

Job Sharing

A Potential Tool for Hotel Managers

Job sharing took on a new meaning when it allowed NYC hotels to avoid laying off key staff members.

BY DAVID SHERWYN AND MICHAEL C. STURMAN

The hospitality industry saw a drastic decline in business in the weeks and months immediately following the events of September 11.¹ For many line employees of the hotel industry, the effect of the industry's sudden decline led to the basic concern for their livelihood. On the other hand, even as employers needed to make severe cuts in short-term costs, they also needed to ensure that they would be ready to meet their service standards whenever guests returned to their properties. While managers in many hotels cut costs by postponing plans to refurbish and cutting back

on purchases of soft goods and similar items, many were forced to lay off employees.

One of the unanticipated outcomes of the drop in hotel demand and the resulting retrenchment in staff sizes has been hoteliers' willingness to offer job sharing and employees' willingness to accept such an arrangement. In part, this idea arose in the spirit of cooperation that seemed to flower in many domains of business and public life immediately following September 11. For many businesses, that spirit of cooperation was manifested as an effort made by both employees and employers to limit the number of layoffs. As we explain in this article, job-sharing programs were implemented in both union and nonunion settings. The extensive use of job sharing allowed some hotels to reduce and in some cases eliminate the need for employee layoffs.

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¹ "September 11 Anniversary Information Resource and Talking Points," prepared by the Travel Industry Association of America for its members, August 23, 2002. See also, in this issue of *Cornell Quarterly*: John W. O'Neill and Anne Lloyd-Jones, "One Year after 9/11: Hotel Values and Strategic Implications," pp. 53-64; and Cathy A. Enz and Linda Canina, "The Best of Times, The Worst of Times: Differences in Hotel Performance Following 9/11," pp. 41-52.

Layoffs did occur in the hotel industry in the months following the 9/11 terrorist attacks. Marriott reported that it reduced its workforce 8.5 percent, or about 13,000 employees, and Starwood laid off approximately 10,000 employees, although it ultimately rehired about 2,000 of them.² In all, the industry was estimated to have eliminated over 270,000 jobs, resulting in a payroll reduction of \$6 billion.³ At the same time, many managers attempted to keep layoffs to a minimum.⁴ In part, managers simply did not want to leave their employees without means. Many also recognized that despite short-term financial difficulties, layoffs would eventually cause a shortage of qualified employees.

The desire to cut labor costs while limiting layoffs caused employers to develop creative solutions to the problem. Some companies were quite successful in their restructuring efforts. For example, Hilton, which ended 2001 with 3.8-percent fewer employees than the year before, reduced its labor costs by 18 percent through work-sharing agreements.⁵ The creativity of some companies after 9/11 led to the creation of human-resources tools that may prove useful for the hotel industry. The purpose of this article is to examine the use of one of those tools—job sharing—in both union and nonunion environments.

Job Sharing

Before discussing how job sharing developed after September 11, we first need to define how the term was used prior to the terrorist attacks. Traditionally, job sharing has been defined as two employees splitting one job. Roughly one in four employers offer some form of job sharing.⁶

Before 9/11 job sharing in the hospitality industry often took place in back-of-the-house management positions. For example, two sales managers would each take part of one job.⁷ In a typical case, the two employees would each work three days, receive full benefits, and receive 60 percent of full pay. Job sharing was most popular with women who had children and would otherwise leave the workforce entirely. Thus, employers offered job sharing as a means of retaining valuable employees who would otherwise have quit. Even in the short run, despite the fact that companies were paying double benefits and 120 percent of salary, employers saw job sharing as a net gain because they could reap the benefits of the time and energy they invested in productive employees who otherwise would have left the company.

Not on the line. Shift (or hourly) employees, on the other hand, generally have not engaged in job sharing by the definition we use here. This does not mean, of course, that shift employees never share job responsibilities, given that most hotel functions need coverage for more time than any one person could work. The key to job sharing is having two or more people operate as a team to achieve a set of common goals or responsibilities in work that is essentially indivisible. Most employees who are paid by the hour are given responsibilities that are easily divided by time (e.g., a shift of tending bar or attending the front desk) or duties (e.g., a specific banquet setup or block of rooms to maintain). We would say that jobs are not shared when employees are paid by the hour, their time does not overlap, and they receive full benefits only if hired for a specified number of hours per week that satisfies the employers' definition of "full time" employment. On the other hand, employees who work fewer than that number of hours are part-time employees who receive lower benefits or none at all.⁸ That said, one fallout of the September 11 attacks

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² J. Defoe, "U.S. Hotels Demand More from Fewer Workers to Rebuild Profits; To Lift Profit Margins, Hotel Companies Are Keeping Demand Low," www.Starbulletin.com, as viewed on May 12, 2002.

