

Appendix one: Sector reports – executive summaries

As part of this study, six reports were commissioned exploring the impact of qualifications on careers in different sectors of the hospitality industry. Executive summaries of the reports are given below; the full versions are available, with this document, on the HEFCE web-site www.hefce.ac.uk under 'Publications'. The six sectors are:

- contract catering
- hotels
- leisure
- licensed retailing
- restaurants
- welfare (hospitals, social services, and so on).

Contract catering sector

The focus of this report is contract catering. It introduces some background material about the sector and goes on to explain the research methods used and the main findings from the five case study organisations.

Background

Contract catering has traditionally been about feeding people at work in business and industry, and catering in the public sector (schools, colleges, universities, hospitals, MOD, local authorities etc). However, operators are now moving into other areas such as airports, leisure centres and department stores. The range of services provided has, in many cases, also expanded to include housekeeping, cleaning, maintenance, laundry, waste removal, postage and estate management. This means that over time there have been shifts in the type of contract operated, and there remains considerable scope for further growth (into contracts with new types of client and into new services).

Ownership in contract catering is very concentrated, with the two largest contractors now accounting for 80 per cent of total UK turnover. There has been a history of merger and acquisition over the last decade that has left relatively few independent operators of any size. Nevertheless, the sector is a fertile ground for small entrepreneurs who need limited capital to enter the industry. There is also plenty of scope for developing niche markets.

There are several key trends at play within contract catering which are having an impact on the management skills needed by employers. The shift from cost plus contracts to fixed price contracts has introduced a much greater sense of commercialism into the business, and this is especially evident in the large companies. One response to the drive to increase sales is to introduce branding and workplace retailing. Another important trend in the larger companies is to provide a wider range of support services; this reduces the emphasis on food and has led some companies to look for managers and graduates from broader recruitment pools such as retail. Other companies have chosen to put good quality food at the heart of their offering, and for them food skills remain paramount. The sector is already international with Compass, Sodexo, Aramark and Elior having well established operations in many different

countries. This could lead to a demand for international management skills in the future, but this has not yet occurred to any great extent.

In terms of its place within the broader hospitality industry, figures published by the Hospitality Training Foundation show that the contract catering sector is smaller than hotels, restaurants, and licensed retail, both in terms of numbers of outlets and numbers employed (roughly half the employees as in the other sectors). It also employs more women than the other sectors (71 per cent of employees are female); one explanation for this is the attractive hours of work which facilitate a reasonable work/life balance. There is considerable evidence to demonstrate that terms and conditions (including levels of pay) and investment in human resources is better in contract catering than the other commercial sectors of the hospitality industry. However, despite the relative attractiveness of the sector, it is experiencing recruitment difficulties, especially of chefs, unit managers and sales executives.

Contract catering companies are all organised in a similar way. Individual sites are managed by chef/managers or catering managers, depending on the size of the unit, and general managers manage clusters of sites within the same contract. Site and contract managers report to area managers, who are responsible for anything between 10 and 20 sites depending on the values of the company. Area managers report to operations directors, who in turn report to regional directors or managing directors. These broad roles were common across all the companies, though the job titles were not always the same.

Research approach

The approach follows the format developed in the pilot study conducted in the licensed retail sector. In each case interviews were held first with senior members of the human resource function and with senior operational managers. This was followed by in-depth interviews with managers in '*milestone*' positions and distribution of the questionnaire to a sample of managers in similar posts.

The main differences between contract caterers are related to size, though there are some differences in terms of emphasis on support services and the extent of internationalisation. The final sample is as follows:

- **Largeco 1** is a large international company
- **Largeco 2** is a large UK company
- **Mediumco** is a middle-sized overseas-owned company
- **Eventco** is a small UK company specialising in event catering
- **Caterco** is a small UK company with a regional base.

The main areas explored within each company were the structure and organisation of management jobs, trends impacting on the management skills needed, management recruitment, arrangements for progression within the companies, the role of hospitality degrees within the companies and equal opportunity issues.

Main findings

As suggested by the background research, these companies, large and small, displayed many features of excellent human resource practice. They all valued their management staff and paid them well, they ran appraisal schemes supported with staff development programmes, and made a significant investment in staff training. In some of the larger companies the human resource practices were very sophisticated (for

example in running an annual management audit, in their equal opportunities programmes or in their use of occupational testing). Even the smaller companies were well informed about contemporary human resource management and had impressive stories to tell about their own practices. The companies were rewarded by tremendous loyalty from their staff who all spoke warmly about their companies and the career opportunities in the sector. The main findings related to this study are as follows:

- The typical paths for career development are the same in all of the companies and for all managers, graduates and non-graduates alike. They usually involve management of a small unit followed by progression to a larger unit. There may then be some kind of area management role, either as an assistant to an area manager or a group manager responsible for a small number of units. There would then be progression to a full area manager role with responsibility for around 10-20 units. The next steps could be into sales or into a role as operations director, and the highest stages are into a regional director role or a managing director of part of the company. It is possible to progress quickly, and become an MD by 40. All things being equal, graduates were expected to progress more quickly than non-graduates.
- All of the companies use a mix of internal and external recruitment to fill management posts. Three of the companies run graduate entry training schemes which are, in the main, aimed at hospitality graduates. The numbers recruited each year are rather small (around 10 per year in two companies and four or five in the third). These schemes are generally well regarded by those managers who have experienced them. It is noteworthy that a substantial number of the more successful managers interviewed had graduated from one of these schemes and subsequently moved on to another contract catering company. Although the companies were concerned about this kind of wastage, it appears that the sector as a whole is benefiting from these schemes and that while companies may lose some of their own graduates, they are likely to benefit from other companies' schemes as well.
- None of the companies were seriously concerned about the supply of lower and middle managers now and in the future. This is related to their considerable investment in management training and development programmes for people with potential. The main challenge for managers themselves is in the transition from site to area management, but appropriate training and support ease even this. However, the three largest companies are concerned about the current and future supply of people of the '*highest calibre*'; that is to say the people who will make tomorrow's senior executives. It became clear that universities have the capacity to supply (and probably differentiate) two types of graduate; those who will make competent middle managers and those (far fewer in number) who have the potential to become industry leaders.
- There were mixed views about the skills and knowledge needed by managers. The large companies stressed the importance of commercial skills and generic management skills, where the small companies put far more emphasis on '*hands on*' cooking and operational skills. It appears that the small companies do not have the resources to provide training in basic skills and they have tended to look for people with City and Guild level qualifications (or equivalent experience) together with interpersonal skills. Even though one of the larger companies played down the importance of food skills, it was noteworthy that a large proportion of today's managers at all levels have their roots in City and Guilds and cooking, or in other sub-degree qualifications like ONDs or ONCs. This reflects the past educational

structure and does suggest that companies will have to look to different sources for basic skills, and this is likely to include hospitality graduates. Several people pointed out that, given the youth of hospitality degrees, it is still too early to judge their overall usefulness, and graduates have not yet had a chance to percolate through to the top of organisations.

