

## The current status of Vietnam's tourism industry

In 2019, Vietnam reached a record of 18 million foreign visitors and 85 million domestic visitors. The total revenue from tourism was approximately 755 thousand billion Vietnam Dong, equivalent to 9.2% of GDP (Vietnam National Administration of Tourism, 2020). However, the COVID-19 pandemic has significantly slowed the tourism industry's increasing trend. As shown in the table below, the number of visitors (both domestic and international) has dramatically reduced due to the travel ban across countries and within the country.

*Table 1: Number of visitors (thousands of visitors) and revenue from tourism (billion VND) – Data collected from the General Statistics Office of Vietnam (General Statistics Office of Vietnam, 2022)*

<b>Years</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<i>Foreign visitors</i>	12,697	13,747	14,958	17,319	7,214	2,550
<i>Domestic visitors</i>	117,038	132,838	144,683	162,047	78,084	48,950
<i>Total visitors using travel services</i>	13,651	15,173	16,966	18,366	8,398	3,427

In 2022, when many nations, including Vietnam, lifted their travel bans, the tourism industry began to recover. The first six months of 2022 have showed promising prospects for the tourist industry, with a vaccination rate of 82.3% of the population (as of August 14, 2022) (Ministry of Health, 2022) and the government's intention to completely reopen international tourism on March 15. Vietnam has attracted 602 thousand international visitors, up 582.2% from the first half of 2021. (General Statistics Office of Vietnam, 2022). The Vietnam National Administration of Tourism reported 60,8 million domestic visitors in 2022's first half (Vietnam National Administration of Tourism, 2022).

## Local units and employees

From 2020 to 2021, Vietnam's tourism industry has experienced a great crisis. According to the Ministry of Culture, Sports and Tourism, more than 300 international travel service companies had applied to revoke their license, and 90% of tourism businesses had been closed (van Dinh, 2021).

*Table 2: Number of new registrations and businesses back to operation – Business Registration Management Agency*

<b>Number of enterprises</b>	<b>Total</b>	<b>Types of business</b>		
		<b>Hotel; F&amp;B services</b>	<b>Labour services, tourism</b>	<b>Entertainment, Art</b>
<i>New registration</i>	55,842	3,065	3,902	483
<i>Business back to operation</i>	29,653	2,362	2,215	344
<i>Comparison to prior years (%)</i>				
<i>New registration</i>	16.8	27.7	23.4	4.5
<i>Business back to operation</i>	63.1	63.5	50.5	53.6

Due to the support program provided by Vietnamese Government, the first six months of 2022 have seen increased tourism business (including travel agencies). The table above shows a more positive sign of recovery regarding the number of businesses newly registered or back in operation.

In the Hanoi area, the number of travel companies has also increased. According to the Hanoi Tourism Department website, 1,041 international and 191 domestic travel companies are currently listed (Hanoi Tourism Department, 2022a, 2022b).

### **Demand for labour**

Covid-19 has impacted tourism labor demand. Tourism businesses had 70% to 80% fewer workers by 2020. Comparing 2021 to 2020, full-time employment was 25%. 30% of tourism employees have quit and 35% have temporarily left the industry (Nam, 2019). Seniors have been forced to change jobs. The COVID-19 pandemic has also reduced the number of students enrolled in tourism and hospitality majors.

With the recovery of the tourism sector and the Tourism Development Plan – Vision to 2030 by the Government, the tourism sector is expected to create 5.5 to 6 million jobs with 2 million direct jobs in 2025 (Trung Khanh, 2022).

### **Our current research conducted in Hanoi area**

To understand more the demand for employment, the web survey (CAWI) and face-to-face interview (FAF) had been conducted at travel and tourism agencies in Hanoi. Of the 30 travel companies contacted for a web survey or face-to-face interview, 10 (or 33.33%) correctly completed all or most of the web questionnaire and 12 (or 40%) participated in the interview. It is worth mentioning that all the businesses that participated in the survey and interview operated as tour operators, with 5 of them (16.7%) also operating as travel agents. In addition, there are travel companies that also provide other services, including culture development for other businesses (2), tourism development projects with Government and other organisations (1) and visa services for the traveller (2).

### **Demographic structure of employment in travel and tourism agencies**

The number of full-time employees with long-term contracts can be used to classify companies as small (1 to 3 employees), medium (4 to 10 employees), and large (more than ten employees). One small business, six medium businesses, and 15 large businesses meet this criteria. Only one small business was downgraded from medium, and one medium from large. The COVID-19 pandemic caused these changes.

