THE TOURISM LABOUR MARKET IN THE ASIA PACIFIC REGION ¹

Keynote, Session IV: Tourism Labour Market in the Asia Pacific Region

Lisa Ruhanen ²
Lecturer
The University of Queensland
Australia
l.ruhanen@uq.edu.au

Summary

To harness the full potential of the tourism industries as an employment creator, emphasis has turned towards ensuring that the labour market has the capacity to meet the sector’s increasing demand for suitably skilled labour. Indeed, the tourism industries in the Asia Pacific region are experiencing a shortage of available skilled labour to meet their demand. Within this context, the UNWTO Regional Representation for Asia and the Pacific commissioned a scoping study to examine labour shortages in the region. The objective of the scoping study was to conduct a review of the labour market situation, characteristics and related issues in the tourism industries of 10 key countries in the Asia Pacific region namely Australia, China, India, Indonesia, Islamic Republic of Iran, Japan, Malaysia, Republic of Korea, Sri Lanka and Thailand.

The results of the study highlighted the extent to which the tourism industries in many countries in the region are struggling to match their demand for labour with available supply in the labour market. It was found that while the tourism labour market in the region is affected to varying degrees by changing demographic patterns and competition for labour from other industries, the undersupply of labour in the tourism industries is directly attributable to the inherent characteristics of the sector including low wages, unfavorable working conditions and lack of actual and perceived career advancement opportunities. The survey respondents all agreed that these inherent characteristics of the tourism industries are the major factors affecting the inability of the sector to attract and retain skilled labour.

¹ A study commissioned by the UNWTO Regional Representation for Asia and the Pacific (first draft).
² Co-authored by Professor Chris Cooper.
Index

INTRODUCTION

THE TOURISM LABOUR MARKET

THE ASIA PACIFIC TOURISM LABOUR MARKET

STUDY FINDINGS: SUPPLY AND DEMAND IN THE ASIA PACIFIC TOURISM LABOUR MARKET

- Wages and Working Conditions
- Career Advancement Opportunities
- Image and Perceptions of Employment in the Tourism Industries
- Employment Security
- Education and Training
- HR Development
- Migrant Labour
- Labour Mobility
- Contribution to Poverty Alleviation

TOURISM LABOUR MARKET: FUTURE NEEDS AND CHALLENGES

CONCLUSION
INTRODUCTION

The Asia Pacific region has witnessed considerable and rapid growth during the last decade, yet the region is experiencing a lack of skilled labour required to meet the demand from the tourism industries and concomitantly the need to improve the quality of tourism-related jobs. Within this context, the UNWTO Regional Representation for Asia and the Pacific commissioned a scoping study to examine labour shortages in the Asia Pacific region. The objective of the scoping study was to conduct a review of the labour market situation, characteristics and related issues in the tourism industries of 10 key countries in the Asia Pacific region and provide benchmarks of:

- Scope and coverage of national tourism labour statistics.
- Analysis of the working conditions in the tourism labour market.
- Gap analysis of demand for, and supply of, tourism labour in the region.
- The contribution of tourism labour to poverty alleviation.
- Future trends and challenges impacting on the tourism labour market.

Importantly, the study was conducted within the context of the ILO and UNWTO’s (2008) collaborations on the measurement of employment and decent work in tourism within the framework of the UN’s Employment and Decent Work Agenda and International Recommendations for Tourism Statistics.

To meet the aims and objectives of the scoping study a survey was undertaken with a sample of opinion leaders in each of the countries. A total of 33 respondents from ten countries completed the survey (the detailed study methodology is presented in the final study report). The ten countries identified by the UNWTO Regional Representation for Asia and the Pacific for inclusion in the study were: Australia, China, India, Indonesia, Islamic Republic of Iran, Japan, Malaysia, Republic of Korea, Sri Lanka and Thailand. Additional data was derived through a comprehensive analysis of secondary sources from government, academic and other non-governmental sources such as the OECD, ILO and peak tourism bodies in the region such as the PATA. A limitation of the study is the lack of publicly available statistical data relating to the tourism labour market in the region, notably the absence of statistical collections addressing employment in the tourism industries as defined by the TSA methodology. Indeed, the UNWTO and ILO (2008) report on labour statistics in the tourism industries recognized that

“the world of work in tourism is generally not well-known because reliable data on employment in the tourism industries are not properly identified separately or poorly done. For this reason, only a limited number of countries produce meaningful statistics on employment in the tourism industries. (This) only confirm(s) that the world of work in tourism, in general, and the economic value of tourism in terms of employment, as a source of productive labour in particular, remain inadequately measured and insufficiently studied” (p.v).

