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Survey Presentation “EMPLOYMENT IN TOURISM SECTOR”

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ΑΘΗΝΑ 2012

Η ΑΠΑΣΧΟΛΗΣΗ ΣΤΟΝ ΤΟΥΡΙΣΤΙΚΟ ΤΟΜΕΑ

ΚΥΡΙΑΚΟΣ ΠΕΡΡΕΣ

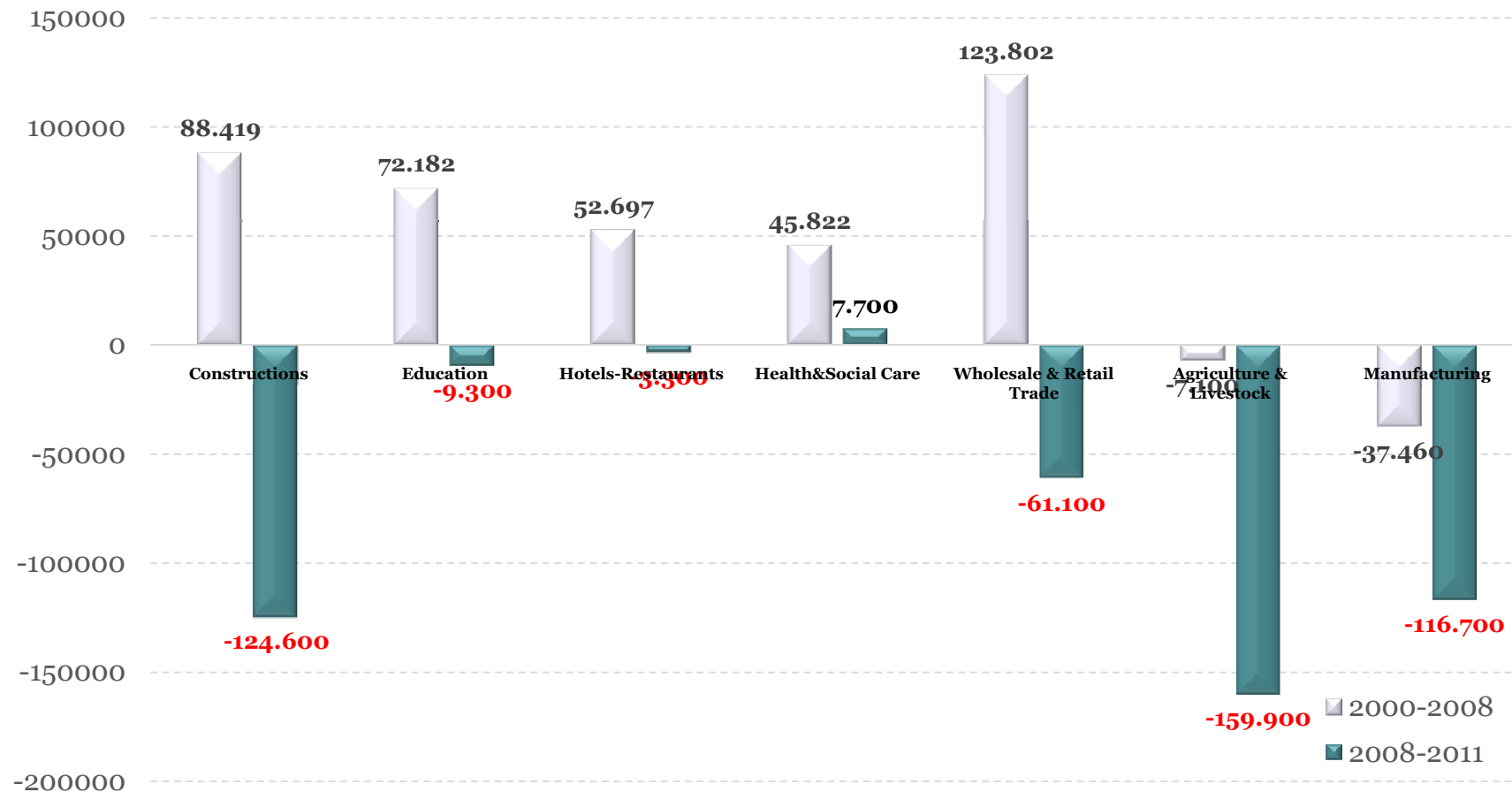


Ι.Τ.Ε.Π.

