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# Analysis of seasonal employment in travel agencies in Montenegro

## Abstract

*One of the main challenges in tourism of the 21st century is how to achieve sustainability of employment in the tourism and travel industry. Problem is very complex, especially today, when the global economic crisis and recession is an ongoing process in almost all countries and when governments expect tourism sector to alleviate high rate of unemployment. The problem is even more complex when travel agencies are concerned, especially for in-bound travel agencies in small tourism destinations, which have prominent seasonal concentration of demand, such as Montenegro. If the recession does not last long, employment of the part-time, seasonal workers at the expense of full-time workers can ensure growth of travel agencies and improve their performances and, thus, competitive advantage. Also, it is necessary to continuously analyze the problems regarding seasonal employment, through measures and activities of tourism and business policies as well as to prevent worsening of the problem through measures and activities in the field of formal and non-formal education. In Montenegro today, seasonal employment is a significant factor in improving the competitiveness of human resource and travel agencies overall, but in the mid to long-term seasonal employment could become one of the major limitations of development thresholds of travel agencies, if something is not changed in the policy of lifelong learning and additional employment.*

*Key words: travel agencies; seasonal workers; full-time workers; recession; competitive advantage; Montenegro*

## Introduction

Currently, travel and tourism industry employs, directly and indirectly, around 200 million people and, according to some estimates, participates in overall employment in the world with 6-7% (Conrady & Buck, 2011). It is forecasted that this number will increase to 280 million by 2018 (Slack, Chambers & Johnston, 2010; Willimas, 2009; Timothy & Teye, 2009). The biggest number of employees is in the tourism-related industries - hotels, restaurants and travel intermediaries. However, the structure and type of employment in the industry is changing rapidly. Some decades ago “lifetime employment” prevailed (Hatun, 2010). With stable economic growth in almost all countries and all sectors of economy, people stayed with a single company their entire working life. The situation is quite different today. Globally, periods of economic growth are shorter while recessions last longer, often resulting in economic depression. The national economic growth, full employment and price stability is increasingly difficult to attain. Instead, there is high rate of unemployment, low wages, reduced purchasing power and decrease in business activity. This is primarily affecting the X (born 1965-1976)

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and Y generation (born 1977-1994) who are forced into employment flexibility, multi-careers and job changes (Lee-Ross & Lashley, 2009; Chadwick & Beech, 2008) and especially in the travel and tourism industry, since it is an amalgam of various activities, each of them being more or less non-resistant to the negative economic trends.

It is in the interest of every state to lower the unemployment rate, because public expenditures for social security are increasing (Gwartney, Stroup, Sobel & Macpherson, 2011). Since tourism is labor-intensive industry, national and regional governments are often supporting tourism development and employment in that field. At the same time, at the heart of the sustainable tourism development embraced by most tourism destinations, is an increase in the level of employment of the population (Murphy, 2008). Their efforts to increase employment through tourism are often hampered by seasonality of demand. This is often the case in Mediterranean countries that are, traditionally, sun and sea destinations and where a bulk of tourist activity takes place during the four summer months.

The pattern of tourist demand thus creates seasonal, rather than permanent, employment. This form of employment has far-reaching consequences for regional and national unemployment structure (Tesone & Pizam, 2008), especially in small countries overly dependent on tourism which is extremely seasonal. The purpose of this paper is, therefore, to shed more light on the seasonal employment in travel agencies of Montenegro. This country is a good representative of countries with a relatively large contribution of tourism to the GDP and national employment while, at the same time, facing extreme seasonality of tourist demand.

## Travel and tourism employment in the context of seasonality

There are numerous labor related problems in the travel and industry. Firstly, salaries in the tourism sector are lower than in many other sectors of economy, more part-time jobs are created and there is predominance of low level of knowledge and skills of the employees (Weaver & Lawton, 2010). Some sectors of the industry, such as travel intermediaries, are also reducing their operating cost and, thus, costs of labor, by introduction of information communication technology (ICT) (Williams & Sawyer, 2010). The introduction of the ICT in travel organization has also affected smaller, in-bound travel agencies prevailing in destinations. These smaller agencies are crucial for fostering business to destination on-ground operators and are, at the same time, an important employment generator.

