



THE EXPLOITATION OF INFORMAL EMPLOYEES IN THE HOSPITALITY INDUSTRY IN PALESTINE

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SUBMITTED TO:
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“Declaration: in accordance with regulations of Birzeit University, I certify that I have acknowledged any assistance or use of work of others in my seminar for the Bachelor's degree in Business Administration.”

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Abstract

This research seeks to discuss the informality phenomenon in the hospitality industry in Palestine, and to clarify the challenges that informal employees suffer in these industries, since informal labor a large portion of the Palestinian hospitality industry. The research also highlights the role of human resource management and legislation relating to the industry's performance. An exploratory design method was used to explore the problems in order to suggest solutions for the phenomenon. The results of the research clarify that informality is any activity that is unregulated by the formal institutions that govern economic activities and take place outside a legal framework. And it concludes that the main reasons behind informality are, first, disinformation about Palestinian labor law, which make the employees unaware of their own labor rights, and, second, the labor law itself and its inconsistent application, which is not enough to meet the basic requirements: corruption in government and the absence of oversight and inspections in the hospitality industry are thus the main reasons for informality. The hospitality industry in Palestine are mostly small business with low numbers of employees, which makes the presence of HRM practices infrequent and labor exploitation easier.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Informality is a complex phenomenon, an indicator of underdevelopment in countries. Informality rates increase in conjunction with the country's unemployment rate, and is difficult to measure because of its different forms. The term "informality" means different things to different people, but almost always refers to bad things: unprotected workers, excessive regulation, low productivity, unfair competition, evasion of the rule of law, underpayment or nonpayment of taxes, and work "underground" or in the shadows.

The importance of studying informality in the Palestinian context is that one can see how companies treat their employees under a state of government corruption and weak legislation that is supposed to protect employees, how employees can negotiate for better work conditions in this context, and what laws should be put in place and enforced to limit informality.

This research concentrates on informality in the hospitality industry in Palestine, specifically on restaurants and hotels, and since there are no studies about this sector in Palestine, it is harder to study this phenomenon in this industry. In this field, employees are the backbone of the industry as they are doing all the tasks on the ground, while employers are concerned with maximizing their profits through their labor. Employers extract maximum advantage from their employees with low return standards and no benefits, so the hospitality industry has to be more effective in dealing with its laborers to keep them motivated in their jobs. The existence of human resource management and legislation in these industries form an important part of increasing productivity and securing the company's survival. At the same time, it could help to decrease informality in the industry and save its employees by motivating them and meeting their needs to guarantee a decent job for a better life.

This research contains six main sections: the first section includes the proposal of the research; the second section includes the literature review and theoretical framework; the third section include the design methodology that uses quantitative techniques; the fourth section talks about the study context; the fifth section is about the findings and a discussion of the research; and the sixth section includes the conclusion and future recommendations.

1.2 Key Terms

1. Exploitation: By far the most influential theory of exploitation ever set forth is that of Karl Marx, who held that workers in a capitalist society are exploited insofar as they are forced to sell their labor power to capitalists for less than the full value of the commodities they produce with their labor. Marx thought worker's labor under capitalism is neither truly voluntary nor entirely for the benefit of the workers themselves. It is not truly voluntary because workers are forced by their lack of ownership of the means of production to sell their labor power to capitalists or else starve. And workers are not laboring entirely for their own benefit because capitalists use their privileged position to exploit workers, appropriating for themselves some of the value created by the workers' labor (Zwolinski and Wertheimer, 2001).

2. Informal employees: The informal economy is the diversified set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state. The concept originally applied to self-employment in small unregistered enterprises. It has been expanded to include wage employment in unprotected jobs (WIEGO, 2019)

3. Hospitality industry: The hospitality industry revolves around providing excellent customer service in a wide variety of positions. There are many different kinds of hospitality industry jobs, including many of the positions available at hotels, restaurants, vacation destinations, and event planning services (King, 1995).

