

THE MICROECONOMIC CORRELATES OF EMPLOYMENT IN GREEK HOTELS

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ABSTRACT

The purpose of this study is to estimate the intensity of employment in the Greek hotel industry, to determine how the availability of different facilities within each hotel affects the number of employees and to examine how each firm adjusts its number of employees due to exogenous changes in demand and prices.

A survey was designed by the Research Institute for Tourism in cooperation with the Hellenic Chamber of Hotels (RIT/HCH survey). The owners and general managers of all Greek hotels were contacted by email or fax and were asked to return their completed surveys in two weeks. After the two-week deadline, a follow-up email reminder, phone call or fax was dispatched. The survey was carried out between September 2008 and October 2010 to include the majority of hotels. The questionnaire asked for data from two months (May and August) on the firms' number of employees, occupancy rates and average room rates from 2008 to 2010. Additionally, the Hellenic Chamber of Hotels was a very useful reference, particularly for information regarding star ratings, size (number of rooms), capacity (number of beds) and hotel facilities.

For 2008, 2,585 completed questionnaires were received; thus, 27.5% of all Greek hotels responded. The sample was almost perfectly stratified by region and by hotel class. Overall for 2009 and 2010, the survey achieved a response rate of only 8% (739 hotels). For the estimates based on the survey data to be representative of the overall population and not just the sample itself, we had to weight the sample based on the number of rooms and the proportion of each class in each region.

A generalized linear mixed model (GLMM) was used to model the response variable. We analyzed the data using R's lme4 package. The empirical results indicate that the guest capacity and the quality of the services that a hotel firm offers are the main factors that contribute to employment. Expanding hotel guest capacity may not be an effective long-term approach to employment growth due to the environmental effects of the tourism industry. Upgrading the quality of existing hotels can increase the number of employees, even if new buildings are not constructed. Furthermore, in response to the positive effect of the elasticity of room pricing on employment, the government should encourage better pricing policies rather than price decreases as the only means for the Greek hotel industry to regain its competitiveness. In other words, the government should redirect its investment incentives toward the desired goals.

Keywords: Employment, tourism industry, Greek economy

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