

HOW HAS THE UK HOTELS SECTOR BEEN AFFECTED BY THE FISSURING OF THE WORKER– EMPLOYER RELATIONSHIP IN THE LAST 10 YEARS?

Final Report

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Disclaimer

This article represents independent research that was commissioned by the Director of Labour Market Enforcement to inform his Annual Strategy 2019/20. The views and opinions expressed in this article are those of the authors, and do not necessarily reflect the official views, policy or position of the Director or any agency of HM Government.

Note

Members of the Office of the Director of Labour Market Enforcement (DLME) and the Director met and corresponded with the research authors in order to develop and steer this research project. However, the findings are the responsibility of the authors, and the findings and views presented in this report do not necessarily reflect those of the DLME.

Representatives of the Employment Agency Standards (EAS) Inspectorate, UK Hospitality, Unite the Union and two academic experts were interviewed in order to obtain information and insights for the report. However, the report and its content are the sole responsibility of the authors.

All the names of workers included in the report are pseudonyms.

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EXECUTIVE SUMMARY

The purpose of this report is to analyse the question ‘How has the UK hotels sector been affected by the fissuring of the worker–employer relationship in the last 10 years?’ Specific attention will be given to main trends and dynamics in the last 10 years. More concretely, the report aims to provide an overview of the sector and its main trends and to identify the predominant employment practices and the characteristics of the employment relationship in the hotel industry.

The report adopted a mixed method design, including a systematic review approach to identify the myriad reports, studies and academic research concerning the hotel industry and the employment relationship and practices in the sector. Furthermore, interviews with stakeholders, including business representatives and union officers, have been carried out to complement the findings from the systematic review. In addition, interviews with two academic experts in the field have provided insightful commentaries that have helped to identify the dominant employment practices in the sector. In a second stage, the report includes a small-scale qualitative study based on interviews with workers in the sector. This has provided detailed information about the working conditions in the sector.

1. Overview of the sector and main trends

(a) What is the current size of the UK hotels sector in terms of employment and contribution to the UK economy?

- The systematic review has identified a total economic turnover in the hotel industry of £19.4 billion in 2017. This accounts for 0.95% of the total British economy in 2017. Considering the hospitality industry more widely, data (GVA) reveals a direct contribution of £73 billion and an added indirect contribution of £88 billion for 2016. The direct impact of the hospitality industry accounts for 4.3% of the total UK economy.
- The hotels industry employs 378,800 workers, accounting for 1.2% of total employment in the UK. The hospitality sector employs 2,302,000 workers in the UK according to the SIC definition. A wider consideration of hospitality increases employment in the sector to 3,203,000 workers. This is a share of 9.3% of total UK employment. This made the hospitality industry the fourth biggest employer in the UK in 2016.

(b) What is the demographic breakdown of the UK hotels sector, both in terms of firms and workers?

- According to UK Business counts, data micro-enterprises (0 to 9 workers) characterised the sector in 2017 (47.3% of all companies), followed by small companies (10 to 49 workers) with 38.8%. However, the data reveals that since 2014 the share of micro-enterprises has fallen in more than 8 points while small companies increased by 5.8 points, medium enterprises (50 to 249 workers) by 2.3 and large companies (more than 250 workers) by 0.5 points.
- The interviews with experts and stakeholders have identified the dominance of large brands and the presence of small family-owned firms, predominantly in coastal towns.
- Four main business types have been identified, namely the *Physical ownership model*, in which the company physically owns the hotel and capital assets and directly employs the workers in the hotel; the *Managed hotels model*, in which there is a split between ownership (specialised property, real-estate fund or pension fund) and the management of the property (that is derived to a big player in the market); the *Franchise model*, in which a company or group operates a hotel on behalf of an owner; and the *Single entity businesses* (or independent hotels) model, which tend to be

owned by a family or a trust and have a more stable ownership and management structure.

- The interviews with experts and stakeholders highlight that companies have been moving towards the management agreement or franchising model in a strategy that aims to reduce costs and increase flexibility in the business.
- The employment in the hotels sector is characterised by part-time employment. This reaches up to 44.2% in comparison with the 33% of total economy.
- The UK's hospitality sector is highly reliant on migrant workers, with 24% of the workforce being non-British nationals in 2016. These workers consist of 45% EU nationals and 55% coming from outside the EU. There is no specific available data for the hotel industry but the interviews with experts highlight the strong reliance of the sector on migrant workers.

(c) Is there any particular regional concentration of this industry?

- In economic terms the hospitality industry is concentrated in London, the South East and the North West, revealing the importance of cities and urban areas.
- However, in terms of economic contribution to regional economies, the industry is especially important for the South West, Scotland and the North West.
- The regions in which hospitality sector employment is more relevant for regional economies are the North East, the South West, Wales, the North West, London and Scotland.
- The economic profit within the hotel industry differs widely among regions. London shows by far the highest operating profit, followed by Scotland and the South East. However, their profit is less than half that of London. The hotel industry in the North East, Yorkshire and Humber and East Midlands has the lowest operating profit.

(d) How has the sector grown over recent decades? What have been the drivers behind this growth?

- The sector has experienced a significant growth both in terms of available rooms, occupancy rates and revenue per available room. From 2007 to 2017 occupancy rates have remained above 80% in London and have increased from 70% to 76% outside London. In the same period, revenue per available room has increased from £97 to £121 in London and from £49 to £54 outside London.
- In terms of economic turnover the hotels and similar accommodation sector has increased business performance in the last 10 years. From 2008 to 2017 the total turnover of the sector has grown from £13,596 million to £19,405 million, an increase of 42.72%.
- Employment in the sector increased at a faster pace than in the total economy between 2009 and 2017. Employment in the hotel industry has grown by 18.1% in comparison with 9.3% of the total economy. Furthermore, the growth of employment in the sector is characterised by the increase in part-time employment.
- The growth of the sector has been related to an increase in overseas visitors in response to the value of the pound, the economic recovery after the 2008 recession in continental Europe, long-term economic growth, the emergency of an ageing population, with the over 60s age category having the desire and means to travel, and the emergency of a global middle class.
- It has been identified that external factors and events have had an impact on the UK hotel sector's performance. External factors with a negative impact include the 2008–2009 recession and the security concerns post Paris and Brussels terrorist attacks in 2015 and 2016. On the other hand, events such as the 2012 Olympic and Paralympic Games and the 2015 Rugby World Cup had a strong positive impact.

2. Predominant employment practices/employment relationships in the sector

(a) How are workers recruited to this sector (e.g. directly by employer, agency, online recruitment, etc.)?

- Traditional recruitment methods such as word of mouth and migrant networks are still very important in the hotel industry.
- The qualitative findings reveal that word of mouth dominates in the sector, especially in the case of non-British nationals. The word of mouth approach is reported to be directly employed by the hotel. However, we have also identified the use of employment agencies in the case of specific occupations such as cleaner, waiter and cook. In this case, this is related to being employed by an agency or company. The use of online recruitment appears to be related to big hotel chains.
- The new staffing methods (subcontracting, outsourcing, agencies) used mainly by large hotels make the employment relationship fragmented, informal and fissured as workers are managed and employed by different organisations. Subcontractors and agencies deploy aggressive strategies to increase their profitability and control over labour and as a result employment rights are often violated.

(b) What is the nature of the employment relationship in this sector?

- We have identified levels of fear in response to participating in the research or contacting us. This has included constant requirements for anonymity of the worker and of the company/hotel, requirements about the need to speak first with the manager and fear that the manager will see the worker talking with the researcher.
- The workers interviewed are employed and in permanent jobs. The flexibility is mainly provided by the working time arrangements. Most of our participants were directly employed by large chain hotels and had a permanent contract but their hours of work and pay varied, with cleaners having more unstable pay.
- Part-time is common in the sector and in all types of jobs (mostly in zero-hour contracts). In some cases this related to young workers who are attending education but it was also widespread among other workers. In the latter cases, we have identified a willingness to work more hours (e.g. for increased salary) or to work in different hotels that offer more hours.
- In terms of the working conditions, we found that intensity of work over the last couple of years has increased, as manifested by heavy workloads, long working hours and unpaid overtime. For those with fixed salaries, unpaid overtime seems to be more widespread. This is related to regular and daily overtime to finish the job. In some jobs (e.g. receptionist and waiter) this seems more common in evening/night shifts. Those in zero-hour contracts experience high levels of instability in working hours and a higher degree of manager discretion in assigning working shifts. The intensification of work is also shown by cuts in benefits and extra pay for weekend work.
- The employment relationship in the UK hotel industry has become more precarious over the last 10 years, due to the widespread use of new staffing methods such as subcontracting and outsourcing, and employment practices including zero-hour contracts. Fissured employment relationships are more susceptible to violation as they create legal ambiguities (preferred by lead firms) as to who is responsible for labour market violation.
- Our findings identified differences in working conditions between those with more direct public interaction with the customer and those more hidden. For example, receptionists, banquet supervisors, etc. tend to have more stable working conditions while night receptionists, night managers, cleaners and waiters tend to have more insecure conditions. Workers who are directly employed tend to have more stable working conditions than those working for agencies or outsourced companies.

- There is a high degree of manager discretion in setting up working conditions. In the case of those directly employed by the hotel, this discretion results in diverse arrangements. In the case of those working for agencies, this appears less personalised and related to the subcontracting agreement between their company and the hotel.
- Although audits between lead firms and providers is legal, the everyday practices of the providers create a space for violation. Violation often occurs due to the use of payment by the room and not by the hours worked. Lead firms play a significant role in violation not only indirectly but also directly as violation of labour rights is linked with methods (such as piece-rate pay) deployed over directly recruited workers.
- Our findings confirm a low union presence in the sector. In most cases the workers didn't recall any union presence in the sector and some workers emphasised that unions would not be allowed by the company. The lack of union presence is also emphasised by those who are members of unions. For employees it becomes increasingly difficult to defend their rights due to the lack of union presence, collective agreements and enforcement mechanisms.
- In fissured workplaces, instances of humiliation and improper behaviour associated with violation of basic labour rights are tolerated by workers due to fear of losing their job and their expected short-term stay in the industry.

3. Awareness of rights and compliance

(a) With a focus on the Director's remit, what is the level of awareness of employment rights among workers in the sector?

- We found that most participants had knowledge about their rights concerning minimum wage, working hours and holiday pay. Conversely, there is a lower level of knowledge about breaks and leave.
- The sources of their knowledge included company handouts, the employment contracts and, in some cases, the union and word of mouth. The latter includes partners, friends and colleagues.
- Knowledge of employment rights is individualised. In some cases (young workers) it is related to the studies workers are attending and in others to the search for information after a situation is felt as unjust. The latter includes mainly online search and contact with unions in some cases.
- We have identified that young non-British workers, some of them with relatively high education levels (in some cases not recognised), seem to have more resources to search and understand employment law than their British counterparts. However, when education level is low, non-British workers are less aware of their employment rights.

(b) To what extent are workers generally aware of routes to get advice or make complaints?

- The level of awareness of the routes to make a complaint is low and individualised. Most workers have a superficial knowledge, especially the ones who have not been engaged in a complaint.
- In some cases, the source of knowledge comes from the experience of a relative or friend or from current studies.
- However, in the case of those involved in complaints there is detailed information and support from the union, and it has been identified that in big hotels, management provides information about complaint routes.
- However, although the level of grievances is high, the situation tends to be experienced individually and the workers try to solve the grievance via individual negotiation with the manager. However, in most cases, it is assumed that complaining is not well received in the sector and workers tend to accept the situation.

- We have identified a very low use of the existing routes to get advice, related to this tendency to accept working conditions.

(c) What is the experience of workers in this sector with non-compliance with labour laws?

- The experience of non-compliance with employment rights is common in the sector. Workers' narratives mainly identify issues related to pay, working hours, breaks and holidays. More concretely, unpaid hours and no or limited breaks were the areas identified by many respondents as being very problematic in terms of violation of employment rights. But in most cases workers were not acting against their employer.
- Unpaid overtime seems to be the norm in the sector, affecting workers in all jobs and on all types of contracts. However, those in family business seem to experience less unpaid overtime.
- Reported cases of unpaid overtime are related to differences between the hours recorded in manager and worker diaries, unpaid working hours during night shifts to get things ready for the next day and unpaid overtime to reach the ratio of rooms per hour (cleaners), among others.
- We have also identified several issues with breaks. It seems a usual practice in the sector to not respect workers' breaks or to provide them with false information about the duration of their break. In some cases, this happens from time to time when there is a peak of work (for example in family or big hotels) but in other cases it seems to be the norm (in chain hotels and with waiters and cleaners). Some workers complain that minimum break hours between shifts are not respected. For example, the same worker can finish service at 11 or 12 at night and start a shift at 7 am the next day.
- In relation to holidays it has been identified that workers are being forced to take holidays in off-peak times, which often doesn't accommodate their own needs and preferences and, in some cases, they end up losing their holiday pay altogether. Furthermore, workers in zero-hour contracts tend to have their paid holidays violated as they take holidays as 'unpaid weeks' (e.g. a week working zero hours).
- Another area in which violation seems to be widespread but often unnoticed is that of workers doing multiple jobs even if this is clearly not stated by their contract. For instance, in some cases housekeeping staff were often asked to take on responsibilities in other departments (food/beverage and reception) when the hotel was very busy even though according to their contract they could only undertake different tasks within the same department.
- Overall, workers tend to be too afraid of losing their jobs, so they do not speak up in cases of violation. Few workers in our sample have made formal complaints and most of them 'accept' the situation as the norm in the sector. Managers take no responsibility for any violation and often tell workers that any action against the hotel's practices will be meaningless.
- Being a member of a union (three of our respondents) is clearly a contributing factor that results in being more aware about your rights and ready to use the available routes to act against your employer. Although our sample is limited, we do know that union density is very low and therefore we can safely assume that most cases of violation go unreported, although workers are aware of non-compliance cases.

1. INTRODUCTION

The primary research question of this report, commissioned by the Director of Labour Market Enforcement (DLME), is to analyse ‘How has the UK hotel sector been affected by the fissuring of the worker–employer relationship in the last 10 years?’

The DLME has the aim of bringing together a coherent assessment of the extent of non-compliance on labour market exploitation and identifying routes to tackle exploitation. One of its main purposes is to harness the strength of the three main enforcing bodies that fall under the DLME remit, namely the HMRC National Minimum Wage (NMW), the Gangmasters and Labour Abuse Authority (GLAA) and the Employment Agency Standards (EAS) Inspectorate. The legislation sets out that the Directorate must produce an annual labour market enforcement strategy that, in part, sets out the Director’s assessment of the scale and nature of such non-compliance in the labour market.

