

## **Challenges of the hotel and restaurant industry: productivity and seasonality**

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### **Abstract**

Productivity in the hotel and restaurant industry is significantly lower than in all the other sectors of the economy. Main reasons are that typical tourism industries have a limited potential to increase labour productivity through technical progress as well as they are also exposed to seasonal influences. The analysis is based on the assumption that productivity is mostly driven by physical and human capital, innovation and the competitive environment. The study showed, for Austrian data, that the productivity drivers "competitive environment" and "physical capital" (firm size) have the biggest impact on productivity levels. For those reasons economic policy measures that facilitate size-oriented investments and assure a high level of competition (e.g. by lowering barriers of entry and exit) are important activities to increase productivity. The productivity drivers "human capital" and "innovation" are followers of the two main drivers and give an additional boost to productivity development.

**Keywords:** labour productivity, productivity measurement, firm size, competitive environment, human capital, innovation.