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Between globalisation and Brexit: Migration, pay and the road to modern slavery in the UK hospitality industry

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Neo-liberal economic globalisation has promoted deregulation and a weakening of the role of the state in regulating the national economy. The perceived benefits of competition have been used to justify strategies to reduce operational costs and promote a "race to the bottom". This has led to the development of casualisation strategies, supported by weak labour market regulation, that provide employers with increasing numerical, temporal and pay flexibility. In addition, migration can be utilised by employers to reinforce these strategies. The UK is a prime example of such a neo-liberal state, and labour market practices in the "migrant dense" UK hospitality sector highlight many characteristics of these casualisation strategies. It is argued that these exploitative practices to reduce labour costs also facilitate pathways into modern slavery, where exploitative labour is involuntary and forced. Despite a legal framework to monitor and tackle modern slavery, the problem of resources and political will to enforce this regulation limits the extent to which modern slavery can be challenged, and it is argued that Brexit may create political and economic conditions in which it could thrive.

Keywords: Brexit, casualisation, exploitative labour practices, hospitality sector, migration, modern slavery

Introduction

Since the Modern Slavery Act (England and Wales), the Human Trafficking and Exploitation (Criminal Justice and Support for Victims) Act (Northern Ireland), and the Human Trafficking and Exploitation (Scotland) Act all entered into force in the UK in 2015, there have been more systematic attempts to identify and measure incidences of modern slavery. According to the 2017 Annual Report on Modern Slavery (Home Office, 2017), between 2014 and 2017 a total of 9 410 potential cases of modern slavery were identified through the National Referral Mechanism (NRM), of which 3 552 (38%) were identified primarily as victims of labour exploitation. In addition, between November 2015 and June 2017, a further 1 621 potential cases of modern slavery were identified through the legal "duty to notify" under the Act, of which 515 (32%) were identified primarily as victims of labour exploitation.[1]

A striking feature of the official statistics on modern slavery is the high proportion of cases among those not born in the UK. According to the NRM data, in 2016 the vast majority of potential cases concerned migrants from 108 countries (only 8.9% concerned people of UK origin). Similarly, the "duty to notify" data indicate that only 3% concerned people of UK origin, while 46% of cases came from EEA countries and 50% from non-EEA countries.[2] Finally, in terms of decisions in relation to these potential cases of modern slavery, the annual report indicates that, of the 3 804 cases dealt with under NRM by June 2017, 907 (24%) had received a positive reasonable grounds decision followed by a positive conclusive grounds decision (and thus were confirmed cases), while a further 1 491 (39%) had received a positive reasonable grounds decision and were awaiting a conclusive grounds decision. Therefore, even if all the unresolved cases were to be determined as modern slavery cases, less than two thirds (63%) of those referred under NRM would be classified as actual cases of modern slavery.

This brief overview of the data highlights four important issues about modern slavery in the UK, and beyond. In the first instance, the discrepancy between the potential and determined cases of modern slavery raises questions about how modern slavery should be defined and what distinguishes it from other exploitative forms of labour utilisation. This relates to a second issue, recognised in the annual report and reflected by the increased reporting of potential cases over time, namely the extent to which forms of modern slavery can be detected, and the extent to which this remains a hidden, and thus underestimated, phenomenon. Thirdly, the data indicate that the majority of those individuals potentially subject to modern slavery are migrants to the UK, which raises the wider question as to how forms of modern slavery are linked to migration and the wider process of economic globalisation. A final issue, raised through its omission from the reporting of modern slavery in the UK, is the extent to which cases are associated with specific industrial sectors, and whether sectors such as hospitality are more likely to be associated with the conditions that allow modern slavery to develop and "thrive".

This paper tries to address these four issues, arguing that an understanding of modern slavery has to be rooted in the current process of neo-liberal globalisation and the increasing utilisation of migrant workers to achieve flexibility and labour cost savings. In the first section of the paper, the concept of modern slavery is outlined, and the difficult distinctions between modern slavery and increasingly exploitative working conditions are explored. The main section of the paper then

looks at how the process of economic globalisation has placed the pursuit of profit and the reduction of total labour costs as the focus of the management of labour and how this has been reflected in increased casualisation and precarious employment in the UK, as well as the utilisation of migrant workers. The subsequent section then considers the UK hospitality sector and outlines the reasons why, based upon its structure and labour-intensive nature, it is a sector where the conditions for labour exploitation and modern slavery exist. The final section then places this within the context of Brexit, where a possible future scenario is outlined, in which modern slavery will reflect the political economy of the UK.

