

Rapid Growth in Tourism, Construction and ICT Highlights Need for More Trained Manpower

by

Ananda Jayawardane

The Annual Report of the Central Bank for 2010 reveals that the service sector employing 43% of the work force contributes 59% of the GDP of Sri Lanka. This is followed by the industry sector that employs 24% and contributes 28% of the GDP. Agriculture takes the third place with 12% of the GDP employing 33% of the work force. The rapid growth in the service sector is mainly due to remarkable performance in tourism, construction and information and communication technology (ICT).

Sri Lanka Tourism has set an ambitious target of 2.5 million tourist arrivals by 2015 and several initiatives have been taken to achieve it. Under Kalpitiya Integrated Tourism Development Zone (KITDZ) close to Puttalam that covers 14 islands, contracts have been signed for leasing two islands and bids have been called for the others to develop tourist resorts. The investment involved in the above transaction is around \$29 million. The plan of the government is to build around 5,000 rooms under this project. Kalpitiya is an enchanting coastal area in the North Western Province with a marine sanctuary and a diversity of habitats. At Hikkaduwa, the National Marine Park which covers an area of 101 hectares including a snorkeling and diving zone and a bathing zone is now catering to the diverse needs of both local and foreign adventure seekers. This re-modeled park was opened for tourists in June 2011.

The Hong Kong based Shangri La group has bought a six acre block of state land at 'Galle Face' beach front in Colombo for \$125 million to build a 500 room hotel with a shopping and apartment complex. This project that is scheduled to commence before the end of 2011 is expected to open in 2014. In addition, Shangri La has also taken steps to build a resort in Hambantota with 300 rooms and 50 villas. The resort which is expected to open in 2013 is estimated to cost around \$120 to \$130 million according to the investors. The Jetwing Group, one of Sri Lanka's largest resort hotel and travel operators, has recently unveiled Jetwing Blue, originally the Blue Oceanic Hotel in Negombo where refurbishment has been completed at a cost of Rs. 850 million. Jetwing will continue to upgrade its old hotels to five-star standards, for which steps have been taken to raise Rs. 5 billion of equity capital by a private placement to be followed by an IPO.

Plans are also underway to extend tourism to northern and eastern areas of the country. Several hotels are under construction in eastern areas such as Pasikudah. In the north, the colonial-era fort in Jaffna is to be converted into a tourist centre when the phase one of the

ongoing renovation projects costing Rs. 104 million is completed shortly. The Portuguese built Jaffna Fort as a small garrison in 1618 when they invaded the north. Later, in 1658 the Dutch captured the fort from the Portuguese and expanded it further. It was taken over by the British in 1795. The fort's ramparts were damaged and eventually destroyed during the war. In the meantime Sri Lanka has lifted travel curbs on foreigners to the north of the country thus permitting foreign passport holders to travel without special approval.

Tourist arrivals rose by 40 percent in 2010 compared to the previous year and this trend continued until April 2011 with a slight reduction in May due to low arrivals from UK, Germany, Switzerland and Netherland. Hoteliers attribute this downturn to a combination of lack of promotion, good weather in Europe and rising airfares with a fuel surcharge. However, Indian arrivals have increased sharply with a growth of 56% compared to last year.

At a panel discussion under the theme " Can HR Power the Booming Economy" which was a part of the recently held National HR Conference conducted by the Institute of Personnel Management Sri Lanka, experts debated the issue whether the country has an effective action plan to develop human resources to achieve targets in tourism and other growth sectors. This is because only a limited number of trained and qualified people in these fields are available in the country at present due to lack of an integrated training system and a significant number of the trained people leave the country for better earning opportunities abroad. In order to achieve a growth as much as 300 percent in tourist arrivals by 2015, it will be necessary to launch a well designed and accelerated programme to develop competent human resources required for tourism.

Another key area that has to be taken into serious consideration is lack of adequately trained skilled workers and professionals in the construction industry due to similar reasons, which will directly impact infra structure development for tourism. It has become very important to appropriately address these issues as top priorities because the Board of Investment (BOI) of Sri Lanka has approved 4 billion US dollars of local and foreign investments in tourism, infra structure and manufacturing under 28 projects during the first half of 2011.

According to state-run Information and Communication Technology Agency (ICTA), ICT sector has now become the fifth highest foreign exchange earner of Sri Lanka earning \$375 million a year. According to a recent survey conducted by ICTA covering 80 state institutions, 325 private sector firms, 30 BPO (business processing outsourcing) firms, and 75 IT training institutes, number of ICT sector jobs have increased by 100 percent to over 62,000 from 30,120 in 2006. It is estimated that over 50,000 people were employed in the IT sector in 2010. It also showed that the number of female workers in the BPO sector has increased to 43 percent of the total BPO workforce. The study has also revealed that there had been 4,473 ICT graduates in 2010 of whom 3,970 were employed. ICTA aims to increase the ICT sector export earnings to a billion US Dollars by 2016.

Another interesting trend in ICT and BPO organizations is expanding their operations out of the capital city in order to reduce costs and move closer to the places where potential workers reside. Accordingly two leading companies HSenid and IFS have set up their offices in Kandy. Another company -WNS Global Services- is planning to set up an outsourcing unit about 30 kilometers away from the capital. The government is also evaluating two sites outside Colombo to set up an information technology park and two foreign universities.

In a Global Innovation Index (GII) published by INSEAD, an international business school, Sri Lanka has been ranked 82nd behind India (62nd) but ahead of other key South Asian countries (Bangladesh 97th, and Pakistan 105th). Sri Lanka has scored 30.36 points out of 100. Switzerland has topped this year's ranking, while Sweden taking the second place and Singapore the third place. China (29th) has been ranked the top emerging economy. The GI 2011 ranks 125 economies across the world in terms of their innovation capabilities and results. It is computed as an average of the scores across inputs describing the enabling environment for innovation and outputs measuring actual achievements in innovation. Alcatel-Lucent, Booz & Company, the Confederation of Indian Industry (CII), and the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations have joined INSEAD in preparing this ranking.