



Critique on capacity building for tourism sector in India

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Abstract

The paper critically evaluates the existing capacity building interventions for tourism sector in India. It is paradoxical that while on the one hand there is hyped skill gap, there is huge incidence of unemployment on the other hand. Author opines that interventions have not been able to ensure requisite skills inventory.

The analysis suggests that tourism industry has the potential to generate substantive number of local jobs. A different approach to capacity building is suggested. It is also suggested that other stake holders have to be included into a comprehensive intervention plan and tourism entrepreneurship must be included as a capacity building activity.

Keywords: Capacity building, tourism, India, entrepreneurship, education, training

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Introduction

According to a study conducted by Market Pulse in 2004 on behalf of the Department of Tourism (to assess manpower requirement in hotel industry, tour operations and travel sector, and manpower trained by different institutes, and placement scenario of students passing out from different institutes), the demand of manpower for hotels and restaurants far exceeds the supply. The study suggests that the supply of trained manpower is not addressing even 40% of the demand. The first direct impact of this demand-supply mismatch is that the hospitality industry has to do with an unacceptable percentage of untrained manpower and this affects the quality of service offered to the tourists. The situation, if not remedied, will affect India's aspiration to become a preferred tourist destination. The Ministry's own assessment is that the country will need 1,50,000 additional hotel rooms in the approved categories by 2010 which, by applying the average multiplier at 1.4 employees per room, means 2,10,000 additional trained persons at all levels. This does not cover requirement for standalone restaurants, bars, pubs, and other allied ventures. The total demand for trained manpower would therefore be much more.

Obviously, the government, the Industry and every stakeholder will have to make efforts, both individually and in synergy, contributing to creation of a system of training and professional education with necessary infrastructural support. The system should be capable of generating manpower, sufficient to make up the trained manpower deficiency, both quantitative and qualitative, and also to meet its (industry's) higher and exacting future manpower needs.

As per the study of Market Pulse of 2004, a total of about 18000 students are passing out with degrees/diplomas in hotel management and food craft. This is much less than the estimated per annum demand of 30000. The case of providing skilled manpower for all levels in Tourism specific services is no different. However, another estimate suggests that the placement of students from National Council for Hotel Management and Catering Technology (NCHMCT) is 90 % which would be further less for other institutes in private sector.

It may be noted that the estimated gap is only for the organised hospitality sector and does not include others engaged in the tourism sector- direct and indirect. This gap is not segregated in terms of skill requirements and does not mentions at what level these skills

are required and/ or what kind of organisations (their paying capacities) are seeking these skilled human resource.

An employment paradox

Paradoxically, despite the projected huge gap, there is unemployment and underemployment. The common observation is that industry is not willing to pay adequate salaries. Does this indicate that the demand is low or that the available people with skill set are not useful for the industry? There are a few large companies in tourism and hospitality sectors who have the capacity to adequately pay for managerial skills, while large numbers of small tourism companies fail to sufficiently compensate them. However, we continue to produce employees for larger companies where there is limited demand for their skills.

The result of the existing interventions of quality improvement is few excellent employable individuals for a few big players. This is far from what the situation actually demands. It should also be understood that this situation is as on the day. With projections that we have on hand it is more likely that more people will be trained with little guarantee that they would be employable round the year, as tourism is largely a seasonal industry, though serious efforts are being made to make India a 365 day destination.

Further, there is an expectation mismatch. Learners at higher education level with undergraduate/ post graduate degree as an outcome develop expectations of job profile that small enterprise dominated tourism industry does not offer. This is more a problem with post-graduate degrees than with undergraduate degrees. Around the world tourism education is more prevalent at undergraduate level. The problem has compounded with the UGC (University Grants Commission) advising change in the nomenclature from MTA and MTM to MBA (Tourism) and tantalising expectations of learners further.

Nature of tourism industry and employment thereof

Tourism is still largely a seasonal industry and therefore the demand for manpower varies over the year. Enterprises in many sub-sectors of tourism industry do not offer year round employment.