The complexity of modern slavery

The complexity of defining modern slavery precisely is apparent from examining the 2015 Modern Slavery Act. While the coverage of the Act does include domestic servitude, sexual exploitation, and the removal of organs, the focus here will be that of labour exploitation. In this area, Section 1 of the Act refers to the Human Rights Convention and states:

> A person commits an offence if:
> (a) the person holds another person in slavery or servitude and the circumstances are such that the person knows or ought to know that the other person is held in slavery or servitude; or
> (b) the person requires another person to perform forced or compulsory labour and the circumstances are such that the person knows or ought to know that the other person is being required to perform forced or compulsory labour.

In determining whether a person is being held in slavery or servitude or required to perform forced or compulsory labour, regard may be had to all the circumstances.

> For example, regard may be had—
> (a) to any of the person's personal circumstances (such as the person being a child, the person's family relationships, and any mental or physical illness) which may make the person more vulnerable than other persons;
> (b) to any work or services provided by the person, including work or services provided in circumstances which constitute exploitation.

At this early point of the Act's definition of slavery, there is already scope for subjective interpretation of whether a "person knows", over "personal circumstances" and crucially, "circumstances which constitute exploitation". The issue of exploitation is subsequently addressed in Article 3 of the Act. Its interpretation is relatively clear when related to specific UK law in the areas of sexual exploitation (Protection of Children Act 1978, and the Sexual Offences Act 2003), and organ removal (Human Tissue Act 2004). However, the definition in terms of labour exploitation is, at best, limited, if not tautological:

> Slavery, servitude and forced or compulsory labour
> (2) The person is the victim of behaviour—
> (a) which involves the commission of an offence under section 1, or
> (b) which would involve the commission of an offence under that section if it took place in England and Wales.

A clearer understanding of labour exploitation in terms of modern slavery can, however, be found in the International Labour Organisation's Forced Labour Convention (ILO, 1930), which simply states that forced or compulsory work is "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily". This is further clarified in the ILO's (2014) Forced Labour Protocol, which identifies three elements which underpin this definition:

> Work or service refers to all types of work occurring in any activity, industry or sector including in the informal economy;
> Menace of any penalty refers to a wide range of penalties used to compel someone to work; and
> Involuntariness: The terms "offered voluntarily" refer to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. This is not the case, for example, when an employer or recruiter makes false promises so that a worker takes a job he or she would not otherwise have accepted.

This approach does make the important technical distinction between exploitative conditions that may affect any form of work and exploitative labour which, due to its *involuntary nature*, should be classed as forced labour (and thus qualify as a form of modern slavery). Nevertheless, this distinction which is rooted in the notion of the free (capitalist) employment relationship can be a difficult line to draw, given the inequality between employer and worker in the employment relationship (Wedderburn, 1986, p. 142), the prerogative the contract gives to management (Selznick, 1969, p. 135), and the ultimate dependency of the worker upon employment to meet (at least) subsistence levels of income. In this respect, it should be noted that unemployed workers in the UK can be "forced" to work unpaid for up to four weeks or lose entitlement to out-of-work benefits, in a scheme running since 2011 and used by over 534 companies in the first year, including many leading high street retailers and local councils (*The Independent*, 2016).

In this paper, it is argued that while this distinction is important legally, not least in terms of the 2015 Act, involuntary labour exploitation is closely related to exploitative working conditions and that organisational restructuring and the subsequent changes to the contractual status of workers, notably in the UK, have created the exploitative labour conditions from which forced labour can emerge. To understand this, it is necessary to examine the current process of neo-liberal globalisation and its approach to the management of labour, which focuses increasingly on the creation of "disposable people" (Bales, 2012).

Neo-liberal globalisation, migration and labour costs

In this section the development of globalisation, underpinned by a neo-liberal economic doctrine, is outlined to explain how a "race to the bottom" focused upon reducing labour costs has emerged and, following this, how the conditions for modern slavery are created. Most authors, such as Dicken (2011), trace the rise of globalisation to the 1980s, reflecting the key election victories of Ronald Reagan in the United States and Margaret Thatcher in the UK. Their governmental programmes, influenced by the economics of Hayek, Friedman and the Chicago Boys (Harvey, 2007), focused upon

dismantling Keynesian policies (notably the commitment to full employment) and drove forward the politics of privatisation, anti-unionism, labour market deregulation and, crucially, financial liberalisation.

With the fall of the Soviet Union, as the only alternative system to capitalism, neo-liberal ideology gained international dominance in the 1990s, reflected in the Washington Consensus and actively pursued through the policies of the international financial institutions (IFIs) – the IMF, World Bank and WTO – urging structural reforms in emerging markets to accommodate capital flows (Martens & Mitter, 1994, p. 203). The liberalisation of finance to allow the movement of capital across borders was key to the growth of transnational corporations (TNCs) and their direct investment strategies. This liberalisation was promoted because it was argued that removing barriers to trade and capital movements promoted competition, resulting in greater efficiency in the production of goods and provision of services and providing both greater choice and lower prices for consumers. This has now become embedded institutionally in the operation of the global economy through clauses within multi- and bilateral trade agreements that increasingly seek to open up public services, from post and telecommunications to health and education, to market forces and competition.

