# Impact of immigration: the uk hospitality sector

Immigration may be defined as a process of movement of people into a country for various purposes like education, tourism, job etc. The most significant immigration movement may be observed as the tourists' movement for the purpose of leisure and holiday. A very important aspect associated with the immigration process is the enrichment of the culture.

However there have also been the instances of the unauthorised movement of the refugees into a nation. This is a drawback. Immigration process has a positive impact on the developed economy like UK. Hospitality and Tourism sector contributes to as much as 6% in the GDP of the nation. The significant contribution is due to the availability of the business opportunities for the facilities like hotels, tour planners, business events organizers, motels, outings planners, etc. The people, who are involved in rendering these services to the tourist, serve the need of the people in a foreign nation and at the same time generate the employment opportunities as well.

Immigration figures reveal that the Europe has recorded largest number of immigrants viz. 70. 6 million in year 2005. UK has witnessed the major immigration since World War II. The prisoners and the workers who were brought into the country to help to rebuild the post war situation have remained in the nation and become an integral part of the nation.

## Research Objectives:

The objectives of the dissertation are to study the Current Immigration Legislation of UK & identify it's Impact on the Hospitality and Tourism Industry.

## Rationale of the project:

The rationale of the project is to to study the Current Immigration Legislation of UK & identify it's Impact on the Hospitality and Tourism Industry. The research also undertakes the motivation related aspects to drive the people interest towards UK tourism, which is highly cost effective, and impacts of the achievement of these objectives.

## Research methodology:

The Research Methodology comprises of formulation & definition of problem, which will include a detailed study, and investigation of the issues pertaining to the motivation and strategies of the UK hospitality and tourism issues as per the immigration legislation of UK. The study will comprise of the identification of the major drivers and cost aspects associated with the immigration legislation of UK. The usage of the UK immigration legislation involved in the smooth adoption of the changing mindset among tourists and the people directly or indirectly involved in the hospitality sector, which will be in due course of time be the key to success. A survey will be conducted to analyze the current Immigration Legislation of UK and it's Impact on the Hospitality and Tourism Industry.

## Impact of Immigration on hospitality sector of UK

The hospitality sector of UK is very diverse in nature. This sector comprises of 14 industries that includes hotels to catering services to cleaning services. The turnover of hospitality sector of UK is around 135 $ billion every year. This sector employs 1. 9 million of people in more than 180, 000 establishments. Most of the people are employed by private sector and around 500, 000 people provide their hospitality services to other sectors

like education and all (People 1st 2006a). Most of the small enterprises that employ ten people account for 75 percent of hospitality industry of UK and among them most of the enterprises are part of large organizations (Lucas 2004). The labor employed by the hospitality sector of UK account for 45 percent of labor market (People 1st 2006a).

The 1. 9 million of people employed in the hospitality sector represent 7 percent of overall working population of UK. Among 1. 9 million of people most of the people are employed by restaurants of UK. The workforce of hospitality industry in UK consists of young people, student, women, ethnic groups, and migrants (Wood, 1997). Anderson et al, (2006) stated that Most of the immigrants stay in a country for a limited period of time like most of Eastern European migrants stay in UK for a limited period of time and returns to their home countries and thereby affecting the hospitality and other sectors of UK. In order to correct this situation Minister David Lammy stated that british employers should only impact proper training to their employees rather than developing reliance on their workers (Caterer, 2007).

Earlier migrants in UK usually worked in back of functions like kitchen services, and other services where in they have to limit their interaction with their customers like room service or cleaners (Anderson et al, 2007). Most of non-British people in hospitality sector are hotel porters rather than mangers. As shown in (LFS, 2007) survey there are around 23. 4 non-British hotel porters and 8. 6 percent of hotel managers. Migrants in hospitality sector of UK share commonalities with British workers in their long working hours, minimum pay or holiday allowances and other employment practices. (Wright and Pollert, 2006).

