

## Reducing poverty through tourism (Questions & Answers)

Least Developed Countries (LDCs) can draw on a range of policies to drive an agenda of structural transformation and decent work. A special event at the Fourth United Nations Conference on the Least Developed Countries to be held in Istanbul from 9-13 May, 2011, features Hotel, Catering and Tourism (HCT) as one of the fastest-growing economic sectors worldwide which can significantly contribute to social and economic development, as well as poverty reduction in LDCs. ILO Online spoke with Wolfgang Weinz, Hotels, Catering and Tourism Specialist in the ILO's Sectoral Activities Department.

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### **1) What is the share of the tourism industry in the global economy?**

Wolfgang Weinz: In 2010 travel and tourism was estimated to have generated about 9.3 per cent of global GDP. Tourism investments were estimated at 9.2 per cent of total global investments. What's more, the sector is expanding its activities. International tourist arrivals increased 4.3 per cent annually between 1995 and 2008. And we should not overlook 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 – in other words it represents one out of 12.3 jobs in today's world.

### **2) What about the share of LDC's?**

Wolfgang Weinz: Tourist arrivals in LDCs (1998-2008) have tripled between 1998 and 2008. The sector expanded at an average growth rate of 13 per cent, 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 per cent of LDC exports.

### **3) How can tourism contribute to economic and social development?**

Wolfgang Weinz: 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. The HCT sector has significant potential to contribute to poverty alleviation providing 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.

### **4) Women and youth benefit particularly from the HCT sector's expansion?**

Wolfgang Weinz: Women represent between 60 and 70 per cent of the labour force in the industry. Youth employment is significant in the sector as half of the HCT workforce is under 25. Unfortunately, we can observe a divergence between qualifications and workplace reality 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 per cent less than male workers for comparable skills.

### **5) What about the working conditions in the sector?**

Wolfgang Weinz: 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 and rapid staff turnover.

#### **6) How can we ensure that tourism benefits the local economy?**

Wolfgang Weinz: Although the sector can be a driver of social development with 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 per cent of gross tourism earnings and between 10 and 20 per cent for developed and more diverse developing countries. They can be reduced by effective national policy strategies and a regulatory framework that builds on local development. A closer collaboration between tourism enterprises and local governments to set regulations and policies on local supply chains is needed here.

#### **7) This implies a more effective dialogue between governments, employers and workers?**

Wolfgang Weinz: Alongside a well-managed employee appraisal system within companies, such a dialogue 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. 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. Such policies should evaluate and monitor the environmental impact of tourism; encourage industry supply chains to source locally and reduce reliance on imported items; promote local ownership and support rural employment; strengthen collaboration and communication between the tourism industry and local communities; and address current work deficits, particularly poor working conditions and the elimination of child labour where it still exists.

#### **8) What is the role of the ILO in this process?**

Wolfgang Weinz: The ILO’s Sectoral Activities Department addresses pressing issues in the HCT sector to promote 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. The ILO’s Working Conditions (Hotels and Restaurants) Convention, 1991, No. 172 and its accompanying Recommendation No. 179 set minimum standards to improve working conditions, training and career prospects in the sector.

In 2007, 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. 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.

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