Tourism Employment Proxy and Multipliers – PPSE case

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Context & Terminology
1 Promoting Private Sector Employment

Food Processing

Tourism

€ € € € €
1 PPSE-Tourism

Int. Area 1: Destination Management Organization
- Destination management, coordination, networking, promotion and Public-Private dialogue

Int. Area 2: International Promotion
- Fair Participation in the UK, Germany, Turkey and France
- Familiarization trip
- Tailored packages and B2B links with TOs in the UK, Italy, Turkey, Serbia and Albania

Int. Area 3: Local Promotion
- Development of Tourism Products and coaching
- Press Familiarization Trip
- Prishtina Tourism Fair - EKSplorer

Int. Area 4: Tourism Statistics
- Capacity building for ASK
- Improved statistics for accommodations and international arrivals

Destination management, coordination, networking, promotion and Public-Private dialogue
2 Why PPSE developed employment proxy & multipliers

- Lack of documented existing experiences

- The necessity of finding a practical and cost effective approach for monitoring

- Impact contribution vs. attribution

- To assess and report the wider impact of tourism

- Lack of official statistics/data in Kosovo
More tourists, longer stays and higher spending levels in the destination

Tourism SMEs (accommodation, restaurants, tour operators, attractions etc.) benefit from higher turnover

More people are employed in tourism SMEs earn more income together with existing employees

Tourism SMEs buy more input from local suppliers, who expand production and employment

Local economy experiences higher turnover and employment by those employed directly and indirectly

Public and private investment is increased for tourism development
2 Terminology: Direct – Indirect – Induced Effects of Tourism

Tourists ➔ Tour operator ➔ Hotel ➔ Receptionist ➔ Local farmer ➔ Farmer’s son ➔ Cinema

Tourist ➔ tourism business ➔ Direct effects of tourism
Tourism business ➔ Supply chain business ➔ Indirect effects of tourism
Businesses’ staff ➔ Economy ➔ Induced effects of tourism

Source: based on: WTTC. SC visualization.
3 How PPSE developed the employment proxy

Direct Impact →
1. PPSE partners with KIESA for supporting Kosovo tourism business for participating in fairs in the UK, Germany, France and Turkey

2. PPSE and EMPOWER organize FAM-Trip with international tour operators and journalists

3. PPSE supports tourism business with fair participation and management services through international and local experts

4. Int. Journalists visit Kosovo

5. Int tour operators visit Kosovo

6. Kosovo tour operators and other stakeholder exhibit and engage in B2B exchanges at the fairs in UK, Germany, France & Turkey

7. Journalists promotes Kosovo in int. media

8. Int. tour operators meet local tour operators and sign business agreements for selling Kosovo packages

9. Kosovo tour operators and other stakeholder sign business agreements with international travel agencies

10. International Tour operators promote and sell new offers inclusive of Kosovo

11. More Tourist purchase product/offers to visit Kosovo

12. More Tourist arrive in Kosovo

13. Tourist stay longer in Kosovo

14. Tour operators, restaurants and accommodations cater to more tourists

15. Tour operators, restaurants and accommodations increase income and employment

16. Total additional net income increase

17. Total additional net employment increase

INTERVENTION: INTERNATIONAL PROMOTION

3 Attribution IMPACT LOGIC
3 Employment proxy calculation

- Annual Supply Side Survey – direct interviews with all tourism related SMEs in the destination (Western Kosovo)
  - Accommodations
  - Food and Drinks providers
  - Souvenir shops
  - Transportation companies
  - Tour operators and guides
  - Attractions

- Calculation and estimation of revenues and employment data from Accommodations and Food and Drinks providers
## 3 Tourism Employment Proxy

### Accommodations

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE</th>
<th>Number of Overnights</th>
<th>Revenue</th>
<th>Revenue to Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>385</td>
<td>31,425</td>
<td>€ 2,751,000</td>
<td>€ 7,150</td>
</tr>
<tr>
<td>2014</td>
<td>458</td>
<td>32,832</td>
<td>€ 2,874,700</td>
<td>€ 6,270</td>
</tr>
<tr>
<td>2015</td>
<td>399</td>
<td>50,863</td>
<td>€ 3,405,100</td>
<td>€ 8,500</td>
</tr>
</tbody>
</table>

### Food and Drinks Providers

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE</th>
<th>Number of Visitors</th>
<th>Revenue</th>
<th>Revenue to Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>473</td>
<td>3,317,704</td>
<td>€ 11,806,200</td>
<td>€ 24,900</td>
</tr>
<tr>
<td>2014</td>
<td>508</td>
<td>4,430,400</td>
<td>€ 15,765,780</td>
<td>€ 31,000</td>
</tr>
<tr>
<td>2015</td>
<td>600</td>
<td>5,527,980</td>
<td>€ 16,953,727</td>
<td>€ 28,200</td>
</tr>
</tbody>
</table>

