

Appendix two: Small firms sector

The following findings were gathered as part of the Leeds Metropolitan University survey of small hospitality and tourism firms. The survey, based on a database of 4,000 firms, has usable results from almost 1,400 firms. For this purpose the study gathered information about: the educational background of the owner managers, their employment of graduates, and observations about the strengths and weaknesses of graduates.

Findings

Survey results showed that 23.9 per cent of small firm owner managers who responded were themselves graduates, and a further 7.1 per cent of respondents had an HND as their highest qualification. Therefore 31 per cent of respondents had some form of higher education. Within these averages there was variation between respondents from different sectors. Owner managers in visitor attractions registered the largest proportion of respondents who were graduates – 42.2 per cent of respondents. The lowest proportion of graduate owner managers were amongst respondents in fast food/takeaway – 11.8 per cent of respondents. Generally, the hospitality operators – hotels, public houses or bars; B&B/guest house; fast food/takeaway; and restaurant/cafe sectors – registered fewer owner managers with degrees, though in some cases, such as hotels, there were higher than average respondents registering an HND as their highest level of qualification. The most surprising result, and one requiring further study, is the high number of respondents in the B&B guest house sector that are graduates.

Table 1: *Higher level qualifications of owner managers by business activity*

Principal activity of the business	Number of units	HND (%)	Degree (%)	With HE (%)
Visitor attraction	135	8 (5.9)	57 (42.2)	65 (48.1)
Hotel	186	26 (14.0)	38 (20.4)	64 (34.4)
Travel agent	179	8 (4.5)	34(18.9)	42 (23.5)
Public house or bar	92	6 (6.5)	14 (15.2)	20 (21.7)
B&B/guest house	221	13 (5.8)	52 (23.5)	65 (29.4)
Fast food/takeaway	76	3 (3.9)	9 (11.8)	12 (15.8)
Restaurant/cafe	126	11 (8.7)	28 (22.2)	39 (30.9)
Self-catering accommodation	132	5 (3.8)	26 (19.7)	31 (23.5)
Tour operator	122	9 (7.0)	48 (39.3)	57 (46.7)
Other	119	10 (8.4)	26 (21.8)	36 (30.1)
Total responding	1,388	99 (7.1)	332 (23.9)	431 (31.4)

In the survey 196 owner managers reported that they currently employed graduates, representing 14.1 per cent of respondents. Again there was variation amongst owner managers operating businesses in different sectors: 36.8 per cent of tour operators and 25.9 per cent of owner managers in visitor attractions reported employing graduates, whilst just under 3 per cent of B&B/guest houses, 7.6 per cent of self – catering accommodation, and 6.5 per cent of fast food/takeaway owner managers reported employing graduates. As with other studies on employment of graduates in small and medium sized enterprises, (Holden and Jameson, 1999a) graduate owner managers were more likely to employ graduates themselves. Table 1 indicates that

332 owner managers were themselves graduates and 99 responded that they were employing graduates. This represents 29.8 per cent of the graduate owner managers compared with an average of all respondents of 14.1 per cent of all respondents. Thus graduate owner managers in this survey were more than twice as likely to employ graduates.

The HEFCE's Hospitality Review (HEFCE 98/15) estimated an annual output of 2,000-3,000 graduates from hospitality programmes in the English funding region. Table 3 shows that high proportions of all graduates in these small and medium enterprises were hospitality graduates. Of the 271 graduates reported to be employed in these firms, 111 were reported to be graduates from hospitality degree programmes – just under 41 per cent of all graduates employed in responding firms. The largest proportion of graduates from hospitality programmes were employed in the hotel sector, though the relative numbers employed in public houses and bars and B&B/guest houses were higher than average of all firms employing graduates in this survey. Though not directly the subject of their degree programme, a surprising proportion of hospitality graduates were employed in tour operators and visitor attractions. The lowest number, both absolute and proportional terms, of hospitality graduates were employed in small fast food/takeaway firms.

