



# Gender wage inequality and labour mobility in the hospitality sector



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## ABSTRACT

The main aim of this paper is twofold. Firstly we analyse the effects of educational mismatch on workers' occupational mobility and secondly, we quantify the contribution of educational mismatch and labour mobility on gender wage inequality. The decomposition of the gender wage gap was controlled by different types of gender segregation. We use matched employer–employee data from 302 hotels in Andalusia. The evidence suggests that not only is external mobility far higher than internal mobility in this sector, but also that it is the main cause of wage inequality. The reason for this is the existence of labour discrimination against women, which manifests as a lack of access to labour improvements under the same conditions as men. Educational mismatch has a limited effect on internal and external mobility. Finally, gender discrimination is the overall cause of gender wage inequality and is mainly due to horizontal segregation and external mobility.

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## 1. Introduction

The importance of the tourism sector to the Spanish economy is undeniable. Spain began to increase its popularity as a tourism destination in the 1960s and since then, with few exceptions, tourism has positively contributed to the national economy by levelling the balance of payments and becoming a source of employment. The tourism sector accounted for 10.8% of the Spanish GDP in 2011 (INE, 2013) and 11.8% of total employment in Spain (IET, 2013). According to data from the Bank of Spain, the tourism surplus for 2012 had a coverage rate of 122.5% for the trade deficit and 280.5% for the current account deficit, while the commercial coverage rate of tourism was the highest this century. In 2013, the World Trade Organisation ranked Spain second in revenues from international tourism, just behind the United States, and third in international arrivals, after France and the United States, and before China (WTO, 2013). In the case of Andalusia, the contribution of tourism to GDP was estimated at 12.8% in 2013. In this year, there was an annual average of 329,600 individuals working in this sector, representing an increase of +2.4% compared to 2012. These workers represent 13.0% of the 2.54 million employed in the region and 16.5% of those

employed in the Andalusian service sector. These data show the great importance of the tourism industry to employment.

These facts contrast with the specific features of most tourism activities, which are characterized by a large number of unskilled jobs, high staff turnover, few prospects for promotion, relatively low wages, precarious job security, and seasonal employment. The phenomenon of temporary contracts mainly affects women, young people, and low-skilled workers (Jimeno, 2005). In the hotel industry, four out of ten women and three out of ten men have temporary contracts (Malo and Muñoz-Bullón, 2008). As in the case of workers with temporary contracts, the most vulnerable workers with fewer choices dominate the group with part-time contracts (Pedraza et al., 2010). The reasons underlying this situation can be found in the social behaviour of workers and in the interests of the companies in this sector. From the company's point of view, the key term is usually "labour flexibility", whereas from the workers' point of view the key term is usually "conciliation". Labour flexibility is understood as the need for part-time labour to meet peak demand during working hours (such lunch-time and supper-time in the restaurant, or cleaning and tidying the customers' rooms). The combination of the interests of both parties has led to the empirical results obtained by various authors: women can obtain part-time jobs that allow them to balance such work with family needs (Rosendaal, 2003).

Thus, on the one hand, the Spanish tourism sector is very important due to its great capacity to generate employment even in times of economic crisis. On the other hand, much of the tourism workforce is female, includes occupations that are almost exclu-

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sively held by women, and is characterised by low labour mobility (Marchante et al., 2007), a high degree of occupational segregation (Campos-Soria et al., 2011), and a high degree of gender wage discrimination (Campos-Soria et al., 2009; García-Pozo et al., 2014). According to García-Pozo et al. (2014), the impact of gender on wages is very important in the hospitality industry, as shown by the fact that there is a 13.38% wage penalty for female workers compared to male workers. These authors have suggested that this wage penalty may be mainly caused by the type of jobs performed by women. Most of these jobs involve subordinate tasks, excluding technical or management tasks. Most of the wage discrimination is caused by the occupational segregation of women into jobs such as waitressing or cleaning, which are at the lowest levels of responsibility.

Despite the importance of the tourism sector and the role of women within it, few studies have taken into account the gender perspective and are limited because of the lack of data that would allow a complete analysis of this specific sector. Thus, there is a clear need for an in-depth analysis of employment in the Spanish tourism sector and the role of women within it. In contrast to other studies, we met this need by using a database containing a large representative set of data on employees containing disaggregated information related to jobs rather than occupations.

