In many respects this whole book is concerned with the relationship between an employer and the employees. Whether one is considering recruitment, induction, discipline or reward systems all have important inputs into the employment relationship. However, all of these can be concerned with the relationship of an individual employee and the employer.

This chapter, instead, is to focus on the collective relationship traditionally referred to as ‘industrial relations’ but which, with the changed nature of trade union roles and power, is increasingly referred to as ‘employee relations’. At one extreme, such relationships are seen as being concerned with purely economic issues, i.e. the ‘pay for work’ relationship. At another extreme are those who see industrial relations as being concerned with politics and as an extension of party politics.

The term ‘employee relations’ is generally used to describe the relationship that exists between the management of an undertaking and its work people in the collective sense. An important contributor to the subject of employment relations as it pertains to the hospitality industry is Rosemary Lucas, whose definition of the employment relationship also introduced the consumer within its scope:

Employee relations in hotels and catering is about the management of employment and work relationships between managers and workers and, sometimes, customers, it also covers contemporary employment and work practices. (Lucas, 1995: 81)
In a later work, Lucas (2004) develops this important theme for service industries, where the role and behaviours of hospitality employees are impacted upon crucially by the organization, its management and the customer they are serving. The challenge for many hospitality employees is to satisfy the needs and demands of all these stakeholders, and this complexity of relationship can create significant problems for individual workers through the role conflict that can result. The hotel receptionist dealing with a stressed guest, disappointed and angry about the poor decorative order of a hotel bedroom, is in a parlous position, faced with the ‘power’ of the customer, and the ‘power’ of the organization and management that demands maximum occupancy and revenue from all rooms, including those not yet featuring on the carefully costed refurbishment schedule.

The traditional and collective term of industrial relations is still used in employment situations where employees are organized and represented within a trade union. In the hospitality industry the degree of organization of employees within trade unions varies considerably. At one end of the scale, in public sector and contract catering, it is possible for all employees’ conditions of employment to be determined by collective bargaining and national agreements, hence a consequently high degree of union membership; yet at the other end of the scale, in most hotels and restaurants, trade union members are comparatively low, and often non-existent. Upon close examination it appears that there are certain factors that either contribute towards or militate against strong union involvement. Bain and Price (1983) identified a number of determinants of union growth or decline, factors still relevant today. These include

1. industrial structure
2. government action
3. business cycle
4. composition of potential membership
5. employer policies
6. personal and job-related characteristics
7. union leadership

Using some of the determinants identified by Bain and Price, it is possible to conclude that union membership is low in the hospitality industry for the following reasons:

1. The large numbers of small establishments, which make it difficult for trade union officials to contact potential members and to organize meetings. Note, the average hotel has only about 25 bedrooms.
2. The highly dispersed and departmentalized labour force, even in the largest establishments, resulting in the absence of cohesive groups of workers with common interests.
3. The large number of part-time employees and also many young employees, who are not interested in belonging to a trade union. The high proportion of female employees may also be a factor (Stanev, 1999).
4. The large number of foreign employees who are in the UK for short periods of time.
5. Shift working, which makes it difficult to contact and organize employees.
6. Tipping, which introduces an entrepreneurial element into work, which many employees fear a trade union would try to eliminate.
7. Individual and secret contracts made between the employer and the employee.
8. No tradition of trade union membership within some sectors of the industry.
9. Employers’ resistance, because employers fear that they have more to lose than to gain from the trade union movement.
10. High labour turnover in some sectors mitigates against membership, association and the ability of trade unions to organize.

Figure 15.1 illustrates how these can be applied to the hospitality industry.

