To the Graduate Council:

I am submitting herewith a thesis written by Amy L. Spann entitled "Economic Employment Opportunities in a Tourism Community: A Case Study of Sevierville, Pigeon Forge, and Gatlinburg, Tennessee." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science in Planning.

George Bowen, Major Professor

We have read this thesis and recommend its acceptance:

Accepted for the Council:

Associate Vice Chancellor and
Dean of the Graduate School

Economic Employment Opportunities in a Tourism Community: A Case Study of Sevierville, Pigeon Forge, and Gatlinburg, Tennessee

A Thesis
Presented for the
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Degree
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Abstract

In this study, the economic employment benefits of hotel and restaurant employment in a tourism community were examined. A survey of randomly selected hotels and restaurants was undertaken in Sevierville, Pigeon Forge, and Gatlinburg, Tennessee to address the research question: What economic employment opportunities do hotels and restaurants offer employees in a tourism community? The survey determined that jobs are plentiful in an area that before the emergence of tourism had a significantly high unemployment rate. Tourism employment in this area offers the workforce a choice of job alternatives. In general, while wage rates were competitive, employers did not offer many fringe benefits. To maintain the well-being of the workforce, the local governments of Sevierville, Pigeon Forge, and Gatlinburg because of their devotion to tourism development, must work together to provide opportunities besides competitive wage rates that will benefit their citizens. The success of tourism is directly related to the quality, well being, and industriousness of its workforce, and therefore, the benefits extended to the workforce should be considered a serious matter if the community is to prosper.

Preface

After a summer abroad in Portugal studying tourism, the author became enchanted with tourism and its tremendous impact on local economic development. After doing some research, she realized that little information has been gathered on the specific employment opportunities that tourism creates for a community outside of the number of jobs that are created. Furthermore, the study was undertaken in a systematic fashion that attempted to address the research question. Through this research questions that sprout beyond the root and scope of the thesis have emerged that are equally important to the study of tourism but were unable to be addressed here.

Chapter One discusses the research question and scope of the thesis while also providing an overview of tourism, hotels and restaurants, and the beginning of tourism in Sevier County.

Chapter Two addresses the current conditions of the labor force in Sevier County. In addition, it also attempts to discuss other demographic data pertinient to tourism employment.

Chapter Three and Four present results of the case study. Chapter Three describes the methodology and summarizes the results of the survey. This chapter is a compilation of 44 interviews of hotels and restaurant establishments. Chapter Four draws conclusions from the survey results and addresses the answer to the research question.

Finally, Chapter Five summarizes the entire study, identifies and answers the research question, and offers an agenda for further research.

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Chapter 1

Tourism in Sevier County

Introduction

With its location adjacent to the Great Smoky Mountains National Park, Sevier County has become a target area for tourists as they travel to the mountains. Tourist type businesses have located in Sevier County in an attempt to capture the tourists' dollars officially bringing the tourism industry into Sevier County.

Purpose

While most studies related to tourism have examined the tourist industry as it relates to the local economy as a whole, the types of industries that attract tourists, the multiplier effect of tourism, and the benefits of tourism to a local economy, this thesis seeks to examine the economic employment opportunities that hotels and restaurants offer as a result of tourism employment in Sevier County.

Research Question and Scope:

What economic employment opportunities do hotels and restaurants offer their employees in Sevier County?

This thesis investigates hotel and restaurant characteristics in a tourist attraction area. Questions that address wage rates, types of positions, education attainment, peak season, and benefits will be examined to answer the research question. The thesis will discuss tourism attributes, hotel and restaurant characteristics, the evolution of tourism, and tourism employment trends in the hotel and restaurant industries in Sevier County.

Tourism

According to Mathieson, studying people away from their usual environment, the establishments that respond to people when they are away, and the impacts that these outsiders have on the economic, physical, and social well-being of their hosts is the study of tourism (1). Tourism, in advanced industrial nations, accounts for an average of 6.3% of the gross national product (GNP) (Lundberg 42). Therefore, understanding the roles and the impacts that tourism has in the economy is vital for the adequate planning of future development.

Tourism is a leading economic and social force throughout the world. According to the World Tourism Organization, an affiliate of the United Nations, "Tourism is the world's largest industry. Worldwide, 127 million people work in the industry" (Lundberg 3). According to the World Travel and Tourism Council (WTTC), by 2006, it is predicted that the travel and tourism industry will create 130 million new jobs, a rate of one new job every 2.4 seconds (8). In addition,

statistics state that "for every one million dollars of revenue generated by the industry, 20,000 new jobs are created" (Lundberg 3).

Tourism is one of the largest and fastest growing industries in the world (Murphy 5). There are no products that are shipped, but goods and services are produced and marketed to non resident customers making tourism an export (Murphy 28). Therefore, as tourism in a community develops, a community starts to depend on the income generated from tourists to pay for imported goods and its taxes (Murphy 89). The emphasis on the economics of tourism, especially its benefits, reflects the widespread belief that tourism can yield rapid and substantial returns on investments and be a positive force in remedying economic problems (Mathieson 36).

The impact of tourism on local economies has resulted in the tourism industry becoming a major economic factor and social-cultural force throughout the world. As Remington and Escoffier convey, emphasis on the economic debate of tourism has been taken not from the standpoint of tourism's importance to society, but rather on its positive versus negative socio-economic effects (19). As a result, there is little research on the impacts that tourism has on a local economy in terms of the types of employment opportunities that tourism offers.

With the surge of tourism after World War II, researchers began studying tourism. By 1960, economists had begun to realize that "tourism may be an economic boon to otherwise undeveloped economies" (Remington and Escoffier 20). The development of Cozumel and Cancun as major tourist attractions by the government of Mexico using funds from the World Bank showed how

economically impaired communities could be developed into the ideal location: "an area with high employment and a higher living standard, all fueled by a relatively clean industry," (Remington and Escoffier 20). What seemed impossible was attainable, "economic advancement with little, if any, cultural or environmental harm" (20).

One reason for the positive versus the negative comparison of tourism is the enormous amount of assets and expenditures that are attributed to it. The Travel Industry Association of America estimates that tourism activity created 6.3 million direct jobs with a payroll of $110 billion. The World Travel and Tourism Council states that travel and tourism accounted for 11.4 percent of the workforce in the United States in 1994. In addition to the extensive data of expenditures and revenue generated by tourism, supporters of tourism development also contend that " tourism not only can help a city sharpen its external image and attract new businesses, but can improve the quality of life for people who live there" (Ware 100).

Secretary of Commerce Ron Brown was a strong and ardent supporter of the travel industry recognizing that in addition to its contributions to the American economy, the travel industry also played an important role in "providing jobs to those who often are denied entry into the economic mainstream because of racial, ethnic, or language barriers" (Hotel and Motel Management 43).

Hotels and Restaurants

Many critics of tourism assume that jobs created by tourism are mostly service sector jobs indicating that in general, wages tend to be lower and work hours tend to be long. The service sector, however, is one of the fastest growing sectors of the economy. It is estimated that beyond 2020 tourism jobs will be the largest industry (Bowen). According to Ohlin and West in 1993, many of the jobs expected to have the most openings between 1986 and 2000 are in service sector work that requires little education and offers little opportunity for career development (324). Agnes Gorham, East Tennessee Director of Heritage and Community Tourism Development indicates, however, that these types of jobs [versus manufacturing or manual labor] do offer a high quality of life which is "very difficult to measure" (Gorham). In addition, she also notes that when tourism planning is undertaken, extensive capital investments are made and trained professionals are needed to oversee the investments. As a result, there are many people who are in middle management jobs (Gorham).

The largest employment group within the tourism industry, however, as Remington and Escoffier indicate is hotels-an essential element of which sustainable tourism growth has been dependent (21). Eating and drinking places are also essential. Without a place to stay, travelers are just transient visitors who quickly take their money elsewhere. The American Hotel and Motel Association reports that the lodging industry took in almost $66 billion in 1994. According to the National Restaurant Association, there were in 1994, 9.4 million

persons employed in the food service industry and the number is expected to reach 12.4 million in the next decade. Furthermore, as illustrated by the facts and figures presented, tourism is a growing industry and its benefits are expressed both directly and indirectly.

The quality of employment within the tourism industry varies. As stated earlier, direct and indirect employment opportunities are created, however, critics of the tourism industry argue as Choy indicates that "tourism provides primarily low paying, low-skilled jobs which are demeaning" (129). Choy reviewed the State of Hawaii's Department of Labor and Industrial Relations occupational employment statistics and surveyed tourism employees to examine the quality of tourism employment. His conclusions from that study suggested that the perception that tourism employment offers mostly low paying jobs is most likely due to the high proportions of hospitality workers who are in service occupations. He concluded that "a significant proportion of these workers, however, are in supervisory or skilled positions" (136). Furthermore, the results of Choy's study indicate that the perceptions and types of employment introduced by tourism are different than reality.

Tourism in Sevier County

Despite the fact that there were a few resort hotels that attracted the social elite, the Smoky Mountain Historical Society notes that by 1900 "the traditional life

was still dominant and change seemed very far away" (1-3). Martin also concedes that although tourists arrived in Sevier County in the 1890s, "...tourism did not have a major impact on the local employment pattern until after the establishment of the National Park in 1934" (166). The creation of the National Park created a dramatic change in the region- converting it into a major tourist attraction. With the park came improved roadway accessibility for motoring tourists who no longer comprised the affluent class (Tooman 73).

