

THE EMPLOYMENT EFFECTS OF TRADE IN TOURISM SERVICE

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ABSTRACT

Tourism service trade as a traditional service trade in china, has been dominated an important position, it is a combination of tradition and modern, productive and living, compares with other service trade, it was labor-intensive, its employment effect cannot be ignored. This paper studies the effect of tourism service trade on employment and gets the conclusion: the import of tourism service trade has promoted the growth of employment's scale, while the export has negative effects on employment's scale.

Keywords: Tourism service trade, Employment effects, Labor-intensive.

1. INTRODUCTION

China, as a developing country, is also a populous country, with the rapid development of its economic level and the acceleration of urbanization, the employment has received great concern form domestic experts and scholars. China's current unemployment is mainly attributable to structural unemployment, including unemployment which caused by industrial restructuring and structural imbalances with labour supply and labour demand. Tourism service trade as a traditional service in China has been developed rapidly, and it subsequently produced a series of economic effects. However, for the effect of employment, tourism service trade in this regard is not fully play to their strengths. So study the employment effects of tourism service trade is conducive to improving China's overall level of employment.

2. DEFINITION OF TOURISM SERVICE TRADE

In accordance with the definition of "GATS", the tourism service trade means the activities of a country's tourism professionals to provide services to consumers in other countries, and derive rewards. According to this definition, in the statistics of tourism service trade, it includes foreign tourists to China's inbound tourism, as well as Chinese tourists' outbound travel.

There are several travel services business model:
 ① Through the internet and other means to provide tourist information, advice and services intended for foreign tourism consumers;
 ② A country's domestic tourism staff provide services to other countries tourists as transportation, catering and accommodation, entertainment, leisure and shopping, etc.;
 ③ A country's technical staff or management of outbound tourism to other countries to provide management and travel-related services;
 ④ An investor in foreign direct investment in

the country to develop tourist attractions, tourist hotels and travel agencies so as to be invested nationals provide travel-related services, Or through some indirect ways as establish banks, insurance companies, law firms, to provide services to tourists in investing countries.

3. THE STATUS QUO OF TOURISM SERVICE TRADE

Since 1949, it opened the first travel agency, after the reform and opening, especially after joining the WTO, China's tourism service trade has developed rapidly. As Figure 1 shows, From the "Eleventh Five-Year" until 2014, the scale of China's tourism service trade has been expanded, in 2006 Chinese total import and export tourism service trade was 58.271 billion U.S. dollars, while in 2012 the number was 107.01 billion U.S. dollars, which made tourism service trade ranked first among all kinds of services in China. Since 2006 the average annual growth rate of tourism service trade was 13.94%.

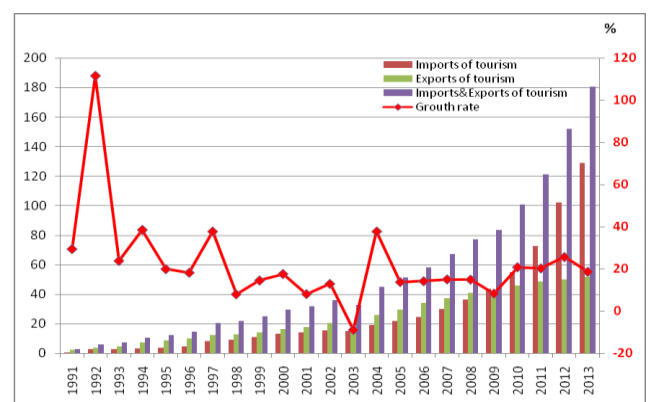


Figure 1. Chinese tourism service trade import and export in 1991-2013

Tourism services trade as a Chinese traditional service, it always dominates a high share in total service trade. As it was shown in Figure 2, especially before 2001, the share of tourism services exports has maintained a clear upward trend. From 1995 to 2000, tourism service trade import share has also been maintained rapid growth. Which from 1998 to 2002, the number of export has been up to more than 50%, and import has been up to more than 30%. Due to the impact of the financial crisis, in 2008, tourism service trade import and export volume decreased to a low value, after which the share resumed growth.

