

POVERTY REDUCTION THROUGH TOURISM

Hotels, Catering and Tourism (HCT) is one of the fastest-growing economic sectors in countries around the world. It is very labour-intensive and is a significant source of development and employment, especially for those with limited access to the labour market, such as women, youth, migrant workers and rural populations. It can significantly contribute to social and economic development and to poverty reduction in least developed countries (LDCs).



Why action is needed

As a service industry that is very labour intensive, the HCT sector has significant potential to contribute to poverty alleviation by developing a value chain approach to sustainable tourism development and reducing leakages by building linkages with other sectors.

A sustainable destination

- To become a sustainable and attractive destination, a location requires a wide range of services including infrastructure such as power and water utilities, airports and roads to facilitate the provision of hotels and restaurant services together with effective destination marketing. The development of this infrastructure can significantly **benefit the local poor** by providing access to markets and jobs which facilitate the improved delivery of supplies and services to the wider economy.

Facts and Figures

- Despite structural changes due to new technologies, the industry remains a large source of employment, particularly in developing countries, where it grew rapidly in recent decades.
- In 2010 travel and tourism was estimated to have generated about **9.3% of global GDP**. Tourism investments were estimated at 9.2% of total global investments.
- **Tourism exports** represent **30% of world exports** of commercial services (6% of total exports of goods and services).
- **International tourist arrivals** increased **4.3% annually** between 1995 and 2008. In 1950 the travel industry recorded only 25 million international tourist arrivals; arrivals had grown to 277 million in 1980, 684 million in 2000, and 922 million in 2008.
- With regard to the **supply chain in the sector**, **one job** in the core HCT industry indirectly generates **1.5 additional jobs** in the related economy. In 2010, the sector's global economy accounted for more than **235 million jobs**, equivalent to about **8%** of the overall number of jobs (direct and indirect), or one in every 12.3 jobs.
- **Women** represent between **60 and 70%** of the labour force.
- **Youth employment** is significant in the sector. Half of the HCT workforce is under 25.
- **Tourist arrivals in LDCs** (1998-2008) have tripled, with an average growth rate of 13%, and with tourism revenues increasing from 1 to 5.3 billion USD.
- **30 out of 49 LDCs** have selected tourism as an **important sector for growth and development**; and international tourism is among their top three foreign exchange earners.
- Tourism is the **leading services export in LDCs**, representing 33% of LDC exports and 65% for island LDCs.

Low skills and opportunities for disadvantaged groups

- The sector and its informal components provide a **vast number of jobs to workers with little or no formal training**; it can provide **opportunities for those facing social and skills disadvantages** in a way that is not always offered by other industries.

Working conditions and social dialogue

- The sector thrives in an environment where **labour-management relations/social dialogue, skills development and decent working conditions** are essential for providing **quality service** and **sustainable tourism**. Nevertheless, the working conditions are frequently characterized as unsocial and irregular, including long working hours, on-call, casual, temporary, seasonal and part-time contracts, which are related to insecurity, comparatively low pay, job instability, limited career opportunities, a high level of subcontracting, substantial outsourcing, and rapid staff turnover.

Equality

- A **divergence between qualifications and workplace reality** is observable for **women and young workers**. Unskilled or semi-skilled women tend to work in the most vulnerable jobs, where they are more likely to experience poor working conditions, inequality of opportunity and treatment, violence, exploitation, stress and sexual harassment. They also suffer segregation in terms of access to education and training. Women are on average paid 25% less than male workers for comparable skills.



Leakages and Linkages

Although the sector can be a driver of social development and poverty reduction, and can expand local incomes through its high potential for local employment creation, its enterprises often engage in sourcing relationships with foreign suppliers, rather than seeking local supply linkages. For most developing countries, these “leakages” in tourism expenditures and earnings are between 40 and 50% of gross tourism earnings and between 10 and 20% for developed and more diverse developing countries. They can be reduced by building local cross-sectoral activities (i.e. linkages with other sectors such as construction, agriculture, fishing, food processing, furniture manufacturing, handicrafts, media and entertainment, transport, utilities and services including energy and telecommunications).

Building linkages requires:

- **Effective national policy strategies and a regulatory framework** that builds on local development.
- **Public-private partnerships:** collaboration between tourism enterprises and local governments to set regulations and policies on local supply chains, as well as the establishment of sustainable market opportunities for local suppliers that help to **sustain local environments** while ensuring quality, quantity and a unique experience for tourists to get in contact with local enterprises.

Poverty reduction strategy plans

Policies, regulations and clear strategies are the basis for sustainable tourism development, large-scale poverty reduction, the protection of natural resources and ways of life, and the promotion of economic development. In addition, they help to maintain social cohesion and the identities of local communities. Governments play a major role in establishing development strategies, programmes, policies and statutory conditions related to safety, security, and sanitation, working conditions, infrastructure, education and training.

- **Evaluate and monitor the environmental impact** of major tourism developments.
- Encourage industry supply chains to **source locally** and reduce reliance on imported items.
- **Promote local ownership** by facilitating access to finances through credit and loan facilities for the poor, guaranteeing fair economic returns on the resources the communities are managing.
- **Support local employment** through the development of job outreach programmes that help educate and inform local populations about job prospects in the HCT industry and related sectors.
- **Strengthen collaboration and communication** between the tourism industry and local communities to facilitate the provision of food, goods, services or infrastructure by communities and to help them better understand the needs of the industry.
- **Address current work deficits**, particularly in poor working conditions at the workplace and the elimination of child labour.

