# Research into the hospitality industry:

## Key themes for businesses

**Serving the Future**

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Across three streams of research engaging with hospitality employers and workers, we uncovered the following key points:

- Hospitality employers described the post-Brexit, post-Covid, and cost-of-living crisis business environment as the most challenging time they've ever faced. These economic challenges have compounded ongoing problems with recruitment, pay, and training, leading to difficulties for both employers and workers.

- A paradox has emerged concerning sector engagement and access to advice and training. Some employers are unaware of the extensive spectrum of support available to them by sector bodies. A similar issue has emerged around visibility of sector voice.

- Our research underscores that there are employers committed to enhancing conditions for their workers, but factors outwith their control require action from the government.

## Introduction

Serving the Future is a three-year action research project involving hospitality employers and workers. The goal of the project is to understand, reduce and prevent in-work poverty and to identify actions that both the industry and the government could take to support these aims. The research also focuses on improving the long-term sustainability of the hospitality sector in Scotland by pinpointing necessary changes in policy and practice.

This briefing summarises findings across three different streams of research within the Serving the Future Project. This research draws on the experiences of businesses and workers from urban and rural areas of Scotland. The hospitality and visitor experience industries are vital sectors for Scotland's economy, accounting for approximately 3% of Scotland's GDP and 8% of Scotland's jobs pre-pandemic. This briefing explores the challenges which face the industry within the context of COVID-19, Brexit, staff shortages, and the cost-of-living crisis. It also highlights opportunities to support the sector's sustainability by exploring themes such as pay, recruitment, training and development, communication within the workplace, and support for businesses and workers.

It should be noted that the experiences of workers and businesses vary considerably across the hospitality sector and both positive and negative practices have been highlighted within the Serving the Future project. We recognise that the research is based on a small sample of businesses and workers and leaves many questions unanswered. Through the second phase of the project, we hope to explore those questions and expand on our understanding of in-work poverty within the sector. We welcome reflections on these early findings from businesses, workers, and industry bodies.

## Pay and security of contracts

***Whilst employers in the sector are motivated to make improvements, relatively poor pay and conditions in the sector prevail with employees having to deal with insecurity on multiple fronts.***

Precarious hours, last-minute shift changes, lower levels of pay, and unreliable income from tips contributed to financial insecurity among those interviewed. Employees felt that wage and contract security were critical to improving working conditions. Employers wanted to find ways to improve pay and conditions but felt constrained by unpredictable cash flow, increasing costs, and price pressures due to higher input prices and competition. Interviewees highlighted an ideal role for government(s) in setting a level playing field in terms of minimum pay. They also felt that the government(s) should provide reliable childcare that caters to those working outwith the traditional office hours.

## Recruitment

***Challenges in recruitment were prominent and contributing to difficult working conditions for existing staff and higher costs for employers.***

Employers highlighted that current business conditions were some of the most challenging they had faced. Participants throughout our research reported high levels of employee turnover and unfilled vacancies, compounded by difficulties in recruiting and retaining staff in the hospitality sector in both urban and rural areas. Recruitment, especially for chefs, has become increasingly difficult due to an increasingly competitive market, exacerbated by post-Brexit immigration measures.

Issues around pay and conditions are a clear contributing factor to recruitment issues, but others, including accommodation (particularly in rural areas) are also presenting challenges. The lack of affordable housing in rural areas often means that employers need to provide housing to enable workers to live and work in the local area leading to additional costs for the business. Employers

also emphasized that workers entering the hospitality sector often lacked the soft skills required for customer-facing roles.

Several workers we interviewed reported having to deal with the consequences of staff shortages. This typically leads to these workers taking on extra hours and work, causing burnout, stress, and a worsening work-life balance for staff. There are fears that as the high vacancy rate persists, the consequences for those already working in the sector will become more pronounced.

