

**YANGON UNIVERSITY OF ECONOMICS
MASTER OF DEVELOPMENTSTUDIES PROGRAMME**

**ANALYSES ON THE SUSTAINABLE DEVELOPMENT OF
HOTEL INDUSTRY IN MYANMAR
(A Case of Hotels in Yangon)**

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EMDevS – 3 (15th BATCH)**

OCTOBER, 2019

Abstract

The development of the hotel industry is an essential part of the hospitality industry, which is an important sector to accelerate a country's economic development. The purpose of this study was to analyze the sustainable development of hotel industry in Myanmar with a special reference of hotels in Yangon. To fulfill the purpose, 100 respondents of hotel employees and 30 guests have been collected by questionnaire survey and two managers have been asked by interview question. The findings of the study indicated that the most important factors for sustainable development are human capital and information technology. Then the knowledge management system is the best suitable system to develop and connect firmly within the two factors. Also the level of service quality is good so far but not pretty impressed and persuaded to the guests. Most of the issues are appeared due to those essential factors; human capital and technological system. Thus all hotel industries should more emphasize on those essential factors and critical issues for the excellent level of customer service to take competitive advantage.

Acknowledgements

Firstly, I would like to describe my grateful appreciation to Rector Professor Dr. Tin Win, Pro-rector Professor Dr. Ni Lar Myint Htoo, and the Program Manager of Executive Master of Development Studies, Dr. Cho Cho Thein, Professor/Head Department of Economics, Yangon University of Economics, for allowing me to study this valuable program.

In addition, I would like to offer kind regard to Professor Dr. Kyaw Min Htun, Pro-rector (Retired), Yangon University of Economics and faculty members of the Board of Examiners for their wise comments, thoughtful feedback, and valuable suggestions in strengthening this research paper completely. My sincere appreciation must be given to all lecturers from the Executive Master of Development Studies Programme of Yangon Institute of Economics.

I would like to express my sincere and special gratitude to my supervisor Dr. Tha Pye Nyo, Professor, Department of Economics, Yangon Institute of Economics, for her constant encouragement, valuable advice, and kind supervision in completing my research study.

Moreover, I would like to render my heartfelt gratitude and deep thanks to Ms Nilar Aye, Director of Rooms, and Mr Kevin Kyawswar Shein, Reservation Manager, from The Grand Mercure Hotel Yangon (The Accor Group) and all of my ex-colleagues from the international five-star hotels in Yangon, for their kind participation through questionnaire survey and personal interview to complete my research paper. Also I would like to extend my thanks to all the responsible people who supported me in my thesis survey data collecting and providing me with the necessary information and tourism statistics for this research.

Finally, I would like to offer my special thanks and appreciate to my lovely family, senior lecturers, classmates, and colleagues for their kind support, encouragement, love, and prayer.

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ABBREVIATIONS

ADB	Asian Development Bank
ADR	Average Daily Rate
BOT	Build-Operate-Transfer
CMS	Content Management System
DICA	Directorate of Investment & Company Administration
FDI	Foreign Direct Investment
GNI	Gross National Income
HRM	Human Resource Management
IIP	Investors in People
ILO	International Labor Office or International Labor Organization
KM	Knowledge Management
MIS	Management Information System
MMC	Myanmar Marketing Committee
MTPB	Myanmar Tourist & Professional Board
MTT	Myanmar Travel & Tourism
NFC	Near Field Technology
PMS	Property Management System
SBTB	The Scottish Borders Tourist Board
SLORC	State Law and Order Restoration Council
SOE	State Owned Enterprises
UMTA	Union of Myanmar Travel Association
UNESCO	United Nations Educational, Scientific, and Cultural Organization
WTTC	World Travel & Tourism Council

CHAPTER 1

INTRODUCTION

1.1 Rationale of the study

The hospitality industry is one of the burgeoning sectors in the world. Hospitality businesses are much more significant concerning other companies. As in new areas, there are only a small number of industries, but the umbrella of the hospitality business contains a wide variety of industries. There are four major segments in the hospitality industry, such as; travel and tourism, lodging (accommodation), food and beverages, and recreation or entertainment. As one of the world's largest economic sectors, the hotel & tourism sector creates jobs and also helped to reduce the unemployment rate, increase GDP growth per capita income, and upgrade personal living standards. It plays a crucial role in society's economic strength, sustainability, and profitability. The travel & tourism sector currently accounts for 10.4% of global GDP and tourism grew from a \$563 billion market in 2015 to \$639 billion in 2017 (Yeung, 2018).

The hotel industry's development plays a crucial role in developing the tourism sector and a significant part of the hospitality industry. According to Dharmaraj (2008), approximately 50% of tourism sector incomes are received from hotel businesses' revenue. The hotel industry had played a significant role in inspiring a country's economic activity, generating foreign exchange earnings, and providing employment opportunities accordingly. 70% of mayors' survey by the U.S. Conference of Mayors described within the tourism industry; the hotel jobs are the first category when people think about jobs with the most opportunity, excellent benefits, and wages. The hotel businesses are a basis for local economic activity, providing increased tax revenue, capital investment, tourism-related development and promotion, civil leadership, charitable contributions (Lugar, 2019). Hotels are considered an essential economic factor for any community. As for the future trend, with developing technologies and improving management skills, the hospitality industry is poised to grow in the future as well (Shyam & Thakkar, 2019).

Myanmar is the largest country in Southeast Asia, with a population of 53 million (ADB, 2018). The roles of geographically, economically, and politically are significantly played and the most rapidly changing region in the world. As Myanmar opens up, foreign investment and trade have developed reasonably. The hospitality tourism sector in Myanmar has grown since 1990, which established the Hotel & Tourism Act. The SLORC made an effort to use its economic base and gave tourism priority bypassing the Myanmar Tourism Law in 1990. The Ministry of Hotels and Tourism was set up on 28 September 1992 under the notification No 54/92 (Yeung, 2018). From 2011 onwards, visitor numbers started to increase, and during high season there was a hotel room shortage (Asian Development Bank, 2018). Travel and Tourism within Myanmar generate more than 800,000 direct employment opportunities in 2016. That accounted for 2.7% of total employment (Lugar, 2019).

The hotel market is growing steadily due to demand and more competition from both local and foreign brands, which is targeting future growth prospects. Myanmar hotel industry may be smaller but much opportunity in the future as an investable business. It is also important for the development of tourism as well as the development of the hotel industry, which will be developed soon in Myanmar. But the hotel sector is undertaking a process of rebalancing now. In recent years occupancy levels, together with a supply excess, have added to lower revenues for hoteliers (Lugar, 2019). According to the Ministry of Hotels & Tourism report, foreign investment in hotels reduced USD 1774.992 in 2015 to USD 1749.992 in 2016. Developers and operators face challenges in inflowing the Myanmar market, several hotel executives. All emerging markets face specific problems, but Myanmar is developing with such a step that it is facing several bottlenecks and noted that the workforce is a problem (Koumelis, 2012).

As an international hotel company, need to maintain service values, and this might be more interesting in Myanmar. Gassner, Regional Vice President of Marriott International, agrees that knowledge and connections are essential for business investment (Gassner, 2018). By analyzing of hotel market and forecast for 2018, compared to the surrounding countries like India, Thailand, or Cambodia, the need to maintain service values and workers with professional service skills, the hotel rates in Myanmar are still higher in many places. Hence one considerable effort is needed to analyze the sustainable development of hotel industry in Myanmar such as some of

the factors affecting, current level of service quality, and critical issues for the sustainable development within the hotel industry (Ei Ei Thu, 2018) To fulfill the research focuses, the research questions have been set based on the following details through 100 respondents of hotel employees and hotel managers of respondents as well as the guests. These are:

- 1) What significant factor are affecting the sustainable development of the Industry in Myanmar?
- 2) Which current issues occur in the daily work life of the hotel industry?
- 3) What are the levels of service quality, for the guests' satisfaction?

A set of these question style is acknowledged, and each part was responsible for achieving the goals of objectives study are shown. Thus, is needed to analyze the critical issues, to identify factors affecting, and to assess the level of service quality for the sustainable development the hotel industry.

1.2 Objectives of the study

This research aims to analyze the sustainable development of hotel industry in Myanmar, with a special reference of hotels in Yangon.

- 1) To identify factors affecting the sustainable development of hotel industry
- 2) To analyze the current issues which occur in the hotel industry for generating the smooth operation
- 3) To assess the level of service quality in the hotel industry

1.3 Method of study

In this research paper, descriptive research where both primary and secondary data were used. The secondary data was obtained from numerous resources such as review books, records, research papers, and websites as well as mainly based on the information available from the Ministry of Hotels & Tourism from 2008 to 2018. According to the Ministry of Hotels & Tourism's record (2017), there are six global chain five-star hotels in Yangon.

To collect primary data, qualitative and quantitative methods were used. The sample size was calculated by using quota sampling of two stages random sampling method. Therefore 100 participants of hotel employees and 30 guests from six

international five-star hotels in Yangon have been collected by questionnaire survey for the factors affecting, current issues, dimensions of service quality and satisfaction. Two hotel managers have been asked by interview question regarding the current issues and factors affecting based on daily operation.

1.4 Scope and limitation of the study

The study area is mainly focused on six official international chains and five-star hotels in the Yangon region only due to the time limit and data availability. Yangon division is the commercialized center of the country and the most significant and has a noticeable number of international five-star hotels that are utilizing the higher technological system. The big challenge for this research is the limitation of time. Then the only selected 30 guests to answer the questionnaires about the dimensions of service quality due to the reason of guests' privacy and hotel allowance limit.

1.5 Organization of the study

In this research paper, there are five chapters. Chapter 1 is an introduction and composed of rationale, objective, methods, scope and limitations, and organization of the study. In chapter 2, a literature review with a detailed explanation of the background history of the hotel industry development, hotel business supporting the economy, significant factors in the hotel sector are included. Chapter 3 is the overview of the Myanmar Hotel Industry, including the government's role as well as Myanmar hotel industry background with the growth of tourist's arrival, GDP, and current situation of the Myanmar Hotel Industry. Chapter 4 shows the analysis of the factor affecting the sustainable development of the hotel industry with empirical estimation methodology to forecast. Chapter 5 is the conclusion with the findings of this paper and recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Background History of the Development of Hotel Industry

The word hospitality derived from the French word ‘hospice’, and it has been changed to form the word hospitality that means taking care of the travelers. The hospitality industry can be expressed as a broad range of fields within the service sector that turns around lodging, theme parks, transportations, cruise lines, event planning, and a plethora of other services geared towards comfort and serving others. It shows warmth, respect, and even protection; it builds understanding and appreciation among cultures. As such, the hospitality industry is essential not only to societies-but also economies, customers, and employees (Levy-Bonvin, 2003)

At the time of Marco Polo’s journey to the Far East, he estimated that there were 10,000 such post houses located 25 miles separately. Marco Polo’s diaries provide an increase in what we know as new customer service as a spirit of hospitality (Subakti, 2014). In the 16th century, when the demand of the inns and taverns increased multiple folds. Hotel de Salm or hotel de Henry was built around 1788 as the first hospitality establishment, which has changed over the year. The Greeks advanced thermal baths in villages intended for rest and recuperation (Killarney Hotels, 2018).

The Romans built castles to provide accommodation for travelers, and they were the first to change thermal baths in England, Switzerland, and the Middle East, and later, caravanserais appeared. In the middle Ages, monasteries were the first launches to offer refuge to travelers regularly. Religious commands built inns, hospices, and hospitals to provide for those on the move. In France, in the 15th century, the law required that hotels keep a register. English law also announced rules for inns at that time. The Royal Hotel built in London at the beginning of the 1800s (Levy-Bonvin, 2003).

In New York, first of all, hotels were established in city centers. Holiday resorts originated to flourish along the French and Italian rivers. The Holt Hotel was the first to run its guests with a lift for their luggage in New York City (Levy-Bonvin, 2003). In 1890, the whole hotel was furnished with electric lighting. The first hotelier's school was started in Lausanne by J. Tschumi, Director of the Beau Rivage in Lausanne, and A.R. Armleder, Switzerland, in 1890. Hotels were also built in the mountains — the first ski resorts in Switzerland which welcomed tourists to some very comfortable creations. After the war, the second boom in the hotel industry (Levy-Bonvin, 2003).

