

DECEMBER 2021

STAFF SHORTAGES

Contents

CONTEXT	3
RESULTS	4
RECOMMENDATIONS	6
CONCLUSION	8
ACKNOWLEDGEMENTS	9
APPENDIX: METHODOLOGY	9





Context

The COVID-19 pandemic took a significant toll on communities across the world and had a devastating effect on Travel & Tourism. In 2020, 62 million travel jobs were lost, representing a drop of 18.5%, leaving just 272 million employed across the sector globally, compared to 334 million in 2019.

In 2019, Travel & Tourism was one of the largest sectors globally, accounting for 1 in 10 jobs, and responsible for the creation of 1 in 4 of all new jobs across the world between 2015 and 2019. In fact, between 2011 and 2019, Travel & Tourism grew faster than the global economy and was projected to create 100 million new jobs over the next decade – which are now at risk.

While demand for travel has a potential to lead to a strong recovery of Travel & Tourism, the recovery of the sector is currently hampered by staff shortages in developed countries, which is one of the key issues for the sector. Indeed, the extended border closures and partial or full shutdown of businesses led many employees to take up new opportunities in other sectors. The recovery of the sector may be further impacted by the recent emergence of the Omicron variant, which has led many governments to once again restrict travel.

According to WTTC's latest economic projections from October 2021, the sector's employment is set to rise by 0.7% in 2021, representing 2 million jobs, followed by 18% increase in 2022 to reach 324 million jobs - only 10 million below 2019 levels. However, recovering the forecast jobs will require a sufficient labour force; hence the critical need to proactively address the current issue of staff shortages that the Travel & Tourism sector is facing, particularly in developed countries..



Results

Countries across the world have been hard-hit by the pandemic, with 2020 and the first half of 2021 being characterised by extended periods of lockdowns and severe travel restrictions. While 62 million Travel & Tourism jobs were lost in 2020, the proactive action of some governments around the world has effectively enabled the sector to save millions of jobs and livelihoods at risk through retention schemes.

Whilst the issue of staff shortages has been accentuated by the COVID-19 pandemic, its impact could delay the travel and overall economic recovery; hence the critical need to address this issue. As demand for travel and jobs starts to rise, a sufficient labour force is required to fill the available vacancies and enable the sector to recover.

WTTC's analysis of staff shortages, in collaboration with Oxford Economics, covers six countries, namely the UK, the US, Spain, France, Italy and Portugal, and focuses on H2 (July-December) 2021 and 2022, looking at the period when travel restrictions start to ease, and as demand once again picks up. Results reveal staff shortages across the six countries analysed, with employment demand starting to outstrip the available labour supply. As unemployment rates decrease due to the rising demand, Travel & Tourism businesses are struggling to fill available job vacancies. One contributing factor to rising staff shortages is that a number of furloughed or laid off Travel & Tourism employees moved to other sectors or out of the labour force entirely during the crisis.

SPAIN

COVID-19 led to a 19.5% reduction in direct Travel & Tourism employment in Spain in 2020 (equating to 202,000 job losses). Further job losses were avoided thanks to the government furlough scheme. With demand for travel starting to pick up since the summer of 2021, as travel restrictions eased, demand for jobs has also started to rise, forecast at over one million in H2 2021. However, the available labour supply is unable to meet this required demand, resulting in a shortage of 93,000 workers in H2 2021. This is equivalent to 1 in 11 jobs being unfilled in the sector. The varying impact of COVID-19 on different industries of Travel & Tourism and their uneven recovery profiles means that there are larger shortages within some industries, specifically in Accommodation, and Food and Beverage Services. Looking ahead to 2022, the labour market is expected to remain tight, with a forecast average shortage in the sector of 16,000 workers.

ITALY

During the pandemic, the Italian government implemented a furlough scheme which resulted in the job losses not being as stark as the fall in demand for the sector. Following a 12.4% reduction in direct Travel & Tourism employment in 2020 (equating to 215,000 job losses), the demand for travel and jobs started to rise during H2 2021, in line with the easing of restrictions and strong domestic travel demand. However, with labour demand outstripping supply, shortages of 263,000 Travel & Tourism workers are expected in H2 2021. This is equivalent to 1 in 7 jobs being unfilled in the sector. While the labour market is set to adjust in 2022, partly linked to the comparatively high unemployment rate in Italy, there could still be staff shortages within specific industries of Travel & Tourism.

