# Master's Thesis

Submitted to: Reykjavik University School of Business

# ORGANIZATIONAL BEHAVIOR AND TALENT MANAGEMENT

## JOB SATISFACTION:

A comparison of employees of recreation tourism companies in Iceland and employees in general.

Þórunn Harðardóttir

22/05/2014

Supervisor Arney Einarsdóttir Abstract

This study was aimed at examining the job satisfaction of employees of recreation

tourism companies in Iceland and comparing the results to employees in general. Study

participants were 131 employees of 27 organizations and the instrument used for the

comparison was the Icelandic Employee Index based on a database with answers from

5.813 respondents from 87 organizations collected from 2004 through 2013.

Employees of tourism recreation companies generally reported higher

satisfaction even though the global job satisfaction was not significantly higher.

Nonetheless, employees of tourism recreation companies felt more satisfied than

employees in general about the work, working conditions, and salary and benefits as

well as rating higher on the image construct. Furthermore, more commitment was

evident of employees of tourism recreation companies than employees in general.

The findings indicate that employees of recreation tourism companies evaluate

intrinsic rewards about their work as an important component of their job satisfaction.

That gives administrators in the industry a hint of how to attract and retain the right

talent to their organizations in order to keep up with the current and forecasted growth

of tourism in Iceland.

**Keywords**: Job satisfaction, human resource management, tourism, recreation.

# **Declaration of Research Work Integrity**

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RU's ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

Date and place	Kennitala	Signature

# **Table of Contents**

Introduction	7
Tourism - Worldwide	7
Tourism – Iceland	9
HRM in tourism	12
Recreation tourism	14
Job Satisfaction and Tourism	17
Measuring job satisfaction	21
Commitment and loyalty	23
Objective and research questions	24
Method	25
Research design	25
Participants	25
Procedures	26
Measures	27
Statistical analyses	28
Results	29
Comparison to the IEI	32
Other comparable questions	34
Other questions	35
Discussion	37
Conclusion	41
Appendix A – List of Recreation Companies	43
List of references	44

# List of tables

Table 1. Recreation options for visitors in Iceland by popularity according to Icelan	ndic
Tourist Board visitor's survey.	.11
Table 2. Translation of the Icelandic word afpreying	. 14
Table 3. A comparison of the terms Recreation and Leisure	. 15
Table 4. Descriptive statistics, correlation between constructs, and internal consistency.	. 30
Table 5. Which single factor would most improve performance and job satisfaction?	. 36

# List of figures

Figure 1. Primary purposes of travel (Goeldner, 2006).	9
Figure 2. Three of Iceland's major items of the exports of goods and service	s in
percentages	10
Figure 3. Tourism employment ratio	16
Figure 4. The Links in the Service-Profit Chain.	19
Figure 5. Earnings in the private sector by occupational group	20
Figure 6. Model of the European Employee Index	22
Figure 7. IEI with correlation between main constructs and job satisfaction/motivation.	31
Figure 8. Factor analysis for job satisfaction, commitment and loyalty.	32
Figure 9. Factor analysis of the IEI model.	33
Figure 10. Period of employment and intentions to stay	35

## Introduction

Discussion and debate about tourism, the significance and future prospects of the sector are very prominent in Iceland at the present time. Tourism is a very complex industry and can be difficult to get around due to the fact of how intertwined it is with other industries. The activity or recreational sector of tourism has become an increasingly more visible and important element in tourism in general. Jobs within the tourism recreation sector, increased by twofold while overall increase of jobs within the economy grew by 7% from the year 2000 to 2009. Other sectors such as passenger transportation and travel agencies were contracted. The tax revenues show this difference even more profound where the recreation sector yielded five fold revenues while the overall tourism showed an increase of 86%.

It is therefore especially interesting to explore the fast growing sector of recreational tourism within the progressive tourism business. The main aim of this thesis is to investigate the job satisfaction of employees in the recreation segment of the Icelandic tourism sector and compare if they experience more or less job satisfaction compared to employees in general in Iceland.

### **Tourism - Worldwide**

Tourism is a global phenomenon that most westerners will encounter in one way or another in their lifetime. Implications of tourism are detectable on the economy, the natural and built environment, the local population as well as on the tourists themselves ("Understanding Tourism," n.d.). Goeldner (2006) defines tourism as "the processes, activities, and outcomes arising form the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and surrounding environments that are involved in the attracting and hosting of visitors" (2006, p. 5). Goeldner further states that due to the multidimensional aspects of tourism and all the interconnections with other sectors, it will always be difficult to come up with a meaningful and at the same time, universally accepted definition of tourism. As pointed out by Goeldner, tourism has not been a priority to scholars until recently and even so, the studies conducted have been conducted for special purposes of researchers or government officials and have therefore not encompassed a systems approach.

However, there are several international establishments that have defined and analyzed the concept of tourism for numerous purposes through the years. One of them

being the World Tourism Organization (UNWTO), which is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism ("Who we are," n.d.). According to the UNWTO ("Understanding Tourism," n.d.), "tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes".

The year 2012 was a milestone for international tourism where over one billion tourists travelled the globe in one year (UNWTO, 2013) and in 2013, international tourist arrivals grew by 5% reaching a new record of 1.087 billion. The forecast for 2014 is a growth of 4% to 4.5% ("International tourism exceeds expectations," 2014). Tourism is today one of the fastest growing economic sectors in the world with the business volume equal to or even surpassing that of oil exports, food products or automobiles and has become a major force in international commerce ("Why Tourism?," n.d.).

Another important organization is the World Travel and Tourism Council (WTTC), which is a forum for business leaders in the travel and tourism industry with the mission to raise awareness of travel and tourism as one of the world's largest industries. WTTC has been measuring the economic impact tourism has on the world as well as specifically for the countries of the Organization for Economic Cooperation and Development (OECD) since 1991 (Goeldner, 2006). In 2013, total employment contribution of tourism worldwide, was 265 million jobs or 8.9%, which generated 9.5% of the world's gross domestic product (GDP). Tourism is one of the fastest growing sectors in the global economy and 2014 forecast is 10.3% of GDP and 10.2% of total employment (World Travel & Tourism Council, 2014b).

As can be seen from this overview of tourism worldwide, there are many people affected by the industry and perhaps it's due to the fact that westerners cannot go through life without either being tourist themselves, or being involved in a tourism activity in some way. According to the World Tourism Organization, a visitor is classified as a tourist if his or her trip includes an overnight stay ("Understanding Tourism," n.d.). There are however, many reasons why people choose to travel. Goeldner (2006) found that travelers' main purpose of travel could be divided into four categories: Business, visiting friends and relatives, other personal business, and pleasure. In *Figure 1* these categories, as well as primary and secondary activities associated with each category, are listed.

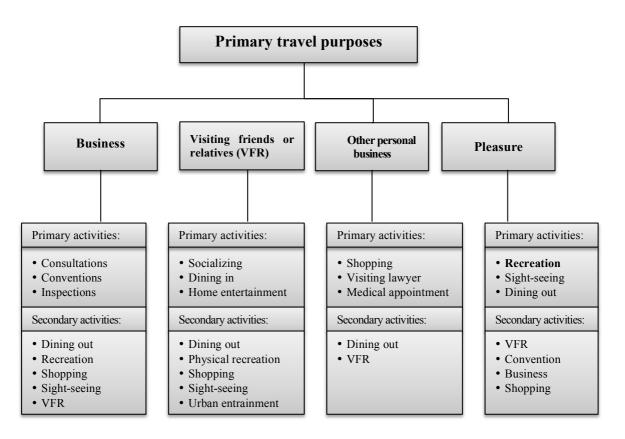


Figure 1. Primary purposes of travel (Goeldner, 2006).

From the categorization above can be seen that most groups engage in some kind of recreation activities but visitors travelling for pleasure are the only group that has recreation on the top of the list for their primary activities. It can be reasoned that this makes recreation activities stand out from other activities within tourism since it is at the top of the list of primary activities of travellers with pleasure as the main purpose of travel. Thus, recreation activities play a fundamental role in fulfilling the expectations of visitors travelling for pleasure.

In 2013, tourism supported 1 in 11 of all jobs in the world, contributed 9.5% of the world's GDP, and generated 5.4% of total exports worldwide (World Travel & Tourism Council, 2014a). Given the aforementioned, it is safe to say that tourism is a dynamic worldwide industry and deserves even more attention and research than it already receives today.

### Tourism - Iceland

The Icelandic tourism industry has been growing fast during the last decade or so. Tourism's share to the economy's total Gross Value Added raised from 4.6% in 2004 to

about 6% in 2012 (The Boston Consulting Group, 2013). In 2013, the total employment in Travel and Tourism (including jobs indirectly supported by the industry) was 38,000 jobs or about 22% of total employment in Iceland. Total contribution to Iceland's GDP was ISK 389.1bn which equals 21.6% (World Travel & Tourism Council, 2014a).

According to the Icelandic Tourist Board, (2013) the share of tourism in Iceland's export revenue was 23.5% in 2012 compared to 18.8% in 2010. Foreign visitors going through Keflavík International Airport (KEF) were 781.000 in 2013 according to the Icelandic Tourist Board (2014), which is a 20.7% increase from the year before. It is estimated that 96% of all foreign visitors come through KEF when visiting Iceland while the other 4% arrive with the ferry Norröna, with other ships or through other airports ("Fjöldi ferðamanna," n.d.). In 2013, Iceland is number eight on a list of the fastest growing total contribution of Travel and Tourism to employment with 9.6% growth with Montenegro is in the first place, with 13.9% growth (World Travel & Tourism Council, 2014c).

Tourism used to be overshadowed by the two main pillars in export value of goods and services, namely fisheries and aluminum until recently. In 2013, the revenue from the Icelandic tourism industry was close to ISK 275bn surpassing Iceland's fishing industry which is now the second largest export product with ISK 272bn in revenue in 2013 ("Tourism Industry Iceland's Largest Export Product," 2014). A further development of Iceland's three main export can be seen in *Figure 2* below.

