

Competencies Needed in Competitive International Tourism Development

Research of competency needs for future competitive tourism development in Estonia

Jana Raadik Cottrell, PhD

Tallinn University of Technology, Kuressaare Centre
2017

Table of content

Introduction	3
I Research purpose	4
1.1 Secondary data research phase - content analysis.....	5
1.2 Empirical research phase - semi-structured interviews.....	6
II Competencies needed for a competitive tourism development in Estonia	7
2.1 Future challenges and competencies identified in secondary document analysis.....	7
2.2 Future challenges and competencies identified in empirical research	8
III Summary of identified future competency needs	12
IV Conclusion	16

Introduction

Growth in international travel, new evolving markets and increasing global competition require collaborative efforts from more distant and smaller regions in a global context. Countries around the Baltic Sea region have opportunities to increase their visibility and competitiveness through networking, and offer experience opportunities as a regional destination. This requires similar professional skills in the tourism industry across the region in order to maintain and boost the competitiveness of the region as a whole. It is important to combine efforts to improve skills needed to meet more international market needs and to internationalize tourism education.

The current study is part of the EU-funded project Boosting Tourism Business Growth through Higher Professional Education (BOOSTED) (Interreg Central Baltic, 1.11.2016-31.10.2019). The purpose of the project is to identify relevant competencies needed in international tourism development in Finland, Estonia, and Latvia. Based on qualitative research findings from each participating country, the identified skills will be translated into a joint curriculum, which will be implemented as a professional higher education study program online.

The aim of this specific study is to identify competencies necessary to meet future strategic tourism development goals in Estonia. This study reviews the competencies highlighted in existing strategic tourism development documents, industry reports and previous studies focusing on competency and educational needs. In addition, industry representatives are interviewed to identify competencies deemed important. Current higher tourism education curricula are compared to findings from the previously mentioned documents under review and findings from empirical research to reveal core competencies and areas of improvement.

I Research purpose

Tourism plays an important role in Estonia's economic development, forming – together with indirect impact – approximately 7% of Estonia's gross domestic product and 27% of exports (Ministry of Economic Affairs and Communication, 2014). The tourism industry as a viable economic contributor falls under the jurisdiction of the Ministry of Economic Affairs and Communication.

Several national development strategies contribute to tourism development in their strategic development plans either directly or indirectly: Estonian National Strategy on Sustainable Development "Sustainable Estonia 21" with an emphasis on welfare and viability of Estonian culture; National Reform Program "Estonia 2020" and related "Estonia 2020" with the emphasis on raising productivity and increasing R&D expenditure; Entrepreneurship Growth Strategy with a focus on innovation and entrepreneurship; Regional Development Strategy (*Ministry of Interior*) with a focus on regional entrepreneurship; R&D&I Strategy (*Ministry of Education and Research*) with the focus on cooperation between enterprises and research institutions and human resource development; Information Society Development Plan (*Ministry of Education and Research*) focusing on ICT infrastructure and skills; Rural Development Plan (*Ministry of Agriculture*) focusing on the agricultural sector and associated entrepreneurship; Tourism Development Plan (*Ministry of Economic Affairs and Communication*) with a focus on product development and development of businesses in the tourism sector; and Lifelong Learning Strategy (*Ministry of Education and Research*) with a focus on human resources and competencies.

Specific strategic tourism development goals are given in the National Tourism Development Plan 2014 – 2020. Strategic tourism marketing on a national level is guided by Enterprise Estonia under the jurisdiction of Ministry of Economic Affairs and Communication, and formulated in the Enterprise Estonia Strategy for 2015 – 2018.

Currently five higher educational institutions in Estonia provide undergraduate degree programs in tourism: University of Tartu Pärnu College – Tourism and Hotel Management (3 year applied degree program, stationary and distant education); Estonian University of Life Sciences – Nature Based Tourism (3 year bachelor degree program, stationary and distant education); Estonian Maritime Academy Kuressaare Center – Tourism and Catering Management (3.5 year applied degree program, stationary education only, discontinued in fall 2017); Tallinn University – Recreation Management (3 year bachelor degree program, on-campus education); Estonian Entrepreneurship University of Applied Sciences – Tourism and Restaurant Entrepreneurship (3.5 year applied degree program – distant education only).

Despite the economic importance of tourism, the industry is not receiving institutional, societal attention or respect it deserves when it comes to careers in tourism. Life long career paths in tourism are not extremely popular and work in the hospitality sector is often regarded as an entry-level occupation in the workforce. Salaries in the tourism industry are relatively low and workforce flow is extremely high. Tourism enterprises are often faced with difficulties to find competent, highly motivated workers.

Few studies have been conducted to map current competency needs in the tourism industry beside specific hospitality skills, and studies about expectations on competencies acquired through higher education are practically missing.

This qualitative research aims to identify the main areas of future tourism development in Estonia and competencies necessary to fulfill expectations for the future workforce to increase the competitiveness of Estonia as a tourism destination. The research was implemented in two phases.

The first phase was a content analysis of national strategic developmental plans and reports from the tourism industry, as well as existing research documents about the tourism related competencies and higher educational needs.

The second phase identified main problematic areas of the industry and the competencies necessary for successful tourism development in Estonia according to the views of industry representatives using a semi-structured interview approach.

1. Data collection and analysis

1.1 Secondary data research phase - content analysis

For secondary data analysis strategic development documents, industry reviews, and studies related to competencies in the tourism sector in Estonia were reviewed to map main future strategic areas of tourism development and related prioritized competency fields. The analysis of competencies identified for further development was further reviewed based on current tourism education programs offered by Estonian higher education institutions on bachelor level. Documents for analysis were mainly gathered through open access Internet based sources. One document was provided directly through personal communication with an Enterprise Estonia marketing specialist.

Six major strategic development documents were analyzed for the identification of prioritized tourism development fields and related thematic competencies: Estonian National Strategy on Sustainable Development "Sustainable Estonia 21", National Reform Program "Estonia 2020", "Estonia 2020" Action Plan 2015-2020, Estonian Tourism Policy, National Tourism Development Plan 2014–2020, and Enterprise Estonia Strategy for 2015–2018.

In addition to strategic development documents, six documents related to tourism industry competencies from a sectorial analysis, and previous researches related to educational needs were reviewed, namely: Cooperation Between Rural Tourism Sector and Tourism Education Field - Current Situation and Future Development Analysis (*Gravitas Consult, 2014*), Tallinn Visitor Survey 2008-2014 Summary Report, Revised version (*TSN Emor, 2015*), Event Tourism Sector Overview (*Enterprise Estonia Tourism Development Center, 2016*), Tourism Attractions Sector Overview (*Enterprise Estonia Tourism Development Center, 2016*), Nature-based tourism opportunities in Estonia (*Consumetric,*

2008), Memo of minutes from the roundtable discussion about tourism education competency needs (*Enterprise Estonia, June 26, 2012*).

Curriculums in tourism and recreation undergraduate degree programs from five higher educational institutes were reviewed to map major competency areas in the programs.

1.2 Empirical research phase - semi-structured interviews

During the empirical research phase 27 interviews were held with representatives of the tourism industry and related organizations by two means of communication: face to face (n=16) and Skype interviews (n=11). Interviews were conducted between February and April 2017.

The interviewees were selected as a convenient sample to represent the public and private sectors: business sector - 15 (14 private businesses, 1 state owned), non-profit organizations - 6 (2 national, 4 regional), foundations - 4 (2 national, 2 regional), and other (1). Among the interviewees were private business owners (8), managers (including project leaders) in tourism businesses (8), a representative of the national tourism development organization (1), representatives of regional tourism development organizations (5), representative of a regional tourism destination management organization (1), and other (4). The informants originated from the Northern Estonia region (including capital city Tallinn) (13), Western Estonia region (9), Southern Estonia region (2), Eastern Estonia region (1), and Central Estonia region (2).

A semi-structured interview method was used to map the main problematic areas of tourism development and the necessary relevant competencies. Interview questions focused on current issues with tourism development in Estonia nationally and regionally, on evaluation of five pre-determined areas of development and related skills (unique and innovative product design including new product development based on local food, nature and heritage, target market knowledge and adapted product development, tourism development based on sustainability, sectorial communication and collaboration, multichannel sales and marketing communication), future areas of tourism development, and skills needed to be successful in tourism industry in general. Questions regarding the future of tourism higher education in Estonia, and skills educational establishments could develop were also included. Interviewees were encouraged to express their ideas and areas of concern outside the pre-determined interview questions to allow the additional themes to evolve. Interviews lasted on average 45 minutes. Recorded interviews were transcribed and the text was analyzed through open coding.

A summary of key findings and categories of competencies was done based on findings from the content analysis and interview data.

II Competencies needed for a competitive tourism development in Estonia

2.1 Future challenges and competencies identified in secondary document analysis

The national development strategies reviewed for the purpose of this report indicate areas of human resource development to achieve the strategic goals via strong emphasis on entrepreneurship, innovativeness, flexibility and willingness for life-long learning to acquire skills and competencies needed for development of competitive society of welfare. The National Tourism Development Plan vision and goals to develop Estonia as a competitive destination is well-known for its' innovativeness and high quality products defines areas of competencies much needed from current and future specialists in the tourism sector. Strong marketing and promotion skills with good knowledge of target markets, entrepreneurship skills and innovative product design using contemporary IT solutions, networking and communication are among the core competencies expected through collaborative efforts between enterprises and educational institutions.

The review of existing studies related to competencies in the tourism sector highlighted some major areas of concern. Several studies indicate weak marketing and promotional skills for more systemic destination marketing especially internationally. Lack of knowledge of viable markets and their needs does not allow further development of competitive tourism products. Insufficient knowledge, awareness or recognition of opportunities Estonia's rich and unique cultural and natural environment enables regarding contemporary trends in tourism development, limits Estonia's competitive edge. National Tourism Development Plan and Enterprise Estonia Strategic Plan focus on introduction of Estonia as a unique and innovative destination, yet favoring areas and markets with high volume economic turnout (conference tourism, Asian market). The overview of nature-based tourism opportunities (*Consumetric, 2008*) and the study about competencies expected in the rural tourism sector (*Gravitas Consult OY, 2014*) stress on opportunities provided by the Estonian natural environment and unmatched supply side of products, services and accompanying competencies needed to provide for increasing international demand. Limited knowledge of resources the tourism product is based on, lack of creativity in product development, and insufficient cooperation weaken the competitiveness of individual entrepreneurs and/or the whole destination.

Strong product development stems from a creative approach to available resources, and good knowledge of desired experiences. Competitive and creative product design is based on research and feedback, thus these competencies should not be overlooked. As indicated by the studies reviewed, many entrepreneurs in the tourism sector do not use research sufficiently or ignore its' importance.

Contemporary IT solutions are vital in tourism product design and marketing (promotion), thus related skills are highly required.

Educational needs for competencies identified by educational institutions stress on the importance of cooperation between the tourism and educational sectors for a more targeted and need based approach. The primary areas in need of improvement according to educators are related to entrepreneurship, marketing, product development, and cultural awareness and language skills. In addition to desired competencies acquired through educational programs there is a need for more rigorous admissions to tourism programs as indicated by the tourism sector entrepreneurs in the studies reviewed (*EAS, 2012; Gravitas, 2014*). Willingness to work in the service industry sector, good communication skills, entrepreneurial mind-set, openness, innovativeness and desire to learn are crucial personal characteristics to develop further professional competencies.

A majority of current tourism programs in Estonian higher education institutions have learning modules on entrepreneurship, marketing, tourism and restaurant management as part of their core competencies. Service design has been recently included in curriculums as well. Less emphasis is given to innovation, and product (service) design and development, as well as quality management. Network building and management, human resource management, and sustainability are represented modestly or missing. Based on strategic development goals, the Estonian tourism sector is in need of a workforce with an innovative, creative and holistic approach to sustainable tourism development.

2.2 Future challenges and competencies identified in empirical research

According to the interviewees Estonia's tourism industry faces some general challenges shared by the industry globally. Increasing demand for new, innovative experience based tourism products and increasing competition between existing and evolving destinations create a need for coherent and focused tourism product development and marketing to be visible and identifiable.

