

The consequences of the BREXIT vote on management attitudes to recruitment in the hospitality industry

FERRIS, Katy <<http://orcid.org/0000-0002-9903-9698>>, CAMERON, Derek, JENKINS, Andrew and MARSON, James <<http://orcid.org/0000-0001-9705-9671>>

Available from Sheffield Hallam University Research Archive (SHURA) at:
<http://shura.shu.ac.uk/20887/>

This document is the author deposited version. You are advised to consult the publisher's version if you wish to cite from it.

Published version

FERRIS, Katy, CAMERON, Derek, JENKINS, Andrew and MARSON, James (2018). The consequences of the BREXIT vote on management attitudes to recruitment in the hospitality industry. *Business Law Review*, 39 (4).

Copyright and re-use policy

See <http://shura.shu.ac.uk/information.html>

THE CONSEQUENCES OF THE BREXIT VOTE ON MANAGEMENT ATTITUDES TO RECRUITMENT IN THE HOSPITALITY INDUSTRY

Katy Ferris*
Derek Cameron**
Andrew Jenkins***
James Marson****

ABSTRACT

This article investigates the perceptions of managers in the hospitality industry to the Brexit vote and its implications for their recruitment strategies. A survey instrument was used to ascertain perceptions of challenges and opportunities around key themes including current recruitment; the implications of removal of free movement principles on immigration, employment and retention; the effects of the decision on salaries, supplier contracts and renegotiations, and its effects of non-national staff. The article presents the findings of the surveys and offers suggestions as to issues the Brexit negotiating team might take into consideration when determining the British withdrawal strategy.

INTRODUCTION

On 23 June 2016 the United Kingdom (UK) held a referendum on its continued membership of the European Union (EU). The result of the 24 June 2016 provided for the British exit (commonly referred to as Brexit) of the EU. Whilst no immediate legal consequences follow from the result until the UK enacts new legislation/repeals the European Communities Act 1972 following the triggering of Art. 50 Treaty on the Functioning of the European Union,¹ the economic effects of the decision are already being felt.²

The Brexit result had an immediate negative effect for many migrants in the UK and will have implications on the future of immigration policies. Individual migrants initially raised concerns as to an increase in open hostility directed to them³ (extending to non-white people).⁴ Concerns were further raised by those working in the UK and by persons wishing to enter the UK to take up work as to their status following the UK's withdrawal from the EU.⁵

* Assistant Professor of Business Law, The University of Nottingham. Email: Katy.Ferris@nottingham.ac.uk.

** Senior Lecturer, Department of Logistics, Operations, Hospitality and Marketing, University of Huddersfield. Email: d.s.cameron@hud.ac.uk.

*** Subject Leader and Principal Lecturer, Department of Logistics, Operations, Hospitality and Marketing, University of Huddersfield. Email: a.k.jenkins@hud.ac.uk.

**** Reader and Head of Research for Law, Sheffield Hallam University. Email: J.Marson@shu.ac.uk.

¹ Indeed, (albeit unlikely) commentators have suggested that Brexit will not occur and legal challenges to the result of the referendum and/or Parliamentary action post the triggering of Art. 50 TFEU will happen before any formal withdrawal occurs.

² As reported in the Financial Times on 29 September 2017, the UK had fallen from the top of the G7 leading economies to the bottom – see <https://www.ft.com/content/79d4c812-a4ee-11e7-9e4f-7f5e6a7c98a2> (accessed 27 March 2018).

³ <https://www.theguardian.com/uk-news/2016/jun/27/sadiq-khan-muslim-council-britain-warning-of-post-brexit-racism> (accessed 27 March 2018).

⁴ <http://www.aljazeera.com/news/2016/06/brexit-increase-racist-attacks-eu-referendum-160628045317215.html> (accessed 27 March 2018).

⁵ Law firm Simpson Millar identified a 'panic' among business owners and individuals following the Brexit result. The firm saw a 1,100% rise in calls from EU migrants for advice on securing permanent residency and a similar surge in enquiries from businesses employing foreign workers since the result was publicised. <http://www.bighospitality.co.uk/People/Brexit-Hospitality-employers-could-face-staggering-costs-to-recruit-non-UK-staff> (accessed 27 March 2018).

Inward migration for the purposes of employment has largely been presented as a benefit for local economies and has been identified as an enhancement to cultural diversity. Migrant workers also account for a significant proportion of the workforce in specific industries. The hospitality and tourism sector (incorporating restaurants, hotel chains etc.) is the single fourth-largest employer in the UK. The Labour Force Survey 2014 Q 1-4 identified that migrant workers accounted for 34% of the workforce in the ‘cleaning and housekeeping management’ sector; 30% in the ‘food preparation and hospitality’ sector; and 25% of the workforce in the ‘managers and proprietors in hospitality’ sector.

The British Hospitality Association (BHA) estimates that, in the course of the Parliamentary year 2015-16, the industry created nearly 600,000 jobs (one-third of all jobs created in the UK over that period). It further identified the industry’s reliance on foreign employees.⁶ Therefore the hospitality sector will likely be significantly affected by any changes to migration policies following the UK’s withdrawal from the EU. This may be evidenced in employment policies and may affect use of the services provided in the sector.

MIGRANT WORK IN THE UK HOSPITALITY SECTOR

Different terms are employed when describing migrant workers to the UK. Those from the EU member states are frequently designated by reference to when their home countries joined the EU. As such, before 2004, when the EU began a more concerted practice of expansion, there was the ‘EU15’ (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and United Kingdom). In 2004 eight further countries joined, the ‘A8’ (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia) plus Malta and Cyprus joined too. In 2007 the ‘A2’ countries of Bulgaria and Romania became member states, and these were joined in 2013 by Croatia. Collectively, these states make up the 28 member states of the EU.

In compliance with the Immigration, Asylum and Nationality Act 2006, citizens from European Economic Area (EEA - Iceland, Norway and Liechtenstein) countries and those from the A8⁷ and A2 currently have the same rights to work in the UK as those of the EU.⁸ This arrangement, similarly with the EEA and EU free movement of persons principle, will be subject to change in any post-Brexit agreement.

In 2012, the International Labour Office⁹ presented the following statistics as to labour market trends. 21 per cent of the sector’s workforce were not born in the UK; 27 per cent of staff employed in restaurants were not born in the UK; 34 per cent of restaurant and catering managers were born overseas; 31 per cent of chefs were born overseas; and 26 per cent of waiting staff were born overseas. More recently, the Office of National Statistics identified that in 2016, 11% (3.4 million) of the UK labour market were non-UK nationals and of these, EU nationals contributed 7% (2.2

⁶ The Migration Observatory at the University of Oxford. (Accessed 5 July 2016). Available at <http://www.migrationobservatory.ox.ac.uk/press-releases/agriculture-hospitality-and-retail-would-be-most-affected-cuts-eu-migration/>).

⁷ These countries joined the EU in 2004 and since 1 May 2011 nationals from these countries are no longer restricted in their access to labour markets and state support systems across the EU.

