CHAPTER **TWELVE**

Critical Issues in Human Resources Management

CHAPTER OUTLINE

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CHECKLIST OF CHAPTER LEARNING OBJECTIVES

As a result of satisfactory completion of this chapter, readers will be able to:

1. Explain how the responsibilities of human resources managers are affected when employees are unionized.
2. Discuss guidelines that are helpful in facilitating the work of staff members belonging to the Traditionalist, Baby Boomer, Generation X, and Generation Y age groups.
3. Provide tactics that may be useful when organizational downsizing and outsourcing strategies are planned and implemented.
4. Review basic procedures that are useful in the succession planning process.
5. Identify the benefits of and basic steps that human resources managers can use to develop and assist staff members with career planning activities.

Impact on Human Resources Management

Most hospitality organizations in the United States are not unionized, but some, especially large operations in metropolitan areas, do negotiate and administer agreements with one or more unions. This chapter addresses why employees are attracted to unions, how bargaining agreements affect management responsibilities, and procedures for collective bargaining.

Although many people believe that hospitality organizations are staffed by teenagers and young adults, there are, in fact, many persons of different ages working and enjoying careers in the industry. Should management and supervisory tactics be modified based on the age of staff members and, if so, how? Those with human resources responsibilities provide guidance and information to line supervisors and, in small properties, directly facilitate the work of employees. Therefore, a discussion of this topic is important for human resources managers.

The strategy of doing more with less while attaining performance standards is a concern of managers in every type of hospitality operation. When is downsizing (rightsizing) appropriate? What is the role of human resources managers in the process? and What are its potential effects on the organization? These questions are addressed in the chapter. Another tactic—outsourcing—is also increasingly being implemented and is considered in the specific context of the hospitality industry.

Even though hospitality managers are very busy with day-to-day concerns, they must also think about the short- and long-term future. To do so, they can use succession planning tactics to answer questions such as What and how many key management positions will be needed in the future and what competencies will be required for those in the positions? Once identified, career development programs and activities can be planned for incumbents in the positions and for those who aspire to the key roles.

This chapter addresses each of these topics to provide more comprehensive coverage of the types of concerns that confront contemporary hospitality human resources managers.

Unionization in the Hospitality Industry

Unions: Organizations comprising employees who act together to promote and protect their mutual interests through collective bargaining; see *collective bargaining*.

1. **Explain how the responsibilities of human resources managers are affected when employees are unionized.**

Employee **unions** typically represent some hospitality organizations in metropolitan areas. Human resources practices in these operations must comply with the terms of the applicable **labor contract**, and managers work with other top-level officials to negotiate and administer these agreements. Those with line operating responsibilities may spend a significant amount of time ensuring compliance with the contract.

Strategies to deal with employee unions from the time their representatives make initial contact with employees as a first step in the unionization process through negotiation procedures are developed by top-level managers, including those with human resources responsibilities. Because supervisors are likely to have more direct contact with union employees than are higher-level managers, they must learn the do's and don'ts of interactions with union employees. Top-level managers must also provide this union relations training to their supervisors.

Labor contract: A written agreement covering a specific time that spells out management's expectations for employees and limits to management's authority; also called *collective bargaining agreement*.

REASONS FOR UNION AFFILIATION

There are several common reasons why some employees want to unionize. One relates to the employees' perceptions that their employer is unfair and, for example, shows disrespect, disciplines them unjustly, and/or does not correct problems in a reasonable or consistent manner. In other cases, workers believe (rightly or wrongly) that the profits made by the business owners are high, relative to the wages they (the employees) receive, and union affiliation will help spread the profit rewards more equitably.

Unions can increase the bargaining power of staff members because unified demands on the hospitality organization become possible. Unions also allow members to communicate and interact with higher-level managers in ways that would otherwise be different. For example, the **grievance process** spelled out in the union contract formalizes the communication procedures that dictate how managers interact with employees if problems arise.

Equal treatment based on seniority replaces decisions, if any, made on the basis of personal relationships. Higher compensation levels, more control over work rules, greater job security, and peer influences are additional factors that some employees believe will be better addressed after union affiliation. Still other employees join unions because of **union shop** provisions of some union contracts: if all employees in a department are unionized, then new employees will be required to join the union and pay dues to it.

Grievance process: A process to resolve a complaint that is spelled out in union contracts.

Union shop: The requirement that nonunion workers must join the union and pay applicable dues to it.

Interestingly, some hospitality organizations are pleased about their union affiliations because they enhance their business. Some large meeting groups only use unionized properties or, at least, will not do business with properties that are known to have union problems.

A BRIEF HISTORY

The historical purpose of labor legislation has been to maintain a balance of power between labor and management. Until the 1930s, unions were discouraged by court rulings as conspiracies in restraint of trade, because there were concerns that employee groups interfered with the right of employers to run their businesses as they desired. Most employees were hired with the understanding that they would not join unions or engage in union activities.

Some Employees Dislike Unions

Most hospitality industry employees are not union members. Unions do not generally attempt to organize small organizations with relatively few employees. Some employees are disinterested in unions because of:

- *Cultural and social reasons.* Some employees believe that professionals should not join unions.
- *Individual reasons.* Some staff members want to negotiate their own responsibilities and compensation because of their belief that they are in control of their own future as they do so. Basic human needs involving esteem and ego may contribute to this emphasis on individualism.
- *Promotional considerations.* Some staff members develop antiunion views in the belief that their affiliation with a union will hinder their career goals. While union membership typically results in increases in wages, benefits, and security for members, it is rare for rank-and-file union members to achieve the same levels of advancement (and income) within their companies as do talented individuals in nonunion operations.

During the Great Depression (1929 throughout most of the 1930s), many politicians began to believe that poor treatment of workers, especially low pay, was a significant factor that contributed to the nation's economic woes. In efforts to achieve a balance of power between labor and management, the National Labor Relations Act (1935), commonly referred to as the Wagner Act, was passed, and it prompted the growth of employee unions in the United States. Employees were allowed to affiliate with unions, union activities could be promoted, and union agreement violations could be reported without reprisal. Also, very importantly, employers had to undertake good-faith collective bargaining about three issues: wages, hours, and employment terms and conditions.

The Taft-Hartley Act (1947) amended the Wagner Act and removed some of the power given to unions by that earlier Act. Several unfair labor practices were identified. For example, unions could no longer:

- Force workers to join the union
- Mandate that the employer select specific grievance or bargaining representatives
- Refuse to bargain with employers in good faith
- Authorize strikes or boycotts for purposes the Act considered illegal
- Charge inappropriate fees (dues) to employees under union-shop contracts
- Operate closed shops (These occurred when employees joined a union and were trained by union personnel. When needed, employers requested employees from the union.)

Unions Affect Property Managers

When employees are represented by a union, property managers can no longer make unilateral decisions, and the decisions they do make will be applicable to all (rather than to specific) union employees. All staff members will need to be treated equally if they are in the same (or similar) positions regardless of their knowledge, experience, or skills. Frequently, **seniority** becomes the most important factor in many personnel decisions.

There may be some company benefits to unionization. For example, managers will develop and/or improve policies or procedures that affect relationships with line personnel, and use of these personnel management tools will likely benefit the organization. Managers will deal with one representative of unionized employees rather than with individual staff members. Top levels of management may need to recover some decision-making responsibilities delegated to supervisors. This can sometimes be beneficial, so centralized decision making represents another potential advantage to union affiliation.

Seniority: The status of employees based on their length of employment with an organization.

Union steward: A union member elected by other union members to represent the unionized employees within a specific department or work unit.

Grievance: An allegation that a work requirement or action taken by management violates the applicable union contract.

A local union is typically affiliated with a national-level union, and it can represent all unionized hospitality employees performing specific functions in a single community, or it may only represent members within a specific property. Local unions elect officers by a democratic vote of its members.

Full-time union officers are generally only found in large unions. Small employee unions have a president, whose responsibilities may include part-time union duties. Union members elect **union stewards** who represent the unionized employees within a department. Both the president and union stewards hold full-time jobs with the employer and are paid by the employer, and they typically use some job-related and their own time for union activities. Local union officials have numerous responsibilities, including negotiating labor contracts, filing **grievances**, ensuring that the bargaining agreement is complied with, and calling for work actions (such as strikes), if necessary.

Some unions have regional organizations that coordinate their affiliated local unions. They establish basic policies, provide necessary services, collect information, and administer strike and retirement funds. These organizations may employ staff specialists, such as attorneys and others, who carry on key responsibilities.

THE UNIONIZATION PROCESS

Employees become unionized as the result of a several-step process:

1. Initial contacts are made by employees to union representatives in their communities or vice versa: union representatives may begin a membership drive within an organization.

Authorization cards (union): A card signed by prospective union members specifying their interest in having a designated union represent them in employer negotiations.

Union recognition (voluntary): Union recognition that occurs when an employer agrees that signed authorization cards have been received from a majority of employees.

National Labor Relations Board (NLRB): An organization with responsibility to conduct union representation elections.

Union recognition (mandatory): Union recognition that occurs after the National Labor Relations Board conducts a secret ballot election and confirms that a majority of employees desire to be represented by the union.

Collective bargaining: The process of negotiating and administering written agreements between union and management officials.

Union security arrangements: Provisions of labor contracts that provide alternative tactics to attract and retain union members who pay dues.