Tourism supply chain is dominated by micro, small and medium-size enterprises. More than 85% of all businesses that are directly or indirectly dependent on visitor expenditure, from small shops to tour operators, are micro, small and medium-sized enterprises

(MSMEs). They provide much of what is different and distinctive about a destination. This 'colour' and 'flavour' are critical elements in creating the satisfaction levels of visitors for any destination and deliver on those promises and expectations that are so much a part of our industry (Griffith University Report, 2004). Though there is a shortage of relevant data and concurrent research regarding the development of tourism MSMEs and their role in regional economic development (Morrison and Thomas, 2004), it is generally accepted that tourism industry is strewn with MSMEs.

Tourism being a composite product, it includes a variety of industries under its umbrella. Tourism is a contact-intensive experience-based industry. With their unique operating characteristics, smaller firms in tourism tend to be labour intensive and dependent upon local suppliers. This means that there are a variety of employment opportunities generated by tourism activities.

Tourism supply depends a lot on host community and must be related to community's economic empowerment. Members of the host community must therefore be capacitated to provide tourism-related products and services. Some services/ businesses will be loosely related to tourism but would still address visitors' concerns. The very nature of tourism is such that most of the small operators are from the host community. These companies employ local people and this is also cost effective. This largely labour intensive industry is now considered one of the world's largest employers, generating some 12% of the world's GDP (WTTC, 2004).

Employment in MSMEs has its own unique characteristics. The jobs are largely contact intensive even with increasing use of technology. Most of these are low to moderately paid jobs. Migration of workers is limited. Thus most of these low paying jobs are taken up by locals who in turn sustain low salaries because of low establishment cost at home. Further, local employees bring in mannerisms and attitudes which reflect local traditions and practices. Local knowledge and relationship with community are added advantages for these local employees.

Contact intensive tourism sector with relatively lower salaries employ larger number of people from host community resulting in equitable distribution of wealth among the local community.

Approach to capacity building interventions

Increased tourism means that more tourism products and services would have to be supplied and therefore more service providing firms rather than service providing individuals. More firms, in turn, will require more trained human power. It is therefore important that we focus not only on capacity and ability of individuals, but also on skills of raising and sustaining good tourism enterprises that would sustain employment in the sector.

Existing interventions have focused more on human resource development at middle and higher levels rather than capacity building at grassroots level. Further, capacity building for service providers at grassroots level has focused more on improving the quality of service of providers (which by no means is less important) rather than on empowering youth with skills to take up the challenges. However, a modest beginning has been made in this direction. Ministry of Tourism, through its Capacity Building for Service Providers (CBSP) scheme, delivered primarily by its institutes IITM and IHMs, has launched some pilot projects of HR interventions (See Exhibit 1).

It must be understood that capacity building is one of the interventions of HRD and not *vice versa*. In practice, HRD refers to development of infrastructure for formal education and training probably targeted at higher levels of employment in the sector, whereas capacity building is related to empowerment of individual with skills at grassroots' level to earn a livelihood.

The entire tourism education/ training scenario, therefore, needs to be revisited. Broadly, there are two interventions. One of the traditional interventions is to target premium jobs in the industry where learner segment is willing to pay a higher fee for a proficiency that enable him/her to earn a higher compensation for his/ her services. This is largely formal higher education. This is also the sector where private education initiative is coming in at a rapid pace. Governments can reduce their activities in this market to leave larger space for the private sector. Government institutions/ university can also offer these programmes and should compete with private sector on quality. Since the state provides capital grants to these institutions, the fee structure can be made competitive vis-à-vis private institutions. More creativity is required in financing models.

However, government can provide support to government and leading private institutions under schemes like MODROB (Modernisation and removal of obsolescence) administered on its own or through agencies like UGC/ AICTE. Government may also

consider creating some funds/ corpus for providing scholarships to students from economically and socially disadvantaged sections of the society.

The second intervention is non-formal skill-based training for rather low paying jobs at grassroots level. These are training for skills for which the fee paying capacity of the learner is rather low. Private initiative will find it unattractive (except for a few NGOs) and has therefore to be largely state supported. For this to be financially viable, capital expenses and overheads have to be kept low. State must explore alternative ways to make this possible.

