

TRAVEL & TOURISM:
GENERATING JOBS FOR YOUTH
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TRAVEL & TOURISM: GENERATING JOBS FOR YOUTH

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HIGHLIGHTS

- Travel & Tourism is one of the fastest growing sectors across the world, providing opportunities for skilled and unskilled labour as well as for other groups who may have difficulty in finding employment.
- In many countries, youth employment (15-24) in Travel & Tourism is significantly higher than for the overall economy.
- Canada is a leader in Travel & Tourism's youth employment, with youth making up one third of all Travel & Tourism jobs, but only just over one in eight of all jobs in the economy.
- The share of youth employment in both Travel & Tourism and the overall economy has marginally declined over the last decade (2007-2017) in several countries, largely driven by structural changes such as an ageing population, young people remaining in education for longer, and employers' focus on retention rather than new hiring.
- As Travel & Tourism's relative contribution to GDP increases, youth employment share in the sector declines.
- By employing and training young people, Travel & Tourism contributes to peace, poverty reduction, inclusive & sustainable economic growth and develops relevant skills and knowledge for the future.
- Demographic shifts, notably increased life expectancy, and technological advancements, will further enhance competition for youth employment across sectors. In this context, public-private cooperation will be key for developing an enabling environment that fosters a talented workforce.
- Policies to support youth employment in Travel & Tourism include those that have a direct influence on high-quality training and that increase positive perceptions of Travel & Tourism jobs. Policies with more indirect influence, including those that build the quality and skills of general human resources and enable a flexible labour market, are also essential in this context.

41.8 MILLION
YOUNG PEOPLE AGED
15-24 ARE EXPECTED
TO ENTER THE LABOUR
MARKET BETWEEN 2017
AND 2030 ACCORDING
TO THE INTERNATIONAL
LABOUR ORGANISATION

1. INTRODUCTION

Societies prosper when a number of essential attributes including both quality education and employment opportunities are prioritised. These two elements are closely linked and provide a framework for economic development and growth.

Travel & Tourism is one of the world's largest employers and a key job creator. One in ten jobs in the world is currently in Travel & Tourism, with the sector creating one in every five new jobs in 2017. The sector generates new opportunities not only in cities and developed countries, but also in local communities and across many emerging economies, spreading economic and employment benefits to rural areas.

According to the International Labour Organisation (ILO)¹, 41.8 million young people aged 15-24 are expected to enter the labour market between 2017 and 2030. This growth could further exacerbate youth unemployment in countries already struggling to address this challenge; including a number of African and Caribbean nations and a few in Europe such as Greece and Spain, where youth unemployment reaches 40%. These figures are in contrast with Asian countries, from Japan to Singapore and Vietnam to the Philippines; as well as the UAE, Mexico and Germany, where youth unemployment is below 7%².

To better understand the scale of youth employment in Travel & Tourism, WTTC conducted an analysis of its economic impact data for the sector, comparing youth employment relative to the overall economy. The research focuses on ten countries – including seven G20 countries (Canada, USA, UK, Turkey, Germany, France and Italy) and three European countries with relatively high youth and overall unemployment rates (Greece, Spain and Portugal). These countries have different levels of maturity of their Travel & Tourism sector and for each, have sufficient data to allow reliable and comparative analysis.

2. IMPORTANCE OF YOUTH EMPLOYMENT

High youth unemployment has negative implications at the individual and societal level, from increased violence & instability to rising inequality and societal exclusion³. What's more, research has shown that individuals who experienced unemployment in their youth tend to have lower lifetime earnings, higher later-life unemployment and fewer career opportunities⁴.

In this context, the Travel & Tourism sector not only drives job creation but it supports sustainable economic growth, plays a role in reducing poverty, provides people with relevant skills for the future and ultimately supports the structures that create peaceful societies. With one third of the world's 1.8 billion young

1 International Labour Organisation, 2017: Global Employment Trends for Youth 2017: Paths to a better working future
2 World Bank Database
3 Countries with high numbers of young people who are 'not in employment, education nor training' (NEET) are likely to experience more conflict and instability than countries with lower youth NEET rates according to the Institute of Economics and Peace
4 <http://blogs.lse.ac.uk/politicsandpolicy/multiple-scarring-effects-of-youth-unemployment/>

people neither in employment, education nor training⁵, Travel & Tourism's ability to contribute to the Sustainable Development Goals should not be underestimated.

