

PART 1

---

# The Hospitality Industry HRM Context

# Background to the industry's workforce

Since the middle of the twentieth century, in spite of many economic ups and downs, the leading developed nations of the world have seen many fundamental and far-reaching changes within society. The major one, with little doubt, must be a vast improvement in economic wealth, which, in turn, has led to considerable improvements in standards of living for the majority of the people living and working in these countries. These changes have involved improved productivity and a redistribution of the workforce away from the primary and secondary sectors into service industries and, increasingly symbolic of the twenty-first century, into knowledge (information) industries and occupations.

From the hospitality industry's perspective, there are many accompanying societal changes with great significance for the industry's operators. These include increased disposable incomes, more time for leisure (although it is reported that this trend is reversing in some countries), easier and cheaper travel and, as a consequence of improved lifestyles and medical services, increased longevity, resulting in increasing populations and demographic restructuring. Alongside this, the media in their many different forms are informing and shaping people's behaviour as never before.

The contributions made by the hospitality industry to this general rise in standard of living are considerable and varied, providing essential products and services, leisure services, large-scale employment and wealth creation. Tourism, of which the hotel and catering industry is a principal element, is now claimed to be the world's fastest growing industry and also one of the leading earners of foreign currency. The total value of tourism to the UK in 2003 was estimated to be £76 billion, with overseas visitors spending close to £12 billion of that figure in foreign currency (British Hospitality Association, 2004). The value to the nation's 2002 Gross Domestic Product of specific hospitality sector services was estimated at over 4%. The fact that millions of people eat meals at or near their places of work or study, rather than at home, would not be possible without restaurants, cafés, public houses, fast food and takeaway establishments and in-house catering facilities. Furthermore the improved standard of living and increased discretionary income enjoyed by the majority of people has resulted in many more being able to enjoy a vast range of hospitality products which in earlier times were restricted to the affluent in society.

Nevertheless, for many people these improvements have been accompanied by a degree of economic polarization, with the differentials in wealth, earnings and standards of living getting wider. In the past, efforts to protect the weakest or less well-off have taken many forms, which included various approaches to minimum-wage regulation. Until the late 1980s this was achieved through statutory wages councils. These councils set minimum conditions in industries where union power and collective bargaining was particularly weak – a number of different sectors of the hotel and catering industry being covered by wages councils. However, in the 1980s the Conservative government took the view that this mechanism interfered with the free market economy, and disbanded wages councils. It was only in 1999, following the return of a Labour government in 1997, that we saw the return to statutory minimum wage (the National Minimum Wage) and maximum hours regulation (the Working Time Directive).

The UK hospitality industry, with its ever-developing range of products and services, has seen vast growth in recent years. The high streets of towns are now as much a forum of branded restaurants and coffee houses as they are for general retailers. Whilst there have been substantial technical improvements, and conditions in the industry may have improved over what they were in the past, the relative status of the industry as an employer, compared with other employers, has not improved significantly. Admittedly at the top of the scale, some highly skilled workers such as chefs, who are in short supply, can command very high incomes, but at the other end of the scale, kitchen porters and cleaners, for example, would earn considerably higher wages for broadly similar work in other employment sectors. This is in spite of efforts being made by some of the larger companies in the industry to improve conditions. Among the reasons must be the fact that most employees only generate around £40,000 per year (based on data taken from *Trends and Statistics 2004*, British Hospitality Association, 2004) for their employer and of this between 10 and 40% will be taken up by labour costs, the remainder going towards material costs, property costs, fixed costs and profit. With few exceptions, catering services do not lend themselves easily to mechanization, although there are now signs that significant changes in productivity may be forthcoming in the future. As a result, the industry is heavily labour-intensive and labour costs dominate many profit-and-loss accounts.

The reasons for the relatively slow rate of improvement in the industry's conditions of employment are considerable, including an understandable reluctance on the part of many proprietors and managers to be among the first to charge higher prices for their services, particularly when Britain is reported to be already among the most expensive of tourist destinations. Another reason, however, is probably that the trade union movement exerts little influence in most sectors of the industry; the wages councils never were a real substitute and it is questionable whether the minimum wage will have a significant effect. A third reason is that the industry's workforce consists largely of people drawn from the secondary labour market, i.e. those people who use the industry on a short-term basis (such as students, housewives, school leavers) and who are prepared to accept low pay since they may not be the primary breadwinner. Because of low pay, low union presence and the high proportion of staff drawn from the secondary labour market, the industry has its own less obvious but costly labour problems, including such phenomena as a high labour turnover rate, institutionalized pilfering, and low service standards in many establishments.

