

# EMPLOYMENT IN TOURIST RESORTS, 2019



National Bureau of Statistics  
In collaboration with Ministry of Tourism  
Republic of Maldives

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# **EMPLOYMENT IN TOURISM SECTOR 2019**

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# INTRODUCTION

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Tourism is the main industry in the Maldives, contributing 21% to the country's Gross Domestic Product (GDP) directly. Tourism receipts totaled to USD 3.2 billion in 2019 and the industry, directly and indirectly, accounts for a high portion of Government revenue.<sup>1</sup>

Tourism has been the main driver behind the country's strong economic growth over the past years. Tourist arrivals increased from 1,234,248 in 2015 to 1,702,887 in 2019, with an annual growth of 15%. In 2019, bed occupancy running more than 62% with average duration of stay of 6.4 days. The largest markets for the country in 2019 were China (17%), India (10%), Italy (8%), Germany (8%), UK (7%).

Out of the 164 tourist resorts that were registered, 152 resorts were in operation with a capacity of 35,527 beds at the end of 2019.

Consumption expenditures of tourists provide direct or indirect employment opportunities in the tourism industry. Therefore, total employment in a country is influenced by tourism via the general employment effect in the economy.

The rapid growth of international tourism has led to numerous job creations. Tourism can create employment directly through resorts, hotels, restaurants and souvenir

sales and indirectly through the supply of commodities needed by tourism-related businesses.

In light of all these, data on employment in the industry needs to be improved. Administrative data systems of the government is not maintained and updated regularly to provide such important information in a comprehensive and timely manner.

Survey on Human resource situation in the tourism industry was last available from the Ministry in 2008. Most recent and comprehensive data of tourism on the employment in the industry is available from the 2014 Population and Housing Census. In order to include tourist resorts as a component of the Household Income and Expenditure Survey 2019-2020, a sampling frame was required to stratify the resorts based on employment and to select the sample number of local and foreign workers for interview.

In order to capture the employment in the tourist resorts, National Bureau of Statistics (NBS) with the support from Ministry of Tourism (MoT) conducted "Resorts Employees survey" in all the tourist resorts of Maldives during July 2019. This report and analysis on employment is based on the findings from this survey.

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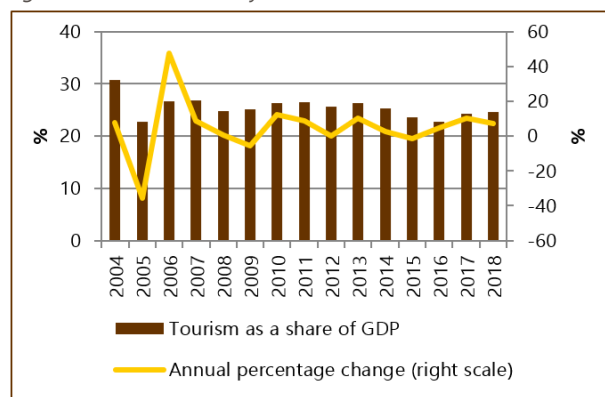
<sup>1</sup> Lease payments from the resorts were USD 108 million in 2019 with GST on tourism and Green taxes contributing USD 335 million and Airport service charge estimated at another USD 43 million. Just these three items account for USD506 million and this excludes taxes generated from other sources such as landing fees, telecommunication taxes, other company royalties, etc (MOFT,2019)

# TOURISM CONTRIBUTION TO GROSS DOMESTIC PRODUCT

Tourism is the main contributor to the growth of Maldives Economy. However, tourism is very sensitive to natural disasters, political instability, global terrorism and pandemics. Due to these factors, whenever a crisis hits the countries, it showed large fluctuations in the business cycle reference to these time periods as seen from Figure 1a & Figure 1b. The tourism sector contribution and GDP growth moves in the same direction as seen from Figure 1b.