Table 2: *The number of respondents employing graduates*

Principal activity of the business	Number of units	Number employing graduate(s) (%)
Visitor attraction	135	35 (25.9)
Hotel	186	23 (12.3)
Travel agent	179	23 (12.8)
Public house or bar	92	11 (11.9)
B&B/guest house	221	6 (2.7)
Fast food/takeaway	76	5 (6.5)
Restaurant/cafe	126	19 (15.0)
Self-catering accommodation	132	10 (7.6)
Tour operator	122	45 (36.8)
Other	119	19 (15.9)
Total responding	1,388	196 (14.1)

Several studies (Holden and Jameson, 1999b) claim that graduates employed in small and medium sized enterprises are under-employed. Responses from these employers also suggest that 59.8 per cent of graduates were employed in jobs that were described as mainly operative, 27.6 per cent were in jobs described by the respondents as mainly managerial, and the remainder were employed in mainly supervisory roles. Owner managers with a degree were marginally more likely to employ graduates in a mainly managerial role – 32.3 per cent of graduate owner managers employed graduates in a managerial position.

Table 3: *Hospitality graduates employed by respondents*

Principal activity of the business	Number of graduates in sector	Number of hospitality graduates in sector	Hospitality as proportion of all graduates

Visitor attraction	45	18	40.0%
Hotel	34	18	52.9%
Travel agent	29	10	34.4%
Public house or bar	17	8	47.1%
B&B/guest house	8	4	50.0%
Fast food/takeaway	8	2	25.0%
Restaurant/café	26	10	38.5%
Self-catering accommodation	12	3	25.0%
Tour operator	69	29	42.0%
Other	23	9	39.1%
Total	271	111	41.0%

Without more qualitative data it is not possible to comment on the nature of these operative and managerial tasks, nor on the formality of the arrangement for training provision and future prospects of graduates employed in mainly operational roles. Certainly Jameson suggests that many graduates employed in small firms tend to enter them through informal means. That is, many report '*finding a job*' rather than looking for a job with '*career prospects*'.

Table 4: *Employer perceptions of strengths and weaknesses of graduates*

Comments about students	Positive (%)	Negative (%)	Total responses (%)
Strengths			
Quick to learn	133 (95.7)	6 (4.3)	139 (100)
Hard working	121 (93.0)	9 (7.0)	130 (100)
Creative	93 (95.9)	4 (4.1)	97 (100)
Flexible	119 (95.2)	6 (4.8)	125 (100)
Useful because they free up your time	60 (92.3)	5 (7.7)	65 (100)
Weaknesses			
Lack relevant experience	87 (64.5)	48 (35.5)	135 (100)
Are under skilled	25 (55.5)	20 (44.5)	45 (100)
Are over qualified	31 (47.0)	35 (53.0)	66 (100)
Total	669 (83.4)	133 (16.6)	802 (100)

Employer perceptions

Some insight into the way graduates are employed in the firms can be gained from the responses about the experiences of employing graduates. Table 4 shows that the respondents to the question identifying the benefits of employing graduates were overwhelmingly positive. When strengths and weaknesses were arrayed according to the positive or negative response of the employer to graduates, respondents were almost unanimous about their strengths. Although some employers felt graduates lacked work experience and were under-skilled, substantial minorities did not agree that the graduates had these weaknesses and responded positively about students. Indeed a small majority did not agree that graduates are over-qualified.

References

Higher Education Funding Council for England, 1998, *Review of hospitality management* (HEFCE 98/15), HEFCE: Bristol

Holden R and Jameson S, 1999a, *Employing graduates in hospitality small and medium-sized enterprises: contexts and issues*, in Lee-Ross D, ed., *HRM in Tourism and Hospitality*, Cassell: London

Holden R and Jameson S, 1999b, *A preliminary investigation into the transition and utilisation of hospitality graduates in SMEs*, *Tourism and Hospitality Research: The Surrey Quarterly Review*, Vol 1, No. 3, p231-242