There are two important consequences of this process of globalisation and intensified competition. Firstly, as national governments agree to be bound by international agreements, covering structural adjustment programmes, debt relief agreements and trade, the role of the state in the regulation of capitalist economies is, voluntarily, weakened. Traditional policy responses to protect the economy from market failures are increasingly constrained by the powers given to TNCs within the international trading system to challenge any attempts to protect markets from competition. However, at the same time, the notion that a free competitive environment has been created also needs to be questioned. In order to attract foreign investment, preferential treatment is often given to TNCs by host governments, such as the public financing of required infrastructure and exemptions from legal regulation of environmental protection and wages. At the same time, TNCs can usually escape corporation taxes and repatriate profits (or relocate these to tax havens). This scope for making super profits, along with the structural power that the neo-liberal globalisation provides TNCs, creates massive incentives for extending business operations across borders and sectors. However, underpinning this approach is the narrative of competitive pressures, used effectively to emphasise the requirement to weaken labour market regulation and, crucially its enforcement, as well as reducing the labour costs associated with production and service delivery. This potent cocktail results in what is frequently referred to as a "race to the bottom" (Davies & Vadlamannati, 2013).

The policies of TNC managements, facilitated by the development of information and communication technologies (ICT) and cheaper and speedier forms of transportation, have increasingly been to relocate production and (some) services overseas to cheaper production areas, decentralising and spatially dispersing the labour process on a global scale (Kalleberg, 2009, p. 5). This process, first identified as part of a new international division of labour by Frobel et al. (1980, p. 9), has intensified as neo-liberal globalisation has advanced, and foments the "race to the bottom" as host countries compete to attract investment or jobs, reducing labour standards, exempting TNCs from existing labour standards or "neglecting" to enforce applicable labour regulations. This race to the bottom is facilitated by TNCs increasingly subcontracting activities down supply chains where contracts for services replace direct foreign investment and direct employment by the TNC. This is epitomised by the expansion of Export Processing Zones in developing market economies, where labour standards are frequently not applied (Klein, 2000) and which have a "record of facilitating exploitation and making a very limited contribution to the overall development of the countries in which they are located" (Madeley, 2008, p. 153).

While relocation (social dumping or offshoring) is frequently identified as a key strategy that promotes the race to the bottom, distinctive casualisation strategies are also pursued, either arm-in-arm with relocation, or separately where, for example, the relocation of a service cannot be operationalised, notably in the hospitality sector. In this respect, it is important to stress that casualisation strategies are not simply a response to fluctuations in demand for labour, reflecting the seasonality of many sectors, but rather a deliberate attempt, driven by TNCs, to remove the direct cost of employment or to reduce the "burden" of full-time permanent contracts. The starting point for this is the process of sub-contracting as large corporations seek to shed their role as direct employers, outsourcing work to (small) companies that are meant to compete with one another, creating the "fissured workplace" (Weil, 2014). The ultimate objective is to erode wages, erode employment rights and the costs of workplace regulation to secure additional profit.

In the UK there are three main examples of this process of casualisation. In the first instance, employers increasingly adopt a core-periphery (dual) labour market within their organisations, using employment agencies to supply and employ an increasing proportion of the periphery labour market to achieve numerical flexibility and cost reductions. Despite attempts to regulate this form of work, notably through the EU Agency Workers Directive (2011), temporary work continues to expand. According to the Office for National Statistics (ONS, 2017b), the number of temporary agency workers had increased by 14.4% in the three months ending June 2017 compared with the same period in 2000, while research by the Resolution Foundation estimates that there has been a 40% increase in agency workers in the last 10 years in the UK, with the total number reaching 800 000 (*The Independent*, 2018).

Of greater concern have been developments aimed at changing the legal status of employment, using self-employment. Again, the ONS (2017b) reports that the number of self-employed increased by 47.6% in the three months ending July 2017 compared with the same period in 2000, with the total number of self-employed reaching 4.8 million (15.1% of the labour force) in 2017. Crucially, within those classed as self-employed are a proportion who, it is argued, are false ("bogus") self-employed, where the firm disguises employment of their workers as self-employment. In these cases, firms establish a contract for services with individuals who are subsequently classed as self-employed, with the result that they lose entitlement to employment rights as employees (or workers) in UK law, notably holiday pay, sick pay and the right to the National Minimum Wage

(NMW), while the employer (and self-employed) may evade paying income tax and social insurance contributions. This is often achieved through the use of employment intermediaries, so called umbrella companies, who encourage the workers to become self-employed. Having been used extensively in the construction sector, this strategy has been extended to other sectors. According to research undertaken by Citizens Advice (2015), it is estimated that one in ten people are bogusly self-employed, with each of these people losing on average £1 288 a year in holiday pay, while the government is losing, on average, over £300 in tax revenue for each person who is wrongly categorised as self-employed. If scaled up, this could mean the government is losing as much as £314 million annually. Crucially, Citizens Advice argue that firms which seek to do the right thing and employ their staff legitimately are placed at a competitive disadvantage by other companies which hire bogusly self-employed staff.