FRANCE

Since the onset of the pandemic, the French government has offered economic aid including a furlough scheme, Chomage Partial, through which the government covered 70% of the gross salary for workers. Consequently, the fall in employment was not as stark as the fall in demand for the sector, amounting to a reduction of 10.5% in direct Travel & Tourism employment in 2020 (equating to 138,000 job losses). The reopening of France to international travel, albeit with restrictions in June 2021, triggered a strong rebound in activity through the summer months and increased the pressure on the Travel & Tourism sector following months of limited activity. The inability of labour supply to meet the rising demand is expected to result in a shortage of 219,000 workers in H2 2021, which equates to 1 in 7 unfilled vacancies in the sector. Looking ahead to 2022, the labour market is expected to remain tight, with a forecast average shortage of 15,000 workers.

PORTUGAL

Portugal suffered 92,000 direct Travel & Tourism job losses in 2020, representing a 19.6% drop compared with 2019. Further job losses were avoided thanks to the government furlough scheme. The easing of restrictions, particularly since the start of H2 2021, has boosted travel demand and increased the demand for Travel & Tourism workers. With demand for jobs forecast at 475,000 in H2 2021 and limited labour supply, a shortage of 85,000 Travel & Tourism workers is expected. This is equivalent to 1 in 6 jobs being unfilled. These labour shortages are expected to continue into 2022, with the sector likely facing an average shortfall of 53,000 workers. This means that labour supply is set to be 11% below demand for 2022, equating to a shortage of 1 in 9 jobs in the sector.

UK

Since the start of the pandemic, the UK implemented a job retention scheme, which paid furloughed workers 80% of their pre-pandemic income, with workers earning up to a maximum of GBP 2,500 (USD 3,500) a month. As a result, the fall in employment was not as sharp as the fall in demand for the sector, amounting to a reduction of only 6.5% in direct Travel & Tourism employment in 2020, which equates to 111,000 job losses. This contrast with total Travel & Tourism GDP reduction of 62.3%. As the demand for travel starts to strengthen during H2 2021, in line with the easing of restrictions and recovering domestic market, the labour supply is unable to match the rising labour demand. In fact, demand for Travel & Tourism jobs is forecast at nearly 1.7 million in H2 2021, with labour shortages projected at 205,000, equating to 1 in 8 unfilled vacancies. Looking ahead to 2022, the labour market is expected to remain tight, with a forecast average shortage of 15,000 workers.

USA

The United States experienced a 33.6% drop in direct Travel & Tourism employment in 2020, equating to 2.05 million job losses. The demand for Travel & Tourism jobs has started to rise, in particular during H2 2021, on the back of strong domestic travel demand and the recent easing of international travel restrictions. Given that domestic spending accounted for 85% of total travel spending in 2019 and 94% in 2020, it has been a key driver of job creation. With demand for jobs forecast at 6.6 million in H2 2021 and limited labour supply, a shortage of 690,000 Travel & Tourism workers is expected, equating to 1 in 9 unfilled vacancies in the sector. On the back of limited labour spare capacity, staff shortages are expected to continue into 2022. The sector is set to encounter an average shortfall of 480,000 jobs in 2022, which is equivalent to supply being 8% below demand, or a shortage of 1 in 13 jobs.

Shortfall as share of labour demand, H2 2021:

	Labour demand (000s)	Shortfall (000s)	Ratio
US	6,565	690	11% (1 in 9)
UK	1,676	205	12% (1 in 8)
France	1,454	219	15% (1 in 7)
Spain	1,047	93	9% (1 in 11)
Italy	1,798	263	15% (1 in 7)
Portugal	475	85	18% (1 in 6)



Recommendations

Addressing the challenge of staff shortages within the sector will require the prioritisation and implementation of policies and initiatives, ranging from the facilitation of labour mobility and remote work (where feasible), the upskilling and reskilling and retention of the workforce, to the provision of safety nets and enabling decent work. Such policies can be further enabled through financial incentives such as tax relief and the provision of government subsidies. The success of these policies will require multi-stakeholder collaboration, including the public and private sector as well as academia. What's more, governments should identify the skills their market needs to achieve economic advantage, assess the availability of these skills and determine which current policies may need to be updated and/or new policies enacted to meet future needs.