# **Export of goods and services**

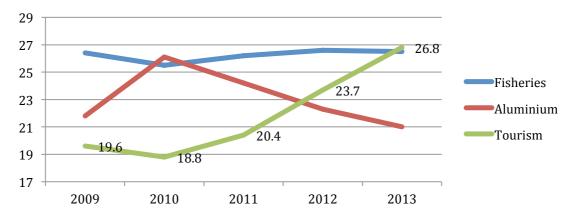


Figure 2. Three of Iceland's major items of the exports of goods and services in percentages. ("Export of goods and services [table]," n.d.).

In 2013 a report, with the aim of mapping tourism in Iceland, was published by the initiative of 40 players within the tourism sector. According to Jónsdóttir (2013), the author of the report, the core business of tourism can be divided into three segments: Transportation, activity (recreation) and accommodation. From this diagnosis, it can be seen that recreation plays a big role in Icelandic tourism. Behavior and interest of visitors coming to Iceland is registered on a regular basis by the Icelandic Tourist Board, which conducts surveys among domestic and foreign visitors. In the 2011 survey among foreign summer visitors it can be seen that the vast majority of visitor's purpose for visiting Iceland was vacation or 86.3%. The most dominant factor in the decision to choose to travel to Iceland was nature or 79.7% (Icelandic Tourist Board, 2012). Furthermore, 75.2% took part in recreational activities connected to nature (e.g. horse riding, glacier trip, snowmobile trip, boat trip, whale watching, organized hiking tour, etc.).

According to the Icelandic Tourist Board visitor's survey in 2011 (Icelandic Tourist Board, 2012), there are at least fifteen different activities for visitors to choose from when travelling around Iceland (see Table 1).

Table 1. Recreation options for visitors in Iceland by popularity according to Icelandic Tourist Board visitor's survey.

- 1. Geothermal swimming pools nature baths
- 2. Museum/exhibition
- 3. Guided sight-seeing tours
- 4. Whale watching
- 5. Spas/wellness
- 6. Horse riding
- 7. Boat trip (other than whale watching)

- 8. Glacier/snowmobile trip
- 9. Guided hiking/mountain trips
- 10. Other cultural events (Theatre, concerts, etc.)
- 11. Festival, local event
- 12. River rafting / kayaking
- 13. Cycling tours
- 14. Hunting/fishing
- 15 Golf

An international standard, the *Tourism Satellite Account* (TSA), is used to present economic data relative to tourism with internal and external consistency and is in fact an agreement of tourism statistics framework worldwide (World Tourism Organization, 2014). In April 2014, the minister of travel affairs signed an agreement with Statistics Iceland for the production of TSA's for Iceland for the next three years. TSA have been produced twice before by Statistics Iceland in 2010 and 2011. The aim with this agreement is to ensure the issue of economic impact of tourism in Iceland in comparison to other countries ("Samið um gerð ferðaþjónustureikninga," 2014).

With tourism now being one of the main pillars of Iceland's economy and exports, one should expect the sector would receive increased attention from scholars and practitioners. The aim should be to improve the profitability and quality of the industry and to do so, it seems inevitable to pay close attention to the human resource factor.

### HRM in tourism

Tourism is a demanding profession when it comes to human resources management (HRM). Employment in tourism consists of different occupations in several diverse subdivisions such as travel agencies, tour operators transportation, accommodation, food and beverage, and attractions to name a few. Furthermore, the industry is considered to be labor intensive in a way that the personal service attribute of the delivery of service is so important and irreplaceable (Salih Kusluvan, 2003a). In fact, human resources are often referred to "as one of the most important assets of tourism and hospitality organizations" (S. Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010, p. 171).

The literature review conducted in relation to this thesis revealed that there are certain gaps in research about employment within the tourism sector. This is confirmed by Wood (2003) who claims that more research exists about hospitality – hotels, guesthouses and other accommodation as well as restaurants – than other tourism employment within the sector. "Put simply, studies of non-hospitality tourism jobs are noticeable by their absence (Wood, 2003, p. 53). This indicates that there is still need for more research on all the different sectors within the tourism sector as a whole as well as research on specific categories within the tourism.

A good set of employees could therefore make or break the complete visitor's experience. Baum (2006) makes a point that in service sector like tourism, the level of human involvement is particularly high when delivering the service or the experience. Arney Einarsdóttir and Sigríður Þ. Stefánsdóttir (2009) express the same thought when stating that the human resources are every company's greatest asset, especially within service businesses like tourism. It is therefore a puzzle why research of the sector is still relatively scarce but as pointed out by Ladkin (2011), there is a certain lack of reliable employment data as the sector is hard to define and all empirical research is quite expensive.

It is not least the seasonal nature of the business, which complicates the HRM part of tourism. "Seasonality in tourism can be defined as cyclical variations in tourism

demand" (Jolliffe & Farnsworth, 2003, p. 312). Because of the seasonality, it is of great importance for tourism organizations to "assure that the supply of talent is available to align the right people with the right jobs at the right time" (Baum, 2008, p. 720). Seasonality calls for extraordinary resources when it comes to recruitment, selection, training and retention of staff (Jolliffe & Farnsworth, 2003). This is however, not an easy task as Deery (2008) and Nickson (2007) point out that tourism organizations often struggle with recruiting, developing and maintaining a committed, competent and motivated workforce. It is however, evident that employment in tourism in Iceland is growing and the workforce is getting more conscious about opportunities that come with increased foreign visitors to the country. In a new report from the Icelandic Tourist board, almost 60% of Icelanders believed tourism had led to the creation of attractive job opportunities in their area (Óladóttir, 2014).

Nickson (2007) further claims that tourism is largely reliant on marginal workers, such as women, young workers, students, relatively high number of part-time as well as migrant workers. In addition, labor in tourism is partly supplied with labor through mobility from other sectors of the economy (Szivas, Riley, & Airey, 2003).

Given the aforementioned, there are some indications that employment in the tourism sector might be unattractive to the workforce. One could conclude that it would result negative feelings of employees in tourism. Baum (2012) composed a list of characteristics of tourism work that can be said to substantiate the notion of a weak internal labor attribution in tourism. The list included issues such as

- tendency to low wages
- frequency of unsocial hours and family unfriendly shift patterns
- poor career structures
- high levels of labor turnover
- difficulties in recruitment and retention

Furthermore, employee retention is also a critical component of challenges dealt with by tourism companies where the economic sector, especially of smaller populations, can not offer continuous employment opportunities on a yearly basis (Baum, 2012). Even though tourism in Iceland has become one of the three largest industries in terms of export revenues, the tourism season is relatively short and therefore, challenges resulted by seasonality apply to the industry in Iceland.

Human resource management in tourism includes some unique aspects that make hiring and maintaining employees difficult. Examples of those characteristics are labor intensiveness, weak internal labor markets, all year around operation, low status and gender composition, as well as a low level of professional reputation. Employee job satisfaction has proved to be critical for retention of employees and in fact, low job satisfaction and poor working conditions are among the main reasons employees resign from tourism employments (Kara, Uysal, & Magnini, 2012).

### **Recreation tourism**

The literature review revealed that there are several English terms that can apply to the Icelandic term *afpreying* (e. recreation) in the tourism context. In this thesis, the focus is on Icelandic companies listed as members of the Icelandic Tourist Association, which offer various activities to visitors coming to explore Iceland. When the structure of the Icelandic Tourist Association is viewed, one can see that there are seven committees representing all the different companies within the association. The committees have the purpose of discussing and advising the board on matters relating to each committee. These are: Airlines, restaurants, accommodation, travel bureaus, car rentals, bus companies, and recreation companies ("SAF Policy," n.d.).

The Icelandic Tourist Association uses the term *recreation companies* as a translation of the Icelandic term *afpreyingarfyrirtæki*. As shown in table Table 2, the Icelandic online dictionary Ordabok.is, translates *afpreying* ("Afþreying," n.d.) to *recreation* and *afpreyingarfyrirtæki* ("Afþreyingarfyrirtæki," n.d.) to *recreation company*. Furthermore, ordabok.is translates *afpreyingarferðamennska* ("Afþreyingarferðamennska," n.d.) as *recreational tourism*.

Table 2. Translation of the Icelandic word afbreying

Icelandic term	<b>Ordabok.is</b>			
Afþreying	Recreation			
Afreyingarfyrirtæki Afþreyingarferðamennska	Recreation company Recreational tourism			

Another term quite prominent in the literature in tourism is *leisure*. In Table 3, the difference between the two terms is listed as they are defined in two English online dictionaries. Oxforddictionaries.com define leisure as *time when one is not working or occupied; free time* ("Leisure," n.d.). The Merriam-Webster.com defines leisure, as *time when you are not working, time when you can do whatever you want to do*.

Table 3. A comparison of the terms Recreation and Leisure

Term	Oxforddicionaries.com	Merriam-Webster
Recreation	Activity done for enjoyment when one is not working	Something people do to relax or have fun, activities done for enjoyment
Leisure	Time when one is not working or occupied; free time	Time when you are not working, time when you can do whatever you want to do

Judging from the above, *recreation* seems to be more related to an activity people engage in while *leisure* refers more to the time aspect of the term. Hence, recreation will be the term used to address this particular sector of tourism for the purpose of this thesis.

Having touched upon the term *tourism* and the multidimensional aspect of it, the focus is set on one particular sector of tourism, namely recreation tourism. One of the reasons for this approach is that it can be argued that the urge to experience something new or desirable is a motivational factor as to why people travel. In fact, Candela and Figini (2012) point out that there are five founding moments of the tourism experience:

- 1. The *anticipation* phase, including the decision and planning of the recreational activity.
- 2. The *outward journey* phase, as the physical movement to the place of destination.
- 3. The *experience* phase, consisting of the actual realization of the recreational activities at the destination.
- 4. The *return journey*, being the movement from the destination to the region of origin.
- 5. The memory, which is when tourists recall the tourism experience after the recreational activity is completely over.

In this recitation, the experience phase can be looked upon as the center part of the whole process since if the experience itself does not meet up to the expectations, the memory of the overall experience will not be positive. People travel for a reason and according to Ryan (2003), the primary motivations for recreational tourism are rest, discovery and pleasure. Therefore, people are seeking "psychological benefits that arise from experiencing new places and new situations that are of a temporary duration, whilst free from the constraints of work, or normal patterns of daily life at home" (2003, p. 24).