## Hospitality and Tourism sector of Ireland

In order to study the impact of immigration on the hospitality and tourism industry we are targeting only one country of UK in our research in order to make our research work more comprehensive and valuable that is Ireland. The hospitality and tourism sector is the most important sector of Ireland. It is the large employer for immigrants in UK. The hospitality and tourism sector currently employ more than 130, 000 workers and among them 30 percent are immigrants (autumn 2007). The number of immigrants employed in this sector is more than double the entire Ireland economy. In the year 2004 Ireland invited immigrants in their labor market and majority of immigrants are from Eastern Europe. In hospitality sector there has been a massive increase in immigrants from 5, 700 in 2004 to 22, 500 in the year 2007.

The hospitality sector of Ireland consists of small and medium sized properties. There are around 854 hotels in Ireland with the total room capacity of 45, 773 according to survey of tourism business and employment in the year 2005. There has been an increase in the room capacity of Ireland hospitality industry of around 5000 rooms from the year 2001 (Failte, 2005). There are many hotel properties in Ireland like Dublin that has 143 hotels, the West that has 137 hotels and many more. There are 2, 542 licensed restaurants in Ireland in the year 2005 (Failte Ireland, 2005b) that were located in the Dublin region, eastern and southern region of Ireland. There are also unlicensed in Ireland that account for 1, 316 premises (Failte Ireland, 2005c)

In the year 2003 Tourism policy Review group was established in order to view the economic growth of hospitality and tourism Industry of Ireland due to increased number of visitors from million in the year 2003 to 10 million visitors in the year 2012 as predicted by Tourism Policy review group. The aim objective of establishing this group is to attract and recruit skilled workers in Ireland and enhance the economic condition of Ireland (Fáilte Ireland, 2005d). As stated by Failte in the year (2005d), Immigration in ireland will lead to various changes like in demographic factors of Ireland like changes in the age structure of Irish population, immigration will lead to tough competition for domestic workers and will lead to shortage of laborers for the hospitality sector (Failte Ireland, 2005d)

## Migrants and Employment

As Stated above the total employment in hotel and restaurants grew from 112, 600 in the year 2004 to 130000 in the year 2007. This shows that there have been increase in the employment rate of 15 percent. From the above diagram we can say that the total employment in Ireland grew from 1894, 000 to 2, 141, 000 i. e. an increase of 13 percent can be seen in the employment rate in Ireland only. The growth in the employment rate was rapid in this sector other than any other sectors of Ireland. From the above table we can also see that the number of Irish population employed by this sector is reducing whereby the number of other nationalities people employed by this sector is increasing rapidly and hence the number of migrants employed by this sector is increasing rapidly. As shown in the above figure the number of immigrants employed by this sector has been increased from 18 percent in the year 2004 to 30%. The total number of

migrants employed by Ireland alone has rise from 6 percent in the year 2004 to 12 percent in the year 2007.

Immigration has become of the most important factor in UK due to increased foreign born population in UK over the past 40 years. The rapid increase in the level of immigration has challenged the domestic labor market due to increase number of foreign born workers in UK. Immigration has also resulted into various benefits like eliminating the shortage of labor supply in the market, enhancing the work ethic and raising the productivity level, helps in developing good trade relations with their home countries.

## Impact of Immigration on hospitality sector of UK

The hospitality sector of UK consists of various industries like hotels, restaurants, and public houses. Today migrant labors play an important role in hospitality sector of UK due to availability of huge number of migrants that are motivated to work for longer hour at a lower cost and that is the reason why immigration laws play an important role in hiring labor in the labor market. Today many employers are concerned with the immigration law because tightening of immigration laws will have a negative impact for employers to utilize the capabilities of low cost workers and will affect their profits.

The turnover of UK hospitality sector from their 14 industries is around $ 135 billion every year. The number of people employed by hospitality sector of UK is around 1. 9 million people. Majority of people are employed by the private sector of hospitality industry and around 500000 people provide their hospitality serves in other sectors like education, and other sectors. (People

1st 2006a). The workforce of 1. 9 million people employed by this sector of UK represents 7 percent of overall population in UK. In UK restaurants employ huge number of people and 57 people employed by them are women. The workforce of hospitality sector of UK consists of young people, women, ethnic and migrants (Lucas, 2004).

