

 **MYANMAR-LUXEMBOURG** 
DEVELOPMENT COOPERATION

**A REVIEW OF MICRO, SMALL AND MEDIUM SIZED
TOURISM ENTERPRISES
(RESEARCH STRAND 4)**

**Myanmar Tourism Human Resource Development
Strategy & Action Plan
2017-2020**



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Strategy and Action Plan (2017-2020)

Ministry of Hotels & Tourism
2017

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Myanmar Ministry of Hotels and Tourism (MOHT),

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FOREWORD

This Human Resource Development Strategy and Action Plan (HRDSAP) is the outcome of wide-ranging national research on the capacity of Myanmar's tourism stakeholders, undertaken in 2015 and 2016. The study was conducted by the Ministry of Hotels and Tourism (MOHT), with valuable support Project MYA/001 – "Development of Human Resources in the Hotel and Tourism Sector and Capacity Development of the Ministry of Hotels and Tourism" implemented by LuxDev, the Luxembourg Development Cooperation Agency.

The strategy guides and informs future work programmes of Myanmar's tourism and hospitality industry in a wide range of areas. It identifies policy actions and emphasises the urgent need for effective capacity building across three important areas namely, public sector governance, education and training, and the private sector.

I want to thank all those individuals, companies and organizations from the private and public sectors, non-governmental organisations (NGOs) and development partners who contributed their time, energies and ideas to the Strategy. I also acknowledge the strong role of MOHT's Training and Education Department and our counterparts from LuxDev who carried out all field work in a professional and timely manner. I would also like to thank the Myanmar Tourism Federation (MTF) and industry associations for supporting and joining the many consultation workshops and meetings.

Tourism is a labour intensive activity that will likely provide more jobs in Myanmar than any other sector. The sector's diverse activities offer a wide range of employment embracing, for example, airport services, taxi drivers, hotel staff, tour guides, tour operators, travel agencies and transport services, restaurants, handicraft producers and suppliers, as well as government staff. People employed in each of these areas need training, and it is fundamentally important for the government and private sector to work closely together to develop quality training and education facilities, and deliver tourism and hospitality skills training. As part of this process, coordination and cooperation between the government, private sector and development partners is essential to build synergy and strengthen human resource planning and management across the sector.

It is with the intention of meeting these training, education and capacity building needs that the HRDSAP has been prepared, and it is my view that the Strategy is a major contribution to the human resource development of Myanmar's Tourism Industry.

Please continue to share your thoughts and ideas on tourism human resource development in Myanmar with my colleagues and myself at the MOHT. You can contact me through email at mo.moht@mptmail.net.mm

H.E. U Ohn Maung
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Tourism is one of the most important economic activities in the world today. It directly generates services, products, employment and investments. In countries like Myanmar, where tourism is becoming a more and more flourishing service industry, the sector bears an important potential for gainful employment across the society and the country, but especially for young people.

Myanmar possesses great tourist potential and many attractions to be made further accessible in the future. In order for the possibly far-reaching economic and social impact on national development to materialize, human resources for the tourism and hospitality sector are essential.

Luxembourg's Development Cooperation has a solid track record in promoting skills development for tourism globally and in South East Asia, notably in Vietnam and in Lao PDR. We are proud to put the expertise acquired at the disposal of Myanmar.

The Government of the Grand Duchy of Luxembourg, through its Luxembourg Ministry of Foreign and European Affairs is therefore very pleased to support the Government of the Republic of the Union of Myanmar in the development and publication of the strategic plan for human resource development for tourism in Myanmar through its first bilateral project, entitled Development of Human Resources in the Hotel and Tourism Sector and Capacity Development of the Ministry of Hotels and Tourism, or MYA/001.

The Myanmar-Luxembourg cooperation will continue to expand its range of training and capacity development at all levels of the tourism and hospitality sector. On behalf of the Luxembourg Ministry of Foreign and European Affairs I wish to thank all those who participated in the data collection, focus groups and meetings, as well as the Ministry of Hotels and Tourism and the Myanmar Tourism Federation associations who contributed their time and expertise to coordinating and supporting the research which enabled the drafting of the present HRD Strategy and Action Plan.

We look forward to an on-going partnership with the Ministry of Hotels and Tourism and others to enable Myanmar to develop a professional and high quality tourism industry, and we believe that this strategy will lay strong foundations and directions for the future development of the sector, which will greatly contribute to Myanmar's striving economy. However, most importantly it will allow the next generations to fulfil their potential and to seek decent work and gainful employment.

Mr. Claude Jentgen

Chargé d'affaires a.i.,

Head of Development Cooperation Office in Vientiane, Laos

Ministry of Foreign and European Affairs

Luxembourg

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ACRONYMS

ASEAN	Association of South-East Asian Nations
FGD	Focus Group Discussion
MBA	Myanmar Boat Association
MDTOA	Myanmar Domestic Tour Operators Association
MHA	Myanmar Hoteliers Association
MHPA	Myanmar Hospitality Professionals Association
MHT	Ministry of Hotels and Tourism
MRA	Myanmar Restaurant Association
MRA	Mutual Recognition Agreement
MSME	Micro, Small and Medium-sized Enterprises
MTGA	Myanmar Tour Guides Association
MTMP	Myanmar Tourism Master Plan
SOP	Standard Operating Procedure
ToT	Training of Trainers
UMTA	Union of Myanmar Travel Association

EXECUTIVE SUMMARY

Eight focus group discussions (FGD) were held in four key tourist destinations: Bagan, Mandalay, Nyaung Shwe (Inle Lake) and Yangon. 102 owners and managers of micro, small and medium sized enterprises (MSME) in the restaurant, hotels and tour operations sectors attended.

FGDs concentrated on the needs of employers and owners, collecting views on eight areas of Human Resource Management (HRM). Issues were raised and actions suggested to address them. The responses received and discussions held have been collated and analysed, and will contribute towards the design of the Human Resource Development Strategy and Action Plan (HRDSAP) for the tourism sector.

Although not a specific target of the FGDs, local and national hospitality and tourism associations also attended. Their needs are also highlighted in this report.

Some of the issues raised are dependent on location, size of business or type of business; however, there are many crosscutting issues that are relevant to the majority of the businesses. The findings are summarised as follows:

(1) Recruitment and retention

All of the hotels and restaurants have low retention of staff: their turnover is often as high as 60% to 80% per year, vastly above the global average. Tour operators have a significantly lower turnover, primarily as a result of recruiting staff at a higher initial skills level. New recruits into tour operations are often graduates from universities and skills training centres, and their expectations for a career in tourism are generally higher than their counterparts in hospitality. By contrast, new recruits into hotels and restaurants are often low-skilled with little knowledge of the industry; recruitment at a managerial level usually involves someone who is already working in the industry at a different business. The general perception of a career in hospitality among Myanmar's youth is low, and tourism is seen as a much better opportunity to develop a career.

There is a small pool of recruits to select from, especially in the rural areas of Myanmar, and employees are recruited more on their personal attributes, such as attitude and presentation, than their specific skills and knowledge in hospitality. However, foreign language skills are highly valued. Quality skilled recruitment is difficult in all industry sectors: word of mouth is the most successful method, although larger hotels often use the Internet and newspaper advertisements. Although there is a growing relationship between the hospitality industry and training and education institutions, the organisations met with have little experience when it comes to recruiting graduates.

Low levels of education, especially in English language skills, are notable in rural areas, and it was suggested that those with better levels of education often seek employment fields other than hospitality. Those with language skills are often drawn towards finding employment as tour guides. There is evidence of urbanisation, especially at the management level as employees move to Mandalay and Yangon to seek high wages and better working conditions.

A volatile salary market was cited as an issue affecting staff retention, and this was highlighted as a large contributor to the high turnover rate in all hotels and restaurants. Many staff change employers to receive just a small increase in salary.

There is a recognised lack of structure to the recruitment process for both sectors. Recommendations include developing a national network for recruitment, utilising local and national industry organisations and building better linkages between the industry and the training providers.

Another reason suggested for the vast difference between the staff retention levels at hotels and restaurants versus tour operators was the type of ownership and size of the business. Many of the tour operator businesses met with were owner-run, or in a position where the owner had a close working relationship with the management and a good overall knowledge of the industry. Conversely, many of the hotels present at the FGDs were owned by businessmen who had little knowledge or no background in the hospitality industry. The family environment present in the tour operators was very relevant to their high staff retention, and this was highlighted as an important element to consider by the hotels and restaurants.

The key vocational skills that are in short supply in the hospitality industry include specific managerial skillsets, including facilities management, HR management, and skilled trainers. In the tour sector, more skilled workers in sales and marketing were needed. Both industries highlighted the need for skilled IT workers.

(2) Career development, succession planning

A systematic approach to career development and succession planning is less evident in hotels and restaurants than it is in tour operations. Although there is some evidence of staff progressing through an organisation, it is generally to no further than a supervisory level. Due to the size of the businesses, the progression of a career path often requires employees to move to different employers. Tour operators are better suited to internal promotion and career development due to their size and the specific trainings provided to support the development of their employees; the potential for growth due to increasing numbers of tourists was also highlighted as a strong reason for internal career development and succession planning.

