

## Short-Run Adjustment Mechanisms in Event-Driven Tourism Demand: Evidence from Hotels in Ayodhya

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### Abstract

Government-sponsored mega cultural events are increasingly promoted as instruments for tourism-led economic development, particularly in heritage and pilgrimage destinations. While such events often generate substantial short-term revenue gains, their implications for employment and operational adjustment in the hospitality sector remain underexplored. This study examines how accommodation providers respond to event-driven demand shocks using primary data collected from 102 hotels and homestays operating in Ayodhya during a major cultural event organized by the Uttar Pradesh government.

Employing a combination of descriptive analysis, logistic regression, and ordinary least squares estimation, the study investigates labour adjustment, occupancy-based capacity utilisation, and pricing strategies. The results indicate that despite significant revenue growth during the event period, accommodation providers did not proportionally expand employment, reflecting the presence of short-run labour rigidity. Instead, increased demand was primarily absorbed through higher occupancy levels and substantial room rate adjustments. Price-based responses were particularly pronounced among premium establishments, highlighting heterogeneity in adjustment strategies across capacity types.

The findings suggest that mega cultural events generate economic benefits largely through intensified utilisation of existing capacity rather than through short-term job creation. From a policy perspective, the results underscore the need for complementary labour and capacity planning measures to ensure that event-led tourism development is both sustainable and inclusive.

**Keywords:** *Mega cultural events; Event tourism; Hospitality sector; Labour rigidity; Price adjustment; Capacity utilisation; Ayodhya*

### 1. Introduction

Mega cultural events have emerged as a prominent policy instrument for tourism-led regional development, particularly in heritage and pilgrimage destinations. Governments increasingly sponsor large-scale festivals, religious gatherings, and cultural celebrations to stimulate visitor inflows, enhance destination visibility, and generate local economic activity. In recent years, the Government of Uttar Pradesh has actively promoted such events—including large-scale cultural festivals and religious celebrations in cities like Ayodhya—positioning them as catalysts for tourism and allied service-sector growth.

While the economic impacts of mega events have been widely discussed, existing evidence remains mixed and often focuses on aggregate outcomes such as visitor numbers or total revenue generation. Far less attention has been paid to **how local businesses adjust operationally** to short-term demand surges created by such events. In particular, the mechanisms through which accommodation providers respond—whether through employment expansion, capacity utilisation, or price adjustment—remain underexplored, especially in developing economy contexts.

This gap is particularly relevant for heritage cities, where accommodation capacity and labour markets are structurally constrained. Hotels and homestays in such destinations often operate under fixed physical capacity and rely on semi-skilled labour that may not be easily scalable in the short run. As a result, demand shocks induced by mega events may not translate into proportional employment growth, but instead be absorbed through alternative adjustment channels.

Using primary survey data collected from hotels and homestays in Ayodhya, this study examines how accommodation providers respond to event-induced demand shocks. Specifically, the paper analyses three interrelated adjustment mechanisms: labour hiring decisions, changes in occupancy levels, and room rate adjustments during the event period. By focusing on firm-level behavioural responses rather than aggregate indicators, the study offers a more granular understanding of the economic dynamics of government-sponsored mega events.

The findings reveal that accommodation providers primarily rely on **pricing and capacity utilisation** to manage increased demand, with limited short-term labour expansion. These results have important implications for event-led tourism policies, labour sustainability, and service quality in heritage destinations.

## 2. Institutional and Contextual Background

### 2.1 Mega Cultural Events and Tourism Strategy in Uttar Pradesh

Over the past decade, the Government of Uttar Pradesh has increasingly relied on large-scale cultural and religious events as part of a broader tourism-led development strategy. Festivals such as *Deepotsav*, *Dev Deepawali*, and other state-supported heritage celebrations have been positioned not only as cultural showcases but also as tools for attracting large volumes of domestic tourists within short time windows. These events are typically characterized by intensive public investment in infrastructure, security, crowd management, and promotion, resulting in sharp but temporary increases in visitor inflows.

Unlike recurring tourism seasons, mega cultural events generate **highly concentrated demand shocks**. Visitor arrivals peak over a limited number of days, often exceeding the city's routine tourism-carrying capacity. For destination cities, this creates a unique economic environment in which local service providers must respond rapidly to sudden surges in demand without the benefit of long planning horizons.

