

# EXECUTIVE SUMMARY

## INTRODUCTION

### Background to the Project

Tourism is an increasingly important sector of the national economy of Oman, currently accounting for 2.86 per cent of Gross Domestic Product. Recognising the importance of human resources development to the success and sustainability of the tourism sector, the Ministry of Tourism of Oman commissioned the World Tourism Organization (UNWTO) to review and assess human resources issues in the tourism sector.

In 2006, UNWTO fielded a mission to Oman to evaluate the state of tourism human resources in the Sultanate, identifying the key issues and challenges in order to make recommendations for the further development of tourism human resources. In the period of 2006-2009, the Sultanate of Oman continued with a phased expansion of tourism and the development of its tourism infrastructure. These developments altered the composition and needs of the tourism labour market and further planning in human resource development became necessary. In view of this, the Ministry of Tourism requested a follow-up mission in March 2009 to carry out a project formulation mission to advise the Ministry on further technical assistance needs for the preparation of a tourism labour market study. The main findings of the 2009 mission concluded that the Sultanate had reached a stage of tourism development where careful planning for tourism human resources development was needed to ensure the long-term success and sustainability of the tourism industry. Furthermore, it was recognised that appropriate tourism human resources development policies would assist the Sultanate in progressing the implementation of Omanisation policy in the tourism sector and would also ensure that the employment creation effect of tourism development benefits and underpins the broader socio-economic development of Oman. Based on the key outcomes and recommendations of the project formulation mission in March 2009, the Ministry of Tourism of the Sultanate of Oman commissioned the World Tourism Organization (UNWTO) to assess the state of human resources in the tourism sector of Oman and to provide strategic recommendations on strengthening the provision of quality human resources for the sector and meet future demand in the industry. A UNWTO-Ministry of Tourism joint project was formulated for the preparation of a detailed Manpower and Training Needs Analysis and a phased medium term (2011-2015) Tourism Human Resources Development Action Plan for the Sultanate of Oman. Following the approval of the Ministry of Tourism, the project activities were launched in December 2009. As part of the first phase of the project, extensive fieldwork was conducted in the period of December 2009 - August 2010.

The project was undertaken through conducting detailed quantitative and qualitative analysis on a range of key areas. The principal themes of the project were: Division of labour in the tourism sector; skills shortages and future skills demand; future requirements for human resources in the tourism sector; tourism education and training provision; and Omanisation policies.

The Final Report contains the key outputs and findings of the Study. The Report is divided into two principal parts:

- **PART A** presents the findings of the **Manpower and Training Needs Analysis** (Sections 3 and 4)
- **PART B** provides the **Tourism Human Resources Development Action Plan for the period of 2011-2015** (Section 5).

## **Key Project Objectives and Components**

The main objectives of the project were:

- To undertake a comprehensive qualitative and quantitative analysis on the existing and future requirements in tourism human resources in Oman, through the collection of a robust empirical data framework (based on the areas indicated below) upon which future tourism human resource development policies can be based and future human resources demand can be met;
- To collect data on Omani and non-Omani employees working in the tourism sector, their distribution within tourism sub-sectors, through the implementation of surveys;
- To identify existing skills shortages, as well as future demand for skills in the tourism sector, taking into account the development of new tourism products and activities in Oman;
- To project future demand for employment in the tourism sector by tourism activity and job level for the period 2011-2015;
- To review the state of tourism education and training in Oman, including programmes, student numbers, capacity utilization, student employability and the need for future development;
- To review current Omanisation targets for the tourism industry and provide recommendations for achieving future Omanisation targets;
- To recommend policies and strategies to increase the number of Omani managers in middle and senior management positions over the medium and long-term;
- To propose initiatives to facilitate and promote a continuous training culture in the tourism industry to address key skills gaps in order to strengthen the skills of the Omani tourism workforce; and
- Identify the main barriers to be overcome in relation to strengthening human resources development for the tourism sector in Oman, including issues such as perceptions and attitudes to working in the tourism industry, job retention, graduate recruitment and career development initiatives at all levels.

