

Exploring the Myths of Hospitality

As the hospitality industry continues to grow at a rapid pace, so does its potential for economic impact across the U.S.

Hospitality is a broad, diverse, competitive industry that employs over 15 million people in the United States today, representing 9.6% of all private employment.¹ Today's projections forecast the industry growing more than 6% over the next six years to add over one million new jobs to the economy.²

Despite its size and breadth, jobs in the hospitality industry are often overlooked, thought of only as temporary opportunities, or simply considered poor jobs.³ Given its fast-growth and potential to employ many of those looking for work, it's time to explore the many myths that surround the industry from its economic value to its benefits to employment.

HOSPITALITY'S REAL IMPACT TO THE ECONOMY

9.6%

of all private
employment

15 MILLION

people employed
in the US

\$400 BILLION

annual revenue of
food segment

2.6%

amount of US GDP
tourism accounts for

MYTH 1: THE HOSPITALITY INDUSTRY ISN'T A SIGNIFICANT CONTRIBUTOR TO THE ECONOMY

With more than 25 subsectors – including, tourism, food services and hotels – the hospitality industry is a significant contributor to the domestic economy. The restaurant and food segments alone generate more than \$400 billion in revenue each year in the U.S., with hoteling generating between \$400 and \$500 billion in domestic revenue annually. Tourism and travel accounted for 2.6% of the U.S. gross domestic product (GDP) in 2014; comparatively, tourism and travel make up a staggering 9.6% of the global GDP.⁴

As industries have recovered from the Great Recession of 2008, the hospitality industry has outpaced most, being one of the fastest to recover.

For example, 10 out of the 12 food and beverage subsectors recovered their lost jobs and gained more jobs beyond 2008 levels.⁵ As Americans rebounded personally from the recession, their disposable income has benefitted the hospitality industry, allowing for a spike in job opportunities creating career paths that require a diverse set of skills. As more Americans then went back to work within the hospitality industry, it became an even larger contributor to the economy.⁶

Most importantly, the industry continues to grow. As of June 2015, there were 3,509 hotel projects underway, with an estimated total of 426,000 rooms being built nationwide. New York City, Houston and Dallas top the list of cities with the most projects in progress, but hospitality activity spans cities large and small.⁷ An estimated 33,000 industry jobs were added in June 2014 with 335,000 jobs added since the same time the year prior.⁸ As the demand for this industry continues to expand, so does its potential to contribute to the economy.

MYTH 2: HOSPITALITY ISN'T FOR EVERYONE

Though it's impossible to say that any industry is for everyone, few industries are as diverse in job opportunities as hospitality, in both the type of positions offered and the type of personnel required to staff those positions. From restaurant line cooks to hotel front desk concierge to executive operations, the hospitality industry has diverse opportunities that require individuals of all skill-levels, backgrounds and interests.

For example, job seekers can pursue positions in the food service industry ranging from food and

BREAKING THE MYTH THAT HOSPITALITY DOESN'T PAY WELL

\$75,000

The annual salary of several jobs
within the hospitality industry

HEADS OF HOUSEKEEPING
can earn up to
\$75,000 annually

GENERAL MANAGERS
can earn up to
\$100,000 annually

REGIONAL CHEFS
can earn up to
\$125,000 annually

MINIMUM LIVING WAGE BY U.S. METROPOLITAN AREAS

METRO	MIN. HOURLY LIVING WAGE
Albuquerque, NM	\$10.11
Baltimore, MD	\$12.36
Boston, MA	\$13.30
Charlotte, NC	\$10.99
Chicago, IL	\$11.50
Cleveland, OH	\$9.61
Detroit, MI	\$10.05
Las Vegas, NV	\$10.92
Los Angeles, CA	\$12.82
Miami, FL	\$11.49
New York, NY	\$13.71
Pittsburgh, PA	\$9.92
St. Louis, MO	\$9.92
Washington, DC	\$14.78

ASSUMES SINGLE ADULT WORKING
FULL-TIME (2080 HOURS PER YEAR)
SOURCE: MIT LIVING WAGE CALCULATOR

beverage manager to chef, while those interested in tourism can pursue positions such as event coordinator, facilities or check-in attendant, to name a few. Those looking for jobs specific to hotels can find openings for guest room attendant, valet, bellhop, general manger, and more. The variety of opportunities create multiple entrance points into the industry and provide for greater flexibility of vertical and lateral movement within the industry once one gains employment.

