

WORKATION – ADAPTING HOTEL INFRASTRUCTURE IN AUSTRIA TO THE REQUIREMENTS OF TELECOMMUTING AND REMOTE WORKING

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Abstract: *The COVID-19 pandemic has made remote working mainstream and led to widespread acceptance among employers. In this context, the concept of workation – the combination of work and leisure – has gained increasing significance. Particularly highly educated, younger target groups show a strong affinity for this new form of travel. Digital nomads, who live and work independently in foreign countries for a certain period of time, are also shaping this trend. These trends necessitate the development of suitable holiday offers and the provision of efficient infrastructure. The aim of this paper is to systematically outline the legal framework for workation within the European Union based on an extensive literature review and to derive practical recommendations for Austrian hotel operators. In addition to data protection considerations, it is essential to comply with labour law provisions, as well as social security and tax regulations. The path to becoming a workation-friendly hotel is complex – yet the high potential for price premiums within this new target group and the potential benefits for entire tourism regions make investments in this market segment economically attractive.*

Keywords: *workation; remote working; home office; hotel infrastructure; digital nomads*

INTRODUCTION

The increasing blurring of boundaries between work and leisure has created new demands for tourism offerings in recent years. As part of this development, the concept of workation – the combination of work stays and vacation – is gaining significance. However, with the transition to workation, it is no longer just about stable Wi-Fi and flexible check-in times. Instead, hotel businesses in Austria are faced with the task of strategically adapting their infrastructure to meet the needs of a growing target group of location-independent working guests. This includes investments in digital equipment as well as new room concepts, hybrid service offerings, and cooperation models with companies and co-working providers. Adapting to these new conditions not only presents an operational challenge but also offers the opportunity to differentiate in the international competition for new guest segments. Overall, “workspitality,” a blend of the words “work” and “hospitality,” has emerged as a new form of vacation (Pavia et al. 2023).

According to a study by Deloitte Austria in collaboration with the University of Graz and Vienna, “more than two years later [after COVID-19], flexible and location-independent work is a given, and companies can no longer ignore it. Remote working from abroad is also becoming increasingly popular” (Havranek et al. 2022, p. 5). A growing number of employees, particularly from the younger generation and highly qualified professionals, are taking advantage of this opportunity to com-

bine work with a change of environment. This development is supported by the EU as well as many national frameworks that are increasingly legalizing and promoting flexible work arrangements. According to the European Labour Force Survey, in 2018, the share of EU 28 countries where at least occasional remote work was practiced was already 15.2%. During the COVID-19 pandemic, 38% of all employees in the EU 28 countries worked from home. (Bonin et al. 2020)

The changing work conditions are having an impact on the hotel and tourism industry. Hotels, traditionally focused on leisure guests, are increasingly facing the need to adapt their infrastructure to the requirements of workers who want to combine work and leisure. As a result, more and more hotels are not only offering traditional accommodations but are also integrating co-working spaces into their lobbies. (Merkel 2022) Also digital nomads, as a specific form of workation, can use the advantages of this hotel infrastructure. (Rainoldi et al. 2025, p. 1).

An important aspect of this transformation to remote work is the demographic change that is shaping the labor markets. The resulting skills gap forces companies to make their work models more flexible in order to remain attractive to the younger generation of highly qualified professionals. Although the positive attitude of employers towards home office decreased slightly after the COVID-19 pandemic, it remains at a high level. Particularly important is that the positive attitude of employers towards remote work not only strengthens the employer brand but also enhances employees' identification with the company. (Schlude et al. 2023).

This raises the question of the extent to which companies in Austria must adapt their infrastructure and work models to meet these new requirements. The hospitality industry, in particular, is challenged to further develop its offerings to accommodate the growing demand for flexible workspaces. Integrating modern working environments into hotel settings could not only enhance the attractiveness of the region but also appeal to new tourist target groups and strengthen the local economy.

RESEARCH METHODOLOGY

The findings of this paper are based on a well-founded literature review conducted systematically using relevant online databases. The focus was placed on academically recognised sources, including scholarly journals, peer-reviewed articles, and publications from the respective subject area. In order to reflect the current state of research, priority was given to recent publications, generally from the past five to ten years. The aim was to achieve a broad yet in-depth understanding of the topic and to draw well-founded conclusions based on this foundation.

Another methodological component was the targeted analysis of relevant laws and tax regulations in Austria and the European Union. This included, in particular, an examination of national and international legal provisions that influence the legal framework of workation and teleworking. Special attention was paid to the General Data Protection Regulation (GDPR), employment law provisions, and tax regulations relevant to working abroad.

