

Briefing: Workforce Integration and Inclusion in the Hospitality industry

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CONTENTS

Briefing: Workforce Integration and Inclusion in the Hospitality industry 2

| | |
|---|-----------|
| Introduction | 2 |
| What are the current challenges to achieving diversity within London's Labour market? | 3 |
| Labour Market context | 4 |
| What are the common barriers inhibiting diversity in the growth sectors? | 5 |
| Deep Dive: Hospitality sector | 7 |
| What are the career opportunities in the Hospitality industry in London's Labour market? | 8 |
| How diverse is the Hospitality industry in London? | 9 |
| What are the key barriers to entry and progression in the Hospitality industry? | 11 |
| Research insights | 14 |

Briefing: Workforce Integration and Inclusion in the Hospitality industry

Introduction

There are significant differences between the unemployment rates of people in London, with certain groups being markedly underrepresented in the workplace. Underrepresented groups include **BAME Londoners, women, young people, lone parents, deaf and disabled Londoners**. Many groups navigate a system of barriers including biased recruitment processes, unequal pay and prospects for progression. These barriers are not inevitable and mean many businesses overlook and exclude people from underrepresented groups, missing out on their talent and drive.

In 2021 the Greater London Authority (GLA's) Workforce Integration Network (WIN) commissioned Work Advance and the Institute of Employment Studies to explore workforce diversity in the priority growth sectors in London – that is **the green, digital, creative, hospitality and health sectors**.¹ The researchers carried out an evidence review and conducted interviews with Londoners and employers to understand the nature and causes of underrepresentation in key parts of the London labour market in order to help tackle persistent inequalities. The research is designed to share critical insights with key stakeholders within the Mayor's Academy program.² The briefing provides a summary of the key themes of the research that are relevant to the hospitality industry. This includes:

- The workforce demographics of your industry
- The specific barriers to entry and progression within your industry for underrepresented groups.

¹ Workforce Integration Network (WIN) Skills Academy Workforce Analysis Project; Lesley Giles, Paul Sissons, Heather Carey, Miguel Subosa and Becci Newton

² The **Mayor's Academy programme** will provide support to employers to ensure groups underrepresented in the labour market are supported through measures to promote workforce diversity and inclusion, including in terms of recruitment, retention and progression. In doing so the programme plans to build on the work of the **GLA's Workforce Integration Network (WIN)** by engaging directly with employers to tackle barriers and support them in building more inclusive workforces

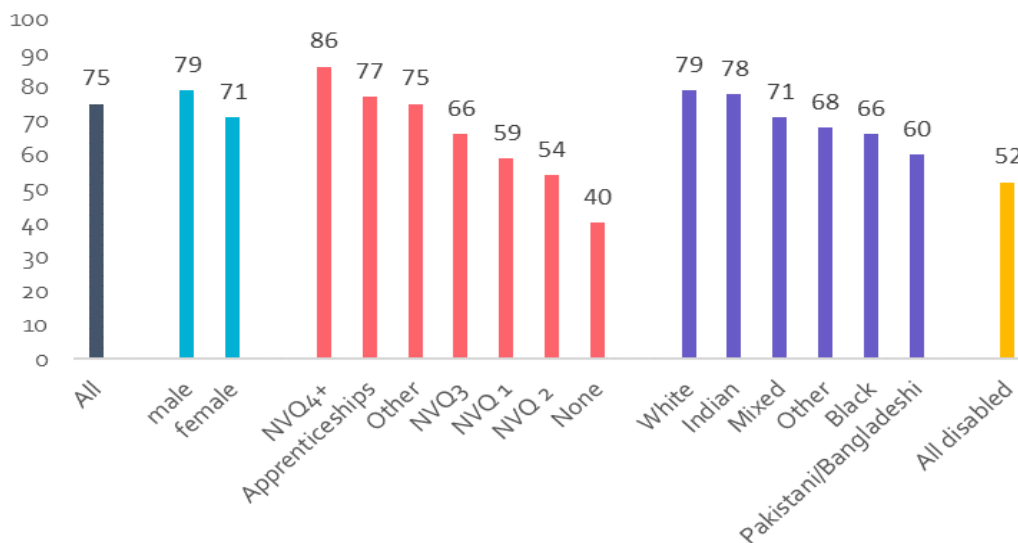
See: [Employer insights into diversity and inclusion](#), an accompanying document to this briefing which contains insights about the business practices that are making a difference to diversity and inclusion in London's priority sectors.