The project consisted of the following two principal components:

### **I) Tourism Manpower and Training Needs Analysis**

The Tourism Manpower and Training Needs Analysis present the main findings of the analysis of both secondary and primary data collection. Secondary information was gained through extensive desk research and interviews with key public and private sector stakeholders. Primary data was obtained from the six national surveys that were conducted for the purposes of this project. This includes, *inter alia*, the employment of Omani employees and Omanisation policy issues; the existing and future levels of human resource demand and supply; and current and

future training needs of the Omani tourism workforce. The assessment framework included six surveys that were commissioned for the Needs Analysis:

- Tourism firms
- Human Resource Directors
- Tourism sector employees
- Focus Groups with Omani citizens and students
- Tourism education and training institutions
- Integrated Tourism Complexes (ITCs)

The surveys focused on examining issues relating directly to the tourism workforce in Oman. These included, *inter alia*, the distribution of Omani employees in management and supervisory positions, skills availability and shortages within the sector, recruitment policies and procedures, education provision and training opportunities, public image and perceptions of tourism and career development in the tourism sector. The survey methodology consisted of the implementation of a series of questionnaires, interviews and focus groups from a wide range of industry stakeholders which were selected in order to garner a diverse cross section of opinions and views. To facilitate the survey's effective implementation, an extensive database was also compiled of all registered and operating tourism enterprises in Oman.

On the basis of this analysis, the Sultanate of Oman would have additional data and information which will allow the development of tourism human resources in a manner that supports the Sultanate's tourism development strategy, national development strategy and the successful implementation and development of Omanisation Policy.

## **II) Medium-term Tourism Human Resources Development Action Plan (2011-2015)**

The Medium-term Action Plan presents a roadmap for Tourism Human Resources Development Plan for the Ministry of Tourism to:

- i. Implement effective tourism human resource development policies;
- ii. Meet future tourism human resources demand;
- iii. Achieve Omanisation Policy targets;
- iv. Implement policies to ensure that Omani people benefit from tourism development; and
- v. Develop an organisational framework for the implementation of tourism human resources development policies.

The **Human Resources Development Action Plan** builds on the strategic focus areas that were identified in the Needs Analysis and provides a strategic framework to systematically address key human resources issues towards the development of highly skilled workforce and stronger tourism sector in Oman. The Tourism Manpower and Training Needs Analysis and the Medium-term Tourism Human Resources Development Action Plan are closely linked together in that the Action Plan (2011-2015) is built from the main findings and results of the Tourism Manpower and Training Needs Analysis. This evidence-based Action Plan subsequently provides an authoritative and actionable roadmap for the development of tourism human resources in the Sultanate of Oman for the period of 2011-2015.

## **Project Output**

The principal project output is a report entitled “Tourism Manpower and Training Needs Analysis; and a “Tourism Human Resources Development Action Plan (2011-2015) for the Sultanate of Oman”.

## **Intended Target Beneficiaries**

The target beneficiaries of the project are all stakeholders involved in tourism industry development and management in the Sultanate of Oman.

- I) The **Ministry of Tourism and Government of Oman** will be the primary beneficiaries of the project through:
  - the availability of a comprehensive and robust dataset regarding tourism human resource development and training needs in the Sultanate of Oman; and
  - recommendations and proposals for strengthening key aspects of human resources in the tourism sector through the Tourism Human Resource Development Action Plan (2011-2015).
  
- II) The **Omani people** will benefit from the project through the policies and plans that will deliver:
  - improved employment opportunities in the tourism industry;
  - improved career opportunities, including enhanced opportunities to reach middle and senior management position in the industry;
  - strengthened human resources development culture;
  - strengthened tourism education and training provision; and
  - enhanced socio-economic benefits (direct and indirect) through tourism development.
  
- III) **Tourism enterprises in Oman** will benefit through:
  - an improved fit between tourism resources demand and supply;
  - increased involvement of Omani people in tourism industry employment;
  - increased motivation of Omani people to enter and stay in the industry; and
  - better trained graduates.
  
