

TOURISM LABOUR MARKET IN THE ASIA PACIFIC REGION: CASE STUDY INDONESIA

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Introduction

- Tourism labour market is **about supply and demand of tourism labour**, since market is by definition the meeting of supply (by the supplier) and demand (by the costumer).
- In its general terms, **tourism industry** involves accommodation services, food & beverage services, transportation & warehousing, retail trade, finance, insurance, real estate & leasing, and various other service industries where there is a small tourist-related component.

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- For example, tourists visit museums, zoo, gardens, ski hills, golf courses and other similar venues when they travel, and these activities are **included in the tourism sector**.
- **Accordingly**, supply and demand of tourism labour also involve a **wide range of activities**. As a result, **it is difficult to analyze whether there** is surplus or shortage of labor in a destination.
- As such, the following analysis is only **based on limited available data**, except for the analysis of multiplier effect that it is based on **Indonesia Tourism Satellite Account 2006** and **Bali Tourism Satellite Account 2007**.



Supply of Tourism Labour

- Total supply of labour in tourism consists of **unemployed workers, who are seeking jobs, and fresh graduates entering the labour market**. Data for this are not readily available for some reasons.
- **In Bali**, there is a number of tourism schools producing new graduates every year (D1, D2, D3 and D4), but few efforts has been done to develop a data based on this matter. All school in fact would release around 3,000 new graduates every year.
- Using this assumption new graduate out of Bali 10 time new graduate of Bali, its means **the total new labor force entering the industry of Indonesia tourism around 33,000 every year**.



- It seems that the **supply and demand of labor in tourism sector in Indonesia is in balance**.
- This is to say that **new graduates are adsorbed by tourism industries**, although with several months of gestation period.
- However, **in the case of Bali**, there is a **tendency to go abroad to be employed** on cruise ships, hotel and restaurants, Spa, and other tourism facilities. This is associated with the higher wage or income earned, compared to that of working in country.
- In 2008, the number of tourism-related labor from Bali employed **abroad reached 2,706 workers**, mostly male (2,216), while female constitutes only 490 workers. They are mostly employed in UK, Italy, and Spain (Table 5)

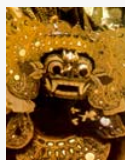


Table 5
The number of workers from Bali employed abroad, 2008

No	Country	Sex		Total
		Male	Female	
1	USA	789	52	841
2	Singapore	83	47	130
3	Malaysia	23	28	51
4	Czech Rep	75	-	75
5	Spain	196	23	219
6	Palau	3	1	4
7	Maldives	24	72	96
8	China	1	12	13
9	Timor Leste	25	-	25
10	Qatar	16	3	19
11	Italy	847	63	910
12	UAE (Uni Arab Emirat)	40	61	101
13	Cayman Island	1	-	1
14	Germany	3	-	3
15	Turkey	1	66	67
16	Gibraltar	-	3	3
17	Hong Kong	2	1	3
18	Monaco	5	2	7
19	Angola	1	-	1
20	France	13	5	17
21	Saipan	-	1	1
22	Thailand	3	-	3
23	Greece	-	6	6
24	Australia	10	1	11
25	Onan	1	1	2
26	Ireland	1	-	1
27	Nicosia	-	2	2
28	Canada	2	-	2
29	St. Vincent & The Grandise	1	-	1
30	Sayeber Iles	1	1	2
31	New Zealand	1	2	3
32	Turks & Catcos Island	1	-	1
33	UK	3	4	7
34	Netherland	22	9	31
35	Russia	1	8	9
36	Kuwait	2	16	18
37	Egypt	-	7	7
38	Cambodia	1	-	1
T o t a l		2.216	490	2.706

Sumber: Disnakertransduk (2008)

Demand of Tourism Labour

Case: Indonesia

- The demand of tourism labor can be seen from the utilization of labor in number of Accomodation (table 6)

Table 6
Number of Accommodation, Average Worker, and Visitor per Day by Province, Indonesia, 2008