1. FACILITATE LABOUR MOBILITY

Enabling and facilitating talent mobility within and across borders is an effective mechanism to address staff shortages and bridge a skills gap. In the wake of COVID-19, this will require governments to remove travel restrictions and implement technological solutions to enable a quick and efficient experience. What is more, governments need to reconsider migration policies, facilitate visa policies, promote regional markets, and address tax treaty issues. Such an approach has been taken by The Association of Southeast Asian Nations (ASEAN) which addresses skilled worker shortages through labour mobility provisions via Mutual Recognition Agreements (MRAs). In effect, MRAs, which currently exist for six sectors including Travel & Tourism, recognise workers' skills, experience, and accreditations in all countries within the trade bloc, enabling them to work outside their home country. To date, ASEAN has enabled the automatic recognition of 32 tourism-related occupations. In addition to MRAs, there are agreements in place streamlining the procedures for citizens within the region who want to apply for business visas¹.

2. FACILITATE REMOTE WORK

The pandemic accelerated the move to flexible working including hybrid and remote work. As such, enabling and supporting remote working practices, where feasible, can be a useful tool to address talent shortages, particularly if travel restrictions prevent talent mobility. Such an approach may also encourage employees to return to work following the pandemic including many adults with caring responsibilities for either children or elderly family members. However, it is important to note that flexible working may not be feasible or may be difficult to implement for certain roles, particularly customer-facing roles, within the Travel & Tourism sector. Still, where it is possible, it should be considered, given the many associated possible opportunities and benefits.

3. ENABLE DECENT WORK AND PROVIDE SOCIAL SAFETY NETS

Enabling and supporting decent work - work that is safe, fair, productive, and meaningful - is key to attract and retain talent. This issue has become even more relevant in the wake of COVID-19, with many struggling with mental health and having concerns and fears around financial security and unemployment. In this context, the public and private sectors have a significant role to play in enhancing employees' mental wellbeing. What is more, policymakers will need to evaluate and adjust social safety nets and social protection mechanisms to ensure that no one is left behind. Already today, in certain parts of the world, businesses must comply with legislation that gives freelance workers employment rights including access to minimum wages and paid holidays. For instance, the United Kingdom's Modern Slavery Act and its 2018 law addressing pay transparency require businesses to take board-level responsibility for, or publicly report, such essential information.

4. UPSKILL AND RESKILL WORKFORCE AND RETAIN TALENT

Training, reskilling, and upskilling schemes aimed at equipping one's workforce with new and improved skills to operate in the Travel & Tourism sector, such as enhanced digital literacy, will be essential to strengthen the future readiness of the sector's workforce, and help overcome the issue of talent shortages. It is essential that training addresses both current and anticipated needs. For instance, Singapore is proactively preparing its workforce to meet tomorrow's travel demand. In effect, Singapore's SGUnited Skills programme² comprises a wide range of training courses that helps Singaporeans acquire in-demand and emerging skills across several sectors. The scheme aims to create around 100,000 jobs and various skill-building opportunities. Beyond upskilling, the sector must also focus on attracting and retaining new talent by improving the perception of Travel & Tourism as a career choice and highlighting career growth opportunities within the sector. In this context, retention efforts will also be critical to ensure minimal leakage of quality assets.

5. CREATE AND PROMOTE EDUCATION AND APPRENTICESHIPS

As the nature of work and skills evolve, accelerated to an extent by the COVID-19 pandemic, so will talent and recruitment needs. In this context, effective policies and public-private collaboration, that have a potential to support educational programs and apprentice-based training, are crucial to bridging skills gaps and developing a workforce that can help the sector thrive. In Switzerland, for example, 'dual' vocation, education, and training (VET) systems, in which students combine learning in school and workplace settings, are being used to teach 21st-century skills. The system is preparing a broad cross-section of students for careers in a range of occupations including high-tech, human services, traditional trades, and crafts³. Ultimately, these programmes are achieving success due to a shared vision among three key partners—the federal government, employer organisations and associations, and local municipalities.



