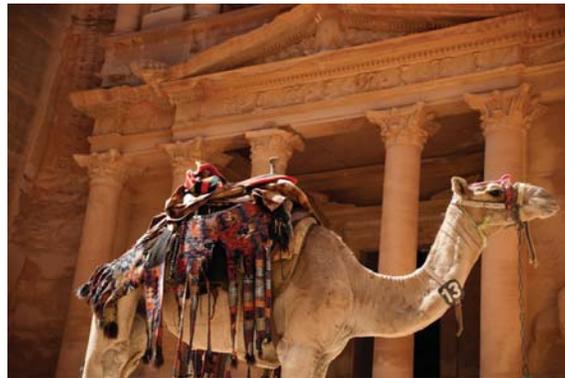


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COMPETITIVENESS

The Tourism Global Value Chain

ECONOMIC UPGRADING AND WORKFORCE DEVELOPMENT



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“Skills for Upgrading: Workforce Development and Global Value Chains in Developing Countries”

This research project examines workforce development strategies in developing countries in the context of the shifting upgrading dynamics of global value chains. Funded by RTI International and carried out by Duke CGGC, this research addresses policymakers, donors and development practitioners to improve our understanding of how workforce development strategies can enhance the upgrading efforts and competitiveness of developing countries in global industries.

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None of the opinions or comments expressed in this study are endorsed by the companies mentioned or individuals interviewed. Errors of fact or interpretation remain exclusively with the authors.

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The Duke University Center on Globalization, Governance & Competitiveness (CGGC) is a center affiliated with the Social Science Research Institute at Duke University. Duke CGGC is a center of excellence in the United States that uses a global value chains methodology to study the effects of globalization in terms of economic, social and environmental upgrading, international competitiveness and innovation in the knowledge economy. Duke CGGC works with a network of researchers and scholars around the world in order to link the global with the local and to understand the effects of globalization on countries, companies and the full range of development stakeholders.

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Acronyms

ACCSTP	ASEAN Common Competency Standard for Tourism Professionals
ACOT	Asociación Costarricense de Operadores de Turismo (Costa Rica)
ACOPROT	Asociación Costarricense de Profesionales de Turismo (Costa Rica)
ACTUAR	Association of Community-Based Tourism (Costa Rica)
APL	Acknowledgement Program for Laborer
ASEAN	Association of Southeast Asian Nations
CARIBCERT	Caribbean Hotel & Tourism Association Regional Certification System
CBI	Centre for the Promotion of Imports from Developing Countries (EU)
COOPRENA	Cooperative Consortium National Ecotourism Network (Costa Rica)
DUKE CGGC	Duke University, Center on Globalization, Governance and Competitiveness
DFID	Department for International Development (United Kingdom)
ECP	Export Coaching Program
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GDS	Global Distribution System
GWU	George Washington University
ICT	Instituto Costarricense de Turismo (Costa Rica)
IDB	Inter-American Development Bank
ILO	International Labor Organization
INA	Instituto Nacional de Aprendizaje (Costa Rica)
IT	Information Technology
JAU	Jordan Applied University College of Hospitality
JITOA	Jordan Inbound Tour Operator Association
JTB	Jordan Tourism Board
LDC	Least Developed Country
MICE	Meetings, Incentives, Conventions and Exhibitions
MIF	Multilateral Investment Fund
MNC	Multinational Corporation
NGO	Nongovernmental Organization
TITC	Tourism Information Technology Center (Vietnam)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNWTO	United Nations World Tourism Organization
USAID	United States Agency for International Development
VCTB	Vietnam Tourism Certificate Board
VNA	Vietnam Airlines
VNAT	Vietnam National Administration of Tourism
VTET	Vocational and Technical Education and Training

Executive Summary

Tourism is a labor-intensive field with workers participating in multiple sectors that cumulatively represent the tourism industry. The jobs in tourism demand a range of skill sets from low to high. In 2010, global tourism accounted for more than 235 million jobs (ILO, 2010). Developing countries generally suffer from shortages of a trained local workforce, and local workers commonly hold jobs with low-end skills—groundskeepers, housekeeping, and food service—and less in managerial and other senior positions that are often held by expatriates. Implementing a strong workforce development initiative is an avenue for differentiating between tourism markets, and multilateral institutions and private initiatives are helping developing countries foster the skills needed to meet the demands of international tourists.

This report will use the global value chain (GVC) framework to understand global tourism upgrading themes and how workforce development initiatives are linked to this upgrading process. The tourism GVC follows the tourist’s “footprint”; that is, the series of their interactions with firms and includes the distribution, transport, lodging, and excursion segments. Upgrading can occur simultaneously in multiple segments, and the common forms of upgrading include

- **Entry into the tourism GVC:** a country becomes an international tourist destination.
- **Adding on tourism products:** the destination country diversifies its tourism market.
- **Product upgrading in lodging (and other local services):** hotel firms upgrade their accommodations via expanding beds, luxury scale, or facilities. A country destination can also upgrade hotels by providing more accommodation options with better services.
- **Functional upgrading along the excursion/distribution segments:** a tour operator takes on additional logistic and coordination services for tour packages to the destination and may begin to take tours to regional destinations.
- **Adopting information technology (IT):** tourism firms and destination management organizations adopt web marketing, online purchasing, and social network capabilities.

Three countries were selected for analysis: Costa Rica, Jordan, and Vietnam. These country cases represent varied forms of upgrading in the tourism GVC, and they differ in their range of tourism products, entry into the tourism GVC, distribution channels to the destination, and outbound markets.

Main Findings:

Economic Upgrading

Four upgrading trajectories were highlighted as key drivers of the global tourism industry:

- For the hotel sector, each of the countries studied pursued pro-foreign direct investment policies to attract international four- and five-star hotels. These hotels offer higher levels of luxury and they have strong linkages with global distributors who facilitate access to a broader market. In all three of the country cases, significant upgrading within the hotel segment occurred during the 2000s.
- In the tour operator segment, incoming agents were pushed to upgrade their coordination and destination trip planning by global tour operators. As competition increases, global tour operators seek to offer more trips at competitive prices. This pressure has been pushed down the value chain to incoming agents. In response, firms in both Costa Rica and Vietnam were able to position themselves well in the value chain and serve as regional tour operators in addition to coordinating tours in-country. In Jordan, the Jordan Inbound Tour Operator Association (JITOA) has been active in facilitating upgrading of its tour operators, although they are focused principally on internal rather than regional offerings.
- The IT revolution pushed all three countries to establish a web presence. Marketing boards in each of these countries play an active role in providing platforms that not only promote the destination, but also include functions such as online reservation systems for local hotels and tour operators. In Vietnam, Vietnam National Administration of Tourism (VNAT) created an organization exclusively focused on developing a web presence for the country's tourism sector. This allowed smaller local firms direct access to the market.
- The growing diversity of international tourists with varied tastes and preferences has helped to broaden potential offerings. In Costa Rica, in addition to eco-tourism, the country now offers sun, sand and surf, adventure and community-based tourism; Jordan has expanded its product offerings from cultural and religious tourism to include medical and Meetings, Incentives, Conventions and Exhibitions (MICE) tourism; and Vietnam has had success in offering MICE products in addition to its more well-known cultural tourism offerings.

Workforce Development

The principal workforce development initiatives in the three countries studied supported two of the four aforementioned upgrading trajectories: upgrading of the hotel segment and functional upgrading in the tour operator segment. Efforts to improve language skills across the tourism sector have also been adopted, while soft skills remain a key weakness:

- Hospitality training, including hotel cuisine, food preparation, wait service, housekeeping, and hotel reception training courses, stands out as a consistent workforce development initiative across all countries. Training programs include both short courses (e.g. two to three weeks); longer programs where students lived and worked in a hotel school; or internship programs, where students participate in short courses followed by hands-on practical training in hotels. While these programs have helped to facilitate upgrading in the hotel segment, international hotel chains also provide extensive internal training programs.
- In the tour operator segments, workforce development initiatives were implemented in all three countries, although these programs varied more than for the hotel segment. Jordan stands out among the three cases with a strong focus on the skill development of tour operators. This is considered a professional role and tour operators must hold a university degree; there are 17 universities that offer related degrees. Training courses include events management and destination management certificate programs from a leading U.S. university. Moreover, tour operators had access to a specific training program on business networking skills for the European market.
- More generally, all three countries are strengthening their foreign language abilities, which is one of the most important skills for a good tourism job. Initiatives to promote English and other languages are highlighted in all three cases. In Costa Rica, for example, the Instituto Nacional de Aprendizaje (INA) offered 25,000 scholarships in 2007 for English-language training, while Asociación Costarricense de Profesionales de Turismo provides members with access to Mandarin Chinese, French, and Italian classes as well. In Jordan, the JITOA also offer English-language training for its members.
- Soft skills remain a central workforce development issue for the tourism industry. Professional associations in both Costa Rica and Jordan began offering soft skill development courses for their members in the 2000s. Classes include communication skills, customer service, and time management. Overall, the response from educational institutions to develop these competencies remains weak, even in Vietnam where VTET institutions are well established. Instead, these training schools focus on technical skills required for the industry, including food and beverage services and housekeeping and room preparation.

Institutions

Our three country cases provide distinct examples of institutional frameworks for workforce development: Costa Rica entered the tourism industry with a narrow framework that depended on a single public institution, the INA, to provide training; in Jordan, universities played the central role for education, although with weak direct linkages to the industry; and in Vietnam, a legacy of government control meant that all training for the industry was centralized under VNAT. Until very recently, there was limited response in all three countries from the private sector to workforce development, with the exception of international hotel chains, which implemented their own global internal training programs.

However, the effectiveness of these public sector programs varies widely. There is a lack of qualified instructors and an overemphasis on hospitality training at the expense of other issues, particularly soft skills. For example, INA in Costa Rica teaches the basics, but it has struggled to create a curriculum that matches the industry's needs. VNAT in Vietnam has moved from a reactive to a proactive strategy in human resource development for tourism, but faces challenges in soft skills. Jordan has actively sought assistance from international universities, multilateral agencies, and private associations to build capacity, while Vietnam has created a detailed Human Resource Development plan to outline current deficiencies and strategies for improvement.

Private sector involvement has been more limited with the exception of large international hotel chains, which implement their own extensive training schemes to ensure that their clients receive the level of service they expect. For local firms, on-the-job training is popular for developing staff internally in the sector; classroom-based training is mostly carried out by industry associations and these courses are often supported by international agencies. In Jordan, for example, although the JITOA is particularly active in driving workforce development, many of its initiatives are facilitated by the United States Agency for International Development. In Costa Rica, the Multilateral Investment Fund–Inter-American Development Bank - and the United Nations Development Program also provided funding for training programs run by industry associations. In Vietnam, even though the two lead firms, Saigon and Hanoi Tourism, have their own internal training program, public sector oversight is prevalent and VNAT designs, develops and evaluates their curriculum.

New Global–Local Interactions

Foreign direct investment in the hotel segment of the tourism value chain has been important for workforce development in all three of the countries by providing them with access to international clients from developed countries.¹ Most global tour operators tend to choose accommodation suppliers in developing countries that are foreign-run or are higher on the luxury scale based on their ability to meet

¹ The accommodations on their itineraries are usually selected from among properties that meet international standards.

international service standards, while virtual travel agents typically only provide options for foreign-run or large-scale accommodations in developing countries.

This has both direct and indirect effects. It has a direct impact on workforce development in the hotel segment, since these hotels provide their own training programs that meet their global standards. This serves an important role in facilitating the development of international service capabilities and of soft and technical skills in developing countries that meet the expectations of international travelers. However, because upper management continues to be staffed by expatriates, little information on the diffusion of managerial know-how in international brand hotels flows down to local staff in these developing countries.

Foreign-run hotels also have an indirect influence on workforce development within the tour operator segment. All three countries experienced hotel upgrading and tour operator upgrading simultaneously. Thus, the increased flow of international tourists to upscale hotels has a spin-off effect for the tour operator segment in developing countries. These hotels have a more rigorous approach to excursion and tour operator selection, and they require a range of characteristics such as reliability, promptness, and safety. This requires professionalization of the tour operator segments.

I. Introduction

The global value chain (GVC) perspective will be used to examine the role of workforce development initiatives in several developing countries that participate in international tourism. This industry has grown substantially over the last 10 years, and by 2009, international tourism generated \$852 billion in export earnings and employed 235 million workers around the world (World Travel and Tourism Council, 2010a).² Indeed, tourism has become an essential and fast-growing economic activity in low and middle income nations, and today it accounts for about 45% of service exports from the developing world. It is an industry that harnesses natural assets, and incorporates regions and localities with limited development options and provides an important alternative to extractive industries.

Growth of international tourism can be attributed to factors such as the declining cost of travel, improvements in travel technologies that shorten time in transit, and the information technology (IT) revolution that allows consumers to easily learn about potential new destinations. While challenges persist, arising from the industry's seasonal nature and its sensitivity to high transportation costs, concerns about safety, and fluctuating tourism preferences, its global footprint has substantially expanded. Today, tourism provides important employment opportunities for many developing countries in a wide range of services, from accommodation to transportation, food services, and guiding.

At the heart of international tourism is the delivery of a service that is based on international customer service expectations (Kusluvan, 2003), and the industry relies heavily on the value added by a variety of interpersonal skills³ (Burns, 1997). Although the importance of human capital in tourism is well known,⁴ many developing countries struggle to develop their workforce to meet the high demands of international travelers due to weak educational institutions, a shortage of adequate trainers, and “only a vague sense of what the provision of services entails” (Liu & Wall, 2005, p. 700). Furthermore, low living standards and pervasive poverty in many destination countries highlight the international disparities in service amenities, cultural norms and professionalization.

