STAFF SHORTAGES AND IMMIGRATION IN THE HOSPITALITY SECTOR

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Project overview

“A set of review papers on the micro-level determinants of employer demand for migrant labour and the alternatives to immigration for responding to labour shortages in key sectors of the UK economy.”

This paper is part of a research project commissioned by the Migration Advisory Committee (MAC), a body of independent economists set up by the UK Government in late 2007. The MAC has been tasked to advise the Government where in the UK economy there are skilled labour shortages that can be “sensibly” filled by migrant workers from outside the European Economic Area (EEA). The MAC’s current remit focuses on skilled labour shortages. Specifically, the MAC has been asked to produce a list of “shortage occupations” for Tier 2 of the UK’s new points-based system. However, future work may also involve analysis of low-skilled labour markets. As explained in its recent report on “Identifying skilled occupations where migration can sensibly help to fill labour shortages” (February 2008), the MAC’s methods will include “top-down” approaches (including analysis of available data from employer skills surveys and the labour force survey) and “bottom-up” approaches which provide more detailed micro-level information about the nature and determinants of labour demand, supply, staff shortages and alternatives to immigration for filling vacancies in key sectors and occupations.

This research project contributes to the MAC’s bottom-up approach by providing an independent analysis and assessment of the nature and determinants of staff shortages in key sectors and occupations of the UK economy. Given the short time period within which the MAC needs to produce its first list of shortage occupations (July 2008), the main method of this project has been to mobilise existing information and research rather than to generate new data. To this end, academic experts provided an analytical research perspective on staff shortages and immigration in seven sectors of the UK economy: agriculture, food processing, financial services, construction, hospitality, health care and social care. Although taking a sectoral approach, the seven “sectoral review papers” highlight and discuss key occupations in each sector. All sectoral review papers were written during April-May 2008 and are based on a common template of questions. A separate paper discusses key concepts, selected empirical findings from the sector papers, and the implications for a skills-based immigration policy.

All papers in this research project were coordinated by Bridget Anderson and Martin Ruhs, with the assistance of Rutvica Andrijasevic and Karin Heissler (all at Centre on Migration,

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1 The EEA includes the EU 27 plus Iceland, Liechtenstein and Norway.
Policy and Society (COMPAS) at the University of Oxford). The full list of papers produced for this research project is:

Concepts and overview:


Sectoral review papers:


Chan, P., Clarke, L. and A. Dainty (2008) “Staff shortages and immigration in construction”, A report prepared for the Migration Advisory Committee, Migration Advisory Committee (MAC), London

Geddes, A. (2008) “Staff shortages and immigration in food processing”, A report prepared for the Migration Advisory Committee, Migration Advisory Committee (MAC), London

Jones, A. (2008) “Staff shortages and immigration in the financial services sector”, A report prepared for the Migration Advisory Committee, Migration Advisory Committee (MAC), London


Scott, S. (2008) “Staff shortages and immigration in agriculture”, A report prepared for the Migration Advisory Committee, Migration Advisory Committee (MAC), London

All papers can be downloaded at the MAC’s website: www.bia.homeoffice.gov.uk/mac
Executive Summary

1. Overview of the sector

The UK hospitality sector is very diverse in terms of the range of businesses it represents, the range of occupations within it, the types of customers it serves and the nature of the people employed within occupational groups (*inter alia* by gender, age, ethnicity, education, and race). It is dominated by restaurants, public houses and hotels which are typically small enterprises employing fewer than 10 people. Six generic features that directly affect employment are:

- an unpredictable and ad-hoc demand for services;
- a high level of customer contact;
- low levels of labour productivity;
- low wages across a range of occupations;
- high rates of labour turnover, and;
- high levels of hard-to-fill vacancies.

The workforce is characterised by a reliance on particular types of workers that are associated with being marginalised within secondary labour markets, in particular; young people, students, women, ethnic minorities and migrants. There is a high proportion of part-time working throughout the sector. The employment relationship in customer service work embodies a triadic power relationship between employers, workers and customers. Personnel practices have traditionally been depicted as ‘poor,’ with harder line human resource management (HRM) seen as the predominant approach to the management of people. According to this approach, profit maximisation is pursued through the use of flexible working practices, which underpins the notion that people employed are a resource or cost to be minimised and controlled, rather than a resource to be nurtured and developed. Migrant labour has played a large role in enabling employers to pursue this strategy and has become crucial to the hospitality industry across the whole of the country. It is also important to the main occupational groups: elementary occupations (for example, working within kitchens and serving food and drink), skilled trades (as chefs) and managers (focusing on food, drink and accommodation).
2. **Employer demand: What are employers looking for?**

In order to achieve the flexibility needed to minimise costs and manage fluctuating demand, employers seek marginal and highly flexible workers, in particular; young people, students, women and migrants. Employers’ demands can be divided into seeking people to fill ‘soft’ skill jobs with minimal training or to occupy more technically skilled jobs that entail more structured or formal training. This division also relates to particular perceptions that employers hold about the groups on which they rely the most. Within the jobs characterised as ‘soft’ skill, evidence has shown that employers’ preferences are for people with the ‘right’ personal attributes and previous experience from among these marginal and flexible groups. ‘Softer’ skills include having the ‘right’ positive attitude, such as enthusiasm, commitment and stamina. Recent research has also indicated that employers also require potential employees to have the appropriate aesthetic qualities and higher levels of emotional intelligence to deal effectively with the service encounter.

Two occupations within the sector that have been identified as requiring higher levels of trainable, technical skills are managers and chefs, both of which have been identified as hard-to-fill vacancies. Evidence suggests that current education and training is not equipping hospitality students with the necessary skills that the industry requires and it would seem that employers are, in effect, ruling out the main labour sources when it comes to filling these vacancies.

3. **Labour supply: Who wants to do what?**

Hospitality employers could theoretically draw upon a wider variety of labour sources than they currently do, and rather than the aforementioned groups. However, the recent influx of A8 category workers has provided a further supply of the type of labour they employ. Students have traditionally been willing to work in the industry as a means to supplement their income and enjoy a social element to the work. They tend not, however, to regard work in the hospitality sector as a long term career option because of the low pay and low image associated with the work involved. As with students, migrant workers appear to have their own set of motivations and expectations for seeking work, including what they hope to gain from it and the timeframe they expect to stay. One outcome is that they may offer a higher level of both ‘hard’ and ‘soft’ skills to employers and appear to be willing to work for lower levels of pay than the longer-term unemployed. This may make them an attractive proposition for hospitality employers, even though they intend to return home within a short period of time.
Two further groups of potential workers that could be explored further for employment within the sector are older people and ex-offenders. Older workers are under-represented within the workforce as a whole and could potentially contribute a range of experiences and skills which hospitality employers would value. Ex-offenders could potentially bring an experience of working in a commercial kitchen and qualifications gained whilst incarcerated. Government schemes are currently attempting to get employers involved in this form of recruitment.

