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Review of Hotels' Human Resource Strategy during COVID-19 in Myanmar

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1. INTRODUCTION

The global spread of COVID-19 has drastically impacted tourism and hospitality sectors around the world, with hotels, international aviation, tour operators, cruise lines and other related industries struggling due to declining tourist numbers. Myanmar's formerly booming tourism industry has not been exempted from the unprecedented impact of the pandemic. The number of tourists entering the country has plummeted by 55%, from over 1.8 million in January to May 2019 to only 800,000 during the same period in 2020. Impacts are predicted to be heavily felt by the sector, which largely relies on international tourists over the tourist season (October - March). According to the World Tourism Organisation (UNWTO), 100 million jobs are at risk worldwide. Tourism in Myanmar employs approximately 500,000 staff directly and 802,000 indirectly and Myanmar's Ministry of Hotels and Tourism has stated that over 100,000 hospitality workers have been impacted and will continue to face an uncertain future.

Since 2014, Swisscontact's Vocational Skills Development Program (VSDP) has implemented vocational skills training to 7,750 learners and line staff in 199 partner hotels to contribute to increasing demands for qualified hospitality workers. The COVID-19 crisis is likely to lead to changes in hotels' human resource strategies, and the sector at large. These changes are likely to have implications on the vocational skills training offered by the VSDP.

Uncertainty surrounds the future of the hotel industry in Myanmar, but until now no founded research has been conducted to underline various assumptions with data. In order to further understand the short- to medium-term implications of the pandemic on Myanmar's hotel industry - and more specifically its human resources - the VSDP is conducting two surveys - the first survey was launched on 30 June 2020 and the second survey will be launched at the end of the year. The surveys also aim to analyse the post COVID-19 training and delivery needs in order to develop suitable modules to support the hospitality industry during this unprecedented crisis.

¹ Source: World Travel and Tourism Council (WTTC), Economic Impact Report 2017

HIGHLIGHTS

- In April 2020 over 60% of hotels had to cease their operations and in June, almost 40% of hotels were yet to reopen.
- Business expectations have drastically declined, with 87% of hotels stating that their expectations were worse than budgeted pre COVID-19.
- 5% of staff (managers, supervisors and line staff) continued receiving full pay throughout April and June 2020. Out of the remaining 75%, the majority had to take mandatory partial unpaid leave, were laid off, furloughed, or receiving a monthly COVID-19 remuneration fee.
- 13% of hotels will reopen with a reduced number of managers, 12% with a reduced number of supervisor, and 23% with a reduced number of line staff.
- 82% of the hotels stated that they will at least for now refrain from decreasing salaries.
- 94% of the hotels consider the staff engagement as key to maintain the staff and try to keep them engaged with the hotel until they will be fully open again.
- 37% of hotels consider 'New Normal' skills (health and safety, hygiene, and food safety) as most important and 17% behavioural skills related to the 'New Normal'.



2. APPROACH, METHODOLOGY & SAMPLE

The survey included 256 participating hotels from around Myanmar, answering 21 questions designed to understand the impact of the pandemic on hotels' human resources. The data collection took place between 30 June and 9 July 2020. All data was collected confidentially, and the survey will not review individual hotel's responses.

Data was collected through online surveys prepared in English and Burmese using the software Kobo Toolbox, as well as direct interviews via telephone conducted by twelve of Swisscontact's master instructors and one experienced hotel manager. This gave the survey the scope and ability to collect data from around the country, including more remote areas.

The hotels surveyed were from ten tourism destinations. The results have been reviewed per destination and by hotel type – individual hotels with more than 20 rooms, local branded chain hotels and international branded hotels to gain a comprehensive picture of the industry. For the purpose of the survey, international hotel chains will include all hotels that are associated with an international brand and are linked to a global head office, local hotel chains will include all hotels that operate countrywide (only in Myanmar) under the same brand. Locally owned individual hotels are entities owned by private individuals or companies based in Myanmar and have typically no connection to other hotels. The responses received reflect the opinions of the owner and their management.

While this survey aimed to be as evidence-based as possible, some limitations should be noted. Firstly, some respondents showed an initial reluctance to openly discuss salary and wage structures in their hotels. To counter this hesitation, it was emphasized that this survey was strictly confidential and individual answers would not be shared with anyone. The second limitation was a language barrier. While online surveys were provided in both English and Burmese, it was up to the respondents to decide which they preferred to use, and a (very limited) number of the responses received made it clear that the question was misinterpreted or not understood as intended. Thirdly, the sheer uncertainty concerning COVID-19 and its effects on the global tourism and hospitality industry need to be taken into consideration.

² Hotels included in the survey included most partner hotels and the hotel chain partners of the VSDP as well as other locally owned individual hotels as well as hotels belonging to international hotel chains.

Approximately 13% of all registered hotels in Myanmar participated in the survey (256 out of the 1,984 hotels operating in Myanmar in 2019 according to data of the Directorate of Hotels and Tourism), therefore providing a representative picture of the situation in the country at large. It is in this context that the VSDP will conduct a similar survey with the same hotels at the end of the year to analyse the progress and long-term effects of the pandemic on Myanmar's hospitality industry.

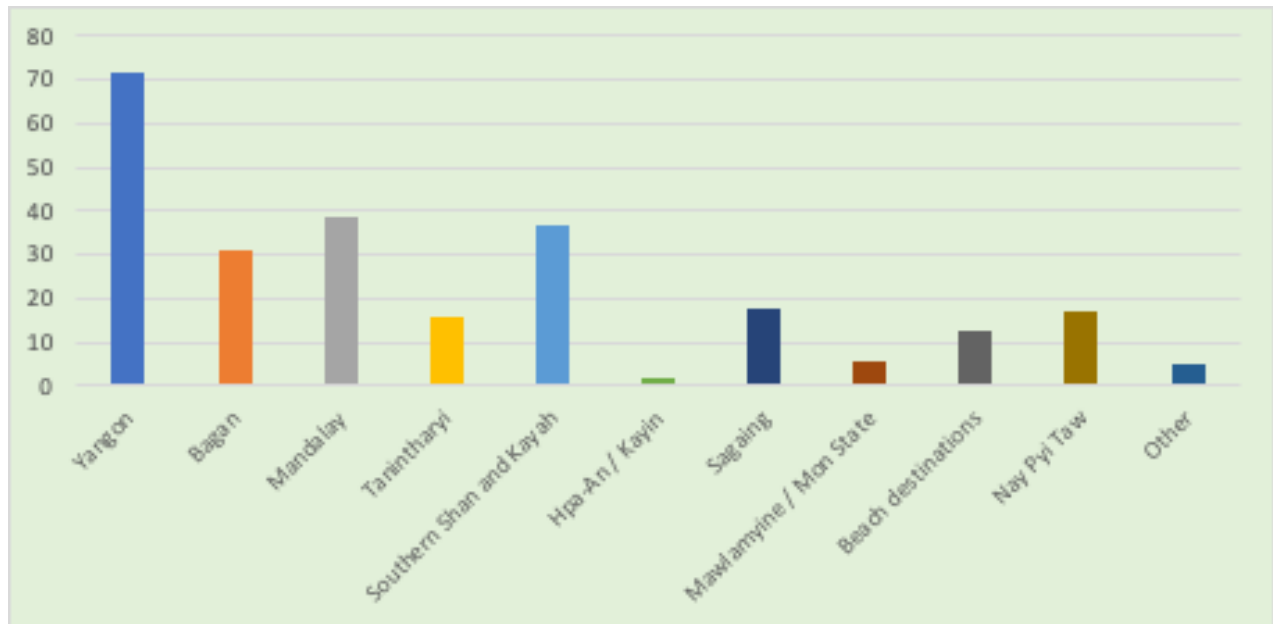
The valuable data and insights are intended to be used by the VSDP, by the Ministry of Hotels and Tourism, associations, other donor-funded projects, and others involved in the sector.

Thank you to the 256 respondents who
took the time to complete the survey,
your contribution to the recovery of
the hospitality sector is much appreciated.

³ Hotels included had 25 rooms and above.

