HUMAN RESOURCE CHALLENGES
IN VIETNAMSE HOSPITALITY INDUSTRY

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ABSTRACT: The paper outlines the challenges and difficulties that the hospitality industry in Vietnam is facing in managing human resources to cope with the growing demand for both Tourism and Hotel. These issues have a huge impact on ensuring the service quality in the hospitality industry to meet the expectations of both domestic and international customers. There are four main challenges: a severe shortage of human resources to serve an increasing number of visitors, a lack of skilled workers due to a mismatch between training courses or higher education programs and demand for personnel in the hospitality industry, a lack of supportive policies and benefits for employees to retain employees against competitors in the same industry, the language barrier is also one of the problems that makes international visitors unhappy. Solutions to these problems are also mentioned in this study: improving reward systems such as incentive and non-incentive awards to promote employee performance, corporate commitment to the work and reasonable policies to retain employees. Another solution is to create a close relationship and cooperation between universities, vocational schools as well as hospitality businesses to have a more practical curriculum to be able to meet the current requirements of employers. The issue of fair treatment, drawing right development paths, and good employee benefits is also a way to retain employees. Finally, it is the better preparation in foreign languages for students who are about to graduate. Another vital issue that needs to be improved is the language skills of the current employer by offering free English classes in hotels or in language centers during low season. Data collected in the study is mainly from magazines, newspapers, books, HUFLIT student survey and the meeting organized by FPT Can Tho University with three representatives of Muong Thanh Hotel, Victoria Hotel and TTC Hotel in Can Tho city.

Keywords: Service quality, human resource, challenge, solution.

I. INTRODUCTION

The hospitality industry has been greatly developing in Vietnam. It covers many different segments and employment sectors from food and beverage to travel and tourism. Vietnam is one of the most popular tourist destinations in South East Asia. Pham (2017) stated that there were over 10 million international visitors to Vietnam in 2016, representing an increase of 26 percent. In 2019 approximately 15 million international tourists and 80 million domestic guests visited, compared to only 4 million 10 years ago (The World Bank, 2019). With an average growth of 13.5 per cent per year, it is expected that the total number of international tourists will be 29.1 million by 2020 (Vietnam Insider, 2019). According to the World Travel and Tourism Council (WTTC), Vietnam has ranked “10th out of 185 countries with 9.8 percent of the total contribution of travel and tourism to GDP” (Vietnam Insider, 2019). Therefore, the demand for accommodation, especially four to five-star hotels remains very high. In fact, restaurants, hotels and other employers are growing in large numbers to respond to the rising consumer demand. Many international hotel brands have been developing over the past few years. “From 30 hotels operating under international brands in 2010 there is now a total of 79 by the end of 2017” (Savills Vietnam, 2018). The increasing numbers of domestic and international tourists result in the need for larger pool of human resources, especially skilled workers, which motivates us to write a paper on the human resource challenges in the hospitality industry in Vietnam. The purpose of this study is to highlight the workforce challenges in the Vietnamese hospitality industry and offer recommendations to cope with the workforce problems which seriously impede the growth and profitability of any hospitality business in Vietnam.

II. THREE MAIN HUMAN RESEOURCE CHALLENGES

The severe shortage of hospitality workers, especially skilled ones to meet the increasing demands.

