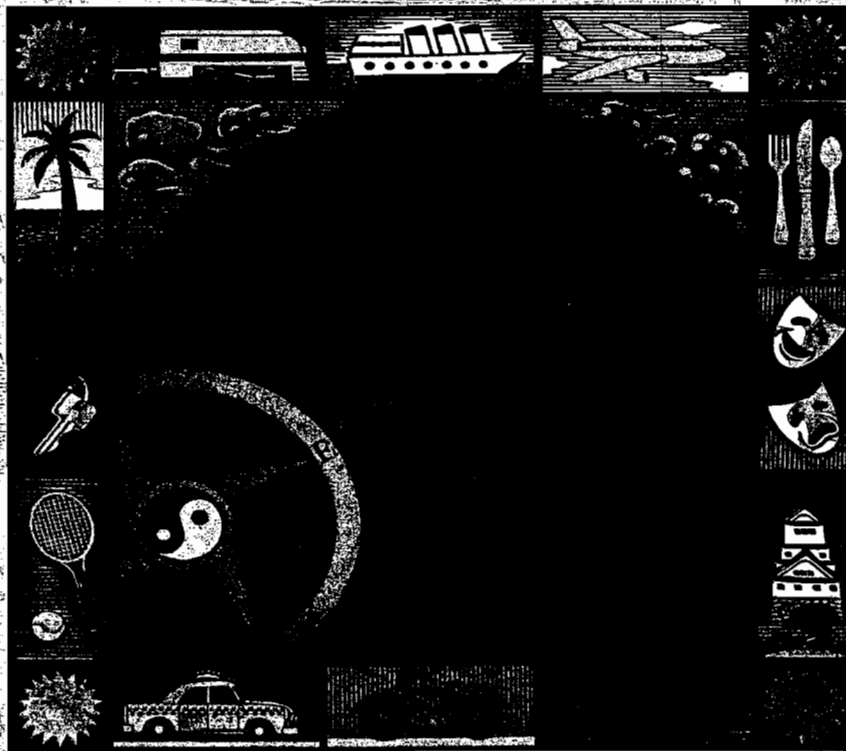


# GEARING UP FOR GROWTH II

A STUDY OF HUMAN RESOURCES ISSUES IN SMALL TO  
MEDIUM-SIZED ENTERPRISES IN ASIA-PACIFIC TRAVEL & TOURISM



EXECUTIVE SUMMARY



American  
Express  
Foundation

# GEARING UP FOR GROWTH II

A STUDY OF HUMAN RESOURCES ISSUES IN SMALL TO  
MEDIUM-SIZED ENTERPRISES IN ASIA-PACIFIC TRAVEL & TOURISM

Acknowledgments .....	i
Foreword.....	ii
Commentary .....	iii
Highlights .....	iv
Introduction.....	1
Asia-Pacific Travel & Tourism .....	2
Environment for Small Travel & Tourism Firms .....	4
Survey Results .....	7
Exemplary Employer Practices: A Case Study.....	19
Recommendations .....	22
Endnotes.....	28

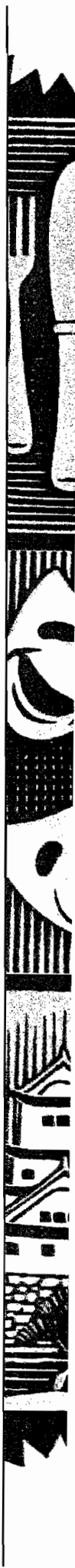
Chuck Y. Gee, Principal Investigator  
Robert W. Allen, Project Director

**ACKNOWLEDGMENTS:** This study represents the combined efforts of many people and organizations. In particular, the School of Travel Industry Management (TIM School) at the University of Hawaii at Manoa wishes to thank Mr. Roger Griffin, Senior Vice President of the Pacific Asia Travel Association (PATA), and Mr. Renton de Alwis, Vice President-Asia Division, PATA, for their valuable assistance in getting the word out about the study to the widely distributed PATA membership. The TIM School also wishes to thank the people in PATA Chapters throughout the Asia-Pacific region who identified the firms to which the study questionnaire should be sent and forwarded their lists of names and addresses to the TIM School.

