# Review of socially responsible HR and labour relations practice in international hotel chains

by

Jacqui Boardman and Candida Barbato

Working papers are preliminary documents circulated to stimulate discussion and obtain comments

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# Preface

For many years the ILO has focused on promoting decent conditions of employment within the HCT sector. The Office has worked in cooperation with employers' and workers' organizations and the governments of member States to improve employment opportunities in the industry and have encouraged the development of training schemes to enhance skill levels across the sector. In addition, the ILO HCT sector has promoted social dialogue as an important tool to meet the ongoing challenges faced by the industry. To encourage dialogue, the ILO has organized a number of tripartite meetings. In 1997 a *Tripartite Sectoral Meeting on the Effects of New Technologies on Employment and Working Conditions in the HCT Sector* was held. This was followed in April 2001 by *the Tripartite Meeting on Human Resource Development, Employment and Globalization in the HCT Sector*.<sup>1</sup>

The ILO commissioned this report to explore current Human Resources (HR) and labour relations practice within major international hotel chains, regarded as "standard setters" within the industry, in order to form a basis for future dialogue. The report explores the scope of HR policy across a number of international hotel chains and, by illustrating some of the frameworks they use, the way in which HR policy and labour relations are intended to be implemented. It was, however, beyond the scope of this report to assess the extent to which such frameworks and policies function within such chains in practice. The report therefore represents a discussion of the principles contained in such policies, rather than an empirical analysis of their implementation.

The report concentrates on "direct employment practices" within the hotel chains, rather than via franchising or other third party relationships. The review is structured around the key themes from the ILO Tripartite Declaration of Principles for Multinational Enterprises.<sup>2</sup>

The review is based mainly on publicly available information, supplemented by a limited number of interviews with key hotel sector personnel. The research focused particularly on the following hotel chains: Accor International, Global Hyatt Group, Intercontinental Hotels Group, Hilton Hotels Corporation, Mandarin Oriental Group, Marriott International, Rezidor SAS, Shangri La Hotels & Resorts, Starwood Hotels & Resorts Worldwide, Taj Hotels, Resorts & Palaces. These chains were chosen in part because of their size (most are in the top 10 largest groups worldwide), but also to ensure a reasonable geographical spread, both in terms of hotel locations and in home territory. This report provides a scoping study, not an in-depth analysis. It has been commissioned to encourage dialogue among key stakeholders on the issues raised. A more detailed investigation may need to be carried out in the future.

Elizabeth Tinoco Chief, Sectoral Activities Branch, ILO, Geneva, July 2008

<sup>1</sup> www.ilo.org/public/english/dialogue/sector/sectors/tourism/standards.htm.

<sup>&</sup>lt;sup>2</sup> ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, ILO Geneva 2006.

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# Acknowledgements

This report is based mainly on publicly available information, particularly from the following hotel chains: Accor International, Global Hyatt Group, Intercontinental Hotels Group, Hilton Hotels Corporation, Mandarin Oriental Group, Marriott International, Rezidor SAS, Shangri La Hotels & Resorts, Starwood Hotels & Resorts Worldwide, Taj Hotels, Resorts & Palaces.

Where possible this was supplemented by a limited number of interviews with key hotel sector personnel, in particular the following individuals/organizations whose comments have been factored into the conclusions of the report.

### ILO

Yukiko Arai, Technical Specialist of the Multinational Enterprises Programme (EMP/MULTI), ILO

Wolfgang Weinz, Senior Technical Specialist (Hotels, Tourism, Catering), Sectoral Activities Branch, ILO

#### **Companies/corporations:**

Gerald Ferrier, Director of Social Policies, Accor International

Tea Colaianni, VP Human Resources, Hilton International

Jan Peter Bergkvist, Scandic Hotels AB

IUF

Patrick Dalban-Moreynas, International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF)

## EFFAT

Kerstin Howald, Tourism Sector Secretary, European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)

#### Hotels, Catering and Tourism Employers' Organizations:

International Hotel and Restaurant Association (IH&RA)

Lyndall de Marco, International Tourism Partnership (ITP)

# 1. Introduction

The Travel & Tourism (T&T) industry (of which the hotel sector forms a part)<sup>3</sup> employs approximately 238 million people worldwide, representing 8.4 per cent of total global employment (i.e. 1 in every 11.9 jobs) and generates 9.9 per cent of world GDP.<sup>4</sup> By 2018, employment in the T&T industry is expected to rise further to around 296 million people, thus cementing its position as a major global employer. The ILO definition of the Hotel, Catering and Tourism (HCT)<sup>5</sup> sector differs from the definition of the tourism sector used by most organizations since it includes not only the services provided to travellers but also those for residents. The tourism ratio of the turnover of hotels and restaurants, i.e. the proportion of their services provided to travellers, may range from one quarter to three quarters.

The hotel business is a labour-intensive and quality-driven service industry. The competitiveness and productivity of the industry depends primarily on the skill levels and professionalism of its employees. Consequently, the constituents within the Hotels, Restaurant and Catering sector recognize that education, vocational training, and human resource development are necessary to ensure their future. <sup>6</sup> In support of this, the World Economic Forum (in their recent T&T Competitiveness Report <sup>7</sup>) sees good management of human resources as one of the key drivers for competitiveness across the industry.

Having said that, the hotel, catering and tourism (HCT) sector of the industry suffers from high levels of labour turnover.<sup>8</sup> This provides a constant challenge for employers, limits the ability to maintain a skilled workforce and results in enhanced costs. The Marriott Corporation, for example, reported in 2000 that a 1 per cent increase in employee

<sup>5</sup> See www.oit.org/public/english/dialogue/sector/sectors/tourism/desc.htm.

<sup>6</sup> Joint Declaration by HOTREC and ECF-IUF on principles and guidelines for maintaining and developing tourism, jobs in rural areas, published under the auspices of the EU Commission, 1995.

<sup>7</sup> The Travel & Tourism Competitiveness Report 2008, http://www.weforum.org/ttcr08browse/index.html.

<sup>8</sup> High rates of turnover in the industry are the result of many factors. The HCT sector employs relatively high proportions of younger staff, who are often working in the sector on a temporary/part-time basis, e.g. whilst studying, travelling or deciding which career path to take. Other factors include non-competitive pay rates and benefits, unsocial working hours and in some cases lack of career development opportunities. See also: "Human resources development, employment and globalization in the hotel, catering and tourism sector" Report for discussion at the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector, Geneva, 2–6 April 2001, International Labour Office, Geneva.

<sup>&</sup>lt;sup>3</sup> The Travel and Tourism Industry statistics quoted here are as defined by the World Travel and Tourism Council (WTTC) which includes all providers, including tour and transport operators, accommodation and their associated catering services. This definition of the industry does not include all contract catering activities, unless they are provided as part of the travel process, or for travellers at a tourism destination, nor does it include services provided to residents (as in the ILO definition mentioned in the main text).

<sup>&</sup>lt;sup>4</sup> World Travel and Tourism Council Annual Statistics 2008. The figures are based on Travel & Tourism Satellite Accounting – the standardized United Nations' tourism measurement tool: which covers all providers within the T&T industry. For full definition and data see: http://www.wttc.org/eng/Tourism\_Research/Tourism\_Satellite\_Accounting/.

turnover would cost their company between \$US5 and US\$15 million.<sup>9</sup> Research has demonstrated that effective employee engagement at both a company and hotel level increases levels of trust and can provide a useful employee motivational tool – thus encouraging training and skills development and reducing turnover.<sup>10</sup>

For many years the International Labour Office (ILO) has focused on promoting decent conditions of employment within the HCT sector.<sup>11</sup> They have worked in cooperation with employers' and workers' organizations and the governments of member States to improve employment opportunities in the industry and have encouraged the development of training schemes to enhance skill levels across the sector. In addition, the ILO HCT sector has promoted social dialogue as an important tool to meet the ongoing challenges faced by the industry. To encourage dialogue, the ILO organized a number of tripartite events. In 1997 they held a *Tripartite Sectoral Meeting on the Effects of New Technologies on Employment and Working Conditions in the HCT Sector*. This was followed up in April 2001 with a *Tripartite Meeting on Human Resource Development, Employment and Globalization in the HCT Sector*. The purpose of these meetings was to exchange views between governments, employers' and workers' representatives on the HCT sector. More recently, the ILO HCT sector has been looking to engage more directly in implementing social dialogue structures in the sector in order to achieve greater social and economic progress.

This report was commissioned to explore current Human Resources (HR) and labour relations practice within major international hotel chains, regarded as "standard setters" within the industry, in order to form a basis for future dialogue.

The report explores the scope of HR policy across a number of international hotel chains and, by illustrating some of the frameworks they use, the way in which HR policy and labour relations are intended to be implemented. The report concentrates on "direct employment practices" within the hotel chains, rather than via franchising or other third party relationships. The review is structured around the key themes from the ILO Tripartite Declaration of Principles for Multinational Enterprises. <sup>12</sup> These ILO principles cover a range of workplace issues, such as equal opportunities/diversity and training and development, all of which are represented by separate subsections in the report.

The review is based mainly on publicly available information, supplemented by a limited number of interviews with key hotel sector personnel.<sup>13</sup> The research focused particularly on the following hotel chains: Accor International, Global Hyatt Group, Intercontinental Hotels Group, Hilton Hotels Corporation, Mandarin Oriental Group, Marriott International, Rezidor SAS, Shangri La Hotels & Resorts, Starwood Hotels & Resorts Worldwide, Taj Hotels, Resorts & Palaces. These chains were chosen in part

<sup>12</sup> ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, ILO Geneva 2006.

