Skill Gap, Skill Shortage, and the COVID-19 Pandemic: Evidence from the Hospitality and Tourism Sector in Bangladesh

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Executive Summary

The Hospitality and Tourism Sector (HTS) is one of the 15 major sectors that are used to estimate the GDP of the country. This study attempts to analyze the HTS of Bangladesh from the following perspectives: (i) the structure and contribution of HTS under the current levels and nature of skills composition, (ii) skill gaps, and skill shortages, the mismatch between the actual and desired levels of education and experience, and recruitment difficulties in the HTS together with the proximate causes and consequences, (iii) the future levels of demand for each of the major occupations disaggregated by skill levels, and (iv) the impact of COVID-19 on the enterprises, and the adaptations used to cope with the 'new normal' style of operations.

A primary survey was conducted with enterprises and workers from 115 hotels and resorts (categorized from 5-star to 2-star) as well as 50 travel agencies (that are members of the Association of the Travel Agents of Bangladesh) and 28 tour operators (that are members of the Tour Operator Association of Bangladesh) from Chattogram, Cox's Bazar, Dhaka, and Sylhet. A total of 497 employees from these sample hotels and resorts, 46 from travel agencies, and 17 from tour operators were also interviewed.

Overview of the Sample Enterprises

About 84% of the hotels and resorts belong to private ownership. This percentage is even greater (more than 95%) for travel agencies and tour operators. The maximum number of workers in hotels and resorts are engaged in the production and serving of food and beverages, followed by housekeeping. The average number of employees is 42 while the median number of employees is only 24.

About 91-98% of hotels and resorts, and almost all of the travel agencies and tour operators provide different types of leaves entitled to the employees. However, many of these enterprises do not appear to provide paid maternity leaves to their female employees. The enterprises also provide various types of benefits including bonus, gratuity, provident fund, life insurance, health insurance, loan facilities, etc. It was found that 89% of hotels and resorts, 94% of travel agencies, and 96% of tour operators provided bonus in 2019; whereas this proportion has reduced to only 68%, 12%, and 7% respectively in 2020.

The average number of days operated across the quarters in 2019 was close to 90 (almost every day). But in 2020, the average number of days ranges between 70 and 80 days for all the sub-sectors during the first quarter (January–March) of the year. This proportion ranged between 0.63 and 35 days for hotels and resorts and almost zero throughout for travel agencies and tour operators in the second quarter of 2020. Test of difference between the average number of days operated in 2019 and 2020 suggest that there were significant differences between the number of days of being operational between the specified timeframe, thereby implying that the differences were not driven by mere chance.

Tests of difference in means reveal that sales revenue from goods and services across months in 2019 was persistently higher than that in the year 2020 due to the COVID-19 pandemic. Average sales revenues, for instance, of travel agencies in 2019 (January-December) ranged from Tk. 22 million to Tk. 28 million compared to Tk. 18 thousand to Tk. 16 million across January-December in 2020. The average production costs, especially operational costs, are higher in 2019 compared to 2020 in each quarter and there are significant differences between the two on a quarter-to-quarter basis. However, when gross and net operating surplus were estimated to elucidate the impact of COVID-19 on the tourism sector, it was found that the adverse impact of the COVID-19 pandemic was minimal during the first quarter of 2020 as the gross and net operating surplus of two (hotels and resorts and travel agencies) of the three sub-sectors were positive.

The average number of workers hired by the hotels and resorts was 6.63 in 2019, which is significantly higher than 4.98 as reported for 2020. In contrast, there was hardly any hiring by the travel agencies and tour operators either in 2019 or in 2020. Conversely, in the case of retrenching employees, hotels and resorts retrenched about 3 workers in 2019 compared to as many as 10 workers in 2020. The estimates show that per enterprise employment in the hotels and resorts increased by about 4 workers in 2019 but declined by about 5 workers in 2020.

Skill Compositions, Gaps, and Shortage

The study describes the existing skill gap perceived and the skill shortage experienced by employers of the enterprises. The employers of hotels and resorts perceived the level of different skills of their employees (each of the four departments) as “proficient”. These findings are also evident when the analyses are carried out at the disaggregate level across different ranks. In contrast, the employers reported the level of skill of their employees at the time of joining as “neither proficient nor incompetent” across the four departments of all the four categories with star-ranks. The difference in the level of skills at present and at the time of joining implies that employees enhanced their efficiency and skills after joining their respective enterprises.

The employers in travel agencies perceive the level of skill of their employees as “proficient” and seem to be “satisfied” with the level of some skills of their employees (ability to work as Travel Advisor, passenger routing skills, etc.). In contrast, the employees are perceived as “somewhat proficient” when skills such as geographical knowledge, fluency in English in dealing with foreigners, etc. are considered. The employers in tour operators seem to be "somewhat satisfied" over the level of different skills of their employees at present. However, neither the employers in the travel agencies nor those in the tour operators were much satisfied with the employees with no experience. The differences between the level of skill at present and at the time of joining imply that employees enhanced their efficiency and skill after joining their respective workplaces as found in the case of hotels and restaurants.

The Mismatch between Actual and Desired Level of Education and Experience

The actual level of education of employees in different departments within hotels and resorts varies between 10 to 13 years, while those in travel agencies and tour operators are about 14 years. Even though the magnitudes of difference between actual and desired levels are 'small', they are nevertheless significant. To produce food and beverages as well as housekeeping, the actual level of education is about 1-year below what the employers desired. In contrast, the gaps are higher in the case of travel agencies and tour operators. It is found that employees have on average 3-4 years of experience in similar occupations across all the sub-sectors. However, the actual level of experience appears to be higher than the desired levels across all departments of hotels and resorts; only tour operators appear to be content with about 1-year of shortage of experience of their employees.

Existence of Skill Gaps and Effectiveness of Training in Mitigating Skill Gaps

The percentage of hotels and resorts stating the existence of skill gaps is lowest among 5-star hotels in each of the four departments. In contrast, hotels and resorts with 2-star rank stated about skill gap in food and beverage service (41%) and housekeeping (47%) while those with 3-star and 4-star ranks face skill gap substantially at food and beverage production. More than 50% of the hotels and resorts reported that skill gaps exist in all four departments due to a lack of training of employees. More than 55% of them reported that training will be "most effective" to mitigate skill gaps both in the production and services of food and beverage, housekeeping, and front office. About 47% of travel agencies and 10% of tour operators reported that "lack of training of employees" is the major reason behind the existing skill gaps. Almost all of these enterprises reported that training will be "most effective" to mitigate skill gaps.

Skill Shortage

About 98% of hotels and resorts reported unfilled vacancies in their enterprises. The average number of vacancies per enterprise was only one in the front office and housekeeping while on average two vacancies existed in food and beverage production and service. Similarly, 96% of travel agencies and tour operators reported unfilled vacancies, which vary between 2-3 posts.

For hotels and resorts “not enough applicants with required skill” came up as the major reason for “hard-to-fill-vacancies” across all the four departments. However, “not enough applicants with the work experience the enterprise demands” (front office and housekeeping only) and “not enough applicants with qualifications/right attitudes/motivations the enterprise demands” (food and beverage production and services) came up as the corresponding second reason.

“Inadequate supply of applicants with required skills and qualifications” came up as one of the major reasons for “hard-to-fill-vacancies” as reported by the majority (more than 40%) of travel agencies and tour operators. “Not enough supply of applicants with required attitude, motivation or personality” (30% of respondents) and “lack of work experience” (20% of respondents) have been reported as the other two main causes by travel agencies and tour operators.

Hard-to-Fill Vacancies

“Hard-to-fill vacancies” impedes the process of introducing modern and new working practices in culinary, resulting in adverse effects in the “production and service of food and beverages” of hotels and resorts. In contrast, vacancies in housekeeping, front office, and food and beverage (service) result in revenue losses due to the reduced number of guests as reported by the majority of enterprises. The majority of travel agencies and tour operators report that “hard-to-fill vacancies” lead to difficulties in maintaining the standard quality of service in the forms of “forgoing the provision of offering certain products to customers due to lack of workforce” and “facing difficulties in meeting certain customer service objectives owing to shortage of employees”.

“Increasing salaries” and “increasing the skill level of the existing workforce through providing training” came up as the major two actions to mitigate the adverse effects of “hard-to-fill vacancies” as stated by employers of hotels and resorts. Increasing advertisements and redesigning the recruitment process came up as another suggested action by them. Similarly, “increasing the provision of training for employees” came up as the most effective action to fill up hard-to-fill vacancies, followed by “increasing salaries”, as stated by the majority of travel agencies and tour operators.

Insights from Consultation with the Stakeholders

The panelists in the consultation workshop organized on 31st December 2020 at BIDS also echoed similar opinions about the existing scenario of skill gaps and skill shortage in this sector. They mentioned the “inertia of graduates to serve in the HTS”, “existence of huge skill mismatch (graduating in this discipline and serving in another sector)” as the main reasons for the existing “shortage in worker supply” in this sector. This skill gap leads to the outsourcing of people from abroad to senior positions in this sector, especially in hotels and resorts.

The stakeholders lamented the poor quality of training provided by academic and training Institutions. The current infrastructure in most colleges and universities providing training on hospitality and tourism management are not equipped in providing the facilities and scope to trainees to develop into professionals. The stakeholders stressed that the people with an interest to work in this sector also need to align their expectations. The bachelor's degree holders from public or private universities should accept the scope of starting their career at junior positions instead of searching for employment in higher positions with an "expected salary".

Projected Total Employment in the Sub-sectors

The projected number of enterprises for hotels and resorts came up as 1230, 1568, 1997 in the year 2025, 2030, and 2035 respectively. For tour operators, these counts stand as 641, 910, and 1292 in the year 2025, 2030, 2035. Travel Agencies are expected to operate in 2025, 2030, 2035 with a total of 2385, 3115, 4069 enterprises whereas these numbers are 1355, 1819, 2442 for both travel agencies and tour operators.

The negative growth rates of workers employed in each sector/department by skill classification between 2019-2020 are predominantly due to the ongoing COVID-19 pandemic. Labor shedding comes up as an obvious outcome of the effect of the pandemic; workers at the high-skill occupation are affected less compared to the semi-skilled and unskilled workers in hotels and resorts, travel agencies, and tour operators. Interestingly, the agencies operating both as travel agents and tour operators did not register any labor-shedding on average at any skill level between 2019 and 2020. The estimates show that it would take on average 2 years for a hotel and resort, 4 years for a travel agency, and 3 years for a tour operator, to reach the employment level of 2019 from the current level.

The projection on labor demand reveals that demand for workforce in the hotels and resorts would grow by 34% in 2025, 89% by 2030, and 144% by 2035 compared to the level of 2019. The corresponding numbers for the travel agencies are 19%, 58%, and 97%. Compared to the 2019 level, the potential workforce in the enterprises operating both as travel agencies and tour operators may grow by 46% in 2025 and 104% in 2030.

Considering the projected growth rate of skilled and semi-skilled workers in the next 5-15 years, the areas of high potential for skilled workers are food and beverage production, food and beverage services, and housekeeping in the hotels and resorts. While the former two departments in hotels and resorts would observe an explosion for both skilled and semi-skilled workers, the latter would largely demand more semi-skilled workers.

Direct and Indirect Impacts of COVID-19 Pandemic

The HTS has severely been affected by the pandemic-induced economic recession that transpired through a fall in enterprise income and the concomitant rise in retrenchment and/or reduced working hours. Further, strict health warnings due to the high risk of exposure to infection from staying outside the home or traveling cause a reduced demand for tourism and vacation. In absence of any restriction on visits to tourist sites and attractions, the demand can still be depressed due to the health risks involved. The supply chain and logistics can be disrupted, as production, transportation, and distribution are affected in almost every sector of the economy. Despite the huge financial loss, many of the enterprises in the HTS are unable to go out of business due to the sizeable sunk costs involved. The financial distress would not be similar as firms are heterogenous in terms of the scale of operation, capacity, efficiency, location, reputation, and resilience to shocks. The impacts have been analyzed from these perspectives.

Overall Business Situation of the Enterprises

Almost all the enterprises incurred huge financial losses. All of the travel agencies and tour operators, and 60% of the hotels and resorts expressed apprehension that they might have to sell their business if the pandemic situation prolongs. Even if they continue their business, operating at reduced capacity and laying off employees will possibly be the direction of adjustment in the future (50% of the hotels and resorts, 90% of the travel agencies, and all tour operators,). Given the precariousness, almost all enterprises reported that they would ask for financial assistance or loan to support the survival of their business.

Depressing Financial Situation

The total number of operating days for the hotels and resorts, travel agencies, and tour operators are 63%, 42%, and 45%, respectively compared to that in the pre-pandemic year. Total sales for the hotels and resorts, travel agencies, and tour operators are only 35%, 21%, and 13% of that reported in the pre-pandemic year. However, corresponding total expenses incurred by the three sub-sectors are also lower by 43%, 71%, and 86% during the pandemic year.

Reduced Room Booking and Fall in Room Tariffs

The room-booking counts exhibit a sharp decline by the second quarter when the country-wide strict lock-down was observed, a fall of 88% for rooms in the high-tariff range while 91-92% for rooms in the medium or low tariff range was noted. As expected, the revenue shrank by 90-94% compared to the similar season in the pre-pandemic year. The situation slightly improved by the third quarter, when the lock-down was partially lifted, but improved significantly by the last quarter, when the infection rate drastically fell across the country; 50% (low tariff range) to 61% (high tariff range) of the room-booking level recorded in pre-pandemic level is recovered by then.

Challenges to Operations during Pandemic

The hotels and resorts mentioned reduced demand for services (22%-42%), disrupted supply chain (8%-10%), and concern about employees' health safety (8.4%-23%) that appear to be major challenges through which business operations were affected. In comparison, 64% and 86% of the travel agencies and tour operators mentioned depressed demand due to lockdown and almost all the enterprises (91-100%) expressed concern about employee's health safety as the reason for reduced business.

Coping Mechanisms Adopted by the Enterprises

Initially, the majority of the enterprises were temporarily shut down in response to the pandemic shock. The proportion of enterprises that went for complete shutdown exhibit a downward trend with the reduction in the stringency of lockdown. However, reduced salary payments appear to be a major coping strategy: 35% of the travel agencies during the July-August period while another 59% during the September-October period reduced salary payment for employees. Reduction of other non-salary benefits as a coping strategy is mainly taken by the hotels and resorts in the range of 16-18%. Comparing the average employment at base i.e., pre-COVID-19 counts of employees in March 2020, to that in the last quarter of 2020 suggests that the average laid-off is 9.7% in the hotels and resorts, 5.9%, and 16.5% in the travel agencies and tour operators, respectively.

Health Safety and Precautionary Measures

Although approximately all enterprises recommend workers to put on facemask at work, only 5% of employees in the hotels and resorts, 76.5% in travel agencies, and 2.2% in tour operations report it to be required or strictly followed in their workplace. Among the hotels and resort workers, 50% of the employees report inadequate provision of safe transport from home to work, another one-quarter report about inadequate handwash facilities with soap at work and uncleanliness of washrooms, while approximately 42% report about using shared work equipment that may increase infection risks. Among the tour operators, 47% mentioned about lack of handwash facilities at the workplace. Overall, the findings suggest that strict adoption of the practices inside the workplaces is weak.

Chapter 1 Introduction and Background

The Hospitality and Tourism Sector (HTS) is one of the 15 major sectors that are used to estimate the GDP of the country. In terms of broad definition, the HTS incorporates accommodation services, traditional restaurants, exotic cuisine, and fast-food stalls, tour operators and travel agents, transportation services (land, water, and air), historical/ archaeological sites and stores around them (mainly catering to tourists, various wholesale and retail trading stores (facilitating accommodation and food services, etc. These sectors and sub-sectors contribute around one-quarter to the GDP (GOB, 2020). However, for the sake of the current skill assessment exercise, the HTS sector is narrowly defined, consisting of short-term accommodation services (hotels and resorts), and travel agencies and tour operators. Investment in enhanced facilities for increased tourist attractions will eventually increase the demand for HTS services, whereas a good quality supply of HTS services might increase the demand of tourists to some extent. Be that as it may, it is beyond any debate that the HTS is increasing its gamut both at the intensive and extensive margins. Because of these dynamics, the HTS employs a large pool of workers, split into: (1) seasonal/casual workers who are employed when the tourist season starts and (2) permanent workers who work during the whole year.

The number of institutions that impart formal/academic and short-term training on hospitality and tourism is also on the rise, if not commensurate with the growing demand. Despite a large pool of unemployed workers, employers claim to struggle to find skilled workers to fill the growing number of job openings in the sector. Even though there has been an attempt to assess the skill gaps and skill shortages (Yunus & Chowdhury, 2016), it was not comprehensive as the attempt was based on case studies. Further, the claims of the employers regarding the skill gaps and skill shortages in the HTS not just extend to individual enterprises that are experiencing adverse consequences in the sector. Rather, communities, regions, and the entire nation pay a heavy price when workers with the right skills for critical jobs are not commensurate with rising demand. A large number of enterprises in the HTS rate the aggregate skill levels of their critical staff as less than optimal, or there is an overall skill gap among employees. In addition to skill gaps, employers report a lack of critical soft skills—such as communication, collaboration, creativity, and critical thinking in today's workforce as these soft skills are equally important to support business continuation, let alone expansion. The impact of the skills both at the intensive (gap) and extensive (shortage) margins has far-reaching and varied consequences on human capital development as well as business performance.

Severe disruption of economic activities, accompanied by the ‘new normal’ lifestyle, wreaked havoc on the economy of Bangladesh. However, the impact of the COVID-19 pandemic was uneven both across regions and types of economic activities involved. There have been claims from the stakeholders that the sector was one of the worst-hit sectors affected by the COVID-19 pandemic. The country-wide lockdown imposed by the government led to the closure of hotels, motels, restaurants, and transport sector activities as well as the cancellation of all domestic and international flights to and from Bangladesh, resulting in huge losses in this sector. Even though the lockdown has been gradually withdrawn since June 2020, the sector is still susceptible to the adverse effects of the COVID-19 pandemic, in the long run, considering the incessant spreading of this deadly virus.

Against this backdrop, an attempt has been made to analyze the HTS of Bangladesh from the following perspectives: (i) the structure and contribution of HTS under the current levels and nature of skills composition, (ii) skill gaps, and skill shortages, the mismatch between the actual and desired levels of education and experience, and recruitment difficulties in the HTS together with the proximate causes and consequences, (iii) the future levels of demand for each of the major occupations disaggregated by skill levels, and (iv) the impact of COVID-19 on the enterprises, and the adaptations used to cope with the ‘new normal’ style of operations. Once these issues are analyzed, the findings can help the HTS sector in recruiting a quality workforce that would provide satisfactory services to their guests and eventually create a win-win situation for themselves, the workers, and the government exchequer.

The report is organized as follows. After this Introduction, Chapter 2 describes the survey design and methodology, which includes sample design and selection, the development of questionnaires among other activities. Chapter 3 covers the basic characteristics of the sample enterprises including the gross and net operating surplus based on sales and costs, employment, and labor turnover both in 2019 and 2020. It also touches upon issues related to pecuniary and non-pecuniary benefits provided to the employees. By comparing the sales, costs, and employment between 2019 and 2020, this chapter as such covers the direct adverse financial impacts of COVID-19 on the sector. Chapter 4 assesses the temporal dynamics of skills, skill gaps, and skill shortage. It also sheds light on the efficacy of sector-oriented training in mitigating the skill gaps. Chapter 5 makes projections of employment in the sub-sectors in 5 to 15 horizons to cater to the growing demand for tourism services. Chapter 6 covers the direct and indirect impact of the COVID-19 pandemic It also assesses the current coping strategies of the enterprises and workers to adapt to the ‘new normal’ situation. Chapter 7 concludes the report with a set of recommendations.

Chapter 2 Survey Design and Methodology

The objectives of the study are to analyze the contribution of the HTS to the employment of total labor force as well as the dynamics of the labor market of HTS with a particular focus on the nature and extent of skill gap and shortage given the current supply of labor. The specific objectives of the study are to (i) identify key categories of occupations and trades of this sector; (ii) estimate the needs for skilled workers in each of the categories by analyzing the skill gaps and shortages; (iii) make projections of future demand by skilled categories; and (iv) assess the impact of COVID-19 on sales, costs, employment and labor turnover in the sector. To that end, the study intends to address four major research questions: (a) what are the existing capabilities of the workforce given the training provided by current institutions in the field of tourism and hospitality? (b) what are the expected skills that the employers demand from the workforce to operate their enterprises properly? (c) what are the vacancies in occupations that employers find hard to fill? and (d) what are the nature and extent of the adverse impact that sector endured due to the COVID-19 pandemic?

The study has been carried out by reviewing existing literature and secondary information on the economic impact of this sector on to total economy to realize the contribution of this sector in employment generation. The secondary research also included a comprehensive overview of the sector in terms of its dynamics in growth and employment. After completion of the secondary research, a primary survey with enterprises and workers from hotels and resorts as well as travel agencies and tour operators have been carried out across Chattogram, Cox's Bazar, Dhaka, and Sylhet. While the enterprises were asked with specific issues regarding the skill gaps and shortages, recruitment difficulties, and skill gaps in the existing and future labor markets in the HTS, the worker survey was conducted to gauge the extent of travails they had to endure owing to the COVID-19 pandemic that rubbed the sector.