³ *Ibid.*

⁴ A notable example of keeping a staff intact in the aftermath of 9/11 is described in this issue of *Cornell Quarterly*; see: Christopher Knable, "September 11, 2001: Recovering Hospitality at Ground Zero," pp. 11–26.

⁵ Defoe, *loc. cit.*

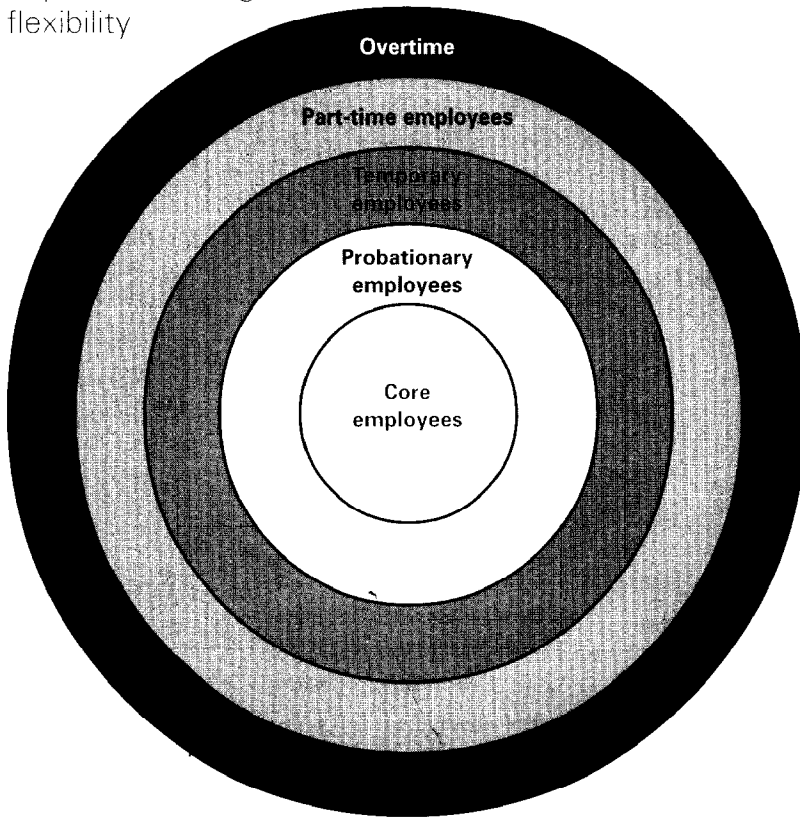
⁶ Society for Human Resource Management, *SHRM 2002 Benefits Survey* (Alexandria, VA: SHRM, 2002).

⁷ For example, the Sheraton-Denver West retained two sales managers by allowing them to share one position. See: Cathy A. Enz and Judy A. Siguaw, "Best Practices in Human Resources," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41, No. 1 (February 2000), p. 58.

⁸ Based on conversations with a human-resources executive in spring 2002.

EXHIBIT 1

Layers of staffing flexibility



was that job sharing took on a different meaning for hotel operations—and included hourly employees.

Job Sharing after 9/11

When companies want to reduce payroll costs, they generally follow a set pattern for letting employees go. Companies typically want to protect core employees who possess the key competencies required for organizational success and in whom the company has generally invested the most in training. As shown in Exhibit 1, companies typically insulate these employees from changes in company performance with layers of contingent-work arrangements. Such arrangements include the use of overtime, part-time employees, temporary employees working under a contract with a third-party agency, and probationary employees.

The volume of contingent employment can be expanded or reduced to meet changes in demand without having to hire or lay off core employees. This method provides flexibility in staffing and helps companies respond to short-term fluctuations. The consequences of September 11, though, were so severe that the needed labor-cost reductions were far greater than any layering system could provide. Thus, companies either had to cut deeply into the number of core employees or create some new system to protect core employees from layoffs while still reducing labor costs. We discuss an example of the latter approach next.