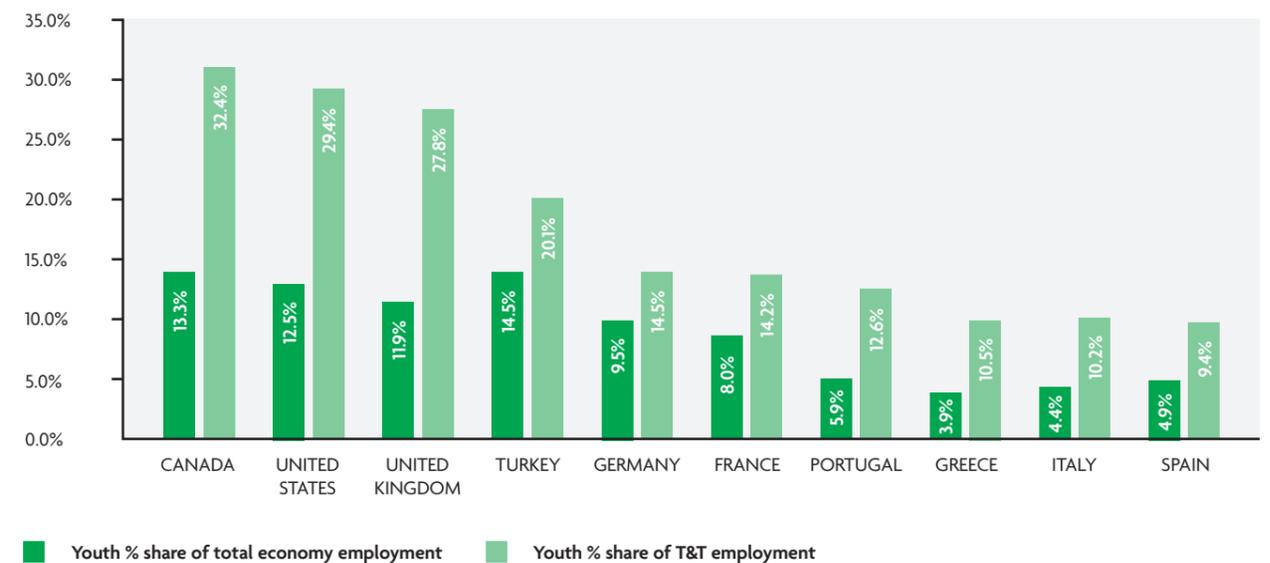
3. YOUTH EMPLOYMENT TRENDS IN TRAVEL & TOURISM ACROSS COUNTRIES

In the ten countries examined, not only does Travel & Tourism employ a higher share of youth workers than the overall economy of the countries, but it also employs more young people than any other economic sector.

The youth employment share of the sector is double or more than that of the overall economy in seven of the ten countries. In France, Germany and Turkey however, the difference between the youth employment share in Travel & Tourism relative to the overall economy is slightly less pronounced.

The share of youth employment in Travel & Tourism is highest in Canada where young people account for 32.4% of the sector's employment. This is followed by the USA and the UK, where youth account for 29.4% and 27.8% of employment respectively. Italy and Spain have the lowest shares of youth employment in Travel & Tourism at 10.2% and 9.4%.

Chart 1: Youth share of total economy employment and Travel & Tourism employment, 2017⁶



5 <http://www.worldbank.org/en/news/press-release/2015/10/13/addressing-the-youth-employment-crisis-needs-urgent-global-action>
6 WTTC/Oxford Economics/Eurostat/Statistics Canada/Bureau of Labour Statistics