- IV) **Tourism education and training institutions** will benefit through:
  - increased demand for tourism education and training courses;
  - increased student motivation;
  - increased training opportunities; and
  - stronger links with tourism enterprises.

## **Key Outcome Indicators**

The key outcome indicators for the project are the following:

- Improved tourism labour demand and supply match;
- Decreased skills gaps;
- Improved employee satisfaction;
- Strengthened tourism education and training provision;
- Improved image and attraction of the tourism sector employment by Omani citizens;
- Increased level of Omanisation in the tourism sector;
- Increased numbers of Omanis in mid and senior level managerial positions; and
- Increased economic benefits from tourism to the Omani people without jeopardizing local customs and heritage.

## Tourism Manpower Needs Analysis Key Findings

1. The Needs Analysis confirmed that the tourism sector faces a number of challenges in relation to the development of human resources in Oman. The challenges relate to the ability of the tourism sector to recruit Omani citizens to work in the tourism sector; the competition faced from other sectors in attracting quality human capital, particularly in relation to average pay; meeting Omanisation targets for the sector while maintaining high product and service standards in the sector; and ensuring effective communication and coordination between all stakeholders including government ministries, tourism enterprises, academic and vocational training institutions and employees.
2. **The Survey of Tourism Firms** highlighted that Omanis are underrepresented in management and supervisory positions in the tourism sector, while their employment in operational functions is at a high level. The main barriers to firms recruiting Omanis included the lack of suitable qualifications, salary expectations, working hours and lack of training opportunities. Many of the same reasons were cited for why Omanis tended to leave their jobs in the tourism sector. Future efforts by the government and tourism firms should be focused on ensuring programmes are in place to facilitate the greater recruitment of Omanis in management and supervisory positions in the future. Tourism firms also stated their plans to create new jobs in areas such as food and beverage, sales and marketing, tour guiding and finance. However, the survey found that the majority of companies do not have dedicated training budget and training for staff is undertaken on an *ad hoc* basis.
3. **The Survey of Human Resources Directors** underlined some of the main findings of the survey of tourism firms, but also provided further insights into some of the wider constraints faced by companies in the tourism sector. There was a consensus among directors that the level of pay in the sector made tourism uncompetitive with other sectors. There was agreement that raising the minimum wage should be considered to enhance the attractiveness of the sector as an employer. A number of skills gaps were identified, including in food and beverage and service functions, which were recognised as being assumed for the most part by foreign workers. The survey demonstrated a strong consensus that greater training provision was needed in the areas of IT, foreign languages, customer service and management skills, to improve service delivery and quality. This was considered particularly important for Omani workers, as tourism is still a relatively new sector. One possible option to address this could be to provide training overseas to high performing individuals to increase their exposure to international practices.
4. **The Survey of Tourism Employees** revealed some of the main motivations for joining the tourism workforce as well as the main disadvantages from an employee's perspective. While the majority of Omani employees expressed satisfaction with working in the tourism sector, the issue of pay was cited as a major disadvantage, and the reason many Omanis were considering moving to jobs in other sectors. More broadly, the survey indicated that while salaries within the sector varied considerably (i.e. a large pay gap between the highest and lowest paid), the average salary in the sector were below the national average. The opportunity to work using foreign languages was highlighted as a positive.