4. Immigration and labour demand: How and whom do employers recruit?

Employers are consistently expressing their preference for the ‘right’ work attitudes and work ethic of migrant workers within the sector over those of British employees, although at the same time they are reported as saying that they have no preference as to which group they recruit from. An important part of this apparent contradiction is that migrants are placed at an unfair advantage in the labour market; although they may have more desirable qualities than other job seekers they will work for the same level of pay as others looking for similar low paying jobs. However, the utilisation of migrants as a cheaper labour source fits well with employers’ profit maximisation strategies, as well as reflects the lack of alternative sources and the nature of their resourcing practices, where informal, worker-initiated approaches are not atypical. There is no doubt that migrant workers are helping to alleviate the recruitment problems within the sector although a large proportion of vacancies are still classified as hard-to-fill despite high levels of migrant employment. Many migrants have the potential to be developed for these more skilled occupations.

Nevertheless, some industries claim that their special needs can only be satisfied by recruiting workers from overseas. Current debate on the use of migrant labour within the sector is especially pertinent for ethnic restaurants where it is reported that changes to the immigration system have caused a serious shortage of chefs with potentially disastrous consequences for the industry.

5. Immigration and alternative responses: A need for migrant labour?

Different avenues can be explored as an alternative response to the use of migrant labour, including an increase in the levels of pay offered, better retention of existing staff, strategies to target local workers, an increased use of technology, the use of agency workers and better people management. These do not suggest easy solutions. For example, the
National Minimum Wage' does not appear to have had any impact upon labour shortages within the sector, and the notion of retention management is largely at odds with the segments of the labour force that employers are looking for. While different options bring their own advantages and disadvantages, it is likely that the sector will remain characterised by relatively low pay, long and unsociable hours, intensive work and poor career progression, making it an unattractive sector to work in. This will mean a continuing reliance on migrant labour to help fill the high level of vacancies which exist.

6. Conclusion: Implications for analysing staff shortages in the sector

Numerous initiatives have been directed at hospitality employers over the past few decades, yet its employment problems, including high labour turnover, skills shortages and training deficiencies have remained enduring realities. Any change from this scenario would necessitate a major paradigm shift in management philosophy.

The hospitality sector has always employed, and continues to employ, a significant proportion of international and migrant workers. Many of them may work in jobs that are, in effect, temporary. This is both beneficial for employers; because of the nature of demand for hospitality products and services and for workers; whose decision to work in the UK may in fact be a short-term one: not all migrants become immigrants. It is unrealistic to expect this scenario to change radically, although UK employers may find themselves in a vulnerable position if there is an economic downturn and migrants find better opportunities to locate elsewhere. Migrant workers are an important source of labour in the three major occupational groups (elementary occupations, more skilled trades and as managers) where skills shortages are reported. It is impossible to generalise the experiences of these workers, which may vary from working illegally under exploitative terms and conditions, to working in highly paid, rewarding and skilled jobs. Public policy decisions on immigration need to be shaped carefully to take account of these tensions and to ensure that unnecessary barriers to entry into the UK do not work against sectoral needs.
Introduction

The published information used to inform this chapter is drawn from sources that vary in terms of research rigour, reliability, validity and quality. To illustrate the arguments being made, research reports that have been commissioned independently by official bodies, such as the Low Pay Commission and the Home Office, are informed by national and regional data available from official statistical sources, for example, (Lucas 2004) and the Workplace Employment Relations Survey (WERS) 1998. Such data, however, may only indicate broad trends. While People 1st reports incorporate similar macro-level data, this institution represents the views of hospitality employers, and as such, the presentation and interpretation of the data collected reflects a particular perspective. Contradictions between employers’ intentions and practice are therefore highlighted as appropriate and relevant. Although academic enquiries may be conducted independently of more vested interests and may provide useful, detailed illustrations which highlight some of the general issues, they often do not have a wider application beyond a particular organisational or local labour market setting. Articles in the media, though sometimes instructive, must be treated with even greater circumspection.

1. An overview of the hospitality sector

1.1 Sector characteristics

The UK hospitality industry is very diverse in terms of the range of businesses it represents, the range of occupations within it, the types of customers it serves, and the nature of the people employed within occupational groups (inter alia, by gender, age, ethnicity, education, and race). Rather than using the Standard Industrial Classification code for Hotels and Restaurants (H55), the industry will be defined in line with the People 1st definition (the Sector Skills Council for the Hospitality, Leisure, Travel and Tourism industries), an employer-led, government licensed body whose aim is to:

To provide the environment which enables employers within the hospitality, leisure, travel and tourism sector to have the right number of people with the right skills and qualifications at the right time, thereby improving the profitability, retention and appeal of this dynamic sector, delivering world class productivity and customer service through its skilled people. (People 1st 2008).
The sector comprises fourteen different industries:

- Hotels
- Restaurants
- Pubs and nightclubs
- Contract food service provision
- Hospitality Services
- Membership clubs
- Travel services
- Tourist information services
- Events
- Gambling
- Visitor attractions
- Hostels
- Holiday centres
- Self-catering accommodation

The hospitality sector has a combined turnover of approximately £135 billion a year and employs approximately 1.9 million people in more than 180,000 establishments (People 1st 2006a). Restaurants, pubs and nightclubs and hotels together employ over 1.2 million people.

Although the influence of multinational companies (MNCs) and chain organisations is increasing (Lucas 2004), and key players in the industry are becoming more dominant (Ingram 1999), the sector remains dominated by small enterprises employing fewer than 10 people (Lucas 2004). These small enterprises account for approximately 75 percent of all businesses, although many of them may in fact be part of a larger chain organisation (Lucas 2004). Workplaces employing over 25 people account for 45 percent of all employees (People 1st 2006a).

Within the sector, six generic features can be identified:

1. A very unpredictable, stochastic and ad hoc demand for services. This contributes to the demand for highly flexible jobs, with employers trying to minimise costs while still seeking to deliver quality services to the customer (Lai and Baum 2005; Lucas 2004).
2. Around half of all jobs involve dealing directly with customers, which may be stressful and emotionally draining (Lucas 2004). In customer service work, control of emotions, behaviour and appearance are legitimate managerial strategies (Korczynski 2002).

3. It has the lowest rates of productivity of any sector in the economy, representing *inter alia* the very labour intensive nature of the work, traditional working practices, and the limited extent to which human endeavour can be replaced with technology (People 1st 2006b).

4. Low wages prevail across the sector, with the majority of occupational rates being set at or around the National Minimum Wage (NMW) (Low Pay Commission 2007). Low pay is associated with factors such as the high presence of young workers and other marginal groups, and lower skill requirements, although skills may be undervalued.

5. Sectoral staff turnover rates average 30 percent, with levels of between 90 and 100 percent per year having been observed in pubs and restaurants (People 1st 2006a). It is a moot point whether this is problematic or not, as only 14 percent of employers regard the figure as too high. For example, employers’ staffing practices may favour particular types of marginal workers employed on non-standard, non-permanent contracts that induce high turnover. Equally, many employees can only develop their skills and careers by changing employers. Seventy per cent of recruitment is to replace existing staff (People 1st 2006a).

6. The number of job vacancies for the sector classified as ‘hard-to-fill’ is higher than any other sector within the economy and is currently running at 40 percent, and approximately 14 percent are hard-to-fill because of the lack of skilled or suitably qualified applicants (People 1st 2006a), with particular concern raised about the lack of skilled applicants for managerial and chefs’ positions. Firms in rural areas have more problems in filling vacancies than those in urban areas, due to the lack of available labour (People 1st 2005).