Not surprisingly, given the diversity of opportunities in the industry, the hospitality workforce is also quite diverse. Fifty-four percent of the restaurant subsector workforce, for example, is comprised of women, while the hospitality industry overall reports high numbers of racially diverse employees including 11% being African American, nearly 7% being Asian and 22% being Hispanic or Latino. These numbers are marked increases over the workforce for general non-hospitality jobs.⁹

With the hospitality industry making up nearly 10% of all private employment in the U.S., it can serve as a vehicle to future employment for many individuals interested in continuing in the hospitality field as well as those interested in opportunities outside of the industry. The transferrable skills learned and maintained by job seekers while working in hospitality make it a relevant stepping stone for job seekers looking to explore outside the hospitality space, while proving valuable to advancing the positions of those who choose hospitality as a long-term career.

In fact, a recent survey done by the Tennessee Department of Tourist Development found that 19% of all respondents started their careers by taking an entry-level job within in the hospitality space and 50% said they worked in the hospitality industry at some point during their career.

Susan Whitaker, the department's Commissioner reinforces this point, "Those employees who develop foundational tourism skills have the potential to advance in their current industry or into other industries."¹⁰

MYTH 3: HOSPITALITY JOBS DO NOT PAY A LIVING WAGE

While some refuse to pursue positions within the hospitality industry because they believe the industry pays poorly, as in most industries, salaries in hospitality simply vary depending on the specific job type and the level of experience associated with the position.

Recently, the topic of acceptable living wages, or the wage requisite to provide a minimum standard of living,¹¹ has been forefront in discussions involving today's workforce.

Calculating a general living wage is complex, however the Massachusetts Institute of Technology (MIT) has developed a Living Wage Calculator that outlines the minimum living wage across counties and states,¹² drawing upon geographically specific expenditure data including housing, child and health care, transportation, and other basic necessities.

When measured against MIT's Living Wage Calculator, it becomes clear that many hospitality jobs pay a living wage or more. In fact, the industry is comparable to others in its pay scale and many salaries within the industry could be considered well above an acceptable living wage.

In addition, there are several jobs within the hospitality industry with annual salaries earning \$75,000 (\$36/hour for a 40 hour work week) or more: for example, regional restaurant managers earn on average \$95,000 (\$46/hour for a 40 hour work week); the head of housekeeping can earn more than \$75,000.

And, at the higher end of the scale, hotel general managers can earn \$100,000 annually (\$48/hour for a 40 hour work week), on average, while regional chefs earn upwards of \$125,000 annually (\$60/hour for a 40 hour work week); in addition, each of these roles can be acquired without a college degree or the financial burden that often accompanies it.¹³

This is a relatively unique element of the hospitality industry, it provides myriad career advancement pathways for job seekers regardless of educational background.

Whereas a four-year degree can sometimes be a barrier to entry and advancement in other industries, this barrier is removed for many positions within the hospitality industry. Coupled with reasonable to well-paying positions, the industry can be financially lucrative for workers.

MYTH 4: EMPLOYEES DON'T HAVE A FUTURE IN HOSPITALITY

One of the greatest challenges to the industry is its high turnover rate – almost 20% higher than the nation's overall private sector turnover rate. This statistic, however, is balanced by the fact that the industry employs a high number of students – 28% of restaurant workers are enrolled in school – and employs a high number of seasonal employees during summer months.¹⁴

The fact is the industry presents a unique opportunity for development and growth and provides a high level of flexibility that makes it attractive to people seeking short-term or part-time employment.