For the purposes of this tender, the Labour Market Enforcement Strategy 2018 to 2019 identified the hospitality industry as being at risk of labour exploitation. In this context, this report has the purpose of providing stronger evidence of the current scale and nature of employment practices in the hotel industry, how they have evolved over time and the degree to which they impact on employer compliance with labour regulations. This is part of the preparation of the second strategy, which is scheduled to deliver to the government by the end of March 2019.

The Director’s first full labour market strategy acknowledged the profound changes that have affected the UK labour market in the last four decades. These changes include the decline in trade union membership and collective bargaining coverage as well as labour’s share of national income. In a discussion of the US case, Weil (2008) highlighted the fissuring of the employment relationship between the worker and the employer ‘where the lead firms that collectively determine the product market conditions in which wages and conditions are set have become separated from the actual employment of the workers who provide goods or services’ (Weil 2011: 33).

Accordingly, the employment relationship has become increasingly complex because employers have contracted out, franchised, subcontracted and devolved many functions that were once done in-house. Further research in the US context has provided evidence of the degree of fissuring in selected industries and the direct and indirect impact it may have on levels of compliance with labour (and health and safety) laws. This body of research suggests that the increasing separation between the ownership of business, employment and direct management of workers may impact on work regulation and enforcement (Weil, 2010 and 2014).

Overview of the hotel industry

The HORECA (hotel, restaurants, cafe) sector has seen a significant growth over the last couple of years with projections predicting an even stronger performance in the future. According to the World Bank (2017), in 2016 tourism-related businesses contributed 10% (\$7613.3 billion) of global GDP and generated 292 million jobs. The industry has surpassed the global economy growth and the growth of many other sectors for the last 6 years, while for the next decade it is projected to grow by 3.8% per year, generating 75 million additional jobs (World Travel and Tourism Council, 2017). The hotel industry is an important subsection of the HORECA industry since accommodation services are of paramount significance for this industry. In 2018, the hotel industry saw a record-breaking \$170 billion in gross bookings while the total revenue surpassed \$830 billion (Deloitte, 2018).

The value of the hotel industry and its capacity to make major advances in terms of sustainable development, decent work and poverty reduction have often been outlined. However, the hotel industry has also been associated with poor working conditions, low pay, long working hours, flexible employment and insecurity (Baum, 2006; Warhurst et al., 2008; Janta et al., 2011). Despite national differences, in the EU as a whole the hotel industry has been associated with irregular and unsocial hours while substandard employment forms, such as on-call, casual, temporary, seasonal and part-time are on the rise, generating high levels of job insecurity and poor wages (ILO, 2010). The UK hotel industry is also characterised by a culture of long working hours, low wages and unpaid overtime while almost half the entire workforce in hotels is employed on a part-time basis (Eurofound, 2012). There is also a high concentration of migrant and young workers who are more prone to be exploited because of their precarious migrant status and their limited work experience respectively. Evidence suggests that limited law enforcement and high tribunal fees create a rather precarious environment for workers who tolerate poor working conditions and are often unaware of their employment rights (*Independent*, 2017). Scholars (Lloyd et al., 2013) have also provided evidence that wages and skills in the industry are not the product of market strategies but rather the result of the prevalence of cost-reduction measures and restructuring processes.

Methodology

This report followed a multi-method approach design (Moran-Ellis et al., 2006), in accordance with the tender specifications. This approach consists of the use of a different range of techniques to provide evidence about a complex phenomenon.

This first phase of the study involved a detailed and exhaustive literature review and interviews with stakeholders and academic experts. The overall purpose of the literature revision is to systematically review the reports and studies on the hotel sector in the UK produced by academics, government, business, unions and NGOs. The parameters and framework for conducting the systematic review were agreed with the DLME, and the dimensions can be consulted in Annex 2. Furthermore, the detailed results of the items considered are available in Annex 1.

In addition, and in order to include views and comments from across the industry, representatives from the hotel industry (UK Hospitality) and Unite the Union were interviewed. Furthermore, two academic experts with knowledge of the topic have also been interviewed. Expert interviews are a suitable technique in research with time constraints. It has been pointed out that they allow for an efficient gathering of data (Bogner et al., 2009). The stakeholders' contribution has been crucial in complementing the existing literature and has offered a unique point of view from inside the industry. The comments from the academic experts have provided valuable insights to complement the systematic literature review and the interviews with workers in the second phase.

The second phase of the study consisted of a small-scale qualitative research exercise, comprising semi-structured interviews with workers in the sector. The purpose of this phase is to provide insights into workers' awareness of employment rights and their own experiences of the degree of compliance with labour laws in the sector. In-depth interviews have been identified as a suitable technique to help the researcher understand 'experiences' (Chase, 2011). For the purposes of this tender our interest is to identify, through narrative inquiry, their knowledge of employment rights and their own experiences about compliance of labour laws. The final interview questionnaire has been discussed and agreed with the DLME and the interview schedule is available in Annex 2.

We conducted interviews in two geographical areas: London and Manchester. London has the biggest share of the hotel sector and shows a sustained demand as it is the business centre and capital of the country. On the other hand, Manchester has a growing and sustained

demand, underpinned by its role in the development of the Northern Powerhouse, and is a leading city for conferences and events. Furthermore, according to a recent survey by Deloitte the city has retained its position as the most attractive hotel investment destination in England outside London (Roue, 2017). Moreover, the hotel sector in both areas is not especially affected by seasonality, making these two areas suitable areas in which to understand the employer–worker relationship in the hotel sector.

The study follows a ‘purposive sampling design’, whereby individuals are selected due to their specific experiences as workers in the sector (Ritchie et al., 2003). Furthermore, and being aware of time constraints and the nature of qualitative research, our proposal follows the ‘typical case sampling’ approach (Patton, 2002), where the individuals selected characterise positions that are normal or average. Although we cannot deliver a sample representing all the typical cases of the sector, we have developed a stratified sample that aims to encompass existing diversity in terms of gender, profession and country of origin. Our final sample includes 32 workers from different occupations (see Table in Annex 3 for a detail of workers’ characteristics). Our interviews were conducted face to face or by phone and lasted between 20 minutes and 1 hour. The analysis has followed a qualitative content-reading analysis in which the paragraphs and phrases related to the topics of interest obtained by saturation are selected and presented in a table, allowing for replication. The analysis tables are not included in the report due to anonymity reasons. However, the authors will share them with other researchers upon request.

This report provides an overview of the sector and main trends, and aims to respond to the following questions:

- What is the current size of the UK hotels sector in terms of employment and contribution to the UK economy?
- What is the demographic breakdown of the UK hotels sector, both in terms of firms and workers?
- Is there any particular regional concentration of this industry?
- How has the sector grown over recent decades? What have been the drivers behind this growth?

Furthermore, this study aims to review the predominant employment practices and employment relationship in the sector in order to ascertain:

- How workers are recruited to this sector (e.g. directly by employer, agency, online recruitment, etc.).
- What the typical business structures and corresponding nature of the employment relationship in this sector are.

The report also aims to identify the awareness of employment rights and compliance in the sector by questioning:

- What is the level of awareness of employment rights among workers in the sector?
- To what extent are workers generally aware of routes to get advice or make complaints?
- What is the experience of workers in this sector with non-compliance with labour laws?

Sections of the report

The report is organised as follows: the first section (2) discusses the characteristics of the UK hotel sector. It starts by identifying the economic and employment contribution of the hotel

sector and hospitality industry to the UK's total economy (2.1). The use of the hospitality industry as a proxy has been necessary in some cases as the systematic review has identified a lack of specific data from the hotel industry. This section also includes a consideration of the geographical concentration of the industry and its contribution to the economy of different regions. The report then moves to a specific discussion of the hotel industry and identifies its economic context and evolution, drivers of growth and contribution in terms of employment. Furthermore, the section also includes a consideration of the composition of the workforce in the sector and highlights the crucial contribution of migrant work in the sector. The next section (2.2) engages with a discussion of the business structures of the sector. In this section predominant business types and organisational forms are identified. The section then moves on to identify dominant organisational forms and practices of large hotel companies. The purpose of using individual cases as an example has the aim of compensating for a lack of available information at UK level of dominant organisational forms. This section also uses findings from the interviews with the stakeholders to identify general trends.

The second section (3) engages with the impact of the trends identified in sections 2.1 and 2.2 in the employment relationship and includes significant contributions from experts, stakeholders and workers within the sectors, identifying potential issues of non-compliance and awareness of employment rights. The report considers dominant employment practices and employment forms in the sector (3.1) and identifies a trend towards atypical and flexible employment in the sector, related to the use of outsourcing and other staffing methods. The report then moves on to consider the main recruitment practices (3.2) of the hotel industry and highlights the use of networks related especially to migrant work. The use of different methods of recruitment for different jobs and occupations as part of strategic decisions is also considered. The impact of the organisational forms and employment and recruitment practices among workers is discussed in section 3.3, in which the degree and extent of non-compliance in the sector is considered. The next section (3.4) focuses on the awareness of employment rights in the sector and workers' involvement in complaints.

The report concludes (4) with a consideration of how the practices discussed in sections 3.1, 3.2, 3.3 and 3.4 impact the employment relationship. The report highlights the increasing insecurity among workers and the growing distance that current organisational forms and employment practices provoke in the employment relationship. It finishes with a summary of the findings of the systematic review as well as a discussion of the implications of the issues identified in relation to non-compliance in the sector and workers' awareness of employment rights.

The Annex includes three sections. First, the results of the systematic literature review are presented, including the items identified and the dimensions analysed for each item. The second section includes the guide used for the systematic literature review and the interview guide for stakeholders and academic experts. The third presents the characteristics of the workers interviewed.

2. THE CHARACTERISTICS OF THE UK HOTEL SECTOR

This section discusses the economic contribution of the UK hotel industry (2.1) and the business structure trends in the sector (2.2). In the first section (2.1) the hotel and hospitality industry and their economic and employment contribution are discussed. Issues of economic and employment contribution and geographical concentration are considered. The section then moves to discuss the economic and employment contribution of the hotel industry and its evolution in time. This includes a consideration of the drivers behind the growth of the hotel industry and an analysis of employment in the sector along with its evolution in comparison with total UK employment. In the second section (2.2) the business structures in the hotel industry are considered. Due to a lack of sufficient information at UK level, this last section uses information from interviews with stakeholders in the sector and examples from large players to identify main trends in business structures within the sector.

2.1. The economic contribution of the UK hotel industry

The hotel industry, as part of the hospitality sector, has been a key driver of employment and employment growth in the UK. The importance of the industry is crucial in London as capital of the country as well as in other regions, especially in cities and tourist areas. The data and reports identified provide broad figures about the hospitality industry as it has not been possible to break down some of the data and to obtain specific figures for the hotel industry in all the cases.

The economic and employment size of the hospitality and hotel industry

The hospitality industry is a crucial contributor to the UK economy. The direct Gross Value Added (GVA) of the hospitality sector in 2016 was £73 billion, and the indirect GVA reached up to £88 billion, as shown in Table 1. Overall the economic impact of the industry accounts for 9.3% of the UK economy. However, the relevance of the sector is better identified in its impact on employment, as the sector accounts for 17.3% of total UK employment, making the industry the fourth biggest employer in the UK in 2016 (Ignite Economics, 2017).

Table 1: Hospitality sector contribution to the UK economy

	SIC definition	Wider hospitality sector	UK economy	% of UK economy	Total including direct/indirect impact	% of UK economy
Employment ('000s)	2,301	3,203	34,514	9.3%	5,970	17.3%
GVA (£ billion)	53	73	1,727	4.3%	161	9.3%

Source: ONS data, Ignite Economics (June 2017) analysis prepared for the British Hospitality Association

The data in Table 2 reveals the economic evolution of the hotel (and similar accommodation) sector. In 2017 the total turnover of the sector was £19,405 million, accounting for 0.95% of the total British economy. The table shows that in terms of economic performance the sector has been growing slowly since 2010. However, the economic performance of the sector grew strongly from 2015 to 2016. Furthermore, the data reveals that the sector has been affected by a reduction in the number of enterprises since 2008. This latter figure didn't recover until 2015.

Table 2: Annual Business Survey (ABS) on size and growth within UK non-financial sectors – hotels and similar accommodation

Year	Number of enterprises	Total turnover	Approximate gross value added at basic prices (aGVA)	Total purchases of goods, materials and services	Total employment – point in time	Total employment – average during the year	Total employment costs	Total net capital expenditure	Total capital exp – acq.	Total capital exp – disposals	Total stocks and work in progress – value at end of year	Total stocks and work in progress – value at beginning of year	Total stocks and work in progress – increase during year
	Number	£ million	£ million	£ million	Thousand	Thousand	£ million	£ million	£ million	£ million	£ million	£ million	£ million
2008	10,178	13,596	7,732	5,872	328	328	4,011	1,774	1,848	74	193	187	6
2009	9,687	13,624	7,439	6,171	325	297	3,942	1,390	1,433	43	181	197	-15
2010	9,559	13,493	7,102	6,399	321	316	4,173	936	1,072	136	250	231	20
2011	9,575	14,150	7,619	6,532	358	342	4,424	946	1,137	191	201	176	25
2012	9,449	15,186	8,572	6,609	351	339	4,823	1,282	1,397	115	185	172	13
2013	9,364	15,764	8,925	6,852	356	344	4,703	1,173	1,335	162	207	189	18
2014	9,300	17,391	10,715	6,784	357	347	4,758	1,159	1,728	569	195	190	5
2015	9,312	17,535	10,657	6,912	369	366	5,133	2,034	2,283	250	184	187	-3
2016	9,583	18,401	11,421	6,987	391	388	5,574	2,508	2,690	182	220	221	-2
2017	9,745	19,405	11,942	7,476	376	368	5,914	1,866	2,063	198	227	227	-

Source: ONS Release Date 8 November 2018

The impact and distribution of the hospitality industry differs among regions, reflecting patterns of regional concentration. If we consider the added value contribution of the hospitality industry at regional level, London, followed by the South East and the North West, have the highest share of the business, while Northern Ireland, the North East and Wales have the lowest share (Table 3). These figures reveal a concentration of the business in London and the South East followed by the North West, including the cities of Manchester and Liverpool. This pattern suggests a concentration of the industry in big cities and metropolitan areas.

