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Engineering
in Industry 4.0**

BOOK OF ABSTRACTS

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**“13th International Conference on
Industrial Engineering and
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Externalities of the Sharing Economy: effect on employment of holiday accommodation platforms. The case of Madrid.

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Abstract: The rise of the Sharing Economy has made easier to match the high demand for holiday accommodation with the offer of private apartments. However, accommodation platforms such as Airbnb are not exempt from creating negative externalities. In this research, authors focus on the effect on employment. New work relations arise from platforms, both as particular or professional activities. Employment level in the tourism sector, especially low-skilled, is affected by the substitution of regulated offer for app-driven services. Demand of instant and easy access influences an increasing trend towards flexibilization of the labor market and the rise of self-work..

Keywords: Sharing Economy; Airbnb; externalities; side-effects; employment.

1 Introduction

As intermediary platforms earn market share rapidly, growing ten times faster than traditional companies, they affect existing companies, labour markets and prices of rental apartments. Tourism is one of the sectors strongly affected by platform activity and their externalities. Platform effects on labour market are twofold. On the one hand, they may ensure new jobs due to the increase of consumption. But on the other hand, they may rise flexibility demand of labour and deteriorate working conditions.

2 Objectives

Anchoring on the study of Fan, Ye, and Law (2016), which poses that Airbnb is taking over the role of low-end hotels, this research aims at: (i) exploring the labour relations flourished on the sector under the influence of platforms, (ii)

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evaluating the immediate and middle-term effects on the traditional sector and (iii) applying the research and conclusions to the Spanish scene.

3 Methods

For this exploratory research, a case study was conducted, taking the city of Madrid as a framework. First, secondary data was chosen, benchmarking with other European cities, such as Amsterdam, Barcelona or London. Then, in-depth interviews were conducted to two different profiles of experts: a professional manager of tourist accommodation apartments and an individual who manages his own property. These two sources were used simultaneously, using cross-validation.

4 Results

The results show that Madrid has the highest presence of commercial offer of the cities compared in our research, along with Barcelona, according to the classification proposed by Gil and Sequera (2018). Interviews show that the increase of professional providers, along with the growth of platforms, ensure new ways of income for particulars, and new career profiles for high educated professionals in a more flexible labour market. In the period 2010-2017, the city experienced nearly 28% increase overnight stays. High-end rooms offer increased up to 18%, not followed by low-end, which experienced a growth 4,5 times lower. Both categories show an overall decrease of employment in the same period.

5 Conclusion

The demand for holiday accommodation through platforms has had a call effect on investors and companies, shifting towards a professionalized management. The higher presence of commercial offer in Madrid increase the effects of displacement, touristification and challenges the traditional sector. Platforms represent an alternative to both customers and providers on finding either a cheaper alternative or a new way of income. These new profiles of professionals of holiday accommodation do not meet the legal criteria and represent a challenge to regulation and established sectors.

The low-end category does not show a significant growth as that of overnight stays, showing an absorption of demand by Airbnb. The substitution of low-end could represent the loss of between 24 and 27% of the jobs on holiday accommodation.

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