Several studies have aimed at finding out why people travel and the expectations, interest and attitudes peoples have towards their experience and

motivation to travel. These studies show that people today seek greater flexibility of the supply where authentic and spontaneous experiences are preferred to common and standardized tourist products. Today, people choose to learn about and take part in the social, cultural and territorial realities of visited communities, which offers them a new perspective from their own experience (Franch, Martini, Buffa, & Parisi, 2008). It has been pointed out that tourists today are not only drawn to destinations to see authentic sites and attractions, but also to enjoy the whole experience. That is, tourists today want to engage in the performance of their own encounters (Gren & Gunnarsdóttir, 2008). This notion is confirmed by the Icelandic Tourist Board that "foreign travellers use nature-based recreation activities extensively and rate such activities highly" (Óladóttir, 2014, p. 13).

Statistical data about employment in Icelandic tourism can be used to support this development. As can be seen on the graph in *Figure 3*, the ratio of employment in the recreation and entertainment to total tourism employment has been rising from the year 2000 - 2009.

# **Tourism employment ratio**

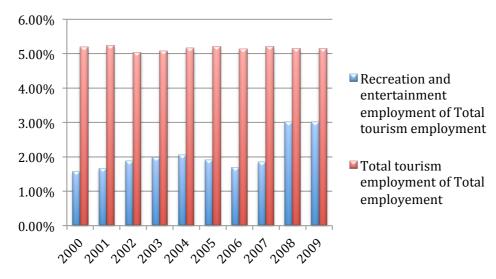


Figure 3. Tourism employment ratio. Development of tourism employment ratio of recreation and entertainment employment and total tourism employment of total employment. ("Tourism employment ratio [table]," n.d.).

In 2000, 1.57% of employees in tourism were employed within recreation and entertainment. In 2009, this comparison was up to 3.02% During these 10 years, the

percentage of total tourism employment of total employment stayed the same, or between 5.04-5.21%

This indicates that there is more growth and progressiveness in recreational tourism than in tourism in general in Iceland making this particular part of tourism interesting considering the main subject of this thesis, namely job satisfaction within Icelandic recreation tourism companies.

### **Job Satisfaction and Tourism**

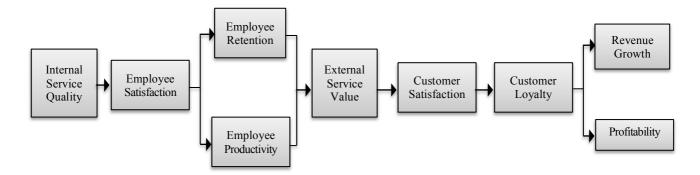
The importance of job satisfaction of employees working in recreation tourism companies is therefore a worthy subject to investigate. Service is by nature something that is intangible but by interacting with customers, frontline employees deliver the service and are therefore critical elements of the process. Lee-Ross (2010) points out that it is in fact people who perform the most important role in tourism organizations where front-line employees have the potential to provide a stand out service and thus create a competitive advantage. According to Kusluvan (2003b), customers look for tangible and performance cues to evaluate the service received due to the intangible nature of service. Kusluvan further states that the service of tourism is usually produced and consumed simultaneously through the employee performance or actions, and therefore the most important signals are the service providers' personality, appearance, attitudes and behaviors. "As a result, the service outcome and quality is often assessed and determined during the dynamic and often face to face interaction between service providers and customers in tourism and hospitality organizations" (Salih Kusluvan, 2003b, p. 34).

That being said, an attempt to understand the concept of job satisfaction will be made, considering the multiple dimensions of the concept on the way. Scholars as well as practitioners have studied the term for decades with different outcomes depending on the purpose and viewpoint of researchers at each time. The term is composed of two words; job and satisfaction. The dictionary Merriam-webster.com defines job as "the work that a person does regularly in order to earn money" ("Job," n.d.). Warr (2007) points out that the term *work* is used in many different ways but the principal meaning of the word refers to "an activity with a purpose beyond enjoyment of the activity itself" (Warr, 2007, p. 3). Likewise, satisfaction is defined as "a happy or pleased feeling because of something that you did or something that happened to you" ("Satisfaction," n.d.). In other words, it is the level of contentment a person feels regarding their job.

In our everyday life, our behavior is affected by how we feel and our attitude in general. The term *attitude* refers to our values, beliefs, and feelings about aspects of our environment, and persuades us to react in a certain way toward it (Carpenter, Bauer, & Erdogan, 2010; Phillips & Gully, 2012). Most of the time, attitudes are defined in the notion of evaluation and are viewed "as summary evaluations of objects (e.g. oneself, other people, issues, etc.) along a dimension ranging from positive to negative" (Petty, Wegener, & Fabrigar, 1997, p. 611). Warr (2007) claims that attitudes reflect in an individual's feelings, beliefs, and similarly, Phillips and Gully (2012) found that "job satisfaction reflects our attitudes and feelings about our job" (p. 143). Thus, job satisfaction can be defined as at attitude toward one's job (Warr, 2007) and according to Saari and Judge (2004), job satisfaction is the most focal employee attitude in research and practice.

Job satisfaction is one of the major values to consider when speaking about values in the workplace today since it influences both customer satisfaction and service quality in general (Khalilzadeh, Chiappa, Jafari, & Borujeni, 2013). Job satisfaction has been recognized as the most important and significant variable in organizational behavior (Sarwar & Abugre, 2013). It is a subject that should interest both employers and employees since the relationship that employment yields would seem unsustainable without both parties being satisfied. It is therefore not surprising that scholars have shown the subject much interest through the decades and in fact, job satisfaction is probably one of the most commonly studied organizational outcomes in the field of organizational behavior. Phillips and Gully (2012) found that four factors influence our job satisfaction, namely: the work itself, attitudes, values, and personality. Given the aforementioned, one can wonder what difference employee attitudes can have on organizations when it comes to the bottom line?

The correlation between employee attitudes and business success in service organizations was the subject of Heskett, Jones, Loveman, Sasser, and Schlesinger (2008) when they put forward a model (*Figure 4*) showing a service-profit chain that establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. Or as the authors describe the functionality: "Enhancing *internal service quality* (equipping employees with the skills and power to serve customers) raises *employee satisfaction*, which fuels *employee loyalty* and *productivity*, which boost *external service value* – which then increases *customer satisfaction* and *loyalty* (Heskett et al., 2008, p. 120).



*Figure 4*. The Links in the Service-Profit Chain. Adapted from "Putting the Service-Profit Chain to Work" by Heskett et al., 2008, *Harvard Business Review*, 86, p. 166. Copyright 1994 by the President and Fellows of Harvard College.

From this model one can see that employee satisfaction is a fundamental factor for the service-profit chain and has the potential to affect the bottom line greatly, either in a positive or negative way, depending on the level of the employee satisfaction. Much in the same spirit is the statement of Nickson (2007) that with efficient employee involvement and engagement in the workplace, the employer will be benefitted through increased commitment and motivation. From this can be concluded that without proper working environment, there will be no employee satisfaction entailing in a broken service chain and loss of revenue and profit.

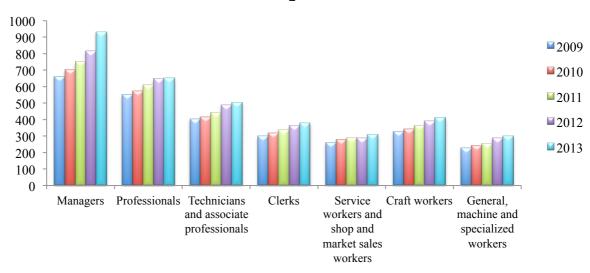
To explain matters about motivation at work and job satisfaction, Herzberg, Mausner, and Snyderman (1993) put forward the *two-factor theory*, which assumes there are two main types of work motivation theory. These theories suggest that people have two sets of needs which are concerned with hygiene factors (*need theory*) on one hand and motivators (*process theory*) on the other (Lundberg, Gudmundson, & Andersson, 2009). Hygiene factors do not relate directly to the work itself but are more about the work environment, salary, and interpersonal relations. The motivators relate to fundamental factors of work itself, such as recognition, achievement, and advancement. Similarly, Fareed, Abidan, Shahzad, e Aman, and Lodhi (2013) found that rewards for work have two general types; extrinsic (financial) and intrinsic (nonfinancial) rewards. Extrinsic rewards relate to cash related rewards like financial remunerations, fringe benefits, incentives in form of payment and promotion, while intrinsic rewards relate to non-cash rewards like achievement, accomplishment feelings, recognition, and job satisfaction. Rewards are the most important tool to control employee's commitment,

job satisfaction, and motivation. Westover and Taylor (2010), point out that turnover is a major issue for many organizations in tourism, resulting in high cost associated with hiring and training of new staff.

As said before, rewards can have a powerful impact on employees' attitudes towards the job and their employer (Sarwar & Abugre, 2013) and just as in Herzberg's two factor theory, the rewards are either intrinsic or extrinsic. Intrinsic rewards exist within the job itself for example challenge, variety, and autonomy while extrinsic rearwards are for instance salary and benefits, promotion, social aspect and workplace conditions. Thus, intrinsic rewards like interesting job and high job autonomy are considered to be the major driving force of job satisfaction in most countries.

Even though different types of rewards have a different importance to each individual there are certain trends that apply to most that can be recognized. "For many employees in the industry, low pay, long hours, unreasonable demands by employers and customers all lend tourism work a particular character that few perceive as intrinsically rewarding" (Wood, 2003, p. 63).

# Earnings in the private sector by occupation



*Figure 5.* Earnings in the private sector by occupational group. ("Earnings in the private sector by occupational group [table]," n.d.). Earnings are monthly earnings in thousand ISK.

In *Figure 5*, the earnings of different occupational groups within the private sector of Iceland can be seen. Even though tourism as such is not listed in this recitation, it is reasonable to assume that most jobs in tourism would be included in the *service workers* 

and shop and market sales workers section. From this categorization can be seen that jobs in tourism belong to the low end of the spectrum and therefore, statements of empirical research about low pay in tourism could be seen as well-founded.