Different approach. An international hotel company with 12,000 employees was faced with a need to reduce costs because of the drop in rooms demand after 9/11. First, the company took the traditional step that we just discussed of removing the layers of contingent workers. It eliminated all overtime, laid off part-time employees, and terminated probationary employees. However, the need to cut costs was so great that the firm's managers were still faced with the need for additional layoffs. Because the managers wished to limit layoffs of key (core) employees, the company implemented two different kinds of job sharing. The first type of job sharing was similar to the classic type described above, except that the company applied it to shift work. The second type was a new twist on the old theme.

The form of job sharing that seemed the closest to the original concept consisted of reducing shift employees' hours to prevent additional layoffs. This approach, though, required a change in organizational policy. Before 9/11 company policy dictated that employees did not receive benefits if they worked fewer than 30 hours per week. To facilitate a job-sharing arrangement, the company waived this requirement. While this reduced the employer's potential labor savings, it provided a work arrangement more palatable for employees who were being asked to accept reduced hours. Specifically, the work week of a large number of employees who worked four eight-hour shifts per week was reduced to three eight-hour shifts. This type of job sharing allowed the company to employ four "full time" employees while paying wages equivalent to those of only three workers. This arrangement proved beneficial both to the employees and the employer. Employees received less take-home pay, but more employees kept their jobs and benefits. At the same time, the employer gave up some potential labor-cost savings, but maintained the human-resources capabilities necessary for an expected resurgence in demand.

New twist. In addition to reducing shifts, this hotel company created a new type of job sharing. Instead of having two employees doing one job, one employee did two or more jobs. In this situation, the industry's endemic turnover, usually considered to be problematic, turned out to be a source of advantage.⁹ Because of high turnover, the company's hotels were almost always understaffed in certain areas. In the months immediately after 9/11, some of the company's hotels simply stopped hiring, even for positions that were still understaffed despite the unusually low occupancy rates. Next, the properties created a new type of job sharing by having remaining employees perform a number of different tasks. According to one human-resources executive, some hotels had chefs folding laundry, bell cap-

tains parking cars, and valets cleaning rooms. In many cases, service quality did not suffer because the employees were performing tasks that they had handled in previous jobs. In other cases, co-workers and guests understood the employees' lack of experience and accepted lower service quality.¹⁰

The result of the alternative work arrangements was a reduction in the number of layoffs necessary to reach the desired labor-cost savings. Additionally, although the job sharing meant less take-home pay in the short term, more employees were able to keep their jobs even when the company faced a crushing drop in demand.

Job Sharing in Union Environments

Although the types of job sharing described above appear to constitute a win-win situation for employees and employers, we must note that the employees often had little voice in developing those arrangements and little choice in whether to accept them. In nonunion hotels, therefore, employers were able to implement these strategies unilaterally. While many hotels sought and obtained employee buy in, they did not need such consent. On the other hand, managers of properties covered by collective-bargaining agreements could not act without the agreement of the employees' representatives, as we discuss next.

Bargaining for alternatives. In an effort to retain core employees, New York City's unionized hotels attempted to engage in some of the strategies that we described above. However, because the hotels' managers could not implement those changes unilaterally, the employers and the unions needed to come to an agreement regarding how such arrangements would function. Before explaining the work-sharing agreement that was eventually established at unionized hotels, we will describe relevant provisions of the union contract. Under the New York-area agreement, part-time employees are entitled to premium pay that is equal to time-and-one-quarter of the standard pay for a given job line. Part-time nontipped employees are entitled to receive this premium pay for the first 17.5 hours of work, while part-time tipped employees receive premium pay for

⁹ For a discussion of problems involved with turnover, see: T. Simons and T.R. Hinkin, "The Effect of Employee Turnover on Hotel Profits: A Test across Multiple Hotels," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 42, No. 4 (August 2001), pp. 65-29; and T.R. Hinkin and J.B. Tracey, "The Cost of Turnover," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41, No. 3 (June 2000), pp. 14-21.

¹⁰ Conversations with a human-resources executive, spring 2002.

EXHIBIT 2

The actual agreement between employees and unionized NYC hotels to reduce hours

Agreement between the Hotel Association of New York City, Inc. ("Association"), on behalf of its Bargaining Group Hotels and the New York Hotel and Motel Trades Council, AFL-CIO ("Union").

