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The Relation between Tourism and Employment in Pakistan¹

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ABSTRACT

The unqualified enthusiasm of some for the development of tourism as a strategy for the development of low income countries is only matched by the equally unqualified scepticism of others. Both the arguments need to be analyzed in a systematic pattern. This paper is based on a survey of employment in the hotel and tourist industries in Swat and Abbottabad. The data obtained suggest a very depressing condition of Tourism sector in terms of employment in two of the potentially highly desirable places in Pakistan for Tourist from all over the world.

INTRODUCTION:

Tourism has been identified as one of the world's largest industries with the annual growth rate of over 5 percent over the past twenty years. It generates substantial economic benefits to both host countries and tourists' home countries. The main economic impacts of tourism are its contribution to government revenues, generation of foreign exchange earnings, employment generation and initiation of various business opportunities. The significance of the tourism sector, worldwide, can be realised by the fact that there were about 698 million international tourist arrivals worldwide in the year 2000, growing by over 7 percent over the last year. This has been the highest growth rate in nearly a decade (as reported by World Travel Organization). In 2001, there was a temporary setback of 0.5% due to the September 9 happening, but tourism picked up by 2.7% in 2002, reviving the long-term trend. As per the forecast by the WTO in their "Tourism 2020 Vision", tourism is expected to grow at a world average rate of 4.1 percent per year up to 2020. Interestingly, the forecast also indicates that the share of tourism volumes and related receipts, employment and export earnings is expected to move away from the developed countries towards less developed countries.

In Pakistan, tourism was recognized as an industry in September 2004 and henceforth became eligible for several incentives and facilities that other industries of an economy are privileged with. Such incentives include tax incentives, subsidies, priorities in the sanctioning of loans by the State Financial Institutions and preferences in providing electricity and water connections. Tourism was also declared as a priority sector for foreign investment. In fact, for hotels and tourism related industry, automatic approval of

up to 100 percent foreign equity has been allowed. Earlier this limit was 51 percent. Having realized the importance of tourism, According to the Annual Report 2004-05 prepared by the Ministry of Tourism Since international tourism is increasing at very high rate, which fetch the new highlights for Pakistan. Because the arrivals of foreign visitors have tremendous increase by hosting 648000 during 2004, as compare to 500900 tourist over the previous year 2003, tourists, and earned \$135.6 million. With showing an increase of 29.4% and earned \$185.6 million during 2004. In the year 2006, Pakistan achieved a record growth in tourist arrivals of 898400 from all tourist generating markets except south Asia, and earned \$260.1 million which is 12.5% increase from the previous year. The Ministry of tourism Government of Pakistan predicted the tourist arrivals targeted of 7, 20,000 for the year 2010 set by the WTO/UNDP in tourism development Master plan. The exceeding in tourist arrivals over the previous year (2004)are not beneficial for Pakistan because the earning from foreign tourism declined from \$185.6 million to \$185.3 million in 2005, registering 0.2% decrease over the previous year. During 2003-04 the GNP of the country was Rs. 4534 billion equivalents to \$ 78.7 billion, during the same period foreign earning is Rs.9.8 billion or \$ 0.17 billion, which is 0.2 percent of GNP. While GNP of the Pakistan. During 2004-05 was 4886 billion rupees, equivalents to \$ 82.3 billion and foreign exchange earnings from tourism was Rs.10.8 billion equivalents to \$ 0.18 billion which is the same percentage of GNP (0.2%) as were in 2003-04. According to WTO estimates 808 million tourists traveled worldwide in 2005, reflecting an increase of 5.5 percent over the previous year The south Asian region, received 8 million tourists in 2005 recording an increase 3.9 percent over the year 2004. Pakistan's share in the region increase from 8.6 percent in 2004 to 10.1 percent in

2005. in the world tourist arrivals Pakistan's share is 0.10 percent compared to south region share of 10.1 percent in 2005. Tourism in Pakistan is not weak the tourist travels are in the continuous line that about 42 million domestic visitors traveled with in the country in 2005. Nearly 90 percent tourist traveled by road, 8.5 percent by rail and only 1.8 percent traveled by air. The average spending per foreign tourist \$ 286.4 in 2004 which is decline to \$ 232.1 in 2005.i.e.1.9 percent .similarly spending per tourist per day also decreased by 19 percent from \$ 11.5 in 2004 to \$9.3 in 2005. Tourism industry has played a significant role in the socio-economic development, and has promising future and growth potential in the country.

