

SIGNIFICANCE OF TOURISM IN ECONOMY OF THE EU'S MEMBER STATES, PARTICULARLY CONCERNING THE EMPLOYMENT

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Abstract: *Tourism can have a key role in the national economy by offering opportunity for employment, contributing to improvement of the current account balance and stimulating the economic growth. On the other hand, more and more attention should be paid to the serving of the tourist in certain countries where the number of the tourists is large as well as environmental and social consequences can be expected. Therefore, the governments are interested in the controlled development of tourism for economic, social, cultural, architectural and natural environmental reasons equally. Today, around the world, one of the most important governmental tasks is to stimulate the development of the tourism sector considering its key role in the job creation. This essay investigates the role of employment in economy of the developed countries, focusing on the states possessing the largest tourism revenue. The sector means an important pulling power for each macro economy having a positive effect on different areas of the economy. At the same time, the average income of the persons employed in the accommodation services and catering is "traditionally" one of the lowest recognised ones among the national economic sectors in the European countries. With analysing the data of the examined period and comparing them to the targets simultaneously, we can experience that, at the end of 2013-2014, a measure of growth started in point of the employment and the gross average income but it still lags behind the goals stated in 2005. The economic crisis coincided with this period, effects of which cannot be left out of account because it greatly influenced not only the Hungarian but the global tourism as well. However, in the long term, it seems likely that economic role of the tourism, including the stability and enlargement of the labour market, will intensify both globally and in the EU's member states in future years.*

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1. Economic role of tourism in the world economy

Several facts indicate that penetration of the tourism experienced during the last half century will continue in the forthcoming decades. The sector means a major pulling power for the individual macro-economies, influencing a series of processes favourably, among other things the employment. This research material deals with the latter issue and provides details about the question from theoretical works in one respect, on the other hand, and mainly, it presents international statistical figures.

Throughout the world, one of the most important governmental tasks is to urge the development of the tourism sector, considering its significant role in creating jobs because a large number of countries suffer from high unemployment.

Today, the sector already represents 9% of GDP, around 6 trillion USD worth in total. Furthermore, it creates 120 million jobs directly and 125 million jobs indirectly by means of the relating sectors. This means that the sector globally provides 1/14 part of the job

opportunities which can be increased to one-tenth part of the total employment by 2022, according to the World Travel & Tourism Council. (BLANKE – CHIESA, 2013.)

Albeit the statistical figures and estimates are different (sometimes significantly), importance of the sector is unquestionable, for the reason of the orders of magnitude as well. According to another source (WTTC, 2014), for example in 2013, the sector created almost 101 million jobs directly all over the world – this is 3.4% of the total employment. It is estimated that this number will exceed 126 million by 2024 – this will be 3.7% of the future total employment. (WTTC, 2014.) Taking the indirect job creation into consideration, the sector created more than 266 million jobs in 2013 which is 8.9% of the total employment. Based on the forecasts, this number will be almost 347 million by 2024 which means 10.2% of the future total employment. (WTTC, 2014.)

In the developed countries, role of the tourism in the employment is more significant. In the OECD states – according to the data regarding 2010 (OECD, 2012.) – the tourism sector directly contributes 4.2% to GDP on average and this sector provides 5.4% of the total employment. Considering the mean values of the EU's member states, the same index number is even higher: 4.4% and 5.7% according to the same source (OECD, 2012.). However, these averages cover quite large differences as we will see.

Given the importance of tourism, it is recommended for the different level of government to take measures supporting the sector. There are many simple opportunities for the necessary governmental measures. Based on the joint research of UN WTO and WTTC, results of which were presented on the fourth T20 Ministers' Meeting in May of 2012, improvement of the visa facilitations could result in around 206 billion USD income growths in the tourism and could create 5.1 million new jobs in economies of the G20 countries until 2015. (BLANKE – CHIESA, 2013.)

1.1. Role of aviation in job creation

The International Air Transport Association (IATA) has commissioned the Oxford Economics to draw up an estimate of the economic and social effects of the aviation, covering 80 countries for the past three years. The analysis comprises the sector's traditional economic effect ("footprint") which was measured by the aviation's contribution to GDP, the job creation and tax revenue generated by the sector and its supply chain. (BLANKE – CHIESA, 2013.)

The aviation industry *directly* creates jobs in several areas and enlarges the economic activity, including operation of the aircrafts and the ground infrastructure. The aviation sector's direct effect on the employment and GDP appears in use of the domestic resources provided for all such services in case of any given nation. (BLANKE – CHIESA, 2013.)

