

Overtourism and Employment: A Theoretical Analysis

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Abstract

Purpose: To undertake an ideal-typical analysis of the implications of overtourism on employment at the level of the destination.

Design: A theoretical analysis that uses as a starting point a traditional labour market model to explore the employment implications of a sudden and rampant growth of tourism in a destination. Although a theoretical study, examples are provided offering empirical support for the theoretical propositions.

Findings: Overtourism may lower nominal and real wages, further deepen divisions in an already tiered labour market (particularly between local and migrant workers), increase productivity without its benefits accruing to the worker, and result in deterioration of working conditions. The study also sets tourism employment within a broader politico-economic framework of neoliberalism.

Originality: Uses overtourism as a heuristic device combined with an economic analysis of the labour market to theorise the impacts of sudden and rampant tourism growth on employment.

Research implications: Offers scope for further empirical testing of hypothesised relationships. Provides a platform to adopt and adapt the theoretical propositions to suit different contexts.

Keywords: Overtourism, Tourism Employment, Labour Market, Wages, Inequality, Neoliberalism

Classification: conceptual paper

Introduction

In this paper we pick up on the sustainable employment in tourism agenda (Baum, 2018; Winchenback, Hanna, & Miller, 2019; Zampoukos & Ioannides, 2011) and pair it with the surging overtourism debate (Koens, Postma, & Papp, 2018; Milano, Cheer, & Novelli, 2019), where the relationship to tourism employment remains conspicuous by its absence. The paper aligns with wider developments outside of tourism, but with implications for tourism scholarship. The rapid and many would argue excessive growth represented by overtourism is reflective of a wider need to question the purpose of economic growth more generally (recognising economic growth as a means to an end e.g. Bleys, 2012). Inequalities relating to the distribution of power and capital lie at the heart of overtourism and considerations surrounding the purpose, and also distribution of gains of economic growth have filtered their way into the employment domain. However, according to Zampoukos and Ioannides (2011) the labour geography in tourism has been only marginally researched, given an unwillingness on the part of a majority of tourism geographers to critically engage with the logic of neoliberalism (Hall & Page, 2009), whereby we acknowledge Bianchi and de Man's (2020) work as a notable exception.

This is where this paper's analysis of overtourism, frequently associated with rapid and largely uncontrolled growth, latches on to the broader questioning of growth, whom this growth benefits, and specifically also the implications of this growth for workers and, by implication, also for the (host) community. It is the purpose of this paper then to conceptualise the implications of excessive tourism development on tourism employment.

We regard overtourism here as an extreme, or 'pure' form of economic organisation as it relates to tourism and thus representative of a Weberian Ideal Type (Benton & Craib, 2001; Weber, 1949). Overtourism as an ideal type hereby serves as a heuristic device to make sense of a broader phenomenon, in our case the tourism industry, and specifically the impact of this phenomenon on employment. Ideal types have also been used in a variety of ways in tourism, for example to represent a type of person (e.g. Power, Di Domenico, & Miller, 2017) and have

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3 also been mentioned within the context of tourism employment (Baum, Kralj, Robinson, &
4 Solnet, 2016).
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8 To support the ideal-typical analysis we conclude the paper with a framework (Table 2)
9 offering a summary of hypothesised relationships, with empirical examples which could serve
10 to aid further research in exploring the relationship (especially the economic relationship)
11 between tourism and employment at the level of the destination. Likewise, we begin our
12 analysis by proposing an ideal-typical representation of the labour market, with wages and
13 levels of employment as well as productivity being determined by perfectly competitive
14 markets. We acknowledge that the assumption of perfectly competitive markets can be
15 queried, but in Booth's (2014, p. 54) words, perfectly competitive labour markets may serve
16 "as a useful benchmark against which to measure imperfectly competitive labour markets and
17 also to measure allocative inefficiency". Given the complexity of issues relating to tourism
18 labour (Ladkin, 2011) we re-iterate that ours is a starting point for further analysis (i.e. an
19 ideal type).
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31 The paper is structured as follows: Initially, we provide a review of developments in the
32 overtourism literature, whereby we confirm the very limited research undertaken in relation
33 to its impact on employment. We then turn to our analysis of the relationship between
34 overtourism and tourism employment. Examples of our propositions are provided not only to
35 illustrate but also to offer some empirical evidence for our theoretical claims. We begin with
36 the impact of overtourism on nominal wages and labour migration, before turning to
37 overtourism's impact on real wages, on productivity and the implications of this for working
38 conditions. The summary of the key relationships identified (Table 2) outlines the paper's
39 contribution, whereby we also draw attention to how our analysis fits into a wider politico-
40 economic discourse before offering further avenues for research.
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51 **Employment in the overtourism discourse**