5. **The Survey of Omani Citizens** sought to gain a broad overview of the views of different sections of society in Oman in relation to tourism in the country. The survey indicated a high level of support for tourism development in the country, primarily due to its ability to create valuable employment opportunities for local communities. However, it was noted that tourism suffered from a negative public image, due to negative perceptions regarding hotels and gender issues. It was also conveyed that the employment opportunities offered in the tourism sector were not well known. It was recognised that the employment opportunities for women in the tourism sector is a sensitive issue, as some occupations are not considered suitable. Omani students have a favourable view of tourism, but are not fully committed to seeking employment in the sector.
6. **The Survey of Tourism Education and Training Providers** reviewed current issues relating to tourism education and training programmes in Oman, including structure, programme coverage and capacity. Improving the quality of tourism education and training is a critical issue and must be considered a priority for the long term development of human resources in the tourism sector. Tourism education and training is still at an early stage of development; the first undergraduate programme was introduced in 2001 and the number of courses at undergraduate level has steadily grown, as well as the number of vocational training programmes. However, there are currently no available postgraduate tourism programmes in Oman, which would further enhance the provision of tourism education. The survey found that the majority of education institutions run well below capacity due to a lack of demand in tourism programmes. Therefore, any future expansion plans should be carefully considered to ensure that the existing provision is adequately improved and filled. This points to the need to promote the sector more comprehensively and increasing awareness of the benefits in working in tourism to ensure there is sufficient demand for tourism programmes. Several tourism programmes were recognised to have strong links with the private sector, enabling students to participate in internships and work experience schemes as part of their courses. The survey also found that additional vocational courses should be developed by training institutions for existing employees, particularly where skills gaps exist.
7. One of the key developments in Oman's tourism sector over the medium term will be the opening of several **Integrated Tourism Complexes (ITCs)** in the country. Typically an ITC consists of hotels, residential units (apartments, villas), golf courses, a marina, retail outlets, restaurants and entertainment facilities. A survey on ITCs was conducted to assess the impact of the development of ITCs on human resource requirements. It is clear that the ITCs will increase the demand for labour through the creation of new jobs in the sector over the next 5 years, which will have implications on future skills requirements. Based on the information collected from the survey, government data and industry research, it is estimated that an ITC could create in the region of 2,000-2,500 new jobs per ITC, with the majority of opportunities in hotels, retail, outdoor activities and food and beverage. The main regions which will benefit include Muscat, Dhofar, Musandam and Sharqiyah.
8. The total size of the workforce in the tourism sector is estimated to be in the region of 31,230, according to sample employment data collected for the project. Over the period 2010-2015, employment in the sector is forecast to grow on average by 10-30 per cent each year up to an estimated workforce of 56,000 by 2015, a growth of 81 per cent based on 2010 figures. This means that an additional 25,440 jobs will be created in the tourism sector, peaking in 2015 when a number of major projects are planned to be completed. These figures indicate that there will be a substantial

employment creation and reflect the growing importance of tourism to the national economy.

9. The projected figures indicate that there will be a sharp increase in demand for skills in the sector in management, IT, languages, sales and marketing, finance and tour guiding. A demand for new skills will also increase in areas such as sport and recreational activities, golf course management, handicrafts and event management. The Human Resources Development Action Plan proposes measures for closing these skills gaps and meeting this additional demand.
10. The current level of output of skilled manpower will not meet this demand, due to the relatively small numbers of graduates that are produced on an annual basis (currently around 600 per year). It is therefore essential that efforts are made to promote tourism programmes in order to increase student numbers.

## Human Resources Development Action Plan

11. The Tourism Manpower Needs Analysis underlined several key issues and challenges in view of the structural expansion in the tourism sector which will have a major impact on the creation of new jobs and the demand for skills. As highlighted in the Needs Analysis, one of the principal drivers of this new demand will be the development of ITCs. The significant job creation effect needs to be managed through a phased approach in order to meet this future demand. The Action Plan proposes policies that aim to both meet this demand while also enhancing the opportunities for Omani citizens to enter the tourism sector in a wide range of functions. Other key issues that were highlighted include the need for greater coordination and engagement between industry stakeholders on tourism labour issues; promoting the tourism sector to attract greater numbers of students to tourism programmes and enhancing its public image as an employer; developing sufficient training provision to help address existing skills gaps as well as those arising from the development of new products and services.
12. The Tourism Human Resources Action Plan has been designed based on the key issues and challenges. The Action Plan is based around the following five strategic objectives which were identified as priority areas:
  - i) **Establish new coordination mechanisms to strengthen planning, monitoring and partnership for human resource development policy in the tourism sector**
  - ii) **Strengthen Omanisation policy implementation**
  - iii) **Enhance public awareness of tourism and improve the image of tourism as an employer and industry**
  - iv) **Improve tourism education/job training provision and student employment in tourism**
  - v) **Monitoring and evaluation of the Action Plan**
13. The establishment of a mechanism to improve national level dialogue on human resources and labour issues in the tourism sector is a priority, due to the highly fragmented nature of the sector and the stakeholders operating within it. The Action Plan proposes establishing a **Tourism Human Resources Development Committee (THRDC)**, a government-led Committee with responsibility for leading the management of human resources in the tourism sector. In this regard, the Committee would oversee all human resources issues in the tourism sector, monitoring current issues affecting employers and employees, commissioning research and implementing policy decisions. The central aim of the THRDC would be to assess critical issues relating to the sector's development systematically through improved dialogue and identifying suitable interventions. The THRDC would be under the leadership of the Ministry of Tourism and include the membership of key industry stakeholders including government ministries, private sector institutions and industry representative bodies. Additionally, the Committee would be supported through the establishment of a new Research Unit based in the Ministry of Tourism that would support the work of the Committee.
14. The implementation of **Omanisation** policy is a priority both for the government and employers in the tourism sector. While significant progress has been achieved since the establishment of Omanisation targets, current levels are still below the required targets. The Needs Analysis concluded that the current targets for Omanisation in the tourism sector are generally too high and may put at risk the