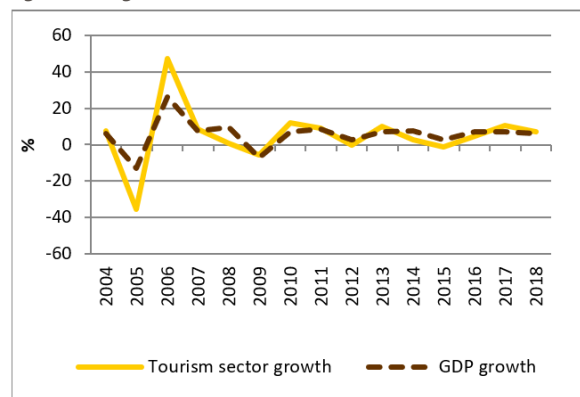
With COVID-19 tourism industry is heavily impacted with latest official forecasts<sup>2</sup>(mid May 2020) of real GDP expected to decline by -11.3% in the best-case scenario, -17.8% in moderate case and as much as -26.4% decline in the worst-case scenario. The forecast for tourism sector GDP ranges from -39.8% in the best case, -56.4% in moderate case and -74.8% in the worst case.

Figure 1a: Tourism Industry's Contribution to GDP, 2004 – 2018



Source: Statistical Yearbook, 2019, National Bureau of Statistics

Figure 1b: Figure 2: GDP and Tourism Sector Growth, 2004 – 2018



Source: Statistical Yearbook, 2019, National Bureau of Statistics

<sup>2</sup> Forecasts by Maldives Monetary Authority and Ministry of Finance and Treasury

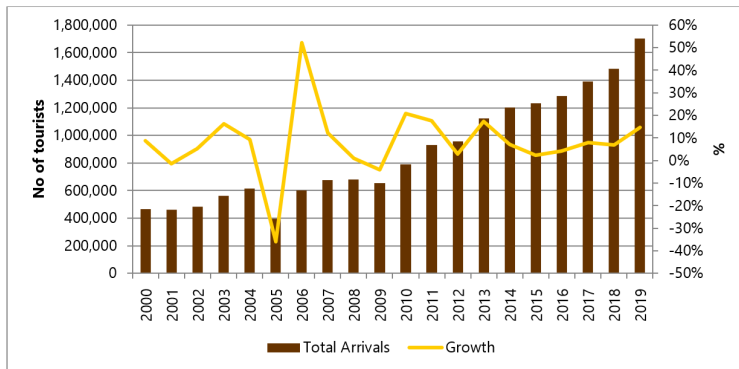
# TOURIST ARRIVALS

The Maldivian economy is dominated by tourism sector; hence it is important to study the tourist arrivals.

The tourist arrivals to the Maldives during the last nineteen years show that the Maldives is not immune to local and international events that influence perceptions and decisions of those planning to travel to the country.

The country has had steady growth in arrivals during the last nineteen years. In fact, the number of arrivals has almost tripled over the period from 2000 to 2019.

Figure 3a: Tourist arrivals, 2000-2019



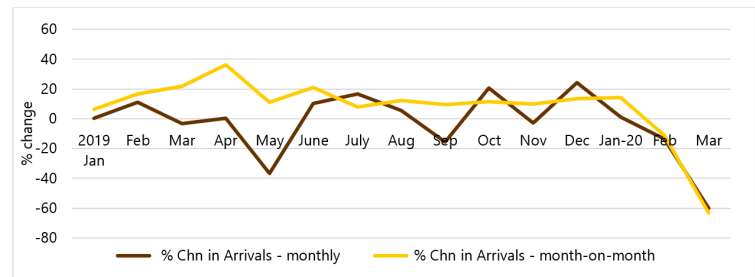
During the nineteen-year period, growth rates have been in the negative only in three years; -1% in 2001, as a result of the September 11th attack in New York, which affected air travel across the world, -36% in 2005 after the

tsunami of December 2004 and -4% in 2009 during the global financial crisis of 2008-2009 which was worsened by the H1N1 pandemic.

