

RESEARCH REPORT

Facets of Workers' Skills in the Hospitality and Tourism Sector of Bangladesh

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Bangladesh Institute of Development Studies (BIDS)

**FACETS OF WORKERS' SKILLS IN THE
HOSPITALITY AND TOURISM SECTOR OF
BANGLADESH**

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ABSTRACT

The hospitality and tourism sector (HTS) is one of the 19 major sectors used to estimate the GDP of the country. This study attempts to analyse the HTS of Bangladesh from the following perspectives: (i) the current skills composition HTS, (ii) skill gaps and skill shortages, the mismatch between the actual and desired levels of education and experience, and recruitment difficulties in the HTS together with the proximate causes and consequences, (iii) the future levels of demand for each of the major occupations disaggregated by skill levels.

A primary survey was conducted with enterprises and workers from 115 hotels and resorts (categorized from 2-star to 5-star) from Chattogram, Cox's Bazar, Dhaka, and Sylhet, as well as 78 travel agencies and tour operators. As many as 497 employees from the sample hotels and resorts from all the cities and towns mentioned above, and 63 from travel agencies and tour operators located in Dhaka, were also interviewed. Data were collected for the year 2019 – a normal year – to delineate the characteristics of the enterprises, the seasonality of their business, and the nature and composition of their workforce in terms of skill gaps, skill shortages, etc.

The employers of hotels and resorts perceived the current level of different skills of their employees (each of the four departments) as “proficient”. Employers in travel agencies and tour operators seem to be “satisfied” with the level of following skills of their employees: the ability to work as a travel advisor, the ability to use ticketing software, passenger routing skills, geographical knowledge, knowledge about hotels and site seeing locations, skill to handle tourists, and skills to understand the tourist requirements and procedural knowledge on passport and visa. The differences between the level of skill at present and at the time of joining imply that employees enhanced their efficiency and skill after joining their respective workplaces in both sub-sectors.

The actual level of education of employees in different departments within hotels and resorts varies between 10 to 13 years, while those in travel agencies and tour operators are about 14 years. For the production of food and beverages as well as housekeeping, the actual level of education is about 1 year below what the employers desire. In contrast, the gaps are higher in the case of travel agencies and tour operators. It is found that employees have on average 3-4 years of experience in similar occupations across all the sub-sectors. However, the actual level of experience appears to be higher than the desired levels across all departments of hotels and resorts; and the gaps are even higher in the case of travel agencies and tour operators.

The percentage of enterprises stating the existence of skill gaps is lowest among 5-star hotels and resorts in each of the four departments. In contrast, 2-star rank hotels and resorts stated skill gaps in food and beverage service (41 per cent) and housekeeping (47 per cent), while those with 3-star and 4-star ranks face substantial skill gaps in food and beverage production.

At least 50 per cent of the hotels and resorts reported that skill gaps exist in all four departments due to a lack of training for employees. On the other hand, 25 per cent of travel agents and tour operators stated skill gaps among the existing workforce of their enterprises. However, around 80 per cent of travel agents and tour operators stated that the skill gap is “organisation-specific”, and the rest reported that a skill gap exists due to a lack of training for employees. All of these enterprises reported that training will be “most effective” to mitigate skill gaps.

About 98 per cent of hotels and resorts reported hard-to-fill vacancies. The average number of such vacancies per enterprise was only one in the front office and housekeeping, while on average two vacancies existed in food and beverage production and service. Similarly, 96 per cent of travel agencies and tour operators reported hard-to-fill vacancies, which vary between 2 to 3 positions. For hotels and resorts, “not enough applicants with required skill” came up as the major reason for “hard-to-fill-vacancies” across all four departments. However, “not enough applicants with the work experience the enterprise demands” (front office and housekeeping only) and “not enough applicants with qualifications/right attitudes/motivations the enterprise demands” (food and beverage production and services) came up as the corresponding second reason. “Not enough applicants with qualifications the company demands” (28 per cent of enterprises), “not enough applicants with the required skills (24 per cent of enterprises)”, “not enough applicants with work experience the company demands” (28 per cent of enterprises), and “not enough applicants with the required attitude, motivation or personality” (18 per cent of enterprises) came up as the major reasons of “hard-to-fill vacancies”, as reported by travel agencies and tour operators.

Hard-to-fill vacancies impede the process of introducing modern and new working practices in culinary, resulting in adverse effects on the “production and service of food and beverages” of hotels and resorts. In contrast, such vacancies in housekeeping, front office, and food and beverage (service) result in revenue losses because of the reduced number of guests, as reported by the majority of enterprises. The majority of travel agencies and tour operators report that “hard-to-fill vacancies” lead to difficulties in maintaining the standard quality of service in the forms of “forgoing the provision of offering certain products to customers due to lack of workforce” and “facing difficulties in meeting certain customer service objectives owing to shortage of employees”.

“Increasing salaries” and “increasing the skill level of the existing workforce through providing training” came up as the two major actions to mitigate the adverse effects of “hard-to-fill vacancies” as stated by employers of hotels and resorts. Increasing advertisements and redesigning the recruitment process came up as other suggested actions by them. Similarly, “increasing the provision of training for employees” came up as the most effective action to fill up hard-to-fill vacancies, followed by “increasing salaries”, as stated by the majority of travel agencies and tour operators.

Views from the consultative workshop revealed that the current infrastructure in all the colleges and universities, except for the Bangladesh Parjatan Corporation, providing training

on hospitality and tourism management does have the facilities for the trainees to grow up as professionals. Instead, these institutions only serve the purpose of paper-based certification without orientating the students with practical skills. This dismal situation can be reversed if the teachers and trainers visit the relevant enterprises regularly to design the course curriculum in collaboration with practitioners. It is also viewed that the available pool of workers can still perform well if employers take appropriate initiatives to groom them. Besides, it is imperative to synchronise the activities of the agencies that impinge on tourism development, and local/domestic tourism should be emphasised and promoted as a precursor to attracting international tourists.

The projected number of enterprises for hotels and resorts came up as 1,230, 1,568, and 1,997 in the years 2025, 2030, and 2035, respectively. For travel agencies and tour operators, these counts stand as 4,381, 5,838, and 7,780 in the years 2025, 2030, and 2035. The projection on labour demand reveals that demand for workforce in the hotels and resorts would grow by 40 per cent in 2025, 149 per cent by 2030, and 348 per cent by 2035 compared to the level of 2019. The corresponding numbers for the travel agencies and tour operators are 37 per cent, 139 per cent, and 320 per cent, respectively, during the same periods.

Considering the projected growth rate of skilled and semi-skilled workers in the next 5-15 years, the areas of high potential for skilled workers are food and beverage production, food and beverage services, and housekeeping in hotels and resorts. While the former two departments in hotels and resorts would observe an explosion for both skilled and semi-skilled workers, the latter would largely demand more semi-skilled workers.

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Background

The Hospitality and Tourism Sector (HTS) is one of the 19 major sectors that are used to estimate the GDP of Bangladesh. From a broader perspective, the HTS incorporates short-term accommodation services, restaurants serving traditional and exotic cuisines, fast-food stalls, travel agents and tour operators, transportation services (land, water, and air), various wholesale and retail trading stores facilitating accommodation and food services, etc. These sectors and sub-sectors contribute around one-quarter of the GDP (GOB, 2020). In the current skill assessment exercise, the HTS sector is, however, narrowly defined, consisting of short-term accommodation services (hotels and resorts) travel agencies, and tour operators. This exclusion does not imply that skill is irrelevant in the sectors and sub-sectors that are excluded from the analysis but points out that skills are of secondary consideration for some of these sub-sectors. For instance, learning by doing is rather more important for traditional restaurants, and there are competent authorities to certify the acquisition and levels of skills in transportation services. It is often argued that both investment in enhanced facilities for increased tourist attractions and the quality supply services therein eventually increase the demand for HTS services. Whatever the reason, the HTS in Bangladesh is one of the fastest-growing sectors. As a result, a large pool of seasonal/casual workers — who are employed when the tourist season is at its peak, and permanent workers — who work during the whole year are employed in the HTS.

The number of institutions that impart formal/academic and short-term training in hospitality and tourism is also on the rise, even if not commensurate with the growing demand. Despite a large pool of unemployed workers, employers often struggle to find skilled workers to fill the growing number of vacancies in the sector. The claims extend not just to individual enterprises that experience adverse consequences in the sector. Rather, communities, regions, and the entire nation pay a heavy price when workers with the right skills for critical jobs are not commensurate with rising demand. Equally, a large number of enterprises in the HTS claim the aggregate skill levels of their critical staff as less than optimal, or there is an overall skill gap among employees. In addition to skill gaps, employers also report a lack of critical soft skills—such as communication, collaboration, creativity, and critical thinking in today’s workforce as these soft skills are equally important to support business continuation, let alone expansion. The impact of the skills both at the intensive (gap) and extensive (shortage) margins has far-reaching and varied consequences on human capital development and business performance.

1.2 Review of Literature

Several studies addressed different aspects of the hospitality and tourism sector focusing on both the developed and developing countries. However, only a handful of studies focus on the nature and composition of skill gaps and skill shortages in the sector. This section attempts to summarise the findings from selected studies that deal with skill gaps and skill shortages in the sector as well as the relevance of training in mitigating the gaps and shortages.

Anderson (2015) assessed the training needs and skill gaps in the tourism sector of Tanzania by identifying the required skills, opportunities, and gaps in terms of their availability both in the present and future based on both quantitative (number of jobs) and qualitative (type of skills) related to both skill demand and supply in the medium term (5-10 years) and a long term (10-15 years). He identified skill gaps and shortages in communication (language proficiency); interpersonal skills (good organisational, speaking, and public relations skills); customer care; marketing and sales skills; innovation and creativity skills; leadership and managerial skills, and basic knowledge in ICT. Across the existing trades, he finds that the employees at the operational level are the ones with serious skill deficiencies compared to those at supervisory and managerial levels; the most problematic occupational areas are cooks, chefs, reservation staff, food and beverage managers, and waiters/waitresses (accommodation and food and beverage sectors); the professional guides (travel services); professional guides and attraction managers (tourist attractions); craftsmen, marketing and sales assistants (direct retail to tourists). Deficiency is also noticed in several emerging technical fields such as hospitality architecture, business concept design, safety and hygiene standards, and tourism-related technology.

McGuinness and Ortiz (2016) assessed the proximate factors that determine the skill gaps within firms based on a linked employer-employee survey in 2006 from Ireland. They found that both human resource management and collective bargaining arrangements are critical factors in the identification of skill gaps within firms, and that employees' perceptions of skill gaps are prone to higher levels of subjective bias relative to those based on the employers' views. As the skill gap tends to raise average labour costs, they conclude that skill gaps are the key determinants of training expenditures.

Raybould and Wilkins (2006) compared hospitality managers' expectations of graduate skills with students' perceptions of the skills that hospitality managers valued. It was found that interpersonal, problem-solving, and self-management skills are the most important skills as rated by the managers. (Although students tended to rate conceptual and analytical skills more highly than managers did, their perceptions of skills that hospitality managers valued when recruiting graduates were realistic). Sonnenschein, Barker, and Hibbins (2017) examine the perceptions of graduates on attributes acquired through the Australian tourism and hospitality degrees and their relevance to the Chinese hotel industry. Their analysis reveals that students emphasise the importance of communication/customer service, *guanxi* (relationship-building skills), teamwork skills, English language, as well as hotel management.

Baum (2006) discussed the nature of skills required in international hospitality and explored the role of experiential factors in helping to equip those entering work in the international hospitality sector. Apart from the technical attributes of skill, he stressed adding “emotional and aesthetic dimensions of skill” to the conventional skills bundle in the hospitality sector as ‘experiential intelligence’ in workplace skills.

Apart from the skill gap, “skill shortage and hard-to-fill vacancies” come up as a major concern in the hospitality and tourism sector. Davidson and Wang (2011) investigated the recruiting practices and causative factors of labour turnover and skill shortages in 4- and 5-star hotels in Australia and confirmed that labour shortages are a major concern in the industry. They found that personal presentation, interpersonal, and customer skills play a paramount role in selecting new employees. Marchante, Ortega, and Pagan (2006) found that hourly net wages are the main instrument firms use to reduce hard-to-fill vacancies and skills shortages. They also found several factors affecting the conditions of local labour markets – such as unemployment rates, the level of business activity, real estate prices, and the location of the firm relative to the main regional tourism destinations – that have a significant effect on the probability of having hard-to-fill vacancies and skills shortages.

Education curricula designed and training provided on hospitality education serve as an instrument to build up an efficient workforce. Sheth and Dubey (2016) found that the training institutes are focusing on higher education without considering the huge manpower supply gap in the skilled workforce in the industry in India. Teng (2013) found that training modules with specific designs can enhance the skills of fresh graduates in their workplace. He evaluated a 12-week hospitality skill module for undergraduate hospitality programs in Taiwan to enhance their performance. A quasi-experimental design, with a sample of 101 students, was used to examine the effect of the intervention. The results show that students receiving the intervention significantly enhance their hospitality performance and learning motivation. Student feedback also confirms that this type of intervention can increase their learning interest and experience. This kind of experiment provides a useful template and implications for curriculum designers and instructors to infuse core values and applications of commercial hospitality in an undergraduate hospitality curriculum. Alexakis and Jiang (2019) investigated hospitality managers’ perceptions of the skills and knowledge of hospitality students and compared them to U.S. hospitality management undergraduate curricula. They used the responses of 206 surveyed managers who rated the importance of 19 skill/knowledge items. Their results suggest that essential competencies of communication skills and higher learning skills such as critical thinking and problem-solving should be emphasised and prioritised in hospitality education curricula.

Apart from the limitations in training provided, the “inertia” of the experienced workforce to serve in the hospitality and tourism sector is another reason for the skill gap. Given that the hotel industry struggles to attract and retain well-qualified, skilled labour, Brien, Thomas, and Brown (2017) examined if this difficulty is due to internal and external ‘image’ of the industry

based on the hotel employees' views of life working in a hotel. The results corroborate that though "hotels are not a bad place to work, they are not a good place to work". When this internal view/image merges with the external realities and image characterising other job and career options, remuneration (particularly compared with other industries), hours, and turnover; it potentially projects an overall 'negative industry image', which, in turn, leads to skill gaps and shortages.

1.3 Objectives

Amidst these strands of research, there is hardly any work that looks into the skills gaps, skills shortages, and training needs in the HTS despite that the country needs to devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and product by 2030 (SDG Goal 8 and Target 8.9) as well share of tourism employment to total employment (Indicator 8.9.2). Against this backdrop, an attempt has been made to analyse the HTS of Bangladesh from the following perspectives: (i) the structure and contribution of HTS under the current levels and nature of skills composition, (ii) skill gaps, and skill shortages, the mismatch between the actual and desired levels of education and experience, and recruitment difficulties in the HTS together with the proximate causes and consequences, (iii) the future levels of demand for each of the major occupations disaggregated by skill levels. Once these issues are analysed, the findings can help the HTS sector in the recruitment of a quality workforce that would provide satisfactory services to their guests and eventually create a win-win situation for themselves, the workers, and the economy at large.

The report is organised as follows. Following this Introduction, Chapter 2 delineates the methodology including sample design and selection. Basic characteristics of the sample are presented in Chapter 3 which includes a description of gross and net operating surpluses based on sales and costs, employment, and labour turnover in the year 2019 as well as issues related to pecuniary and non-pecuniary benefits provided to the employees. Chapter 4 assesses the temporal dynamics of skills, skill gaps, and skill shortages. It also sheds light on the efficacy of sector-oriented training in mitigating the skill gaps. Chapter 5 elucidates the findings and insights of the consultative meeting participated by the stakeholders from the Bangladesh Tourism Board, Bangladesh International Hotel Association, Association of Travel Agencies of Bangladesh, and Tour Operators Association of Bangladesh. Chapter 6 makes projections of employment in the sub-sectors over a period of 5 to 15 years to cater to the growing demand for tourism services. Chapter 7 concludes the report with a set of recommendations.