- There was a consensus amongst four of the five companies that a degree or HND was not a requirement for a management job, though they thought that a degree would be *'nice to have'*. By contrast, in the medium sized company graduates were actively sought and a degree was preferred at area management level and above. It is significant that the chief executive officer of this company is himself an alumnus of Oxford Brookes University. In his words *'Changes in the last few years require us to be more qualified. In the business world a degree is recognition that someone can think outside of a square and can write and add up with dexterity'*. The practical outcome of this viewpoint was a better qualified management structure than any other company and a *'virtuous circle'* where better use was made of graduates' skills and where graduates themselves felt more confident about their value. It certainly appeared to an outsider that this had contributed to the sense of dynamism and creativity in the company.
- The background of individual managers was important in shaping their views about the role of graduates. Non-graduates knew almost nothing about hospitality degrees and tended to overplay the aspirations of graduates, believing that they would only want high level jobs and *'wouldn't want to get their hands dirty'*. Graduates, on the other hand, could see plenty of opportunities in contract catering and were perfectly realistic about what was required of them. They realised that their degree was not a passport to anything, and once in their first job they would be judged on their performance. All of the graduates interviewed spoke positively about their early years in management and said this was the time when they learnt how to manage people, how to carry out basic functions and how to manage the *'tricks of the trade'*.
- The graduates interviewed were almost all hospitality graduates and they had a lot to say about their degrees. They generally thought that the most important thing their degree had given them was some personal discipline, an ability to write and make presentations, and a *'stepping stone'* into their first management job. They also talked about the confidence it had given them and how this helped in dealing with clients from professional or City backgrounds. They tended to be critical of both the practical and theoretical hotel and catering input in their degrees. They felt that detailed practical skills were better learnt on the job (their industrial placements had been useful for this) and were inappropriate at degree level, though they did think that they needed enough food and cooking knowledge to manage chefs. Some of them felt that their degrees could have been more intellectually challenging with several pointing out that management theory really came into its own from area management level upwards.
- One of the most important findings from this study has been the lack of coverage of contract catering in hospitality degree programmes. The companies themselves were concerned that hospitality students appeared to have a *'block'* about contract catering, and several employers thought universities and colleges could do more to inform students about opportunities in this sector of the industry and to include aspects of contract catering in the curriculum. The hospitality graduates themselves all said that their degrees had concentrated far too much on hotels with contract catering being presented as a *'poor relation'*. Having chosen contract

catering themselves, they were at a loss to understand why the sector did not receive better coverage in degree programmes. Typical comments were *'I can't understand it... it's the best. It's 9-to-5, it's well paid and there are fantastic opportunities... hotels are neither fun nor sexy. Hospitality students need to see some of the stunning stuff out there (in contract catering)'*.

- The equal opportunities picture was fairly mixed. Only one company talked in positive terms about its equal opportunities approach and this was one of the companies that had the best representation of women at all levels of management. Women themselves were enthusiastic about working in this sector of the industry and no stories of discrimination were told. The main issue raised (by women and men) was the difficulty of combining family responsibilities with long hours in operations director/area management jobs and in event catering. None of the people interviewed or surveyed were from ethnic minority backgrounds or had disabilities, and no equal opportunity issues were directly raised which related to these groups. Although this data does not pretend to be representative it does suggest that ethnic minorities are rather under-represented in management positions in contract catering.
- Although the focus of this research was degrees, some important points about lower level qualifications were made, most notably about NVQs. Many of the managers interviewed started their careers with City and Guilds 706, parts 1 and 2 and they all spoke about this as a strong foundation to their careers. As managers they were sceptical about the value of NVQs by comparison. Several of the junior managers had experienced both 706 and NVQs, or just NVQs. They were critical of NVQs as being far less rigorous in their coverage and too open to abuse because of the power invested in the assessor. Some assessors were good, but many were lax.
- Finally an important point needs to be made about the role contract catering plays in providing employment for people who have not conformed within the educational system. This contributes to the social and economic health of the individuals concerned, the company and the nation. Several of the managers included in this research had a hard start in life, often dropping out of school early and under-achieving. Catering provided an avenue for earning a basic living, but also offered an opportunity for a second start for many people. Once the buzz of the industry motivated them, they were able to develop their skills and progress to management positions. They were able to do this with few or no qualifications and many of them would easily hold their own against graduates. As one Catering Manager said, *'what other industry would offer this opportunity?'*.

Hotel sector

Background

No-one knows for certain how many hotels there are in the UK but there are about 22,000 registered with the tourist boards (BHA 2000). Their turnover makes up about 1 per cent of UK GDP (BHA 1999) and they employ about 220,000 people, or about 13 per cent of those employed in the hospitality industry (HtF 2000).

The industry is fragmented, with a large number of independents and small chains, and large numbers of small establishments: the average size of all UK hotels is only around 20 rooms. However, the activities of a small number of large corporations are increasingly important in shaping the industry.

The hotel industry is a cyclical business whose success is roughly in line with economic trends. The industry was badly hit by the recession of the early 1990s. The boom of the late 1980s had stimulated hotel demand, and many new hotels came on stream just as the market collapsed. It was not until the mid-1990s that occupancy levels picked up. The late 1990s were marked by sustained growth not just in occupancy but more importantly in achieved room rate and yield. The consensus is that one impact of the recession was an injection of a new professionalism into the management of those hotel companies that survived, making them more focused on customer needs and better at managing costs. This should mean the industry is now better placed to cope with future economic downturns.

The core activities of hotels are to provide accommodation, food and drink to guests. Many also provide leisure facilities, conference and banqueting facilities and business services. However, the mix of services and facilities provided obviously depends on the market served. It is useful to make a crude distinction between deluxe hotels (four and five star), mid-market (three star) hotels and the budget hotel market.

Deluxe hotels

There are around 7,000 bedrooms available in five-star hotels in the UK and 43,000 in four-star hotels. The majority (over 80 per cent) of these rooms are in group-owned hotels. The presence of international chains is high in the five-star market.

Mid-market hotels

In the UK there are more hotel bedrooms (74,000) in the mid-market three-star category than in any other category (BHA 2000). The independent hotelier traditionally dominates this market. During the recession of the early 1990s, the performance of the mid-market hotels was significantly worse than that of the upper-market sector and this has led some analysts to argue that this market is doomed. However, other analysts point out that with the entry of new companies into this market and heavy investment in facilities by existing players has transformed the mid-market product.

Budget hotels

The growth and success of the branded budget hotel sector has been one of the biggest changes to affect the industry in the last decade. Budget hotels offer core facilities only: modern well-designed bedrooms but no conference facilities, lounges and fitness suites. Adjacent restaurants and bars owned by the same company usually provide food and drink. There is limited service so staffing levels are low. Rooms are

sold at a fixed price with little discounting. The product is standardised, and companies have relied on strong branding to assure quality and build customer loyalty.

Research approach

In line with the other sector reports that make up this research, this report aims to:

- Identify the relationship between hospitality education (degrees, HNDs and higher professional qualifications) recruitment and progression of managers within this sector.
- Look at the overall pattern of career progression of managers in the sector.
- Consider the relevance of teaching and learning to the reality of management in the industry and the extent to which hospitality degrees contribute to the skills of individuals employed in the industry.
- Contribute to the growing body of knowledge concerning the value of higher education to purchasers and providers.
- Identify patterns of recruitment of graduates/diplomates amongst hospitality providers.

The approach this research takes is to locate key management jobs within the hierarchy and identify the impact which higher education qualifications have on the attainment of and performance within these jobs. Within this sector, therefore, the focus has been on two types of role:

- the hotel general manager
- other members of the hotel's executive team: For example, operations manager, revenue manager, human resource manager, sales manager.

Sample

As with other sector reports in this research, this study is based on a sample of organisations that were selected as representative types. The sample was selected to cover the main markets within the industry: deluxe, mid-market and budget, different geographical bases (regional, national and international) and different types of location (city, edge of town, country).

Two companies included in the sample operate a range of hotel brands aimed at different market segments. In these cases, the research focused on one of the brands only.

The organisations were:

- **Globalhotel:** a chain of about 130 five-star hotels that operate throughout the world
- **Cityhotel:** a national hotel company with over 50 hotels. Its core product is a medium to large four-star, full service city hotel in a strong location. Many of the company's hotels are in London and the largest have about 800 rooms
- **Nationalhotel:** a chain of about 50 three- to four-star hotels operating across the UK largely in out-of-town locations
- **Regiohotel:** a privately owned chain of hotels operating in the south of England. The hotels are small to medium sized and operate in the three- to four-star market
- **Budgethotel:** one of the major budget hotel chains operating in the UK. This research focused on the managed rather than the franchised hotels in the chain.

