Understanding the travel and tourism labour market

A report for ABTA

July 2014

Cebr

Disclaimer

Authorship and acknowledgements

This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The study was led by Osman Ismail, Senior Economist with analytical and research support from Christopher Evans, Economist and Colin Edwards, Senior Economist. The study was overseen by Oliver Hogan, Cebr Director. The views expressed herein are those of the authors only and are based upon independent research by them.

This study has been commissioned by ABTA – The Travel Association and has utilised information available in the public domain through ONS, and data kindly provided to us by the UK Data Service. The report does not necessarily reflect the views of Association of British Travel Agents.

London, July 2014

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Executive Summary

- The **travel and tourism industry employed around 1.7 million people** in 2012, equivalent to around **5.8% of the UK's workforce**. This included 789,000 full-time employees (FTEs), 674,000 part-time employees and 236,000 self-employed workers.

- This scale of direct employment amounted to around **1.3 million FTEs** in 2012. This included over **600,000 FTEs** in the **accommodation** and **food and beverages** sectors; and a further **205,000 FTEs** in the **retail** sector. In addition, 2012 saw the travel and tourism industry indirectly support the employment of an estimated **680,000 FTEs** along its supply chain.

- Part-time working is more important in travel and tourism than it is in the wider economy. Over the five years from 2008 to 2012, **part-time employees represented nearly two-fifths (39.0%)** of total travel and tourism employment. This compares to **just under a quarter (22.7%)** in the UK as a whole.

- The travel and tourism industry provides more **opportunities for female employment** than is seen in the economy as a whole. Over the period 2008-12, **women made up 51.4%** of total employment in the travel and tourism industry. The equivalent proportion in the wider UK labour market was 46.3%.

- **Almost a third (31.9%) of travel and tourism workers are under the age of 30,** while over half (50.6%) are under the age of 40. Amid an ageing UK labour force and population, tourism provides an important source of work opportunities for young people.

- The employment provided by the travel and tourism industry supports many people who require **more flexibility** in their work patterns**,** who are pursuing their education, or seeking to improve their skills sets.

- This is reflected in job tenures – in 2012, employees within the travel and tourism industry had spent an average of **6.1 years with their current employer.** This is lower than almost all other sectors, and reflects the prevalence of flexible, part-time and temporary working in the sector.

- Tourism workers during 2012 earned an **average salary of £19,500**, compared with £26,800 in the UK as a whole. However, **average weekly hours are lower** in tourism (**31.0**) than in the broader economy (33.0), while the prevalence of **temporary** and **seasonal work** is higher, supporting greater flexibility.

- **Elementary occupations** make up **over a quarter (27.1%)** of job roles in tourism, highlighting how tourism provides opportunities which can suit comparatively young, lower-skilled or part-time employees, including those just starting out in their careers.

1 Introduction, definition and data sources

Tourism in the UK is a vital source of economic activity, contributing to GDP and supporting jobs across the UK's regions and nations through a mix of inbound, outbound and domestic tourism. In seeking to understand more closely the scale and structure of employment within the UK's travel and tourism industry, the Centre for Economics and Business Research (Cebr) was commissioned by ABTA – The Travel Association, to undertake a detailed study of employment associated with tourism activity. This report presents the findings of the study.

1.1 Defining the travel and tourism industry

In the UK's official statistics and national accounting framework, economic activities are allocated to industries through a sectoral breakdown known as the Standard Industrial Classification (SIC). The latest iteration of this classification, known as SIC 2007, is the basis upon which the UK's national accounts are currently disaggregated. This classification (along with many other industrial classification systems) defines industries and sectors through the nature of the goods and services produced by them.

However, this poses problems for those seeking to understand the travel and tourism industry. Tourism differs from other conventional industries (e.g., manufacturing, engineering, or retail) in an important respect: it cannot be defined through the nature of the goods and services produced by it. This is because businesses in tourist-related activities – for example, hotels and restaurants – will have a customer base which includes both tourists and residents.

It is partly due to measurement problems such as these that the Office for National Statistics (ONS) undertook the production of the Tourism Satellite Accounts (hereinafter termed 'TSAs'). These publications, which are supplements to and consistent with the wider national accounting framework, use tourism expenditure data to ascertain the supply of goods and services of different industries which are attributable to tourism demand. [1]

These data provide the starting point from which we sought to define and measure the labour market of the UK's travel and tourism sector. This approach is consistent with and builds upon previous studies undertaken by Cebr on behalf of ABTA, including a 2012 report quantifying the economic contribution of outbound tourism, and a 2013 report assessing the economic impact of the leisure aviation industry.

However, this study differs in scope from these previous ABTA/Cebr reports. In those, our aim was to understand the economic contribution (in terms of output, GVA and jobs) of specific segments of the tourism industry. In this report, we present the findings of a detailed labour market study of the entire UK travel and tourism industry: this was defined to encompass both inbound, outbound and domestic tourism; and takes into account all travel modes and trip purposes (i.e., holiday, business, visiting friends and relatives, and all other purposes).

As such, for the purposes of this study, the *travel and tourism industry* was defined in accordance with the ONS' TSAs definition, and comprises portions of the following sectors:

- **Accommodation services**: including hotels, hostels and holiday centres;

[1] The principal sources of UK tourism expenditure data are the International Passenger Survey (IPS), the UK Tourism Survey (UKTS) and the Great Britain Day Visits Survey.

- **Food and beverage services**: such as restaurants, cafes, clubs, pubs and bars;
- **Passenger transport services**: encompassing all modes such as rail, bus, coach and taxi; boat and ferry and plane;
- **Transport equipment rental services**: describing car or vehicle hiring activities;
- **Travel agencies and other reservation services**: including agencies and services providing travel packages and tours to holidaymakers and commercial travellers;
- **Cultural activities**: such as artists, performers and entertainers;
- **Sport and recreation**: including participatory sporting activities, as well as professional sports clubs and events, amusement and theme parks, fairs and shows;
- **Exhibitions and conferences**: describing the organisation and promotion of business and trade shows, and conventions;
- **Other tourism consumption products**: these encompass the many different industries which provide assorted goods and services to tourists. Examples of these include miscellaneous manufacturers of food and drink, clothes, duty free products, luggage, cameras and toiletries; as well as the retailers who sell these items to the general public; financial sector activities such as currency exchange services and travel insurance; and providers of telecommunications services such as phone calls and internet access.

We note that this definition takes into account only the proportions of these industries' output which are attributable to tourism demand. This calculation includes that demand presented by inbound visitors (international residents visiting the UK and contributing consumption expenditure to the economy); outbound visitors (UK residents who spend in the UK economy in preparation for international trips, and on their way out of the country); as well as domestic tourism (UK residents travelling within the country and consuming tourism services as they do so).

1.2 Data sources

The main data sources utilised for this study are:

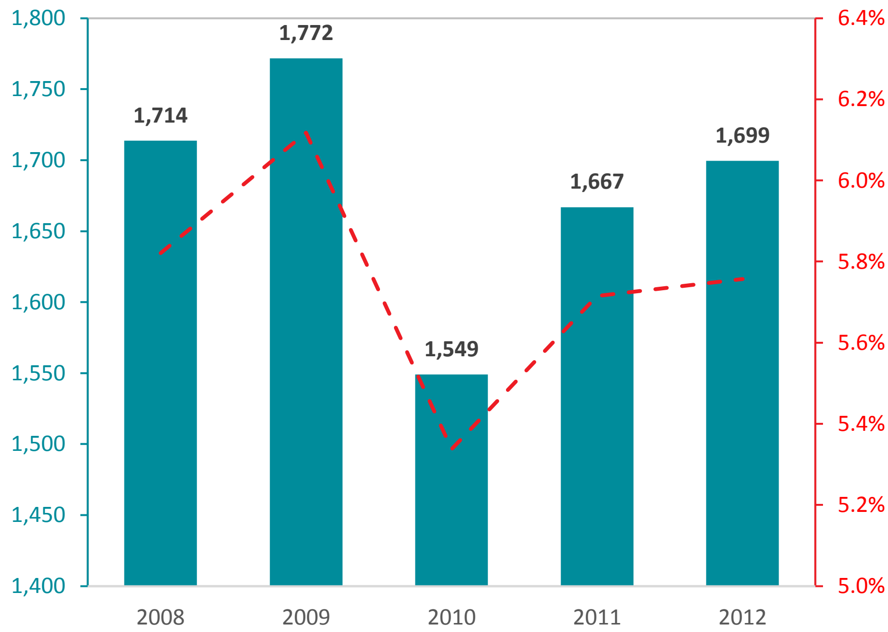
- The Tourism Satellite Accounts (TSAs);
- The ONS' national accounts and supply-use tables;
- Business Register and Employment Survey (BRES);
- Annual Survey of Hours and Earnings (ASHE);
- Quarterly Labour Force Survey (LFS).

2 Overview of employment within the travel and tourism industry

2.1 Direct employment

The travel and tourism industry, comprising portions of the many sectors set out in Section 1, is a significant contributor of employment for the UK labour market. As of 2012, tourism activity within the UK supported the employment of 1.7 million people, amounting to around 5.8% of total employment. This total, and its changes over the five years 2008-12, are set out in Figure 1 below.

Figure 1: Total employment in the travel and tourism industry, thousands (left axis); and proportion of total UK employment, (right axis)



Source: ONS TSAs, BRES, Cebr analysis

This chart illustrates that in 2012, the number of persons employed in the industry still remained below its 2009 peak of 1.8 million. In 2009, the industry had succeeded in expanding its employment – by 3.4 per cent, or around 58,000 persons – over the previous year. This was achieved despite overall economy-wide employment contracting by 1.6 per cent over the same period, leading to the travel and tourism sector representing a larger share of the total UK labour market. In 2009, it accounted for just over 6.1 per cent of total UK employment.

2010 saw a sharp contraction in the travel and tourism sector's employment, suggesting that the drop in internal tourism demand as a result of the global financial crisis and resultant recession did have an impact upon staffing levels in the industry. This reduction, amounting to 220,000 persons, or 12.6 per cent, took place amid broadly stable employment levels in the wider UK economy. This led to the travel and tourism industry's share of UK employment declining to just 5.3 per cent.

Subsequent years of growth in internal tourism demand saw the travel and tourism industry's employment levels, as well as its share of total UK employment, bounce back strongly. Total employment in the travel and tourism industry grew by around 120,000 people in 2011, representing growth of 7.6 per cent. 2012 saw further growth, of 2.0 per cent, alongside employment growth in the wider economy of 1.2 per cent.

Figure 2 below illustrates a breakdown of these employment totals, disaggregated into full- and part-time employees, as well as self-employed. The count of full-time employees in tourism amounted to 789,000 in 2012, representing the largest of the three groups set out below, and equivalent to 46.5 per cent of the total in that year. There were also 674,000 part-time employees, representing a share of 39.6 per cent; and 236,000 self-employed persons, which was equivalent to the remaining 13.9 per cent of total employment.

