

# 10

## Employee relations, involvement and participation

### Chapter objectives

This chapter considers the notions of employee relations, employee involvement and employee participation to review the extent to which employees may influence managerial decision-making. In particular, the chapter aims to:

- Recognize debates about employee/industrial relations.
- Assess the differing ways in which conflict may be conceptualized and resolved in the tourism and hospitality workplace.
- Consider the role, or lack of it, for trade unions in the tourism and hospitality industry.
- Appreciate how employee involvement and employee participation mechanisms can be used by tourism and hospitality organizations.



## Introduction

The idea of some kind of employee influence in organizational decision-making is one that seems to attract much support amongst all the parties who are involved in the employment relationship; that is, employers, employees, trade unions and the state. Indeed, as Blyton and Turnbull (2004) note recent years have seen renewed interest in employee involvement and participation. This renewed interest is partly explicable by the Labour Government's attempts to promote 'partnership' at work as well as the influence of the European social agenda, which has encouraged greater employee participation through a number of European Union (EU) Directives. However, although there may be universal support in principle for the need for employee influence in decision-making, in reality there are likely to be sharply differing views on the degree (the extent to which employees are able to meaningfully influence managerial decisions), level (task, departmental, establishment or corporate), range (the range of subject matters likely to be discussed, from what might be trivial issues such as food in the staff canteen to fundamental strategic decisions) and form (either direct or indirect through representation) of such influence (Marchington and Wilkinson, 2005).

Recognizing the above discussion Blyton and Turnbull (2004) suggest a continuum from no involvement through to employee control, although in reality most organizations are likely to fit somewhere in between in the categories of receiving information, joint consultation and joint decision-making, which in a generic sense are likely to be characterized as being either employee involvement, participation or industrial democracy. Underpinning much of this discussion is a need to understand the nature of employee relations and the manner in which many argue that this notion marks a major shift from a more collective view of the employment relationship as embodied in the notion of industrial relations. Initially then the chapter will consider this debate about how best to conceptualize the contemporary employment landscape. Following this discussion we will then move on and examine how these debates can be understood with regard to the 'frames of reference' (Fox, 1966) adopted by management in terms of dealing with potential conflict in the workplace. Conflict can be considered at a number of levels, one of which is the potential conflict of interests between trade unions and employers. However, the tourism and hospitality industry is often suggested as being one where trade unions have little or no influence. The veracity or otherwise of this view will be discussed, including why tourism and hospitality employees



may or may not join trade unions. Having considered one mechanism for articulating an employee 'voice', that of trade unions, the chapter moves on to consider a range of other mechanisms which seek to involve employees in the decision-making process in organizations through the processes of employee involvement and participation.

## Employee or industrial relations?

In a recent analysis of the nature of employee relations in the UK economy CIPD (2005: 5) suggest that, 'the term "industrial relations" summons up today a set of employment relationships that no longer widely exist, except in specific sectors, and even there, in modified form'. In this view industrial relations can be thought of as denoting formal arrangements between employers and trade unions, in which collective bargaining would provide the mechanism for joint regulation that would give trade unions a say in key management decisions. This view of industrial relations held by CIPD is by no means universally held and amongst others Sisson (2005) responded with a wide-ranging rejoinder questioning whether the description of industrial relations as being anachronistic is indeed true. Whilst at one level this debate about the nature of 'industrial' or 'employee' relations might seem like a typical academic parlour game it is nevertheless important to recognize that at the heart of this debate are a number of crucial concerns which are likely to significantly influence arguments about the nature of employee involvement and participation. To appreciate such debates it is worthwhile briefly considering how industrial and employee relations may be considered different.

Industrial relations has its roots very much in the social sciences and draws on a number of academic disciplines such as economics, law, sociology, psychology, history and politics. The scope of industrial relations has traditionally encompassed the study of social institutions, legislative controls and social mechanisms and the way they provided the framework for interactions between the key actors in the employment relationship: government, employers and their organizations and employees and their organizations. At the heart of industrial relations lies the notion of how these partners manage the employment relationship, which denotes an economic, social and political relationship for which employees provide manual, mental, emotional and aesthetic labour in exchange for rewards allocated by employers. Often debates about the employment relationship would centre on the

notion of the effort–reward bargain. As we saw in the previous chapter the effort–reward bargain refers to the manner in which employees are rewarded for the effort they expend on behalf of the organization. The potential conflict that would arise in the allocation of effort from employees and reward from employers would often be resolved through the use of, often adversarial, collective bargaining, where trade unions and employers would come together to attempt seek a resolution based on their relative strengths. Industrial relations, then, is often thought of as denoting the formal arrangements to manage the employment relationship that existed in large manufacturing plants where the world of work largely consisted of unionized male manual workers who worked full-time (Blyton and Turnbull, 2004).

By contrast, employee relations emerged as a term in the 1980s in an attempt to capture the changing nature of the employment landscape. In particular, as CIPD (2005: 3) argues, ‘employee relations is now about managing in a more complex, fast-moving environment: the political, trade union and legislative climates are all shifting. In general, the agenda is no longer about trade unions’. Within this view of employee relations then a key aspect of what is considered distinctive about the term is a lack of trade union influence. In addition, employee relations has also tended to be considered as denoting the changing nature of employment in terms of the shift from manufacturing to service employment and the feminization of the labour market. These shifts have had a significant impact on employment and work, for example the increasing number of employees who work ‘non-standard’ hours or the much greater involvement of the customer as a third party in the employment relationship (Lucas, 2004).