Fair Trade in Tourism South Africa

The non-profit organization Fair Trade in Tourism South Africa (FTTSA), supported by the ILO, promotes sustainable tourism development by raising awareness, conducting research and advocacy, and facilitating capacity building in the industry. It certifies tourism businesses that operate according to the principles of “Fair Trade” and responsible tourism. A special label qualifying businesses is awarded in recognition of their commitment to the principles of fair share, democracy, respect, reliability, transparency, sustainability and related criteria, including fair wages and working conditions, fair purchasing, fair operations, equitable distribution of benefits and respect for human rights, culture and environment. FTTSA supports local communities, economies and businesses that are managed in an ethical and socially and environmentally responsible manner.

Source: www.fairtourismsa.org.za

Training and skills development

Education, vocational training, training upgrades and human resources development, are key requisites for the operational effectiveness and the service quality of the sector.

- **Assist tourism enterprises** to establish **effective training programmes and skills development** for workers and employers, especially SMEs — which represent the biggest share of tourism enterprises in developing countries.
- Vocational education and training should include issues like HIV/AIDS, youth employment, and occupational safety and health in the tourism sector.

Social dialogue

Effective social dialogue, alongside a well-managed employee appraisal system within companies, can enable the development process for workers at all levels to operate in a manner that better meets the needs of companies and of individual employees.

- **Promote social dialogue** among social partners to sensitize, analyse, design and implement initiatives aimed at introducing more resource-efficient practices in the industry.
- **Involve social partners** in the design and implementation of comprehensive rural development strategies.
- **Extend sectoral and cross-sectoral public-private partnerships** for sustainable and pro-poor tourism between international, government, non-government and private sector organizations that have the common objective of reducing poverty through tourism.

ILO's role and activities

The main objective of the Sectoral Activities Department is to strengthen the application of the decent work agenda at sectoral level through social dialogue. The sectoral approach allows the ILO to address pressing issues as a way of promoting the improvement of working conditions and industrial relations; to promote the ratification and effective implementation of sectoral standards and tools; and to enhance the knowledge base on trends and challenges at industry level through technical cooperation, action programmes and meetings.

ILO's **Decent Work Agenda** directly relates to poverty reduction through an integrated approach that has four key elements:

- **Rights at work** enable the empowerment of men and women to escape poverty,
- **Employment** involving productive and freely chosen work is the principal route out of poverty,
- **Social protection** safeguards against poverty,
- **Social dialogue**, or all types of negotiation, consultation and exchange of information between representatives of governments, employers and workers on issues of common interest, is crucial to poverty reduction.



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Lao PDR Project UN CEB Inter-Agency Cluster on Trade and Productive Capacity

The main objective of this project between the ILO, the ITC, UNCTAD, UNIDO and UNOPS is to enhance the productive capacity of the tourism sector by strengthening backward linkages with the organic agriculture and handicraft industries, facilitating exports to regional markets and meeting international requirements for targeted sectors, addressing cross cutting issues concerning cleaner production, strengthening the local trade-related forums and supporting the government in the Diagnostic Trade and Integration Study (DTIS) update process. It is aimed at reducing poverty in targeted provinces of the Lao PDR.

ILO's standards and cooperation

- The **ILO** and the **World Tourism Organization (UNWTO)** signed a cooperation agreement to strengthen the capacities and activities of the two UN agencies in this field (2007) and to increase the importance of the sector for employment creation, development and the elimination of poverty.
- Addressing the global economic crisis and referring to the ILO Global Jobs Pact, the **ILO** and the **UNWTO** issued a joint statement on Tourism and Employment in September 2009. A similar statement was signed with the **IH&RA** in January 2010 to undertake action programmes at the pilot level in selected regions and hotel chains, and to tackle on a cooperative basis issues like HIV/AIDS, child labour, migrant labour, gender policy and other cross-cutting issues.
- The **Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172)** and the **Working Conditions (Hotels and Restaurants) Recommendation, 1991 (No. 179)** set minimum standards to improve working conditions, training and career prospects in hotels, restaurants and similar establishments, and noted that collective bargaining is required to enhance job security. This convention stipulates that minimum standards adopted at the national level should not exclude workers.

Toolkit on poverty reduction through tourism

The ILO is preparing a toolkit on poverty reduction through tourism, which will be available in autumn 2011. It aims at **assisting developing and least developed countries to create a sustainable tourism industry and businesses based on decent employment**. It will be oriented towards SMEs and local communities in rural areas, will include case studies and best practices, and will illustrate the links between the ILO Decent Work Agenda, poverty reduction and the Millennium Development Goals.



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ILO's tools

- 2010: Developments and challenges in the hospitality and tourism sector. Issues paper for discussion at the Global Dialogue Forum for the Hotels, Catering, Tourism Sector, 23–24 November 2010, Sectoral Activities Department (Geneva).
- Bolwell D., Weinz W., 2009: Reducir la pobreza a través del turismo (Geneva, ILO).
- Boardman, J., Barbato, B., 2008: Review of socially responsible HR and labour relations in practice in international hotel chains (Geneva, ILO).
- Bolwell, D., Weinz, W., 2008: Reducing poverty through tourism (Geneva, ILO).
- Bolwell, D., Weinz, W., 2008: Guide for social dialogue in the tourism industry (Geneva, ILO).
- Hoel H., Einarsen S., 2003: Violence at work in hotels, catering and tourism (Geneva, ILO).
- 2003: Employment and Human Resources in the Tourist Industry in Asia and the Pacific. Background paper for the Tripartite Regional Meeting, Bangkok, Thailand.

For more information about the ILO Sectoral Activities Department and the HCT sector:

<http://www.ilo.org/public/english/dialogue/sector/sectors/tourism.htm>
<http://www.ilo.org/public/english/dialogue/sector/index.htm>

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