



## **Technical Note**

### **THE 10<sup>TH</sup> UNWTO ASIA/PACIFIC EXECUTIVE TRAINING PROGRAM ON TOURISM POLICY AND STRATEGY**

#### ***Human Capital Development in Tourism***

29 March – 1 April 2016

Republic of Korea

Regional Programme for Asia and the Pacific

**World Tourism Organization**

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#### **1. Background**

Since 2006, the UNWTO has convened the Asia/Pacific Executive Training Program on Tourism Policy and Strategy. This high level executive training program provides a platform for policy makers to get together for exchanging ideas on current tourism issues.

Through a series of lectures, group discussions, debates, and presentations, the training program seeks to provide a forum to assist public sector tourism executives in gaining a better understanding of the latest trends in tourism management and provides a knowledge and experience-sharing platform on good practices in successful policy and strategy formulation and implementation.

Importantly, the training program enables participants to improve their strategic tourism management skills and, through the network of contacts, further develop these professional abilities going forward.

This year's program, which marks the 10<sup>th</sup> edition of this important event, is entitled *Human Capital Development in Tourism*. The event is being generously financed by the Ministry of Culture, Sports and Tourism of Republic of Korea and hosted by the Korea Tourism Organization.

The training program, which will be held in Seoul, Republic of Korea, is expected to attract 60 high level participants from UNWTO Member States in Asia and the Pacific region. It will consist of a Regional Forum, four training sessions and two technical tours all of which will be spread over four days from 29 March to 01 April 2016.

#### **2. Context**

It is widely accepted that international travel and tourism is big business that is growing at exponential rates. As a global export, the travel and tourism industry ranks fifth after fuels, chemicals, food and automotive products, while ranking first in many developing countries. International tourism now accounts for 29 percent of the world's exports of services and six percent of all exports of goods and services.

According to the UNWTO, total export earnings generated by international tourism in 2014 was 1.25 trillion dollars with destinations earning the bulk of

this from visitor expenditures on accommodation, food and drink, entertainment, shopping and other services and goods. Meanwhile earnings from international transportation services added another 221 billion dollars.

This cumulatively amounts to a staggering daily average of US\$4 billion in expenditure!

Tourism is one of the driving forces of global economic growth, and currently provides for 1 in 11 jobs worldwide according to the World Travel and Tourism Council.

By giving access to decent work opportunities in the tourism sector, society - and particularly youth and women - can benefit from increased skills and professional development. Human capital development in tourism is crucial as it ensures the competitiveness and sustainability of a tourism destination.

However, for all the optimism surrounding tourism, there are many challenges and pitfalls lurking in the background. While major investment continues to flow into infrastructure development in the form of hotels, airports and attractions, there is resoundingly little attention paid to creating the people that define the personality of destinations and hospitality and tourism services.

In short, tourism in Asia Pacific and around the world is looming on the brink of a human capital crisis!

To most people engaged in the travel and tourism industry, capital means corporate cash reserves or physical assets such as a vehicle, restaurant, airplane or hotel. These are all forms of capital in the sense that they are assets that yield income and other useful outputs over varying periods of time. But these tangible forms of capital are not the only ones.

Labour and land make up the other two factors of production in classic economics. And just as land has become recognized as 'natural capital' and an asset in itself, human factors of production have become known as 'human capital', which has become a critical index of competition in the world of business and a top priority in designing the strategic plan of business organisations and visitor industries.

In tourism, the economics of human capital are associated with the value that people bring to a destination's quality of services. Arguably, competent, friendly and helpful people have a far greater impact on guest satisfaction at a destination than does extravagant infrastructure. Therefore, tourism companies and destinations need to approach the development of their people with the same fervour they do the construction of hotels and attractions.

Destination human capital development is macro-economic focused and can be defined as improving the whole system of human interaction in the tourism experience with the objective of elevating the quality of tourism-related services resulting in enhanced benefits and profits for all tourism economy stakeholders.

Destination human capital should not be confused with enterprise-level human resource management and development, which is micro economic in scope and is primarily concerned with recruitment, remuneration, assessment and ongoing in-service training of company employees. These people are critical to the success of all tourism companies, particularly considering the increasing challenges of higher expectations and service standards, advancements in technology, regionalisation, deregulation, and globalisation.

Unfortunately, macro-level human capital development is frequently neglected or relegated to a footnote within tourism development strategies. This compromises the ability of people within tourism enterprises and working in tourism's public sector to be able to support the delivery of a quality experience for all visitors to the destination potentially leading to low levels of customer satisfaction.

The relative importance of personal services in the tourism sector makes people the number one factor of production for most travel and tourism enterprises. And due to the fact that the travelling customer is directly in contact with the line staff and the quality of a product is largely reflected in the employees' ability to meet customer expectations, there is a small margin for error when it comes to human capital development.

The founder of Four Season's Hotels Mr. Isadore Sharp is oft quoted as saying, "the reason for our success is no secret. It comes down to one single principle that transcends time and geography, religion and culture. It's the Golden Rule – the simple idea that if you treat people well, the way you would like to be treated, they will do the same".

In many countries, the education provided in public and private schools is perceived to be inadequate for the needs of the tourism business and the number of external tourism training institutions is insufficient to meet the needs of an expanding industry. Moreover, the number of in-house training programs is insufficient and their quality is deemed to be mediocre.

There are other problems inherent in weak approaches to human capital development. The lack of local education and training results in lost opportunities to generate quality local and authentic products and services that can be consumed in the visitor economy. Where increasing homogenisation of tourist products continues to grow, locally based education and training for all socio-economic sectors can help enhance vitality of the industry, provide unique tourist experiences, generate opportunity for locals to enrich their lives on a global level, and minimize economic leakages.

Most experts agree that the government and other public institutions, such as national tourism organisations, have a key role to play in the provision of training and in the improvement of human capital in the visitor economy. This is especially important for countries where a developed and education-conscious private sector is absent. The same energy and diligence with which national tourism organisations have addressed the marketing and promotion

of their countries, must now be focused on policies and strategies that will improve the quality of their destination's human capital.

It is in this setting that the UNWTO and other regional and international tourism organisations can collaborate and partner, thereby playing a key role in supporting the soft development of tourism in Asia and the Pacific.

### **3. Training Program Objectives**

This program is specifically designed to support tourism policy makers and managers. It aims to strengthen effective and responsive policies and strategies that in turn must adapt to changing priorities and concerns at the national and destination levels.

The overall objectives of the training program are to deepen participants' understanding of tourism-related human capital development in the following areas:

- How to prepare the national tourism authorities in human capital development so as to manage the unprecedented growth of tourism in the region;
- How to prepare the workforce in managing the unprecedented growth of tourism in the region;
- How tourism can contribute to the inclusive and sustainable growth through preparing a quality workforce for the region;
- How human capital development in tourism can contribute to the full and productive employment and decent job for all, particularly for youth and women; and
- How policy level decisions can help manage human capital in tourism as it ensures the competitiveness and sustainability of a tourism destination.

Moreover, the training program strives to enable UNWTO's Asia and the Pacific Member Countries to share successful tourism good practices in destination human capital development. The ultimate aim being to strengthen the capacity of destinations at the regional, sub-regional, national and destination levels.