It is, of course, to be expected that some aspects of working in the hospitality industry may be unattractive when considered alongside other sectors. There are intrinsic and largely unavoidable challenges such as having to work evenings, weekends and bank holidays. Other problems, however, can certainly be reduced or eliminated by determined management action. These problems include unnecessary split-shift working, staff reliance on tips, ignorance of methods of calculating pay and distributing service charges, and management's reluctance to involve staff in matters that affect their working lives. A number of reports have highlighted these difficulties which, together with some management attitudes and practices, undoubtedly cause much of the industry's labour problems. Even today, for example, many employers and managers expect all employees, whatever their position and wage rate, to be dedicated to their jobs, to have a vocational fervour towards their work and to sacrifice leisure time for pay that is not high by general economic standards. This attitude is not confined to the commercial and more entrepreneurial sectors of the industry but is found as a discordant element in many organizations. These same employers and managers fail to recognize that their own motivation to work is usually completely different from that of their staff, and that many work people throughout the community are becoming less work orientated for various reasons. Employers in industry must reconcile themselves rapidly to the fact that the majority of potential staff are less likely to be singularly and vocationally committed unless ways and means are found to harness what some researchers claim is a natural motivation to work. And employers in the hospitality industry must recognize this position. Staff, if they are to stay and develop, expect competitive conditions of employment and motivational management approaches, and unless these are offered the industry's staffing problems will persist.

At the 1999 International Hotel and Restaurants Association Human Resource Think Tank in The Netherlands this issue was discussed and it was concluded that a distinction now has to be made between 'loyalty' and 'commitment', loyalty being a two-way long-term attitude of trust and reliance between employer and employee, whereas commitment is perceived as a shorter-term professional/economic relationship which endures so long as each is dependent upon the other.

## The British hospitality industry, its workforce and the British economy

The value of the hospitality and tourism sectors to the UK economy have been emphasized earlier, and has encouraged the government to take increasing heed to the issues faced by the industry such as during the recent foot-and-mouth disease outbreak which had a devastating impact on many tourism and hospitality businesses. The increasing value of tourism and hospitality to the UK economy can be seen in Figure 1.1.

	2000	2001	2002	2003
Overnight stays by UK residents	26.1	26.1	26.7	26.5 <sup>P</sup>
Spending by overseas visitors	12.8	11.3	11.7	11.9 <sup>P</sup>
Day trips by UK residents	32.7	33.4	34.2	34.2 <sup>P</sup>
Fares to UK carriers	3.2	3.2	3.2	3.3 <sup>P</sup>
Total	74.8	74.0	75.8	75.9

<sup>P</sup> Provisional.  
Day visits figures have been adjusted in line with RPI.

**Figure 1.1** Value of tourism to UK (£bn), 2000–2003

Sources: UK Tourism Survey/UK Day Visits Survey.

The 2003 Labour Market Review (Hospitality), commissioned by the Hospitality Training Foundation, reports that the hospitality industry workforce increased year on year by 189,058 to a total of 1.67 million, around 8% of the UK workforce as a whole. This statistic is endorsed by the British Hospitality Association's *Trends and Statistics 2004*, noting that dependant on the definition of ancillary hospitality workers such as cleaners, the total hospitality labour force can be considered to top the two-million mark. Figure 1.2, from the British Hospitality Association (BHA)'s report, illustrates workforce differences and changes within the various sectors of the hospitality industry.

To achieve this level of societal and economic significance, hospitality sector proprietors, local authorities, management and employees within the industry provided for the needs of millions, including working people, holidaymakers, business travellers, school children, students and hospital patients. The industry is now a vital part of the British economy and over the last ten years has slowly but increasingly been recognized as such through a wide range of government initiatives involving direct collaboration with the industry, such as working with the government's New Deal, the BHA's involvement with the Tourism Strategy Working Group and the appointment of permanent secondees from the industry to the government's sponsoring department.

	England		Wales		Scotland		Northern Ireland		UK	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Hotels	225,952	235,651	12,938	14,354	36,810	38,904	4045	4045	279,745	292,954
Restaurants	424,771	447,674	24,810	24,810	49,803	52,636	9090	11,327	508,483	536,447
Pubs, clubs and bars	227,089	279,154	11,926	14,556	16,878	20,489	5237	6063	261,130	320,262
Food and service management	167,721	175,459	8047	8047	13,636	14,367	2894	3430	192,298	201,303
Hospitality Services	252,815	261,430	16,770	18,461	23,157	24,357	11,445	11,778	304,187	261,430
Total	1,298,348	1,399,368	74,491	80,228	140,284	150,753	32,720	36,643	1,545,883	1,612,396

**Figure 1.2** Employees in hospitality businesses, 2002 and 2003

Source: ONS Labour Force Survey.

## Tourism and travel

The increased demand for tourism and international travel services is a worldwide development and one consequence is the internationalization of many of the leading hotel companies. One consequence of this for the British hospitality industry's employers is that many potential employees now look overseas for employment. At the same time many foreigners come to the UK, in many cases, to learn English.

## The growth in demand for business travel, conferences, exhibitions and short courses

An important feature of technologically advanced societies is the need for business people, professionals, administrators and others to travel and to meet. According to the BHA, business was the purpose in 2003 for 22.3 million trips in the UK by UK residents and 7 million trips by overseas visitors. These trips equate to a spend of about £6 billion by UK residents and £3.4 billion by overseas visitors. The impacts of terrorism and the '11 September 2001' attacks in New York have caused a temporary reduction in growth in this aspect of tourism and hospitality but the long-term prospects are still very positive. This overall growth in tourism creates demands for additional jobs.

