

# **Study of Tourism and Labour in Luang Prabang Province**

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## **Abstract**

Luang Prabang is becoming a well-known destination for international tourists. It was officially proclaimed a UNESCO World Heritage Property in 1995. Significant increases in tourist arrivals to Luang Prabang have provided opportunities to the residents of Luang Prabang to earn income and increase their knowledge and levels of experience. However, substantial gains were not sustainable due to the lack of qualified labour to supply the booming sector. This article explores the labour market of the tourism industry in Luang Prabang. It is based on 39 in-depth interviews with local people aimed at exploring problems and ways to improve the tourism and labour development in the city. The results suggest the necessity of increases in employment, either through entrepreneurial provision of accommodations, restaurants or tour operator services, or else within indirect tourism-related business. There is a need to upgrade the skills and experience of the labour market to remain competitive and a need to better balance the supply and demand of labour. There is a deficiency in terms of tourism-labour development planning, levels of individual motivation, available budget resources, and the numbers of qualified people in tourism management in both the private and public sectors. The research findings were used to identify recommendations to strengthen the sustainable development of the labour market and tourism industry in Luang Prabang Province.

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## 1. Introduction

Luang Prabang is the ancient capital city of the Lan Xang Kingdom (the former kingdom of the Lao PDR) and was established some 1,200 years ago. The Mekong Tourism Investment Submit (MTIS) reported that not more than 20,000 people live in the city of Luang Prabang with a population density of 22/ km<sup>2</sup>; while the administrative region holds 61,814 households and the population increases annually by about 2.4% (Saphakdy, 2005). Many existing and potential tourist attractions are grouped in the region: representatives of the three major ethnic groups, the ancient city with numerous cultural activities and institutions, significant buildings including the National Museum, Vat Xiengthong, Vat Mai, That Chomsy, Vat Visoun, the Kouangsy Waterfall and Tham Ting. Luang Prabang was officially proclaimed and indexed as a UNESCO World Heritage Property in 1995 (United Nations Educational, Scientific and Cultural Organizations [UNESCO], 2004). One result of such international recognition has been to bring more and more tourists to the city. In 2002, 65,872 international tourists arrived, which increased to more than 133,569 international visitors in 2005, while local tourists increased from 75,697 in 2002 to 128,381 in 2005. The tourism industry has generated income for the national economy and created job opportunities for Lao people, in particular the residents of Luang Prabang. Tourism agencies, hotels, quest houses and restaurants have been established in response to the tourism boom. Jobs have been created and businesses opened by local and non-local Lao people and also some from overseas (UNESCO, 2004). Most Lao people moved from the agricultural sector into the tourism sector but there is little evidence of any consistent plan behind this movement or in terms of balancing supply and demand for labour.

## 2. Research Objectives

This study aimed at studying the association between the tourism industry and the labour market in Luang Prabang. The three specific objectives of the study are:

- 1) To explore the actual circumstances of the labour market of the tourism industry in Luang Prabang.

- 2) To investigate the challenges, strengths and weaknesses of the current tourism labour market in Luang Prabang.
- 3) To provide applicable suggestions to ensure the sustainable development of the labour market and tourism industry of Luang Prabang.

### **3. Literature Review**

Tourism has become critical in driving economic development in many countries. Unplanned tourism development can lead to negative impacts both on society as a whole and the labour market in particular. The World Tourism Organization (WTO, n.d.) observed that tourism activities are highly dependent on the availability and quality of labour, which is the key factor in providing services and enhancing quality. It is, therefore, necessary to consider the relationship between tourism and labour.

#### **3.1 Tourism and Labour**

Tourism emerged as part of the traveling experience of the economic elites of Europe (Pearce, Morrison, & Rutledge, 1998). Subsequently, the ability to participate in tourism has become greatly broadened and mass market segments have opened, which have had significant impacts on the urban and economic development of major destinations. Tourists may be divided between local and international tourists and the latter category may be considered either international (from any overseas country) or regional (from neighbouring countries, generally making short-stay visits) tourists (Mongkhonvilay, 2005).

