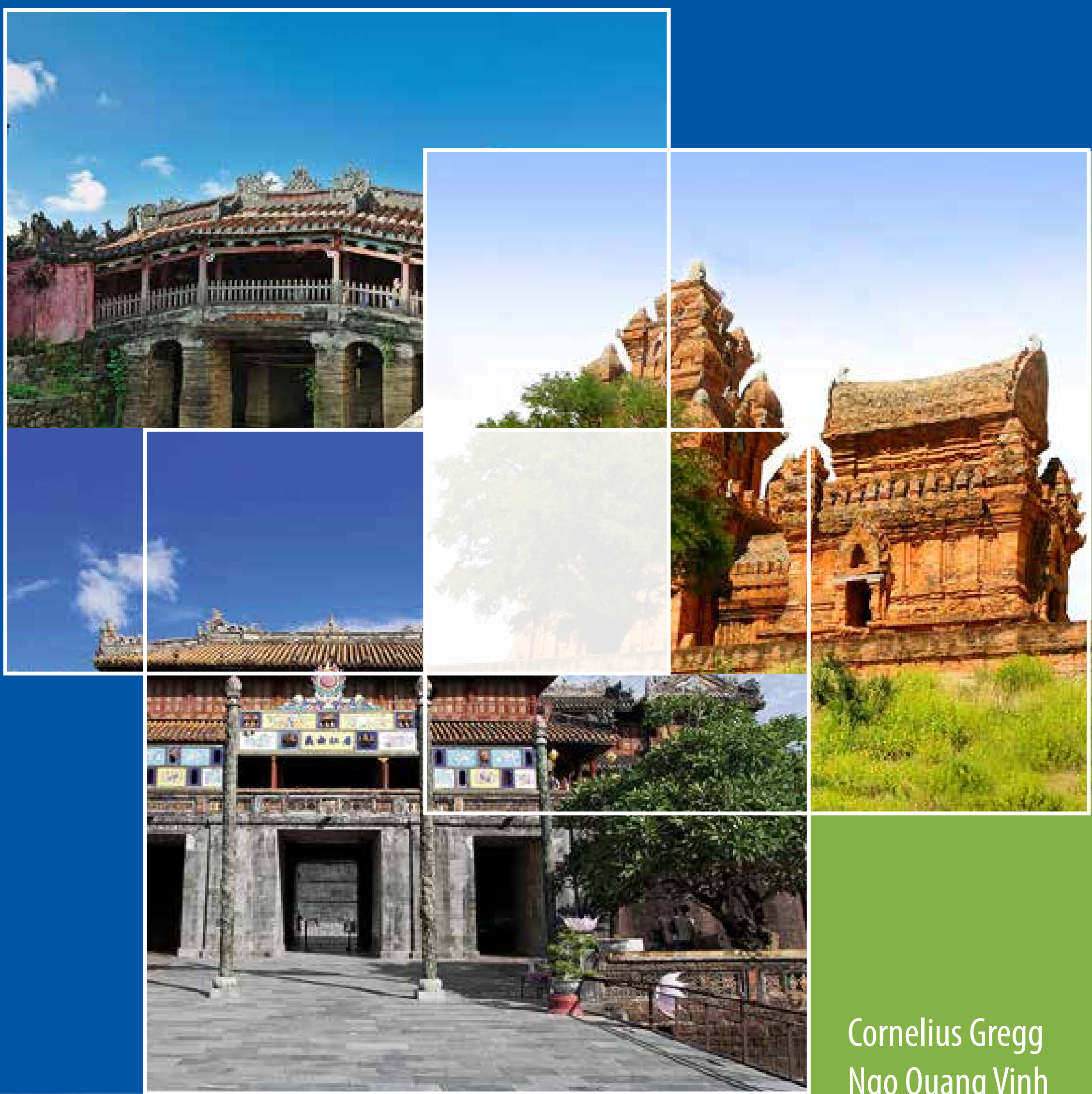
SKILLS FOR TRADE AND ECONOMIC DIVERSIFICATION (STED) IN VIET NAM

The case of the Tourism sector in selected provinces



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International Labour Organization

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FOREWORD

"Skills development is [...] essential to address the opportunities and challenges to meet new demands of changing economies and new technologies in the context of globalization."

Conclusions on skills for improved productivity, employment growth and development,

International Labour Conference, 2008

"Tourism must be a key economic sector which accounts for an increasingly high proportion in GDP contribution and helps promote socio-economic development."

Strategy on Viet Nam's tourism development until 2020, vision to 2030 [1]

This report presents an application of the Skills for Trade and Economic Diversification (STED) methodology to the tourism sector of Viet Nam's economy in selected provinces (mainly Quang Nam and Thua Thien-Hue provinces, plus some involvement in Khanh Hoa province). STED has been developed in recognition of the fact that having the right skills among workers is crucial for firms or industries to succeed in trade, and vice versa understanding trade is important to provide workers with the right skills. Availability of skilled workers contributes to higher and more diversified exports, more foreign direct investment (FDI), higher absorption of technology, and more sustainable growth and productive employment creation. At the same time, skills are the key determinant for a worker's success in finding a good job and making a living.

The application of STED in the tourism sector in Viet Nam exemplifies action on these priorities, and its integration with on-going ILO technical assistance. This work has been undertaken under the Applying the G20 Training Strategy project, which is funded by the Russian Federation. Two other ILO projects are closely linked to STED work in Viet Nam: The project "Technical and Vocational Education and Training (TVET) Law Revision" provides support at the macro level to increase the relevance of TVET and to encourage industry participation in training activities. The project "Sustainable and Responsible Tourism in Central Viet Nam" (SART) is the ILO-UNESCO joint effort to improve livelihoods for local communities in Quang Nam and Thua Thien-Hue provinces through promoting cultural tourism and creating sustainable and responsible tourism models that can be replicable in Viet Nam. Both projects provide a strong platform to support follow up and implementation of STED recommendations in tourism sector of Viet Nam.

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[1] http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10051267 [Accessed on 10 May 2016]

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This report was written by Cornelius Gregg (Technical Specialist, ILO Skills and Employability Branch) and Ngo Quang Vinh (National Project Officer, ILO Country Office for Viet Nam) with technical contributions from Carmela Torres (Senior Skills Specialist, ILO Decent Work Team in Bangkok). This work would not have been possible without the support of Gyorgy Sziraczki (former Director, ILO Country Office for Viet Nam), Chang-Hee Lee (Director, ILO Country Office for Viet Nam) and Girma Agune (Chief of Skills and Employability Branch).

Many others have made substantial contributions to the STED work in Viet Nam: Nguyen Thi Huyen (National Project Coordinator, ILO Country Office for Viet Nam) and researchers from Institute for Tourism Development Research (Viet Nam National Administration of Tourism) provided invaluable inputs and secondary data for the report. The STED enterprise surveys in Quang Nam and Thua Thien-Hue provinces were carried out by a team of local officials from the Provincial Departments of Culture, Sports and Tourism (DOCST), Provincial Department of Statistics, and teachers from local training institutions. The data from the surveys were processed by the team under the guidance of Nguyen Thi Huyen.

Logistical support was provided by Nguyen Ngoc Dung (Project Assistant, ILO Country Office for Viet Nam) and consultation workshops were organized by local DOCST in Quang Nam and Thua Thien-Hue provinces.

Many industry stakeholders from national government, local authorities, private sector, trade unions and training institutions generously gave their time and insights during consultation workshops and interviews.

All errors and omissions remain the responsibility of the authors.

ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
DOCST	Department of Culture, Sports and Tourism
DOLISA	Department of Labour, Invalids and Social Affairs
FDI	Foreign Direct Investment
GDP	Gross Domestic Products
GDVT	General Directorate of Vocational Training
GSO	General Statistics Office
HDI	Human Development Index
ILO	International Labour Organization
MOCST	Ministry of Culture, Sports and Tourism
MOET	Ministry of Education and Training
MRA	Mutual Recognition Arrangement
SME	Small and Medium Enterprise
STED	Skills for Trade and Economic Diversification
TNA	Training Needs Assessment
TVET	Technical Vocational Education and Training
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
USD	United States Dollar
VNAT	Viet Nam National Administration of Tourism
VND	Viet Nam Dong (unit of Vietnamese currency)
VTOS	Viet Nam Tourism Occupational Standards
WEF	World Economic Forum
WHG	World Heritage Guide

INTRODUCTION

The International Labour Organization's (ILO) Skills for Trade and Economic Diversification (STED) methodology originates from cooperation between the Skills and Employability Branch and the Trade and Employment Programme in the ILO's Employment Sector. It brings to bear expertise on skills policy development and skills anticipation, educational and vocational training reform, trade analysis, trade and employment linkages, and policy coherence between trade, investment, labour, and education policies. STED also builds upon the ILO's unique tripartite structure and its ability to bring together governments, workers, and employers to work together for more and better jobs.

Providing the right skills at the right time is anything but easy, and it is not just a question of putting in more resources. Around the world, we observe situations where highly educated workers remain unemployed, while at the same time firms find it difficult to fill vacancies for skilled positions. Such mismatches, where the skills taught by the education and training systems do not fit with what is in demand in the labour market, constitute a large economic loss, as well as a personal tragedy for those affected by it. In order for skills supply to match skills demand in the labour market, it is necessary to take a forward looking perspective, and to ask not just which skills are in demand today, but which skills will be in demand in the future. This is what STED does.

In Viet Nam, the tourism sector in Thua Thien-Hue and Quang Nam provinces was selected as it generates a high volume of revenue (especially from foreigners), and creates a large number of jobs, but still has plenty of room for improvement in service quality due to shortcomings in the availability of high quality skills. During the implementation process, following a suggestion from the Russian Embassy in Viet Nam, some interventions were also undertaken in Khanh Hoa province which is a popular destination for Russian tourists.

The STED report for the tourism sector in selected provinces in Viet Nam is a baseline for collaboration between the ILO and key local stakeholders in improving the competitiveness of the sector for sustainable development and job creation. Some good examples at provincial level could be scaled up to national level for nation-wide impact.

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1. SECTOR CHARACTERISATION

1.1 Overview of Viet Nam tourism industry

Viet Nam's tourism offering is based on its natural endowments and indigenous cultural resources. With a coastline that stretches over 3,200 km from north to south, dozens of islands and nearly 3,000 islets, beach and island tourism has become a key tourism product for Viet Nam. The beaches and seaside resorts in Viet Nam are acknowledged internationally in the travel industry. They attract many thousands of visitors each year.

With a long and distinctive history and tradition, Vietnamese culture differs between regions, with a number of distinctive ethnic groups who are of interest to many tourists, especially to international visitors. Cultural tourism is an integral part of the experience for many tourists coming to Viet Nam to appreciate the life, culture and cuisine of the Vietnamese.

Eco-tourism is increasingly important for Viet Nam, attracting particularly nature lovers and tourists who want to discover wildlife. Thirty national parks, eight world biosphere reserves and many other natural reserves have been developed and enhanced to facilitate this type of tourism.

Based on its strengths and on the demands of the tourism market, the Vietnamese tourism sector has identified three main types of tourism product to be prioritized for development. These are marine tourism[2], cultural tourism and eco-tourism. The priorities have been affirmed in the "Strategy on Viet Nam's tourism development until 2020, vision to 2030" of the Vietnamese Government. The orientation of seven tourism zones has also been included in the Viet Nam Tourism Master Plan.

After the commencement of the "Doi moi" (Renovation) policy in 1986 by the government, Viet Nam tourism had 250,000 international arrivals in 1990. Viet Nam welcomed more than 7.57 million international arrivals in 2013, an increase by more than 30 times in 23 years. In the last 10 years, the number of international visitors has increased by 2.6 times (from 2.92 million in 2004) (UNWTO, 2008, 2010 and 2015[3]) . The main international markets include China, Korea, Japan, USA, Taiwan, Russia, France and Germany, whose visitors come mainly for relaxation, business, work and visiting friends and relatives (Table 2). Domestic travel in Viet Nam has also developed strongly with more than 35 million tourists in 2013 compared to 1 million in 1990 and 14.5 million in 2004 (Table B.4).

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[2] Marine tourism also includes beach tourism.

[3] The data for 2014 in UNWTO 2015 are provisional.

Tourism has contributed significantly to the country's economy. In 2015, total tourism receipts reached around 330 trillion VND (USD 15 billion), accounting for 7.7 per cent GDP (gross domestic product). Viet Nam tourism has created around 1.8 million jobs, including jobs for 550,000 direct employees[4]. More than 40 per cent of the total number of employees are trained, whether at schools or in the workplace[5]. The percentage of the trained workers and professional on-site training workers is increasing, in preparation for deeper integration of Viet Nam tourism into regional and world tourism.

However, the competitiveness of Viet Nam tourism is still not commensurate with the potential of the country. In the Travel and Tourism Competitiveness Report 2013 of the World Economic Forum (WEF), Viet Nam ranked 80th out of 140 countries. This position was unchanged from 2011. Efforts to develop Viet Nam tourism have not yet fully leveraged the country’s capacity to change the competitive position compared to other countries in the region and the world. The internal problems of Viet Nam's tourism in infrastructure, environment, sanitation, food safety, tourism product and services quality, tourism labour quality, lack of coherence in the development of travel between destinations. Destinations along the coast are usually more developed and well-organized than those in inland areas), and global issues such as economic recession and the rise of competing emerging destinations, have impacted considerably on Viet Nam's tourism development.

Moreover, although the tourism industry of Viet Nam has recently generated around thirty or forty thousand additional direct jobs annually, the quality of human resources in the tourism industry does not yet meet the demanding requirements of tourists for professionalism, quality of management and service standards (MOCST, 2011).

1.2. Viet Nam tourism value chain

Tourism is a complex socio-economic sector, and the tourism industry serves tourists through a wide range of service providers. In a developing country like Viet Nam where services are not standardized, and are still to a great extent supplied by micro and small businesses, tourism requires the participation of a range of economic players along the value chain. The tourism value chain can be divided into several main areas as follows: tour operation and accommodation; service suppliers and sightseeing; transport; immigration; and other related services.

Tour operation and accommodation

Tour operation and accommodation play key roles in the value chain. Currently, there are more than 1,500 international tour operators and travel agencies and nearly 10,000 domestic tour companies in Viet Nam[6]. The number of licensed tour guides is about 17,200, of whom 9,780 are tour guides for international visitors and the rest are domestic tour guides[7]. In addition, there is a large number of unlicensed tour guides who work as freelancers or as unlicensed on-site tour guides at tourist attractions. There is a big gap in the quality of service provided between licensed and unlicensed tour guides.

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[4] Tran Phu Cuong, Review of five year implementing Tourism Strategy 2011-2015, Viet Nam National Administration of Tourism Workshop, January 2016.

[5] http://vhna.edu.vn/vi-1/dao-tao-tuyen-sinh-3/dao-tao-va-phat-trien-nhan-luc-nganh-du-lich-trong-giai-doan-hien-nay-486.aspx [Accessed on 10 May 2016]

[6] hhttp://vietnamtourism.gov.vn/english/index.php/items/10261 [Accessed on 10 May 2016]

[7] http://vietnamtourism.gov.vn/index.php/cat/95 [Accessed on 10 May 2016]

Immigration	International carriers	Domestic carriers	Travel	Hospitality, food and beverage	Sightseeing, entertainment	Shopping
- Customs procedure - Information centre	- Airlines - Flight attendant - International airport	- Transfer - Driver - Taxi, taxi driver - Domestic airport - The harbour, pier - Ship and boat - On-boat service	- Tour operator - Tour guide - On-site guide - Local guide - Tour	- Hotels 1-5 star - Non-rated hotels, guest house - Resort - Homestay - Restaurants - Others	- Tourism area - Tourist site - Museum, theatre - National park, … -Entertainment area	- Shopping centre - Shop - Souvenir - Local speciality

Diagram 1: Viet Nam tourism value chain
Source: Viet Nam Tourism Development - Facts and Figures, Institute for Tourism Development Research, 2014. [8]

In 2014, there were about 332,000 hotel rooms in Viet Nam. This number is around 40 times that of 1990, reflecting huge investments channelled into tourism infrastructure. One and two star hotels still account for a major proportion. However, since 2010, many large scale tourist accommodations have been established with between 200-1000 rooms at high quality standards. Standardized tourist accommodations (guest houses and non-rated accommodations) plus one and two star hotels provide approximately 60 per cent of total rooms. Many of them are small hotels with fewer than ten rooms (MOCST, 2014).

The occupancy rate in all types of accommodation has been relatively stable, at around over 50 per cent in the past few years[9]. The upper end of the system of tourist accommodation in Viet Nam has been developed on a par with that in developed countries, with the participation of many world leading corporations, such as Accord, Star Wood, Six Senses or Victoria. Hotel management in large hotels has made huge strides in hospitality technology and management to meet the increasing demands of domestic and foreign tourists.

Tourism service suppliers and sightseeing

Food services, considered to be one of the sources of competitive advantage of tourism in Viet Nam, have developed fast. However, with the participation of many micro businesses and “street vendors” in the food service, the quality of restaurants and food and beverage businesses is very diverse. Currently, there are no official statistics on the number of dining establishments in Viet Nam.

Shopping facilities for tourists now mainly consist of commercial centres, shopping malls and small shops in streets, and souvenir shops in parks, tourist attractions or tourist centres. Some shopping centres are well organized and managed, but most of the shops are run by local households. Therefore, the quality and origins of the products are difficult to control.

Restaurants and shopping establishments for tourists, despite their important roles in tourism development, are not under the oversight of the government agencies in charge of tourism, which makes it hard for authorities to intervene when there is a problem.

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[8] This is an unpublished background report prepared by the Institute for Tourism Development Research for the ILO.
[9] http://vietnamtourism.gov.vn/english/index.php/items/10262 [Accessed on 10 May 2016]

In the tourism development strategy for 2001-2010, Viet Nam identified 21 national comprehensive tourism areas. The “Strategy on Viet Nam's tourism development until 2020, vision to 2030” has planned 46 national tourism areas, 41 national tourism sites and 12 tourism cities. However, development has focused on only a few areas with the parks, sites and cities to attract tourists such as Ha Long (Quang Ninh province), Sapa (Lao Cai province), Trang An (Ninh Binh province), Nha Trang (Khanh Hoa province), and Ba Na (Da Nang city). Foreign investment has also been channelled to the development of some tourist sites.

Transport

At present, there are 21 airports in Viet Nam, ten of which are international airports through which the majority of foreign tourists enter Viet Nam. Foreign tourists can also enter Viet Nam through some inland border check points and some sea ports which can receive international cruises.

The road system in Viet Nam is still far from meeting the requirements of tourism development despite constantly being improved. The railway system has hardly been involved in the tourism value chain and it is not yet an optimal choice for travel agencies or independent foreign travellers.

The quality of most means of transport by road, rail and sea is not good. Vessels, boats and on-boat services are not certified, and the service at ports tends to be poor or disorganized. This is partly a consequence of workers in the sector having low skills.

Immigration

Visa exemptions have been applied to a number of markets (most ASEAN members, and a 15-day visa exemption for visitors from Japan, Korea and some Nordic countries). However, the visa application remains one of the shortcomings of Viet Nam tourism. The application process is lengthy and discouraging. Moreover, many Vietnamese immigration and customs officers do not have the ability to communicate effectively and in a friendly manner with international tourists.

Other services

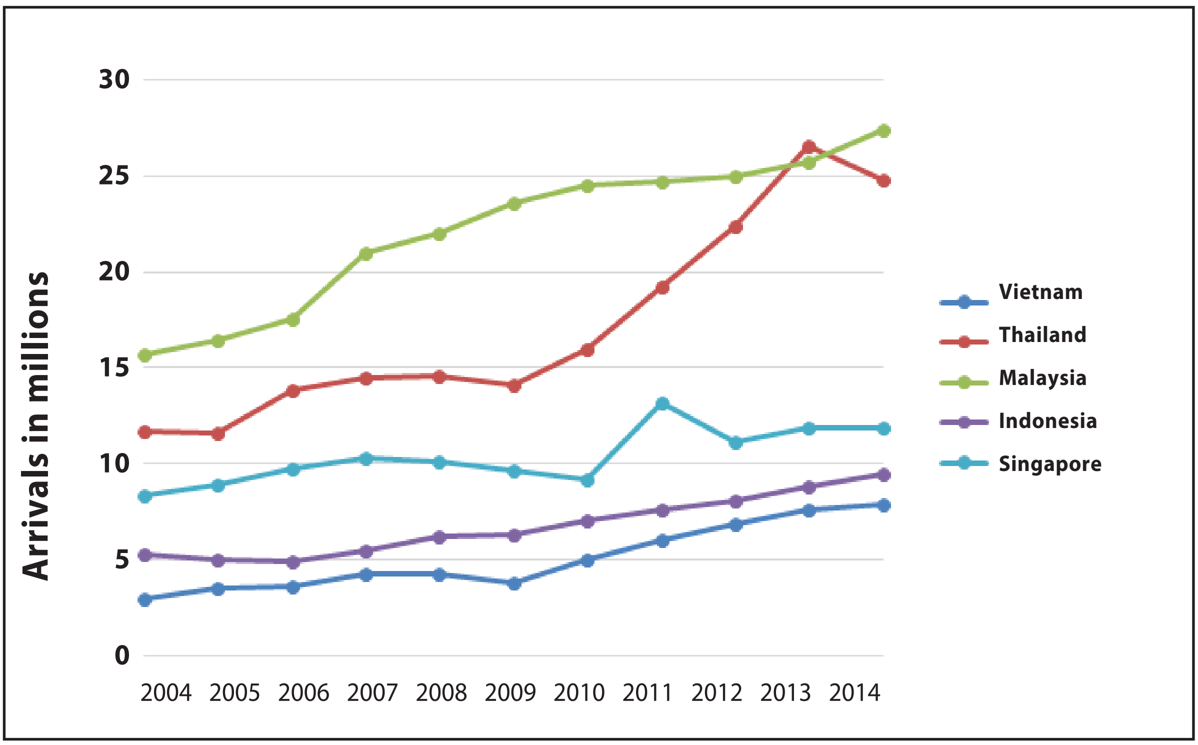
In addition to the services associated with lodging facilities, dining, tourist attractions, there are many other services which may be included in package tours such as: massage; spa; sauna; karaoke; bicycles/motorcycles rental; laundry; marine sports (including scuba diving) and others. These services are usually provided by individual business households, local communities or other sectors or industries.

1.3 Positioning of the Viet Nam tourism industry in the region

Located in Southeast Asia, a region of rapid tourism growth in recent years, tourism in Viet Nam has grown dramatically. It attracted more than 7.57 million international arrivals in 2013 (a 10.6 per cent increase compared with 2012). International tourism receipts were over USD 7.5 billion (an increase of 9.9 per cent compared with 2012) (UNWTO, 2015 and 2010).

According to UNWTO, Viet Nam ranks fifth out of 11 Southeast Asian countries in international arrivals to the country. Thailand, Malaysia, Singapore and Indonesia are the leading countries in tourism sector with respectively 26.6, 25.7, 15.6, and 8.8 million international arrivals in 2013. Chart 1 compares the growth in tourists coming to Viet Nam with some of the leading countries in the region. Since the crisis in 2009, Viet Nam tourism has continued to grow faster and more regularly than some of the traditional destinations of the region – Malaysia, Indonesia, and Singapore – although slower than Thailand. However, some emerging destinations grew relatively fast from 2009 to 2013, including Myanmar (52 per cent), East Timor (32 per cent), and Cambodia (18 per cent) (ibid). These countries are slowly gaining competitive advantage over Viet Nam as attractive new destinations in the region.