<sup>&</sup>lt;sup>9</sup> Pizam, A., Thornburg, S.W. (2000), "Absenteeism and voluntary turnover in Central Florida hotels: a pilot study", International Journal of Hospitality Management, Vol. 19 pp. 211–17.

<sup>&</sup>lt;sup>10</sup> For example "Elements of a sound industrial relations system", S. R. de Silva, Senior Specialist in Employers' Activities, East Asia Multidisciplinary Advisory Team, ILO, Bangkok, http://www.ilo.org/public/english/dialogue/actemp/papers/1998/srseleme.htm.

<sup>&</sup>lt;sup>11</sup> See also the ILO Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172) and associated Recommendation (No. 179).

<sup>&</sup>lt;sup>13</sup> Detailed in the acknowledgements on page 38.

because of their size (most are in the top 10 largest groups worldwide <sup>14</sup>), but also to ensure a reasonable geographical spread, both in terms of hotel locations and in home territory.

This report presents a scoping study, not an in-depth analysis. It has been commissioned to encourage dialogue amongst key stakeholders on the issues raised. It is recognized that a more detailed investigation may need to be carried out in the future.

# 2. International hotel chains

There are well over 200 hotel groups that operate throughout the world. At the start of 2007 the top 200 were contributing 43,000 hotels and 5.5 million rooms to the worldwide hospitality industry, with over 74 per cent of the hotels and 71 per cent of the rooms belonging to the top 10 hotel chains. North America dominates the international hotel chain industry, with nearly 6 in every 10 rooms (56.9 per cent) in the world being located there, i.e. nearly 3.2 million rooms. In fact, 70 per cent of all hotel rooms in the United States belong to a large chain. Contrast this with Europe and Asia where respectively below 25 per cent and under 15 per cent of rooms are provided by the global chains.

Table 1 illustrates significant growth in the major hotel chains over the past 13 years, reflecting both a growth in the number of mergers and acquisitions and the overall size of the industry. The number of hotels within the top 10 hotel groups has increased by 86 per cent, from 1995 to 2008, with a corresponding increase in room capacity of 77 per cent. This rapid growth reinforces the role that the international hotel chains play in leading the sector. They are becoming economically more important to the HCT sector, employing increasing numbers of people across the globe, and are seen as the "standard setters" for the industry. The remainder of the sector is characterized by small and medium enterprises (SMEs), all of which benefit from the tools and techniques developed by the larger chains. This can occur directly through their own use of the tools, or indirectly by employing staff already trained within larger establishments.

Sector leadership also brings with it an increased level of scrutiny and expectation from all stakeholders. Employees, customers, investors, trade unions, governments, international agencies and campaign groups are all raising questions about performance standards across the sector and are particularly targeting international hotel chains. As a consequence, the chains increasingly need to demonstrate that they are maintaining high standards across their hotels. The chairman of Carlson Hospitality, in the 2008 World Economic Forum T&T Competitiveness Report, <sup>16</sup> takes this a step further. She suggests that companies should not only demonstrate high standards within their own organizations and engage with their own immediate stakeholders, but as stakeholders in wider society, they need to engage in "Integrative Global Citizenship" where all parties work together for the greater good.

Large hotel chains within the sector operate via a number of brands, from economy through to luxury. Table 2 shows the brands under which each of the top 10 chains

 $(www.hotel-online.com/News/PR2005\_1st/Feb05\_MKGRanking.html).$ 

<sup>16</sup> The Travel & Tourism Competitiveness Report 2008, http://www.weforum.org/ttcr08browse/index.html.

<sup>&</sup>lt;sup>14</sup> Tables 1 and 2 below provide more detail on these chains.

<sup>&</sup>lt;sup>15</sup> The top 200 groups comprise both international and domestic hotel chains. Data as of 01/01/2007, MKG Consulting, Worldwide Hotel Activity Report, issue 146/147 for May/June 2007, HTR Magazine (http://ehotelier.com/browse/news\_more.php?id=A11303\_0\_11\_0\_M) and MKG consulting database, October 2005

operate – some of the best known of these are Courtyard, Crowne Plaza, Hilton, Holiday Inn, Hampton Inn, Ibis, Marriott, Novotel, Sheraton. The global chains own, lease, manage or franchise hotels under these brands, often through various international subsidiaries. The resulting legal and commercial structures can have significant implications for HR management since, in the case of managed or franchised hotels, the majority (if not all) hotel staff are actually employed by a third party (the hotel owner) and not the chain. Furthermore, in order to run large chains effectively they are usually divided into semiautonomous operating units, e.g. regions, headed by, for example, an Area President, a Senior Vice President or a Director. Figure 1 shows an example schematic of how the majority of the large international hotel chains are organized.

Rank in 2008	Hotel Chain	Rooms 1995	Hotels 1995	Rooms 2008	Hotels 2007	% Change in hotels 1995– 2008	% Change in rooms 1995–2008
1	InterContinental (UK)	356,800	1,925	585,094	3,949	105.14	63.98
2	Wyndham Worldwide – formerly Cendant (USA)	413,891	4,208	550,576	6,544	55.51	33.02
3	Marriott International (USA)	184,995	874	517,909	2,901	231.92	179.96
6	Hilton Hotels Corporation (USA) – formerly HHC (USA) and Hilton International (UK) <sup>18</sup>	147,457	388	497,365	2,959	662.63	237.29
4	Accor (France)	256,607	2,265	459,494	3,857	70.29	79.07
5	Choice (USA)	293,706	3,358	445,254	5,516	64.26	51.60
7	Best Western (USA)	280,144	3,409	308,636	4,035	18.36	10.17
8	Starwood Hotels and Resorts (USA)	132,477	425	274,535	897	111.06	107.23
9	Carlson Hospitality (USA)	79,482	349	148,551	971	178.22	86.90
10	Global Hyatt (USA)	77,512	167	138,503	720	331.14	78.69
	TOTAL	2,223,071	17,368	3,925,917	32,349	86.26	76.60

### Table 1. Evolution of the Top 10 hotel chains worldwide (1995–2008 – ranked by rooms) <sup>17</sup>

#### Table 2. Brands associated with the Top 10 hotel chains

Rank in 2008	Hotel Chain	Example Glo	bal Brands <sup>19</sup>				
1	InterContinental (UK)	Holiday Inn	Intercontinen tal	Express by Holiday Inn	Crowne Plaza	Staybridge Suites	Candlewood Suites
2	Wyndham Worldwide – formerly Cendant (USA)	Days Inn of America	Super 8 Motels	Ramada Worldwide	Wyndham Hotels & Resorts	Travelodge	Howard Johnson

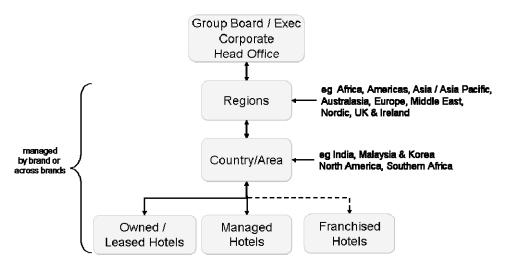
<sup>17</sup> See: http://www.hospitalitynet.org/file/152003363.pdf.

<sup>18</sup> *Please note:* To enable an adequate comparison, the 1995 data for Hilton Hotels Corporation is presented as a sum of the separate chain data for HHC and Hilton International, which were two separate companies at that time.

<sup>19</sup> For complete lists of brands refer to the individual hotel chain web sites. See also the ILO's Hotels, Catering and Tourism Sector web site www.ilo.org/public/english/dialogue/sector/sectors/tourism.htm.

Rank in 2008	Hotel Chain	Example Global Brands <sup>19</sup>								
3	Marriott International (USA)	Marriott Hotels	Renaissance Hotels	Courtyard	Residence Inn	Fairfield Inn	Springhill Suites			
6	Hilton Hotels Corporation (USA) – formerly HHC (USA) and Hilton International (UK)	Hilton	Conrad	Doubletree	Hilton Garden Inn	Hampton Inn	The Waldorf Astoria Collection			
4	Accor (France)	Sofitel	Mercure	lbis	Novotel	Motel 6	Hotel Formule 1			
5	Choice (USA)	Comfort Inn & Suites	Quality Inn	Clarion	MainStay Suites	Econo Lodge	Sleep Inn			
7	Best Western (USA)	Best Western	Best Western Premier							
8	Starwood Hotels and Resorts (USA)	Sheraton	Four Points by Sheraton	St Regis	Le Meridien	Aloft Hotels	Westin			
9	Carlson Hospitality (USA)	Radisson	Regent Hotels & resorts	Park Plaza	Country Inns & Suites	Park Inn				
10	Global Hyatt (USA)	Grand Hyatt	Hyatt Place	Hyatt Summerfield Suites	Park Hyatt	Hyatt Resorts	Andaz			

#### Figure 1 Example Hotel Chain Structure



To illustrate this further, consider Intercontinental Hotels Group (IHG), the largest of the international hotel chains. The IHG business is split into three regions: EMEA (Europe, Middle East and Africa), the Americas, and Asia Pacific, all headed by an Area President. Table 3 shows the distribution of IHG hotels across those three regions and between the various contractual types.<sup>20</sup> The table also illustrates the employment status of the hotel staff within each type of hotel contract. The sheer volume of franchised hotels in the IHG portfolio suggests that the vast majority of IHG hotel staff are actually employed by third

http://www.ihgplc.com/index.asp?pageid=375&section=Factsheets.