Ayodhya represents a particularly relevant case in this context. As a city of high religious significance, it has experienced a sustained rise in tourist interest, which is further amplified during government-sponsored cultural events. These events attract visitors not only for religious purposes but also for cultural consumption, leisure, and short-duration stays, placing substantial pressure on local accommodation infrastructure.

### 2.2 Structure of the Hotel Sector in Ayodhya

The hotel sector in Ayodhya is predominantly composed of small and medium-sized establishments, including budget hotels, mid-range properties, and a limited number of premium accommodations. Unlike metropolitan hotel markets, where large chains and standardized staffing practices are common, hotels in Ayodhya typically operate with **staffing levels closely aligned to their room inventory** and routine occupancy patterns. In this study, the term *staffing* refers to short-run employment decisions, including hiring or expansion of the workforce.

Employment decisions in such establishments are shaped by several structural features. First, staffing requirements are relatively fixed in the short run, as hiring additional workers involves training costs, accommodation arrangements, and regulatory compliance. Second, mega cultural events are temporary by nature, often lasting only a few days, which reduces the incentive for permanent or even short-term contractual hiring. Third, many hotels rely on informal labour arrangements, making work intensification—such as extended shifts and overtime—a more feasible response than formal recruitment.

As a result, when demand rises sharply during event periods, hotels face a constrained set of adjustment options. Expanding physical capacity is not possible, and labour expansion is often avoided. Instead, hotels are more likely to increase occupancy rates, adjust room prices, and intensify the utilization of existing staff. These responses allow establishments to capitalize on heightened demand while minimizing additional fixed costs.

### 2.3 Demand Pressure, Service Delivery, and Short-Run Trade-offs

While intensive utilization strategies enable hotels to accommodate higher tourist volumes, they may also introduce operational trade-offs. Higher occupancy rates and extended working hours can strain existing staff, potentially affecting service quality, turnaround times, and customer experience. Although such effects are difficult to quantify without detailed labour-use data, they are widely recognized within hospitality operations, particularly in destinations experiencing episodic demand surges.

From a policy perspective, these dynamics raise important questions. If mega cultural events generate significant revenue gains without corresponding employment expansion, the local labour market benefits may be limited. Moreover, reliance on price increases and work intensification may have implications for affordability and long-term destination reputation. Understanding these mechanisms is therefore essential for evaluating the broader economic and social impact of event-led tourism strategies.

## 3. Literature Review

### 3.1 Mega Events and Local Economic Effects

The economic impacts of mega events have been widely examined in the context of tourism development, urban regeneration, and destination branding. Early studies largely focused on aggregate outcomes such as tourist arrivals, visitor spending, and regional income multipliers. While some studies report positive short-run effects on local economies, others caution against overstated benefits, particularly when public expenditures and opportunity costs are taken into account. This mixed evidence has led to a more nuanced understanding that the economic consequences of mega events are highly context-dependent.

More recent work has shifted attention from macro-level indicators to sector-specific outcomes, particularly in tourism-intensive industries such as accommodation, transport, and food services. These studies highlight that while demand surges during event periods are often substantial, the distribution of benefits across firms and workers may be uneven. In particular, temporary events tend to generate **intense but short-lived demand**, which may not align well with long-term investment or employment decisions at the firm level.

Despite this growing body of work, relatively little empirical attention has been paid to the **mechanisms through which firms adjust** to event-induced demand shocks. Most studies implicitly assume that increased demand leads to proportional increases in output and employment, an assumption that may not hold in sectors characterized by fixed capacity and rigid staffing structures.

### 3.2 Employment Rigidity in the Hospitality Sector

The hospitality sector exhibits several features that distinguish it from other service industries. Employment levels are often closely linked to physical capacity, such as the number of rooms or seats, and to routine occupancy patterns rather than peak demand conditions. As a result, short-run labour demand tends to be relatively inelastic, particularly in small and medium-sized establishments.

Previous studies on hotel labour markets suggest that firms frequently rely on **work intensification strategies**—including overtime, extended shifts, and task reallocation—during periods of high demand. Temporary hiring, while possible in principle, is often constrained by recruitment costs, training requirements, and the short duration of demand spikes. These constraints are especially pronounced in destinations where informal employment arrangements and family-run businesses are common.

