

The Need for a New Approach to SMEs in Tourism. Data on Employment

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1. Employment in the tourism industry and the establishment's size

- Data sources on employment in the tourism industry:
 - Households' surveys: EPA (Spanish Labour Force Survey).
 - Pros: High quality of employment variables.
 - Cons: Economic activities classification; low quality about the firms' size.
 - 'Administrative' data: Social Security y Tax information.
 - Pros: Originally, they are 'census'.
 - Cons: Usually, these data are not provided grouped by establishment.

1. Employment in the tourism industry and the establishment's size

- Data sources on employment in the tourism industry:
 - Firms' surveys:
 - EOH (Spanish Survey on Lodgings in Hospitality Establishments):
 - Pros: Information on employment includes family workers (spouses, daughters and sons of the proprietor of the firm).
 - Cons: It only covers the hospitality sector.
 - ECL (Spanish Survey on Short-Term Evolution of the Workforce):
 - Pros: High quality information on employment stocks at establishment level, gross workers' flows and establishment size.
 - Cons: Economic activities classification (hospitality sector).

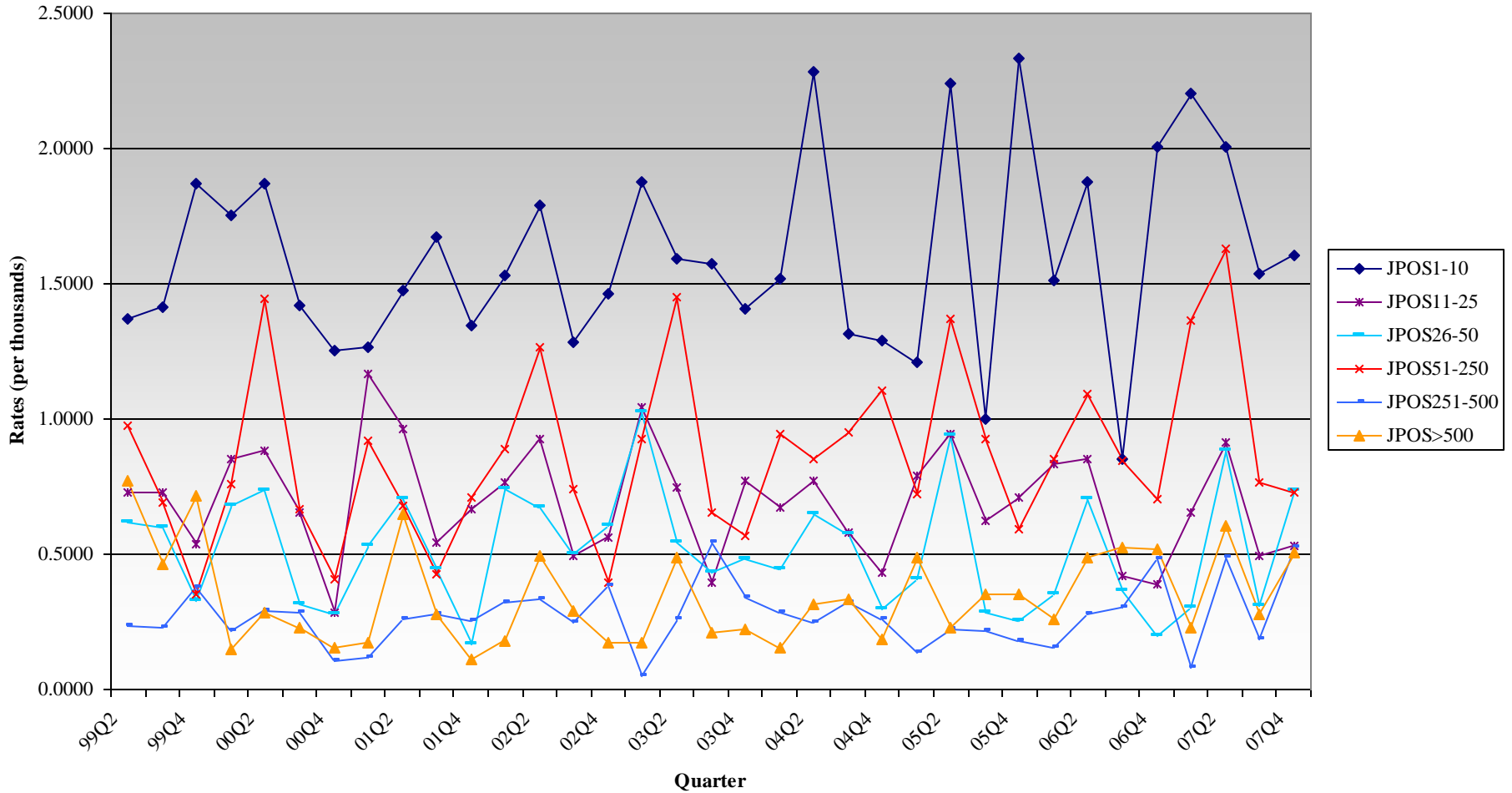
1. Employment in the tourism industry and the establishment's size

- Proposals for further discussion:
 - There are not good databases to measure the employment of the whole tourism industry (the best measurement corresponds to the hospitality sub-sector).
 - It is not easy obtaining high quality data of employment by establishment size: EPA is hardly useful; administrative data could be reliable (if Public Administration wants).
 - A compromise: using the ECL data, widening the survey to obtain information on the whole tourism industry.
 - We need not only published statistical information, but also access to independent researchers (with protocols known by all researchers).