<table>
<thead>
<tr>
<th>Low union membership</th>
<th>High union membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small units – small workforces</td>
<td>Large units – large workforces</td>
</tr>
<tr>
<td>Many part-timers and casuals</td>
<td>Few part-timers and casuals</td>
</tr>
<tr>
<td>‘Entrepreneurial’ opportunities, e.g. tipping</td>
<td>No ‘entrepreneurial’ opportunities</td>
</tr>
<tr>
<td>Ownership and management combined or closely related</td>
<td>Management distinct from ownership</td>
</tr>
<tr>
<td>‘Secret’ contracts</td>
<td>No ‘secret’ contracts</td>
</tr>
<tr>
<td>Hostile ownership</td>
<td></td>
</tr>
<tr>
<td>No other union involvement</td>
<td>Other unions involved in the enterprise</td>
</tr>
<tr>
<td>No tradition of union involvement</td>
<td>Traditions of union involvement</td>
</tr>
<tr>
<td>Some examples</td>
<td>Some examples</td>
</tr>
<tr>
<td>Restaurants, fast food, hotels, public house staff</td>
<td>Hospital catering, university and college catering, school meals, Civil Service catering, public house managers</td>
</tr>
</tbody>
</table>

In addition, recent research (Stanev, 1999) concluded that a major deterrent to high union penetration of the hospitality industry is the high proportion of part-time and women employees.

Figure 15.1 Factors contributing to low or high levels of union involvement

**Development of the trade union movement**

In order to see the hospitality industry’s employee relations in perspective it is important to look at industrial relations generally and, in particular, to examine the development of organizations of work people and of employers.

The organization of employers and workers came about from the eighteenth century onwards with the emergence of modern industry. Before this time most conditions of employment had been regulated by the state, often through the local magistrate, and it was an offence in common law to do anything (even with the intention of improving one’s own conditions of work) that might have been in restraint of trade. A combination of workers, therefore, to strike or to do anything else to improve conditions that adversely affected the employer’s business was a criminal act of conspiracy. But at the same time it was illegal for employers to form such combinations. As industry became more complex, the state regulations of wages fell into disuse and employers themselves were able to fix conditions of employment. Legislation followed, banning combinations in one trade after another until the
situation was made quite clear when the Combination Acts 1799–1800 provided for a
general prohibition in all trades of combinations of employees or employers.

However, following the Napoleonic Wars there was an economic depression
together with a movement to improve conditions, which resulted in the repeal, in
1824, of the Combination Laws. The effect of this was to allow workers to enter into
combinations for the purpose of regulating wages and other conditions without
committing the crime of conspiracy. This Act (the Combination Laws Repeal Act
1824) was followed shortly by another that somewhat circumscribed workers’
rights, but still preserved the right to withhold labour by collective action and this
right has never been withdrawn, although current legislation makes it more diffi-
cult to instigate certain types of industrial action without risk of penalties.

Subsequent acts, including the Trade Union Act 1871 and the Conspiracy and
Protection of Property Act 1875, gave trade unions legal status and also permitted
peaceful picketing. Then the Trade Disputes Act 1906 protected a trade union from
being sued for alleged wrongful acts committed by it or on its behalf. Thus trade unions
were freed of any risk of a civil liability arising from their actions. A variety of other
legislation followed which repealed certain preceding legislation, covered the amalga-
mation of trade unions and tied up some other aspects that were not satisfactory.

However, the most notable legislation to date was the Industrial Relations Act of
1971, which replaced most preceding legislation regarding trade unions and followed
both the main political parties’ examination of the increasingly complex and potentially
disruptive industrial relations scene. This Act granted to an individual the right to
belong or not to belong to a trade union. This was subsequently repealed with many
other provisions by the Trade Unions and Labour Relations Act 1974. Certain provisions
particularly relating to ‘unfair dismissals’ remained to protect the individual, but have
since been altered by subsequent employment legislation. Principal statutes enacted
concerning employment rights and trade unions’ rights in the intervening period have
been the Trade Union and Labour Relations (Consolidation) Act 1992, the Trade Union

Present position

The trade union movement, along with other sectors of our society, is undergoing a
period of mergers and rationalizations. At the end of 1972 there were about 480
trade unions, whose members totalled about 11 million; in 1987 there were only 373
unions with 10.7 million members; in 1989 there were about 8.6 million members in
unions affiliated to the Trades Union Congress (TUC). The number of union mem-
bers was the same in 1993 (8.6 million) but the number of certificated unions had
fallen to 267, of which 67 were affiliated to the TUC. Brown (2000) reports that the
number of UK workers with trade union membership has decreased from 53% of
the total workforce in 1979 to just 28% in 1999. The hospitality sector, as analysed by
the Workplace Employee Relations Survey in 1998, had no members at all in 92% of
establishments. Recent estimates of the percentage of the hospitality labour force
who are members put the figure at as low as 4% (Brook, 2002 cited in Lucas, 2004).