## Social and demographic changes

The industry is, of course, responding to major changes in the demand side of the industry, i.e. the consumer side. Demographic changes alone, such as the increased proportion and number of older people, have created demands for more products catering for their needs, and the reduced number of young people (Figure 1.3) is creating both demand and labour market problems. Among the younger population, changes in eating habits – a shift to 'grazing', for example – have created opportunities for many different types of fast food outlets. The move to healthy eating too is responsible for a range of new products and a related growth in vegetarianism.

Year	Under 16	16–34	35–54	55–64	65–74	Over 74	Total
1991	20	29	25	10	9	7	57.8
1995	21	27	26	10	9	7	58.6
2001	20	25	29	10	8	7	59.5
2011	18	24	29	12	9	7	60.5

**Figure 1.3** Population by age (million), UK

Source: Central Statistical Office.

A breakdown in the traditional socioeconomic usage of different catering products is probably of significance. No longer are most different products used exclusively by particular socioeconomic groups. Instead, the use of catering products, to a greater

extent than previously, is determined by the occasion (behaviourally determined) rather than by the socioeconomic group.

## The changing hospitality industry

Within the hospitality industry itself there are important developments that have long-term implications for the industry. First, as hospitality businesses became larger (i.e. owning more establishments) and as individual establishments have become larger and more complex, there was in the 1980s an expansion of numbers in junior and middle management, particularly in the non-line functions. In the late 1980s and the 1990s, however, economic pressures have led to a reduction, a 'delayering', of such roles. This is discussed later in this book.

Also during recent years hotel and catering organizations have become more market orientated. This has led to increased market segmentation and to many of the larger companies establishing specialist subsidiary companies which are concerned with a range of highly specialized products. This has involved, in some cases, considerable changes in products and management, or the negotiation of franchise-type agreements with international branded names such as McDonald's, Burger King and Pizza Hut.

This last development is associated with the rapid growth of fast food outlets in Britain and elsewhere in Europe. The nature of such operations, dependent as they are on the maintenance of rigorous operational and quality standards, has altered the face of British popular catering and is putting many of the traditional operators in jeopardy.

Fast food, high-street catering is still a relatively easy and inexpensive field to enter, but nowadays success demands considerable expertise and promotional effort, which are increasingly becoming beyond the resources of the independent. The franchise side of the industry is growing therefore along with franchising generally.

In the hotel sector, similar developments are evident in the growth of the consortium movement, by which individual hotel businesses can collaborate with other similar establishments in order to compete effectively against the large national and multinational companies, especially in the areas of marketing and global distribution and reservation systems.

While the industry has established its importance from an economic point of view, it could be hoped that those employed in the industry would be reaping rewards that echo this increased importance. In many cases this may well be so, with key people such as chefs and waiters at leading restaurants and good managers earning high rewards.

However, as reported above, the industry does still have a reputation for low pay, which is also discussed later in the book, because it is not as simple a matter as outside observers appear to think. The value of tips, food, accommodation, laundry and savings on fuel and fares all have to be taken into account: anyone 'living in' avoids some of the heavy daily transport and accommodation costs. Also it must be borne in mind that a very large proportion of the industry's workforce is drawn from a secondary labour market. Because of this, many work people may not have high value skills to offer, or alternatively their motives to work may put a premium on the convenience of their work (location, hours, family), for which they will sacrifice higher incomes. In fact, recent research from Bath



University, published in 1999, found that ‘catering workers are in the half of the population most happy with their jobs despite poor pay and image’:

Job	Satisfaction rating (%)
Restaurant and catering managers	55
Bar staff	50
Chefs and cooks	47
Catering assistants and counterhands	44
Waiters and waitresses	40
Kitchen porters and hands	40
Publicans, innkeepers, licensees	40

The most satisfied workers were child carers, with a satisfaction rating of 60%. The lowest were metal workers, with a rating of 20%. Professor Michael Rose of Bath University concluded ‘that part-time women were more satisfied than full-timers and men in similar positions . . . and staff satisfaction tended to drop with improved skills and greater access to alternative jobs’ (*Caterer and Hotelkeeper*, 16 September 1999). Lucas (2004) supports the general tone of the Bath findings, utilizing evidence from the 1998 Workplace Employment Relations Survey, declaring that many hospitality employees are more positive about their jobs than many in better-paid sectors.

Undoubtedly, low pay in the industry exists, but it is not something that can be put right overnight. Britain’s hotels and restaurants are already reported to be among the most expensive in the world, so increases to tariffs are not the answer. Instead, a thorough reappraisal of the services offered and the consequent manning levels and staff training may lead to greater productivity. In this field, strides have been made; capital investment is made to replace the most menial tasks, and efforts are made to improve the standard of training. However, increased productivity in service industries is not as easy to achieve as in many other industries without making radical changes to the nature of the service itself. To some extent this is happening, particularly through increasing the amount of customer participation, whether this be by buffet-style breakfasts or by automated check-in and check-out procedures such as those developed by Formule 1, the budget division of the French Accor group. The subject of productivity is discussed more fully in Chapter 18.