1.3 Need for Study

1. Theoretical Need: To identify the challenges informal employees face when attempting to negotiate the terms of their employment, and to understand: how employees can enhance and increase workplace standards; the types of agreements they enter into with their employers and the benefits they receive; and how labor law deals with informal force issues from HRM perspective (Hoel, 2003).

2. Practical Need: To clarify and better understand the challenges that informal employees face in Palestine, even though many employees suffer and complain from exploitation in the industry in Palestine from an HRM perspective.

1.4 Research Objectives

The study intends to look more closely and understand the issues of domestic workers in Palestine and provide clarification for these issues from ethical, legal, and human resource management perspectives.

1.5 Research Questions

1. What is the meaning of informality?
2. How does informality effect informal employees?
3. What are the appropriate solutions to deal with the challenges that informal workers face from an HRM perspective?

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

The current global crisis has led to increased unemployment in the formal sectors of developed and underdeveloped countries. Consequently, informal sectors have grown rapidly and have provided much-needed breathing space for workers in developing countries (Maiti, 2010).

The informal sector is seen as illegal or hidden production. Illegal production refers to production activities which are forbidden by law or which become illegal when carried out by unauthorized producers (Oliveria, 2012). A lot of workers in the informal sector are vulnerable and exposed to many abuses, changes of work contracts, pay cuts or even non-payment of salaries facilitated by the irregular nature of their employment. Salaries are often far below the minimum wage, and a lack of working benefits is common in the restaurant and hotel industries (ILO, 2002).

The nature of work in the hospitality sector is globally very well suited to use part-time, fixed-term and seasonal workers. Typically, these jobs are not well paid and are precarious. Migrant workers are often willing to settle for almost any wages and any work conditions just to survive (Vettori, 2017). Long shifts, irregular and unusual working hours are characteristic of work in the hospitality industry, and wages paid to employees in these fields are under the average of those in comparable occupations in other sectors. The proportion of employees in the industry working part time is much higher than in the rest of economy (Hoel, 2003).

The research in this chapter discusses the shape of informality in the informal sector, concentrating on the hospitality industries, defines the informal sector and discusses the challenges that workers face in this sector, linking the exploitation in other industries to the hospitality industries in Palestine.

2.2 Understanding informality

2.2.1 What is informality?

Informality is a complex phenomenon, encompassing unpaid workers and workers without pension or health insurance coverage, small or micro firms that operate outside the regularity framework, and large registered firms that might decide to partially evade corporate tax and social security contributions. Moreover, workers involved in the informal sector often lack a written contract regularity their work relationship, pension and health insurance coverage. This expose them to significant occupational risks, including a potentially less safe

and descent work environment, as well as insufficient mechanism to cope with risks related to old age and health problems.

There are many angles to informality. Desoto (1989) defines informality as the collection of firms, workers, and activities that operate outside the legal and regulatory framework. He studied informality through three main lenses: a firm-based productivity perspective, an employment perspective(workers), and a fiscal perspective (untaxed activities).

- Firms: according to his definition, the informal sector includes private unincorporated enterprises, which produce at least some of their goods and services for sale or barter, have fewer than five paid employees, are not registered, and are engaged in non-agriculture activities.
- Workers: the informal sector corresponds to informal employment in either formal or informal enterprises, with "informal employment" referring to the absence of benefits or registration to social security or the absence of a written contract.
- Untaxed activities: from fiscal point of view, a large informal sector constitutes a set of activities that are hidden for tax purposes.

2.2.2 What causes informality?

Informality can be the result of exclusion or the rational exit in opting out of the coverage system. The option to participate in the informal sector reflects cost and benefits consideration but is not always voluntary or desirable (Loayza and Wada, 2010)

Informality in the economy results from a combination of factors affecting the potential gains, cost, and restrictions related to legally established firms and workers. Informality is more prevalent when the regulatory framework is burdensome, the quality of government services to formal firms is low, and the state's monitoring and enforcement (Sechnider and Enste 2000).

