

Unions and the hotel industry management essay



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While trade unions have been a significant factor for workers in the United States, beginning in the late 18th century and peaking in 1945 when 35 percent of the non-agricultural workforce was unionized, it is no secret that the membership of trade unions in the private sector has significantly been declining. The reason for decline may be the globalization of products, completion with overseas competition with overseas manufacturers causing a decline in sales; and work may be. Several studies point to compositional changes in the U. S. labor force in terms of demographic, industrial, or occupational factors (Bronfenbrenner, 2005). In addition, the cost of union workers have also become so expensive that it may be difficult for some industries to compete. Recently both Chrysler and General Motors went through bankruptcies primarily to regain the ability to compete by disavowing union contracts which impose specific wages and benefits that the company said they could no longer afford. While the service/hospitality industry in the past was a weak section of the union movement, it is now seen a ripe target for the unions to increase their membership (Source.. BLS). Given the low wages, poor job security, lack of trust of corporations and managers, and for many English not being their first language (which often increases the fear of asking for something), it was only a matter of time that hotel workers would embrace the idea and welcome someone coming in and saying they can make their life better with increased, wages, benefits and working conditions. It should be noted that even with the decline of numbers, unions are still an influential force. (Silverman, Jacob. " how Labor Unions Work. June 2007. How Stuff Works. [<https://assignbuster.com/unions-and-the-hotel-industry-management-essay/>](http://money. how stuff</p></div><div data-bbox=)

works. com/labor. union. htm June 26 2010 and it hopes to be an influential force within the hospitality industry.

John Wilhelms said “ What workers in this industry need, what the country needs is a permanent campaign to do in the service sector what we did in the manufacturing 70 years ago: transform low-wage work into decent jobs that give people the opportunity to make it into the middle class.” (Source).

With all this being said the large percentage of hotel workers are not union members “ yet”. In fact approximately 8% of hospitality workers are union members. However, with the new “ CARD CHECK”, and the feeling of powerlessness in their employment, time is coming. But the question is why? Every hotelier knows that “ people are our business” and people are our greatest resource to profits, yet many in the hospitality industry have forgotten about their prime asset, their workers

This paper reviews certain key human relations practices at leading luxury hotel companies and the goals and methods of the leading trade union representing hotel and hospitality workers in the United States and Canada. The purpose is to assess whether the HR practices employed by leading luxury hotel companies are compatible with the goals and methods of the leading hospitality union.

In this paper we will look at the unions within the hospitality industry, goals of the employees and the methods the leading trade union representing hotel and hospitality workers in the United States are using. We will also look at leading luxury hotel companies, some of which have been named in the top 100 companies to work, and assess whether the HR practices employed

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by leading luxury hotel companies are compatible with the goals and methods of the leading hospitality union. (Fortune).

The objective herein is to assess whether the human resource practices employed by these hotels are compatible with those of the unions is to provide an understanding of unions within the hospitality industry as well as to assess whether these leading luxury hotels' human resource practices are compatible with the goals of the unions. The questions are: a) with good human resource practices do we need unions and b) if unions are here to stay, can we work as partners with benefit to both industries.

To achieve these goals, this paper will first provide a short history of unions which will include the methods of which they are presently using to increase membership of the hotel workers. We will look at the specific goals of the employees and how it relates to unions within the industry; how lack of attaining these goals may be impacting the industry. The luxury hotels we focus on are Marriott and the Four Seasons.

Review of Union History

Unions in the United States date back to the 18th century, with its first strike by the printers in New York City, in 1794. The issues then were not much different from today; a shorter work week and an increase in wages. The idea of coming together to achieve a common goal was began to take hold in the 1800's. Workers as a " Federation" were seeking shorter work hours, from a 12 to 10 hour work week. In the beginning of the 20th century the union membership rose to 6. 78 percent of workers to 13. 24 percent in 1936. In 1945, shortly after World War II and a booming economy, the unions

reached their peak with 35% of the industrial and manufacturing work force becoming members. Even the great hotels in large American Cities were unionized at that time. (Summer 2006).