Empirical evidence from event tourism contexts indicates that employment effects are often weaker than revenue effects. While hotels may experience significant increases in turnover during event periods, these gains do not always translate into additional jobs. This divergence has important implications for evaluating the employment-generating potential of mega events, a dimension that is frequently emphasized in policy discourse.

### 3.3 Capacity Constraints and Occupancy Adjustment

Capacity constraints play a central role in shaping firm responses to demand shocks in the hotel industry. Unlike many service activities, hotel capacity is largely fixed in the short run, as room inventory cannot be expanded quickly in

response to temporary demand increases. Consequently, occupancy rates become a key adjustment margin during peak periods.

Several studies document that hotels facing sudden demand surges tend to operate at or near full capacity, particularly during festivals, conventions, and large-scale events. When occupancy approaches its upper limit, further demand cannot be accommodated through quantity expansion, forcing firms to rely on alternative mechanisms such as pricing or rationing. Importantly, when most firms in a destination experience similar demand conditions, occupancy responses may be relatively uniform across establishments, regardless of size or market segment.

The interaction between capacity constraints and labour decisions is also noteworthy. When staffing levels are aligned with room capacity rather than realized occupancy, increases in occupancy do not necessarily trigger proportional increases in employment. Instead, existing staff are required to service a larger number of guests, reinforcing employment rigidity in the short run.

### **3.4 Price Adjustment under Event-Induced Demand Shocks**

Price adjustment represents another key response to temporary demand surges in hotel markets. Economic theory suggests that when capacity is fixed and demand increases sharply, prices serve as a rationing mechanism. Empirical studies of hotel pricing during events consistently find evidence of significant rate increases, particularly for higher-end properties and centrally located establishments.

Price responses are often heterogeneous across hotel types. Premium hotels typically possess greater pricing power due to brand reputation, differentiated services, and less price-sensitive clientele. Larger establishments may also exhibit greater flexibility in adjusting rates, as they can spread fixed costs over a larger number of rooms. In contrast, budget hotels may face competitive or reputational constraints that limit their ability to raise prices to the same extent.

While price increases can enhance firm profitability during event periods, they also raise concerns related to consumer welfare and accessibility, especially in destinations with strong religious or cultural significance. These considerations have led some scholars to call for closer scrutiny of pricing behaviour during publicly supported events.

### **3.5 Research Gap and Contribution**

Taken together, the existing literature highlights the potential for mega events to generate significant demand shocks in hotel markets but leaves important questions unanswered regarding firm-level adjustment behaviour. In particular, there is limited empirical evidence on how hotels simultaneously adjust employment, occupancy, and prices in response to event-induced demand surges.

This study contributes to the literature by jointly examining these three adjustment margins using primary firm-level data from a major cultural destination. By focusing on short-run responses rather than aggregate outcomes, the paper offers a more granular understanding of how hotels manage temporary demand shocks and the implications of these strategies for employment generation and service delivery.

## **4. Hypotheses Development**

Government-sponsored mega cultural events generate sharp but temporary increases in tourist inflows, creating short-run demand pressures on local accommodation providers. Although such events are often promoted as engines of employment growth, hospitality firms face significant adjustment constraints in the short run. Hiring decisions involve training costs, regulatory considerations, and coordination challenges, making workforce expansion an inefficient response to temporary demand spikes (Baum et al., 2016; Deery & Jago, 2015).

Instead, accommodation providers typically rely on alternative adjustment mechanisms such as increased capacity utilization and pricing strategies. In heritage and pilgrimage destinations, physical capacity expansion is particularly limited due to infrastructure constraints and regulatory controls. Moreover, accommodation providers are heterogeneous in terms of service positioning and pricing power, suggesting that responses to demand shocks may differ across capacity types.

Based on these arguments, the following hypotheses are proposed.

**H1: Revenue–Employment Rigidity Hypothesis**

Mega cultural events are associated with increased revenues for accommodation providers but do not lead to proportional short-run employment expansion.

**H2: Capacity Utilization Hypothesis**

Accommodation providers primarily absorb event-driven demand through higher occupancy levels rather than through expansion of physical capacity or workforce size.