Workforce development programs can help service providers in developing countries to understand these needs and to develop the necessary skills to serve them. The United Nations World Tourism Organization (UNWTO) supports strategic investments in workforce development by the public and private

² This is compared with 79 million workers and US\$571 billion in exports in 2000. The United Nations World Tourism Organization (UNWTO) forecasts that the sector will consist of approximately 296 million jobs by 2019 (ILO, 2010).

³ Soft skills are important nontechnical skills that are required in all human interactions. These include personal qualities (such as emotional intelligence, perseverance, motivation, self-discipline, assertiveness and creativity), and social skills (such as the ability to work on a team, empathy, effective communication, conflict management, and leadership).

⁴ Human capital has been found to be a key determinant of value creation, competitiveness and success in service exports from developing countries. Saez & Goswami (2010) find positive and significant correlation between human capital and service exports after controlling for institutional variables and electronic infrastructure. Shingal (2010) finds that human capital is one of three key variables that has the biggest impact on bilateral service trade.

sectors that facilitate economic upgrading. This study uses selected developing countries to illustrate how national and subnational institutions and actors can respond to globalization, work effectively with global lead firms to understand which new skills are needed, and establish appropriate criteria and objectives for effective public-private partnerships.

The report is structured as follows. First, we review the global organization of the tourism industry. Second, we map the different segments of the tourism value chain and indicate how developing countries can move or “upgrade” into higher value activities. Third, we outline workforce skill requirements for the industry. Fourth, we analyze the tourism industry in three developing countries— Costa Rica, Jordan and Vietnam— and identify key workforce development practices pursued in each to drive upgrading. Finally, we summarize our main conclusions in terms of economic upgrading, workforce development, the role of institutions, and the impact of global–local interactions.

II. Global Organization of the Industry

We adopt the comprehensive definition of tourism presented by Judd (2006), quoting Debbage and Danials (1998): “tourism is no single product rather a wide range of products and services that interact to provide an opportunity to fulfill a tourist experience that comprises both tangible parts (e.g., hotel, restaurant, or air carrier) and intangible parts (e.g., sunset, scenery, mood)” (Judd, 2006, p. 325). Natural assets in destinations are used to promote particular tourism products. The broadest tourism types are sun, sand and surf, environment, cultural, medical, and business.⁵ Reflecting this wide range of experiences in numerous destinations, the global organization of the tourism sector is highly complex.⁶ We examine the sector from the top down to understand the relationships between global and local actors.

International airline carriers, cruise lines, global tour operators, and multinational hotel brands are the lead firms in the tourism GVC. These firms from developed countries play a key role in shaping tourism trends through strong marketing campaigns and close contact with the consumer. They cater to the travel preferences of consumers from high end to budget travel, and they create transnational “linkages” with tourism destinations in a variety of ownership, alliances, and outsourcing strategies.⁷ When top-tier tourism companies move into new destinations, they consider factors such as level of economic development in the country, the policy and regulatory environment, human resources, infrastructure level, and market demand.

⁵ Specific forms are embedded in these types, e.g., environmental can include nature-based, adventure, and safari. Cultural tourism can be religious, indigenous, or historic. Most countries develop multiple tourism types and products.

⁶ This study seeks to understand how insertion at a global level affects tourism provision in developing countries; thus, we concentrate on the flow of all tourists from developed to developing countries rather than on domestic tourism.

⁷ Linkages are the connections between firms along the global value chain.

Many tourists from developed countries choose to mitigate the risk and uncertainty of international travel by working with these global firms for their trip planning services. Traditionally, travel agents were important channels for providing information, bundling tourism products, and confirming and paying for reservations⁸ (Buhalis, 2001, p. 8). In the process, global distribution systems (GDS), such as Sabre and Travelport, became essential. These systems provide a shared platform for information regarding airline, hotel and tour scheduling, and prices; and travel agents can reserve and book directly in real time. Being listed on these GDS platforms is a key step for countries to gain access to the global tourism market.⁹

IT, however, has altered the relationship between GDS firms and suppliers in developing countries. On one hand, by allowing service providers to develop a web presence and handle online reservations, the IT revolution has given them more direct access to tourists; on the other hand, it fueled consolidation among these larger distributors. GDS firms sought to offset direct in-country bookings by setting up virtual travel agencies. For example, Sabre created Travelocity in 1996; and by 2000, it had captured 35% of online gross bookings (Raventos, 2006, p. 381). In 1996, Microsoft joined forces with WorldSpan, one of Travelport's brands, to create Expedia.com. Travelocity, Expedia, and hotel-owned Orbitz are now emerging as new virtual middlemen between outbound tourists and destinations. These systems have helped to lower the costs of travel programs by streamlining sales, reaching independent and geographically dispersed buyers, and allowing for last minute-purchases.

Within developing countries, incoming agents or national tour operators play the lead roles in destination management. Incoming agents are chosen by global tour operators based on their ability to meet coordination, logistics, insurance, and product offering needs. Hotels in developing countries have excursion operators and tour guide suppliers with whom they work directly, and they usually require their providers to have insurance.

Unlike in many other global industries, there are still no industry-wide international standards for tourism, and the market continues to be characterized by a range of initiatives designed to signal quality to the market. International and national firms alike, including hotels, airlines, and tour operators, operate under their own standards. International associations have worked on establishing standards, although these are not mandatory or are only regional in scope. The closest certification scheme is the Star Rating System that rates hotels from a zero to five, but there is no global universal hotel rating system. Each country rates its national hotels and consumers have complained about the fickle rating system that fails to provide an adequate indication of quality.

⁸ The independent selection route allows developing countries to capture more economic gains by pushing out global middlemen; however, global intermediary firms provide the consistency, quality of service, marketing strength, and tourist access that many developing countries lack.

⁹ Often the cost of joining these systems, combined with the technological infrastructure required create significant barriers to using these GDS systems for smaller firms in developing countries (Benavides, 2002).

Developing Countries in Tourism

Global tourism demand has increased and new developing countries are entering the industry. The United States saw an increase in outbound tourism of 12% between 2000 and 2008. In 2007, Germany, the United Kingdom, and the United States together accounted for over 220 million outbound travelers (Euromonitor International, 2008). With growth in middle class populations in emerging economies like China, India, and South Africa, the number of international tourists is likely to continue to increase. Developing countries have sought to meet the expansion of tourism by promoting themselves as attractive getaway destinations, and international development organizations like the World Bank, UK Department for International Development (DFID), United States Agency for International Development (USAID), and the Asian Development Bank have begun to advocate harnessing tourism as a form of pro-poor development and a conduit to achieve the Millennium Development Goals.

Tourism has grown substantially in many developing countries, and by 2008, it accounted for about 45% of service exports (UNWTO, 2010). Table 1 compares the increase in international visitors in 15 of the world's least developed countries (LDCs), as well as the four large emerging economies of Brazil, China, India, and South Africa between 1995 and 2008. Of the LDCs, Cambodia, Vietnam, and Kenya lead the group in international visitor arrivals (*Table 1*).

Table 1. International Visitor Arrivals ('000 people)

Emerging Economies	1995	2000	2005	2008
Brazil	1,991	5,313	5,358	5,050
China	46,387	83,444	120,292	130,027
India	2,143	2,677	4,038	5,492
South Africa	4,684	6,001	7,518	9,729
LDCs				
Benin	580	1,068	960	999
Cambodia	220	466	1,422	2,125
Cape Verde	28	115	198	285
Ethiopia	103	136	227	330
Gambia	45	79	460	643
Kenya	974	1,037	1,675	2,016
Lesotho	209	302	304	293
Malawi	192	254	438	742
Mali	42	86	143	190
Nepal	363	464	375	500
Senegal	268	400	779	971
Tanzania	295	501	613	770
Uganda	160	193	468	844
Vanuatu	82	106	126	197
Vietnam	1,351	2,140	3,468	4,254

Source: World Travel and Tourism Council, 2010a.

The capacity of a country to capture the gains from tourism growth depends on the linkages both within the local industry and the global industry.¹⁰ Linkages are spurred by the development level of the industry, including the existence of domestic tourism; and the ability of governments to plan for tourism growth by facilitating institutions, infrastructure, and management capabilities, and global firms (e.g., airlines, tour operators, travel agents, and hotels) that bring international tourists to the destinations and/or open a business locally. In absence of these strong linkages, a destination becomes merely “a place” taking advantage of its natural assets but providing little in terms of domestic firm ownership, supplier connections, and workforce growth. The International Labor Organization (ILO) argues that for developing countries to benefit from foreign direct investment (FDI) in tourism, a comprehensive legislative framework is needed that fosters higher local participation (ILO, 2010, p. 20). Over the past decade, national governments with the aid of nongovernmental organizations (NGOs) and international multilateral agencies have become more proactive in creating comprehensive tourism development strategies to drive growth and upgrading.

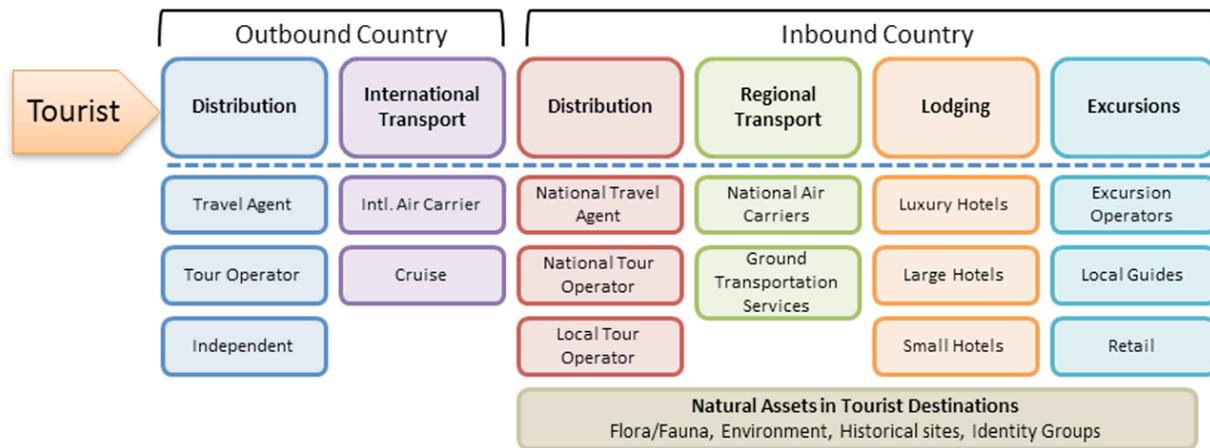
III. The Tourism Global Value Chain

The tourism GVC presented in Figure 1 uses the international tourist as a focal point.¹¹ Following a tourist “footprint” in a value chain details the steps and the firms a tourist interacts with from the moment they decide to take a trip to the completion of their international journey. The cumulative activities together represent tourism in its entirety. While tourists may choose to bypass some activities, Figure 1 is a broad classification schema. Some tourism businesses such as food service, financial services, and computer reservation systems, are not visually represented, but they are included via proxy in the distribution and excursion segments. Food service can be classified as retail or broadly as an excursion activity; and many financial service credit card companies and GDSs operate their own travel agencies.

¹⁰ There are backward linkages between specific good suppliers (such as artisan crafts, food, etc.) for firms like hotels, and there are forward distribution linkages for all tourism firms. There can also be horizontal linkages between firms in the same value chain segment (e.g., excursion providers) who recommend competing and complimentary providers.

¹¹ Tourism is a complex industry to visualize because services are “invisible” and “eclectic,” combining multiple sectors that can have their own value chains (Clancy, 2008). Placing tourists at the center of the chain acknowledges how consumption and production take place simultaneously.

Figure 1. The Tourism Global Value Chain



Source: Christian, 2010.

Rather than being one of the last stages, as in production-based value chains, **distribution** is the first segment. The first thing tourists do is to decide how they will purchase their tourism products or the components of their trip. Travel agents and tour operators are the main distribution intermediaries. Commonly, travel agents act as the retail outlet for tourism products (transportation, lodging, and excursions), and tour operators are wholesalers. Tour operators purchase blocks of airline seats, hotel rooms, and excursion activities and bundle these segments in various package arrangements. The packaged product is then sold via a travel agent or directly. Tourists can bypass intermediaries and book their trip components directly.

The next stage is **international transport**. The most common international transport mode is international air carriers, but cruise services are a popular option as well. Rail transport, although common in Europe and parts of Asia, is typically not a long-haul option. International distribution and transport are based in the outbound countries, but there are **regional distribution and transport** segments based in the inbound country. Inbound countries have their own distribution actors and often work directly with international distribution firms. For example, national tour operators organize and execute the destination components of a global tour operator’s package tour. When this is the case, national tour operators meet tourists at the airport and escort them to their destination activities.

While in the destination country, tourists engage in a number of events that include local transportation (air or ground), lodging, and excursions. **Lodging** options range across the luxury and size scale. **Excursions** are the local activities representative of the tourism product and the **natural assets** of the destination. For beach tourism, the activities might include snorkeling, sailing, or surfing; whereas for

cultural tourism, activities may include a guided tour around monuments or a wine tour. Many excursion activities are sold by operators and executed by local guides who take on the role of area experts. Retail may also be considered as part of excursions such as visiting local bazaars or artisanal centers.

Except for international airfare, most segments of the tourism value chain are characterized by a diverse array of organizational, ownership, and operational business structures. Large corporations coexist with small and medium enterprises and microbusinesses. International tourism demands a sophisticated level of coordination and marketing that reaches tourists based in numerous countries and regions. Firms that have coordination capabilities and marketing prowess carry the most value. International distribution actors, and hotels based in destinations that are managed by foreign brands, typically hold these functions.