The scoping study provides benchmarks of the labour market situation in the Asia Pacific region. From this analysis preliminary recommendations and practical solutions are presented for member states in the region to facilitate the development of more efficient tourism labour policies and practices. Importantly, the study provides a valuable starting point for further detailed research into the Asia Pacific tourism labour market. This paper presents a synopsis of the study findings.
THE TOURISM LABOUR MARKET

The tourism industries are a valuable economic development tool for many countries, namely due to their capacity and effectiveness in generating employment. There are several characteristics which make the sector an attractive economic development option in terms of its potential to both create and support jobs and boost employment. Employment in the tourism industries is considerably varied ranging from professional, skilled positions to unskilled and semi-skilled work with professional contractors, Small-to-Medium Sized Enterprise (SME) owners, entrepreneurs or paid full-time, part-time, casual or temporary employment. However, the reverse could be argued that in fact many of the benefits of tourism are also challenges or inhibitors to decent work.

The variety of opportunities in the sector, particularly in terms of low/semi-skilled positions makes the tourism industries attractive to new entrants into the labour market and groups prone to unemployment such as young people, women or those with minimal education and/or formal qualifications. It is for reasons such as this that the tourism industries are well acknowledged as a valuable tool in alleviating poverty as employment within the sector can provide income and experience and therefore contribute to a person’s social inclusion and personal development (De Lacy, Battig, Moore, & Noakes, 2002; UNWTO, 2006; 2002). In fact, many countries have looked to the tourism industries as a means of generating employment and in turn contributing to the alleviation of poverty.

However, there are a number of aspects of the tourism industries which make it an undesirable sector to work within. For instance, the dominant employers (e.g. accommodation, food and beverage [F&B] sectors) are often perceived as being associated with poor labour conditions, such as low pay, low skills, long, irregular working hours, as well as a lack of career advancement opportunities. Such conditions make employment within the sector seem particularly unfavorable especially when compared to other industries such as finance, IT, manufacturing or retail where the wages and conditions are often relatively more appealing, particularly to younger people (ILO, 2003).

The fact that most tourism industries are constrained by their service characteristics (i.e. production and consumption are inseparable) means that products and services cannot be stored. These service characteristics make it difficult to improve productivity and value add through higher output at lower costs without decreasing the quality of services offered and losing competitiveness (Baum, 1995). To maintain competitiveness employers will seek to exert downward pressure on costs and employ strategies such as substitution of labour by technology, deskillling of tasks and outsourcing, thereby making it difficult to retain employees or indeed, offer more attractive wages and conditions.

Due to the perceived unfavorable conditions, people working in tourism may enter and exit the sector quite rapidly, or indeed frequently, because employment and working conditions do not meet their expectations and they will therefore seek alternative, decent employment opportunities (UNWTO & ILO, 2008). This is often the case for those in skilled positions such as middle and senior management where the quality of work and the expectations of their employers are not necessarily reflective of their career goals and aspirations. Indeed, higher education graduates may seek employment in alternative industries as the wage levels and working conditions in some parts of the sector do not meet their prior expectations, nor are in keeping with their education levels.

The issue of labour mobility is a significant challenge for the tourism industries as it creates instability in the labour force. Labour force mobility is being aided by companies seeking cheaper labour, seeking to fill labour supply gaps, alleviating skills shortages, developing production systems, increasing
globalization and seeking cross-border trading (Baum, 2007, 2007a). Not only is competition rife for skilled labour between businesses in the tourism industries but there is also the external pressure from other industries looking to rectify their own labour shortages.

In response to the demand for skilled labour in the tourism industries, increasing attention has been given to training and education. Indeed, an educated and skilled workforce is considered crucial in ensuring sustainable growth in the 21st century. As such, many countries now have an extensive education system encompassing qualifications for the tourism industries up to the postgraduate level, although there is still considerable scope in terms of accreditation for the informal sectors of the tourism industries. Despite advances, the sector is often criticized for its lack of investment in training and education. This is especially the case for SMEs, where seasonality, part-time and casual employees and high labour rates of labour turnover, do not inspire employers to invest in education and training. When training is offered, it is often a short-term expedient, designed to teach staff how to improve their current job function (Baum, 1995).

THE ASIA PACIFIC TOURISM LABOUR MARKET

In recent years the Asia Pacific region has experienced a renewed focus on tourism as a source of economic development, particularly in the wake of the 1997 Asian Economic Crisis which left tourism as one of the most viable growth options for many countries (Briedenhann & Wickens, 2004). The success of this approach is evident with 2007 figures showing that the Asia Pacific region was the world’s second best performing region in terms of arrivals with an increase of 10% over the previous year to 184 million arrivals (UNWTO, 2009; 2008). Such a strong performance highlights the importance of tourism and its role in economic development for most countries in the Asia Pacific region, notably in terms of foreign exchange earnings, increased government revenues and as a stimulus for investment. Importantly, the role of the tourism industries in the creation of employment opportunities for the region is substantial.