Finally, the UK has also seen the expansion of flexible employment contracts, most notoriously the zero-hour contract (ZHC), a contract between an employer and a worker where the employer is not obliged to provide any minimum working hours and the worker is not obliged to accept any work offered (ACAS, undated). As ONS (2017b) note, in the three months to June 2017, there were 883 000 people employed on zero-hour contracts, four times more than in the three months to December 2000. While the ZHC contract will usually provide the legal status of "worker" rather than self-employed (but not employee status) under the law, and thus provide entitlement to holiday leave, holiday pay, and the appropriate NMW rate, the flexibility provided to employees is significant as hours can be met as required without the costs of meeting a fixed number of employment hours. Research conducted by the Resolution Foundation has highlighted the damaging impact of these contracts, where those employed on ZHC receive lower gross-weekly pay (an average of £236 per week) and work fewer hours on average (21 hours per week) than those who are not (31 hours per work). They estimate 8 per cent of all workplaces now use zero-hours contracts, with 20 per cent of those employed on ZHCs found in health and social work, 19 per cent in hospitality, 12 per cent in administration, 11 per cent in retail and 8 per cent in arts, entertainment and leisure (Pennycook et al., 2013). Similar forms of flexible hour contracts have also been used by employers to contractually extend the normal working day of those on contracts with specified hours, providing additional hours when required, but without incurring fixed costs and avoiding the payment of additional overtime premia.

These examples of casualised working patterns through contract manipulation provide scope for employers to gain significant numerical flexibility over the utilisation of labour, and financial flexibility by removing the direct costs of employment or reducing the fixed costs of standard hours employment. Further, as noted by Citizens Advice, having been used by large TNCs, it becomes harder for other companies to avoid casualisation if they are to maintain competitiveness while, in turn, there is a growth in companies using these contracts to secure profit from the contracts they compete for (on price) in the process of sub-contracting.

A final ingredient of the race to the bottom are migrant workers, notably since the eastern enlargement of the European Union (EU) and the early decision by the UK government to allow A8[3] nationals unrestricted access to the labour market under the EU's freedom of movement (mobility) principle for citizens of member states. Employers have utilised A8, and more recently A2, migrants to fill labour market shortages or areas of preference mismatch, where there is a mismatch between jobs available and the willingness of unemployed UK nationals to take on these jobs. Jayaweera and Anderson (2008, p. 20) highlight that A8 migrants were disproportionately concentrated in low wage and low skilled sections of the labour market. They found the largest numbers of registrations were as process operatives, followed by warehouse operatives, packers, and kitchen and catering assistants. In this respect, there was a significant mismatch between the education and skills of many A8 migrant workers and the work they undertook (Bettin, 2012, p. 59). These workers were also disproportionately employed on temporary contracts and through employment agencies (MacKenzie & Forde, 2009). Finally, the use of A8 migrant workers was also associated with lower pay and even the undercutting of the NMW. Notwithstanding the limitations of data sources in relation to identifying pay rates, Jayaweera and Anderson (2008, p. 39) identified that in the period January to September 2007, 5 655 A8 migrants (3.6%) reported being paid below the NMW, and when considered with other data, this leads them to argue that

> [t]he likelihood of getting paid less than the minimum wage was greater for younger migrants, those from A8 and A2 countries, those with lower levels of English proficiency, women and those in more 'migrant dense' sectors such as hospitality, agriculture and construction. Given that large proportions of migrant workers fall into these categories, these patterns reinforce their vulnerability in employment (ibid., p. 40).

Further Pennycook et al. (2013) also note that the employment of non-UK nationals is higher among workplaces utilising zero-hours contracts (48%) than those who do not (25%).

It is argued, therefore, that the utilisation of migrant labour can be an important element in the casualisation strategies employed by firms to reduce labour costs, and while evidence suggests that the impact of this additional supply of labour to the market has not driven down wages, migrant workers have been deployed as part of other strategies to reduce costs, especially where due to higher qualification and skill levels, they can deliver higher productivity for the same cost (French, 2014).