Assessment for skills' demand has to be relevant and realistic "How many people with what skill would be required when?" Such assessment has to be at grassroots level. A realistic database will have to be created based on survey of local needs to project skills demand. Subsequently, individuals with identified skills can be developed in a given timeframe. 'Local' here refers to village/ town/ city/ district levels.

Further, such training interventions have to be flexible. Agencies should develop an expertise for working in project mode rather than with formal structures. They should periodically make assessment of local skill demands and mobilise resources and learners to fill any gaps noticed.

Governments should engage with NGOs/ private institutes by providing them necessary support to organise skill training modules and also offer incentives for organising these training. NGOs/ private agencies may undertake employment market need assessment/ survey and establish corresponding exit level outcomes (ELOs). They can then be instrumental in designing training inputs and mobilising necessary resources.

Governments should also connect with schools/ ITIs/ Polytechnics/Undergraduate colleges for add-on and/ or part time programmes to be delivered during slack periods-evenings, vacations, etc. There should be programmes to train existing teachers of these institutions for added-on skills. These certified teachers could be used for conducting training programmes in other establishments.

There is no need to create huge infrastructure for these activities. Ministry of Tourism should continue with CBSP (Capacity Building for Service Providers) scheme for superior service quality. However, the scope of CBSP activities should be enlarged to include varied service providers.

In general, there has to be positivity in society for tourism and jobs related to this sector. Efforts should be made to create a positive disposition / attitude through awareness and sensitisation of various stake holders-- parents, teachers, government officials, village elders, community leaders, political leadership at grassroots level, etc.

In many pockets/ niches like North-eastern states of the country there is little employment opportunity in tourism. The potential for tourism however is great. But the state alone cannot provide for all components of tourism supply chain-- attraction, accommodation, access, and amenities. For sustainable tourism development members of the host community must be 'enabled' to take up challenges (may be in parts-- to provide for only accommodation, or access, or amenities, design unique tour packages, etc.) to complete the supply chain.

This will also create employment but more likely skill-based jobs like cooks, drivers, housekeepers, craftsmen, local guides, etc. However, most of these jobs are moderate to low paying jobs and so education/ training cannot be premium-priced because of market forces or overheads. Low-cost, quality, short duration, non-formal education/ training is required. This is not lucrative enough for private sector and so state must provide for this.

Further, tourism supply is largely a local phenomenon. Transmigration of trained manpower for low salaried jobs is unlikely. Therefore, while in some parts of the country there is shortage of trained manpower, in other parts there is unemployment. Capacity building programmes should therefore engage local youth to fill in local jobs in areas where the supply is short.

As analysed earlier, tourism is a seasonal industry with employment in the industry varying from season to season. Policy makers and agencies should consider marginal counter cyclical employment skill training programmes. That means some people employed in other sectors can be trained with certain skill for tourism businesses so that they can shift to tourism enterprises during the peak season, ensuring year-long employment.

Though it appears difficult, we will have to rethink the HRD interventions. More emphasis will have to be on non-formal lower level job skills rather than on formal degree and post graduate degree programmes. Learning mix should typically include selected world class post graduate programmes, a few undergraduate vocational programmes, and large number of skill-based programmes.

There can be a number of modules delivered through alternative means/ channels-- distance learning mode, IT platforms, part time programmes, summer schools, add-on programmes, etc. Formal education programmes should accommodate credits earned during these programmes and allow for lateral entry. Following a cafeteria approach, University Grants Commission has recently introduced a credit portability system.

People from industry with abilities to share learning can be designated as master craftsmen and can contribute to such programmes of learning. Further, there should be a scheme of 'trade attachment' for regular faculty of tourism and hospitality industry. Similarly, professionals who want to avail of a sabbatical with their professional lives may be accommodated in formal education systems. Attractive schemes to involve such individuals for limited periods may be considered.

