

Does Inbound Tourism Create Employment?

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Abstract

Tourism's share in world employment is greater than that for motor-vehicles and chemicals industries combined, worldwide. Since tourism sector comprises many NACE sectors, it exerts non despicable indirect impacts on the rest of the economy. In addition, tourism offices around the world spend every year millions of euros in tourism campaigns to attract foreign tourists. For many economies, this source of income is vital for the equilibrium of their external balance accounts. Yet, one aspect that is not well studied is the influence of those foreign tourists on job creation on tourism related companies, in the host country, namely in the hospitality industry. Thus, this paper tests whether foreign outdoor tourists have contributed to job creation in Northern Portugal in 2006–2014. Based on data from 4 sources, it employs an OLS estimator to regress the employment changes on the number of new firms, turnover, share of foreigners in outdoor tourism activities, and labor productivity. Results indicate a negative but not statistically significant impact of foreign tourists on employment changes. Such results motivate further empirical investigation.

Keywords. Tourism, Employment, Productivity