What are the current challenges to achieving diversity within London’s Labour market?

There are a number of **deep rooted and persistent diversity challenges** that exist within the current labour market in London.

- Employment rates differ significantly by parental status, qualification and skills level, ethnicity, gender, age, disability and between local areas for example – **see Figure 1 below**
- There are significant **imbalances in education and skills** levels across the population
- Inequalities are also evident in **access to training**. Younger people, ethnic minorities and women are most likely to report a lack of resources to invest in their own development.
- There are concerns about **levels of good work**, with signs of falling job quality in the last decade as the London economy moves towards more atypical working practices.

Figure 1: Working age (16-64) Employment Rates (%) for select groups in London



Key stats

- ❖ There is wide variation in education attainment across the working population: with **around one in eight (13%) London residents aged 25-64 having low or no qualifications**, including **one in four of those from Bangladeshi backgrounds, and more than half of all disabled Londoners**.
- ❖ Training measures appear to be declining compared to the past, at a time when we need to see the reverse to keep up with labour market changes. For instance, **in the last 12 months to June 2021 only 17% of working age Londoners were in receipt of job-related training in the last 13 weeks, a fall from 20% since 2004** (GLA economics 2022)³.
- ❖ Precarious forms of working⁴, higher turnover and low pay disproportionately affect certain groups. These above issues are compounded by wages struggling to keep pace with the rising costs of living in London, as such **the proportion of people in poverty has risen to be the highest of any UK region and significant pay gaps are evident by gender, ethnicity, disability and spatially**.

Labour Market context

The pandemic disproportionately impacted London's labour market relative to other regions in the UK. While London's unemployment rate has consistently been above the UK rate, there has been a marked recovery since the pandemic's peak. London's unemployment rate of 4.2% in the three months to September 2022, is at the joint lowest level since the series started in 1992.

However, headline labour market measures also conceal major inequalities. Despite improvements, there are still large differences in outcomes for residents from different ethnic backgrounds; nearly one in twelve Black Londoners (8.5%) were unemployed in the period April 2021 to March 2022, nearly double the rate for their White counterparts (4.5%).⁵

Employment rates are also below average for disabled Londoners as well as for (female) parents and for Londoners with no or low qualifications. London's youth unemployment rate was higher than in any other UK region in 2021, while the rate of labour force participation (economic activity) among Londoners aged 50 and older has declined in the last year.

³ GLA (2022) [Local Skills Report](#).

⁴ Precarious forms of working refer to zero-hour contracts and temporary work.

