

Evaluate the importance of the hospitality sector to the overall economy of the e...

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The Importance of the Hospitality Sector to the Overall Economy of the UK

The hospitality industry is a major sector for most economies around the world. The sector includes hotel, resort, food and catering. The economy of the United Kingdom has a vibrant hospitality industry. The sector has grown over the past years and rivalled some of the world's best hospitality industries such as Dubai and Malaysia. The hospitality sector has made lots of positive contributions to the UK economy. However, the hospitality industry has also contributed to negative impacts on economic growth in the country. Despite this, the hospitality sector is still important for the growth of the British economy.

The importance of the hospitality industry in the United Kingdom to the nation's economy cannot be underestimated. Based on the study by Oxford Economics, which was commissioned by the British Hospitality Association (BHA) indicated that the sector is a major source of employment to the UK economy. Approximately 2.4 million individuals benefit from employment directly from the hospitality industry while another 1.2 million have jobs that are indirectly related to the sector. The hospitality sector is of great importance because it is also a source of the nation's gross national output. The hospitality industry ranks fifth in the best performing sectors in the UK economy.

The importance of this sector on the British economy is subject to debate on whether it has a positive or negative impact. The economy benefits if the contribution of the hospitality sector is substantial. There are also hitches that come along with the booming of the hospitality industry. It has been a

major performing industry for the UK economy in the past. However, when the recession hit the world and Britain in particular in 2009, the hospitality industry also dwindled. However, its recovery has seen tremendous improvement in the British economy. A sign that the hospitality sector can be a major contribution to economic growth.

The hospitality industry in the United Kingdom is of great importance in the economy because it holds the key to tourism growth. Tourism and hospitality are pretty much the same thing. If one booms, the other automatically booms. That is why an improvement in the hospitality industry is an indication that the British tourism industry is on the recovery lane.

Hospitality industry involves the development of hotels, resorts and other facilities where visiting individuals on business or tourist missions can reside.

Once the industry starts recording high numbers of clients, it is an indicator that tourism is thriving. Tourism earns the United Kingdom a lot of foreign currency and even local revenue from local tourists. Therefore, there is a need to facilitate growth in tourism by ensuring that the tourist attractions are nurtured and that potential tourists have a wide range of options in the hospitality industry. Therefore, the hospitality industry plays a major role in the growth of the United Kingdom economy because it determines the level of tourism. The rates in the hospitality industry must be kept at a realistic level so that new visitors can be attracted to the country.

The hospitality industry also accounts for millions of employment opportunities in the United Kingdom. With the high rate of unemployment, there is a great need for major industries such as the hospitality sector to create new job opportunities. Based on the findings of a research by Oxford

Economics, the hospitality sector contributed approximately 2.4 million direct jobs as at 2010. It also contributed a further 1.2 million job opportunities indirectly in the same year. The study ranked the industry as the fifth largest in the nation. Therefore, this is an important sector since it is regarded as a source of livelihood for millions of British citizens. It contributes towards the reduction of unemployment. It is also instrumental in the generation of national income. This is because the employed people in this sector all pay taxes, which are part of the government revenue streams. The growth of this industry is important to the British economy because it is a sign of increasing competition. Hospitality standards in the UK are very high with each sub-group in the industry having high profile players. There are numerous five star hotels and resorts in the industry. The food industry in the U.K ranks almost second to none. The good transport network makes travel efficient. Emphasis on the hospitality industry will promote competition among major player in the global hospitality industry. This will only be good for the economy because there will be guaranteed increase in GDP due to high returns from the fifth largest sector in the economy. The hospitality industry is integral to the UK economy because it is among the sectors that embrace technology to enhance efficiency. Many hotels, resorts and other hospitality centres now use new technology to identify clients, manage their database of visitors, financial records and even in forecasting the future business operations and financial status. Therefore, the industry has been integral in spearheading the use of new technology to improve efficiency and transparency. Its contribution to the economy is that it serves as an example to other sectors in the economy to embrace

technology for purposes of efficiency, transparency and innovation. This is a model industry that all other sectors in the United Kingdom must learn from to improve their operations.