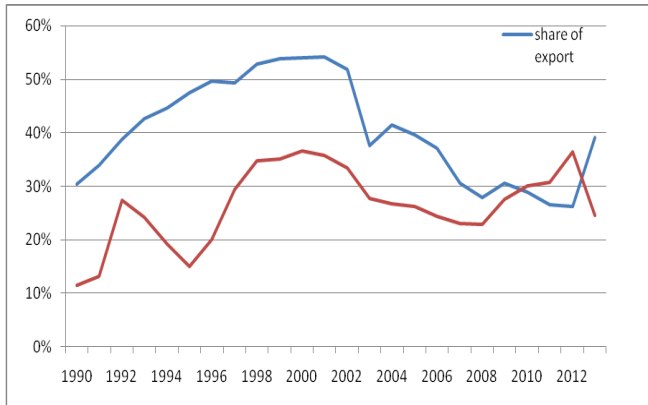


Figure 2. Share of import and export in tourism service trade in 1990-2013

4. THE FEATURE OF EMPLOYMENT EFFECT IN TOURISM SERVICE TRADE

Tourism service trade is an important part of service trade. As it was defined in The Council, tourism service include the following content: service hotels and restaurants, travel agencies and tour operators offered guided tours and other travel services, that is to achieve the combination of products and services in tourism activities. Definition of tourism service trade itself determines its clear distinction with other services is that, theoretically speaking, import of tourism means the absorption of investment from other countries, or the consumption, providing paid services from other countries, thus contributing to the host countries' employment. The export is the opposite.

Tourism is labour-intensive industries, the development of tourism service trade pull effect on tourism employment significantly, the impact of tourism service trade on employment is mainly divided into three levels: Firstly, the impact of direct employment in the tourism industry, including direct employment, which means the employee in tourist enterprises, tourist accommodation, travel agencies, scenic spots, tourist travel companies; Secondly is the indirect impact of employment, including direct employment in tourism for the tourists as well as catering services,

entertainment, rail, aviation, highways, waterways, and other public facilities, services and tourism sectors; Thirdly, the impact of employees in tourism and any related industry. This is the broadest concept than others; it includes the total number of employees in all related industry.

Compared to other services, the impact of tourism service trade on employment has its own characteristics; tourism service trade is a combination of tradition and modern, productive and living. The most direct impact of effect is on tourism service employment. The employment in tourism itself has three characteristics: firstly is multiple levels and strong absorption. The threshold is relatively low; it has a great demand of multiple levels of labours. This feature is ideal for the employment of rural surplus labour transfer and urban laid-off workers re-employed.

Secondly is the strong driven of related employment, and its low employment costs. Tourism is a people's movement and consumption-based integrated industry, has strong correlation, it can promote the development of related industries, industries to some extent, so it can create more job opportunities. According to the World Tourism Organization statistics, the tourism industry to increase revenue for each \$ 1 of revenue related industries will increase 4.3 Yuan; tourism industry for each additional one direct job will increase social 5-7 jobs. This association was reflected particularly prominent in tourist cities and tourist attractions. For an area, development of tourism can provide a lot of direct and indirect employment opportunities for local urban and rural residents.

Thirdly, employment in tourism was flexible, which was suit to different groups of employee. The characteristics of integration determine diverse features of tourism employment. For example, travel agency requires high level of knowledge, which was more adapted to persons with higher education.

Hotels and restaurants and is a technology-intensive and labour-intensive industries, with large employment capacity and high employment levels. An upscale hotel's employment capacity equivalent to a medium-sized enterprises, absorb employment of thousands of people.

5. EMPIRICAL ANALYSIS OF THE EMPLOYMENT EFFECT

5.1 Source of data and index definition

We selected indicators of tourism services trade exports (TSEX) and imports (TSIM) to represent tourism service trade's exports and imports. And we selected indicator of the total number of employees to represent the employment situation. Then we select each index data from 1982 to 2013. Meanwhile, in order to avoid the effects of heteroscedasticity, we digitized the data at first, respectively represented by LTSEX, LTSIM, and LCP.