CHAPTER 2

SURVEY DESIGN AND METHODOLOGY

The objectives of the study are to analyse the nature and extent of the skills gaps and shortages given the current supply of labour. The specific objectives of the study are (i) to identify key categories of occupations and trades in this sector and (ii) to estimate the needs for skilled workers in each of the categories by analysing the skill gaps and shortages. To that end, the study attempts to address four major research questions: (a) what are the existing capabilities of the workforce given the training provided by current institutions in the field of tourism and hospitality? (b) what are the expected skills that the employers demand from the workforce to operate their enterprises properly? (c) what are the vacancies in occupations that employers find hard to fill? (d) what would the nature and extent of demand for skills in the sector be in a medium-term horizon?

To that end, the existing literature has been reviewed and secondary information has been collated to gauge the contribution of this sector to employment generation. The secondary research also included a comprehensive overview of the sector in terms of its dynamics in growth. After completion of the secondary research, a primary survey on a sample of enterprises and workers from hotels and resorts as well as travel agencies and tour operators has been carried out across the cities of Chattogram, Cox's Bazar, Dhaka, and Sylhet. The data and information collected were based on the year 2019. As the core objective of the study is to explore the existing skill gaps in HTS, enterprises were asked to provide data and information for the year 2019 by recall method and from administrative registers considering 2019 as a "normal year" to exclude the effect of COVID-19 pandemic.

Considering the components of direct and indirect contributions of sub-sectors, the institutional structure to analyse the labour market of this sector can be categorised into two distinct entities: (i) residential hotels and resorts (accommodation, transportation services), and (ii) travel agencies and tour operators (transportation, entertainment service and communications with tourists). The number of permanent establishments providing services for short time accommodations had been considered as the population of residential hotels and resorts. The sampling frame used for the enterprise survey was the Economic Census 2013 (BBS, 2016). The number of permanent establishments providing short-term accommodation services (residential hotels and resorts) is 3018, and that of travel agencies and tour operators is 611. In both of the cases, establishments termed as the 'Economic Household' were excluded for practical purposes. Given the standard sampling methodology, the required sample sizes are (i) 116 for residential hotels and resorts and (ii) 101 for travel agents and tour operators. It was also found that most of these enterprises are clustered in the cities of Chattogram, Cox's Bazar, Dhaka, and Sylhet. Accordingly, the total sample for each of the

entities was prorated based on probability proportional to size. Further, the sample was limited to 2-, 3-, 4-, and 5-star hotels and resorts as the demand for skills to ensure quality services is critical in these enterprises, unlike the low-quality accommodations. As skill is not a preponderant issue in lower grades, especially in backpacker hotels and accommodations, no sample was drawn for this group.

Table 2.1: Spatial Distribution of the Samples

(number)

	Chattogram	Cox's Bazar	Dhaka	Sylhet	Total
Enterprise					
Hotels and Resorts					
2-Star Hotels and Resorts	8	10	4	3	25
3-Star Hotels and Resorts	10	16	21	8	55
4-Star Hotels and Resorts	3	5	10	2	20
5-Star Hotels and Resorts	1	5	6	3	15
All Hotels and Resorts	22	36	41	16	115
Travel Agencies & Tour Operators	-	-	78	-	78
Employee					
2-Star Hotels and Resorts	23	19	8	6	56
3-Star Hotels and Resorts	33	46	86	22	187
4-Star Hotels and Resorts	24	40	63	15	142
5-Star Hotels and Resorts	10	29	48	25	112
All Hotels and Resorts	90	134	205	68	497
Travel Agencies & Tour Operators	--	--	63	--	63

Source: BIDS HTS Skill Survey, 2020.

Table 2.1 shows the spatial distribution of the sample. Data were collected from 115 hotels and resorts, 50 travel agencies that are members of the Association of the Travel Agents of Bangladesh (ATAB), and 28 tour operators that are members of the Tour Operators Association of Bangladesh (TOAB) together with 497 and 63 employees, respectively. Because of the high concentration of these enterprises, data were collected from the cities of Chattogram, Cox's Bazar, Dhaka, and Sylhet.

Even though the proposed sample (enterprises) for travel agents and tour operators was 101 as per the optimum sample size estimation, 78 enterprises could be surveyed due to lockdown and other mobility restrictions during the second wave of COVID-19 when data were collected. Similarly, the planned number of employees to be interviewed was 2 per enterprise from the travel agencies and tour operators, and 2-star hotels and resorts whereas 3, 8, and 10 employees per enterprise from the 3-star, 4-star, and 5-star hotels and resorts, respectively. However, the lockdown and consequent closure of both domestic and international airlines led to the closure of business for most of the travel agents and tour operators. This led to fewer number of workers from these enterprises than planned.

Our sampling strategy could not focus on non-ranked hotels and restaurants due to time and resource constraints. We are not aware of any sampling frame that could inform on the

share of these establishments in the HTS. However, this does not preclude the importance of these enterprises in the economy. Indeed, a host of factors contribute to a rising demand for services from non-ranked enterprises. A persistent rise in demand is observed for food-away-from-home, food safety, and quality of food with a persistent rise in per capita income, shift in occupational distribution from agriculture to the manufacturing and service sectors, rural-urban migration, and a rise in female employment. If this pattern continues, the demand for services from these hotels and restaurants will keep on exhibiting growth in the future. However, observational evidence suggests that the quality of services in most of these hotels and restaurants is poor; workers, in most cases, learn by doing on-the-job with trivial knowledge and hygienic practices about food safety and food quality. This is supported by the frequent newspaper headlines on cases identified and filed by food monitoring forces across the country regarding adulterated food and violation of food safety rules in restaurants. Needless to say, food quality and safety have significant implications for public health. In general, this reflects that there is a wide scope in these groups of hotels and restaurants to improve in terms of staff behaviour, hygiene practices, and food safety issues. Public intervention with skill development training programs for workers in this particular subsector of HTS appears worthy. Besides, due to market failure for food quality and safety, strengthening the food safety monitoring and enforcement system makes a case as well.

CHAPTER 3

CHARACTERISING THE SAMPLE ENTERPRISES

This chapter characterises the sample enterprises and a sub-set of employees who work in them. The variables are chosen for gauging the nature and extent of difficulties in recruiting skilled workers. For enterprises, the characteristics include size, ownership, total persons engaged, annual turnover, etc. All these characteristics are reported for each of the constituting sectors. Together the variables capture most of the salient features of the sectors under consideration.

3.1 Type of Ownership of Enterprises

The type of enterprises with ownership of the hotels and resorts and travel agents and tour operators are presented in Table 3.1. As mentioned earlier, a total of 115 hotels and resorts were surveyed, of which 25 are 2-star, 55 are 3-star, 19 are 4-star, and 14 are 5-star hotels and resorts. It may be noted that 94 hotels and resorts belong to local private ownership followed by joint ownership (16). Only 2 are under government ownership and 1 is under foreign ownership. Thus, about 95 per cent of the hotels and resorts belong to private and joint ownership. Of the 78 travel agents and tour operators, 45 are only travel agents, 21 are only tour operators, and the rest 12 are engaged both as travel agents and tour operators. As one expects, there is a certain degree of overlap between the activities of travel agencies and tour operators. However, the overlap is tenuous, as only 15 per cent of the enterprises are engaged in both activities. In contrast, about 58 per cent of the enterprises are engaged in only travel agency activities and about 27 per cent in only tour operator activities. Similar to hotels and resorts, more than 95 per cent of the travel agencies and tour operators belong to private ownership, with the rest belonging to joint ownership. Overall, local private ownership status is a dominant factor in the hospitality and tourism sector in Bangladesh. While this is beneficial for travel agents and tour operators, it is certainly a cause of concern for the hotels and resorts, as there are only a few international chains of luxury hotels in the country – which does not bode well for attracting international tourists.

Table 3.1: Enterprises by Type of Ownership

Type of Enterprise	Government ownership	Local private ownership	Joint ownership (Local/Foreign)	Total
Hotels and Resorts				
2-Star Hotels and Resorts		22	3	25
3-Star Hotels and Resorts	1	47	7	55
4-Star Hotels and Resorts		16	3	19
5-Star Hotels and Resorts	1	9	4*	14
All Hotels and Resorts	2	94	17*	115
Travel Agencies & Tour Operators				
		76	2	78

Notes: Figures with an asterisk include one enterprise with exclusive foreign ownership.

Source: BIDS HTS Skill Survey, 2020.

3.2 Type of Enterprise and Legal Status

Table 3.2 presents the legal status of the hotels and resorts as well as travel agencies and tour operators. The highest number of hotels and resorts are under sole proprietorship (52) followed by joint ownership (40) and private limited company (17). Only 3 hotels and resorts are under the public limited company (one 2-star and two 5-star) and one 5-star hotel is under government ownership. The distribution is more skewed in the case of 78 travel agencies and tour operators; 54 are under sole private, 12 are under joint, and 11 are under private limited company ownership. Interestingly, there is only one tour operator which is under a public limited company in Bangladesh. However, it appears that none of these public and private limited companies are enlisted in the local capital market.

Table 3.2: Type of Enterprise and Legal Status of Ownership

Type of Enterprise	Sole Proprietor	Joint ownership	Private limited company	Public limited company	Total
Hotels and Resorts					
2-Star Hotels and Resorts	15	8	1	1	25
3-Star Hotels and Resorts	27	21	7	-	55
4-Star Hotels and Resorts	8	8	3	-	19
5-Star Hotels and Resorts	2	3	6	3*	14
All Hotels and Resorts	52	40	17	4*	115
Travel Agencies & Tour Operators	54	12	11	1	78

Note: Figures with an asterisk include one government/nationalized enterprise.

Source: BIDS HTS Skill Survey, 2020.

3.3 Number of Rooms and Guests Capacity

Table 3.3 presents the average capacity of hotels and resorts in terms of the number of rooms and the maximum number of guests they can accommodate at a time. Rooms are classified into high-, medium-, and low-tariff ranges across the star rank of the hotels and resorts. The price effect is visible – the number of rooms in the low-tariff range is higher, irrespective of the rank of hotels and resorts, followed by medium- and high-tariff range rooms. At the same time, the higher the number of rooms, the higher the capacity to accommodate more guests. For instance, the number of low-tariff range rooms in an average 5-star hotel/resort is 102 with a guest capacity of 168, the number of medium-tariff range rooms is 51 with a guest capacity of 100, and finally, the number of high-tariff range rooms is 20 with the guest capacity of 42. Surprisingly the number of rooms available depends on the star ranks of the hotels and resorts; the higher the rank, the greater the capacity.

Table 3.3: Capacity (Number of Rooms and Guests) of Hotels and Resorts

Types of Hotels and Resorts	Types of Rooms	Number of Rooms	Number of Guests
2-Star Hotels and Resorts	High tariff range rooms	9.44	24.28
	Medium tariff range rooms	14.72	37.32
	Low tariff range rooms	16.88	29.84
3-Star Hotels and Resorts	High tariff range rooms	9.76	24.17
	Medium tariff range rooms	15.33	34.94
	Low tariff range rooms	14.65	24.30
4-Star Hotels and Resorts	High tariff range rooms	11.55	32.35
	Medium tariff range rooms	22.45	45.60
	Low tariff range rooms	26.05	38.95
5-Star Hotels and Resorts	High tariff range rooms	20.47	42.13
	Medium tariff range rooms	51.60	100.53
	Low tariff range rooms	102.33	168.67
All Hotels and Resorts	High tariff range rooms	11.41	27.99
	Medium tariff range rooms	21.22	45.97
	Low tariff range rooms	28.68	47.08

Source: BIDS HTS Skill Survey, 2020.

3.4 Number of Employees

Table 3.4 presents the average number of workers employed across the departments, viz., front office, production and service of food and beverage, housekeeping, and maintenance along with the average total employment in the hotels and resorts. It also presents the average total employment in travel agencies and tour operators. To delve into the nature of employment, the employees were divided into permanent and contractual or casual workers. In the case of hotels and resorts, it appears that the maximum workers are engaged in the production and services of food and beverage, followed by housekeeping, front office, and maintenance. An average hotel/resort employs more than 40 workers of whom 40 are permanent employees and the rest are contractual employees. Given the small sample, we provided the median number of employees along with the mean. It seems that the distribution of employees across hotels and resorts is skewed to the right, i.e., the estimates of the mean are driven by the ‘large’ enterprises as the median number of employees is only 24. This caveat should be kept in mind while interpreting the results.

Unlike in other countries, the presence of female employment is minimal in the hotels and resorts in Bangladesh. Further, the female workers are mostly engaged in housekeeping, and food and beverage services. Not surprisingly, there is no female employment in the maintenance department of the hotels and resorts. The highest number of workers is employed in Dhaka, followed by Cox’s Bazar, Chattogram, and Sylhet. The lower panels of Table 3.4 reveal that the average number of workers in travel agencies and tour operators is around 5-6. Most of these workers are permanent employees.

Table 3.4: Average Employment in 2019

Type of Employment	Total Workers Employed		Permanent Workers Employed		Contractual Workers Employed	
	Mean	Median	Mean	Median	Mean	Median
Hotels and Resorts						
Front Office	7.14	5.00	6.65	5.00	0.49	0.00
Food & Beverage (Service)	13.67	7.00	12.81	7.00	0.86	0.00
Food & Beverage (Production)	14.71	7.00	13.91	6.00	0.80	0.00
Housekeeping	10.87	7.00	10.38	6.00	0.49	0.00
Maintenance	4.10	3.00	3.61	2.00	0.49	0.00
All Hotels and Resorts	42.25	24.50	39.69	21.00	2.58	0.00
Travel Agencies and Tour Operators	5.95	4.00	5.96	4.00	0.12	0.00

Source: BIDS HTS Skill Survey, 2020.

3.5 Types of Leaves Granted to Employees

In deference to different international rules and conventions, Bangladesh has promulgated the Labour Act, 2006, and Labour Rules, 2015 to protect workers' rights. These Acts and Rules stipulate workers' rights regarding several types of leaves. Table 3.5 presents the incidence of different types of leaves provided to the employees in the hotels and resorts, as well as travel agencies and tour operators. It is found that about 91-98 per cent of hotels and resorts and more than 90 per cent of the travel agencies and tour operators provide different types of leaves entitled to the employees. However, many of these enterprises do not appear to provide paid maternity leave, a gross violation of the above labour act and rules. Instead, female employees are granted unpaid maternity leave. In contrast, the situation is not that gloomy for weekly leave, casual leave, and sick leave.

Table 3.5: Incidence of Different Leaves by Pay Status

Types of leaves	Percent of Enterprise that Provides Leaves		
	Paid	Unpaid	All
All Hotels and Resorts			
Weekly	91.30	-	91.30
Casual	82.61	2.61	86.96
Sickness	95.65	2.61	98.26
Maternity	64.35	33.91	98.26
Travel Agencies and Tour Operators			
Weekly	91.14	8.86	100.00
Casual	97.06	2.94	100.00
Sickness	89.87	10.13	100.00
Maternity	91.14	8.86	100.00

Source: BIDS HTS Skill Survey, 2020.

3.6 Benefits to Employees

Enterprises are supposed to provide various types of benefits. While some of these benefits are mandated by the concerned rules and regulations of the country, others are

provided to retain the employees in the enterprises. While enterprises are required to provide mandatory benefits as per existing rules and regulations, the optional benefits are crucially dependent on the business cycles of the sector and the concerned enterprises. Some of the major benefits include bonus, gratuity, provident fund, life insurance, health insurance, loan facilities, etc. Benefits provided by the enterprises to their employees are presented in Table 3.6.

