

EXECUTIVE SUMMARY

Introduction

1. The purpose of the survey is to collect data on the existing manpower situation with an aim to project future manpower requirements and training needs of the tourism industry. The fieldwork took place from 27th August to 30th September 2004 with follow up cases completed on 9th October 2004.

2. The survey was based on the list of tourism companies maintained at the Central Register of the Census and Statistics Department. It covered 342 companies selected by a stratified random sampling method from the frame of 1876 companies updated as at the first quarter of 2004, among which 65 were airline companies and 1811 were travel agents, ticketing agents, tour operators and coach operators. The sample selection plan is presented in Appendix 4. The survey covered 2 main branches of the tourism industry as follows:

<u>Branch</u>	<u>Sector</u>	<u>Size of Frame</u>	<u>Sample Sizes</u>
Branch 1:	Airline companies	65	65
Branch 2:	Travel agents, ticketing agents, tour operators and coach operators	1 811	277
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		1 876	342
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3. A total of 342 samples out of 1 876 establishments were initially selected to be surveyed. Owing to technical adjustments, one new case from each branch was added and a total of 344 establishments were included in the survey. The analysis on the Result of Enumeration (Overall) is attached at Appendix 7. Out of 344 companies surveyed for this report, a total of 86 cases had either temporarily ceased operations, not yet start operation, merged with other establishments, not engaged in the specified trade, duplication, registered office, no technical manpower, moved, address cannot be located or untraceable, and non-contact. A total of 249 companies/agencies responded, and there were 9 refusal cases. The effective response rate was 96.51%.

4. As regards the interpretation of the findings in this report, users are advised to note that despite the impact by the outbreak of SARS in March 2003 across the region, the tourism industry in Hong Kong, one of the most severely affected sectors, experienced sustained business growth in 2004. The rapid rebound after the implementation of the Global Tourism Revival Campaign and a series of new initiatives orchestrated by the HKSAR Government, such as the Individual Visit Scheme (自由行) and the Closer Economic Partnership Arrangement (CEPA) have positive impacts on Hong Kong's economy. In the next section, the business outlook of the Hong Kong tourism industry will be presented.

Business Outlook

5. The Tourism Industry is one of the most important economic pillars of Hong Kong. Visitor arrivals showed a steady recovery throughout 2004, reaching 17.77 million in the first 10 months, a 47.7% year-on-year increase. This not only surpassed arrivals for the whole of 2003 but also topped the previous record of 16.57 million arrivals in a full year set in 2002. The tourism industry continued to grow, and visitor arrivals in January to December 2004 reached a total of 21.81 million, a growth of 40.4% compared with the same period last year and 31.66% higher than the 2002 level. (Source: Tourism Commission, Economic Development and Labour Bureau, The Government of HKSAR, "HONG KONG: THE FACTS", December 2004)

6. With the rapid economic growth in Mainland China, China's continued support on the Individual Visit Scheme (自由行) and the Closer Economic Partnership Arrangement (CEPA), the Training Board believes there would be more business opportunities for Hong Kong in the long-term. The Training Board is also of the opinion that the positive impacts of the Individual Visit Scheme (自由行) and the Closer Economic Partnership Arrangement (CEPA) on airline companies and travel agencies may not be as prominent in comparison to the hotel, catering or retail industries. Many Mainland visitors travel to Hong Kong by train or by boat, reserve hotel rooms via travel agencies in China, and they are less likely to seek inbound travel agents or tour operators' assistance in Hong Kong.

7. New community projects and activities such as the 2005 Disney Project, legislation in regulating inbound travel agents, upgrading and preservation of Hong Kong's heritage sites for tourism promotion, hospitality industry workforce migration to new tourism establishments in Macau are among some of the major business and social influences which would affect Hong Kong's tourism industry employment.

8. The Training Board observed that more trained manpower will be needed for the whole economy in general and for the service industry in particular. The implications on the overall manpower needs will be reviewed in the next section.

Implications on Manpower

9. According to the Census and Statistics Department, the unemployment rate in 2004 was 6.8%, a 1.1% decrease from 2003 (Source: Census and Statistics Department). It is anticipated that the overall manpower situation for the tourism industry would be fairly stable with considerable optimism, and more job opportunities would be created in the near future.