Table 1. The index system of sample data (Unit: billion USD; ten thousand people)

YEAR	TSEX	TSIM	CP	YEAR	TSEX	TSIM	CP
1982	7.03	0.66	45295	1998	126.02	92.05	70637
1983	7.67	0.53	46436	1999	140.98	108.64	71394
1984	9.22	1.5	48197	2000	162.31	131.14	72085
1985	9.79	3.14	49873	2001	177.92	139.09	72797
1986	12.27	3.08	51282	2002	203.85	153.98	73280

YEAR	TSEX	TSIM	CP	YEAR	TSEX	TSIM	CP
1987	16.93	3.87	52783	2003	174.06	151.87	73736
1988	17.97	6.33	54334	2004	257.39	191.49	74264
1989	14.88	4.29	55329	2005	292.96	217.59	74647
1990	17.38	4.7	64749	2006	339.49	243.22	74978
1991	23.46	5.11	65491	2007	372.33	297.86	75321
1992	35.3	25.12	66152	2008	408.43	361.57	75564
1993	46.83	27.97	66808	2009	396.75	437.02	75828
1994	73.23	30.36	67455	2010	458.14	548.8	76105
1995	87.3	36.88	68065	2011	484.6	725.9	76420
1996	102	44.74	68950	2012	500.28	1020	76704
1997	120.74	81.3	69820	2013	516.28	1286.52	76977

5.2 Empirical analysis

Firstly, we test index by ADF unit root test, the test results were as follows:

variables	Type test	ADF statistics	5%	prob.	stationary
LCP	(0,0,0)	3.362409	- 1.952473	0.9995	no
LTSEX	(c,0,0)	- 1.393929	- 2.963972	0.5719	no
LTSIM	(c,t,0)	- 1.244110	- 2.963972	0.6418	no
D(LCP)	(0,0,0)	- 18.72413	- 1.957204	0.0001	yes
D(LTSEX)	(c,0,0)	- 4.412090	- 2.967767	0.0016	yes
D(LTSIM)	(c,t,4)	- 6.009045	- 2.967767	0.0000	yes

Note: c,t,k in type test stand for intercept, tendency and Lag Intervals for Endogenous, D means first difference equation

From the results, we get that LCP, LTSEX and LTSIM were integration of order one; there may be a co-integration relationship. At first, we set a VAR model by LCP, LTSEX, and LTIM. From the model, we get that the optimal lag intervals was 3, then we get result of co-integration as below:

Unrestricted Co-integration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigen value	Statistic	Critical Value	Prob.**
None *	0.643601	49.16216	29.79707	0.0001
At most 1 *	0.385567	20.27440	15.49471	0.0088
At most 2 *	0.211033	6.636853	3.841466	0.0100
Trace test indicates 3 co-integrating eqn(s) at the 0.05 level				

From the results above, we can get that at 0.5% level of confidence, there was a co-integration relationship by LCP, LTSEX and LTSIM. Then we use VECM to test. In above, the optimal lag intervals was 3, thus we estimated lag intervals in VECM was "1,3". The result of VECM was as follows:

Co-integrating Eq:	CointEq1
LCP(-1)	1.000000
	0.361296
	(0.27793)
LTSEX(-1)	[1.29996]
	-0.258536
	(0.19433)
LTSIM(-1)	[-1.33040]
C	-11.73065

So, the standard equation is:

$$LCP=0.258536LTSIM-0.361296LTSEX+11.73065$$

$$s.e=(0.19433) \quad (0.27793)$$

$$\text{Log}=114.8945 \quad \text{AIC}=-5.844038 \quad \text{SC}=-4.116255$$

Index of the error correction was -0.126395.

The empirical research indicates that there is a long-term equilibrium between LCP, LTSEX and LTSIM. Empirical results have shown that tourism service trade has a positive effect on employment. And while all other factors are held constantly, When LTSEX added one percentage; the point of employee would decrease in the number 0.361296%. When LTSIM added one percentage, the point of employee would increase 0.258536%. If in the short run, the co-integration equation deviates from equilibrium, it would be pulled the non-equilibrium one back to equilibrium one by strength of "-0.052766".

6. CONCLUSION

Employment is an important task of governments around the world, as well as one of the main goals of tourism service trade. Through the analysis we know travel service trade import and export has a positive promoting effect on employment, so as a developing country, we especially should pay attention to it. We should develop our tourism service trade from following aspects: Firstly, accelerating tourism service trade development and increasing supply are the key solution to the problem of employment. Secondly, expanding the industry chain of tourism service trade, and optimizing structure of tourism employment is an important goal. Thirdly, strengthen developing human resources, and improving the ability of tourism employment is a core elements. Finally, increasing the support of fiscal policy and financial policy is the most important guarantee.

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