ΙΝΣΤΙΤΟΥΤΟ ΤΟΥΡΙΣΤΙΚΩΝ ΕΡΕΥΝΩΝ ΚΑΙ ΠΡΟΒΛΕΨΕΩΝ
RESEARCH INSTITUTE FOR TOURISM

❖ *Greek tourism remains internationally competitive and able to create new employment positions*

Employment Changes in Selected Sectors of Greek Economy





❖ *Developed countries are interested in tourism development due to its positive impact to the employment market*

- Excess seasonal workforce and
- People with low specialization can be absorbed by the tourism industry addressing unemployment

❖ *Employment in Greek hotels*

Hotel & restaurant sector offers

- in EU **4,2%** of total employment positions, while
- in Greece **6,9 %**

The result of the annual RIT's survey about hotel performance in 2012 was that employment

- in May decreased by **-2,3%** compared to 2011, while
- in August increased by **0,8 %**

❖ *Employment in Greek hotels*

In regional level, the changes of employment the 2 months under consideration are displayed in the table below

	2012		2011		C% 2012/11	
REGION	May	August	May	August	May	August
ATTICA (excl. islands)	10.236	10.374	11.027	11.298	-7,2%	-8,2%
CENTRAL GREECE (excl. Attica)	2.608	3.731	2.750	3.584	-5,2%	4,1%
EPIRUS-THESSALY	3.786	4.887	5.525	6.207	-31,5%	-21,3%
MACEDONIA-THRACE	12.677	16.438	11.597	14.755	9,3%	11,4%
PELOPONNESE	7.148	9.613	8.813	11.448	-18,9%	-16,0%
AEGEAN ISLANDS	1.854	2.818	2.516	3.101	-26,3%	-9,1%
CRETE	22.043	27.569	20.453	25.096	7,8%	9,9%
CYCLADES-DODECANESE	23.855	30.854	23.060	29.732	3,4%	3,8%
IONIAN ISLANDS	10.155	13.707	10.890	13.867	-6,8%	-1,2%
COUNTRY TOTAL	94.361	119.992	96.631	119.088	-2,3%	0,8%

❖ *Employment distribution in Greek hotels*

Hotel businesses are closely connected to the rest economical activities of the area. Tourism activity positively affects the region and operates as key driver of regional development.

Employment Distribution in Greek Hotels

Employees	May 2008		August 2008	
	Percentage (%)	Cumulative Distribution (%)	Percentage (%)	Cumulative Distribution (%)
1 employee	14,4	14,4	8,8	8,8
2-3 employees	31,7	46,2	28,7	37,5
4-5 employees	15,5	61,6	18,6	56,1
6-7 employees	7,4	69,1	9,4	65,5
8-10 employees	6,7	75,7	8,1	73,7
11-15 employees	7,2	82,9	7,4	81,1
16-25 employees	6,0	88,9	7,1	88,2
26-50 employees	5,7	94,6	5,6	93,8
51-100 employees	3,4	98,0	3,8	97,6
101+ employees	2,0	100,0	2,4	100,0

Source: Primary RIT Survey on hotels.

❖ *Employment distribution in Greek hotels*

Average employment in Hotels by Category						
	5*****	4****	3***	2**	1*	Total
Total units of the country	333	1.230	2.265	4.291	1.534	9.653
Average Employment by hotel	125,7	37,9	13,6	5,7	3,5	14,9
Employment by room	0,7956	0,4164	0,3060	0,2093	0,2191	0,2763

Source: RIT, Field Research on Greek Hotels 2011.