⁵ Annual Population Survey (APS) data Apr 2021-Mar 2022, persons aged 16+

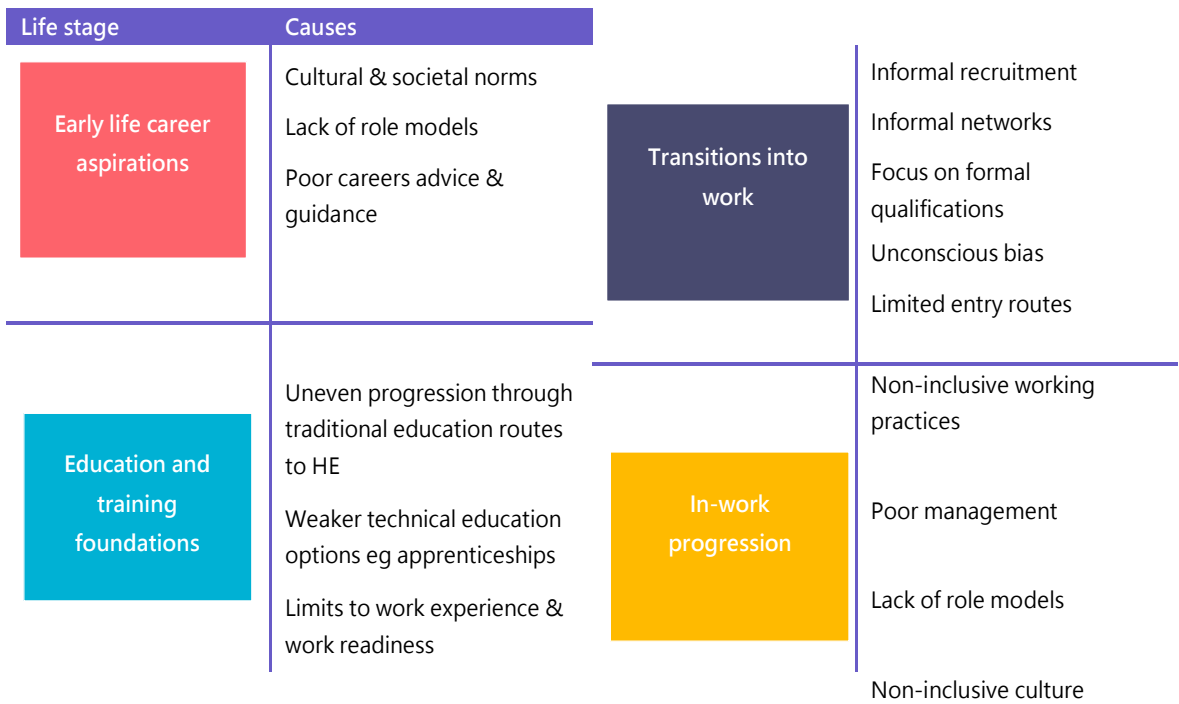
What are the common barriers inhibiting diversity in the growth sectors?

The research highlighted several commonalities around diversity and inclusion issues across the green, health, creative digital and hospitality sectors (see figure 2 below). However, there are also some sector specific issues relating to the different characteristics of the sectors, occupational labour markets, skills requirements and progression pathways (see Creative section below). To fully address these issues will require a combination of cross-cutting and sector-specific targeting

The research established how factors build and/or evolve throughout people’s lives. This aligns with the “life-stage approach” taken in wider research⁶. So, in essence it has found that factors start early in life; continue further into education; inhibit transitions into work; and finally undermine opportunities for in-work advancement and progression to more senior and/or experienced roles later in an individual’s career.

For information on how employers are addressing issues across the life stage (see appendix 1: [Employer Insights into Diversity and Inclusion](#))

Figure 2: The barriers inhibiting diversity across the growth sectors in London



⁶ Carey et al (2021) screened out: tackling class inequality in the screen industries.

- **Early life:** Cultural and societal norms and personal biases from networks, friends and family and role models were critical influencers. Restricted access to inspiring and impartial careers advice and guidance was another key limiting factor
- **Education foundations:** Opportunities in growth careers will be constrained where individuals lack the basic platform of skills and qualifications for further study and work. Uneven progression through traditional routes to higher education and weaker alternative technical education routes such as apprenticeships are a key factor for some.
- **Into work transitions:** Informal recruitment and working practices operating through closed and informal networks, especially amongst smaller businesses, bring a greater risk of unconscious bias and constrain the reach of work opportunities to diverse groups.
- **In-work progression:** non-inclusive working practices, poor management and a lack of supportive role models, create an organisational culture where individuals do not feel supported and can continuously develop and progress

Deep Dive: Hospitality sector

Key stats

- ❖ In 2020 the hospitality sector contributed **£35.6 billion** in Gross Value Added to the UK economy, **around 2.0 per cent of total UK economic output**. In London, the hospitality sector contributed £9 billion to the economy or 2% to London total GVA.⁷
- ❖ Hospitality is a diverse sector, providing a large number of employment opportunities for Londoners. Since the re-opening of the economy post the pandemic, the sector has faced worker shortages. The number of vacancies peaked at 23,000 for the 3 months ending July 2022, and since declined to 18,462 for 3 months ending September 2022.⁸
- ❖ In 2021, there were 2.0 million jobs in the sector in the England, representing 7 per cent of total English employment. More specifically, there is **a high concentration of hospitality workers in London**, representing close to a fifth (19.8%) of the sector's total employment in England in 2021. This equates to around **394,000 London employees in 2021, accounting for 7.4% of London's overall employment**.⁹
- ❖ The sector employs higher proportions of manual and 'routine' roles (ie 60% at this level) than London as a whole (more than a quarter (27%)) in jobs such as bar staff, waiters and waitresses, and kitchen porters. Nearly three quarters of workers have **qualifications below a degree compared to 39% in the London economy as a whole**.¹⁰