While citizens of EU member states have, pre-Brexit, the right to live and work in the UK, this has not exempted them from inclusion in the modern slavery cases identified in the introduction to this article. However, the scope for forced labour exploitation is greater among non-EU migrants whose documented status (visa) in the UK is linked to their employment, or those without status or who lose this status and are undocumented migrants. Here the UK context is important. Since 2010 the now infamous "hostile environment" (*The Guardian*, 2017) was forged by the Coalition government through a tightening of immigration pathways into the UK. As Portes (2016) notes, these included: a cap on the numbers coming through Tier 2 skilled migrants route of 20 700; closure of the Highly Skilled Migrant Programme; significant changes to the regulation of student migration; and an increase to earnings threshold for spouses wishing family reunion. The 2016 Immigration Act, passed by the current Conservative

administration, builds on previous Acts dating back to 1997 in providing sanctions on employers who employ undocumented workers, but also includes a new criminal offence of illegal working which can be applied against workers. Under the 2016 Act, there have been around 5 000 raids in each of the first two years of its application. Between October and December 2016, 703 raids were conducted, leading to 974 workers found working "illegally" and £1.6m penalties being issued (McKay, 2018). As Bales (2017) argues, raids are frequently targeted at ethnic businesses, such as Indian, Bengali or Chinese restaurants or takeaways, and heighten the vulnerability of undocumented workers. It is under these conditions, where documented status is under threat, that the scope for labour exploitation is created.

The UK hospitality sector: meeting the conditions for modern slavery

Against this background to the race to the bottom, it is argued that the UK hospitality sector is one that is susceptible to modern slavery. This is reflected in the structure and geography of the sector; its labour intensity and the importance of pay costs; weak unionisation and the lack of formal human resource management; and comparatively high levels of migrant employment.

The breadth, ownership and workplace structures, and geographical spread of the hospitality sector offer some of the important pre-conditions for forced labour. Within the hotel sector, large TNCs operate hotel chains across the UK and beyond, and have increasingly sub-contracted many of the services provided within hotels. As Sachdev (cited in Armstrong, 2016, pp. 72–73) observes,

> [h]otels regularly subcontract recruitment to agencies, who in turn may use other recruiters. Often hotel management is totally unaware of their staff's terms of employment because their due diligence process only extends as far as the first tier of the recruitment process, which to them, appears reputable.

The powerful market position of such TNCs within the industry, and their use of subcontracting to reduce costs, creates a competitive environment in which other hotels have to pursue cost reduction strategies to compete. However, the scale and size of the sector overall also contributes to the potential scope for poor working practices. As Table 1 shows, the sheer breadth of activities and the differentiated size and location of workplaces, along with seasonal patterns of employment, combine to create a complex and problematic sector to regulate.

Crucially, the sector has always been labour intensive, with labour costs constituting a significant proportion of total costs. Issues around compliance with the NMW can be traced back to its introduction in the UK (Gilman et al., 2002). In the most recent "name and shame" list produced by the UK government in relation to non-compliance with the NMW, 43 out of the 179 named companies were from the hospitality sector, underpaying 5 726 workers a total of £460 459. In fact, the three largest underpaying companies came from the sector: Wagamama Limited failed to pay £133 212.42 to 2 630 workers; Marriott Hotels Limited failed to pay £71 722.93 to 279 workers and TGI Friday's failed to pay £59 347.64 to 2 302 workers (BEIS, 2018a). In relation to this, Figure 1, based upon ONS (2016) data, compares the low pay in the sector with other sectors, noting both the high numbers (almost 60 000) and high proportion (4%) of jobs paid below minimum wage levels.

Despite recent attempts, especially in London, by the trade union Unite to organise hotels (*The Observer*, 2015) and by Unite and the baker's union (BAFWU) to organise restaurant chains such as TGI Friday's and McDonalds, the sector has the lowest level of union membership, currently at 2.9% (BEIS, 2018b) and few collective agreements to regulate pay and

Table 1: Direct employment in the UK hospitality sector 2010–2014

	2010 (thousands)	2014 (thousands)	2010 (%)	2014 (%)	Net change 2010–2014 (thousands)
Hotel and related	**420**	**512**	**16**	**18**	**92**
Hotels and similar accommodation	318	382	2	2	13
Holiday and other short-stay accommodation	46	59	2	2	13
Camping grounds, recreational vehicle parks and trailer parks	33	42	1	1	9
Other accommodation	8	9	0	0	2
Temporary agency employment (estimate)	16	20	1	1	4
Restaurant and related	**1 320**	**1 493**	**51**	**51**	**173**
Licensed and unlicensed restaurants and cafes	573	731	22	25	158
Takeaway food shops	153	199	6	7	46
Licensed clubs	111	93	4	3	–19
Public houses and bars	432	411	17	14	–21
Temporary agency employment (estimate)	51	60	2	2	8
Catering	**825**	**887**	**32**	**30**	**62**
Event catering activities	232	139	9	5	–93
Other food service activities	23	129	1	4	106
In-house catering	470	505	18	17	36
Temporary agency employment (estimate)	100	113	4	4	13
Event management	23	28	1	1	4
Convention and trade show organisers	22	27	1	1	4
Temporary agency employment (estimate)	1	1	0	0	0
Hospitality total	**2 588**	**2 919**	**100**	**100**	**331**

