

# MPRA

Munich Personal RePEc Archive

## **Developing the Tourism Talent for Cambodia**

Ly, Bora

Pannasastra University of Cambodia

17 July 2018

Online at <https://mpra.ub.uni-muenchen.de/87957/>

MPRA Paper No. 87957, posted 18 Jul 2018 12:26 UTC

## **Developing the Tourism Talent for Cambodia**

### **Abstract**

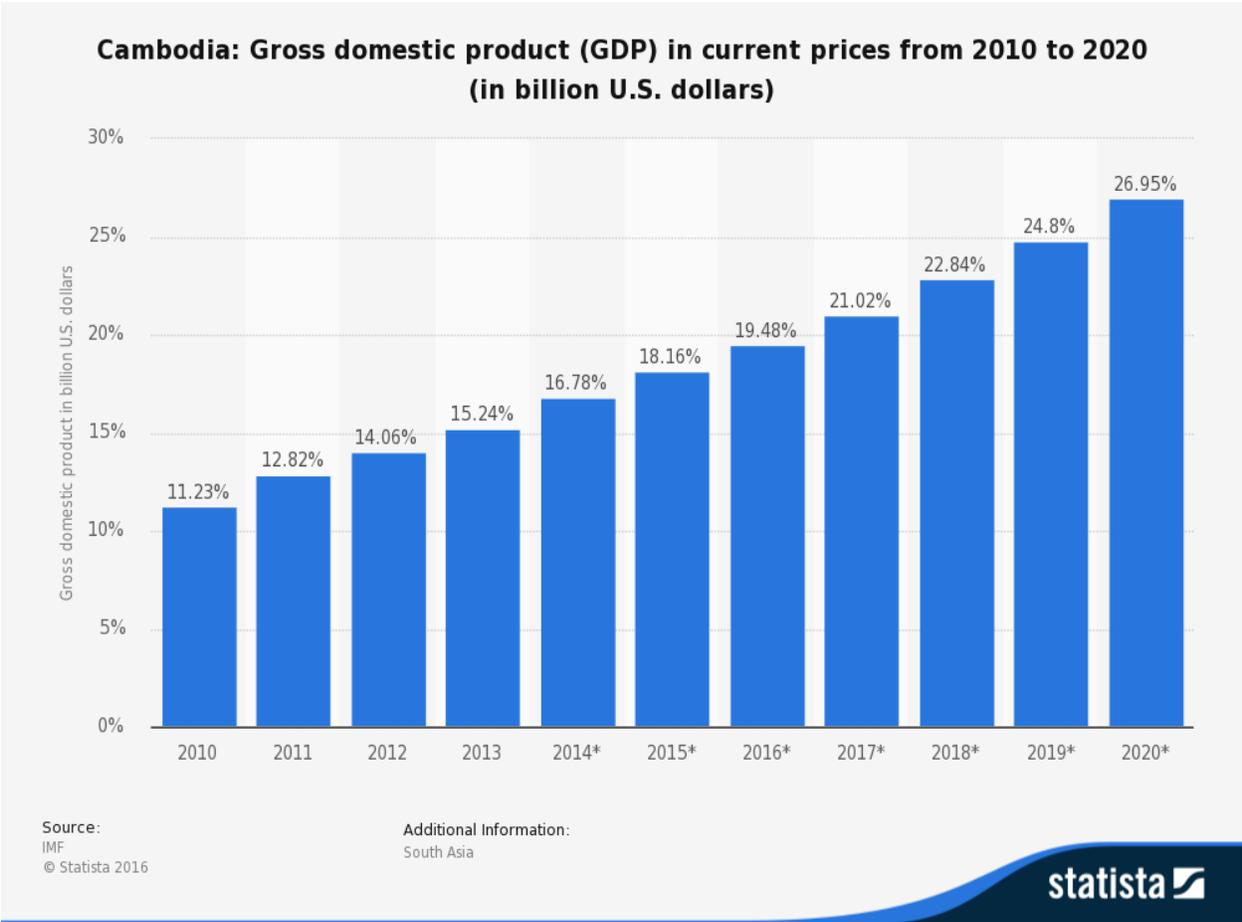
UNWTO predicts that by 2030, the number of international arrivals will only increase by 3% each year. That is, from the current 1.1 billion international visitors to 1.8 billion by 2030. This is IATA's forecast that air traffic will increase by 4% annually over the next two decades. WTTC stated that tourism and tourism (T&T) are part of the world's largest economy, accounting for 9% of global GDP, 30% of exports, and 1 of 11 global jobs. If there is cross-examination, changes in volatility and uncertainty will occur. Policymakers' charges must be based on a strong future strategy to make room for tomorrow's story.

