OECD *Multilingual Summaries*

OECD Tourism Trends and Policies 2012

Summary in English

- The report provides comparative knowledge, both policy and data, through thematic chapters and country-specific policy and statistical profiles. The report highlights key tourism policy developments, focuses on issues that rank high on the policy agenda in the field of tourism and provides a broad overview and interpretation of tourism trends in the OECD area and beyond.

- Tourism Trends and Policies is becoming an international reference and benchmark on how effectively countries are supporting competitiveness, innovation and growth in tourism, and shed light on policies and practices associated with this. It is published on a two-year basis. The 2012 edition has been undertaken in co-operation with the European Commission.

OECD Tourism Trends and Policies analyses the key policy reforms and developments to boost competitiveness and sustainability in tourism for each OECD country, and selected non-members. The OECD has developed a new strategic partnership with the European Commission to provide more in-depth analysis of recent trends and policy issues, expanding overall coverage to 51 countries, including all EU members.

This new edition focuses on issues that are particularly relevant to maintaining and improving jobs and growth, notably effective governance (Chapter 1), the evaluation of policies and programmes (Chapter 2), and skills development (Chapter 3). Country-specific trends and policies are described in greater detail in each of the individual country profiles (Chapter 4).

OECD Tourism Trends and Policies indicates that governments are becoming increasingly aware of the importance of tourism as an economic driver and for achieving their stated economic development policies and goals. There is also an understanding of the need to incorporate tourism thoroughly across all arms of government in policy development and implementation, and to co-operate effectively with the private sector. In many economies, priorities are to develop strong public sector management capabilities and a multi-actor system of governance.

OECD countries play a leading role in world tourism

OECD member countries play a leading role in international tourism, representing 66% of global arrivals in 2010, while EU member countries accounted for 50.2%. In 2010, total international arrivals in all countries reached 940 million, 6.7% above the 2009 figure, with most growth taking place in Asia and the Pacific. International arrivals to the OECD area increased by 4% and by 2.7% for the EU zone. Over the period, 2006-10, average annual growth in international arrivals to both the OECD (0.8%) and EU (–0.1%) were well below the global average of 2.9%.

An analysis of the latest available data to 2010 shows that in OECD member countries, tourism directly contributes, on average, 4.2% of GDP and 5.4% of employment (4.4% and 5.7% for EU members); however, there are considerable variations around these figures (Figure 0.1 – for metadata, see online version). Notably, some of the world's largest tourism destination countries, such as France and Spain, exceed one or both of these figures by a large margin. Also, some smaller destination countries such as Portugal, New Zealand, Mexico and Iceland show a substantial reliance on tourism for value added, employment and balance of payments.

In the OECD area, domestic tourism consumption represents a very significant share of the total tourism economy, averaging 61%, and above 80% for Chile, Germany, Japan, Mexico, the United Kingdom and the United States. Evidence shows that domestic tourism consumption, as a proportion of internal tourism consumption, is much higher for OECD member economies, than for non-members (47.5%). It is noticeable that many countries are placing greater emphasis on, and taking additional supportive measures to encourage domestic tourism, recognising that it is equally capable of supporting employment and adding local value as international tourism.

Many of the emerging tourism destination countries covered in the report are enjoying significant growth in arrivals, and outperforming OECD and global averages for GDP and employment. While still accounting for a relatively small proportion of global international arrivals, the potential impact of tourism on these economies is clear. Countries such as Argentina, Brazil, Egypt, India, Indonesia, and South Africa represent a significant potential as sources of growth for traditional tourism destinations.

Against this background, it is unsurprising that governments increasingly regard tourism as an area for which the development and application of supportive policies are important, and an area where the potential benefit of government intervention should not be overlooked. In 2012, the dominant concern of those responsible for the development of tourism remains the international financial and economic crisis and the relatively poor outlook for many national economies. Some countries have also had to deal with the consequences of major natural disasters – such as the tsunami in Japan and the earthquake in New Zealand – or political upheaval such as that experienced in a number of Middle Eastern and Mediterranean countries. The response to such events provides evidence that the profile of tourism continues to rise. Governments increasingly appreciate that tourism, properly and rationally developed, is an economic activity with the capacity to stimulate economies and help to achieve many national economic objectives.

Effective governance practices must reflect the changing business and policy environment

Effective governance practices must reflect the changing business and policy environment, and the evolving roles and competencies of government tourism organisations (Chapter 1). Developments in the macropolicy environment favour a more collaborative approach, encouraging policy development in conjunction with the tourism industry, as well as an emphasis on regional or local level decision making. Governments are also promoting business competitiveness through policies that improve productivity and quality, and by encouraging innovation. Productivity improvements have been achieved through better defining the roles and competencies of the government and industry organisations involved.

Developing a multi-actor system that includes public-private partnerships and greater horizontal and vertical co-ordination of relevant government bodies requires consideration of accepted elements of good governance – accountability, responsibility, efficiency and effectiveness, responsiveness, forward looking vision, and the rule of law. In addition, active co-operation and co-ordination of activities requires recognition of the legitimacy of organisations' authority to govern and inclusiveness of stakeholders.

Good governance practices can help to facilitate an integrated, whole-of-government approach to tourism

At the central level, a range of governance practices address the challenges associated with an integrated whole-of-government approach to the development of tourism, including: better defining the roles and responsibilities of tourism organisations; the creation of inter-ministerial committees; the incorporation of tourism administrations into larger departments; and the use of contracts to define outcomes and stakeholder roles.

Increasingly, the development of a national tourism strategy is used as a means of achieving a whole-of-government approach to tourism, while written contracts are a means of improving co-ordination between central and sub-national governments. Governance can also be improved through institutional and human capacity building, ensuring institutions have well-defined objectives and clear mandates, and effective leadership and political support.