The low number of hospitality staff, especially qualified ones, causes a huge challenge to the rapidly growing tourism and hospitality sector. According to Vietnam Tourism Association estimates, the industry is short of 40 percent staff (Nguyen, 2018). The Institute for Tourism Development Research indicated that “the total demand for direct human resources is expected to be a whopping 870,000 by 2020. The sector’s demand for human resources will be two or three times the number needed” (Ha, 2017). The city Department of Tourism in Ho Chi Minh city predicted that the total workforce needed would be around 21,600 people until 2020 (Ha, 2017). Skilled, semi-skilled and unskilled employees are needed, which causes the problem for the industry. Many positions in hotels and restaurants go unfilled because of the shortage of human resources in the market. “HotelJob.vn, one of the leading hospitality search services, is currently inviting applications for over 9,500 jobs, from janitors to managers” (Nguyen, 2018). Sapa and Phu Quoc Islands, two popular tourist destinations, suffer a severe lack of staff. Nguyen Thi Hoa Le, chairwoman of the Peace Tour Company, mentioned that it is very hard to keep staff staying and working in Phu Quoc even though their salaries are 1.5 times higher than the salaries of those working in other locations (Nguyen, 2018). Furthermore, tourism and
hospitality schools are not able to provide enough workforce for the industry, accounting for only 60 percent of the sector’s demand (Das, 2019). At present, more than 1.3 million workers have been working in the tourism and hospitality industry and only 42 per cent of these workers have been trained in tourism and hospitality, while 38 per cent have moved from other sectors and 20 per cent have had no formal training (Vietnam News, 2018). As a result, there is a shortage of skilled and experienced workers and many are unqualified. The results of a survey released at the Vietnam Tourism Property Forum 2019 by the Hanoi-based consultancy Economical Vietnam indicated that companies with top-class hotels and resorts are struggling with an inadequate workforce. 36 percent of these companies would like more investment in tourism and hospitality properties and 45 percent want to develop their business more (Le, 2019). They all have difficulties with the limited labour supply. “As of last May the country had a total of 101 five-star hotels, 229 four-star hotels and 463 three-star hotels” (Vietnam Investment Review, 2016). Hundreds of hotels are going to open and find it difficult to employ staff because of the insufficient supply of skilled human resources. In 2020, the tourism industry needs 9,300 staff, comprising 8,000 for accommodation services as well as 1,300 for travel services. However, national training schools and universities can only provide 2,600 a year (Ha, 2017). This number shows that demand is greater than supply especially for those who are managers, cooks, servers, and tour guides.

There are some main reasons for the lack of hospitality and tourism staff. Firstly, staff turnover causes a major issue in the hospitality industry. According to industry research, hotel employees, especially young, new graduates, come under physical and psychological pressures like low wages, long working hours, demanding guests, and unfavorable staff treatment from the hospitality businesses (Jaddoud, 2019). Actually, regardless of positions, hard work, and often long and irregular hours for poor pay are the main characteristics in the hospitality industry which are a real hindrance to future job prospects in the industry. “Several studies have reported a substantial number of hospitality graduates leaving the industry due to low levels of job satisfaction, lack of motivation, and poor working conditions” (Kusluvan, Kusluvan, & Eren, 2003; Pavesic & Brymer, 1990; Shin & Lee, 2011; Zacerelli, 1985). This increases staff turnover. Many employees entering the hospitality industry do not consider their job as a long-term career path. When hospitality companies fail to promote the benefits of commitment in the hospitality industry, they find it difficult to keep their employees. Craig Douglas, chairman of the HR working group under the Advisory Board for the Vietnam National Administration of Tourism stated that “Many Vietnamese people commence in hospitality and then leave for other industries despite being trained in the industry” (Nguyen, 2018). Another factor which does not encourage employees from investing in qualifications is the time it takes to progress to the more interesting parts of the job. Many hospitality workers with BBA or MBA majoring in hospitality have to spend many years doing menial tasks, which is the main cause for a large number of skilled staff quitting their jobs.

Lack of skilled hospitality graduates to meet the current requirements of employers, particularly international brands.

