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**PhD Thesis**

***Building Human Capital for the Tourism Sector***

***A case study from Yemen***

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Submitted by:

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اطلبوا العلم من المهد على اللحد

*Seek knowledge from the cradle to the grave*

***Dedication***

*To my late parents,*

*To my beloved wife Rasha,*

*To my boys Rashid and Aziz*

*To all of Yemen's Young people*

## **Abstract**

This thesis examines how investing in tourism education was explored as an attractive national development policy in Yemen, where this education would provide the human capital needed for the sector to grow. This examination adopted a dual lens, namely the lens of policy makers responsible for the creation of this educational process as well as that of the students involved. The underlying thought for this research can be summed up in the simple notion: How successful is an educational institution in creating human capital for the tourism sector as seen by both the policymakers and the young people engaged? Responding to this question requires considering the intended goals of both policymakers and students, seen as to accelerate national development and individual wellbeing respectively. Investigating this question is important, particularly given Yemen's developmental status as a Least Developed Country (LDC) experiencing recurrent cycles of instability, and based on the human capital premise that investing in education contributes positively to achieving development outcomes across the board.

For this research, I used a purpose-built vocational training institute as a case study to understand more about how tourism education as an instrument to achieve development goals was understood, formulated, and executed. I relied on official documentation as well as primary data collected through interviews and focus group discussions to build the case study. Those interviewed included high-level officials and other experts as key informants, as well as students who were also engaged through in-depth focus group discussions. The collection of primary data from students enrolled in the institution was useful not only in understanding their perceptions towards the human capital development process through the institution, but also to learn more about issues that potentially contributed to the frustrations that were expressed in the Arab spring events of 2011.

My research indicated that the conceptual framework used to guide policymaking in the case of NAHOTI was rather under informed and missed several important elements, thereby limiting the contributions of tourism education to development goals as intended. For example, an evaluation of evidence-based policy options was largely absent, and the process excluded taking into account the views and priorities of the young people despite their central role and contributions to the success of this process. This led to a range of complications that affected the viability of tourism education as a development instrument as evident in the case study.

Furthermore, the research revealed another dynamics relating to expectations on returns to investment in education at both the public and private levels. For instance, the students' expectations from the case study institution were based on their employability interests towards improving their economic prospects, and therefore they viewed the educational process in the institution largely as a means to an end in terms of improving their access to the labour market. This did not only affect their potential contributions to the tourism sector, but also added to their frustrations and disenfranchisement with governance processes at large.

Finally, this research concludes with a number of findings and policy implications for the prospects of investing in human capital for development. It also proposes a range of recommendations to maximising the potential contributions of students in building human capital, through adopting a number of participatory and inclusive social dialogue measures within human capital development frameworks.

## Contents

<b>Acknowledgments</b> .....	12
A Note to the reader.....	14
Research Inspiration: .....	16
<b>Chapter 1: Introduction</b> .....	<b>19</b>
Research Context .....	19
Why Tourism Education?.....	26
Approaches to Human Capital Research .....	28
Research Purpose .....	31
Thesis Structure .....	35
Research Limitations.....	38
<b>Chapter 2: The Research Context</b> .....	<b>41</b>
An Introduction to Yemen .....	42
Yemen: From Arabia Felix to an LDC.....	45
Setting the Scene: National Development Context.....	48
Tourism in Yemen: A Tool for Development?.....	54
Yemen’s Educational System .....	55
The 15-24 Year-Olds Demographic.....	60
Transition from School to Work.....	61
The Youth Uprisings .....	64
<b>Human Capital Development Policy Frameworks</b> .....	<b>66</b>
Review of Development Policies.....	67
Review of Sectoral Strategies .....	72
Strategy Implementation and Monitoring Modalities.....	78
The Role of NAHOTI .....	79
Stakeholder Engagement.....	81
Engaging Students in Informing Educational Policy .....	83
<b>Chapter 3: The Literature Review</b> .....	<b>87</b>
Human Capital: Theoretical and Conceptual Foundations.....	88
Approaches to Human Capital .....	94
Human Capital in Development Literature.....	98
Empirical Evidence on Human Capital and Economic Growth .....	102
Links with Basic Education .....	104

Links with Post-Basic Education and Training.....	108
The Policy-Making Dilemma .....	111
Private vs. Public Returns to Education .....	114
Tourism Education as a Lever to Development.....	117
Responding to the Policy Dilemma in Tourism Education.....	120
Perceptions on the Rate of Return to Education.....	123
Empirical Research on Students Perceptions .....	125
Limitations and Gaps of Existing Research .....	127
Identifying the Research Problem .....	129
Summary .....	130
<b>Chapter 4: Methodology and Methods .....</b>	<b>135</b>
Research Strategy .....	135
Epistemological Considerations and Case Study Design .....	139
Case Study Construction .....	141
Data Sources and Tools.....	143
Data Management, Transcription, and Analyses.....	151
Data Presentation and Analysis .....	154
Methodological Limitations .....	158
Ethical Considerations.....	160
Summary .....	164
<b>Chapter 5: Data Presentation.....</b>	<b>167</b>
Proposition 1: How were Human Capital development concepts translated into the policies that led to the establishment of NAHOTI? .....	168
Proposition 2: How did policy makers gauge the success of NAHOTI in achieving human capital development goals?.....	175
Proposition 3: What value-addition did the students expect to draw from NAHOTI?.....	179
Proposition 4: How did the students gauge NAHOTI’s contributions to their individual human capital development goals?.....	182
Proposition 5: What role did the students play in influencing processes at NAHOTI?.....	188
Summary .....	192
<b>Chapter 6: Data-analysis and Discussion .....</b>	<b>195</b>
Policymakers’ Perspectives.....	196

Students Perspectives.....	204
Role of Students in NAHOTI.....	210
Discussion: What have we learnt from the five propositions?.....	212
Responding to the research questions.....	218
Summary.....	221
<b>Chapter 7: Additional Emerging Findings.....</b>	<b>224</b>
What else do we learn from the case study?.....	224
a. Underlying Grievances of Students.....	225
b. Disenfranchisement and Distrust.....	226
c. Social Expectations.....	228
d. Avenues for Expression.....	229
e. Gender Bias.....	230
Relating the findings to the Arab Spring.....	231
a. What the youth wanted.....	233
b. What the youth expected.....	233
c. What the youth got.....	233
Summary.....	234
<b>Chapter 8: Conclusions and Research Implications.....</b>	<b>237</b>
Key Conclusions.....	239
Implications of Findings.....	242
Contributions to Knowledge.....	243
Policy Implications.....	245
a. Information-based and well-informed human capital policymaking:.....	245
b. Adopting an inclusive, transparent, and participatory process:.....	246
c. The students are partners.....	247
d. Monitoring results and impact measurement.....	248
Policy Proposal: Towards a new Human Capital Theory.....	249
A. A Study of Population Dynamics.....	250
B. Short-term Interests of Students.....	251
C. Context of Fragile and Failed States.....	252
Limitations of Implications.....	253
Recommendations for Further Research.....	254
Final Reflections.....	255

<b>Appendices .....</b>	<b>271</b>
Participant Consent Form .....	272
Statement of Research Aims.....	273
Interview Questions: NAHOTI Students.....	274
Interview Questions: Key Informants and Partners .....	276
Interview Questions: Tourism sector employers.....	277
List of stakeholder* Interviewed .....	278
Focus Group Questions (Tool 1) .....	279
Focus Group Questions (Tool 2) .....	283

## List of Figures:

Figure 1: Mincer's Logarithm of Earnings .....	29
Figure 2: Presenting the Research Context .....	41
Figure 3: Map of the Republic of Yemen following unification .....	44
Figure 4: Population of Yemen by Age Group Source, World Population Prospects, the 2012 Revision .....	49
Figure 5: Population growth in Yemen. Leahy-Madsen (2010).....	53
Figure 6: Formal Educational Pathways in Yemen.....	56
Figure 7: Enrolments in Secondary Education Programmes (2011).....	58
Figure 8: Enrolments in Post-Secondary Education Programmes (2011).....	58
Figure 9: 15-49-Year-Old Females able to read a simple sentence easily.....	59
Figure 10: Young people Employment Opportunities by Sector.....	62
Figure 11: NAHOTI's strategic framework (Author's Illustration) .....	73
Figure 12: Priorities of young people (16-30) in Yemen .....	84
Figure 13: Weisbrod's (1961) function to value human capital .....	90
Figure 14: Human capital formation and growth. David et al (2001) p.5.....	101
Figure 15: Gross National Income per Capita .....	106
Figure 16: Average annual percentage change in incidence of deprivation to standard of living.....	112
Figure 17: Table highlighting share expenditure on technical/vocational education from total educational expenditure .....	114
Figure 18: Private and Public Returns to Education from select OECD Countries .....	117
Figure 19: Case Study Construction Methodology .....	143
Figure 20: Profile of Key Informants.....	146
Figure 21: Data Collection Tools .....	150
Figure 22: Illustration on the use of votes in the focus groups.....	154
Figure 23: Proposition construction .....	157
Figure 24: Data presentation and analysis structure.....	168
Figure 25: Reasons for Selection of NAHOTI .....	<b>Error! Bookmark not defined.</b>
Figure 26: Top three reasons for selection of NAHOTI.....	180
Figure 27: Challenges during the educational course .....	<b>Error! Bookmark not defined.</b>
Figure 28: Challenges after course completion .....	<b>Error! Bookmark not defined.</b>
Figure 29: What would you change? .....	183
Figure 30: Students responses on what would they change in NAHOTI .....	<b>Error! Bookmark not defined.</b>
Figure 31: The Dual Roles of NAHOTI .....	220

## **Glossary of Acronyms**

EIU	Economist Intelligence Unit
ESCWA	Economic and Social Commission for Western Asia
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
IADFs	Internationally-Agreed Development Frameworks
ICPD PoA	Programme of Action of the International Conference on Population and Development
ILO	International Labour Organisation
MDGs	Millennium Development Goals
MoTEVT	Ministry of Technical Education and Vocational Training
MoT	Ministry of Tourism
MoPIC	Ministry of Planning and International Cooperation
NAHOTI	National Hotel and Tourism Institute
OECD	Organisation for Economic Cooperation and Development
PBET	Post-Basic Education and Training
PRSP	Poverty Reduction Strategic Paper
SDGs	Sustainable Development Goals
UN	United Nations
UNDP	United Nations Development Programme

## **Glossary of Arabic Words**

Sharia	Body of Islamic law as interpreted by religious figures
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### **A Note to the reader**

A proverb of claimed Chinese origin reads: *“May you live in interesting times”*, cites adversity that is associated with constant changes and unpredictable new circumstances. Such is the predicament that I, as a researcher, had to endure to maintain the relevance and significance of this research in light of the instability and political transitions taking place in my home country Yemen as the research context. This research and thesis were developed in two phases; the first phase took place between 2007 and 2011, and the second phase from 2012 to 2016.

I started developing the research proposal in 2006, and it was further refined as my doctoral courses commenced in 2007 and 2008 under the supervision of Dr. Linda Ellison. Based on my early work and subsequent feedback, in 2009 I realigned the research to further focus the scope of the research and discussions, narrowing down on a specific case study. Empirical data-collection based on this realignment took place mainly during 2010 and in early 2011. However, popular protests and instability associated with events dubbed as the “Arab Spring” forced me to suspend my work on the thesis for most of 2011 and part of 2012. This was a time in which I experienced extreme stress and unprecedented anxiety. I had to relocate my family outside the capital city to a safer location 400 kilometres away, and had to live and work through violent conflict hundreds of metres from my own home and office in a situation of constant power failures and blockaded supply lines. These conditions forced me to defer any work on analysing the collected data and writing up the thesis until a later time.

In April 2012, I relocated with my family to Beirut, Lebanon. Shortly after that, I started to resume work on this research. Needless to say, there were multiple concerns regarding the relevance of the research questions and direction of the thesis considering the profound change in the context. I had to work closely with my supervisors to find new ways of maintaining the relevance of the arguments. This included exploring how the collected data

can respond to the research questions as well as shed some light on the underlying factors to the uprisings, particularly given that students from the case study institution were involved in the popular protests along with their peers of similar ages across all walks of life. This thesis also benefited from the examiners' insightful remarks on structure and arguments that helped guide my presentation of my research efforts, and offer the readers a more meaningful understanding and analysis of the context and the case study.

Today, Yemen continues to face waves of instability and conflict, despite a national dialogue conference that acted as an inclusive forum for discussion in which all major political entities and social groups participated. However, things did not seem to be moving towards the implementation of the dialogue's outcomes, and an armed coup in late 2014 resulted in a new round of violence including a foreign military intervention that has been ongoing since March 2015.

The proverb "May you live in interesting times" is sometimes referred to as a curse, where the word "interesting" implies troubling. The troubles of my beloved fragile country continue as this research arrived at its conclusions. Nonetheless, I sincerely feel that the findings will still be of some relevance once the violence stops and a recovery starts, as this research can shed important light on human capital development processes particularly in transitional environments and in least developed contexts.

**Research Inspiration:**

Following completion of my Master of Science in International Business Management from Nottingham University Business School in 2005, I joined Yemen Times newspaper as an economic editor. One of my first and most interesting assignments was to cover the process of developing the country's third national five-year development plan (2006-2010). That plan included significant emphasis on the concept of building human capital in the country in order to take advantage of the demographic dividend associated with having a large young population, where the national median age was 17 years. The argument was that these young people could potentially be a significant asset to the country, conditional to investing in measures to facilitate their productivity, lest they become an economic liability as idle hands and frustrated young people. The concept of Human capital development was therefore seen as an important instrument to capitalise on this demographic dividend.

Having attended many of the events associated with the plan's development, and having interviewed senior officials and policy-makers on this subject, I shared their excitement on the developmental benefits and prospects of investing in human capital. However, it was quickly evident that there is a mountain of concerns associated with adopting such a relatively new development paradigm, where developing specific human capital policies and enacting actionable and programmatic measures was a challenge for the policy and institutional set-up, with few instruments of measurement to gauge whether the intended development results were being achieved and their impact made tangible on those who need them the most.

In parallel, discussions on the prospects of the tourism sector were equally intricate, as studies on the sector's potential carried significant promise, with forecasts of double-digit growth in the sector because of specific infrastructure investments, and considerable prospects for job creation. However, this also carried a range of caveats relating to post 9/11 trends in global tourism, the overarching security situation in the country, and

externalities that can nullify the gains of such investments. There was nonetheless an overall excitement about the tourism sector's potential and a government willingness to venture into making concrete investments to support its take-off. It was an excitement I personally shared in and pledged to make a personal contribution towards realising.

My excitement about tourism was also driven by my personal experience of seeing the positive results of the tourism industry at a grassroots level. This was based on the story of Hameeda, a widow who was in a dire economic situation in a rural area 45km west of Yemen's capital Sana'a. Hameeda went out of her way to offer catering services for tourists visiting nearby attractions in her traditional home - which happened to be located in the vicinity of a historical castle site. She had started her relationship with the tourism industry by offering home-cooked meals to the drivers of tourism fleets and expanding that to serving tourists with heartily traditional recipes, gaining a favourable reputation and an experience in the local tourism industry.

Hameeda's home-based-restaurant has become an icon and a destination for tourists as well as the local community. The lure of a Yemeni rural experience effectively lifted her family out of poverty, allowed her to become self-reliant and grow her restaurant business as well as provide employment opportunities for other members of the community who sold handmade handicrafts to visiting tourists. Hameeda has effectively become an ambassador for the Yemeni tourism industry and encouraged many others to seek opportunity in this sector, as a career choice and as an endeavour out of unemployment and poverty.

Hameeda's story was yet another reason for me to believe that investments in the tourism sector can yield fruit. If only these investments were systemic, sector-wide and given the support and recognition they deserve, many communities across Yemen can stand to benefit in a similar fashion to Hameeda's community.

**Chapter 1:**  
**Introduction**

## **Chapter 1: Introduction**

As the title implies, this thesis is a case study-based examination of a process of building human capital for the tourism sector in Yemen through education. This introductory chapter is intended to set the tone for discussions within this thesis. It highlights the overall goal and objectives, and lays the conceptual and contextual foundations for the subsequent chapters. The first part of this chapter defines the background setting for the research and its development, while the second part discusses the research strategy, structure, and thesis outline. The introduction elaborates on the choice of topic and sector of the research case study, and anchors it within academic literature on human capital as well as development literature on the role of human capital in the progressive realisation of development goals. This introductory chapter concludes with a discussion of limitations and a summary.