Case for tourism entrepreneurship

Prakash (2008) had made a strong case for tourism entrepreneurship in India. At the heart of this largest industry of the world is the visitor experience that is realized through thousands of small and micro tourism enterprises which quietly provide services and experiences for visitors to a destination. High quality and personalized services expected by demanding tourists are best served by MSMEs who are potentially flexible enough to satisfy such discerning visitors (Keller 2004; Poon, 1993). MSMEs in tourism sector are mostly unnoticed, yet they play an important role in visitor experience. This largely labour-intensive industry is now considered one of the world's largest employer, generating some 12% of the world's GDP (WTTC, 2004). The majority of its share is produced by micro, small and medium-sized tourism enterprises (MSMTes).

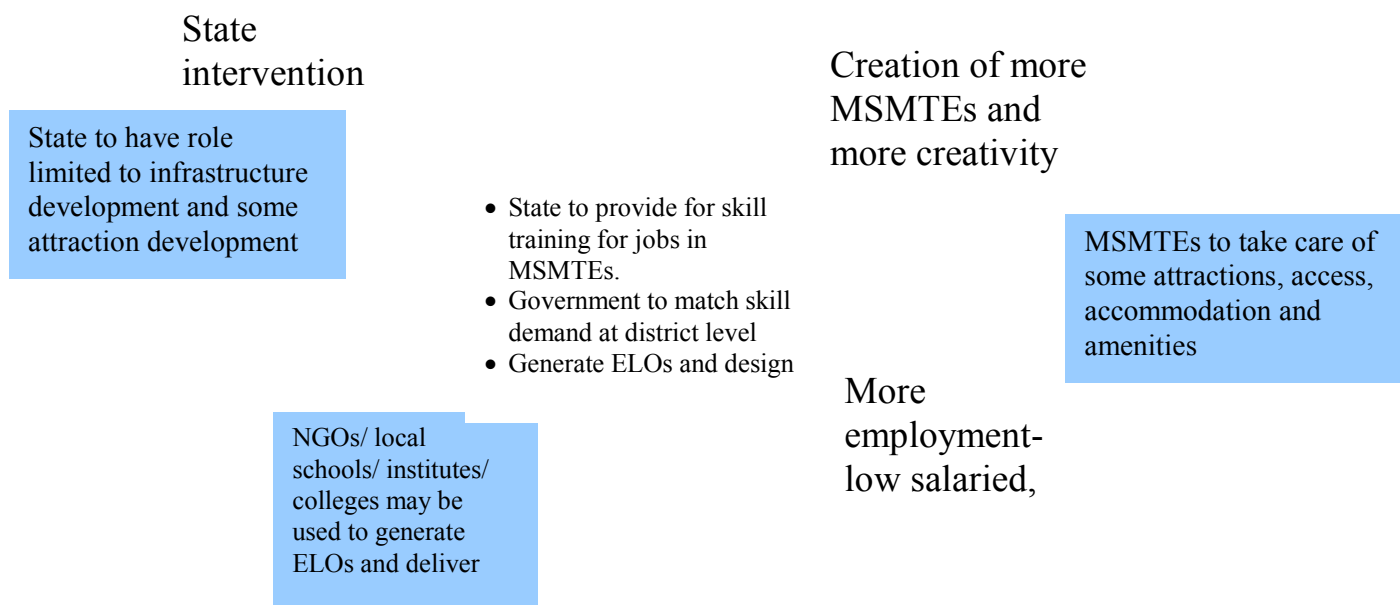
Globalisation of the tourism economy affects the role of MSMEs as traditional partners, suppliers or distributors of large enterprises. Tourism enterprises operate in a global market place but, for a large majority of them, remain actors at local level. The rapidly changing structure of the tourism-related industries and the dual nature of the industry composed of large multinational enterprises and of a majority of MSMEs, have opened avenues for new ways of co-operation and participation in supply and distribution value chains and networks. In this context, promoting MSMEs in the tourism-related industries holds an important place in socio-economic development of the community. It is established that any tourism activity has to be community based. Benefits of tourism must go directly to the community. This is possible with increase of community stake in

tourism supply at a destination and along the tourism supply chain. The community-engaged tourism is pro-poor and sustainable. Conversely, from a community development perspective, it is a good strategy to promote tourism MSMEs (Inskeep, 1991; Murphy, 1985).