⁸ The EEA allows those countries to be part of the EU single market. Switzerland, neither an EU Member State nor an EEA member, is, through a separate agreement, part of the single market.

⁹ T Baum ‘Migrant Workers in the International Hotel Industry’ (2012) International Labour Office, Geneva, International Migration Paper; ISSN 1020-2668; 1564-4839(.pdf); No. 112.

million) and non-EU nationals 4% (1.2 million).¹⁰ These figures present a picture of a sector where substantial numbers of its workforce are migrants.

The hospitality and tourism industry constitutes the largest sector of the service economy in almost all developed countries.¹¹ As demonstrated above, UK hotels employ a disproportionately high number of migrant workers whilst possessing the highest sectoral concentration of low-wage employment.¹² It has therefore been subject to research and commentary from a number of perspectives, be these on general skills shortages affecting the sector,¹³ including nuances such as language skills shortages¹⁴ and those affecting hotels in particular;¹⁵ the role of migrant workers and their economic impact;¹⁶ and more recently on the issue of Brexit and considerations as to its longer term impact.¹⁷

¹⁰ P Vickers 'International Immigration and the Labour Market, UK: 2016' (2017) Office of National Statistics.

¹¹ J Kandampully 'Service Management - The New Paradigm in Hospitality' (2002) Frenchs Forest: Pearson Education Australia Pty Limited.

¹² C Lloyd, G Mason and K Mayhew 'Low-Wage Work in the United Kingdom' (2008) New York: Russell Sage Foundation.

¹³ T Baum 'Unskilled Work and the Hospitality Industry: Myth or Reality?' (1996) *International Journal of Hospitality Management*, 15(3) 207; M C Davidson and Y Wang 'Sustainable Labor Practices? Hotel Human Resource Managers Views on Turnover and Skill Shortages' (2011) *Journal of Human Resources in Hospitality & Tourism*, 10(3) 235; A J Marchante, B Ortega and R Pagán 'Determinants of Skills Shortages and Hard-to-Fill Vacancies in the Hospitality Sector' (2006) *Tourism Management*, 27(5) 791; A R Nankervis and Y Debrah 'Human Resource Management in Hotels: A Comparative Study' (1995) *Tourism Management*, 16(7) 507; D Nickson, C Warhurst and E Dutton 'The Importance of Attitude and Appearance in the Service Encounter in Retail and Hospitality' (2005) *Managing Service Quality: An International Journal*, 15(2) 195.

¹⁴ T Baum 'Reflections on the Nature of Skills in the Experience Economy: Challenging Traditional Skills Models in Hospitality' (2006) *Journal of Hospitality and Tourism Management*, 13(2) 124; T Baum and F Devine 'Skills and Training in the Hotel Sector: The Case of Front Office Employment in Northern Ireland' (2007) *Tourism and Hospitality Research*, 7(3-4) 269; M C Davidson and Y Wang 'Sustainable Labor Practices? Hotel Human Resource Managers Views on Turnover and Skill Shortages' (2011) *Journal of Human Resources in Hospitality & Tourism*, 10(3) 235; D Finegold, K Wagner and G Mason 'National Skill-Creation Systems and Career Paths for Service Workers: Hotels in the United States, Germany and the United Kingdom' (2000) *International Journal of Human Resource Management*, 11(3) 497; H Jeou-Shyan, H Hsuan, L Chih-Hsing, L Lin and T Chang-Yen 'Competency Analysis of Top Managers in the Taiwanese Hotel Industry' (2011) *International Journal of Hospitality Management*, 30(4) 1044; M Joppe 'Migrant Workers: Challenges and Opportunities in Addressing Tourism Labour Shortages' (2012) *Tourism Management*, 33(3) 662; H Kong and C Cheung 'Hotel Development in China: A Review of the English Language Literature' (2009) *International Journal of Contemporary Hospitality Management*, 21(3) 341; D Leslie and H Russell 'The Importance of Foreign Language Skills in the Tourism Sector: A Comparative Study of Student Perceptions in the UK and Continental Europe' (2006) *Tourism Management*, 27(6) 1397; A Lyon and D Sulcova 'Hotel Employer's Perceptions of Employing Eastern European Workers: A Case Study of Cheshire, UK.' (2009) *Tourism Culture & Communication*, 9(1-1) 17; A Martin and S Davies 'An Evaluation of the Language Skills in Scottish Hotels' (2006) *Journal of Hospitality, Leisure, Sport and Tourism Education*, 5(1) 4.

¹⁵ R Carbery, T N Garavan, F O'Brien and J McDonnell 'Predicting Hotel Managers' Turnover Cognitions' (2003) *Journal of Managerial Psychology*, 18(7) 649; K Farrell 'Human Resource Issues as Barriers to Staff Retention and Development in the Tourism Industry' (2001) *Irish Journal of Management*, 22(2) 121; A Goldsmith and M Salehuddin Mohd Zahari 'Hospitality Education in Malaysia: Filling the Skill Gap' (1994) *International Journal of Contemporary Hospitality Management*, 6(6) 27; K Hai-Yan and T Baum 'Skills and Work in the Hospitality Sector: The Case of Hotel Front Office Employees in China' (2006) *International Journal of Contemporary Hospitality Management*, 18(6) 509; J Haskel and C Martin 'Do Skill Shortages Reduce Productivity? Theory and Evidence from the United Kingdom' (1993) *The Economic Journal*, 103(417) 386; A J Marchante, B Ortega and R Pagán 'Determinants of Skills Shortages and Hard-to-Fill Vacancies in the Hospitality Sector' (2006) *Tourism Management*, 27(5) 791; H Qiu Zhang and E Wu 'Human Resources Issues Facing the Hotel and Travel Industry in China' (2004) *International Journal of Contemporary Hospitality Management*, 16(7) 424; D Williams, C Harris and J Parker 'I Love You-Goodbye: Exit Interviews and Turnover in the New Zealand Hotel Industry' (2008) *New Zealand Journal of Employment Relations (Online)*, 33(3) 70.

¹⁶ D G Blanchflower, J Saleheen and C Shadforth 'The Impact of the Recent Migration from Eastern Europe on the UK Economy' (2007) Discussion Paper No. 2615 available at <http://ftp.iza.org/dp2615.pdf>; N Gilpin, M Henty, S Lemos, J Portes and C Bullen 'The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market' (2006) *Department for Work and Pensions Working Paper*, 29; A E Green, D Owen, P Jones, C Owen and J

The industry consists of a number of features which make it distinctive. Employment in the sector has comparatively low entry barriers¹⁸ but experiences a high turnover due to the temporal nature of many of its jobs¹⁹ and its workers.²⁰ It requires flexibility in attitude and the employment of its workers²¹ is characterised by a reliance on a demographic associated with being marginalised within secondary labour markets; specifically women, students, ethnic minorities, young people and migrants.²² This historic reliance on migrant workers has been demonstrated many times.²³ It is not surprising migrant workers are important in this sector of the economy. Matthews and Ruhs²⁴ found that employers often had a preference for hiring migrants compared with non-migrants because of nominal wage costs – the perception that migrants command lower wages.²⁵

Skills Shortages... and Skills Advantages

Numerous studies have demonstrated skills deficiencies and problems in recruitment within the UK.²⁶ There is an oft-cited mantra of migrant workers fulfilling jobs rejected by domestic workers,²⁷ or that migrants provide a particular skills set or adhere to perceptions held by employers

Francis 'The Economic Impact of Migrant Workers in the West Midlands' (2007) *Birmingham, Learning and Skills Council West Midlands Region* KPMG; H Reed and M Latorre 'The Economic Impacts of Migration on the UK Labour Market' (2009) *Economics of migration working paper*, 3; C Tilly 'The Impact of the Economic Crisis on International Migration: A Review' (2011) *Work, Employment and Society*, 25(4) 675.