There is a mismatch between the skills needed by the hospitality business and training provided in vocational and university courses. A large number of graduates are not ready for the job since they lack the skills to perform adequately in the workplace and need training or re-training to meet the needs and requirements of the industry (Le, 2016). “These limitations are the result of the ineffective development of educational objectives, continued employment of traditional teaching methods and the continued use of outdated or inappropriate curricula” (Hayden & Lam, 2007). Vu The Binh, vice chairman of Vietnam Tourism Association, showed that the growing number of tourist arrivals requires around an additional 20 percent of well-trained professionals a year (VnExpress, 2016). The low quality of hospitality training in Vietnam is hindering the strong growth of the country’s tourism sector. Many businesses, particularly hotel and accommodation providers, are willing to employ workers who have not yet had training in order to meet demands. This has a negative influence on the industry since these workers do not have the professional and necessary skills to do the job properly. Statistics from VNAT showed that Vietnam had more than 13 million international tourists and 73 million domestic travelers in 2017. Nevertheless, only 13,000 staff were good enough to serve foreign tourists (Vietnam News, 2018). In a 2010 study, Nguyen and Robinson interviewed managers across industries and found that “Vietnam has experienced an oversupply of low-level labour, at the expense of an adequate supply of skilled workers and managers” (Anh, Christine & Helen, 2018). Another study which included a large-scale survey of 234 recruiters and 3,364 graduates from 20 universities in Vietnam, showed that there is a real need to retrain 50 % of the graduates in order to work efficiently and effectively because of a mismatch between graduate professional skills and recruiters’ requirements (Luong, 2010). A recent survey by the Vietnam Student Association also reported that there are about 50 % of graduates who find it very difficult to find a job in their areas of specialization and lots of graduates are required to re-train before working with customers (Le, 2017). The unfavorable evaluation by the employers for graduates’ performances shows the need for the Vietnamese education sector to review its educational program. Atkinson, Executive Chairman of Grant Thornton Vietnam, a market research firm, stated that hospitality businesses need to employ qualified employees in all circumstances because a lack of skilled staff will make it difficult to provide quality service to the guests (Nguyen, 2018). Actually, if tourists cannot get the standard of service, hospitality businesses would have a bad image internationally that would have a negative impact on the flow of international visitors and the numbers of repeat visits to Vietnam.
Most of the hospitality and tourism schools in Vietnam have a big gap between academic theory on and practice in workforce training. Indeed, Nguyễn Văn Mỹ, chairman of the management board of Lira Việt Tourism Company, mentioned that “Most Vietnamese students learn a great deal of theory at school, but have few chances of putting it into practice,” (Vietnamnet, 2018). Most countries with a developed tourism and hospitality industry combine theoretical knowledge with skills in the human resource training. However, Vietnam does not include practical skills in the learning. New graduates need significantly more training to keep up with international standards. Tran and Swierczek (2009) investigated the current needs of the employers and carried out assessments on graduate quality and skill delivery in training schools' courses. They conducted a survey on “251 department managers, and 2,555 students, including 717 final-year students and 1,838 students in other years, from four universities” (Le, 2017). The results were that students’ quality and skill delivery were seen to be below standard. Indeed, the Vietnamese education system currently does not prepare students for the skills needed in the industry, particularly with respect to the skills required to engage in hospitality businesses with international connections. There is a limited connection and cooperation between educational schools and the industry which has a negative influence on the educational institutions' responses to labour market needs (Di Gropello 2012).

Lack of policies and benefits to keep outstanding employees.

According to the surveys from students who enrolled in 2014 and graduated from university in 2018 from the Department of Tourism and Hospitality, HUFLIT, there are some main reasons for graduates to leave their jobs. The first reason is that the working environment is not good: antagonism, pettiness from colleagues around you and undesirable things around the working environment, all caused a lot of work pressure. (Anh Nhi). The second reason is businesses do not focus on training employees: employees feel depressed and they want to change jobs to pursue their own orientation, self-employment or as freelancers (Vong Huy). The third reason is that benefits for employees are not clear and specific, leading to many frustrations at work. For example: there are no restrooms, no seats for employees after a hard working day. There is no medical room in case something happens suddenly; the staff are the ones who take care of themselves in this incidence. There is no clear policy on bonuses, benefits and rewards for staff birthdays. The issue of clothing for employees is absolutely not clear either. In addition, safety issues for employees are not taken care of by the hotel; there are cases in which guests hit staff but unluckily the security guard did not intervene or the hotel management did not care about it. (Truc Huynh). The last one is the hotel's policies and benefits are not good, so it does not create motivation for employees to stay with their company. Moreover, their stressful working environments and demanding supervisors also discourage their commitment. Besides these, disproportionate salaries and benefits are not logical; these things create a sense of unfairness for employees when working. More importantly, hotels do not create opportunities for employees to advance to a higher position, which forces them to find another job (Minh Huan).

Limited numbers of English-speaking staff.

According to Dr. Cheah Kuan Yean, General Director of Becamex Hospitality in Bình Dương Province, English plays an important role in the hospitality industry because it is a global language and has been used as the priority communication vehicle to address and deliver customers' satisfaction (Vietnamnews, 2019). It is considered as a working language for many different multinational and national companies (Melchers & Shaw, 2013; Rogerson-Revell, 2010). In the tourism and hospitality industry, English is the main means of communication between staff and customers (Blue &Harun, 2003) as well as being widely used in business contexts (Chiappini, Nickerson & Planken, 2007). It is the most used language in the development of tourism and hospitality since the majority of hospitality and tourism websites and programs are written in English.