<sup>&</sup>lt;sup>20</sup> IHG at a Glance Factsheet 2007 –

parties, i.e. hotel owners. This represents a significant challenge for IHG, and similarly other large hotel chains, which all wish to ensure good standards of HR practice across their branded hotels.

Whilst accepting that this is a challenge, some comment has been made by the workers' organizations that much more could be done by the hotel chains to ensure good HR practice in franchised and managed hotels. They feel that there is a definite imbalance in the level of demands placed on a franchisee, between the very detailed requirements for brand/customer facing issues (such as collateral, signage, uniforms and even crockery) as compared to the light touch regarding workforce issues (training, development, working conditions etc.).

	Hotels Worldwide	Rooms Worldwide	Americas	EMEA	ASIA PAC	% of Rooms	% of Profit	Hotel Staff
Owned & Leased	20	7,093	4,029	2,371	693	1	11	Employed by IHG
Managed	524	130,470	39,611	39,268	51,591	23	22	IHG provide the General Manager as a minimum. All others employed by a Third Party hotel owner
Franchised	3,319	433,508	359,650	66,810	7,048	76	67	Employed by a Third Party hotel owner
TOTAL	3,863	571,071	403,290	108,449	59,332			

### Table 3. Intercontinental Hotels Group Portfolio

Compare this with Mandarin Oriental, one of the smallest chains, which has only 39 hotels. The majority of these are in Asia and are wholly (or partly) owned by the group.  $^{21}$ 

# 3. CSR activity across the international hotel chains

The focus of this report is on human resources development and labour relations within the international hotel chains. However, this aspect of HR often forms a part of a wider subject area more commonly referred to as Corporate Social Responsibility (CSR).

Corporate Social Responsibility (CSR) is a term that has increasingly entered into the language of business. According to the ILO: <sup>22</sup> "CSR is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law".

Hence CSR is about delivering sustainable value to society, as well as to owners and shareholders, for the long-term benefit of both. CSR is not a new concept for the international hotel industry. A number of hotel chains have long since recognized that

http://www.ihgplc.com/files/pdf/factsheets/ihg\_at\_a\_glance.pdf (updated regularly).

<sup>&</sup>lt;sup>21</sup> As at 30 September 2007, from IHG web site –

<sup>&</sup>lt;sup>22</sup> As at 30 June 2007 from MO web site – http://www.mandarinoriental.com/hotel/520000010.asp.

having sound social policies makes good business sense and has its own inherent paybacks. Good CSR policies are evident within the large hotel chains, particular those with a strong brand and a good reputation to maintain.<sup>23</sup> Furthermore, the value of a skilled and happy workforce – their most important asset – is recognized and promoted.<sup>24</sup> However, the sector may be perceived to be remarkably modest in publicizing the way in which it engages with and supports its employees, and therefore a significant number of positive CSR initiatives remain uncelebrated.

Having said that the hotel sector has attracted its fair share of negative comment over the past few years, suggesting that it lags behind other sectors in the adoption of CSR practices and in deployment of social policies and codes of conduct.<sup>25 26</sup> Furthermore, many stakeholders have suggested that promotion of CSR practice by the international hotel chains is more about PR than CSR. Although CSR frameworks exist, concern has been expressed by the unions<sup>27</sup> that they do not consistently deliver good practice at the hotel level. This may be a reflection of systemic failures (as some campaign groups might suggest<sup>28</sup>) or more likely inevitable deviations from the norm. Pragmatism suggests that there will always be physical and practical limitations to ensuring good CSR practise across large organizations.

In some circumstances, a more formal social dialogue structure could help promote joint working, by providing a place for all parties to share their views and to agree on some common goals. The ILO promotes social dialogue processes as a way of dealing with key issues for the sector <sup>29</sup> and is currently developing a toolkit to aid the process. <sup>30</sup> Learning could also be taken from the successful collaborative work in other sectors, e.g. the extractive industries, through for example the Kimberley Process or the Transparency

<sup>23</sup> http://www.ilo.org/public/english/support/lib/resource/subject/csr.htm.

<sup>25</sup> Through, for example, global employee satisfaction surveys, company-wide employee award schemes, and talent development programmes.

<sup>26</sup> Corporate Responsibility in the hospitality sector: pain or gain?, PricewaterhouseCoopers (PwC). PwC Hospitality Directions, Europe Edition, Issue 13, 2006.

<sup>27</sup> Gare Smith and Dan Feldman, 2003. Company Codes of Conduct and International Standards: An Analytical Comparison. World Bank Group Corporate Social Responsibility Practice. Washington, DC: International Bank for Reconstruction and Development/The World Bank.

<sup>28</sup> IUF, private communication.

<sup>29</sup> For example Tourism Concern, http://www.tourismconcern.org.uk.

<sup>30</sup> For example, presentation by Elizabeth Tinoco, Chief, Sectoral Activities Branch ILO, "Competitiveness and Social Dialogue in the Egyptian Tourism Industry", Cairo, December 2007.

<sup>&</sup>lt;sup>24</sup> This is evidenced by the presence of formal people management strategies, detailed policies and procedures for HRM, global training and development schemes, staff councils, employee satisfaction surveys, employee award schemes, employee bonus schemes, etc. In addition a number of the international hotel chains have won personnel management awards from independent bodies, "The Times 100 Best Companies e.g. Sunday to Work For" http://www.timesonline.co.uk/tol/life and style/career and jobs/best 100 companies/best 100 ta bles/.

Initiative; <sup>31</sup> the retail sector, through tripartite mechanisms such as the Ethical Trading Initiative (ETI) <sup>32</sup> and more recently in tourism, the Tour Operators Initiative (TOI). <sup>33</sup>

If the sector could be criticized, it is for a distinct lack of external transparency (through reporting and communication) on what they often regard as "business as usual".<sup>34</sup> There are exceptions however. Accor International, Rezidor and Scandic Hotels all provide examples of good reporting practice across the sector, recounting their policies, processes and achievements in the public domain.<sup>35</sup> Accor devoted 34 pages in their latest annual report to CSR performance (including ten pages on Human Resources), and Rezidor and Scandic both have very detailed CSR publications and information available on their web sites.<sup>36</sup>

# 4. HR management structures

Human resource management (HRM) within international hotel chains has certainly moved to a more sophisticated level over the past few decades.<sup>37</sup> They have adopted a much broader HRM view, using a variety of approaches to people management, development and rewards, and are now considering much broader welfare issues, such as promoting a healthy work-life balance and minimizing stress in the workplace. In support of this, the international chains have developed well-defined HR management structures, including opportunities for social dialogue.

Figure 2 provides an example HR management framework typical of an international hotel chain. Comparing it with Figure 1 you will notice that the structure links in directly with the operational hierarchy. The HR function is certainly valued and usually sits as a key member of the management team at all levels of the business. Figure 2 also illustrates the types of activities that the HR teams are responsible for at each level of the organization. This is not a definitive picture for all organizations (as the systems need to meet the requirements of the chain), but it certainly provides a flavour of the approach taken. The social dialogue structures are often directly related to the HR structure,

<sup>32</sup> For the Kimberley Process see http://www.kimberleyprocess.com and for the Transparency Initiative see http://eitransparency.org/.

<sup>33</sup> The ETI is an alliance of companies, non-governmental organizations (NGOs) and trade union organizations, which exists to promote and improve the implementation of corporate codes of practice that cover working conditions in supply chains, http://www.ethicaltrade.org.

<sup>34</sup> http://www.toinitiative.org/.

<sup>35</sup> Corporate social responsibility: what are top hotel companies reporting?, Judy L Holcomb et al., International Journal for Contemporary Hospitality Management, Vol. 19, No. 6, 2007.

<sup>36</sup> Author's view based on reporting best practice as defined by the ACCA Global Reporting awards. This includes: (i) CSR is clearly treated as integral to the organization's core business approach; (ii) compensation and discipline are tied to performance against CSR measures; (iii) the company reports bad news and underperformance as well as good news; (iv) the company learns from its results and improves the way it does things; and (v) the company reports progress in its strategy and governance over time. For further information see http://www.accaglobal.com/pubs/uk/publicinterest/sustainability/uk\_archive/uk07\_jud.pdf.

<sup>37</sup> For example: Rezidor Sustainability Report, Creating value through Responsible Business, 2007 and Scandic Betterworld Campaign 2006, http://www.scandic-campaign.com/betterworld.

<sup>&</sup>lt;sup>31</sup> In preparation: "Toolkit for social dialogue in the tourist industry" ILO Report.

operating in conjunction with the HR teams at each level in the organization (more information on this is given in chapter 5.10).

One of the main challenges for a large hotel chain is to be able to maintain a consistent approach to HR practice across all regions of the world. This challenge is not only influenced by the size of the organizations themselves, but also by the range of legislative regimes in which they operate. For example IHG operates in nearly 100 countries, Marriott <sup>38</sup> in 68 and Hilton <sup>39</sup> in more than 76.

Another challenge is the need to find ways of sharing best practice from one region to another, and from one hotel chain to another. Within a particular chain there is often regular dialogue between the HR professionals at a regional and corporate level, and they often meet to discuss and agree global standards and policies. Between chains, however, there is much less dialogue on HR practice – indeed this has been stated as an issue needing to be addressed. Considering the fact that people management is such a mature discipline in the hotel or hospitality industry, there appears to be a distinct lack of industry forums or dedicated conferences to enable sharing of human resources best practice across the sector. By way of an example during 2008, it will be only the second time that a national conference on HR in hospitality will be held in the United States. <sup>40</sup>

<sup>39</sup> Corporate Profile as of 7 September 2007, http://www.marriott.com/news/default.mi?marrBrandCode=NA.