The strength of the trade union movement obviously stems from its ability to
present a united front, and therefore many individual unions join federations to fur-
ther strengthen their movement. These federations are, however, in most cases
rather loose, and the responsibility for action rests with the individual unions. There
is no such strong federation in the hospitality industry. The trade union movement
is united within the TUC, the aims of which are to promote the interests of all its affiliated organizations and generally to improve the economic and social conditions of workers.

Much of the TUC, as with the federations of unions, has little authority over individual unions, but it does oblige affiliated unions to keep its General Council informed of any trade disputes that may involve large numbers of work people.

**The role of trade unions**

Trade unions are primarily concerned with representing their members in order to obtain what is considered by their members to be reasonable conditions of employment. ‘Reasonable’ is, of course, relative; it may mean maintaining one’s position in an earnings league or it may mean preserving one’s purchasing power.

Although unions are concerned with obtaining increased earnings, they also strive to improve their members’ other conditions of employment such as time-off, holidays, safety and status. They do, in addition, show particular concern over company ownership, job security, pensions and, very often, important political issues such as privatization. Their roles can be evaluated from a number of different perspectives that are set out below.

**Economic–political**

On the one hand, unions may be concerned only with improving their members’ conditions and, at the other hand, unions may be an extension of a political movement. The Labour Party grew out of the British trade union movement. Some union leaders may use their unions in order to further their own political ends, which may have little relationship to the wishes of the rank-and-file membership.

**Capital–labour**

Another view is concerned with the relative rights of those who provide labour and capital. There are those who believe that ownership bestows certain inalienable rights, whereas others believe that those who provide labour have equal rights to those of the providers of capital.

**Democracy–autocracy (pluralist–unitarist)**

Related to the above is the argument about degrees of participation in decision making. There are those who believe that managers, because of training and experience, should be responsible for taking decisions, whereas others hold the view that decisions should be shared by all who are affected by them.

**Rank and file versus union leadership**

An important discussion is the extent to which union leadership is really representative of the membership. It is argued that the very process of moving up the union hierarchy separates leaders from their members. Many of the Conservative government’s measures in the 1980s and 1990s were directed at reducing the power not just of trade unions, but of senior officers of trade unions.
Individual rights versus group rights

An important discussion, particularly where closed shops (compulsory 100% trade union membership) used to be involved, relates to the rights of individuals to choose whether to belong to a trade union or not. On the one hand it is argued that the rights of individuals must be upheld; on the other hand it is argued that the majority has greater rights. Certainly this would appear to be what democracy is about.

In essence, however, whichever perspectives are adopted, industrial relations is concerned, explicitly or implicitly, with the power of the participants to influence the distribution of the wealth they generate or the resources they have made available. Unions themselves claim to be democratic organizations – that the organization represents the wishes of the majority of its members. To what extent union leaders do represent their members’, or their own, aspirations varies from union to union. Figure 15.2 illustrates the organization structure of a large trade union.

Figure 15.2 Structure of a union
Types of union

Over the years unions have evolved into four main types.

1. Craft unions – These usually consist of members with specific trade skills.
2. General unions – These unions consist mainly of members with little or no specific trade skills and they have no skill or training requirements. The general unions constitute the largest unions in Britain today (e.g. the Transport and General Workers Union). Some general unions, however, do incorporate specialist unions catering for workers with specialized skills.
3. Industrial unions – These unions consist of most workers in one industry or activity (e.g. the National Union of Teachers).
4. Whitecollar unions – These unions consist of administrative, clerical and managerial employees (e.g. Unison, a public sector employees’ union).