About 89 per cent of hotels and resorts, 94 per cent of travel agencies, and 95 per cent of travel agencies and tour operators provided bonus in 2019. It is evident that 41 per cent of hotels and resorts provide loan facilities, followed by others (35 per cent), health insurance (9 per cent), provident fund and life insurance. It is also evident that there are only two types of benefits available for workers in travel agencies and tour operators, namely bonus and loan facilities. Along with bonus and loan facilities, life and health insurance are provided by travel agencies and tour operators, though the providing percentage is rather small.

Table 3.6: Benefits Provided to the Employees in 2019

(per cent)

Types of Benefits	Hotels and Resorts	Travel Agencies and Tour Operators
Bonus	88.50	94.80
Gratuity	5.30	1.30
Provident Fund	7.10	1.30
Life Insurance	2.65	7.80
Health Insurance	8.80	94.80
Loan Facilities	40.70	1.30
Others	34.50	1.30

Source: BIDS HTS Skill Survey, 2020.

3.7 Number of Days Operated in 2019

Table 3.7 presents the average number of days the enterprise was operational in a quarter in 2019. It may be noted that the number of days operated in 2019 was close to 90 in each quarter, which suggests that all the enterprises were operational almost every day. This observation is not driven by outcomes in any particular location; rather it holds in all locations (i.e., Chattogram, Cox's Bazar, Dhaka, and Sylhet) in the year 2019. Similarly, all the tour operators and travel agencies were operational almost every day in 2019.

Table 3.7: Number of Days the Enterprise Operational across Quarters in 2019

Quarters	Hotels and Resorts	Travel Agencies and Tour Operators
January-March	89.09	90.01
April-June	89.90	89.96
July-September	90.92	92.00
October-December	91.31	92.00

Source: BIDS HTS Skill Survey, 2020.

3.8 Sale of Goods and Services

Average monthly sales of goods and services in hotels and resorts and travel agencies and tour operators during the calendar months of 2019 are presented in Table 3.8. The estimates show that the average revenues of hotels and resorts ranged from Tk. 25 million to Tk. 27 million. It was also found that the average sales revenues of travel agencies and tour operators in 2019 (January-December) ranged from Tk. 22 million to Tk. 26 million. The differences between the lower and upper bounds imply that the sales revenues of travel agencies and tour operators are a bit higher than those of the hotels and resorts.

Table 3.8: Average Sales of Goods and Services across Quarters in 2019

(Tk. '000)

Quarters	Hotels and Resorts	Travel Agencies and Tour Operators
January – March	27189.90	22081.46
April – June	25532.05	26086.98
July – September	25243.57	22203.31
October – December	26856.63	20608.27

Source: BIDS HTS Skill Survey, 2020.

3.9 Capital and Operational Costs Incurred in 2019

The operational, capital, and total expenses of hotels and resorts and travel agencies and tour operators in 2019 are presented in Table 3.9. Similar to the number of days operational in the quarter, these estimates are also presented in quarterly averages. The results are broadly consistent with the results found in the number of days the enterprise remained operational in 2019. It may also be noted that expenses depend on the ranks of hotels and resorts; expenses in 5-star hotels and resorts are higher than those in 3-star or 4-star hotels and resorts and follow a secular flat trend in 2019 across quarters. However, average costs for travel agencies and tour operators vary across the quarters; average costs of travel agencies and tour operators ranged from Tk. 9 million to Tk. 12 million in 2019.

Table 3.9: Average Costs of Production and Services in 2019

(Tk. 000)

Quarters	Hotels and Resorts	Travel Agencies and Tour Operators
January – March	19,778.89	9,918.17
April – June	20,683.45	11,879.87
July – September	20,753.47	9,529.51
October – December	20,084.73	9,420.43

Source: BIDS HTS Skill Survey, 2020.

3.10 Gross and Net Operating Surplus in 2019

The foregoing analyses on revenues and sales do not fully reveal the level of sustenance of enterprises unless operating surplus or profit is taken into account. The gross and net operating surpluses may remain positive even when the fall in the average costs is lower than that of the average revenue. It is, therefore, imperative to delve into the twin falls further. To

that end, the average gross and net operating surpluses are estimated for the two major sub-sectors of the tourism sector (Table 3.10). For this purpose, the average gross and net operating surpluses are derived as the difference between the average sales revenue and the total average operating costs and total average costs, respectively. As expected, the gross operating surplus is always higher than the net operating surplus.

Table 3.10: Average Gross and Net Operating Surplus in 2019

(Tk. 000)

Quarters	Hotels and Resorts	Travel Agencies and Tour Operators
<i>Gross Operating Surplus</i>		
January – March	8,080.79	13,131.70
April – June	5,182.89	14,142.09
July – September	4,513.62	13,489.59
October – December	6,804.99	12,018.16
<i>Net Operating Surplus</i>		
January – March	7,275.91	12,942.25
April – June	4,713.98	14,136.24
July – September	4,354.90	13,461.46
October – December	6,637.87	12,004.80

Source: BIDS HTS Skill Survey, 2020.

3.11 Labour Turnover in 2019

The incidence of hiring and retrenching/leaving jobs in the tourism sub-sectors is presented in Table 3.11. One usually expects an increased incidence of hiring when the sector is in a boom than when the sector is in a slump. It may be noted that the average number of workers hired by hotels and resorts was 6.63 in 2019. Most of the workers were hired for food production and food services, followed by front office and housekeeping. In contrast, there was very little hiring (one worker) by travel agencies and tour operators in 2019.

Table 3.11: Average Labour Turnover in 2019

(number)

	Workers Hired	Workers Retrenched/Left
Hotels and Resorts		
Front Office	1.33	0.54
Food & Beverage (Service)	2.25	1.02
Food & Beverage (Production)	2.00	0.81
Housekeeping	1.89	1.10
Maintenance	0.33	0.13
All Departments	6.63	3.11
Travel Agencies and Tour Operators	0.54	0.09

Source: BIDS HTS Skill Survey, 2020.

Comparing average hiring and retrenchment, one can conclude that per enterprise employment in the hotels and resorts increased by about 4 workers. However, in the case of travel agents and tour operators, this increase was very minute, less than a worker per enterprise.

CHAPTER 4

SKILL COMPOSITIONS, GAPS, AND SHORTAGES

This chapter describes the existing skill gaps perceived and the skill shortage experienced by employers of hotels and resorts and travel agencies and tour operators. Disaggregated analyses were carried out across star-rank of hotels and resorts, as these enterprises consist of several departments that require specialised skills. In contrast, the analysis is conducted at the aggregate level based on the data collected from the travel agencies and tour operators. As mentioned earlier, several members of ATAB and TOAB were found to operate both as travel agencies and tour operators simultaneously.

4.1 Temporal Dynamics of Skill Levels

The level of required skills of the employees, as perceived by the employer, is a critical indicator of skill gap analysis. To that end, the respondents, who happen to be the employers themselves or their agents, were asked to define the level of skills of their employees both at present and at the time of joining the respective enterprises across each of the four departments. The employers seem to be satisfied with the level of different skills of their employees at present, as the average score on current skill levels ranges between 4 to 5, which means that employers perceive the level of skill of their employees as “proficient” (Table 4.1). This observation holds across all four departments. These findings are also evident when the analyses are carried out at the disaggregated level; the employees of 2-, 3-, 4-, and 5-star hotels and resorts seem “proficient”, as perceived by the employers (see Table A.1 in Annex A).

Table 4.1: Skill of Employees across the Departments of Hotels and Resorts

Departments/Skill Proxies	At present	At the time of joining	Diff. (Std. Error)
Front Office			
Greeting guests	4.649	3.637	1.012*** (0.031)
Handling incoming and outgoing calls	4.620	3.652	0.968*** (0.033)
Billing	4.675	3.755	0.920*** (0.034)
Language proficiency	4.484	3.558	0.926*** (0.032)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.636	3.644	0.993*** (0.036)
Complaint handling	4.592	3.607	0.986*** (0.034)
Simple billing	4.627	3.710	0.916*** (0.035)
Language proficiency	4.430	3.522	0.908*** (0.034)
Food and Beverage (Production)			
Innovation/creative skills in developing new cuisines and offerings	4.848	4.237	0.61*** (0.042)
Hygiene and cleanliness	4.757	3.797	0.959*** (0.036)
Time management skills	4.633	3.684	0.949*** (0.034)
Cost management	4.509	3.581	0.929*** (0.033)

(Contd. Table 4.1)

Departments/Skill Proxies	At present	At the time of joining	Diff. (Std. Error)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.524	3.436	1.088*** (0.036)
Responding to guest requirements	4.567	3.533	1.034*** (0.036)
Complaint handling	4.484	3.452	1.032*** (0.036)
Language proficiency	4.322	3.285	1.037*** (0.036)

Notes: a. Skill levels are defined as follows: 1 = Not proficient at all; 2 = Somewhat proficient; 3 = Neither proficient nor incompetent; 4 = Proficient; 5 = Highly proficient. b. Figures with one, two, and three asterisks are significant at 10 per cent, 5 per cent, and 1 per cent error levels, respectively.

Source: BIDS HTS Skill Survey, 2020.

We also asked the employers how they found their employees when they began jobs at the respective enterprises. Overall, the employers specified the level of skill of their employees at the time of joining as “neither proficient nor incompetent” (scale between 3 to 4), and this perceived level of skill is more or less similar across the four departments of all the four categories with star-ranks of hotels and resorts (Table A.1 in Annex A). The difference in the level of skills at present and at the time of joining is positive, which implies that employees enhanced their efficiency and skills after joining the respective enterprises. However, the current analyses do not reveal whether employers facilitated employees in terms of skill acquisition and enhancement through on-the-job or formal training or whether employees themselves completed different paid or unpaid training activities to upgrade their existing levels of skill.

Travel agents and tour operators were also asked to define the level of skills of their employees at present as well as at the time of joining. It may be noted that the dividing line between travel agencies and tour operators is blurred as several enterprises of either group are involved in the activities of the other group. As a result, one finds a few enterprises work as both travel agents and tour operators. However, the majority of the enterprises are involved in the line of business as reflected in the broad activities of their associations. Given these issues, the analyses are carried out at the aggregate level, disregarding whether the enterprise carries out only one or both activities.

When enterprises of travel agents and tour operators are considered, the employers seem to be “satisfied” with the level of following skills of their employees: the ability to work as a travel advisor, ability to use ticketing software, passenger routing skills, geographical knowledge, knowledge about hotels and resorts and site seeing locations, skills to handle tourists, skills to understand the tourist requirements and procedural knowledge on passport and visa. Average scores on the existing level of these skills turned up between 3.8 and 4.2, which implies that employers perceive the level of skills of their employees as “proficient” (Table 4.2). In contrast, average scores on the existing level of the rest of the proxies for skills came out between 3 and 3.7, which reflects that the existing skill level is “somewhat proficient” as perceived by employers.

Table 4.2: Skill of Employees of Travel Agencies and Tour Operators

Skill Descriptions	At present	At the time of joining	Diff. (Std. Error)
Ability to work as a travel advisor	4.02	2.83	1.19***(0.06)
Ability to use ticketing software	3.84	2.70	1.14***(0.06)
Geographical knowledge	3.87	2.86	1.01***(0.06)
Passenger routing skills	3.99	2.88	1.12***(0.06)
Procedural knowledge of visa/passport	4.16	2.99	1.17***(0.07)
Fluency in English in dealing with foreigners	3.65	2.84	0.80***(0.05)
Knowledge about hotels and site seeing locations	3.73	2.69	1.04***(0.06)
Fluency in Bangla with a standard accent	3.87	3.33	0.54***(0.05)
Skills to handle tourists	3.89	3.02	0.87***(0.06)
Skills to understand the tourist requirements	3.87	3.02	0.85***(0.05)

Notes: a. Skill levels are defined as follows: 1 = Not proficient at all; 2 = Somewhat proficient; 3 = Neither proficient nor incompetent; 4 = Proficient; 5 = Highly proficient. b. Figures with one, two, and three asterisks are significant at 10 per cent, 5 per cent, and 1 per cent error levels, respectively.

Source: BIDS HTS Skill Survey, 2020.

When the employers were asked to measure the level of skills of their employees at the time of joining, it was noted that the employers were not very satisfied with the employees with no experience, especially for the following skills: the ability to work as a travel advisor, ability to use ticketing software, geographical knowledge, passenger routing skills, fluency in English in dealing with foreigners, knowledge on various hotels and site seeing locations, skill to handle tourists. The differences between the level of skill at present and at the time of joining (as perceived by travel agents and tour operators) are positive, which implies that employees enhanced their efficiency and skill after joining the respective enterprises. However, the existing analyses do not reveal the underlying reasons for this excellence, whether the employers facilitated employees in terms of skill enhancement or the employees themselves became involved in different training activities to upgrade their existing level of skill.

4.2 Mismatch Between Actual and Desired Level of Education and Experience

As in other sectors, employers desire to employ workers with adequate academic qualifications and experience. However, there is always likely to be a mismatch between expectation and actual recruitment because of internal and external factors. To gauge the extent of the mismatch, the employers were asked to rate the existing levels of education of their employees as well as the levels of education they desired. The upper panel of Table 4.3 shows the actual levels of education of the employees of hotels and resorts and travel agencies and tour operators vis-à-vis the expected levels, together with the ensuing differences. The disaggregated levels of education and experience by star ranks and types of activities of travel agencies and tour operators are presented in Table A.2 in Annex A. The average levels of education of employees in different departments within hotels and resorts vary between 10 and 13 years, while those in travel agencies and tour operators are about 14 years. Even though

the magnitudes of difference between actual and desired levels are ‘small’, they are, nevertheless significant. For the production of food and beverages as well as housekeeping, the actual level of education is about 1 year below what the employers desired. In contrast, the gaps are higher in the case of travel agencies and tour operators. This is obvious as these enterprises need graduates from specialised academic institutions whose sheer numbers are few and far between. Besides, the best graduates from these few specialised institutions usually seek their fortunes out of the country for better pay.

Table 4.3: Mismatch in the Level of Education and Experience

Department/Enterprise	Actual	Desired	Diff. (Std. Error)
Level of Education (Years)			
Hotels and Resorts			
Front Office	12.716	12.688	0.027*** (0.114)
Food and Beverage (Service)	11.896	12.117	-0.221** (0.097)
Food and Beverage (Production)	9.536	10.345	-0.809*** (0.088)
Housekeeping	10.498	11.085	-0.587*** (0.117)
Travel Agencies and Tour Operators	13.57	14.54	-0.98*** (0.15)
Experience at the Entry Level (Years)			
Hotels and Resorts			
Front Office	3.273	2.945	0.328* (0.177)
Food and Beverage (Service)	3.804	2.679	1.125*** (0.192)
Food and Beverage (Production)	4.902	3.069	1.833*** (0.236)
Housekeeping	3.541	2.506	1.035*** (0.204)
Travel Agencies and Tour Operators	3.41	4.04	-0.63** (0.30)

Notes: a. Figures with one, two, and three asterisks are significant at 10 per cent, 5 per cent, and 1 per cent error levels, respectively.

Source: BIDS HTS Skill Survey, 2020.

The lower panel of Table 4.3 presents the actual years of experience employees brought with them when they joined the enterprises vis-à-vis the levels the employers expected. The disaggregated estimates by star-rank of hotels and resorts, as well as travel agencies and tour operators, are presented in Table A.2 in Annex A. It is found that employees have on average 3-4 years of experience in similar occupations in both hotels and resorts, and travel agencies and tour operators. In contrast to the unmet expectations of the employers for years of education, the actual level of experience appears to be higher than the desired levels across all departments of hotels and resorts; however, travel agencies and tour operators appear to have been content with about less than a year shortage of experience of their employees.