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54 After decades of research on the negative impacts of tourism, today the concept of
55 overtourism has become nearly all-encompassing when it comes to framing different forms
56 of tourism excess (Koens, et al., 2018; Milano, 2018). Examples include congestion and
57 privatization of public spaces, overcrowding, rise in real estate prices, loss of purchasing
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3 power and alienation of residents, commercial gentrification, damage to cultural heritage and
4 facilities, waste, noise, air quality degradation and issues with water supply and quality
5 (Milano, 2018; Milano, Cheer, et al., 2019; Peeters et al., 2018; UNWTO, 2018). Table 1
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7 demonstrates the rapid scale of tourism growth for a selection of European cities. It is
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9 reasonable to assume that growth on this scale will have major repercussions for local labour
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11 markets.
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15 **Table 1 approximately here**
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18 A wide range of best-case practices, measures and strategies at a destination level have been
19 suggested for how to deal with overtourism (see for example Milano, Novelli, & Cheer, 2019;
20 Peeters, et al., 2018; UNWTO, 2018, 2019). Such approaches have been critiqued for their
21 focus on “increasing the capacity of existing systems in efforts to adapt to or mitigate the
22 negative effects of tourism”, rather than dealing with underlying causes and the less directly
23 visible impacts of the problem, including the quality of places to live and work (Koens,
24 Melissen, Mayer, & Aall, 2019, p. 1; Milano, Novelli, et al., 2019). It would appear that the
25 discussion of overtourism has fostered a “critique of the dominant industry-focused and
26 positivist analytical frameworks in tourism research” (Bianchi, 2009, p. 497). More attention
27 could be paid to “the study of the working of markets, capital and the state in tourism to the
28 very industry-led institutions and analysts it professes to challenge” (Bianchi, 2009, p. 498).
29 This requires engagement with overtourism at a more conceptual level and recent
30 contributions have started to do this.
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34 It is striking therefore, that, to date, contributions on overtourism have avoided any
35 engagement directly with tourism employment. Although some research has been
36 undertaken on ‘work stress’ among Airbnb hosts which may be related to overtourism
37 (Barnes, 2019; Namberger, Jackisch, Schmude, & Karl, 2019), and more broadly developments
38 in the sharing economy relating to increased fluidity between private and professional roles,
39 as well as the trends towards precarious employment can be related to aspects of
40 overtourism also, but this is not directly acknowledged in the literature. Given the centrality
41 of work to people’s lives, we argue this is a gap that requires attention if the impacts of
42 overtourism are to be adequately understood. Thus, we argue there is scope for a closer
43 examination of the relationship between employment and overtourism, to help frame the
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3 discussion surrounding overtourism's impacts in a more comprehensive and theoretically
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8 **Overtourism's implications for employment**

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11 At first glance, there may be much to be said in favour of overtourism given its employment
12 generation potential; Not only should levels of employment increase because of tourism's
13 growth, according to the law of supply and demand and on assumptions of perfect
14 competition (Booth, 2014), to the extent that labour becomes scarce this should lead to an
15 increase in equilibrium wage levels in an attempt to attract workers into tourism from other
16 industries or regions. In sum, overtourism contains within it the seeds of employment growth
17 and wage growth according to traditional economic theory of the labour market. This, at a
18 superficial level, is the prevailing discourse surrounding tourism growth whereby we now
19 problematise the legitimacy of such perspectives as they apply to overtourism.
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29 *Sticky wages, real wages and labour migration*

