

Adoption policies of island supply-side from the perspective of tourism resilience

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Abstract

This paper examines the employment policies on the supply-side of islands where tourism is being promoted from the regional resilience perspective in relation to temporal fluctuations in tourism demand. The tourism sector in Japan has experienced significant changes in employment statuses due to COVID-19 during the tourism promotion phase since the 2010s. The case of Japanese seaside resorts was examined in the promotion phase and the pandemic has led to differences in business type and employment policies. 38 businesses in the sector (out of 53 qualitative data) experienced employment changes since the 2010s. Individual businesses that have just opened or have expanded in scale were able to survive the short-term crisis by adjusting their existing employees and temporary labor imports in terms of economy (salary, bonuses), time (workdays and hours), and skills (permanent appointments). In contrast, not only small-scale local businesses and but also larger businesses that need to hire many people were unable to recover the employment from the post-pandemic in local labor markets with tight labor supply and demand. These businesses are indicated to be vulnerable to both future pandemics and overtourism due to lack of professional and semi-skilled positions.

Keywords

resilience, island tourism, employment policy, COVID-19, Japan

1. Introduction

The tourism sector needs to provide a workforce 24 hours a day, 365 days a year to its customers in response to various changes in the external environment [Britton, 1991]. Tourism is one of the most labor-intensive sectors [Sharma et al., 2021] and needs to respond to seasonal fluctuations and other socio-economic external conditions.

The tourism sector is a powerful means of earning foreign currency. Therefore, many countries have been pushed to achieve international tourism promotion under various policy approaches. According to recent data from the World Travel and Tourism Council [2020], the GDP of the tourism sector accounted for 10.3 % of global GDP in 2019 before COVID-19, and it became an industry that creates about 10 % of global jobs. Some prominent tourist destinations face difficult barriers to achieving sustainable tourism development, such as overtourism [Caroline, 2019; Pechlaner et al., 2019], and therefore there are labor-shortages especially in metropolitan and resort areas [Komuro, 2022].

After 2020, however, tourist destinations became overwhelmed by the pandemic, and the movement of people was restricted, resulting in countless unemployed people. The pandemic has taught us a lesson in the local economy, deeply dependent on the tourism sector, that individual stakeholders should continue to demonstrate resilience against various crises and fluctuations in tourism demand. The primary interest of this paper is how employment policies are adopted by stakeholders in the tourism sector in response to fluctuations in labor demand. The second interest is to examine the cases of non-metropolitan tourist destinations, which are geographically difficult to procure labor and have experienced labor shortages due to serious overtourism [Komuro, 2022]. Especially for tourism regions in non-metropolitan areas, the labor

force in the region is limited. Therefore, it is an international challenge to solve the chronic labor shortage and to secure a stable labor force from both inside and outside the region [Uriely, 2001; Shaw and Williams, 2002; Lundmark, 2006; Vučetić, 2012; Ooi et al., 2015; Terry, 2016]. This paper examines how the supply-side of tourism adopts policies to respond to the temporal variation in tourism demand from the perspective of regional resilience.

2. Study methods

2.1 Theoretical background of resilience

The concept of resilience was first proposed by Holling [1973] as shown in Figure 1 (a). Resilience is a concept initially used in engineering and ecology [Gaki and Koufodontis, 2022]. The concept of resilience has since been applied to the social sciences [Berbés-Blázquez and Scott, 2017] and has been highlighted in tourism as a concept that spans a wide range of social, political, and economic domains [Lew, 2018]. In recent years, this concept has been raised again due to COVID-19 [Prayag, 2020; Rastegar et al., 2021; Higgins-Desbiolles et al., 2022].

The tourism sector needs to continue to employ continuously to meet tourism demand ranging from daily to long-term based on the simultaneity of services. Lew [2018] argues that resilience needs to be distinguished between “slow resilience” and “sudden resilience”, depending on the time scale. In other words, resilience needs to be viewed in terms of both medium- and long-term climate change and economic trends, as well as temporary crises such as financial crises, natural disasters, and pandemics, depending on the time scale (Figure 1 (b)).

As shown in Figure 1 (b), resilience is not regular from pre-crisis to post-crisis, and regions do not respond to different crises in similar ways [Cirer-Costa, 2020; Gaki and Koufodontis, 2022]. However, in a tourism sector where crises that threaten resilience occur irregularly and randomly (Figure 1 (b)) and when the local economy remains unsustainable, finding solu-

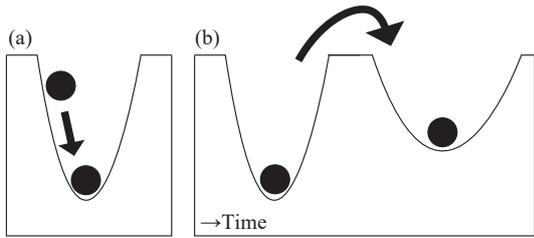


Figure 1: Difference between (a) engineering resilience and (b) ecological resilience

Source: Barbés-Blázquez and Scott [2017].

tions to increase resilience is socially important [Butler, 2017]. Regional resilience is typically described as the ability of a region to withstand shocks and recuperate from various crises [Gaki and Koufodontis, 2022].

For island tourism regions, Amoamo [2017] and Alberts and Baldachinno [2017] argued that tourism is an important factor in maintaining the viability and resilience of small island states, especially when other major sources of economic activity are not present. Hamzah and Hampton [2012] also examine issues of resilience and change with respect to island tourism.

In addition, the nature tourism sector needs to respond to the natural fluctuations of the season, such as temperature and snow conditions. Resort areas based on natural tourism resources need to overcome the rhythm of busy and off-season, while employment mobility in the sector is high. Islands have geographic characteristics of oceanic, remoteness, and smallness [Kakazu, 2019]. Especially in resort areas, natural tourism resources such as 3S (Sea, Sand, Sun) are sold to tourists, resulting in the seasonality of the labor force [Weaver, 1993; Ioannides and Debbage, 1998; Baum and Lundtorp, 2001].

This paper analyses how individual businesses respond to short-term crises and demonstrate resilience, using a pandemic that occurred during the tourism promotion period. In this paper, the “resilience” is defined as the resilience of individual businesses to a crisis in which labor demand fluctuates due to the external environment.

2.2 Targeted period and data

The number of foreign visitors to Japan reached 19.74 million in 2015, the first time in 45 years that the number of inbound visitors exceeded the number of outbound visitors. For Japan, the tourism sector has been recognized as one of the main drivers of new foreign currency acquisitions, replacing the manufacturing sector, which has been sluggish since the 1990s [Sigala and Gretzel, 2018; Li and Katsumata, 2020]. Tourism is a key driver of global socioeconomic progress. However, its sustainability is at risk from multiple shocks and hazards that threaten livelihoods [Calgaro and Lloyd, 2014]. In fact, Japan’s tourism sector has been on a growth trend since the 2010s, but before that, it suffered from the 2008 global financial crisis, the 2011 Great East Japan Earthquake, some political confrontations with neighboring countries, and the crisis leading to

COVID-19. Therefore, this paper analyses how stakeholders respond to increases and decreases in labor demand during the pandemic, especially during the tourism promotion period since the 2010s.

Analysis data was collected from tourism statistics of local governments, as well as questionnaire surveys and interview-style surveys conducted in 2021-2022 among tourism stakeholders on two islands in the southwestern part of Japan. The interview items were mainly about the employment situation and employment policy since the 2010s.

2.3 Tourism trends of study area

In this case study, Okinawa Prefecture is an island prefecture in the southwestern part of Japan that highly depends on the tourism sector (Figure 2). The two case studies are Ishigaki Island (case “A”) and Miyako Island (case “B”), with a population of approximately 50,000 each, and both islands experienced a rapid increase in labor demand since the 2010s as tourism demand from East-Asian countries increased. In both regions, the supply-side labor source, commuter areas,

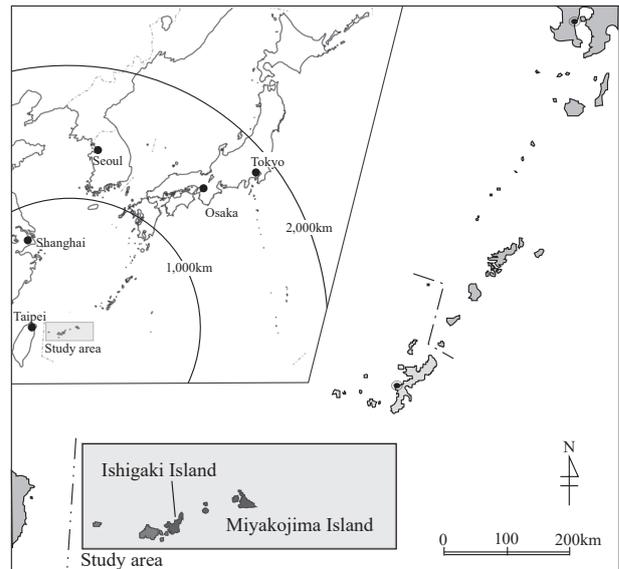


Figure 2: Study area

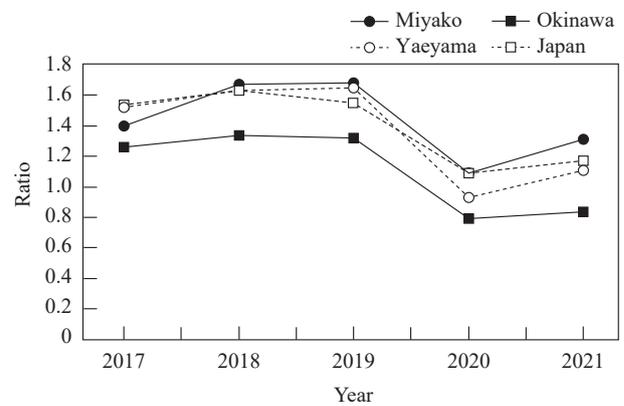


Figure 3: Jobs-to-applicants ratio in Sakishima Islands
Source: Japanese Statistics Bureau [2022].

are limited to a few nearby islands, and labor shortages are a challenge due to the lack of higher education on the islands in a society with a declining population. On the islands, the opening of new airports and the arrival of international cruise ships since the 2010s, have led to the development and construction of accommodations, resulting in a tight labor force. Statistics show that the ratio of effective job offers in Yaeyama (the name of the municipality on Ishigaki Island) and Miyako is chronically high, including after the outbreak of COVID-19 (Figure 3). Before the pandemic, the jobs-to-applicants ratio [Okinawa Labor Bureau, 2019] exceeded more than the average for the prefecture (1.31 times), with 1.65 times for Yaeyama and 1.68 times for Miyako. Even after the pandemic, in 2021, while the prefecture is 0.83 times, in the Sakishima Islands, Yaeyama is 1.11 times and Miyako is 1.31 times. As described above, the labor supply and demand structure are statistically tight, such as the overall tourism sector in Japan [Yagasaki, 2018].

3. Results

3.1 Changes in employment conditions

Fieldwork conducted in both regions yielded qualitative data for 26 cases “A” and 27 cases “B” out of a total of 53 cases. Figure 4 asks the question, “Has there been any change in employment since the 2010s?” Out of the total of 53 businesses, 24 reported an employment “Increase” and 14 reported that they experienced both “Increase” and “Decrease” in employment. The background of the expansion in employment is summarized as the increase in the number of passengers due to the improvement of access to the islands, such as the construction

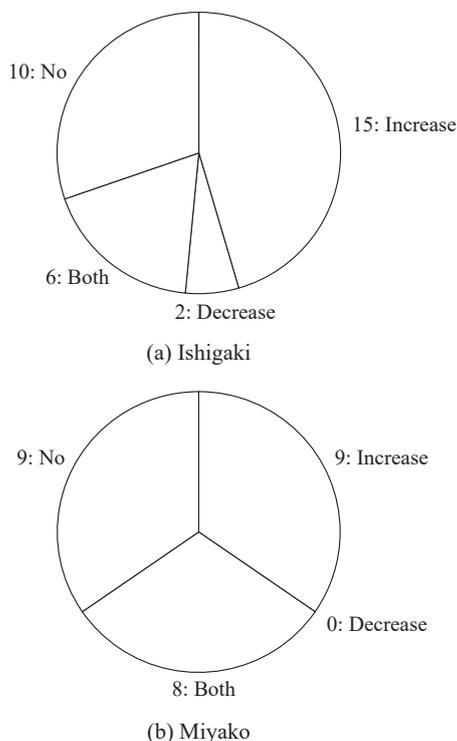


Figure 4: Has there been any change in employment since the 2010s?

of new airports and the arrival of international cruise ships. 16 indicated employment “Decrease” because of the pandemic. In case B, there were no businesses that indicated “Decrease,” and those with increased employment outnumbered those that decreased. In contrast, 19 businesses reported “no change in employment (No),” in line with socioeconomic changes since the 2010s.

3.2 Employment change and business breakdown

Table 1 shows the breakdown of business by region due to changes in employment since the 2010s. Businesses that experienced an increase in employment accounted for the majority in most industries in both cases. The increase in employment is particularly remarkable in businesses that have just opened or have expanded in scale. Including “Both,” approximately 20-50 % of businesses experienced a decrease in employment across industries. Large accommodations have found it difficult to maintain employment after the outbreak of COVID-19 and have reduced employment (including voluntary retirement) from temporary workers and seasonal residents. The pandemic was still ongoing at the time of the survey, but businesses that have restructured massively may have difficulty staying open with only a minimal number of employees after the pandemic is finished. The businesses that experienced only a decrease in employment since the 2010s are all locally owned and small-scale operations.

Table 1: Results of employment changes and business types

Type of business	YES			NO
	Increase	Decrease	Both	
A: Ishigaki	15 (5)	2 (2)	6 (3)	10 (6)
Accommodation	4 (0)	1 (1)	1 (0)	3 (0)
Restaurants	1 (1)	1 (1)	1 (1)	1 (0)
Retailers	4 (1)	0 (0)	2 (0)	3 (3)
Other services	6 (3)	0 (0)	2 (2)	3 (3)
B: Miyako	9 (2)	0 (0)	8 (4)	9 (6)
Accommodation	6 (1)	0 (0)	5 (4)	1 (1)
Restaurants	0 (0)	0 (0)	0 (0)	4 (4)
Retailers	0 (0)	0 (0)	1 (0)	4 (1)
Other services	3 (1)	0 (0)	2 (0)	0 (0)

Note: Paratheses indicate the number of local capitals.
Source: Questionnaire and interview surveys.

The businesses with “NO” employment changes since the 2010s are small family-owned businesses, regardless of industry, or businesses with a high percentage of full-time employees and low turnover, even during the pandemic. Additionally, there are cases with “NO” employment changes because they have recruited new employees but failed to hire them.

3.3 Employment policies

Table 2 summarizes the employment policies of each business when employment changes “Increase” and “Decrease,”

Table 2: Recruitment for employment fluctuations

	For existing employees	For new employees
Increase	(a) <ul style="list-style-type: none"> • Increase (or introduction of) bonus • Raise hourly and monthly wages • Employment adjustment subsidy • Increase in working hours and overtime work hours 	(b) <ul style="list-style-type: none"> • Gradual wage and bonus increases • Expansion of dormitory and staff housing system • Recruiting through new job agency • Continuing to hire new employees to prepare for future labor shortages
	Decrease	(c) <ul style="list-style-type: none"> • Coordination of work days and shift hours within the workplace • Applied for employment subsidies, paid to full-time/part-time employees • Downsizing by laying off part-time and temp.workers

Source: Questionnaire and interview surveys.

classified into existing employees and new hires, from (a) to (c). Since no new jobs are created during the employment decline phase in (d), the corresponding data does not exist.

During the employment expansion phase, employment is maintained for existing employees through (a) wage increases and the introduction of bonuses and, allowance for leave forced to be taken under the COVID-19 outbreak. It seems that even if they cannot increase the number of employees, they are increasing the number of hours worked per person and overtime hours.

In (b), for new hires, some businesses are responding to the housing shortage by increasing salaries and bonuses when recruiting and providing generous housing support such as dormitories and corporate rental housing. In addition, some businesses have stepped up their recruitment activities as an opportunity to secure job seekers who have been on the island’s labor market since the pandemic in preparation for a possible future labor shortage that could occur again.

During the employment decline phase of (c), most of the cases did not decrease jobs but reduced the number of days and hours worked by each person in the workplace, in anticipation of a labor shortage after COVID-19 and used the government employment adjustment subsidies. Many large-scale accommodations have gradually terminated contracts for temporary workers after the pandemic. In terms of employee attributes, the interview survey describes that the company continues to employ local residents and island household members rather than temporary workers from metropolitan areas.

4. Discussion

According to Dahles [2018], businesses develop resilience strategies in line with their sustainability thinking. In Figure 5, the results are categorized into “Resilience” and “Vulnerability” items by time scale. Individual businesses were able to survive the short-term crisis by adjusting their employment through temporary labor imports [Riley and Szivas, 2019], such as existing employees and help from other businesses in terms of economy (salary, bonuses), time (workdays and hours), and skills (permanent appointments). On the other hand, the labor

market is facing tight labor supply and demand in the medium- to long-term. The interviews with businesses examined that there is a serious shortage of labor, especially in professional positions that require a license (e.g., cooks, instructors) and some semi-skilled positions such as cleaning. In these situations, resilient businesses are hiring new graduates from specific vocational schools off the island or have secured new contracts with staffing agencies in major metropolitan areas (e.g., Tokyo, Nagoya, and Osaka) to secure their own means of recruitment. In addition, businesses with financial strength during the pandemic are actively recruiting human resources who cannot normally be hired in the labor market, based on a medium- to long-term employment policy.

In Figure 5, concerning “Vulnerability,” the interview survey revealed that in businesses where economic exhaustion due to the pandemic is severe, not only temporary workers such as those in cleaning services, but also local residents who have been with the company for a long time are laid off. Businesses are vulnerable in the time of post-pandemic [Sharma et al., 2021]. Tourism is part of the consumed tourism product [Britton, 1991], and employment of local residents is considered important in the management of businesses. In the mid-term tourism promotion phase, housing shortage due to overtourism is a chronic problem. Under these circumstances, businesses that cannot provide housing subsidies due to management or new openings cannot hire new employees. In addition, there are management cases identified that have been unable to recover employment reduced by COVID-19 and have sufficient reservations but are having difficulty remaining in operation.

5. Conclusion

This paper examines the employment policies of the tourism sector in two islands, where tourism is being promoted, from the perspective of regional resilience, focusing on the response to multiple temporal fluctuations in tourism demand. During the trend of overtourism [Caroline, 2019], even in prominent tourist destinations since the 2010s, COVID-19 caused employment shocks that went against the previous employment situations. In the case of two resorts, this paper detected disparities

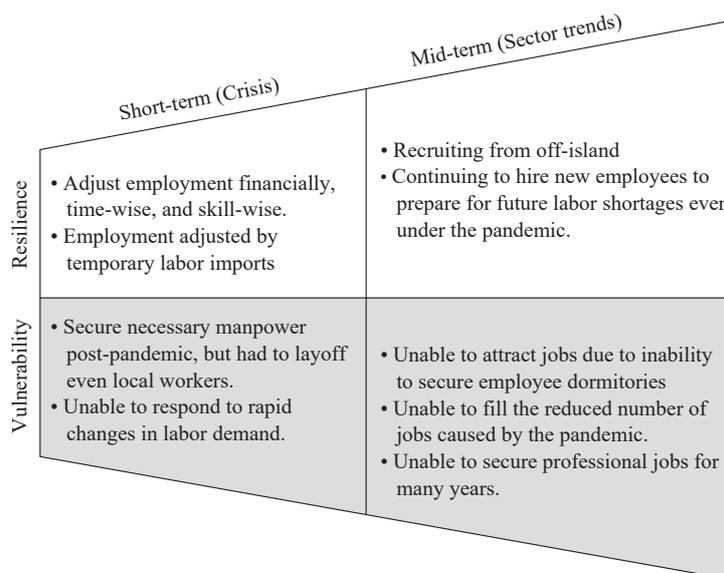


Figure 5: Resilience for employment fluctuations

in business types and employment policies by layering the post-2010s tourism promotion period (longer time scale) and the pandemic.

While tourism scholars have sought to problematize the unevenly distributed impacts of the COVID-19 pandemic, we still know little about how resilience is cultivated among tourism practitioners and communities whose lives and livelihoods have been placed in limbo [Adams et al., 2019]. Various tourism crises are the biggest obstacles to creating sustainable tourist destinations. Looking at the experience of this pandemic, there is a division between businesses that carry out employment plans based on a mid- to long-term span, and those that do not, even though they know that there will be manpower shortages in the future. Post-pandemic discussions are also progressing in tourism studies and related academic fields [Sharma et al., 2021, etc.]. The pandemic is still ongoing and it is necessary to analyze post-crisis data to make more meaningful comparisons between different crises [Gaki and Koufodontis, 2022]. There is a continuing need to conduct international research in regional labor markets with different geographical conditions.

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