In each of these companies, interviews were conducted at the Head Office level with the aim of establishing the company's development and strategy and its human

resource practices. Then a further set of career interviews was conducted with managers within the companies. The case study summaries were checked with the company.

Main findings

General management

- The new breed of hotel general manager (GM) is required to be revenue- and cost-focused: the emphasis is on being a business manager, on developing the long-term strategy for the unit and on maximising yield. The human resource director at Nationalhotels was most explicit about this change in focus. He said, *'the role of the GM is on being revenue managers. Their role is where the business is coming from today, next week and next year. What markets are we going to try and develop? Which areas are we losing money in?'*. Commonly the deputy manager is the person responsible for the day-to-day operations of the hotel. The only exceptions to this pattern were found in smaller units within Regiohotel and Budgethotels where the general manager role remains hands-on.
- Hotel managers within the large companies increasingly work within branded operations. On the one hand, branding has simplified their work. They can no longer redesign their restaurant menus at a whim. However, they are now frequently required to focus on the bottom line and not just on the gross operating profit: as one general manager expressed it, they need to *'think about the return on the painting behind the front desk'*. Their knowledge of the operation remains important, but their commercial awareness has become more crucial and their ability to make commercial decisions within the constraints of the brand values.
- There was evidence from this study that the typical style of management used by hotel general managers is changing. The emphasis is on a participative approach, and general managers are much less formal than they used to be. As one manager at Nationalhotels put it: *'Gone are the days when there was a hush when the manager came into the room, and that's allowed us to get closer to our teams'*. Of the companies in this study, Budgethotels had gone furthest in developing an informal and friendly work culture, which matches the style of service offered to its customers.
- The route to becoming a hotel general manager is through more junior operational roles within hotels. Few companies seem to have had much success in recruiting managers at this level from other industries, or even other sectors of the hospitality industry. An exception is Budgethotels where some managers have transferred from branded restaurant or pub operations. For most companies, previous rooms division and sales experience is essential but it is interesting that food and beverage experience is no longer universally required. Most large companies have developed competence models for the general manager role, which typically emphasise generic management and personal skills, and increasingly assessment centres are used to select those ready to progress to this level. It is interesting to note that Budgethotels found that managers typically *'fell down'* on their commercial skills.
- The speed with which one can progress depends on the size and complexity of the operation. Within Budgethotels, one can progress to being a general manager by one's mid to late twenties. Within Globalhotel, it would be unusual to achieve this position before one's forties. Progression does not currently depend on

qualifications. Nevertheless many managers feel that the general manager role is becoming a role for a graduate. There is no evidence from this study of managers taking or even considering further academic qualifications (for example, MBAs), although they do make extensive use of in-company training and development programmes.

- The general manager role remains a predominantly male role. Cityhotels and Budgethotels were most successful in developing female general managers but even in these companies less than one in four general managers were women. All the companies were anxious to increase the number of women at this level and pointed to the greater proportion of women managers below this level. It is certainly the case that the typical career structure to general manager poses problems for women (and potentially men) with family responsibilities, given that it usually requires geographical mobility and a willingness to work '*unsociable*' hours. Within Budgethotels, it was possible to progress so young that managers, of both sexes, were more likely to be unattached and mobile. Cityhotels has a high concentration of units in London that allowed progression without moving home. Within Globalhotel, there were felt to be barriers to posting women managers to hotels in certain parts of the developing world.

The unit management team

There is considerable variation in the way different companies define the roles of the unit management team. Even within the same chain, the general manager is often given flexibility to shape his or her own team. However, some trends emerge from this study.

- **Delaying**

Most companies have moved towards much flatter and simpler unit management structures. An exception is Regiohotel, which still operates a traditional tall hierarchy, and is seen as giving people the opportunity to progress.

- **The revenue management role**

This relatively new role, which focuses on yield maximisation, was described as being '*probably the most influential role to be developed in our business over the last five years*'. Globalhotels, Cityhotels and Nationalhotels had all introduced this role. Budgethotels had an area revenue manager and was considering introducing a management role with revenue and commercial responsibility into the units (despite its simple pricing structure and lack of conference and banqueting).

All the managers who had experience of this role recognised its value in terms of yield. However, as this is a relatively new role there was a feeling that it was not yet fully defined, and career routes into and from it were not fully developed. With the new emphasis on yield management in the general manager's role, it might appear that experience as a revenue manager should be essential for prospective general managers, but currently this is not the case.

- **Food and beverage management**

Although all the hotels run by the companies in this study had food and beverage operations, not all ran traditional hotel restaurants. Food and beverage offerings tend to be less tightly branded than accommodation offerings, but many companies are

increasingly centralising decision making about food and beverage and using standard menus, concepts and purchasing. In this context many of the specialist skills that a food and beverage manager might have needed in the past, such as knowledge of wines and of menu design, are of less importance.

Nonetheless there was general agreement that food and beverage is the most complex operation to manage in a hotel. Further, there is now more pressure to ensure that the hotel restaurant is more than an amenity for guests but is also profitable. Food and beverage managers need skills in staff, financial and quality management. Knowledge of current food concepts and of how these might meet market needs is also important.

Traditionally, assistant managers were rotated between rooms management and food and beverage positions as part of their development. This was still the case within the traditional management structure of Regiohotels but, interestingly, also within Budgethotels. In other hotels, whilst food and beverage experience remained desirable for all managers there was evidence that it was becoming a specialist career route.

- **Functional management roles**

A number of the interviewees were not interested in becoming general managers but saw themselves following specialist careers in such areas as human resource management or sales. Such careers often involved moves between unit and regional or head office posts. Although many in these types of role had a hospitality management background, these roles were also open to those with other qualifications or who have moved from different industries. They seemed particularly attractive to graduates. These specialist career routes were less apparent in the more traditional Regiohotels. In Budgethotels also it was not possible to specialise early in one's career: managers were developed through general operations first.

People development and progression

- The companies in this study were increasingly using sophisticated human resource management tools to manage the progression and development of managers. Most had competency models and used assessment centres to measure whether managers were ready for progression. There was considerable emphasis placed on skill development, usually facilitated through coaching, mentoring, job rotation and short in-company courses. Less emphasis was placed on the acquisition of extra formal qualifications except in specialist areas (for example, human resource specialists would expect to qualify for IPD). The culture across the hotel sector remains that attitude and experience is more important than formal qualifications, and several stories were told of managers who had worked their way up from the bottom.
- Nevertheless, several managers expressed the view that degrees or diplomas were becoming more necessary in order to progress. All the companies in the study had graduate programmes, usually for relatively small (eight to 10) numbers of graduates a year. Most of the graduates taken on were hospitality graduates. No distinction was made between those with degrees and those with higher diplomas. Some companies aimed to target specific universities or colleges; others considered whoever applied. In the deluxe and (to a lesser extent) the middle market hotels, European hotel school graduates competed with UK graduates.