The labour market consists of people doing productive work for wages. UNESCO (2004) demonstrated that labour in the tourism sector involved people who are working and getting a certain wage from either or both direct and indirect tourism-related businesses. UNESCO explained that persons with salaried jobs in businesses such as handicraft production, restaurant workers, construction jobs created by the demand for new hotels, guesthouses or the expansion of the airports or other forms of transportation, internet cafes, superior quality shops and so on are engaged in the tourism labour market. WTO (n.d.) declared that tourism activities are highly dependent upon the availability and quality of labour resources. An understanding of

labour tourism markets is thus of primary importance to the tourism industry in both industrialized and developing countries. Subsequently, it is very important to assure a balance of the labour supply and demand for sustainable tourism development.

### **3.2 Job Opportunities and the Structure of the Tourism Labour Market**

Tourism contributes to economic growth and job creation (OECD, n.d.). However, Christensen and Nikerson (1995) pointed out that many of these jobs are seasonal or part-time, require low levels of skill and offer wages no better than minimum wage rates. Most jobs are in the lodging industry, restaurants and bar jobs, especially in eating and drinking establishments. Many people get their first job in tourism because of the widespread availability of jobs but there is little job security or opportunity for career progression. However, while wages may be low, they are deemed better than unemployment or unpaid agricultural labour, which are principal alternatives for the Luang Prabang region.

In assessing the labour supply, the analysis normally starts with demographic data (age; income, gender, education, working year, economic activities, occupation, employment status, working scheme, average hours working, and so on (Anonymous, n.d.). According to the Labour Supply Audit (The New Orleans Jobs Initiative, 2003), the training and vocational experiences of workers are to be identified because they can provide information about their skills and potential that illustrates possible future individual career paths. For the demand for labour, it includes factors such as wage levels and earnings, skills, knowledge and abilities (SKAs) of the labour force (Anonymous, n.d.). It is reported in the National Center for Human Resource Development (NCHRD) in 2005 that there is a high demand for skilled labour since such persons can improve sales and competitiveness.

### **3.3 Tourism Management and Labour Development**

Yamauchi and Lee (1999) argued for governmental intervention to help promote the tourism industry on the basis of its national culture and the natural environment. In this regard, the Lao government (GoL) has launched a program of infrastructure maintenance and installation, including road construction, telecommunications,

electricity and water supply, airports, hotels, restaurants, tourism sites, and the supply of foodstuffs and souvenirs. This is intended to assist all tourists and tourism-related businesses. At the same time, the GoL has taken into account human development, regional cultural preservation and environmental protection to make Luang Prabang unique and appealing as a long-term tourism destination (UNESCO, 2004). UNESCO also observed that proper planning should be accompanied by collaboration from relevant stakeholders, for instance the local community should be able to access information and contribute their efforts and know-how to tourism planning and management processes. There should also be collaboration from other stakeholders, including Non-Governmental Organizations (NGOs), regional authorities, tourists and other private entities (Aas, Ladkin, & Fletcher, n.d). Their participation helps in ensuring appropriate decision making in strengthening both tourism and labour development.

The processes of human resource development have become well-established. Human resources (HR) benefit from training and development (T&D) and undergo monitoring and evaluation (M&E) to determine progress and potential. Bohlander and Snell (2004) suggested M&E on the basis of participation and reaction to T&D. This form of systematic development is necessary if development of the tourism industry is to meet its potential in Luang Prabang.

#### **4. Research Methodology**

This research is based on a qualitative approach with a focus on naturally occurring events (Miles & Huberman, 1994). This approach helps create a holistic picture that reveals complexity and probes deeper into the observations made (Prongjit, 2006). Both secondary and primary data were used. Secondary data informed the primary data collection process and was also used to interrogate the findings. The primary data collection was carried out through face-to-face interviews and direct observations. The researchers conducted in-depth interviews in the city of Luang Prabang. The sampling design of this study was non-probability, meaning the targeted samples did not have an equal chance of being selected (see Table 1 below).

