

## **HUMAN RESOURCE ISSUES AND INDUSTRY TRENDS IN THE UK CONVENTIONS AND EXHIBITIONS INDUSTRY**

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### **\*Adele Ladkin**

Professor  
School of Hotel & Tourism Management  
Hong Kong Polytechnic University, Hung Hom, Kowloon. Hong Kong  
Email: hmladkin@polyu.edu.hk

### **Vivienne McCabe**

Associate Professor  
School of Management, University of South Australia, City West Campus, 47-55 North Terrace,  
Adelaide, South Australia 5000. Australia  
Email: vivienne.mccabe@unisa.edu.au

### **Corresponding Author: \*Professor Adele Ladkin**

#### **Personal Profile: Adele Ladkin**

Adele Ladkin is Professor and Graduate Programme Director in the School of Hotel and Tourism Management at Hong Kong Polytechnic University. Adele holds a BA (Hons) degree in Geography from the University of Leicester, UK and an MSc and a PhD in tourism from the University of Surrey, UK. Her publications and research interests are in the areas of career analysis and labour mobility in tourism and hospitality and convention management.

#### **Personal Profile: Vivienne McCabe**

Vivienne McCabe is Associate Professor (Hospitality Management) and Academic Director for the Le Cordon Bleu programs, University of South Australia. She holds a Doctor of Business Administration (DBA) and an MBA from a leading British business school and professional qualifications of the Hotel, Catering and Institutional Management Association (HCIMA) and a Certificate in Education from the University of London. Vivienne is actively involved in the conventions and exhibition industry and is an Associate Fellow of the Meetings and Events Association of Australia (MEA). Her publications and research focus on business management and human resource activities within the convention, event and hospitality industries.

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## **ABSTRACT**

This paper explores human resource issues and industry trends in the UK convention and exhibitions industry. The current economic climate has given rise to particular challenges for the industry which in turn have implications for those employed in the sector. The research collects empirical interview data from nine managers in the industry and explores the following themes; the operational challenges in the current business environment and how they can be addressed, employee challenges, and survival strategies for organisations. Findings indicate that the operational challenges are in the areas of reducing costs of the businesses, gaining access to finances and the changing nature of business. Employee's challenges evident are in terms of threats of redundancy and measures to reduce pay costs. Survival strategies are varied and include reducing costs, expanding the areas of business, offering value for money and improving services. Conclusions are discussed in relation too human resource issues in the current economic climate.

## **INTRODUCTION**

The convention and exhibition industry is a vibrant sector of the economy that has experienced substantial economic growth over the last twenty years. Government and national bodies view the sector as economically extremely lucrative, a high yield, 'blue chip' sector of the tourism and hospitality industry, and have highlighted it as a priority area for growth and development (McCabe, 2008). However, as with many other industries the conventions and exhibitions sector has been hit by the global economic downturn and is facing a reduction in business volume and revenues. This poses potential threats to those employed in the industry with regard to job instabilities and a subsequent reduction in job opportunities.

Regardless of the current economic situation, one factor crucial to the success of the sector is the ability to attract, develop and retain human resources. The sector is dominated by small businesses with few major players except the major national/international hotel groups and purpose built convention and exhibition centres. In such a knowledge based industry with recognised high levels of labour turnover, human resource practices that could aid, for example issues such as recruitment, turnover and staff retention are vital. Despite this, little is known about practices currently used in the sector. The current economic slowdown presents particular challenges for the industry which in turn has implications for those employed in the sector.

Set against this background, the research presented here examines human resource issues and industry trends in the UK convention and exhibitions industry and explores ways in which the sector is responding to meet the current economic challenges. Specifically the research has three objectives; to identify the operational challenges in the current business environment and ascertain how they are being addressed, to discover the employee challenges facing those currently working in the sector, and finally to outline survival strategies for organisations.

