

MANPOWER SHORTAGE AT OPERATIVE LEVEL OF THE HOTEL INDUSTRY IN HONG KONG

**The Federation of Hong Kong Hotel Owners
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A. Objectives

With the development of new hotels and tourism related projects, including the opening of the Hong Kong Disneyland, there would be a steady increase in manpower demand in the coming years. The objectives of this paper are as follows:

- a. To evaluate the manpower situation of the hotel industry, particularly at the Operative Level.
- b. To make recommendations on manpower training at the Operative Level of the hotel industry in Hong Kong.

B. Implication on manpower demands of the Hotel Industry

Strong increase in visitor arrivals

In 2004, visitor arrivals totaled a record breaking 21.8 million, up 40.6% compared with 2003, and 31.3% from the 16.6 million in 2002. The target for 2005 is 22.9 million.

New hotel rooms & tourism projects

New hotel rooms will increase from 39,128 in 2004 to 49,040 in 2005, 52,789 in 2006, 53,253 in 2007 and 53,707 in 2008. There would also be 9,000 new hotel rooms in the proposed Lantau concept plan (including the Hong Kong Disneyland). Hong Kong Ocean Park also proposed 3 hotel projects in their development plan. New tourism projects like the Disneyland theme park, Hong Kong Wetland Park and Tung Chung Cable Car etc. will also attract more tourists to Hong Kong.

Competition from Macau and Pearl River Delta

Macau is now aggressively developing her entertainment and tourism industries. The Pearl River Delta is also in its full force to develop tourism industry. The hotel industry is very sensitive to the competition of manpower because quite a number of staff in our hotels have been drawn to Macau by higher pay and benefits. Another reason is that the Macau Administration is open and ready to recruit skilful manpower from Hong Kong and even the Mainland. Middle management personnel from Hong Kong are highly demanded in the Pearl River Delta as well. (See Appendix II & III)

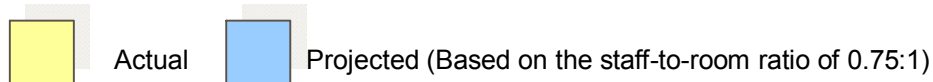
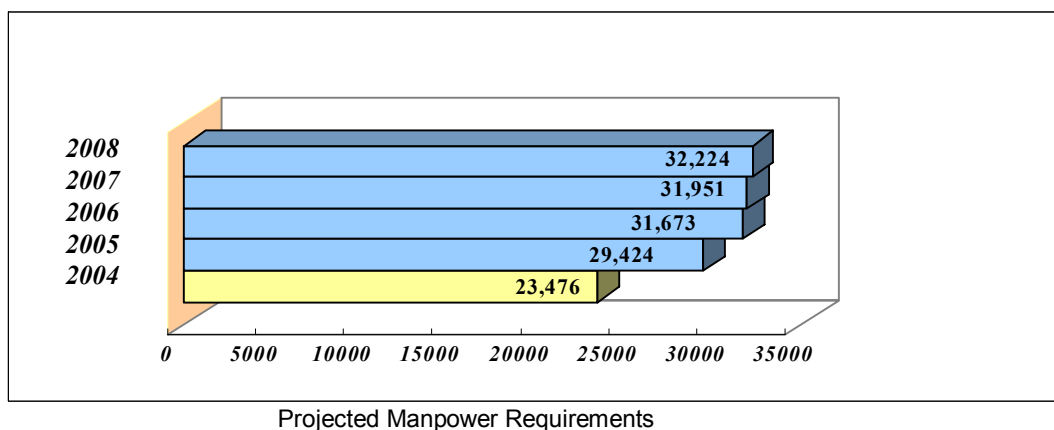
Competition from Alternative Accommodation

An increasing number of alternative accommodation categories such as guesthouses, service apartments and hostels in Hong Kong would surely elevate the manpower demand in the hospitality sector. There are 5,170 tourist guesthouse rooms in 2004. According to the Home Affairs Department, which is the licensing authority, there is average an increase of 50 licenses of tourist guesthouses annually.

Manpower Projection

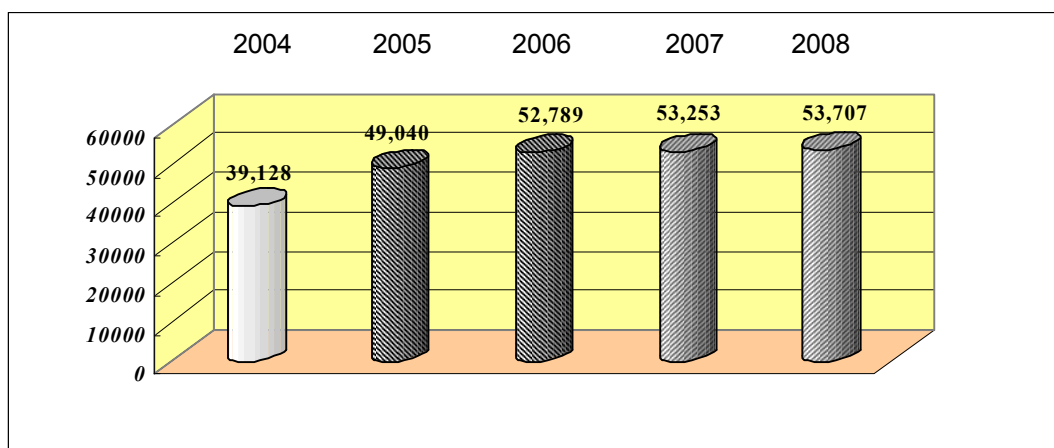
Diagrams 1 to 3 show the actual and projected manpower requirement of the Hotel Industry in the coming years and the distribution of hotel employees by job level:

Diagram 1: Projected Manpower Requirements of the Hotel Industry 2004-2008



(Source: Hong Kong Hotels Association: Hong Kong Hotel Industry 2004)

Diagram 2: Projected Hotel Rooms 2004-2008



(Source: The Hotel Supply Situation Report, September 2004 published by HKTB; 2005 projection updated as at February 2005)

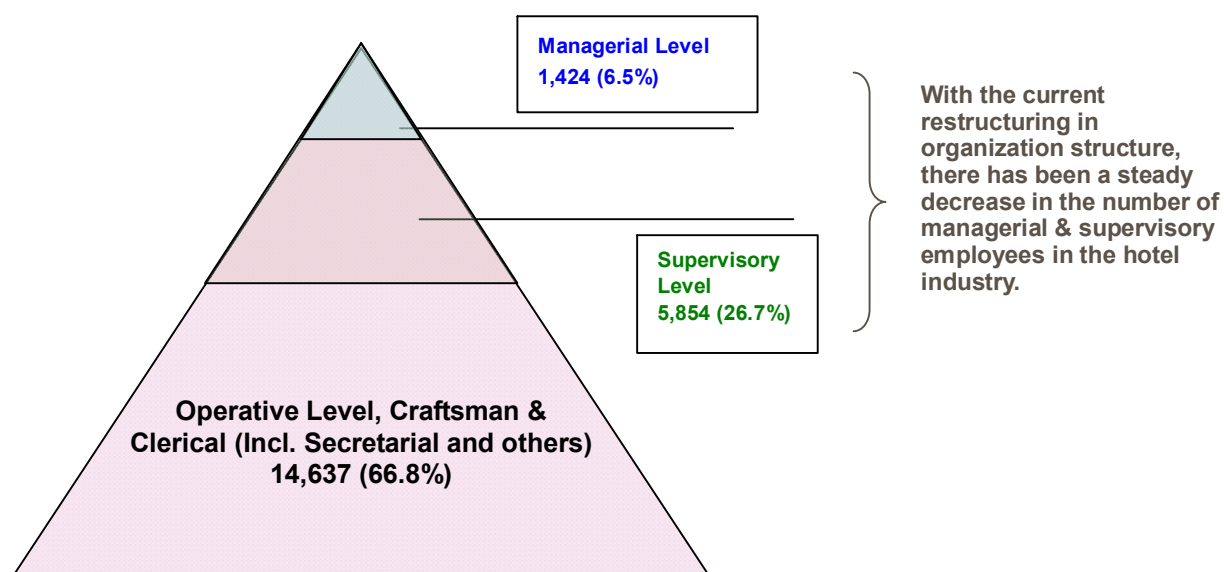
C. Lack of tailor-made programmes for operative level entrants

Despite the fact that as many as 46 providers, from the government subvented to the commercially established, offering various tourism or hospitality related training programmes, the market still severely lacks practical and specialized training programmes aiming at the operative level to produce the right manpower supply for the industry. Hence, vocational training at entry level for the hotel industry would be crucial to the future success of the hotel industry. (See Appendix I)

Increase manpower demand at operative level

The future manpower demand for the hotel industry would inevitably increase. The hospitality industry is a labour intensive industry which depends highly on frontline staff to deliver quality service that has earned Hong Kong a world reputation as a great tourist destination. Operative level (including craftsman and clerical) comprises 66.8% of the total hotel employees. (Diagram 3)

Diagram 3: Distribution of Hotel Employees by Job Level 2003/2004



(Source: 2003/2004 Hotel Industry Manpower Survey Report, by Hotel, Catering and Tourism Training Board, VTC)

Note: Total employees of the Hotel Industry was 21,915 during 2003/2004 survey period)

Operative level training places 11.6% vs 66.8% in actual demand

As shown in *Table 1.*, there are approximately 16,195 Hotel and Catering related training places offered by various providers (See Appendix I) Out of these 16,195 places, only 1,882 are at operative level, representing 11.6%, while *Diagram 3* shows that 66.8% of the total workforce is at the operative level. The remaining training places are either at managerial and supervisory levels (5.3% and 8.8% respectively), and extramural studies (74.3%).