However, in terms of the contribution of the hospitality industry in the total GVA of the region, the South West, Scotland, the North West, Wales and the West Midlands show a percentage above the UK average of 4.1%. The latter reveals that the industry is crucial in the economy of these regions irrespective of how much they contribute to the total GVA of the sector.

Table 3: Regional GVA contribution of the UK hospitality industry in 2015

	2015 (£ billion)	% of UK hospitality	% of regional GVA	Rank among 17 broad industry groups
North East	2.0	3%	4.0%	11
North West	7.1	10%	4.5%	11
Yorks & Humber	4.2	6%	3.8%	11
East Midlands	3.3	5%	3.4%	12
West Midlands	5.0	7%	4.2%	12
East of England	5.3	8%	3.6%	12
London	15.7	23%	4.1%	10
South East	9.6	14%	3.9%	12
South West	6.4	9%	5.1%	10
Wales	2.5	4%	4.5%	9
Scotland	6.1	9%	4.8%	9
Northern Ireland	1.3	2%	3.8%	11
Total UK	68.0	100%	4.1%	12

Source: ONS data, Ignite Economics (June 2017) analysis prepared for the British Hospitality Association

The patterns identified above are complemented by the figures in Table 4 that show the importance of the hospitality sector in terms of employment in different regions. While hospitality shares about 9% of total employment in the UK, the percentage is higher in the North East, South West, Wales, the North West, London and Scotland. These regions coincide with the ones in which the sector tended to be concentrated (South West, North West and London), but the above-average figures in the North East, Wales and Scotland reveal a high dependence of these regions to the sector in terms of employment, which does not correlate with the importance of the region in terms of business. The data provided by UK Hospitality (2018) also shows that hospitality is the third biggest industry in the North East, North West, South West, Wales and Scotland.

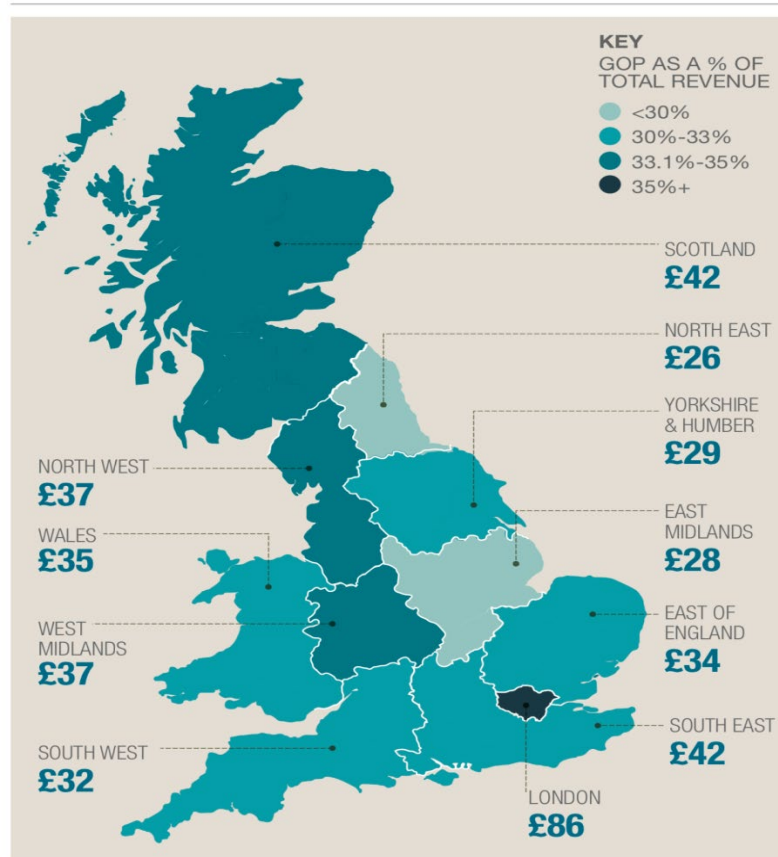
Table 4: Hospitality employment on a regional level

	2017 ('000s)	% of UK hospitality	% of regional employment	Rank among 20 broad industry groups
North East	125	2%	11%	3
North West	360	11%	10%	3
Yorks & Humber	210	7%	7%	6
East Midlands	226	7%	7%	4
West Midlands	241	8%	8%	6
East of England	246	8%	8%	7
London	568	18%	10%	5
South East	390	12%	8%	5
South West	311	10%	11%	3
Wales	174	5%	11%	3
Scotland	275	9%	10%	3
Northern Ireland	73	2%	8%	5
Total UK	3,198	100%	9%	3

Source: UK Hospitality (September 2018) Workforce Commission 2030 report

The Figure below reveals the differing profitability of hotels by region in 2017/2018. The numbers highlight that in London the gross operating profit per available room (PAR) is £86, followed at a long distance by Scotland and the South East, with £42. Conversely, the profit is below £40 in the rest of the country. Furthermore, the North East, Yorkshire and Humber and East Midlands have the lowest operating profit (below £30).

Hotel profitability, gross operating profit PAR (£)
Nov-Oct 2017/18



Source: HotStats, Knight Frank Research

The economic and employment context of the hotel industry

In 2016 there were a total of 626,700 available hotel rooms in the UK, with 23.3% concentrated in London and the rest outside the capital (PwC, 2018). In terms of economic contribution, the 'hotel and related' subsector generated 16% of the hospitality industry's total GVA in 2016 (Ignite Economics, 2017). This accounts for 1.5% of the total UK economy.

In terms of labour productivity, the hotel subsector takes third place in the hospitality sector, after the restaurant and catering subsectors (Ignite Economics, 2017). Indeed, labour productivity is relatively low, which is partially a reflection of the high levels of part-time employment within the sector and the low utilisation of workers' skills.

The hotel industry has seen a steady growth in recent years, as shown in Table 5. The figures reveal that after a decrease in the level of business in the period after the 2007–2008 recession, the sector started to recover around 2010. The data shows an increase in all the business indicators, such as occupancy rates, the hotel's average daily room rate (ADR) and the revenue per available room (RevPAR) – calculated by multiplying a hotel's ADR by its occupancy rate. The available data for 2017 highlights an occupancy rate of 82% in London and 76% outside London. Furthermore, a further modest ADR and RevPAR growth are estimated for 2018 and 2019 (PwC, 2018).

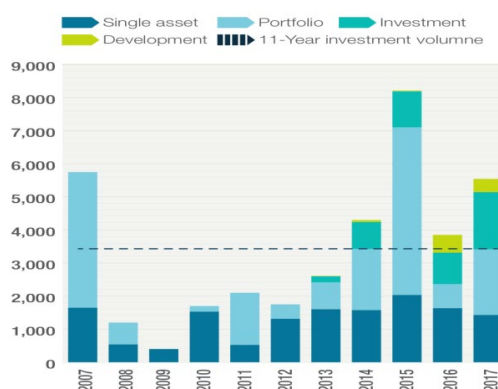
Table 5: Annual hotel statistics for London and Provinces 2007–2019F

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
London	Actuals											Forecast	
Occupancy	81%	80%	80%	82%	82%	81%	83%	83%	82%	82%	82%	82%	81%
ADR (£)	120	119	113	123	133	138	137	140	143	142	148	149	150
RevPAR (£)	97	95	91	102	108	111	112	117	117	116	121	122	122
Provinces	Actuals											Forecast	
Occupancy	70%	69%	66%	69%	71%	70%	72%	75%	76%	76%	76%	76%	76%
ADR (£)	69	64	60	59	59	59	59	63	67	69	71	72	73
RevPAR (£)	49	43	40	40	40	41	43	47	51	52	54	55	55

Source: PwC reports (annual figures are based on unweighted quarterly averages)

Considering total investment volumes, the research undertaken by the consultants Knight Frank Research (2018) below shows the strong effect of the 2007–2008 recession as investment volumes didn't start to recover until 2010. However, the data reveals that investment levels didn't reach the figures of 2007 until 2015.

UK total hotel investment volumes
2007-2017



Source: Knight Frank Research

Source: Knight Frank Research

The figures in Table 6 reveal that micro-enterprises (0 to 9 workers) dominate in the hotel sector. This was the case in 2010, when micro-enterprises shared about 56% of all the companies in the sector. This was also the case in 2017, although the figure falls to 47.3%. This fall by more than 8 points is related to a restructuring of the sector in the aftermath of the 2007–2008 economic recession. The data suggests that micro-enterprises (usually small family businesses) tend to decrease while small- and medium-sized enterprises (probably franchises) increased in 2014 and 2017.

Table 6: Enterprises in the hotel and similar accommodation sector by employment size band. 2010–2014–2017 total and %

	Micro (0 to 9)		Small (10 to 49)		Medium-sized (50 to 249)		Large (250+)		Total	
2010	5,385	55.9	3,180	33.0	955	9.9	115	1.2	9,635	100.0
2014	4,655	49.4	3,595	38.2	1,050	11.1	125	1.3	9,420	100.0
2017	4,620	47.3	3,785	38.8	1,195	12.2	165	1.7	9,765	100.0

Source: UK Business counts

In order to identify the economic performance of the sector, the data on value-added tax and/or pay-as-you-earn businesses reveals that this sector represented 5.8% of the total taxes in 2016. Although the figures for the sector increased in 2017 and 2018, the share slightly decreased in relation to total economy.

Table 7: Number of Value Added Tax and/or Pay As You Earn businesses by broad industry group, UK, 2016 to 2018

	2016	%	2017	%	2018	%
Accommodation and food services	148	5.8	150	5.6	153	5.7
All sectors	2,555	100	2,669	100	2,669	100

Note: Count given to the nearest thousand

Source: Office for National Statistics

On the other hand, the data on business birth and death rates provided by the Office for National Statistics reveals a higher number for 2017 in the accommodation and food services than in the total economy. The sector shows a birth rate at 15.3% and business death at 13.4% while these were at 13.1% and 12.2% in the total economy.

Overall, the data suggests a very dynamic sector with increases in revenue and business. It has been suggested that the growth of the hotel industry in the UK has been related to two main drivers (PwC, 2017):

- First, the number of overseas visitors coming to the UK has increased in response to the improved spending power offered by the fall in the value of the pound since the Brexit vote in 2016.
- Second, there has been a noticeable recovery in continental Europe in recent years, thus encouraging overseas visitors to travel to the UK.

Large companies within the sector have also provided insights into the factors behind the growth of the hotel industry. In their annual report, IHG (2017b: 8) identifies three key industry growth drivers:

- 1) Long-term economic growth, which has led to the growth of disposable income and an increase in corporate profitability.
- 2) Demographic changes related to an ageing population of over 60s with a greater desire and means to travel and the rising of an international middle class.
- 3) Socio-political factors, such as the growth of air travel and the expansion of emerging markets.

In their latest annual report, the Millennium & Copthorne Hotels Group (2017a) recorded increases in revenues mainly due to favourable foreign currency movements as a result of the weak pound and higher hotel revenue.

A recent report by PwC (2017) has mentioned further factors that had an impact on hotel sector performance in the UK (based on the RevPAR). These include the role of external factors and special events. As external factors with a negative impact, the report mentions the 2008–2009 recession and the security concerns post Paris and Brussels terrorist attacks that especially affected London during 2015 and 2016. On the other hand, special events such as the 2012 Olympic and Paralympic Games and the 2015 Rugby World Cup had a strong positive impact.

Moving now to the employment characteristics of the sector, the 'hotel and similar accommodation' subsector is a labour-intensive sector.

Table 8 shows that the sector employed almost 380,000 workers in 2017, accounting for 1.2% of total employment in the UK. Employment in the sector is characterised by part-time employment as this reaches 44.2%, while part-time affects just a third of all employees.

Table 8: Employment characteristics of the hotel industry and total employment 2009–2017

	Full-time employees	Part-time employees	Total employees	Total employment
55.100 Hotels and similar accommodation				
2009 (thousands)	179.8	128.1	307.9	320.8
2017 (thousands)	206.4	164	370.6	378.8
Dif 2009–2017 (thousands)	26.6	35.9	62.7	58
<i>Dif % (base 2009)</i>	<i>14.79</i>	<i>28.02</i>	<i>20.36</i>	<i>18.08</i>
All sectors				
2009 (thousands)	18263.7	8657.2	26921.0	28750.8
2017 (thousands)	20444.9	9861.8	30306.8	31437.5
Dif 2009–2017 (thousands)	2181.2	1204.6	3385.8	2686.7
<i>Dif % (base 2009)</i>	<i>11.9</i>	<i>13.9</i>	<i>12.6</i>	<i>9.3</i>

Source: Author's own elaboration using ONS database

Employment in the hotel sector skyrocketed in the period 2009–2017, reaching 18.08%. This growth is especially important in part-time employees. These employees increase by about 28% compared with just below 15% of full-time employees. In the same period, total employment in the UK increased by a much lower figure (9.3%). This data reveals that the increase in employment in the hotel industry has almost doubled the increase of total employment in the UK.

Indeed, the sector is highly labour intensive and is diverse in workforce composition. Based on LFS data, People 1st (2017a) reports that the UK's hospitality sector is highly reliant on migrant workers, with 24% of the workforce made up of non-British nationals in 2016. These workers consist of 45% EU nationals and 55% come from outside the EU. Similarly, the analysis undertaken by KPMG (2017) suggests that 12.3% of employees in the UK's hospitality sector are EU nationals, compared to 72.7% British nationals and 15.0% from the rest of the world.

The latest report by People 1st (2017) demonstrates that Scotland, in particular, has seen a significant increase in the percentage of its workforce made up of non-British. In contrast, the lowest percentage of non-British workers were employed in Wales. In England, particularly, the reliance on migrant workers varies across the regions, with London the most dependent region on non-British nationals; 63% of the hospitality workforce are migrant labour, of which 43% comes from EU countries.

This dependence on migrant work and non-British workers has raised some concern in the sector about the potential impact of Brexit. According to the interviews with the stakeholders, recruitment issues have increased and retention rates of non-British workers have decreased.

2.2. The business structure of the sector

The business and operating models of the sector vary between different dimensions such as ownership and management, and are affected by a growing strategy that combines franchise agreements, leasehold, management contracts and joint venture (Cunill and Forteza, 2010).

These strategies are the result of increasing competitiveness and diversification in the sector and the result has been a fragmentation of business and organisations along the dimensions of ownership/lending and management.

The stakeholders interviewed identified three main types of business structure for large groups. These models imply different interplay between the dimensions of ownership and management:

1) *Physical ownership model*, in which the company, usually a big player (e.g. Hilton), physically owns the hotel and the capital asset and they directly employ the workers in the hotel.