Right-to-work law: A state law that prohibits a requirement that employees must join a union.

2. A campaign is undertaken to secure signed **authorization cards** from at least 30 percent of applicable employees requesting that a specific union should represent them in employer negotiations.
3. After the union has received signed authorization cards, the union or employees can request **voluntary recognition** of the union. The employer may comply or, alternatively, may request that cards be verified by a neutral third party. If voluntary recognition is granted, contract bargaining can begin.
4. If the employer refuses voluntary recognition, a petition is made to the **National Labor Relations Board (NLRB)** requesting an election to determine if the majority of eligible voting employees want the union to become their certified bargaining unit.
5. A union drive is conducted in which union advocates and management must comply with strict requirements about what they can and cannot do as they make their cases about why employees should or should not affiliate with the union.
6. If the union receives a majority vote, the NLRB certifies and recognizes the union as the exclusive bargaining unit for the employer. As this occurs, there is **mandatory recognition.**

What should (can) hospitality managers do during a union-organizing drive? Labor laws allow them to properly defend themselves against a unionizing campaign. Tactics include:

- Remaining neutral if employees ask about their position about unionization
- Allowing union-organizing activities during work hours if they do not interfere with ongoing operations
- Refusing to let nonemployee organizers distribute union information in the property
- Allowing employees to distribute union information during breaks
- Avoiding opportunities to question staff members either in public or in private about union-organizing activities.
- Not spying on employees' unionizing activities
- Not making threats or promises about unionization
- Refusing to discriminate against employees involved in unionization efforts
- Keeping alert to union efforts to coerce employees to join or to commit otherwise unfair labor practices[1]

Sometimes union members become dissatisfied with their union and want to join another union or return to a nonunionized status. This is done as the union members petition the NLRB for a decertification election, and decertification will occur if a majority of the members vote to disaffiliate with the union.

THE COLLECTIVE BARGAINING PROCESS

Collective bargaining involves the process of negotiating and administering written agreements between union and management officials. A common stereotype

Do Employees Have to Join the Union?

Many labor agreements contain **union security arrangements** designed to attract and retain union members who pay dues. Under the most stringent arrangement, union shop, all employees hired for unionized positions must join the union or quit their jobs after a specified probationary period. However, approximately 20 states have **right-to-work laws** that, with few exceptions, do not permit union agreements in which employees are required to join or pay dues to a union. Under these laws, employees may resign from union membership at any time.

An **agency shop** arrangement requires nonunion employees to pay the union the equivalent of applicable fees and dues as a condition of continuing employment. With this plan, the union represents all employees regardless of whether they are union members.

The least desirable union security arrangement (from the unions' perspective) is the **open shop.** With this arrangement, union membership is voluntary, and those who do not join are not required to pay dues or fees.

Another desired union security arrangement relates to **dues check-off.** When used, the employer withholds union dues and fees from members' paychecks in much the same way that other payments such as taxes and insurance payments are withheld.

of the contract negotiation process is one of labor and management attempting to win **concessions** from each other in an "I win, you lose" **distributive collective bargaining** strategy. This approach is used, for example, when a union attempts to bargain for increased compensation packages at a time when the organization cannot afford it. Management concessions negotiated during good economic times are infrequently given up during periods when profits are lower. Unfortunately, much of the hospitality industry goes through almost predictable profitability cycles tied to the nation's economy, and higher levels of compensation become very troublesome (sometimes disastrous) during down periods in the economy.

Integrative collective bargaining is a more cooperative effort that focuses on each party's interests, including those that are mutual, rather than positions that must be defended. The premise that a hospitality organization must be able to survive to benefit both parties becomes a foundation on which labor and management can work to "make the pie bigger," rather than to divide it up.

Significant time and effort is required by both union and management personnel to negotiate agreements. It is, therefore, common for contracts to span a several-year period. Both parties will be very interested about current compensation

Agency shop: A security arrangement in a labor agreement that requires employees to pay union dues and fees even if they do not join the union.

Open shop: A union security arrangement in which employees are not required to join the union and do not need to pay union dues and fees if they are not union members.

Dues check-off: A process by which employers withhold union dues from the paychecks of union members.

Concessions (collective bargaining): The act of conceding (yielding) something as a labor contract is negotiated.

Collective bargaining (distributive): An "I win, you lose" approach to negotiation in which one party attempts to gain something at the expense of the other party.

Collective bargaining (integrative): An "I win, you win" approach to negotiation in which both parties benefit from the agreement.

Collective bargaining (mandatory items): Concerns over which labor and management must negotiate if either party wants to do so.

Collective bargaining (permissible items): Concerns that may be negotiated if both parties agree to do so.

Cost-of-living adjustment: An arrangement in which future wage increases are tied to the consumer price index that reflects changes in consumer purchasing power; often abbreviated COLA.

rates and the organization's current and projected financial position. Details about the current contract must be assessed, if applicable, and issues of concern to both parties must be considered in advance of negotiations. Union and organization representatives must, simultaneously, consider their going-in and fallback positions about their priority concerns.

Recall that the Wagner Act required employers to bargain in good faith about three mandatory issues: wages, hours, and employment terms/conditions. Additionally, grievance procedures are addressed in almost all labor contracts.

Labor contracts typically address concerns that unions make on behalf of their membership. Those that are most typically important relate to compensation, benefits, and job security. Bargaining issues generally concern one of two types. **Mandatory items** include those about which labor and management must negotiate if either party desires to do so, including wages, working hours, and benefits. **Permissible items** are those that can be negotiated if labor and management agree to do so (e.g., union veto power over a restaurant's hours of operation).

Employee unions are concerned about current and future compensation for their employees. They typically negotiate **cost-of-living adjustments** (COLAs) that tie wage increases to changes in consumer purchasing power.

Other typical union concerns relate to employee benefits, including retirement, paid holidays, and working conditions. Unions typically negotiate for employer payment of all or most employee insurance costs. Job security is another typical collective bargaining priority, and seniority is integral to this discussion. A wide range of other union-initiated issues are often considered. These include working hours and overtime pay policies, agreements about rest periods, differential pay for employees working on different shifts, and the use of part-time and temporary employees.

What happens if the union and management negotiators cannot agree on one or more contract clauses? One typically thinks about strikes and, unfortunately, these do occur, and they can cause significant disruption to hospitality operations and their guests. Other legal labor actions that unions can use to deal with labor disputes include **picketing, boycotts,** and **work slowdowns.**

Typical union agreements contain clauses addressing the following issues:

- Recognition of union
- Wages and benefits
- Vacation and holidays
- Working conditions
- Layoffs
- Management rights
- Working hours
- Employee seniority
- Arbitration
- Union renewal clause

Picketing: A legal labor action in which union employees promote grievances at the entrance to the employer's property.

Boycott: A legal labor action in which employees refuse to purchase the products or services of a specific employer.

Work slowdown: A legal labor action in which employees work at a slower-than-normal pace.

Arbitration (voluntary): An action in which both parties (organization and union personnel) submit a dispute to an external, disinterested third party for binding or nonbinding resolution after the presentation of evidence and related discussion.

Arbitration (compulsory): An action in which an arbitrator is appointed by the government to make a binding decision on the parties negotiating the contract.

Mediation: A nonbinding structured process in which a third party assists the management and union negotiators to reach an agreement.

Three conflict resolution tactics may be used when negotiations reach an impasse:

- **Voluntary arbitration.** An action in which both parties (organization and union personnel) submit a dispute to an external, disinterested third party for binding or nonbinding resolution after the presentation of evidence and related discussion.
- **Compulsory arbitration.** An action in which an arbitrator is appointed by the government to make a binding decision on the parties negotiating the contract. *Note:* This contract resolution tactic is not typically used in the United States to settle labor disputes in commercial hospitality operations.
- **Mediation.** A nonbinding structured process in which a third party assists management and union negotiators to reach an agreement. Advice, not a final, mandated decision, is the result.

CONTRACT ADMINISTRATION

After union and hospitality organization representatives agree to contract provisions, and the contract is ratified (approved) by the union members, communication and coordination efforts are required to ensure that the contract is understood by all parties. Even if changes are minor, significant communication, training and education, and meetings may be necessary so both parties understand all contractual terms. Changes involving work rules and hours, for example, can involve significant details that required focused explanation.

The union steward represents union employees, and managers represent the organization's interests. They must both consider each other's rights to work together cooperatively. If approved by the union steward, an employee may attempt to resolve a complaint through a formal grievance process that often includes the following steps, if resolution is not forthcoming at an earlier step:

1. The union steward and affected employee meet with the supervisor.
2. The employee, union steward, and chief steward meet with the supervisor and the organization's labor relations (human resources) specialist.
3. The employee, steward, and union grievance committee meet with labor relations (human resources) and the property's top management personnel.
4. Representatives of the national union or other top union officials meet with top-level organization management.

If the Step 4 grievance resolution procedure is unsuccessful, a final step will likely be arbitration. *Note:* In small organizations, the grievance process is often abbreviated. After Step 1, the property's senior manager or owner may become involved and, if still unresolved, the grievance may then move to arbitration.