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32 Starting with the potential for higher wages as a result of overtourism, it is recognised that
33 nominal wages are sticky, particularly in the short term (Romer, 2001; Solow, 1979) not least
34 because labour market conditions play a prominent role in the economics of wage formation
35 and the economics of labour migration (Carlsen, Johansen, & Roed, 2006), rather than being
36 a matter solely of supply and demand. Here we contend that overtourism changes labour
37 market conditions. The effects of these changes may have some impact on wages of tourism
38 workers but, we suggest, a more pronounced impact on labour migration.
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46 Specifically, labour immigrants' decisions are influenced by expected wages and expectations
47 about unemployment risks (Roed & Schone, 2012). By providing both low risk of
48 unemployment in a booming tourism sector, and, for many immigrants, high expected wages
49 relative to wages 'at home', overtourism may be seen as particularly appealing to labour
50 migrants. However, this does not put pressure on wages to rise, but can result in the obverse
51 (further explained below).
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58 Thus, traditional economic theory suggests workers take advantage of spatial disparities in
59 labour market opportunities by moving to those areas with higher expected wages (Fischer,
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3 2019; Roed & Schone, 2012). Consequently, any increase in demand for tourism workers as a
4 result of tourism growth might readily be met by immigration from regions with lower wages
5 as has occurred in Iceland, for example (Wendt, Jóhannesson, & Skaptadóttir, 2020; in press),
6 or London (McIlwaine et al., 2006). Similarly, Szivas and Riley (1999) identified that tourism
7 served as a refuge sector in Hungary as it transitioned from a demand economy to a capitalist
8 based economy. The pull of tourism employment related here both to its low skills nature
9 and high growth potential (Szivas and Riley, 1999).

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17 There is a concern then that as overtourism takes hold, rather than leading to an increase in
18 wages it may lead, perversely, to the converse because of in-migration of labour. This point
19 has been argued more generally by Borjas (2003) and with regard to tourism growth in Spain
20 also by Cañada (2018). Here the differential effects of overtourism on different types of
21 worker, in this instance local workers and the migrant workers, become apparent. In fact, in
22 Okkerse's (2008, p. 24) review of the impact of immigration on labour markets she recognised
23 that those most likely to feel negative effects of in-migration were the low-skilled, i.e. at the
24 bottom end of the income scale which describes the status of many tourism workers.

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33 Downward pressure on wages, as well as a deterioration in working conditions (which we
34 return to below), are potentially compounded by lower rates of unionisation among migrant
35 workers and therefore weaker bargaining power (Waddoups, 2001), in a sector where
36 unionisation is already low (ILO, 2020). Looking beyond wages as the sole indicator of
37 differences between jobs, Piso (2014, p. 11) explains: "Local and migrant workers'
38 orientations to work are likely to be different with each using their home country as an initial
39 indicator of what is a good or bad job". Examples of this occurring in tourism can be found in
40 relation to the enlargement of the EU in 2004 (Krings, 2009; McIlwaine, et al., 2006) and in
41 relation to Latina housekeepers in the U.S. (Hsieh, Sönmez, Apostolopoulos, & Lemke, 2017).
42 Similarly, Dustmann, Schönberg, and Stulher (2017) who analyse data on mobility of Czech
43 workers in the Germany-Czech border region before and after the fall of the Iron Curtain
44 established a moderate decline in local native wages and a sharp decline in local native
45 employment, whereby workers were over-represented in construction and hospitality.

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58 As destinations grow in attractiveness this often leads to inflation, in the prices of goods and
59 services, but crucially also in real estate values. For the tourism worker however, who does
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3 not benefit from a corresponding increase in wages, real wages decline. Unaffordability of
4 housing in particular can then lead to gentrification dynamics or the pricing out of residents
5 by those seeking to profit from increased demand for short-term housing (Wachsmuth &
6 Weisler, 2018), which is something Airbnb is, for example, regularly criticised for (see e.g.
7 Barron et al., 2018; Lee, 2016; Lima, 2019).
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13 *Productivity Implications*

