



# **Diversity in the Management of Employee Relations in the Hotel Sector in South West England**

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**Diversity in the Management of Employee Relations in the Hotel**  
**Sector in South West England**

*Employee relations in the hotel industry is often portrayed as predominantly 'bleak house', lacking in managerial formality and characterised by 'poor' employment outcomes such as high levels of labour turnover. Some research, nevertheless, suggests a greater diversity of employee relations practice within the industry, significantly that there is evidence of the development of more formal, soft HRM-style practices particularly amongst larger establishments.*

*This paper examines the management of employee relations in the hotel industry in south west England. It identifies patterns of employee relations practice in the region and assesses the influence of a range of factors such as size and location of establishment. Data were collected using a cross-sectional questionnaire survey of hotels and a number of interviews with personnel managers in a sample of larger establishments in the region. The findings suggest that whilst much of the industry is characterised by informal management practices there is significant diversity in the sector and some evidence of soft-HRM techniques typically amongst hotels that are larger, higher-rated and belong to a larger organisation. Whilst management in the majority of smaller, tourism-related hotels appears unable to exert strategic choice in employee relations in due to difficult (labour and) product markets, larger hotels appear better equipped to respond in more innovative and proactive ways to the problems faced by establishments in the sector. The findings, however, also suggest significant diversity even amongst this particular sub-sample of hotels. Even though larger hotels might be more likely to display more formal or strategic approach to employee relations compared to the industry as a whole, this sub-sector still appears significantly divided in the extent to which managers feel able, willing or compelled to adopt associated practices.*

## **Introduction**

This paper summarises research undertaken to examine the management of employee relations in the hotel industry in the South West of England. The central aims of the research were to identify patterns of employee relations practice in the region and to assess the influence of a range of factors such as size and location of establishment. The research sought to examine whether a 'bleak house' model of employee relations was pervasive in the region or whether there was evidence of more 'progressive' forms of HRM in certain sections of the industry. In particular, this paper explores the question of whether management practice is largely dictated by factors such as size of establishment, local labour and product markets or whether managers were able to exercise greater strategic choice in their approach to employee relations.

Overall, the study sought to analyse management practices in a sample of establishments and to identify those factors that influenced employee relations policy and, from this analysis, diversity in managerial practice could be identified and explanations for this diversity explored. This paper begins by summarising the approaches to the management of employee relations present in the hotel industry, which provided the context for the research, followed by a discussion of the methodology and the key research findings.

## **Management of Employee Relations in the Hotel Sector**

Previous research suggests that a number of factors appear to influence the manner in which employee relations is conducted in the hotel industry. These include fragmented ownership within the sector, largely unpredictable product markets, traditionally weak social and legal regulation of employment, an under-emphasis on training and an over-reliance on part-time, female, young and transient employees. These factors, amongst others, have led to the management of employee relations in the hotel industry being described as 'bleak house' (Sissons, 1993) or 'black hole' (Guest & Conway, 1999). This refers partly to ad hoc and reactionary management, lacking in formality, informed by the necessity for constant labour manipulation in response to unpredictable demand (Riley, 1993; Wood, 1992). Interest in its employment practice, therefore, often relates to the fact that it may represent practice exemplifying the 'poor' extreme of British industrial relations.

The term 'black hole' in this context refers to an employee relations system defined not by what is there but what is not; the absence of trade union presence (representation and

collective bargaining) or human resource management practices (Guest & Conway, 1999). Therefore, 'black hole' refers to those organisations that appear to have little formal individual (HRM) or collective (Industrial relations) structures and practices for the purposes of employee management.

Employment Relations Policy Choices

		HRM Priority	
		High	<u>Low</u>
<b>Industrial Relations Policy</b>	<u>High</u>	New Realism	Traditional Collectivism
	Low	Individualised HRM	The Black Hole

Taken from Guest & Conway, 1999: 368

The authors suggest that 'black hole' organisations refer generally to relatively small establishments, often privately owned, in labour intensive sectors such as hotel and catering. In terms of policies and practice and their impact on employee characteristics and experiences, these organisations are characterised by low-pay, low levels of skills and education and low levels of employee involvement and participation. Also, some focus may be on simple forms of performance-related pay and high use of temporary contracts resulting in associated concerns about job security. Finally, Guest and Conway suggest that employees would show lower levels of job satisfaction and higher quit and dismissal rates in black hole organisations. In addition, they will typically have shorter service, earn less and are more likely to be engaged on non-permanent contracts.

“A predictable picture emerges of black hole organisations as small, private sector organisations with a floating population often operating on the margins of employment”.

(Guest & Conway, 1999; 379)

Given that these are characteristics of the vast majority of the hotel industry, 'black hole' or 'bleak house' are, perhaps, appropriate descriptions of the industry establishment norm (Kelliher & Johnson, 1997).