As we acknowledged earlier there are many who would argue that these are rather simplistic interpretations of the terms (Sisson, 2005). To an extent though the above discussion does have an element of truth and at the least it is useful in denoting key shifts in the nature of employment in recent years. In particular, the shift from manufacturing to service employment and reliance on collective institutions to a more individualized view of the employment relationship are clearly apparent.

### **Frames of reference and the resolution of conflict**

Notwithstanding the debate about the terms industrial and employee relations a key point that remains is the likelihood of conflict or competing interests existing in the employment relationship. Of course, these aspects may also exist alongside

more co-operative relationships and this notion of how employers view both conflict and co-operation can be further appreciated by drawing upon the unitary and pluralist 'frames of reference' (Fox, 1966) through which the employment relationship can be viewed.

Within the unitary frame of reference the metaphor of a football team is often used to illustrate this perspective on the employment relationship (Marchington and Wilkinson, 2005). In this view organizations are conceptualized as a team in which all participants are aiming for the same goal, have similar objectives and are not in conflict with one another. The unitary perspective sees the organization as a cohesive and integrated team, where everybody shares common values, interests and objectives to achieve the goal of the efficient functioning of the enterprise. Within this approach a key element is the recognition of the managerial prerogative and the unrestrained 'right to manage'. Managers are the single source of authority and act in a benign and rational manner for the benefit of employees. Resultantly a unitary view of the employment relationship would be framed and constrained by the idea that conflict and dissidence are unnecessary, undesirable, irrational and pathologically deviant behaviour. Any conflict that does arise will be rationalized as being a reflection of frictional rather than structural problems within the organization. Consequently, trade unions are viewed as being an unimportant and unnecessary intrusion into the organization. One final point about the unitary perspective is the need to recognize there may be differing styles of management ranging from authoritarian to paternalistic, and the latter in particular may underpin a more sophisticated unitarism which finds organizational expression in talk of 'soft' HRM in particular. Although the unitary perspective may be easy to criticize for advocating an unrealistic view of the workplace, evidence suggests that many British managers still hold unitaristic views of the workplace. Indeed, Lucas (2004) suggests that unitaristic thinking is apparent in large parts of the tourism and hospitality industry; and often this unitaristic thinking is the less sophisticated version premised on cost-minimization and 'unbridled' individualism, which creates a 'poor' employment experience for many in the industry.

The 'them and us' attitude which unitarism eschews is something that is accepted as being integral to the pluralist perspective on the employment relationship. Conflict is accepted as being inevitable and rational because of the plurality of interests in the organizational setting, though the resolution of such conflict may be through differing approaches. In simple terms we can consider this in terms of both collective and individual approaches.



## HRM in practice 10.1 Social partnership in Lufthansa

At a time when the airline industry has faced huge challenges in the 1990s and the post-9/11 era, Lufthansa has drawn on the institutionally-embedded social partnership approach common in Germany to stave off the worst effects of a downturn in the sector. At the heart of this social partnership is an understanding that the company will consult and negotiate with employees through works councils and trade unions. In particular, by considering the employee 'voice' the company has chosen to approach restructuring in a manner which has not led to redundancies and a short-term response to the challenges in the industry. This approach was in contrast to a number of other airline companies, such as British Airways (BA) and Aer Lingus who both made large-scale job cuts in the wake of September 11th. By a process of consultation and negotiation Lufthansa was able to agree wage concessions and enhanced labour flexibility, through things like changes in working time and voluntary unpaid leave to avoid redundancies. Though these changes were made, overall there was no major deterioration in the terms and conditions of employees. Consequently, the trust and co-operation between the social partners was able to survive the immediate post-9/11 era and allowed the company to consider a brighter future without the latent mistrust stemming from widespread redundancies, a problem which faced other airlines.

*Source:* Turnbull et al. (2004).

Collective approaches to conflict resolution will envisage a role for trade unions to represent the interests of employees, though there may be very different approaches adopted by trade unions depending on the institutional context in which bargaining with employers takes place. For example, in the UK the relationship has often been characterized as being reflective of a 'them and us' culture, where the relationship between employers and trade unions was antagonistic. In attempts to institutionalize conflict in such an environment the bargaining process would often be concerned with power bargaining or zero-sum 'winner takes all'-type bargaining. In such a process the relative economic strength of the employers and trade unions could determine the eventual resolution of any such dispute. By contrast, in a number of European countries the relationship between employers and trade unions has been rather more consensual and premised on notions such as 'social partnership' and 'social dialogue' (and see HRM in practice 10.1).

More recently, as we have already noted, many argue that British public policy has attempted to foster a climate which is more concerned with partnership along European lines, a process that has also been driven to an extent by a number of EU Directives encouraging greater consultation between employers and employees. As well as collective approaches to conflict, disagreement can also take place at a more individual approach. Again conflict is seen as inevitable but the resolution of such conflict does not take place within a collective framework or with the involvement of trade unions. Instead, the employment relationship is based on employment contracts determined by market forces and common law and 'freely' negotiated between employers and employees. Conflict may arise as employees seek the highest level of reward, best conditions and least exacting work, whilst employers seek the lowest level of payment, least costly conditions and most efficacious and flexible use of labour.

