



**FAIR WORK
CONVENTION**



Fair Work in the Hospitality Industry

Fair Work Convention Hospitality
Inquiry 2024

Executive Summary for Businesses

Inquiry into Fair Work in the Hospitality Industry

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The Fair Work Convention

The Fair Work Convention brings together employers, trade unions and academic expertise to promote and advocate for fair work across the economy and to advise Scottish Ministers on fair work.

Fair work is work that offers everyone an effective voice, opportunity, security, fulfilment and respect.

It balances the rights and responsibilities of employers and workers. It generates benefits for individuals, businesses and society.

The Hospitality Inquiry

The Hospitality Inquiry was led by an Inquiry Group made up of hospitality employers, employer bodies, trade unions, hospitality workers and other organisations. The Inquiry was led by employer and union Co-Chairs, and supported by an academic advisor.

The group brought a wealth of expertise and experience to the Inquiry process.

The Inquiry considered fair work in the broadest sense, exploring the experiences of hospitality workers and employers to identify what is working and where improvements in fair work can be made.

Why Hospitality?

Hospitality is important to the Scottish economy and contributes to the quality of local community life across Scotland. Hospitality is a changing and dynamic sector which offers business opportunities, jobs and careers, and makes a significant contribution to economic activity, particularly in remote rural areas. Hospitality also comes with a range of fair work challenges which have been a feature of work in the sector for decades. Improving fair work will create positive outcomes for workers and employers. Investing in fair work now will help employers build strong and resilient businesses for the future.

Hospitality – Overview

Hospitality makes up around 8% of employment and almost 9% of private sector businesses in Scotland. The sector has a younger workforce, a relatively high proportion of ethnic minority workers and migrant workers, a higher proportion of part-time workers, and a higher number of jobs with a lower skills level. Half of all employees in hospitality work in small businesses employing fewer than 50 people, while over a third work in large businesses employing more than 250 people. Hospitality is labour-intensive, with higher labour costs, lower productivity and lower pay than the economy average.

The last few years have been particularly challenging for hospitality with the pandemic requiring the sector to close down or significantly reduce trading. This resulted in high numbers of workers losing their jobs or being placed on furlough. Coming out of the pandemic, businesses have faced cost pressures and labour shortages as they have tried to recover. While this created challenges it also created a focus on the value of fair work as businesses seek to attract and retain workers.



Security

Precarious work and insecurity at work disproportionately impacts certain groups – younger workers, women, disabled workers, non-UK nationals, ethnic minority workers and those with lower educational attainment.

Security at work is fundamental to fair work with issues around pay, hours, contracts and basic employment rights, all core elements of workers' experience. While improvements have been seen in hospitality around payment of the Real Living Wage, there is more that employers can do to improve security at work.

Findings from this Inquiry suggest that when employers focus on providing transparent and predictable hours and clear information on employment rights to all of their employees, this is likely to have a significant impact on the positive experience of fair work in hospitality.



Respect

It is evident that many employers in hospitality take issues around respect seriously and take steps to ensure workers are safe and their wellbeing is supported. Yet, the evidence suggests that hospitality workers face a number of issues relating to respect at work. Hospitality workers would benefit from a clearer focus on safe working practices; support for night workers to get home safely; a better balance of working hours, with clear and consistent access to rest days; better relationships with managers, with a focus on eradicating bullying and harassment - particularly racism and sexual harassment; and a clear mechanism to report issues if they arise.

Respect at work is primarily about relationships, cultures, and how well work is run and organised and workers must feel confident that effective employer action will be taken if concerns are reported. This is an important and achievable focus for all employers regardless of size or starting point.



Opportunity

The hospitality industry is relatively diverse and plays an important role in providing routes into work and entry level positions for many. The important role that hospitality plays in social inclusion and providing work for highly marginalised groups is often overlooked.

With persistently high vacancy rates across the hospitality sector, there is a business need to maximise the potential workforce entering the sector as well as maximising recruitment and retention. The opportunity dimension focuses on fair, open and accessible employment and progression, irrespective of personal characteristics.

Focusing on providing equal access to work, training and progression opportunities, along with tackling pay gaps, and addressing bullying and harassment, including from customers, could support improved retention and fair work outcomes for workers, particularly those with protected characteristics (e.g. age, gender, race etc).



Fulfilment

The hospitality industry continues to struggle with issues around labour shortages, skills shortages and high levels of staff turnover. There are a number of routes into the sector through apprenticeships, colleges and universities, but data suggests that the number of people undertaking apprenticeships and college courses in hospitality is falling.

Perceptions of the sector do seem to be having an impact on recruitment, as are changes to immigration policy. Turnover and churn impacts employers by creating clear barriers to investing in their workforce through training, while, for workers, changing between hospitality jobs can often be a response to poor practice, particularly bullying and harassment from managers.

The hospitality industry prides itself on its ability to offer career progression but, too often, workers are not supported to undertake training and are unclear about routes through the industry. The treatment and working conditions of managers – particularly around unpaid overtime – is also a clear disincentive to career progression for workers.

Relationships with managers shape the experiences of hospitality workers for good and for ill, and while relationships with co-workers and customers are often identified by workers as the best thing about working in hospitality, relationships with managers are more variable and can have a major determining influence on workers' desire to work in hospitality in the longer term.



Effective Voice

There is a need to strengthen effective voice and voice mechanisms and to encourage and empower workers to raise issues when they arise. For this to be effective, workers must have faith that they will be treated with respect and they must see their employer respond positively to their views and concerns.

Embedding improvements in effective voice is key to making meaningful progress on fair work in hospitality. Yet effective voice is an area of significant weakness for the hospitality industry, both in terms of individual voice mechanisms and collective approaches.

Workers must have a voice, and this must be respected and taken seriously if all other dimensions of fair work (security, respect, opportunity and fulfilment) are to improve.



Rurality

In Scotland, hospitality and tourism play an important role in the economy of remote rural areas. Rural businesses face many of the same fair work issues as urban businesses but there are significant additional issues facing both employers and workers. Making progress on issues like transport, housing, childcare and connectivity is essential for delivering fair work in rural areas.

Inquiry Recommendations

The Inquiry has identified 12 recommendations in total. The first 7 recommendations taken together would constitute a Fair Work Agreement for hospitality. A Fair Work Agreement is an agreement between employers, employer bodies and unions to work together to advance fair work in an industry. To have meaningful impact, a Fair Work Agreement requires buy-in from employers, employer bodies, unions and ultimately workers across the industry in question. Fair Work Agreements also need to be effectively supported by Government to facilitate progress and to provide additional resource and capacity within the industry.

While businesses face a range of challenges and pressures which may limit how readily they can apply measures (particularly those that have an immediate cost impact) fair work is based on a philosophy of joint working and positive relationships between workers, employers and unions which means that many key elements of fair work can be applied without significant cost to the business. Despite this, some funding from Government to support fair work training, and to build structures across the industry will be necessary, and employers will need to recognise the value of fair work and invest in fair work business models. The recommendations, available in the full report, reflect this.

To deliver fair work, employers across the industry need to build on what they are already doing well and identify areas for improvement. A key way to achieve this is to learn from the good practice of other businesses in the sector, and to strengthen effective voice in your workplace. Ultimately, focussing on continuous improvement will support strong and resilient businesses for the future.

Improving fair work in your business

How to improve Security at work

- Everyone involved in work has a responsibility to ensure and support widespread awareness and understanding of employment rights. Employers should give clear information on pay and contractual matters and signpost workers to advice and support, for example through trade unions, ACAS or other relevant organisations.
- A **template job offer letter** including a statement of particulars is provided by ACAS. This could be useful for smaller hospitality employers and would ensure workers have basic information about their rights at work.
- Contractual stability should be a core employer objective. Offering a contract or ways of working where the burden of risk falls disproportionately on workers (including most zero hours contracts) is not fair work. Employers should offer contracts that provide security to workers, while also working with employees to design approaches to the allocation of hours and shifts that meet the needs of the business, while ensuring that pay for the worker that is regular and predictable.
- All workers should be paid at least the Real Living Wage. Information on the Scottish Living Wage can be found on the **Living Wage Scotland website**.
- Pay transparency and clear pay structures which facilitate pay progression, should be a core organisational objective. Pay levels and pay structures that are openly shared with workers along with clear policies on things like tips, maternity leave, annual leave and sick pay provide the basis for a more equal, transparent and inclusive workplace. **Template policies, advice and support** are available on the ACAS website.