Such (lack of) managerial practice has led, in turn, to industrial relations outcomes such as high levels of labour turnover (Johnson, 1985. 1986), casualisation and insecurity and poor terms and conditions of employment (Lucas, 1995). Of course, it would be mistaken to argue that the literature claims that all hotels display the same characteristics and that the industry is completely homogenous in its employment patterns. Much literature nevertheless paints a distinct picture of employee relations in the sector as predominantly 'black hole' and so that any establishments that diverge from this stereotype are the exceptions that prove the rule (Lucas, 1996). Price's (1994) analysis exemplifies this. She argues that examples of poor practice are more prevalent than good practice (simply defined as adhering to practices

encouraged or required by legal provision) and that the kinds of employment practice that have led to its reputation as a poor employer still persist.

Hales & Tamangani (1996) suggest that for hotel managers, *“the pressing needs of the immediate and recurrent often drive out longer-term consideration”* (p. ) and that they have traditionally been poorly equipped to meet the demands of managerial work. The industry has been insular and has emphasised craft (e.g. kitchen and waiting skills) rather than management skills. In short, it is *“a sector dominated by the spirit of amateur management”* (p. ). This would suggest little conscious, strategic planning within the industry and indeed Purcell et al. (2000) argue that the most fundamental skills deficit in the industry is that of strategic management. Guerrier & Lockwood (1989a) claimed that management in the industry reflects a *‘hands-on, operational perspective rather than a reflective business perspective approach’*. Purcell (1993) suggested that short-term financial pressures make the pursuit of any longer term, coherent approach to the management of HR almost impossible. Indeed, for the majority of the hotel sector, given that wage costs are likely to be high (as a proportion of total costs) then policies of wage minimisation and labour efficient policies are likely to dominate over ‘high commitment HRM’ practices. However, product market conditions are highly influential. Some markets appear more stable than others and, therefore, perceived unpredictability can sometimes be an excuse for poor long-term strategic planning rather than its direct cause. Similarly, in those hotels where the wage to total cost ratio is low then perhaps managers have greater room for implementing less instrumental wage and staffing practices.

Overall, much of the literature indicates a largely homogenous industry sector in terms of negative employment experience yet some research identifies evidence of more complex patterns and a greater unevenness of employee relations. For example, Hoque (1999a, 2000) argues that there is diversity in the industry that is in part related to size, and consequently rating, of establishment. He suggests that while HRM techniques and practices may be highly applicable to the hotel industry as a whole, it is most likely to be adopted in larger establishments. Much discussion of HR strategy in the hotel industry centres round the extent that management is able to exert control over the circumstance of the industry and the extent to which managerial strategy is able to cope with the problems it presents (for example, the need for high levels of labour flexibility). In other words, to what extent are managerial decisions rational, proactive and strategic or reactive and ‘forced’? Guerrier & Deery (1998), therefore, suggest two central questions are recurrent in hotel HRM research. Firstly, to what extent is the work of hospitality managers influenced by the industry context? Secondly, to what extent do hospitality managers engage in reaction or reflection? Is their role essentially about ‘being there’ to cope with the immediate, operational problems or to what extent do, or should, they act as strategic thinkers? In other words, to what extent is there scope in the hotel industry for strategic management choice? Following Hyman (1987), it could be argued

that all management decision-making is 'merely tactical rather than strategic' and this notion may be epitomised in the hotel industry.

*"Strategic decision can only occur when the parties have discretion over their decision: that is where environmental constraints do not severely curtail the parties choice of alternatives".*

*(Kochan et al, 1984: 21 in Hyman, 1987: 29)*

Hoque (2000) suggests, however, that where there is '*scope for diversity in business strategies within any given industry, there is likewise scope for diversity in the approaches taken to HRM*' (p.27). It has been argued that a 'soft' HRM approach to employee management is most applicable in product markets where a strategy of producing high value-added services is required (Hoque, 2000) and, consequently, certain higher-rated hotel establishments. However, it is true to say that the majority of the hotel industry operate in a high volume, low cost product market and will attempt to generate profits from increasing market share by cost leadership and by intensifying labour processes (Hoque, 2000:10). In such organisations, employees are likely to be seen as variable costs that need to be minimized and if HRM is to be adopted it is likely to be of a hard variety with the emphasis on labour as a resource. Therefore, individual hotels are likely to adopt models of employee management that 'fit' business strategy based on the economic imperative of cost minimisation described by Hoque as '*product market logic*'. The more successful the organisation is at achieving fit between product market, business strategy and HR strategy, the more successful it will be in terms of achieving organisational outcomes (Hoque, 1999; 11). He suggests this would most often be achieved by an organisation pursuing a cost-reduction business strategy through use of non-standard employment, subcontracting and Taylorised working practices such as job prescription, a high degree of specialisation, minimal training and development and a high degree of monitoring. This would appear to characterise much of the industry.