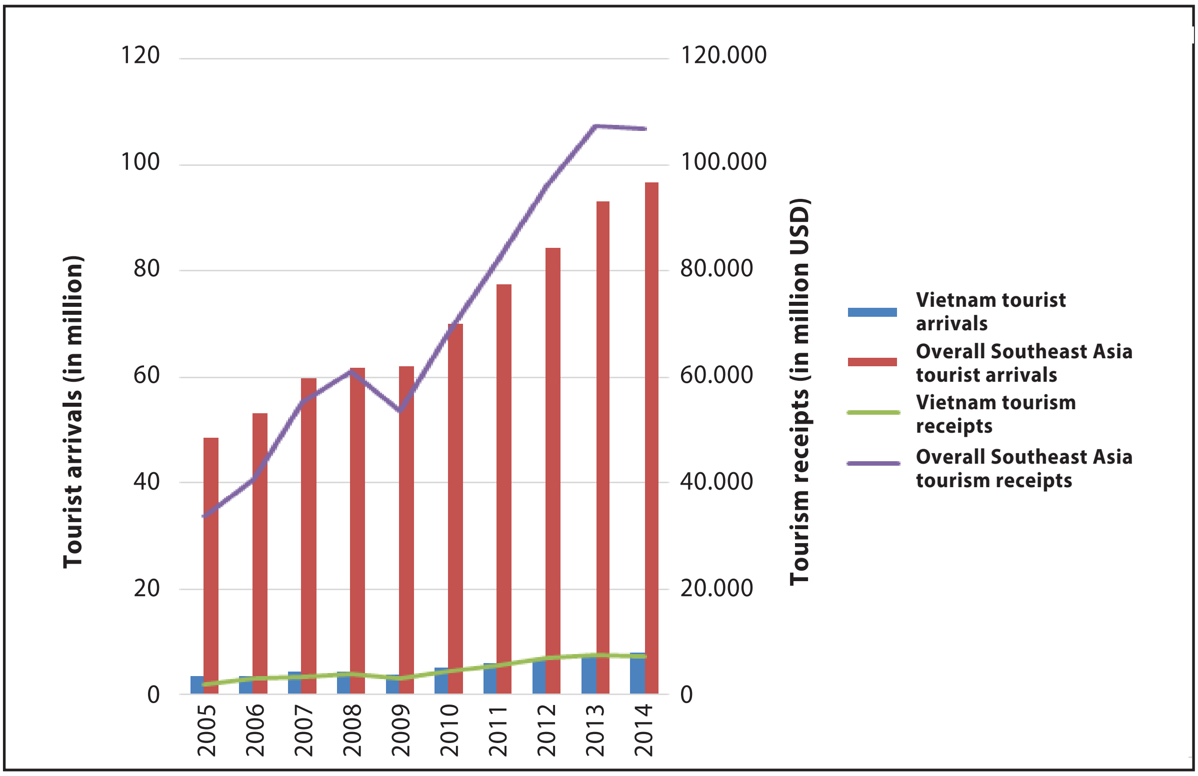
Chart 1: Arrivals of international tourists to Viet Nam compared with some other Southeast Asian countries



Source: UNWTO, 2008, 2010 and 2015.

In terms of international tourism income, Viet Nam welcomed 7.57 million arrivals in 2013, with USD 7.5 billion of revenues, accounting for 7.0 per cent of tourism income in Southeast Asia (USD 107.4 billion) and accounting for 0.65 per cent of international tourism income worldwide. Compared with the region and the world, Viet Nam is still an emerging destination with average growth of tourism income at 18.9 per cent over a 9-year period (2005-2013). However, tourist spending in Viet Nam is not as high as in other countries in the region.

Chart 2: Viet Nam international tourism arrivals (millions, left axis) and tourism receipts (million USD, right axis) compared to overall Southeast Asia



Source: UNWTO, 2008, 2010 and 2015.

On competitiveness, Viet Nam ranked 16/25 in the Asia Pacific region, and ranked 80/140 in the world, as evaluated by the WEF in the Travel and Tourism Competitiveness Report 2013. The WEF's evaluation showed that Viet Nam tourism has advantages in safety and security of the destination, prices, labour force, natural resources and diverse culture. However, Viet Nam tourism is less competitive in environmental factors (unsustainable), tourism facilities, transport, the attractiveness index of the tourism industry and the tourism development policy of the government. Singapore tops the competitiveness ranking in the region, and is ranked 10/140 in the world. Malaysia and Thailand come next, at 8/25 and 9/25 respectively (34/140 and 43/140).

Viet Nam tourism has developed its position in world tourism with strong growth. However, due to weaknesses in its competitive capability, Viet Nam has not made the most of its potential to attract tourists and increase international tourism income in comparison with other countries in the region.

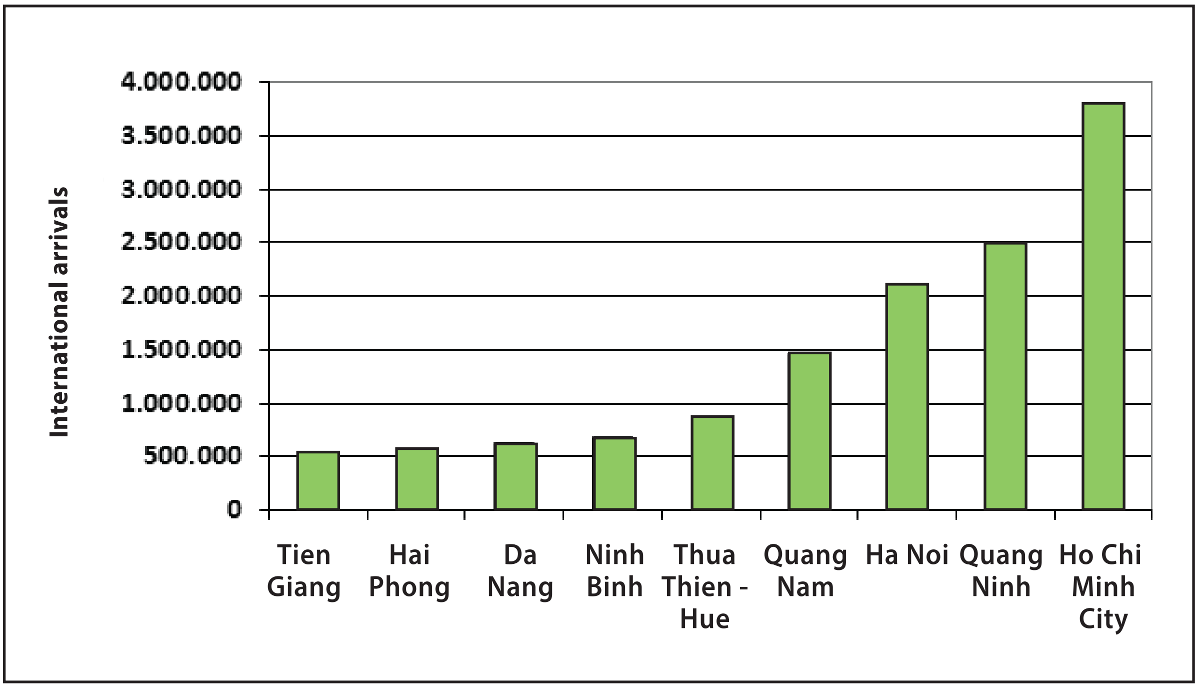
2. TOURISM INDUSTRY IN QUANG NAM, THUA THIEN-HUE AND KHANH HOA

With outstanding natural and cultural resources, Thua Thien-Hue, Quang Nam and Khanh Hoa are considered to be key tourist destinations in Viet Nam, and tourism is considered as the spearhead industry of the provinces' economies. Thua Thien-Hue is known to tourists for its unique, ancient cultural capital, diversified cuisine, and peaceful life. Quang Nam also thrives on cultural tourism, featuring Hoi An Ancient Town and My Son Sanctuary which attract millions of visitors each year. Quang Nam is, at the same time, actively developing beach and island tourism as well as eco-tourism combined with cultural historical tourism. Khanh Hoa – a paradise beach resort with Nha Trang Bay, one of the most beautiful bays in the world – is known for its beach resorts, and also for luxurious entertainment areas attracting wealthy tourists on long vacations.

With transport by air and sea, Thua Thien-Hue, Khanh Hoa and Quang Nam attract millions of tourists each year, both from overseas and from domestic markets. In 2012, Quang Nam received 1,384,342 international arrivals, and ranked 4th in Viet Nam. Thua Thien-Hue ranked 5th with 730,490 arrivals. Khanh Hoa ranked 10th with 530,660 arrivals, but its statistics only count tourists who stay overnight and not those who simply pass through, so this ranking understates its importance. It is in fact a province in which tourism is booming. In 2013, the number of international tourist arrivals increased in all three provinces. This was underpinned by their positions as cultural, social and economic centres, tourist transfer hubs, with convenient transportation, and famous tourist attractions.

These destinations also attract many domestic tourists from key markets such as Hanoi and Ho Chi Minh City. In 2013, Thua Thien-Hue welcomed 1.02 million domestic tourists, Quang Nam 1.8 million and Khanh Hoa was first among these provinces with 2.3 million. The three provinces have favourable resources for the development of tourism, and they are making use of those advantages to promote tourism products and attract tourists.

Chart 3: Top ten Viet Nam provinces in terms of international tourist arrivals in 2012



Source: Tourism Information Centre, Viet Nam National Administration of Tourism, 2013.

Thanks to relatively high international tourist numbers, the tourism revenues of the three provinces are higher than for others in the country. In 2012, Thua Thien-Hue earned more than VND 2,209 billion, accounting for 1.4 per cent of total national tourism revenues, Quang Nam earned VND 5,499 billion, accounting for more than 3.3 per cent, and Khanh Hoa earned more than VND 2,568 billion, or 1.6 per cent of total tourism revenues in the country.

The average growth rate in terms of visitors for the target provinces over the past ten years has been strong: Thua Thien-Hue 9.9 per cent per year; Quang Nam 14.4 per cent per year; and Khanh Hoa 18.0 per cent per year. The strong provincial growth is consistent with the proposal for major tourism cities in the “Strategy on Viet Nam’s tourism development until 2020, vision to 2030”.

The main international tourist markets of these provinces are also among the top important markets for Viet Nam tourism as a whole. Thua Thien-Hue has a 60 per cent market share of French tourists to Viet Nam, a 56 per cent market share of Thai tourists, and an approximate 30 per cent share of Australian tourists. Quang Nam welcomes nearly a quarter of Australian tourists visiting Viet Nam, and 30 per cent of French, German and British tourists. Khanh Hoa serves about half of the Russian tourism market and 20 per cent of German tourists visiting Viet Nam.

The average growth rate of international arrivals in Thua Thien-Hue in the period 2004 – 2013 was 12.4 per cent/year. It accounted for 18.67 per cent of total international arrivals in Viet Nam, in 2013, reaching 748,089 foreign tourists, and accounting for nearly two thirds of international arrivals to the North Central region.

The average growth rate of international arrivals to Quang Nam from 2004-2013 reached 14.2 per cent/year, and it has always been the leading international tourist destination in the Southern Central Coastal region. In 2013, Quang Nam received 1,643,938 international arrivals (including staying guests and visitors), an increase of 300 per cent over 2004, accounting for 21.6 per cent of total international tourists travelling in the country.

Over ten recent years, the average growth rate of international arrivals to Khanh Hoa was 14.5 per cent/year. Khanh Hoa with amusement parks, luxury resorts, beautiful beaches, has attracted many international tourists, especially from Russia. Over three or four recent years, the province has served almost half of Russian tourists arriving in Viet Nam.

3. BUSINESS ENVIRONMENT

3.1 Economic, political and social context

Viet Nam opened to the business world when, following the "Doi moi" (Renovation) in 1986, the country started to introduce a market economy with socialist orientation. Since 2007, with admission to the World Trade Organization, Viet Nam has been making great efforts to improve competitiveness, develop markets, and participate in the global economy. Total GDP reached approximately USD195 billion in 2015 with average annual growth rate of 5.7 per cent in the period 2011-2014[10]. While it is driven partly by strong export-focused manufacturing and natural resource-based sectors, services output has made a major contribution, growing by 6.6 per cent annually. Within services, growth of accommodation and food service was 9.9 per cent (GSO, 2014). The inflation rate decreased from 9.1 per cent in 2012 to 6.8 per cent in 2013. Overall investment of the whole country is estimated at 1,091 trillion VND, increased by 8 per cent in comparison to 2012 and is equal to 30.4 per cent of GDP, in which FDI is 204 trillion VND (accounting for 22 per cent).

In 2013, Viet Nam's population reached 90 million, and ranked 14th in the world and 3rd in the region on population size. Viet Nam is in the period of "golden population", with more than 62 million people of working age, making huge human resources available for the development of the service sector, especially tourism. The labour force at end of 2013 was 53.65 million, of whom 32 per cent worked in the service sector. However, the quality of human resources is limited, with 81.8 per cent of the labour force having no technical training or qualification. Less than 10 per cent of the labour force attained technical vocational training (5.4 per cent hold short-term vocational certificates and 3.7 per cent hold long-term secondary vocational diplomas). About 7.1 per cent of the labour force have tertiary education (4-year programmes with theoretical focus) or above, while only 2 per cent of the labour force hold college diplomas (3-year programmes with practical focus). These education indicators are much lower than for other countries in the region. Viet Nam is among the countries with the lowest unemployment rates in the world – 1.9 per cent in 2013, although the majority of employment in the country is in informal and family businesses.

In addition to economic matters, other social issues are also of concern to the government, like addressing poverty and inequity in order to improve living standards. According to the UNDP Human Development Index (HDI) report (2013), Viet Nam's HDI has increased 41 per cent in the last two decades, ranking it at 127 among 187 countries in the world, and placing it among the mid-range group in terms of human development. Viet Nam has made significant efforts to balance state management with investment and business activities, supporting education, infrastructure development and healthcare.

Political stability, economic development and social achievements make Viet Nam a safe and friendly destination for tourists, and attractive place for both international and local investment.

[10] http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG [Accessed on 10 May 2016]

3.2 Trends in tourism development

The profile of tourism development in Viet Nam has changed significantly over the past ten years. Before 2004, the main international tourism markets addressed by Viet Nam were in Europe (France, UK, and Germany), North America (U.S.), North Asia (China, Japan), and Southeast Asia (Cambodia). From 2004, South Korea has become an important market. In 2007 it became the second largest market and it has stayed in this position to the present.

Since 2005, Thailand has been one of the ten main markets. From 2006, Malaysian and Singaporean markets became significant, too. These two new markets have remained among the top ten markets for the past decade. Until 2004, major markets were only European countries, but since 2008 only France, the United Kingdom and Germany have been among the top ten. Regional markets within Southeast Asia have significantly expanded in importance for Viet Nam. However, in recent years, European markets have shown an increase in the share again.

Since 2009, the main markets have not changed much, but the total number of tourists from each major market keeps growing. The principal change in market focus is that the number of Russian tourists to Viet Nam has grown rapidly from 55,200 arrivals in 2006 to 298,126 in 2013, a five-fold increase. The traditional North American markets remain important, and the number of tourists from this region has continued to grow.

Table 1: International tourists in Viet Nam 2004-2014

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of arrivals *(in millions)*	2.928	3.478	3.583	4.229	4.236	3.772	5.049	6.014	6.848	7.572	7.874
Annual growth rate *(%)*	20.55	18.77	3.05	18.03	0.15	-10.94	33.86	19.09	13.86	10.58	3.99

Source: UNWTO, 2008, 2010 and 2015.

Some characteristics and needs of the key markets for Viet Nam

- The traditional North East Asian markets include China, Japan, Korea, and Taiwan. Although these markets are located in one region, the psychological characteristics and reasons for travel to Viet Nam tend to be different. As a result, marketing focus and product development is also different for each of these markets.

- The Chinese market became the biggest market from 2009, and accounted for an average of over 21 per cent of international tourists in the period 2009-2013. China is far more significant than any other market. In 2013, the number of Chinese tourists reached 1,907,794, an increase of 2.4 times compared to 2004.

In 2013, Viet Nam ranked 8th out of ten top destinations for Chinese tourists following Hong Kong, Macao, South Korea, Thailand, Taiwan, United States and Japan. However, the number of Chinese tourists to Viet Nam was still small in comparison with the total number of Chinese tourists travelling abroad each year. For example, in 2013, among 98.19 million Chinese travelled abroad, only 1.8 per cent of them went to Viet Nam[11].

The average amount spent per day by Chinese tourists in Viet Nam is relatively low, rising from USD 73.3 in 2005 to USD 90.1 in 2009 (the amounts for Taiwanese tourists in Viet Nam for the same years respectively were USD 78.3 and USD 113; while amounts for Japanese tourists were USD 86.2 and USD 133.1) (GSO 2010 and 2006).

Chinese tourists travel mainly for leisure and sightseeing. Their favourite destinations in Viet Nam include Ha Long Bay and Tra Co in the North. There has been a trend in recent years in favour of the Central Region of Viet Nam, to destinations such as Da Nang, Quang Nam, Khanh Hoa, and Binh Thuan provinces.

- The number of Korean tourists to Viet Nam has increased sharply. In 2010, Viet Nam was the third most significant destination after Thailand (815,970 arrivals) and the Philippines (740,622 arrivals) among the ten ASEAN countries. However, the Viet Nam share of Korean tourists is not high. In 2009, those travelling to Viet Nam accounted for only 3.8 per cent of the total number of Koreans travelling abroad. In 2012, this increased to 4.6 per cent.

- Recently, Viet Nam has become one of the favourite destinations of Japanese tourists. According to statistics from the National Tourism Agency of Japan, Viet Nam ranks 15th out of the 20 most popular destinations for the Japanese. Over the period 2010-2013, tourists from Japan accounted for over 8.3 per cent of visitors to Viet Nam, just behind China and South Korea. The number of Japanese arrivals in 2010 reached 442,000, an increase of 24 per cent compared to 2009. In 2011, there were about 481,000 Japanese tourists to Viet Nam, showing an annual increase of 8.9 per cent (Table 2). Despite the steady increase over the years, the number of Japanese tourists to Viet Nam was rather low if we compare the figure of over one million Japanese tourists visiting Thailand.

- The Taiwan and French markets have not changed much in ranking, staying at the 5th and 6th ranks on the top ten major tourism markets for Viet Nam. However, the number of Russian tourists to Viet Nam has increased rapidly. In 2005, the number of Russian travellers to Viet Nam was only 23,800; it reached 100,000 arrivals in 2011 and 298,126 in 2013. The high growth rate of arrivals has made Russia a key emerging market with high expenditure per visitor, which has attracted the attention of many tour operators and luxury resorts in Viet Nam.

In the period 2009-2013, the overall average rate of growth in international tourists to Viet Nam was 19.35 per cent/year, while the growth rate for Russian tourists was over 53.8 per cent/year (Table 2).

[11] https://www.travelchinaguide.com/tourism/2013statistics/outbound.htm [Accessed on 10 May 2016]

Table 2. Tourists from major international markets for Viet Nam 2009-2013

Unit: Number of arrivals

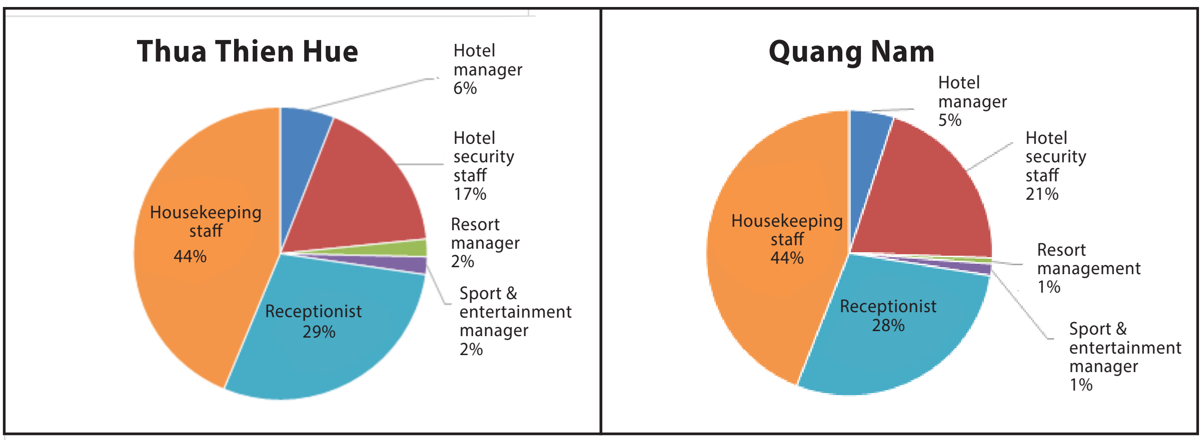
No	Market	Year				
		2009	2010	2011	2012	2013
1	China	527 610	905 360	1 416 804	1 428 693	1 907 794
2	Korea	362 115	495 902	536 408	700 917	748 727
3	Japan	359 231	442 089	481 519	576 386	604 050
4	USA	403 930	430 993	439 872	443 826	432 228
5	Taiwan	271 643	334 007	361 051	409 385	398 990
6	Russia	55 200	82 800	101 600	174 287	298 126
7	France	174 525	199 351	211 444	219 721	209 946
8	Germany	101 800	123 200	113 900	106 608	97 673

Source: UNWTO, 2010 and 2015.

4. OCCUPATIONS AND SKILLS IN THE TARGET PROVINCES

In accommodation the main occupations are in housekeeping, reception, security and management. The enterprise survey undertaken for this study showed that housekeeping accounts for 44 per cent of total employees in accommodation in both Thua Thien-Hue and Quang Nam.

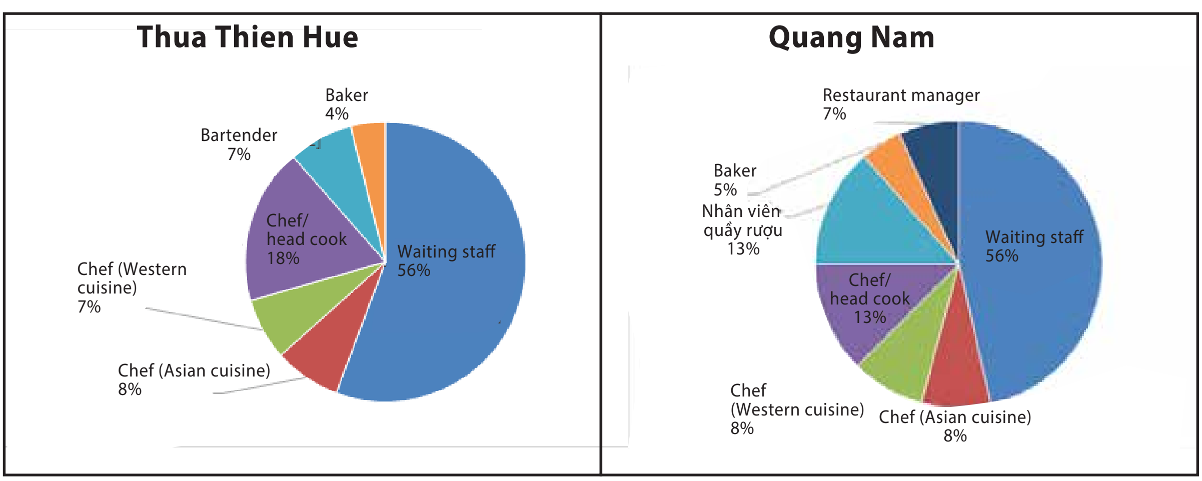
Chart 4a: Occupations in accommodation businesses in Thua Thien-Hue and Quang Nam



Source: STED enterprise survey, 2014.