Estonia's major challenge as a competitive tourism destination is its' poor visibility on a global market due to relative unknown-ness. A majority of interviewees expressed their concerns about the lack of coherent value-based and focused promotional activities on a national level to market Estonia as a unique destination globally. One of the major challenges often shared by the interviewees, especially private business representatives, is also the insufficient national marketing effort on close proximity target markets (Latvia, Lithuania, Poland).

According to the interviewees there is a need for a better identification of Estonia's core competitive edge, and related coherent product development and related marketing efforts. Coherent and consistent value based national destination branding and marketing would help regions and individual entrepreneurs in their product development and marketing. Interviewees stressed on the importance of coherency between overall national/regional development and tourism development in order to create

competitive and sustainable tourism destinations and products. One of the issues most often mentioned is the lack between current natural resource management and promotion of Estonia as a pristine nature based tourism destination.

Interviewees see Estonia's future competitiveness in tourism based on our natural environment and the well-being benefits it offers. Wellness tourism, combining nature, heritage and local food, well-designed event tourism, and heritage tourism were most often mentioned as the future of Estonia's tourism.

Interview results indicate several categories of competencies currently in need of development and with increased importance in the future.

Cultural awareness/ internationalization

Interviewees emphasized the diversification of the target markets both locally and globally. Increasing need for more individualized and culturally sensitive products stress the importance of better knowledge of cultural differences of the target markets. Good knowledge of target markets and their needs based on scientific research and cultural awareness is a competency needed for successful product design and sales. Cultural awareness and sensitivity to the needs of international markets requires good understanding of Estonia's own cultural heritage in order to find unique competitive differences and connecting points with target market culture. It is important to identify potential future markets based on scientific trend analysis and modify and diversify existing core products based on cultural sensitivity.

Product and experience design and quality management

The ability of individual tourism entrepreneurs to create unique, innovative experience based tourism products sensitive to target market needs varies according to the interviewees. Too often too many similar product offerings weaken the regional uniqueness and success in tourism on individual level. Majority of respondents acknowledged that although there is a recent growth in unique regional products, they are often short-lived due to the lack of persistence in continuous product development innovation, and marketing. Tourism entrepreneurs were also concerned about the current rules and regulations compromising creative small-scale nature and local food based product development.

Experience based competitive product design requires excellent understanding of the existing resources and the creative opportunities it offers. Experience based product development requires creative use of storytelling and continuous innovation. Competitive and sustainable product design and its' continuous development goes in hand with coherent and consistent long term development and marketing efforts both nationally and locally. Sustainable use of cultural and natural resources together with creativity and innovation should be a focus in experience based product development. Sentiments about the opportunities for new product innovation based on an increasing shared economy were expressed as well.

Collaboration and networking

According to informants, more goal-oriented collaboration between small and large tourism enterprises, municipal developmental organizations, and policy-makers is needed. Many emphasized the importance of larger regional collaboration in product development and marketing (Finland, Estonia, Latvia) to increase the competitiveness on global tourism market. Advantages of good cooperation are acknowledged but practiced with varied desire and consistency. Many interviewees shared the sentiments that collaborative and networking skills need improvement and should be more stressed through practical case study group projects in curriculums.

Multi-channel sales and marketing communication

Interviewees stressed that unique products based on local heritage and identified target market needs together with coherent marketing communication using multi-channel sales are core competencies to build and manage competitive destinations.

One of the emphasized challenges commonly shared among informants both from the public and private sector, was the lack of financial and human resource ability to create and maintain contemporary digital marketing and sales channels. Small size enterprises, especially in rural areas most often lack the skills and resources to increase the visibility of their product offerings and effectively sell them.

Interviewees emphasized the importance of contemporary IT solutions in successful marketing communication, yet many stressed that digital solutions should be developed coherently with more traditional marketing efforts.

Entrepreneurship competencies/Managing business operations

Identifying most important competencies in their tourism business careers several ones were more often mentioned – good communication skills, financial skills, marketing skills, and strong analytical skills. Currently the financial skills (long term business plans, financial predictions, pricing) are seen as rather poor. Communication skills need development as well, especially among the younger generation with weakened oral and written communication skills due to extensive social media use. According to respondents, marketing skills need development across all age groups, although younger generation is more apt to general marketing attitude. Long term planning and understanding of the tourism system ("big picture") is most often missing.

