

Rosen Research Focus | Dr. Robertico Croes, Dr. Kelly Semrad and Dr. Manuel Rivera

# WHY EMPLOYEES ARE LEAVING AND WILL NOT RETURN TO WORK IN THE HOSPITALITY INDUSTRY

COVID-19's labor legacy is a wake-up call for U.S. hospitality

An important new report by Rosen College researchers should be taken as a wake-up call for the tourism and hospitality industry in the U.S. following the COVID-19 pandemic.

"The state of the hospitality industry 2021 employment report: COVID-19's labor force legacy" reveals that many hospitality employees who were unable to work as a result of the pandemic have since left the industry for good. As a result, even though demand for hospitality is beginning to increase, the sector faces a serious labor shortage which is unlikely to be resolved soon.

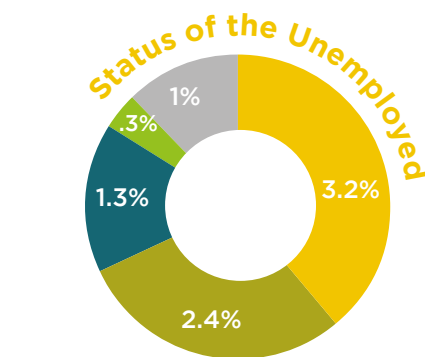
The report identifies poor remuneration and the low quality of jobs as the main reasons for employees' unwillingness to return to the industry. As authors Dr. Robertico Croes, Dr. Kelly Semrad and Dr. Manuel Rivera explain, the "cat is out of the bag" regarding the adverse circumstances related to working in tourism and hospitality, especially in front-line positions.

## THE STUDY

Hospitality was one of the industries that was hit hardest by COVID-19. Before the pandemic, the industry accounted for nearly 14 million, or 10%, of US jobs. According to Economic Policy Institute figures, the industry had shed 3.5 million jobs by the end of 2020. The losses disproportionately affected service, minority, and women workers, all of whom were already identified as having low-wage and low-hour employment.

For their investigation into the pandemic's impact on the U.S. hospitality industry, the Rosen College researchers surveyed nearly 1,000 hospitality workers across the U.S. Respondents were from all states including Puerto Rico, with one-third of the respondents coming from Florida, New York, Texas, and California. The results paint a telling picture of how the pandemic has already impacted the industry's workforce and will continue to do so in the coming years.

The report reveals that 30% of hospitality employees express negative feelings about their work experience. Respondents regard

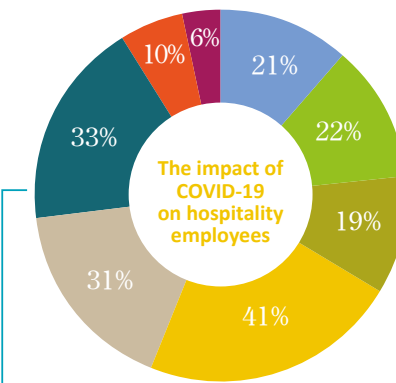


- Unemployed and looking for work in the tourism and hospitality industry
- Unemployed and looking for work in other industries not related to tourism and hospitality
- Unemployed, looking for work, and pursuing educational opportunities
- Unemployed, not looking for work, and pursuing educational opportunities
- Unemployed and not looking for work nor pursuing educational opportunities

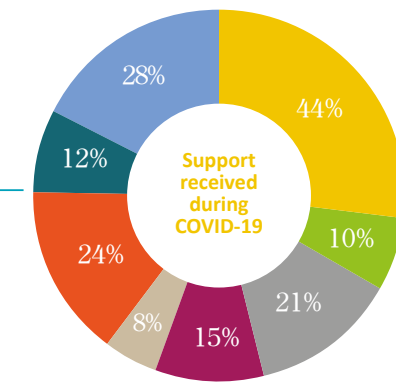
hospitality as a poor employment option because the industry fails to provide workers with a number of basic necessities such as adequate time off, which means that many employees can't care for their families and do not have a good work-life balance. Even more

## THE IMPACT OF COVID-19 ON HOSPITALITY EMPLOYEES AND MITIGATION EFFORTS

Note: Responses exceed 100% because respondents could select more than one.



- Laid off
- Furloughed
- Place of employment closed
- Reduction of shifts/hours
- Did not make enough money
- Health and safety concerns due to COVID-19
- Switched jobs
- Other



- Received unemployment wages
- Compensated with sick leave/vacation time/personal leave
- Received nutritional assistance (e.g., food stamps)
- Received medical care assistance
- Received housing assistance (e.g., rent or mortgage relief, mortgage forbearance, etc.)
- Delayed bill payments (e.g., deferred car, credit card, student loan payments, etc.)
- Received other financial help
- None of the above

importantly, working conditions are seen as unfavorable and income as inadequate.

The study also found that 59% of those who reported being unemployed during the pandemic would not return to the hospitality industry, while 30% of those still employed in the industry are considering quitting their jobs. Most of the employees considering quitting were single, white females with a high school education or less, who earn less than \$25,000 a year. Reasons given for not returning to or quitting their jobs include the aforementioned working conditions and low income as well as a perceived lack of career advancement in the industry and concerns about the pandemic.

Additionally, the study asked respondents about vaccination status. The findings suggest that hospitality employees are largely unvaccinated as a group, and would not encourage others to get vaccinated.

## TIME FOR RE-ASSESSMENT

Economic forecasts had previously anticipated that the hospitality industry would bounce back as more people became vaccinated against COVID-19, allowing venues to re-open and the public to return. However, while tourists have been quick to make travel plans and locals have been keen to revisit restaurants and attractions, hospitality employees are less eager to return. As a result, despite increasing demand, hospitality businesses face a serious

## THE HOSPITALITY SECTOR FACES A SERIOUS LABOR SHORTAGE.

labor shortage and this is likely to impact consumer satisfaction.

The report attributes the labor shortage to employees "re-assessing" their working lives. As a result of being laid off or otherwise out of work during the pandemic, many hospitality workers have had time to find alternative jobs and careers that offer what they're looking for: better working conditions, and more money.

Recent quit numbers from the U.S. Bureau of Labor Statistics support the report's dire warnings. The statistics show that in September 2021 alone, over 863,000 hospitality employees quit—twice as many as the national quit level. The Rosen College researchers are concerned that this could affect the quality of the tourist experience, just as overseas visitors are beginning to return following the U.S.'s decision to lift the international travel ban. Their concern is not only for the coming season: tourists who are dissatisfied with their experience may not return or recommend a destination, which could have a long-term effect on industry employment levels.

## TIME FOR CHANGE

The report's authors warn that business owners need to be aware that COVID-19 is

not yet done with the tourism and hospitality industry: If the industry does not find innovative strategies to address the issues raised by the research, the exodus of employees is likely to continue.

Above all, the researchers highlight the need for better wages, enhanced career benefits, and improved working conditions, particularly for the lowest paid employees. The pandemic inadvertently gave employees the time they needed to research alternate options. They learned that other industries offer better employment packages to comparatively lower-skilled workers, because businesses need them in order to operate. Those who have not yet left hospitality are now demanding similar treatment.

Unwanted labor conflicts may therefore be around the corner. The signs are already there that the labor shortage will continue,

and people will continue quitting their jobs, until there is major reform. COVID-19's most positive legacy for the tourism and hospitality sector may be that workers' lives improve, because satisfied employees provide a higher and happier level of service, which in turn creates more satisfied customers.



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