## **HUMAN RESOURCES IN THE CONVENTION AND EXHIBITIONS SECTOR**

The conventions and meetings market is cyclical in nature and susceptible to changes in the business environment (Weber and Chon, 2002). As with all industries, in general terms the conventions and exhibitions sector has had to weather the more difficult times caused by global recessions and slowdowns, and as markets have decreased, competition for business has intensified. In an attempt to understand the pressures faced by the sector, Weber and Chon (2002) reviewed business, technological, social and political trends that would impact on the industry at the beginning of the 21<sup>st</sup> century. Similar themes were explored by Weber and Ladkin (2004) in the context of Australia and the UK. Issues such as increased competition, restructuring, downsizing, electronic communication, government subsidies and time pressures were identified by both studies as key issues to address. Specifically in terms of human resource issues, research by MacLaurin (2002) identified a number of key human resource issues for the convention industry to address in relation to staff recruitment and retention, career progression, compensation, workforce diversity, the impact of technology on the human resource practices and education and training programmes. Further research by Weber and Ladkin (2004) identified five key issues to address. These were a lack of skilled human resources in the industry; low rates of pay and a need for improved terms and conditions of employment;

improved education and training, and the importance of creating a career structure and professional status for those working in the industry.

Recent years have seen a growing body of research exploring a number of issues specific to human resources practices in the convention and exhibitions industry as distinct from the tourism industry. The recruitment, selection and retention of staff has generated interest due to the specific nature of the industry. Employee retention strategies for event management have been reviewed by Deery (2009) who concludes that strategies to recruit and retain staff should include providing a good working environment, reasonable pay and workloads, sound supervision and opportunities for flexible working. The importance of and difficulties of recruiting the right personnel are explored in work by Leask and Spiller (2002) and recruitment practices have been evaluated by McCabe (2001) and Dermondy et al. (2004). Retention in the industry has received relatively little research with the exception of those focussing on the volunteer sector, for example, work by Elstad (2003) Goldblatt and Mathieson (2009) and Smith and Lockstone (2009). Related to recruitment and retention, the attractiveness of the industry and career development opportunities have also been explored. Work by McCabe and Savery (2007) and McCabe (2008) highlights commitment to a career in the industry with many positive elements to employment in the industry identified. These and other studies identify that the industry is attractive to potential employees, many of whom seek interesting, challenging and varied 'people' orientated jobs. However, the sector does suffer from a lack of formalised career opportunities, particularly for those working in small businesses.

Despite the relatively little research undertaken to date in relation to human resource practices in the convention and exhibitions industry, it is clear that human resources are central to the development of the sector. Convention, exhibitions and meetings infrastructure is of course vital, but essentially as with all service industries it is the human resources that define the product. Furthermore, attracting, developing and retaining a qualified workforce is essential to the success of the sector. Recognised career development, education and training are one of the ways to ensure the sector remains an attractive employment option, and the human resource practices utilised within the sector play a key role in this. The current business environment presents challenges for those employed in this sector, and in the economic downturn employers have to meet changing demands and an increasingly competitive marketplace. The affects of this slowdown has implications for human resources and industry trends, which form the rationale for the present research.

## **RESEARCH METHODS**

This research is taken from a wider comparative study between Australia and the UK exploring the attractiveness, retention and commitment of professionals to a career in the convention and exhibitions industry. However, given the timing of the research which began in January 2009, it seemed appropriate to firstly examine the effects of the economic downturn on the conventions and exhibitions industry in the two respective countries. This was deemed necessarily as any research exploring the attractiveness of and commitment to an occupation may be effected by prevalent economic conditions. Therefore, this initial exploratory research became the first stage in the research process primarily to set the scene for the subsequent career commitment study.

The findings reported here are from interviews with industry practitioners in the UK.

The data collection consisted of interviews with senior management from a range of organisations operating within the convention and exhibition industry in the UK. The purpose of these interviews was to obtain information on current human resource practices used, the current outlook for their businesses together with industry trends. A series of interview questions were pre-prepared, focusing on human resource issues and trends.

The intention was to interview Human Resource and other senior managers from a range of sectors in the convention and exhibitions Industry. Potential respondents were selected using the Facilities Guides provided by Convention bureaus and a selection of hotel and venue brochures. The researcher also took the opportunity to visit the Confex Exhibition held in London in February 2009 and initial potential contacts were made at this event. Emails were sent to the potential respondents and this was followed up by a telephone call. Of those potential respondents identified, 60% agreed to be interviewed. From the initial respondents, further names were given as potential contacts. A total of nine interviews were conducted.

The interviews were semi-structured, face to face and took place between April and June 2009. All the interviews were recorded and the tapes transcribed. The scope of the sample was limited by the financial and time constraints of the researchers, however many of the key convention and exhibition industry sectors are represented. Caution should be given when considering the findings as generalisations clearly cannot be made. However, the nine interviews were deemed sufficient to give a descriptive overview of the current situation in the UK. The qualitative analysis summarised themes generated by the discussions and is presented using direct quotes from the respondents.