To improve career opportunities in hospitality it was suggested that efforts to promote the industry to young people through recruitment career fairs be continued and improved upon and improved relationships between the employers and the schools and training providers should be developed. The career development of staff could be directly addressed through in-service training, and employees could be supported in the development of skills that will enable them to progress through the levels of their organisation.

Management training is recommended to support businesses in the development of their staff and facilitate a culture of recruitment from within. The majority of managerial recruitments involve employing external candidates: this should be addressed as part of an overall talent management-training scheme.

(3) The Labour Policy and contractual issues

There is a general understanding of the new Labour Policy throughout the industry. However, there is a consensus on the unsuitability of the new employment contract law to meet the needs of both employees and employers. Concerns centre on the classification of normal working days not reflecting business needs and the enforced minimum wage not taking into account the benefits often enjoyed by hotel and restaurant staff. There is evidence that many businesses are not adopting the new employment contract.

Support should be provided to those businesses that are not currently offering contracts to all their employees; sometimes only managers and supervisors receive contracts. However, the results of the employment contract reform working group supported by ILO will better inform this area of concern.

(4) Training and development, coaching and mentoring

All responses indicated a desire to improve and increase training delivery, and to have better access to relevant external training programmes. Coaching and mentoring is conducted by almost all businesses to some degree, though rarely structured or evaluated. The majority of training is carried out in the low season.

A standardised system of training, that addresses the needs of all hotels and restaurants, is recommended. It was also highlighted that, from the point of view of the associations, there are huge knowledge gaps with regards the management of human resources. All participants believed the need to build the capacity of the regional and national associations to better support businesses in the delivery of both skills training and HR management to be vital. This is fully outlined in the report but can be summarised as follows:

- (1) Conduct a knowledge and skills capacity survey of local and national hospitality and tourism associations, owners, and HR managers that takes into consideration the capacity of local associations to support local businesses and measures the ability of MSMEs to train and capacity build their staff.
- (2) Assess the basic skill levels of staff, including personal and vocational skills. This would be conducted by the local and national hospitality tourism associates, as they are the best placed to access this information on such a great scale.
- (3) Conduct a series of training of trainers (ToT) sessions across the country to create a pool of qualified and experienced trainers in the industry who can support the delivery of specific training.
- (4) Train managers and owners in key elements of HR management.
- (5) In-house training of staff, based on a national industry standard that would consist of a series of short vocational and personal development courses which could be delivered in the low season.
- (6) External training (and/or e-learning) of staff in language skills and specific vocational skills. dependent on the needs of their businesses.
- (7) External training of potential managers (talent management).

- (8) Regular refresher training for all staff, conducted throughout the year and based on a toolbox of simple trainings that would be supplied to all organisations.
- (9) Refresher and advanced training for managers to continue their growth and development as managers.
- (10) Arrange regular meetings between businesses and industry associations to discuss a range of issues pertinent to their combined success. This could be a regular monthly informal gathering or something more formally arranged. Representatives could discuss their industry and their business, and obtain information about current trends, topics and areas of interest in the industry. All participants of the FGDs expressed pleasure at being able to meet fellow business operators to discuss their issues, concerns and ideas. This is something that they rarely get the opportunity to do, and they were all keen to establish better communications with one another in the future.
- (11) Monitor and evaluate, adapt and improve trainings based on survey results.

Although this recommended training is specifically aimed at the hotel and restaurant sectors, a number of similar actions could be conducted with the tour operations. The specific needs of the tourism sector are vastly different, and often at a much higher level, although as there is an agreed-upon need for management training this could be structured in such a way that both sectors benefit.

Standards

The desire to improve standards to meet the needs of international customers was highlighted by all participants of the FGDs as vitally important. Specific attention is needed to improve the language skills of staff (especially but not restricted to English) and to provide a better value for money experience to their customers through improved standards of service and improved facilities.

The development of a national set of industry service standards would support individual businesses to assess their own performance. This, combined with a comprehensive training package, would improve their ability to address their areas of concern and provide a better value for money experience for their customers.

Better linkages should be developed between all hospitality and tourism businesses at both the local and national levels. Regular strategic meetings could be arranged to bring together each location's various actors in the hospitality and tourism sectors so they can share ideas and experiences and promote best practices.

It was unanimously agreed by all attendees of the FGDs that the opportunity to meet and share their ideas and experiences with other businesses in their areas, in the same sector of work, was worthwhile. The development of better linkages between the businesses through working groups and industry associations was considered a worthwhile exercise to pursue going forward.

1. Background

The Republic of the Union of Myanmar is undergoing political, economic and social change. The tourism industry has been identified by the Government of Myanmar (GOM) as one of seven economic pillars to support reform processes, create jobs and stimulate the expansion of the wider economy. The 2013–18 Myanmar Tourism Master Plan (MTMP), produced by the Ministry of Hotels and Tourism (MOHT), sets out a framework for sector expansion, and calls for the design of a tourism human resource development strategy to facilitate its implementation.

Tourism is a labour-intensive industry, forecast in the MTMP's high-growth rate scenario to generate over a million new jobs by 2020. Most of these jobs are direct employment in the food and beverage, transport services and accommodation sectors. The industry also generates indirect employment through a wide variety of supply chain activity. In comparable economies this is roughly equal to the direct employment generated, meaning Myanmar's tourism industry could generate roughly two million new jobs by 2020.

This report, focusing upon micro, small and medium-sized tourism businesses, is one of ten research and training needs assessments to underpin the design of a tourism Human Resource Development Strategy and Action Plan (HRDSAP).

Myanmar received just over a million visitor arrivals in 2012 and some 4.68 million in 2015.¹ The MTMP seeks to capitalise on emerging tourism markets for international travellers and to "maximise tourism's contribution to national employment and income generation while ensuring the social and economic benefits of tourism are distributed equitably"² With the 2014 introduction of an e-visa system, tourists from 67 countries can now obtain visas online: this is expected to result in a further increase in visitor arrivals.

The majority of tourists to Myanmar visit between the months of October and March, with the peak period being the cooler and drier months of November to January. The hottest months (April to September) coincide with annual monsoon rains and bring fewer visitor arrivals. This concentrated 6-month tourism period is problematic for many hospitality and tourism operations, as they rely heavily on the income generated during it to sustain their businesses for the rest of the year.

Four flagship destinations were selected for inclusion in this survey:

Bagan, which received approximately 240,000 international visitors in 2014³, has some 77 hotels and guesthouses with a combined capacity of 2,484 rooms.⁴

Nyaung Shwe is a small town located north of Inle Lake, which was recently designated by UNESCO as the country's first biosphere reserve. The majority of visitors to Inle stay in and around Nyaung Shwe. Currently there are 78 hotels with 2,438 rooms.⁵ Recent figures show that in 2012, Inle Lake received around 100,000 international visitor arrivals, and this number increased to over 250,000 in 2013.⁶

Mandalay, Myanmar's second largest city, received 306,432 international visitors in 2015 (an increase of 26% on 2014)⁷ and is serviced by eight domestic and five international airlines. In 2015, 107,066 visitors entered Myanmar through Mandalay airport. There are 168 hotels with 6,788 bedrooms, and many visitors to Myanmar travel through and stay in Mandalay on their way to other tourist destinations.⁸

Yangon is Myanmar's largest city, the former capital, and has the busiest international airport, receiving 1,180,682 international arrivals in 2015. In 2015 there were 324 registered hotels and guesthouses, with 15,424 rooms.

According to tourism statistics for 2015, Myanmar has 1,946 licensed tour companies and approximately 5,630 licensed tour guides.⁹

With the significant recent growth in Myanmar tourism, there is a growing shortage of skilled workers at both entry and managerial levels. Looking to the future, the MTMP identifies two critical HR issues that will determine the success and quality of service standards, namely (a) the extent to which the existing workforce can cope with the expansion of the tourism industry, and (b) the rate at which new entrants can be trained and advance to positions that demand more refined skill sets. Quality assurance, accreditation systems, and the qualifications of academic staff also need to be improved.

¹ <http://www.bworldonline.com/content.php?section=Economy&title=blockbuster-tourism-numbers-in-asean-highlight-phls-struggles&id=121904>

² <http://www.harrison-institute.org/Myanmar%20Tourism%20Master%20Plan%202013-2020.pdf>

³ <http://www.mmtimes.com/index.php/national-news/mandalay-upper-myanmar/16858-big-tourism-increase-forecast-for-bagan.html>

⁴ <http://www.myanmar-tourism.org/images/tourism-statistics/2014.pdf>

⁵ <http://www.myanmar-tourism.org/images/tourism-statistics/2015.pdf>

⁶ Destination Management Plan for the Inle Lake Region 2014–2019

⁷ <http://mizzima.com/business-domestic/number-tourists-visiting-mandalay-rises-26>

⁸ <http://www.myanmar-tourism.org/images/tourism-statistics/2015.pdf>

⁹ <http://www.myanmar-tourism.org/images/tourism-statistics/2015.pdf>

2. Methodology

A series of focus group discussions (FGD) were convened in four key tourism locations: Yangon, Mandalay, Nyaung Shwe (Inle Lake) and Bagan. The intent was to elicit the views and opinions of micro, small and medium-sized enterprises (MSMEs) on a range of issues relating to how their HR needs can best be met. The hospitality and tourism industry is largely comprised of MSMEs, and the subjects discussed were selected as representative of the HR areas most relevant to their business needs. These included recruitment and retention, training, career progression and succession planning, and labour law and contractual issues.

