

The Relationship between the Palestinian Economy and the Tourist Sector in Hebron and a SWOT Analysis of the Tourism Sector of Hebron

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Abstract

Palestine -for the first time- had participated in the Outbound Travel Mart (OTM) Exhibition held in Mumbai, India from the 18th till the 20th of January 2018. Palestine had received an Award for Excellence for the Most Promising New Destinations. This was reflected by the increase of number of visitor's arrivals to Palestine by over 350,000 foreigners reaching slightly over 2.7 million visitors. In addition, the overnight stays had also increased when comparing it to the same period, where the Palestinian hotels had registered a 1.7 million overnight.

Clearly, the Palestinian Tourism sector has a bright future. Palestine is considered one of the nations that have great tourist potential due to its endowment. It is the birth of a number of prophets, hosts two of the oldest and holiest churches –church of the Nativity and Resurrection, and Ibrahim Mosque. The purpose of this paper is to determine the relationship between the number of foreign visitors to Hebron and the Gross Domestic Product (GDP) of Palestine; and conduct a SWOT analysis for the tourist sector in the Hebron Governorate and based on that propose strategies that will enable the tourist sector in Hebron to grow and develop.

The importance of this paper lies in the fact that it will answer the question does an increase in the number of foreign tourists will reflect positively on the Palestinian economy as a whole? Thus is it worth for policy makers to invest in the tourist sector in the Hebron Governorate in order to increase the GDP of Palestine? In other words is there a direct relationship between the number of foreign tourist and the GDP? After answering this question we will move to the second phase of this paper that will constitute an evaluation of the present tourist sector in the Hebron Governorate through conducting a SWOT analysis and building the appropriate strategies to improve the performance and expand this sector.

This paper will determine the effect of the tourism sector on the GDP for Palestine. Due to the scarce availability of data on the Hebron Governorate's tourist industry, we will use descriptive statistics analysis to determine the relationship between number of foreign and 1948 Palestinian visitors on the GDP. The Pearson correlation given from the SAS output is 0.77046. This means that there is a strong positive correlation between the number of visitors coming from outside of the Palestinian territories and the GDP.

Since tourist's development leads to economic growth, a SWOT analysis was performed. Based on these results a number of strategies will be developed. Most prominent, the rich capital base and the strong economy will give Hebron –given the fact that all stake holders cooperate, can build an image of the Hebron identity as a tourist destination.

Keywords: Hebron Governorate, Strategies, SWOT, Tourism Sector

Introduction

Palestine -for the first time- had participated in the Outbound Travel Mart (OTM) Exhibition held in Mumbai, India from the 18th till the 20th of January 2018. Palestine had received an Award for Excellence for the Most Promising New Destinations. This was reflected by the increase of number of visitor's arrivals to Palestine by over 350,000 foreigners reaching slightly over 2.7 million visitors. In addition, the overnight stays had also increased when comparing it to the same period, where the Palestinian hotels had registered a 1.7 million overnight (Ministry of Tourism and Antiquities, 2018).

Clearly, the Palestinian Tourism sector has a bright future. Palestine is considered one of the nations that have great tourist potential due to its endowment. It is the birth of a number of prophets, hosts two of the oldest and holiest churches –church of the Nativity and Resurrection, and Ibrahim Mosque. The tourist sector can aid in achieving safe and sustainable development for both the developed and developing countries in the same fashion (Ghanbari, Pour, & Barshod, 2012, p. 2953). This is why we will focus on the tourism sector in Hebron –since it is the largest governorate in the West Bank, and one of the oldest cities in the world. The purpose of this paper is to determine the relationship between the number of foreign visitors to Hebron and the Gross Domestic Product (GDP) of Palestine; and conduct a SWOT analysis for the tourist sector in the Hebron Governorate and based on that propose strategies that will enable the tourist sector in Hebron to grow and develop.

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The city of Hebron is located in the southern part of the West Bank; it is 37 Km south of the city of Jerusalem, and 27 km south of Bethlehem. Its history goes to more than 6000 BC. It has an area of 997km² and located on a hill that has an elevation of 9340m above sea level. It constitutes 20% of the total area of the West Bank. Hebron has a number of springs; the most famous of these is Al Fwar spring (National Expert Optimum for Consultations and Training, 2011, p. 18). As the rest of the governorates in the West Bank, the Hebron Governorate is famous for its fertile lands, where farmers grow grapes and apricots. It also has a good share of the stone cutting industry (National Expert Optimum for Consultations and Training, 2011, p. 18).