Figure 2: Number of full- and part-time employees, and self-employed persons in the travel and tourism industry, thousands, 2008-12

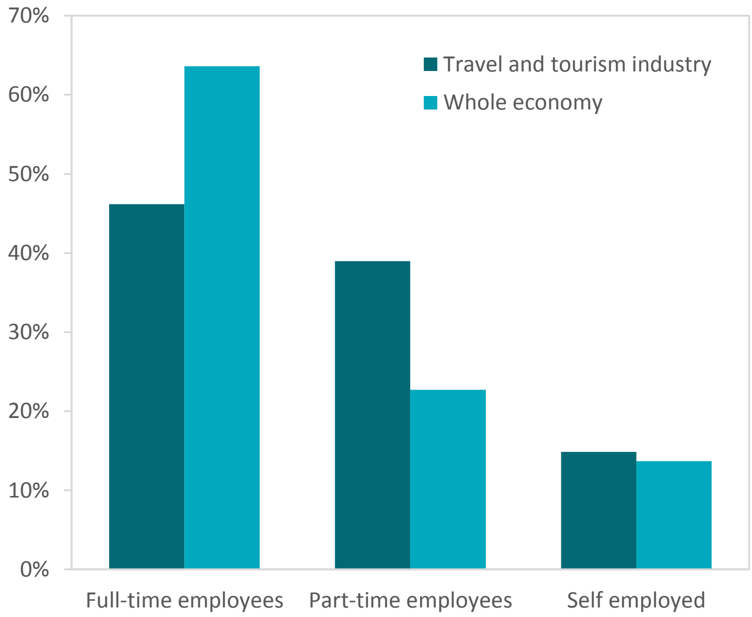
Source: ONS TSAs, BRES, Cebr analysis

Figure 3 below illustrates how the structure of these employment patterns compared with the wider UK economy over this period. It can be seen immediately that part-time working is much more important to the travel and tourism industry than the overall labour market. During the years 2008-12, an average of 39.0 per cent of the travel and tourism industry's overall employment was comprised of part-time employees. This compares to just under a quarter – 22.7 per cent – in the UK economy as a whole.

Despite this comparative greater importance of part-time employment within travel and tourism, the largest employment group remains full-time employees, which accounted for 46.2 of the industry's employment over this period.

Meanwhile, self-employed persons comprised 14.8 per cent of the travel and tourism workforce over this period, compared with 13.7 per cent in the wider economy, indicating that there is no shortage of entrepreneurial opportunities for workers within travel and tourism.

Figure 3: Proportions of full- and part-time employees, and self-employed persons, average 2008-12



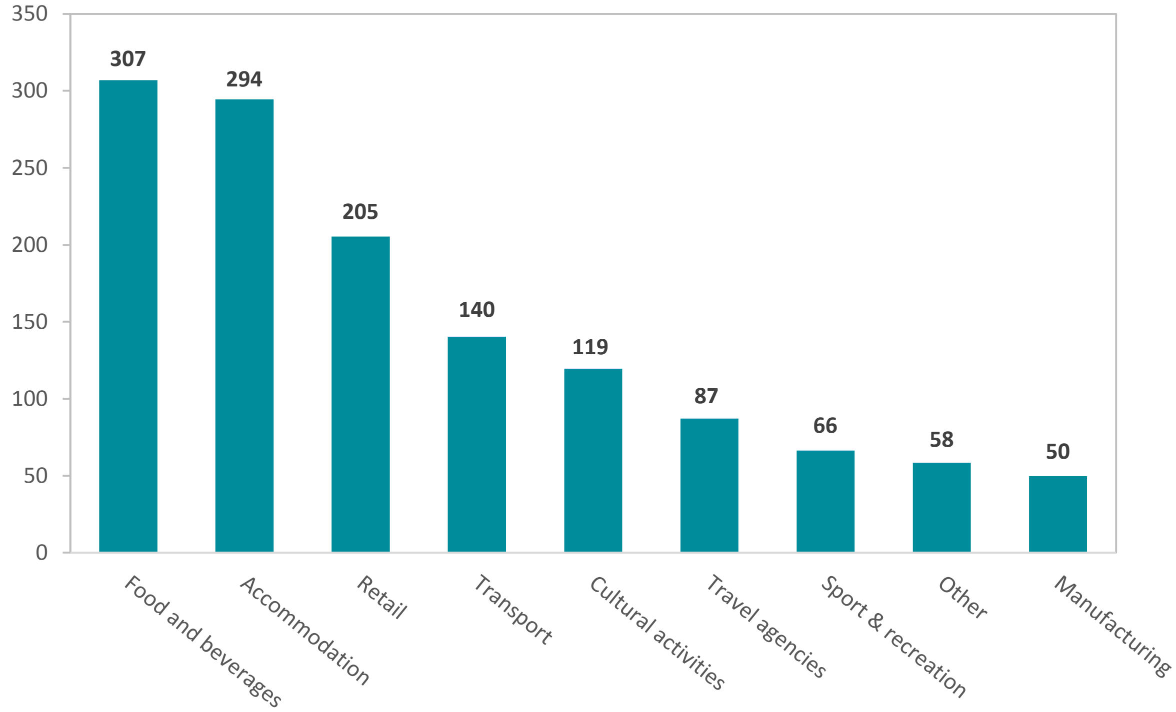
Source: ONS TSAs, BRES, LFS, Cebr analysis

These averages do mask some variations over the five years under analysis. For example, the share of part-time employees in total tourism employment has increased by 2.8 percentage points in the years 2008-12; rising from 36.9 to 39.6 per cent. This has been coupled with a slight decrease in the proportions of full-time employees and self-employment, whose shares both decreased by 1.4 per cent.

The increasing importance of part-time employees within the travel and tourism industry coincided with a similar general increase in the prevalence of part-time employment within the UK. However, the change within the tourism workforce was more pronounced than that which was observed in the wider economy. In the UK labour market as a whole, part-time employees increased their share of total employment by just 0.9 percentage points during this period.

It is also revealing to delve deeper into the aggregated travel and tourism industry, to investigate the broad sectors within which tourism demand sustains employment. Figure 4 below sets out this breakdown for the year 2012, with the total employment converted to full-time employee (FTE) equivalent measures. This was to account for the varying proportions of full- and part-time employees observed within each sector.

Figure 4: Employment in the travel and tourism industry, thousand FTEs, 2012, by sector

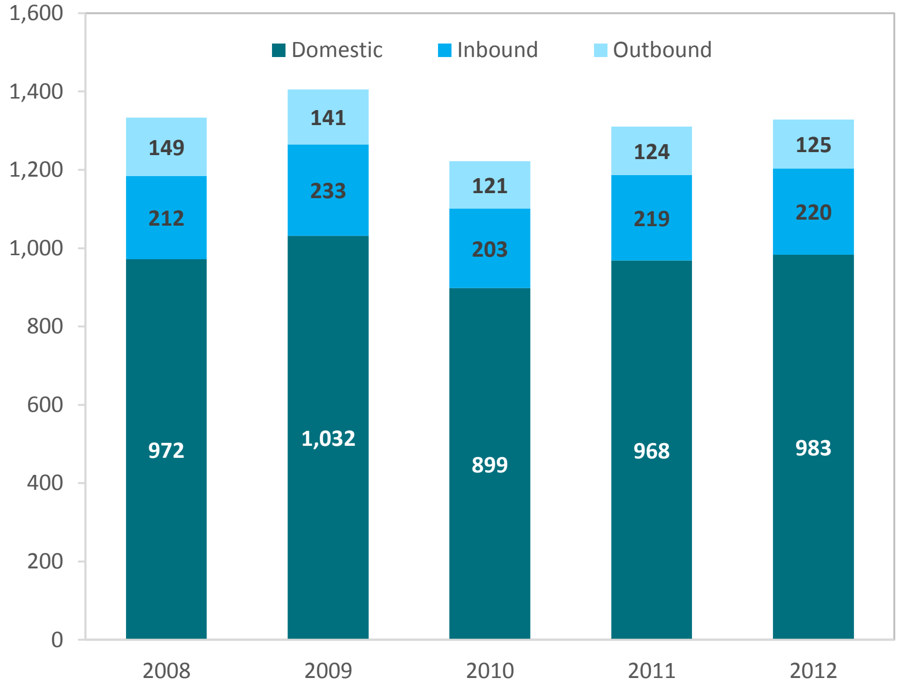


Source: ONS TSAs, BRES, supply-use tables, Cebr analysis

The two sectors within which the greatest level of tourism employment is sustained are the food and beverage services industry, and the accommodation sector. Within these sectors over 600,000 FTEs – equivalent to around 840,000 persons – are estimated to have their employment sustained by tourism. This underlines how dependent the hospitality industry is upon the economic activity sustained by tourists' demand. Similarly, the retail trade sector sees an estimated 205,000 FTEs supported by the consumption expenditure of tourists. The other elements combined comprise around 524,000 FTEs, which shows that tourism is a significant source of employment across many areas of the economy.

We can also examine how much of this FTE employment is attributable to each of inbound, outbound and domestic tourism. Analysis of this type is enabled by the degree of detail available in the TSAs, which disaggregate total tourist demand into that accounted for by inbound, outbound and domestic tourists. By matching these expenditures to the industries which supply goods and services to meet this tourism demand, we estimate how much economic activity – including employment – is attributable to the demand from each category of tourism. Figure 5 below sets out the results of this analysis.

Figure 5: Employment in the travel and tourism industry, by category of tourism, thousand FTEs, 2008-12



Source: ONS TSAs, BRES, supply-use tables, Cebr analysis

This chart illustrates how the vast majority of tourism employment in the UK is sustained by the expenditures of domestic tourists (i.e. UK residents travelling within the UK). While domestic tourists contribute around 63 per cent of all tourism expenditure, the relatively more labour-intensive sectors to which their expenditure flows (e.g., the accommodation and food, leisure and cultural sectors) means they support around 74 per cent of tourism employment.

Outbound tourists, by contrast, contribute around 20 per cent of all tourism expenditure, but the more capital-intensive sectors which accrue their expenditure (with the lion's share flowing to the aviation industry) results in an employment contribution which amounts to around 10 per cent of total tourism employment.