4.3 Workers’ Earnings and Skill Development Training

The importance of training for the development of workers' skills is established. Although workers accumulate skills by working, employers may arrange additional training to enhance workers’ skills to develop the recipients’ productivity. Thus, if training improves productivity, one direct channel through which it would be reflected is the higher wage earned by trained workers. Motivated by this, we estimate a Mincerian-type regression to examine the impact of training on employees’ wages (Mincer, 1974). Since the survey collected detail

information on demographics, training, and wages from workers in the hotels and resorts, the analysis is based on employees in that sub-sector only. Based on the survey, the information on training received by workers is captured by three measures: (i) whether the worker received any training, (ii) total number of trainings received, and (iii) total length of training received. The regression estimates with returns to training received are presented in Table 4.4.

Table 4.4: Returns to Training Received by Employees in Hotels and Resorts

	Dependent variable: Log of Earnings					
	I	II	III	IV	V	VI
Any Training Received (Dummy)	0.364*** (0.06)	0.146*** (0.05)				
Total Number of Training Received			0.0872*** (0.01)	0.0284** (0.01)		
Total Length of Training (Duration)					0.000473* (0.00)	0.000164 (0.00)
Constant	9.399*** (0.04)	8.694*** (0.20)	9.450*** (0.03)	8.706*** (0.19)	9.563*** (0.03)	8.760*** (0.21)
Workers' Demographics: Experience, Education, Religion, Marital Status, Gender, etc.)	NO	YES	NO	YES	NO	YES
Characteristics of Job (Full-time vs. Part-time, Contractual vs. Permanent)	NO	YES	NO	YES	NO	YES
Dummies for Star Ratings	NO	YES	NO	YES	NO	YES
Dummies for Occupation/Position	YES	YES	YES	YES	YES	YES
N	490	490	490	490	490	490
F	36.03	23.18	38.7	22.52	3.247	21.62

Note: Standard errors are reported in parentheses. * p<0.1, ** p<0.05, *** p<0.01. Specification I, III, and V simply includes the training measure besides control dummies for occupation/job-position. All standard errors are robust to heteroscedasticity.

The estimates broadly suggest that employees earnings is positively associated with training received in a statistically significant manner. The relationship is consistent for the first two measures of training, even after controlling for a host of confounding factors, including demographics as well as job characteristics. As specification II with the full set of controls suggests, an average employee with training earns 15 per cent more than what an average employee without any training earns. When training is constructed as counts, specification IV with full control suggests that average earnings rise by 2.8 per cent for each additional training received by the employees. These estimates are of considerable magnitude given that the experience of employees is already controlled.

The higher returns for trained employees are possibly due to higher skills and resulting productivity of employees that they acquire through further training. The statistical evidence from employees in hotels and resorts strongly supports that training bears significant importance for employees' wellbeing. This calls for strong support for the development of state-of-the-art training facilities and opportunities for the large pool of largely untrained employees in the hospitality and tourism sector.

4.4 Existence of Skill Gaps and Effectiveness of Training in Mitigating Skill Gaps

Several public and private training institutes in Bangladesh conduct formal academic courses on hospitality and tourism both at the undergraduate and graduate levels. Besides, there are mostly private training institutes that conduct hands-on training on several trades of the HTS. Given the skill gap and skill shortage in the HTS, the government of Bangladesh has

focused on a series of trades in training programs¹ under the Tourism and Hospitality Industry Skill Council, where as many as 6,412 participants enrolled in seven different courses on Hotel Management and Tour operations (Table 4.5). These courses are designed to develop the skills of participants by providing adequate training on relevant activities of the four distinct departments of hotel management: front desk, food and beverage (production), food and beverage (service), and housekeeping.

As many as 2,058 participants enrolled in three different courses relevant to operations of food and beverage (production) against the target number of participants of 3,123. Around 35 per cent of participants were female; this proportion was the highest in the course on bakery and pastry production. More than 80 per cent of participants (who enrolled for the course) appeared in the assessment process, and 98 per cent of those assessed were successful and hence were awarded certificates. However, when the tendency of these trainees to enter the job market is considered, the proportion becomes smaller; 84 per cent of “assessed” trainees applied for employment, and the job placement ratio (proportion of certified trainees who got jobs) is around 81 per cent. Disaggregation across the three different courses in food and beverage (production) reveals a different scenario; the job placement ratio is the highest (95 per cent) in bakery and pastry production.

When courses on Food and Beverage (Service) are considered, it is observed that as many as 2,272 participants enrolled in two different courses relevant to operations of food and beverage (service) against the target number of participants of 3200. Of this, around 16 per cent of participants were female. More than 80 per cent of participants (who enrolled in the course) appeared in the assessment, and 97 per cent of these assessed participants were certified. However, the rate of job application is 82 per cent and the job placement ratio is around 84 per cent. The performances of trainees in two courses on housekeeping are relatively poor compared to the trainees in food and beverage (both production and service). The job application rate is 87 per cent, and the job placement ratio is around 82 per cent.

Table 4.5: Distribution of Training by Course

(in percent)

	Target achieved (per cent)	Female ratio	Proportion of Participants (per cent) assessed for certification	Proportion of Participants (per cent) certified after assessment	Proportion of Participants certified (per cent) who applied for job	Job placement rate
Food and Beverage-Production						
Food and Beverage Production	100.00	28.96	97.59	98.52	98.52	77.99
Food and Beverage Production (Cooking)	47.83	33.97	62.20	98.60	46.78	89.82
Bakery and Pastry Production	34.43	66.80	61.00	98.64	53.74	94.94
All	65.90	34.79	83.43	98.54	83.93	80.29
Food and Beverage-Service						
Food and Beverage Production Service	100.00	13.67	97.34	97.19	97.19	83.62

(Contd. Table 4.5)

¹ <https://tms.seip-fd.gov.bd/CourseSummary/MzE=>

	Target achieved (per cent)	Female ratio	Proportion of Participants (per cent) assessed for certification	Proportion of Participants (per cent) certified after assessment	Proportion of Participants certified (per cent) who applied for job	Job placement rate
Food and Beverage Service	47.00	19.74	59.34	96.81	40.04	83.58
All	71.00	15.93	83.19	97.09	82.01	83.61
Housekeeping						
Housekeeping	100.00	14.54	94.15	98.37	98.37	81.14
Housekeeping	40.31	15.19	62.33	99.25	46.52	86.10
All	69.94	14.75	84.29	98.58	86.50	81.75

Source: Authors' Calculations based on SEIP Administrative Data.

Table 4.6: summarises intakes of training across different training institutes. Considering the effectiveness of training, Food Cadets, Lipi's Euphoria; Institute of Tourism & Hotel Management, and Master Chef Institute Bangladesh seem to have delivered the most effective training with a job placement ratio of 100 per cent. The SAIC Institute of Management and Technology, Bogura; BRAC Institute of Skills Development; BRAC Dokkhota Unnoyon Proshikkhon Kendra, Cox's Bazar; Bangladesh Hotel Management & Tourism Training Institute also reveal efficacy in providing training programs as the job placement ratio ranges between 87 per cent and 89 per cent. The job placement ratio of the trainees from the Unique Professional Development Academy for Training & Education, Tony Khan Culinary Institute & Hotel Management, UCEP Mirpur Technical School, and Regency Hospitality Training Institute ranges between 82 per cent to 84 per cent.

Table 4.6: Training Provided through Different Training Institutes

(in per cent)

	Target achieved (per cent)	Female ratio	Proportion of Participants (per cent) assessed for certification	Proportion of Participants (per cent) certified after assessment	Proportion of Participants certified (per cent) who applied for job	Job placement rate
Banee's Academy of Baking Science and Pastry Art	13.75	63.64	90.91	100.00	100.00	70.00
Bangladesh Hotel Management & Tourism Training Institute	76.12	24.13	82.48	98.09	83.27	87.23
BRAC Dokkhota Unnoyon Proshikkhon Kendra, Cox's Bazar	70.52	10.94	77.34	99.49	80.20	87.97
BRAC Institute of Skills Development	67.97	12.50	84.13	98.57	87.83	88.12
Cox's Bazar Polytechnic Institute	80.00	26.92	84.62	96.59	88.24	63.33
Food Cadets, Lipi's Euphoria	58.17	30.60	78.23	97.58	74.38	100.00
Institute of Hotel Management & Hospitality	79.71	29.98	85.42	98.80	84.18	77.17
Institute of Tourism & Hotel Management	120.59	12.20	82.93	91.18	100.00	100.00
International Culinary Institute	125.00	30.00	80.00	100.00	100.00	62.50
International Training Institute of Culinary Arts	67.96	25.20	78.05	100.00	82.29	69.62
Master Chef Institute Bangladesh	62.14	28.16	58.05	97.03	35.71	100.00
Moulvibazar Technical School & College	80.00	6.13	87.26	98.38	89.01	73.46
Regency Hospitality Training Institute	68.03	15.91	83.11	99.26	87.54	81.86
SAIC Institute of Management and Technology, Bogura	41.25	20.45	66.67	94.32	46.99	89.74
The AKS Khan Centre for Excellence	47.16	14.23	80.29	95.45	80.00	73.81
Tony Khan Culinary Institute & Hotel Management	42.97	22.69	92.97	98.06	100.00	83.48
Tony Khan Hotel Management Institute	72.44	14.82	90.25	97.78	91.38	75.33
UCEP Mirpur Technical School	69.84	39.49	81.71	99.29	84.65	82.44
Unique Professional Development Academy for Training & Education	104.74	17.59	95.48	94.21	100.00	84.36
Total	65.43	21.60	83.62	98.04	85.77	81.93

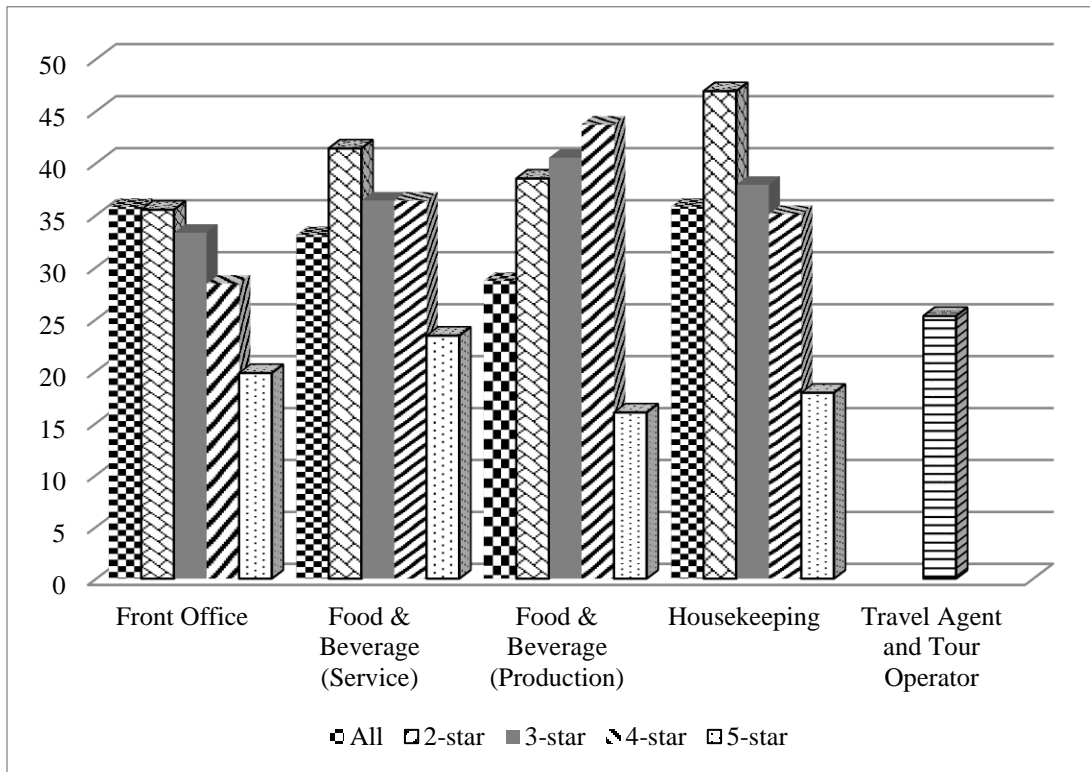
Source: Authors' Calculations based on SEIP Administrative Data.

Despite that, the job placement ratio in Master Chef Institute Bangladesh and SAIC Institute of Management and Technology, Bogura, is more than 90 per cent, a lesser number of trainees were finally assessed for certification and even fewer certified trainees finally applied for jobs compared to other institutes. The ratio of assessed trainees (proportion of participants (per cent) assessed for certification) in these two institutes is below 70 per cent ,whereas the average proportion is 85 per cent. On the other hand, the job application ratio (proportion of participants certified who applied for jobs) is below 50 per cent, whereas the average proportion is 83 per cent.

The foregoing section sheds light on the apparent mismatch between expectations and reality in terms of education and experience. As a corollary, a critical issue arises: Do the mismatches translate into skill gaps? The skill gap refers to “a situation where employers are hiring workers whom they consider under-skilled or that their existing workforce is under-skilled relative to some desired levels” (Shah & Burke, 2003). In contrast, Strietska-Ilina (2008) emphasises that the skill gap is “the existence” rather than “a situation”. Skills gaps exist where “employers feel that their existing workforce have inadequate skills types/levels to meet their business objectives” or where new entrants appear to be qualified but are not. Skills gaps are “used to describe the qualitative mismatch between the supply or availability of human resources and the requirements of the labour market” (Strietska-Ilina, 2008).

To delve into the issue further, the enterprises were asked to rate the skill gaps in their enterprises. In each of the four departments, the percentage of hotels and resorts reporting the existence of skill gaps is lowest among 5-star hotels (Figure 4.1). In contrast, more hotels and resorts with 2-star ranks reported skill gaps in food and beverage service (41 per cent) and housekeeping (47 per cent). It should be noted that 3-star and 4-star ranked hotels and resorts face substantial skill gaps in food and beverage (production), as more than 40 per cent of these hotels and resorts reported skill gaps in this department. On the other hand, 25 per cent of travel agents and tour operators reported the existence of skill gaps among the existing workforce of their enterprises.