These years were also outstanding for the construction of the first casino hotels. The airline companies began to build their hotels at the same time. In 1970 saw the beginning of the construction of hotels for business people. When China launched the same way to foreign tourists, it also saw the first congresses of international hotel experts at the end of the seventies. The first administrative hotel management systems contribution hotels appeared on the market. The hotel industry was increasing more and more competitive (Killarney Hotels, 2018).

The primary target customers are becoming business travelers and retired people. In the nineties: technology starts to make power initiated by reductions in multinationals' travel budgets and the growing crisis in the Gulf. The year 1991 is reflected to be the black year of the hotel trade. It required hoteliers to become more creative in finding ways of attracting guests and thus emerge from the crisis with the minimum damage. Reservation systems developed more efficient the hotelier a new dimension in the creation of customer loyalty, the database. Since 1992 the hotel has been organized with a central Building Management System (Lugar, 2019).

Each guest's records or profiles have assisted in creating individualized marketing programmed and have allowed hotels to satisfy a guest's individual needs from the moment of his arrival. The first Hotel Room Management System was launched at the European level in 1995. In 1995 construction began one of the most ambitious and prestigious tourist complexes in Dubai, the Jumeirah Beach Hotels. These involve several creations skilled in satisfying the needs of average tourists, business people, and those who can afford the real luxury (Lugar, 2019). In 2004,

another Emirate, Abu Dhabi, will welcome the delegates of the Gulf Council Countries.

For sure, new technologies are continuously contribution innovative and more comfortable ways to the traveler. It was not just recently acquired wealth that promoted more travel; the population explosion, urbanization, and demographic developments contributed to an increased desire to travel and the growth of the tourism and hotel industry (Levy-Bonvin, 2003). As a sign of this increased demand, many more guesthouses, hostels, motels, or international hotel chains that provided to various target groups and in different price categories opened all over the world. These days, Most of the country tended to chase the development of hotels & tourism industries.

2.2 Hotel Business Supporting on Economy

The hospitality industry is contributing nearly 10 % of the world's GDP (Boella, 2010). It is proved that the matter economics plays an essential role in the effective functioning of the service sector, which is the hotel industry. The most important economic feature of activities related to the hotel industry is that they contribute to three high-priority goals of developing countries: the generation of income, employment, and foreign exchange earnings. For many developing countries, hotels & tourism is already a significant part of their economy and a substantial source of income and employment. In this respect, the hotel sector can play an essential role as a driving force of economic development. The hotel chains grew up after the Second World War and more significantly in the following two decades (Mishra, 2017).

According to (Geoff, 2011), economic and social benefits from the hotel are; Employment creation, Export earnings, Boost to aggregate demand. Background data on the global tourism industry tourism is a \$3 billion per day industry, the income of demand for abroad travel and tourism is extraordinary. The tourism sector is one of five top export earners over 150 countries, and it is the number one export in 60 according to a United Nations Report. Hotel industries tend to reach the critical point where the property is sufficient to satisfy tourism and providing their needs. The hotel market in America may cast attention to the potential for moving it into Asia/Pacific markets to compete with the regional companies (UN, 2007).

Large numbers of hotels have developed only brands and products in a very constant fashion in the worldwide market (Geoff, 2011), Hotel developments play a crucial role in new opportunities for jobs and stimulate local economies. Customers of this industry include foreign visitors, domestic households, and institutional buyers. In the UK, it estimated that the hospitality economy would be grown to 2.8 million jobs by 2015. It was recorded that a total of nearly 700 million tourists have arrived at the international level. This data shows the 241.5 million increases for the last ten years, and the annual growth rate approached at 4.9%. The most central region where tourists arrived was Europe with a 4.5% annual change in market growth less than the Middle East (10.7%), Eastern Asia, and Africa with 6.6% growth and Western Asia 8.8% (UN, 2007).

Hotels are essential globally as providing the facilities for recreation and entertainment, meeting and conferences, and business transmission. Hotels contribute to the production of goods and related services, which build the well-being of their nations and communities. Visitors spend hotels and provide the local economies directly and indirectly. When foreign visitors reward the facilities of these hotels, the foreign currency is earned through the visitor's payments. Hospitality industry develops the source of employment, especially for the labors and management. The hotel industry sector is a dominant industry within the travel industry or tourism, as well. Therefore the hotel sector plays a crucial role in a society's economic strength, sustainability, and profitability. So the main factors affecting hotel industry development need to be studied in the areas (Howarth, 2012).

2.3 Factors Affecting on Sustainable Development of the Hotel Industry

Every business faces industry-specific challenges that make it hard to operate in a particular sector. The useful function of tourism depends on proper decisions by the changes in the Government policy, which also one of the factors affecting on the hotel and tourism industry. The economic policies, both fiscal and monetary affect the hotel and tourism industry, is a vast range. Some of the fiscal policy effects are that tax reform will allow hoteliers to expand their business, create more jobs, and help keep our economy going (Lugar, 2019). According to Lugar, tax cuts will contribute to the overall economic growth of the nation and the strength of the economy. The Keynesian theory states that money affects income via interest rates. Unexpected

massive inflation will differentially affect hotel property values, depending on debt financing and tax rules. All these economic policies effects are complicated to control directly by firms due to influences of Government (Chen, 2009). These are other factors affected: competition, reputation management, staff retention and recruitment, sustainability, and technology. There are mostly three main issues summarized under those challenges area: human capital (people), technology, and system or process.

Firstly the hotel industry reflects the increase of employment opportunities obviously because the hotel industry is labor intensive job, going from low-wages entry level to high-paying professional positions in management levels. Customer service is essential in the hospitality industry. Thus the more well-trained staff employed, the better the service establishment is likely to provide, the higher the occupancy rate will tend to be, and the more team able to hire and train. Vice versa, the fewer staff have, the more the service is lacking, the lower the occupancy rate, and the fewer staff the business can support (Satpathy, 2017). These are the individual interrelating with guests and providing the services, and amenities to enhance the level of guest satisfaction, promoting repeat business and word-of-mouth advertising (Anderson, 1994). Accordingly understanding the value of human capital – the high worth of employees is a crucial part of the sustainable development of the hotel industry. One of the factor of training investment and Employee Value proposition (EVP) model are mainly used to measure the human capital.

Secondly, the technology, economic, and social developments in the 19th and mainly the 20th century lead to considerable changes in the hotel industry (Levy-Bonvin, 2003). The 160 rooms 5 star PA Lafitte Hotel in Monruz Neuchatel offers the visitors of the Swiss Expo 2002 a vision of so-called in-room available technologies. The history of the growth of the travel industry has not been linear; it has developed exponentially. Rapid technological advances have made a significant effect. It has been and continues to be difficult for hotels to keep up with the step of development. At International, Technology Forums emphasized the impact of technology on hotel rooms. Traditional ways of doing things remained the same for centuries, then decades and, finally, years. Today, changes have to be adapted to on a near-daily basis (Szydlo, 2017). In step with modern technology, trends are crucial for those operating in the hospitality industry, because the industry itself is extremely competitive. Thus the central business of the hotel industry needs to be changed significantly to face the

challenges of the technological era. Training investment factor measurement is not only useful in human capital but also distribution of technology aimed to improve individual productivity and for better service. And also the value of Information Technology can be measured by the process of performance indicator such as productivity, on-time delivery, and quality (Bloch, 2009).

Finally, managing a hotel now requires extensive knowledge-based hotel and hospitality management system or process. Professional review management is dynamic if firms do not want to fall behind in the competition with other hotels and online travel agencies. As the economy has developed the concept of human capital has also broadened to include a more excellent range of skills and traits of money. As this industry is exceedingly competitive, all skilled and knowledgeable employees will be influenced easily by others if neglect to retain all those employees. Knowledge sharing among employees, with customers, and with business partners has an incredible potentially pay-off in better customer services, saved the times and increased relationship within the company or with business partners (Subramaniam, 2015). To be expected, the best suitable system or way to manage in the hotel industry is Knowledge Management System. KM system is to prevent the consequence that when people leave the organization, they take their knowledge with them, causing the loss of valuable organizational assets and resources (Kimiz Dalkir, 2011). The SECI model of Nonaka and Takeuchi theory is the best well known to measure the knowledge management system.

2.3.1 Importance of Human Capital on the Hotel Industry

An organization cannot survive without employees. Mostly, their time has been invested in their work-life to reach the goals and objectives of the organization. Every employee has their skills, experiences, exposures, and training, which can produce or improve the organization's revenue. According to the OECD, human capital is defined as the knowledge, skills, competencies, and other elements embodied in individuals or groups of individuals developed during their life and used to produce goods, services, or ideas in market circumstances. Hard-working employees can upgrade their existing knowledge and contribute in their way to increase the productivity of their organization. Employees are which can either make or break an organization's lifeline. A. W. Lewis introduced the word "Human Capital"

in "Economic Development with Unlimited Supplies of Labor." He also mentioned that human capital plays an essential part in increasing the productivity and output of an organization (Lewis, 2008).

Employee Value proposition (EVP) model is the balance of the rewards and benefits which are received by employees in response to their performance in the workplace (Ingham, 2008). The globalization of business has moved from trade and global operations, management, and strategic alliances, which has significantly affected human resources and human capital. Human capital is not only the people in organizations— it is what those people bring and contribute to organizational success. It is the aggregate value of the capabilities, knowledge, skills, life experiences, and motivation of a corporate workforce (Lewis, 2008).

Human capital management ensures that human resource professionals in the recruitment process for the right talent, right place, and the right time. Most states, the number of jobless continues to rise, wages continue to fall. The wave of reductions has extremely hit to women and caused the gender inequality crises as well. Due to the loss of ability to invest in developing the skills of the people, and it is in danger of losing a whole generation of skilled workers who are essential for the development of the economies and societies. Capitalizing on human capital is the real story of a successful business. Human capital is an intangible asset which includes all the competencies of the people within an organization. These abilities differ between the skills, experience, education, and potential of each employee. Human capital is also essential for influencing rates of economic growth (Pettinger, 2017).

The best well-known application of the idea of human capital in economics is that of Mincers and Gary Becker's book entitled Human Capital, published in 1964, became a standard reference for many years. In this view, human capital is a means of production, into which additional investment yields additional output, and it is similar, but not transferable like land, labor, or fix money. The human capital theory is a measure of the skills, education, capacity, and attributes of labor, which impact their productive ability and earning potential (Pettinger, 2017). The human capital is more distributed into three kinds; (1) Intellectual Capital, (2) Social Capital, and (3) Emotional Capital. Intellectual capital is the intangible value of any organization, especially in the service area, covering its people (human capital). And the amount

relating to its relationship, and everything that is left when the employee went the organization. Social capital states that those factors of effectively functioning social groups that include as interpersonal relations, a shared intellect of identity, a shared understanding, shared norms, shared values, trust, cooperation, and tradeoff. Emotional capital is a critical factor for influencing people and developing strong relationships economy (Lewis, 2008).

2.3.2 Information Technological System and Hotel Industry

Innovation has become the new imperative, although the need for organizations to control costs in today's economy. In a recent survey of corporate executives in Asia, North America, Europe, and Latin America, 80% agreed that innovation is more critical than cost-reduction for long term success (Joanna Barsh, 2008). Globalization and economical by technological changes, the Internet is a primary key of all sizes. For employees and managers, technology resources always being available. This technology is resulting in more weekly hours worked and more stress on balancing work and personal lives. The use of a range of electronic, computer-based, and communications based technologies are increasingly being used to aid the operation and more safety and convenience while delivering service to the customers in hotel & tourism (Madan, 2017).

The range of information technologies which comprise three essential elements: software, hardware, and people who operate the IT systems (ITSs). According to Cooper et al. (1988:424), these ITSs commonly involve the use of computers, videotext and Teletext, telephones/faxes, management information systems (MISs), moderns, multimedia kiosks, computer networks, the Internet, satellites, and wireless communication systems (Schlagwein, 2018). Information systems are related components working together to collect, process, store, and disseminate information to support decision making, coordination, control, analysis, and visualization in an organization. Information systems are made up of different mechanisms that work together to provide value to an organization. The three components of information systems – hardware, software, and data all fall under the category of technology (Prentice-Hall, 2012).

