

IMPACT OF PERSONAL AND LABOUR FACTOR IN HOSPITALITY WAGES: A GENDER VIEW

Miriam Ons-Cappa

Alejandro García-Pozo

José Luis Sánchez-Ollero

Universidad de Málaga

moc@uma.es, alegarcia@uma.es, jlsanchez@uma.es

The importance of tourism to Spain is a statistically verifiable fact. For instance: at the aggregate level, the contribution of tourism reached 10,9% of the gross domestic product (GDP) in 2012 (Tourism Satellite Account for Spain, 2012) and accounted for 13,6% of total employment in Spain (Labour Force Survey, 3rd quarter of 2015). In 2014, Spain ranks third and second in international arrivals and in revenues from international tourism, respectively (World Tourism Organization, 2016). These facts contrast with some specific features of tourism labour market, which is characterized by a large number of unskilled jobs, instability and high staff turnover, relatively low wages and few prospects for promotion (Sánchez-Ollero, Campos-Soria, & García-Pozo, 2014). Between all branches of tourism sector, hospitality employs 64,78% out of 2.322.381 of workers in 2015 (Tourspain, 2015) and registers the greater proportion of women (according to Tourspain, 769.000 women with regard to 736.100 men). These female workers, in turn, are both horizontally and vertically segregated in workstations (Campos-Soria, Ortega-Aguaza, & Roperio-García., 2010), have high level of part-time, temporary and seasonal work (Baum, 2013) and lower education returns (García-Pozo et al., 2012; Lillo Bañuls, 2009). Therefore, the combination of characteristics mentioned above, facilitate women's precariousness in comparison with men, and generate what is known as 'gender wage gap'. This phenomenon explains the difference between male and female salaries.

The gender wage gap in tourism industry has been studied since the end of nineties (Lee & Kang, 1998; Sparrowe & Iverson, 1999). However, in Spain, the lack of adequate statistics delayed the literary production until the first half of the last decade. In this field it is important Lillo Bañuls & Ramón Rodríguez' seminal work (2005). Based on wage equations, it analyses the differences in education returns and the impact on wages, between men and women in the Spanish tourism sector. In this line of research about human capital are also remarkable later works of these same authors (Lillo Bañuls, 2009; Lillo Bañuls & Casado Díaz, 2010, 2011, 2012). Another study is from Muñoz-Bullón (2009), where

examines the gender wage discrimination in tourism industry compared to other activity sectors. Furthermore, there are other studies that focus in different issues in order to explain and/or reveal/highlight gender wage gap. Among these, there are papers about occupational segregation (Campos-Soria et al., 2010; Campos-Soria, Marchante-Mera, & Ropero-García, 2011; Campos-Soria, Ortega-Aguaza, & Ropero-García, 2009; Ramos, Rey-Maqueira, & Tugores, 2002), educational mismatch (Marchante, Ortega, & Pagán, 2005; Marchante, Ortega Aguaza, & Sánchez Ollero, 2004; Marrero Rodríguez, 2015), regional differences (García-Pozo et al., 2012) or wage distribution (Casado-Díaz & Simón, 2016).

This paper analyses, from a gender perspective, the incidence/impact of a number of personal and labour factors on hospitality workers' wages, compared to those in other activity sectors such as construction, industries and other Services. To do this, it is used an expanded version of Mincer (1974) wage equation. It differs from the original because uses a linear specification for the variables previous experience and tenure in the firm, as well as introducing additional variables which could condition wage returns. In this way, the wage equation can be specified as follows:

$$\text{Log}(Wr) = \beta_0 + \beta_1 S + \beta_2 \text{Exper} + \beta_3 \text{Tenure} + \beta_4 \text{Latin_Ame} + \beta_5 \text{Full_TC} + \beta_6 \text{Size} + \beta_7 \text{Overedu} + \beta_8 \text{Underedu} + \varepsilon_i \quad [1]$$

The dependent variable (Wr) is the gross real wage per hour expressed as logarithms. The right-hand side of equation [1], includes the constant as well as the characteristics of the workers and jobs. Human capital variables, such as mean schooling years completed (S), years of previous experience ($Exper$) and tenure in the firm ($Tenure$). These two latter variables were constructed following the work of Arrazola Vacas & Hevia Payá (2006). Latin_Ame is included as dummy variable, and used to represent the Latin-American nationality of workers. In order to control the job characteristics, we used dummy variables: full-time and permanent contract (Full_TC) and firm size (Size). The first one takes value 1 when the worker has a full-time and permanent contract and zero in any other case. The second one takes value 1 when the worker is employed in a firm with 20 or more employees, and zero in any other case. Finally, overeducation (Overedu) and undereducation (Underedu) are two dummy variables that represent the educational mismatch, that is, the difference between the level of studies of workers and the one required by the occupation. The mode is used as statistical measure (Kiker, Santos, & Mendes de Oliveira, 1997). Overedu/underedu takes value 1 if the worker has attained an educational level higher/lower than the mode of each occupation (or the higher/lower when two adjacent education levels are used); and zero in any other case.

