

# How hospitality delivers ‘socially productive growth’

## About UKHospitality

UKHospitality represents the nation’s hotels, restaurants, pubs, bars, nightclubs, leisure venues, and food service businesses. The sector employs 3.5 million people and contributes £140 billion to the economy, generating £54 billion in tax receipts. Hospitality is critical for the foundation economy, offering essential job opportunities, driving skills development, and fostering community regeneration across the UK.

## Socially productive growth?

Socially productive growth goes beyond traditional economic measures, focusing not just on financial expansion, but on how growth benefits people, places, and society. It creates a more inclusive and fair economy, with growth shared across communities and demographics. It measures the combined forces of:

- **Economic impact** – A productive, resilient workforce that can adapt to economic shifts.
- **Geographical impact** – Growth across cities, towns, and rural areas, reducing regional inequalities.
- **Social impact** – Translating growth into increased opportunities, social mobility, and access for all.

## Why socially productive growth matters

The Industrial Strategy focuses on high-growth sectors that contribute significantly to economic productivity. It must also recognise that foundational sectors like hospitality continue to drive social and economic renewal.

Ignoring these foundation sectors would risk:

- **Concentrating growth** in already prosperous areas, widening regional inequalities.
- **Limiting job opportunities** outside of high-growth sectors, often in areas that need jobs the most.
- **Underestimating economic interconnectedness** - hospitality supports high-growth sectors by creating vibrant communities where people want to live, work, and invest.

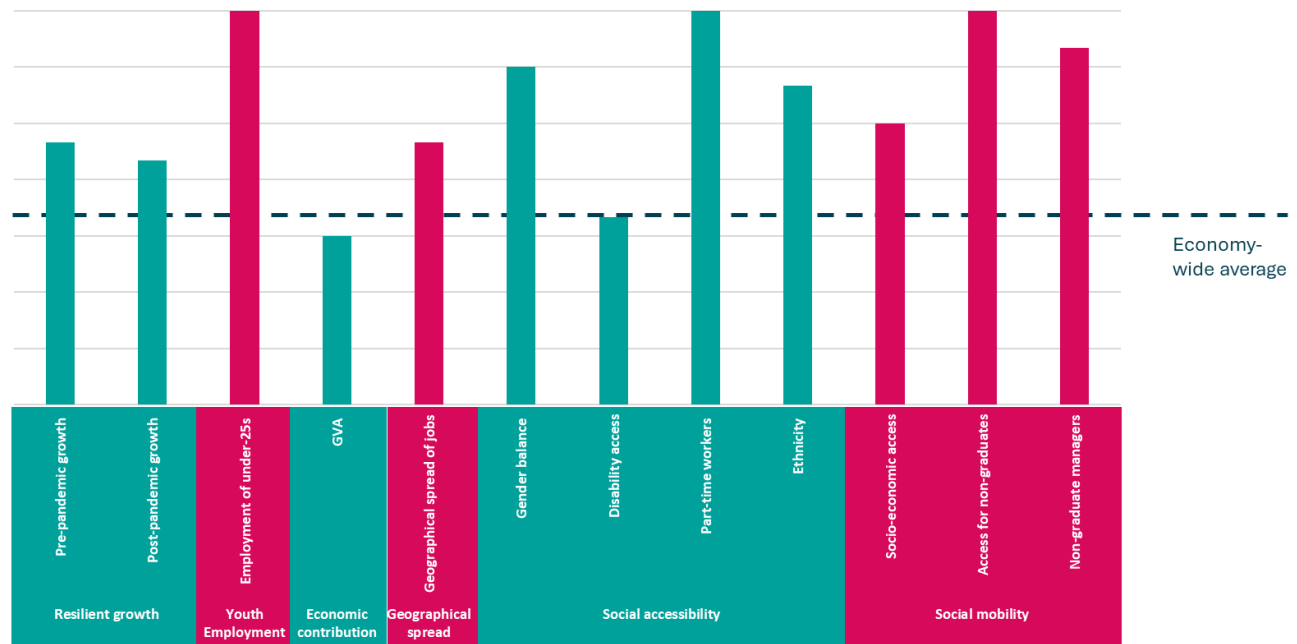
## The Social Productivity Index

The **Social Productivity Index (SPI)** is a new way to measure growth. Traditionally, economic success has been defined by GDP and financial productivity. SPI offers a broader definition of a successful economy, ranking industries based on their ability to share growth widely, ensure social and geographic accessibility, and create positive social impact. SPI shows how sectors with high economic productivity often fail to reach communities or provide accessible opportunities, highlighting the need to balance economic and social productivity.

Using ONS data, the SPI shows the importance of sectors, like hospitality, that are commonly excluded from industrial policy but are key to creating accessible jobs and careers. A focus on such sectors would directly improve outcomes, ensuring growth to benefit wider society. Within the SPI framework, **hospitality is ranked as the most socially productive sector**, leading the way in delivering both economic and social benefits:

- **Employment & social mobility** –hospitality is the UK’s largest employer of young people, with nearly 39% of its workforce aged 16-24. It provides significant career progression for non-graduates, with 82.2% of workers not holding a degree, highlighting its role in social mobility. The large portion of hospitality managers without a degree, reflect how the sector rewards dedication, experience and professional development.

- **Flexibility & workforce diversity** – hospitality provides very flexible work options, with 57% of its workforce working 30 hours or fewer per week, and over half working part-time. This makes the sector particularly accessible to students, carers, parents, and others needing work-life balance. It is one of the most inclusive sectors, with nearly 20% of the workforce from ethnic minorities and over 17% identifying as disabled.
- **Geographical reach** – unlike high-growth sectors that are often concentrated in large cities, hospitality is widespread, ensuring job opportunities in both urban and rural areas.



## Recommendations for government

The SPI shows that hospitality does more than just provide jobs – it is pivotal for regenerating communities, driving local economies, improving social mobility, providing career opportunities and creating places where people want to **live, work and invest** through socially productive growth. To fully realise the potential of hospitality as a driver of socially productive growth, UKHospitality urges the Government to:

1. **Include social productivity and geographical distribution of growth** alongside economic productivity when making impact assessments and developing public policy.
2. **Establish location-based strategies** for areas and sectors that have been excluded from highly concentrated high-economic productivity sectors, helping to reduce regional inequality and provide equitable economic opportunities across the UK.
3. **Carry out analysis** to reveal how high social productivity sectors, like hospitality, contribute to the success of high-economic productivity sectors.

## The opportunity

Hospitality is resilient and has played a pivotal role in bolstering the nation's economy, particularly during the periods of recovery following the 2007-2008 financial crisis and the pandemic. Economic analysis shows that the hospitality sector can do this again and **grow at a rate of 6% per annum** - more than six times the national average. Such rapid growth could **create of 500,000 jobs by 2030, particularly in underdeveloped and underserved regions outside major economic hubs**. By placing social productivity at the heart of economic strategy, the UK can build a fairer, more prosperous and inclusive economy for all.