The introductions of technology together with high seasonality of tourist activity lead to an increase of part-time versus full-time employment, both, permanent for part-time workers and seasonal workers. Seasonal workers also belong to the part-time category of employees but are engaged depending on seasonal fluctuations of demand (Russell & Taylor, 2011). While part-time employment has its advantages, mostly offering flexibility suited to young families, part-time workers have fewer privileges compared to full-time workers, while such employment also weakens the power of trade unions and propagate more flexible labor market.

Part-time, seasonal employment offers a number of benefits to companies which, in an attempt to reduce business risks (the need exacerbated by recession and fierce competition), cut down the cost of full-time employment, opting instead to rely on part-timers. Reduction in number of full-time workers does not refer only to employees, but is extending nowadays to second line managers (Whetten &

Cameron, 2011). The same forces operate in travel agencies. Faced with seasonality of demand travel agency operators are attempting to lower fixed expenditure throughout the year while keeping productivity and competitive advantage high through seasonal employment. Seasonal employment is not only reserved for workers such as drivers, ticket-sellers or tour-guides, but also for managerial tasks, such as program managers or agency representatives, who are also employed seasonally.

While seasonal employment brings some benefits to organizations, it has adverse impact on the rate and structure of destination un/employment. Nowadays, one of the most significant problems in almost every national economy is how to eliminate negative trends in unemployment. There are four types of unemployment: *frictional unemployment* (when employers are not fully aware of existence of all available workers and their competencies, and when workers themselves are not fully aware of which jobs are offered by the employers), *seasonal unemployment* (unemployment of workers during certain periods in the year, in activities with prominent seasonal character of business operation), *structural unemployment* (occurs due to incompatibility of the economic structure with the available workforce structure, which is the result of lack of the competences required for what is demanded by new technology and market conditions, and it is therefore very dangerous and more difficultly solved in the long-term than in the previous example), and *cyclical unemployment* (usually occurring due to laying off of workers in the conditions of recession because, with the fall in demand for goods and services, the production and number of employees also fall) (Kurtz & Boone, 2011; Gwartney et al., 2011; Sexton, 2011; Boyes & Melvin, 2011; Welch & Welch, 2010).

The consequence of seasonal employment is the simultaneous rise in cyclical and frictional unemployment leading, in the long run, to the structural unemployment, which can pose a significant problem for a destination as a whole. This is the reason while employment policy in which employers are increasingly relying to seasonal workers is an issue of importance not only to tourism but also to the regional and national governments where seasonal employment is prominent (Tesone & Pizam, 2008). Thus, the main aim of this research is to profile the employment in travel agencies of Montenegro and examine issues related to seasonality of employment and, specifically, the structure of full-time versus seasonal employment, how seasonal employment relates to the agency's size, educational levels of seasonal employees, their skills and experience and agency's view on seasonal employment.

## Research method

The research on seasonality of employment in travel agencies was conducted in Montenegro. Montenegro is relatively small country, with just over 630 thousand residents on an area of close to 14 thousand km<sup>2</sup> (Monstat, 2011, pp. 19, 41). Tourism industry is very important for this country. It employs directly about 12 thousand people, almost 7% of the total employment and contributes 8.1% to the national GDP (Ministry of Tourism and Environmental Protection of Montenegro, 2011). Accommodation capacity of Montenegro is about 166 thousand beds in 70 thousand rooms, of which only 16% are in hotels and 4% in holiday resorts (Monstat, 2011).