Gatlinburg: The Beginning of Tourism

Modern tourism in Sevier County began in Gatlinburg, a mountain community that because of its impassable roads, was virtually isolated (Tooman 81). In the early 20th Century, large-scale lumbering presented temporary relief to the area. By 1909, however, the best wood had virtually all been taken, leaving a declining industry (Tooman 81). Logging roads were, however, the first real form of transportation, although limited, that were introduced to the area (Tooman 81).

In 1921, the Pi Beta Phi Settlement School was established to "broaden the restricted lives of these fellow countrymen of theirs" (Tooman 82). The School played a significant role in reviving the mountain crafts and establishing a market for the community's work (Tooman 83). Through this activity, support for the school, income for the community, and the development of a craft industry

were developed. The craft industry, then, increased substantially after the park was created (Tooman 84).

The decline of lumbering, the creation of the park, and better road accessibility were the catalysts for tourist development in this region. The park was established in 1934 and in that same year, U.S. 411 was completed from Knoxville to Gatlinburg giving way to a faster route to the park's entrance (Tooman 85).

Pigeon Forge: Tourism Expansion

The area was subject to slow growth due to the Great Depression and World War II, but after the War, tourism in the area expanded significantly in the late 1940s and early 1950s. Tourism in Gatlinburg, however, is different than that of tourism in Pigeon Forge and Sevierville. Tourism "in Gatlinburg [did] not welcome competition for its customers from 'outsiders' or competition for its labor force from any other industries" (Tooman, 90). As a result, during this period, outside investors attempting to develop in Gatlinburg felt that they had to overcome community obstacles and those who did not own a business were relinquished to taking low paying seasonal jobs in Sevierville or Knoxville (Tooman 90).

Development in Pigeon Forge was spurred to accommodate growth in Gatlinburg. As of 1956, the only attractions in Pigeon Forge were a zoo, a drive-

in theater, two campgrounds, and a golf course for Gatlinburg conventioneers (Tooman 92). The first tremendous push towards development in Pigeon Forge, however, came in 1982 as a consequence of the Worlds Fair which was held in Knoxville. In 1980, 78 motel units were added, and in 1981 none were built. By 1982, 887 units were constructed, a 48% increase. Through the 1980s a rapid period of growth occurred. The theme park of what is now Dollywood was renovated and "experimental" outlet malls were also built (Tooman 94).

By 1993 in Pigeon Forge, 62 motels supplying 5,807 units and 371 units in chalet and cottage enterprises were established that could provide nightly accommodations for 35,000 visitors. Construction continues as more lodging units in Pigeon Forge seek to expand the industry.

Sevierville: Continued Expansion

Tooman suggests that "tourist related growth should also continue in the rest of the county as Pigeon Forge becomes overdeveloped and crowded and activity in turn spills over to Sevierville and less developed parts of the county" (98). As a gateway to the park, Sevierville appears to be in the midst of rapid tourist development (Tooman 99). Former Sevierville mayor Judge Gary Wade stated that after the Parkway linking Sevierville and Pigeon Forge was completed, the character of Sevierville changed overnight as tourist type developments began to appear (Wade). In the eight year period from 1988 to

1996, the Sevierville Chamber of Commerce reports that there was an increase of 1,626 lodging rooms. Driving through Sevierville, one can see that the increase in hotel rooms is also indicative of other types of tourist development such as restaurants and shopping. It seems that the evolution of tourism in Sevierville is just getting underway.

Summary

In summary, by the 1970s as tourism began to spread from Gatlinburg and rapidly develop, ownership shifted to outside investors and development started to spread to Pigeon Forge. During the 1980s, growth occurred at a very rapid pace, fueled heavily by outside money, and continues at a swift rate (Tooman 99). This thesis seeks to examine the employment consequences of this rapid tourism development within the hospitality industry.

Chapter 2

Sevier County Demographic Patterns

Introduction

Before the rapid increase of tourism after the 1982 World's Fair and the peak tourism seasons, Sevier County was quite rural. Michal Smith, author of "Behind the Glitter: The Impact of Rural Tourism on Rural Women in the Southeast," describes tourism in Sevier County as a "transformation...where only firsthand observation reveals how the character of an otherwise geographically isolated area has been drastically altered by the influx of travelers" (43). Before tourism, one could probably have a majestic view of the mountains where the sight distance was uninhibited by hotel and restaurant signs or amusements trying to attract children. However, before tourism, one could also observe a rural people who were poverty stricken and desperate for work. This chapter's intent is to identify demographic characteristics that have shaped tourism employment in Sevier County.

Tourism in a small community is a sort of spider web industry. In the center of the web exists the focal point, or attraction that acts as a guidepost. The attraction can be one or many, but usually always starts as one. In Sevier County, the majestic mountains were the attraction and landowners who surrounded the mountains simply capitalized on the natural beauty. Radiating from the center are other enticements which hope to piggyback on the original.

This can be seen in Sevier County where Pigeon Forge radiates from Gatlinburg and from Pigeon Forge-Sevierville.

From this web, direct and indirect employment opportunities are created. Employment opportunities vary by who defines the word opportunity. It seems that any job in a poverty stricken area with a workforce that is trainable would be a positive impact, yet, Smith states that jobs generated by tourism are "unskilled," consist of long work hours, and have minimal job protections. Whereas, other sources contend that tourism is an integral part of the economy. The problem with analyzing tourism's impact, however, as Conaway points out, is that tourism data often focuses on volume versus value which is only an "indirect measure of economic impact" (Conaway 5). While both arguments-positive and negative indicate the strengths and pitfalls of tourism in general, it is important to first recognize the state of the community in order to determine whether or not the jobs have a positive or negative impact on the community.

Tourism employment in Sevier County spurs polar responses as to the benefits of its introduction. Tooman suggests that

> "Ultimately, the apparent introduction of tourism in Gatlinburg provided many farming families with a much needed source of supplemental or primary income to help the characteristically large families get by with decreasing farm resources per capita. Ultimately, many new jobs were created by this growing activity in a poor area where few were readily available otherwise (117).

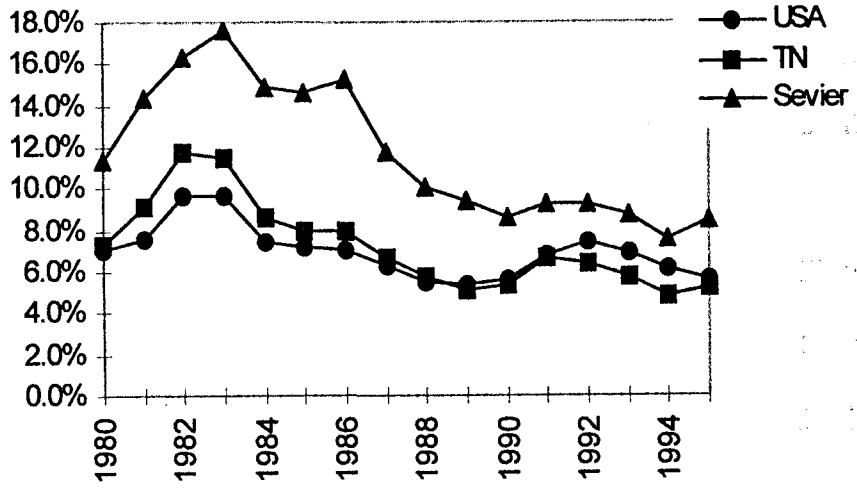
Conversely, Smith conveys that tourism employment offers "unskilled

though physically demanding jobs for which low wages, long hours, minimal job protections, and virtually non-existent benefits are the rule" (45). Direct employment created by tourism are service and retail oriented. Because of their virtual dependance on tourism, these jobs, as are travelers, seasonal resulting in unemployment during the off-peak periods.

Sevier County Demographic Data

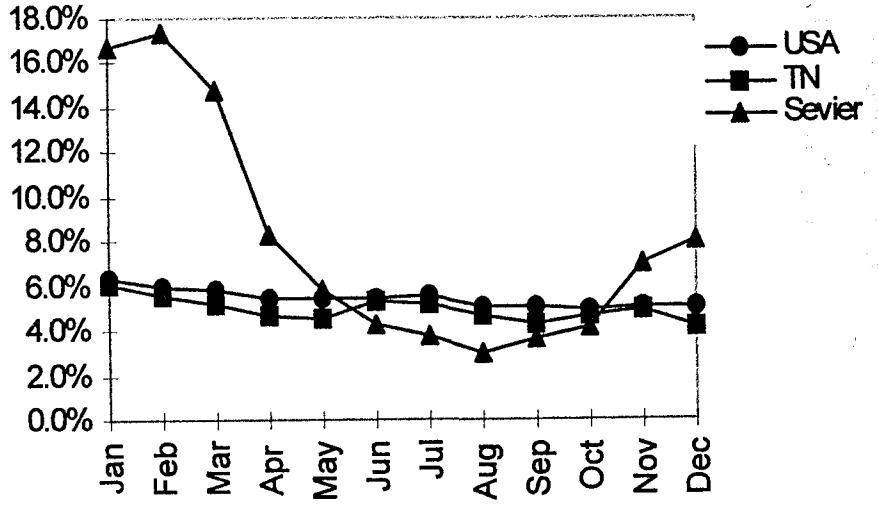
Since the 1982 World's Fair, tourism has helped decrease the unemployment rate in Sevier County. The Tennessee Department of Employment Security's annualized unemployment rates for Sevier County show that in 1980, the unemployment rate was 11.3. For 1995, the annualized rate was 8.5 (Figure 2.1). The graph indicates a steady decline in the annualized unemployment rate, yet the rate is still above state and national averages.