Considering the components of direct and indirect contributions of sub-sectors, the institutional structure to analyze the labor market of this sector can be categorized into two distinct entities: (i) residential hotels and resorts (accommodation, transportation services), and (ii) travel agencies and tour operators (transportation, entertainment service and communications with tourists). The number of permanent establishments providing services for short time accommodations had been considered as the population of residential hotels and resorts. The sampling frame used for the enterprise survey was the Economic Census 2013 (BBS, 2016). The number of permanent establishments providing short-term accommodation services (residential hotels and resorts) is 3018 and that of travel agencies and tour operators is 611. Given the methodology of the World Bank Enterprise Survey, the required sample sizes are (i) 116 for residential hotels and resorts and (ii) 101 for tour operators. It was also found that most of these enterprises are clustered in the cities of Chattogram, Cox's Bazar, Dhaka, and Sylhet. Accordingly, the total sample for each of the entities was prorated based on probability proportional to size. Further, the sample was limited to 2-, 3-, 4-, and 5-star hotels and resorts as the demand for skills to ensure quality services is critical in these enterprises, unlike the low-quality accommodations. As skill is not a preponderant issue in lower grades, especially in backpacker hotels and accommodations, no sample was drawn for this group.

Table 2.1: Spatial Distribution of the Samples

(in number)

	Chattogram	**Cox's Bazar**	**Dhaka**	**Sylhet**	**Total**
Enterprise					
2-Star Hotels and Resorts	2	2	5	2	11
3-Star Hotels and Resorts	8	11	38	13	70
4-Star Hotels and Resorts	2	2	18	2	24
5-Star Hotels and Resorts	1	2	10	1	14
All Hotels and Resorts	**13**	**17**	**71**	**18**	**119**
Travel Agencies	15	-	29	27	71
Tour Operators	3	-	22	5	30
Employees					
2-Star Hotels and Resorts	4	4	10	4	22
3-Star Hotels and Resorts	24	33	114	39	210
4-Star Hotels and Resorts	16	16	144	16	192
5-Star Hotels and Resorts	10	20	100	10	140
All Hotels and Resorts	**54**	**73**	**368**	**69**	**564**
Travel Agencies	30	-	58	54	142
Tour Operators	6	-	44	10	60

Note: The planned number of employees to be interviewed were 2 per enterprise from the travel agency, tour operator, and 2-star hotels and resorts, 3, 8, and 10 employees per enterprise from the 3-star, 4-star, and 5-star hotels and resorts, respectively.

Table 2.1 shows the spatial distribution of the samples planned at the beginning of the survey. However, when the survey was about to be launched, the country was severely hit by the COVID-19 pandemic. The HTS is one of the first few sectors that was hit hard. The enterprises were closed for a very long period and many of the enterprise owners were either not available or refused to participate in the interview. Consequently, data could be collected from 115 hotels and resorts, 50 travel agencies that are members of the Association of the Travel Agents of Bangladesh (ATAB), and 28 tour operators that are members of the Tour Operators Association of Bangladesh (TOAB) together with 497, 46 and 17 employees respectively. Because of the high concentration of these enterprises, data were collected from Chattogram, Cox's Bazar, Dhaka, and Sylhet.

Chapter 3 Characterizing the Sample Enterprises

This chapter characterizes the sample establishments and a sub-set of employees who work in them. The variables are chosen for gauging the nature and extent of difficulties in recruiting skilled workers. For establishments, the characteristics include size, ownership, total persons engaged, annual turnover, whereas the workers' characteristics include their main socio-demographic attributes such as age, sex, education, household size and economic dependency within their households, monthly household income and expenditures, types of employment contracts, experience, skill, their roles in the workplace, workers' earnings and their contribution to household expenditures. All these characteristics are reported for each of the constituting sectors. Together the variables capture most of the salient features of the sectors under consideration.

3.1 Type of Ownership of Enterprises

Type of enterprises with ownership of the hotel and tour operators & travel agents are presented in Table 3.1. As mentioned earlier, a total of 115 hotels were surveyed, of which 25 are 2-star, 55 are 3-star, 19 are 4-star, and 14 are 5–star hotels. It may be noted that 94 hotels belong to local private ownership followed by joint ownership (16). Only 2 are under government ownership and 1 with foreign ownership. Thus, about 95% of the hotels and resorts belong to private and joint ownership. In 78 of ATAB and TOAB cases, 45 are only travel agents, 21 are only tour operators, and the rest 12 are engaged both as travel agents and tour operators. As one expects, there is a certain degree of overlap between the activities of travel agencies and tour operators. However, the overlap is tenuous, as only 15% of the enterprises are engaged in both activities. In contrast, about 58% of the enterprises are engaged in only travel agency activities and about 27% in only tour operator activities. Similar to hotels and resorts, more than 95% of the travel agencies and tour operators belong to private ownership, with the rest belonging to joint ownership. Overall, local private ownership status is a dominant factor in the hospitality and tourism industry in Bangladesh. While this is beneficial for travel agents and tour operators, it is certainly a cause of concern for the hotels and resorts as there are only a few international chains of luxury hotels in the country - which do not bode well for attracting international tourists.

Table 3.1: Enterprises by Type of Ownership

(in number)

Type of Enterprise	Government ownership	Local private ownership	Joint ownership (Local/Foreign)	Total
Hotels and Resorts				
2-Star Hotels and Resorts	-	22	3	25
3-Star Hotels and Resorts	1	47	7	55
4-Star Hotels and Resorts	-	16	3	19
5-Star Hotels and Resorts	1	9	4*	14
All Hotels and Resorts	**2**	**94**	**17***	**115**
Travel Agencies and Tour Operators				
Travel Agencies [a]	-	50	-	50
Tour Operators [b]	-	26	2	28
All	**-**	**76**	**2**	**78**

Notes: a. Five of the travel agents are also involved in the tour operator business. b. Seven of the tour operators are also involved in the travel agency business. c. Figures with asterisks include one enterprise with exclusive foreign ownership.
Source: BIDS Survey, 2020.

3.2 Type of Enterprise and Legal Status

Table 3.2 presents the legal status of the hotels and resorts as well as tour operators and travel agencies. The highest number of hotels and resorts are under sole proprietorship (52) followed by joint ownership (40) and private limited company (17). Only 3 hotels and resorts are under public limited company (one 2-star and two 5-star) and one 5-star hotel is under government ownership. The distribution is more skewed in the case of tour operators and travel agents; all the tour operators and travel agencies are under sole private, joint and private limited company ownership, respectively. Interestingly, there is only one tour operator which is under a public limited company in Bangladesh. However, it appears that none of these public and private limited companies are enlisted in the local capital market.

Table 3.2: Type of Enterprise and Legal Status of Ownership

(in number)

Type of Enterprise	Sole Proprietor	Joint ownership	Private limited company	Public limited company	Total
Hotels and Resorts					
2-Star Hotels and Resorts	15	8	1	1	25
3-Star Hotels and Resorts	27	21	7	-	55
4-Star Hotels and Resorts	8	8	3	-	19
5-Star Hotels and Resorts	2	3	6	3*	14
All Hotels and Resorts	**52**	**40**	**17**	**4***	**115**
Travel Agent and Tour Operator					
Travel Agency	35	8	7	-	50
Tour Operator	19	4	4	1	28
Total	**54**	**12**	**11**	**1**	**78**

Note: Figures with asterisks include one government/nationalized enterprise.

Source: BIDS Survey, 2020.

3.3 Number of Rooms and Guests Capacity

Table 3.3 presents the average capacity of hotels and resorts in terms of the number of rooms and the maximum number of guests they can accommodate at a time. Rooms are classified into high-, medium-, and low-tariff ranges across the star rank of the hotels and resorts. The price effect is visible - the number of rooms in the low-tariff range is higher, irrespective of the type of hotels and resorts, followed by medium- and high-tariff range rooms. At the same time, the higher the number of rooms, the greater is the capacity to accommodate more guests. For instance, the number of low-tariff range rooms in a 5-star hotel is 102 with the guest capacity of 168, the number of medium-tariff range rooms is 51 with the guest capacity of 100 and finally, the number of high-tariff range rooms is 20 with the guest capacity of 42. It is not surprising that the number of rooms available depends on the hotel rank; the higher the rank, the greater the capacity.

Table 3.3: Capacity (Number of Rooms and Guests) of Hotels and Resorts

Types of Hotels and Resorts	Types of Rooms	Number of rooms	Number of Guests
All Hotels and Resorts	High tariff range rooms	11.41	27.99
	Medium tariff range rooms	21.22	45.97
	Low tariff range rooms	28.68	47.08
2-Star Hotels and Resorts	High tariff range rooms	9.44	24.28
	Medium tariff range rooms	14.72	37.32
	Low tariff range rooms	16.88	29.84
3- Star Hotels and Resorts	High tariff range rooms	9.76	24.17
	Medium tariff range rooms	15.33	34.94
	Low tariff range rooms	14.65	24.30
4-Star Hotels and Resorts	High tariff range rooms	11.55	32.35
	Medium tariff range rooms	22.45	45.60
	Low tariff range rooms	26.05	38.95
5-Star Hotels and Resorts	High tariff range rooms	20.47	42.13
	Medium tariff range rooms	51.60	100.53
	Low tariff range rooms	102.33	168.67

Source: BIDS Survey, 2020.

3.4 Number of Employees

Table 3.4 presents the average number of workers employed across the departments viz., front office, production and service of food and beverage, housekeeping, and maintenance along with the total average employment in the hotels and resorts. It also presents the average total employment in the travel agencies and tour operators. To delve into the nature of employment, the employees were divided into permanent and contractual or casual workers. In the case of hotels and resorts, it appears that the maximum number of workers are engaged in the production and services of food and beverage, followed by housekeeping, front desk, and maintenance. An average hotel/resort employs more than 40 workers, of whom 40 are permanent employees and the rest are contractual employees. Given the small sample, we provided the median number of employees along with the mean. It seems that the distribution of employees across hotels and resorts is skewed to the right, i.e., the estimates of the mean are driven by the 'large' enterprises as the median number of employees is only 24. This caveat should be kept in mind while interpreting the results.

Unlike other countries, the presence of female employment is minimal in the hotels and resorts in Bangladesh. Further, these female workers are mostly engaged in housekeeping and food and beverage services. Not surprisingly, there is no female employment in the maintenance department of the hotels and resorts. The highest number of workers are employed in Dhaka followed by Cox's Bazar, Chattogram, and Sylhet. The lower panels of Table 3.4 reveal that the average number of workers in travel agencies and tour operators is around 6-7. Most of these workers are permanent employees.

Table 3.4: Average Employment in 2020

Type of Employment	**Total Workers Employed**		**Permanent Workers Employed**		**Contractual Workers Employed**	
	Mean	**Median**	**Mean**	**Median**	**Mean**	**Median**
Hotels and Resorts						
Front Office	7.14	5.00	6.65	5.00	0.49	0.00
Food & Beverage (Service)	13.67	7.00	12.81	7.00	0.86	0.00
Food & Beverage (Production)	14.71	7.00	13.91	6.00	0.80	0.00
Housekeeping	10.87	7.00	10.38	6.00	0.49	0.00
Maintenance	4.10	3.00	3.61	2.00	0.49	0.00
Total	**42.25**	**24.50**	**39.69**	**21.00**	**2.58**	**0.00**
Travel Agencies	**6.20**	**4.00**	**6.20**	**4.00**	**0.00**	**0.00**
Tour Operators	**6.96**	**5.00**	**6.87**	**4.00**	**0.39**	**0.00**

Source: BIDS Survey, 2020.

3.5 Types of Leaves Granted to Employees

Table 3.5 presents the incidence of different types of leaves provided to the employees in the hotels and resorts, as well as tour operators and travel agencies, as stipulated in the Labour Act, 2006 and Labour Rules, 2015. It is found that about 91-98% of hotels and resorts, and almost all of the travel agencies and tour operators provide different types of leaves entitled by the employees. However, many of these enterprises do not appear to provide paid maternity leaves, a gross violation of the above labor act and rules. Instead, many of the female employees are granted unpaid maternity leaves. In contrast, the situation is not that gloomy for weekly leave, casual leave, and sick leave. Despite being small enterprises, the performance of the travel agencies and tour operators appears to be better than that of the hotels and resorts.

Table 3.5: Incidence of Different Leaves by Pay Status

Types of leaves	Percent of Enterprise that Provides		
	Paid	**Unpaid**	**All**
Hotels and Resorts			
Weekly	91.30	-	91.30
Casual	82.61	2.61	86.96
Sickness	95.65	2.61	98.26
Maternity	64.35	33.91	98.26
Travel Agencies			
Weekly	86.00	14.00	100.00
Casual	86.00	14.00	100.00
Sickness	84.00	16.00	100.00
Maternity	38.00	2.00	40.00
Tour Operators			
Weekly	100.00	-	100.00
Casual	100.00	-	100.00
Sickness	100.00	-	100.00
Maternity	50.00	-	50.00

Source: BIDS Survey, 2020.

3.6 Benefits to Employees

Enterprises are supposed to provide various types of benefits. While some of these benefits are mandated by the concerned rules and regulations, others are provided to retain the employees in the enterprises. While enterprises are required to provide the mandatory benefits as per existing rules and regulations, the optional benefits are crucially dependent on the business cycles of the sector and the concerned enterprises. Some of the major benefits include bonus, gratuity, provident fund, life insurance, health insurance, loan facilities, etc. Benefits provided by the enterprises to their employees are presented in Table 3.6.

There are variations in provisions of benefits between 2019 and 2020. Hence, the test was conducted to see if there are any significant differences in the provision of benefits between 2019 and the pandemic year, 2020. The test of proportion suggests that there is a significant gap in providing bonus in 2019 and 2020. About 89% of hotels and resorts, 94% of travel agencies, and 96% of tour operators provided bonus in 2019; whereas, in 2020, 68% of hotels and resorts, only 12% of travel agencies, and 7% of tour operators provided bonus to their employees. It is evident from the table that 40% of hotels and resorts provide loan facilities, followed by others (34%), health insurance (8.8%), provident fund and life insurance. It is also evident that there are only two types of benefits available in travel agencies, namely bonus and loan facilities. Along with bonus and loan facilities, life and health insurance are provided by tour operators, though the providing percentage is insignificant.

Table 3.6: Benefits Provided to the Employees

(in percent)

Benefits	2019	2020	Diff. (Std. Error)
Hotels and Resorts			
Bonus	88.50	68.70	19.80*** (5.30)
Gratuity	5.30	5.20	0.10 (3.00)
Provident Fund	7.10	7.00	0.10 (3.40)
Life Insurance	2.65	2.61	0.05 (2.12)
Health Insurance	8.80	13.90	-5.10 (4.20)
Loan Facilities	40.70	40.90	-0.20 (6.50)
Others	34.50	29.60	4.90 (6.20)
Travel Agencies			
Bonus	94.00	12.00	82.00*** (5.70)
Loan Facilities	10.00	2.00	8.00* (4.70)
Tour Operators			
Bonus	96.30	7.40	88.90*** (6.20)
Loan Facilities	3.70	3.70	0.00 (5.10)
Life Insurance	3.70	3.70	0.00 (5.10)
Health Insurance	3.70	0.00	3.70 (3.60)

Notes: 1. Standard errors are in the parentheses. 2. Figures with one, two, and three asterisks imply significant at 10%, 5%, and 1% error probability levels respectively.
Source: BIDS Survey, 2020.

3.7 Number of Days Operated in 2019 and 2020

Table 3.7 presents the average number of days the enterprise was operational in a quarter between 2019 and 2020. It may be noted that the number of days operated in 2019 was close to 90 in each quarter, which suggests that all the enterprises were operational almost every day. This observation is not driven by outcomes in any particular location, rather it holds in all locations (i.e., Chattogram, Cox's Bazar, Dhaka, and Sylhet) in the year 2019. But the situation changed markedly in 2020. During the first quarter (January–March) in 2020, the average number of days ranged between 70 and 80 for all hotels and resorts and tour operators and travel agencies. However, there was a significant fall in operations in the second quarter as the average number of days operational for hotels and resorts ranged between 0.63 and 35 only. All the hotels and resorts located in Dhaka operated for the highest number of days (35) and it was almost zero days in Sylhet areas, followed by Chattogram and Cox's Bazar.

Similarly, all the tour operators and travel agencies were almost closed in the second quarter of 2020. As the COVID-19 outbreak in Bangladesh started at the end of March 2020, this led to a significant fall of operations in the second quarter of 2020. Even during the third quarter, all the main tourist destinations (i.e., Chattogram, Cox's Bazar, and Sylhet) suffered more from this outbreak compared to Dhaka. The same situation ensued for all the tour operators and travel agencies, with the average days in operation being still quite low compared to the operations of hotels and resorts that survived not through room tariffs but take-away sales of food and beverages. To assess if the differences were not driven by mere chances, t-tests were conducted between the average number of days operated in 2019 and 2020. The last column of Table 3.7 reveals that all the t-values are highly significant, which imply that there were significant differences between the number of days operational in 2019 and 2020.

Table 3.7: Average Number of Days the Enterprise was Operational in 2019 and 2020

Quarter	2019	2020	Diff. (Std. Error)
Hotels and Resorts			
January-March	89.09	75.19	13.90*** (2.21)
April-June	89.90	17.61	72.29*** (3.13)
July-September	90.92	58.83	32.10*** (3.05)
October-December	91.31	74.53	16.77*** (1.68)
Travel Agencies			
January-March	90.02	69.48	20.54*** (3.74)
April-June	91.02	0.60	90.42*** (0.60)
July-September	92.00	21.34	70.66*** (4.45)
October-December	92.00	60.50	31.50*** (5.69)
Tour Operators			
January-March	90.00	80.32	9.68*** (2.99)
April-June	88.07	4.32	83.75*** (4.48)
July-September	92.00	19.97	72.04*** (6.51)
October-December	92.00	59.04	32.97*** (7.20)

Notes: 1. Standard errors are in the parentheses. 2. Figures with three asterisks imply significance at 1% error probability level.
Source: BIDS Survey, 2020.

3.8 Sale of Goods and Services

Average monthly sales of goods and services in hotels and resorts, and travel agencies and tour operators during the calendar months of 2019 and 2020 are presented in Table 3.8. The associated t-test was conducted to see if there is a significant difference in average sales of goods and services between the corresponding months of 2019 and 2020. It is not surprising that sales revenue from goods and services across months in 2019 was persistently higher than that in the year 2020 due to the COVID-19 pandemic that wreaked havoc to the HTS, as much as in the other sectors of the economy. Though the short fall in revenue between January and March in 2020 was relatively low, there was a significant drop during the months from April to the end of the year. For a few tour operators and travel agencies, this drop sometimes reached the nadir and continued till December. This is understandable as hotels and resorts could make up for the loss of room tariffs by selling more take-away food and beverages. These results are consistent with those found in Table 3.7 – the average number of days operated as the COVID-19 wreaked havoc that resulted in such a monumental drop in sales. Further, the average sales revenues of high-ranked hotels and resorts are also higher compared to low-range hotels and resorts. It is also found that the average sales revenues of travel agencies in 2019 (January-December) ranged from Tk. 22 million to Tk. 28 million compared to tour operators with sales revenues ranging from Tk. 14 million to Tk. 18 million. The differences between the lower and upper bounds imply that the sales revenues of travel agencies are a bit higher than those of the tour operators.

Table 3.8: Average Sales of Goods and Services in 2019 and 2020

(in Tk. '000)

	2019	2020	Diff. (Std. Error)
Hotels and Resorts			
January – March	27189.90	22846.24	4343.66** (2219.22)
April – June	25532.05	1901.86	23630.19*** (7731.58)
July – September	25243.57	4708.11	20535.46*** (7357.64)
October – December	26856.63	7289.68	19566.95*** (6966.41)
Travel Agencies			
January – March	22415.70	16323.77	6091.93 (3847.41)
April – June	28095.05	18.06	28076.99*** (4283.27)
July – September	24392.43	1354.86	23037.57*** (4926.24)
October – December	21464.91	2978.35	18486.56*** (3291.25)
Tour Operators			
January – March	17629.64	6166.76	11462.88*** (3152.29)
April – June	17608.27	1240.77	16367.50*** (5135.48)
July – September	14127.71	42.69	14085.02*** (3763.27)
October – December	15528.52	731.77	14796.75*** (4032.28)

Notes: 1. Standard errors are in the parentheses. 2. Figures with one, two, and three asterisks imply significance at 10%, 5%, and 1% error probability levels, respectively.
Source: BIDS Survey, 2020.

3.9 Capital and Operational Costs Incurred in 2019 and 2020

The operational capital, and total expenses of hotels and resorts, as well as travel agencies and tour operators, in 2019 and 2020, are presented in Table 3.9. Similar to the number of days operational in the quarter, these estimates are also presented in quarterly averages. The results are broadly consistent with the results found in the number of days the enterprise remained operational in 2019 and 2020; the average production costs, especially the operational costs, are higher in 2019. However, the capital costs do not appear to follow any regular pattern between 2019 and 2020. While the average operating expenses, capital expenses, and total expenses appeared to have returned to 'normal' in the first quarter of 2020, these expenses decreased significantly during the second and third quarters before trending upward in the fourth quarter. This is not unexpected as all of the enterprises were almost closed due to the COVID-19 outbreak during these periods or the enterprises might have tried to cut down expenses in whatever ways possible. Despite that many of the enterprises experienced virtually no sales revenues during these two quarters, several of them had to incur positive expenses. To confirm that the differences do not show up as a sampling anomaly, a t-test was performed; the results presented in Table 3.9 corroborate that there are significant differences in costs between the two on a quarter-to-quarter basis. It may also be noted that expenses depend on types or ranks of hotels and resorts; expenses in 5-star hotels and resorts are higher than those in 3-star or 4-star hotels and resorts. The expenses appear to follow an inverted V-shaped trend in 2020 while it follows a secular flat trend in 2019 across quarters. Similar patterns may be observed for the travel agencies and the tour operators both in 2019 and 2020 across the quarters. Finally, the fall in expenses is quite discernible across all three types of tourism enterprises.

