

TOURISM DEVELOPMENT IN IRELAND: AN ECONOMIC PERSPECTIVE

BY ALEXANDER GOROKHOVSKY

Junior Sophister

Alexander Gorokhovsky gives a detailed explanation of the role of the tourism sector in Ireland, with particular emphasis on the history of the development of tourism in the Irish economy, state intervention and the integral part played by women in tourism.

Introduction

Tourism is a significant sector of the modern Irish economy, representing 5% of total exports and 6.4% of GNP. Its unprecedented growth, which began in the late 1980s, had an impact on many aspects of the economy and society, assuming a greatly enhanced profile in Irish affairs. This essay provides a study of the industry and its contribution to economic development in Ireland. We will examine the background of the development of tourism in Ireland and its current composition and performance. Then we will concentrate on the role played by the government in the industry. Finally, the structure of tourism employment will be considered, particularly the role played by women in the Irish tourism development.

Background and performance

Today, taking a holiday is a central characteristic of modern societies. Every year millions of people travel away from home for the purposes of pleasure and recreation. Underlying the modern mass tourism phenomenon is a widespread assumption that people need to 'get away from it all' for the sake of their physical and mental health and to rest from the pressures of everyday life.

This goes back to the 18th century when only a minority of the population could enjoy a period of time away from home for reasons unconnected with work. The grand tour, the spas and the popular fashion for gazing on the wonders of nature were all elitist activities.

In Ireland during the 1700s, spas had developed at Lucan, Mallow and Castleconnell, among other places (Heuston, 1993). Although limited in comparison with continental and English spa centres, the Irish spas were, in effect, the first Irish holiday resorts. Towards the end of the eighteenth century, sea-bathing became popular among Anglo-Irish social elite, for 'taking the waters' was recommended by the medical profession of the time as a remedy for a range of physical disorders (Urry, 1990). Visitors began to frequent coastal villages such as Malahide, Skerries and Tramore. Furthermore, the intellectual climate of the time led to the development of scenic tourism among the upper class, stimulating an appreciation of rivers, mountains, lakes, the sea and magnificent stretches of coastline.

Industrial revolution in Britain and in other European countries in the course of the 19th century made holidays possible for the middle class and, somewhat later, for the working class. In Ireland, however, holidaymaking was confined for the relatively small minority of the population until the middle of the last century. Ireland traditionally has been host to more international tourists than it has sent abroad. This reflected "relatively low levels of economic development until the internationalisation of the economy in the 1960s led to increased real incomes, which was reinforced by the benefits which followed EC membership in 1973" (Williams and Gillmor, 1995: p. 69). Rising living standards brought an increase in the numbers of Irish people able to take holidays abroad. This was facilitated by the growth of charter tours, which accounted for more than half of the holidays to Europe (Gillmor, 1993).

Ireland, itself, did not become a significant tourist destination until very recently, mainly because it didn't possess climatic conditions conducive to mass tourism. Also, even the modest growth in the foreign arrivals was disrupted by the Troubles. As a result, the rates of growth were among the lowest in Europe during much of the 1970s (Williams and Gillmor, 1995).

However, in the 1980s there was a strong recovery in the Irish international tourist industry. Recurring recession and growing unemployment urged the government to seek out new areas for development. Owing to its strong performance in the international economy, tourism was targeted as a key vehicle for the attainment of economic growth.

An 'Operational Programme' for tourism was devised for the period 1989-1993 with substantial financial support from the structural funds of the EC. Ireland qualified as an Objective 1 region for which Community Support Frameworks (CSFs) were drawn up.¹ The programme provided for a total investment in the sector of some IR £300 millions over the period of the plan and set targets for the doubling of overseas tourist numbers to 4.2 million, increasing tourism revenues to IR£500

¹ Deegan and Dineen, 2000

millions, and creating 25,000 additional jobs.² These were very ambitious goals; however, the Operational Programme for Tourism, 1989-1993, has been a major success and the strategic targets set for the development of tourism in Ireland have been substantially met.

Building on the achievements of the tourism industry to 1993, a second Operational Programme document went on to stress that there are still some major problems to be tackled. The new programme emphasised the need to increase marketing spending to promote facilities developed under the First Operational Programme, improve facilities at major national cultural institutions and to upgrade training for the sector. A significant investment programme of IR £652 millions endorsed the commitment to tourism.