2.2 Indirect employment

As well as the *direct* employment discussed in Section 2.1, the travel and tourism industry also has further employment impacts. For example, in the sectors which provide goods and services to the travel and tourism sector, there will be *indirect* employment sustained. This describes the additional employment within the sector's supply chain, which is dependent upon intermediate demand presented by the travel and tourism sector. [2]

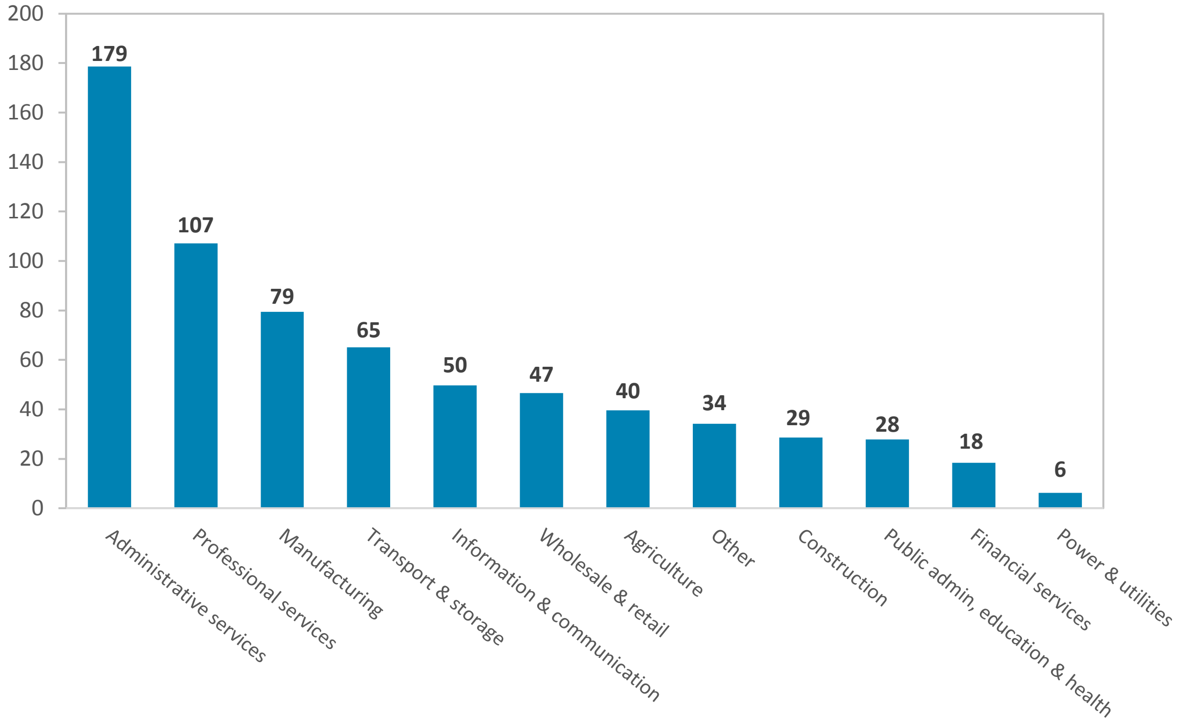
In order to quantify this indirect employment, we draw upon Cebr's input-output models. These are used to calculate employment 'multipliers' for each of the detailed industries in the ONS' supply-use tables. We first disaggregated the travel and tourism industry's FTE employment into its constituent SIC 2007 sectors, before applying these SIC sectors' employment multipliers to these sub-totals. This allowed us to

[2] Intermediate demand refers to business' demands for goods and services which they require in order to produce their output.

quantify how much additional employment is sustained within the travel and tourism industry's supply chain, as a result of the scale of direct employment observed in 2012.

The outcome of this process was an employment multiplier of 1.51 – this implies that, for each 1 FTE employed within the travel and tourism industry, the employment of a further 0.51 FTEs is supported elsewhere in the economy, through the industry's interrelationships with other sectors. As such, the gross impact of this effect in 2012 is therefore estimated at an additional 680,000 FTEs. Figure 6 below sets out the distribution of this estimated indirect employment.

Figure 6: Estimated indirect employment sustained in the industries that make up the supply chains of the travel and tourism industry, 2012, thousand FTEs



Source: ONS supply-use tables, BRES, TSAs, Cebr analysis

2.3 Employment by region

The demand for tourism services sustains a substantial level of employment across the UK. Figure 7 below sets out how the UK's tourism-related employment is distributed across its constituent nations and regions.[3]

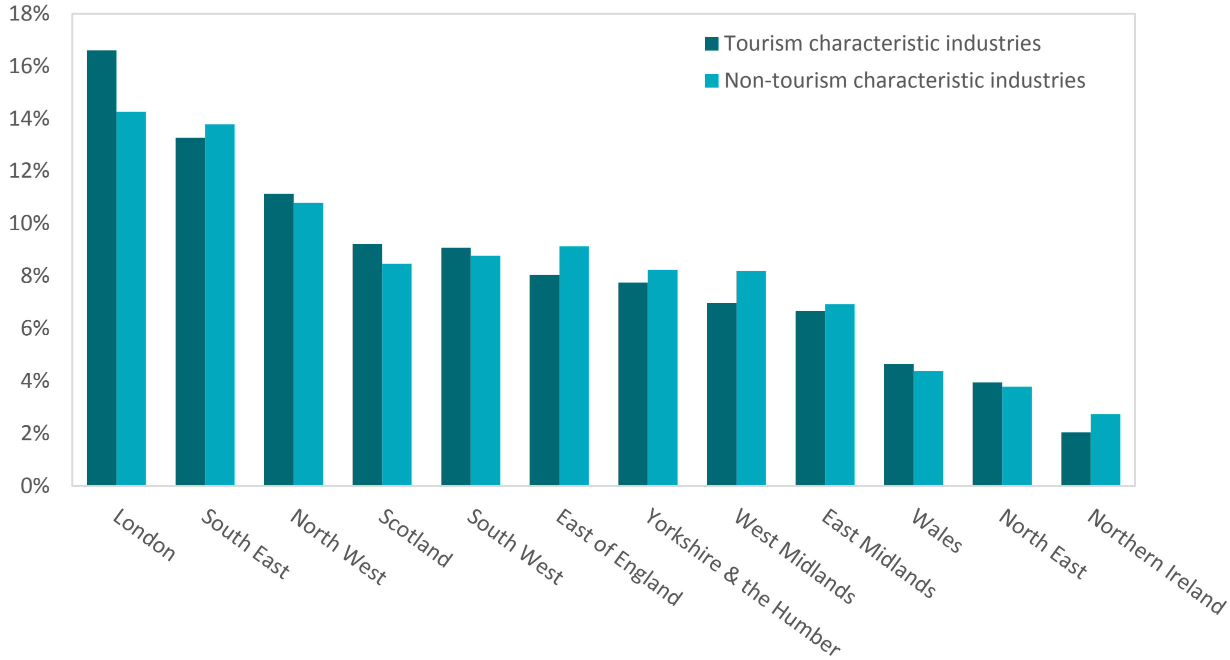
This chart illustrates that in 2011, London accounted for the largest regional share of tourism-related employment, representing 16.6 per cent of the national total. Its equivalent share of the UK's non-

[3] It is important to note that this breakdown sets out the distribution of 'tourism *characteristic* industries'. This definition, used in ONS analyses of tourism employment, differs slightly in scope from the 'travel and tourism industry' referred to throughout this report, as it does not separate out the proportions of these industries' output which are attributable to tourism demand. That is, 'tourism characteristic industries' include the entirety of the food and beverages services and accommodation sectors, as well as the whole of each of the other industries set out in Section 1.1 of this report. The exception is the 'other consumption products' category, which is measured in this study, but excluded from this ONS definition.

tourism-related employment was just 14.3 per cent, underlining how the capital is of vital importance in stimulating tourism demand and supporting tourism employment in the UK.

The next largest regions in terms of their share of tourism-related employment were the South East, North West and Scotland: together representing around a third of all tourism-related employment in the UK. Taken together with London, these four geographies account for more than half of the UK's tourism-related jobs.

Figure 7: Percentage of UK employment, by region, 2011



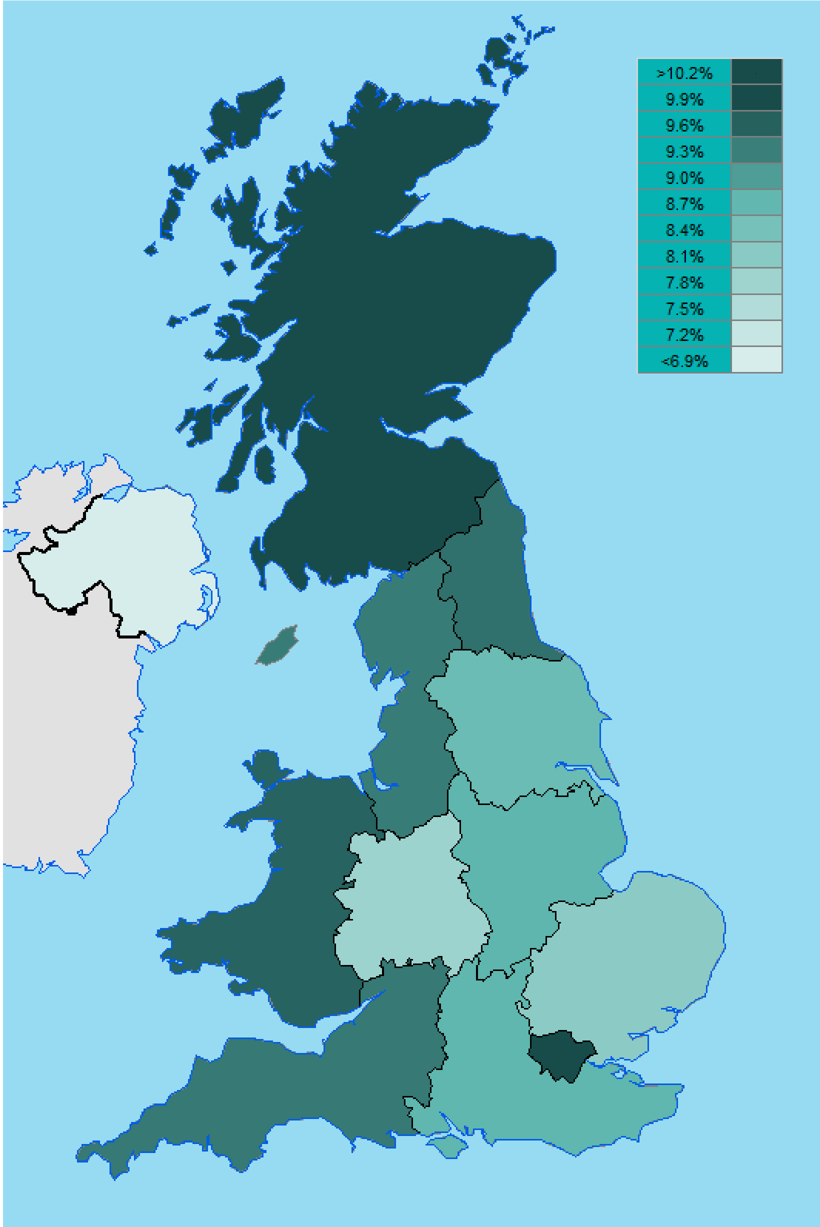
Source: ONS

However, this comparison is also influenced by the relative size of each of the regional economies and labour markets – this can be seen through their comparable shares of non-tourism related employment. In order to understand how important tourism employment is to the regions in question, it is instructive to examine what share of total employment within these regions falls within tourism-related industries. As such, Figure 8 below illustrates the proportion of total regional employment which can be characterised as tourism-related.[4]

During 2011, the regions within which tourism-related employment represented the largest shares of regional workforce were London (with 10.4 per cent), Scotland (9.8 per cent) and Wales (9.6 per cent). The North East, South West and North East also all featured proportions of tourism-related employment which were above the UK average (9.1 per cent). This shows that tourism demand, while supporting substantial employment in London and the South East, is also of vital importance to many smaller regional economies.