Table 1: Interviewing Samples

| Tourism –Related Organizations  | Samples |
|---|---------|
| Hotels and Guesthouses  | 12      |
| Restaurants   | 7       |
| Tour Operators  | 7       |
| Tourists  | 8       |
| Representatives from Tourism Office, Department of Labour, Universities and NGOs. | 5       |
| Total   | 39      |

Thirty-nine personal in-depth interviews were conducted with relevant individuals using convenience, networking and snowball methods of locating respondents. They included business tourism-related entrepreneurs, employees, tourists and also officers working in the tourism authorities (the Provincial Tourism Authority in Luang Prabang, University, and the Department of Labour in Luang Prabang) and relevant NGOs based in Luang Prabang, such as the United Nations Development Program (UNDP), Asian Development Bank (ADB) and the Netherlands Development Organization (SNV). The interviews employed both structured and semi-structured questionnaires because the authors had prepared a set of questions for use in interviews while encouraging respondents to explore issues and perspectives that were unique to their own position. Each interview took around an hour to complete. The collected information was transcribed, coded, processed and analyzed using a content analysis approach, which measures the semantic content of a communication to diagnose the findings of both primary and secondary data (Cooper & Schindler, 2006).

## 5. Results and Discussion

### 5.1 Tourist Profile in Luang Prabang

The GoL has been promoting international tourism in Laos since 1989. The total number of tourists has consequently increased, especially foreign tourists (see Table 2)

(National Tourism Authority of Lao PDR, n.d). A majority of tourists were from the United Kingdom, Thailand, Germany, Australia and the United States of America. The UK had the highest number of tourists, while Thai tourists were becoming increasingly important, being 15% of the total in 2005, which was a significant rise from 2004. According to interviews, most of the international tourists enjoyed ecotourism, cycling, elephant riding, boating, hiking and home stays with local people in the targeted tourist sites. The tourists were apparently willing to recommend their families, relatives and friends to visit Luang Prabang. Some noted that they planned to visit Luang Prabang again for their holidays in the future. A couple of tourists from UK said that:

*“We have been very impressed while visiting and staying in Luang Prabang. It is quiet, has a good atmosphere, and the people are friendly. We like the temples, and historical arts. Of course, we will recommend to our relatives and friends to visit here for their holidays and come here again as it is good value.”*

Luang Prabang was also popular with Lao tourists because of the history and culture associated with the region, see Table 2.

Table 2: Tourists in Luang Prabang

| Category of Tourists | Number of Tourists Yearly in Luang Prabang |         |         |         |
|----------------------|--|---------|---------|---------|
|                      | 2002                                       | 2003    | 2004    | 2005    |
| Lao                  | 75,697                                     | 58,983  | 90,593  | 128,381 |
| Foreigners           | 65,872                                     | 99,150  | 105,513 | 133,569 |
| Total                | 141,569                                    | 158,133 | 196,106 | 261,950 |

Source: Provincial Tourism Office of Luang Prabang, 2006.

Based upon the information provided by the Provincial Tourism Authority (PTA) in Luang Prabang (2006), it was found that a majority of tourists (33% and 26%) anticipated spending their holidays in Luang Prabang for two and three nights respectively. Some tourists explained during interviews that they planned to explore the natural environment and expected to relax longer in the peaceful surroundings of

Luang Prabang. Some intended to learn about ethnic minority cultures in the area. Hence, they wanted to stay longer.

The largest proportion of tourists (64%) chose to stay at the cheapest accommodations, costing less than \$10 per night, while 25% preferred to stay at mid-priced accommodation at from \$11 to \$120 per night and the remainder chose luxury hotels costing more than \$120 per night (PTA, 2006). Clearly, tourists arrive in Luang Prabang with a variety of interests and expectations. Consequently, now Laos as well as Luang Prabang has been moving from a command economy to a market economy, Lao organizations must create market-based HR and customer satisfaction mechanisms from scratch. Certainly, it is necessary for workers to be prepared to provide a variety of service levels and flexibility.

## 5.2 The Labour Market of Luang Prabang: Business Entrepreneur Creation

According to interviews, entrepreneurs understood that an increasing tourism sector provided them with opportunities to invest in various businesses. This coincided with the statistical evidence depicted by the Lao National Tourism Administration (LNTA, 2006), which confirmed that the tourism industry of Luang Prabang has direct effects on entrepreneur creation, especially in the hotel and guesthouse industry, as well as on restaurants and tourism agencies:

- **Hotel entrepreneurs:** local and foreign entrepreneurs have been increasingly investing in hotel businesses. Hotels in Luang Prabang increased from 14 units in 2002 to 18 units by 2006. There were three types of owners: privately owned, joint ventures (JVs) and State-Owned Enterprises (SOEs). The most significant percentage (56%) of the hotel business is privately-owned, 11% is owned by the foreign investors, 6% is owned by the GoL, and 27% are JVs shared by the GoL, local residents and foreign investors, who are mostly British, French or Hong Kong Chinese. Some of the SOE/JV hotel managers reported that since they already had hotel and hospitality management skills and experience, they had faced few problems. They operated their businesses with a customer-oriented focus. As one hotel manager observed:

*"I am the owner and manager of this hotel. I have been working in this area for more than 20 years. I started working and learning from experience since I studied overseas. Certainly, the experience and knowledge gained from my study and previous jobs helped me a lot in managing my business as well as working with the employees. Thus, it is not very difficult for me to be successful here."*

- **Guesthouse entrepreneurs:** tourism development in Luang Prabang has also had an effect on the local guesthouse sector. Guesthouses are the largest provider of accommodation in Luang Prabang. There were 114 entities in 2002 and 146 entities in 2005, with 134 guesthouses officially registered in 2006 (LNTA, 2006). Almost 99% of guesthouses were family-based businesses run by local entrepreneurs. According to interviews, some entrepreneurs owned several guesthouses simultaneously. One interviewee, who was the General Manager of the Inter-Lao Tourism Operator in Luang Prabang, remarked that most guesthouse entrepreneurs have their own land, houses or other buildings and might provide resources to others to help start their own businesses. It was observed that many new guesthouses were also under construction. It appeared that some guesthouses were capable of offering only two or three rooms to visitors, with a cost of around \$3-\$5. The low level of revenue available helps explain why some guesthouses have not yet been officially registered. Most guesthouse entrepreneurs appeared to run their businesses according to experience - meaning that they did not have specific managerial skills, but they were learning from doing. Nevertheless, an increase in this sector had led to an increase in employment, as had been predicted by Christensen and Nikerson (1995).
- **Restaurant entrepreneurs:** From 2002 to 2005 the number of restaurants increased from 58 to 102 units; with 12 restaurants officially registered. All were privately-owned. Around 67% of the restaurants were owned by foreign investors, with a minimum capital investment of \$10,000-50,000, as well as minimum

turnover of \$3,000-20,000 (LNTA, 2006). The remaining 33% were operated by local entrepreneurs, with the lowest capital investment of \$2,500-5,000 and the lowest turnover of \$500-1,000. Foreign-owned restaurants, therefore, appeared to have more competitive power than locally-owned ones. Based on interviews, it was found that a number of restaurants were recently established (within the past four or five months) and were being run by new entrepreneurs. Some had expanded into branches owned by existing entrepreneurs. For example, the Indo-China restaurant and two pizza restaurants had their own branches, owned by a Thai entrepreneur married to a local Luang Prabang woman. They also planned to open a spa business in the near future. The number of restaurants was expected to increase further in the future as the number of the tourists would also increase, according to an officer's statement at the PTA. This will lead to higher employment in the sector. As competition in the city increases, it is hoped that the level of service and quality of food will also increase.

- ***Tour Operation Entrepreneurs:*** there were 24 tour operators in 2006, as compared to 13 in 2002. However, according to the PTA, a lack of technical capacity means it is not possible to provide accurate ownership details. Tour operators focused on such areas as traditional tourism, ecotourism, ticketing and accommodation. In addition, local entertainment facilities increased from three in 2004 to seven in 2005 (with an unknown number of unofficial facilities). These also offer generally low-skilled and low-paid jobs, although some do have better prospects.

The tourism industry has, therefore, contributed to the growth of employment and entrepreneurialism in the city, as well as foreign direct investment. There have been positive externalities associated with these changes but it is not clear that there are any mechanisms for ensuring long-term and sustainable change in the labour market. Should external environmental shocks cause tourism numbers to decline, in other words, it would be followed by decreases in employment and business revenue.

### 5.3 The Labour Market of Luang Prabang: Employment Opportunities

In addition to the sectors described above, it was clear that other activities had also been stimulated by increased tourism. This included personal transportation services, such as aviation, buses, cars, taxis and tuk-tuk services. Additional areas included internet cafés, spas and massage businesses, construction, food and the production of souvenirs and handicrafts. These activities should certainly be included within the overall tourism sector (UNESCO, 2004).

