

# SKILL DEVELOPMENT IN INDIA FOR TOURISM AND HOSPITALITY SECTOR

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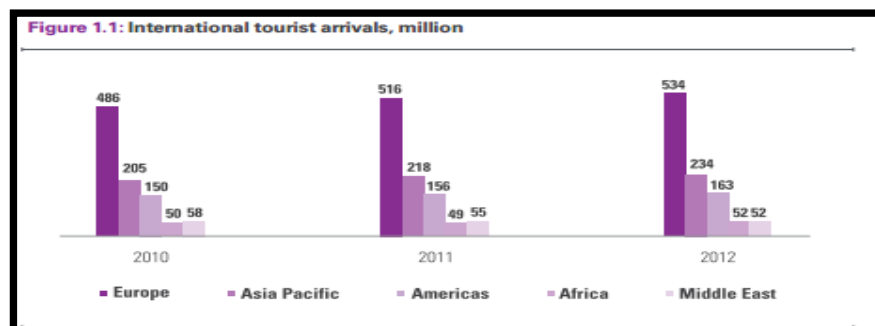
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**ABSTRACT:** Skills and knowledge are the driving forces of economic growth and social development for any country. For the economy to grow at 8% to 9%, it is required that the secondary and tertiary sectors grow at 10% to 11%, assuming agriculture grows at 4%. In such a scenario, it is obvious that a large portion of the workforce would migrate from the primary sector (agriculture) to the secondary and tertiary sectors. However, the skill sets that are required in the manufacturing and service sectors are quite different from those in the agriculture sector. This implies that there is/will be a large skill gap when such a migration occurs, as evidenced by a shrinking employment in the agriculture sector. This scenario necessitates skill development in the workforce. India is expected to be home to a skilled workforce of 500 million by 2022. About 12 million persons are expected to join the workforce every year. This talent pool needs to be adequately skilled. Tourism sector is one of the sectors expected to drive the growth of the economy as well as play a significant role in employment:

## Global Tourism Industry

The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. According to the United Nations World Tourism Organization (UNWTO) Tourism Highlights 2013, tourism's total contribution to worldwide GDP is estimated at 9 per cent



International tourist arrivals are set to increase at a growth rate of 3.3 per cent per annum and amount to approximately 1.4 billion by 2020 and 1.8 billion by 2030 implying an increase of 43 million international tourist arrivals each year. While international tourist arrivals in Europe and America are expected to witness modest growth rates of 2.5 per cent and 2.2 per cent respectively by 2030, Africa and Asia Pacific regions are expected to witness higher growth rates at 5.7 per cent and 5.0 per cent per annum during the same period. The global travel and tourism industry is expected to witness certain key trends:

## Indian tourism industry

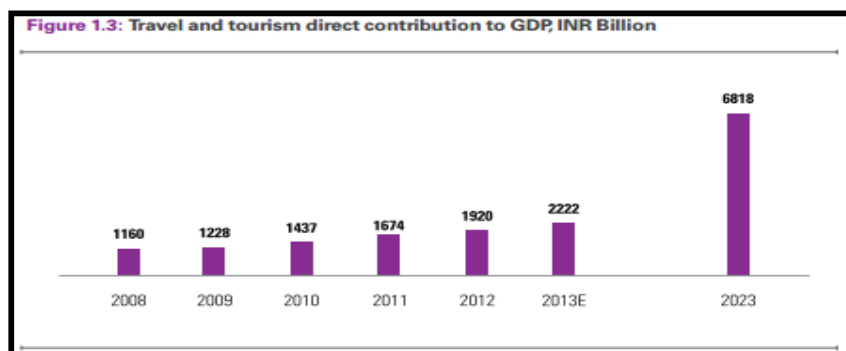
The travel and tourism sector holds strategic importance in the Indian economy providing several socio economic benefits. Provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc. are some of the important economic benefits provided by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy. According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia Pacific region and 65th globally out of 140 economies ranked on travel and tourism Competitiveness Index. India has been witnessing steady growth in its travel and tourism sector over the past few years. Total tourist visits have increased at a rate of 16.3 per cent per annum from 577 million tourists in 2008 to 1057 million tourists in 2012.

## Growth in number of tourists

With the international tourist arrivals in India (pegged at 7.5 million in 2013) expected to witness an annual growth rate of 6.2 per cent over the next decade, visitor exports (expenditure generated by foreign tourists) are expected to amount to INR 2958 billion by 2023 growing at 9.6 per cent per annum. This growth can mainly be attributed to the rising income levels and changing lifestyles, diverse tourism offerings and policy & infrastructural support by the government such as simplification of visa procedures and tax holidays for hotels.