To provide and maintain service product quality as well as increase guests' satisfaction, it is crucial for hospitality workers to speak good English so that customers feel valued and welcomed. Statistics from VNAT showed that in 2017, while there were more than 13 million international tourists, only 13,000 staff were able to speak fluent English to serve international tourists (Vietnamnews, 2018). Nguyen Van Phien, Senior Director at real estate firm Novaland, said that most fresh graduates are incompetent at both communication skills and foreign language skills. Almost 45 percent of tour guides and 85 percent of receptionists at hotels and restaurants have low level English proficiency (Le, 2019). Tourism recruitment firms in Khánh Hòa province also mentioned 92.3 percent of new employees fail to meet foreign language requirements (Ha, 2017). In addition, there is a diverse workforce in most of the five-star international hotels and restaurants, and staff not only have to have an ability to communicate effectively with guests but also with other workers who come from different countries. Staff who cannot speak English well will fail to understand simple instructions, orders and information. In addition, employees also fail to deal with written documents such as emails and reports.

III. RECOMMENDATIONS FOR THE HOSPITALITY CHALLENGES

Firstly, a better policy for salary needs to be implemented. High salary and wages for staff will attract more people to work and stay with the industry. According to Mr. Gaku Echizenya, CEO of Navigos Group, "Salary plays a very important role in attracting and retaining talents, especially in the context of the recruitment market in Vietnam"
becoming more and more vibrant and competitive due to the investment of FDI enterprises.” (Navigensearch, 2019). The Jobseekers Salary Guide Report in Vietnam in 2019 which was conducted by VietnamWorks carried out a survey on salary information influencing the job-seeking behaviour of jobseekers and job seekers' expectations. The results of the survey are that “if the salary does not meet the expectations of the employees, nearly 80 % of employees have some certain reactions, of which 46 % decide to directly ask for a raise, 26 % decided to change jobs” (Navigensearch, 2019). To keep current staff within the industry and to attract new staff, the hospitality industry needs to step up its game by raising salaries, providing better incentive programs to encourage staff retention and creating a positive workplace culture. When department managers show workers the inherent fairness of the compensation program, they are able to attract and retain good employees in a long run. Actually, compensation directly affects employee motivation. Highly compensated workers tend to view their company's compensation programs as fair and de-motivated staff find fault with the manner they are compensated (David & Jack, 2009).

Secondly, universities, vocational schools and hospitality businesses should have a closer connection and cooperation in delivering education programs that meet the current needs of employers so the number of graduates can be well qualified to work in hospitality industry right after graduation. Dr. Cheah Kuan Yean, general director of Becamex Hospitality in Binh Duong province, indicated that educational institutions must have a high awareness of industry trends, standards and requirements in order to customize and update education programs to develop the full potential of students. He also mentioned “Lecturers should have as much industry experience as possible and be engaged in hospitality operations and practices, and not just have academic theory” (Vietnamnews, 2019). Deputy Dean of Duy Tan University in Da Nang City, Dr. Vo Thanh Hai, stated that the Ministry of Education and Training gave permission for experienced tourism companies to cooperate with educational institutions to train more well-qualified students for the industry (Vietnamnews, 2018). Moreover, hospitality enterprises should also provide an effective and practical learning environment for the students which have a huge impact on students’ decision to stay in the industry. Research indicates a difference between students’ expectations (before internships) and perceptions (after internships), which results in a low level of satisfaction towards internships (Lam & Ching, 2007; Singh & Dutta, 2010).