The labor agreement should effectively spell out management's and employees' rights. The identification of management's rights is important, because they directly impact the ability of managers to operate the business. Those negotiating labor agreements and participating in grievance procedures should, respectively, ensure that contractual terms are properly worded and understood. Some of the numerous rights that managers should never negotiate away include:

- Terms and conditions for employee performance reviews
- The ability to develop schedules that manage overtime
- Employee assignment, reassignment, and promotion decisions
- Use of tests to assess employment qualifications
- Length of probationary periods
- Expected on-job conduct
- Discretion to administer work rules, policies, standard operating procedures, and performance standards
- Modification of job description tasks
- Implementation of tactics to increase productivity
- Decisions about staff members qualified for specific positions, merit increases, and promotions
- Property reorganization including the closure of departments or properties (in multiunit organizations)

Basic management rights are very important, and these topics should be addressed during employee orientation sessions.

McCormick Place: A Case Study in Union Problems and Their Resolution

Chicago's McCormick Place is the largest convention center in North America, with almost three million square feet of exhibit and related space. During the late 1990s, several major trade shows threatened to and actually did relocate annual exhibitions to other cities. A major reason related to high costs and exhibitor frustrations created by the four unions was represented at the facility. For example, exhibitors were prohibited from using hand tools to assemble booths, personnel from different unions were needed to lay carpet and decorate booths, and union personnel had to carry even relatively small packages throughout the trade floor areas.

Declining numbers of trade shows prompted numerous groups, including the mayor's office, Chicago Convention and Tourism Bureau, leaders of trade unions, and others, to work cooperatively to make the exhibition experience more hospitable for associations and their exhibitors. Their results were successful, and Chicago is still a major player in the country's convention and trade show market.

Union agreements affect other aspects of employee relations that should be addressed during orientation, including:

- Employees' rights and responsibilities
- Managers' and supervisors' rights and responsibilities
- Relations with supervisors and union stewards
- Union contract provisions and company policies
- Discipline and reprimands
- Grievance procedures
- Employment termination

Many employee and management rights and responsibilities may not differ significantly between unionized operations and their nonunionized counterparts. These special concerns relate to most employees, should be addressed during orientation, and should be administered equitably and consistently in all hospitality organizations regardless of union affiliation.

Unfortunately, some day-to-day interactions can create difficulty and significant differences between how things work in a nonunionized operation. For example, a major hotel in New York City has a person in the banquet and catering department whose only responsibility is contract interpretation. On one occasion, a banquet manager spent 30 minutes looking for an employee who could legally (according to the labor agreement) erect an eight-foot table at a meeting room entrance for guest use as a registration desk. No other employees could perform that task without a monetary penalty—additional wages for departmental employees

In a unionized hospitality operation, the bargaining agreement may specify that persons working in a specified position perform only very specific work tasks. *Courtesy PhotoDisc/Getty Images*

Unfair labor practices: An action by either the hospitality organization or union that violates applicable provisions of the National Labor Relations Act.

during that shift.[2] As a second example, some years ago, a public school district operated its school foodservice program under a union contract that prohibited the district from implementing convenience food or labor-saving equipment alternatives if productivity (meals produced per labor hour) increased.

Today, however, unions and employers often work cooperatively. For example, airline companies and their employees reduce labor costs to save jobs today and to share in mutual rewards tomorrow. While total union membership has been decreasing in the United States since the mid-1940s, renewed efforts have yielded some expansion of union membership in the hospitality industry (e.g., in Las Vegas and New York City). While the future is unknown, economic and/or organizational changes may increase the interest of hospitality industry employees in

IT'S THE LAW!

This chapter has identified several major legislative acts that impact the relationships among organizations, unions, and their employees who are union members. The bargaining process by which a union contract (collective bargaining agreement) is conducted must be within the restraints imposed by the National Labor Relations Act and the agency it created (the National Labor Relations Board). The NLRB administers required procedures for valid elections that determine whether employees want to become affiliated with a specific union. It also works to prevent and resolve **unfair labor practices** by organizations or unions.

Examples of unfair labor practices by hospitality organizations include:

- Discouraging attempts by employees to unionize
- Interfering with employees as they participate in union activities
- Discriminating against union members
- Terminating union members who participate in a legal strike

Examples of unfair labor practices conducted by union personnel include:

- Forcing employees to join or participate in a union
- Requiring employers to hire more workers than required
- Conducting an illegal strike (one that violates the terms of the collective bargaining agreement)

Numerous other laws and regulations require compliance by the employers and union officials.

Stephen Barth, Hospitality Law: Managing Legal Issues in the Hospitality Industry, 3rd Edition, John Wiley and Sons, 2008.

union membership. If this occurs, managers and supervisors with human resources responsibilities will be challenged to manage according to the labor agreement while addressing the needs of the guests being served.

A Multigenerational Workforce

2. **Discuss guidelines that are helpful in facilitating the work of staff members belonging to the Traditionalist, Baby Boomer, Generation X, and Generation Y age groups.**

Persons of all ages enjoy stimulating and interesting careers in the widely diverse hospitality industry. Writers from numerous disciplines have suggested that persons are fundamentally different because of their life experiences, which are impacted by the era during which they grew up, matured, and entered the workforce. These writers further suggest that these differences should be considered as persons are managed at work. This section summarizes some of the information presented and discusses its impact on managing hospitality human resources.

OVERVIEW OF THE GENERATIONS

Traditionalists (workforce generation): Persons with birthdates between approximately 1922 and 1945.

Figure 12.1 reviews basic demographics about the generations that comprise today's workforce.

While the names of each generation and the inclusive dates of birth sometimes vary, Figure 12.1 provides interesting information. For example, while there are few, if any, older **Traditionalists** still working, the youngest in that generation,

		AGE OF MEMBERS (2008)	
Name of Generation	**Dates of Birth**	**Oldest**	**Youngest**
Traditionalists	1922–1945	86	63
Baby Boomers	1946–1964	62	44
Generation X	1965–1978	43	30
Generation Y	1979–1994	29	14

From: Christine Zust, "Baby Boomer Leaders Face Challenges Communicating Across Generations." Retrieved on 11/13/06 from: *www.emergingleader.com/article16.shtml.*

Notes: Birth years vary slightly in the literature. Generation Y is also called the Echo Boomers and Millennial Generation.

FIGURE 12.1: Generations That Comprise Today's Workforce

Baby Boomers (workforce generation): Persons with birthdates between approximately 1945 and 1964.

Generation X (workforce generation): Persons with birthdates between approximately 1965 and 1978.

Generation Y (workforce generation): Persons with birthdates between approximately 1979 and 1994.

along with **Baby Boomers**, occupy a large number of senior management positions in hospitality organizations. Also, senior citizens (Traditionalists) frequently supplement retirement income with jobs in the hospitality and other industries. Older **Generation X** employees, especially those on the fast track, are also likely to be in the senior management ranks of hospitality organizations. Younger Generation X employees and some older **Generation Y** staff members are now advancing to middle-management positions. Other Generation Y employees are now assuming early management positions, while the youngest are just reaching the age at which they can begin working according to child labor laws.

In Chapter 1, you learned that it can be a mistake to generalize about (stereotype) persons based on nationality, ethnicity, and other factors. It is just as inappropriate to develop sweeping generalizations that must be applied to all persons of a given age group.

A detailed discussion about managing (supervising) employees goes beyond the scope of this book. Some observers note the advantages of, when possible, modifying your leadership style to accommodate different groups of individuals based on those factors that motivate them to be effective performers. Some writers, however, go on to say that, while this tactic is ideal, it is difficult at best to accomplish and, in fact, many managers use the same leadership style in most (all) situations.

This reasoning may also apply to the suggestion about modifying leadership styles based on employees' ages. This might be an appropriate tactic, and it is relatively easy to do when, for example, most staff members belong to a specific generation (think, for example, about quick-service restaurants and the majority of teenager/young adult employees who are employed by them). However, changing one's leadership style based on employee age is much more difficult to implement in other operations with many employees of differing ages. For example, a high-check average restaurant with Baby Boomer senior managers, Generation X production and service staff, and younger (Generation Y) employees in assistant production, server, and clean-up positions.

Wise human resources managers should be aware that employees may have different perceptions about work, its meaning, and their interest in it based on their age and other factors. Supervisory training sessions can address these topics, and the analyses of personnel-related challenges can consider these issues. Also, if possible, management–employee interactions can address the potential impact of generational differences in the employees' attitudes.

MANAGING THE GENERATIONS

It is difficult for some managers to interact with different generations, because doing so can challenge their own beliefs and values, force them to consider the impact of change and conflict, and create the need to modify their communication skills. Let's review some basic information about the work beliefs and characteristics of the four workforce generations in today's hospitality industry: Traditionalists, Baby Boomers, Generation X, and Generation Y. Figure 12.2 suggests general beliefs, characteristics applicable to work ethics, view of work, and personal and work traits of the workforce generations.