In addition a final perspective initially developed by Fox (1974) and then refined by others, adopts a more radical view of the employment relationship. In this radical/Marxist approach the employment relationship is seen not so much in organizational terms, but in a much wider social, political and economic framework. In this broader analysis of capitalist society capital and labour are conceptualized as being engaged in an antagonistic 'power struggle' that is waged very much on capital's terms. Marxists or neo-Marxists argue that trade union power is illusory and only maintains the delusion of a balance of power. In its purest form the Marxist perspective suggests that only by the working class gaining workers' control will real equality be established. In contemporary market-driven economies moves to workers control are very unlikely. Nevertheless, it is important to recognize that the radical perspective provides the theoretical framework for more critical views of the employment relationship, such as labour process analysis.

## Review and reflect

Think of your current workplace or where you have previously spent time on work placement and consider which frame of reference best describes how conflict is managed. Is this the best way to manage conflict?

In sum, then there have been a number of significant changes in the employment relations landscape in recent years. The shift from industrial to employee relations



and the decline of trade union power and influence has led to increasing talk of a more unitaristic and individualistic view of the employment relationship. As a consequence there is often increasingly talk of the 'death' of trade unions, a view which is now considered in more detail.

## Trade unions: in terminal decline?

A wide range of factors has contributed to a decline in trade union membership in the UK in recent years. In particular, the structural changes in the economy and the decline in so-called 'heavy' industries such as coalmining, shipbuilding and steel has particularly impacted on the unions. Equally, the legislative programme enacted by the Conservative Governments in the 1980s and 1990s can clearly be seen to be a significant influence. In addition to these aspects CIPD (2005) suggest that global competitive pressures and employee attitudes are equally important. In particular, younger people are unlikely to have ever belonged to a trade union and it is suggested that many of them see no point in trade unions (LRD, 2004a).

### Review and reflect

Trade unions are increasingly looking to recruit younger employees and in sectors where they have previously had few members, such as tourism and hospitality. Think about your own view of trade unions and consider why you think trade unions have had little success in the past in recruiting members in the tourism and hospitality industry.

The decline in trade union membership is within a context in which for the first time in the UK there appears at first view to be much greater state support for trade unions. This situation is a change from the past where historically there has been little state support for trade union recognition in the UK and much of the twentieth century could be best characterized as being voluntaristic, with minimal intervention from the state in employment relations. More recently, though, there has been greater state intervention, including the area of union recognition. In this sense the Employment Relations Act (ERA) (1999) and (2004) means that trade unions may gain recognition even where employers are implacably opposed to the idea (LRD, 2006). Importantly though the legislation does not apply to small



employers, defined as those with 20 or fewer workers, which of course is the majority of tourism and hospitality enterprises.

However, even within the changing employment relations landscape described above it is arguable the extent to which trade unions are likely to make a significant comeback. In part, this reflects a wider sense of managerial resistance to trade unions. In attempting to understand the reasons for such resistance, Gall (2004) notes how the period from 1979–1997 created what he terms a sense of ‘managerial Thatcherism’. In essence, the legislative programme of primarily the Thatcher, but also the Major, Governments sought to change the employment landscape by severely restricting the ability of trade unions to organize and to take industrial action and thereby secure recognition and successfully pursue their members’ interests in collective negotiations. For Gall one of the obvious outcomes that this period engendered is a present day situation of ‘not insignificant employer opposition to granting recognition’ (p. 36). Thus, despite the attempts by the Blair Governments to ostensibly create an employee relations public policy which foregrounds a stronger sense of partnership, it seems questionable, as Gennard (2002) argues, as to whether there really is a ‘break with the past’. Indeed, some authors have gone so far as to suggest that New Labour’s acceptance of the desirability of a largely deregulated labour market as a source of economic competitiveness denotes a marked convergence with the neo-liberal policies of the previous Conservative Governments and has led to what is termed ‘Blatcherism’ (Red Pepper, 2004).

Regardless of debates concerning what is the most compelling explanation for declining trade union membership and activity what is clear is the precipitous fall in trade union membership. In 1979 there were 13 289 million members, a density of over 50 per cent. By 2005 the figure had declined to approximately 6.4 million, a density of 29 per cent (DTI, 2006). Moreover, as Table 10.1 suggests low trade union membership is not confined to the UK, but is also be seen in the US, Australasia and large parts of Europe.

Whilst Table 10.1 outlines union density figures for the economy as a whole, often the figure will be lower again for the tourism and hospitality sector. For example, the International Labour Organization (ILO, 2001) has estimated that globally the average figure for the tourism and hospitality industry is 10 per cent. That said, we do have to exercise a degree of caution in recognizing this argument not least because there may be significant differences between sub-sectors like hotel and catering, compared to the airline industry, for example. Even then there may be national differences in the relative strength of trade unions in certain

**Table 10.1** Union density in selected countries

Country	% Union density (2003)
US	12.4
Australia	22.9
Japan	19.7
Germany	22.6
France	8.3
Italy	33.7
Sweden	78
Netherlands	22
Ireland	35.3
New Zealand	22 (2002 figure)

Derived from Visser (2006).

sub-sectors. For example, within the hotel and catering industry in the UK the current trade union density is 4.2 per cent and trade unions have little real purchase or influence (DTI, 2006). Conventionally a number of reasons are forwarded for low levels of trade union density in the UK hotel and catering sub-sector (Macaulay and Wood, 1992; Aslan and Wood, 1993; Lucas, 2004 and see also HRM in practice 10.2).