When viewing monthly unemployment rates, however, there is a definite disparity in employment rates throughout the year indicating when the peak season begins and ends (Figure 2.2). Realizing that these periods do cause high unemployment rates, John Jagger, Director of the Tourism Development Agency in Pigeon Forge, noted that they are trying to extend the tourism season into the winter months through a "Winterfest" theme. He noted that this may not solve all of the problems, but it is alleviating some of the unemployment problems (Jagger). At any rate, tourism employment has been the result of a steady decline in the unemployment rate in Sevier County since 1980.



Source: Tennessee Department of Employment Security

Figure 2.1 Annualized Monthly Unemployment Rates

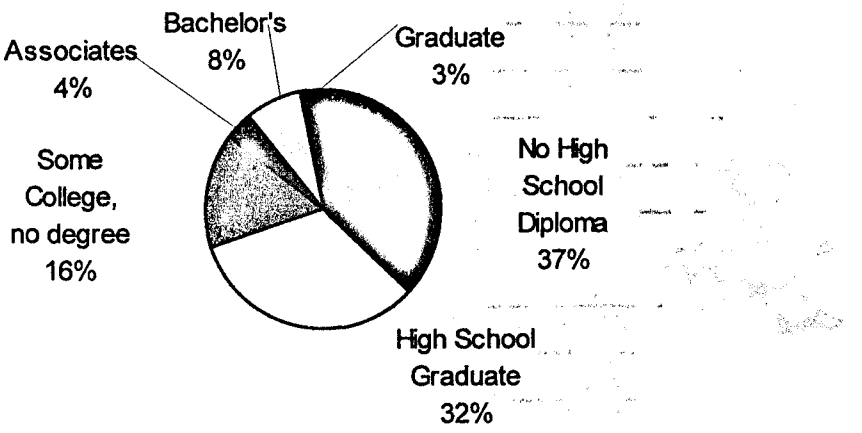


Source: Tennessee Department of Employment Security

Figure 2.2 Unemployment in Sevier County for 1996

As previously stated, Michal Smith indicates that tourism jobs are low paying, backbreaking, and consist of long hours. Yet, there is no real support given to other jobs that would be better and support the labor force in Sevier County. The question is what type of jobs can a community expect to attract given its workforce characteristics.

Within the Sevier county labor force, for those residents age 25 and above according to the 1990 U.S. Census, 32% of Sevier county residents have at least a high school diploma suggesting that the workforce is trained or at the least, trainable (see Figure 2.3).



Source: 1990 U.S. Census

Figure 2.3 Education Attainment in Sevier County

Classifying workers into labor force groups, Table 2.1 shows that the highest percentage of workers exists in what the Census classifies as Precision and Repair. The second highest occupational group is Sales which employs twelve percent of the workforce.

The 1990 Census also classifies workers according to industry. Table 2.2 shows that the largest percentage of workers are in the retail industry.

In 1993, according to County Business Patterns for Tennessee by the U.S. Department of Commerce, nearly half of all employment in Sevier County was in retail (see Figure 2.4). The second largest industry employment sector is service. Combined, retail and service employ 84% of the Sevier County labor force

Table 2.1 1990 U.S. Census Workforce Categories for Sevier County

Occupation	% in that Workforce
Executive, Administration, Managerial	12%
Professional, Specialty	8%
Technician & Related Support	2%
Sales	14%
Administrative Support	12%
Private Household	0%
Protective Service	1%
Service	12%
Farming	2%
Precision & Repair	15%
Machine	8%
Transportation	4%
Handlers	4%

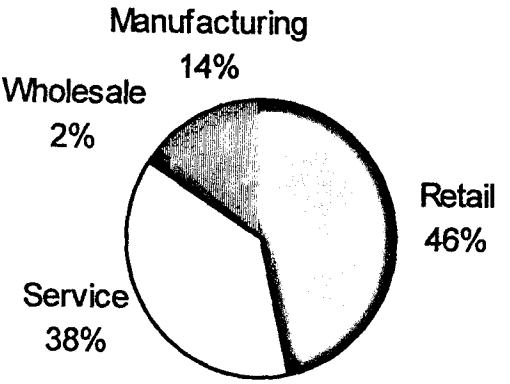
Source: 1990 U.S. Census for Sevier County, Tennessee

Table 2.2 1990 U.S. Census Sevier County Industry Classification

Industry	% in that Indusry
Agriculture	2%
Mining	0%
Construction	10%
Manufuring non-durable	6%
Manufuring durable	10%
Transportation	3%
Commercial & Other Public Utility	2%
Wholesale	3%
Retail	25%
Financial, Insurance, & Real Estate	6%
Business Repair	4%
Personal Service	8%
Entertainment & Recreation	4%
Health	5%
Education	6%
Other Professional	4%
Public Administration	3%

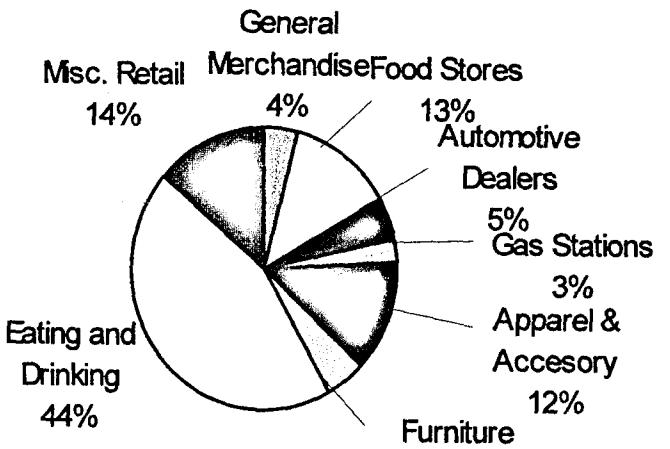
Source: 1990 U.S. Census for Sevier County, Tennessee

The businesses classified in the retail category, as the U.S. Department of Commerce categorizes, are: building materials and garden supplies, general merchandise, food stores, automotive dealers, apparel and accessory, furniture and home furnishings, eating and drinking establishments, drug and proprietary, and miscellaneous retail. For 1993, in Sevier County, eating and drinking establishments comprised roughly 45% of the total retail employment (see Figure 2.5). Data in the categories of building materials and garden supplies and drug and proprietary were not available for 1993.



Source: County Business Patterns 1993, Tennessee: U.S. Department of Commerce.

Figure 2.4 1993 Employees by Sector for Sevier County



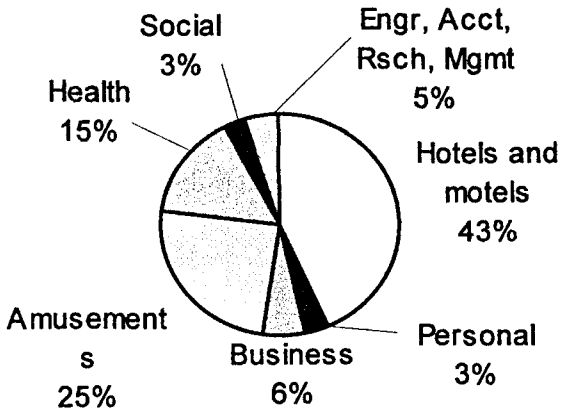
Source: County Business Patterns 1993, Tennessee; U.S. Dept. of Commerce

Figure 2.5 Retail Industry Employment in Sevier County

Included in the service industry are hotels, motels and trailering parks, personal services, business service, automotive repair, miscellaneous repair services, amusement and recreation services, health services except hospitals, legal services, social services, engineering, accounting, research, management, and related services. Figure 2.6 shows the percentage breakdown for 1993 in Sevier County of the service industry.

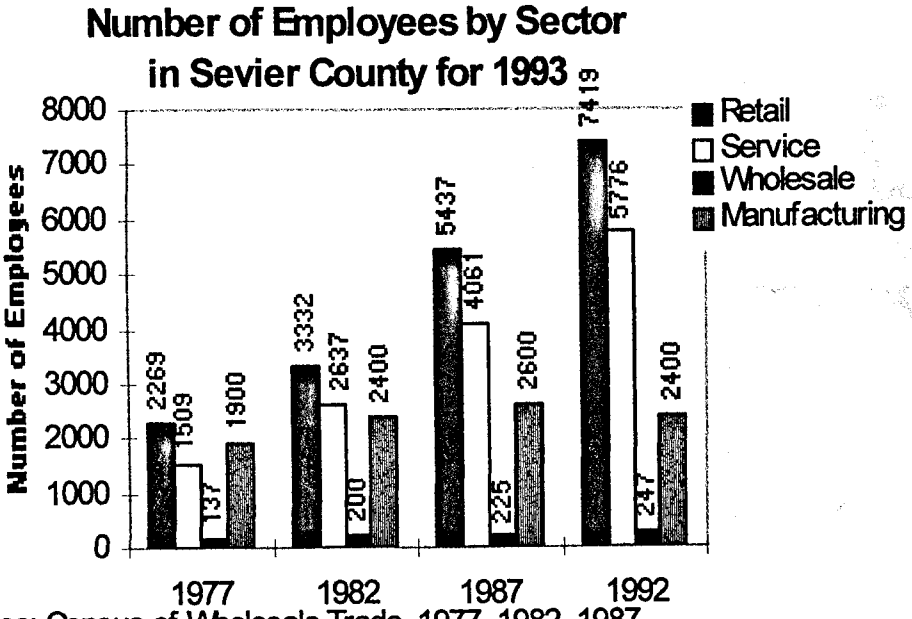
Using a fifteen year period to express employment trends, from 1977 to 1992, according to the U.S. Department of Commerce: Census of Wholesale Trade, a steady increase in the number of employees occurred for retail and service industries, and a steady decrease occurred in the manufacturing sector. In 1977, retail employees comprised 39% of the total, service employees 26%, and manufacturing employees comprised 33%. In 1992, however, 47% were retail employees, 36% service employees, and 15% were manufacturing (see Figure 2.7). The increase in retail and service sector employment more than doubled between 1977 and 1992; thus creating more jobs.

