The Socio-Institutional Determinants of low-wage work in the Tourism Industry: Insights from Case Studies in Italy

Francesco E. Iannuzzi

Ca' Foscari University of Venice

The tourist economy

- Since the 1980s, a main driver of global economic growth and **job creation**
- 2008–2018: average annual tourism growth (6%) nearly doubled global economic growth (3.7%) (UNWTO 2019)
- Pandemic impact: -72% in international tourist flows in 2020
- Strong recovery: by mid-2023, tourism had reached 84% of pre-pandemic levels (UNWTO 2023)
- Promoted as a panacea for **economic growth** in both fragile and advanced economies
- Framed as a tool to reduce **income disparities**, combat **poverty**, and address labour market **inequalities**

Tourism employment regime

- However, tourism jobs are largely concentrated in the **secondary segments of the labour market** (Díaz-Carrion 2020; Appelbaum & Schmitt 2009)
- Characterised by:
  - ✓ Low-quality, low-wage jobs
  - ✓ Poor career prospects and challenging working conditions
  - ✓ Gendered and racialised inequalities
  - ✓ High informality, short-term contracts, and high turnover
- In the EU-27, 63% of tourism workers are low-paid (Eurofound 2024)
- In Italy, 2/3 of hotel and restaurant workers are at risk of in-work poverty (Ministry of Labour 2022)
- Even in countries characterized by strong institutionalised labour market regulation, working conditions in tourism remain precarious

Conventional explanations: naturalizing cheap labour

- Dominant accounts tend to favour **monocausal explanations**, which naturally link the employment regime of tourism to the economic and organisational characteristics of the sector.
- Tourism is thus portrayed as **'naturally poor, contingent, casual and disorganised'** (Gray 2004; Watt 2008)
  - ✓ Low wages and precarious employment are explained through:
  - ✓ Seasonality, seen as the core regulatory mechanism of tourism labour markets (Lucas & Mansfield 2008)
  - ✓ Resistance to innovation, low capital investment, and the 'small-scale syndrome'
  - ✓ These factors are said to produce poor productivity and hence 'naturally' low wages
- For firms, seasonality means longer amortisation of investments;
- For workers, it is “a fundamental cause of cyclical unemployment”

The fallacies (the political economy of tourism)

- **Industrial transformation**: The sector has moved beyond disorganisation, increasingly shaped by global production networks, financialisation, capital concentration, and technological change *(Wijburg et al. 2023; Bianchi & De Man 2021)*
- **Employment dynamics**: Tourism jobs have shifted from being fallback options to stable and rapidly growing segments of global employment
- **Power asymmetries**: Little attention is paid to the unequal distribution of value between capital and labour
- *Italy*: Since 2012, prices in accommodation and catering rose by 60%, while wages remained stagnant *(Istat 2024)*
- **Limits of monocausal explanations**: Analyses often ignore the complex interplay of social, historical, geographical, institutional and organisational factors **underlying cheap labour**

Alternative explanations (critical geography)

- Working conditions and low wages in tourism are **not naturally poor**, but result from **weak institutional regulation of labour** *(Gray 2004; Watt 2009).*
- **Weak institutional regulation:** Often linked to the **limited capacity of trade unions** to *(Papadopoulos & Lyddon 2020; Wood 2020; Ford 2023)*.
- This has led scholars to describe tourism as the **'Bermuda Triangle' of industrial relations**.
- However, **institutional regulation varies locally**, shaped by the specific political, economic, cultural and organisational characteristics of each (local) labour market *(Gray 2004; Peck 1996)*.
- **Trade union presence** can improve workers' outcomes - wages, job stability, welfare access, and social recognition - as shown in empirical cases from **Las Vegas** *(Gray 2004)*, **Toronto** *(Watt 2009)*, **Venice** *(Iannuzzi 2021)*, and **post-crisis Greece** *(Papadopoulos & Lyddon 2020)*.
- However, **unionisation alone is not sufficient** *(Ford 2023)*: The positive effects come from a mix of union efforts and different political, social, economic, and welfare resources available at the local level.

Methods and case studies

RQ: Whether, and in what ways, the socio-institutional determinants of low-wage work vary across local tourism contexts?