Most improvements and efforts seem to be made at the tip of the iceberg, mainly among the larger companies. Much the greater numerical proportion of the industry is made up of smaller employers who each employ a few staff only and who for a variety of reasons are not able or prepared to evaluate their own business methods as rigorously as is required in today’s aggressive business climate. One consequence is the growth of the larger companies at the expense of smaller companies, which is a phenomenon not confined to the hospitality industries, but is a general phenomenon of consolidating, industrialized societies.

## Changing working patterns

In 1986 the National Economic Development Office (NEDO) published its report *Changing Working Patterns*, which identified major changes in working patterns which have taken place in recent years. The reported trends continued into the late 1990s.

The report came to a number of conclusions. First, it was found that firms were aware of the need to alter working practices. The awareness varied according to the impact of recession on sectors, such that manufacturing firms were much more aware of the need for change than were service sector firms. One concomitant of these changes was an increased level of communication within the workforce and a decline in union opposition to change.

The second major finding was that the main constraints to more flexibility were inadequate skill levels and training resources and also status differences due to staff/manual differentiation and union membership. These constraints were less important in the service sector.

The third finding was that 'distancing', the process by which employers use contractors, agents, etc. to replace employees, had been confined mainly to ancillary or support services such as catering, cleaning, security and transport.

Fourthly it was found that peripheral forms of employment had grown since 1980. Such employment tended to lack continuity and security and such workers enjoyed substantially worse non-pay benefits. The work tended to require low level skills; peripheral status tended to inhibit investment in training; and consequently advancement opportunities were limited. Any claimed benefits flowing from peripheral employment were limited to a small number of freelance professionals in shortage occupations.

Finally it was concluded that there had been a growth in segmentation of the labour market and 'this seemed likely to increase the volatility of employment patterns, giving rise to more short-term, interrupted employment while at the same time reducing access to core status'. In addition, NEDO expected firms to shift their recruitment orientation to workers not aspiring to core status, particularly if service sector employment continued to grow. This finding was reinforced by the statement made by the Institute of Directors which proposed that the government take measures to break traditional work patterns and encourage self-employment, part-time jobs and working from home (Institute of Directors, 24 June 1987). Between 1987 and 1996 the government took a wide range of measures to 'free up' the labour market, such as the abolition of wages councils. With the return of a Labour government we witness the return of increased government intervention such as the introduction of minimum wages and maximum hours.

Such changes in the structure of the labour market and the workforce have not finished by any means yet. They appear to be following Engel's law, which states that there 'is an increasing demand for the more sophisticated final service functions' (quoted from Gershuny and Miles, 1983). It is predicted by many that the proportion employed in manufacturing will continue to decline, even to numbers similar to those employed in agriculture, because of the ease with which manufacturing can be mechanized, robotized, computerized and outsourced to other countries. In 2004, the Department for Trade and Industry published statistics which suggested that manufacturing accounted for only 15% of the UK's GDP.

In essence, therefore, major structural changes are taking place in the workforce, and in methods and organization of work. These can be summarized as follows:

- 1 Employment in manufacturing is declining as productivity is improved through automation and outsourced to other (lower wage) countries, such as China and Taiwan.
- 2 Employment in personal services is increasing.

- 3 There will be fewer full-time jobs for men.
- 4 There will be more part-time jobs for women.
- 5 There will be growth in the secondary labour market and a decline in the primary labour market.
- 6 There will be an increase in white-collar employment.
- 7 There will be a decline in manual employment.
- 8 There will be a decline in full-time work, with more people doing more than one job, including professionals pursuing a so-called 'portfolio' career.
- 9 There will be a reduction in job security.
- 10 Technological change causes redistribution and reorganization of work as evidenced by the outsourcing to other countries such as India of much routine information processing and call-centre work.

These trends were anticipated some 20 years ago by Charles Handy (1984), who wrote that the full-employment society was becoming the part-employment society, that the one-organization career was becoming rarer and that sexual stereotyping at work was no longer so rigid.

It is worth adding that such changes in working patterns are not all imposed by employers. In many cases it is the supply side of the labour market, the employees, who demand conditions such as more flexible working practices and family-friendly policies on the employer. This is evidenced today by employers asking when potential employees would be available for work, rather than insisting on traditional shift patterns. The trend towards few full-time jobs is supported by the *Labour Market Review 2003* (Hospitality Training Foundation 2004), which reported that only 48.1% of the hospitality workforce is full-time, a 2.7% fall since 2001. Figures 1.4–1.8 express important workforce data and demographic characteristics (gender, weekly earnings, age, sectoral and by occupation) of the hospitality industry in 2002/2003, as reported in the British Hospitality Association's 2004 *Trends and Statistics Report*, and the *Labour Market Review 2003* produced by the Hospitality Training Foundation and VT Plus Training.