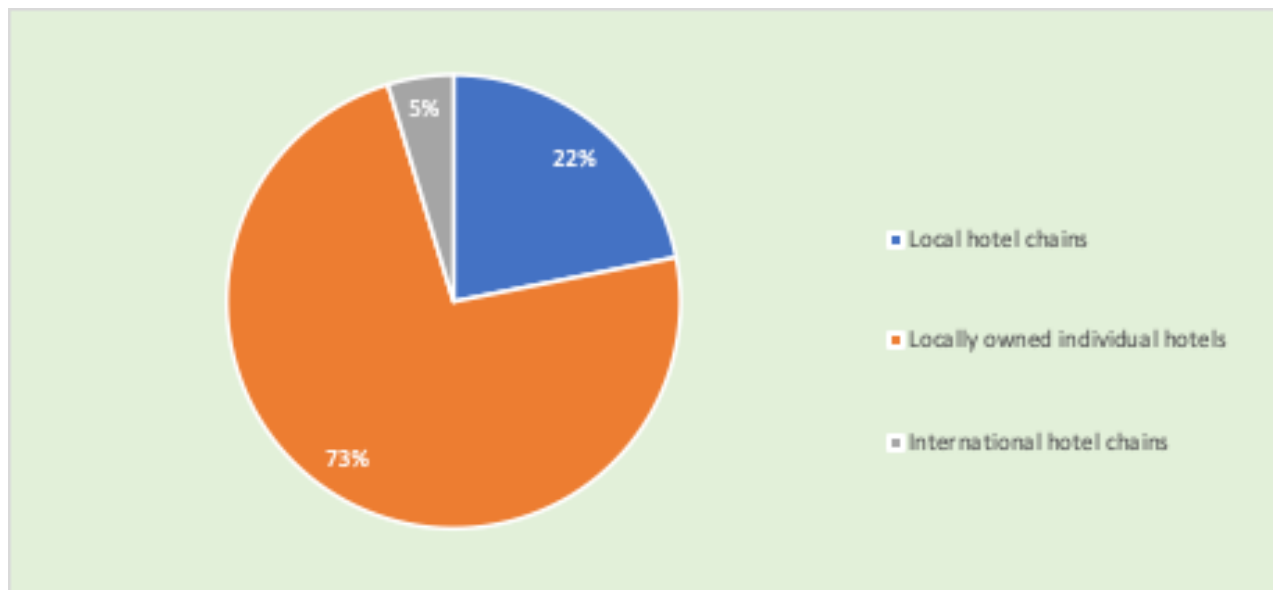
3. PROFILE OF HOTELS THAT PARTICIPATED IN THE SURVEY

Figure 1: Locations of Hotels that Participated in the Survey



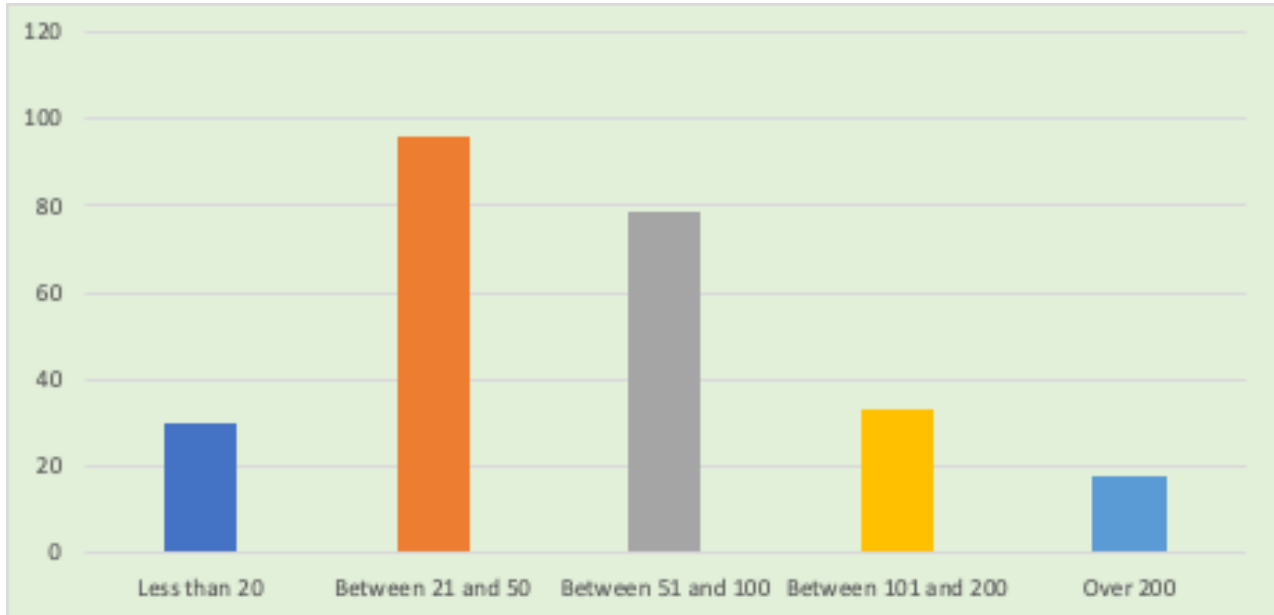
In order to provide representative picture of Myanmar’s hospitality industry, the responses were collected from hotels in all mature tourism destinations (Yangon, Bagan, Mandalay and Nay Pyi Taw) as well as some emerging destinations in Myanmar. The survey includes results from over 70 hotels in Yangon, as well as a high number of responses from other destination including Mandalay, Southern Shan and Kayah, and Bagan. The category ‘Beach destinations’ refers to Ngapali, Ngwe Saung, and Chaung Thar, and the category ‘Other’ includes responses from Myitkyina in Kachin State, Pathein in Ayarwaddy region, and Kanpatlat in Chin State.

Figure 2: Participating Hotel Categories



As can be seen in Figure 2, the majority of hotels that participated in the survey were locally owned individual hotels (73%), followed by local hotel chains (22%), and international hotel chains (5%). This represents the situation in the country at large, where international chain hotels are still a minority, and the majority of hotels are locally owned individual hotels.

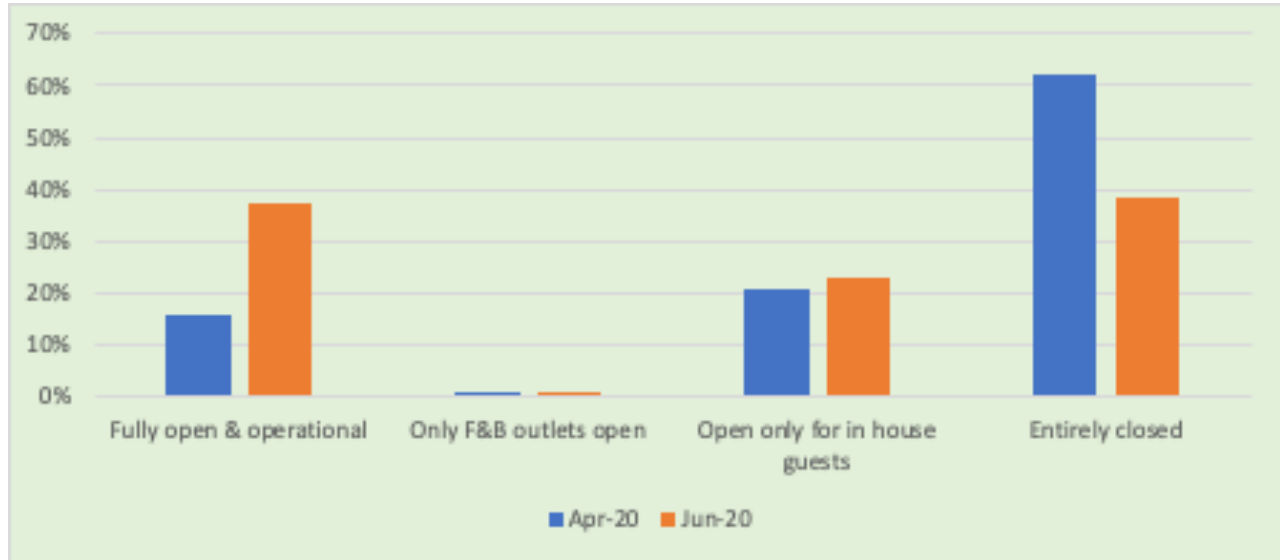
Figure 3: Number of Employees Before COVID-19 (December 2019 – March 2020)



As Figure 3 shows, almost 70% of hotels had between 20 and 100 employees. There are no official statistics available in Myanmar to categorise the hotels by the number of employees they have.

4. CHANGES IN THE STATUS OF HOTELS RESULTING FROM COVID-19

Figure 4: Status of Hotels in April 2020 Compared to June 2020



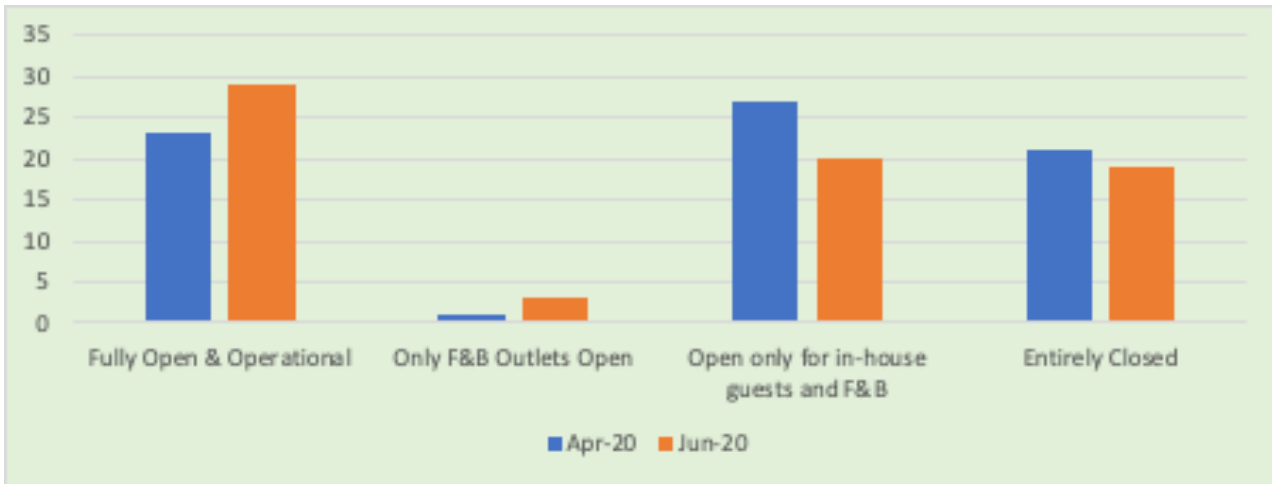
Over 60% of hotels noted that they were entirely closed in April 2020 as a direct response to COVID-19.