This research draws on two qualitative studies conducted in the tourism and hospitality sector in **Venice** and **Rimini** (Italy).

- The **Venice study** (2015 and 2018) is based on **57 semi-structured interviews** and focuses on **labour fragmentation** and its role in reproducing inequalities
- The **Rimini study** includes two waves: the first in **2015**, as part of a project on **severe forms of labour exploitation**, and the second in **spring 2022**, focused on **seasonal work**, with a total of **21 semi-structured interviews**.
- By comparing these contexts, the study highlights how **local factors intersect with broader structural forces**, producing **divergent labour dynamics** within the tourism industry.

Rimini

- Rimini is one of Italy's main **seaside tourist destinations**. In 2024, the area hosted around 4 million tourists
- The city offers **1,101 hotels** and 415 non-hotel accommodation facilities, totalling approximately 75,000 beds. Most hotels **are small to medium-sized**, averaging 33 rooms and 64 beds per establishment.
- The hospitality offer **is mid- to low-range**, with 606 three-star hotels, 310 one- or two-star, 110 tourist residences, 69 four-star, and only two five-star hotels.
- **Tourism is highly seasonal**: over 60% of tourists arrive between June and September, and 73% of hotels operate only during the summer season (from late May to late September).
- The **workforce** is mainly composed of women (59%) and young people, with 38% of workers are migrants.
- The sector is still dominated by **family-run businesses and small enterprises**, with few multinational hotel chains.
- Employment is marked by poor **job quality**, **temporary and seasonal contracts**, and widespread **irregularities in working conditions**, social insurance, and wage payments.

There is not only excessive exploitation of labour and undeclared work, but an overall trend towards the impoverishment of work. There are many irregularities: working hours, undeclared work, under-the-table payments, etc. (Trade union official)

Whereas there used to be a sort of implicit agreement between workers and companies, whereby workers were guaranteed a few months' work a year with attractive wages, with the deregulation that has spread throughout the sector and the abundance of undeclared and informal work, there has been a collapse in wages, to the point where they are now below the ordinary level. (Trade union official)

Variation in local tourism employment regime

The sector has undergone significant changes in recent years, driven by shifts in seasonality, contractual arrangements, and employment protection:

- The high season has become shorter and more concentrated in the summer months, while the **average length of stay** has dropped from **5.2 to 4.3 days**, increasing the demand for **labour flexibility**.
- More **stable contracts** (e.g., fixed-term or seasonal) have been progressively replaced by **precarious arrangements**, including the expansion of **on-call jobs** and **voucher-based casual work**.
- Since 2016, the new Italian unemployment benefit scheme (**NASpI**) no longer accommodates the specific nature of seasonal work in tourism, having abolished the previous form of **seasonal unemployment benefit** and reduced both access and duration of support.
- The characteristics of employment and its temporary nature lead to high turnover and inhibit unionization.
- **Collective disputes** are rare, while individual post-contract disputes are more common.

There is a right of priority for hiring those who have already done seasonal work, but no one exercises it because almost no one accepts those conditions again, even in the hope of finding something better. We often advise people not to resign, to stay with the company and try to fight for better conditions. This is very difficult to achieve. Continuity could improve many things, such as promotion, career advancement and structural power in the workplace. Otherwise, you always start from scratch' (grassroots trade unionist).

In 2015/2016/2017, there was an explosion of ‘vouchers’, especially in this area but also in many other tourist areas. Between 2015 and 2016, 3.5 million vouchers were issued in the Rimini area. If today there are no longer people who want to devote their professional lives to tourism, it is because these dynamics have been established for years, totally ignored by public debate. People have moved away from the sector. There is no longer seasonal unemployment, so as soon as the season ends, I have to look around. (Trade union official)

NASPI [the Italian unemployment benefit] has been a disaster. Seasonal work is becoming less and less attractive, not only because of irregularities and undeclared or semi-legal work, low wages and intensified production rhythms. After the 2015 reform, unemployment benefits are half the number of days worked, at 75% of wages, which decrease by 3% each month. I work four months and receive unemployment benefits for two months. And it is generally a very low amount, partly because formal wages are very low. (Grassroots trade unionist)