At industry level, governments are increasingly encouraging the development of a single peak tourism industry body to facilitate more co-ordinated industry representation. Regionally based Destination Management Organisations (DMOs) can provide a focus for co-ordination and capacity building through the development of cross-sectoral clusters of businesses. DMOs often co-ordinate government and private sector actors at sub-national level. They provide the basis for developing stakeholder networks for policy development.

Recognition of the need for robust evaluation of tourism policies and programmes is growing

Chapter 2 provides evidence from different countries on the evaluation rationale, practices, methods and areas for development, including guidance on tourism evaluation approaches and methodologies. Evidence-based frameworks for evaluation are suggested using shared practices and learning.

National tourism agencies recognise that the evaluation of the economic contribution and impact of the tourism industry, and the assessment of the value generated from public tourism policy spending, require consistent approaches to evidence gathering.

OECD work on evaluation indicates that the evaluation of tourism policies is increasingly part of an integrated approach to policy development and implementation. However, it remains that evaluation in tourism is only partially applied; some policies and programmes are evaluated regularly and with rigour, others are evaluated in a much less challenging manner or avoid scrutiny altogether.

Evaluation has developed different approaches, tools and techniques to address the challenges of assessing the economic, policy and programme contributions of tourism. Robust evaluation will involve a combination of qualitative and quantitative methods.

Tourism evaluation has progressed but there is scope for further development

Tourism evaluation has considerable scope for further development and OECD members can take the initiative in developing a stronger, more co-ordinated future agenda leading to closer collaboration with practical strategic and operational changes in a number of countries. Joint work in key areas such as evaluation training and other elements of capacity building is fundamental in bringing forward evidence, particularly in times of resource constraint, when decision makers require a strong and clear evidence base on which to make decisions.

Adhering to an evaluation road map can help countries to improve the evaluation process

An analysis of available evidence indicates that the successful evaluation of tourism policies and programmes is dependent upon a range of factors including robust performance indicators, stakeholder participation, and demonstrated leadership and ownership. Key steps to improve the evaluation of tourism policies and programmes are as follows:

- Establish the purpose of evaluation;

- Consider the data sources available and construct a logical framework of inputs to outcomes;

- Baseline salient data in an evaluation and monitoring framework;

- Explain to stakeholders the data monitoring requirements;

- Monitor strategy delivery; and

- Evaluate and communicate findings.

Employers must develop strategies to remain competitive with a smaller but better trained workforce

Chapter 3 highlights the increasing gap between labour demand growth and labour supply, as well as significant changes in labour force composition, which is putting pressure on employers to improve tourism industry attractiveness and the retention of workers. Confronted with a looming labour and skills shortage, employers must develop strategies that will allow them to remain competitive with a smaller but better trained workforce.

Numerous drivers, including an aging clientele, changing lifestyles and consumer demands, the increasing use of information and communication technologies, and globalisation, all contribute to growing pressure to upgrade skills levels, even among workers who are considered well trained. The general lack of a training culture and management skills among employers is a major hurdle that needs to be overcome.

Strong government initiatives are necessary to improve skills and integrate migrant workers into the local community

The seasonal and cyclical nature of the tourism industry makes the option of migrant workers an attractive one for many employers, as they can expand and contract their workforce as demand fluctuates. However, while migrants can be a partial solution to the labour shortage, they often do not contribute to addressing the skills shortage. In addition, without strong government initiatives that help migrants integrate into the host community and improve their skills, the precarity of their working and living conditions will likely increase. Without such initiatives, the temptation to utilise these lower skilled migrants to fill employment gaps will be to the detriment of the quality of the experience delivered.

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An analysis of government approaches to tourism development shows that action is being taken across many ministerial portfolios. Given the increasingly competitive nature of international tourism, issues being addressed include the quality of the tourism offering, the sustainability of the tourism sector, the improvement of tourism products and services, and the maintenance of sectoral competitiveness. In addition, efforts are being made to raise the professional standards of workers in the tourism industry through public sector led training programmes.

Education and training in the hotel and food service sectors tends to be more costly than for many other occupations, due to the need for extensive training facilities, equipment, and a low instructor to student ratio. In addition, many educational institutions are reluctant to revise curriculum or allow their staff to take internships with industry, allowing them to be conversant with the work environment, resulting in a gap between the competencies of graduates and the expectations of employers.

Major research and information gaps hinder effective analysis of the employment and social environment in the tourism industry worldwide. Within such an environment, it is imperative that governments assume a greater leadership role in shaping the training and education agenda. Several countries have recognised that a comprehensive national tourism strategy, that includes a workforce development strategy, is necessary to fully address labour and skills shortages. Working closely with industry and education providers, governments should pursue three tracks: i) a revision of curricula; ii) the development of more responsive approaches to teaching; and iii) the provision of new delivery models with greater flexibility, especially for life-long learning and the upskilling of workers.

Overall policy recommendations:

- The adoption of effective governance practices that reflect the changing business and policy environment can help to facilitate an integrated, whole-of-government approach to tourism, supporting stronger, greener and more inclusive tourism growth.

- Evaluation is the most appropriate means of demonstrating tourism's value to an economy and should play an integral role in the development and implementation of policy. Adhering to an evaluation road map can help countries to improve the evaluation process.

- In many countries, tourism jobs remain vacant due to a lack of appropriately skilled workers, and there is a need for governments to assume a greater leadership role in shaping the training and education agenda. A national tourism strategy, including a workforce development strategy, is necessary to fully address labour and skills shortages.

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