Figure 4 shows that a slight recovery can be noted towards June, with the number of hotels entirely closed decreasing from 62% to 38%, and the number of hotels fully open and operational increasing from 16% in April to over 35% in June. Some hotels noted that while they have not reopened all rooms due to a lack of tourist numbers, they have still resumed all usually available services, albeit on a smaller scale. Only 6 of the hotels chose to open only their F&B outlets.

Some of the participating hotels noted that their decision to reopen hotels was reliant upon the international flights being allowed to enter Myanmar again. This will be further reviewed at the end of the year.

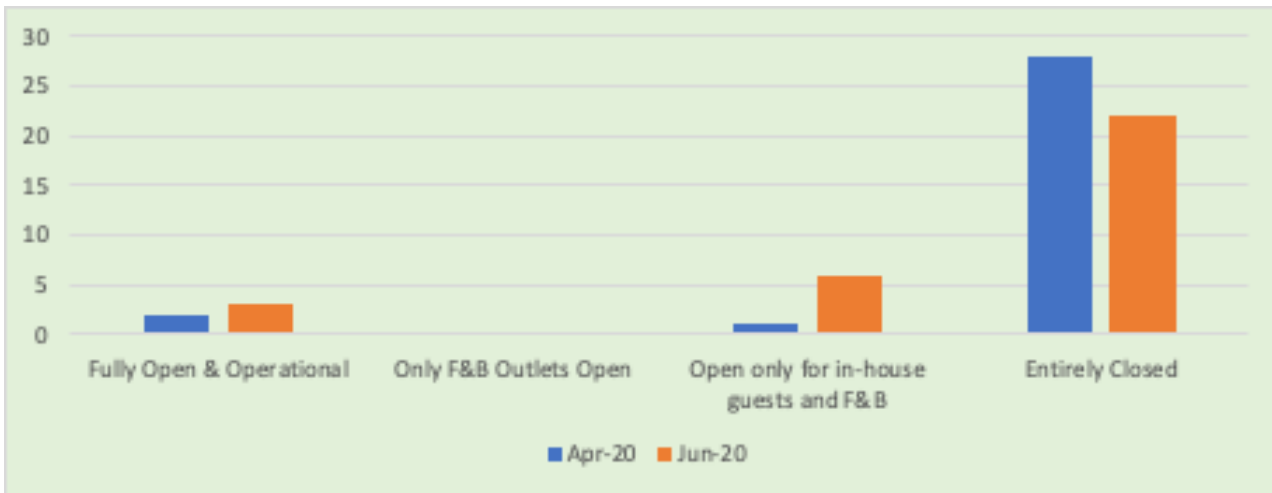
The following graphs will provide further information on the status of hotels in April compared to June according to the hotels' location.

Figure 5: Status of Hotels in Yangon in April vs. June



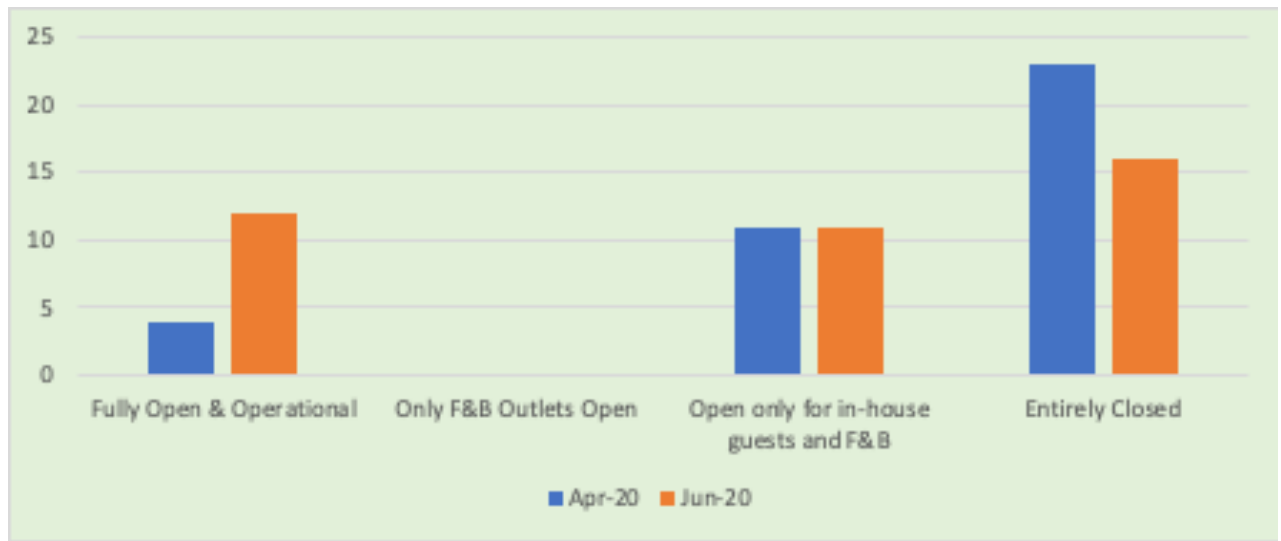
According to our survey, 31% (23 of 72) of the hotels surveyed in Yangon stated their status as fully open and operational in April. When compared to other destinations, a relatively high number of hotels appear to have remained open throughout the pandemic. Yangon has seen a slight increase in hotels operating as fully open and operational in June when compared to April.

Figure 6: Status of Hotels in Bagan in April vs. June



As shown in Figure 6, the proportion of hotels that were entirely closed in Bagan in April was relatively high at 28 out of 31 hotels. While this number declined slightly, 71% of hotels remained entirely closed in June.

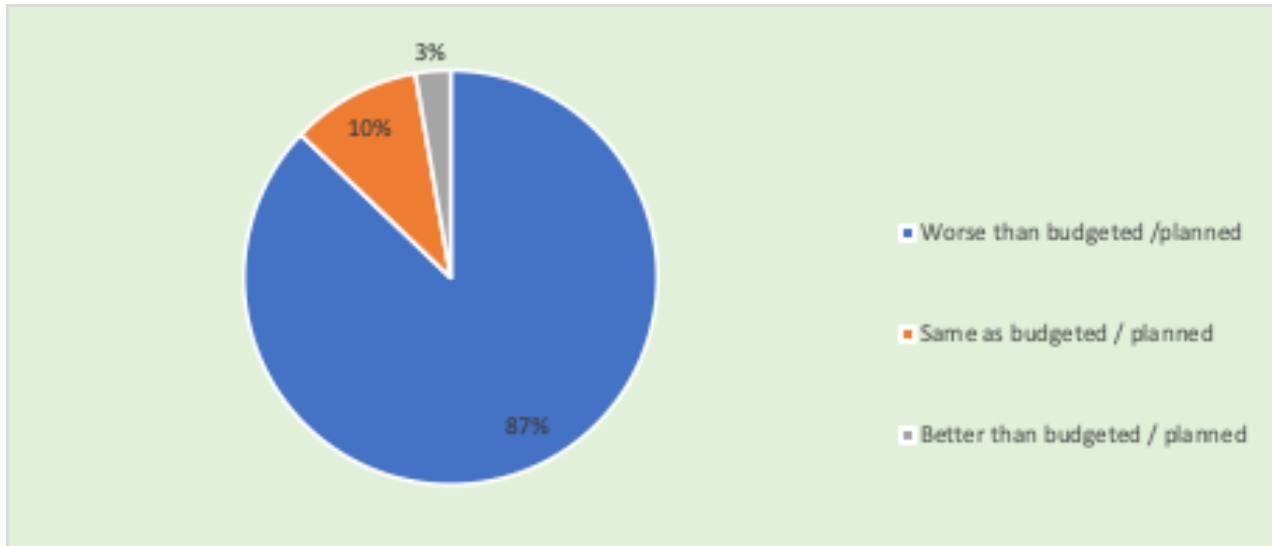
Figure 7: Status of Hotels in Mandalay in April vs. June



Out of the 38 hotels surveyed in Mandalay, over 60% stated that they were entirely closed in April. This number decreased to around 40% in June. The number of hotels fully open and operational increased from 4 to 12 between April and June.