Tourism is very important. It is regarded as the fastest growing industry and contributes to the economic growth. This article examines Cambodian tourism and tourism talent management. It also shows the benefits of managing on-site talent and details the talent management processes used in tourism and tourism.

Focusing on how the tourism industry faces the challenge of obtaining talent and supporting professional development is a complex and necessary issue that has a major impact on the future of the industry. With the development and evolution of T&T, it will require new skills in new locations. Companies need to develop appropriate plans to understand the skills requirements of domestic employees. This may be related to working with academic systems to solve skills and gaps in training, an attractive career path, and investments in the development of existing workforces.

# 1. Introduction

Cambodia has been rapidly moving toward sustainable growth and sustainability because of its stable political environment in 1999. The average annual growth of 7.8% has reduced the poverty rate from 47.8% to 18.9% below the poverty line in 2007-2012. However, 71% of them are still vulnerable to poverty due to their income less than \$3 a day. In 2013, the proportion of non-profit families remained high, reaching 59.4%. In fact, most working people are in the informal economy or are involved in a fragile job.



The biggest challenge Cambodia faces in sustaining strong comprehensive growth due to increase workforce productivity.

For the last 15 years of economic growth, four sectors of manufacturing, construction, agriculture, and tourism are extremely uplifting. The sustainability of growth in the foreseeable will depend on overcapacity beyond these sectors, which will demand broader and the majority of skill workforces. It also calls for establishing a relationship between employees and employers to supply a solid foundation for more industrial development and diversification.

## **2. Global trend for Travel & Tourism sector**

With regard to Travel & Tourism Economic Impact (2017), T&T are employed by 1 per 10 people, accounting for 10% of GDP globally. They are the largest employers in industrialized countries and have great potential for job creation. In terms of employment growth, T&T have achieved a lot in various industries including finance, education, and healthcare sector. In the next decade, T&T is expected to pursue increasing based on prediction show.

In many developing countries, this industry is a huge job opportunity accounted for 30% of world services export. However, the industry is trying to attract top talent in technology and management. Given the variety of interpretations, this includes lack of professional and progressive appeal, competition from other industries and providing education and training performance is not enough. The study estimates that the gap in this industry and the lack of talent can put the figure in the global economy that it almost \$610 billion in GDP and 14 million jobs where the Russian Federation, Italy, France, China and the United States loss will be estimated between 2014 and 2024 GDP (WTTC 2016).

Given the importance of the world, the value of inactivity will have a huge impact on employment and GDP on the global economy. Public and private sectors have to work closely to update the training programs to ensure that these challenges of market demand and technological changes will match.

The global talent trend in T&T will have a profound impact on the future of the target markets in the region. In terms of employment and GDP, the deficit may worsen the global economy. The "second machine age" shown will continue to describe traditional work and necessary skills.

The interaction of new business models, game changes, technological changes and customer preferences continues to challenge and create a business environment. Mobile technology, digital economic, social and peer exchanges, personalization, and localization are just some of these disturbances, but at the same time, the exciting development of the interaction between threats and opportunities in a highly interconnected world.