[4] It is again important to note that the data here pertain to 'tourism characteristic activities', reflecting the ONS definition outlined in Footnote 3. As such these are not directly comparable with the definition used throughout the rest of the study.

Figure 8: Percentage of regional employment within tourism characteristic industries, by region, 2011



Source: ONS

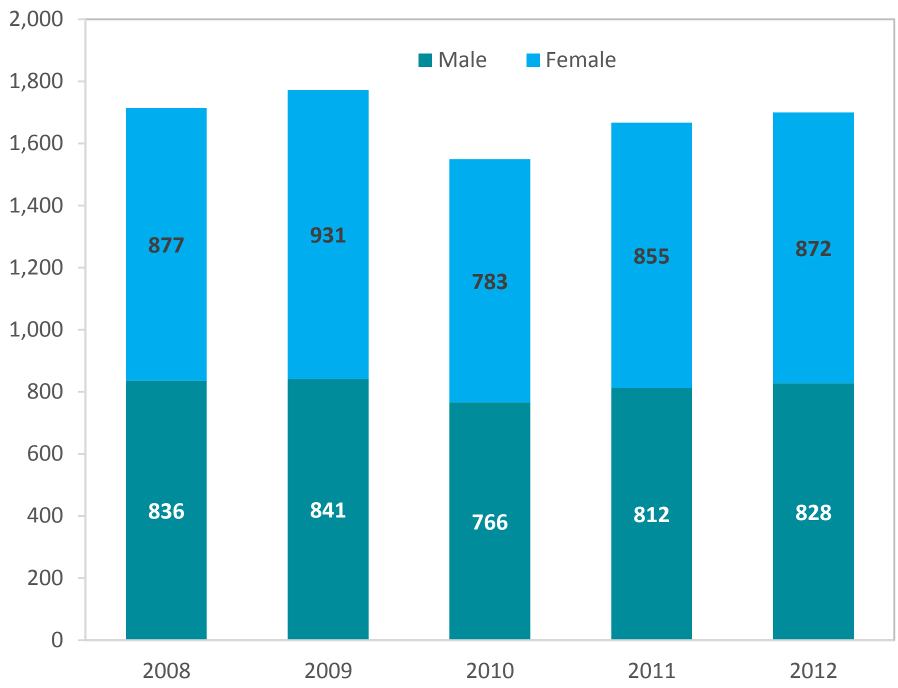
3 Demographics of tourism workers

This section explores some of the demographic features in the travel and tourism industry and comparing selected metrics to those seen in the wider economy.

3.1 Gender

Beginning with a gender analysis, Figure 9 below displays the number of males and females employed within the travel and tourism industry. Across all years, females make up a larger proportion of the total; amounting to an average proportion of 51.4 per cent of all persons employed within tourism. This means that the travel and tourism industry provides more opportunities for female employment than is seen in the economy as a whole, where the equivalent proportion over 2008-12 was 46.3 per cent.

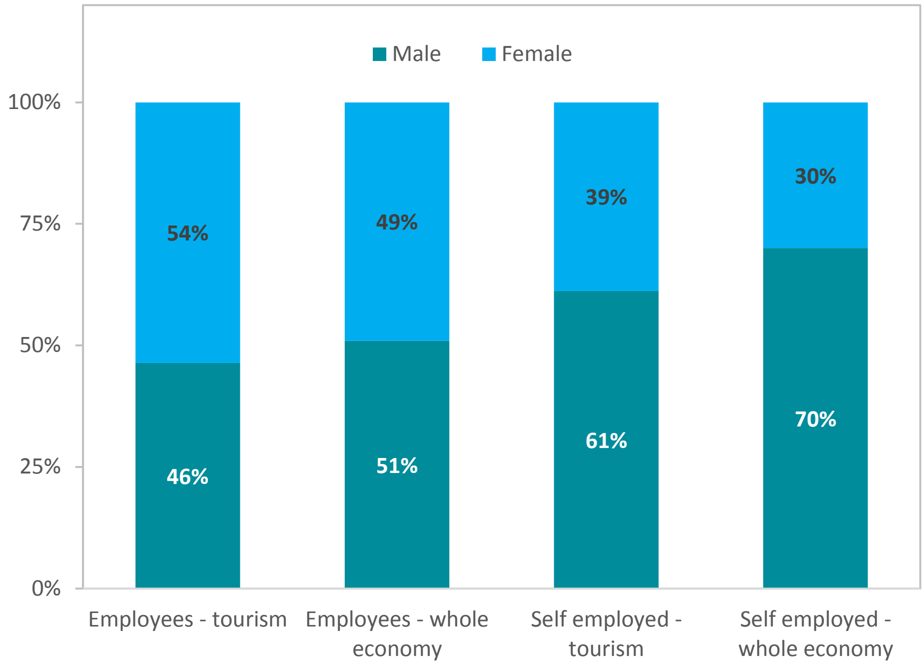
Figure 9: Employment in the travel and tourism industry, by sex, thousands, 2008-12



Source: ONS TSAs, BRES, LFS, Cebr analysis

There are, however, important differences to note within these gender breakdowns. Figure 10 below presents a comparison between the travel and tourism sector and the UK economy as a whole, splitting out the relative proportions of males and females with both employee and self-employed status.

Figure 10: Comparison of male and female employees and self-employed persons in the travel and tourism industry, average 2008-12



Source: ONS TSAs, BRES, LFS, Cebr analysis

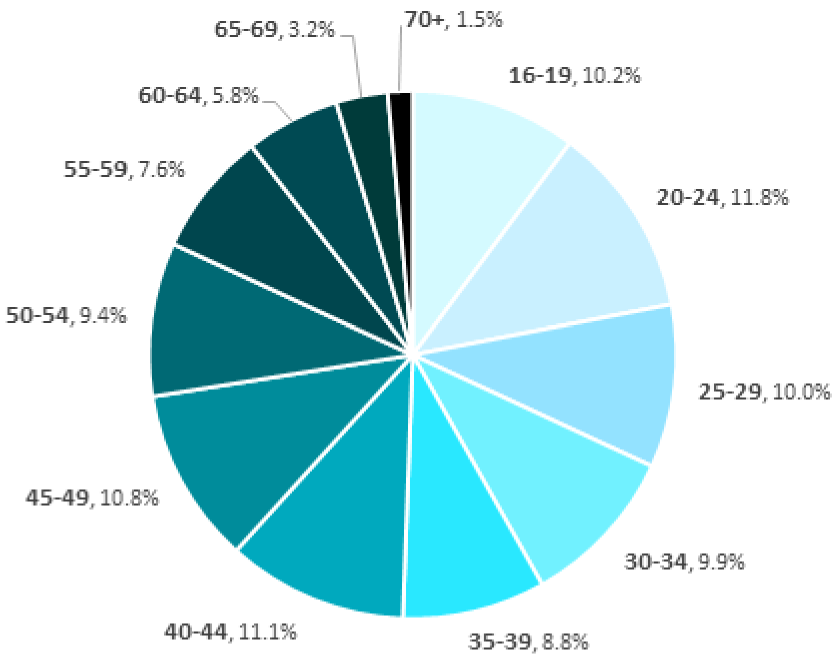
It can be seen from this breakdown that while females make up a greater share of tourism *employees*, the same is not true for *self-employed* persons within the travel and tourism industry. In this group, males comprised 61.2 per cent of the total over the years 2008-12. However, the proportions of female employees and self-employed females in the travel and tourism industry are both larger than the equivalent proportions in the wider economy.

3.2 Age

Figure 11 below illustrates the proportions of the travel and tourism industry's workforce which falls into different age groups. This chart shows that significant shares of tourism employment are accounted for by workers in younger age brackets: for example, in 2012 over 10 per cent of the total was comprised of workers aged 16 to 19. Another 11.8 per cent of the total workforce was made up of persons aged 20 to 24; with a further 10.0 per cent accounted for by workers between the ages of 25 and 29 inclusive.

This means that almost a third (31.9 per cent) of all workers within the travel and tourism sector are under the age of 30; and over half (50.6 per cent) are under the age of 40. Amid an ageing UK workforce and population more generally, this suggests that the travel and tourism industry is an important source of employment opportunities for younger people.

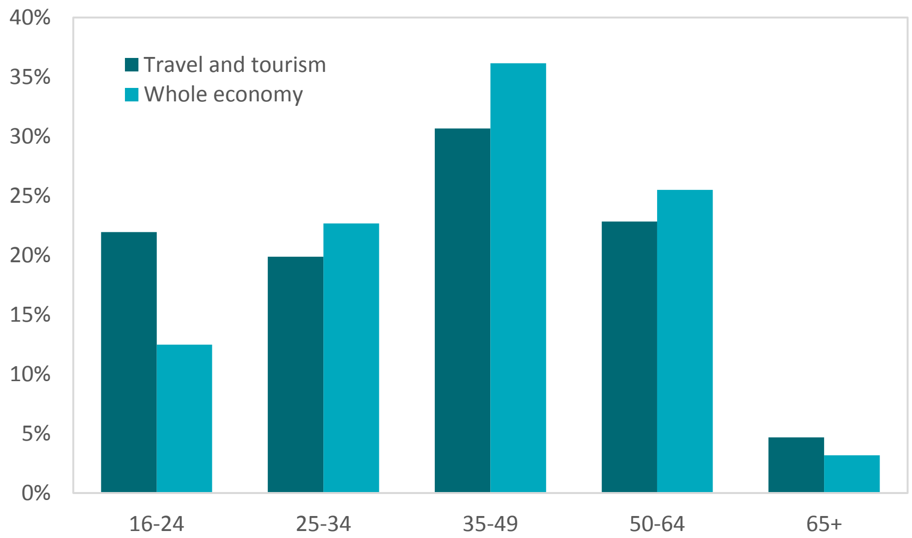
Figure 11: Distribution of employment in travel and tourism, by age group, 2012



Source: LFS, Cebr analysis

Figure 12 below compares this age breakdown with that of the broader UK economy. This chart illustrates clearly that a greater proportion of employment in the travel and tourism sector is made up of younger age groups than is the case in the wider labour market. This contribution to youth employment is particularly crucial during a time of persistently high youth unemployment, following years of sluggish economic growth: tourism provides an important source of employment and incomes for the UK's young workers.