Interviewees stressed on several competencies important for professional management and leadership: good analytical skills based on scientific research, and systems approach are necessary skills today and in the future. These skills are an important aspect of entrepreneurship competencies; many respondents expressed desire to see these skills among their employees. Respondents stressed that professional skills are acquired through life-long learning and special attention should be paid to flexible

continuous education opportunities for people already in the industry, focusing on research based analysis, long term planning, financial planning, and service design.

Language skills

Knowledge of foreign languages is seen as an essential part of professionalism and a pre-requisite to good business management. Current knowledge of foreign languages needs development. Basic knowledge of English (needs improvement as well) is most common, but there is an urgent need for better Russian, Finnish, German, and French language skills. Improved knowledge of current target markets languages, but also new potential markets (Spanish, Chinese, Japanese) was mentioned by informants. Interviewees stressed that each language adds an understanding of the specific culture. There is a need for more specialized language skills (nature guides with special knowledge- bird-watching, geo-tourism, etc.) for the main target markets. Varying level of language skills across the tourism system (from hospitality to retail and transportation) is limiting successful catering towards target market needs.

Personal traits

All interviewees stressed on the importance of personal traits to develop further professional competencies, good management and leadership skills. Traits like empathy, openness, adaptability, flexibility, willingness to learn, service-oriented mindset, were often deemed as most important in the hiring process over more specific skills acquired in higher education establishment. A majority of employers seek personal qualities rather than specific professional knowledge (except certain hospitality related fields such as restaurant sector). Development of personal traits is currently often neglected in curriculums.

III Summary of identified future competency needs

Findings from the content analysis and interview data were compared with five categories of competency categories formed and summarized: 1) Product and experience design and quality management; 2) Marketing communication and multichannel sales; 3) Collaboration and cooperation; 4) Cultural awareness/internationalization; and 5) Entrepreneurship/managing business operations. The list of identified competencies under each of the categories is provided in Table 1.

The competencies under Product and experience design and quality management category focus on skills needed to design and manage authentic, high-quality products and experiences stemming from natural and cultural heritage as a source of uniqueness and competitiveness in increasingly competitive international market. It is important to understand the trends and changing market needs in the prevailing experience economy and use a co-creation approach and service design methods for diversified, personalized product offerings. Successful product and experience design and quality management requires continuous development and innovation using contemporary IT solutions and opportunities networking and collaboration offers. One of the main strategic goals in tourism development in Estonia is the focus on unique, inspirational and memorable products and events to motivate repeat visits, thus competencies in product and experience design and their quality management play crucial role in future competitiveness.

To increase visibility of unique products and experiences a destination offers, competencies related to marketing communication and multi-channel sales should not be underestimated. Many unique and well-designed products are short lived without adequate knowledge and efficient use of digitalized marketing and sales channels. Good marketing communication includes both internal and external marketing and understanding of consumer generated marketing as a viable part of successful marketing. Coherent, consistent and focused marketing enables good penetration across international audiences.

In an increasingly competitive market, success of destinations and products depends on continuous development and innovation. Collaboration and cooperation are important sources for product development and overall competitiveness either on local, regional, national or cross-border scale. Understanding benefits of multi-sectorial product design and collaborative marketing efforts strengthens the competitive edge of all players across the value chain.

Emergence of new tourism markets and change in traditional target markets due to generational and value orientation change requires competencies related to cultural awareness and internationalization. Diversification of products based on cultural sensitivity of the target markets is an important success factor. Well-designed products and experiences use connection points between host community heritage and target market interests and needs. Potential target markets and their needs based product

design requires scientific research skills and analytical planning. Quality experience management depends on good hospitality skills, thus cultural awareness of target market expectations towards services and product safety are important competencies. Good language skills to offer personalized services are an elementary requirement in today's tourism industry.