¹⁷ S Dhingra, G I Ottaviano, T Sampson and J V Reenen 'The Consequences of Brexit for UK Trade and Living Standards' (2016) *Centre for Economic Performance, The London School of Economics and Political Science* available at <http://cep.lse.ac.uk/pubs/download/brexit02.pdf>; J Portes 'Immigration after Brexit' (2016) *National Institute Economic Review*, 238(1) 13; H Rolfe 'How to Cope with Brexit: An Employers' Guide' (2016) *LSE Brexit Blog*; J Springford and P Whyte 'The Consequences of Brexit for the City of London' (2014) *Centre for European Reform*; P Tarlow 'Brexit and its Impact on Tourism' (2016) *International Journal of Safety and Security in Tourism/Hospitality*, available at http://www.palermo.edu/Archivos_content/2016/Economicas/journal-tourism/edicion14/03_BrexitTarlow.pdf (accessed 27 March 2018); J Wadsworth, S Dhingra, G Ottaviano and J V Reenen 'Brexit and the Impact of Immigration on the UK' (2016) *Centre for Economic Performance, The London School of Economics and Political Science*, 34.

¹⁸ M Riley, A Ladkin and E Szivas 'Tourism Employment: Analysis and Planning' (2002) Clevedon: Channel View Publications.

¹⁹ G Shaw and A M Williams 'Tourism and Tourism Spaces' (2004) London: SAGE.

²⁰ R Lucas and S Mansfield 'The Use of Migrant Labour in the Hospitality Sector: Current and Future Implications' (2010) In: M Ruhs and B Anderson (Eds) 'Who Needs Migrant Workers? Labour Shortages, Immigration and Public Policy' Oxford: Oxford University Press, 159; and A Knox and D Nickson 'Regulation in Australian Hotels: Is There a Lesson for the UK?' (2007) *Employee Relations* 29(1) 50.

²¹ Op cit Shaw and Williams at 19.

²² R Lucas and S Mansfield 'Staff Shortages and Immigration in the Hospitality Sector' (2008) London: Migration Advisory Committee available at <http://www.ukba.homeoffice.gov.uk/mac>.

²³ T Baum 'Human Resources in Tourism: Still Waiting for Change' (2007) *Tourism Management* 28 1383; J Christensen-Hughes 'Cultural Diversity: The Lesson of Toronto's Hotels' (1992) *Cornell Hotel and Restaurant Administration Quarterly* 33(2) 78; and R King 'Tourism, Labour and International Migration' (1995) In: A Montanari and A M Williams (Eds) 'European Tourism: Regions, Spaces and Restructuring' Chichester.

²⁴ G Matthews and M Ruhs 'Are you Being Served? An Exploration of the Demand for Migrant Labour in the UK's Hospitality Sector' (2007) University of Oxford, Working Paper No. 51. Available at: http://www.compas.ox.ac.uk/research/Labour_market_and_Migration.shtml

²⁵ S Curries 'De-Skilled and Devalued: The Labour Market Experience of Polish Migrants in the UK Following EU Enlargement' (2007) *International Journal of Comparative Labour Law and Industrial Relations* 23(1) 83; K Datta, C McIlwaine, Y Evans, J Herbert, J May and J Wills 'From Coping Strategies to Tactics: London's Low-Pay Economy and Migrant Labour' (2007) *British Journal of Industrial Relations* 45(2) 404; and M J Piore 'Birds of Passage: Migrant Labor and Industrial Societies' (1979) New York: Cambridge University Press.

²⁶ Confederation of British Industry 'Shaping up for the Future. The Business Vision for Education and Skills' (2007) available at <http://www.cbi.org.uk/pdf/skillssuoft0407.pdf>; and S Leitch 'Prosperity for All in the Global Economy - World Class Skills' (2006) London: HMSO.

²⁷ I Fellini, A Ferro and G Fullin 'Recruitment Processes and Labour Mobility: The Construction Industry in Europe' (2007) *Work, Employment and Society* 21(2) 277; D S Massey, J Arango, G Huyo, A Kouaouci, A Pellegrino and J E

as to their work ethic and other admirable qualities. For instance, migrant workers may be viewed as hard working, wanting to improve their lives and situations, and working hard to achieve these goals. They may be viewed as dedicated to their task, motivated to provide a good service, being unafraid of poor working conditions or performing roles that domestic workers may consider ‘beneath them.’ Lyon and Sulcova demonstrated in their research that workers from Eastern Europe were ambitious and eager to please.²⁸ Further, domestic workers were perceived as ‘less enthusiastic with a poor attitude towards work, less willing, and even lazy’ (p. 26). This was corroborated in the findings of Markova et al²⁹ where respondents to their study commented favourably on specific competencies held by migrant workers including better social and interpersonal skills than indigenous workers, especially valuing non-English language skills. This last ability is of particular importance in some areas of the service sector.³⁰ For example, VisitScotland (2003) identified Germany, France and North America as core overseas markets for Scottish tourism. Therefore, Scottish hotels required staff with the language skills to take bookings from these core markets. Urry³¹ found the service encounter between the guest to a hotel and the member of staff serving them to be critical to a positive experience, and local knowledge of the destination and host countries regarding cultural understandings was a significant factor in recruitment.³² It should be remembered that there is of course a distinction between the availability of technical skills held by migrant workers compared with their competences and therefore, whilst many migrants in a sector may possess a good work ethic, this does not equate to all such workers possessing good communication, language and customer service skills.³³

However, employers have an important role in the recruitment of migrant workers. Whether this is by the employer directly, or through an agent,³⁴ these labour market actors may seek to target regions or communities to meet labour shortages. Rodriguez³⁵ identified that recruiting from these ‘foreign’ markets not only provided a source of labour subject to lower wages, the social costs of the reproduction of labour are internalised by the country of origin and this incoming workforce are self-regulating, self-training and self-disciplining.

Brexit and Hospitality – Opportunities and Threats

Since the referendum result, IBISWorld has gathered data relating to the effects this may have on various industries, the hospitality industry in particular. It presented³⁶ the following findings. On a positive note, weaker sterling will make UK holidays cheaper. For foreign visitors this will form an attraction to visiting the UK as they benefit from more favourable exchange rates. For nationals,

Taylor ‘Worlds in Motion: Understanding International Migration at the End of the Millennium’ (1998) Oxford: Clarendon Press; and M J Piore ‘Birds of Passage: Migrant Labor and Industrial Societies’ (1979) New York: Cambridge University Press.