❖ *The hotels employ individuals at risk of unemployment and social exclusion*

Researches regarding the qualitative features of workforce show that tourism industry offers a large percentage of employment opportunities to young people and women, i.e. in population groups whose unemployment rates are high.

- In the third quarter of 2012 unemployment reached **24,8%** compared to 23,6% in the corresponding quarter of 2011
 - Percentage of female's unemployment: 28,9%
 - Percentage of male's unemployment: 21,7%
 - **Percentage of unemployment of young people 15-24 y.o.: 56,6%**
 - **Percentage of young female's unemployment: 65,4%**

❖ *The hotels employ individuals at risk of unemployment and social exclusion*

Hotel industry highly contributes to female employment, as its percentage is significantly higher in hotels compared to total economy both in EU-27 and in Greece.

Percentages of Employment				
	Total Economy		Accommodation	
Countries	Males	Females	Males	Females
EU-27	55%	45%	40%	60%
Greece	61%	39%	42% *	58% *

*Source: Eurostat, EU Labor Force Survey,
(*) RIT, Field Research on hotels.*

❖ *The hotels employ individuals at risk of unemployment and social exclusion*

Acts of social solidarity are strong in local communities. Hoteliers support the employment of young people from their area, without prioritizing the reduction of operating costs of their businesses.

In 2012, the percentage of foreigner employees, working in Greek hotels, significantly reduced

- In May 2012 foreigner's employment reduced by **-7,3%** and their percentage was limited to **20,48%**
- In August 2012 foreigner's employment reduced by **-8,4%** and their percentage was limited to **21,42%**

❖ *Strategies for employment improvement*

The most effective way of supporting hotel employment is to increase hotel capacity

Increase by 10%

- in the number of rooms increases employment by **8,5%**
- in the room rate increases employment by **3,7%**
- in the average occupancy rate increases employment by **1,7%**

Effect of qualitative features of hotels in employment			
1 star	-0,16	Restaurant	0,18
2 stars	-0,14	Conference room	0,11
3 stars	0,04	Gym	0,15
4 stars	0,30	Stores	0,24
5 stars	0,51	Seasonally operating	-0,057
		Year-round operating	0,063



❖ *Strategies for employment improvement*

- The higher room rates indicate a higher quality level and form the most effective way to increase employment in the existing hotel capacity.
- Year-round operation positively contributes to employment, as for example in hotels in Athens.
- Smaller units of the same category contribute proportionally more to employment.

❖ *Employment cost in Greek hotels*

The total employment cost forms **36,7%** of Greek hotels' revenue.