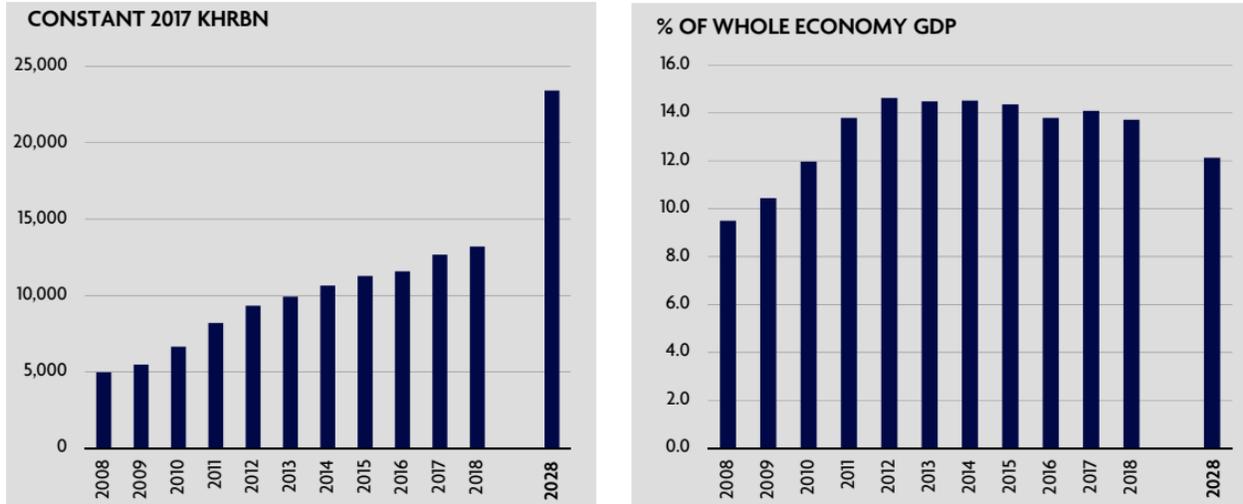
### **3. Cambodia trend for the T&T sector**

Accounted for KHR 12,670.6 billion (USD 3,134.5 million) contributed to GDP by T&T, roughly 14.1% in 2017 of total GDP in 2017 and is estimated to grow by 4.2% in 2018 and 5.9% per year from 2018-2028 to KHR 23,422.1 billion (USD5,794.3 million), 12.1% of entire GDP in 2028.

The input of T&T to GDP as a whole including the broader impact by supply chain, investment, and induced income impacts, in 2017 it was KHR 29,131.2 billion (32.4% of GDP), and it is

expected to increase by 4.5% to KHR 30,429,0 billion (31.6% of GDP) in 2018. It is expected to reach KHR 54,643.0 billion by 2028, an increase of 6.0% reaching 28.3% of GDP.