Unions and the Hotel Industry

While during the peak of the labor movement, great hotels in American Cities were unionized, today approximately 8% of hotel workers belong to a union. Even considering the general decline in union members, the gap is quite significant. What happened? Characteristically hotel workers are low paid, work for tips, and due to large turnover they are not around long enough to be in a bargaining position throughout their career. Considering that at that time they did not fit the conventional union pattern, unions went on to the automotive, industrial, and manufacturing sectors. However, with the outsourcing of materials, competitive products from overseas and loss of dominance from many of the manufacturing and industrial industries, these industries are not as prominent as they once were. It appears that what once caused the service industry to be neglected by unions, now may become their “ holy grail” (Sherwyn, Eigen and Wagner, 2006.... The Hotel Industry’s Summer of 2006) UNITE AND HERE joined forces to become UNITE HERE in 2004 and are putting 50% of their national budget to “ organize the non organized” as that is their goal and main focus. ((Sherwyn, Eigen and Wagner, 2006.... The Hotel Industry’s Summer of 2006) UNITE’s John Wilhelms said “ What workers in this industry need, what the country needs is a permanent campaign to do in the service sector what we did in the manufacturing 70 years ago: transform low-wage work into decent jobs that give people the opportunity to make it into the middle class.” (Source). Why

do the workers of the hospitality industry want to organize? Everyone wants their fair share of the pie and power comes with numbers. What they want is improved wages, better working hours, better working condition, benefits and job security. It is interesting to note that while the hospitality membership is growing in the United States, Great Britain still has difficulty unionizing this group. The reasons are similar, low pay, low job security, high labor turnover and arbitrary management. Current interviews with managers in Scotland concurred early studies that there is tension by the managers as well as reluctance to accept a need for union for union representation. In fact they believe that unions are irrelevant.

What do hotel workers want that they feel the unions can get for them?

What do they want and what goals does the Union have for them? Better Wages, job security, safe environment to work and respect. Since the 1980's the hotel industry has been steadily growing. Even with the glitch after 9/11, the industry is growing, yet the salaries of hotel workers are not keeping up. The median salary of most hotel workers like, housekeepers, doormen, servers, bell hops have not kept up with the median salary of the average U. S. worker. (This of course is without tips). Moreover, the gap between the high earner and low earner in this industry has grown wider and wider, creating more anger and distrust towards management.

Back in 2000, for hotel service workers, the median wage was \$8. 62 per hour, \$3. 41 per hour below the overall median hourly wage of \$12. 03 (These wages may not include tips for such workers as waiters and

waitresses, bartenders, and bellhops.)” The wage gap between high- and low-wage hotel workers has grown during the last two decades.

In 1979, high-wage hotel workers earned 240 percent of what their low-wage counterparts earned and in 2000, 325 percent of what their low wage counterpart workers earned. Moreover, the disparity between high and low wage earners was larger in the hospitality industry than in several others even if the overall wage levels are similar, including meatpacking, nursing homes, building services, laundry services, department stores, grocery stores, and child care. (Bureau of Statistics) Even more disparaging are the non-supervisory hotel employees’ salary with the CEOs of a number of chains these people work for. For example, the Hyatt CEO earns 3, 670, 913 per year which calculates to \$1, 835. 46 per hour; Starwoods (\$ 8, 240, 034 per year/ \$4, 120. 02 per hour); Marriott (\$4, 280, 311 per year/\$2, 140. 16 per hour) and Wyndham (\$6, 095, 801/ \$3, 047. 90 per hour. Source: Proxy Statements for annual meetings filed with US Securities and Exchange Commission available at: [www. sec. gov](http://www.sec.gov)

With regards to a safe environment; blue collar and service workers have a higher risk of injury, work related injuries and exposure to chemicals. (Public Health Reports/September 2007/Volume 122 670-679). Without a union, many service workers may never get the opportunity to express their concerns and needs regarding their job related health issues. However, with the union behind the worker, a 40 year old immigrant from Aguascalientes, Mexico was able to do just that. As part of a campaign to raise awareness regarding health perils in the hotel housekeeping, she will be able to improve her workplace environment and will not have to “ trade their health for any

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wage.” Housekeepers have a high rate of pain with some having to take pain pills before going to work. In addition the rate of injury among housekeepers is almost twice as much as other service workers. Because this worker is in a unionized hotel, she can now seek medical health, where others working in a non unionized environment have no insurance, thus impeding their ability to obtain care. Opportunities to improve the health of a worker is a benefit to not only management but to the public as well. This was further demonstrated in a study reported by in Public Health Reports. (Public Health Reports/ September October 2007. Even though every employer has to follow the Occupational Safety Health Act, the environment can sometimes be unsafe and unhealthy; such has cleaning materials and second hand smoke.

Union Contract Provisions

Reviewing the union contract between Sunstone Hotel Properties, Inc. and UNITE HERE Local 21 of Rochester, Minnesota for the period September 5, 2005 through August 31, 2010, a number of the hotel workers goals were addressed with standard provisions concerning wages, overtime, benefits, seniority, termination only for cause, and grievance procedures.