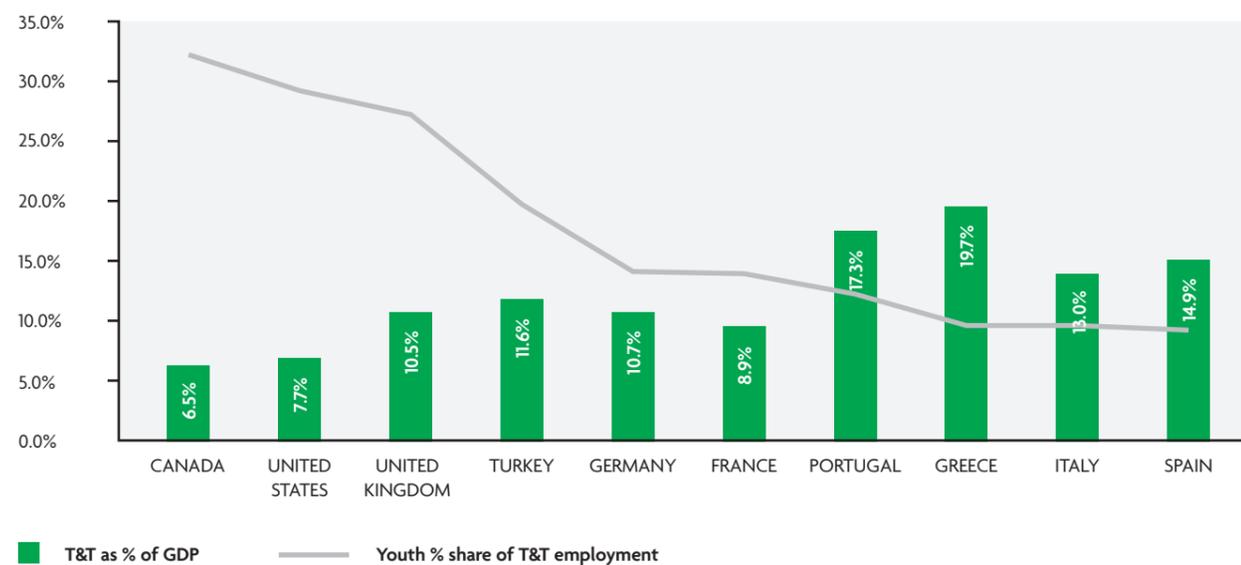
TRAVEL & TOURISM EMPLOYS A HIGHER SHARE OF YOUTH WORKERS THAN THE OVERALL ECONOMY OF THE **TEN COUNTRIES** STUDIED

THE SHARE OF YOUTH EMPLOYMENT IN TRAVEL & TOURISM IS HIGHEST IN CANADA WHERE YOUNG PEOPLE ACCOUNT FOR **32.4%** OF THE SECTOR'S EMPLOYMENT

The lower shares of youth employment in both Travel & Tourism and in the overall economies of Greece, Italy, Portugal and Spain compared with other countries in the study can be explained in part by differences in unemployment levels. While unemployment varies from 3.4% in Germany, 3.9% in the US and 4% in the UK, it reaches 10.1% in Italy, 15% in Spain and 18.9% in Greece⁷. Indeed, the high levels of total unemployment in the Mediterranean countries have led to a larger share of unemployed older workers competing alongside youth for opportunities across all jobs including Travel & Tourism⁸.

A second contributing factor is the level of countries' reliance on Travel & Tourism's GDP. The research shows a strong negative correlation between Travel & Tourism's relative contribution to GDP and youth employment share of the sector. As such, while Greece, Portugal and Spain have the strongest reliance on Travel & Tourism among the countries studied, they have some of the lowest shares of youth employment. This contrasts with Canada, the US, and the UK where Travel & Tourism contributes less to GDP but offers relatively more jobs to younger people.

Chart 2: Travel & Tourism's contribution to GDP and youth share of Travel & Tourism employment