The strong performance of the region in 2007 in terms of tourist arrivals is tempered by the fact that in 2008 global financial markets experienced their worst crisis since the 1930s instigated by the financial turmoil in the United States. During 2008 many industrialized nations fell into recession and firms retrenched employees in considerable numbers (ILO, 2009). Forecasters claim the slowdown in global economic growth is likely to be felt most acutely in 2009 (ILO, 2008). Inevitably declining consumer confidence will impact on demand for international travel particularly amongst the Asia Pacific’s long haul markets of the Americas, Europe and the Middle East (UNWTO, 2009). Although the scale and significance of the economic downturn is currently unknown with widely varying predictions, it will certainly impact on jobs within the tourism labour market in the region. This was indeed evident during the 1997 Asian Economic Crisis where many countries in the region experienced falling currencies, devalued stock markets and rise in private debt. In turn, consumer confidence and lack of travel demand led to increased unemployment in the tourism industries.

Clearly the tourism labour market situation varies considerably amongst countries in the Asia Pacific region. For instance, countries such as Malaysia and Australia have labour shortages in tourism as well as other industries in the country. In these cases, the use of imported labour such as foreign workers has become an established pattern as workers from the region’s developing nations move to newly industrialized and developed nations (UNWTO, 2002a). In highly industrialized nations like Japan there is a shifting demographic structure with fewer young entrants into the labour force to replace a rapidly aging economically active population. Countries such as China, Indonesia, Sri Lanka, and India, in
contrast, currently have a surplus of unskilled labour, with a ready supply of workers for low-skilled entry level positions (ILO, 2003; UNWTO, 2002a). Indeed, researchers have found that the demand for skilled labour in the region has far outstripped supply declaring a serious fear of further labour shortages as the population ages (Stevens, 2007). It is further claimed that the lack of a skilled tourism labour market has placed restraints on the potential of the tourism industries for growth and productivity (UNESCAP, 2001). As such, many countries, particularly developing countries, are forced to maintain their economic growth and meet their labour needs through the use of ‘cheap’ unskilled and semi-skilled labour (Liu & Wall, 2006).

Inescapably, the Asia Pacific tourism labour market, like other regions around the world, is impacted by an ageing population, increased participation of females in the labour force, mobility and immigration, wage shifts and the achievement of MDGs such as poverty alleviation. In the context of technological improvements and globalization, these factors combine to create a much tighter, but more highly skilled and flexible global workforce. Undeniably, skilled labour shortages are the most pressing issue for the tourism industries in many countries in the Asia Pacific where demand for skilled labour far outweighs supply. Yet, the inherent challenges associated with the tourism industries will continue to exert pressure on the sector and its ability to attract and retain suitably qualified employees as opposed to the more readily available low/semi-skilled labour force. Coupled with the effects of the current global economic downturn, both the public and private sectors in the region must grapple with maintaining competitiveness and retaining market share in the face of tight economic conditions.

**STUDY FINDINGS: SUPPLY AND DEMAND IN THE ASIA PACIFIC TOURISM LABOUR MARKET**

The survey of opinion leaders and analysis of secondary documentation has revealed that the supply of labour in the Asia Pacific region is inextricably linked to the inherent characteristics of the tourism industries. Certainly demographic trends such as an ageing population are an issue for many countries in the region, however, this problem was not considered by respondents to the opinion leader survey to be a forerunning concern at the current time. Additionally, the political and economic situation in many countries has undeniably exerted additional pressure on the labour market where competition for skilled labour has become more contested than ever before. However, the results of the scoping study have found that for each of the 10 analyzed countries, the gap between labour supply and demand, notably skilled labour, is primarily attributable to the inherent characteristics and features of the tourism industries. Despite their country, the survey respondents almost unanimously agreed that wages and working conditions, lack of career opportunities and negative perceptions of employment in the tourism industries are the major factors affecting the supply of labour and as such are directly linked to the high unmet demand for labour in the tourism industries.