Table 3.9: Average Costs in 2019 and 2020

(in Tk. 000)

	2019	2020	Diff. (Std. Error)
Hotels and Resorts			
January – March	19778.89	19741.19	37.71 (1581.07)
April – June	20683.45	6133.38	14550.07*** (4344.55)
July – September	20753.47	10034.17	10719.30*** (3752.07)
October – December	20084.73	10057.98	10026.74*** (3389.43)
Travel Agencies			
January – March	7596.64	5811.63	1785.02* (973.11)
April – June	10792.47	329.86	10462.61*** (3876.35)
July – September	8468.43	702.21	7766.22*** (2319.23)
October – December	7630.29	3098.93	4531.37*** (1162.43)
Tour Operators			
January – March	16991.63	7110.56	9881.07*** (3127.31)
April – June	16478.19	980.48	15497.71*** (4625.84)
July – September	13841.84	452.25	13389.59*** (3793.74)
October – December	14881.76	411.90	14469.86*** (3725.83)

Notes: 1. Standard errors are in the parentheses. 2. Figures with one, two, and three asterisks imply significance at 10%, 5%, and 1% error probability levels respectively.
Source: BIDS Survey, 2020.

3.10 Gross and Net Operating Surplus in 2019 and 2020

The foregoing analyses reveal that both the revenues and sales of the tourism enterprises fell sharply during the COVID-19 pandemic. This phenomenon, however, does not elucidate its impact on the tourism sector unless operating surplus or profit is taken into account. The gross and net operating surplus may remain positive when the fall in the average costs is lower than that of the average revenue. It is, therefore, imperative to delve into the twin falls further. To that end, the average gross and net operating surpluses are estimated for the major three sub-sectors of the tourism sector (Table 3.10). For this purpose, the average gross and net operating surpluses are derived as the difference between the average sales revenue and the total average operating costs and total average costs, respectively.

Table 3.10: Average Gross and Net Operating Surplus in 2019 and 2020

(in Tk. 000)

	2019	2020	Diff. (Std. Error)
Hotels and Resorts			
	Gross Operating Surplus		
January – March	8080.79	4306.96	3773.83** (1734.61)
April – June	5182.89	-4127.80	9310.68** (4643.88)
July – September	4513.62	-5043.23	9556.84** (4911.08)
October – December	6804.99	-2642.64	9447.63** (4389.59)
	Net Operating Surplus		
January – March	7275.91	2967.01	4308.90** (2122.01)
April – June	4713.98	-4399.07	9113.05** (4647.20)
July – September	4354.90	-5485.95	9840.85** (4907.64)

October – December	6637.87	-2919.48	9557.36** (4391.90)
Travel Agencies			
	Gross Operating Surplus		
January – March	15752.60	10625.96	5126.63 (4266.89)
April – June	17421.25	-302.44	17723.69*** (3766.72)
July – September	16087.80	662.60	15425.20*** (4577.06)
October – December	13939.32	-112.14	14051.45*** (3273.85)
	Net Operating Surplus		
January – March	14941.24	10623.24	4317.99 (4372.77)
April – June	17417.76	-303.04	17720.80*** (3766.79)
July – September	16049.42	661.60	15387.82*** (4573.82)
October – December	13936.10	-113.98	14050.07*** (3274.02)
Tour Operators			
	Gross Operating Surplus		
January – March	990.74	-667.89	1658.63 (1092.00)
April – June	1141.97	260.30	881.67 (2299.43)
July – September	286.24	-409.35	695.60 (1355.33)
October – December	686.69	320.67	366.01 (1608.97)
	Net Operating Surplus		
January – March	638.01	-943.80	1581.81 (1003.78)
April – June	1130.08	260.30	869.79 (2298.29)
July – September	285.88	-409.56	695.44 (1355.34)
October – December	646.76	319.87	326.89 (1608.43)

Notes: 1. Standard errors are in the parentheses. 2. Figures with one, two, and three asterisks imply significance at 10%, 5%, and 1% error probability levels respectively.
Source: BIDS Survey, 2020.

As expected, the gross operating surplus is always higher than the net operating surplus. The results also reveal that the adverse impact of the COVID-19 pandemic was minimal during the first quarter of 2020 as the gross and net operating surplus of two of the three sub-sectors, viz. hotels and resorts as well as the travel agencies were positive. All three sub-sectors bore the brunt of the COVID-19 pandemic from the second quarter on. One of the plausible reasons for the tour operators to bear the brunt earlier could be the loss of international tourists as the COVID-19 pandemic hit many other countries before it made inroads in Bangladesh.

3.11 Labor Turnover in 2019 and 2020

The incidence of hiring and retrenching/leaving jobs in the tourism sub-sectors is presented in Table 3.11. One usually expects an increased incidence of hiring when the sector booms than when the sector is in a slump. It may be noted that the average number of workers hired by the hotels and resorts was 6.63 in 2019, which is significantly higher than 4.98 as reported for 2020. Most of the workers were hired for food production and food services followed by front office and housekeeping. In all of the departments, the extent of hiring is lower 2020 vis-à-vis 2019. One of the reasons for such stagnancy in hiring could be the COVID-19 pandemic that rubbed the entire tourism industry. In contrast, there is hardly any hiring by the travel agencies and tour operators either in 2019 or in 2020.

Table 3.11: Average Labor Turnover in 2019 and 2020

(in number)

Trades/Total	2019	2020	Diff. (Std. Error)
Hotels and Resorts: Workers Hired			
Front Office	1.33	0.83	0.49*** (0.18)
Food & Beverage (Service)	2.25	1.59	0.66 (0.41)
Food & Beverage (Production)	2.00	1.52	0.48 (0.50)
Housekeeping	1.89	1.69	0.19 (0.28)
Maintenance	0.33	0.17	0.16** (0.08)
Total	6.63	4.98	1.65* (0.98)
Hotels and Resorts: Workers Retrenched/Left			
Front Office	0.54	1.86	-1.33*** (0.21)
Food & Beverage (Service)	1.02	3.54	-2.52*** (0.40)
Food & Beverage (Production)	0.81	2.80	-1.99*** (0.35)
Housekeeping	1.10	2.97	-1.88*** (0.29)
Maintenance	0.13	0.35	-0.22*** (0.07)
Total	3.11	9.84	-6.74*** (0.83)
Travel Agencies			
Workers Hired	0.29	0.12	0.16 (0.19)
Workers Retrenched/Left	0.02	0.61	-0.59*** (0.20)
Tour Operators			
Workers Hired	1.22	0.22	1.00 (0.74)
Workers Retrenched/Left	0.26	1.83	-1.57 (1.10)

Notes: 1. Standard errors are in the parentheses. 2. Figures with one, two, and three asterisks imply significance at 10%, 5%, and 1% error probability levels respectively.
Source: BIDS Survey, 2020.

Not unexpectedly, the opposite situation may be observed in the case of retrenching employees or employees leaving jobs in 2019 and 2020 (Table 3.11). The first type of outcome is akin to the fate of the bare-foot hedge fund managers as illustrated by Banerjee and Duflo (2011): when the majority of the enterprises cut back costs, the brunt of the heat is felt by the casual workers as they can be easily retrenched. Of course, a small fraction of the workers leaves their jobs voluntarily for numerous other reasons. While hotels and resorts retrenched about 3 workers in 2019, the process precipitated when as many as 10 workers were retrenched in 2020. Even smaller enterprises such as travel agencies and tour operators retrenched at least one worker in 2020. Comparing average hiring and retrenchment, one can conclude that per enterprise employment in the hotels and resorts increased by about 4 workers in 2019 but declined by about 5 workers in 2020.

Chapter 4 Skill Compositions, Gaps, and Shortage

This section describes the existing skill gap perceived and the skill shortage experienced by employers of hotels and resorts, travel agencies, and tour operators. Disaggregated analyses were carried out across star-rank of hotels and resorts as these enterprises consist of several departments that require special skills. In contrast, the analysis is conducted at the aggregate level based on the data collected from the travel agencies and tour operators through ATAB and TOAB respectively. As mentioned earlier, several members of ATAB and TOAB were found to operate both as travel agencies and tour operators simultaneously.

4.1 Temporal Dynamics of Skill Levels

The level of required skills of the employees as perceived by the employer is a critical indicator of skill gap analysis. To that end, the respondents, who happen to be the employer themselves or their agents, were asked to define the level of skills of their employees both at present and at the time of joining at the respective enterprises across each of the four departments. The employers seem to be satisfied with the level of different skills of their employees at present, as the average score on current skill levels ranges between 4 to 5, which means that employers perceive the level of skill of their employees as "proficient" (Table 4.1). The same findings on skill levels as perceived by employers hold across all the four departments. These findings are also evident when the analyses are carried out at the disaggregated level; the employees of 2-, 3-, 4-, and 5-star hotels and resorts seem "proficient" as perceived by the employers (see Table A.1 in Annex A).

Table 4.1: Skill of Employees across the Departments of Hotels and Resorts

Departments	At present	At the time of joining	Diff. (Std. Error)
Front Office			
Greeting guests	4.649	3.637	1.012*** (0.031)
Handling of incoming & outgoing calls	4.620	3.652	0.968*** (0.033)
Billing	4.675	3.755	0.920*** (0.034)
Language proficiency	4.484	3.558	0.926*** (0.032)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.636	3.644	0.993*** (0.036)
Complaint handling	4.592	3.607	0.986*** (0.034)
Simple Billing	4.627	3.710	0.916*** (0.035)
Language proficiency	4.430	3.522	0.908*** (0.034)
Food and Beverage (Production)			
Innovation/creative skill towards developing new cuisines & offerings	4.848	4.237	0.61*** (0.042)
Hygiene and cleanliness	4.757	3.797	0.959*** (0.036)
Time management skills	4.633	3.684	0.949*** (0.034)
Cost management	4.509	3.581	0.929*** (0.033)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.524	3.436	1.088*** (0.036)

Departments	At present	At the time of joining	Diff. (Std. Error)
Responding to guest requirements	4.567	3.533	1.034*** (0.036)
Complaint handling	4.484	3.452	1.032*** (0.036)
Language proficiency	4.322	3.285	1.037*** (0.036)

Notes: a. Skill levels are defined as follows: 1= Not proficient at all; 2= Somewhat Proficient; 3= Neither proficient nor incompetent;4= Proficient; 5= Highly Proficient. b. As more than one employee was assessed in each enterprise the numbers of observations are some multiple of the number of enterprises surveyed. c. Figures with one, two, and three asterisks are significant at 10%, 5%, and 1% error levels.
Source: BIDS Survey, 2020.

We also asked the employers how they found their employees when they commenced their work at the respective enterprises. Overall, the employers specified the level of skill of their employees at the time of joining as “Neither proficient nor incompetent” (scale between 3 to 4), and this perceived level of skill is more or less similar across the four departments of all the four categories with star-ranks (Table A.1 in Annex A). The difference in the level of skills at present and at the time of joining is positive, which implies that employees enhanced their efficiency and skills after joining the respective enterprises. However, the current analyses do not reveal as to whether employers facilitated employees in terms of skill enhancement through on-the-job or formal training or employees themselves completed different paid or unpaid training activities to upgrade their existing levels of skill.

Travel agents and tour operators were also asked to define the level of skills of their employees at present as well as at the time of joining. It may be noted that the dividing line between travel agency and tour operator is blurred as several enterprises of either group are involved in activities of the other group. As a result, one finds a few enterprises work as both travel agents and tour operators. However, the majority of the enterprises are involved in the line of business as reflected in the broad activities of their associations. Given these issues, the analyses are carried out both at the aggregate level, disregarding whether the enterprise carries out only one or both activities, as well as at the disaggregated level.

When enterprises with the membership of ATAB are considered, the employers seem to be “satisfied” with the level of following skills of their employees: the ability to work as a travel advisor, ability to use ticketing software, passenger routing skills, and procedural knowledge on Visa/Passport. Average scores on the existing level of these skills turned up between 4 to 4.5, which means that employers perceive the level of skills of their employees as “proficient” (upper panel in Table 4.2). In contrast, average scores on the existing level of the rest of the proxies for skills came out between 3 to 4, which reflects that the existing skill level is “somewhat proficient” as perceived by employers. When members of TOAB are considered, the employers seem to be “somewhat satisfied” over the level of different skills of their employees at present as the average score on the existing level of skills of employees turned up between 3 to 4, which means that employers perceive the level of skill of their employees as “somewhat proficient” (lower panel of Table 4.2).

Table 4.2: Skill of Employees of Travel Agencies and Tour Operators

Skill Descriptions	At present	At the time of joining	Diff. (Std. Error)
Travel Agencies (Member of ATAB)			
Ability to work as Travel Advisor	4.149	2.934	1.215*** (0.076)
Ability to use ticketing software	4.107	2.860	1.248*** (0.075)
Geographical knowledge	3.967	2.934	1.033*** (0.072)
Passenger routing skills	4.132	2.942	1.190*** (0.073)
Procedural knowledge on Visa/Passport	4.447	3.166	1.281*** (0.089)
Fluency in English in dealing with foreigners	3.653	2.851	0.802*** (0.063)
Knowledge about hotels and site seeing locations	3.785	2.703	1.083*** (0.084)
Fluency in Bangla with standard accent	3.901	3.297	0.603*** (0.068)
Skill to handle tourists	3.950	2.992	0.959*** (0.069)
Skills to understand the tourist requirements	3.934	3.025	0.909*** (0.067)
Tour Operators (Member of TOAB)			
Ability to work as Travel Advisor	3.794	2.647	1.147*** (0.085)
Ability to use ticketing software	3.368	2.426	0.941*** (0.066)
Geographical knowledge	3.706	2.736	0.971*** (0.072)
Passenger routing skills	3.750	2.765	0.985*** (0.092)
Procedural knowledge on Visa/Passport	3.647	2.676	0.971*** (0.091)
Fluency in English in dealing with foreigners	3.633	2.824	0.809*** (0.057)
Knowledge about hotels and site seeing locations	3.618	2.662	0.956*** (0.071)
Fluency in Bangla with standard accent	3.824	3.397	0.426*** (0.064)
Skill to handle tourists	3.794	3.074	0.721*** (0.096)
Skills to understand the tourist requirements	3.765	3.015	0.75*** (0.088)

Notes: a. Skill levels are defined as follows: 1= Not proficient at all; 2= Somewhat Proficient; 3= Neither proficient nor incompetent;4= Proficient; 5= Highly Proficient. b. As more than one employee was assessed in each enterprise the numbers of observations are multiple of the number of enterprises surveyed. c. Figures with one, two, and three asterisks are significant at 10%, 5%, and 1% error levels.
Source: BIDS Survey, 2020.

When the employers were asked to measure the level of skills of their employees at the time of joining; it was noted that neither the ATAB nor the TOAB employers were much satisfied with the employees with no experience, especially for the following skills: the ability to work as Travel Advisor, ability to use ticketing software, geographical knowledge, passenger routing skills, fluency in English in dealing with foreigners, knowledge on various hotels and site seeing locations, skill to handle tourists. The differences between the level of skill at present and at the time of joining (as perceived by both TOAB and ATAB members) are positive, which imply that employees enhanced their efficiency and skill after joining at the respective enterprises. However, the existing analyses do not reveal the underlying reasons for this excellence; whether the employers facilitated employees in terms of skill enhancement or the employees themselves became involved in different training activities to upgrade their existing levels of skill.

As mentioned earlier, the sample of enterprises either from the ATAB or the TOAB are not homogeneous in their business activities. While most are involved in either travel agency or tour operator activity only, about one-quarter of them are engaged in both activities. To assess if the aggregate results mask the individual differences, a preponderant issue in the small sample, the analyses are carried out at disaggregated level across the three categories: (a) travel agency only, (b) tour operator only, and (c) both a travel agency and tour operator. Evidence from disaggregated estimates corroborates the ones found from the aggregate estimates (Table A.2 in Annex A).

4.2 The Mismatch Between Actual and Desired Level of Education and Experience

As in other sectors, employers desire to employ workers with adequate academic qualifications and experience. However, there is always a mismatch between expectation and actual recruitment because of internal and external factors. To gauge the extent of the mismatch, the employers were asked to rate the existing level of education of their employees as well as the level of education they desire from their employees. The upper panel of Table 4.3 shows the actual level of education of the employees of hotels and resorts, travel agencies, and tour operators vis-à-vis the expected level together with the ensuing differences. The disaggregated levels of education and experience by star-ranks and types of activities of travel agencies and tour operators are presented in Table A.3 in Annex A. The average level of education of employees in different departments within hotels and resorts varies between 10 to 13 years, while those in travel agencies and tour operators are about 14 years. Even though the magnitudes of difference between actual and desired levels are 'small', they are, nevertheless. significant. To produce food and beverages as well as housekeeping, the actual level of education is about 1-year below what the employers desired. In contrast, the gaps are higher in the case of travel agencies and tour operators. This is obvious as these enterprises need graduates from specialized academic institutions whose sheer numbers are few and far between. Besides, the best graduates from these few specialized institutions usually seek their fortunes out of the country for better pay.

Table 4.3: Mismatch in the Level of Education and Experience

Department/Enterprise	Actual	Desired	Diff. (Std. Error)
Level of Education (Years)			
Hotels and Resorts			
Front Office	12.716	12.688	0.027*** (0.114)
Food and Beverage (Service)	11.896	12.117	-0.221** (0.097)
Food and Beverage (Production)	9.536	10.345	-0.809*** (0.088)
Housekeeping	10.498	11.085	-0.587*** (0.117)
Travel Agencies	13.585	14.500	-0.915*** (0.198)
Tour Operators	13.530	14.618	-1.088*** (0.223)
Experience at the Entry Level (Years)			
Hotels and Resorts			
Front Office	3.273	2.945	0.328* (0.177)
Food and Beverage (Service)	3.804	2.679	1.125*** (0.192)
Food and Beverage (Production)	4.902	3.069	1.833*** (0.236)
Housekeeping	3.541	2.506	1.035*** (0.204)

Department/Enterprise	Actual	Desired	Diff. (Std. Error)
Travel Agencies	3.974	4.272	-0.298 (0.385)
Tour Operators	2.465	3.647	-1.182** (0.471)

Notes: a. As more than one employee was assessed in each enterprise the numbers of observations are some multiple of the number of enterprises surveyed. b. Figures with one, two, and three asterisks are significant at 10%, 5%, and 1% error levels.
Source: BIDS Survey, 2020.

The lower panel of Table 4.3 presents the actual years of experience employees brought with them when they joined the enterprises vis-à-vis the levels the employers expected. The disaggregated estimates by star-rank of hotels and resorts as well as by types of activities by travel agencies and tour operators are presented in Table A.3 in Annex A. It is found that employees have on average 3-4 years of experience in similar occupations in both hotels and resorts, travel agencies, and tour operators. In contrast, to the unmet expectations of the employers for years of education, the actual level of experience appears to be higher than the desired levels across all departments of hotels and resorts; only tour operators appear to be content with about 1-year of shortage of experience of their employees.

4.3 Existence of Skill Gaps and Effectiveness of Training in Mitigating Skill Gaps

Skills gap refers to "a situation where employers are hiring workers whom they consider under-skilled or that their existing workforce is under-skilled relative to some desired levels" (Shah & Burke, 2003). In contrast, Strietska-Ilina (2008) emphasizes that the skill gap is "the existence" rather than "a situation". Skills gaps exist where "employers feel that their existing workforce have inadequate skill types/levels to meet their business objectives," or where new entrants appear to be qualified but actually are not. In fact, skills gaps are "used to describe the qualitative mismatch between the supply or availability of human resources and the requirements of the labour market" (Strietska-Ilina, 2008).

4.3.1 Training on Hotel Management and Tour Operations by the SEIP

Several public and private training institutes conduct formal academic courses on hospitality and tourism both at the undergraduate and graduate levels. Besides, there are mostly private training institutes that conduct hands-on training on several trades of the HTS. Annex C provides a non-exhaustive list of such training institutes. Given the skill gap and skill shortage in the HTS, the government has focused on a series of trades in training programs[1] under the Tourism and Hospitality Industry Skill Council where 6412 participants enrolled in seven different courses on Hotel Management and Tour operations (Table 4.4). These seven courses are designed to develop the skills of participants through providing adequate training

[1] https://tms.seip-fd.gov.bd/CourseSummary/MzE=

on relevant activities of the four distinct departments of Hotel Management: Front Desk, Food and Beverage (Production), Food and Beverage (Service), and Housekeeping.

As many as 2058 participants enrolled in three different courses relevant to operations of Food and Beverage (Production) whereas the target number of participants was 3123. Around 35% of participants were female whereas this proportion was highest in the course "Bakery & Pastry Production". More than 80% of participants (who enrolled for the course) appeared in the assessment process and 98% of these assessed participants were certified. However; when the competence of these trainees to enter the job market is considered; the proportion becomes smaller; 84% of "assessed" trainees applied for employment and the job placement ratio (proportion of certified trainees who got jobs) is around 81% whereas disaggregation across the three different courses in Food and Beverage (Production) depicts a different scenario; job placement ratio is highest (95%) in "Bakery and Pastry Production" course.

When courses on Food and Beverage (Service) are taken into account, it is observed that as many as 2272 participants enrolled in two different courses relevant to operations of Food and Beverage (Service) whereas the target number of participants was 3200. Around 16% of participants were female. More than 80% of participants (who enrolled in the course) appeared in the assessment process and 97% of these assessed participants were certified. However, the rate of the job application is 82% whereas the job placement ratio is around 84%.

The performances of trainees on two courses on Housekeeping are relatively poor compared to the trainees of Food and Beverage (both Production and Service). The job application rate is 87% whereas the job placement ratio is around 82%.

Table 4.4: Course wise Distribution of Training

	Target achieved (%)	Female ratio	Proportion of Participants (%) assessed for certification	Proportion of Participants (%) certified after assessment	Proportion of Participants certified (%) who applied for job	job placement rate
Food and Beverage-Production						
Food and Beverage Production	100.00	28.96	97.59	98.52	98.52	77.99
Food & Beverage Production (Cooking)	47.83	33.97	62.20	98.60	46.78	89.82
Bakery & Pastry Production	34.43	66.80	61.00	98.64	53.74	94.94
All	**65.90**	**34.79**	**83.43**	**98.54**	**83.93**	**80.29**
Food and Beverage-Service						
Food and Beverage Production Service	100.00	13.67	97.34	97.19	97.19	83.62
Food & Beverage Service	47.00	19.74	59.34	96.81	40.04	83.58
All	**71.00**	**15.93**	**83.19**	**97.09**	**82.01**	**83.61**
House Keeping						
House Keeping	100.00	14.54	94.15	98.37	98.37	81.14
Housekeeping	40.31	15.19	62.33	99.25	46.52	86.10
All	**69.94**	**14.75**	**84.29**	**98.58**	**86.50**	**81.75**

Source: Authors' Calculations based on SEIP Data.

