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# Human resources issues facing the hotel and travel industry in China

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## Keywords

Human resource management, Hotel and catering industry, Tourism management, Education and training, China

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## Abstract

There are many human resource challenges facing China's hotel and tourism industry. The key issues are: the lack of qualified staff at both operational and managerial levels, high staff turnover rates, the unwillingness of university graduates to enter the industry, and the gap between what is taught in school and college and the realities of the industry itself. The aim here is to explore these issues by interviewing industry executives and academics and via the authors' own experiences of teaching and research in China. It is hoped that these issues will be noted by the Chinese government and by industry leaders, and academics, as it will take a collaborative effort to address them.

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## Introduction

In order to address the human resource challenges facing China's hotel and travel industry, a roundtable discussion was held at Zhejiang University in conjunction with the Hong Kong Polytechnic University International Executive Development Center. Participants from hotels, travel agencies, and academic institutions attended the discussion. The theme for the roundtable discussion was "Human resource challenges facing the hotel and travel industry in China". The discussion was led by Dr Hanqin Qiu Zhang, associate professor and co-ordinator for the China MSc in the School of Hotel and Tourism Management, Hong Kong Polytechnic University. More than 20 representatives actively participated in the discussion. A profile of the participants is provided in Table I.

## Hotel perspectives

It is agreed among all the parties consulted that there are many human resource challenges facing China hotel's industry. The participants pointed out that there is a shortage of human resources and therefore it is very difficult to recruit qualified personnel to fill vacancies. A few years ago, if a hotel had 300 vacant posts, there would be some 3,000 applications. But now, if a hotel has 300 vacant posts, there are likely be around 200 applications. This is due to the rapid increase in the number of hotel properties in China and the related rise in demand for employees. In the 1990s, many young people with a good education background in China believed that hotels provided a good working environment and higher than average salaries. It was comparatively easy for hotels to recruit high calibre staff with a positive attitude to service during that period. But now, the hotel industry's social position has been undermined by negative publicity and the globalization of emerging industries such as IT and banking. The current reality is that young people with good educational qualifications will tend to consider working for those industries which offer better paid positions and benefits. The poor financial situation in the hotel industry means that most hotels cannot meet their expectations.

As employees are less well qualified this tends to further undermine service standards, especially in 4 and 5 star hotels. The main reasons for this are as follows. First, the local human resource shortage has forced hotels to recruit employees with lower educational attainments from undeveloped regions such as rural areas. In general, these employees are more difficulty to train due to cultural barriers.



**Table I** Profile of the participants

No./Job title	
<b>Hotels</b>	
1 Director	Shangri-la Harbin
2 Manager	Grand Hyatt Shanghai
3 Asst Manager	Radisson Hangzhou
4 Deputy General Manager	Courtyard Shanghai Pudong
5 Manager	Jinling Resort Nanjing
6 Deputy General Manager	Holiday Inn Hangzhou
7 Front Office Manager	Xindu Hotel Hangzhou
8 Chairman	Tianma Hotel Management Company Hangzhou
9 Asst Manager	New Century Hotel Shenzhen
10 Dir. of Sales and Marketing	Continental Hangzhou
11 Manager	Zhejiang Hotel
12 Asst Manager	Huaxia Hotel Xiamen
13 Human Resource Manager	Jinling Hotel Nanjiang
<b>Travel agencies</b>	
14 Manager	Zhejiang Oversea Tourism Company
15 Manager	Beijing Tiandi Travel Agency
16 Deputy General	Zhejiang International Tourism Company
17 Manager	Zhejiang Youth Travel Agency
<b>Universities</b>	
18 Teacher	City College, Zhejiang University
19 Teacher	Jiangxi Finance and Economic University
20 Teacher	City College, Zhejiang University
21 Teacher	Zhejiang Commerce Vocational School

Second, as there are too few suitable and qualified candidates, hoteliers have had to promote employees before they are ready to take on supervisory and/or managerial responsibilities. Third, as noted above, hotels cannot generally offer competitive salary and benefit packages for their employees due to the fact that many hotels are not trading profitably. Further, most line employees have been recruited as needed and available and they tend to lack practical experience and a positive attitude towards service roles. It is also apparent that the current young generation sees hotel work as a gateway to a job in a "higher status" industry rather than as a life-time career commitment.