Interestingly, the situation does not significantly differ between the analyzed countries. Although Australia and Malaysia identified a shortage of available labour generally, respondents from each of the countries identified that the most problematic issue was a shortage in the supply of skilled labour. Similarly, each of the respondents identified the shortages to be most apparent in the accommodation and F&B sectors of the tourism industries. Again in all cases this was attributed to both the large number of employees required to maintain their service functions and the nature of work in these sectors. Further, all countries reported shortages of skilled labour at the professional and managerial levels, again notably in the accommodation and F&B sectors, and once more linked to the working conditions in the sector. Respondents to the opinion leader survey were requested to identify factors which are currently impacting on supply and demand in their country’s tourism labour market. The responses are summarized in Table 1.
### Table 1: Factors Currently Impacting on Supply and Demand in the Tourism Industries

<table>
<thead>
<tr>
<th>Country</th>
<th>Factors</th>
</tr>
</thead>
</table>
| **Australia** | • Salary and wages lower in tourism than most other industries making it difficult to be competitive and retain staff  
• Quality education and training systems in place but the utilization and emphasis on training varies in the sector  
• Negative perceptions of the tourism industries both in terms of a working environment and career progression opportunities, especially amongst young people  
• Recent resources boom and low unemployment rate has created shortages in the local market for labour generally and skilled labour specifically  
• Strict immigration policy restricting inflow of labour together with an outflow of skilled labour to other countries  
• High labour mobility within the tourism industries and to other industries  
• Changing employee demographic and employment expectations leading to tensions between older and younger workers  
• A lack of planned HR management and development strategies amongst SMEs |
| **China** | • Low salary and wages in the tourism industries relative to other industries  
• Unfavorable attitudes towards employment in service positions and negative perceptions regarding the type of work available in the tourism industries  
• Need for further development of skills and capabilities to meet the demand for labour at the professional/management level  
• Improved opportunities for tourism students to develop the practical skills that are required by employers  
• Improved capabilities regarding effective HR management and strategies of tourism businesses within the tourism industries |
| **India** | • The demand for skilled labour in the tourism industries cannot be met through current supply  
• Additional educational and training institutes to meet the demands for a skilled tourism labour force  
• Insufficient educators and instructors in the educational system with expertise in the tourism industries  
• Low mobility amongst the population (inter-regional migration) limiting dispersal of the labour market to certain regions  
• Proficient in English but currently lack the language skills to meet the emerging inbound Chinese market |
| **Indonesia** | • Fluctuating tourism demand impacting on stability and growth of the country’s tourism labour market  
• Low wages and unfavorable working conditions in some parts of the sector vis-à-vis other industries  
• Need for standardization and increased capacity in the education and training system to meet demand for skilled labour in the tourism industries |
| **Iran** | • Improvements needed to education and training for skilled labour particularly at the professional/management level to meet the demands of the tourism industries  
• Image of service-based positions not as favorable in terms of social standing/prestige compared to other major industries  
• High rate of female participation in the tourism labour market requiring a renewed focus on equal opportunity human resource practices, salary and conditions  
• Opportunities to improve job security and satisfaction to reduce employee turnover |
<table>
<thead>
<tr>
<th>Country</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Japan      | • Actual and perceived image of tourism as a low wage employment option  
             • High labour turnover and increasing number of temporary workers in the labour  
               force, particularly amongst women, making it difficult for organizations to retain  
               staff  
             • A shortage of skilled labour to meet the needs of the tourism industries, particularly  
               in terms of skilled labour with foreign language skills  
             • Further development of the country’s education and training system needed to  
               produce the numbers of suitably qualified and skilled graduates required by the  
               tourism industries |
| Malaysia   | • Low and un-standardized wages rates in the country’s tourism labour market  
             • Tendency within the tourism industries to recruit migrant labour to fill senior  
               management positions  
             • The use of migrant labour for entry level positions  
             • High mobility of skilled labour with English language capabilities; and,  
             • Difficult to recruit and retain employees in the accommodation and F&B sectors |
| Republic of Korea | • Low salaries in the tourism industries vis-à-vis other industries  
                       • Perceived lack of career path, especially for those entering the tourism labour  
                         market at entry-level positions  
                       • Increased tendency to employ temporary workers  
                       • Tourism labour market unable to meet demand for employees with English,  
                         Japanese and Chinese language skills  
                       • Lack of continual training and education for employees  
                       • Significant proportion of graduates with tourism qualifications/training not entering  
                         into the tourism labour market  
                       • Strict national regulations on the use of foreign labour limiting the use of migrant  
                         labour to fill positions in the tourism industries |
| Sri Lanka  | • Exodus of skilled labour to other countries (such as the Middle East and Maldives)  
             resulting in high labour turnover within the country’s tourism industries  
             • Lack of higher education and training institutes in Sri Lanka to meet demands for  
               skilled labour and professional graduates in the tourism industries  
             • Perceived lack of career opportunities and advancement in the tourism industries  
               leading to a reluctance to enter the tourism labour market, particularly by young  
               people  
             • Low wages and unfavorable working conditions  
             • Reluctance and/or inability of SMEs to invest in training and education for  
               employees |
| Thailand   | • Effectively responding to and managing the impacts of crises affecting the  
             country’s tourism industries including current economic recession, natural  
             disasters, etc. to minimize the negative impacts on the economy and employment  
             • Negative perceptions of the tourism industries in terms of lack of career path and  
               promotion opportunities, as well as wages and working conditions  
             • Lack of standardized education/curriculum in tourism education and training  
               institutes  
             • Business owners and managers require additional knowledge and skills regarding  
               best practice HR management |
Wages and Working Conditions

The results of the study have confirmed that the wages and working conditions in the tourism industries are the major factor inhibiting the supply of skilled labour in the tourism industries. Wages in the tourism industries for most countries are set at, or close to, the minimum wage base of the respective country. Employees often do not consider the wages to be reflective of the type of tasks they are required to perform which may be physically tiring, nor do the low wages make the long, irregular and anti-social working hours anymore appealing. In a competitive labour market employees do not need to accept these conditions and simply seek alternative employment. Respondents noted that other sectors such as manufacturing, mining and finance have the capacity to offer much higher wages and more stable and social working hours. This issue was also a factor in the viability of strategies to attract new entrants into the labour market from other industries and the use of migrant labour to meet demand. It was noted that the tourism industries, particularly accommodation and F&B, could simply not compete with the type of wages offered elsewhere.

The wages and working conditions in the tourism industries further inhibit the supply of skilled labour at the professional and management levels and it was noted by respondents from each of the countries that this was a significant problem. Tertiary qualified persons, even those specifically trained for the tourism industries, are increasingly less willing to accept low wages and menial tasks, especially as their skills make them attractive to other industries who can offer more attractive salary packages. One respondent discussed that even where wages for management positions between industries are similar, the working hours are not. Again, in a competitive labour market employees will seek employment elsewhere.

The quandary is that many of the positions within the tourism industries are basic, frontline service positions that do not necessarily warrant higher wages. Similarly, the profit margins for many tourism businesses inhibit their ability to pay higher wages. Yet, to attract suitably qualified labour a number of respondents in the study reported that businesses were forced to offer higher wages simply to carry on their business. It was noted that this is not sustainable and may result in businesses, namely SMEs, exiting the market as they simply cannot compete with larger tourism businesses or the wages offered in other industries.

Career Advancement Opportunities

In addition to the low wages and unfavorable working conditions respondents identified the lack of career advancement opportunities in the tourism industries as a further factor affecting the supply of skilled labour. For tertiary qualified employees the type of work required is not necessarily reflective of their career goals and aspirations, or it may be considered too menial and not in keeping with their high levels of education. Indeed, Baum (2007, 2007a) found that particularly in high skilled, developed countries, skilled workers do not always view tourism as a good long-term career option. Further, some respondents reported that tourism is not seen as a ‘real’ career and people who go to university would rather study more ‘serious’ academic disciplines. Additionally, the arrival of ‘Generation Y’ employees into the labour market in countries such as Australia, characterized by their expectations of swift career advancement and reluctance to ‘work their way up the organization’ provides further challenges.
Image and Perceptions of Employment in the Tourism Industries

The lack of career advancement opportunities are linked to the unfavorable perceptions or image of employment in the tourism industries. Those established in the sector would actively dissuade suggestions that there are limited career prospects, citing the numerous opportunities for advancement to the management levels for good employees. However, simply the perception that there are limited career advancement opportunities is enough to be adversely affecting the supply of labour. Also, in many countries service positions do not have a positive image and some respondents noted that it can be viewed as demeaning to ‘serve’. However, there are sectors within the tourism industries where employment is considered to carry a certain degree of esteem such as boutique and high-end hotels and executive air travel.

Employment Security

The tourism industries offer a wide variety of employment opportunities from unskilled to professional positions and permanent full-time to part-time, casual and temporary employees. However, the results of the study found that in all countries the tourism labour force was predominantly comprised of a mix of part-time, casual and temporary employees. While this offers opportunities for certain demographic sectors such as women and young people to engage in the labour market there is little or no job security. This can adversely affect commitment and performance, and as a result impact on service quality.

For employers the use of such labour offers considerably more flexibility to respond to fluctuations in demand. However, it does impact on the competitiveness of the organization as the continual loss of knowledge and the financial costs associated with recruiting and retraining employees is extremely high. Further, the predominance of part-time and temporary labour impacts on long-term labour force development as this type of work typically receives less training, has irregular hours and poor access to paid annual and sick leave.

