

**LEONARDO DA VINCI
TRANSFER OF INNOVATION**

“EU Tourism Mentoring (EUTM)”

2013- 1- SK1- LEO05-06367

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CONTEXT ANALYSIS

**PART A: Needs’ analysis
of training systems and labour markets
in Romania, Slovakia, Lithuania and the UK**

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Needs' analysis of training systems and labour markets in Romania, Slovakia, Lithuania and the UK

The overall objective of the analysis is to study the needs of the labour market and the VET systems related to the hospitality, leisure, tourism and travel (HLTT) industry in Romania, Slovakia, Lithuania and the United Kingdom where the EU Tourism Mentoring project is being implemented. The project seeks to transfer mentoring techniques used in the British HLTT sector to the same sector in the partner countries.

In order to collect data partners from all four countries have applied the research method called desk-research. The data were collected and outlined in order to be comparable and measurable within the partnership as far as possible, however, not all statistics were possible to collect in a similar way in all partner countries so that they could be compared.

The needs' analysis is part of the context analysis that has two main aims:

- To give a general overview of the tourism industry including data on tourism enterprises and the description of the tourism mentoring context, and the prevailing practices in the country;
- To take an informed decision regarding the definition of the object of study – the business function and the tourism entrepreneurship transition process at the country level;

To do so, partners have studied as many relevant documents, articles and websites as possible:

- Community and country policy documents relating to tourism policy and tourism companies policy, their education and training, skills, the EU agenda and others;
- National legislation and policy documents;
- Previous studies and evaluations of tourism enterprises and mentoring in tourism.

The analysis has been prepared within the frames of the international project EU Tourism Mentoring which connects five partners across Europe - Slovakia, the United Kingdom, Romania and Lithuania. It focuses on mentoring within tourism sector. The project is implemented under the Lifelong Learning Programme, namely the Leonardo da Vinci - Transfer of Innovation and has been funded with support from the European Commission.

More information about the project is available on www.eumentoring.com.

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Country profile – United Kingdom

The HLTT sector in the UK is defined as both “established” and as a “growth” sector within the UK economy. The country has a complex offer of various services in the sector. This is responding to daily requirements for hospitality and leisure services that are provided from a local, regional and national order to UK customers. There is also a response to customer requirements that is focused upon a similar, yet somewhat different city, regional and national order. The Travel and Tourism economic activity is substantial for both UK customers and for import economic activity that attracts customers from across the world.

In short, the HLTT offer is from the local level of the Public House with rooms to let that responds to UK culture, to the globally recognised destinations of Shakespeare’s Stratford, and the iconic art and buildings to be found in London.

Clearly these destinations and providers of HLTT services are very different, yet similar in their joint desire to deliver world class services in reception, customer service, guides, tour operators, domestic arrangements etc. This is expanded by career development opportunities to progress to supervisory and management roles. It is notable that there is still a gender imbalance within this sector; there are more women than men in the basic work roles of delivering services, whilst there are more men than women in supervisory and management roles.

The burgeoning economic activity exists, yet the ambition to address the gender imbalance remains at a national level. Clearly this ambition has not yet commonly filtered down to the organisational level, particularly amongst the population of micro-businesses in the sector. Another feature of the workforce demographic is that many employees are not indigenous to the UK, coming to the UK as migrant labour who are starting their careers in this sector.

Large corporations, particularly in the hospitality sector, provide development opportunities for their members of staff. The situation is very different when it comes from SMEs and to the provinces as opposed to London and the South East. Although there seem to be a career path, employees find that the scope is rather limited. Once you are a good professional and work at a management level there is nowhere to go except move to another company. Tendency to promote internally and numerous jobs are not even advertised. Casual labour is plentiful, and they are not offered a clear progression path.

In the UK, mentoring has long been recognised a cost-effective means of developing standards in staff, and of developing careers. As a cost-effective way of developing staff that rarely takes a person away from operational demands, mentoring is also a means of motivating, retaining and providing stability to the team and the operation it is used primarily for career development, management skills development (particularly middle management), conflict resolution, improvement of soft-skills such as communication or presentation, and general personal and professional development.