Whereas, the Association and the Union are parties to the Industry-Wide Collective Bargaining Agreement ("IWA") comprising the following: Collective Bargaining Agreement dated June 26, 1985; and Memoranda of Understanding dated January 30, 1990; July 5, 1995; and June 15, 2000;

Whereas, the Association and the Union recognize that the World Trade Center tragedy has caused unforeseeable business circumstances affecting Hotels and employees; and,

Whereas, the Association and the Union have met and discussed implementing a voluntary work-sharing arrangement in order to give Hotels scheduling and economic relief and provide employment to greater numbers of employees;

Now, therefore, it is agreed:

1. Employees may voluntarily agree to give back work days to other employees. Each employee who voluntarily agrees to do so shall be required to sign a consent form, a copy of which is attached hereto [see Exhibit 3]. Copies of the signed form shall be sent to the Union.
2. Employees who voluntarily agree to give back work days and employees who are given such days shall be paid straight-time pay for all hours worked during the work week. Overtime pay shall be paid in accordance with the IWA. Regular part-time employees who do not receive additional days shall continue to receive part-time premium pay in accordance with the IWA.
3. Hotels shall post work schedules consistent with their business needs, showing layoffs and reduced work weeks. The schedules shall be posted in accordance with the IWA and employees who wish to voluntarily give days back shall so notify the Hotel by filling out the attached consent form, and the Hotel may implement a revised schedule within 48 hours of the originally posted schedule (e.g., for a work week beginning on a Monday, the schedule is posted the previous Wednesday [five-days notice] and the revised schedule shall be posted the previous Friday [three-days notice]). The revised schedule shall show the added days to employees laid off or reduced. Days added shall be on the basis of seniority. With the exception of the terms and conditions set forth herein, the IWA shall apply in all other respects.
4. Hotels that effectuate a work-sharing arrangement shall be required to remit to the Union payroll records and time records in electronic format where the Hotel maintains records in such format for each classification within a department affected by the work sharing. In addition, the original and revised schedules shall be sent to the Union by facsimile or electronically.
5. This Agreement shall extend until December 1, 2001, unless revoked sooner by either party upon seven days prior written notice to the other party. If such revocation is given, Hotels shall return employees to non-work-sharing schedules in accordance with the scheduling requirements of the IWA. In addition, the Union retains the right to revoke this Agreement at individual hotels for abuse of the terms hereof. Such revocation shall be on seven days prior written notice.
6. Any disputes hereunder shall be referred to the Office of the Impartial Chairman in accordance with the terms of the IWA.

the first 20 hours worked. (Full-time employees are defined as those working 35 or more hours a week in nontipped positions, or 40 hours a week or more in tipped positions.) This clause, which creates a clear disincentive for hotels to employ part-time workers, would have effectively negated cost savings if NYC hotels engaged in traditional job-sharing for shift employees (i.e., by having employees working part-time hours with full-time benefits).

New codicil. As described by Christopher Knable in this *Cornell Quarterly*, New York City's hotels did not have enough business after 9/11 to keep all of their shift employees working 35 or 40 hours per week.¹¹ At the same time, as Knable also relates, managers did not want to compound the shock of 9/11 by laying off workers, and the managers wanted to keep their teams together for future recovery. Still, these properties, which are almost all unionized, could not realize labor-cost savings (or save jobs) by reducing employees' hours because they would have to pay the 25-percent differential for most part-time hours worked. Without a creative solution, managers of New York's unionized hotels would have only layoffs as their method of cutting labor costs.

Instead, New York City's employer association and local Hotel Employees and Restaurant Employees (H.E.R.E.) negotiated a "work sharing" agreement in an effort to provide employers with cost savings and allow a greater number of employees to retain their jobs (see Exhibit 2).

The essence of the agreement is notification by managers of prospective work reductions, coupled with employees' voluntary acceptance of those changes. Before asking employees to accept this agreement, the employer first had to post a schedule that, consistent with business needs, set forth the prospective layoffs and proposed reduced work weeks. As described in Exhibit 2, the hotel had to post this schedule on the Wednesday prior to the work week that began on Monday. Employees who wished to volunteer to give work days back needed to notify the property by filling out the consent form shown in Exhibit 3. The hotel then had 48 hours from the time of the original posting (i.e., on Friday)

¹¹ See: Knable, *op. cit.*

to set a new schedule based on the individual agreements with employees. The agreement was expressly for a limited time (through December 2001), either party could unilaterally terminate it (with notice), and disputes were subject to arbitration. Most important from the hotels' perspective, the employers did not have to pay the premium differential for part-time hours.