Table 4.5 shows the training summary across different training institutes. Considering the effectiveness of training, Food Cadets, Lipi's Euphoria, Institute of Tourism & Hotel Management, and Master Chef Institute Bangladesh seem to deliver the most effective training with the job placement ratio of 100%. The SAIC Institute of Management and Technology, Bogura, BRAC Institute of Skills Development, BRAC Dokkhota Unnoyon Proshikkhon Kendra, Cox's Bazar, Bangladesh Hotel Management & Tourism Training Institute also depict efficacy in providing the training program in terms of job placement ratio ranging between 87% and 89%. The job placement ratio of the trainees from the Unique Professional Development Academy for Training & Education, Tony Khan Culinary Institute & Hotel Management; UCEP Mirpur Technical School, and Regency Hospitality Training Institute ranges between 82% to 84%.

Table 4.5: Training Provided through Different Training Institutes

	Target achieved (%)	Female ratio	Proportion of Participants (%) assessed for	Proportion of Participants (%) certified after	Proportion of Participants certified (%) who	job placement rate
Banee's Academy of Baking Science and Pastry Art	13.75	63.64	90.91	100.00	100.00	70.00
Bangladesh Hotel Management & Tourism Training Institute	76.12	24.13	82.48	98.09	83.27	87.23
BRAC Dokkhota Unnoyon Proshikkhon Kendra, Cox's Bazar	70.52	10.94	77.34	99.49	80.20	87.97
BRAC Institute of Skills Development	67.97	12.50	84.13	98.57	87.83	88.12
Cox's Bazaar Polytechnic Institute	80.00	26.92	84.62	96.59	88.24	63.33
Food Cadets, Lipi's Euphoria	58.17	30.60	78.23	97.58	74.38	100.00
Institute of Hotel Management & Hospitality	79.71	29.98	85.42	98.80	84.18	77.17
Institute of Tourism & Hotel Management	120.59	12.20	82.93	91.18	100.00	100.00
International Culinary Institute	125.00	30.00	80.00	100.00	100.00	62.50
International Training Institute of Culinary Arts	67.96	25.20	78.05	100.00	82.29	69.62
Master Chef Institute Bangladesh	62.14	28.16	58.05	97.03	35.71	100.00
Moulvibazar Technical School & College	80.00	6.13	87.26	98.38	89.01	73.46
Regency Hospitality Training Institute	68.03	15.91	83.11	99.26	87.54	81.86
SAIC Institute of Management and Technology, Bogura	41.25	20.45	66.67	94.32	46.99	89.74
The AKS Khan Centre for Excellence	47.16	14.23	80.29	95.45	80.00	73.81
Tony Khan Culinary Institute & Hotel Management	42.97	22.69	92.97	98.06	100.00	83.48
Tony Khan Hotel Management Institute	72.44	14.82	90.25	97.78	91.38	75.33
UCEP Mirpur Technical School	69.84	39.49	81.71	99.29	84.65	82.44
Unique Professional Development Academy for Training & Education	104.74	17.59	95.48	94.21	100.00	84.36
Total	65.43	21.60	83.62	98.04	85.77	81.93

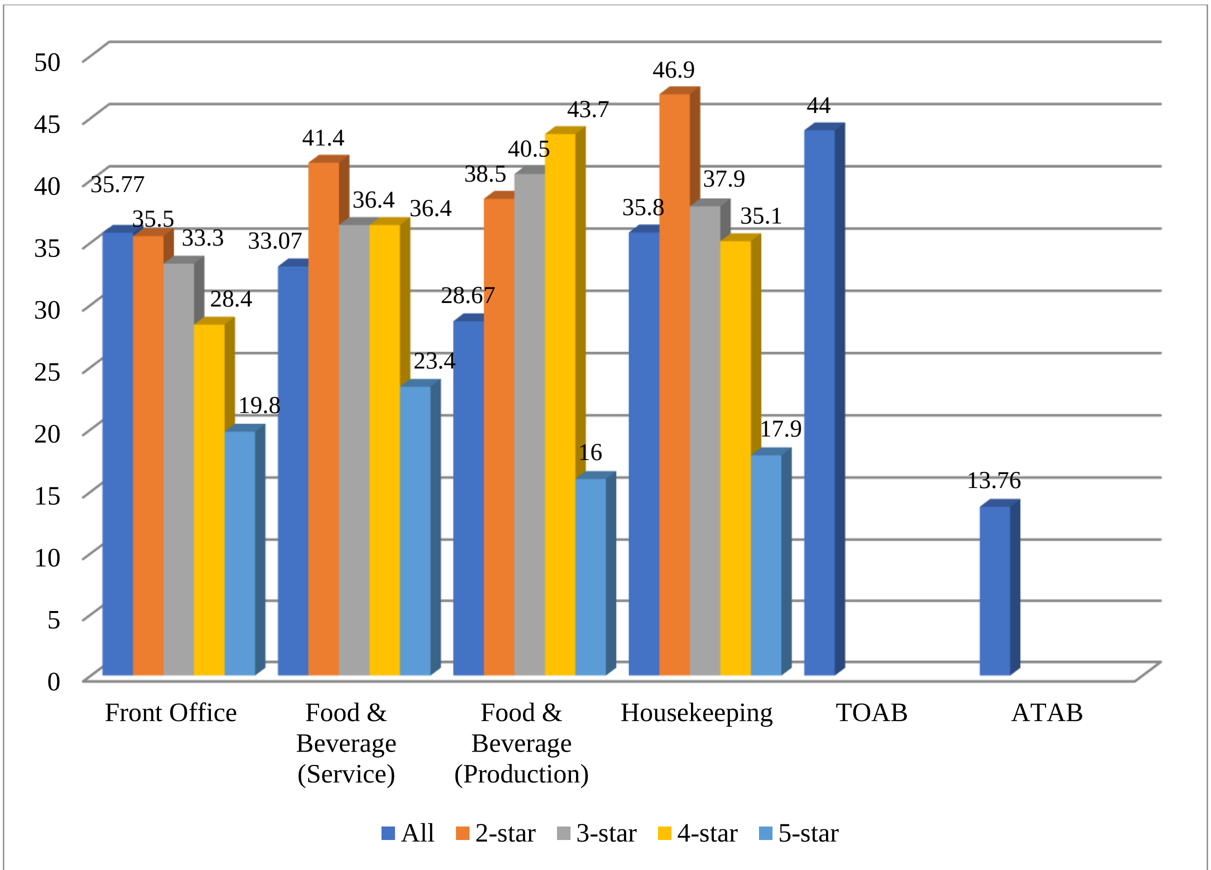
Source: Authors' Calculations based on SEIP Data.

It should also be noted that despite more than 90% job placement ratio in Master Chef Institute Bangladesh and SAIC Institute of Management and Technology, Bogura, a lesser number of trainees were finally assessed for certification and even fewer certified trainees finally applied for jobs compared to other institutes. The ratio of assessed trainees (proportion of participants (%) assessed for certification) in these two institutes is below 70% whereas the average proportion is 85%. On the other hand, the job application ratio (proportion of participants certified who applied for jobs) is below 50% whereas the average proportion is 83%.

4.3.2 Effectiveness of Training in Mitigating Skill Gaps: Survey Results

We asked the enterprises to rate the skill gap in their establishments. In each of the four departments, the percentage of hotels and resorts stating about the existence of skill gap is lowest among 5-star hotels (Figure 4.1). In contrast, more hotels and resorts with 2-star rank stated about skill gap in Food and Beverage Service (41%) and Housekeeping (47%). It should be noted that 3-star and 4-star hotels and resorts face substantial skill gaps in food and beverage (production) more than 40% of 3-star and 4-star hotels and resorts stated about skill gaps in this department.

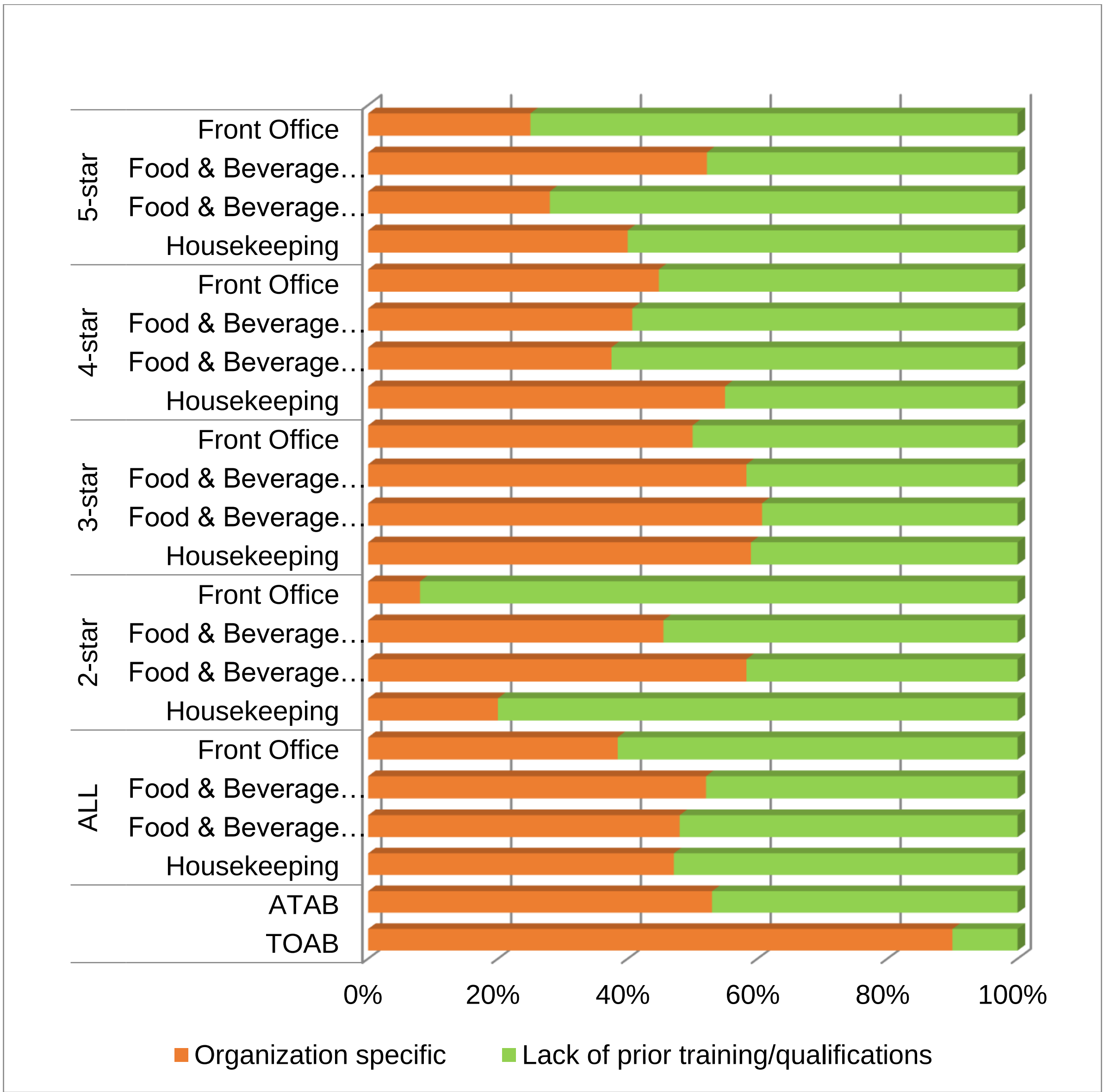
Figure 4.1: Employer's Perception of the Existence of Skill Gap



Source: BIDS Survey, 2020.

We also attempted to understand if the skill gaps are due to special working practices within the enterprises (organization-specific) or due to a lack of training of employees. About 50% or more of the enterprises reported that a skill gap exists in all the four departments of hotels and resorts due to the lack of training of employees (Figure 4.2). More than 60% of 5-star hotels and resorts stated that "lack of training of employees" is the major reason for the existing skill gaps in housekeeping, food and beverage (service), and front office. In contrast, more than 60% of 4-star hotels and resorts reported skill gaps in food and beverage (service) and food and beverage (production) due to inadequate training of employees.

Figure 4.2: Employers' Perception of the Reasons Behind Skill Gaps



Source: BIDS Survey, 2020.

The employers were also asked if training facilities may contribute to mitigating the existing skill gaps or not. More than 70% of enterprises reported that training will be "most effective" to mitigate skill gaps in food and beverage (service and production), and housekeeping (Table 4.6). In contrast, a sizeable proportion (55%) of enterprises stated that training will be "most effective" to mitigate skill gaps in the front office. Whenever we explored the responses at a more disaggregated level, we found that almost all of the 5-star hotels stated that training will be "most effective" in resolving the skill gaps in the front office and housekeeping, whereas more than 80% of 5-star hotels reported training as the "most effective" mechanism to mitigate skill gaps in food and beverage (service and production).

Table 4.6: Employers' Perception on the Efficacy of Training in Mitigating Skill Gap

	Effectiveness	Front Office	Food and Beverage (Service)	Food and Beverage (Production)	Housekeeping
2-Star	Not effective at all	27.27	16.67	12.00	6.67
	Effective	36.36	16.67	48.00	40.00
	Most effective	36.36	66.67	40.00	53.33
3-Star	Not effective at all	-	-	-	-
	Effective	20.00	30.36	48.44	27.87
	Most effective	80.00	69.64	51.56	72.13
4-Star	Not effective at all	-	-	-	-
	Effective	33.33	43.75	37.93	300.00
	Most effective	66.67	56.25	62.07	70.00
5-Star	Not effective at all	-	-	-	-
	Effective	-	4.00	16.67	-
	Most effective	100.00	96.00	83.33	100.00
All	Not effective at all	2.31	1.60	2.48	1.65
	Effective	43.08	27.20	20.66	28.93
	Most effective	54.62	71.20	76.86	69.42

Source: BIDS Survey, 2020.

Similarly, around 44% of TOAB enterprises and only 14% of ATAB enterprises stated that skill gaps exist in their enterprises (not shown in table). Around 90% of the TOAB enterprises stated that these skill gaps are due to special working practices within the enterprises (organization-specific) while this proportion is 53% among the ATAB enterprises. In contrast, 47% of ATAB enterprises reported that "lack of training of employees" is the major reason for existing skill gaps while this percentage is lower among TOAB enterprises (10%). The enterprises were also asked if training facilities may contribute to mitigating the existing skill gaps or not. Almost all of the TOAB and ATAB enterprises reported that training will be "most effective" to mitigate skill gaps.

4.4 Skill Shortage

Skill shortage occurs when the demand for workers is greater than the supply of workers who are qualified, available, and willing to work under existing market conditions (Shah & Burke, 2003). In practical work, shortages have always been interpreted or even defined directly, in terms of difficulties in filling up certain vacancies. In general, a shortage in an occupation is the aggregation of hard-to-fill vacancies across firms. These are vacancies that remain unfilled after the lapse of reasonable time despite all considerable efforts by the enterprises. Employers may report shortages of particular workers or difficulties in filling vacancies, either because there are not enough of them or else those who are available do not possess skills deemed necessary by employers. Employers may face other recruitment difficulties when they cannot fill vacancies despite an adequate supply of workers. The reasons for this may be varied. They could include such things as relatively low remuneration being offered, poor working conditions, poor image of the industry, unsatisfactory working hours, location hard to commute to and from, ineffective recruitment effort by the firm, or skills needs that are very specific to the firm (Yunus & Chowdhury, 2016).

Table 4.7: Unfilled Vacancies in the Enterprises

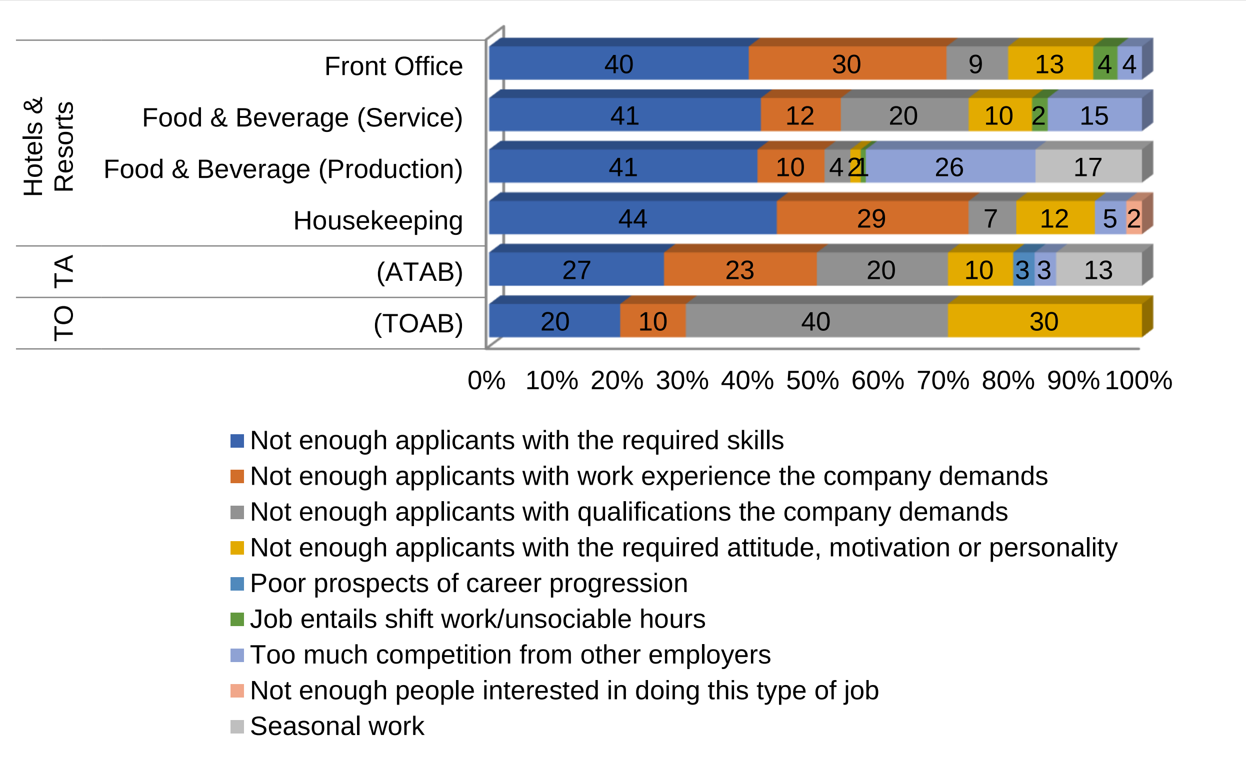
Department	Number of Enterprises	Total Number of Vacancies	Average Number of Vacancies
Hotels and Resorts			
Front Office	113	132	1.17
Food & Beverage (Service)	113	213	1.88
Food & Beverage (Production)	113	178	1.58
Housekeeping	113	124	1.10
Travel Agencies (ATAB)	**50**	**79**	**1.58**
Tour Operators (TOAB)	**24**	**64**	**2.67**
Travel Agency Only	45	69	1.53
Tour Operator Only	19	51	2.68
Both Travel Agency and Tour Operator	10	23	2.30

Source: BIDS Survey, 2020.

The employers of hotels and resorts were asked to report the vacancies at different designations. It may be noted that 113 of the 115 hotels and resorts reported unfilled vacancies at any level. However, the average number of vacancies per enterprise was only one in the front office and housekeeping and on average two vacancies in food and beverage production and service (Table 4.7). Similarly, 75 of 78 or 96% of travel agencies and tour operators reported unfilled vacancies, which vary between 2-3 posts. While most of the enterprises in the tourism sub-sectors are ravaged by the hard-to-fill vacancies, the problem is not acute in the sense that such posts are limited to 1-3 posts per enterprise, except for the tour operators where one observes a higher incidence of vacancies.

The employers were asked about the main causes of hard-to-fill vacancies. For hotels and resorts “not enough applicants with required skill” came up as the major reason (Figure 4.3). For the housekeeping department in hotels and resorts, around 44% of the respondents reported this as the main cause, while for food and beverage (both service and production) and front office this cause is reported at 41%, 41%, and 40% respectively. The second important cause for hard-to-fill vacancies varies across departments in hotels and resorts; for front office and housekeeping, it is ‘not enough applicants with the work experience the enterprise demands’, for food and beverage (production and services) it is ‘not enough applicants with qualifications the enterprise demands or not enough applicants with right attitudes and motivations.

