

**Case Studies in Global Management**  
**Strategy, Innovation and People Management**



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## Chapter 24

# The role of line managers and employee voice in the restaurant industry

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### Background and context

RestaurantCo is a large non-unionised restaurant company with more than 300 branches across the UK, employing more than 7000 staff. The company is a good example of a large organisation with employees distributed throughout numerous smaller establishments, characterising a large proportion of the hotel and restaurant sector (Forth *et al.* 2006). This case study highlights how the individual styles of branch managers and the informal culture developed at each establishment is likely to take prominence over formal, top-down HR policies and practices and head quarters' (HQ) attempts to create a more standardised organisational culture (Head & Lucas 2004). It focuses on front line managers and their use of a participative management style and informal employee involvement and participation (EIP). Because the restaurants operate long opening hours, seven days a week and have unpredictable trade patterns, there is a need for complex shift patterns and a workforce primarily on non-standard contracts. This context demands close working relationships between front line managers and employees, highlighting management motivation towards a more informal, open management style.

RestaurantCo developed from a small family owned business in the 1960s to a relatively modest collection of franchised operations following a period of rapid growth in the 1990s. Over the next few years, these franchised operations were brought back in-house and the company became a privately owned branded chain. Subsequently, RestaurantCo experienced further changes in its corporate governance with floatation on the stock market a return to private ownership and a re-floatation a few years ago. The recent changes in ownership led to a refocused business strategy aimed at building company value alongside increased

investment in the restaurant environment, with a program of refurbishments and new restaurant openings. The food and drink menus were expanded significantly for the first time in many years. Cost savings were also made through integrating the supply chain with other restaurants owned by the group. Overall, this was a huge organisational change and inevitably caused a number of problems, with restaurant managers complaining about less efficient deliveries and mistakes with the ordering and supply of ingredients. At the same time, initiatives aimed at improving customer service were introduced to improve all aspects of the 'RestaurantCo Experience', including the introduction of a 'Mystery Customer' program where random visits by assessors monitored aspects of customer service at each restaurant. The overall ratings from mystery customers were then linked to a performance-related bonus for local managers. This centralised monitoring of service highlights a degree of head office control which, as we see below, contradicts the supposed autonomy of branch managers at local level.

The company is regarded as a high quality restaurant business that 'prides itself on serving quality food, in pleasant surroundings with high standards of customer service'. From the turn of the 21<sup>st</sup> century, it experienced strong growth in the number of customers and is the market leader in its sector. Company literature indicates a strong focus on positive employee relations, with RestaurantCo acknowledging that employees 'are part of our assets'. The small family business origin of RestaurantCo is reflected in a history of an informal employment relations approach, and as the organisation has grown senior management attempted to maintain the individuality of restaurant branches. Yet, with recent changes to ownership, there has been more focus on improving the management of human resources and a more strategic approach. As a result, the HR function expanded rapidly and developed new policies and practices. Recent developments at RestaurantCo sought to make the HR function more strategic, with it becoming 'business partners' to operations managers and 'practical commercially focussed HR'. This is in contrast to much of the sector which historically has not been known for taking a strategic approach to HRM (Lucas 2009).

Organisational change was managed through initiatives that focussed on motivating and energising staff. Regional road-shows for management and key staff members - such as waiter trainers and senior chefs - were conducted to help HR and senior management communicate detailed plans and key initiatives. Business planning and internal communication processes were transformed, with a much stronger focus on formal EIP, with numerous top-down communications and regular team briefings across all levels of the organisation. Financial participation for more senior managers, including longer serving branch managers, was introduced and was linked to improvements in company performance.

A number of management development programs were launched - they were designed to recruit, retain and develop managers. One of these was implemented to develop leadership skills and to aid in the progression of managers from branch to operational roles. There was a renewed focus on building teams and

increasing interaction between the centralised support functions and branch establishments. Company recruitment literature suggests that managers are recruited on the basis of their 'ideas and commitment', and a new management capability framework was put in place to reflect this.

### The role of line managers

A branch manager and usually one or two assistants ran each restaurant establishment. The company had the view that branch managers should 'treat the restaurant as if it were their own small business'; thus line managers had a large amount of discretion in how they implemented HR practices. In addition, a large part of the role was as shift supervisor and these 'supervisory responsibilities' did not vary significantly from those of the assistant manager. Indeed, due to long operating hours and the shift system, the manager on duty would take on the role of supervising employees, a role that was shared between both branch and assistant managers. Although there was an assistant manager between the branch manager and the shop floor, employees still reported directly to the branch manager. The manager on duty would deal with more immediate problems and issues for employees; whereas wider issues were referred directly to the branch managers. Moreover, branch managers took on a number of HR functions such as appraisals, pay reviews, personal development plans and objective setting.