Conclusion

At present, staff shortages is a key issue for the Travel & Tourism sector, and while supply and demand are set to adjust gradually during 2022, the problem is likely to remain. In fact, the sector's recovery is contingent on its ability to solve this issue and to be able to meet the returning demand for travel. To ensure that shortages do not remain an issue in the longer term, it will be important for businesses and governments alike to implement and sustain policies that facilitate labour mobility, facilitate remote work, enable decent work and provide social safety nets, upskill and reskill the workforce, and promote education and apprenticeships.

Acknowledgements

AUTHORS & EDITORS:

Tiffany Misrahi

Vice-President of Policy & Research,
World Travel & Tourism Council

Nejc Jus

Head of Research, World Travel &
Tourism Council

DESIGN:

Andrea Gallagher

Designer,
World Travel & Tourism Council



The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

WTTC promotes sustainable growth for the Travel & Tourism sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity. Council Members are the Chairs, Presidents and Chief Executives of the world's leading private sector Travel & Tourism businesses.

For further information, please visit: [WTTTC.org](https://www.wttc.org)

Appendix: Methodology

For supply-side estimates of employment, data was collected from a variety of sources for employment and unemployment quarterly by industry (aside from the US, which was monthly) as well as the job vacancy rate. The US data was collected from the Bureau of Labor Statistics, while UK data was sourced from the Office for National Statistics and Eurostat. Data for France, Italy, Portugal and Spain was drawn from Eurostat as well as their respective national statistical authorities. Using the Tourism Satellite Account ratios for each country, sectoral employment data was apportioned to Travel & Tourism and scaled to estimates for 2019 to ensure consistency with WTTC annual economic impact research. This enabled the creation of a direct Travel & Tourism profile, both for yearly and half-yearly estimates. For 2022, we estimated an upper ceiling for potential Travel & Tourism employment without having to entice workers from other sectors – this was based on 2021 employment and current estimated unemployment rates for the sector.

From a demand-side perspective, estimates data were informed from recent and expected arrivals and overnights from the Tourism Economics' Global Travel Service, including both domestic and international travel for each country. Labour demand was estimated according to usual productivity benchmarked to 2019 pre-pandemic level, and accounting for past volatility in downturns and notably the observed falls productivity following sharp falls in demand. Using historic seasonality, we apportioned estimates to half year figures. This then permitted comparison of supply to demand to determine staff shortages by country for the Travel & Tourism sector.

Endnotes

- 1 Global Payroll Association, 2017: <https://globalpayrollassociation.com/blogs/regional-focus/labour-mobility-in-the-asean-region-current-commitments-and-future-limitations>
- 2 SkillsFuture Singapore: <https://www.skillsfuture.gov.sg/sgunitedskills>
- 3 Nancy Hoffman and Robert Schwartz, "Gold Standard: The Swiss Vocational Education and Training System" (Washington, DC: National Center on Education and the Economy, 2015): <https://ncee.org/wp-content/uploads/2015/03/SWISSVETMarch11.pdf>

© World Travel and Tourism Council: Staff Shortages 2021. All rights reserved.

The copyright laws of the United Kingdom allow certain uses of this content without our (i.e. the copyright owner's) permission. You are permitted to use limited extracts of this content, provided such use is fair and when such use is for non-commercial research, private study, review or news reporting. The following acknowledgment must also be used, whenever our content is used relying on this "fair dealing" exception: "Source: World Travel and Tourism Council: Staff Shortages 2021. All rights reserved."

If your use of the content would not fall under the "fair dealing" exception described above, you are permitted to use this content in whole or in part for non-commercial or commercial use provided you comply with the Attribution, Non-Commercial 4.0 International Creative Commons Licence. In particular, the content is not amended and the following acknowledgment is used, whenever our content is used: "Source: World Travel and Tourism Council: Staff Shortages 2021. All rights reserved. Licensed under the Attribution, Non-Commercial 4.0 International Creative Commons Licence." You may not apply legal terms or technological measures that legally restrict others from doing anything this license permits.





WORLD
TRAVEL &
TOURISM
COUNCIL

WTTTC STRATEGIC PARTNERS:

