According to the International Labour Organisation the combined effect of a prolonged lack of economic dynamism in the world, safety concerns in view of recent security events, hostilities in the Middle East and SARS have caused a new downturn in the travel and tourism industry that started in March 2003⁴¹. The communities that suffer most are those that have a greater dependence on tourism as the major economic driver. Loss of employment affects the socially weaker and lesser skilled staff members, part-time workers,

including high proportions of women, migrant workers and young workers. The social effect is worse, as it severely impacts on those workers who have difficulty finding alternative jobs due to lower skill levels.⁴²

Tour operators will almost always pull out of a country when disaster strikes (natural or man-made) in order to protect their clients or reduce financial losses. However, the decision to pull out affects the entire community, not just the hotels. Crisis management strategies involving all stakeholder groups are needed to help to minimise the impact on communities.

CASE STUDY – BALI

Bali has approximately 17,000 rooms available in star rated hotels and 15,000 rooms in non-star hotels. 51 per cent of direct employment is from tourism, and indirectly almost 100 per cent of the population rely on servicing the industry or the industry workers.

The combination of the terror attacks in New York on September 11, 2001 and the 2003 war on Iraq had a large effect on tourism arrivals as it did throughout the world. However, it was two separate events that have created a bigger shockwave for Bali. On October 12, 2002 two bombs exploded in the busy Bali nightclub district of Kuta Beach, killing 202 people, mostly tourists. Bali had never, and has not since, experienced a terrorist incident aimed specifically at Western tourists. Bali was just starting to recover from the bombing when in April 2003, the SARS virus spreading across Asia created the most significant and sustained effect on Bali's visitor arrivals and its economy. Although there was not one case of SARS in Bali, the problem for most European tourists was the essential transit via Singapore, Hong Kong or Bangkok – all cities that had SARS outbreaks. The loss of tourists during this period and the ongoing travel

advisories by foreign governments against non-essential travel to Bali have led to hotel closures, job losses and significant decline in income for the Balinese people.

It is estimated that over 5000 people have lost their jobs as a result. Even those that have kept their jobs in the hotel sector have had to accept reduced hours (some by half), and a significant drop in service charges and tips – often meaning a drop of 90 per cent in their take home pay. Bank loans have increased, parents are keeping children out of school because they cannot afford fees and employment alternatives are scarce. Many hotel workers have returned home to rural villages to subsistence farming separating families for weeks on end.

In interviews with Bali hotel workers and managers the feeling was that many hotels have tried very hard to minimise the impact on workers, but no-one knew of any initiative taken by European tour operators to provide support other than a few who continued to sell Bali holidays to a handful of customers. A large number of tour operators had negotiated for rock bottom prices during this period creating even more pressure on hotels to lay off staff.⁴³

RECOMMENDATIONS

In view of the evidence that abusive employment conditions are widespread within the tourism industry and its supply chain, that this abuse is unacknowledged and hidden, Tourism Concern calls upon trade unions to:

- engage with Tourism Concern to develop as wide a knowledge base as possible on labour standards in the tourism industry
- improve communications on labour standards
- work with Tourism Concern on its campaign to improve working conditions in tourism destinations
- **Tourism Concern also calls upon trade unions to demand that UK and European tour operators audit labour standards across the tourism supply chain.**

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