Dickinson et al, (2008), Migrant Workers: Economic Issues and Opportunities, SQW Consuliting, ViewPoint Series, Issue 2

The availability of cheap airline travel has enabled free movement of people across the globe. Over a period of 10 years there has been a huge immigration in European Union. The huge membership of immigration in European Union and relatively strong economy of UK has resulted into large inward immigration in UK. Over the period of 15 years there has been a huge inward immigration in UK. The rise in immigration in UK started from 1997. From the year 1991 to 2000 the net inward migration in England of nearly 1. 9 million and the migration in UK was on its peak in the year 2004 that is of 2, 36, 000 migration.

In UK there has been huge inflow of migration from various countries.

This paper looks at the scale of recent in-migration and its economic contours, rather than the implications of migration for public services and the housing market. It highlights a number of issues that regional, sub-regional and local organisations need to address if they are to promote sustainable economic competitiveness, in the context of large-scale international labour flows:

- successfully filling vacancies in high-skilled sectors to drive productivity – by ensuring the necessary amenities are in place to attract and keep mobile workers with skills that are in demand

- maintaining the competitiveness of businesses – by incorporating the learning and practices of migrant workers

- making the most of the mix of complementary skills that in-migration brings – so that people concentrate their time on the activities they are most suited to

- using migrant workers' skills to the maximum effect in order to raise productivity and minimise competition for low paid/low skilled work – often involving support in speaking English and gaining access to social networks with up-to-date job information

- developing a similar work ethic among all parts of the labour force – employers often cite migrant workers' work ethic as a reason for employing them over UK-born workers

- developing strategies for the long term viability of firms and sectors that appear to be reliant on a supply of low-paid, low-skilled workers from overseas.

## Immigration

There is a huge growth in the share of immigration in UK. As shown below there has been huge growth in the working age immigration population in UK. Over the period of 15 years there has been 6. 8 million immigration in

UK. But in the year last quarter of 2008 UK has experienced decline in the number of immigrants due to economic downturn.

The data on immigration comes from two sources: the Labour Force Survey (LFS) and International Passenger Survey (IPS). As per LFS the rate of inflow immigrants in UK has been falling from 2006 where as according to IPS the immigrants flow in UK is stable from 2006 to 2009. And the net inflow of immigration in UK is decreasing from 2007 from the highest inflow level of 200, 000 to the current level of 147, 000.

The level of immigration depends on two factors economic performance of the country and its immigration policy. In UK immigration basically depends on its economic performance and its immigration policy. The immigration policy of UK follows a points-based immigration system that is UK aimed to restrict immigration from outside EU and encourage those people that are skilled. But in practice the number of people that comes in UK is for study or family reunion rather that work related reasons. Today immigration has increased in all countries over a period of time. The level of immigration has increased from 10. 7% in the year 1998 to 13. 8% in the year 2007. There are many countries that have experienced growth in their immigration level like Spain, Austria, Ireland and US (OECD, 2009). UK is ranked on the average level in terms of immigration i. e. the number of immigrants that come in UK.

In UK the level of immigration has increased in all regions. London is one of the countries in UK that has experienced a high level of immigration.

Where do immigrants settle?

While the stock of immigrants has risen in all regions over time, it has risen most in London.

Although there is some evidence to suggest that new immigrants are more regionally

dispersed than in the past, immigrants constituted 39% of London's population in 2009 (see

Figure 2).

The geographical dispersion of immigrant share across local areas is much larger. Around

60% of the working age populations of Brent and Westminster were born overseas

compared with less than 3% of the populations of Knowsley or Redcar & Cleveland.

## Benefits of Immigration

Immigration leads to various benefits. It helps labor to move across the borders and ensure to do good job at good place. Immigration helps to reduce shortage of labor from the market. UK is a huge market and therefore it attracts huge labors. In UK there are labor shortages in some areas like in retail and hospitality sector due to huge turnover and high demand for skilled workers.

The other advantages of immigration are immigrants are typically younger and are expert in some niches and helps company to balance their pension

provision. Immigration also helps economy to grow through producing goods and services for the economy. Some experts stated that immigration leads to reduce the wage of workers that are in direct competition with them. Immigration on the other hand leads to high cost due to huge demand for their housing, health and other welfare facilities.