Tourism Creates Employment

Supporters of tourist development have been particularly impressed by its potential to create employment. It has come to be accepted that the development of the manufacturing industry of the type that use the power driven machinery may contribute substantially to the growth of GDP or total output, but that it create little employment. Since income from employment is the principal means by which the benefits of industrialisation are likely to be spread.

Tourist development has seemed much more promising. Not only does it earn foreign exchange but, above all, being a service industry it was regard as intrinsically to be more labour intensive, to provide more employment and therefore to be more efficient in spreading the benefits of development around. There would be much employment in the hotels. In addition, the tourist spending would create further income earning opportunities outside the hotels – they would want taxis, entertainment, hand made curios, guides, restaurants, travel agencies and so forth. The building of hotel would also provide much

employment, since the construction industry is also labour intensive. Finally tourism was expected to generate additional demand for food and as agriculture, too, tend to be labour intensive, this would further spread the benefits of tourism in ways that manufacturing did not. (Dag Hammersjold foundation, 1969; Popvic, 1972; world council of Churches, 1970). Before presenting the summary of findings, something needs to be said against the tourist development as it is most commonly put. First, it is argued that the advocates of tourism point only to the foreign exchange which tourists bring into the country. And forget to allow properly not only for the imported material and furnishing the new hotels, but also for imported food on which tourists spend part of what they bring into the country. Further it is argued, that since much tourism is of the package variety, the operators and foreign airlines often skim off the greater part of the sum that tourists actually pay to come. Lastly tourism is said to have adverse cultural and social effects.

Each of these adverse effects is certainly to be found somewhere in the world, though it is improbable that there is a coincidence of all of them in any one place. For example, (Bryden 1973) is probably right about the adverse balance of payment effects in the Cribbian but would be quite wrong, as Mitchell has shown, if he were to apply his finding to Kenya (Mitchell, 1968, 1970). Whether having poor waiters serve rich tourists is to be deplored, is largely a matter of personal judgment.

The evidence below, we undertook the survey for the economic impact of tourism. This survey carried the questionnaire by the personal visits of all hotels, restaurants, souvenir shops, travel agents, and car hire firms, tour operators and air line offices in both selected regions Swat and Abbottabad and we also take the sample size from hotels by their number of rooms. The principal aim is to elicit information about the numbers of

employed in different occupations, income of the local resident of the area and economic activity in the regions. The survey was in one sense very restricted. No attempt was made to measure the total impact of tourism on employment, let alone on other forms of income earning opportunities. Consequently, there is no estimate of employment in the tourism industry. Nor are the incomes earned by the taxis, guides or curio sellers estimated. Since there were already guesstimates galore concerning tourism, it was thought more useful to concentrate on those activities about which it might be possible to get some 'hard data' with out having to resort to guesswork.

Table No. 1

Type/ Location	No.of Hotels/Motels	No.of Beds	Average No. Beds per Hotel	Employment		Total	Employees per bed
Swat				Full time	Part time		
Main Swat hotels	10	310	31	130	124	254	1.2
Kalam hotels	20	737	37	190	233	423	1.7
PTDC* Motels	4	269	68	26	41	67	4.0
Restaurants	30	-	-	100	156	256	-
Total	64	1316	136	393	468	1000	2
Abottabad							
Main Abatabad	10	260	26	110	140	250	1.0
Natia Gali hotels	5	70	14	15	25	40	2.8
Ayubia hotels	15	183	13	146	72	218	0.83
PTDC Motels	1	50	50	6	10	16	3.1
Restaurants	20	-	-	30	50	80	-
Total	51	493	103	262	247	604	2

*Pakistan Tourism Development Corporation

Table 1 presents the basic findings of the hotels survey and relates the figures of employment to the number of beds. It shows that in Swat, there are some 1000 employees in 64 establishments, whilst in Abottabad more than half were employed in 51 hotels/motels. In both regions all were men and no women were employed in these establishments. The ratio of 2 employees per bed was the same in both regions, but with a rather a high variance in Swat than Abottabad. Since Pakistan is low income country the part time low wage temporary employment is higher than the full time permanent high wage employment.