In 2011, it recorded 1.1 million international tourist overnights, mostly from Europe (97.5%). Tourists from the former Yugoslav Republic account for 42% of international tourist overnights, with most of them being from the neighboring Serbia (25%) and Bosnia and Herzegovina (9%). Another major

market is Russia which accounts for 25% of the total overnights realized in 2011 (Monstat, 2012a). These results are achieved mostly by the sun and sea tourism product in summer season. A three quarter of all international tourist arrivals is realized in June, July and August, while 93% is realized and in the period from June to September (Monstat, 2012b). As other sectors of Montenegro's economy are struggling, it is likely that tourism will remain vital to the national economy for some time, improving its performance.

To profile the travel agencies of Montenegro in terms of seasonal employment an attempt was made to survey entire population. There are over 50 travel agencies in Montenegro (CRCC, 2011), of which 30 are registered as travel agencies (Code 63.300 of the Classification of Economic Activities in the European Community – NACE), while others are registered under the code of hotels or motels with restaurants (55110), hotel and motel without a restaurant (55120), passengers land transport (60211) and other wholesale trade (51700). Apart from registration issues, the compilation of travel agencies listing was also made more complicated by the fact that some agencies are registered as sole trader or partnerships, while others as limited liability companies, joint stock companies and within the non-governmental organizations.

A structured questionnaire was used as a data collection instrument. The survey was conducted via personal interviews with the travel agency director, owner or manager, from May to October 2011. Although it was a time when agencies of Montenegro are very busy, it was also the time when they were all operating and employing seasonal workers. In total, survey was completed in 30 agencies, while the rest of agencies could not be found at the registered address or was not willing to participate in this research. Most of the agencies responding to the survey (70%) were based in Southern Montenegro, a coastal area receiving bulk of the national tourist activity, followed by Central (20%) and Northern region (10%). Majority (60%) is registered as tour-operators while reminder as travel agencies.

## Main features of seasonal workers in travel agencies

In the agencies surveyed, there are about 272 people employed, of which more than a third on a seasonal basis (Table 1).

**Table 1**  
**Travel agencies' employees structure by type of employment and gender**

Characteristics	Total %
Full-time workers	62.5
Seasonal workers	37.5
Female seasonal workers	68.5
Male seasonal workers	31.5

These agencies employ mostly females, both in full and seasonal employment. High participation of females in management structure is the result of opportunities to start their own business with relatively low capital. Travel agencies are the first segment in tourism sector in Montenegro, where females

become dominant entrepreneurs. High participation of females in total seasonal employee's structure is expected, because females are dominant in service industries.

The share of seasonal compared to the full-time workers is high. This is partly due to the prevalence of the small travel agencies with a small number of employees (Table 2). Bearing in mind that small and medium enterprises in tourism employ up to 250 workers (Okumus, Altinay & Chathoth, 2010), it is clear that travel agencies in Montenegro belong to micro (1 to 9 employees) and small enterprises (10 to 49 employees). The seasonal employment varies with the size of the agency, with smaller agencies relying more on seasonal employees. These are family-owned travel agencies, having a pronounced seasonal concentration of business activities, generating most of their business revenues from round tours (35%), package arrangements (32%) and day-trips (30%). This is corroborated by the structure of full-time workers by job positions, as follows: 31% agency directors, 29% sales managers, 8% tour guides, 7% agency representatives, 6% programme managers, 6% drivers, 4% trip managers, 4% transfer managers, 4% accountants and 1% lawyers.