5. BUSINESS OUTLOOK FOR THE REST OF THE YEAR

Figure 8: Change in Business Expectations for July - December 2020 Compared to Pre COVID-19 Expectations



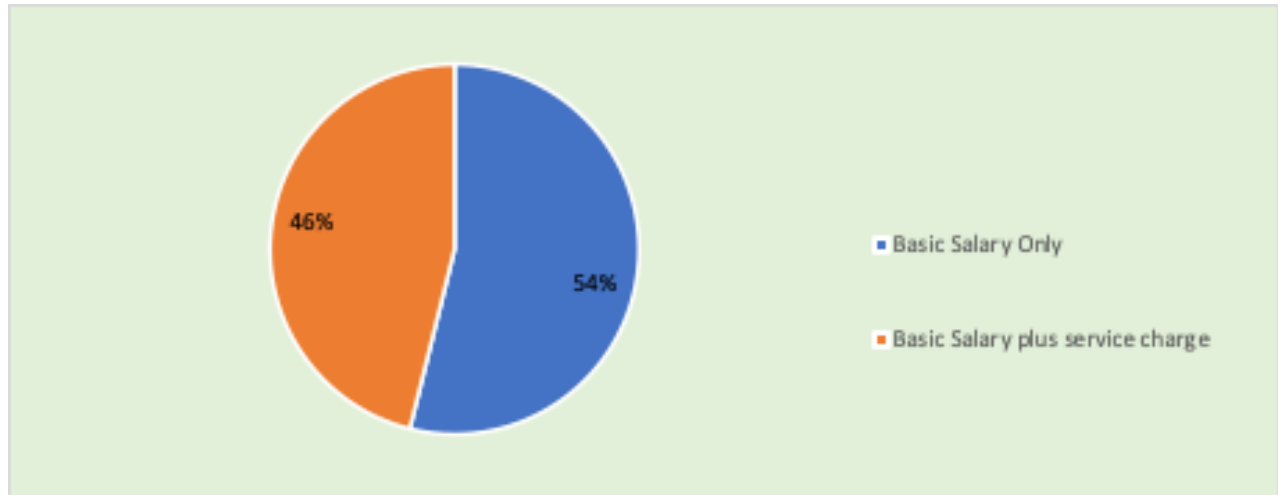
It may come as no surprise that business expectations for the year have drastically deteriorated for the remainder of the year 2020, with 87% of hotels stating that their expectations were worse than budgeted following the outbreak of the pandemic.

Interestingly, seven of the hotels in Yangon surveyed noted that their business outlook for the remainder of the year was better than expected. One possible explanation for this could include that these hotels were classified as quarantine hotels, or areas which have seen an increase in domestic travel due to restrictions to international movement.

The majority of the hotels have stated that their business outlook strongly depends on the relaxation of movement restrictions within the country as well as on the opening of the international airports in Myanmar.

5.1 HUMAN RESOURCES STRATEGY AND REMUNERATION OF EMPLOYEES

Figure 9: Normal Salary Structure in Hotels

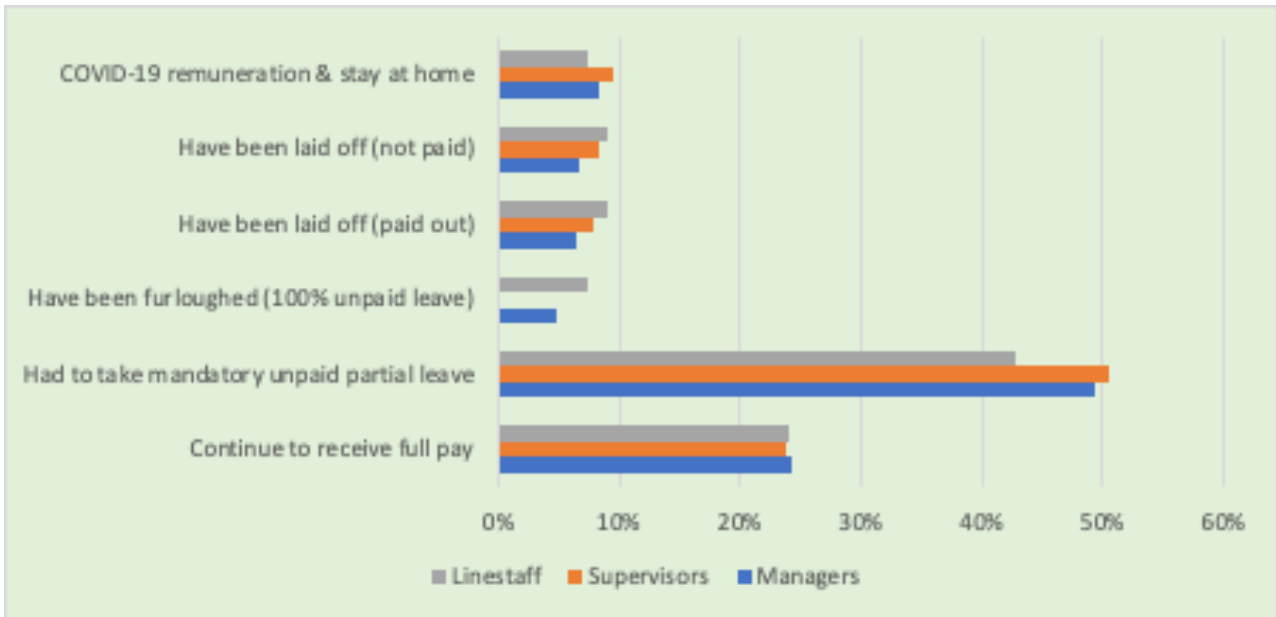


According to the survey, roughly half of the hotels surveyed have adopted the internationally common system of basic salary and service charge, which means that as well as receiving an agreed salary, full-time employees receive an extra amount based on hotel revenue.

Therefore, with the basic elimination of international tourism in Myanmar, it can be expected that the service charge received by employees in hotels which depend on international business travel and foreign tourists will be low until movement restrictions are lifted and international flights are reopened. During tourist season in Myanmar, this service charge can make up a large percentage of employees' incomes, so the decline in tourism will almost definitely lead to a large reduction in income, even though workers might still technically be receiving full pay. Anecdotal evidence suggests that the service charge can result in 50% more income in the low season (May - September) and up to 100% in the high season.

6. HUMAN RESOURCE RESPONSE TO COVID-19

Figure 10: Hotels' Responses to COVID-19 in Terms of the Majority of their Human Resources



In line with their decision to close hotels during the months of April and June, it may appear logical that most hotels have enforced unpaid leave plans for their employees. However, it can be positively noted that around 25% of hotels have continued paying the full salary of their managers, supervisors and linestaff. In contrast, other hotels have chosen to provide a monthly COVID-19 remuneration fee to their employees, which helps to retain the staff and support their basic needs. A few hotels mentioned while they had not continued paying their staff's wages, they had nonetheless provided in-kind contributions (such as rice and other food items) for them.

Predictably, a higher percentage of managers and supervisors remain on mandatory partial unpaid leave and receive COVID-19 remuneration and stay home when compared to line staff, while more line staff were laid off (paid and unpaid) and furloughed than managers. Approximately 25% percent of line staff have been either laid off or furloughed while only 16% of management staff fall under this category. This indicates that a high number of skilled individuals, particularly line staff, will be seeking employment during the coming months.