### **Research Context**

Achieving meaningful economic growth in a country is driven by a wide number of internal and external factors, such as natural resource endowments, availability of physical and financial resources, expertise and technology, as well as the existence of opportunities for value-added economic activity and a sizeable productive population. There is a global wealth of knowledge on how these factors interact to stimulate economic growth and development, with varying experience and success stories ranging from North America and Western Europe to East and South-East Asia.

The overarching message is that success in stimulating economic growth and development is largely dependent on how a population can become more productive, and how this population can create and utilize knowledge and skills in transforming time, resources, and inputs into value-added outputs that carry a higher economic value than the inputs.

Based on that notion, this thesis considers the role of knowledge, as gained through education and training processes, in stimulating economic growth and its subsequent developmental benefits, a process that can be described as human capital development.

Literature on human capital development and the returns to education has grown tremendously since the mid-twentieth century, notably due to the work of pioneering academics who coined and introduced the concept of human capital, such as Gary S. Becker (1960) and Theodore W. Schultz (1962). Their work, amongst others, has made fundamental contributions to the literature on human capital development, and further reasserted the continuum between knowledge and education and economic development.

This research was inspired by the concept and the literature on Human Capital—its development, controversies, and its practical applications. This literature includes attempts to define the boundaries of the concept (e.g. Kiker, 1964); attempts to quantify the exact returns to education, knowledge, and skill development using various econometric models (e.g. Schultz, 1975; Grossman, 2000); as well as literature that relates accumulations to human capital to population structure and growth (e.g. Goujon, 2002).

The concept of human capital has also influenced research in a wide array of social sciences, primarily economics. Mincer (1974), for instance, highlighted how the concept gained ground as an increasingly important factor contributing to the productivity and economic prosperity of more developed societies around the world. This premise has contributed to the growth of the human capital research area for much of the second half of the 20<sup>th</sup> century and early 21<sup>st</sup> century (Fleischhauer, 2007).

However, recent literature on human capital included increasing criticism of the human capital approach to development. These criticisms include accounting for the diminishing

returns to education in terms of its role in human capital creation (e.g. Wossman, 2000), and understanding for the impact of externalities such as technology adoption on human capital (e.g. Acemoglu and Autor, 2012). These critiques are driven by the inability to fully account for non-educational factors that influence earnings, the need to quantify social as well as economic benefits and costs to education, and limitations associated with data and attribution of these benefits to specific educational processes.

This discussion has contributed to the rise of the Capability Approach theory pioneered by Nobel Laureate Amartya Sen (e.g. Sen, 2003), which highlights the social as well as economic benefits of education, and how these benefits can vary according to a range of social factors in addition to economic ones<sup>1</sup>. This approach resonated among development practitioners and social scientists particularly in developing countries. For instance, Elyas, Ansari, and Mafi (2012) highlighted the important role of social networks in helping reap the benefits of education and investments in human capital. Their empirical study in the Islamic Republic of Iran revealed that improved access to social capital positively affects opportunity identification by 74% and opportunity exploitation by 40% (Elyas et al., 2012).

Furthermore, in a study by Boccanfuso, Savard, and Bernice (2013) in which the returns to education were examined in a sample of 22 African countries during the period 1970 to 2000, the returns to education remained largely positive and correlated with GDP per capita growth, particularly in relatively under developed countries. The Boccanfuso et al. paper confirms earlier findings from other developing countries such as Cyprus (Menon, 1997), Malaysia (Jamil, 2004), and China (Li, Zhao, and Morgan, 2011), and therefore maintains the validity of the human capital theory.

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<sup>1</sup> A more elaborate discussion on the literature will be presented in Chapter 3 – literature review.

In addition to the rich academic discussion on human capital, a corresponding debate emerged in international development circles on the practical applications of the concept and theory to create and accelerate targeted economic development in less-developed regions of the world. International development organisations, such as the United Nations Development Programme, have given significant attention to the concept at the turn of the millennia, and started advocating for strategies that focus on targeted investments for human capital creation as a key tool to support accelerating human development in much of the developing world (King et al, 2007; Khanna, 2008). This was most evident in the some of the early Internationally-Agreed Development Frameworks adopted by the United Nations, such as the 1994 Programme of Action for the International Conference for Population and Development (ICPD PoA), and the Millennium Development Goals (MDGs) of the year 2000. These frameworks included dedicated emphasis on education with specific targets and benchmarks to be achieved. This continued in Agenda 2030, which had become the international development framework for the period 2016-2030 following its endorsement at the United Nations General Assembly in September 2015.

The emphasis on education for economic development at the global level has led to the development of policies and programmes induced by such Internationally-Agreed Development Frameworks, focusing on developing human capital by international development organisations such as the World Bank and the United Nations (McGrath and Badroodien, 2006; OECD, 2007). In fact, this emphasis among international development organisations allowed for a gradual departure from neoliberal views of economic growth based on the Washington consensus that called for macroeconomic restriction and reduction in governments' social spending. This departure leads to a development model that advocates targeting well-justified social spending as investments in human capital and wellbeing, as evident in the national applications of developmental policies such as Poverty-Reduction Strategic Papers (PRSPs) (Woods, 2001).

Similarly, the discussion on exploring promising sectors for poverty alleviation and accelerating development has expanded to include an interesting mix of policy instruments, ranging from promoting immigration and labour exports in the Philippines (O’Neil, 2004) to technology down-streaming (Cecchini and Scott, 2003), and tourism particularly in an increasingly globalized world (Scheyvnes, 2007). In fact, global expenditure on international tourism has almost doubled from USD 710 billion in 2004, to USD1.34 trillion in 2014 (UNWTO, 2016). And although the share of Least Developed Countries (LDCs ) remains negligible of that, it has grown three folds between 2003 and 2013, from USD 3.3 billion to 10.1 billion, carrying important opportunities for poverty alleviation in these countries (Ibid, 2016).

LDCs are 48 countries that are the focus of international development efforts to accelerate their development. These countries are defined based on criteria that include income, human development status, and vulnerability to shocks (UN-OHRLLS, 2014). These efforts include the Istanbul Programme of Action adopted in 2011, which focuses development efforts to help at least half of the 48 countries graduate from the LDC list (Ibid).

The evidence base for the role of tourism to development is of particular interest; in 2006, the World Tourism Organization has published a compilation of good practices for poverty alleviation through tourism (UNWTO, 2006). Parallel to that an increasing number of developing countries, including LDCs, have been formulating and implementation national tourism policies that carry poverty alleviation goals, such as in Cambodia and Tanzania. These policies include Many of these policies are designed to address structural barriers to tourism, making it more sustainable, and guiding public as well as private innovations and investments in the sector (World Bank, 2013).

Subsequently, governments in developing countries seemed positively receptive to this direction, and partnerships were established to help in the design and implementation of

national policies and programmes of action that build human capital in line with internationally agreed development goals and national priorities. This follows from the hypothesis that such investments will trickle down to society and will improve the productivity and capacities of individuals, resulting in notable improvements in collective wellbeing and national economic development (African Union, 2007; Asian Development Bank, 2010).

Against this backdrop, the government of Yemen has made efforts to focus on human capital development within the country's own applications of internationally-agreed development frameworks. Being a least-developed country, Yemen had the opportunity to benefit from the experiences of other developing and middle-income countries that were able to accelerate economic development through targeted investments in human capital<sup>2</sup>.

Among the key lessons learnt was the importance of adopting a dual approach, where, in addition to larger national developmental plans, dedicated sectoral policies and programmes of action are established. The focus of these policies remained on specific sectors in addition to the mainstreaming of human capital accumulation, thereby potentially leapfrogging specific economic sectors and considerably improving their contribution to national development.

Therefore, the Government of Yemen sought technical assistance and advisory support from several international development organisations in the process of developing its first national development plan (1996-2000). The resulting plan was described as ambitious with broad objectives to upgrade human resources and improving the quality of life through improving healthcare delivery, progressively eradicating illiteracy and increasing education enrolment ratios on one path (World Bank, 1997).

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<sup>2</sup> These efforts are discussed in greater detail in chapter 2 – Context description

The national development plan also included a focus on specific sectors deemed as “promising sectors” to increase per capita incomes, improve job creation, and promote exports (World Bank, 2002, p.21). This World Bank report highlights that although the tourism sector in Yemen is estimated to contribute only 1.7% of GDP in 2002, its annual growth rate averaged 5.3% during the previous decade, adding to that the value-added by hotels and restaurants, which reached 9% in the period 1995-2000. The report’s authors further described the tourism sector as “one of the leading and promising sectors for its ability to provide job opportunities, poverty reduction, and foreign currencies” (Ibid, page 41).

References to the tourism sector have significantly increased thereafter in government rhetoric as well as economic and development policies, including the second and third national development plans. This was also echoed in the programmes of Yemen’s developmental partners; the European Commission (EC) Strategy paper for Yemen stated that *“Tourism has potential, but will require first and foremost an improved security situation, infrastructure, and service levels to attract larger and more stable numbers of visitors”* (EC, 2006, p.15).

This dual focus on human capital was further codified in the Yemen 2025 vision document, which provided the overarching emphasis on making national investments in human capital development systems, as well as the needed investments in the identified promising sectors of Agriculture, Fisheries, Domestic Trade, and Tourism. Among those four sectors, human capital was identified as the most critical investment for the Tourism sector (MoPIC, 2006). One example of this dual focus was in the focus on economic diversification and increasing the contribution of service sectors, such as tourism, to the economy, coupled with targeted investments in expanding the skill base for the tourism sector and tourism education.

### **Why Tourism Education?**

The second five-year national development plan (2001-2005) called for specific measures that will advance the premise of economic diversification, through marshalling investments into a number of selected “promising sectors” to increase their contribution to the national economy. Among the plan’s first actions was to establish a Ministry of Culture and Tourism in 2001<sup>3</sup>, which was tasked to develop a strategic framework to promote the Tourism and Culture sectors. In February 2006, a dedicated Ministry of Tourism was established and tasked to develop its own separate strategy and programme of action. This strategy included nine pillars and built on previous research and assessments of the sector’s needs to fulfil its promising potential. This strategy also included a specific goal of investing in tourism education infrastructure as an application of the human capital theory, mutually supporting the eight other outputs to accelerate the sector’s growth.

Consequently, and in response to the strategy, the Ministry of Tourism collaborated with the Ministry of Technical Education and Vocational Training (MoTEVT) to establish the National Hotel and Tourism Institute (NAHOTI) in September 2006 through a Cabinet decree. The newfound institute received funding and technical advisory support from the World Bank and the European Commission to start its work (Ministry of Tourism, 2007). The goal of NAHOTI was to serve as the primary institution to build human capital for the tourism sector in the country. Although NAHOTI is neither the first nor the only institution that provides training in tourism and hospitality in the country, I selected it as the case study institution for this research given that it is unique in having an explicit mandate that focuses on human capital accumulation. It can also service as an attempt to set an example of modern systems in applied education that ushers a new era of economic development in the country.

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<sup>3</sup> From 2001 – 2006, the Tourism mandate was under the Ministry of Culture and Tourism.

Although NAHOTI was established under joint mandates from the Ministries of Tourism and MoTEVT, its approval by the cabinet of ministers gave the institution an additional two overlapping mandates, from the Ministry of Youth and Sports, and from the Ministry of Social Affairs and Labour. Those mandates relate to the role of NAHOTI in facilitating young people's development through education, as well as improving their employability and labour market integration.

NAHOTI is, therefore, a purpose-built institution create to implement a range of policies concerned with human capital development. It operates within four sectoral strategies and within the overall guidance of national medium-term and long-term developmental frameworks. It was hoped that through studying this institution as a case study, this research will shed light on how Yemen, categorised by the United Nations as a least-developed country<sup>4</sup>, understood the concept of human capital accumulation, and is devising institutions and systems – such as NAHOTI – to maximise human capital gains as a result of applying the concept through develop policies.

However, as the literature review in chapter 3 discusses, one under-explored dimension in such processes of building human capital is the perspective of a key social group involved in the process, namely, the students who engage with human capital institutions and systems through processes of education and learning. Therefore, this case intended to capture how these benefits were perceives from the perspectives of policymakers, as well as that of students involved in human capital development processes. The presumption here is that discussions on the supply side delivering educational and skill development processes through policies, strategies, and institutions must be complemented with discussions on the demand side for these benefits resulting from the processes. The

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<sup>4</sup> According to the United National Department for Economic and Social Affairs, Least-developed Countries are low-income countries confronting severe structural impediments to sustainable development.

demand side discussions should also extend beyond the macro level public and collective benefits to consider private benefits as well, as perceived through the eyes of students who are an important part of the demand side and therefore engage in such educational processes. Students invest time, resources, and efforts in contributing to such processes of human capital development with the expectation of some benefit and gain that drives their behaviour within that process.

Based on that presumption, if Yemen's efforts in this direction were to succeed, policymakers should pay attention to what the perceptions of students at NAHOTI were, their views on the process, and if this process is delivering the results and benefits they expect to derive.

Consequently, this case study research discusses a number of questions and propositions that were formulated in order to capture this information. It intended to report on the thought and decision-making processes that lead to policy design and investment in human capital for the tourism sector to achieve development goals on one hand, while on the other reflect on the perceptions of the students on the value-addition of this educational process and the felt gains in their individual human capital. This study considered a number of determinants such policy goals, progress measurement, as skills and employability, as well as other determinants that emerge from the primary data-collection exercises. Through building this case study, this thesis hopes to demonstrate an important dynamic in the success of human capital development policies and their implementation, particularly in contexts similar to that of Yemen as an LDC.

### **Approaches to Human Capital Research**

Human Capital theory, among other development theories underpinning internationally agreed development goals, indicates that there are substantial developmental benefits to

be gained from investments in education at the public and private levels. This conclusion is the result of significant conceptual and theoretical underpinnings that are substantiated by empirical evidence, discussed in detail in chapter 3. Among the more established tools used to research human capital is the use of various conceptual frameworks to estimate the private and public returns to education through human capital earnings functions that demonstrate a quantifiable gain.

A good example of these functions is the logarithm of earnings, modelled as the sum of years of education and a quadratic function of years of potential experience (Mincer, 1958). The Mincer function explains wages as they relate to schooling and experience, where the wages illustrate the value of the schooling and experience. An application of this function in a global scale reveals that countries in Sub-Saharan Africa have a private return rate averaging 37.6% for primary education, compared to 13.8% in the Middle East and 20% in non-OECD Asia (Psacharopoulos and Patrinos, 2002). This shows that the private returns to primary education are higher in less developed regions.

$$\ln y = \ln y_0 + rS + \beta_1 X + \beta_2 X^2$$

Figure 1: Mincer's Logarithm of Earnings

Newer approaches to human capital research tend to avoid making such generalisations on the returns of education, particularly in the light of criticisms on attribution of gains and assumptions on quality of education and if other externalities were constant. Other literature tried to focus on results from specific and more focused interventions in the build-up and accumulation of human capital, which have a significantly varied impact on the resulting economic growth at both the private and public levels. For example, Goldin and Katz (1998) discussed the positive impact of introducing new technologies on productivity in the early 20<sup>th</sup> century. This highlights that different human capital processes can yield significant benefits; however the amounts of these benefits are based on a wide

range of variables relating to the supply and demand for the acquired skills within a specific context and at a given time (Acemoglu and Autor, 2012).

Even so, the human capital approach can be rather reductionist in the variables it considers, often neglecting factors such as the perceptions of individuals towards the expected economic, social benefits derived from investing in human capital, and the associated level of effort individuals make to gain education and skills and how these perceptions can guide their individual decisions and investments in education and skill accumulation. One of the earliest works to consider the issue of perceptions discussed the foregone market-oriented human capital of mothers as a part of the price of human capital invested in children (Mincer and Polachek, 1974, p107). However, that paper only considered family perceptions as an implicit contributing variable and did not incorporate them into the model. This trend continued in human capital research, thereby remaining largely neglectful of the impact of perceptions towards educational processes on private and public benefits.

