

Analysing Financial Stress Factors Among Hospitality Workers in the UK

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Table of Contents

Chapter 1: Introduction	3
1.1 Background	3
1.2 Problem Statement	4
1.3 Aim and Objectives	4
1.4 Research Rationale	5
1.5 Significance of Research	5
1.6 Brief Methodology	6
1.7 Structure of Research	6
References	8

Chapter 1: Introduction

1.1 Background

Financial pressure among the hospitality staff in the United Kingdom is a big problem which requires some solutions as it affects the workers and the industry from the customers service to employees' welfare (Hassanein and Ozgit, 2022). The UK hospitality industry which includes hotels, restaurants, bars and touristy outlets, constitutes a substantial part of the country's economy, supplying jobs for millions of people and thereby generating millions of revenues every year. Nonetheless, the industry dominates the economy as it provides jobs to many workers, which often leads to expensive living standards because of low salaries, unstable working and a poor social security system (Pit, et al., 2021).

Moreover, the concordance of ONS (Office for National Statistics) allows the hospitality industry in the UK with about 3.2 million employees for the year 2020; it is, thus, one of the appended three broad employment areas of the country (ONS, 2021). In December 2019, the ONS revealed a distressing fact that approximately 60% of hospitality employees were indeed earning less than the Real Living Wage which is the voluntary Living Wage Foundation rate of pay that is higher than the standard recommended UK national minimum wage rate (Ferguson, 2023). This wage gap and living cost in favour of workers prompt an alarming level of stress financial on workers (May, et al., 2021).

Moreover, the employment characteristics of the hotel industry are usually unusual and variable making it harder for workers to allocate their funds towards the usual cost of living and other needs like planning for the future (Rydzik, et al., 2023). The vast majority of hospitality workers have to depend on temporary contracts or they work only part-time, which offers a great deal of financial insecurity and makes it hard for them to have real peace of mind. This is attributed to the fact that workers previously used to have no stable income (Bonancini, et al., 2021). It becomes difficult to satisfy basic living costs such as rent, utilities, and food.

There is a report from The Low Pay Commission established that only 46% of hospitality workers in the UK are enrolled in a workplace pension plan while in other industries at least 77% of workers have access to pension plans (Govt. UK, 2023). Such a deficiency in using fundamental but beneficial programs increases the number of uninsured hospitality workers who are challenged with financial problems if ill, injured or retired. Additionally, the COVID-19 epidemic brought on a dramatic extension of monetary burden among hospitality staff in the UK (Mitha, 2020). Government-identified shutdowns and restrictions led to a wide range

of unemployment and job furloughing for the sector, thus disrupting the income of many which went for a long time without any. The Q4 2020 Trade Tracker from the UK Hospitality sector showed a 54% drop in turnover compared to the same period in the previous year, resulting in mass closures and dismissals. The contraction of income coupled with the questions over the pandemic added up to significant financial anxiety among the workforce in the hospitality industry which was mainly those who flooded to streets seeking assistance in paying their bills (Hight, et al., 2024).

Thus, the workplace financial stress in the hospitality industry UK is multifactorial, encompassing low earners, irregular working timetables, limited workers' benefits and factors out of the business such as the COVID-19 pandemic (Baquero, 2023). This warrants an integrated strategy where short-term initiatives like wage enhancement, job security and provision of basic social support are complemented by measures to address the underlying cause among hospitality workers. This can be achieved through recognition of the financial difficulties that workers in the hospitality industry face. Policymakers and employers play a crucial role in creating the needed supportive environment for stabilizing and even growing the entire industry by recognizing their employees' financial wellness.

1.2 Problem Statement

The UK hospitality sector is overwhelmed with some financial problems reflecting low salaries, irregular working shifts, as well as not enough benefits for employees (Abbas, et al., 2021). The sector in which hospitals and tourism are part is indeed a pillar of the country's economy, nevertheless, the wage workers continually fight to pay for meals and basic expenses, still less plan for their future (Ntounis, et al., 2022). The problem statement of research on financial stress reasons of hospitality workers in the UK intends to profoundly study the causes and effects of this problem. The first step to overcoming financial stress among hospitality workers is the identification of factors driving them economically. To achieve this objective, policymakers, employers, and other industry leaders should develop who can maximally offer support for hospitality workers.

