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## On My Mind - A Global Hotel Network Feature

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## ON MY MIND

### Undervaluing Education



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The number of staff needed to fill the explosive growth in the hospitality industry in Asia and the Middle East is staggering. For example, the Macau hospitality industry estimates it will need 200,000 additional people by 2009, Indian newspapers report that 94,000 new hires are required in just two years, and China's growth has pushed demand for talent well up into the hundreds of thousands. Indeed, the unprecedented shortage of human resources is prevalent everywhere in this part of the world. Human Resource executives are battling to fill their company needs, but are largely unsuccessful. Some industry pundits suggest that lack of human resource talent will be the biggest obstacle to further growth.

Given the current situation, one would think that bright, well educated, newly-minted college graduates would be in high demand. While they are for most industries, hospitality seems to be a different story. As Dean of the Cornell-Nanyang Institute of Hospitality Management, I am in a position to observe industry's reaction to well educated applicants. To be clear, the degree my program confers is the Master of Management in Hospitality (MMH). This degree is much like an MBA: students complete core courses in finance, accounting, marketing, strategy, information systems, information technology, communications, organizational behavior, development, marketing, and operations management. The difference is that all courses are focused on the hospitality industry. In addition, students are required to satisfactorily complete four elective courses in their chosen area of concentration. While the program is intense, graduates leave with cutting edge knowledge and skills of seemingly critical value to the hospitality industry. Furthermore, the admission requirements to the MMH program are so rigorous that only the very intelligent gain entry.

The first batch of CNI's MMH students finished all their coursework in mid-June 2007. The reception they received in the job market was surprising to me, to say the least. While all did find positions, several initially endured some very disheartening interviews. Prospective employers told them that their classroom studies were unimportant and their time would have been better spent learning the industry from the bottom up. One student was told by an employee of a large multinational hotel company that all the knowledge she had acquired in

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the program had been a waste of time. Despite the fact that these students could build complex business models from the ground up, analyze data, and suggest viable tactics and strategies based on results of the data, their skills were not valued by many in the industry. (Cornell alumni, who understand the rigors of the program, were exceptions.) On the other hand, had they just started out in a low-level position in a hotel and worked their way up, they would have been viewed as ideal candidates, despite never having the opportunity to learn how to create industry-relevant business models and formulate viable competitive strategies and tactics. Incidentally, the MMH students are not the only ones who have struggled to enter the industry at equitable levels of responsibility and compensation. I have heard similar stories from bright undergraduates in Asia who sought careers in the hospitality industry.

If Asia is to overcome this massive shortage of talent in the hospitality industry, the industry must make drastic changes. Of course, there is widespread recognition that compensation must improve, but university degree-holders who want to enter the industry should not be penalized because they chose to acquire knowledge and skills through a formalized process. Instead, education should be highly valued and the hospitality industry should grant university graduates preferential status. Why?

First, the hospitality industry has advanced in terms of technology, information systems, and even management styles. There is now the need for new job functions and specializations which did not exist ten or even five years ago. The industry must recognize that extensive experience alone is not sufficient; many of the newer skills and knowledge required for today's sophisticated business environment have to be learned outside the organization.

Second, hiring people with the right skill sets and educational qualifications makes financial sense, as the organization will spend less money training them and they will have a much faster learning curve. Further, the new knowledge that recent graduates bring to the organization can be cherry-picked by savvy managers and disseminated to staff who may have been out of school for some time.

Third, a cadre of well-educated staff will ensure greater viability and long-term financial performance for the organization. These staff will have a broader vision and understanding of global competition.

Finally, the greater degree to which the industry is populated by educated staff, the more the hospitality industry will be perceived as a professional career option. In turn, increasing numbers of both graduates and non-graduates will view the industry as the career of choice.

My second batch of students will graduate in mid-2008. I do hope I have more positive news to report at that time.

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