This trend to exclude perceptions and cultural factors is understandable due to difficulties associated with quantifying perceptions; Mainly difficulties associated with identifying structural behavioural parameters (Attansio, 1999), and how these parameters can shift the weight of the arguments explaining the gains (or lack of) in human capital according to the context. This is further complicated by how the perceived benefits of schooling can exceed those accounted for by the Mincerian logarithm of earnings function, as a result of accounting for spill-overs and non-quantifiable benefits that might motivate an individual's behaviour in engaging in a human capital development process (Dalmazzo and de Balsio, 2005).

This limitation can partially explain calls by leading scholars such as Amartya Sen and Martha Nussbaum to shift the focus to the individual's capabilities. These calls were picked

up by international development partners such as the United Nations Development Programme for governments to shift the focus from material income growth accounting to people-centred development policies, through their introduction of the Human Development Index in the early 1990s. The index is one attempt to move beyond the monetary returns and focus on other dimensions relating to quality of life and standard of living and other social benefits.

Based on the previous discussion, this issue of perceptions is an area of focus for this research. This research considers the linkages between human capital accumulation and perceived developmental benefits, both monetary and non-monetary, through expanding its scope into the developmental policy realm and its applications in the context of a least-developed country through a case study approach. This research can therefore be described as an experiment in understanding how human capital accumulation processes and their benefits are perceived, against a background of politically-driven policies in the context of linking theory to policy, and linking practices to perceptions.

As discussed in greater detail in Chapter 2, guiding human capital development policies will ultimately depend on a wide array of considerations including the needs of the economy, the demographic structure of the population, infrastructure and resources available for educational processes, the state of the labour market, and other externalities influencing these variables such as overall political stability.

### **Research Purpose**

This research provides a focused discussion and analysis of the process of human capital development and accumulation in Yemen, based on data collected through the case study. The ultimate purpose of this exercise is to inform human capital development policies and programming to achieve developmental objectives. The research will also shed light on the

perceptions of students engaged in the process, and how they see this process benefiting their individual development, thereby helping them improve their skills and employability prospects.

This study derives its importance from two dynamics. The first relates to creating human capital as a means towards collective poverty reduction and employment generation as emphasised in internationally-agreed development goals, examined through their national policy interpretations. In Yemen, for instance, high-level political rhetoric promoting investments in people and creating an enabling environment for the population to realise its potential remains dominant since the Millennium Development Goals were adopted in the year 2000.

Based on this first dynamic, the Government of Yemen, with support from donors and development partners, invested in systems, institutions, and mechanisms for the broad creation of human capital across general educational processes, particularly at the primary education level in line with the second Millennium Development Goal on universal primary education. This was complemented by targeted efforts for the build-up of human capital in specific sectors as a part of post-basic education and training, as was the case in the tourism sector and the case study institution.

The second dynamic relates to the perceptions towards the success of these investments as seen in the eyes of the primary stakeholders to this process, i.e. the students engaged in the human capital development process. This dynamic is important given the important role students play in an educational and a human capital development process and from a human rights perspective as well, based on the contributions of such processes towards the progressive realisation of rights towards economic viability and decent work that require a young person's active engagement (ICESR, 1966). It is also critical from a social psychology perspective, given that there is no abstraction of what human capital is, and

the different ways of accumulating it from the perspective of students engaged in the education process and their priorities in life (Veenhoven, 2000).

Moreover, the success of human capital endeavours require policy makers and students to work in tandem. Noting that in addition to the public investments made, students make individual contributions through their time, efforts, resources, and opportunity costs, which are made to maximise the benefit from education and build their human capital. In fact, these contributions can potentially surpass public investments made and can therefore prove critical for the success of the overall process. The views of both groups of stakeholders (i.e. policy makers and students), are therefore instrumental in building the case study to enrich its discussions and better inform resulting conclusions.

Both dynamics are therefore considered in building the arguments presented here, with added emphasis on understanding whether or not the students engaged in the learning process within the case study institution feel that their institution is contributing to human capital development in the country. This research thus intends to draw findings and form conclusions with potential implications for both human capital theories and development policies.

### **Towards Research Questions**

Based on my knowledge of the context and experiences and a general examination of the literature review on human capital and its benefits, I developed a working hypothesis that investments in education and learning on both the public and private levels yield positive benefits that are anticipated and potentially felt through individual incomes and national productivity, among other benefits. In addition to the expected public benefits towards achieving development goals, the personal investments made and consequential individual benefits are a specific area of interest in this research. However, as discussed earlier, a large body of research has adopted quantitative approaches to understanding and measuring

these benefits using objective methodologies that have their respective limitations. One oft-cited advantage of subjective indicators is that they provide valuable insights into development benefits that are often not captured by conventional objective methodologies.

Therefore, this research intends to adopt the use of subjective indicators to understand the expected benefits to human capital development processes, mainly through perceptions. Use of such methodologies is well established in the literature, particularly in the fields of social development, education, social psychology, mental health, behavioural sciences, in addition to research on specific themes such as personal achievement, perceptions, happiness and well-being, life satisfaction, and quality of life. This will be discussed in detail in the methodology chapter (Chapter 4).

In light of this, this research will discuss how successful NAHOTI was perceived in terms of achieving its mandate and help the nation achieve its development goals, as well as help individual students achieve their respective individual goals in human capital accumulation. The working hypothesis therefore assumes that students engaged in educational processes have their own preconceived ideas on the benefits of engaging in education and expected gains in their human capital. This research supports the view that these perceptions can be better understood through subjective indicators, and that this understanding can inform human capital development policies to improve their viability and maximise the expected benefits on the private and public levels.

Furthermore, considering the research context and the heightened instability since the 2011 uprisings in the country, this research may also be able to contribute to knowledge on the issues and grievances felt by young people in the country from the specific angle of this research focusing on the case study educational institution.

As such, this research intends to address one overarching goal, namely to examine the factors deemed critical for success in building human capital for the tourism sector to achieve developmental goals at the national as well as the individual levels. This leads to the following reflections on potential research questions:

1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?
2. What are the views of NAHOTI's students towards human capital processes in the institution?

This research considers the case study of NAHOTI in answering these questions, and in that course, it intends to shed light on a wide range of emerging issues of relevance. Therefore, these research question proposals evolve and are further refined following the literature review.

### **Thesis Structure**

This thesis consists of three parts. This first part includes the first three chapters. It begins with this introduction, followed with a synopsis of the research context, and a discussion of literature on human capital development. It aims to prepare the reader to understand the research context, and to anchor this research within the relevant literature on human capital and its accumulation processes. This part also discusses the establishment of NAHOTI as the case study institution, its mandate and different processes intended to implement respective components of overarching policy frameworks. It also presents and discusses some theoretical foundations for the application of the human capital development concept and its applications through internationally agreed development frameworks and goals, and interpretations at the national level.

The second part of the research discusses the methods used in building the case study, covered in the fourth and fifth chapters. It presents and justifies the framework for building the case study, including the data-collection strategy and choice of tools in response to the several research propositions that emerged from the literature review and context discussion, and were thereafter formulated for use in building the case study. This part also presents findings from the empirical data-collection exercises, including a presentation of the results of primary data-collection exercises, based on the case study framework.

The last part of the research provides analysis and further discussion of the case study. It includes chapters six, seven and eight, and highlights some of the key findings of relevance to the research questions. It responds to the key arguments raised in the first part of the thesis and the research questions. This part also includes conclusions and policy implications for future research.

### **Thesis Outline**

The thesis has eight chapters. Following this introductory chapter, a second chapter introduces Yemen as the country of context; it provides a descriptive account of the country's formation and governance structures, situation of the tourism sector, moving on towards presenting the policies, strategies and strategic frameworks related to human capital development, and finally the case study institution. This chapter aims at providing a comprehensive overview of the unique nature of the research context as an LDC adopting developmental principles that will help the country's endeavour in building human capital for the tourism sector, which is the premise of this thesis. It also discusses the policies and strategies that influence human capital development in the country within the context of the tourism sector and the case study. This chapter also includes an update and some discussion on the political turmoil in the country following the 2011 uprisings, which has a continuing impact on human lives as well as human capital development processes.

The third chapter includes a review and presentation of literature of relevance to the definition of human capital, the development of the concept, and the importance of human capital within development literature. It highlights the theoretical and conceptual frameworks for the build-up and accumulation of human capital through education and learning processes, which forms the basis for subsequent discussions within the thesis. The chapter then moves on to discuss select empirical evidence on human capital, the role of tourism in development, and highlights some gaps in knowledge that leads to the development of the specific research questions that are addressed in greater detail in this thesis.

The fourth chapter focuses on the research methods and methodology. It discusses the choice of methodology in light of the research questions, and presents the strategy for undertaking the research from the development of the hypothesis to the undertaking of primary and secondary data-collection processes. This chapter also describes the flow of arguments and relationships among secondary data sources and the role they played in the development of the tools for the primary data collection to address the research questions.

The fifth chapter presents findings from the empirical data based on the case study methodology. It is based on inductive research principles to discuss five propositions formulated to populate the case study framework. It mainly includes the primary data collected from the key informant interviews as well as that from the student interviews and focus group discussions. Information presented in chapter five is discussed in the sixth chapter, which discusses how NAHOTI was framed as an instrument to achieve particular development goals as intended and reported by interviewed policy makers. This chapter also highlights the key messages iterated by students in relation to their perceptions of NAHOTI and their role in human capital creation to advance development.

The seventh chapter includes an analysis and a discussion that focuses on a number of specific issues that emerged from the case study, of particular relevance to the frustrations and concerns of the students with the educational process and larger developmental position and career endeavours. These emerging issues will be considered given the background of the uprisings and role young persons have played in engaging in protests to express their frustrations.

The eighth and last chapter provides a synopsis of key findings and conclusions, and provides a range of policy implications and recommendations for future research. Annexes to the thesis include a list of references, ethical clearance and consent forms, data-collection tools, and other relevant materials.

### **Research Limitations**

This research has a considerable range of important limitations, which can be discussed in three categories. The first category includes the need for progressively narrowing down and refining the research focus in order to formulate meaningful research questions that are viable to be addressed through the research. This required reducing the research's scope from the larger human capital development processes in the country, to focusing on tourism education, and again within tourism education to focus on a specific case study institution, as a specific educational process, and within a specific timeframe, and thereby narrowing the emerging research questions accordingly. This limits the ability to generalise any of the findings from this research and implications to human capital development processes in other institutions, sectors, as well as at the national level and the level of such underdeveloped and countries.

The second category of limitations relate to the development of a methodology that can overcome data-collection constraints to address the emerging research questions, in order

to maintain the integrity of the research in full compliance with the University of Nottingham's ethical standards and requirements. This is important from two perspectives. The first is to be able to capture and reflect subjective opinions about the human capital development process in a systematic manner, which required a degree of judgement on the part of the researcher to link various responses to the most relevant research proposition. The second perspective relates to protecting the identity of key informant respondents who were involved in the case study's creation and management, and allowing them to express their perceptions and opinions freely without fear of reproduction through maintaining their anonymity. This approach was first endorsed in March 2008, and again approved by the University's research ethics committee on 11 March 2013 based on the updated research ethics guidelines.

The third and perhaps most important category relate to the instability and volatility of the research context, particularly since the 2011 uprisings. The data for this research was collected immediately prior to the uprisings, and is therefore rooted in a social and political environment that has not experienced the challenges and transformations associated with the uprising and conflict. Therefore, the findings will require further revalidation given the continuing instability in the country, and the impact it may have on the perceptions of students towards NAHOTI and human capital processes in the country.

**Chapter 2:**  
**The Research Context**

## Chapter 2: The Research Context

This chapter gives a contextual background to this thesis through presenting a descriptive account of the national context, policy-making processes, as well as stakeholder engagement mechanisms involved in creating human capital with specific reference to NAHOTI as the case study institution. The discussion of the context focuses on the period up to 2011, given that the bulk of the policy framework to build human capital was created in the decade preceding the uprisings, and that the primary data was collected mainly in the period 2009-2011.

This chapter includes three sections. The first sets the overall scene in Yemen as the wider research context, and provides an overview of the developmental challenges the country continues to face. The second section focuses on how human capital development is envisioned to address the developmental challenges in the country, with particular reference to the case study institution and policies governing its work. The third section discusses the degree of success the case study institution has had vis-à-vis its mandates, goals, and underlying developmental challenges. Figure 2 below illustrates the flow of discussion within this chapter.

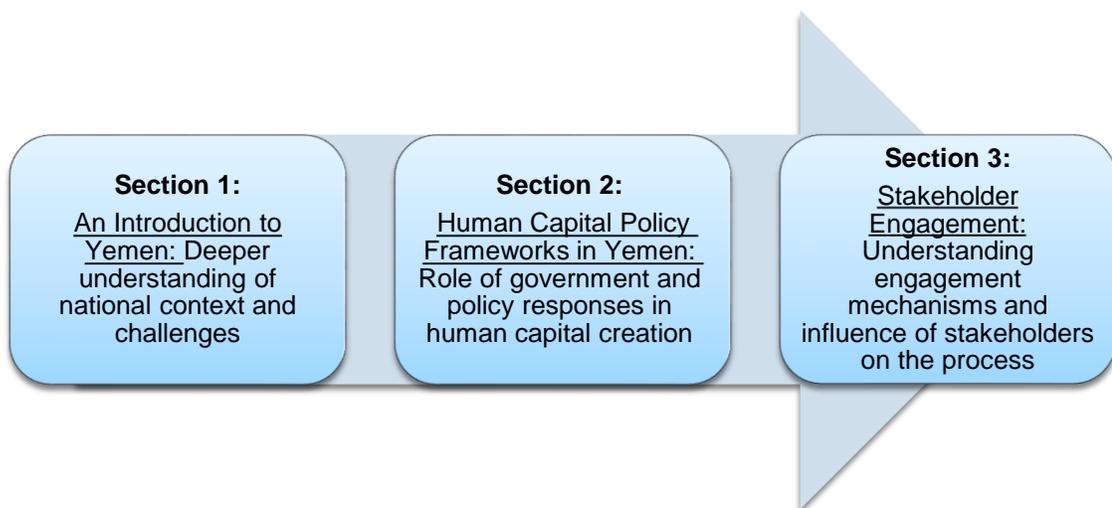


Figure 2: Presenting the Research Context

### **An Introduction to Yemen**

Strategically located in the cross-roads between Asia and Africa at the Southern tip of the Arabian Peninsula, Yemen has a long and proud history dating back to 2300 BC. In the ancient world, the country was relatively prosperous given its fertile grounds and its location on the land-based trade route between the Horn of Africa (Askum). Southern Arabians were involved in the incense trade leading to the Silk Road, and were also engaged in maritime trade from Java and Southeast Asia to the Western ends of the Indian Ocean.

This made Southern Arabians in present day Yemen wealthy as a result of trade in goods destined for lands beyond the Arabian Peninsula (Dept of Ancient Near East Art, 2000). Furthermore, the kingdom of Hadramout, situated in South-eastern present-day Yemen was the world's largest producer of frankincense, while trade also included precious metals, pottery, textiles, and other objects (Seland, 2014). This prosperity also benefited from relatively organized governance systems in key trade locations such as the Yemeni ports of Qana, Mocha, and Aden in different eras.

These factors contributed to Yemen being considered among the more prosperous parts of Southern Arabia and labelled as 'Arabia Felix': *"European travellers in the 1930s commented upon the new palaces in Shibam, Sayune, and Tarim. These featured doors of teak, bathrooms equipped with showers and toilets from the East Indies, and were furnished with Indian rocking chairs, oriental carpets, Javanese beds and mirrors, all of which had been transported from the coast to the interior on the backs of camels"* (Frietag, 1999, P. 30). Yemen also had relatively more organised socio-political structures divided across tribal lines, which encouraged labour specialization and segmentation in a cast-like system, and governed the engagement in economic and trade activities through land and sea (Blumi, 2012).