Source: Oxford Economics (2015, p. 15)

conditions. At the same time, many authors identify a lack of sophisticated HR management in the sector (e.g. Head & Lucas, 2004). This provides plenty of scope for employers to use casualisation strategies to secure further labour cost savings, with Warhurst et al. (2008) identifying, among cleaning attendants in mid-market budget hotels in the south, the use of temporary agency workers and a piece rate pay system, where pay was based on a rate per room cleaned. If occupancy rates were low (reducing the number of rooms to be cleaned) or if targets of rooms per hour were set too high, so that rooms took longer to clean than the time prescribed by management, the cleaning assistants could be paid lower than the NMW. The ONS (2017a) also reports that the sector has the highest level (22%) of employment on zero-hour contracts (ZHCs). Leading figures in the hospitality industry have stressed how such contracts are vitally important to the industry, emphasising significant seasonal and event-based fluctuations in demand, and how the flexibility is required to allow the sector to continue growing. However, the arguments that these are both necessary and that workers want such flexibility themselves is less convincing, given the relative success of Unite in mobilising around the end of ZHCs in the London hotel sector, and the successful campaign by the union to end ZHCs for 5 000 staff working for leading hospitality and housekeeping firm, WGC, which employs housekeepers, room attendants and porters in hotels across the UK (ETI, 2017).

Finally, the sector has the highest concentrations of migrant workers in the UK. Based upon analysis of the Labour Force Survey (LFS), People 1st (2016) estimate that 24% of the hospitality and tourism sectors' workforce are migrant workers, with 45% of these being EU nationals and 55% coming from outside the EU. Table 2 provides an overview of the utilisation of migrant workers across the sector by different hospitality occupations based on their analysis. It highlights the significant migrant employment among chefs, housekeepers, restaurant and catering managers and proprietors, cooks, kitchen assistants, waiting staff and other elementary occupations in the industry. In addition to this analysis, KMPG (2017) have argued that LFS data underestimate the number of migrant workers in the hospitality sector and they estimate that EU nationals (alone) may constitute as much as 23.7% of the workforce.

As argued above, the significant employment of migrant workers in the sector, particularly those from outside the EU where documented status can easily be threatened, provides scope for greater flexibility and cost reductions and has, in turn, created conditions for potential modern slavery cases in the sector. As the CORE Coalition (2017, p. 51) note in relation to hotels and accommodation:

> Much of the workforce recruited into the industry by agencies is made up of migrant workers who are vulnerable to exploitation in both recruitment and employment practices. Lack of knowledge about employment rights, limited language skills and little or no access to training and support networks can place migrant workers at particular risk of abuse. Debt