However, there is some empirical evidence stating that financial rewards do not yield job satisfaction but rather job fulfillment. In a study done by the iOpener Institute, in which responses from 18.000 professionals were analyzed, showed that the so called generation Y – represented by today's workforce in their 20s to 30s – valued job fulfillment over financial reward (iOpener Institute, 2012). This study further revealed, that job fulfillment with their job, rather than levels of pay, was more motivating for them to stay with their employer and actively recommend their organization to their friends. Han and Su (2011) noted that this generation highly appreciates training and development as well as nonfinancial incentives such as meaningful access to the company's senior leaders to be able to embrace opportunities that are helpful to advance towards their career goals. Although Generation Y is not the only segment of employees in the recreation tourism companies in Iceland, this is the generation that is entering the labor market today and will be around for the next decades to come.

## Measuring job satisfaction

Different scales and measures have been developed to size up employees job satisfaction. Warr (2007) found that measurement of overall job satisfaction is sometimes studied through a single question e.g. "all things considered, how satisfied are you with your job in general" (p. 35) but usually, multiple scales are used. That is in fact the case with The European Employee Index (EEI), which was initially developed in Denmark, but surveys are now conducted annually in Sweden, Denmark, Norway and Finland. The index is used to measure job satisfaction and gain understanding of employees' expectations and attitude and the causation at each time (Einarsdóttir, 2007). The EEI is joint project between the two independent market research companies MarkedsConsult A/S and CFI Group. The index is based on a general model for employee satisfaction, motivation and loyalty and is derived from solid academic research in the field of job satisfaction (Eskildsen & Kristensen, 2006).

The model of the EEI (see *Figure 6*) allows the user to distinguish between the eight different influencing impact factors of job satisfaction, which are: image, top management, immediate superior, cooperation, the work, working conditions, salary and benefits, and job development. The eight constructs are meant to shed a light on the

causation relationship of each of the eight constructs to the overall job satisfaction/motivation (global job satisfaction) as well as producing a comparable database or a so called index. This index can be used to compare job satisfaction between different companies or groups of employees over time.

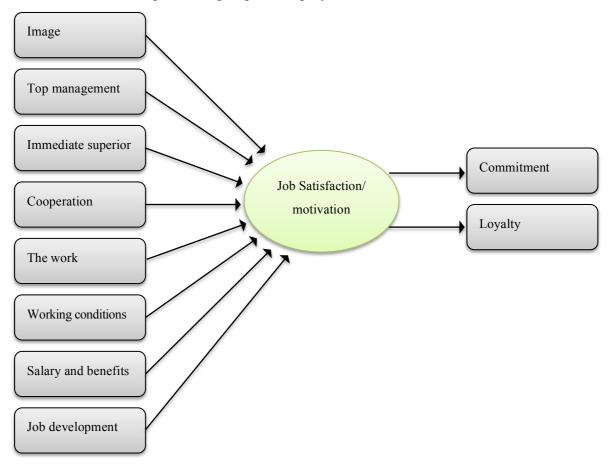


Figure 6. Model of the European Employee Index (Einarsdóttir, 2007).

This version of the model depicted here, is a more recent development that shows work and working conditions as two separate constructs, whereas in former version they used to be together in one construct. In 2004, the EEI was translated, localized and tested by Arney Einarsdóttir in 2004 and today, the Icelandic Employee Index (IEI), is owned by HRM Rannsóknir & Ráðgjöf (Einarsdóttir, 2007).

The causation between the eight constructs of the model and the global job satisfaction of employees is not the only feature of the model. There are two derivative benefits, commitment and loyalty that are originated by the job satisfaction. Commitment stands for how much work and effort employees are willing to contribute to the company they work for and loyalty refers to their intentions to stay employed with the company (Einarsdóttir & Stefánsdóttir, 2008; Einarsdóttir, 2007).

# Commitment and loyalty

To be employed in different occupations can be viewed differently depending on the momentum of that particular industry in the public debate. For the past few years, especially after the financial crisis in Iceland in 2008, tourism has become ever more prominent and thereupon influencing the discussion and opinion of employment in the field. Tourism is a sector, which depends largely on the skills level of the employees, commitment, passion and loyalty of workers towards the organization, can be a turning point for the end result with regards to competitiveness and productivity (International Labour Organization, 2010). Loyalty refers to how much an employee is committed to the organization he works for (Phillips & Gully, 2012).

Salih Kulsluvan (2003) reports about studies that have showed students studying tourism tend to become disenchanted with working in the field after some time due to certain negative factors, which they had insufficient knowledge about prior to starting their career. Some of these factors are stressful and seasonal character of jobs, long working hours, unsatisfactory and unfair promotions, low pay and unsatisfactory benefits. This results in low commitment to working in the field of tourism among undergraduate tourism students.

Another perspective of commitment is organizational commitment, which "reflects the degree to which an employee identifies with its values and goals" (Phillips & Gully, 2012, p. 144) and wishes to continue his or her involvement in the organization (Wood, 2003). Organizational commitment is often considered to be one of three most important organizational outcomes together with job satisfaction and job engagement (Phillips & Gully, 2012). The concept is important for both employees and the employer and Paxon (2003) points out that positive relationship between the two has shown to add meaning to life in the form of increased self-esteem. Likewise, it is beneficial for organizations to have committed employees as it may increase performance and reduce turnover and absenteeism.

Baum (2007) points out that due to workplace mobility and rapid job change, people today are less willing to make long-term commitments to one organization or workplace. This is however, not necessarily seen as a lack of commitment or disloyalty but can be attributed to the drive of short-term wealth buildup or debt reduction young people are focusing on today. Thus, even though working relationships tend to be more temporary than before, commitment may well be strong nonetheless. With these points

in mind, an investigation of job satisfaction of employees in recreation tourism as compared to employees of other industries in Iceland would be an interesting topic.

### Objective and research questions

The aim of the research is to shed a light on the job satisfaction of employees in recreation tourism companies in Iceland and find out if they experience more or less job satisfaction compared to other sectors in Iceland. To the researchers best knowledge, no such research has been conducted in the tourism sector in Iceland. As stated above, the tourism sector is a very diverse industry and therefore one particular sector, employees of tourism recreation companies, was chosen. As mentioned before, rewards are said to be the most powerful tool to affect job satisfaction and motivation, and some evidence give an indication of salaries being low in tourism in general, it is intriguing to find out if employees of recreation tourism companies experience dissatisfaction with their salaries.

In the light of the current and the forecasted growth of the tourism sector, it may be reasoned that it is ever more important to foster one the most important resources within the industry, the human resources. Keeping in mind the importance of job satisfaction in the service-profit chain as well as the derivative benefits (commitment and loyalty) that are induced by job satisfaction, the results of this study should offer practical information to administrators in tourism. In order to investigate the job satisfaction of employees in recreation tourism companies compared to employees in general, the following research questions are proposed:

- 1. Are employees in the tourism recreation sector overall more satisfied (global job satisfaction) with their job than employees in general?
- 2. Which job satisfaction impact factor/s (image, top management, immediate superior, cooperation, work, working conditions, salary and benefits, job development) do employees in the tourism recreation sector evaluate as better/worse than employees in general?
- 3. Are employees in the tourism recreation sector more committed and loyal than employees in general?

### Method

The aim of the research was to shed a light on the job satisfaction of employees within recreational tourism companies in Iceland. Due to the vast diversity of the tourism industry, there was a need to define the sample in order to make it possible to conduct a survey within the given time frame and resources. The branch of recreational tourism companies was chosen with consideration of the nature of the operation of these companies, that is, the direct contact and delivery of service to the customers. Following section is meant to describe how the study was conducted and give insight into the design and procedures.

### Research design

A descriptive research method is used when the researcher wants to get an overview of the market environment and a hypothesis often exists. With collection of primary data through a survey, the use of a descriptive research method is very appropriate (Aaker, Kumar, Leone, & Day, 2013). With this in mind, a descriptive quantitative research method was chosen for this research where primary data was collected and then compared to the existing secondary data from the database of the IEI.

The IEI 2013 is used as a control group in this research and is based on data from 5.813 respondents from 87 organizations, both from the private and the public sector, and was collected from 2004 through 2013. The average response rate was 82%

## **Participants**

The sample in the research was a purposive sample. A purposive sample is gathered deliberately, and with a certain purpose in mind, but not randomly (Vogt, 2007). The purpose of this research was to explore the job satisfaction of employees in Icelandic recreation tourism companies and compare the results to the IEI. The sample consisted of employees of companies listed as recreation companies in the categorization of the Icelandic Tourist Industry Association. In total there were 62 companies listed as recreation companies (see list of companies in Appendix A). Twenty-seven companies responded positively to the request of sharing their employee's e-mails and the number of e-mails ranged from 1-79 from each company. Only nine companies refused to hand over such a list, 11 companies did not answer the phone or e-mail, and 15 did not respond to the e-mail following the initial phone call.

In total, 312 employees from 27 different companies received an e-mail invitation to take the online survey. Four e-mails bounced back, resulting in a sample of 308 and 131 respondents completed the survey resulting in a response rate of 43%. Thereof, 45% were male and 55% female. Most of the respondents were in the age group between 18-29 years old or 33% followed by 27% in the age 30-39. This means that most of these 60% belong to the so called Generation Y, which according to Han and Su (2011) are individuals born between 1980 and 2000. Most of the respondents had achieved an undergraduate university degree or 27% and the majority (52%) were frontline employees with direct customer interaction e.g. guiding, booking, reception, ticket sale etc.

### **Procedures**

The Icelandic Travel Industry Association office was contacted to enquire about the accuracy of the SAF member listings on the association website. The association's public relations representative confirmed that the recreation companies listed on the webpage were up to date. The SAF member list included the companies webpages from which the companies phone numbers were acquired. Thereafter, the companies were phone, followed up with e-mail where contacted by the manager/owner/human resource manager (appropriate representative) was asked to provide an e-mail list of their employees. The e-mail contained information about the researcher being a master's student at the University of Reykjavík as well as describing the aim of the research.