However, in the two centuries, Yemen experienced a series of transformative events that changed its fortunes. Yemen was politically divided in two regions, Northern Yemen, which was under Ottoman control between 1849 and 1918, and the South under British control between 1838 and 1967 in different forms. The north achieved autonomy from the Ottoman Empire in 1918 and established a conservative theocracy known as the *Mutawakkilite* Kingdom of Yemen with a Zaidi-Shia monarch. A revolution backed by Egypt in 1962 established the Yemen Arab Republic. In the south, the Aden settlement was established to serve the refuelling and logistics needs of the British Navy acting as a foothold for further expansion. The British established bilateral arrangements with another 13 mini-states and sheikhdoms in the surrounding hinterlands to be administrated as British protectorates through negotiated treaties. Following the Aden Emergency and the withdrawal of British troops in 1967, the protectorates established Federation of Southern Arabia which become in 1970 the People's Democratic Republic of Yemen, adopting a socialist system.

The 20<sup>th</sup> century was a time of significant unrests in Yemen. Territorial disputes between the Mutawakilite kingdom and Saudi Arabia in the north and the British protectorates in the south, in addition several attempted coupes and localized conflicts in different parts of Yemen. Furthermore, Ideological differences between the regimes of North and South Yemen after 1960s were fuelled by the cold war, leading to conflict between the States in 1972 and 1979. Both conflicts were resolved with a view to unifying the country as a popular aspiration, as well as citing multiple economic and political interests. However, the collapse of the Soviet Union, which was providing economic and political support to South Yemen, accelerated the unification process as an escape to the future. In November 1989, a one-and-a-half page unification document was signed and the Unified State was announced on 22 May 1990.



Figure 3: Map of the Republic of Yemen following unification

However, the period between 1990 and 1994 saw heightened political tensions between the two unifying regimes. These tensions ended with the South announcing a unilateral withdrawal from the unification agreement, followed with military action in 1994 by the North that resulted in a winner-take-all victory for the Northern leadership and the exile of Southern leadership.

The decade following the brief 1994 war experienced relative stability, until a new round of conflict took place in the Northern-most region of the country, the heart-bed of Zaidi-Shia population. Between 2004 and 2010, six rounds of conflict took place between a militia known formally as the Believing Youth Faction, or informally as 'Houthis' and the State. Localized political violence and tensions also emerged in the South in 1997 and 2007-2011, when a separatist movement known as 'Hirak' started to organize and undertake regular protests accompanied with sporadic guerrilla attacks on security sector institutions. Although the reasons behind both conflicts vary and are complex, authoritarian decision-making have fuelled social exclusion and resentment against the regime (Adra, 2006).

Against this background, by 2011 the environment was ripe for an uprising inspired by the examples of Tunisia and Egypt. Student movements led the protests and demanded the resignation of the government and President Ali Saleh. President Saleh was president in the North since 1978 and had led the successful military campaign against the south in 1994, however his decision to enforce a brutal crackdown on the students and protesters has resulted in defections and a split in the military apparatus, and a seven-month civil conflict ensued. A transitional peace agreement signed in November 2011 allowed for a fragile political process to take place, but that process was not able to achieve tangible results apart from removing president Saleh from power and holding a national dialogue conference organized by the United Nations. In September 2014 a coup co-led by Ex-President Saleh and the Houthi militia took place that initiated a second round of civil conflict in the country, drawing neighbouring countries to intervene militarily in April 2015.

#### **Yemen: From Arabia Felix to an LDC**

This instability, among other reasons, has progressively diminished the prosperity and wellbeing of the country, transforming what was known once as Arabia Felix to a Least Developed Country (LDC) with serious developmental challenges. This prompted the government to repeatedly undertake different ranges of measures to remain a viable State in the last two decades. These measures manifest themselves in national five-year development plans. The first plan started shortly after the North-South war in 1996, and included a number of harsh macroeconomic reforms towards undertaking structural adjustments in the economy. Examples of these adjustments are privatisation of State's assets, reducing social spending and subsidies, and investing in infrastructure for growth, including education and human capital (Burke, 2012).

In one way, implementing these measures meant that the country had a real chance to achieve praiseworthy progress towards the Millennium Development Goals (MDGs). Yemen was one of eight countries selected by the United Nations Millennium Project for a

2004 pilot study to assess the size of investments and Official Development Assistance (ODA) needed to achieve the MDGs. A more elaborate study by the United Nations Development Programme in 2005 has found that Yemen needed between \$ 25 and 30 billion over the period 2005 and 2015 to achieve the poverty-related quantifiable targets of the MDGs (Kakwani et al, 2005). The Yemeni government projected the actual funding gap to be \$1.8 billion per year within its MDG needs assessment (MoPIC, 2005, p.4). However, a 2006 donors conference for Yemen pledged only \$ 5.7 billion, and less than 40% of these pledges were actually realized, citing donor concerns associated with limited absorptive capacity, corruption, and uncertainty related to the overall political and security environment (Jamal, 2014; Burke, 2012).

Abo Al-Asrar (2013) elaborated that the donors cited the incompetency of the government institutions to absorb funding, lack of government cohesiveness on policy issues, and absence of budgeted programmes, as main challenges to channel the funds, while the government cited challenges in retaining competent personnel and issues with the effectiveness of aid distribution. These issues are symptomatic of an LDC with important ramifications on the government's ability to design and implement sound developmental programmes. (Ibid, 2013)

As categorized by the United Nations, there are 48 countries in a comparable situation from a development perspective worldwide. The LDCs identification includes per capita gross national income, social development status (human asset index), and the population's vulnerability to shocks. A 2012 review on the status of LDCs has indicated that Yemen was one of seven countries that have a reasonable chance to pass the LDC graduation threshold by 2020 (Kawamura, 2014). However the destruction associated with the latest round of conflict (2015-) requires a re-assessment of this notion.

The impact of these reforms and MDG programmes was slow, particularly from the perspective of the most vulnerable population groups that had to endure rising inflation. The shock associated with the global food, financial, and fuel crisis in 2008, caused further grief because of inflated food prices (Behrendt et al, 2009). It was further compounded by the demographic pressures associated with unprecedented levels of youth unemployment, which reached 44% in 2010 (ILO, 2013).

Given the increasing hardships felt by the population and frustration with the performance of government institutions, popular dissent was on the rise. In response to this dissent, the government had imposed new constraints on freedoms and political space. For instance, the parliamentary elections planned for 2008 were postponed for two years to facilitate negotiations on a new power structure, which was perceived as a political manoeuvre for the regime to maintain control. This climaxed in 2010 when the head of the ruling party's parliamentary block proposed a package of constitutional reforms that tightens their grip on power and removes term-limits for President Saleh, causing a political uproar and an precedent degree of tensions.

A recent reflection on the MDG implementation in Yemen indicates that Yemen had a genuine chance to achieve meaningful progress particularly towards the first MDG target of halving poverty (UNESCWA, 2015, p.41). However, they were let down by the international community which provided Yemen with little assistance. Yemen received \$19 per capita in Official Development Assistance in 2008, compared to an LDC average of \$48<sup>5</sup>. Yemenis were also let down by their own leadership; a Security Council report, which imposed sanctions on former President Saleh due to his role in the recent coup, stated that he amassed a fortune reaching \$60 billion during his 33 years in power (UNSC, 2015, S/2015/125). That fortune is double what the country needed to halve poverty.

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<sup>5</sup> Net ODA received per capita, current USD. World Bank sourced from OECD countries.

Despite being once known as Arabia Felix, decades of conflict and poor governance have cemented Yemen as a Least Developed Country (LDC). This is due to the severe structural impediments to achieving sustainable development, and the institutional limitations that cripple the country from achieving its potential. Therefore, LDCs should be targeted by the international community with technical assistance, resources, and support to overcome these impediments.

### **Setting the Scene: National Development Context<sup>6</sup>**

Yemen today is the poorest country in the Middle East and North Africa. It ranked 160<sup>th</sup> out of 184 in the Human Development Index for 2012 (UNDP, 2013), and it is USD 7.7 billion in debt (2014). Almost half of the population suffers from food insecurity, while the proportion suffering from extreme poverty hovers around 16 percent (WFP, 2012). An estimated two million school-age children are outside of the educational system, while the national electric grid reaches less than 40% of the population (World Bank, 2013).

According to the Economist Intelligence Unit, the macroeconomic situation even before the most recent war was dire (EIU, 2013). The government was unable to achieve meaningful economic growth since 1990, as real per capita<sup>7</sup> Gross-Domestic Product (GDP) was barely able to crawl up from US\$ 1,837 in 1990 to US\$ 2,145 in 2012. This meagre per capita growth is largely attributed to rapid population growth and development of the extractive industries sector. Furthermore, consumers continue to experience waves of hyperinflation in the prices of basic goods and services due to interruptions of supply lines, macroeconomic mismanagement, and the impact of global economic shocks such as the 2009 global increases in food prices (Behrendt et al, 2009).

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<sup>6</sup> The discussion in this section uses the most recent data available given the ongoing conflict.

<sup>7</sup> Constant 2005 International US Dollar. Source: World Bank, International Comparison Programme Dataset.

These challenges, among others – particularly conflict, limited the ability of the country to achieve meaningful progress towards the Millennium Development Goals (MDGs) and sustainable economic growth. The Yemen MDG progress report for 2010 explicitly highlights the impact of intense demographic pressures, where the population has increased from 11.8 million in 1990 to near 27 million today, and is expected to increase by another ten million by 2030 (UN-DESA WPP, 2012). These demographic pressures are further compounded by the country’s history of recurrent violent conflicts that result in destruction of productivity assets and population displacement, undermining the role of government institutions in delivering social services, and limiting the capacity to stimulate economic activity after economic and social shocks, notwithstanding the increasingly larger and more vulnerable population groups (JSEA, 2012).

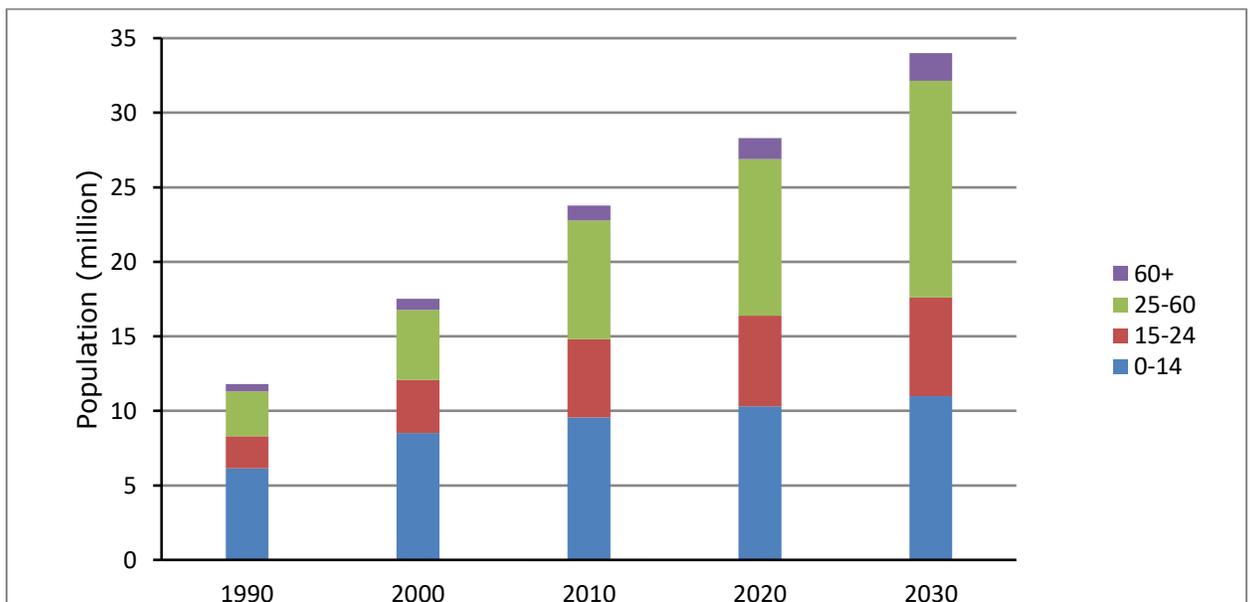


Figure 4: Population of Yemen by Age Group Source, World Population Prospects, the 2012 Revision

Figure 4 elaborates on the nature of the dual population and under development challenge facing the country. While the working age group of 25 – 60 years has tripled in size between

1990 and 2013, economic stagnation and underdevelopment did not facilitate job creation for this growing age group. This resulted in significant hardships for young people, where 52% of the discouraged job seekers were in the ten-year age group between 15 and 24 years of age (ILO, 2010).

Similarly, the capacity of the educational system, particularly tertiary education, needs to keep up with the increasing numbers of young people because of this demographic growth. Tertiary education also has the added challenge of quality development to help graduates join an increasingly more competitive labour market with fewer opportunities. In fact, Yemen's national developmental plan was largely influenced by a political motivation to improve the country's performance and achievement on the MDGs. Hence, particular emphasis and investments were directed at primary education in response to MDG 2 on achieving universal primary education. Therefore, primary school enrolments, although still lagging, have increased significantly, while gross tertiary education enrolments have declined in real terms between 1999 and 2013, where the percentage of young people with access to tertiary education declined from 11% to 10% (UNESCO, 2014).

### **The Development Challenge**

The combinations of poverty, population growth, conflict, and ineffective governance have comprised a significant challenge for policy-makers and development workers in the country. For one, pressures on both the educational system and the job market were already immense and were most felt by the young people adding to their frustration and disenfranchisement, thereby contributing to the vicious cycle of underdevelopment. Policymakers were increasingly aware of urgent action needed to release these pressures, including considering enacting creative policy options to address this situation.

This dynamic is particularly affected by the rapid population growth driven by as significant gender gap, limited access to sexual and reproductive health services such as family

planning, and the slow improvements in child mortality (UNICEF, 2012). This causes the population to double every 22 years as described in figure 4, which requires the school system to grow by 300 percent in 25 years just to cope in facilitating access to schooling, therefore increasing its absorption capacity from around 3 million pupils in 1990 to 10 million in 2025. Furthermore, the labour market needs to create an additional 15 million jobs during the same period, keeping in mind maintaining the wage level and providing a just return to individual investments in education. This population growth continues to create immense pressure on social services, basic infrastructure, and the labour market.

In parallel, shortcomings in the quality of education have a considerable impact on the future of the workforce and its capacity to be productive and engage in value-added economic activity in the country, particularly given both the young population groups and the bottom-heavy population structure (LEAHY-MADSEN, 2010). These population pressures present a dilemma for policy-makers in how to adopt a developmental response to this demographic situation, where such a young population requires substantial investments and expansion of social services across all life stages from infancy to old age. At the same time, there is a need to capitalise on productivity rewards because of a demographic window of opportunity where a larger young population can contribute more to social wellbeing and prosperity, therefore presenting indisputable opportunities for development from a human capital theory point of view.

Indeed, the ongoing transition in Yemen's demographic pyramid (illustrated in figure 5) indicates a gradual increase in the percentage of working-age population with a reduction in the numbers of dependent children and elderly population. This transition results in a lower dependency ratio and an overall increase in savings, investments, and per capita income (ESCWA, 2008). However, this issue is highly dependent on the country's capacity to capitalise on this demographic window of opportunity and invest in the development of tomorrow's workforce and economy. One approach is through sustained investments to

expand the productive capacity of the population by a system of education and learning, thereby contributing to the accumulation of human capital in the country.

There is a wide range of factors that limit the ability of Yemen to reap the demographic window of opportunity, which are related to prevalent cultural norms within Yemeni society in general, and the role of women in particular. Manifestations of this are seen in the lower enrolment rates amongst girls and young women in schools and a significant gender gap in labour market participation. Although these important issues are touched upon in this thesis, they warrant their own research undertaking and are therefore not a major focus of this research.