**Table 2**  
**Size of travel agencies by number of employees**

Number of employees	Full-time workers (%)	Seasonal workers (%)
to 2	16.7	40.0
3 to 4	43.3	32.0
5 to 6	20.0	12.0
7 and more	20.0	16.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Those taking up seasonal employment in travel agencies are mostly young, up to 29 years of age making up 81% of total seasonal employees in agencies. In contrast, 67% of full time employees are over 30 years of age (Table 3). The seasonal employees are often students or those temporarily working in Montenegro. According to their country of origin, they were: 66% from Montenegro, 17% from Serbia, 11% from Russia and 6% from Ukraine. The structure of seasonal employees by nationality is not so much a reflection of favorable salaries or work conditions, but more of a licensing regulations and structure of the inbound markets. Most jobs that they perform requires national license (i.e. tour guide, tour escort) as well as a good, sound knowledge of domestic anthropogenic, natural and economic resources. The participation of seasonal workers from other countries reflects only partly the structure of international tourist arrivals by the country of origin.

**Table 3**  
**Age structure of employees in travel agencies (%)**

Workers type	20-24	25-29	30-34	35 and over
Seasonal	39.5	41.9	8.1	10.5
Full-time	12.0	20.9	25.5	41.6

The ratio between the employed seasonal workers from the domicile area and other areas including foreign countries depends on the size of the available workforce and competencies of which the potential employees dispose, as well as some other factors such as amount of salaries, non daily fees for -residents, lack of staff, work experience, knowledge of foreign languages, recommendations and the impression an individual has left during the interview. According to the national labor survey, the main reasons for employment of foreign nationals are the lack of certain professions in the labour market, insufficiently experienced workforce and lack of specific knowledge and skills (Labor Bureau of Herceg Novi, 2011).

The travel agencies of Montenegro, especially micro enterprises, are highly specialized offering a variety of special interest programs such as adventure tourism, eco tourism, cultural tourism, health tourism, nautical tourism, rural tourism, MICE tourism, sport tourism, agro tourism, educational tourism, food and wine tourism and fishing tourism (Vučetić, 2009). As it is unrealistic that they will find seasonal employees with highly specific skills, the employers expect of seasonal workers primarily to possess the generic behavioural and specific organizational and technical competencies applicable to various forms of selective tourism. The employers expect highly developed social skills, good knowledge of foreign languages and some knowledge of certain selective tourism products. The most demanding languages are Russian, German, Italian, French, Norwegian, Spanish, Turkish, Czech and Dutch. Most agencies in recruitment process are seeking assistance from the Employment Agency of Montenegro, but also advertise on Internet, use services of private employment agencies and their own social network.

Although, in general, tourism sector is creating jobs requiring low level of qualifications, and thereby, poorly paid jobs, which results in de-stimulation of local population to accept seasonal employment in tourism (Mountihno, 2000), the structure of jobs according to the level of education is much better in travel agencies, compared to the hotels and restaurants, especially in travel agencies, although opportunities for career advancement are limited. Examining the education structure of employees in travel agency, it is clear that agencies are attracting better educated employees (Table 4). About 60% of permanent and 51% of seasonal employees is tertiary educated. Less than a quarter of full time and about a third of the seasonal workers are tourism graduates.

The education background raises a question of a proper match between employees' competencies, knowledge and skills and type of work that they perform. The first problem arises when workforce has more education than needed for a job, and these are primarily the positions of graduate tourism managers and graduates in economy, which perform jobs of tour guides, transfer managers or trip managers. Employers in travel agencies need seasonal workers mostly for jobs of tour guides, tour leader and operational managers work position. Therefore, the management of travel agencies cannot fully utilize the knowledge and skills of these seasonal workers. The other problem refers to the lack of necessary knowledge and skills of seasonal workers, for example, when a graduate in philology does not possess enough knowledge in the field of tourism and travel agency business operation, or when a tourism technician carries out the affairs of an agency representative, which leads to decrease in quality of performance of business activities of the seasonal workers. The third problem refers to obsolete knowledge and skills which the seasonal workers possess, for example when ticket seller does not know how to work with new software or when tour guides who have not been engaged in a long time do not use the new techniques for management and animation of visitors.