The Hebron Governate is the largest contributor to the Palestinian industrial sector. Similar to other governorates, Hebron is famous for its traditional crafts industries. This is one of the important sectors that contribute significantly to the employment of the work force, self-employment and GDP. The crafts sector is dependent heavily on the tourist sector (National Expert Optimum for Consultations and Training, 2011, p. 68).

According to the above information, we can assert that the Hebron governorate has the ability to fund the development and expansion of the tourist sector. This is hoped to increase the job opportunities and contribute positively to both the Hebron economy and Palestinian GDP.

Let us now take a closer look at the tourist sector in Hebron through a number of indicators as shown in the table below.

Table 1: The Main Indicators for Hotel Activities in the Hebron Governorate from 2006 to 2016

Year	Number of Hotels	Number of Rooms	Number of Beds	Number of Residence	Number of Nights
2006	2	321	321	3001	5000
2007	2	239	460	4044	7163
2008	1	50	144	3620	6062
2009	1	90	177	3728	7277
2010	1	90	171	4053	7727
2011	1	81	153	4515	8171
2012	1	84	162	4929	8165
2013	2	114	268	5001	7943
2014	1	90	180	4556	7200
2015	3	243	540	5073	6929
2016	3	378	810	6366	7728

Source: Palestinian Central Bureau of Statistics, website: www.pcbs.gov.ps

From the above table, we notice that there was a decrease in the number of hotels from 2006 till 2014. The number of hotels had increased slightly in 2015. Nonetheless, the number of hotels is still considered low in comparison with other governorates in Palestine. This low number of hotels can be explained by the neighboring governorate of Bethlehem which has a high number of hotels. This is clearly an indication of the poor tourist activities in the Hebron governorate.

Table 2, shows the type and number of visitors that visited tourist sites in the Hebron governorate.

Table 2: The Number of Visits to the Tourist Sites in the Hebron Governorate by the Type of Visitor from 2009 to 2016

Type of Visitor	Foreigners	Locals	1948 Palestinians	Total
2009	266	2480	20550	23296
2010	5644	59979	21557	87180
2011	26450	111471	89971	227892
2012	28019	262203	155909	446131
2013	44584	309610	161208	515402
2014	95812	320539	174741	591092
2015	204761	273290	115275	593326
2016	26030	360030	102106	488166

Source: Palestinian Central Bureau of Statistics, website: www.pcbs.gov.ps

The number of visitors to the Hebron governorate is generally increasing. However, these figures are low when compared to both Bethlehem and Jerusalem. The city of Hebron also contains religious sites, however, it does not take as much attention as the other two cities. We also notice that the increase in the number of visitors was not associated with an increase in the number of hotels. Thus Hebron is not optimizing the benefits from the increase in the number of visitors.

The paper will proceed in the following manner: the next section will be a review of the relevant literature; the methodology; the results; and finally the conclusion.

Literature Review

A large number of research papers had examined the relationship between tourism development and economic growth. Relatively few had argued that there is no evidence indicating that tourism lead to economic growth. Ekanayake and Long (2012), investigated the relationship between tourism development and economic growth in developing countries. The study had utilized the newly developed technique heterogeneous panel cointegration technique. The study had examined the causal relationship between tourism development and economic growth utilizing the Granger Causality tests for a multivariate model and the annual data for the period of 1995-2009. "The study finds no evidence to support tourism-led growth hypothesis." (Ekanayake & Long, 2012, p. 1).

Arslanturk, Balcilar, and Ozdemir (2011) investigated the relationship between tourism receipts and GDP for Turkey covering the period from 1963 to 2006. The paper used the rolling window and time-varying coefficient estimation method to analyze the Granger Causality based on the Vector Error Correction Model (VECM). The findings of the paper had indicated that there was no Granger Causality between the series (Arslanturk, Balcilar, & Ozdemir, 2011).

Meanwhile, the majority of others had argued that there is a positive relationship between tourism and economic growth. Krieshan (2010) examines the relationship between tourism earnings and economic growth for Jordan using the annual data covering the period from 1970-2009. The study had indicated that there was a positive relationship between tourism earnings and economic growth over the long run (Krieshan, 2010). Katircioglu (2009) employed the bounds test on the cointegration and Granger causality tests to investigate the long-run equilibrium relationship between tourism, trade and real income growth. He also examined the direction of these relationships among themselves. Cyprus annual figures were used in the study covering the period from 1960 to 2005. The results had showed that there is a cointegration relationship between these variables (Katircioglu, 2009).