### 1.2 Workforce Characteristics

The workforce of 1.9 million people represents approximately seven percent of the overall working population in the UK, with restaurants being the largest employing industry and females comprising 57 percent of the overall workforce. The workforce relies on segments of marginal workers such as young people, students, women, ethnic minorities and migrants (Lucas 2004; Nickson 2007; Wood 1997). Only 56 percent of employees work full-time, with restaurants and pubs, and clubs employing above average proportions of part-time workers due to the ad hoc nature of the demand for services. There is also a relatively high
proportion of temporary employment (six percent of the workforce), with the predominant type being casual work, followed by seasonal employment (People 1st 2006a).

Women predominate in the workforce composition for three main reasons. First, the nature of many jobs within the service encounter are deemed to require ‘softer’ skills such as empathy, listening and sensitivity (Varca 2004), which employers attribute to women. Second, employers perceive of women’s roles, inherent skills and attributes and the range of jobs they can perform according to a stereotype of their ‘traditional’ domestic roles (Lucas 2004). For example 95 percent of cleaners within the hospitality sector are women. Finally, women are over-represented due to a combination of atypical working hours that features in the sector and the need for many women to combine childcare with the part-time work available. The proportion of women in the industry has, however, dropped from two-thirds in 1994 to 57 percent (Lucas 2004), indicating there are now more men working in the sector.

Students and younger workers are also crucial to the sector for a number of reasons, including; greater flexibility in terms of the hours they can work; a willingness to work ‘unsociable’ hours in the evenings and at weekends, and; a willingness to work for lower pay than older workers (Lucas and Keegan 2007). Seventeen per cent of the workforce are full-time students (People 1st 2006a), and approximately a third of the total workforce is aged 24 or under (which is almost two-and-a-half-times the national average). Students also offer employers a higher level of skills for the low wages that are offered as compared to those of job seekers who would be traditionally viewed as most appropriate to fill elementary roles within the organisations (Lucas and Keegan 2008 forthcoming).

Ethnicity statistics by occupation and sector are difficult to obtain, but 11 percent of the workforce are from ‘Black/Minority Ethnic (BME),’ compared to seven percent in the economy as a whole. Restaurants employ the highest proportion of BMEs (22 percent), while the largest ethnic group is Asian, representing six percent of the workforce (People 1st 2006a). There are, however; widespread differences according to geographical location and whether individual businesses are classed as being either ‘inner city’ or ‘rural.’ Wright (2007) for example, cited that in London, 59 percent of employees in hotels and restaurants were from ethnic minorities. There are also differences in relation to the type of work being carried out and the type of business involved. Ethnic restaurants are more inclined towards hiring workers of the same ethnicity for reasons related to aesthetics, culture, language and, with specific regard to chefs, skills.

Overseas workers have been traditionally important to the sector and comprise 18 percent of the current workforce. Over 40 percent of all international workers originate from the Middle East and Asia, over half of whom work in restaurants (People 1st 2006a). The major
development in terms of workforce composition has been an influx of workers from A8 countries in Central and Eastern Europe since 2004. While the Labour Force Survey does provide some data at an aggregate level over time, reliable statistics for the number of A8 migrant workers in the hospitality sector are impossible to find because data sources rely on inflows, without measuring out-going migrants (Dench et al. 2006). This is a factor the House of Commons, Business Enterprise and Regulatory Reform Committee (2008) recently acknowledged. Information from the Home Office Accession Monitoring Report (2007) reveals that in 2007, close to 33,000 workers from A8 countries registered for work in the hospitality sector, with the highest proportion taking up employment as kitchen assistants or room attendants in hotels. The report does not, however, account for how many left the sector to either take up positions in other industries or to return home.

1.3. Occupations

The major core occupations in the sector identified from the Labour Force Survey (People 1st 2006a) by numbers employed are as follows:

| Table 1 Main occupational groups |
|-------------------------------|-------------------|
| **Elementary occupations**    | **Number**        |
| Kitchen and catering assistants| 379,126           |
| Bar staff                     | 284,181           |
| Waiting Staff                 | 231,845           |

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<th>Skilled trades</th>
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<td>Chefs/cooks</td>
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<th>Managers</th>
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<tr>
<td>Restaurant and catering managers</td>
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<td>Hotel and accommodation managers</td>
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Hospitality occupations are often differentiated as ‘front of house’ and ‘back of house,’ indicating the degree of contact with the customer. Elementary occupations comprise 45 percent of all occupations because they are perceived to require fewer technical or ‘hard’ skills and little or no training. As we later argue, this may be a contentious assumption
because it undervalues important ‘soft’ skills required in customer service work. Managers account for a further 20 percent of positions in the sector, and skilled trades, most of whom are chefs, account for 11 percent of the workforce in this sector.

1.4 Employment Relations

The employment relationship in hospitality work embodies a triadic power relationship between employers, workers and customers (Lucas 2004). Employment relations and personnel practices have traditionally been depicted as ‘poor’ (Hurrell 2005; Lucas and Ralston 1996; Martin and Gardiner 2007), with hard line HRM being seen as the predominant approach to the management of people (Head and Lucas 2004; Lucas 2004; Wickham et al. 2008). The people employed by the organisation are seen more as a resource or cost to be minimised and controlled in order to maximise profits. Almost all managers (97 percent) regard management/employee relations as good.

Potential entrants to the industry perceive it has having poor career routes, long and unsociable hours and poor levels of pay (Martin et al. 2006). In spite of demonstrably ‘poor’ employment policies and practices, people employed in this sector are remarkably positive about their work, the workplace and organisation of work, and they are more satisfied in the way they are treated than are workers in the economy as a whole (Lucas 2004). They are self-reliant and move jobs if they do not get the treatment or promotion opportunities they expect. Nearly three-quarters of employees regard management/employee relations as good. Customers can make the work rewarding or stressful and they may influence what a worker can earn through tips received, while conversely a complaint might lead to a worker being dismissed.

Current trade union density for the hospitality sector is 5.6 percent (Department of Trade and Industry 2007), which is very low compared to the national level of 25.8 percent. The underlying reason why trade unions have been unable to establish a firm base within the industry, despite attempts by the General, Municipal and Boilermakers’ (GMB) and Transport and General Workers Union (Nickson 2007), is the very low rates of trade union density in hospitality workplaces. Although it has been assumed that low levels of unionisation are due to sectoral factors, such as workplace demographics and workplace characteristics, when sectoral factors are controlled for, the hospitality sector is more likely to be unionised than the rest of the private service sector (Lucas, 2008 forthcoming).

The unpredictable nature of demand for goods and services, combined with the search for ways to minimise costs, has led to the development and widespread use of flexible working
practices within the industry (Baum et al. 2007; Lai and Baum 2005; Lucas 2004). While the seasonal nature of the industry is more predictable than the short term demands of, for example, a coach full of customers unexpectedly arriving for lunch, it still presents problems in terms of minimising staff costs but still having enough employees available to provide a rewarding experience for the consumer.

This has led to the widespread use of flexible working practices, particularly ‘numeric’ flexibility (the ability to adjust labour costs to changes in demand) and ‘functional’ flexibility (multi-skilled or multi-task jobs) (Kelliher 1989; Kelliher and Riley 2002; Walsh 1990). Most commentators broadly conceive labour utilisation in core/periphery terms according to Atkinson (Atkinson 1984), but which workers are core and which are periphery is highly variable and contingent (Lucas 2004), since both groups may be employed in the same jobs. As we note elsewhere, employment flexibility is also sought by many of the groups that work in the sector.