Work Characteristics	Traditionalists (1922–1945)	Baby Boomers (1946–1964)	Generation X (1965–1978)	Generation Y (1979–1994)
Work Ethics	Loyal	Driven	Balanced	Eager
View of Work	It is necessary	It is exciting	It is a challenge	It is done to make a difference
Personal Traits	Conservative Respect authority Well-disciplined	Idealistic Not enough time	Practical Flexible Individualistic Entrepreneurial Interested in quality of life	Politically conscious High self-expectations Team builders Tolerant of differences Confident Desire challenges
Work Traits	Work hard; put in their time Stay with company Accept information dissemination on need-to-know basis May dislike but do not question directions of supervisors Work as they are told to	The first workaholics Want to climb ladder of success Want to be politically correct Compete with peers Performance measured by time in the office Respect top-down authority Casual attire means unprofessional	Don't like office politics Have less loyalty to employer Multitask workers Like collegial work environment Like to do projects Are concerned more about job responsibilities than job titles Performance measured by output Do not like power structures Flexible with authority Casual attire is comfortable	Want to know why Desire public praise Enjoy a fun workplace Money is not a motivation; They can get it anywhere Want immediate responsibility Want small goals with tight deadlines Work–life balance is important Do not seek longevity with a company High expectations of employers Confident in their abilities

FIGURE 12.2: Work Beliefs and Characteristics of the Generations

Even a brief review of the generational characteristics noted in Figure 12.2 identifies some very interesting factors that differentiate members of each generation. *Note:* These differences often become much more noticeable when one considers persons at the midpoint of each generation. For example, when you think about differences between Generations X and Y, think about persons in their middle thirties (Generation X) versus those in their early twenties (Generation Y). Don't think about those who are 30 years old (the youngest persons in Generation X in 2008) and those who are 29 years old (the oldest persons in Generation Y in 2008).

When reviewing the work characteristics of Traditionalists (Figure 12.2), remember that they are familiar with hardship. The earliest members of the generation suffered through the Great Depression that began in 1929, and many were affected by World War II. They value consistency, respect authority, and are well-disciplined.

Baby Boomers have been called the "me generation." Their work incentives include money, position titles, and recognition for the work they do. When they entered the workforce, Baby Boomers wanted to build a significant career to enhance their reputation. They challenged the status quo, and those in this generation are responsible for many of the opportunities now taken for granted in the workplace. They became the first workaholics, and they believe that hard work and loyalty are a good way to get ahead. Many Baby Boomers sense that who they are is connected to their work and career achievements.

Workforce Generations Are Different!

Human resources managers should learn about the generations and their differences because:

- There are now four generations of employees working side-by-side in the hospitality industry.
- The industry is labor-intensive and will continue to need employees, regardless of their age, to staff the many available positions.
- The range of differences between earliest (Traditionalist) employees and the current (Generation Y) staff members is very wide.
- Differing values, experiences, lifestyles, and attitudes toward the future and life in general can create significant misunderstandings and frustrations.
- Those who better understand and appreciate each generation may gain ideas about how to motivate and retain persons within these generations, and will be better able to consistently work with individuals of differing ages.

Generation X employees are motivated by job satisfaction. They don't anticipate remaining in one job or with one company throughout their careers. They know they can jump jobs in efforts to attain desired compensation and other benefits and to receive increased opportunities for growth and personal fulfillment. They desire to provide input to their employers, and they have an interest in understanding how the company works, because they know this will influence their growth opportunities. Personal acknowledgment and job satisfaction are very important for this generation.

Generation Y employees want to know the why of what they are being asked to do; they want to know what's in it for them. They enjoy a fun workplace, and money is not a motivator, because they think they have numerous employment opportunities. They are also quick to speak their opinions and are not responsive to the do-it-or-else supervisory tactics that some hospitality managers use too frequently.

Should Managers Dwell on Generational Differences?

There are diverse opinions about how people should be managed. Some say that everyone should be treated the same. Others say it is important to emphasize or, at least, consider generational differences. Still others suggest that employees should be treated as individuals.

One writer has suggested several tactics that work equally well for employees in every generation, in every organization, at any time:

- Show employees that what they do matters.
- Tell employees the truth.
- Explain to staff members why they are being asked to do something.
- Learn the employee's language.
- Provide rewarding opportunities.
- Praise staff members in public.
- Make the workplace fun.
- Model the desired behavior.
- Give staff members the tools required to do their jobs.

While different generations may appreciate different leadership tactics, these best-practice techniques work with all staff members.

Retrieved on November 26, 2006, from: Carol Verret. "Generation Y: Motivating and Training a New Generation of Employees," *www.hotel-online.com.*

Human Resources MANAGEMENT ISSUES (12.1)

"Today's college graduates are sure a lot different than my generation," said Jason. He was talking to Bernice, another department head at the River Bank Conference Center.

"You're sure right about that, Jason," said Bernice. "We're both old-timers—Baby Boomers—and we've seen, first, the Generation X managers arrive and mature, and now we're seeing those in Generation Y join our organization. It seems there is a big difference between each generation of employees. I really think that's true, but maybe we're just getting old."

"I remember when I began my career in the hospitality industry," replied Jason. "I wanted to work hard, didn't mind the hours, and while I had respect for my bosses, I really thought I could do a better job than they were doing. Over the years, you and I and others in our generation have made lots of changes. Many were in response to the need to do so. I'm thinking about technology, cost minimization in an increasingly competitive industry, and the unprecedented labor shortages, among other things. Be honest, Bernice, do you think our industry is better serving our guests now as a result of our efforts or yesterday when our generation first started to influence the industry?"

"That's a tough question to answer, Jason, and I guess I really can't respond. You've mentioned some of the pressures that have influenced us, and I'd like to add one more: vastly changing differences in what our guests want. I know that everyone wants the basics—safety, courtesy and respect, and good price and value—but every organization must provide more than that to survive. Has our River Bend property just been lucky in our efforts to determine the products and services our guests want? Perhaps, instead, we have been lucky because we have been able to recruit and retain staff members from the later generations who can better keep up with changing guest preferences. I really don't know, but I think we should keep on doing what we are doing."

QUESTION

Think about some bosses you have had who have been 50 years old or older, others who have been in their mid-thirties, and those who have been younger. What, if any, differences have you noted in:

- Their leadership styles
- The procedures they use to make business-related decisions
- What they thought to be their greatest organizational strengths
- Their career aspirations
- Their ability to determine and deliver what the guests want and need
- Their interest in and approaches to help subordinate employees advance within their careers
- Their interest in remaining with their organization and in the hospitality industry
- The methods they use to communicate
- Their genuine interest in helping guests and in helping the organization (their employer) to succeed

Downsizing and Outsourcing

3. Provide tactics that may be useful when organizational downsizing and outsourcing strategies are planned and implemented.

Managers in hospitality organizations, like their counterparts in other industries, are consistently looking for ways to increase productivity (efficiency) without sacrificing required quality and quantity standards. Often, productivity increases yield some saved time that can efficiently be used for other purposes. This might even include some "we'll do it when we get around to it" work activities! By contrast, new work methods may be implemented that reduce the need for one or just a few staff members. At still other times, unfortunately, economic conditions may require a larger-scale reduction in the workforce. In these instances, human resources managers must use downsizing principles. Managers may also decide to use the services of external contractors for work that would otherwise be done by the organization's employees in a process called outsourcing. This section discusses both of these tactics that are commonly used to reduce the number of employees required by a hospitality organization.

DOWNSIZING TACTICS

Downsizing: The reduction of staff for the purpose of improving an organization's operating efficiency.

Downsizing refers to the process of terminating jobs in efforts to create greater operating efficiencies.

Some organizations confronted with financial difficulties because of increased costs and/or reduced revenues may need to downsize. Some of their counterparts may desire to proactively eliminate jobs to remain competitive and/or to avoid future problems. *Note:* Downsizing is not an all-or-nothing decision. An organization that is downsizing in specific positions may also be hiring other employees with required skills to implement new strategies.

All downsizing decisions are significant because (1) they impact both the staff members who are terminated and those who remain, and (2) because these decisions affect the organization's financial success and reputation. All downsizing alternatives have critical human resources implications, and those managers with these responsibilities must be very concerned about the human factors as they deliberate these options.

Succession planning: The process of considering the organization's future needs for key professional and other staff, and developing plans to select and/or to prepare persons for these positions.

Because the impact of downsizing is difficult to reverse, at least in the short term, several alternatives to the termination of staff members should first be considered depending on the specific challenges confronting the organization. These include:

- Careful review of alternative opportunities to reduce costs and/or to increase revenues
- Cross-training
- **Succession planning**
- Transfer within the organization (if a multiunit organization)

Downsizing Myths

Downsizing, like most other human resources strategies, does not automatically accomplish the goals for which it is intended. Some myths of downsizing provide examples:

- *Profitability is always improved after downsizing.*
  Fact: Profitability (return on assets) does not necessarily follow downsizing.
- *Downsizing does not impact the quality of product or services.*
  Fact: Downsizing does not always lead to long-term improvements in the quality of outputs.
- *Downsizing is a one-time event.*
  Fact: The majority of organizations that downsize in a given year do so again.
- *There are no negative effects on staff members who remain after downsizing.*
  Fact: The morale of employees who remain with the organization is frequently the first casualty in downsizing.
- *Stress-related disorders are most likely for terminated employees.*
  Fact: More than half of the employees who remain after a downsizing report increased job stress and burnout.

Source: "Thirteen Myths and Facts About Downsizing: What You Think You Know About Layoffs May Hurt Your Business." Retrieved November 15, 2006, from: *www.workforce.com*

Attrition: The reduction in an organization's workforce because of voluntary or involuntary employee separation.

