Skills Shortages and Gaps in the Tourism Sector in the Occupied Palestinian Territory

Samir Abdullah

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The Palestine Economic Policy Research Institute (MAS)
Founded in Jerusalem in 1994 as an independent, non-profit institution to contribute to the policy-making process by conducting economic and social policy research. MAS is governed by a Board of Trustees consisting of prominent academics, businessmen and distinguished personalities from Palestine and the Arab Countries.

Mission
MAS is dedicated to producing sound and innovative policy research, relevant to economic and social development in Palestine, with the aim of assisting policy-makers and fostering public participation in the formulation of economic and social policies.

Strategic Objectives
- Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision-makers.
- Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- Disseminating up-to-date socio-economic information and research results.
- Providing technical support and expert advice to PNA bodies, the private sector, and NGOs to enhance their engagement and participation in policy formulation.
- Strengthening economic and social policy research capabilities and resources in Palestine.

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Researcher: Samir Abdullah
Assistant Researcher: Ali Jabbarin
Research Assistants: Ruba Alawneh, Sara Manasra, Ghassan Halayka, Mohammad Attallah, Razan Breighith

This study was funded by The Arab Fund for Economic and Social Development

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Foreword

This is the third in a series of studies carried out by the Palestine Economic Policy Research Institute (MAS) for the purpose of determining the skills shortage and gaps on the demand side of different employment sectors of the economy. The first study was on the construction sector, the second on the health sector and this one on the tourism sector. A fourth study, to follow soon, will be concerned with skills shortage and gaps on the demand side of the industry sector.

The series of studies on the demand side of skills shortage, i.e. the lack of staff with the right skills for a job, and the skills gaps, i.e. the mismatch between the skills required for a job and the actual skills possessed by either on-the-job employees or those seeking that job, are conducted in response to a request by the Ministry of Labor. This coincides with the interest in job creation and reduction of the rate of unemployment in Palestine by both MAS and the Arab Fund for Economic and Social Development, thus motivating MAS to take on this effort and the Arab Fund to finance the series of studies. There is no doubt that the Ministry of Education and the other specialized line ministries share this interest. In the present study, MAS kept continuously contact with the Ministry of Tourism and Antiquities, which graciously cooperated with the research team and made its task easier.

The study arrived at a set of conclusions and proposed recommendations– some of which stem from remarks by respondents in the sample of workers in this sector that was studied, while others are those of the researcher. The recommendations were organized into three categories according to the party targeted: the Ministry of Tourism; pundits of the tourism sector; and the education/training institutions. With this, the study covers a wide range of the interests of employers, thus providing decision-makers with material that we hope will help jump-start well-thought interventions to promote this important economic sector and overcome the skills shortage and gaps within it.
On behalf of MAS, I would like to thank the lead researcher and the research team for their effort and to express our appreciation to the Arab Fund for Economic and Social Development for its continuous support to MAS and for its efforts to develop the Palestinian economy at large.

Nabeel Kassis
Director General
Abstract

This study examines the phenomenon of vacant, but hard-to-fill jobs in the Palestinian tourism sector, coinciding with the persistently high unemployment rate of 31%, particularly among youth between 18-29 years old and among university and college graduates. The empirical results of the employers’ survey conducted for this study revealed that most of the senior and mid-level jobs in particular are hard to fill. Tourist companies bear the brunt of this dilemma due to the negative impact arising from skills gaps and labor shortages on their competitiveness and sustainability. Furthermore, the absorption capacity of the hospitality education and training system is quantitatively and qualitatively limited and it can hardly meet a fraction of the growing demand in the sector. Tourism companies also reported a lack of competent trainers to impart the skills required in the hotel and restaurant sector. The correlation analysis between the importance of the most critical skills in the tourism sector (job-specific, cognitive, and soft skills) and their availability in the market, indicates that they do not match. This result signifies the level of mismatch between the education/training system output and the actual skills and competencies needed in the labor market. The sector suffers from low wages and the failure to apply sector specific competency standards, which would distinguish between those who worked hard to attain their competencies either in schools or training centers, from those who gained their competencies on-the-job. These gaps and shortcomings have continued to harm the sector's appeal to young potential employees, and downgraded a sector that inherently possesses all the potential of becoming a leading contributor to economic growth, employment and foreign exchange earnings.