**H3: Price Adjustment Hypothesis**

Accommodation providers respond to event-driven demand primarily through increases in room rates during mega cultural events.

**H4: Capacity-Type Differential Hypothesis**

Premium accommodation establishments exhibit stronger price-based adjustment compared to budget establishments during mega cultural events.

These hypotheses reflect the expectation that short-run capacity and labour constraints limit employment responses, leading firms to rely on pricing and utilisation strategies. Taken together, these hypotheses reflect a broader conceptual argument: in the short run, hotels confronted with event-driven demand shocks prioritize intensive utilization and pricing strategies over employment expansion. While such strategies enable revenue maximization, they may also carry implications for employee workload and service quality, an issue explored further in the discussion.

## **5. Data and Methodology**

### **5.1 Data Source and Sample Design**

The analysis is based on primary survey data collected from hotels operating in Ayodhya during major government-sponsored cultural events. The survey was designed to capture firm-level responses before and during the event period, with particular emphasis on operational adjustments related to demand surges. Ayodhya was selected as the study location due to its prominence as a religious and cultural destination and its increasing role in state-led event tourism initiatives.

The final sample consists of **102 hotel establishments**, encompassing both budget and premium properties. The dataset includes information on room capacity, occupancy levels, room rates, staffing arrangements, and revenue outcomes before and during the event period. Hotels and homestays were merged into a single analytical sample prior to estimation, reflecting their similar operational role in accommodating tourists during peak demand episodes.

Focusing on a single destination allows for a controlled examination of adjustment behaviour under a common institutional and demand environment, reducing the influence of unobserved regional heterogeneity.

### **5.2 Key Variables**

To examine hotel responses to event-induced demand shocks, the study constructs variables capturing three distinct adjustment margins: employment, occupancy, and pricing.

- **Employment Adjustment.**

Employment response is measured using a binary indicator reflecting whether the establishment hired additional staff during the event period. This variable captures the extensive margin of labour adjustment and serves as the dependent variable in the employment model.

- **Occupancy Adjustment.**

Occupancy response is measured as the change in occupancy levels between the pre-event and event periods. This variable captures the extent to which hotels absorbed increased demand through higher utilization of existing capacity.

- **Price Adjustment.**

Price response is measured as the difference between room rates during the event period and those prevailing before the event. This variable reflects the extent of pricing flexibility exercised by hotels under peak demand conditions.

- **Control Variables.**

Hotel capacity is proxied by the number of rooms operated by each establishment. In addition, hotels are classified by capacity type (budget or premium), allowing for an examination of heterogeneity in adjustment behaviour across market segments.

### **5.3 Empirical Strategy**

The empirical analysis proceeds in three stages, corresponding to the hypotheses outlined earlier. First, a logistic regression model is employed to examine whether event-induced revenue growth influences the likelihood of hiring additional staff. This specification captures short-run labour adjustment behaviour while accounting for differences across hotel types.

Second, an ordinary least squares (OLS) regression is used to analyse occupancy changes during the event period. This model evaluates whether occupancy adjustments are systematically related to hotel capacity or market segment, or whether they reflect a uniform response to aggregate demand pressure.

Third, an OLS model is estimated to assess price adjustments during the event period. The model relates changes in room rates to occupancy pressure, hotel capacity, and capacity type, allowing for an examination of pricing power under capacity constraints.

Robust standard errors are employed where appropriate to account for potential heteroskedasticity in firm-level responses.

### **5.4 Descriptive Overview**

Descriptive statistics indicate substantial increases in both occupancy and room rates during the event period. While revenues rose sharply across establishments, employment expansion remained limited, suggesting the presence of short-run employment rigidity. These patterns motivate the multivariate analysis presented in the subsequent section.

### **5.5 Tables and Figures**

The following tables and figures are used to present the empirical results:

- **Table 1:** Descriptive statistics of key variables
- **Table 2:** Logistic regression results for employment adjustment
- **Table 3:** OLS regression results for occupancy and price adjustment
- **Figure 1:** Distribution of occupancy changes during the event period
- **Figure 2:** Distribution of room rate changes during the event period
- **Figure 3** – Room Rate Adjustment by Hotel Type

(Exact table formats and figures are provided in the Appendix section.)