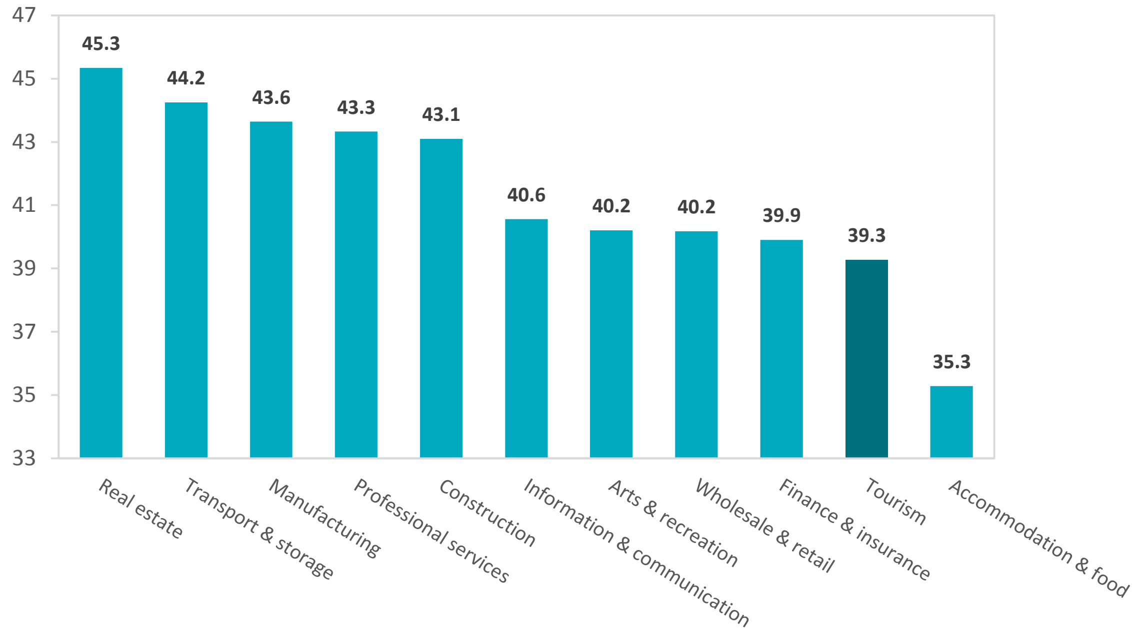
Figure 12: Comparison of age distribution in travel and tourism with whole economy, 2012



Source: LFS, Cebr analysis

There are few sectors in the economy which have workforces of a comparably young age profile. Figure 13 below illustrates the mean ages of workers in selected broad sectors: of these, the travel and tourism industry's average age of 39.3 is older only than that of the accommodation and food sector (which is in itself a significant component of the travel and tourism industry).

Figure 13: Comparison of average (mean) age of workers, 2012

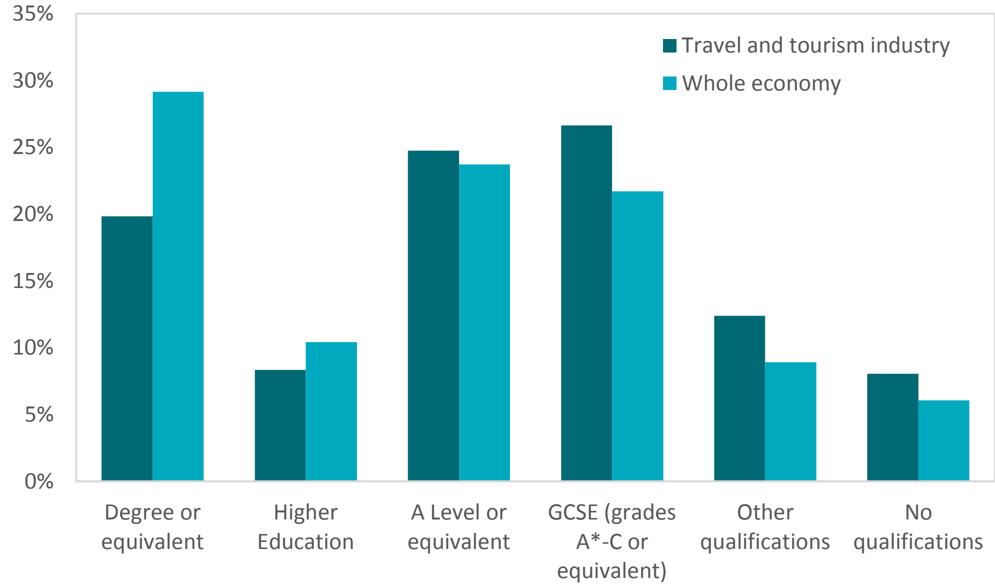


Source: LFS, Cebr analysis

3.3 Qualifications

In terms of qualifications, the travel and tourism industry features a demographic which is comparatively less qualified than the UK's labour force as a whole. Figure 14 below compares the highest academic qualifications attained by tourism workers with those attained by workers across the economy. While the travel and tourism industry does feature a relatively larger representation among lower qualifications, over half of the tourism (51.4 per cent) workforce holds an A-level or GCSE grade A*-C (or equivalents) as their highest academic qualification.

Figure 14: Highest academic qualifications attained, 2012



Source: LFS, ONS TSAs, Cebr analysis

The relatively higher concentration of tourism workers within lower qualification brackets can be understood in the light of its younger-than-average workforce. This suggests that many tourism workers may still be attaining qualifications while they work within the sector. To this end, the part-time and flexible working patterns seen within the travel and tourism industry (explored in further detail in Section 4.4) are also supportive of employees expanding their skills and adding to their qualifications.

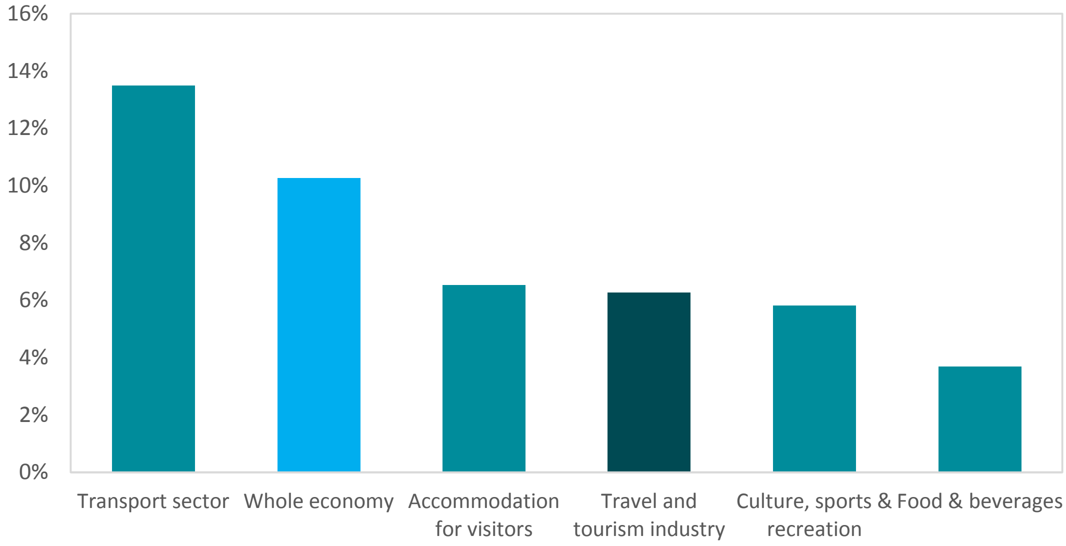
It can also be noted that there are significant variations in attained qualifications within different sub-divisions of the travel and tourism industry. For example, within the creative, arts and entertainment sector, 57.9 per cent of workers hold a degree or equivalent as their highest qualification. Meanwhile, within food and beverage serving activities, the corresponding figure is 12.2 per cent. This indicates that various parts of the travel and tourism sector provide career opportunities for people from a variety of academic backgrounds.

3.4 Apprenticeships

The travel and tourism industry also gives workers the opportunity to undertake apprenticeships; enhancing their skills and productivity, and gaining qualifications whilst in employment. Figure 15 below sets out the proportion of workers within selected sectors who have completed an apprenticeship.

This illustrates that travel and tourism features a lower proportion of workers who have completed an apprenticeship (6.3 per cent) than is seen in the economy as a whole (10.3 per cent) – despite the travel and tourism workforce being younger, on average, than workers in the wider labour market.

Figure 15: Percentage of sectoral workforce who have completed an apprenticeship, 2012



Source: LFS, ONS TSAs, Cebr analysis

There are differences in the prevalence of apprenticeships within the various elements of the travel and tourism sector. 13.5 per cent of workers in the transport sector (defined here as comprising road, rail, air, and water passenger services) have completed an apprenticeship: examples of such transport-related apprenticeships include those in vehicle maintenance and repair, logistics, and the operation of passenger or goods vehicles. The comparatively high prevalence of apprenticeships within this sector underlines that such qualifications are important to sustaining and expanding the skills base of the transport industry.