The UK has identified five main areas where mentoring could help:

- Career development: For those members of staff who wish to progress their career paths but also to forge the next generation of leaders/managers. Career mentoring can help with the retention rate and with identifying a clearer progression path.
- Business development for start-ups and SMEs: This is an area where mentoring support from 'experienced' entrepreneurs can really make a difference.
- Customer service: HLTT is a service industry and customer service is of utmost importance. Although customer service can be taught there are problems that training alone cannot solve.
- Management and leadership skills development: Developing a manager is an ongoing process. A very effective way for a manager to continue their development is to identify a mentor. Mentors are not offering professional supervision but the benefit of their learning and experience.
- Personal/professional development: HLTT industry suffers from a bad image deriving from the fact that members of staff are poorly paid. Furthermore, SMEs tend to invest very little in staff development and rely mostly on 'on the job' training.

Mentoring in the UK is practiced mostly informally by companies and organisations. There are a few formal programmes run within large corporate organisations, particularly hotels. Formal programs are run mostly by public sector organisations wishing to improve skills within the sector. Commercial organisations regard mentoring as a 'good' thing but tend to privilege and promote traditional forms of training or coaching.

Country profile – Slovakia

Though the area of Slovakia is not big in size, it is generously endowed with tourist attractions. Slovakia has it all – natural landscapes, mountains, caves, medieval castles and towns, folk architecture, spas and ski resorts. The potential is there and awaits to use it.

The potential of tourism in Slovakia is relatively extensive, covering almost all major types and forms of tourism. Some of 40% of Slovakia is covered with forests, which contain wide biodiversity and animals. Slovakia features a high percentage of wildlife. Almost 62% of the country is created by mountains and mountainous areas which is a good precondition for development of winter tourism in Slovakia.

The tourism industry is cross-sectoral and includes a lot of diversified services provided not only by direct actors – accommodation providers (3482 providers in 2013) and travel agencies (1629 operators in 2013), but also by the entities operating in other sectors of national economy. The number of service providers is increasing and they include mostly micro and small, but also medium enterprises that contribute not only to the provision of all services related to tourism, but also contribute to the employment of the majority of the population. In addition to the services of travel agencies, food/catering and accommodation providers, the sector also includes transportation services, sport and recreation services, spa and medical services, wellness services, travel insurance services, animation services, visa services, congress services and other.

In 2013 the crucial part of the total number of businesses involved in the accommodation and travel agency were micro enterprises 91.2% and 96.5% respectively. Small enterprises represented the share of 7.6% and 3.3% respectively and medium enterprises 1.3% and 0.2% respectively. In the reported year only one large enterprise employing more than 250 employees appears in the field of accommodation.

Table 1: Types of companies - tourism enterprises, by size categories in 2013 (numbers of enterprises including natural persons - entrepreneurs)

Size categories in 2013	sector of accommodation		sector of travel agency, tour operator and other reservation service and related activities	
	Numbers	in %	Numbers	in %
micro (0-9)	3 174	91.2%	1 572	96.5%
small (10-49)	263	7.6%	53	3.3%
medium (50-249)	44	1.3%	4	0.2%
large (250 +)	1	0.0%	0	0.0%
Total	3 482	100.0%	1 629	100.0%

According to the Statistical Office (SO) of the Slovak Republic, in 2013 the total number of people employed in the accommodation and food/catering services reached 112 600 (the year-over-year increase was 15.8%). Proportion of workers in the accommodation and catering sector in the total number of workers in the Slovak economy reached 4.8%.

Table 2: The employment features

The employment features according to the labour force sample survey, in 1000 persons	2008	2009	2010	2011	2012	2013
Economy in total	2 433.8	2 365.8	2 317.5	2 315.3	2 329.0	2 329.3
I Accommodation and food service activities	107.6	107.1	103.6	99.1	97.2	112.6
Index year-on-year change	-	99.5	96.7	95.7	98.1	115.8
Share in the total employment	4.4%	4.5%	4.5%	4.3%	4.2%	4.8%

Source: Labour force sample survey, SO SR

Despite the high potential of the Slovak tourism industry, its value added to the national economy is very low compared to other EU countries. For instance, capacities in the tourism accommodation facilities in Slovakia are not used sufficiently. In 2013 the use of permanent beds in accommodation capacities was just 22.3%.