Lee and Chang (2008) utilized the newly developed heterogeneous panel cointegration technique to re-investigate the long run relationship between tourism development and economic growth. They used the data from the OECD and non-OECD countries covering the period from 1990-2002. The study had showed that there is a greater impact between tourism development and economic growth in the non-OECD countries compared to OECD (Lee & Chang, 2008).

After we had reviewed both sides of the argument on whether tourism expansion leads to economic growth, we will now review the relevant literature concerning methods to evaluate the status of the tourism sector in a country and building the appropriate strategies that will aid in developing

the sector. Bozturk and Altundas (2017) used the SWOT analysis to determine the Strength, Weakness, Opportunities and Threats for Akacokoca. This analysis was based on the interviews conducted with both government officials and people in the private sector who play role in developing the tourism sector. The study had reached the findings. The findings had indicated that there are opportunities to take advantage of due to the rich culture and natural beauty of the region. However, the weakness lies in the lack of understanding of the importance of tourism in the local population (Bozkurt & Altundas, 2017).

Vladi (2014) used the SWOT analysis to evaluate Albania's tourist sector. The analysis had revealed that Albania is endowed with natural beauty, rich culture and historic sites as points of strength. Meanwhile, Albania has to work on changing its image and thus becoming a tourist destination (Vladi, 2014).

The SWOT analysis plays an important and crucial role in building and developing strategies that is aimed at developing and expanding the tourist sector (Ghanbari, Pour, & Barshod, 2012). In this paper we will look at long forgotten region tourist potentials and its effect on the Palestinian GDP. It will add to the literature by including the Hebron Governorate as a case study to the effect of tourism on the Palestinian GDP and building the appropriate strategies to improve the tourism situation in the Hebron Governorate.

Methodology

This paper will determine the relationship of the tourism sector in Hebron and the GDP for Palestine. Due to the scarce availability of data on the Hebron Governorate's tourist industry, we will use descriptive statistics analysis to determine the relationship between number of foreign and 1948 Palestinian visitors to the Hebron governorate and the GDP. We will start our descriptive analysis by looking at the distribution of the data through the mean and standard deviations. This will give us a better idea about the distribution of visitors to Hebron Governorate's tourist sites. We will then use the Pearson Correlation between the number of foreign and 1948 Palestinians visitors to the tourist sites in the Hebron Governorate and the Palestinian GDP.

After determining this relationship we will utilize a commonly used strategic analysis method Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Based on this analysis we will develop creative SWOT strategies. This analysis includes internal strengths and weaknesses, as well as external influences given by the opportunities and threats.

The SWOT analysis is an easy-to-use method that provides a transparent initial overview and identifies important problem areas. Furthermore, this analysis encourages learning about the situation and reflecting as to what can be achieved.

A general assumption for a good strategy that is developed from the SWOT analysis is maximize the strengths and opportunities and minimize the weaknesses and threats. The developed strategies must answer the following questions:

1. Which Strength fits with which Opportunity (SO-combination)?
2. Which Strength fit with which threats (ST-combination)?

3. Which weakness fits with which opportunity (WO-combination)?
4. Which weakness fits with which threat (WT combination)?

The formulation of the strategies is initialized by finding the combination. The different strategy types can be formulated using the following:

- 1- SO-strategies, internal strength can be used to realize external opportunities (best case scenario).
 - 2- WO-strategies, decrease internal weaknesses or develop unavailable strength to realize external opportunities.
 - 3- ST-strategies, internal strength are utilized to minimize external threats.
 - 4- WT-strategies, decrease internal weaknesses to avoid external threats (worst case scenario).
- (Rauch, 2007)

Results

Table 3: Percentage of Visits to Tourists Sites in Hebron Governorate According to Type of Visitors from 2009-2016

Year	Foreigners	Locals	1948 Palestinians
2009	1.1	10.6	88.2
2010	6.5	68.8	24.7
2011	11.6	48.9	39.5
2012	6.3	58.8	34.9
2013	8.7	60.1	31.3
2014	16.2	54.2	29.6
2015	34.5	46.1	19.4
2016	5.3	73.8	20.9

Table 3 indicates that the highest percentage of visitors is the locals, followed by the 1948 Palestinians and finally the foreigners.

Table 4: Descriptive Statistics

Type of Visitor	Mean	Standard Deviation
Foreigner	53946	67621
1948 Palestinians	105165	59820
Local	212450	134489

According to the above table, the local visitors registered the highest mean 212450 and standard deviation 134489. While the 1948 Palestinians came in second, finally the foreigners came in the third place.