1.5 Role of Migrants

The UK hospitality sector manifests similar patterns to those in other parts of the developed world whereby migrant labour plays a crucial role in helping organisations adequately staff their operations (Choi et al. 2000). Research thus far indicates that the perceptions employers have about migrant workers’ country of origin and cultural traits and attributes shape their roles in the workplace (Matthews and Ruhs 2007). Migrant workers tend to be concentrated in ‘back of house’ functions, for example, as cooks and kitchen assistants, or in elementary occupations where there is little or no interaction with customers, as room attendants and cleaners (Anderson et al. 2007; Baum et al. 2007). Of note, however, in Anderson’s (2007) research, certain groups of migrant workers were occupying ‘front of house’ positions when they aesthetically matched their employers’ requirements. This issue will be explored later in the report.

Gauging an accurate number of migrant workers in the hospitality sector is difficult. The Labour Force Survey (LFS) (2006) figure of 22.5 percent of the workforce foreign born (see for example, Matthews and Ruhs 2007: 42) is, for example, probably much higher if we account for illegal employment. Students working more than the permitted number of hours, people who have entered the country illegally, and those who have stayed after their visas expired do not show up in official statistics. Many of them are driven towards the low skill, low wage jobs within the sector. Most migrant workers originate from the Middle East and Asia (44 percent) and Europe (31 percent). In line with the overall characteristics of the workforce, the profile of migrant workers shows a dominance of younger people with 64
percent being under the age of 39 (People 1st 2006a). It is probable that a large proportion of them will be international students who are employed on a casual basis to supplement their income during a gap year. Migrant workers are also more likely to be found in elementary positions within the sector, with 23.4 percent of hotel porters being non-British compared to 8.6 percent of hotel or accommodation managers (Labour Force Survey 2007).

Regional differences also occur. McDowell et al. (2006) report that 60 percent of all workers in London’s hotels and restaurants were migrants, while the Trades Union Congress (TUC) estimated that 70 percent of catering jobs in London were carried out by migrants. Although the concentration of migrant labour is still centred in London, they are increasingly moving to other parts of the country where they are employed in both rural and urban areas (Warhurst et al. 2006). In brief, employers in the sector now rely on migrant workers, in particular to carry out the elementary range of functions and to manage and provide culinary skills in ethnic restaurants (Dench et al. 2006; Matthews and Ruhs 2007; McDowell et al. 2006; McKay and Winkelmann-Gleed 2005; People 1st 2006a).

2. Employer demand: What are employers looking for?

2.1 ‘Soft’ skills and minimal training

Employer demand for labour and the subsequent employability of potential applicants is a “multifaceted concept” (Gore 2005) that is a result of many different factors. Employers not only want people with the appropriate skills and attributes, but also they have perceptions about which particular groups of workers may have these features (as explored above), and those that may not, such as the unemployed and workers on Government training schemes (Lucas and Langlois 2000; Lucas and Keegan 2008 forthcoming; Warhurst and Nickson 2007).

Employers need to achieve flexibility in order to minimise costs and to address the vastly fluctuating demands that are placed upon the organisations at differing times of the day, week, month or year. These needs are met and well-served by young workers, female workers and migrants (Lai and Baum 2005). The ideal scenario of having sufficient high quality labour available for 24 hours a day is not, in practice, feasible. While demand is very often defined as being ‘feast or famine,’ wage costs would be prohibitive, so having the ability to vary and adjust working patterns to respond to changes in demand remains paramount. This explains employers’ reliance on all three groups, and why they value young workers’ and migrants’ flexibility (Anderson et al. 2007; Lucas and Keegan 2007).
A People 1st (2005) report identified the following two most important factors affecting employers’ preferences for workers: having previous experience and possessing the ‘right’ personal attributes. The organisation suggests that this “confirms the view of many employers that they recruit personality and train skills” (People 1st 2005). The issue of personality is important in customer service jobs, where, in effect “employees become part of the product” (Warhurst et al. 2006) and their personality, appearance and demeanour can have a dramatic impact upon the profitability of the business.

In terms of a range of skills, employers have traditionally been viewed as demanding ‘softer’ skills from their employees and wanting them to have the ‘right’ positive attitude (Burns 1997). Dealing with customers is seen as an inherent attribute or skill rather than an ability that can be learned, in contrast to the ‘harder’ or more technical skills of food preparation or operating technical equipment. Employers value enthusiasm, commitment, stamina and responsibility over previous experience and technical skills (Rowley and Purcell 2001), and prefer the ‘right’ personality over qualifications (Nickson et al. 2005). These highly valued ‘softer’ skills have been termed ‘emotional intelligence,’ whereby individuals have an array of non-cognitive skills which make them self-motivated, creative and understanding of their own emotions and those of others (Dulewicz and Higgs 2000). Emotional intelligence encompasses attitudes, skills and personality which are crucial in successful service encounters (Varca 2004). In relation to experience, Dench et al. (2006) claimed some employers found past experience important while others did not have a preference and said personality was a crucial factor in hiring job seekers.

This dimension of employer demand has advanced further with more recent indications showing that employees now also have to demonstrate the ‘right’ aesthetic qualities, that is, having “certain capacities and attributes that favourably appeal to customers’ visual or aural senses” (Nickson et al. 2005), which gives them a competitive advantage over others. Aesthetic values are particularly espoused by hospitality chains, where an employee identity is established to match the product, and the requirement to wear a particular “uniform”, for example, short skirts for females, leads to sexualised labour and could be discriminatory. Such issues are further clouded by the customer’s expectations and involvement in the service encounter; for example, if customers have a stereotyped ideal of the type of person they expect to be served by. For example, in an ethnic restaurant they may expect to be served by someone from that country or by someone who looks like they could be from there.

An apparent state of confusion about what employers actually want is highlighted in the recent National Skills Consultative Document produced by People 1st (2006). Sixty-three
percent of employers believed their ‘front of house’ staff did not possess the necessary customer service skills to meet their business needs and that young people in general did not have adequate communication skills. The continued dominance of these groups is likely to be a function of flexibility and cost arguments and because students and migrants may be the only available labour prepared to work for the level of pay offered. While it can be argued that this highlights the shortfall of recruiting by personality and aesthetic qualities, among other things, it also raises serious questions about employers’ approaches to training. This is highlighted by Kent (2006) who identifies a “sector paradox” in that a third of employers are not engaging in any staff training (Kent 2006). Yet nearly two-thirds of them recognise the business benefits of training and a quarter states they will not train staff.

In the elementary occupations in the sector where fewer, if any, technical skills are required, the skills employers describe they primarily want pertain to working as a team, handling customers and communication. Whether these are adequately addressed within National Vocational Qualifications (NVQs) is difficult to ascertain due to a lack of current research in the area for these occupations. Hales’ (1996 cited in Nickson 2007) noted how some of the hotels in his study benefited from improved skills and attitudes of those employees attending the courses. The level 2 qualification in NVQ in food and drink service covers restaurant production and is a key skills element, but how much training goes on in those areas probably comes down to the individual providers. Fifteen per cent of the sector’s workforce has no qualifications compared with 11 percent for the economy as a whole. Only 2.5 percent of the independent employers use NVQs as a method of training, with the vast majority preferring to conduct training in-house (People 1st 2006b). Baum (2002) argues that the fit between what hospitality employers want and what is being provided by the current system is a complex situation and one where targeted provision could be more appropriate.