2) *Managed hotels*, in which there is a split between operations and real-estate management. In this case, high financial demands in capital investment make it a specialised property or real-estate fund (or even a pension fund) as they physically own the property and are responsible for the capital investment. In this model, the management of the property is carried out by a big player in the market (Hilton, Marriott, InterContinental, etc.) on the basis of a management agreement. The company taking on the management receives a fee and a share of the profit so it has an incentive to grow the revenue and profit.

3) The third model, which is a derivative of the second, is *franchise*. In this case, a company or group operates a hotel on behalf of an owner, but there is a franchise agreement and it is badged as, for example, Holiday Inn. In this model the managing company pays a fee to the big players that own the franchise.

Crucially, the growth strategies of large groups can be a combination of two or three of these business models. The interviews with experts and stakeholders highlight that companies have been moving towards the *management agreement* or *franchising* model in a strategy that aims to reduce costs and increase flexibility within the business model, defined in the industry as the 'asset-light business model'.

Furthermore, a fourth business model has been identified:

4) *Single entity businesses* (or independent hotels), which tend to be owned by a family or a trust and have a more stable ownership and management structure. They tend to be localised in coastal towns or close to golf areas and the workers tend to be recruited in the local area directly by the owners. The different experts and stakeholders interviewed agreed that the number of these businesses have tended to diminish.

The available data confirms the key importance of big hotel chains in the sector. Table 9 highlights the high concentration of the sector, as the 15 biggest players share 40% of the total available rooms. Furthermore, the fourth biggest players, namely Whitbread, IHG, Travelodge and Accor, share more than 20% of all hotel rooms.

Table 9: Top 15 companies in the UK by number of rooms

	Rooms	Hotels	% Rooms over total
Whitbread	52786	659	8.42
IHG	39519	287	6.31
Travelodge	37184	503	5.93
Accor	26915	204	4.29
Hilton	24281	114	3.87
Marriott	11526	61	1.84
Rezidor	9348	46	1.49
Britannia	8941	48	1.43
GLH	8279	36	1.32
Wyndham	7835	92	1.25
Starwood Capital	7641	51	1.22
Jurys	5538	23	0.88
KSL	4993	53	0.80
Macdonald	4715	47	0.75
Millennium & Copthorne	4564	19	0.73
Total 15 big players	254065	2243	40.54
Total rooms	626700	-	100.00

Source: UK hotel brand listing 2017 and PwC (2018)

Furthermore, these big players own most of the important hotel chains and franchises. Whitbread owns Premier Inn and Hub; InterContinental Hotels (IHG) owns Holiday Inn, Holiday Inn Express, Crowne Plaza, InterContinental and Holiday Inn Garden Court; and Accor owns Ibis, Ibis Styles, Ibis Budget, Formule 1, Sofitel, MGallery and Mercure.

The experts and stakeholders within the sector agreed that big players and large companies have tended to play a bigger role in the sector. The systematic literature review has not identified data about the current structure of businesses in the sector at UK level. However, big hotel chains provide reports and data about their operations. In this review, the business model and structure of four hotel chains in the UK that are ranked high in the world's top 300 hotel chains with the biggest room portfolios in HOTELS (Hotels, 2018), a certified trade magazine for the hotel industry, have been analysed. The purpose of this analysis is to provide some insight into existing business types and structures in the sector; it doesn't imply any representative claim.

1) *InterContinental Hotels Group (IHG)*

IHG takes third place in the annual ranking list of the world's 300 biggest hotel companies. According to the IHG annual report (2017b: 3), they operate hotels in three different ways – as a franchiser, a manager and on an owned and leased basis. Focusing on the mainstream, upscale and luxury segments of the hotel industry, their business structure in mature markets predominantly follows a franchise model, with over 90% of their hotels franchised in Europe, including the UK.

The group summarises the key differences between the three main business models in the following table:

Table 10: IHG business model

Business model	Hotel ownership	IHG capital intensity	Employees	Brand ownership marketing and distribution
Franchised	Third party	Low	Third party	IHG
Managed	Third party	Low	IHG and third party	IHG
Owned and leased	IHG	High	IHG and third party	IHG

Source: InterContinental Hotels Group Annual Report and Form 20-F 2017

The group franchises about 5,518 hotels (825,746 rooms), manages 907 (242,883 rooms) and owns and leases 8 hotels (2,358 rooms) in approximately 100 countries and territories around the world. Accordingly, the group franchises more than 80% of all their hotels. IHG's hotel brands include: InterContinental Hotels & Resorts, KIMPTON Hotels & Restaurants, HUALUXE Hotels & Resorts, Hotel INDIGO, EVEN Hotels & Resorts, Crowne Plaza, Holiday Inn, Holiday Inn Express, Holiday Inn Vacations, Holiday Inn Resorts, Staybridge Suites, Candlewood Suites and Avid.

In terms of employment, more than 370,000 people work in IHG-branded hotels and offices; of these, IHG directly employs around 34,000 people who work across the corporate offices, central reservation centres and in some hotel roles, such as general managers at their managed hotels. Most of the people working in IHG hotels are employed by owners rather than by IHG directly, due to having a predominantly franchised estate (IHG, 2017a: 1).

2) Travelodge

Ranked 38 in Hotels (2018) top 300 list, Travelodge is one of the leading hotel brands in the UK. The group leased, franchised and managed 558 hotels and 42,110 rooms across the UK, Spain and Ireland at 31 December 2017. The Travelodge Group is predominantly a leasehold business, representing over 98% of total revenue. In addition, the group operates eleven hotels under management contract in the UK, five leasehold hotels in Spain and twelve hotels under franchise in Ireland and Northern Ireland.

The hotel employs almost 12,000 people across its hotels and support offices, the majority of whom work in the hotels on hourly paid contracts with flexible hours of work (Travelodge, 2018). Travelodge have developed a series of contract documents to be used in transactions when acquiring new hotel sites. These contracts include the standard 'Lease of Whole', used where Travelodge occupy the whole of a building, and the standard 'Lease of Part', where Travelodge share a building with other occupiers. Thame and London Limited is the holding company of the Travelodge Group, which includes Travelodge Hotels Limited, the principal UK trading company (Travelodge, 2017).

3) Whitbread

As one of the largest hospitality companies in the UK, Whitbread is ranked number 24 in the annual list of the world's top 300 hotel companies (Hotels, 2018). Whitbread operates the hotels under the Premier Inn brand. Adopting an asset-backed and owner-managed model, Whitbread operates Premier Inn hotels through a joint-site model, which means more than half of their hotels are located alongside their own restaurant brands. The company currently

manages over 785 hotels and more than 72,000 rooms across the UK. According to their 2018 annual report, Premier Inn recruited over 34,000 employees via direct recruitment.

4) Millennium & Copthorne Hotels

The company is a global hospitality management and real-estate group who operates the Chelsea Harbour Hotels, Millennium, Copthorne, the Bailey’s Hotels and Kingsgate hotel chains. Taking the 41st place in Hotels (2018) top 300 list, the Millennium & Copthorne Hotels group operate 136 hotels and almost 39,402 rooms. From this figure, 60 hotels (16,523 rooms) are located in Europe. The group’s regional inventory at 31 December 2017 is detailed in Table 11 (Millennium & Copthorne Hotels, 2017a). The data reveals a movement from managed to franchised hotel from 2016 to 2017.

Table 11: Millennium & Copthorne Hotels’ regional inventory 2016 and 2017. Europe

Type of hotel	2016	2017
Owned or leased	21	21
Managed	31	5
Franchised	0	31
Investment	1	3
Total	53	60

Source: Millennium & Copthorne Hotels annual report and account 2017

Final remarks

The increasing competitiveness of the sector and the growing internationalisation of the hotel industry have reinforced the trend towards innovative organisational forms. The interviews with stakeholders and experts have agreed that the dominance of large groups has increased in the sector. These large sectors have tended to move towards an ‘asset-light model’ in which different adjustments between ownership, lending, franchising and management have been developed to provide flexibility and reduce capital investment. Furthermore, a trend towards franchise and managed hotels has been identified. The impact of these trends on the employment relationship is evaluated in the next section.

3. THE EMPLOYMENT RELATIONSHIP OF THE UK HOTEL INDUSTRY

This section analyses the impact of the organisational changes discussed above on the employment relationship within the industry. In the first section (3.1) the dominant employment practices identified in the systematic literature review are considered, including the use of employment agencies and other flexible employment forms such as zero-hour contracts. In the next section (3.2.) the recruitment practices in the industry are considered and in section 3.3 these elements are discussed against existing evidence of non-compliance in the industry. In the final section (3.4) the awareness of employment rights and the different routes via which employees can complain in cases of non-compliance are discussed.

3.1. The dominant employment practices of the industry

As mentioned in section 2.2 the intensification of competitive pressures in the industry has created the need for new organisational forms and employment practices. The aim of these practices is to better accommodate business objectives for cost reduction and control of labour. A series of neo-liberal changes in the regulatory framework that governs the employment relationship has facilitated the introduction of a more flexible landscape regarding staffing methods and employment practices (French, 2018).

One example is employment agencies, through which lead firms reduce their reliance on permanent staff, increasing numerical flexibility and a fire-and-hire ability without any cost. Agency employment results in a higher concentration of atypical employment and an insecure workforce, making the employment relationship much more unstable, unpredictable and short-term, especially in a traditionally low-pay industry like hotels (Soltani and Baum, 2008). The flexible workforce found in agency employment is involved in the everyday running of the hotel activities, but when it comes to recognition, development, training and protection their position is much more precarious than that of permanent and especially directly employed members of staff (Soltani and Wilkinson, 2010).

Another example of a new employment form is the zero-hour contract that is increasingly used across the UK economy. The UK hospitality sector in general has seen an increase in recruitment on zero-hour contracts, in which there is no actual/minimum/guaranteed working hours and workers are always on-call. People 1st (2017b) reveals that 11.5% of the hospitality workforce is on zero-hour contracts. The ONS (2018) also reports that in December 2017 22.5% of the food and accommodation sector's workforce were on zero-hour contracts. Although it is claimed that such contracts offer flexibility to workers, these strategies significantly help employers to provide temporary cover to complete one-off tasks and to avoid labour costs, especially considering the seasonal and event-based nature of the industry (Soltani and Wilkinson, 2010).

According to the interview with the Unite representative, workers on zero-hour contracts are often working 40–50 hours per week but hotels do not offer permanent contracts because they prefer the flexibility of firing these people without any commitment whenever demand falls.

These trends have not been identified in the interviews with workers in the sector. We found that most of the workers are in open-ended contracts and directly employed. Most of our participants were directly employed by large chain hotels and had a permanent contract but their hours of work and pay varied, with cleaners having more unstable pay.

We also found differences in working conditions between those with a more direct relationship with the customer (e.g. receptionists, banquet supervisors, etc.) and those more 'hidden' (e.g. night receptionists/managers, cleaners, waiters, kitchen staff, etc). The latter tend to have more insecure conditions. Despite differences, however, it seems that most hotel workers receive very low wages while in recent years some benefits and allowances have been reduced. The low pay in the industry was confirmed by many respondents, with some of them being paid around minimum wage. One example that clearly illustrates the tendency of the industry towards low pay comes from an interview with a 55-year-old Spanish male, full-time night receptionist, who worked for a large Spanish hotel based in London. The respondent was rather explicit about the low level of pay he receives, and the impact of changes made to benefits and other allowances on his total salary:

'My salary is fixed. In 2017, they gave us a pay rise and it's £19,556 now before the (...) which is not too much. We have some benefits but it's not very much. When I started in this company, they gave us, for instance, leave and extra weekends every year and they score out of that, we don't have that anymore since three years ago that we are part of a new company. We got some sort of incentives that we enrol people like membership in incentive programmes to upsell rooms, but they just say this is the annual salary' (male, 55, non-British, night receptionist)

The interviews reveal that part-time work is common in the sector and in all types of jobs, especially with young workers who are also in education, but it is also widespread among other workers. In the latter cases, we have identified a willingness to work more hours (e.g. for more salary) or to work in different hotels which offer more hours. Those in zero-hour contracts experience high levels of instability in working hours and more manager discretion in assigning working shifts. There is also a high degree of manager discretion in setting up working conditions.

In relation to the different employment relationships, among those directly employed by the hotel the discretion results in diverse arrangements depending on the manager style and the type of hotel. Conversely, in the case of those working for agencies this appears less personalised and related to the subcontracting agreement between their company and the hotel. For example, cleaners reported that they always needed more time (unpaid work) to finish their work since the number of rooms had increased due to the pressures that their employer was putting on the agency. This work intensification is indicated in this extract from a 45-year-old female Polish agency worker (cleaner) who works for two chain hotels in Manchester and narrates a rather common experience found among room attendants employed by agencies:

'Well then yes, sometimes I have to work more than the hours assigned before... I have lots of rooms to finish! I always tell them that if they want it clean is not enough time... No, they say that I should do the rooms in this time and if I can't is my fault... I always complain [laughs]! They say yes but that this is how things are going, that they had to offer competitive services, that I have to be professional and so on...' (female, 45, non-British, cleaner)

Other characteristics of the employment relationship include the high levels of fear in the industry, since most workers were rather reluctant to participate in the research and express their views. This has included workers' constant requests for anonymity for themselves and for the company/hotel, requirements about their need to speak first with the manager and fear that the manager will see the worker talking with the researcher. We have also identified a low union presence in the sector, since most workers didn't recall any union presence and some workers even emphasised that unions would not be allowed by the company.

We also found that intensity of work over the last couple of years has increased, as discussed above, with heavy workloads, long working hours and unpaid overtime dominating the industry. Hotel workers have seen a deterioration in their working conditions since cuts in benefits and extra pay for weekend work have resulted in less favourable employment for them. In addition, cuts to personnel mean that workers had to work harder to cope with the increased demands on their jobs.