IV. Economic Upgrading in the Tourism Global Value Chain

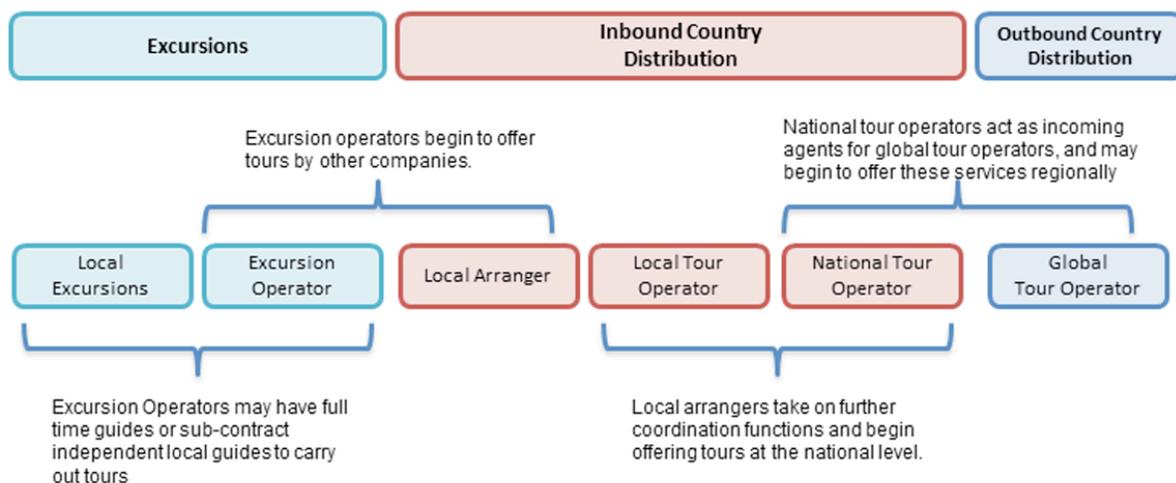
In this section, we examine how upgrading occurs within the tourism GVC. Upgrading refers to “a process of improving the ability of a firm or an economy to move to a more profitable and/or technologically sophisticated and skill-intensive economic niche” (Gereffi, 1999, p. 51). Depending on the level of analysis, upgrading can be examined from the country, firm, and potentially individual level. Humphrey and Schmitz (2002) identify four types of industrial upgrading: *product* (producing higher-value products); *process* (incorporating more sophisticated technologies into production); *functional* (moving to higher-value functions); and *intersectoral* (leveraging expertise gained in one industrial sector to enter a new sector.)

Because tourism composes numerous and diverse niches, there is no single trajectory or pattern to upgrading as might be the case in some manufacturing industries. The multisectoral nature of tourism allows for multiple paths to be pursued with one form of upgrading happening simultaneously with another. Some avenues are more accessible based on the global arrangement of the sector and local capabilities. Domestic policies, access to international markets via tour operators and travel agents, human capital, and a strong international image are all factors determining developing country tourism success.

- **Entry into the value chain** occurs when developing countries become a destination for international tourists. This is commonly spearheaded by global firms such as air carriers, tour operators, and hotels that coordinate and control the tourist’s experiences by arranging and executing travel, and by being destination service providers. Entry enables firms or individuals that were not previously in the industry to join. For example, a local food vendor can serve food for international tourists or a firm that sold a product to a nontourist clientele can now become a supplier to a tourist hotel.

• **Upgrading through the tour operator segment** is the strongest example of functional upgrading in the industry. This upgrading occurs when tour operators take on increasingly complex operations (*Figure 2*). At the lowest stage of tour operators, there are local guides who typically work as independent contractors. Excursion operators include a local guide, but they also have the capability to open a business for a particular tourist activity like bike rentals or safari excursions. Excursion operators upgrade to become local arrangers when they begin to (1) sell the tours of other excursion operators and (2) arrange regional travel for their excursion clients. The last two stages are when tour firms gain national coordination and arrangement capabilities. As a result, tour firms may work directly as inbound country distribution agents or ground operators for global tour operators, and then become a “global” tour operator themselves by creating and executing tour packages to other countries. The last two segments usually only occur for firms in urban or capital cities.

Figure 2. Functional Upgrading in the Tour Operator Segment



Source: Duke CGGC.

• **Upgrading in the hotel segment occurs when hotels move to a higher level of service, luxury, or size.** This form of product upgrading can take on functional traits if hotels that previously did not have the ability to provide food or transport services acquire these capabilities. The hotel segment in developing countries is the most bifurcated in terms of ownership and scope. Some developing countries enter at the highest stage of hotel upgrading via multinational hotel brands that build, acquire, or take on management of a local hotel property. Local ownership typically entails budget or small accommodations. Some developing countries, like India, however, have been able to develop locally owned and managed luxury hotel brands.

• **Adding one or more tourism type(s)** such as adventure, event, or medical tourism, is a common form of **product upgrading** in the industry. Tourism centered on the sun, sand, and surf variety is typically seen as a key development path. Many countries attempt to develop multiple tourism types, but one form often develops faster or stronger than another.

• **Tourism firms adopting IT business functions** is a **process upgrading** strategy for developing countries. IT allows companies to directly market their services, cut out global intermediaries, and efficiently handle their own reservations. Creating an Internet website is a common route for developing country firms that do not have computerized reservation capabilities. National marketing boards in developing countries are adding reservation capabilities in addition to listing local offerings. IT adoption may be complicated for developing country firms by unreliable power supplies, weak infrastructure, and high costs (ILO, 2010).

Table 2 presents examples of upgrading trajectories in the tourism GVC in developing countries.

Table 2. Upgrading Trajectories in the Tourism Global Value Chain

	Diagram	Description
<p>Entry into the Value Chain</p>		<ul style="list-style-type: none"> • Countries become a destination for incoming tourists. • Firms or individuals in another industry shift to tourism. • Firms that catered to domestic tourism add international tourism.
<p>Upgrading within the Tour Operator Segment (Functional Upgrading)</p>		<ul style="list-style-type: none"> • Firms move along the tour operator segment. • The lowest segment is as a guide, upgrading to excursion operator, local arranger or national arranger for an incoming agent
<p>Upgrading within the Hotel Segment (Product Upgrading)</p>		<ul style="list-style-type: none"> • Countries offer larger and higher quality hotels • Hotel that started as small or budget accommodation upgrades in size and/or luxury. • Local hotel “brand” is created/expanded into a chain or a hotel management company.
<p>Adding Tourism Types (Product Upgrading)</p>		<ul style="list-style-type: none"> • Countries expand offerings by developing tourism in different regions or by cultivating a particular tourism product such as “sea, sand, and sun” or “medical” tourism.
<p>Adopting ICT (Process Upgrading)</p>		<ul style="list-style-type: none"> • Firms, country marketing boards adopt IT such as website design and computer reservation systems.

Source: Duke CGGC.

V. Workforce Development in the Tourism Global Value Chain

The tourism sector is labor intensive, and in 2010, global tourism accounted for more than 235 million jobs (ILO, 2010).¹² These jobs cover a wide range of positions that vary in skills and specializations. Tourism employs people in subsector industries, including tour operators, travel agencies, transportation, accommodation, food and beverage, and tourist sites. In many developing countries, tourism jobs are desired over those in traditional sectors such as agriculture and manufacturing although many of the available jobs are in the low-end skill range—groundskeepers, housekeeping, food service—and less in managerial and other senior positions, which are often held by expatriates.¹³

Table 3 provides an overview of the most important job profiles in each segment of the value chain.

¹² The UNWTO forecasts that the sector will consist of approximately 296 million jobs by 2019 (ILO, 2010). Each job in the sector indirectly generates about 1.5 additional jobs in the related economy (ILO, 2010). In the hotel sector alone, the standard industry ratio is 1.5 staff per room (Siyaha, 2007; USAID et al., 2008), and thus increases in the number of hotel rooms in the industry provides significant employment.

¹³ This is most apparent in the hotel segment.

Table 3. Job Profiles in the Tourism Global Value Chain

Position	Job Description	Formal Education Requirements	Training/ Experience	Skill level
Distribution				
Local Arranger	Sells and arranges tours in local destinations and acts as a broker between guides, excursion operators, and tourists.	High school diploma/technical education	Management and soft skills	
Travel Agent	Promotes tourism destinations; plans, organizes and sells tour packages and provides general travel information and assistance. Must be licensed/certified.	Certification program, technical education	Technical training	
Tour Operator	Designs, plans, and arranges package tours, negotiates rates with suppliers, and sells travel products. Most are licensed/certified.	Technical certification/ Bachelor's degree for owner	Internships for support staff Management and soft skills.	
Transportation				
Transport drivers	Responsible for transporting tourists to and from airports, hotels, and sites. Most are licensed.	No formal education required, licenses, insurance	On-the-job training	
Airline Agents	Responsible for sales and customer service including tickets, reservations, check-in, missing baggage and cargo shipments.	High school diploma/no formal education	On-the-job training	
Airport/ Airline Maintenance	Responsible for facilities and equipment maintenance, cleanliness, and safety.	Specialized certificates and licenses	Technical training, internships	
Airport Manager	Plans, organizes, directs, controls, and evaluates the operations of facilities. Oversees safety and security systems and procedures. Hires and trains staff.	Business-related Bachelor's degree	Management and technical training	
Pilots	Responsible for air transportation. Requires aeronautics specialties, safety procedures, weather system management, etc. Must be licensed.	Specialized flight schools and licenses, further airline training	Flight hours, specialized courses	
Lodging				
House-keeping	Responsible for cleanliness, room preparations, laundry, inventory, and maintenance.	No formal education required; literacy and numeracy skills	On-the-job training	
Food and beverage	Plans, organizes, and operates hotel room service, bar, restaurants and/ or other food and beverage services.	Technical certificate or diploma program	On-the-job training and internships	
Front Office	Responsible for front desk operations (check in and check out), customer feedback, and customer assistance; and manages reservations and room assignment.	Technical diploma or certificate program	Technical and on-the-job training and internships	
Management	Responsible for hotel operations, budgets, supervising quality standards, hiring and training staff, enforcing hotel policies, and monitoring profitability.	Technical degree /diploma or business/tourism Bachelor's degree	Management and soft skills; on-the-job training	
Excursions				
Retail	Offers tourist products such as artisanal crafts and souvenirs for tourists to buy.	No formal education required	On-the-job training	
Local Guide	Plans excursion itineraries, arranges transportation to site, leads individuals or groups, and advises on safety and emergency measures. Must be licensed/certified	Certificate programs	On-the-job training	
Excursion Operator	Guides activities and provides specific services such as canoeing, rafting, mountain climbing, camel riding, and bicycling. Most are licensed.	Technical certificate programs licenses, insurance	On-the-job training	

Source: Duke CGGC.

Skill Level	Low	Low-Medium	Medium	Medium-High	High
					
	No formal education; experience	Literacy and numeracy skills; experience	Technical education/certification	Technical education/ undergraduate degree	University degree and higher

As seen in *Table 3*, each tourism subsector has a wide range of jobs with varying levels of technical and nontechnical skills.¹⁴ In particular, success in the industry relies heavily on good interpersonal skills (Burns, 1997). The jobs that have direct contact with tourists—hotel front office, tour operator, airline agent, and guide—call for strong language and communication skills, courtesy, ethics, friendliness, good behavior, discipline, conscientiousness, self-confidence, adaptability, creativity, and punctuality (ILO, 2010). International tourists also expect destination service providers to speak their language or the de facto universal language of tourism: English. Management-level positions require undergraduate degrees in hotel business management, tourism management, and related fields, in addition to on-the-job training and experience. Today a significant proportion of these positions also require computer literacy. It has been suggested that “even housemaids will have to become electronically literate if required to update room inventory with a hand held technology” (Yunis, 2009, p. 6). Other technical skills required for tourism include culinary skills, wait service, room preparation, and housekeeping, among others. Notably, most positions in the sector require formal education or training at a technical school or university.

The broad “international service” expectations of developed country consumers in accommodations, transport, and the standards encompassing environmental protection and sustainability have pushed both public and private sector stakeholders in developing countries to create tourism training institutions, develop certification programs, and follow the training programs and benchmarks set by the tourism industries in developed countries. For example, in Latin America, Brazil, Mexico, and Chile all adopted national certification of skills systems in the tourism sector.¹⁵ Indonesia has also made certification a priority. This recognition of skills has also happened at regional levels in an effort to increase labor mobility across countries, and ultimately growth and upgrading of the sector (see Box 1).

¹⁴ We forego an analysis of cruise line workers because training and recruitment done for cruise lines is typically for one of the three large global cruise lines (Carnival, Royal Caribbean International, and Star Lines). From a developing country perspective, destinations serve just as one-day stop with limited spillover effects. Some developing countries, however, like the Philippines and Indonesia, have made developing a workforce for these cruise lines part of their tourism strategies.

¹⁵ In Chile, the tourism sector has been targeted for workforce professionalization by ChileCalifica, a joint initiative between the Ministries of Education, Economy, and Labor. Job competencies and educational requirements for the most common positions in each sector were shared with technical training institutes to help ensure that the curriculum aligned with industry needs.