The information used was taken from the 2010 Wages Structure Survey (WSS-2010). The present study uses the activities belonging to section E (Industry), F (Construction), divisions 55 and 56 from section I (Accommodation and food service activities) and divisions from 45 to 99 (55 and 56 excluded) from sections G-U (Other services) of the NACE Rev.2. We highlight the following facts:

- 1) It is noted that hospitality is, after construction, the economy activity which has the lower gender wage gap expressed in absolute terms.

- 2) The mean schooling years is higher for women in all sectors, with the exception of women in hospitality.
- 3) On one hand, women workers in hospitality are those who have the highest average value of years of experience. On the other hand, these same workers have the lowest sample value of tenure.
- 4) Hospitality sector has the higher rate of Latin-American workers.
- 5) There is an educational mismatch that affects at least one third of male and female workers in all sector activities. No significant differences were found between the percentage of men and women with educational mismatch.

First of all, it is important to show that the impact on the wage of the dummy variables when using a semilog function was calculated by Halvorsen & Palmquist's (1980) method.

Rates of returns on education in hospitality are 4,5% for men and only 2,1% for women, and are substantially lower than the rates estimated for other private activity sectors. These results are consistent with previous studies (Fernández, Pena-Boquete, & Pereira, 2009; García-Pozo et al., 2012; García-Pozo, Marchante-Mera, & Sánchez-Ollero, 2011; Lillo Bañuls & Casado Díaz, 2010, 2012; Sánchez-Ollero et al., 2014).

While returns on previous experience are statistically significant and positive (but with small rates) for the whole of sample, for women in hospitality is not remunerated. These results show how, in labour markets, previous experience is lower value than other human capital variables. The estimated coefficients of tenure are statistically significant, positive and higher in men for all activity sectors involved. For their part, women in hospitality have the lowest returns on tenure (García-Pozo et al., 2012; Sánchez-Ollero et al., 2014).

On the other hand, it is well worth emphasising the wage penalty associated with the Latin-American nationality in male workers only. In other words, a man who is Latin-American earns a lower salary (in percentage terms expressed by the coefficient) than his congeners who are another nationality.

With the exception of women in hospitality, whose estimated coefficient of the variable is not statistically different from zero, a full-time permanent contract involves increased wages. Furthermore, women have the highest increases in construction and industries, but not in other services.

All estimated coefficients for business size are positive and significant. As expected, firms with less than 20 employees show the tendency to remunerate less. The highest impact of this component is found in industries for men. The wage premium for working in an establishment with 20 workers or more is 26,74%. Far from this figure, the return for women in hospitality reaches 4,29%.

Finally, the impact of overeducation on wages result in a significant penalty for women. The values ranges between -6,94% (women in hospitality) and -19,82% (women in other services). On the other hand, men in hospitality have the highest penalty (-15,30%). In relation to undereducation, this has a positive effect on wages. By sex and activity sectors, women in industries (15,37%) and men in hospitality (16,53%) are more remunerated for this condition.

This paper is especially relevant in gender wage gap Spanish studies due to the facts that tourism industry is of vital importance to the Spanish economy, the overwhelming

presence of women workers in hospitality and the precarious wage-earning of women in general. The use of establishment-worker paired data allow us to include in the econometric model human capital variables as well as others related to worker characteristics and his workstation. The estimations obtained for different activity sectors (industries, construction, hospitality and other services) and both genders, enable us to quantify and compare the wage impact of the variables analysed.

The low returns on education in hospitality, and more intensely on women, are compatible with those reported in other studies. The high ratio of overeducated (more than 50% workers of sample) workers and the delay in inserting into Spanish catalogue of university studies the tourism studies (López Bonilla & López Bonilla, 2004), suggest, to say the least, a rethinking of the education system's response to real demand of tourism labour market.

Regarding previous experience and tenure variables, the results show low or non-existent impacts on wages, particularly in the case of women in hospitality. Nowadays, women still carry out the larger share of unpaid household and care work (International Labour Organization, 2016). As a result, the probability of temporary or permanent departure from work is higher. Thus, wage premiums are smaller or non-existent. These results are the same for contract modality and business size.

With this paper, it has been rightly noted that gender wage gap is a reality that exists in all activity sectors analysed. However, it is surprising that hospitality along to construction are the activities in which wage gaps are smaller. On the other hand, it is not so strange the fact that hospitality has the lowest average wage and women are the most affected in this way. As it has already been highlighted, the larger share of unpaid household and care work, limits the capacity of women to promote their professional career. In this way, they have been relegated to less remunerative and more vulnerable occupations.

According to International Labour Organization (2016), the gender wage gap is not only explained by estimating coefficients for a number of variables, but also other reasons might be valued. For instance, the undervaluation of the work, the skills required in female-dominated occupations or the practice of discrimination. Currently, the support of policies on equality and gender wage gap reduction are a verifiable fact. Although, some progresses have been made in this last aspect, but the achievements are mostly attributable to explicit policy to address gender imbalances in the labour market, rather than to general improvements in living standards.

Therefore, the mitigation of this reality must not be to balance the wages levels in a medium or short period of time, but also involving to attack the problem from its root. The implications are, to say the least, ambitious. It would be necessary to head for the change of cultural and social precepts that support and reaffirm the gender wage gap. The understanding and materialization of right propositions, particularly in next generations, could play a key role in reducing gender wage gap in any field.