need for high levels of service quality in the sector. While the Tourism Needs Analysis and HRD Action Plan strongly supports the employment of more Omani citizens in tourism, it is critical that this is done in a phased manner that takes into account the current realities in the sector and that does not put at risk the reputation of the sector. The Action Plan therefore makes a number of proposals to improve dialogue between government policymakers and employers on this issue and undertaking industry research.

15. The **public awareness and image of tourism** are critically important factors that have a significant influence on the sector's ability to attract sufficient numbers of students to study higher education programmes in tourism, as well as quality human resources to work in the industry. It is evident that developing a strong public awareness and brand identity for tourism is in the strong interests of the government and tourism enterprises. A number of activities are proposed to promote tourism at the national level to a wide range of audiences (students and the general public). These include public awareness campaigns, lecture series and industry fairs, which would be designed to broaden the appeal for tourism as an economic sector and raise awareness of the career opportunities available to young people. The delivery of these initiatives, particularly the proposed **national tourism awareness strategy**, will require close collaboration between the government, tourism enterprises and educational institutions.
16. The quality and provision of **tourism education and vocational training programmes** are both critical elements to ensuring high product and service standards across the tourism sector. A key challenge in this regard is ensuring that the content of education and training programmes matches the needs of employers. This requires a closer engagement between employers and education/training institutions so that young graduates as well as experienced professionals receive the required training for their future careers. This closer cooperation would also enable skills gaps to be identified. The government can play an important role in this regard through facilitating dialogue, collaboration among stakeholders and collecting industry data. To address these challenges, the Action Plan proposes the establishment of an **Industry Training Fund** to provide high performing university graduates with work placements in tourism enterprises; fund short training courses for existing tourism employees for continuous development; and training specialists and senior managers for key management positions in the sector. The Fund would be established through both government and private sector funding from tourism enterprises wishing to participate in the fund, as well as with local training providers who would design suitable training programmes. The Fund, which would be administered by the Ministry of Tourism, would be open to applications from tourism enterprises wishing to receive funding for their employees.

While the Industry Fund seeks to improve training and job opportunities, it should not be considered as the sole source of support for training in the tourism sector in Oman, as individual firms operating within the tourism sector are responsible for the training requirements of their respective staff. The Industry Fund should be viewed as an initiative which can be used by companies and education institutions to supplement and enhance their own training provisions, such as in tour guiding. The Action Plan also proposes commissioning an in-depth review of tourism curricula.

17. The Action Plan, which sets out strategic objectives together with recommended actions over a 5 year period, should be closely monitored on an ongoing basis during its implementation by the THRDC in conjunction with relevant industry stakeholders. Regular evaluations would also provide valuable opportunities to review progress

made, developments in the tourism sector and labour market, in order for adjustments to be made and corrective actions to be taken, where necessary. A key aspect of this would include the publication of periodic reports on the ongoing work and achievements made for the development of human resources.