Guidelines for Standardization and Classification of Hotels in Bhutan

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ABSTRACT

Tourism in Bhutan was initiated in 1974 coinciding with the coronation of the fourth King of Bhutan and the policy makers adopted a policy of high value low volume. Against this back ground, the development of the tourism infrastructure remains a high priority, particularly in upgrading the facilities and services of hotels and accommodation within the country. The study therefore attempts to develop guidelines for the hotels that are appropriate, unique and encompass a wholesome and dynamic approach. It covered a total of 44 hotels of the 75 currently registered and includes a focus group meeting. The study identifies the constraints and problems, establishes the cause and effect relationship and concludes that quality standards are not consistent with the policy of high value and low volume. The findings and recommendations pertain to developing professionalism in the hotel industry, improving the quality of food and the need to infuse more innovation in cuisine varieties and upgrading the quality of hotel facilities and services. The study also recommends five category of hotels viz. Standard, Tourist Standard, First Class, Deluxe and Luxury category. All of these improvements will form the basis for the standardization and classification of hotels in Bhutan.

Keywords*: Bhutan, Hotel Standardization and Classification, high value low volume, hotel ratings, fixed tariff rate.*

INTRODUCTION

Bhutan is one of the least populated countries in South Asia with a population of 646,851 and a per capita income of USD 870 in 2004 and an area of 38,394 square kilometres with a forest area of 72.5%. The country has a policy to

maintain at least 60% forest cover for all time to come and has been declared as one of the ten global biodiversity "Hotspots" (MoA, 2002).

Bhutan responds to globalization through the holistic concept of Gross National Happiness (GNH) by following a path of development that takes into account Bhutanese society and culture (Planning Commission, 2002), and not the conventional approaches that emphasize economic development and ignore national society/culture. In Bhutan the concept of (GNH) is a development paradigm. GNH not only focuses on socio-economic development, but also on cultural and ecological conservation, and good governance (MoA, 2002). Bhutan has now embarked on new political change and parliamentary democracy has been established since April, 2008. The minimum tariff policy has been successful in limiting numbers, managing growth and ensuring that the kinds of 'high value – low volume' tourists have attracted a strong and sympathetic interest in the cultural heritage of the country.

The Tourism Industry in Bhutan

The country emphasizes that development in Bhutan takes place in a way that contributes to the organic growth of the economy and society, without damaging the environment or the unique Bhutanese path of development, which follows the GNH and on the basis of the four pillars of: sustainable and equitable socio-economic development, ecological preservation, preservation and promotion of culture and promotion of good governance. The Tourism Council of Bhutan (TCB) formerly the Department of Tourism is the authority for all tourism related matters and is responsible for ensuring the benefits of tourism are spread geographically and to a larger proportion of the population. The standard of hotels and the services provided is important to capitalize upon the national policy of the "high value, low volume" tourism policy. Bhutan also recognizes that tourism is a world-wide phenomenon and an important means of achieving socio-economic development, particularly for developing countries like Bhutan. The tourism industry is also founded on the principle of sustainability, that must be environmentally and ecologically friendly, socially and culturally acceptable and economically viable (DoT, 2005).

Table 1 indicates that the average length of stay among the major source markets was 8.0 days. Visitors from the Netherlands stayed the longest with an average of 9.3 days, followed by the Canadians at 9.2 days. Seasonality continued to plague the industry in 2006. Just five months – March, April, September, October and November accounted for 78.0% of all bed nights.

Bhutan is a country that is slowly opening up to the modern world in a fine balance with its ancient traditions having remained intact and the country sovereign and self-sufficient for most of its existence until the mid 20th century. Tourists visiting Bhutan have been overwhelmed by the authenticity, friendliness and the unique character of Bhutan.