	Males		Females	
	2001	2003	2001	2003
Hotels	42.6	44.5	57.4	55.5
Restaurants	46.8	48.6	54.0	51.4
Pubs, clubs and bars	35.5	37.0	64.5	63.0
Food and service management	29.8	29.9	70.2	70.1
Hospitality services	4.5	20.4	95.5	79.6
Hospitality industry	38.4	38.3	61.6	61.7

**Figure 1.4** Numbers employed in the hospitality industry by gender (%), 2001 and 2003, UK

Source: ONS Labour Force Survey.

	2000	2001	2002	2003
Hotel and accommodation managers	402.90	380.50	396.00	416.10
Restaurant and catering managers	350.30	368.30	410.30	421.30
Publicans and club stewards	333.50	340.30	363.80	345.90
Chefs/cooks	266.30	273.60	286.00	296.40
Waiting staff	194.60	208.20	211.40	218.20
Bar staff	184.80	198.60	217.00	217.90
Hotel porters	215.50	222.00	233.80	229.90
Kitchen porters and catering assistants	186.70	196.70	209.80	228.40

**Figure 1.5** Average gross weekly earnings for full-time staff on adult rates in core occupations (£), 2000–2003, UK

Source: New Earnings Survey.

	16–19		20–29		30–49		50–64		Over 65	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Hotels	19.8	19.5	23.7	24.1	36.1	36.2	18.6	18.5	1.8	1.7
Restaurants	27.3	26.9	30.1	30.2	32.1	32.6	10.0	9.7	0.5	0.5
Pubs	25.3	23.6	35.8	36.8	24.4	26.7	13.2	12.0	1.3	1.0
Contract catering	4.6	4.6	14.4	13.9	58.9	58.9	19.2	19.6	3.0	3.1
Hospitality services	9.9	9.9	13.0	13.9	50.0	49.4	25.2	24.9	1.8	1.8

**Figure 1.6** Employment by age category (%) in hospitality businesses, 2002 and 2003, UK

Source: ONS Labour Force Survey.

## Labour turnover and employment

The industry has, for many years, had a reputation for a very high level of labour turnover. Twenty years ago the Hotel and Catering Industry Training Board (HCITB) published its report *Manpower Flows in the Hotel and Catering Industry*, which predicted that there would be in the region of 1.4 million vacancies per annum, 3% arising from growth, 2% from retirements and the remaining 95% from staff turnover. It found the following gross turnover rates: managers 19%; supervisors 94%; craftspeople 55%; and operatives 65%. Cafés and public houses had the highest rates of losses, caused largely by young people using the industry as an interlude between school or college and a full-time career.

Ten years later the Hotel and Catering Training Company (HCTC), the HCITB successor, predicted a modest growth in jobs, about 140 000 between 1995 and 2000. Labour turnover for all sectors was 26.8% per annum with the commercial sector rate almost double that of the catering services sector (where catering for a profit is

	Full-time				Part-time			
	2001	%	2002	%	2001	%	2002	%
Hotels	177,339	74.6	164,108	58.7	60,381	25.4	115,677	41.3
Restaurants	241,710	62.3	250,208	49.2	146,268	37.7	258,275	50.8
Pubs	104,234	41.9	98,291	37.6	144,534	58.1	162,839	62.4
Contract catering	35,430	32.0	102,195	53.1	75,290	68.0	90,103	46.9
Total hospitality businesses	558,713	56.7	614,802	49.5	426,473	43.3	626,894	50.5
Hospitality Services	164,858	42.9	128,876	42.4	219,427	57.1	175,311	57.6
Total UK hospitality industry	723,571	52.8	743,678	48.1	645,900	47.2	802,205	51.9

**Figure 1.7** Employment status of workforce by sector: 2001/2002, UK*Source:* Labour Force Survey.

	Full-time				Part-time			
	2001	%	2002	%	2001	%	2002	%
Hotel and accommodation m'gers	16,240	88.0	35,129	73.3	2215	12.0	12,827	26.7
Restaurant and catering m'gers	69,465	89.0	134,411	87.6	8586	11.0	19,058	12.4
Publicans and club stewards	29,398	89.0	47,043	92.2	3634	11.0	4005	7.8
Chefs/cooks	149,535	69.0	186,188	70.1	67,182	31.0	79,298	29.9
Waiting staff	45,482	25.0	52,719	23.9	136,445	75.0	168,149	76.1
Bar staff	49,984	26.0	54,390	27.4	142,261	74.0	143,774	72.6
Hotel porters	7479	86.0	10,546	74.9	1218	14.0	3532	25.1
Kitchen porters and catering asst's	100,990	29.2	125,566	29.9	244,864	70.8	294,813	70.1
Total	468,573	43.6	645,992	47.1	606,405	56.4	725,456	52.9

**Figure 1.8** Employment status of workforce by core occupation: 2001/2002, UK*Source:* Labour Force Survey.

not normally the main objective, e.g. in hospitals). Labour turnover is still a challenge in the year 2005 and is dealt with in detail in Chapter 14.

Although labour turnover can appear to be relatively high among some sectors and some employers, it is vital that proper comparisons are made and also to recognize that not all labour turnover is the consequence of poor employment practices. Many smaller employers cannot offer careers or career progression, so employees

will naturally move from one employer to the other, but remaining in the industry. Some refer to this as 'circulation' as opposed to 'turnover', because the employees concerned are not lost to the industry.