Local and national associations including the Myanmar Hoteliers Association (MHA), the Union of Myanmar Travel Association (UMTA), the Myanmar Domestic Tour Operators Association (MDTOA) and the Myanmar Restaurant Association (MRA), plus their regional chapters at the key locations were tasked with developing lists of invitees to the FGDs. Invitees included owners and managers of hotels, tour operators and restaurants.

A PowerPoint presentation was prepared to guide the FGD, and a questionnaire developed (Annex A) to collect data on the training needs of the businesses attending. A Myanmar national consultant worked closely with the international consultant to aid translation and help ensure the context of the FGD was maintained.

Two separate half-day FGDs, one for each sub-sector, were arranged at the four locations. A total of 102 respondents attended, 34 representing the tour operators and 68 representing hoteliers and restaurateurs (Table 1). Lists of all attendees can be found in Annexes B and C.

Table 1: Numbers and type of participant of FGD

	Date	Tour Operators	Hotels and Restaurants	TOTAL
Bagan	7/12/15	3	20	23
Mandalay	12/12/15	12	23	35
Nyaung Shwe	19/12/15	7	13	20
Yangon	18-19/01/16	12	12	24
TOTAL		34	68	102

The FGDs were managed as an open forum, and all participants were encouraged to contribute. A range of methodologies were used to facilitate discussion, including direct questions and answers, paired discussion, small group work, presentations, and brainstorming. One-to-one interviews were also held with individuals from the industry, and opinions were sought from managers and owners not present at the FGDs. Meetings were held with members from the various associations, and input was gained from the Hotel and Tourism department at the National Management College in Yangon.

This report has been prepared based on the findings of the eight FGDs, and includes supplementary background research and data from an online questionnaire completed as another research strand of the HRDSAP design process. The results of the study are limited, as only 50% of over 200 businesses invited to the FGDs attended the meetings. Low attendance could be partly blamed on the FGDs' timing during the high season; this could also be the reason why low numbers of smaller businesses attended. As invitations were sent out by the hospitality and tourism associations, it should also be considered that many MSMEs may have been omitted from invitation lists due to their lack of association membership.

Low attendance of tour operators in all locations other than Yangon could be attributed to the time of year, but is also because most tour operators have their head offices in Yangon and a limited number of staff are employed in the tourist destinations. In Bagan there were just three attendees: two from a souvenir shop, one from the Myanmar Boat Association (MBA), and no representatives from tour operations.

3. Findings

Due to the method of data collection the results presented are very much of a qualitative nature. Although some quantitative data is provided, the narrative information is the key component of this report. The results are presented and summarised below based on the seven issue headings used during the investigative FGDs, and separated between the two sectors investigated.

3.1. Recruitment

Three questions were used to facilitate discussion on the subject of recruitment:

- (1) What recruitment issues affect the success and profitability of your business?
- (2) What types of staff positions are the most difficult for your business to recruit?
- (3) What are the most important skill sets you look for in staff when recruiting?

3.1.1. Hotels and restaurants

All representatives of hotels and restaurants considered recruitment a vitally important topic that had a huge impact on business success and profitability. Regardless of size, all contributors shared similar experiences and opinions. A summary of the recruitment issues raised includes:

- (1) **Low numbers of experienced potential employees:** Due to growing visitor numbers, there is an increased need to recruit hospitality staff. However, there is a notable shortage of experienced staff, and very few new staff entering the industry with necessary skills: as such, those with skills and experience are in increasingly short supply and commanding higher and higher wages. This is particularly evident in smaller locations, such as Nyaung Shwe and Bagan, where a smaller pool of potential recruits is available, but the issue exists at all industry levels, from managerial to lower-level staff. In both Mandalay and Yangon, there is evidence to assume that urbanisation has contributed to the lower numbers of experienced workers (especially at the supervisory and higher levels) in the more rural areas, which has to a certain extent improved and increased the amount of available workforce in the urban centres. New employees for non-supervisory positions were always sourced locally at all hotels represented, but more senior positions were often filled with recruits from outside of the area. The hotels in Yangon especially noted that many of their managers had originated outside of Yangon.
- (2) **Inconsistent salary expectations:** As noted above, due to demand exceeding supply in the recruitment of skilled and experienced workers, the salary expectations of hospitality employees are increasing. This has the dual effect of increasing both business operation costs and staff turnover, as employees move in search of higher wages. One area of disagreement between FGD participants was regarding the influence of training on the retention of employees; one argument suggested that the more an employee is trained, the more likely they are to seek better wages elsewhere.
- (3) **Low levels of education:** Especially in rural areas, hoteliers and restaurateurs highlighted the lack of educational standards in recruits. One reason given was that those with a higher level of education were looking elsewhere for employment opportunities.
- (4) **Poor language skills:** As with low levels of education, participants highlighted poor language skills as a recruitment problem. Speaking English was listed as one of the most desirable skills in recruitment (Table 2).
- (5) **Increasing turnover of staff:** This was considered one of the main issues that affected the profitability of the business and is elaborated below in Section 3.2.
- (6) **Lack of available training:** Although not necessarily a recruitment issue, this was highlighted by many of the hotels and restaurants as an influence on recruitment. Many participants suggested they are confident employing new recruits with no industry experience based on their attitude and other personal qualities, with a view to training them up with the required skills. However, a lack of both in-house training knowledge and access to external training, combined with a lack of time, makes this a difficult proposition.
- (7) **Poor attitude towards the industry:** A general lack of understanding of the industry among young people was highlighted as a recruitment issue. Hospitality is often not considered a desirable career, and many young people work in this industry for short periods of time. There is a certain level of negativity towards the work, and the long and unsociable hours can put people off entering the industry. The need to be "happy and smiley" and almost subservient at all times, and the need to be well presented, clean and tidy was noted as problematic for many candidates applying for jobs.

- (8) **Lack of structure to the recruitment process:** The recruitment process is generally disorganised in all locations, and new staff are often recruited on the basis of word of mouth from existing employees. Some larger hotels use newspapers and Internet recruitment websites to place adverts, but generally this was considered expensive and not particularly successful.

Difficult staff positions to recruit varied greatly depending on the size and location of the business. Generally the most difficult positions to fill are those at the supervisory level or above, where experience in the industry is vital. There were some specific skillsets, highlighted by many participants, that are becoming more essential and more difficult to recruit, especially for the larger hotels. These included:

- (a) **Engineer:** Hotels in Bagan and Nyaung Shwe often have to rely on generators to provide electricity (in Yangon and Mandalay this is less common) and skilled maintenance engineers to keep the generators functioning in short supply in rural areas. It is interesting to note that there was a discussion in Bagan on the opportunity afforded by the use of solar power to support the power needs of the hotels, but the expense, difficulty of maintaining solar power equipment, and lack of knowledge and experience in the country made this option impracticable.
- (b) **IT specialist:** The number one complaint received from guests at hotels throughout the country is poor Internet access, and with the increasing demand for high-speed Internet by customers and the increasing use of technology within businesses, many hotels highlighted this particular role or skill as an important one that is difficult to recruit for. The role of IT specialist was a much-needed position within some of the larger hotels; in smaller hotels, although it was highlighted that it wouldn't be possible to employ someone in this position on a permanent basis, it was still very much a skill set that was lacking. Although IT specialists cannot influence the poor connectivity in the country, they are able to make the best of the situation through assessing the options available and keeping abreast of technological improvements in the country.

It was also noted that, with the increasing need to utilise online marketing and social media to promote and communicate with clients, many of the hotels were lacking in staff who had the skills or time to effectively use these tools. With the move towards online booking systems and front office accommodation management software packages, the need for IT expertise to support staff, troubleshoot problems and carry out trainings using IT is becoming increasingly important, yet remains difficult to recruit.

- (c) **Security:** Highlighted mainly by the larger hotels, this is increasingly seen as a vital yet difficult role to fill. Due to the increased global threat of terrorism and the need to increase preventative measures, skilled security personnel are increasingly needed, yet are difficult to hire. The role is a complex one, requiring not only security knowledge but also the ability to accurately assess risks and provide staff training. Many security personnel have traditionally gained their knowledge from membership of the armed services; this, however, does not often give them the skills to be able to function within the customer-facing, staff-relations environment of a hotel.