Online survey software by Question Pro was used to set up an online questionnaire to acquire the data from the sample. When each company had provided a list of employee's e-mails, an invitation was sent using a function in the Question Pro web based software to participate in the online survey. In the invitation sent to the participants e-mail, the researcher was introduced as well as the aim of the research. The invitation was sent in Icelandic and English and after opening the link to the online survey, participants could choose between answering the survey in Icelandic or English. Furthermore, they were informed that the survey was anonymous and responses would not be traced back to the respondent. The survey was open from April 11<sup>th</sup> – 25<sup>th</sup>.

### Measures

The model of the Icelandic Employee Index shows eight different impact constructs of job satisfaction: image, top management, immediate superior, cooperation, work and working conditions, salary and benefits, and job development. Behind each construct are two to four questions. To measure these constructs, a questionnaire utilized for Icelandic Employee Index was used and adapted. The questionnaire, in total 59 questions, consisted of 35 standardized questions that are comparable to the Icelandic Employee Index as well as 11 other comparable questions to the same database. In addition, five other questions about loyalty, how long participants had worked at their current workplace and how long they wished to maintain their job as well as how long they thought they would seek employment within the tourism industry in general. Moreover, there were two questions about employee interviews. The questionnaire contained three demographic questions an finally, three questions asking about the period of employment with the current employer and participants intentions to stay employed with the employer as well as within the tourism industry. Finally, one openended question was included, asking which single factor would most improve their performance and job satisfaction.

Participants were asked to rate each comparable question/statement on a ten point Likert scale from 1 – 10 according to how much the agreed or disagreed, one representing the negative end of the spectrum (strongly disagree/very poor/very far from/very dissatisfied/not at all) and ten the positive (strongly agree/very good/very close to/very satisfied/very much). The option "Don't know" was also available to respondents

The value representing the mean from each question was converted into an index from 10 - 100 to be compared to the mean from the comparison group. The questionnaire will not be published in this thesis due to a non-disclosure agreement with the owner (HRM rannsóknir og ráðgjöf) of the Icelandic Employee Index.

In the process of data and interpretation of results, the respondents from the research conducted for this thesis will be referred to as *employees of recreation tourism companies*. The respondents from the Icelandic Employee Index will be referred to as *employees in general* or as the comparison group since they are representative for the Icelandic labor market in general.

## Statistical analyses

In order to interpret the data, several statistical analyses were applied. To verify the reliability of the measure, Cronbach's alpha was applied as a confirmatory measure. Furthermore, the correlation of the constructs building up the IEI was calculated using a Pearson's product-moment correlation. Independent samples t-test were used to analyze the differences between respondents in the survey and the comparison group. All analyses were conducted through the use of SPSS, except for the t-test, which were calculated using an online calculator since data for the comparison group were in the form of output descriptive statistics from SPSS.

### Results

The results will be presented in three different sections. The first one will address the results from the 35 questions from the IEI, the second will report on the additional 11 comparable questions, and the third will tackle the outcome from other questions. Independent-samples t-test is used to compare the mean scores of two different groups. If the value is less than .05, there is significant difference between the two scores (Pallant, 2010).

Before analyzing the most important constructs of the IEI model, the reliability of the instrument was analyzed. Cronbach's alpha above .8 are considered to be preferable (Pallant, 2010) and in this case the Cronbach's alpha for the scale as a whole was .919, indicating a very high internal consistency. Table 4 shows the number of valid responses (*N*), the mean (*M*), standard deviation (*SD*), and correlation between the constructs of the model. The bold diagonal numbers are the Chronbach's alpha for each construct.

As can be seen in the table, constructs generally have a high correlation with the exceptions of the commitment construct, where values less than .3 are dominating. Values smaller than .3 indicate that the construct is measuring something different from the scale as a whole (Pallant, 2010). The same can be said about the Cronbach's alpha for the commitment construct (.925), which is higher than the final alpha for the scale as a whole (.919) and would therefore, affect the reliability if deleted. In this research, the scale used is an established, validated scale, and removal of this item would prevent the possibility to compare the results with the comparison group. Therefore, no manipulations were made.

Table 4. Descriptive statistics, correlation between constructs, and internal consistency.

-74-
d
$\wedge$
0
.05
•
-X-
<del>-X-</del>
d
$\wedge$
0

<ul><li>5. The work</li><li>6. Working con</li><li>7. Salary and be</li><li>8. Job developn</li><li>9. Job satisfactio</li><li>10. Commitment</li></ul>					•		4. Cooperation	<ol><li>Immedi</li></ol>	2. Top ma	1. Image	Constructs	
Salary and benefits Job development Job satisfaction/motivation Commitment	nnd benefits elopment faction/motivation	ınd benefits elopment	ınd benefits		Working conditions	rk	ation	Immediate superior	Top management		cts	
131	į	121	124	130	130	130	129	128	131	130	N	
	90.0	73.9	68.2	75.2	69.5	81.4	82.7	79.4	74.0	86.6	N $M$	
22 00	8.35	18.12	21.72	19.33	19.14	15.35	13.29	20.64	19.56	13.70	<i>SD</i> 1.	
n 41 %	.328**	.511**	.318**	.346**	.516**	.320**	.405**	.466**	.684**	916		
628** 538**	.262**	.709**	.510**	.564**	.642**	.505**	.542**	.679**	.906		2.	
.538**	.196*	.697**	.624**	.528**	.601**	.510**	.498**	.909			.3	
.439**	.342**	.524**	.451**	.537**	.530**	.522**	.915				4.	
.540** .572**	.249**	.650**	.640**	.577**	.504**	.912					5.	
.572**	.219*	.670**	.453**	.599**	.910						6.	
.515**	.153	.663**	.529**	9.10							7.	
.534**	.208*	.663** .712** .903	.913								.8	
.730**	.153 .208* .212* <b>.925</b>	.903									9.	
.515** .534** .730** .275** .910	.925										10.	
.910											11.	

Correlation between the constructs of the scale was calculated using a Pearson's product-moment correlation. All correlations were positive between the constructs. Furthermore, all correlations were significant except for correlation between commitment on the one hand and salary and benefits on the other. The correlation values ranged from .196 to .730.

To show these results metaphorically in connection to the IEI model, correlation between the eight influencing constructs of the model and job satisfaction/motivation as well as the two derivative benefits, has been added to the model (*Figure 7*) presented earlier.

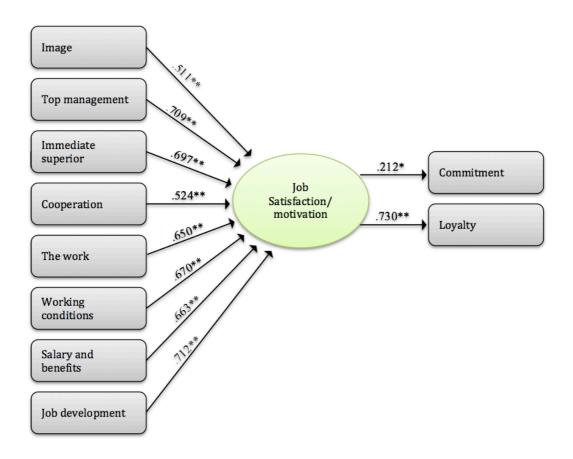


Figure 7. IEI with correlation between main constructs and job satisfaction/motivation.

Correlations between r = .10 to .29 is small, r = .30 to 49 is medium, and r = .50 to 1.0 is large (Pallant, 2010). Therefore, there is strong relationship between all the constructs in the model in all cases but one, where small correlation, but yet significant, is between job satisfaction/motivation and commitment.

## Comparison to the IEI

Results of employees of recreation companies were compared to the results of the Icelandic Employee Index. The overall job satisfaction and motivation, commitment and loyalty can be seen in *Figure 8*.

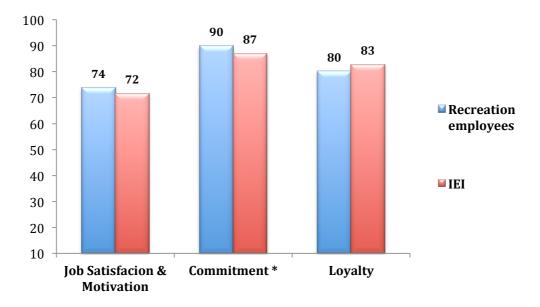


Figure 8. Factor analysis for job satisfaction, commitment and loyalty.

The results show that employees of the Icelandic recreation companies report higher commitment than in the IEI. The difference between the two groups was tested with an independent samples t-test, which revealed significant difference between employees of recreation companies (M = 89.96, SD = 8.35) and the IEI (M = 87.08, SD = 10.56) with strong significance of (p = .002). In addition, the results show indication of higher job satisfaction of employees of recreation companies than the IEI but less loyalty.

When looking at the eight impact factors of job satisfaction in the IEI model (see *Figure 9*), employees of recreation companies report higher satisfaction in all the factors except immediate superior where the score is slightly lower.

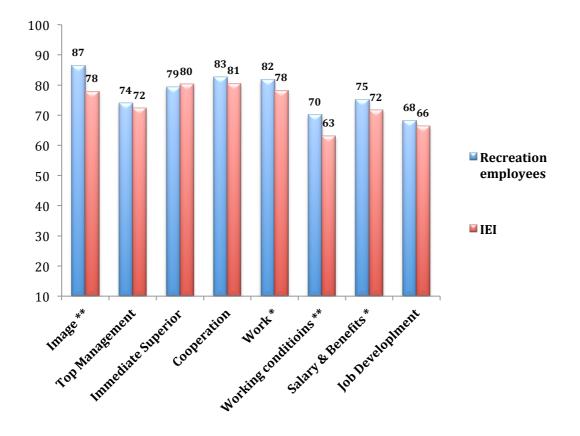


Figure 9. Factor analysis of the IEI model.

Four factors out of eight proved to be with a significant difference between the two groups. Those were *image*, *work*, *working conditions*, and *salary and benefits*.