Loayza and Wada (2010) think that the prevalence of informality depends on structural characteristics of countries, such as governance, productivity, and economic composition. And they analyze the structural factors that influence informality to: (1) a country's governance structure and regulatory framework, (2) labor productivity, demographic and employment composition, and(3) the size of public sector. The main results are summarized as follows:

- Governance and regulation: the prevalence of informality is influenced by the extent to which countries enforce law and regulation (more enforcement is associated with

more compliance, especially if penalties are costly) and by the level of labor market regulatory freedom (more regulation/ higher labor costs provide incentives for firms to bypass regulation).

- Productivity, demographic, and employment composition: a higher level of education is associated with lower informality because investments in human capital increases productivity and hence make business regulations less onerous and formal returns potentially larger. Democratic composition with larger shares of youth or rural populations is likely to increase informality by making monitoring more difficult and expensive.
- Size of public sector: informality may also be affected by the size of public sector. Informality tends to be less prevalent in economics with larger state presence. The influence of the state on informal employment can be direct, through the absorption of labor and economic production. The influence can be also indirect, through the links that the government establishes with private firms by requiring them to register officially and comply with its regulation.

2.2.3 Informality in Middle East and South Africa (MENA)

The MENA region displays lower employment and higher unemployment rates than any other region in the world, high population growth has continued to put pressure on labor markets to absorb an increasing number of new entrants. Moreover, job were created mainly in low value added service sector, most of which are associated with high rates of informal employment.

A typical country in MENA produces one-third of its GDP and employs 65 percent of its labor force informality. This means that around two-third of all workers in the region may not have access to health insurance and are not contributing to a pension system that would provide them with income security after retirement. From fiscal perspective, about one third of total economic output in the region remains undeclared, with considerable implications for government revenue (Gatti, and others, 2014).

2.2.4 Informal Employees and Hospitality

Informal economy activities are endemic among small firms in tourism (Williams and Thomas, 1996). It includes any paid activity which is not declared to the authorities for tax, social security, and/or labor law purpose. activities in the informal sector are therefore legal

in all respects except than they are not declared to the public authorities for tax, social security, and/or law labor (William and Schneider, 2016).

Extensive bodies of scholarship exist in both the hospitality as well as the informal sector. However, an extension review of the literature on the hospitality industry reveals that the informal sector is seldom if ever considered (Thomas, 2011).

2.3 Ethical Framework

2.3.1 The mean of ethics

Ethics often used interchangeably, ethical refers to rules of behaviors that is based on moral obligations and duties, indicating how people should behave. It distinguishes what is right from what is wrong and promotes people to do what is right. Some of the values that define ethical principles include honesty, trust, fairness, caring of others, leadership and respect for others. All hospitality professionals should possess these values as they are critical in the success of any organization (Stevens, 2008).

2.3.2 The nature of work in hospitality

Hospitality managers are challenged with the task of extract and use the maximum value from employees to generate a profit. This process rewards supervisors and managers for securing labor for minimal costs, and can create tensions between staff and management. The emphasis on achieving results through others can result in the exploitation of workers, as those at the bottom of the hierarchy may work hardest for the least pay with bad work condition (Poulston, 2009). Managers used their power and influence to create situations and conditions within their respective businesses that may lead eventually to destroy those businesses. These behaviors are particularly prevalent in hospitality areas where workers rights and work place protections are weakest (Woods, Christodowidou, Yavas and Variabasis, 2013).

The hospitality industry has long been labeled as one that pays it workers less than do others industries, data from 1998 national compensation survey show that the total hourly earnings among service workers were less than for workers in all other job classification. Information regularly executive compensation packages also reveals that service in industries provided the lowest average salary, short term bonuses, and long-term bonuses among all the industries tallied (Sturman, 2001).

A 2004 Eurofound report states that the collectively agreed pay in the hotel and restaurant sector is low when compared to average wages in almost all EU member states. In addition to the low wage level, the working hours in these sectors are longer than the national

average (Baum, 2012). Employees in these industries are not provided with written contracts of employment. The consequence of this is that they do not know what their rights are. This state affairs allows employers to change and impose conditions of service with impunity.

