

Hospitality: planning for the future

Rubina H Farouq, director and head of Institute of Hotel Management and Hospitality, outlines the action plan for the growing service sector

SAYEDA AKTER

THE tourism and hospitality industry is changing fast for the better -- to be on par with other recognised sectors. Not many people were aware of its potential in Bangladesh even a decade ago, although it has long been the largest service industry and the biggest provider of jobs in the world.

In Bangladesh, the picture is becoming brighter with time. In 2011, the travel and tourism sector accounted for Tk 18,250 crore or 2.2 percent of Bangladesh's gross domestic product, the World Travel and Tourism Council said in its latest report. It is forecast to rise by 7.3 percent to Tk 19,590 crore in 2012 and by 6.1 percent to Tk 35,370 crore in 2022, the London-based institute said.

The sector created 13.29 lakh jobs directly in 2011 or 1.9 percent of the country's total employment. It is expected to generate 13.77 lakh jobs in 2012 and 18.4 lakh jobs by 2022, according to the report.

But the new thrust sector runs a deficit of skills.

In order to fill the need of the emerging hospitality industry, boosted by the people's prosperity and rising income level, it is a must to emphasise technical and vocational education and training, said Rubina H Farouq, director and head of Institute of Hotel Management and Hospitality.

She started the country's first private initiative to develop human resource for the hospitality sector. "To upgrade the facilities for tourists and change the image of the country, we need trained and skilled people," Rubina said.

"We have an enormous responsibility to build this sector in Bangladesh. Already we are twenty-three years behind where the rest of the world has progressed in this sector. But then, it's never too late."

But initially it was not the training institute she had planned for. She just wanted a smooth process of hiring skilled people for a restaurant she set up with her husband and some of his friends.

When she planned to open the restaurant Heritage in Gulshan she started training a few service providers at home.

"When we opened the restaurant, it struck my mind that we



Second from left, Rubina H Farouq, director of the Institute of Hotel Management & Hospitality, speaks to reporters at the National Press Club in Dhaka yesterday, announcing an international conference on tourism and hospitality. AKM Bari, chairman of Industry Skills Council for Tourism & Hospitality Sector; Francis De Silva, an ILO adviser; and Md Mushfiqur Rahman, chief executive officer of Trinity Communications, are also seen.

could open a training centre that would cater to the urgent need of the hospitality sector."

Rubina set up the Institute of Hotel Management and Hospitality in 2004. It is the first human resource training centre in the country in the hospitality management sector after the National Hotel and Tourism Training Institute run by Bangladesh Parjatan Corporation.

"It was difficult to encourage people to come to the institute to get hands-on training on managing a hotel or a restaurant," said Rubina. "Because people had reservations about training as professional chefs and waiters."

The scenario is changing as people are becoming more aware of the huge potential for growth with the existing and upcoming new hotels, restaurants, eco-parks, eco-resorts, and clubs in the country.

The contribution of the country's travel and tourism sector is remarkable.

Bangladesh recorded the highest number of visitor arrivals in 2008, when 467,332 people made trips to the country, according to Bangladesh Parjatan Corporation.

The sector attracted investment of Tk 3,430 crore in 2011, which is

expected to grow by 6.5 percent this year and 6.7 percent over the next decade to Tk 6,980 crore, according to the report by the World Travel and Tourism Council. **BUILD HUMAN RESOURCE** Rubina stressed the need to develop appropriate human resource to turn the industry into the best service sector.

Once someone is trained in an appropriate manner, he or she does not have to sit back, Rubina said. "Now there are enough opportunities to work in local hotels and restaurants."

Nowadays, in the competitive job market, people who are experienced and certified by recognised institutes or organisations are more likely to be recruited easily.

The sector, if developed, can assist in minimising unemployment in the country. "We need to join hands with PPP [public private partnership] to support a sustainable hospitality and tourism sector," Rubina said.

"For this, we have to set the standards of operations and ensure quality services to attract tourists from home and abroad," she said.

"There is no alternative to specialising in one's own responsibility." There are 28 training institutes

that cater to the needs of the industry. Yet this is rather meagre in terms of the country's demand.