Table 3: Utilization of capacity of accommodation establishments in Slovakia

	2008	2009	2010	2011	2012	2013
Utilization permanent beds in per cent	26.9	22.4	22	21.7	21.4	22.3

Source: SOSR

In 2013 the share of foreign tourism on GDP reached 2.7%. This indicator represents the lagging of Slovakia behind other EU countries where tourism generates more than 5% of GDP.

Table 4 Share of Inbound Tourism on Slovak GDP

Share of Inbound Tourism on Slovak GDP	2008	2009	2010	2011	2012	2013
Share in %	2.7%	2.6%	2.5%	2.5%	2.5%	2.7%

Source: Ministry of Transport, Construction and Regional Development of the Slovak Republic

Moreover, the profitability of the sector is relatively low. In 2012 only half of the entities (50.8%) operating in the area of tourism agencies reached positive economic outcome, whereas the share of profitable accommodation providers was just 43.4%.

Table 5 Share of enterprises (legal entities) with profit in 2012

Share of enterprises (legal entities) with profit	sector of accommodation	sector of travel agency, tour operator and other reservation service and related activities
share in %	43.4%	50.8%

Source: SBA, on the basis of data from financial statements

Human resources and their level of education play an important and irreplaceable role in the development of the HLTT sector in Slovakia. Considering the cross-sector nature of the national economy, jobs in the Slovak labor market are available not only for graduates in tourism-oriented studies (e.g. hotel academy, tourism, tourism services, cook, waiter), but also those completing studies related to tourism, e.g. economics, trade and business.

In the field of secondary vocational education and training, Slovakia has 359 public, 90 private and 19 church/clerical vocational schools (as of 15th September 2012) that provide follow-up to the vocational training and post-secondary and post-graduation studies. In the field of higher education, there were 20 public and 13 private colleges and universities as of 31st of October 2012.

Table 6: Graduates of Secondary Vocational Schools as of 15th September 2012

Selected groups of fields of study* Together	Number of Students	
	Daily Form (full-time)	Girls
63 Economics and Organization, Trade and Services I	42 251	30 468
64 Economics and Organization, Trade and Services II	32 810	20 243
	External Form	
63 Economics and Organization, Trade and Services I	1 706	1 183
64 Economics and Organization, Trade and Services II	1 948	1 342

Source: ÚIPŠ

In addition to the requirement of quality graduates, the tourism development needs additional professional training of employees who are and/or will get engaged in the field of tourism. Lifelong learning can be used as a tool for personal development of those capacities in the fields such as Business start-up and development, management (HR, operations), financial issues, acquisition of clients, PR and Marketing to name some.

This factor is becoming particularly important in terms of current unfavorable demographic development and the gradual aging of the Slovak population.

Country profile – Lithuania

The Lithuanian tourism sector is a fully formed economic structure, which has completely renovated infrastructure and professional labour resources and is capable of ensuring high-level services. Today, the Lithuanian tourism service providers offer various tourism products; however, the most important among them are recreation, cultural tourism, fitness tourism, business and incentive tourism, and rural tourism products¹.

Lithuania has relatively great potential of tourism resources (culture and nature) but these objects are poorly prepared for tourism and also poorly used. The tourism service sector greatly advanced by developing the accommodation services. The development of the outgoing and incoming tourism expanded the variety of tourism enterprises and their services. Rural tourism is a rapidly growing sector of tourism service in Lithuania.

The number of tourists visiting the country for the first time exceeded one million and compared to 2010 the nominal growth of exports of tourism services was 19.5 percent. That was the second biggest growth in the European Union, only surpassed by Latvia with a growth of 20.8 percent. The increase of exports of travel services was due to several factors:

1. better connections to Lithuania by air;
2. the rebound since the crisis;
3. economic problems in Belarus;
4. the European basketball championship which was hosted by Lithuania also somewhat contributed to the growth.

