

Labor trends ...

VULNERABLE CASINOS MUST FEED EMPLOYEE SATISFACTION TO STARVE UNION EFFORTS

(Editor's note: Unions are gaining traction on casino floors from Ontario to Florida to California, a trend that appears to grow with each successful union effort. To help understand the roots of this issue, we turned to Carrie Parks of HR Solutions Inc. Chicago-based HR Solutions is an international human capital management consulting firm that specializes in employee engagement and exit-survey design, implementation, and results.)

BY CARRIE PARKS

Union representation within the casino industry is a movement that has become increasingly pronounced over the past years. From the large labor market in Las Vegas and Atlantic City, to the smaller riverboat ventures in Illinois and Minnesota, and, even the Native American casinos throughout the country, unionization is becoming the commonality between these different gaming operators.

According to **Phil Fortino**, the Former Senior Vice President of Human Resources for Resorts International, "The business consequences of unionization are staggering — increased costs equal 25 percent or 30 percent of payroll. This increase comes from many sources, including reduced productivity, lack of motivation and frequent lackluster commitment towards customers. Any wage and benefit adjustments, negotiated with a union, are additional costs."

In fact, the pending Employee Free Choice Act is a wake-up call for gaming organizations as the outcome would be the elimination of a secret ballot election, meaning, card signage is no longer confidential and the card signing process is entirely controlled by union activists. Enough signed cards will automatically unionize organizations. If this Act is mandated, the ease of union formation will force employers to take a look at their workforce and evaluate the satisfaction of their employees. By disregarding union activity and not acting accordingly, employers face a disgruntled staff possibly resulting in a higher turnover rate.

Many organizations regard union vulnerability and high employee turnover as factors which could potentially weaken an organization's productivity and efficiency. In addition, many companies do not correctly weigh the cost of unionization or the costs associated with high employee turnover (such as the loss of experience, and recruitment and training costs.). Turnover

HOW DEPARTMENTS SCORED

GAMING DEPARTMENT SENIOR MANAGEMENT VISIBILITY HIGHEST PCT. FAVORABLE		GAMING DEPARTMENT SENIOR MANAGEMENT VISIBILITY LOWEST PCT. FAVORABLE	
Legal	100%	Security	34%
Executive	60%	Purchasing	34%
Human Resources	59%	Surveillance	33%
Food and Beverages	55%	IT/MIS	32%
Administrative	51%	Cage and Coin	31%
Hotel Operations	51%	Operations	22%

is hard to miss in the gaming industry: The U.S. Department of Labor, Bureau of Labor Statistics, states the highest turnover by far is still in the Accommodation and Food Services sector at 56.4 percent and the Leisure and Hospitality sector at 52.2 percent. These sectors also saw the highest increase in turnover from the previous year, with Leisure and Hospitality, up 5.4 percent.

Although the American labor force has changed dramatically in recent years, the drivers of union formation have remained remarkably stable, including job stagnation, substandard benefits, and inconsiderate superiors. Whether unions are present or not, gaming organizations can learn the tell-tale signs of oncoming activity from those who have lost elections to unions.

The following are a few contributing factors to gaming union activity:

- Lack of or marginal employee-management communication. Little communication between employees and management increases a company's vulnerability to union-organizing efforts. To improve communication, companies have made use of company newsletters, employee telephone hotlines, and question and answer sessions.
- Inconsistent HR and grievance procedures. According to HR Solutions' research, when it comes to the survey item, "I am satisfied with the consistency of HR policies between departments," of the employees most satisfied, 65 percent were engaged employees while only 3 percent were disengaged employees.

• A company's broken promise. Employers who say one thing, but do another, fuel mounting employee frustration. Last year, an election to form a union for approximately 3,000 dealers was filed against a large casino. Rising union efforts stemmed from a promise made earlier by gaming officials, stating employees were to receive a 5 percent raise and improved benefits. Dealers who supported the union said the promised increase never came. If you haven't kept your word in the past, why would employees want to believe you now?

• Disrespectful supervisors. If a company's supervisors are well-trained and people-oriented and if employees feel they are communicated to and being treated fairly, that company reduces its risk of ever being a union target. senior management visibility in casino departments is a strong indicator of high overall job satisfaction. Visiting senior management creates the perception of a caring senior management and gives employees direct access to express their concerns. This time commitment should be considered an investment that can lead to increased job satisfaction and ultimately a more productive and engaged workforce.

The compilation of one or more of these instigating factors puts gaming organizations at a serious risk of union formation.

Unions have the right to organize dissatisfied employees, so the goal of gaming organizations is keeping employees satisfied.

Because of today's heightened nationwide union organizing activities, the mentality of some gaming organizations is to set-up mechanisms to counter attack and win the battle against unions. In a recent article posted by Ground Report, studies show 92 percent of private sector employers, when faced with employees who want to join together in a union, force employees to attend closed-door meetings to hear anti-union propaganda, and 80 percent require supervisors to attend trainings sessions on attacking unions.