The sample consisted of the following organisations, shown in Table 1

“Insert Table 1 about here”

## **RESULTS**

The interview data explored in this paper is in relation to three areas; the operational challenges in the current business environment and how they can be addressed, employee challenges, and strategies for survival.

### *1. Operational Challenges in the current business environment and how they can addressed*

The first set of questions explored the issue of current operational challenges, followed by suggestions as to how they can be addressed. The interviewees responded that primary

operational challenges were in the areas of reducing costs of the businesses, gaining access to finances and the changing business environments.

In terms of costs, respondent 1 states;

*“As a supplier we are dealing with squeezed margins that we cannot pass on to the customer. For example, we have to absorb the costs of petrol prices increases”*

The interviewees felt they had to look for ways of reducing costs, which is problematic if costs are fixed and also in terms of risking a reduction in quality. There was very much the consensus that losing staff was seen as a last resort, especially as inevitably this causes other pressures. One pressure mentioned by the respondents was in relation to staff motivation. Staff who are aware of the worsening businesses situation understandably fear for their jobs which makes morale low. This extends to outside of the organisation, as illustrated by respondent 1;

*“Staff motivation is also low due to partners of staff being made redundant. This increased office stress.”*

The second operational challenge was access to finance and changes in funding. For example,

*“We are now working on a 30 day rather than 60 day credit.” (Respondent 1)*

*“Banks would not finance a loan for expansion.” (Respondent 1)*

The public sector is also hit hard by reduced finances, as stated by respondent 2;

*“The recession has brought about a reduction in new business and corporate business, government cuts and a decline in secondary spend. Central government funding is a big challenge.”*

Essentially, money is tighter and organisations are feeling the financial squeeze from both clients and lending services.

Interestingly, the respondents overall did not feel that business was necessarily reducing in terms of quantity, but certainly that the business was changing. One crucial way business is changing

is that clients are spending less money. This common experience is shown by respondent 5 who states;

*“The business has not dropped much, but it’s changing. The conversion from sleepers to food and beverage is dropping as corporate clients have less money to spend on food. The biggest area of change is conferences – big companies are not spending the money they did. They are cutting expenses back, for example, less big charity balls and less extravagance.”*

This decline in the corporate market was also re-iterated by respondent 9 and again by respondent 3.

*“Also, conferences have lost some big organisations can’t be seen to be spending the money. F&B still strong, but rooms have declined.” (Respondent 3)*

The third operational challenge that was the subject of much discussion is that bookings are being taken much later, reducing lead times . This is stated by respondent 3;

*“ Booking is much later for conferences.”*

Whilst respondent 9 provided an instance of a lead time of 21 days for a conference for 1200 delegates. A point echoed by respondent 5;

*“All very last minute.....people book very last minute to get better deals. This can cause challenges with staffing as you might not recruit staff then suddenly it becomes really busy!”*

In terms of addressing these issues, the interviewees gave a variety of responses, with a common agreement that the challenges are significant and often it is a case of trying things and doing what you can.

One possible opportunity first relates to the strength of the domestic tourism market and the business this can bring. For example,

*“Growth in UK tourism is the opportunity....our main conference market is associations in UK, and they don’t seem to have been affected too much.” (Respondent 2)*



*“Leisure is doing well, but the corporate areas less so, so we are having to look at rates to keep occupancy up.” (Respondent 8)*

The domestic leisure market is buoyant currently in the UK and opportunities were seen to exist here. The second response centres on new ways of doing business or diversifying business for expansion. For example;

*“We can try to attract external investment to change the facilities...could also get the private sector investment in contract catering. We could also go through an efficiency drive to see how we do things and to look at costs,” (Respondent 2)*

*“Looking at attracting new business, looking at a review of the facilities and looking at potential commercial partners.” (Respondent 7)*

*“The Green issues need to be addressed. We have to look at the business and decide the direction we are going in. Maybe we should have an external company coming in and seeing what they need to do? However, we have fixed overheads – things won’t change.” (Respondent 6).*

Improving existing products was also seen as crucial;

*“Improve our bars, speed of service.... Negotiate better on selling tickets!” (Respondent 2)*

In relation to staff issues, respondents stated;

*“Our company reacted very quickly and did alot of streamlining of personnel. We have to control payroll and recruit people who are multi-skilled and more flexible.” (Respondent 5)*