Recreation employees rated *image* higher (M = 86.55, SD = 13.70) than the comparison group (M = 77.87, SD = 17.64) with very strong significance (p < .001). Work was rated higher by employees of recreation companies (M = 81.45, SD = 15.35) than by the comparison group (M = 78.18, SD = 15.41), (p = .007). Recreation employees also rated working conditions higher (M = 69.46, SD = 19.14) than the comparison group (M = 63.11, SD = 17.35) with a strong significance (p < .001). Employees of recreation companies were more satisfied (M = 75.17, SD = 19.33) with salary and benefits than the comparison group (M = 71.64, SD = 16.91), (p = .019).

The only impact construct out of the eight in which employees of in the tourism recreation sector reported less satisfaction (M = 79.41, SD = 20.64) than employees in general (M = 80.3, SD = 18.2), was *immediate superior*.

No difference was evident between the two groups when it came to the global job satisfaction question about how satisfied/dissatisfied respondents were with their work as a whole.

Another question with interesting results was the question about social relations between the employee and his or her work colleagues, which was one of three building up the *cooperation* construct. Employees of recreation tourism companies reported higher satisfaction (M = 83.91, SD = 16.89) than in the IEI (M = 79.77, SD = 18.40) with strong significance (p = .012).

# Other comparable questions

The questionnaire included 11 comparable questions to the database and those were aimed at measuring the satisfaction with the next immediate supervisor, work-life balance, loyalty, and stress symptoms. Questions about immediate supervisor were not the same as the questions in the IEI and the results were different as well.

Questions about the next immediate supervisor yielded almost identical results. These were questions about how employees felt about their superior's ability to support and motivate them at work, and how they rated their supervisor's ability to support be supportive and motivational at work.

Question about balance between private life and work life yielded negative results with regards to satisfaction of employees of recreation tourism companies (M = 76.74, SD = 22.82) compared to employees in general (M = 80.27, SD = 19.10) with a strong significance (p = .039).

In a question related to loyalty, employees of recreation companies (M = 83.8, SD = 20.7) scored considerably higher than the comparison group (M = 77.9, SD = 21.7) when asked if they believed they had other job opportunities. The difference was significant (p = .003).

Questions about stress and stress symptoms showed some difference (but non-significant), especially when respondents were asked if they often felt down because of their job. Employees of recreation tourism companies felt seldom down (M = 34.57, SD = 25.38) than employees in general (M = 38.05, SD = 26.27).

# Other questions

When looking at results from the three questions about the period of employment and intentions to stay working for the current employer as well as within the industry, most people have not decided if they want to change jobs or even change their career entirely. In

Figure 10 can be seen that 37% don't know for how long they want to stay employed by their current employer and 46% don't know if they will be employed within the tourism sector in the future. However, out of those who do make a stance, there are quite high intentions to stay employed for more than 5 years (17-24%) or even until retirement (around 15%). Less than 8% wish to leave their current employer within the next 12 months.

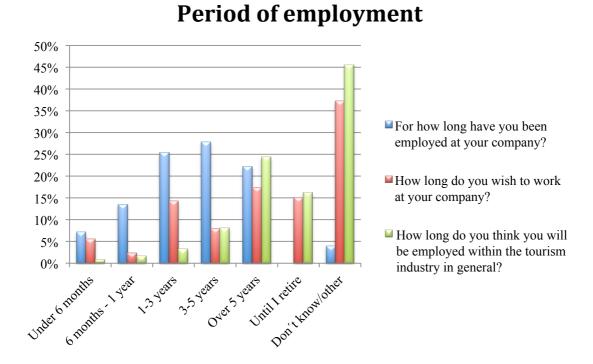


Figure 10. Period of employment and intentions to stay.

Most respondents have been employed for 3-5 years with the current employer or 28% and next come people who have been employed 1-3 years. 22% of respondents have been employed over 5 years.

Answers to the open ended questions about which single factor would most improve respondent's performance and job satisfaction included (in order of frequency of responses): Higher salary, improved management, improved working conditions,

more communication, job development and training, acknowledgement and motivation, more socialization, and empowerment (see Table 5).

Table 5. Which single factor would most improve performance and job satisfaction?

Rank	Factor leading to improved performance and job satisfaction	Frequency
1.	Higher salary	10
2.	Improved management	8
3 4.	Communication	6
3 4.	Work conditions	6
5 6.	Acknowledgement and motivation	4
5 6.	Job development and training	4
7.	Socialization	3
8.	Empowerment	2

## Discussion

The purpose of this study was to explore the job satisfaction of employees of recreation tourism companies in Iceland and compare the results to job satisfaction of employees in general. The findings revealed some significant differences between the two groups and generally, employees of recreation companies report higher satisfaction, although the difference was not always statistically significant.

As noted when reading theoretical studies about tourism, the notion of low wages, poor work-life balance and high turnover rates among employees in tourism was prominent. The public debate has been much in the same spirit and indications of service workers receiving salaries in the lower end of the spectrum can be seen in public statistic databases. Jobs within tourism are extremely miscellaneous and employees in the industry do not belong to one labor union so statements about wage level will never be easily generalized. Nonetheless, one cannot deny that a large proportion of the workforce within the tourism segment is people with low skills who attend to jobs that do not crave high level of education or abilities.

Therefore, it came as a surprise to discover that in terms of salaries and benefits, employees of recreation tourism companies were happier with their compensation than employees in general. This could be due to the fact that more than half of the respondents were frontline employees which could indicate that they are doing the kind of work not calling for high education and are therefore happy doing what they do for the wages they receive. It could be reasoned that it is due to the fact that many employees in tourism are seasonal or marginal workers who are not planning on building up their entire career within the profession. Therefore, they are not expecting to be in the high end when it comes to compensation. Another explanation to this could be that majority of the respondents in the survey were in the age groups 18 to 29 years old (33%) and 30 to 39 years old (27%) which belong to Generation Y, which is said to value intrinsic rewards higher. They could be happier with their compensation and appreciate their current status while focusing on their strategy on how to advance their careers.

On the other hand, speculations about unsocial and family unfriendly hours were confirmed since these were among few factors that employees of recreation tourism companies reported less satisfaction with than the comparison group. This agrees with the notion about jobs in tourism craving long hours and could also be a part of the reason why employees of tourism recreation companies do not report

significantly higher global job satisfaction. It is worth mentioning that even though there is not a significantly more global job satisfaction with employees of recreation tourism companies, they did report higher on all four questions behind the construct.

The assumption that low job satisfaction and poor working conditions causes many to turn their back on tourism as a field of employment does not seem to be applicable to employees of recreation tourism companies in Iceland as they reported higher satisfaction with work and working conditions than employees in general. The recent growth and positive attention tourism has received in Iceland lately due to the fact that the industry now is the top provider of Iceland's export revenues, might be affecting those working in tourism in a positive way. As a result from the positive debate and meaningful economic contribution, they might be encouraged to perceive their work as more enjoyable and salaries as more acceptable than if the debate about tourism had been negative.

That employees of recreation tourism companies are happier with their compensation, work and working conditions despite indications that pay is generally lower than in comparable jobs in Iceland, points to importance of intrinsic rewards being more appreciated within the tourism sector. That is, the enjoyment from the work itself and being challenged by diverse and exciting tasks compensates for the lack of extrinsic rewards like high salaries. Employees in recreation tourism companies reported higher job autonomy than employees in general, which is also one of the intrinsic rewards mentioned in the literature. The reason for high satisfaction with work and working conditions could also be that most jobs in tourism in Iceland are on a seasonal basis, that is supply of jobs is the most in the summer time which could cause the atmosphere and social relations in the workplace to be more enjoyable than it would be in the colder and darker winter months. The mood in the workplace could therefore become some kind of a seasonal celebration and affect the satisfaction of the work and even working conditions in a positive way.

The difference between the two groups when it came to the image construct was quite outstanding and interesting to look at. Questions behind this factor were concerning the perceived image of the company respondents' work for and if they were proud to communicate where they worked. These results could be attributed to the public discussion in Iceland today where tourism has been in constant growth for the past few years and the forecast is that the upswing will continue. It might be inferred that even though recreation companies are not the sole contributors to tourism

revenues, their operations play a significant role in creating the image of Iceland being so popular by international travelers. The rise of the tourism sector could be interpreted as some kind of resurrection and hence, making people within the sector proud of being a part of that development.

It is very interesting to note that employees in recreation tourism companies are willing to commit to their current employer and make an effort at work (high commitment) but are less likely than employees in general to stay loyal to their employer in the long run. This might be due to the fact that according to the theory, people today make rapid job change and are less willing to make a long-term commitment to a single organization but can be committed and hard working nonetheless. In order to motivate employees to be loyal to their employer and make a future career within tourism, it is important to keep in mind that employee's job satisfaction, commitment and motivation is best controlled with rewards. If those rewards should be extrinsic or intrinsic is a matter of judgment in each case, but since cost of hiring and training new staff is high, increasing and amending rewards to get talented people to stay and engage in a career in tourism should contribute to growth of revenue and profitability in the end.

In a research like this one, where respondents are asked to rate statements about their conditions and opinions at work, they are making a subjective assessment and therefore could be biased for some reason or perhaps influenced by spillover effects from other questions or feelings about the subject in question. A spillover effect could for example be that the company they work for has recently received some kind of recognition (e.g. rewards) from the community or authorities and as a result, the respondent rates his or her work more positively. This will then affect other aspects of his responses, for example the satisfaction with salaries and benefits. This particular employee could as a result, feel more committed and determined to keep working for the company and therefore, making the spillover effects yield a positive outcome for both the employee and the employer.

When looking at employees' seniority it is interesting to see the tendency that few people (8%) wish to leave their organization in the nearest future, or in the next 12 months. This agrees with the results showing that employees in tourism organizations are happier with their work and working conditions than employees in general. They are also more committed and think highly of the company they work for (the image construct).

The results from the open ended question about which single factor would most improve employee's performance and job satisfaction show that even though the majority of respondents report higher satisfaction with salary and benefits, a higher salary is the most frequent answer given to suggest improvements. It is important though, to keep in mind that the frequency of each factor is not high (from two to ten) and one should therefore be careful not to read too much into these results. Furthermore, it was an optional question and if people were happy with their salaries, perhaps they were less motivated to point at some factors to improve their performance and job satisfaction.