Branch managers were given a wide range of responsibilities, for other members of staff, customers, property and finances. Key amongst these were the day-to-day running of the restaurant; developing and motivating a team; ordering and controlling stock/supplies; looking after finances; operating the payroll system; disciplinary actions; checking health and safety for customers and staff; ensuring food safety; checking product quality and service standards. The key qualities looked for in recruiting managers are:

- a keen service mentality
- the ability to work autonomously
- strong self-motivation
- the capacity to think strategically
- first-rate leadership skills
- a flexible approach to your work
- the ability to relate to people

Managers who had been with RestaurantCo for some time had experienced a change in the role and skills of the branch manager. They believed that more was now expected from them, more responsibilities had been devolved and that work had been intensified. Indeed, HR policies had become more sophisticated and formalised with more selective recruitment, the introduction of employee and management competencies and more formalised EIP. One of the branch managers described how the skills required by them had changed recently:

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*In the last three years they have started asking more of the managers, probably more than they have ever done – to come up with marketing initiatives, forecasting labour budgets, things that they have never done before and probably with very little support or no guidelines of how to actually do these things themselves.*

Each branch had a large amount of autonomy from the centralised head office function for the day-to-day running of the restaurants. Although restaurants were controlled within a traditional organisational hierarchy, each unit had similarities to a franchise. A key characteristic within the capability framework was for managers to take ownership for the delivery and performance of their branch, so they were supposedly allowed a fair degree of autonomy in how to manage their own unit. Head office or 'Restaurant Support' was made up of departments such as Human Resources, Training, Marketing, IT, Supply chain and Payroll. Attitudes towards restaurant support were often fairly negative, as the departments were perceived as having little understanding of the restaurant context or the perspective of managers. There was also a clash of operating cultures between the small, informal restaurant setting with long operating hours and direct customer contact, and Restaurant Support – a large 9-5 office-based workplace. Restaurant managers often complained about being unable to get support at times that suited them or being contacted for information at times when the branch was busy.

Branch managers preferred to view the restaurant and its employment relations as informal, whereas head-office emphasised the need for more professional management and over-rated the formality of policy implemented at branch level. The branch structure of RestaurantCo makes it necessary for many HR responsibilities to be devolved to front line managers and points to the need for them to be trained in people handling skills. Yet, in a large organisation where employees are distributed throughout numerous smaller establishments, the impact of formal policies imposed by head office was inconsistent between branches. For example, the regularity of team meetings varied at the discretion of the branch manager and there were differences in the types of information presented on staff notice boards.

Managers at branch level spoke of making decisions with little, if any, consultation with their operations managers, and some claimed that senior operations management had no impact on their decision making. Yet these decisions related to operational issues about the day-to-day running of the branch, whereas more senior management took company-wide operational decisions, such as the menu and suppliers, budgets and service controls such as the mystery diner, with little or no input from branch level. This led to negative attitudes as managers spoke of being given responsibility to run restaurants and yet not being trusted to make certain decisions, which they believed they were in a better position to make. One example was a cost-cutting strategy to reduce non-consumable supplies where, instead of trusting managers to reduce costs, they were simply excluded from the decision-making process. Managers could no longer order directly from suppliers, with all orders instead being redirected

through the supply chain department which in turn dealt with each supplier on behalf of the individual branches. This not only impacted on morale but also frustrated managers who felt that mistakes had been made because the supply chain department had a limited understanding of individual branch needs. See Mabey and Finch-Lees (2008) and Storey (2004) for further information on management and leadership studies.

### Line management style and informal EIP

In an industry characterised by small establishments, the style and behaviour of front line managers has major significance for the way staff are managed (Liden, Bauer & Ertoguz 2004). Where formal bureaucratic control becomes difficult, as is often the case in interactive service industries, informal management-worker relationships come to the forefront. The role of leadership is critical to organisational success as a top-down autocratic approach to managing teams of customer service employees can lead to poor customer relations (Guest & Conway 2004; Kiger 2002). Managers at RestaurantCo described their style as 'leading by example' or 'leading from the front'. This leadership description translated to a very hands-on approach, where most managers participated in all work tasks if required; it often meant managers working in the kitchen alongside chefs or assisting waiting staff on the restaurant floor. Inevitably, this led to close contact between staff and management and aided in promoting informal EIP with day-to-day work tasks (Stinglhamber & Vandenbergh 2003). As one manager stated, 'You can't help but talk when you are on shift'.