Bangladesh has a huge number of unemployed youths and the tourism and hospitality sector needs all the trained and groomed hands. Rubina's latest effort is a one-day conference, set for Saturday, with its focus on HR training and jobs.

The Institute of Hotel Management and Hospitality and Trinity Communications Ltd will organise the event, with the support of Bangladesh Tourism Board, Bangladesh Parjatan Corporation, ILO Dhaka and Industry Skills Council for Tourism and Hospitality Sector.

Its objective is to provide a unique forum for local participants including academia, industry, government, and other stakeholders to share ideas, exchange and recommendations on hospitality and tourism.

"The main focus of the conference is to promote public-private partnership along with winning over commitments from policy-makers and think-tanks to make a difference with global trends and present solutions," said Rubina.

The conference will discuss topics such as sustainable practices in developing the tourism and

hospitality sector with skill training and challenges of globalisation in promoting tourism and hospitality in the SAARC region, and establish Bangladesh's new image as a global tourism and hospitality destination.

Participants are likely to benefit from understanding and experiencing the tourism and hospitality trends, interacting and networking with hospitality and tourism management experts and professionals from different countries, she said.

Rubina hopes the conference will make a difference in understanding and identifying the emerging hospitality and tourism trends and preparing for the future.

She said tourism can be an important tool to develop the country's economy. The sector will not only help change the image of the country, but also play a key role in poverty reduction and minimising unemployment.

Tourism conference kicks off Saturday

STAR BUSINESS REPORT

AN INTERNATIONAL conference on tourism and hospitality will begin in Dhaka on Saturday to discuss the global tourism trends and develop a plan for the sector for sustainable development of the country.

The day-long conference will be co-organised by the Institute of Hotel Management and Hospitality (IHMH) and Trinity Communications, at The Westin Dhaka hotel.

A number of experts from India, Sri Lanka and Bangladesh will present four keynote papers on tourism and hospitality, the organisers said yesterday at a press meet at the National Press Club in the capital.

A panel discussion on job placement, industry attachment, apprentice and human resource development will be organised on the sidelines of the event.

The purpose of the conference is to provide a unique forum for attendees from academia, industry, government and other stakeholders to actively exchange ideas and recommendations for the country's sustainable tourism development, said Rubina H Farouq, director of the IHMH.

Tourism has been considered as the world's largest and rapidly growing industry of the modern business world, said Md Mushfiqur Rahman, chief executive officer of Trinity Communications.

"It is one of the main roots of developing a country's economy," said Rahman.

In Bangladesh, the hospitality and tourism industry is recognised as a thrust sector, he added.

The tourism sector was once considered as a medium of entertainment only, but it has now been recognised as one of the key businesses in the world, said AKM Bari, chairman of Industry Skills Council for Tourism and Hospitality Sector.

He said the tourism sector accounted for 9.3 percent of the total global gross domestic product last year.

Bari said Bangladesh has tremendous potential for tourism industry as the country has many tourist spots such as the longest sea beach, mangrove forest and different archaeological sites.

He said Bangladesh can accommodate up to three million tourists every year.

The conference is supported by Bangladesh Tourism Board, Bangladesh Parjatan Corporation, Industry Skills Council for Tourism and Hospitality Sector, The Westin Dhaka, The Daily Star and the International Labour Organisation, Dhaka.

BANGLADESH'S TRAVEL AND TOURISM SECTOR

IN 2011

Accounted for
Tk 18,250 crore
or **2.2%**
of GDP

Directly created
13.29 lakh jobs
or **1.9%**
of employment

Attracted capital investment of
Tk 3,430 crore

GROWTH FORECAST FOR 2022

To account for
Tk 35,370 crore
or **2.3%**
of GDP

To create
18.40 lakh jobs directly
or **2%**
of employment

Will attract capital investment of
Tk 6,980 crore

SOURCE: WORLD TRAVEL & TOURISM COUNCIL, LONDON

Focus shifts to banking risks

(CONTINUED FROM YESTERDAY)