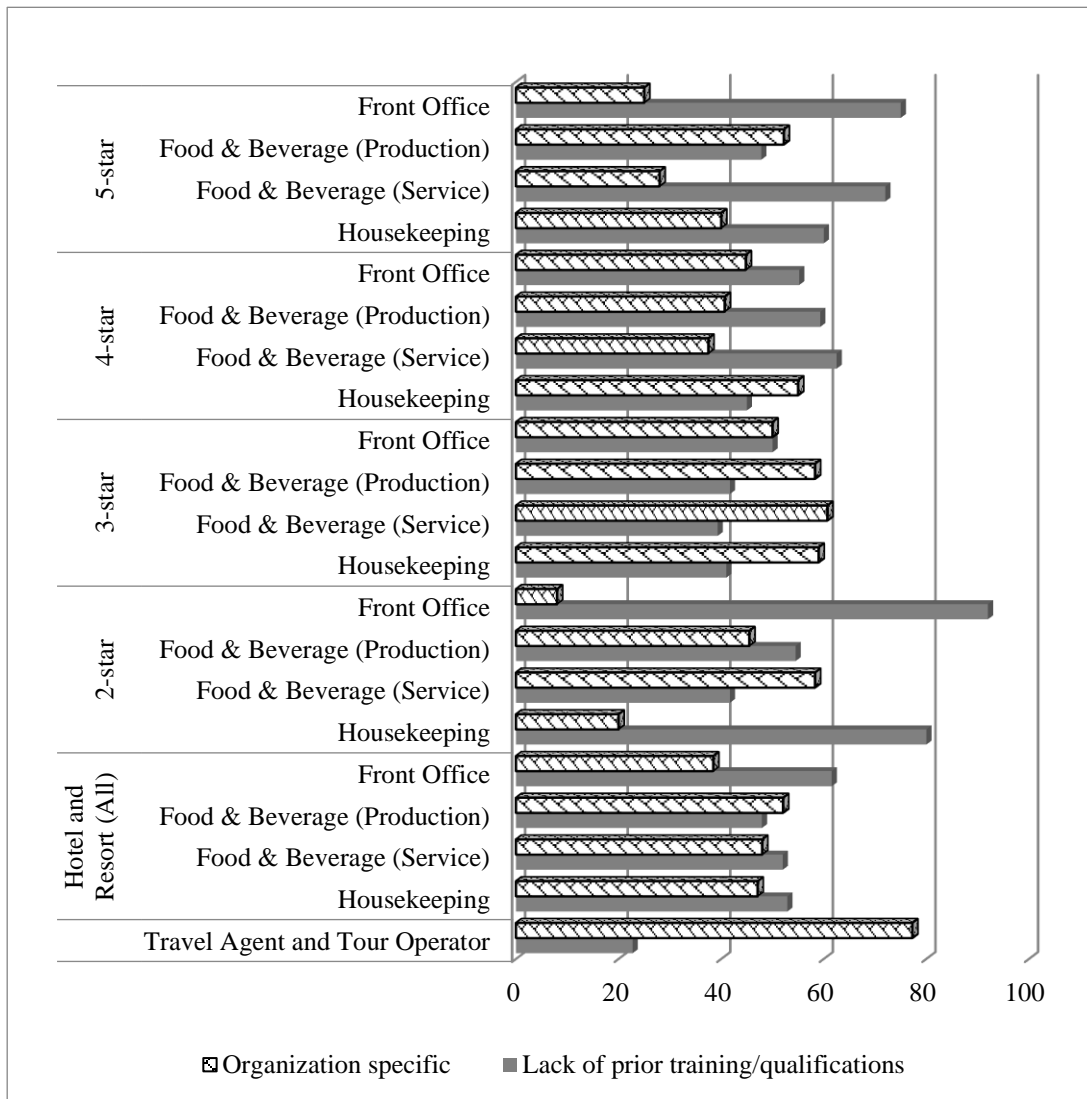
Figure 4.1: Employer’s Perception of the Existence of Skill Gap



Source: BIDS HTS Skill Survey, 2020.

The existence of the skill gaps found above needs to be analysed if the underlying reasons are due to special working practices within the enterprises (organisation-specific) or due to a lack of training of employees. At least 50 per cent of the enterprises reported that the skill gaps that exist in all four departments of hotels and resorts are due to a lack of training for employees (Figure 4.2). More than 60 per cent of 5-star hotels and resorts stated that “lack of training of employees” is the major reason for the existing skill gaps in housekeeping, food and beverage (service), and front office. In contrast, more than 60 per cent of 4-star hotels and resorts reported that skill gaps in food and beverage (production and service) are due to inadequate training of employees. However, in the case of travel agents and tour operators, the underlying reasons are contrasting; around 80 per cent of travel agents and tour operators stated that the skill gap exists because of the specific structure of operations of enterprises (organisation-specific), whereas 20 per cent of the enterprises reported that a skill gap exists due to lack of training of employees.

Figure 4.2: Employers' Perception of the Reasons Behind Skill Gaps



Source: BIDS HTS Skill Survey, 2020.

Given the preponderance of skill gaps, as employees are not well trained, the employers were also asked if training facilities would contribute to mitigating the existing skill gaps. More than 70 per cent of hotels and resorts reported that training would be “most effective” to mitigate skill gaps in food and beverage (production and service) and housekeeping (Table 4.7). In contrast, a sizeable proportion (55 per cent) of these enterprises stated that training would be “most effective” to mitigate skill gaps in the front office. Analyses at a disaggregated level revealed that almost all of the 5-star hotels and resorts stated that training would be “most effective” in resolving the skill gaps in the front office and housekeeping, whereas more than 80 per cent of these enterprises reported training as the “most effective” mechanism to mitigate skill gaps in food and beverage (production and service). On the other hand, all travel agents and tour operators reported that training will be “most effective” to mitigate skill gaps.

Table 4.7: Employers' Perception of the Efficacy of Training in Mitigating Skill Gap

	Effectiveness	Front Office	Food and Beverage (Service)	Food and Beverage (Production)	Housekeeping
Hotels and Resorts					
2-Star	Not effective at all	27.27	16.67	12.00	6.67
	Effective	36.36	16.67	48.00	40.00
	Most effective	36.36	66.67	40.00	53.33
3-Star	Not effective at all	-	-	-	-
	Effective	20.00	30.36	48.44	27.87
	Most effective	80.00	69.64	51.56	72.13
4-Star	Not effective at all	-	-	-	-
	Effective	33.33	43.75	37.93	300.00
	Most effective	66.67	56.25	62.07	70.00
5-Star	Not effective at all	-	-	-	-
	Effective	-	4.00	16.67	-
	Most effective	100.00	96.00	83.33	100.00
All	Not effective at all	2.31	1.60	2.48	1.65
	Effective	43.08	27.20	20.66	28.93
	Most effective	54.62	71.20	76.86	69.42
Travel Agencies and Tour Operators					
All	Not effective at all			-	
	Effective			-	
	Most effective			100	

Source: BIDS HTS Skill Survey, 2020.

4.5 Skill Shortage

Skill shortage occurs when the demand for workers is greater than the supply of workers who are qualified, available, and willing to work under existing market conditions (Shah & Burke, 2003). In practical work, shortages have always been interpreted or even defined directly in terms of difficulties in filling up certain vacancies. In general, a shortage in an occupation is the aggregation of hard-to-fill vacancies across enterprises. These vacancies are those that remain unfilled after a certain time despite all reasonable efforts by the enterprises. Employers may report shortages of particular workers or difficulties in filling vacancies, either because there are not enough of them or else those who are available do not possess skills deemed necessary by employers. Employers may face other recruitment difficulties when they cannot fill vacancies despite an adequate supply of workers. The reasons for this may be varied. Usually, the reasons include low wages, difficulties in maintaining work-life balance and mental well-being, near retirement age of employees who have decades' worth of experience in HTS skills, and pushed out of (older) workers less familiar with technology (Ciapponi, n.d.). For Bangladesh, they could include such things as relatively low remuneration being offered, poor working conditions, poor image of the industry, unsatisfactory working hours, location hard to commute to and from, ineffective recruitment effort by the enterprise, or skills needs that are specific to the enterprise (Yunus & Chowdhury, 2016).

Table 4.8: Hard-to-fill Vacancies in the Enterprises

Department	Number of Enterprises with Hard-to-fill Vacancies	Total Number of Vacancies	Average Number of Vacancies
Hotels and Resorts			
Front Office	113	132	1.17
Food & Beverage (Service)	113	213	1.88
Food & Beverage (Production)	113	178	1.58
Housekeeping	113	124	1.10
Travel Agencies and Tour Operators	74	143	1.93

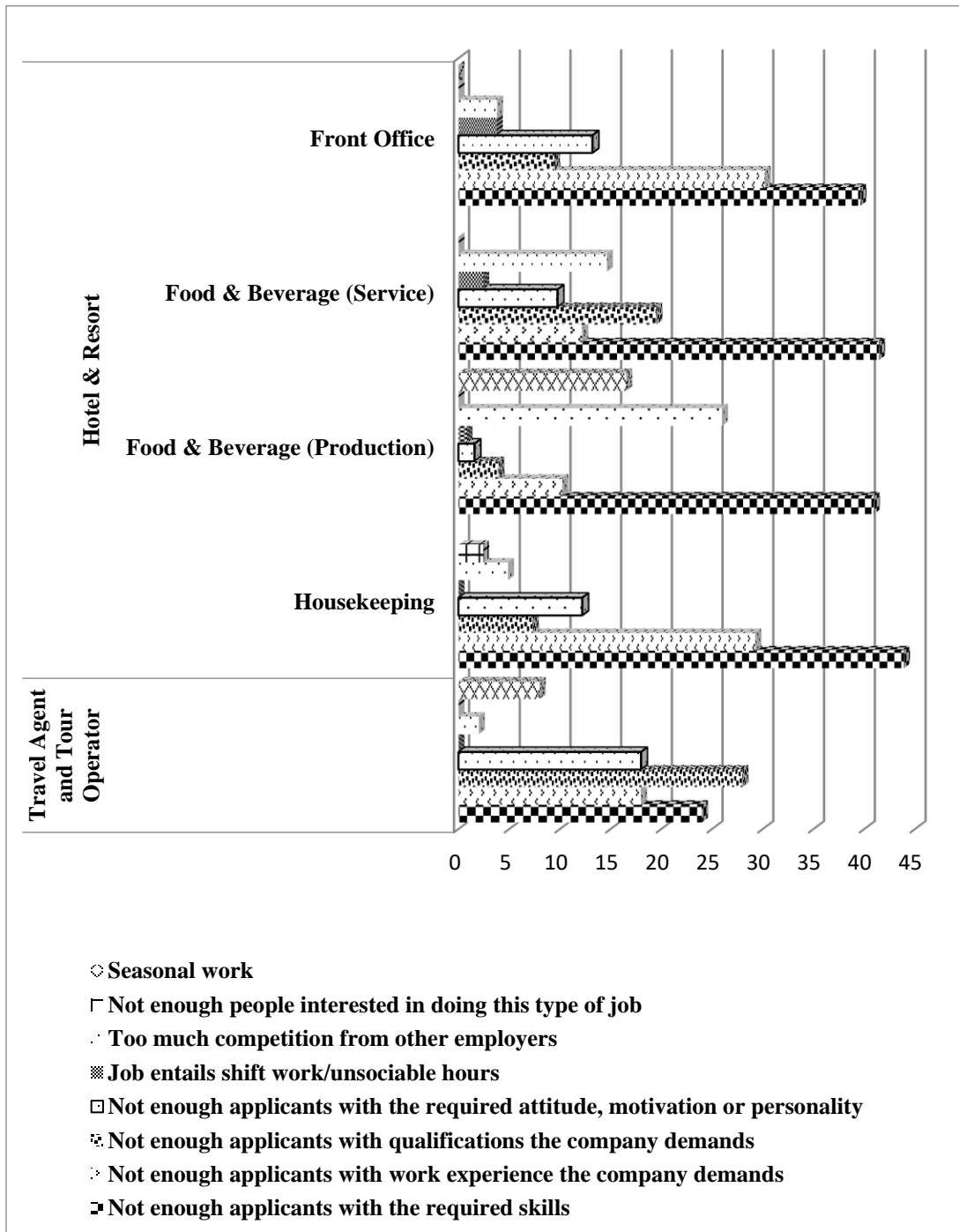
Source: BIDS HTS Skill Survey, 2020.

For hotels and resorts, the employers were asked to report the vacancies at different designations. It has been found that 113 of the 115 hotels and resorts, or 98 per cent of them have hard-to-fill vacancies. However, the average number of vacancies per enterprise was only one in the front office and housekeeping and on average two in food and beverage production and service (Table 4.8). Similarly, 74 of 78 travel agencies and tour operators, or 96 per cent of them reported hard-to-fill vacancies, which vary from 1-2 positions. While most of the enterprises in the tourism sub-sectors are ravaged by the hard-to-fill vacancies, the problem is not acute in the sense that such posts are limited to 1-3 per enterprise.

Given the existence of hard-to-fill vacancies, the employers were asked to identify the major causes of these vacancies. For hotels and resorts, “not enough applicants with required skill” came up as the major reason (Figure 4.3). For the housekeeping department, around 44 per cent of the enterprises reported this as the main cause, while for food and beverage (both service and production) and front office, this cause is reported at 41 per cent, 41 per cent, and 40 per cent, respectively. The second important cause for hard-to-fill vacancies varies across departments in hotels and resorts; for front office and housekeeping, it is ‘not enough applicants with the work experience the enterprise demands’, and for the food and beverage production and services, it is ‘not enough applicants with qualifications the enterprise demands or not enough applicants with right attitudes and motivations.

When the employers of travel agencies and tour operators were asked about the main causes of hard-to-fill vacancies, “not enough applicants with qualifications the company demands” (28 per cent of enterprises), “not enough applicants with the required skills (24 per cent of enterprises)”, “not enough applicants with work experience the company demands” (18 per cent of enterprises) and “not enough applicants with the required attitude, motivation or personality” (18 per cent of enterprises) came up as the major reasons of “hard-to-fill vacancies” (Figure 4.3).

Figure 4.3: Major Causes of Hard-to-fill Vacancies by Enterprises



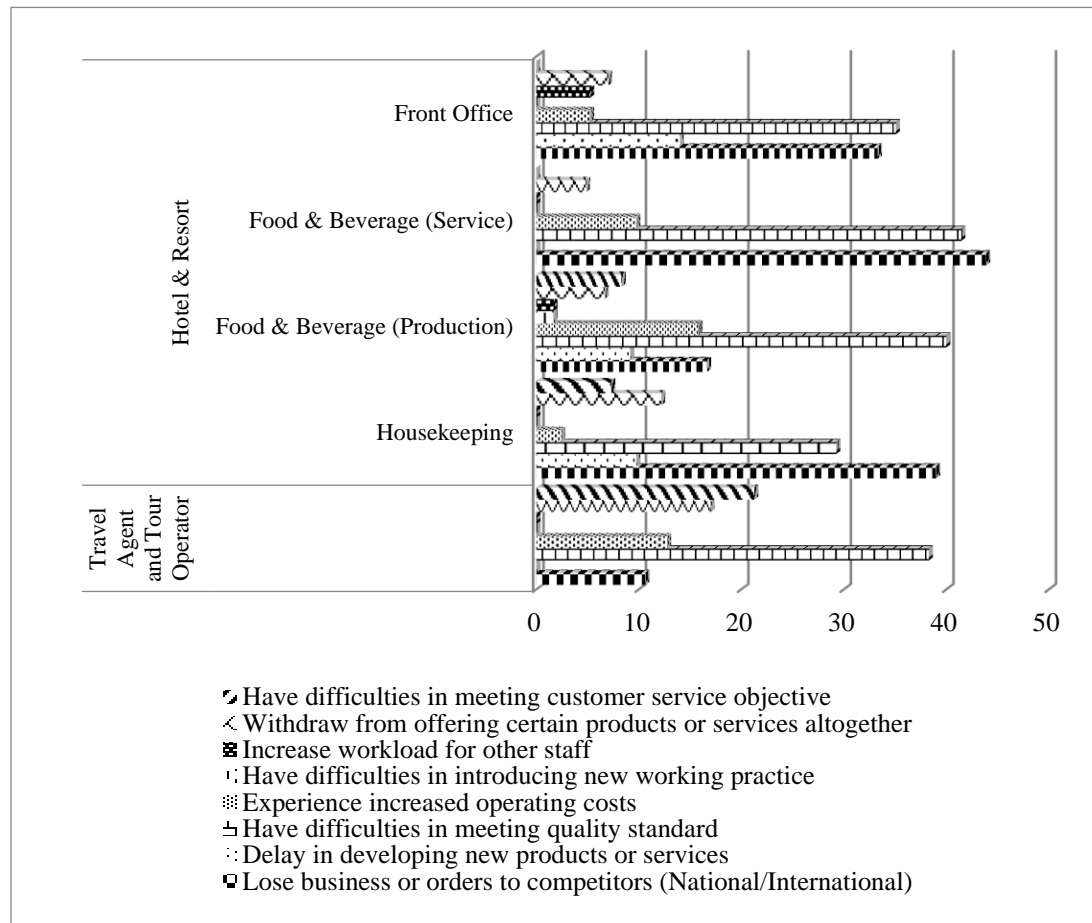
Source: BIDS HTS Skill Survey, 2020.

4.5.1 Impacts of Hard-to-Fill Vacancies

The impacts of hard-to-fill vacancies in enterprises are diverse (Figure 4.4). More than 30 per cent of enterprises in hotels and resorts reported that the production and service of food and beverage, as well as front office, are adversely affected in terms of “challenges and

difficulties in introducing new working practices”. This implies that the vacancies in the former two sections impede the process of introducing modern and new working practices in culinary. On the other hand, more than 30 per cent of the enterprises reported that hard-to-fill vacancies in housekeeping, front office, and food and beverage (service) resulted in revenue losses because of the reduced number of guests.