⁷ ONS, Regional GVA by industry

⁸ Lightcast, previously Emsi Burning Glass, 3 month moving average

⁹ ONS (2021) [Business Register and Employment Survey](#).

¹⁰ ONS APS, January to December 2021

What are the career opportunities in the Hospitality industry in London's Labour market?

The hospitality sector is of strategic importance to the UK and London as a significant generator of employment growth as well as being a vital contributor to social and community cohesion. As such, in 2021 it secured the backing of UK Government as seen in a dedicated Hospitality Strategy.¹¹

Following the shock of the pandemic, demand in the hospitality sector has quickly recovered.¹² So, the hospitality industry saw the highest growth in UK vacancies, as the number of vacancies posted almost doubled from pre-Covid-19 levels in January-March 2020 to September-November 2021.¹³ Further, employers in the sector were more than twice as likely to experience challenges in filling vacancies as other industries in August and September 2021, as 30% of UK businesses reported vacancies were more difficult to fill than usual¹⁴.

The two main drivers of current shortages are Brexit and Covid, their effects are layered on top of persistent historical issues too. These exist around workforce attraction and retention in parts of the sector linked to factors including zero hours contracts and a traditional acceptance of hospitality as a high turnover sector.

Given the skills demands in the sector are neither accredited or higher level, **training provision in the sector tends to be relatively low** and what is provided is more job-specific, with less activity developing broader transferable skills that might support greater in-work advancement. Career pathways are more limited, and the **biggest skills challenges** are seen in ***operational, management and leadership skills***.

Shorter career pathways are also contributing to more limited opportunities for progression relative to other sectors. However, there are several employment strengths in the sector, where opportunities for advancement lie.

These fall into two broad areas:

- **Catering:** These cover roles concerned with the preparation and cooking of food and management of a whole kitchen; and
- **Hospitality:** These include the preparation and management of hospitality services, including **food, drinks, bookings, events, housekeeping and reservations**.

¹¹ BEIS (2021) [Hospitality Strategy. Reopening, recovery, resilience](#).

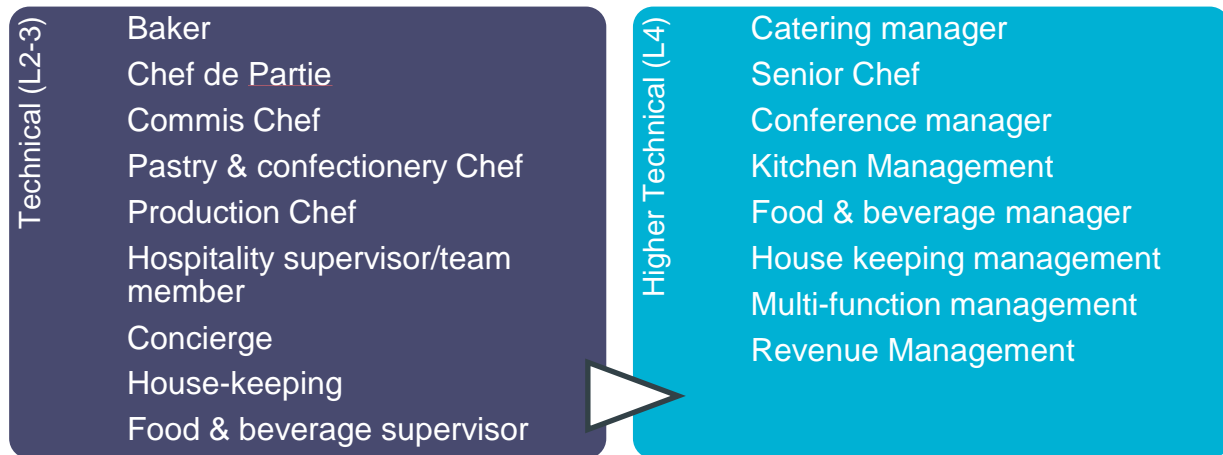
¹² ONS (2021) [Business Register and Employment Survey](#).