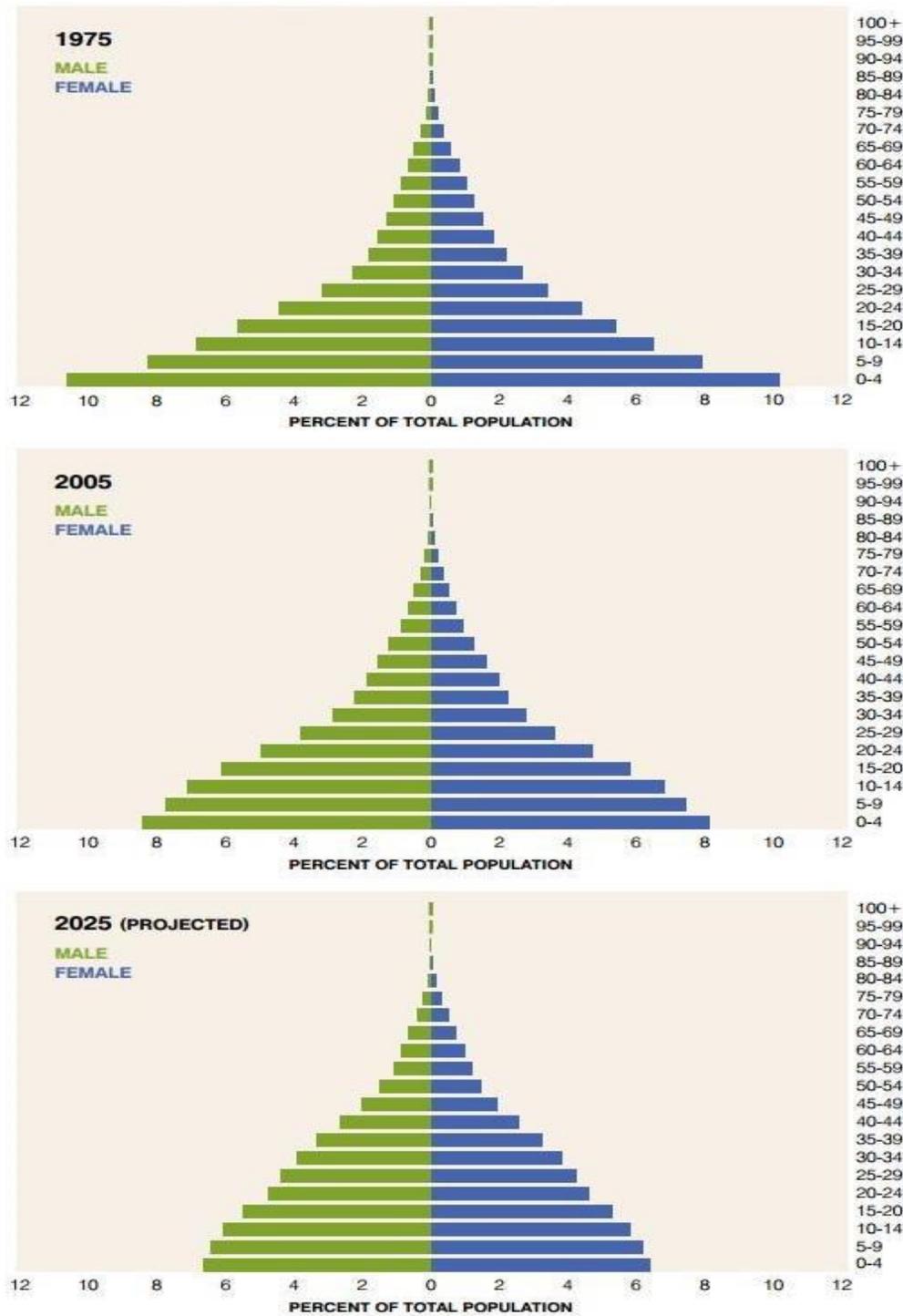


Figure 5: Population growth in Yemen. Leahy-Madsen (2010).

## **Tourism in Yemen: A Tool for Development?**

Sustained growth of the tourism sector led it to become a leading economic sector worth USD 919 Billion in 2010, with a robust diversity within its subsectors (UNWTO, 2013). This growth is experienced in various parts of the world, including developing countries, leading to a more even and equitable economic world order (Mihalic, 2015). In fact, the United Nations World Tourism Organization has announced the year 2017 to be the year for Sustainable Tourism for Development, and the UN General Assembly included tourism within development targets within the Agenda 2030 for Sustainable Development (UNGA, 2014).

Yemen is one of many countries that is looking at the tourism sector to help it address its development challenges. Being an LDC, the country faces complex challenges affecting its development prospects. A 2002 multivariable analysis on living standards and poverty indicated that real rapid and sustained growth is difficult to achieve in Yemen due to two reasons. The first is the population growth rate, where the oil-driven growth averaging 5.5% between 1995 and 2000 translates in real terms to 1.5%. While the second is that productivity growth in that same period was negative due to the undiversified nature of the economy and lack of improvements in non-oil output (World Bank, 2002a).

This required the proposal of a range of new economic policies that focus on diversification of the economy, with a focus on most value-added sectors. The second five-year development plan (2000-2004) has put heavy emphasis on tourism, transport and communications, and financial services sectors to achieve annual growth targets of 11%, 9%, and 12% respectively. Tourism was singled out as a potential employer particularly for youth, as research by the World Tourism organization indicates that the proportion of youth (15-24) employed in tourism is significantly higher than any other ten-year cohorts, ranging between 19-38% of total employment in 16 surveyed countries (UNWTO, 2004).

The World Travel and Tourism Council expect that by 2023 30% of all employees in the tourism sector will be between 15-24 years of age (WTTC, 2012).

In Yemen, employment opportunities in tourism seemed indeed promising, between 1999 and 2013. The percentage of employed persons in Hotels and Restaurants<sup>8</sup> increased from 1.2% to 2.6%, compared to a total growth in employed persons of 12.9% in the same period. This indicates that around 11% of all newly employed persons were employed in this subsector during this period on average.

According to World Tourism Organization Statistical database, the number of international arrivals to Yemen has also increased significantly, increasing from 58,000 in 1999 reaching to 990,000 in 2013 (UNWTO, 2014). This increase is the result of a wide number of measures, including active tourism promotion, Visa-abolishment for citizens of neighbouring countries, and the efforts of the Ministry of Tourism in organizing and promoting the tourism sector.

### **Yemen's Educational System**

Yemen's educational system is governed by the General Education Law of 1992. This law identifies two educational paths—namely, formal and non-formal education. The formal education path covers four stages, starting with preschool (up to 6 years), primary education (ages 6-14), secondary education (ages 15-17), and tertiary education (age 17+). The non-formal education includes literacy programmes, dropout rehabilitation, and out-of-school youth learning and education programmes. Figure 6 illustrates the stages of the formal education system.

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<sup>8</sup> Hotels and Restaurants only, as categorized by the International Standard Industrial Classification of all Economic Activities, revision 3. Data sourced from Labour Force Surveys 1999 and 2010.

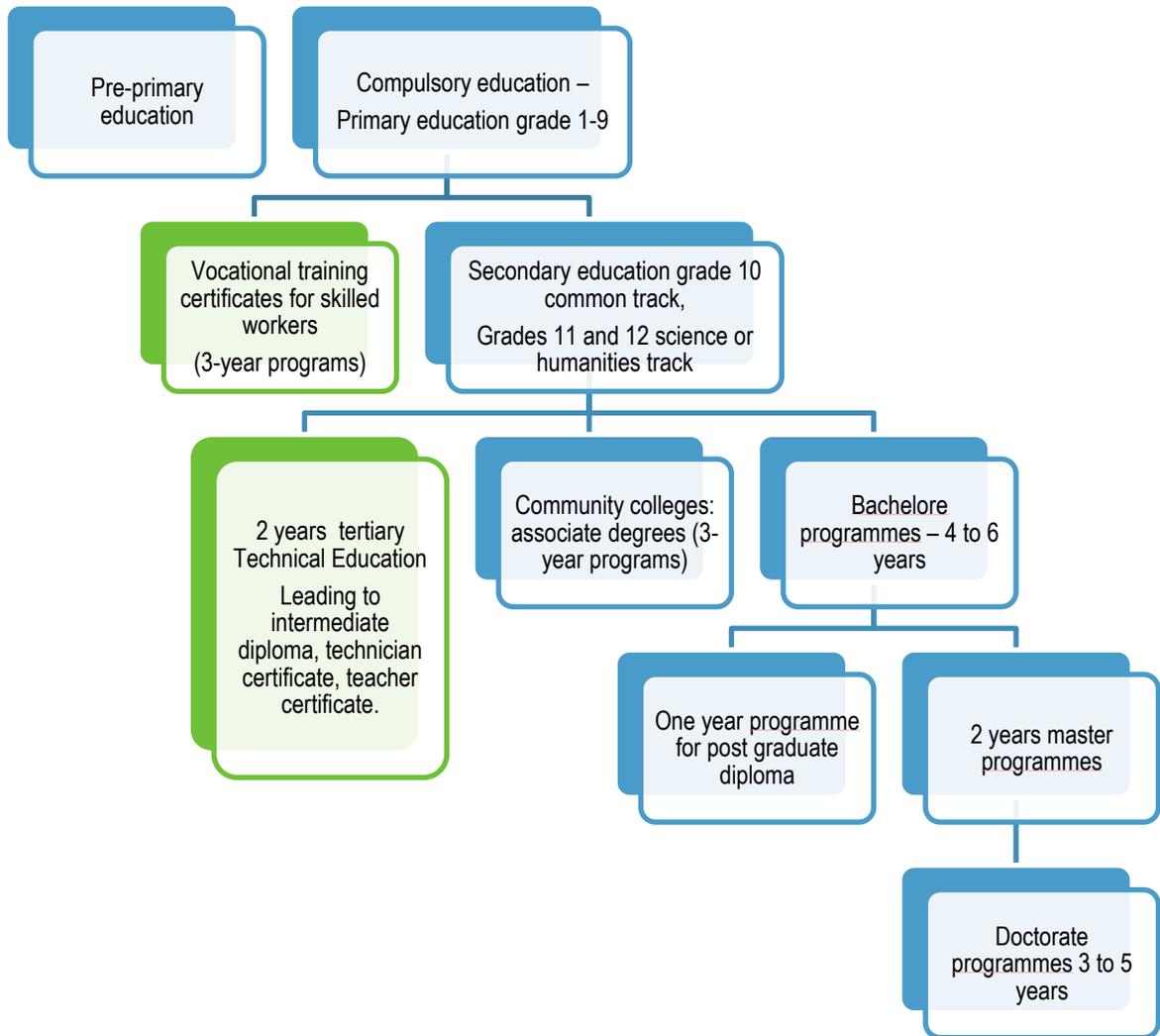


Figure 6: Formal Educational Pathways in Yemen

Based on the 1992 law, Yemen has developed a number of multi-agency cross-sectoral national strategies to improve access to both formal and non-formal education channels. Examples of these strategies include the 1998 Illiteracy Eradication Strategy, the 2003 Basic Education Development Strategy, and the 2006 Secondary Education Strategy. Such cross-sectoral strategies benefited from comprehensive government support, the creation of tailor-made mechanisms for implementation, as well as assignment of mandates to various central and local government entities involved. Evidently, such work has helped decrease the adult illiteracy rate from 66% in 1994 to 36% in 2010, while primary school enrolment rate increased from 56% in 1999 to 76% in 2011 (UNESCO, 2013).

However, in other dimensions of education that did not enjoy cross-sectoral strategies, respective government agencies responsible for specific educational processes developed their own programmes of action. For instance, the Technical Education and Vocational Training Strategic Development Plan developed in 2004. This plan aimed at expanding the percentage of pupils enrolled in vocational training institutions from 2.2% in 2003 to 15% by 2014, from the total number of secondary education graduates (MoTVET, 2004). However, there was little success in such expansions, and this number increased only to 4.1 % in 2011 as figure 8 suggests (UNESCO, 2013).

Furthermore, linkages and synergies within the educational system are largely fragmented. Educational paths within and beyond primary education are not only lacking in capacity and quality but are also increasingly serving a screening function that may be inconsistent and disconnected from previous stages in education (JESA, 2012). This can partially explain the survival rate to the last grade of primary education, standing at 76% of pupils (UNESCO, 2010). Pursuing education further diminishes beyond primary education, where just over 15% of secondary education graduates pursue higher education. Figures 7 and 8 illustrate the discrepancy between secondary and post-secondary education.

It must be noted that the data used precedes the most recent conflict in Yemen, as there are concerns on the reliability and validity of data given the impact of the conflict on population movement, damage on school infrastructure, and use of schools as temporary shelters for displaced populations.

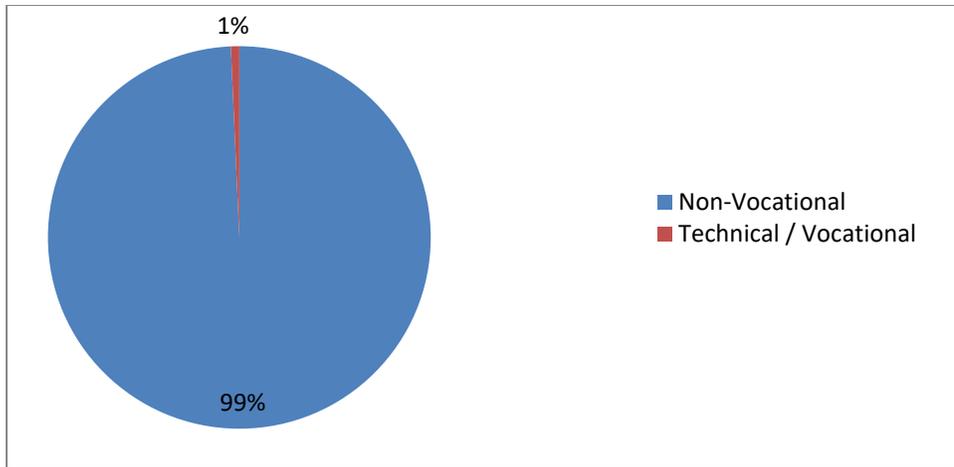


Figure 7: Enrolments in Secondary Education Programmes (2011)

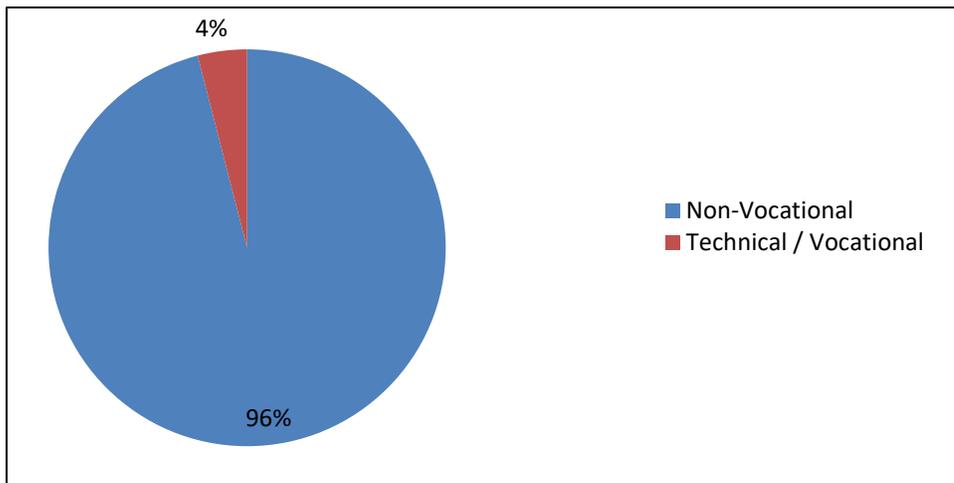


Figure 8: Enrolments in Post-Secondary Education Programmes (2011)

Furthermore, the greater outreach and expansion of primary and secondary education was achieved at the expense of quality. The 2010 Yemen Education Status Report highlighted that 4<sup>th</sup> grade pupils face difficulties in reading that hamper their academic progression and achievements in later years (World Bank, 2012b). Figure 9 illustrates the results of the 2006 Multiple Indicator Cluster Survey in Yemen, which revealed that although learning achievements for girls are higher than that for boys, the quality of the outputs of the educational system are globally inferior. It would take ten years of education to guarantee that a young woman living in rural areas would be able to read a simple sentence without difficulty (MICS, 2006).