- Ethos of hotel and catering – for example the suggested conservatism and individualism of the workforce and reliance on informal rewards tends to create a workplace culture which is antipathetic to trade unions. The self-reliance that this individualism tends to breed means that employees prefer to represent themselves in negotiating with management.
- The predominance of small workplaces and their wide geographical dispersion pose considerable challenges to trade union recruitment and organizing strategies. The existence of a ‘family culture’ in many small and medium-sized enterprises (SMEs) is also considered a significant barrier to organizing. For example, Lucas (2004) in her interrogation of the 1998 Workplace Employee Relations Survey (WERS) data found that hospitality employees in very small workplaces demonstrated a much higher level of positive endorsement for their manager’s style of management.
- Structure of the workforce – the workforce has high numbers of young workers, students, part-timers, women, employees from ethnic minorities and migrant

## HRM in practice 10.2 Failing to organize the Dorchester Hotel

Wills (2005) reports how the T&G targeted the world-famous Dorchester Hotel in 1999 in attempts to gain union recognition. The Dorchester was targeted as it was a stand-alone hotel which did not belong to a national or international chain, so for the purposes of 1999 ERA would be counted as a single bargaining unit. From 1999–2002 the T&G sought to gain union recognition. Although some employees did join the union, high levels of labour turnover and the ethnic diversity of the staff made it difficult to sustain a common union identity. When the T&G came to present its case to the Central Arbitration Committee in December 2002 the union was unable to present a sufficiently compelling case that a majority of workers constituting the bargaining unit would be likely to support recognition. In part, this was due to the Dorchester claiming more workers worked in the hotel than the T&G; although the union also found that a number of their claimed members were either duplicate members or were no longer employed. The failure to organize the Dorchester seems to point to the need for British unions to change their tactics in seeking recognition and to develop a broader geographical, occupational and sectoral focus, rather than concentrating on the level of the individual workplace.

workers, all groups who are not traditionally associated with trade union membership. This situation is also exacerbated by high labour turnover.

- Employer and management attitudes – as we have already noted the industry is characterized by a unitary view of the employment relationship that sees no role for trade unions. Consequently employers and managers are hostile towards trade unions and will often pursue an active non-union policy.
- Role of trade unions – notwithstanding recent attempts by the Transport and General Workers Union (T&G) and the GMB to organize parts of the hospitality sector it is generally acknowledged that for too long trade unions failed to develop effective strategies to organize the sector.

Although trade unions have failed to establish any real foothold within the UK hotel and catering industry there is some evidence that they have had greater success elsewhere and in doing so improved the working lives of their members (and see HRM in practice 10.3 and 10.4).

As we noted earlier the relative lack of trade union presence is not universal in the tourism and hospitality industry in terms of the relative strength of trade



### **HRM in practice 10.3 Unions making a difference in the US**

Research conducted by Bernhardt et al. (2003) in eight (half of which were unionized) high-end, full-service 'Class A' hotels in four US cities found that unions could make a difference to employees lives. The research focused on room attendants and food and beverage staff and amongst other things found that in the unionized hotels wages were higher, work intensity was lower, contract provisions on workload were more constraining and innovative bargaining was more prevalent. Such outcomes involve a partnership of unions and management. These union–management partnerships, it was suggested, can help to tackle industry-wide problems and demonstrate that 'win-win' or 'mutual gains' solutions are possible in the hotel industry.

### **HRM in practice 10.4 Enhanced labour flexibility in Australian hotels**

Research by Knox and Nickson (2007) suggests that within Australia some hotel employers engage in successful firm-level bargaining with trade unions, with unionization rates across the industry far higher than in the UK. Case studies of two hotels found that management at hotels with enterprise bargaining had decided to pursue both service excellence and cost-minimization. This strategy focused on introducing employment practices that provided the dual benefits of quality enhancement and cost reduction in such a way that they were not in conflict with one another. This situation was achieved through partnerships and bargaining with the trade union. The employers believed that they could best achieve their aims by bargaining with the union rather than directly with employees because they were concerned with receiving the support and co-operation of the workforce. Sophisticated rostering systems were introduced in order to align the needs of employer and employee more effectively. The hotels also exhibited a strong commitment to enhanced functional flexibility, with initiatives directed towards improving multi-skilling, service quality, ongoing training and development and retention. In sum, the research highlighted Australia's unique institutional context and the potential benefits associated with regulation and union involvement.

unions in different sub-sectors. For example, Baum (2006) recognizes that the airline industry has always had a stronger trade union presence when compared to the hotel and catering sub-sector, even in the UK (and see HRM in practice 10.5).