Another significant issue that concerns the workers of our sample is the widespread use of unpaid overtime work. For many interviewees, working overtime was very natural and common in the industry, with some explaining that in busy times they work more than 40 hours per week without extra pay. In some departments like housekeeping, unpaid overtime seems to be related to regular and daily overtime needing to be performed in order to finish a specific number of rooms, which is often difficult to complete during a regular shift. The insistence of unpaid overtime featured constantly in our interview with a 39-year-old room attendant who has a 30-hour-per-week contract and receives around £900–£1,000 per month. She has worked for her current employer for the last 8 years and in the following extract she narrates how managers pressed her colleagues and herself to work harder and why she accepts that:

‘They rush us to finish a lot of rooms in less hour to save some on us, sometimes we have to explain ourselves why we are late with some rooms, she wants to know why she has to pay me more that more half an hour for finishing. For example, if I had to finish at 2 o’clock but I finish at 3 o’clock because the room was so dirty or anything, I need to explain myself to be paid. And then it depends, sometimes she says alright, fair enough! But sometimes also she says No! because everything was fine, so it really depends on what mood she is in... I work with a lot of people and they have a lot of issues usually with hours and the breaks, the hours for cleaning the rooms, everyone complain about these. But people including myself are scared, we don’t know what will happen after, we have families, I cannot afford to be without work.’ (female, 39, non-British, room attendant)

3.2. The recruitment practices of the industry

A review of relevant literature indicates that recruitment through migrant networks is a common practice among employers in the UK; hence, reliance on recruitment via word of mouth is particularly prevalent within the industry, and is not exclusive to migrant workers.

The existing literature mainly focuses on the use of migrant networks for recruitment. Using migrant networks means that people who already work in the industry introduce or ‘vouch’ for new candidates which, as Markova et al. (2016: 414) claim, ‘reduces the uncertainties encountered when employers attempt to assess candidates through subjective character appraisals in face-to-face interviews’. This claim is consistent with a study by Janta (2011) who found that personal connection is the most popular way to access employment. In her research on Polish migrant workers in the UK hospitality industry, she reports that a substantial number of her respondents (38%) found their first job in the UK hotel industry through a family member or a friend recommendation.

Beside the networking and personal connection method, recruitment through job centres, employment agencies and websites are other strategies for workers to get access to the jobs, and also for firms to recruit from a relatively diverse pool of migrant workers.

On the other hand, Markova and colleagues (2016) found that agency work is not used on a permanent basis in family-owned or small hotels due to the high costs; thus they only use it to

recruit seasonal workers (reported by only 13%). Conversely, staffing methods such as subcontracting, outsourcing and temporary work agencies are increasingly used by large corporations, creating a bulk of businesses whose existence is dependent on surviving competition with each other, often necessitated by cutting wages, lowering employment rights and labour regulation (French, 2018).

Research has identified different recruitment strategies between occupations. For example, researchers report that in some occupations such as cleaners and porters, agency work and outsourcing are more prominent than in-house work (Wills et al., 2007). On the contrary, in food and beverage departments, in-house work is preferred to outsourcing due to the reputational damage that can be done to hotels if the service is not of high quality.

The result of these processes is the formation of additional layers or intermediaries that replace the conventional direct employment route and give rise to what has been termed the fissured employment relationship (Weil, 2011). This is when employees are no longer directly employed by the organisation they work for, but instead are employees of intermediate agencies who offer services to clients (hotels). As Sachdev (cited in French, 2018: 27) observes:

'Hotels regularly subcontract recruitment to agencies, who in turn may use other recruiters. Often hotel management is totally unaware of their staff's terms of employment because their due diligence process only extends as far as the first tier of the recruitment process, which to them, appears reputable.'

This is aligned with the comment made by one of the informants in the study by McDowell and others (2017):

'There is a financial and there's a political aspect to it; certain chains will outsource everything, and the reason they do that is... they've got a low head count. Now it doesn't make any difference necessarily [in] the end because [it] obviously goes on their purchase ledger—the cost of using suppliers like us—but it's all about shareholder value at the end of the day, and, of course, a low head count. For some reason, the city and the shareholders like that... The less people you employ directly, the healthier it looks on your balance sheets. In the event of a downturn, they will lose our staff; it will be our responsibility to re-employ, not the hotel's, so if they have permanent staff, they have contractual obligations, so the Anglo-Saxon model of outsourcing will continue, I suspect.'

According to many authors, this separation is likely to produce increasing cases of labour rights violation and non-compliance in areas such as pay, safety and working time, as intermediaries operate under a very competitive framework and their very ability to offer low prices depends on cost reduction (Knox, 2014; Fu, 2015).

In terms of recruitment practices, most workers in our sample were employed directly by the hotel. Most of the workers were made aware of the position by word of mouth and online recruitment is also quite widespread. Several workers use word of mouth to make the initial contact with the hotel and eventually find the job. In the latter case, friends or former colleagues of workers introduced them to the company and then they had to send their CV and have an interview. The use of websites was another recruitment practice that we found to be quite frequent, with workers using online websites and then being called for an interview.

Our findings suggest that large hotels have their own website where workers can upload their CV, while small hotels rely more on advertisements on websites. We also found that recruitment through agencies was not rare, with food/beverage and housekeeping being the hotel departments more prone to that of kind of recruitment.

3.3. The extent and degree of non-compliance in the industry

In a press release by the UK government in March 2018, nearly 180 employers 'named and shamed' for underpaying thousands of minimum wage workers, of which hospitality was one of the most offending sectors. Among the first three underpaying companies (all from hospitality) identified in the same report i, Marriott Hotels Limited held second position, failing to pay £71,722.93 to 279 workers. According to Balch (2014), a report by the Migration Advisory Committee (MAC) suggests that weak labour market regulation in low-wage sectors, including hotels and hospitality, increases the vulnerability of the workers, leading to potentially serious levels of exploitation.

As one academic (interview with expert 2) who recently looked at underpaid work in the hospitality sector in London told us, the reported failure of labour market enforcement is linked to the workplace culture, coming from top-down, to increase the intensity of work and do more with less. This is also a result of the fact that managers get bonuses for cutting labour costs and time, so they put pressure on workers to work longer (without pay) or harder. The limited, if any, workplace union presence combined with high labour turnover, workforce demographics (migrants) and lack of serious punishment for violation of employment rights makes any solution rather difficult (Warhurst et al., 2008; Dutton et al., 2008). According to the trade union respondent, under the current system employers feel rather relaxed about obeying the rules as they can redress a violation of labour rights without any punishment. However, the interviewee from the industry highlighted that although some issues can affect outsourced workers, this is out of the control of managers as they include clear conditions in the terms of working conditions for the contracted companies to adhere to.

Another factor mentioned in the interviews with experts is that non-compliance in the industry is also related to the absence of collective agreements, including the increased hostility of employers towards any form of collective regulation. The trade union respondent says that in his experience, employers' practice of forcefully opposing collective grievances has ended up in many individual grievances being brushed under the carpet due to employees' fear of having to individually negotiate. In addition, in both the literature review and interviews we found that employees (especially migrants) are often misled in relation to their rights and, since unions are not present, they just don't understand illegal practices without scrutinising their everyday dealings with the hotel. For instance, although workers are aware of what the minimum wage is, they often don't calculate exactly how many hours they work and therefore their hourly rate could be lower than the minimum wage without them realising. However, it seems that for the more skilled occupations (electricians, chefs), outsourcing is rarer while violation of labour rights is more difficult, as they are more aware of their rights and willing to defend them.

In fissured workplaces, the failure of labour market enforcement is even more widespread. Despite the introduction of the National Living Wage by the government, it is evident that the UK hotel industry fails to meet requirements and they increasingly use innovative and complex methods to avoid paying a fair wage (Balch, 2014). In reality, a common rule in the UK hotel industry, as Lai et al. (2008) puts it, is 'no work, no payment'; thus the agency workers (e.g. cleaning assistants or room attendants) could be paid lower than National Minimum Wage.

According to the trade union respondent, in housekeeping departments violation occurs because payment is by the room rather than by the number of staff or the number of hours. This practice leaves space for exploitation and violation as providers put pressure on their staff to increase the number of rooms cleaned and therefore the hours worked, and in many cases this results in lower minimum wages per hour and health and safety problems. An interesting finding provided by the same informant was that although audit between lead businesses and providers is legally carried out, it is the everyday practices of providers – that lead firms should be aware of – that results in the violation of minimum wage and overtime work.

Tolerating violation and accepting overtime and low-pay work is linked to employees' fear that employment contracts will not be renewed by the agency. For instance, the academic (interview with expert 1) narrated a case from her own study in which the agency charged workers a training fee, without which work could not get started. She said that there was a culture of humiliation and blackmailing that pushed people to either accept illegal practices or lose their chance to gain employment.

Lead firms often avoid a mutual obligations approach by claiming that agencies are to blame for violation of employment rights and therefore this is not a problem associated with them. As the academic (interview with expert 2) told us, this legal distance enables lead firms to avoid any responsibility in cases where labour market enforcement occurs, blaming the providers (agencies) for any misconduct. This resonates with the study by Fu (2015), according to which the legal ambiguities surrounding the role and function of agencies opens up space for abuse, with lead firms ignoring and taking no responsibility for the actions of their subcontractors, who act as 'active agencies of neoliberal deregulation'. For workers this situation is rather challenging, since singling out your boss and raising your concerns becomes tricky when you are employed by one firm (agency) and then managed by the lead firm, especially when the latter takes no responsibility for any misconduct (interview with expert 2).

In addition, the limited and vague information provided by franchises in terms of their adherence to human rights makes it hard to discover violations and non-compliance. All but one of the hotel chains reviewed in this study have addressed the labour-associated risks in their Slavery and Human Trafficking Statements in order to comply with the 2015 Modern Slavery Act. Similarly, CORE Coalition (2017: 51) examined statements from main hotel branches and reports that they:

'provide only vague information on how franchisees' adherence to human rights standards is ensured. IHG is the only company to provide details on identified risks, while the other companies simply report that they have conducted human rights impact assessments or risk assessments, without disclosing the findings.'

Consequently, this is concluded in the research by CORE Coalition (2017) across sectors:

'in general, we find that many of these statements are not compliant with the basic requirements of the legislation and that the majority do not address in substantive detail the six topic areas listed in the Act. This is despite the fact that relevant information, relating for instance to source countries for raw materials, is often provided in other documents available on company websites. Many companies are not reporting on human rights due diligence and are not considering how their own business models can create risks of severe labour rights abuses.' (p.8)

In the interviews with workers within the sector we have identified that the experience of non-compliance in the sector is high, with workers identifying issues mainly related to pay, working hours, breaks and holidays. As explained above, unpaid hours and no or limited breaks were the areas identified by many respondents as being very problematic. More concretely, we found that reported cases of unpaid overtime are related to differences between the hours recorded by managers and workers, unpaid working hours during night shifts to get things ready for the next day and unpaid overtime to reach the ratio of rooms per hour (cleaners).

Furthermore, the interviewees highlight that quite often the shifts recorded in managers' diaries do not coincide with real working hours, so workers have to keep their own diary of hours in order to avoid problems. One characteristic example of this is the case of a 31-year-old male Moldavian night manager who recalls his experience of under-minimum-wage pay during his one year of working for a boutique hotel chain. As the narrative of this worker shows, workers face significant difficulties when they react to the practices of the hotel and try to claim their rights:

'When I calculated I was employed to have a salary of £22,000 per year like in an average of the normal legal limit of 160 hours per month, and divided £22,000 to this 160 hour legally required to work, it shows the actual pay for the hours that I was doing... But for example, in March I was underpaid, like under £7.50, I was paid £7.20. After that my salary varied between £8.70, £9 and £10, but it was never like how I thought it would be. Like if I have a salary of £22,000, so then I guess the minimum is like £10.50 per hour as I am a manager that I am dealing with a lot of things during the night, training the staff and making procedures and everything... So, I started the grievance procedure, and I went to holiday without their approval. At my grievance, again they disrespect everything and the only thing I could manage to say, as I wasn't assisted by anyone, I could manage to say that I have a grievance and some concerns about the new contract. Anyway, I sent them how many hours I worked, how much I got paid, in which months I got paid less... After I came back from my holiday, they arranged a meeting. The general manager and the person who is supposed to be the head of HR but actually she is not, she is executive assistant, were in the meeting, the general manager was talking, and she was taking minutes. So, I said everything that I wanted to say, of course I didn't say everything because I was bullied for sure, but after it ended, it was announced that I was subject to a disciplinary procedure... So, after my disciplinary meeting, I have received the decision and I was fired with notice, so my contract is supposed to end on the 8th of December' (male, 31, non-British, night manager)

We have also identified several non-compliance issues related to breaks since it's a usual practice in the sector to not respect them. In some cases, this happens from time to time when there is a peak of work (for example in family or big hotels), but in other cases it seems to be the norm (in chain hotels and for waiters and cleaners).

Our interviewees reveal that minimum hours for breaks are not respected, and managers often misinform workers, telling them that they can go for a break for 5 minutes without saying that it should be 20 minutes for a six hour shift and 30 minutes for shifts longer than 6 hours. In other cases, workers report that during night shifts there is no one to cover them during their break so they end up working through their 20 minute break, although this time is not included in their final pay. Moreover, we identified that workers in food and beverage departments said that the pressure of work is so intense that they take no break since it is impossible to stop working. Take the case of John, a 28-year-old male British agency worker (waiter) who works for a large chain hotel, who narrated his experience of non-compliance in break time between shifts in a rather clear manner, with his fear of complaining also highlighted:

'You know, sometimes I finish quite late the night shift like 11 or 12 and then if I have the morning shift, I should start at 6. I think that there is some legal time you have to rest, a friend told me that, but I am not sure... No I didn't complain to the manager. You know this is not how the things work. You remember, I am afraid with the manager, they do not allow us to complain' (male, 28, British, waiter)

Another dimension of workers' experiences of non-compliance in the industry is also linked to them being forced to take holidays in off-peak times, which often doesn't accommodate their own needs and preferences. In other cases, they end up losing their holiday pay altogether. We found that when workers complain, managers take no responsibility for any violation and often tell workers that any action against the hotel's practices will be meaningless. Two hotel workers, with much experience in the housekeeping department of a large chain hotel, reported cases of either unpaid holiday or involuntary holiday in order to accommodate the needs of the hotel. In the first case, a 53-year-old British room attendant employed by a large chain hotel recalled an event that occurred some years ago, and illustrates the situation faced by hotel workers when it comes to their holiday entitlement:

'The lady who was head of the housekeeping had said that its going to be a very very quiet period during January and February and there is no problem getting your holidays. In December we had all these floods and the hotel got a lot of people whose housed had been pulled out. So we were refused our holidays and myself and another colleague lost nine days of holidays... I spoke to the manager and the area manager and they said that this is the way it is and there is nothing they can do about it. I wanted to complain to HR but the manager said that if you do the case will come to me again and you won't get it anyway so there is no point to make a complaint' (male, 53, British, room attendant)

The second example comes from an extract with an interview with a male Polish housekeeping manager who has worked for a large hotel chain for 5 years and is rather critical about the practices used by hotels to disrespect employees' entitlement to holidays:

'That's not only in this hotel. Because we know people from different hotels and it's really a very popular problem everywhere. We can't go on holidays when we wish so we can't plan our holidays like this. They say you can't have holidays during summer because it will be too busy, you can't have before summer because it is a school break, you can go on holidays after Christmas but then they sent as many people as they can and they tell you that its busy now and you can't go...' (male, 36, non-British, housekeeping manager)

Another area in which violation seems to be widespread but not often noticed is that of workers doing multiple jobs even if this is clearly not stated in their contract. Housekeeping staff were often asked to take on responsibilities in other departments such as catering, even though according to their contract they could only undertake different tasks within the same department (beverage and reception) when the hotel was very busy. According to workers this is because hotels try to make workers do more with less so that they can save money and cut budgets for everything.