Alternatively, the model appropriate for a high-rated establishment may be that of quality enhancement through fostering employee commitment and continuous improvement in service provision. Specific policies would include extensive de-centralisation of decision-making (in establishments belonging to a large chain), employee involvement and consultation and high levels of training and specialisation. Hoque (1999a) suggests that the extent to which service quality provision or price competitiveness are more important will determine the approach adopted by management. He identifies several factors that influence the strategic choice and HR decision-making in the industry, emphasising the importance of ownership, size and product and labour market. There is a need, therefore, to differentiate within the industry on the basis of these factors.

In connection to this, it is further suggested that the idiosyncrasies of the industry appear to give rise to a number of apparent contradictions inherent in hotel employee relations that are both a cause and consequence of its 'inadequate' management. For example, Goodman et

al. (1998) raise the issue of whether problems of high levels of absenteeism, turnover and general dissatisfaction within the industry are not so much a factor of the industry itself but rather the way in which management chooses to respond to its nature. By pursuing policies of casualisation, tight supervision, and dictatorial, impersonal communication, employers are alienating employees and creating a workforce without trust in management, reinforcing feelings of 'them and us' and lack of commitment to the organisation. A vicious circle is therefore created.

Likewise, it is suggested that whilst most individual hotel establishments conform in some ways to Atkinson's (1984) model of the flexible firm, most would differ from Atkinson's model in that it is very often the case that peripheral staff are no less involved in less critical operations than core staff. For example, peripheral staff are often employed in 'frontline' activities fundamental to the successful delivery of customer service, for example, waiting staff, porters and room attendants (Guerrier & Lockwood; 1989a). Therefore, skills shortages amongst these key functions represent a problem in the recruitment and training of required employees who are critical to the service quality offered and subsequent customer satisfaction. Whilst management would like to recruit and retain a 'core' workforce, consisting not only of skilled and semi-skilled employees but also of reliable employees in unskilled positions, they are only prepared to provide a 'peripheral' package of benefits (Guerrier & Lockwood; 1989a:14). Skilled or semi-skilled operative staff are often the visible face of hotels and therefore as the need for service quality increases so does the need to recruit and retain suitable employees. This proves problematic when employers are unwilling or unable to offer conditions of employment that reflect of the importance of these employees. Therefore, it is not surprising that these hotels claim to experience, or show concern for, the problem of skills shortages, a problem potentially of their own making. Larmour (1983) highlights that a principal problem for hotel management is that of finding a suitable workforce, especially given the '*volatility of labour*' (Purcell et al.; 2000; 53) due, partly, to the inadequacies of pre-entry training which creates skill shortages and, therefore, the need to hire inexperienced and inadequate staff. Again, a vicious circle of skills shortages is created partially by management's failure to attract and train suitable staff.

## **Methodology**

For the project, data were collected using a cross-sectional questionnaire survey of 500 hotels (obtaining a response rate of 27%) and a number of interviews with personnel managers in a sample of larger establishments in the region. The purpose of the questionnaire survey was to identify the patterns of incidence of particular employee relations practices and outcomes. Analysis of the data was then conducted in order to identify any statistical associations between a range of establishment variables such as size, location and product market and the incidence of particular practices. The survey data helped to paint a



more detailed picture of disparities or similarities in managerial approach and practice and to begin to outline possible explanations for this. In this way, it was possible to begin to address the central question of whether certain problems, practices or policies could be attributed to the industry in general or whether they are shaped by these establishment and market variables.

The purpose of the interview stage of the study was to examine further a number of issues raised by the survey and to explore employee relations management practice in the individual establishment. In particular, the interviews were used to probe assumptions that innovation and HRM are to be found in larger and, often higher-rated establishments. Therefore, the focus sample for this stage was large, 3 and 4-star hotels, those in which it was anticipated that progressive forms of HRM would be present and which would, perhaps, set them apart from the stereotypical managerial approaches characterised as 'bleak house'. A positive case can be made for focusing on larger higher-rated establishments because these are the hotels most likely to practice some form of nascent or well-developed HRM. Therefore, following Hoque (1999a, 2000), it will be possible to test this supposition within a small sample. A key element of this was to investigate managerial rationale behind particular policies and the extent of strategic thinking evident in the decision-making within the sample. Therefore, through the interviews it was possible to gain a greater understanding of the extent of 'progressive' and strategic management practices within a sample that appeared most likely to have adopted such policies or the extent to which management felt they were constrained by their organisational context.