Mixed picture. Employees' responses to the work-sharing agreement varied greatly. Although H.E.R.E. actively promoted the job-sharing arrangement, the plan received its best reception in hotels that had opened most recently. In the established hotels, by contrast, it turned out that employees were reluctant to give up their shifts. We surmise that senior employees in the established properties were loath to give up shifts because they had invested so many years to accumulate the seniority necessary to get those full-time work weeks (with preferred time off) that they were suddenly being asked to surrender. Another impediment to implementing the agreement was the fact that the hotels had to send the signed work-sharing agreement, work schedules, and payroll forms to the union. While this provision allowed the union to monitor compliance, it created a disincentive because work sharing meant more work for the hotel's managers.

No twist. With regard to the other style of work sharing, in which one employee would do more than one job, the employer association in New York did not even attempt to raise this issue at the bargaining table. Given that isolating job responsibilities and establishing work rules is the essence of a union contract, managers believed that the unions would not be receptive to having bell captains park cars or seeing chefs fold laundry. The hotels concluded that the union had spent so much time and expended so much capital on differentiating job responsibilities that it would not waive those requirements, even after 9/11.¹²

Staying in the Loop. Chicago hotels faced a drop in business similar to that for New York City properties.¹³ The master agreement between

EXHIBIT 3

Voluntary work-sharing consent form

The New York Hotel Trades Council and the Hotel Association of New York City, Inc., recognize the impact that the World Trade Center tragedy will have on Hotels. The Union and the Association have agreed that it is in the best interest of Hotels and employees to provide work to employees who might otherwise be laid off.

By signing this form, I agree to voluntarily give work to someone who would otherwise be laid off and agree to waive the part-time premium-pay provision of the Industry Wide Collective Bargaining Agreement.

I understand that this form shall be effective until December 1, 2001. If the Association and the Union agree to a continuation of their agreement that permits work sharing beyond December 1, 2001, I understand that I will have to re-sign another form to confirm my continued willingness to give back work days to someone else.

I also understand that I will be notified of my new schedule and of the effective date of my new schedule by the Hotel.

Name of Employee: _____

Date Signed: _____

My Work Days I am Willing to Give Back: _____

For this week only; or

Until I revoke this form.

Witnessed by (Delegate): _____

Copies of this voluntary consent form should be sent to the Union; one copy should be placed in the employee's personnel file and one copy should be given to the employee.

¹² Our conclusion is based on conversations with New York City labor and employment lawyers.

¹³ See: Enz and Canina, *op. cit.*

H.E.R.E. and the Chicago employers' association required that full-time employees work five shifts per week, but the union and the employer association did not negotiate a new agreement. Instead, each hotel's employees had the option of waiving the five-shift rule. Employees at most hotels chose not to share work, but we know of at least one hotel where the unionized employees agreed to share hours.

With regard to the "new" type of job sharing, Chicago hotels' job categories were not as institutionalized as they were in New York. In fact, there were numerous properties with a longstanding practice of employees' performing multiple jobs. This practice simply continued in those hotels.

Implications for Management

Job sharing in both its forms provides a new tool for the human-resources manager. This tool essentially adds a new layer of insulation that rests between contingent workers and outright layoffs of core employees. If economic conditions necessitate the reduction of labor costs to the extent that eliminating contingent-work arrangements is insufficient, layoffs are not the only remaining action available.

Clearly, hotel operators need to consider the value of job sharing and would do well to have an implementation policy in place before the need arises. In nonunion environments, employers should let employees know that such a practice is contemplated. Informing employees that they will be able to keep their jobs and benefits in difficult economic times (although they have to give up some work hours) should help engender a feeling of trust and teamwork within a company. Employees will also have less fear in the face of an economic recession, since they know that there are alternatives to outright job elimination.

For union hotels, the existence of job sharing needs to be brought up and discussed at the bargaining table. The events of 9/11 showed us how susceptible the hospitality industry is to a shock that causes people to change their travel habits. Employee representatives can negotiate with employers to set up a job-sharing arrangement if they so desire, or to determine ahead of time whether they would prefer layoffs in place of re-

duced work hours. The point of such a discussion is for employee representatives to weigh the added security of employment against potentially lower pay and to let managers know of those preferences.