*“We will not move markets or drop room rates to preserve our high standards, so we will address challenges through innovation and multi-skilling. We could ask when we have vacancy can we move people around, rather than have to recruit? (Respondent 3)*

*“We are having to be cautious and conservation on staffing levels. This is a challenge...Also, keeping up morale. We are addressing this by hiring more casuals, and trying to give employees new and interesting opportunities. Make the casuals cross department – keeps it more interesting. But permanent staff want to be able to move around too!” (Respondent 8)*

## *2. Employee challenges*

The second area of questioning focussed on employee challenges, specifically whether those working in the industry are under threat of redundancy in the current economic downturn and issues that may affect the longer term recruitment of staff.

In relation to increasingly threat of redundancy, the interviewees were equally divided with those who said it was a threat and others said it wasn't. All agreed this was a last resort and other measures would or have been explored. The responses include;

*"Yes increasing threat, but there is no plan in the next year for redundancy. What may be more prevalent is flexible working and vacancy replacement/management". (Respondent 2)*

*"No, we didn't want to do this. In January when it was quiet certain departments took three days unpaid – fine with staff." (Respondent 3)*

*"Yes, and it's on-going. We have taken out over ½ million on payroll. Some was due to the takeover by our company from a privately owned business." (Respondent 5)*

*"Would have said yes earlier in the year. Have an expensive Head Office and re-structuring this was looked at. Things are now looking better." (Respondent 6)*

*"Yes there have been some redundancies across the hotel. Have done some unpaid leave." (Respondent 8)*

Respondent 9 also indicated that redundancies had occurred in specific departments, such as the exhibition and catering areas of the organisation.

In terms of issues affecting the longer term recruitment of staff, the interviews stated they had already done what was necessarily in terms of reducing hours or costs and nothing further was planned.

Comments include;

*"We are anticipating getting by with caution". (Respondent 3)*

*“Business has learnt to be careful and efficient”. (Respondent 5)*

*“No, we already reduced hours.” (Respondent 7)*

*“The industry is not getting easier, recruitment will still be difficult.” (Respondent 6)*

*“Yes, everyone is worked to the limit before someone else is hired. That wasn’t the case in the past.” (Respondent 1)*

There was a general agreement that more pressure would be put on existing staff in terms of workloads, rather than recruiting new staff. Not filling vacancies was a cost saving option that would have a longer term impact on staff.

Issues relating to pay were also a key feature of the interviewee’s responses. Comments regarding a reduction in pay include;

*“We are not considering any reduction in pay at the moment but if the recession continues for another year it would have to be considered.” (Respondent 1)*

*“We discussed a reduction in pay which in the end didn’t need to happen.” (Respondent 6)*

*“Hopefully not, but it does depend on economic environment. The number of shifts you have to fill makes it look like you can’t lose any more people! (Respondent 8)*

*With regard to pay rises, the responses include;*

*“Yes, lower pay rises will happen.” (Respondent 2)*

*“Possibly lower pay rises.” (Respondent 4)*

*“No, but no pay rise for 2009.” (Respondent 5)*

*“No pay rises this year.” (Respondent 8)*

*“We are already in the middle of a local government pay review.” (Respondent 7)*

### *3. Survival Strategies*

The final section asked our interviewees to identify three areas they feel organisations should focus upon to ensure that they are successful and prepare themselves to succeed in the current climate. Many varied suggestions were given; these can be grouped into those relating to cost savings, ways to remain competitive, improving the quality of service and staffing issues.

#### *Cost Savings*

- Renegotiate supplier prices (cost savings eg phones, electricity, stationary);
- Streamline systems;
- The danger is you are so focused on expenditure that you lose your focus on income and it's a downward spiral. Same thing happened in the late 80's early 90's, and
- Control costs. All purchase orders are now accounted for.

A common feature of the organizations is they were considering ways to save costs. This could happen in a variety of ways from minimizing expenditure on day to day items to re-negotiating terms with main suppliers. Many of the interviewees discussed the problems of focusing on savings on costs, and also the issue of trying to ensure that quality of the product does not decline. A lack of investment and cost savings were viewed as damaging to the business in the longer term.

#### *Remaining Competitive*

- Be as Market/Customer led as possible;
- Differentiate customer service;
- Marketing using the Internet;
- Have to stay competitive and be good value for money and to sustain what we are doing in the longer term;
- Offer value for money, and
- Diversification of product for another income stream.