Box 1. Select Regional Certification Program**CARIBCERT**

In 2002, the Caribbean Hotel & Tourism Association's regional certification system (CARIBCERT) was launched as a pilot program with the support of the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). Over 2,000 Caribbean tourism industry professionals contributed expertise to the standards and certification development. CARIBCERT was created by the Caribbean tourism industry establishing 47 critical occupations involving Jamaica, Bahamas, Barbados, Belize, Trinidad and Tobago, and the countries of the Organization of Eastern Caribbean States. Six hundred trainers were certified to carry out this training locally during the pilot phase between 2002 and 2004. By 2007, the program had been officially launched in Antigua, Bahamas, Jamaica, St Maarten, Dominican Republic, and Curacao; and certification of staff was actively promoted by industry associations. By 2011, this program had been extended to include the Cayman Islands among others. Each country implements the CARIBCERT program in its own way; for example, in the Bahamas, some high schools provide their students with the opportunity to pursue hospitality coursework, including the 320 hours required to be certified by CARIBCERT, by the time they graduate. The main objective of the CARIBCERT was to address the need for more qualified workers and increase worker mobility of the 2.5 million people (25% of the region's total employment) employed within the hospitality and tourism industry across the Caribbean.

ASEAN Common Competency Standard for Tourism Professionals (ACCSTP)

In 2004, the ACCSTP Project was launched, funded by AusAID's Australia–Association of Southeast Asian Nations (ASEAN) Development Cooperation Program (AADCP) and managed by the University of Queensland. The primary aim of the project was to develop a model of (minimum) Common Competency Standards that were suited to the development of a more vibrant and competitive industry for hospitality and tourism across ASEAN member countries. Over 30 types of jobs were defined in the industry sectors of hotels, hospitality (food preparation and beverage service), and in travel and tourism. Indonesia began aligning its tourism regulation to meet these needs in January 2009 when the New Tourism Law No. 10 came into effect stating that all tourism workers should achieve competency standards. It established the National Competency Standard for 10 job areas, including hotel and restaurant, travel bureau, culinary, spa, and ecotourism guides. Agreement on the implementation of these standards was reached in 2010.

Source: CARIBCERT, 2010; Kappaz & Siegel, 2002; Laksaguna, 2009; News Caribbean Digital, 2009; University of Queensland, 2011.

Despite progress in certifications, developing countries continue to face certain challenges in providing the education and training required to meet these needs, including weak educational institutions, a lack of qualified instructors, and a poor understanding of the soft skills required for the industry (Liu & Wall, 2005, p. 700). Thus, in addition to nationally based training and development programs, several international initiatives driven by both private and multilateral actors have emerged to bridge the gap between the expectations of the international traveller and the competencies of local service providers.

Global hotel chains provide sophisticated internal job training programs that generally are not provided by national education institutions. Multinational hotel brands have strong, detailed training programs for all of their employees ranging from low to high skills.¹⁶ Depending on the brand, the level of service and expertise will vary, but all training programs are based on their international standards. Training

¹⁶ See **Table A-1** in the Appendix for a list of the leading global hotel groups.

programs such as those of Hilton Worldwide, Marriott International, and the Accor Group cover a wide range of activities (**Table 4**). The Radisson Hotel Group has a well-developed training program, investing 0.4 percent of each hotel’s total revenue into training schemes, and the Four Seasons has made language development key to advancing local staff.

Table 4. MNC Hotel Brand Training Programs

Hotel Group	Sample Training Programs
Hilton Worldwide	<ul style="list-style-type: none"> • OnQ Hilton University, e-learning facility available to all employees across the globe. Online training covers a wide range of topics in different languages to develop employees’ functional and soft skills. • Passport to Hilton, brand and standards education. • Vocational training through apprenticeships. • Team leadership training for departments. • Shine Management Development Training Program. • SPARKE Management Development Training Program.
Marriott International	<ul style="list-style-type: none"> • International Hourly Program: employees are trained daily on core skills such as culinary, rooms operation, and purchasing. • The Gateways Program for hourly nonmanagement employees in finance, human resources, IT, public relations, and sales. • Core Management Training Program includes over 20 different management training programs that are taught by certified trainers, professional experts, and property-based management. • Hotel-Based Program and Offerings, like Essential Skills for Supervisors and Managers, Get On Board for new managers. • Ritz Carlton luxury brand promotes a “Gold Standard “ mentality and the support and cultivation of its global employees. Employees in China, for example, are trained on culture, language, and computer skills.
Accor Group	<ul style="list-style-type: none"> • Five percent of staff expenditure goes to training. • Training focuses on initial basic service qualifications (in house); continuous training for mid-level management; and inter-cultural education. • Works with schools to train Accor personnel and facilitate fellowship programs. • Over 14,000 trainees annually in the Accor academy with centers around the world.

Source: Hilton University, 2010; HMA Administrator, 2010; Yeung 2006; ILO, 2001.

In 1998, the UNWTO made human resource development a priority by establishing the UNWTO Themis Foundation to “support the formulation and implementation of educational policies, plans and instruments that contribute to an improvement in the quality, competitiveness and sustainability of the tourism sector through excellence in education and training” (UNWTO, 2011).

Table 5 provides an overview of the UNWTO education and training programs.

Table 5. UNWTO Education and Training Products

Programs	Description
TedQual Certification System	Methodology and voluntary standards to improve the quality and competitiveness of tourism training and education to meet the demands of international tourism markets. Programs for tourism education, training, online education, academic research, and market research are eligible for certification.
Sbest Certification and Training	Assists destinations in promotion and benchmark setting. Standardized training for on-the-job human resources. Courses include customer service and total quality in tourism.
Practicum	Program for public officials in tourism to gain knowledge of tourism policy and strategy, destination management, and products of UNWTO.
Scholars Program	Scholarship program for tourism officials to attend courses on managing for quality in education, tourism policy and strategies, and creating tourism products.
Cooperation Activities	TedQual volunteers conduct research in collaboration with local universities in developing countries on leveraging tourism development and sustainable tourism.
Athena	Database of knowledge management resources.
SIS	Series of short international seminars on special topics.
GTAT	Programs to improve tourism teaching and learning.

Source: UNWTO. See <http://ekm.unwto.org/english/education.php>.

TedQual programs are among the most important of these training products. They are designed for developing countries in collaboration with national training institutes. The TedQual programs provide new methods and voluntary standards to improve the quality and competitiveness of tourism training and education to meet the demands of international tourism markets. One TedQual program, Fáilte Ireland, offers a best-practice model at the national level for tourism training that includes the public and private sectors and reaches across the entire region (Baum & Szivas, 2008, p. 790). Fáilte Ireland is “designed to ensure that all initiatives in the field of tourism education and training are consistent with wider tourism policy and that such initiatives are responsive to changing tourism priorities, labor market dynamics and development in terms of market opportunities” (Baum & Szivas, 2008, p. 790).

In addition, training in ecotourism and community-based tourism has become a popular form of development assistance. The Small Grants Program from the United Nations Development Program (UNDP) has supported over 100 ecotourism projects in developing countries (Trejos et al., 2008). Private international foundations like the Rockefeller Brothers Fund and the Charles Stewart Mott Foundation have also funded initiatives. The Rufford Foundation and MAVA Foundation have supported World Wildlife ecotourism initiatives.

As the industry continues to evolve globally, diverse models of workforce development across different stages of the value chain are likely to emerge. Country cases in the remainder of this study explore the variety of private, public, and multisector workforce development strategies that have been undertaken in three developing countries to support these market-entry or upgrading efforts of firms and countries in the tourism value chain.

VI. Developing Country Case Studies

In this section, we analyze the tourism industry of three developing countries, representing both low and middle-income economies: Costa Rica, Jordan, and Vietnam. As shown in **Table 6**, tourism represents a contribution of over 10% to GDP and is an important source of employment generation for all three of these countries. Tourist arrivals have increased and products options have expanded over the last 20 years. Economic upgrading can be observed in the hotel and tour operator segments, and it is clear that all three countries pursued strategies to diversify tourism offerings. Costa Rica is the most mature international destination, originally attracting tourists in the early 1980s, while Vietnam and Jordan picked up in the 1990s. Vietnam has the highest tourism exports at US\$4.99 billion, followed by Jordan at US\$3.54 billion and Costa Rica at US\$2.53 billion. Of the three countries, Jordan is most dependent on tourism, and the sector accounts for over 20% of GDP. Vietnam has a well-structured, public vocational and technical education and training (VTET) infrastructure that provides workforce development programs for the industry.

Table 6. Selected Economic and Industry Country Indicators, 2008

	Costa Rica	Jordan	Vietnam
Country GDP^a (\$US bn)	30	21	91
GDP per capita^a (\$US at PPP)	11,250	5,571	2,792
Tourism % of GDP^b	14.8%	21.6%	14.5%
Tourism exports^{1,b} (US\$ bn)	2.53	3.54	4.99
Number of arrivals^b (thousand)	2,409	7,100	4,254
Total labor Force^a (thousand)	2	2	46
Employment in Tourism^b	14.4%	19.8%	11.5%
Entry Year	Mid-1980s	Mid-1990s	Early 1990s
Entry Tourist Product	Ecotourism	Cultural, Religious	Cultural, Urban
Tourist Market	United States	Saudi Arabia, United Kingdom, United States	Japan, China

Note: ¹Tourism exports include all spending within the country by international tourists for both business and leisure trips, including spending on transport.

Sources: ^a 2008 World Bank Indicators, ^b 2008 World Travel and Tourism Council Economic Data.

The case studies are structured as follows. First, each case presents an overview of the current state of the industry, highlighting the principal features of the workforce and related development initiatives in the country. This is followed by an examination of key stages of industry development and the most important workforce development strategies implemented to foster upgrading during each stage. Particular attention is paid to the composition of the firms in the industry and the institutions involved in workforce development to identify best practices.

A. Costa Rica¹⁷

Over the last 20 years, Costa Rica has significantly expanded its international tourism sector. In 1988, three years after Costa Rica enacted the first tourism incentive laws, international visitor arrivals reached approximately 387,000. By 2008, that number had grown to almost 2.5 million visitors, a notable six-fold increase. Tourism's contribution to GDP increased to almost US\$2.5 billion and employment for travel and tourism workers increased from 43,000 to over 124,000 (Horton, 2009). By 1992, tourism surpassed bananas and coffee and later IT in becoming the country's leading source for foreign exchange earnings.

Costa Rica is heralded as a peaceful and stable country whose ideal location allows for international travel convenience for the North American market, while being home to some of the world's most unique geological and biological marvels. The environmental natural assets were harnessed to create a series of tourism products that ranged from pure eco-environmental programs to sun, sand, and surf, as well as nature and adventure. Tourism investment and offerings have focused on the Central Valley part of the country—the most populated area consisting of the cities of San José, Heredia, and Cartago—and the Guanacaste province located in the northwest region, but tourism products are spread throughout the entire country, including the Atlantic Coast and Southern Pacific.

Industrial Organization in Costa Rica

The industry is a mix of foreign and local investments. Foreign hotels are growing in both mid-range and luxury options (*Table 7*), concentrated in coastal regions as well as the Central Valley. Most foreign hotels operate under management contracts and the property is owned by national and global development groups. Locally owned and operated accommodation alternatives are typically smaller and focused on the lower end of the market.

¹⁷ The Costa Rica country case was developed by Michelle Christian based on field research in Costa Rica from August 2008 to March 2009.

Table 7. International Hotel Groups and Brands Operating in Costa Rica

Hotel Group	Brand	Home Country
InterContinental	Crown Plaza, Holiday Inn	UK
Melía	Sol y Melía	Spain
Barceló Hotels and Resorts	Barceló	Spain
Best Western International	Best Western	US
Marriott International	Marriott, JW Marriott, Courtyard	US
Occidental Hotels and Resorts	Occidental Grand Papagayo, Allegro, Terremolinos, El Tucano and Spa	Spain
Hilton Worldwide	Hilton, Hampton Inn, Doubletree	US
Four Seasons	Four Seasons	Canada
Carlson	Radisson, Country Inn and Suites	US
Wyndham Worldwide	Ramada	US
Choice Hotels	Clarion, Quality Inn	US
Hyatt Corporation	Hyatt Regency Spa, Hyatt	US

Source: Instituto Costarricense de Turismo, 2010.

Costa Rica's ground transportation rental car business is led by foreign agencies such as Hertz, Dollar, Budget, and Avis. There are two domestic airlines: Nature Air and Sansa. Costa Rican national tour operators and incoming agents typically include transportation services within their functions. Throughout the country and in tourist communities, there are a wide range of local excursion activity providers and independent tour guides. The largest conglomerate tourism area is the Papagayo Tourism Pole, where 11 operating businesses have generated about 1,400 jobs, but this is relatively low considering the size of the entire project.

Government involvement in the industry is substantial. The Costa Rican government's tourism department, *Instituto Costarricense de Turismo* (ICT), has proactively spearheaded tourism growth with the mandate to promote Costa Rica abroad. ICT handles a variety of tourism-related activities, including tourism business offerings; standards for tourism facilities; a sustainable tourism development strategy; and certifications (Raventos, 2006).

Workforce Development

As tourism has grown, so has the number of workers involved in the sector. By the late 1990s, 12% of the population worked in the sector (Horton, 2009); and by 2006, hotels and restaurants alone accounted for close to 98,000 direct jobs according to national census statistics. The ICT calculated that by 2006 the industry had generated 326,488 direct and indirect jobs.¹⁸ Despite high demand for tourism workforce development training, supply remains limited and continues to be concentrated in the Instituto Nacional de Aprendizaje (INA), a public vocational school that covers several industries. INA offers classes on a

¹⁸ Based on the assumption that every hotel room generates two direct jobs and every direct job creates three indirect jobs.

piecemeal format but their programs are neither required nor comprehensive across the industry. Recently, the INA has engaged with industry associations in the private sector to develop programs that appropriately train workforces to better fit industry needs.

There has been limited response from private training organizations in Costa Rica to meet demand. Although several universities in the country offer relevant university degrees, these are directed to senior management positions, where there is a surplus of qualified labor, and programs do not cater to the middle management segment. While successful economic upgrading in tourism was supported by a few workforce development initiatives, the industry has mostly pushed forward without a comprehensive human resource development plan.

