

WTTC, India Initiative Human Resources Symposium
4th September 2008
The Taj Palace Hotel, New Delhi
Conclusions and Recommendations

1. Introduction

The background to the Symposium is the significant Human Resources challenges facing India's Travel and Tourism sector in the coming years. Continued high levels of economic growth, coupled with an increase in international tourist arrivals, are the twin drivers behind growth in the sector. The *precise* level of growth – and the associated increase in employment levels – cannot be predicted. But even a pessimist, concentrating only on the 'barriers' to growth (infrastructure, world economic slowdown, real estate values etc.) is forced to conclude **that India's travel and tourism sector has the potential to create millions of new jobs in the next decade. This increase will cover all sectors of the industry: aviation, travel services and hospitality.**

The Symposium concentrated on today's shortage of skilled people for the industry (about 200,000 people according to the presentation from the Indian Ministry of Tourism) which is likely to intensify in the coming years. **Unless and until there is a radical change in the numbers of skilled people entering the industry, the potential growth in the sector cannot be fully realised.**

2. Education

Whilst the recent initiatives of the Indian and state Governments to increase the number of hospitality education and training institutes was welcomed by people attending the Symposium, there was a strong view **that fundamental quality control standards needed to be introduced in the education sector before any attempt was made to increase the quantity of people going through the system.** One HR director from one of India's leading travel companies informed the meeting that 'out of 300 people his organisation had interviewed at eight colleges in recent months, only 20 had sufficiently good communication skills'. It was clear that leading hospitality organisations like the Taj Group and Oberoi had long since recognised that they could not rely upon the state education service to meet their manpower needs and had invested heavily on employees' skill development. Oberoi's Centre for Learning and Development and ITC's partnership with the Graduate School of Hotel Administration, Manipal (training 400 students at a given time) stood out for providing outstandingly good opportunities for people to develop their careers within the industry. At the WTTC's Human Resources conference held in Shanghai earlier this year, exactly the same point was made. Unlike India, China does not presently have its own international standard hospitality organisations and foreign companies like Intercontinental and Accor are investing very heavily in education and training. Intercontinental has recently announced that it is increasing its number of hospitality academies in China from 12 to 22 to help it tackle a resourcing need for over 100,000 people in the coming years.

Whilst the scale of hotel development in China is presently greater than in India, it is clear that foreign companies looking to establish a substantial presence in the country, will have to emulate the example of Taj and Oberoi and invest heavily in education and skill development if their growth plans are to be realised. It was clear from the Symposium that, because the demands on public expenditure are so great, the industry would be dangerously complacent to rely upon central government to help it solve this resourcing challenge. The private sector must take the lead and progressive private education organisations like UEI Global – represented at the Symposium – will be an important part of the solution. It is really important that the Government recognises the strategic importance of the sector to job creation and the reduction of poverty and promotes the most supportive approach it can to education – perhaps by repeating some of the taxation relief that have been provided to other industry sectors. A real importance should be attached to providing skills and training to front line workers in the industry.

Above all else, there needs to be a clear 'settlement' between Government and the private sector as to where financial accountability for travel and hospitality education starts and finishes. The situation today is confusing and detrimental to the growth of the industry.

3. Active Promotion of the sector as an employer of choice

This resourcing challenge is, of course, one that is faced by other sectors of the Indian economy and the travel and tourism sector has two key difficulties.

The first is to prevent talented managers and front line workers leaving the industry entirely (as has happened in the West) for other more 'lucrative sectors'. This is because talented people in the T&T sector have key skills and attributes that are greatly in demand. Chief amongst them is a focus on the customer. The second is – notwithstanding the increasing need to focus on education and skill development discussed in 2 above – that the T&T sector has an unkind image of low pay, split shifts, unsocial hours and high turnover or attrition. This portrait is important because other sectors of the economy have a 'better image'.

Here, it is important to separate fiction from reality. Jet Airways, for example, has an attrition rate of 12%; Unisys, a high quality IT organisation, has one of 35%. But the image remains. To avoid the 'revolving door syndrome' of high attrition and retraining costs, the industry needs to correct the view that many talented jobseekers may have. As good as the practices of Taj and Oberoi are, to some extent 'they are swimming against the tide'. What is needed is a positive campaign to demonstrate the fact that the industry offers rewarding and enjoyable careers.

The challenge facing the industry in India has some similarities to that in Dubai. Emirates, for example, needs to recruit tens of thousands of people from outside the UAE in the next ten years as Dubai moves up from 7 to 15 million international tourist arrivals each year (figures not wildly dissimilar to India's ambitions). India's T&T organisations need to recruit from inside their country. Emirates has placed

resourcing and retention at the heart of their business strategy and have, essentially, adopted a marketing led approach through clear market (or person) segmentation and the smart use of technology.

Whilst the market leaders like Jet, Kingfisher, Taj and Oberoi and the bigger international players like Marriott, Hilton and Accor have a definite advantage in the marketplace, the fact remains that the majority of new jobs within the sector are going to be formed outside these organisations. What is needed is a promotional campaign inside India to highlight the advantages of a career in the industry. The campaign needs to be marketed with the same passion as the *Incredible India* effort was promoted. At the moment, individual companies are adopting very professional, but essentially quite transactional campaigns. What is needed is a transformational effort to change the prevailing view of the industry as a whole. The interdependence of each part of the sector on each other was clearly expressed and people at the Symposium wanted an industry wide campaign, *Work Together, Learn Together*.