Figure 11: Hotels' Responses to COVID-19 for Managers

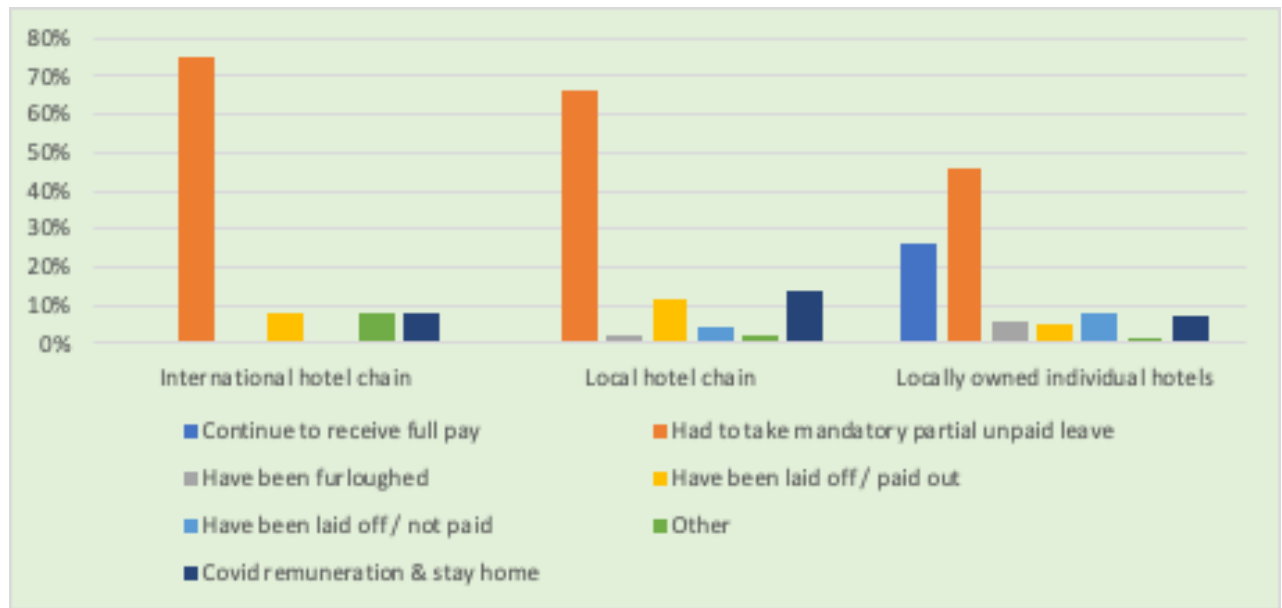


Figure 12: Hotels' Responses to COVID-19 for Supervisors

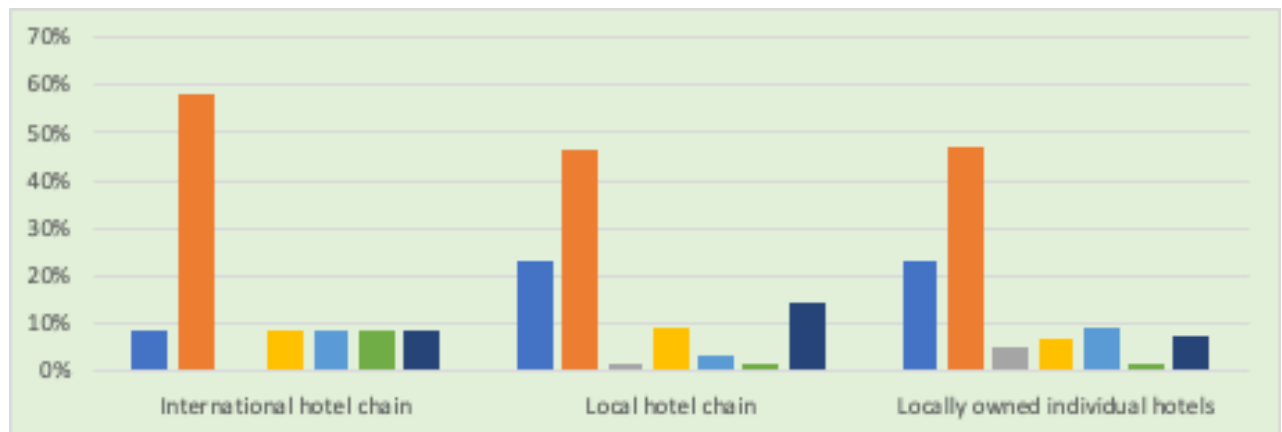
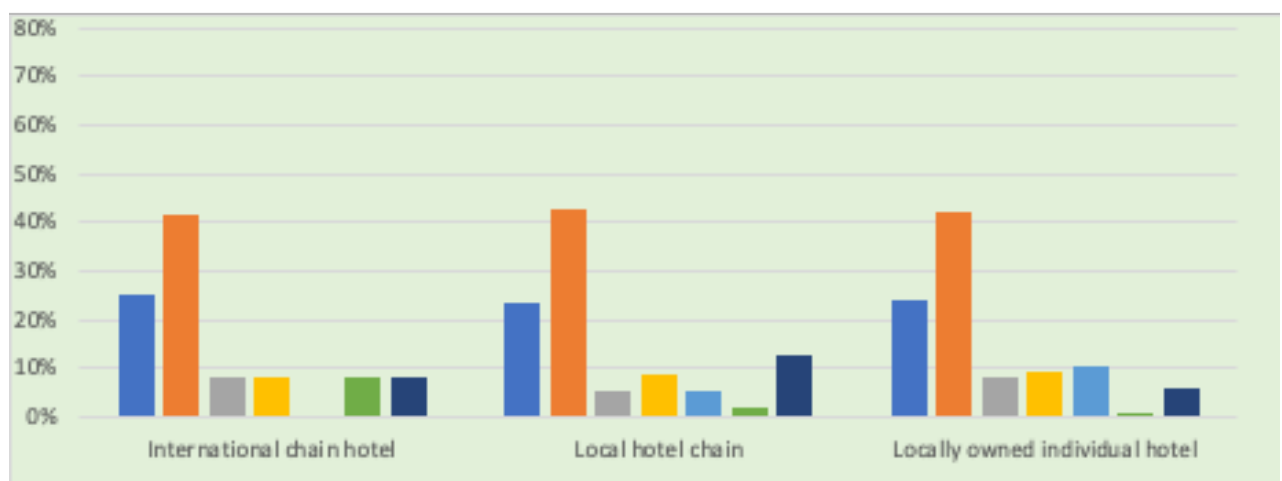


Figure 13: Hotels' Responses to COVID-19 for Line staff



For international chain hotels, it can be noted that while some line staff and supervisors continue receiving full pay, no managers do. International chains also appear to be fairly considerate to the lower ranked employees in the sense that, according to the replies received, no line staff were laid off without receiving any payment.

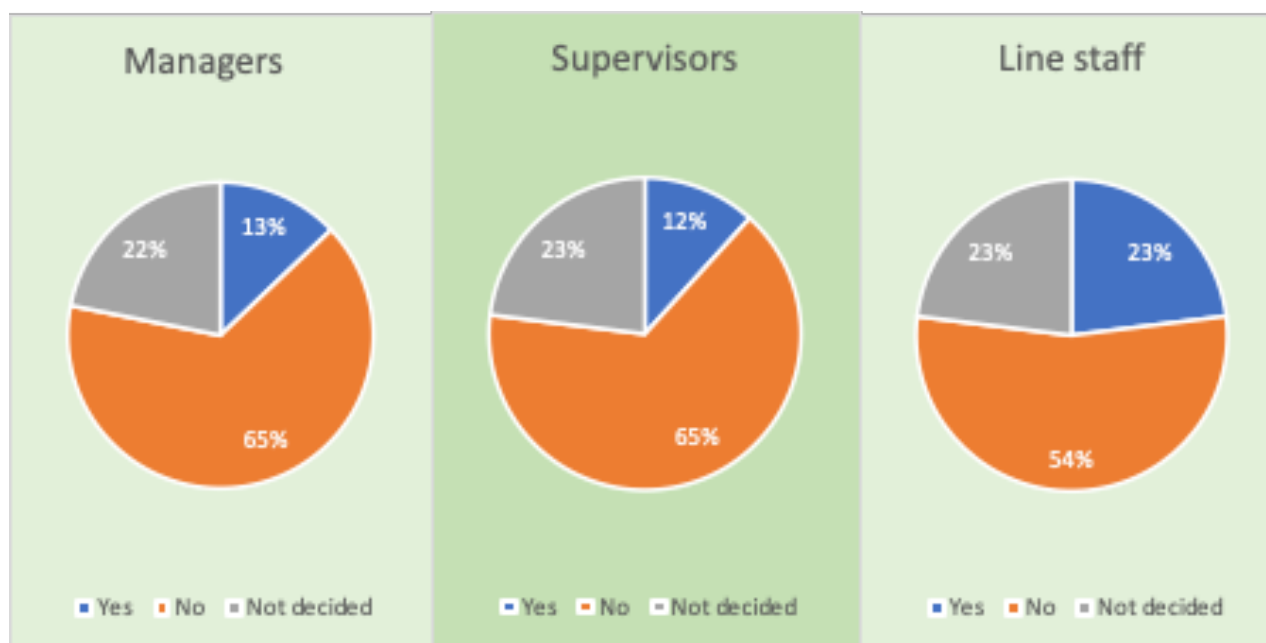
According to the data collected, very few managers continued to receive full pay, with the large majority of managers, supervisors and line staff put on mandatory partial unpaid leave. In over 20% of hotels, supervisors and line staff continue receiving full pay.

Locally owned hotels appear to follow the same response for all their employees when comparing the hotels' responses in terms of the majority of their human resources to the COVID-19 crisis. This could be related to their lower salary differences between the ranks when compared to chain hotels.

On a positive note, in all three categories, the percentage of line staff that continue to receive full pay or are required to take partial unpaid leave, therefore continuing some form of employment, is around 20% and 40% respectively. This gives the impression that while most hotels have had to react to lower tourist numbers through a reduction in staff, many hotels appear to make an effort to look after their employees.

7. FUTURE STAFF PLANNING

Figure 14: Plans to Reopen with a Reduced Number of Managers, Supervisors and Line Staff



As Figure 14 demonstrates, as of July 2020 only a slight majority of hotels are not planning on reducing their number of employees when they reopen. At 54%, this number is slightly lower for line staff, suggesting a lower job security for line staff workers in the coming months. However, 13% and 12% of hotels have already decided to reduce their numbers of managers and supervisors respectively when reopening, while 23% have stated that they will reduce the number of line staff. Around 22% are still undecided regarding the reopening of their hotel with reduced numbers, for managerial, supervisory and line staff positions alike. However it appears certain that the crisis will force most hotels to look at their work procedures and efficiency to remain profitable in the long run.