Vettori (2017) indicate that informal employees in the South African hospitality sector, whether they are native workers or migrants, occupy low paying, with no benefits and no job security, no paid leave, long hours, no notice periods and no social benefits such as unemployment insurance. However, it is suggested below that migrant workers in the hospitality sector are open to more abuse by unethical employers and are even less fortunate than their South African counterparts when it comes to wages and other working conditions. Many businesses in construction and hospitality sectors do not hire South African workers because they prefer to hire migrants. One of the reasons that migrants are preferred to South African workers in these industries is that migrants “accept anything offered” as they are desperate and thus, they are easy prey for unscrupulous tourism industry and hospitality sector role-players.

Many employers in the hospitality industry do not abide by the labor law with regard to hours of work, minimum wages. Furthermore, many employers do not offer any social benefits such as pensions or provident funds, medical aid schemes, workers compensation and other social security benefits were extremely rare for workers in the hospitality industry and almost non-existent for migrant workers. s. Generally, workers were unaware of what they were legally entitled to in terms of employee benefits thus rendering them unable to demand their rights (Jinnah and Cazarin, 2017).

2.4 Legal Framework

There is a lack of oversight of contracts between the worker and the employer and there is no interest at an official level and no one hears the workers voice. The lack of awareness by workers of the Law is a major obstacle to its application Employers are not interested in applying the Law because it costs them money to pay benefits to workers while they care most about making a profit and Civil society organizations working in this field are not playing an effective role in putting pressure on the government to put the Law into effect, plus there is no one to force employers to abide by the Law.

According to Egyptian labor laws workers in the tourist industry must have a contract which states the terms and conditions of employment. However, according to numerous workers and human rights lawyers most hotels and cruise ships do not provide a full contract to workers. They ask workers to sign an ‘application’ for employment but this document is

not a valid contract and does not state the terms of employment or wages. The employee does not receive a copy and has no legal document to support their employment (Beddoe, 2004).

2.5 Human Resource Management Framework

2.5.1 Definition of human resource management

Human Resources Management is “The process of analyzing and managing an organization` human resource requirements to accomplish satisfaction of its strategic objectives’ (Hellriegel et al. 2009). HRM is also defined as “The policies and practices involved in carrying out the “people” or human resources aspects of a management position, including recruitment, selection, staffing, socialization, training and development, performance appraisal and motivations” (Dessler, 2016).

2.5.2 Human resource management in hospitality

There are conflicting views about the extent to which the hospitality industry has invested in the human resource. The literature has shown that some companies recognize the importance of people to their businesses. Several other studies conducted in the hospitality industry support this and have highlighted good HRM practices of appraisal systems, training, top quality management, empowerment, team working, and shift from autocratic to a more consultative management style. Set against this positive impact, the management of people in hotels and catering in the UK has traditionally been regarded as poor, with considerable evidence of low employee discretion, low pay, an autocratic management style with no consultation, unsocial hours of work and poorly rewarded work (Allryne, Doherty, and Greenidge, 2006).

2.5.3 Challenges that human resource face in hospitality fields

According to a 2004 report by the European Foundation for the Improvement in Living and Working Conditions cited in MRCI (2008), trade union organizing in the hotel and catering sector is more difficult for a number of reasons, including:

- high turnover and short tenure of many employees in the sector
- fragmented nature of establishments in the sector, either as small single employers or a chain of disparate establishments making large scale organizing and representation difficult
- employer hostility and the low profile of trade unions in the sector.

2.5.4 The role of HRM in managing people

Create labor unions

The Barbados workers union (BWU), the largest and oldest union in the Barbados, it is a general workers union, drawing its membership from organizations in different sectors, including hospitality. The Barbados employers' confederation (BEC), comprising the employers, represent 72 enterprises in the hotel and tourism industry under organization called the Barbados Hotel and Tourism Association (BHTA). There is an industry level collective agreement between the BHTA and the BWU, which ensures that industry is well regulated. The agreement covers hours of work, basic pay, service charge, grievance and disciplinary procedures (Allryne, Doherty, and Greenidge, 2006)

Inspection campaigns

During 2008 in Ireland, the newly formal national employment rights authority (NERA) conducted an inspection campaign in the catering industry. NERA responsible for enforcing employment rights. The campaign has so far seen 860 calls, interviews, and inspections, identifying a 76% incidence of noncompliance, and recovered 241667 euro to employees. The main types of breach detected have been the failure to pay either, or both, the statutory minimum hourly rate, and the appropriate Sunday premium. Breaches have also been detected in respect of the failure to pay the appropriate rates for overtime, public holidays, and annual leave (MRCI, 2008).

