

Lack of skills deals blow to tourism



Students in a hotel management class in Tanzania. Getting qualified labour for the hotel industry in Tanzania is a big headache to investors.
PHOTO | FILE

By Veneranda Sumila
BusinessWeek Reporter

Dar es Salaam. One of the biggest challenges facing tourism operators is lack of adequate skilled labour despite the high unemployment numbers in Tanzania.

Just talk to any tourism facility owner and you will get to learn that finding qualified employees in upper, middle and lower cadre positions is an uphill task.

The alternative means taking on board human resource without adequate skills and heavily investing in training. From an investor's point of view, it goes a long way to dilute the sector's business competitiveness. After all, the employers pays skill develop-

ment levy (SDL), which ideally should cater for the development of skills for the labour force.

Unfortunately, the government has not managed to train and provide relevant skills which matches with the changing world for the sector.

A 2010 tourism report titled Competitiveness impacts of Business Environment Reform (CIBER) estimated that at least 20 per cent to 40 per cent of in-house training investment is directed toward basic skills.

The report estimates that a large, locally-owned hotel with a staff of 135, invests a total of Sh31.25 million each year for skills training.

At the same time they are supposed to pay Sh8 million as skills

development levy to the government each year.

"This investment amounts to 100 per cent to 900 per cent more than what the business is paying in terms of SDL and 20 per cent to 60 per cent of total payroll," says the report.

According to the report a small, locally-owned tour operating firm with 5 full-time staff and 10 temporary staff invests Sh5.8 million annually in skills training, and they are supposed to pay Sh615,000 as SDL.

"Both small and large tourism businesses invest a great deal in in-house skills training," says the report.

The Tourism Confederation of Tanzania (TCT) executive secretary Mr Richard Rugimbana says employers have been paying six per cent of their pay roll as SDL. "But the government has been investing only two per cent of the six per cent in trainings through vocational training centres.

This, he said hinders proper funding for VETA training centres.

"Even with this two per cent we are not sure whether it is properly delivered and utilized because there is no private sector monitoring of the money," said Mr Rugimbana.

According to the report, businesses believe that the SDL is not distributed transparently and does not provide an adequate return on investment.

"Through the Association of Tanzania Employers (ATE) we are now appealing to the government to lower the SDL to two per cent and have private sector representatives in monitoring how the funds are utilized," he said.

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ics such as hospitality and driving are taught at VETA and other certificate programmes, the businesses interviewed in the study believe these programmes do not yield graduates that are competent enough to engage in more advanced responsibilities in their businesses.

"As a result, there continues to be a need to invest in basic skills for new and existing employees," says the report.

In one of its recent labour market study, VETA found that overall, 66.4 per cent of employees in the hospitality industry have had vocational level of training and that if semi-skilled employees are also considered, the proportion rises to at least 71.4 per cent.

"Such a high proportion highlights the need for improved VETA training for the hotel and hospitality sectors in order to assist businesses in reducing their own in-house investment in basic skills training" says the report.

MORE INFO: SKILLED LABOUR

WHAT TCT WANTS

*TCT wants development of human resources for tourism sector to be done through public/private partnerships.

*TCT wants public and private sector to ensure there is sufficient availability of skills to meet the needs of this growing sector, and increase employment of Tanzanians.

ILO/TCT MULLS APPRENTICESHIP TO ADDRESS SKILLS SHORTAGE

To help overcome skills shortage in the tourism sector TCT in collaboration with the International Labour Organisation (ILO) is finalizing a programme which will see a cross section of employees in the sector getting on-the-job training.

According to Mr Richard Rugimbana of TCT, the apprenticeship programme funded by ILO is expected to commence later in the year.

"We will start with a pilot project that will involve about ten hotels, if successful we will expand to other hotels across the country," said Mr Rugimbana.

TOURISM PANDORA'S BOX

"Present output from the Hotel and Tourism Institute has been too low to meet the increasing demands of the industry. Therefore, a number of unregulated and sub-par private schools have arisen and standards of training are uneven. In addition, no training or education for the management of the hotel, restaurant or travel sector exists within the country, or any written policy and objectives towards human resource development in tourism." Quote from A history and market analysis of tourism in Tanzania by Derek J. Wade, B.C. Mwasaga and Paul F.J. Eagles.

FACTS IN FIGURES

8.8 per cent

Youth unemployment at 8.8 per cent is almost twice the national unemployment rate and disproportionately affects urban youth and young women in particular. (African Economic Outlook)

10.7 per cent

Of the population who are unemployed mostly young people, that about 2.4 million people (African Economic Outlook)

17.5 per cent

Share of the industry in Tanzania's gross domestic product (GDP). This is nearly 25 per cent of total export earnings making it the second largest foreign exchange earner after gold. In 2012 it earned the country \$1.55 billion from travel and related activities, the BoT shows.



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