- As the human resource manager from Budgethotels pointed out, the market for the first or second job out of university is a competitive one that favours the job-seeker. There was a recognition that, as one of the Globalhotel respondents said, graduates *'have a far higher opinion of themselves and a far higher expectation of the industry. They want to take ten steps further than they are capable of in the first few months, and if they don't do that they are very keen to change industry and they will do that without a thought and probably do very well'*. Graduates might expect to progress more slowly in the deluxe hotels than in the budget sector, where a good graduate could make general manager within two to four years, although managers in all sectors who *'stuck with'* the industry for the first few years after graduation were reasonably happy with their rewards.
- Generally hospitality graduates seemed to be favoured for their commitment to and knowledge of the industry rather than for any particular skills they possessed. Several respondents, from the four- and five-star hotels particularly, spoke highly of European hotel school students: they were seen as more prepared for the realities of work in the industry and more enthusiastic about it than many UK graduates. However, there were no complaints that UK graduates lacked any specific skills. Especially in the mid- and budget market hotels, it was acknowledged that graduates from other disciplines would also be good recruits providing they had relevant work experience. The respondents from Budgethotels felt that many hospitality students knew little about this sector and some academics specifically discouraged students from considering it.
- The hospitality graduates themselves had differing views of the usefulness of their degrees. They valued the general transferable skills which doing a degree had provided and specifically mentioned the work placement experience. Many also valued the management units: human resource management, marketing and accounting. Where degrees were criticised it was for being out of touch with current industry practice, especially in use of technology.

Gender and ethnicity issues

- As discussed above, hotel general manager remains a predominantly white male occupation although most companies were attempting to redress the balance. Below general manager, the split between male and female managers seems much more equal. Careers within the hotel sector often require working unsociable hours and being geographically mobile, which still seems to disadvantage women with family responsibilities compared with men.
- Hotel management is an international profession and the management teams, especially in deluxe hotels, are drawn from all round the world. However, there does seem to be relatively poor representation from British ethnic minorities at more senior levels. Nevertheless, two of the British hospitality graduates interviewed happened to be from ethnic minority communities.
- A couple of respondents commented that the sector tended to be ageist, favouring the young and discriminating against older employees.

Leisure sector

This research continues to explore the impact qualifications have on careers. This report deals with management careers in the leisure sector.

Background

The leisure sector is worth £60.3 billion at the moment and is forecast to grow by a further £10 billion by 2003. It has been described as the biggest, fastest growing industry in the UK. Within the leisure sector, some areas have slowed down, some are consolidating and concentrating on core businesses. Other companies in the sector have room for investment. According to industry commentators, the sense of frenzy experienced over the past decade is calming down.

One significant consequence of rising levels of work and prosperity is the pressure on time available for relaxation and leisure. Specific patterns of leisure time availability and leisure time behaviour differ amongst consumers. However, all recent research indicates that competition between companies is fierce in the fight for people's 'leisure pound'.

It is virtually impossible to find a 'pure' leisure company, and definitions of leisure companies are fraught with difficulties. One of the most useful ways of categorising the leisure sector is to separate it into '*popular leisure activities*'. As far as this particular research is concerned, the most appropriate way of dealing with the leisure sector is to divide the leisure sector into further sectors defined by leisure activities.

The popular leisure activities dealt with in this report are:

- theatre
- ten – pin bowling and cue sports
- casinos
- bingo
- health and fitness.

The leisure sector has skill problems, and many of these stem from it being perceived as a poor employer. Employment in the sector is characterised by low pay, long hours, high levels of labour turnover and inadequate training. As a result of the sector being so diverse it is neither appropriate nor possible to give an overview of typical products or services offered by the sector. Neither is it possible to discuss typical managerial roles nor career paths.

Research approach

Semi-structured interviews were conducted in organisations that represent the leisure sector. For the purposes of this sector report, the leisure sector has been divided into five popular leisure activities. Companies have been selected to represent these activities, and the five chosen form a cross-section of size and ownership patterns. International and national companies are found in the sample, and both large and small companies are represented. This is a reflection of an extremely dynamic and diverse sector:

- the theatre company is part of a major international leisure conglomerate, however, the theatre division is relatively small

- the ten-pin bowling company is part of a major national leisure company
- the casino company is part of an international hotel group
- the bingo company is also part of a leading international leisure company
- the health and fitness company is a small independently owned company that operates nationally.

Senior personnel were interviewed in each of the five companies, and other roles were identified in each company depending on the size, nature and structure of the company. In most cases, the human resource director and operations and/or marketing director were interviewed at head office. Out in the field, managers and unit level managers were interviewed. The study has been concerned with:

- unit management and development
- multi – unit management and development
- senior management recruitment and development
- the organisation's policies towards graduate recruitment
- general structures for employee development.

Questionnaires have been administered to target managers. This report features data gathered from the case studies and semi-structured interviews.

Main findings

This sector is diverse and dynamic, but, unlike other sectors in the hospitality industry, it is in a period of consolidation.

The detailed case studies illustrate interesting similarities and differences between the companies in the leisure sector. Obviously, the nature, size and structure of the companies will determine different patterns of employment, as will types of ownership. It is predictable that large internationally owned companies offer different types of careers to small independently owned companies. It is also clear that the range of skills required to manage these businesses differs depending on the product or service on offer.

The main findings from this sector are as follows:

- Unit management. Unit managers in every case study were responsible for the day to day operation of the unit. In every case they were responsible for operational aspects and the management of the people working in the unit. The majority of unit managers interviewed said that they made recruitment and selection decisions for staff below unit manager level. Most were also responsible for training members of staff in the unit. In every case, unit managers had to work within a budget that was decided and determined higher up the organisation. Without exception, they stated that although more senior managers consulted them on the budget, they actually felt that their input was minimal. The size of the budget varied between companies depending on the size and nature of the unit, but one of the most interesting findings was in BingoCo where the size of the budget could determine the unit manager's (potentially substantial) bonus.

The pattern of work of unit managers varied between companies. At one extreme managers were working in a seven days a week, 24 hours a day businesses, and were often called in to deal with emergencies during the night. In fact one of these managers who worked for BowlingCueCo said that the worst part of his job was having to deal with middle of the night emergencies when the assistant manager

on duty did not feel capable of dealing with violent or drunk customers. At the other extreme was FitnessCo where all the units in the sample only opened on a five-day week basis. None were open at the weekend and this was due to the location of the gyms (in the square mile) where there was no demand at weekends.

All unit managers (apart from the small independent company) reported to regional/area managers and in most cases the meetings with these more senior managers was frequent (normally fortnightly).

All unit managers interviewed were involved in making short to medium term decisions and all felt that any major decisions had to be discussed and approved by more senior management.

- Recruitment of unit managers. All of the companies in this sector use a mix of internal and external recruitment to fill management posts. Unit managers in every company were recruited centrally, apart from one company where the responsibility was shared with the regions. The usual procedure was to use assessment centres (the exceptions were the small independent company and the bowling company), and to attempt to match potential managers with competency frameworks. None of the companies in the sample deliberately exclude non-graduates from their recruitment and selection procedures.
- Management development. All of the firms in the sample were engaged in training and management development. Several were proud of their commitment to training. Management development appeared to be relatively sophisticated in most of the companies in the sample. Almost all of them used competency frameworks, succession planning and systematic management development programmes. One company had strong links with a university and had encouraged many of its managers to enrol on undergraduate and postgraduate courses that were specifically devoted to gaming.
- Area management. As mentioned above, apart from the small independent company, every firm had a layer of area managers. Two findings are important as far as area management is concerned. The first issue is one of the movements between unit and area management. The second issue is the importance attached to qualifications for this level of management in one particular company. Three of the four companies in the sample who had this level of managers were committed to promoting unit managers to area management.

BowlingCueCo had a stated policy of recruiting from within and aimed to promote people from unit to region. The evidence for its success was seven out of eight regional managers had been internal promotions. In CasinoCo, again it was '*seen as normal*' to move from unit to area. Proof of the pudding for this company was that '*there has only ever been one area manager who came from outside the business, and he actually left the company*'. In BingoCo, again, two out of three regional directors moved up through the company from unit level. In TheatreCo it was almost impossible to move between unit and area because of the stability of the area managers in post and the size of this layer, (there were only three area managers in the company).