Similarly, annual payroll percentages for retail and service sectors increased while manufacturing percentages decreased. The percentage points of increase, however, are not comparable. From 1977 to 1992, retail and service sector employee percentages increased by nine and thirteen percentage points respectively; whereas manufacturing decreased by eighteen percentage Moreover, the retail and service industries comprise 84% of the total number of employees in the workforce in Sevier county, but comprise only 75% of the



Source: County Business Patterns 1993, Tennessee; U.S. Dept. of Commerce

Figure 2.6 Service Industry Employment in Sevier County



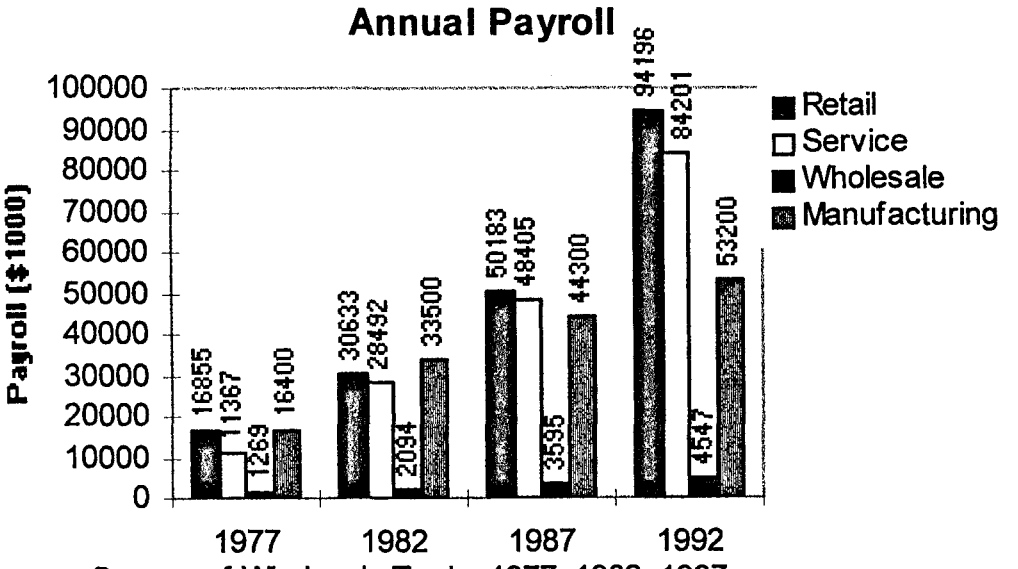
Source: Census of Wholesale Trade, 1977, 1982, 1987, & 1992; U.S. Dept. of Commerce

Figure 2.7 Number of Employees by Sector in Sevier County for 1993

annual payroll in Sevier county (Figure 2.8).

To compare the increase in payroll to the number of employees, a ratio of annual payroll to employees for the ten year period was calculated. The increase in employees and payroll from 1977 to 1992 was consistently in the retail and service sectors. However, the payroll to employee ratio shows that both of these lag behind the wholesale and manufacturing sectors suggesting that the manufacturing and wholesale sectors' wages are considerably higher (Figure 2.9).

While the ratios are insufficient in clarifying employment categories within each of the sectors such as the number of management positions, it is a good indicator of scale considering the percentages of total payroll that the retail and



Source: Census of Wholesale Trade, 1977, 1982, 1987, & 1992; U.S. Dept. of Commerce

Figure 2.8 Annual Payroll By Sector for Sevier County

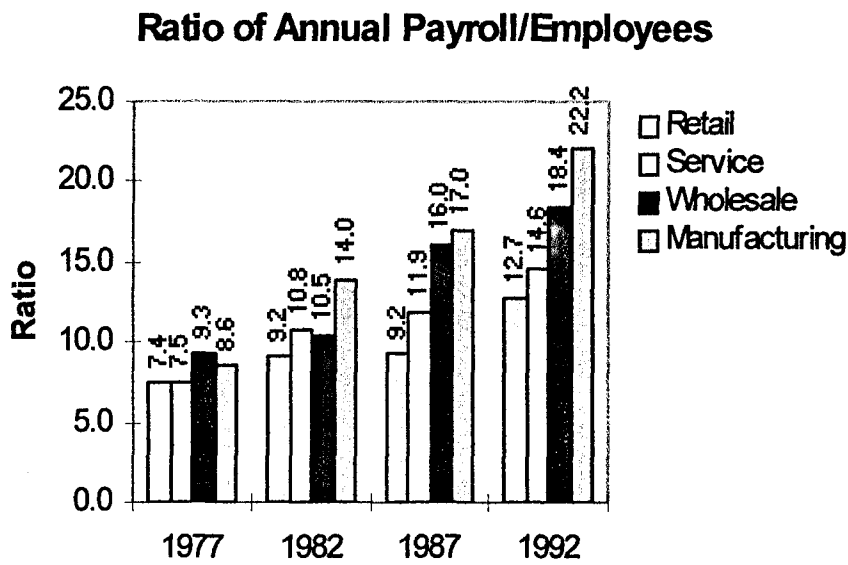


Figure 2.9 Ratio of Payroll to Employee for 15 Year Period by Sector

service sectors comprise (see Figure 2.10).

The annual payroll percentage of the total shown above indicates that manufacturing decreased from 1977 to 1992, whereas retail and service increased. The payroll to employee ratio for retail and service sectors decreased indicating that the increase in payroll and the number of employees did not reflect rising wages as does manufacturing.

Occupational and wage rates for Region 19 in Tennessee which includes Anderson, Blount, Jefferson, Knox, Sevier, and Union Counties collected from Tennessee Office Employment Security indicate that "economic growth, industrial development, and the overall stability of the Tennessee economy depend in part, on the level of workers' real incomes, a figure determined primarily by the wages and fringe benefits provided by employers" (2). The following data, collected from

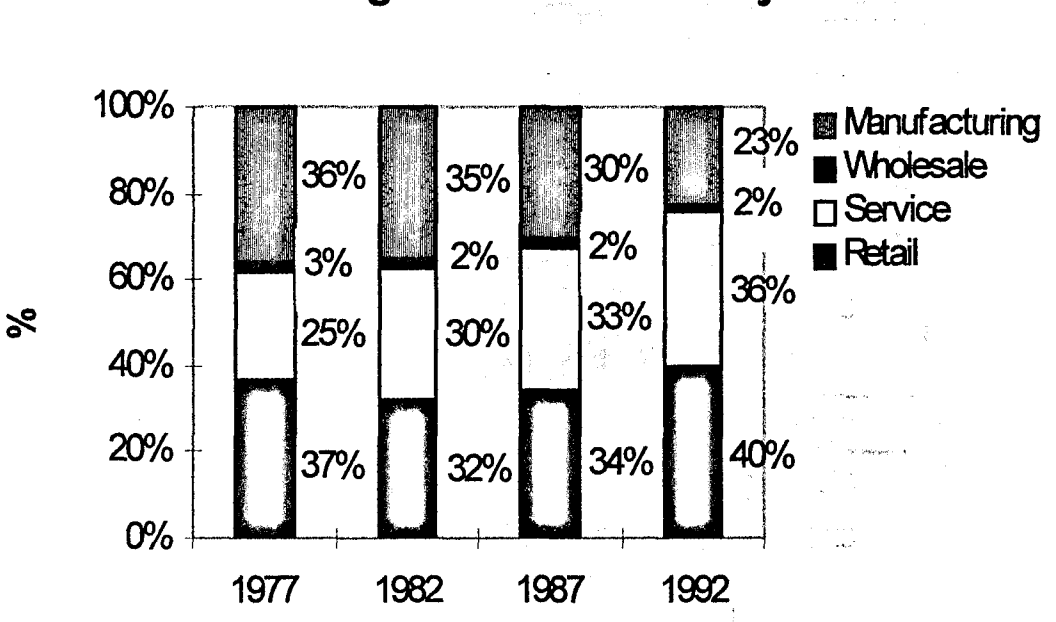


Figure 2.10 Percentage of Annual Payroll By Sector and Year

a statewide occupational wage and benefit survey was conducted for the week of August 12, 1994. Table 2.3 contains occupational categories in the hospitality industry and is combined for all counties in Region 19.

While positions such as wait staff do not consider tips in the hourly wage calculation, it is important to note that the occupations listed above, all of which are in the hospitality industry, are among the lowest paid in all occupation categories, and as indicated, are among the top employment sectors in Sevier County.