Table 1. Relevant competencies in tourism development

Category	Content
Product and experience design and quality management	<ul style="list-style-type: none"> • Understanding well existing cultural and natural resources and creatively using them in unique product design • Continuously developing and innovating existing products and services based on market research • Applying market knowledge in unique product design and quality management • Understanding and applying co-creation methods in experience design and management • Designing and developing experience based products with service design methods • Identifying opportunities in competitive product design and development through collaboration and networking • Using IT opportunities and creative industries in unique and competitive product design and development • Understanding opportunities for creative product and experience design in an increasing shared economy
Multichannel sales and marketing communication	<ul style="list-style-type: none"> • Enhancing visibility of products and destinations in digital marketing and sales channels • Increasing creativity and use of contemporary IT solutions in product design, marketing, and sales coherently • Increasing overall digital competencies • Enhancing marketing efforts through user-generated marketing • Building product design and marketing communications on value based approach and coherent messaging • Developing products, services, and multichannel customer experiences by user-oriented methods • Increasing coherency and consistency between various forms of communication and marketing • Improving focused and pro-active marketing

	and sales skills
Collaboration and cooperation	<ul style="list-style-type: none"> • Increasing goal-oriented collaboration between entrepreneurs, municipal and state organizations in destination development and marketing • Increasing cross border regional collaboration and networking to enhance destination marketing and diversification of product offerings • Diversifying product design through multi-sectorial cooperation • Strengthening coherent regional product development and marketing through cooperation and collaboration • Enhancing collaborative benefits across the whole value chain
Cultural awareness and internationalization	<ul style="list-style-type: none"> • Identifying potential international target markets and their needs based on scientific research analysis • Identifying opportunities for competitive product design and destination development based on international trends and changes in customer needs. • Improving target market knowledge and creating customer profiles for product and service design and management • Diversifying existing product offerings based on target market needs and cultural sensitivity • Improving international hospitality skills, including language skills in order to provide high quality personalized service to each target market • Improving marketing and promotional skills based on value based messaging relevant to specific international target markets
Entrepreneurship/Managing business operations	<ul style="list-style-type: none"> • Improving communication, marketing and financial skills • Improving analytical long term planning based on systems approach, sustainability and scientific research • Enhancing management and leadership skills based on empathy, internal communication, and mentorship • Understanding and interpreting global trends in customer needs and daily business operations • Developing new business models in accordance with changing business environment

	<ul style="list-style-type: none">• Strengthening important personal traits and entrepreneurial mindset• Developing life-long learning attitude and personal professional enhancement
--	--

Entrepreneurship competencies/managing tourism operations include first and foremost an entrepreneurial mindset and personal traits to fit the work required and acquire further professional skills in the industry. Today's managers and leaders need to be mentors with empathy and the ability to provide inspiration for their team. Visionary long term planning, marketing and sales, financial skills and excellent communication skills are crucial competencies. Professionalism requires a desire to learn and improve, thus life-long learning and personal enhancement should be encouraged and supported.

IV Conclusion

Important areas of competencies identified through this research suggest focus areas in curriculum design for higher education institutions. Focus on systems thinking, and long term planning based on sustainability and sensitive use of resources would benefit future tourism managers and entrepreneurs. Understanding trends and changes in the tourism system and identifying target markets and their needs require analytical skills and scientific research skills. These skills together with good practical skills acquired through professional training are necessary components in higher education curriculums.

Excellent communication, financial, product development, marketing and sales skills based on good analytical long term planning are important for the future and should be stressed in curriculums. Future needs include change in business models and value based product offerings and management. Curriculums could focus more on these trends given above and beyond basic traditional business theories and skills.

A case study approach in experience based product design and innovation should be adequately represented in the higher education curriculums. Collaborative and networking skills need improvement and should be stressed more through practical case study projects.

Digital competencies are required in contemporary marketing communications and multichannel sales. In terms of educational efforts, focus should be on creativity and continuous and coherent improvement of digital competencies throughout the curriculums.

Cultural awareness and target market analysis pertinent to product development deserve a better focus in tourism curriculums as well. Language skills are important to develop aiming towards sufficient fluency in three languages minimum. A language component could be part of the different subjects (marketing, product development, research, cultural studies, etc.) in curriculums for more consistent learning and acquiring the more specific vocabulary.

Conflict management, leadership, human resource management components in curriculums would help to advance traits such as service oriented mindset, empathy, etc.

Flexible continuous education opportunities should be available for people already in the industry, focusing on research based analysis, long term planning, financial planning, and creative product and service design.