The occupation employing the greatest numbers in restaurants is waiting staff, accounting for 56 per cent of staff in restaurants surveyed in Thua Thien-Hue and 46 per cent in Quang Nam. Second are various chef occupations, accounting for a total of 33 per cent in Thua Thien–Hue and 29 per cent in Quang Nam.

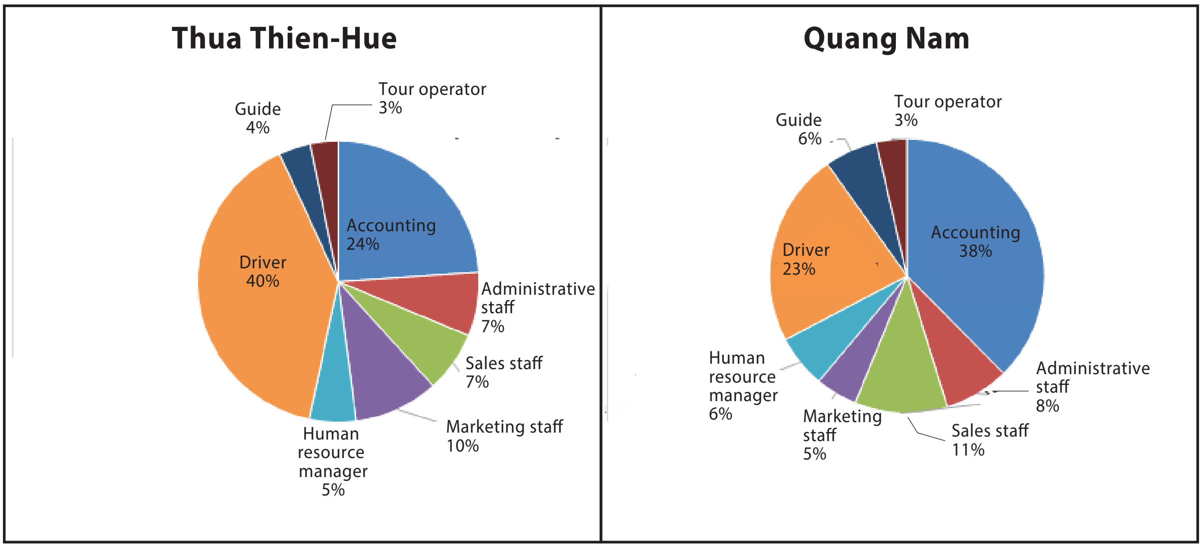
Chart 4b: Occupations in restaurants in Thua Thien-Hue and Quang Nam



Source: STED enterprise survey, 2014.

Occupations in tour operation and transport services were analysed together as it was noted in the survey that most tour operators provided transport services for tourists. In the travel companies with both services (tour operation and transport), drivers made up the biggest proportion of workers. In Thua Thien-Hue province, the percentage of drivers was found to be 40 per cent and in Quang Nam province 23 per cent. Tour guides in Quang Nam accounted for 6 per cent while tour guides in Hue accounted for only 4 per cent.

Chart 4c: Occupations in tour operation and transport in Thua Thien-Hue and Quang Nam

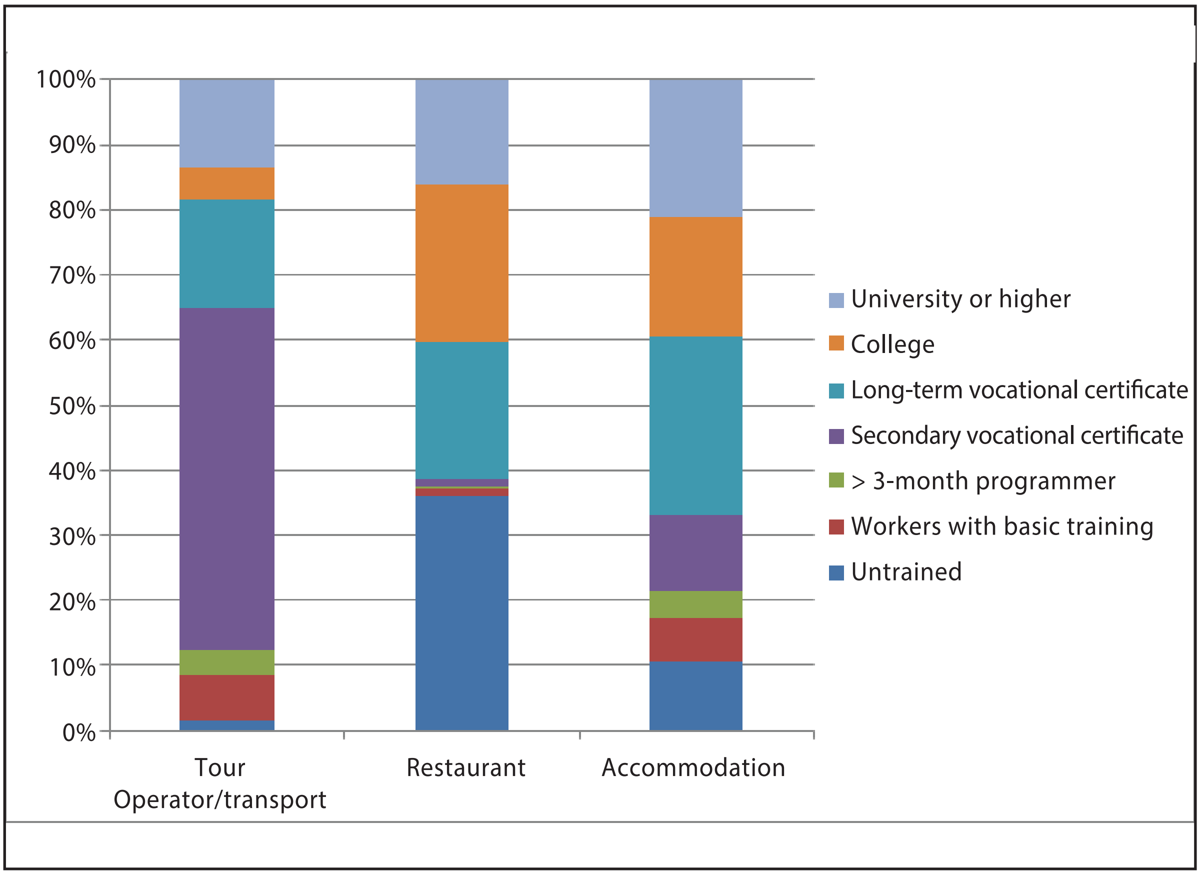


Source: STED enterprise survey, 2014.

Regarding the gender issue in the tourism industry, the survey shows that women make up more than 50 per cent of total employment in the two provinces.

In terms of qualifications, the survey shows that restaurants are more reliant on workers without formal training than other sectors, while travel operation and transport are most reliant on workers with a short-term secondary vocational certificate. In the in-depth interviews, many restaurant employers indicated that they prefer to train workers without any formal training certificate because graduates from vocational schools cannot meet their requirements as they do not have practical skills. This may explain why restaurants are most reliant on untrained workers.

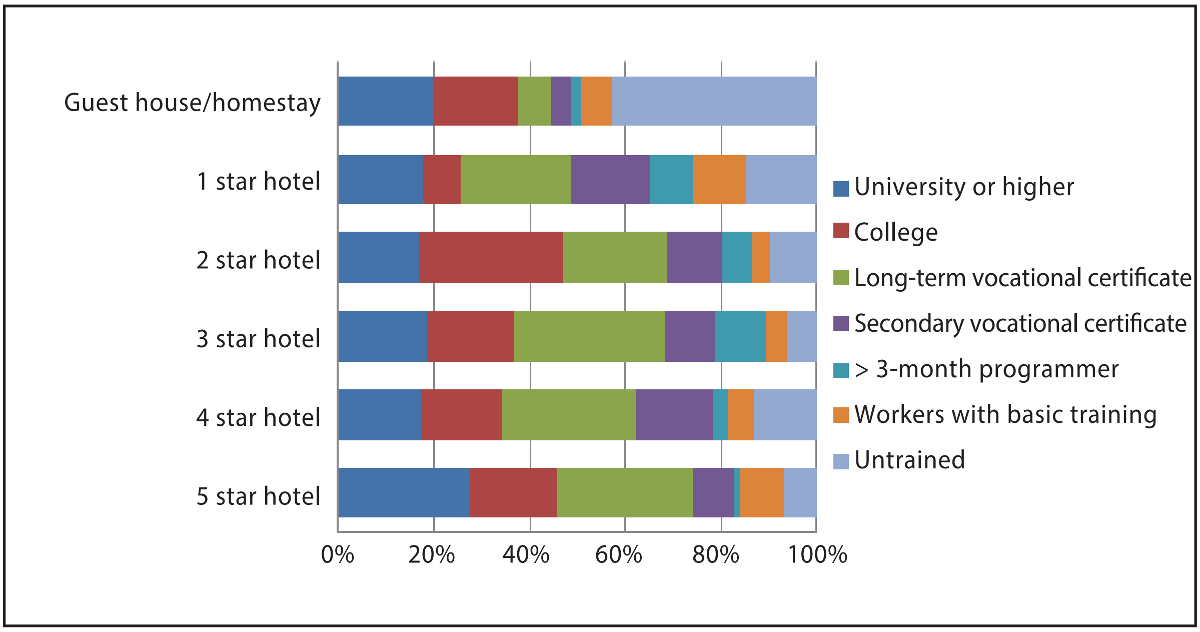
Chart 5a: Labour force in three subsectors of tourism in target provinces with their qualifications



Source: STED enterprise survey, 2014.

Workers at all levels of qualification are employed in accommodation. Accommodation includes businesses at a wide range of levels from guest house/homestay to five star hotels and resorts. Chart 5b describes in greater details the qualifications of workers in accommodation. Five star hotels employ the greatest proportion of university graduates and the lowest proportion of staff without qualifications. Guest houses employ by far the greatest proportion of workers without qualifications.

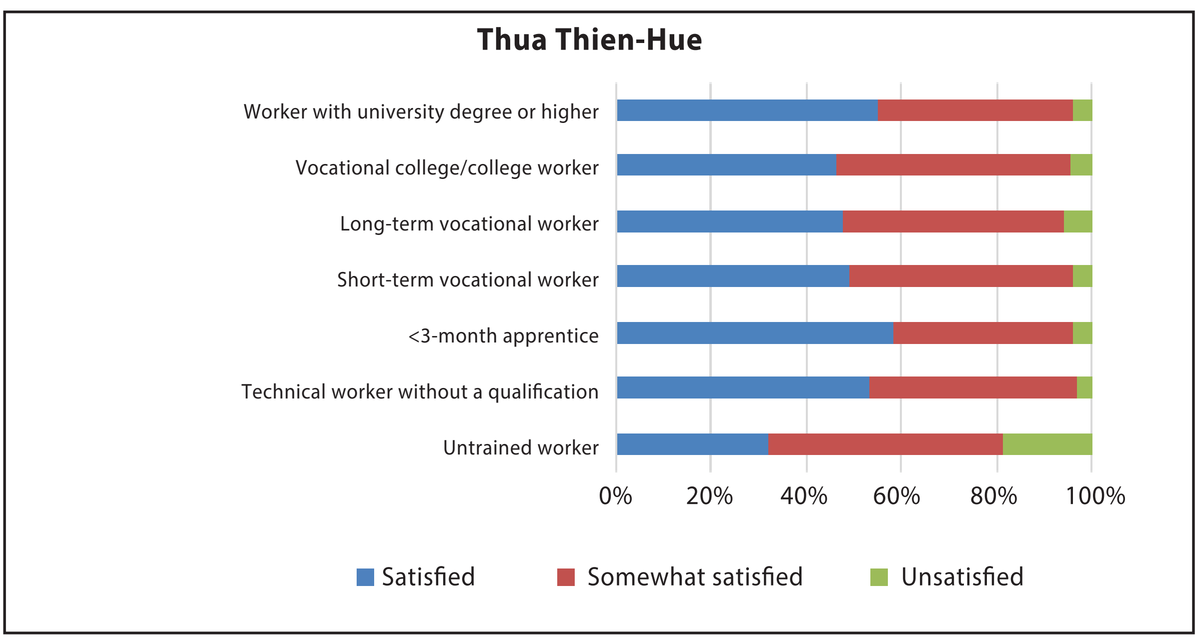
Chart 5b: Qualifications of workers in accommodation businesses

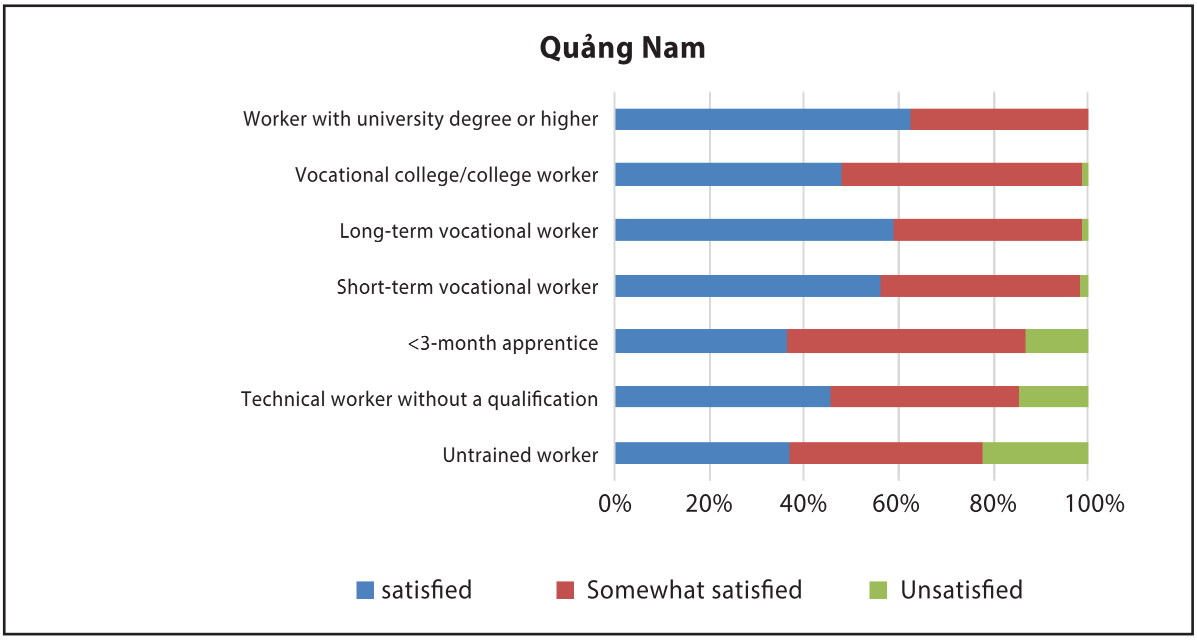


Source: STED enterprise survey, 2014.

However, survey findings show that employers are not all satisfied with the performance of qualified employees. As may be seen in Chart 6, across all levels of qualification, a substantial share of employers are only somewhat satisfied with their workers. Dissatisfaction with the skills of workers is greatest for those who have not been formally trained.

Chart 6: Satisfaction level of employers with workers by level of qualification

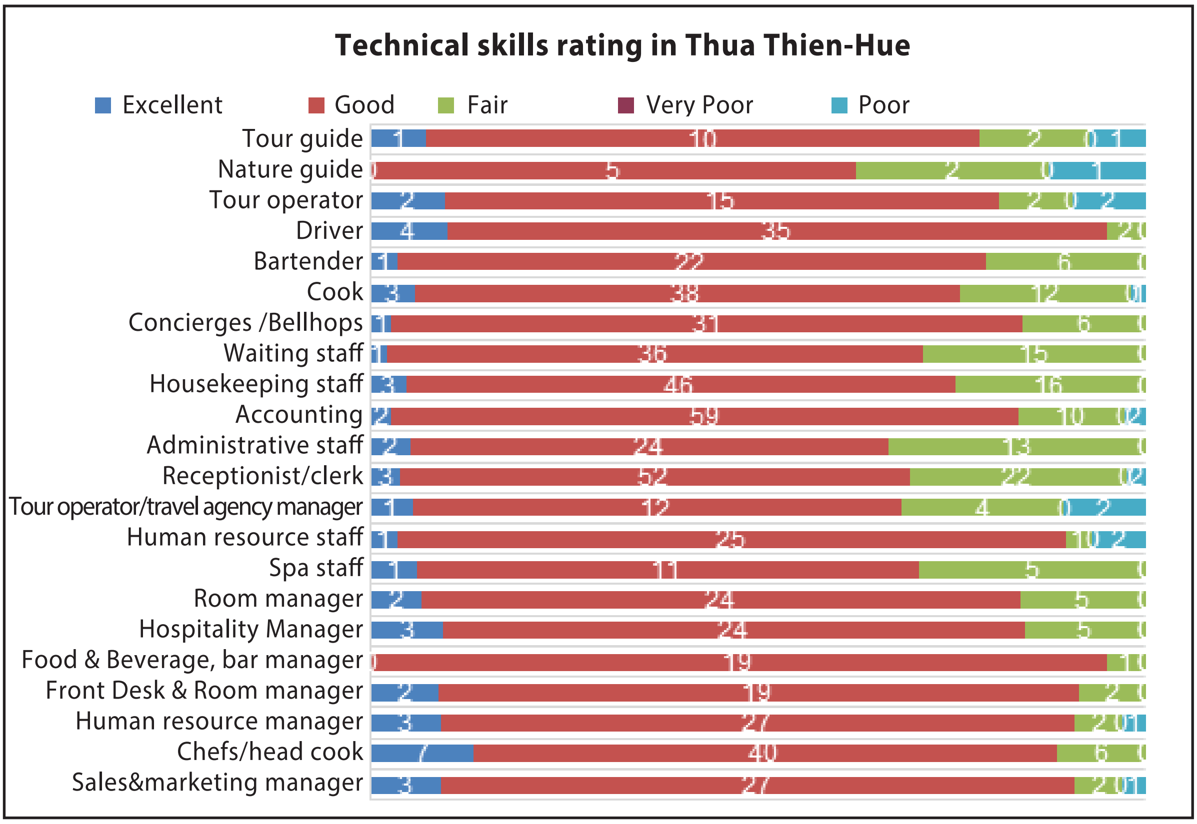


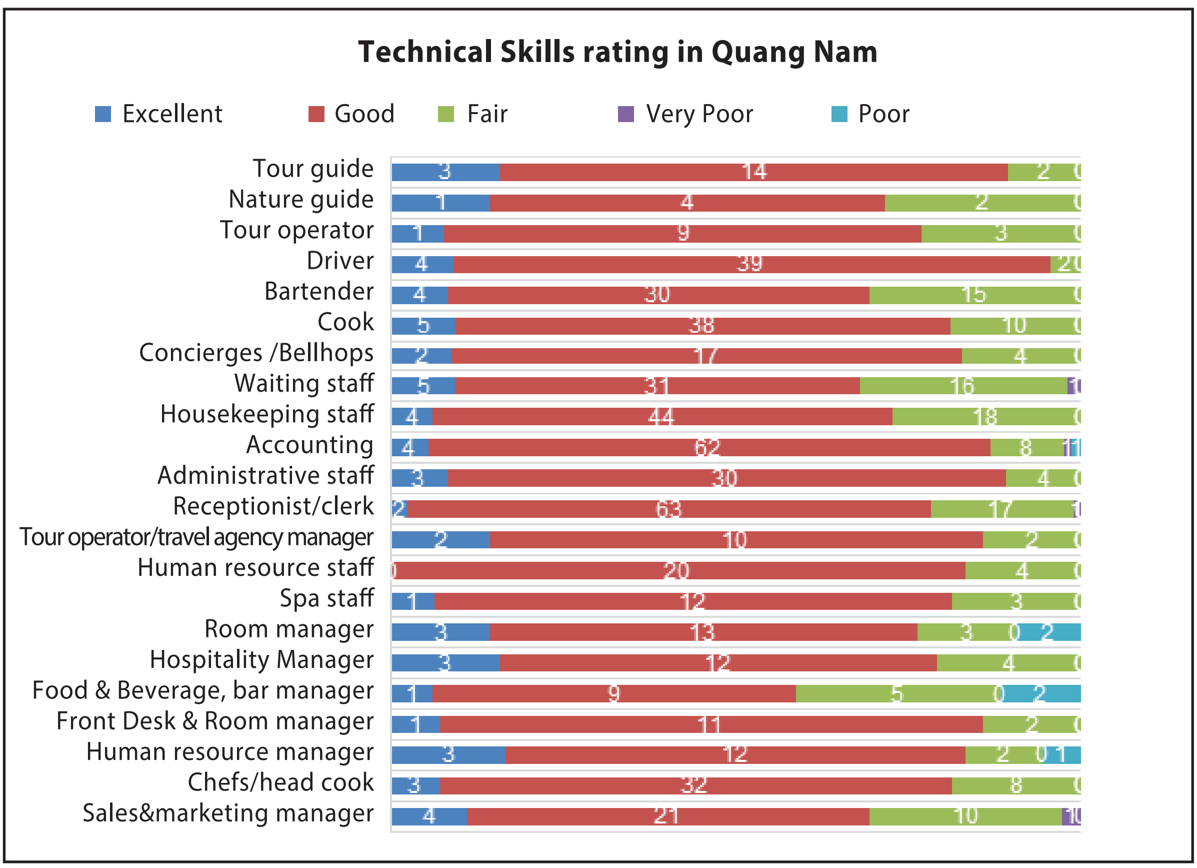


Source: STED enterprise survey, 2014.

Employers were asked to rate the technical skills of employees in the survey. Overall, across all occupations, a majority of businesses rated their employees' skills as being "good" or "excellent", and the vast majority of employers rated them at least "fair". In Quang Nam, the biggest gaps identified were among food and beverage managers, waiting staff, sales and marketing staff, bartenders and nature guides. In Thua Thien-Hue, the biggest gaps were among nature guides, tour operators, spa staff, administrative staff and waiting staff.