Table 1: Length of stay by nationality, 2006

Source Markets	Bed Nights	Proportion of Total Bed Nights	Average Length of Stay
Netherlands	3,634	2.60%	9.3 days
Canada	3,454	2.50%	9.2 days
Germany	9,774	7.00%	9.1 days
Switzerland	3,898	2.80%	9.1 days
USA	44,989	32.20%	9.0 days
France	6,372	4.60%	9.0 days
United Kingdom	17,293	12.40%	8.9 days
Australia	6,762	4.90%	8.9 days
Austria	4,067	2.90%	8.4 days
Italy	5,131	3.70%	7.9 days
Japan	10,512	7.50%	5.8 days
Thailand	3,288	2.40%	4.2 days

Source: DoT (2006)

The Hotel Industry in Bhutan - An Overview of the Hotel Industry in Bhutan

The hotel industry in Bhutan is still in its infancy stage. While a number of hotels have come up in the last decade, there exists an over supply of hotels in some parts of the country. The hotel sector is seen as a source of employment and hence provides a compelling reason to reconsider the pace of tourism in future growth strategies.

Table 2: Occupancy rates and comparisons between different grades of hotels in Bhutan

District	Categories			Total rooms	Total beds	Monthly Total beds	Bed nights	Occupancy rate
	A	B	C					
Paro	5	11	1	425	792	23,760	11,698	49.20%
Thimphu	6	10	0	392	640	19,200	8,342	43.44%
Bumthang	0	7	7	273	521	15,360	4,077	26.54%
Punakha	1	3	0	82	155	4,650	3,754	80.73%
Wangdi	2	3	1	88	172	5,160	3,494	67.71%
Trongsa	0	3	0	62	116	3,480	1,242	35.68%
Chukha/PLing	1	3	1	107	158	4,740	1,083	22.84%
Trashigang	0	0	2	21	42	1,260	376	29.84%
Monggar	0	1	1	25	44	1,320	311	23.56%
Haa	0	1	1	18	35	1,050	548	52.19%
S/Jongkhar	0	1	2	39	71	2,130	152	7.14%
Total	15	43	16	1,532	2,746	82,110	–	–

Source: DoT (2006)

Some of the constraints in the industry are related primarily to the low occupancy rate of all hotels. This sector has been suffering from a general lack of low season trade with occupancy rates as low as 30%, which is substantially beyond international benchmarks and does not allow for long term viability. Table 2 shows that in the month of October, only two districts had occupancy levels of over 60%, while the rest of the regions had extremely low occupancy.

Currently a total of 75 hotels in grades of A, B and C are registered with the TCB, which cater to all international tourists and other regional tourists alike. Category A is rated the highest followed by B and C. Studies have shown that international tour operators sending tourists to Bhutan are of the opinion that the general infrastructure of the country is adequately developed to satisfy the needs of the tourist. Nevertheless, to consolidate the number of tourists and to realize further growth, hotels and accommodation need to be upgraded in terms of sanitary facilities, standards and gastronomy, customer service, hygiene, comfort and excellent food which are keywords within this context (Beek and Klep, 2002).

However, the tourists are generally overwhelmed by the authentic, friendly and unique character of Bhutan and are willing to accept lower standards, although they want basic standards concerning food and hygiene. Some tourists compare Bhutan to other destinations that have developed international standards and realize that the price-quality ratio is not acceptable.

Hotel Classification Systems According to Stars (Automobile Association, 2005)

The hotel system classified by stars is widely understood by the consumers. The classification systems of the hotels however, reflect a diversity of hotel services against the backdrop of cultures and geographical situations all with a view to strive for excellence. In most Asian countries including Thailand, hotels are classified on the basis of stars. However, while a five star hotel in China is comparable to international luxury hotels, yet four star properties in China and elsewhere in Asia lack some features compared with their counterparts in Europe. Based upon the literature review, classification stars according to the Automobile Association (2005) are:

One Star

Hotels in this classification are likely to be small and independently owned, with a family atmosphere. Services may be provided by the owner and family on an informal basis. There may be a limited range of facilities and meals may be fairly simple. Lunch, for example, may not be served. Some bedrooms may not have en-suite bath/shower rooms. Maintenance, cleanliness and comfort should, however, always be of an acceptable standard.