Province	Number Of			Average Worker Per		Guests Per Day		
	Establishment	Room	Bed	Establishment	Room	Indonesian	Foreign	Total
Nanggroe Aceh Darussalam	152	2.579	5.153	6.651	2.58	770	17	787
North Sumatera	736	13.771	21.362	7.327	0.53	7.021	118	7.139
West Sumatera	215	3.061	5.916	6.651	2.17	1.209	70	1.279
R i a u	268	6.188	10.551	10.022	1.62	2.710	23	2.733
J a m b i	126	2.453	4.158	6.976	2.84	1.225	1	1.226
South Sumatera	237	4.730	8.594	9.249	1.96	1.816	5	1.821
Bengkulu	101	1.456	2.430	7.297	5.01	491	0	491
Lampung	181	3.350	5.926	884	0.26	1.350	8	1.358
Kep Bangka	59	823	1.285	8.949	10.87	286	1	287
Belitung								
Kepulauan Riau	229	6.601	7.371	9.511	1.44	3.318	391	3.709
DKI Jakarta	193	6.686	18.580	23.772	3.56	5.155	82	5.237
West Java	1.295	27.793	46.916	12.417	0.45	10.469	152	10.621
Central Java	1.147	19.911	31.597	7.345	0.37	10.299	105	10.404
DI Yogyakarta	1.144	12.707	20.136	4.987	0.39	5.136	97	5.233
East Java	1.428	23.107	37.324	8.182	0.35	11.002	138	11.140
Banten	189	3.219	5.722	8.333	2.59	1.169	16	1.185
B a l i	1.565	22.123	33.183	12.799	0.58	6.596	4.520	11.116
West Nusa Tenggara	315	3.887	6.599	7.651	1.97	683	171	854
East Nusa Tenggara	204	3.192	6.052	6.848	2.15	409	48	457
West Kalimantan	293	5.964	8.842	6.805	1.14	2.124	16	2.140
Central Kalimantan	304	4.941	7.436	4.618	0.93	1.036	3	1.039
South Kalimantan	201	3.871	5.950	7.657	1.98	1.442	4	1.446
East Kalimantan	433	8.170	12.282	7.531	0.92	2.232	43	2.275
North Sulawesi	165	3.063	4.590	9.933	3.24	1.022	63	1.085
Central Sulawesi	246	2.788	4.709	5.439	1.95	630	13	643
South Sulawesi	435	6.748	11.362	7.717	1.14	3.000	66	3.066
South East Sulawesi	214	2.335	3.595	5.673	2.43	683	16	699
Gorontalo	60	861	1.338	6.017	6.99	205	2	207
West Sulawesi	74	893	1.534	5.297	5.93	419	4	423
M a l u k k u	105	1.359	1.991	6.057	4.46	231	4	235
North Maluku	106	1.385	2.911	6.519	4.39	302	1	303
West Irian Jaya	41	763	1.405	9.293	12.18	403	0	403
P a p u a	121	2.261	3.319	10.851	4.80	692	25	717
Indonesia	12.582	213.139	349.619	265.258	1.24	85.235	6.223	91.458

Sumber: Tourism Statistic.



- The number of expatriate employed in tourism of Indonesia is also significant, as shown in Table 7

Table 7
The number of expatriates in Indonesia by Province, 2008

No	Province	Number (worker)	%
1	DKI Jakarta	9.682	63,7
2	Riau Kepulauan	1.686	11,1
3	Jawa Barat	1.428	9,4
4	Banten	600	3,9
5	Bali	388	2,6
6	Jawa Timur	336	2,2
7	Sumatera Utara	184	1,2
8	Jawa Tengah	170	1,1
9	Kalimantan Timur	133	0,9
10	Nusa Tenggara Barat	103	0,7
11	Sulawesi Selatan	80	0,5
12	Maluku Utara	73	0,5
13	Kalimantan Barat	70	0,5
14	Riau	65	0,4
15	Nusa Tenggara Timur	36	0,2
16	Sumatera Selatan	24	0,2
17	Sulawesi Utara	20	0,1
18	Sumatera Barat	19	0,1
19	Kalimantan Selatan	18	0,1
20	Kalimantan Tengah	14	0,1
21	Lampung	11	0,1
22	Maluku	11	0,1
23	Jambi	10	0,1
24	DI Yogyakarta	9	0,1
25	Papua	9	0,0
26	Bangka-Belitung	7	0,0
27	Bengkulu	5	0,0
28	Nanggroe Aceh Darussalam	4	0,0
29	Sulawesi Tenggara	4	0,0
30	Sulawesi Tengah	2	0,0
31	Gorontalo	1	0,0
32	Irian Jaya Barat	1	0,0
33	Sulawesi Barat	1	0,0
34	Blank	1	0,0
Total		15.205	100,0