According to employment statistics provided by the manager of the Department of Labour in Luang Prabang, 5,389 people (1,310 were women) were employed in privately-owned tourism-related enterprises in 2005. The growth rate of employment was 1.5 % per annum above the overall rate for the private sector. He continued:

*“The workers are paid in accordance with the agreement between employers and employees, and the labour policy of Laos. The minimum wage policy of Laos for each individual worker is \$27 per month. This policy is reviewed and adjusted with reference to the realistic conditions of the social and economic situation of the country”.*

According to the PTA, the largest source of employment in the private sector was in hotel enterprises (See Table 3). The hotels employed 685 local people (376 females and 309 males) and 30 expatriates (7 females and 23 males). The expatriates were mostly from France, Myanmar, Indonesia, Thailand, England, Germany and Vietnam. Guesthouses were second in size, with 676 local employees (302 females and 374 males) and three male expatriate workers. Restaurants occupied third place, with employment for 233 local people (95 females and 135 males). Lastly, the tour agencies employed 185 local people (55 females and 130 males). These figures are incomplete. However, it is clear that the majority of new employment opportunities registered have gone to men rather than women.

Table 3: Tourism Employment in Private Enterprises in Luang Prabang

| Enterprises    | Local Employments |      | Expatriate Employments |      | Total |
|----------------|-------------------|------|------------------------|------|-------|
|                | Female            | Male | Female                 | Male |       |
| Hotels         | 376               | 309  | 7                      | 23   | 715   |
| Guesthouses    | 302               | 374  | -                      | 3    | 679   |
| Restaurants    | 95                | 135  | -                      | -    | 230   |
| Tour Operators | 55                | 130  | -                      | -    | 185   |
| Total:         | 828               | 948  | 7                      | 26   | 1,809 |

Source: PTA of Luang Prabang 2006.

Interviews revealed that many new businesses relied on the managerial skills of the expatriates. Most expatriates were employed in managerial positions, such as general managers and marketing and finance; whereas most of the local people were employed in operational jobs, for example as housekeeping supervisors, frontline supervisors, cooks, maids, waiting staff and similar positions. This practice was assumed to bring advantages for local entrepreneurs as they were able to enhance their business performance due to the experienced and innovative competencies of the expatriates. However, this also suggests that there remain inadequately qualified human resources sufficient for managerial jobs.

Some persons from minority groups were also employed in the tourism industry. This included people from areas remote to Luang Prabang, people from ethnic minorities and both young and elderly persons. These persons were mostly involved in the production and retail of Lao-themed souvenirs and hand-made inventions like bed sheets and covers; scarves, pillow cases, handmade aprons, silks, lamps made of recycled paper and silver products, among others. These products may be found in every part of Luang Prabang but most commonly at the night market, which is crowded every evening with tourists and vendors. Numerous Luang Prabang residents also attempt to generate earnings from tourism-related businesses at the night market. Many employees of local government offices and private companies, for example, used their spare time to trade in the night market or similar venues. The Manager of the Department of Finance in Luang Prabang declared that the tourism industry had significantly contributed to the income generation of the province. Total revenue in the

four main sectors increased from \$3,059,110 in 2002 to \$5,097,742 in 2005 (Department of Finance of Luang Prabang, 2006). This is an important source of income.

#### 5.4 The Labour Market of Luang Prabang: Labour Characteristics

The tourism labour market in Luang Prabang is seasonal. More people are employed during the high season, which lasts from September to May (prior to the rainy season). Those who were employed tended to be those with some sort of educational qualification, especially those who had completed high school or had a vocational school certificate, preferably majoring in business administration, accounting or English. Many combine studying with part-time work. Such people are found in hotels, guesthouses, restaurants and entertainment venues. Business owners interviewed repeated that it was compulsory for employees to be able to communicate in English. It was also necessary that they be honest. Other skills could be learned on the job. Tour operators preferred to hire employees who were motivated and healthy, with a good service orientation, a high level of responsibility and specific knowledge of tourism and of working in related businesses. Other useful attributes included good historical and cultural knowledge, the ability to swim and, again, English language ability. These tended not, therefore, to be entry level jobs.