Two Star Hotels

Hotels are typically small to medium sized and offer more extensive facilities than at the one star level. Hotels are well equipped, with overnight accommodation, usually with an en-suite bath/shower room. Reception and other staff will have more professional presentation than at a one star level, and offer a wider range of services, including food and drink.

Three Star Hotels

At this level, hotels are usually of a size to support higher staffing levels, and a significantly greater quality and range of facilities. Reception and the other public rooms will be more spacious and the restaurant will normally also cater for non-residents. All bedrooms will have fully en suite bath and shower rooms and offer a good standard of comfort and equipment, such as a hair dryer, direct dial telephone, toiletries in the bathroom.

Four Star Hotels

These include a degree of luxury as well as quality in the furnishings, decor and equipment in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed furnishings and decor. Bedrooms may have both bath and fixed shower. There is a higher ratio of staff to guests for services such as room service, laundry and dry-cleaning. The restaurant will have a high standard of cuisine and varieties.

Five Star Hotels

Accommodation is spacious and luxurious throughout the hotel, matching the best international standards. The interior design would be impressive with its quality and attention to detail, comfort and elegance. Services are formal, well supervised and there is attention to guest needs without being intrusive. The restaurants demonstrate a high level of technical skill, producing dishes to the highest international standards. Hotel staff must be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy.

The Standardization of Hotels

Historically, hotel classification systems were formed to ensure safe and reliable lodging and food for travelers at a time when very few such trustworthy establishments existed (Lau, Akbar and Fir, 2005). The broad objectives of quality systems or standardization systems are essentially to promote quality awareness and improve performance practices and capabilities; to serve as a

working tool for managing performance, planning, training and assessment; and to facilitate communication and share best practice information about successful quality strategies and benefits (Woods & King, 1996).

Human Resources Management

Human Resources management involves all the activities necessary to plan, organize, direct and control the work of people. Managers are aware that actions taken in one area could well affect things in another area and therefore represents a core component in the functioning of hotels. According to Stutts & Wortman (2006), the human resources division of the hotel must master the process of recruiting and selecting people which is most crucial to a hotel.

Customer's Expectation of Quality of the Services of Hotels in Bhutan

Bhutan is commonly viewed by clients as "one of the least developed countries in the world" and having a perception of being exotic, unspoilt, isolated and "an ultimate dream destination". Such perceptions greatly enhance the attractiveness of Bhutan as a destination. International agents emphasize the "cache of being one of the few to see something no one else has." Agents and clients use key words such as "Cultural", "Unique", "Exotic", "Special", "Isolated", "Buddhist", "Mountains" etc. when discussing Bhutan.

Aims and Objectives

This study aims to develop an appropriate standardization and classification system for hotels in Bhutan by looking at the practices being adopted in other countries and to develop guidelines to operationalize the standardization process. The overall aims and objectives of the study are i) To assess the customer's expectation of the quality of the services of hotels in Bhutan. ii) To understand the existing hotel standards and other related issues currently being practised in Bhutan. iii) To develop guidelines for the standardization and classification of hotels in Bhutan

METHODOLOGY

A mixed quantitative and qualitative research method was adopted to analyze the existing hotels' operation and constraints and to view the preparedness of the industry to adapt to changes and circumstances. Focus group meetings, interviews and a questionnaire covering a sample size of 44 hotels from the total population of 74 hotels were conducted to collect the primary data. The

survey had more focus in the Southern, Western and Central regions of Bhutan as the majority of the hotels are located there, besides being the main tourist hubs. The hotels identified have varying levels of hotel standards and services and these represent the total characteristics of the hotel population.