Stage 1. Entry into the Value Chain: 1980s–1990

The ICT defines this as the Ecological Tourism Pioneering Period. International visitors began traveling to Costa Rica during this time mainly for environmental and conservation purposes, and most people who visited represented a base of scientists, interested amateurs, and naturalists (Horton, 2009). The government began to recognize tourism's potential and started to invest money, time, and resources to refocus the work of the ICT and the overall tourism development strategy.

The strategy began to shift from pure ecotourism to spurring U.S. investment and designating tourism development regions. Costa Rica received assistance from USAID, the International Monetary Fund, and the World Bank to encourage foreign investment and assist in tourism projects. The Tourism Development Incentives Law was passed in 1985 and provided incentives, including property tax exemptions, limited import duties for construction materials, tourism equipment (e.g., boats, jet skis, golf carts, etc.) (Honey, 1999). As a result of this new law, large foreign-led tourism development initiatives began to take shape. In particular, the Papagayo Gulf Tourism Pole master plan was created in 1988, focusing on luxury and upscale lodging. The government granted concessions to developers for long leases, 49 years instead of the customary 20, and granted generous tax exemptions, and agreed to invest in infrastructure (Honey, 1999).

Workforce Development. Limited workforce development initiatives were pursued during this period. INA began offering classes in basic hospitality services.

Stage 2. Growth (Hotel and Tour Operator Upgrading and New Tourism Products): Early–Late 1990s

During this period, economic upgrading occurred in the hotel and tour operator segments and the type of tourism products. Hotel growth was mostly in one- to three-star offerings and some four- and five-star hotels as a result of a continued inflow of foreign investment. Most growth was concentrated around the Central Valley and its surrounding volcanic attractions, notably Irazú and Poás. The tour operator presence in the Central Valley also began to expand. The Asociación Costarricense de Operadores de Turismo (ACOT) began to improve their tour operators' capabilities in creating tour packages around the country. These packages reflected a mix of adventure activities and upscale leisure by combining nature tourism and beach tourism. In an attempt to maintain the sustainable tourism focus, the ICT initiated the Certification for Sustainable Tourism in 1997. This is a voluntary environmental program for hotels and tour operators.

Workforce Development. INA expanded its tourism offerings, but most training was carried out in the private sector. Hotels began to recruit and train their own personnel. In addition to basic hospitality programs offered in the 1980s, the INA developed short training programs in fields such as food and beverage and artisanal crafts. University graduates in nontourism but related fields (e.g., business administration and biological studies) began to pursue careers in travel and tourism-related services around the Central Valley. Environmental and biological offerings at universities helped to prepare the workforce to understand environmental sustainability issues and how to incorporate those practices into tourism businesses. Graduates of these programs typically worked for tourism-related businesses (e.g., expert guides for national tour operators).

Stage 3. FDI Expansion: Early 2000s–Present

The decade of the 2000s was representative of a foreign investment explosion, mostly in hotel construction, and in the mid-to-late part of the decade, in condominium construction targeted to foreign retirees. Between 1997 and 2004, tourism attracted 66.3% of FDI, mostly in hotels. In 2004, the Costa Rican Bank estimated \$176.6 million in tourism-related FDI entered the country, growing 27% in 2005 to reach \$224.5 million. This growth continued in 2006 and 2007, with \$328 million in FDI for 2007 (Honey, 1999). Economic upgrading to hotels with international brands and standards and luxury levels, hit a high point during this period.

Tour operators improved their services to meet the growing logistical and coordination demands of global tour operators and cruise lines. Many of ACOT's 44 members began acting as incoming agents for foreign-based global tour operators. As incoming agents, they took on and executed much of the coordination and implementation of the entire tour package to Costa Rica. Some operators began to arrange

tours to neighboring countries such as Nicaragua, taking important first steps toward becoming regional distributors. This functional upgrading was facilitated by the adoption of IT tools by tour operators themselves, as well as hotels and the ICT. This process upgrading increased their online presence and assisted in their ability to market their services, and for some, create a forum for online reservations. By 2002, 64% of all hotels in Costa Rica had an internet presence, including 86% of four- and five-star hotels (Raventos, 2006). However, only 18% of Costa Rican hotel offerings are visible in global distribution systems and virtual travel agents such as Travelocity and Expedia, and those offerings are large foreign hotels (Raventos, 2006).

As foreign resort and luxury hotel offerings increased, there was a parallel push for tourism product diversification with the growth of rural and community-based tourism. In 2009, the Law for the Promotion of Rural Community Tourism was adopted. Farmers were linked into the chain via offering the cultivation stage of their agriculture products as tourism experiences and small communities learned how to develop tourism offerings as well. Projects received support from the Small Grants Program implemented by the UNDP.

Costa Rica continues to struggle to balance its environmental goals with development realities. The Costa Rican government realizes that in order to pursue a multiple tourism product strategy and market Costa Rica as a sustainable tourism model, it must bolster its regulatory capacity. International and national groups have been pressuring government bodies to enforce environmental and conservation policies already in place.

Workforce Development. During this stage of tourism upgrading, public workforce development initiatives were strengthened and there was an industry-wide analysis regarding the effectiveness of INA's training and course offerings. In 2007, the industry's dependence on public training was highlighted when the private sector specifically requested that INA update and restructure its curriculum to better suit the demands of the industry. The Asociación Costarricense de Profesionales en Turismo (ACOPROT), the National Chamber of Tourism, the Costa Rican Small Hotel Network, ICT, and the Costa Rican Hotel Chamber began assisting INA in their tourism curriculum development. By 2010, INA provided tourism classes in Guanacaste, Alajuela, Puntarenas, Cartago, Carthage, and Limón. Most of its classes focuses on hotel cuisine, food preparation, wait service, housekeeping, and hotel reception. INA also made a push toward cultivating English skills. In 2007, INA announced free English courses for up to 25,000 Costa Ricans.

INA also introduced a hotel schools program outside of the Central Valley. The first hotel school was opened in September 2007 in Perez Zeledon, the southwest region of the country, with an inaugural class of 20 students. INA hopes to open more schools in Guanacaste, Limón, and Puntarenas. The opening of hotel schools in these regions is part of an effort to decentralize the focus of workforce development.

Although the majority of tourism students are educated in the Central Valley, over half of the jobs are located in other areas. Furthermore, although INA emphasized the basics of hospitality training, employers still need better training for basic service positions. As a result, some hotels are hiring Mexicans, Cubans, and Nicaraguans to fill the low-skill tourism jobs. INA's training focus has been on employees at big resorts, which provides limited assistance for small businesses that are predominantly Costa Rican owned and operated. The institution continues to be narrowly focused on hospitality at the expense of specialized technical training in technology management and adoption, and for tour and travel operators.

During this period, ACROPOT became an important coordinating body for private sector workforce needs and training. This professional association provides training, seminars, and workshops for all forms of tourism businesses and spearheads research on the needs of the industry. Its course offerings range from biodiversity courses catered toward tour guides; language courses in English, French, Italian, and Mandarin Chinese; management of tourism microenterprises; and courses for public sector tourism development. Members can approach ACOPROT to request a specific form of training. ACOPROT also developed a series of potential training partnerships and Letters of Agreement with international universities, businesses, and associations for training purposes.

In 1999, ACOPROT, with funding and support from the MIF-IDB, initiated a training program for youth in Guanacaste, Costa Rica with a focus on employment in a few of the large resort complexes. Although the program succeeded in placing some students, overall it highlighted challenges to tourism training programs. Vulnerable youth populations have unique needs that affect their ability to successfully complete training programs. By the end of the program in 2004, 70% of students had dropped out. Without proper resources such as transportation for on-site training, many students were unable to meet the program's demands. In the evaluation of the program, MIF-IDB addressed how future initiatives should integrate the private sector to ensure that course curriculum meets business needs and the private sector is fully engaged as stakeholders throughout the process.

ACOPROT has also sought to address the imbalance of supply and demand for more highly skilled positions. In 2006, the association conducted research on 22 universities that offered tourism-related programs and found that 2,016 students in these courses sought positions at senior management levels even though the demand for those jobs was low, whereas the demand for "middle management" (e.g., leaders of wait staff, housekeeping, etc.) was strong. Since 2007, ACOPROT has sponsored an annual Central American Congress on Tourism Education to improve the quality of tourism training initiatives. While INA and ACOPROT supported training that was needed for hotel and tour operator upgrading, international organizations such as the Small Grants Program of the UNDP in cooperation with Association of Community-Based Tourism (ACTUAR) and the Cooperative Consortium National Ecotourism Network (COOPRENA) supported product upgrading to rural tourism in Costa Rica. The Small Grants program

began capacity building efforts along with the funding of rural tourism projects. Training rural communities in entrepreneurship and tourism services, and how to market those services to international tourists, was a joint effort by INA, COOPRENA, the Arenal Conservation Area, and the Fundación Neotrópica. COOPRENA specifically provided environmental education, design, and aesthetics based on local materials, accounting practices, and sustainable and environmental standards’ training.

Table 8 highlights the workforce development initiatives reflective of Costa Rica’s upgrading stages.

Table 8. Costa Rica: GVC Upgrading and Workforce Development Initiatives

Stage 1 Entry into Value Chain	Stage 2 Growth (Product Upgrading of Tourism Services, Hotels and Tour Operators)	Stage 3 FDI Expansion
Private Sector Workforce Initiatives		
	<ul style="list-style-type: none"> Hotels train employees according to chain or international standards on how to interact with customers, phone etiquette, and customer service. 	
		<ul style="list-style-type: none"> ACOPROT offers training courses for members. Course offerings range from biodiversity courses catered toward tour guides; language courses in English, French, Italian, and Mandarin Chinese focusing on tourism communication; management of tourism microenterprises; and courses for public sector tourism development.
Public Sector Workforce Initiatives		
<ul style="list-style-type: none"> INA offers vocational hospitality classes for tourism-related services like food preparation and housekeeping. 	<ul style="list-style-type: none"> INA begins to adapt program offerings following requests from the private sector to update and restructure its curriculum to better suit the demands of the industry. 	
	<ul style="list-style-type: none"> ICT Certification for Sustainability begins in 1999 	
Multi-sector Workforce Initiatives		
	<ul style="list-style-type: none"> INA opens hotel training school in Perez Zeledon, Guanacaste, Limón, and Puntarenas in an effort to decentralize education and training programs. 	
	<ul style="list-style-type: none"> ACOPROT works with MIF-IDB to create training for youth in Guanacaste between 1999 and 2004. 2006: ACOPROT reviews suitability of university degree programs for the industry. It finds a strong focus on education for senior management position despite low industry demand, and a gap in programs for middle management. 2007–2011: ACOPROT hosts new annual Central American Congress on Tourism Education. 	
	<ul style="list-style-type: none"> Association of Community-Based Tourism (ACTUAR), Cooperative Consortium National Ecotourism Network (COOPRENA), and Small Grants Program of UNDP create rural tourism training initiatives. 	

Source: Duke CGGC.

B. Jordan¹⁹

Jordan is growing as an international tourist destination. Tourism is the largest export sector, the second largest private sector employer, and the second highest producer of foreign exchange (Jordan Ministry of Tourism and Antiquities, 2004). In fact, tourism's contribution to Jordan's GDP is anticipated to rise from 20.5% (US\$4.9 billion) in 2010 to 23.7% (US\$12.4 billion) by 2020. Employment in the sector is expected to rise from 18.9% of total employment and 293,000 jobs in 2010 (1 in every 5.3 jobs) to 21.9% of total employment and 435,000 jobs (1 in every 4.6 jobs) by 2020 (World Travel and Tourism Council, 2010b).

Most of Jordan's tourism is focused on cultural and religious tourism, centered around Petra, an historical and archeological city constructed of rock in the 6th Century CE. In 1995, Petra was declared a World Heritage Site; and in 2007, it was named one of the Seven Wonders of the World and it is Jordan's leading tourism destination. The country's best known natural assets include the Dead Sea, the Gulf of Aqaba, and the Wadi Rum desert. The government has capitalized on these natural resources by establishing a series of sun, sand and surf, adventure, and health-based tourism products. Jordan is also seen as a strategic location in the region for business tourism. The signing of the peace treaty with Israel in 1994 restored some confidence in the safety of the region, and the Investment Promotion Law of 1995 helped attract investment to Jordan (ABC Investments, 2009). International and regional events have also benefited Jordanian tourism with a rise in business visitors with interests in the Iraqi market, and regional tourists who are reluctant to travel to non-Arab destinations (Euromonitor International, 2005). Arab tourists typically come for single to multi-day visits during the high summer season and prefer Amman and the mountains, whereas European tourists usually travel via package tours (Barham et al., 2007).

Industrial Organization

The industry is a mix of foreign and local investments. There were 473 hotels in Jordan in 2008, of which 321 hotels were in Amman, followed by Aqaba with 45, Petra with 38, and the Dead Sea with 5 hotels (ABC Investments, 2009). Most of the new hotels are five-star international chains such as Movenpick, Marriot, Kempinski, and Four Seasons that have been established in partnership with local investors. Five-star hotels account for 37.5% of total nights spent in Jordan (ABC Investments, 2009). In 2006, there were 1,952 travel agencies, tour operators, and souvenir shops in Jordan (Majcher-Teleon & Slimène, 2009). Moreover, Jordan has some large foreign tour operators and travel agents such as Abercrombie and Kent and American Express. There are also some large local tour operators, such as

¹⁹ The Jordan country case was developed by Ghada Ahmed.

Althuraya Travel and Tourism and Jordan Select Tours, but the majority of Jordanian operators and agencies are relatively small.