Other roles that were considered difficult to recruit were all of a higher managerial level, and included HR managers, front office managers, head chefs, and housekeeping managers. Especially in rural areas, the small pool of recruits, combined with limited training opportunities and competitive salary expectations, has exacerbated the shortage of quality personnel available to recruit.

All businesses, regardless of size, were also in agreement that experienced trainers were hard to recruit: not necessarily specific trainers, but supervisory staff that were capable of training others.

Of the most desirable skills to consider when recruiting new employees, language skills (especially English language) scored highly. Personality and attitude were considered the most important aspects to consider when recruiting, and were considered more important than experience and existing hospitality and tourism skills. Presentation and personal hygiene were the fourth highest-scoring employment considerations (Table 2).

Table 2: Desirable skills or attributes when recruiting (hotels and restaurants)

	Desirable skill or attribute
1	Positive attitude
2	English language
3	Experience in industry
4	Presentation, personal hygiene
5	Recommendation or references

3.1.2. Tour operators

Tour operators noted the recruitment of staff is generally far less of an issue for them than it is for hotels and restaurants. Reasons given include:

- (1) **Smaller operations:** The majority of tour operators employ only a small number of staff and, for reasons explained in section 3.2, had a far lower turnover of staff than hotels and restaurants. As such, recruitment was carried out less often and deemed less of a problem.
- (2) **Type of new employee:** The tour operators all recruit new staff with a basic higher level of education and skills, targeting graduates from universities who have studied tourism and have strong language skills. All were in agreement that there is no shortage of skilled staff to recruit: the opposite of the experiences of hoteliers and restaurateurs.
- (3) **Positive attitude towards the industry:** It was suggested that the tour operations industry is held in higher regard than the hospitality industry. Reasons given for this include the opportunity for travel, better working hours and conditions, and the general perception of tourism as a career opportunity, rather than a part time or temporary job.
- (4) **Lack of structure to the recruitment process:** This was mentioned as one potential problem for tour operators, as recruitment structures are still not well established. However with a ready pool of annual graduates entering the market, regular recruitment fairs and word of mouth, this was not considered a serious problem.

The most difficult positions to recruit in the tour sector are very specific managerial roles such as sales and marketing managers, specific skilled roles such as IT experts, and employees with specific language skills other than English, such as Spanish, Japanese and Chinese. However, due to the training-oriented nature of the tour sector, it was believed that recruitment was not necessarily just about recruiting skilled and experienced employees but also about recruiting employees suitable to the industry; employees lacking skills and experience would be supported in developing those skills through structured training and experiential learning. The skills and attributes deemed most desirable are listed in Table 3.

Table 3: Desirable skills or attributes when recruiting (tour operations)

	Desirable skill or attribute
1	Positive attitude
2	English language
3	Experience in industry
4	Knowledge of Myanmar (history, culture, travel etc.)
5	Education, qualifications (though not limited to tourism)

3.2. Staff retention

Two questions were used to facilitate discussion on the subject of staff retention:

- (1) Do you find staff turnover a problem?
- (2) If yes, what are the main causes of this and what might be done to resolve these issues?

3.2.1. Hotels and restaurants

All the FGD participants highlighted that high staff turnover was a problem they faced in their business, and it was considered one of the most important issues to address. A high turnover of staff is indicative of the nature of the hospitality and tourism industry. Globally, the average annual staff turnover in hospitality is approximately 31%. FGD participants estimated their turnover to be between 60% and 80%. The business costs of high turnover were listed by the participants as including not only the actual cost of recruitment, but also the costs of training, the potential for loss of income through a drop in standards brought on by inexperienced recruits, and the negative effect that high turnover has on staff morale and team spirit.

The main causes of low staff retention are shown in Table 4.

Table 4: Reasons why staff leave the organisation (hotels and restaurants)

	Reasons why staff leave
1	Higher pay in the same position
2	Working conditions and hours
3	Following friends and/or supervisors/managers who move
4	Poor relationship with manager or owner
5	Promotion opportunity

A volatile wage market was cited as the number one cause of staff turnover. Based on the experience of the attendees of the FGD's there is a general consensus that due to rapid industry growth and the opening of new hotels, average wages at all employment levels have seen a huge increase over the last few years. It was noted that staff often move between businesses for only a small pay rise. Many staff also leave the industry to pursue alternative careers, perhaps with better perceived working conditions or more sociable working hours, but often no better salaries. In rural locations such as Nyaung Shwe and Bagan, many staff had left the hotel industry to take up positions as tour guides, a role that has a perceived higher status.

Due to the unstructured 'word-of-mouth' nature of recruitment in Myanmar it was suggested that many staff leave their employers to follow their friends, often for no difference in salary. In some of the larger hotels, situations where managers would leave a business and encourage members of their team to follow had been experienced. One example given was of a hotel that lost their housekeeping manager to a newly opened hotel, swiftly followed by their entire housekeeping team. One hotelier in Bagan claimed that staff recruitment and retention was a "cut-throat business".

Another reason for low retention of staff raised by the participants was poor working relationships between the employees and the manager, or between employees and the owner of the business. Reasons given for this included both a lack of management training contributing to an unstable working environment and hotel owners with no hospitality background who are unable to understand industry nuances.

Due to shortages of skilled and experienced supervisors and managers, it was suggested many staff leave their positions to take up more senior roles that aren't available in their organisation.

Numerous improvements were suggested to address this important issue: these are included below in the recommendations chapter of the report.

3.2.2. Tour operators

By contrast with the hotel and restaurant sectors, the tour operators all enjoyed very high staff retention rates, with some operators seeing zero staff turnover year on year. Several reasons were offered for this disparity:

- (1) **Smaller operations:** The tour operators met with were generally small outfits of between 3 and 10 staff, and almost all owner-operated. This close working relationship is considered to be a key ingredient in maintaining high staff retention. In owner-operated businesses, the owner is very much in touch with day to day business and employee needs, is fully conversant with the way the industry functions, and understands the performance, salary and benefits expectations of their staff.
- (2) **Staff loyalty:** Many of the tour operators said that their staff have a high level of loyalty to their employer. This was much more evident within the tour operations sector than the hotels and restaurants. Reasons given for this include: access to training; potential for skills and career development; potential growth of the business and the sector; increasing salaries due to business growth; and opportunity to travel both domestically and, in some cases, internationally.
- (3) **Higher skill-level entry:** New recruits into the tour industry are generally higher-skilled, often graduates, and many of them have excellent language skills. Recruits come from a number of educational backgrounds: not simply qualifications in tourism, but also geography and history degree programmes. Very few industry employees leave for other industries.
- (4) **Positive attitude towards the industry:** Myanmar youth hold tour operators in higher regard as employers and as an industry. Tourism is seen as a better career, with better working conditions, benefits and career progression opportunities. The opportunity to receive skills training and the chance to travel were also mentioned.

- (5) **Sector growth:** It was suggested that the tour operations industry is growing so quickly that internal opportunities for promotion, salary increase and access to training are much more prevalent. Some tour operators have seen their staffing levels double over the last few years, which has allowed them to reward and promote their existing staff, thus removing the need or desire for them to move organisations to improve their position or remuneration package.

There is a natural annual turnover of staff in the tour sector, and this was estimated to be around 10%. The reasons given for staff leaving businesses are shown in Table 5.

Table 5: Reasons why staff leave the organisation (tour operators)

Reasons why staff leave	
1	Higher pay in the same position
2	Promotion opportunity
3	Move to larger company (often internationally owned)

The natural movement of staff between companies was not highlighted as a problem by tour operators. There was some discussion about the increasing salary expectations and subsequent increased operational costs, but this was seen as far less of a problem than with the hotels and restaurants. One reason for leaving which is of particular interest was staff moving to larger, often internationally-owned, businesses opening in Yangon. This wasn't considered a huge problem either, and generally all of the tour operators saw increased competition for skilled staff as an acceptable consequence of a growing market.

3.3. Career development

Three questions were used to facilitate discussion on the subject of career development:

- (1) Are clear career paths in the sector available or needed?
- (2) What can be done to improve career paths that would benefit your business?
- (3) Which vocational and skill areas will be of growing importance to your business over the next three years?

3.3.1. Hotels and restaurants

The answers given, and discussion for, this section of the FGD varied greatly depending on the size and nature of the business. The larger hotels all claimed to have in place some form of career development programme, whereas smaller hotels and restaurants offered little or no opportunity to progress the careers of their staff.

There was, however, little evidence to demonstrate that any businesses had a systematic and structured programme of informed career development in place. Career development was frequently referred to in conjunction with training; any form of staff development training was generally associated with, and given as an example of, career development.

It was highlighted during the FGDs that hospitality is not regarded highly by large numbers of youth. Employment in the industry is often considered not as a career, but as more of an income-generating activity to either support further studies or serve as a stopgap before more suitable employment is found. The lack of a structured recruitment process, and limited access to low-level skills training, were suggested as reasons for this low opinion of the industry.