The stakeholders' meeting was carried out to enable understanding of the deficiencies within the industry to identify the important issues affecting the tourism industry. Besides an extensive literature review through policy documents, technical reports, scientific literature etc. pertaining to issues in the hotel industry, hotel standards and classifications in Bhutan and abroad were reviewed to gain an overall global perspective of the subject.

RESULTS

Results from the Stakeholders' Meeting

To enable stakeholder participation in identifying issues, participatory approaches were used through a focus group meeting consisting of relevant stakeholders such as hotel investors, restaurateurs, hotel guests, representatives of hotel associations and the Government. It also looked at the current standards in the hotel and issues that have a direct bearing on hotel operations and its performance, keeping in the mind the level of developments taking place *vis-a-vis* the growth of the tourism sector and also the tourism policy of high value.

Figure 1 Reflects problems in the industry and establishes the cause and effect relationship among the problems. The findings indicate that the quality and standards of hotels are not consistent with the policy of high value low volume and attributed this to the four major factors of: lack of professionalism in the hotel industry; the low standard of food and cuisine varieties; the low quality of hotel facilities and services, and policy related issues.

Results from the Hotel Survey

The survey covered a sample size of 59% of the total registered hotels in Bhutan. The findings indicated that the majority of the hotels in the country were small in size in terms of the number of rooms. 53% of the hotels surveyed had fewer than 25 rooms, while only 4% of the hotels had more than 75 rooms and 45% of the hotels had a website. 91% of the respondents indicated the need for a classification system. While 70% indicated being conversant with the classification system, 62% of the respondents noted the fairness of the existing system and 64% indicated as very important the need to implement hotel standards in the country.

Table 3. Findings in the hotel operations and upgrading of hotels by the respondents are representative of the hotel industry.
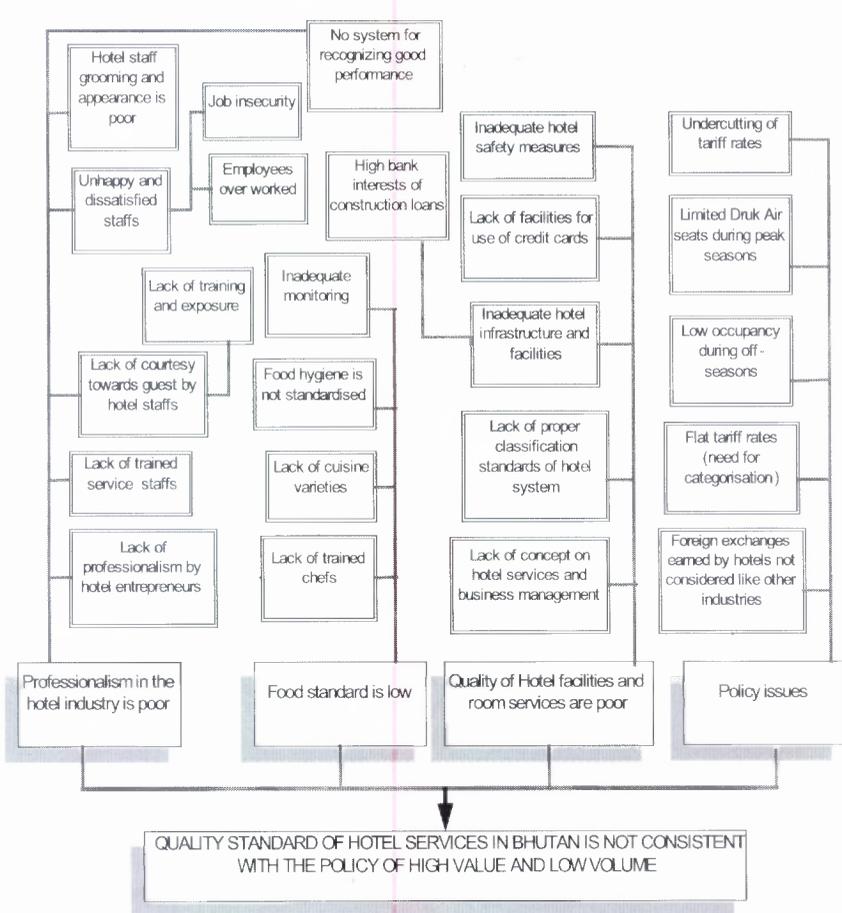
Figure 1: Problem tree analysis