Another very important factor in the development of tourism in the Republic of Ireland has been substantial reduction in the problem of the country's accessibility, in terms of both the reduced real cost of transport and a greater range of services (Gillmor, 1998). The level of air fares declined and new scheduled and charter routes were developed. In 1986, Ryanair was established, providing an alternative to Aer Lingus. These extensions have been encouraged by growing demand for holidays in Ireland and facilitated by the development of the airports in the West.

The growing demand for holidays in Ireland at the time could be explained by the fact that Ireland can offer those tourist products, which have been increasingly attractive in recent decades, namely, opportunities for 'green' and rural tourism, as well as cultural tourism in Dublin, Kilkenny, Cashel, Blarney and many other places. Also important is language study, which accounts for about 9% of all visitors from mainland Europe (Williams and Gillmor, 1995).

The recovery in international arrivals was also associated with a change in market composition. There has been a decline in the share of the UK, and a major decrease in the share of the rest of Europe.

The UK has always been by far the most important source area of overseas tourists visiting Ireland (88% in 1960); in this context, the 'ethnic market' consisting of Irish emigrants and their descendants has been very important. However, over the last decades, while the British market has continued to grow in absolute terms, its share of the overall market has shrunk, as other source areas have grown even more rapidly. Up to the late 1970s, the North American market was the main growth area; since then, the most rapid growth has come from mainland Europe, which now accounts for a quarter of the total, compared with 57% for the UK and 15% for North America.³

² *Ibid.*

³ Figures based on the information provided by Bord Fáilte and CSO.

The proportionate shares of total tourist arrivals accounted for by the market sources are not matched by their shares of revenue generated, mainly because a considerable amount of visitors from the UK, who still constitute the majority of those coming to Ireland, stay with relatives and friends rather than in hotels and B&Bs.

Until very recently, visiting friends and relatives remained the single most important reason for people to come to Ireland; in 1990, 46% of surveyed overseas visitors gave this as the purpose of their visit. However, in 2000, only 25% of all the visitors came to see friends and relatives. The share of those coming purely for holiday, leisure and recreation has hugely increased (53% in 2000) - this is a significant improvement, which confirms the effectiveness of the measures undertaken on the international marketing arena and the growing competitiveness of Ireland as a tourist destination⁴.

Role of the state: towards increased interventionism

Governments' approaches to tourism in the EC have changed in three significant ways over the past few decades. First, there has been a significant increase in the government attention. Second, this attention has been more associated with deliberate acts of policy related to tourism itself rather than the side effects of policy measures aimed at other issues. Third, there has been a tendency for government involvement to be concerned with more than the purely economic aspects of tourism. Commenting on the European situation, one study suggested that "tourism has grown at a rapid rate and now impinges on a great many aspects of national life which require government intervention in the interest of general, social or economic policy" (Airey, 1983). The underlying change is that as tourism has grown and increased in importance, so governments have become increasingly aware and sensitive to its various aspects and have reacted accordingly.

As we have seen, tourism occupies an important position in the Irish economy and that by and large this importance has been increasing over the past decade. This economic importance, however, is just one facet of the overall significance of an increase in tourism activities. Tourism brings with it a range of other issues including social and environmental implications (Mathieson and Wall, 1986). The emergence of government involvement points to a recognition of their existence and the need to respond.

Involvement by governments in tourism can broadly be grouped into two types. The first is indirect, whereby measures introduced by government influence

⁴ Figures based on the information provided by CSO.

tourism as a by-product of its primary aim. Measures to tighten up immigration procedures, for instance, might influence tourism flows. The second is direct involvement, whereby governments actively seek to influence tourism. Promoting overseas tourism in order to earn foreign exchange is an example of this kind of involvement.

As governments have extended their involvement in the community and as tourism has increased in dimensions and significance, so governments have almost inevitably become involved in tourism. Initially this involvement may have been indirect; but as tourism has grown and has been recognised as a discrete and significant area of activity, so there have been attempts to provide a tourism focus to some of this indirect involvement. At the same time there has been an increase in direct involvement; initially it was very much rooted in economic issues, but as tourism has grown it has tended to broaden out into a wider range of issues.