- Reduced employee hours and/or wages
- **Attrition,** including the use of early retirement and/or employee buyout incentives and leaves of absence

Top-level managers, including those with human resources responsibilities, must be involved in downsizing decisions. Their assistance is needed to plan for and to defend this strategy to all employees, and to help remaining staff members adapt to the change. This is especially important because perceptions of remaining staff members about their future careers with the organization often cause them to begin job searches, and the best employees are among those that are typically first to leave.[3]

Human resources managers must address issues including attrition estimates, assessment of skills needed by the organization, and the determination of employees who have or can attain these skills. While the involvement of top-level managers is critical, affected staff members will most closely interact with managers and supervisors at lower levels, and these staff members must be committed to communicating and helping affected employees in the most appropriate manner. To do so requires ongoing communication about the status of downsizing plans.

Honest and ongoing communication is critical. Employees must know what, why, and when, and employers should advise employees about their rights, and what will be done to assist them. Advanced planning is important to create a better vision for the organization. Careful analysis of perceived benefits and potential problems is important, and input from employees will be helpful (and is likely required in unionized organizations).

Much internal and some external information is required for successful downsizing. Unfortunately, some of this information is not likely to be available, nor is a data collection system typically in place because it is not used for day-to-day operating decisions. For example, managers require information to plan for and monitor the downsizing process. Examples include demographic data about the existing workforce, information about employee skills that can be helpful in reorganizing, and information about staff members who are covered by federal, state, or other laws. (Minorities, women, disabled persons, and older employees may be disproportionally affected, and the impact of downsizing on these groups should be projected and monitored.) Employees will require information to help them plan their futures and, in multiunit organizations, information may include employee-related data that may help as transfer assignments are considered.

As part of the planning process, departmental plans should be developed to help show how each organizational unit will be able to operate effectively after downsizing. Department managers can also be asked to identify work processes that are not needed in the future, so affected positions can be targeted for elimination.

Several downsizing techniques can be useful as the process is implemented including:

- Attrition
- Early retirement and buyout incentives
- Involuntary separation (e.g., organizations bound by bargaining agreements must typically use seniority-based factors when deciding those employees to be terminated)
- Leaves without pay
- Flexible work arrangements (e.g., part-time, flexible work hours, variable workweeks, and job-sharing)

A wide range of useful activities can help staff members who will be laid off. Examples of these transitional services include the provision of:

- Career counseling to help staff members identify competencies and to assess skills necessary for future careers
- Personal counseling to help with stress reduction and to improve the affected employees' self-esteem

- Career transition training to enable employees to know what to expect during the downsizing process
- Assistance to help staff find other jobs or to enhance their skills for doing so
- Relocation assistance if staff can obtain employment in other locations where the organization has properties
- A career transition center to serve as a clearinghouse of information, services, and resources for affected staff members
- **Outplacement assistance** to help employees secure new employment (e.g., résumé writing assistance, access to necessary equipment, and information about Internet job placement sites)
- Paid time-off and/or child care assistance to staff while they search for new positions.
- Personal financial counseling

Outplacement assistance: The process of helping employees to secure new employment (e.g., résumé writing assistance, access to necessary equipment, and information about Internet job placement sites).

Human Resources Management: CURRENT EVENTS 12.1

AD HOC AND ANNUAL DOWNSIZING ACTIVITIES

Many people think of downsizing when it occurs on an ad hoc (one-time) basis. For example, the Sands Hotel & Casino in Atlantic City was purchased, and plans were made to close, demolish, and replace the existing property with a larger hotel casino. Its 2,100 employees were to receive 60 days' notice and severance packages.*

For some hospitality properties, downsizing is an annual event. Consider, for example, private clubs in Florida and other southern states that lose members during the hot summer months and regain them in the fall when it begins to get cold in the northern states. The reverse is also true; consider hotels, resorts, and restaurants in northern locations, which enjoy high volumes of business during the summer but have significantly reduced revenues during the winter.

While employees in these properties are aware of their short-term employment opportunities (and some move north and south according to the seasons), human resources personnel at these properties face unique challenges as business slows down and, especially, as recruitment, orientation, and training activities are required for a large number of staff members during a relatively short period of time when business volumes increase.

*Suzette Parmley, "The Sands Atlantic City Hotel & Casino. Acquired by Pinnacle Entertainment; Plans to Close, Demolish, and Build a Bigger Casino Hotel—2,100 Employees to Receive 60 Days Notice and Severance Packages." Retrieved on November 6, 2006 from: *www.hotel-online.com/News/PR2006_3rd/Sep06_PinnacleSands.html.*

Full-time equivalent: The total number of employees if all employees worked full time, calculated as: total labor hours divided by the average number of labor hours in a workweek. For example, three part-time employees working a total of 45 hours in a workweek represent 1.13 full-time equivalent employees (45 hours ÷ 40 hours) if there are 40 hours in a typical full-time workweek; often abbreviated FTE.

Survivor (downsizing): An employee who is not terminated and who remains with the organization after a downsizing process is completed.

Results of the downsizing efforts are of obvious concern. Because cost reduction and productivity issues are typically among the primary reasons for downsizing, these factors must be addressed and can be done so by considering and measuring, if possible, the following:

- Reduced number of employees (**full-time equivalents**) and associated labor costs
- Impact on diversity goals
- Extent to which revised budget goals are met
- Compliance of legal/regulatory-mandated programs
- Payback periods required to pay for early retirement or other incentive programs
- Number of appeals (grievances) in union operations
- Impact of guest service ratings

Those who survive the downsizing effort require special consideration. They must receive ongoing communication from top-level leaders to learn that the separated employees were treated equitably and that they are being helped to find new positions. Other tactics to minimize negative downsizing experiences include:

- Top-level leaders must be visible and involved, and they must continually re-emphasize the organization's vision, mission, and goals after layoffs are completed.
- **Survivors** must know where they fit in the reorganized structure and should be given assistance in planning their continued careers with the organization.
- Appropriate rewards and recognition for the remaining employees should be provided.

Which Employees Should Be Laid Off?

The answer to this question is one of the most difficult that a manager will ever make. First, it can be helpful to be positive, and to rephrase the question: Which employees should I select (retain) to work in the redesigned positions?

This decision-making process can involve several steps:

- Think about the positions that will remain after downsizing is completed. Consider new work tasks to be added to, and existing work tasks that will be eliminated from, the position as it is modified.
- Consider the requirements, skills, and experience necessary to perform each task in the modified position.
- Study performance reviews and other information relating to the tasks that will be included in the position.
- Personnel selection positions must make sense to the manager, his or her superiors, and affected employees.

OUTSOURCING TACTICS

Outsourcing: A transfer of responsibility for performance of services that have been (or could be) performed by the organization's employees to an external service provider.

Offshoring: The transfer of jobs from an organization in one country to an organization in another country.

Outsourcing is a topic that is frequently discussed in the context of procurement, and much of the responsibility for it rests with those in hospitality operations who are responsible for purchasing. However, outsourcing also has a human resources dimension because its alternative (use the organization's employees to perform the affected activity) involves personnel.

Readers of general business publications find numerous references to outsourcing that discuss the transfer of jobs not only out of the organization but also out of the country. In the minds of many, the terms **outsourcing** and **offshoring** are almost the same. Some hospitality jobs have been moved out of the country. Examples include centralized hotel reservation operations for some companies and, more recently, quick-service restaurant (QSR) organizations that relocate the taking of drive-through guest orders to international locations. However, the terms do not generally have the same meaning for most hospitality organizations.

What jobs could be done by a hospitality organization's employees that are frequently outsourced? Examples are numerous and include human resources functions such as payroll and benefits administration, recruiting, training, and regulatory compliance monitoring. Accounting/bookkeeping activities (especially for small businesses), permanent or temporary security personnel, and technology applications are additional examples. Operations-related services such as cleaning kitchen exhaust systems, window cleaning, landscaping, maintenance, and janitorial services are often outsourced. Some lodging operations

This staff member may be an employee of the hospitality organization or, alternatively, may be working for an external service provider. *Courtesy Manchan/PhotoDisc, Inc./Getty Images* utilize employees of external organizations to provide some or all of their housekeeping needs, and many healthcare, educational, business and industry, and other organizations outsource food services to contract management companies.

Priority reasons to consider and implement outsourcing alternatives typically relate to cost concerns and, often, to an inability to attract and retain qualified personnel to perform the necessary work. Some small properties, for example, contract for outside cleaning services. Their service providers employ many staff members and can obtain and provide medical and other benefits at lower costs than can the property using its own employees. This enables the service provider to attract and retain staff members, while their counterparts (small properties) must continually recruit to fill these high-turnover positions. The excessive time needed for recruitment, selection, and training of personnel, along with, frequently, the problems that arise when cleaning duties are not being completed (or as short-cuts must be taken) because of position vacancies prompts many organizations to consider outsourcing alternatives.

Core business strategies: The highest priority activities that are required to accomplish an organization's mission.

Outsourcing decisions must, at their most basic level, consider the organization's mission and **core business strategies**. What is it trying to accomplish? What are the most important things it does? Management goals must address these core business strategies, and some organizations then consider transferring noncore business functions to specialized service providers who can provide required products and services at similar (or higher) quality levels.

Those with human resources responsibilities should be part of the team that considers outsourcing alternatives to address questions including:

- How can an outsourcing alternative help the business by reducing costs, improving performance, and/or improving guest value?
- What internal expertise is available or must be acquired to select potential suppliers, to negotiate agreements, and to manage vendor relationships if an outsourcing alternative is used?
- How can the property identify and control costs, assess the accuracy of financial projections that are made, and consider the financial/nonfinancial costs and benefits to a service provider relationship?
- What is the impact on existing employees? *Note:* This issue is especially critical when existing personnel will be eliminated if activities are outsourced.
- What type of **escape clause** is needed? The hospitality organization may want to terminate the contract without significant harm if the products and services provided under the contract are unacceptable. It will also need to manage (perform) the function while the decision to use internal employees or external organizations for the service is reassessed.