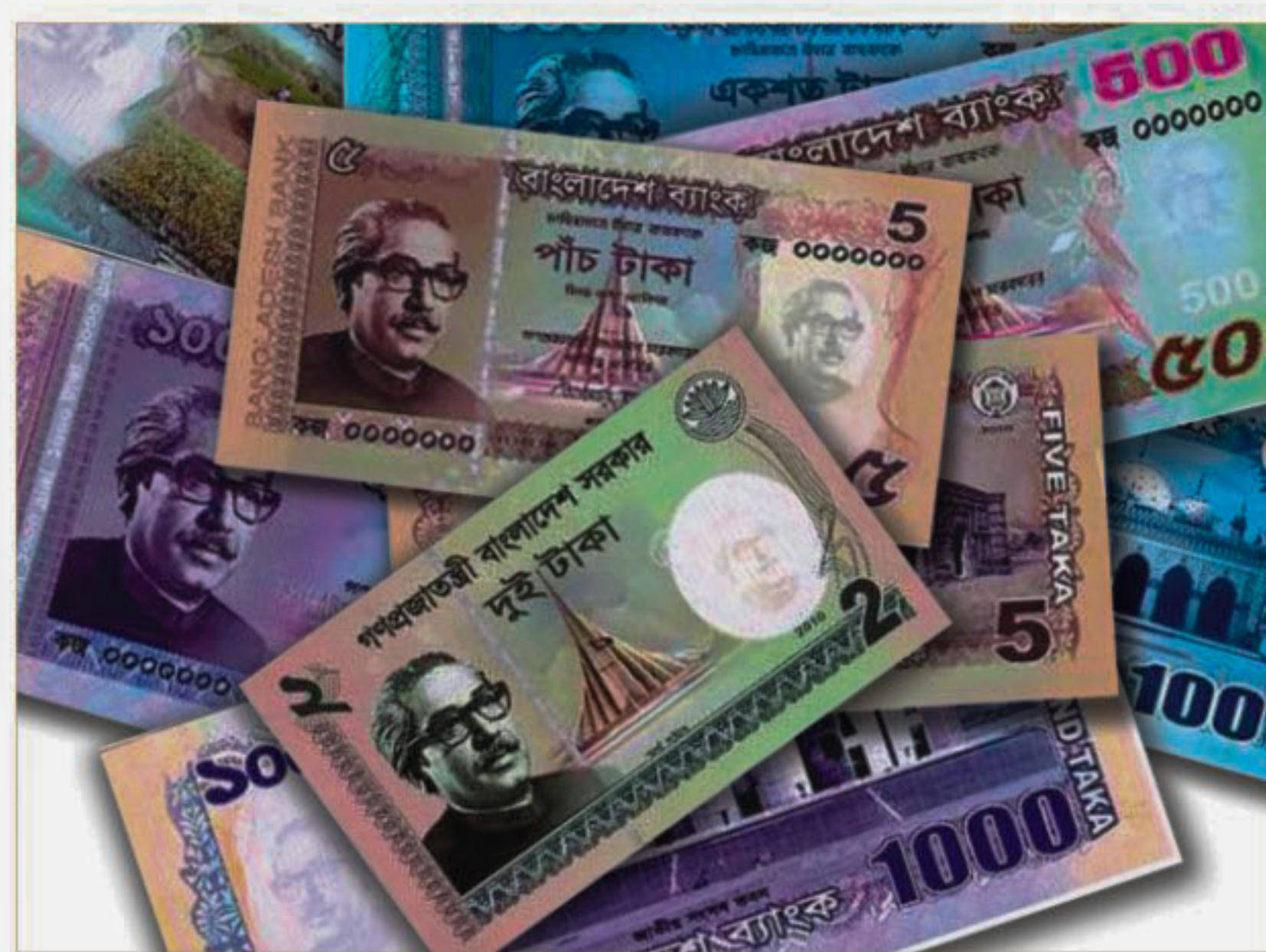
DR ATIUR RAHMAN

AS 2012 progresses, I expect to see many changes and improvements in the manner in which we conduct banking supervision in Bangladesh. We will constantly be more and more focused on risk, and less on routine tasks. As most of the supervisors are involved in the on-site inspection process, they will be particularly interested in the changes we have planned in on-site supervision. As most of us probably know, the on-site inspections take too long, from the time the inspectors arrive in the bank until the time that the report of inspection is written, approved, and sent to the bank's board of directors. As a result, the findings and conclusions given to the bank, and used by us in requiring corrective action, may be based on out-of-date information. We are seeking to reduce that time significantly through changes in the manner in which staffs are allocated and deployed, and the elimination of routine tasks that do not directly address current and emerging risks. In that way, we can demand that problems be addressed through corrective action at an earlier stage, before they threaten the solvency or liquidity of the bank.