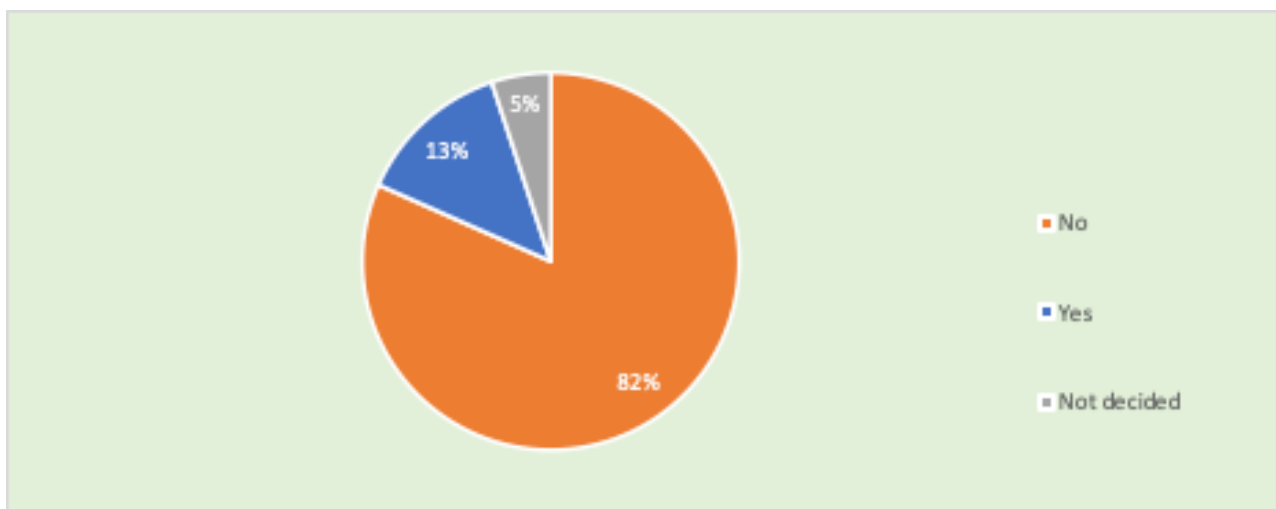
In combination with the response to this question, it can be concluded that a high number of qualified and trained hotel employees will be available on the market and seeking employment in the coming months. In addition to this increase in the supply of skilled employees available, Myanmar is experiencing a high number of returning migrants who have until recently been working as hospitality employees in Thailand, Dubai and other countries, as well as cruise ships, but have had to leave due to various circumstances surrounding COVID-19. Due to some of these returnees using unregistered border crossings and unreliable data collection methods, the exact number of returnees and their skillsets remains unknown.

This will further increase the supply of skilled workers seeking increasingly scarce employment opportunities. It is likely that, when reopening, hotels will react to this increase in skilled labour supply by:

1. Lowering their wages / salaries as a result through increased competition.
2. Hiring higher skilled individuals at current wage / salary levels.

In combination with the general response, it can be concluded that, post COVID-19, many qualified and trained hotel employees will be available on the market and seeking employment, while in parallel the number of job opportunities will be substantially reduced.

Figure 15: Hotels' Plans to Reduce the Salaries of Individual Positions



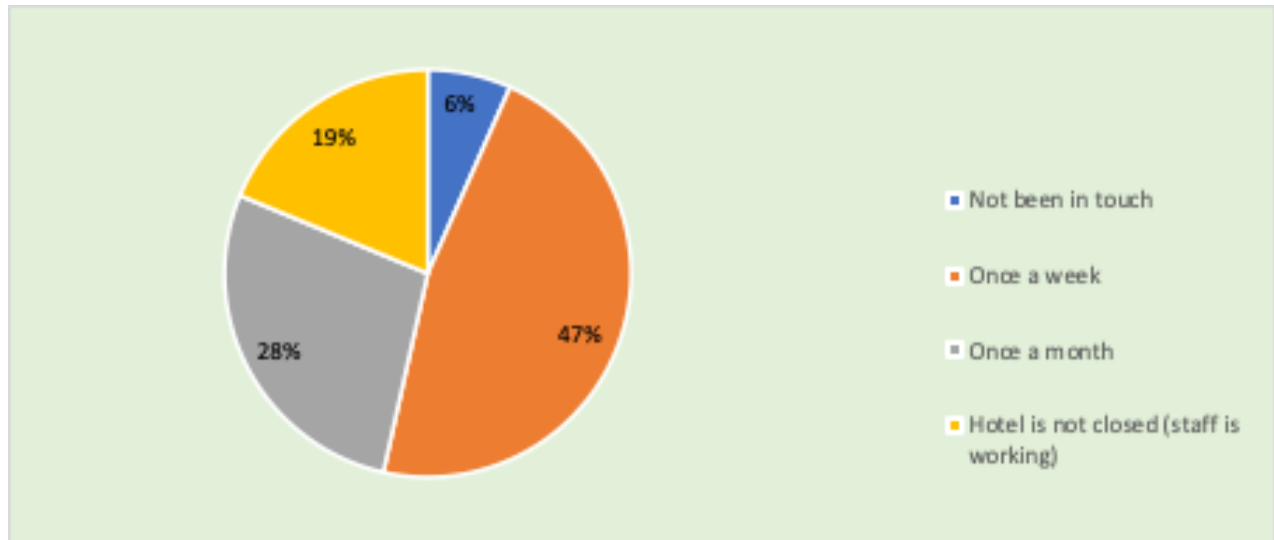
13% of the hotels surveyed stated that they would be reducing the salaries of individual positions, at an average reduction of 33% for managers and 24% for line staff.

In response to increasing uncertainty and lower tourist numbers, hotels have looked at various ways of reducing costs. While many hotels stated that they would be reopening with a reduced number of workers (managers, supervisors and line staff), others have decided to lower the salary of individual positions to reduce their costs.

It should also be considered that – in combination with the increased supply of skilled labour available due to hotels reducing their number of employees – this might not necessarily mean that hotels will be continuing with the same workers, but instead might be 'substituting' current workers at the same skill level who are willing to work for a lower wage / salary.

8. COMMUNICATION

Figure 16: Frequency at which Hotels have been in Contact with their Employees



It can be positively noted that staff engagement appears to be considered crucial to most hotels surveyed, and management has overwhelmingly continued communication with their staff since the closure of their hotel.

Almost 50% of all hotels surveyed have continued communicating with their staff at least once a week, and only 6% of hotels have not maintained any form of communication. This continued communication will be crucial to hotels as they begin reopening and to avoid losing skilled staff to competitors.