***Direct contribution to GDP by T&T in Cambodia***

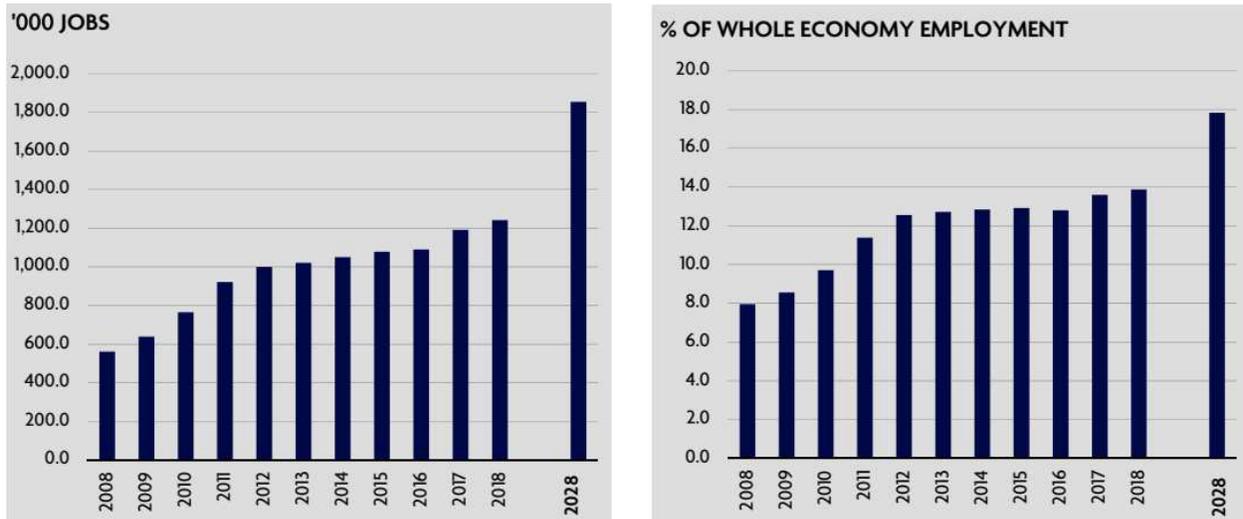


*Source: (WTTC 2018). TRAVEL & TOURISM ECONOMIC IMPACT 2018.*

**3.1. Contribution to employment**

In 2017, T&T created 1,191,000 direct jobs (13.6% of all employment), and is projected to increase by 4.2% to 1,241,500 jobs (13.9% of total employment) in 2018.

***Direct contribution to employment by T&T in Cambodia***

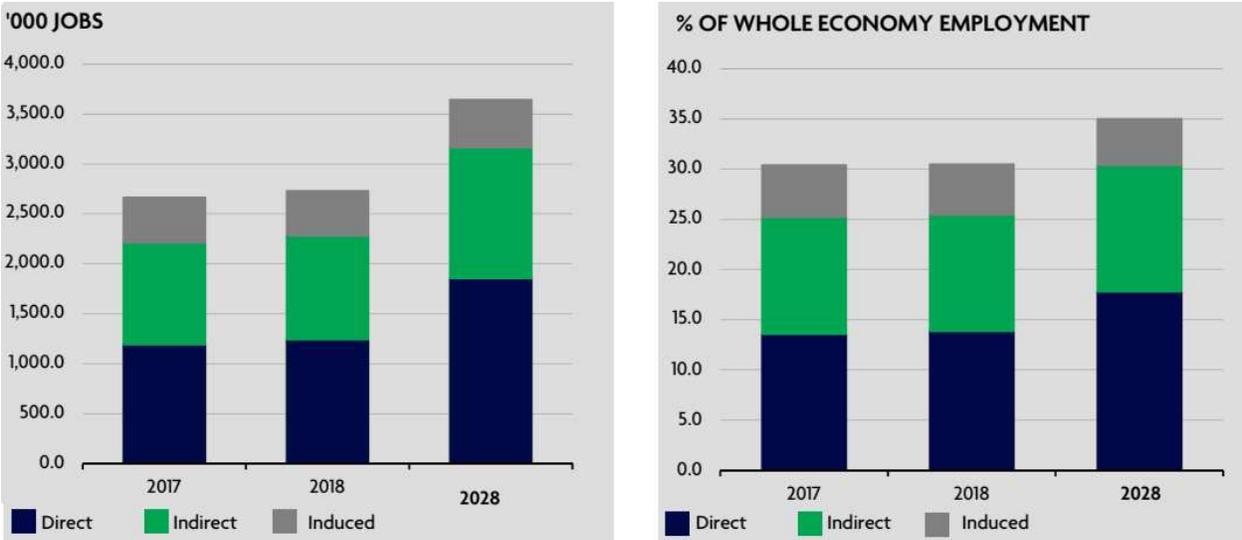


*Source: (WTTC 2018). TRAVEL & TOURISM ECONOMIC IMPACT 2018.*

This includes travel agencies, hotels and other passenger services (except transportation services). For example, it also includes restaurants and entertainment activities supported by tourists. By 2028, tourism and tourism will create 1,854,000 direct jobs, which will increase by 4.1% in the next 10 years.

The total input of T&T to work was 2,663,500 million jobs (30.4% of total employment) in 2017. It is forecasted to increase by 2.5% to reach 2,729,000 jobs (30.5% of total employment) in 2018. As of 2028, T&T are projected to support 3,642,000 jobs (35.0% of total employment), an increase of 2.9% year-on-year.

**Total contribution to employment by T&T in Cambodia**



Source: (WTTC 2018). TRAVEL & TOURISM ECONOMIC IMPACT 2018.