During the period, there have also been years of extremely high annual growth and years in which growth was as low as 1% to 3%. 2012 was one such year, in which the annual increase was just 3%, owing to political unrest in the country, in stark contrast to the 21% and 18% growth in the previous two years.

With the COVID-19 tourism industry is heavily impacted. With travel restrictions enforced for key markets such as China, Germany, Italy, France, tourist arrivals for March 2020 was only 59,627. This is a huge decline of 60% compared to February 2020. Latest official forecasts (mid May 2020)<sup>3</sup> shows arrivals to decline by -50.3% in the best-case scenario, -63% in moderate case and as much as -78% decline in the worst-case scenario.

Figure 3b: Percentage change in tourist arrivals, 2019-2020



<sup>3</sup> Forecasts by Maldives Monetary Authority and Ministry of Finance and Treasury

# EMPLOYMENT IN TOURIST RESORTS 2019 ESTIMATES

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At the end of 2014, there were a total of 111 resort islands with 23,917 beds registered in the Maldives, which was 76% of the total bed capacity of that year. According to Census 2014, there were 27,828 employees worked in the tourist resorts; 25,644 male & 2,184 female workers. This was the latest data available on resort employees, However, in 2019, NBS conducted the Resort Employees Survey, which was a web based survey focused to all resorts in operation. Out of the 147, resorts 93 resorts responded to the survey, resulting in a response rate of 63 percent. These data was raised to the universe of resorts using interpolation method and is used in this analysis.

Based on the resort's employees survey, a total of 44,954 employees were working in the tourist resorts. When compared to 2014 census, resort employees increased by 62%. The local foreign ratio also had improved towards locals. In 2014, out of the total resort employees, 41% was local. While in 2019, the locals accounted for 47% of the total resort employees.

There is a huge difference between male and female workers observed. Out of the total employees, only 10% of the employees were female employees of which 3% were local female employees in 2019. This is more clearly seen in Figure 2 the distribution of employees where the distribution of male employee is shifted to the right and flatter curve indicating more male employees working in the resort sector and it's evenly distributed. Furthermore,

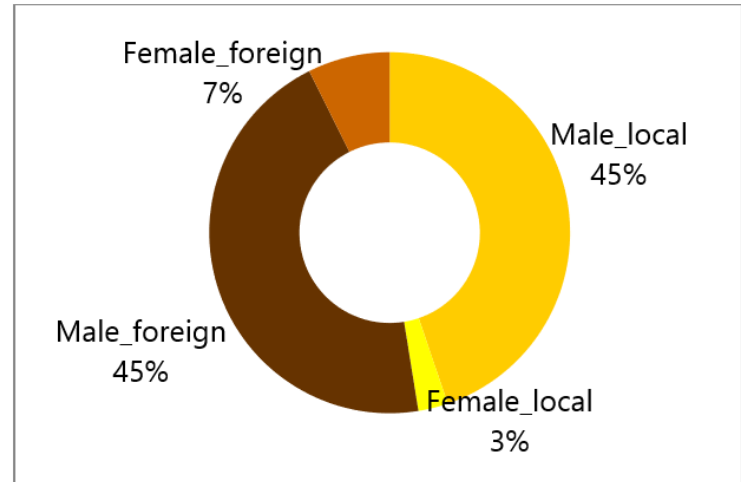
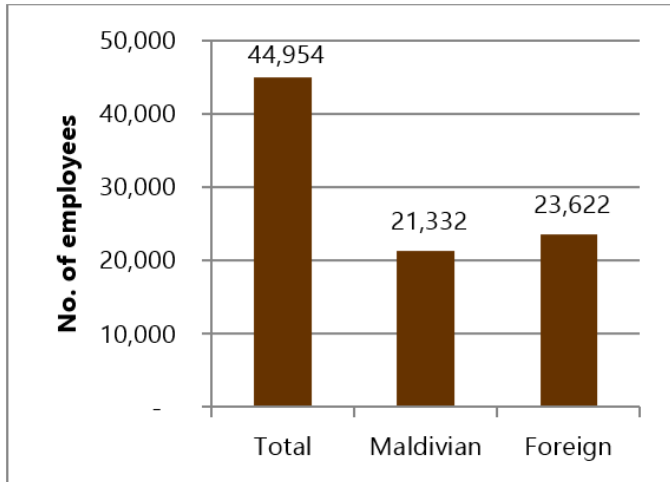
the distribution of female employees is much narrower indicating that less female employees compared to male employees.