Figure 17: Method of Communication with Staff by Region

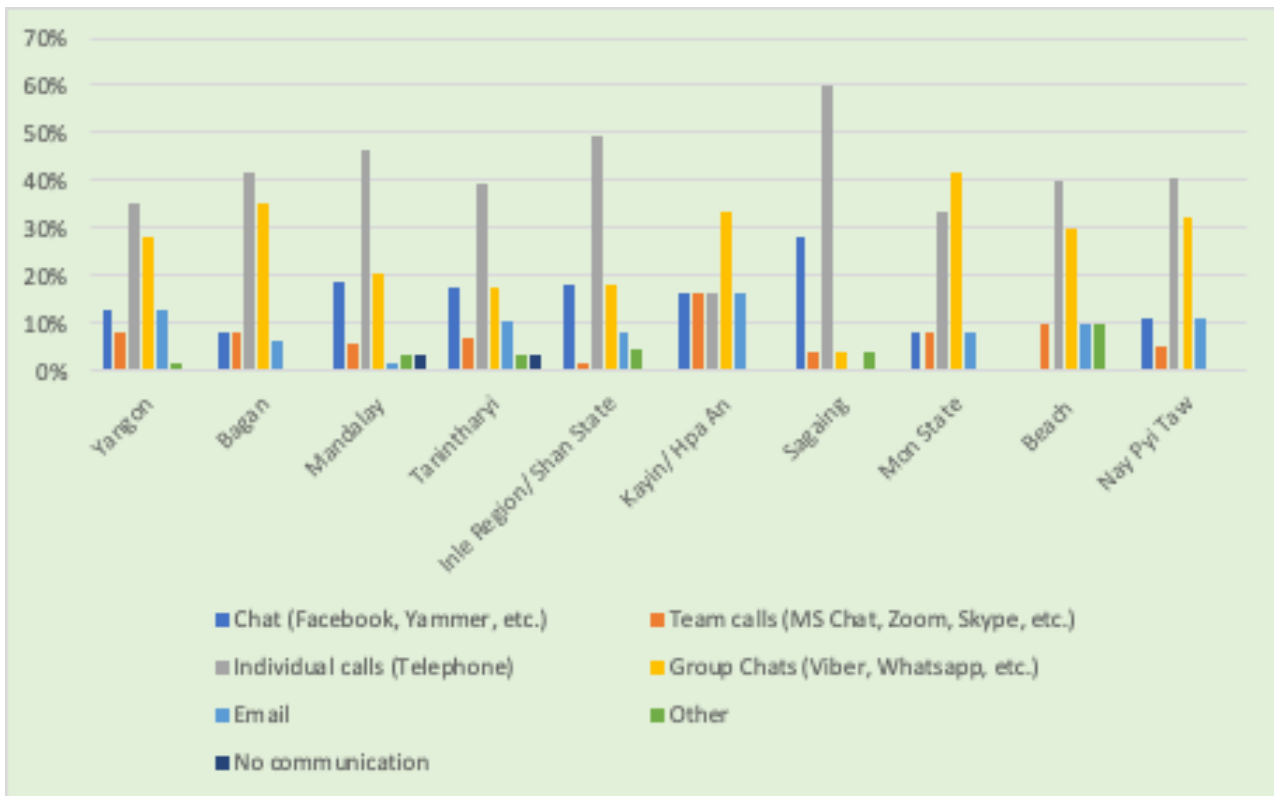


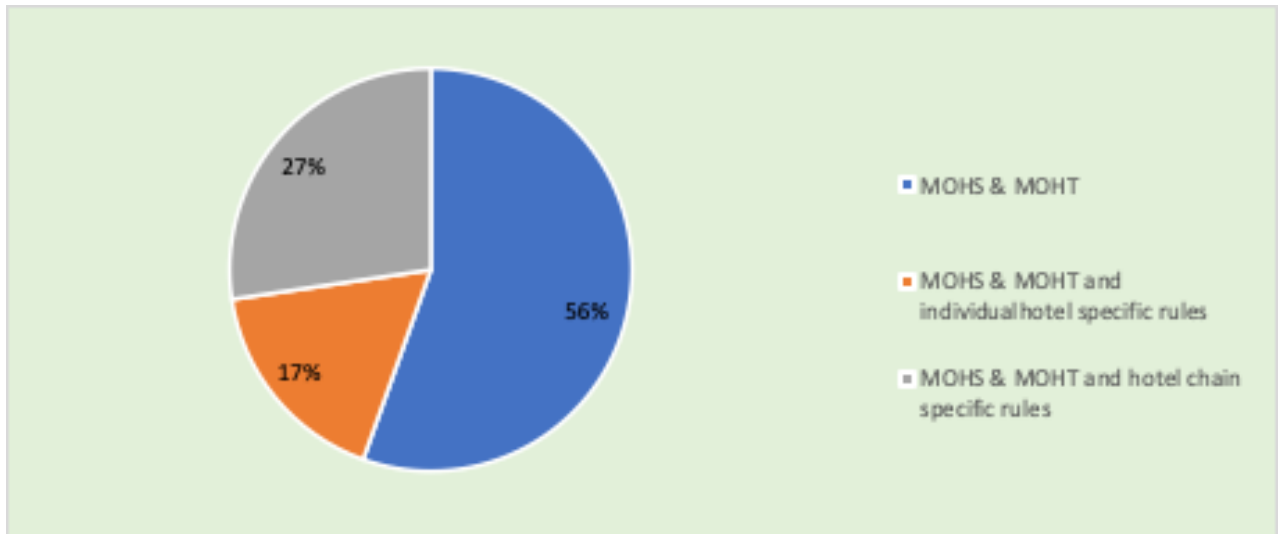
Figure 17 shows that the majority of hotels are communicating with their employees either through group chats (such as Viber and Whatsapp) or telephone calls. The international increase in the use of video conferencing technology does not appear to have reached Myanmar's hospitality sector yet. While Zoom and Microsoft Teams have seen a massive increase in user numbers around the world, these do not appear to have become a preferred method for internal hotel communication in Myanmar.

In almost all regions, individual phone calls appear to be the preferred method of communication with staff. This may be due many factors, including access, knowledge, and cost regarding certain technology, as well as limited internet coverage in certain areas.

While Facebook and other forms of social media are widespread tools for private socialising, its business uses and functions appear to remain limited in Myanmar. The survey indicates that hotels generally do not consider social media a useful tool to communicate with staff.

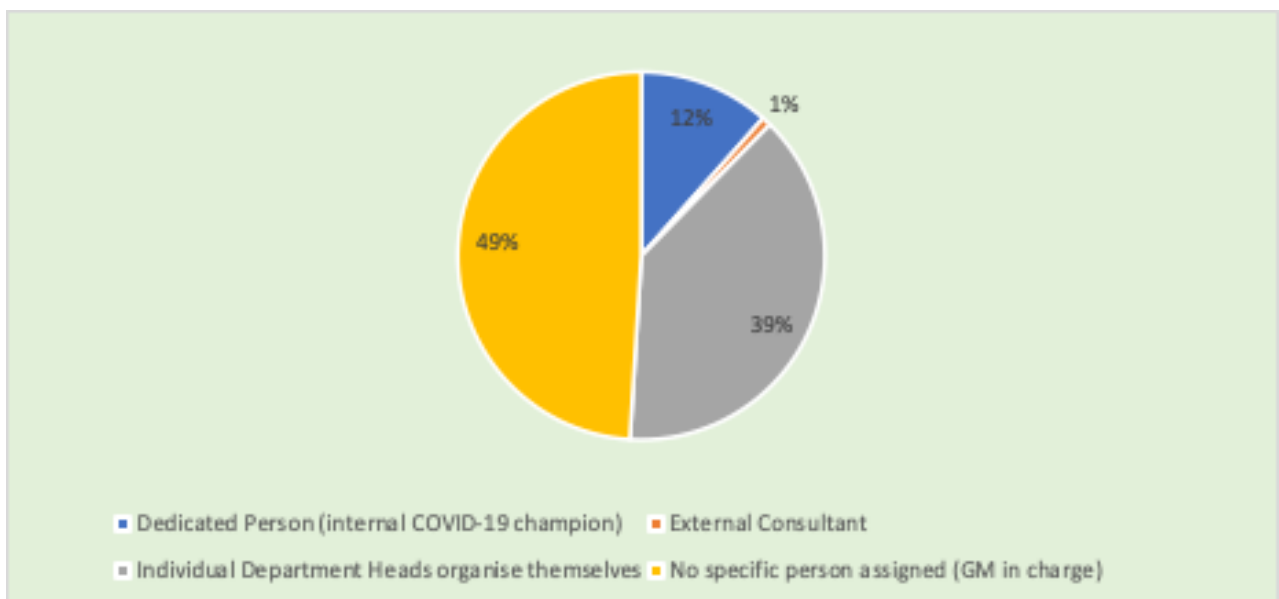
9. 'NEW NORMAL' IMPLEMENTATION

Figure 18: 'New Normal' Guidelines that Hotels will Follow when Reopening



Most of the hotels surveyed (56%) have stated that they will follow the 'New Normal' guidelines set by the Ministry of Health and Sports (MoHS) and the Ministry of Hotels and Tourism (MoHT), which is the minimum required to be allowed to resume operations. 17% of hotels have stated that they will also be adding hotel specific rules, while 27%, including international and local chain hotels, have stated that they will be adding hotel chain specific rules, as well as following the MoHS and MoHT guidelines.

Figure 19: Person Responsible to Implement the 'New Normal' Guidelines in Hotels

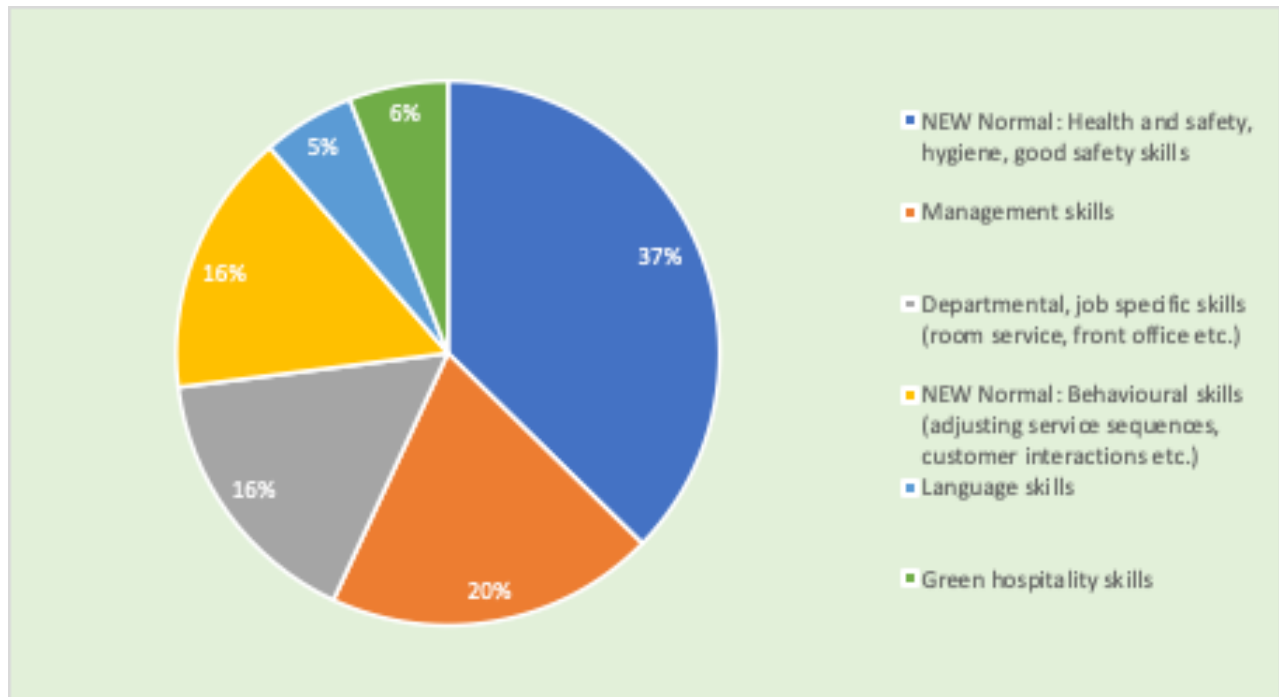


The survey concluded that almost 50% of hotels are not planning on assigning a specific person responsible for implementing 'New Normal' guidelines in their hotel

Only 1% of the hotels surveyed stated that they would consider using an external consultant for this role and another 50% are not assigning a specific person within the hotel. This could lead to a lack of emphasis being put on the implementation of the COVID-19 guidelines, and will require stronger oversight by the government to ensure adequate health and safety measures are put in place when tourism resumes.