4. Raising the status of the Human Resources function

Faced with a barrier to growth, successful Chief Executives have the knack of climbing over the hurdle. It might be financial reconstruction, the introduction of technology, or a drive to promote better sales productivity.....but the hurdle is invariably overcome. **In India's T&T sector, the recruitment, retention and development of talented people is a major barrier to growth and CEOs need to confront the issue directly.**

At the Symposium, we discussed what should be the responsibility of the HR function and concluded that it was unrealistic to expect HR Managers or Officers to 'conjure up' transformational change out of thin air. CEOs needed to promote and recruit highly capable HR leaders with the strength of character and intellectual capability to effect real change inside their organisations. **At individual property/operating unit level, it is essential that the HR function is represented by senior managers able to argue for and obtain sufficient resources for the effective development of people.**

In the West, until really the end of the 1990s, the HR function was invariably seen as paper=pushing and operational or tactical. In time, it became more strategic in its orientation and that is what is required in India. The leading companies are already doing it. **With this change, the function is better able to inform the rest of the organisation about the consequences for profit from high employee turnover and how higher levels of employee engagement have a provable link to higher guest satisfaction and higher revenue.** The best performing organisations in today's economy are not shy about giving their HR functions clear and demanding commercial objectives.

5. Improving Management Performance in organisations

Improving management performance is key to raising both the image and the financial success of the industry. In terms of the former, it is first line supervision and management that is vital in reducing attrition, boosting morale and teamwork and building a service culture. In terms of the latter, it is the capability of senior managers and executives that is crucial in achieving greater levels of financial success through innovative techniques to drive profitable growth.

In both these areas of management performance, organisations will need to have well thought through and consistently implemented models for learning, development and appraisal. At the Symposium we learned of Unisys' and Mandarin Oriental's (MOHG) comprehensive approach to learning, knowledge management, and performance review. A common characteristic behind the approach taken by both organisations was the innovative use of technology – webcasting and e-learning in the case of Unisys and customised software for succession planning with MOHG. Both these organisations use these approaches on a global scale; Unisys presently has over 3,000 people working in India.

It is important that India's T&T sector embrace the most up to date management approaches. Graduates will want to join organisations that embrace forward thinking leadership practices and the industry cannot afford to be labelled as behind the times or 'old fashioned'. With more complexity entering into management decision making and the need to analyse more and more data, tomorrow's managers in the industry will need to have a 'head as well as a heart'. Whilst service and style can never be overlooked, tomorrow's CEOs will want a new generation of managers able to transform the financial performance of their business units.

In this regard, more attention should be placed on executive education. It was revealing that the Indian School of Business (ISB) (which is the only Indian school to feature in the Financial Times' global top 20 providers of executive education) has had no contact with the sector since being established several years ago. Raising executive performance is of central importance in boosting organisational effectiveness. **Whether through the ISB or through several providers, the industry as a whole should raise its profile in Business Schools. It would be strange if, in a few years time, the T&T sector accounted for nearly 10% of the country's GDP but had no substantial connection with the world of management education.**

6. It was just like this in the West.....Organisational Change

India's HR challenges have been encountered before. As recently as the 1990s, in most European cities, it was extremely hard to recruit talented people for the hospitality industry and over 75% of graduates from the top Schools had left the industry entirely within ten years of graduating. Attrition rates were well in excess of 50%. Whilst it would be wrong to suggest that the Western T&T sectors have no serious HR challenges left, a number of initiatives were taken which are likely to be

of benefit to Indian organisations. **These are outsourcing non core functions; introducing multi-skilling (particularly in the budget sector); and greater use of technology. All of these had the combined effect of boosting the total number of people employed but in a more productive and efficient way. There was a great level of upheaval and organisational change involved but the image of the sector has been improved and it is seen as more modern and more enlightened.**

These changes were introduced as a radical way of coping with labour shortages but had the consequential effect of raising productivity. **As Indian organisations compete (usually against each other) for scarce human talent, these changes will appear increasingly attractive. As representatives said at the Symposium, just paying more money to individuals for the same level of individual contribution is not a sustainable business model. Much more attention will need to be paid to appropriate reward structures (although this was not examined in any detail at the Symposium).**

7. The Promotion of the English language

This was seen to be of great importance at the Symposium. As yesterday's *developing* economies become *developed*, the extent to which English has become the global language of business will become very apparent. Literally tens of millions of Chinese children and undergraduates are learning English today and, as Indian citizens travel internationally, they will see the English language as a common medium.

This raises important questions for Indian organisations. Ensuring that managers and supervisors have sufficiently fluent English is important. Increasingly, corporate information is in English (internet and intranet sites) and it is the common language linking area and satellite offices around the world. It is an important life skill and people who want to get on and need to improve their English, will be grateful to organisations that provide it. Interestingly, nearly 30% of Unisys' Indian workforce have the opportunity of learning English on line. It will also help reduce organisations' reliance on (expensive) expatriates if Indian nationals have the required level of English. Far from promoting a mono-cultural perspective, it helps promote greater diversity within the organisation.

It is worth noting that foreign companies entering India will be keen to offer international developmental opportunities for Indian workers and their English proficiency will be vital. (This emphasis on English is not meant to minimise the importance of travel and hospitality organisations ensuring that their employees have the right language skills to cope with important source markets (eg Germany and Japan)) **Whilst it is unrealistic to expect front line employees needing or possessing the same level of English language proficiency as managers, the education efforts (particularly in the rural areas) must embrace basic English skills for the sector to provide the levels of service domestic and international guests will increasingly expect.**

8. Conclusion

Without greater importance being attached to the recruitment, retention and development of people, India's Travel and Tourism sector will not realise its full potential. The best managed organisations will not let this happen and will invest accordingly. But if the sector acted as one, the results would be significantly better for all. Many Indian organisations have outstandingly good HR practices and the lead they are giving to the sector is very important.