In 2010, throughout the world, the aviation sector contributed 8.4 million jobs and 539 billion USD to the global GDP directly which is equal to of the order of economic performance of Poland or Switzerland. (BLANKE – CHIESA, 2013.)

Calculation of the sector's economic footprint is the following: the output as well number of the jobs which are created by the industries *indirectly* related to the aviation and the output as well as jobs which are resulted by the labour force directly and indirectly employed in the aviation are added to the indirect contribution mentioned above. In addition, that wider catalytic effect is also counted in which is taken by the aviation through the tourism. These effects are going to be described in detail in the next phase. (BLANKE – CHIESA, 2013.)

The aviation sector has a key role in the global economic by ensuring the only fast world-wide transport network connection. By means of this activity, the aviation has a huge indirect and wider effect on the employment and GDP, with more than 22 million jobs and 1.4 trillion USD share in the GDP. In addition, the aviation sector also supports other sectors, contributing their growth and supporting their activity. Given that the international tourism depends on the air transport, the aviation industry maintains 34.5 million jobs

within frame of the global tourism, contributing 62 billion USD to GDP of the world. (BLANKE – CHIESA, 2013.)

1.2. Circumstances and conditions of work in the tourism sector

Due to the consumer demands, the employment by hotels and restaurants requires such working conditions from which the only, unusual and occasionally unsystematic work schedule (frequent and night shifts, working on weekends and holidays) is generally highlighted by the literature dealing with job market side of the tourism. This feature of the job increases the stress, hampers the situation of those employees, particularly women, who bear larger family responsibilities in caring for children or the elders as well as in the homework. (ILO, 2010, p. 14.) Turnover of the labour force being higher than in other sectors and the feature partially resulting from it are to be kept in mind by all those (employers, workplace managers, state institutions) who/which appoint the enhancing of the tourism's stability as a target.

Dominance of the call on, ad hoc, temporary, seasonal and part-time employment is in relation to the following things: the uncertainty, the relatively low wages (which are often far lower than the national average), the limited carrier opportunities, the high level of subcontractors and outsourcing as well as the fast changing of the labour force. Of course, all this is present in varying degrees from country to country. Within the European Union, while the general trend is on the way to the increased application of the part-time employment, a large diversity can be seen in this respect as well: proportion of the part-time employment is 5% in Portugal, 50% in the United Kingdom and 68% in the Netherlands. (ILO, 2010, p. 14.)

The rural tourism, as a supplementary activity can contribute to the increase of the population's income, hence it can decrease the emigration and it has a positive effect on the development of the rural settlements with unfavourable aptitudes (Pakurár-Oláh, 2008.) In the average of EU-27, rate of the part-time employment is 7.7% among men and 19.4% among women amidst hotel and restaurant employees, as it can be seen on *Sheet 1*.

Sheet 1: Structural distribution by gender and working hour in individual economic fields of EU-27

| Sectors | Men | | Women | | Total |
|---------------------------------|----------------|----------------|----------------|----------------|--------------|
| | part-time work | full-time work | part-time work | full-time work | |
| Wholesale and retail trade | 4,6 | 40,9 | 18,0 | 36,5 | 100,0 |
| Hotels and restaurants | 7,7 | 44,0 | 19,4 | 28,9 | 100,0 |
| Agriculture and fisheries | 7,9 | 56,5 | 8,2 | 27,4 | 100,0 |
| Processing industry | 1,8 | 67,5 | 5,1 | 25,6 | 100,0 |
| Transport and telecommunication | 4,7 | 68,8 | 6,2 | 20,3 | 100,0 |

Source: ILO (2010)

If we examine the average gross hourly rates by national economic sectors then, based on data of Sheet 2, we can determine that the average Hungarian hourly rate proved in 2010 is at the end of the EU-27 countries' field; only Latvia, Lithuania, Rumania and Bulgaria follow our country. The wages are the highest in Denmark, Ireland and Luxembourg. The sectoral differences are significant; the wages are the highest in the energy and financial sector in most countries.

In the EU-27 countries, the average hourly rates are the lowest in the area of accommodation and gastronomy, 66% of the EU average. In our country, the 3.2 euro gross hourly rate is 77% of the national average and only 34% of the EU average. Rumania with the 1.6 euro and Bulgaria 1.3 euro hourly rates belong to the file-closers of the sector.