## **Research Findings**

### **Questionnaire survey**

Key findings of the survey suggest that certain presumptions, discussed previously, made about hotel employee relations hold true for the industry as a whole. For example, low trade union presence in the industry was found to be unarguable (approximately 95% of the sample establishments reported no trade union presence) and the use of flexible labour, both part-time and casual, widespread (Approximately one-third of all organisations employed more than 25% of its peak period workforce on a casual basis and 42% employed more than 25% of staff on a part-time basis). The experience of certain industrial relations outcomes, skill shortages, absenteeism and staff turnover, was similarly endemic (almost half of all establishments reported skills shortages and labour turnover as being problematic). Mechanisms used to consult or communicate with employees tended to be informal, 'when necessary' meetings and unilateral forms of communications predominate (67% of establishments reported using ad hoc means as the principle mode of communication).

These conclusions, however, need to be tempered by the fact that significant diversity was also identified within the sample and some interesting 'contradictory' findings were evident. For example, as regards managerially-led arrangements for communications, consultation and employee involvement, a small but significant number of respondents claimed to use formal means to communicate or consult with employees over a number of key issues including changes to working practices (50%). Not only did this suggest a lesser degree of authoritarianism in hotel management and a consultative approach to decision-making but also, perhaps, increased opportunity for employee participation and involvement (36% of establishments claimed to use one or more of quality circles, consultative committees, employee attitude surveys or suggestion schemes). However, as Hales & Klidas (1998) found, management is often quick to espouse the rhetoric of empowerment' but rarely does this represent significant increase in employee 'voice' (especially at the organisational level) or, indeed, employee 'choice' over minor operational decisions.

The survey analysis therefore suggested that some issues are not necessarily industry-wide conditions but appear to be associated with particular organisational characteristics. Most importantly, size of establishment appears to be the most influential factor when considering the formality of, and approach taken to, employee relations. For example, larger hotels are more likely to have a specific manager with responsibility for personnel and employment matters (approximately 80% of establishments with over 75 rooms compared to 20% for those with less than 75 rooms). They also demonstrate greater concern for, or experience of, employment problems such as skills shortages and employee turnover. In addition, whilst the use of numerical flexibility to manipulate labour supply appears to be pervasive, it appears that larger hotels (also identified by their relative dominance in the more stable, commercial market) are more likely to utilise part-time working as opposed to casual employment as the preferred mode of flexibility. This perhaps represents a higher propensity, or ability to, support a permanent workforce that is able to supply a degree of flexibility through part-time employment rather than adopting a 'pruning' strategy more appropriate to smaller, leisure hotels. In addition, formality of communication and consultation increased with size of establishment, unsurprising given the likely complexity of employment structures in medium to large hotels.

Therefore, several of the key assumptions made about hotel employment, rather than simply being phenomena associated with the industry as a whole appear to be, partly at least, a function of the size of establishment. In this way the survey suggests that there exists a 'crude' two-tier industry structure. Whilst much of the small hotel sector typifies many of the 'bleak house' characteristics of the industry, some larger hotels appear more 'progressive' in the formality they apply to employee relations. At this stage, however, it was unclear whether this perceived formality is indicative of greater strategic thinking amongst management in larger hotels or indeed if such approaches are to be found generally amongst larger hotels.

Similarly, it is debatable whether any greater formality is the result of management linking employee satisfaction to improved service quality and the pursuit of the former in order to achieve the latter. More likely is the explanation that a higher degree of formality in employee relations is associated with the need for tighter control and supervision of a larger workforce. These two areas represented key elements of the interview stage of the project.

The findings on establishment size are supported by the fact that more formal employee relations would be more common amongst hotels that belong to a larger organisation and those rated higher in quality. Higher rated hotels tend to be much larger than those of a lower standard and, therefore, display many of the characteristics of larger establishments. In addition, higher quality hotels tend to belong to larger organisations. Independent hotels tended to be smaller and lower-rated and, given the relative influence of size and service quality, it is suggested that this will necessarily impact upon employee relations practices and outcomes. This is exemplified by the fact that only 5% of independent establishments employed a personnel specialist compared with 40% of those belonging to a larger organisation.