**Education level:** Overall, full-time employees are almost university graduates regardless of business size, with the coverage of university graduates ranging from 80% to 100%. Regarding seasonal employees that contract with businesses, the proportion of university graduates among these employees stays between 70% and 100%. For collaborators and freelancers, it is impossible to work out the percentage distribution of people holding university degrees due to the fluctuating number of hiring and the differences in requirements among businesses.

**Gender:** Women represent from 65% up to 90% of employees. This result shows a very high percentage. On the other hand, the tourism sector is based on professional figures attractive to the female gender also because the training required by the sector concerns degree courses and professional institutes, traditionally followed by women. However, it is worth mentioning that the position of tour guides shows the opposite result. Most businesses prefer male employees for the position of tour guides due to the nature of the job that requires pressure to handle both physically and mentally.

**Existence of family members in business:** Only 5 out of 30 companies (16.6%) indicate the existence of family members of shareholders or owners working in the business. The number of family members participating in business activity is relatively low, ranging from 1 to 3 people within each of the five businesses.

**Collaboration with freelancers:** 20 out of 22 companies (90.9%) indicated that they collaborate with freelancers in carrying out the enterprise's activities. The exception belongs to one company, a state-owned business, and one company which operates as a destination management company (DMC). In most cases, the freelancers are tour guides. Some businesses also mentioned the use of freelancers for the position of content creator and marketing staff.

**Recruitment of university trainees:** It should be noted that there are two (2) out of 10 companies that participated in the web survey indicated that they do not have university trainees. The interns/ trainees mainly come from courses of study in tourism & hospitality, marketing, business administration and foreign language.

### **Trend, outlook and changes in personnel**

During the interviews in 2021, all participants were optimistic about the prospect of tourism in the incoming years. Among 12 representatives participating in Face-to-face interviews, 100% agreed that the tourism industry would recover and grow again in the next two years. The responses are similar to those who participated in the web survey.

Despite the impact of Covid-19 pandemic, some companies still hire staff over the last 24 months. The recruitment includes the salesperson, tour guide, tour managers and marketing staff. Regarding recruitment, 7 out of 10 companies or an equivalent of 70% of travel companies participating in the web survey mentioned difficulty finding staff. The main reason is the small number of candidates, followed by the lack of high-quality staff. As some business owners and managers shared, the travel companies also experienced staff turnover. After several years of working with the company and gaining experience and skills, the employees tend to leave for more attractive career opportunities.

*Table 3: Distribution of the companies that participated in the web survey by the change in staff in the last 24 months and by size*

<b>Recruitment in the last 24 months</b>	<b>Small size</b>	<b>Medium size</b>	<b>Large size</b>	<b>Total</b>
<i>Yes, hiring (even for turnover only)</i>	0	25%	83.3%	60%
<i>No change in headcount</i>	0	25%	16.7%	20%
<i>Workforce reduction</i>	0	50%	0	20%
<b>Total</b>	100%	100%	100%	100%
<i>Number of respondents</i>	0	4	6	10

*Table 4: Percentage distribution of companies that participated in the web survey for difficulties in finding staff and by size.*

<b>Recruitment in the last 24 months</b>	<b>Small size</b>	<b>Medium size</b>	<b>Large size</b>	<b>Total</b>
<i>They have difficulties due to the inadequacy of the candidates</i>	0	0	33.3%	20%
<i>They have difficulties due to the</i>	0	50%	16.7%	30%

<i>small number of candidates</i>				
<i>They have difficulties for other reasons</i>	0	0	33.3%	20%
<i>They have no difficulties</i>	0	50%	16.7%	30%
<b>Total</b>	0	100%	100%	100%
<i>Number of respondents</i>	0	4	5	10

Regarding the plan for the next 24 months, 19 out of 22 (86.4%) travel companies have stated that they will start recruiting more people in sales, marketing, customer services, tour management etc. One company is planning to keep the same workforce as the current. Among the two enterprises that plan to reduce the workforce, one has explained its plan to reduce the number of full-time, long-term contract employees to replace freelancers.

*Table 5: Distribution of the companies that participated in both the web survey and interviews by the change in staff in the next 24 months and by size*

<b>Recruitment in the next 24 months</b>	<b>Small size</b>	<b>Medium size</b>	<b>Large size</b>	<b>Total</b>
<i>Yes, hiring (including replacement)</i>	100%	83.3%	86.6%	86.4%
<i>No change in headcount</i>	0	0	6.7%	4.5%
<i>Workforce reduction</i>	0	16.7%	6.7%	9.1%
<b>Total</b>	100%	100%	100%	100%
<i>Number of respondents</i>	1	6	15	22

Last but not least, regarding the investment decision in the future, most businesses are focused on expanding their network to communicate better with customers, business partners etc. At the same time, the companies' main focuses are improving products offered and strengthening the workforce.