Hardware is the part of an information system which can touch—the physical components of the technology. Computers, keyboards, disk drives, iPods, and flash

drives are all examples of information systems hardware. Software: it is a set of instructions that tells the equipment what to do. The software is not tangible – it cannot be touched (Bourgeois, 2014). There are numerous categories of software, with the two main types being operating-system software, which makes the hardware functioning, and application software. Operating systems include Microsoft Windows and Google's Android on a mobile phone. Data: the third component is the data. Data is a number or word or letter without any context; a small collection of evidence is not information.

2.3.3 The Most Suitable System (or) Effective Process Management in the Hotel Industry (Knowledge Economy/Knowledge Management System)

In agriculture and manufacturing, human capital was more natural to measure. In service, the sector has a more variety of jobs, which require different skills. Since the 1960s/70s, social capital has become a more popular economic concept as the emerging knowledge economy makes greater use of a broader range of human capital. The most significant improvement in the productive powers of labor seems to have been the effects of the division of labor (Adam Smith, 1914). The consequence of this is when people leave the organization, they take their knowledge with them, ensuing in the loss of valuable organizational assets and resources. The knowledge economy is the economy sector, which creates a greater reliance on intellectual capital rather than physical input (Pettinger, 2017). Knowledge management is an active system that helps employees share, access, and update business knowledge and information. Robust solutions include Cross-training programs, Document management systems, Content management systems (CMSs), Social networking tools, and Chabot (Greene, 2018).

According to Nonaka and Takeuchi's theory, they focus on two basic concepts: Tacit Knowledge is personal, and it is stored in the heads of people and accumulated through study and experiences. Explicit knowledge is codified. It is stored in documents, databases, websites, and emails, etc. It can be made available to others and transmitted or shared in the form of explicit and formal languages. Nonaka and Takeuchi introduced the SECI (Socialization, Externalization, Combination, and Internalization) model, which is continuously converted and created as users practice, collaborate, interact, and learn (Lytras , 2008).

Table 2.1 SECI Model: The four modes of knowledge conversation

	To tacit knowledge	To explicit knowledge
From tacit knowledge	Socialization	Externalization
From Explicit knowledge	Internalization	Combination

Source: Puneet Kalia, Piyush Gupta, Knowledge Management Framework for Government, 2011.

Socialization: the process of creating common tacit knowledge through shared experience. Externalization: the process of tacit knowledge into explicit knowledge such as concepts and diagram. Combination: the process of assembling new and existing explicit knowledge into systematic instruction. Internationalization: the process of embodying explicit knowledge into tacit knowledge. Only one management theory, knowledge management, can convert of tacit knowledge into explicit knowledge and sharing within the organization (Milton, 2017).

The hotel industry is challenged with rising global competition and active variation in its environment. Knowledge can build sustainable operations and improvement of competitive advantages. The introduction of knowledge management (KM) benefits should consequence in the creation of added value, employees, and society at large. Even such an effective management system exists, people need to use effectively the same and have a high level of trust. If not, employee mindsets are more focused on individual competitiveness, and the train of thought is along the lines, knowledge is power. Mecklenberg pointed out that knowledge can be stored in databanks and initiate in presentations, reports, libraries, policy documents, and manuals.

Knowledge Management provides seven key benefits: spend less time recreating existing knowledge, get the information you need sooner, make fewer mistakes, make informed decisions, standardize processes, and provide better service to employees and customers. It can be motivated around the organization through information systems and by traditional methods such as meetings, workshops, courses, written publications, videos, DVDs, and tapes (Milton, 2017). The intranet provides a new and beneficial medium for communicating knowledge. Many businesses invest in the knowledge management system, which is often part of

business strategy, information technology, or human resources management. It can contribute to the successful and effective management of the knowledge that the employees have at their disposal. The Organization for Economic Cooperation and Development state the knowledge economy process is associated with: high-tech manufacturing (computer, electronics, aerospace), service sector industries, and business services (Milton, 2017).

Knowledge management system as a group of systematic methods to assist information and knowledge stream to and between the right people at the right time so they can turn more professionally and effectively to build value for the organization. A knowledge management system must contain four elements. These are: (a) knowledge creation and capture, (b) knowledge sharing and enrichment, (c) information storage and retrieval, and (d) knowledge dissemination. Dr. Arthur Shelley, a Successful Knowledge Leader (2009) explains the phenomenon of the human factor as knowledge is likely electricity providing a conducive environment, and it can enlighten. These are all directly squeezed by the culture and the degree of loyalty and trust in the organization (Shelley, 2013).

Another right way is that without expensive technology or web tools if a company can involve their people to effort as teams and share knowledge and utilize optimal results of companies, it can increase financial results quickly by 10-20%. It requires an enlightened leader to leverage KM theory and practical implementation (Lytras , 2008). In general, the most successful method to measure knowledge sharing is to suggest the flow of knowledge among employees. The number of ideas created in the online system and the frequency of access is easy to measure.

In the same way, customer satisfaction is mainly linked upon quality of service in order to be successful in the market of hotel industry. Hotel management need to focus on customer satisfaction can improve customer loyalty. Hence, customer satisfaction levels can be measured through surveys and feedback mechanisms by using SERVQUAL model. It is a tool to capture consumer expectations and perceptions of a service along the five dimensions that are believe to represent service quality. It consists of tangibility, reliability, responsiveness, assurance, and empathy, (Parasuraman, Zeithaml, & Berry, 1985).

2.4 Review on the Previous Studies

Some researchers also recommended the factors concern about the human capital, information technology, and knowledge management system.

Venkatesh also defines that an HRMS (Human Resources Management System) serves two primary purposes in organizations. One relates to administrative and operational efficiency, the other to effective. By using HR software, not only will increase productivity but also improve customer service as well. The benefits of quality software for human resources management extend beyond the workforce. Also mentioned that HRM (Human Resource Management) also links with the technological system to upgrade more efficient by doing HR jobs. Greater use of technology has led to an organizational method of a human resource management system (Venkatesh, 2018).

Jayawardena Chandana proved that the case of Canada hotel industry. It is a significant employer, an essential contributor to Canada's economy and trade with good growth prospects. There are also some significant challenges too; the hotel sector, in particular, depends on access to a reliable and skilled labor pool. Researchers indicated that this pool is decreased for a variety of reasons, including low-level interest in working in the industry which arising from a long working week and relatively low pay. According to the Corporate Leadership Council, the top three workplace attraction drivers in Canada are Compensation; Work-Life Balance; and Respect. This would suggest that the hospitality industry should be developing an EVP model, Employee Value Proposition, based on these most critical drivers (Chandana, 2017).

Ivory pointed out that in the hospitality industry, customer service is perhaps the most crucial element to success. Human resources software is designed to simplify the everyday tasks, which includes the time-consuming tasks of handling payroll and dealing with employee scheduling. HR staffs can quickly transfer employee data from the time management system to the organization's existing payroll software. This software removes the occurrence of payroll errors and the overall efficiency of your work improves. Bain described focusing on new technology or upgrading on existing technology usually require a substantial investment for hotels. An improbable sample of such innovation in the hospitality business is Property Management System or

PMS. PMS helps hotels with computerized administration of customer bookings and incorporates areas like online reservations, housekeeping, a point of sale, and more. This system encourages both micro administration and macro administration of just about all the aspects of hotel operations (Bain, 2008).

Gruszczynski said that the OPERA Property Management System (PMS). OPERA PMS provides – reservation system, guests check in and out, rooms assigning and controlling room inventory, assisting the needs of in-house guests, and handling accounting and billing. It is right for the management of all types of accommodation facilities. It saves time by changing the required front office operations such as reservation, check-in, and check-out, reduces the human error and provides a detailed report about the business processes, the facility, personnel, and customer delight (Gruszczynski, 2019).

Paige Koerbel, general manager of the Dayton Marriott, highlighted when a business traveler checked-in to a hotel in a long time ago, the guest got a key to the room that sometimes had the number of the place printed on the tag. In today's world, however, that system is no longer safe and efficient. In larger hotels, metal keys have been replaced with electronic key cards and computer systems. The vital electronic cards to enhance the safety of the room for the guest. Kawa-Jump mentioned that new key, with a different code, is created for each room with every change of guest too. The systems from the previous are spread out by the computer and replaced with a new pattern (Gruszczynski, 2019).

Aurecon Group mentioned that many hotels have started installing Wi-Fi hotspots to assist and attract more and more customers now. Moreover offering Wi-Fi, for corporates meeting hotels must offer to access audiovisual along with digital facilities for conferences. Newly guests are also expecting digital interactions with the hotel to be personalized. It is recommended to Four Seasons hotel that digital check-in experience can be provided to the guests who prefer digital communications. Four Seasons hotel can use NFC to personalize guests experience at a hotel like Four Seasons or resorts. They are installing the smart room keys which guests let unlock their doors just by swiping their phones through a keyless pad mounted on the door (OBG, 2019).

Stephen J Page also explained about the case of The Scottish Borders Tourist Board (SBTB). It is a statutory tourism authority covering the region bordering England and is one of 14 area tourist boards in Scotland. One of the corporate objectives of SBTB is recognizing that staff training and development are essential for organization growth and in the management change. In 1994, SBTB began working with the investors in people (IIP) to improve employee relations and to link staff development more closely to business objectives. IIP is a national standard that sets the level of good practice in improving organizational performance through people. IIP has seen as a means of increasing staff motivation and in highlighting the clear benefits of training (OBG, 2019). After 18 months, the SBTB transformed the way it planned and implemented human resource functions. After evaluation of SBTB in February 1996, SBTB was the first area tourist board to gain IIP status. This has significantly sharpened the human resource capital and led to a more people focused business plan with improved training of its staff. The outcomes for the SBTB are enhanced staff morale, employee skills and knowledge. Improved training practices leading to produce performance. SBTB outcome reflected efficient mixed use of resources and positive customer feedback and enhanced staff awareness of staff training and development (OBG, 2019).

Bain also said that most of the popular hotels always keep focusing on how to organize and set up an effective program or system on sustainable hotel industry development. Kempton Hotels, which is California-based Kimpton, operates 45 hotels as of 2008, emphasizes its approach to serving guests based on a five-element philosophy: care, comfort, style, flavor, and fun. Using the slogan Kempton Cares, the company focuses mostly on work-life balance, diversity, and education and development, especially on human capital. Marriott Hotels Group is mainly involved in community service, which provides career opportunities for young people. The Taj Hotels Group has a strong corporate social responsibility history, which primarily helped to build livelihoods with a clear focus on women, skilled workers, and the education of employees' knowledge (Bain, 2008).

Lelouche explained about the Accor Hotels group as one of the earliest hotel companies to embrace Sustainable Development. It encourages actions by its 170,000 employees through the idea that one employee can make a difference (Lelouche, 2011). Bain also approved that Fairmont Hotels & Resorts, the hotel company that has

introduced environment and human resources management and effective management system earlier than others in its global strategy. Hilton Hotels Corporation outlined modern target technology and updated all orders by the time being for improvement in the company's sustainability performance system-wide (Bain, 2008). The Shangri-La Hotels Group also emphasized the people which in both internal and external customers and their slogan is Caring People. They noted on the knowledge-based management system as well (Bain, 2008). The Chief Operating Officer of Accor Group, Patrick Basset, said that the first major worldwide international hotel chain to re-enter Myanmar, and initially there was some caution. Thus, the organization needs to be ensured to monitor the industry trends closely, taking into consideration the infrastructure and support from the local government. The main percentage of our guest are foreigners, and their expectations are always higher than their payments. Therefore hotel management needs to emphasize employee individualized talent development and skill improve. As long as maintain in balancing of internal customer and external customer area, can attain newcomer guests as well as customers' loyalty (Basset, 2017).

Didier Belmonte, General Manager at Strand Hotel said the growth potential in Myanmar is beyond huge, but even as the room supply increases, it's still a significant hurdle, with only 1,800 rooms of international standard. The region's culture and its abundance of natural resources make it one of the most appealing unexploited destinations in the world, need to improve more in the information technology area he mentioned. For Gary Franklin, Managing Director for trains and cruises at Orient-Express offers that hotels, river cruises and tour operators to see the sights, upgrade the utilizing technology, and monitor the productive system and need to change if needed (Taylor and Davies, 2004).