2. Development of the number of employees in the accommodation services, catering and changes of the gross average income in Hungary

In the following, based on statistical data, we examine the realization of the goals worded in the National Tourism Development Strategy for 2013, such as

- number of the persons employed in the tourism sector should reach the 200 thousand heads,
- the monthly gross average income should reach the national economic average income of 2013 in the accommodation services, catering sector.

According to data of Sheet3, we can directly see that though the number of employees increased in the sector, after the huge regression of 2009, but the rate of employees is still 4.1% in comparison with the whole national economy. In 2012, 168.1 thousand heads worked in the sector which lags considerably behind the goal of 200 thousand heads and a creation of other 32 thousand new jobs would be required.

Sheet 2.:Gross hourly wages in the tourism-catering and some major sectors of the national economy in the EU's countries in 2010

| Countries | Means | Energy | Financial sector | Accommod. and gastronomy | Health care | Education |
|----------------|-------|--------|------------------|--------------------------|-------------|-----------|
| Belgium | 18,2 | 27,7 | 24,7 | 13,3 | 17,6 | 28,3 |
| Bulgaria | 2,0 | 4 | 3,8 | 1,3 | 2,2 | 2 |
| Czech Republic | 5,2 | 8,2 | 9,2 | 3,1 | 5,2 | 5,2 |
| Denmark | 27 | 33 | 34,9 | 21,1 | 24,5 | 27,6 |
| Germany | 16,9 | 24,6 | 23,3 | 9,4 | 15,9 | 19,6 |
| Estonia | 4,8 | 6,2 | 8,1 | 3,3 | 4,9 | 4,4 |
| Ireland | 22,2 | 33,8 | 30,2 | 14 | 22 | 33,6 |
| Spain | 11,5 | 20,1 | 18,2 | 8,4 | 13,3 | 14,7 |
| France | 16,2 | 24,8 | 21,8 | 12,2 | 14,75 | 18,7 |
| Italy | 14,5 | 17,5 | 21,9 | 9,5 | 16,6 | 22,1 |
| Cyprus | 12,1 | 15,9 | 18,9 | 7,5 | 12,3 | 22,1 |
| Latvia | 3,8 | 3,9 | 7,8 | 2,7 | 3,6 | 3,6 |
| Lithuania | 3,4 | 4,8 | 6,1 | 2 | 3,4 | 3,9 |
| Luxembourg | 21,9 | 31,6 | 32,1 | 13,6 | 24,9 | 32,5 |

| | | | | | | |
|-----------------|------|-------|-------|------|------|------|
| Hungary | 4,5 | 6,9 | 8,6 | 3,2 | 3,6 | 4,3 |
| Malta | 8,4 | 9,1 | 12,4 | 6 | 8,4 | 10,4 |
| The Netherlands | 17,2 | 23,18 | 24,2 | 10,5 | 17,9 | 21,1 |
| Austria | 14,7 | 22,9 | 21,13 | 8,7 | 14 | 17,2 |
| Poland | 5,1 | 6,4 | 8,1 | 3,6 | 4,8 | 7,1 |
| Portugal | 7,7 | 16,9 | 16 | 5,4 | 7,5 | 12,4 |
| Rumania | 2,7 | 4,5 | 6,5 | 1,6 | 2,4 | 2,6 |
| Slovenia | 9,1 | 12,4 | 12,7 | 6,7 | 9,9 | 11,6 |
| Slovakia | 4,7 | 7,3 | 7,9 | 3 | 4,7 | 4,3 |
| Finland | 18,1 | 22,3 | 22,8 | 13,4 | 16,2 | 19,5 |
| Sweden | 16,6 | 19,7 | 24,6 | 13,1 | 15,2 | 15,1 |
| England | 16,7 | 20,6 | 27,2 | 8,9 | 17,6 | 17,7 |
| EU-27 | 14 | 17,4 | 21,6 | 9,3 | 14,9 | 16,1 |

Source: Eurostat, Lohn- und Gehaltstrukturerhebung, Statistik Austria Statistisches Jahrbuch 201444.05 Bruttostundenverdienste 2010 nach Abschnitten der NACE Rev. 2

If we examine the changes in the number of employees then the growth is a total of 2.2% at national economy level between 2007 and 2014, in turn, the decrease is almost 7.2% in the accommodation services sector. After the slump, the number of employees in the sector regressed at large scales in 2009 at first (after a few thousand-head growth of in the years of 2010-2011) then in 2012-2013. Its explanation is that several accommodations and service providers have ceased so the employees had to be laid off. Effect of the tenders in the period of 2007-2013 also prevails in the fluctuation at the same time. In 2013, a number of such programs ended which involved the growth of the employees.

