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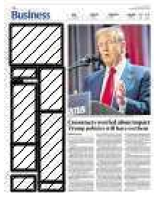

‘Cash-in-hand’ jobs making a comeback in hospitality, survey reveals

The practice is more prevalent in social-media ads

JOHN BURNS

Cash-in-hand payments are making a comeback in the hospitality sector as a reaction to rising costs, according to a leading recruitment company.

“As businesses struggle to balance budgets, some are turning to this practice, driving an increase in the black market,” said Shane McLave, managing director at Excel Recruitment. “This shift risks undermining legitimate businesses, and puts job security and working conditions at stake.”

The practice of offering cash to workers, or advertising tips as part of an employment package, is becoming more prevalent in job advertisements on social-media sites, he said. There is little benefit to employees, who miss out on social insurance and holiday pay as well as other benefits, but employers can escape PRSI, pension contributions and sick pay.

“The black market had pretty much disappeared from the hospitality industry, but there has been a marked increase in this year-on-year,” Mr McLave said.

“If employers are prepared to do this on social media, you can be sure it is going on in one-to-one interactions with workers too.”

In its salary guide for the hotel and catering sector published today, Excel Recruitment says there have been noticeable adjustments in wages for entry-level and supervisory roles, while management pay remains mostly unchanged.

Kitchen porters can now expect average pay of about €28,000 a year, slightly above the minimum wage, and chefs de partie may earn between €38,000 and €42,000. Head chefs earn between €70,000 and €80,000, while a hotel bar manager is on €50,000-€55,000.

“Although employers are introducing minor pay increases and added benefits to retain talent, these initiatives are financially challenging in a highly service-oriented industry,” the survey says.

Some businesses in the sector are reducing their management teams, and narrowing the salary gap between entry-level and supervisory roles. Hotels are increasingly offering live-in positions for employees, who would otherwise struggle to find affordable accommodation.

Other hotels are said to be closing on select days, reducing menu selections, and investing in self-service and automation.

In order to reduce expenses, the survey says, many hospitality businesses are attempting to make use of technology, with innovations such as online check-ins, in-room service tablets and automated check-outs becoming common.

“Although these advancements improve operational efficiency, they risk detracting from the personal service that defines Irish hospitality,” Mr McLave said. “Balancing technology with human interaction will be a key challenge in preserving the industry’s traditional appeal.”

The hospitality industry had asked for the Vat rate to be reduced from 13.5pc back to 9pc in last month’s budget, but the Government refused. Since then, however, Fine Gael has proposed in its election manifesto that the rate be cut to 11pc.

Among the costs facing employers next year are a rise in the minimum wage to €13.50 per hour from January, and the introduction of a mandatory workplace pension scheme in September. Employers will have to contribute an initial 1.5pc of each worker’s gross earnings to their pension pot.

Statutory sick leave is expected to increase from the current five days’ of paid leave to seven days next year.

The Excel Recruitment survey says that with operating costs increasing at an unprecedented rate, the country’s reputation for high-quality service could be put at risk, with businesses having to make difficult decisions to survive.

“The hospitality industry is at a crossroads. With anywhere between 600 and 700 hospitality venues closing in the last 12 months, it’s not a surprise that just about everyone we meet in this sector is concerned about its sustainability,” Mr McLave said.

“All over the country businesses

are reassessing their business models as they grapple with rising labour costs, combined with additional sick pay obligations, PRSI contributions, and pension auto-enrolment."

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