## Conclusion

This study is, to the researcher's best knowledge, the first one in Iceland comparing job satisfaction of employees of recreation tourism companies to job satisfaction of employees in general. As such, it adds to the knowledge about what makes employees in tourism recreation companies happy and where opportunities for HRM lies to attract and retain employees within the industry.

The main results were that employees of recreation tourism companies did feel happier about four out of eight impact factors of job satisfaction and one out of two derivative factors according to the model of IEI. However, they did not report higher on global job satisfaction than employees in general. Nevertheless, they were more satisfied with several constructs within the IEI such as work and working conditions as well as salary and benefits. Furthermore, employees of recreation tourism companies reported more commitment than employees in general as well as rating higher on the image construct, which indicates that they are proud to be employed within the recreation tourism sector.

What this means in terms of practical implication for managers in recreation tourism companies in Iceland is that attraction and retention of high quality workforce is vital to be able to stand up to the quality demands of tourists coming to Iceland. It is also clear that due to the seasonal operations, it will always be hard to keep organizations fully and properly staffed with the right talent all year around. It is therefore of great importance for managers of recreation companies to be aware of the level of job satisfaction of their employees in order to be able to manage and retain talent for their organizations. In addition, attention should be turned to the existing problem of poor work-life balance and find ways to diminish this problem as much as possible. By creating and advertising career paths within their companies and even for the whole tourism sector, it could make a difference in attracting and retaining the talent needed to maintain the growth of the tourism industry.

As with all self-reported surveys, there are various limitations to this study. This study is based on quantitative data from a questionnaire and does therefore not include in depth information as could be attained with interviews or other qualitative research methods. The results can therefore only give an overview of the job satisfaction and other attitudes of employees in recreation tourism companies. Another aspect is the difference between the two groups that were being compared. The comparison group consisted of a total of 5.813 respondents from 87 organizations and data was collected

over a period of ten years including the years before the financial crisis in 2008. Furthermore, the comparison group included both employees working in the private as well as the public sector in Iceland whereas the employees of recreation tourism companies represent a single sector within the tourism and data was collected during a period of 15 days.

The results from this study offer certain evidence to support further exploration of the job satisfaction within the tourism sector in Iceland. A study with quantitative research method as well as in depth interviews with employees would be feasible in order to better understand the extrinsic and intrinsic motivation and job satisfaction. The inclusion of other sectors within the tourism (accommodation providers, transportation, restaurants, and travel agencies) would also be very interesting given the vast diversity of the tourism industry.

This study gives an insight into the job satisfaction of recreation tourism companies in Iceland and could give employers in the field a reason to pay more attention to how they plan to attract and retain talent to their organizations. It can be concluded that sustaining high job satisfaction could be the key for the tourism to maintain its status of being one of the most important sectors for the Icelandic economy in the years to come.

## Appendix A – List of Recreation Companies

**Recreation toursim companies - Members of The Icelandic Tourist Association** 

AdventureBox Laxnes Horse Farm

Airport Whale Watching Iceland Malarhorn

Amazingtours ehf Mountaineers of Iceland Ambassador ehf Mývatn Nature Baths

Arcanum Adventure Tours

Arctic Adventures

ArtTravel ehf.

Álfheimar Guesthouse

North Sailing

Papeyjarferðir

Photographic Tours

Reykjavík Excursions

Blue Lagoon Ribsafari ehf Borea Adventures Saga Travel

Boreal ehf Salka Whale Watching

DIVE.IS Sealwatching
Dogsledding Iceland Seatours

Elding Whale Watching Skemmtigarðurinn í Grafarvogi

Gentle Giants
Glacier Lagoon
Glacier Lagoon
Glacierjeeps - Ice & Adventure
Gljúfrasteinn
Harpa Concert Halla and Conference
Snowmobile.is
Special Tours
Sport Tours
Sterna Travel ehf.
Superjeep ehf.
Tanni Travel

Hestasport - Activity Tours

The Geothermal Energy Exhibition

Hike & Bike

The Húsavík Whale Museum

Taxi -no 17.com

Iceland Ocean ToursThe Icelandic HorseIceland ProTravel Island ehf.The Settlement Centre

Icelandic Mountain Guides Travis ehf.
Íshestar - Riding Tours in Iceland
Island Cruises Viking tours

Jöklasetrið Höfn Vogafjós Cowshed-Café

Kálfholt - Riding Tours Volcano Horses Laugarvatn Fontana ehf. Volcano House

Hekluhestar

## List of references

- Aaker, D. A., Kumar, V., Leone, R. P., & Day, G. S. (2013). *Marketing research*. Hoboken, NJ: Wiley.
- Afbreying. (n.d.). In *Ordabok.is*. Retrieved from http://www.ordabok.is
- Afþreyingarferðamennska. (n.d.). In *Ordabok.is*. Retrieved from http://www.ordabok.is
- Afbreyingarfyrirtæki. (n.d.). In *Ordabok.is*. Retrieved from http://www.ordabok.is
- Baum, T. (2006). *Human resource management for tourism, hospitality and leisure: an International perspective*. London: Thomson Learning.
- Baum, T. (2007). Human resources in tourism: Still waiting for change. *Tourism Management*, 28(6), 1383–1399. doi:10.1016/j.tourman.2007.04.005
- Baum, T. (2008). Implications of hospitality and tourism labour markets for talent management strategies. *International Journal of Contemporary Hospitality Management*, 20(7), 720–729. doi:10.1108/09596110810897574
- Baum, T. (2012). Human resource management in tourism: a small island perspective. *International Journal of Culture, Tourism and Hospitality Research*, 6(2), 124–132. doi:10.1108/17506181211233054
- Candela, G., & Figini, P. (2012). *The economics of tourism destinations*. Berlin; London: Springer. Retrieved from http://site.ebrary.com/id/10653202
- Carpenter, M. A., Bauer, T., & Erdogan, B. (2010). *Principles of management 1.1*. Irvington, NY: Flat World Knowledge.
- Deery, M. (2008). Talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 20(7), 792–806. doi:10.1108/09596110810897619
- Earnings in the private sector by occupational group [table]. (n.d.). *Statistics Iceland*. Retrieved April 20, 2014, from http://www.statice.is/?PageID=1188&src=https://rannsokn.hagstofa.is/pxen/Dial og/varval.asp?ma=VIN02010%26ti=Earnings+in+the+private+sector+by+occup ational+group+and+sex+1998-2013++++++++++++++++++%26path=../Database/vinnumarkadur/fulllaun/%26la ng=1%26units=Thousand%20ISK
- Einarsdóttir, A. (2007). Áhrifavaldar starfsánægju og hvatningar. In I. Hannibalsson (Ed.), *Rannsóknir í félagsvísindum VII* (pp. 39–50). Reykjavík: Félagsvísindastofnun Háskóla Íslands. Retrieved from http://skemman.is/stream/get/1946/8479/20269/1/vidskiptabok\_2007.pdf
- Einarsdóttir, A., & Stefánsdóttir, S. Þ. (2008). Lýðfræðilegir áhrifaþættir starfsánægju á Íslandi. In I. Hannibalsson (Ed.), *Rannsóknir í félagsvísindum IX* (pp. 27–40). Reykjavík: Félagsvísindastofnun Háskóla Íslands. Retrieved from http://fel.hi.is/sites/fel.hi.is/files/slideshow/vidskiptabok%202008.pdf

44

Einarsdóttir, A., & Stefánsdóttir, S. Þ. (2009). *Starfsmannastjórnun. Handbók fyrir stjórnendur*. Reykjavík: The Icelandic Tourist Industry Association. Retrieved from

- http://is02.ecweb.is/saf/upload/files/pdf/utgafa\_saf/stjornendahandbok/starfsman nahandbok samsett loka.pdf
- Eskildsen, J. K., & Kristensen, K. (2006). Enhancing importance-performance analysis. *International Journal of Productivity and Performance Management*, *55*(1), 40–60. doi:10.1108/17410400610635499
- Export of goods and services [table]. (n.d.). *Statistics Iceland*. Retrieved April 20, 2014, from
  - http://www.statice.is/?PageID=2269&src=https://rannsokn.hagstofa.is/pxen/Dial og/varval.asp?ma=UTA05001%26ti=Major+items+of+the+exports+of+goods+a nd+services+2009-
  - 2013++++++%26path=../Database/utanrikisverslun/voruthjonusta/%26lang=1%26units=Million%20ISK
- Fareed, Z., Abidan, Z. U., Shahzad, F., e Amen, U., & Lodhi, R. N. (2013). The Impact of Rewards on Employee's Job Performance and Job Satisfaction. *Management and Administrative Sciences Review*, 2(5), 431–442.
- Fjöldi ferðamanna. (n.d.). *Icelandic Tourist Board*. Retrieved February 9, 2014, from http://www.ferdamalastofa.is/is/tolur-og-utgafur/fjoldi-ferdamanna
- Franch, M., Martini, U., Buffa, F., & Parisi, G. (2008). 4L tourism (landscape, leisure, learning and limit): responding to new motivations and expectations of tourists to improve the competitiveness of Alpine destinations in a sustainable way. *Tourism Review*, 63(1), 4–14. doi:10.1108/16605370810861008
- Goeldner, C. R. (2006). *Tourism: principles, practices, philosophies* (10th ed.). Hoboken, N.J: J. Wiley.
- Gren, M., & Gunnarsdóttir, G. Þ. (2008). On images in tourism studies and of Iceland as a tourism destination. In Ingjaldur Hannibalsson (Ed.), *Rannsóknir í félagsvísindum IX* (pp. 427–439). Reykjavík: Félagsvísindastofnun Háskóla Íslands. Retrieved from http://www.rmf.is/files/pdf/tjodarspegill/2008/2008\_MG\_GTHG.pdf
- Han, D., & Su, X. (2011). Managing Generation Y: Recruiting and Motivating, 1–4. doi:10.1109/ICMSS.2011.5998114
- Herzberg, F., Mausner, B., & Snyderman, B. B. (1993). *The motivation to work*. New Brunswick, N.J., U.S.A: Transaction Publishers.
- Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser, J., W. Earl, & Schlesinger, L. A. (2008). Putting the Service-Profit Chain to Work. *Harvard Business Review*, 86(7/8), 118–129.
- Icelandic Tourist Board. (2012). *International Visitors in Iceland Visitor Survey*Summer 2011. Retrieved from

  http://www.ferdamalastofa.is/static/files/upload/files/Erlendir%20gestir\_2011\_1
  0\_English\_final2.pdf

Icelandic Tourist Board. (2014). Ferðamönnum fjölgaði um 134 þúsund árið 2013. Ferðamálastofa. Retrieved February 9, 2014, from http://www.ferdamalastofa.is/is/umferdamalastofu/frettir/getAllItems/1/ferdamonnum-fjolgadi-um-134-thusund-arid-2013

- International Labour Organization. (2010). *Developments and challenges in the hospitality and tourism sector*. Geneva: International Labour Organization.
- International tourism exceeds expectations with arrivals up by 52 million in 2013. (2014). *World Tourism Organization UNWTO*. Retrieved February 2, 2014, from http://media.unwto.org/press-release/2014-01-20/international-tourism-exceeds-expectations-arrivals-52-million-2013
- iOpener Institute. (2012). *Job Fulfilment, not Pay, Retains Generation Y Talent*.