Figure 4.4: Major Impacts of Hard-to-fill Vacancies



Source: BIDS HTS Skill Survey, 2020.

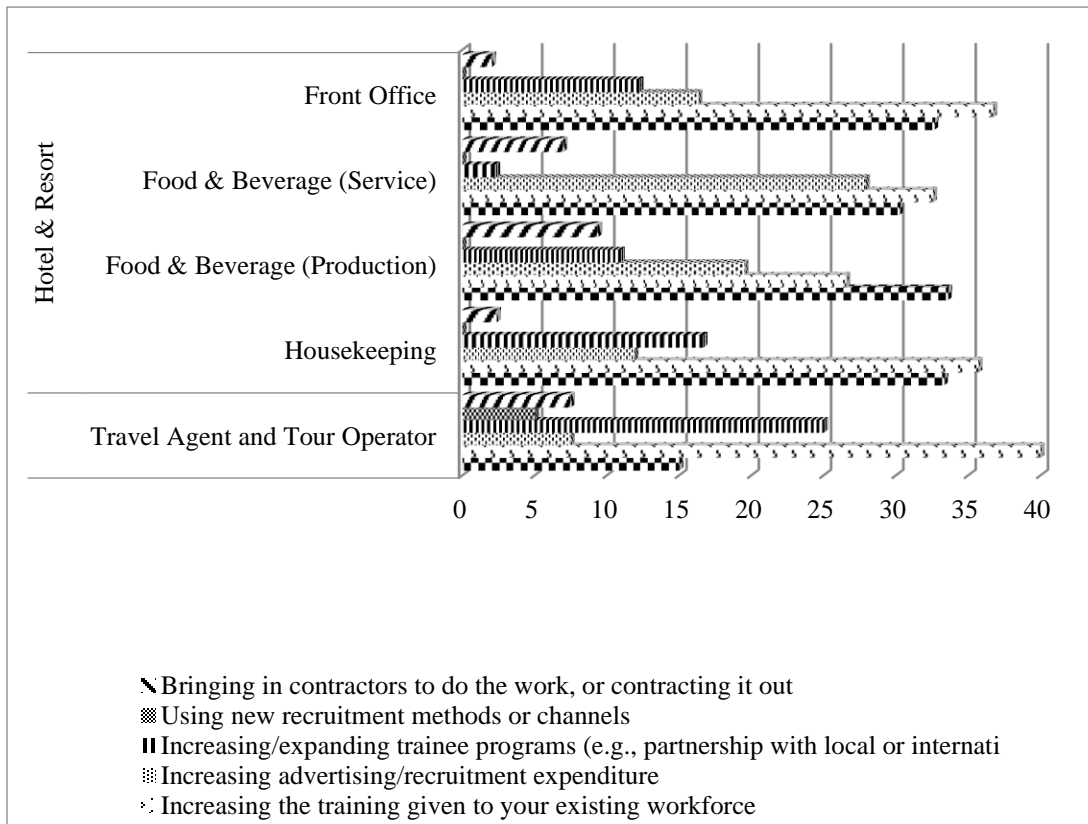
In contrast, the majority of travel agents and tour operators report that “hard-to-fill vacancies” lead to difficulties in maintaining the standard quality of service. More than 38 per cent of travel agents and tour operators reported that they face difficulties in maintaining the standard and quality of service due to a lack of workforce. Around 22 per cent of travel agents and tour operators reported that they find it difficult to meet certain customer service objectives owing to a shortage of employees as a result of ‘hard-to-fill vacancies.

4.5.2 Actions to be Taken to Fill in Hard-to-fill Vacancies

Enterprises reported several strategies to be taken in the future to address the issues related to hard-to-fill vacancies. “Increasing salaries” and “increasing the skill level of the

existing workforce through providing training” came up as the two major actions to mitigate the adverse effects of “hard-to-fill vacancies” as stated by employers of hotels and resorts. Increasing advertisements and redesigning the recruitment process came up as other actions suggested by them (Figure 4.5). “Increasing the provision of training for employees” came up as the most effective action to fill in hard-to-fill vacancies, as stated by the majority of travel agents and tour operators (Figure 4.5).

Figure 4.5: Actions Taken to Fill up Hard-to-Fill Vacancies



Source: BIDS HTS Skill Survey, 2020.

However, “increasing salaries” is another solution to fill up these vacancies, as reported by travel agents and tour operators. Be that as it may, insofar as the incidence of hard-to-fill vacancies is not very high at the intensive margin, and enterprises are somehow doing away with these vacancies, it does not seem a critical issue in doing their business and hence is hard to accept that these vacancies would be filled in very soon. While leaning toward technology could be a solution to address skill shortage, it is essentially a stopgap measure. Technology can replace some amount of human labour, and workers can take on some amount of additional duties, but everything has its limit. Ciapponi (n.d.) argues that the best solution is to equip a new generation of workers with the appropriate skills, entice them into choosing a career in the hospitality industry, and retain them with preferential working conditions.

CHAPTER 5

INSIGHTS FROM CONSULTATION WITH THE STAKEHOLDERS

A consultative meeting was conducted with the stakeholders from the Bangladesh Tourism Board (representing the government), Bangladesh International Hotel Association (representing hotels and resorts), Association of Travel Agencies of Bangladesh, and Tour Operators Association of Bangladesh (representing travel agents and tour operators) to supplement the findings of the quantitative assessment. The stakeholders' consultation was centred around two specific issues: (i) skill gap and skill shortage and (ii) promoting tourism in the country. This chapter sheds light on the key observations from the consultation with the stakeholders of the HTS.

5.1 Reflections on Skill Gaps and Skill Shortages

The panellists in the consultation workshop expressed their concerns about the existing scenario of the skill gap and skill shortage in this sector. At present, there are about 18 public and private universities that offer graduate and post-graduate degrees in hospitality and tourism management. If the graduates from these institutions had served in the sector after graduation, the labour demand in the sector would have been adequately fulfilled. However, due to the existence of a sizeable skill mismatch (graduating in this discipline and serving in other sectors and vice versa), the shortage in labour supply remains persistent.

As a consequence, this skill gap leads to the outsourcing of senior positions in hotels and resorts from abroad. For example, international hotel chains located in Bangladesh hardly recruit local graduates for senior positions, such as Manager, Assistant Manager, Executive Chef, etc. A serious lack of skilled professionals is also prevalent in mid-level and advanced-level positions. Most upper-level management positions (GM., Executive Chef, etc.) are hired from foreign countries. Local entrepreneurs have strong preferences for Caucasian ethnicity for top-level positions.

The current infrastructure in all the colleges and universities, except for the Bangladesh Parjatan Corporation, providing training on hospitality and tourism management does not even provide the facilities as well as scope for the trainees to grow as professionals. Instead, these academic and training institutions only serve the purpose of paper-based certification without orientating the students with practical skills, which is tantamount to a '*Science College without*

a Laboratory'. Instead of inculcating knowledge about the current demands of the sector, students are groomed with knowledge from textbooks. They seem to be unaware of the current situation in the sector and only focus on textbooks. Teachers and trainers in hospitality and tourism management do not seem to have a connection with the sector.

This dismal situation can be reversed through arrangements of continuing professional development for teachers and trainers through which they can maintain connections with the sector and be notified of the existing demand. The teachers and trainers should visit the relevant enterprises regularly to design the course curriculum in collaboration with practitioners and professionals and then train student students according to the demands and needs of the sector.

Even though the training provided by academic institutions is inadequate, the available pool of workers can still perform well in this sector if employers take the initiative to groom them. The workforce with an interest in working in this sector seems to be passionate, resilient, and hardworking, but they have serious constraints in terms of proper training. These people are not trained as per the requirements of the sector. One solution may be to give priority to local workers at the mid-level recruitment so that they get the scope to build their capacity through proper in-house training rather than outsourcing from abroad.

The workers with an interest in working in this sector also need to change their mindset. There is a tendency to drop out from the courses in hospitality and tourism as most of the students who initially enrolled in long-term training (undergraduate/post-graduate) lose their interest. One of the underlying reasons is that students/trainees hold high expectations of serving at higher positions in the sub-sectors, such as hotels and resorts, immediately after completion of their formal education in the discipline. Therefore, unlike the trend prevalent in other sectors or jobs, the students/trainees are usually reluctant to start their careers in junior positions. Soon after they realise that they have to start as a fresher, they opt to drop off the courses. Another reason is the so-called 'social stigma' regarding work at hotels/resorts for the employees, especially for females.

The employees are exploited in terms of low payments and low security of jobs. The majority of the enterprises in the HTS do not follow the Minimum Wage Law. For instance, a garment worker is ensured to be paid a higher wage per month compared to waiters and entry-level workers at the front office in hotels and resorts. Besides, there is no formal contract in most of the cases (especially for entry-level and sometimes mid-level positions). Consequently, people with even proper skills feel reluctant to serve in this sector due to a lack

of job security. Even though several initiatives like tourism fairs are being organised to make the recruitment process transparent as well as to ensure decent wages and job security, it seems that there is still a misallocation of resources.

5.2 Reflections on Promoting Hospitality and Tourism

The developed and expanding hospitality and tourism sector—both at extensive and intensive margins—usually puts pressure on demand for skilled and semi-skilled workers which, in turn, would catapult an increase in several other economic activities. There is thus a need for close coordination in the development of both soft and hard infrastructures. These activities include public, private, and public-private joint initiatives.

Bangladesh has the longest sea beach in the world, which can be fully utilised to attract tourists from all over the world. For this to happen, infrastructural development stands as a necessity. For example, if the sea beach in Cox’s Bazar can be well organised for a worldwide surfing competition with the assurance of a proper foundation of infrastructure and security, the tourism industry will have a boom within a few years. Concomitantly, the scope of attracting tourists from regional neighbouring countries e.g., India and Nepal, must be explored. Travel policy and design can be tailored to the targeted countries. At present, tourists from western countries are facilitated with “on-arrival” visas. This system should be improved with the provision of a pre-arrival electronic visa. Equally important is the synchronisation of agencies that impinge on tourism development. Several sub-sectors impinge on the hospitality and tourism sector. The tourism-related policies of these sub-sectors need to be coordinated by the Ministry of Civil Aviation and Tourism. Moreover, the tourism industry must be prioritised in National Five-Year Plans.

Branding and imaging should be emphasised with utmost priority. Bangladesh should have recognition in the tourism arena to attract international tourists. For example, not many international tourists planning pleasure trips are aware of the two major tourist attractions—Cox’s Bazar and Sundarbans. If international tourists do not have information about Bangladesh as being a potential tourist destination, they are not likely to visit Bangladesh. Rather, they will prefer to visit other places in the neighbouring countries. On the other hand, Bangladesh must also focus on improving the images that have been damaged due to dreadful incidents like Rana Plaza or heinous acts like the Holy Artisan. For example, Japan declared a red alert for travelling in Bangladesh for a long time after the Holy Artisan event took place. However, the world is still unaware of the punishments given to the perpetrators. Bangladesh could have publicised internationally the exemplary punishments that have been meted out to

the culprits to rebuild the confidence among international tourists. Local/domestic tourism should be emphasised and promoted as a precursor to attracting international tourists. Demand for local tourism builds up the foundation for the development of the tourism sector. This will further boost international tourism. Investment in the sector may come from revenue generated through local tourism.

The skill gap increased due to COVID-19 as many workers have switched to different industries and jobs after being unemployed during the COVID-19 pandemic. This will adversely affected skill distribution workers within enterprises. Entrepreneurs were afraid that these workers are not likely to return to this industry once the recovery starts. Prudent coordination of private initiatives and public sector provision of soft and hard infrastructures is required to reverse the course of the wind.

CHAPTER 6

PROJECTED TOTAL EMPLOYMENT IN THE SUB-SECTORS AND SKILL DEVELOPMENT

The projection of the workforce requires two pieces of information at what rate would a sub-sector grow, and at what rate the workforce in each enterprise would grow. The former indicates growth at the extensive margin, while the latter at the intensive margin. The data collected on the number of workers engaged by the sub-sector, department, occupation, and skill levels for each enterprise in the sample for the past three years— 2018, 2019, and 2020— would inform the actual growth of the workforce by department, occupation, and skill level within the enterprise.² Information on the growth at the extensive margin is collated from several sources, including BBS (2019; 2020) and websites for booking facilities of accommodations in Bangladesh.

Information on the counts of travel agencies and tour operators is available from BBS. However, counts of star-rated accommodation facilities, hotels, and resorts are not available from BBS, as it reports combined counts of hotels and resorts. Exploring different websites for hotel booking (e.g., trip advisor, booking.com) that include a spectrum of accommodation facilities with different qualities, an educated conjecture was made that the total counts of star-rated hotels stand around 1100 at present. However, these counts exclude cheap motels, hostels, and lodging facilities for backpackers that are mainly run by owners with a few staff, requiring minimum skill level to operate. We believe this exclusion approach is consistent with the focus of this study on the skill level of workers in selected sub-sectors.

The current level and projection on counts of hotels and resorts and travel agencies and tour operators are reported in Table 6.1. For projection, a constant yearly growth rate was assumed and calculated based on realized data in the past decades. Except for hotels and resorts, the current number of establishments (in 2020) for other sub-sectors is assumed to be the same as that reported for the year 2018 or 2019. This does not appear to be an unrealistic assumption, considering the extent of havoc wreaked by the pandemic on all sub-sectors of the HTS. The projection of the number of enterprises is based on the implicit assumption that the COVID-19 situation will persist until 2022. So, there will be 0 growth in the number of enterprises, and thus effective period over which enterprises would grow is 3 years between 2020 and 2015, and so on. Compared to the current level, the maximum growth by 2025 will be exhibited by travel agencies and tour operators (19 per cent) followed by hotels and resorts (16 per cent). By the year 2030, those two sub-sectors would register a growth rate of 58 per

² The survey also asked the enterprises to reveal information on potential future growth of the engaged workforce by occupation and skill level by 2025, 2030, and 2035. Unfortunately, the quality of the data on future workforce growth based on subjective assessment appears inconsistent and unreliable. We, therefore, exploit the actual employment data in the past to project growth of workforce within the enterprise in the future.

cent and 47 per cent, respectively. While the hotels and resorts are projected to exhibit a growth rate of 88 per cent between 2020 and 2035, the number of travel agencies and tour operators is projected to become more than double during the same period.

Table 6.1: Projection of the Future Establishments

Sector	Growth Rate	Time range of growth calculation and source	Number of Enterprises	Projected Number of Enterprises		
			2020	2025	2030	2035
Hotels and Resorts	4.84	Growth between 1993 and 2020; BBS (2020)	1,064	1,230	1,568	1,997
Travel Agencies and Tour Operators	5.74	Growth between 2004 and 2018; BBS (2019)	3,688	4,381	5,838	7,780

Note: BBS (2020) includes both hotels and restaurants, while this survey focuses on star-rated hotels and resorts. For counts of hotels and resorts, since exact information is not available, we rely on relevant websites for hotel booking. The growth rate for hotels and resorts is assumed to be the same as that reported for hotels and restaurants.

Source: BIDS HTS Skill Survey, 2020.