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16 Productivity reflects how resources are employed in the production of goods or the provision
17 of services (McCann, 2018). Labour productivity specifically relates labour inputs to outputs
18 and is something we suggest is affected by overtourism. We note that where attention in
19 tourism has focussed on labour as a factor of production, in an attempt to better understand
20 the 'production process' (Sharma, Da Motta, Jeong-Gil, & Altman, 2016), this has it seems
21 almost exclusively been undertaken with a view to improving firm performance, with minimal
22 interest in how productivity gains might affect the worker. Faced with growth in demand for
23 tourism products and services, overtourism leads to increased economic output whereby the
24 tourism firm can hire more workers or require existing workers to work more, or both (the
25 assumption here is that the tourism firm is not able to meet increased demand for its products
26 and services solely via capital investments or technological innovation which seems a
27 reasonable assumption to make in labour intensive industries such as tourism). If the firm
28 decides not to hire more workers or does not hire additional workers at the same rate as the
29 increase in tourism demand, the result is additional workload for existing workers. If the
30 workers are then paid more in proportion with the increase in their work, labour productivity
31 remains constant (as measured by unit of output produced per unit of input, here wages). In
32 both situations the measure of productivity may be immaterial to the tourism worker who
33 works more but gets paid more.
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51 However, there is no guarantee that additional work is remunerated in proportion to the
52 increase in workload. This recognition is not new and is explained by Solow (1979) that
53 because lower wages are in the interests of the employer, a cost-minimising firm will leave its
54 wage offer unchanged, irrespective of the level of output. Indeed, although overtime pay
55 exists, its opposite, unpaid overtime is commonplace across many industries including
56 tourism. Drawing on UK data, Pigden (2016) suggests hospitality workers are most likely to
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3 work overtime but fewer than half were being paid for these extra hours. A similar scenario
4 is offered by Hsieh, et al. (2017) who describe the situation of Latina hotel housekeepers in
5 the United States. Thus, for those workers who do not receive any additional pay for the
6 additional work we can say that productivity gains are made for the firm (output per worker
7 increases while wages remain unaffected), which are of benefit to the employer, but scarcely
8 of benefit to the worker.
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15 If workers do not work additional hours, but do more work in a given period of time (the
16 traditional measure of productivity, e.g. 'output per worker per hour worked') productivity
17 goes up. However, unless workers are employed on a piece rate (unlikely in most tourism
18 jobs) increased productivity does not result in increased wages. For many tourism workers
19 then, the impacts of overtourism induced productivity are at best neutral, but likely
20 detrimental in the sense that workloads increase at a faster rate than remuneration. This has
21 been demonstrated by Cañada (2018) who describes a decline in working conditions and
22 wages for (largely migrant) tourism workers since the 2007/08 financial crisis, especially
23 where work was outsourced to recruitment agencies.
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32 33 *Working Conditions*

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36 An aspect of increased productivity that is largely ignored when it comes to impacts on the
37 worker is workplace induced stress. Overtourism may exacerbate the issue of poor working
38 conditions in tourism. This is supported by the notion of overtourism-induced immigration
39 where it has been argued that, rather than just keeping wages down, the recruitment of
40 migrants can also be undertaken to sustain poor working conditions for the sake of
41 maintaining competitiveness (McIlwaine, et al., 2006; Wojtynska, 2012), especially as migrant
42 workers are more likely to put up with poor working conditions and are thus more vulnerable
43 to exploitation and poverty (Cañada, 2018; Hsieh, et al., 2017; Nuti, 2018), or indeed do those
44 jobs the locals do not want to do (Waldinger & Lichter, 2003). Labour migration affects not
45 only the quantitative supply of labour, but can change it qualitatively too (Krings, 2009). We
46 summarise our discussion and the hypothesised relationships in Table 2 which also provides
47 additional empirical support for our theoretical propositions. Thus, although a theoretical
48 paper, empirical evidence points to the veracity of our claims.
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Table 2 Approximately here

