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## List of Acronyms

AAUJ	Arab American university in Jenin
AHA	Arab Hotel Association
AHLAEI	American Lodging and Hotel Association Educational Institute
Diyafa	Diyafa – Hospitality Management Consulting firm
ETVTC	Episcopal Technological and Vocational Training Centre, Ramallah
EU	European Union
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
HLITOA	Holy Land Incoming Tour Operators Association
IATA	International Air Transport Association
INGOs	International Non-government Organisations
ISIC	International Standard Industrial Classification Codes
MICE	Meetings, Incentives, Conferences, and Exhibitions
MoEHE	Ministry of Education and Higher Education
MoTA	Ministry of Tourism and Antiquities
NGOs	Non-government Organisations
oPt	Occupied Palestinian Territory's
OQR	Office of the Quartet Representative
PalTrade	Palestine Trade Centre
PCBS	Palestinian Central Bureau of Statistics
PCRHTS	Palestinian Centre of Restaurants, Hotels and Travelling Services
PMDP	Palestinian Market Development Project
PPP	Public-private partnership
SSS	Sun, Sea and Sand
SWOT	Strength, Weaknesses, Opportunities and Threats
TOT	Training of Trainers
TVET	Technical Vocational Education Training
UFTAA	Universal Federation of Travel Agent Association
UK	United Kingdom
USAID	United States Agency for International Development
VFR	Visiting Friends and Relatives

## Executive Summary

The tourism and hospitality sector has experienced a strong rebound between 2007 and 2012 in tourism service exports. However, almost all agree that the available tourism human resources are not sufficient and not adequate to the volume and level of capacity and demand and are a main barrier and constraint in the value chain of the tourism sector such as hotels and restaurants, which need additional qualified labour. The skills of employees are still not matching the expectations and in general tend to have a negative impact on the quality of services provided to tourists.

Tourism sector activities are partially hindered by a number of external constraints mainly restrictions on movement and access by Israelis. Furthermore, there is no level playing field with the Israeli companies in the tourism value chain. Israeli companies operate in Bethlehem and elsewhere in the West Bank, however, Palestinian companies, unless they are located in East Jerusalem, are not allowed to operate in Israel.

Nevertheless, tourism is additionally constrained by internal gaps such as underdevelopment of key sites and ancillary activities, a lack of diversified high-quality products (accommodation and dining), weak branding, underdeveloped promotion and sales channels, and poor service quality.

Desk research and interviews have validated that the poor quality of services in the sector is primarily due to:

1. Skills gaps amongst current, aspiring, and front-line workers
2. Lack of a vocational training curriculum which meets international standards
3. Absence of vocational schools or training centres for tourism
4. Lack of information about market requirements amongst Technical Vocational Education Training (TVET) institutions

There were key characterization and findings about the tourism sector. Production and delivery of service in the hospitality industry are two inseparable functions. Services to customers are seen as guest relationship, which requires the ability to develop personal relationships with guests. This skill may be difficult to develop by all employees while at the same time they also try to be productive. Another upcoming need for interpersonal skills is the sensitivity to ethnic, cultural and religious diversity of guests. Another finding is that faith-based tourism to Palestine is seasonal in nature, and therefore service providers have to be very cautious with costs during off-season periods.

Finding talented front-end staff is a challenge, despite the fact that the Palestinian hospitality industry has low barriers to entry for labour. Most front-line employees do not possess any front-line certification or formal training. It is not common to see employers investing in the capacity development of their workforce.

The lack of having a realistic expectation about the market can impact the morale, ethics, and willingness of employees to work in the industry.

Some actors in the tourism value chain have recently started collaborating with the USAID COMPETE project and GIZ, to change practices and upgrade their vocational training curriculum. One example is of Bethlehem University. The University has collaborated with international experts to develop a new tourism vocational curriculum based on a student-centric pedagogy. Other market system activities include establishing a hospitality school, launching international certification training for the existing workforce, establishing the hotel classification system and drafting the new tourism law by the Ministry of Tourism and Antiquities (MoTA).

This brief report and analysis also indicate there are further opportunities in the market system to improve the front-line vocational education and have better trained aspiring and existing employees as per the following:

1. **Opportunities for interventions on core function:** commercial relationships between the potential workers and the employers and whether trainees understand the demand for skilled labour, the potential market for their services and the value proposition. Whether the industry can standardize the profiles that they are looking for and communicate them to both the aspiring / current potential employees as well as the TVET institutions. Industry association can also be a catalyst in this process of information sharing. Industry image improvement will assist in improving the core relationship through salary guides, industry job boards, transparent career paths, partnership with the TVET on internship programs and curriculum development.

## 2. **Opportunities for interventions on supporting functions**

### *For TVET Institutes*

- a. Capacity building to TVET institutions to upgrade their business model to meet industry needs and requirements to enable them to start selling their training programs. This will also entail revisiting their target market and revise the student selection criteria including gender coverage accordingly as well as re-design their value proposition based on their own SWOT analysis.
- b. Capacity building to TVET to enable them to provide employment support services to students such as career path counseling, industry orientations, internship support and job placements
- c. Invest in developing a national hospitality school infrastructure to include a working hotel and restaurant
- d. Invest in a train the trainers program and new equipment to cater for recent trends in the hospitality industry
- e. Rolling the newly developed curriculum and student-centric training program nationally and making that a national standard with the caveat that each region has its own type of tourism and there is no one size that fit all nationally. The vocational training for existing and aspiring employees in accordance to international standards is an enabler to support growth in the tourism sector and develop a higher standard of hospitality and tourism services to inbound visitors.
- f. Training institutes need to upgrade their curriculum to cover providing basic front-line service in hotels; with specialized focus on high end service need in resorts and upscale hotels. They also need to provide training programs for restaurants and tourism-facing businesses, including for tour guides & tour operators.

### *For Hospitality Industry*

- g. Offer training and attractive incentives as a retention strategy, which will also change negative perceptions and image of the industry as an interim period for employment.
- h. Continue promoting and diversifying the value proposition to reduce seasonality including developing direct international joint ventures, improve bargaining power with Israeli tour operators through aggregation to negotiate better pricing and improve profit margins for better business sustainability and competitiveness.
- i. Re-branding of the industry. Employers need to allow staff to have better work / life balance, better career prospects, develop loyalty and retention strategy, and change perceptions of the hospitality industry

### **3. Opportunities for interventions on the Rules and Enabling environment**

- a. Pass a new law after discussion with private sector associations and with relevant public stakeholders. Laws should encompass a balance between incentives and compliance clauses to spur market system dynamic to ensure quality of service and have better gender coverage in the workforce With Associations and MOTA as Regulator, approve the new design curriculum for the vocational curriculum that was supported by USAID / Compete project and GIZ project, which should be based on needs from the hospitality industry
- b. Utilise mechanisms such as 'Mystery Shopping'<sup>1</sup> and other inspection mechanisms to ensure service quality standards as per the Classification Manual. Follow up by measuring whether this system is having an impact on hospitality industry training

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<sup>1</sup> Mystery shopping is a technique whereby an individual pretends to be a customer to investigate the quality of a service offering. The technique allows for a first-hand report of customer experience.