The TIM School is grateful to the many Asia-Pacific Travel & Tourism firms that completed and returned their questionnaires. Without their cooperation and input on matters relating to human resources development, the study would not have been possible. We are also grateful to the World Travel & Tourism Council (W TTC) for providing the industry overview in Section 2. Finally, thanks are due to the American Express Foundation for its support of this project.



Sponsored by the American Express Foundation and the Pacific-Asia Travel Association and prepared by the Center for Tourism Policy Studies, School of Travel Industry Management, University of Hawaii at Manoa, August 1994.



**SMALL**

**BUSINESS**

**CONTRIBUTIONS**

**MAY BE DECISIVE**

**IN ENHANCING**

**A DESTINATION**

**AREA'S**

**COMPETITIVENESS**

The Pacific Asia Travel Association (PATA), in conjunction with the American Express Foundation, is pleased to present this survey and analysis of the human resources needs of small to medium-sized businesses in the Asia-Pacific Travel & Tourism industry.

Available data clearly indicate that small to medium-sized businesses make up the vast majority of Travel & Tourism industry enterprises both globally and in the Asia-Pacific region. It is ironic, therefore, that so little human resources research has focused specifically on this segment of the industry and that the unique needs and concerns of small to medium-sized industry firms are, to say the least, imperfectly understood.

The current study was undertaken in order to provide Asia-Pacific Travel & Tourism decision-makers with information that will assist them in designing appropriate human resources development strategies for the industry's small to medium-sized business sector. Clearly, however, this study represents a beginning rather than an end. If the report encourages other industry professionals to examine the human resources

needs of the small to medium-sized business sector more closely than in the past, it will have achieved its most important purpose.

PATA wishes to thank the School of Travel Industry Management of the University of Hawaii at Manoa, particularly Dean Chuck Y. Gee and Dr. Robert W. Allen, for the quality of the research that was conducted in preparing this study. We also want to thank both American Express and its Foundation for their generous support of this study and the World Travel & Tourism Council for an overview of the industry in the Asia-Pacific region. We urge leaders in the Asia-Pacific Travel & Tourism industry to join us in deliberating on and implementing the key recommendations of the report.

*Lakshman Ratnapala  
Executive Vice President  
Pacific Asia Travel Association*



This is the third in a series of Travel & Tourism industry human resources studies that American Express Foundation has sponsored since 1991. The two preceding studies were *Education for Careers in European Travel and Tourism* (1991) and *Gearing Up for Growth: A Study of Education and Training for Careers in Asia-Pacific Travel & Tourism* (1993), produced in collaboration with the World Travel & Tourism Council. This time we are pleased to have as our partner the Pacific Asia Travel Association, who instigated this new survey.

American Express welcomed the opportunity to support the research summarized in this new report, which focuses on the human resources needs of small to medium-sized Asia-Pacific Travel & Tourism industry businesses. The health of these small to medium-sized businesses is crucial to the continued vitality of the Asia-Pacific Travel & Tourism industry—and not just because of the sheer number of such businesses in the regional economy.

At a time when the tourism “products” of many nations have succumbed to a bland uniformity and are becoming indistinguishable from one region of the globe to the next, small to medium-sized businesses have a very important role to play. In their virtually infinite variety, they are often more successful than their big business

counterparts in preserving for future generations of travellers the unique historical, cultural, and artistic characteristics of a given country or locality. In view of the increasing interest of many international travellers in authentic experience rather than mere amusement, the contributions of small to medium-sized business may be absolutely decisive in maintaining and enhancing a destination area’s overall competitiveness.

Accordingly, Asia-Pacific Travel & Tourism leaders must make every effort to support the region’s small to medium-sized business sector—beginning with human resources development strategies specifically targeted at this sector.

This report, *Gearing Up for Growth II*, sheds new light on and enhances our understanding of the human resources needs of small to medium-sized Travel & Tourism businesses in the Asia-Pacific region, and will assist in the process of designing appropriate responses to these needs.

American Express is proud to have had a role in initiating this important study. We hope that it will galvanize Asia-Pacific Travel & Tourism industry leaders to put small to medium-sized business on the front burner and take concrete steps to achieve the recommendations contained in the report.