#### **Impact of tourism sector on GDP**

The travel and tourism sector directly contributed INR 1920 billion to India's GDP in 2012 reflecting a growth CAGR of 14 per cent since 2007. This is forecasted to grow at a CAGR of 12 per cent from the estimated INR 2222 billion in the year 2013 to INR 6818 billion by 2023.



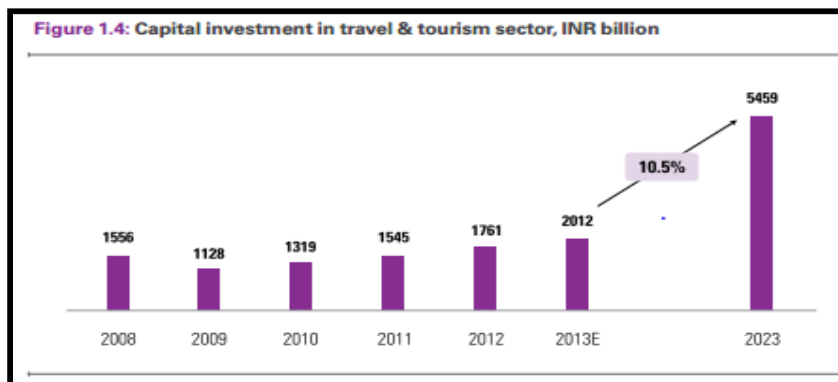
While Figure 1.3 reflects the direct contribution of the travel and tourism sector, the total contribution is expected to be much higher. In addition to the impact of economic activities directly related to the sector such as accommodation, transportation and entertainment, the total contribution of the sector also takes into account the indirect impacts of investment or supply chain activities and induced income impacts resulting from spending by employees directly or indirectly related to the sector. Such indirect and induced contribution of the industry results in a multiplier impact on the overall economy. Applying this multiplier impact, the total contribution of travel and tourism amounted to INR 6385 billion in 2012, around 3.3 times its direct contribution. This implies that for every rupee of direct contribution of tourism to GDP, additional 2.3 rupees is contributed to the economy when the indirect and induced effects of tourism are considered. In the year 2012, indirect and induced contributions amounted to INR 3500 billion and INR 966 billion respectively. The total GDP contribution is forecasted to rise at a CAGR of 12 per cent over the next decade with indirect and induced contributions forecasted to amount to INR 12939 billion and INR 3263 billion respectively by 2023.

#### **Impact of tourism sector on employment**

The travel and tourism sector supported 25 million jobs in 2012 directly related to the tourism sector. Constituting 4.9 per cent of the total employment in the country in 2012, this is expected to amount to 31 million jobs by 2023. While these numbers indicate direct employment supported by the tourism sector reflecting employment by hotels, travel agents, passenger transportation services or other restaurant and leisure employment, the total contribution including indirect and induced effects is expected to cause a multiplier impact on the economy resulting in greater employment generation. Applying this multiplier impact, the travel and tourism sector supported a total employment of 40 million jobs in 2012 constituting 7.7 per cent of the whole economy employment. This implies that for every job directly supported by the tourism sector, an additional 0.6 job is supported in the economy when the indirect and induced effect of tourism is considered.

#### **Capital investment in tourism sector**

Capital investments in the tourism sector include spending by all sectors directly involved in the travel and tourism industry. Spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use also form part of capital investments. Such investments lead to social development of an economy as infrastructure created for tourism purposes in areas of transportation, accommodation etc. can also be utilised by the community in general.