<sup>40</sup> Corporate Fact Sheet, 2007, http://hiltonworldwide1.hilton.com/en\_US/ww/press/factsheet.do.

<sup>&</sup>lt;sup>38</sup> Personnel Management in Hotels – An Update: A Move to Human Resource Management? Clare Kelliher and Keith Johnson, Progress in Tourism and Hospitality Research, Vol. 3, 321–331, 1997.

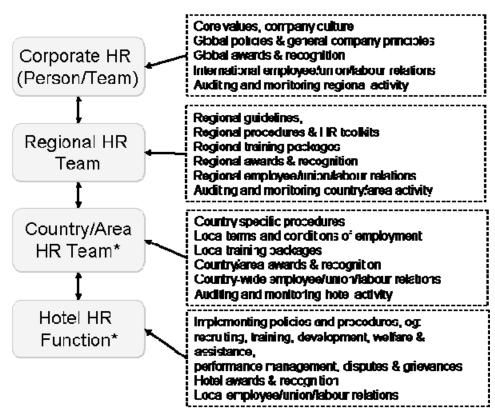


Figure 2 Example HR Structure and Functions

\* In some cases these might be the same

A third challenge, and one which has already been mentioned, relates to the individual hotel chain's ability to implement good standards of HR practice through its franchising relationships. Although in general the contractual relationships with employees will be through third parties (the hotel owner), the franchising parent (the hotel chain) usually specifies certain conditions to be met in the franchising agreement, not least of which would be legal compliance. They recognize and promote the value of good people management and make available to the franchisee a wide range of employee training and development programmes used by the international chain, and in addition provide ongoing support with, for example, recruitment and retention. Should the standards in any particular franchised hotel fall to such a level that it compromises the integrity of the brand, then the hotel chain has the ultimate sanction of removing the franchising agreement. Most chains would only use this as a last resort and prefer to provide ongoing support for the hotel owner to help develop and improve their business.

Finally, most hotel enterprises, large or small, employ a core of permanent, full-time staff and some part-timers, but also have other staff, employed, under atypical arrangements including seasonal and casual labour. The ability of the sector to maintain standards and skill levels through such a variety of employment mechanisms is also a key issue (see especially the 2001 ILO tripartite meeting and recommendations<sup>41</sup>).

<sup>&</sup>lt;sup>41</sup> 2nd Annual National HR in Hospitality<sup>TM</sup> Conference & Expo, 16–19 March 2008, at Wynn Las Vegas, http://www.hrinhospitality.com.

# 5. HR policies and practice

The following sections provide a flavour of the range of policies and practices that are in place across the international hotel chains reviewed in this study. The search focussed on identifying whether the basic elements associated with good practice in HR management exists within international hotel chains.

# 5.1. Defining good practice in HR management

Human Resource Management is about the development of policies, processes and management approaches designed to develop human potential and harness it to meet organizational goals. There are many ways to describe the culture, policies and processes that need to be in place and actively implemented to achieve best practice in human resource management. For example, the "Investors in People" Standard <sup>42</sup> lists ten areas:

Strategies to improve the performance of the organization

- 1. Business Strategy
- 2. Learning and development strategy
- 3. People management strategy
- 4. Leadership and management strategy

Action to improve the performance of an organization

- 5. Management effectiveness
- 6. Recognition and reward
- 7. Involvement and empowerment
- 8. Learning and development
- Evaluation of the impact on the performance of the organization
  - 9. Performance measurement
  - 10. Continuous improvement

Others <sup>43</sup> have described areas that are more specific to human resource management, which do not explicitly link the overarching business strategy to the human resource management framework. In these cases, the following broad headings could apply:

Recruitment practices that result in the selection of excellent staff

- Accurate advertisements, job/role descriptions and person specifications and context information
- Appropriate selection tools, criteria and mechanisms
- Timely hiring
- Well planned induction

<sup>42</sup> "Human resources development, employment and globalization in the hotel, catering and tourism sector". Report for discussion at the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector, Geneva, 2–6 April 2001, International Labour Office, Geneva.

<sup>43</sup> http://www.investorsinpeople.co.uk/Standard/Pages/Default.aspx.

Viable and attractive benefits and compensation packages

- Equitability of treatment/Relativities between individuals and work groups
- Appropriate for the market

Employee performance management

- Individual staff objectives linked to business plans
- Regular feedback as well as formal appraisal
- Up to date job descriptions/roles
- Staff development and training that meets workplace requirements and individual needs; based on competencies required and developmental needs
- Skills audit/inventory

Workforce continuity and Succession planning

- Monitoring of absence and resignation data
- Monitoring age profiles
- Appropriate maternity and paternity leave provisions
- Identification of single person/critical dependencies
- Knowledge sharing systems
- Mentoring
- Shadowing
- Job rotation
- Job exchanges
- Documentation/expert systems
- Exit interviews and management of knowledge handover

Conformance with legal obligations

- Discrimination
- Diversity
- Privacy
- Health and Safety
- Freedom of Information
- Equal Opportunity
- Conditions of Employment
- Freedom of Association

Positive workplace culture

- Value defined and driven
- Change orientated, flexible culture
- Effective communication and dialogue
- Plans, policies, guidelines available to all staff
- Positive encouragement/support for Innovation and continuous quality improvement
- Recognition and reward systems
- Engagement with work groups and union representatives
- Management of major change procedures
- Monitoring staff satisfaction

It was not possible to explore each of these areas in depth in this review and so the report is structured around the following key themes, which are taken from the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy: <sup>44</sup>

- Vision, values, mission statements and principles
- Global policies and programmes
- Employment development
- Equal opportunity and diversity
- Training and development
- Security of employment
- Working conditions
- Human rights and protection of the vulnerable
- Health and safety
- Industrial relations, engagement and consultation
- Grievance processes

# 5.2. Vision, values, mission statements and principles

All of the international hotel chains reviewed have clearly defined the vision or mission for their hotel chain. In the majority of cases this involves explicit reference to the importance of their staff. Some of the chains even use their own descriptions for their employees, to promote value and encourage inclusiveness, examples being team members (Hilton, Scandic), colleagues (Mandarin Oriental), and associates (Marriott, Starwood).

#### Example: Associates and the Marriott Way 45

The "Marriott Way" is built on fundamental ideals of service to associates, customers, and community. These ideals serve as the cornerstone for all Marriott associates fulfilling the "Spirit to Serve".

#### **Rewards for Your Effort**

At Marriott, success begins with our associates. We make sure our associates have the tools and training they need to deliver an exceptional guest experience and fine-tune their skills every day. And we reward them for their dedication with compensation, benefits, opportunities and recognition you would expect from an industry leader.

<sup>44</sup> Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, ILO, Geneva, 2006.

<sup>45</sup> Extract from Marriott International web site: http://www.marriott.com/corporateinfo/culture/coreValues.mi.

#### Example: Team Members at Hilton Hotels Corporation <sup>46</sup>

#### **Vision Statement**

To be the first choice of the world's travellers, building on the rich heritage and strength of our brands by:

- Consistently delighting our customers
- Investing in our team members
- Delivering innovative products and services
- Expanding our family of brands
- Continuously improving performance in our balanced scorecard

#### Our Culture

The people who make up the Hilton Family of Hotels are called "team members". Just like a close-knit family, team members are always willing to assist and encourage each other. In fact, supporting our team members is crucial to our future. Perhaps this explains why, in a recent survey, team members listed our culture and reputation as two of the biggest reasons they chose the Hilton Family of Hotels over the competition.

Underpinning the mission or vision there are a number of core values or principles, which again include excellence in the management of human resources. These core values or principles are globally applicable and form the apex of their HR framework.

#### Example: Esprit Accor 47

Accor, European leader in hotels and tourism, global leader in corporate services, relies on powerful corporate culture, a factor of cohesion and mobilization for all players within the Group, symbolized by the "Esprit Accor".

This "Esprit Accor" is in particular expressed via five everyday values, experienced and shared by all our employees right across the world:

Innovation is our trademark

The spirit of conquest is our growth engine

Performance is the key to our continued success

Respect is the basis of all our relationships

Trust is the foundation of our management

#### Example: Shangri-La Guiding principles <sup>48</sup>

#### **Our Guiding Principles**

- We will ensure leadership drives for results
- We will make customer loyalty a key driver of our business
- We will enable decision making at the customer contact point

<sup>46</sup> Extract from HHC web site, http://hiltonworldwide1.hilton.com/en\_US/ww/business/values.do and http://hiltonworldwide1.hilton.com/en\_US/ww/people/culture.do.

<sup>47</sup> Extract from Accor web site – http://www.accor.com/gb/rh/esprit\_accor/reussir\_valeurs.asp.

## <sup>48</sup> Extract from Shangri-La web site –

http://www.shangri-la.com/en/corporate/aboutus/mission/ourguidingprinciples.

- We will be committed to the financial success of our own unit and of our company
- We will create an environment where our colleagues may achieve their personal and career goals
- We will demonstrate honesty, care and integrity in all our relationships
- We will ensure our policies and processes are customer and employee friendly
- We will be environmentally conscientious and provide safety and security for our customers and our colleagues

#### Example: Marriott Spirit to Serve 49

#### The Spirit to Serve our associates

- The unshakeable conviction that our people are our most important asset
- An environment that supports associate growth and personal development
- A reputation for employing caring, dependable associates who are ethical and trustworthy
- A home-like atmosphere and friendly workplace relationships
- A performance-reward system that recognizes the important contributions of both hourly and management associates
- Pride in the Marriott name, accomplishments, and record of success
- A focus on growth-managed and franchised properties, owners, and investors

#### Example: Taj People Philosophy <sup>50</sup>

The Taj People Philosophy displays our commitment to and belief in our people. We see Talent Management as the most important sustainable competitive advantage in the future.