Three of the four companies who had area managers stated that qualifications were not an important factor in the move between unit and area management. However one company (BingoCo) had encouraged its two internal promotions to embark on MBAs whilst working for the company. When one of its unit managers

was discussing career progression within the company he felt strongly that he *'could only go so far in this company without a Masters level qualification'*.

- Graduate recruitment. The extent to which graduate recruitment was specifically emphasised in a company depended on the individual company. This ranged from one company that specifically recruited graduates on their second job (BingoCo) who ideally had experience from another leisure sector, and TheatreCo who preferred graduates and then specified the discipline (Leisure or Business Management). At the other extreme was BowlingCueCo where the personnel director stated that unit management was not a graduate job.
- Graduate entry training schemes. Once again there was no clear pattern across the sector. The decision to have a graduate training scheme depended on the individual company. It is not even the case that the larger companies were more likely to have graduate programmes. Two of the five companies had graduate training schemes; however it is not the case that the other three companies had rejected graduate training schemes. One company had a graduate training scheme *'on hold'* due to a rather negative experience in the past and it was planning to reflect on this before introducing another. The small, independent company was hoping to introduce one in the near future. Only one company believed that there was no need for a graduate training scheme *'as unit management is not a management job'*.
- Knowledge and skills. When unit and senior managers were questioned on the skills and knowledge needed by managers, they usually included basic numeracy and literacy. Most managers also suggested that financial management skills, computing skills and the ability to collate and analyse information were essential. Most managers suggested that good communication skills, negotiation skills and the ability to motivate people were necessary to be effective managers. More senior managers in the companies felt that skills such as logical thinking, the ability to come up with new ideas and the ability to run a business were important. The most frequently mentioned skills were *'people management'* skills. One personnel director said that these skills were more important than qualifications. Not surprisingly, he was also the director that claimed that unit management in the company was not a graduate job.
- Labour shortages. None of the companies in this sector were seriously concerned about the supply of managers in the future. Many managers spoke of the *'booming leisure industry'* and spoke of the variety of entry points for managers.
- Salaries. Although pay was not a central issue in this research project it would be negligent not to mention the impact of pay on careers in the leisure sector. As mentioned earlier the leisure industry has a poor reputation regarding pay. It would be naïve to suggest that pay is not low in this sector, especially as far as operative staff are concerned; however this particular research has discovered that in some cases unit managers command high salaries and high bonuses. The two sectors where pay appeared to be particularly low were the theatre sector and the fitness sector. Managers were aware that their salaries were low compared with other sectors but seemed to be committed to the industry despite low pay.
- Labour stability. Although labour turnover was not systematically and rigorously measured in this research project, labour stability was frequently mentioned. It appears to be the case that even where pay is low (theatre and fitness) there is a high level of loyalty towards the company. This research found cases where theatre

managers stay despite low salaries, '*because they love the job*'; and in the fitness sector managers were aware that it was a low paid industry but still wanted to pursue careers in it. Labour stability in the theatre company had severely reduced the likelihood of unit managers moving up to area management, and the extremely low labour turnover in the bingo company had held up development and promotion in the company.

- Attitudes towards qualifications. None of the companies required managers to have degrees or HNDs; however attitudes towards qualifications differed between the companies. In TheatreCo all the divisional directors and the HR director wanted to recruit graduates because of '*the need to have better calibre people for the future*'. BingoCo's reason for recruiting graduates was the belief that there was a need to improve the calibre of unit managers and thus future marketplace managers. The HR director of BowlingCueCo was adamant that unit management was not a graduate job in this company, and one of the unit managers in this company felt that it did not make any difference in the company if one had a degree or not.

It is clear that whether or not a person is a graduate affects their views on qualifications. Graduates in the leisure sector had different views on the value of a degree. One graduate felt that being a graduate generally improved the speed of progress and ability to do the job effectively, but did not think that a degree could help one deal with people, which had to be learned by experience. Another graduate felt that her degree had helped her become a better-organised manager, but the actual degree discipline was secondary. One graduate suggested that '*unless a degree was a very specialised science subject that it teaches you as much about how to organise yourself and run your life as it does about the subject you are studying*'. Graduates spoke of improved communication skills that they had acquired during their degrees. One graduate felt that her degree had not made any difference. She suggested that a degree '*looked good on a CV but did not feel that having a degree made one a good manager*'. She added that one's attitude when dealing with people is more important than qualifications and did not think that this could be taught in college.

There was a view from a few unit managers that increasing numbers of managers were entering at graduate level and working their way quickly to general management. A few unit managers also said that their companies were changing and qualifications were becoming more important in management positions within the group. This was tempered with the view that there would always be a route into management for the non-graduate with '*the right*' skills and experience. One unit manager said that qualifications were more likely to open the door for interviews. Another unit manager who was interviewed declined the opportunity to go to university and decided instead to work her way up through the company. She now believes that she would have advanced more quickly if she had joined the company as a graduate.

- Perceptions of hospitality degrees. Hospitality degrees were not specifically relevant for this sector; however when managers were questioned on the relevance of degrees, it depended on the specific sector and company. The fitness company was planning to recruit graduates in the future, but was only interested in Sports Science degrees. The theatre company was specifically interested in Leisure Management and Business Management courses, but had no preference for any particular university and did not seem particularly interested in the specific content of courses. The casino company was interesting in that it had built up a strong relationship with a university (that was not local) and was encouraging and

supporting its managers through both undergraduate and postgraduate qualification specifically in gaming. This is encouraging, and obviously benefits the university and the company. However, at the moment it appears that only one university is offering this specialism.

- Gap in the curriculum. The gap in the curriculum identified by this sector is gaming. It is clear that graduates should be encouraged to develop knowledge and understanding of the legislative framework within which this industry operates.

Conclusions

The leisure sector is a dynamic and diverse sector and offers a range of careers for graduates and non-graduates. The large companies considered here have clear and appropriate HR policies and procedures. Several of them have sophisticated management development schemes, and take training and development seriously.

The majority of companies in the sample recruited graduates. Several of them specifically targeted graduates and had well developed graduate recruitment schemes.

The reputation of the leisure sector as being a poor employer has not been supported by these case studies. High levels of labour turnover, low pay, unsociable hours and poor or non-existent career structures have not been evident. It is also not the case that the companies in this sector lacked formal systems of human resource management or had a poor record on training. Although the number of cases was small and only management careers were investigated, there is room for further research in these areas.

Licensed retail sector

This research explores the impact of qualifications on careers in the licensed retail sector. The report explores management careers in organisations that were chosen as representative types in the sector.

Background

Licensed retailing is a vast sector of the hospitality industry which is experiencing rapid change. Movements in organisation structures and size, of mergers and divestment, ownership and management skills, are being driven by two macro influences.

Firstly, the impact of the Beer Orders forcing restrictions on the linkages between brewing and licensed retail outlet ownership has brought about substantial restructuring of the industry. Subsequently, five types of pub operators, or retailers, emerged as a result of the Beer Orders:

- national retailer with brewing interests
- national retailer with no brewing interests (either de-merged or fully independent)
- regional or local retailer with brewing interests
- regional or local multiple retailer with no brewing interests
- totally independent operator or freehouses.

This research is concerned primarily with results from firms that fit into the first four categories of the above list, though it includes some early impressions of results from the Leeds Metropolitan University small firms survey that will report on independent operators and freehouse management.

Changes in drinking habits and the services required by the customers represents the second key change occurring in the sector. Over the last decade, licensed retail businesses have increasingly been used by families, and '*going down the pub*' is no longer a largely male activity.

In response to these changes licensed retail brands are increasingly based round a food and drink offer, and other sources of income include games machines and accommodation. In these circumstances unit managers are often managing substantial businesses with weekly sales in excess of £20,000, and managers need a range of business management skills as well as the appropriate technical and operational competencies.