2.2 Training and technical skills

The two occupations within the hospitality sector where employers demand either higher levels of technical skills or a greater range of skills that can be developed through training are managers and chefs.

Management within the hospitality sector has been defined as unique and requiring a special set of characteristics (Ingram 1999), with People 1st claiming that the reason so many managerial positions are hard to fill is that the applicants do not have the necessary skills and experience (see Figure 1). There are potentially three reasons for this:
potential managers with the necessary skills prefer to work in other sectors;
the training provision for potential internal recruits is not adequate, and/or;
the current training and education provided for hospitality students is not equipping them with the skills required.

**Figure 1 Managerial skills needs:**

**People skills** - Dealing with customers; motivating staff; consulting staff; valuing staff; excellent communication skills; counselling staff; appraising staff; listening to staff; recruiting; patience; understanding different cultures; praising achievement; training; coaching.

**Strategy** - Organisational skills; commercial acumen; planning; scheduling; setting priorities; financial skills; product development; innovation.

**Leadership skills** - Commanding respect; decision making; explanation.

**Setting and Maintaining Standards** - Discipline; good literacy and numeracy; complying with legislation.

Source: (People 1st 2006b).

Research has indicated that there needs to be a greater degree of cooperation between hospitality business and education to increase the numbers of potential managers entering the sector and to better prepare those who see hospitality as a career option (Littlejohn and Watson 2004).

Work as chefs and cooks is the other occupation employers report as being difficult to fill, although it is difficult to define what skills are required because there are many different kinds of chefs, not to mention types and styles of cooking. The People 1st National Skills Survey (2006) states that 40 percent of chefs working in hospitality did not have the minimum level qualification required, which raises issues about their lack of training in hygiene and food preparation. The reasons for the shortage in numbers of chefs are generic and related to the industry as a whole, in particular, low pay, poor conditions and unsociable hours (Pratten and O’Leary 2007). However, the issue of deskilling and standardisation has resulted in many organisations now outsourcing the production of food, such that the chef’s role has consequently been reduced to one of reheating ‘cook-chill’ or ‘cook-freeze’ foods (Robinson and Barron 2007). This research also suggests that colleges need to reflect in their curriculum more about the realities of the current-day roles of chefs to reflect the strict rules and rigid way of working in a commercial kitchen.
3. Labour supply: Who wants to do what?

3.1 Students

Hospitality employers could theoretically draw upon labour from a wider variety of sources than they do, but they have traditionally relied heavily on young workers (mainly students) and/or female workers and migrant workers (Baum et al. 2007; Canny 2002; Hurrell 2005; Lucas 2004) for the flexibility and cost-minimisation reasons previously explained. In urban areas, students are a readily available source of labour that is prepared to work for lower rates of pay and to work unsociable hours to fund their studies, leading therefore to a “coincidence of needs” (Curtis and Lucas 2001) between employers and students where students trade low pay against flexibility and other perceived gains, such as working with and serving their friends (Lucas and Keegan 2007, 2008 forthcoming). They can also benefit the organisation in terms of bringing in a range of ‘softer’ skills that many employers value. Additionally, students tend to have little or no knowledge from previous jobs and can therefore be trained without any preconceptions about the tasks they will be performing in their job (Lucas and Keegan 2007, 2008 forthcoming). They can therefore displace the lower skilled potential employee, such as from the unemployed, by offering their employer better value for money (Warhurst and Nickson 2007).

Despite seeing hospitality as a variable option during their period of studies, evidence indicates that many students and young people do not see the sector as an attractive proposition once leaving education. The reasons they cite are low pay, the low status image of the sector and a lack of career progression opportunities due to the fact that small and medium-sized enterprises (SMEs) dominate the industry (Martin and Gardiner 2007). Therefore, this potential source of labour seeks alternative employment to that available in the hospitality industry despite, or maybe as a result of having already experienced employment in this sector. Research has indicated this is the case particularly in relation to management roles, where emphasis needs to be placed on gaining an appreciation of the work context and students being given a positive image of the industry (Littlejohn and Watson 2004). Demographically, the supply of young people into the sector is diminishing because the population under 34 years of age will drop by six percent between 2002 and 2021 (People 1st 2006a).
3.2. Migrants

Very similar arguments can be put forward for employers wanting to recruit migrant workers, especially from member countries of the European Union (EU). As is demonstrated in the following section, employers get ‘more for their money’ by recruiting migrant labourers who are over-qualified and over-skilled for the roles they are carrying out (Dench et al. 2006). As highlighted by the TUC (2008), more productive use could be made of these skills, and in this regard, the TUC is trying to get employers to recognise and utilise the higher value skills of Eastern Europeans and not confine them to the lower skill jobs. Further research needs to be conducted to identify whether this group of workers could potentially fill the shortfall of management applicants and whether the range of skills and experiences they possess match employers’ preferences in this area.

There is limited evidence to suggest that some employers have used Eastern European migrants as a “safety valve” (Smedley 2007) to manage labour market shortages. Anderson et al. (2006) also note that that many Eastern European migrants intend to stay in the UK for only a limited period of time before returning to their home countries, thereby placing the hospitality and other sectors in potentially very vulnerable positions. If there is an economic downturn or better opportunities develop elsewhere in the EU, migrant workers may well decide to locate elsewhere and their supply of labour will reduce. Hence the suggestion made by Skills Minister David Lammy that British employers should invest in training rather than developing a reliance on migrant workers (Caterer 2007).

3.3 Females

Female workers are targeted by employers for similar reasons to other groups because they are prepared to work flexibly and for lower wages either because it fits in with family or care obligations (Lucas 2004) or because it is the only work that is available to them. Evidence also suggests that many of the skills that employers value in the service encounter are perceived as more feminine. This would explain a preference for ‘attractive,’ younger women in a ‘front of house role,’ while ‘back of house’ jobs, such as housekeeping, are also perceived as gender-specific roles, with women being preferred to men. Nevertheless, as noted previously, the female share of the total workforce has declined in the last 15 years, such that the proportion of male workers has increased.
3.4 Older workers

One alternative available source of labour is older workers who are underrepresented in the workforce as a whole, with only 14 percent of employees being 50 years-old and older (People 1st 2006b). Traditionally, hospitality employers have had a negative impression of older workers (Lucas 1993; Meyer and Meyer 1988) with the aesthetic appearance and attitude of younger people being preferred (Lucas and Keegan 2008 forthcoming). There is limited current evidence to contradict this, although Martin and Gardiner's research on age discrimination in the hospitality industry did find a more favourable attitude towards older workers and found that employing them may be a means to reduce the high staff turnover rates in the sector because they are less likely to leave (Rowley and Purcell 2001). Moreover, the ageing profile of customers who have different expectations of the service encounter will place different demands on staff (Furunes and Mykletun 2007). Such customers may be better served by an older worker who has developed more life skills and who may be in a better position to empathise with them (Kent 2006). There will be four percent more people aged between 45-64 years-old between 2002 and 2021 (People 1st 2006a), indicating an increased supply of potential workers.