- You are an important member of the Taj family
- We endeavour to select, retain and compensate the best talent in the industry
- We reward and recognize quality customer care based upon individual and team performance
- We commit to providing you with opportunities for continuous learning and development
- We abide by fair and just policies that ensure your well-being and that of your family, the community and the environment
- We commit to regular and formal channels of communication, which nurture openness and transparency
- We strongly believe that you are the Taj

## 5.3. Global policies and programmes

In support of the overall vision and core values, each chain has defined a number of global policies to provide a basis on which HR management is developed throughout the regions. Almost all of the chains reviewed publicly disclose their global Code of Business

<sup>&</sup>lt;sup>49</sup> Extract from the Marriott International web site – http://www.marriott.com.au/corporateinfo/culture/coreValues.mi.

<sup>&</sup>lt;sup>50</sup> http://www.tajhotels.com/AboutTaj/Careers/Tajpromises.htm.

Conduct or Code of Ethics. Others disclose specific policies on say human rights, <sup>51</sup> equal opportunities and diversity, <sup>52</sup> or harassment and bullying. <sup>53</sup>

Most of the chains have also branded their global HR management programmes to facilitate communication and consistency across the regions. The Marriott **Spirit to Serve** programme has already been introduced. This framework defines how Marriott works, specifically in relation to its employees, customers and the communities in which they operate.

Hilton International operates the **Esprit** programme under which the HR management framework sits. As the Spirit of Hilton, Esprit is a motivational tool designed to make work more enjoyable and more rewarding. The ideas of recognition, respect and reward are key elements in the success of Esprit, which encompasses a series of competitive training and development initiatives and a rewards programme that gives colleagues a choice of benefits that suit them.

IHG have introduced an Employer Brand Programme "**Room to be Yourself**". This programme sits under the heading of Winning Ways, a set of global values and behaviours for all IHG staff. Winning Ways makes it clear to every IHG employee exactly what is expected from them – the qualities the company is looking for and the values they all share.

### Example: IHG "Room to be Yourself" 54

At IHG we believe that giving our people room to be themselves is vital to ensuring that they enjoy their work and we retain the very best talent.

The relationship IHG has with its employees is all about making and keeping promises. They ask employees to live up to their Winning Ways. In return, they promise employees "Room to be Yourself", including:

**Room to have a great start** – Employees will be treated with respect and will have everything they need to make a great start.

**Room to be involved** – Employees will have the opportunity to work with great teams, know what is going on and make a real difference in the workplace.

**Room to grow** – Employees will be supported and given opportunities to develop and pursue a rewarding career.

**Room for you** – Employees will be rewarded and recognised for their contributions and IHG will value the significance of their life beyond work.

<sup>51</sup> For example Marriott International Inc, Human Rights Policy Statement – available on their web site – http://ir.shareholder.com/mar/downloads/HumanRightsStatement.pdf.

<sup>52</sup> For example. http://hilton-elevator.com/equal\_opportunities.htm.

<sup>53</sup> For example http://hiltonworldwide.hilton.com/en/ww/promotions/Human\_Rights/index.jhtml.

<sup>54</sup> Extract from the IHG Careers web site –www.ihgplc.com/index.asp?pageid=7.

## 5.4. Employment development

A fundamental part of the business strategy of international hotel chains is to play a part in local economic development in their countries of operation.<sup>55</sup> Furthermore, all international hotel chains rely on being able to recruit significant numbers of staff locally, and in many parts of the world the hotel chains are very actively building national capability and capacity.

For example, within the Hilton Group they have used the Elevator programme to fasttrack development and have focused on employing graduates from specific nationalities relevant to their regions. In Egypt in particular, 13 out of 18 General Managers are now Egyptian.<sup>56</sup>

Many of the chains have engaged in a number of external initiatives both to help build capacity in the sector and also to meet various local social needs. For example Marriott, in collaboration with the International Tourism Partnership's Youth Career Initiative, has enabled more than 1,000 young people to be trained in the hospitality sector. The programme combines six months of classroom training with on-the-job hotel experience. Already a success across hotels in Australia, Brazil, Poland, Romania and Thailand, Marriott has led the programme's expansion in four new countries – Costa Rica, Egypt, Jordan and Mexico.

Having said that, the ILO and key workers' organizations suggest <sup>57</sup> that the widespread low-skill levels and high turnover rates typical of the sector demonstrate that the industry is not making itself attractive <sup>58</sup> to the labour market.

#### Example: Youth employment 59

The Youth Career Development Programme began at the Pan Pacific Hotel in Bangkok in 1995 with one hotel, nine high school graduates and two visionary leaders: Lyndall De Marco, Corporate Director Of Education for the Pan Pacific Hotel Group and Dr Kitiya Phornsada, UNICEF, Thailand. As a result of this successful programme other hotels were invited to join and over the past ten years it has become a strong public-private partnership focused on poverty alleviation and youth employability.

The Youth Career Initiative (YCI) provides an opportunity for disadvantaged young people to participate in an education programme within internationally recognized branded hotel chains. Hotels use their training and development programmes to teach the theoretical component of the programme, and senior managers and staff provide a mentoring scheme. YCI brings together organizations from the private, public and non-profit sectors to create a high-impact, low-cost, needs-focused sustainable programme, which addresses social issues in local communities across the globe.

Participating hotel chains include: Marriott, IHG, Four Seasons, Rezidor, Starwood, Pan Pacific.

<sup>55</sup> Ashley, Caroline, Peter De Brine, Amy Lehr, and Hannah Wilde, 2007. The Role of the Tourism Sector in Expanding Economic Opportunity. Corporate Social Responsibility Initiative Report No.
23. Cambridge, Massachusetts: Kennedy School of Government, Harvard University.

<sup>56</sup> Hilton Group plc, CSR Report 2005 – http://www.ladbrokesplc.com/downloads/reports/CSR%20Report%202005.pdf.

<sup>57</sup> ILO and IUF private communication.

<sup>58</sup> i.e. attractive enough to retain staff in the longer term.

<sup>59</sup> http://www.youthcareerinitiative.org.

# 5.5. Equal opportunity and diversity

Most hotel chains recognize and appreciate diversity of people, ideas and cultures, and believe that diversity in their workforce is required for their businesses to succeed. All the major chains have significant diversity initiatives in place and are supporting a culture of inclusion – where employees at every level and from all backgrounds, can reach their maximum potential. The majority of the large chains now have diversity councils and diversity committees to help make progress in their strategy. In support of this they have clear equal opportunity and non-discrimination policies together with anti-harassment and anti-bullying policies, covering all major issues. See also the Human Rights section below.

Economic migration is an increasing issue for the hotel sector, with growing movement both within countries and across borders for employment; indeed it is often encouraged. According to the 2001 ILO report on Human resources in the hotel, catering and tourism sector, the majority of migrant workers are drawn into lower paid, informal or casual employment in services.<sup>60</sup> Although many migrant workers stay for many years, they often remain at low skill levels compared to local workers. Although migrant workers are covered by the range of inclusions in hotel equal opportunities policies, they are often not mentioned specifically. There has been growing concern among unions that migrant staff are being unfairly treated in some host countries or organizations. This can sometimes be as simple as not having their experience and skills recognized and always having to start at the bottom. Greater international recognition of qualifications and vocational skills, and more equitable treatment of migrants are needed to avoid such situations.

To address this issue in Europe, the union federation EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions) has been working with the trade association HOTREC (Hotels, Restaurants & Cafés in Europe) to develop a "European Qualifications Passport" for the hotel and catering industry. <sup>61</sup> Such a passport should:

- allow workers to document their qualifications and skills acquired through education and vocational training and on the job;
- allow employers to assess the skills and experiences of job candidates from their own and other EU countries;
- facilitate a better match of supply and demand in employment in the hotel and restaurant sector.

Another example was in Latin America in the 1990s, where the ILO assisted nine countries to develop an inventory of qualifications with a view to agreeing on a common classification at a later stage.  $^{62}$ 

<sup>60</sup> Human resources development, employment and globalization in the hotel, catering and tourism sector, Report for discussion at the Tripartite Meeting on the Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector, Geneva, 2001, TMHCT/2001, ILO.

<sup>61</sup> http://www.effat.org/files/1170692517\_doc\_%20passport%20final.doc.

<sup>62</sup> ILO/CINTERFOR: Proyecto RLA/91/M08/SPA, Análisis comparativo: Perfiles ocupacionales del sector turismo, 1996.

Concern has been raised <sup>63</sup> over the higher than average number of undocumented workers in the HCT sector and the effect this has on the economy of the sector (creating competitive advantage for those hotels using low-paid undocumented staff) and the skill levels within the industry.

#### Example: Diversity at Hyatt 64

Diversity is one of Hyatt's Core Values. Hyatt's goal for Diversity is "To lead our industry by being an employer and hospitality company of choice for an increasingly diverse population." Hyatt's commitment to Diversity is best evidenced by the company's focus on company-wide diversity initiatives, which fall into five key elements: Commitment, Accountability, Training, Measurement and Communication. The aim of Hyatt's diversity programme is to maintain and enhance Hyatt's image as an Employer of Choice, Business Partner, and Community Ally throughout the communities they serve.

Hyatt has appointed an Assistant Vice President of Diversity and developed its own diversity newsletter <sup>65</sup> called Melange, through which employees can read all about Hyatt's diversity initiatives.