²⁸ A Lyon and D Sulcova ‘Hotel Employer's Perceptions of Employing Eastern European Workers: A Case Study of Cheshire, UK’ (2009) *Tourism Culture & Communication*, 9(1-1) 17.

²⁹ E Markova, A Paraskevopoulou, A M Williams and G Shaw ‘Migrant Workers in Small London Hotels: Employment, Recruitment and Distribution’ (2013) *European Urban and Regional Studies* published online 4 December 2013 DOI: 10.1177/0969776413513913.

³⁰ A Martin and S Davies ‘An Evaluation of the Language Skills in Scottish Hotels’ (2006) *Journal of Hospitality, Leisure, Sport and Tourism Education*, 5(1) 4, 4.

³¹ J Urry ‘The Tourist Gaze: Leisure and Travel in Contemporary Societies’ (1990) London: SAGE.

³² H Janta, P Lugosi, L Brown and A Ladkin ‘Migrant Networks, Language Learning and Tourism Employment’ (2012) *Tourism Management*, 33(2) 431.

³³ D Nickson ‘Human Resource Management for the Hospitality and Tourism Industries’ (2013) London: Routledge, 9.

³⁴ S Bach ‘Going Global? The Regulation of Nurse Migration in the UK’ (2007) *British Journal of Industrial Relations*, 45(2) 383.

³⁵ N Rodriguez ‘“Workers Wanted”: Employer Recruitment of Immigrant Labour’ (2004) *Work and Occupations* (31)4 453.

³⁶ Available at <http://clients1.ibisworld.co.uk/reports/uk/brexitupdate/default.aspx?entid=3375> (accessed 27 March 2018).

holidays abroad will be more expensive and this may result in an increased demand in the sector. This sentiment was corroborated in the findings from our respondents. When we asked them to identify if they anticipated any positive impact from the Brexit decision, 44% (57) answered yes.

The negative issues discovered by IBIS World were presented on two fronts, the first being falling consumer confidence which may dampen demand from domestic consumers for hotel accommodation. Consumer confidence has been affected by the referendum result and uncertainty of the future relationship with the EU remains. Consumers may thus be more cautious with regards to discretionary spending and the possibility of shrinking incomes will impact on disposable income. This will not necessarily stop people continuing to take holidays in the UK, nor will those business travellers who rely on hotel stays suddenly stop using these facilities. However, perhaps the impact on incomes and expenditure will result in more cautious spending, cheaper options being sought and a resulting slower revenue growth. Secondly, the labour available to those in the hotel industry may be negatively affected following the restrictions placed on free movement of persons within the European Union following the UK's withdrawal. This may lead to wage inflation.

Our respondents were asked whether they anticipate that the Brexit decision will negatively impact on their business (for example, with regards to work permits, the prospect of loss of existing pool of EU migrant workers, associated costs and increased bureaucracy etc.). 72% (93) answered the question in the affirmative and, when other answers were considered, a pattern began to emerge. 66% (n85) of respondents, compared with 30% (n39), anticipated a skills shortage in their organisation as a result of the Brexit decision and 74% (n96) had been approached by EU/EEA staff regarding concerns about their eligibility to live and work in the UK as a result of the Brexit vote. In their direct comments, further issues of concern were raised. Rising direct costs of labour (for example the lack of available talent pushing expectations higher and issues beyond Brexit such as the introduction of the National Living Wage) along with indirect costs (recruitment fees and accommodation) and rising other costs (food, beverages, utilities etc.) due to tariffs and currency fluctuations are likely to equate to an environment where the UK experiences conditions as per a recession. The respondents continued with a description of the negative effects expected of the referendum.

‘Hospitality is always targeted by guests (both corporate and leisure) expecting increased value for money and flat/reduced rates, squeezing our margins. In many instances our products and services are not essential, a weekend break is a treat, a company awards dinner can be postponed or reduced in size, so the volume of business drops along with our rates being frozen or reduced, exposing us further, as our fixed costs cannot drop in line with a sharp drop in demand.’

Employment and labour laws are also likely to change which will affect the hospitality sector. There are laws which exist beyond the remit of the EU's control which will have an impact on migrant workers (the minimum/living wage and (to a large degree at least) laws relating to unfair dismissal for example). Other laws which are either derived explicitly from EU Treaty Articles / Directives or are heavily influenced in the interpretation of national provisions through the Court of Justice of the European Union (CJEU) include discrimination laws, some family-friendly policies, business transfers, working time and associated holiday payments, and provisions for the consultation requirements in collective redundancies and business transfers. Many of these rights are now entrenched in national law and it may be difficult (in the short-term at least) for a British Government to repeal them *en masse*. However, the rights of agency workers, working time and consultation requirements have proven to be problematic (burdensome) to the UK and to employers, and may be vulnerable to change in the short term.

It remains to be seen what aspects of these laws will continue, which will form part of any continued agreement with the EU, and which will be repealed (either explicitly or impliedly). An EEA model would see most (if not indeed the majority) of these EU-employment laws continue to be applied in the UK. A Swiss-style bilateral agreement to remain part of the single-market would again require some of the laws to remain (although there would be greater scope for negotiation here). Further, were the UK to reject the single-market and enter into a series of bilateral agreements with other States, national law would prevail once more and the UK would be free to repeal any (or all) EU law, and the judgments of the CJEU affecting the interpretation of existing national provisions would be merely of persuasive (not binding) authority.

An EU Workforce and Brexit

Markova et al. demonstrate an interesting dimension to the changes to employment in the hotel sector where traditionally, employers may have favoured particular nationalities to undertake certain roles.³⁷ For example, they report a sales director of a small chain hotel who referred to housekeeping roles being traditionally fulfilled by Polish workers. This changed when, in 2007, Romanian workers became available and were engaged given the influx of this new resource. Particularly since the expansion of EU membership to Eastern European countries, employers have had increased choice about whom to employ. An interesting dimension to Markova et al's research was of the reported replacement of Polish workers in a central London hotel by Brazilian workers, but who held Italian or Portuguese passports. Further, government policy also had an effect on immigration and the supply of migrant labour.

‘In our study, tightened internal and border controls coupled with the introduction of a new points-based system and the decision to open the labour market to A8 nationals in 2004, and (partially) to citizens of Bulgaria and Romania in 2007, have been particularly significant. Some managers commented on how the A8 accession in 2004 had contributed to the displacement of Asian workers.’³⁸

Evidently, the free movement principles enshrined in EU membership has allowed employers and agents to have access to a pool of workers on an unprecedented scale. Given the UK's decision to withdraw from the EU, the pool of available workers will reduce or they will be subject to visa and immigration rules and the corresponding requirement of employment, income and means. Seasonality, flexibility, mobility, traditional high staff turnover, downward pressure on wages, and availability of transferable skills of its workforce are just a few of the considerations that are likely impacting on the strategic choices of employers in the hospitality sector.

