



## **8th G20 Tourism Ministers Meeting**

**Buenos Aires, Argentina, 17 April 2018**

### **Policy Note**

#### *The Future of Work*

*Tourism's leading role in sustainable development: a driver for employment.*

#### **Argentina's G20 Presidency 2018**

##### *The future of work: Unleashing peoples' potential*

“Technological change is extraordinary in its magnitude and speed. The emergence of new technologies has led to the development of new forms of work that are rapidly changing production processes worldwide. This offers huge opportunities to accomplish fair and sustainable development; yet it also presents challenges that are putting pressure on the employment, welfare and education agendas.

Policy responses need to ensure that embracing technological change will not engender exclusion, social disintegration, or backlash. Providing these responses in a coordinated manner will also help prevent excessive gaps in technology adoption across countries and surging inequality among them.

We need to create the conditions for more and better jobs. We need to provide tools and skills to those people looking for a job and those whose jobs are at risk of being replaced by automation. We should explore global initiatives that ensure that everyone has a chance to develop their full potential so as to benefit from the new technological era.

We will seek to pin down the impact that technological change is having on productivity, growth, jobs, and inequality. Following a diagnostics phase, we will also explore the policies needed to embrace the opportunities and address the challenges presented by technology.

Education is at the crux of this debate. Education empowers people to shape their own futures. It enables them to create their own endeavours and form an active citizenship able to contribute to the development of a world that is both fairer and more sustainable.

Making the new wave of technological breakthroughs as inclusive as possible will require considerable investment in training and skills for life and work. It may also require an adaptation in our fiscal policies or structural reforms. Now is the moment to shape the opportunities and skills that prepare our citizens for change.”

Source: Argentina G20 Presidency Website

## ***Why Tourism***

Tourism is an important driver of economic growth and development. Accounting for 10% of the world GDP<sup>1</sup>, tourism has a significant impact on exports, job creation, investment, development of infrastructure, and the promotion of social inclusion.

Tourism is the world's third largest export category after chemicals and fuels: international tourism (international tourism receipts and passenger transport) accounted for 1,442 billion USD in 2016 representing 30% of the world's services exports and 7% of overall exports in goods and services. In the G20 economies, international tourism generated nearly 1,060 billion USD in exports representing 6.3% of all G20 exports<sup>2</sup>.

Tourism is a major source of employment because of its labour intensive nature and the significant multiplier effect on employment in related sectors. It is estimated that one job in the core tourism sector creates about one and a half additional or indirect jobs in the tourism related economy and overall it accounts for one in 10 jobs in the world<sup>3</sup>. The ILO estimates that 'accommodation and restaurants', together with 'private sector services', will create jobs at the fastest rate among all sectors in the economy for the next five years.

Tourism has proven a resilient economic activity. Over the last decades, international tourism decreased only on three occasions – in 2001 following the 11 September attacks, in 2003 due to SARS and in 2009 as a consequence of the global economic crisis. In all occasions, it has recovered strongly the subsequent years. Such resilience and growth have translated into employment generation. According to OECD, job creation in 'hotels and restaurants' in the OECD countries grew at a rate double that of the whole of the economy between 2009 and 2013.

Tourism has been identified as contributor to the Sustainable Development Goals (SDGs) as a target in Goals 8, 12 and 14. The sector's contribution to job creation is specifically recognized in Goal 8<sup>4</sup>, target 8.9 "By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products".

## ***Tourism and the technological revolution – adapting to digitalization***

Three ongoing mega-trends have the potential of significantly altering the nature of work in all G20 countries, albeit with different intensity: globalisation, technological progress and demographic change - as well as the changes in values and preferences that will go paired with them. These trends affect what kind of work is done, who does it, where and how.<sup>5</sup>

The technological revolution is already changing the markets, the demand for skills and the characteristics of tourism jobs with the emergence of new platform tourism services (the so called sharing economy), big data or geo-localization. By the end of this decade mobile hotel bookings worldwide will triple, while non-mobile online reservations will rise by only 4% annually; consumer peer to peer rental market is worth an estimated 26 billion USD, with Airbnb alone having more than 600,000 listings across 160 countries.<sup>6</sup>