3.4. Awareness of employment rights and complaints procedures

The discussion of the awareness of employment rights and the ways to complain in the event of non-compliance is based on the findings from the interviews.

Our findings reveal that most participants had some knowledge about their rights concerning minimum wage, working hours and holiday pay. Conversely, there is a lower level of knowledge about breaks and leave. The sources of their knowledge included company handouts, employment contracts and, in some cases, the union and word of mouth – the latter includes partners, friends and colleagues.

However, we identified that the knowledge of employment rights is individualised. In some cases (young workers) it is related to the studies workers are attending and in others to the search for information after a situation is felt to be unjust. More concretely, we have found that young non-British workers, some of them with relatively high education levels, seem to have access to more resources to search and understand employment law than their British counterparts. Take the case of Ioannis¹, a Greek 38-year-old male, who is a banquet supervisor working for a family hotel owned by an investment company. This respondent studied for an MA degree in Human Resource Management and became accustomed with certain areas of employment regulation to the extent that he tries to help his colleagues. But even in his case this knowledge is not complete and there are areas such as hours between shifts that he is not so certain about:

‘Yes, I know from my studies about employment rights, but nobody informed us about this in the hotel. So, I learned about breaks and holidays from my HRM course at the university. I tried to explain this to my core workers. Also (I know) about sick leave and I was paid when I was injured. I do not know about parental leave. Health and safety is a big issue. I have not had any training. It is all self-awareness but nothing from the management side. Now that I am a supervisor I am doing some things with the people I supervise under my own initiative... We do not have information about the hours between shifts (I think they are eleven?) but they do not do this (e.g. finishing Saturday at 11 pm and starting Sunday at 7 am). The shifts in the manager diaries do not coincide with real working hours in some cases so you have to keep your diary of hours, if not there can be problems’ (male, 38, non-British, banquet supervisor)

We found that most of the workers are too afraid to start a formal complaint in case of non-compliance or they think that it is not worthy. The cases among our interviewees who had been involved in a complaint had detailed information, usually provided by the union after their own search and contact. However, we identified that in big brand hotels the company provides detailed information and handouts about procedures in the event of non-compliance. However, as mentioned above and despite high levels of grievance, the situation tends to be lived as a personal experience and the dominant practice is to try to negotiate with the manager. According to this, we identified that when workers are asked about what they would do in the event of non-compliance with employment rights, the dominant response is to let the manager know or to keep silent. The use of one or the other options seems to be related to the manager’s style and the organisational culture that dominates in each hotel.

Although union presence is low in the sector, we identified that being a member of a union is clearly a contributing factor to being more aware about your rights and ready to use the available routes to act against your employer. However, we reported a case where, due to violation of paid holiday days, the respondent raised a grievance case against the hotel with union presence and finally got dismissed. Although our sample is limited, we do know that union density is very low and therefore we can safely assume that most cases of violation go unreported, although some workers are aware of non-compliance cases.

In some cases, although workers know about cases of complaint in their workplace, they were not able to provide concrete information about the development of the case, reinforcing again the individualised management of the grievances and complaints. Furthermore, this

¹ All the names of workers included in the report are pseudonyms.

individualisation of the employment relationship and the absence of unions were the main problems underpinning the lack of knowledge and the low awareness of the situation between workers. As a 55-year-old Spanish male night receptionist and union rep explained, most cases are handled individually; workers often leave the hotel and the results of their complaints remain unknown:

'I don't know what happens. Because some people complained and raised grievance, but because everything is done individually, they don't exactly tell you what happens. I remember one Greek supervisor in the bar who complained, and he said he will join the union and at the end he didn't join, and he sued the manager. He didn't tell me the results, he was not very communicative. Some people just come to work and finish their work and shift, they are not communicative. Or I know someone who worked in security and he complained about shifts because he didn't want to do too many nights. He raised grievance, so started work less nights. I know another person who complained about the taxis but then he left. He wrote many texts and talked to people, but then he said I go to carry my study and he quit the hotel. So that what happens with complaint, they complain a little bit, they might take the company to tribunal, but we don't know about the results. Maybe they get something, but you don't know, because we are not recognised, they don't pass the information to colleagues, so it is difficult to know. And of course, the company doesn't announce if they paid a lot of money to employee if they are taken to tribunal' (male, 55, non-British, night receptionist)

However, most workers in our sample were not union members and the union presence in the workplace is low. However, it is worth pointing out that on many occasions workers recognised that fear is a factor that plays against their intention to complain individually or collectively through unions. Informants said that many of their colleagues complain, usually about hours, breaks and the hours for cleaning the rooms, but most workers are scared to complain because they consider the effects of their actions on family income and their future employment. The extract below, derived from an interview with a 29-year-old Spanish receptionist who is employed by a medium-sized London hotel, is characteristic of the perceptions held by many workers regarding unions and collective action in general:

'I don't know about any union. You know I come from Spain and Spain is a little different the way things work there. For me in the UK, I don't think it will have any effect if I join any union, I don't see the advantage of joining unions in the UK unless I was in a different sector. But in the hotel sector I don't think it has any effect or I feel it might have negative effects if they found out I was in a union. But you know, the unions are not that visible. At least I didn't see them in my experience in this hotel' (male, 29, receptionist)

The situation seems to be much worse for immigrants since they feel more pressured to accept conditions due to extra fears about the impact of their actions created by their nationality. In our interview with a 39-year-old female Polish attendant this point was made explicit, highlighting the influence of nationality when workers consider their options other than complaining:

'I work with a lot of people and they have a lot of issues usually with hours and the breaks, the hours for cleaning the rooms, everyone complain about these. But people including myself are scared, we don't know what will happen after, we have families, I cannot afford to be without work. As foreigner in this country, there are racism but it's normal [laughing] we cannot do anything about it' (female, 39, attendant)

Final remarks

Our findings demonstrate that the employment relationship has become more fragmented in the sector and that work intensity has heightened. This appears to be related to direct cuts in salaries and benefits, the widespread practice of unpaid overtime and, in some cases, the increasing competition among agencies to offer the best economic contract to hotels. We have identified that awareness of employment rights in the sector is low and individualised. This means that most grievances are assumed by the worker to be normal in the sector and that leaving the hotel or accepting the situation dominates over individual voice.

4. ISSUES AND IMPLICATIONS: THE FISSURING OF THE EMPLOYMENT RELATIONSHIP IN THE HOTEL INDUSTRY

The UK hotel industry has seen a significant growth over the last 10 years, as demonstrated by the detailed analysis of economic and employment data. To respond to increasing competition and internationalisation pressures, the industry has undergone important adjustments manifested mainly in the emergence of new business structures and recruitment methods. This report has identified that the management and ownership structures of the hotel industry have become more complex. For instance, the separation between ownership and management and the role of investment funds in that process were identified as important factors by this report. Their exact impact on the employment relationship has not been fully studied.

The sector is characterised by the use of franchise agreements, leasehold, management contracts, joint ventures or a combination of any of these strategies. A myriad of new staffing methods and employment practices has accompanied the complex management structure of the UK hotel industry. At the same time, family micro-enterprises have tended to lose relevance in the structure of the sector. Furthermore, the creation of intermediaries through the increasing use of outsourcing and subcontracting over the last years, together with the continued use of agency work, has widened the profitability margins for employers but at the same it has created more scope for the exacerbation of long-standing problems of the industry, including low status jobs, long working hours, poor wages and precarious contracts (Wilton, 2006; Evans et al., 2007; Warhurst et al., 2008; Janta et al., 2011b; Balch, 2014).

Our research has identified a persistent trend of non-compliance in the sector, especially regarding overtime work, holidays pay, breaks and work intensity. Overtime unpaid work was rather frequent, and in some cases, it was leading to workers receiving an hourly wage lower than the minimum wage rates. The discrepancy between the hours reported on managers' diaries and the actual hours worked by employees was one reason that unpaid overtime was occurring in hotels. Several workers in large chain hotels also reported that unpaid or involuntary holidays were frequent in the industry creating significant personal problems since scheduling for family and leisure purposes was highly problematic. The needs of employers for higher (seasonal) flexibility to meet demand fluctuations seems to be the guiding principle behind decisions regarding holidays with workers' demands often ignored.

There are also significant changes regarding recruitment methods in the industry as hotels increasingly contract other companies, either through subcontracting or outsourcing, to carry out some of their activities. The use of agency work also remains an important recruitment feature of the industry, especially related to activities such as cleaning and cooking, among other. These practices create a fissured workplace whereby workers employed by different companies co-exist in the same workplace while in their everyday activities they might be accountable to both their direct employer and the brand (hotel) they work for.

This situation increases the potential for non-compliance, with workers experiencing more problems in understanding and defending their rights while employers exploit this legal ambiguity and oppose any kind of collective action. However, and although our study aimed to fill this gap and provides some relevant insights, more research is needed to enhance our knowledge on why and how exactly workers in fissured workplaces experience non-compliance and which aspects of their employment are more susceptible to violation.

These issues, along with the traditional low-pay and unstable working hours' culture of the industry created a great sense of insecurity even for those on permanent contracts. Workers with years of experience in the industry reported a clear trend towards heavier workloads, longer working hours, fewer benefits and fewer personnel. The rise of new flexible working

arrangements (part-time, zero hours contracts, agency, outsourcing) over the last fifteen years have significantly contributed to the deterioration of working conditions since they create more space for labour violation and exploitative practises to emerge. Our findings demonstrate that unpaid overtime work and work intensity was greater for agency workers as the latter were pushed by agencies to work faster and harder on the basis that this was the requirement of hotels and not of the agencies. Although in many cases, the audit between the lead hotel and the agency is legally done, agencies push workers (especially cleaners) to work harder and faster, cleaning a higher number of rooms for instance. These practises lead to violation of employment rights and health and safety problems, but they go unreported because agency workers rarely speak out under fear to lose their jobs. According to our findings, accepting illegal practises seems to be founded upon a culture of humiliation and blackmailing that makes workers choose between very exploitative practises and unemployment.

As a result, precarious work is on the rise as new organisational structures and employment practices have created a fragmented and informal fissured employment relationship, with a myriad of actors and organisations co-existing in one workplace. For some groups such as migrant workers these problems become more acute, often leading to exploitative practices. From hotel industry employers' perspectives, migrant workers are hardworking, very reliable and punctual and have stronger and more positive work attitudes than UK-born workers (Lyon and Sulcova, 2009; Markova et al., 2016). These findings are broadly in line with the findings of Yaduma et al., 2015, who argue that the positive association between migrant employment and hotel-wide financial performance may be due to their greater human capital, lower costs and work attitudes. From the demand perspective, lack of preparation, lack of necessary knowledge about local institutions and labour practice, and lack of fluency in English are important factors leading migrant workers to the industry (Janta, 2011; Janta et al., 2011a; Janta et al., 2011b; Yaduma et al., 2015), all of which can place them at particular risk of abuse.

The deterioration of working conditions over the last couple of years found by our research was also accompanied with increased fear and reluctance to challenge employers' practises or simply to complain about the unfair practises used by hotels. Most workers of our sample were aware of basic employment rights such as minimum wages, holidays' entitlements and breaks but their awareness does not produce collective resistance or opposition. In most cases, workers choose to respond individually to non-compliance relying on internal corporate procedures to solve their problems. Low union presence and the lack of collective agreements in the industry certainly exacerbate the individualization of the employment relationship and make it rather hard for employees to defend their individual employment rights. Employers active and forceful opposition to union presence has ended up in many individual grievances being called off since workers are more afraid to take on their employers individually. The failure to enforce employment rights is also related to the dominant workplace culture in hotels where managers are rewarded with bonuses for cutting costs and doing more with less. According to labour market experts and previous studies, combined with very limited workplace presence and high labour turnover, the low punishment for violation of employment rights reinforces violation since employers see no deterrent to their actions and are therefore rather relaxed about obeying the rules.

It is not a coincidence that most workers of our sample were unable to recall a case of complaint made by another colleague, while in cases of awareness they had no information about the outcome of the process. For those workers who are union members, it seems that awareness of employment rights is much higher, while resistance to low-compliance is taken through the union route. However, challenging employers was not an easy task with some grievances raised by unionized workers of our sample ending in hazardous procedures and even unfavourable outcomes like dismissal. We can safely conclude therefore that the low union density in the sector is a contributing factor towards workers not reporting non-compliance cases and being reluctant and afraid to oppose employers' practises. As has been

reported by previous studies, the high labour turnover in the industry together with the existence of a significant number of women and migrant workers exacerbate the above problems since labour market vulnerability intersects with ethnicity and gender related disadvantages. For example, as trade unionists said for migrant workers it was much harder to realize illegal practises and due to lack of any support (by unions) in some cases violation was not even found.

Finally, although non-compliance seems to derive from intermediaries' practices and multiple layers of employment, it would be misleading not to recognise the crucial role of lead firms in the creation of precarious employment conditions. Research has demonstrated that lead hotels not only use numerical flexibility to meet demand fluctuations, but they also form strategic partnerships and close relations with intermediaries, through which they ensure constant labour supply and conformity to their product standards (Lai et al., 2008). Lead firms take advantage of the legal distance created between them and their workforce since any illegal activity within the workplace can be attributed to the agency without damaging their reputation or getting involved in legal actions. The role of lead firms in low labour market enforcement and precariousness should not be underestimated as many directly-employed workers also face violation of their labour rights and precarious employment conditions, as the example of piece-rate pay in cleaning has demonstrated.