2. An example with the data from the ECL

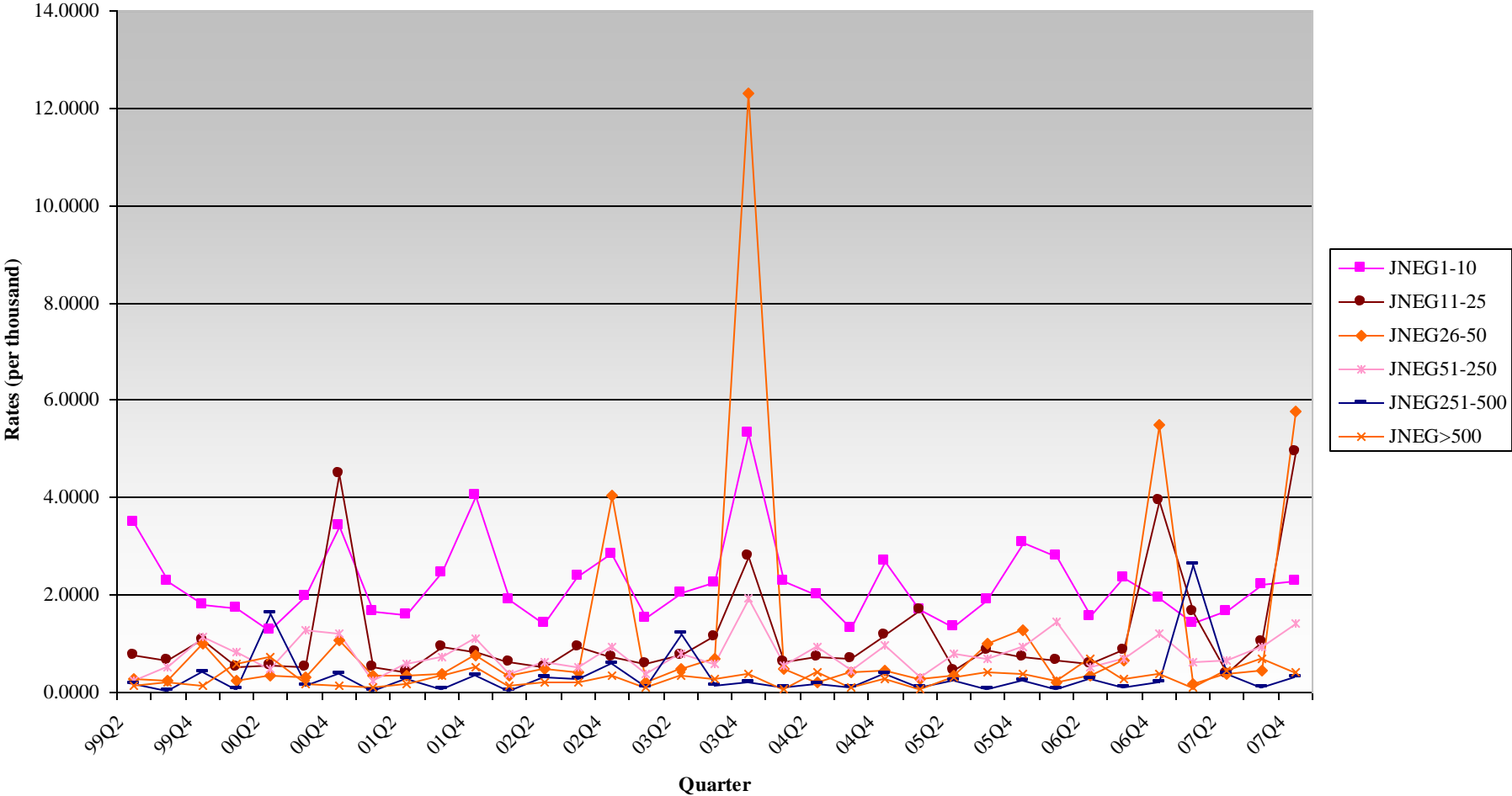
- The ‘conventional wisdom’: SMEs have a leading role in employment creation.
- Really?:
 - Problems with short-term changes of the workforce and changes in the size of the establishment.
 - Problems with the definition of the rate of employment change:
$$(EmploymentT2 - EmploymentT1) / \text{EmploymentT1} \quad ?$$
- An example with the ECL data on hospitality establishments.