Immigration has become one of the most important issues in UK. There has been rapid growth in the population of UK due to immigration from the year 1990. It was predicted that the population of UK will grow at rapid level from 60. 6 million in the year 2006 to 71. 1 million by 2031(ONS, 2006) and two third of the population growth in UK will be from immigration in UK. Immigration in UK in the year 2006 has achieved a high record of 591, 000 people coming in UK. Immigration is not the only issue seen in UK. Today due to growth in global migration immigration is the main important factor of population growth in various countries. The growth of migration has resulted from various factors like changes in political factors, availability of cheap communication, and availability of opportunities in various countries. The major factor of movement of population is due to cheap air travel which encouraged many people to travel easily at various parts of globe for business visit purpose or leisure trips.

In UK, Immigration and hospitality are associated directly and contribute towards the GDP of the nation. The association is mutually beneficial and helps the legislation planners in making appropriate provisions. Till now, this factor has been absolutely ignored by the planners, as the critical relationship that exists between hospitality and the immigration was not given adequate focus.

As per the recent data published by the UK's Bureau of Labour Statistic to an extent of about 1. 6 million hotel & restaurant employees in the UK are immigrants or other individuals that have been foreign nationals. By 2003, it was a recorded fact that to an extent of one quarter of food service managers, have been born abroad thereby making the hotel & restaurant industry a hospitality based sector that have employed one of the most diversified & cross-cultural section of employees that have been immigrated from the diversified background and culture.

During last few years, UK has introduced several immigration rules as a part of immigration legislation which comprises of the procedures like, naturalization, Visa services, tourist & work permit and UK working visa. These rules form critical planning parameters for the hospitality and tourism industry in the country. The idea behind the opening of these opportunities is to benefit by the immigration of the highly skilled people.

In UK the program of the immigration of highly skilled people is known by the name of highly skilled Migrant Programme (HSMP). The UK government introduced the program in its legislation, in year January 2002. This has been a successful effort.

With the advent of the HSMP, hospitality sector has received a high boost. In UK, however the Tier-1 has replaced HSMP. This is a part of the five tier points based system used by UK's new strategic plan that is supposed to cater to the associated needs like study, training, work etc. These new routes are developed towards the enrichment of the hospitality sector. With the high skilled people the trend is however to seek extensions so as to

remain under Tier 1. For Indian immigrants in UK, they are required to file the initial highly skilled migrant applications that are mandatory under the Tier 1 (General) rules. This was followed by the rest of the world on 30 June 2008 as the Tier 1 (General) scheme fully replaced the HSMP.

The immigrant supported Visa program is processed by the UK Border Agency. It takes a period of several months for the processing of the UK visa application. It is due to various reasons that delays occur specially one may seek the whole day there and later on find that the applicant has failed to submit all the relevant documentation. Keeping in mind the above lags the UK Border agency has opened several counters that are authorized to seek the application form for the visa application and submit visa. This is another example of the planned hospitality that is benefiting the people willing to make entry into the nation.

Mayer Brown,( 2009), Global Hospitality & Leisure Update.

## Impact of immigration legislation on hospitality & Tourism Industry of UK

There is a huge impact of immigration on hospitality & tourism industry of UK. The major impact of immigration in UK is on the Labour market of UK. In order to improve the labout market of UK the government of UK has developed new policies & regulations. The new regulations of UK make it simply for UK employers to hire new immigrations in domestic market by putting more responsibilities on UK employers whereby employers has to keep a regular check & maintain a up to-date records of immigrations. According toThe British Hospitality Association there are around 1. 5 million

people in UK hospitality & tourism sector among which 23 percent of employees are foreigners in UK. In order to reduce the impact of immigrations on UK labour market the governemtn of UK is using a three effective strategies that are there should be increased penalities for offenders, the employer should strictly follow the employment law while employing foreigners in their organizations and all employers should implement a new point based system for skilled workers (Mayer Brown, 2009).