¹³ ONS (2021) [Vacancies and jobs in the UK: December 2021](#).

¹⁴ ONS (2021) [Hospitality businesses are most likely to be struggling to fill vacancies](#).

Interviews also identified broad areas where large employers had internal labour markets that had growing demands such as in **sales, finance, HR, and facilities management etc.**

Figure 1: opportunity pathway in the hospitality industry



Source: based on the IFATE occupational maps and the SOC *framework*

How diverse is the Hospitality industry in London?

The age profile of employees in the sector is relatively young with over half of workers being aged below **34 years of age and around a fifth aged between 16 and 24 years of age**, which points to a comparatively large use of students.

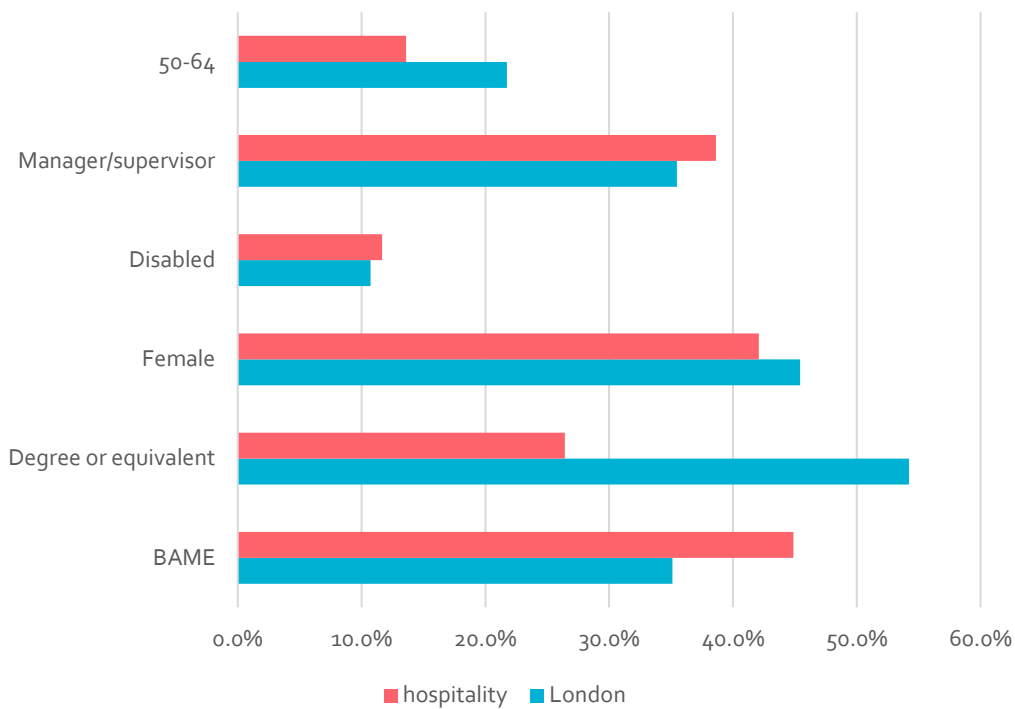
Furthermore, there is also a high dependency on migrant workers. Indeed, **in 2020, over three fifths of jobs in London were filled by non-UK nationals, compared to just 27% in the UK overall.**¹⁵ In contrast, to other growth sectors, women and ethnic minorities are well represented in the UK hospitality sector, which undoubtedly in part reflects the benefits of more flexible working. But there are constraints on progression and women, those from broader ethnic backgrounds and non-UK nationals are under-represented in senior roles.

There is a lack of diversity in parts of the hospitality sector in London. Only around **15 per cent of London's chefs are women, and only 12 per cent of head chefs in Michelin-starred restaurants are Black or from an ethnic minority group.** The wider sector has a much younger profile with a higher proportion of 16–24-year-old workers compared with other sectors.