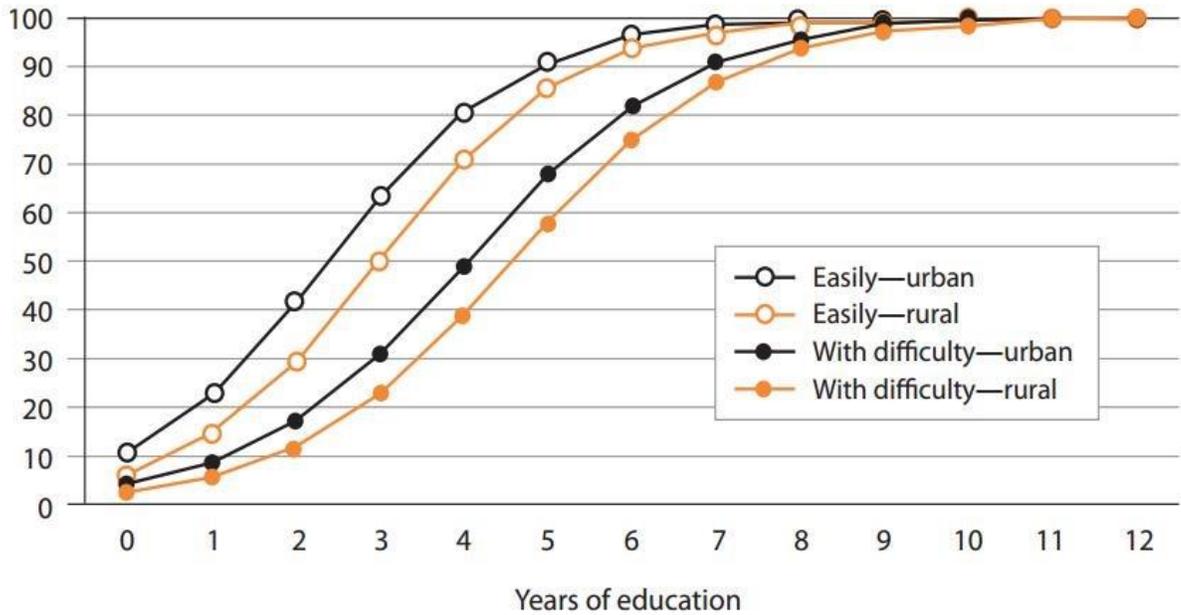


Figure 9: 15-49-Year-Old Females able to read a simple sentence easily.

Moreover, the results of the 2011 Trends in International Mathematics and Science Study Assessment (TIMSS) indicated that Yemen was the lowest scoring country among all countries participating in the survey, with a score of 248 points on the Mathematics scale in the fourth grade, improving to 348 by the sixth grade, but still in last place.

Such quality issues manifest themselves in the Technical and Vocational Training educational pathways as well, with an average passing rate of 73 % in 2011 (MoTVET, 2013). Government-sponsored vocational training is delivered through a total of seventy-six technical education and vocational training institutes. The passing rate among post-primary vocational training was the lowest, which stood at 62 %, increasing to 77 % in post-secondary technical education. Assessments of educational outcomes seem to focus on accessibility of education and enrolment levels, however one study focusing on educational outcomes and repeaters indicate that 16 – 26 % of primary school pupils were repeaters in 2006 estimates (World Bank, 2010), which indicate particular difficulties associated with successful progression.

It therefore appears that the holistic cross-sectoral policy development and implementation approach was able to yield some results in improving the expansion of basic education and increasing enrolment. However, the approach seems to be focused the enrolment numbers of young children, looking to help improve Yemen's position on the second MDG of achieving universal primary education, while the quality dimension and focus on adolescents and young people was neglected.

### **The 15-24 Year-Olds Demographic**

Given that most entrants into the job market undergo this transition within the age bracket of 15 – 24 years, the following discussion will focus on this demographic, defined by the United Nations as 'youth' (UN-DESA, 2007). However, within the context of this research this demographic group will be referred to as young people based on the terminology used in national literature and policies referring to them as young people.

Upon completing nine years of primary education, a young man or woman has to make a choice, to either transition from school to the job market directly, or delay that transition to pursue secondary, tertiary, or vocational educational programmes. As figure 4 suggests, 23 % of Yemen's population (5.3 million) are in this ten-year age group (WPP, 2012), out of which 1.9 million are students. The vast majority of these students are enrolled in non-vocational secondary education programmes, while the number of pupils enrolling in vocational training institutions did not exceed 22 thousand pupils in 2011 (MoTEVT, 2012).

The 2010 Child Labour Survey reveals several insights into this demographic, with particular emphasis on their transition from school to work. The survey results indicated that 48.1 % of all young people are neither in education and training nor in employment. The survey indicates that this high percentage is due to the lack of absorptive capacity at post-

secondary educational institutions, while their primary education and skill base did not prepare them for the saturated job market. Consequently, most of these young people rely on their families and communities for sustenance.

Furthermore, the survey indicated significant variance among different governorates in the country, where the percentage of young people neither in school nor at work ranged from 36 % in the capital city Sana'a, to 64 % in the most eastern governorate of Mahara. This variance is closely correlated with the availability of post-primary education infrastructure.

The situation is particularly challenging for young women, where this percentage increases from 48.1 % to 74 %. This corroborates with the data on the gender gap in primary education, where the ratio of female to male enrolment in primary education stood at 81:100 in 2007, and drops to 42:100 in post-secondary education (World Bank, 2013). The survey cites illiteracy, limited skills, limited employment opportunities, and social and cultural restrictions as among the key factors contributing to the gender gap and the challenges facing young women in Yemen.

Despite these challenges, there is no policy to facilitate the transition of young people of both genders from school to the workplace. Meanwhile, the challenges associated with preparing graduates of primary education for further education and the workplace are compounded given the demographic pressures, quality of education concerns, conflict and unrest, and limited job creation particularly in decent work opportunities in the underdeveloped and largely informal economy of Yemen (Omeira, 2013).

### **Transition from School to Work**

Three sectors comprise 60 % of employment opportunities for young people, namely, agriculture, retail and domestic trade, and construction and housing as figure 10 suggests.

The 2010 Child Labour Survey by the International Labour Organization (ILO) further highlighted that 76 % of employed young men are workers willing to accept any wage-based work, including in the informal economy, rather than being self-employed due to capital requirements and inherent risks involved (ILO, 2013). The survey also highlighted the low employment of women as a crosscutting issue in all occupational categories, where the absolute figures of salaried young women is 22 times lower than those of males, on average.

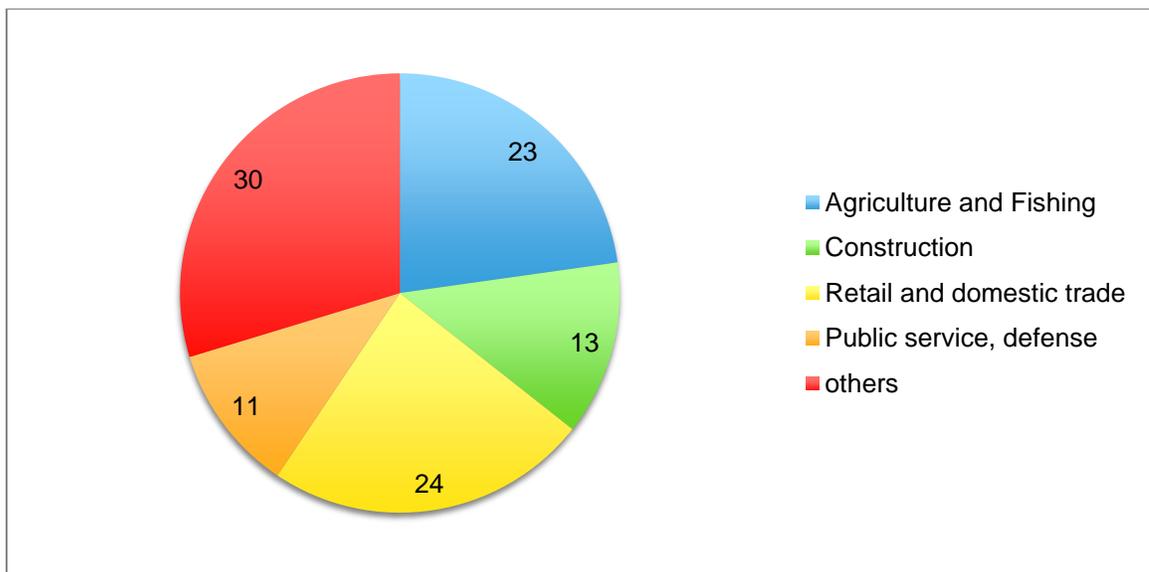


Figure 10: Young people Employment Opportunities by Sector.

The data from the survey also revealed interesting insights about the vulnerability of young people when transitioning into the job market. The survey indicated that 49.1 % of all young women already employed in the formal job market do not have the security of an employment contract, while nepotism and social networks are the decisive factor in finding employment among young people.

According to the 2010 survey, 75 % of young people have less than secondary education, while the national unemployment rate among young people stood at 34 %, which is three times higher than the adult unemployment rate of 11 %. However this unemployment is

particularly chronic among less educated young people, where 15 % have been looking for work for more than two years, and another 60 % did not even recall how long they have been looking for work. The survey therefore highlighted a vicious cycle where young people from disadvantaged socioeconomic backgrounds, who were already deprived of access to post-secondary educational opportunities, are also deprived of employment opportunities due to their limited social capital, and also constitute the majority of the unemployed young people.

A study for the ILO by Omeira (2013) used a 3-pillar criterion of the availability of healthcare, pension, and paid leave to map the size of the informal economy as reported in the 2005-2006 household budget survey. The study concluded that 91.4 % of the job market employed informal economy workers according to this criterion. The study further highlighted that 94 % of the total number of organisations in the economy are, by definition, micro and small enterprises employing five workers or less.

Literature on economic growth establishes a negative correlation between the size of the informal economy and economic growth prospects, where policies and economic incentives to improve economic growth face significant challenges in trickling down within an informal economy (Sachs and Warner, 1997). To complicate the challenges further, Yemen's largely informal economy is more vulnerable to shocks given the limited capacity of the government to exercise macroeconomic instruments to mitigate the consequences of economic crisis. As Breisinger et al (2011) have indicated that the poverty rate in Yemen increased from 34.8 % in 2006 to 42.8 % in 2009 in the light of the food, fuel, and financial crisis of 2008.

In the light of this, the government of Yemen has embarked on a plan of economic diversification and modernisation, with the objective of expanding the economic base and enabling substantial investment into certain sectors for purposes of job creation and

improving these sectors' contributions to the GDP (MoPIC, 2009). This plan is known as the "Economic Diversification Plan," targeting the sectors of Agriculture, Fisheries, Domestic Trade, and Tourism. This plan and its intended goals are discussed in the next section.

However, it must be noted that the ongoing crisis in the country have not only limited the government's capacity to implement its development policies, but also have increased the degree of vulnerability and hardship within the population. Given the protracted conflict in the country, there is a limited number of empirical or comprehensive assessments on the developmental costs of conflict and instability in Yemen since 2011. Nonetheless, the UN Humanitarian Response Plan for 2014-2015 claims that 14.7 million persons are in need of humanitarian assistance in the country, which increased to 21 million with the protracted conflict extending into 2016 (UNOCHA, 2015).

### **The Youth Uprisings**

January 2011 was the turning point of the Arab uprisings in Yemen. Students and other young people led the uprisings to vent their frustration and disenfranchisement. These frustrations often resulted from the poor quality and inadequate access to socio-economic opportunities, as well as the limited access to decision-making processes and political life. For these young people, the universities acted as the launching pads for the students' protests (Durac, 2012). Being met with excessive force from the security apparatus, the civil movement has turned into a full-fledged revolution in reaction, with the objective of toppling the regime (UNDP, 2011). In response, students blocked entry into the country's largest university (Sana'a University), and set up tents for a permanent protest at the university's entrance junction, labelling it 'The Square of Change'. The square had attracted a large influx of young people as well as other socio-demographic cohorts into the protest, growing in double-digit numbers daily, expanding twenty-fold within six weeks (Al-Sakkaf, 2011).

It was not until November of 2011 that a peace agreement was brokered, after months of recurring violent conflict, continued civil unrest, and hyperinflation. The peace agreement resulted in forming a coalition government, presidential elections, and a two-year transitional period that included a national political dialogue as well as a dedicated dialogue with young people (IFES 2012). The transitional period concluded with a relapse into conflict in 2014, when tribal militias took over most of the northern regions of the country, and orchestrated a coup in September 2014. In 2014 a regional coalition led by the neighbouring Kingdom of Saudi Arabia took part in the conflict in Yemen, and the expanded conflict resulted in a new humanitarian crisis across the country (OCHA, 2015).

Nonetheless, the uprising and associated turmoil highlighted a surprising level of political maturity among the young people. The protests allowed them an opportunity to express their opinions, vent their frustrations, organise civic engagement campaigns, and voice their position on a wide number of socio-economic and political issues (UNDP 2011b; ICG, 2012). The resulting discourse can be described as a massive public education campaign on issues of governance, development policy, and the role and responsibilities of the state.

This spin-off campaign and associated issues have significance on the scope of this research, for they relate to self-awareness, knowledge and perceptions of the surrounding environment. The issue of economic viability and employment is key to Yemeni young people noting their unemployment rate of 44% (ILO, 2013), but the question remains of how successful the educational policies and programmes related to the case study institution were in achieving their objectives of building and accumulating human capital, as seen through the eyes of young people.

To sum up, young people found themselves larger in number, lacking sufficient access to educational facilities, and therefore marginalised when they enter the job market given their inadequate skills, a limited number of work opportunities awaiting them, and an

overall volatile environment. This dynamic crippled the country's capacity to capitalise on its demographic dividend, leaving millions of young people frustrated and disenfranchised as a result. The government of Yemen has shown some understanding of this issue, and has designed a number of policies intended to advance the young people of the country and empower them to become productive members of Yemeni society. However, implementation of these measures was not met with the urgency it deserved considering the imminent change about to take place in the country (Al-Sakkaf, 2011).

The next section discusses human capital policy frameworks designed to address many of these issues.

### **Human Capital Development Policy Frameworks**

Building on the preceding discussion, this section will focus on the proposed remedial efforts and government policy responses as well as institutions to build human capital in the country. We begin with a discussion of the legislative bases for national developmental policies, before discussing a number of specific development policies that intend to contribute to the process of human capital creation in the country generally, and in the context of the case study institution.

#### **Legal Bases**

The Republic of Yemen has a complex pluralistic legal system that consists of a unified formal state law based on civil codes, working in parallel with a historically strong informal legal system that is based on a fusion of Islamic Sharia law and tribal custom. Both formal and informal systems advocate education and learning, raising the social status of teachers and educators and praising scholars.

The 1991 constitution, while amended in 1994 and 2001, continues to affirm the obligation of the state to support, invest in, and protect educational facilities and premises in partnership with society. Article 32 of that constitution stipulates that education is a basic pillar for building and developing society; however, it also indicates that facilitating engagement in education is a joint responsibility shared by state institutions and society. Article 53 of the constitution further elaborates on this joint responsibility, indicating that the state must provide infrastructure for basic education as well as expand technical and vocational training to provide the appropriate environment for helping people develop their aptitude across all fields. The same article also stipulates that all citizens have a right to education, and that pursuing basic education is obligatory for all members of society.

### **Review of Development Policies**

In 1995, a clear manifestation of investment in people appeared within the context of the country's first five-year developmental plan (1996 – 2000). The plan had an objective dedicated to achieving sustainable improvements in the productivity of the population through investments in educational processes and other social services, with a view to addressing the needs of a growing population (World Bank, 2002, p.12). This plan included addressing the population growth phenomenon, which was the world's second highest in 1990, exceeding 5% annually and reaching 8.6 children per woman<sup>9</sup>. This supported the work of the recently established National Population Council to serve as a *“think-tank research institution to provide policy-level advisory support on issues relating to slowing down the population growth rate and helping social service sectors improve the quality, accessibility, and breadth of social services to the population, with a view to achieving the human development targets of the country”* (Text from Cabinet decree No 2 for 1993).

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<sup>9</sup> World's second highest after Palestine (West bank and Gaza). Source: World Population Prospects, Population Division of the United Nations Secretariat, the 2010 revision.

By 2000, public expenditure on the education and training sector had doubled during the course of the strategy's implementation to reach just under 18% of the public investment programme (IMF, 2002). However, the majority of funds were directed to investments in infrastructure construction and facilities to absorb additional students, with objectives focusing on primary education and illiteracy eradication. Unfortunately, it was evident that the plan did not give due attention to the technical aspects to deliver quality education such as curricula development, teacher training, and other soft components of the educational system.