#### **Examples of their Diversity Training Initiatives**

"Workplace Values", Mandatory awareness and sensitivity training allows employees to work more efficiently by developing effective management practices to include treating others with dignity and respect;

"Valuing Differences", Management development training focused on valuing styles, abilities, and motivations regardless of race and gender;

"Focus on Abilities", ADA (Americans with Disabilities Act) training for hotel staff emphasizing special needs of peers and customers;

"Spanish – Hyatt Style", Management cross cultural communications training to improve communications and relationships among employees and guests;

"English as a Second Language" (ESL), Communications training for non-English speaking employees to improve communications and relationships among employees and guests.

#### Example: Starwood Diversity Council 66

Starwood's Diversity Council is made up of senior leaders in Starwood. Its role is to partner with other company leaders to drive the diversity strategy forward with the support of a dedicated staff of change agents in their Office of Diversity and Inclusion. Its Corporate Diversity Council has developed a strategy and multiyear plan for accelerating change within the hotel chain, particularly in the area of representation. As an organization, it is committed to setting the pace for the industry, raising the bar on how Starwood deploys and develops associates and, in the process, understanding how diversity yields business success.

Starwood has also been looking beyond the bounds of their hotels and has created national partnerships with associations specifically focused on serving the needs and concerns of many sectors of society – e.g. covering race, gender and sexual orientation.

#### Extract from the Starwood Code of Conduct

"Treat Fellow Associates With Respect and Dignity and Help Provide a Safe Work Place. You must respect the rights of your fellow associates to fair treatment and equal opportunity, free from discrimination and unlawful harassment or retaliation. You must avoid any comments or behaviour toward others that may reasonably be regarded as harassment, or as reflecting bias on the basis of any protected category including, but not limited to, race, religion, national origin, age, sex, sexual orientation or disability. Our policy on Anti-Discrimination, Unlawful Harassment & Retaliation and our Equal Opportunity Statement provides further details and guidance".

- <sup>63</sup> IUF, private communication.
- <sup>64</sup> http://www.hyatt.com/hyatt/about/diversity/index.jsp.
- <sup>65</sup> http://www.hyattmelange.com/.
- <sup>66</sup> http://www.hyatt.com/hyatt/about/diversity/index.jsp.

#### Example: Hilton Diversity Programme 67

Hilton Hotels Corporation's Diversity Policies are established by the Corporation's Board of Directors with the direction of its Diversity Committee. The Workforce Diversity Mission Statement issued by Board of Directors is:

"to create and maintain a diverse workplace culture that strengthens the business value of the corporation and affirms Hilton Hotels Corporation as an industry leader in the global market."

The Diversity Initiatives at HHC are designed to produce quantifiable and qualitative results that go beyond just establishing and maintaining a diverse workforce. They have incorporated diversity principles into all aspects of their business operations: employment, training and mentoring, purchasing, franchising/hotel ownership, advertising, marketing, community support, and management performance measurements.

More than half of the Hilton Family of Hotels workforce and close to half of their management positions are made up of minorities and women. They provide proprietary diversity training programmes at all levels of hotel operations from introduction of diversity at orientation to line level team members, to general management-specific training. They are also focused on identifying top performers in the field and nurturing internal line level talent within the organization.

## 5.6. Training and development

Training and development is one area where the size of the international hotel chains enables them to excel. Their ready access to IT and other media infrastructure and their well defined HR frameworks offer many opportunities for employees to develop their capabilities, especially through training and job mobility programmes.

Marriott's management training curriculum enables managers to identify the appropriate training courses or learning experiences to meet their personal and career needs. All Marriott managers in all brands, worldwide, have one universal training framework to guide them in their development and growth throughout their career. Training begins with the **Management Development Programme** and often continues with other development opportunities throughout the first year.

To support the development of their staff, IHG has developed an on-line **Careers Room**. <sup>68</sup> Through individualized training programmes tailored for all levels of the organization, they aim to help employees to achieve higher performance and more satisfaction from work than ever.

Other hotel chains have developed their own "university brands" such as the Accor Academies and Hilton University.

## Example: Accor Academies 69

Accor's commitment to training has its roots in the French cultural commitment to employee development – and with the company's founders, Paul Debrule and Gerard Pelisson. Debrule and Pelisson believe people in the service industry will progress if trained properly and if they understand their fellow employees' duties to perform them when necessary.

<sup>69</sup> http://www.accor.com/gb/rh/choisir\_accor/competences.asp.

<sup>&</sup>lt;sup>67</sup> http://hiltonworldwide1.hilton.com/en\_US/ww/index.do-diversity.

<sup>&</sup>lt;sup>68</sup> http://www.careers.ichotelsgroup.com/apps/ecareers/ecareers.nsf/Home?OpenForm.

Training is available to all employees – from housekeeping personnel to hotel management. Most training is provided through the global network of 14 Accor Academies, the first established in 1985, where courses are tailored to the working environment and the local management team's priorities. Training in the workplace has also been developed through e-learning tools and a collection of CD-ROMs. In addition to formal training, supervisors provide day-to-day, on-the-job support, which is indispensable in a services business.

The Accor Academy strategy is based on three principles:

- 1. Training is for all employees, regardless of their position or business
- 2. Centralizing the design of training processes ensures that content is consistent and aligned with Accor culture, while reducing costs
- 3. Managing a global network of Academy centres and several hundred international facilitators provides local training resources adapted to local cultures and practices in each region

In addition, Accor have been looking at specific career development initiatives. In China, for example, they launched **Career Builders** and the **China National Management Team Programme**. More than 120 employees have taken part in these initiatives, <sup>70</sup> which enable participants to become department heads, executive assistants or resident managers.

Example: Hilton University 71

Hilton University provides Hilton people with the learning and development opportunity to develop their careers and realize their full potential. It is accessible internationally and it puts the development of people at the heart of their business strategy.

The University was launched in February 2002 and provides an unrivalled training opportunity for all Hilton employees. Its faculties cover a range of skills for the hotel industry, from operational and technical to finance and general management. The University was the inspiration of former Chief Executive of Hilton International Anthony Harris. He believed strongly in the ability of Hilton people and through the University, he wanted to take learning to a new and higher level right across the globe. The University is a virtual learning centre supporting the development of employees and offers hundreds of courses on a range of topics and provides a new way of learning through a range of innovative e-learning courses.

#### Learning Zones

Every international hotel now has a dedicated learning zone – a quiet area where staff can study in their free time. In each zone there is access to an online computer to enable them to work on Hilton University and the wider Internet, together with paper-based information and training material.

As already expressed earlier in this report, the ILO and key workers' organizations suggest <sup>72</sup> that there is an ongoing problem with widespread low-skill levels and high turnover rates across the sector. The formalized training opportunities described above at least go some way to addressing this problem.

## 5.7. Security of employment

There is very little published by the international hotel chains about detailed contractual arrangements between hotel employers and their staff, and therefore no detailed comment can be made here. Accor made a small disclosure in their latest annual report, defining the number of employees in France who had been employed on fixed-term or permanent contracts.

<sup>&</sup>lt;sup>70</sup> Accor annual report 2006 – http://www.accor.com/gb/finance/en\_bref/rapport\_annuel.asp.

<sup>&</sup>lt;sup>71</sup> http://www.hilton-university.com/.

<sup>&</sup>lt;sup>72</sup> ILO and IUF private communication.

One thing that is clear from the way in which the policy and HR management frameworks are established, is that employment conditions at a local level have to take account of both globally agreed policies and criteria, whilst also taking heed of local legislative conditions. Dismissal and termination policies are usually included as a part of company codes of conduct.

#### Example: Extract from the Starwood Code of Conduct

"Violations of the Code and Starwood policies will result in discipline. Discipline will vary depending on the circumstances and may include, alone or in combination, a letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension or even termination of employment and prosecution."

# 5.8. Working conditions

In order to address issues associated with working conditions in the hotel and restaurant industry, in 1991 the ILO established a sector-specific convention.<sup>73</sup> This instrument and its associated recommendation <sup>74</sup> are geared towards issues such as working time, regular remuneration, and the promotion of training schemes in cooperation with employers' and workers' organizations.

International hotel chains regularly review their employment conditions to make sure that they are competitive in the market. Most hotel chains offer a comprehensive benefits package that includes a range of rewards – these are usually detailed on their careers page on the corporate website.

#### **Example: Hilton International**

It is Hilton International's policy to provide salaries and benefits that attract and retain suitable Team Members and reward good performance and the achievement of targets. The total compensation package is clearly communicated to all Team Members when joining the hotel.

#### Example: Marriott total compensation – A rewarding experience

Recognizing their associates for their hard work, providing for their health and the well-being of their family members, opening avenues of growth and career development, easing the balance between work and personal life – are all part of the Marriott compensations package.

In addition, Marriott's total compensation package includes:

- Medical, Dental, Life and Disability Insurance
- Annual Salary Increases
- 401(k) Retirement Savings Plan
- Continuing Education/Tuition Reimbursement
- Hotel Room and Food & Beverage Discounts
- Ongoing Training and Career Development

<sup>73</sup> The Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172), which has, to date only been ratified by 14 member States of the ILO.

<sup>74</sup> The Working Conditions (Hotels and Restaurants) Recommendation, 1991 (No. 179).

#### Example: Starwood Employee Benefits Package

"At Starwood, we believe that an honest day's work deserves an honest day's pay. For their hard work, Starwood associates enjoy very competitive pay. Our compensation programs are designed to attract, retain, recognize, and motivate our most valuable resource – people – while emphasizing our pay-for-performance philosophy. Starwood's compensation programs are regularly compared against leading companies in the hospitality industry and general industry to maintain a competitive position in the marketplace."