It was also observed that, although demand for labour was high in a developing industry, wage rates remained stubbornly low. One employee working at a restaurant said that:

*"We are unskilled workers. We do not have power to bargain for better wages. Some employees are paid hourly, so they are not paid when they are sick. Some employees get a monthly salary with a sick leave compensation of \$20-\$30 per year. But we have to accept such a job opportunity as this. Otherwise, we do not know what else to do."*

This is consistent with Christensen and Nikerson (1995), who argued that entry-level jobs in tourism tended to be seasonal, part-time and of low compensation. It was also found that those workers in hotels and tour agencies tended to get better job offers

than those in guesthouses, restaurants and entertainment facilities. Interviewees reported that employees in hotels and tour agencies tended to receive paid annual leave and bonuses on notable days such as the Lao New Year. However, other employees had their jobs terminated during the low season or else their working hours and wages were reduced. In these cases, motivation was lower and so too was commitment.

### **5.5 The Labour Market of Luang Prabang: Labour Development and Management**

Employers and managers claimed that they provided both in-house training and off-site training for at least some of their employees. The former was generally offered to new hires and served as orientation to basic on-the-job methods. Supervisors or senior managers within the companies concerned usually provided this form of training. In restaurants and accommodation sectors, new employees were instructed to observe the other workers and then replicate what they did. Immediate feedback was generally made available. As competition has increased to some extent, it has become more important to place responsibility on skill development among employees. In a few cases, off-site training courses were offered. However, these were generally considered to be too expensive and, also, there were problems with access. It was thought that productivity gains did not justify such expenditure. One hotel and restaurant manager observed that:

*“We used to invite trainers from the Luang Prabang Tourism Office or elsewhere to train our employees at our workplace for about one or two weeks for the last few years. The training courses were mostly related to housekeeping, front office, general services and so on. After that, internal training programs were to be supervised by our internal managers or seniors. We think most supervisors/managers should be able to transfer knowledge to their subordinates. Thus, we did not think we need to pay another high cost for external trainers, especially as employees often left for other jobs with higher wages after working with us for a while.”*

The organisation of T&D tended to be a top-down approach, with employees rarely involved in the identification of needs or possible solutions. The practice was considered to be a cost rather than an investment and there was little effort to establish a long-term career development path. When T&D was conducted, it was generally to overcome a short-term lack of skills. Off-site training occurred rarely and, when it did happen, it was the result of co-operation between the PTA and the local branches of NGOs. Two sessions of training are held annually and the cost to employers is subsidized. Sessions were well-organized and took a systematic approach to employee development and focused on specific areas such as food preparation, flower decoration, handling complaints and improving services. However, there is a resource constraint on the training available and this is partly alleviated by the low level of advertising – many respondents, for example, were unaware that the sessions were taking place. In other cases, it was felt the sessions were held too far away or during the high season.

Some businesses sent employees for on-site training elsewhere in Luang Prabang or otherwise in Vientiane, particularly the famous tourism site at Vang Vieng. Employees could receive practical training in English and French, as well as bookkeeping and computer skills. Training was also sought in maintenance, first aid, cross-cultural issues, cultural and environmental preservation. Some employees might be sent to partner organisations in Vientiane or to Pattaya in Thailand for 30-45 days per year as a type of working visit. In larger organisations, the managers themselves wished to participate in such training sessions. Further, they might also visit other, perhaps competing businesses, in order to observe how employees there performed, what level of skill they had and how they compared with their own staff.

However, the state of T&D in the Luang Prabang tourism market may be described as pragmatic, only partly organized and lacking in planning and vision.

## **6. Challenges**

According to interviews, challenges facing the tourism industry in Luang Prabang included migrant labour issues, weak management, low motivation among workers, poor social health and degradation of the natural environment.

In terms of migration, the manager of the Department of Labour in Luang Prabang observed that tourism had led to increased migration from rural areas and neighbouring provinces into the city. Lao persons from Xayaboury, Luang Namtha, Phongsaly, Oudomxay and Vientiane had all travelled to Luang Prabang to find work. Also, some Vietnamese and Chinese had also observed in the city taking advantage of opportunities provided by the tourism industry. There is an approximately 2% annual growth in the population of the city attributable to inward migration. Most migrants were believed to have low levels of education and to be working in unskilled manual jobs, with low hourly salaries. Jobs associated with migrant labour included construction, domestic service, waiting and dishwashing, gardening and maintenance. According to officials, this phenomenon depresses local wages generally and inspires some Luang Prabang people to move overseas in search of work themselves. Officially sanctioned schemes take Luang Prabang persons to work in the Thai factories of Khon Kaen, Songkhla and Bangkok, while others travel to Malaysia. Unofficial schemes also, of course, exist.