- For every € 7,300 of tourist spending a new full time equivalent job is generated in hotels/accommodations
  - 10% potential variation (from € 6,750 to € 8,250 of tourist spending)
- For every € 28,000 of tourist spending a new full time equivalent job is generated in food and drinks providers.
  - 5% potential variation (from € 28,000 to € 31,000 of tourist spending)
### 3 Tourism Employment Proxy (additional jobs based on marginal revenues)

<table>
<thead>
<tr>
<th></th>
<th>10 FTEs</th>
<th>12 FTEs</th>
<th>+2 FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR 1</td>
<td>$100,000</td>
<td>$150,000</td>
<td>+ $50,000</td>
</tr>
<tr>
<td></td>
<td>1 FTE/ $10,000</td>
<td>1 FTE / $12,500</td>
<td>+ 1 FTE / + $25,000</td>
</tr>
<tr>
<td>YEAR 2</td>
<td>YEAR 2</td>
<td>YEAR 2</td>
<td>Marginal</td>
</tr>
</tbody>
</table>
4 How PPSE developed the multipliers

Indirect & Induced Impact →
### World Travel & Tourism Council (WTTC)

#### Income Contribution

<table>
<thead>
<tr>
<th>Country</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Indirect Multiplier</th>
<th>Induced Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montenegro</td>
<td>297</td>
<td>222</td>
<td>99</td>
<td>0.75</td>
<td>0.33</td>
</tr>
<tr>
<td>Serbia</td>
<td>61</td>
<td>89</td>
<td>32</td>
<td>1.45</td>
<td>0.53</td>
</tr>
<tr>
<td>Macedonia</td>
<td>6</td>
<td>13</td>
<td>4</td>
<td>2.13</td>
<td>0.65</td>
</tr>
<tr>
<td>Albania</td>
<td>78</td>
<td>110</td>
<td>50</td>
<td>1.40</td>
<td>0.64</td>
</tr>
</tbody>
</table>

#### Employment contribution

<table>
<thead>
<tr>
<th>Country</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Indirect Multiplier</th>
<th>Induced Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montenegro</td>
<td>13</td>
<td>9</td>
<td>4</td>
<td>0.73</td>
<td>0.33</td>
</tr>
<tr>
<td>Serbia</td>
<td>34</td>
<td>35</td>
<td>14</td>
<td>1.04</td>
<td>0.42</td>
</tr>
<tr>
<td>Macedonia</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>2.13</td>
<td>0.70</td>
</tr>
<tr>
<td>Albania</td>
<td>51</td>
<td>98</td>
<td>35</td>
<td>1.91</td>
<td>0.69</td>
</tr>
</tbody>
</table>

- Factors analyzed initially (import dependency, government promotion, geography, similar tourism offers, etc.)
- Lowest in the region (Montenegro)
5 Application of Results and Lessons Learnt
Results and Interpretation

Direct Impact

Accommodations = $102,800 / $8,250 = 12.4 FTEs

Food and Drinks providers = $51,400 / $31,000 = 1.6 FTEs

Indirect = 14 FTEs * .73 = 10.22 FTEs

Induced = 14 FTEs * .33 = 4.62 FTEs

Total effects of tourism = 28.8 FTEs
5 Measurement of employment directly

Annual interviews with direct beneficiaries

| Details of new employees engaged for additional tourists: | |
|---|---|---|---|
| Gender | Full time (at least 8 hours per day) | Seasonal | Notes: |
| | Number | Number | Months Engaged |
| Female □ | | J F M A M J J A S O N D | |
| Male □ | | J F M A M J J A S O N D | |

Direct (indirect) beneficiary

Direct beneficiary – e.g. Tour Operators

How many tourists do you receive in 2017 as a result of business partnerships from this fair? _________

What is the average length of stay for new tourists visiting Kosovo___________

Average per day spending of a typical tourists from the above channel: _____________

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount in EUR:</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and Drink</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other spending (recreational, shopping, transport, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>
5 Lessons learnt

• It is difficult to get reliable and consistent annual data

• Calculation of additional/marginal values will require more resources/expertise

• Calculation of proxy beyond the project location (western Kosovo) will require location specific data collection

• Field evidence to support the growth of indirect & induced jobs is difficult to capture
5 Way forward

• Replicate the methodology in other tourism projects

• Further analysis between tourist Spending Vs Purchase

• Categorization of hotels, restaurants etc. to capture marginal revenue

• Impact wheel, qualitative assessments, time lag etc.
Thank you!

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