De Souza said the absence of international hotels and the capacity of luxury hotels in the region such as Best Western to launch in the country to cater to the growing demand of business travelers (AH&LAJ, 2012). So that Myanmar needs to prepare and upgrade all the stages to be internationalized people skills, technology, and procedure. Even with its rich natural resources, Myanmar is tense with infrastructure and technology problems and the country still has frequent power shortages. There is no international network for mobile phones, so foreigners have no mobile connectivity. Taylor and Davies revealed that the highly competitive

environment needs a skilful workforce in every organization to remain a successful player in the competitive game of the industry. To improve the competitive position of the organization, and due to the enhanced quality, innovation, continual increased productivity and (Taylor and Davies, 2004).

Nowadays Knowledge Management system is the best suitable for any organization which solve most of the common business problems. Knowledge Management also will help organizations: their human capital, re-orient their culture by opting for an optimal knowledge sharing strategy, and link people to people by setting up collaborative methods. By using the right technology in the business which can benefit in many ways such as reduced costs and better employee productivity etc.

CHAPTER 3

THE OVERVIEW OF MYANMAR HOTEL INDUSTRY

3.1 Geographic and Dynasty of Myanmar

Myanmar is located between India and China and is the largest country in Southeast Asia. With the population of more than 52 million, one of the lowest population densities in the region, fertile lands, significant untapped agricultural potential, rich natural resources, and a long coastline. Myanmar is the northwestern country of Southeast Asia. The country lies along the Indian and Eurasian Plates, to the southeast of the Himalayas. There is the Bay of Bengal in the west and to the south is the Andaman Sea. The neighboring are China, India, Bangladesh, Thailand, and Laos. The total land area of 676,577 square kilometers and coastline measures over 2,832 kilometers. The full coastline length is 1,930 kilometers, and the entire water area is 23,070 square kilometers — tropical monsoon in the lowlands below 1,000 m. Myanmar is the 26th most populated and 40th largest country with a 2019 estimated population of 54.34 million in the world (Godrej, 2008).

The country 's natural resources are petroleum, timber, tin, antimony, zinc, copper, tungsten, lead, coal, marble, limestone, precious stones, natural gas, and hydropower (CIA, 2016). By summarized, Myanmar has a very distinct long dynasty, which was three wholly-united Myanmar Empires. The First Myanmar Empire was founded after King Anawrahtar in AD 1044, the Second Myanmar Empire was founded in AD 1287, and King Alaungpaya founded the Third Myanmar Empire in 1752. The Third Myanmar Empire fell to Colonial British in 1885 and gained independence in 1948. Myanmar is the richest of natural resources and wealth of historical sites. It became one of the main attractions of tourists all over the world for Tourism sector improvement (CIA, 2016). The growth of hotels & tourism in Myanmar depends upon progress in the quality and quantity of physical hotels & tourism facilities.

3.2 The Hotel Industry Development Steps and Myanmar Economy

The hotel industry sector's development plays a crucial role in developing the tourism sector as well. During the British Colonial era, The Strand Hotel, the first modern Hotel in Myanmar, was built in 1901. Myanmar got the independent on 4th Jan 1948, and after 1948, the country has been consumed by long-running civil wars. Myanmar was led by successive military governments starting with the 1962, there were about 15 private travel agencies and six hotels. The Myanmar Travel & Tourist had entered into several joint ventures with foreign investors and taken over existing hotels such as The Strand, Inya Lake, and Kandawgyi hotel (ADB, 2019). Myanmar Tourism was gradually brought back in the 1980s, and development plans were announced in 1985 again. After 1985, the Government extended international tourism, but only a small number of strictly regulated short visits were permitted. One of the remaining factors for it was that tourists took some luxurious and exchanged to cover the cost of the visit. The decline rate was the worst in tourism history in 1988 (OBG, 2019). After that, Hotel and Tourism Corporation was upgraded to the ministry level as Myanmar Hotels and Tourism Services (MITTS) since the country started adopting the open market economy system (ADB, 2019).

Table 3.1 Contribution of Hotel and Tourism to GDP

Year	Contribution of Hotel and Tourism to GDP (%)
2008	3.7%
2009	3.2%
2010	2.4%
2011	2.6%
2012	4.2%
2013	4.2%
2014	5.5%
2015	7.1%
2016	6.9%
2017	6.6%

Source; Ministry of Hotels & Tourism, 2017

In 1990, the services sector sharing in GDP increased from 3.2 percent to 3.5 percent in 2005 to 4.2 percent in 2012 in the presence of market-oriented reforms. Also, the direct contribution of Travel & Tourism to GDP was 5.5% of the total GDP in 2014 and increased up to 7.1% in 2015. After 2015, even Myanmar received a total of approximately US\$ 2.1 billion in tourism expenditure, and the sector declined 38% in the financial year of 2016. The McKinsey Global Institute has appraised that tourism contributed USD 600 million to Myanmar’s GDP in 2010, but this figure could be as high as USD 14.1 billion by the year 2030. Myanmar is a lower-middle-income economy which a GNI per capita of \$1,455 in 2017 (Ministry of Hotels and Tourism, 2017).

Table 3.2: Tourism Expenditure (2009 – 2016)

Year	Total Earnings (US\$) M	Average Expenditure Per person Per Day (US\$) M	Average Length of Stay
2009	196	95	8.5
2010	254	102	8.0
2011	319	120	8.0
2012	534	135	7.0
2013	926	145	7.0
2014	1789	170	9.0
2015	2122	171	9.0
2016	2197	154	11.0

Source: Ministry of hotels & tourism statistics, 2017

The average visitor who is visiting Myanmar will spend \$95 per day in 2009. In 2016, they were paying \$154 per day during their stay. The length of time a visitor stays in Myanmar has also increased from 8.5 days to 11 days over that time. The many new opened hotels have raised the hotel situation, but many travelers complain of overpriced rooms (Ministry of Hotels and Tourism, 2017).

Table 3.3 The Total number of Hotels / Motels / Guest Houses in Myanmar

Year	Total number of Hotels / Motels / Guest Houses (Myanmar)	Total number of rooms (Myanmar)
2007	619	19961
2008	621	20357
2009	631	20842
2010	891	23454
2011	731	25002
2012	787	28291
2013	923	36000
2014	1106	43243
2015	1279	49948
2016	1432	66429
2017	1590	73929

Source; Ministry of Hotels & Tourism, 2017

The number of registered hotels in Myanmar nearly doubled between 2010 & 2015, reaching 1279 with a total of 49,946 rooms. And also increasing to 1590 registered hotels and 73929 rooms in 2017.

Table 3.4 Hotel Supply by Number of Hotels/Rooms by City in Myanmar

Year	2010	2011	2012	2013	2014	2015	% of supply in the country
Hotel Supply by Number of Hotels							
Number of Hotels	691	731	787	923	1,106	1,279	10%
Annual Growth Rate	-	5.8%	7.7%	17.3%	19.8%	15.6%	-
Hotel Supply by Number of Rooms (by City)							
Yangon	7,658	7,934	8,915	10,175	13,146	15,424	30%
Mandalay	3,035	3,181	3,374	4,439	5,809	6,788	13%
Bagan	1,974	2,008	2,196	2,386	2,484	2,565	6%
Taunggyi & Inle	1,439	1,441	1,662	1,923	2,680	3,302	6%
Nay Pyi Taw	1,596	1,763	2,111	4,030	4,884	5,122	11%
Ngapali	480	480	619	790	826	863	2%
Taunggyi&Inle	1,439	1,441	1,662	1,923	2,680	3,302	6%
Yangon	7,658	7,934	8,915	10,175	13,146	15,424	30%
Others	7,272	8,195	9,414	11,091	13,414	15,882	31%
Total	23,454	25,002	28,291	34,834	43,243	49,946	100%
Annual Growth Rate	-	6.6%	13.2%	23.1%	24.1%	15.5%	-

Source; Ministry of Hotels & Tourism, 2017

Nearly sixty percent of hotels are located in four major tourist sides of Yangon, Mandalay, Bagan, and Inle regions. The rest of the forty Percent of hotels is situated in the countryside. Most of them are smaller hotels, motels, inns, and guesthouses. Table 3.4 showed that hotel supply rate is steadily increasing until 2015 in all city of Myanmar especially in Yangon region has the maximum hotels with 30% of supply in the country.

3.3 The Role of Government's Organization

To attain the sustainable development of hotels and tourism sector, the Government and the Ministry of Hotels & Tourism have arranged the strategies and policies. After 1988, entering the market-oriented economy, hotels were constructed both Government and private for the needs of tourism growth. Before 1988, there were 22 hotels in the whole country and owned by the State as State Owned Enterprises. The hospitality tourism sector in Myanmar has developed since June 1990, which established the Hotel & Tourism Act According to WTTC (McKinsey Global Institute, 2013). People pay more attention to investing in the hotel industry when the Government announces to prioritize tourism bypassing the Myanmar Tourism Law in 1990.

The Ministry of Hotels and Tourism prepared amendments to the Myanmar Hotel and Tourism Law of 1993 to effectuate tourism development in coordination with each township in many regions and states. The Government designated Naypyitaw in November 2005 as the new governmental capital and then, many of the government offices moved to the recently developed city. When the government officially relocated the capital to Naypyitaw in 2005, the Government has been implementing the tasks for the new capital development. The ministry explored new markets and invited international hotel chains (Ministry of Hotels and Tourism, 2017).

The enormous amount of improvement activity was focused on the expending beach destination areas and major tourist attraction areas. The Forest Department is appropriately controlling the environmental conservation areas as the Government paying particular attention to ecological and wildlife conservation. Now, the Union of Myanmar has set up 38 environmental conservation regions, and the ecotourism based camps were opened. Then hotel industry growth increased gradually, but state-owned

hotels were decreased transferring to the private and foreign investors with a build-operate-transfer (BOT) system. On the other side, private ownership became bigger and bigger (Ministry of Hotels and Tourism, 2017).

The Government reformed sectors' liberalization, such as banks and telecommunications. In 2011, the Government also allowed 11 private banks to trade foreign currency, and a new Foreign Investment Law was signed in 2012. At that time, some areas, such as manufacturing, tourism, and services, facing poor infrastructure, unpredictable trade policies, undeveloped human resources, endemic corruption, and inadequate access to capital for investment, even FDI are growing. The Myanmar Tourism Master Plan created new laws in 2013 to maximize the sector's influence on employment, income generation, and equal benefits. In 2013, ADB forecasted Myanmar's GDP growth to accelerate and to reach 6.5% in 2014 (ADB, 2012-2014).

In the plan, the Ministry of Hotels & Tourism acknowledged, in combination with the ADB, several situations for the sector's growth. Mid-range and conservative scenarios set international visitor arrivals at 3.7m and 2.8m, respectively, by 2020. Infrastructure renovations such as reduce travel time between tourism sites and the overviewed of electronic visas managed by a local companies and the Ministry of Migration are likely to support a continued increase in arrival numbers in 2014. Additional legislative changes include a different Foreign Investment Law drafted by the Directorate of Investment and Company Administration. The law is meant to encourage foreign investment across a range of sectors, including tourism, since April 2017. Bagan, the ancient city, become a UNESCO World Heritage site and this is one of the great achievement result by the Government side (Ministry of Hotels and Tourism, 2017).

Public and private sectors have been working with other ministries. Therefore, Myanmar marketing Committee is reformed Myanmar Tourist and Professional Board, the Union of Myanmar Travel Association, and Myanmar Hotelier Association were started under the management of the Ministry of Hotels & Tourism. All the private organizations respectfully work for the promotion of tourism in Myanmar as well as outside of the neighboring countries by participating in international travel

marts, seminars, workshops, exhibitions, meetings, and paper readings (ADB, 2012-2014).

The Hotels and Tourism Ministry provided tourism facilities by issuing licenses for hotels and guesthouses, travel and tour agencies, and tour guides. A total of 1,391 licenses for hotels and guesthouses, 1,742 licenses for tourist transport businesses, 2,714 licenses for tour companies, 40,046 tour guide licenses, and 2,867 local tour guide licenses were already issued as of the end of October. The ministry tried to meet the needs of the growing numbers of tourists expected to visit Myanmar in the future trend. There are around 7,800 licensed tour guides; there are over 2,800 English-speaking guides. After English, the most common languages which licensed tour guides in Myanmar are Japanese (342), French (295), German (271), and Thai (206) (Ministry of Hotels & Tourism, 2016).