Table 2.3 Hourly Earnings for Region 19 in the Hospitality Industry1

Occupation Title	Number Firms	Number Employed	Mean ($)	Minimum ($)	Maximum ($)
Bartender	5	15	5.63	3.75	8.00
Cooks-Restaurant	20	130	6.65	4.25	11.50
Cooks-Short Order	12	286	4.91	4.25	7.65
Cooks-Specialty Fast Food	8	168	5.15	4.25	7.50
Host/Hostess	12	363	5.44	4.25	11.00
Hotel Desk Clerks	8	59	6.82	5.25	9.81
Housekeeping Cleaners	15	280	5.84	4.25	8.65
Maintenance Repairers	35	105	7.65	4.53	16.25
Wait Staff	17	271	2.99	2.13	10.05

Source: Tennessee Department of Employment Security, February 1996

Summary

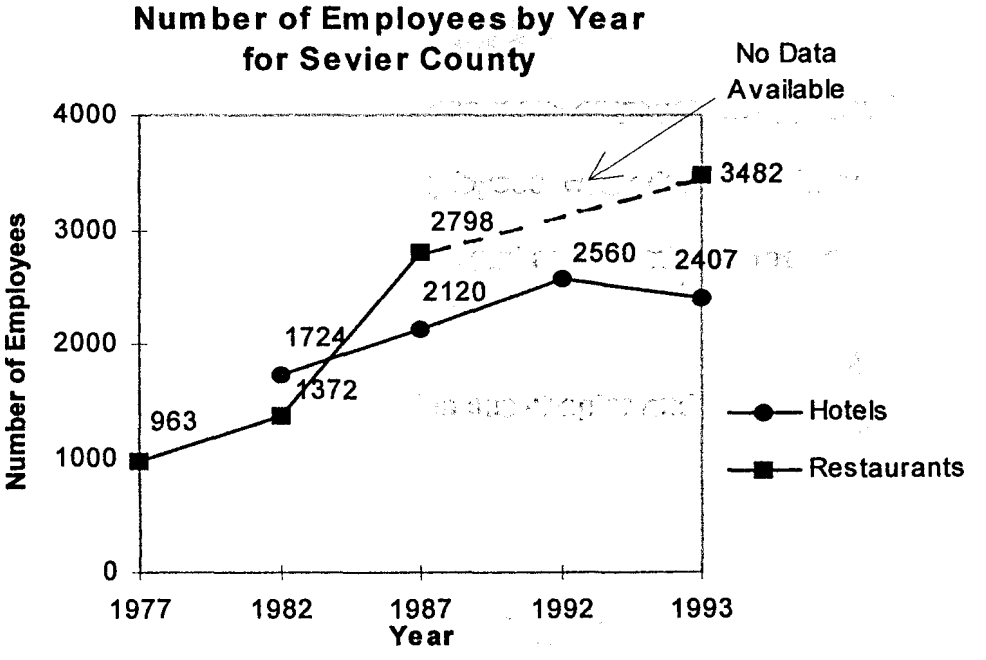
Since its debut, tourism employment has aided in decreasing the unemployment rate in Sevier County An area that previously had an unemployment rate of roughly 18%, now can boast of an annual average of roughly half of that. Jobs created through tourism must be analyzed in the context of the capability of the workforce. A traditionally poor community with rich scenic assets does have something to offer, however, the competence of its workforce must be considered before analysis of opportunity is inferred.

Chapter 3

Hotel and Restaurant Employment in Sevier County

Introduction

Tourism is the industry that provides leisure activities for people and places to stay while engaging in those pursuits. Restaurants and hotels provide two of the basic necessities for their visitors-eating and sleeping. In Sevier County, these necessities employ the greatest number of people in all industry categories. The following figure shows a fifteen year employment trend in the hotel and restaurant industry in Sevier County.



Source: Census of Wholesale Trade: 1977, 1982, 1987, & 1992; County Business Patterns 1993, Tennessee: U.S. Deptartment of Commerce

Figure 3.1 Employment Trends for Sevier County

Restaurant and hotel employment have been viewed negatively because of the amount of physical labor involved for the rate of pay. As the tourism industry expands, the number of restaurant and hotel jobs available will also increase. In a community where tourism is the only industry, jobs that relate to tourism are the only ones available. Compared to other industries such as manufacturing, tourism as a whole, is an industry that only recently has begun its boom period. Within the tourism industry, there are many direct and indirect employment opportunities. To determine the employment opportunities that direct tourism employment introduces, a study was undertaken in concentrated areas of tourist development in Sevier County to investigate the economic employment opportunities that hotels and restaurants offer in a community where tourism is the major industry.

The research question: *what economic employment opportunities do hotels and restaurants offer their employees,* was addressed through personal interviews of randomly selected hotels and restaurants in areas of high tourism concentration in Sevier County.

The results will be presented in this chapter and the conclusions will be discussed in the next chapter.

Methodology

A compilation of all of the restaurants and hotels was collected for each city through the local phone book and windshield surveys. Combined, there was

a total of 371 establishments in Sevierville, Pigeon Forge, and Gatlinburg. Table 3.1 shows the numbers for each category and city.

Due to the significant number of establishments and given time constraints, it was only possible to do a 12% sample of hotels and restaurants in each city. All hotels and restaurants, regardless of size and type were included in the total number of establishments. To prevent any bias, each establishment was given a number. A random sort of the numbers was done using a spreadsheet package. The first 12% of the establishments were selected for the survey. If the establishment was closed for the season, the next number from the random sort was chosen. As a result, bias of type of hotel or restaurant was omitted as well as bias of location. All but one establishment responded all of the questions of the survey giving the survey a response rate of 96%. Each establishment was asked the same questions during a personal interview. A copy of the questionnaires is in Appendix A.

Hotel Survey Data

The peak seasons reported by hotels varied substantially. However, while the peak seasons are extended for some and limited for others, they do overlap and that major off peak season times are reported during the months of January, February, and March. Table 3.2 shows the variation of seasonal employment as determined by the hotels surveyed. The numbers represent the total number of establishments that responded with that answer. The number in parentheses

Table 3.1 Hotels and Restaurants in Sevier County

	Restaurants	Hotels	Total
Sevierville	41	33	74
Pigeon Forge	58	65	123
Gatlinburg	90	84	174
Total	189	182	371

Table 3.2 Total Employees and Peak Seasons for Hotels Surveyed

Total # Employees (Surveyed)	Sevierville (4)	Pigeon Forge (8)	Gatlinburg (10)	Total (22)
Peak	61	247	317	625
Off-Peak	27	124	153	304
Peak Season				
April-Oct	0	2	0	2
April-Aug	0	1	0	1
April-Sept.	0	1	0	1
April-Dec	0	1	0	1
May-Oct	0	0	1	1
May-Nov	1	0	1	2
June-Oct	2	0	4	6
June-Aug	1	3	0	4
July-Oct	0	0	2	2
Oct	0	2	2	4

next to the city is the total number interviewed for that city. Each number is a 12% sample of the total number of hotels in each city.

Among the 22 hotels surveyed, ten different peak season ranges were reported. The most frequently reported peak season is June-October with a response of 46%. The second most frequently occurring season is the month of October.

Gatlinburg employs the largest number of people during its peak periods. During peak periods, however, Gatlinburg reduces its workforce by the highest percentage during the off peak periods. Sevierville, however, appears to have a steady number during peak and off peak periods. It is interesting to note, however, that when asked the number of people that are employed during the peak periods, the establishments recorded the number that they would ideally like to have- alluding to the shortage in the workforce during peak months in Sevier county. Figure 3.2 shows the employment trends in each period for peak and off peak seasons.

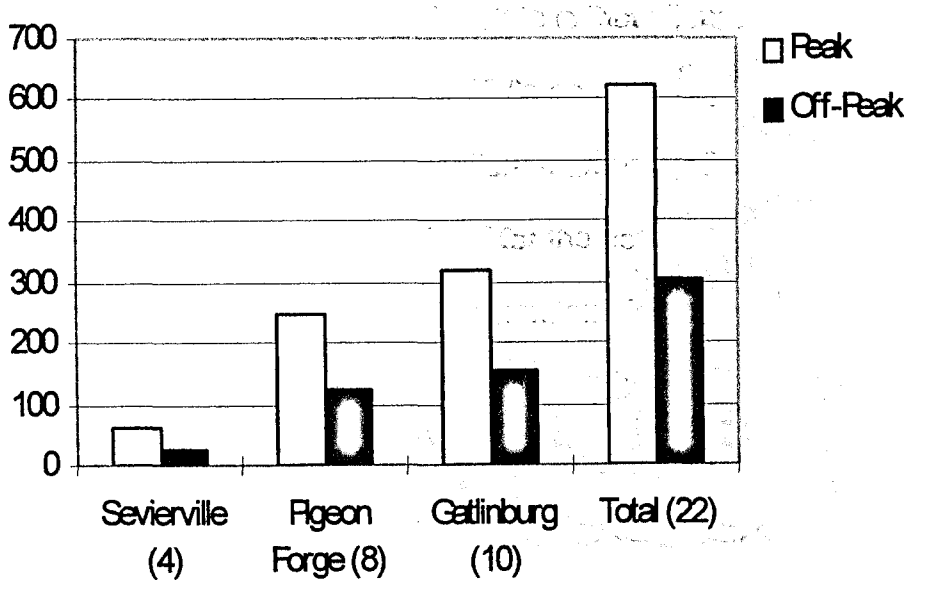


Figure 3.2 Seasonal Employment Patterns for Hotels in Sevier County

For those hotels surveyed, 64% were locally owned whereas 36% where part of a larger corporation. Table 3.3 shows the percentages of ownership for each city based on the total sample surveyed.