Thirdly, it would be better for businesses to decrease the percentage of staff who choose to leave. To do so, the management board of enterprises should treat all staff members equally in order to encourage them to stay with their workplace for life. Unfair treatment is the main reason for conflicts and staff turnover. Any decision on challenge and income affects the retention of employees of the business (Koort, 2020). Moreover, businesses should set clear procedures for emulation and commendation. When staff understand what they are supposed to do, they will do it more effectively. More importantly, they should be recognized, praised, and honoured when they have recorded achievements in their work. If this happens, they are motivated to work well and spend more time on their work. Besides this, if the future of their career in the company is promising, they are more likely to dedicate their efforts to their workplace. These things make the recognition more meaningful (Koort, 2020). An easy and friendly environment will encourage employees to speak openly, to communicate with others or to think outside the box. A comfortable working environment is sure to boost development and new initiatives for the enterprise. In addition, a learning environment should be created. If there is no room for employees to grow, they will get bored and will not want to be loyal to their companies. Without opportunities to grow or to develop or if the entrepreneur does not have any new challenges in internal training programs, the performance of employees will be greatly reduced. Current job candidates always want to have the opportunity to develop themselves and to continue to improve their skills, potential and work experiences. If a strong investment is made in training, improving, and encouraging employees, businesses will reap what they sow. These initiatives could include inviting people to participate in a training program that will help them to improve their skills, increase their self-esteem and build their confidence in them. Prove to your employees that they have no reason to leave when the opportunity develops and the company trains them from within the organization (Schwantes, 2018). This last strategy is the role of managers who play a very important part in the success of an enterprise. "One manager with poor people skills can do damage to the culture and effectiveness of a company in a short period of time," says David Stevens, executive Vice President of Corporate Relations at Valor Global (Florentine, 2019). The boss needs to recognize the merits of his employees, more than good employees need a worthy salary—a bonus regime. The management trend of leaders in the world is “Work less, Make more”, it means that "Do less, harvest more". All we need is the compromise between mental values and physical values, which really makes good employees want to stay and continue working for the company or business. Mr. Lee Kuan Yew, the former prime minister of Singapore said, "Whether a police officer, an immigration officer or a customs officer, it is very dangerous for us if they are underpaid or paid with low salary” (TuoiTre, 2015).

Fourthly, raising English language proficiency to a higher level for hospitality graduates is recommended. According to Le (2016), there are currently around 9 universities which have hospitality-related programs. English language proficiency is one of the first requirements to take the course. To meet the rising needs of skilled staff, more and more universities should use English as the main language during the lectures in the classroom. Offering more compulsory and practical English courses for hospitality and tourism students is a must and their English score for exit exam must be 7 or higher.
Last but not least, hospitality enterprises should organize free language training classes to improve their new and current staff’s English skills, especially during low seasons. In the meeting with students of FPT university, three CEOs from Victoria hotel, Muong Thanh hotel and CTT hotel indicated that English-speaking staff are greatly needed in their hotels to ensure higher customer satisfaction. Free English classes in off-peak seasons organized by these hotels significantly improve their current employees’ English skills which leads to higher guests satisfaction as well as employees’ satisfaction and a lower rate of staff turnover.

IV. CONCLUSION

Hospitality in Vietnam has continued to thrive over the past few years with the increasing number of domestic and international visitors. It is a service industry which strongly depends on human labour to serve the customers. Staff quality definitely plays a crucial role in the service quality. The main issue for all organizations in this industry is to ensure that they have enough personnel to always provide at least the level of service that satisfies the heart of customers. The most critical problems that the industry faces are the limited number of employees working in the field, the shortage of new skilled graduates entering into the hospitality market, the lack of policies and benefits to retain qualified staff and the low numbers of English-speaking staff. These human resource problems lead to poor customer service which hinders the development of the hospitality industry compared to other countries such as Thailand, China or Indonesia. In the hospitality industry, employees are the brand ambassadors which create a good image and reputation. Whether the staff work directly with guests or provide a support function for others, the performance of the staff is what makes the hospitality businesses stand out above and beyond their competitors. The possible solutions to recruit, develop and retain competent and passionate employees are that firstly, the hospitality industry should have a better reward system like increasing wages, salaries, more incentive programs and recognitions for the staff, secondly, there should be a better cooperation and connection between hospitality enterprises and hospitality schools to train more well-qualified graduates for the industry, thirdly, better recommendations of businesses to reduce the number of workforce leaving the job and finally well-prepared English language proficiency for new graduates entering the market and current employees already working in the industry.

V. REFERENCES


Vietnam's hotel industry faces challenge in technology.