The Gig Economy & Hospitality.

A future to prepare for.
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Introduction.

An introduction from Antony Woodcock, co-founder and CEO, GIG.

The gig economy is on the rise but do we all really understand what it is and what it means? At GIG, we believe that the gig economy centres solely around flexibility. We also believe individuals should be able to remove themselves from traditional working relationships and have some form of power in working for companies when they decide, rather than the other way around.

Taking this a step further, it’s important that the gig economy is a responsible place that ensures those working within it are not unfairly penalised for this shift in the traditional working relationship.

We believe that when operated responsibly the gig economy can be a force for good, especially for the UK hospitality industry, which is facing a staff and skills shortage like it has never seen before.

Before we can truly embrace this new form of work, we must first understand what it really represents.

This white paper pulls together the opinions of a number of professionals from across the hospitality industry with the aim of providing more clarity on the gig economy and its role in shaping UK hospitality.
Topic #1

Defining the gig economy
An opportunity, not a ‘dirty word’

More than half of UK adults want to move away from traditional working hours, as just 6% of the UK now work between the hours of 9am and 5pm.

YouGov and Mcdonalds study
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**Topic #1**
**Defining the gig economy**
An opportunity, not a ‘dirty word’

Before looking at its impact on the world of hospitality, it’s important to define what the gig economy is. Is it just another name for a ‘temporary worker’ economy? Or is it an opportunity, a new way of working and living that delivers true work/life balance in every sector?

The department of Business, Energy and Industrial Strategy\(^1\) defines the gig economy as:

“...the exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment by task basis.”

**PJ Kenny:**

The gig economy, and gig work, is freedom. It’s choice. The gig worker wakes up on a Monday, decides to work, finds a job they want and can do well, then they take the opportunity, work hard and go home. But, there’s no denying, to some outside of the industry, ‘gig’ remains a dirty word.

Over the past few years, the term ‘gig economy’ has become synonymous with terms such as ‘zero-hour contracts’ and ‘exploitation’. It has become a ‘dirty word’ that many businesses, especially those heavily focused on employee reputation, growth and culture have become reluctant to embrace.

**Chris Barber:**

There’s a bad image of Fagin rounding up his workers and forcing dreadful hours on them. It’s not the case. How can flexibility, immediacy and choice combine to create a ‘dirty’ word?

High-profile cases, such as Uber and Deliveroo’s dispute over worker’s rights and defining their workers as self-employed, have thwarted many people’s perception of the gig economy. As a result, many operators have deviated from the potential benefits it provides both workers and employers within the hospitality industry.

In order to properly assess the gig economy’s definition and position within industries such as hospitality, an objective understanding of its benefits and downfalls must be established.
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Topic #1
Defining the gig economy
An opportunity, not a ‘dirty word’

Benefits

- Flexibility
- Broad skill development
- Diversity
- An additional form of income
- Efficient communication

Risks

- Poor legislative control
- Potential for exploitation
- Confusions of taxation
- Poor cultural awareness
- Harsh turnaround times

One major hinderance to the gig economy being embraced across hospitality is that it is still being seen as radicalised, brand-new form of work. When toying with the likes of seasonal fluctuations, short turnaround times, tight margins and reputations built by front-of-house staffing, the concept of adopting a new form of employment is seen as too risky for many hospitality providers.

Chris Barber:
To be honest, I was gigging for years! It just suddenly has a cool new name.

However, the principles of the gig economy, such as flexibility, transparency and autonomy are already being embraced and encouraged by workers and operators across multiple industries.

Studies have shown that flexibility is one of the key drivers for increasing employee satisfaction. A recent report found that just 6% of the UK population now work between 9am and 5pm, while more than 50% of UK adults want to move away from traditional working hours.

With less than 10% of the UK working the traditional ‘nine-to-five’ and more seeking flexibility than even before, the reality of today’s labour market is that flexibility – a core principle of the gig economy – is already being widely adopted and, in many cases, encouraged by workers and employees.