## HRM in practice 10.5 Conflict in BA

BA has had something of a chequered history in recent years in its dealings with trade unions. When in 2003 the company sought to introduce a new automated time recording system for check-in and ticketing staff it found itself involved in a costly industrial dispute. The row centred on the introduction of a new electronic clocking-on system at Heathrow airport, which staff feared would be used to push through other changes in pay and conditions, such as the introduction of split shifts and annualized hours. These concerns and the manner in which the system was being 'imposed' led to a two-day unofficial strike by members of the GMB, T&G and Amicus trade unions. The dispute led to the cancellation of over 500 flights affecting thousands of passengers. As well a PR disaster the dispute was estimated to have cost the company £50 million. More recently the company also found itself embroiled in an equally damaging dispute, albeit one not directly of its own making. In 1997 BA chose to outsource its in-house catering operation to a company called Gate Gourmet, who were the sole catering supplier for the company. Gate Gourmet was already paying relatively cheap wages to their workers when in an attempt to drive down wages even further the company employed 130 agency staff. This was despite the company's previous attempts at restructuring, which had led to redundancies. As a result the original staff held a meeting to wait for further news, which led to over 650 of them being sacked. In response BA found itself facing costly sympathy action by baggage handlers and ground staff, who were not only in the same trade union, T&G, as the Gate Gourmet workers, but in some cases were also the husbands and brothers of the sacked workers. Once again BA found itself having to cancel hundreds of flights, leading to over 100 000 passengers being stranded. As well as the immediate disruption caused by the action of the baggage handlers the dispute in Gate Gourmet dragged on for several months customer refreshments to some BA customer. The cost to BA of the strike action was estimated at between £35–45 million, though arguably the biggest cost was in terms of the company's damaged reputation and lost custom in the future.

Derived from BBC (2005), Clark (2003), Morgan (2003) Townsend (2005).

In sum, although there may be some pockets of trade union strength in the tourism and hospitality industry, generally trade unions remain a marginal presence. In a broader sense clearly any future for the trade union movement is contingent upon their ability to organize in the service sector. The evidence to date suggests that this may well be an uphill struggle for the trade union movement. As a consequence



this lack of collective ‘voice’ provided by the trade unions means that most tourism and hospitality employees are likely to sustain an influence in managerial decision-making through the processes of employee involvement and participation.

## Employee involvement and participation

As we have already noted there is a definitional and terminological debate on the meanings of terms such as ‘employee involvement’, ‘employee participation’ and ‘industrial democracy’ (Blyton and Turnbull, 2004). Hyman and Mason (1995) suggest that increasingly, talk of industrial democracy – which denotes a fundamental change in the balance of power in society generally and the workplace specifically, such as the establishment of employee self-management – has little currency in contemporary market-driven economies. Consequently we are left with the notions of ‘employee involvement’ and ‘employee participation’, which represent the ‘two principal and in many respects contradictory approaches to defining and operationalizing employee influence’ (Hyman and Mason, 1995: 1).

### Employee involvement

Marchington and Wilkinson (2005) recognize that there are a number of mechanisms that have been introduced under the broad heading of employee involvement, for example teamworking and empowerment to name just two. Whilst there may be a number of differing initiatives there is nonetheless common agreement of the intent of employee involvement. In that sense most writers recognize that employee involvement is concerned with measures which are introduced by management to optimize the utilization of labour whilst at the same time securing the employee’s identification with the aims and needs of the organization. Employee involvement is seen as being very much a phenomenon of the 1980s and closely linked with ‘soft’ HRM with its emphasis on unitarism and the creation of common interests between employer and employee. Employee involvement is managerially initiated and characterized as direct, ‘descending participation’, which is task-centred as it attempts to involve all individuals in the workplace (Salamon, 2000). In this way it seeks to provide employees with opportunities to influence and take part in organizational decision-making, specifically within the context of

**Table 10.2** Direct communication and information sharing techniques

Technique	% of organizations using technique
Meetings with entire workforce or team briefings	91
Systematic use of management chain	64
Regular newsletter	45
Noticeboards	74
E-mail	38
Intranet	34
Suggestion schemes	30
Employee attitude surveys	42

Adapted from IRS (2005a).

their own workgroup or task. Therefore it is intended to motivate individual employees, increase job satisfaction and enhance the sense of identification with the aims, objectives and decisions of the organization. Organizations have a number of ways in which they can involve employees and Table 10.2 outlines the incidence of these aspects in British workplaces with 10 or more employees, as found in the 2004 WERS.

Marchington and Wilkinson (2005) note that these various techniques can be further broken down between those where the organization simply communicates downwards to employees, and those more concerned with upward problem solving. With regard to downward communication it can be seen from Table 10.2 that this form of employee involvement is especially prevalent amongst organizations. Direct communication to the individual can take a variety of forms and involve a variety of media both electronic and paper such as e-mail, intranet, company newsletters and noticeboards. IRS (2005b) recently surveyed over 70 organizations across the economy and found that the most important aim of their communication strategy was to keep employees informed about changes in the organization, closely followed by improving employee engagement and improving employee performance. Though downward communications can be useful in attempting to achieve these aims through informing and 'educating' employees about managerial actions and intentions they are also passive and are characterized by Marchington and Wilkinson (2005) as the most 'dilute' form of direct participation. Indeed, Hyman and Mason



(1995) suggest downward communications mechanisms are ultimately rather superficial and question the extent to which they denote meaningful involvement.