Build worker-action groups

MRCI's Restaurant Workers Action Group (RWAG) believes that all restaurant workers in Ireland have the right to be paid and treated fairly. RWAG was set up to respond to the exploitation and unfair treatment that many restaurants workers experience in Ireland. It works to:

- Provide workers with information on their rights and entitlements.
- Support workers to get their full rights and entitlements.
- Work for laws that improve conditions for workers.
- Build strong voice to represent restaurant workers

2.6 Conclusion

Researchers offer several different definitions of informality, while the literature suggests that there are many different causes for it. Moreover, few studies talk about informality in the hospitality industry specially in the Palestinian context.

The literature provides three main themes: informality; its effects on the hospitality industry; and ethical perspectives about the ethics of employers who create poor work conditions for their employees. From a legal perspective, employers evade legislation and the government's role in reducing informality and thus exploitation. The human resource management perspective plays an important factor in shifting to better management styles in the hospitality industry by determining challenges and suggesting solutions, and in suggesting ways to manage people in the hospitality industry by creating labor unions, developing inspection campaigns and building worker-action groups to demand rights in their workplaces.

Theoretical Framework

From the literature review, one sees that many studies focus on worker's rights and examine how they develop workers' conditions and labor laws, aside from showing many challenges and suggestions that human resource management faces in different countries.

Whether exploitation exists or is stamped out depends on three factors based on the literature review. Environmental practices can affect informality and exploitation based on the thoroughness of the labor law and the enforcement of regulations and human rights, as well as other group pressure work that seeks accountability. Organizational practices include ethical concerns, healthy working conditions, labor unions, benefits, labor law implementation and industry regulation. Lastly, leadership practices include disciplinary practices against informal appraisal systems, motivating and coaching employees in order to maintain them.

Diagram 1



CHAPTER THREE

METHODOLOGY

3.1 Introduction

This research project offers an investigation of the challenges that informal employees face in the hospitality industry in Palestine. This is an important subject because informal labor (in the formal and informal sectors) encompassed 59.9% of the total number of workers in the West Bank and Gaza Strip (Jaber and Riyahi, 2011), while the service sector forms 17.7% of informal labor (ETE, 2014). This research project highlights the role of human resource management and legislation on these industries' performance. This chapter — about the research methodology — provides an explanation of the research approach and design, data collection methods and instruments, the research's sampling method and its limitations.

3.2 Research Approach

In order to satisfy the objectives of the research, a quantitative approach was preferred. The main characteristic of a qualitative approach is that it is mostly an approach for research with a small sample size, as its results are not easily quantifiable. Also, it offers a complete description and analysis of a research subject, without limiting the scope of the research and the nature of participant's responses (Denzin and Lincoln, 2005).

3.3 Research Design

The study aims to describe the impact of independent variables on dependent variables in the research, human resource practices and legislations and their effects on employees' performance. Since this research has not been done before in Palestine, an exploratory research method is used to explore the problem in order to suggest appropriate solutions for the issue by describing the relationship between research variables.

This exploratory research has many advantages. First, the research has a lot of flexibility and can adapt to changes at its various stages. Second, it helps to lay the foundation of research on the subject more broadly, encouraging further research. Third, it enables the researcher to understand at an early stage if the topic is worth investing time and resources into, and hence if it is worth pursuing. Lastly, it can assist other researchers to find out possible causes for the problem, which can be further studied in detail to find out which of them is the most likely cause for the problem (Jackson, 2019)

3.4 Data Collection Method and Instruments

This research depends on two types of data collection procedures: primary data and secondary data.