Education and Training

Respondents unanimously agreed that, aside from higher wages, the most appropriate strategy to address supply issues and meet the demand for skilled labour is through education, training and skill development initiatives. While most of the countries in the study have well established tourism education and training systems it was generally considered that these still do not provide sufficient capacity to meet the demand for skilled labour.

Indeed, the UNWTO (2002a) report that despite the rapid growth of tourism, the number of tourism education programs and facilities is still quite small in relation to the size of the sector. Similarly, respondents identified the need for additional capacity in education and training at all levels from postgraduate university studies to meet the needs of professionals and management roles, to occupational, skill specific training programs.

The survey results show that national governments in the region are considered to be quite supportive of facilitating skill development for the tourism industries. This occurs through their provision of education and training institutes as well as programs specifically tailored to develop skills amongst business operators, namely SMEs, labour market entrants and existing employees. The respondents however did not consider the tourism industries within their country to be as responsive to skill development and training. Respondents did note that while many business operators are aware on a basic level for the need to develop skills to maintain standards, training is generally ad hoc, on the job
and undocumented. The survey respondents noted that training amongst SMEs was particularly problematic and generally limited to on-the-job training to the extent required for the employee to carry out their functional role in the business. This was generally considered to be a financial factor and that SMEs often do not have the resources to engage in training programs.

Larger organizations, particularly within the accommodation sector, were identified as being much more proactive and many were reported to have well established and successful training initiatives for their new and existing employees. It was also noted in some countries that such organizations were overcoming skill shortages at the management level by developing and conducting their own program for existing employees.

Demand for specific skills such as languages were also identified by many of the survey respondents. Most countries had a shortage of suitably qualified employees who are proficient in foreign languages to meet the needs of their source markets. Similarly, an ILO (2003) study found that an inadequate proficiency of foreign languages among staff and potential workers needing face-to-face contact with guests was a recurrent theme for the Asia Pacific region. Train for emerging niche areas was also discussed and respondents identified that while some initiatives were underway in most countries there is considerable scope to grow these to meet future demand.

HR Development

Developing capacity in HR was considered by respondents to be imperative for addressing the supply and demand gaps in the tourism industries. Given the inhibitors to labour supply of wages, working conditions and perceived career opportunities, the tourism industries must counteract this through demand side strategies and HR was considered one area where the sector is lacking. APEC (1999) discusses a ‘costs’ versus ‘assets’ approach to HR. Under an assets approach, HR practices are focused on investment in skills development, continual learning and training and development to improve productivity. This approach is considered essential for increasing efficiency, reducing long-term costs and increasing innovation; all of which benefits tourism business. For workers it can lead to improved wages and conditions, long-term employment security and higher skill levels (APEC, 1999).

Indeed, improved HR practices are necessary to provide quality ‘on the ground’ service to meet the needs of tourists (UNESCAP, 2001). Further, providing education and training to develop the HR skills and capacity of management was seen as important by respondents. It was noted that without improvements to HR practices in the sector, the tourism industries will continue to have difficulties in attracting employees.

Migrant Labour

The use of migrant labour to meet shortages in the tourism industries was one area where respondents differed in their views depending on their country’s specific situation and importantly, immigration policy. For countries such as Australia respondents actively supported the use of migrant labour to meet shortages in the tourism labour market. Other countries such as Malaysia are currently employing this strategy. Most of the countries investigated had some form of policy that facilitated the importation of skilled labour to meet specific shortages within the tourism industries. Most respondents did not consider that their country needed to amend immigration laws to allow unskilled migrant workers to meet shortages in the labour market. For many countries it was noted that they have large population and quite high unemployment rates so there is a ready supply of general labour. However, the value of utilizing skilled migrant labour to meet shortages was given far more support, particularly when such employees could transfer knowledge to other employees thereby improving the skills of the local labour force.
Although the Asia Pacific region is comprised of countries with extremely large populations, the effects of demographic changes such as an ageing population are likely to impact in the longer term. In fact, China’s population trends are expected to result in the country having little to no advantage in its labour supply in the future (Cai & Zhao, 2007). The OECD (2008) claim that migration can play a role in alleviating the adverse consequences of ageing populations and demographic shifts, as well as satisfying the needs of the labour market in the face of declining labour supply. However, both the OECD (2008) and the ILO (2005) caution that migration strategies need to be carefully managed in order for it to be an effective and beneficial strategy for the labour market. To this end the ILO (2005) developed a ‘Multilateral Framework on Labour Migration’ tool kit that has non-binding principles and guidelines for countries undertaking capacity building through labour migration. It was developed to assist countries in the Asia Pacific region that have been struggling with labour migration due to fast rates of growth.