Table 3: Hotel operations and upgrading

Indicators	Frequency	(%)
Basis of hotel room prices :		
Cost based	13	29.0
Market situation	25	57.0
Others	6	14.0
Existence of a marketing plan :	34	77.0
Agreement to upgrade the hotel :	42	97.7
Classification has direct relevance to standards and services	40	91.0
Financial resources to comply with hotel upgrading	32	73.0

Agreement among the respondents on the relevance of the classification to hotel standards and services was a high (91%) including a near total agreement of (97.7%) in response to the agreement to upgrade the hotels to provide more and quality services.

Obstacle to Hotel Development

The study identified obstacles, as reported by 75% of the respondents, and 47.7% with professional skills, to hotel development which indicates that there is no highly significant difference between the hotel categories and the obstacle attributes. However the lack of skilled laborers posing as an obstacle in Categories B and C is greater than in A & unclassified categories of hotel.

Preparedness of the Hotel Industry

Table 4 reflects the findings on the preparedness of the hotel entrepreneurs to undertake measures in improving their hotel infrastructure, facilities and services.

Table 4: Preparedness of the hotel industry

Preparedness Indicators	No Plans at all		No Plans now		Within 3-4 years		Within 2-3 years		Within 1-2 years	
	F	%	F	%	F	%	F	%	F	%
Improving Hotel Infrastructure	5	11.4	-	-	4	9.1	9	20.5	26	59.1
Improving facilities furniture	6	13.6	-	-	6	13.6	21	47.7	11	25.0
Training & skill dev. of employee	1	2.3	3	6.8	6	13.6	13	29.5	21	47.7
Intro. new and improve existing cuisine	5	11.4	2	4.5	4	9.1	9	20.5	24	54.5
Marketing strategy development	2	4.5	6	13.6	12	27.3	12	27.3	12	27.3
General maintenance	3	6.8	-	-	6	13.6	15	34.1	20	45.5
Environmentally conscious operations	1	2.3	2	4.5	5	11.4	16	36.4	20	45.5
Intro. transparent online booking system	2	4.5	7	15.9	11	25.0	7	15.9	17	38.6
Exceptional high standard cleanliness	-	-	-	-	-	-	10	22.7	34	77.3

The time frame extends from no plans at all to a period of 3 to 4 years. The findings show that 59.1% of the respondents were ready to improve the hotel infrastructure within 1-2 years. The readiness to improve the facilities and furniture was for 25% to do so within 1-2 years, 47.7% in 2-3 years, and 13.6% had no plans at all. Training and skills development of employees was considered an important issue, therefore 47.7% of the respondents were prepared to carry out training and skills development within 1-2 years and 29.5% within 2-3 years. With regard to the introduction of new cuisines and improving existing cuisines, 54.5% of the respondents were prepared to implement it within 1 to 2 years and 20.5% within 2-3 years. On the marketing strategy development 27.3% responded to preparedness ranging from a period of 1 to 4 years. The preparedness towards general maintenance was 45.5%, environmentally conscious operations at 45.5% and exceptional high standards of cleanliness (77.3%) within 1- 2 years.

DISCUSSION AND RECOMMENDATION

The conclusions drawn from the literature review carried out indicate that there are no fixed standards laid down for measuring hotels. They must take into consideration a wide range of attributes that best represent the factors determining guest expectations and satisfaction levels. It is not only the quality of facilities alone that an establishment offers, but how they are offered.

The existing standardization and classification of hotels in Bhutan were developed on the model of Sri Lanka, a country with differing social and geo-political backgrounds. The realistic situations, ground realities, human resource capability and professional management skills which make up the essential attributes in making a wholesome standardization of hotels are lacking.