The lower number of women working in the resorts is partly a reflection of the societal norms and stereotypical gender roles whereby household responsibilities and care work are primarily seen as women's responsibility.. Additionally, women are less mobile to work outside their islands given their family responsibilities. Existing work environment in the resorts are also not favorable to local women, whereby most resorts located separately from inhabited islands and these jobs require employees to live in the resort.

With the fact that the main industry of the country is tourism and having few female employees, it emphasizes the importance of finding ways and means to employ more females, by putting extra effort to make the resort jobs more women and family friendly, and close by to inhabited islands.

Due to the minimal jobs available in many of the islands, a high percentage of men work in tourist resorts, which are often-times far away from their home island and atoll, for long periods of time. Hence women in the family often stays back to care for the family and live on the remittances sent by resort workers who have migrated for work.

Figure 1: Number of employees in the tourist resort, 2019



A slight difference in number of local & foreign employees working in the tourist resorts can be observed. Figure 3 shows the distribution of number of local employees (blue distribution curve) compared to foreign employees (red distribution curve) and it can be seen that the distribution of foreign employee is shifted to the right indicating more foreign employees working in the tourist resorts compared to local employees.

Figure 2: Distribution of resort employees, male & female, 2019

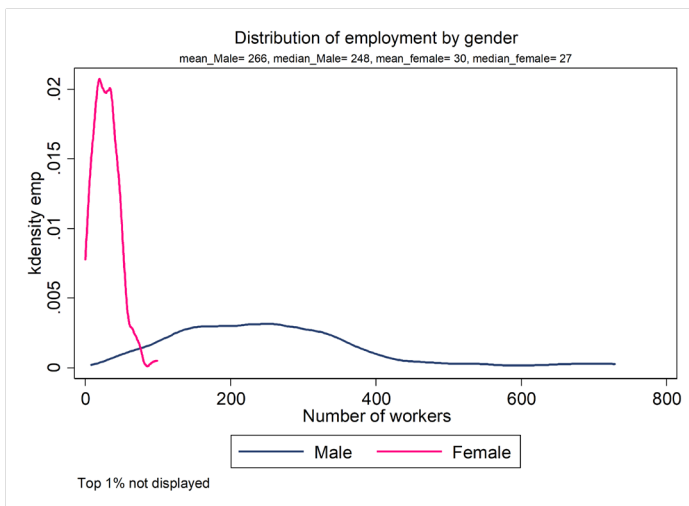
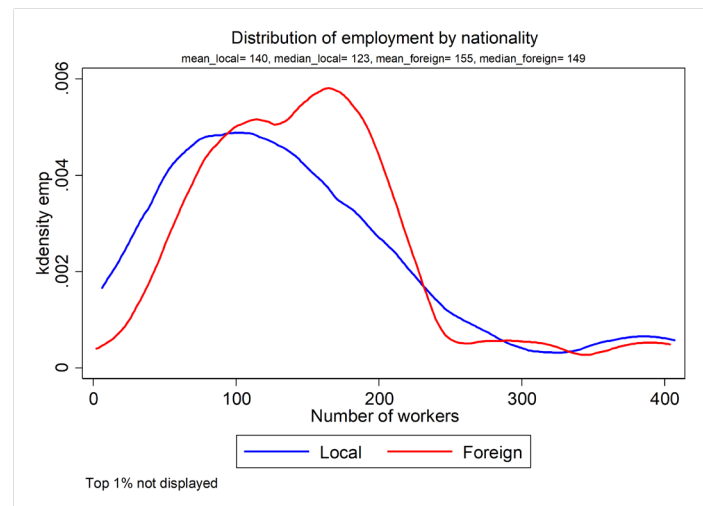