Employers’ associations

The first employers’ associations of any importance were probably the merchant guilds and livery companies which existed throughout Europe from the early Middle Ages. They dealt with a variety of matters that affected trade and labour.

With the repeal of the combination laws and because of pressure from the growing trade union movement, employers’ organizations grew rapidly during the nineteenth century. Nowadays they are, generally speaking, organized on a trade or industry-wide basis and because of this they deal with matters of trade, such as encouraging government to take defensive measures against foreign competition, and with matters of employment, such as negotiating industry-wide conditions of employment.

These employers’ or trade associations come together in various national bodies, the main one being the Confederation of British Industries (CBI), which has individual employers, trade associations, employers’ organizations and nationalized industries within its membership. In the private sector, the BHA and the BII are examples of the hospitality industry’s principal trade or employers’ associations. Figure 15.3 gives an overview of the industrial relations institutions which may impact upon employee relations.

The conduct of negotiation and consultation varies considerably from employer to employer and from industry to industry. In some cases all negotiations will take place at national level between the trade union concerned and the employers’ association. This is sometimes referred to as the ‘formal’ system. In other cases all discussions and negotiations will take place ‘informally’ at plant level, i.e. between the local employer and their own employees.

Main types of agreement

There are several types of agreement normally entered into between employers and trade unions.

Recognition agreements – These are usually the first type of agreement entered into. Under such agreements the employer normally agrees to recognize the union in certain instances, such as representing members in grievance and disciplinary matters.
Figure 15.3 Industrial relations institutions
Negotiating agreements – Under a negotiating agreement, an employer agrees to recognize a union’s right to negotiate on behalf of its members.

Substantive agreements – These contain the ‘substance’ of an agreement and include elements such as pay, hours and overtime rates.

Procedural agreements – These lay down various procedures to be followed, such as dates for agreements to be made, and procedures to be followed in the absence of agreements.

**Individual contracts**

A major feature of the employee relationship in the hotels sector of the industry is the secret and individual nature of contracts (Mars, Mitchell and Bryant, 1979). Because the vast majority of employers are small, with only a few staff, contracts are made between the employee and the employer, who offers terms that will solve the immediate staff problem. These terms may be better than those currently enjoyed by other similar staff. Consequently, an element of secrecy is expected. With some employers it is a dismissible offence to discuss remuneration. This system of individual contracts is made easier because a considerable proportion of recruitment is informal, on a person-to-person basis, and may involve undeclared cash payments. Although managers believe that this individual and secret contract works to their advantage, it creates ambiguity and confusion which causes grievances and high labour turnover.

**Wages Councils**

In 1945 with the enactment of the Wages Councils Act and the creation of wages boards it was recognized that where employees were not organized there was insufficient pressure on employers to ensure that wage levels and other conditions were kept up with those offered to other sections of the community. In the hospitality industry this had been recognized earlier and resulted in the Catering Wages Act of 1943, which created the Catering Wages Board. This board laid down minimum conditions of employment. However, this Act and others were superseded by the Wages Council Act 1959, which regulated wages and other conditions for employees in the industry until 1993.

The rates laid down by the various councils were considered by most employers and employees to be absolute minima and market forces generally obliged employers to pay above these rates. The value of wages councils was therefore questionable and they were eliminated in 1993. Furthermore they represented to the Conservative government an aspect of government intervention in the labour market which was inappropriate. However, since the election of the Labour Government in 1997, and under pressure from the EU, many of these issues have been impacted upon by regulation, most notably the National Minimum Wage and the Working Time Directive (see Chapter 16).

**Employer/employee consultation**

If good employment relations are to be achieved, many argue that discussion should take place between management and staff on all matters related to conditions and methods of work. The size of the organization does not affect...
this principle; the only variation to it is one of degree, since the actual size and nature of the organization determine the type and degree of formality of discussions.