Outside the unit most licensed retail brands are organised round an area business manager (or some such title) structure, and in the bigger companies brand managers have responsibilities for the strategic direction of the brand. The organisation of these brands is still undergoing transition and it is reasonable to assume that structures will be different in the larger companies in future.

Research approach

The research teams, drawn from four universities, have treated this first study as a pilot for subsequent research on other sectors of the hospitality industry. At this stage, the research has been largely focused on building a picture of career structures in the sector, and gaining some insights into the skills needed by managers within the sector.

The team has conducted semi-structured interviews in organisations that represent different types within the sector:

- Natbrewco – a national multi-branded retailer with brewing interests
- Retailco – a national retailer with no brewing interests
- Regioco – a regional multi-branded retailer with brewing interests
- Eastpubco – a local retailer with no brewing interests.

In each case researchers were focusing solely on the managed estate.

The team have interviewed senior personnel within the company and identified key roles that needed closer examination. Though there have been small variations depending on the size and type of organisation, studies have been concerned with:

- unit management and development
- multi-unit management and development
- senior management recruitment and development
- the organisation's policies towards graduate recruitment
- policies towards the recognition and development of student employees
- general structures for employee development.

The team has administered questionnaires to some target managers, and these are undergoing analysis. This report focuses on the information gathered from the cases studies and semi-structured interviews.

Main findings

It is hard not to be impressed by both the diversity and the dynamic change within the current licensed retail sector. Gaining access to some firms was blocked, despite having prior agreement, because of take-over and merger activities.

- Although there are many similarities, the management development needs of small regional retailers like Eastpubco are different to those of Natbrewco. Eastpubco is running what might be described as traditional '*boozers*' with simple food offers. Firms like Natbrewco run an array of brands aimed at a variety of customer service needs and with varying menu complexity.
- All the organisations recognised that unit managers are key to the success of the unit and ultimately the overall business. Several companies were paying unit managers generous salaries: when bonuses are taken into account £40,000-£50,000 per annum was not unusual in the bigger units.
- Though some companies are attempting to introduce planned unit management development programmes, recruitment of unit management is best described as '*kick and rush*', with few sustained and ongoing planned programmes geared to the organisation's development needs. Indeed several interviewees reported that new property openings had been delayed because of management shortages.
- Recruitment of unit managers tended to be through three broad avenues:
 - from existing bar staff and junior management
 - recruitment on to a specific unit management programme

- '*poaching*' managers from competitors.

- There are examples of graduates working in unit management, but in the main there is little evidence that graduates are recruited into unit management positions as a deliberate policy. Some organisations do target HND diplomates on hospitality programmes. In the main, researchers got the impression that unit managers are the NCOs and the officers work outside the unit. That said, the growing size and complexity of branded business units is likely to lead to the increasing professionalisation of unit management in the licensed retail sector.
- Several of the larger licensed retailers did recruit graduates, and some employed quite sophisticated recruitment centres, but these came in as head office trainees or into specialist departments such as marketing or accounting. Other graduates were recruited in from other companies as area business managers.
- There was evidence of moves from unit management to area business manager positions, but this tended to be the exception rather than the rule. On inspection there were often considerable barriers to moving out of the unit to multi-unit management. The bonused unit manager may be earning more than the area business manager and there are big differences in the social dimensions of the two jobs.
- The area business managers were mostly recruited from outside the organisations or as part of a management development programme, though poaching seemed to be widely practised amongst these firms, particularly the larger branded businesses. These were more likely to be graduates than the unit managers, but not always. For people recruited from outside the organisation, it was more likely that the appointee would be required to be a graduate though not necessarily a hospitality management graduate.
- Interviews with personnel at all levels revealed that people management and team working were the most important skills needed for both unit and multi-unit management.
- As the size and complexity of the unit increases, unit managers are required to possess an array of operational competencies in food and drink, as well as accommodation and games machine management, together with business management skills. Several interviewees expressed concern at their organisation's lack of expertise in the food aspect of the operation.
- Senior executives were also recruited through the area business manager positions, or from other companies. Some came in as graduate recruits; however, there were significant numbers who had few formal qualifications post-school. Senior managers who were graduates tended to have degrees in an array of subjects other than hospitality management. That said, this could easily be explained by the age profile of these executives and the length of time that degree courses have been offered in hospitality management. There were few courses in the subject when these people were starting their careers.
- General employment practices seemed to present important barriers to development processes that could generate future managers. Many firms in the sector have high staff turnover. This creates a climate whereby these firms are not generating people through employee development into a career path that ultimately leads to management positions.

- This climate affects the use of students: few organisations recognise that their employees at unit level are studying and that they could be encouraged to work in the business as a long-term career. Hence most students were used as manual labour who went to get a '*real job*' after their course.
- Interviews with managers at all levels revealed a general level of ignorance about hospitality management degrees and what they entailed. When researchers explained how these programmes are structured, managers were generally interested and saw the potential benefits of recruiting this type of graduate.
- Early impressions from the LMU's small firms survey suggest that something like one in seven owner managers in the sector are graduates. Small firm managers who are graduates are themselves more likely to recruit graduates.
- Most hospitality management programmes develop skills in food and drink operational competencies as well as the range of management skills needed for both unit management and multi-unit management. Clearly, the growing number of degree programmes dedicated to licensed retail management has particular relevance to the sector.
- This study suggests that academics need to develop a better understanding of games and gaming machines as sources of profit within the sector.

Restaurant sector

The restaurant sector of the industry provides a particular challenge in establishing a clear picture of practice given its *'sheer pace and pressure'* and given that *'the quality and diversity of restaurant outlets, be they chain or independents, is astounding, reflecting the amazing entrepreneurial spirit that is attracted to this fascinating industry'* (Restaurant Association – Annual Report). The research has, however, highlighted some strong emerging themes influencing management careers in this sector, in particular the role of graduates.

Background

For the purposes of this research the restaurant sector can be identified as closely following the Standard Industrial Classification (SIC) guidelines under Section 55.3 Restaurants; namely 55.30/1 Licensed restaurants, 55.30/2 Unlicensed restaurants and cafes, 55.30/3 Take-away food shops, and 55.30/4 Take-away food mobile stands. The major emphasis will be on the first two sections. There are, however, discrepancies in these seemingly simple definitions that lead to inconsistency of sector statistics.

There can be no doubt that the restaurant sector occupies a major role in the hospitality industry. Statistics from Foodservice Intelligence/HCIMA show there are around 48,000 outlets comprising restaurants, fast food, cafes and take-aways; they also indicate an underlying trend of growth, particularly in fast food. These units provide over 2,100 million meals annually generating sales revenue of approximately £8,000 million. From these figures the simple average turnover of a unit is calculated at £166,000, indicating that the industry has a large number of very small units.

In employment terms, the restaurant sector provides jobs for between 350,000 and 411,000, more than the licensed retail sector overall, and provides considerably more full-time employment than any other sector. The Restaurant Association (RA) recognises the importance of this position in its statements on training. *'Given its role as a major employer, the restaurant industry recognises its responsibility to provide worthwhile and secure jobs. In this respect the RA understands the importance of education and training for the development of future talent'* (RA, web site). However, calculations show that the average restaurant employs somewhere between three and seven people, depending on which set of statistics are used. Consequently the responsibility to provide such worthwhile jobs lies with a sector that has probably the highest concentration of small businesses.

The restaurant sector has seen substantial growth in sale turnover over the past few years, with a total turnover of some £9.63 billion in 1998. Various factors have contributed to the strong growth of the restaurant sector in recent years. These include increases in disposable income, changes in lifestyle habits encouraging more eating out, more choice of restaurants catering for a huge variety of tastes, and the spread of branded chains, increased tourism, the growth of television cookery programmes, continued interest in foreign travel and the development of eating out as a regular leisure activity rather than just a special treat.