For the primary data collected by the researcher, structured interviews were conducted with respondents in person. The main advantage of personal interviews is that they involve personal and direct contact between interviewers and interviewees, as well as eliminate non-response rates. The interview consists of two parts, directed to both employees and employers. The first part is the employer's part, and it covers questions about what informality means from their perspective; the causes of informality in the hospitality industry; if they consider the employees in their company as informal laborers; and the HRM practices that they use in their workplace. The employee's part is the second part, which is about the employee's feelings toward their work; their knowledge of their rights and work environment; the nature of their work; why they choose to work in this field; and what do they want to gain from their work.

Secondary sources are a very useful resource for data collection. The data was acquired for research purposes from books, articles and studies by many researchers close to the research topic, including the definition of informality, the reasons for informality, informal employees in the hospitality industry, the nature of work in the hospitality industry, legal frameworks and the role of human resource management in this industry.

3.5 Sampling Method and Procedure

The population of the research is Palestinian industries, focusing mainly on informal employees who work in the hospitality industry. The chosen industries represent the population of the research, because they embody the majority of the Palestinian hospitality industry. Employers and informal employees have been chosen on a quota sampling technique because the researcher chose the participants on the basis of predetermined characteristics.

The industries included in the study are: 3 Ramallah Restaurant, Lavie Cafe, Casa-blanca Hotel, and Al-Manarah Hotel. The selected respondents are two employers and six employees from these industries to gather the required data for analyzing employees and employers views in the research.

3.6 Research Validity

Interview design for the study analyses the issues of informality in hospitality industry can be assessed as valid because each individual question may seem to be addressing specific and relevant to research objective.

3.7 Research Limitations

- Because the researcher selected a small sample size, it is difficult to generalize the findings of the study.
- Geographical area is a limitation because it was hard to interview other hospitality industry workplaces outside of Ramallah.
- There is a lack of existing resources relating to informality in the Palestinian hospitality industry.

CHAPTER FOUR

STUDY CONTEXT

This study focuses on the hospitality industry in Palestine, such as restaurants and hotels, and particularly on informal labor in these industries. It focuses on informal first-line employees who work in either the formal or informal hospitality industry, and the employers who work there. Informality is more prevalent among workers in small firms. In the hospitality industry, informal workers are mostly employed in small-sized firms, with a distribution that is particularly skewed toward firms with fewer than ten workers and that are most likely engaged in low-production activities. Employees who work in this field are more exposed to exploitation than others in formal sector since they don't have contracts or receive benefits from their jobs. Moreover, they don't earn wages that meet their basic needs.

This study gives an overview of the meaning of "informality" in general and in the Palestinian context, and shows how it relates to the formal sector. The main topics discussed are: (1) the definition of the informal sector, by various definitions used in different studies; (2) the causes of informality in general and in Palestine; (3) informal labor in the hospitality industry in Palestine; and (4) the role of human resource management and legislation to improve the informal sector in Palestine. This research also aims to study informality in the hospitality industry in Palestine in order to find a suitable solution for the phenomenon.

The research addresses the presence of human resource management practices in these industries, which could be a solution to reduce informality in Palestine by implementing practices and creating systems to deal with informality, such as those used in the formal sector: hiring employees with clear written contracts, rewarding employees based on their performance, compensating them as in formal sector, reviving labor unions, and motivating employees as they deserve. This way the company can decrease turnover rates and guarantee better performance from employees.

CHAPTER FIVE

FINDINGS & DISCUSSION

The researcher in this chapter of the study presents and discusses the research results collected through personal interviews with employers and employees working in different industries in the Palestinian hospitality industry. The researcher arranged the findings according to the research questions and literature review.

5.1 Definition of informal labor

When interviewees were asked what they think informal employment is, different views were expressed. Some thought informal employees are employees who work for less pay than fixed employees earn, who work without contracts and agreements, and who enjoy no benefits from their jobs. Others thought that only work hours determined whether they are regular employees or informal ones. Informality can be defined as an activity that is unregulated by the formal institutions that govern economic activities and is thus outside the legal framework of labor laws, taxes, registration, contracts, working hours and health insurance. This definition for informality covers two main dimensions: (1) the firm's perspective, which focuses on the legal documentation of a firm and the extent to which its activities are reported to public agencies regarding registration and taxes, and (2) the worker's perspective, which focuses on employment conditions such as contractual ties, provision of social security benefits and health insurance as well as good wages and working hours.