RESULTS/DISCUSSION

The literature analysis conducted highlights the complexity and, in particular, the various legal issues associated with the trend towards workation:

1. Data Protection and Compliance

A central finding of the study concerns the data protection requirements in the context of workation. Sorber and Felsiak (2025) emphasise that the freedom associated with location-independent work also increases the risk of data protection breaches. In particular, open networks and insecure devices can lead to significant security gaps through which sensitive data may fall into the wrong hands. Compliance with the General Data Protection Regulation (GDPR), derived from the European Union Regulation (EC) No. 679/2016, is of particular importance for German employees, even during a workation in Austria.

2. Social Security Aspects

Another key issue concerns matters of social security law. Depending on the duration of the overseas work activity, this may have significant implications for social security jurisdiction and obligations in multiple countries (Allgemeine Unfallversicherungsanstalt 2025). The distinction between short business trips and longer-term foreign assignments is of critical importance. In the case of accidents occurring during a workation, the question also quickly arises as to whether adequate accident insurance exists abroad and whether this is valid across national borders. (Sorber & Felsiak 2025)

The European Union Regulations (EC) No 883/2004 and No 987/2009 govern competence in European social security law. "One of the fundamental principles of European social security law is that a person may only be insured in one Member State at a time" (SVS 2025). Accordingly, the competent state for withholding social insurance contributions is the one in which the activity is actually performed. While mobile working is generally permissible, it may - if it exceeds 25% of activity performed abroad - result in the social security jurisdiction shifting to another country. As a general rule, activities accounting for less than 25% of working time abroad are not considered in this assessment.

3. Tax Implications

Working abroad may result in employees becoming liable to tax in multiple countries. This is particularly the case when work is performed abroad over extended periods or when a permanent establishment is created in the host country. Double taxation must be avoided through appropriate regulations and agreements between the affected countries. In such cases, tax advice is essential in order to determine the correct tax obligations. (Sorber & Felsiak 2025; Allgemeine Unfallversicherungsanstalt 2025)

In principle, employees are subject to income tax in the country where they actually perform their work. In the case of mobile work carried out abroad, it must be carefully assessed whether the tax liability arises in the employer's country or in the country of actual residence. These rules are extensive and complex, and must be examined under the domestic law of the country in which the work is performed, the

law of the employer's home country, and, if applicable, the law of the country of residence. Short-term mobile work during holidays is generally regarded as non-critical in most European countries, since the economic utilisation of the work performance typically occurs in the employer's country (Austrian Chamber of Commerce 2025). However, in cases of extended work periods abroad, tax liability may shift to the host country.

To avoid double taxation, most countries have concluded Double Taxation Agreements (DTAs) with one another, which allocate income to the respective jurisdictions, thereby ensuring that employees are only taxed on their foreign-earned income in one country. These agreements are generally based on the OECD Model Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (OECD MC 2017).

4. Occupational Health and Safety

Occupational health and safety regulations must also be upheld in cases of telework and workation. (Sorber & Felsiak 2025) This means that employers are obliged to ensure that the working environment during mobile work complies with the legal requirements of the employer's country – for example, regarding the ergonomic design of the workplace. Regulations concerning screen-based work, such as the correct positioning of monitors, ergonomic seating, and compliant keyboards, must also be observed when working abroad (Allgemeine Unfallversicherungsanstalt 2025).

Recommendations for the Implementation of Workation for Austrian Hotel Operators

a) Cooperation with External Providers

A promising approach for hotel operators to offer workation is to cooperate with external partners such as the local tourism board, office space providers, or digital cafés. Hotels can collaborate with local co-working space operators who offer short-term, well-equipped workstations for guests.

The tourism board of the tourism destination can play a supportive role by training its service partners on the specific needs of workation guests during its events and by establishing a network of suitable working environments.

b) Creation of In-House Mobile Work Environments

For hotel operators seeking to fully integrate workation into their own service offerings for internal or external guests, one option is to establish dedicated co-working spaces within the hotel itself that meet the needs of business travellers:

1. Ergonomic Furniture and Working Environment

The co-working space should be equipped with modern, ergonomic workstations that meet the strict occupational health and safety standards of the guests' countries of origin. This includes ergonomic chairs, height-adjustable desks, suffi-

cient space, even lighting, high-contrast screens, room temperatures between 19°C and 25°C, air velocity of no more than 0.1 m/s, and noise levels not exceeding 65 dB. In addition, desks should ideally be placed at a 90-degree angle to window surfaces, and reflective surfaces should be avoided. (Allgemeine Unfallversicherungsanstalt 2025)

2. Data Protection

Compliance with the General Data Protection Regulation (GDPR) is essential when working remotely. This has been particularly emphasised by legal experts Sorber and Felisiak (2025). A secure and stable Wi-Fi connection is a fundamental requirement of any workation offering. Secure printing and document disposal facilities are also essential. Lockable storage at workstations should be available to secure documents during breaks. Phone and conference booths are also ideal.