Conclusion

The paper's contribution lies in its economic analysis of the tourism labour market in a situation of overtourism, supported by a sociological construct of ideal types. This paper has demonstrated how overtourism as an ideal type (Benton & Craib, 2001; Weber, 1949) of tourism development, operating within a profit-driven system (Bianchi & de Man, 2020; Britton, 1991) results in impacts on the tourism worker. The focus on profit-maximisation in the short term, legitimised through a politico-economic system often referred to as neoliberal or free marketeer capitalism, and the implications of this for the tourism worker has received increased interest recently (Baum, 2018; Robinson, Martins, Solnet, & Baum, 2019; Walmsley & Partington, 2014; Winchenback, et al., 2019). While critical voices regarding the nature of tourism employment are not new, the literature has started to move away from largely diagnosing a problem of poor working conditions and low pay, to dealing with its causes from a politico-economic systems perspective (e.g. Baum, 2018; Bianchi, 2017; Bianchi & de Man, 2020). This paper fits into this stream of work.

In contrast to what would be suggested by an uncritical application of economic theory of the labour market, we have argued that overtourism may lower nominal and real wages, further deepen divisions in an already tiered labour market (particularly between local and migrant workers), increase productivity without its benefits accruing to the worker, and result in deterioration of working conditions in a sector already renowned for these. In the worst case, it can result in a 'race to the bottom' in terms of pay and working conditions. In fact, overtourism may be regarded as part of a wider politico-economic system that has resulted in a widening of socio-economic inequalities particularly in the labour markets of advanced economies since the late 1970s (Anderson, 2009; Autor & Dorn, 2013; Bivens & Mishel, 2015).

We acknowledge that much of our analysis of overtourism's impacts on the tourism worker relate to a change in degree not kind. Overtourism is tourism, but in a condensed, exaggerated form, hence our ideal-typical analysis which sees the ideal type as a heuristic device (Benton and Craib, 2001). This, however, is also its strength: what we have presented will in broader terms relate to other forms of tourism also. We also acknowledge the

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3 theoretical nature of our discussion. However, we have provided numerous examples from
4 the literature (see also Table 2) to offer empirical support for our propositions that could offer
5 a basis for future research.
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10 Finally, we recognise our somewhat detached position in trying to describe the impact of
11 overtourism on the tourism worker. Accessing data on employment in tourism, particularly
12 data on marginalised workers, provides challenges. Outside of tourism there is some research
13 that connects the impact of, for example, poor working conditions or low wages on distal
14 variables such as community engagement, family breakdowns and loss of community
15 cohesion. Just because measuring these issues is difficult does not mean these issues do not
16 exist, or should be ignored by tourism scholars; at least not if tourism is to have impact beyond
17 academe. Tourism development that ignores the situation, indeed plight, of many of its
18 workers reinforces the question of what is meant by development and growth and for whom?
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Tourism Review

Table 1: Domestic and international visitor arrivals 2010-2019 for selected European cities

	2010	2019	% growth
Amsterdam	5.283.200	8.576.000 ¹	162%
Barcelona	7.133.524	9.117.474 ¹	128%
Berlin	9.050.635	12.731.640 ²	141%
Bruges	845.202	1.250.589 ¹	148%
Dubrovnik	588.700	1.444.450	245%
Graz	450.299	701.423	156%
Hamburg	4.699.002	7.619.233	162%
Ljubljana	393.010	1.127.710	287%
Madrid	7.871.880	9.858.930	125%
Munich	5.572.955	8.750.922	157%
Prague	4.743.373	8.029.110	169%
Salzburg (city)	1.215.096	1.909.970	157%
San Sebastian	471.088	740.465	157%
Split	218.458	928.534	425%
Tallinn	1.289.372	1.775.678	138%
Valencia	1.799.399	2.182.132	121%
Vienna	5.326.772	8.565.170	161%
Zagreb	602.219	1.454.635	242%

¹ 2018, ² 2017; source tourmis.info

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Table 2: A summary of hypothesised relationships between overtourism and employment