3.4 The Improvement Stages of Hotel Industry in Myanmar

Entering FDI to the Myanmar hotel industry had significant benefits to the country not only to increase the GDP but also to the people's knowledge about hotel technology. FDI entered Myanmar with the high technology inputs for the hotel business by the world's hotel chains such as the Shangri-La group, Accor groups, and Oriental Hotel groups, etc. FDI, Foreign Direct Investment, has Myanmar investment in the sector reportedly was a reported US\$55 million in 2011, and in 2014 creating 150,000 jobs, said the Directorate of Investment and Company Administration (DICA). Now, there are 52 hotel projects in Myanmar, both FDI and joint investments.

Singapore is on the top of the list in FDI in the Myanmar hotel sector with an investment of US \$1,624.1944 million, followed by Thailand with an investment of US \$445.63million and Viet Nam with the US \$440million, it is learned. Hotel investment is mainly coming from the Asia Pacific, including Singapore, Vietnam, Thailand, Hong Kong, Japan, and Malaysia. The UK, Luxemburg, and the UAE are also players in this relatively still untapped market. Recent new hotel openings include; Pan Pacific Yangon, Lotte Hotel, Kempinski Yangon, and Pullman Yangon Center point. Accor Hotels has opened its first Mercure property in Yangon, which has 183 rooms and suites (Kyaw Win, 2017). Swiss-headquarter Kempinski is currently renovating one of the city's most significant colonial buildings, the State

House, on Strand Road. The other planned new offerings include the Pan Pacific at Junction City, the 300-room Pullman Yangon Centre point, and the Lotte Hotel & Serviced Apartments in the Outer City zone. Furthermore, the first Sheraton in the country is planned to open in Yangon in the summer of 2018. Japan's Okura has said arranges to open a 390-rooms luxury hotel in Yangon in 2020. And said it is keen three to five more in the country in the next five years. Moreover, the growth of The Peninsula Yangon has been approved (Thiha, 2017).

3.5 Tourist Arrival in Myanmar

The hotel rooms have increased two- or three-fold in the main destinations in the last six years. In 2011 there were only 731 hotels, and by 2017 the number has doubled to 1590 hotels with a total of 69,370 rooms in Myanmar.

Table 3.5 The Total Number of Visitors Arrival by Nationality

No	Countries	2011	2012	2013	2014	2015	2016	2017
1	USA	20487	36476	49669	55260	57507	64499	62661
2	UK	10550	23291	31172	33943	35412	40586	39853
3	France	19288	29686	33250	34505	34766	36017	41499
4	Germany	13245	21856	25565	26564	27028	28747	29177
5	Italy	6960	10738	10951	10929	12165	15211	15243
6	Russia	3473	3650	3686	3557	3009	3435	3775
7	Singapore	15386	26253	38709	46024	43074	48137	57920
8	Thailand	61332	91817	116128	165661	160852	207033	232818
9	India	12314	16755	20523	29987	31976	35663	38512
10	Korea	22508	34694	54599	56609	62306	63049	63612
11	China	35178	41542	54325	78109	99821	126489	143039
14	Japan	21265	47501	66772	78606	86491	95393	95908
15	Others	109869	164537	289179	251506	253468	304136	314709
16	Total	351,855	548,796	794,528	871,260	907,875	1,068,395	1,076,065

Source: Ministry of hotels & tourism statistics, 2017

The Myanmar hype is over. In the first half of 2018, only 560000 international visitors had arrived at Yangon airport. The overall rate for Chinese and Thai tourists, some visiting by land, in the whole country increased a surprising 34pc and 16pc respectively by the end of July, against a drop of 10pc at Yangon airport (Thiha, 2017). Domestic tourism is on the rise, according to U Myoe Gyi, vice chairman of the Domestic Pilgrimages and Tour Operators Association. Myanmar recorded 7.1 million domestic travelers from August 2016 to April 2017. The local tourism has developed since Myanmar's political transition period in 2011-12 – which witnessed a healthy jump from 3.1 million travelers to 7.1 million in 2016-17. In past Myanmar has projected that it would attract 7.5 million visitors by 2020, but given the recent growth rates, it will not even reach 2 million visitors. Table 3.5 shows that almost guest arrivals are increased except USA & UK. Those two countries decreased slightly in the last two years (Thiha, 2017).

Global New Light of Myanmar 2019 - Tourism statistics, an article in GNLM of 18-Jan-2019, showed that during 2017, the number of tourists has been rising compared to 2017. Europe travelers tend to stay two to three weeks in Myanmar, whereas Asian travelers only keep a maximum of one week. After the Western and European tourist inflow showed a decline due to the turmoil in northern Rakhine State, Myanmar is shifting its tourism promotion towards the Chinese and South-East Asia markets. In 2018 the government rolled out a visa on arrival (VOA) for tourists from mainland China, Hong Kong, and Macao. Most other nationalities still need a standard visa or e-Visa. It seems to be more travelers and needs to prepare all of the hotels' side as well as soft and hard infrastructures to expect boom again in the hotel industry business in Myanmar (Thiha, 2017).

The supply and demand law is valid in Myanmar cities; Yangon has limited room supply and will remain an expensive capital; in other places, for example, in Mandalay or the Shan state, the hotels are much cheaper. Room prices in Bagan are gradually becoming more reasonable but will remain on the high side for the reasons mentioned above. The room prices will be downward trend continue in the next years. Hotels are still being built, whereas the tourist numbers seem to increase only gradually in 2018; supply and demand will likely make Myanmar hotels cheaper. In Mandalay, Bagan, and Inle Lake, many budget and mid-range hotels have opened, and the hotel shortage has by and significant disappeared (Kyaw Win, 2017).

CHAPTER 4

ANALYSIS ON SURVEY RESULTS

4.1 Survey Profile

This chapter aims to classify how affecting the substantial factors; human capital, information technology, and effective management system and the current issues toward the hotel industry as well as the level of service quality. For this purpose, this chapter is divided into two sections. Firstly, the section describes the survey design, and the second one studies the result of the research survey.

Survey data has been collected by 100 respondents of hotel staffs from six international five-star hotels in Yangon. It is based on questionnaires and the survey collected area are four different departments; Front Office, Food and Beverage, Human Resources, and Information Technology. More to achieve conducting of the survey to the targeted the research objectives, the second questionnaire is aimed to investigate the dimensions of service quality, satisfaction, and loyalty. Personal interview survey also has been done by two hotel managers, Director of Rooms, and Reservation Manager for the current issues and the influencing factors. They are from the Grand Mercure Hotel Yangon Golden Empire which under The Accor Group. The reason to choose the hotel is a No.1 rank of trip advisor list out of 208 hotels. Trip advisor is an American travel and restaurant website company. It is the largest “social travel website” in the world and most of the hotel businesses are influenced (WTTC, 2017).

In the first part of questionnaire form of the respondents of hotel employees is demographic profile. It includes gender, age, marital status, education, working experiences, department, and personal income per month.

Table 4.1 Demographic Characteristics of the Respondents of Hotel Employees

	Variable	No of Respondents	Sample (%)
Gender	Male	49	49
	Female	51	51
Age	18-22	28	28
	23-27	49	49
	28-32	8	8
	33 & above	15	15
Marital Status	Single	58	58
	Married	42	42
Education	Under graduate	15	15
	Graduate	68	68
	Post graduate	14	14
	Others	3	3
Working Experience in Hotel	Under 1 year	12	12
	Between 1-3 years	37	37
	Between 3-5 years	27	27
	Above 5 years	24	24
Department	Front Office Operation	73	73
	F&B Operation	18	18
	Information Technology	4	4
	Human Resources	5	5
Personal Income per month	Below 500 USD	63	63
	501 – 1000 USD	30	30
	Above 1000 USD	7	7

Source: Survey Data, July 2019

Table 4.2 shows that female respondents are slightly more than male, As the age group of respondents, the largest age group of respondents as those who are between 18 to 27 years and the single employees(58%) are a few more than married (42%). The study showed that most are graduates who are working at Front Office department and the maximum working experiences group of the staff is one to three

years. Monthly personal income, 500USD (63%), and (30%) is earned between 501 and 1000 USD.

Also in the first part of questionnaire form of the hotel guests is demographic profile. It includes gender, age, marital status, education, occupation, and expense to stay.

Table 4.2 The Demographic Characteristics of the Respondents

Question	Variable	Frequency	Sample (%)
Gender	Male	18	60
	Female	12	40
Age	20 to 30 years	11	36.7
	30 to 40 years	12	40.0
	Above 40 years	7	23.3
Marital Status	Single	11	36.7
	Married	19	63.3
Education	Under graduate	3	10.0
	Graduate	19	63.3
	Post graduate	8	26.7
	Others	0	0
Occupation	Student	2	6.7
	Company Employed	12	40.0
	Government Employed	2	6.7
	Own business	12	40.0
	Non-profit organization	1	3.3
	Dependent	1	3.3
Expense to Stay	Below 500 USD	2	6.7
	501 – 1000 USD	16	53.3
	Above 1000 USD	12	40.0

Source: Survey Data, July 2019

According to the demographic characteristics of respondents, which is shown in Table 4.19, male respondents are a little more than female, and they are 60% of all while female respondents are 40%. As the age group of respondents, the largest age group of respondents as those who are between 30 to 40 years and almost are married.

Most of the respondents are companies employed and own businesses with graduates. According to this research, maximum expenses to stay is 501 – 1000 USD (53.3%), and above 1000 USD (40%).

4.2 Survey Design

The survey design also including the design of survey questionnaires and the sampling method. The survey design is mainly provided by qualitative & quantitative methods based on interviews and questionnaire surveys. The questionnaire survey is also divided into two forms. The one is for all respondents of hotel employees for the factors affecting the sustainable development of the hotel industry in Myanmar and the current issues in their daily work life. Each questionnaire including 15 questions by using a 5-point Likert scale, which represented 1 is for disagreeing, and five is for agreeing. Another one is for the guests regarding the customers' perceptions of their experiences, which stayed at each hotel.

The other part is customer satisfaction on service quality at a five-star hotel in Yangon by using SERVQUEL model which divided into five sections: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. Each part including five questions by using a 5-point Likert scale, which represented 1 is for highly satisfying, and five is for highly dissatisfying.

The sample size was 100 hotel employees from six international chains and five-star hotels in Yangon based on Slovan's method;

$$n = N / (1 + Ne^2)$$

For the sample size of selected total number of hotel, there are six international chain five-star hotels in Yangon based on the information of Ministry of Hotels & Tourism. For the sample size of selected total number of respondents of hotel employees, there are 1910 of all selected six hotels according to the information of human resources departments respectively. Where;

n=sample size

n=sample size

N=6 (Total Population of hotels)

N=1910 (Total Population of employees)

“e” is a standard error taken at 90% confidence level (e = 10% = 0.1). Therefore;

$n = 6 / (1 + 6 * 0.1 * 0.1) = 5.66 = 6$ Hotels

$n = 1910 / (1 + 1910 * 0.1 * 0.1) = 95.0 = 100$ respondents of hotel employees

Table 4.3 Sample Area & Sample Size

No	Name	Number of Respondents		
		Male	Female	Total
I	Questionnaire Survey for Affected Factors and Current Issues by Hotel Employees			
1	Grand Mercure Hotel Yangon	7	10	17
2	Sedona Hotels Yangon	11	6	17
3	Melia Hotel Yangon	7	10	17
4	Sule Shangri-La Hotel Yangon	6	11	17
5	Lotte Hotel Yangon	8	8	16
6	Novotel Yangon Max Hotel	10	6	16
Total		49	51	100
II	Questionnaire Survey for Customer Satisfaction on Service Quality by Guests			
1	Grand Mercure Hotel Yangon	2	3	5
2	Sedona Hotel Yangon	4	1	5
3	Melia Hotel Yangon	2	3	5
4	Sule Shangri-La Hotel Yangon	1	4	5
5	Lotte Hotel Yangon	3	2	5
6	Novotel Yangon Max Hotel	2	3	5
Total		14	16	30
III	Interview Questions for Affected Factors and Current Issues by Hotel Managers			
1.	Grand Mercure Hotel Yangon (DOR)	-	1	1
2.	Grand Mercure Hotel Yangon (Reservation Manager)	1	-	1

4.3 The Survey Results

The survey results will be presented in two parts separately; the respondents of hotel employees, each related factors, and the current issues of daily basic work environments. The survey is not only intended to be statistically precise but also to present a general picture of the Myanmar hotel industry. And factors affecting the

Myanmar hotel industry, which are based on the data received from the convenient groups of samples. SPSS (Statistical Package for Social Science) is used as a statistical tool for this study. Data collected were analyzed by using the frequency distribution table, mean, and standard deviation. These three related factors are human capital, information technology, and knowledge management. The results were based on the various data obtained from the use of questionnaires.