¹⁵ ONS (2021) *Jobs in London, City of London and the UK, by country of birth (UK, EEA and rest of world), by industry, 2004 to 2020.*

Despite data deficiencies, a key diversity intersection highlighted in the evidence review appears to be gender and ethnicity, with non-White women being particularly under-represented in management. All groups, other than male White British workers, experience a relative pay penalty, with the difference between the male groups being particularly striking.

Figure 2: A snapshot of diversity by Hospitality sector ¹⁶



Source: GLA analysis 2021

¹⁶ Each sector of interest in London was compared against London overall, using as the benchmark 'Londoners aged 16+ who are in employment.'

In addition to the initial insight above, further intersectional analysis¹⁷ was undertaken by looking within ethnic group- specifically Black and Asian Londoners- to determine any disparities in how these groups specifically experience the labour market.

The initial analysis shows that the Hospitality sector is broadly representative of London's population. However, when we look at the data from an intersectional perspective, we find that **females belonging to the Asian and Other ethnic group are the ethnic groups with the lowest proportions of females.**

Qualitative research suggests that in Greater London, ethnic minorities are better represented in senior roles, than the rest of the country. However, it also suggests that BME groups face significant challenges in terms of progression to senior positions. For example, **Black Londoners are the ethnic group most likely to not be working in higher managerial, administrative and professional occupations in this sector.** This pattern is mirrored when looking at Black Londoners working in all sectors in London.

For more information, please see priority groups briefing [here](#).

What are the key barriers to entry and progression in the Hospitality industry? ¹⁸

The hospitality industry requires **less higher-level skills and accredited qualifications** compared to industries such as creative and digital, where skills requirements are high. It is also a **low paid sector**. In spite of this evidence shows examples of employers placing a greater emphasis on formal qualifications as opposed to on-the-job training or competency-based assessments. **(See case study 1).**

Recent events, including the #BlackLivesMatter movement, have driven greater awareness and some progress around aspects of diversity. In hospitality there is also a sense that the recruitment needs associated with the pandemic provide additional emphasis to this. There are organisations within the sector leading on diversity issues and EDI is an important concern of leading firms. Many of these are larger businesses.

¹⁷ WIN takes an **intersectional approach** to diversity and inclusion by examining how ethnicity interacts with other factors such as age, gender, education and class in shaping people's experiences with work. The [National Statistics Socio-economic classification \(NS-SEC\)](#) is an occupationally based socio-economic classification. Though it does provide a measure of socio-economic differences, it should not be confused with other [measures of socio-economic background](#) like 'type of secondary school attended', 'parents' qualifications', 'parents' occupations' and 'eligibility for Free School Meals during school years'. Only NS-SEC is available from the survey where the workforce diversity information is obtained, so is used as an imperfect proxy

¹⁸ Further case studies available at **Workforce Integration Network (WIN) Skills Academy Workforce Analysis Project (pages 38-66)**

“The big corporates ... have policies, the big corporates more often than not have a visible partner on their initiatives... A lot of employees in the sector and businesses tend to look to the big corporates. I think what's really important to note here is that the outputs are very tangible, so when you start to see that transformation, you start to see diverse boards. You start to see diversity visibly externally and internally ...and that is not something that's going to take place overnight...Initiatives launched have made some short-term impacts but will also have a long-term aim and goal.”

(Hospitality Stakeholder)

However, while **EDI has a greater profile in the sector now than ever, progress towards tangible actions broadly across the sector have been slower.**

“[EDI] it's something that is talked about more than ever. But I think a lot of the time people just don't know what to do, or they don't know what the answer is.”

(Hospitality Stakeholder)

Progression and retention challenges are further exacerbated where the lack of diversity extends to the senior leadership teams and managers and hence there is a lack of relatable **role models in senior positions**.¹⁹ Doubts about leadership raises significant questions about the inclusivity of a business culture and its commitment to change.

“I don't know whether it's because there's been a lack of role models in that in those [management and leadership] roles that people are not seeing people like themselves in those roles that they don't feel that this this is an industry that they can progress in potentially”

(Hospitality Stakeholder)

Lack of flexibility can be a real challenge in parts of the hospitality sector, which by their nature have working hours in evenings and weekends. Although, some roles, such as housekeeping, offer working hours which can be a better fit with childcare responsibilities, and these roles tended to be heavily gendered. Interviewees reported that the pandemic had disproportionately impacted on women leaving the workforce.

