



e-ISSN: 2319-8753 | p-ISSN: 2320-6710

IJIRSET

International Journal of Innovative Research in
SCIENCE | ENGINEERING | TECHNOLOGY

INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 10, Issue 5, May 2021

ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 7.512

9940 572 462

6381 907 438

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Threats to Job Creation: Tourism and COVID-19

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ABSTRACT: This paper examines the difficulties and conditions associated with employment in the tourism industry; it also examines the methods used to evaluate tourism employment. According to the findings, reduced working hours associated with political instability, advancement, increased wealth, improved working capital, and a stable climate all contribute to the success of these tourism and hospitality projects, which will generate millions of jobs.

KEYWORDS: Tourism, employment, challenges, touristic places, COVID-19

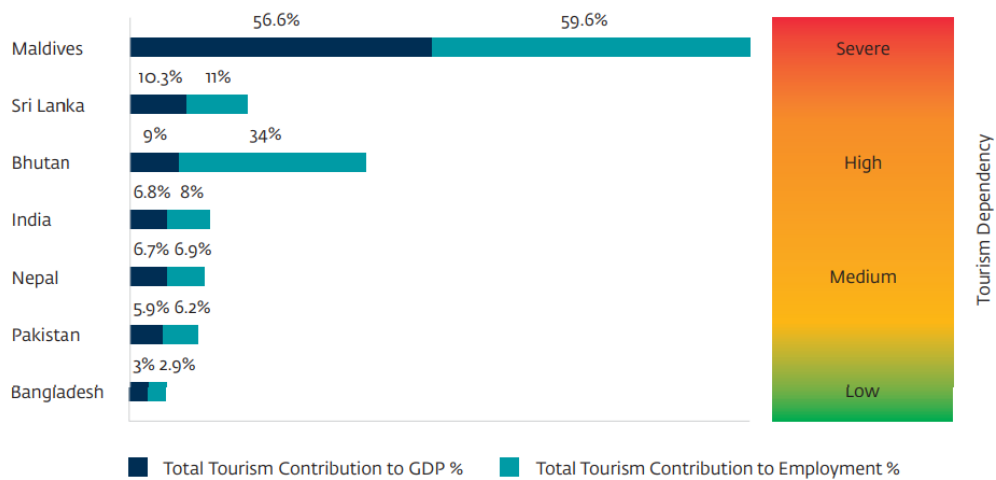
I. INTRODUCTION

COVID-19 has a direct impact on nearly 47.7 million travel and tourism jobs in South Asia, the majority of which are held by women and vulnerable communities in the informal sector. The crisis is expected to cost the region over US\$50 billion in gross domestic product in the travel and tourism sector alone. Governments have already responded with emergency programs to assist small and medium-sized businesses in remaining solvent and preserving jobs. As the South Asia region transitions from crisis to recovery planning, governments and destinations have an opportunity to think strategically about the future of their tourism industries and implement policies that will benefit the industry. This regional brief aims to increase awareness of the region's and the World Bank's regional portfolio's importance of tourism, to highlight some of the measures taken by governments and the Bank to address the crisis, and to make recommendations for short- and medium-term sustainable regional recovery, including increased intraregional tourism. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka are all covered in the brief. Afghanistan was omitted due to a data shortage.

According to the World Travel and Tourism Council (WTTC), the COVID-19 pandemic could result in the loss of 100 million jobs and US\$2.7 trillion in revenue globally in 2020. 1 Global travel and tourism revenues have nearly tripled since 2000. By the end of 2019, the sector accounted for 10.4 percent of global gross domestic product (GDP) and employed one in every ten people globally, or 296 million people. 2 According to the United Nations World Tourism Organization (UNWTO), 100% of destinations worldwide will implement COVID-19-related travel restrictions by May 2020. Never before has international travel been so severely restricted. 3 COVID-19 has an effect on every sector of the travel and tourism industry. This category includes airlines, ground transportation, cruise lines, hotels, restaurants, attractions (such as national parks, protected areas, and cultural heritage sites), travel agencies, tour operators, and online travel companies. Small and medium-sized enterprises (SMEs) and micro-firms, which include a sizable informal tourism sector, account for approximately 80% of the tourism sector, and many will likely fail to survive the crisis without significant support. This will have a cascading effect throughout the tourism supply chain, affecting livelihoods in agriculture, fisheries, the creative industries, and other sectors. Women, youth, and indigenous people bear a disproportionate share of the brunt of tourism job losses. According to the second edition of the Global Report on Women and Tourism that was published recently, In Asia Pacific, 53% of hotel and food service employees are female. 4 Women-owned and operated tourism businesses are frequently smaller and lack the financial resources necessary to weather crises. Women hold frontline staff positions in tourism, such as housekeeping and front desk staff, putting them at an increased risk of health problems. Tourism in South Asia and the COVID-19 Effects South Asia is heavily reliant on travel and tourism, particularly as a source of employment (estimated at 47.7 million in 2019). 5 The figure 1 illustrates the total (direct and indirect) contribution of tourism to GDP and employment prior to COVID-19. With fewer economic options, the Maldives archipelago is particularly reliant on tourism, whereas other countries in the South Asia region (SAR) rely on more diverse sources of GDP, such as agriculture and remittances.