3. Provision of Office Supplies

This includes not only access to printers and monitors but also basic office supplies such as pens, paper, paperclips, and small devices like hole punches, staplers, filing trays, and projectors.

4. Fitness Programme

To counteract the negative effects of prolonged sitting (Allgemeine Unfallversicherungsanstalt 2018), hotels should offer spaces for physical exercise and encourage regular breaks. This could be achieved by pointing guests towards designated fitness areas or offering short movement sessions throughout the workday.

5. Social Aspects

Hotels should provide communal areas where guests can network and socialise. (Merkel 2022) In apartment-style accommodations, shared kitchens or lounges could be set up, allowing guests to prepare meals while fostering social exchange.

CONCLUSION

The study reveals that workation presents a range of legal challenges that need to be addressed by both businesses and employees. Data protection, employee protection, and tax and social security issues are particularly relevant in this context. It becomes clear that clear regulations and a comprehensive understanding of the legal framework are necessary to protect the employee and ensure compliance with the law. The increasing globalisation of the labour market demands continuous adaptation and clarification of these legal questions in order to facilitate safe and efficient work practices even during holidays.

The study also indicates that the willingness to combine holidays and work is steadily growing in the main source markets for Austrian tourism. Studies, such as those by Pavia et al. (2023), also suggest that successful workation offerings possess a high pricing power in this tourist segment, allowing for the closure of a market niche that could also lead to an extension of the tourist season. This requires the continuous adaptation, design, and marketing of new hotel offers or forms of holidays, as well as the provision of appropriate infrastructure for the working guest, either through the hotel operator themselves or through external local partnerships.

Furthermore, as highlighted in this study, the number of digital nomads is expected to rise. Therefore, the hospitality industry must respond with suitable offers. These could either involve employing them as workers for free accommodation and meals in the hotels, or alternatively, these digital nomads could use the hotel infrastructure, such as co-working spaces, spa and fitness areas, or meal subscriptions as external guests. (Heo et al. 2025, Bozzi 2024)

From the author's perspective, one possible solution could be the certification of Austrian hotel establishments by a state authority, such as the Allgemeine Unfallversicherungsanstalt. A mandatory "workation" quality seal could alleviate legal concerns for foreign employers regarding workation. However, a unified European regulatory framework for workation or mobile working abroad would be highly desirable to support the desires of the employees.

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WORKATION – АДАПТИРАНЕ НА ХОТЕЛСКАТА ИНФРАСТРУКТУРА В АВСТРИЯ КЪМ ИЗИСКВАНИЯТА НА ТЕЛЕРАБОТАТА И ДИСТАНЦИОННАТА РАБОТА

Резюме: Пандемията от COVID-19 направи дистанционната работа основна практика и доведе до широкото ѝ приемане сред работодателите. В този контекст концепцията за *workation* – комбинация между работа и отдих – придобива все по-голямо значение. По-специално високообразованите, по-млади целеви групи показват силна привързаност към тази нова форма на пътуване. Цифровите номади, които живеят и работят независимо в чужди страни за определен период от време, също формират този тренд. Тези тенденции изискват разработването на подходящи ваканционни предложения и осигуряването на ефективна инфраструктура. Целта на тази работа е систематично да очертае правната рамка за *workation* в Европейския съюз, базирана на обширен преглед на литературата, и да извлече практически препоръки за австрийските хотелиери. Освен съображенията за защита на личните данни, съществува необходимост от спазване на трудовото законодателство, както и на социалноосигурителните и данъчните регулации. Пътят към превръщането в хотел, подходящ за *workation*, е сложен – но високият потенциал за цени с премия сред тази нова целева група и потенциалните ползи за цели туристически региони правят инвестициите в този пазарен сегмент икономически атрактивни.

Ключови думи: *workation*; дистанционна работа; домашен офис; хотелска инфраструктура; цифрови номади

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