Escape clause: A provision in a contract that permits one party to terminate the agreement when one or more specified events occur.

When should potential outsourcing solutions be considered? The best answer is that it depends on the severity of concerns that are prompting consideration of an existing outsourcing alternative. Factors that typically prompt an analysis include personnel issues, including unqualified/unwilling staff members, high turnover rates, loss of key personnel, and staff members' failure to use required practices. Other factors include an inability to meet standards with in-house personnel, the need to focus on core business strategies, and the belief that to do so will increase and improve financial results.

The process of making an outsourcing decision typically involves the following steps:

1. Determine exactly what is needed.
2. Review resources available in-house relative to those available externally.
3. Identify and evaluate potential bidders.
4. Develop and issue a **Request for Proposal (RFP)**.
5. Evaluate proposal responses.
6. Select a service provider and negotiate the contract.
7. Administer the service agreement.
8. Renegotiate or terminate the agreement at its expiration date.

Request for Proposal: A document developed by a hospitality organization that requests price quotations for and suggestions and other information about the provision of products and/or services from suppliers deemed eligible to supply them; often abbreviated RFP.

Managers must consider the human resources impact of the outsourcing process when it affects employees. Examples of these times include:

- When announcing that an outsourcing alternative will be considered
- When evaluating outsourcing alternatives. Input from existing employees may be helpful, for example, as RFPs are developed and as proposal responses are considered.
- When announcing the outsourcing decision
- When transitioning to the service provider
- When administering the service agreement
- When continued use of a provider as an escape clause is being considered, or when the contract is about to expire

Many of the principles for communicating and interacting with staff members during downsizing activities (see the previous section) apply as outsourcing decisions are made. In both instances, managers must consider the staff members who are immediately affected (those whose jobs will be eliminated) and their counterparts who will remain with the organization. Much of the decision-making process involves cost and process analysis, legal issues, and the administration of day-to-day service delivery, which may not relate directly to human resources concerns. However, the human dimension is an important consideration, because the organization relies on employees to perform core service functions. Their interest in effectively doing so is impacted by the extent to which their perspectives are considered as management decisions are made.

A wide range of potential legal issues arise as contracts (agreements) for outsourced service providers are managed. Examples include risk management, intellectual property, privacy laws, compliance, disputes, litigation, and **Sarbanes-Oxley Act** requirements.

Sarbanes-Oxley Act: The federal government's public company accounting reform and investor protection act that contains numerous provisions focused on improving the accuracy and reliability of corporate disclosures to investors.

Human Resources Management: CURRENT EVENTS 12.2

OUTSOURCING AT DISNEY WORLD HOTELS

Baggage Airlines Guest Service (BAGS) operates Disney's Magical Express, the bus service that transports Disney visitors to and from the Orlando airport. That same company received a contract to provide bell, valet, and baggage service at the Disney World Hotels. It also recently contracted approximately 120 overnight custodian positions.

While union officials plan to protest, Disney was negotiating with the union to offer displaced workers other jobs with comparable wages, tip opportunities, and hours. One sticking point is that the union contract prevents the company from subcontracting services to save money. However, Disney officials indicated that the change was being made to improve quality.

The present outsourcing plans are the first that affect workers in direct contact with the public. Bell and baggage-service employees greet Disney visitors when they arrive, and valet workers assist guests in their hotel rooms.

Source: Scott Powers, "Walt Disney World Hotels to Sub-Contract Out 167 Bell, Valet, and Baggage-Service Jobs: Change Being Made to Improve Quality." Retrieved on 11/20/06 from: *www.hotel-online.com/News/PR2006_4th/Nov06_DisneyJobs.html.*

Succession Planning Activities

4. Review basic procedures that are useful in the succession planning process.

Succession planning is a process used by human resources managers to help ensure that they will continue to have the key professional and other staff needed to support their planned growth. To do so, they must consider numerous factors including attrition. As with any type of planning, the task is easier when it is done for the short term rather than for longer time periods. However, organization executives, human resources staff, and managers including position incumbents will do well to think about the future and to consider how, if at all, human resources needs are likely to change.

Figure 12.3 identifies steps that can be used for succession planning.

Let's look at the steps in Figure 12.3 more closely:

- *Step 1: Identify priority positions for succession planning.* While all positions in the organization are critical (they should not exist if they are not), some

Staff Members Have Different Career Goals

Not every person in a hospitality organization wants to advance to positions with greater responsibilities and higher compensation levels. While some employees do, others do not and are content with their present responsibilities. A primary goal of every manager should be to provide the education and/or training necessary for staff members to become proficient to consistently attain performance standards in their existing position. Then managers should have another concern: to help interested staff members attain competencies that will allow them to assume new positions to further benefit themselves and their organization.

positions require more specialized training, experience, and/or skills than do others. These will be among those requiring special attention as future human resources needs are considered. Examples may include positions in which incumbents are responsible for specific multiunit locations in relatively small companies, and others in which incumbents have district, area, regional, or other responsibilities in larger organizations. Top-level executives and staff advisory specialists with human relations, accounting and/or procurement, and other responsibilities in small or larger organizations may also occupy hard-to-fill positions that require specialized expertise for which succession planning can be helpful.

- *Step 2: Update organizational planning tools.* Sometimes the urgency of ongoing business hinders opportunities to keep organization charts, job descriptions, and job specifications current. What is the relationship between the high-priority positions identified in Step 1 and others in the organization? (A current organization chart will indicate this relationship.) What are the current tasks in the priority positions? (Current job descriptions will answer this question.) What experience, skills, knowledge, educational, and/or other personal requirements are judged necessary for an incumbent in the position to be successful? (Current job specifications provide this information.)

  Each of these organizational planning tools must be carefully analyzed and kept current, because they drive much of the succession planning process that follows. For example, will business volume and/or organizational structure change so that more, the same number, or fewer area managers will be required? How, if at all, will responsibilities of position incumbents change? Will responsibilities become more generalized or, alternatively, will positions become more focused with one or more of the current tasks being assigned to someone else?
- *Step 3: Determine the number of position incumbents needed.* Assume, for example, that a regional quick-service restaurant organization currently has four area managers, and that top-level managers are using a succession

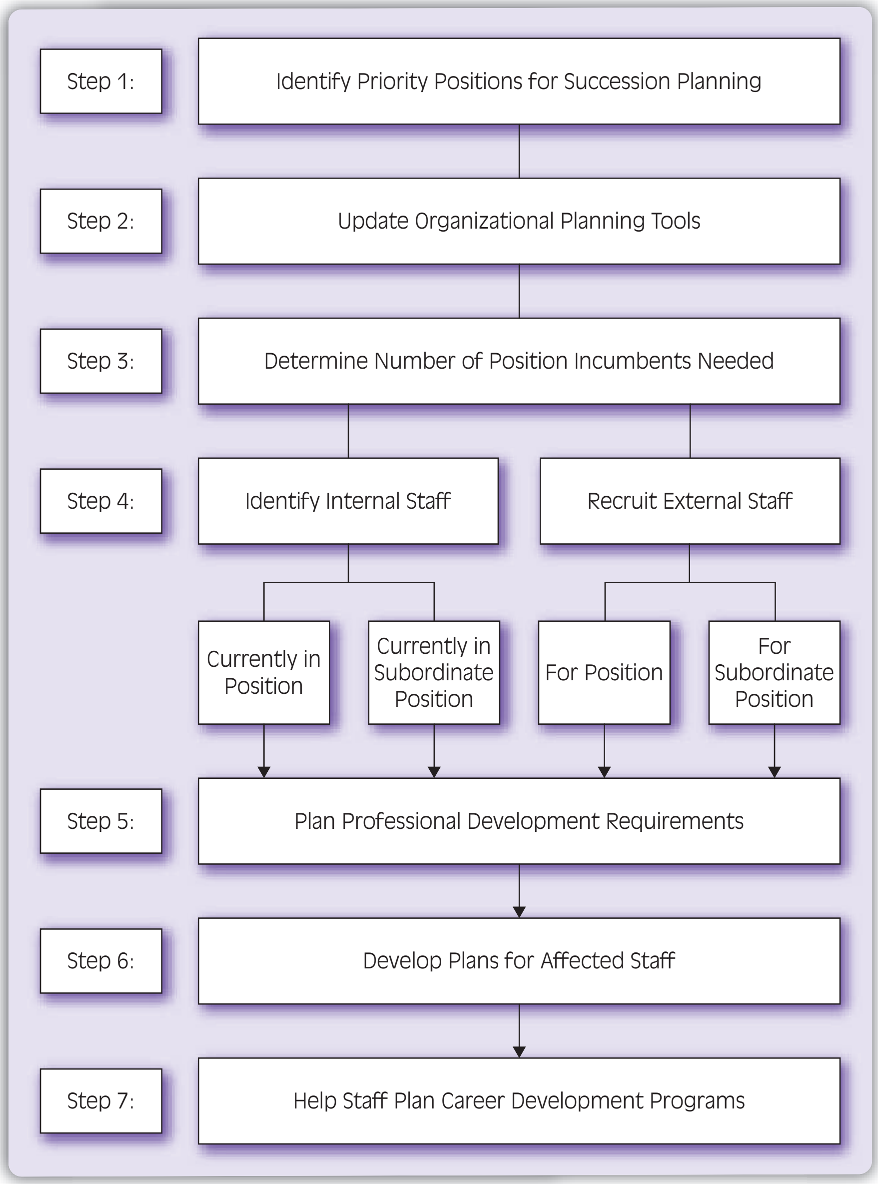

FIGURE 12.3: Steps in the Succession Planning Process

planning process to identify critical needs over the next five years. How many area managers will then be required? Concerns about anticipated organizational changes and business volume noted previously affect this decision. The increased role, if any, of technology and other means to increase productivity of those working in the positions, and to fulfill the communication needs of the organization, should also be considered as the number of future position incumbents is addressed.