The divide between low-skilled labour and supervisory positions in hospitality was highlighted as a stumbling block to career development. It is currently difficult for employees to make the leap into a supervisory role without dedicated training, which limits opportunities for internal promotion. Most managerial and senior supervisory roles are recruited from outside the business; internal promotion to a managerial level in smaller operations is not common.

Suggestions to improve the understanding of career paths are introduced in the recommendations chapter of this report.

Vocational skill areas highlighted as growing in importance in the coming years were either specific skill sets, such as sales and marketing, or general managerial level positions. There were a few new skills mentioned that are expected to become more relevant, notably IT and sales and marketing, but concerns were also raised as to the small pool of quality managers available and the future problems this may cause.

3.3.2. Tour operators

As with staff retention, there is greater evidence that employees of tour operators have opportunities to develop their careers and progress through the organisation. One difference highlighted between the tour and hospitality sectors is that finding a job in tourism (as opposed to hospitality) requires a higher initial standard of skills, whether in IT, communications, language or other sector specific skills. It is less common to find employees completely new to the industry, as most if not all have skills and experience gained from specific training courses and colleges. Therefore, those entering the trade are more likely to consider it a career, and have higher expectations of progression through differing levels of responsibility. Career opportunities are always discussed in interviews with potential new recruits, and often the interviewee initiates this conversation.

As mentioned above, the perception of tourism as a growth industry precipitates the potential for career progression. Tour operators are of the opinion that clear career paths are well known, and little if anything needs to be done to improve this.

New skill areas that will become increasingly important are concentrated around the need for improved international sales and marketing, especially in the use of the Internet and social media. Language skills, especially in Japanese, Chinese and European languages, were highlighted as an important area for focused training to meet the needs of a growing global market.

3.4. Succession planning

Two questions were used to facilitate discussion on succession planning:

- (1) Does your business engage in succession planning?
- (2) If yes, what strategies are most important to you, and would some form of assistance be helpful?

3.4.1. Hotels and restaurants

The benefits offered to a business through an effective succession planning policy were discussed by the participants. By developing staff through training, they are better prepared to be promoted within the business, either into positions as they become available or into new roles that are created due to the growth of the business. It was agreed that this was a useful and economical method of recruitment. However, despite the agreed benefits, there was little or no evidence that any of the MSMEs have any structured succession planning programmes in place. Although evidence of internal promotions was provided, they were the exception rather than the norm, and were rarely above supervisor level. This component of HR management was perhaps the least understood topic of FG discussion and, due to the lack of training systems in place, was only noted in a rudimentary manner. It was also noted by many FGD participants that their businesses had yet to grow sufficiently to create the need for internal promotions.

The majority of participants had never prepared an organisational hierarchical structure (organogram). This was an area that many agreed they could improve upon, and one that would assist them in developing effective succession planning systems.

Likewise, the majority of FGD participants agreed that succession planning could be a useful and cost-effective tool to aid staff retention, and all would welcome some support and training on the subject in the future.

3.4.2. Tour operators

As highlighted above, due to the different initial skill levels of tourism operation employees, many employees already have high career expectations. As such, succession planning is more of an ongoing requirement and is routinely used as a development tool to reward and support staff. Through regular employee evaluations, skill development goals are established and updated for each staff member. With the growth of many of the tour operators, it was demonstrably a successful process to internally promote staff into supervisory or expert roles when new recruits were hired.

3.5. Labour policies and contractual issues

Three questions were used to facilitate discussion on the issues of government labour policy and employment contracts:

- (1) How do government labour policies affect your business? Are they advantageous or problematic?
- (2) Do you require further information regarding the ASEAN MRA?
- (3) Would your business benefit from some form of assistance to help manage employee contracts?

3.5.1. Hotels and restaurants

All responders were aware to some degree of the recent changes to the 2015 Employment and Skills Development Law, although there was evidence that many businesses had not changed their employment practices or taken up new contracts. FGD discussions raised many issues as follows.

The update of the minimum wage law of 2013 to establish a mandatory daily rate of 3,600 kyat (in businesses with more than 15 employees) is considered unrealistic and untenable by the hospitality and tourism industry. It does not take into account the differences of remuneration between industry sectors: for example, in hospitality and tourism many staff receive benefits such as meals, accommodation, transport, uniform and service charges/tips above and beyond their basic salary.

Due to the seasonal nature of the tourism industry in Myanmar, many hotels close or downsize during the low season. In order to retain their staff during periods of inactivity, many hotel and restaurant staff are paid a small salary or stipend whilst not working. This downtime is often used by hotels and restaurants to provide staff training, and staff are sometimes utilised in renovations, decoration or repairs. This would not be possible under the conditions of the new labour law.

Establishing a working week with the stipulation that supplementary payments are paid for working 'unsociable hours' such as Sundays and public holidays does not take into account the needs of businesses to function on those days.

Statutory paid leave, severance packages and notice periods were all also considered unrealistic and ill-fitting to the needs of both employers and employees. Those participants commenting on the negative effect the labour law would have on employers were keen to point out that there could also be a negative impact on the employees. One example given of this was the change to the contract law that would force employees to sign a time-limited contract; those employees with contracts that had no end date may not be confident about their future. Another example given was by the businesses that close during the low season and retain their employees through the payment of a stipend: under the new law this would no longer be possible, and could result in staff having their contracts terminated at the end of the high season.

The general consensus was that a formal Labour Law is needed to protect the rights of employees and employers, and that standardised employment contracts and conditions throughout the industry are preferable to the current situation of multiple and differing approaches to contracting, or often no contracting at all. All responders were unanimous across all FGDs that a specific hospitality and tourism employment contract should be developed, with specific clauses inserted into the Labour Law that take into account industry nuances.

All hotels and larger restaurants met with for this study claimed to use contracts for the majority of their employees, of the smaller restaurants met with had no contract systems in place. It was noted that there are many large hotels in both Yangon and Nay Pyi Taw that currently have no contract systems in place. Often managers and supervisors receive employment contracts, but lower-skilled workers do not. All are in agreement that the terms and conditions of employment offered to employees are at times better than those stipulated by the government. Some participants highlighted a need for support in developing and managing employment contracts.

Some participants were aware of the ASEAN Mutual Recognition Agreement (MRA), though there was a general lack of knowledge as to its business relevance at this time. There was an interest in learning more about its benefits and potential negative effects.

3.5.2. Tour operators

There is less disagreement among tour operators regarding the new Labour Law and the generic employment contract. This is mainly because the circumstances of employment they offer are not so different to the ones set out in the law. Many tour operators have transferred their entire workforce onto the new contract system. Some tour operators felt the law to be too generic, saying that it didn't quite meet their needs, but this was far less of a problem than for the other two sectors.

As with the hotels and restaurants, many of the tour operators had little understanding of the ASEAN MRA. This was briefly discussed, but is worthy of some official introduction in the future. Based on a brief explanation, many of the small operators speculated that it would have little or no effect on their business, certainly in the short term.

3.6. Training and development

Four questions were used to facilitate discussion on the subject:

- (1) What training opportunities are currently available to your staff?
- (2) How useful is this training, and what might be done to improve training delivery?
- (3) What additional types and levels of training are most needed by your staff?
- (4) What are the best methods and approaches to deliver priority trainings?

A questionnaire (Annex D) was provided to participants to highlight skill development areas. 88 out of a possible 102 were completed; however, the findings from this method are vague and inconclusive, as an informal survey also carried out shows discrepancies between the two. Many responders highlighted the need for advanced skills training for all skills sets, but were unable to differentiate between advanced and basic skills when asked. There is a strong emphasis on the need for training in personal skills, including attitude, teamwork, problem solving and communications skills (also see Annex D).

3.6.1. Hotels and restaurants

As noted above, all businesses consulted carry out some form of staff training. The structure, definition, routine and method differed greatly between businesses, and generally speaking the larger the operation the more established the training systems. For example in one small family-run restaurant in Nyaung Shwe training is provided by the owner, on an employee-by-employee needs basis, often during trading hours. At the opposite end of the scale, one medium-sized hotel in Yangon has a well-documented and scheduled training programme for their entire workforce.

An informal survey of training opportunities offered to staff was carried out and is summarised in Table 6.

Table 6: Types of training available to employees

Type of training	Percentage used
In-house 'on the job' training by manager, owner or supervisor	100%
In-house training provided by external trainer	30%
Training at external location, e.g. language school	24%
Online training (e-learning)	10%
In-house training provided by internal trainer	1%

In-house training is mainly limited to covering specific work tasks required of employees in their role. These can include customer service skills, but mainly cover basic food preparation and service of food and drinks. Some examples of external training include basic hygiene and health and safety training. Some hotels in Nyaung Shwe benefit from opportunities to send staff on one-day training sessions conducted by NGOs: topics have included personal presentation, hygiene, and customer service skills. These types of trainings are, however, unusual and not readily available. Larger businesses are more likely to support their staff in utilising online learning, primarily for language skills learning. One FGD participant, which employs an in-house trainer, demonstrated a good knowledge of cross-departmental training and explained the benefits this afforded them.