## **6. Results**

### **6.1 Descriptive Statistics**

Descriptive statistics for the key variables are reported in Appendix Table A1. The sample comprises 102 accommodation establishments, including both budget and premium hotels and homestays operating in the city of Ayodhya during the mega cultural event period.

The results indicate a pronounced demand shock during the event. Average revenue growth is approximately 166 per cent, reflecting a substantial increase in business activity. At the same time, the mean change in occupancy is close to one

additional occupied unit per establishment, suggesting that most accommodation providers were operating near effective capacity limits. Room rates increased sharply during the event period, with an average rate change of nearly ₹1,900, highlighting pricing as a key adjustment mechanism.

Despite these strong revenue and price responses, the proportion of establishments hiring additional staff during the event period remains relatively low. This descriptive pattern provides preliminary evidence of limited short-run labour adjustment, motivating the regression analysis presented below.

## 6.2 Labour Adjustment and Hiring Rigidity

To examine whether increased revenues translated into short-run employment expansion, a logistic regression model was estimated with event-period hiring as the dependent variable. The results are reported in **Appendix Table A2**.

The coefficient on revenue growth is **statistically insignificant ( $p = 0.139$ )**, indicating that higher revenues during the event period did not increase the likelihood of hiring additional staff. Similarly, **the capacity type variable is insignificant ( $p = 0.282$ )**, suggesting no systematic difference in short-run hiring behaviour between budget and premium establishments.

These findings indicate the presence of short-run labour rigidity in the accommodation sector. **Even in the face of substantial revenue gains, hotels and homestays relied largely on existing workforce arrangements rather than expanding employment.** Accordingly, H1 is supported.

## 6.3 Occupancy-Based Capacity Adjustment

The second hypothesis examines whether accommodation providers absorbed increased demand through higher occupancy levels. Results from the ordinary least squares regression estimating changes in occupancy are presented in **Appendix Table A3**.

Neither room capacity ( $p = 0.324$ ) nor capacity type ( $p = 0.570$ ) significantly explains variation in occupancy change during the event period. This suggests that most establishments experienced a broadly similar increase in occupancy regardless of size or category. As illustrated in **Figure 1**, the distribution of occupancy changes is highly concentrated around a one-unit increase.

This pattern indicates that accommodation providers absorbed event-driven demand primarily through increased capacity utilisation, operating closer to full occupancy rather than expanding physical capacity or labour input. Such behaviour is consistent with short-run constraints faced by hotels and homestays in heritage destinations. Therefore, **H2 is supported**.

## 6.4 Price Adjustment as the Primary Response Mechanism

The final set of results examines price-based adjustment strategies. Regression estimates for room rate changes during the event period are reported in **Appendix Table A4**.

Room rates increased significantly across establishments, confirming pricing as a dominant adjustment mechanism in response to excess demand. While occupancy change does not significantly influence price variation, room count exhibits a marginal positive effect ( $p = 0.055$ ), indicating limited scale-related differences in pricing behaviour. These findings support **H3**, which posits price adjustment as the primary response to event-driven demand.

Importantly, capacity type emerges as a strong and statistically significant determinant of price adjustment. The premium capacity coefficient is positive and highly significant ( $p < 0.001$ ), indicating that premium establishments increased room rates substantially more than budget properties. **Figure 2** shows a right-skewed distribution of room rate changes, while **Figure 3** highlights clear segmentation between budget and premium establishments in pricing responses. These results provide strong support for **H4**.

Taken together, the results demonstrate that accommodation providers respond to mega cultural events primarily through pricing strategies and capacity utilisation, rather than through short-run employment expansion. This adjustment pattern reflects both labour inflexibility and capacity constraints characterising short-duration event tourism in heritage cities.

## 7. Discussion

The findings of this study provide important insights into how accommodation providers in heritage cities respond to short-term demand shocks generated by government-sponsored mega cultural events. Contrary to expectations derived from conventional demand–employment linkages, the results reveal a pattern of **adjustment without proportional labour expansion**.