**3.2. Visitor exports and investment**

Tourism exports are an important part of the contribution of direct T&T. In 2017, Cambodia earned KHR 16,323.3 billion. By 2018, it is expected to increase by 3.2% and is anticipated to attract 5,552,000 international visitors. The number of international tourists is expected to reach

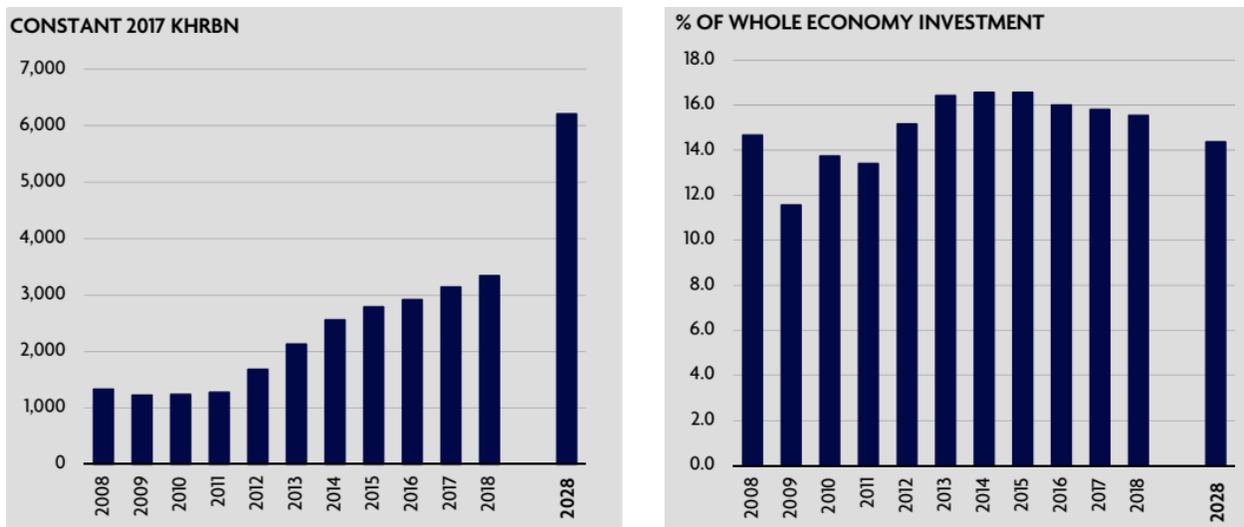
7,969,000 reaching KHR 28,035.5 billion, which is growing of 5.2% over the same period of last year by 2028.

***International Tourist Arrivals and Visitor Exports in Cambodia***



**Source: (WTTC 2018). TRAVEL & TOURISM ECONOMIC IMPACT 2018.**

***Capital Investment in T&T in Cambodia***



**Source: (WTTC 2018). TRAVEL & TOURISM ECONOMIC IMPACT 2018.**

T&T in 2017 are expected to attract KHR 3,136.3 billion in investment. It is expected to increase by 6.5% by 2018, and 6.4% in the next 10 years, and by KHR 6,202.7 billion by 2028. The country’s total investment in tourism will fall from 15.5% in 2018 to 14.4% in 2028.

#### **4. Key skills challenges in the travel and tourism sector in Cambodia**

- The Cambodia T&T sector is large and growing remarkably. Constraints to skills acquisition and productive employment.
- Customers are becoming more demanding, driving up the level of service expected. Managers and staff need to develop a culture of continuous improvement to meet these increasing expectations.
- The sector needs to improve productivity, attract, and retain talent. Poor perception of parts of the sector (low pay and unsociable hours) can make it difficult to attract staff. Tourism has the highest labor turnover rate of any sector.
- There is a high proportion of transient workers, which can be useful in matching staffing levels to demand, but makes long-term workforce planning more difficult.
- Not enough employers invest in the workforce. The sector has a relatively high level of spend per employee on training, but much of this is the cost of training new recruits because of high labor turnover.
- Employers need to invest in staff and increase employee engagement. A more motivated workforce will lead to improved customer satisfaction, increased revenue and profits, and reduced staff turnover.

#### **5. Travel and tourism talent performance policy**

The literature study on best practices in T&T talent can be grouped into three categories engagement, which is education, industry, and government (WTTC 2015a).