Average Employment Cost in Hotels 2010

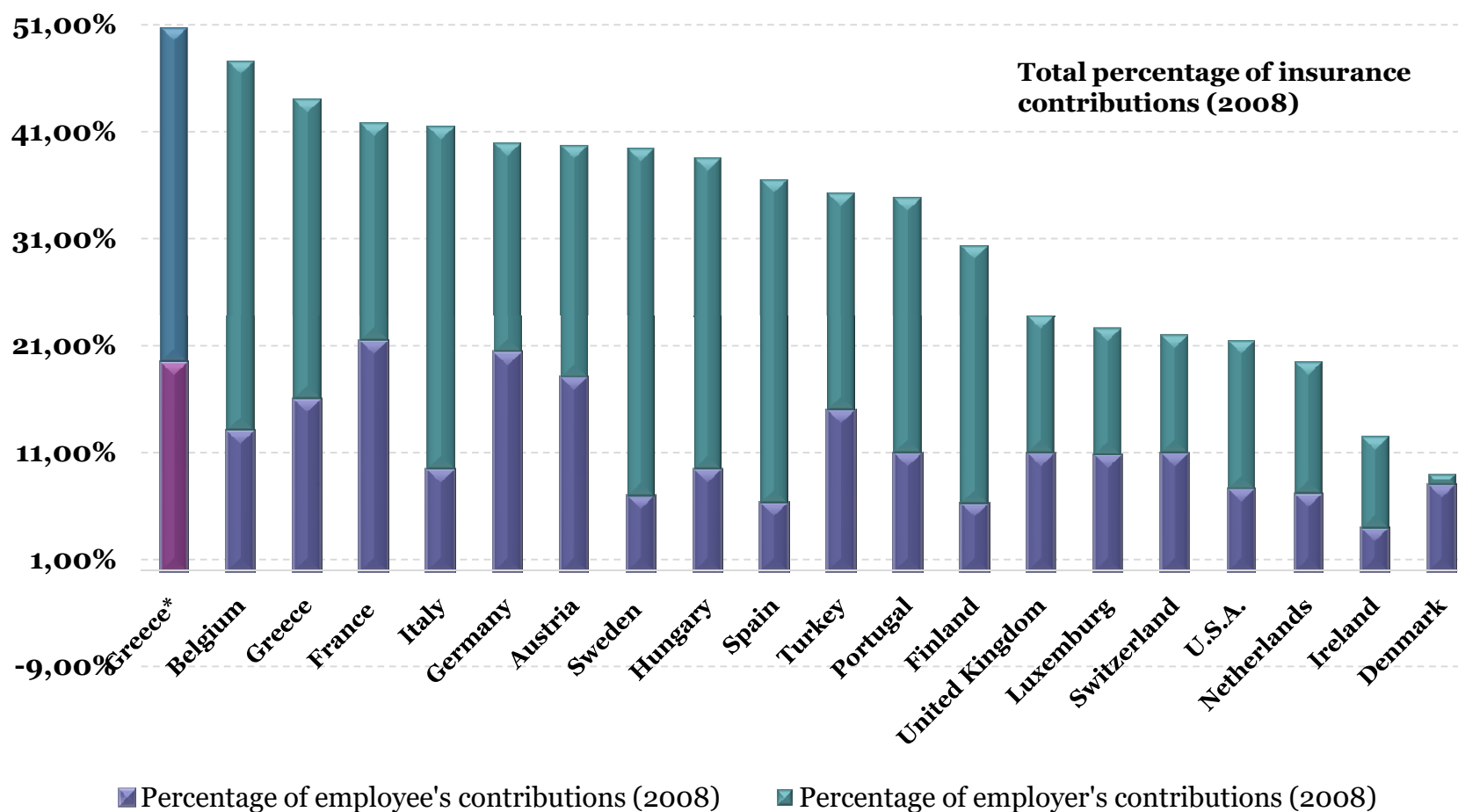
by region and hotel size (%)

REGION	Very Small (1-20 rooms)	Small (21-50 rooms)	Medium- sized (51-100 rooms)	Large (> 101 rooms)	Average
Attica	39,3%	42,1%	46,9%	50,1%	45,0%
Central Greece (excl. Attica)	31,5%	27,8%	52,4%	44,4%	32,8%
Epirus - Thessaly	25,2%	28,9%	48,0%	54,1%	31,6%
Macedonia - Thrace	31,5%	37,3%	51,6%	44,2%	40,4%
Peloponnese	31,5%	32,8%	40,1%	51,6%	35,9%
Aegean Islands	24,7%	38,9%	40,2%	50,2%	36,6%
Crete	34,7%	35,1%	37,4%	37,5%	36,3%
Cyclades-Dodecanese	34,3%	28,6%	33,1%	39,7%	33,2%
Ionian Islands	34,2%	34,8%	30,6%	39,7%	35,3%
COUNTRY TOTAL	31,6%	34,2%	41,5%	42,2%	36,7%

Source: RIT, Field Research on Greek Hotels 2011.