Coupled with the above, it is difficult to recruit qualified human resource managers. Most who are currently employed in this role lack the experience of designing an integrated human resource system. This further undermines the hotel industry human resource situation as the ethos of professionalism in management methods and approaches is not well established. Hotel staff turnover rates are increasing and some well-known hotel brands (such as Shangri-la and Holiday Inn) are responding by operating their own training centres. This development is greatly welcomed as it advances the concept of training and career development in a way that benefits the industry,

employers and employees in equal measure. However, the problem here is that managers who have completed advanced training tend to use this to secure a higher salary and/or better work environment elsewhere. Well-trained hotel managers or supervisors with good English language and management skills are very much welcomed by banks and other organizations. In part, this is the reason why those running newly opened hotels are unwilling to invest in developing their employees and where possible, they will recruit pre-trained and experienced staff. The Chinese hotel industry is growing at a rapid pace. For example, more than ten, star-rated hotels will open prior to the 2006 world leisure EXPO in Hangzhou. This will make the current situation even worse. The managers themselves, view this as a serious problem. In order to solve it, some retention strategies have been developed. One example is based on the principles of succession planning. Here, as soon as one staff member is promoted, his successor is selected. Some hotel companies are looking at life-time career planning as a means of retaining their best managers.

The industry representatives at the roundtable said that government is not giving sufficient priority to human resource development, though a personnel education department has been set up in the tourism bureau. The department offers an annual schedule of training programmes for heads of departments and general managers, but most think these are superficial and ineffective. Representatives felt that on-going local government sponsored training is needed and that if this is to be effective, it needs to be systematic and well organized.

The roundtable consensus from industry representatives is that graduates from the hotel schools and universities lack "hands on" experience and a positive attitude towards service. Most graduates are dissatisfied with pay, supervision, working conditions, training and the team environment (among others). Further, experience shows that degree holders rapidly move on – typically within several weeks of being appointed to a hotel role. Graduates feel undermined by their supervisors (who are unlikely to be skilled, on-the-job trainers or experienced in motivating their team) and claim that they cannot readily see a career path from hotel operations through to managerial roles. As morale and motivation levels are low, the consensus is that these are key contributory factors to the high employee turnover levels.

Some argue that the "one-child" policy in China has an unfavorable influence on the new generation. Industry representatives felt that in general, they do not possess the ability to adapt to

the pressures of the work environment because they are unused to hard work and long hours in the hotel. For historical reasons, most current senior supervisors and managers in the age range from 30-40 graduated from middle school and did not have the opportunity to continue on into higher education. Newly recruited undergraduates are under their supervision. This causes resentment because the former place greater emphasis on practical experience whereas the latter value the insights that higher education has given them.

Some agree that high calibre staff should be paid accordingly, as without improvements in pay and benefits packages, it is almost impossible for hotels to recruit good staff. But unfortunately, most hotel general managers are employed on short-term contracts and they are required to pay more attention to reducing labour costs than developing qualified people so as to secure profitability during his/her contract period.

Expatriate managers occupy the majority of managerial positions in China's international hotels. Most Chinese managers lack the opportunity to progress, despite the fact that they might be qualified for advancement. Some complain that training programmes are too operations oriented and that supervisory and managerial training is rarely given to local employees.

## Travel perspectives

All industry representatives felt that the travel agency sector will face a serious human resource shortage in the near future and that the shortage of high calibre employees will have a long-term impact. In China, the travel sector has been plagued with high turnover, particularly, among tour-guides and middle-level managers and so succession issues are a serious concern. Further, retention strategies have not been developed to tackle the problem. As with hotels, some travel agency managers complain that there is no career advancement training available to them, as general management see cost reduction as a higher priority. Aside from the retention issues, this type of short-term thinking is the cause of resentment and job dissatisfaction.

Adding to the problem, is the difficulty in recruiting people to work in travel agencies in the first place. The travel agency sector has difficulty in attracting young graduates in English and Tourism for the following reasons. Historically (up to 20 years ago) international tour guiding was viewed as a good choice for graduates, as a guide's monthly salary averaged 100 RMB – similar or higher in comparison with other industries. Today, a guide's

monthly salary is between 400-500 RMB, which is low in comparison with average income levels. Even with commissions, the average total monthly income is around 1,000 RMB. Most qualified international guides graduate with a Bachelor's degree in English or Tourism. Thereafter, it is easy to secure a job in banking, IT or commerce, with a monthly salary ranging from 2000 RMB to 3000 RMB. This situation means that tour guides average two to three years at most in the travel industry before they secure a job elsewhere.

As with hotels, travel agencies find it difficult to retain employees. There are a number of reasons for this. First, the travel agency businesses tend to operate at the lowest possible cost. If a tour guide leads a group one day, he/she is obliged to pay the travel agency per person fees the following day (this is known as the *rentou* fee system) and it contributes to high tour guide turnover. Second, most tour guides and travel agency managers describe their work as "routine", with limited career development prospects. Third, the average age of general managers of international travel agencies is around 50 years old. Although they typically have a good educational background, the majority do not engage in personal, professional development. Yet it is essential for them to improve their knowledge and skills and/or adjust their managerial strategies to suit the current situation, as China has changed dramatically over the past 20 years. It is pointed out that the average size of travel agencies is diminishing and employees are worried that this will affect sector development in the long run. This is a key reason why travel agency work is not viewed as a lifetime career, but as a stepping stone to something else.

