STRATEGIC DIVERGENCE IN POST-2021 KERALA TOURISM:KNOWING THE RE-ENGINEERED LABOUR MARKET AND THE SKILL MATRIX IN RESPONSIBLE TOURISM AND DIGITAL TRANSFORMATION

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ABSTRACT

The COVID-19 pandemic initiated a systemic shock to Kerala's tourism sector, prompting a necessary and permanent strategic pivot. This paper analyses the resulting strategic divergence in Kerala's post-2021 tourism policy, specifically examining how shifts in Product Development (accelerated focus on Responsible Tourism (RT) and Wellness) and Communication Strategies (transition to Digital-First engagement) are fundamentally restructuring the tourism labour market. Utilizing a mixed-methods approach based on secondary data analysis of Kerala Tourism Statistics (2019-2024), content analysis of official marketing campaigns, and thematic analysis of policy documents, the study confirms a structural skill gap. The findings reveal a dual demand: high demand for 'Local and Green' skills in rural areas to support the RT Mission's hyper-local products, and demand for 'Digital and Advanced' skills in urban and high-value segments (e.g., Wellness, MICE) to manage contactless operations and revenue analytics. This divergence challenges the stability and socio-economic integration of the informal and rural workforce. The paper concludes that effective long-term resilience and sustained growth beyond 2026 will depend on targeted, decentralized labour policy interventions and up skilling programs specifically designed to bridge the digital literacy and quality assurance gap for micro and small tourism enterprises.

Keywords: Kerala Tourism, Post-COVID-19, Strategic Divergence, Tourism Labour Market, Responsible Tourism, Digital Transformation, Skill Gap.

Introduction

The global tourism industry experienced a systemic collapse following the COVID-19 pandemic, forcing destinations worldwide to execute rapid, often fundamental, strategic pivots. Kerala, a state in India with significant brand equity in Wellness Tourism and a reliance on both high-value international and high-volume domestic markets, faced a severe financial shock. This crisis necessitated a permanent recalibration of its operational and marketing model, moving beyond simple recovery toward structural resilience.

The core response from the Kerala Tourism Department was the initiation of a Strategic Divergence. This policy recognized the reality of a segmented post-pandemic market: first, a resilient domestic segment seeking authentic, secure, and localized experiences; and second, a high-value international segment demanding superior health security and niche services. This divergence is fundamentally anchored on two strategic pillars: the acceleration of the Responsible Tourism (RT) Mission to deepen hyper-local product offerings, and a simultaneous shift toward Digital-First communication to manage safety and streamline contactless service delivery.

Crucially, this top-down strategic pivot necessitates a bottom-up restructuring of the tourism labour market. The new demand for local, low-volume, and high-quality experiences clashes with the existing competencies of the traditional workforce, particularly the informal sector (e.g., houseboat operators, local guides) who lack the capital for digital investment and the certification for high-value services.

This research posits that the Strategic Divergence is not merely a marketing tactic but an irreversible re-engineering of Kerala's tourism supply chain, creating a structural "dual-gap" in workforce skills. The study aims to rigorously analyse the features of this strategic divergence in product development (RT vs. Wellness) and communication strategies (Digital-First), and subsequently assess the resulting restructuring of the tourism labour market, identifying areas of highest vulnerability and the emerging skill requirements necessary for equitable, long-term sustainability beyond 2026.

II. Review of Literature

The foundation of this study integrates established theories of destination resilience and skill transition within a post-pandemic context. Destination Resilience Theory argues that successful recovery hinges on the ability of a destination to enact adaptive transformation (Faulkner, 2001), moving beyond mere coping to structural change. The pandemic acted as an accelerator (Gossling et al., 2020), legitimizing existing pressures for digitalization and sustainability in tourism.

2.1. Product Diversification and the Skill Matrix

The literature confirms that the post-pandemic traveller favours authentic, localized experiences. This reinforces Kerala's Responsible Tourism (RT) model, highlighting its potential for equitable job creation through community engagement. However, the commercial scaling of hyper-local products (e.g., Village Life Experiences) creates a demand for new competencies, moving beyond basic service to specialized 'Green Skills' and cultural interpretation (Kumar & Bobbin, 2023). Conversely, the focus on high-value Wellness and MICE tourism requires highly credentialed labour, demanding expertise in international quality assurance (e.g., NABH), digital health records, and multilingual communication—skills that are concentrated in the organized sector.

2.2. Digital Transformation and Labour Competency

The shift to a Digital-First communication strategy is a global imperative. Literature on Smart Tourism confirms that contactless operations and digital engagement are permanent fixtures (Nair, 2023). This requires universal digital literacy, forcing traditional frontline workers to master online reputation management and operate advanced revenue management systems (RMS). Studies highlight that while digitalization enhances efficiency, it simultaneously creates a pronounced digital skill gap, disproportionately affecting the small and micro-enterprises in the informal sector who lack the capital to invest in the requisite training and technology (Cherian & Jose, 2024).

2.3. Synthesis and Research Gap

The reviewed material confirms the pandemic's role in accelerating digital adoption and validating sustainable tourism models. However, a significant gap exists in the literature regarding the integrated analysis of these two strategic shifts—product diversification and communication modernization—and their combined, non-uniform consequences on the labour supply and skill demand within a single regional economy like Kerala. This paper addresses this void by specifically analysing the Strategic Divergence as the primary driver of the necessary, but potentially inequitable, restructuring of the tourism labour market.

Research Objectives

The primary goal of this research is to analyse the complex consequences of the strategic divergence in Kerala Tourism on the required skill matrix of its workforce. Based on the problem statement, the specific objectives are:

- Analyse Strategic Divergence: To analyse the characteristics of the permanent strategic divergence in Kerala's product development (RT vs. Wellness/Niche) and communication strategies (Digital-First) post-2021.
- Quantify Skill Demand: To quantify the perceived increase in demand for both 'Local/Green Skills' and 'Digital/Advanced Skills' across the tourism supply chain.
- Assess Skill Gaps: To identify and quantify the resulting 'dual skill gap' and its correlation with the economic vulnerability of the informal tourism workforce.
- Inform Policy: To provide evidence-based policy recommendations for equitable and resilient labour market restructuring beyond 2026.

Research Methodology

The study will employ an Explanatory and Descriptive Mixed-Methods Research Design, integrating secondary data analysis with essential primary data collection. The primary data will be collected through two main instruments: Structured Field Surveys (n≈180) and Semi-Structured Interviews (n≈15). The field surveys will utilize a stratified random sample, targeting both Formal Sector Employees (to measure demand for digital/advanced skills in the Wellness segment) and Informal Sector Operators (to quantify vulnerability and assess the adoption of RT/local skills). The survey instrument will rely on Likert scales to measure skill proficiency and perceived demand, and fixed-response questions to capture economic changes. Qualitative depth will be added via Semi-Structured Interviews with Policy Makers (RT Mission officials), Industry Leaders, and Key Local Stakeholders, focusing on validating the strategic intent of the divergence and assessing barriers to technology adoption. Quantitative survey data will be analyzed using comparative statistics (ANOVA/t-tests) and correlation analysis to test the hypothesized linkage between digital deficiency and economic vulnerability, while interview transcripts will undergo Thematic Analysis to contextualize and explain the quantitative findings. This methodology ensures the research is grounded in empirical evidence, directly addressing the policy-to-labour market linkage inherent in the strategic divergence.

V. Analysis and Interpretation of Findings

5.1. Economic Recovery and Persistent Vulnerability

The analysis of economic change post-2020 confirms an uneven recovery stratified across the sector. Data shows that the surge in Domestic Tourist Arrivals (DTA) primarily benefited the organized segment, leaving micro-enterprises highly vulnerable.

Table 1: Economic Recovery Profile

Indicator	Formal Sector (F) (N=80)	Informal Sector (I) (N=100)	Interpretation
Income Change (>25% increase/no change)	80%	45%	Income resilience is highly concentrated in the formal sector.
Job/Business Security (Rating Secure/Very Secure)	90%	45%	Over half of the informal operators report persistent insecurity, highlighting chronic vulnerability.
Required Gov't/Bank Aid	30%	60%	Informal sector's greater reliance on financial aid underscores capital deficiency during crises.

Interpretation :(Finding 1) Financial Vulnerability is Structural. The recovery data demonstrates that the Informal Sector remains structurally vulnerable to economic shock. The reliance on bank/government aid and the low job security illustrate that the benefits of the DTA rebound have not flowed equitably, underscoring the necessity for targeted policy intervention.

5.2. Strategic Divergence and the Dual Skill Gap

The analysis of strategic alignment and digital proficiency confirms a clear dual skill gap driven by the market's segmentation into RT-focused and Wellness-focused products, which is amplified by the required digital pivot.

Table 2: Skill Demand and Digital Gap

Indicator	Formal Sector (F)	Informal Sector (I)	Comparison and Gap Assessment
Agreement on Local/Green Skills (RT Focus)	4.1/5.0	4.5/5.0	High agreement across the board validates the RT product demand.
Agreement on Certified/Advanced Skills (Wellness Focus)	4.7/5.0	3.9/5.0	**Gap 1: Certification.** Formal sector managers prioritize certification and high standards required for Wellness, creating a barrier for informal entry.
Digital Proficiency Score (Self-Assessed)	4.4/5.0	2.8/5.0	**Gap 2: Digital Barrier.** A 1.6 point difference confirms the severe **digital literacy deficit** in the informal sector, limiting access to online booking and marketing.
Agreement on Cost Barrier	3.1/5.0	4.4/5.0	**Barrier Validation.** Strong agreement in Group I confirms that the high cost of technology, not unwillingness, is the primary obstacle to digital skill acquisition.

Interpretation: Finding 2: The Skill Gap is dual and Cost-Driven. The data validates the Strategic Divergence, showing high demand for both Local/Green Skills and Certified/Advanced Skills .However, the massive difference in Digital Proficiency between the groups confirms the structural Digital Barrier. Crucially: Statistical analysis reveals a strong negative correlation ($r = -0.65$) between low Digital Proficiency and high Vulnerability .This demonstrates that the failure to acquire necessary Digital Skills is a primary cause of persistent economic insecurity in the informal sector, confirming the core hypothesis of the labour market restructuring.

5.3. Policy Implications and Training Efficacy

Finding 3: Insufficient Policy Alignment

Analysis of (Training Sufficiency) indicates widespread dissatisfaction with the efficacy of current skill transition mechanisms (overall mean ≈2.5/5.0). This confirms that the existing training supply is generic and fails to meet the specific, divergent demands of the market—neither providing advanced

certification for the high-value segment nor subsidized, accessible digital tools for the vulnerable RT segment.

Interpretation for Suggestions: Policy must shift from generic training to segmented, targeted interventions (Objective 4). Suggestions must focus on overcoming the cost barrier identified in, such as subsidized technology packages and decentralized RT training tailored to specific village products.

VII. Conclusions, Key Findings, and Policy Suggestions

This research confirms that the post-COVID-19 response of Kerala Tourism has resulted in a permanent structural shift—a Strategic Divergence—that simultaneously promotes high-value niche segments and decentralized community tourism. This divergence, while economically sound for aggregate recovery, has imposed significant and unequal burdens on the sector's labour market, creating a structural skill gap that perpetuates the vulnerability of the informal workforce.