(1) Human Capital – Related Factors

This section explains about one of the factors affecting the sustainable development of the hotel industry. In turn, respondents are asked the questionnaire survey based on the specific 15 questions by using a 5-point Likert scale, which represented one is for disagreeing, and five is for agreeing.

Table 4.4 Human Capital – Related Factors

Human Capital	Mean	Std. Deviation
Hotel business can generate per capita income and raise personal standards of living in the country.	4.19	.787
Human capital is the aggregate value of the knowledge, skills, and motivation of a corporate workforce.	4.14	.697
The measure of skills, education, and capacity influence their productivity and potential.	4.21	.715
The rewards and benefits must be in balance with their productivity and performance level.	4.09	.753
Rewards and benefits are required to motivate employees' performance.	4.52	.522
Specific goals of the training to improve one's capability, productivity, and performance.	4.40	.569
Internal training gives better interrelationships within internal customers and services to external customers.	4.40	.636
The hotel organizes specific training often.	4.11	.709
Employee loyalty will lead to enhance performance.	4.14	.711
The development of employees' skills has to be a positive effect for the whole organization.	4.23	.601
Challenging working environment motivates and stimulates to perform well in the organization.	4.00	.725
Investing in human capital is a crucial role in a successful business.	4.25	.687
Employees are invited to participate and consider some of the crucial issues within the organization often.	3.70	.969
The work environment makes us feel happy, safe, and motivated.	3.85	.809
Employees are aware of any formal policies and procedures of our organization.	4.26	.661

Source: Survey Data, July 2019

Table 4.4 showed the results of human capital – related factors; the study found that nearly all of the mean agreement level of the descriptions is above 4.00. It meant that most of the hotel staff aware of the concepts of human capital very clearly. Notably, the table indicated the highest agreed on the topic is rewards and benefits; all employees are expecting it to motivate their performance. Also, most of the respondents have a positive attitude upon the internal training process. Then data showed that some hotels did not give a chance to their employees to participate while considering the crucial issues within the organization. And mostly still dissatisfied with their working environment.

(2) Knowledge Management System– Related Factors

This part also explains one of the affecting management system the sustainable development of the hotel industry. It is based on the specific 15 questions by using a 5-point Likert scale which represented 1 is for totally disagree and 5 is for totally agree.

Table 4.5 Knowledge Management System– Related Factors

Knowledge Management System	Mean	Std. Deviation
Each employee's skill and knowledge has an essential role in a hospitality organization's achievement.	4.33	.637
We are sharing knowledge to improve the learning and performance of an organization.	4.31	.598
The employee needs to have the willingness to participate and share their knowledge.	4.50	.560
Employees' knowledge and experiences should be well documented in databases, websites, and emails, etc.	4.11	.875
I enjoy attending meetings, workshops, courses that are organized by your organization.	3.76	.842
Knowledge can build an operation that sustainable development the hotel business.	4.12	.742
We can attain benefits by sharing individual knowledge and skill during internal meetings and training.	4.30	.560
I agree that knowledge is power, which is essential for the business development department of the hotel brand.	4.12	.769
Educating employees is one of the primary responsibilities of all department heads.	4.34	.639
In the knowledge-based economic sector, the support on intellectual capital is higher than on physical inputs.	4.07	.685
Intranets and databases are very useful in my daily work life.	4.31	.647
Knowledge sharing is the key to competitiveness in the information age rather than financial resources.	4.10	.745
Keeping the right people at the right time is an efficient way to create value for the organization.	4.46	.540
Knowledge should be a fundamental concept through which businesses can build sustainable operations.	4.15	.642
The departure of experienced and qualified employees could have resulted in a loss of the organization as they take all the knowledge they gained.	4.60	.550

Source: Survey Data, July 2019

In table.4.5, the study can review of the knowledge-based management system-related factors, almost the mean agreement level of the descriptions are above 4.00. The result approved that it is requirements the employees' knowledge, and experiences should keep well in databases, websites, and email to prevent the loss of the organization. The maximum mean agreement level shows mostly are strongly agreed that the employee needs to have the willingness to participate and share their knowledge. Then they decided to keep the right people at the right time is an efficient way to create value for the organization as well. All of the respondents have the departure of experienced and qualified employees could have resulted in a loss of the organization. However, these survey results highlighted one distinct point is not all of the respondents are happy to participate in meetings, workshops, training courses that are organized by the hotel. Although they fully accepted the benefits, all of the knowledge sharing and importance of training, meetings, etc. To be approved among the various types of management systems, the best suitable method for the hotel industry is the knowledge management system.

(3) Information Technology – Related Factors

This sector explains one of the affecting systems the sustainable development of the hotel industry. The study proved that information technology roles are how vital and essential for the hotel industry in this era. It is based on the specific 15 questions by using a 5-point Likert scale, which represented one is for disagree, and five is for agree.

Table 4.6 Information Technology – Related Factors

Information Technology	Mean	Std. Deviation
IT plays an essential role in all organizations.	4.46	.577
Technology often needs to be updated and which requires an enormous amount of investment in the hotels' industry.	4.48	.559
Utilizing IT in the workplace is more convenient and active rather than manual.	4.18	.809
The use of high-tech processes is usually more complicated, and often waste of time.	2.12	1.148
Need to conduct training to get more familiar and improve IT skill.	4.20	.752
The use of IT helps to reduce labor costs and also helps to minimize customer service related problems and issues.	3.53	.958
IT is not useful in enhancing the business and to increase the organization's profits.	1.93	.998
The technological upgrading process could satisfy employees.	3.78	.773
Enhancement of IT can help employees to save more time in all front office operations.	4.16	.662
The hotel provides ATM service, in-room safety deposit box, credit card payment, and electronic key cards system for the convenience and safety of our in house guests.	4.38	.616
Guests are delighted with your hotel Wi-Fi.	4.14	.586
Mostly, in house guests were satisfied and very fewer complaints regarding in-room modern facilities.	4.17	.667
I strongly recommend to upgrade and enhance all the internal technical support.	4.23	.584
I am glad and convenient by using modern information technology.	4.22	.561
I always believe that all latest information technology system enhances the organization image and increase more benefits.	4.19	.581
Valid N (listwise)		

Source: Survey Data, July 2019

Table 4.6 indicated the survey of Information Technology – related factors, most of the mean agreement level of the descriptions are above 4.00. The significant disagreement is IT is not useful in enhancing the business and to increase the organization's profits, and the use of high-tech processes is usually more complicated and often a waste of time. Respondents are asked these two questions that need to be confirmed on how to emphasize and their point of view regarding Information Technology. So that the results seem all respondents have an awareness of the advantages of IT enhancement, and no one assumed that the use of high-tech processes is a waste of time.

The last survey part divided into two questions; one is representing that all of the hotel employees' issues which are facing in their daily work, and another thing is their suggestion for sustainable development in the hotel industry in Myanmar, respectively.

According to the results, all of the issues could be divided into three kinds of problems. The first maximum issues are regarding training, meetings, and seminars arranged by organizations are not too much attracted to the trainees and useful to their daily operation. Meetings were also taken too long hours that caused bored and disappointed and too many burdens upon the rest of employees who left to cover the operation. The second issue is the high turnover rate and manpower shortage. The last one is over workload due to use so much paperwork instead of utilizing the existing modern technology or software.

The next section is regarding all the hotel employees' suggestions for the key factors affecting the sustainable development of the hotel industry in Myanmar. In this part, characterize the most advice of respondents recommended to build up Human Capital. They advised caring for the existing employees by providing awards and benefits as well as given effective training to enhance their skill and performance. Otherwise, they need to recruit skillful or well-trained employees. They also suggested to assign qualified trainers or hire professional trainers from outside to organize more for daily operation.

The other most advice of respondents is the IT enhancement program. According to their proposal, the organization should try to utilize information technology and updated software to effect more convenience in the workforce.

Respondents also assumed more waste of their time by using paper works in the daily operation. This suggestion is the need to more emphasize in modernized technological process and updated all existing software. The third suggestion of respondents is to focus more on the operational management system, especially like a knowledge-based management system. And they prefer the same and consistency benefits by the management team as well as need to build strong teamwork in each department as well.

Also two hotel managers of the management level from Grand Mecure Hotel Yangon which one of the branch of The Accor Group for the current issues and the affecting factors in their working life.

(1) The Current Issues and Factors Influencing on Daily Operation by Rooms' Director

The current issues in the hotelier, she mentioned that the turnover rate is too high. The next problem is challenging to keep balance in internal customer relationships because most of today youths are overconfident. Furthermore, The group arranged a proper management system and also utilizing high technology and updated always. Thus all are ongoing standardized and need to follow their guidelines correctly. About the training part, she explained, HR arranged overall training normally, but staff have been conducted by specific training by each department often. The training programs are set up based on the step of the necessary procedure, needed operation procedures based on the hotel standard of the procedure. Employees given continuous training to refresh not only existing staff but also newcomers all the time. The Accor Academy Training Group's program techniques are very innovative and interested in trainees, and all are very professional and skillful trainers. Most of their trainers know how to persuade and manage their training classes very well. Therefore the staffs are happy and never against to attend their training class.

The hotel managers had experienced often the situation of the sudden quit of employees without proper handover. On those situations, strongly affected the remained employees to work doubled job and overwork loaded even recruited immediately. Regarding this situation, managers' roles are significant to handle existing employees, not for overload and stress. Managers also prepare to prevent or reduce this situation in advance, try to train all employees as a multi-skill, which

arranged like cross-training. Similarly, she created some mini-workshops and short training to share their knowledge and experiences within employees for adapting the new solutions or handling.

Concerning the technology steps, the Accor Group enhanced technical supporting and upgrading so many applications always. This is very effective and supported in their regular service providing. Currently, OPERA integrated software system is used in the Front Office department in worldwide, and hotel PMS is only used for internal. So that all guests can get the same service, same standard wherever they go in the worldwide Accor Group. They also provided crucial electronic cards for rooms and elevators, credit card devices, and ATM, respectively. All of those amenities have been provided all in house guests for more convenience, and the smooth service one-stop shot.

(2) The Current Issues and Factors Influencing by Reservation Manager

The problem also challenging to seek and recruit qualified employees these days. Mostly are just fresher from the private training school but not skilled enough. The daily work-life problem is regarding reservation staff who lack other language experts then English language.

In the training part; The Accor Group using CRS (Central Reservation System) and the need to give technical training first before assigned in operation. Still facing the difficulties situation when a team quit suddenly without proper handover, and the service role will be reduced. To prevent that kind of situation, most of his staff and himself tried to be a multi-skill and sharing knowledge within internal training and workshops.

The further training program, each department heads assigned all managers to conduct specific training and workshops by weekly or monthly. But they always try to focus that not the too long hour for all training or meetings. Because it can affect the remaining staff at the operation, which will be more workload and impatience. Otherwise, their service skills will be reduced and caused unnecessary complaints. Managers tried to prepare the main points required for daily operation work-life and different topics in advance. This proper preparation would be affected by the trainees not too much bored and long hours. The most reason that is willing to attend training is not too severe formal and short training maximum of half an hour or 45 minutes

only. Sometimes the experts from the Accor Group have been sent to conduct training, and he tries to able to participate in all reservation staff in turn. The multi skillful employees are a shortage in the market. Thus need to recruit first and well trained all up to qualify enough internally and build up individualized later is a better situation.