Chart 7: Rating on technical skills of employees in all businesses in the two provinces

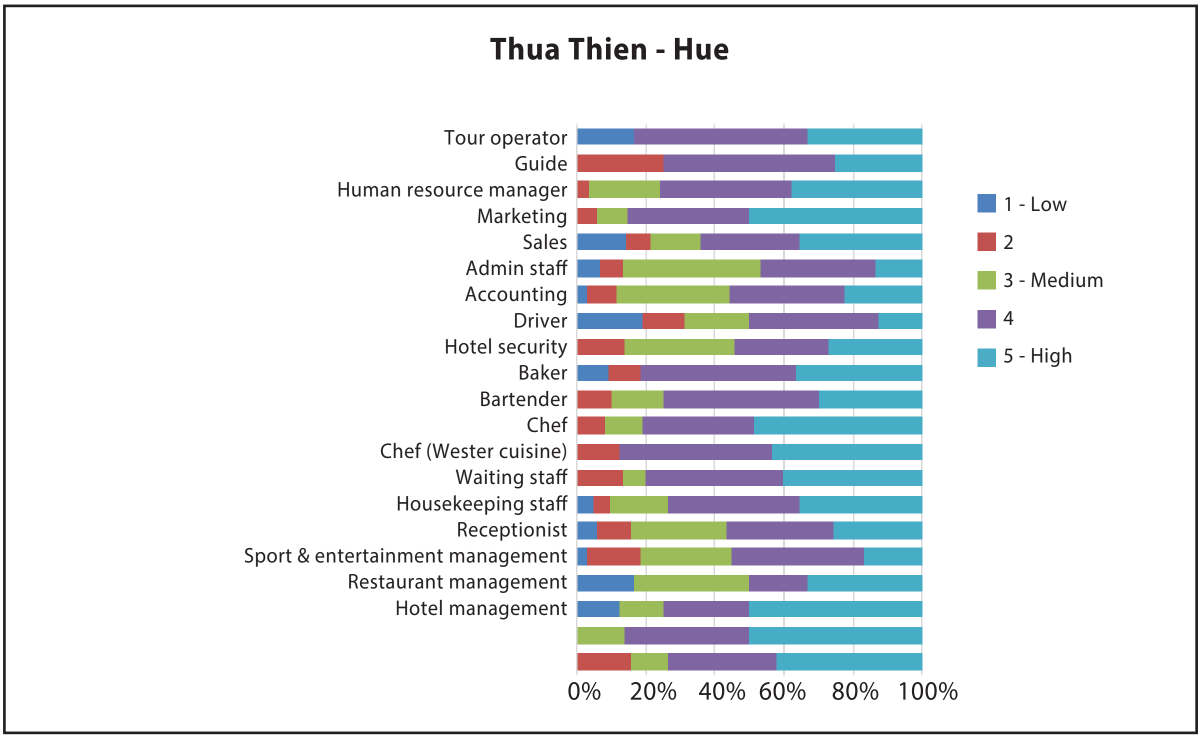


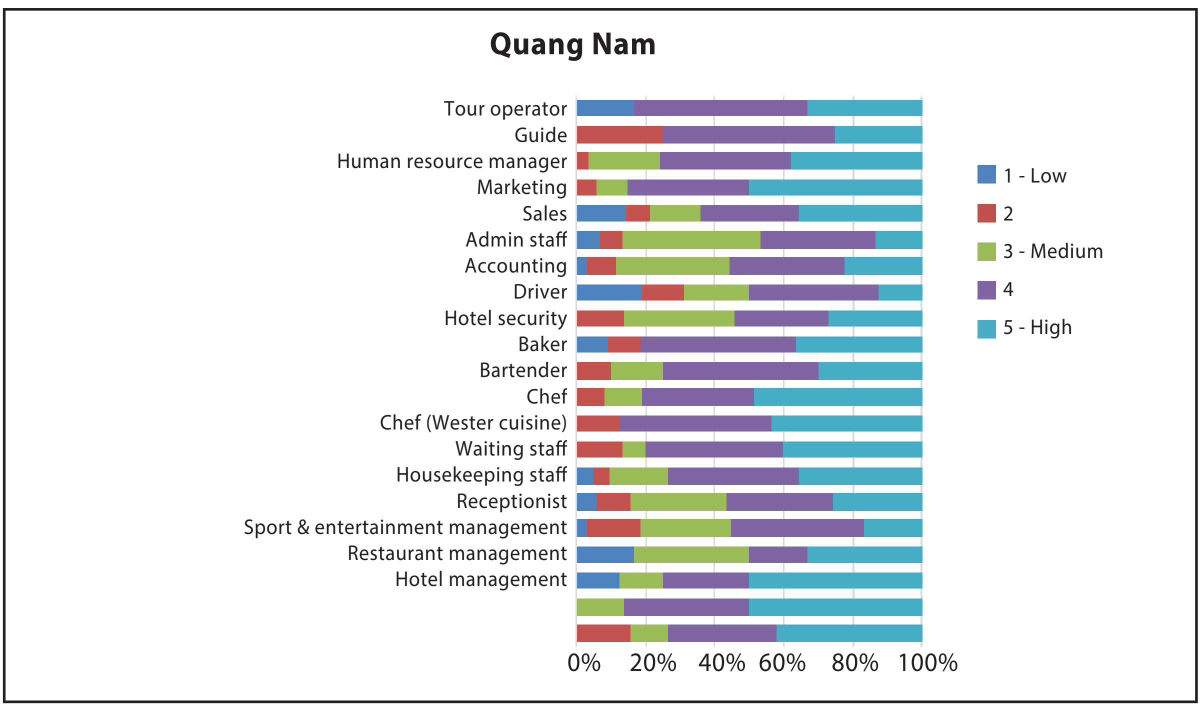


Source: STED enterprise survey, 2014.

Almost all enterprises in the survey indicated a need to provide more training for their employees, especially for new recruits. Chart 8 shows how employers surveyed rated the need for additional training for the main occupations. For almost all occupations over half of all employers noted the need for additional training at least 4 on a scale of 1 to 5.

Chart 8: Perceived for more additional training (1 = low, 5 = high)

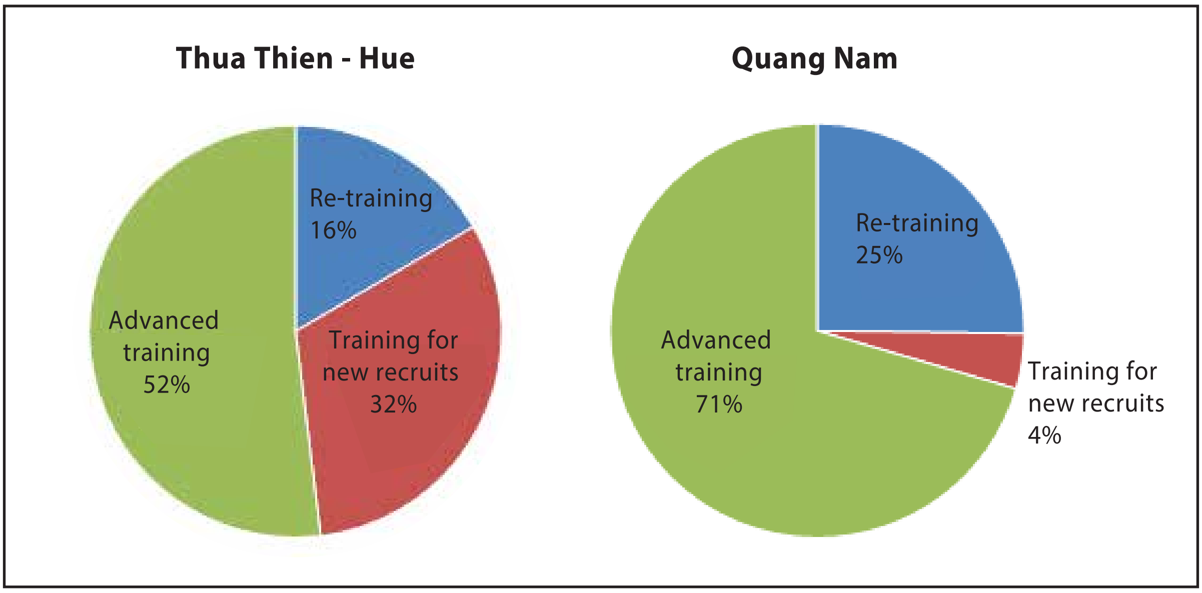




Source: STED enterprise survey, 2014.

Many businesses in the tourism sector provide advanced training for their staff to improve service quality. Chart 9a shows that 52 per cent of training provided by businesses in Thua Thien-Hue province is classified by them as advanced training, 16 per cent as training for new recruits and 32 per cent as retraining. Employers in Quang Nam were more focused on advanced training and retraining.

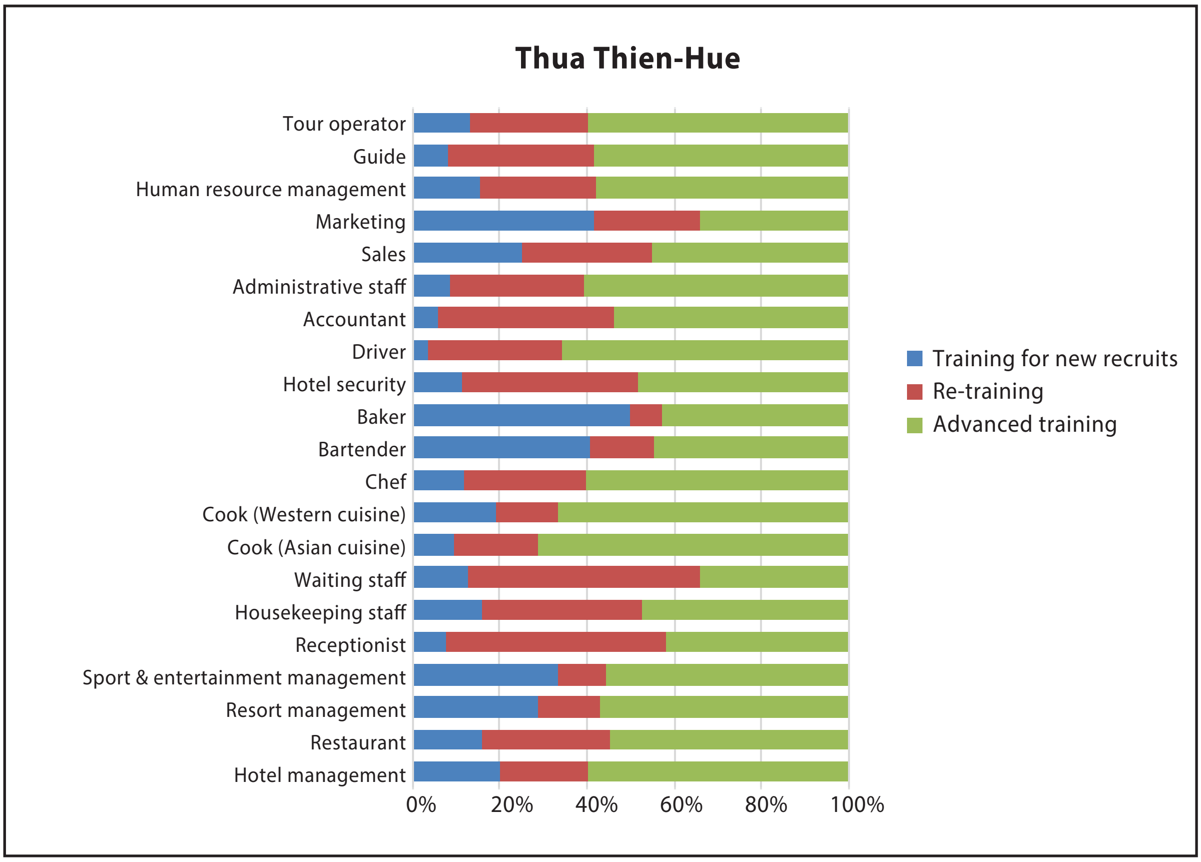
Chart 9a: Forms of training in enterprises in the two provinces

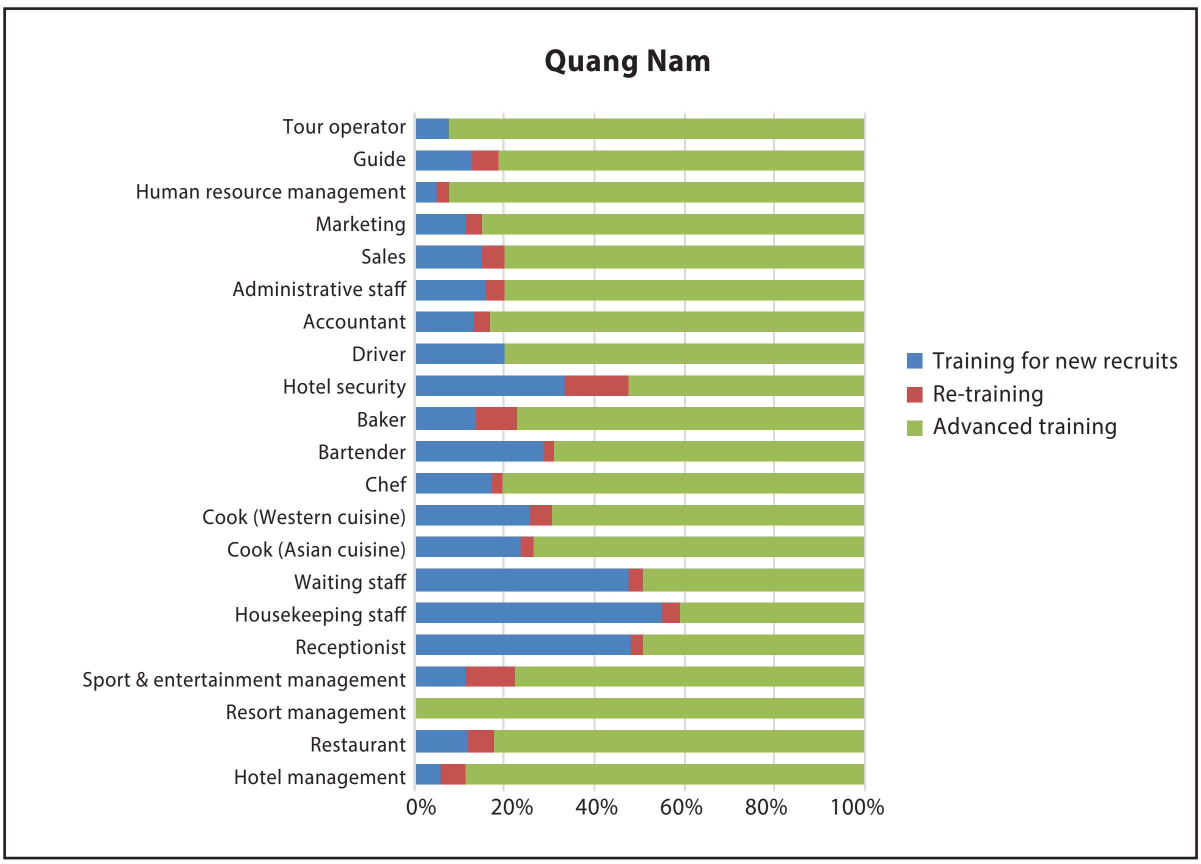


Source: STED enterprise survey, 2014.

Chart 9b elaborates which occupations most need further re-training, training for new recruits and advanced training. In accommodation businesses, hotel security staff require formally organized training for new recruits because no training institutions are entitled to provide such courses. In in-depth interviews, employers highlighted an absence of practical management training programmes provided by training institutions. The skills for these occupations usually require work experience and they must fit in the organizational structure and corporate culture of the companies.

Chart 9b: Types of training for each occupation





Source: STED enterprise survey, 2014.

The in-depth interviews provided further information about who conducts training within businesses. In four or five star hotels, the head of the human resource department or team leaders are usually in charge of in-house training. Some five star hotels may subcontract the training to a school or college. Only ten per cent of businesses surveyed reported working with TVET schools in training their staff.

5. ENVISIONING THE FUTURE

To analyse the future development of the tourism sector in Viet Nam, we first look at an analysis of its strengths, weaknesses, opportunities and threats (SWOT) based on inputs from industry experts:

Strengths	Strengths
Strategic geographical location in Southeast Asia	Poor hygiene, sanitation and environmental management
Easily accessible to various target markets by road, air, river and sea	Time consuming and costly visa procedures
Diverse and attractive tourism resources, distributed across the country	Poor transport infrastructure (road and rail)
Growing attention of the government and businesses towards tourism development.	Insufficient facilities for luxurious cruises
Low labour costs	Weak tourism management
Rapid growth of tourism infrastructure	Incomplete legal structure and policies covering tourism
Increasing number of new tourist destinations within Viet Nam	Ad-hoc coordination with other sectors in tourism promotion and development
	Viet Nam's operating budget for tourism development, especially promotion budget is low, and does not meet the demand
	Weaknesses in the skills of many of those employed in the sector, and in training for new entrants – insufficient skilled labour

Opportunities	Threats
New destinations within Viet Nam are identified and developed for tourism	Tough competition from neighbouring countries
Increasing trends of tourists visiting Asia and Pacific	Weak tourism products with poor value chain development
Raising standards to those of neighbouring competitors with assistance from ASEAN Economic Community, benefitting from ASEAN Mutual Recognition Agreement in Tourism professions	Increasing tensions in the South China Sea

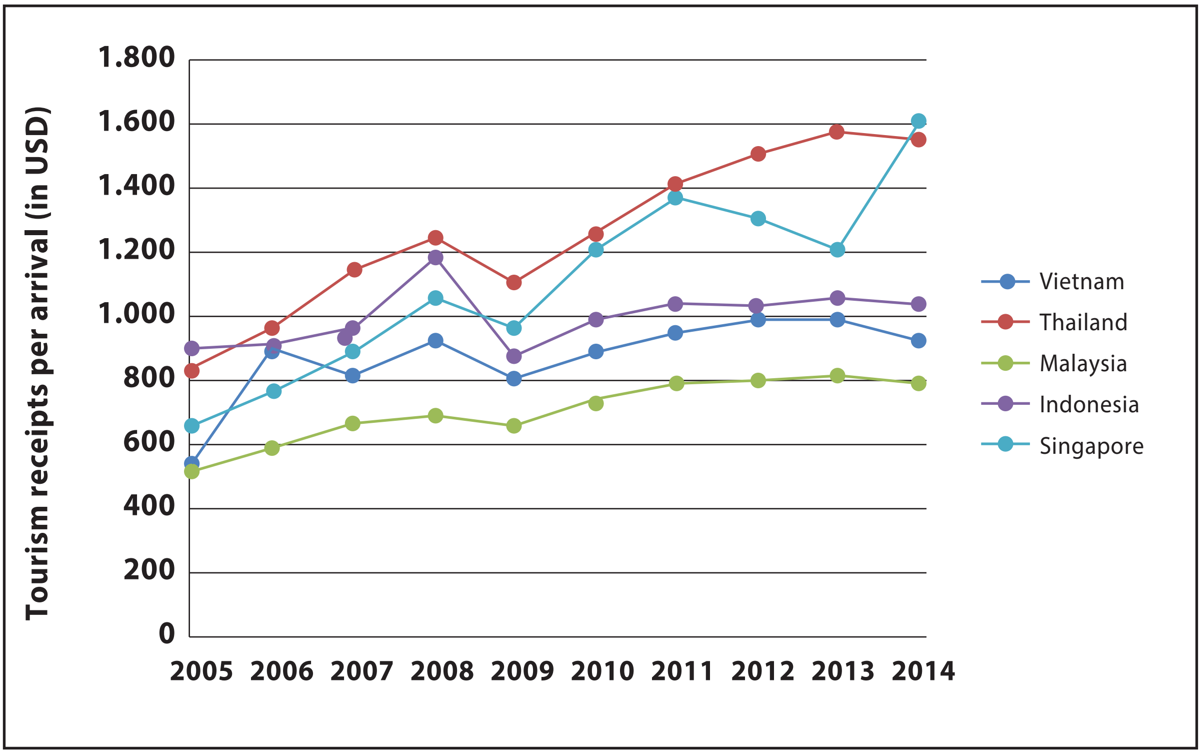
Viet Nam is a country with rich tourism resources and attractions, both natural and cultural. There are eight UNESCO recognized World Heritage Sites in Viet Nam, mainly located in the north and central regions. In addition, Viet Nam is famous for long white sand beaches along the coast. The beautiful Mekong Delta, together with the interesting lifestyles of local people, is also an attractive destination for tourists.

Opportunities to grow and add greater value in tourism targeted under the "Strategy on Viet Nam's tourism development until 2020, vision to 2030" span all parts of the country. The strategy seeks to diversify the range of destinations to which tourists travel, and bring the economic benefits of tourism to more of the country. The opportunities identified vary by province and region, but include:

- continued development of coastal resort tourism
- other marine tourism, including sea sightseeing, marine culture and cuisine
- world cultural and natural heritage site tourism
- eco-cultural tourism associated with exploration of cultural identities of ethnic groups, eco-tourism, culture and history exploration, river life culture, local traditional activities and wet rice civilization
- urban tourism,
- MICE (meetings, incentives, conferencing, exhibitions) tourism.

There are opportunities to continue to increase visitor numbers. There is also scope to add more value in tourism so as to raise the average revenue obtained from each visitor. As can be seen in Chart 10, Viet Nam ranks fourth among five major tourism destinations in Southeast Asia in terms of tourism receipts per international arrival, earning about USD 1,000 per visitor compared with the about USD 1,600 for Thailand.

Chart 10: Tourism receipts per international arrival in selected Southeast Asian countries from 2005 to 2014



Source: UNWTO, 2008, 2010 and 2015.

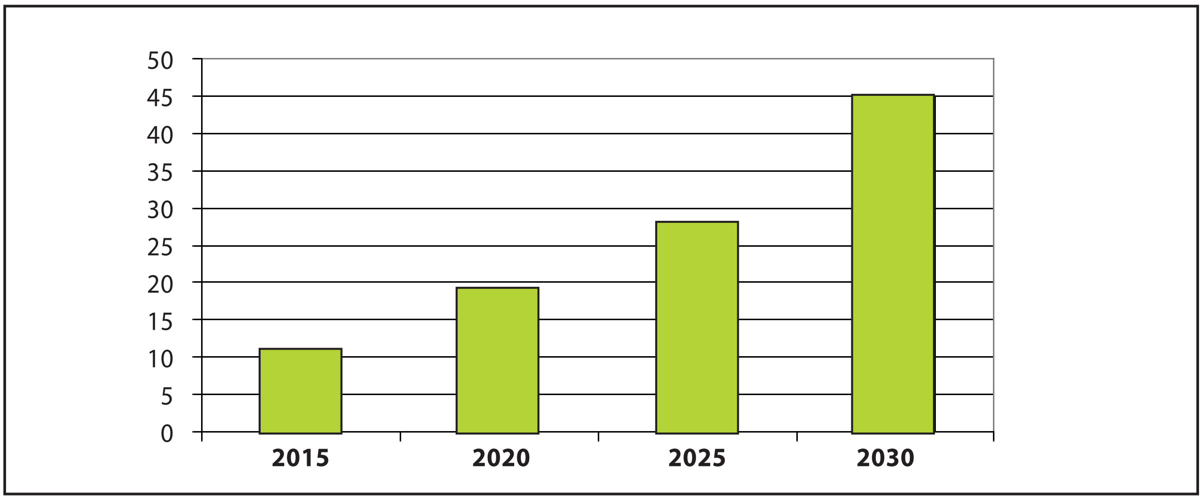
In 2011, the Prime Minister of Viet Nam approved the "Strategy on Viet Nam's tourism development until 2020, vision to 2030" prepared by the Ministry of Culture, Sports and Tourism. The strategy provided forecasts for tourism development targets by 2030 in the following table and charts.

Table 3: Forecast for the number of international and domestic tourists in Viet Nam 2015-2030

	Item	2015	2020	2025	2030
Total international tourists to Viet Nam	Number of tourists (thousand)	7 200	10 200	14 000	18 000
	Average stay (day)	7.3	7.5	7.7	8
	Total number of days of Stay (thousand)	52 560	76 500	107 800	144 000
Total domestic tourists	Number of tourists (thousand)	35 000	47 500	55 500	70.000
	Average stay (day)	5.4	6	6.2	6.5
	Total number of days of Stay (thousand)	189 000	285 000	344 100	455 000

Source: Strategy on Viet Nam's tourism development until 2020, vision to 2030, MOCST, 2011.