5.2 Reasons for Informality

Respondents had different points of view regarding the reasons of informality. Some interviewees reported that it could be the result of ignorance or of limited information on behalf of the employees (e.g. lack of awareness about labor law, their rights, unions; the need for health insurance). All respondents name and blame the government, considering it the party primary responsible for informality. They added that, because it is responsible for labor law, they must change regulations or at least commit to existing laws and demand accountability from these industries.

Most respondents expressed that labor law is also a reason for informality, because everything is evolving — except the law. “The labor law is out of the date, and it is also does not meet the basic requirements of decent life for hospitality employees in Ramallah.” They also reported that even with regulatory restrictions so meager most industries in the hospitality sector in Palestine are small business, so they prefer to bypass formal relations and instead exploit their employees.

Palestine's governance structure directly affects the shape of informality. And since the labor law is not clear about regulations relating to formality and informality, and the government only conducts weak inspections, employers take advantage of this and employ people without contracts, health insurance and undeclared job descriptions.

5.3 Shape and Effects of Informality on Hospitality Industry Employees in Palestine

Results indicate that informal workers are more likely to work longer periods of time for less pay, because they can't meet the cost of living with wages earned during their eight-hour workdays. They are also more likely to feel exhausted due to their long work hours. Most employees reported that they feel bad and exploited in their jobs; moreover, they feel uncertain about their employment and continue seeking for other chances.

When employers were asked if they think their employees feel positively about their work, most of them reported that they don't know; furthermore, they expressed that employees should know the type of job they are applying to. Others explained that they did care about what their employees feel, because they think this affects their productivity and the industry's image; they are accustomed to giving employees benefits to make them feel that they are equal to their employers and have the same importance for the company.

Some employees, especially university students — unlike those for whom their job is their only source of income — don't care significantly about their wages, most commonly because they receive allowances from their families. Yet they still feel that their jobs are not challenging and uninteresting, particularly because of the routine nature of the work and daily activities.

Employees who have no options outside of this industry because they lack a formal education or other qualifications to work in other fields seek to build their own businesses in the same field from which they gained their working experience. And since they are not able to handle this kind of work forever, they think that by operating their own business they are not going to feel exploited or upset about their work.

5.4 HRM in hospitality industry in Palestine

Flexible working hours are important for employees, especially for those who are committed to other activities such as university students. But that shouldn't allow employers to employ workers informally: working conditions should be clearer, predetermined and clarified in the contract. By using techniques to build good and trusting relationships between employers and employees, HRM policies and practices in the hospitality industry could re-

duce the gap between informality and formality, ensuring that the industry operates legally and that workers enjoy all of their rights.

This research was focused on informal employees in the Palestinian hospitality industry. Employers reported that they don't employ real HR practice. Instead, they just employ managers who are responsible for all management duties, including HRM practices: the implementation of these practices in their industries are thus limited to hiring workers, training them, distributing their wages etc. Furthermore, they don't generally care about other things such as employee promotion and motivation, or even compensation. When employers were asked about turnover, they attributed the trend to a lack of seriousness from staff, or expressed that these employees just seek to work for short periods and then leave because of other priorities; they didn't attribute turnover to the work environment or their employees' conditions.

Some employees explained how employers take advantage of high turnover rates: if there is a high turnover rate — with few people staying more than 3 months in their jobs — then employers can more easily avoid compensations and promotions. Moreover, since the hiring process is not difficult, they can easily find new workers because of the high unemployment rate. Hence, some employers purposefully do not motivate their employees or care much about them. Some added that employers prefer high turnover rates because employers provide unpaid training for workers over three days once their employment begins; thus, if there are more employees wanting to start work, employees can take advantage of unpaid work and reduce additional costs.