1.3 Aim and Objectives

Aim

The research aims to analyse the factors that lead to financial stress among employees of the hospitality industry UK. By evaluating the impact of these factors, the research proposes recommendations to organisations to mitigate the financial stress of workers.

Objectives

- To analyse the key factors that cause financial stress among hospitality employees in the UK.
- Evaluate the impact of financial pressures on the job performance and well-being of hospitality employees.
- To evaluate the current strategies aimed at mitigating financial stress among employees of the hospitality industry.
- To provide recommendations to organisations of the hospitality sector UK to alleviate financial stress among workers.

1.4 Research Rationale

The widespread financial stress swiping through hospitality staff in the UK is nothing more than a devastating phenomenon that will have a spillover effect on both employers and the industry in future (Allen, et al., 2022). Workers struggle to maintain a decent living standard because of depressive salaries, unstable job schedules and a lack of benefits (Baum, et al., 2020). This situation brings further difficulties in breadwinning and forward-thinking. Therefore, it is essential to conduct this research as it can help to define the main reasons and consequences that are related to financial stress in the hospitality business sector. Through investigation of particular stressors and by assessing their consequences both on occupational well-being and performance, the main focus of this study is drawing policymakers, employers, as well as industry stakeholders' attention towards that which is the much-needed thinking draft and development of targeted interventions. The allocation of evidence-based recommendations will allow organizations to implement such strategies that are and of financial stress for their workforce which, in the end, will have a sustainable and equitable effect on the workforce. Facing this challenge, the workers' quality of life is proportionally increased, which eventually creates a robust industry as a backbone of the hospitality industry in the UK.

1.5 Significance of Research

This research is significant in relation to the financial strain faced by hospitality workers in the UK. Through the exploration of the primary causes leading to the problem along with its implications on employee well-being and job efficiency, the study will provide profound advancements for policymakers, employers and then other stakeholders. This study gives grounds to incorporate suggestions that would lead to the formation of specific programs that target financial stress among workers. This would go a long way in improving the quality of

life among hospitality workers in addition to fostering sustainability and equity in the labour force.

1.6 Brief Methodology

The research will follow a primary data collection method to assess significant information about the factors affecting the mental well-being of workers in the hospitality industry of the UK. The particular data method will be aligned with the interpretivism philosophy and deductive approach, which will help in assessing the created hypotheses based on the attained results. Furthermore, the data will be collected from the 100 individuals working in the hospitality industry of the UK and the workers will be approached using the online platform LinkedIn. The information will be collected in quantitative form utilising a survey strategy and questionnaire tool which will comprise close-ended questions. The selection of primary data has been done due to its authenticity in providing accurate results to the researchers based on real-time factual data. Further, the collected raw data will be analysed using the descriptive statistical analysis method, in which graphs and charts will be formed to assess the information easily and obtain certain effective outcomes.

1.7 Structure of Research

The research has been segregated into five chapters to get a better understanding of the flow in between the process of identifying the research process to analyse data collected with a specific methodology.

Introduction: A brief overview of the chosen subject matter has been described in this initial chapter of the research to formulate a background along with clarifying the research rationale with objectives.

Literature Review: In order to understand the theories about the chosen area, critical research has been performed by extracting findings from published articles in this chapter.

Research Methodology: This segment of the research aims to present the chosen tools and process of data collection along with the justification of the same with the relevancy of the formulated research questions.

Data Analysis and Findings: Information collected from the appropriate sources has been evaluated in this section with the help of logical methods and processes. A critical discussion around the research question has been structured by articulating the findings of empirical data collected and the available information

Conclusion and Recommendations: This chapter of the research summarises the key findings and results to get a quick overview of the entire study. A set of recommendations has been provided to the stakeholders in light of identified issues in the collected data.

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