Sheet 3 – Development in the number of employees and changes of the gross average incomes in Hungary between 2007 and 2013

| Description | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|------|------|------|
| Employees, thousand heads^a | | | | | | | | |
| National economy | 2761 | 2762 | 2661 | 2702 | 2692 | 2674 | 2700 | 2823 |
| From this: quarters, services, catering | 87,2 | 87,9 | 80,4 | 84,4 | 83,9 | 79,9 | 77,2 | 80,9 |
| Total employees | 156 | 158 | 151 | 149 | 157 | 162 | 158 | 168 |
| Number of the unemployed, thousand heads | 14,4 | 12,3 | 18,7 | 22,7 | 20,6 | 22,0 | 22,9 | 15,0 |
| Monthly gross verage income, thousand HUF^b | | | | | | | | |
| National economy | 185 | 199 | 200 | 202 | 213 | 223 | 230 | 238 |
| From this: quarters, services, catering | 112 | 121 | 123 | 123 | 126 | 140 | 147 | 153 |

Source: Statadat, 2014

2.1.35. Az alkalmazásban állók havi bruttó átlagkeresete a nemzetgazdaságban (2000-)

3.3.1. A munkanélküliek száma korábbi foglalkozásuk foglalkozási főcsoportja szerint, nemenként (ezer fő)

However, we need to make allowance for the fact that the seasonality and the black labour are considerable in the sector. During period of the tourist season, additional labour forces are employed for some weeks or months in numerous places but the workers are not legally employed. This distorts the data and we cannot get an accurate picture of the workers' number.

Number of the persons detected as unemployed in the sector was between 12 000 and 23 000 heads which can be considered high compared to the national economic average as well. In 2013, the rate of unemployment was 10.2% at national level and almost 18.5% in the sector. It can be explained by that, in case of the tourism jobs, the staff turnover is high, the wages are extremely low, the seasonal and part-time employment is typical as well as the rate of low-skilled workers is very high so the latter get the sack at first. Of course, the public employment has not affected this sector.

Based on data of Sheet 3, it can be stated that the gross average income is 283 thousand HUF in the national economy behind which the 153 thousand HUF paid in the accommodation services, catering sector is very significantly lagged; this is only 64.4% of the national economic average so the monthly average income of the employees in this sector was the lowest. Between 2008 and 2011, the wages changed barely, only with 1-2 thousand HUF. We can experience a greater degree of growth from 2012 but wages in the sector are lower with almost 80 thousand HUF than at national economic level. Of course, here we also need to calculate with that, on the one hand, not every worker is declared, on the other hand, a lot of workers are declared with such amounts which are significantly lower than their real incomes as well as the wages paid officially – depending on the job, position – are complemented with tips given by the customers and with other non-tax incomes.

Summary

Importance of the tourism is expanding in the EU countries and globally; the governments and the national organizations keep the tourism in mind as an advantageous phenomenon, the job creation can be considered one of its most important affects. The sector means an important pulling power for each macro economy having a positive effect on different areas of the economy. At the same time, the average income of the persons employed in the accommodation services and catering is “traditionally” one of the lowest recognised ones among the national economic sectors in the European countries. Then again, in the developed European countries where sum of the wages of the persons working in the tourism is several times more than in the Central European countries, it is not possible to hold the wage level of the workers of tourism down therefore the competitiveness in these countries is strengthened by providing excessively high level, excellent quality services.

In most developed countries – and particularly in several states of Eastern Central Europe – the tourism has a key role in stopping the depopulation process of rural regions but in slowing that down at least. (Karcagi-Kováts, il et al, 2009a; 2009b)

With analysing the data of the examined period and comparing them to the targets simultaneously, we can experience that, at the end of 2013-2014, a measure of growth started in point of the employment and the gross average income but it still lags behind the goals stated in 2005. The economic crisis coincided with this period, effects of which cannot be left out of account because it greatly influenced not only the Hungarian but the global tourism as well. Trend of the indexes is negatively influenced by the seasonality and the black labour appearing in the sector and the incomes not declared officially; these ones cannot be eliminated appropriately until now.

However, in the long term, it seems likely that economic role of the tourism, including the stability and enlargement of the labour market, will intensify both globally and in the EU's member states in future years.

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