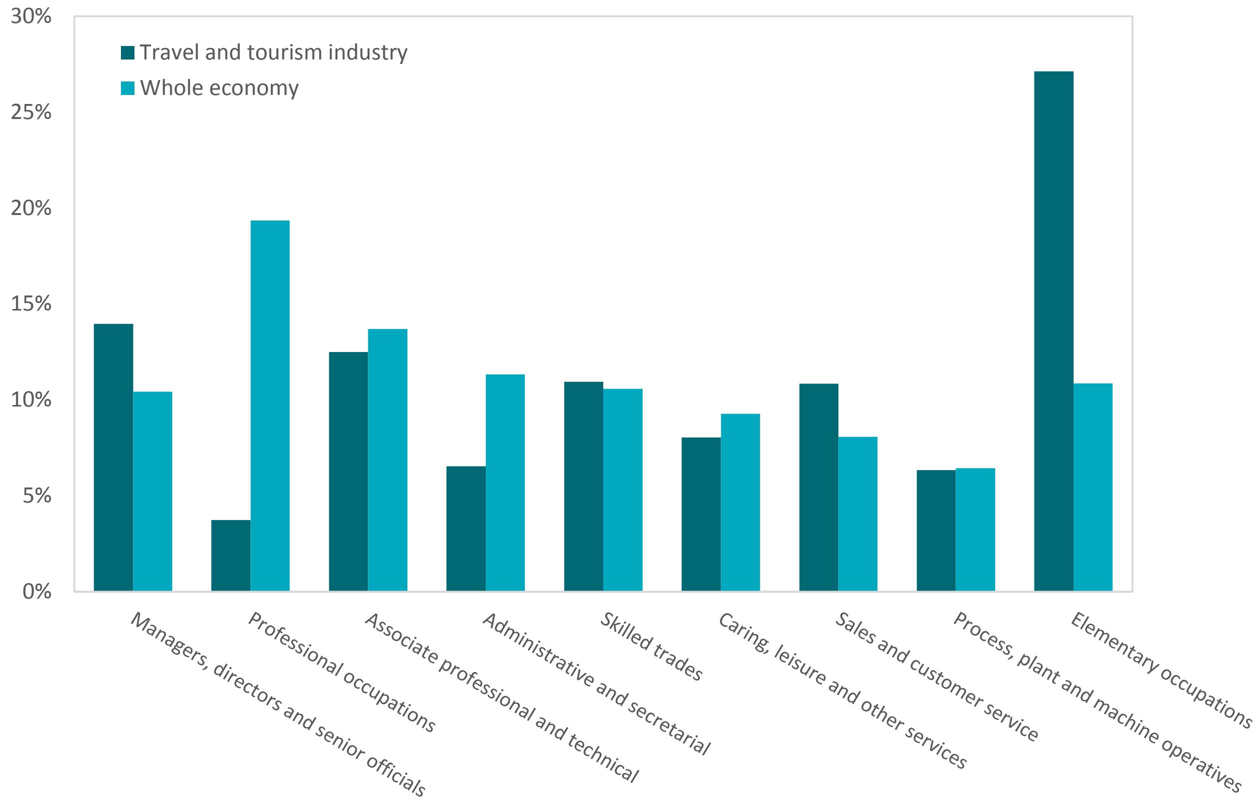
However, in most tourism-related sectors, the prevalence of apprenticeships is much lower than the UK average, pointing to the fact that many tourism roles consist of lower-skilled work, which would not demand skills that require development through apprenticeships. Moreover, the lower job tenures observed in the travel and tourism industry suggests that many workers – while benefiting from the flexible employment opportunities on offer within tourism – may ultimately intend to use their skills and experience to progress into other sectors and occupations. This provides context for the lower prevalence of sector-specific vocational qualifications, such as apprenticeships.

4 Job roles, earnings and working patterns

4.1 Main occupations

In order to explore more deeply the work opportunities on offer within the travel and tourism industry, we analysed the tourism workforce by their Standard Occupational Classification (SOC). This classification system describes jobs according to the type of work they involve, rather than by the industry within which the business operates. Occupational breakdowns provide detail on the skill content and level of expertise required to perform different job roles, permitting the assessment of tourism employment along these lines. Figure 16 below compares the occupational distribution of the travel and tourism industry with that of the wider UK economy.

Figure 16: Comparison of occupation levels in travel and tourism with UK economy, 2012



Source: LFS, ONS TSAs, Cebr analysis

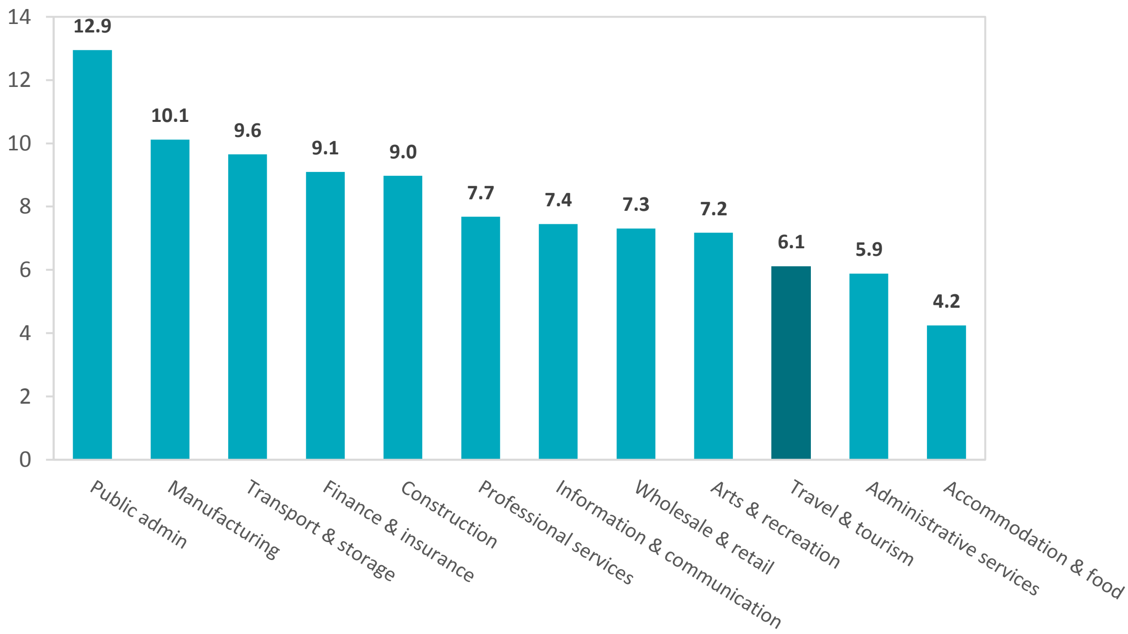
The occupational category with the largest share of tourism employment is ‘elementary occupations’, which describes job roles that do not typically require formal qualifications. Examples of such positions include elementary office and clerical roles, and the preparation and serving of food. This category’s share of tourism employment – 27.1 per cent – is more than twice as large as its equivalent proportion of the wider labour market, where roughly one in ten workers is classified as being in an elementary occupation. This underlines how tourism provides opportunities which can suit comparatively young, lower-skilled or part-time employees, including those just starting out in their careers.

In addition, the travel and tourism industry features a larger proportion of managers, directors and senior officials than is observed in the labour market as a whole. The proportion falling into this occupational category is bolstered by the relatively large share of tourism employment contributed by the accommodation, food and travel agencies sectors. Within these industries, the predominance of smaller establishments leads to a comparatively larger proportion of managers than is seen in the wider economy. This suggests that there is a significant degree of management opportunities for workers who elect to pursue a career in the travel and tourism sector.

4.2 Job tenures

People employed within travel and tourism have typically spent less time with their current employer than those employed elsewhere within the economy. Figure 17 below illustrates that employees in the travel and tourism industry had, in 2012, spent an average of 6.1 years with their current employer. This is lower than nearly all other broad sectors in the economy. In the selected industries set out in the chart, only administrative services and accommodation and food had shorter average job durations. Accommodation and food, of course, is also a major component of the travel and tourism industry.

Figure 17: Average (mean) employee job tenures in years, by sector, 2012

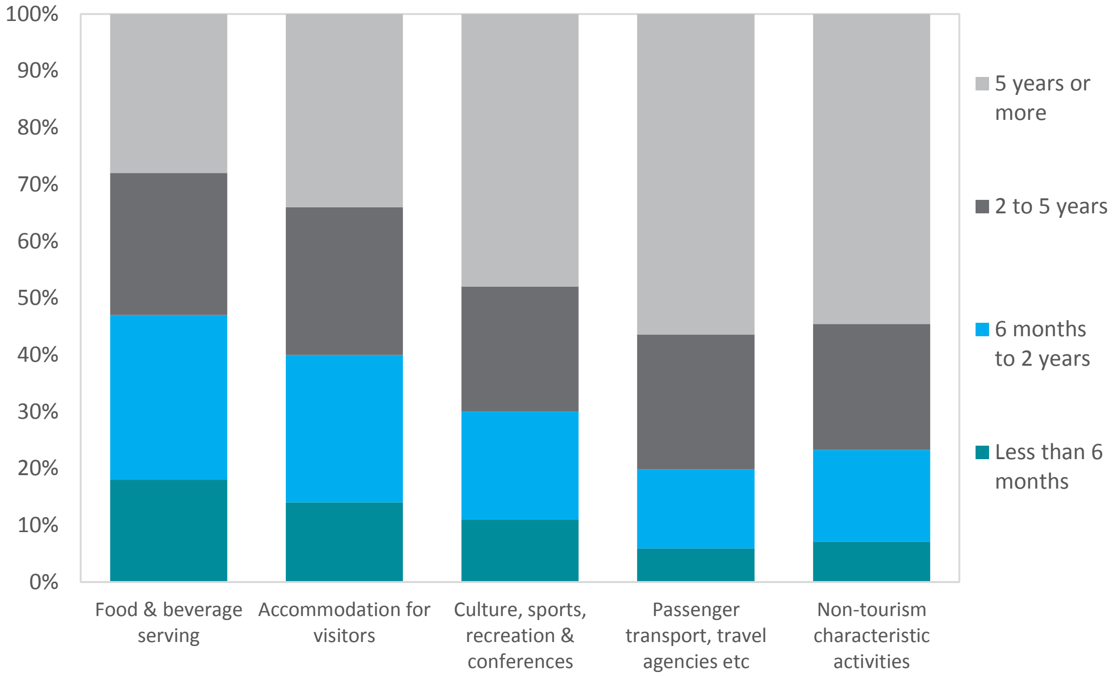


Source: LFS, ONS TSAs, Cebr analysis

Lower job tenures in the travel and tourism industry are also partly reflective of the seasonal and temporary positions that are a feature of tourism employment. These positions are likely to attract relatively younger employees, who in turn, are more likely to have to fit their work around study, thus benefitting from a greater prevalence of part-time opportunities. As these people grow older, they may choose to pursue different careers, or more senior positions, in either case potentially leading them to change employers.

These lower-than-average tenures can be understood further through an analysis of job tenure intervals. Figure 18 below sets out an analysis of job tenures in broad industries which have tourist-related characteristics, as they stood in 2011.