METHODOLOGY

Given the significance of migrant workers to the hospitality sector, and visitors to the UK from EU member states accounting for an important proportion of customers at hotels, restaurants and so on, we selected respondents primarily from this sector. We also targeted respondents who occupied decision-making positions within their organisations so as to gain first-hand knowledge of strategic and operational issues being considered following the Brexit referendum decision. These matters included the impact on recruitment strategy (including the prospect of the loss of an existing pool of EU migrant workers following Brexit (and the contingency plans being devised to counteract this development)); the perceived/likely impact on wages, the effect on workplace and organisational culture, the impact on contracts and employment policies; the potential impact of work permits (awareness, associated costs, bureaucracy involved, and plans for such a development); the

³⁷ Op cit Markova et al. at 29.

³⁸ Ibid, 10.

potential relationship changes with suppliers if the free movement of goods is affected; and any potential benefits for the industry – e.g. an increase in domestic holidays (often referred to as staycations) following a negative effect on the value of sterling; less regulation of employment laws such as the Working Time Regulations; Trade Union activities; Agency workers’ rights etc.

Sample selection

It is evident that the geographical distribution of migrant workers is not even throughout the UK. In research conducted by the Learning and Skills Council it was presented that the majority of migrants to the UK are based in London and the southeast,³⁹ although Eastern European workers had begun to locate more widely. It was apt, therefore, that we concentrate (although not exclusively limit) our research to respondents from the South of the UK. The breakdown of respondents based on region is presented in Table 1.

Table 1
In which region is your organisation based?

Answer Choices	Responses	
East of England	14.4%	17
East Midlands	1.7%	2
London	44.9%	53
North East	2.5%	3
North West	2.5%	3
South East	22.9%	27
South West	5.9%	7
West Midlands	1.7%	2
Wales	0%	0
Scotland	3.4%	4
Northern Ireland	0%	0
Total		118

Table 2 provides a breakdown of the organization-type where our respondents were employed.

Table 2
In which type of organisation do you work?

Answer Choices	Responses	
Hotel / Spa / Country Club	75.8%	100
Restaurant	6.1%	8
Catering	5.3%	7
Public House / Bar / Bistro	5.3%	7
Other	7.6%	10
Total		132

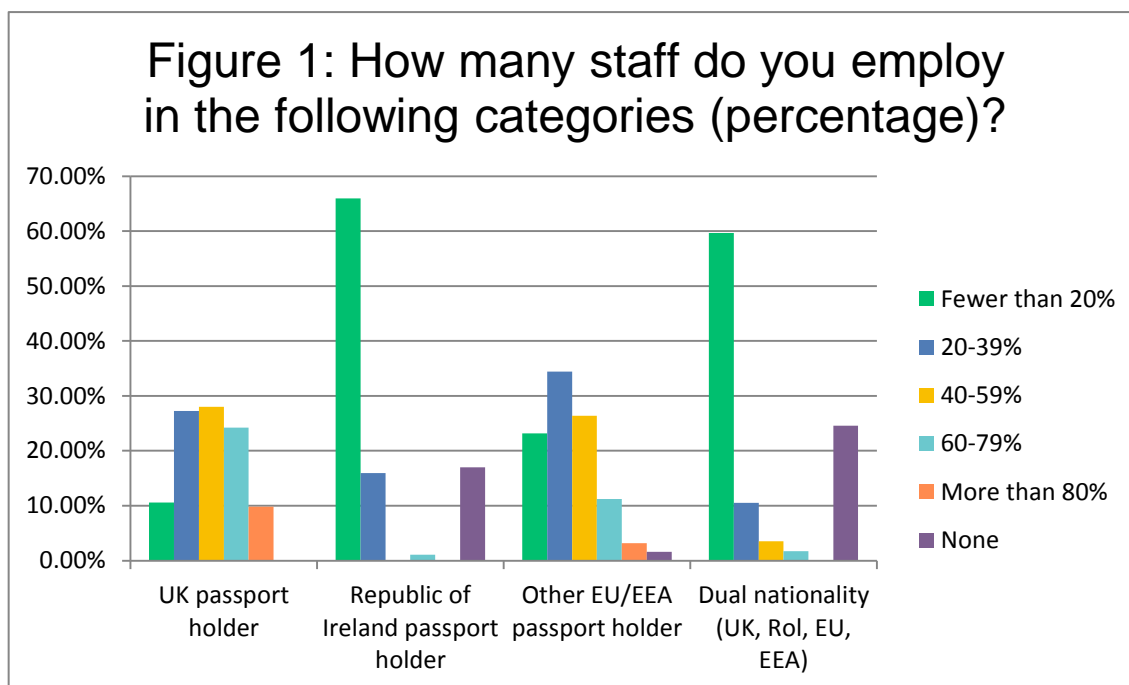
Our respondents identified themselves as occupying the following roles (Table 3).

Table 3
Your role in your organisation

³⁹ Learning and Skills Council ‘National Employers Skills Survey 2005: Key Findings’ (2006) available at <http://readingroom.lsc.gov.uk/LSC/2006/research/commissioned/nat-nationalemployersskillsurvey2005keyfindings-re-june2006.pdf> (accessed 25 June 2016).

Answer Choices	Responses	
General manager	49.2%	65
Assistant general manager	9.1%	12
Facilities management	3%	4
Director	21.2%	28
Human resources manager	4.6%	6
Guest services manager	5.3%	7
Other	7.6%	10
Total		132

Finally, Figure 1 presents the respondents' identification of the proportions of workers engaged according to nationality.



Data collection

The survey instrument (a questionnaire comprising 24 questions) was chosen as the most appropriate mechanism to gain information from the target population (using a purposive sampling method). A closed-question instrument allowed for an increased response rate given the availability of potential respondents and the ability to analyse the pre-selected responses.⁴⁰ The respondents were contacted directly through either a SurveyMonkey⁴¹ questionnaire link or through the physical distribution of these questionnaires to delegates attending The Master Innholders General Managers

⁴⁰ See K Kelley, B Clark, V Brown and J Sitzia 'Good Practice in the Conduct and Reporting of Survey Research' (2003) *International Journal for Quality in Health Care*, 15(3) 261 <https://doi.org/10.1093/intqhc/mzg031>.

⁴¹ For consideration of this form of data collection see C Varela, J Ruiz, A Andrés, R Roy, A Fusté and C Saldaña 'Advantages and Disadvantages of Using the Website SurveyMonkey in a Real Study: Psychopathological Profile in People with Normal-Weight, Overweight and Obesity in a Community Sample' (2017) *E-Methodology*, 77. Available at <https://e-methodology.eu/index.php/e-methodology/article/view/10.15503.emet2016.77.89>.

conference in 2017. Results were collected between January and May 2017 and of 472 potential respondents 134 usable responses were collected. This represents a 29 per cent response rate.⁴²

RESULTS AND DISCUSSION

The Brexit vote will have a profound effect on migrants presently residing in the UK and those who would travel to the UK in search of jobs. Clearly this will be more likely to impact those sectors of the economy involving migrant-heavy employment. In March 2017, the BHA presented the results from a study conducted by KPMG which sought to address a lack of detailed knowledge of the numbers of non-UK EU citizens working in the hospitality sector. The report identified, using the government's own statistics, that EU nationals accounted for 12.3% of the hospitality sector workforce (although KPMG considered the true figure to be closer to 23.7%). Further, the specific numbers of such individuals working in particularly parts of the industry accounted for 75.3% of waiting staff; 24.6% of chefs; 23.7% of housekeeping and cleaning supervisors and 19% of reception staff. The report further identified a significant proportion of unfilled jobs in the sector (having grown by 79% in the previous five-year period) and these being classified as 'hard to fill' because they were deemed 'very low skilled' and unattractive to UK workers. In relation to the figures from our findings, as presented in Figure 1, 26% (33) of respondents identified EU workers as comprising between 40-59% of their workforce, and between 60-79% of the workforce was EU nationals for 11% (14) of respondents. A considerable proportion of their workforce would thus be susceptible to the effects of Brexit.