Table 4  
**Structure of travel agencies' employees by profession**

Profession	Full-time workers (%)	Seasonal workers (%)
Graduate tourism manager	23.1	35.6
Graduate in economics	20.9	8.9
Graduate in law	2.2	2.2
Graduate in philology	6.6	4.5
Graduate in philosophy	1.1	-
Graduate maritime manager	6.6	-
<b>Total graduates</b>	<b>60.5</b>	<b>51.2</b>
Hospitality technician	2.2	2.2
Administrative technician	13.2	20.0
Marketing technician	-	4.4
Tourism technician	9.9	13.3
Archaeology technician	1.1	-
Mechanical engineering technician	7.7	8.9
Medical technician	1.1	-
Arts technician	-	-
Other professions	4.3	-
<b>Total secondary school</b>	<b>39.5</b>	<b>48.8</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As already discussed, seasonal workers were dominant in business activities related to organization of trips and round tours. Since demand for such staff profiles depends heavily on tourist demand, these are highly seasonal jobs for which employers cannot ensure employment security. For this reason, many seasonal employees often completely abandon the work in travel agencies. At the same time, employees are very satisfied with the job performance of seasonal workers (Table 5) and it is in their interest to keep them with the agency for multiple seasons. To compensate for the job uncertainty and in an attempt to retain highly valuable seasonal staff, most agencies are trying to compensate them with better salaries, especially the ones who have the specific competencies needed, but this strategy often fails in the longer term because regular salary and social insurance are provided for only those in the full-time employment.

**Table 5**  
**Level of management satisfaction with employees**

Characteristics	Full-time workers (%)	Seasonal workers (%)
Very satisfied	33.3	36.0
Satisfied	63.3	56.0
Neutral	-	8.0
Non-satisfied	3.4	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Conclusions and implications

The main aim of this preliminary research was to ascertain the main features of seasonal employment in travel agencies in Montenegro, especially focusing on in-bound travel agencies. Montenegro, as most of sun and sea holiday destinations, has a very pronounced seasonality of tourist arrivals, especially in the period from June to August and, in this context, seasonal employees play very important role in tourism sector of Montenegro. Seasonal workers represent more than one third of all employees in travel agencies of Montenegro. With the forecasted growth of tourism and difficulties in efficiently addressing seasonality of demand, the number and importance of seasonal workers is likely to increase in Montenegro.

This research revealed that here are growing trends of seasonal employment in travel agencies, and thus the great dependency of in-bound travel agencies on seasonal workers. In the structure of seasonal workers women dominate; most of them are citizens of Montenegro, while respectively minor number of them comes abroad. In terms of education, tourism graduates administrative technicians dominate. They are employed on work positions in direct connection with seasonal demand, most often as tour guides, tour leaders and manager's operation work position.

Seasonal workers are predominantly engaged in the central months of tourist season, i.e. June, July and August, with some small number of employees engaged in May and September. Results have shown that engagement of seasonal employees depends on the size of the travel agency. Smaller travel agencies, mostly family business, are relying more heavily on seasonal workers.

Research has also shown that one of the important advantages of seasonal workers represent their knowledge and skills in the domain of selective tourism types. This is primarily due to the fact that these are young professionals, who are studying or have just graduated, and their perception is that the specialization of travel agencies in Montenegro is necessary, so in that respect is important for them to have specialised knowledge.

Employers are very satisfied with the business results achieved by seasonal workers. Problem could be identified in the fluctuation of seasonal labor. Very few travel agencies are able to hire the same seasonal workers in the next few years, because they require full-time jobs and jobs that are better paid. In this respect, seasonal employment definitely affects the competitiveness of travel agencies, and varying quality of services.

The survey was limited by the data on seasonal employment, particularly on the profile of seasonal employment. This research is preliminary and is focused only on the basic characteristics of seasonal employment, viewed for the perspective of agency manager. The study is a good basis for future research in the field of seasonal employment in travel agencies, which include also the survey of seasonal workers in travel agencies. This would prevent the problem that could be generated in the field of human resources in travel agencies in the future.

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