3.5 Ex-offenders

A further source of alternative labour is ex-offenders who, while incarcerated, may have gained an experience of working in commercial kitchens and catering for large numbers of people in a highly pressurised environment (Gledhill 2002). While in prison, they may gain qualifications up to NVQ level 2, thereby providing employers with both valuable experience and relevant industry training. The TUC provides numerous case studies of ex-offenders successfully entering the hospitality sector, particularly in the field of catering (Trades Union Congress 2001). Further research needs to be compiled on hospitality employers’ attitudes towards ex-offenders, particularly as it is estimated that one in five males under 40 years old has a criminal record (Chartered Institute of Personnel and Development (CIPD) 2008). Evidence from research in other industries has indicated a tendency for employers to discriminate against ex-offenders (Fletcher et al. 2001). The other benefit for society in general is highlighted by the research from the ‘Offenders Learning and Skills Unit’ where it is cited that ex-offenders in a secure employment are less likely to re-offend, and they are actively attempting to get employers involved in the scheme (Ministry of Justice 2006).
4. Immigration and labour demand: How and whom do employers recruit?

4.1 The right attitude and work ethic

The primary reason identified in different studies for employing migrant workers before those from the UK is worker attitudes and work ethic (Dench et al. 2006; Dhalech 2007; French and Mohrke 2006; Matthews and Ruhs 2007; McDowell et al. 2006). Key words such as ‘motivated,’ ‘reliable,’ ‘committed,’ ‘excellent attitude,’ ‘hardworking,’ ‘flexible’ and ‘superior work ethic’ emerged in all the studies. Employers particularly valued the fact that migrant workers would work longer hours and would always ask if there were any more shifts they could cover (Dench et al. 2006). The only problem put forward was language deficiency. Most employers thought this could be quite easily overcome because of migrants’ higher levels of intelligence, particularly those from Eastern Europe. What employers mean by ‘good attitude’ and ‘work ethic’ in this context is not the subject of this report. However, it is worth noting Hamilton-Atwell’s (1998) summary of work ethic and attitude which is explained as doing work diligently without complaining, showing respect for authority and doing as one is told. Hence if a ‘good work’ attitude is a lack of willingness to challenge management prerogative, then a prospective employer would have a preference towards hiring foreigners over British staff. There is little doubt that hospitality employers view migrant workers in a much more positive light than British employees with Bob Cotton, the president of the British Hospitality Association (BHA) recently claiming UK workers were unemployable because of their lack of reliability and poor attitude towards work (Caterer 2008a).

No research is available with specific reference to the hospitality sector level as to whether the work attitudes of migrant workers change over a period of time and whether they develop similar attitudes, as perceived by their employers, to those of the British workforce. Of note, and as explored later in the paper, the second generation of British-born ethnic minorities either do not want to enter the hospitality sector or prefer alternative careers (Guild of Bangladesh Restaurateurs 2008) which are factors in shortages in ethnic restaurants. Whether employer preferences are for recent arrivals in the UK or for migrant labour regardless of the length of time they have been in the country is unknown from the evidence available. One could surmise that it depends on a range of factors including the attitude of the individuals involved, the culture of the organisation involved, the legal status of the immigrant, and the attitude of the employer.
4.2 Profit maximisation

The second reason put forward for employing migrant workers is that it fits in with employers’ strategy of “maximising profits in a segmented labour market” (Matthews and Ruhs 2007). The availability of a migrant labour force, particularly from the A8 countries, means that the labour market becomes even more segmented as an additional group of marginal workers are employed at rates of pay that do not reflect their level of skills or qualifications. Migrant workers may accept work and conditions of employment that they see as being reasonable that British workers would not tolerate. There is a mismatch between the skills and qualifications of migrant workers and the roles they are being recruited to fill (Anderson et al. 2007; Devine et al. 2007; Dustmann et al. 2007). This same argument has also been presented for the reliance of the hospitality sector on students. For example, Curtis’ (2001: 40) research demonstrated employers’ preference for using full-time students in order to maximise both ‘numeric’ and ‘functional’ flexibility and because of the attributes they can bring to the job in terms of “intelligence, personality, being articulate and able to communicate.”

Migrants are placed at an unfair advantage in the labour market because they will work for the same level of pay and have more desirable qualities than other job seekers looking at similar low pay jobs. This is summed up by the research of Cronin and Thewlis (2004):

A hotel reported that one-quarter of its domestic staff were from Eastern Europe ... not only because they were prepared to work at this rate, while local staff were not, but also ... the quality of these staff, from a work, service and educational perspective, was considerably higher....www.lowpay.gov.uk/lowpay/research/pdf/t0IDZGQ0.pdf

Employers also perceive that migrant workers will be more flexible within the employment relationship (Anderson 2007). For reasons previously stated, there is a large degree of informality in the management of people within the hospitality sector (Adam-Smith et al. 2003), and employees are expected to be flexible in terms of hours worked and roles undertaken, as well as to cover for sickness absentees or long-term vacancies. Part of this flexibility is undoubtedly facilitated by the fact that 46 percent of migrant workers have accommodation provided for them by their employer and a high proportion of them live-in. They are, in effect, available for 24 hours a day (Lucas 2004), hence the description that they fulfill the role of a just-in-time labour supply (Lai and Baum 2005). However, not all employers provide accommodation and there are concerns about the cost and quality of accommodation provided more commercially (Low Pay Commission 2007). Another
emerging factor is the recruitment of migrant workers on full-time contracts but which, in reality, give them less than full-time working hours and use them at peak periods of demand, thereby paying only for work that is actually done (Wickham et al. 2008).

4.3 Lack of alternative sources

Research indicates that employers are turning to migrant workers to alleviate the recruitment problems created by hard-to-fill vacancies (People 1st 2006b). This situation is recognised by the Government which acknowledges the “essential support” that Eastern European migrant workers give hospitality employers in the absence of UK workers prepared to do the job (The Home Office 2006). This situation arises in areas where there are low levels of unemployment or where UK workers either do not want to work for the levels of pay offered or they do not see hospitality as a career opportunity (McDowell et al. 2006). The majority of employers interviewed in these research projects claimed they had tried to recruit locally but had had limited success and were therefore forced to recruit abroad. Whether or not attempts at local recruitment are a result of legal requirements placed on employers before they recruit from abroad, or whether they were attempted at all, is unknown and forms an area for further research.

Further research is also needed to fill the gap in knowledge on employers’ preferences for particular nationalities to fill specific occupations. Matthews and Ruhs’ (2007: 21) study of employers in Brighton found that “constructions of nationality” tended to have an impact upon the functions assigned to migrant workers. Workers from Middle Eastern, Asian and African countries tend to be concentrated in ‘back of house’ jobs, whereas ‘front of house’ jobs were dominated by migrant workers from the EU, New Zealand, South Africa, and Australia, the latter two nationalities in particular being preferred for bar work. This is further supported by McDowell et al.’s (2007) study of a London hotel where it became apparent that a combination of stereotyped gender roles and assumptions about nationalities and the qualities attached to them influenced management decisions. Employer preferences likely relate to the previous argument made concerning ‘aesthetic’ labour whereby an employee is seen as being a visual and verbal representation of the business itself.