Base pay and other compensation is dependent on location, level, function, and a number of other factors, but is always competitive with other employers. Annual performance reviews give associates the opportunity to earn increases in their base pay, and in some cases, annual bonuses. Some functions, such as sales, have a component of their pay based on commission.

At Starwood, they also provide associates with a comprehensive benefits program designed to give employees and their family peace of mind. Although benefits vary from country to country, these are some of the benefits that Starwood offer to associates:

- Comprehensive, low cost health insurance for you and your family
- Dental and vision insurance coverage
- Company-sponsored retirement plans (U.S. 401(k) program)
- Life Insurance and Disability Insurance
- Flexible Spending Accounts
- Employee Stock Purchase Plan
- Employee Assistance Program
- Adoption Assistance
- Domestic Partner eligibility

Finally, Starwood has associate-friendly Paid Time Off and vacation programmes, and encourages associates to maintain a healthy work-life balance.

# 5.9. Human rights and protection of the vulnerable

A significant number of hotel chains now have clearly stated human rights policies. These policies often include an acknowledgement to the Universal Declaration of Human Rights, few of the hotel chains recognize the International Labour Organization (ILO) core labour standards and none refer to the ILO MNE declaration. The human rights policies reviewed in this study covered protection of children, discrimination, harassment and bullying in the workplace and in some cases abolition of forced labour and freedom of association.

In 2003, Accor went further than other international hotel chains and signed the United Nations Global Compact, thereby expressing its commitment to fighting corruption and to complying with international labour, human rights and environmental standards. Accor has been particularly active in developing policies for the protection of children and for the past seven years, has been a partner to ECPAT an international non-governmental organization created to End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes. Accor trains its employees and educates its customers in a commitment to eliminating the problem worldwide.

#### Example: Extract from Starwood Human Rights Policy

Starwood Hotels & Resorts Worldwide, Inc. acknowledges and respects the principles contained in the Universal Declaration of Human Rights.

Starwood demonstrates global leadership in responsible workplace practices, and endeavours to conduct its business operations in a manner that is free from complicity in human rights abuses.

#### Protection of the Rights of Children

Starwood condemns all forms of exploitation of children. The Company does not recruit child labour, and supports the elimination of exploitative child labour. Starwood also supports laws duly enacted to prevent and punish the crime of sexual exploitation of children. Starwood will work to raise awareness concerning such exploitation, and will cooperate with law enforcement authorities to address any such instances of exploitation of which the Company becomes aware.

#### Protection of the Rights of Associates

Starwood supports and upholds the elimination of discriminatory practices with respect to employment and occupation, and promotes and embraces diversity in all aspects of its business operations. Starwood further supports the elimination of all forms of forced, bonded or compulsory labour and upholds freedom of association.

#### Example: Accor project - protection of children from sexual exploitation in tourism

Accor is committed to help fight child sex tourism. Accor's commitment mainly consists of training staff on how to prevent risk and in raising customer awareness. Since 2003, the group has worked alongside ECPAT, (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purposes) an international NGO that includes a network of 77 organizations in more than 70 countries.

The Group made its commitment official by signing the "Code of Conduct for the protection of children against sexual exploitation in tourism". This document, written by ECPAT/WTO, sets the principles for an active policy against sexual exploitation of children in tourism. Accor's objective is to spread commitment country by country, through "in-bound" as well as "outbound" destinations, by strengthening staff training programmes and improved customer awareness.

# 5.10. Health and safety

All international hotel chains have detailed international standards and procedures for health and safety, which are implemented through their operational functions. They take account of local legislation in developing local H&S procedures, but they will usually only adapt corporate procedures where the local requirements are more stringent than the global policy.

In general, the international chains expect all group businesses to provide a healthy and safe environment for their employees, customers and visitors, and to comply with all applicable local environmental, safety and health regulations. They are expected to identify the hazards associated with their operations and to take measures to minimize the risks to their employees and visitors.

Hotel chains are also keen to look at programmes beyond basic safety, and have traditionally engaged in a number of welfare programmes to support their employees. Examples of these are HIV/AIDS awareness programmes, relaxation and stress management programmes, healthy eating and fitness programmes.

#### Example: Marriott Business Conduct Guide

#### Environmental/Occupational health

All associates are expected to fully comply with all relevant environmental and occupational health and safety laws. The Company strives to minimize accidents through the establishment of safety, health and environmental standards and through its loss prevention programmes. Managers should be personally involved in loss prevention programmes for their areas of responsibility to assure consistent and effective compliance.

#### Example: Accor aids and malaria awareness project

To speed the international deployment of its AIDS initiatives, Accor signed the Global Business Coalition pledge to fight against HIV/AIDS, tuberculosis and malaria on December 1, 2006. Special training is given to all employees worldwide who are most at risk of contracting the disease, in particular those using sharp objects (floor employees, restaurant staff, etc.). In more than 20 African countries, Accor is pursuing educational, screening and treatment programs. Across the continent, 80 per cent of employees have taken part in AIDS risk awareness courses and 36 per cent in voluntary screening programs. In South Africa, all employees have participated in the voluntary testing. In Brazil, where the government provides free access to tritherapy treatment for all people suffering from AIDS, Accor acts as a relay by financing medication in the event of distribution delays. In Thailand, the Group conducts awareness-building programs with the support of the National Ministry of Health.

The goal is to train all employees by the year-end 2007.

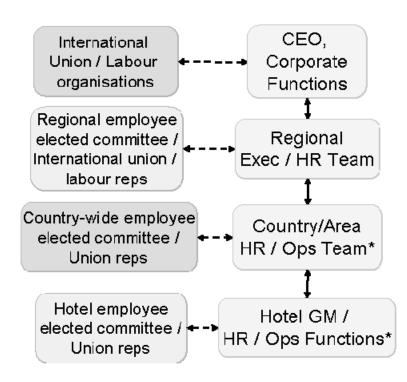
# 5.11. Industrial relations, engagement and consultation

There is a wide range of structures in place across the international hotel chains to enable the engagement between employees and management. A number of these structures are often facilitated, and even funded, by the employing organization. Figure 3 below provides an example labour relations structure, illustrating the type of engagement that occurs and the various parties involved at each level of the business.

Most hotel chains provide one or more systems for worker/employee consultation and representation and encourage feedback from all staff. Individual hotels have their own employee committee, and there are various examples of country/area/regional committees. European Works Councils are a good example of a regional employee-elected committee, and are a statutory requirement among larger employers operating in the European Union. They are present in most international hotel chains that operate across Europe and work to a greater or lesser extent depending on the enthusiasm of the employee representatives. Hilton calls it their European Consultative Forum.

International hotel chains acknowledge freedom of association (sometimes within their published human rights policy) and, where there is a legal requirement to do so, will engage in collective bargaining and collective agreements. Such agreements tend to be local agreements, pertaining to a specific country or even hotel. Accor is exceptional among hotel chains in that it has established an international trade union rights agreement with IUF, as discussed further below. This agreement was focused around relationship building and established the trade unions as the main interface for negotiations. Questions have been asked by several workers' organizations<sup>75</sup> as to why Accor is the only hotel chain to have signed such an international agreement, and wonder if this suggests reluctance by the hotel chains to formalize social dialogue and labour relations structures.

<sup>&</sup>lt;sup>75</sup> ILO and IUF Private Communication.



# Figure 3 Example Labour Relations Structure

#### \* In some cases these might be the same

#### Example: Hilton Exchange and the European Consultative Forum

The **Hilton Exchange** is the forum by which representatives of all team members exchange ideas and communicate within the organisation. The Exchange operates at hotel level and acts as a staff liaison committee debating important developments and decisions within the organization.

The **European Consultative Forum** (ECF) was set up in June 1997 as an Article 13 European Works Council to provide for consultation and dialogue on trans-national issues. With the expansion of the European Union, representation now spans some 20 countries representing over 28,000 team members in Hilton International. Over the years the ECF has engaged in a variety of activities to develop their own knowledge and skill base, including most recently Environmental Sustainability and Corporate Social Responsibility.

See http://www.hiltoncsr.com/.

#### Accor–IUF trade union rights agreement

Accor signed a trade union rights agreement with the IUF in June 1995. The IUF does not have strong union membership in Accor and explains the trade union rights agreement (TURA) as a product of particular relationships with the corporate Human Resources Department of the company. <sup>76</sup> The TURA endorses workers' rights to join trade unions and the company states that it will not "oppose efforts to unionize its employees". As such, local IUF affiliates can use the TURA to reinforce their organizing efforts and to challenge any managers who violate this agreement. The company feels that the agreement has served to allow trade unions to act as the main interface for industrial relations between Accor and its employees. <sup>77</sup>

<sup>76</sup> Bargaining for the space to organise in the global economy: A review of the Accor–IUF trade union rights agreement, Jane Wills, Department of Geography, Queen Mary College, University of London, Mile End Road, London E1 4NS.

<sup>&</sup>lt;sup>77</sup> Personal communication with Accor.

According to an independent review by Jane Wills of Queen Mary College, University of London, "The Accor-IUF agreement has proved critical in supporting union organising efforts in the United States, Canada and Indonesia. It has also allowed the IUF close involvement in trade union organisation in Australia, in educational activities in Africa and Asia-Pacific, and in efforts to start organising work in the UK and New Zealand. By integrating the international agreement into the operation of the European Works Council, the IUF has also found a means to overcome the geographical parochialism of many such bodies."