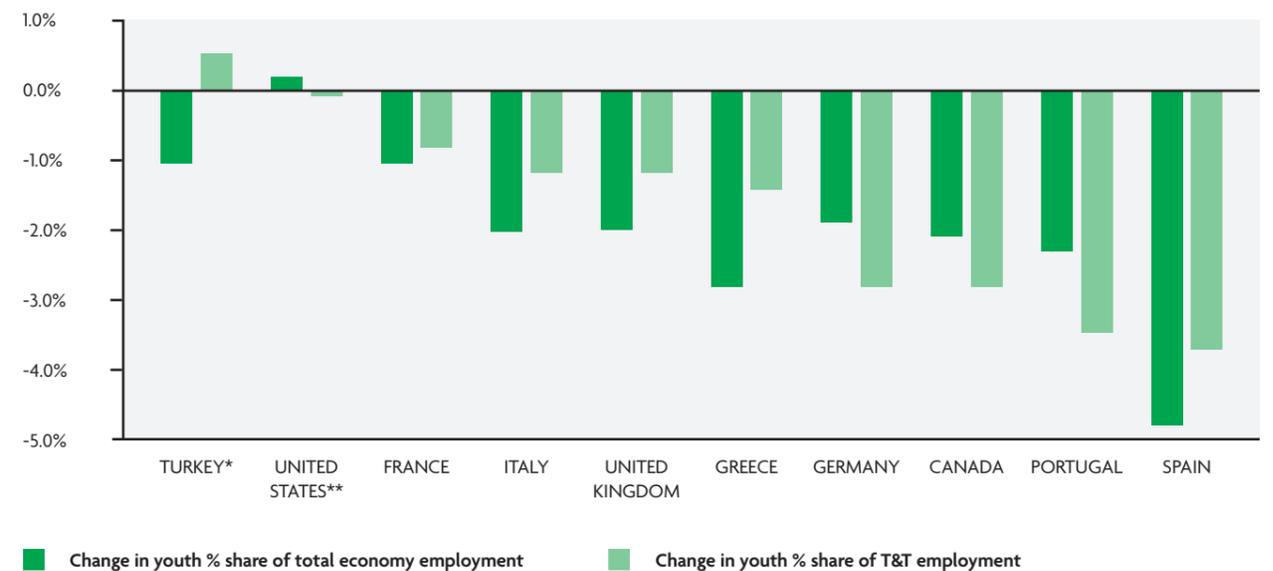


In countries with a greater reliance on the sector, Travel & Tourism jobs may be more often viewed as long term-careers, with employees remaining in the sector until a later age. This is supported by the fact that the majority of jobs in Travel & Tourism in Greece (94%), Portugal (93%) and Spain (86%) are full-time positions, thus appealing to workers who are looking for more stable income. In contrast, the UK and Germany have a lower share of full-time jobs in Travel & Tourism, at 67% and 66% respectively⁹.

The share of youth employment in both Travel & Tourism and in the wider economy has gradually declined over the past decade (2007-2017) (see chart 3 below). Spain was confronted with the largest decline, with its youth employment share decreasing by 4.9% in the overall economy and by 3.7% in Travel & Tourism. This contrasts with Turkey - the only non-mature tourism market of the ten examined, where the youth employment share in Travel & Tourism marginally increased over the last ten years (by 0.7%). Meanwhile, in the USA, the youth employment share in both Travel & Tourism and the wider economy remained flat during the years to 2017.

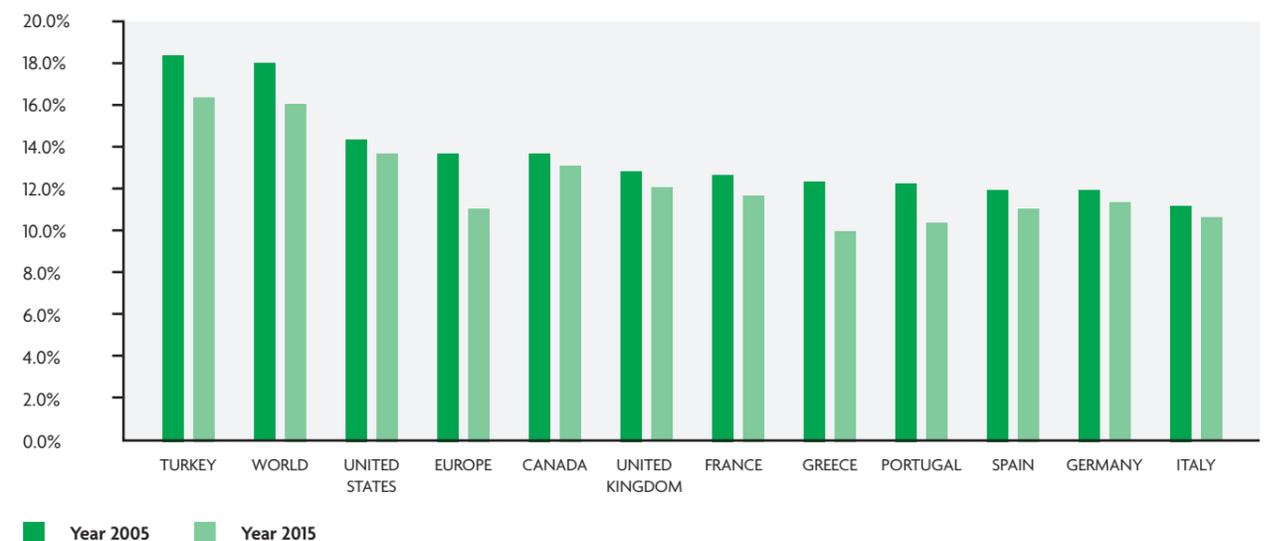
⁷ OECD, Labour Market Statistics, data from August 2018
⁸ WTTC, 2014. Global Talent Trends & Issues for the Travel & Tourism Sector
⁹ Eurostat, 2015: Tourism Employment, Tables 2B and 2C