❖ *Greece imposes the highest insurance contributions*

When all insurance rates are taken into consideration, Greece has the highest nominal rate of insurance contributions in the EU and OECD.



❖ *Taxation of employment*

Distribution of tax revenues in the EU-27

Main categories of tax revenues in EU-27 countries (% GDP)

Tax category	2001	2006	2009	2010	2011
Excise taxes	12,9	13,2	12,7	13,6	13,1
Income and property taxes	13,4	13,4	12,4	12,4	12,6
Insurance contributions	13,8	13,5	14,1	13,9	13,9
Total	40,1	40,1	39,2	39,4	39,6

Source: Eurostat (online data code: gov-a-main).

❖ *Taxation of employment*

In 2010 Greece's collected taxes were equal to **33,2%** of its GDP, while the corresponding percentage of Eurozone countries was equal to **40,9%**

Main categories of tax revenues in 2010 in selected EU countries and Eurozone (% GDP)

Tax category	Eurozone	Greece	Spain	Germany
Excise taxes	12,9	12,3	10,6	11,4
Income and property taxes	11,6	7,9	9,5	11,0
Insurance contributions	14,4	10,9	12,3	15,8
Total	40,9	33,2	32,9	39,5

Source: Eurostat (Tax revenue statistics).

❖ *Taxation of employment*

The main reasons for the low tax incomes collected in Greece are:

- The high number of self-employed
- The high percentage of assisting family members in family businesses
- The high percentage of employees engaged in agriculture
- The large percentage of **unemployed** (high **unemployment** rate, due to the lowest rates of **female** employment and the highest rates of **retirees**)
- Proportionally more disability pensions
- The abuse of the early retirement privilege
- The structure of the production base that facilitates contribution evasion
- Seasonal employment in many sectors of Greek economy

❖ *Taxation of employment*

The percentage of people **55-64** years old that continue to work in Greece is equal to **39,4%**

Employment percentage of people 55-64 years old			
Country/Region	2001	2006	2011
EU-27	37,7	43,5	47,4
Eurozone	35,0	41,6	47,1
Greece	38,2	42,3	39,4
Spain	39,2	44,1	44,5
Germany	37,9	48,1	59,9

Source: Eurostat.

❖ *Taxation of employment*

Despite low public revenues, the nominal tax burden on employment income in Greece exceeds the average of OECD countries.

Distribution between income tax and insurance contributions

COUNTRIES	Total	Income tax	Employee's contribution	Employer's contribution	% Income tax	% Employee's contribution	% Employer's contribution
Austria	48,8	12,3	14,0	22,5	25,20	28,69	46,11
Denmark	41,2	30,1	10,5	0,5	73,06	25,49	1,21
Germany	52,0	18,6	17,2	16,2	35,77	33,08	31,15
Greece	42,4	8,0	12,5	21,9	18,87	29,48	51,65
Italy	46,5	15,0	7,2	24,3	32,26	15,48	52,26
Portugal	37,6	9,6	8,9	19,2	25,53	23,67	51,06
Spain	37,8	9,7	4,9	23,2	25,66	12,96	61,38
Turkey	39,7	10,4	12,5	16,8	26,20	31,49	42,32

Note: Referring to employee's tax contribution with no spouse and children and with annual income equal to average income of employees in the reporting country

Source: OECD



❖ *Suggestions*

1. Limitation of contribution evasion that creates competition circumstances
2. Increase of tax revenues by increasing direct income taxation and not insurance contributions
3. Adaptation to the German model by dividing insurance contributions between employer and employee.
4. Subsidy of insurance contribution from “LAEK” or alternatively implementation of partial retirement alongside with part-time employment for tourism employees who are close to retirement age.
5. Arrangements for small hotel owners and self-employed regarding the way and time of their insurance contributions to “OAEE” (smaller tranches with longer insurance period)
6. Simplification of insurance legislation



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HELLENIC CHAMBER OF HOTELS

Thank you for your attention