Source: Ditjen. Binapenta, Depnakertrans (2008)



Table 8
Expatriates in Indonesia by country of origin (nationality), 2008

Negara	Jumlah(Orang)	Persen (%)
Asia outside ASEAN	7.719	50,8
ASEAN	3.348	22,0
America	1.316	8,7
European Union	1.227	8,1
Australia	1.196	7,9
Other Europe	258	1,7
Africa	141	0,9
Total	15.205	100,0

Source: Ditjen.Binapenta, Depnakertrans (2008)

Table 9
Expatriates in Indonesia by position, 2008

Position	Number (Worker)	%
Professional	5.770	37,95
Technician	3.310	21,77
Manager	2.502	16,46
Board of Directors	1.248	8,21
Advisor/Consultant	1.153	7,58
Supervisor	1.124	7,39
Commisariate	98	0,64
Total	15.205	100

Source : Dit.Bina Penta, Depnakertrans (2008)





Case: Bali

- Based on Bali Tourism Satellite Account (TSA) 2007, a number of data can be found, to include labor absorption by sector, both direct and indirect, and the impacts of tourist's expenditure in Bali (table 10).

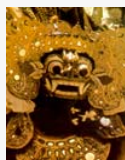


Table 10
Labor absorption in Bali by economic sector, 2007

Sector	Labor absorption	%
Agriculture, Forestry, Animal Husbandry and Fishery	738.306	36,71
Quarrying	8.907	0,44
Manufacturing	288.337	14,34
Electricity, Gas and Water Supply	3.912	0,19
Construction	128.790	6,40
Trade, Hotel and Restaurant	466.414	23,19
Transportation and Communication	77.373	3,85
Financial, Insurance, and Enterprise Services	52.936	2,63
Other Services	246.073	12,24
Total	2.011.048	100,00

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- The economy of Bali employs not only local labour, but also expatriate, as shown in Table 11. This means that Bali is also favorable for expatriate to work.

Table 11
Expatriate employed in Bali by economic sector, 2008

No	Sector	Number of workers
1	Agriculture, Forestry, Animal Husbandry and Fishery	9
2	Quarrying	-
3	Manufacturing	66
4	Electricity, Gas and Water Supply	-
5	Construction	4
6	Trade and Restaurant	994
7	Hotel	148
8	Transportation and Communication	393
9	Financial, Insurance, and Enterprise Services	12
10	Other Services	91
	Total	1.717

Source: Disnaker (2008)



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Tourism Impact on Jobs Creation

Case: Indonesia

- Using the data National Tourism Satellite Account 2006, can be calculated the multiplier effect of tourists' expenditure on employment opportunity in tourism sector (direct and direct effect) is 0.000000530 and in national economy 0.000000761.
- This means that an increase one quintillion rupiah (Rp 1,000,000,000,000,000) of tourists expenditure will create 53,000 employment opportunity in tourism sector and 761,000 employment opportunity in national economy. The share of tourism in employment opportunity is 6.97% (table 12).



Table 12
Tourism impacts on national economy and employment, 2006

Items	Output (B Rp)	GDP (B Rp)	Wage (B Rp)	Indirect Taxes (B Rp)	Employment (M)
A. National Economy Value	5,623.993	2,784.960	849.739	127.109	93,958
B. Tourism Economy Value (impact)	289.726	146.799	38.764	6.584	6,546
1. Domestic	134.137	63.169	18.281	3.058	3,634
2. Outbound	12.055	5.536	1.629	267	0,247
3. International	74.184	37.914	11.237	2.043	1,737
4. Investment	63.747	37.132	6.233	1.119	0,809
5. Promotion and guidance	5.602	3.048	1.384	95	0,120
C. Share of Tourism (%)	5,15	5,27	4,56	5,18	6,97
1. Domestic	2,39	2,27	2,15	2,41	3,87
2. Outbound	0,21	0,20	0,19	0,21	0,26
3. International	1,32	1,36	1,32	1,61	1,85
4. Investment	1,13	1,33	0,73	0,88	0,86
5. Promotion and guidance	0,10	0,11	0,16	0,08	0,13

Source: Depbudpar (2006)

Note: total tourists' expenditure = Rp 123.433,61 B





Case: Bali

- From Bali Tourism Satellite Account 2007, can be calculated the multiplier index of tourists' expenditure on employment opportunity in tourism is 0.00000002775 and in the economy of Bali 0.00000006756.
- Meaning, every **one quintillion** (Rp 1,000,000,000,000) of tourists' expenditure will create 27,750 job opportunity in tourism sector, and 67,566 in the economy of Bali as a whole. Hence, the contribution of tourism in the employment of Bali reaches 40,56% (table 13).
- The total of tourists' expenditure in Bali in 2007 was Rp. 29,764,921,000,000 (29.7 quintillion). Using the multiplier index of tourists' expenditure above mentioned, so this expenditure creates in tourism sector are 815,661 jobs and in the overall Bali's economy are 2,011,048 jobs (table 13).

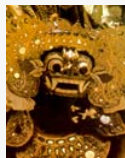
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Table 13
Tourism impact on employment in Bali, 2007.

No	Sector	Tourism expenditure	Impact on:				
			Output	NTB	Wages	Tax	Employment
1	Agriculture	177.170	3.449.849	1.748.258	326.298	13.548	144.586
2	Quarrying	0	255.845	166.926	15.052	2.315	5.383
3	Manufacturing	7.689.647	9.441.977	2.777.610	920.937	76.415	251.684
4	Electricity, Gas & Water Supply	129	412.191	283.167	28.066	2.795	1.309
5	Construction	3.149.750	3.641.682	1.254.343	422.929	13.295	86.043
6	Trade	0	1.619.539	1.124.343	414.364	26.102	73.024
7	Hotel	7.086.421	7.227.569	3.994.947	663.815	301.058	44.119
8	Restaurant	4.237.049	4.756.029	2.137.804	619.274	104.966	62.798
9	Land Transportation	1.288.922	1.361.836	798.729	203.317	29.918	29.811
10	Water Transportation	57.755	118.438	86.059	19.400	1.799	1.176
11	Air Transportation	1.917.095	2.377.642	1.381.895	45.507	22.583	934
12	Transport Supporting Services	408.395	721.640	322.232	92.540	3.854	6.616
13	Communication	806.631	1.006.946	650.923	177.856	10.856	9.197
14	Financial Agency	140.820	1.043.499	673.012	136.008	4.606	12.351
15	Services and Other	2.434.139	2.952.611	2.204.010	361.090	40.248	86.029
	Total of Tourism	29.393.925	40.387.493	19.543.379	4.446.402	654.338	815.661
	Total of Economy	29.764.921	78.325.606	42.336.420	12.311.586	984.809	2.011.048
	Share of Tourism (%)	-	51,56	46,16	36,12	66,44	40,56

Source: Depbudpar (2007b).





CONCLUDING REMARKS

- Development of tourism has positive impact on Indonesia economy and Bali's economy, especially to increase employment.
- The condition of tourism **labour market in Indonesia seems to be balance**, between supply and demand. But nowadays in Bali there is a trend that **tourism labors prefer to work abroad**, in cruise ship, hotels, restaurant, spa, and the other tourism business.
- In the case of Bali can be concluded that **tourism has been the engine of job creation**. Because contribution of tourism in the job creation reaches 40,56%

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- In this perspective, it can be said that **Bali has been correct to put tourism as a priority of its development strategy**, as tourism is a good vehicle to increase job opportunity, government income, revitalization of arts and culture, poverty alleviation, or the welfare of the people in general

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