In other cases many employers recruit directly from the secondary labour market, i.e. workers who are not committed to a particular industry. Many workers such as school leavers, students and 'long-term tourists' are seeking short-term employment, sometimes just to earn holiday money or to learn the language, before starting their studies or returning home. Among some employers, particularly in the fast food sector, there is a very high level of labour turnover, often attracting candidates experiencing their first entry into the job market, but it is anticipated and can be properly managed.

Although some reports categorize the industry's problems very much in statistical terms, it is possible to illustrate some of the problems in more human terms. These range right through the employment process from initial selection to the termination of employment. All of these aspects will be discussed at more length later, but it is important to see some of the industry's practices in terms that are related to the employee – the individual – who is subject to an employer's employment practices.

## Initial selection

At one end of the scale there are employers who use only expert techniques, including group selection procedures and psychological tests. In addition, many companies and the Hospitality Training Foundation are now training managers and supervisors in most of the skills of management, such as interviewing techniques. At the other end of the scale, however, are many employers who do not even acknowledge receipt of application forms. One unemployed manager applied to over 50 employers and received less than 20 acknowledgements. Another employer used box numbers for the express purpose of avoiding the need to acknowledge applications. On the other hand many employers are frustrated by the casual approach to employment of employees – with many simply not turning up for a prearranged interview. Recruiters in the sector are also restricted in their selection criteria by the number of qualified applicants across the industry, the *Labour Market Review* for 2003 calculating that 21% of the near two million workforce have no qualification at all.

## Induction and training

This is an area that has shown some improvements in the last few years. However, there are still serious problems which are completely ignored by many managers; for example, some managers or supervisors do not have the empathy to recognize that skills such as laying a table formally, making a bed correctly, using computers or even telephones, which are second nature to themselves, may be worrying to some, such as a middle-aged returner who has come out to work for the first time after many years.

A related problem is the large number of small- and medium-sized employers, and managers in large companies, who continue to insist upon 'experience' rather than being prepared to recruit and train new staff, in spite of the fact that about 80% of the industry's workforce do not need other than ordinary life and social skills.

In a more general sense, there is still the argument that because of tight staff budgets there is no time to train, so to acquire training skills is not worthwhile.

Some managers are persuaded, however, that even with understaffing or reduced staffing, training does take place somehow and that training skills become more, not less, necessary as staff levels are reduced.

## Pay

The New Earnings Survey 1998 and the Low Pay Commission Report 1998 both confirm that pay in the industry is among the lowest in the UK. Such a reputation was not enhanced when some employers, following the introduction of the minimum wage in 1999, cut back on some staff benefits such as late-night taxis, or used tips and service charges to compensate for the consequent increase in labour costs.

In 2004 median earnings in the industry were around £260 per week, with managers averaging around £416 per week and kitchen porters and catering assistants averaging around £228 per week (*Trends and Statistics 2004*, British Hospitality Association, 2004). These rates do not compare favourably with many other industries (see Figure 1.5). The *Labour Market Review 2003* reported that salary levels increased at only 0.8% in hospitality from 2002, as against a 4.5% average increase across all industries.

While there are many instances of high rates of pay in the industry, top executives are in the six-figure bracket, the image overall is not good in this respect. Reliance, in some sectors, on tipping still exists to a greater extent than some consider desirable. The practice of paying employees the basic or near basic wage and also putting notices on tariffs that service charges are included has had the effect of diverting guests' tips into company revenue. In many cases this practice has had an adverse effect on net earnings. First, all of the service charge may not be distributed to the staff, and second, income from such a source is taxed (VAT and income tax), which was not done previously. In spite of this it is to be hoped, from the tourist industry point of view, that the practice of 'all inclusive pricing' (including service charge and VAT) will become common practice in Britain, as it is in some other European countries. However, this practice will have to be linked to a fair system of distribution and the establishment of realistic minimum rates.

In these circumstances, where low pay and distrust of the employer's wage practices exist, it is to be expected that pilfering on a significant scale takes place. A report based upon an Open University case study, 'Room for Reform', claimed that pilfering appears to be an institutionalized part of wage bargaining in hotels. Management often recognized it as a way to boost inadequate pay (see Mars and Mitchell, 1979).

Today, 'fiddles' range from straightforward short-measuring and short-changing of customers to supplying one's own household with cleaning materials, toilet paper, light bulbs, crockery, cutlery and even towels and other linen. Some fiddles are quite sophisticated and operate at quite high levels. It has been known for managers to redecorate their own homes at their employer's expense, or for a manager to deduct 'the cost of grass cutting' from the hotel's petty cash and to arrange for a farmer to pay the manager for some acres of hay taken from the same land. In regular spot surveys, not one industrial release student questioned had not witnessed pilfering.

Such practices, however, must be seen in proper perspective, bearing in mind that some other industries, trades and professions provide vastly more lucrative opportunities than those provided in the hospitality industry.