In a 2014 interview, Christopher Nassetta, the CEO of Hilton Hotels International, commented on the biggest challenges to improving guest experiences at Hilton hotels. "Tourist arrivals have doubled. Last year, for the first year ever, we had more than a billion global tourist arrivals. Ultimately, there needs to be a huge cohort of potential employees available to deliver service levels that meet guests' expectations."

To develop the talent to meet the needs Nassetta added that the company is actively involved in working with governments and organizations around the world to get young people prepared to be employable in our industry. "They need basic life and entry-level skills so when we get them inside the company, we can mold and train them within our programs," added Nassetta.

Career pathways within the hospitality industry rely heavily upon on-the-job training. However, a company's inability to properly find and train talent can be costly and scales quickly according to the particular subsector of the industry. For restaurants, the cost of turnover ranges from \$3,500 to \$7,000 for food servers and averages \$15,000 to \$20,000 at the management level. Consequently, employers are incented to retain their employees, train them on the job, and promote them within the enterprise.

The hospitality industry is notable in that many managerial positions are available to individuals no matter their educational background. While many dismiss the industry as having "dead end jobs," there is an opportunity in hospitality for both workers and employers to develop career pathways.

Advancement within hospitality is more attainable than other industries, driving employee tenure. There are numerous examples of current employees beginning their careers in early stage positions and, by advancing their skills through training and work experience, working their way up to mid-level and senior level jobs.

Further, the transferrable skills developed by employees in the industry, such as customer service, communication and a variety of other technical skills, can lead to lateral and vertical opportunities in hospitality as well as other industries should an individual choose to pursue another career path.

CREATING A CAREER PATH THAT LEADS TO INDUSTRY GROWTH

It's no surprise that myths exist within all industries and their related jobs. Some industries are deemed desirable while others undesirable for seemingly vague reasons. What is clear is that for the 148 million of people in the workforce¹⁵ there are varying definitions of what constitutes

POSSIBLY THE GREATEST BENEFIT
OF WORKING IN HOSPITALITY

The transferrable skills developed by employees in the hospitality industry can lead to opportunities in other industries as a worker progresses through their own career path.

a good job. Some desire a job with great benefits, others want to work in an industry with like-minded individuals or in a workplace with flexibility, and yet others rank a consistent paycheck as most the important criterion of a good job.

The hospitality industry will continue to be an economic driver into the foreseeable future, providing access and opportunity for individuals of all backgrounds with various levels of experience. Hospitality serves as a model for career pathways both within and outside the industry. Specifically, hospitality has been the long-standing incubator of transferrable skills across jobs in virtually all industries.

And its influence is recognized in both private and public sectors alike, as in Maryland where the hospitality industry has grown rapidly over the last few years and inspired Governor Larry Hogan to create new emphasis on customer service in how the state's government engages with businesses and citizens.

“With hospitality, there’s really no one, singular career path – it is open ended, with someone entering the industry having more control over their own career path than ever before just by working hard, being reliable and expanding their skill sets.”

– Matthew Carlin, President
Metropolitan Hospitality Group

By educating the workforce about the skills needed, the salary ranges, and career pathways available within the industry, we are able to inform and empower job seekers to pursue opportunities that are best fitting to their personal and professional goals and pathways.

Hospitality represents an accessible opportunity for job seekers of all levels. As workforce demands expand as the industry continues to grow, hospitality is positioned to become one of the premiere employers of today's skills economy and drivers of the country's economic performance.

ABOUT SKILLSMART

SkillSmart provides a single source of connectivity between employers, job seekers and educators. We equip users with a deeper understanding of their existing skills, market demand for those skills, and a clear pathway to gaining new skills. We help people become better qualified and more marketable by analyzing their skill sets to provide career development. For employers, we help them identify and recruit new talent, and nurture and grow existing talent. Our leadership team combines years of experience in human resources, education, technology, data analytics, software development and public administration. Our strong relationships with industry leaders throughout the nation provide the foundation for necessary partnerships to develop the country's workforce to fill the demand-driven needs of employers.

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