Overall, our findings have identified that the increased complexity and fragmentation of the employment relationship is making more difficult for workers to be aware of their employment rights and makes difficult for them to identify who is responsible in case of non-compliance. This is reinforced by a culture dominated by the acceptance of precarious working conditions making difficult the enforcement of individual employment rights effective. These issues suggest that greater enforcement mechanisms and resources should be destined to enforcement agencies in order to increase the knowledge of workers of their employment rights. Furthermore, an enhanced role of labour inspection seems necessary in the sector, as some experiences of non-compliance are widespread (at least in our sample). Finally, our findings highlight that the weak union presence in the sector contributes to the spread insecurity and the difficulties to complain. The latter suggests that reinforced capacities of unions can help in reducing non-compliance and in making effective employment rights.

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ANNEX 1: Description and the key properties of the evidence

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
Alberti, G. And Danaj, S.	2017	Posting and agency work in British construction and hospitality: the role of regulation in differentiating the experiences of migrants	Peer reviewed journal article	Qualitative	Employment relations, Migrant workers	Migration, regulation, EU, agency workers, fragmentation, posting, hospitality, construction
Balch, Alex and Rankin, Glynn	2014	'Tackling exploitation and forced labour in the UK hotel sector'	Evaluation report	Qualitative	Labour exploitation and trafficking	Labour exploitation, trafficking, Corporate social responsibility
Batnitzky, A., mcdowell, L. And Dyer, S.	2008	A middle-class global mobility? The working lives	Peer reviewed journal article	Qualitative	Recruitment practices	Migrant workers, labour recruitment, gender
Baum	2006	Human resource management for tourism, hospitality and leisure: An international perspective.	Book	N/A	Human Resource Management	Labour market, organizational issues, human resource planning, HRM
Baum	2012	Migrant workers in the international hotel industry	Official report	Mixed methods	Employment	Migrant workers, labour recruitment, labour migration
Baum	2013	International Perspectives on Women and Work in Hotels, Catering and Tourism	Official report	Mixed methods	Employment trend, gender issues	Women, gender equality, employment
Baum	2015	Human resources in tourism: Still waiting for change? A 2015 reprise	Peer reviewed journal article	Conceptual paper	Tourism challenges, sector evolution, employment relations	Employment, HRM, work
British Hospitality Association	2011	Hospitality driving local economies	Official report	Report	Hospitality industry, sector growth, local authorities	Hospitality industry, local economies
British Hospitality Association	2017	Economic Contribution of the UK Hospitality Industry	Official report	Report	Hospitality industry, sector growth, UK economy	Hospitality industry, economic impact
Best Western Inc.	2017	STRONG FINISH FOR BEST WESTERN GREAT BRITAIN IN 2017	Official press release	N/A	Business structure, Business model	New properties, hotels activations
Best Western Inc.	2018	Best western Great Britain adds three new hotels to its portfolio	Official press release	N/A	Business structure, Business model	New properties, hotels activations, pipeline
Best Western Inc.	2018	Best Western International Human Rights Policy Statement	Policy statement	N/A	Business practices	Employees' right, Children's right

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
CORE Coalition	2017	Risk Averse? Company reporting on raw material and sector-specific risks under the Transparency in Supply Chains clause in the UK Modern Slavery Act 2015	Report	Desk research	Business practices	Transparency in business and supply chains, Human trafficking, Modern slavery
Cunill, O. M. And Forteza, C. M.	2010	'The franchise contract in hotel chains: a study of hotel chain growth and market concentrations	Peer reviewed journal article	Desk research, cut-off method	Business model, growth strategy	Hotel chains, growth strategies, franchise system, market concentration, direct effects, forgotten effects
Deloitte	2018	Travel and hospitality industry outlook	Official report	Report	Travel industry growth, risk mitigation	Industry growth, risk
Evans, Y., Wills, J., Datta, K., Herbert, J., Mcilwaine, C. And May, J.,	2007	Subcontracting by stealth' in London's hotels: impacts and implications for labour organising	Peer reviewed journal article	Mixed methods	Outsourcing	Agency workers, outsourcing, labour market, migrant workers
French, S.	2018	Between globalisation and Brexit: Migration, pay and the road to modern slavery in the UK hospitality industry	Peer reviewed journal article	Desk research/Literature review	Modern slavery, labour exploitation, Brexit	Brexit, casualisation, exploitative labour practices, migration, modern slavery
HOTELS	2018	Hotels investment outlook. 300 Hotels; Hail the industry giants!	Specialist magazine	Report, ranking	Business size	Hotel sizes, business model, World's leading hotel companies
Ignite Economics	2017	Economic Contribution of the UK Hospitality Industry, June 2017, a report prepared for British Hospitality Association	Official report	Data revision, input-output modelling, scenario analysis	Economic contribution of the UK hospitality industry	Economic impact of the UK hospitality industry
IHG	2017	IHG Modern Slavery Statement 2017	Official statement	N/A	Modern Slavery	Human rights, Employees' right
IHG	2017	intercontinental Hotels Group Annual Report and Form 20-F 2017	Official report	N/A	Business report	Business model, Performance report, financial statement
INTERNATIONAL LABOUR ORGANIZATION (ILO)	2010	Developments and challenges in the hospitality and tourism sector Issues paper for discussion at the Global Dialogue	Issue paper	Reconciliation of tourism data and macroeconomic analysis	Business development, business structure	Hospitality sector development, Human resource challenges, sector

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
		Forum for the Hotels, Catering, Tourism Sector				structure, economic impacts, diversification
Janta, H.	2011	Polish migrant workers in the UK hospitality industry: Profiles, work experience and methods for accessing employment	Peer reviewed journal article	Mixed methods	Recruitment practices, labour practices	Migrant workers, Labour market
Janta, H., Brown, L., Lugosi, P. And Ladkin, A.	2011	Migrant relationships and tourism employment	Peer reviewed journal article	Mixed methods	Migrant relationship, employment	Migrants, tourism employment, relationships, adaptation.
Janta, H., Ladkin, A., Brown, L. And Lugosi, P.	2011	Employment experiences of Polish migrant workers in the UK hospitality sector	Peer reviewed journal article	Unassigned	Working condition, employment	Hospitality, migrant workers
Joppe, M.	2012	Migrant workers: Challenges and opportunities in addressing tourism labour shortages	Peer reviewed journal article	Quantitative	Good practices, migrant workers	Migrant workers, Labour migration, Temporary foreign workers
Knox, A., Nickson, D.	2006	Regulation in Australian hotels: is there a lesson for the UK?	Peer reviewed journal article	Qualitative	Employment relationship	Trade unions, Collective bargaining, Hotel and catering industry, Flexible labour,
Knox, A., Warhurst, C., Nickson, D. And Dutton, E.	2015	More than a feeling: using hotel room attendants to improve understanding of job quality	Peer reviewed journal article	Qualitative	Employment characteristics, management practices	Job quality, working condition
KPMG	2017	Labour migration in the hospitality sector	Official report	Desk research	Migrant workers, recruitment challenges	Migrant worket, hospitality sector, recruitment
Ladkin, A.	2011	Exploring Tourism Labour	Peer reviewed journal article	Qualitative	Tourism labour	Tourism labor; research themes; perspectives
Lai, P. C., Soltani, E. And Baum, T.	2008	Distancing flexibility in the hotel industry: the role of employment agencies as labour suppliers	Peer reviewed journal article	Qualitative	Employment practices, Recruitment practices	Employment agencies, labour flexibility, hotel sector, labour supply chain management
Lloyd, C., Warhurst, C., & Dutton, E.	2013	The weakest link? Product market strategies, skill and pay in the hotel industry	Peer reviewed journal article	Qualitative	Market strategies	Hotels, low wage work, pay, product market strategies, skills

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
Lyon, A., Sulcova, D.	2009	Hotel Employer's Perceptions of Employing Eastern European Workers: A Case Study of Cheshire, UK	Peer reviewed journal article	Qualitative	Migrants' work condition	Migrant workers; Quality; Employer perceptions
Markova, E., Anna, P., Williams, A.M. and Shaw, G	2016	Migrant workers in small London hotels: Employment, recruitment and distribution	Peer reviewed journal article	Mixed methods	Employment, distribution, migrant worker	Employment, ethnic queuing, migrant worker,
May, J., Wills, J., Datta, K., Evans, Y., Herbert, J. And mcilwaine, C.,	2007	Keeping London working: global cities, the British state and London's new migrant division of labour	Peer reviewed journal article	Mixed methods	Labour market	Global cities urban labour markets low-paid work migrant work/ers the state new urban politics
Mcdowell, L., Batnitzky, A. And Dyer, S.	2007	Division, Segmentation, and Interpellation: The Embodied Labors of Migrant Workers in a Greater London Hotel	Peer reviewed journal article	Qualitative	Employment characteristics	Service sector, migration, divisions of labor, hotel, Greater London, dual interpellation, performativity.
Mcdowell, L., Batnitzky, A. And Dyer, S.	2008	Internationalization and the Spaces of Temporary Labour: The Global Assembly of a Local Workforce	Peer reviewed journal article	Qualitative	Employment	Migrant workers, labour recruitment, contracts
Millennium & Copthorne Hotels	2017	Annual Report & Accounts 2017	Official report	N/A	Business report	Business model, Performance report, financial statement
Millennium & Copthorne Hotels	2017	Slavery and Human Trafficking Statement	Official statement	N/A	Modern slavery	Human rights, Employees' right
NMW	2017	National Minimum Wage: Low Pay Commission Report	Official report	Report	Wage	National minimum wage
Paraskevas, A. And Brookes, M.	2018	Nodes, guardians and signs: Raising barriers to human trafficking in the tourism industry	Peer reviewed journal article	Qualitative	Human trafficking	Criminal opportunity Critical intervention points Crime pattern theory Hotels Human trafficking Modern slavery Warning signs
Park, S., Yaduma, N., Lockwood, A.J. and Williams, A.M	2016	Demand fluctuations, labour flexibility and productivity	Peer reviewed journal article	Quantitative	Flexible workers, Labour productivity	Labour productivity Demand variations Work flexibility Economic recession Seasonality
People 1st	2015	The skills and productivity problem	Unassigned	Unassigned	Skills and productivity	Skills and productivity

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
People 1st	2016	Migrant workers in the hospitality and tourism sector and the potential impact of labour restrictions	Official report	Report	Migrant workers	Migrant workers
People 1st	2017	Migrant workers in the hospitality and tourism sector and the potential impact of labour restrictions	Official report	Report	Migrant workers	Migrant workers
People 1st	2017	The performance & talent management revolution: Driving productivity in hospitality & tourism	Official report	Report	Labour productivity	Productivity challenges, HR, productivity
Pwc	2017	As good as it gets? UK hotels forecast 2018	Official report	Econometric modelling	Business forecast	Hotel Sector growth
Pwc	2018	Growing through uncertain times; UK hotels forecast 2019	Official report	Econometric modelling	Business forecast	Hotel Sector growth
Quest, M. And Battersby, D.	2015	Quest, M. And Battersby, D.	Peer reviewed journal article	Desk research/Literature review	Sector growth	Hospitality report, employment, industry statistics, hotels
Soltani, E. And Wilkinson, A.	2010	What is happening to flexible workers in the supply chain partnerships between hotel housekeeping departments and their partner employment agencies?	Peer reviewed journal article	Qualitative	Employment agencies	Flexible workers Employment agencies
The UK Employer Skills Survey	2018	Employer skills survey	Official report	Report	Employment	Hospitality report, employment, industry statistics, hotels
Travelodge	2017	Modern Slavery Act Statement 2017	Official statement	N/A	Modern Slavery	Human rights, Employees' right
Travelodge	2018	Travelodge Corporate. Investors; Group Overview	Official press release	N/A	Business overview	Business model, investors, Business size
Ukhospitality	2018	UK Hospitality Workforce Commission 2030 report: The changing face of hospitality	Official report	N/A	Hospitality sector's challenges	Strengths and weaknesses of the sector, workforce
Warhurst, C., Lloyd, C. And Dutton, E.,	2008	The National minimum wage, Low Pay and the UK Hotel Industry: The Case of Room Attendants	Peer reviewed journal article	Qualitative	Employment characteristics	Hotels / low pay / national minimum wage / room attendants

Authors	Year	Title	Type	Methodology	Dimensions	Thematic keywords
Weil, D.	2011	Enforcing Labour Standards in Fissured Workplaces: The US Experience	Peer reviewed journal article	Desk research/Literature review	Employment relationship	Compliance; enforcement; fissured employment; labour standards; regulation
Whitbread	2017	Whitbread Modern Slavery Statement 17/18	Official statement	N/A	Modern slavery	Human rights, Employees' right
Whitbread	2018	Whitbread PLC Annual Report and Accounts 2017/18	Official report	N/A	Business performance	Business model, Performance report, financial statement
Wilton, N.	2006	Strategic Choice and Organisational Context in HRM in the UK Hotel Sector	Peer reviewed journal article	Qualitative	Employment relation, HRM	Employment relation, HRM
Yaduma, N., Williams, A., Lockwood, A. And Park, S.	2015	Performance, labour flexibility and migrant workers in hotels: An establishment and departmental level analysis	Peer reviewed journal article	Quantitative	Flexible workers, Labour productivity	Labour productivity Physical performance Financial performance Numerical flexibility Functional flexibility Migrant employment Zero-contract employment

ANNEX 2: Characteristics of the interviewees

Table 1. Interviewees by location, gender, nationality and profession.

Characteristics	% (number)
Location	
London	56 (18)
Manchester	44 (14)
Gender	
Men	59 (19)
Women	41 (13)
Nationality	
British	34 (11)
Non-British	66 (21)
Profession	
Receptionists (including day/night and managers/supervisors)	35 (11)
Room cleaners	20 (6)
Waiters	17 (5)
Porters	13 (4)
Kitchen staff	9 (3)
Event supervisors	6 (2)
TOTAL	100 (32)

ANNEX 3: Systematic literature review and interview guides

Key terms:

<p>Hotel industry / Hotel sector</p> <p>Hotels</p>	<p>Business structure.</p> <p>Business model.</p> <p>Outsourcing.</p> <p>Franchising.</p> <p>Fissuring.</p> <p>Supply chain.</p> <p>Regional concentration.</p> <p>Regional distribution.</p>
	<p>Employment.</p> <p>Growth.</p> <p>Jobs.</p> <p>Development.</p> <p>Evolution.</p> <p>Professions.</p> <p>Occupations.</p>
	<p>Working conditions.</p> <p>Pay.</p> <p>Working time.</p> <p>Holiday entitlement.</p> <p>Sick leave.</p> <p>Parental leave.</p> <p>Recruitment.</p> <p>Agency work.</p> <p>Employment rights.</p> <p>Enforcement.</p> <p>Non-compliance.</p> <p>Employment rights.</p> <p>Labour regulation.</p> <p>Labour exploitation.</p>
	<p>Human Resource Management.</p> <p>Conflict/Problems at work.</p> <p>Unions.</p> <p>Precarious work.</p> <p>Migrant workers.</p>

Sources of evidence:

- Academic literature.
- Grey literature.
- Hotel industry and professional bodies' literature.
- Unions and NGO's literature.