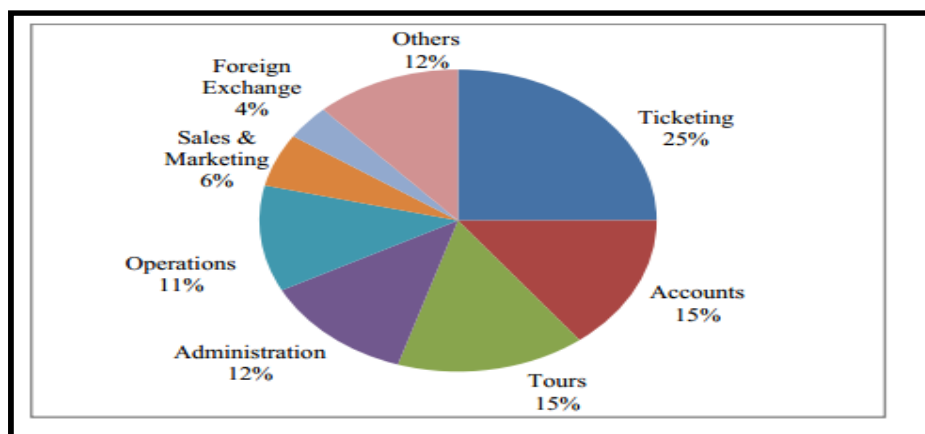


Capital investment in the travel and tourism sector in 2012 was estimated at INR 1761.4 billion amounting to approximately 6.2 per cent of total investment in the Indian economy. It is expected to increase by 14.2 per cent in 2013, and witness further annual growth rate of 10.5 per cent by 2023 amounting to INR 5459 billion.

**Skill Requirements and Gaps in Travel and Tour Operators Segment**

The skill requirements in the Travel and Tour Operator segments are elaborated in this section. The following figure details the profile of persons employed in the Travel and Tour Operators.

Apart from this, certain companies might have a separate Passport/Visa and Foreign Exchange divisions too. The profile of the people in the department will be same as that of Travel Counsellors. There are companies who outsource the Passport/Visa related works



**Skill Requirements and Skill Gaps in Travel and Tour Operators Segment**

The following presents the skill requirements and gaps across various functions and hierarchical/reporting 'levels' in Travel and Tour operators segment.

**Branch Manager**

Inadequate ability to handle customers (Individual and/or Corporate with wide range of needs).

- Inadequate ability to handle complaints.
- Lack of adequate IATA qualified personnel.

**Operation Manager**

Inability to handle the situation during the crises time – such as change in tickets, sudden changes in travel schedules.

- Insufficient knowledge of ticketing.
- Lack of adequate presentation skills.
- Insufficient people management skills.
- Inadequate time management skills.

**Team Leader**

- Insufficient people management skills.
- Inadequate time management skills.
- Inadequate ability to handle clients.

**Travel Counsellors**

- Lack of adequate geographical knowledge (especially in case of international travels) leading to higher turnaround time.
- Need for better time management.
- Lack of adequate procedural knowledge on Passports and Visas.
- Need for adequate levels of politeness while handling calls.
- Lack of knowledge of client focused/customized products.
- Inability to maintain a cordial relationship with the corporate clients, leading to misunderstanding.

**Messenger/Delivery Boys**

- Lack of communication skills.
- Inadequate behavioural skills – such as being polite etc.

**Sales Manager**

- Inadequate presentation skills.
- Inadequate client networking skills.
- Insufficient creativity in designing new product based on customer requirement.

**Deputy Manager Sales**

- Inadequate communication skill.
- Inadequate skills to identify potential clients.
- Problem solving ability.
- Inadequate knowledge of CRS such as Abacus, Galileo, Saber, Amadeus.

**Sales Executives**

- Lack of adequate communications skills – ability to converse in English, offer travel solution.
- Inadequate skill to understand client’s requirements and respond accordingly.
- Inadequate attitude to work in a team.

Operators may outsource ‘guiding’ in case of international tours by having a tie up with a similar company abroad. A representative of the local tour operator (sometimes, even the Branch Manager) will act as an ‘escort’ while the representative from the company in abroad will be acting as a ‘guide’. In case of domestic tourism, either the tourist prefers to visit places independently or a local guide will be hired/the tour operators will arrange for a guide to accompany the tourist. The guides in India are regulated by Government of India and they have to compulsorily obtain a license for functioning as a guide in any of the sites in India. The basic skill gaps are as follows:

**Meet and Greet People**

- Inadequate energy level when interacting with customers.

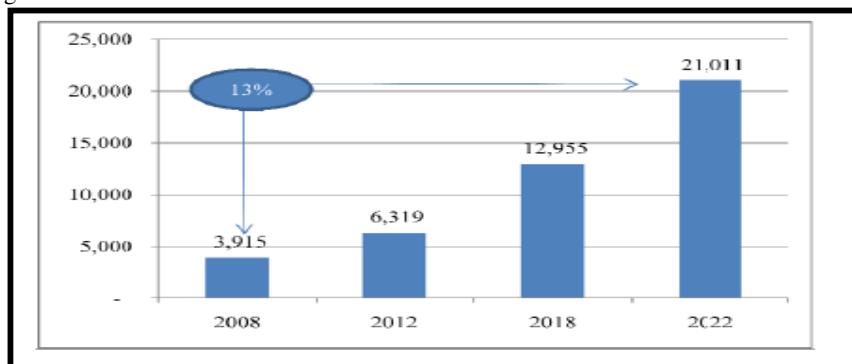
**Guide**

- Inadequate communication skills.
- Insufficient knowledge of tourist places.
- Inadequate skills of crises management and time management.