Figure 1. Total Tourism Contribution to Gross Domestic Product and Employment in 2019 and Relative Tourism Economic Dependency⁶



The World Travel and Tourism Council forecasted in May 2020 that the crisis would result in at least a 42% decline in international tourist arrivals and a 25% decline in domestic tourism across the SAR. HVS, a global consulting firm specializing in the hospitality industry, reports regionally comparable declines in occupancy and average daily room rates. 7 According to these estimates, the region as a whole could lose 10.77 million jobs and US\$52.32 billion in GDP as a result of COVID-19's impact.

II. CHALLENGES OF EMPLOYMENTS IN TOURISM AND HOSPITALITY

The majority of research findings identified several significant employment challenges in tourism and hospitality, which are discussed in the following paragraphs. Disparate treatment: There is no such thing as equal treatment for all employees. For instance, according to the ILO-UNDP-cited Thomas, gender inequality manifests itself in sectors. Women perform 66% of global work, produce 50% of food, but earn 10% of income and own 1% of property. These circumstances exist because women have less access to land, capital, and education than men do. Women frequently work unprotected at home or in family businesses, and they face discrimination and overwork in business enterprises and family life. According to a 2011 UNWTO report, unskilled or semi-skilled women are more likely to work in the most vulnerable jobs, where they face poor working conditions, inequality of opportunity and treatment, violence, exploitation, and strife. Additionally, in developing countries, factors such as a lack of education and training, widespread poverty, poor maternal health, and a lack of sex education, combined with socio-cultural factors, have hampered women's economic empowerment. Businesses, particularly in poorer countries and communities, can be located some distance from residential areas, imposing travel and time costs on women who frequently lack financial and time flexibility. The other issue is that women dominate lower levels and occupations with few career development opportunities, while men dominate key managerial positions. Women hold a disproportionate share of managerial and senior positions. For example, women account for 32% of managers in the EU, 10% of members of management boards of the largest companies, and 29% of scientists and engineers throughout Europe.

Pay and working conditions are substandard: According to a report by the European Foundation for the Improvement of Living and Working Conditions (Eurofound), the average payment rate in hotels and restaurants is low in comparison to the average wage in almost all EU member states. In general, the tourism and hospitality industries are defined by low hourly wages, overtime work without additional compensation, long workweeks of 50 hours per week, and insufficient or no breaks during peak season periods. Other difficulties include an ineffective management style/corporate philosophy and leadership style, such as unplanned recruitment, insufficient attention to staff turnover, imported labor, treating employees as costs rather than assets, rigid leadership that contradicts the concept of democracy, insufficient training, and numerous tasks, such as making



computer reservations and working. The reason for this is that tourism employment is frequently threatened by one or more of the following factors: seasonality (during certain months of the year, tourist numbers are extremely low, necessitating staff reductions in the tourism and hospitality sectors). A very good example is that tourists visit Ethiopia from September to February, with their numbers significantly reduced during the rest of the year); part-time and/or excessive hours of work; low-paid (or unpaid) family labor; and informal or occasionally illegal labor, where measurement is significantly more difficult. Countries with the highest employment in the travel and tourism industry worldwide in 2019

China's travel and tourism industries directly employed the most people of any country in the world, totaling over 29 million workers in 2019. India was not far behind, with just under 27.5 million people employed in the travel and tourism industry. This is unsurprising given the size and population of these two Asian countries. In comparison, the European country with the highest ranking was Germany, which employs just over three million people directly related to the travel and tourism industry.