The dominance of small restaurant operations does not mean that the restaurant sector does not attract large companies. Indeed the major brand owners are increasing their share in most market segments at the expense of small independent

operators. Most of these small businesses operate in localised markets, and margins can be very low.

There have never been as many brands in the UK restaurant market as there are currently, as operators segment their markets and aim specific types at specific customers. There is also evidence of continuing consolidation in the industry, with the biggest companies continuing to grow strongly and increasing evidence of companies seeking an international as well as national presence with their brands. There is increasing crossover between the licensed retail and the restaurant sector.

It is possible to identify within this collection of chain operations a number of business types:

- company with a strong single brand possibly with an international presence
- company with strong multiple brands, either combining brands into single sites or operating as separate companies. Some international brands evident
- company with multiple individual units. May have flagship sites in international locations
- small company with single brand, probably in a rapid expansion phase
- small company with individual units.

Virtually all the leading restaurant operators are due to expand their outlet numbers in the next few years. Some even suggest a doubling of numbers in two or three years. This, combined with positive social and economic factors, suggests that the sector is likely to see continued healthy growth. The future looks bright for the next few years, and this will mean even more difficulty in recruiting the calibre of staff and management the industry needs and deserves.

Research approach

The research team has drawn on the experiences of the pilot study and has focused on building a picture of career structures in the sector and gaining insight into the ways managers are developed, considering the skills needed by managers and in particular the role of higher education. The nature of this sector of the industry, with a large number of small independent operators but a significant number of large chains of national and international importance, raises some issues for this research. The stance taken is that the major opportunities in the sector for graduates will be found with the main chain operators; the role of the independents can also be pursued through the auspices of the Restaurant Association and through the small firms survey done by Leeds Metropolitan University.

The team has conducted semi-structured interviews in organisations that were chosen to represent different types within the sector. These are as follows:

- FastFood Restaurants UK Ltd – a world leader in the restaurant sector providing one of the world's strongest single hospitality brands
- RoadSide Hospitality – a well established UK company with a portfolio of branded operations operating independently and on multiple branded sites
- HighStyle – a mainly UK based company at the forefront of restaurant development offering a range of individual operations but with a consistent style
- CoffeeCo – an independently owned single brand operation in the rapidly expanding coffee shop market
- ExoticRest – a small independent company with a number of units offering ethnic cuisine.

Following the protocol designed in the pilot study, the team has interviewed senior personnel within the companies and identified key roles for closer examination. The studies have been primarily concerned with unit management and their development, the progress from unit management to more senior positions, the policies toward graduate employment, and more general employment and development issues facing these organisations.

The questionnaires issued to the target management groups in the companies will be analysed as part of the overall survey analysis.

Main findings

- Management development needs. The diversity of this sector makes it difficult to generalise about the management development needs of all companies, but an interesting dichotomy seems to emerge. On the one hand, those companies whose operations depend on brand values and brand standards seem to follow a clearly structured route, which results in the development of managers with common skills and experience. Those operations who seek to offer a consistent service, but where the individuality of their operations is a key selling point, take a much less directive, procedurally driven, approach to management development. In such operations experiential learning, both inside the organisation or in similarly minded organisations, is highly valued.
- Unit management role. Whatever the style of operation or company, the key role for maintaining service standards and managing profitability is the unit manager, although the nature of this role, in terms of scale and scope, will vary. The day to day operation of restaurant operations will depend on the active involvement of the unit manager. Where the level of food preparation is high this responsibility may be split with the head chef, with the restaurant manager concentrating on front of house, but in others the unit manager has responsibility for all areas. There is a tendency for unit managers in branded operations to be involved only in day to day operations, with all other decisions being taken at the multi-unit and senior management levels. This can cause difficulties in progression from unit manager to multi-unit manager roles.
- Recruitment of unit managers. There appears to be a common preference to develop unit managers from within the business – encouraging any member of the organisation to develop to this level through a series of structured programmes or through direct mentoring. Despite this preference for '*growing your own*', there is a recognition of the value of bringing in fresh thinking from outside to challenge established practice. Recruitment direct to unit management would not be seen as good practice but at the same time pressures from expansion or difficult labour markets may make it unavoidable.
- Unit management development. Two methods of management development seem to emerge. The first is a company-wide scheme providing a range of short courses plus structured experience accompanied by careful monitoring of performance and regular appraisal. These schemes could be seen as examples of good industry practice, and result in a consistent approach and a consistent outcome. Managers who have been through these programmes value them highly. This approach may well be linked to a career plan, which moves from smaller simpler units to larger more complex units, perhaps including multi-branded operations. The second approach is to provide opportunities for courses and to identify the desired

competencies of managers but to allow individuals partly to identify their own training path, preferably in consultation with a mentor. This path may well be achieved through a series of substantive posts allowing individuals to gain experience in different roles and through the completion of a series of projects. This approach responds more closely to the strengths and weaknesses of each individual but is less clearly perceived by those following this route. A number of managers indeed failed to identify any formal management development in this approach. The choice and balance between these two extremes will depend on the specific characteristics and the culture and values of the organisation.

- Recruitment of area/senior management. The recruitment of managers to levels above unit management is almost exclusively from within the organisation. There is no expressed need for managers at this level to have particular qualifications but in practice a higher percentage of graduates, from all disciplines, are evident at this level than at unit management. One company indicated that it would expect graduates to reach this level over and above non-graduates, who may achieve their ceiling of performance at the unit level.
- Development of senior management. Again the development of senior managers shows a number of approaches. One organisation followed a structured pattern of assessment centres, followed by appointment as trainee operations managers with a reduced set of units, followed by '*normal*' operations managers with a full set of units and finally a small number of senior operations managers with a reduced set of units but more strategic responsibilities in addition to mentoring the trainee operations managers. In a smaller organisation, the transition was much more down to a process of succession planning and waiting for the senior opportunities to emerge at the right time and place.
- Key skills. The skills that were most frequently mentioned in all operations and at both unit and senior management levels were leadership and people management. There was a feeling from the managers interviewed that skills such as finance, marketing or purchasing could be learnt with experience from close contact with the functional specialists in these areas.
- Role of operational competence. A key result from the strong reliance on the internal labour market is that unit managers are expected to have the same level of operational competence as their teams and will go through the same training to achieve this. This operational competence is expected at senior management levels and in some functional specialists.
- Salaries. With such a limited sample of organisations no significant conclusions could be drawn, but some key issues were highlighted.
 - Managerial salaries at the unit management level are not high for the level of responsibility and the hours of work expected in a high turnover high pressure business. Indeed, one manager looked back to her golden days as a waitress with no responsibility and earning a substantially higher take-home pay. She would not however have changed back.
 - There is common use of incentive and bonus schemes, presumably as a strategy to provide motivation and to reward good performance in key areas. There is little evidence that incentives of this nature are necessary to provide motivation at this level.