It should be noted here that land ownership in Gatlinburg is primarily in the hands of six families all of which only employ leases for their land as opposed to selling it. Therefore, there are more locally owned businesses in Gatlinburg.

Six employment categories were clearly defined for hotels in Sevier County. Table 3.4 shows the percentage of each employment category based on each city. The highest percentage of employees were in the housekeeping category with the next highest in the category of desk clerks.

The age and education data varied with no apparent pattern relative to position. The only real trend in the education data is that all managers in the survey had at least a high school diploma. While on average, most other employees had at least a high school education, many establishments did not require a minimum education attainment level for the positions of housekeeper, desk clerk, and maintenance. One manager mentioned that before the labor shortage that they have been experiencing during peak periods, they did require at least a high school diploma. Now, however, their standards for employment have been reduced as a result of not having the labor force that meets the minimum qualifications.

Table 3.3 Hotel Ownership in Sevier County

	Local		Corporate	
	Total Number Surveyed	%Local Ownership of Entire Survey	Total Number Surveyed	%Corporate Ownership of Entire Survey
Sevierville	2	9%	2	9%
Pigeon Forge	6	27%	2	9%
Gatlinburg	6	27%	4	18%
Total	14	64%	8	36%

Table 3.4 Hotel Employment Categories

	Sevierville	Pigeon Forge	Gatlinburg	TOTAL
Manager	9%(4)	13%(17)	13%(24)	13%(45)
Desk Clerks	36%(16)	25%(32)	32%(57)	30%(105)
Housekeepers	51%(23)	48%(62)	38%(68)	43%(153)
Maintenance	4%(2)	15%(19)	16%(29)	14%(50)
Houseman	0	0	1%(2)	1%(2)
Total	100%	100%	100%	100%

The wage rate ranges are shown in Figure 3.3. Wage rates were not obtained for managers since some who were being interviewed were very hesitant about revealing their salaries. The numbers are averages for each

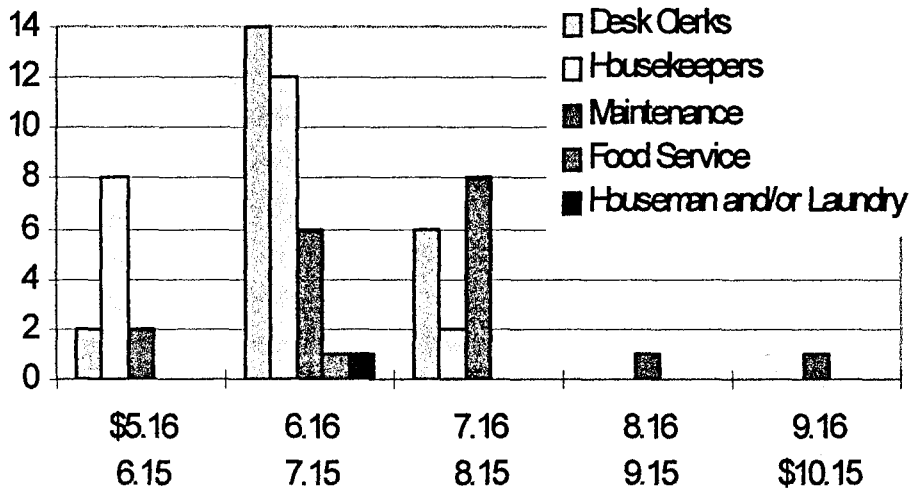


Figure 3.3 Wage Rates for Hotel Employees

position and are collated for all three cities. Therefore, the number that falls within the wage range is equal to the number of establishments that offer those rates for their employees. Housekeepers, which make up 43% of the total workforce in the hotel industry have the largest percentage of workers in the lowest pay range: $5.15-$6.15 dollars per hour. Maintenance workers are the highest paid among hotel employees excluding managers.

The types of benefits that are offered and the term benefit seemed to vary among respondents. To most, however, benefits were assumed to be health benefits and/or vacation pay. The intent of the question was for benefits to mean fringe employee benefits offered as part of employee compensation. Figure 3.4 displays the percentage breakdown of the number of firms that have benefits.

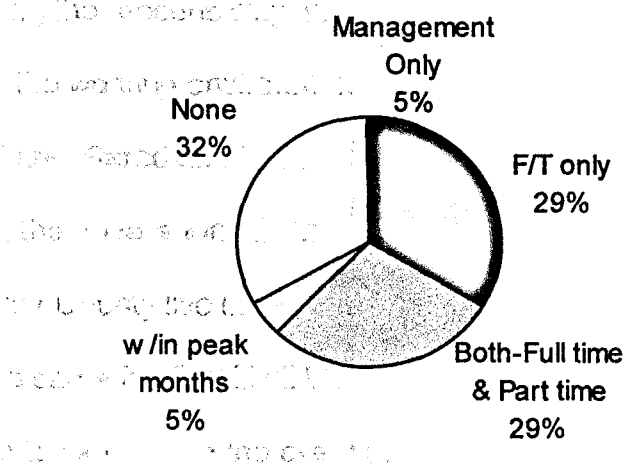


Figure 3.4 Percentages of Hotels that Offer Fringe Benefits

Interestingly, the concept of a manager that was understanding and concerned for his/her employees occurred several times in conversation as a benefit and was compared to manufacturing type jobs to the difference and flexibility in managerial style. This, however, was not being tested, and is not able to be quantified. Of the 21 hotels surveyed, only eight offered health benefits. Seven of the 21 offered vacation pay. Several hotels mentioned that they did offer benefits in the past, but they had gotten to be so expensive that they were not "worth it to employees." Three hotels mentioned that they are currently working on programs to offer low cost health benefits to their employees.

that turnover among employees was a major problem. The results of the survey show, however, that 15 of the 21 hotels surveyed said that turnover was not a problem. Among the reasons why turnover was not classified as a problem were: atmosphere of the working environment, management style, benefits, and incentives that are offered for staying.

Although the drive is long from Cocke County, employees in the hotel industry in Sevier County live in either Sevier or Cocke Counties. Many times, members of the same family will all be employed at the same business making it easier for them to carpool. In the event of a family problem, however, this was cited as a problem since the whole staff may cancel their work schedule for a funeral or something similar. Unfortunately, the managers who cited this as a problem did not have a way to solve it due to the workforce shortage.

Restaurant Survey Data

Twenty-two restaurants were surveyed in Sevier County. Of those surveyed, twelve different peak seasons were identified. While the peak seasons that were reported did vary, they also overlapped. The off peak seasons were all in the months of January, February, and March. Table 3.5 shows the peak season variations.

The largest number of restaurant employees during the peak season is in Pigeon Forge. The most stability in terms of peak and off peak employment is in Sevierville. Figure 3.5 shows the peak and off peak employment trends.

Table 3.5 Total Employees and Peak Seasons for Restaurants Surveyed

	Number of Businesses Reporting that Peak Season			
Total # Employees (Surveyed)	**Sevierville**	**Pigeon Forge**	**Gatlinburg**	**Total**
Peak	159	425	389	973
Off peak	116	245	171	532
Season				
April-Oct	1	0	1	2
Apr-Nov	0	1	2	3
May-Oct	1	0	1	2
May-Nov	0	1	1	2
May-Dec	1	1	2	4
May-Jan	1	0	0	1
June-Aug	0	1	0	1
June-Oct	0	0	1	1
Jun-Dec	0	1	0	1
July	1	0	1	2
Jul-Oct	0	2	0	2
Oct	0	0	1	1

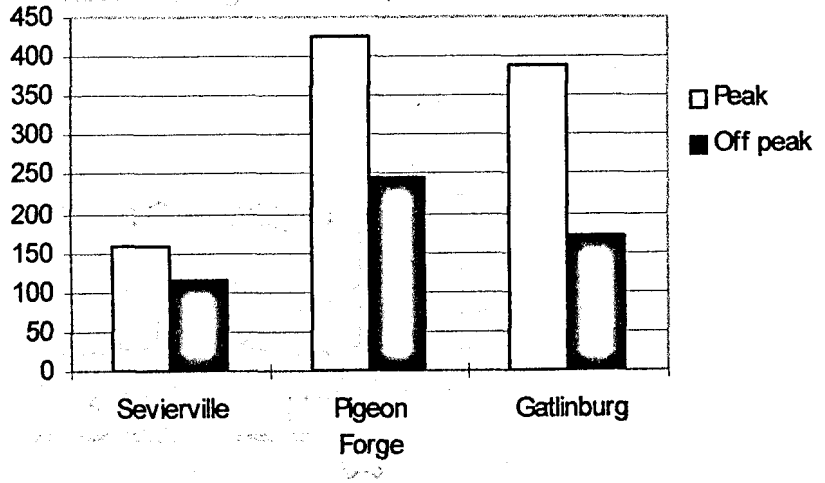


Figure 3.5 Seasonal Employment Patterns for Restaurants in Sevier County

Of the restaurants surveyed, for all cities, there is a 50-50 split between local and corporate ownership of restaurants. Table 3.6 shows the percentages within each city of ownership as compared to all of those restaurants surveyed.

There were six dominate worker classifications in the restaurant surveys. The largest percentage of employed restaurant workers are employed as waiters and waitresses. The next highest percentage was in the cook/counter classification. The survey included all restaurants, therefore, in quick service restaurants counter help are cross trained to be cooks as well. Table 3.7 shows the results. The numbers in parentheses are the total number of employees in that position.