By contrast a number of upward problem-solving techniques are more likely to denote more meaningful involvement for employees, usually involving two-way communication. These techniques may be directed at either individuals or workgroups and are now considered. Suggestion schemes allow organizations to potentially tap into the creativity in their workforce to make significant improvements in just about every aspect of the business, for example improvements in customer service (IDS, 2003). As a result they can improve the motivation and commitment of workers, as they see their voluntary activity as being integral to company success. Equally, there may also be more instrumental and tangible benefits both to the individual, whereby employees are rewarded for ideas and for the organization, who may accrue significant cost savings from suggestions emanating from employees. A second technique which aims to encourage more active employee involvement is attitude surveys. More often than not employee attitude surveys will be a census of all staff usually yearly or bi-annually (IDS, 2004). Employees will usually be asked to give their views on a range of issues, including (IDS, 2004):

- The organization's strategic direction and leadership.
- Organizational culture.
- The organization as an employer.
- Pay and benefits.
- Working environment and conditions.
- Working relationships (i.e. with managers and colleagues).
- Company image.
- Overall satisfaction/commitment to the organization.
- Reaction to the survey and previous follow-up action.

The last point is important in delineating the need for organization's to be transparent in both disseminating results and being seen to act on them. As was alluded to in Chapter 8 there may also be opportunities for employees to appraise their manager's performance. The suggested benefits of employees commenting on managerial performance through employee attitude surveys are that it makes for better management, although again this is contingent upon management accepting and acting upon the results of surveys.





## Review and reflect

Imagine you are a manager in a travel agency which is part of a large multinational company. As part of their involvement scheme the company runs an attitude survey which gives employees the opportunity to comment on your performance. In the last survey your employees have said that you are dictatorial and difficult to approach, how do you respond?

In a group sense, initiatives within tourism and hospitality which seek to encourage employees' involvement in upward communication are likely to be premised on the notion of improving quality within the organization and towards the customer, finding expression in techniques such as quality circles (QCs) and total quality management (TQM). Lashley (2001) notes how QCs are essentially concerned with consultation on the basis of management posing problems in the expectation of receiving suggestions from employees. Suggestions are likely to be directed towards improvements in service quality and productivity in particular. He also reports evidence from the Accor Group where QCs have been used successfully. Although employees were expected to act as volunteers and are not paid for taking part in the QCs there was still significant interest amongst employees. Amongst other things the QCs in Accor were able to speed-up customers breakfast service and guest check-out times on the basis of identifying problems, suggesting and testing solutions, measuring results and finally 'rolling out' the approved solution. A more all-embracing approach to quality is via the notion of TQM, which is more concerned to promulgate an integrated view of quality via company-wide improvements in quality both towards the internal customer (the employee) and the external customer. Baldachino (1995) reports a case study of a luxury hotel where the implementation of a TQM philosophy was beset by a number of problems including employee suspicion of the rhetoric of TQM, empowerment and involvement when faced with the realities of redundancy, industrial conflict and the more prosaic problem of a 'them and us' attitude emerging over the car parking situation for managers and employees at the hotel. More sanguine accounts of TQM claim several benefits from such a philosophy, including, improved organizational efficiency, greater employee involvement, consistently 'delighting the customer' by exceeding their expectations and reduced labour turnover (Hope and Muhlemann, 1998). An integral part of a TQM framework is



the role of empowerment, which is often seen as being synonymous with greater employee involvement.

Empowerment may actually encompass a variety of employee involvement techniques (Wilkinson, 1998; Lashley, 2001), though for clarity we will talk here of empowerment as being predominately about encouraging front-line staff to solve customers problems on the spot, without constant recourse to managerial approval. As was discussed in Chapter 3 tourism and hospitality organizations are increasingly attempting to develop an organizational culture which places quality service at its centre. With customer expectations becoming ever more dynamic empowerment is increasingly sold as being the key to achieving not only high levels of service quality but also as a means to enhance the commitment and job satisfaction of employees. In principle, empowerment allows employees to exercise greater authority, discretion and autonomy in their dealings with guests. In reality, the latitude allowed to employees is often circumscribed. For example, Jones et al. (1997) in their study of the Americo hotel chain found that the use of a 'compensation matrix' would dictate employee responses and allowed management to monitor and measure such responses, creating tightly constrained discretion (see also Hales and Klidas, 1998). Thus, although the rhetoric of empowerment is about attempting to move decisively from a control-oriented organization to a commitment-oriented organization, Riley (1996: 171) pragmatically recognizes that whilst 'empowerment is giving the employees the right to "break the rules" to serve the customer' it is also nonetheless important to recognize that 'rules are always necessary for an organization. It is a balance between organizational rules and discretion which must be available quickly'.

## Review and reflect

Can you really have empowerment which involves tightly constrained discretion?

As we recognized in Chapter 7 training and development of employees is also a crucial part in operationalizing empowerment strategies, with employees requiring training in areas like, social skills, communication skills, decision-making skills, problem-solving skills, planning skills and teamworking. Relatedly there will also be a need to re-orient managerial thinking towards a more facilitative and coaching style, which should also attempt to impart a greater sense of trust and



confidence in the ability of the front-line staff to make suitable decisions. This does not mean that management's role is completely emasculated or abrogated but merely refined, although this may be particularly difficult for managers to accept (Wilkinson, 1998). Equally it is important to create a 'no blame' culture where 'well intentioned errors' are discussed in a supportive way in order that lessons can be learned from any mistakes in decision taking by employees.

