

## LOVE LOST IN AN ISLAND PARADISE

### AVOIDING A DISASTROUS LABOUR STOPPAGE

Ted Rogers Leadership Centre

You have just moved your family to Bermuda to take up a post as general manager at one of Bermuda's five-star, luxury properties, managed by a well-known international chain. The property is owned by a New York pension fund, which has supported the property's initiatives to be a community leader, saying: "In this market, good community relations are critical. We thrive on the goodwill of policy makers who set employment and tax rules, convention organizers who introduce us to customers, and citizens who not only create the island's ambience but who may also be our employees."

Employees at your property are unionized and contracts are bargained island-wide for the industry as a whole. Collective bargaining for a new three-year contract is already underway as you take up your post. Any agreement must be accepted by the majority of hotels in the group, and followed by all. No hotel can opt out. You rise or fall together. The negotiations are not going well and employees are threatening rotating strikes, either island-wide or, selectively, by property. The key issue is compensation. This is causing some panic among hoteliers as the convention season is fast approaching. A strike at this time will be disastrous to the bottom-line, and employees know this.

While your hotel remains profitable, margins have been falling, and one of your mandates is to reverse the trend. Bermuda is a very competitive market with a shrinking tourist base. Demographics are changing, travellers now have more options, and unlike other tropical islands Bermuda is not a year-round sun destination. You also notice that there is a big difference in income between senior management and other employees from lower management on down. In addition, the executive team and most senior managers are not Bermudians, but have been brought in from elsewhere. While the hotel does offer benefits and training to their hourly staff, you have come to realize that most Bermudians working in hospitality have at least two jobs, often leaving a full shift at your hotel to do a full shift elsewhere on the same day. This is because the cost of living in Bermuda is so high. The necessity to work two jobs means allegiance to one brand or one hotel is limited. Socially, it also means kids often don't see their parents during a work day and so work life balance is big issue.

As the new person on the island, head office has asked you to give your perspective to property owners for your hotel on where negotiations should go. This is an important opportunity. What stakeholders do you need to take into account? What is your position? Why? How will you sell this to your stakeholders?

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### The Twist

Bermudian citizens who work in lower management or supervisory positions in the hospitality industry have decided to join their voices to that of the island-wide union saying they too will walk out if required. They argue that foreign-owned hotel chains need to begin to provide a living wage as well as more opportunities for Bermudians to be leaders.

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