In the part of technical issues, they are now using a technical system which owned Accor application such as ResaWeb application. Thus all new staffs, even fluent users with Fidelio and OPERA, need to learn ResaWeb application. The central channel manager system is DataWeb application and can use all room rate adjustment effectively daily, and the essential user is PMS. These all form have been possessed by Accor Group Management and sufficient to support customer service and smooth operation procedures. By using the intranet and database within the organization is very enhancement to departmental communication level.

In the part of the results of customer satisfaction of Guests on Service Quality, this section will explain about the guest experiences who stayed at each hotel and divided into three categories: the demographic and the customers' information, and customer satisfaction.

Table 4.7 Survey Results of Customer Information

Question	Variable	Frequency	Sample (%)
Hotel awareness	On line	10	33.3
	Friends or relatives	7	23.3
	Travel & Tour	12	40
	Others	1	3.3
Hotel experiences per year	First time	5	16.7
	1 to 5 times	16	53.3
	Above 5 times	8	26.7
Reason to choose the hotel	Service quality	20	66.7
	Price fairness	12	40
	Good Location / Facilities	11	36.7
	Others	7	23.3
Payment system	Cash	11	36.7
	Credit card	27	90
	Travelers Cheque	0	0
	Others	0	0
Area need to be improve	Service quality	5	16.7
	Product quality	10	33.3
	Good view	3	10
	Facilities	8	26.7
	Location	7	23.3
	Exterior / Interior decoration	6	20
		5	16.7
	Updated IT	3	10
	Others	0	0

Source: Survey Data, July 2019

According to figure 4.7, the large amount of the guests aware about the hotel from travel & tour agencies and online channel. The maximum respondents were return guests and have hotel experiences from 1 to 5 times at least. The reason for chosen the hotel was due to the service quality and settled by their credit card regularly. Most of the respondents highest suggested the area which need to be improved are product quality & facilities.

With regards to the survey questions of customer satisfaction on service quality at a five-star hotel in Yangon, divided into five sections: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. Each part including five questions by using a 5-point Likert scale, which represented 1 is for highly dissatisfying, and five is for highly satisfying.

Table 4.8 Customer Satisfaction on Tangibility

Tangibility	Mean	Std. Deviation
Quality of Food & Beverages.	3.03	.890
Wi-Fi access / ATM status / Credit card transaction	4.60	.814
Room amenities (Safety deposit box, electronic room key –card, etc.)	4.57	.568
Smart appearance and outfits of staffs.	4.53	.660
Provided amenities (Restaurants, Public toilets, Public area & function rooms) & cleanliness	4.03	.868

Source: Survey Data, July 2019

According to table 4.8, the survey results show that the tangibility, most of the respondents dissatisfied a little bit with the quality of food & beverages, and a few respondents are unhappy for the provided amenities too. But the rest of respondents satisfied the tangibility, especially strongly satisfied on technology which provided by hotels.

Table 4.9 Customer Satisfaction on Reliability

Reliability	Mean	Std. Deviation
Standard check-in / out process.	4.60	.498
Quick respond from the hotel staff to your requests.	3.13	.819
Delivers customer services at the exact time as promised.	3.30	.837
The way of problem solving.	3.50	.820
Keep confidential all of your personal profile / records.	4.67	.499

Source: Survey Data, July 2019

For the reliability, the check-in/out was excellent and quite satisfied by keeping confidential of the guests' profile, records. However, they have not many experiences of the way of problem-solving skills by hotels. And also dissatisfied with delivery service and very weak in responding to the customer service as well.

Table 4.10 Customer Satisfaction on Responsiveness

Responsiveness	Mean	Std. Deviation
Staffs pay attention to customers' needs/ difficulties.	3.10	.995
Provides speedy services to customers.	3.21	.861
Prompt recovery process	3.03	1.033
Good communication skill.	4.30	.794
Handling the way of customer complaints is consistent and fairness.	3.93	.960

Source: Survey Data, July 2019

For the Responsiveness, the study showed that only in communication skill is the best one for their satisfaction. But the part of the handling way of customer complaints has been dissatisfied by most of the respondents — this effect caused to the weakness of prompt recovery process. Almost pointed out the weakness of staffs' pay attention to the customer and speedy services as well.

Table 4.11 Customer Satisfaction on Assurance

Assurance	Mean	Std. Deviation
Keep loyalty to all their guests.	3.00	.788
Fluent in technological skill and language skill.	4.70	.466
Honest and endurance in solving customers' complaint/ problem.	3.20	.805
Promise on time	4.73	.468
Staffs have enough knowledge to answer customers' queries.	4.30	.551

Source: Survey Data, July 2019

All of the survey results have shown that almost all respondents satisfied with the assurance, especially on promise on time and all staffs have very fluently in technological skill and language skill. Almost respondents satisfied that staffs have enough knowledge to answer customers' queries as well. But some are not satisfied to keep loyalty to all their guests and problem-solving section.

Table 4.12 Customer Satisfaction on Empathy

Empathy	Mean	Std. Deviation
Customer service handling is consistent at all time	3.90	.859
Staffs' Patience	3.33	1.213
Individualized attention	3.23	.907
They always try hard to know the exact needs of the customers.	3.47	.802
Ready to serve and assist always	3.70	.837

Source: Survey Data, July 2019

In the role of Empathy, They mostly impressed that customer service handling is consistent at all times. But very weak in individualized attention and staffs' patience. Also need to try to know the exact needs of the customers. This table show that all area need to improve even all mean rate are above 3.

CHAPTER 5

CONCLUSION

5.1 Findings

In this study, the research aims to analyze the sustainable development of hotel industry in Myanmar, with a special reference of hotels in Yangon which can provide to improve the national growth. In the previous chapter, the current study purposes of determining whether there were significant factors affecting the sustainable development of the hotel industry in Myanmar. There are two essential factors; human capital and information technology and the best suitable effective system is the knowledge management system which can connect strongly within those essential factors. Also, the interconnection between the current issues and the level of customer service are presenting how to influence each other.

According to the results of the survey by hotel employees, demographic section showed that most of the respondents are graduated female staffs with age within 18 to 27 years, which have working experiences with one to three years at least. As a result, most of the selected hotel employees are familiar with those concerned factors within the hotel industry and able to give the appropriate, concise, valuable suggestions and knowledge enough. To summarize all of the survey results of the essential factors; human capital, information technology, and effective management system (Knowledge Management) toward the hotel industry – related factors, the study found that most of the hotel staff aware of the concepts of human capital, which is the aggregate value of the capabilities, knowledge skills, life experiences, and motivation of a corporate workforce. The maximum employees are expecting the rewards and benefits to motivate their performance, and this result agrees with the Employee Value Proposition (EVP) model. All of the respondents had experience of qualified employees quit without correctly, and they take all the knowledge with them.

Nearly all hotels provide ATM service, in-room safety box, credit card payment, and electronic key cards system for the convenience and safety for the in house guests. It verifies that explicit knowledge of the SECI model of Nonaka theory is required. It is also proved that Madan (2017), in step with modern technology, trends are crucial for those operating in the hospitality industry, because the industry itself is extremely competitive. Nearly all respondents understand very well about the particular goals of the training but not all of the respondents are happy to participate in meetings, workshops, training courses. This issues were caused due to lack of preparation in advance and unskillful trainers.

Summary of all of the survey results of hotel guests, customer Information has been described that majority of respondents aware of the hotel information from travel and tour and the second potential market is online information. It indicated that travel and tour companies are mostly influencing the hotel business, and the second potential market is online information, which closely through travel and tour markets. The respondents who the maximum stayed hotel is within 1 to 5 times guests. It seems most of the respondents are return guests, respectively. According to the research, the study showed the priority reason for chosen the related hotel is customer service, and the second is due to the reasonable price. However, the researcher noticed that not too much percentage of respondents who choose for customer service, and there are other reasons as well. Mostly recommended the most area to improve is the product quality as well as customer complaints handling with recovery service promptly. Only a few respondents suggested the service quality need to be improved. It meant that service quality is good so far but not pretty impressed and persuaded to the guests. Actually need to try to reach the excellent level.

The personal interview survey has been done by two hotel managers, Director of Rooms, and Reservation Manager. They emphasized too much upon the effective training process and high information technological system. It is one of the reason why the Grand Mercure Hotel Yangon Golden Empire is a No.1 rank in the Trip Advisor list. The group concentrated on the training topic, which considers mainly on the required operation procedure based on hotel standard operating procedures. Thus all those trainings are affected to the daily operation as well. The Accor Group training systems are very innovative by professionals or skillful trainers. It caused all trainees have been persuaded to attend the trainings and more enjoyable. Their staff

are arranged such as mini-workshop or training by sharing their knowledge for multi-skills. It effected to solve the problem of difficulties when some staff leave suddenly. The Accor group always maintain the high technical system and upgrade often. They always tried to reduce by using paperwork instead of using the existing technical machines. This is the main supporting to provide excellent service for customers' satisfaction and smooth daily operation work life. They always set the plans such as promotions or award system to motivate the employees. This is the main supporting to provide customer motivation and smooth daily operation work life.

According to all of the above survey results, the following conclusions were drawn. To assess factors affecting the sustainable development of the hotel industry, it is reveal that 100% correct the essential factors; human capital, technical, and knowledge management system are affecting the sustainable hotel industry after the survey research of every point of views. In the globalization age, all nations are facing the problem of scarcity of resources. Among all resources, human resources are more available to manage and allocate efficiently. So that the role of human capital is prevalent within all organizations to enhance human resources. Furthermore, very hard to leave the role of the Information Technological system in this era. All firms need to upgrade and update to all technology system or soft wares process to take competitive advantage. To connect or relate these two significant factors firmly; Human Capital and Information Technology, the best way of the management system are the Knowledge Management System, which can convert tacit knowledge into explicit knowledge and sharing within the organization refers to SECI model.

To analyze the level of service quality in the hotel industry, the results verified that the level of service quality is good so far but not pretty impressed and persuaded to the guests. The technology system plays a very crucial role in this age since the online reservation system is the second potential of the future market. Today visitors' expectation is too high for the part of customer service, and they prefer the psychological satisfaction rather than others. To get the achievement of competitive business, need to pull up the excellent customer service and individualized attention. Need to emphasize more customer complaints handling with recovery service promptly as well. At the same time, it is verified that internal customers are the most crucial role in providing excellent service to external customers as well.

To observe the current issues which occur in the hotel industry for generating the smooth operation, the finding from the research proved that all of the current facing issues are due to the factors affecting of the survey results 1. Almost hotels have training programs but not affected the daily operation system and more given burden to other employees. All employees' skills also not improve too much after training, and it led to consider to quit the job finally. It caused the remaining staff to more workload and stress too much. Otherwise, the managements have to consider how to persuade the staff to attend training, meetings, and workshop without stress. It assisted in improving the staffs' performance individually and more support to their organization. They also have arranged precautions by using the knowledge management method, even the turnover situation. All staff in such a hotel could be well trained on how to use modern technology machines, software, and updated information technology to reduce paperwork. The survey result revealed that all of the issues have related to the above three main factors affecting the development hotel industry.

5.2 Suggestions

Based on the findings of the survey results, the following recommendations for the hotel management or business owners, managers, and supervisors. It is suggested that an organization needs to conduct continuously training internally, but it should be effective, and all of those training should not be too long or formally always. Department Heads or managers have to educate their staff on the advantage and disadvantages of the training, meetings, and workshops also. Sometimes need to hire or invite the external speakers to hold internal seminars for the employees.

For the staffs' motivation, superiors should consider employees' policies for their benefits or rewards. It is essential to create a happy and safe life in the work environment for the staff, pay attention to the staffs' requirements or difficulties individually. Superiors should arrange to participate in all of their staff in the training, workshops, meetings, and seminars, respectively. There is a need to be careful with consistency attention to all employees.

To solve the problem of manpower shortage, we should prepare all staffs to have to be multi-skills such as cross training, sharing knowledge, etc. There should be documented or recorded all of the staffs' experiences, skills, and abilities in the

database, websites, and email if needed to avoid the difficulties when some employees quit suddenly. Managers need to make refresh or new training to familiar with modern technical systems or software because of reducing the manual paper workload as well as to consider upgrading and updating all technical system.

The need to monitor and evaluate the measure of skills, education, the capacity of staff in addition to the quality assurance for the technical system for more productivity and potential. There should be more concentrate to qualify and enhancement of existing employees rather than seeking qualified staff from the market. Especially all organization try to consider for Knowledge Management system for smooth operation procedures.