Figure 3: Distribution of resort employees, local & foreigner, 2019



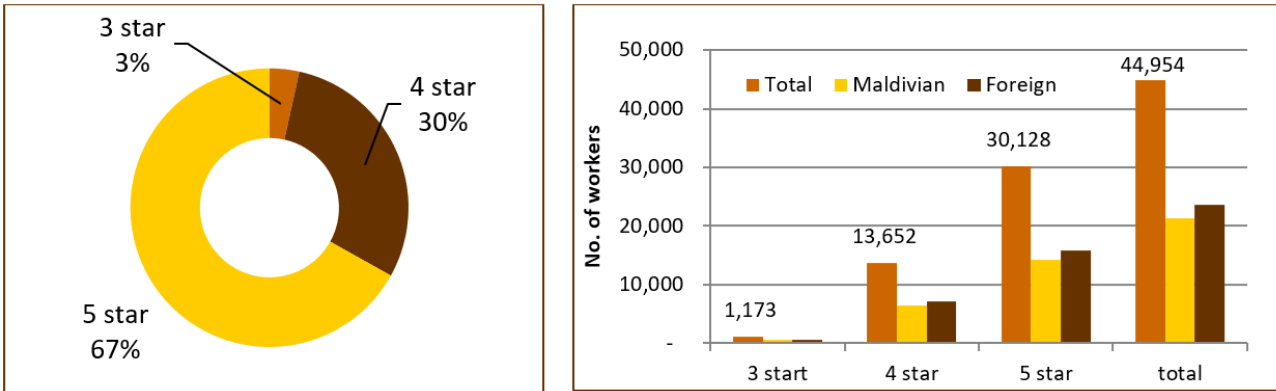


# EMPLOYEES BY STAR RANKING

In Maldives, officially there is no star ranking assigned to tourist resorts. However, based on booking.com all the tourist resorts were assigned star category by NBS for the purpose of this analysis.

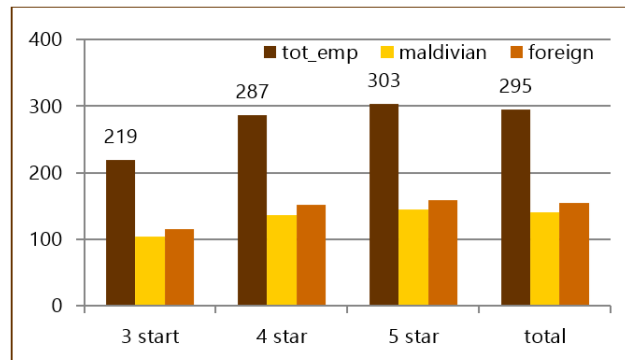
There are 147 resorts currently operating in the country. Out of the total tourist resorts, majority (67%) of the tourist resorts are classified as 5-star while 30% of the tourist resorts are classified as 4-stars resorts as seen from Figure 4. As expected the majority of the employees were also working in 5-stars resorts.

Figure 4: Number of tourist resorts & employees by star category, 2019



On average there were 295 staff working in a tourist resort. This rate is a bit higher for 5-star resorts compared to the national average as seen from Figure 5. In all the categories there were more foreign employees than the local employees.

Figure 5: Average number of employees by star category, 2019



# EMPLOYEES BY BED CAPACITY

According to tourism statistics published by Ministry of Tourism, by 2017, there were 135 resorts with a total bed capacity of 29,977, which was an increase of 10% compared with that of 2016 in terms of bed capacity.

In 2019, out of the total tourist resorts, more than half of the tourist resorts have between 50-150 beds and 20% of the tourist resorts have 151-250 beds. However, in terms of employees, on average the number of employees increase with bed capacity as seen from Figure 7.

In order to classify the size of resort, employment data was used. Out of the total tourist resorts, 56% of the tourist resorts engaged between 201-400 employees while 26% of the tourist resorts engaged less than 200 employees.

