Global Talent Trends and Issues for the Travel & Tourism Sector

Executive Summary
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Travel & Tourism is one of the world’s largest economic sectors. At a global level, it is forecast to grow at a faster pace than most major industries and the economy as a whole, bringing with it multiple economic, social and fiscal benefits. Over the next ten years, WTTC’s forecasts project that Travel & Tourism will contribute US$11 trillion (US$3.4 trillion directly) and support 347 million jobs around the world (126 million directly – over 25 million more direct jobs than in 2013). The growth in Travel & Tourism employment, at over 4% per year for the next ten years, will bring enormous development to countries. Our research shows however, that without the right policies in place now, some countries are likely to have large gaps that will make it difficult, if not impossible, for them to fulfil their growth potential.

WTTC is pleased to have commissioned Oxford Economics, one of the world’s leading providers of global economic analysis, advice and models, to produce this report on Global Talent Trends and Issues for the Travel & Tourism Sector. The research, for the first time, quantifies the scale of the Travel & Tourism talent problem. It highlights the economic impact that the human resources challenge will have on the global economy if not addressed soon. It looks at the scale of the problem (‘the talent deficit’) in 46 countries and then assesses how well placed these countries are to create the right, or ‘enabling’, environment to develop this talent. A combined ranking of the talent deficit and enabling environment highlights those countries where Travel & Tourism is most at risk from human capital issues over the next five to ten years, and those which have the right policy environments to support the growth of quality jobs.

The countries included in the study are geographically diverse, encompass all of the world’s major economies and include countries such as Barbados, Morocco and Thailand where Travel & Tourism is a particularly important sector. The 46 countries combined account for 81% and 88% of direct world Travel & Tourism employment and GDP respectively.

1 The potential economic cost impacts of talent gaps and deficiencies to 2024 are striking.

- The total impact of talent gaps and deficiencies, including indirect and induced impacts, could cost the global economy approximately 14 million jobs and nearly US$610 billion in GDP (measured in 2013 prices and exchange rates). This is compared to baseline projected levels of supported economic activity in 2024.

- This would be equivalent to lowering the level of global total Travel & Tourism employment by 4.0% compared to the baseline projected level in 2024, and global direct Travel & Tourism GDP by 5.5%.

- Annual average global direct Travel & Tourism employment growth to 2024 would slow from 2.0% in the baseline scenario to 1.6%, and long-run Travel & Tourism direct GDP average growth from 4.2% to 3.3%. This does not mean that the demand-orientated forecasts in WTTC’s annual economic impact research are over-optimistic or invalid, but stress the need for some countries to take greater action to tackle talent challenges in order to realise the growth potential of their Travel & Tourism sectors.

- Relative to the size of their respective Travel & Tourism economies, countries most negatively impacted by talent gaps and deficiencies, in employment and GDP terms to 2024, include: Thailand, Russia, Poland, Taiwan, Italy, Turkey and Argentina. The analysis clearly shows that although there are many talent commonalities facing Travel & Tourism globally, the talent situation is far from uniform across countries. Some countries, like those listed above, face talent demand-supply deficits and have a weak enabling environment to develop talent, while others at least rate much stronger for one of these two measures.

- Given the size of Travel & Tourism markets in each country, the largest absolute total job impacts from talent gaps and deficiencies will occur in China, Thailand, India, Indonesia and US, and the largest absolute GDP impacts will occur in China, US, Italy, Russia and France.

The main objective of this research is to begin to build a consistent global evidence base on future Travel & Tourism talent demand, supply and imbalance patterns and trends, as well as to make an assessment of the current Travel & Tourism talent enabling environment. It is this twin-analysis which informs the above economic cost impacts of talent gaps and deficiencies.

The research identifies where geographically Travel & Tourism talent ‘hotspots’ or ‘stretch points’ might be, when (e.g. in the short, medium and/or long-term) and at what level of education attainment (University, high school and below, high school). It also provides a benchmark for how Travel & Tourism talent demand-supply imbalances compare to those of the economy as a whole, and facilitates benchmarking of countries within regions and across the world in terms of both talent demand-supply balance projections and their talent enabling environment.