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<sup>1</sup> <sup>3</sup> World Travel and Tourism Council (WTTC)

<sup>2</sup> World Tourism Organization (UNWTO)

<sup>4</sup> Goal 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"

<sup>5</sup> Organisation for Economic Co-operation and Development (OECD), Future of Work and Skills, Paper presented at the 2nd Meeting of the G20 Employment Working Group 15-17 February 2017 Hamburg, Germany

<sup>6</sup> Deutsche Bank

Outdated legislation and regulation, fear of failure, lack of awareness, lack of cooperation and communication among relevant stakeholders, lack of technological savviness and lack of funding are main issues that tourism faces in the adaptation to the technological revolution. At the same time, with the right policies in place technology opens immense opportunities to foster innovation and create new and better jobs in tourism.

### ***Tourism and the G20 Priorities - creating the conditions for more and better jobs***

According to the International Labour Organisation (ILO) global unemployment remains elevated at more than 190 million in 2018. G20 leaders have repeatedly emphasized the importance of increasing growth and ensuring that it produces more and better quality jobs.

Despite representing 10% of the world's jobs - tourism's role in employment generation and entrepreneurship is often underestimated and undervalued in policy formulation and implementation.

Tourism is facing new challenges, including demographic transition, technological developments, increased mobility, changing lifestyles, demand patterns and travel behaviours, emergence of new markets, increased competition and pressure to deliver high quality tourism experiences to visitors.<sup>7</sup>

As recognized in the G20 training strategy a major challenge in all G20 countries is simultaneously to enhance the responsiveness of education and training systems to these changes in skill requirements and to improve access to training and skills development<sup>8</sup>.

These challenges are even more relevant in the tourism sector where a mismatch between qualifications and workplace reality is one of the major factors impacting tourism employment and talent development and where many of the jobs come from Medium, Small and Micro Enterprise's (MSMEs).

MSMEs make a crucial contribution to job creation and income generation accounting for two-thirds of all jobs worldwide. OECD/ILO research shows that *MSMEs* are the major job creator in tourism with around half of the tourism workforce working in enterprises fewer than 10 people, while around three quarters work in enterprises employing fewer than 50 people. Considering the structure of the tourism industries, MSMEs play a key part in job creation in the G20. Tourism MSMEs are also an important source of innovation and economic diversification contributing to shaping development of destination countries.

However, access to finance, business regulations and inadequate skills are major constraints faced by all MSMEs including tourism ones<sup>9</sup>. In this regard, it is essential to create an enabling environment that improves economic prospects for *MSMEs*, overcomes decent work deficits for workers and ensures that economic activities are environmentally sustainable<sup>10</sup>.

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<sup>7</sup> Supporting Quality Jobs in Tourism, OECD, 2015

<sup>8</sup> G20 Training Strategy: A Skilled Workforce for Strong, Sustainable and Balanced Growth

<sup>9</sup> Report IV. Small and medium-sized enterprises and decent and productive employment creation, ILO, 2015

<sup>10</sup> The conclusions reached at the 2007 International Labour Conference discussion on the promotion of sustainable enterprises identified 17 pillars for an environment conducive to the promotion of sustainable enterprises

## ***Jobs for the Youth, Women and rural communities – promoting inclusion***

G20 Leaders' committed to reduce the gender gap in the labour force participation rates by 25% by 2025 and reducing the share of young people who are “most at risk of being left permanently behind in the labour market by 15% by 2025”<sup>11</sup> .

The tourism sector employs more women and young people than most other sectors.

The age profile of workers in the tourism sector is young. Just under a half (47%) of people working in tourism in European OECD countries are between 15 and 34 years of age, compared to a third (32%) in the economy as a whole. The share of workers between the ages of 15-24 years is particularly high at 21%, twice the share of the total economy in OECD countries<sup>12</sup> .

In OECD countries, women account for 60% of employment in the tourism sector. This is higher than the share of women employed in the services sector (47%) and in the economy as a whole (43%)<sup>13</sup> . Furthermore, women play a leading role in tourism entrepreneurship. UNWTO/UNWomen research shows that the global rate of women entrepreneurs in ‘hotels and restaurants’ (36%) is comparatively higher than in all sectors (22%).