Although only 16% of the tourist resorts engaged more than 400 employees, almost one third (32%) of employees worked in this group as can be seen in Figure 8 & 9.

Figure 6: Percentage of resorts by bed capacity, 2019

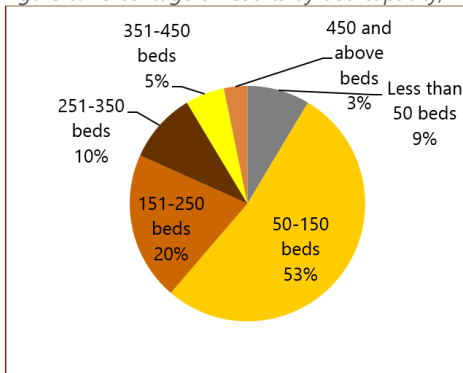


Figure 7: Average number of employees by bed capacity, 2019

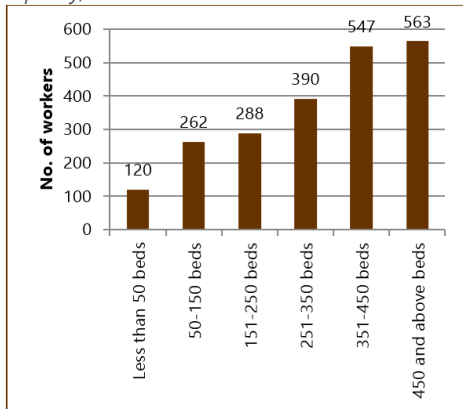


Figure 8: Resorts by size of employment, 2019

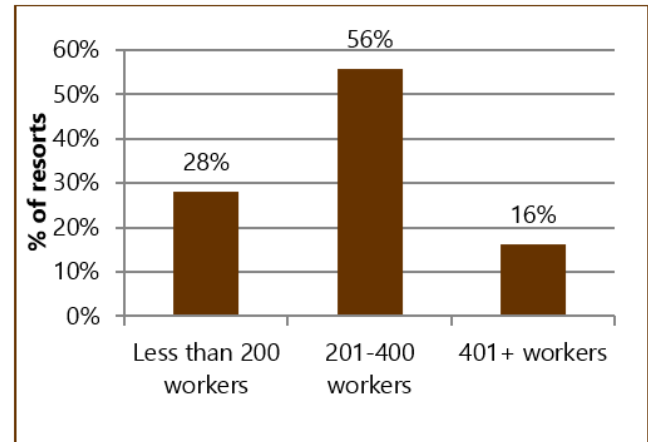
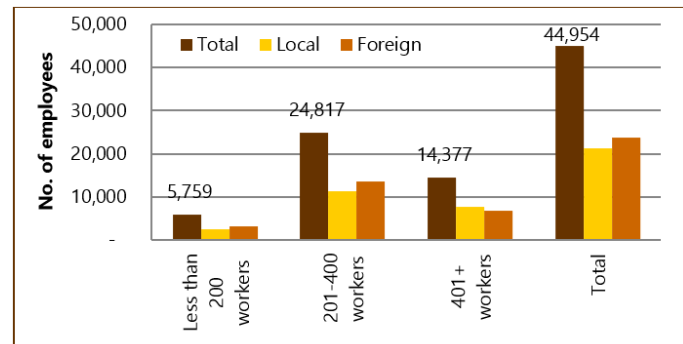


Figure 9: Number of employees by establishment size, 2019



# COMMUTING

Out of the total employees, 2,615 employees have reported that they commuted daily to the work place. Among female employees, 11% have reported that they commute daily to their work place. When considering size of the resorts in terms of employment, it can be observed that in all the categories more female employees commute. This could be due to difficulties in balancing work and personal life when they have children, it poses a challenge for women to stay in the resort.