6.1 Projected Employment by Sub-sectors and Skills

We exploit the information elicited by the enterprises on the actual number of engaged workers in each sector by department (for hotels and resorts), occupations, and skill levels. The occupations are collapsed by skill levels based on educated conjecture and interactions with experts in the sector (Table B.1 in Annex B). The growth rates of workers employed in each sector/department by skill category are presented in Table 6.2. The growth rate registered at all sector-department-skill between 2019 and 2020 is negative, which is predominantly due to the COVID-19 pandemic. This portrays a direct picture of the effect of the pandemic on labour shedding in the sector, with workers in high-skill occupations being affected less compared to the semi-skilled and unskilled ones. This pattern is consistent both across two sub-sectors and all four broad departments within hotels and resorts. As an illustration, the rate of fall in employment in the food and beverage service department in hotels and resorts is reported to be 8 per cent for skilled workers, 10 per cent for semi-skilled workers, and 17 per cent for unskilled workers. In contrast, labour-shedding by skill level between 2019 and 2020 is a little bit slower at 9 per cent and 13 per cent by travel agencies and tour operators, respectively. The employment data in the years 2018 and 2019, two normal economic years, have been exploited to calculate the sector-department-skill-specific growth rate of the average count of the workforce in each enterprise. This rate of growth based on observed data is utilised to figure out two pieces of information, important for projection: (i) how many years it would take to reach the level of employment at the pre-pandemic level (level of 2019) from the current level and (ii) projected average employment at each sector-department-skill cell in the next 5 to 15 years. Broadly speaking, it would take on average 2 years each for both a hotel or a resort and a travel agency or a tour operator to reach the employment level of 2019 from the current level.

Table 6.2: Level and Growth of Employment by Sub-sector and Skill Level

Enterprise/ Department	Skill Category	Average Number of Workers			Growth (per cent) in Employment between		Years required to reach the employment level of 2019 from the level of 2020
		2018	2019	2020	2019 & 2020	2018 & 2019	
Hotels and Resorts							
Front Office	Skilled	1.5	1.5	1.4	-7.4	3.3	2.2
	Semi-Skilled	3.4	3.6	3.2	-12.0	5.7	2.1
	Unskilled	2.7	3.1	2.4	-23.4	12.8	1.8
	All	7.6	8.2	7.1	-15.2	7.8	1.9
Food and Beverage (Service)	Skilled	1.4	1.5	1.4	-8.3	8.3	1.0
	Semi-Skilled	2.1	2.2	2.0	-9.8	6.0	1.6
	Unskilled	7.5	7.9	6.7	-16.6	5.5	3.0
	All	11.0	11.7	10.1	-14.2	5.9	2.4
Food and Beverage (Production)	Skilled	3.1	3.3	3.2	-3.7	7.3	0.5
	Semi-Skilled	4.7	5.0	4.3	-13.4	6.5	2.1
	Unskilled	3.6	3.8	3.5	-9.3	5.9	1.6
	All	11.3	12.1	11.0	-9.4	6.5	1.4
Housekeeping	Skilled	1.7	1.8	1.7	-5.3	2.9	1.8
	Semi-Skilled	7.6	8.1	7.2	-11.9	6.3	1.9
	Unskilled	2.1	2.2	1.9	-15.2	3.2	4.7
	All	11.5	12.1	10.8	-11.5	5.3	2.2
All Departments		41.4	44.1	39.0	-12.3	6.3	2.0
Travel Agencies and Tour Operators	Skilled	1.61	1.64	1.49	-9.9	1.8	5.6
	Semi-Skilled	4.99	5.31	4.68	-12.6	6.2	2.0
	All	6.60	6.95	6.17	-11.9	5.1	2.3

Note: Growth between period t and t+n is calculated as $[\text{Ln}(Y_t) - \text{Ln}(Y_{t+n})] / n$. Years required to reach $\text{Employment}_{2019} = (\text{Ln}(\text{Emp}_{2019}) - \text{Ln}(\text{Emp}_{2020})) / \text{growth}_{2018-2019}^{\text{emp}}$. Years 2018 and 2019 were normal economic years, while the year 2020 is a pandemic year.

Source: BIDS HTS Skill Survey, 2020.

The projected count on average employment for each enterprise, as well as the whole sector, is reported by the sector, departments, and skill level in Table 6.3. The latter is obtained by multiplying the enterprise-level averages by the relevant count of the total number of projected establishments, as reported in Table 6.1. All the projections are based on a constant yearly growth rate reported in Table 6.2. The projection reveals that demand for workforce in the hotels and resorts would grow by 40 per cent in 2025, 149 per cent by 2030, and 348 per cent by 2035 compared to the level of 2019. The corresponding numbers for the travel agencies and tour operators are 37 per cent, 139 per cent, and 320 per cent, respectively, during the same period. Considering the projected growth rate of skilled and semi-skilled workers in the next 5-15 years, the areas of high potential for skilled workers are food and beverage production, food and beverage services, and housekeeping in hotels and resorts. While the former two departments in hotels and resorts would observe an explosion for both skilled and semi-skilled workers, the latter would largely demand more semi-skilled workers.

Table 6.3: Projected Total Workforce by Departments and Enterprises

Department/Enterprise Year	Skill Category	Average Number of Workers (by enterprise)				Total Number of Workers			
		2019	2025	2030	2035	2019	2025	2030	2035
Hotels and Resorts									
Front Office	Skilled	1.54	1.69	1.99	2.35	1,639	2,075	3,118	4,685
	Semi-Skilled	3.63	4.27	5.68	7.53	3,862	5,260	8,896	15,047
	Unskilled	3.07	4.62	8.78	16.68	3,266	5,682	13,759	33,314
	All	8.24	10.58	16.44	26.56	8,767	13,017	25,773	53,046
Fand Beverage (Service)	Skilled	1.50	2.09	3.18	4.82	1,596	2,576	4,980	9,626
	Semi-Skilled	2.24	2.74	3.69	4.98	2,383	3,368	5,786	9,940
	Unskilled	7.91	8.80	11.56	15.19	8,416	10,829	18,124	30,331
	All	11.65	13.63	18.43	24.99	12,396	16,773	28,889	49,897
Food and Beverage (Production)	Skilled	3.28	4.55	6.54	9.40	3,490	5,592	10,248	18,780
	Semi-Skilled	4.96	5.99	8.28	11.43	5,277	7,374	12,972	22,820
	Unskilled	3.84	4.70	6.31	8.48	4,086	5,784	9,897	16,936
	All	12.08	15.24	21.13	29.31	12,853	18,750	33,117	58,536
Housekeeping	Skilled	1.75	1.92	2.22	2.56	1,862	2,361	3,477	5,121
	Semi-Skilled	8.14	9.93	13.63	18.71	8,661	12,214	21,363	37,368
	Unskilled	2.20	2.22	2.61	3.07	2,341	2,734	4,094	6,131
	All	12.09	14.07	18.46	24.35	12,864	17,308	28,934	48,620
All Hotels and Resorts		44.06	53.52	74.46	105.20	46,880	65,849	116,714	210,099
Travel Agencies and Tour Operators	Skilled	1.64	1.63	1.78	1.94	6,055	7,122	10,370	15,099
	Semi-Skilled	5.31	6.39	8.72	11.90	19,579	27,989	50,895	92,545
	All	6.95	8.01	10.49	13.84	25,634	35,111	61,264	107,644

Note: (Average number of workers)_{t+n} = (Average number of workers)_t * exp [(growth 2018-2019)ⁿ * (n - Years required to reach pre-COVID-19 employment)]. Projected total employment in year *t* = Projected employment in the enterprise in year *t* * Projected counts of establishment in year *t*.
Source: BIDS HTS Skill Survey, 2020.

6.2 Upskilling and Re-skilling for Technological Innovations

In the current process of globalisation led by 4IR, it is expected that the hospitality and tourism industry will be governed by automation and digitalisation, resulting in technological innovation replacing human efforts. However, the extent of such technological innovation will be lower compared to the level of innovations in other industries due to the nature of the service, which is dominantly driven by human interactions. As Schmitt (2021) argues the hospitality industry is human-centred, and the degree of automation and digitisation is relatively fixed. Humans need community creation and a psychological need for belonging, which cannot be accomplished by robotics. Machines and technology have a certain level of understanding of guests' needs and requirements. Once the requests go beyond AI programming, human interaction becomes inevitable. Therefore, the efficiency of the workforce in the hospitality and tourism industry is mostly contingent upon the acquisition of "soft skills". Soft skills such as management, service design, and leadership are highly valued and are considered essential for the hospitality industry. Therefore, soft skills education remains an irreplaceable course within the education system.

Up-skilling and reskilling of the workforce in the HTS stand as prerequisites to enhance efficiency as well as to adapt to technological innovation. The need for up-skilling and re-skilling is affirmed by Aymonier (2019), as she stated, "studying and implementing mechanics can increase efficiency and productivity on a great scale". For instance, rocketing media exposure provides excellent opportunities for hoteliers to promote their brands. However, with the low entrance cost, the ongoing livestream campaign has intensified the market competition to a certain extent. Considering the dual existence of "human-centred" service and technological innovation, finding the balance between soft and technical skills in hospitality management education is a crucial concern for the stakeholders and educators within the hospitality industry. One of the global endeavours to facilitate the process of up-skilling and re-skilling in HTS is 'EU Pact for Skills'³ launched by tourism stakeholders, with the encouragement of the European Commission in 2022. The objective of the Pact is to "promote joint actions to maximise the impact of investing in improving existing skills (upskilling) and training in new skills (reskilling). It also envisages overcoming the lack of labour in the sector".

³ https://defence-industry-space.ec.europa.eu/pact-skills-mobilising-all-partners-invest-skills-2020-11-10_en

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

The hospitality and tourism sector, still at a fledgling stage, has been growing in recent years due mainly to a sharp rise in domestic tourism resulting from increased per capita income. The growth of enterprises of the sub-sectors and average employment per enterprise therein are the key drivers of increased employment in the sector. The sector has the potential to make a substantial contribution to the overall economy through its wide array of job opportunities matched with the employers' expectations and skill requirements. The results of enterprise and employee surveys in hotels and resorts and travel agencies and tour operators, as well as stakeholder consultation, reveal several intriguing issues in skill gaps, skill shortage, and future levels of employment across skill groups.

The positive and significant difference between the level of skills at present and at the time of joining implies that employees enhanced their efficiency and skills after joining the respective enterprises. The finding unearths two plausible aspects of the labour market in the sector. First, the training provided by the academic institutions is inadequate and ineffective. Second, despite the inadequacy and ineffectiveness of training, the existing labour force can still perform expectedly if they receive on-the-job or in-house training from employers. This also raises the need for strengthening industry-academia linkages.

There should be arrangements for continuing professional development for teachers and trainers through which they can maintain connections with the sector and be notified of the nature and dynamics of existing demand. For that to happen, teachers should regularly visit the key enterprises to design the course curriculum in collaboration with potential employers in the sector and train students according to the demands and needs of the sector.

Analyses of the difference between the actual and the desired level of education and that of experience reveal that even though existing employees have acquired a higher level of education compared to the level expected by employers, they cannot meet the expectations of employers in terms of experience. Employers face difficulties in recruiting employees with the required level of experience mostly in food and beverage (both service and production) and housekeeping departments of hotels and resorts. The inertia of students and trainees to incept their career with junior positions might be one of the plausible reasons for such a lower level of experience. Another reason is the prevailing social stigma about working at hotels and resorts, which becomes a serious concern for the employees, especially females.

It was noted that high star-ranked hotels and resorts face a lower level of skill gaps compared to low star-ranked ones in most of the four departments. This calls for special attention to training the potential workforce with adequate culinary and other skills. This, in turn, needs close cooperation between the training institutions and leading employers in the

sector to arrange internships for students in the hotels and resorts to learn practical aspects of the jobs. Otherwise, the current trend of outsourcing critical and high-paid jobs to foreign employees will remain unabated.

The employers of hotels and resorts stressed the need for training in greeting guests and language proficiency; serving and managing guests with proper etiquette and language proficiency; innovation/creative skill towards developing new cuisines and time management; the ability to use and inspect the housekeeping equipment, responding to guest requirements and language proficiency. The employers of travel agencies and tour operators mentioned training needs in the ability to work as travel advisors and ability to use ticketing software, geographical knowledge, passenger routing skills, procedural knowledge of visa/passport, language proficiency, and skills to handle tourists. The growth of the sector would remain stunted in the absence of a trained workforce in these skills, which again calls for alignment of training to the needs of the employers.

Poor wage payment is one of the underlying reasons for skill gaps and skill shortages in the sector. The employees receive low wage payments and are subject to low security of jobs. The minimum wage, as spelled out in the national labour laws and rules, is not adhered to by the majority of enterprises. Even though several initiatives—such as tourism fairs—and have been organised to make the recruitment process transparent as well as to ensure decent wages and job security, it seems that there is still a misallocation of resources. The reluctance of local graduates to build up their careers in the sector can be minimised through improved salary structure and other associated benefits.

Any hospitality professional interested in receiving documented proof of their industry success or expertise should pursue some sort of certification. While there are certifications that acknowledge those who have been in the industry for a long time, there are also certifications available for newcomers interested in progressing within their chosen career path. However, hospitality employers in Bangladesh do not emphasise much on acquiring these certifications which eventually results in an inefficient workforce with inadequate skills to compete in the industry beyond the domestic arena. There are many renowned courses in international certifications. For instance, Table C1 in Annex C describes the top 21 certification agencies that may increase potential opportunities for the existing workforce in this dynamic new industry landscape. The policymakers, the governments, and the agencies concerned should come forward to promote and facilitate these certifications for the graduates who feel inclined to build up their careers in HTS.

Our study empirically demonstrates that the female labour force participation in the HTS is trivial across sectors. This contrasts with many neighbouring regions. For instance, the share of female employment in the hospitality sector is 26 per cent in India and close to 50 per cent in the Asia Pacific region.⁴ There is enormous scope for developing a skilled workforce

⁴ <https://www.hospitalitynet.org/news/4107655.html>

through training of the unemployed female population who can be easily absorbed in the HTS. It is pertinent to learn the barriers and difficulties causing such low participation of female workers in the HTS in Bangladesh. The inclusion of a moderately disabled population in the HTS sector appears feasible. However, these issues are beyond the scope of this research.

There is a high potential for overseas employment in the hospitality sector. The demand for Bangladeshi migrant workers in Europe is primarily in the low-skilled and semi-skilled sectors, such as construction, agriculture, and hospitality.⁵ The projected future job demand for overseas employment in the HTS sector is 169,740 (Barkat, Sengupta, Ahamed, & Ahmad, 2018). Findings from our employers' survey also reveal the trend of overseas employment in the hospitality sector with experience of working in domestic enterprises and receiving on-the-job training. However, one of the significant skill gaps of Bangladeshi workers is the lack of English language proficiency, which acts as an impediment to sending this skill group abroad. It should be mentioned that a large number of workers are working as “cooks” in Kuwait, Qatar, and the UAE (ADB, 2016). The culinary skills of Bangladeshi workers working overseas are mostly confined to the household level instead of being employed in the enterprises of the hospitality sector. Recently, Italy revealed interest in taking skilled workers from Bangladesh for the construction, ship-building, and hospitality sectors.⁶ Therefore, there is a huge scope for building a competent pool of skilled workers through adequate training to work abroad in the hospitality sector.

Recommendations

All the stakeholders, viz., the policymakers, the enterprises, the (potential) employees, and the training institutions must play their proper roles to revamp the sector from the current malaise. While some of these imperatives may be achieved in the short-term, many of them need medium- to long-term actions through judicious planning. Failing to accomplish these imperatives would, at best, keep the sector alive but would not make it thrive. Some of these imperatives include:

The policymakers need to implement the existing Labour Act and the associated Rules and Regulations to mitigate low payments to the employees and low security of their jobs through written formal contracts, employment benefits, and paid and unpaid leaves as articulated in the relevant acts, rules, and regulations.

The hotels and resorts need to publicise their actual classification in terms of “star” as determined and registered as per the guidelines of the UN WTO. Moreover, the criteria for classification need to be upgraded regularly. The government and respective agencies should take necessary actions to upgrade the classification criteria, monitor the status of each

⁵ <https://www.linkedin.com/pulse/closing-skill-gap-key-increasing-bangladeshi-migrant-workers->

⁶ <https://www.dhakatribune.com/opinion/editorial/313113/expanding-our-migrant-worker-base>

registered hotel and resort in a definite time frame, and regulate them to follow the upgraded criteria as well as make the actual classifications publicly available.

