

HVS Monday Musings: Indian Hospitality Sector – Skill Shortage to Hinder Recovery and Growth

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The Indian hospitality industry has grown rapidly in recent decades, employing 8.8% of the country's workforce in 2019. However, the industry has long struggled with a shortage of trained workforce although several students emerge from hospitality colleges each year. The demand-supply equations are daunting even though the sector has tried to close the gap over the years. As per a Ministry of Tourism study, the manpower shortage in 2018 was 2.6 million, and the sector is staring at a deficit of 1.1 million in 2025, posing a significant threat

to the sector's recovery post-COVID. Several factors have contributed to this, and the situation is expected to get worse post the pandemic.

One key reason is that over the past decade, several other allied industries have started hiring hospitality professionals in their teams as they have specific 'high-in-demand' competencies such as adaptability, outstanding communication, and collaboration skills, as well as extensive exposure to a dynamic 24x7 work environment. This trend has accelerated since the pandemic, as hospitality companies resorted to layoffs and salary cuts to survive the COVID crisis, and displaced hospitality professionals were compelled to find work in other industries. However, with rising demand, the industry is now confronted with a new set of obstacles. Companies are now having difficulty in attracting the right talent as several hospitality professionals who were displaced and found work in other industries are now hesitant to return to the industry. Moreover, experienced employees are reluctant to re-join at a lower salary and instead prefer joining allied industries.

The hospitality industry has historically seen a high attrition rate, which has often resulted in higher recruitment and training costs for organizations. The long-held perception that a hospitality career entails long hours, physically demanding jobs and low compensation has tarnished the industry's reputation. Add in the fact that other industries such as IT/ITeS, retail, and e-commerce increasingly offer higher income, better work environments, flexible working hours, and even remote/hybrid work possibilities, which is discouraging many people from pursuing a career in hospitality.

Summary

The Indian hospitality industry has long struggled with a shortage of trained workforce. Several factors and perceptions have contributed to this, and the situation is expected to worsen post the pandemic.

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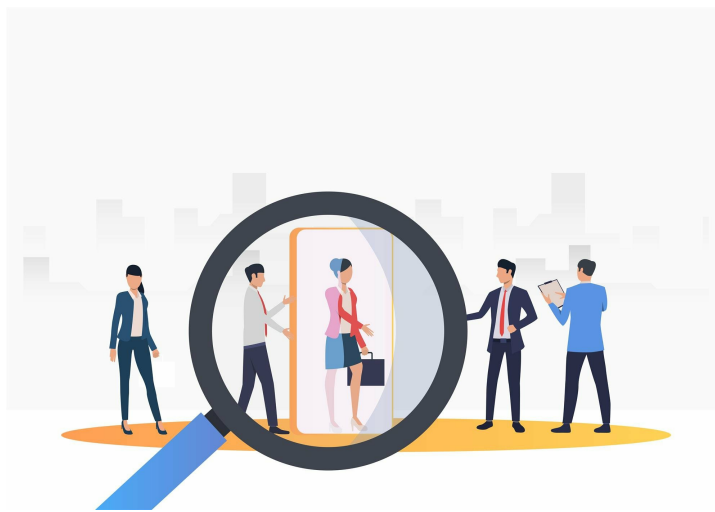
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The industry and educational institutions play a vital role in addressing these issues.

The immediate need of the hour is for hospitality institutes to upgrade their curriculum and teaching infrastructure to align with the changing needs of the industry. Skill development courses in culinary, guest services, and communication must be prioritized. Technology adoption in the hospitality industry is growing at a rapid pace, and technological competence, analytics, and digital skills will soon be critical differentiators. It is vital that hospitality institutes running undergraduate courses impart knowledge beyond traditional hotel operations and include a deeper insight into the business of hospitality. Continuous counseling of students on the nature of work, career growth, and problems they will experience along the way is equally important so that the glamour which often attracts young aspirants to this field is merged with reality, and students are better prepared for their post-campus hospitality careers.

On the industry's part, it's past time to abandon the age-old narrative that a career in hotel operations means long hours and hard work, which serves as a continual warning to aspiring youngsters interested in pursuing a hospitality career. While this may well be true, it is not any different in other industries, except that the other industries have created the perception of 'fun' and 'exciting' jobs. Workplaces and work environments have changed dramatically over the last few years because of the changes brought about by new-age global businesses such as Google, Facebook, and others attempting to attract millennials. The hotel industry, on the other hand, has been slow to adapt, and the difference between guest areas in a hotel and employee areas can often be rather stark.



Source: **Freepik**

The hospitality industry has done very little to entice newcomers into the business. The exhilarating exposure to a 'live' 24X7 setting with frequent adrenaline rushes that may be found in hotels is greatly undervalued. The career growth opportunities of becoming a General Manager, the most coveted job, in your early 30s is not a very well-known fact. The intriguing tale surrounding a truly fantastic employment opportunity is something that the industry has made no attempt to develop, enabling other industries to take the lead and create a more attractive option. Moreover, the industry has been unable to dispel the prevalent perception that it is a low-paying job. While starting salaries are often lower than in other industries, the industry quickly catches up and offers a job that does not confine a person to a desk in an office.

It is, therefore, imperative that the industry focuses on addressing these challenges. As a result of the lessons learned from the pandemic, hospitality companies have now learned to recalibrate their numbers and deliver 'more with less'. The industry must now pass on a share of the savings from reduced manpower costs toward more competitive compensation and work environments. Moreover, prioritizing continual learning and employee reskilling & upskilling through specialized training programs geared toward future leaders can help maximize potential, increase employee engagement, and enhance operations. Industry leaders should invest time and resources in developing the next generation of hospitality leaders. Improving remuneration standards, outlining professional growth paths, and putting in place efficient succession planning can assist the industry to recruit and retain people and achieve its growth potential.

About **Mandeep S Lamba**



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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