Figure 4.3: Major Causes of Hard-to-fill Vacancies by Enterprises



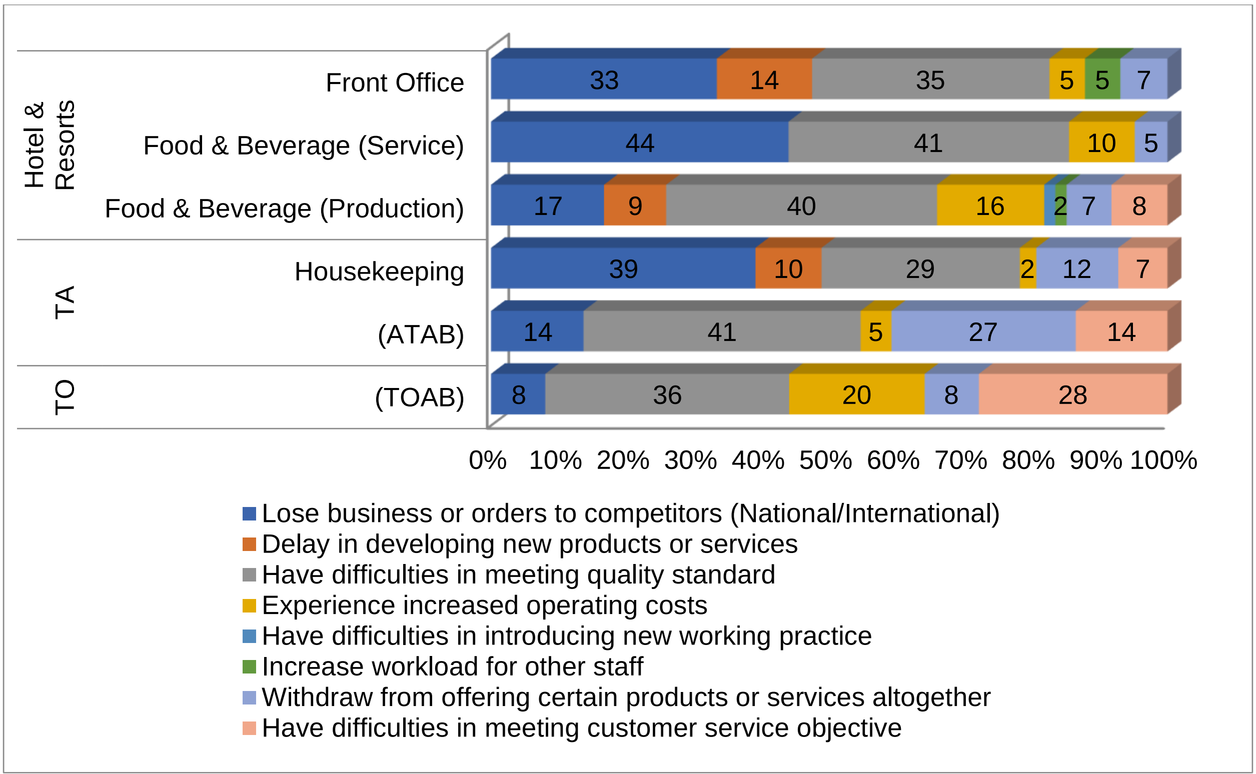
Source: BIDS Survey, 2020.

When the employers of travel agencies and tour operators were asked about the main causes of hard-to-fill vacancies, an “inadequate supply of applicants with required skills and qualifications” came up as one of the major reasons (Figure 4.3). More than 40% of the respondents from travel agencies and tour operators reported this as the main cause of “hard-to-fill vacancies”. “Not enough supply of applicants with required attitude, motivation or personality” is another main cause of hard-to-fill vacancies as reported by 30% of tour operator enterprises while “lack of work experience” has been reported by more than 20% of travel agencies.

4.4.1 Impacts of Hard-to-Fill Vacancies

The impacts of hard-to-fill vacancies of enterprises are diverse (Figure 4.4). More than 30% of enterprises in hotels and resorts reported that the production and service of food and beverage as well as front office are adversely affected in terms of “challenges and difficulties in introducing new working practice”. This means that the vacancies in the former two sections impede the process of introducing modern and new working practices in culinary. On the other hand, more than 30% of the employers reported that vacancies in housekeeping, front office, and food and beverage (service) result in revenue losses because of the reduced number of guests.

Figure 4.4: Major Impacts of Hard-to-fill Vacancies



Source: BIDS Survey, 2020.

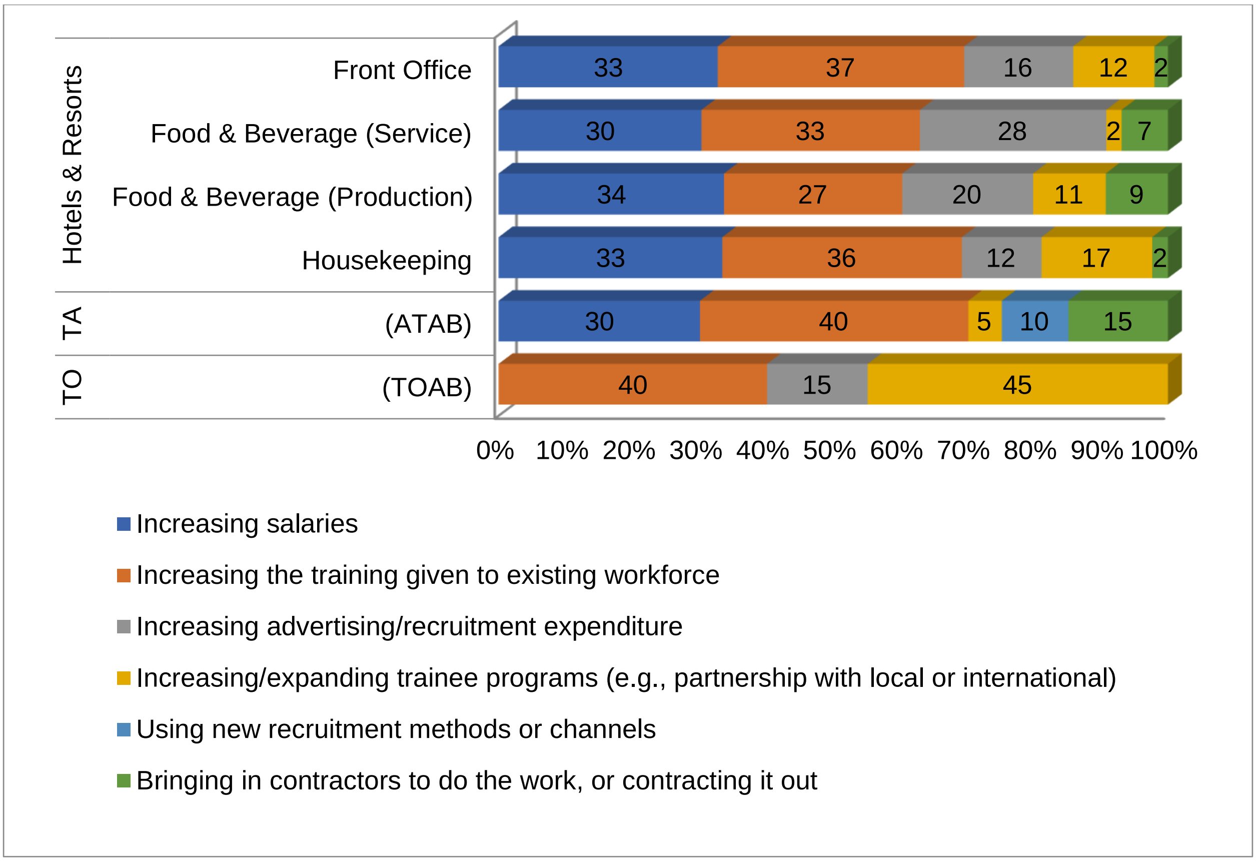
In contrast, the majority of TOAB and ATAB enterprises report that "hard-to-fill vacancies" lead to difficulties in maintaining the standard quality of service. More than 25% of ATAB enterprises reported that they have to forgo the provision of offering certain products to customers due to a lack of workforce. A similar percentage of TOAB enterprises reported that they find it difficult to meet certain customer service objectives owing to a shortage of employees as a result of 'hard-to-fill vacancies.

4.4.2 Actions to Fill up Hard-to-fill Vacancies

"Increasing salaries" and "increasing the skill level of the existing workforce through providing training" came up as the major two actions to mitigate the adverse effects of "hard-to-fill vacancies" as stated by employers of hotels and resorts. Increasing advertisements and redesigning the recruitment process came up as another suggested action by them (Figure 4.5).

"Increasing the provision of training for employees" came up as the most effective action to fill up hard-to-fill vacancies as stated by the majority of TOAB and ATAB enterprises (Figure 4.5). However, "increasing salaries" is another solution to fill up this type of vacancy as reported by 30% of ATAB enterprises.

Figure 4.5: Actions Taken to fill up Hard-to-fill Vacancies



Source: BIDS Survey, 2020.

4.5 Insights from Consultation with the Stakeholders

To supplement the quantitative assessment, a consultative meeting with stakeholders was organized on 31st December 2020 at BIDS.[2] The panelists in the consultation workshop also echoed the same about the existing scenario of skill gaps and skill shortage in this sector. At present, there are about 18 public and private universities that offer graduate and post-graduate degrees in hospitality and tourism management. If all the graduates had been inclined to serve in this sector after graduation, the labor demand would have been adequately fulfilled. However, due to the existence of a substantial skill mismatch (graduating in this discipline and serving in other sectors), the shortage in labor supply remains persistent. This skill gap leads to the outsourcing of people from abroad at senior positions in this sector, especially in hotels and resorts; for example, the international chain of hotels located in Bangladesh hardly recruit local graduates at the senior positions, such as Manager, Assistant Manager, Executive Chef, etc. A serious lack of skilled professionals is also prevalent at mid-level and advanced level positions. Most upper-level management positions (GM and

[2] The agenda of discussion and the list of participants are provided in Annex B.

Executive Chef, etc.) are hired from foreign countries. Local entrepreneurs have strong preferences for Caucasian ethnicity for top-level positions.

The stakeholders lamented about the poor quality of training provided by academic and training Institutions. The current infrastructure in all the colleges and universities (except for the Bangladesh Parjatan Corporation) providing training on hospitality and tourism management does not even provide the facilities as well as scope to the trainees to grow up as professionals. These education institutions only serve the purpose of paper-based certification without orienting the students with practical skills which is tantamount to a “Science College without a Laboratory”. Teachers and trainers on hospitality and tourism management seem to have no connection with the sector. They seem to be unaware of the current situation in the sector and only focus on textbooks. Instead of inculcating the knowledge about the current demand of the sector, students are groomed up with knowledge from textbooks.

It was underscored that there should be arrangements of continuing professional development for teachers and trainers through which they can maintain connections with the industry and be notified of the existing demand. The teachers and trainers should visit the relevant enterprises on regular basis to design the course curriculum in collaborations with practitioners and professionals and then train students according to the demand and needs of the industry.

The stakeholders are concerned about the lack of in-house training. Even though the training provided by the academic institutions is inadequate, the available pool of workers can still perform well in this industry if employers take initiative to groom them up. The workforce with an interest to work in this sector seems to be passionate, resilient, and hardworking but they have serious constraints in terms of proper training. These people are not trained as per the requirement of the industry. One solution may be to give priority to local workers at the mid-level recruitment so that they get the scope to build their capacity through proper in-house training rather than outsourcing from abroad.

The stakeholders observed that the people with an interest to work in this sector also need to change their mindset. There is a tendency of dropping out from the courses of hospitality and tourism as most of the students who initially get enrolled into long-term training (bachelor/masters) lose their interest. One of the underlying reasons is that students/trainees hold high expectations of serving at the higher positions of the industry immediately after the completion of their formal education on the discipline. “The bachelor’s degree holders from public or private universities possess a high expectation regarding the emolument from employers. In most cases, the students from these institutions want to be recruited as skilled labor with a high salary structure” (Yunus & Chowdhury, 2016). Therefore, unlike the trend prevalent in other industries, the students/trainees have the reluctance to start their careers in junior positions. As soon as they realize that they have to start as a novice, they opt to drop the courses. Another reason is the so-called ‘social stigma’ regarding work at hotels/resorts for the employees, especially, for females.

Chapter 5 Projected Total Employment in the Sub-sectors

The projection on workforce requires two pieces of information, at what rate would a sub-sector of the sector grow and at what rate the workforce in each enterprise would grow. The former indicates growth at the extensive margin while the latter at the intensive margin. The survey has collected data on the number of workers engaged by the sub-sector, department, occupation, and skill levels for each enterprise in the sample for the past three years: 2018, 2019, and 2020. This would inform on the actual growth of the workforce by department, occupation, and skill level within the enterprise.[3] Information on the growth at the extensive margin is collated from several sources including BBS (2019; 2020), and websites for booking facilities of accommodation in Bangladesh.

Information on the counts of travel agencies, tour operators, and travel agency cum tour operators are available from BBS. However, counts of star-rated accommodation facilities, hotels and resorts, are not readily available from BBS as it reports combined counts of hotels and restaurants. Exploring different websites for hotel booking (e.g., TripAdvisor, Booking.com) that includes a spectrum of accommodation facilities with different qualities, we form an educated conjecture that total counts of star-rated hotels would stand around 1100 at present. However, these counts exclude cheap motels, hostels, and lodging facilities for backpackers that are mainly run by owners and a few staff, requiring minimum skill level to operate. We believe, this approach is consistent with the focus of this study on the skill level of workers in selected sub-sectors.

The current level and projection on counts of travel agencies, tour operators, and agencies that operate both as travel agents and tour operators are reported in Table 5.1. For projection, we assume a constant yearly growth rate, calculated based on realized data in the past decades. Except for hotels and resorts, the current number of establishments (in 2020) for other sub-sectors is assumed to be the same as that reported for the years 2018 or 2019. This does not appear to be an unrealistic assumption considering the extent of havoc wreaked by the ongoing pandemic on all sectors including the HTS. Compared to the current level, the maximum growth by 2025 will be exhibited by the tour operators (23%) and enterprises operating as both travel agents and tour operators (19%). By the year 2030, those two sectors would register a growth rate of 75% and 60% respectively. The hotels and resorts are projected to exhibit a growth rate of 47% between 2020 and 2030.

[3] The survey also asked the enterprises to reveal information on potential future growth of the engaged workforce by occupation and skill level by 2025, 2030, and 2035. Unfortunately, the quality of the data on future workforce growth based on subjective assessment appears inconsistent and unreliable. We, therefore, exploit the actual employment data in the past to project growth of workforce within the enterprise in the future.

Table 5.1: Projection on the Future Establishments

Sector	Growth Rate	Time range of growth calculation and source	Number of Enterprises	Projected Number of Enterprises		
			2020	2025	2030	2035
Hotels and Resorts	4.8	Growth between 1993 and 2020; BBS (2020)	1,064	1,230	1,568	1,997
Travel Agencies	5.3	Growth between 2004 and 2018; BBS (2019)	2,032	2,385	3,115	4,069
Tour Operators	7.0		520	641	910	1,292
Both Travel Agencies and Tour Operators	5.9		1,136	1,355	1,819	2,441

Note: BBS (2020) includes both hotels and restaurants while this survey focuses on star-rated hotels and resorts. For counts of hotels and resorts, since exact information is not available, we rely on relevant websites for hotel booking. The growth rate for hotels and resorts is assumed to be the same as that reported for hotels and restaurants.
Source: BIDS Survey, 2020.

We exploit the information elicited by the enterprises on the actual number of engaged workers in each sector by department (for hotels and resorts), occupations, and skill levels. The occupations are consolidated by skill levels based on educated conjecture and interactions with resource persons in the sector (Table D.1 in Annex D). The growth rates of workers employed in each sector/department by skill classification are presented in Table 5.2. The negative growth rates registered at all sector-department-skill cells between 2019 and 2020 are due to the ongoing COVID-19 pandemic. This portrays a direct picture of the effect of the pandemic on the labor shedding in the sector, with workers at the high-skill occupations being affected less compared to the semi-skilled and unskilled workers. This pattern is consistent across all three sub-sectors, and all four broad departments within hotels and resorts. As an illustration, the rate of fall in employment in the food and beverage service department in hotels and resorts is reported to be 8% for skilled workers, 10% for semi-skilled workers, and 17% for unskilled workers. Interestingly, the agencies operating both as travel agencies and tour operators did not register any labor-shedding on average at any skill level between 2019 and 2020. The employment data in the years of 2018 and 2019, two normal economic years, have been exploited to calculate growth rate specific to sector-department-skill of the average count of the workforce in each enterprise. This rate of growth based on observed data in normal time is utilized to figure out two pieces of information, important for projection: (i) how many years it would take to reach the level of employment at the pre-pandemic level (level of 2019) from the current level, and (ii) projected average employment at each sector-department-skill cell in the next 5 to 15 years. Broadly speaking, it would take on average 2 years for a hotel/resort, 4 years for a travel agency, and 3 years for a tour operator to reach the employment level of 2019 from the current level.

Table 5.2: Level and Growth of Employment by Sub-sector and Skill Level

Enterprise/ Department	Skill Category	Average Number of Workers			Growth (%) in Employment between		Number of years required to reach employment level of 2019 from the level of 2020
		2018	2019	2020	2019 & 2020	2018 & 2019	
Hotels and Resorts							
Front Office	Skilled	1.5	1.5	1.4	-7.4	3.3	2.2
	Semi-Skilled	3.4	3.6	3.2	-12.0	5.7	2.1
	Unskilled	2.7	3.1	2.4	-23.4	12.8	1.8
	All	7.6	8.2	7.1	-15.2	7.8	1.9
Food and Beverage (Service)	Skilled	1.4	1.5	1.4	-8.3	8.3	1.0
	Semi-Skilled	2.1	2.2	2.0	-9.8	6.0	1.6
	Unskilled	7.5	7.9	6.7	-16.6	5.5	3.0
	All	11.0	11.7	10.1	-14.2	5.9	2.4
Food and Beverage (Production)	Skilled	3.1	3.3	3.2	-3.7	7.3	0.5
	Semi-Skilled	4.7	5.0	4.3	-13.4	6.5	2.1
	Unskilled	3.6	3.8	3.5	-9.3	5.9	1.6
	All	11.3	12.1	11.0	-9.4	6.5	1.4
Housekeeping	Skilled	1.7	1.8	1.7	-5.3	2.9	1.8
	Semi-Skilled	7.6	8.1	7.2	-11.9	6.3	1.9
	Unskilled	2.1	2.2	1.9	-15.2	3.2	4.7
	All	11.5	12.1	10.8	-11.5	5.3	2.2
All Departments		**41.4**	**44.1**	**39.0**	**-12.3**	**6.3**	**2.0**
Travel Agencies	Skilled	1.3	1.4	1.3	-6.7	3.7	1.8
	Semi-Skilled	4.3	4.4	4.0	-10.1	2.1	4.9
	All	5.6	5.8	5.3	-9.3	2.5	3.8
Tour Operators	Skilled	2.3	2.3	2.0	-17.8	0.0	4.8
	Semi-Skilled	5.2	6.0	4.5	-27.5	12.7	2.2
	All	7.6	8.3	6.5	-24.7	9.0	2.8
Travel Agencies and Tour Operators	Skilled	1.4	1.4	1.4	0.0	0.0	0.0
	Semi-Skilled	7.2	7.7	7.7	0.0	6.7	0.0
	All	8.6	9.1	9.1	0.0	5.7	0.0

Note: Growth between period t and t+n is calculated as [Ln(Y_t)- Ln(Y_{t+n})] /n. Years required to reach Employment$_{2019}$ = (Ln(Emp$_{2019}$)-Ln(Emp$_{2020}$)) $/growth^{emp}_{2018-2019}$. Year 2018 and year 2019 were normal economic years while the year 2020 is a pandemic year.
Source: BIDS Survey, 2020.

The projected count on average employment for each enterprise as well as the whole sector is reported by the sector, departments, and skill level in Table 5.3. The latter is obtained by multiplying the enterprise level averages by the count of the total number of projected establishments as reported in Table 5.1. All the projections are based on a constant yearly growth rate reported in Table 5.2. The projection reveals that demand for workforce in the hotels and resorts would grow by 34% in 2025, 89% by 2030, and 144% by 2035 compared to the level of 2019. The corresponding numbers for the travel agencies are 19%, 58%, and

97%. Compared to the current level, the potential workforce in the enterprises operating both as travel agencies and tour operators may grow by 46% in 2025 and 104% in 2030. Considering the projected growth rate of skilled and semi-skilled workers in the next 5-15 years, the areas of high potential for skilled workers are food and beverage production, food and beverage services, and housekeeping in the hotels and resorts. While the former two departments in hotels and resorts would observe an explosion for both skilled and semi-skilled workers, the latter would largely demand more semi-skilled workers.

Table 5.3: Projected Total Workforce by Departments and Enterprises

Department/Enterprise	Skill Category	Average Number of Workers (by enterprise)				Total Number of Workers			
Year		**2019**	**2025**	**2030**	**2035**	**2019**	**2025**	**2030**	**2035**
Hotels and Resorts									
Front Office	Skilled	1.54	1.69	1.99	2.35	1,639	2,075	3,118	4,685
	Semi-Skilled	3.63	4.27	5.68	7.53	3,862	5,260	8,896	15,047
	Unskilled	3.07	4.62	8.78	16.68	3,266	5,682	13,759	33,314
	All	***8.24***	***10.58***	***16.44***	***26.56***	***8,767***	***13,017***	***25,773***	***53,046***
Fand Beverage (Service)	Skilled	1.50	2.09	3.18	4.82	1,596	2,576	4,980	9,626
	Semi-Skilled	2.24	2.74	3.69	4.98	2,383	3,368	5,786	9,940
	Unskilled	7.91	8.80	11.56	15.19	8,416	10,829	18,124	30,331
	All	***11.65***	***13.63***	***18.43***	***24.99***	***12,396***	***16,773***	***28,889***	***49,897***
Food and Beverage (Production)	Skilled	3.28	4.55	6.54	9.40	3,490	5,592	10,248	18,780
	Semi-Skilled	4.96	5.99	8.28	11.43	5,277	7,374	12,972	22,820
	Unskilled	3.84	4.70	6.31	8.48	4,086	5,784	9,897	16,936
	All	***12.08***	***15.24***	***21.13***	***29.31***	***12,853***	***18,750***	***33,117***	***58,536***
Housekeeping	Skilled	1.75	1.92	2.22	2.56	1,862	2,361	3,477	5,121
	Semi-Skilled	8.14	9.93	13.63	18.71	8,661	12,214	21,363	37,368
	Unskilled	2.20	2.22	2.61	3.07	2,341	2,734	4,094	6,131
	All	***12.09***	***14.07***	***18.46***	***24.35***	***12,864***	***17,308***	***28,934***	***48,620***
All Hotels and Resorts		44.06	53.52	74.46	105.20	46,880	65,849	116,714	210,099
Travel Agencies	Skilled	1.38	1.55	1.87	2.24	2,804	3,700	5,812	9,130
	Semi-Skilled	4.38	4.39	4.87	5.41	8,900	10,478	15,183	21,999
	All	***5.76***	***5.94***	***6.74***	***7.65***	***11,704***	***14,179***	***20,995***	***31,129***
Tour Operators	Skilled	2.33	2.35	2.82	3.40	1,212	1,504	2,569	4,385
	Semi-Skilled	5.95	8.53	16.11	30.40	3,094	5,473	14,661	39,271
	All	***8.28***	***10.88***	***18.93***	***33.80***	***4,306***	***6,978***	***17,230***	***43,656***
Travel Agencies and Tour Operators	Skilled	1.42	1.42	1.42	1.42	1,613	1,925	2,583	3,466
	Semi-Skilled	7.67	10.74	15.05	21.08	8,713	14,562	27,375	51,463
	All	***9.09***	***12.16***	***16.47***	***22.50***	***10,326***	***16,486***	***29,958***	***54,929***

Note: (Average number of workers) $_{t+n}$ = (Average number of workers) $_{t^*}$ exp [(growth $_{2018\text{-}2019}$)*(n – Years required to reach pre-COVID-19 employment)]. Projected total employment in year *t* = Projected employment in the enterprise in year t * Projected counts of establishment in year t.
Source: BIDS Survey, 2020.