It has been observed that quantification of facilities constitutes major criteria for classification standards, for instance swimming pools which are an accepted facility in all five star hotels. The necessity of such a facility within a luxury property in Bhutan may not be in keeping with the context of hotels in Bhutan, rather other forms of indigenous facilities such as a hot stone bath, meditation halls, meeting and convention centres, some of which are a part of the local culture, could be introduced in more innovative and meaningful ways. The large amount of energy and water used to create and maintain a large swimming pool would seem to be in direct conflict with the country's development philosophy of preserving the environment.

Based on the findings and review of classification systems, the following characteristics of five hotel standards for Bhutan are recommended and constitute: Standard Hotel, Tourist Standard Hotel, First Class Hotel, Deluxe Hotel and Luxury Hotels.

Proposed Characteristics of Hotels to be Classified in Bhutan

Standard Hotel (Equivalent to 1 Star)

This category will be the defining basic levels of minimum standards to operate a hotel with the main essential elements in this category being simple basic facilities, clean, hygienic and comfortable rooms with limited amenities. They should feature adequate and simple public areas and bedrooms, with en-suite bath/shower facilities along with a modest and clean food and beverage selection. The hotel must appeal to the cost-conscious client.

Tourist Standard Hotel (Equivalent to 2 Stars)

Hotels in this category must be a facility that is properly designed for use as a hotel. The construction must incorporate necessary local décor. Lounge space in the hotel should harmonize furniture, fittings and equipment of good quality, well maintained. It must also feature basic facilities such as a dining room/restaurant, kitchen, sufficient restrooms within the hotel, hot running water in all the rooms and proper room heating and cooling devices must be available. Trained staff should be engaged in all key functional areas of the hotel.

First Class Hotel (Equivalent to 3 Stars)

This category of hotels must represent a mid to high class, dependable yet comfortable hotel with standardised rooms, amenities and public areas.The equipment and furniture, fixtures and equipment (FF&E) should be of good quality, property operation and maintenance in good condition, good service standards, most employees should be professionally trained, there should be some hospitality technology standards such as internet access in the hotel, fire protection and fire escape routes in the hotel, main safety standards, good hygiene standards in cleaning and in food production, and certified trained staff in all departments of the hotel.

Deluxe Class Hotel (Equivalent to 4 Stars)

This hotel will represent the highest national standard. FF&E should be of high quality, professional services offered, standard technologies for the hospitality industry established, very good and modern hygiene standards in cleaning and food preparation and only trained staff will be employed in all departments of the hotel. Room sizes should be: single, 16 square metres, double, 24 square metres and suites of 30 square metres offering upscale amenities. The cuisine variety must be excellent and fit the hotel standard. Room service, hotel bar service, banqueting service, dry-cleaning and laundry service should be provided. Rooms should be equipped with bath, safe, mini-bar, room service etc.

Luxury Class Hotel (Equivalent to 5 Stars)

Hotels in this category must reflect the highest standards in hospitality and be comparable in all respects to 5 star hotels in other countries. The architecture and construction of the building must represent the national character and best quality of construction in the industry. Hotels in this category will be most luxurious and renowned accomodation and offer outstanding facilities and amenities and exemplify an unsurpassed standard of excellence and elegance. Flawless service as well as gourmet cuisine of the highest international standards must be expected, inlcuding 24 hour room service, a la carte lunch and dinner, steam and sauna, business centre, safe, bar etc. Single rooms must measure at least 18 square metres, double rooms 26 square metres, and suites at 34 square metres in line with interntional standards.

In addition to the above, a review period of three, five and ten year plans of proposed new standards must be carried out while incorporating hoteliers' view points, but largely remaining consumer oriented and the industry must be made aware of the developments for planning purposes. Further an effective monitoring mechanism must be instituted by including relevant stakeholders to ensure the compliance and sustainability of the classification system.

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