Chart 3: Change in youth share of total economy and Travel & Tourism employment (2007-17)¹⁰



The declining share of youth employment in the wider economy and in Travel & Tourism is likely to be largely driven by increased life expectancy in the majority of countries around the world, requiring people to work until a later age. While the absolute number of young people is increasing, the share of world's population aged 15-24 declined from 18.2% in 2005 to 16.2% in 2015. This is compounded by young people remaining in education for longer, skills shortages, and at times employers' focus on retention rather than recruitment.

Chart 4: Population aged 15-24 as % of total population (2005-15)¹¹



¹⁰ WTTC/Oxford Economics/Eurostat/Statistics Canada/Bureau of Labour Statistics
¹¹ United Nations Population Division

THE SECTOR IS UNIQUE
IN THAT IT PROVIDES
OPPORTUNITIES FOR
ENTRY LEVEL JOBS
ACCESSIBLE TO THOSE
WITH A HIGH SCHOOL
LEVEL OF EDUCATION
AS WELL AS FOR
CAREER DEVELOPMENT
OPPORTUNITIES TO TOP
LEVEL ROLES

4. BENEFITS OF YOUTH EMPLOYMENT IN TRAVEL & TOURISM

Travel & Tourism is one of the fastest growing sectors across the world, providing opportunities for skilled and unskilled labour as well as for other groups who may have difficulty in finding employment. Its flexible nature, including part-time and seasonal working opportunities, is increasingly appealing to young people who are keen to experience different cultures, travel and use their language skills¹².

The sector is quite unique in that it provides opportunities for entry level jobs that are accessible to those with a high school level of education as well as for career development opportunities to top level roles. These opportunities have been highlighted to promote the attractiveness of employment in the sector in recent years through campaigns from organisations as diverse as the British Hospitality Association¹³ with their 'Big Conversation' to the International Tourism's Partnership's Youth Career Initiative.

Given the low barriers to entry, jobs in Travel & Tourism can often be more readily attained than those in other sectors. In this context, the sector enables the empowerment, mobility and self-sufficiency for groups of society including women, youth and migrants. As such, Travel & Tourism holds opportunities to address issues of youth unemployment globally¹⁴. In developed countries, on average, the sector is more likely to recruit foreign workers¹⁵.

The skills gained by young people in Travel & Tourism can translate into rewarding careers in the sector and beyond. These youth jobs have proven to set workers up for higher paying and fulfilling jobs in later careers. According to research from the US Travel Association¹⁶, Travel & Tourism is one of the top ten largest employers of middle-class wage earners in the US, with more than half of all Travel & Tourism employees (53%) earning a middle-class salary or higher.

Travel & Tourism companies recognise the opportunity to capitalise on the benefits of youth employment. WTTC Member companies, representing a significant proportion of the overall sector, nearly all offer some form of work experience, internship programmes, or provide further education and training programmes to attract and retain young people¹⁷.