Chapter 6 Direct and Indirect Impacts of COVID-19 Pandemic

The HTS is one of the worst-hit business sectors affected by the COVID-19 pandemic. The sector might have faced a loss of Tk. 60 billion between January and December this year due to the COVID-19 outbreak, as this sector is the most affected by the pandemic (Deb & Nafi, 2020). TOAB has reported that the sub-sector alone has lost close to Tk. 15 billion as of April 2020, as well as having to cut 5000 jobs. However, losses of Tk. 3.40 trillion were reported followed by a ticket value of Tk 3.05 trillion, and losses of Tk. 1.86 trillion and Tk. 1.00 billion during the last three months were mostly from outbound tour operators (TOAB, 2020). Insofar as about 4 million people work directly or indirectly in the HTS sector, it is a cause of concern that an estimated 0.3 million jobs in this sector are currently at risk because of the COVID-19 pandemic (PATA, 2020).

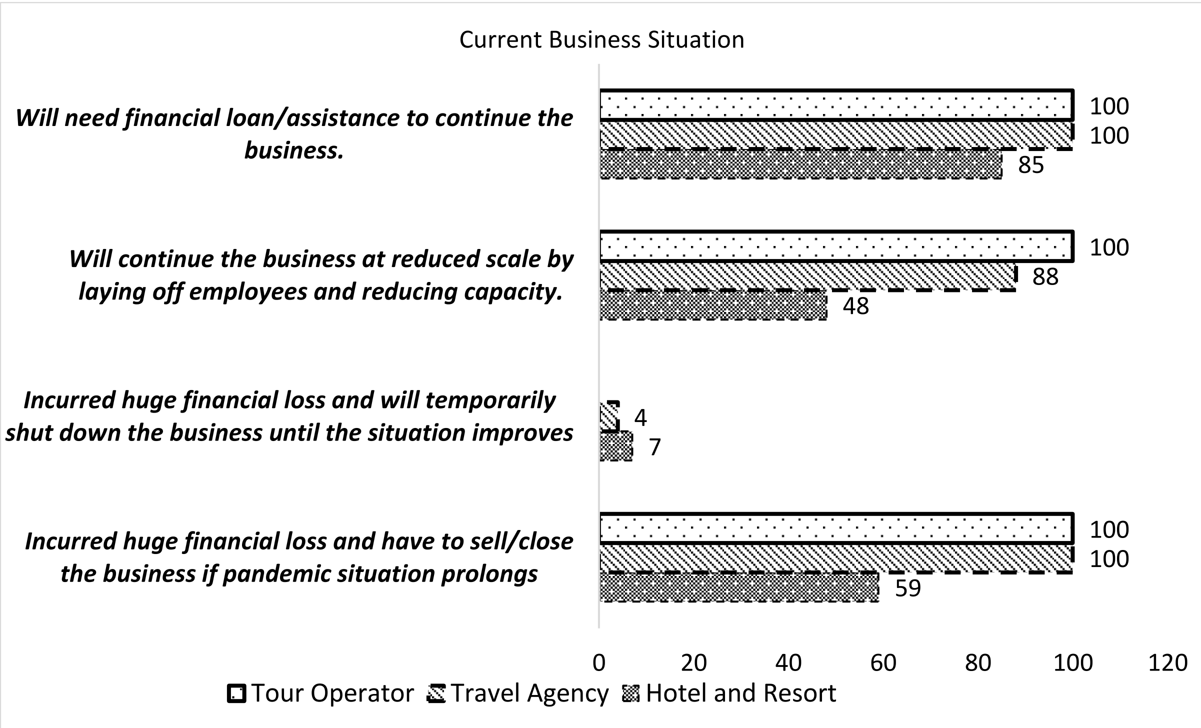
The pandemic situation has been persisting for around a year and a half till date, with the future still being uncertain. While most of the sectors are experiencing an economic recession for quite a long period, not surprisingly, the tourism sector is severely affected by the pandemic. As the consumption of tourism services requires both income and time spent outside, the pandemic ultimately affects both components negatively. Due to the economic downturn, unemployment and fall in income are common during a pandemic. Further, strict health warnings from responsible authorities due to a high risk of exposure to infection from staying outside the home or traveling cause a reduced demand for tourism and vacation. Besides the demand side of the tourism services, the supply side may be affected in several ways as well. The direct effect of economywide lockdown is a temporary shutdown of the businesses, that entails high fixed costs for the enterprises. Even if no restriction is imposed on mass mobility or visits to tourist sites and attractions, the demand can still be depressed due to the health risks involved. The supply chain and logistics can be disrupted, as production, transportation, and distribution are affected in almost every sector of the economy during the pandemic. Due to the high risks of infection associated with the exposure to tourists and others in the workplace, employee absenteeism may turn out to be high as well.

Hygiene and sanitation are very important in the HTS due to the prevalence of close contact while providing services. This is to ensure tourists' health and safety from cross-contamination of germs and pathogens. However, such importance of personal hygiene is heightened during the pandemic situation. The stringency of hygiene requirements to curb the exposure to infection may imply a rise in the costs for the enterprises, which, in turn, results in a price hike for tourism services. Consequently, many of the enterprises involved in the HTS are anticipated to incur financial loss but many of them would be unable to go out of business due to huge investments already made. Further, financial distresses would not be similar as enterprises are heterogenous in terms of the scale of operation, capacity, efficiency, location, reputation, and resilience to shocks. Facing the pandemic and the resulting economic downturn, the questions arise: What is the actual financial situation of the enterprises in the sub-sectors considered? How are the enterprises adapting to the 'new normal' environment? Or what are the coping strategies the enterprises adopt to mitigate the crisis? These are critical issues to make informed policymaking to ensure the survival if not thriving of the sector. But very little is known on these issues thus far. The following discussion would serve to fill the gap.

6.1 Overall Business Situation of the Enterprises

The enterprises were asked to evaluate the financial status of their businesses during the pandemic year. Almost all the enterprises have incurred financial losses (Figure 6.1). Given the macro situation of the country, this is not surprising at all. All the travel agencies and tour operators, and three-fifths of the hotels and resorts expressed apprehension that they might have to sell off their business if the pandemic situation prolongs. Even if they continue their business, operating at reduced capacity and laying off some employees will possibly be the direction of their adjustment in the future (50% of the hotels and resorts, 90% of the travel agencies, and all tour operators). Given the precariousness, almost all enterprises reported that they would ask for financial assistance or loan to support the survival of their business.

Figure 6.1: Current Business Situation of the Enterprises



Note: Enterprises provided multiple responses.
Source: BIDS Survey, 2020.

6.2 Depressing Financial Situation

The adverse impact of the pandemic is evident in the number of days the enterprise operated, total sales proceeds, and total expenses incurred during the pandemic year (Table 6.1). The total number of operating days for the hotels and resorts, travel agencies, and tour operators are, respectively, 63%, 42%, and 45% compared to the level reported in the pre-pandemic year. The impact is felt more intensively on total sales and total expenses. Total sales in the hotels and resorts, travel agencies, and tour operators are only 35%, 21%, and 13% of that reported in the pre-pandemic year. However, corresponding total expenses incurred by the three sub-sectors are also lower by 43%, 71%, and 86%, respectively, during the pandemic year.

Table 6.1: Days Operated, Sales and Expenses in 2019 and 2020

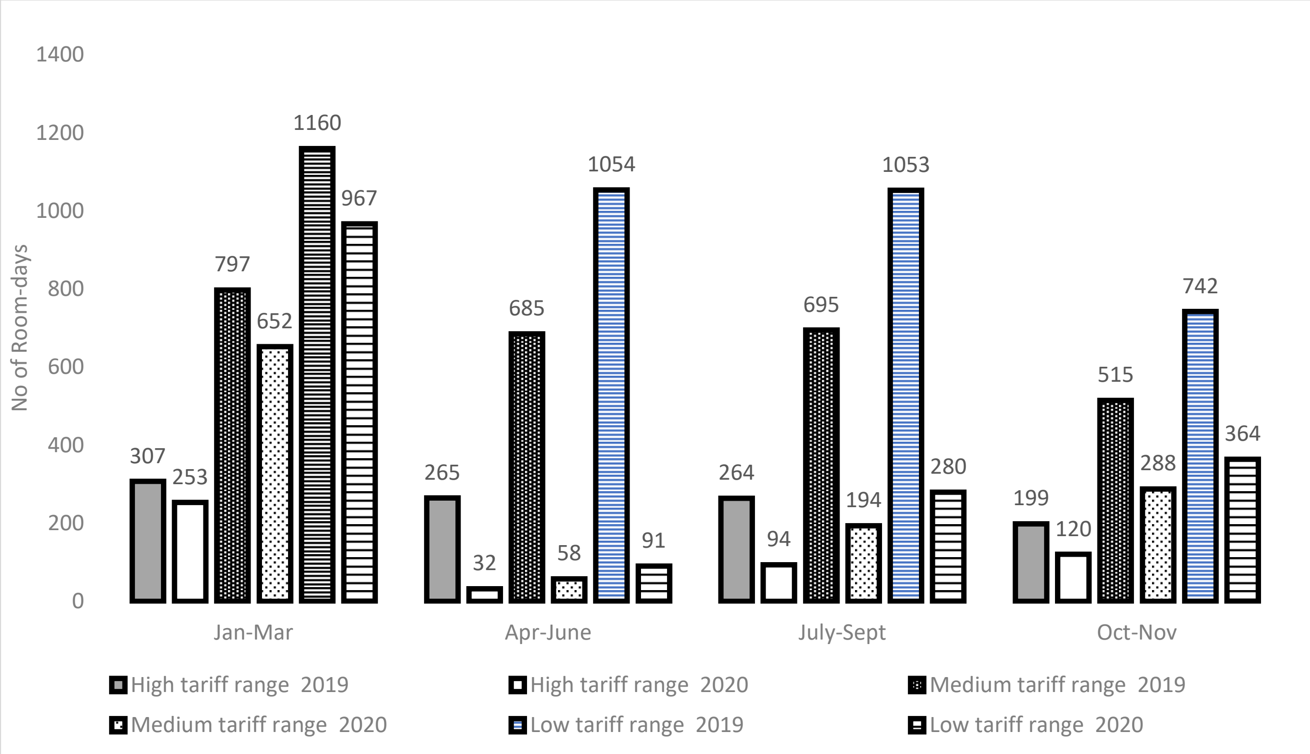
	2019	2020	Difference
No of Operating Days			
Hotels and Resorts	361	226	135***
Travel Agencies	365	152	213***
Tour Operators	362	164	198***
Total Sales			
Hotels and Resorts	104,822	36,746	68,076***
Travel Agencies	96,368	20,675	75,693***
Tour Operators	64,894	8,182	56,712***
Total Expenses			
Hotels and Resorts	81,301	45,967	35,334***
Travel Agencies	34,488	9,943	24,545***
Tour Operators	62,193	8,955	53,238***

Note: Figures with *** imply that differences are statistically significant at 1 percent level.
Source: BIDS Survey, 2020.

6.3 Reduced Room Booking and Fall in Room Tariffs

The impact of the pandemic is also evident when the counts of room-days booked are compared between the pandemic and pre-pandemic year (Figure 6.2). During the peak season of the year 2020, the first quarter of the calendar year, when the pandemic was yet to hit the country, about 82-83% of the room-booking reported in the pre-pandemic year is recorded with the least variation across room tariff range noted. The situation deteriorated by the second quarter when the country went under strict lockdown. The room booking exhibited a sharp decline of 88% for rooms in the high-tariff range and 91-92% for rooms in the medium or low tariff range. The situation slightly improved by the third quarter when the lockdown was partially lifted, as the room-booking rate for high-tariff range rooms reached 36% of pre-pandemic levels while that for medium-and-low tariff range rooms reached 27-28%. The scenario looked much better by the last quarter, when the infection rate drastically fell across the country, as 50% (low tariff range) to 61% (high tariff range) of the room-booking level recorded in pre-pandemic level is reached by then.

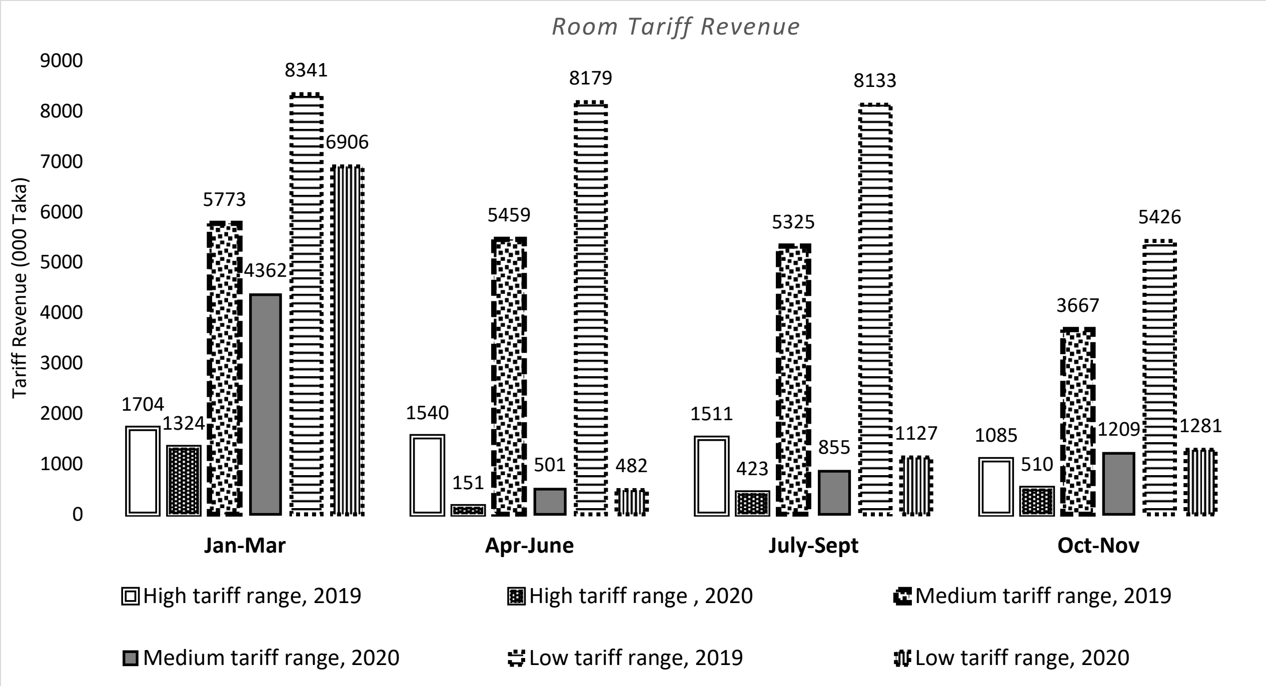
Figure 6.2: Room-Days Booked in 2019 and 2020 by Room Tariff Range



Note: Room-Days means the number of effective days the hotel rooms were booked for. Suppose a hotel has 5 rooms in the medium tariff range. For any specific month, if 3 of those rooms were booked for 15 days,1 was booked for 20 days, and another was not booked at all then total room-days booked in the medium range for that hotel would be calculated as 65 (3x15 + 1x20 + 1X0) hotel-days.
Source: BIDS Survey, 2020.

The fall in room-booking rates in hotels and resorts is reflected in plummeting tariff revenue (Figure 6.3). During the first quarter of 2020, before the onset of the pandemic in the country, the tariff revenue declined by 22-24% for average high and medium tariff range rooms while for low tariff rooms, the tariff revenue declined by 17%. The hotels and resorts sub-sector experienced the worst tariff-revenue situation in the second quarter of the calendar year when the revenue shrank by 90-94% compared to the similar season in the pre-pandemic year. The revenue situation improved by the last quarter of 2020, when the revenue from the high, medium, and low tariff range rooms reached, respectively, at the half, one-third, and one-quarter of that generated in the corresponding pre-pandemic season. Thus, although the major share of tariff revenue is generated from low-and-medium-tariff rooms, apparently the worse consequences of the pandemic could be attributed to low occupancy of rooms in the left tail of the room-tariff distribution.

Figure 6.3: Revenue from Room Tariff Within and Between Years



Source: BIDS Survey, 2020.

6.4 Reasons for Limited Operations during the COVID-19 Pandemic

The challenges faced by the enterprises whilst operating the businesses are reported by season and defined by the stringency of the lockdown (Table 6.2). During April-June, 2020 when the lockdown was most strict, 58% of the hotels and resorts and all the travel agencies and tour operators attributed the reduced business activities exclusively to the lockdown imposed to curb the COVID-19 infection rate. The hotels and resorts also reported reduced demand for services (22%), disrupted supply chain (8%), and concern about employees' health safety (8.4%) appearing to be the other major channels through which businesses were affected. During the period of July-August, when the lockdown was not very strict, the major factors reported by hotels and resorts were still reduced demand for service (34%) and the lockdown (43%). In comparison, 64% and 86% of the travel agencies mentioned lockdown and concern about employees' health safety as the reasons for reduced business. During the September-October period, when the pandemic situation started to improve and the lockdown was loosely enforced, the situation did not change much: the depressed demand situation (42.4% for hotels and resorts) and employees' health concerns (22.5% of hotels and resorts, 91% of travel agencies and 100% of tour operators) appear to be the major reasons for operating the enterprises on a limited scale. Approximately 10% of hotels and resorts experienced supply chain issues while another 10% reported being compelled to close the business due to inadequate demand, after resuming the activity with an improved pandemic situation.

Table 6.2: Reasons for Limited Operations during the Pandemic Year by Season

	Hotels and Resorts		
	April-June	**July-August**	**September-October**
Lock down imposed by government	58.3	43.1	15.2
Enterprise projected reduced demand for their service	22.4	34.0	42.4
Enterprise operated on a limited scale due to the health risk of employees	8.4	9.8	22.5
Supply chain is disrupted/affected	8.1	8.1	10.0
Activity resumed after the lockdown was over but closed later due to inadequate demand	1.9	4.3	9.9
Labor shortage	0.8	0.7	0.0
	Travel Agencies		
Lock down imposed by government	100.0	100.0	5.4
Enterprise projected reduced demand of their service		1.3	3.7
Enterprise operated on a limited scale due to the health risk of employees		29.0	91.0
	Tour Operators		
Lock down imposed by government	100.0	64.2	0.0
Enterprise operated on a limited scale due to the health risk of employees		85.7	100.0

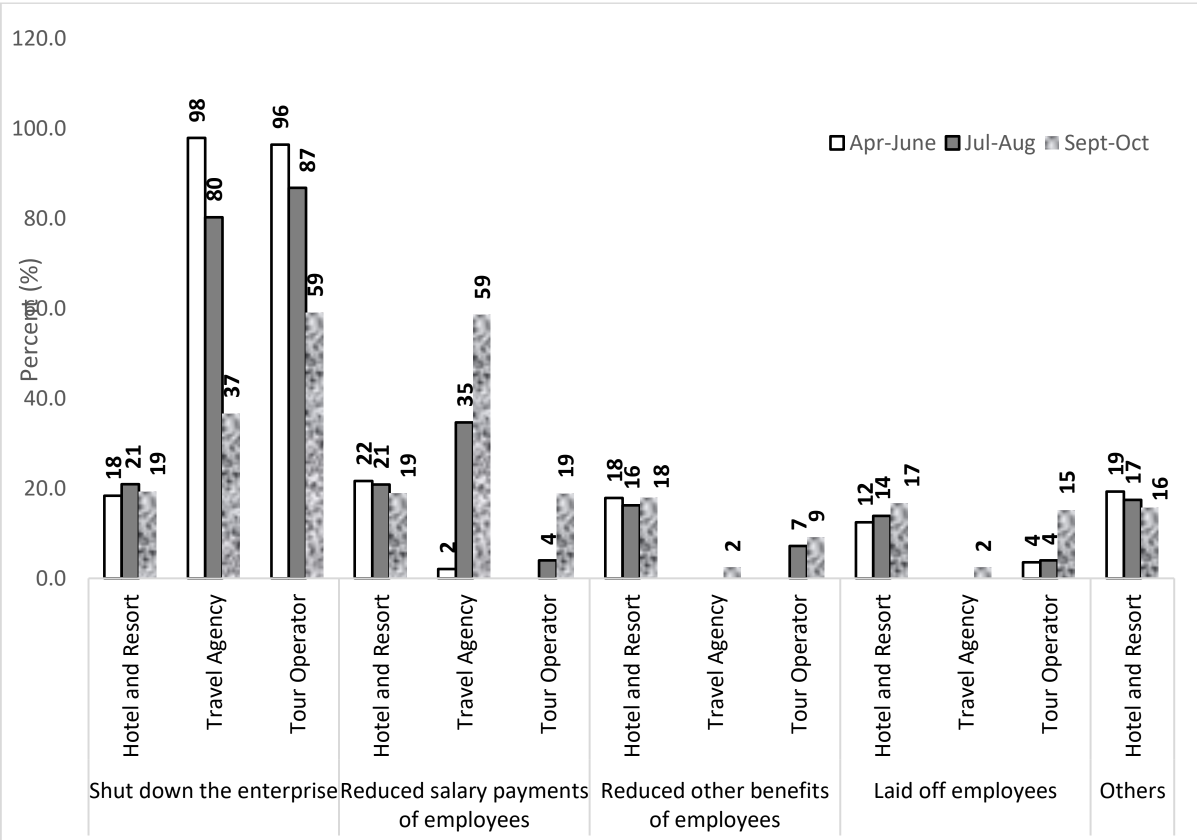
Note: Multiple responses are recorded in several cases.
Source: BIDS Survey, 2020.