Some employers expressed that there is no need for health insurance for hospitality industry employees since these kinds of jobs carry few risks. Even if they think there is a need for health insurance, employers express that they don't offer it because of the precarious nature of the work. In other words, they said, not offering insurance altogether is better from all perspectives.

CHAPTER SIX

CONCLUSION

Introduction

This part of the study provides an overview of the research. It summarizes the results from the previous chapter and compares them with the material found in the literature review in order to draft recommendations to enhance the hospitality industry.

Conclusion

The Palestinian economy has high unemployment rates, which are increasing sharply on a yearly basis, as more people are looking for jobs to survive and secure a decent life. Because of the difficulty that people are facing in finding employment, they are starting to depend on any sources of income available to live. Employers take advantage of this situation and employ workers in informal conditions.

The Palestinian labor market has undergone various structural changes. These changes are affected by different factors such as unemployment, informality and weak labor laws, which have stifled the natural development of the labor market. The labor market suffers from numerous structural issues including a lack of social security for those outside the public sector, poor working conditions, weak unions and low union participation, and the lack of health and life insurance. Palestinian workers struggle with low wages in the face of mounting living expenses, and high unemployment.

Informality is a fundamental characteristic of underdevelopment. Higher levels of informality are associated with lower levels of economic growth. Widespread informality implies that a large number of people and economic activities operate outside the legal institutional framework and the proper conditions stipulated in labor law. Informal employees are working without contracts, benefits and health insurance.

Working in the hospitality industry is not desirable for most people and even people who appreciate this sector don't find it a desirable industry to work within, precisely because they think this field of work in Palestine is not going to promote their career development and because of the negative feelings and effects associated with these jobs.

Employers in this sector aim to get maximum profits with minimal costs; they use their employees as engines without gas for work. Restaurant and hotel employees are more likely to provide low wages for their work. In addition, working hours in these sectors are longer than what is stipulated in the labor law. Most employees are working in various positions in the industry whether they want to or not. Consequently, they don't know what their employers should do and what they shouldn't do; they don't have much information about the Palestinian labor law and their rights, especially because they have no clear job descriptions.

The role of HR departments in these industries should be more central. Since employers' harmful practices in these industries are the main reason for their corruption, these industries should have HR departments. Or, if they don't require many workers in the industry, then employers should at least be able to meet HRM practices in the industry to help both employees and employers.

Some recommendations to mitigate informality are: to create labor unions to protect labor rights and help employees understand their rights; to promote changes in labor law that isn't meeting today's needs; for the government to undertake inspection campaigns to create accountability regarding the industry's treatment of its employees; and to implement the labor law and build worker action groups within the industry that can have a strong voice to represent the industry's workers.

Implications of the Study

In order to improve Palestine's hospitality industry, the researcher suggests some practices that could be implemented, with both practical and theoretical implications.

Practical Implications

The research results lead to the following recommendations:

- Create clear regulations in Palestinian labor law to mitigate informality and compel workplaces to commit to it.
- Amend existing laws regarding wages, compensation and contracts to incorporate more detail.
- Use links between the government and the private sector to require industry actors to register their businesses officially and comply with government regulations.
- Create a judicial system for contract enforcement, and develop an inspection system to improve accountability in the hospitality industry.
- Increase the role of human resource management in the hospitality industry, and increase the implementation of its practices.
- Activate the tourism labor union in Palestine, which has an important role in protecting employees' rights and promoting need for their work in the hospitality industry; build worker action groups to collectively demand important rights.
- Realign incentives, wages, and benefits packages in the hospitality industry to motivate employees.

Theoretical implications

This research was limited in scope due to time constraints, procedural constraints and human constraints. The researcher here used a qualitative research approach. However, the researcher suggests that it is necessary going forward to use both quantitative and qualitative methods as a quantitative research approach would allow researchers to analyze the opinions and attitudes of a larger and more representative sample.

The researcher in this study conducted interviews in just four workplaces. This number is small and not representative of the hospitality industry. Thus, the researcher recommends that other studies be carried out using a larger sample size to be more representative in order to generalize the findings of the study for the whole sector.

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