## Women

Women, according to the 2004 Office of National Statistics Labour Force Survey (reported in *Trends and Statistics 2004*, British Hospitality Association, 2004), make up 62% of the industry's workforce (see Figure 1.4). This figure equates to around one in five of all female employment in Britain. Most women employed in catering are employed in operative or subcraft level jobs, although women's proportion of supervisory or management jobs is substantial, about 50%. This is probably the highest proportion of women managers in all of Britain's industries, and may be one explanation of the relatively low rate of pay of the industry's managers (see Section 'Pay').

About 75% of women's jobs in the commercial sector are part-time. Around 800 000 are employed in the main commercial sectors and 900 000 are employed in the subsidiary sectors of the industry, i.e. those where catering is an ancillary rather than the main service, such as schools and hospitals. One explanation of this concentration is part-time work in that this enables women to combine work with their family responsibilities.

## Personnel management in the hospitality industry

Until the early 1960s, personnel management as a specialist function in the hotel and catering industry was almost non-existent. Where it did exist, it was devoted to small elements of personnel management, such as recruitment and training. It was not until the introduction of employment legislation, such as the Contracts of Employment Act 1964 and the establishment of the Industrial Training Board, that personnel managers began to appear in the industry in many numbers. Today all of the larger companies now employ personnel or human resource (HR) specialists and personnel management is seen as an essential part of the organization. There is still, however, too little regard paid to it by many employers. Personnel managers are frequently junior managers learning the ropes at the staff's expense. The fact that 76% of the establishments in the sector employ fewer than 10 staff (*Labour Market Review*, 2003) is also a naturally critical factor in determining the extent to which Human Resource Management (HRM) can be professionalized across the industry.

Within larger hotels and at senior level in the larger companies, personnel work appears to be taken more seriously. Even so the determining factor appears to be one more of attitude to human resource issues rather than the size of business in itself. Where human resource or personnel professionals are employed, HR management has become more sophisticated.

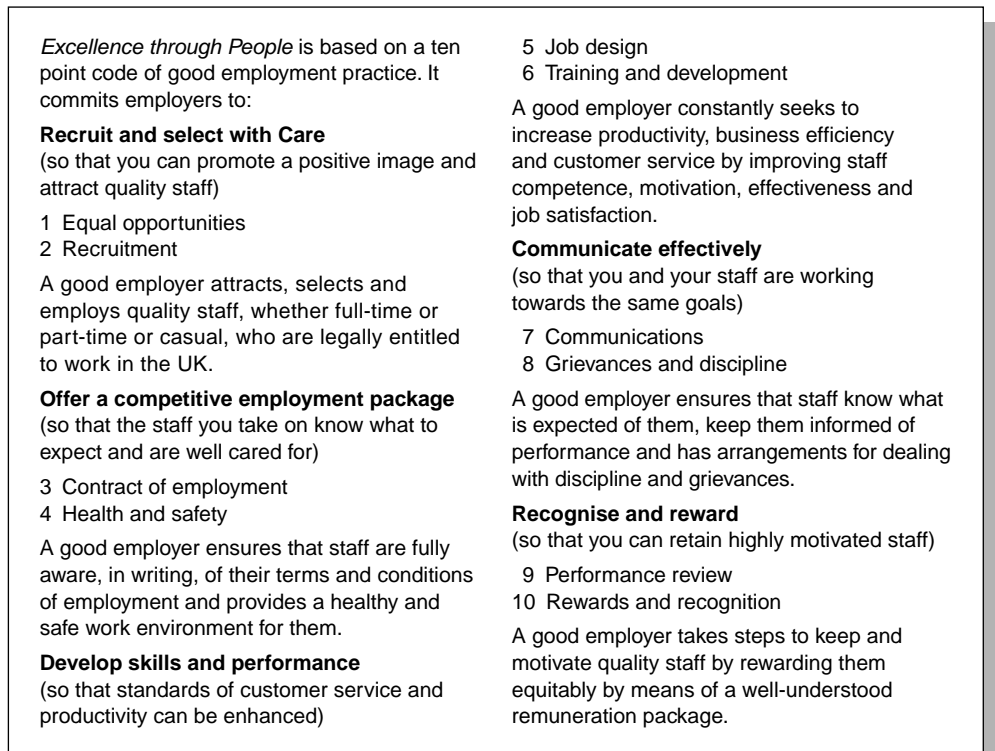
Some evidence of the increasing sophistication of the human resource function within the industry is to be found in the Hotel and Catering Personnel and Training Association's (HCPTA) annual awards for excellence in human resource management. Each year hospitality companies submit human resource activities for consideration for these awards. Many of the ideas submitted show considerable concern for the employers' human resources. These range from the distinctive branding of the HR function as a separate activity (or 'product') within the company (Choice Hotels) through a range of training initiatives to schemes concerned with the care of company pensioners (Forte Granada). Other such schemes submitted have included the 'decasualization' of casual workers (Mayday). Further encouraging evidence about the increasing professionalism in hospitality sector HRM comes in the recent research and writings of Kelliher and Johnson (1997), Hoque (2000) and Lucas (2004).