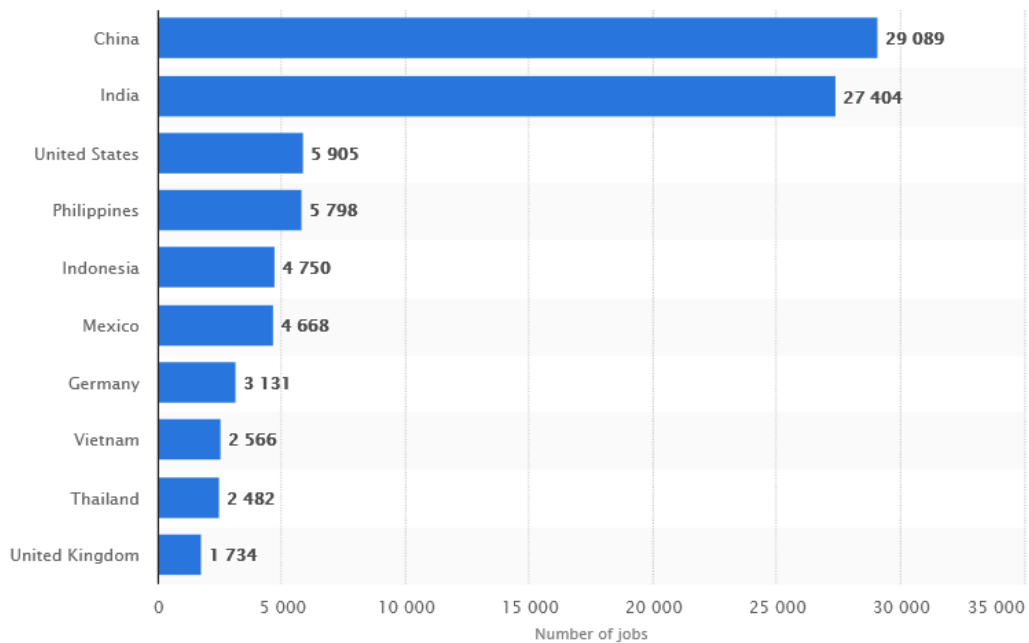


Figure 1. highest employment in the travel and tourism industry worldwide in 2019 (in thousands)

III. TOURISM RESILIENCE

Tourism's Adaptability One way to determine which countries will require the most assistance in recovering from COVID-19 is to compare a country's reliance on tourism to its tourism resilience. Tourism dependence can be estimated using World Tourism Organization (WTTC) GDP data. 9 Tourism resilience is a more nuanced concept that is determined by demand fluctuations, financial stability, the quality of tourism infrastructure, and governance (supply). To assess supply-side resilience, we analyzed selected data from the World Economic Forum's Travel and Tourism Competitiveness Index (index). 10 The index is composed of 90 indicators organized into 14 pillars and is used to determine the overall competitiveness of tourism. The Bank used the seven pillars most closely associated with crisis recovery to assess resilience: business environment, health and hygiene, information and communications technology (ICT) readiness, government prioritization of travel and tourism, international openness, air transport, and tourism service infrastructure. We inverted the mean scores and plotted them against tourism dependency (tourism contribution to GDP). This resulted in a visual representation of countries with the highest level of dependency and the lowest level of resilience (i.e. high risk), highlighting which countries would require the most assistance during the recovery process. Endnotes contain additional information about the methodology. 11 The findings, depicted in Figure 3, identify countries that are both at risk of and reliant on tourism, by region. All countries in SAR are at

severe supply-side risk, but only Sri Lanka is at severe risk and has a high reliance on GDP (greater than 10 percent). The Maldives and Bhutan are excluded from the analysis due to the World Economic Forum's lack of data on either country.

The contribution of tourism to an area is boosted by a phenomenon known as the tourism income multiplier (TIM). This occurs because money spent by tourists in the area is re-spent by recipients, thereby increasing the total. The multiplier is the factor that increases tourist spending in the process. Local hotels, on the other hand, may be foreign-owned. As a result, profits are repatriated to the hotel chain's headquarters and thus lost to the region or country. This may also be true for other tourist facilities in the area; even local ground handlers and coach operators may be owned by companies based outside the country, resulting in additional multiplier effect losses. When firms are in the hands of locals, leakage is minimal. As a result, the TIM is increased.

Employment implications Tourism industries have an effect on employment in the following ways:

- Direct employment in tourism industries (see above);
 - Indirect employment in sectors that supply inputs to tourism industries (see above);
 - Induced effect on employment as a result of subsequent rounds of spending; and
- Total effect on employment, as reflected in the employment multiplier. The empirical example below demonstrates the "mechanism" of the multiplier effect of tourism employment. In terms of employment, the multiplier effect of tourism means that it stimulates job creation across all sectors of the tourism industry. For instance, in order to maintain a high level of service, a hotel (tertiary sector) would almost certainly hire additional staff to deal with an increasing number of arriving tourists. As a result, other sectors (primary, secondary) would attempt to meet the hotel industry's growing needs. Thus, wholesalers (secondary sector) will sell more food to our hotel, resulting in the employment of additional wholesalers. This, in turn, would increase demand at the food factory down the road (primary sector), which would attempt to produce additional food for wholesaler stocks, necessitating the factory's own hiring of additional staff.

IV. CONCLUSION

Tourism policymakers worldwide are responding at varying rates and in varying ways. However, there is widespread agreement on the importance of two distinct phases of intervention – immediate response and recovery – with an emphasis on job retention and ensuring the survival of critical businesses. The following short- and long-term responses have been compiled using the Bank's Tourism Policy Note and emerging regional and international best practices. It is critical to remember that policy recommendations evolve daily, and any specific country response is determined by the destination's unique circumstances at the time of implementation.

Instant Responses: The first phase of policy interventions is aimed at ensuring survival and assisting the private sector in retaining and sustaining its workforce during a national lockdown and until demand resumes. Three possible responses are offered here, along with examples of countries that have implemented these strategies.

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7.512**

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