**Labour Mobility**

The inherent characteristics of the tourism industries have been identified to be inextricably linked to the supply of labour in the tourism industries. However, the low wages, adverse working conditions and perceptions of work in the tourism industries manifest in terms of labour mobility. Respondents from each of the countries reported that labour mobility was a problem affecting the tourism industries for the aforementioned reasons. As such, the need for improved recruitment and retention approaches were identified by respondents as necessary to overcome the issue.

Labour mobility tends to lead to a lack of commitment from employees which impacts on performance and in turn service quality. Further, labour turnover is a significant issue for businesses and the tourism industries generally. When workers leave an employer there is a loss of knowledge and skills. Employers must incur the costs to recruit and retrain new staff, thus impacting on business profitability and competitiveness. It has been found that constant labour turnover requires on-going training of unskilled staff, meaning less is spent on developing the skills of existing employees. This type of ongoing training is costly, resource intensive and not useful for growing and developing the organization to new levels. Further, when skilled employees obtain employment outside of the tourism industries there is a detrimental effect on the knowledge stocks of the sector generally. In fact, in Australia tourism leaders have predicted that it will become more difficult to recruit and retain employees in the sector impacting on market competitiveness or perhaps leading to organizations exiting the sector and thus, lowering investment in the tourism industries.

**Contribution to Poverty Alleviation**

Respondents reported considerable support for tourism as a vehicle to contribute to the alleviation of poverty. Many discussed the goals of their respective governments in using tourism and the resulting employment opportunities as a vehicle to address poverty in the country. As the UNWTO (2006) have noted, maximizing the employment of nationals in the tourism industries at the technical, supervisory and managerial levels keeps income within the country and reduces leakage of income. Similarly Echtner (1995) finds that local SMEs can have greater and far more valuable impact on the local community than many other types of businesses as they are more likely to; be locally owned and operated, buy from local suppliers, have less negative socio-cultural impacts, adapt quickly to changes in demand and develop products that are too insignificant or overlooked by large organizations.
Unfortunately very few examples were provided by survey respondents of specific strategies and initiatives that are in place to achieve these objectives. Several of the respondents from Australia referred to the government’s funding of business development programs for Indigenous Australians as a means to offer a better economic future.

An issue that should be given further consideration and examined in future research is how to match the tourism industries demand for skilled labour with the goals of poverty alleviation. While basic entry level positions would be the exception as they require little formal training, to make a significant contribution to poverty alleviation through tourism considerable investments in education and training would be required to meet the needs of the tourism industries.

**TOURISM LABOUR MARKET: FUTURE NEEDS AND CHALLENGES**

The future trends and issues identified by respondents as likely to impact on the tourism labour market in the next 10 years revealed many similar issues between countries (Table 2). For each country in the study the issue of labour shortages was identified as a challenge that would continue to face the sector. Respondents also identified a range of the associated challenges inherent in the tourism industries such as low wages and labour mobility.

**Table 2: Identified Future Trends and Challenges in the Tourism Labour Market**

<table>
<thead>
<tr>
<th>Country</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Australia| - Ageing population/more people retiring/demographic trends  
- Impact and recovery from global economic situation/recession  
- Ongoing skills shortages and labour supply  
- Immigration policy restricting access to labour  
- Continued wrong perception of employment in the tourism industries  
- Business process improvements to make labour more productive  
- Outflow of skills  
- Improved training infrastructure and investment by both public and private sectors |
| China    | - Ongoing challenges of attracting sufficient skilled labour to meet demand of the tourism industries  
- Continued high levels of labour mobility as a result of reduced job security and tenure  
- Developing and nurturing local talent for professional/managerial level positions  
- Obtaining standardized education and training systems for the tourism industries  
- Overall financial/economic situation of the country  
- Continued poor perception of tourism as a career option or desirable employer given wage levels and working conditions |
| India    | - Ongoing challenge of obtaining sufficient skilled labour to meet required service standards of the tourism industries, particularly in language capabilities  
- Continued competition for skilled labour with other industries which are more appealing to the labour market because of wages and working conditions  
- Coordination and engagement of the tourism industries to improve their HR practices  
- An aversion to continuous training within the sector by SMEs due to investment costs |
| Indonesia| - Movement of cross border labour both within the country and internationally  
- Reinstatement of high visitor demand for Indonesia providing stimulus for the tourism industries but creating further labour market shortages  
- Ongoing skills shortages and capabilities particularly at management level |
<table>
<thead>
<tr>
<th>Country</th>
<th>Challenges and Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>Ongoing lack of skilled labour to meet the demand of the tourism industries,Continued challenge of low wages and salaries in the tourism industries relative to other major industries,Training and further education for educators and trainers in the tourism industries to meet international standards and practices,Improving access to educational resources and research on the tourism industries and tourism labour market,Reforms to the tourism labour market structure including trade associations to cooperate and engage in policies and strategies for enhancing the tourism industries,Rectify current marketing activities to offset low inbound arrivals</td>
</tr>
<tr>
<td>Japan</td>
<td>To maintain and grow the availability of skilled labour in the tourism industries</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Continued general and skilled labour shortages in the tourism industries, particularly in the accommodation sector,Increasing labour costs in order to attract and retain skilled or experienced employees in the tourism industries</td>
</tr>
<tr>
<td>Korea</td>
<td>The impact of changes to the immigration law for foreign labour,The increased outsourcing and use of temporary labour,Increasing gap in wages between highly skilled employees such as professionals and specialists as compared to those with low skills,Continued changes to the country’s economic base from manufacturing to service industries</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>Tourism visitation improving leading to increased demand for skilled labour,Lack of skilled labour at the professional and management levels,Less young people choosing to enter the tourism industries,Continued low salaries and unfavorable working conditions,Continued high labour mobility and ‘drain’ of skilled employees seeking employment in other industries and overseas because of wages and working conditions in the tourism industries</td>
</tr>
<tr>
<td>Thailand</td>
<td>Ongoing shortage of skilled labour in the tourism industries,Lack of appropriately skilled labour at the professional and management levels,Increased capacity within the existing education and training system to meet demand for skilled labour in the tourism industries</td>
</tr>
</tbody>
</table>

