

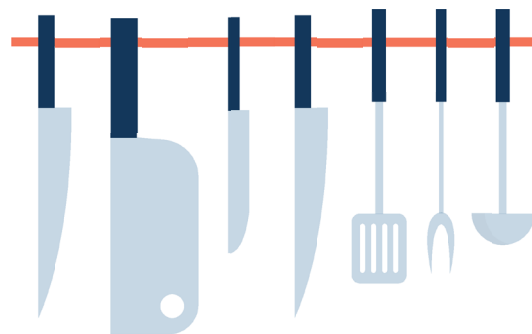
Level 1/2 Hospitality and Catering: Unit 1-1.1.3 - Working conditions in the hospitality and catering industry



Types of employment contracts and working hours

You need to know the following types of employment contracts and working hours.

- **Casual:** this type of contract could be provided through an agency and used to cover employees that are absent from work due to illness. There is no sick pay or holiday entitlement with this type of employment.
- **Full time (permanent):** working hours including start and finishing times are fixed and stated in this type of contract. A contract of this nature allows the employee to have sick pay and holiday entitlement.
- **Part-time (permanent):** working hours mean that the employee works on certain days of the week. Work times are stated in the contract, including the starting and finishing times that are fixed in this type of contract. The employee has sick pay and holiday entitlement in this type of contract.
- **Seasonal:** this type of contract is used when a business needs more staff due to busy times throughout the year, such as the Christmas period. The contract will state for the employee to work for a specific time frame only. Also, the contract would not expect further or regular work after the contract is complete.
- **Zero hours contract:** this type of contract is chosen between the employer and the employee. This means that the employee can sign an agreement to be available for work when the employer needs staff. No number of days or hours is stated in the contract and the employer doesn't require to ask the employee to work, and neither does the employee have to accept the work offered. No sick pay or holiday entitlement is offered for this type of contract.



Pay and benefits in the industry

The following pay and benefits are what you should be aware of in the industry.

- **A salary:** this type of pay is a fixed amount of money paid by the employer monthly, but is often shown as an annual sum on the contract.
- **Holiday entitlement:** employees are entitled to 28 days paid a year. Part-time contracts are entitled less depending to their contract hours.
- **Pension:** on retirement age, an employee qualifies for a pension contribution by the employer and the government.
- **Sickness pay:** money paid to the employee with certain contracts when they are unable to go to work due to illness.
- **Rates of pay:** national minimum wage should lawfully be offered to all employees over 18 years of age. This rate is per hour and is reviewed each year by the government.
- **Tips:** money given to an employee as a 'thank you' reward for good service from the customer.
- **Bonus and rewards:** given from an employer to the employee as a way of rewarding all the hard work shown from the employee throughout the year, and helping make the business a success. Also known as remuneration.

Working hours

The working hours directive in the UK states that employees on average cannot work more than 48 hours which is worked out over a period of 17 weeks. Employees can choose not to follow this and work more hours if they want to.

People under the age of 18 cannot work more than eight hours a day and 40 hours a week.

Employees that work six hours or more a day must have a break of 20 minutes, and have the right to have at least one day off every week.

Level 1/2 Hospitality and Catering: Unit 1: Contributing factors to the success of hospitality and catering provision (AC1.4)



Contributing factors

The hospitality and catering sector is very competitive, and many businesses fail in the first year of operation. There are many factors that must be managed carefully for hospitality and catering businesses to make a profit and continue to operate in the long term.

Basic costs

Labour: These costs include employee wages, National Insurance contributions and pension contributions.

Material: These costs include decoration, furnishings, kitchen and dining equipment, ingredients, printing and health and safety equipment.

Overheads: These costs include rent, rates, gas and electricity, insurance, licensing, training and maintenance.

Economy

The value of the pound (£) can affect the hospitality and catering sector. If the economy is good, people will be willing to spend more. If the economy is weak (recession), people may decide that eating out or going on holiday is a luxury and will spend less.

VAT (Value Added Tax) is added to the final cost of goods and services offered in the hospitality and catering sector. The money from VAT goes to the government to pay for services everyone uses for example the NHS.

Environmental impact

Running a hospitality or catering provision uses a lot of resources. Businesses are encouraged to **reduce**, **reuse**, and **recycle**. Energy efficient equipment such as low energy light bulbs can save a business money. Using local and seasonal ingredients reduces the amount of CO₂ released into the atmosphere during transport. All waste should be separated and recycled or composted when possible.

Profit

Gross Profit: The difference between how much a menu item costs to make and how much it sells for. Ingredient costs should not be more than 30% of the gross profit. If the ingredient cost for a chocolate brownie dessert is £1.50 and the menu price is £4.50, the gross profit is £3.00.

Gross Profit % = $(3.00 \div 4.50) \times 100 = 66.6\%$

Net Profit = What is left from the gross profit once all costs (as listed above) are covered.

New technology

New technologies have benefitted the sector in positive ways. These include:

- **cashless systems** such as contactless cards and mobile payment apps
- **digital systems** such as online booking/ordering and key cards
- **office software** such as stock ordering systems.

Media

The hospitality and catering sector is very competitive, so most businesses try to make good use of the media to advertise. Most businesses will have their own **website**, which customers can use to view menus and make bookings.

- **Print Media:** Ads in magazines and newspapers, flyers and money-off vouchers.
- **Broadcast media:** Television, radio and online ads.
- **Social media:** Customer feedback and reviews.

Consumers are increasingly using smartphones to book, order, pay and review.

Level 1/2 Hospitality and Catering – Unit 1-1.1.4:

Positive and negative uses of media

You need to be able to know and understand the different types of media, as well as the positive and negative impacts they can have on the hospitality and catering industry.

Different types of media

The list below names the different types of media that can be used to promote the hospitality and catering industry.

- **Printed media:** Different types of printed media can include:
 - ◇ magazines
 - ◇ newspapers
 - ◇ billboards
 - ◇ business cards
 - ◇ posters.
- **Broadcast:** Different types of broadcasting media include:
 - ◇ television
 - ◇ radio.
- **Internet:** Ways of promoting through the internet include:
 - ◇ social media, e.g. Facebook, Instagram, Twitter, etc.
 - ◇ Websites, e.g. TripAdvisor
 - ◇ ads on podcasts
 - ◇ blogs
 - ◇ email.
- **Competitive:** This could include being competitive with other establishments to attract and retain customers through competitions, deals, special offers and themed events.

Positive and negative uses of media

Named below are some of the positives and negative impacts the media can have on the hospitality and catering sector.

Positive impacts:

- Social media is free and isn't an extra cost for the business.
- Able to contact a larger and wider audience quickly.
- Attracts new customers.
- Builds business awareness.
- Customers can feel more of a personal connection with the business.
- Creates and builds customer loyalty.
- Media can target specific groups easily.

Negative impacts:

- Advertising in media is expensive, e.g. printed media and broadcasting.
- Having a bad or negative review/comment on social media can rapidly decrease the reputation of a business, e.g. through a comment retweet or share.
- Rapid spread of negative reviews, comments and/or feedback can be detrimental to the success of a business, leading the business potentially having to close.
- Having a bad reputation would decrease customer loyalty and less likely to attract new customers.