The hospitality industry is also integral to the economy of the United Kingdom because it supports business operations all over the country and beyond. Not only are the hospitality facilities meant to attract tourists but also businessmen. People from across the world come to Britain to conduct their business because of the hospitality facilities. There are places where conferences and other business seminars and meeting can be held all over in cities such as London, Cardiff and Liverpool. This is important to the economy because local business people get to learn from these international investors on how to improve their investments. Furthermore, there is also a chance that these investors who come over to enjoy the hospitality services of the United Kingdom will invest in the country too. Therefore, the hospitality industry in United Kingdom provides investment and development opportunities for local and foreign investors.

The tourism sector in Britain has always done well. However, the dwindling of the hospitality sector changed this trend. Visitors tend to head to destinations where the hospitality facilities are top notch but affordable. The hospitality rates in destinations such as Malaysia, Dubai and other Asian and European destinations have really gone down, but the standards have improved. This makes tourists to resort to these destinations because they can get good services a good price. This is why the United Kingdom must rely on the hospitality industry to rescue its tourism industry. An increase in competition will drive prices down while the quality will definitely increase

hence attracting tourist. Increased tourist activities have very many positive impacts on an economy. There is the foreign exchange earned and the increased economic activity in the country. Tourism creates business because these visitors need basic needs. They will buy both basic needs and the leisure commodities the economy has to offer. They are a ready market for British goods and services hence; they contribute to increased business activity which promotes economic growth.

However, the hospitality industry has a negative impact on the United Kingdom economy too. The economy thrives when every industry contributes positively rather than having negative impacts. The hospitality industry has contributed negatively to the British economy in the past hence; limiting economic growth and development. The British hospitality has had stiff competition in the past with many hotels, resorts and catering entities already in operation. The high competition levels are expected to contribute towards economic growth. However, in the case of the United Kingdom, the competition levels are counterproductive. Some competitors try to undercut one another to get more clients their rivals. Some even engage in unethical activities such as offering false information to attract clients. However, it is the high competition level that affects the economy. The prices are brought so low that the profit margins are almost negligible. This makes the gains to the economy meagre hence; there will be no impact on economic growth due to the hospitality industry.

The hospitality industry is also a vulnerable sector to the British economy. The sector is among those that can easily contribute to the collapse of the economy rather than its growth. The hospitality industry thrives on leisure

activities. In case of any economic down turn around the world, individuals respond by doing away with leisure activities and products. Therefore, the hospitality industry poses a bigger threat to the United Kingdom economy than the benefits it offers. This was clearly illustrated in 2008 when the industry was performing well, but players were cutting down costs as the recession drew near. 26 percent of the businesses in the hospitality industry froze recruitment of new employees while 24 percent abandoned their plan to expand their workforce. This was because people were already abandoning their leisure activities, leaving the hospitality industry stranded. Therefore, the hospitality industry is a major sector in the UK economy but it poses a big risk to the economy rather than benefits.

The hospitality industry is the basis of tourism growth. Tourists cannot come to United Kingdom often if there were no world class hotels, catering joints and resorts. However, the hospitality industry has become an attraction for another group of people who pose a great risk to the economy. There are drug smugglers, terrorists and fraudsters who have found cover in the hospitality industry. These individuals reside in the country as tourists while using fake identities. They threaten the welfare of citizens and at the same time a threat to tourism altogether. In case these groups of people are not checked, there is a probability of them destroying the United Kingdom economy through terrorist attacks, fraud and using drug smuggling to bring into the country illegal money. Illegal business is not good for the economy. Therefore, the hospitality industry is an integral part of the United Kingdom's economy. It contributes a significant percentage of direct and indirect employment opportunities, supports the tourism sector and acts as a model

sector to other because of its rapid embracing of new technology. The sector also supports local and international business because business meetings and seminars are held in the hospitality facilities in the country. The investors also have the opportunity to invest in the hospitality industry hence; it also contributes to economic growth. The hospitality industry also facilitates business and contributes to the national output through the taxes charged on these facilities. Even though there are negative influences of the hospitality industry, it is evident that the hospitality is integral to the United Kingdom's economy hence; it must be nurtured and develop to ensure continued growth.

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