  Retrieved from http://www.iopenerinstitute.com/media/73185/iopener\_institute\_gen\_y\_report.pdf
- Job. (n.d.). In Merriam-Webster.com. Retrieved from http://www.merriam-webster.com
- Jolliffe, L., & Farnsworth, R. (2003). Seasonality in tourism employment: human resource challenges. *International Journal of Contemporary Hospitality Management*, 15(6), 312–316. doi:10.1108/09596110310488140
- Jónsdóttir, R. (2013). *Virðisauki í ferðaþjónustu Kortlagning og samstarfsmótun*. Gekon. Retrieved from http://www.icelandtourism.is/files/ferdamalaskyrsla-net-2-utgafa-nov2013.pdf
- Kara, D., Uysal, M., & Magnini, V. P. (2012). Gender differences on job satisfaction of the five-star hotel employees: The case of the Turkish hotel industry. *International Journal of Contemporary Hospitality Management*, 24(7), 1047– 1065. doi:10.1108/09596111211258919
- Khalilzadeh, J., Chiappa, G. D., Jafari, J., & Borujeni, H. Z. (2013). Methodological approaches to job satisfaction measurement in hospitality firms. *International Journal of Contemporary Hospitality Management*, *25*(6), 865–882. doi:10.1108/IJCHM-05-2012-0067
- Kusluvan, S. (2003a). Characterstics of employment and human resource management in the tourism and hospitality industry. In S. Kusluvan (Ed.), *Managing employee attitudes and behaviors in the tourism and hospitality industry* (pp. 3–24). New York: Nova Science Publishers.
- Kusluvan, S. (2003b). Employee attitudes and behaviors and their roles for tourism and hspitality businesses. In S. Kusluvan (Ed.), *Managing employee attitudes and behaviors in the tourism and hospitality industry* (pp. 25–50). New York: Nova Science Publishers.
- Kusluvan, S., & Kusluvan, Z. (2003). Perceptions and Attitudes of Undergraduate Tourism Students towards Working in the Tourism and Hospitality Industry in a Developing Economy. In S. Kusluvan (Ed.), *Managing Employee Attitudes and*

- *Behaviors in the Tourism and Hospitality Industry* (pp. 77–98). New York: Nova Science Publishers.
- Kusluvan, S., Kusluvan, Z., Ilhan, I., & Buyruk, L. (2010). The Human Dimension: A Review of Human Resources Management Issues in the Tourism and Hospitality Industry. *Cornell Hospitality Quarterly*, *51*(2), 171–214. doi:10.1177/1938965510362871
- Ladkin, A. (2011). Exploring tourism labor. *Annals of Tourism Research*, *38*(3), 1135–1155. doi:10.1016/j.annals.2011.03.010
- Lee-Ross, D. (2010). *Human resources and tourism: skills, culture and industry*. Bristol; Buffalo: Channel View Publications.
- Leisure. (n.d.). In *Oxforddictionaries.com*. Retrieved from http://www.oxforddictionaries.com
- Lundberg, C., Gudmundson, A., & Andersson, T. D. (2009). Herzberg's Two-Factor Theory of work motivation tested empirically on seasonal workers in hospitality and tourism. *Tourism Management*, *30*(6), 890–899. doi:10.1016/j.tourman.2008.12.003
- Nickson, D. (2007). *Human resource management for the hospitality and tourism industries*. Oxford; Burlington, MA: Butterworth-Heinemann.
- Óladóttir, O. Þ. (2013). *Tourism In Iceland In Figures*. Icelandic Tourist Board. Retrieved from http://www.ferdamalastofa.is/static/files/ferdamalastofa/talnaefni/tourism-in-iceland-in-figures-april-2013.pdf
- Óladóttir, O. Þ. (2014). *Tourism in Iceland in Figures April 2014*. Icelandic Tourist Board. Retrieved from http://www.ferdamalastofa.is/static/files/ferdamalastofa/Frettamyndir/2014/mai/t oursim in icland infigf2014.pdf
- Pallant, J. (2010). SPSS survival manual: a step by step guide to data analysis using SPSS, 4th edition. Maidenhead; New York: McGraw Hill.
- Paxson, M. C. (2003). Organizational Commitment in Tourism and Hospitality Organizations. In S. Kusluvan (Ed.), *Managing employee attitudes and behaviors in the tourism and hospitality industry* (pp. 523–557). New York: Nova Science Publishers.
- Petty, R. E., Wegener, D. T., & Fabrigar, L. R. (1997). Attitudes and attitude change. *Annual Review of Psychology*, 48(1), 609–647. doi:10.1146/annurev.psych.48.1.609
- Phillips, J., & Gully, S. M. (2012). *Organizational behavior: tools for success*. Mason, OH: South-Western Cengage Learning.
- Ryan, C. (2003). *Recreational tourism: demand and impacts*. Clevedon, England; Buffalo [N.Y.]: Channel View Publications.

Saari, L. M., & Judge, T. A. (2004). Employee attitudes and job satisfaction. *Human Resource Management*, 43(4), 395–407. doi:10.1002/hrm.20032

- SAF Policy. (n.d.). *SAF*. Retrieved April 19, 2014, from http://www.saf.is/en/english-saf-policy/
- Samið um gerð ferðaþjónustureikninga. (2014). *Icelandic Tourist Board*. Retrieved April 24, 2014, from http://www.ferdamalastofa.is/is/umferdamalastofu/frettir/samid-um-gerd-ferdathjonustureikninga
- Sarwar, S., & Abugre, J. (2013). The Influence of Rewards and Job Satisfaction on Employees in the Service Industry. *The Business and Management Review*, 3(2), 23–32.
- Satisfaction. (n.d.). In *Merriam-Webster.com*. Retrieved from http://www.merriam-webster.com
- Szivas, E., Riley, M., & Airey, D. (2003). Labor mobility into tourism. *Annals of Tourism Research*, *30*(1), 64–76. doi:10.1016/S0160-7383(02)00036-1
- The Boston Consulting Group. (2013). *Northern Sights: The future of tourism in Iceland*. Retrieved from http://www.icelandictourism.is/servlet/file/store36/item699669/version1/Report %20from%20BCG%20on%20the%20Future%20of%20Tourism%20in%20Icela nd.pdf
- Tourism employment ratio [table]. (n.d.). *Statistics Iceland*. Retrieved April 20, 2014, from http://statice.is/?PageID=1512&src=https://rannsokn.hagstofa.is/pxen/Dialog/varval.asp?ma=SAM08113%26ti=Employment+in+tourism+2000%2D2009+%26path=../Database/ferdamal/ferdaidnadur/%26lang=1%26units=Number/percentage
- Tourism Industry Iceland's Largest Export Product. (2014). *Icelandic Tourist Board*. Retrieved April 22, 2014, from http://www.ferdamalastofa.is/en/moya/news/tourism-industry-iceland-s-largest-export-product
- Understanding Tourism: Basic Glossary. (n.d.). *World Tourism Organization UNWTO*. Retrieved April 21, 2014, from http://media.unwto.org/content/understanding-tourism-basic-glossary
- UNWTO. (2013). *UNWTO Annual Report 2012*. Madrid: World Tourism Organization. Retrieved from http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/annual\_report\_2012.pdf
- Vogt, W. P. (2007). *Quantitative research methods for professionals*. Boston, MA: Pearson/Allyn and Bacon.
- Warr, P. B. (2007). *Work, happiness, and unhappiness*. Mahwah, N.J: Lawrence Erlbaum Associates.

Westover, J. H., & Taylor, J. (2010). International differences in job satisfaction: The effects of public service motivation, rewards and work relations. *International Journal of Productivity and Performance Management*, *59*(8), 811–828. doi:10.1108/17410401011089481

- Who we are. (n.d.). *World Tourism Organization UNWTO*. Retrieved March 22, 2014, from http://www2.unwto.org/content/who-we-are-0
- Why Tourism? (n.d.). *World Tourism Organization UNWTO*. Retrieved January 28, 2014, from http://www2.unwto.org/content/why-tourism
- Wood, R. C. (2003). The status of tourism employment. In S. Kusluvan (Ed.), *Managing employee attitudes and behaviors in the tourism and hospitality industry* (pp. 53–76). New York: Nova Science Publishers.
- World Tourism Organization. (2014). *Glossary of tourism terms*. Retrieved from https://s3-eu-west-1.amazonaws.com/staticunwto/Statistics/Glossary+of+terms.pdf
- World Travel & Tourism Council. (2014a). *Travel & Tourism Economic Impact 2014 Iceland*. London. Retrieved from http://www.wttc.org/site\_media/uploads/downloads/iceland2014.pdf
- World Travel & Tourism Council. (2014b). *Travel & Tourism Economic Impact 2014 World*. Retrieved from http://www.wttc.org/site\_media/uploads/downloads/world2014.pdf
- World Travel & Tourism Council. (2014c). WTTC Travel & Tourism League Table Summary 2014. Retrieved from http://wttc.org/site\_media/uploads/downloads/NewLeaguetablesummarybase120 .pdf