Alongside problems with flexible working, there are also concerns about broader terms and conditions which affect retention; not least challenges around **low pay** combined with high costs of living. Per above, the incidence of low paid employment in London is more prevalent amongst certain groups such as women, employees from an ethnic minority background (especially from Bangladeshi or Pakistani origin), and among disabled

employees. This therefore also points to significant pay inequalities affecting these different diverse workers compared to those from less diverse backgrounds.

These issues are particularly prevalent in hospitality, where workers may need to take on more than one role to make ends meet and rely on the earnings of their family or partners to sustain their employment and living in the city. For instance, in hospitality the demands for workers are highly variable and hence substantially fluctuate at different times of the year, which brings much financial and employment insecurity. In hospitality this often reflects significant seasonal variations in work. This **raises issues about business models, the organisation of work and structure of career pathways.**

There is also an issue in parts of the sector that progression can be linked to very small wage increments, which are not necessarily a strong driver for workers to seek to progress. In hospitality low pay will be attached to low skills and hence upskilling provides an important means to address the **structure of the sector also serves to enable or limit opportunities for progression.** In hospitality the sector has both a large number of small employers, and a broad base pyramid, with **large numbers of occupations at entry level and many fewer occupations at higher levels – both these factors serve to constrain internal progression opportunities.**

Please see [Hospitality sector source report](#) for information on initiatives to tackle underrepresentation.

Research insights

Case study 1: Formal qualifications

Nicholas, now a restaurant owner, remembered facing difficulties securing his first job in the food and dining industry. According to him, most food and dining establishments were reluctant to hire people straight out of college. When he finally managed to secure an entry-level job, he described how the environment was not very friendly to new starters. Few of the more experienced staff were willing to help him and would scoff at him when managers would give him more responsibilities.

Nicholas believed that this attitude was due to hospitality employers 'obsessing' over formal qualifications. From his experience, hospitality employers did not have a consistent response to lack of qualifications; some were willing to train new employees, but others were stricter about their qualification requirements. He felt this was unfair: 'when you're sixteen, you shouldn't be expected to know how to do everything in the kitchen.'

Nicholas, restaurant owner – individual

Case Study 2: Underemployment

Jason moved to the UK from India to further his education in computing and software development after completing a Master's in Business Administration in India, where he also worked for two years as a software engineer. Alongside his computing qualifications, in the UK, Jason worked at a variety of hospitality venues and upon completion secured a permanent position in a small hotel. Having now worked there for over 15 years, Jason's role has shifted back and forth between hotel receptionist and hotel security.

During his time at the hotel, Jason has expressed interest in undertaking a hotel management course to his employer who actively responded suggesting it was not something they could financially support. In addition, at the beginning of the Covid-19 pandemic, Jason travelled to India due to a family emergency. Changing travel guidance prevented him from returning to the UK when his employer expected him to. As a consequence, Jason had to leave his job and reapply when returning to the UK, despite being dependable for the previous 15 years. Jason was rehired on a part-time contract and has since had to take on additional security work in order to match his previous full-time earnings.

Jason, hotel receptionist - individual

Flexible working

“It’s baked into what we are. I mean, it’s essential, and the fact is that very few companies I think have really cracked the issue of how you run a customer service organisation offering real focus on the customer, the customers wants and needs across all hours of the day and the night, and the weekend, and actually have the remotest understanding about what it’s like for families.”

Hospitality Stakeholder

Further information

This briefing was produced utilising information from the research conducted by Work advance and Institute of Employment Studies. The briefing highlights areas where you can seek further information. For further information please see the following:

- Workforce Integration and Inclusion in London's growth sectors; analysis project for the Workforce Integration Network and Skills academy's team; *Lesley Giles, Paul Sissons, Heather Carey, Miguel Subosa and Becci Newton*
- Source evidence report, Underrepresentation in Hospitality Careers, *Institute of Employment Studies*

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