The nature of involvement in this context varies widely, ranging from government legislation, directives and guidance, fiscal and monetary measures to the creation of special bodies, which become a component of the state bureaucracy (Hall, 1994). The concern of this involvement also covers a very broad area. The more obvious are likely to include a concern for foreign exchange earnings, employment, regional development, environmental and consumer protection. Less obvious might be a concern for small businesses, of which there are a high percentage in tourism, or a concern for energy consumption. Across countries, the scope for variation in the nature and concerns of government involvement in tourism is clearly vast.

In Ireland, overall control of tourism policy and its implementation has been the responsibility of Bord Fáilte, a semi-state organisation, which has played an important role in the development of Irish tourism. Among its activities are planning, research, development and regulation, in addition to the primary functions of promotion and marketing. In the early 1990s, the Irish government began to bring policy more firmly under its own control than has been the case previously. Bord Fáilte's activities have become focused more specifically on its core functions of overseas promotion and consumer marketing; various services, which it had performed for the industry, have been allocated to commercial suppliers and independent bodies. A separate organisation, CERT (established in 1963) is responsible for recruiting and training workers for the tourism sector. The Irish Tourist Industry Confederation, which was established in 1984, represents the main private participants in the industry and brings together the many strands that make up the weave of tourism in Ireland. Following the recommendation of the Tourism Task Force (1992), the National Tourism Council was established in 1993 to provide a forum for consultation between the industry, the state tourism agencies and the government.

The Irish government role in tourism was always relatively interventionist, but prior to the late 1980s the attention given to tourism in government planning and policy had been minimal, particularly in contrast with the focus on agriculture and manufacturing. This changed significantly as a result of several influences. Perhaps, the most important was the economic and employment difficulties experienced by Ireland at the time. Unemployment was rising ultimately to about 20%, and emigration was at a level which had not been reached since 1950s (Gillmor, 1998). As jobs were being lost in agriculture and manufacturing, tourism with its high labour intensity and export earnings seemed to offer an obvious alternative.

The national plan for tourism was approved and adopted by the EU in 1989 as the Operational Programme for Tourism, 1989-1993. We discussed the role that this programme played in subsequent tourism performance earlier, and the government was in no doubt as to the line of the causation.

Tourism employment: gender analysis

Tourism is an effective and efficient tool in creating new jobs and thus decreasing unemployment. That is why it has been targeted as a sector which is central to the government's policy objectives and which lends itself to varying degrees of intervention in pursuit of these objectives.

Tourism employment in Ireland had significantly increased during the recent decade, contributing nearly one-third of all new jobs created in the country over the last years. The benefits of tourism employment are moderated by tendencies to less than full-time jobs and comparatively low wages. The extent of temporary, seasonal and casual employment is partly related to the predominantly small scale of Irish tourism enterprises, which are often family-based (Gillmor, 1998). It must be recognised, however, that some of those who work in tourism on a seasonal or part-time basis would not wish for full-time employment in the industry or lack alternative opportunities. First and foremost this refers to the role of women in tourism employment, and in Irish employment, in general.

The modernisation of the Irish economy and society in the twentieth century has not, as elsewhere, been accompanied by a sharp rise in female participation in the labour force. In 1998, Ireland's female labour force participation rate (the proportion of the female population aged 15-64 in the paid labour force) was one of the lowest in the OECD countries, although it has increased considerably since 1987 (Deegan and Dineen, 2000).

To a significant extent, the low level of involvement by Irish women in paid labour could have been attributed to a lack of labour market pressures, in that the Irish economy has portrayed a chronic historical inability to provide its

population with adequate employment, which was reflected in high levels of emigration.

More importantly, in the past Irish women have been excluded from the labour force by a range of legislative measures, including a discriminatory social welfare system and obligatory retirement on marriage for female public servants (Breathnach *et al.*, 1994).