Figure 10: Percentage of employees commute by gender, 2019

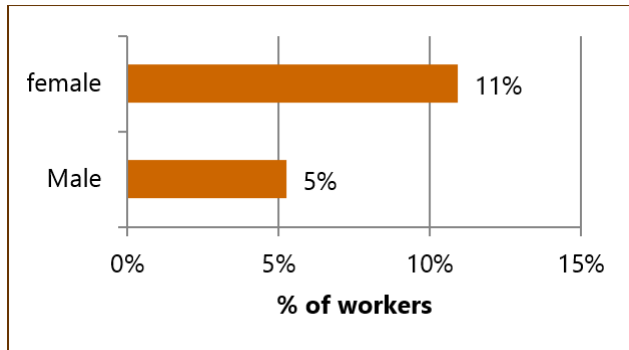
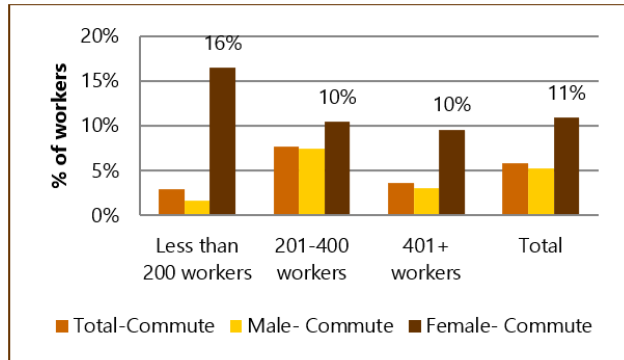


Figure 11: Percentage of employees commute by establishment size, 2019

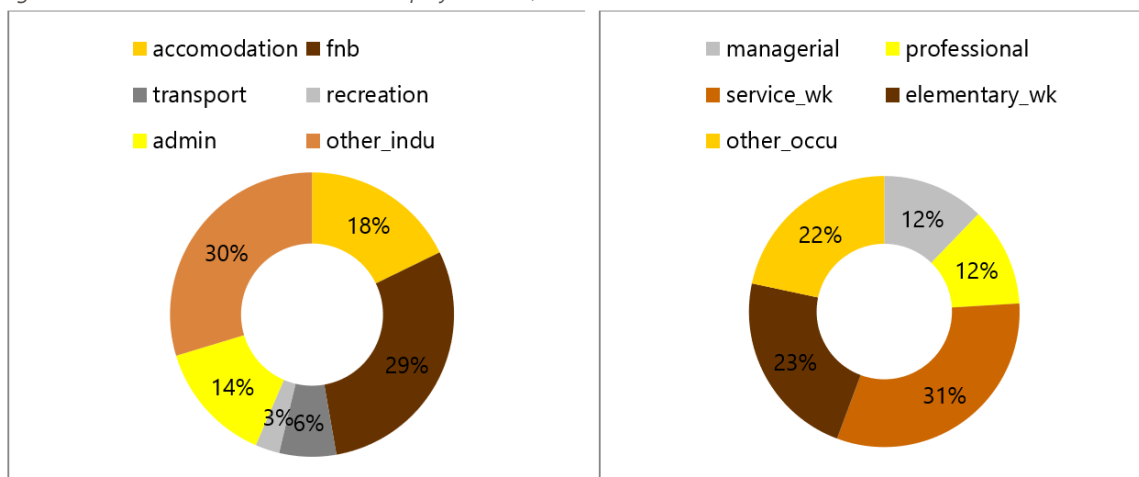


# AREA & OCCUPATION TYPE

Apart from others, 29% of the employees work in Food & Beverages department, while 18% of the employees work in accommodation department as seen from Figure 12. On average per tourist resort, there are 87 employees working in Food & Beverages department while 53 employees work in accommodation department. Overall, even size is considered in all type of establishments these two categories are dominant.

Nearly one third (31%) of the employees were service workers while 23% of the employees were elementary worker. It is notable that 12% of the employees were in the managerial position.