### ***5.1. Industry***

Rapid development depends on too many emerging industries and the closely arranged needs of employers and industries. Industry demands and employers' voices will be high. There will be more consultations with the industry to ensure that the skills needed in the future will meet industry needs. Therefore, education and training will strengthen cooperation with industry at an appropriate time. Graduates who are ready to work have already been set up by the school system so that at least the deficit is preserved. The decree required by the industry for the supply of skills can be achieved in a powerful and economical manner, as it does not match the skills required in the skills or equipment beyond the workers' needs.

According to the survey of WTTC showed that most companies have developed talent strategies, both immediate and short-term (2-5 years). However, the share price of those strategies with longer-term perspectives fell by less than one-third.

- Prioritize the talent management as the core goal of the company and talent strategy for mainstreaming and management.
- Look for outsourcing besides the T&T sector for talent.
- Create partners to share part-time or seasonal jobs between T&T and/or other sectors.
- Indicate career advice and set up close relationships with the future talent pool.
- Strengthen employment opportunities for young workers and promote T&T as a viable and effective career choice.

## 5.2. Education

Cambodia has undergone rapid demographic changes and has had little chance of creating temporary profits recently. The young workforce education in the country is considered poor because over 50% of them were in the primary education. They do not have skills to match with employers demand. Technical shortages and skill shortages may be major obstacles to improving national performance.

It is, therefore, necessary to work together to resolve this gap between education. It is very important to update the standard of education and pay special attention to upgrade the skills of people at the workplace. The academic stream should systematize with the technical and vocational stream, and supported by multiple inputs from employers and the private sector.

**Table 01: Education, Training, and Literacy in the Southeast Asian Nations in percentage**

	Literacy Rate, Ages 15+	Primary Net Enrollment Rate (total)	Secondary Net Enrollment Rate (total)	TVET Enrollment as a Share of Total Secondary Enrollment	Female Share of TVET Enrollment	Tertiary Gross Enrollment Rate (total)	Public Expenditure on Education (% of gross domestic product)
Cambodia	73.9	98.4	38.2	2.3	47.0	15.8	2.6
Lao PDR	72.2	95.9	41.4	0.8	54.0	16.7	2.8
Myanmar	92.7	---	47.0	---	---	13.8	0.8
Viet Nam	93.4	98.1	---	---	---	24.6	6.3
Brunei Darussalam	95.4	91.7	94.7	11.4	49.6	24.3	3.3
Indonesia	92.8	93.7	74.8	18.0	42.0	27.2	2.8
Malaysia	93.1	97.0	66.3	6.8	42.5	36.0	5.9
Philippines	95.4	88.2	61.4	---	---	28.2	2.7
Singapore	95.9	---	---	11.6	35.1	---	3.2
Thailand	93.5	95.6	79.5	15.4	41.5	51.4	5.8

**Source: Institute for Statistics (UNESCO)**

To develop new qualification frameworks, the substantial review has been progressed to make sure that all levels are equal the national standards for education but the capacity utilization of the

framework still can see. In order to solve these problems, it is also crucial to improve the flow of information covering all aspects of the labor market.

Tourism is a highly independent economic activity based on a directly operated workplace. The rapid increase in the number of visitors can create another 700,000 jobs by 2020, most of which provide SMEs with products and services used by tourists (WTTC, 2015b). The shortfall of skilled workforce is one of the big obstacles to promote T&T and competitiveness and due to demand exceeding the supply of talent showed by industry stakeholders report. Table 01 shows the concerns of selected education, training and literature highlighted. Compared with other ASEAN countries, Cambodia has a shortage of enrollment in secondary, tertiary education and limited enrollment in TVET.

Anon (2017) mentioned that high-level technical education has made great progress in Cambodia and need for skilled tourism professional demonstrates the necessity to develop the quality of schooling and training related to tourism demands. Similarly, there is a demand to increase professional skills and competency of the current workforce to promote occupation development.

The focus of work should be placed on:

- (1) expand and popularize of geographic quality of public and private TVET infrastructures
- (2) strengthen the professional development of teachers,
- (3) strengthen the cooperation between the government and the private sector, and develop and implement courses based on capabilities and frameworks,
- (4) expand training courses to meet timely and challenging student resources, and
- (5) Increase the number of enrollments in consideration of scholarships

Helping to change the negative perceptions of tourism in career development, social networks, and public information systems should be used (Anon, 2017).