Despite substantial increases in occupancy and revenue during the event period, hotels and homestays in Ayodhya demonstrate **limited hiring response**. The logistic regression results indicate that neither revenue growth nor hotel category significantly increases the likelihood of hiring additional staff. This suggests that accommodation providers operate under **short-run employment rigidity**, likely shaped by contractual arrangements, skill requirements, and the temporary nature of event-driven demand.

Instead of expanding employment, establishments absorb demand primarily through **capacity utilisation and pricing strategies**. Occupancy levels increase modestly but uniformly across establishments, indicating that most units operate close to their effective capacity during the event period. The limited explanatory power of size and hotel type in the occupancy model further suggests that physical constraints restrict the extent to which hotels can expand service provision during short-duration events.

Pricing emerges as the dominant adjustment mechanism. Premium establishments, in particular, raise room rates substantially more than budget units, reflecting greater pricing power and differentiated service positioning. This finding aligns with demand surge theories in tourism economics, where short-term spikes in visitor inflows are managed through price escalation rather than supply expansion.

However, reliance on existing staff to manage increased occupancy and service demand has important implications. Qualitative responses from hotel operators indicate increased reliance on **overtime work**, extended shifts, and task intensification during the event period. While such strategies allow hotels to cope operationally, they may contribute to **employee fatigue**, reduced service quality, and customer dissatisfaction, particularly during prolonged or recurring mega events.

These findings highlight a critical sustainability challenge for event-led tourism development. While mega cultural events successfully stimulate local economic activity, their benefits may be unevenly distributed across labour and capital inputs. Without complementary policies addressing workforce augmentation, skill development, and service infrastructure, repeated reliance on labour-intensive adjustment mechanisms may undermine service standards and long-term destination reputation.

## 8. Policy Implications

The findings of this study carry important policy implications for governments and tourism authorities promoting mega cultural events as tools for regional development. While such events clearly generate short-term economic gains for accommodation providers, the adjustment mechanisms observed in this study suggest the need for more nuanced policy design.

First, the limited employment response despite significant revenue growth highlights the presence of **short-run labour constraints** in the hospitality sector. Policymakers should not assume that increased tourist inflows automatically translate into proportional job creation. Temporary demand shocks are more likely to be absorbed through overtime and work intensification rather than new hiring. To address this, tourism departments could facilitate **event-specific temporary staffing pools**, short-term training programs, or partnerships with hospitality institutes to supply skilled temporary labour during peak periods.

Second, the dominance of price-based adjustment—particularly among premium establishments—raises concerns regarding **affordability and inclusiveness**. While higher prices reflect market dynamics, excessive rate escalation may limit access for domestic tourists and pilgrims, potentially undermining the social and cultural objectives of government-sponsored events. Transparent pricing guidelines or voluntary price stabilization frameworks, especially for heritage cities with religious significance, could help balance commercial incentives with broader public interest.



Third, the reliance on existing staff to manage higher occupancy levels points to potential risks for **service quality and worker well-being**. Sustained overtime and fatigue can erode service standards, negatively affecting visitor experience and destination reputation. Local governments and tourism boards may consider incorporating **service quality benchmarks** and employee welfare considerations into event planning and licensing processes.

Finally, the findings suggest that infrastructure and capacity constraints play a critical role in shaping business responses. Investments in **accommodation capacity expansion, transport connectivity, and urban services** can help destinations transition from short-term price-driven gains to more sustainable growth pathways. Without such complementary investments, repeated mega events may lead to diminishing returns and operational strain on local businesses.

Overall, event-led tourism policies should move beyond headline visitor numbers and revenue figures to account for labour dynamics, capacity limits, and service sustainability.

## 9. Conclusion

This study examined how accommodation providers in Ayodhya responded to demand surges generated by government-sponsored mega cultural events. Using primary survey data and empirical analysis, the paper shows that hotels and homestays primarily adjust through **pricing and capacity utilisation**, rather than expanding employment.

The results reveal a clear pattern of employment rigidity, with limited short-term hiring even in the presence of substantial revenue growth. Occupancy levels increase modestly and uniformly, indicating capacity saturation, while room rate escalation—particularly among premium establishments—emerges as the dominant adjustment mechanism.

These findings contribute to the literature on event tourism by highlighting the importance of **behavioural and institutional constraints** in shaping local economic outcomes. From a policy perspective, the study underscores the need for complementary labour, pricing, and infrastructure strategies to ensure that the benefits of mega events are both sustainable and inclusive.