Finally, an establishment's approach to employee relations appeared also highly contingent on its location and, consequently, the associated product and labour market. The survey suggested that formal employee relations are more likely to be found in the east end of the region, away from the tourism-based sector in Cornwall and Devon. However, this conclusion requires qualification. Given that the hotel industry in the far South West is characterised, generally, by high levels of independent, small establishments serving the seasonal, leisure market, it was expected that a disparity would exist compared to the larger, chain, high quality hotels more commonly found in the inland, urban areas. In support of this hypothesis, personnel specialists were more likely to be present in hotels in the east of the region and a higher level of casual employment was reported in Cornwall and Devon. However, the data do not fully support the assumption that other forms of numerical flexibility will predominate in the region, extensive use of part-time working seeming to be an industry-wide characteristic. Furthermore, inland areas were more likely to be subject to skills shortages although it is not entirely clear why this is the case. It may simply be a result of a smaller pool of available skilled labour in this region or alternatively the need for higher skills levels in hotels in these regions (typically higher-rated) or less willingness or opportunity to deskill jobs in such hotels. Moreover, it may be that there is more abundant alternative employment outside the hotel industry in these regions. High levels of staff turnover appear to not be of such concern to those hotels operating in the far South West.

## Interviews

The interviews again suggested considerable diversity even in the relatively small sample of largely 'similar' establishments. This diversity in policy, practice and approach to employee relations was informed by a number of different factors. For example, the nature of ownership, the approach of the wider organisation, the managerial style of the general manager/personnel manager, the location of the establishment and the associated labour market. Firstly, diversity was found in the area of employment structures and utilisation of labour. Although most hotels demonstrated, at least to some extent, the high dependency upon part-time and casual employees, other hotels reflected different approaches. These include a seasonal establishment that manages to maintain a large year-round workforce of full-time workers only complemented by a large intake of casuals in the summer months (*Seaside Hotel 2*), an approach informed by managerial attitudes to staff and by local labour market conditions. Alternatively, other hotels manage to address the problems of variable demand with little recourse to casual employment, manipulating the workforce in other ways or addressing the issue through other forms of flexibility.

This suggestion of diversity in the industry is further highlighted by the range of policy and practice in the area of communication and consultation. The methods of communication used ranged from highly structured, bilateral consultative formats to unstructured, informal, purely downward models. Several hotels go beyond managerial communication of purely strategic or operational information (ranging from regular (or irregular) general meetings through to an informal cascade through departmental managers). These hotels use staff forums or consultative committees as a deliberate attempt to engender employee commitment and to gauge employee satisfaction. Hotels demonstrating such an approach range in terms of size and ownership, staff forums being present in both independent and chain establishments. In addition, those hotels displaying informal or non-existent forms of communication, characterised by ideas of 'open-door' policies or 'as and when necessary', were again to be found in all types of hotels, whether according to ownership or size. These summary findings regarding communication and consultation suggest that far from being a homogeneous industry sector, even at the higher end of the market, the hotel industry is diverse in its approaches to employee management. In addition, even those variables which are most likely to inform employee relations policy (location, size and ownership) are little guide to the actual approach taken by management and the subsequent treatment of employees.

The final area of interest was that referring to employee relations problems in the hotel industry. Respondents were asked whether they considered three potential problems to be so in their establishment: high labour turnover, skill shortages & absenteeism. Reflecting the survey results, it can be generalised that the vast majority of respondents considered labour turnover and absenteeism to be a problem in their establishments. All managers interviewed

considered skill shortages to be problematic. However, points of interest lie not so much in the incidence of these problems, but in explanations and policies to tackle the issues. Managerial attitudes to labour turnover varied between establishments with little obvious pattern. One perspective considered high levels of turnover not to be a particular concern and an inevitable occurrence in the industry that was to be tolerated. Alternatively, other hotel managers regretted labour turnover, which they felt impacted negatively on service quality, and were actively attempting to address this problem, whether through supply-side approaches or one of staff retention. Therefore, although employee turnover was acknowledged as high in the majority of establishments, managerial attitudes differed in the extent to which they saw it as an avoidable problem and the extent to which they were willing or able to address it.

A similar situation arose in the discussion of skills shortages. Managers were again keen to acknowledge the problems of recruiting adequately trained, experienced employees but of particular interest were the explanations of, and approaches taken to address, the problem. Several hotels actively addressed the issues by ensuring adequate recruitment procedures and aided retention by offering relatively good terms and conditions. Other hotels appeared to accept inevitable shortfalls in supply of key skills and appeared to de-skill certain tasks to minimise training and employment costs. Of course, external factors, for example the nature of the local labour market are largely to blame for the severity of the problem in a particular hotel, but the problem also appears to be inherent in the sector, relating to poor industry image and poor conditions of employment. This appeared to be an area of consensus in all hotels.

Finally, absenteeism varied in the extent to which it was viewed as a problem. This appeared to be related to the extent to which an establishment relied upon casual and part-time employment because absenteeism appeared to be far more acute among peripheral employees. This relates to a point made previously that the use of high levels of casual and part-time employees is often a 'false economy' in terms of the additional costs incurred through absence and the related decline in service quality.