Key search locations:

- Academic journals, using Scopus, Web of Science, Proquest.
- Policy and industry organisations. This will include a research covering, at least: British Hospitality Association, Institute of Hospitality, Institute of Travel and Tourism, Hospitality Professional Association, UK Hospitality, Hotel and Catering International Management Association, HMRC National Minimum Wage (NMW), Gangmasters and Labour Abuse Authority (GLAA), Employment Agency Standards (EAS) Inspectorate, Unite the Union and Joseph Rowntree Foundation.
- Consultancies: PwC, Deloitte, KPMG.

Key properties of the document to be recorded:

Type of evidence	Peer reviewed journal article. Evaluation report. Consultancy report. Official report.
Dimensions the document is focussed on	Business structure. Sector dynamics/evolution. Employment characteristics (pay, working hours, training, working time, etc.). Employment relations (management practices, recruitment practices, conflicts, management-union relations, etc.). Evidence of non-compliance.
Methodology/ies employed	Quantitative. Qualitative. Mixed methods. Longitudinal. Policy report. Meta-analysis. Desk research/literature review.
Thematic keywords (e.g. employment, jobs, working conditions, enforcement, non-compliance, franchising, outsourcing).	Business structure. Employment. Jobs. Working conditions. Enforcement. Non-compliance. Franchising. Outsourcing. Fissuring.
Results/findings	

Interview Questions – Stakeholders

Background to the research: We are working on a study for Director of Labour Market Enforcement (DLME) to investigate the changes in the worker-employer relationship in the Hotel industry over the last years. We are interested about main developments in the sector in last years, including main economic and employment developments and changes in business structures (outsourcing, use of agency workers and franchising). We are also interested in discussing how these changes affect different types of jobs in the sector (eg chambermaids, receptionists, cooks, cleaners, etc.) and, furthermore, the project will also explore the extent to which sector workers are aware of their employment rights, and what types of breaches (most commonly) occur.

The research will feed into the Director of Labour Market Enforcement's annual labour market enforcement strategy for 2019.

Aims of the interview: This interview aims to collect the view of your organisation about main developments in the sector as well as to identify more common or emerging issues in terms of breaches of employment rights. Finally, we are also interested about your suggestions for the report and if you know about other data sources about the sector or about compliance of employment rights for inclusion in the report.

(It is important to make clear exactly what is meant by compliance here, i.e. which employment rights are in the DLME's remit (e.g. agency standards, minimum wage; more serious labour exploitation).

Ethics and confidence Your participation will be treated following the University of Leicester Code of Practice for Research Ethics (<https://www2.le.ac.uk/institution/ethics/code>). We can e-mail you this if you prefer. Anything you tell us will be treated in the strictest confidence, and none of your answers will be attributed to you or your organisation unless you give explicit permission for us to do so. Do you want you or your organisation to be mentioned to your answers in the report?

You have the right to have a copy of your data, change your data, or withdraw from the research at any point.

Permission to record: We would like to record the interview, so we can ensure we capture the entire discussion – the recording will be used for analysis purposes. The recording will be stored securely and will not be passed back to Director of Labour Market Enforcement. All recordings will be securely deleted 6 months after the project is completed. Are you happy for the interview to be recorded?

Note that anonymised interview write-ups may be shared (using secure means of transmission) with researchers from the IFF Research, an independent market research company operating under the strict guidelines of the Market Research Society's Code of Conduct who are undertaking a parallel project in the restaurant and warehouse sectors.

Background

1. Can you provide an overview of your organisation?
2. What is your main role in the organisation?
3. What role has your organisation in the enforcement/assuring of employment rights?

Description of the sector

4. What are the current characteristics of the hotel industry (e.g. big players in market, are they mostly franchised, etc.)? How this has evolved over time?
5. How would you describe the current UK hotel industry in terms of employment growth, contribution to the economy and regional concentration? How has this changed over time?
6. Have you observed any changes in hotel ownership structures: i.e. chains directly owned and run, chains where hotels are franchised out, independent hotels, etc. in last years? If so, which are the main trends that you can mention?
7. In terms of employment forms (full-time, part-time, temporary contracts, agency workers, zero-hours, self-employment), what are the dominant practices in the sector? Have you identified any change in last years? Have you identified an increased use of self-employment in the sector? If so, in which type of hotels and in which types of jobs/professions?
8. Furthermore, is there any difference regarding these practices between different types of ownership (chains directly owned and run, chains where hotels are franchised out, independent hotels, etc.) and/or different types of jobs/professions (eg chambermaids, reception staff, housekeeping/laundry, wait/bar staff, kitchen staff, porters/security, etc).
9. What are the main hiring methods in the industry: Direct hiring? Outsourcing? Use of employment agencies? Other sources? If direct hiring exists, what are the dominant methods: word of mouth? on-line recruitment?
10. Would it be possible to distinguish between hiring methods between different types of occupation, e.g. reception staff, housekeeping/laundry, wait/bar staff, kitchen staff, porters/security, etc.? And between different types of ownership (chains directly owned and run, chains where hotels are franchised out, independent hotels, etc.).
11. What is the presence of unions in the sector? Is there any type of hotel ownership or profession more unionised than others? Can you mention any form of collective representation or collective bargaining in the sector?
12. Is there any other issue you want to mention that could help us to better characterise the sector?

Compliance with labour regulations

13. To what extent do employers in the sector generally comply with labour regulations? Can you identify specific areas especially affected by non-compliance? For example, pay, benefits, employment conditions (e.g. hours worked, breaks, holiday entitlements, time off for sickness, parental leave), health and safety, recruitment practices? (ask about each of them separately) Any other issues?
14. Can you identify differences in terms of compliance by region, type of hotel or occupation/profession?
15. To what extent have the staffing methods, organizational forms and the subsequent separation of business, employment and direct management discussed above have affected compliance in the UK hotel industry?

16. According to you, which factors do you think that are drivers of compliance and non-compliance in the sector? Is there any difference by region, type of hotel or occupation/profession?

17. Which mechanisms, practices or policies do you think are needed to improve compliance in the sector?

18. Which data/information exists about non-compliance of labour regulations in the sector? Which additional data do you think that could be needed?

19. Do you have anything to add about non-compliance in the sector?

Awareness of employment rights

20. According to you, to what extent are workers in the sector aware of their employment rights?

21. Can you identify differences in terms of labour regulation? For example, pay, benefits, employment conditions (e.g. hours worked, breaks, holiday entitlements, time off for sickness, parental leave), health and safety, recruitment practices? (ask about each of them separately)

22. How does this vary by occupational function? And by type of hotel?

23. What are the main sources of awareness about employment rights in the sector (unions, NGOs, voice of mouth, internet, enforcement agencies, employers)?

24. What are the main routes for sector workers to get advice or raise grievances about employment rights? What are levels of awareness of these routes like?

- HMRC National Minimum Wage/National Living Wage team reporting;
- Gangmasters and Labour Abuse Authority (GLAA);
- Employment Agency Standards Inspectorate (EASI);
- ACAS (Advisory, Conciliation and Arbitration Service);
- Citizens Advice Bureau (CAB);
- Union support;
- NGOs support;
- Other legal routes.

25. Are there good examples (best practises) of tackling low compliance? If yes, in your opinion, how can these practises be replicated?

26. Do you have anything to add in relation to awareness of workers' rights?

Close and thanks

27. Do you hold any relevant data or reports (including grey literature) which you would be willing to share with the research team?

Thank you very much for your collaboration.

Confirm name, job title, phone and e-mail

Interview Questions – Academic expert

(Introduction of the aims of the research)

(It is important to make clear exactly what is meant by compliance here, i.e. which employment rights are in the DLME's remit (e.g. agency standards, minimum wage; more serious labour exploitation).

- 1) What are the current characteristics of the hotel industry (e.g. big players in market, are they mostly franchised, etc.)? How this has evolved over time?
- 2) How would you describe the current UK hotel industry in terms of employment growth, contribution to the economy and regional concentration? How has this changed over time?
- 3) Have you observed any changes in the employment relationship (employment practises, forms of employment) over the last years, and if so, which ones are the most important? Can you identify differences between different hotel ownership structures: i.e. chains directly owned and run, chains where hotels are franchised out, independent hotels, etc.
- 4) What are the main staffing methods and organizational forms in the UK hotel industry and how have these changed over the last ten years? Would it be possible to distinguish between different types of occupation, e.g. reception staff, housekeeping/laundry, wait/bar staff, kitchen staff, porters/security, etc.?
- 5) To what extent have these staffing methods and new organizational forms and the subsequent separation of business, employment and direct management of workers lead to changes in compliance in the UK hotel industry? Please describe the main mechanisms for any change in compliance.
- 6) So, what is the degree and nature of non-compliance in the sector? How does this vary by occupational function/ hotel ownership type? What do the available data tell us in relation to specific forms of non-compliance?
- 7) To what extent are workers in the sector aware of their employment rights and the existing routes for protecting these rights? How does this vary by occupational function? What do these experiences tell us in relation to problems/issues with low compliance in the hotel industry?
- 8) In your opinion what is the driving factor behind the non-compliance in the hotel industry (Lead employers, intermediary organizations, the State)?
- 9) Are there good examples (best practises) of tackling low compliance? In your opinion how can these practises be replicated? Who, in practice, may be best placed to have a positive impact on boosting compliance in the sector, and how might this be achieved?

Do you have anything to add?

Thank you very much for your collaboration.

Interview Questions – Workers

Background to the research: We are working on a study for Director of Labour Market Enforcement (DLME) to investigate the changes in the worker-employer relationship in the Hotel industry over the last years. We are interested about main developments in the sector in last years, including main economic and employment developments and changes in business structures (outsourcing, use of agency workers and franchising). We are also interested in discussing how these changes affect different types of jobs in the sector (eg chambermaids, receptionists, cooks, cleaners, etc.) and, furthermore, the project will also explore the extent to which sector workers are aware of their employment rights, and what types of breaches (most commonly) occur.

The research will feed into the Director of Labour Market Enforcement's annual labour market enforcement strategy for 2019.

Aims of the interview: This interview aims to collect your experiences as a worker of the Hotel industry. We are especially interested to know the degree and extent of compliance and non-compliance of employment rights and worker's awareness about employment rights and their enforcement.

(It is important to make clear exactly what is meant by compliance here, i.e. which employment rights are in the DLME's remit (e.g. agency standards, minimum wage; more serious labour exploitation).

Ethics and confidence Your participation will be treated following the University of Leicester Code of Practice for Research Ethics (<https://www2.le.ac.uk/institution/ethics/code>). We can e-mail you this if you prefer. Your interview will be anonymised immediately and anything you tell us will be treated in the strictest confidence, and none of your answers will be attributed to you.

You have the right to have a copy of your data, change your data, or withdraw from the research at any point.

Permission to record: We would like to record the interview, so we can ensure we capture the entire discussion – the recording will be used for analysis purposes. The recording will be stored securely and will not be passed back to Director of Labour Market Enforcement. All recordings will be securely deleted 6 months after the project is completed. **Are you happy for the interview to be recorded?**

Note that anonymised interview write-ups may be shared (using secure means of transmission) with researchers from the IFF Research, an independent market research company operating under the strict guidelines of the Market Research Society's Code of Conduct who are undertaking a parallel project in the restaurant and warehouse sectors.

Background

1. How old are you?
2. Are you a British national? If not, how long have you been living in the UK?
3. Can you tell us about the hotel you work for? It is a small or big hotel? It is a chain directly owned and run, a franchise of a chain, an independent hotel? What is the approximate total number of employees?
4. How many years have you worked in the hotel industry and how many for your current employer?

5. What is your occupation? (chambermaid, cleaner, receptionist, cook, security, others)?
6. Is that your main job?
7. Is there any union presence in your workplace?

Employment characteristics

8. How have you been recruited? (directly by employer, on-line recruitment, agency)?
9. (if the worker has previously worked in the sector) And in the other jobs in the hotel industry, how were you recruited?
10. Are you currently directly employed by the hotel? Or are you employed by another company, employment agency, etc.
11. (if the worker has previously worked in the sector) And how were you employed in your previous jobs in the sector?
12. Are you employed full time or part-time? Do you have an open-ended or a fixed term contract (permanent or temporary contract)?
13. Do you have a fixed salary? If not, how is your salary fixed?
14. (if the worker has previously worked in the sector) And did you have a fixed salary in your previous jobs in the sector? If not, how it was fixed?
15. Do you regularly do overtime? If so, how it is paid?
16. (if the worker has previously worked in the sector) And in your previous jobs, did you do overtime regularly? If so, how it was paid?

Awareness of employment rights

17. Are you aware of your employment rights? For example regarding (ask for each of them separately):
 - pay,
 - benefits,
 - employment conditions (e.g. hours worked, breaks, holiday entitlements, time off for sickness, parental leave),
 - health and safety,
 - recruitment practices,
 - working hours,
18. (if answer yes to any of them) How do you know them (own search, employer, voice of mouth, enforcement agencies, government campaigns, unions, NGO, others)?
19. In case of non-compliance with employment rights, are you aware of the available routes to get advice or make a complaint?

Compliance with labour regulations

20. Do you think/ have experienced any non-compliance with labour regulations? If yes, related to (ask for each of them separately):
 - pay,
 - benefits,
 - employment conditions (e.g. hours worked, breaks, holiday entitlements, time off for sickness, parental leave),
 - health and safety,
 - recruitment practices,

- working hours.
- 21. Did you communicate your complain to your employer? If yes, you did this individually or with support (other workers, union, NGO, others)? How did the employer react? It was solved? If not, why not?
- 22. And, according to your experience, can you recall an insistence of non-compliance?
- 23. Are you aware of any action directed against your current employer or previous ones (only hotels) or other hotels because they did not comply with employment rights?
- 24. Have you or do you know any worker that has brought any complaint to an employment tribunal? If yes, who supported the claim (union, NGO, others)? What was the result?

Thank you very much for your collaboration.