Education attainment trends were similar in the restaurant surveys to those in the hotel surveys. On average, most of the workforce has a high school diploma. Again, however, there were a number of restaurants stating that because of the labor shortage, there was no minimum education requirement (Figure 3.6).

Table 3.6 Restaurant Ownership in Sevier County

	Local		Corporate	
	Total Number Surveyed	% Local Ownership of Entire Survey	Total Number Surveyed	% Corporate Ownership of Entire Survey
Sevierville	1	5%	4	18%
Pigeon Forge	3	14%	4	18%
Gatlinburg	7	32%	3	14%
Total	11	50%	11	50%

Table 3.7 Restaurant Employment Category

	Sevierville	Pigeon Forge	Gatlinburg
Manager	13% (16)	10% (32)	14% (35)
Cooks and/or Counter (FF)	36% (45)	27% (84)	31% (78)
Food Prep	0	2% (5)	3% (8)
Host/Hostess	5% (6)	8% (26)	4% (11)
Wait Staff	37% (46)	48% (151)	39% (99)
Dishwasher	9% (11)	4% (14)	9% (22)
Total	100% (124)	100% (312)	37% (253)

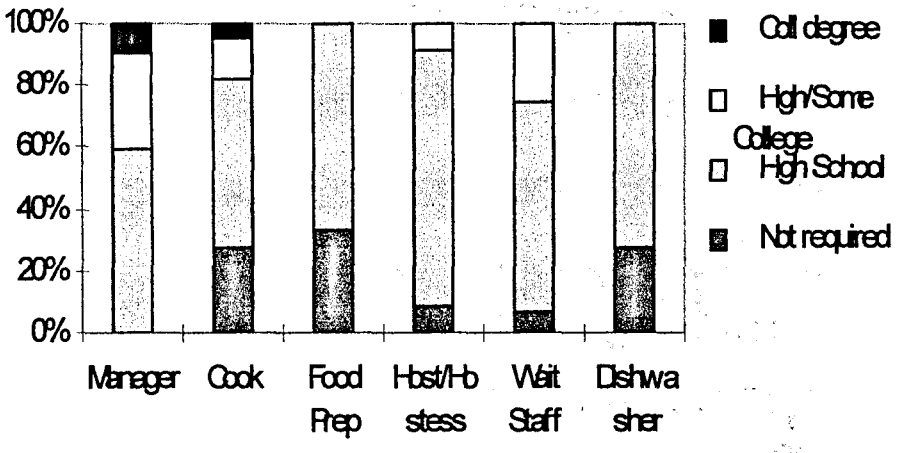


Figure 3.6 Average Education Attainment for Restaurant Employees

Figure 3.7 shows the wage rate ranges for restaurant workers in Sevier County. The question was posed as "The average wage rate per hour for cooks." Wait staff make roughly $2.13 per hour but the question included "with tips." In addition, "with tips" was during the peak season and it should be noted that rates

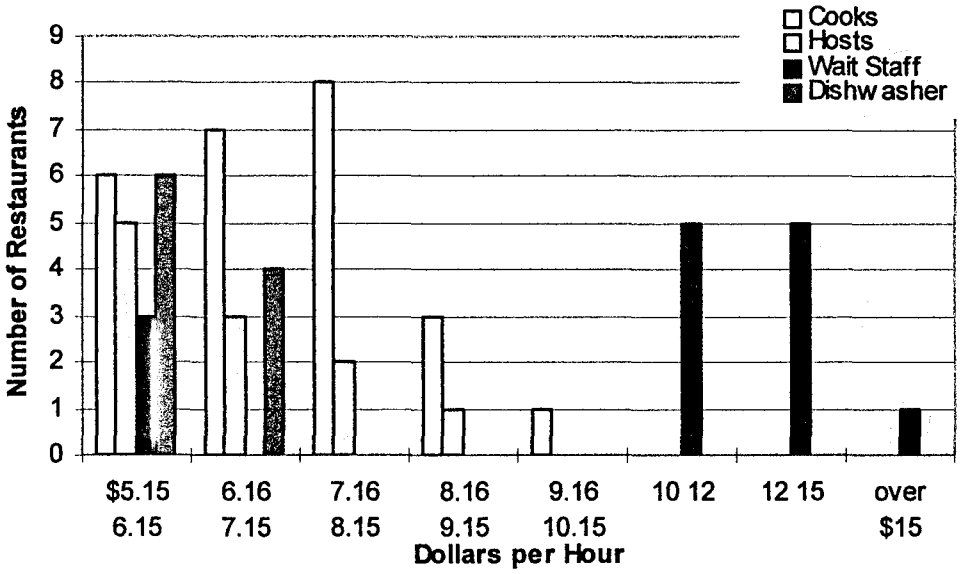


Figure 3.7 Wage Ranges for Restaurant Employees

during the off season are considerably less although no one really knew how much less.

Of the restaurants surveyed, only 37% offered benefits to both full time and part time employees. Forty-two percent do not offer benefits to any of their employees. The results are presented in Figure 3.8. Among the types of benefits included are: health, dental, vacation, retirement, and sick leave. A few restaurants also mentioned that they did offer health care in the past, but the costs were so high that they felt the benefits did not outweigh the costs.

Among the problems in the workforce, many cited high turnover as a primary concern. Many restaurants also said that every season they try a new incentive program to get workers to work for a longer period throughout the peak season. In addition, for those who said that turnover was not a problem, they

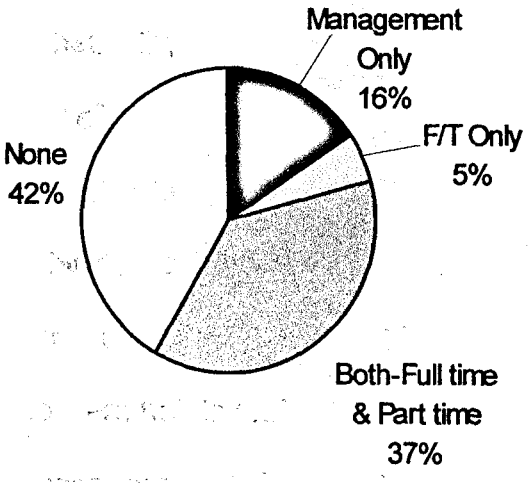


Figure 3.8 Percentages of Restaurants Offering Fringe Benefits

indicated that flexible management and the way they treated their employees was a primary factor. One manager, when asked why turnover is not a problem said that "...we treat people on the same level and we are understanding when personal problems come up."

The restaurants surveyed reported that their employees are predominately from Sevier and Cocke counties, but there are employees who drive in from other counties adjacent to Sevier County as well.

Hotel and Restaurant Similarities

Employee turnover was cited a problem during peak seasons. Reasons given for the high rate of turnover is the abundance of jobs and the choice of jobs

if the current job is dissatisfying. While the potential for employee turnover does force managers to offer competitive wages, it does complicate the problem of workforce shortages. Hypothetically, however, if more benefits were offered and went into effect after a period of days of continual employment, turnover might not be as high. In addition, when employees continually change jobs, they limit their future opportunities within one company.

Of the 44 establishments surveyed, 16 offered health benefits to their employees. Of that 16, nine were hotels and seven were restaurants. Of the restaurants, five out of nine were corporately owned. Of the hotels, three out of the seven were corporately owned. Furthermore, half of the restaurants offering health benefits are locally owned establishments.

Summary

Sevier County does not lack jobs for its residents. There are so many jobs available that many residents from Cocke county make the drive for work. Peak employment periods vary among those surveyed; however, the most frequently reported peak season is June through October for hotels and May through December for restaurants. Age and education attainment in both hotels and restaurants is arbitrary relative to employment position. Turnover of employees in restaurants is higher than turnover in hotels. The largest group of employees among the hotels surveyed are housekeepers who are also the lowest paid among hotel workers. The largest group of workers of the restaurants surveyed

are wait staff employees; and, with tips, they earn the highest wage rate. Benefits for employees in both hotel and restaurant categories varied. Among the hotels surveyed, 32% did not offer benefits for their employees and 29% offered benefits for both part time and full time employees. Of the restaurants surveyed, 42% do not offer benefits for employees; however, 37% of those surveyed offered benefits for full time and part time employees.

Chapter 4

Hotel and Restaurant Employment Conclusions in Sevier County

Hotels and restaurants employ a significant amount of the labor force in Sevier County. Combined during their peak season, they employ 1598 people. During the off peak season, however, employment drops to 836 people. Interestingly, ten peak periods were reported by hotels surveyed and twelve peak seasons were reported by restaurants surveyed. The most frequently occurring period for hotels as its peak season was June through October whereas the most frequently occurring season reported by restaurants was May through December. July through October was also reported as a peak period by restaurants. Employment during peak periods is the steadiest in both hotels and restaurants in Sevierville. Gatlinburg employs the greatest number of hotel employees whereas Pigeon Forge employs the greatest number of restaurant employees.

Ownership of establishments surveyed in Sevier County varies between hotels and restaurants. Of the total number of hotels surveyed, 64% are locally owned and 36% are owned as part of a larger corporation. Of the restaurants surveyed, there is a 50-50 split between local and corporate ownership of businesses.