Antony Woodcock:
If you embrace flexibility, you’re part of the gig economy. It’s definitely not a world of zero hour contracts; it’s an opportunity for freedom and self-control. Casual workers, consultants, full-time workers with flexible benefits – they are all part of the gig economy in equal measure.
In unison with this demand for flexibility lies the rise of a mobile-driven world. As one of the largest pre-cursors in creating today’s gig economy, mobile technology has completely changed the way people interact with businesses – first as consumers but now also as workers.

Insight from Statista\(^3\) shows that 95% of people aged between 25 and 34 in the UK now own a smartphone, up from just 60% in 2012. However, it’s not just attracting young people. The same report found that 51% of people aged 55-64 now own a smartphone, up from just 19% in 2012. Such a rise in the adoption of mobile technology could reflect society’s push towards more transparent communication – that we’re becoming an increasingly on-demand society.

95% of people aged 25-34 in the UK now own a smartphone.

In order to embrace the gig economy within the hospitality industry, an understanding of its principles must be properly understood by its operators. The fact is, a lack of adoption isn’t just being driven by workers, it’s being compounded by a fear led by operators that are reluctant to take up an employment strategy that they simply don’t know enough about.

Instead of simply “weighing up” the gig economy, operators need to realise that a new mobile-age and shift in attitude towards more flexible working has already taken place.

One thing’s clear: people need to ‘understand’ what the gig economy is. It’s time to move on from Fagin, realise this its core principles lie at the heart of workers, and embrace the idea of flexible freedom. Otherwise, it will be stuck in a PR nightmare.
About 20% of households have taken on a second job to boost incomes, and a further 20% have tried or contemplated it.

Centre for Labour and Social Studies
The hospitality industry is undoubtedly in the midst of its own PR crisis. It has been an uphill battle when it comes to attracting workers and then retaining them to develop meaningful, long-term careers in the industry. With a reputation for fast-turnover, erratic work hours, low wages, and an underlying belief that hospitality is a ‘fall-back’ or ‘failed’ career, many people are reluctant to pursue work in the industry beyond a convenience basis.

When combined with the current PR strife facing the gig economy, it’s understandable that many operators are also hesitant to adopt such practices.

Arran McDowell:
The bad PR is nothing new. Many of us had no obvious passion to join this industry, but once we were in it, we fell in love with it.

One such issue the hospitality needs to tackle is the idea that hospitality isn’t a full-filling, long-term or even ‘dignified’ career.

In order to engage with workers and attract them to a career in hospitality, the industry needs to provide workers with the incentives they desire.

But how can this be done? And who’s responsible for improving the standards/quality of work?

Some industry experts believe that it comes down to basics like wages, while others believe more needs to be done about how we approach employment in the industry.

Chris Barber:
What would make things more palatable is paying workers above national minimum wage – that’s a simple way of stopping the negative PR. But first, we need to get the public to pay a little more for their coffee and let them know that their money is supporting the very staff that served them.
The Gig Economy & Hospitality
A future to prepare for

Topic #2
Hospitality and its PR problem
A great industry that needs positivity

When it comes to attracting candidates to the hospitality industry, a difference must be made between the conditions of work and the work itself - hospitality’s poor PR hasn’t stemmed from a poor day-to-day work experience. In fact, the hospitality industry is notoriously sociable, fast-paced and entertaining for those that work in it. Some leading figures believe that it may not necessarily be a case of improving the incentives, but instead promoting the benefits the industry already proposes.

Marco Galer-Reick:
Everyone in hospitality knows it’s a great industry to be in, so people need to be more vocal. Shout louder about what makes it exciting and we’ll get more talent to join us – both casual and full time.

Arran McDowell:
There are so many companies doing great things for casual workers. We need to get their stories out there to out-weight the louder, minority of negatives. Negatives always seem to get the news!

However, this doesn’t answer the PR issue completely. In order to fix the stigmas associated with the hospitality industry, operators need to look at what differentiates this industry. When it comes to attracting and retaining candidates, they must look to modern-day practices to improve reputation.