The interviewees felt it was imperative they remained competitive in order to survive the current business climate. All were aware they are competing for business in a shrinking market, and that it was becoming harder to differentiate themselves in order to secure business. Listening to customers, offering value for money and excellent service were the main ways of trying to do this.

#### *Quality Service*

- Communication with potential clients is key. If we get the opportunity of an enquiry we need to grasp and convert it. Quick communication to client, often the same day even for a bespoke quote. Keep clients updated with process on daily basis.
- Give exceptional service – not good enough to be good, you have to be exceptional.
- Review what resources you have and see who can perform cross skills.

- Good customer service

Again, there was a strong awareness of increasing competition from other businesses in a shrinking market, and the need to provide an excellent quality of service was viewed as crucial.

#### *Staffing Issues*

- Make the best use of staff resources. Try to get the best from people and examine HR practices;
- Review what you are doing with staff and consider multi-skilling;
- Keep staff informed – that's crucial;
- Keep on investing in staff because we will come out of it;
- Staff training is still crucial. Staff have to know what they are doing because otherwise customers will go elsewhere;
- Incentives and motivation for staff;
- Keeping staff motivated – they are your business and first communication;
- Being creative with staff & resources, and
- Staff morale has to be addressed as they get depressed about redundancies.

The interviewees had much to say concerning the role staff play in the success of a business in the current economic environment. There was a widespread recognition that staff are vital to the success of the business, and that when finances are stretched it is staff that feel under pressure. All respondents stressed the need to keep staff motivated, and to continue to invest in staff training and development as a means to both making staff feel valued but also in order to plan for the future. There was also much discussion about ways in which to be creative with staff that will save money in the shorter term, and which may also provide manageable working environments for the employees. HR practices in many of the organizations were under review and scrutiny to see how these changes might be achieved.

## **CONCLUSIONS**

There is little doubt that the convention and exhibitions industry in the UK has witnessed some effects of the global economic slowdown. Changes in the business environment that the industry is susceptible to as described by Weber and Chon (2002) are clearly evident in the current UK situation. This has presented a number of operational and employee challenges, and organisations are seeking ways in which to ride out the downturn and remain viable and successful. In terms of the operational challenges and industry trends, many of the aspects raised are predictable, for example, ways of reducing and controlling costs, seeking new markets and diversification of products. Not all of these are new challenges, as previous research indicates re-structuring, downsizing and increased competition has been a feature in previous years (Weber and Ladkin, 2004). However, they have intensified in the current economic downturn. In terms of human resource issues, this research indicates that a repetitive theme coming from the convention and exhibitions sector is the importance of employees to a successful organisation, and the fear that increased pressure, stresses and a poorer quality

working environment will all take its toll on the motivation of staff. De-motivated and worried staff may be likely to affect the efficiency and quality of the service, beginning a cyclical decline in the ability to secure business. Furthermore, if the industry is seen to be struggling to survive, the recruitment of employees will present further challenges. Previous research (Deery, 2009; Leask and Spiller, 2002) has indicated some of the challenges in recruiting and retaining staff, and this is likely to become more problematic in the current challenging environment. Whilst there are no easy or obvious answers, what is encouraging is the awareness by employers of the importance of staff and the reluctance to cut pay or make redundancies unless there is no other option. There is a willingness to examine human resource practices to ensure mutual benefit for both the organisation and employees as means of getting the most from staff and but also exploring ways in which employees can learn from different working practices. Set against the very real issues of having to save costs in the short term, the value of investing in human resources has not been lost. This bodes well for employees in the convention and exhibition industry in more buoyant economic times.

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**Table 1**

Respondent Number	Job Title	Organisation Type	Location
1	CEO	Specialised Caterer	South West
2	CEO	Regional Convention & Exhibition Centre	South West
3	HR Director	Privately owned luxury 5 star boutique hotel	South West
4	Managing Director	Regional Convention Bureau (Privately Owned)	South East
5	Human Resource Manager	4 star city based Hotel (large International chain)	South East
6	Deputy General Manager and Director of Conferences	4 star resort based Hotel (small local chain )	South West
7	Manager	City Council Convention Bureau	South East
8	Human Resource Manager	5 star Hotel focusing on conferences and events (large International chain)	South East
9	General Manager	City International Purpose Built Convention & Exhibition Centre	Midlands