This latter point can be seen as one of the obvious benefits of empowerment and a review of several writers suggests several other benefits to be derived from empowerment (Wilkinson, 1998; Lashley, 2001; Baum, 2006):

- Reduction in the so-called social distance between customers and employees, so service is not seen as servility.
- Improved quality and guest satisfaction, as the removal of close supervision creates a more responsive service delivery system.
- Enhanced motivation and job satisfaction for employees, leading to greater commitment and reduced labour turnover.
- More time for managers to engage in strategic planning and customer responsiveness.
- Cost savings and improvements from ideas generated by employees.
- Word of mouth advertising.

On the other hand there may also be a number of potential problems in empowering employees. We have already noted how reality may not match the rhetoric of companies in relation to the tightly constrained discretion which characterizes many empowerment schemes. In addition, employees may also see empowerment as about increasing risks and responsibilities without any commensurate extra reward for the additional skills and discretion they are expected to demonstrate. A further issue is that of job security, as empowerment may be used to justify delayering, which in turn leads to a drastic reduction in the number employed by the organization. There is also the vexed issue of the culturally-bound nature of empowerment, which is often seen as a very Americanized approach to service (Nickson, 1999). Consequently, and as we noted in Chapter 2, it may be especially difficult to create an empowered culture in countries such as China and the post-communist Eastern European states, though even within parts of Western Europe there is also evidence of significant resistance to the precepts underlying empowerment (Klidas, 2002).



## Employee participation

Hyman and Mason (1995: 21) define participation as 'state [or supra-state] initiatives which promote the collective rights of employees to be represented in organizational decision-making, or to the consequence of the efforts of employees themselves to establish collective representation in corporate decisions, possibly in the face of employer resistance'. Salamon (2000) characterizes participation as being pluralist, power-centred, indirect, representative and 'ascending' in its focus on the managerial prerogative and attempts to extend employees collective interest into a variety of areas and decisions at higher levels of the organization. The expression of employee interests over company decisions may be via joint consultation, works councils and worker directors. With regard to joint consultative committees (JCCs), Lucas (2004) notes how data from WERS 1998 suggests that management committees for joint consultation, rather than negotiation, are rare in the tourism and hospitality industry. Moreover, where such committees do exist they tend to have quite a narrow focus in terms of what they will allow consultation on. As Lucas notes, 'Where committees function in the HI [hospitality industry], health and safety is most likely to be discussed, followed by training, working practices and welfare services and facilities. Pay and government regulations are the least frequently discussed issues' (p. 161). Consequently, in this section the focus is mainly on works councils, both European and national.

## European and national works councils

Hyman and Mason (1995: 32) suggest works councils are, 'a representative body composed of employees (and possibly containing employer representatives as well) which enjoy certain rights from the employer'. Works councils have two principal rights; firstly, the right to receive information on key aspects of company activity, such as restructuring, HRM/personnel issues, health and safety, etc., and secondly, the right to consultation on such issues prior to their implementation by management. Works councils are common in Europe and often underpin approaches based on social partnership, but have been a relatively rare phenomenon in the UK with only a small number of companies setting up voluntary agreement (and see HRM in practice 10.6).

More recently though within the UK especially the situation has changed with European-inspired regulation, which has established European Works Councils

## HRM in practice 10.6 PizzaExpress: Spreading the word

As was noted in Chapter 9 PizzaExpress' image was seriously damaged in 1999 following the revelation that they had been rather disingenuous in their interpretation of the minimum wage legislation in the UK. Clearly, the company had to start improving internal communication to pinpoint and address sensitive issues which arose from this dispute. To tackle this problem, the HR department gave the job of communications manager to Steve Perkins, who was then a member of the restaurant staff. Perkins decided to set up a company-wide works council system similar to those running in EU nations. The first step was to look at other companies' practices but Perkins was told to develop a system that best suited the company. The new communication system took more than 18 months to become fully effective. The work councils are now run at local, regional and national levels, from individual restaurants to headquarters. They involve managers and staff representatives alike. At the restaurant level, forum discussions are held every 2 months and involve managers, staff representatives and staff themselves who are encouraged to express their concerns. Problems can be settled at this stage, although unresolved issues can be taken to one of the seven regional councils held by regional managers and restaurant representatives. Again, issues can be brought to the national forum, which meets every 6 months and involves top-executives and board members. The new works council witnessed several breakthroughs. For instance, the system prevented massive complaints from employees about reduced wages, when the company was only trying to take out an amount of the wages to adjust it tax-wise and give it back at a lower tax rate. Thanks to the forum, representatives were able to identify and calm their colleagues' fears. From a company point of view the consultative process also has the advantage of avoiding negotiations with unions and resulting strike threats. Despite its successes, however, the communication system would not have worked without PizzaExpress' commitment, which was fundamental in gaining staff commitment to the process. As James Sydmonds, the national forum representative for Café Pasta, said, 'When I started on the forum, I was very suspicious ... Every time I got to a different level and an issue was brought up, I'd think: "What is actually going to happen at the next level?" But the company involvement has surprised me, and I have been so impressed that I have wanted to get more involved and spread the gospel'.

Derived from Cooper (2001), Goymour (2000).