Policies related to hospitality and tourism need to be synchronised. The tourism-related policies of the sub-sectors need to be coordinated by the Ministry of Civil Aviation and Tourism. The current policy of dividing the licensing of hotels and resorts between the Ministry and Deputy Commissioners of the respective districts needs to be abolished, as it is likely to be susceptible to inaccurate licensing unless the latter at least have some discussion with tourism entities such as the Ministry, or the Bangladesh Tourism Board.

The regulatory part of the sector is very weak. There is no entity to ensure the quality and standards of investments in the industry. Getting access to the HTS sector as an entrant only requires adequate finance but not any prior qualification or experience in the sector. Hence, the current practice must be overhauled.

Bangladesh has the longest sea beach in the world, which can be fully utilised to attract tourists from all over the world. However, infrastructural development and ensuring the safety and security of international tourists stand as a necessity. Once the twin issues are resolved, the tourism sector is likely to have a boom within a few years.

Branding and imaging should be emphasised with utmost priority. Bangladesh should have recognition in the tourism arena to attract international tourists. For example, not too many international tourists are aware of the two major tourist attractions, Cox's Bazar and the Sundarbans. Bangladesh must also focus on improving the global public image by publicising that justice has been meted out to offenders such as those involved in the Holey Artisan terror attack to regain trust and rebuild confidence among international tourists.

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ANNEXURES

Annex A: Supplementary Tables

Table A.1: Skill Assessment of Employees of Hotel and Resort across Star Rank

Proxy Indicators of Skill	At present	At the time of joining	Diff. (Std. Error)
2-Star Hotels and Resorts			
Front Office			
Greeting guests	4.681	3.597	1.083*** (0.062)
Handling incoming and outgoing calls	4.583	3.611	0.972*** (0.069)
Billing	4.58	3.565	1.014*** (0.076)
Language proficiency	4.486	3.389	1.097*** (0.072)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.485	3.333	1.152*** (0.116)
Complaint handling	4.424	3.394	1.03*** (0.119)
Simple billing	4.594	3.5	1.094*** (0.122)
Language proficiency	4.455	3.424	1.03*** (0.111)
Food and Beverage (Production)			
Innovation/creative skill in developing new cuisines and offerings	4.833	4.083	0.75*** (0.131)
Hygiene and cleanliness	4.595	3.486	1.108*** (0.133)
Time management skills	4.487	3.379	1.108*** (0.108)
Cost management	4.361	3.222	1.139*** (0.114)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.423	3.197	1.225*** (0.083)
Responding to guest requirements	4.486	3.361	1.125*** (0.082)
Complaint handling	4.394	3.212	1.183*** (0.081)
Language proficiency	4.268	3.057	1.211*** (0.077)
3-Star Hotels and Resorts			
Front Office			
Greeting guests	4.583	3.516	1.067*** (0.043)
Handling incoming and outgoing calls	4.564	3.54	1.025*** (0.048)
Billing	4.619	3.625	0.993*** (0.051)
Language proficiency	4.442	3.478	0.963*** (0.049)
Food and Beverage (Service)			
Serving and managing guests with Politeness	4.51	3.394	1.116*** (0.05)
Complaint handling	4.49	3.42	1.071*** (0.047)
Simple billing	4.545	3.539	1.006*** (0.054)
Language proficiency	4.277	3.349	0.929*** (0.057)
Food and Beverage (Production)			
Innovation/creative skill in developing new cuisines and offerings	4.75	4.016	0.734*** (0.06)
Hygiene and cleanliness	4.715	3.699	1.017*** (0.047)
Time management skills	4.59	3.569	1.022*** (0.045)
Cost management	4.463	3.43	1.034*** (0.046)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.419	3.264	1.156*** (0.051)
Responding to guest requirements	4.461	3.353	1.108*** (0.049)
Complaint handling	4.389	3.252	1.138*** (0.049)
Language proficiency	4.204	3.198	1.006*** (0.052)
4-Star Hotels and Resorts			
Front Office			
Greeting guests	4.615	3.542	1.072*** (0.078)
Handling incoming and outgoing calls	4.579	3.482	1.096*** (0.078)
Billing	4.654	3.654	1.000*** (0.083)
Language proficiency	4.289	3.313	0.976*** (0.072)
Food and Beverage (Service)			
Serving and managing guests with Politeness	4.633	3.594	1.040*** (0.081)
Complaint handling	4.55	3.49	1.06*** (0.072)
Simple billing	4.59	3.674	0.916*** (0.07)
Language proficiency	4.31	3.37	0.940*** (0.067)
Food and Beverage (Production)			
Innovation/creative skill in developing new cuisines and offerings	4.83	4.244	0.585*** (0.092)
Hygiene and cleanliness	4.67	3.696	0.974*** (0.066)
Time management skills	4.539	3.557	0.983*** (0.072)
Cost management	4.413	3.422	0.991*** (0.07)

(Contd. Table A.1)

Proxy Indicators of Skill	At present	At the time of joining	Diff. (Std. Error)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.577	3.619	0.958*** (0.082)
Responding to guest requirements	4.62	3.662	0.958*** (0.095)
Complaint handling	4.521	3.619	0.901*** (0.086)
Language proficiency	4.31	3.268	1.042*** (0.084)
5-Star Hotels and Resorts			
Front Office			
Greeting guests	4.782	3.989	0.793*** (0.073)
Handling incoming and outgoing calls	4.8	4.071	0.729*** (0.075)
Billing	4.886	4.266	0.62*** (0.071)
Language proficiency	4.747	4.08	0.667*** (0.071)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.833	4.072	0.762*** (0.064)
Complaint handling	4.793	3.984	0.810*** (0.069)
Simple billing	4.762	4.000	0.762*** (0.067)
Language proficiency	4.707	3.881	0.825*** (0.064)
Food and Beverage (Production)			
Innovation/creative skill in developing new cuisines and offerings	4.966	4.500	0.467*** (0.077)
Hygiene and cleanliness	4.927	4.095	0.832*** (0.08)
Time management skills	4.81	4.029	0.781*** (0.07)
Cost management	4.699	4.032	0.667*** (0.066)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.836	3.926	0.910*** (0.097)
Responding to guest requirements	4.865	4.030	0.836*** (0.094)
Complaint handling	4.776	4.030	0.746*** (0.096)
Language proficiency	4.686	3.761	0.925*** (0.088)

Note: We asked the enterprises to report the skill level of employees across each of the designations. So, there were multiple responses from each of the firms. Hence, the number of observations is not equal to the number of enterprises; instead, this number is the total number of responses from all the firms reporting about the skill level of their employees at different designations.

Source: BIDS HTS Skill Survey, 2020.

Table A.2: Actual and Desired Education and Experience of Workers

Department	Actual	Desired	Diff. (Std. Error)
Level of Education (Years)			
Hotels and Resorts			
2-Star Hotels and Resorts			
Front Office	12.472	12.943	-0.471* (0.262)
Food and Beverage (Service)	11.031	11.546	-0.515* (0.258)
Food and Beverage (Production)	8.46	9.703	-1.243*** (0.264)
Housekeeping	9.528	10.667	-1.139*** (0.177)
3-Star Hotels and Resorts			
Front Office	12.503	12.416	0.087 (0.188)
Food and Beverage (Service)	11.25	11.325	-0.074 (0.216)
Food and Beverage (Production)	8.793	9.873	-1.08*** (0.184)
Housekeeping	10.125	10.698	-0.572*** (0.186)
4-Star Hotels and Resorts			
Front Office	12.795	13.145	-0.349** (0.146)
Food and Beverage (Service)	12.041	12.357	-0.316*** (0.147)
Food and Beverage (Production)	9.632	10.544	-0.912*** (0.159)
Housekeeping	10.817	11.395	-0.577*** (0.221)
5-Star Hotels and Resorts			
Front Office	13.211	12.556	0.656** (0.284)
Food and Beverage (Service)	12.722	12.963	-0.241* (0.131)
Food and Beverage (Production)	10.628	10.917	-0.29*** (0.097)
Housekeeping	11.958	12.028	-0.07 (0.341)
Travel Agencies and Tour Operators	13.57	14.54	-0.98*** (0.15)

(Contd. Table A.2)

Department	Actual	Desired	Diff. (Std. Error)
Level of Education (Years)			
Experience at the Entry Level (Years)			
Hotels and Resorts			
2-Star Hotels and Resorts			
Front Office	3.051	3.212	-0.161 (0.46)
Food and Beverage (Service)	2.757	2.515	0.242 (0.343)
Food and Beverage (Production)	2.541	2.784	-0.243 (0.296)
Housekeeping	2.110	2.274	-0.164 (0.227)
3-Star Hotels and Resorts			
Front Office	3.154	2.974	0.179 (0.248)
Food and Beverage (Service)	3.305	2.452	0.853 (0.322)
Food and Beverage (Production)	4.371	2.93	1.442*** (0.339)
Housekeeping	2.868	2.400	0.468*** (0.214)
4-Star Hotels and Resorts			
Front Office	2.664	3.036	-0.372 (0.249)
Food and Beverage (Service)	3.990	3.285	0.704 (0.377)
Food and Beverage (Production)	4.956	3.263	1.693* (0.412)
Housekeeping	4.740	3.155	1.585*** (0.572)
5-Star Hotels and Resorts			
Front Office	4.216	2.600	1.617*** (0.482)
Food and Beverage (Service)	4.466	2.519	1.947*** (0.368)
Food and Beverage (Production)	6.083	3.152	2.931*** (0.538)
Housekeeping	5.282	2.324	2.958*** (0.669)
Travel Agencies and Tour Operators	3.41	4.04	-0.63** (0.30)

Source: BIDS HTS Skill Survey, 2020.

Annex B: Skill Classification of HTS Workers

Table B.1: Skill Classification Workers in Hotel and Resort, and Travel Agency and Tour Operator

Sector	Department	Skill Categories		
		Skilled	Semi-Skilled	Unskilled
Hotel and Resort	Front Office	Manager	Team Leader	Bell Captain
		Assistant Manager	Executive	Bell Man
	Food & Beverage (Service)	Manager	Supervisor	Senior Waiter
		Banquet Manager	Bar Manager	Waiter
		Restaurant Manager	Bartender	Junior Waiter
		Asstt. Restaurant Manager	Captain	
	Food & Beverage (Production)	Executive Chef	Commi 1	Boucher
		Sous Chef	Commi 2	Dish Washer (Chief Steward)
		Chef the Party	Commi 3	Dish Washer (Worker)
		Demi Chef the Party		
	Housekeeping	Executive Housekeeper	Room Attendant (Public area)	House Man
		Supervisor	Room Attendant (Room)	
	Travel Agent	Manager	Accounts	
		Asst. General Manager	Accounts Officer	
AGM		Asst. Manager		
Accounts Manager		Cashier		
General Manager		Dispatch		
GM Sales		Guide		
GM AD		Hajj Guide		
Sales Manager		IT Officer		
Ticketing Manager		Marketing Executive		
Tour Manager		Office Executive		
Executive Ticketing		PRO		
		RO		
		SPO		
		Sales & Marketing		
		Sales & Ticketing		
		Sales Executive		
		Sales Executive ticketing		
		Sales Ticketing		
		Sales Ticketing Executive		
		sales executive		
		Sales		
		Ticketing		
	Ticketing Sales			
	Tourist Guide			
	Umra Hajj Guide			
	Visa Coordinator			
	Visa Officer			

(Contd. Table B.1)

Sector	Department	Skill Categories		
		Skilled	Semi-Skilled	Unskilled
Tour Operator		AGM	Accounts	
		Air Ticketing Head	Air Ticketing Executive	
		DMD	Asst. Manager	
		Executive	Communication Officer	
		GM	Guide	
		IT Manager	JRO	
		Manager	Marketing	
		Tour Manager	Marketing Officer	
		Visa Head	Office Manager	
		Ticketing Executive	PD	
			RO	
			RSO	
			RO	
			SRO	
			Sales Executive	
			Sales Manager	
			Sales Ticketing	
			Supervisor	
			Tour Consultant	
			Tour Executive	
		Tour Guide		
		Visa Executive		
		Visa Officer		
		Visa officer		

Source: Authors' Categorization based on BIDS HTS Skill Survey, 2020.

Annex C: International Certifications for Working in HTS

Table C.1: Top 21 International Certifications for Working in HTS

Name of Certification	Administering Agency	Who it's for
1. Cvent Supplier Professional Certification	Cvent	Sales and marketing professionals at hotels and venues looking to improve proficiency and conversion rates on the Cvent Supplier Network.
2. DMCP: Destination Management Certified Professional	Association of Destination Management Executives	Anyone interested in both self-improvement and being informed about the latest industry standards, practices, and ethics.
3. CGMP: Certified Government Meeting Professional	Society of Government Meeting Professionals	Event organisers and suppliers who follow the federal government's guidelines for meeting planning.
4. DES: Digital Event Strategist	The Digital Experience Institute	Hospitality professionals interested in the best methods for planning, producing, and measuring the success of digital engagement practices.
5. CVE: Certified Venue Executive	International Association of Venue Managers	Excellent managers of public assembly facilities including arenas, stadiums, convention centres, and performance art venues.
6. CSP: Certified Speaking Professional	National Speakers Association	The industry's top 10 per cent of speakers who perform at the highest level of professional platform competence internationally.
7. CEM: Certified in Exhibition Management	International Association of Exhibitions and Events	Outstanding skills in the exhibitions and events management areas
8. CSEP: Certified Special Events Professional	The International Live Events Association	Expert special event planners with the knowledge, skills, and abilities necessary for all components of the process.
9. CDME: Certified Destination Management Executive	Destinations International	Senior destination marketing professionals who have completed the highest educational achievement in their industry.
10. CPCE: Certified Professional in Catering and Events	National Association of Catering and Events	Those who have established a standard of excellence in hospitality and pursue or promote continued education within the field. It's also for those who wish to easily find and collaborate with qualified caterers.

(Contd. Table C.1)

Name of Certification	Administering Agency	Who it's for
11. CCEP: Collegiate Conference and Events Professional	The Association of Collegiate Conferences and Events Directors-International	Individuals who show exceptional skill in the areas of collegiate conference and event planning.
12. CMP: Certification in Meeting Management	MPI	Event industry specialists educated in the best practices of corporate meetings worldwide.
13. CAE: Certified Association Executive	American Society of Association Executives	Industry leaders who exhibit high professional and personal standards. They should also actively pursue continued industry education
14. BVOM: Business Value of Meetings	Meeting Professionals International & The Global Business Travel Academy	Professional meeting planners who are interested in learning how to set and measure business goals for more effective meetings.
15. CRDE: Certified Rooms Division Executive	American Hotel & Lodging Educational Institute	Room division executives at every level, including but not limited to bell staff, front desk staff, and reservation specialists.
16. CHSP: Certified Hospitality Sales Professional	CHA International	Internationally recognised sales experts who stay up-to-date with trends and hospitality protocols.
17. CHDT: Certified Hospitality Department Trainer	AHLEI	Hospitality employees responsible for skills training.
18. CHDM: Certified Hospitality Digital Marketer	HSMIAI	Hospitality marketers demonstrating expert-level industry knowledge.
19. CHS: Certified Hospitality Supervisor	United States Hospitality and Tourism Academy	Students and professionals in hospitality who are skilled in a variety of broad subjects within this topic.
20. CHA: Certified Hotel Administrator	American Hotel & Lodging Educational Institute	Hotel general managers and executives who have achieved a high level of expertise through experience and education.
21. CHRM: Certified Hospitality Revenue Manager	AHLEI	Hotel and casino managers interested in demonstrating their integrity and competence.

Source: <https://www.socialtables.com/blog/hospitality/hospitality-certifications/#>



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