All participants considered training vital as a way of improving standards, although as introduced earlier, there was some disagreement on the value of training as a tool for staff retention all were in agreement that they could better support staff development through systematic approaches to training. A lack of time and opportunity, the costs associated with training, and a lack of trained trainers were all cited as reasons for the limited levels of training. The majority of structured training is provided in the low season.

Trainings that were highlighted as important are listed in priority order in Table 7.

Table 7: Priority skills training

	Skill training required
1	Language skills (English)
2	Guest relations, communications
3	IT skills
4	Hygiene, health and safety
5	Training of trainers
6	Management skills training
7	Conceptual skills: problem solving, dealing with conflict, situational awareness, and taking initiative.

Participants agreed the most effective method of delivering training is in the workplace, especially due to the limited time available to remove employees from the business. However, during the low season off-site training would be an effective way of carrying out larger training sessions that might meet the needs of several businesses in one sitting. Participants said this was an area where support would be welcome, and would appreciate a concerted effort to establish training opportunities in their local area.

The language skills training highlighted in the questionnaire (Annex D) showed that English is the priority language. However, Japanese and Chinese were also listed as required languages.

3.6.2. Tour operators

Structured, semi-structured and informal skills trainings are considered integral components of the operating procedures of all FGD tour operators. Training is delivered primarily by owners, managers and supervisors: online learning is also often used, with short e-learning courses being made available to staff. Annual low season training is structured, with some staff attending training courses held by larger travel companies, visiting tourist destinations and taking part in cross-departmental training.

Skills trainings highlighted in the questionnaire (Annex D) as a priority need specifically for the tour operators included cultural knowledge of Myanmar and sustainable tourism. The language skills required were broader than those of hotels and restaurants, with the addition of Spanish, Italian and French to the list.

3.7. Coaching and mentoring

Two questions were used to facilitate discussion on the subject:

- (1) What forms of staff coaching and mentoring does your business use?
- (2) Would your business benefit from some form of assistance in this area?

3.7.1. Hotels and restaurants

Although coaching and mentoring were terms familiar to all participants, there was little evidence to suggest these concepts are actively carried out. Discussions ascertained that every business includes both concepts in training delivery and skills development in an informal and unstructured way. On-the-job training was discussed as an example of coaching, and staff management was used to describe mentoring. The style of training in small owner-run restaurants, as described, closely resembled a coaching style of leading and training, but this may have been through coincidence rather than a deliberate approach. Mentoring was evident in larger operations with a larger team of employees, although there were no structures in place and no mention was made of mentor training.

The buddy system was mentioned by several participants as a valid coaching method, and is used by all businesses as a way of introducing new staff to their working environment, but this was unstructured and not evaluated. This was also an area where participants agreed improvements could be made, and they would welcome support in improving coaching and mentoring methods as cheap and relevant training and skills development tools.

3.7.2. Tour operators

As was demonstrated with the provision of training in the tour operations sector, coaching and mentoring is commonplace. Due to the nature of the business, owners often take the role of mentor to new recruits, and their style of management is consistent with coaching styles of leadership.

Although it appears that coaching and mentoring is prevalent throughout the sector, it was also apparent that support is required to improve the delivery of this management and training approach, and owners and managers all confirmed this is an area which could be supported through external training.

3.8. Standards

Three questions were used to facilitate discussion on the challenges faced in meeting the standards expected by international customers:

- (1) What challenges have you faced in terms of meeting the standards of service and facilities expected by international customers?
- (2) What efforts are you making to ensure you provide a quality experience for international customers?
- (3) What areas do you think you can improve upon to meet their expectations?

3.8.1. Hotels and restaurants

Discussion under this heading focused on the standards expected by international tourists as well as domestic guests, and the ways that businesses are addressing visitor needs. All operations claimed to conduct some form of customer satisfaction survey or feedback collection. This ranged from direct verbal data collection to customer feedback forms and use of Internet-based review sites such as TripAdvisor. The areas highlighted as particular challenges for improvement are listed by priority in Table 8.

Table 8: Common customer complaints, hotels and restaurants

	Customer complaint
1	Internet speed and accessibility
2	Language skills of employees
3	Value for money
4	Time management
5	Hygiene and cleanliness of facilities and employees

- (1) **Internet:** All participants from hotels gave poor Internet connections and speeds as the number one complaint received from customers. This was more evident in the rural areas of Nyaung Shwe and Bagan, where Internet infrastructure is still in its infancy. However, as wireless Internet across the whole of Myanmar is still a recent development, there is little hotels can do to meet customer expectations. It was noted that customers expect the same high levels of Internet service regardless of location; one hotelier who had installed an expensive Internet service explained that customers expected five star Internet service at a three star hotel price, regardless of the room price paid.
- (2) **Language skills:** The second most common area for customer complaints, and a challenge for all businesses, is the language skills of hotel and restaurant employees. Foreign customers rarely speak Myanmar and expect all hotel and restaurant employees they meet to speak English, from housekeeping to management level. As highlighted in the recruitment section of this report, this is a desired skill for employment, but it is also a difficult skill to find in lower-skilled and locally-recruited staff.
- (3) **Value for money:** Many international clients have a preconceived sense of 'value for money', and thus their expectations are based on the price and quality of goods, services and accommodation found elsewhere. Hotel accommodation in Myanmar is generally more expensive than other ASEAN countries, but service quality and the facilities available often fall below customer expectations. This is not to say all standards are low, but rather that there is an issue of managing customer expectations. High operational costs, such as the increasing cost of rent, wages, waste management, access to the Internet, and often electricity (as is seen in Bagan) all contribute to the high cost of accommodation. Discussions were held around this subject, with the general consensus that costs cannot be lowered, and will likely continue to increase. Therefore, attention should be directed to finding cost-effective ways of improving standards to better meet customer needs and increase the perceived value for money.
- (4) **Time management:** This common complaint refers to many elements of the customer experience, especially the length of time taken to prepare and serve food. Although complaints about traffic and road infrastructure are also included in this area, these are beyond the control of hotels and restaurants.
- (5) **Hygiene and cleanliness of premises and staff:** This was mentioned as a common complaint, and also as an area most business had worked hard to improve upon. Staff training and self-awareness sessions have been conducted to bring this to the attention of staff; for example, staff have been discouraged from chewing betel.

3.8.2. Tour operators

As they have customer relationships prior to arrival in Myanmar, tour operators are well-placed to inform clients about the types of facilities and standards to expect. However, as they have limited direct dealings with their customers once they are in the country, they are not in a great position to deal with any issues that arise. One area of high concern is linkages with front-line service providers, for example tour guides. Poor services from drivers and tour guides reflect badly on tour operators, and while this is partly out of their hands, it is an area they're working to improve through supporting tour guide training programmes. Areas that were prioritised for improvement within the tour sector are listed in Table 9.

Table 9: Common customer complaints, tour operations

	Customer complaint
1	Communications, especially email and telephone
2	Language skills (other than English)
3	Use of technology, e.g. Internet booking
4	Availability of credit card payments
5	Sales and marketing

Tour operators are very much aware of areas that need to be improved upon to meet customer needs, and although some areas are out of their hands (such as Internet and telecommunications infrastructure), they are developing and delivering trainings, and encouraging staff to take advantage of external trainings, to make up for failings in some of the areas highlighted.

4. Recommendations

Based on an analysis of findings, and through discussions of solutions to problems during the FGD meetings, participants proposed the following recommendations.

4.1. Recruitment

A more standardised recruitment system should be established that provides information and linkages between employees and potential employers. With the use of skills-based job descriptions linked to training, this could be facilitated through training schools, university programmes, NGOs, or local and national hotel and tourism associations. While a well-managed online system could work nationally, and certainly for higher-level recruitment, focal points for recruitment would be needed at the offices of the various associations involved in hospitality. Standardised low skill level training to a nationally recognised standard, proper use of the industry-issued certifications, and tailor-made localised training programmes would support a more streamlined recruitment process. Also, the promotion of hospitality and tourism as a good career choice at all levels would encourage a wider range of applicants.

4.2. Staff retention

The unanimous verdict is that to improve staff retention, working environments and benefits for staff must improve. Although it was accepted that staff primarily leave their employers to obtain a job with a higher salary, it was the opinion of FGD participants that it is not always economically viable to increase salaries. However, by improving training provision, management style, supporting staff relationships, and creating a supportive and nurturing environment that provides an opportunity for career development and succession, turnover could be reduced. Many examples were given of situations where these solutions had had a positive effect. The term “a family environment’ was used in all FGDs when discussing ways to improve staff retention in hotels and restaurants, and training for owners and managers was suggested as the preferred route to achieving this.

4.3. Career development

Currently there is a lack of knowledge regarding hospitality career opportunities. This isn't the case with tourism, which attracts young people with career aspirations.