Figure 18: Length of time with current employer, 2011

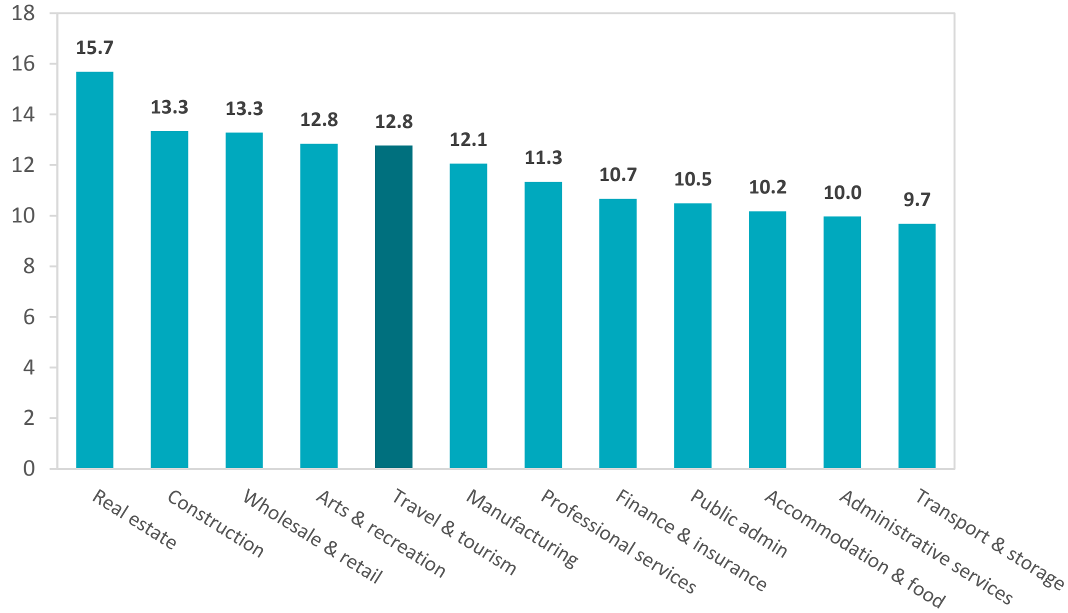


Source: ONS

It can be seen in the columns to the left of the chart (representing broad sectoral groupings that feature heavily in the tourism industries) that the proportions of employees with longer tenures is appreciably lower than is observed in non-tourism characteristic activities. This difference is particularly marked in the case of the food and beverage serving and accommodation sectors, where just 28 and 34 per cent of employees respectively had been with their current employer for five years or more. The equivalent proportion in industries without tourism characteristics was 54 per cent.

However, shorter tenures are not a feature of all segments of the tourism labour market. When examining the self-employed portion of the travel and tourism industry's workforce, the length of time people remain in the same (self-employed) job is much less divergent from other sectors of the economy. This suggests that, far from travel and tourism employment being characterised by inherent instability, workers electing to undertake self-employment in travel and tourism tend to remain in these positions for lengths of time which are comparable to other workers in the economy.

Figure 19: Average years self-employed in the same job, by sector, 2012

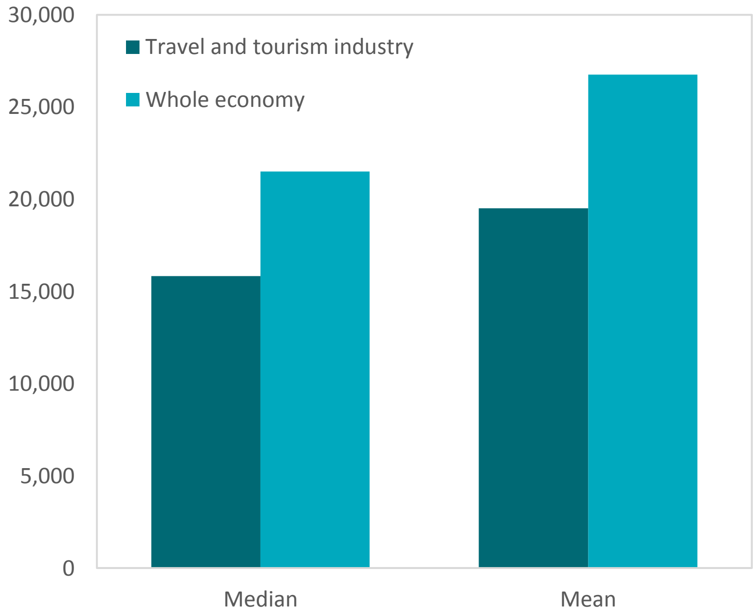


Source: LFS, ONS TSAs, Cebr analysis

4.3 Average salaries

Compared to other sectors, employees within the travel and tourism industry are relatively lower-paid than their counterparts elsewhere in the UK economy. Figure 20 below shows that in 2012, median gross earnings across the UK were £21,500, while mean earnings were around £26,800. This compares to median earnings in the travel and tourism industry of £15,800 and mean earnings of £19,500.

Figure 20: Gross annual employee earnings, 2012

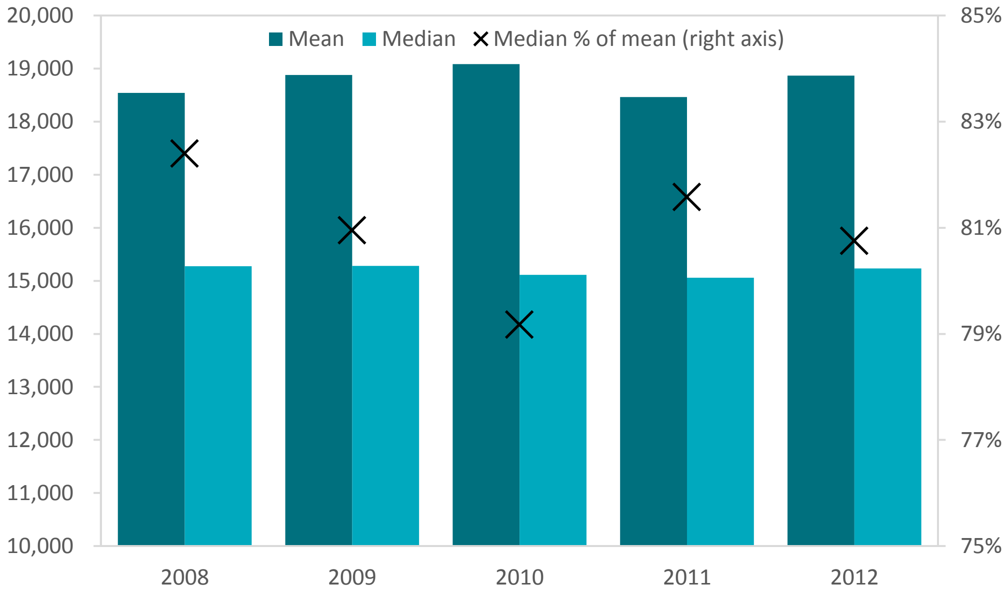


Source: ONS ASHE, TSAs, Cebr analysis

These differences in average earnings can be understood further alongside the preceding analysis of the tourism labour market: employees in the travel and tourism sector are, on average, younger, less-well educated, more likely to be working part-time, and have spent less time with their current employer. These factors all point to travel and tourism employees earning relatively less than the UK average. Despite the lower earning potential within travel and tourism compared to other sectors, the access which it provides to employment may nevertheless prove critical for many people who require more flexible ways of working, who are supporting their educational attainment and are seeking to improve their skills sets.

Earnings within the travel and tourism industry, as elsewhere within the UK economy, have been under pressure during recent years. As highlighted in Figure 21, mean gross earnings of employees in travel and tourism reached a peak of around £19,100 in 2010, before declining to around £18,900 by 2012. Median earnings peaked slightly earlier, amounting to £15,300 in 2009, then falling back to £15,200 in 2012.

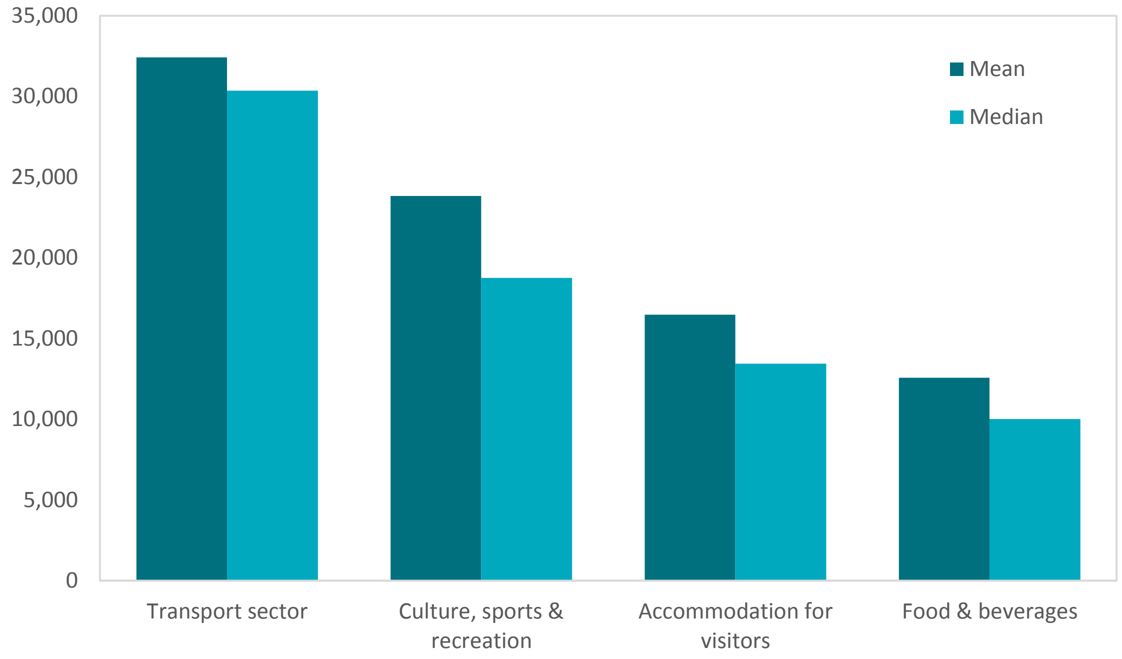
Figure 21: Average gross annual employee earnings in the travel and tourism industry, £ (left axis); and median as a percentage of mean (right axis), 2008-12



Source: ONS ASHE, TSAs, Cebr analysis

The combined effects of these changes in earning power has been to slightly increase the inequality of incomes across the travel and tourism industry. This can be illustrated by looking at the difference between median and mean earnings, where a greater difference indicates greater income inequality. In 2008, median earnings represented 82.4 per cent of mean earnings. This fell to 79.2 per cent in 2010, and has since risen slightly to 80.8 per cent in 2012. In spite of this divergence of mean and median earnings, the travel and tourism industry sees a slightly more equal income distribution than the rest of the UK economy, where in 2012 median earnings were 80.4 per cent of mean earnings.