*Stephen B. Friedman*  
President, Japan/Pacific/Asia/Australia  
American Express International, Inc.



**A FIRM'S  
CONCERN WITH  
LABOR SUPPLY  
IS MORE RELATED  
TO THE REGION'S  
ECONOMIC  
HEALTH THAN TO  
FIRM SIZE**

In 1994, the Pacific Asia Travel Association (PATA) in conjunction with the American Express Foundation (AMEX) commissioned the School of Travel Industry Management (TIM School), University of Hawaii at Manoa to conduct a human resources survey of Travel & Tourism employers in the Asia-Pacific region. The survey is summarized in this report and builds on the findings and recommendations of a 1993 report, titled *Gearing Up for Growth: A Study of Education and Training for Careers in Asia-Pacific Travel & Tourism*, prepared by the TIM School for AMEX and the World Travel & Tourism Council (WTTC).

Whereas the first *Gearing Up for Growth* report focused on the human resources needs and concerns of relatively large Travel & Tourism employers (average survey respondent size = 6,327 employees), the AMEX-PATA follow-up survey concentrated on small to medium-sized firms (average survey respondent size = 239 employees). The purpose of the second survey was to identify the similarities and dissimilarities between these two business subgroups in terms of their outlooks on and attitudes towards

key human resources issues in the Travel & Tourism industry.

## ISSUES

- **Similarities in Small and Large Firms.** The AMEX-PATA survey reveals that the human resources needs and concerns of small to medium-sized Travel & Tourism firms in the Asia-Pacific region are often similar to those of larger companies. For instance, both of the business subgroups are having difficulties recruiting qualified workers, give low marks to the region's Travel & Tourism education programs, and believe that government should be doing much more to increase the number and quality of such programs. However, there are also significant differences between the two subgroups with respect to their in-house strategies for addressing human resources problems and their overall vision of government's role in Travel & Tourism education.

The AMEX-PATA survey results also imply that much of the variability in the human resources needs and concerns of small to medium-sized firms is related to the economics of the countries in which the firms are located rather than to the size of the firms.



- **Labor Supply Shortage.** There is an acute shortage of qualified managerial and professional workers among small to medium-sized firms in the Asia-Pacific Travel & Tourism industry. Approximately 63 percent of the firms are experiencing moderate-to-serious difficulties in finding managerial workers, and approximately 54 percent are experiencing moderate-to-serious difficulties in finding professional workers. Skilled and semi-skilled workers are also in short supply (Section 3.1).
- **Expansion of Tourism Education.** Because of these shortages, approximately 62 percent of small to medium-sized firms believe that it is “very important” for their national governments to establish more tourism education programs for managers, and 63 percent believe that it is “very important” to establish more programs for skilled and semi-skilled workers (Section 3.4).
- **Importance of Quality.** Nearly 67 percent of small to medium-sized firms said that it is “very important” for government to ensure that new tourism education programs are more relevant to actual work place needs. Only about one

out of every 10 firms thinks that existing tourism education programs are doing a “very effective” job in preparing workers for the industry (Sections 3.3, 3.4).

- **Role of Government.** Small to medium-sized Travel & Tourism industry firms believe that government’s role in tourism education should include more than just the establishment of pre-service and in-service programs. The firms are particularly interested in government subsidies for industry-based training, improved dialogue between the public and private sectors and technical assistance (section 3.4).
- **Role of Private Sector.** Small to medium-sized Travel & Tourism industry firms are well aware of the critical role of the private sector in human resources development, and have taken many steps to fulfill this role. Nearly 79 percent of the firms have conducted formal assessments of their training needs and approximately 84 percent have developed staff training plans—almost as high a percentage as in the case of large establishments (Section 3.5).
- **Customer Relations.** The number one training priority of small to medium-sized Travel



---

**GOVERNMENT**

**AND INDUSTRY**

**NEED TO**

**COOPERATIVELY**

**DEVELOP**

**QUALIFIED**

**TRAVEL**

**PERSONNEL**

& Tourism industry firms is customer relations. Especially in developing countries, employers give less than satisfactory ratings to the customer relations capabilities of their skilled/semi-skilled and unskilled workers (Section 3.7).