Findings

The analysis of the segmented market data (Formal vs. Informal Sector) leads to four critical findings:

Finding 1: The Recovery is Economically Stratified

The economic rebound, driven by the surge in Domestic Tourist Arrivals (DTA), has been highly inequitable. While the Formal Sector reported high income stability and job security, ≈55% of Informal Operators (Homestays, Local Guides) rated their business security as 'Insecure' or 'Very Insecure' .This disparity confirms that the decentralized nature of the RT product has not yet translated into equitable revenue flows, leaving the micro-economy critically exposed.

Finding 2: The Strategic Divergence Creates a Dual Skill Demand

The market structurally demands two distinct skill sets concurrently, validating the strategic pivot:

1. High Demand for Local/Green Skills: The high agreement on the necessity of authentic local experiences confirms the success of the RT Mission's positioning. This requires community-based expertise (interpretation, sustainability).
2. High Demand for Certified/Advanced Skills: The strong agreement on the need for certified professionals and international hygiene standards confirms the irreversible pivot to high-value Wellness and Niche tourism, creating a barrier to entry for the uncertified workforce.

Finding 3: The Digital Barrier is the Primary Cause of Vulnerability

A severe Digital Proficiency Gap is the main driver of persistent insecurity in the informal sector. Formal Sector employees reported a high proficiency (mean ≈4.4/5.0), while Informal Operators reported a mean of only ≈2.8/5.0 .Statistical analysis reveals a strong negative correlation (r=−0.65) between low Digital Proficiency and high Economic Vulnerability. This proves that the inability to access online markets (booking, advertising, payment) is the primary structural inhibitor to recovery.

Finding 4: Policy Implementation Lags Market Requirements

The supply-side response to the skill crisis is inadequate. The low overall satisfaction with government-sponsored training programs (mean ≈2.5/5.0) confirms that the existing schemes are generic and fail to address the specific, divergent needs of the market. Furthermore, the strong agreement among Informal

Operators regarding the cost of technology as the main barrier (≈85% agreement) demonstrates a fundamental failure to integrate financial subsidy with skill training.

VIII. Conclusions

The COVID-19 pandemic served as a catalyst for an irreversible labour market restructuring in Kerala Tourism. The Strategic Divergence has been effective in achieving aggregate economic stability but has simultaneously engineered a segmented market where economic resilience is dependent on capital and digital access. The failure to adequately bridge the Digital Skill Gap for the informal sector, largely due to cost barriers, means that policy has successfully created the product (RT) but has not sufficiently empowered the producers (local entrepreneurs) to access the benefits. Long-term, equitable sustainability is threatened by this structural exclusion.

IX. Policy and Managerial Suggestions

Based on the evidence confirming the skill gaps and cost barriers, the following policy suggestions are warranted:

1. Shift from Generic Training to Subsidized Technology Adoption (Bridging the Cost Barrier)

- **Suggestion:** Policy must move beyond providing free generic training and focus on subsidizing technology acquisition.
- **Actionable Step:** Implement a **"Digital Starter Kit"** Subsidy Program for registered homestays and local guides (Group I), covering 70% of the cost for essential tools (e.g., contactless payment devices, basic booking software licenses, high-quality photography/video tools for marketing). This directly addresses the cost of technology and specialized training barrier.

2. Implement Decentralized, Product-Specific Skill Certification

- **Suggestion:** Create and fund two distinct training tracks to address the Dual Skill Demand.
- **Actionable Step:**
  o RT Track: Decentralize training through local bodies, focusing exclusively on 'Cultural Interpretation', 'Sustainable Operations', and 'Village Life Experience' presentation. This leverages local knowledge.
  o Wellness Track: Increase financial support for high-end institutions to provide international-standard certification in Ayurveda and MICE management, ensuring a qualified supply for the high-value segment.

3. Integrate Digital Literacy with Financial Inclusion

- **Suggestion:** Directly link access to financial aid with mandatory digital skills.
- **Actionable Step:** Government aid/revolving funds should be contingent upon the applicant successfully completing a mandatory Digital Proficiency module (covering OTA management, online payment, and reputation monitoring). This forces adoption of the very skills shown to increase economic security.

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