## Training and development

***There are roles for businesses to consider progression pathways and on-the-job development of staff along with better signposting for employers of available training, particularly in rural areas.***

Skills gaps within areas like housekeeping and customer service were highlighted as a significant challenge for employers and there was clear motivation to find ways to provide training and development opportunities for staff. Employees in the hospitality industry discussed their struggles with a lack of consistency in management or clear lines of progression. These struggles were especially pronounced for women with caring responsibilities, who may not be able to manage longer and fluctuating hours that come with progression opportunities. Rural employers also highlighted struggles with training. Training opportunities in rural areas may require staff to travel long distances or be completely absent entirely. Employers expressed a desire for a better alignment of the skills and training offers available, along with improved financial support. If nothing else, employers discussed the challenges navigating the training and education system in Scotland, noting that it can be difficult to understand what opportunities may be available.

The research shows evidence of a skills gap among employers: there is a potential lack of effective communication with the staff team and a lack of knowledge on the best ways to support employees' individual needs. Businesses also highlighted that it has become more difficult to manage people effectively, requiring them to develop new skills and confidence.

## Communication in the workplace

***Good relationships with managers are crucial to job satisfaction but managers do not always have the skills, confidence and knowledge required to provide the right support.***

By facilitating clear and open communication with staff, employers can ensure that workers feel valued, respected, and understood. We heard from employees how crucial their relationships with managers can be. Workers with children in particular felt that supportive line managers were the deciding factor on whether they can remain in the sector. Employers wanted a better understanding of existing support and had little awareness of charities that can provide external assistance, such as HIT Scotland and Hospitality Health.

## Support for smaller business

***Small employers can feel isolated and wanted more opportunities for sharing best practice and insights, and to feel better represented by industry bodies.***

The research highlighted struggles with HR support. Businesses that are smaller in size tend to lack dedicated HR support, as well as a lack of knowledge, experience or skill in dealing with an increasing number of employee relations issues. Owners and managers could also benefit from ongoing training and development in relation to employee engagement and people management. Although there are a number of local and national industry bodies that represent hospitality and tourism employers in

Scotland, the employers felt there was a lack of a unified, national voice and were unaware of work done by existing employer networks. Employers voiced a desire for more opportunities for sharing practice and learning from other businesses in the sector.

## Increased costs

*Navigating the cost-of-living crisis has thrown up challenges for both employers and employees, with both feeling that more support is needed for events outwith their control.*

Businesses have been impacted by the cost-of-living crisis through the supply chain, employee costs, and through increased energy costs. Pressure to maintain tight margins has also created additional work for management and chefs. Businesses have felt they needed to reduce the size of staff teams and/or individual staff hours, even though they are aware of the problems this creates. Staff reported concerns about managing household costs on low wages, including rent, mortgages, energy bills, childcare and higher costs of food. Given the limited capacity of businesses and employees to absorb these costs, it was felt that more support from government was needed

## Support for workers

*Workers and employers alike discussed how challenging it is to navigate support, especially with the difficulties posed by atypical working hours.*

In our research, workers discussed how much they struggled to understand their rights when it came to topics such as sick pay, financial support during pregnancy, and access to social security entitlements. Employers also voiced that they would like to better understand the elements of support available to employees. The normal working hours in the sector tend to be outwith the 9-5 norm, meaning childcare and public transport availability can be particularly problematic. Housing affordability, particularly in areas that attract tourists, was also noted. Although employers do play a role in supporting staff around these issues and are sometimes able to provide solutions, they felt that at times they were being asked to do more than other industries, for example, by providing taxis home after work.

## Unanswered Questions

*We would welcome insight from businesses, workers and industry bodies on the following questions that have not yet been fully answered within the Serving the Future project:*

1. To what extent does a unified "industry voice" exist within the hospitality industry? What gaps might there be in the ability to influence policy and practice for businesses within the sector (on national and local levels)?

2. How can access to resources be extended for employers wanting to better support their workers? How might national and local bodies work together to create a "one-stop shop" for accessing business help and advice?

*Learn more about Serving the Future at https://www.servingthefuture.scot/ or contact Emma Congreve at emma.j.congreve@strath.ac.uk*

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