- i) Amongst all the markets, Mainland visitors totaled 8.98 million in the first nine months of 2004, up more than 59% compared to the same period in 2003. The overall visitor arrivals had reached a record breaking figure of 21.81 million in 2004. Mainland visitors had increased to 12.24 million representing a growth of 44.6% compared with the same period last year and 79.42% from 2002. Boosted by an extension of the Individual Visit Scheme (自由行) to the whole Guangdong in May and to nine cities in Jiangsu, Fujian and Zhejiang in July 2004, the Mainland continued to be the largest visitor source market to Hong Kong. (Source: Tourism Commission, Economic Development and Labour Bureau, The Government of HKSAR, “Tourism Statistics – Tourism Performance”, January 2005)
- ii) With Closer Economic Partnership Arrangement (CEPA) and other business opportunities abound, the business flow between China and Hong Kong would continue to increase. The demand for tourism manpower is expected to grow.
- iii) The Hong Kong Disneyland is set to open in September 2005. In its first year of operation, it is estimated to attract 3.4 million tourists spending HKD8.3 billion. About 18 400 new jobs are expected to be created directly and indirectly to opening, rising to 35 800 over a 20-year period, and most of these jobs will be filled by local recruits. (Source: The Hong Kong Tourism Board, PartnerNet, Tourism Careers and Training, January 2005)
- iv) Hong Kong is also a major business hub for the region, being the regional headquarters of more than 960 companies and a “gateway” for China trade. In 2004, Hong Kong played host to 320 conventions and exhibitions attended by nearly 497 811 overseas visitors. (Source: The Hong Kong Tourism Board, PartnerNet, Tourism Careers and Training, January 2005)
- v) Hong Kong’s tourism industry, however, embraces more than just incoming visitors. Domestic outbound tourism is also an important contributor to a greater manpower need. A significant sector of the industry is devoted to servicing outbound travel. In 2004, according to the Hong Kong Resident Departures by Destination in the Visitor Arrival Statistics – Dec 2004 report, 68.9 million local residents made trips out of Hong Kong, a 13.1% increase from 2003. (Source: The Hong Kong Tourism Board, PartnerNet, Visitor Arrival Statistics – Dec 2004, January 2005)
- vi) The World Tourism Organization forecasts that by 2020 Mainland China will be the world’s top traveling destination with 130 million arrivals annually, with Hong Kong coming in fifth with 57 million. (Source: The Hong Kong Tourism Board, PartnerNet, Tourism Careers and Training, January 2005). There will be strong manpower needs to sustain the growth of the tourism industry in Hong Kong in the years to come.

- vii) According to the Hotel Supply Situation Report updated in September 2004 published by the Hong Kong Tourism Board, it was noted that over 15 new hotels with 6 276 additional rooms will be opening from 2005 to 2008. (Source: The Hong Kong Tourism Board, PartnerNet, Research Statistics, Hotel Supply Situation Report, September 2004). These new developments reflect a positive projection of potential visitors who may travel to Hong Kong in the next few years. These developments indicate a surge in manpower requirements in the years to come.

- viii) Other major planned developments include the construction of a cable car to the Big Buddha on Lantau Island; an integrated arts, cultural and entertainment district centre on reclaimed land in West Kowloon; a heritage site based on colonial buildings around Hollywood Road, Central; and a Hong Kong Wetland Park. The Wetland Park is Hong Kong's first major eco-tourism initiative. The cruise market is another sector enjoying growth, and Hong Kong with its spectacular natural harbour is ideally placed to take advantage of this. All these new developments would require qualified in-service providers. (Source: Tourism Commission, Economic Development and Labour Bureau, The Government of HKSAR, "Current Projects", January 2005)

- ix) With the China market continuing its surge, the Putonghua speaking capability of hospitality and tourism staff requires continuous upgrading. More experienced travelers from China on individual travel to Hong Kong would expect to see more native speaking Putonghua employees.

10. The future of the tourism and hospitality industry would depend highly on the availability of qualified staff to deliver the service quality that has earned Hong Kong a world reputation of a great destination. Vocational training for entry level employees would be crucial to the future success of the industry. The Training Board believes the increased provisions for further upgrading of training facilities and capacity would be essential.

Highlights of Survey Findings

11. The survey reveals that in August / September 2004, a total of 29 396 persons were employed in the tourism industry, of which 2 257 (7.68%) were in the managerial category, 4 012 (13.65%) supervisory and technical category, 9 586 (32.61%) clerical, 12 288 (41.8%) operative category, 1 253 (4.26%) secretarial and others category.

12. The Training Board has examined the survey findings and is of the opinion that they generally reflect the manpower situation of the tourism industry at the time of the survey. The Training Board considered the demand for well-trained staff at the clerical and operative levels would be significant in the future. The decrease in the number of managerial positions by 28.05% (880 persons) and increases of 10.74% (930 persons) and 5.3% (618 persons) in the number of Clerical and Operative level employees respectively may imply that generally employees need to be multi-skilled and able to perform under minimal supervision.