## HRM in practice 10.7 Club Med

Club Med is a French company and one of the world leaders in holiday villages. The company operates in over 40 countries and has more than 20 000 employees. Club Med introduced its EWC in September 1996, though prior to this date the company had previously worked with unions to resolve issues such as re-employing seasonal staff and helping non-French nationals to settle into working in France. Initially the EWC agreement was signed for a period of 3 years, though in 1999 the agreement was renewed indefinitely. Employee representatives are provided by the trade unions, both at a European level and for several individual countries in which Club Med operates. The EWC allows for the provision of information, reflection and consultation between the partners. Information provided through the EWC encompasses economic and financial matters, strategic perspectives, the employment situation, organizational changes and their consequences. In difficult times, such as the post-9/11 period, the process of consultation allowed the EWC to engender consensus on issues such as restructuring in what were difficult circumstances. In sum, the Club Med EWC is suggested as having several benefits including: effective joint action during restructuring programmes with an impact on employment; production of ethics guidelines on sub-contracting to support local conflicts; and exchanges on strategic orientations or organizational changes within the group.

*Source:* EFILC (2005).

(EWCs) and national works councils. The Directive establishing EWCs was adopted in September 1994. It was not though till 2000 that the Directive was finally implemented in the UK. The Directive covers all companies with a presence in more than one EU Member State and with at least 1000 employees in total, of which at least 150 are located in each of two EU Member States (CIPD, 2006). Importantly, companies do not automatically have to establish a EWC, though both companies and employees (or their representatives) can trigger mechanisms to request a EWC (LRD, 2006). The voluntary nature of EWCs means that of the more than 2000 companies covered by the Directive only around a third have established EWC arrangements (CIPD, 2006). Within tourism and hospitality Lucas (2004) notes that a relatively small number of companies have introduced EWCs, a number of whom were headquartered in Europe (and see HRM in practice 10.7).

In addition to EWCs the EU parliament also adopted the information and consultation of Directive in March 2002, which was implemented in the UK as the Information and Consultation of Employees Regulations 2004 (ICE Regulations).

The Directive required Member States to ensure that employers are under an obligation to consult with their workforce on an ongoing basis in order that employees have a better idea of potential changes in their employment. As was noted earlier these types of arrangements are common in many parts of Europe, though much less so within the UK context. For example, if we take JCCs as a rough proxy for the sort of mechanisms required by the ICE Regulations then WERS 2004 found that JCCs were present in 14 per cent of all UK workplaces, though this varied markedly between size of the workplace, with the figures being 26 per cent in workplaces with 50–99 employees and 47 per cent in those with 100–199 employees (Kersley et al., 2006). From April 2005 the ICE Regulations applied to companies with more than 150 employees, though it will cover those with at least 100 from April 2007 and those with at least 50 from April 2008. Under the terms of the ICE Regulations employees will have the right to be (LRD, 2004b):

- Informed about the organization's economic situation.
- Informed and consulted about its current employment situation and employment prospects.
- Informed and consulted about decisions likely to lead to major changes in contractual decisions or work organization. This could cover a range of topics including working time and practices, training, equal opportunities and pensions.

Employers covered by the ICE Regulations will not automatically have to inform and consult with employees, and indeed some employers may have pre-existing arrangements that are considered acceptable. In workplaces without any existing arrangements employees can make a request for the establishment of information and consultation procedures. As long as 10 per cent of employees support such a request the employer then has to provide a mechanism for information and consultation (IDS, 2005). At the time of writing it is too early to say what effect the ICE Regulations are likely to have in the long term. However, it does seem set to continue the trend of Europeanization of employee relations activities in the UK, though whether this ultimately leads to real social partnership and dialogue remains to be seen.

## Conclusion

In this chapter we recognized that whilst there may be broad agreement on the principle of ensuring that employees have a voice in managerial decision-making



the form of influence will vary enormously. In some institutional contexts the voice may be provided by trade unions. This is especially true for a number of European countries where the principle of social partnership ensures that unions play an active part in organizational decision-making. In the UK though it is more likely that within the tourism and hospitality sector that employee influence will be sustained through a variety of involvement and participation mechanisms. There is much debate as to the efficacy – in relation to issues like improving employee morale and raising productivity – and democratic intent of employee involvement, and particularly the extent to which the various initiatives represent ‘pseudo-participation’ in their lack of a challenge to the managerial prerogative. On the other hand it remains to be seen whether the representative approaches which are now increasingly encouraged through a number of European Directives will provide the meaningful participation that is intended. Ultimately approaches to employee involvement and participation should aim to promote improved dialogue in the workplace. Workplaces that involve and engage their employees in matters that effect their employment experience are likely to benefit through increased commitment and motivation; something that social partnership seems to have achieved in a number of European contexts and from which lessons can seemingly be drawn by UK companies.

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## Websites

- The Trades Union Congress website gives a sense of their views on a range of employment and political issues <http://www.tuc.org.uk>
- There are a number of case studies concerning employee participation in European companies at <http://www.eurofound.eu.int/areas/participationnetwork/index.htm>
- The hospitality, leisure, sport and tourism support network has a useful guide to empowerment, involvement and participation at <http://www.hlst.heacademy.ac.uk/resources/guides/empowerment.html>
- [http://www.ilisimatusarifk.gl/eng/index\\_eng-filer/index\\_eng.htm](http://www.ilisimatusarifk.gl/eng/index_eng-filer/index_eng.htm) is an international site with links to many organizations involved with employee participation and involvement.