Job creation



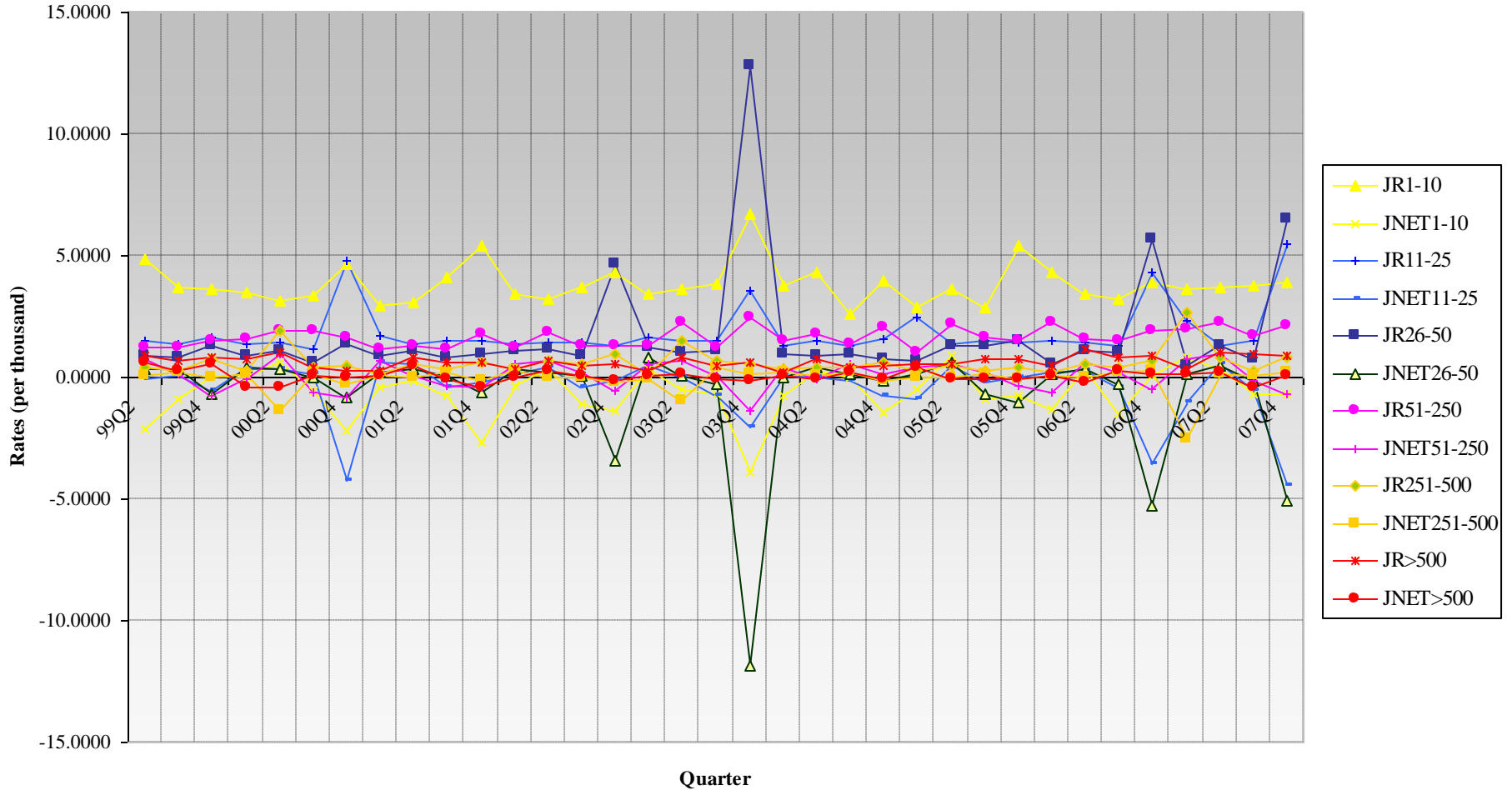
➔ Smallest firms have the largest job creation rates

Job Destruction



➔ But usually they also have the largest figures for job destruction

Job Reallocation and Net Flows



Job Reallocation = Job Creation + Job Destruction
Net Flow = Job Creation – Job Destruction

➔ *The smallest firms have the largest job mobility*

➔ *HOWEVER THEIR NET EMPLOYMENT CHANGE IS RATHER LOW*

Means of the period 99Q2-07Q4

| | Net Flow | J.Reallocation | J.Creation | J.Destruction |
|----------|----------|----------------|------------|---------------|
| 1to10 | -0.6249 | 3.8258 | 1.6005 | 2.2253 |
| 11to25 | -0.4600 | 1.8501 | 0.6951 | 1.1550 |
| 26to50 | -0.6910 | 1.7249 | 0.5169 | 1.2079 |
| 51to250 | 0.0807 | 1.6549 | 0.8678 | 0.7871 |
| 251to500 | -0.0698 | 0.6107 | 0.2704 | 0.3403 |
| >500 | 0.0445 | 0.6418 | 0.3431 | 0.2986 |

- It's true that small firms have higher job creation rates
- But the same is true for job destruction rates
- As a result, the largest net employment changes correspond to:
 - Some medium firms (51 to 250 workers)
 - The largest firms (500 or more workers)
- The empirical evidence does not provide a clear support for the 'conventional wisdom'
 - Very relevant implications to foster employment in the tourism industry