The use of job sharing after September 11 presents an interesting and potentially valuable lesson in employment relations. Our discussion of this relatively new arrangement is necessarily preliminary, and a number of critical questions emerge, as we discuss next.

Questions Regarding Job Sharing

Both union and nonunion hotels used creative methods to reduce costs after 9/11, while at the same time retaining many of their key employees. The most logical and efficient program to accomplish these competing goals was to reduce employee hours and share the work. To make such an arrangement work, employers needed to relax the standards on benefit cutoffs and (in New York City, at least) employee unions had to waive agreements for part-time-pay premiums. An interesting question is whether union or nonunion hotels were better able to achieve conflicting employment objectives.

Nonunion hotels were able to change employment arrangements more quickly than were unionized hotels, as is usually the case. Viewed strictly from a management point of view, one might argue that unionized hotels were not as well able to satisfy the multiple goals of allowing employees to earn enough to live on and to maintain a work force that could provide service to guests when occupancy rates returned to "normal." On the other hand, viewed from a labor perspective, one could argue that unionized employees had more control of how management would reduce expenses (e.g., by gaining prior approval of schedules, or by choosing layoffs over reduction in work hours). Given that nonunion employees had no choice in determining how a job-sharing program would proceed, it makes sense that they would embrace whatever tended to save their jobs—even if they did not like the specific program.

In the NYC union environment, employers essentially gave up some scheduling flexibility to gain suspension of part-time-pay differentials. Seniority rights still ruled in terms of whether

employees would give up hours. Employers could not reduce work schedules at will, nor could they choose whom to lay off. Thus, unionized employees who knew they would not be laid off could choose whether to give up their work hours. Some employees agreed to give up their time, while others did not. Regardless of whether a hotel's workers embraced job sharing, however, the key point is that these employees could choose between (1) full-time work for themselves and no work for co-workers, or (2) part-time work for both themselves and their co-workers.

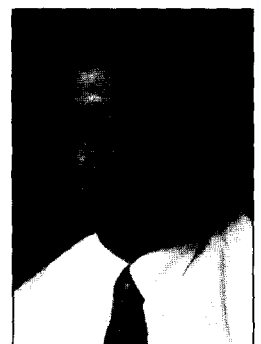
At the heart of this issue, therefore, is the question of who should have the control in establishing a job-sharing program to reduce layoffs. Should employers be able to force all employees into job sharing for the employees' collective "benefit" (on average)? Or should employees have the choice of reducing their own hours to save others' jobs? One's personal view on these questions will help answer how one thinks job sharing should be implemented.

With regard to employees' performing jobs outside their classification, that subject was apparently too touchy for New York's employer association and union. We believe that the failure to attempt such an agreement undercut the efforts of both the union and the employers to sustain employment for as many employees as possible. The question of whether this was the right

thing for both sides to do continues a long-running debate regarding unionization. Over the years, on the one hand, employers have complained that union work rules, specifically job classifications, are inefficient and need to be relaxed. On the other hand, unions have long regarded such classifications as essential for protecting bargaining-unit employees. For example, we could foresee employers using an argument of financial exigency to flout a union agreement by using low-paid employees to perform high-paying jobs. Then again, one could argue that the weeks after September 11, a time of unprecedented union-management cooperation, was the perfect time to suspend restrictive job classifications and measure the effects of such a change in work rules. At the same time, given the sensitivities of both parties to work rules, putting job classifications on the table could have derailed agreement on a work-sharing arrangement of any kind. Such a stalemate would have meant a huge cost to employers (saddled with high labor costs) and employees (laid off due to lack of work).

Future research should examine the effects of and the reactions to work-sharing agreements in union and nonunion hotels after September 11. We argue that the hotel industry should learn from this event, and look into the idea of job sharing as a viable work arrangement that may prove useful in future economic downturns. ■

David Sherwyn, J.D. (pictured left), is an assistant professor of law at the Cornell University School of Hotel Administration (dss18@cornell.edu), where **Michael C. Sturman, Ph.D.** (pictured right), is an associate professor of human-resources management and editor of *Cornell Quarterly* (mcs5@cornell.edu).



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