Planners must also think about the number of vacancies likely to occur that will need to be filled. In this example, the organization currently has four area managers. Assume that planners (1) anticipate the need for six area manager positions in five years; (2) believe that one present incumbent will be retiring; and (3) plan to promote another area manager to a regional position within that time frame. Four area manager positions must be filled during the next years (i.e., 4 current managers – 2 managers leaving = 2 managers available; 6 managers needed – 2 managers available = 4 new managers required).

- *Step 4: Identify internal staff and/or recruit external staff.* Some current incumbents in key positions may be available for these positions in the future. They may have expressed an interest in remaining in the position. Alternatively, they may be competent in their current position, but are not believed to be qualified for the position for which succession planning is being undertaken. Other staff members who are considered eligible for promotion to these key positions may currently occupy positions at subordinate (lower) organizational levels. The difference between the number of position incumbents needed (Step 3) and those currently in the position or who can be prepared for it (Step 4) represent the number of external staff to be recruited. As noted in Figure 12.4, external staff might be recruited for the positions as they become vacant. Alternatively, they might be recruited for a subordinate position with the assumption that they and some internal staff peers in these positions can be trained to assume the key positions.
- *Step 5: Plan professional development requirements.* Current position tasks and applicable education and training requirements for those in the key positions should already be known based on, respectively, job descriptions and job specifications (Step 2). How can persons learn to attain current performance standards? What additional tasks or responsibilities are likely to be of concern? and How can one become competent to perform in the future? The answers to these and related questions help identify professional development requirements needed to prepare an employee for the future position.
- *Step 6: Develop plans for affected staff.* Fortunately, incumbents currently in the position and external staff recruited for it will likely be competent in many (or even all) of the required tasks. Currently employed staff and their externally recruited counterparts retained for subordinate positions may also meet job specification requirements, and will be able to successfully complete many tasks required in the key positions. At this point, planners and affected staff members can develop specialized career development programs.

  Staff members identified for these positions should be encouraged to participate in job enlargement and job enrichment programs. Special projects might be delegated that will also simultaneously assist the hospitality organization and prepare the staff members for their future positions.
- *Step 7: Help staff plan career development programs.* Ideally, staff members identified in the succession planning process will be interested in a **career** with

Career: A sequence of professional experiences and positions in which one participates during a span of employment with an organization or industry.

the organization. Procedures helpful in training, implementing, and monitoring personal career development programs are discussed in the next section.

Every hospitality organization should be concerned about its future. While top-level managers can never predict the future with certainty, they can and should use their knowledge of the present to influence likely occurrences. They do so by (1) carefully considering a succession planning program that addresses human resources needs, (2) identifying existing talents, and (3) planning how deficiencies identified in the process can be addressed in professional development activities.

Career Development Programs

5. **Identify the benefits of and basic steps that human resources managers can use to develop and assist staff members with career planning activities.**

Career development program: A planning strategy in which one identifies career goals and then plans education and training activities designed to attain them.

A career development program (also called a professional development program) identifies training and educational opportunities to help staff members become more proficient in their current positions and to prepare them for career advancement. Much of the effort required to attain these objectives will have been expanded as basic training and education requirements applicable to each position were developed (see Chapter 6), and as the succession planning process (see the previous section) is completed.

ADVANTAGES

Advantages accrue to hospitality organizations that emphasize career development opportunities for their staff, including:

- *Reducing absenteeism and turnover*. Managers who help staff members prepare for the future show human relations concerns. These efforts can improve morale, which helps reduce absentee levels and turnover rates. While labor and other costs associated with absenteeism and turnover are difficult to quantify, they are real and significant. Organizations that improve their staff's morale do much to improve service to their guests and, in the process, to increase their bottom line.
- *Assisting with productivity increases*. Staff who are prepared for a new position can reduce the learning curve and be useful immediately when they assume the new position. The necessary transitional period before quality and quantity outputs attain performance standards will likely be reduced. Also, costs to provide necessary education and training programs today will likely be less than those in the future.
- *Emphasizing managers' concerns about their staff*. Showing respect for staff members, exhibiting a genuine desire to assist them, and providing open lines

Modern technology enables anyone desiring to participate in educational and training activities for career advancement to do so at any time in almost any place.
Courtesy Purestock

of communication are additional examples of ways that management concerns can be actualized through professional development programs.

- *Preparing for future challenges.* Training alternatives such as cross-training, job enlargement, job enrichment, and job rotation programs have been noted (see Chapter 7). Organizations are better prepared for challenges that can arise when the range of job tasks that staff members can correctly perform is expanded. Professional development activities undertaken to improve performance in existing positions help improve product and service quality and reduce costs and increase profits.
- *Addressing future labor needs.* As suggested in the previous section, succession planning tactics can help managers identify general education and work experience requirements that will likely be required for future successful performance. In the process, professional development opportunities needed by existing staff will be better known.

In addition to helping the hospitality organization, career development activities are of obvious benefit to those who undertake them:

- *They allow staff members to learn and gain the experience necessary for promotional opportunities.* Many organizations utilize and many staff members appreciate promotion-from-within programs that recognize the potential for future contributions of existing staff and, in the process, help reduce turnover rates.
- *They help reinforce the employment decisions made by new staff.* Corporate cultures that emphasize professional development opportunities allow staff members to enjoy on-job success and to feel positive about their employer.

PROCEDURES FOR CAREER DEVELOPMENT

You've learned that career development enables employees to plan for their futures within an organization or industry by identifying career goals and then developing plans to attain them. At the same time, it helps the organization to reduce turnover and related expenses because of the increased morale that typically occurs when affected staff members are given opportunities for career growth.

For many persons, career decisions are influenced by factors such as personal interests, likes and dislikes, and being at the right place at the right time. However, a staff member's career plans can also be influenced by opportunities presented by the employer. The mentoring, counseling, and encouragement provided by those at higher organizational levels can be significant influences on staff members' plans, aspirations, and the energy levels required for career advancement within the organization. You've also learned that opportunities to acquire greater levels of knowledge and skill can be addressed during performance appraisal sessions, as ongoing work responsibilities are assigned, and even as simple coaching conversations evolve.

Many staff members will not require significant encouragement to become involved in professional development programs, but others will. Employees will benefit

Professional Associations Assist with Career Development

Professional associations exist to assist members with numerous needs, including the provision of continuing education opportunities. Examples include the conduct of national conferences and the development and provision of training resources and services. Continuing education opportunities for group and/or individual study and the coordination of regional or other chapters that provide educational opportunities in local areas are additional examples.

Professional associations charge membership dues and fees to support their services. Typically, a significant percentage of the revenues generated is used to develop educational and training resources to improve the organization's members and the industry served by the association.

To review educational resources available from selected hospitality associations, review the Web sites of selected organizations, including:

- National Restaurant Association (Educational Foundation): *www.nraef.org*
- American Dietetic Association: *www.eatright.org*
- American Hotel & Lodging Association (Educational Institute): *www.ei-ahla.org*
- Club Managers Association of America: *www.cmaa.org*
- National Association of College & University Food Services: *www.nacufs.org*

Human Resources MANAGEMENT ISSUES (12.2)

"I have an idea that will benefit our business and our employees, and that has no downside to it," said Joshua. He was the human resources manager for the foodservices operation at the Metropolitan Bank, one of the largest banks on the Eastern seacoast, and the largest bank in the United States with a self-operating foodservices program. Joshua was attending a meeting of department heads and had just returned from a national conference of hospitality human resources managers.

"I would call the program, 'We Care About You.' We would make an offer to all of our staff members: first become proficient in your existing position (and we could tie this to results of our performance appraisal procedures). Then we would assist them with career planning activities and provide them with ongoing professional development experiences. This would result in increased job skills and help prepare them for promotions to positions with greater responsibilities and more compensation."

"Joshua, that's sounds like a great idea, and I would personally support it in theory," replied Suzanne, the department manager. "I think we've implied this philosophy as we encouraged employees to do better and to learn more. However, we've never formalized a process, communicated it consistently and effectively, or really worked hard to encourage and help our employees to be better performers and stay with us."

"I guess it sounds like a good idea," said Raoul, the food production manager, "but I have two special concerns. First, it sure wouldn't look good if we make a big deal out of this now as we rolled out the program, and then de-emphasized it later. Also, do we really have time to do everything necessary to help all of our staff given the million and one things we must all do every day to keep the operation running?"