The view of people outside the hospitality industry regarding career opportunities in hotels and restaurants must be improved through an awareness campaign. Careers fairs should be used to provide information: by cooperating closely with schools, colleges and youth groups, career options and information could be disseminated. Businesses should improve their recruitment, and also introduce staff training evaluations to better serve their longer-term recruitment needs through the retention of staff and the promotion of staff careers. Training should be developed that encourages staff to consider long-term opportunities and their potential for promotion within the industry.

4.4. Succession planning

It became evident during FGDs that there is a lack of business planning by many firms, perhaps because of a lack of management and owner knowledge on the process of developing a forward planning strategy. This also contributes to the lack of succession planning as a tool for affordable business growth. With high staff turnover in the hotels and restaurants, and difficulties in recruiting skilled workers, it seems that effective succession planning would solve many issues. Business owners and managers should be given the opportunity to receive some training in business development that encapsulates the issues raised in the FGDs, as well as planning for the development and retention of their staff. Trainings could incorporate key elements of HR management, such as how to conduct performance evaluations and establish personal and work related goals. This was something that participants were very interested in.

4.5. Labour policies and contractual issues

It will be interesting to see the results from the employment contract reform working group supported by ILO regarding these issues. Regardless of whether any changes are made (for example, if businesses are allowed to use their own contracts in place of the government-approved contract), there is a need for improved provision of information regarding the development and or use of contracts. Business owners and managers will need support in either developing contracts or using government-approved contracts, to ensure all staff are contracted in their employment regardless of the size of business.

4.6. Training and development

As has been highlighted in the eight FGDs, there is a huge need for and interest in receiving training, especially by the hotels and restaurants. It is noted that a great deal of training has been delivered in recent years by numerous organisations, especially in Nyaung Shwe, Bagan and Yangon. However, there is a general consensus that trainings are often not specific to business needs, nor are they part of a sustainable skills development programme (they're viewed more as 'one-off events'). There are several ways to approach the skills development needs of hospitality businesses, but a holistic approach that establishes both industry standards to be met and standardised training sessions throughout the country, targeting not only staff but also management and owners, should underpin a national training philosophy. This would be especially relevant for smaller businesses that do not have dedicated trainers among their staff.

The following training recommendations were formulated through the FGD and after separate consultations with industry specialists, faculty staff from the Hospitality and Tourism Department at the National Management College in Yangon, and industry associations.

Training needs research for the hospitality sector should be conducted, including emerging destinations and destinations not part of the six main tourist sites. This research should consider four key themes:

- The capacity of local and national hospitality training providers and tourism associations to support and develop skills development training for businesses within their area.
- The experience and ability of hospitality business owners and managers to develop realistic business plans for the growth and success of their business.
- The HR management capabilities of managers and senior supervisors, and their capacity to develop the skills of their staff.
- The basic skill levels of staff, including personal and vocational skills.

A survey outcome would include a training needs analysis map for a comprehensive nationwide skills development programme, to share and discuss with the private sector and training providers. The establishment of industry service standards could support the design of an action plan to prioritise trainings across the country, taking advantage of the low season. Trainings should include, but are not limited to, the following themes (this is an example based on knowledge already accrued; the final training development would be led by the needs assessment survey):

- **Training of Trainers (ToT):** A comprehensive training for members of local and national hospitality and tourism associations, and individual managers in hospitality and tourism businesses. The idea is that the more qualified and experienced trainers there are in the industry, the greater the opportunity to reach more staff and deliver more specific training. Ideally this would be intensive short-term training at numerous sites around the country.
- **Train managers and owners:** This training would be separate to the ToT and would incorporate elements of HR management such as recruitment, evaluation, succession planning, coaching and mentoring, business planning, quality assurance, and legal matters such as contracting and employment law.
- **In-house training of staff:** This training would be developed based on a national industry service standard, and would consist of a series of short courses that could be delivered in the low season. It should include subjects such as:
 - o **Personal development:** Timekeeping, hygiene, problem solving, dealing with difficult situations, effective communication, decision making, and career planning.
 - o **Food and drink service skills:** Hygiene, health and safety, product knowledge, presentation skills, and standards of service to reach international expectations.
- **External training (and/or e-learning) for all staff:** Including language skills and specific vocational skills depending on the needs of the business, such as housekeeping, front office, security, kitchen, maintenance, etc.
- **External training of potential managers:** A series of management or supervisory skills training sessions should be delivered to employees deemed suitable to move into a more senior role within their organisation. Regular staff appraisals and evaluations carried out by managers would be used to encourage staff attendance.
- **Refresher training for all staff:** Conducted throughout the year, this would incorporate a series of short refresher trainings carried out in as little as one hour prior to shift commencement. This would be determined by the needs of the business, and provided by a toolbox of simple trainings available to all businesses. This could include role-play activities and simple tests of knowledge. Managers would assess this training in a real working environment as part of the on-going evaluation of staff performance.

- **Refresher and advanced training for managers:** To continue their growth and development as managers, short half-day courses should be developed around key issues to support business growth and improve management skills.
- **Regular meetings between businesses and industry associations:** These would allow businesses to discuss a range of issues pertinent to their combined success.

This nationwide training delivery should be monitored and evaluated throughout the specified time of delivery, and adapted to meet the needs of developing businesses based on information gathered.

Although this recommended training is specifically aimed at the hotel and restaurant sectors, a similar survey could be conducted with the tour operations. While the needs of tour operators are vastly different, and often at a management level, there is an expressed need for management training: this might be structured in such a way that both sectors benefit.

4.7. Coaching and mentoring

As highlighted above, this area of management, leadership and training is under-utilised and should be included in standardised training delivery.

4.8. Standards

With the development of industry training standards, hotels, restaurants and tour operators would be better equipped to assess their own provision of services. A national system of hygiene standards, as seen in other ASEAN countries, would be an effective start. The use of MOHT hotel and restaurant inspectors was suggested as a useful way of assessing and developing improvements in the industry.

Tour operators have suggested they need to build better linkages between themselves and the front line service providers such as tour guides, drivers, hotels and restaurants. Regular strategic meetings could be arranged to bring together the various actors in the hospitality and tourism sectors in each location, so they can share ideas and experiences and promote the use of best practices.

All participants of the FGDs agreed the opportunity to meet and share ideas and experiences with other businesses in their field of work was worthwhile. The development of better linkages between the businesses through working groups and the industry associations was considered a worthwhile exercise to pursue, and requires local champions to carry forward.

Linkages between all interested parties in the hospitality and tourism industry are an area that needs attention, especially between the training providers and the businesses that employ their graduates.

To develop a standardised system of training and establish a set of national industry standards, there will need to be a great deal of cooperation between the numerous individuals, organisations and associations involved. It is hoped by all that this series of FGDs, together with the design and implementation of the HRDSAP, will serve as a catalyst to build greater synergy and linkages.

Annex A: Skills audit questionnaire

Staff Training Needs		Basic	Intermediate	Advanced
Employability skills				
1.	Self-management			
2.	Positive attitude			
3.	Business and customer awareness			
4.	Problem Solving			
5.	Entrepreneurship			
6.	Environmental Awareness			
7.	Communication skills			
8.	Showing Initiative			
9.	Decision-making			
10.	Team Working			
11.	Application of numeracy			
12.	Application of information technology			
13.	Administrative Skills			
14.	Social media skills			
15.	Telephone Skills			
16.	Sales, Marketing & Promotion Skills			
Management skills				
1.	Pricing and Revenue Management			
2.	General Management			
3.	Accountancy Budgeting/ financial Management			
4.	Leadership/ People management			
5.	Quality Management			
6.	Risk management			
7.	Procurement			
8.	Product Development			
9.	Training and coaching			
Hospitality skills				
1.	Food Hygiene			
2.	Health & Safety			
3.	Asian Cuisine			
4.	International Cuisine			
5.	Food Preparation			
6.	Baking & Pastry Making			
7.	Kitchen Organisation			
8.	Food and Beverage Cost Controls			
9.	Food Science and Nutrition			
10.	Wine skills and knowledge			
11.	Web Design/Maintenance			
12.	House-keeping			
13.	Front office			
14.	Waiting / waitressing			

Tourism skills			
1. Ecotourism			
2. Agro-tourism			
3. Conference / meetings / event organisation			
4. Water sports			
5. Bird watching			
6. Sustainable tourism			
7. Voluntourism			
8. Culinary (or gastronomic) tourism			
9. Cultural, heritage and historic tourism			
10. Cycling			
11. Festivals			
12. Fishing			
13. Golf			
14. Health, wellness and spa			
15. Religious tourism			
16. Soft adventure			
17. Trekking			
18. Weddings and honeymoons			
Foreign Language Skills			
Please specify languages of key importance			

Annex B: FGD attendees, tour operations

Bagan: 7th December 2015		
	Name	Organisation
1	Ko Thiha Than Htike	Myanmar Boat Association
2	Ma Khin Thidar	Bagan House tourist shop
3	Ma Yin Aung	Bagan House tourist shop