However, the scenario for the hotels and resorts were not as bad as it was for travel agencies and tour operators during the strict lockdown period or thereafter, plausibly because of the additional demand created due to isolation arrangements for international travelers and medical professionals in the hotels and resorts by the government. Other possible reasons include emergency travel by officials across the country and permission to continue the business of hotels and resorts, considering that at least take-away food is a necessity for a large segment of the population. This suggests that hotels and resorts are expected to be less affected than travel agencies or tour operators.

6.5 Coping Mechanisms Adopted by the Enterprises

Firms usually adopt various mechanisms and strategies in response to shocks. As presented in Figure 6.4, enterprises in the HTS adopted various measures as survival strategies to cope with the ongoing pandemic-induced recession. During the strict lockdown phase, the major coping mechanisms adopted by the enterprises were shutting down the business (approximately all travel agencies and tour operators, and 18% of hotels and resorts), curtailing wage and salary payments (22% of the hotels and resorts) as well as other benefits to employees (8% of the hotels and resorts) and laying off employees (12% of hotels and resorts). With the easing of the stringency of lockdown, the proportion of enterprises that went for complete shutdown exhibit a downward trend (80% of travel agencies and 87% of tour operators shut down their business in July-August vis-à-vis 37% and 59% respectively in September-October). However, reduced salary payments have been a major strategy adopted by the enterprises over time. For illustration, 35% of the travel agencies during the Jul-August period while another 59% during the September-October period reduced salary payment to the employees. The corresponding figure for the hotels and resorts, and tour operators are 19% during the later period when enforcement of lockdown was lackadaisical. Reduction of other non-salary benefits as a strategy to adapt to the recession is mainly played by the hotels and resorts, in the range of 16-18% throughout the year. Finally, laying off employees also appears to be adopted primarily by the hotels and resorts, in the range of 12-17% with an upward trend over the season, except for the 15% of tour operators who reported to lay off employees during the September-October period. Thus, it appears that the hotels and resorts adopted a wide spectrum of strategies instead of a complete shutdown to cope with the pandemic in comparison to travel agencies and tour operators. This could be credited to the inherent structure of demand for services and the unobservable hiring costs involved.

Figure 6.4: Coping Strategies to Plummeting Revenue due to COVID-19 Pandemic



Source: BIDS Survey, 2020.

As highlighted in the coping mechanisms by enterprises in response to slacks in business during the pandemic, effective employment reduction is a widely adopted strategy by most of the enterprises across the sub-sectors. This is corroborated by the results presented in Table 6.3. During the interval of April-November of 2020, the average number of recruitments appears to be much lower than the average counts of laid off. Further, recruitment exhibits almost a freeze for travel agencies and tour operators. Compared with the average employment at base i.e., pre-COVID-19 counts of employees in March 2020, the net employment counts by the last quarter of 2020 suggest that during the pandemic period, the average laid offs stand at 9.7% in the hotels and resorts, 5.9% and 16.5% among the travel agents and tour operators, respectively. Moreover, salary and benefits reduction also turned out to be a common strategy - average salary reduction is 40% while average benefits reduction is 71% in the hotels and resorts. The corresponding figures for travel agencies and tour operators stand at 21-26% and 44%, respectively. Overall, the well-being consequence due to the pandemic on the employees in the HTS appears significant and dire.

Table 6.3: Unemployment and Reduction of Benefits

Category	Hotels and Resorts	Travel Agencies	Tour Operators
Number of employees at pre-COVID-19 in March 2020	50.19	8.3	9.79
Number of employees laid off during April-November 2020	9.84	0.61	1.83
Number of employees recruited during April-November 2020	4.98	0.12	0.22
Percent of employees net laid off during April-November 2020	9.68	5.90	16.45
Average percent of salary reduced due to COVID-19	40.1	20.8	26.3
Average percent of other benefits reduced due to COVID-19	71.3	44.3	44.8

Note: Net laid off in period *t*=No recruitment during period *t* - No laid-off during period *t.*
Source: BIDS Survey, 2020.

6.6 Health Safety and Precautionary Measures

Many of the enterprises, especially hotels and resorts, continued their businesses during the pandemic as presented above. The survey puts effort to learn about these enterprises' hygiene and precautionary practices inside the workplace to avoid COVID-19 infection (Table 6.4). It appears that a set of precautionary and safety practices are adopted by employees working in the hotels and resorts to avoid the infection and spread of the virus. Given the nature and distinct characteristics of job responsibilities, the adoption of precautionary measures exhibits variations across the sub-sectors. For example, wearing a cap/headcover may be more important for workers in hotels and resorts compared to those working as travel agencies. Although approximately all enterprises recommend workers to put on facemask at work, 5%, 76.5%, and 2.2% of the employees working respectively in the hotels and resorts, travel agencies, and tour operators report it to be required or strictly followed in their workplace. Wearing PPE/gown is mostly practiced by employees in the hotels and resorts (61%) and somewhat in the travel agencies (11%). Sanitizing hands with sanitizer or soap - a strong recommendation by epidemiologists and health experts to avoid infection - is widely practiced by the employees in the hotels and resorts (98%) and travel agencies (94%) but not in the tour operators (4%). Another strong recommendation by the health experts to avoid infection -maintaining a safe distance between persons and workstations - is practiced by approximately 90% of employees in the hotels and resorts, and 64% of employees in the travel agencies, while only a meager 4.4% of employees in the tour operators adopt this practice. Overall, these findings suggest that strict adoption of the practices inside the workplaces is weak.

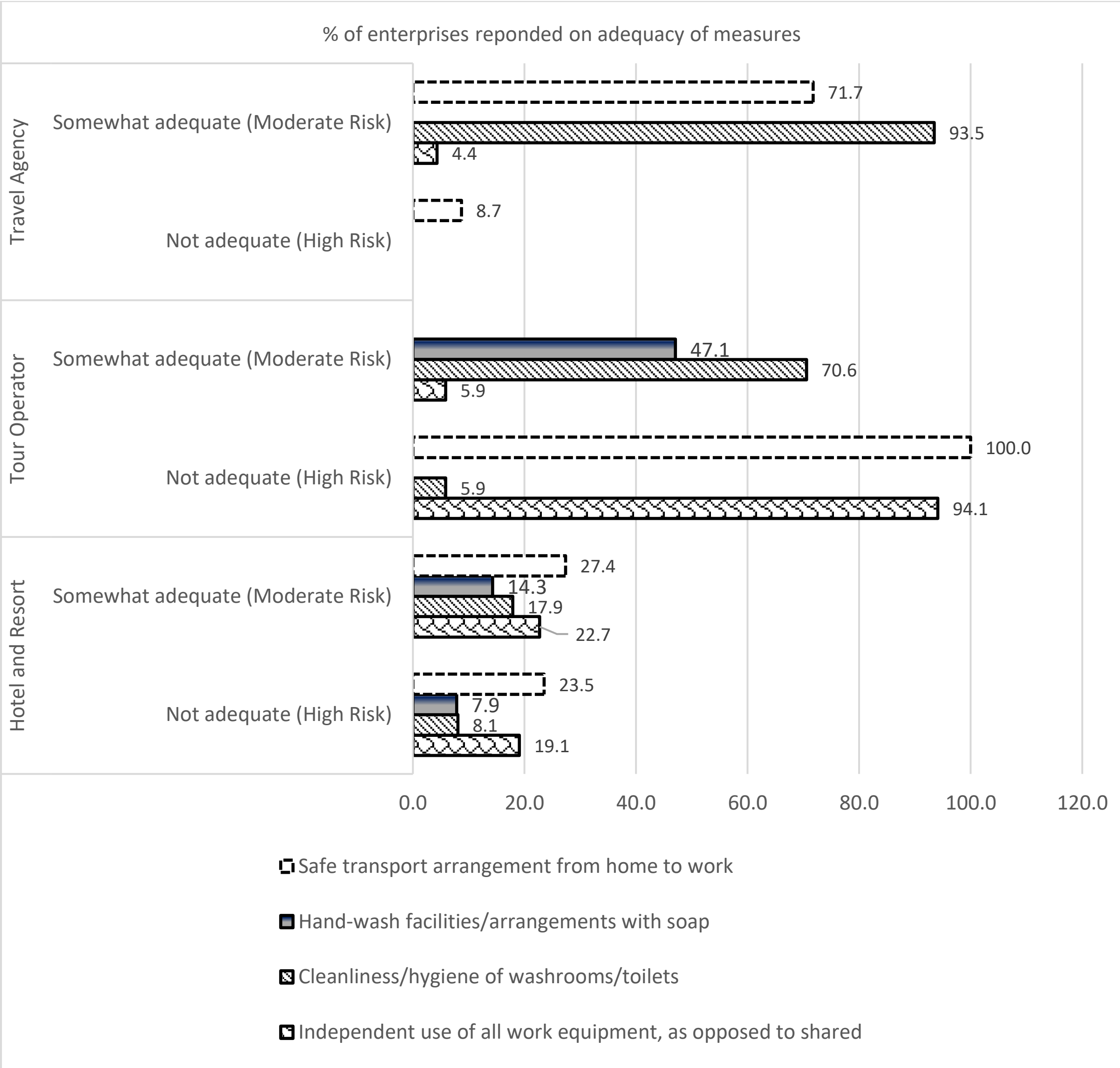
Table 6.4: Workplace Precautionary Measures Taken by Enterprises during Pandemic

	Hotels and Resorts		Travel Agencies		Tour Operators	
Precautionary Measures	Required/ Available and strictly followed	Recommended/Available but not strictly followed	Required/ Available and strictly followed	Recommended/Available but not strictly followed	Required/ Available and strictly followed	Recommended/Available but not strictly followed
Wearing mask at work	5.4	93	2.2	97.8	76.5	23.5
Wearing PPE or gown at work	18.1	52.7	-	2.2	11.3	-
Putting on hand gloves at work	19.5	49.7	2.2	6.5	5.9	-
Putting eye shield at work	10.3	72.6	-	2.2	5.9	-
Wearing cap/head cover at work	15.1	66	97.8	-	5.9	-
Wash hands frequently with soap/using sanitizer	6.6	91.8	2.2	2.2	94.1	-
Safe distance/space (at least 6 feet) in dining and seating area	15.7	63	2.2	2.2	17	-
Safe distance between workstations	16.9	72.8	4.4	-	64.1	-

Note: Percent of respondents that said "Yes" to the adequacy question are recorded only.
Source: BIDS Survey, 2020.

Although enterprises adopt several precautionary measures for employees' safety at the extensive margin, the adequacy of the protection measures is still important to learn. The lack of adequacy of safety measures informs employees' risk exposure and susceptibility to infection in a particular enterprise (Figure 6.5). Among the hotels and resort workers, half of the employees report inadequate provision of safe transport from home to work, another quarter of employees report about inadequate handwash facilities with soap at work and uncleanliness of washrooms, while approximately 42% report about using shared work equipment that may increase infection risks. Among the travel agencies, around 80% of employees mentioned the lack of safe transport, and almost all (94%) reported the uncleanliness of washrooms in the workplace. In comparison, all tour operators mentioned the inadequacy of safe transport to work while a significant share of them are moderately exposed to the risk of infection due to unclean washroom (71%) and inadequate arrangement with proper handwash facilities at the workplace (47%). Overall, the adequacy of protective measures for workers of the tourism industry at the workplace appears unsatisfactory but with a scope of significant improvement.

Figure 6.5: Adequacy of Health and Safety Measures Adopted by the Enterprises



Note: % of respondents who said “Yes” to the adequacy question are recorded here. If a particular measure is not adequately adopted, we consider that as “High Risk” while if some measure is only moderately adequate, we consider that as “Moderate Risk”.
Source: BIDS Survey, 2020.

The health and safety of the employees are critical for the smooth functioning of an enterprise. Considering the importance of protection gears and safety measures for healthy employees thus bears heightened importance for the resilience of the enterprises in the tourism sector in the pandemic induced recession. It is important to note that adequate hygiene and safety practices by employees in the tourism sector are a significant factor to deter recreationists and tourists to choose a particular site, to affect their choice of spending for tourism and hospitality service, and to gain confidence in the providers in the tourism sector.

6.7 Insights from Consultation with the Stakeholders

The country-wide lockdown imposed by the government led to the closure of hotels, motels, restaurants, and transport sector activities as well as the cancellation of all domestic and international flights to and from Bangladesh resulting in huge losses in this sector. Even though the lockdown has been gradually withdrawn since June 2020, this sector is still susceptible to the adverse effects of the COVID-19 pandemic in the long run when considering the spreading of the deadly virus as it has been undergoing several rounds of mutation. The panelists were unanimous in their views that the HTS is the worst-hit sector due to the COVID-19 pandemic. However, they perceive that local tourism may recover faster compared to international/long-haul tourism.

It was noted that travel agencies and tour operators have suffered most and are still suffering. But these losses are expected to be mitigated over time by developing prudent business strategies considering the recent trend of increased local tourism. Most of the tour operators found laying off tour guides and staff costly to them in the long run as hiring new employees with expected skills is very challenging and expensive. Consequently, a majority of the tour operators were incurring huge losses through retaining employees despite paying them a reduced salary.

Hotels and resorts have faced and are still facing huge losses. The survival of these enterprises has been solely reliant on take-away sales of food and beverages. In many of the hotels and resorts, room occupancy rates are very low (for example, 4% only in some cases). Hence, some of the hotels and resorts even adjusted their tariff rates downward to recover occupancy rates.

Despite all these measures, the skill gap in the HTS will increase due to Covid-19 as many workers have switched to different industries and jobs after being unemployed by the COVID-19 pandemic. Entrepreneurs are concerned that these workers are not likely to return to this sector once the recovery starts.

Chapter 7 Conclusions and Recommendations

The hospitality and tourism sector, a fledgling sector, has been growing in recent years due mainly to a sharp rise in domestic tourism resulting from increased per capita income. The growth of enterprises of the sub-sectors and average employment per enterprise therein are the key drivers of increased employment in the sector. The sector has been hit hard due to the COVID-19 pandemic that battered the country twice till date. Despite that the sector has the potential to make a substantial contribution to the overall economy through its wide array of job opportunities matched with the employers' expectations and skill requirements. The results of enterprise and employee surveys in hotels and resorts, and travel agencies and tour operators, as well as stakeholders' consultation, reveal several intriguing issues in skill gaps, skill shortage, future levels of employment across skill groups, and the impacts of COVID-19 on the sector and the strategies enterprises adopted to cope with and mitigate the adverse effects.

The positive and significant difference between the level of skills at present and at the time of joining implies that employees enhanced their efficiency and skills after joining the respective enterprises. The finding unearths two plausible aspects of the labor market in the sector. First, the training provided by the academic institutions is inadequate and ineffective. Second, despite the inadequacy and ineffectiveness of training, the existing labor force can still perform expectedly given that they are receiving training from employers. This also raises the need for strengthening industry-academia linkages, which is still far from adequacy compared to the requirement.

There should be arrangements for continuing professional development for teachers and trainers through which they can maintain connections with the sector and be notified of the existing demand. The teachers should regularly visit the key enterprises to design the course curriculum in collaboration with potential employers in the sector and train students according to the demand and needs of the sector.

When the differences between the actual and desired level of education and experience are compared, it is evident that even though existing employees have acquired a higher level of education compared to the level expected by employers, they cannot meet the expectations of employers in terms of experience. Employers face difficulties in recruiting employees with the required level of experience mostly in food and beverage (both service and production) and housekeeping departments of hotels and resorts. The inertia of students and trainees to incept their career with junior positions might be one of the plausible reasons for such a lower level of experience. Another reason is the prevailing social stigma regarding working at hotels and resorts, which becomes a serious concern for the employees; especially for females.

It was noted that top star-ranked hotels and resorts face a lower level of skill gaps compared to low star-raked ones in most of the four departments. This calls for special attention to train the potential workforce on adequate culinary and other skills. This needs close cooperation between the training institutions and leading employers in the sector to arrange internships of students in the hotels and resorts to learn practical aspects of the jobs. Otherwise, the current trend of outsourcing critical and high-paid jobs to foreign employees will remain unabated.

The employers of hotels and resorts stressed the need for training in the following skills: (i) **Front Office:** greeting guests and language proficiency; (ii) **Food and Beverage (Service):** serving and managing guests with proper etiquette and language proficiency (iii) **Food and Beverage (Production)**: Innovation/creative skill towards developing new cuisines and time management (iv) **Housekeeping**: the ability to use and inspect all the housekeeping equipment, responding to guest requirements and language proficiency. The employers of travel agencies and tour operators mentioned training needs in the following skills: the ability to work as a travel advisor and ability to use ticketing software, geographical knowledge, passenger routing skills, procedural knowledge on Visa/Passport, language proficiency, and skill to handle tourists. The growth of the sector would remain stunted in the absence of a trained workforce in these skills, which again calls for alignment of training to the needs of the employers.

Poor wage payment is one of the underlying reasons for the skill gap and skill shortage in the sector. The employees are treated with low wage payments and low security of jobs. The Minimum Wage as spelled out in the national Labour Laws, and Labour Rules are not followed by the majority of enterprises. Even though several initiatives such as the tourism fair, etc. have been organized to make the recruitment process transparent as well as to ensure decent wage and job security, it seems that there is a misallocation of resources; ***"Good Money is not going into the right way***". The reluctance of local graduates to build up their careers in the sector can be minimized through improved salary structure and other associated benefits.

The tourism and hospitality industry is heavily affected by the ongoing pandemic. The financial health of the enterprises was the worst during the early stage of the COVID-19 pandemic. It did not recover until the last quarter of the year when the infection rate came down to less than 5% and the economic activity was close to the pre-pandemic scenario. The room tariff revenue shrank quite significantly across the ranges of enterprises.

Enterprises in the sub-sector adopted a wide spectrum of strategies including temporary shut-down of the businesses, reduced salary payments as well as other benefits for employees, and laying off employees for surviving the crisis period. It appears that a temporary shut-down was adopted to a lesser extent by hotels and resorts in comparison to the travel agencies and tour operators. This may also imply that the former is possibly resilient to pandemic-induced shocks to some extent. The enterprises adjust labor resources both at the extensive and intensive margin and reduce wages and salary to cope with the situation.

Recruitment exhibits almost a freeze across sectors. The importance of personal hygiene in the sector is heightened during the pandemic situation due to the close contact of service providers with the recipients. However, the inadequacy of protection gears is apparent. Maintenance of protocols in protection gears and other safety measures bears importance, both to gain tourists' confidence as well as for the resilience of the enterprises in the sector to the pandemic-induced recession.

Recommendations

All the stakeholders, viz., the policymakers, the enterprises, the (potential) employees, and the training institutions must play their proper roles to revamp the sector from the current malaise. While some of these imperatives may be achieved in the short-term, many of them need medium- to long-term actions through judicious planning. Failing to accomplish these imperatives would at best keep the sector alive but would not make it thrive. Some of these imperatives include:

The policymakers need to implement the existing Labour Act and the associated Rules and Regulations to mitigate low payments to the employees and low security of their jobs through written formal contracts, employment benefits, and paid and unpaid leaves as articulated in the relevant acts, rules, and regulations.

Even though the classification of a hotel or resort is determined and registered as per the guideline of the UNWTO; the hotels and resorts do not always publicize their actual classification in terms of "star". Moreover, the criteria for classification are not regularly upgraded. The government and respective agencies should take necessary actions to upgrade the classification criteria; monitor the status of each registered hotel and resort in a definite time interval and regulate the hotels to follow the upgraded criteria as well as to declare the actual classifications.

At present licensing and approval of high-ranking hotels and resorts are entrusted with the Ministry of Civil Aviation and Tourism and the job is delegated to the Deputy Commissioners (DCs) of the respective districts. This practice is likely to be susceptible to inaccurate licensing unless the DCs should at least have some discussion with tourism entities such as the Ministry, or the Bangladesh Tourism Board. A position on the Board may be created at the district level where an administrative officer will be entrusted to handle tourism-related activities locally.

The regulatory part in this industry is very weak. There is no entity to ensure the quality and standards of investments in the industry. Getting access to the HTS industry in terms of opening new enterprises only requires adequate finance and does not necessarily need any prior qualification or experience in the sector. Hence, the current practice must be regulated.

There is ample scope to attract tourists from all over the world. Bangladesh has the longest sea beach in the world which can be fully utilized to host tourists from all over the world. For example, the sea beach of Cox's Bazar can be well organized for a worldwide surfing competition with the assurance of a proper foundation of infrastructure and security. However, infrastructural development and ensuring the safety and security of international tourists stand as a necessity. Once the twin issues are resolved, the tourism sector is likely to have a boom within a few years.