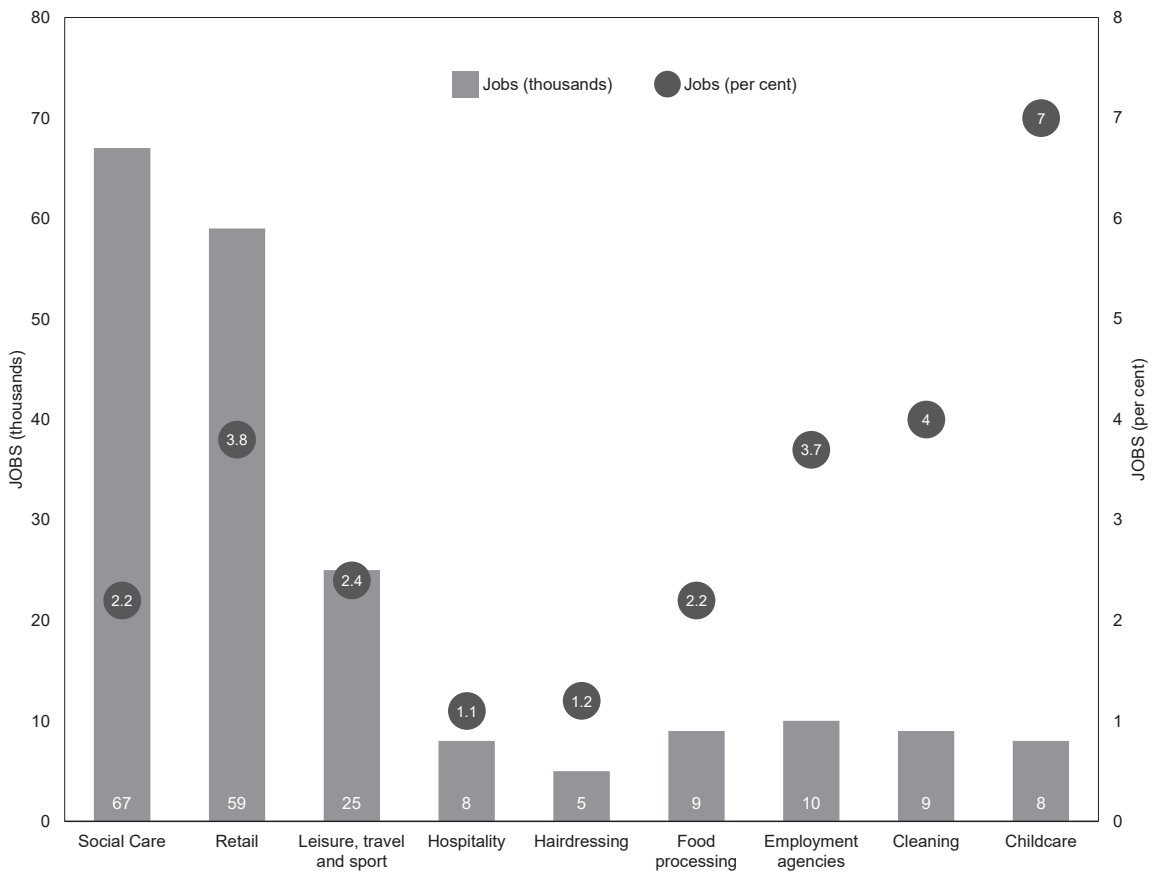

Figure 1: Jobs paid below the minimum wage by low-paid industry groups in the UK, April 2016 (Source: Annual Survey of Hours and Earnings, Office for National Statistics. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowpay/apr2016

Table 2: The utilisation of migrant workers across hospitality occupations (2011 to 2015)

Occupation	2011			2015			Difference in migrant workers between 2011 and 2015
	Migrant workers (*n*)	Migrant workers in occupation %	Migrant workers from EU countries %	Migrant workers (*n*)	Migrant workers in occupation %	Migrant workers from EU countries %	(*n*)
Hotel and accommodation managers and proprietors	7 528	19	3	4 138	9	1	–3 390
Restaurant and catering establishment managers and proprietors	47 196	43	15	41 647	35	7	–5 549
Publicans and managers of licensed premises	3 590	8	2	3 676	8	1	86
Conference and exhibition managers and organisers	3 794	18	2	4 400	14	2	606
Chefs	53 439	37	15	81 484	42	18	28 045
Cooks	14 525	38	3	14 179	31	2	–346
Catering and bar managers	6 685	15	1	7 038	15	3	353
Leisure and travel service occupations	517	6	0.5	843	9	0	326
Housekeepers and related occupations	2 385	25	2	2 177	35	1	–208
Kitchen and catering assistants	68 209	27	18	85 481	29	27	17 272
Waiting staff	63 776	28	29	73 159	29	24	9 383
Bar staff	14 908	8	8	23 734	13	11	8 826
Leisure and theme park attendants	0	0	0	164	1	0	164
Other elementary service occupations	1 741	12	1	5 613	35	2	3 872

Source: People 1st (2016)

> bondage arising from excessive recruitment fees, debt servicing and wage deductions can entrap migrant workers within circles of abuse. These factors mean that migrants, along with other vulnerable workers, frequently lack the leverage or knowledge that would allow them to assert their basic rights.

This quote is taken from research conducted by the CORE Coalition (2017) which examined how companies in high-risk sectors were addressing modern slavery risks in their Slavery and Human Trafficking Statements, which they had to produce by 30 September 2017 to comply with the 2015 Modern Slavery Act. Examining the statements of the Hilton, Intercontinental (IHG), Hyatt and Marriot hotels, it noted that they

> provide only vague information on how franchisees' adherence to human rights standards is ensured. IHG is the only company to provide details on identified risks, while the other companies simply report that they have conducted human rights impact assessments or risk assessments, without disclosing the findings (CORE Coalition, 2017, pp. 51–52).

Given the dominant neo-liberal perspective within UK business community, it is perhaps not surprising that the overall conclusion to the research across sectors was that

> [i]n general, we find that many of these statements are not compliant with the basic requirements of the legislation and that the majority do not address in substantive detail the six topic areas listed in the Act… Many companies are not reporting on human rights due diligence and are not considering how their own business models can create risks of severe labour rights abuses (ibid., p. 8).

The shadow of Brexit and the road to modern slavery?

While it is still impossible to predict the outcome of Brexit, the process may produce conditions in which modern slavery could thrive. In its report for the British Hospitality Association over Brexit, KPMG (2017) highlight the potential problems in supply labour to the sector if EU migrants are no longer able to migrate to the UK. They report that the sector has the highest number of vacancies as a share of its total employment and the number of vacancies has grown by 79% in the last five years. At the same time, low unemployment rates in the UK mean there would be an insufficient supply of UK-born labour to fill the recruitment needs of the sector if the supply of EU migrants were to be cut off.