10. TRAINING POST COVID-19

Figure 20: The Three Most Important Skills During and Post COVID-19

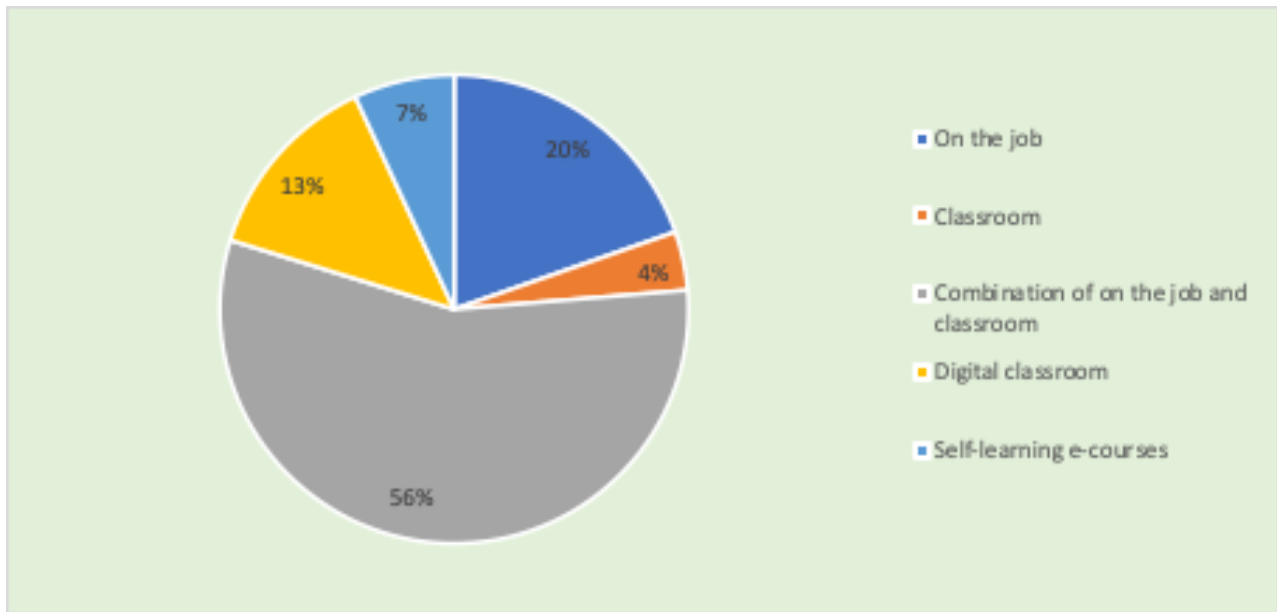


The participants of the survey were asked to list their top three choices of skills during and post COVID-19. To evaluate the responses correctly, the participants choices were scaled in such a way that the 1st choice was weighted heavier than 2nd and 3rd choice.

It will come as no surprise that the skills considered the most important during and post COVID-19 at 37% are 'New Normal' skills, which include health and safety, hygiene, and food safety skills.

'New Normal' behavioural skills also ranked highly at 16%. At 20%, management skills remain popular in hotels around the country. Language skills and green hospitality skills have appeared to be considered of low importance under the current circumstances, only making up 5% and 6% respectively. It appears to be seen if this is temporary and will be analysed further in the next report.

Figure 21: Preferred Training Method for Hotels when Reopening



The survey suggests that hotels continue to prefer training delivery through a mix of on-the-job training and classroom learning, with the majority at 54% stating that this would be their preferred method of training delivery. Surprisingly, considering the current complications with face-to-face interaction posed by the pandemic, the second most popular form of training delivery continues to be on-the-job training.

The demand for digital classrooms remains low at only 14%, with the clear majority of participating hotels preferring some form of on-the-job training, which is understandable given the nature of hospitality sector, requiring more practical application.

11 CONCLUSIONS AND RECOMMENDATIONS

11.1 Conclusions

The global outbreak of COVID-19 has had a severe impact on Myanmar's hospitality industry. In order to further understand the impact of the pandemic on the industry, the VSDP led a survey in June 2020, which included 256 hotels from various tourism destinations around Myanmar.

The survey has shown that over 60% of hotels had to cease their operations in April 2020, as COVID-19 was beginning to appear in Myanmar, and all international flights to and from the country were grounded. While the number of hotels that were entirely closed had decreased in June, almost 40% of hotels were yet to reopen. Of those that did reopen, less than 40% were fully open and operational.

Business expectations for the coming months have drastically declined, with 87% of the hotels surveyed stating that their expectations were worse than budgeted pre COVID-19. Hotels around Myanmar have had to respond to this decrease in business expectations by addressing variable costs to the business, including human resources. According to the survey, only an average of 25% of staff (managers, supervisors and line staff alike) have continued receiving full pay throughout April and June 2020. Out of the other 75%, the majority have had to take mandatory partial unpaid leave, with others being laid off (paid off and unpaid), furloughed, or receiving a monthly COVID-19 remuneration fee.

Hotels stated that 13% would be reopening with a reduced number of managers, 12% with a reduced number of line staff, and 23% with a reduced number of line staff. An impressive 82% stated at this point that they will refrain from decreasing salaries of individual positions during the coming months, although this might change as the market sees an increase in the supply of skilled workers searching for employment.

However on a positive note, 94% of the hotels consider staff engagement as key to retaining staff and aim to keep in contact with employees until reopening. This can be seen as a positive development when compared to previous practices in Myanmar's hospitality industry, where less emphasis was placed on human resources management. Keeping the staff informed and engaged in the company will ultimately lead to better retention of qualified staff even if they have to pass through this period of lower wages and little business.

The COVID-19 pandemic is leading to a large shift of the human resource market in the hospitality sector in Myanmar. In the recent years before COVID-19, the industry was considered an 'employee's market, where the demand for skilled workers was higher than the supply, and qualified workers were therefore able to make demands regarding employment and salaries, and choose employment accordingly. However, the pandemic and the corresponding closure of hotels might lead to an increase in the supply of skilled labour looking for employment in the coming months. In the short-term, this increase in supply could lead to downward pressure on wages.

Depending on the duration of this global crisis and the length of the international travel ban, the supply of employees may react accordingly. Qualified staff might begin looking for employment in other industries and in other countries, which could leave the tourism sector with a shortage of skilled staff in the long-run.

This survey has clarified that the majority of hotels are aiming to put health and safety measures in place, but have not considered consulting external experts or nominating a specific person for the establishment and management of the 'New Normal'. This leads to questioning who will be in charge of monitoring and auditing the implementation of these guidelines. The MoHS and MoHT will need to take an active role to enforce the implementation of guidelines set to ensure the safety and perceived safety of international tourists returning to the country.

37% of hotels consider 'New Normal' skills (health and safety, hygiene, and food safety) as most important and 17% behavioural skills related to the 'New Normal'. Developments in other countries (e.g. Thailand) are showing that it is possible for domestic tourism to partially compensate for the revenues lost due to the decline in international tourist numbers. However, travelers remain cautious and require information in regards to hotels' preventative COVID-19 measures and implementation. Therefore, human resources need to be trained and informed accordingly to ensure that the number of infections remains low and travelers' trust is rebuilt.

11.2 Recommendations

The VSDP recommends the following to ensure reasonable trust and the safety of tourists returning to Myanmar:

1. The management of hotels should take the initiative to **nominate one person responsible for the establishment and implementation of COVID-19 guidelines**, rather than putting the added responsibility on the general manager, as this might lead to a slip in the importance of the rules.

2. To ensure the implementation of the MoHT guidelines the development of a [hotel specific concept and implementation plan](#), which is introduced to all employees is recommended.
3. [Certification provided by an internationally recognised institution or the MoHS / MoHT](#) could be considered to ensure guest safety and reasonable trust in Myanmar hotels for tourism numbers to begin returning to former numbers.
4. [Common guidelines and clear directions need to be established throughout Myanmar's tourism industry](#), so travelers are able to identify hotels that are complying (or not complying) with the increased health and safety standards. Since customers are very aware of the importance of protection against COVID-19, tourism organisations will need to establish an understanding among the hotels to invest in the New Normal for a sustainable common benefit. This applies especially to local, individual hotels where benchmarking and exchange with other regions and countries might be missing.
5. [Training courses for workplace health and safety practices, food safety measurements and behaviour skills are recommended](#) for hotel and restaurant staff to keep staff, working visitors and guests safe, in line with the new regulations of the Ministry of Health and Sports and Ministry of Hotels and Tourism for COVID-19.