### **Mapping Management Styles of the Interview Sample**

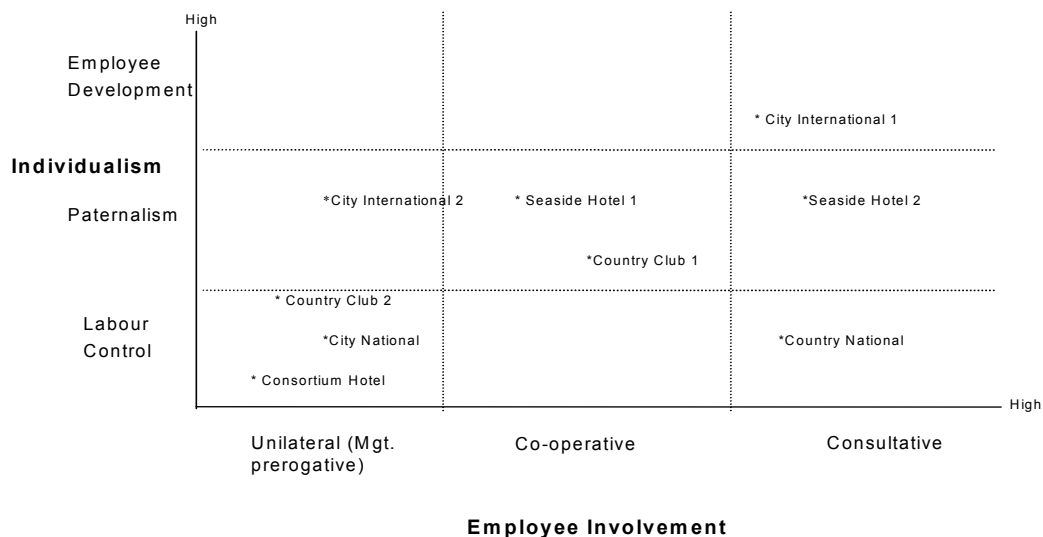
To present the interview data in a digestible form it is perhaps useful to map the different overall managerial approaches found in the sample. Purcell (1987) offers a model of management style based on degrees of individualism and collectivism. He intended this model to map long-term, deliberate management styles but it may also be a useful means of locating different managerial approaches within the hotel industry (Croney, 1988). Even though these approaches may not be deliberate, in the sense of being planned and formulated as coherent business strategy, the model may still prove useful in mapping

contingent management styles. However, some adaptation of Purcell's typology is necessary given that the hotel industry is only collectivised to a very limited extent. Therefore, an axis indicating the incidence and extent of employee involvement and consultation is more useful in order to differentiate between hotels on the basis of 'industrial democracy' (Purcell, 1987).

Purcell suggests that policies and practices indicating a high degree of individualism emphasise strong internal labour markets, training schemes and extensive welfare provision. Such establishments are also characterised by payment systems that emphasise merit elements and make use of appraisals and assessment techniques *'to distinguish the contribution of each employee'*. The role of line management is also emphasised and communication systems are likely to be extensive, through a variety of media and attitude surveys may be used. In contrast, low individualism is characterised by tight fiscal controls emphasising the commodity element of labour. Little priority is given to job security, with emphasis on the external labour market and overt control and discipline of employees. Organisations that occupy the middle ground, characterised as paternalist, are described as being those who *'do not appear to place emphasis on employee development and career progression ... nor are they dismissive of a sense of social responsibility towards their staff'* (p.537). Notions of caring, humanity and welfare are emphasised as a means of legitimising managerial authority and the subordinate position of lower level employees.

To a certain extent, even given the adaptation of Purcell's model, his description of the second axis still appears applicable. This refers to the degree of 'industrial democracy' in an establishment and the variety of methods by which managers *'become to a greater or lesser extent accountable for their actions to employees, and where staff have some say in decision-making'* (p.538). Whilst any definition of industrial democracy would include trade union relations as a means of challenging managerial prerogative, in a sample of hotels with no union presence, and only the opinion of management to base our assessment on then it is unlikely that any explicit evidence of adversarial collectivism will be identified. Therefore, it is perhaps more appropriate to base this second variable on degrees of employee involvement ranging from extensive managerial prerogative through to some degree of consultation. Indeed, the second variable measures the extent to which management in the sample chose to cede some degree of 'the right to manage'.

Therefore, in order to map individual hotels from the interview sample account will be taken predominantly of the existence, formality and outcomes of employee consultation mechanisms in order to discern levels of involvement. In order to discern levels of individualism, the hotel's employment structure and its utilisation of labour will be considered in addition to other policies and practices discussed in the interviews; for instance, training provision or payment systems.



Management Styles within Interview Sample (Adapted from Purcell; 1987)

With reference to the above diagram, it is perhaps easier to gauge the extent to which hotels can diverge in terms of management style or approach. Whilst many of the hotels may operate in similar product and labour markets and, to some extent, display organisational and employment characteristics associated with the industry, the ways in which management utilise and communicate with employees can differ substantially.