Yet, as Clarke (2016) argues, it is probable that the post-Brexit immigration regime, if it were to follow the hostile environment approach adopted by the UK government since 2010, will focus primarily upon offering documented employment to (highly) skilled workers. If the routes to securing documented migrants in the sector are curtailed or significantly reduced, then the labour supply issue will be acute, other than ending service provision (companies closing), there is limited scope in such a labour-intensive industry to substitute labour through automation or off-shoring.

These political and economic developments could, therefore, create conditions for modern slavery with the trafficking of vulnerable undocumented workers to work in the sector. It is also the case that Brexit could reduce the scope for modern slavery to be monitored and tackled. In a report by the Anti-Trafficking Monitoring Group (ATMG), a coalition of thirteen UK anti-trafficking organisations that monitors the UK's progress in the fight against modern slavery, it is argued that

> [t]he UK Government's stated intention is to end the free movement of labour and introduce new immigration legislation to control and curb immigration

> to the UK. The risk post-Brexit is the introduction of overly restrictive immigration policies which increase the vulnerability of migrant workers to exploitation, as exemplified in the case of Overseas Domestic Workers. These risks are exacerbated when coupled with a labour market that favours deregulation and flexibility; in practice, this has resulted in an erosion of workers' rights (ATMG, 2017, p. 2).

Two further potentially negative developments are also identified in the report. First, that attempts to weaken or remove EU employment law directives (for example over working time) will weaken the regulatory scope to identify and tackle modern slavery. Second, it is argued that if relationships with EU bodies are not maintained post-Brexit, then not only will funding streams which provide important resources for those tackling modern slavery be lost, but the UK could exclude itself from EU-level networks co-ordinating anti-trafficking activity, such as the EU Civil Society Platform against Trafficking in Human Beings (ibid., pp. 2–3).

Conclusion

This paper has argued that neo-liberal globalisation has created an economic environment that promotes deregulation and the weakening of the role of the state in regulating a national economy. The perceived benefits of competition have been used to create a political and economic framework in which the promise of choice and cheaper consumer goods and services has been used to justify strategies to reduce operational costs and promote super profits. This has led to the development of casualisation strategies, supported by weak labour market regulation, that provide employers with increasing numerical, temporal and pay flexibility. The UK is a prime example of such a neo-liberal state, with the growth of agency working, (bogus) self-employment and ZHCs, and one which had supported the EU's freedom of movement, and immigration from outside of the EU, to secure a supply of migrant workers to fit into this fragmented and deregulated labour market.

The UK hospitality sector, while exhibiting the largest rates of growth, demonstrates many of the characteristics of casualisation strategies. These labour market conditions, based upon exploitative practices to reduce labour costs, are also argued to facilitate pathways into modern slavery, where exploitative labour is involuntary. Again, as a sector that has followed deregulatory and exploitative labour market practices, there is scope for these developments to occur within hospitality. Indeed, the economic and political framework that may emerge from Brexit is likely to exacerbate the conditions upon which modern slavery can thrive.

While such a prognosis is depressing, it should be noted that there is scope to challenge trafficking and modern slavery. The Modern Slavery Act in England, and Wales and its counterparts in Northern Ireland and Scotland, do provide an important legal framework. Regulatory state-supported bodies, such as the Health and Safety Executive, Gangmasters' Licensing Agency, Equality and Human Rights Commission and Her Majesty's Revenue and Customs (HMRC) do have powers to investigate workplaces and tackle modern slavery practices. However, enforcement through such agencies is increasingly problematic as government austerity policies cut funding to these bodies. And the danger is that, post-Brexit, when the UK has the "opportunity" to escape from aspects of regulation provided by EU Directives, this minimalist, deregulatory position will be reinforced, and modern slavery practices, in high risk sectors such as hospitality, will thrive.

Notes

1. National Referral Mechanism (NRM) is a framework for identifying and referring potential victims of modern slavery and ensuring they receive the appropriate support. Under the Modern Slavery Act, only designated first responders can refer cases to the NRM. The Act also creates the duty to notify, where specified public authorities are required to notify the Home Office about any potential victims of modern slavery they encounter in England and Wales. However, if the potential victim does not want to be referred using the NRM system, then a separate anonymous notification is made. This creates two sets of data, which may contain duplicated cases.
2. The European Economic Area (EEA) includes EU countries and Iceland, Liechtenstein and Norway. The latter countries are, under this arrangement, part of the EU single market and freedom of movement arrangements apply to them.
3. An A8 migrant refers to a citizen of the following eight countries that joined the EU in May 2004: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. These were identified separately from citizens of Malta and Cyprus, who joined at the same time. An A2 migrant refers to a citizen of Bulgaria and Romania that joined the EU in January 2007. Unlike A8 countries, the UK imposed restrictions on the access to labour markets of A2 citizens in 2007 which were lifted in January 2014.

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