The government has invested heavily in the tourism industry. For instance, the Ministry of Tourism and Antiquities drives sector upgrading, policies, regulations, and tourism projects, and collaborates with the private sector. The Jordan Tourism Board (JTB), launched in 1998, is a public-private organization that functions as the marketing arm of the ministry. JTB has 10 global offices in the Americas, Europe, and the Middle East that track activity in the sector and connect international tour operators with the Jordanian market.

Workforce Development

The total number of employees working in the tourism industry increased by 65% from 22,110 people in 2003 to 36,406 by the end of the third quarter in 2008 (ABC Investments, 2009).²⁰ Demographically, workers are mostly 25–40 years of age and are predominantly male (90%).²¹ Approximately 81% of the workforce is Jordanian (ABC Investments, 2009). The sector has been growing fast and generating significant employment opportunities; most positions are low skill, with modest pay and are concentrated in Amman. For higher skilled positions, the availability of qualified Jordanian labor is limited and the sector depends on foreign workers to meet the shortage.²² Turnover in the sector is high due to the availability of better paying jobs in Gulf countries.

Workforce development initiatives were weak during Jordan's initial entry into the global tourism industry, although these have strengthened during the past 10 years. Jordan Inbound Tour Operator Association (JITOA) has been a key player in the development of training programs for tour operators as the public sector has focused principally on the hospitality sector. USAID has played a vital, cross-cutting role in developing new initiatives through the Jordan Tourism Development Project (Siyaha) in collaboration with both the private sector and the government. The Siyaha project aims to revise university and training curricula to upgrade skills and certify an additional 5,000 people for anticipated future demand (Elkahteb, 2010). Soft and functional skills such as English-language skills, appearance, hospitality basics, and customer service skills are cited as key workforce development challenges by the private sector.

²⁰ Overall, the majority of jobs in tourism has been in hotels (39% in 2006) (ABC Investments, 2009), although most hotels, except for five-star ones, employ fewer workers than they could (Siyaha, 2007; USAID et al., 2008).

²¹ Recruitment and education of women are a major challenge due to the cultural stigma associated with working in the hospitality sector. Employment of women in hotels is somewhat taboo.

²² In Aqaba, 25% of hotel employees are non-Jordanians (Siyaha, 2007; USAID et al., 2008).

Stage 1. Entering the Value Chain: 1990s–2000s

Jordan entered the value chain in the 1990s by promoting the country as an international tourist destination and encouraging FDI. In the 1990s, Jordan embarked on economic reforms and liberalization of the tourism sector, and the government collaborated with the private sector to promote Jordan internationally. Investment promotion laws were reformed and barriers to private sector entry and operation in tourism were lowered (Gray, 2002). Most important, in 1995, the Jordanian government privatized several state monopolies, including the Jordan Express Tourism and Transport Company, which had previously dominated all tourism activities.

From 1994 onwards, domestic and foreign direct investment and tourism infrastructure development increased. The number of hotels in Jordan rose from 177 in 1998 to 473 in 2008 (ABC Investments, 2009). As a result, the number of tourist arrivals increased, but the surge in new hotels has been insufficient to meet current and future demand. Hotel shortages have spurred new projects across Jordan, concentrated primarily in Aqaba and the Dead Sea (ABC Investments, 2009).

In 1998, the Jordanian government began to regulate the tour operator industry to strengthen the role of inbound Jordanian tour operators as co-coordinators with global tour operators of package tours in Jordan. Under these regulations, global tour operators could only work in partnership with an inbound Jordanian agency; incoming agencies could only be established and run by Jordanian citizens licensed by the state; tour groups must be accompanied by a (paid) Jordanian tour guide; and overnight stays by tourists in uncertified private accommodation were prohibited.

Workforce Development. Although only 5% of the workforce is considered unskilled (Majcher-Teleon & Slimène, 2009), participation in overall formal training (technical and vocational education, universities and short term courses) related to tourism has been low and industry growth has occurred despite a lack of workforce development. Less than 50% of the tourism workers receive formal training.

The most significant initiatives during this time were fostered as a result of requirements put in place by the public-private JTB for tour operator certification. Under these regulations, tour operators must have an undergraduate degree and pass foreign language and work site authorization exams (Gray, 2002). Partly in response to growing demand for these university requirements, by 2010, 17 Jordanian universities offered courses on tourism.²³ Most of these courses are offered within archeological studies departments because of the heavy focus on cultural and religious heritage tourism destinations within the country.

²³ Most of these began to offer degrees in 1995, when the industry first began to privatize.

Stage 2. Hotel, Tour Operator, and Product Upgrading: 2004–Present

The second stage in Jordan's economic upgrading of tourism focused on tourism product development and the continued growth of tour operators. Jordan has targeted high-yield niche tourism markets and developed its image as a five-star destination with the assistance of international donor agencies. The Ministry of Tourism and Antiquities' National Tourism Strategy 2004–2010, which focuses on the six primary niche tourism products of cultural/historical, religious, eco, medical, adventure, and Meetings, Incentives, Conventions and Exhibitions (MICE) tourism, aims to double tourism receipts by 2010 through public-private partnerships and to increase employment in the sector. In particular, the government, the private sector, and international donor agencies began implementing large development projects in Aqaba and the Dead Sea area, which are two of Jordan's key tourist attractions.

During this period, Jordan's tourism industry successfully expanded its range of products. First, the number of tourists using package tours more than doubled from 146,000 in 2003 to 472,000 in 2008, particularly among European tourists.²⁴ Second, in the mid-2000s, incoming agencies specializing in ecotourism began to emerge, supported by ecological NGOs and European buyers (Barham et al., 2007). This was further helped by the 2008 agreement between the Royal Society for the Conservation of Nature and the Ministry of Environment for the renovation and maintenance of Jordan's wildlife reserve the Shawmari, which is home to some of the rarest wildlife in the Middle East. Third, medical tourism receipts reached US\$1 billion in 2010, growing at 10% annually. This subsector revolves around Jordanian hospitals, physical therapy, spa treatments, and therapeutic waters (the Dead Seas and Ma'in hot springs). Finally, Jordan's share in the MICE market also saw a steady increase toward the end of the decade, particularly in the Convention Centre in the Dead Sea, the Zara Expo complex, and the five-star hotels distributed across Amman, the Dead Sea and Aqaba. In addition, in 2008, the Ministry of Tourism signed a number of agreements, executing the first phase of the third Tourism Development Project to develop and rehabilitate Jordan's historical cities (ABC Investments, 2009).

In 2003, the JITOA was created to represent tour operators, travel agents, and other private sector firms that operate in Jordan. Since then, it has actively lobbied the government to improve operations and training and simplify tourist entry procedures. By 2010, the organization had over 60 members, representing more than 5,000 workers (JITOA, 2011). The association has received extensive support from USAID, which has been actively involved in Jordan's tourism industry since 2005.²⁵ The Siyaha project was launched, which is a public-private partnership program that facilitates the implementation of the National

²⁴ Package tourist arrivals from the United States deteriorated because of safety concerns. In 2008 the Jordan Tourism Board began specifically promoting package tourism among American buyers.

²⁵ U.S. foreign assistance to Jordan increased substantially between 2000 and 2010 and total U.S. aid through fiscal year 2010 amounted to approximately US\$11.38 billion. Events such as the first Gulf Crisis in 1991, the 1994–1995 peace treaty with Israel, and the second Gulf War in 2003 made Jordan a strategic partner for the U.S. government in the Middle East, which increased foreign assistance to develop Jordan's economy and political stability.

Tourism Strategy, to support the private sector in developing tourism products and services, assist the government in expanding the sector, and train workers.

Workforce Development. Workforce development in tourism was highlighted as a priority in Jordan's National Tourism Strategy in 2004. Since then, numerous initiatives have been instituted to improve workforce development by the private and public sector, as well as with donor support, and the sector has been moving toward establishing quality and service standards.

Several formal education institutions specifically focused on tourism were created to support the sector's growth by the private sector with the support of international agencies. In 2004, the Amman Hospitality College began offering undergraduate degrees in Hotel and Tourism Management, and was formally accredited as the Jordan Applied University (JAU) College of Hospitality in 2005.²⁶ The school provides students with the opportunity to enhance their hospitality skills and join reputable hotels after graduation. The Jordanian Hospitality Association is the major shareholder of JAU and provides a range of training programs for its members through the institution. In addition, in 2007, the Center for Hotel and Tourism Training at the Madaba Vocational Training Corporation and the Center for Hotel and Tourism Training at the Aqaba Vocational Training Corporation were established to offer hospitality skills certifications. The centers are training workers on food production, food and beverage service, housekeeping, and hospitality and communication skills (USAID, 2008).

JITOA has been particularly active in promoting the development of its members, providing courses to more than 1,000 students from about 100 organizations since its inception and driving numerous other workforce development initiatives. In 2004, JITOA partnered with the USAID Siyaha Project and the International Institute of Tourism Studies at the George Washington University (GWU) to offer programs in events management. Initially, the program was taught by GWU instructors, but "train the trainer" programs were also offered to build local capacity and transition management of the courses.

In 2009, JITOA and the Netherlands Centre for the Promotion of Imports (CBI) reached an agreement to provide Jordanian Tour Operators access to CBI's Export Coaching Program (ECP) for tourism on business-to-business activities and entry of European tourism markets (AMEinfo.com, 2010). The initial six-day training program is carried out by independent industry experts and open to tour operators from 30 different developing countries, provides key lessons on how to develop contacts and networks within the European industry to drive tourism sales. Moreover, participating companies receive support and mentoring for an additional three years.

In 2010, JITOA extended its programming with GWU to offer a two-week professional Destination Management Certification Program to increase the professionalism within the destination management

²⁶ The Amman Hospitality College was established in 1980 with the support of the UNDP and the ILO. In 1996, the institution was brought under the management of the Jordan Hospitality and Tourism Education Company.

industry (USAID, GWU, et al., 2010). The program was designed for tourism destination managers and marketers, hotel developers, tour operators, business owners, government officials, and others concerned with enhancing the long-term sustainability and competitiveness of tourism destinations.²⁷ Best practices and cases studies were used as key teaching tools.

The same year, JITOA developed a pilot internship program with Hashemite University's Queen Rania Institute of Tourism and Cultural Heritage supported by USAID to help bridge the skills' gap between graduates of tourism courses in Jordan and the skills required by the tourism industry. Prior to beginning their practical training, students participated in training courses in English for tourism, communication skills, business writing, tourism sector orientation, customer service and time management carried out by the JITOA. Although only eight students participated in the pilot program, the sponsoring organizations plan to roll this out to all universities and colleges with tourism-related programs. JITOA also began offering immersion programs to its members to participate in new niche tourism products, such as the "Voluntourism" program in Ghor Al Mazra'a in January 2010, to help them fully understand the experience in order to develop and market new programs.

Jordan still faces many challenges in workforce development and tourism. Professionalization in the sector has been low, there is a lack of qualified personnel across the sector, and the high demand for English fluency disqualifies many job seekers (USAID, Development, et al., 2010). Cultivating soft skills and changing work taboos regarding gender relations and tourism jobs will have to be addressed. Training programs still struggle to effectively integrate soft skills training in the curricula (USAID et al., 2008).

Table 9 highlights the workforce development initiatives in Jordan.

²⁷ Courses include six different topics: Tourism Destination Policy & Planning; Tourism Marketing and Branding; Ecotourism, Protected Area and Community Development; E-Marketing and Internet Applications; Customer Service for Tourism Organizations; and Community-based Tourism.

Table 9. Jordan: GVC Upgrading and Workforce Development Initiatives

Stage 1 Enter the Value Chain	Stage 2 Hotel Upgrading, Tour Operator Upgrading, and Tourism Product Upgrading
Private Sector Workforce Initiatives	
	<ul style="list-style-type: none"> • Terhaal trains its tour guides on technical skills and first aid in adventure tourism (Terhaal, 2010).
<ul style="list-style-type: none"> • Hotels train employees according to chain or international standards on how to interact with customers, phone etiquette, and customer service. 	
Public Sector Workforce Initiatives	
<ul style="list-style-type: none"> • 16 vocational training and educational centers offer training in hospitality such as food service and housekeeping; and 17 universities offer 2-year diplomas and Bachelor's degrees, including Jordan University, Balqa Applied University, Aqaba University College, and Amman Hospitality College. 	
Multi-sector Workforce Initiatives	
	<ul style="list-style-type: none"> • JITOA offers education and training, certification programs and is a partner in the Siyaha project to develop tour operators' English skills. • USAID Siyaha Projects provide training to build tourism-training capacity and upgrade archaeological site management. • JITOA and the Netherlands CBI provide the Export Coaching Program) for tourism (2008–2014) on business-to-business activities and entry of European tourism markets (AMEinfo.com, 2010). • In 2007, the Center for Hotel and Tourism Training at the Madaba, Vocational Training Corporation (VTC) and the Center for Hotel and Tourism Training at the Aqaba Vocational Training Corporation (VTC) were established to offer hospitality skills certifications. The centers are training workers on food production, food and beverage service, housekeeping, and hospitality and communication skills (USAID, 2008). • In 2008, Nestle Pro Gastronomie Switzerland conducted a three-day workshop on food and beverage management (USAID, 2008). • JITOA, USAID, and GWU established the Advance Destination Management Program in 2010 to lower negative impacts of tourism and preserve cultural and natural resources. • USAID helped develop a pilot internship program between Hashemite University's Queen Rania Institute of Tourism and Cultural Heritage and the JITOA to help bridge the skills' gap between graduates of tourism courses in Jordan and the skills required by the tourism industry.
<ul style="list-style-type: none"> • Jordan Society of Travel And Tourism Agent Training Centre offers training and consultation services to all members free of charge. • CIFA (Centre pour L'Insertion par la Formation et l'Activite) and TLB Destinations conducted a regional Tour Leader Training Program in July 2008 in Lebanon to train tour operators on adventure and responsible tourism (TOI & CIFA, 2008). 	