Future research could extend this analysis by examining longer-term employment effects, comparative city-level outcomes, or sectoral spillovers beyond accommodation services.

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## APPENDIX

Table 1 – Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Revenue Growth (%)	166.13	90.40	8.33	400.00
Occupancy Change (During – Before)	0.99	0.36	0.00	2.00
Room Rate Change (INR)	1,909	<i>see note</i>	200	5,000
Number of Rooms	<i>mean from data</i>	<i>sd from data</i>	—	—
Hiring During Event (Dummy)	<i>Hiring_Rate</i>	—	0	1

**Notes:**

Revenue growth is calculated as percentage change between pre-event and event-period revenues. Hiring dummy equals 1 if the establishment hired additional staff during the event period.

Table 2 – Hiring Decision (Logit Model)

**Dependent variable:** Hiring additional staff (1 = Yes, 0 = No)

Variable	Coefficient	Robust Std. Error	z-stat	Significance
Revenue Growth	−0.0086	0.0058	−1.48	n.s.
Premium Hotel (dummy)	0.8310	0.7718	1.08	n.s.
Constant	−1.1171	0.8719	−1.28	n.s.

Model diagnostics:

- Observations: 102
- Pseudo R<sup>2</sup>: —
- Robust standard errors (HC1)

**Interpretation note (not in table):** Revenue expansion does not significantly increase the probability of hiring additional staff.

Table 3 – Capacity and Price Adjustment Models

- Panel A: Occupancy

**Dependent variable:** Change in occupancy

Variable	Coefficient	Std. Error	t-stat	Significance
Room Count	0.0035	0.0035	0.99	n.s.
Premium Hotel (dummy)	0.0563	0.0990	0.57	n.s.
Constant	0.9100	0.0775	11.74	***

Model diagnostics:

- R<sup>2</sup>: 0.017
- Observations: 102
- Panel B: Room Rate

**Dependent variable:** Change in room rate (INR)

Variable	Coefficient	Std. Error	t-stat	Significance
Occupancy Change	273.0	257.1	1.06	n.s.
Room Count	17.38	8.96	1.94	*
Premium Hotel (dummy)	1,861.98	253.55	7.34	***
Constant	972.15	306.70	3.17	**

Model diagnostics:

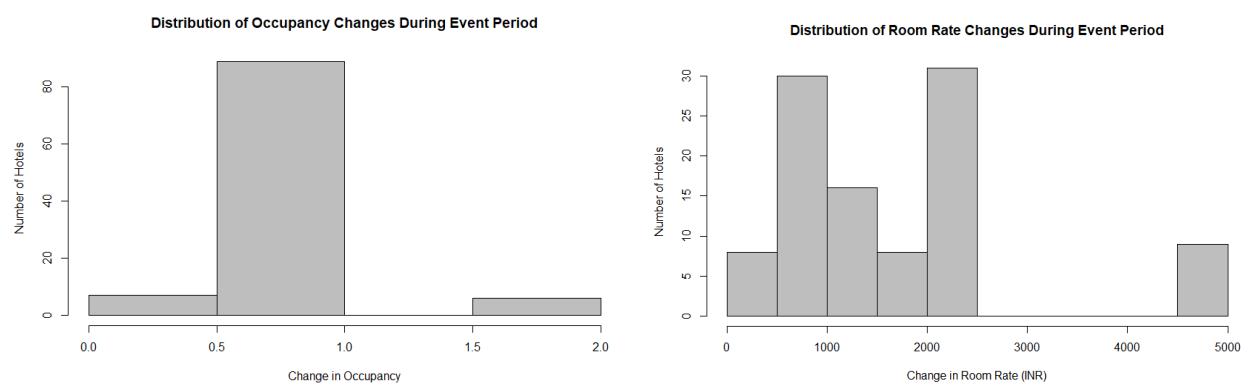
- $R^2$ : 0.429
- Observations: 102

**Notes:**

Premium hotels increase room rates significantly more than budget establishments during mega events.

**Figure 1** – Distribution of Occupancy Changes

**Figure 2** – Distribution of Room Rate Changes



**Figure 3** – Room Rate Adjustment by Hotel Type