### **2001 – 2005 Five Year Plan**

The second socio-economic development plan (2001 — 2005) was the first to propose concrete recommendations that explicitly included objectives relating to human capital development (MoPIC, 2006). It resulted in a number of directives to strengthen the skill base of young people and understand more about the national labour market. The second five-year plan had the hallmark of producing a long-term development agenda known as Yemen Vision 2025. This vision document established overarching development goals to guide national policy-making and introduced results-based management, and it also included a dedicated goal on human development in Yemen.

The plan's main emphasis, however, was on GDP growth, improving fiscal sustainability and enhancing the tools to manage monetary policy in the country, which included reducing subsidies on a wide range of consumer items including food and fuel. The plan intended to expand the government's fiscal space, and control price fluctuations and inflation. It also included specific mitigation measures to shield the local market from fluctuations in global prices, given the dependency of Yemen on international trade to secure almost all of its primary consumption needs.

From a human capital development perspective, the plan also identified a serious discrepancy between vocational training and higher education graduates, where the ratio stood at 1:17, respectively. The comprehensive education survey of 1999/2000 indicated that there were only 1,456 male pupils and only 180 female pupils enrolled in all vocational training and technical education programmes in the country, representing only 1.5% of the capacity of the educational system at the time for the young people age group (MoE, 2001). This vast gender gap between young men and women is a key limitation that crippled the advancement of women in the country and reinforced the inherited gender gap through reproducing male-dominated social structures in the country. This was an important dynamic of great relevance to this thesis, but falls beyond the space available for this research as it tackles a range of complex cultural issues that influence gender relations.

In response to this discrepancy, a ministry for Technical Education and Vocational Training was established in 2001, and a 10-year strategy for vocational training was formulated in 2004 with the objective of increasing the capacity of the technical education and vocational training system to absorb 15% of primary education graduates. The focus of this strategy was to introduce new vocational education routes, curricula, and programmes to improve the skill base in the country, and thereby build human capital.

Also in 2004, the International Labour Organisation supported the development of a National Employment Agenda for Yemen, which provided a strategic framework for employment in the country (ILO, 2004). The National Employment Agenda was based on the labour force survey of 1999 and the labour force demand survey of 2003 in Yemen, and was formulated with the purpose of addressing growing unemployment, particularly among young people (MoPIC, 2006).

## **2006 -2010 Five-Year Plan**

The 2006 – 2010 socioeconomic development plan (third five-year plan) included specific directives to accelerate progress towards the MDGs. This plan was more comprehensive than its predecessor, and devised a Public Investment Programme focusing on the MDGs, poverty reduction, as well as strengthening social service delivery in the areas of education and health (MoPIC, 2006). The third five-year plan was the first to refer to social cohesion, solidarity, equal opportunities, and improving the standard of living for all Yemeni citizens across all age groups.

Within the framework of this plan, a National Strategy for Childhood and Young People was developed to address a wide range of socio-economic issues specific to younger members of society. This strategy included a stand-alone component that focused on young peoples' needs and priorities in the country, and provided a range of recommendations for the economic empowerment and social wellbeing of young people as productive members of society (MoYS, 2006).

On the Economic front, the five-year plan continued its focus on GDP growth, improving fiscal sustainability and enhancing the tools to manage monetary policy in the country. The plan further highlighted the need to diversify economic growth away from a dependency on the extractive industries sector. Following extensive analysis of the economy with support from the United Nations Development Programme (UNDP), four sectors were identified as meeting the criteria of potential to yield a substantially higher rate of return to investments, employment growth, and competitiveness. The identified sectors were agriculture, fisheries, domestic trade, and tourism. The plan's intentions were to promote business expansion vertically across the value chains in each of the four sectors, and horizontally within the sub-sectors. A framework to develop four sectoral strategies for each promising sector was endorsed in 2009.

### **2011-2015 Socio-Economic Development Plan**

The fourth socio economic development plan for 2011-2015 was largely an extension of the third five year plan, with an expansion of the emphasis on social protection to mitigate the impact of the food, fuel, and financial crisis on the population (Behrendt et al, 2009). Sharp increases in food prices have affected the food consumption patterns of two-thirds of the population, and particularly hurt the working class and the poor and thereby making them more vulnerable (WFP, 2009). This plan called for establishing a universal social protection floor for all citizens, and it included several special measures to maintain the developmental gains so far and address their reversal among the poor and most vulnerable (MoPIC, 2011).

The plan's implementation was faced with several obstacles that can be attributed to financing the proposed social protection measures, while fiscal sustainability was particularly hurt by modest GDP growth, a decline in oil production, and the unrest associated with the Arab Spring events. This plan was effectively shelved in the summer of 2011 and replaced by the 2012-2014 transitional programme, which accompanied regime change following the uprisings in the country.

### **2012-2014 Transitional Programme and beyond**

Following the Yemen uprisings, a coalition government was formed in late 2011 tasked with facilitating the country's political transition. Although the transitional programme focused primarily on immediate needs such as re-establishing rule of law and responding to the humanitarian crisis resulting from conflict, it maintained human resources development and responding to young peoples' aspirations as a top priority given their role in the protests (MOPIC, 2012).

The measures proposed in the Transitional Programme aimed at addressing the compounding effect of under development and facilitate young peoples' participation in decision-making processes. This policy document was the first to refer to a consultative process where young people were to formally engage with policy and decision-makers on addressing the underlying causes of their disenfranchisement and frustrations, and contribute to meaningful political change in the country through established processes and institutions.

However, the implementation of the 2012-2014 transitional programme faced a multitude of challenges related to the continued instability and violence that took place in the country since 2011. A military coup in September 2014 resulted in an escalation of conflict towards a full-blown civil war in March 2015.

The focus in this thesis will remain on the period leading to the uprisings. The subsequent detailed discussion will move from the national development frameworks to the specific policies that had a more direct influence on the mandate and operation of the case study institution. These are the Tourism Sector Strategy, the Technical Education and Vocational Training Strategy, the young people component of the National Childhood and Young people development Strategy, and the National Employment Agenda.

### **Review of Sectoral Strategies**

This section will discuss four sectoral strategies in order to illustrate how, collectively, these strategies contribute to the build-up and accumulation of human capital in the tourism sector. This part looks at two dimensions of each strategy: namely, the problem identification and the strategic response. The section will conclude with a discussion of how these various policies interplay within the context of this thesis' case study institution. Figure 11 below illustrates the policy mandates governing NAHOTI's operation.



Figure 11: NAHOTI's strategic framework (Author's Illustration)

### **Tourism Sector Development Strategy**

In recognition of the relatively recent contributions of tourism to Yemen's economy and potential for growth, the Ministry of Tourism was formed in 2003. The ministry had a limited mandate focusing on organising the sector, outreach, and tourism promotion. The initial results of the ministry's work were very promising, where the number of tourists increased from 154,667 in 2003 to 382,332 in 2006, and the income derived increased from US\$ 139 million in 2003 to US\$ 309 million in 2006 (MoT, 2007).

However, prospects for growth in the sector are significantly hindered by the limited infrastructure and service capacity to service a larger market and customer base, which resulted in the concentration of tourism revenues in three governorates (out of 21) and the limited capacity of the sector to cater for the different needs of the tourists. A 2004 joint study by the World Bank and the European Training Foundation called for the establishment of a vocational training facility in partnership with the Ministry of Vocational Training and Technical Education in partial response to the sector's capacity constraints. The study also provided specific recommendations on the institutional mechanism for tourism training which served as a blueprint for the institution's formation (World Bank / ETF, 2004).

However, increasing security constraints associated with localised conflicts, and the kidnapping of tourists for ransom have had a negative effect on the tourism sector and threatened its role and prospects in the economy (MoT, 2011). This called for the development of a dedicated strategy designed to address these threats to the sector in a comprehensive manner and develop coping mechanisms and revival schemes to minimise volatility associated with these externalities.

In 2010, and as a part of the Economic Diversification Plan, a strategy for sustainable tourism development in Yemen was developed. This strategy had three pillars of action, which are summarised in the following three points:

1. Increasing visitor numbers: through increased communications, improving Yemen's image as a tourism destination and countering negative publicity, designing packages to target different interest tourist groups such as adventure and eco-tourism, and diversify the tourism attractions to expand the number of tourism days per visitor.
2. Increasing community benefits in areas hosting tourist attractions: support local job creation, awareness, conservation of tourist attractions, strengthen local capacity for community policing and protection of tourists.
3. Private sector development: through providing concessions, financial aid, supporting the organisation and the skill base within the sector, as well as expanding investments in infrastructure for expansion of touristic facilities and improving the operating environment.

Although some elements of this strategy were already under implementation prior to the strategy's development, the uprisings and associated instability have effectively halted the implementation of the strategy.

## **Technical Education and Vocational Training Strategy**

The motivation to develop a national Technical Education and Vocational Training (TEVT) strategy was derived by the relatively small percentage of TEVT graduates (MoTEVT, 2004). The strategy document cites the need to satisfy national development objectives and the priorities of different economic sectors associated with skills. It identified a mismatch between the outcomes of the educational system and the demand for skills in the economy across a large number of sectors. It further concluded that the capacity of existing TEVT institutions was limited, fragmented, under-utilised, and of low relevance to the labour market.

The strategy also singled out the inferior quality of TEVT education and a lack of quality standards. It also highlighted several issues relating to the limited number of trainers, infrastructure inadequacy, the need to overhaul and update training equipment, and the establishment of vocational guidance and career counselling. In summary, the strategy indicated that the TEVT sector is largely underdeveloped and increasingly irrelevant to the economy. It therefore based its action plan on the findings of the 2003 labour force demand survey, which identified the skill shortage to guide investments in TEVT, with a focus on seven sectors, with tourism joining as the eighth sector with the establishment of NAHOTI.

Endorsed in 2004, this strategy acted as a roadmap to govern the work of the Ministry of TEVT. It translated the mandate of the ministry into action plans, and was designed to address four issues within the span of ten years. These four issues are summarised in the following four points:

1. Developing the overall vision for TEVT in Yemen. This vision aimed at improving the responsiveness of the technical education and vocational training sector to the needs of different stakeholder groups, including students and the job market. It also included emphasis on creating equity of access, whereby the option of pursuing

TEVT becomes increasingly available to young people from various economic and social backgrounds.

2. Strengthening the institutional capacity for organisation and service delivery, through the adoption of improved administrative processes, use of information and communications technologies, further development of internal procedures, and improving the financial position of the ministry to finance its operations.
3. Establishing direct linkages with the labour market and involvement of the private sector in informing programme design and curricula development. This link will be achieved through a dedicated labour market information and analysis system to build the confidence of employers in TEVT and improve the relevance and quality of TEVT programmes for the needs of the labour market.
4. Investing in TEVT infrastructure, quality of education, and modalities of training through a competency-based training approach, paying specific emphasis to skill development, certification of skills, and standardising qualifications.

As a part of the strategy's implementation, the Ministry of TEVT inaugurated Yemen's first dedicated National Hotel and Tourism Institution (NAHOTI) in 2006. NAHOTI had a starting capacity of 120 students in two technical diploma programmes, in Tourism Management and in Hotel Management.

### **National Childhood and Young People Strategy**

The National Childhood and Young People Strategy included three components, each focusing on one age group: 0-5 years, 6-14 years, and 15-24 years. This discussion will focus on the latter age group, defined as Young People. The strategy has adopted the premise of the demographic window of opportunity, where investments into this age group in a young society would yield rewards through the influx of capable and productive members of

society to the workforce, thereby generating a demographic dividend (Pool, 2010). Following that premise, the strategy had four objectives, which are summarised below:

1. Developing and implementing a Young People Employment Action Plan to increase their participation in the labour market.
2. Strengthening young peoples' national identity and participation in decision-making processes.
3. Increasing the options for young people to engage in productive, useful, and positive leisure time activities.
4. Providing support to young people in the area of reproductive health.

The mid-term review of the strategy has concluded that the strategy was not able to achieve most of its intended objectives, attributing this failure to the lack of a dedicated implementation modality and an accountability framework. The review further indicated that the situation of young people has changed since the strategy was conceived, and called for redesigning the strategy in a responsive manner that is more relevant to the most recent changes in the national context (Al-Tairi, 2013).

### **National Employment Agenda**

The national employment agenda was developed in collaboration between the ILO, Yemen's Ministry of Social Affairs and Labour (MoSAL), the Yemen federation of chambers of commerce, and the Yemeni Labour Union. The Agenda singles out the Small and Medium Enterprises sector (SMEs) as the engine driving employment creation in the country, and called for enacting a wide number of active labour market policies designed to expand the business-enabling environment for SMEs and promote their growth, particularly in selected labour-intensive sectors (ILO, 2009). Furthermore, the Agenda indicated that improving the quality and relevance of both vocational as well as secondary education systems is critical to enabling the young people to compete in the job market.

The Agenda included a chapter on education, training, and human development, and highlighted an array of prioritised actions for implementation, with specific emphasis on young people employment. MoSAL formed a technical committee to incorporate the Agenda into the fourth five-year development plan (2011–2015) given the cross-sectoral nature of recommendations that required a government-wide approach. However, and given the uprisings in the country, the fourth five-year plan was not implemented, and in its place a stand-alone National Programme for Young people Employment was designed in 2013 (ILO, 2013).

### **Strategy Implementation and Monitoring Modalities**

Each strategy document carried its own implementation framework that corresponds with the scope and mandates of the strategy, the roles of the key government and partner implementation institutions, and the financing and implementation capacity of the respective institutions and agencies to be able to deliver on the strategy. The implementation modalities specify the lead government agency that coordinates the implementation, negotiates budget allocation for the strategy, and reports on the implementation to the cabinet. The Ministry of Planning and International Cooperation (MOPIC) as well as the Central Organisation for Control and Audit (COCA) have monitoring and verification roles to ensure the authenticity and actual delivery on the strategies' outputs and results.

The mid-term review of the third five-year plan (2006-2010) highlights a number of fundamental constraints that limited the ability to deliver on the intended results of the plan (MoPIC, 2009). For example, the strategy aimed at boosting the growth of the tourism sector by 12 % annually in the period 2006-2010 given the low starting point. However, the actual growth averaged 3.8%. The cited reasons behind the shortfall were due to insecurity, high costs of transportation, and an overall difficult operating environment (MoPIC, 2009,

P 52). The mid-term review did not discuss actual gains in human capital resulting from the implementation of various relevant policies, but focused on reporting on specific indicators in the education system such as student enrolments, and number of educational facilities setup, such as NAHOTI.

Nonetheless, the establishment of NAHOTI was included in the implementation plan of the second five-year development strategy (2000-2004), and tasked the ministries of Tourism and Culture (later became the Ministry of Tourism) as lead implementing agency, in close collaboration with the newly formed Ministry of Technical Education and Vocational Training.

### **The Role of NAHOTI**

The government of Yemen, with support from development partners and guided by internationally-agreed development goals, has designed and enacted various national and sectoral policies and strategies designed to achieve development. It created institutions and subsidiary bodies intended to implement these policies, and achieved, at best, mixed results towards the expected gains in human capital. However, these efforts did not specify what these exact gains are, making the measurement of progress towards them particularly challenging.

NAHOTI is a purpose-built institution that was designed to accommodate 240 students enrolled in four courses—namely, two post-primary vocational diplomas in tourism and in hospitality, and two post-secondary technical diplomas in tourism and in hospitality management. Each diploma includes four semesters, while the post-secondary technical diplomas include additional modules on managerial aspects.

NAHOTI's mandate and work were endorsed in both the second and the third five-year developmental plans. It was also endorsed in the sectoral strategies of the Tourism Sector and the Technical Education and Vocational Training, in addition to being endorsed by the strategies for young people development and employment.

However, the official documentation and literature reviewed indicate some inconsistency on the precise role and functions of NAHOTI. While references to human capital development and supporting the growth of the tourism sector are comparable, there are several subtle differences. One important difference is that the tourism sector strategy seems to discuss the role of NAHOTI in providing human capital in a wide range of areas, which were beyond the focus areas of the institution, such as Tour Operations Management, as indicated by a policy paper (Al-Hadda, 2004) identifying the role of NAHOTI, summarised here:

1. Respond to private sector's needs in human capital, in the areas of tourism, hospitality, travel agents, and tour operators;
2. Improve the employability of Yemenis in hospitality and tourism sector;
3. Train national tourism and hospitality cadres to replace expatriate workers;
4. Create educational opportunities in hospitality tourism for 270 pupils;
5. Limit overseas training costs for Yemeni cadres in tourism and hospitality;
6. Train its own administrative staff in management;
7. Train its own tutors on the training curricula for its own.