With regard to sub-groupings within the sample, most establishments in the sample could be argued to be essentially *unilateral* in nature, whether purely through managerial prerogative or through a more co-operative relationship with staff. This refers to those hotels with no mechanisms or only 'token' forums for employee consultation or those that were used to raise only low-level operational concerns. This would also refer to management that employ more 'paternalist', open door approaches to employee relations. Those hotels that were categorised as *consultative* were seen to demonstrate more inclusive employee participation mechanisms that rose above simply day-to-day concerns and impacted upon immediate working conditions, if not strategic joint decision-making. Importantly, employee influence on managerial decision-making was portrayed as being relatively high.

In terms of individualism, hotels generally displayed a predominant emphasis on labour (cost) control or, at best, paternalism. Predictably, only a very limited number could be characterised by employee development, demonstrating a commitment to internal labour markets and attempts to forego a degree of numerical flexibility in favour of employment stability and forms of functional flexibility.

It was the smallest hotel in the sample, *The Consortium*, which demonstrated the characteristics most closely associated with the industry as a whole. Emphasis was on labour control and the minimisation of cost, especially relating to staffing arrangements, and the

extent of employee consultation and formal communication was negligible. It is also interesting to note that *City National*, part of a large UK chain, was also characterised along these lines, demonstrating a strong emphasis on cost minimisation and little explicit commitment to its workforce. Conversely, only one hotel appeared to reflect both elements of consultative unitarism and employee development; it had both well-developed mechanisms for participative employee consultation and employment policies emphasising the importance of staff retention, skills and positive encouragement of functional flexibility. This hotel was amongst the largest in the sample and represents the only organisation that can be inferred to approximate to a coherent range of progressive-HRM practices.

Therefore, this brief discussion of managerial approaches demonstrates the diversity of management styles that have been adopted even amongst relatively similar hotels that are subject to similar competitive pressures and labour market conditions. Although many of the hotels in the sample simply react in the most cost-effective manner (in the short-term), other hotels appear to have acknowledged the connection between staff retention, job satisfaction and service quality. This appears to be the driving force behind any moves towards progressive managerial approaches, the need to differentiate one's product in an increasingly crowded market, rather than any explicit benevolence towards employees.

## **Conclusion**

The primary aim of this project was to examine how employee relations are managed within the hotel sector in the South West. The project also sought to examine whether the 'bleak house' assumption of hotel employee relations management was pervasive in the region. Both of these questions can be addressed together. The research suggests that generalisations about employee management in such a broad industry sector are difficult to make. The survey suggested that the assumption of 'informal', if not 'poor', industrial relations appears to be largely prevalent within the sector but the research identifies a number of discernible areas of diversity. Therefore, whilst much of the industry context, for example the variability of demand and the subsequent 'need' for employment flexibility, is endemic to most hotels, albeit to varying degrees, managerial responses are much more difficult to predict. Those 'better practice' establishments can most readily be described as being larger in size, belonging to larger organisations, higher-rated and subject to particular labour and product market conditions (i.e. more predictable commercial trade). Therefore, whilst the industry itself provides the broader context, it is the immediate circumstance of the individual establishment that provides the greatest influence on employment practice. It could be argued that certain hotels are more susceptible to the demands of the industry serving highly variable product markets and competing in difficult labour market conditions, factors that lend themselves to a cost-minimisation 'strategy' and a reactive, unitary management style. This would appear to characterise the majority of hotel establishments. Alternatively, hotels that operate in the more stable commercial marketplace are in a better



position to adopt more strategic management. Therefore, whilst much of the industry may appear to be enslaved to market forces, some sections may be more able to take a more proactive approach. According to the study, those hotels that do appear more 'progressive' tend to be larger, higher rated and belong to larger organisations, however this is by no means always the case. Overall, the qualified conclusion is that size of hotel matters in the ability or willingness of management to attempt to exert some control over environmental pressures in the pursuit of particular business objectives. It would appear that whilst much employment management work focuses on 'tactical', day-to-day concerns, a longer-term strategic perspective is possible and more likely to be found in a particular subset of hotels.

