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Sheraton in Singapore

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Item Type	Book chapter
Authors	Rogovsky, Nikolai;Sims, Emily
Publisher	International Labour Office
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Download date	2026-11-07 13:33:53
Link to Item	http://hdl.handle.net/20.500.12424/173309

ROGOVSKY, Nikolai and Sims, Emily, *Sheraton in Singapore,* in Corporate success through people. Making international labour standards work for you, Geneva: International Labour Office, 2002, 56-58.

Case 6: Sheraton in Singapore [1]

The hospitality industry has been very hierarchical in its organization, with command and control systems and top-down communication, but little horizontal communication. The management structure typically consisted of many layers of authority, frequently as many as twenty-five.

People with few skills and a low level of educational achievement were typically recruited. Low salaries were prevalent, but the industry did offer career prospects within a specific function such as catering, with progression from waiter to general manager. Jobs were tightly demarcated, from bellboy to waiter to receptionist. An employee's experience was frequently limited to a single functional area and may not include all the jobs within that area. Those who progressed did not necessarily have business acumen. People who stayed in the industry had to accept the long hours demanded by a 24 hour-per day, 365 day- per year industry. Human resource practices were often rudimentary; for example, decisions about promotion and recruitment were often made on the basis of subjective judgements and assumptions.

Senior management started to question whether this structure was capable of delivering improvements in productivity, efficiency and customer satisfaction. Changes were radical. They amounted to a reengineering of the industry and the introduction of many high performance work practices. The hotel management hierarchy was reduced from 25 to ten levels. Managers took a fresh look at the distribution of jobs. Rather than organizing work tasks in terms of function, they were restructured in bands consisting of jobs that required the same set of skills. This produced ten levels from the entry jobs at level 1, to the general manager at level 10. Levels 8, 9 and 10 were the decision-making grades; levels 5, 6 and 7 were the trainee managers and department heads. Levels 1, 2, 3 and 4 were the operational levels, with waiters at level 2 and supervisors at level 4. Level 1 entry jobs were bellboys and room attendants.

Once the bands were established, the next task was to focus on multiskilling within each band. Employees were expected to master all the skills at their level. Training and job progression were then determined by the need for all the staff to become proficient in all the jobs within their band. This involved moving staff through all the jobs in their existing band. Once they were multiskilled within their band, having become proficient in three or four different jobs, they would be ready for promotion to the next band. There the process would start again, and the person would learn all the tasks within that band before moving up to the next level. The result was that department heads were skilled in all functions from finance to HRD and that staff were not only more flexible but also more highly skilled in the sense that they had a much broader understanding of hotel operations.

The approach to continuous improvement was inspired by the Deming tradition. The basic idea of process mapping was applied within the broad bands. Using external consultants, the traditional pyramid was effectively inverted, putting the operational staff at the top, driving the process, because these people were in direct contact with the hotel clients.

Job creation and multiskilling delivered a number of advantages. It made the jobs more demanding and satisfying for the employees. It trained future managers in the full

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[1] ILO, 2001e.

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range of functions and ensured a practical knowledge of all aspects of running a hotel, including the necessary business acumen. Those who moved up the hierarchy, “career spiralists", acquired a considerable depth of knowledge and very high levels of skill. Of course, not all staff are climbers, and the ideal position is that about 40 per cent are motivated to move between bands, with the remaining 60 per cent content to remain within their band.

The other advantage was that staff at each level could back each other up as needed. If there was a rush in the coffee shop and waiters were under pressure, then staff could be redeployed from another function to maintain a high level of customer service and satisfaction. They simply had to change their uniform. This would cost more at the level of coffee shop management, but for the organization as a whole it was a far more productive and efficient use of staff resources.

Such an approach has been adopted by several international hotel chains. Marriott (case 10 below) provides another example of a hotel chain pursuing good HRD policies and practices. By maintaining a people-orientation, these hotel chains reduce staff turnover and, as a result, achieve competitive advantage in an industry where turnover is running at more than 50 per cent for line-level employees (ILO, 2001f).

The next case looks at a global organization which believes its people are critical to corporate success. In order to improve the quality of its employees, it uses such HR development techniques as delegating responsibilities and rotating jobs, in the context of international operations. These practices allow the company to be extremely decentralized but still in control and, as a result, successful.