In addition, there are some provisions which reflect the unique nature of hotel operations. A “ Guest Service” addendum states that premiere guest service is essential to the success of the hotel and provides progressive discipline up to discharge for poor, rude or discourteous guest service. This addendum also requires the hotel to train the employees in providing premiere guest service and allows termination of employees who fail the course or tests concerning the hotel’s service standards. (

Conflicts with between union and employer

Successful luxury hotels such as Four Seasons and Marriott know that their employees are their greatest asset. They seek to embrace their employees into their family and have a culture of caring, open communication, fair resolution of disputes, innovative staffing initiatives and supportive management. Unions also consider the employees as their asset and seek to insinuate into the relationship and communication process between the employer and the employee and tend to stifle creative problem solving by the formal grievance procedure and the desire for uniformity. Creative staffing is also more difficult due to the union work rules. The hotels want to embrace their employees into their corporate culture and family. The union seeks to have the employees consider the union as their family and necessary to protect them from the employer.

Some hotels have more difficult labor relations than others. In its 2009 initial public offering prospectus, Hyatt Corporation identified one of the major risk factors of its business as, “ Negotiations of collective bargaining agreements, or changes in labor legislation, could disrupt our operations, increase our labor costs or interfere with the ability of our management to focus on executing our business strategies.” Hyatt is now the subject of a nationwide boycott due to the firing of 100 housekeepers in Boston after replacing them with minimum wage temporary workers.

Resource Functions and Unions Impact

A review of the literature notes via surveys, conferences, that human resource issues remain the most frequently noted area of concern. Much of the literature suggests that human resources is the central area of concern.

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Among a number of the issues within this area are retention and job satisfaction. According to one survey conducted in 2008, hotel managers. “What one or two problems or concerns are most troubling to you as a manager”? A total of 243 individuals from over sixty countries participated and the most frequently identified area of concern is human resources issues, such as attraction, retention, training and development of the industry’s workforce Human resources are key to grown the overwhelming sentiment, similar to a paper written seven years earlier.

(March 2009; Cornell Hospitality Report)

A major human resource concern in the hospitality industry is the large turnover. Every time an employee leaves there are costs connected to new training, loss of productivity and loss of knowledge (Tracey & Hinki 20606). With this in mind it would only behoove the company’s to provide an exit interview to find out where the problem lies. (Tracey & Hinkin, 2008) In another study indicated that while “ job satisfaction, extrinsic rewards, constituent attachments, organizational commitment and organizational prestige were the most frequently mentioned . However, what it is noteworthy is that those employees who were non hourly and high performers were more likely to endorse “ advancement opportunities and prestige” as reasons for remaining with the firm. On the other hand, low performers and hourly employees were more likely to choose extrinsic rewards as the reason or staying.

With regards to unions and its impact on retention, non union personnel were more likely to leave if they were not satisfied, while union employees

may indicate poor satisfaction but with no intent to leave. This indicates that the “ voice” given to employees by the union was significant (Friedman, etal 2007)

People are our most important commodity. Steven Porter, “ urged accountability from HR and senior leadership on people-related issues..” It’s not the bricks and mortar. It’s not the creativity. It’s the people” He also basically told more than 600 people that if this industry does not pay well we should at least do a “ better job of respecting individuals, engaging “ the heart” of employees and expanding their horizons.

On partnering with Unions interests are much great stated Christopher T. Chee, managing director of an equity firm that invests heavily in the hotel industry and further stated that partnership with unions is more productive than not. “ labor is a huge issue in hotels” President of UNITE-HERE said “ both employers and unions will be losers’ unless they join together to create good public policy. And “ the (Human Resource Executive Online-Story: 2010)

Our employees are our most important commodity, satisfied employees.. satisfied customers result is increased revenue. “ People are our most important resource” If we are in the people business, shouldn’t we know how to make our own employees satisfied and committed; do we need unions for this?

Conclusion

To provide superb customer service luxury hotels must motivate their employees to give more than the minimum level of effort to their jobs. They must build a culture where each employee is motivated to provide an extra level of effort. Although unions are seeking the best for their members the union culture with its “ us versus them” confrontational style is not designed to encourage the level of engagement need by luxury hotels. If a hotel is focused on the employees well being, open communication, and a general sense of care and really direct their energy on taking care of their employees first, then the entire purpose of the union would cease to exist. Not every hotel is willing or able to provide employees with the types of benefits and environment that will increase employee job satisfaction and retention. This may due to competitive reasons or the desire to generate superior economic returns for the owners and management. The unions may be able to help the employees of such ventures. They will not be successful at luxury hotels with progressive employee relations models.