Venice

- Venice hosts over 25 million tourists per year, with approximately **5.5 million overnight stays**. The accommodation system includes 9,000 tourist apartments and **419 hotels**.
- The hotel infrastructure is **predominantly medium to upper-class**, with 4- and 5-star hotels accounting for 61% of total bed capacity.
- The sector employs around **5,000 workers**, of whom 28% are migrants and 46% are women—with peaks of up to 88% in specific job roles.
- Recent years have seen a notable increase in the presence of **international hotel chains**.
- Unlike many other tourist destinations, **seasonality fluctuations in Venice are relatively moderate**. The high season spans approximately seven months (from March to October), and there is a continuous tourist flow even during the low season.
- This extended season contributes to greater job stability and helps mitigate the negative effects of the NASpI unemployment benefit system.

In Venice, we have the phenomenon of ‘seasoned’ seasonal workers. This means that we have many workers who, in the worst case scenario, never work less than seven months a year; if they are lucky, they only take the mandatory one-month break. And, of course, the periods of non-work are covered by unemployment benefits. These are workers who have usually worked many seasons and are of a fairly high average age. So, I can confirm that there is stability in the sector. (Trade union official)

Here in the city of Venice, we have a very strong presence of Italian workers, perhaps not all Venetians, and mainly middle-aged men. This means that these workers still find these jobs convenient, and if they find them convenient, it is because this work here has not been devalued. (Trade union official)

Trade union membership and dynamic

- In Venice, **seasonal workers show high unionisation rates** and often play an active role within trade unions.
- According to trade unionists, there are **no major issues** concerning trade union rights in the local tourism sector. This situation is attributed to several interrelated factors:
- **Historical and social heritage**: A strong local trade union culture, rooted in past industrial conflicts—including those involving seasonal workers—has contributed to sustained collective engagement.
- **Active role of trade unions**: Unions are central to the institutional regulation of seasonal employment.
- **Low turnover rates**: These support long-term relationships between workers and employers, even in the case of seasonal staff.
- **Reputational risk for hotels**: The potential image damage caused by industrial disputes strengthens trade unions' position in collective bargaining.

There is no problem with trade union culture in Venice. As I said before, Venice has always had a strong trade union presence. Of course, things have changed now and the difficulties are considerable. But compared to other areas, even nearby ones, it is better, much better [...] We have made supplementary agreements in several major hotels. The others benefit from the provincial agreement, which has expired but is still in effect. Then we have some difficulties with small hotels, even though we have relations with employers‘ associations and are able to do something there too.... Trade union official.

On seasonal work, even now that it has been transformed, we are very, very vigilant, not only because this is historically the case, but because it is precisely there that certain irregularities can arise [...]... some companies prefer to be taken to court, pay what they have to pay but get rid of their workers because the new contracts that are drawn up are obviously worse. If we manage to play a role in Venice, it is only because they are terrified of damaging their image'. Trade unionist

Shortly before my arrival, the workers had managed to secure an agreement with management. How did they do it? They found out that a very important celebrity was going to stay there, so they took advantage of this by blackmailing management: ‘Either you give us what we want, or we will strike for the entire duration of this person's stay’. And of course, management gave in. Former hotel manager

Conclusion

- Jobs in the tourism sector are widely recognised as precarious and low-paid.
- However, the cases of Rimini and Venice illustrate how the heterogeneity of the industry and its embeddedness in **distinct local contexts** generate significant variations in working conditions and social protection.
- Despite sharing the same national regulatory framework, the two areas exhibit markedly **different employment structures, welfare access, and industrial relations dynamics**.
- Ultimately, the quality, status, and recognition of tourism jobs are determined by how labour markets are regulated and segmented—**both institutionally and socially**—at the local level.
- **NEXT STEPS**
- The hypothesis of institutional regulation and its local variability is useful to challenge the idea that tourism work is ***naturally poor*.** However, beyond local exceptions, it does not explain the **historical and geographical persistence of low-wage work**
- Core hypothesis: Tourism work is **not naturally poor**, but rather **socially constructed as poor** through enduring processes of labour devaluation relying on **multiple, interconnected determinants**: