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Immigration and labor in tourism: The case of Canada

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Introduction

Canada has relied on a steady flow of immigrants throughout its modern existence, and that influx keeps growing. According to Stats Canada (2018), in 2036, immigrants would make up between 25% and 30.0% of the country's population, compared with 20.7% in 2011. In addition, about 50% of Canada's population is projected to be composed of immigrants and second-generation individuals (non-immigrants with at least one parent born abroad), up from a 38.2% share in 2011. Immigration's contribution to Canada is particularly significant in the hospitality and tourism industry and should continue to increase in a context of tourism growth and population ageing. It is particularly important for the tourism sector to monitor the impact of immigration and to understand how immigrants positively contribute to economic development through employment, entrepreneurship, and induced travel. The country's major cities and tourism destinations, Montreal, Vancouver and Toronto, host the majority of immigrants who come to Canada. For them and their tourism sector, immigration is essential.

According to Tourism HR Canada (2016), the increase in tourism demand leads to new jobs being created, especially in metropolitan areas. Canada's tourism currently has an employed labour force of over 1.7 million (about 25% of these workers consist of migrants and non-permanent residents), and it is estimated that the demand for labour will increase to 2.29 million by 2035. However, the current population is not able to fill that demand, and immigrants as a source of labor will become increasingly needed in the tourism and hospitality sector. The purpose of this paper is to ascertain the importance of immigration on the Canadian labor tourism market and its role in the tourism sector.

Literature Review

Immigration is generally understood as "global bilateral flows… based on movements from a country other than the migrant's usual residence for a period of at least a year (Skeldon, 2013, p. 2). There are 3.9 billion residents of urban communities, rising to 6.4 billion by 2050, and three million people move to cities every week (UN DESA, 2014). Cities are natural recipients of immigrants as hubs for transportation, existing diaspora, and employment opportunities (Edwards, Griffin, & Hayllar, 2008; IOM, 2015). In major global gateway cities, upwards of a third of the populations are immigrants (IOM, 2015; Skeldon, 2013). In Toronto, half of the population was born abroad. Immigration makes cities more diverse, bringing "social and economic advantages… [that] can help increase productivity if… strategically managed" (IOM, 2015, p. 4). As many populations age, nations and regions are competing for highly-skilled, healthy, and young immigrants to help develop industries and public services, as well as contributing to the tax pool (Skeldon, 2013). Issues of unequal power relations between source and destination communities, as well as between immigrant groups and host communities themselves are of course worthy of critical discussion, but the trend is unlikely to diminish in the coming decades (IOM, 2015).

Immigration and tourism have not received much attention in the tourism literature and few authors have addressed this topic. For example, King (1994) discussed ethnic and diaspora tourism in Australia; Feng and Page (2000) studied Chinese immigrants in New Zealand and diaspora travel; Oigenblick and Kirschenbaum (2002) investigated how Russian tourists could become immigrants in Israel; Seetaram (2012) discussed how immigration in Australia led to international travel. Hall

& Williams (2013) edited a book on migration and tourism but discussions and national examples of immigration's contributions to the labor market remain rare. As Dwyer, Seetaram, Forsyth, and King (2014) asked, is the migration-tourism relationship only about VFR and diaspora travel?

The literature related to the tourism labour force is also relatively scarce despite early efforts by Choi, Woods, and Murrmann (2000) or Ladkin's (2011) call for more studies in this area. This is concerning when one considers how essential the topic of labor skills and conpetences is for industry and economic development and for destination competitiveness (Andrades & Dimanche, 2019). Another exception is the study conducted in the context of Louisiana by Pearlman and Schaffer (2013) who explained how policies attempted to solve labor issues in the state's tourism sector.

In the context of Canada, Murray, Elliot, Simmonds, Madeley, and Taller (2017) or Clark, Dimanche, Cotter, and Lee-Rosen (2017) are among the few to address tourism and hospitality labor issues at the national level. A national organization, Tourism HR Canada, is tasked with a mandate to coordinate human resource development activities that support a globally competitive and sustainable industry and foster the development of a dynamic and resilient workforce. One of its roles is to gather and analyze data and trends with respect to the tourism labor market. They identified labor challenges as a threat to the successful growth of tourism in Canada (2016). In this study (2016, p. 1), they suggest that "240,000 tourism jobs could go unfilled between 2010 and 2035, 10.5 per cent of all the jobs Canada's tourism sector needs to meet its full potential."

Methodology

This study relies on secondary data that were collected by Stats Canada. The baseline projection uses a forecast of potential labour demand in Canada's tourism sector and a baseline forecast of the potential supply of labour using a macroeconomic model developed by the Conference Board of Canada. The forecast of potential labour demand involves forecasting the demand for tourism goods and services and converting this demand into required jobs. Demand for tourism goods and services are generated using Canada's National Tourism Indicators and are based on demand within the sector from tourists and non-tourists. Historical employment data comes from the Provincial-Territorial Human Resource Module (PTHRM). Using the PTHRM penetration rate (the percentage of people working in a specific occupation) is calculated. These penetration rates were maintained through the forecast and applied to the available labour force (derived from Statistics Canada's population projections) at different points in the future. By comparing the jobs numbers from demand and supply estimates, we can estimate potential shortages (or surpluses) based on the most likely demand and supply scenarios.

To identify the impact of rising immigration, we used a set of population projections produced by Statistics Canada prior to 2017. This created an additional labour supply scenario in which immigration was maintained at 2015/16 levels. The results of the two labour supply scenarios were compared to identify how much the new immigration levels impacted the tourism labour force.

Results

The projections that show increased immigration to Canada will reduce shortages are an extension of the methodology Tourism HR Canada uses for the labor supply and demand study. In 2015

there were already 23,320 vacant tourism jobs. By 2035, the tourism sector will have seen 93,000 jobs go unfilled due to the growing gap between labour demand and supply. This leaves 4.0% of potential labour demand unfilled and results in a loss of $10.1 billion in potential revenue.

Increased immigration has a mitigating impact on shortages. Canada's intake of immigrants was set at 300,000 individuals for the years 2016 and 2017 but will grow to 350,000 by 2021. A counterfactual scenario, which removed the higher levels of immigration from the future estimate of labour supply, showed that if immigration intake had been kept at 2016/17 levels, the sector would have faced an additional 44,500 unfilled jobs, on top of the 93,000 currently projected.

The census shows the share of tourism workers who are immigrants increasing from 21.2% in 1991 to 22.6% in 2006 and jumping to 26.0% in 2016. The PTHRM shows a similar rise in the share of full-year jobs filled by immigrants, increasing from 21.6% in 2007 to 24.0% in 2015.

Conclusion

Evidence from the case of Canada strongly supports that immigration may be one of the major determinants to the successful growth of Canada's tourism. Labor is a strategic issue that threatens Canada's competitiveness. A labor deficit impacts smaller operators that don't have the means to attract and retain talent, it leads to lower quality service. Immigration needs to be addressed as a solution for labor issues in Canada. The rapid growth of the tourism sector means that the country needs talent… and that the tourism sector must make efforts to attract this talent pool and retain it. Multiple stakeholders are needed such as the government (immigration policies), colleges and universities (training and education), and professional associations (hiring and training). As a result, immigrants with continue to contribute to the steady growth of tourism in Canada.

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