Figure 22: Average gross annual employee earnings, £, 2012



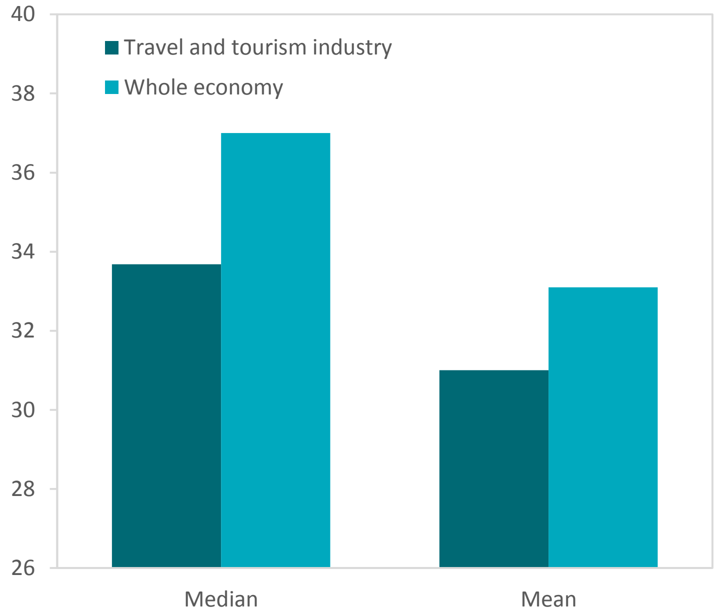
Source: ONS ASHE, TSAs, Cebr analysis

There are, however, significant variations in average earnings across the travel and tourism industry, with Figure 22 above setting out earnings in 2012 for some of the main constituent sub-sectors. It can be seen that the accommodation and food sectors, comprising a higher proportion of lower-skilled, casual and part-time work, feature average salaries which are far below the equivalent figures for the wider economy. Employees in the transport sector, by contrast, see significantly higher average salaries – well above the national average.

4.4 Working patterns

Employees in the travel and tourism industry work an average of 31.0 hours each week, significantly lower than the average weekly hours worked in the broader labour force, a figure which amounts to 33.1 hours.

Figure 23: Average weekly hours worked, 2012

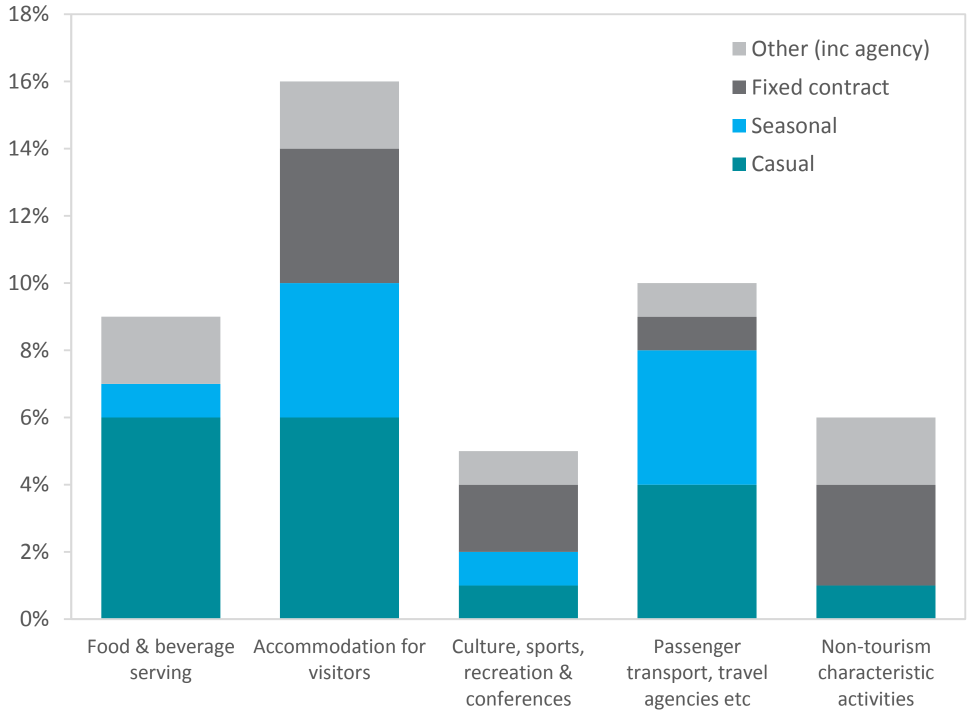


Source: ONS ASHE, TSAs, Cebr analysis

This difference can be understood in light of the analysis presented in Section 2, which revealed that the travel and tourism sector has a relatively greater proportion of employees working part-time. However, there are also further working arrangement differences which explain the divergence in working hours of tourism employees from the UK's average.

Temporary employment is also highly prevalent within travel and tourism, as businesses often require flexibility in order to respond to seasonal fluctuations in tourist demand. As illustrated in Figure 24, many of the broad activities within the travel and tourism industry feature high degrees of employment which is agreed on some form of temporary basis. In the accommodation sector, this figure amounted to 16 per cent of all workers in 2011, compared to just 6 per cent in non-tourism related sectors in that year.

Figure 24: Temporary employment in tourism industries, percent of total employees, 2011



Source: ONS

Almost half of these travel and tourism sectors' temporary employment was based on casual work arrangements, which allow flexibility in hours. A further fifth was accounted for by seasonal contracts, with the remainder representing fixed-term engagements, agency and other temporary contracts. These higher proportions of temporary and flexible employment contracts are consistent with the lower job tenures set out in Section 4.2 – this is because a relatively higher prevalence of temporary work implies shorter durations working under any given employer.

5 Conclusion

The travel and tourism workforce comprises employees and self-employed persons from many industries across the UK. A wide variety of jobs are on offer within travel and tourism: ranging from hotel, restaurant and bar work, to travel agency and tour operator roles, road, rail and aviation sector positions, artistic and cultural occupations, and a diverse range of others from IT and technology, to financial services. This direct employment accounts for a substantial portion (some 5.8 per cent in 2012) of the UK's labour force. Moreover, in addition to this direct impact, tourism activity is vital in sustaining further employment indirectly, along the travel and tourism industry's supply chain. In this way, tourism contributes employment to all sectors within the UK economy.

However, focussing only on this macroeconomic impact would overlook many of the contributions which the travel and tourism industry makes to the labour market. For example, the travel and tourism workforce provides a higher proportion of work opportunities for females than is seen in the wider economy. There is also a greater prevalence of part-time and self-employed workers than in the economy as a whole, illustrating the varied nature of career paths on offer within the travel and tourism industry.

While a significant share of travel and tourism jobs can be characterised as low-skilled, this underlines how work within the travel and tourism industry can provide flexibility, and ultimately, accessibility to employment for all: for example, those without formal qualifications, young people, or other new entrants to the labour market seeking to build work experience, or develop careers within travel and tourism.

The relatively young age profile of the travel and tourism workforce also underlines its value as a contributor of work opportunities for younger people. Amid an ageing UK population, and a labour market which is seeing older people increasingly staying in work for longer, travel and tourism provides much-needed employment opportunities for younger segments of the workforce.

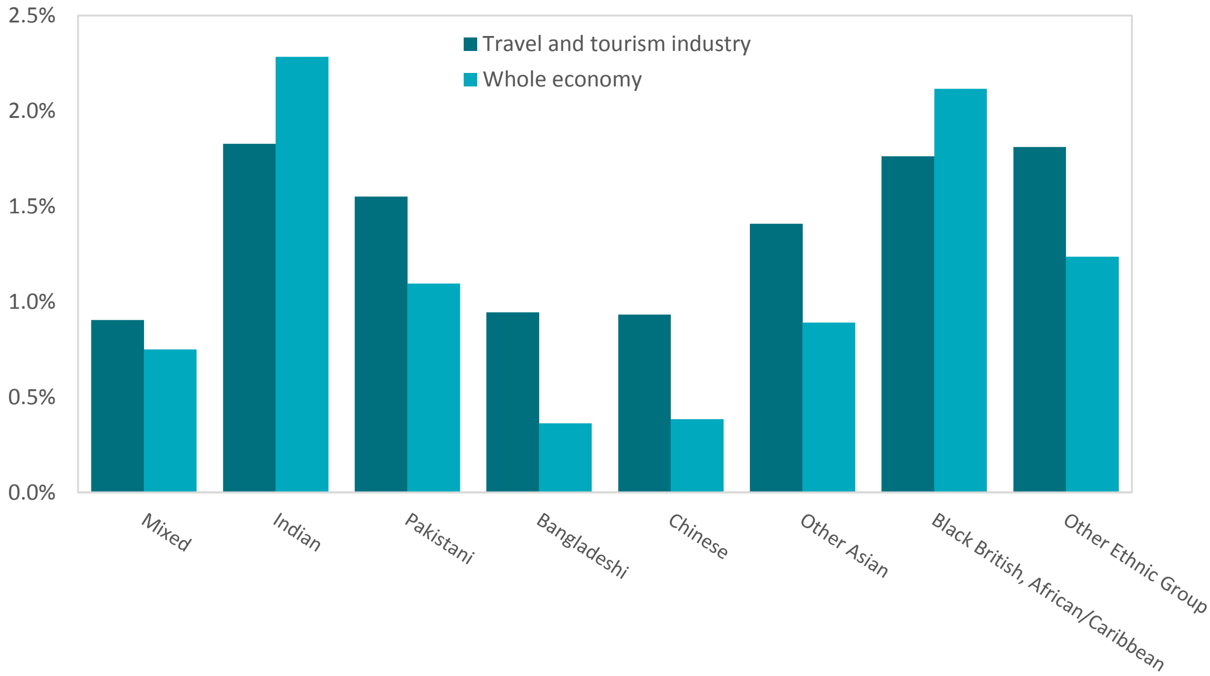
However, it is not only young workers who benefit from the flexibility on offer within the travel and tourism workforce. As well as shorter typical working hours, there are also more opportunities for those seeking casual, seasonal and fixed-term work than is seen in the UK economy as a whole. Such flexibility is advantageous to workers of all ages in education, training, or with other jobs or life commitments.

As output growth in the UK picks up and real wage growth turns positive, the appetite for travel and tourism is set to accelerate. In addition, the economies of the US and Eurozone – the UK's main international tourism partners – are performing more strongly than in recent years. These factors are expected to continue stirring demand for tourism services in the UK, in turn supporting tourism employment across its nations and regions.

6 Appendix - Ethnicity

Illustrated below in Figure 21 is the distribution of ethnic minorities within the travel and tourism workforce in comparison to the whole economy. In order to present a readable scale, this chart excludes white British persons, who represent 88.9 and 90.9 per cent of the tourism and UK workforces, respectively. This statistic reveals that the travel and tourism industry employs a larger share of ethnic minority workers than the UK as a whole.

Figure 21: Comparison of ethnicity in travel and tourism industry with whole economy, 2012



Source: LFS, ONS TSAs, Cebr analysis

In terms of the ethnic groupings set out in the chart above, the travel and tourism industry employs a higher proportion of Pakistani, Bangladeshi and Chinese workers than is seen in the UK economy as a whole. These are concentrated predominantly in the food and beverage services segment of the travel and tourism industry. Tourism supports a slightly smaller proportion of Indian employees than is seen in the wider UK workforce, with most of these workers estimated to be in the retail, accommodation and food sectors.