The Effects of Brexit on Migration Policies and Law

There are approximately 3 million EU nationals living in the UK who are likely to need a new immigration status in light of Brexit. Free movement of persons, one of the four pillars of the EU project, removes a requirement of EU Citizens to obtain a visa prior to coming to the UK. They are exempt from national rules on English language proficiency and may only be excluded from entry to, and residence in, the UK on the grounds of public policy, public security or public health. Having been legally resident in the UK (or other Member State which is not their own) for a continuous period of five years, EU citizens acquire a right of permanent residence (see the Immigration (European Economic Area) Regulations 2016, effective from 1 February 2017) in the host State. This is acquired automatically without a need of an application and is only lost where the individual is absent from the host Member State for a period exceeding two years.⁴³ They currently do not hold (nor need to hold) residence documents due to the free movement principles upon which the EU is based. Following a (hard) Brexit, EU workers will no longer have an automatic right to enter, live and work in the UK.

It is possible that the UK could leave the EU and develop an arrangement to remain in the EEA⁴⁴ which would continue the free movement of persons (and hence the status quo regarding migrant workers). Given that immigration played such a strong role in the debates and decision-making of the remain and leave camps, it appears unlikely that the UK would establish such an arrangement. It would also mean the UK continuing to make payments to the EU and lose the very controls over immigration it seemingly voted to achieve. Unlikely, but possible, is for the introduction of a

⁴² This is not a particularly high response rate. It affects the ability to generalise the results of the data presented but does not invalidate the data or necessarily reflect the quality of the results. See L R Carley-Baxter, C A Hill, D J Roe, S E Twiddy, R K Baxter and J Ruppenkamp 'Does Response Rate Matter? Journal Editors Use of Survey Quality Measures in Manuscript Publication Decisions' (2009) *Survey Practice*, 2(7).

⁴³ Art. 16, Directive 2004/38 of the European Parliament and of the Council.

⁴⁴ Such as Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Lichtenstein, Luxembourg, Malta, Netherlands, Norway, Portugal, Republic of Ireland, Spain, Sweden, and Switzerland.

points-based system as used for immigration in Australia. With regards the introduction of a points-based immigration system, Nick Bolton, director of operations at hospitality agency ‘Rota’ estimated that 90% of the 442,000 EU nationals currently working in the UK would have failed the criteria and been unable to obtain a work visa.⁴⁵ Were this shortage in workers to be filled by UK nationals, Bolton estimates that this would lead to an increase in the wage bill of the firms in the sector. He continues that given labour costs account for 25% of a ‘well-run’ venue’s costs, such increases in overheads would have to be passed on to customers. Both Bolton and Jacqui Sterry (managing director at London-based ‘Mise en Place Catering and Hospitality Recruitment’) identify in the article that the result of the UK to leave the EU is too recent to have any significant changes being registered in the sector. However, it would be strange if contingency and forward planning arrangements were not being put in place in the interim between the decision and the finalized trade deal with the EU. Further, immigration laws, employment laws, existing and new contracts (both business to businesses and business to worker) would all have to be considered by the managers of organisations in the hospitality sector.

Supplier Contracts and Business Decisions

It is anticipated that the renewal of supplier contracts, those agreements involving free trade in the single market, and even contract laws may need to be reviewed following Brexit. This would not only involve review of the details of such agreements but also raises questions as to the jurisdiction hearing any disputes. Further issues of concern would be the details of the trade agreement established between the UK and the country from which imports/exports of goods and services are sourced/provided. 36% (n47) of respondents identified that their organization had delayed a business decision pending the outcome of the referendum. 60% (n78) of respondents had not delayed. Of those who had delayed a business decision, the areas for a delay were staffing (80% (n37)); investment (61% (n28)); supplier agreements (37% (n17)); new business areas / expansion (30% (n14)) and marketing (13% (n6)).

Beyond questioning a delay in business decision-making, we asked the respondents if they had sought to renegotiate or indeed to terminate any agreements after the Brexit vote. 31% (n32) of respondents had negotiated employment policies; 22% (n24) had negotiated worker contract hours (with 10% (n11) having terminated such contracts); 20% (n20) had negotiated worker wages and 23% (n25) of respondents had sought to negotiate supplier agreements (with 14% (n15) having terminated supplier agreements).

19% (n25) of respondents observed that their organization had incorporated a break-clause in their commercial contracts in anticipation of a result to withdraw from the EU following the Brexit referendum result (for 12% (n15) of respondents the question was not relevant to their organization). Of these responses, the following were given as examples; supply agreements (69% (n18)); employment agreements (46% (n12)); and partnership agreements (8% (n2)).

A further practical problem with the uncertainty surrounding the future of an EU agreement with the UK and the fluctuating currency value is contractors who are building hotels (and may be affected by potential shortages in available labour) and the prices paid for materials. Prices quoted in sterling may need to be amended if the value of the pound is significantly less than when the agreement was established.

Immigration Law

⁴⁵ International Business Times (accessed 27 March 2018) available at <http://www.ibtimes.co.uk/hospitality-sector-faces-staff-shortages-if-uk-stops-eus-freedom-labour-movement-1567879>.

As noted above, immigration law will be affected following the UK's withdrawal of the EU and here there are implications for employers and recruitment agencies. Unlike the restrictions imposed on national immigration rules for EU citizens, those for non-EU nationals are subject to the UK Immigration Rules. The restrictive rules include the application of a points-based system which means that only skilled migrants who already hold a job offer may come to work in the UK. Many of the non-EU visa categories require applicants to have satisfied a proficiency in the English language, they are granted a temporary permission to stay in the UK, and their ability to extend their stay or alter their immigration class varies depending on the visa category. Further, the non-EU citizen spouse of a British citizen is subject to eligibility criteria including that the citizen has an annual income of at least £18,600 or £16,000 in savings.⁴⁶ Indeed, in 2015 the threshold was considered to exclude 41% of the British working population, including 55% of women.⁴⁷ The threshold rises to £22,400 where one or more non-European-born child is in the family and, importantly, the income of the non-European partner does not count towards meeting the threshold.⁴⁸

In the event that the UK does not allow free movement of persons or to honour current exemptions for EEA nationals, employers would need to use the Points Based System (Tier 2) to recruit non-UK staff. Tier 2 requires the employer to sponsor (through a licence) at a current cost of £1,476, and each employee requires a Certificate of Sponsorship at a fee of £199. Further, the application for a visa falls to the employee, but is often paid by the employer. The fee for this application is £575 for entry clearance and £664 for leave to remain.