However, a series of laws establishing formal equality for female workers was enacted in the 1970s, arising from EC membership in 1973, while equality of treatment under the social welfare code was gradually extended in the 1980s. The slow growth in women's employment in response to these measures has been due to traditional social and cultural value systems, and first of all the Irish Roman Catholic church's emphasis on a family-centred role for Irish women. This is reflected in the Irish constitution of 1937, which specifically states that the place of women is the home and seeks to 'ensure that mothers shall not be obliged by economic necessity to engage in labour to the neglect of their duties in the home' (*Constitution of Ireland*, pp. 136-138).

Not surprisingly, those women who *are* engaged in paid work are concentrated in the service sector. Within the sector, women are particularly strongly represented in personal services such as hotels and restaurants, professional services such as teaching and nursing, financial and business services, and the lower echelons of the civil service. They are poorly represented in wholesale distribution, transportation, and the security forces, which is typical of advanced economies.

The labour market options available to Irish women are circumscribed by the stereotyping of an educational system, which steers women away from technical and skilled manual operations and towards a narrow range of service occupations. This is further enhanced by the predisposition of recruiting agencies. As a result, many Irish women must either accept poorly paid unskilled work or quit the workforce.

Part-time employment in Ireland is also dominated by women workers. Since the 1997 the part-time share of total male employment in Ireland decreased from 7 to 6.3% while that for females increased from 27.2 to almost 30% (Deegan and Dineen, 2000). The vast majority of those in part time jobs (which particularly suit married women) in 1999 indicated that they were satisfied with their hours of work and were classified as *not* underemployed.

Women also constitute a majority of temporary workers. However, in this case most of them are in temporary employment because of an inability to find permanent jobs (although older women in particular are more inclined to opt for temporary work by choice). Particular reference has been made here to both part-time and temporary employment not only because of the fact that they are

dominated by female workers, but also because of their significance in the tourism industry.

Concluding comments

The expansion of tourism in Ireland has significantly contributed to the country's performance throughout the 1990s and will undoubtedly remain a major factor in the Irish economy in the years to come. It offers opportunities for developing cultural awareness and international exchanges and provides employment and income. The country was fortunate in that trends in international tourism favoured Ireland, however, there can be no guarantee that the popularity of Ireland as a tourism destination will continue forever. It is essential that the quality of the Irish tourism product should be continuously improved and extended to meet the increasing tourist expectations.

Moreover, unspoilt environment and friendly people are fragile resources which can be threatened by high tourism growth rates. This must be taken into account when tourism policy is being devised, as to ignore these long-term considerations would be unwise and prove ultimately fatal for the industry itself.

References

- AIREY, D.** (1983), 'European Government Approaches to Tourism' in *Tourism Management*, December.
- BREATHNACH, P., HENRY, M., DREA, S. AND O'FLAHERTY, M.** (1994), 'Gender in Irish Tourism Employment' in J. Kinnaird and D. Hall (eds.), *Tourism: a Gender Analysis* Chichester: John Wiley & Sons.
- DEEGAN, J. AND DINEEN, D.** (2000), 'Market Services and Tourism' in O'Hagan, J. (ed.), *The Economy of Ireland: Policy and Performance of a European Region*, Dublin: Gill & Macmillan.
- GILLMOR, D.** (1998), 'Republic of Ireland: an Expanding Tourism Sector' in A. Williams and G. Shaw (eds.), *Tourism and Economic Development: European Experiences*, Chichester: John Wiley & Sons.
- HALL, C. M.** (1994), *Tourism and Politics: Policy, Power and Place*, Chichester: John Wiley & Sons.
- HEUSTON, J.** (1993), 'Kilkee – the Origins and Development of a West Coast Resort' in B. O'Connor and M. Cronin (eds.) *Tourism in Ireland: A Critical Analysis*. Cork: Cork University Press.
- MATHIESON, A., WALL, G.** (1986), *Tourism: Economic, Physical and Social Impacts*, London: Longman Group Limited.

- URRY, J.** (1990), *The Tourist Gaze: Leisure and Travel in Contemporary Societies*. London: Sage.
- WILLIAMS, A., GILLMOR, D.** (1995), 'The British Isles: Tourism and Regional Development' in A. Montanari and A. Williams (eds.), *European Tourism: Regions, Spaces and Restructuring*, Chichester: John Wiley & Sons.
- Constitution of Ireland* (1943), Dublin: Oireachtas.