It was also observed that many tourism businesses were family-based, with most jobs going to family members. This made it difficult for outsiders to gain good jobs, since these were reserved and not advertised. Available jobs were for the less desirable activities which inevitably, therefore, meant that these jobs tended to be filled with less motivated people with lower levels of commitment. Even when family members were not expected to fill vacancies, senior non-family employees would use their internal knowledge of the firm to recommend their own contacts for vacancies. Again, this makes it difficult for outsiders to obtain good jobs and break into positions of responsibility. Even so, job seekers continued to walk in to establishments on the off chance that a position would be available. A manager of the Personnel Department in one hotel reported that:

*“There are more than three young people coming to apply for a job every day. According to their personal résumés, many of them have student status. Some have just graduated from vocational schools; in particular, they are English majors. So, it is simpler not to advertise any vacancies, unless it is for a managerial position.”*

Another common challenge was related to weak management systems. Most managers were not fully empowered to solve problems. They may have had some useful experience, on which they relied on a day-to-day basis, often rotating around several establishments for which they were responsible. These general managers often found it difficult to enforce their authority over employees in the absence of owners, whom employees knew wielded the real power. For example, some managers reported that they were not able to hire any employee with a salary of higher than \$50 per month, even if excellent and immediately available candidates presented themselves. From the employee perspective, they were unhappy that their contributions were not properly monitored or evaluated. Often, they claimed they preferred to work for a foreign employer who would be more likely to have an efficient management system in place. A supervisor working in one hotel said that:

*“We get a higher basic salary and learn more by working with foreign employers. Working with Lao employers gives us a lot of pressure because they rarely have clear job descriptions, and many duties are made to be the responsibility of more than one employee at the same time”.*

Weak management was typically caused by the lack of good communications, coordination and cooperation among the employers, managers and two groups of employees – the morning and afternoon shifts. When employees do not appear, managers routinely have to take care of their duties themselves. Owing to inappropriate monitoring, productivity is not measured and this leads to the over-hiring of staff. Instead of one staff member being hired to be responsible for a group of 7-8 guests, therefore, two staff members were hired and this led to lower productivity and profits. Many employees were considered to be unreliable, unpunctual and unwilling to take responsibility. Further, many of the language difficulties that were observed could have been avoided with very little learning effort. Customer satisfaction could, therefore, have been increased significantly through the application of better but still very simple management techniques.

There were also some negative aspects attributed to the growth of tourism, including social health problems and degradation of the natural environment. Perhaps most disturbing for the local people was the arrival of a commercial sex industry in the city, which became operational mostly in certain establishments at night time. Although these were popular venues for some visitors, local people professed that the concept of such an industry was alien to local cultural and spiritual values. Many respondents felt that the local authorities should do something to prevent the spread of this industry.

## **7. Conclusions and Recommendations**

The tourism industry is increasing and has had a positive effect on total employment. Men and women, young and old were all enthusiastic about the opportunities for higher income provided by the tourism business. However, full-time jobs were seen as largely seasonal and partly filled by migrant workers. By contrast, most local people felt they benefited more from part-time opportunities. Improving the opportunities available for local people in the industry requires development of infrastructure and regulations. In particular, to strengthen the sustainable development of the tourism industry and the labour market, there is a need for better co-ordination between such organisations as the PTA of Luang Prabang, NGOs, the private sector and representatives of the employees. There is a need for greater collection of relevant information with a view to identifying the gaps between supply and demand and feeding this information to relevant educational institutes, so as to reduce imbalances by offering incentives to people to take the courses designed to fill gaps. Since local people already recognize the opportunities the industry offers, it should not be difficult to persuade them to participate in such schemes. Another important phenomenon is relevant to the evolution of the educational system. This particularly relates to the roles of the GoL, the labour department and the PTA in promoting competition among educational institutions and in improving the quality of teaching, of curricula and of resources available for education. This should be managed with a view to maintaining the cultural and environmental integrity of Luang Prabang. There is also the need to encourage local businesspeople to improve their own managerial systems and skills, perhaps through the provision of training sessions linked with a financial provision for

future investment. This might be accompanied with a public sector initiative, organized in connection with suitable international bodies, to establish various standards in terms of regularization of personal transportation systems, health and safety practices in the workplace, evaluation systems and incentives for companies to provide better HR practices.

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