



Weekly Briefing

Greece social briefing:

Workforce Shortages on Tourism Industry in Greece

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Summary

This briefing presents the phenomenon of the workforce shortages in the Greek tourism industry. The two-year long COVID-19 pandemic had a negative impact in the tourism sector. Consequently, many workers pursued a job in other sectors, which lead to the reduction of the workforce of tourism. A successful tourist season is of a great importance for the government and entrepreneurs. However, the staff shortages in the sector may put in danger the quality of the tourism product. Thus, the government has taken measures to address the issue urgently.

Introduction

Tourism in Greece is considering the “heavy industry” of the country. Tourism generates one-quarter of Greece’s GDP. Due to COVID-19 pandemic the sector has suffered the last two years. This year the restrictive measures for the virus have been lifted, offering a great opportunity for the sector to reach its pre-pandemic levels. The government aims to acquire increased revenues from tourism this summer, in order to ease the existing economic difficulties, as well as the rapid growth of inflation. Despite the predictions for a profitable tourist season, the invasion of Russian to Ukraine has posed obstacles to the sector. In particular, tourist inflows from Russia and Ukraine have shrink in almost non existing levels. In addition, the energy crisis, the increased inflation and the consequent economic insecurity in the EU and abroad may negatively affect the numbers of the people willing to travel for holidays. Furthermore, the biggest obstacle that the government needs to urgently overcome in order to ensure the quality of products and services offering by the sector is the staff shortages. It should be mentioned that this phenomenon is present not only in Greece, but in other South European countries as well and it was exacerbated by many factors imposed by the negative impact of the pandemic to the sector. The government has recently proceeded in announcing measures to ensure that the empty vacancies will be filled, and this year’s tourist season will run smoothly.

Background

According to Greek Tourism Confederation (SETE) the total contribution of tourism to Greece's GDP in 2018, before COVID-19 outbreak, was 30,9%. In addition, the total contribution to the employment of the country in the same year was 25.9% and the total employment 988.600. COVID-19 pandemic and the restrictive measures had a negative impact on the sector (1). The lifting of the restrictive measures this year is expected to contribute to the recovery of the sector. However, the Ukrainian crisis and the rise of inflation may pose new obstacles, the size of which is not yet fully estimated.

Despite the current crisis, the government is optimistic. The Minister of Tourism Vassilis Kikilias stated that the tourist season has begun earlier than the previous years. He also added that the first direct flight from the US on the 7th of May is a key factor that will benefit the sector (2). The vice president of the Panhellenic Hoteliers Federation, Evgenios Vasilikos, noted "According to all studies it is a fact that people do not just want to travel, they need to travel" and added "Everything shows that it will be a very good year". Hence, the government, as well as the entrepreneurs are aiming to the growth of the sector. It should also be mentioned that by 2023, additional 5,000 hotel rooms will be added to Athens compared to 2019, when the capital, once visited by tourists to head to the islands, managed to attract 5 million visitors. The increase of investments, which is evident in the numerous new constructions in the centre of Athens, is also indicative of the hopes that entrepreneurs place in the rebirth of the "heavy industry" of Greece (3).

Staff Shortages in the tourism sector

Despite tourism being a priority sector, this year staff shortages have been already registered. In particular, the hotel industry is looking for 55,000 employees for the current tourist season in order to fill the existing vacancies. The biggest shortages are in kitchens and service. According to a recent survey by the Institute of the Association of Greek Tourism Enterprises (INSETE), the problem with job vacancies this year appears slightly increased compared to 2021, when at the peak of the last season, 53,249 jobs were not filled out of the 244,124 jobs provided according to the organization charts of the hotels. Thus, the shortage rate was 22%. Konstantina Svinou, the president of the Research Institute for Tourism (RIT) noted that the problem was apparent since 2019, when 20,000 empty vacancies had been registered, from which the 16,000 were finally filled.

The pandemic was one of the main reasons for the increased staff shortages. Specifically, the shrinkage of the tourist seasons of 2020 and 2021, due to COVID-19 restrictive measures, created conditions of insecurity for the majority of employees of the sector and led many of them to change jobs. In addition, as Svinou stated, many foreigners who already worked in hotels left Greece and headed to other European countries or returned to their home countries (4). Furthermore, other reasons contributing to the staff shortages are the poor work conditions, low salaries and the high cost of accommodation as well as the food and transportation for the employees who have to work away from their place of permanent residence.

It should also be mentioned that the rise of the short-term rental in Greece, in recent years, led to a sharp increase in the supply of accommodation beyond the “traditional hotel”. The short-term rental sector absorbed many employees, who prefer salaries of more than 100 euros per day, without insurance, than the lower insured salaries of hotels, as Christina Tetradi, the vice-president of Hellenic Chamber of Hotels, noted (4).

Measures taken to counteract the problem

In order to urgently address the issue, on the 9th of May a meeting between the Ministers of Labour and Social Affairs Kostis Hatzidakis, Tourism Vassilis Kikilias, members of the leadership of the two Ministries, and representatives of the Association of Greek Tourism Enterprises (SETE) was held. During the meeting a package of measures was decided for the return to the labour market of the unemployed who are registered to the Public Employment Service (DYPA) (5).

Specifically, businesses which are seeking employees can declare on the website of DYPA the number of the positions, as well as the specialties they look for until 31 of May. On their turn, recruiters will select the individuals who meet the job requirements until 15 of June. In addition, DYPA will provide pre-selection services and direct staff placement for companies with more than 50 employees. DYPA will also organise informative events for the career in tourism. Moreover, the Labour and Tourism ministries announced that will be conducting inspections at businesses, such as hotels, restaurants, bars etc. in popular tourist destinations in order to ensure that labour laws are implemented, and no violation of employee rights take place. The Ministries, in a Joint statement, also noted that companies in the tourism sector are obliged to offer salaries according to the Collective Labour Agreement, which is in force until the end of 2022 (6).

In addition, due to the Ukrainian crisis, 10,000 work and residence permits have been issued to more than 25,000 Ukrainian refugees. Tourism is a sector than could absorb a part of this new workforce available. Numerous hotels have already expressed their intention to offer free accommodation and jobs to the refugees, such as the Sani/Ikos hotel group, which has opened 300 job positions for Ukrainian tourism workers. Another hotel group is offering 200 positions to refugees on the islands of Crete, Kos and Rhodes (7).

Conclusion

The staff shortages in tourism industry may pose a threat to the quality of tourism itself. The government has taken measures to ensure that this year's tourist season will run efficiently. However, it should be mentioned that staff shortages in the sector were present even before COVID-19. Undoubtedly the pandemic has contributed to increased workforce shortages. Nevertheless, the government needs to take into consideration that the phenomenon is here to stay, and a long-term plan is needed in order to avoid future staff shortages and ensure that Greece's "heavy" industry will continue to bring revenues to the country.

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