The IUF agree that the TURA reinforces their position as a statement of intent. Having said that difficulties still exist. Their view is that the agreement has not given their union representatives enough additional power to enter company premises to liaise with employees.<sup>78</sup>

# 5.12. Grievance processes

No publicly available information about the grievance processes used within international hotel chains could be found during the review process. However, it was established that such procedures do exist. Grievance processes are sometimes established at regional/country level, but are usually implemented locally. The limited information available suggests that the grievance procedure is openly publicized to all employees and that employees can be represented by third parties (e.g. by union representatives) at any grievance hearing.

# 6. Observations and final remarks

The review presented above has explored the range of socially responsible HR and labour relations practice across a number of international hotel chains. The report is based mainly on publicly available information, supplemented by a limited number of interviews with key hotel sector personnel.

Several observations have been made throughout the review.

- There has been significant growth in the major hotel chains, and hence the industry, over the past 12 years. This rapid growth reinforces the role that the international hotel chains play in leading the sector. They are becoming economically more important, employing increasing numbers of people across the globe, and are seen as the "standard setters" for the industry.
- A number of international hotel chains have recognized that having sound social policies makes good business sense.
- Good CSR practice is evident within the large hotel chains, particular those with a strong brand and a good reputation to maintain.<sup>79</sup>
- The international chains have developed well-defined HR management structures, covering a wide range of policies and initiatives.

<sup>78</sup> IUF Private Communication.

<sup>79</sup> This is evidenced by the presence of formal people management strategies, detailed policies and procedures for HRM, global training and development schemes, staff councils, employee satisfaction surveys, employee award schemes, employee bonus schemes, talent development programmes etc. In addition a number of the international hotel chains have won personnel management awards from independent bodies, e.g. "The Sunday Times 100 Best Companies to Work For"

http://www.timesonline.co.uk/tol/life\_and\_style/career\_and\_jobs/best\_100\_companies/best\_100\_ta bles/.

- Similar approaches to HRM are taken across all regions of the world, and across all brands, with variations occurring at the lowest levels in the organization.
- Employment conditions at a local level take account of both globally agreed policies and criteria, while also taking heed of local legislative conditions.
- One of the main challenges for a large hotel chain is to be able to maintain a consistent approach to HR practice across all regions of the world. Indeed several third parties (e.g. unions, campaign groups) have suggested that there is a lack of consistency across the large hotel groups and that the situation could be improved.
- Another challenge is the need to find ways of sharing best practice from one region to another, and from one hotel chain to another.
- A third challenge relates to a hotel chain's ability to implement good standards of HR practice through franchising relationships and through the use of part-time, seasonal or casual labour.
- The hotel chains reviewed in this document have demonstrated best practice across a number of areas, not least of which employee training and development.<sup>80</sup>
- Engagement with employees occurs at several levels in the organizations reviewed and staff views are definitely taken into account when developing HR programmes.<sup>81</sup>
- Formal social dialogue with external employee organizations, e.g. trade unions, and tripartite arrangements with governments, are less common across the sector.
- Although labour relations structures are formalized in a few of the international chains at various levels in the organisation, only one chain has taken this to an international level by establishing an international agreement with the IUF. Questions have been raised by workers' organizations and global union federations as to whether this is appropriate given that it is such a labour-intensive industry. This is an area for further investigation.
- Quality external reporting and communication on CSR and HR practice and performance is scarce across the sector. However, best practice examples are evident with Accor, Rezidor, and Scandic, who currently lead the sector on information reporting.
- At the highest level, the scope of the HR policies presented matches the scope of the ILO declaration of principles concerning MNEs. Having said that, there is no public evidence that the hotel chains actually take account of the MNE declaration when developing their policies.

<sup>80</sup> Through for example induction training, career and talent development programmes, dedicated hotel academies and on-line universities.

<sup>81</sup> For example, the development of the Hilton global environmental and CSR training packages came out of an initial request from the European works council.

# 7. Future recommendations

The ILO's Sectoral Activities Branch commissioned this review, not only to explore current practice across the international hotel sector, but also to suggest ways in which they might support the sector in facilitating dialogue and sharing best practice. In parallel to this study, a *Toolkit on Social Dialogue* for the tourism industry is also being developed.<sup>82</sup>

- 1. The reviewers found a significant level of nervousness across the industry concerning the direct involvement of the ILO in facilitating dialogue between sector members on labour matters. Having said that, the most important first step should be to establish an open dialogue between the ILO's HCT sectoral specialist and some of the major hotel chains.
- 2. There is certainly a need for a global forum for the sharing of good HR practice in the hotel sector. Such a global forum might wish to consider the following:
  - What are the appropriate and most effective mechanisms for sharing good practice across the hotel industry? Review what exists currently (e.g. journals, ad-hoc meetings, hotel trade conferences) and explore if this is sufficient to meet the needs of all levels within the sector. If not, what might be done about it?
  - How might the SMEs (small and medium sized enterprises) learn from the experience of the international hotel chains?
  - What are the key labour challenges that the sector has to deal with? Is it possible for the sector to work together, with the workers' and employers' organizations and governments cooperating on addressing some of these challenges?
  - How effective are global labour relations agreements, e.g. TURAs (Trade Union Rights Agreement) in reality? Are they appropriate given the diversity of national regimes in which international hotel chains operate? If so can we improve them? How might these relate to smaller operators?
  - Is it feasible to establish tripartite social dialogue structures for the sector at both international and national levels? How might these work? Who should be involved?
  - How could the sector learn from the experiences of other industries that have more advanced tripartite structures in place, e.g. maritime, retail, mining industries?
- 3. The review has demonstrated that there are examples of good HR practice within the international hotel chains. These models of good practice could provide information and assistance for other international hotel chains as well as for some of the smaller operators in the sector. Perhaps the ILO could publish these examples, as case studies, in order to facilitate further dialogue and development across the sector. Such case studies could also constitute part of a larger best practice guidance document, possibly with collaboration/contributions/sponsorship from the international hotel chains.

<sup>&</sup>lt;sup>82</sup> See also http://www.ilo.org/public/english/dialogue/sector/sectors/tourism.htm.

4. The international chains that were reviewed here are aware of the UN Global Compact, the UNDHR (UN Declaration on Human Rights), the OECD Guidelines for multinational enterprises, the ILO declaration of principles concerning MNEs and the ILO core labour standards. Part of any future discussions should be about how to promote and implement the relevant UN, OECD and ILO instruments<sup>83</sup> across the sector.

### <sup>83</sup> Relevant ILO instruments for the hotel sector:

The **ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, 1998** includes provision for freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

The Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172), 4 contains several articles that are particularly relevant in the context of this report, supplemented by the Working Conditions (Hotels and Restaurants) Recommendation, 1991 (No. 179).

The **Tripartite Declaration of Principles concerning multinational enterprises and social policy** which was adopted in 1977 and amended in 2000 and 2006, covers employment, training, conditions of work and life, and industrial relations. This is not sector-specific, but refers to employment and working practices in general and deals specifically with multinational enterprises and is the basis on which section 5 of this report has been structured.

# Sectoral working papers

	Year	Reference
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Employment and poverty in Sri Lanka: Long-term perspectives (Vali Jamal)	2000	WP.157
Recruitment of educational personnel (Wouter Brandt and Rita Rymenans)	2000	WP.158
L'industrie du textile-habillement au Maroc: Les besoins des chefs d'entreprise et les conditions de travail des femmes dans les PME (Riad Meddeb)	2000	WP.159
L'évolution de la condition des personnels enseignants de l'enseignement supérieur (Thierry Chevaillier)	2000	WP.160
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Working time arrangements in the Australian mining industry: Trends and implications with particular reference to occupational health and safety (Kathryn Heiler, Richard Pickersgill, Chris Briggs)	2000	WP.162
Public participation in forestry in Europe and North America: Report of the Team of Specialists on Participation in Forestry	2000	WP.163
Decentralization and privatization in municipal services: The case of health services (Stephen Bach)	2000	WP.164
Social dialogue in postal services in Asia and the Pacific: Final report of the ILO-UPU Joint Regional Seminar, Bangkok, 23–26 May 2000 (edited by John Myers)	2000	WP.165
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Worker safety in the shipbreaking industries: An issues paper (Sectoral Activities Department and InFocus Programme on Safety and Health at Work and the Environment)	2001	WP.167
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	Year	Reference
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Seguridad y salud en minas de superfície de pequeña escala: Manual (Manfred Walle and Norman Jennings)	2001	WP.174
Privatization of municipal services: Potential, limitations and challenges for the social partners (Brendan Martin)	2001	WP.175
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The world tobacco industry: trends and prospects (Gijsbert van Liemt)	2002	WP.179
The construction industry in China: Its image, employment prospects and skill requirements (Lu You-Jie and Paul W. Fox)	2001	WP.180
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Informal labour in the construction industry in Nepal (Kishore K. Jha)	2002	WP.187
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The impact of the restructuring of civil aviation on employment and social practices (Bert Essenberg)	2003	WP.197
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	Year	Reference
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Good industrial relations in the oil industry in the United Kingdom (Dr Chris Forde, Dr Rob MacKenzie, Dr Mark Stuart, Dr Rob Perrett)	2005	WP.230
The future of civil aviation in Africa: Restructuring and social dialogue (Bert Essenberg)	2005	WP.231
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	Year	Reference
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SECTOR source: Database description (R. Doggett)	2007	WP.247
Promotion de la compétitivité socio-économique dans le secteur textile-habillement en Tunisie (S. Bensedrine)	2007	WP.248
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