Limited Training Places for New Blood

Among the 16,195 training places, only 4,163 places (25.7%) are employment focused training provided for new entrants of the hotel & catering industry at managerial, supervisory and operative levels whilst the remaining places are either extramural studies or upgrading training for in-service workers.

An increasing number of hospitality training programs rely heavily on hotels and industry organizations to provide hands-on practical training through attachments/internship arrangements. This creates an enormous burden on the operations of the host establishments and in the long run will negatively affect the service quality and standard of the industry.

Table1: Training Places of Hospitality (Hotel & Catering)

Training Places of Hospitality (Hotel & Catering) Programmes (Full-time & Part-time Courses)	As at Nov. 2004	Projected increase in Manpower for Hotel			
		2005	2006	2007	2008
-# Managerial Level (Degree Courses)	854 (5.3%)	5,948 more jobs in hotel industry Shortage of 2,091 training places @ Note	2,249 more jobs in hotel industry	278 more jobs in hotel industry	273 more jobs in hotel industry
-# Supervisory Level (Assoc Deg/High Dip/Dip)	1,427 (8.8%)				
- # Operative Level (Certificate)	1,882 (11.6%)				
- * Upgrading and Extramural Studies	12,032 (74.3%)				
Total Hotel and Catering related Training Places (Approximated)	16,195				

New entrant, usually full-time students

* Upgrading courses of short durations operated at part-time mode for current hotel & tourism related staff

@ For 5,948 jobs available, manpower requirements at operative level are 3,973 (calculated at 66.8% of the total requirements). Shortage of training places is 3,973 minus 1,882 training places, i.e. shortage of 2,091 training places

Note The heavy shortage in 2005 could carry forward to 2006-2008

(Source: Information Paper distributed to the Hotel, Catering and Tourism Training Board on Training Providers in Hong Kong, January 2005)

High turn over rate of graduates from higher level programmes

Statistics indicates the turn-over rate of graduates from these higher level programs is in general high. Many of these graduates from the managerial and supervisory level have higher expectations in terms of job status and salary which affect their willingness to join or stay in the industry. It is a **mismatch of demand and supply** in human resources and training.

D. Conclusion

1. The future success of the Hotel Industry in Hong Kong relies very much on the availability of well-trained and qualified operative staff who actually deliver the service. The future supply of new hotel rooms, tourist guesthouse, service apartments as well as hostels would surely elevate the demand for skilful and experienced staff. Further more, with the rapid development of the tourism industry within the region, such as Macau and the Pearl River Delta, a sufficient supply of well-trained workforce is instrumental to ensure the future success of the Hotel Industry in Hong Kong.

2. Despite the increasing number of hospitality training places available, industry's outcry for manpower has been consistent. The underlying problem is the mismatch of supply and demand. Most of these programmes are aiming at the higher education level with little emphasis on practical and hands-on training. While most jobs in the hotels require competency in practical skills. These training programmes do not equip the participants with the necessary skills to perform the tasks.

3. Statistics indicates the turn-over rate of graduates from higher level programs is very high. Many of these graduates have higher expectations in terms of job status and salary which affect their willingness to join or stay in the industry.

4. An increasing number of these hospitality training programs rely heavily on hotels and industry organizations to provide hands-on practical training through attachments/internship arrangements. This creates an enormous burden on the operations of the host establishments and in the long run will negatively affect the service quality and standard of the industry.

5. The government intends to steadily reduce the level of resources to established hospitality training institutions with good track record. At the same time, the government is re-directing the resources to fund training programs of new providers, most of which fall short of meeting the genuine needs of the industry. The monitoring mechanism on these new training programs has been ineffective which could result in abuse of public money.

E. Recommendations

1. The Government should increase the level of resources to support the manpower growth of the industry by increasing provisions in resources, especially for established hospitality programmes at the operative level with strong emphasis on practical training such as:
 - (1) Hospitality Industry Training and Development Centre of VTC
 - (2) Chinese Cuisine Training Institute of VTC,
 - (3) Caritas Bianchi College of Career and
 - (4) Hong Kong Christian Service Kwun Tong Vocational Training Centre

2. In view of the growth of the Industry and the rapid upward surge of manpower requirements, the Government should avoid cutting funding on the Hospitality Industry Training and Development Centre and the Chinese Cuisine Training Institute, which is the major supplier of trained new entrants at the operative level to the industry. More government subvention should be allocated to the non-government institutes like the above mentioned in 1 (3) & (4).

3. Language training particularly trade English should be emphasised because the students intake usually lack of confidence in using English while hospitality industry requires high level of communication in English.

4. Government to establish and strengthen the quality assurance mechanism in conjunction with the Industry to monitor and ensure the quality and standards of the exploding number of hospitality programs provided by various training institutions in order to prevent abuse from government resources such as the Continuing Education Fund*.

*note: In the Policy Address, the Chief Executive announced that the Government would set aside HK\$5 billion as a Continuing Education Fund to subsidize those with learning aspirations to pursue continuing education and training programmes. However, it has been reported that several hundred thousands dollars was cheated out of the Government by triad gangs due to ineffective monitoring.