- One manager reported being paid a very low (£5,000) salary which was made up with a share of the tips, which obviously varied on the level of business. It seems strange to use such an unprofessional approach in a business which encourages the professional conduct of responsible managers.
- Labour shortages, turnover, and expansion. All the case study organisations reported difficulties with recruiting staff, high levels of labour turnover and the pressures caused by rapid expansion. There is no doubt that the type of recruitment policy pursued by some companies builds some of the problems into the system. At the management level, some organisations chose to meet this challenge through their structured approach to identifying and developing any member of staff identified as having managerial potential, while others resorted to the external labour market to fill emerging gaps. There was some suggestion that finding senior managers of the required calibre is increasingly difficult, particularly in a period of rapid expansion when there is no time to grow managers internally.
- Graduate recruitment and development. All the organisations consulted expressed an interest in and a need to recruit graduates for managerial positions. In particular, they were looking for the intellectual ability, speed of thinking and analysis and '*fresh eye*' that graduates would bring. Only one of the organisations had a specific graduate programme, although another was in development. The first programme recruited a small number each year from hospitality and business courses onto a two year programme consisting of short operational experience, before supervisory and eventually departmental manager experience. The company also had two or three places annually on a fast track scheme for direct entry into managerial positions combined with project work. The other organisations recruited graduates onto their normal management development schemes but expected the graduates to make quicker progress at all stages and to have higher expectations of future career development. One organisation expected to fill 30 per cent of its management needs from graduates, while another saw graduates as only a small but vital part of its total recruitment.
- Student employees. There was evidence of companies tracking the students working for them in vacations or during their university course and inviting them to join the management development scheme. One company called these individuals '*swallows*' – they are here for the summer and then disappear. There was little evidence of how effective this approach had been.
- Perceptions of hospitality management degrees. All the organisations consulted were aware of hospitality degrees and were positive about the nature of the courses. There was evidence of more detailed knowledge of the strengths and weaknesses of particular universities both in the UK and in Europe. There was, however, no intention to recruit exclusively from these courses and indeed one company was pursuing recruitment of general business studies students, although it was not clear what the results of this had been. A feeling was expressed that selection was based on the attitudes and aptitudes of the individual rather than the specifics of the course they had been on.
- One area felt to be lacking in the hospitality curriculum by one organisation was the development of foreign language skills, and it was felt that courses at European schools were better for this reason.

Welfare sector

Background

This research explores the impact of qualifications on careers in the welfare sector, where providers of hospitality services are secondary to the main activity of the organisation. In this case, the provision of food and/or drink, and/or accommodation is for clients who are participating in an array of largely publicly provided services meeting educational, social or leisure needs. Despite the impact of Compulsory Competitive Tendering these public sector hospitality services are operated, or at least monitored, within the public sector and therefore represent provision distinct from the contract catering sector.

Though nominally independent and '*owned*' through local institutions, each different type of provision has a network co-ordinating process through which hospitality services providers meet regularly and co-ordinate activities and communications processes. The bodies representing different types of provision in the sector are:

- The Local Authority Catering Association – represents local authority catering professionals for school meals and civic catering
- The Hospital Caterers Association – represents the professionals providing hotel services in hospitals
- The Advisory Body for Social Services Catering – represents professionals providing those in residential homes
- The Conference of University Business Officers – brings together professional providing residences, catering and conferencing in UK universities

Research approach

Researchers have conducted interviews with and gathered information from the lead associations and with typical organisations from the various types of hospitality provider. In each case interviews have been conducted with senior managers in each organisation and then with a range of managers at unit and multi-unit management positions:

- county council
 - school meals service
 - civic catering
- social services
 - residential homes
- university
 - residential, catering and conferencing
- National Health Trust
 - hotel services in hospitals.

Compulsory Competitive Tendering (CCT) has had a dramatic impact on the local authority and health service providers in particular. This, together with a prolonged period of restricted funding across these public services, has produced dramatic change in the organisation of hospitality services, management careers and the diversity of provision.

Although core responsibilities for health, education and social services are nominally still in public hands, many hospitality services have been subject to the pressures of CCT. This has resulted in either the service being contracted out to a private contractor, or dramatic changes in the organisation structure so as to meet the competitive pressures from commercial providers.

Social Services had been able to avoid the immediate impact of having to compete with commercial contract catering firms because the central production facility was also meeting a brief to provide employment for disabled people. That said, much of the immediate provision of catering services was the responsibility of individual homes, many privately owned, or in some means out of the public sector.

In the case of the university CCT has been less obvious, though the provision was at a commercial rate and supplemented by income from conference business.

Main findings

Graduate opportunities

- In both health and local authority services there were fewer jobs for graduates, and interviewees reported the virtual elimination of recruitment into management training schemes.
- The NHS graduate recruitment programme had provided career opportunities in the past. This no longer supplies hospitality management trainees.
- None of these sectors provide national level management training programmes. Most management recruitment was at local level – local authority, hospital trust or university, and these units were often too small to afford graduate trainee management programmes.
- Few of the organisations had a management development programme. Only the local authority had a formal programme focused at management for hospitality operations.
- Where graduates are recruited they are recruited into operative roles, and no special weight is given to their degree. In other cases graduates are recruited, post-experience, into multi-unit management roles. This applied in particular to the local authority provision for school meals.
- Management recruitment was most frequently from the operative and supervisory grades, and several interviewees were dismissive of graduates and graduate skills. *'We don't actually set out to recruit graduates, because this is very much a 'hands on' sector and people usually come to the catering side first and then if they show an interest the management side later on. We have several training packages that support this system and nearly all the unit managers have come from the catering side. We do employ some graduates at management level but they would have*

come from the catering 'hands on' side first. I think it's essential to have some catering experience before managing people in catering'.

Two other consequences of these pressures were, particularly in local authority and NHS services, firstly that managers were often managing reorganised ancillary services that clustered catering, cleaning and building maintenance. Secondly, pressure on salaries meant that management salaries were not competitive with the private sector. One interviewee in the local authority sector summed up comments from several interviewees: *'Some managers are earning salaries of just over £12,000 pa and handling budgets in excess of £750,000 pa. That's an awful lot of responsibility for very little reward, this makes it difficult for us to attract graduates in the first place, and even harder to retain them'.*

Management careers

- The size and scale of operations at local level was an important distinguishing feature across these organisations. The local authority school meals service was the largest provider and had the largest management structure, though local government re-organisation meant that many county authorities had been reduced by the provision now controlled by the city authorities.
- Reductions in employing unit size had an impact on career opportunities within the employing organisation. The single university, hospital trust or social services department provided limited career opportunities for hospitality management development. Several interviewees reported on the drain of management staff to the private sector. In some cases, they went to competitor commercial contractors, though salary differences resulted in losses across the range of commercial provision. In other cases they were attracted by jobs in other departments in the local authority. *'I have recruited graduates on several occasions for management posts (graduates with two to three years' experience) but after a while they move to other departments within the authority. I feel that the salaries we offer compared to some of the other departments is the reason for this. In the local authority there is a well-structured pay grading system but catering tends to be at the bottom, for instance my equivalent in the housing department or planning department is on a higher grade of pay than I am. So ambitious graduates who start off in the catering section soon spot the opportunities in other departments'.*
- Managers' jobs involved operations management in situations where the provision was still under the direct control of the organisations. In these interviews the school meals, local authority catering, hospital hotel service, and the university catering provision were examples. On the other hand some organisations in all these sectors were contracted out, and management tasks were substantially involved in contract compliance. The social services management also had some elements of this.
- Multi-unit management roles were mostly restricted to school meals provision. Although all the larger organisations involved some multi-unit management, this was limited in scope when compared to commercial sector organisations.
- Several interviewees from different sectors complained of the low status accorded to the hospitality provision. *'Unfortunately we are always looked down on by the Social Services departments because in their eyes we only provide meals but in effect we do much more than that. We are a caring service as well as a meal provider. At the day care centres our staff and volunteers offer more than just the*

meal service, they also provide company and social contact for the elderly; this is probably as important as the food'. In the local authority one interviewee said, 'But even here in a local authority, catering is looked down on by employees in other departments. On the salary front we always come last and the grading system is lower for us than any other department in County Council'.

- Many of the organisations in this survey adopted an internal recruitment process, and large numbers of managers were being recruited from the operative and supervisory grades. In these circumstances graduate recruitment was more accidental than planned, though graduates clearly presented skills that were noticed by some interviewees, *'I recently conducted interviews for a management post, and one of the ladies interviewed held a degree in hospitality management. I noticed that she was much more confident, and had more transferable skills than some of the other candidates, and this made her the best candidate for the post'.*