According to the statistics of the Register of Economic Entities, in 2013 the tourism sector had 350 enterprises with the main kind of activities registered as tourism. The sector is dominated by micro and small enterprises (with the maximum number of employees being 49). They account for about 94% of all enterprises in the sector. The sector is dominated by Lithuanian capital enterprises. The highest concentration of tourism enterprises is in Vilnius, Kaunas and Klaipeda counties. Turnover of the tourism sector in all subsectors within the last five years has been constantly increasing.

In the tourism sector the supply in all profession groups exceeds the demand. The primary training system should compensate for almost a half of specialists needed for the sector and about 10% of service staff. Due to high employee turnover (60% of service staff change annually), in this group somewhat a greater demand should be placed on the continuing training system, i.e. training in the workplace and training of the unemployed. The large part of the service staff is compensated by enterprises by carrying out trainings in the workplace. The need for an employee could be partly compensated by the unemployed but the number of registered unemployed is smaller to the number of vacancies, and the number of the unemployed having completed tourism-related labour market vocational training programmes is also smaller than the actual annual need for the service staff.

Taking into account that the sector is characterised by high turnover and that there is lack of the service staff, the problem of provision of the required labour force of proper qualification persists,

¹ Lietuvos ekonominės plėtros agentūra. Tourism in Lithuania. 2012

and thus the most important role in attracting and retaining employees within the sector is attributed to employers. One of the challenges facing the sector employers is attraction of qualified employees to the sector and retaining them. As pointed out by the Lithuanian enterprises and foreign experts, many young people are not gaining proper education in Lithuania institutions in the field of tourism and hospitality.

The skills that employees lack most are among specialists - practical and general. The most important general skills (for all groups) include foreign languages, communication with customers and IT skills as well as service culture. The practical training of graduates is rather poor, that is why practical skills of persons starting to work in the tourism sector are insufficient. Another frequent problem is the lack of motivation of newcomers².

It is important that adequate numbers of staff in newly emerging occupations such as those working with people with disabilities, business tourism experts, fitness instructors, beauticians, dieticians, etc. are available to meet growing demand for such skills. Where such skills are available in other sectors it may be possible to cater for some of these needs through conversion courses which give such employees the necessary extra skills to work in tourism, such as customer service, communication skills and compliance with legislation (e.g. health and safety training). Evidently, such skills are needed in addition to their own professional skills.

² Study of Tourism Sector. Methodological Centre for Vocational Education and Training.2008

Country profile – Romania

Romania is located at a crossroads between Central and South-eastern Europe, and it is actually the 8th largest country of the European Union by area, its 19.7 million population (Romanian 84%, Hungarian 6.1%, Gipsy 3.1%, German 0.2%, Ukrainian 0.2%, according to 2014 reports) being spread on a total of 92,043 sq. miles (238,391 sq. km).

As far as tourism is concerned, Romania is full of a wide array of attractions, including historical cities (Sibiu, Sighisoara, Alba Iulia, Brasov, Iasi, Cluj-Napoca, Bucharest, the capital) and well-known landmarks such as castles (Peles Castle from Sinaia) or very old forts (Bran Castle, near Brasov, Hunyad Castle near Deva, Sarmisegetusa ruins or Roman traces in Dobrogea), beautiful Carpathian mountains, beaches at the Black Sea seaside and fantastic countryside roads, passing through charming villages, remained faithful to their millenary traditions. Romania is enjoying the fame of preserving very well natural environment, having sites under UNESCO protection, with flora and fauna which are unique and rarely found in the world.

Thus, tourism is an important industry, the third largest socio-economic activity, after trade and distribution sectors and construction. The European tourism industry employs about 5.2% of the workforce (approximately 9.7 million jobs, mostly occupied by young people) and generates more than 5% of the GDP of the EU (European Commission, 2010). Regarding Romanian tourism, the situation is not so favourable. During 2000-2010 the number of units increased by 67%, the accommodation capacity by 11%, but the number of tourists increased to only 26%. Overnight stays fell by 9% and the capacity utilization index fell at 22% (INS, 2011).