Further fees could apply following enactment of the Immigration Act 2016 with the Immigration Skills Charge introduced from April 2017. This proposes the employer, recruiting from overseas, to pay a charge of £1,000 (£364 for small businesses) for every employee when an application for entry clearance or leave to remain is made. Hence, it is estimated⁴⁹ that employing an overseas worker could cost £3,250 (not including the standard administrative and legal costs).

In June 2017, the government presented a proposal '*Safeguarding the Position of EU Citizens Living in the UK and UK Nationals Living in the EU*' which was to indicate its intentions for EEA nationals following Brexit. It provided that EU citizens who had arrived in the UK before a 'cut-off' date (a date to be determined, but no earlier than 29 March 2017 and no later than the UK's anticipated leaving of the EU, 29 March 2019) and who had been continuously resident here for five years would be granted 'settled status' (essentially the same status as the current 'indefinite leave to remain'⁵⁰ granted to non-EEA nationals) and allowed to remain in the UK indefinitely. Those arriving before the cut-off date but not having been resident for at least five years would be

⁴⁶ The threshold was accepted as lawful by the Supreme Court in the recent cases *R (on the application of MM (Lebanon)) v Secretary of State for the Home Department*; *R (on the application of Abdul Majid (Pakistan)) v Secretary of State for the Home Department*; *R (on the application of Master AF) v Secretary of State for the Home Department*; *R (on the application of Shabana Javed (Pakistan)) v Secretary of State for the Home Department*; *SS (Congo) v Entry Clearance Officer, Nairobi* [2017] UKSC 10.

⁴⁷ <https://www.theguardian.com/law/2017/feb/22/supreme-court-backs-minimum-income-rule-for-non-european-spouses> (accessed 27 March 2018).

⁴⁸ Home Office: Immigration Directorate Instruction Family Migration: Appendix FM Section 1.7, Financial Requirement, August 2017.

⁴⁹ <http://www.bighospitality.co.uk/People/Brexit-Hospitality-employers-could-face-staggering-costs-to-recruit-non-UK-staff> (accessed 27 March 2018).

⁵⁰ Permanent residence, a status that may be acquired by an EEA national differs from indefinite leave to remain (ILR) in the following key aspects. First, permanent residence provides an ongoing right for the EEA national to be joined in the UK by eligible non-EEA family members. This is a right which is not dependent on meeting the financial criteria as applied to UK citizens; secondly, qualifying EEA nationals do not need to apply to obtain permanent residence whilst those non-EEA nationals seeking ILR must apply and then be granted the status; and finally, disputes relating to ILR are heard before national courts rather than the Court of Justice of the European Union.

granted temporary permission to remain until they have reached the five-year period, at which point they would be able to apply for settled status. The fees associated with the application would be set at a 'reasonable level' which was interpreted to be at the same rates as those for EEA residence documents (£65 per person) and for indefinite leave to remain (the closest equivalent application) of £2,297. Individuals who arrived in the UK after the cut-off date would be unable to apply for settled status, rather, they would be subject to family settlement rules applicable to all foreign nationals.

Most recently the UK government agreed to the *Draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community* on 21 March 2018. The *Draft Agreement*, and through which the UK will implement legislation to give it effect, provides that EU citizens⁵¹ who have resided lawfully in the UK for a period of not less than five years prior to 31 December 2020 will be entitled to apply⁵² (the status will not be automatically conferred) for 'settled status' which will provide for the continuation of rights to reside in the UK. EU citizens who arrive in the UK before 31 December 2020 but who have not yet resided for the five-year period will be permitted to apply for temporary status (or 'pre-settled status' according to the lexicon adopted by the Home Office). The family members of the EU citizen will also be permitted to reside in the UK under the *Draft Agreement* where they were lawfully residing in the UK before 31 December 2020 and make the relevant application. Identified family members⁵³ may also be permitted to join the citizen after the 31 December 2020 but all other family members will be excluded from protection. Having then acquired the five years of residence in the UK, they may apply for 'full' settled status.⁵⁴ Significantly, EU citizens who fail to apply for the status by the deadline will, unless there is evidence of sufficiently serious reasons for this failure, be residing in the UK without permission and be subject to removal.⁵⁵

EU citizens will be able to continue to exercise the right to free movement (and avail themselves of associated rights) until 31 December 2020. Further rules will then apply depending on the individual's circumstances. For example, an EU worker who has been resident in the UK for 8 years without an absence for more than two years will immediately qualify for settled status and be able to apply once the system is made live. The individual's immigration status will be secured under national law. But if we consider another scenario, the result may be different. An EU worker who has not been resident in the UK for the five-year period before the 31 December 2020 will have to apply for temporary status and then, after the period of five years residence in the UK, will be able to apply for settled status. EU citizens subject to Article 6 and Article 7 of Directive 2004/38/EC and who are legally resident in the UK will be protected by the *Draft Agreement* if they retain the status of worker, self-employed person, they are a student, they do not need to call upon State benefits or have lawfully retained those rights. For those individuals who fall outside of these circumstances the UK and EU have not yet reached agreement on what will happen. Finally, it is

⁵¹ Although this will not apply to Irish citizens.

⁵² All EU citizens will have to apply for the status, including those who presently hold permanent residence documents.

⁵³ As defined under Directive 2004/38/EC: pre-existing spouse; civil partner; durable partners; children or grandchildren under the age of 21; dependent children or grandchildren older than 21; dependent direct relatives in the ascending line; and children born or adopted after 31 December 2020. Further other dependent relatives (e.g. aunts, brothers, cousins, nieces etc.) will be protected insofar as they were already residing in the UK prior to 31 December 2020. A non-EU citizen carer of an EU citizen child will be included in the protection of the *Draft Agreement* where they were residing in the UK prior to 31 December 2020.

⁵⁴ Applications for temporary and settled status shall not be made more than six months from 31 December 2020.

Family members who intend to join the EU citizen in the UK will have to submit the application within three-months of their arrival, or not more than six months after 31 December 2020, whichever is later.

⁵⁵ Although such a measure will have implications for the children of such individuals whose immigration status is dependent on that of their parents.

worth noting that any EU citizen or their family member who acquires a criminal conviction or other status which negatively affects their character after 31 December 2020 will be subject to assessment regarding their continued residence in the UK or may have their ability to apply for British citizenship considered under UK immigration rules.

Given the potential issues regarding immigration rules and the costs that may be applicable to acquire new non-national workers after Brexit and the transitional period, we questioned our respondents as to the likely implications on their recruitment. Respondents to our study were asked to identify the percentage of their workforce who earned a minimum salary of £35,000 and thus would be eligible to obtain a UK working visa as is currently applicable to non-UK/EU/EEA passport holders. 79% (n103) of respondents identified that fewer than 20% of their workers would satisfy this requirement, 15% (n20) of respondents identified that 20-39% of their workforce would meet or exceed the threshold and in just 2% (n2) of the responses were more than 80% of the workers able to fulfil the criterion.