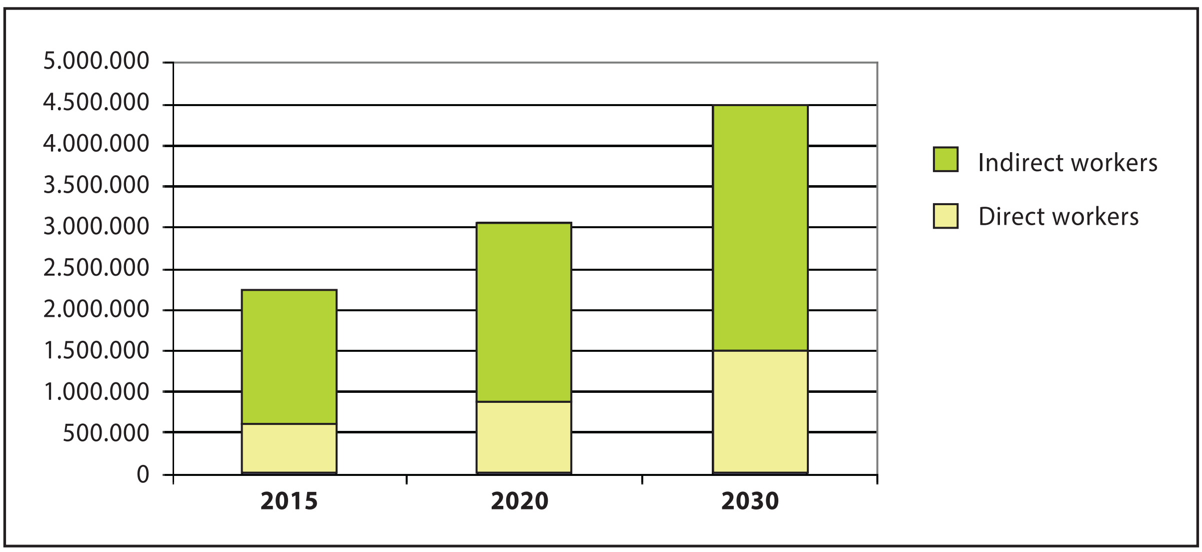
Chart 11: Forecast for Viet Nam tourism revenues to 2030 (billion USD)



Source: Strategy on Viet Nam's tourism development until 2020, vision to 2030, MOCST, 2011.

The employment forecast envisages an average increase of 50,000 in numbers employed directly in the sector each year between 2015 and 2020, with numbers employed indirectly rising by 120,000 each year. It envisages the rate of growth in direct employment increasing to 63,000 per year between 2020 and 2030.

Chart 12: Forecast for Viet Nam tourism workers to 2030, direct and indirect



Source: Strategy on Viet Nam's tourism development until 2020, vision to 2030, MOCST, 2011.

To achieve these outcomes, the "Strategy on Viet Nam's tourism development until 2020, vision to 2030" mainly envisages action in the following areas:

- Development of tourism products with high quality and high added value, meeting the needs of domestic and international tourists, that take advantage of outstanding strengths of tourism resources; to prioritize the development of marine tourism, cultural tourism and eco-tourism, and to take advantage of strengths and links between regions towards the formation of specific tourism products of each tourism area.

- Development of infrastructure and technical facilities for tourism, in terms of physical infrastructure, social and cultural infrastructure, and technical tourism infrastructure in areas including tourist attractions, accommodation, restaurants, information services, travel advice, booking and reservation service, travel agents, tour operators, tour guides, vehicles and transport service establishments for tourists, and service facilities for sightseeing, leisure, entertainment, sports, conference and other purposes.
- Training and nurturing human resources for tourism, so that the quantity, quality and standards of training meet tourism development and international integration needs. Developing a network of strong tourism training establishments with standardized modern technical and teaching equipment and curriculum, and with standardized quality of lecturers. Crafting and implementing strategies on tourism human resource development to meet industry needs in accordance with regional and international standards while paying special attention to tourism managers and skilled labour. Diversifying training methods including encouraging on-the-job training and self-training according to the needs of businesses.
- Developing tourist markets with a focus on the domestic market and on international tourists from Northeast Asia, Southeast Asia and the Pacific, Western Europe, Northern Europe, North America, and Eastern Europe, while also addressing new markets such as the Middle East and India. Selectively attracting market segments of tourists with high affordability and interested in long-stays. Making tourism promotion more professional and aligned with trade promotion, investment promotion, diplomacy and cultural exchange, with a focus on products, brands and the nation’s image. Strong and consistent tourism brand development integrating regional, local tourism product and tourism enterprise brands to boost regional and international competitiveness.
- State support for investment in tourism infrastructure, human resource training, tourism promotion and brand development. Linking and mobilization of resources for capacity building and quality improvement of tourism service providers, forming tourism centres of regional and international standards, based on development priorities. Implementing sustainable development policies; designing preferential policies for the development of eco-tourism, “green” tourism, community tourism, and responsible tourism. Encouraging social engagement in, and attraction of, domestic and foreign investment sources for the development of tourism technical infrastructure, human resource and tourism promotion.
- Further developing and implementing international cooperation agreements in tourism, enlisting the support of other countries and international organizations, so as to accelerate Viet Nam's tourism development and integration.

- Strengthening state management in tourism in areas including the legal environment, the capacity of state management agencies at local and national level, developing plans and strategies, monitoring and managing customer flows, enhancing the application of industry standards, and further decentralizing management. Continuing to reform state-owned enterprises, encouraging the development of tourism businesses which possess strong potential and brands, and focusing on the development of small and medium-sized tourism enterprises, especially households, in association with the development of community tourism and tourism in rural and remote areas.
- Boosting the research and application of advances in tourism management and business, training tourism human resources, market surveys and tourism promotion. Raising awareness of the position and role of tourism to the country's socio-economic development, and giving prominence to social and environmental responsibility in all tourism activities.

6. GAPS IN BUSINESS CAPABILITIES REQUIRED TO MEET OBJECTIVES

Viet Nam has rich and diverse tourism resources across the country, with different levels of capabilities among businesses in each region. In this report, we address business capabilities in the Central Region of Viet Nam, or more specifically in Thua Thien-Hue and Quang Nam provinces. These are the provinces on which the project focused in terms of research, planning in collaboration with provincial tourism stakeholders, and follow-up work on implementing initiatives to address key skills priorities identified.

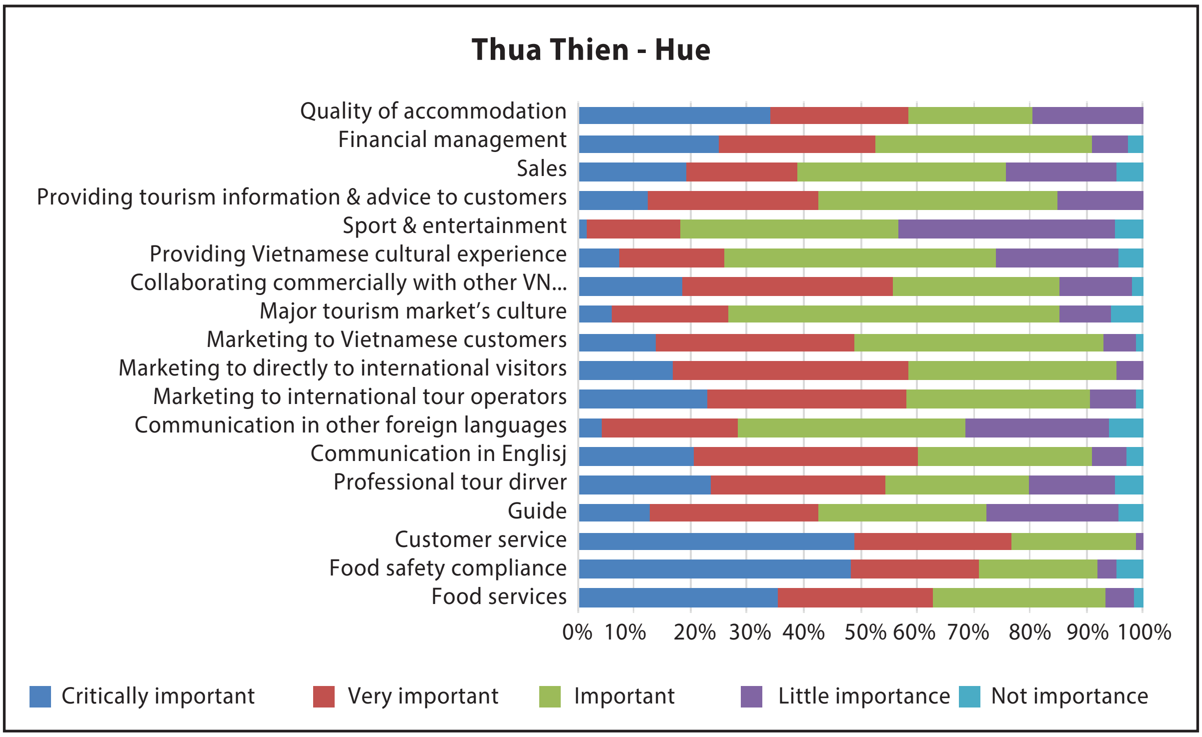
After surveying 117 businesses[12] in the tourism sector in each province (total 234 businesses in two provinces) and undertaking two rounds of stakeholder consultation workshops, the research has identified the following key priority gap areas in the business capabilities of tourism sector businesses in both of these provinces:

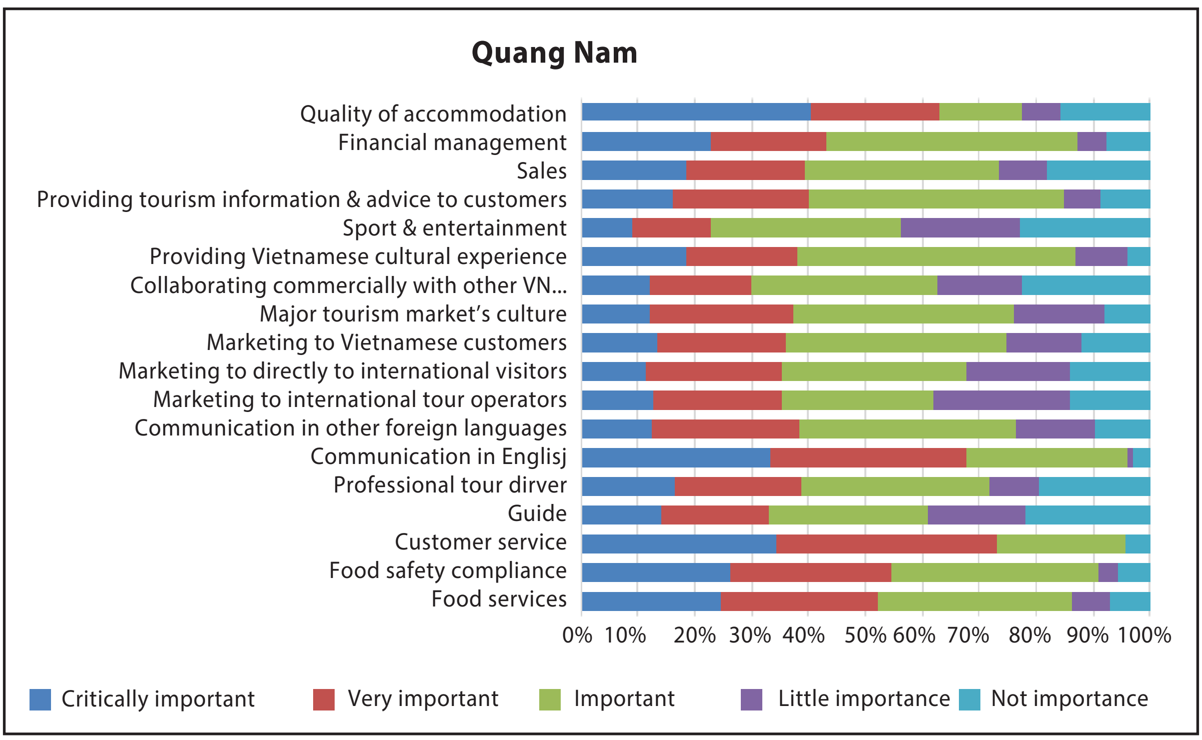
- customer care service
- communication skills (including foreign language skills)
- marketing and promotion, with focus on online marketing for international markets
- quality of accommodation
- food safety compliance

As can be seen in Chart 13, these are not the only areas in which businesses identify gaps in their capabilities. These five are prioritised for action based on the survey evidence and stakeholder consultations. The evidence points towards a wider agenda over the long term, with significant additional gaps in areas such as food services, financial management, guiding and tour operations.

[12] See Appendix A for details.

Chart 13: Employers' views on the importance of the required capabilities





Source: STED enterprise survey, 2014.

6.1 Customer care service

Over 60 per cent of the businesses in the survey saw customer care service as being a critically important or very important gap. Poor customer care service has repeatedly been reported as a key reason for dissatisfaction among tourists visiting Viet Nam. Of course there are some other reasons such as limited tourism products, but customer care service has been repeatedly reported as the most significant source of dissatisfaction by tourists when they leave Viet Nam.

6.2 Communication skills and language skills

Communication skills are one of the most significant weaknesses among Vietnamese employees in all economic sectors. In the tourism sector, communication is central to achieving tourist satisfaction, as it is not possible to provide a good service without being able to converse correctly and exchange information.

Compounding the problem, the foreign language skills of many customer-facing employees in the tourism sector are not good enough, which in many cases leads to miscommunication. The principal foreign language issue is with English, which is spoken by many visitors even from non-English speaking countries, but there is also a need for skills in other languages in locations with large concentrations of non-English speaking foreigners, such as, for example, Russian visitors in Khanh Hoa.

6.3 Marketing

Traditionally, the marketing and promotion of the tourism sector in Viet Nam has been done by the government (VNAT) through international campaigns and exhibitions. Large businesses with foreign investment may know how to market internationally, while local large businesses may find it difficult even if they have budget for it. Deficiencies in marketing skills and language skills hinder them from effectively selling their products to international tourists. Small and medium-sized enterprises cannot spend large amounts of money on promotion and marketing campaigns directly in-market, so online marketing could be a feasible and cost effective solution if they learned how to do it. There is scope for provincial governments to contribute more effectively to marketing tourism in their province, fitting this into national tourism marketing strategies. Marketing to tourists already in Viet Nam is an important consideration for businesses of all sizes, and for provincial governments, particularly targeting independent travellers.

6.4 Accommodation

Despite fast growth in the number of tourists, both local and international, visiting Thua Thien-Hue and Quang Nam provinces in the past few years, the capacity to accommodate visitors has only improved slowly. The number of luxurious hotels is quite limited, which makes it hard to attract tourists in the high-end segment. This capability seems a serious challenge and it will take much time and resources to resolve it, both in terms of the physical buildings and infrastructure and in terms of developing the human resources and tourism products required to exploit them.

Table 4. Accommodation by category in Thua Thien-Hue and Quang Nam provinces

Province	Categories	2007	2009	2011	2013
Thua Thien-Hue	5 star hotel	1	3	4	4
	4 star hotel	6	7	9	9
	3 star hotel	6	6	11	11
	1-2 star hotel	21	22	64	73
	Guest house	67	60	101	100
	Others	50	195	250	337
Quang Nam	5 star hotel	1	3	3	4
	4 star hotel	9	9	11	13
	3 star hotel	7	7	11	11
	1-2 star hotel	28	37	37	42
	Guest house	N/A			
	Others	48	46	46	52

Source: Departments of Culture, Sports and Tourism in Quang Nam and Thua Thien-Hue.

6.5 Food safety compliance

Food safety is a common issue in Viet Nam, with overuse of restricted chemicals in farming and aquaculture. Proper handling and storage of food before and after cooking is also frequently a problem, with staff in restaurant kitchens often unaware of food handling and hygiene standards in cooking. Food poisoning damages the whole experience of tourists, and can badly affect the reputation of the businesses, and of Viet Nam as a tourist destination. Employers in the provinces take this matter seriously, but they need to invest a lot more time and effort to institute proper food safety practices, to train their employees accordingly, and to ensure compliance with safety standards. More active regulatory action by national and provincial governments on food safety may also be required.

7. IMPLICATIONS FOR TYPES OF SKILLS NEEDED

The enterprise interview survey has identified the skills desired for the gaps in business capabilities. The desires from employers do not only focus on the gaps described earlier but address a wider range of issues.

7.1 Customer service skills

Customer service skills unambiguously emerged from the survey as the greatest need across all types of tourism business surveyed. This reflects a need for customer service skills among customer-facing staff. The need is particularly important among those whose main role is to engage with customers, including front desk staff in hotels and guest houses, dining room managers and food service staff in restaurants, bar staff, tour guides, activity organizers, tour organizers, travel agents and salespersons in souvenir shops. It is also important for those in other occupations that come into contact with tourists, such as housekeeping staff and drivers. It is important that other staff whose performance impacts indirectly on customer service, such as chefs and back office staff should have the skills, knowledge and attitude required to underpin delivery of good service by their colleagues in customer-facing roles.

As many tourism businesses in Viet Nam, and specifically in the target provinces, are small or micro-enterprises, with many being family-run, there is a need to develop customer service skills among entrepreneurs that run small tourism businesses, and their employees and family members, as well as among larger and more formal enterprises.

While training in customer service skills is embedded to some degree in the various existing courses provided by TVET schools, and through in-house training in larger businesses, it would be desirable to strengthen this existing provision, and to widen its reach to businesses throughout the sector in each targeted province. Content might include lessons on cultures of some major international markets. Concepts and exercises addressing customer service can be infused into many different types. For some occupations, this concept may need to be expanded into what is now referred to as customer care which encompasses solving problems for customers.

7.2 Communication skills and language skills

Communication skills are viewed by employers as being highly important. The best approaches include learning by doing, which means trainees and employees must have opportunities for regular practice.

Communication in a foreign language is crucial when businesses try to attract international tourists. The need to improve foreign language skills was heard repeatedly during interviews with all the different stakeholders, from government officials, TVET schools and employers. A larger-scale effort must ensure that hospitality workers have access to language courses. The most relevant foreign language is English, but other languages such as French, Chinese and Russian are also useful, depending on the profile of tourists visiting. Language courses are offered in Hue city and Da Nang city, but it is not easy for tourism students and employees to attend good courses in Quang Nam province.

7.3 Food safety compliance

Restaurants and accommodation managers indicated this area to be a very high priority. Training on food safety compliance can be embedded in some training courses on food preparation and cooking but there is no separate course on this issue. In the short run, solutions such as a 2 or 3-day intensive course focusing upon issues such as maintaining sanitary facilities, properly storing food, pest management, and personal hygiene, may be desirable.

For the overuse of restricted chemicals in farming, restaurant owners may work with local farmers and identify solutions which are a positive-sum for both.

In the long run, Viet Nam should learn from the experiences of the many other countries where government regulatory bodies provide and enforce a credible food safety regulatory framework across food production, food processing and food service, including restaurants, hotels and other tourism-related sectors, and back this up by institutionalizing standard food safety training and certification.

7.4 Planning and policy making

Local government officials indicated in interviews that they did not have adequate skills in tourism planning and policy making. This is a particular problem in tourism, as government has an essential role in setting and promoting compliance with standards for tourism, in planning and infrastructure, and in tourism marketing, in most countries. Poor or no planning, will not foster investment in the sector as business owners are uncertain about the future development. Poor policies create unnecessary ambiguities and businesses will not invest when they cannot predict the rules. One of the reasons is that the data collection, analysis and planning skills of local officials are not good enough for high quality research and planning prior to drafting plans and policies.

8. SKILLS MISMATCH

8.1 Existing skills mismatch in the tourism sector in Thua Thien-Hue and Quang Nam

Skills mismatch in the tourism sector in the two provinces can be found in almost all occupations in all types of tourism business. For example, many individuals open a guest house when they have sufficient financial resources, but without any training or knowledge in running a guest house business, either themselves or among their employees. Staff in small hotels and guest houses generally do not have opportunities to attend basic training courses due to time limits, budget constraints, and often lack of access to suitable courses. Most owners of these businesses do not see training for their staff as important and most do not require that staff have certified skills when recruiting.

The reasons for this are likely to partly be rooted in their own lack of skills as managers of tourism businesses. Lacking skills and training themselves, they do not have the ability to make good use of skills among their staff to better serve their tourist customers and to improve their own business performance. Not valuing skills, many feel it is attractive to employ staff without certified skills who can be paid less and who are less likely to challenge poor management.

The barriers are likely to also be partly a matter of business size. Small businesses globally have deficiencies in human resource management, problems in identifying their skills needs, and difficulty in sourcing and paying for suitable training for their staff. Even once they get access to suitable training, they often do not have sufficient flexibility to release staff to undertake it, or the ability or willingness to pay staff while they are being trained. As for the informal workers in tourism, for example, homestay operators, sailors, etc., they are often weak at customer services, English language and marketing of their business. Most have low levels of education. This affects their capacity to implement strategies to better access the market and develop alternative income generating opportunities.

While managers in big hotels and restaurants complain about difficulties in recruiting staff/workers for their business, students graduated from tourism-related vocational schools meet many obstacles in finding a job in the industry. The problem most heard in the research was the quality of training in the TVET schools. Businesses in both provinces are always in need of skilled workers, especially for positions in big hotels and as tour guides. In some cases when a 5 star hotel needs to fill a senior position they must look for candidates elsewhere as local staff do not possess the skills they need.

Looking beyond hotels, guesthouses and restaurants, the research and consultations also identified deficiencies in skills in areas including tourism guiding, tourism driving and tour operation. Tourism guiding was identified as a particularly important issue, as it has a major impact on how tourists experience the World Heritage Sites in the two target provinces.

8.2 Tourism-related training institutions in the two provinces

Viet Nam's system of (TVET is characterized by a complicated structure with TVET schools under supervision and control a number of different government agencies. TVET schools are regulated by the Ministry of Labour, Invalids and Social Affairs (MOLISA) and the Ministry of Education and Training (MOET) for curriculum content and certification. However, line ministries and provinces can set up their own TVET schools under their own supervision and control in terms of financing and staffing.

In the tourism sector, following the "Strategy for Vietnamese human resources development toward 2020", MOLISA also identified tourism as one of a number of priority sectors. There is a master plan to upgrade nine high quality tourism colleges, which will provide training for 12 occupations to international standards. In the two provinces, the Hue Tourism Vocational College is among the nine colleges which will be upgraded. The Hue Tourism Vocational College has received substantial support from the national budget and from the Lux-Development's *Strengthening of Human Resources in the Hospitality and Tourism Sector in Vietnam project* (VIE 031).

There are about ten other training institutions in the two provinces offering tourism and hospitality courses. In Thua Thien-Hue province, apart from the Hue Tourism Vocational College, other institutions, including the Faculty of Tourism in Hue University, Phu Xuan University and Au Lac Vocational School, offer courses in tourism and hospitality management. In Quang Nam province, there are four training institutions actively involved in tourism and hospitality: Quang Nam University, Quang Nam College of Economics and Technology, North Quang Nam Vocational school and Quang Nam School of Art, Culture and Tourism. Universities offer courses for bachelor degrees such as hotel management and hospitality management, whereas colleges and vocational schools offer TVET courses leading to diplomas and certificates. Each year, the total number of enrolments for tourism and hospitality courses in the eight training institutions across the two provinces is around 1,000.

Challenges for training institutions in Thua Thien-Hue and Quang Nam

Training institutions in both provinces have encountered many constraints and challenges in tourism education and training. The most serious challenge, as identified by relevant government officials and by tourism businesses in the enterprise survey and interviews, is the quality of training. Training is said to not be demand-driven, and businesses say that they have to retrain qualified staff. Training institutions say that they must deal with constraints in enrolment, designing and adopting new modules/subjects, connecting with enterprises, diversifying learning activities for their students and finding opportunities to upgrade knowledge and skills of their trainers and instructors and funding to pay for improvements.

One of the difficulties for training institutions in the two provinces is that they still cannot offer all the modules/subjects in business and tourism-related majors that are in demand by employers. Some vocational schools can only teach the most popular modules in tourism such as food and beverage and reception. The Faculty of Tourism in Hue University and the Hue Vocational Tourism College offer a much wider range of modules and subjects related to tourism than other schools in Thua Thien-Hue and Quang Nam.