**Projected Size and Human Resource Requirement**

**Projected Size of Industry**

The size of the Tourism industry is expected to grow from Rs. 4,413 billion currently to about Rs. 21,011 by 2022, growing at a CAGR of 13%



**Projected Human Resource Requirement for Tourism Industry**

The projected human Resource Requirement in the Tourism Industry is shown below:

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Particulars	2008	2012	2018	2022	Incremental (2008-2022)
Direct Industry Employment*	12,602	13,730	15,614	17,011	4,409
T&T Economy Employment	30,330	33,552	39,039	43,187	12,857

Function	Incremental human resource requirement (in '000s)
Front office	5
F&B Services	583
F&B Kitchen	393
Housekeeping	634
<b>Total Incremental Requirement</b>	<b>2,772</b>

Though Front office accounts only for around 8% of the work force, they play a critical role in the development of the business and our interactions with the player's reveals that the current skill sets available for the front office are not up to the extent required.

Function	Incremental Human Resource Requirement (in '000s)
<b>Front office</b>	
Managers	1.2
Supervisors	1.4
Front Office Assistants	2.7
<b>F&amp;B Services</b>	
Managers	23.8
Captains	37.0
Stewards	125.8
Waiters	396.4
<b>F&amp;B Kitchen</b>	
Chefs	20.5
Cooks	199.6
Kitchen Assistants	173.1
<b>Housekeeping</b>	
Managers	12.9
Supervisors	51.2
Room Attendants	429.4
House-men	140.6

**Possible Focus areas for Skill Building**

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Based on our interaction with industry, and as detailed in the above sections, a large portion of the demand for human resource would occur in the following areas:

1. Hotels and Restaurants: Front office staff, F&B Services and Kitchen, and Housekeeping staff.
2. Tour operators: Ticketing and Sales, Tour Guides. The broad contours for skill development in these areas are outlined below:

Function	Skill Requirement
<b>Ticketing</b>	<p><u>Technical skill</u></p> <ul style="list-style-type: none"> <li>▪ Passenger routing skills</li> <li>▪ Ability to act as a travel advisors</li> <li>▪ Maintaining a cordial relationship with the clients/travellers</li> <li>▪ Geographical knowledge</li> <li>▪ Knowledge on various hotels and site seeing locations</li> <li>▪ Networking skills</li> <li>▪ Ability to use ticketing software – Amadeus, etc.</li> <li>▪ Procedural knowledge on Visa/ Passports</li> </ul> <p><u>Soft skills</u></p> <ul style="list-style-type: none"> <li>▪ Time management</li> <li>▪ Telephone etiquette</li> <li>▪ Communication skills</li> </ul>
<b>Tours – Guides</b>	<p><u>Technical skill</u></p> <ul style="list-style-type: none"> <li>▪ Knowledge/ awareness on the area, people, culture etc.</li> <li>▪ Historical knowledge/significance of tourist locations</li> <li>▪ Skill to handle tourists</li> <li>▪ Skill to understand the tourist requirements</li> <li>▪ Decision making skills</li> <li>▪ Organising ability</li> </ul> <p><u>Soft skills</u></p> <ul style="list-style-type: none"> <li>▪ Time management</li> <li>▪ Communication skills.</li> </ul>

Function	Skill Requirement
<b>Front Office</b>	<p><u>Technical skills</u></p> <ul style="list-style-type: none"> <li>▪ Managing guests</li> <li>▪ Call handling – incoming and outgoing</li> <li>▪ Billing</li> <li>▪ Maintaining registers</li> <li>▪ Paying attention to details</li> </ul> <p><u>Soft skills</u></p> <ul style="list-style-type: none"> <li>▪ Communication skills</li> <li>▪ Team work skills</li> <li>▪ Attitude to listen</li> <li>▪ Behavioural and interpersonal skills.</li> </ul>

The broad contours of skill development in Tour Operators are detailed below.

The human resource requirement in the above areas account for more than 85% of the incremental human resource requirement in the Tourism Sector and would be possible areas to target skill building initiatives. The current initiatives of underway by the Government (under the Ministry of Tourism) are already in the above direction. However, keeping in mind the large demand, there is further scope for training providers and other agencies to channelize efforts in skill building in the above areas. NSDC is also actively involved in enhancing the skill set of people for this industry with the PPP mode .

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