Finally, industry representatives agreed that travel agents are likely to face a difficult future in China, not least because the Internet has become a convenient and cost-effective vehicle for tourism product distribution, guest communications, information delivery and commercial transactions.

## University perspectives

Academic representatives are concerned that a high proportion of students who are majoring in tourism and hotel management do not want to work in this industry. Teachers report that most students are unclear about their futures, having opted for the tourism and hotel management courses because:

- it was easy to gain entry to the course (educational prerequisites were lower than for other subjects);
- it is easy to find a job after they graduate;

- hotels are perceived as offering a nice working environment; and
- parents guided them to this particular career path.

Most of them knew very little about hotels and tourism before they entered college and many of them experience a “reality shock” when they find out more about hotel operations, especially when they learn that they must start their careers in operative roles. Arising from this, most teachers say that their graduates will not apply for jobs in hotels.

Some university teachers feel that it is unnecessary for an undergraduate with a BA degree to start their hotel career at the most junior level. It is also felt that most students find it difficult to adapt to the working environment, especially in the first six months. For most graduates, the initial two to three years of hotel work is hard and they are not able to endure it. Some university teachers feel that very little care and attention is given by hotel management to the graduates that they have recruited. Further, most hotels do not provide management training programmes or on-going career development support. In short, most graduates resign because they are ill equipped to cope with the pressures they experience.

The concept of staff empowerment has yet to be adopted in China, although there are tentative steps being made in this direction. Currently, a local brand hotel management company has determined that greater employee empowerment should appeal to the staff and so line employees can make any decisions involving guest satisfaction up to a cost of 20 RMB.

Since the 1990s, an array of Chinese universities and colleges have offered degree courses in hotel and tourism management, and some Master's degree programmes are well established. However, the calibre of faculty is not sufficient to meet the education requirements. There are a number of reasons for this. First, most faculty members in tourism departments are subject specialists in history, statistics or geography, with no formal hotel and tourism training or exposure. When they deliver lectures, they typically read from a text book. Second, higher level qualifications among faculty (at master's and doctoral levels) are very limited.

There is some involvement and investment from industry and commerce in China's tourism colleges but there are problems here too. First, local government imposes some restrictions on educational investment. Second, it is very difficult for private colleges to recruit a qualified dean with both strong academic and industrial experience.

## The industry's expectation of education

All the roundtable representatives agreed that the colleges and universities are currently unable to meet the industry's expectations for the following reasons. First, tourism students lack orientation before they start their courses. Furthermore, in the first year, all subjects are basic ones, like English, Mathematics, Chinese, Politics, Economics and Party history. The students only start their major courses in the second and third years. But most of the specialist materials are outdated and teaching faculty are not able to develop better teaching materials due to the constraint of resource limitations. In the fourth grade, students commence internship programs in hotels and travel agencies. But these internship programs are not sufficiently well designed in order to integrate the needs of industry and education.

Second, qualified teachers are rare and most teachers are short of practical experience. That is mainly why they deliver their lectures by reading from text books. There are very few case studies used in the classroom and faculty could do much to improve both academic and practical skills.

Third, it is suggested that the universities, colleges and other hotels schools should build more links with the hotel and travel industry. For example, the education sector might invite more industry representatives to give guest lectures, so that they can share practical experiences and skills with the students. Further, the views of industry representatives might be actively sought when designing curriculum and course structures. An advisory board of industry professionals would help to ensure that the curriculum reflects industry “best practice”. In addition, academics should seek to collaborate with industry on applied research and consultancy projects which would benefit the whole community in the long run. Where possible, students should be encouraged to participate in educational visits to hotels and travel sector operations. This will help them to better understand the practical realities of the industry and employer expectations of graduates.

## Summary

Several conclusions can be drawn from this focus group study. First, although China's hotel and tourism industry is developing rapidly, it seems that human resource challenges are having a negative impact. The major challenges are employee retention, human resource shortages, shortages of qualified managers and the expectations gap between education and industry. Second, China's travel agency sector is facing

serious human resources problems. Retention strategies are urgently needed, although it is not seen as the top priority by general managers. It is felt that national and provincial tourism administration should be involved in helping to resolve this problem in the short term. On-the-job training needs to be organized for travel sector managers and supervisors and provisions made for succession planning. Third, there is a significant expectations gap between tourism educators and the industry. Industry executives and managers are not satisfied with the performance of graduates.

This situation is made worse by the fact that the industry does not appeal to graduates as a career choice. The challenge then of narrowing the gap is a strategic problem that needs the attention of all stakeholders, and especially industry, academia and government. The current curriculum is old and outdated and inputs from industry-based advisory panels are urgently needed, especially as high calibre educators are rare. Finally, more needs to be done to help educators to enhance their own skills and experiences both of the industry in China and internationally.