¹² WTTC, 2014, Global Talent Trends & Issues for the Travel & Tourism Sector

¹³ The British Hospitality Association is now UK Hospitality

¹⁴ UNWTO, 2018: Global Report on Inclusive Tourism Destinations, Model and Success Stories

¹⁵ UK Commission for Employment and Skills – Skills Sector Insights: Tourism: <http://www.ukces.org.uk/publications/er55-sector-skills-insights-tourism>

¹⁶ US Travel Association, 2012. Fast Forward, Travel Creates Opportunities and Launches Careers

¹⁷ WTTC, 2014. Global Talent Trends & Issues for the Travel & Tourism Sector

5. POLICIES TO SUPPORT YOUTH EMPLOYMENT IN TRAVEL & TOURISM

A multi-stakeholder approach, including both government and the private sector, is critical to continue creating opportunities and quality jobs for young people across the world. Such an approach will need to be supported by the right policies and an enabling environment within governments to support a growing, diverse and talented young workforce.

Several factors are particularly relevant at enabling talent development; which in some cases can have a direct influence on high-quality training and the positive perceptions of Travel & Tourism jobs.

Policies in areas where Travel & Tourism has a higher opportunity to directly influence include those that:

- Create positive perceptions of Travel & Tourism jobs
- Provide high quality company training of employees
- Prioritise Travel & Tourism within government
- Encourage women and youth participation in spare labour market capacity
- Have policies for hiring foreign, high quality labour

Other policies will enable youth employment in Travel & Tourism, but will do so more indirectly, notably:

- Develop a strong customer service base
- Ensure the quality and skills of general human resources
- Enable a flexible labour market
- Enjoy less competition for jobs from other (competitor) sectors such as retail
- Have a population with a youthful workforce

Developing a strong youth workforce provides clear benefits for the citizens, societies and the broader economies. Travel & Tourism with its tremendous track record of creating jobs and developing skills is one of the key sectors where, with the right policy development, the opportunities for youth can be fully maximised.



6. APPENDIX: SELECT COUNTRIES' ECONOMIC INDICATORS¹⁸

| | YOUTH (15-24) AS % OF TOTAL POPULATION, 2015 | YOUTH (15-24) ECONOMY UNEMPLOYMENT RATE (%), 2017 | OVERALL ECONOMY UNEMPLOYMENT RATE (%), 2017 |
|----------------------|--|---|---|
| WORLD | 16.2 | 13.4 | 5.5 |
| ARGENTINA | 15.9 | 23.5 | 8.5 |
| AUSTRALIA | 13.2 | 12.6 | 5.6 |
| BRAZIL | 16.8 | 30.2 | 13.3 |
| CANADA | 12.8 | 11.6 | 6.3 |
| CHINA | 13.0 | 10.8 | 4.7 |
| COLOMBIA | 17.1 | 18.1 | 8.9 |
| EGYPT | 17.4 | 34.4 | 12.1 |
| FRANCE | 11.7 | 22.1 | 9.4 |
| GERMANY | 10.6 | 6.8 | 3.8 |
| INDIA | 18.4 | 10.5 | 3.5 |
| INDONESIA | 17.2 | 15.2 | 4.2 |
| ITALY | 9.6 | 34.7 | 11.2 |
| JAMAICA | 19.0 | 29.7 | 12.4 |
| JAPAN | 9.5 | 4.6 | 2.8 |
| MALAYSIA | 19.7 | 10.8 | 3.4 |
| MEXICO | 18.3 | 6.8 | 3.4 |
| NETHERLANDS | 12.2 | 8.9 | 4.8 |
| PERU | 17.8 | 8.6 | 3.6 |
| PHILIPPINES | 19.5 | 6.8 | 2.3 |
| RUSSIA | 10.6 | 16.3 | 5.2 |
| SAUDI ARABIA | 15.5 | 25.0 | 5.5 |
| SINGAPORE | 13.2 | 4.6 | 2.0 |
| SOUTH AFRICA | 18.6 | 53.5 | 27.3 |
| SOUTH KOREA | 13.3 | 10.2 | 3.7 |
| SPAIN | 9.3 | 38.7 | 17.2 |
| THAILAND | 14.1 | 5.9 | 1.1 |
| TURKEY | 16.6 | 20.3 | 11.3 |
| UNITED ARAB EMIRATES | 10.2 | 4.9 | 1.7 |
| UNITED KINGDOM | 12.2 | 12.1 | 4.3 |
| UNITED STATES | 13.8 | 9.2 | 4.4 |
| VIETNAM | 16.9 | 7.0 | 2.1 |

18 Sources: United Nations Population Division, World Bank Database

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