

Hotel Workers and Industry Change

Improving competitiveness and working conditions in the hospitality sector

Hotel Workers and Industry Change is a research project of COWS. Its goal is to understand how industry restructuring has affected hotel workers — and how hotels can stay competitive while providing secure, family-supporting jobs.

In the last few decades, the service sector has proliferated dramatically; today, it accounts for more than four-fifths of all U.S. jobs. This growth has been especially marked in hospitality, which employs about 1.9 million workers in more than 40,000 establishments. Between 1970 and 2000, hotel employment nearly tripled.

But job growth hasn't been accompanied by increasing job *quality* — in the form of high earnings, generous benefits, or opportunities to advance. The majority of hotel employees can be found in the housekeeping or food and beverage departments, where the median wage hovers between \$7 and \$8 (in 2000 dollars) and work schedules are notoriously undependable. Fewer than 12 percent of hotel workers are union members. Like so many other service-sector workers, these workers face a constant struggle just to get by, much less get ahead.

Although what hotel workers are experiencing is not a new problem, conditions are getting worse. In recent years, hotel ownership has become concentrated in fewer and fewer hands; today, a mere four companies (not including casino hotels) account for fully 20 percent of the industry's \$86.5 billion in annual sales. The new owners — typically giant, publicly held corporations — are exerting intense pressure on hotels (and departments within hotels, like food service) to become "profit centers." In response, managers have searched relentlessly for ways to raise revenue — occasionally by raising prices, but more often by paring back staff, increasing workloads, and outsourcing services to cheaper firms.

March 2003

The Center on Wisconsin Strategy

University of Wisconsin-Madison
1180 Observatory Drive, Room 7122
Madison, WI 53706

TEL: 608.263.3889

FAX: 608.262.9046

E-MAIL: cows-info@cows.org

WEBSITE: www.cows.org

The Center on Wisconsin Strategy

COWS researchers are assessing the impact of this restructuring on workers, and investigating how to mitigate its negative effects. They conducted fieldwork in four U.S. cities — cities that rank among the nation's top business, convention, and urban tourist markets. They chose two cities where the hotel industry is marked by a high rate of unionization, or *high union density*, and two where the industry is noted for *low union density*. Then, within each city, researchers studied two hotels — one union, and one non-union. By gathering information from managers, workers, and union representatives — nearly 130 individuals in all — they hoped to find out whether unions helped to protect workers against painful cost-cutting measures.

What have COWS researchers learned? First, restructuring has had severe consequences for hotel employees. Pushed to “do more with less,” workers are faced with stagnating wages, greater insecurity, and more stress on the job.

Second, while bad jobs are bad for business — leading to poor recruitment results and high turnover — hotels have done little or nothing to make entry-level occupations more palatable to employees. For example, many hotels have scaled back training programs — in English as a Second Language (ESL), management preparation, and even safety — that represented at least a limited investment in workers. Hotel managers also rely on subjective personnel practices that prevent entry-level workers — especially immigrants whom they view as unsuited for or uninterested in advancement — from moving into supervisory positions or learning new skills.

Third, density makes a difference. Nationally, unionized hotel workers earn more money than their non-union counterparts — and that's especially true for those at the bottom of the pay scale. But COWS researchers have found that the key factor in union effectiveness is union density — not just the union's presence at a given hotel. For example, in high-density cities, unions are more likely to have some say over workloads, scheduling, and the use of part-time and temporary staff. At times, unions have even been able to prevent outsourcing of restaurant facilities — or at least to exert some control over the process. And on rare occasions, unions have chipped away at barriers to upward mobility by convincing hotels to cross-train workers during slack periods.

Finally, strong hotel unions can benefit both employers and workers — because they can participate in powerful partnerships that keep hotels competitive while improving hotel workers' jobs. One impressive example is the Culinary Training Academy (CTA), established by a consortium of Las Vegas hotel casinos and unions in 1993. The CTA provides free job training, ESL classes, and GED preparation to all comers, and its record is so outstanding that even non-union employers are eager to hire its graduates. The CTA not only solves employers' recruitment and retention problems but also helps workers — particularly recent immigrants and former welfare recipients — to gain on-the-job experience and acquire marketable skills.

The San Francisco Hotels Partnership Project (SFHPP) also provides job training, along with classes in such areas as grievance resolution and basic skills. Building on its success in preparing entry-level employees for higher-paying banquet service positions, the SFHPP has launched an exciting new initiative to create career ladders for hotel workers. The project — covering San Francisco, San Diego, San José, and Los Angeles — emphasizes redesigning jobs, revamping promotion policies, and offering paid training across occupational categories so workers can make lateral moves.