Unskilled labor positions are the most plentiful in both hotels and

restaurants. As indicated earlier, given the workforce characteristics, a high school diploma may not even be necessary for employment. Of the hotels surveyed, housekeeping jobs are readily available during the peak season and wait staff positions are most readily available according to the restaurants surveyed. Of the hotel positions those positions that do not necessarily require any type of educational attainment are desk clerks, housekeepers, maintenance, and houseman. Of the restaurants surveyed those positions that do not require any minimum qualifications are cook, food prep, host/hostess, wait staff and dishwasher. Thirty-two percent of the Sevier County population in the 1990 U.S. Census had at least a high school diploma, however, 37% had not graduated from high school. While opponents of tourism are discourage by the skill level requirements of tourism jobs, the education attainment and the ability of the workforce must first be considered. Jobs created in a community that previously had an unemployment rate of 18% is a positive development. In addition, age trends also reveal that the labor pool is varied indicating that people are not leaving for other jobs in other areas.

Skill level and the rate of pay for one's skills are often difficult to compare since most people, in general, feel that they are not paid what they are worth. Perhaps this is one of the many reasons for the high turnover of employees that was reported as a problem by restaurants. Eleven of the 22 restaurants surveyed reported low turnover rates of their employees. Wage rates, however, were only reported three times as a reason for low turnover and fringe benefits

were reported twice as reasons for low turnover. On the other hand, quality management was reported seven times as a reason for low turnover indicating the high value placed on one's managers. Furthermore, in conversation, which is difficult to quantify, many reported that turnover was a problem because of the number of jobs available in Sevier County and the rate of pay being offered at other places; however, the data reveals that the management often plays a more critical role in reasons why people stay with their current employer.

The issue of fringe benefits-especially health care is one of growing concern. Of the 44 hotels and restaurants surveyed, 16 offer health benefits. Twelve of those who do offer health benefits also reported low employee turnover. Four of the restaurants that offer health benefits also have a high employee turnover. All of this indicates that neither health care, wages, and management alone are responsible for high employee turnover.

The tourism industry is and has been rapidly growing in Sevier County. This industry provides employment for people who before tourism emerged were unemployed. The unemployment rate since tourism has dropped dramatically; however, there still seems to be a problem during off peak months with the high rate of unemployment.

Hotels and restaurants employ a significant number of people in Sevier County. Therefore, among those surveyed, it is important to note that a large percentage of these people do not have health care as a fringe benefit. Unless covered by a spouse's health plan, if those without health care do not buy it on

their own, this leaves a large percentage of people without any type of health care. Therefore, as the current working population nears an age where they can no longer work, the county will be faced with a large percentage of their work force who do not have health care. While this did not appear to be a problem before health care became an issue, the family structure has also changed such that it is difficult for families to "take care of their own" as was customary.

Alleviating employment problems should be the first consideration of all governments that are dedicated to tourism development (Smith 73). While tourism does offer opportunities for local residents, it must be controlled and managed by local residents so that decisions that impact the workforce will not be made in corporate board rooms where their outcomes can not be seen or experienced first hand. The vitality of tourism as an industry is in a direct relationship to the strength and spirit of its work force.

While job opportunities do exist, a cooperative effort between the local governments and business owners must be started that is concerned with the well being of the work force. These are the people, after all, who are helping to increase profits.

Tourism is an expanding industry and because it encompasses so many aspects of other industry sectors it is difficult to monitor. If tourism is to successfully survive within a community, employment within the tourism industry should establish standards that protect the welfare of the tourism workforce. Tourism is a positive influence in communities that before its introduction offered

limited opportunities. The success of tourism, however, is directly related to the quality, well being, and industriousness of its workforce.

Chapter 5

Conclusions

Tourism in a community that previously had a high unemployment rate offers fresh opportunities which otherwise may not exist. Opportunities include employment choices, wage range choices based on positions, and in general, the chance to work outside of farming.

While tourism jobs may not pay as well as or offer the fringe benefits that other industry jobs do, an important factor that must be considered is the ability of the available labor force. Thirty seven percent of the Sevier County labor force in 1990 did not have a high school diploma. Thirty two percent of the labor force did in 1990 have at least a high school diploma meaning that the workforce is at least trainable, but critics contend that tourism jobs are not advantageous to members of a community. Yet, given the rich scenic attributes of the Great Smoky Mountains, what other jobs would be better to spiral off of the natural beauty without destroying it. Tourism is a relatively clean industry; therefore, smoke stacks created by manufacturing jobs would hinder the scenic beauty and dull the quality of life for residents in Sevier County. In addition to the taxes generated that support improved community facilities, the support industries generated by tourism such as construction, tourism offers additional employment opportunities and it does not destroy the environment where people live.

Tourism in Sevierville is in its infancy. While not as large as Pigeon Forge

and Gatlinburg, the hospitality industry in Sevierville is in the midst of expansion. Of those surveyed, there is a larger percentage of businesses that are corporately owned versus locally owned. The implications of local versus corporate ownership were not addressed in this thesis, but it is a topic that would warrant more research as to the opportunities available under local and corporate ownership. One aspect of tourism that is clear, however, is the need for local governments devoted to tourism development to take full consideration of its local work force when recruiting outside investors. Tourism, with its attractions and its jobs shapes the character of a community and without careful consideration for those who already reside there, tourism can remove the character that attracted people there in the first place. It appears that in Sevierville employment fluctuates less than in Pigeon Forge and Gatlinburg during peak and off peak periods making it a more stable city for employment. Tourism is changing Sevierville and with it brings employment opportunities for its residents.

While many disagree with the strip development that has occurred in Pigeon Forge interfering with the view of the Smokies, tourism has brought employment opportunities to Pigeon Forge that were previously only found in Knoxville a 35 mile commute. While hospitality labor can be strenuous, it is a rapidly growing industry and it does offer an alternative. Improvements do need to be made that address wage rates and health care among others; however, given the current labor and housing shortages during peak periods, these seem

to be additional problems to manage.

While not in its infancy, the hospitality industry in Gatlinburg is still a copious employer. Although land is scarce, new restaurants and hotels are still emerging. During its peak season, Gatlinburg employs the greatest amount of people of those cities surveyed. During its off peak period, it also lays off the most people. Although hospitality employment is seasonal, it does offer opportunities and choices for those who wish to pursue them. Many businesses noted that it is hard to retain employees in an area like Sevier County where employment is plentiful.

While it seems that supply and demand have increased the wage rates in all three cities, it does not appear to be having an effect on the benefits being offered. In addition, another concern is that smaller local firms will be unable to compete with larger firms who may in the future be able to offer health care on a broad scale. The tourism industry in Sevier County extends job choices to the workforce that with other industries such as manufacturing may otherwise not be available. While at this time opportunities such as health benefits, retirement packages, and vacation pay are not readily available, as a future consideration, it is important for all three local governments to come together and agree on the terms for which it wants to protect its citizens. Subsequently, it is the workforce that is ultimately the mainstay of the tourism industry.

The survey process to evaluate employment opportunities in the hotel and restaurant industries, two major tourism employers, was a viable way to gain

insightful information. While the sample size was small, interesting data did materialize. In addition to answering the research question, several other questions did emerge for further study. Among them:

1) What role do the local governments have in Sevier County in working with the interests of the community?

2) As the cost of land increases, how is housing for local residents being affected?

3) Since tourism is the only industry, does a limited economy affect those who have been living there for generations?

4) How has tourism affected the quality of life for its residents?

5) How do poverty rates compare to those who work in restaurants or hotels?

6) What is the percentage of income that those working in the hospitality industry pay for their home?

Answers to these questions could prove to be ardent indicators of tourism's impact on local residents.

Tourism offers employment opportunities which may not have been present previously. The public good, which essentially in Sevier County is the workforce, must be a prime consideration and replace profit as the goal of government efforts trying to promote tourism development. When introduced, tourism offers employment opportunities and essentially- the opportunity of choice for local residents. The success of tourism, however, is directly related to the quality, well being, and industriousness of its workforce, and therefore, the benefits extended to the workforce should be considered a serious matter if the community is to prosper.

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Appendix

Appendix A

HOTEL/MOTEL Capacity:

Name:

Sev

PF

Gat.

Full-Service

Limited Service — upscale / low upscale

Suite Types

Peak Season?

Staffing Numbers (TOTALS)

Peak Season	Off Season

Wages

Position	Managerial	Desk Clerks	Housekeepers	Janitors	Food Service
Range Average					
5.15-6.15					
6.16-7.15					
7.16-8.15					
8.16-9.15					
9.16-10.15					
above 10					

Benefits

What are 100%?					
What are available for $?					

Demographics

	Managerial	Desk Clerks	Housekeepers	Janitors	Food Service
What counties, generally do employees live in?					
Average age of Employee?					
Number of males?					
Number of females?					
Avg. Education Attainment					

Appendix B

Capacity:

Name:
Sev
PF
Gat

Restaurants:

Turnover:
Incentives

Fine Dining
Theme/Casual Dining
Family
Quick Service

Age of Business

Staffing Numbers (TOTALS)

Peak Season --- Off Season

Wages	Management	Cooks	Food Prep	Host/Hostess	Wait Staff	Janitors	Guards	
Range Ave 2.79-3.50								
5.15-6.15								
6.16-7.15								
7.16-8.15								
8.16-9.15								
9.16-10.15								
over 10								

Benefits

What are 100%?

What are available for $?

Demographics

What counties, generally do employees live in?								
Average age of Employee?								
Number of males?								
Number of females?								
Avg. Education Attainment								

VITA

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