Figure 12: Areas where the tourist resort employees work, 2019



# OUTSOURCED ACTIVITIES IN THE RESORTS

Out of the total resorts, 66% of the resorts had outsourced their retail shops to a third-party while 21% of the resorts had outsourced their diving center. However, in terms of the number of employees diving center had the majority of the workers as seen from Figure 14.

Figure 13: Percentage of resorts with outsourced establishments, 2019

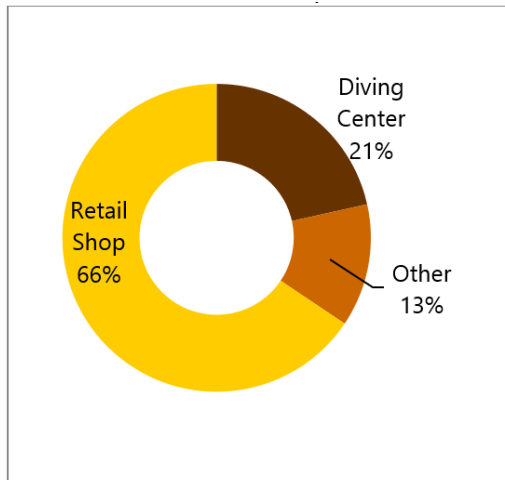
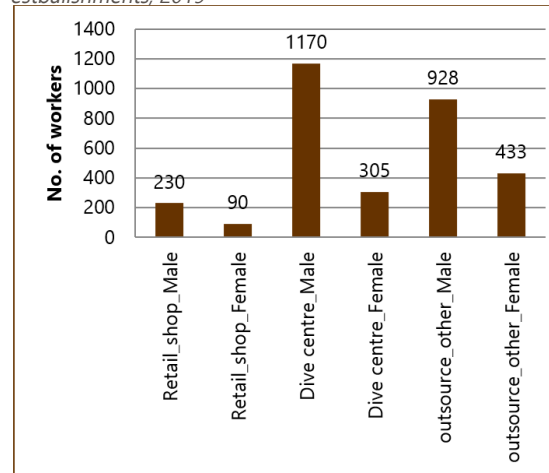


Figure 14: Number of employees in these outsourced establishments, 2019



# CONCLUSIONS

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The survey showed the need for creating decent work and employment opportunities in resorts for locals. It also showed the need to improve the working environment and take measure to attract local women to resort jobs.

Reliable and timely data on employment of locals and foreigners, by gender, age, occupation, education and trainings, salaries and compensation packages, hours worked, wage differences by gender, health insurance, leave, living conditions and related data are needed to understand the situation and implement good policies.

Investing in human capital in the area of tourism is important. Providing employments to local within their atoll is important in order to have return migrants back to their locality.

In order to get an accurate picture of the benefits of tourism in terms of quantity and quality of jobs available and created is important. This has been further emphasized due to the huge impact of COVID-19 on the tourism industry and workers. Urgent need for collecting employment data of tourism industry on a regular basis is a high priority in terms of national statistics.

NBS is currently preparing to launch an online survey targeted to resort workers as a rapid assessment, to capture the impact of COVID-19 on resort workers.

In future, the Household Income and Expenditure Survey

of NBS will include tourist resorts. At present NBS is also working on developing a Tourism Satellite Account (TSA) for Maldives, and intends to do it on a regular basis. TSA is a standard statistical framework and the main tool for the economic measurement of tourism.

Administrative data on tourism sector workers, needs to be streamlined and integrated in such a way to make it more interoperable and provide useful data for statistical purposes. These include those administrative data maintained by Ministry of Tourism, Ministry of Economic Development, Maldives Inland Revenue Authority, Maldives Immigration as well as Maldives Pension Administration. Quarterly updates of these records are important. The situation of current pandemic has proved that, timely and reliable tourism statistics is crucial as our economy is heavily dependent on it.

Ensuring the availability of data required to monitor the relevant targets and indicators of the 2030 Agenda for Sustainable Development Goals (SDGs) and the national development strategies, will require investments in data systems and strengthen partnerships among the stakeholders.





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