This article analyses from a gender perspective two fundamental human capital aspects in the Spanish hospitality industry: Firstly, we investigate the reasons for the discrepancy between actual and required levels of education, and the resulting differences in returns to education, using a human capital mobility framework; Secondly, based on an explicitly theoretical approach, we decompose the gender wage gap and draw attention to the effects of educational mismatch, occupational segregation (distinguishing between horizontal and vertical segregation), and internal and external labour mobility on the gender wage difference. As far as we know, this is the first study to jointly assess the relative impact of educational mismatch, labour mobility, and horizontal and vertical segregation on the gender wage difference in the hospitality industry.

This article is organized as follows: the next section draws the context of our research; after that, we present the literature review; the theoretical model and empirical specification is developed in Section 4; a case study is presented in Section 5; the main results are described in Section 6; and some concluding remarks are presented in the final section.

## 2. The context

The economic crisis is having a devastating effect on the Spanish economy in general and a significant impact on the hospitality sector in Andalusia in particular. According to the latest annual Andalusian Tourism Balance Sheet, which is published by the regional government, from the time the economic crisis began job losses have been more pronounced among female workers in this sector than among the male workers for three consecutive years (2009–2011). Table 1 shows data obtained from the Wage Structure Survey for 2006 and 2010, which are the latest available for this quadrennial database compiled by the Spanish National Institute of Statistics (INE). The table shows the evolution of some variables that can be used to assess the impact on labour mobility and on the gender pay gap in the Andalusian hotel sector of moving from a situation of strong economic growth (the Andalusian GDP grew by 4.2% in 2006) to one of a reduction in regional production (in 2010, this growth became negative at –1.7% according to the INE).

The first important finding shown in Table 1 is the increase in the average age of Andalusian workers, given that the economic crisis has significantly reduced youth employment, whereas there has been an increase in the participation of workers 25 years

**Table 1**

Characteristics of employment in the Andalusian hospitality industry by gender.

Variables	Andalusia			
	2006		2010	
	Male	Female	Male	Female
Age				
16–24 years old	19.78	27.18	7.94	9.73
25–54 years old	73.99	71.14	81.59	85.25
More than 54 years old	6.23	1.68	10.47	5.01
Contracts				
Permanent	75.09	65.77	81.95	82.01
Temporary	24.91	34.23	18.05	17.99
Contracts				
Full-time	83.15	58.72	87.36	81.12
Part-time	16.85	41.28	12.64	18.88
Employer size				
Fewer than 20 workers	23.81	15.44	23.47	30.09
From 20 to 99 workers	53.11	55.7	20.22	24.48
More than 99 workers	23.08	28.86	56.32	45.43
Mean years of schooling of workers	7.61	7.65	8.06	8.16
Nominal wage (€/hour)	9.51	7.89	10.69	8.47
Real wage (at 2006 prices)	10.24	8.31	9.82	7.79

Source: INE and own calculations.

old or more. This finding is consistent with the increase in youth unemployment rate in Andalusia, which increased from 20.79% in 2006 to 49.57% in 2010 (INE). In recent years, the participation of women in the hospitality sector has increased. Statistics show that, after controlling for other factors, countries with a higher share of part-time contracts tend to have higher female participation. Although the Spanish government has attempted to reduce the incidence of temporary employment by reducing payroll taxes and dismissal costs for permanent contracts, the disparity in the Spanish labour market persists, with women being more affected in Spain than women in other countries. However, in the hospitality industry, the crisis has affected the behaviour of managers when hiring workers. On the one hand, permanent contracts have increased compared to temporary contracts, especially in the case of women, and secondly, part-time contracts have increased compared to full-time contracts. Again, the latter situation has had a far greater impact on women. These changes may be due to the elimination from the Andalusian hospitality industry of precarious employment, which is less expensive to eliminate than full-time and permanent employment. Medium-sized companies have been more affected by this type of job destruction than small and large businesses. The latter types of company may have characteristics that make them more adaptable to market circumstances.

Regarding the educational level of employees, it is noteworthy that women in Andalusian hospitality industry have an increased average number of years of formal education and that during the crisis this difference has increased. These two facts have helped to reduce the gender pay gap (Marchante et al., 2005; Campos-Soria et al., 2009). The data shown in Table 1 suggest the existence of a gender pay gap in the Andalusian hospitality industry. With the advent of the economic crisis, this gender difference has even increased in real terms from a differential of 23.23% in 2006–26.06% in 2010.

## 3. Literature review

In contrast to other sectors, the hospitality industry is characterized by a higher percentage of female employees and an occupational structure with lower educational attainment (Marchante et al., 2005). The literature is unanimous in showing that women workers receive lower wages, although this is linked to the fact that they work in sectors and jobs with lower basic

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