"I do like the general idea of the program, and I'm certain it will encourage spirited discussion as we consider it further," said Suzanne. "My suggestion is that we table the conversation for now, and let's all consider it over the next two weeks and then make it a primary agenda item at our next meeting."

QUESTIONS

1. What are the benefits to the Metropolitan Bank foodservices department if the "We Care About You" program can be implemented? The potential disadvantages?
2. What is the employees' likely reaction to the program?
3. What suggestions would you make to Suzanne, Joshua, and the management team as they consider implementation of the program?

from their employer's efforts to encourage them to prepare for promotions, and they can do so by participating in well-planned education and training activities.

Documentation of career development plans and accomplishments can help one to further prepare for the future. Figure 12.4 shows specifics that can be identified in a career development plan.

Name: ______________________ Date: ______________

Employer: ______________________

Position: ______________________

Time in current position: Years ______________ Months: ______________

Current Supervisor: ______________________

Personal/Professional Interests: ______________________

____

____

Education: High School Graduate or GED: Circle one. Yes NO

College Yes ________ NO ________

If yes, circle one: GRADUATE ATTENDING ATTENDED

Other Formal Education: ______________________

CAREER GOALS:

To what position do you aspire:	New competencies needed to attain this career goal:
In one years: ______________	______________
______________	______________
______________	______________
In five years: ______________	______________
______________	______________
______________	______________
In ten years: ______________	______________
______________	______________
______________	______________

FIGURE 12.4: Career Development Plan

EDUCATION LEARNING METHOD

Required Competencies	On-Job Training	Ongoing Staff Meetings	Independent Learning Course	Group Study Course	Local Chapter Program	College Course	Other (Indicate)	Completion Date	
								Planned	Actual

Other Education/Training Plans:

FIGURE 12.5: Training and Education Planning Worksheet

Figure 12.5 illustrates a worksheet that can be used to identify the planned methods by which the required competencies identified in Figure 12.4 can be obtained. It also allows the career planner to indicate scheduled and actual completion dates.

Figure 12.6 provides a detailed summary of information about how and when the required competencies identified in Figure 12.4 were actually acquired.

As a final example, Figure 12.7 shows a format for a career progression record that comprises the experience portion of one's professional résumé.

Activities integral to one's career comprise a significant part of the waking hours of many persons. Those who enjoy their careers are, therefore, very fortunate. Organizations with a culture that allows (encourages) staff members to enjoy what they do provide a win-win situation for all constituencies. Managers in these organizations plan professional development programs to help their staff members become competent in future positions. The personal career development programs driven by them benefit the guests, the hospitality organization, and its staff members.

Name: ______________________________

Intermediate Career Goal: ______________________________

____

New Competency: ______________________________

____

____

Date Completed: ______________________________

Name of Institution/Training Organization: ______________________________

____

Certificate Awarded: **YES** **NO** **Type:** ______________

____

Other Details: ______________________________

____

____

FIGURE 12.6: Competency Score Card

NAME:

CAREER GOAL:

Starting Date	Ending Date	Position	Name of Organization	General Position Responsibilities

FIGURE 12.7: Career Progression Record

Human Resources Terms

The following terms were defined in this chapter:

- Unions
- Labor contract
- Grievance process
- Union shop
- Union steward
- Grievance
- Seniority
- Authorization card (union)
- Union recognition (mandatory)
- National Labor Relations Board (NLRB)
- Union recognition (voluntary)
- Union security arrangement
- Right-to-work law
- Agency shop
- Open shop
- Dues check-off
- Collective bargaining
- Concession (collective bargaining)
- Collective bargaining (distribute)
- Collective bargaining (integrative)
- Collective bargaining (mandatory items)
- Collective bargaining (permissible items)
- Cost-of-living adjustment
- Picketing
- Boycott
- Work slowdown
- Arbitration (voluntary)
- Arbitration (compulsory)
- Mediation
- Unfair labor practices
- Traditionalists (workforce generation)
- Baby Boomers (workforce generation)
- Generation X (workforce generation)
- Generation Y (workforce generation)
- Downsizing
- Succession planning
- Attrition
- Outplacement assistance
- Full-time equivalents
- Survivor (downsizing)
- Outsourcing
- Offshoring
- Core business strategies
- Escape strategy
- Request for proposal
- Sarbanes-Oxley Act
- Career
- Career development program

For Your Consideration

1. Assume that you were beginning your first (entry-level) management position at a hospitality organization that is unionized. How, if at all, do you think your initial work experiences would be different than if your initial employment

was with a nonunionized property? Which type of beginning management position would you most like? Why?

2. How do you think your perspectives about an organization would be affected if you were an employee and you heard rumors about the possibility of downsizing? What kind of facts would you want to know about the situation? What would be your priority concerns if you were to be terminated? If you were a survivor?
3. How, if at all, could a career development process such as that noted in this chapter benefit you if you were just beginning your hospitality management career? If you were in an entry-level (nonmanagement) position in an operation? If you were in a middle-management position with an organization?

Case Study: Human Resources Management in Action

"Last night wasn't a very good night, was it?" asked Maureen, the foodservices director for the school district. She was meeting with Francine, the business manager of the public school district in a large and affluent suburb of a major metropolitan city.

"No, it wasn't a very good evening; in fact, it was a disaster!" replied Francine.

The two professionals were discussing the results of a school board meeting in which the local union representing the foodservices workers and the custodians outnegotiated the school district's representatives. The union had obtained a collective bargaining concession that, in the opinion of Maureen and Francine, went too far.

"I just can't believe it," said Francine. "Now there's no way we can increase productivity because the labor contract specifies a required number of union employee labor hours for every 100 meals we serve, and it even defines our á la carte operations to ensure that the mandated productivity level is controlled."

"Yes, that certainly is the most significant challenge," replied Maureen. "In addition, we have to deal with lots of other issues that, in total, create pretty big obstacles. For example, isn't it ironic that we just spent $80,000 for trash compactors? In part, our payback analysis indicated that the equipment costs would be recovered in only 11 months because of reduced fees from waste pickup. Now the labor agreement specifies that workers can't handle anything weighing more than 35 pounds, so the compactors won't be able to help reduce costs at anywhere near their capacity to do so. Another example is that when it's time for an employee break, it's really time for the break! Ten o'clock means ten o'clock, not five after ten or another time shortly after ten, which enables a work task in process to be completed."

"Our list of examples could go on, couldn't it, Maureen?" asked Francine. "One thing I know is that, even while the school board wants us to increase the quantity and quality of our outputs, they have really limited our ability to do so."

Dimension: Collective Bargaining Process

1. Assume the union had represented the employees for the last several years. What kind of financial- and employee-related information should Maureen and her foodservices management team have provided to the school board committee negotiating with union representatives?
2. What are the most important management rights that remain and, hopefully, will not be lost by the school district?
3. What, if any, impact do you think the results of this bargaining process will have when the agreement is next negotiated?

Dimension: Supervision

1. What procedures should Maureen use to educate her supervisors and managers about the terms of the new agreement?
2. What are the most serious consequences of the new contractual clause that ties input (labor hours) to output (number of meals/meal equivalents served)?
3. What, if any, types of employee scheduling tactics can be used when specified employees must take breaks at specified time periods?

Dimension: Financial Management Concerns

1. What tactics, if any, are available to Maureen in her efforts to manage her labor costs given the contractual clause relating to productivity restraints?
2. What are the priority alternatives available to Maureen as she develops future operating budgets and attempts to manage future operating costs?
3. What, if anything, can Maureen do to help reduce the stress and anxiety of the foodservice managers in each school as they attempt to cope with the new operational and financial constraints?

Internet Activities

1. Would you like to review an excellent report presenting detailed information about the U.S. hotel industry and its employees? The AFL-CIO Working for America Institute has published a report providing excellent background information, policy recommendations, and extensive footnotes that refer readers to additional information. To view this information, go to: *www.hotel-online.com* When you reach the site, enter "afl-cio working for america" into the search box."
2. This chapter has identified several critical issues that confront human resources managers in the hospitality industry. One topic that is of increasing interest to the industry and to the entire country relates to immigration. If you want to learn more about immigration and its impact on the hospitality industry, type "Immigration and Hospitality Industry" into your favorite search engine. You'll discover Web sites discussing current events, historical trends, services

of firms assisting hospitality organizations with specific concerns, and a wide variety of other information.

3. Managers in the hospitality industry may be involved in many more outsourcing alternatives than you might have initially imagined. Two Web sites that can help you explore the present and future of outsourcing in the hospitality industry are:
   - *www.findarticles.com* (When you reach the site, type "Outsourcing in hospitality industry" into the site's search box.)
   - *www.hotelresource.com* (Enter "outsourcing" into the site's search box. You'll find results categorized by "Industry News,""Industry Trends," and "Web Directory.")

ENDNOTES

1. Information about do's and don'ts during union drives is adapted from: David DeCenzo and Stephen Robbins, *Fundamentals of Human Resources Management,* 8th ed. Hoboken, NJ: John Wiley and Sons, 2005.
2. The authors wish to acknowledge and thank Mr. Steven H. Siegel, Associate Professor, College of Hospitality and Tourism Management, Niagara University, New York, for suggesting this example of a requirement imposed by a labor agreement in a hospitality organization.
3. The information in the remainder of this discussion on downsizing is adapted from: National Performance Review, "Serving the American Public: Best Practices in Downsizing." Benchmarking Study Report, 1997.