The future researcher should study to investigate other factors such as government policies, interventions of state-level into Hotels & Tourism sectors, tax reduction, etc. And also to expand more surveys on the other hotels which different star ratings as well as the rest regions of the country. It is believed that suggesting potential effort on this subject that would include investigating the role of these factors not only in the hotel industry but also by other industries as well as government officials.

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APPENDIX

Appendix 1. Survey Questionnaires for Factors Affecting the Sustainable Development of the Hotel Industry by Hotel Employees

Dear Respondents,

I am an EMDevS student from University of Economics, Yangon and as part of our studies; I responsible for a research project on the factors affecting the sustainable development of the hotel industry in Yangon., Myanmar.

Kindly assist me by spending your time on completing this questionnaire. Participation is voluntary, and the information you provide will be kept confidential. And you are free to withdraw from this survey at any time without giving a reason.

Thank you for your time and valuable contribution to this research.

If you have any comment or question regarding this survey, I welcome you to contact by email at chaw2april@gmail.com .

Yours sincerely,

Chaw Kalyar Soe @ April

EMDevS 15th Batch

Roll No.3

I. Demographic Section

Direction: Please circle to the following which given the statements.

(1)Gender

- Male
- Female
- Others

(2)Age Group

- 18-22
- 23-27
- 28-32
- 33 & above

(3) Marital Status

- Single
- Married

(4) Education

- Under graduate
- Graduate
- Post graduate

(5) Working Experience in Hotel

- Under 1 year
- Between 1-3 years
- Between 3-5 years
- Above 5 years

(6) Department

- Front Office Operation
- Food & Beverage Operation
- Information Technology
- Human Resources
- Others

(7) Income per month

- Below 500 USD
- 501 – 1000 USD
- Above 1000 USD

II. Survey Questionnaire of factors affecting of Sedona Hotel Yangon. (English & Myanmar Version)

Direction: Please choose and tick the following criteria from 1 to 5 according to the following which given the statements using the following scales:

1 = Totally Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Totally Agree

I.	Human Resources – Related Factors	1	2	3	4	5
1.	Hotel business can generate per capita income and raise personal standards of living in country.					
2.	Human capital is the aggregate value of the capabilities, knowledge, skills, life experiences, and motivation of a corporate workforce.					
3.	The measure of skills, education, capacity, and attributes of labor influence their productivity and potential.					
4.	The rewards and benefits which are received by employees, must be in balance to their productivity and performance level.					
5.	Rewards and benefits are required to motivate employees' performance.					
6.	Specific goals of the training to improve one's capability, productivity, and performance.					
7.	Internal trainings give better interrelationship within internal customers and services to external customers as well.					
8.	The hotel organizes specific trainings often.					
9.	Employee loyalty will lead to enhance their performance.					
10.	Development of employees' skill has to be a positive effect for the whole organization.					
11.	Challenging working environment motivates and stimulates to perform well in the organization.					
12.	Investing in human capital is a crucial role of a successful business.					
13.	Employees are invited to participate and consider some of the crucial issues within the organization often.					
14.	The work environment makes us feel happy, safe and motivated.					
15.	Employees are aware of any formal policies and procedures of our organization.					

II.	Knowledge Management System– Related Factors	1	2	3	4	5
1.	Each employee's skill and knowledge has an essential role in a hospitality organization's achievement.					
2.	We are sharing knowledge to improve learning and performance of an organization.					
3.	The employee needs to have the willingness to participate and share their knowledge.					
4.	Employees' knowledge and experiences should be well documented in databases, websites, and emails, etc.					
5.	I enjoy attending meetings, workshops, courses which are organized by your organization.					
6.	Knowledge can build an operation which sustainable development the hotel business.					
7.	We can attain some benefits by sharing individual knowledge and skill during internal meetings, workshops, courses, and pieces of training.					
8.	I agree that knowledge is power, which is essential for the business development department of the hotel brand.					
9.	Educating employees is one of the primary responsibilities of all department heads.					
10.	In the knowledge-based economic sector, the support on intellectual capital is greater than the support on physical inputs.					
11.	Intranets and databases are very useful in my daily work life.					
12.	Knowledge sharing is the key to competitiveness in the information age rather than physical assets or financial resources.					
13.	Keeping the right people at the right time, and at the right place is an efficient and effective way to create value for the organization.					
14.	Knowledge should be a fundamental concept through which businesses can build sustainable operations and gain competitive advantages.					
15.	The departure of experienced and qualified employees could have resulted as a loss of the organization as they take all the knowledge they gained during their tenure with them.					

III	Information Technology – Related Factors	1	2	3	4	5
1.	IT plays an essential role in any organization.					
2.	Technology often needs to be updated and which require an enormous amount of investment in the hotels' industry.					
3.	Utilizing IT in the workplace is more convenient and active rather than manual.					
4.	The use of high-tech processes is usually more complicated, and often waste of time.					
5.	Need to conduct training to get more familiar and improve IT skill.					
6.	The use of IT helps to reduce labor costs and also helps to minimize customer service related problems and issues.					
7.	IT is not useful in enhancing the business and to increase the organization's profits.					
8.	Upgrading technological process could satisfy employees.					
9.	Enhancement of IT can help employees to save more time in all front office operations.					
10.	The hotel provides ATM service, in room safety deposit box, credit card payment, and electronic key cards system for the convenience and safety for our in house guests.					
11.	Guests are delighted with your hotel Wi-Fi.					
12.	Mostly, in house guests were satisfied and very less complaints regarding about in room modern facilities.					
13.	I strongly recommend to upgrade and enhance all the internal technical support.					
14.	I am glad and convenient by using modern information technology.					
15.	I always believe that all latest information technology system enhances the organization image and increase more benefits.					

III. Survey Suggestion of factors affecting of Sedona Hotel Yangon.

What kind of issues do you face in the hotel industry?

Would you like to suggest what key factors are affecting the sustainable development of the hotel industry?

Thank you for taking your time to answer this survey.

Appendix 2. Survey Questionnaire for Customer Satisfaction on Service Quality by Hotel Guests

Dear Respondents,

I am an EMDevS student from University of Economics, Yangon and as part of our studies; I responsible for a research project on the factors affecting the sustainable development of the hotel industry in Yangon., Myanmar. Therefore I am investigating the service quality on customer satisfaction at Sedona Hotel Yangon.

Kindly assist me by spending your time on completing this questionnaire. Participation is voluntary, and the information you provide will be kept confidential. And you are free to withdraw from this survey at any time without giving a reason.

Thank you for your time and valuable contribution to this research.

If you have any comment or question regarding this survey, I welcome you to contact by email at chaw2april@gmail.com .

Yours sincerely,

Chaw Kalyar Soe @ April

EMDevS 15th Batch

Roll No.3

I. Customer Satisfaction of Service Quality at Sedona Hotel Yangon

Survey Questionnaire

I. Demographic Section

Direction: Please circle the following given statements.

(1)Gender:

- Male
- Female

(2)Age Group:

- Below 20 years
- 20 to 30 years
- 31 to 40 years
- Above 40 years

(3) Marital Status

- Single
- Married

(4)Education:

- Under graduate
- Graduate
- Post graduate

(5)Occupation

- Student
- Company Employed
- Government Employed
- Own business
- Non-profit organization
- Dependent
- Others (please specify.....)

(6) Expense per stay

- Below 500 USD
- 501 – 1000 USD
- Above 1000 USD

II. Survey Questionnaire of Customer Information

Direction: Please circle the following given statements.

(1) How do you know about this hotel?

- On line
- Friends or relatives
- Travel & Tour
- Others (please specify.....)

(2) How often did you stay in this hotel per year?

- First Time
- 1 to 5 times
- Above 5 times

(3) Why did you choose to stay here?

- Service Quality (Food & Staffs)
- Price Fairness
- Good Location and Facilities
- Other (Please specify.....)

(4) Which kind of mode of payment to settle on your expenses upon your departure?

- Cash
- Credit Cards
- Traveler's Cheque
- Other (Please specify.....)

(5) Which fact the most thing in this hotel need to be improve?

- Service Quality
- Product Quality
- Good View
- Facilities
- Location
- Exterior / Interior Decoration
- Updated IT
- Other (Please specify.....)

II. Customer Satisfaction on Service Quality at Novotel Hotel Yangon

Survey Questionnaire

Direction: Please choose and tick the following criteria from 1 to 5 according to the following statements using the following scales for the satisfaction level on Novotel Hotel?

1= Highly Satisfied, 2 = Satisfied, 3 = Moderate, 4 = Dissatisfy, 5 =highly dissatisfied

1. Your opinion about the Quality Provided:

I.	Tangibility	1	2	3	4	5
1.	Quality of Food & Beverages.					
2.	Fresh atmosphere, attractive lobby and rooms.					
3.	Public area and function rooms' condition.					
4.	Exterior / Interior Decoration.					
5.	Smart appearance and outfits of staffs.					
6.	Provided amenities (Rooms, Restaurants, Public toilets, Public area & function rooms).					
7.	Cleanliness& Neatness (Rooms, Restaurants, Public toilets, Public area & function rooms).					
II.	Reliability	1	2	3	4	5
1.	Check-in / out process.					
2.	Quick respond from the hotel staff to your requests.					
3.	Delivers customer services at the exact time as promised.					
4.	The way of problem solving.					
5.	Performs the right services in the first run through.					
6.	Keep confidential all of your personal profile / records.					
7.	Feel secure while staying in the hotel.					
III.	Responsiveness	1	2	3	4	5
1.	Staffs are ready to serve and assist customers in emergency conditions.					
2.	Provides speedy services to customers.					
3.	Staffs pay attention to customers' needs/ difficulties.					
4.	Good communication skill.					
5.	Handling the way of customer complaints is consistent and fairness.					
6.	Prompt recovery process					
7.	Staffs often inform customers about up-to-date services and care.					
IV.	Assurance	1	2	3	4	5
1.	Feel secure in their transactions.					
2.	Honest and endurance in solving customers' complaint/ problem.					

3.	Confidence in customer relationship.					
4.	Staffs have enough knowledge to answer customers' queries.					
5.	Novotel Hotel- Yangon is well-known for its good reputation.					
6.	Keep loyalty to all their guests.					
7.	Customer service handling is consistent at all at any time.					
V.	Technology status	1	2	3	4	5
1.	Wi-Fi connection access.					
2.	In room safety box system.					
3.	Electronic room key card status.					
4.	Elevator security control by room key card.					
5.	Online reservation process.					
6.	Using ATM inside the hotel.					
7.	Credit card settlement upon check out					
VI.	Customer caring & staff's hospitality	1	2	3	4	5
1.	The hotel staffs were friendly, courteous and smile warmly.					
2.	The hotel staffs were professional and smart.					
3.	Given alertness and individualized attention.					
4.	They always try hard to know the exact needs of their customers.					
5.	Fluent in technological skill and language skill.					
6.	All staffs are well groomed and hygiene standard.					
7.	You would like to recommend others to choose this hotel powerfully.					

Thank you for taking your time to answer this survey.

Appendix 3. Interview Questions for Affected Factors and Current Issues by Hotel Managers

1. How do you understand for human capital role in any organization?
2. How did you plan for training process to develop of employees' skill has to have positive effect?
3. How do you measure the effect of training project after giving training process to employees?

4. What is the most critical issues for your daily operation?
5. Explain about your training procedure which affect for your daily operation?
6. Do you conduct training your staffs to get more familiar and improve the skill of the technology system often?
7. Which policy do you use for employees' motivation / satisfaction / engagement?
8. How effect in your daily work life by using Information Technology?
9. Do you agree that it is essential to update the internal technology process always?
10. What kind of software is using in your departments?
11. Did you face some challenges of the situation that an employee left the job suddenly without proper handover?
12. If yes, how did you solve the problems on that case and prepare the plan to avoid like that situation?
13. Are all employees happy to join the trainings, meetings, and workshops which arranged by organization?
14. How did you persuade all of your staffs to attend trainings, meetings, and workshops regularly?
15. Do you agree knowledge sharing is the key to competitiveness in the information age rather than physical assets or financial resources?

Appendix 4. Photos of collecting Survey Questionnaires