Where talent ‘hotspots’ will be: 37 of the 46 countries covered by this study are forecast to have deficit Travel & Tourism talent trends over the next growth faster than talent supply growth.12 countries are projected to have acute deficit Travel & Tourism talent trends (demand growth more than 1 percentage point faster than supply growth): Thailand, Poland, Taiwan, Russia, Peru, Costa Rica, Argentina, Sweden, Singapore, Italy, Turkey and Greece. The Travel & Tourism’s talent balance projections are considered more challenging compared to the wider economy. For the former 14 countries are forecast to have deficit talent trends over the next decade compared to the figure of 37 for Travel & Tourism.

No countries are projected to have acute economy-wide talent deficit trends of greater than 1 percentage point, compared to the 12 for Travel & Tourism. Further according to WTTC member companies, with whom these results were shared, the future Travel & Tourism talent environment could be even more challenging than suggested by the demand-supply balance analysis. Outlooks for some countries were deemed to still be too optimistic.

When talent ‘hotspots’ will occur: Slightly more countries (40) are forecast to have Travel & Tourism deficit trends in the medium-run (next five years) compared to 37 in the long-run. The difference is even greater when looking at the number of countries with projected acute talent deficit trends in excess of 1 percentage point (21 in the medium-term versus 12 in the long-run). Travel & Tourism’s talent challenges are therefore clearly more than a long-term issue. They are impacting on the sector today and will have a greater impact in the next 5 years compared to the next 10 years, according to the analysis. Given the lag between action and impact on the pipeline of talent supply, interventions to boost Travel & Tourism talent supply, in volume and quality, terms, cannot be postponed. Many countries are probably already well behind where they should be in terms of addressing the challenge.

At what education attainment level talent ‘hotspots’ will occur: Travel & Tourism talent balance projections vary significantly by education attainment level. Fewer countries (21 versus 37) are projected to have deficit talent trends over the next decade at college / university level. This figure rises to 34 for countries that need talent at high school level and 43 countries below high school level. Of the 43 talent deficit countries at below high school level, a large number (32) are projected to have acute talent deficit trends of greater than 1 percentage point. Continued high and growing demand for below high school level talent – with the effect of technology not predicted to replace this demand according to WTTC member companies – and a decline in the labour supply with below high school attainment, are key factors behind this particular challenging talent projection. Although some WTTC member companies were of the view that the demand-supply balance projections for below high school level were too pessimistic, and too optimistic for university and high school level.

Talent enabling environment analysis: To complement the talent demand-supply projection analysis, talent enabling environment analysis was undertaken to look in more depth at current talent supply characteristics which are identified from literature as important to the sector. These characteristics were converted into an overall talent enabling environment analysis as follows: top 5 ranked – Qatar, UAE, Switzerland, Singapore and Malaysia; bottom 5 ranked - Russia, Egypt, Italy, Argentina and Colombia. In Annex D in the full report, sensitivity analysis is presented to show the effects of altering pillar and country weights which underpin the enabling environment analysis. Like other global indices similar to this analysis, countries can use these results to pinpoint areas of talent strength to maintain, showcase and improve, and identify areas of weakness to address. Although not comprehensive, this information, alongside the talent-supply balance projections, would be a useful starting point for countries considering developing talent strategies for Travel & Tourism.

Composite talent measure: Results for the talent demand-supply projection and enabling environment analysis are combined to produce an overall composite talent measure. These rankings can be interpreted to show how the extent of Travel & Tourism talent ‘hotspots’ or ‘stretch points’ is expected to change between now and the future in terms of both the volume (supply less demand) and quality of the talent enabling environment. The top 5 ranked countries according to the composite talent measure are: UAE, Qatar, US, Barbados and Bahrain. The bottom 5 ranked countries are: Russia, Poland, Argentina, Italy and Greece.

The global Travel & Tourism sector faces a challenging talent situation over the next decade, and for some countries, the situation is more pressing than others. Failure to address these talent challenges will cost the world economy significantly in employment and GDP terms. On the basis of this evidence, it is intended and hoped that WTTC and other stakeholders will now have greater traction with governments on talent issues facing Travel & Tourism, and start to proactively build solutions to avoid talent constraining the sector and the wider economy’s growth potential.

1 Cumulative GDP impacts, summing negative impacts each year to 2034, would be even larger.