Antony Woodcock:
The truth is, from the outside hospitality is not an attractive full time career path, but that’s why the gig economy can be powerful. Bring people in, make them love the industry, and they are more likely to stay in it.

With the ability to raise wages, benefits and provide clear career paths a constant struggle, the logical answer lies in providing cost-effective, highly efficient incentives such as the flexibility, autonomy and transparency of the gig economy. However, the uptake on these benefits have been too slow.

A recent study found that only 9% of hospitality businesses are actively looking at introducing more flexibility, which shows the PR issue may lie in the traditional practices engrained in hospitality failing to update and adapt to modern day working standards.
Antony Woodcock:
Someone looking for hospitality work could get the same money working in a warehouse and not have to deal with customers in their face. We need to work to make the industry more publically appealing, because right now, pay just isn’t enough.

The negative connotations sitting behind the hospitality industry could also be drawn down to worker motivation. As an industry so heavily reliant on customer service and satisfaction, the need to employ workers that actually want to work in the industry is essential. Therefore, the answer may not lie in finding a way to increase the quality of work but to find a way of increasing the quality of the worker.

Marco Galer-Reick:
The workers deserve credit as well. There’s a strong argument that gig workers work harder – because for that gig, they really want to be there.

In order to attract the best workers, the industry needs to seek candidates who are keen to learn new skills and build sustainable, long-term careers within the industry. A recent study\(^5\) undertaken by GIG found that 60% of its workers see a long-term career in hospitality, while 40% of its workers use the service 5+ times a week, and 23% use it 3-5 times a week. This reflects a different attitude by gig economy workers, who are motivated by more than just income.

As an industry so heavily susceptible to changing demands, economic fluctuations and competitive pricing, the hospitality industry risks never being seen as a high-paid, long-term career choice. In order to alleviate the burden and help attract young workers, a shift by both recruiters and operators must take place.

That shift lies in embracing – rather than fearing – the gig economy. Instead of seeking more positive media coverage organically or focusing purely on improving wages and training, hospitality operators must change the way they approach employment and adapt to a new-age of work driven by the gig economy.
Topic #3
Maintaining cultural fit
Can it work with gig workers?

Recent report from the RSA found 63 percent of gig workers agreed the work offered more freedom and control.

RSA report ’Good Gigs A fairer future for the UK’s gig economy
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A future to prepare for

Topic #3
Maintaining cultural fit
Can it work with gig workers?

Brand values and cultural fit matter more than ever. Brand goes beyond name and reputation; it’s about how workers are treated and the mutual respect between a business and its staff.

Arran McDowell:
Whomever the employee, full-time or casual, understanding our brand is a key part of an induction. Have them respect your brand and respect them back, whomever they are and whenever they work, and it can be a success.

So how does the gig economy fit in with making sure cultural identity and brand-awareness are maintained? A large fear is that transient workers simply don’t have the time to learn or adopt the imbedded culture of a business compared to full-time workers.

Marco Galer-Reick:
It’s important that everyone who joins us is committed to our brand values and is an ambassador, so we invest a lot in training every single member of the team, and expect the team to live the brand in return. This is achievable with casual workers, but only if they / we can dedicate the time to train them.

Company culture for many organisations is directly linked to reputation and subsequent growth. The emphasis some businesses place on ensuring workers embrace company ethos can take priority even over fundamental factors such as skills and motivation.

As an industry facing the on-demand world of the gig economy directly, the ability to adapt to company culture will always be an inevitable struggle - there simply isn’t enough time to learn and adapt. Conversely, is the issue of cultural fit the be-all-and-end-all?
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A future to prepare for

Topic #3
Maintaining cultural fit
Can it work with gig workers?

Chris Barber:
There are a huge amount of smaller businesses that may look for a cultural fit, but honestly, they just want hard workers. It’s easy to ask for X, Y and Z, but really you want someone capable and eager to walk through the door.

Brand values are often the same across hotels, so a gig worker of a good standard could work across a range of sites, and appreciate the values to a high enough degree.