We will also make more thorough the evaluation of corporate govern-

nance, internal audit, and risk management. Bank management will be held to higher standards of performance. It is not the responsibility of Bangladesh Bank to manage each and every bank. It is the responsibility of the board of directors and executive management. They must adopt and implement appropriate policies and procedures to govern the bank and identify, measure, monitor and control all risks. The most important of these risks are credit risk, market risk (including interest-rate risk and foreign exchange risk), operational risk (including the risks of internal and external fraud), and liquidity risk. And it is the responsibility of the bank's own internal audit function to evaluate how the internal controls are working. In turn, we must evaluate how well internal audit handles that task.

We also expect to improve our legal and regulatory framework this year. We will adjust our policies on loan classification and provisioning to more closely reflect international practices. Provisions should reflect all expected losses in the loan portfolio, arising from an inability or unwillingness of the borrower to repay. This initiative directly affects your work, because in reviewing the loan portfolios at the branches you are reviewing the banks' classification of their own loans. If these classifications are not accurate, provisioning will not be



accurate. With more accurate provisioning, the capital of each bank will be more accurately measured. And capital is the single most important indicator of a bank's condition, so we have to know more precisely how much capital the bank has, and how much capital the bank needs.

We will also upgrade our measuring and monitoring of banks' liquidity. Liquidity risk management is the responsibility of every bank, and we will be evaluating more closely on-site whether they are doing all that is necessary. We are in the process of introducing new measures of liquidity

-- the liquidity coverage ratio and net stable funds ratio -- and are gathering data from the banks now and analysing those data. As soon as we know that banks are comfortable in submitting accurate data for these indicators, we will make them regulatory requirements.

During the period of post-financial crisis, it becomes necessary for us to perform extended responsibilities in the areas of both systemic oversight and on-site supervision of the central bank to protect the financial sector from any threat or crisis. To conduct intensive supervision is also essential

to mitigate the risks involved in those new activities and areas which we have identified for achieving inclusive growth. To this end, we want to upgrade the standard and quality of our supervision to a level where people's confidence and trust on us will be established. In order to redress grievances and complaints relating to banks and finance received from the customers, we have already opened "customers' interest protection centre" at our head office and branch offices.

We all have to play our role to promote banking excellence and to protect the interests of the depositors i.e. our family, friends and our neighbours. We have to inspect more closely the sanctioning process of the credit disbursement, utilisation and recovery of the credit by the bank branches. And we have to check whether the bank branches are classifying their loans and advances and making provision against them properly, whether loan against trust receipt (LTR) are being disbursed/created wisely and cautiously, whether liquidity risk of the bank is increased due to turning of this loan into term loan which takes longer time to be repaid than originally scheduled.

It is our responsibility to ensure the implementation of the policies, directions and guidelines of the central bank at branch level. I hope that the

supervisors will pay much attention to all these issues.

Finally, I would like to say a few words on the current macro-economic situation in our country. Many of us are aware that at present our foreign exchange market is stable mainly as a result of reduced outflows of import payments. On the other hand, export growth is also encouraging. With the growth of remittances above 12 percent, we are projecting record level of remittance inflows by the end of the current fiscal year. In contrast, we hope that inflation will also return at a declining rate very soon in consequence of tactful implementation of monetary policy. If we can maintain present coordination between the fiscal policy and the monetary policy, we are hopeful of bringing down inflation at a comfortable 'single digit' by the end of the current fiscal year. In fact, we have already witnessed a falling trend in overall inflation in the month of February 2012. In order to sustain this macro-economic stability, the role of banking supervisors will have to be indeed very crucial and I hope all our oversight 'examiners' will live up to this expectation.

(The write-up is in light of the speech delivered by Dr Atiur Rahman, governor of Bangladesh Bank, on 'Regional Town Hall Meeting on Banking Supervision' held in Chittagong on March 18 2012)