The number shown by the 'tourist' survey to be employed by the tour operators, etc. as shown in Table 2 is much smaller, especially in Abottabad and even in Swat, where this side is not more highly developed it adds only 100, making a total there of some 1100 directly employed in the hotel and tourist industry. When one remember that the total enumerated employment in Swat is about 1000 and in Abottabad is about 604 it becomes at once apparent that tourism is not quite so important in relation to total employment as might have been supposed, even if one double or treble the numbers to take account of its indirect and multiplier effects.

TABLE No. 2

EMPLOYMENT IN THE TOURISNM SERVICE TRADERS

Regions	No. of Firms	Employment
Swat	-	-
Tour Operators	10	18
Travel Agents	2	4
Car Hire Firms	12	30
Airline Offices	1	5
Abottabad	-	-
Tour Operators	8	14
Travel Agents	3	4
Car Hire Firms	10	25
Airline Offices	-	-

Table 3 present the number of rooms and average rooms per hotel. It also shows the room rents in both season and off season per bed per night form which we estimate the tourist spending and employment in the area

TABLE No. 3

Type/ Location	No. of Hotels/Motels	No. of Beds	Average No. Rooms per Hotel	Average Room Rent per bed/night (Rs.)	
Swat				Season	Off Season
Main Swat	10	310	17	1800	1200
Kalam	20	737	20	2200	1500
PTDC* Motels	4	269	34	2400	1800
Total	24	1316	71	-	-
Abottabad					
Main Abatabad	10	260	12	800	500
Natia Gali	5	70	10	1800	1200
Ayubia	15	183	10	1800	1000
PTDC* Motels	1	50	50	2500	2000
Total	31	493	82	-	-

*Pakistan Tourism Development Corporation

Cost Associated With Tourism Development

If resources, labor and capital are employed in Tourism, there is a danger that Tourism may crowd out development in other sectors.

Tourism imposes the direct financial cost on government in terms of high investment in infrastructure; bear high cost of security, and environmental control. The revenue from tourism industry is potentially quite variable because of their seasonality nature. Tourism depends on environmental quality, events, and law and order situation of the country because tourists are very sensitive and take no risk in uncertainty situation. Thus tourism revenue is quite variable.

Another important cost of tourism on the economy is the leakages or out flow of the foreign exchange because tourist demand the high quality products of food, Bar, and other goods. Because the quality of our products are very low and they import that goods and pay a considerable amount of foreign exchange.

Environmental cost of tourism

Depletion of Natural Resources

Negative impacts from tourism occur when the level of visitor use is greater than the environment's ability to cope with this use within the acceptable limits of change. Uncontrolled conventional tourism poses potential threats to many natural areas around the world. It can put enormous pressure on an area and lead to impacts such as soil erosion, increased pollution, discharges into the sea, natural habitat loss, increased pressure on scarce species and heightened vulnerability to forest fires. It often puts a strain on water resources, and it can force local populations to compete for the use of critical resources. Tourism can cause the same forms of pollution as any other industry: air emissions, noise, solid waste and littering, releases of sewage, oil and chemicals, even architectural/visual pollution.

Deforestation

Construction of ski resort accommodation and facilities frequently requires clearing forested land. Coastal wetlands are often drained and filled due to lack of more suitable sites for construction of tourism facilities and infrastructure. These activities can cause severe disturbance and erosion of the local ecosystem, even destruction in the long term.

Conclusion

The survey conducted and the figures used for analysis of the potential employment generating activities of Tourism in Pakistan suggest / paints a rather gloomy scenario for Pakistan. It seems it has been and will remain a very low paid employment sector with less attraction for the suitably qualified people in this sector.

Development of the Tourist industry contains lot of foreseeable hazards which needs to be addressed before embarking in to policy of Tourism development.

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