**Table 24.1** The RestaurantCo capability framework

Capability	Definition of key skill	Positive behavioural indicators that relate to informal EIP
Inspiring leadership	Creates confident, performing teams	Ensures people know why tasks are important Sets stretching but motivating goals Makes sure people feel involved
Harnessing potential	Ensuring RestaurantCo gets the best from its people	Allocates responsibilities fairly Empowers people to develop their own solutions Gives candid, helpful feedback Knows what makes people tick, and uses this to motivate others.
Belonging	Creates an organisation that works as one	Listens to and encourages the contribution of everybody Works collaboratively with other restaurant managers
Innovation	Ensures RestaurantCo remains leader of the industry	Constantly looks for new ideas Feeds ideas up the organisation Is receptive to new ideas Shares successful ideas with other managers

Source: RestaurantCo Management Capability Framework

A propensity toward a more participative style was supported by management recruitment and development tools based around the RestaurantCo Capability Framework. This identifies the key skills, attributes, characteristics and knowledge required for successful performance in both assistant and branch manager roles. Of the eight capabilities, four relate specifically to informal EIP.

At RestaurantCo, informal EIP was highly significant to workers and valued by branch managers. Managers revealed that the use of EIP recognised that positive relationships with their staff were vital in gaining employee compliance, eliciting discretionary behaviour, ensuring good customer interaction and gaining commitment both to them as managers and to the RestaurantCo brand. EIP was therefore less of a tool for consultation and more of a solution for the difficulties managers had in maintaining control over employee-customer interactions; as such it was a method for persuading and committing employees to company and branch values and objectives. Despite apparent support for a participative management style and autonomy for branch managers, it was clear that RestaurantCo still used centralised controls to impose more formal policies and standardised practices which failed to embed a participative culture throughout the organisation (Cox, Marchington & Suter 2009).

Contextual pressures shaped the uptake and implementation of different forms of EIP, thus requiring managers to choose how to mix formal and/or informal EIP. These choices were shaped by the appropriateness of the method to a particular situation or the type of issue, and at RestaurantCo operational issues in the service environment tended to constrain EIP. For example, the fact that customers are there at point of sale and workers are on varying shift patterns seemed to both constrain and promote different forms of EIP. When managers were under pressure due to increased trade, there was less time to use both types of EIP, particularly formal. Moreover, the cost of team meetings were often referred to in terms of additional staffing costs which is particularly relevant in a labour-intensive context and to managers who were under pressure to control and reduce labour costs wherever possible. Such restrictions on labour expenditure became a major barrier in enabling managers to hold regular shift briefings. This was further amplified by external HQ budget controls leaving branch managers powerless to increase their labour budgets to accommodate staff meetings and little senior support to do so. This is perhaps why team meetings at the branches were often seen as a fairly major event.

Formal EIP was emphasised more strongly by managers in larger busy branches; indeed this may be a key factor as branch managers indicated that they had less time to involve employees informally and so relied on communicating with them through formal methods. Interestingly, in smaller branches formal EIP played a less significant role because informal EIP seemed to work well and was perceived as more appropriate and adequate by managers. In larger branches formal EIP was more necessary to ensure all employees were covered.

Despite displaying positive attitudes towards informality, line managers were reluctant to rely completely on one method of EIP and instead utilised a

combination of both formal and informal EIP to complement each other. One option for managers was to operate formal and informal EIP in parallel in order to ensure full employee coverage. Regardless of a desire to use informal EIP, the level of trade still put limits on its use and so more formal methods were utilised to ensure key messages were communicated direct to all employees. Furthermore, combining formal and informal EIP ensured that key messages were delivered to all employees, including those part-time workers who branch managers may not see regularly. For example, managers used notice boards to ensure that all staff, especially those they did not encounter on the same shift, were kept informed. This implies that although there may be a preference for informal EIP, formal mechanisms are necessary as a safety net.