Manpower Projection in the Tourism Industry for 2005 – 2007

13. Other than basing the manpower projection on Employers' Forecast, the Training Board has also adopted two other methods to project the future manpower requirements of the industry in 2005 – 2007. The Labour Market Analysis (LMA) approach projects manpower requirements for a specific industry based on key statistical data reflecting important changes in the local economy, demography and labour market (please refer to Appendix 8 for details). The Adaptive Filtering Method (AFM) is another statistical method that generates manpower projections based on the past and present survey data from 1988 to 2004 (please refer to Appendix 9 for details). A series of projections on the future manpower demand at various job levels for 2005 to 2007 are presented in Table 3.16 below:

Table 3.16: Manpower Projection in the Tourism Industry

Year	Total no. of Posts in 2004	Projected (LMA)	Projected (AFM)	Projected (EF)
2004	30,074#			
2005		31,188 (3.7%)*	30,540 (1.6%)*	30,346 (0.9%)*
2006		31,728 (1.7%)**	31,009 (1.5%)**	
2007		32,250 (1.7%)**	31,481 (1.5%)**	
#	Total no. of posts is the sum of total no. of employees (29 396) and no. of vacancies (678) as reported by employers			
*	As percentage increase / decrease of the actual manpower against 2004			
**	As percentage increase / decrease of the projected manpower against the year before, i.e. 2005 and 2006 respectively			
LMA	Labour Market Analysis			
AFM	Adaptive Filtering Method			
EF	Employers' forecast (at the date of survey)			

Remark: An upward trend in manpower requirements has been confirmed by all three projections based on the Labour Market Analysis (LMA), Adaptive Filtering Method (AFM) and Employers' Forecast (EF) which indicated the growth rates of 3.7%, 1.6% and 0.90% respectively. The growth rates are calculated based on the total number of posts in 2004. The Employers' Forecast (EF) has been utilized as the basis for the projection on training requirements.

Projected Additional Training Requirements

14. Based on the employers' forecast of manpower growth and having regards to the wastage of employees estimated at 5% for Managerial/Supervisory and 8% for Clerical/Operative level staff, the Training Board has projected the additional training requirements of the industry for 2005 to 2007 as follows:

Projected Additional Training Requirements for 2005

<u>Job Level</u>	<u>No. of Employees (2004)</u>	<u>Projected Training Requirements 2005</u>	<u>Projected Training Requirements 2006</u>	<u>Projected Training Requirements 2007</u>
Managerial and Professional	2 257	128	130	130
Supervisory and Technical	4 012	251	256	256
Clerical	9 586	1 301	1 421	1 429
Operative	12 288	1 312	1 377	1 378
Secretarial	1 253	122	126	126
Total:	29 396	3 114	3 310	3 319

Recommendations

15. The recommendations of the Training Board are as follows:-

- (i) The Training Board is of the view that the existing 29 396 strong in-service employees would need upgrading and updating training to remain competitive and efficient to cope with the increasing customer and business demand.

- (ii) The Training Board supports the Skills Upgrading Scheme (SUS) for the tourism industry. Courses under the tourism SUS scheme include: In-service Tour Guide Training and Eco-tourism Training (自然導賞基礎課程) (Source: The Secretariat of Skill Upgrading Scheme (SUS)). Both employers and employees should make use of the Continuing Education Funds and various government funded skills upgrading schemes for further skills enhancement.
- (iii) The Training Board is of the opinion that there is an urgent need to upgrade the standard of English and Putonghua. Providing more opportunities for education and training in the tourism industry would further raise service standards and staff quality.
- (iv) The Training Board encourages employers to provide in-house training and/or sponsor their employees for life-long learning and continuous professional development to upgrade their knowledge and skills.
- (v) The Training Board will continue to sponsor out-centre training courses for the practitioners in the industry.
- (vi) There has been an increasing number of tourism course providers in both the commercial and public sectors which offer a wide range of courses at different levels. The Training Board acknowledges the changing needs of the tourism industry and agrees that it is vital for in-service employees to embark on life-long learning. It is equally important that employers recognize such needs and support their employees to attend up-grading courses/training programmes/workshops/seminars for the acquisition of new knowledge and skills with reputable training institutes. The Training Board is also concerned with the quality of tourism courses being offered to the general public; and recommends the establishment of a central governing body to monitor the quality of the courses.
- (vii) The demand for well-trained staff at the clerical and operative levels will be significantly increased in the coming years. The decrease in the number of managerial positions may imply that generally employees are multi-tasking and are expected to perform under minimal supervision. The Training Board is of the view that increased provisions for further expansion and upgrading of training facilities and capacity will be essential to cope with the manpower demand.