How to improve Respect at work

- Respecting others is everybody's business. A culture of respect requires that behaviours, attitudes, policies and practices that support health, safety and wellbeing are consistently understood and applied.
- Be explicit about respect as an organisational value and start a dialogue around respect as it is experienced in your own organisation. Agree clear expectations of behaviour, conduct and treatment and encourage the involvement of everyone to improve respectful behaviours.
- Respect for workers' personal and family lives requires access to policies and working practices that allow the balancing of work and family life. Hospitality work often involves working 'anti-social hours' which can impact the wellbeing of workers. This is part of the nature of work in hospitality but wellbeing can still be enhanced in this context. Work with your staff to understand their current views of their working hours and focus on providing consistency and transparency around the provision of hours and how work is organised. Providing a clear schedule for rest days that supports broader work life balance is also important.
- Ensure that interpersonal relationships and internal procedures exist to manage issues or conflict in a constructive way. Clear procedures are necessary to ensure workers feel confident to raise concerns. It is important to include clear steps to take if the issue is with their direct manager or a senior manager in the organisation.
- Ensure you are providing adequate health and safety training and supervision, including providing translated material for workers who need support with their English. The Health and Safety Executive has a [range of translated materials](#) that could be useful in this regard.
- Take responsibility for the safety of night workers, including those that you are asking to travel to or from work late at night. Providing free transport to ensure workers get home safely at night or considering overall wage structures to include night work allowances are both approaches that would support safe outcomes for workers working past 11pm.
- Ensure you are [consulting your workers on health and safety issues](#) and consider setting up a health and safety committee. Draw on good practice when preparing risk assessments. Union expertise and networks on health and safety are a valuable resource, the use of which should be developed, supported and maximised.

How to improve Opportunity at work

- Investigate and interrogate the workforce profile in your organisation and sector, identifying where any barriers to opportunity arise and address these creatively.
- Engage with diverse and local communities.
- Use buddying and mentoring to support new workers and those with distinctive needs.
- Train your managers on supporting a diverse workforce ([Inclusion Scotland](#), for example, has information for employers) and support them to make reasonable adjustments for people with disabilities and additional support needs.
- Undertake equalities monitoring, particularly in the provision and uptake of training and development activities and in career progression outcomes.
- Draw on skills, knowledge and experience of others, including from unions (who train and provide support for specialist equality, learning and health and safety representatives), or contact organisations such as [Scottish Union Learning](#) or the fair work co-ordinator posts recommended as part of this Inquiry (Recommendation 1).

How to Improve Fulfilment at Work

- Build fulfilment at work explicitly into job design.
- Create an authorising culture where people can make appropriate decisions and make a difference.
- Consider the treatment of managers, ensuring that they have access to fair work, and support them to develop clear and consistent management practice in line with fair work.
- Invest in training, learning and skills development for current and future jobs. Where available, utilise the skills and expertise of the [Skills Development Scotland Employer Hub](#), the [Scottish Tourism Alliance Toolkit](#), as well as union-led learning and the resources available through [Scottish Union Learning](#).
- Set expectations of performance that are realistic and achievable without negative impact on wellbeing.
- Provide clear and transparent criteria and opportunities for career progression, as well as opportunities for personal development, as a feature of all work.

How to improve Effective Voice at work

- Adopt behaviours, practices and a culture that supports effective voice and embed this at all levels – this requires openness, transparency, dialogue and tolerance of different viewpoints.
- Effective voice requires structures – formal and informal – through which **real dialogue** – individual and collective – can take place. One-to-ones, team meetings, and staff surveys are all important tools and employers should ensure workers are clear about management structures and points of contact.
- More extensive **union recognition and collective bargaining** at a workplace level would help to address the absence of effective voice in hospitality and support the delivery of all other dimensions of fair work. It is important to recognise that **working positively with unions** results in improved fair work outcomes for businesses and workers.
- The ability to exercise voice effectively should be supported as a key competence of managers and union representatives.
- Ensure workers have confidence that their views and concerns will be respected and acted upon.
- As recommended by this Inquiry (Recommendation 2), appoint a senior manager to be a Fair Work Champion and support your workforce to elect an Effective Voice Champion (in unionised workplaces this will be the shop steward or union representative).

Further Information

Find out more about the **Inquiry into Fair Work in the Hospitality Industry**:

- Full report.
- How businesses already deliver dimensions of fair work – good practice case studies.

Tips for further action:

- A **Fair Work Toolkit** designed by Highlands and Islands Enterprise for Hospitality Businesses.
- The **Fair Work Employer Support Tool** designed by Scottish Enterprise with the Fair Work Convention to help employers assess fair work in their own business.
- The Fair Work Self-Assessment Tool for Workers designed by the Fair Work Convention to allow groups of workers and employers to understand workers collective experiences of fair work in their workplace (to be launched early 2025).
- **My World of Work** has some useful information for both employers and workers.





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