Employment Effect According to Standard Economic Theory of the Labour Market	Hypothesised Employment Effect in Contrast to Standard Economic Theory	Empirical support for hypothesised findings in academic literature (‘Data difficulties’ mean that reliable panel data are largely unavailable, forcing reliance on single destination case studies aggregated across cases – see also conclusion).
Increased demand for tourism labour pushes wages up	Nominal wages are sticky and may not move at the same rate as increase in demand, may not move at all, or in fact move in the opposite direction. Labour immigration can put downward pressure on wages.	Following the rapid growth of tourist numbers in Malta in the past 20 years, gross operating profit and profit margins per room were increased by an influx of foreign workers who have dampened increases in wages (Attard, 2019). Castellanos and Pedreño (2006) describe the situation of ‘new workers of leisure’ during the flourishing boom of the tourism industry of 2000 in the Iberian Peninsula. Some years later, the outsourcing of hotel chambermaids during the financial crisis in 2008 and the Royal Decree-Law 3/2012 of 10th February 2012 reformed intensively the labour market which had huge consequences in labour conditions, health problems and reduction of the wage especially in the tourism industry (Cañada, 2016, 2018). See also Krings (2009), McIlwane (2006), Dustman et al. (2017) in the text.
Increased demand for tourism labour leads to higher levels of employment	Overall levels of employment increase but the growth in employment may disproportionately fall on migrants and those on non-standard contracts (e.g. zero-hours). The result is a ‘tiered’ labour market with greater socio-economic inequalities a consequence.	In Copenhagen, a rapid rise in the number of tourists initially outstripped supply of guides. However, instead of improving the lot of the guides, this growth paved the way for masses of migrant tourism workers to find work as informal so-called “guide-lights”, who receive a minimal training and work far below the tariffs of the certified guides, thereby also adding downward pressure on traditional guides’ wages (Widtfeldt Meged, 2020; in press). Adler and Adler’s (2004) study of resort workers in Hawaii is the classic example of workforce segmentation.

<p>Productivity gains where tourism workers do more in a given time period (increased work intensity), which should result in increased wages.</p>	<p>Productivity gains do not per force result in wage increases; or wages do not increase in proportion to productivity gains.</p>	<p>In advanced economies the decoupling of productivity growth from wage growth for those on low and moderate incomes is now firmly established (Bivens & Mishel, 2015; Picketty, 2014; Schwellnus, Kappeler, & Pionnier, 2017). Moreover, unpaid overtime (i.e. which increases productivity if the measure is output per day) has a firm foundation in society, generally (Finnigan, 2015; TUC, 2019) and also specifically in tourism (Hawkins, 2019; Pigden, 2016; Robinson & Brenner, 2020). Here too migrants' willingness to work harder than the local population despite low wages can add to a tiered labour market as argued in McIlwaine et al. (2006) with reference to migrant workers in hospitality in London. See also previous point re a tiered labour market.</p>
<p>Productivity gains where tourism workers do more in a given time period (increased work intensity), which should result in increased wages which may serve to offset additional stress caused by demanding nature of work.</p>	<p>Increase in working hours and pressure (see also previous point re increased work intensity) can lead to stress and work life imbalance. Short term fluctuations in demand can result in the increased use of workers on zero-hours contracts.</p>	<p>It has long been acknowledged that many tourism workers need to work long and unsociable hours (Go, Monachello, & Baum, 1996; Riley, 1996), that the work can be physically and emotionally demanding (Bolton & Boyd, 2003; Burns, 1997; Chappel, 2002). Increased work demands can exacerbate these conditions further, leading to stress at an individual level. This individual-level stress has further implications for families/significant others and also beyond this into the community. Stress can be further compounded by financial worries brought about by the insecurity offered by zero-hours contracts.</p>
<p>Increased use of private accommodation to serve tourists (e.g. Airbnb) suggests additional source of income for residents</p>	<p>Decline in real wages as the price of accommodation goes up</p>	<p>Multiple articles find a relation between a rise in house prices in areas where Airbnb is present (e.g. Barron, Kung, & Proserpio, 2018; Lee, 2016; Lima, 2019). Of particular reference is the work by Wachsmuth and Weisler (2018) who point to a rent gap caused by Airbnb that can drive gentrification and displacement of economically poorer people. As per the above this can lead to individual-level stress with implications for families and the social fabric of the community.</p>