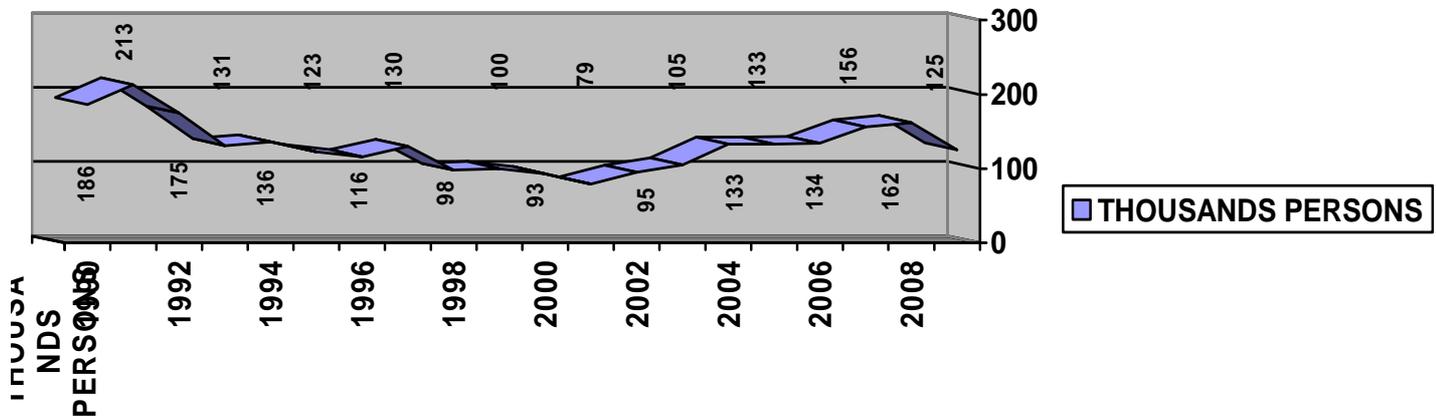
In 2012, the recession in the Euro zone had an impact on the tourism industry too. Despite the economic uncertainty, Romania's tourism industry managed to maintain its indicators, while consumer behaviour was more orientated towards safe decisions. In 2012 the contribution of tourism to Romania's GDP reached 2.4%. Considering the direct and indirect contribution of tourism to the national economy, it can be estimated at 4.5% of GDP.

Foreign tourists represent only 18% of the tourist market in Romania, compared with 67% in Bulgaria, 49% in Hungary, 53% in the Czech Republic and 71% in Austria. The states with most tourists, according to the recordings at border are Hungary, Belgium, Germany, Italy, Poland and Austria, grand number of other employees migrating to countries like France, Spain, USA etc.

Statistic data regarding employees in the field of tourism in Romania are extremely limited and not so publicly spread. They are available on <http://www.insse.ro/cms/> or <http://turism.gov.ro/>.

According to the NIS (National Institute of Statistics), approximately 125.000 people were employed in the "hotel and restaurants" (H-R) sector in 2009. The number of hotel and restaurant employees has fluctuated in minus since 1990, from 213.000 in 1991 to approx. 79.000 employees in 2001. Ever since, numbers have been on the rise, reaching 133.000 in the hospitality industry in 2004 – 2005, and 162.000 in 2008. A significant decrease in the number of employees in "H-R" industry was registered in 2009 (about 125.000 employees), this decrease being mainly attributed to the critical economic situation of the country.

Table 7: Evolution of the Hotel and Restaurants Employees number in Romania

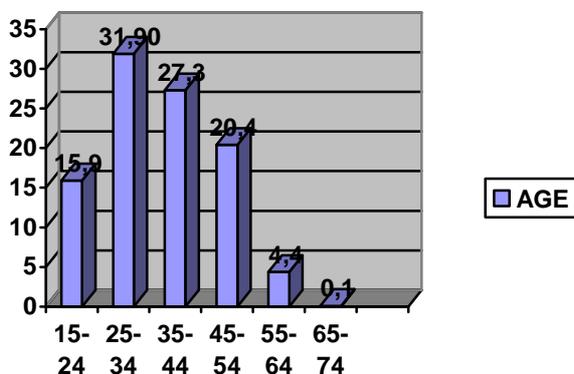


Source: National Institute of Statistics

The tourism employment structure by professional status reveals that 63% of the employees consisted of remunerated personnel, 0.8% employers, 0.8% self-employed personnel and 0.2% contributing family workers.