### ***5.3. Government***

Continue to look at labor planning and research for talent in the industry, including research to find the investment needed to address skill gaps (European Commission 2012). Develop traveling and tourism talent strategies at all levels of study, including lifelong learning, constantly engaging with the industry and other stakeholders, and implement immigration policies that are supported and related to the severity and skills shortage. Korea implements a lifelong education strategy and creates a learning society so that people can get decent learning opportunities anywhere (NILE, 2013). In Asia, some countries are implementing an adult education and education system driven by a policy framework (Mok, 2006).

According to WTTC (2016), Singapore government invests T&T; the sum represents the government's total expenditure on industrial development, reflecting the recognition of talent and the importance of the sector. The purposes of the funding including of increasing the training of senior experts in special tourism areas where there are gaps in front of regional competitors, and increasing new learning opportunities for scholarships.

Singapore recently created a tourism talent project with its workforce development agency. The plan aims to prepare a workforce to cope with the rising demand for labor driven by new investments, including resorts and new activities. The three-pronged approach is to continue to educate and train adult workforces, provide pre-work training for students and develop industries

to captivate more workforces to participate in T&T. In order to increase the number of skilled workers for tourism employment, the Labor Development Fund has developed a professional service education program to expand mobile skills training to provide better services to workers who want to engage in tourism.

## **6. Sustainability & Regeneration**

Due to the world's inhabitants carry on with growing and resources become more and more limited, sustainability preserves the forefront of the travel & tourism sector. The demand for sustainable business practices has all the characteristics of a country's economy, and the global population and the environment will benefit from the strategy. Sustainable development will no longer be a censorship or a strategy to reduce costs and increase revenue. Instead, it was identified as the essential element needed to ensure the survival and success of businesses covering all aspects of the industry.

Through the SkillsFuture, Singapore strategy seeks individual resilience to help them step into the right job types and decisions (Shamugaratnam, 2014).

## **7. Conclusion**

Attracting and retaining talent has become a major and costly challenge for large or small hotel organizations in the market today. These statistics point to the need for all organizations to develop a Talent Strategy that can ensure its survival in an increasingly competitive and tightening labor market by attracting, acquiring and retaining the right talent.

In terms of diversity and integration for a competitive challenge for talent (respect and appreciation of ethnicity, gender, disability, nationality, sexual orientation, educational and religious differences), the highly competitive market needs to strengthen the workforce and improve customer service.

According to Stacey, J. (2015), improving people's ability to become more proficient at work, valuing and rewarding professional abilities and supporting professional development can improve the image of employment in the industry and create positive choices and retain talent. This will help improve the competitiveness and direction of the company and bring better results to workers.

Tourism is a decent entrance to the working world. It helps people in the local and promotes economic development. Tourism is very helpful, but unless there is a sufficient response to the current labor shortage, productivity, competitiveness, and growth of the entire industry will be affected. Employers using this new recruitment strategy will be able to cope with many labor market challenges. However, these employers must be creative and motivated to attract and retain a highly qualified workforce.

Of course, there are two solutions, but the skills gap: to develop experienced personnel you have or continue to hire, whether internal or external resources.

### **7.1. Improve the business environment**

Legal strengthening will make it easier for companies to encourage increased growth, foreign direct investment, and diversification. Though the property rights are at least legally binding, the

business community, in general, believes that the regulatory environment of Cambodia is unfavorable. Adaptation to Corporate Governance and Legal Improvement can create a friendly environment for companies because official corporate tax rates are low, so there is no tax incentive. Although legal rights are powerful, the judicial system has a problem: the average case takes 483 days to settle and the cost goes beyond the value of the claim (World Bank 2014).

## **7.2. Address the Skills Mismatch**

To make sure that all youth can complete their basic and vocational studies, there is more to do. The goal is to obtain a basic and advanced profession in every step of education and development. Access to higher quality education and wider equality and TVET needs knowledge, skills, and capabilities that work well and contribute to society (United Nations, 2016). Standard of education in Cambodian shows weaknesses, while the skills of the labor force do not match the skills existing by the employers and the need for diversification of the economy in the future. At the institutional level, Cambodia has made significant progress in the next generation of education and training.