Branding and imaging should be emphasized with utmost priority. Bangladesh should have its own recognition. On the other hand, Bangladesh must also focus on improving the global public image that has been dampened due to any heinous or dreadful incidents such as the Holey Artisan or Rana Plaza mishap in the past. It needs greater efforts to publicize that justice has been meted out to offenders to regain trust and rebuild the confidence among the international tourists.

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Annex A: Supplementary Tables

Table A.1: Skill Assessment of Employees of Hotel and Resort across Star Rank

Proxy Indicators of Skill	At present	At the time of joining	Diff. (Std. Error)
2-Star Hotels and Resorts			
Front Office			
Greeting guests	4.681	3.597	1.083*** (0.062)
Handling of incoming & outgoing calls	4.583	3.611	0.972*** (0.069)
Billing	4.58	3.565	1.014*** (0.076)
Language proficiency	4.486	3.389	1.097*** (0.072)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.485	3.333	1.152*** (0.116)
Complaint handling	4.424	3.394	1.03*** (0.119)
Simple billing	4.594	3.500	1.094*** (0.122)
Language proficiency	4.455	3.424	1.03*** (0.111)
Food and Beverage (Production)			
Innovation/creative skill towards developing new cuisines & offerings	4.833	4.083	0.75*** (0.131)
Hygiene and cleanliness	4.595	3.486	1.108*** (0.133)
Time management skills	4.487	3.379	1.108*** (0.108)
Cost management	4.361	3.222	1.139*** (0.114)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.423	3.197	1.225*** (0.083)
Responding to guest requirements	4.486	3.361	1.125*** (0.082)
Complaint handling	4.394	3.212	1.183*** (0.081)
Language proficiency	4.268	3.057	1.211*** (0.077)
3-Star Hotels and Resorts			
Front Office			
Greeting guests	4.583	3.516	1.067*** (0.043)
Handling of incoming & outgoing calls	4.564	3.54	1.025*** (0.048)
Billing	4.619	3.625	0.993*** (0.051)
Language proficiency	4.442	3.478	0.963*** (0.049)
Food and Beverage (Service)			
Serving and managing guests with Politeness	4.510	3.394	1.116*** (0.05)
Complaint handling	4.490	3.420	1.071*** 0.047)
Simple billing	4.545	3.539	1.006*** (0.054)
Language proficiency	4.277	3.349	0.929*** (0.057)
Food and Beverage (Production)			
Innovation/creative skill towards developing new cuisines & offerings	4.750	4.016	0.734*** (0.06)
Hygiene and cleanliness	4.715	3.699	1.017*** (0.047)
Time management skills	4.590	3.569	1.022*** (0.045)
Cost management	4.463	3.430	1.034*** (0.046)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.419	3.264	1.156*** (0.051)
Responding to guest requirements	4.461	3.353	1.108*** (0.049)
Complaint handling	4.389	3.252	1.138*** (0.049)
Language proficiency	4.204	3.198	1.006*** (0.052)
4-Star Hotels and Resorts			

Proxy Indicators of Skill	At present	At the time of joining	Diff. (Std. Error)
Front Office			
Greeting guests	4.615	3.542	1.072*** (0.078)
Handling of incoming & outgoing calls	4.579	3.482	1.096*** (0.078)
Billing	4.654	3.654	1.000*** (0.083)
Language proficiency	4.289	3.313	0.976*** (0.072)
Food and Beverage (Service)			
Serving and managing guests with Politeness	4.633	3.594	1.040*** (0.081)
Complaint handling	4.550	3.490	1.06*** (0.072)
Simple billing	4.590	3.674	0.916*** (0.07)
Language proficiency	4.310	3.370	0.940*** (0.067)
Food and Beverage (Production)			
Innovation/creative skill towards developing new cuisines & offerings	4.830	4.244	0.585*** (0.092)
Hygiene and cleanliness	4.670	3.696	0.974*** (0.066)
Time management skills	4.539	3.557	0.983*** (0.072)
Cost management	4.413	3.422	0.991*** (0.07)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.577	3.619	0.958*** (0.082)
Responding to guest requirements	4.620	3.662	0.958*** (0.095)
Complaint handling	4.521	3.619	0.901*** (0.086)
Language proficiency	4.310	3.268	1.042*** (0.084)
5-Star Hotels and Resorts			
Front Office			
Greeting guests	4.782	3.989	0.793*** (0.073)
Handling of incoming & outgoing calls	4.800	4.071	0.729*** (0.075)
Billing	4.886	4.266	0.62*** (0.071)
Language proficiency	4.747	4.08	0.667*** (0.071)
Food and Beverage (Service)			
Serving and managing guests with politeness	4.833	4.072	0.762*** (0.064)
Complaint handling	4.793	3.984	0.810*** (0.069)
Simple billing	4.762	4.000	0.762*** (0.067)
Language proficiency	4.707	3.881	0.825*** (0.064)
Food and Beverage (Production)			
Innovation/creative skill towards developing new cuisines & offerings	4.966	4.500	0.467*** (0.077)
Hygiene and cleanliness	4.927	4.095	0.832*** (0.08)
Time management skills	4.81	4.029	0.781*** (0.07)
Cost management	4.699	4.032	0.667*** (0.066)
Housekeeping			
Ability to use and inspect all the housekeeping equipment	4.836	3.926	0.910*** (0.097)
Responding to guest requirements	4.865	4.030	0.836*** (0.094)
Complaint handling	4.776	4.030	0.746*** (0.096)
Language proficiency	4.686	3.761	0.925*** (0.088)

Note: a. Skill levels are defined as follows: 1= Not proficient at all; 2= Somewhat Proficient; 3= Neither proficient nor incompetent;4= Proficient; 5= Highly Proficient. b. We asked the enterprises to report the skill level of employees across each of the designations. So, there were multiple responses from each of the firms. Hence, the number of observations is not equal to the number of enterprises; instead; this number is the total number of responses from all the firms reporting about the skill level of their employees at different designations.
Source: BIDS Survey, 2020.

Table A.2: Skill Assessment of Employees of Travel Agencies and Tour Operators

Skill Descriptions	At present	At the time of joining	Diff. (Std. Error)
Travel Agency Only			
Ability to work as Travel Advisor	4.112	2.925	1.187*** (0.080)
Ability to use ticketing software	4.084	2.879	1.206*** (0.082)
Geographical knowledge	3.944	2.906	1.037*** (0.074)
Passenger routing skills	4.093	2.934	1.159*** (0.080)
Procedural knowledge on Visa/Passport	4.393	3.150	1.243*** (0.095)
Fluency in English in dealing with foreigners	3.607	2.823	0.785*** (0.068)
Knowledge about hotels and site seeing locations	3.748	2.673	1.075*** (0.092)
Fluency in Bangla with standard accent	3.813	3.234	0.579*** (0.074)
Skill to handle tourists	3.869	2.944	0.925*** (0.073)
Skills to understand the tourist requirements	3.888	2.990	0.897*** (0.072)
Tour Operator Only			
Ability to work as Travel Advisor	3.764	2.636	1.127*** (0.098)
Ability to use ticketing software	3.291	2.364	0.927*** (0.072)
Geographical knowledge,	3.672	2.672	1.000*** (0.082)
Passenger routing skills	3.782	2.746	1.036*** (0.11)
Procedural knowledge on Visa/Passport	3.655	2.691	0.964*** (0.107)
Fluency in English in dealing with foreigners	3.691	2.873	0.818*** (0.064)
Knowledge about hotels and site seeing locations	3.672	2.709	0.964*** (0.082)
Fluency in Bangla with standard accent	3.855	3.418	0.436*** (0.072)
Skill to handle tourists	3.764	3.018	0.745*** (0.108)
Skills to understand the tourist requirements	3.746	2.982	0.764*** (0.097)
Both Travel Agency and Tour Operator Activities			
Ability to work as Travel Advisor	4.185	2.852	1.333*** (0.151)
Ability to use ticketing software	4.000	2.704	1.296*** (0.129)
Geographical knowledge	4.000	3.074	0.926*** (0.150)
Passenger routing skills	4.037	2.926	1.111*** (0.124)
Procedural knowledge on Visa/Passport	4.260	2.963	1.296*** (0.159)
Fluency in English in dealing with foreigners	3.704	2.852	0.852*** (0.103)
Knowledge about hotels and site seeing locations	3.740	2.704	1.037*** (0.100)
Fluency in Bangla with standard accent	4.148	3.555	0.593*** (0.110)
Skill to handle tourists	4.260	3.333	0.926*** (0.150)
Skills to understand the tourist requirements	4.074	3.222	0.852*** (0.138)

Note: We asked the enterprises to report the skill level of employees across each of the designations. So, there were multiple responses from each of the firms. Hence, the number of observations is not the number of enterprises here; instead; this number is the total number of responses from all the firms reporting about the skill level of their employees at different designations.
Source: BIDS Survey, 2020.

Table A.3: Actual and Desired Education and Experience in Hotel and Resort, and Travel Agency and Tour Operator

Department	Actual	Desired	Diff. (Std. Error)
Level of Education (Years)			
Hotels and Resorts			
2-Star Hotels and Resorts			
Front Office	12.472	12.943	-0.471* (0.262)
Food and Beverage (Service)	11.031	11.546	-0.515* (0.258)
Food and Beverage (Production)	8.46	9.703	-1.243*** (0.264)
Housekeeping	9.528	10.667	-1.139*** (0.177)
3-Star Hotels and Resorts			
Front Office	12.503	12.416	0.087 (0.188)
Food and Beverage (Service)	11.25	11.325	-0.074 (0.216)
Food and Beverage (Production)	8.793	9.873	-1.08*** (0.184)
Housekeeping	10.125	10.698	-0.572*** (0.186)
4-Star Hotels and Resorts			
Front Office	12.795	13.145	-0.349** (0.146)
Food and Beverage (Service)	12.041	12.357	-0.316*** (0.147)
Food and Beverage (Production)	9.632	10.544	-0.912*** (0.159)
Housekeeping	10.817	11.395	-0.577*** (0.221)
5-Star Hotels and Resorts			
Front Office	13.211	12.556	0.656** (0.284)
Food and Beverage (Service)	12.722	12.963	-0.241* (0.131)
Food and Beverage (Production)	10.628	10.917	-0.29*** (0.097)
Housekeeping	11.958	12.028	-0.07 (0.341)
Travel Agency Only	13.47	14.5	-1.03*** (0.224)
Tour Operator Only	13.728	14.637	-0.909*** (0.252)
Both Travel Agency and Tour Operator	13.581	14.516	-0.935*** (0.296)
Experience at the Entry Level (Years)			
Hotels and Resorts			
2-Star Hotels and Resorts			
Front Office	3.051	3.212	-0.161 (0.46)
Food and Beverage (Service)	2.757	2.515	0.242 (0.343)
Food and Beverage (Production)	2.541	2.784	-0.243 (0.296)
Housekeeping	2.110	2.274	-0.164 (0.227)
3-Star Hotels and Resorts			
Front Office	3.154	2.974	0.179 (0.248)
Food and Beverage (Service)	3.305	2.452	0.853 (0.322)
Food and Beverage (Production)	4.371	2.93	1.442*** (0.339)
Housekeeping	2.868	2.400	0.468*** (0.214)
4-Star Hotels and Resorts			
Front Office	2.664	3.036	-0.372 (0.249)
Food and Beverage (Service)	3.990	3.285	0.704 (0.377)
Food and Beverage (Production)	4.956	3.263	1.693* (0.412)
Housekeeping	4.740	3.155	1.585*** (0.572)
5-Star Hotels and Resorts			
Front Office	4.216	2.600	1.617*** (0.482)
Food and Beverage (Service)	4.466	2.519	1.947*** (0.368)
Food and Beverage (Production)	6.083	3.152	2.931*** (0.538)
Housekeeping	5.282	2.324	2.958*** (0.669)
Travel Agency Only	3.886	4.386	-0.500 (0.422)
Tour Operator Only	2.374	3.637	-1.262** (0.535)
Both Travel Agency and Tour Operator	3.774	3.678	0.097 (0.684)

Note: We asked the enterprises to report the skill level of employees across each of the designations. So, there were multiple responses from each of the firms. Hence, the number of observations is not the number of enterprises here; instead; this number is the total number of responses from all the firms reporting about the skill level of their employees at different designations.
Source: BIDS Survey, 2020.

Annex B: Agenda and Participants of the Consultation Workshop

Skill Gap, Skill Shortage, Impact of COVID-19 and Promotion of the Hospitality and Tourism Sector, Venue: BIDS Conference Room, December 31, 2020

Table B.1: Agenda of Discussion

A: ISSUES RELATED TO SKILL GAP AND SKILL SHORTAGE
a. Skill Gap in the Hospitality and Tourism Sector: does it exist? If so, what are the areas difficult to be addressed? b. Main factors responsible for the skill gap in the sector c. Role of educational institutions and government in addressing the skill gap in the sector. d. Skill Shortage in the sector: Causes, consequences, and actions to be taken to address hard-to-fill vacancies.

B: ISSUES RELATED TO THE IMPACT OF COVID-19
a. Impact of COVID-19 on the Hospitality and Tourism Sector of Bangladesh: Demand short-fall, revenue short-fall? b. Coping Strategies: labor retrenchment, reduced work hours, and/or reduced wages and salaries How successful were those strategies? c. Possible initiatives that can be taken by enterprises to mitigate the damages caused by COVID-19: ensuring new normal health, hygiene standard d. Possible initiatives that can be taken by the government to mitigate the damages caused by COVID-19: stimulus packages

C: Promoting International Tourism
a. Proximate factors behind Bangladesh’s low success in attracting international tourists: lack of adequate amenities, tourist places and attractions, safety, and security. b. Efficacy of the role and policies of the enterprises; international competitiveness? c. Efficacy of the role and policies of the government agencies; inadequate focus on tourism development?

Table B.2: List of Participants

SL No	Name	Designation	Name of Organization
1	Mr. Jabed Ahmed	Chief Executive Officer (Additional Secretary)	Bangladesh Tourism Board
2	Mr. Md Mazharul Hoque	Assistant Director	Bangladesh Tourism Board
3	Mr. Md. Ziaul Haque Howlader	Manager	Bangladesh Parjatan Corporation
4	Mr. Md. Rafiuzzaman	President	Tour Operators Association of Bangladesh (TOAB)
5	Mr. Shiblul Azam Koreshi	First Vice President	Tour Operators Association of Bangladesh (TOAB)
6	Mr. Abdur Rashid Munshi	Member (DZ)	Association of Travel Agents of Bangladesh (ATAB)
7	Mr. Azeem Shah	General Manager	Bangladesh International Hotel Association (BIHA)
8	Dr. Mohammad Yunus	Senior Research Fellow	Bangladesh Institute of Development Studies (BIDS)
9	Dr. Mohammad Mainul Hoque	Research Fellow	Bangladesh Institute of Development Studies (BIDS)
10	Ms. Tahreen Tahrima Chowdhury	Research Associate	Bangladesh Institute of Development Studies (BIDS)

Annex C: List of Training Institutes of Hospitality and Tourism Sector in Bangladesh

Sl.no	Name	Address	Contact No (Phone/Mobile No)	Website & e-mail
1	Bangladesh Hotel Management & Tourism Training Institute	147/D, Green Road (3rd & 4th Floor), Dhaka-1207	02-8144439, 02-9102458, 01712168190, 01922407285	bhmtti@gmail.com, info@hotelmanagementbd.com https://hotelmanagementbd.com
2	National Hotel & Tourism Training Institute	Bir Uttam A K Khandokar Road 8383-88, Mohakhali C/A, Dhaka-1212, Bangladesh	+880-2-222299072, +880-2-222299288	E-mail # nhtti@parjatan.gov.bd www.nhtti.gov.bd
3	Institute of Catering & Hotel Management	Main Campus House # 5/5, 2nd Floor, Block # A (Infront of WASA office) Lalmatia, Dhaka-1207. Rd No. 27, Dhaka 1205	02-8100442, +8801776-070732	www.ichm.info
4	Regency Hospitality Training Institute	House # 15, Road # 03, Nikunja 2, Khilkhet Dhaka 1229	+88-09604100133-35, +88-01713-332553	Email: info@rhtibd.com https://rhtibd.com
5	Welcome Skills International School of Hospitality	63/ka, Pragati Sarani Baridhara, 1212 Dhaka, Bangladesh	+8801933355203 +88 02-55048378, 55048379	Email: hello@welcomeskillsbd.com http://welcomeskillsbd.com
6	Tommy Miah's Hospitality Management Institute	House-14 Kabir Kunjo, Rd No 13C, Dhaka 1212	01715-957431	https://tmhmi.org
7	Institute of Hotel Management & Hospitality	Husain Plaza (2nd Floor), H#01, R#15 (New) (Old, 28 Mirpur Rd, Dhaka 1209	01516-737169	https://ihmh.net
8	International institute of hotel Management Bangladesh	Rd No. 10, Dhaka 1230	01727-636476	
9	Institute of Tourism & Hotel Management	16 Rd No 12, Dhaka 1209	01787-223399	
10	Update College	AIMS of Bangladesh Limited Ground Floor, Unique Trade Center, 8, Panthapath, Dhaka 1205	01786-115500	http://updatecollege.edu.bd
11	Imperial Hotel Management Training Institute	34 Bangabandhu Ave, Dhaka 1000	01313-872288	http://www.ihmti.com
12	Hotel Himalaya Abashik	15/2, Taz mansion, Mirpur Road, Shyamoli, Dhaka-	01736-340316	

Sl.no	Name	Address	Contact No (Phone/Mobile No)	Website & e-mail
		1207 15/2, Taz mansion, 1207 Mirpur Rd, Dhaka 1207		
13	Yes Tourism & Hotel Management Institute	Rapa Plaza 5th Floor, House 4 Rd No. 27, Dhaka 1212	01730-594144	https://yesinstitutebd.com
14	Hotel & Catering Institute Bangladesh	Zebun-Paradise 3rd Floor, House # 4, Road # 27 (Old), 16 (New), Dhanmondi, Dhaka - 1209.		http://hotelcateringinstitute.com
15	National Institute of Hotel Management Bangladesh	House-49, Road-10, Sector-4 Uttara Model Town, Dhaka-1230	MUKUL AHMED Phone: 01946805499, 01792023790	Email: nihmbinstitute@gmail.com, nihmbinstitute@yahoo.com Web: www.nihmbbd.com
16	The AKS Khan Centre for Excellence	Bang, Rupayan Prime (Ground Floor), House 02, Road 07, Dhanmondi R/A, Dhaka 1205, Dhaka 1205	01730-474781	http://ace.edu.bd
17	Chef Training Institute Bangladesh	East West International School, 756 W Shewrapara - Ibrahimpur Road, Dhaka 1216		https://www.facebook.com › cheftraininginstitute
18	School of Hotel Management	House # 14, Lane # 1, Shangbadik RA, 1216 Kalshi Rd, Dhaka 1216	01715-771515	https://www.facebook.com/schoolofhotelmanagementbd/
19	ITICA-International Training Institute of Culinary Arts	NAM Village, Building#6, Road # 2, Dhaka 1213	+8801770792880 +8801988099033	E-mail: iticabd@gmail.com https://www.itica.edu.bd
20	Chittagong Tourism & Hospitality (CTH)	Rahim Mansion (2nd Floor), 1054, O.R. Nizam Road, Suborna R/A (Behind MFC), Golpahar, Chittagong	01819-654083	https://bd.locale.online/chittagong-tourism-and-hospitality-283141784.html
21	Toac Tourism & Hospitality Training Institute	Laboni Point, Laboni Beach Rd, Cox's Bazar City, Jhilwanja, Cox's Bazar Sadar	01715-907297	https://toacedu.blogspot.com/

Annex D: Skill Classification by Sector, Department, and Occupation

Table D.1: Skill Classification by Sector, Department, and Occupation

Sector	Department	Skill Categories		
		Skilled	Semi-Skilled	Unskilled
Hotel and Resort	Front office	Manager	Team Leader	Bell Captain
		Assistant Manager	Executive	Bell Man
	Food & Beverage (Service)	Manager	Supervisor	Senior Waiter
		Banquet Manager	Bar Manager	Waiter
		Restaurant Manager	Bartender	Junior Waiter
		Asstt. Restaurant Manager	Captain	
	Food & Beverage (Production)	Executive Chef	Commi 1	Boucher
		Sous Chef	Commi 2	Dish Washer (Chief Steward)
		Chef the Party	Commi 3	Dish Washer (Worker)
		Demi Chef the Party		
	Housekeeping	Executive Housekeeper	Room Attendant (Public area)	House Man
		Supervisor	Room Attendant (Room)	
Travel Agents		Manager	Accounts	
		Asst. General Manager	Accounts Officer	
		AGM	Asst. Manager	
		Accounts Manager	Cashier	
		General Manager	Dispatch	
		GM Sales	Guide	
		GM AD	Hajj Guide	
		Sales Manager	IT Officer	
		Ticketing Manager	Marketing Executive	
		Tour Manager	Office Executive	
		Executive Ticketing	PRO	
			RO	
			SPO	
			Sales & Marketing	
			Sales & Ticketing	
			Sales Executive	
			Sales Executive ticketing	
			Sales Ticketing	
			Sales Ticketing Executive	
			sales executive	
			Sales	
			Ticketing	
			Ticketing Sales	
			Tourist Guide	
			Umra Hajj Guide	
			Visa Coordinator	
			Visa Officer	
Tour Operator		AGM	Accounts	

	Air Ticketing Head	Air Ticketing Executive	
	DMD	Asst. Manager	
	Executive	Communication Officer	
	GM	Guide	
	IT Manager	JRO	
	Manager	Marketing	
	Tour Manager	Marketing Officer	
	Visa Head	Office Manager	
	Ticketing Executive	PD	
		RO	
		RSO	
		RO	
		SRO	
		Sales Executive	
		Sales Manager	
		Sales Ticketing	
		Supervisor	
		Tour Consultant	
		Tour Executive	
		Tour Guide	
		Visa Executive	
		Visa Officer	
		Visa officer	