Source: Duke CGGC.

C. Vietnam²⁸

Vietnam has attracted an increasing number of travelers since 1986, when tourism barriers imposed by the Vietnamese government and by other nations began to be removed. In 2008, over 4 million international arrivals were recorded, a 16-fold increase from 1990 (VNAT, 2010). Tourism's contribution to GDP is around 4% and 1.5 million people work in the sector.

Vietnam draws on its natural assets as well as its rich cultural history to offer a broad range of tourism products. Tourism is concentrated in three major areas of the country: the Northern area centered on Hanoi, accounting for 20–25% of tourism receipts; the Southern area centered on Ho Chi Minh City, accounting for 50% of receipts;²⁹ and the Central Area focused on the ancestral capital of Hue and the town of Da Nang accounts for the remainder of the receipts (UNCTAD, 2006). The Northern area includes both

²⁸ The Vietnam country case was developed by Shelli Jo Heil.

²⁹ Half of all international arrivals land in Ho Chi Minh City before visiting other cities, and the average stay is approximately three days.

seaside resorts and historical sites that offer both sun, sand, and surf and MICE tourism products, whereas the Southern region has the most developed tourism with nearly 70% of all tourists visiting Ho Chi Minh (formerly known as Saigon). Prime markets include international tourists visiting the Southern Pacific³⁰ and regional customers. Chinese are most inclined to visit multiple times due to geographic proximity and cultural similarity of the two countries (UNCTAD, 2006). Tourist surveys indicate that Europeans are principally interested in cultural tourism, and Japanese are mostly focused on rest and relaxation.

Industrial Organization

Vietnam's tourism firms reflect its policies to attract direct investment from abroad, although there is a substantial degree of government control and management. The tourism strategy stipulates that investment must come from both the state budget and foreign investment (UNCTAD, 2006). To strike a balance between the private and public sector, it sells shares in state-owned companies to private contractors (UNCTAD, 2006). The two largest air-carriers, Vietnam Airlines (VNA) and Pacific Airlines, which account for close to 50% of all international air travel and 100% of domestic air travel, are public corporations although state institutions hold a majority ownership. The hotel sector has more diverse ownership, with foreign firms actively involved in higher standard offerings. Tour operators have consolidated and vertically integrated their operations. The two largest organizations, Saigon Tourists and Hanoi Tourism, are also public corporations with majority ownership held by state or local governments. Saigon Tourists has a network of 70 three- to five-star hotels in the country and work with a broader network up to 300 travel firms in 36 countries.

There is a high level of involvement by both the national and provincial governments in the development of tourism in Vietnam. The most important organization is the Vietnam National Administration of Tourism (VNAT), a governmental organization established in 1992 that is responsible for planning, international cooperation, and training management, and plans tourism development for the entire country. VNAT is central to creating the tourism development strategies, supporting upgrading initiatives, and solidifying workforce development in Vietnam. In addition, larger local governments play a coordinating role, reaching out to the private tourist companies to help elaborate the development plans to respond to international conditions and standards (UNCTAD, 2006).

³⁰ Most tourists visit more than one country during their stay in the Southern Pacific, Vietnam forms part of the route that also includes Cambodia, Laos, and Indonesia.

Workforce Development

In 2005, tourism accounted for close to 2% of national employment, including over 230,000 direct and 500,000 indirect employees (VNAT, 2007). Most jobs were food and beverage related, as shown in

Table 10.

Table 10. Vietnam Tourism Employment Breakdown, 2005

Position	Quantity
Food & Beverage	36,406
Room Service	27,640
Cook	23,536
Front Office	19,258
Travel/Tour Operator	8,092
Tour Guide–Certified	5,104
Tour Guide–Uncertified	2,854
Other	93,958
Total	234,096

Source: VNAT, 2007.

Workforce development in Vietnam’s tourism sector reflects the legacy of government control and much of the training is provided by public institutions. VNAT is the most important institution leading workforce development initiatives, and Vietnam has a well-established vocational and technical education and training (VTET) system. In fact, its Human Resource strategy provides a broad outline for all tourist companies to follow. Every year, approximately 15,000 students graduate from tourism schools; 12,000 are enrolled in tourism and vocational schools, and the other 3,000 are enrolled in universities. The major subjects provided by vocational schools are focused on culinary skills, room preparation, food and beverage service, and reservations and reception skills. Colleges and universities provide education in hotel business management, tourism management, tour guide, and tour marketing (VNAT, 2007). VNAT also develops, monitors, and evaluates the curriculum, and certification programs of Saigon Tourist and Hanoi Tourism have subsidiary training schools. **Table 11** provides an overview of the number of participants in these training programs in 2005.

Table 11. Vietnam Tourism Type of Training Received, 2005

Training Form	Quantity
Short-Term	125,440
Primary	42,364
Secondary	35,966
University	29,844
Postgraduate	482
Total	234,096

Source: VNAT 2007.

Foreign firms, nonetheless, continue to train their employees in international professionalization, service standards and foreign languages, and there are broad differences between the quality of the skills acquired by workers affiliated with foreign private enterprises and those who work at state-owned businesses.

Stage 1. Entry into the Value Chain: 1990–2000

Though international tourism existed in the late 1970s after the war ended, there were few hotels, all the tourism companies belonged to the state, reservations had to be made months in advance to obtain a visa, the government restricted movement of foreign tourists through a series of travel permits, and the majority of visitors were from Soviet bloc countries. Tourism was not given priority in national planning during the first 15 years of Vietnam's post-war period (1975–1990). This began to change in 1991, following the introduction of the *Doi Moi* (“Open Door”) economic policy in 1986 to centralize the planning system and liberalize the economy, allowing the private sector to drive growth and increased international trade (Suntikul et al., 2008). In 1991, the Tourism Master Plan, drawn up by the UNWTO together with UNDP, recommended liberalization of the travel market. In 1992, VNAT was established and placed directly under the prime minister. This same year, private companies within Vietnam were permitted to operate in domestic tourism and some overseas companies were allowed to obtain three-year tour operator licenses. International tourism slowed briefly in the mid-1990s, due to new government restrictions after concerns were raised about outside cultural influences. However, these restrictions did not last long. In 1999, the Tourism Ordinance was adopted with the goal to regulate tourism by defining the rights and obligations of tourists as well as organizations operating within the Socialist Republic of Vietnam. This simplified the procedures related to tourist arrival and tourism company development.

During this period, upgrading in the sector occurred in hotels, transportation, and tourism products driven by a mix of state-owned enterprises and joint ventures between the state and private companies. First, the hotel segment benefited from substantial FDI. By the end of 1995, there were 160 joint venture projects in the tourism industry, accounting for 26% of the total FDI in Vietnam. The Vietnamese government encouraged investors (domestic and foreign) to invest in hotel and entertainment complex construction (Cooper, 2000). During 1990–2000, US\$600 million was invested in hotel infrastructure (UNCTAD, 2006). Second, in the air transportation segment, VNA was established as a state enterprise in 1993 and partially privatized in 1996. The company is still overseen by a board appointed by the prime minister. During the 1990s, VNA improved its fleet, modernized ticketing and reservations, and improved training (McKinnon, 1993). By 2003, VNA was servicing 15 domestic airports and flying to 25 major international cities (Suntikul et al., 2008). Finally, in addition to strengthening cultural tourism in Hanoi and Ho Chi Minh City, historic towns such as Hue and Hoi An, and natural heritage sites like Ha Long Bay,

border tourism began to develop throughout the 1990s with the assistance of Chinese and Taiwanese investors along the Vietnam–China border (Wah, 2008). These towns provided gambling opportunities for the new affluent Asian tourist.

Workforce Development. According to a survey conducted in 1994, less than 50% of tourism employees had formal education or training in the tourism industry (technical and vocational education, universities, and short courses). The skills' gap was met with in-house training by tour companies and/or major hotels (Cooper, 2000). This prompted the Vietnamese government to strengthen VNAT and further develop training institutions. In the mid-1990s, VNAT established a Human Resource Strategy to improve the quality of training. Tourism training was carried out by schools directly controlled by VNAT in the larger tourist areas of Hanoi and Ho Chi Minh City. Many provinces and cities directly under the control of the central government also began to provide short-term (three to six month) tourism training courses in specialized tourism centers (VNAT, 2007).

Stage 2. Hotel, Tour Operator, and Process Upgrading: 2000–Present

The hotel and tour operator segments were upgraded during this stage, offering additional services and increasingly sophisticated products. In addition there was a widespread adoption of IT following the creation of the Tourism Information Technology Center (TITC). The growth and upgrading of the tourism industry was supported by reductions in both ownership and travel restrictions. Private investment accelerated, particularly in the hotel segment. The 2002 ASEAN Tourism Agreement facilitated the easing of visa requirements for ASEAN nationals, increasing the flow of tourists from China, Japan, and the Asian region more generally. This was important for the market as these regional travelers represented a lucrative return visitor market that is stronger than the French and North American tourist segments (UNCTAD, 2006).

In the hotel segment, multinational operators including InterContinental Hotels Group, Accor, Best Western, Hilton, and Sheraton either established new operations or greatly expanded their presence. In 2008, a Canadian–US partnership began building Vung Taus, the largest tourism resort in the country, a 1,100 room, five-star hotel and championship golf course (Walsh, 2010). The French hotel chain Accor also announced plans in March 2010 for a significant expansion in Vietnam. The hotel chain currently operates 13 hotels and is looking to add 10 more under various brand names (Ibis, Novotel, Pullman, Mecure) by 2012 (BMI, 2010).

Saigon and Hanoi Tourism led in the upgrading functions in the tour operator segment. Although Saigon Tourism began coordinating and executing shore excursions for cruise lines and outbound travel to regional locations in the 1990s, the company increased its offerings following the turn of the century,

executing multiple tour products catering to different audiences and coordinating the largest tour groups in Vietnam. It also developed a series of travel websites and began expanding its business traveler functions.

The TITC opened in the early 2000s and was charged with development and management of the tourism information system in Vietnam. TITC, under the control of VNAT, developed the main website that promotes the country and provides promotional materials in six languages. The website is also used to compile statistics to better target specific markets and to book online hotel reservations (UNCTAD, 2006).

Workforce Development. While international hotel groups implemented their own internal training programs, public sector training shifted toward certification to ensure better tourism skill creation. The Vietnam Tourism Certificate Board (VTCB) developed standards on skills training programs, and procedures for assessment and granting of certificates valid throughout the whole country. The government also implemented the Acknowledgement Program for Laborers (APL) for travel agents and hotel businesses who have professional skills but receive no official training (VNAT, 2007).

In 2006, VNAT developed three standard training modules for technical, college, and university level programs. Most of the teachers for these programs were trained under state-subsidized programs, including former Eastern European country programs (VNAT, 2007). By 2007, over 50% of tourism staff had received short-term training denoted as “on-the-job training” or three- to six-month training courses provided through one of the state-sponsored training schools. IT engineers were recruited to help drive the web presence, becoming VNAT’s best paid employees by 2006 (UNCTAD, 2006). In addition, VNAT established local training programs as well as overseas study opportunities with universities in Luxembourg, the European Union (EU), Spain, and Singapore. Despite numerous training programs at the university level, as the industry expands there is a growing shortage of senior management professionals for the industry.

VNAT’s schools and collaborative initiatives continue to face problems. Graduates trained at vocational schools, even those at high-quality hotels in Hanoi, still struggle to meet work requirements and require further on-the-job training. The quality of training in tourism meets only the basic technical skills required to fill immediate labor needs, rather providing a stronger foundation in essential soft skills. Most of the graduates have weak practical and communication skills, particularly foreign language skills and a professional attitude required for service jobs. Vietnam’s low standard of living and high numbers of people living in poverty exacerbate the ability of workers to be aware of international service standards, cultural differences, rule-of-law, and professionalization (VNAT, 2005). As a result, although the VNAT programming is extensive, graduates are often not immediately employable (VNAT, 2007).

Table 12 highlights the workforce development initiatives in Vietnam.

Table 12. Vietnam: GVC Upgrading and Workforce Development Initiatives

Stage 1 Entry into the Value Chain	Stage 2 Hotel and Tour Operator Upgrading Internet Process Upgrading
Private Sector Workforce Initiatives	
<ul style="list-style-type: none"> • Hotels train employees according to chain or international standards on how to interact with customers, phone etiquette, and customer service. 	
Public Sector Workforce Initiatives	
<ul style="list-style-type: none"> • In the mid-1990s VNAT established a Human Resource Strategy to improve the quality of training. • VNAT controls and operates training schools mostly in Hanoi and Ho Chi Minh City. Forty-three training facilities exist, 29 at the university level. • Many provinces and cities directly under the control of the central government also began to provide short-term (three to six month) tourism training courses in specialized tourism centers (VNAT, 2007). 	
	<ul style="list-style-type: none"> • VTCB develops standards on skill training and grants certificates. • Government implements the Acknowledgement Program for Laborers for businesses who have not received formal training. • In 2006, VNAT developed three standard training modules for technical, college, and university level programs. Most of the teachers for these programs were trained under state-subsidized programs, including former Eastern European country programs (VNAT, 2007). • IT engineers were recruited to help drive the web presence, becoming VNAT's best paid employees by 2006.
Multi-sector Workforce Initiatives	
	<ul style="list-style-type: none"> • VNAT collaborates with Luxembourg, EU-funded school programs to enhance occupation skills and operate assessment centers around the country and offer overseas study opportunities. Part of the goal is to create better qualified tourism trainers.

Source: Duke CGGC.