However, this cannot be dealt with easily by the training institutions themselves. In the past, they had to design a new training programme and seek approval from MOLISA or MOET. Under current policies, with the newly adopted TVET law which came into effect in 1st July 2015, the curriculum framework is much less rigidly stipulated by the two ministries but it is still quite time consuming and costly for schools to design a new curriculum. Designing a new subject or module requires much expertise, effort and funding which is out of reach for many schools. This is a challenge with TVET schools in provinces when their teaching team does not yet have enough capacity and knowledge to design new modules and subjects by themselves. Even when they can buy or borrow a new training programme which is of higher quality, it is often impossible for them to deliver it as the teachers must receive proper coaching and guidance, and source training materials. It is usually difficult for the school to obtain the modern equipment it needs to deliver the programme.

Most provincial TVET schools are struggling with limited numbers of enrolments. Of the institutions consulted, only the Tourism Faculty of Hue University said that enrolment was not a concern. There are multiple reasons why the number of enrolments to these training institutions is below capacity. First, many people believe the only way to career success is to enter a university, not a vocational college or school. While this perspective is common in many countries, it is reinforced in Viet Nam by Confucian culture. Second, many high school students have ambitions to go outside their provinces to study in big cities. Third, tourism career opportunities are not strongly promoted. Some feel uncertain for their future job opportunities in tourism, as they do not have sufficient information or good career orientation advice. Although all the training institutions in the two provinces that provide tourism-related training conduct two job orientation sessions before and during their academic year, existing efforts do not seem to be sufficient.

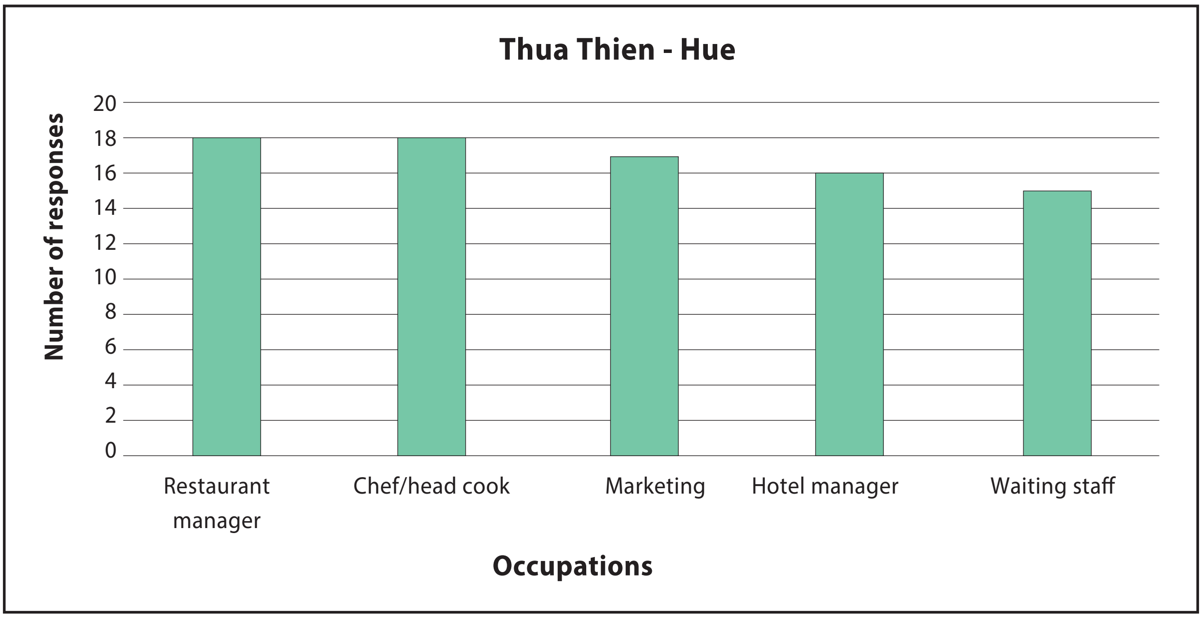
Another constraint for training institutions is that they have weak connections with enterprises. Collaboration between training institutions and businesses depends on each school's attitude and efforts. For example, the Tourism Faculty of Hue University was considered by enterprises and other stakeholders to have a good connection with businesses because they actively engaged businesses in their teaching and curriculum design. In contrast, some schools are reported to send their students to businesses for internship, a requirement for graduation, without consultation or prearrangement with the businesses.

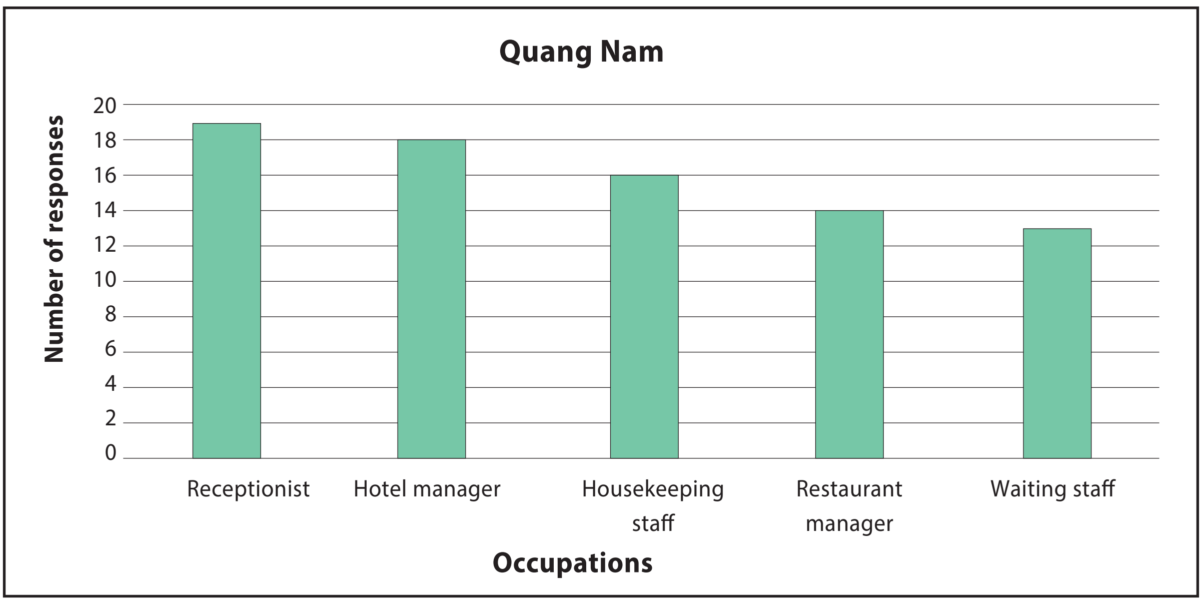
Last but not least, instructors and teachers in the training institutions have few opportunities to upgrade their knowledge and skills, which can result in training quality degrading over time. All the training institutions consulted expressed willingness to send their teachers and instructors to participate in training programmes, but they did not have sufficient financial resources to fund participation in external courses or to organize high quality in-house training themselves for their instructors/teachers.

8.3 Skills development needs of tourism workers

Based on the enterprise survey undertaken, the top five occupations that need retraining the most differ between the two provinces. For both provinces, restaurant managers, hotel managers and waiting staff are among the top five. In Thua Thien-Hue, chefs and marketing occupations are also in the top five, whereas in Quang Nam, the top five include receptionists and housekeeping staff.

Chart 14: Top five occupations that need retraining in each province

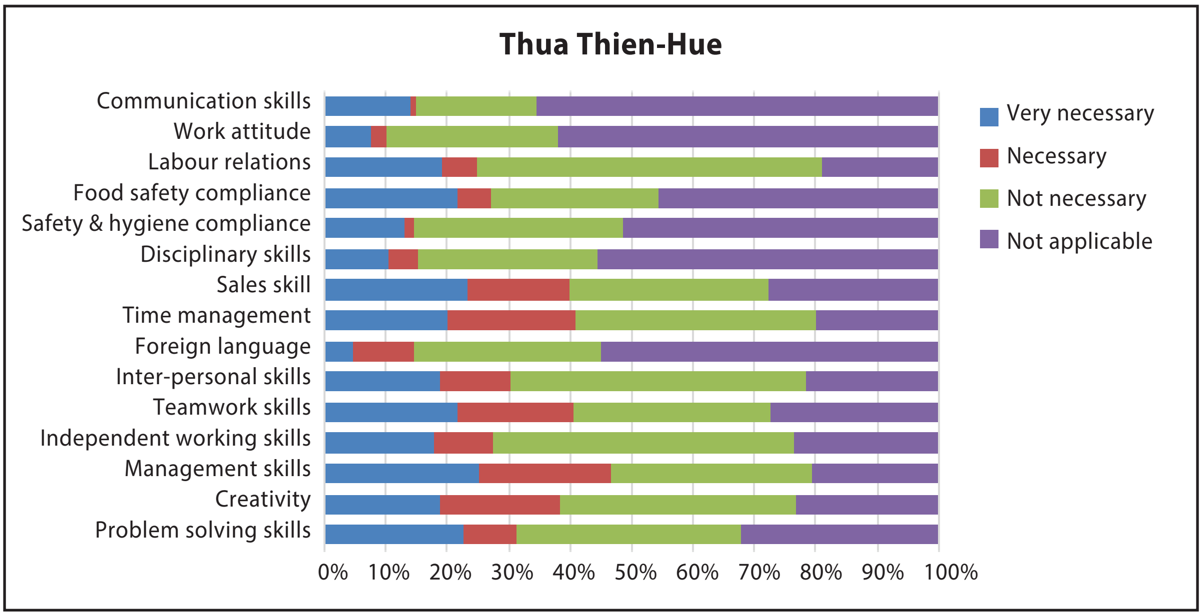


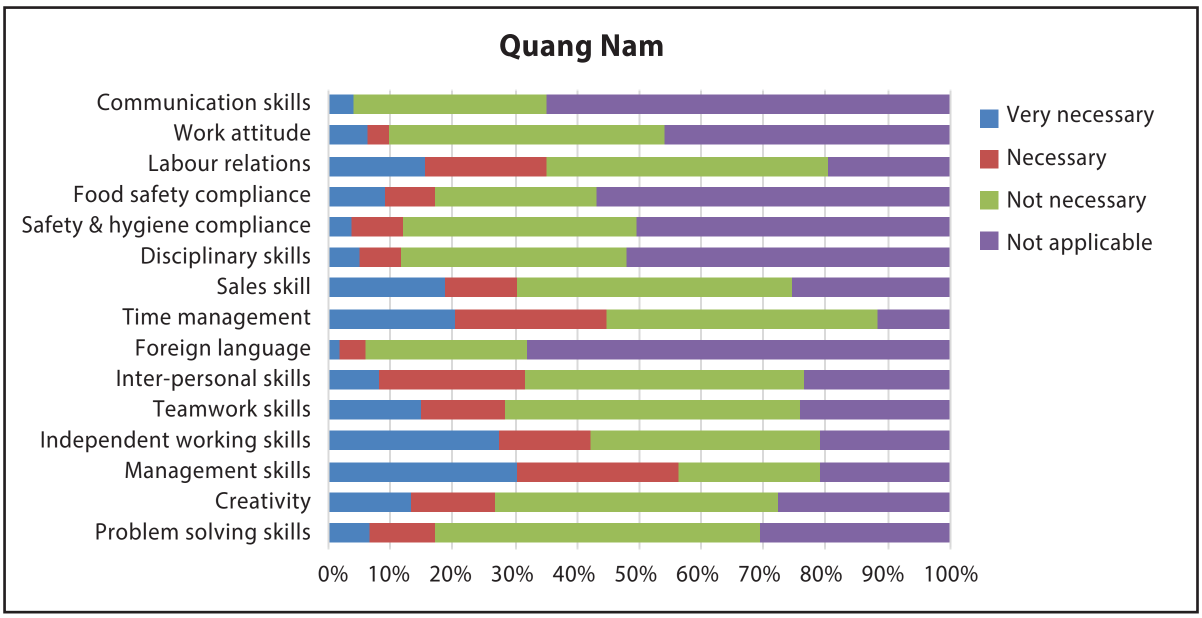


Source: STED enterprise survey, 2014.

When being asked "How do you rate the necessity for workers to improve their soft skills in the following areas?" all employers supported the idea that their staff should have training to improve soft skills (also known as core employability skills). The most highly rated core employability skills included independent working skills, time management skills, teamwork skills, communication and problem solving skills. Chart 15 provides greater detail on how employers rated the necessity for different types of core employability skills.

Chart 15: Rating of the importance of core employability skills by employers

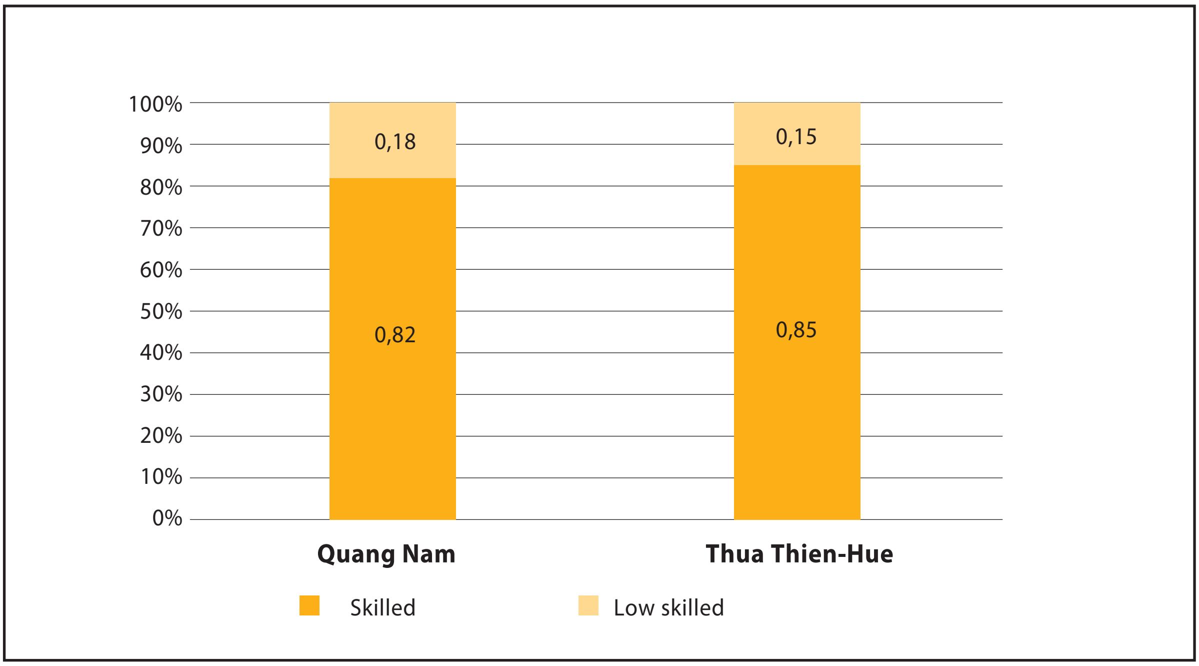




Source: STED enterprise survey, 2014.

Chart 16 shows that 82 per cent of companies in Quang Nam and 85 per cent of companies in Thua Thien-Hue prefer hiring skilled workers. Skilled workers can immediately be productive in their jobs and employers do not have to spend time and money on training them. However, 18 per cent of employers in Quang Nam and 15 per cent of employers in Thua Thien-Hue prefer to recruit unskilled workers. Based on interview evidence, there are two main reasons for this fact: the first one is employers wish to conduct tailor-made training courses, and they do not need to employ "false beginners". By providing this tailor-made training, employers can have workers who meet their special needs and often the employees are more loyal. The other reason is that some employers, particularly in very small businesses, do not pay well enough to easily recruit skilled workers.

Chart 16: Preference for hiring skilled workers versus low skilled workers



Source: STED enterprise survey, 2014.

8.4 Skills development needs for the interviewed groups

In the enterprise survey conducted in Thua Thien-Hue and Quang Nam in 2014, interviews were conducted with three groups: employers, training institutions and local government officials.

Employers

All employers running hotels from 3-5 stars in the two provinces expressed a need to improve skills and knowledge in management and communication. All employers operating 1 star hotels in both provinces wished to improve their capacity in hospitality management, marketing, and even accounting. Almost all of the 1 star hotel owners did not have any professional training before they started their businesses. Some employers running guesthouses/homestays (6 out of 30 in Hue and 15 out of 30 in Quang Nam) did not see the need to improve their skills. They thought what they had been doing was good enough as their businesses had survived.

For employers in restaurants, a large majority, about 90 per cent, expressed a need to have further training on finance, human resource management and marketing. For employers in tour operation and transport, 75 per cent of those in Quang Nam saw training on customer care service and communication skills as being important. In Thua Thien-Hue all of the employers in tour operation identified a need for training in communications, sales and marketing skills.

Teachers and instructors from training institutions

Interviews with training institutions indicated that they cannot afford continuing training courses to keep their instructors/teachers updated with new teaching methods and skills. Most of the instructors/teachers consulted expressed a need to attend courses on teaching methods and professional skills. Some others would like to improve their foreign languages, communication skills, or other soft skills. Poor practical skills appear to be common among the teachers in TVET schools. Many teachers are themselves unable to perform essential skills that they are required to teach students. This appears to be a major reason why the quality of training in TVET schools does not meet the demand from businesses.

Local government officials

In both target provinces, the interviews showed that local government officials did not have sufficient skills in tourism management. Most had no professional training in tourism. In Quang Nam province, 86 officials in tourism-related agencies had neither official training nor a bachelor degree in tourism. Moreover, local government officials had not received much continuing training in tourism after being employed. Local government officials interviewed wished to have more opportunities to attend training courses which could be helpful for their job. Among the types of training courses they mentioned, their top priorities were planning skills, data collection and analysis and tourism product development.

This is important for the competitiveness of the tourism sectors of the target provinces because much of the strategic decision-making about the development of the sector at provincial level is undertaken by local government, and local government also plays a key practical role in marketing, regulation, skills development and infrastructure development for the sector. Getting local government right is important for tourism enterprises of all sizes in the target provinces. It is especially important for the large cohort of small and micro-enterprises that require significant shared and collective action in order to upgrade as a group.

Local officials in DOLISA and in provincial trade unions had limited knowledge about labour issues in the tourism sector. In Quang Nam province, these two organizations learned something about the tourism sector through the SIT/ILO[13] project, but in Thua Thien-Hue province the DOLISA and trade unions knew very little when surveyed. Quang Nam DOLISA has produced an assessment report on the present status of service quality, demand and supply of skilled workers in tourism. The trade union has conducted a study on working conditions in the tourism sector, which has identified many problems concerning working conditions.

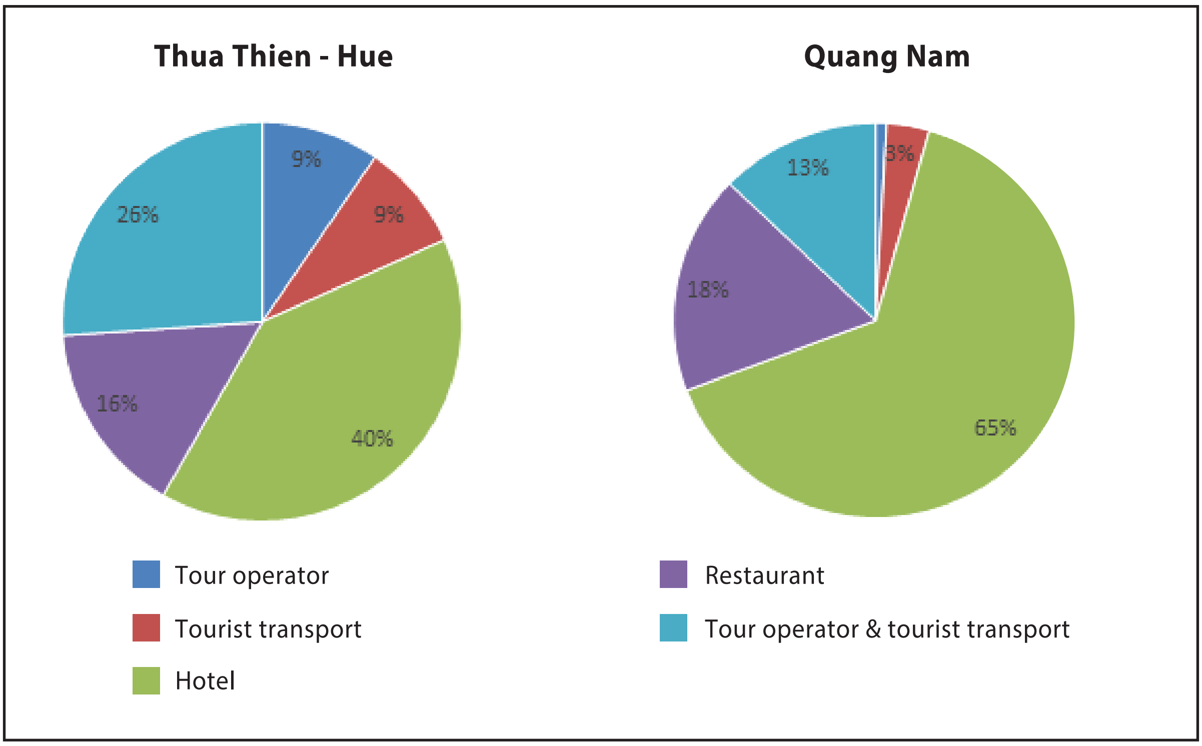
[13] Strengthening of Inland Tourism in Quang Nam project, funded by Luxembourg Government

8.5 Profile of employers interviewed in enterprise survey in Thua Thien-Hue and Quang Nam

Among employers surveyed in the enterprise survey, accommodation has largest number of employees compared to other business lines (restaurant, tour operation and transport). In luxurious hotels such as 4 or 5 star hotels, a full range of services (accommodation, restaurant, tour operation and transportation) is available for tourists. Employment in accommodation in Quang Nam accounted for 65 per cent of the workers in the interviewed enterprises, while the percentage in Thua Thien-Hue was 40 per cent.

The majority of tour operators in both provinces also offer transport services. For example, in Quang Nam province, among over 100 enterprises participating in the survey, 13 per cent of employees worked in companies offering both tour and transport services. Percentages of employees working in tour operator and transport businesses were 1 per cent and 3 per cent respectively. Comparable figures for the Thua Thien-Hue survey were 26 per cent, 9 per cent and 9 per cent respectively.