Within this industry there are probably three main types of consultative procedure. The first and probably the least formal is found in the individually owned hotel or restaurant, managed by a proprietor who works in the establishment with a staff numbering up to about 20. In this case any formal joint consultation or negotiation may be unnecessary, since the employer is close to the employees and should be aware of their problems and views. It is the employer’s job to keep informed of the employees’ opinions and feelings and the employer may well hold informal meetings at regular intervals with all staff. Meetings may anyway be held to discuss menus, special functions, etc., and from time to time they should be enlarged to cover methods of work and conditions of employment.

The next level may be found in hotels or restaurants with groups of employees in several departments. Typically this would be a hotel or restaurant complex with from twenty to several hundred employees. In this case there may be small groups of people working together – each group with its own aims – often not the same as those of the organization as a whole. One only needs to think of the conflict between cooks and waiters in many hotels or restaurants to accept that this conflict exists. In this case it might be that each department should nominate a representative to meet management’s representatives on a regular basis – probably between four and eight times a year. Some formality is needed, and agendas need to be circulated beforehand and minutes produced afterwards.

The level after this is the company or organization with several large units. Each establishment has its own joint consultative committee, and in addition it may find it worth organizing a company-based joint consultative committee where representatives from each establishment meet head office management. This system is most appropriate where a company is heavily represented in an area – London, for example – and where management might wish to discourage unnecessary movements between units caused by varying supervisory or personnel practices within the company’s establishments. On the other hand it may not be necessary where an employer’s establishments are located far apart in areas where conditions are different.

These are three examples of different levels of consultation (and possibly negotiation), but whether or not all three should be conducted with trade union representatives is generally for management and employees to decide.

Benefits of consultation

Managers may ask what benefits can result from their taking the initiative in establishing joint consultation and even bargaining or negotiating procedures with their employees. First, and most important, it must be recognized that although employees may have no negotiating machinery they still push up rates of pay and win other concessions by voting with their feet. They move from employer to employer continually looking for higher earnings and employers in turn have continually to increase their rates to attract replacement staff. Seasonal resorts will confirm that this practice is rife. The fear of runaway wage increases
therefore is generally exaggerated. Instead, because of continuous collective pressure from the employees, through consultation, their conditions would steadily improve, and job security would become greater, with the result that the staff turnover rate would almost certainly drop to reasonable proportions. There are many cases in those sections of the industry where trade unions are strong where the annual staff turnover is not above 10% per annum, contracted food service units being one such example. As a result the economies to be made through not having to recruit and train a steady flow of replacement staff are considerable, apart from the benefits of being able to maintain consistent standards.

A second benefit of consultation is a more willing acceptance of change. By nature most people oppose change, but if they have been involved in discussing changes that affect them and they understand the underlying reasons, they will almost certainly be more prepared to make the changes work. A further benefit is that many people have ideas that can improve working methods, and by consultation, management can provide the opportunities for these to be expressed. A third view, however, is that whether these are measurable benefits or not, participation in decisions affecting working people is a right – not a privilege granted by management for instrumental reasons (see Chapter 20).

**Disadvantages of consultation**

On the other side of the coin there are disadvantages to be faced when entering into consultation with employees. First, management action will be open to question and discussion, with the consequence that management’s decisions may take longer. Furthermore, even certain confidential information, by law, must be made available for discussion. Apart from this, it must be remembered that if trade unions are involved, the possibility of industrial action, such as working to rule, blacking, banning overtime and even striking, must not be ruled out when agreement on such things as pay, working conditions, methods or procedures cannot be reached.

**Establishing consultation**

Once the decision has been taken to establish consultation within an organization, the scope of any discussions may cover all matters of interest to both sides, including the total reward system, hours of work, working methods and company plans. It should be clear, however, that the purpose of such consultative committees is consultation and not negotiation.