These results show that the tourism in Hebron is depended on the locals. However the high standard deviation indicates the highest volatility, in other words, the local number of visitors is changing dramatically from one year to the other.

Now, we will calculate the Pearson correlation between the number of foreign visitors –here we will include both the foreigners and 1948 Palestinians- and the GDP for Palestine. Table 5, shows the values of the two variables in question, the number of visitors –foreigners and 1948 Palestinians- and the GDP.

Table 5: The Number of Visitors from Outside the Palestinian Territories and the GDP for the period 2009-2016.

Year	Number of Foreigners &1948 Palestinians	GDP in constant prices 2004
2009	20816	5663.6
2010	27201	6122.3
2011	116421	6882.3
2012	183928	7314.8
2013	205792	7477
2014	270553	7463.4
2015	320036	7719.3
2016	128136	8037

We will start by testing the following hypothesis

Ho: there is no correlation between the number of outside visitors and GDP.

Ha: there is a correlation between the number of outside visitors and GDP.

We will use $\alpha = .05$ and the p value from the SAS output is 0.0253. Since $\alpha > p$ we reject the null hypothesizes. Hence, the Pearson correlation given from the SAS output is 0.77046. This means that there is a strong positive correlation between the number of visitors coming from outside of the Palestinian territories and the GDP. In other words, as the number of tourists coming from outside of the Palestinian territories increases, the GDP also increases. Thus tourism development in the Hebron governorate leads to economic growth.

Since tourist's development leads to economic growth, it is important to evaluate the current status of the tourism sector and suggest strategies in order to expand it. In order to evaluate the present status of this sector we will use the SWOT analysis.

Strengths:

- 1- Large areas of empty spaces: the Hebron governorate has enough space in order to build tourist projects.

- 2- Rich in capital: the Hebron governorate is considered the major contributor to the Palestinian GDP. Hebron governorate is known for its large manufacturing base compare to the other governorates in Palestine. **α**Thus Hebron has a strong economy that has enough capital to fund tourist projects.
- 3- Hebron is famous for its craft industry and is considered the number one governorate in the manufacturing of traditional products.
- 4- The availability of the holy sites in Hebron, Al-Ibrahim mosque.

Weaknesses:

- 1- The Lack of marketing and advertising Hebron as a tourist destination.
- 2- The poor data on the tourism sector in Hebron: the data on tourism is based only on Police data base of arrival and departure of foreign and local visitors. This does not consider any other data such as: what is the purpose of their travel, are they really tourists!
- 3- The untrained human recourses on the importance of the quality of services provided to the tourists.

Opportunities:

- 1- Given the elusive image of Hebron (if all stake holders cooperate) they can build an image of the Hebron identity.
- 2- The low number of tourists gives an opportunity to market Hebron for tourists who would like to discover new cultures and new sites.

Threats:

- 1- The strict Israeli procedures and the occupation of half of Hebron old cities, makes it uncomfortable and unattractive for tourists to visit.
- 2- The limited funding for tourists project in Hebron.
- 3- The poor quality of services towards the tourists makes it not worthwhile coming back.

Conclusion

Based on the above results, we can conclude that an expansion in the tourism sector in Hebron will lead to economic growth. Thus it is worth while investing in the tourism sector in Hebron in order for Palestine to achieve a safe and sustainable development. An expansion in the tourist sector will lead to an increase job opportunities and inflow of foreign currencies.

This is why we will now develop strategies that are based on our SWOT analysis. Thus the following strategies will be proposed:

1. The rich capital base and the strong economy will give Hebron –given the fact that all stake holders cooperate, can build an image of the Hebron identity as a tourist destination. Thus a five year plan can be developed with cooperation between the private and public sector in order to launch a marketing and an advertising campaign in order to promote a new

image for Hebron as a cultural and historical destination. This marketing strategy will be funded by both the private and public sector of the Hebron community.

2. The presence of Ibrahim Mosque can promote Hebron as a religious site, similar to Jerusalem and Bethlehem. This will give Hebron the opportunity to market it for tourists who would like to discover new holy sites. A three year plan can be launched to market the Ibrahim Mosque both locally and internationally. This plan should include school trips to be organized to visit the Mosque and thus promoting Hebron as a religious site. This plan can also be funded by local business men and governorate institutions.

These two plans should change the image of Hebron and allow it to be considered in the minds of people as Jerusalem and Bethlehem.

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