Professional micro, small and medium-sized tourism enterprises can provide tourists with world class experience and would add to brand “Incredible India”. This will trigger greater demand for tourism in India and, in turn, more MSMTEs and employees therein would be required.

Government must therefore focus on entrepreneurship skill that would help create tourism, hospitality and related businesses-- small lodges, local tour companies, car rentals, ticketing agencies, B&Bs, curio shops, handicrafts, eating joints, provision stores and many more. Developing entrepreneurial attitude has to be a key input in any capacity-building intervention. Entrepreneurship has to be repositioned as a preferred employment strategy rather than an alternate one.

Figure 1: A Model for entrepreneurial intervention



National tourism and hospitality entrepreneurship facility

Government may create a central facility to support and promote entrepreneurship in tourism and hospitality sectors. Such facility may:

- Have a portal with resources to support entrepreneurship and raising of new companies.
 - Create a pool of experts who can organise Tourism Entrepreneurship Development Programmes (TEDPs) across the country.
 - Provide expert advice to burgeoning entrepreneurs.
 - Train trainers for TEDPs and entrepreneurship teaching.
 - Develop an incubator where entrepreneurs in tourism and hospitality sector can work on their ideas, test them, and start businesses before they actually transfer to chosen locations to continue their businesses.
 - Advise and work with MSMTE clusters.
 - Publish handbooks and training material.
 - Encourage and recognise entrepreneurial activity.
- Organise tourism business idea competition at national level to motivate individuals and generate a battery of creative and innovative ideas for quantitative and qualitative improvement in tourism sector.
 - Organise business plan competitions to generate feasible business ideas and develop a repository of tourism businesses (project reports) to be referred by others.
- Government should also consider creating a fund for providing soft loans to tourism entrepreneurs on merit and feasibility of business plans.

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Exhibit-1

Capacity building activities of Indian Institute of Tourism and Travel Management

- Training of grassroots service providers – Coolie, *dhaba* staff, boatmen, *tongawalas*, *pandas*, taxi and auto drivers, etc. Most of the programmes were delivered off the campus by different centres of IITTM.
- The institute has conducted some specific programmes which were conducted under its Entrepreneurship Development Cell to promote rural tourism, handicrafts and self-employment.
- The short-term crash courses were designed keeping in mind the requirement of the industry. This was designed under the industry-institute partnership cell.
- At the time of delivery of the programmes, special stress was given on knowledge, skill and attitude development of the participants.
- Anticipating demand for trained people (e.g., escorts) for Commonwealth Games 2010, the institute has conducted several programmes under “Earn While You Learn” Programme for college going students of the National Capital Region pursuing graduation in different colleges / institutes.
- The institute has taken up a mega project – Regional Level Guide Training Programme. As a nodal agency, the institute is conducting programmes for different regions of the country at various places. The institute has also organized several guide training programmes for different State Governments and co-operation.
- The institute is also taking up the training of Immigration Officers working at different International Airports in collaboration with the Ministry of Home Affairs.
- The institute has conducted Entrepreneurship Development Programme in various places including Leh - Ladakh and at Port Blair – Andaman & Nicobar Islands.
- The institute launched Tourism Promoter Programme (TPP) working closely with the Department of North East Region (DONER) for capacity building of the youth for north eastern region.
- The institute has signed a MOU with UNESCO to upgrade the skills of tourist guides at world heritage sites in India.
- The institute has also conducted several programmes in collaboration with Air India Staff College, Mumbai to improve the skills in air fare ticketing and air cargo.

- The institute also organises short-term need based programmes for undergraduate students from different parts of the country who visit IITTM campuses and make use of their resources.
- The institute conducts MDPs on themes of contemporary interest for various stake-holders of the tourism sector.
- The institute has also been conducting FDPs/ SDPs for university and college teachers who, in turn, contribute to furthering tourism education through out the country.