VII. Analysis and Discussion of the Country Cases

The GVC perspective provides a useful framework to understand how countries upgrade along the value chain, the kinds of institutional involvement needed to facilitate upgrading, and the most relevant complementary workforce development practices. We summarize below our main findings for the global tourism industry.

A. Economic Upgrading

Whereas Costa Rica began small as a niche market, attracting biologists and scientists from North America for its natural habitat, and growth was later driven by proactive foreign-led investment, Jordan and Vietnam entered the global tourism industry by attracting large foreign projects. Eventually, all the destinations created a multi-pronged international product approach where tourism product strategies were adopted in many regions of the country. This strategy allowed for a variety of products that ranged in price, scale, and type.³¹

Several enabling factors that support value chain entry and upgrading of the tourism industry emerge from these cases. The most notable of these are **marketing strategies** to brand the country and the tourism types available, i.e., sun, sand, surf; cultural tourism; and **visa facilitation** for entry and exit. Lead firms in outbound countries—airlines, hotels, tour operators, and cruise lines—need to be convinced that developing countries are strong tourist destinations for their clients. In all three cases, the development and planning of tourism at the national level are pursued by marketing boards connected to the ministries of tourism. While easing visa restrictions emerged only in the case of Vietnam, its impact there highlights that it should not be overlooked. With growing competition in the global tourism industry, and the broad range of options that international tourists can choose from, restrictive barriers such as tedious and lengthy visa application processes can deter potential clients.

Developing countries **utilize specific subsector strategies to upgrade in the tourism value chain**. Four key upgrading trajectories were highlighted in the country cases: in the hotel segment, upgrading into more luxury options; functional upgrading in the tour operator segment; process upgrading with the addition of online functions, such as web-based reservations and marketing; and product upgrading, with all three countries expanding their tourism options to include a wide variety of niche products.

- For the hotel sector, each of the countries pursued pro-FDI policies to attract international four- and five-star hotels. Not only do these hotels offer higher levels of luxury, but they also already have strong linkages with global distributors, thus facilitating access to a broader market. In all three of the country cases, substantial upgrading of the hotel segment occurred during the 2000s.

³¹ See Table A-2 in the Appendix for an overview of the tourism products offered in these three markets.

- In the tour operator segment, incoming agents were pushed by global tour operators to upgrade their coordination and destination trip planning capabilities. As competition increases, global tour operators are seeking to offer more trips at lower prices. This pressure has been pushed down the value chain to incoming agents. In response, firms in both Costa Rica and Vietnam repositioned themselves in the value chain and serve as regional tour operators in addition to coordinating in-country tours. In Jordan, the JITOA facilitated the upgrading of its tour operators, although they continue to emphasize internal rather than regional offerings.
- The IT revolution pushed all three countries to establish a web presence. In fact, marketing boards play an active role in providing platforms that are used not only to promote these countries as destinations for international travelers, but also include functions such as online reservation systems for local hotels and tour operators. In Vietnam, VNAT created an organization to maintain a web presence for the country's tourism sector. This allowed smaller local firms direct access to the market, although limited information is available regarding how successful this has been.
- The increasing diversity of international tourists with varied tastes and preferences has helped to facilitate the broadening of tourism products. In Costa Rica, in addition to ecotourism, the country now offers sun, sand, and surf; adventure; and community-based tourism. Jordan has expanded its product offerings from cultural and religious tourism to include medical and MICE tourism. And, Vietnam has had success in offering MICE products along with its more well-known cultural tourism offerings.

B. Workforce Development

The workforce development initiatives carried out in the three countries primarily supported two of the four upgrading trajectories described above: upgrading of the hotel segment and functional upgrading in the tour operator segment. Efforts to improve language skills across the sector have also been adopted, but soft skills remain a key weakness.

Hospitality training, including hotel cuisine, food preparation, wait service, housekeeping, and hotel reception training courses, stands out as a consistent workforce development initiative across all countries. Training programs include short courses; longer programs where students lived and worked in a hotel school (e.g., those provided by INA in Costa Rica); or internship programs, where students participate in short courses followed by hands-on practical training in hotels such as JITOA's program with Hashemite University's Queen Rania Institute of Tourism and Cultural Heritage. This training may or may not be certified as it is in Vietnam, where VTCB also certifies skills developed through work experience for workers who have not undergone any formal training under the APL. Although these programs helped to

facilitate upgrading in the hotel segment, in all three countries, international hotel chains also provided extensive internal training programs.

In the tour operator segments, the focus of workforce development initiatives varied more than for the hotel segment, ranging from accounting and management of tourism microenterprises to business development. Jordan stands out among the three cases for its strong focus on the skill development of tour operators. First, this is considered a professional role, and tour operators must hold a university degree. Second, training courses offered to these professionals include events management and destination management certificate programs from a leading U.S. university. Finally, tour operators had access to a training program developing business networking skills specifically for the European market (i.e., the EU-CBI program).

More generally, all three countries strengthened their foreign language capabilities, since this is an essential skill in acquiring a value-added tourism job. In Costa Rica, for example, the INA offered 25,000 scholarships in 2007 for English language training, and ACOPROT provides members with access to Mandarin Chinese, French, and Italian classes as well as English. In Jordan, the JITOA also offer English-language training for its members.

However, soft skills remain a central workforce development challenge for the tourism industry in these countries. Professional associations in both Costa Rica and Jordan began offering soft skill development courses for their members in the 2000s. Classes include communication skills, customer service, and time management. Overall, despite the needs of the industry, the response from educational institutions to develop these competencies remains weak, even in Vietnam where VTET institutions are well established. These training schools continue to focus on technical skills, including food and beverage services, housekeeping, and room preparation.

C. Institutions

The three cases provide distinct examples of institutional frameworks for workforce development: Costa Rica entered the tourism industry with a narrow framework that depended on a single public institution, the INA, to provide training; in Jordan, universities played the central role for education, although with weak direct linkages to the industry; and in Vietnam, a legacy of government control meant that all training for the industry was centralized under VNAT. Until very recently, there has been a limited response from the private sector to workforce development, with the exception of international hotel chains, which implemented their own global training programs. This may be the result of the centralized role played by the public sector with government-led industrial policies to drive industry growth through national marketing boards.

However, the effectiveness of these public sector programs varies widely. Lack of quality instructors and an overemphasis on hospitality training at the expense of other needs, particularly soft skills, undermine the success of these initiatives. INA in Costa Rica is able to teach the basics, but struggles in creating a curriculum that matches the industry's needs. VNAT in Vietnam has moved from a reactive to proactive strategy in human resource development for tourism, but faces challenges in soft skill cultivation. Jordan has actively sought assistance from international universities, multilateral agencies, and private associations to build capacity, and Vietnam has created a detailed Human Resource Development plan to outline current deficiencies and strategies for improvement.

Private sector involvement has been more limited with the exception of large international hotel chains. For local firms, on-the-job training is popular for developing staff internally in the sector; classroom-based courses are mostly carried out by industry associations and these are often supported by international agencies. In Jordan, although the JITOA is quite active in driving workforce development, many of its initiatives are facilitated by USAID. In Costa Rica, MIF-IDB and the UNDP provided important funding for training programs run by industry associations. ACOPROT, however, appears to be more autonomous financially and runs workshops, training programs, and seminars for its members and has reached out to foreign universities for support on training content. In Vietnam, even though the two lead firms, Saigon and Hanoi Tourism, have their own internal training program, public sector oversight is noteworthy and VNAT designs, develops and evaluates their curriculum.

Table 13 overlays the workforce development initiatives that correspond to tourism's key upgrading stages in developing countries.

Table 13. Workforce Development and Upgrading in the Tourism Global Value Chain

	Diagram	Workforce Development Implications	
Entry in the Value Chain		Depending on the development level of the country, the workforce takes on low- to mid-skilled positions in all subsectors. Being able to meet international customer services standards is key.	
		<p>Skills Preparation</p> <p>Short training for low skill positions and formal education for higher level jobs. Emphasis on soft skills</p>	<p>Institutions</p> <p>Private Sector Government NGO/Multilateral organizations</p>
Upgrading within the Tour Operator Segment (Functional upgrading)		Workers are trained for technical and safety requirements of excursions and guides for incoming agents have training in natural asset knowledge. Incoming agents need marketing and coordination training.	
		<p>Skills Preparation</p> <p>Formal short training and university degrees for national tour operators</p>	<p>Institutions</p> <p>Private sector Government Tertiary education institutions</p>
Upgrading within the Hotel Segment (Product Upgrading)		Workers need training in hotel services, back office, and management. There is often a lack of senior management positions, and demand for middle management and hotel services is strong.	
		<p>Skills Preparation</p> <p>Short training (formal or on-the-job) and university degrees for higher positions</p>	<p>Institutions</p> <p>Private sector Tertiary education institutions</p>
Adding Tourism Types (Product Upgrading)		Workers need to learn international standards and technical skills and they are trained according to the product.	
		<p>Skills Preparation</p> <p>Short training, university degree</p>	<p>Institutions</p> <p>Private sector Government Tertiary education institutions</p>
Adopting IT (Process Upgrading)		Workers need to apply and maintain website design and computer reservation systems.	
		<p>Skills Preparation</p> <p>Short training, technical degrees, and university degree</p>	<p>Institutions</p> <p>Private sector Tertiary education institutions</p>

Source: Duke CGGC.

D. New Global–Local Interactions

FDI in the hotel segment of the tourism value chain has been important for workforce development in all three of the countries studied by providing them with access to international clients from developed countries.³² Most global tour operators choose accommodations and rental car suppliers in developing countries that are foreign run or are higher on the luxury scale based on their ability to meet international service standards. This trend is also being followed by virtual travel agents such as Expedia.

There are both direct and indirect effects of this. First, it has a direct impact on workforce development in the hotel segment, since these hotels provide their own training programs that meet their global in-house standards. In the absence of international standards, this serves an important role in facilitating the development of international service capabilities and of soft and technical skills in developing countries that meet the expectations of international travellers. However, most staff have low level skills and upper management continues to be staffed by expatriates. There is little information on the diffusion of managerial know-how at the managerial level in international brand hotels in developing countries.

Second, foreign-run hotels indirectly foster workforce development within the tour operator segment as well. All three countries experienced hotel upgrading and tour operator upgrading simultaneously. Thus, the increased flow of international tourists to upscale hotels in developing countries has a spin-off effect for the tour operator segment. These hotels have a more rigorous approach to excursion and tour operator selection, and they require a range of characteristics such as reliability, promptness, and safety. This requires professionalization of the tour operator segments.

³² The accommodations are usually selected from among properties that meet international standards.

VIII. Conclusion

International tourism is one of the key industries selected by developing countries to drive economic growth. This service sector harnesses natural, cultural, and historical assets, offering industry diversification beyond manufacturing, agriculture, and extractive industries. It is a multidimensional industry that combines accommodation, distribution, transportation, and public service institutions. As a result, it provides a large number of direct and indirect jobs to a wide range of workers with low and high skills.

The core of tourism is human capital and it adds value largely by upgrading labor force skills. Developing countries have struggled to prepare workers with the skills demanded by international clients. Weak educational institutions, shortage of adequate trainers, and lack of awareness of international service standards make it difficult to professionalize the industry to compete globally. Large foreign hotels have established workforce development programs to align the local skills with the customer service demanded by global standards. However, the industry remains dominated by local firms that depend on their national workforce development institutions and private associations to enhance employee skills.

IX. Appendix

Table A-1. Top Global Hotel Groups, 2009

Hotel Groups	Brands	Properties	Countries
Hilton Worldwide	10 - Waldorf Astoria, Conrad, Hilton, Doubletree, Embassy Suites, Hilton Garden Inn, Hampton, Homewood Suites, Home2, Hilton Grand Vacations	3,500+	80
Marriott International	18 - Ritz Carlton, Bvlgari, JW Marriott, Courtyard, Fairfield Inn and Suites, Renaissance, Autograph Collection, etc.	3,420	68
InterContinental Hotels Group	7 - Intercontinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites, Candlewood Suites	4,503	100+
Accor Group	15 - Sofitel, Pullman, MGallery, Novotel, Suite Novotel, hotelF1, Motel6, ibis, etc.	4,100	90
Starwood Hotels & Resorts Worldwide	9 - St. Regis, The Luxury Collection, W, Westin, Sheraton, Le Meridian, Four Points, Aloft, Element.	992	100

Source: Company Web sites and 2009 Annual Reports.

Table A-2. Tourism Products in Costa Rica, Jordan, and Vietnam

Location	History & Culture	Ecotourism, Adventure	Religion	Medical & Wellness	Sun, Sand, and Surf	Community
Jordan						
Ajlun	√	√				
Amman	√	√	√	√		
Aqaba	√	√	√	√	√	
As-Salt	√		√			
Azraq and Shawmari		√				
Jerash	√	√	√			
Jordan Valley & the Dead Sea	√	√	√	√	√	
Karak	√					
Madaba	√		√			
Mount Nebo	√		√			
Petra	√	√	√	√		
Um Ar-Rass	√		√			
Umayyad Desert Castles	√					
Umm Qays	√		√			
Wadi Rum		√		√		
Costa Rica						
Central Valley—San José, Cartago, Heredia	√	√		√		√
Guanacaste—Papagayo, Nicoya		√			√	
Puntarenas—Manuel Antonio, Jacó		√			√	
Limón—Tortuguero, Puerto Viejo	√	√			√	√
Vietnam						
Hanoi—Capital	√					
Halong City	√		√			
Hue	√		√			
Danang City	√					
Nha Trang		√			√	
Dalat		√				
Ho Chi Minh City	√					
SaPa	√					

Sources: Duke CGGC based on Jordan's Ministry of Tourism and Antiquities and VNAT, 2010.

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