Furthermore, tourism creates jobs in rural and remote areas, in which often it is one of the few viable economic sectors, creating jobs directly but also through the restoration of traditional activities in decay.

### ***Better jobs - a decent job agenda***

Due to the significant horizontal and vertical segregation of occupations the gender gap is often large in the sector. Women are often over-represented in non-standard forms of employment and low-skilled and unskilled women often find themselves 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 and are on average paid 20-25% less than male workers for comparable skills.<sup>7</sup> The sector poses additional challenges to reconcile work and family responsibilities for both women and men due to organizational and structural characteristics. These include a highly variable demand cycle with irregular working hours and unpredictable shifts.<sup>14</sup> Yet, this flexibility may also constitute an opportunity for those wanting to conciliate a job in tourism with another occupation.

Temporary and part time employment are some of the challenges facing tourism employment. These are particularly prevalent among women, young people, and the less-skilled. Aside from seasonal fluctuations, the main reasons are cost advantages, flexibility and technological change. Yet, these forms of employment can also be beneficial to both

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<sup>11</sup> The target group in this regard has been identified by the Ministers as low skilled or informally employed young people and the young people who are neither in employment nor in education or training (NEETs).

<sup>12</sup> Supporting Quality Jobs in Tourism J. Stacey, 2015

<sup>13</sup> Supporting Quality Jobs in Tourism, OECD, 2015

<sup>14</sup> Thomas Baum, “International perspectives on women and work in hotels, catering and tourism”, Sectoral Activities Department and Bureau for Gender Equality, Working Paper No. 289 (Geneva, 7 April 2013); ILO: “Poverty reduction through tourism”, Sectoral Activities Department (Geneva, 2013).

employers and employees if they can accommodate the needs of enterprises for flexibility, while at the same time providing decent employment that enables workers to balance work and personal responsibilities. But they can also lead to decent work deficits including inadequate social security coverage, low wages and income inequality and poor working conditions<sup>15</sup> .

The ILO Informal to the Formal Economy Recommendation, 2015 (No. 204) offers guidance on how to facilitate the transition from informality to the formal economy. The aim of is to facilitate the transition of workers and economic units from the informal to the formal economy, to promote the creation of enterprises and decent jobs in the formal economy, and to prevent the informalization of formal jobs.

### ***Tourism's leading role in sustainable development - policies to create more and better jobs***

Maximizing the potential of the tourism sector to create more and better jobs while reducing the risk associated with increasing skills mismatch requires new policies and an holistic approach to the future of work in tourism. There is a longstanding tradition of the tourism sector working in isolation. The major ongoing changes and challenges require a new approach to skills development and education, policies for innovation and job creation.

Going forward with the objective of capitalizing on this revolution and turning it into a competitive advantage, some of the measures proposed to be taken by National Tourism Administrations of the G20 economies include:

- Promote policies that facilitate the progress of innovation in tourism that foster jobs creation and entrepreneurship, namely among women and the youth;
- Establish tourism innovation centres, incentives and programmes to stimulate innovation, entrepreneurship and connect ecosystems linking start-ups, main companies, investors and governments;
- Create national programmes gathering educational institutions at all levels, the private sector, governments and technology partners to review educational programmes and devise adequate skills development policies that help create the adequate skill sets for future work opportunities, including soft skills;
- Include technology stakeholders in national tourism policy coordination structures and mechanisms in order to ensure an holistic approach to national tourism policies that foster innovation and create new jobs;
- Create a G20 tourism and innovation network to develop a) research on the changing demand for skills due to the technological revolution; and b) promote the exchange of policies and initiatives that promote innovation and technological skills development in tourism;
- Encourage G20 Leaders to include tourism in the G20 Agenda for its capacity to deliver on the objectives of creating more and better jobs.

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<sup>15</sup> Non-standard forms of employment Report for discussion at the Meeting of Experts on Non-Standard Forms of Employment (Geneva, 16–19 February 2015)