4.4 Resourcing practices

Resourcing practices within the hospitality sector have traditionally been viewed as informal (Marchante et al. 2006). Recruitment is commonly achieved by word of mouth, or by placing an advertisement in local newspapers, while unstructured interviews are the main selection
tool (People 1st 2005). Employers prefer students because they frequently make the initial approach to the employer, thereby reducing the cost and effort of recruitment (Lucas and Keegan 2008 forthcoming). The use of established connections within the local labour market and among the friends of current employees has also traditionally been popular and both of these factors appear to have been extended to the migrant labour force as well (McDowell et al. 2006).

The inference that most employers are not making specific attempts to recruit non-European Economic Area (EEA) workers is supported by evidence from People 1st (People 1st 2005), which found that the two most commonly targeted groups to fill vacancies were students then the unemployed. Although specialist employment agencies supply migrant workers, little is known about their role and relationship with employers. Employers’ attempts to recruit domestic workers into low-skilled jobs often fail because of the pay and nature of the work involved, necessitating their turn to a large pool of Eastern European migrants who are more likely to accept the conditions (Dench et al. 2006).

4.5 Ethnic special needs

The needs of ethnic restaurants are deemed to be ‘special,’ particularly in relation to the higher skilled jobs such as chefs, where it is felt UK and EEA workers do not have the necessary skills to fill the roles. The Guild of Bangladesh Restaurateurs and the Bangladeshi Caterers Association (BCA) argue that it is essential to bring staff from their home countries where they have been raised in the tradition and culture and have learned the necessary culinary skills in an authentic environment. It is claimed that a major barrier to the employment of workers from the EEA is in not understanding the language spoken in commercial kitchens in ethnic restaurants. Since the introduction of the Government’s points-based immigration system, it is reported there is now a serious skills shortage with 7,000 vacancies for chefs. Independent research on this subject is not available but reports from owners of ethnic restaurants claim that attempts at using A8 workers in their businesses have so far proved unsuccessful, usually with them resigning after a short period of time (Caterer 2008b). Despite unemployment within the UK’s Bangladeshi community being at more than 14 percent (Office for National Statistics 2008), it is reported that the new generation of British-born ethnic minorities either do not want to enter the hospitality sector or prefer alternative careers (Guild of Bangladesh Restaurateurs 2008) which are better paid and offer better prospects. There are many issues and questions regarding this debate which require further research:
• Whether migrant workers from the EEA who are already trained chefs have the necessary core skills that could be applied and developed to ethnic cooking. If this is the case, then the transition might well be possible if the cost implications of surmounting alleged knowledge, skill, cultural and traditional barriers are not prohibitive. However, if many EEA workers only intend to stay in the UK for a year, by the time they have become competent chefs, there will be little take-up for this approach and the employer will get little return on his or her investment in training.

• An issue to be explored is the extent of embeddedness of language issues in ethnic restaurants and whether it is through choice or necessity that English is not the primary language in many ethnic kitchens, thus making it impossible for other nationalities to integrate.

• Given that there is a shortage of chefs across the whole sector, the issue of increasing pay and better conditions to attract more potential recruits is unlikely to be relevant only to ethnic restaurants and is therefore dealt with in the next section of the report.

• Would trained UK chefs want to work in an environment which is culturally alien to them?

There is probably little doubt that skilled chefs can cook commercial, ethnic food successfully, with a non-Asian being awarded the ‘UK’s Asian Chef of the Year’ in 2007. However, the main reason for ethnic restaurants to be deemed ‘special’ is that in a very competitive market for chefs, language and cultural sensitivity issues make them a less attractive proposition and mean they face even greater problems in finding suitable applicants than other non-ethnic businesses.

5. Immigration and alternative responses: A need for migrant labour?

5.1 Pay

It is difficult to envisage any easy way to overcome the current labour shortages within the hospitality sector in light of the findings that have been presented thus far. Since 1999, the National Minimum Wage (NMW) has risen incrementally from £3.60 for 22 year olds and above, and £3.00 for 18-21 year olds to £5.52 and £4.60, respectively representing significant increases for those working in the lowest paid occupations such as hospitality. This, however, does not appear to have had an impact upon the labour shortages within the
sector, with vacancies still running at a high level. Although the majority of employers support the NMW, it is starting to have an impact on profits (Denvir and Loukas 2006). The British Beer and Pub Association, representing pubs and clubs, estimates that four pubs and clubs are closing every day in 2008 due to rising costs and the smoking ban in public places in the UK, with the overall number of venues having gone down 12,000 since 1980 (Goodman 2008). Hotels with high levels of staff turnover are willing to consider any measure to keep staff, except increasing wages, although they acknowledge that they may have to pay more to recruit a replacement (Rowley and Purcell 2001). Chefs are already one of the highest paid occupational groups although they represent the biggest proportion of hard-to-fill vacancies (People 1st 2005) because of the lack of applicants who possess the necessary skills.

5.2 Retention

People 1st suggest that the problem of labour shortages would be better addressed by focusing on staff retention, with 70 percent of recruitment being carried out in order to replace staff who leave. Staff leave because of poor management skills, a lack of training and development, and a lack of career progression (Marchante et al. 2006). It is difficult to envisage how this situation can be resolved when the targeted marginal groups, particularly students who are employed for their cheap labour and flexibility, are, by the nature of being students, are going to be transient (Lucas and Keegan 2007). Employers accept that a high turnover of staff is inevitable due to the nature of the people they employ and because employees are mobile and will swap between different businesses if better rates of pay are offered (Rowley and Purcell 2001). Low wages and intensive and anti-social working conditions mean that many leave the industry when better opportunities arise. As a consequence, greater work intensification results because the vacancies tend to be absorbed by the organisation. and remaining employees are expected to cover the outstanding vacancies (Adam-Smith et al. 2003). Employees who leave in the early stage of employment may have false expectations about the industry and the nature of the work involved and may have developed an 'over-glamourised' view from the multitude of television programmes which present an image that is far removed from the reality of the situation (Rowley and Purcell 2001).
5.3 Target local workers

Trying to replace migrant hospitality staff with localised workers occurred in Saudi Arabia (Sadi and Henderson 2005), where a process of “Saudization” was initiated by the Saudi government in order to promote the use of local labour over that of immigrants. This programme, however, has had limited impact due to a shortage of willing workers prepared to work for similar levels of pay and status, and a general feeling within the industry that “fulfilling salary expectations would be a burden for small and medium-size enterprises and force up prices, thereby undermining consumer demand and economic growth” (Sadi and Henderson 2005). One could envisage a similar situation occurring in the UK if the government were to promote the use of local labour over that of immigrants.

5.4 Technology

Technology within the hospitality sector has a limited impact in relation to the substitution of employees or in making the production process less labour intensive. The main advances have been made in the use of on-line marketing techniques and electronic distribution (O’Connor and Murphy 2004). A central reservation system or guest management system allows for greater efficiency in the allocation of rooms, forecasting demand and providing after sales support (Lai and Baum 2005), and an electronic bar management system can provide cost savings in relation to stock. It cannot, however, socialise with customers or serve drinks with a smile.

