



IoH Broadsheet

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The UK Hotel Industry and its dependence on international students

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His Doctorate in Business Management, focused on researching the factors associated with employee

retention within the context of the UK hotel industry, specifically during Brexit.

In the latest IoH Broadsheet, Prashanna examines **'The UK Hotel Industry and its dependence on international students.'**

Employment shortages

The UK hospitality sector, notably the hotel industry, is experiencing substantial employment shortages, underlining the potential role of international students in filling these labour gaps.

In 2024, the UK issued 393,125 funded study visas to primary applicants, down 14% from 2023 but still 46% more visas than in 2019 (1). Many of these international students are allowed to work full-time during the university term break, which matches well with the peak job demand, especially in hotels in tourist-heavy areas like London.

In April 2025, employer National Insurance contributions (NICs), rose from 13.8% to 15%. Meaning that UK businesses must now pay more per contracted full-time employee.

So it is no wonder that hotels needing more staff during busy seasons such as the summer, find employing temporary international students during those periods, a timely and effective solution to staffing challenges.



Scale of the problem

Recent data highlights the severity of the UK's labour crisis. According to the Office for National Statistics (ONS (2)), the hospitality sector is suffering a 200,000-worker deficit.

This gap is partly due to the end of the free movement agreement with Europe after Brexit, as well as labour market disruptions induced by the pandemic. The Migration Observatory also notes that EU nationals, who previously constituted a significant portion of the hospitality workforce, are now less inclined to come to the UK for employment due to stricter immigration policies.

However, there is a glimmer of hope. As reported by UK Hospitality (2024), the industry has the potential to create 500,000 new jobs and contribute £29 billion to the economy by 2027 (3), indicating a pathway for notable economic growth.

Meanwhile, hospitality employers are feeling the pressure, particularly in rural areas and smaller cities where it is increasingly challenging to find domestic employees.

In a recent statement, Whitbread, the parent company of Premier Inn, expressed concerns about rising labour costs and changes to regulations that have complicated the availability of a flexible workforce. Consequently, there has been a marked increase in reliance on foreign workers, especially international students.

Role of International Students

International students play an essential role in the hospitality industry by providing a flexible and readily available labour force.

According to a report from the UK Hospitality Workforce Commission (2023 (4)), around 30% of part-time hospitality workers in major university cities are international students.

During the academic year, many of these students work part-time, with the Higher Education Statistics Agency reporting that more than 60% do so. International students are only permitted under their visa conditions to work full-time during term breaks.

A study by the British Hospitality Association indicates that demand for hotel staff increases by 25% to 40% in the summer months, in areas frequented by tourists.

International students play a key role in meeting this seasonal demand, taking key positions in housekeeping, reception, food and beverage services, and front desk operations. Their presence during the peak tourist season helps to reduce the general shortage of staff and ensures the smooth operation of hotels. This workforce adaptability is crucial to the hospitality industry's ability to cope with fluctuating demand.

Economic Contribution

Top 4 accountancy firm, PricewaterhouseCoopers' (PwC) 2024 report (5) estimates that international students contributed approximately £25 billion to the UK economy. This amount includes tuition fees, living expenses, and expenditures on services such as hospitality, travel, and entertainment, directly benefiting businesses across various sectors.

Employing international students offers benefits other than addressing the workforce needs in the hotel industry. Their presence enables hotels to maintain high service standards during peak seasons, which is essential for customer satisfaction and repeat business.

A study conducted by the British Hospitality Association found that hotels with a diverse workforce experienced a 15% higher guest satisfaction rate, as employees from different cultural backgrounds increased communication and guest experiences.

With the UK attracting over 40 million international tourists annually (VisitBritain, 2024 (6)), having a multilingual and culturally diverse staff is well-suited to meet the needs of global travellers, thereby reinforcing the competitiveness of the hospitality sector.



Challenges

Despite their valuable contributions, relying on international students as a long-term staffing solution faces many challenges.

Concerns have been raised by the industry about the 20-hour work limit imposed on international students based on their UK Student Visa condition. Which limits their availability to meet the demands of businesses in term times.

According to a survey by the British Chambers of Commerce (2023 (7)), 64% of the hospitality industry is struggling to fill job vacancies, with restrictions on working hours being a significant barrier to hiring international students for key roles.

This seasonality complicates employers' workforce planning, especially for positions that require stability and continuous training. Additionally, Student Visa regulations introduce another level of uncertainty.

A report by the Migration Advisory Committee (2024 (8)) indicates that changes in visa policies and students' work rights could have a severe impact on the labour supply in the hospitality industry. For instance, the UK government's 2023 tightening of post-study work rights resulted in a 12% decline in job applications from international students in the hospitality field, according to industry data. And any further restrictions could worsen the sector's struggle to fill critical positions during peak demand periods.

Conclusion

The compelling need for international students to help alleviate staffing shortages in the UK hotel sector cannot be emphasised enough.

As the industry grapples with labour shortages that jeopardise its recovery and growth, international students emerge as a vital part of the workforce, particularly due to their flexibility during peak seasons.

However, while they provide the necessary short-term relief, relying solely on this group is not a sustainable long-term strategy.

It is imperative that the UK government and hospitality industry collaborate urgently to remove regulatory barriers and create a more supportive employment environment.

A comprehensive strategy is necessary to ensure workforce sustainability in addition to immediate solutions.



About the author

Dr. Prashanna Nepal MIH is renowned for his extensive expertise in Business and Management, including Leadership, Management Accounts and Operations Management, particularly emphasising the vibrant hospitality industry.

As a seasoned professional, Dr Nepal integrates practical insights with academics.

Currently serving as Managing Director at London Hotels Collection, as well as a part-time Lecturer in Business and Management at De Montfort University, England, he exemplifies his commitment to academia through his fellowship with the Higher Education Academy, plus affiliations with esteemed organisations such as the Chartered Institute of Marketing and the Institute of Hospitality.

Driven by an unwavering passion for excellence, he is dedicated to shaping the next generation of business professionals while contributing significantly to research, higher education, and industry advancement.

He is steadfast in his commitment to advancing scholarship and fostering progress within the business community.



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References

Why do people come to the UK to study
Labour Market – People in work
UK Hospitality Facts and Stats
UK Hospitality workforce strategy
Higher Education Financial Stability Report
Visit Britain Inbound Tourist Forecast
British Chamber of Commerce - Quarterly Recruitment Hiring Difficulties
Migration Advisory Committees Annual Report 2024

Further Reading

The Better Hiring Institute (BHI) - Better Hiring Toolkit (UK government steering Group)
IoH white paper | Future Proofing the Workforce
IoH white paper | Navigating Economic Challenges sponsored by CHME
IoH white paper | How can Scottish hospitality attract a skilled and committed labour force?
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