Nevertheless, some areas can be improved including public education, general education, technical education and vocational training, cooperation with private employers and information sharing in the labor market. Should address the quality of education. This will require additional training for current teachers and expansion of MOEYS to strengthen sub-national governance, especially in the school system.

To make sure that skills provided to the workforces meet the demands for T&T and more crucial for the younger generation to provide productive employment in the labor market. However, the

concern of workforce constraints should be addressed in order to match and to focus on the design of the education system to ensure that relevant skills can be actually obtained.

The TVET system needs better coordination in order to provide a sufficient number of skilled workers to meet the demands of the market. A stable mechanism is established to develop long-term plans for matching skills and employment by engagement of stakeholders such as industries, private training providers and government (ILO and CIDA 2014). The consistent skills accreditation system and the standard are needed to guide the provision of vocational and technical education and training, and to supervise the quality and/or standard.

### **7.3. Improve the School System**

The lack of skills remains a key challenge for T&T. The governments, politicians, policymakers and international development agencies still attach importance to promoting education and promoting tourism incentives for human capital in the local population. Recently, the government tried to launch a series of policies to reform the education system. It also seeks to improve the quality of the academic staff, streamline the curriculum and improve skills for the current workforce. The government was unable to solve the problem of poor quality education and skills shortages alone, strong cooperation needed with all stakeholders, especially institutions and training providers.

### **7.4. Provide opportunities to get out of school**

Due to the rapid transition of the Cambodian population and the current low level of education of the working population, it is crucial to provide persistent training opportunities for those leaving

the school system by promoting non-formal education and lifelong learning, the skills development of the existing workforce must continue.

Up still to the low level of existing workforces, not only continues education but also provides support through apprenticeship programs and informal training centers. Expanding the apprenticeship system will require supervision, funding and governance systems involving employers and unions. This policy response should first focus on the demand side of the workforce by working with employers.

#### **7.5. Improve collaboration between government, training providers, and industries**

This may include professional associations and other private sector organizations that strengthen the expansion of micro, small and medium businesses, and groups characterizing the concern of employees and community protection. To fortify the private sector, the coordination and cooperation between its representative associations and the public sector are essential to improve the outcome of employment in the formal and informal sectors. It can strengthen and establish an organization that represents employers and staffs to develop a legal and policy framework for more effective work.

## Reference

- Anon, (2017). Tourism Sector Assessment, Strategy, and Road Map for Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (2016–2018).
- European Commission 2012, "Rethinking Education: Investing in Skills for Better Socioeconomic Outcomes"
- ILO and Canadian International Development Agency (CIDA). 2014. Assessment of the Readiness of ASEAN Member States for Implementation of the Commitment to the Free Flow of Skilled Labour within ASEAN Economic Community from 2015. Geneva.
- Mok, K. H. (2006). Education Reform and Education Policy in East Asia. New York: Routledge.
- National Institute for Lifelong Education (NILE, 2013). Lifelong Learning Policy Review of the Republic of Korea at the ASEM Lifelong Learning Hub for the Annual Meeting of Research Network 4, Seoul, 2 April 2013
- Shanmugaratnam, T. (2014). Beyond Competence towards Mastery of Skills. Speech at the opening of the Lifelong Learning Institute on 17 September 2014.
- Stacey, J. (2015), "Supporting Quality Jobs in Tourism", OECD Tourism Papers, 2015/02, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5js4rv0g7szz-en>
- United Nations (2016). The Sustainable Development Goals Report 2016. Available at <https://unstats.un.org/sdgs/report/2016/The%20Sustainable%20Development%20Goals%20Report%202016.pdf>
- World Bank and ADB. 2014. Cambodia Investment Climate Report 2014. Phnom Penh
- World Travel and Tourism Council (2018). TRAVEL & TOURISM ECONOMIC IMPACT CAMBODIA.

\_\_\_\_\_. (2017). Travel & Tourism Economic Impact 2017.

\_\_\_\_\_. (2015a), Global Talent Trends and Issues for the Travel & Tourism Sector-January 2016.

\_\_\_\_\_. (2015b). Travel and Tourism Economic Impact Reports for Cambodia, the Lao PDR,  
Myanmar, and Viet Nam.