However, Rowley et al. (2000) state that attempting to differentiate establishments in terms of overarching strategy can prove problematic. This is certainly true of the both the survey and interview findings. According to the survey findings, hotel size appeared to be useful crude indication of increased formality of employee relations. However, the interview findings suggested this was far from always the case. Hoque (1999a) divided a study of large and medium hotels into three categories in terms of business strategy: those focusing on cost-minimisation or price competition, those focusing primarily on quality enhancement and those with an ambiguous approach to business strategy. Much of the survey sample appears to adopt a cost minimisation approach or, at best, an ambiguous strategy trying to balance the need for strict control over labour costs and the need for standards to be maintained. Those hotels demonstrating a strategy of quality enhancement appear primarily at the top end of the market and are predominantly large and owned by another organisation. This characterised several of the interview establishments, although associated practices were unlikely to be part of a coherent strategy. Only one establishment in the sample could be said to have adopted a more coherent HRM approach. Many factors affecting establishment performance in hospitality lie outside the control of managers and it is unsurprising that few adopted a long-term linear strategy. As previously suggested, given the '*volatility of labour*', small establishments tend to pay close attention to cost-control (Purcell et al. 2000). Therefore, whilst labour market and product market conditions, related to hotel location, are immediate concerns for hotel management and shape employment 'strategy' directly, establishment size is often important in discerning how an establishment will react to these immediate circumstances (for example, in the forms of employment flexibility that are adopted). In this way, establishment size can be seen as an important determinant of employee relations strategy. However, as suggested by the diversity of managerial style and practice in the interview sample this is contingent on other factors such as ownership and rating.

What can be concluded, therefore, is that a contingent approach is necessary to understanding managerial practice within this highly diverse industrial sector, employer responses to the pressures and tensions of the industry being unpredictable. However, broad trends can be discerned on the basis of particular establishment variables as highlighted by

the survey findings. The vast majority of establishments appear to conform to a largely stereotypical model of hotel management demonstrating little formality, establishments being characterised by a reliance on casualised labour and high labour turnover. Such hotels are likely to compete on the basis of cost-minimisation or by adopting an ambiguous, ad hoc approach to business strategy. Alternatively, a small proportion of hotels, most commonly larger, higher-rated establishments belonging to a larger organisation, are a distinctly different industry sub-sector. Management of such hotels whilst still subject to particular idiosyncrasies of the sector, including erratic demand and a shortage of skills, is more strategic and 'progressive' than that found in the rest of the sector. Employment is likely to be experienced more positively with better terms and conditions on offer, opportunities for development and a greater emphasis on stability and skills flexibility. More structured means also appears present for employee communication and consultation.

This conclusion is, to an extent, borne out by the interview establishments, where a small proportion seem to perceive the need to adopt more progressive-HRM practices, although only one employer could be argued to have adopted a coherent strategy in pursuit of these. Following Hoque (1999a, 2000) it can be suggested that adoption of this approach is likely to be informed by a business strategy emphasising quality enhancement as opposed to that of cost-minimisation. However, even in a sample of larger hotels, many establishments appear to be managed on the basis that management is able only to react to labour and product market pressures. This is compared to a minority that appear to be run on the basis that whilst the nature of the industry implies considerable constraints on managerial activity there is significant room for strategic manoeuvre. Whilst several in the interview sample appear aware of this strategic opportunity to adopt longer-term strategy only a small number have adopted such practices, mainly in an ad hoc manner. Most managers still appeared constrained by day-to-day concerns and tactical decision-making, whether at establishment or higher organisational level, which inhibits their ability to adopt a more cohesive strategy. In many hotels the willingness of managers to adopt a longer-term strategy for employee relations appears inhibited by a failure to see the benefits of such an approach or fatalism about the extent to which strategic choice is possible or beneficial.

Overall, this paper has highlighted the diversity of employee relations policies and practices adopted by managers and organisations in the hotel sector. Whilst the size of establishment appears to have implications in terms of the interaction between the hotel and its immediate context (i.e. labour market and product market) this is partly due the fact that it is a significant indicator of other important factors (e.g. likely to be higher rated and belong to a larger organisation). Indeed, it is such hotels that appear more likely to adopt more progressive approaches to employee management. However, size is by no means a 'hard and fast' indicator of HRM-style practices. Whilst the survey gives some indication that larger hotels are more likely to demonstrate greater formality of employee relations, the range of practices

adopted, even within the selective interview sample, suggest considerable diversity even amongst similar establishments.

However, it may be the case that the range of strategic choices, above and beyond that of labour cost minimisation, available to managers in larger hotels are greater than for those in smaller establishments. Whilst smaller hotels may find it difficult to adopt, or are unconvinced of the benefits of adopting, more progressive practices, managers in larger hotels may be better placed to respond in a strategic manner to the environmental pressures that characterise the industry. Indeed, they may also gain more greatly from doing so. This is especially true of hotels competing in the high-quality marketplace that necessitates 'better' employment practices, to improve employee commitment and performance, in an increasingly competitive market. However, even though larger hotels might be more likely to display more formal or strategic approaches to employee relations compared to the industry as a whole, this sub-sector still appears significantly divided in the extent to which managers feel able, willing or compelled to invest in associated practices.

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