With regards to the respondents' intentions regarding future recruitment and the impact of the nationality/country of origin of these personnel, the results were mixed, although 74% (n96) of respondents did consider that the Brexit result would impact on their recruitment policies. 50% (n65) of respondents identified that recruitment from within the UK was more likely, with one respondent commenting

‘Whilst we have not experienced any notable changes to date, we expect recruitment to become tougher as we end 2018 and enter 2019. At that time we do expect that recruitment policies will have to change and anticipate that if we are to continue attracting sufficient talent from the UK and worldwide, we will have to [make] accommodations to facilitate this.’

On the other hand, 45% (n58) explained that the Brexit result would have no influence on their decision-making of recruiting from the UK). The reasons for the responses of ‘no influence’ were supplemented by further information including some respondents noting that ‘[It’s] too early to say, but the signs are not as negative as first feared.’ Hence these respondents saw no need to take action. It had also been noted that the recruitment strategies were not viewed in the short-term so no immediate decisions had been made to change staffing. Perhaps more interestingly, whilst 45% (n56) of respondents identified that the decision would have no influence on recruitment from another EU/EEA country, 44% (n54) acknowledged that it would mean they were less likely to recruit from this market. The main reasoning issued for the results were the respondents' concerns regarding the potential complexity and added bureaucracy in recruitment (67% (n66)), concerns about increased costs generally (49% (n48)) and salary considerations in particular (47% (n47)), and the implications of changes in employment regulations following the exit from the EU and the potential for a relaxation of employment regulations (42% (n42)). One very negative and unfortunate finding was a desire not to recruit non-nationals in a post-Brexit UK (11% (n11)). When further investigated, this response seemed linked with an expectation of applicants from the EU not to want to work in the UK due to the perception that they are not wanted by a significant proportion of the population. Finally, the other reasons forwarded for the answers provided to this question included that a skills shortage, language availability, fewer EU-based staff and uncertainty about their availability in the future would all impact on the decision-making.

Migrants and the Effect on Wages

As noted above, our findings indicate that recruitment policies of our respondent employers will be influenced by the Brexit decision (74%). Further, of those respondents who agreed that the decision

would affect the location from where future staff would be recruited (44% of those respondents reported they would be less likely to recruit from the EU/EEA) and 47% (n47) of those identified salary considerations as a reason. Theories presented to explain the perception that the employment of migrants will lead to lower wages (for all workers) include that an increased supply of labour will consequently lower demand, and that migrants will work for lower wages than domestic workers. With regards the latter assertion, that migrants would ‘undercut’ the wages of domestic workers relates to wages in the UK being higher than those available in their home country (but this theory is weakened specifically in relation to EU-based workers as membership of the EU has typically increased wages and prices in the home country). It may also be argued that migrants are willing to perform certain roles for a lower hourly wage as they are prepared to accept lower standards of living (because they are employed on a temporary basis), and because they send money to people in their home country and that money goes further than it does in the UK.⁵⁶ Such arguments are flawed when looking at groups of migrants – such as from A8 countries – who may be residing in the UK on a settled and permanent basis. It may also be further negated by the drop in the value of sterling following the Brexit result and continued attempts by the government to reassure the public on the aftermath of the referendum vote. Also, at the lower end of the pay sector, workers are entitled to be paid the National Minimum Wage / National Living Wage rates (unless the employer is seeking to evade this legal requirement).

Of course, the first example presented fails due to the simplicity of a model of employment being singularly affected on the basis of supply and demand, leading to a lowering of wages. With an increase in the available supply of workers will naturally lead to an increase demand for goods and services which will lead to an increase in the need for workers to service these needs. Demand for labour is a function of the number of people living in the country. Whilst consumption of goods may change given the tastes of migrants living in the UK from nationals, this should not necessarily affect the need for the production of those goods. Hence, an equilibrium would return relating to wages.⁵⁷

CONCLUSION AND IMPLICATIONS

This study intended to obtain a snapshot of views from managers in the hospitality sector regarding their actions and plans in response to the Brexit referendum result. At the time of the survey, the UK’s political position was in a state of flux regarding the future relationship with the EU and the impact this would have on EU workers currently residing in the UK. Further, there was no agreement on any deal or transitional agreement other than, in the absence of such an agreement, the UK would leave the EU at the end of March 2019 and EU workers’ rights would revert to the current position adopted according to current immigration policies and rules. More recently (per 21 March 2018) the UK and EU reached an understanding through the ‘*Draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.*’ Here there is agreement to a transitional period ending on 31 December 2020 where the UK will retain access to the single market and customs union (and subject to the free movement rules). This has provided a degree of certainty in the short-term but the UK and EU are still negotiating on the terms for future access to the single market and what plans exist for workers to enter the UK to take up employment (presuming that the current free movement model of enabling citizens of the EU to travel to the UK in search of work will be curtailed, if not removed entirely). Part Two of the *Draft Agreement* outlines the protection of the rights of EU citizens residing in the UK (and reciprocal rights). It provides that EU citizens and their family members who are legally residing in the UK, in accordance with EU law, may

⁵⁶ H Reed and M Latorre ‘The Economic Impacts of Migration on the UK Labour Market’ (2009) Economics of Migration Working Paper 3, Institute for Public Policy Research.

⁵⁷ Ibid, 11.

continue to do so. This includes workers, the self-employed, students, those who have sufficient means so as not to be a burden on the State or who have retained these rights. However, this is based on residence requirements which may be atypical to the temporary, seasonal and transitional employment adopted in the hospitality sector. EU citizens are to be required to apply to remain in the UK after the end of the withdrawal transitional period and this application process is being reduced from (the current) two years to a maximum of six months. Thus, as significant as the *Draft Agreement* is, it is unlikely to solve the recruitment issues soon facing the sector in the post-Brexit British employment landscape. For EU workers intending to continue to visit the UK to work in the hospitality sector, this must be concerning.

Future Research

This research project has limitations in the scope for the generalizability of its results. It was distributed to participants through an internet link (which may affect access) and to delegates to a national conference (but this may have excluded delegates who could not attend or had not registered). It is also a survey which asks for opinions from a single person in an organisation. Whilst these were selected as individuals who had the authority to make decisions regarding contracts with third parties and for recruitment, it is possible that different views may have been taken by a board to whom the person would have to report.

Further, broader issues generated from the project may be of interest in future research. The recruitment of migrant workers, who do not appear in official statistics presented by organisations such as the Labour Force Survey, would be particularly interesting in a post-Brexit economy. The Labour Force Survey currently excludes individuals who have been resident in households for less than six months; those who do not live in households (hence excluding people in hostels, hotels and even halls of residence – so a substantial student population is not included); nor does it include asylum seekers or those working illegally. Evidence from employers of these categories of worker may provide a useful insight into the availability and potential impact of workers who may find access to the UK more difficult after 2020.

Acknowledgement

This research was funded by The University of Huddersfield School Fund Programme.