Mandalay: 12th December 2015		
	Name	Organisation
1	Daw Than Nwe Oo	Hotel and Tourism Department
2	U Aye Lwin	Hotel and Tourism Department
3	U Wunna Zin	Myanmar Galoun Min T&T
4	Mg Nyo	All Asia Exclusive T&T
5	U Kyaw Soe Win	E. Asia Travel and Tour
6	U Soe Aung	Columbus Travel
7	U Kyaw Oo	MTGA
8	Ye Myint Htay	Columbus Travel
9	Ye Myat Tun	MTGA (Chairperson)
10	Myo Win	MTGA
11	U Khin Maung Shwe	MOHT
12	Daw Pwint Phoo Han	Columbus Travel

Nyaung Shwe: 19th December 2015		
	Name	Organisation
1	Mg Thu Ra Aung	Fantastic Inle Travels (owner)
2	Mg Thant Zin Tun	Dove Tour Services (owner)
3	U Htein Linn	Golden Bowl Tour Services (owner)
4	Kyaw Lin Htet	Oriental Ballooning
5	Thet Mon oo	Oriental Ballooning
6	Mg Myo Myuint	Hupin Hotel (boat driver)
7	Ko Soe Hlang Kyaw	Myanmar Milestone (owner)

Yangon: 19th January 2016

	Name	Organisation
1	U Htay Myint	Autonet travels
2	U Min Thein	MTA Vice Chair
3	Daw Khin San Aye	MTA Executive Committee
4	R. Kamalan	Agia travel
5	Kaung Set Zaw	Golden Express
6	Zaw Lin Tun	The Wheel Travel
7	Myo Pyi Sone	Wayfarer Myanmar Travels
8	Aung Myat Lwin	Oriental Century Travel and Tours
9	Lei Myint	Myanmar Pearl Travel and Tours
10	Sandar Myint	Kinnani Travel and Tours
11	May Zin Oo	Aga Travels
12	Lu Mon	Mira Travels

Annex C: FGD attendees, hotels and restaurants

Bagan: 7th December 2015		
	Name	Organisation
1	Min Thu	Razagyo
2	Myint Lwin	Umbra
3	Hanny Kyi Maung	Umbra
4	Nang May Myint	Thante Nyu Hotel
5	U Lay Maung	Bagan Thande Hotel
6	Ohma Myint	Zfreeti Hotel
7	Ohn Thwin	Amazing Bagan resort
8	Khin Maung Win	Aye Yar River View Resort
9	Kyaw Soe Win	Ruby True Hotel
10	Khin Mang Htwe	Myanmar Restaurant Association
11	Khin May Soe	Floral Breeze Hotel
12	Ag Myo Htun	Shwe Yee Pwint Hotel
13	Phyo Mg	Thazin Garden Hotel
14	Thuya Win	Bagan Lodge Hotel
15	Htun Naing	The Black Bamboo
16	Thaung Tam	Hotel Tharabar Gate
17	U Than Htet Khaine	MOHT
18	U Win Tint	MOHT
19	U Zaw Weik	MHA
20	U Ohn Thwin	Amazing Bagan Resort

Mandalay: 12th December 2015		
	Name	Organisation
1	Daw Mi Maw	Hotel Victory
2	U Khin Mg Shwe	Ministry of Hotels and Tourism (Director)
3	Daw Khin Thida Moe	Ministry of Hotels and Tourism (Assistant Director)
4	Daw Soe Aung	Ministry of Hotels and Tourism
5	Daw Su Win	Oway Grand Hotel
6	U Aung Myint Htun (Mike)	Hotel Shwe Pyi Thar
7	U Aung Khaing Than	MHT (Deputy Director)
8	U Myo Min Aung	Myanmar Hoteliers Association
9	U Aung Kyaw Soe	Kristin Hotel
10	Daw Phyo Sandar Aung	Triumph Hotel
11	Min Naing	Ayarwaddy River View Hotel
12	Myo Htay Oo	Myanmar Hospitality Professionals Association (MHPA) (Mandalay Zone)
13	San Win Tun	MHPA (Mandalay Zone)
14	Naing Win Swe	MHPA (Mandalay Zone) Chairperson
15	Aung Zaw Moe	MHPA (Mandalay Zone) Vice Chairperson
16	Mg Myo	MHPA (Mandalay Zone) Member
17	U Kyaw Soe	MHPA (Mandalay Zone) CEO
18	U Soe Thiha	MHPA (Mandalay Zone) Member
19	Dr. Haing Htwe	Hotel Water
20	U Hein Ye Aung	Tiger One Hotels
21	Daw Khin San Oo	Oriental House
22	Aung Kyaw Oo	B.B.B
23	U Kyaw Win	X Café Re

Nyaung Shwe: 19th December 2015		
	Name	Organisation
1	Aung Lwin	Paradise Hotel
2	Phyo Kywe Linn	Neyong Taste Restaurant
3	U Ba Hein	Golden Island Cottages
4	Nay Lin Hla	Inle Lotus Hotel
5	Smith Tun Win Aye	Royal Nadi Resort
6	Aung Thaik	Aureum Palace Resort
7	Win Tun Naing	Non given
8	Zaw Min San	Non given
9	Zin Pwint Phyu	Aureum Palace Resort
10	Ko Soe Lwin	Non given
11	Mya Thidar Htwe	81 Hotel
12	Sai Than Zaw Oo	Nan Da Wunn
13	Sai Zayar Aung	Nan Da Wunn

Yangon: 18th January 2016		
	Name	Organisation
1	Cho Myint	Park Royal Hotel
2	Bya Pau	Panorama Hotel
3	Aye Lwin	Savoy Hotel
4	Nyi Swe	Hotel Parami
5	Wai Linn Htun	Hotel Yankin
6	Dr. Nay Zaw Aung	Clover Hotel
7	U Myint Zaw	Happy Noodles restaurant / MRA (Vice Chairperson)
8	Thant Zin Oo	Bo Min Hotel / MRA (Vice Chairperson)
9	Aung Lwin	Yuzana Group Hotels
10	Major Myo Thant	Shangri La Hotel
11	Thuzar Khin	Hotel Accord
12	U Han Win Zaw	Agga Hotel

Annex D: Skills audit findings

Training Need	Advanced	Basic	Intermediate	No Answer
1. Self-management	66	6	2	14
2. Positive attitude	70	15	0	3
3. Business and customer awareness	60	19	1	8
4. Problem Solving	75	11	0	2
5. Entrepreneurship	67	13	2	6
6. Environmental Awareness	59	24	0	5
7. Communication skills	60	11	0	17
8. Showing Initiative	48	4	0	36
9. Decision-making	54	0	0	34
10. Team Working	48	0	0	40
11. Application of numeracy	4	0	8	76
12. Application of information technology	12	2	12	62
13. Administrative Skills	8	20	6	54
14. Social media skills	23	0	0	65
15. Telephone Skills	34	0	10	44
16. Sales, Marketing & Promotion Skills	40	0	13	35
Management skills				
1. Pricing and Revenue Management	14	1	2	71
2. General Management	38	23	4	23
3. Accountancy Budgeting/ financial Management	22	5	0	61
4. Leadership/ People management	28	18	10	32
5. Quality Management	39	15	0	34
6. Risk management	5	11	0	72
7. Procurement	3	0	0	85
8. . Product Development	0	0	0	88
9. Training and coaching	40	36	6	6
Hospitality skills				
1. Food Hygiene	45	11	0	1
2. Health & Safety	38	10	8	1
3. Asian Cuisine	9	6	0	42
4. International Cuisine	28	7	2	20
5. Food Preparation	28	20	0	9
6. Baking & Pastry Making	4	0	6	47
7. Kitchen Organisation ²⁰	20	14	2	21
8. Food and Beverage Cost Controls	2	0	1	54
9. Food Science and Nutrition	1	1	0	55
10. Wine skills and knowledge	8	22	0	27
11. Web Design/Maintenance	6	8	0	43
12. House-keeping	28	10	0	19
13. Front office	18	11	6	22
14. Waiting / waitressing	40	6	1	10
Foreign Language Skills				
Please specify languages of key importance	English, Japanese, Chinese			

Tourism skills				
1. Ecotourism	11	2	0	18
2. Agro-tourism	4	0	0	27
3. Conference / meetings / event organisation	10	0	0	21
4. Water sports	6	0	0	25
5. Bird watching	0	0	0	31
6. Sustainable tourism	15	5	1	10
7. Voluntourism	0	0	0	31
8. Culinary (or gastronomic) tourism	2	0	0	29
9. Cultural, heritage and historic tourism	20	10	1	0
10. Cycling	15	7	0	9
11. Festivals	4	0	0	27
12. Fishing	0	0	0	31
13. Golf	9	1	0	21
14. Health, wellness and spa	11	8	0	12
15. Religious tourism	8	14	0	9
16. Soft adventure	0	0	0	31
17. Trekking	19	12	0	0
18. Weddings and honeymoons	3	0	0	28
Foreign Language Skills				
Please specify languages of key importance	English, Japanese, Chinese, Spanish, Italian, French			



MYANMAR-LUXEMBOURG



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