The subject matter or type of issue also influences management's choice of a particular method of EIP. Strategic or wider company issues were more likely to be communicated through formal methods. Managers tended to utilise notice boards to provide a reference system to reinforce training messages, company standards, staff capabilities or legal requirements. Team meetings were viewed as more appropriate for communicating top down information which might need to be explained more fully to staff; whereas day-to-day operational issues were dealt with more informally to give employees greater scope for decision making relating to their work roles. For example, workers often influenced or even determined issues relating to how many people would be needed on particular shifts, the selection of work tasks or how to organise work areas. Informal face-to-face interaction was also seen as more appropriate where issues required more honest feedback and better problem solving from employees. Managers thought employees were in a better position to generate new ideas and solve problems for issues that directly related to their job roles.

Another option was to combine formal and informal EIP in sequence, with the latter being used to improve the quality of information provision through formal methods. For example, team meetings were used to explain a service issue problem or deliver key operational changes and this was complemented by managers using face-to-face discussions to further employee understanding or to obtain employee feedback. Although this often took the form of a formal method followed by informal, it is equally possible that informal EIP may precede formal EIP. The sequential interaction between formal and informal EIP was observed in managers utilising each form to serve different functions and therefore capture different types of employee contribution. For example, formal EIP can forewarn employees of change or be used as a tool for top-down information provision. Informal EIP may follow on by getting employees on board with management agendas, gaining more comprehensive input and cementing employee engagement, or embedding information provided via formal methods.

### Summary and overview

This case study of RestaurantCo highlights the importance of front line managers as the focal point for managing teams and the vital link between senior

management and frontline employees (Purcell & Hutchinson 2007). It also shows that their role is extremely broad and includes both a supervisory and a business management function. The role has also expanded in recent years as more elements of HRM have been devolved to the branch. This is comparable to other research highlighting the expanding and changing role of the front line manager (Hales 2005). The case study illustrates that, despite so-called management autonomy, branch managers were restricted to operational decisions relating to the day-to-day running of the branch; whereas more senior management took company-wide operational and strategic decisions, which were imposed at branch level. This raises concerns about quality of decision making and any subsequent implementation. The tension between management autonomy and head office control also undermines informal EIP at branch level as both line managers and employees have limited power and influence (Ferner *et al.* 2004). Indeed it has long been recognised that the experience of managers on the front line is often under-utilised, despite their unique knowledge-base and ability to integrate both strategic and operational issues (Becker & Huselid 2006; Currie & Proctor 2005; Nehles *et al.* 2006).

Informal EIP achieves prominence in the hotel and restaurant sector where an informal and almost familial element exists in the employment relationship due to the small size of most establishments (Wilkinson, Dundon & Grugulis 2007). Although informal and formal EIP are likely to support and complement each other, the former is likely to take prominence in contexts where line managers work alongside their staff, where there is plenty of interaction between them and where formal procedures for EIP and HRM more generally are less significant. The levels of informality found in this sector illustrate the vital role of informal EIP within the manager-employee relationship (Gerhart 2005). In addition, the close physical proximity of managers to employees in small establishments can make the restaurant environment more conducive to informal discussions.

The case study also highlights the challenges faced by hospitality managers, not just in relation to EIP but more generally in attempts to integrate different HRM practices into an effective bundle (Kepes & Delery 2007). Moreover, there are limits to formality in a service environment, thus making informal methods particularly conducive to a busy restaurant environment. In the face of complex employee shift patterns and unpredictable levels of trade, line managers tend to find informal methods less time consuming, more immediate for dealing with day-to-day issues, more useful where matters arise that are only relevant to certain individuals or workgroups, and less disruptive to business. Yet, despite their preference for informality, front line managers did not jettison formal methods completely; indeed, formal and informal methods were typically combined, operating either in sequence or in parallel, depending on contingent factors. Given the importance of formal and informal methods in HRM more generally, it is critical that front line managers are selected, trained and appraised on their people management skills as well as their operational abilities (Marchington & Willkinson 2008).

## Discussion questions

- 1) The case study demonstrates tensions between centralisation and decentralisation, in particular in the attempt to impose buying decisions on the branches whilst at the same time emphasising that branch managers were given lots of autonomy. Identify the main points in this tension and how are they played out. How would you seek to minimise the contradictions exhibited here?
- 2) How effective do you think the capability framework was in providing a competency-based HR system for branch managers? What advice would you give to RestaurantCo to ensure that its HR system is integrated across recruitment and selection, training and development, pay and reward, and employment relations?
- 3) How do you think formal and informal HR link together and what can line managers do to make sure that it works well? Provide examples to support your answer.
- 4) Informality is clearly central to the role of line managers in this context, but do you think this style would work as effectively in other sectors? Why/why not?

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