Setting up a staff consultative committee sometimes presents problems, because it is essential that the employees’ representatives are chosen, and seen to be chosen, by their colleagues and not by management. The outline of a constitution and rules for a staff consultative committee is illustrated in Figure 15.4. At an international level, it should be noted that following an EU directive in 1994, any company which has at least 150 employees in more than one country and at least 1000 employees within the EU must form a works council for information and consultation activities.
1 Objectives
The object of the Staff Consultative Committee is to provide a means of communication and consultation between the management and staff of the hotel on all matters of mutual interest, including:
(a) Explanation on general information concerning Company activities, policies and procedures.
(b) Business plans for the hotel and current results, expressed in broad terms as percentages, etc.
(c) Ideas for improving sales, standards of performance, efficiency and productivity.
(d) Discussion on staff rules and regulations, and discussion on security matters.
(e) Terms and conditions of employment, staff amenities and welfare facilities. Wage rates/Wage reviews may be discussed in general terms only. The wages or status of an individual member of staff may not be discussed.
(f) Training activities.
(g) Health and Safety at work, including hygiene and welfare. (The hotel Safety & Hygiene Officer should be in attendance during discussion on these items.)
(h) Organising of social, sporting and recreational activities.

2 Membership
The committee shall consist of:
(a) A Chairman who shall be the General Manager.
(b) Another Management Representative preferably the Personnel Manager or Assistant Manager responsible for personnel.
(c) A Head of Department or Supervisor: normally a different Head of Department or Supervisor attending the meeting in rotation.
(d) Elected Staff Representatives from each Department of the Hotel (normally there should be between 6 and 12 staff Representatives on the Committee depending on the size of the hotel). They will also act as Safety Representatives for their Departments — see Guidelines for the duties of Staff Safety Representative.
(e) A Secretary to record the minutes of Meetings of the Committee. Staff Representatives shall be chosen annually by election, other members of the Committee being nominated by management. Should members of the Committee cease to be employed by the Hotel, then membership shall immediately terminate.

3 Attendance
Any member who is absent without adequate reason for two or more consecutive meetings may, at the discretion of the Committee, be disqualified from membership.

4 Co-option
The chairman may invite additional members of management and/or staff to attend meetings to provide special information.

5 Election of Staff Representatives
All staff over the age of 18 years who have been employed for over three months by the hotel shall be entitled to stand for election which shall be conducted annually by Departments. Elections which shall normally be by secret ballot, shall be organised by the Head of Department in consultation with the Hotel Manager, and shall be held normally in January or as required if a vacancy arises during a term of office. All staff on the payroll at the time of the election shall be entitled to one vote. Staff Representatives are entitled to wear a special Company badge whilst they hold office. These badges will be issued by the Hotel Managers and must be returned if the person concerned is no longer the Staff Representative.

6 Officers
The officers shall consist of the Chairman, a Management and Head of Personnel Representative as referred to in Paragraph 2 (a), (b) & (c).

7 Retirement
Staff Representatives shall be elected for one year and may be eligible for re-election every year. Management members shall hold office at the discretion of their superiors.

Figure 15.4 Staff consultative committee constitution
Source: Reproduced by courtesy of Forte Hotels.
Responsibility for good employee relations

The responsibility for good employee relations depends, within each undertaking, upon its management, and can only result from frank discussion between management and staff. The Industrial Relations Code of Practice places the responsibility for stimulating this dialogue squarely on management. In the section on communication and consultation it says:

Management in co-operation with employee representatives should

i) provide opportunities for employees to discuss matters affecting their jobs with those to whom they are responsible;

ii) ensure that managers are kept informed of the views of employees and of the problems which they may face in meeting management's objectives.

See also chapter 16 for information on union law.
Advisory, Conciliation and Arbitration Service (ACAS)

Advisory, Conciliation and Arbitration Service is the main state organization established to give advice on industrial relations and employment relations practices. They can also, as their title indicates, act as an intermediary in industrial disputes. In addition, of course, the industry’s main trade bodies, such as the BHA, can be consulted by its members.

Further Reading and References


Questions

1 Describe the structure of industrial/employee relations in the private (commercial) sector of the hospitality industry and also in the public sector of the same industry.

2 Discuss the factors contributing to high or low levels of union participation in different sectors or employers of the hospitality industry.

3 Discuss the external factors that influence the nature of employee relations.

4 Discuss the positive and negative contributions made to employment relationships by trade unions.

5 Evaluate the approach to employee relations used by an employer you know well.