According to the government of UK, any employers that hire illegal workers in their organization will be charged with a fine of upto £10, 000 per illegal worker. And if the employers hire illegal immigrants in their organization knowingly then the employers will charged with an unlimited fine with 2 years of imprisonment. As this law was enforced in the year 2007 in UK, the largest fine charged by UK government till now is of £30, 000. The nest strategy of UK government in order to restrict immigration in their country is by enforcing strict regulation regarding employment law in UK. Employers are charged with a fine if they are caught for hiring illegal workers or immigrants in their organizations. In the year 2007 only 15 employers in UK were caught for hiring illegal immigrants in their organizations. And in the year 2008 500 cases were seen for hiring illegal immigrants in their organizations. The government of UK has also restricted the illegal hiring of employees from the third party also. According to Government of UK, those organizations that outsource their work from the third party will also be liable if they are found to hire illegal immigrants knowingly or unknowingly(Mayer Brown, 2009). The third strategy used by government of UK in order to

restrict ineffective immigration in their country was by implementing new points based system. The implementation of new points-based system for skilled workers was the most important strategy of government of UK to improve immigration law in their country. The new points-based system was based on Australian model that replace the earlier work permit scheme in UK (Mayer Brown, 2009)..

The new points- based system of UK needed employers of UK to obtain a license that is issued by UK Broder agency so as to offer jobs to skilled workers. An employer that has enabled license has to obtain sponsorship certificate to employ foreigners if the skilled vacancy is not filled in by the resident workers. Before employing migrant the employers have to advertise about the vacancy in newspaper for minimum 2 weeks and if in these 2 weeks no resident is eligible for the vacancy then employer can issue certificate to employ skilled migrants. Apart from this the employees have to attaint certain number of points for qualifications, earning, English speaking skills. All these requirements need to be fulfilled by immigrants in order to be employed in UK. But certain exemptions are possible for internal transfers & for those occupations wherein there is a huge requirement for workers. In hospitality & Tourism industry of UK only chefs are required due to major shortage of chefs in UK other than this no other workers are required or fall under shortage occupations (Mayer Brown, 2009)..

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The hospitality sector of Ireland consists of small and medium sized properties. There are around 854 hotels in Ireland with the total room capacity of 45, 773 according to survey of tourism business and employment in the year 2005. There has been an increase in the room capacity of Ireland hospitality industry of around 5000 rooms from the year 2001 (Failte, 2005). There are many hotel properties in Ireland like Dublin that has 143 hotels, the West that has 137 hotels and many more. There are 2, 542 licensed restaurants in Ireland in the year 2005 (Failte Ireland, 2005b) that were located in the Dublin region, eastern and southern region of Ireland. There are also unlicensed in Ireland that account for 1, 316 premises (Failte Ireland, 2005c)

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## The impact of immigration on Employment Policy of Ireland
The following table depicts the employment in Ireland

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## The impact of immigration on trade union membership

The trade union membership in Ireland is decreasing. The drop in the trade union membership is faster among men than women and the reduction of trade union membership is faster amongst non-Irish employees.

## Trade Union membership in Ireland, 1994-2002

As shown above the trade union membership is falling among all employees from 1994 to 2004. Traditionally the density of trade union is higher in Dublin than any other part of the country but now it is lower in Dublin. As stated by Grainger & Crowther, 2007, the data on trade union membership on Ireland shows that trade union membership is higher by women than men and the membership rises with the employee's qualifications & with their occupations. In hospitality & tourism sector of UK, the trade union membership in 1994 was over one fifth of all employees but from 2004 it was decreasing drastically. And in hotels & restaurants the fall was largest in the same period.

## Trade Union Membership in Hospitality sector in 2006

The micro-data survey of QNHS stated that in 2006 overall trade union membership has decreased to 32. 2 percent. It also stated that the overall trade union membership in hospitality sector of Ireland was merely 9 percent which is the lowest amongst the entire sector other than agriculture. The table shows that in hospitality sector the density of trade union membership is lower among women that among men in hospitality sector and the immigrant's women membership were only 1. 6 percent.

## Pay and Occupational Structure of hospitality sector of Ireland

Some jobs in hospitality sector of Ireland are well paid jobs. The below table shows the wage structure all the sectors of Ireland.

The above table shows that the average weekly earnings of hospitality sector is lowest than the entire service sector. The analysis done by QNHS shows that this sector has a large number of low skilled workers and have limited professional and limited number or administrative workers in this sector.

## Hotels & restaurants: Occupational structure 2001 & 2006

The above table shows that majority of jobs in this sector are classified as personal & protective sector and other services are managers & administrators, professional and all.

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