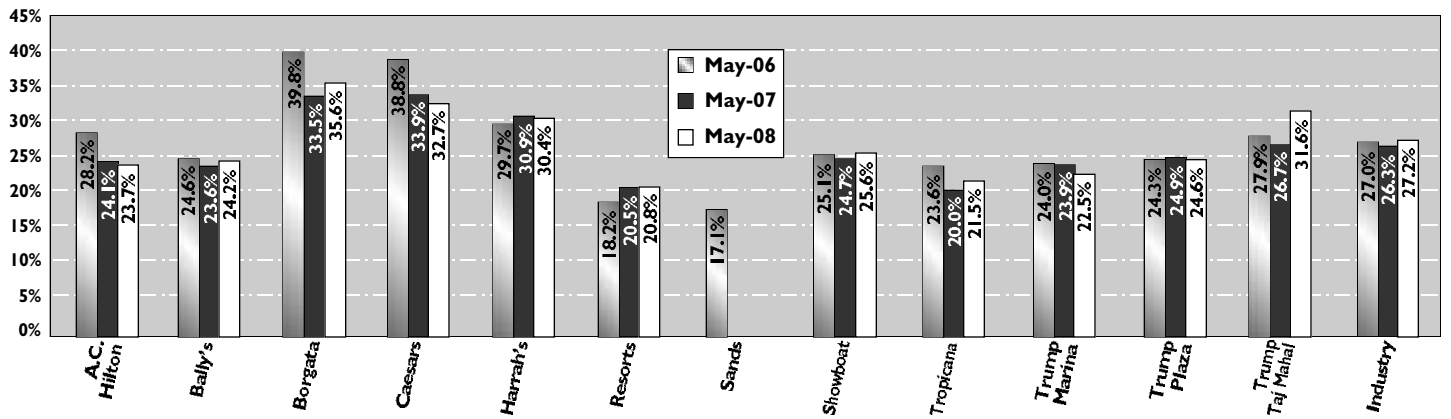
Countering union activity means there are already union efforts forming and the opportunity to take preemptive measures is no longer an option; this is not the recommended route. **Steve Maritas**, a representative of the Security, Police, and Fire Professionals of America, predicts that casinos will spend hundreds of thousands, possibly even millions of dollars, to fight unions. Combating unions not only results in a lack of productivity, but is a costly venture to undertake.

The proactive solution is to guard against union susceptibility by surveying employees, asking them

"The business consequences of unionization are staggering — increased costs equal 25 percent or 30 percent of payroll."

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Atlantic City Benchmarking Snapshot: Est. pct. of time positions are active



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for their feedback, maintaining open, two-way communication, and delivering actionable results. Identifying and measuring the key drivers of union formation and strike feasibility, garnered from a detailed employee opinion survey, can provide gaming organizations with a strong basis for preemptive, preventive action planning.

As mentioned previously, a union forms in organizations with specific areas of employee dissatisfaction, according to ongoing opinion research.

However, what are the three highest and lowest scoring casino departments on overall job satisfaction?

Proactive organizations choose not only to collect and monitor their own gaming departments to measure employee satisfaction levels, but to also predict both union vulnerability and/or employee turnover. This solution stems from the underlying notion that, when employees are unsatisfied or believe they have been treated unfairly, they quite naturally have a greater propensity to form a union or leave the organization. HR Solutions has identified survey items that are the most accurate indicators of union vulnerability, including:

- This organization encourages employees to use the grievance procedure if there is need.
- There is reasonable consistency between departments in how policies are administered/followed.
- The Human Resources Department is a place where I can freely discuss my work-related or personal problems.
- Senior management responds to employees' problems in a fair and understanding manner.

Surveying how gaming employees feel about their current work conditions not only diminishes the possibility of future union efforts, but also creates a more engaged, productive workforce resulting in a rewarding bottom-line. If gaming organizations provide employees with the on-the-job satisfaction they want and need, they won't look to unions for help. In this way, organizations are immunizing their company from unionization. ■

S U R V E Y
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indicated that they did so. The number of gamblers who indicated that they played slot machines was 83 percent for players 40-plus but only 71 percent in the 21-30 year age group.

Not surprisingly, the younger gamblers showed higher acceptance of the use of technology in table games. Only 19 percent of the players in the 40-plus age group indicated that they would play against a virtual dealer, vs. 36 percent in the 21-30 age group and 15 percent in the 21-30 age group.

Only 11 percent of respondents 40-plus said they would play table games on a handheld device, vs. 27 percent in the youngest groups. Although a live dealer was by far the most preferred method of playing table games, clearly the younger generation is open to the use of technology at the tables. That is good news for Shuffle Master, IGT and other purveyors of such technology, and should also lend support to slots-only markets that are reluctant to make the plunge into live table games.

A robot-controlled casino floor is unlikely in the foreseeable future, but a growing acceptance of technology-assisted table games should be a critical part of any casino hoping to attract and retain younger gamblers. (We recall, as a cautionary note, the abominable experience offered in the early 1980s when the then Resorts International Casino Hotel had a bizarre robot appropriately named RICH who padded the casino floor, annoying patrons. For craps players leaving a losing table, there is perhaps nothing more offensive in western civilization than to be confronted by a mechanized Don Rickles spewing one-liners.)

The Drexel survey clearly supports the Loveman thesis that coming generations demand innovation, and have a different view of how gaming devices should entertain. Casino operators who hope to be around when the 21-30 age group becomes the 40-plus cannot afford to ignore the results of this survey.

Generations do not change their preferences that much as they age. Witness the number of 50-plus adults who still think they look fab in their tie-dyed T-shirts. Witness the dearth of white belts and matching shoes. Such accessories have been dying off (thankfully) with the generations that wore them.

As the survey shows, mechanical reel slots are just as popular with the younger generation as they are with their parents (presumably for some of the same reasons, such as the general trust factor). Craps — a game that was once consigned to the ash heap of history under the theory that only World War II veterans played it — is finding a resurgence of popularity among the crowd that has just begun to sprout facial hair. (For the most part, that remark refers to males.)

The survey demonstrates that the real risk is that certain games that have been introduced over the years — whether knowledge-based slots or innovative table games, as just two examples — failed to catch on simply because they were ahead of their time. As Bob Dylan — a carbon-based life form now in the over-60 category — noted when he was in the 21-30 category that the times, they are a'changing. ■

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