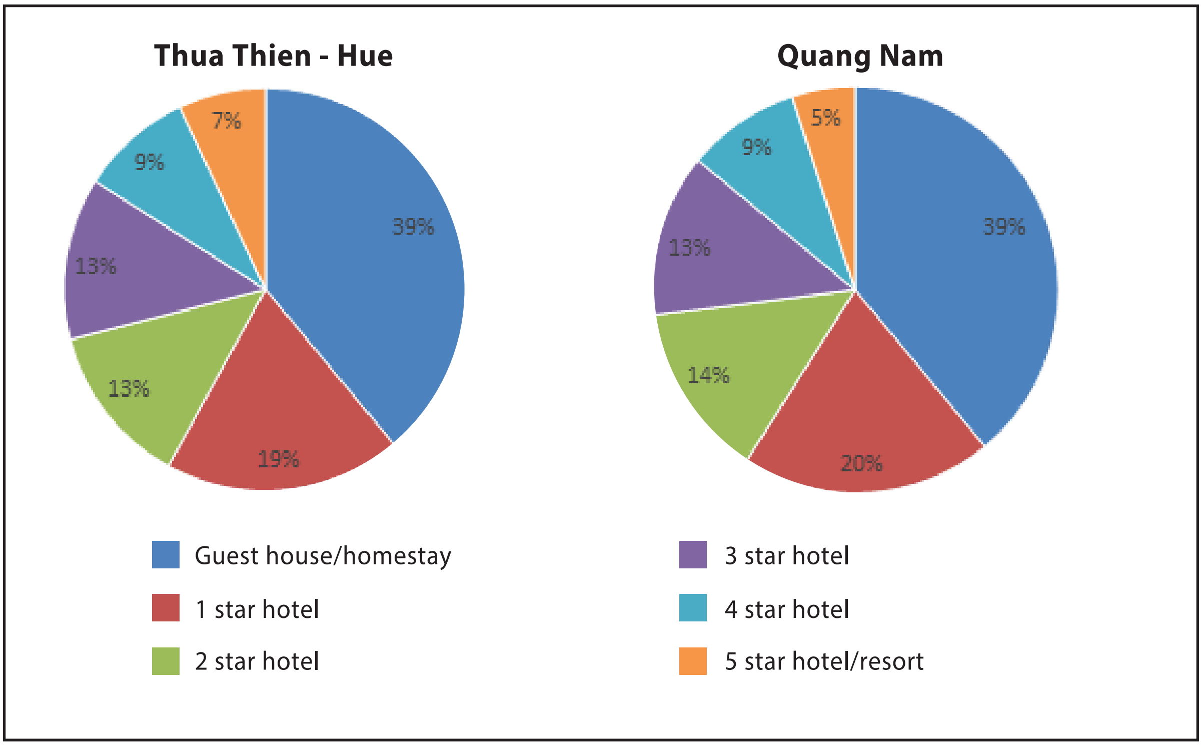
Chart 17a: Distribution of employment in firms surveyed in each business line



Source: STED enterprise survey, 2014.

In accommodation service, guesthouses and homestays employed the largest number of employees among businesses surveyed, up to 39 per cent in both provinces. Employees in small and medium businesses in accommodation (including one star and two star hotels) account for about 70 per cent of total workers among businesses surveyed.

Chart 17b: Distribution of employment in firms surveyed in accommodation services



Source: STED enterprise survey, 2014.

9. PROPOSED RESPONSES TO FUTURE SKILLS NEEDS IN TARGET PROVINCES

The skills improvement required by the tourism sector in Quang Nam and Thua Thien-Hue provinces is diverse and extensive. After the initial research was complete, two consultation workshops were undertaken in each province with tourism sector stakeholders, mainly from government, employers, trade unions, education and training institutions. The following long list of 14 possible types of intervention targeting three types of local stakeholders (provincial government agencies, training institutions and businesses) was developed and agreed among workshop participants.

No	Activities	Contents	Participants	Expected outcome
A. Government agencies				
1	Training for skills in planning, plan implementation and evaluation	Methodologies to develop both short and long-term plans, to monitor implementation process and evaluate its success/impacts	Officers in DOCST and DOLISA, plus representatives from tourism association and employers'/workers' associations	Draft master plan for tourism development and plan for skills development
2	Training on data collection and data analysis for planning purposes	Skills on survey questionnaire design, interview, data process and presentation	Officers in DOCST and DOLISA, plus representatives from tourism association and employers'/workers' associations	Samples questionnaires are produced
3	Training on tourism management and human resources development	Short selected courses with specific topics in tourism management and human resource development	Officers in DOCST and DOLISA, plus representatives from tourism association and employers'/workers' associations	
4	Training for tourism promotion skills	Design and conduct promotion campaigns for new destinations/products	Officers in DOCST and DOLISA, plus representatives from tourism association	Exercises are completed

Note: It was found in the enterprise survey that soft skills (e.g. communication, presentation, team work etc.) are crucial in the improvement of the capacity of government officials (and therefore will help enhance the competitiveness of the sector). Development of soft skills will be incorporated into the other training activities listed above.				
B. Training institutions				
5	Training for programme design	Teachers/trainers learn how to design a new programme for arising skills need	Selected teachers in training institutions/trainers in businesses	Samples are produced
6	Teaching material preparation	Teachers/trainers update new teaching methodology	Selected teachers in training institutions/trainers in businesses	Samples are produced
7	Teaching methodology	Teachers/trainers learn how to draft teaching material for new programmes	Selected teachers in training institutions/trainers in businesses	Samples are produced
8	Skills update	Teachers/trainers update skills in collaboration with businesses	Selected teachers in training institutions	
9	Career guidance (in collaboration with Rural Youth Employment project)[14]	Teachers learn how to attract students to join a programme	Selected teachers in training institutions	
C. Businesses				
10	Training on marketing (especially online marketing) and promotion	Business owners (from SMEs) learn how to effectively conduct marketing activities	Selected business owners	Samples are produced
11	Customer service training	Key staff learn how to do customer service	Selected staff	
12	Training of trainers	Key staff learn how to conduct on-the-job training for new staff	Selected staff	

[14] Rural Youth Employment is an ILO project which focuses on career guidance, information and communication technology-based communication platform and decent work-based modules in entrepreneurship development for rural young people to provide better opportunities for rural youth to gain access to the labour market. The project supports Quang Nam and Thua Thien-Hue provinces.

13	Development of training materials for self-learning (in collaboration with Sustainable Tourism Project)	A set of materials for self-training will be produced for small businesses		
14	Training on financial and human resource management and skills on Start Your Business (SYB) and Know About Business (KAB)	Business owners (from SMEs) learn how to effectively manage finance and human resource and how to start a small business successfully	Selected business owners	

Local government officials

Among the four possible interventions for local government officials responsible for tourism and TVET, training courses on planning and data collection were seen as being the most needed. Only when government officials are well-equipped with these skills can they produce good strategies and policies for sustainable development of the sector. As seen in the analysis earlier, the sector's competitiveness in each province is affected substantially by the skills of the officials who are responsible. Improving their skills provides an important opportunity to strengthen the tourism sector in these provinces.

Training institutions

The training provided by training institutions does not meet the expectations of tourism sector employers. Areas where capacity development for institutions could usefully focus on improving this included development of curricula and course materials, and improving and updating teaching skills. In addition, if schools worked more closely with businesses on training, there was an opportunity to make their teaching activities more demand driven, so that graduates would better satisfy industry skills needs.

Businesses

Following from the business capability gap analysis, top priorities were for interventions to help businesses improve marketing skills, customer service skills and in-house training.

Training courses on marketing skills could focus in part on marketing online, which can be cost effective even for small and medium-sized businesses. Internet connections in Viet Nam are good enough to be accessible even to homestay businesses in remote areas.

Training courses for businesses on customer service skills were to target key staff in businesses, who could later train others in their companies. Getting attitude and awareness for customer service right must start from the top, so as to provide leadership on customer service to staff throughout the business.

Tourism businesses in the target provinces recognise that training can raise the skills of their employees, and to retrain them would enable them to better perform their work. However, even where managers and team leaders in businesses have good professional skills themselves, they mostly do not have the skills in training and mentoring required to develop the skills of their employees. This is especially an issue in micro, small and medium-sized enterprises that cannot justify employing specialist trainers. In these cases, there is a need for training-of-trainer and coaching skills to help them develop skills and knowledge among employees in a more effective and efficient manner.

10. IMPLICATIONS FOR NATIONAL POLICY AND FOR OTHER PROVINCES

The analysis undertaken in two provinces of Central Viet Nam points towards a need to upgrade training provision for tourism in the provinces studied, and suggests that this need may be relevant to other provinces, too. This would be consistent with the priorities identified in the Vietnamese Government's "Strategy on Viet Nam's tourism development until 2020, vision to 2030", which human resources emphasises on:

- Training and nurturing human resources for tourism, so that the quantity, quality and standards of training meet tourism development and international integration needs.
- Developing a network of strong tourism training establishments with standardized modern technical and teaching equipment and curriculum, and with standardized quality of lecturers.
- Crafting and implementing strategies on tourism human resource development to meet industry needs in accordance with regional and international standards while paying special attention to tourism managers and skilled labour.
- Diversifying training methods including encouraging on-the-job training and self-training according to the needs of businesses.

While this study, and follow-up interventions, have focused at provincial level, there are limits to what can be achieved by provincial level action. National level action is especially required in areas like setting occupational competency standards and curricula, establishing standards and training mechanisms for teachers and trainers to implement these curricula at a high level of quality, and identifying and sharing good practices in skills across provinces.

Action at national level will be in the context of the ASEAN Mutual Recognition Arrangement (MRA) on Tourism Professionals, which is expected to contribute to shaping tourism skills standards and curricula as Viet Nam joins the ASEAN Economic Community. Tourism is one of eight professions under the MRA.

Box 1: The ASEAN Mutual Recognition Arrangement on Tourism Professionals

The ASEAN MRA on Tourism Professionals, signed on 9 November 2012 is the eighth and newest MRA in ASEAN. By 2015, six countries (Indonesia, Malaysia, Myanmar, the Philippines, Singapore, and Thailand) had completed required national actions in accordance with Article 9.2 of the MRA, i.e. the establishment of a Tourism Professional Certification Board and National Tourism Professional Board. Tourism professions cover as many as 32 job titles. These job titles include hotel services (front office, housekeeping, food production, and food and beverage service) and travel services (travel agencies, and tour operators). For each type of service, there are four to seven different levels of service which sum up to 32 in all. It is important to note that tour guide was intentionally omitted from the scope. Tour guide is a regulated profession in some countries to ensure the tour guide's knowledge and understanding of his/her country/region's history and culture, but the MRA covers only non-regulated professions. The MRA on Tourism Professionals emphasizes common competency standards and a common curriculum. Based on the ASEAN Common Competency Standards for Tourism Professionals, ASEAN establishes a Common ASEAN Tourism Curriculum. Using the toolboxes for each job title, master trainers and master assessors are trained at the regional level, followed by national training for trainers and assessors. These regionally recognized trainers and assessors will train tourism professional candidates. After completion of training, a professional is assessed and certified by a Tourism Professional Certification Board (a national governmental body). Only then can the professional be recognized as a 'Foreign Tourism Professional' in the ASEAN terminology. ASEAN establishes the ASEAN Tourism Professional Registration System which is a web-based facility to register foreign tourism professionals. The system also provides a matching function between jobseekers (Foreign Tourism Professionals) and potential employers.

The MRA will bring a number of benefits for tourism professionals and the industry. The first benefit is facilitation of mobility of tourism professionals based on tourism competency qualification/certificate. However, the regional registration does not ensure job opportunities, as the host country government has the discretion whether to recognize eligibility to work in the country. On the other hand, regional recognition can help potential employers (e.g. hotels) find professionals from other ASEAN member States who meet certain standards by dramatically reducing information costs. There are other benefits aside from mobility of professionals such as: (1) enhance conformity of competency-based training/education; (2) recognize skills of tourism professionals; (3) improve the quality of tourism human resources; and (4) enhance the quality of tourism services. The ASEAN MRA is functioning as a regional initiative to set and enhance the quality standards in this unregulated profession. [15]

Source: Fukunaga, 2015.

[15] FUKUNAGA, Assessing the Progress of ASEAN MRAs on Professional Services, 2015.

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APPENDIX A

Sample size for enterprise interview survey in Thua Thien-Hue and Quang Nam provinces

SAMPLE SIZE FOR ENTERPRISE INTERVIEW SURVEY IN THUA THIEN-HUE AND QUANG NAM PROVINCES

Line of business		Number interviewed	Total number in province	Note
Tour operator		10	52	excluding the ones in hotels
Transport		10	47	excluding the ones in hotels
Restaurant		20	149	excluding the ones in hotels
Hotel	5-star	5	5	
	4-star	7	7	
	3-star	10	10	
	2-star	10	18	
	1- star	15	75	
	Guest house	30	321	
Total		**117**		

BREAK-DOWN OF ENTERPRISES FOR SURVEY QUESTIONNAIRE IN QUANG NAM

Line of business		Number interviewed	Total number in province	Note
Tour operator		10	37	excluding the ones in hotels
Transport		10	n/a	
Restaurant		20	n/a	
Hotel	5-star	4	4	
	4-star	7	11	
	3-star	10	11	
	2-star	11	24	
	1- star	15	17	
	Others	30	33	
Total		**117**		

The number of enterprises by category in each province differs, hence we tried to interview the same number of enterprises in each category from the two provinces. Though most enterprises in Thua Thien-Hue are located in Hue city and most enterprises in Quang Nam are located in Hoi An city, we have interviewed enterprises from other districts of the two provinces so that the sample could be more representative.

APPENDIX B

Statistical data on three target provinces

Table B.1: Number of international tourists to Thua Thien–Hue, Quang Nam, Khanh Hoa and their shares of total Viet Nam arrivals, 2005-2013

Unit: arrivals, %

	2005	2007	2009	2010	2011	2012	2013
Thua Thien-Hue	369 000	666 590	607 022	612 463	653 856	730 490	748 089
Market share	*10.61%*	*15.76%*	*16.09%*	*12.13%*	*10.87%*	*10.67%*	*9.88%*
Quang Nam*	712 529	1 005 543	1 102 918	1 162 362	1 286 455	1 384 342	1 634 938
Market share	*20.49%*	*23.78%*	*29.24%*	*23.02%*	*21.39%*	*20.22%*	*21.59%*
Khanh Hoa	248 578	281 586	281 850	387 271	440 569	530 660	708 981
Market share	*7.15%*	*6.66%*	*7.47%*	*7.67%*	*7.33%*	*7.75%*	*9.36%*

Source: GSO of Viet Nam and Departments of CST.
**Total international tourists = overnight tourists + day visitors*

Table B.2: Major international markets for tourists to Thua Thien – Hue, Quang Nam, Khanh Hoa and market share in Viet Nam, 2007-2013

Unit: arrivals, %

Sq		2007	2008	2009	2010	2011	2012	2013
	Thua Thien-Hue							
1	**UK**	31 663	29 021	41 637	39 859	43 642	44 758	52 673
	Market share (%)	*29.46*	*27.10*	*36.05*	*28.64*	*27.92*	*26.27*	*28.52*
2	**Canada**	14 598	13 759	16 251	n/a	17 494	16 832	16 777
	Market share (%)	*16.32*	*15.85*	*19.20*	*n/a*	*16.44*	*14.82*	*15.98*
3	**Germany**	49 394	59 939	53 064	46 989	46 063	52 824	54 130
	Market share (%)	*48.51*	*58.32*	*52.11*	*38.15*	*40.43*	*49.55*	*55.42*
4	**USA**	36 396	48 789	51 577	43 837	44 479	43 010	41 035
	Market share (%)	*8.91*	*11.76*	*12.80*	*10.17*	*10.11*	*9.69*	*9.49*
5	**Japan**	22 397	26 569	29 531	26 802	27 195	33 937	33 022
	Market share (%)	*5.35*	*6.76*	*8.28*	*6.06*	*5.65*	*5.89*	*5.47*
6	**France**	106 988	122 803	106 691	102 241	102 233	107 437	105 235
	Market share (%)	*65.32*	*67.45*	*61.69*	*51.29*	*48.35*	*48.90*	*50.12*

Sq		2007	2008	2009	2010	2011	2012	2013
7	**Thailand**	165 248	15 902	89 992	113 796	122 516	128 019	130 943
	Market share (%)	*98.93*	*8.72*	*56.40*	*51.07*	*67.01*	*56.68*	*48.68*
8	**Switzerland**	5 133	2 768	9 279	n/a	8 307	n/a	9 056
	Market share (%)	*24.22*	*14.05*	*47.11*	*n/a*	*32.53*	*n/a*	*31.86*
9	**Australia**	55 994	34 635	56 561	58 691	64 355	64 253	4 606
	Market share (%)	*24.93*	*14.76*	*26.05*	*21.10*	*22.21*	*22.17*	*1.44*
	Quang Nam*							
1	**Australia**	64 674	4 954	1 812	6 463	65 809	90 625	102 643
	Market share (%)	*28.79*	*2.11*	*0.83*	*2.32*	*22.71*	*31.27*	*32.11*
2	**France**	63 873	24 927	8 807	54 808	52 984	64 897	8 361
	Market share (%)	*39.00*	*13.69*	*5.09*	*27.49*	*25.06*	*29.54*	*3.98*
3	**UK**	34 168	9 494	2 153	37 309	34 103	50 582	75 463
	Market share (%)	*31.79*	*8.87*	*1.86*	*26.81*	*21.82*	*29.69*	*40.87*
4	**Germany**	36 533	7 985	4 428	36 679	29 885	45 972	50 286
	Market share (%)	*35.88*	*7.77*	*4.35*	*29.78*	*26.23*	*43.12*	*51.48*
5	**USA**	36 406	17 828	9 432	26 137	24 496	34 261	37 064
	Market share (%)	*8.92*	*4.30*	*2.34*	*6.06*	*5.57*	*7.72*	*8.58*
6	**Japan**	15 005	14 454	11 868	17 854	17 531	20 953	27 915
	Market share (%)	*3.59*	*3.68*	*3.33*	*4.04*	*3.64*	*3.64*	*4.62*
7	**Spain**	21 252	5 864	3 144	1 451	11 598	17 581	18 565
	Market share (%)	*81.98*	*23.86*	*14.87*	*4.90*	*35.71*	*56.16*	*55.95*
8	**Netherlands**	13 355	7 874	5 044	13 532	12 577	17 254	17 096
	Market share (%)	*36.57*	*22.23*	*14.52*	*30.93*	*27.93*	*37.62*	*36.06*
9	**China**	5 468	10 999	5 528	7 991	8 898	13 343	33 791
	Market share (%)	*0.95*	*1.71*	*1.07*	*0.88*	*0.63*	*0.93*	*1.77*
	Khanh Hoa							
1	**Russia**	17 546	17 507	19 958	29 663	34 317	82 992	148 932
	Market share (%)	*40.52*	*35.73*	*30.15*	*35.85*	*42.52*	*47.62*	*43.52*
2	**Australia**	27 568	28 101	26 973	31 626	35 467	44 775	43 305
	Market share (%)	*12.27*	*11.97*	*12.42*	*11.37*	*12.24*	*15.45*	*13.55*
3	**USA**	33 343	41 299	28 154	36 092	32 448	34 666	35 631
	Market share (%)	*8.17*	*9.96*	*6.99*	*8.37*	*7.38*	*7.81*	*8.24*

Sq		2007	2008	2009	2010	2011	2012	2013
4	**Korea**	9 346	12 218	9 271	13 812	15 412	25 654	34 759
	Market share (%)	*1.97*	*2.72*	*2.57*	*2.79*	*2.87*	*3.66*	*4.64*
5	**France**	24 426	26 697	23 704	33 185	30 813	25 431	31 990
	Market share (%)	*14.91*	*14.66*	*13.70*	*16.65*	*14.57*	*11.57*	*15.24*
6	**UK**	16 281	23 049	23 064	27 800	28 424	23 998	29 290
	Market share (%)	*15.15*	*21.52*	*19.97*	*19.98*	*18.19*	*14.09*	*15.86*
7	**Germany**	20 093	17 763	21 462	24 003	22 583	21 466	28 099
	Market share (%)	*19.73*	*17.28*	*21.08*	*19.49*	*19.82*	*20.14*	*28.77*
8	**China**	12 390	14 680	10 411	11 617	13 211	22 428	27 786
	Market share (%)	*2.16*	*2.28*	*2.01*	*1.28*	*0.93*	*1.57*	*1.46*
9	**Japan**	17 718	15 183	14 238	24 595	21 600	23 681	26 108
	Market share (%)	*4.24*	*3.86*	*3.99*	*5.56*	*4.49*	*4.11*	*4.32*
10	**Canada**	14 936	14 559	9 691	13 042	16 944	17 351	18 252
	Market share (%)	*16.69*	*16.77*	*11.45*	*12.77*	*SS*	*15.28*	*17.39*

Source: GSO of Viet Nam and Departments of CST.
**Overnight tourists only*

Table B.3 Major international tourists to Thua Thien – Hue, Quang Nam, Khanh Hoa by market share in each province, 2007-2013

Unit: %

Sq		2007	2008	2009	2010	2011	2012	2013
	Thua Thien-Hue							
1	UK	4.75	3.67	6.86	6.51	6.67	6.13	7.04
2	Canada	2.19	1.74	2.68	0.00	2.68	2.30	2.24
3	Germany	7.41	7.58	8.74	7.67	7.04	7.23	7.24
4	USA	5.46	6.17	8.50	7.16	6.80	5.89	5.49
5	Japan	3.36	3.36	4.86	4.38	4.16	4.65	4.41
6	France	16.05	15.53	17.58	16.69	15.64	14.71	14.07
7	Thailand	24.79	2.01	14.83	18.58	18.74	17.53	17.50
8	Switzerland	0.77	0.35	1.53	0.00	1.27	0.00	1.21
9	Australia	8.40	4.38	9.32	9.58	9.84	8.80	0.62
10	Others	26.82	34.67	25.11	29.43	27.16	38.37	40.18

Sq		2007	2008	2009	2010	2011	2012	2013
	Quang Nam*							
1	Australia	14.10	1.27	0.43	13.68	19.95	16.75	15.37
2	France	13.92	6.38	2.08	11.60	16.06	11.99	12.52
3	UK	7.45	2.43	0.51	7.90	10.34	9.35	11.30
4	Germany	7.96	2.04	1.05	7.77	9.06	8.49	7.53
5	USA	7.94	4.56	2.23	5.53	7.43	6.33	5.55
6	Japan	3.27	3.70	2.81	3.78	5.32	3.87	4.18
7	Spain	4.63	1.50	0.74	3.07	3.52	3.25	2.78
8	Netherlands	2.91	2.02	1.19	2.86	3.81	3.19	2.56
9	China	1.19	2.82	1.31	1.69	2.70	2.47	5.06
10	Others	36.62	73.28	87.65	42.11	21.82	34.32	33.15
	Khanh Hoa							
1	Russia	6.23	5.54	7.08	7.66	7.79	15.64	21.01
2	Australia	9.79	8.89	9.57	8.17	8.05	8.44	6.11
3	USA	11.84	13.06	9.99	9.32	7.37	6.53	5.03
4	Korea	3.32	3.86	3.29	3.57	3.50	4.83	4.90
5	France	8.67	8.44	8.41	8.57	6.99	4.79	4.51
6	UK	5.78	7.29	8.18	7.18	6.45	4.52	4.13
7	Germany	7.14	5.62	7.61	6.20	5.13	4.05	3.96
8	China	4.40	4.64	3.69	3.00	3.00	4.23	3.92
9	Japan	6.29	4.80	5.05	6.35	4.90	4.46	3.68
10	Canada	5.30	4.60	3.44	3.37	3.85	3.27	2.57
11	Others	31.23	33.25	33.68	36.62	42.98	39.24	40.17

Source: Departments of CST of Thua Thien – Hue; Quang Nam and Khanh Hoa.
**Only calculate overnight tourists*

Table B.4: Domestic tourists to Thua Thien – Hue, Quang Nam, Khanh Hoa and market shares in Viet Nam, 2005-2013

Unit: arrivals, %

	2005	2007	2009	2010	2011	2012	2013
Thua Thien-Hue	**681 000**	**851 200**	**828 887**	**973 970**	**950 494**	**999 050**	**1 023 502**
Market share	*4,26%*	*4,43%*	*3,32%*	*3,48%*	*3,17%*	*3,07%*	*2,92%*
Quang Nam*	**649 597**	**1 098 665**	**1 197 740**	**1 229 315**	**1 259 366**	**1 433 971**	**1 802 186**
Market share	*4,06%*	*5,72%*	*4,79%*	*4,39%*	*4,20%*	*4,41%*	*5,15%*
Khanh Hoa	**653 890**	**1 078 065**	**1 329 032**	**1 453 524**	**1 740 337**	**1 787 290**	**2 291 141**
Market share	*4,09%*	*5,61%*	*5,32%*	*5,19%*	*5,80%*	*5,50%*	*6,55%*

Source: GSO of Viet Nam and DOCST.
**Total domestic tourists = domestic overnight tourists + domestic day visitors*

Table B.5: Main domestic tourist markets to Thua Thien–Hue, Quang Nam, Khanh Hoa in 2013

Thua Thien - Hue	Quang Nam	Khanh Hoa
Ha Noi	Ha Noi	Ha Noi
Ho Chi Minh City	Ho Chi Minh City	Ho Chi Minh City
		Highland region

Source: Departments of CST of Thua Thien-Hue; Quang Nam and Khanh Hoa.