This isn’t to say that HR issues, such as company culture, aren’t important. However, the emphasis on culture and fit may not be as high of a priority as one expects, especially in an industry reliant on short turnaround times and sudden fluctuations in business. The pervasive effects of labour turnover are already a common factor within the industry. In fact, a study by Great Place to Work™ found that 42% of hospitality employees have worked for their respective organisation for less than two years, compared to seven years in the financial service.

Antony Woodcock:
You have someone available with the perfect experience, but the fit isn’t quite right. The question is, can you afford to wait weeks for the perfect fit to hopefully come your way?

The fact is, if the industry itself is fast-paced then the answer to issues such as skills shortages and retention could lie in adopting the on-demand labour force of the gig economy. A recent report by Deloitte estimates that employee turnover in the hospitality industry is approximately 31% and that hoteliers spend an average of 33% of revenue on labour costs. With large sums of money and time spent finding the ‘right fit’, operators must find more efficient, cost-effective ways to deal with high turnover and periods such as the notorious “power-hour” seen within many branches of hospitality.
Without question, one of the best ways to improve the culture of the hospitality industry, or any industry, is to increase diversity within the workplace. Research from McKensey\textsuperscript{8} found that diverse businesses deliver 35% better results than non-diverse businesses.

In fact, the addition of a gig economy worker during busy periods could boost morale. The perception that gig economy workers are inevitably detrimental to a company simply because they haven’t adopted the cultural nuances of a business is a fallacy. In fact, they could arguably provide more benefits, other than productivity, to the business.

PJ Kenny:
Gig workers bring different characteristics, skills and traits to your business. Think of them adding to your culture, not having to fit right into it.

The fear over ‘cultural fit’ is a financial and time-consuming matter that is ultimately leaving businesses in the dark. As gig economy practices grow in popularity by both businesses and workers across multiple industries, taking a stubborn stance in refuting their skill and hard-work will only be counterintuitive to the fast-paced nature of the hospitality industry.

Maintaining company culture cannot be ignored, but it must come with balance. It comes down to respect. Your workers – gig or otherwise – have to respect your brand and business, but the respect has to be mutual.

Maintaining company culture cannot be ignored, but it must come with balance.
In the UK, 4.5 million (14 percent of workers) are now self-employed. Since 2008, the number of jobs has increased by just over two million.

RSA report 'Good Gigs A fairer future for the UK’s gig economy
The Gig Economy & Hospitality
A future to prepare for

Topic #4
The future of employment
Flexible from top to bottom

A major question that many operators within the hospitality industry are wondering is just what the ‘future of work’ means for the hospitality sector. A phrase coined by the rise of AI, the gig economy and the millennial generation, the hospitality industry is at a point where it must either embrace or fall behind the evolution of today’s labour market.

But there’s more to the hospitality’s future than just AI and Automation, the future of this industry raises questions around a new generation of workers, the UK’s reliance on EU workers, and – of course - the rise of mobile technology.

According to a report from KPMG, the millennial generation – a demographic highly relied upon by the hospitality industry - now make up 35% of the UK’s labour market, and they’re set to take the lion’s share by 2020.

So, what do these workers want?

According to a report from Timewise, 92% of 18 to 34-year olds are seeking flexible work – a statistic that speaks volumes to a UK hospitality industry so reliant on attracting and retaining young workers.

In addition to this, the KPMG report also proposes job flexibility as one of the top 4 priorities for millennials when seeking a place to work, alongside a positive company culture, enjoyable work, and open communication.

The fact is, young workers have different priorities to older generations and operators within the industry must embrace key attributes they desire if they’re to entice a future generation of workers.

Antony Woodcock:
If you’re not building flexibility into your HR strategy over the next two years, you’re going to struggle across your whole business.

We all have to deliver it, especially hospitality to keep talent interested, invested and involved.
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A future to prepare for

Topic #4
The future of employment
Flexible from top to bottom

In addition to these priorities, technology is playing a huge role in shaping the future of work. According to a report by Robert Walters\(^1\), 53% of Millennials say that they are more likely to take a job with an employer who uses the same technology as they do, and senior management are ready to comply.

