



26<sup>th</sup> EBES CONFERENCE - PRAGUE

# A GENDER PERSPECTIVE OF THE RETURNS ON TALENT IN THE HOSPITALITY INDUSTRY

Ph.D. José Luis Sánchez-Ollero

Ph.D. Alejandro García-Pozo

*University of Malaga*

(Spain)



UNIVERSIDAD  
DE MÁLAGA

| [uma.es](http://uma.es)

- In 2008, Hughes & Rog highlighted that “Talent Management” concept had become in a “it word”, when realising that googling this term delivered 5.75 million results.
- A decade later, if the same search is done, the figure has dramatically risen delivering about 406 million hits in October 2018.
- Google Scholar delivers about 1.63 million references on the same date.
- Those spectacular figures reveal the huge popularity of the term but, at the same time, betrays the lack of conceptual precision since it is used to define completely different realities, particularly in some sectors, as is the Hospitality & Tourism.
- This sector is highly labour-intensive and firms profits are strongly determined by the recruitment of the human capital. In a context of economic activity characterised by seasonality, the availability of trained staff for the jobs they perform is decisive for production efficiency. Due to that, attraction, training and retaining of talent are part of the strategic planning of the modern tourist firm as a strategic tool in the achievement of the long-term objectives.

- On a gender perspective, Baum (2013) points out that women participate an average of 55.5% in the global workforce of the tourism industry but, however, they are over represented in lower remuneration and specialisation jobs, particularly in jobs such as customer service and internal management, and quite specially in subordinate services as cleaning service and maids.
- According to Grant Thornton's study, "Women in Business" (2017), only 25% of women have a leadership position.
- In terms of salary, the gender wage gap in the hospitality industry has been demonstrated by several authors.
- What is the role of talent management and the gender of the human capital that works in executive or management positions, in terms of generating value and obtaining a salary in the tourism company, is the goal of this work.



## Goals

### MAIN

Analyze the gender pay gap in the hospitality sector in Spain based on data from 2006 to 2014

### SPECÍFICS

1. Measure the wage difference between men and women in the hospitality sector
2. Calculate the relative contribution of the discriminatory component in the gender pay gap
3. Assess the evolution of the estimates of the salary difference and the discriminatory component in the period 2006-2014

- The proposed model in this work, based on the human capital theory, is underlain by Mincer's model (1974), introducing in its wage equation not only factors which are directly related to human capital (education, experience and seniority), but also other elements that may condition the wages of the employees. Specifically, the model to be estimated will be:

$$\text{Log}(wrd) = \beta_0 + \beta_1 \text{Education} + \beta_2 \text{Experience} + \beta_3 \text{Tenure} + \beta_i O_i + \varepsilon \quad (1)$$

- Where dependent variable **wrd** represents the hourly gross deflated wage in euros of 2010. Together with human capital variables,  $O_i$ , represents the set of variables that cover other personal and job characteristics. Being  $\varepsilon$  the random

- Otherwise, to estimate the relative impact of personal and job factors on the gender wage gap calculated for each year between men and women hired in the defined professional category, broken down into one part representing different productivity and another representing different returns, and which is usually interpreted in literature as discrimination. On this second task, we reproduce Oaxaca and Ransom (1994), break down total gender wage gap as:

$$\ln(\bar{w}_m) - \ln(\bar{w}_f) = (\bar{x}'_m - \bar{x}'_f)\beta^* + [\bar{x}'_m(\hat{\beta}_m - \beta^*) - \bar{x}'_f(\hat{\beta}_f - \beta^*)] \quad (2)$$

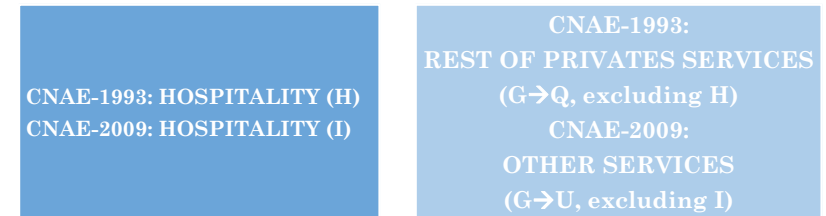
- Where  $\ln(\bar{w}_m)$  and  $\ln(\bar{w}_f)$  are the geometric mean of the logarithm of the hourly gross deflated wage for men and women, respectively;  $\bar{x}'_m$  and  $\bar{x}'_f$  are vectors which contain the geometric means of the observed characteristics for each gender; and  $\hat{\beta}_m$  and  $\hat{\beta}_f$  are estimated coefficients vectors for men and women obtained from the equation (1).  $\beta^*$  is the coefficients vector of the wages structure that prevails in the absence of discrimination.



**WAGES STRUCTURE SURVEY**  
**2006, 2010 & 2014**

- Four-year periodicity
- European Union Statistical Methodology
- Individual questionnaires
- National Classification of Economic Activities (CNAE-2009) & National Classification of Occupations (CNO-2011)
- Micro-data in this paper shows information of 2240 employees, of which 1086 are women and 1154 are men

Groups of activities



*Observations in total for Hospitality and rest of Privates Services in the WSS 2006, 2010 & 2014*

WSS YEARS	HOSPITALITY	REST OF PRIVATE SERVICES
<b>WSS-2006</b>	12194	108917
<b>WSS-2010</b>	6059	108498
<b>WSS-2014</b>	5902	104793

Source: Own data

1. During the economic crisis, it has been detected a proportional increase in jobs which involve management responsibilities, what suggests that enterprises have opted for retaining skilled staff. However, such increase presents differences between genders:

- on the one hand, the increase in management positions favours men against women but,
- on the other hand, indefinite hiring of women in those positions has developed quite positively, getting closer to men's average figures;

Likewise, in a context of important reductions in the real wages of employees, this wage reduction has been three times less among women compared to men's one. According to our data, this positive evolution keeps a direct relation with the training effort done by women during this period in order to have a better suitability of their professional profiles to the jobs they perform. The recognition of this effort by the firm they work for is shown as indefinite hiring and less wage gap, what seems to reinforce our conclusion that tourist firms have opted for recognising and retaining talent.



2. Secondly, despite Spanish labour reform in 2012, which aimed to boost firm labour agreements instead of sectorial agreements does not seem to have influenced significantly on the sector, ever more when there is a wage premium for those workers who are covered by a sectorial agreement compared to others -such wage premium is almost equal to both genders.
  - This fact, apart from the salary issue, reveals the importance of sectorial agreements in Hospitality, in which trade unions power is greater. Union bargaining, in a social context strongly opposed to gender discrimination, as well as the significant improvement of some variables related to the Human Capital, seems to be the one which triggered the dramatic reduction of gender wage discrimination which, even existing and being higher than in other Spanish economy sectors, has been halved in less than a decade, despite the context of severe economic crisis.
  - This reduction of the differential results specially significant in the case of more qualified female employees and those who are in a position of responsibility.

3. Nevertheless, in third place, it should be highlighted that the greater part of the wage gap detected between women and men in positions of responsibility is caused by gender discrimination. The fact that a part of those jobs are senior management contracts, which are not affected by collective agreements and which are negotiated directly between the employee and the firm, could be behind this fact, what reveals there is still a long way to go on gender equality.

All in all, considering the results, it can be deduced a growing increase in the commitment of the hospitality firms (at least, Spanish ones) for a better talent management of their human capital since employees (specially women) seem to have assumed that training is the best way to retain their jobs and develop their careers.