Also, two of the industry's most influential bodies have set in motion a number of significant initiatives that should have long-term effects on the industry's labour force and how it is perceived by government and the larger community. This is at the same time as employers generally are implementing similar initiatives, such as the Confederation of British Industries (CBI) benchmarking of human resource practices. This is part of a wider CBI initiative known as Probe which is benchmarking a range of other management areas too, such as service provision.

## Excellence through People – British Hospitality Association

The British Hospitality Association in 1998 started their Excellence through People scheme, which was partly a response to the Department of National Heritage's report (1996) which listed a familiar range of complaints about the industry's employment practices, including poor wages, long hours and high labour turnover. The report went on to state that 'the tourism and hospitality industry faces the threat of a self-perpetuating vicious circle that is harmful to profitability and competitiveness . . . The negative image of many jobs in the industry – low pay, low skill, low status – discourages many people from joining the industry, thus taking us back to the beginning of the vicious circle.' Figure 1.9 shows the BHA's Excellence through People 'Ten Point Code'. In 2004 the BHA reported that about one thousand organizations were accredited.



**Figure 1.9** Ten point code

Source: British Hospitality Association.

## Hospitality Assured – HCIMA

The Hotel and Catering International Management Association (HCIMA) has also set up its Hospitality Assured scheme, supported by the BHA, which sets out to recognize and reward high standards of customer service in the hospitality industry. The process for achieving Hospitality Assured consists of customer research and feedback and assesses a business' performance in standards of service and business excellence, with prominence given to aspects such as the customer promise, business planning, standards of performance, service delivery, training and development. It was reported in December 2004 (Croner Technical Brief No. 46), that 130 corporate organizations have now been accredited, representing 3500 outlets and over 50,000 employees. Further information may be gained from the HCIMA (e-mail: [hospitalityassured@hcima.co.uk](mailto:hospitalityassured@hcima.co.uk)), or from the website ([www.hospitalityassured.com](http://www.hospitalityassured.com)).

## Investors in People

Investors in People (IiP) was launched to 'improve business performance and secure competitive advantage'. The scheme has four main principles:

- Commitment – to invest in people to achieve business goals.
- Planning – how individuals and teams are to be developed to achieve these goals.
- Action – to develop and use the necessary skills in a programme directly tied to business objectives.
- Evaluation – measuring progress towards goals.

By 1997 around 1400 hospitality establishments, employing over 280 000 people, were involved in the standard, and 451 had achieved IiP status (British Hospitality Association, 1998). In 2002 this number had grown to 1067 which had achieved IiP status.

## Further Reading and References

- British Hospitality Association (1998) *British Hospitality: Trends and Statistics 1998*, London: BHA.
- British Hospitality Association (2004) *British Hospitality: Trends and Statistics 2004*, London: BHA.
- Croner Technical Brief (2004) *Hospitality Assured*, Kingston-upon-Thames, UK: Wolters Kluwer.
- Department of National Heritage (1996) *Competing with the Best: People Working in Tourism and Hospitality*, London: Department of National Heritage.
- Gershuny, J. and Miles, I. (1983) *The New Service Economy*, London: Frances Pinter.
- Handy, C. (1984) *The Future of Work*, London: Blackwell.
- HCITB (1978) *Manpower in the Hotel and Catering Industry*, London: HCITB.
- HCITB (1984) *Manpower Flows in the Hotel and Catering Industry*, London: HCITB.
- Hoque, K. (2000) *Human Resource Management in the Hotel Industry*, London: Routledge.
- Hospitality Industry Congress (1996) *Hospitality into the 21st Century*, Henley: Henley Centre.
- Hospitality Training Foundation (2004) *Labour Market Review (Hospitality) 2003*, London: HTF and VT Plus Training.

- Hotel and Catering Training Company (1994) *Catering and Hospitality Industry 1994*, London: HCTC.
- Kelliher, C. and Johnson, K. (1997) Personnel management in hotels: An update: A move to human resource management?, in *Progress in Tourism and Hospitality Research*, Vol. 3, No. 4, 321–331.
- Low Pay Commission Report 1998, London.
- Lucas, R. (2004) *Employment Relations in the Hospitality and Tourism Industries*, London: Routledge.
- Mars, G. and Mitchell, P. (1979) *Manpower Problems in the Hotel and Catering Industry*, London: Heinemann.
- Medlik, S. (1999) *The Business of Hotels*, 3rd edn, Oxford: Butterworth-Heinemann.
- National Economic Development Office (1986) *Changing Working Patterns*, NEDO.
- The New Earnings Survey (1998), London: Office of National Statistics.

## Questions

These questions have been designed so that the first question in every case can be answered from material in the preceding chapter or chapters. Subsequent questions may need reference to the books contained in the reading list and maybe to other sources as well, such as the Labour Market Trends published by the Department for Education and Employment. The last question, in most cases, requires knowledge and experience of the industry, acquired, for example, through normal employment, holiday work or industrial placement.

- 1 Describe the size and nature of the hospitality industry's workforce. What are the outstanding features?
- 2 Describe the size and nature of the hospitality industry's workforce relative to the UK's total workforce.
- 3 What factors are likely to influence the hospitality industry's workforce in the future?