Marco Galer-Reick:
Over two years we’ve seen our casual workforce increase by 10%. Flexible working will become the norm.

A number of our senior team – even directors – are on flexible agreements now. Give someone a degree of flexibility and his or her productivity shoots up. Everyone works better when they can be flexible, there’s no argument.

Chris Barber:
Gig work and flexibility is already so prevalent at a senior level, more so than many think. Don’t think it’s just about the bottom rung; this is the future for everyone.

One of the largest issues facing the hospitality industry in the foreseeable future is Brexit. The British Hospitality Association (BHA) have predicted the UK’s departure from the EU will create an annual 60,000 staff shortage\(^2\), which could increase considerably.

The same report also estimates that between 12.3% and 23.7% of the UK hospitality sector is already made up of EU national workers, reflecting a huge amount of reliance on skilled workers from outside of the UK. As a result, the hospitality industry must look at more efficient ways to attract local staff and ensure it can retain any future staff entering from Europe. This is why the gig economy and its autonomy and transparency will play such a large role in diminishing the compounding effects of Brexit – which could see enormous pressure placed on other factors such as tourism, costs and sales.

The issue will come down to ensuring operators not only engage with the gig economy but also endorse it, and it starts with embracing it at the highest level of management.
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A future to prepare for  

Topic #4  
The future of employment  
Flexible from top to bottom  

PJ Kenny:  
The gig economy is enabling more opportunities to get people into an industry we know is fantastic. I’ve been in it my whole life, I know the joy it can bring.

One thing is for certain, the future of work is flexible across hospitality from top to bottom. The rise of the gig economy is here and no-one is in doubt that this form of work has the potential to completely change the way the hospitality industry operates.

It might be coined the future of work but in many respects, the future is here and the hospitality industry is poised to get the most out this new form of work – if action is taken.

There is simply too much at stake for the hospitality industry to ignore this progressive labour market. The gig economy, at its core, claims no bias towards either workers or operators; both parties get exactly what they want – transparency, efficiency, flexibility and in the case of operators, cost-savings. Fears over poor PR and cases of exploitation should not therefore dismiss the benefits this form of work provides. An opportunity is here and the industry must take it with both hands.

As an industry facing a number of battles, waiting for answers or claiming ignorance on the benefits of the gig economy will only lead to further questions down-the-line, especially when it comes to attracting talent and filling the skills gap.

The industry can no longer afford to put its head in the sand.

More action needs to be taken by leading figures and operators to understand that the working world is changing, that attitudes are changing and that ultimately, the on-demand nature of the gig economy can be a force for good.
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Make gig work, work

In order to make sure the hospitality industry embraces the gig economy more readily, the fear and confusion around its legislation must be addressed. Stemming back to its very definition, the principles of the gig economy have no bias towards either the worker or the operator - both parties get something out of it.

A poor reputation has been built around the gig economy, which is hindering its adoption in one of the industries that could benefit from it most – hospitality. Worker’s rights sit at the heart of this need for legislative reform, but questions over HR compliance, sick pay, and taxes have seen many operators sit and wait for proper legislative change before adopting such a flexible staffing strategy. The only issue here is that an in-house PR crisis, the UK’s exit from the EU, an increasing skills shortage, and notoriously tight margins in a fluctuating market means action must be taken now.

In order for the gig economy to work in the hospitality, two things need to happen:

• Greater confidence in and uptake of flexible working practices
• Effective legislative to the gig economy that benefits both workers and operators

The question is, which comes first?

While the industry can’t sit and wait for change, its operators simply can’t afford to not take advantage of the gig economy’s benefits. The answer may come down to an attitude adjustment, and it starts with the industry itself. Senior management and leading operators within UK hospitality must place more pressure on the senior figures within the Government to provide more clarity and equality to the gig economy.

Gig working and a flexible attitude is the future, for hospitality and beyond, but while the working world is changing, it’s essential that our legislative approach in the UK changes with it.

More needs to be done, which is why the industry as a collective must push to Make Gig Work, Work.

For more, visit: www.MakeGigWorkWork.co.uk
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