Table B.6: Figures for accommodation and rooms in Thua Thien–Hue, Quang Nam and Khanh Hoa, 2005-2013

	2005		2007		2009		2010		2011		2012		2013	
	Total acco	*Total rooms*	Total acco	*Total rooms*	Total acco	*Total rooms*	Total acco	*Total rooms*	Total acco	*Total rooms*	Total acco	*Total rooms*	Total acco	*Total rooms*
Thua Thien- Hue	132	*3 734*	151	*4 761*	293	*6 409*	313	*7 284*	439	*7 723*	531	*9 543*	534	*9 678*
Quang Nam	83	*2 939*	93	*3 513*	102	*3 879*	104	*3 993*	108	*4 327*	115	*4 644*	122	*4 934*
Khanh Hoa	320	*7 691*	387	*8 890*	409	*10 200*	455	*11 730*	503	*12 048*	511	*12 722*	543	*14 949*

Source: DOCST of Thua Thien – Hue; Quang Nam and Khanh Hoa.

Table B.7: Accommodation in Thua Thien-Hue, Quang Nam and Khanh Hoa by category, 2005 - 2013

Province	Category	2005	2007	2009	2011	2013
Thua Thien-Hue	5 star hotel	0	1	3	4	4
	4 star hotel	3	6	7	9	9
	3 star hotel	4	6	6	11	11
	1-2 star hotel	25	21	22	64	73
	Guest house	62	67	60	101	100
	Others	38	50	195	250	337
Quang Nam*	5 star hotel	1	1	3	3	4
	4 star hotel	8	9	9	11	13
	3 star hotel	4	7	7	11	11
	1-2 star hotel	17	28	37	37	42
	Others	53	48	46	46	52
Khanh Hoa	5 star hotel	1	2	4	6	7
	4 star hotel	3	3	2	5	6
	3 star hotel	5	6	12	24	35
	1-2 star hotel	104	131	153	184	225
	Guest house	45	85	18	16	18
	Others	156	144	220	268	254

Note: The number of guest houses in Quang Nam is not available
Source: DOCST of Thua Thiên – Hue; Quang Nam and Khanh Hoa.

Table B.8: Room occupancy rate in Thua Thien–Hue, Quang Nam, Khanh Hoa, 2004-2013

Unit: %

Province	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Thua Thien – Hue	65.0	72.0	72.0	72.0	65.0	55.0	52.0	57.0	54.0	55.0
Quang Nam	43.4	46.4	50.8	57.8	55.0	56.0	52.0	56.6	60.7	63.0
Khanh Hoa	n/a	43.0	47.0	50.0	55.0	58.0	62.0	67.0	62.0	61.0

Source: Departments of CST of Thua Thien – Hue, Quang Nam and Khanh Hoa

Table B.9: Tourist expenditure in Thua Thien–Hue, Quang Nam and Khanh Hoa in 2009 and 2013

Daily expenditure of international tourists (individual traveller). Unit: USD

	Total	Disaggregated by							
		Accommodation	Food	Transport	Sightseeing	Shopping	Entertainment	Medical	Others
2009									
Thua Thien - Hue	69.23	16.09	13.34	10.69	9.32	10.62	3.78	0.3	5.09
Quang Nam	134.31	30.84	23.79	10.77	12.8	43.2	6.57	3.51	2.82
Khanh Hoa	86.26	19.6	18.95	11.24	11.59	12.08	6.34	0.51	5.94
2013									
Thua Thien - Hue	70.6	15.5	15.3	14.2	9.0	9.8	3.7	0.2	2.9
Quang Nam	75.9	22.6	17.6	9.2	4.7	17.9	1.5	0.4	2.1
Khanh Hoa	86.2	22.1	21.7	14.3	10.5	10.1	4.1	0.4	3.1

Source: GSO of Viet Nam.

Daily expenditure of domestic tourists (individual traveller). Unit: 1000 VND

	Total	Disaggregated by							
		Accommodation	Food	Transport	Sightseeing	Shopping	Entertainment	Medical	Others
2009									
Thua Thien - Hue	832.02	186.49	180.12	221.14	79.7	105.46	19.48	3.31	36.31
Quang Nam	555.8	154.33	123.00	158	26.51	67.5	8.43	1.53	16.53
Khanh Hoa	750.7	138.7	176.1	172.31	115.43	81.84	25.6	4.97	35.77
2013									
Thua Thien - Hue	956.1	191.2	219.9	221.5	102.3	144.3	26.5	9.0	41.5
Quang Nam	996.6	277.2	214.7	167.1	94.9	178.6	17.2	5.8	41.2
Khanh Hoa	1.568.7	429.6	376.1	196.3	222.4	226.7	43.7	6.6	27.3

Table B.10: Figures for employment in the tourism sector in Thua Thien–Hue, Quang Nam and KhanhHoa, 2004-2013

Tỉnh	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Thua Thien – Hue	4 000	4 530	5 000	5 300	6 830	7 150	8 100	9 600	9 550	10 050
Quang Nam	2 072	3 280	4 321	5 000	5 641	6 800	8 000	9 500	11 500	13 000
Khanh Hoa	n/a	n/a	11 841	12 394	13 121	13 650	14 168	17 895	18 468	19 165

Table B.11: Employment categorised by qualification in Thua Thien-Hue. Quang Nam and Khanh Hoa. 2004-2013

Unit: %

Province		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Thua Thien-Hue	Postgraduate	0.05	0.18	0.26	0.25	0.26	0.29	0.38	0.40	0.46	0.50
	Undergraduate and college	19.00	19.01	20.00	20.00	21.00	22.00	23.00	24.00	25.01	26.00
	Diplomas	46.00	47.99	48.00	49.00	50.00	50.00	51.00	53.00	54.00	52.00
	Certificates	14.00	15.01	14.00	15.00	15.01	15.01	16.00	14.00	14.00	13.00
	None	20.95	17.81	17.76	15.75	13.73	12.70	9.62	8.60	6.54	8.50
Quang Nam	Postgraduate and undergraduate	8.25	8.85	9.27	9.85	10.06	11.57	11.75	12.25	12.37	13.50
	College and diplomas	15.05	16.06	17.75	17.50	18.90	19.45	20.47	22.80	23.50	25.06
	Certificates	52.65	48.62	45.06	44.89	42.25	40.87	38.50	37.02	36.07	35.80
	Others	24.05	26.47	27.92	27.76	28.25	28.11	29.28	27.93	28.06	25.64
Khanh Hoa	Postgraduate	na	na	0.80	0.85	0.84	0.88	0.85	0.87	0.87	0.90
	Undergraduate and college	na	na	23.68	23.93	23.98	26.75	28.38	26.62	26.38	25.82
	Diplomas	na	na	19.59	19.95	1.99	20.40	20.43	20.60	20.40	19.87
	Other	na	na	18.77	17.97	17.28	17.93	17.65	16.52	17.88	18.39
	None	na	na	37.16	37.30	38.01	34.04	32.69	35.39	34.46	35.01

Table B.12: Licensed tour guides in Thua Thien–Hue, Quang Nam and Khanh Hoa

Unit: people

Province	2010		2011		2012	
	Total	Proportion	Total	Proportion	Total	Proportion
Nationwide	5 894	100.00%	3 383	100.00%	3 004	100.00%
Thua Thien-Hue	401	6.80%	114	3.37%	169	5.63%
Quang Nam	75	1.27%	77	2.28%	30	1.00%
Khanh Hoa	132	2.24%	162	4.79%	145	4.83%

Source: Viet Nam National Administration of Tourism, 2013.

Appendix C
Interventions from the ILO – results and lessons learnt

Based on the list of 14 possible interventions initially agreed with all stakeholders at workshops, and on additional mechanisms subsequently identified through working with stakeholders, the ILO has provided technical assistance for the implementation of skills-focused activities. The support was delivered to all stakeholder groups. Taking the advantage of the presence of other ILO projects in Thua Thien-Hue and Quang Nam (Rural Youth Employment and Sustainable and Responsible Tourism in Central Viet Nam), the projects jointly worked together as "One ILO" in providing technical assistance to tourism sector stakeholders.

The activities undertaken aimed to improve the competitiveness of the tourism sector through human resource development for all relevant groups: employers (businesses), employees, training institutions and local government agencies.

C.1 Interventions for employers

For decades under the centrally-planned economy, schools provided training without listening regularly to the needs of enterprises. Now when they must provide demand-led training programmes, one of the most difficult issues is how to get businesses and training institutions to collaborate in training. The ILO has worked with employers and training institutions to promote collaboration. As a result, tourism associations and tourism-related enterprises in the target provinces have signed Memoranda of Understanding with various training institutions to collaborate for mutual benefit. With industry participation, training provision should become more demand-led, and the quality should improve. As a consequence, businesses should be able to hire employees with better skills.

For employers who are owners of micro and small businesses, ILO has developed a set of training materials for self-learning which guide them to improve the skills in serving tourists by themselves, and has contributed to piloting them under this project. In addition, the project has worked with Quang Nam Cooperative Alliance (micro and small business owners' association) in coaching approximately 90 business owners in homestay, handicraft and restaurants (30 owners for each skill) as a pilot towards rolling out a nation-wide campaign. This was agreed with the Viet Nam National Administration of Tourism, and it supports the "Strategy on Viet Nam's tourism development until 2020, vision to 2030" focus on developing self-training as part of the learning mix.

In Thua Thien-Hue and Quang Nam, the project worked with tourism associations and training institutions in organizing Career Day Festivals for students in which managers from businesses shared experiences with students and interviewed potential candidates for vacancies in their companies.

C.2 Interventions for employees

Two sets of interventions were undertaken more directly addressing employee skills.

- ***Training on World Heritage Guide (WHG) for tour guides:*** Upon requests from tour operators, local departments of Culture, Sports and Tourism in Thua Thien-Hue and Quang Nam, the ILO worked with the UNESCO office in Viet Nam to jointly organize four training courses on WHG for around 100 tour guides. Thua Thien-Hue and Quang Nam are famous for their World Heritage Sites (Hue citadel, Hoi An Ancient Town, and My Son Sanctuary) and these destinations are major attractions to tourists. However, the limited knowledge of tour guides has negatively affected tourist experiences at these sites. The ILO and UNESCO saw improving skills in this area as being important to improving tourism sector competitiveness in the Central Region of Viet Nam. To underpin the sustainability of the intervention, the collaboration first trained almost 20 local master trainers on WHG and coached a number of them to a level at which they are able to conduct the training by themselves in the future. The courses are successful enough that Vietravel, a large tour operator in neighbouring Da Nang city, asked ILO and UNESCO to support them in organizing a WHG training course for their tour guides at their own cost.
- ***Training basic Russian language for employees in tourism-related businesses in Khanh Hoa province:*** Arising from consultations with the donor (i.e. Russian Embassy in Viet Nam), the project identified a need to improve Russian language customer service in Khanh Hoa province in the Central Region of Viet Nam, which has experienced very rapid growth in the number of Russian visitors. Language barriers were creating misunderstandings and miscommunication between Russian clients and employees in hotels, restaurants, shops and transport. After consultation with relevant stakeholders in the province, the project agreed to support the tourism sector by providing Russian language lessons to workers in tourism-related businesses on a pilot basis. The ILO worked with Nha Trang Tourism Vocational College in Khanh Hoa province to organize six basic Russian training courses for around 180 learners who are employees in tourism-related businesses. Learners were taught by experienced Vietnamese teachers and given the chance to practice Russian with native Russian speakers who work in Nha Trang city. After a dozen classes, most of the learners are able to use very basic Russian in their daily work. The ILO also supported the college in producing 500 Russian-Vietnamese phrase booklets which help improve communication by showing the frequently used phrases for tourists. The booklets are designed to be used as a self-study book, too.

C.3 Interventions for training institutions

One of the objectives of the project is to improve the delivery of demand-led training in formal technical and vocational education and training. The consultation workshops identified this as a clear need in the two target provinces. The project assisted the training institutions in the following activities:

- ***Upgrading practical skills and teaching skills for teachers:*** Unsatisfactory practical skills and teaching skills have been identified as being a cause of low quality in training. If the teachers themselves are unable to perform skills well enough they will have difficulty in instructing students up to the skills level required by businesses. This is the principal reason why most schools in the consultation workshops requested the ILO to support them with training for teachers. There is a centre of excellence in Hue city for Viet Nam Tourism Occupational Standards (VTOS) training, Hue Vocational Tourism College. The college is well equipped with up-to-date teaching facilities and most of the teachers are certified as VTOS master trainers. In addition, all the training programmes in the college are certified by the MOLISA.

  Around 30 teachers from six training institutions in Thua Thien-Hue and Quang Nam participated in the training courses in Front Office, Food and Beverage and Food Preparation. Participants must pass both theoretical and practical exams for certification. Almost all participants qualified for the certificates after the exams.

- ***Training facilitators for career guidance:*** The vocational training system in Viet Nam struggles with a problem of low enrolments. Lack of public awareness of the availability of tourism related programmes and advantages of certified skills in employment makes the matter worse. To address this, the project, together with the Rural Youth Employment project, supported training for teachers in Career Guidance. With the skills and knowledge acquired after the course, teachers should be able to attract more students to vocational training programmes by informing students (and their parents) of opportunities after graduation and a clear career and academic path in the future. Feedback from schools last year was positive with the managers of most of the schools indicating that the career guidance skills acquired by teachers had helped them attract more students.

C.4 Interventions for local government agencies

Local government agencies targeted included the provincial DOCST and DOLISA and for each of the two target provinces. In some cases, officials from the national level General Directorate of Vocational Training were also invited to participate in interventions.

The interventions from ILO for local government agencies focused mainly on capacity building of officials in tourism master planning and data collection and analysis. The skills of the local officials in these areas were considered weak. The training courses were based on developing the skills required for planning tourism development, and then applying these skills to produce master plans for provincial tourism development in Thua Thien-Hue and Quang Nam. The master plans are intended to provide direction for the development of the sector in the next decade. More important, officials were equipped with planning skills and data analysis skills they would need to adjust, modify or update the plans in the future as needed.

C.5 Interventions for all stakeholder groups

An important follow-up activity was a study tour to Penang, Malaysia, an important tourism destination with World Heritage status. It provides a good model from which the provincial tourism sectors of Thua Thien-Hue and Quang Nam, themselves home to World Heritage Sites, could learn. Local officials, and employers' and workers' representatives were able to meet their counterparts and exchange their experiences in tourism planning and human resource training. The lessons learnt in the study tour enabled stakeholders to refine their provincial tourism master plans.

C.6 Lessons learnt from implementation of the recommendations

A key lesson that can be drawn is that it is not possible for a single technical cooperation project operating at modest scale at provincial level to address all of the important skills needs facing provincial level tourism sectors. Much of what needs to be done on skills for tourism in Viet Nam must be done at national level, in areas including establishing common competency standards and curricula, and establishing a mechanism to drive tourism skills policy for Viet Nam into the future.

Even in terms of what can be achieved at provincial level, it is challenging to identify and prioritise interventions that will enable change that is sustainable in the long term. Ultimately, most skills development must be paid for by some combination of government, employers, employees and students. The role of technical assistance in education and training is not to substitute for these sources of funds by funding training that would be done anyway. Its measure of success is not just that stakeholders and beneficiaries respond positively, but that it changes the system for the better in ways that will be sustainable in the longer term. For STED-based projects, the change for the better should include meaningful improvements in the target sector's capability to compete in internationally tradable markets (such as international tourism).

In its interventions, the project has focused particularly on capacity development in training institutions, and in relevant parts of local government in the hope that improvements in capacity will have a meaningful impact on sector performance, and that they will be sustained and form the basis for future improvement. When targeting employees directly, it has focused on key points of leverage that have a major impact on the tourist experience – guide skills for World Heritage sites, and Russian language skills for customer service in a province (Khanh Hoa) with huge growth in Russian tourist numbers, and there is at least initial evidence of these being sustained beyond the initial ILO project interventions.

The project has attempted to facilitate institutional change both at provincial level (establishing a mechanism for collaboration between employers and education and training providers) and at national level through seeking to support the development of a national Tourism Skills Council to drive tourism skills policy and simultaneously meet Viet Nam's obligations under the ASEAN Mutual Recognition Arrangement on Tourism Professionals.

The project's ability to act has been founded on collaboration with sector stakeholders, without which little of what has been achieved would have been possible. It has been greatly enhanced by collaboration with other ILO projects targeting the tourism sector in the same provinces, which has contributed advantages of scale and credibility. Even so, what has been implemented reflects just part of the skills agenda identified through the STED-based analysis. It is hoped that tourism stakeholders in the target provinces will continue to pursue this wider agenda, with or without technical assistance support. It is also hoped that interventions that have proven to be successful in the target provinces will be adopted in other provinces that need to tackle similar challenges.

In terms of practical lessons on implementation, it is important to understand that reaching consensus from local stakeholders on a list of recommended interventions is hard, but implementation is more complicated. The following lessons are useful for consideration and may hopefully be applicable in most cases:

- ***Consultation is key:*** Consultation is a must in the STED methodology, and nothing can be done without it. The importance of consultation is not only in the early stages but also in steps during implementation. Consultation helps to do the right things, and to do things right.

  A mechanism for regular consultation with local stakeholders in Quang Nam and Thua Thien-Hue was set up in which technical group meetings were called every two or three months. Members of technical groups in each province were from local authorities, workers' and employers' associations, vocational schools and community representatives. The meetings were chaired by the local Department of Culture, Sports and Tourism and facilitated by ILO project officers. Participants in the meetings reported the implementation progress of the on-going activities, raised their concerns and problems (if any) for suggested solutions and proposed activities in coming months. By doing things this way, local stakeholders were proactive in their collaboration with the ILO, and the supports from the ILO responded to their actual needs. Regular consultations ensured smooth and effective implementation of the project along the process.

- ***Adjustments or changes should always be considered:*** Though planning well is crucial, it is important to allow scope for changes and/or adjustments if we see the rationale for these changes. A number of activities described earlier were not part of the original plan, but emerged as important over time, and they turned out to be successful and potentially sustainable. The principle of proper consultation for changes applies.

  A good example of the adjustment is World Heritage Guide (WHG) training activities. In the first two consultation workshops, participants agreed on the list of fourteen possible interventions which did not include WHG training. However, when a stakeholder in Quang Nam (My Son Relics Management Board) raised the importance of WHG training for tourism's competitiveness in a technical group meeting, this was echoed by UNESCO colleagues and all other stakeholders. A quick consultation with local stakeholders in Thua Thien-Hue was undertaken, and it was agreed to support WHG training for tour guides in the two provinces. The training for local tour guides on WHG was successful and was seen as beneficial by local authorities, businesses and tour guides themselves.

- ***Sustainability is important:*** In a developing country like Viet Nam, good impacts of internationally funded projects frequently fade after the end of the projects. Therefore, it is crucial to maintain the sustainability of the project outputs so that good impacts can continue afterwards. While this project's interventions have been designed with sustainability in mind, they are unlikely to all remain sustainable without further intervention.

  The most sustainable intervention may be the training of WHG master trainers. Participants selected for training were tour guiding lecturers or tour guides with rich experience. After the training course for master trainers, the project continued to support the four best trainers in each province of Quang Nam and Thua Thien Hue to conduct two consecutive training courses on WHG for local tour guides under the supervision of UNESCO colleagues. The master trainers could fine-tune their skills and become accredited trainers for the central region of Viet Nam. Half a year after the training courses supported by the project, a big travel agent, Vietravel, invited the master trainers to provide the WHG training course for their own tour guides in Da Nang city. Stakeholders are confident that these master trainers will continue to provide more courses for tour guides in the region.

  However, some other interventions might produce limited sustainability. For example, the courses to improve local tourism officials' planning skills were useful in a sense that local officials themselves learned to draft good master plans for provincial tourism development. However, the master plan for development is for a period of five years, which means they will not have another chance to practice the skills and knowledge they have acquired from the course in the next five years. Their skills in planning may deteriorate as time passes.

In addition, some observations emerge from working with the partners:

- ***Tourism skills strategies for Thua Thien-Hue and Quang Nam:*** Stakeholders in both provinces understand the important role of the tourism industry in socio-economic development for poverty reduction, and acknowledge the significance of the skills gap for the sector's development. Stakeholders in both provinces have tried to work together to address the problems in skills gap before but the results were not optimal. One of the major reasons was the absence of effective collaboration between the training institutions and enterprises in training activities; neither type of party was active enough to engage the other in helping students and workers on skills improvement. Another essential issue is that local government agencies such as the DOCST and the DOLISA for each target province were not able to guide or support training institutions and businesses with possible solutions. Local government officials themselves need training to do their job better in supporting the sector's enterprises and workers.

- ***Lessons for other similar provinces in Viet Nam:*** The tourism sectors of many other provinces in Viet Nam may have situations that are similar to those of Thua Thien-Hue and Quang Nam, especially those along the coast in the Central Region. The quality of training for tourism skills in these nearby provinces is unlikely to be better than that of Thua Thien-Hue and Quang Nam as they do not have sufficient training institutions that focus on tourism skills.

Some lessons that can be learnt from Thua Thien-Hue and Quang Nam are as follows:

- Local government agencies in charge (DOCST and DOLISA) in other provinces, especially from the Central region like Ninh Thuan, Phu Yen and Binh Dinh, should visit other provinces where the tourism sector has been well-developed to see what they can learn and apply. Thua Thien-Hue and Quang Nam have much to share after many years working with development partners including the ILO on tourism sector development. Lessons from the two provinces are likely to be applicable elsewhere in the Central Region.

- There may be scope for enterprises in other provinces to send key employees to Quang Nam or Thua Thien-Hue for in-house training. Many enterprises in Quang Nam claim that they have done well in retraining their newly employed staff. The training is mostly done by core employees in the businesses (team leaders) who have good coaching skills. Key employees in businesses from provinces like Ninh Thuan, Phu Yen or Binh Dinh (where there is no good vocational school) could learn from their peers in Quang Nam, and later train their subordinates.

- It is important to establish an active and effective collaboration mechanism between businesses and training institutions, so that the skills gaps can be addressed in the context of tourism booming in recent years. At national level, the establishment of a Sector Skills Council which can nurture the collaboration between businesses and training institutions seems complicated with a number of barriers. However, this can be easily implemented at local level on a win-win basis: for example, businesses can provide internship opportunities during peak seasons, and training institutions may receive comments from businesses on curriculum design and training materials to better respond to business needs.

– ***National tourism skills strategy:*** With the introduction of the Southeast Asian Economic Community on 1st January 2016, it is important that the tourism skills development strategy of Viet Nam should comply with the requirements of the MRA on Tourism Professionals. Following recommendations from specialists at a Seminar on Sector Skills Council for Tourism in June 2015, the MOCST suggested that the Vietnam Tourism Professional Board should be the national body similar to a Sector Skills Council for skills development in tourism. A key aspect of such an arrangement is industry participation in setting skills standards and certification. The lessons learnt at provincial level in Thua Thien-Hue and Quang Nam should be good examples for the operation of a Sector Skills Council for the tourism industry at national level.

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