Technology has been seen to have an impact in commercial kitchens, where the preparation of the product can be outsourced, and technology in the form of microwaves and convector ovens can be used to reheat meals before they are served, a practice that is not new but is now becoming more widespread, especially in pubs and hotels (Riley 2005; Robinson and Barron 2007). This may create problems with chefs who may feel that their work is becoming deskilled and standardised, such that they prefer to work in restaurants rather than in pubs and hotels (Pratten and O’Leary 2007). The industry is also being driven by customers’ requirements for fresher, healthier, and locally sourced food, which moves the emphasis away from pre-packaged meals to the more traditional and freshly prepared ones which are more labour intensive to prepare.
5.5 Agency working

Off-shoring work in the hospitality sector is clearly not an option, although the use of outsourcing work has become more prevalent, not only because of the cost reductions involved but also because of the ease involved in not having to recruit and maintain as many employees. There has been very little research on the use of agency staff within the hospitality sector, and as a result little is known about how widespread the use of agency workers is and which particular occupational groups are most affected. Research by Lai and Baum (2005) illustrates that in the majority of their case study London hotels, more than half of the housekeeping staff came from agencies and, in one particular case, the figure rose to 90 percent. The authors compared this practice to a ‘just-in-time’ system, whereby costs could be kept to a minimum, the legal obligations towards employees could be minimised and managers did not have to worry about hiring and firing decisions. Matthews and Ruhs (2007:28) also found evidence that external agencies and variable contracts were used to eliminate labour wastage and “externalise risk” in hotels, particularly for housekeeping jobs and kitchen porters. Wickham et al. (2008) similarly found that the use of agency workers as low paid cleaners in hotels was on the increase in Northern Ireland. How far hotels use agency workers, particularly for staff in elementary occupations such as housekeeping, and whether or not this practice is on the increase is difficult to gauge. Although this practice can be used successfully to minimise costs, it would prove more difficult to apply it to other occupations where more specialised knowledge is required and/or demand fluctuates on a much more ad hoc basis.

5.6 Public policy

Policy decisions to reduce employer access to non-EEA workers can have dramatic impacts upon certain industries within the sector. Recent reports have highlighted the growing concern amongst Asian and Chinese restaurateurs that the Government’s new points-based immigration system is causing serious chef shortages, with 27,500 workers being urgently required to fill existing vacancies (Caterer 2008b). This has recently been taken up by the Immigration Advisory Service and the BHA who have requested the Government to review the system because migrants from the EEA do not have the necessary specialist skills and training to fill the roles.
5.7 Better people management
As noted earlier, barriers to training and up-skilling the domestic workforce have little to do with the availability of migrant workers to fill the vacancies within the sector. Employers have traditionally been reluctant to invest in the training and development of British workers because staff are expected to leave after a short period of time or will be poached by a competitor offering a slightly better wage. The problem of recruiting transient labour, which by its very nature is non-permanent, is that there are few incentives to invest in training because staff will leave before the long term benefits are realised. As explored above, it is not simply that migrant workers fill vacancies and therefore employers do not have to invest in training. Rather, the issues are much more deeply rooted in the beliefs of employers about the value of training, and the types of potential workers they target. Even when the direct costs of training are being met by external agencies, take-up within the sector is low. Currently only six percent of employees have attended government-funded training courses, with employers citing a lack of awareness, a confusing system and problems with access being the major causes for not making greater use of them (Perkins 2006).

Although some of the staff retention issues may be solved by implementing better systems of people management, it is likely that the sector will remain characterised by relatively low pay, long and unsociable hours, intensive work and poor career progression, therefore making it an unattractive sector for many potential applicants to work in. The use of casual and transient labour, which by its very nature is non-permanent, will always leave large number of vacancies within the sector. Within hotels, pubs and clubs the primary reason cited for vacancies being difficult to fill was a lack of applicants (People 1st 2005), not that the candidates were inappropriate. Employers do not view the turnover and retention rates within the industry as being particularly problematic reflecting the enduring view of it being ‘inevitable.’
6. Conclusion: implications for analysing staff shortages in the sector

It is predicted that 164,000 new posts will be created in the hospitality sector between 2004 and 2014, in addition to the 1.5 million replacement jobs that need filling because of labour turnover (People 1st 2006b). Over the last three years there has been a significant growth in the number of restaurant and catering managers and, notably, approximately one-fifth of them originate from outside the EEA (LFS 2007 compiled by the Migration Advisory Committee).

Although there is mismatch of skills between what employers want from potential employees and those which the current education system is supplying, skills needs are likely to change in the foreseeable future (People 1st 2006b). It is expected that there will be skills shortages and recruitment shortfalls in key areas in relation to the forthcoming 2012 Olympics in London, although a large part of the workforce will be volunteers. However, the issue of what is a skill is a contentious one, and is not only knowledge-based and related to NVQ levels in many hospitality jobs, as some, including Elias and McKnight (Elias and McKnight 2001), have suggested.

Numerous initiatives have been directed at hospitality employers over the past few decades, yet its employment problems, including high labour turnover, skills shortages and training deficiencies have remained enduring realities (Lucas 1995; Lucas 2004). In this sense, the hospitality sector not only displays generic problems that are associated with other low paying sectors, but also is competing with them for labour (Low Pay Commission 2007). Any change from this scenario would necessitate a major paradigm shift in management philosophy.

Recent press coverage about migrant workers from the A8 countries, with Gordon Brown pledging “British jobs for British workers” (Jones and Helm 2007) and David Cameron placing immigration “at the heart of his battle with Labour” (Branigan 2007), have dictated that public policy must address the wider issues of migrant workers within the UK economy.

The UK is an important international tourist destination for visitors from across the world, and international tourists are the consumers of the products and services provided by the hospitality sector. They may speak many different languages and have particular cultural requirements. The emerging markets of China and Russia present considerable opportunities for attracting international visitors to Britain (People 1st 2006b). Many of the sector’s products are international, for example, as explored earlier; ethnic restaurants have requirements for chefs with specific skills and specific backgrounds that cannot normally be
met by hiring other migrants or most British. It is conceivable that the ‘international flavour’ of the hospitality and tourism product will grow and that some of this growth will be better served by employing international workers, for example those with appropriate language skills. Nevertheless, there is evidence that current migrants’ skills and abilities could be used more productively, a consideration that could also be applied to other groups including women and younger workers.

The hospitality sector has always employed, and continues to employ, a significant proportion of international and migrant workers. Many of them may work in jobs that are, in effect, of mutual benefit for employers, because of the nature of demand for hospitality products and services, and for workers whose decision to work in the UK is a short-term one because not all migrants become immigrants. It is unrealistic to expect this scenario to change radically, although UK employers may find themselves in a vulnerable position if there is an economic downturn and migrants find better opportunities to locate elsewhere. Migrant workers are an important source of labour in the three major occupational groups where skills shortages are reported: elementary occupations (for example, working within kitchens and serving food and drink), skilled trades (as chefs) and managers (focusing on food, drink and accommodation). It is impossible to generalise the experiences of these workers, which may vary from working illegally under exploitative terms and conditions, to working in highly paid, rewarding and skilled jobs. Public policy decisions on immigration need to be carefully shaped in order to take account of these tensions and to ensure that unnecessary barriers to entry into the UK do not work against sectoral needs.
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