Generally saying, the labour conditions in the HLTT sector in Romania are rather poor, with low salaries, high rates of turnover, high seasonality, antisocial working hours, a lack of a career path design. This explains why the majority of the 'H-R' employees in Romania (about 50%) are aged between 18 and 35 years.

Table 8: Structure of Hotel and Restaurants employees by age group in 2009



Source: National Institute of Statistics

There are studies that underline the fact of having a basic staff in tourism, with average specialized training, making up 42% of the total number of employees.

Romanian hospitality and tourism fields are facing one dramatic shortage of qualified, trained and specialized staff, this affecting the economic performance of the entire system. This is a result of a very long transition in educational system, concerning the transfer of knowledge in one liberal system of teaching & learning. The labour migration and the instability of the job, the lack of one constant lifelong learning, training on-the-job or VET system have contributed to the decline of the system, services in Romania, especially in the HLTT sector, being “well-known” as expensive and very low in quality.

“The strategic tourism development objective is, within this context, the establishment of a competitive touristic destination, on an international level, at the level of Romania’s touristic resources that can establish this field as a main economic activity within the national economic system. The achievement of this objective aims some action directions related to: modernizing the touristic product, marketing and 696 promotion, human resources, correlating with other national economic development policies, monitoring and assessment. Tourism and travels must be included within the general policies for workforce, trade, investments, education, culture and environment protection. Romania has to undertake an image campaign in order to increase the information of public and private factors relating the tourism industry contribution and the development potential”³

With the participation in the project EU Tourism Mentoring, the Romanian partner organisation hopes to raise the interest in this field by filling the gaps through a mentoring program, raising ideas to all the policy makers in the educational field, to help investors to increase their contribution at the development of the sector.

³ <http://feaa.ucv.ro/AUCSSE/0036v2-017.pdf> (p. 695)

CONCLUSIONS of the NEEDS' ANALYSIS of training systems and labour markets of Partners' countries

Tourism is one of the most important economic sectors in each country participated in the EU TM project. In spite of all of these countries having potential for tourism (land, hotels, history, art, vista etc) Lithuania, Romania and Slovakia still lack quality in the services provided.

Generally, the tourism resources (culture and nature), are underprepared for tourism and also underused. The labour conditions in the hospitality, leisure, tourism and travel (HLTT) sector In Lithuania, Romania and Slovakia are rather poor, with low salaries, high rates of turnover and drain of skilled labour, high seasonality, antisocial working hours, and a lack of a career path design.

In the UK, on the other hand, many employees in the HLTT sector are not indigenous to the UK, coming as migrant labour and starting their careers in this sector. Another feature of the HLTT sector in the UK is a gender imbalance when it comes to promotion. And although there seem to be a career path, employees find that the scope is rather limited.

Thus, one of the challenges facing the sector employers is the attraction of qualified employees to the sector and retaining them. In each country participating in the EU TM project, there was identified a high number of subjects providing formal and non-formal education related to the HLTT industry. Unfortunately, vocational education and training (VET) systems in tourism often lack contact with the labour market. The skills that employees lack most include foreign languages, communication with customers and IT skills as well as service culture. The practical training of graduates is rather poor; therefore practical skills of newcomers in the tourism sector are insufficient.

In addition to the requirement of quality graduates, the tourism development needs additional professional training of employees who are and/or will get engaged in the field of tourism. While large corporations, particularly in the hospitality sector, provide development opportunities for their members of staff but the situation is very different when it comes from SMEs. Taking into account that the HLTT sector is dominated by SMEs, the need of a cost-effective means of additional training becomes even more important.

In the UK, mentoring has long been recognised as a cost-effective means of developing standards in staff, and of developing careers. Mentoring is practiced mostly informally by companies and organisations. There are a few formal programmes run within large corporate organisations, particularly hotels. Formal programmes are run mostly by public sector organisations wishing to improve skills within the sector. Commercial organisations regard mentoring as a 'good' thing but tend to privilege and promote traditional forms of training or coaching.

In Lithuania, Romania and Slovakia the mentoring concept is yet very new. If mentoring appears as a suitable tool to improve some of the aspects of tourism, the establishment of the national, better structured and elaborated mentoring program for the businesses active in tourism would be recommended.