



HARD LABOUR

Hospitality industry wrestles with job challenges

The hospitality industry is one of the fastest-growing sectors in the South African economy. Most of the excess hotel room capacity built in anticipation of the 2010 Soccer World Cup has since been absorbed by an impressive growth in tourism, fuelled in large part by international visitors.

It's a sector that employs about 700,000 employees and contributes almost 10% to GDP.

Prospects for the sector remain positive after foreign visitor numbers and room revenue per night increased more than 12% in 2016 in comparison with 2015.

It is an industry further enhanced by the Federated Hospitality Association of SA (Fedhasa), which, since its establishment in 1949, continues to be an active representative of hotels, guest houses, restaurants and caterers – so much so that Fedhasa is recognised by the government as the official trade association for the industry.

The Tourism Business Council of SA also plays a significant role in lobbying on behalf of the hospitality industry, within the context of its tourism brief.

In June, Deputy Tourism



TONY HEALY

Minister Elizabeth Thabethe said SA had 118,869 graded rooms spread across about 5,354 establishments, adding that South African tourism was “poised for growth”.

It is, however, also an industry with all the ingredients for challenging labour relations.

There are a number of reasons for this.

First, it is labour intensive. On the positive side, this means it has the capacity to be a significant source of job creation and employment. This is significant if one regards the fact that the real unemployment rate is in the region of 35%.

However, on the flip side, not all job opportunities in the industry are full-time, permanent positions.

Outside of peak seasons, it is well-nigh impossible for the industry to forecast, for example, room occupancy, banqueting and conferencing bookings. It is for this reason the industry needs job

flexibility and achieves this by adopting various categories of employment, such as permanent, scheduled and “casual” staff, a model to which trade unions typically object.

However, there are additional employment factors that exacerbate stress in hospitality industry labour relations, such as shift and night work.

While the industry is labour intensive, many of the job opportunities are entry level, with associated entry-level wages. It was for this reason that 10 years ago the government promulgated Wage Determination 14 to make provision for, among other things, minimum wages. Various such wage determinations have been promulgated in recent years relating specifically to industry sectors that are considered to employ vulnerable employees.

These other sectors, such as retail and security services, tend to have similar employment characteristics to the hospitality industry, namely many entry-level jobs and shift work.

It is interesting to note that the most recent wage determination minimum wage, effective from July 1 2017, is only fractionally

higher than the R3,500 per month national minimum wage to be introduced in April 2018.

A further factor increasing the complexity of hospitality industry labour relations is the proliferation of trade unions in the sector.

While the South African Commercial, Catering and Allied Workers Union and, to a lesser extent, Hotelica are the dominant unions in the sector, our firm has identified a further 20 trade unions operating in the sector throughout the country.

This can, and occasionally does, lead to union rivalry when identifying majority representation in single and multiple bargaining units within each establishment becomes contested.

Collective bargaining agenda items in the hospitality sector, by and large, mirror the hot-button items in other sectors.

There is, however, one collective bargaining agenda item that is more common in the hospitality sector than all other industry sectors. This relates specifically to how employees are rewarded for the premium wages associated with overtime, Sunday and public

holiday work. For example, the normal overtime rate of pay is 1.5 times the normal rate of pay. The employer is obliged to pay the employee their full wage for the normal time portion of the overtime hours worked.

However, Sectoral Determination 14 and the Basic Conditions of Employment Act make provision for employers to reach an agreement with employees that the premium for the overtime hours worked (for example, an additional 0.5 hours for each overtime hour worked) may be tackled by crediting the employee with additional leave for this additional premium due rather than paying the employee cash.

This is a common practice in the hospitality industry for good reason. Given the increasingly inflexible labour market and increased regulation in employment models, hospitality industry

employers have an opportunity to make some provision for employment flexibility by, in essence, banking the days accumulated by employees in lieu of pay for overtime, Sunday and public holiday work, and granting employees this time off work during quiet periods.

By and large, employers reach agreements to proceed on this basis in the contracts employees sign on commencing employment.

Finally, the hospitality industry, at least in the experience of our firm, has the highest incidence of employee theft-related cases than any other industry, when contrasted with other categories of misconduct.

Furthermore, our experience is that theft-related misconduct is frequently the single biggest type of misconduct spawning dismissals in the hospitality industry.

This obliges the sector to invest in costly and time-consuming security vigilance and labour disputes on a continuing basis.

WHILE THE INDUSTRY IS LABOUR INTENSIVE, MANY OF THE JOB OPPORTUNITIES ARE ENTRY LEVEL

● Tony Healy is MD at Tony Healy & Associates Labour Law Consultants, www.tonyhealy.co.za