Based on these findings preliminary recommendations are presented for member states in the region to facilitate the development of more efficient tourism labour policies and practices. However, the scope of this paper does not permit a detailed discussion of these. Generally, recommendations focused on bridging the gap between the supply of, and demand for, skilled labour by: improving human resource (HR) practices and working conditions in the sector; re-imaging the tourism industries as an attractive employment option; improving capacity in the education and training systems to meet demand for suitably skilled employees; as well as, engagement and collaboration between government and the tourism industries.
The scoping study was hindered by the ability to access relevant, timely and available data on the tourism industries in the region. As the UNWTO and ILO (2008) have noted, “the world of work in tourism is generally not well-known because reliable data on employment in the tourism industries are not properly identified separately or poorly done” (p.v). Therefore, it is recommended that to accurately monitor the tourism labour market situation in each country and across the region longitudinal research, improved data sources and robust statistical collections on employment and conditions in the tourism industries are instigated. A regional labour market barometer is one approach which may be beneficial. This would provide benchmarks and indicators of current trends in the labour market to inform the sector’s policy development and strategic planning.

CONCLUSION

The Asia Pacific region has experienced unprecedented tourism growth over the last decade and as such demand for labour to meet the myriad of functions in the tourism industries has increased accordingly. However, the tourism industries in many countries struggle to match their demand for labour with available supply in the labour market. To address this, the UNWTO Regional Representation for Asia and the Pacific commissioned a scoping study to examine labour shortages in the Asia Pacific region. Through a survey of opinion leaders in the region and analysis of available supporting documentation, a review of the labour market situation, characteristics and related issues in the tourism industries of 10 key countries in the Asia Pacific region was undertaken.

The scoping study found that the tourism labour market in the region is affected by many external factors such as changing demographics and competition for labour from other industries and these had manifested in a shortage of skilled labour available to meet the tourism industries demand. However, the key finding of the study was that the undersupply of labour is directly attributable to the inherent characteristics of the tourism industries including low wages, unfavorable working conditions and lack of actual and perceived career advancement opportunities. In a strong economic climate the tourism industries cannot compete with other industries that can offer more attractive remuneration and working conditions.

The need to implement remedial strategies to address skilled labour supply for the tourism industries is crucial. Trends and forecasts highlight that the supply of labour generally will be under further pressure as a result of significant adjustments in the demographic situation of many countries in the region. To ensure growth and competitiveness are not compromised in the future drastic and innovative responses to HR practices, working conditions and skill development are crucial to offset further supply shortages.

The study results must be considered within the context of the current global economic slowdown. While there are shortages in the supply of skilled labour at the current time the effects of recession and increasing unemployment in the region’s source markets are likely to temper demand and as such employment in the region. The leading economists are unable to predict the full scale of the crisis with any certainty and so it is reckless to make assertions as to the nature and scope of the impacts for the region. However, the region has shown strong resilience, particularly through the 1997 Asian Financial Crisis. While this had considerable effects on the economies and labour markets of many countries all have since recovered strongly. This suggests that while the current situation will almost certainly dampen growth in the sector it will not unduly undermine it.
REFERENCES