- **Resource Allocation.** Small to medium-sized Travel & Tourism industry firms devote nearly three-quarters of their in-house training resources to skilled/semi-skilled and unskilled workers. Much of the training is conducted on an on-the-job training (OJT) basis with staff trainers providing support services to departmental heads or supervisors who are responsible for the day-to-day implementation of the OJT program (Section 3.8).

**RECOMMENDATIONS**

The AMEX-PATA study recommends and discusses strategies to address the human resources needs and concerns of small to medium-sized businesses in the Asia-Pacific Travel & Tourism industry. Since the AMEX-PATA study reveals that there are numerous similarities between the human resources needs and concerns of small to medium-sized and large industry

firms, many of the “big business” recommendations made in the first *Gearing Up for Growth* report are also pertinent to small to medium-sized firms.

Similarly, some of the “small business” strategies discussed below may be equally relevant to larger Travel & Tourism industry companies. The reader is encouraged to review both sets of recommendations to gain a clear vision of the measures needed to promote a quality work force for the Asia-Pacific Travel & Tourism industry.

**Government Initiatives**

- National Tourism Organizations (NTOs) should immediately establish procedures for increasing input from the small to medium-sized business sector in human resources development (HRD) strategies for the Travel & Tourism industry.
- National education authorities should assess their Travel & Tourism curricula and consider incorporating instructional techniques that will improve employees’ abilities to apply the knowledge they have gained in the classroom to situations and problems encountered in the workplace.



- National education authorities should provide technical assistance to small to medium-sized Travel & Tourism industry firms in the design, implementation, and evaluation of on-the-job training programs with special emphasis on job instruction training (JIT).
- National Tourism Organizations should provide informational services to small to medium-sized firms that will encourage them to develop a broader interpretation of human resources development in the Travel & Tourism industry.

#### Industry Initiatives

- The Asia-Pacific Travel & Tourism industry should establish “understudy” guidelines for upper level positions filled on a contractual basis by expatriate personnel.
- The small to medium-sized business sector of the Asia-Pacific Travel & Tourism industry should investigate opportunities for cost sharing in the purchase of training services for employees.
- The small to medium-sized sector of the Asia-Pacific Travel & Tourism industry should place more emphasis on preparing workers to deal with the nation-

al and cultural diversity of travellers within the region.

#### Government-Industry Cooperation

- National Tourism Organizations, professional associations and the private sector should put increased emphasis on regional strategies in addressing the human resources needs of the Asia-Pacific Travel & Tourism industry.

**REGIONAL  
STRATEGIES FOR  
ADDRESSING  
HUMAN  
RESOURCES  
NEEDS SHOULD  
BE EMPHASIZED**





**BY 2005, ASIA-  
PACIFIC TRAVEL &  
TOURISM WILL  
ACCOUNT FOR  
TWO-THIRDS OF  
THE GLOBAL  
INDUSTRY  
WORK FORCE**

*Gearing Up for Growth II* is based on a survey of 107 private sector Travel & Tourism firms. The firms are located in 26 different countries (Australia, Bangladesh, Chinese Taipei, Cook Islands, Fiji, Hong Kong, India, Indonesia, Japan, Macau, Malaysia, Nepal, New Zealand, Pakistan, Papua New Guinea, People's Republic of China, Philippines, Singapore, Solomon Islands, South Korea, Sri Lanka, Thailand, Tonga, Vanuatu, Vietnam, and Western Samoa) as well as the U.S. territory of Guam, and represent the following sectors of the Travel & Tourism industry:

- Hotels and resorts
- Travel agents and tour operators
- Transportation
- Visitor attractions
- Tourist information
- Financial services
- Recreation and sports.

The objectives of the study were to:

- (1) Identify the major human resources needs and concerns of small to medium-sized businesses in the Asia-Pacific Travel & Tourism industry;
- (2) Compare and contrast the human resources needs of small to medium-sized businesses with those of the larger firms included in the 1993 AMEX-WTTC survey; and
- (3) Make recommendations to assist government and industry in developing plans and activities to meet the human resources needs of the Asia-Pacific Travel & Tourism industry's small to medium-sized business sector.