However, the administrative decree for NAHOTI's operations, issued by the Ministry of Technical Education and Vocational Training (MoTVET) lists largely overlapping goals for NAHOTI. This decree, issued in May 2005, lists ten goals that also include particular emphasis on targeting youth enrolments, working with the private sector, and improving

outreach with stakeholders. It also refrains from setting quantifiable targets for the number of pupils, but creates two supervisory bodies which are responsible for steering the institution's work and approval of its work plans. These committees are

a. NAHOTI's Advisory Committee: This seven-member advisory committee meets twice a year to discuss the performance of NAHOTI. It is headed by the Minister of Technical Education and Vocational Training, with the membership of government as well as non-government tourism sector stakeholders.

b. NAHOTI's Council: This council is headed by NAHOTI's dean, and includes its senior administrators. It focuses on the overall management of the institution and reports to the Minister of Technical Education and Vocational Training.

While these two structures give the MoTVET near-dominant control over NAHOTI, the Ministry of Tourism influences the institution through the Advisory Committee, and, more importantly, through a third structure, namely the NAHOTI Project Board. This board was created as a coordination structure to channel support and resources to NAHOTI, and includes development partners as well as other stakeholders.

This issue of understanding the role of NAHOTI in human capital policies is a critical research area for this thesis. Therefore it will be explored further through the development of the research propositions regarding the policy making process that lead to the establishment of the institution, and what expectations and perceptions policy makers have towards the educational outcomes emerging from NAHOTI in the context of human capital creation.

### **Stakeholder Engagement**

The MDG Acceleration Framework had stipulated that developing countries "employ an indicative and consultative process that avoids prescriptive recommendations and brings

together partners from across disciplines and sectors” (UNDG, 2011, p.17). The framework indicated that this consultative process is critical to create ‘shared commitments’ with clear roles and responsibilities for all stakeholders.

Literature on stakeholder engagement in policymaking in Yemen is limited. The third five-year development plan referred to consultations with civil society and stakeholder groups during the formulation process (MoPIC, 2005, p17). Although there is no further reference to the methodology adopted or results from the consultative process, or whether the consultation has advised or prompted the review of any elements of the plan.

An examination of the National Tourism Development Strategy document, developed through support from UNDP, revealed that a consultative process was supported by the UNDP office, however just 3 out of 26 stakeholders engaged in the process represented non-government and private sector organisations working in the tourism sector (UNDP, 2011). This highlights not only the limited avenues for stakeholder engagement, but also the composition of stakeholders does not necessarily give fair representation to key actors potentially affected by the outcomes of the consultative process and the resulting strategy document.

Collaborating evidence is found in a World Bank publication on the role of civil society in decision-making processes in the country, which indicated that the “government – civil society relationship is fraught and any move to create partnerships will likely not succeed without addressing these perceptions with concrete trust-building initiatives, capacity-building, and reforms” (World Bank, 2013, p30). These findings give rise to concerns about the role of key stakeholders in informing national development policies, particularly in the absence of a mechanism for systematic stakeholder engagement in policy-making processes.

While the third five-year plan did not specify how its priorities were identified, a senior official at the Ministry of planning and international cooperation indicated that they were based on a MDG needs assessment conducted in cooperation with UNDP just before the third-five year plan development process started in 2006 (MoPIC, 2013). The needs assessment was based on efforts necessary for Yemen to achieve progress towards the Millennium Development Goals, and implicitly aimed at guiding the interventions of the national development plan. This, therefore, may explain the focus on primary education compared to secondary and tertiary education, where there were no benchmarks associated with post-primary education within the MDG framework.

### **Engaging Students in Informing Educational Policy**

References to stakeholder engagement in educational policy are similarly limited. The Vocational Training and Technical Education strategy referred to a series of six regional and thematic consultations engaging 321 delegates, comprised mainly of academia, in addition to smaller representation from local authorities, civil society, and private sector organisations (MTVET, 2004, p8). These consultations have resulted in shaping the strategy's framework to reflect the participating stakeholders' perspectives.

Despite the difficulty of getting representation from this important stakeholder group, engaging students or student bodies was not taken into consideration in that process. According to a senior official at the Ministry of Technical Education and Vocational Training who was interviewed<sup>10</sup> to inform this research, the ministry could and should have undertaken assessments of the students' expectations and aspirations in order to consider those when developing the curricula and the strategy. He added that this issue was being discussed in preparation for the planned review of the strategy in 2014.

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<sup>10</sup> Interview carried out in October 2010.

Nonetheless, there are multiple national reports and assessments that define a range of issues and priorities that are of critical concern to young people who targeted by the educational system in Yemen. The conclusions of these assessments are consistent in highlighting that the education and employment continuum is a common priority among young people (ILO, 2012; Mercy Corps, 2011). A survey<sup>11</sup> administered by the United Nations Development Programme in Yemen in 2014 with the participation of over 120,000 people between the ages of 16 to 30 highlighted three key priorities for young people—namely, education, employment, and a responsive government. Figure 12 illustrates these priorities by number of votes.

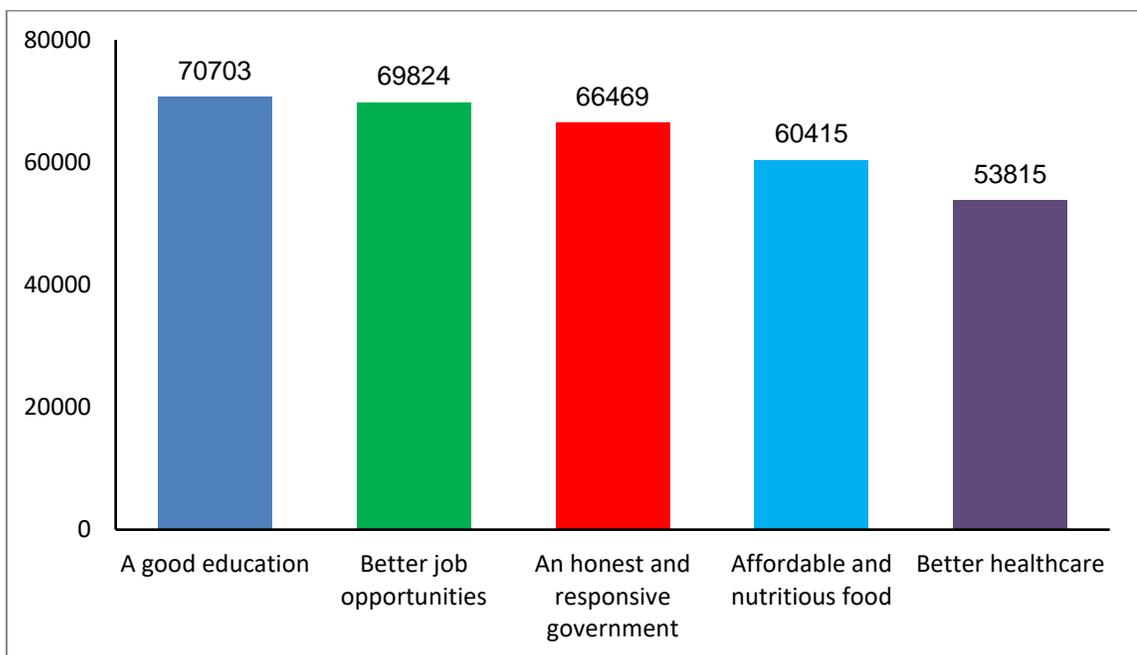


Figure 12: Priorities of young people (16-30) in Yemen

As the survey illustrates, the two leading priorities for young people are access to a good education and better job opportunities, while the third priority indicating an honest and a

<sup>11</sup> My World Survey, administered as part of a global campaign to inform the development objectives of the post-2015 international development agenda. Available at: [www.myworld2015.org](http://www.myworld2015.org)

responsive government. These emerged ahead of food and healthcare, indicates a number of critical issues in the relationship between the government and young people in terms of honesty and in terms of responsiveness to their needs. Although this issue is not the thematic focus of this thesis, it will be discussed in detail in the sixth chapter in light of the research findings, for it emerges as a key enabling factor for the education and employment processes as perceived by the respondents.

On the specific case of NAHOTI, the senior official interviewed indicated that NAHOTI is a special case institution based on the multiple mandates it has and the new development philosophy focusing on human capital that the institution symbolises. The official further noted that the Ministry of Tourism has been providing financial subsidies and substantial servicing to the institution in terms of the equipment, curricula, and support for the educational processes. This means that although the students end up with a certificate issued by the ministry of vocational training, the Ministry of Tourism is actually the entity that controls the educational process within the institution, thereby giving NAHOTI some leeway to make management decisions including those relating to student engagement. NAHOTI's engagement with its students was discussed as a part of the data-collection process in response to this thesis' research questions.

**Chapter 3:**  
**The Literature Review**

### **Chapter 3: The Literature Review**

Achieving human development through building human capital has been the subject of significant research efforts in academia and within the development and policy research spheres. This chapter presents key literature on two related issues; the first is the concept of human capital and the evidence that investment in education and wellbeing lead to development and economic growth. The second issue is literature from multilateral bodies and other international development bodies on which policies and strategies can create human capital and how, particularly in least developed country (LDC) settings.

The chapter begins with an introductory discussion exploring the concept of human capital, and presents a synthesis of the academic discussion on the build-up and accumulation of human capital based on the pioneering works of Schultz (1961) and Becker (1964). Thereafter, the chapter presents three arguments. The first argument is based on a discussion of the role of education and learning in the build-up and accumulation of human capital within both academic and development literature. The second argument debates the empirical evidence supporting the human capital concept from the lens of economic development and associated benefits. The third and last argument discusses some limitations of the literature, and identifies the research gaps that this research intends to help fill.

The rationale for the selection of literature has been influenced by similar work, such as that of King (2012), in which he studied the motivations behind the dramatic rise of technical and vocational training within the policy framework of India. Other works include David et al. (2001), who provided policy-level recommendations based on the impact of knowledge, capabilities, and human capital formation on Economic growth in New Zealand, and Allais (2012), who discussed the same dynamic within the context of South Africa.

This literature review includes two recurrent themes. The first discusses academic the development of the human capital concept and the role of education and learning in the build-up and accumulation of human capital. The second theme discusses the application of this concept in national settings towards achieving the objectives of building human capital, extending to include development and practitioner literature. Based on these discussions, this chapter thereafter discusses some emerging questions on the participatory approach to human capital development in light of the literature and issues of relevance to the research questions.

### **Human Capital: Theoretical and Conceptual Foundations**

In the mid-20<sup>th</sup> century, a discussion among leading academics and economists in the United States of America (USA) started to emerge in order to explain the surge in economic growth of the American economy in the years following the first and second World Wars. That discussion identified that the USA's exports have become progressively labour-intensive rather than capital-intensive, despite the fact that wages in the USA were relatively high compared to other parts of the world (Leontief, 1946). The discussion hoped to explain the global market's increasing demand for more labour-intensive products from the USA despite the higher wages and associated costs, and to understand why the prevailing economic models failed to fully account for the growth in the USA's output. A key contribution to this discussion was Theodore Schultz (1961) who indicated that growth in labour and capital increased by a mere 1% between 1919 and 1957, while the USA's output rose by 3.1%. Schultz's hypothesis attributed the variance to gains resulting from human capital investments in the USA, indicating that growth in human capital, along with the traditional growth of physical and labour capital resources have contributed to growth in the USA's output.

*“Many paradoxes and puzzles about our dynamic, growing economy can be resolved once human investment is taken into account”, Schultz (1961, p.3).*

Schultz established several notions related to the concept of human capital. Key among them is the notion that expenditures on human capital are actually positive-sum investments that contribute directly to growth in output. Schultz identified examples of human capital investments that include expenditures on healthcare, education, and migration to take advantage of better employment opportunities. He also described this concept as a Pandora's Box, full of difficulties and hope in understanding this concept and using it to further investments in human capital and direct economic growth. Schultz classified five categories of activities that contribute to human capital development: healthcare, on-the-job training and apprenticeship, formal and organised schooling, specialised study programmes, and migration to secure better employment opportunities (Todaro, 1980).

Although it was more holistic and defined the Pandora's Box, Schultz wasn't the first to put the concept forward. Goode (1959) formulated a definition for human capital as the *"knowledge, skills, attitudes, aptitudes, and other acquired traits contributing to production"*. Mincer (1958) argued that there is a direct correlation between the distribution of income and the distribution of personal abilities and capacities, suggesting that investment into expanding personal abilities is likely to have a positive impact on levels of income.

Discussions on human capital development increased significantly in the 1960s, when statistical models emerged in order to guide, measure, quantify or explain accumulations in human capital. The definition of the concept has moved from the static image of knowledge and skills for production, to describing it in what can be summarised as a dynamic process of purposeful recurring investments into activities that are intended to impact real future incomes, because of embedding resources into people (Becker, 1962). Similar conclusions describing human capital were evident across the literature, which cite

processes such as education and training that are appreciated by the labour market in terms of real wages, resulting in greater productivity and resourcefulness.

Research on human capital as a process thus expanded, and attempts to quantify and estimate returns started to emerge in the third quarter of the 20<sup>th</sup> century, with the purpose of identifying the optimum investment in education and training that would result in wages high enough to justify the investment and enable added productivity.

Weisbrod (1961) introduced a mathematical function which interprets human capital gains as a function of value to an individual's present value as the sum of the individual's discounted expected future earnings. This function looked at two dimensions of determining the values of human capital, i.e. by considering the capitalised earnings at a specific age or within a working lifespan of the individual, discounted for the costs of production inputs. As illustrated in figure 13,  $Y_n$  = value of productivity of a person at age  $n$ ;  $P_n$  = the probability of a person of age  $a$  being alive at age  $n$ ; and  $r$  = the rate of discount.

$$V_a = \sum_{n=a}^{\infty} \left[ Y_n P_a^n \frac{1}{(1+r)^{n-a}} \right]$$

Figure 13: Weisbrod's (1961) function to value human capital

As a general observation, most models have been used to demonstrate the economic profitability of human migration, health investments, premature-death prevention, and education at the micro level. Such models used an input, process, and output logic to the arguments, referring to the costs of producing human capital as inputs, and attributed the gains in the output and utility to the "process" of human capital accumulation (Kiker, 1966).

The expansion of literature on human capital accelerated in the 1970s. Blaug (1976) notes that the prevalence of articles on "human capital" rose from 1.34 to 1.75 % of all peer-

reviewed academic articles between 1970 and 1974, while “economics of education” increased from 1.31 to 1.69 %, and both rates are characterised as extremely rapid rates of growth. This growth in the literature was not only in quantity, but also in the quality and direction of the discourse. For instance, Becker (1964) argued strongly in favour of specialisation, citing empirical evidence indicating that specific training is a profitable investment on the part of employers into the production process given evident gains in outputs.

In fact, Becker’s (1962) argument has opened the floodgate to investigating the returns on investment in education, expanding the amount of literature to include comparisons between general training, which may be described as formal education and specific specialised trainings, as well as several attempts to quantify the exact returns on investment in education (Lucas, 1988). The literature also tackled environmental factors and other externalities that influence the process in order to identify the various parameters that can guide such investment and educational planning (UNESCO, 2004). As neo-classical economic theory assumes<sup>12</sup>, expected wages alone are not the sole determinants for a strategic investment in an educational system, for there are social and other benefits that must be taken into consideration. This notion adds to the argument highlighting the role of external influences and other factors that impact the individual investment decision to process to maximise gains in human capital. This aspect will be further discussed in the last section of this chapter.

Building on these notions, the question was on how and towards what direction policies should manipulate these processes to maximise gains in human capital, particularly given

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<sup>12</sup> In this context, the reference to neo-classical economic theory is to establish the assumptions that the parties at the demand and supply sides have the full liberty, choice, and capacity to act per their respective best interests.

the mounting empirical evidence in the literature that supports the linkages between human capital and productivity and impact on a larger scale (Romer, 1986; Lucas, 1988). The literature provides evidence that an environment fostering skill development and accumulation is one that enables a more efficient production of human capital, where knowledge, education, training, and information accumulation positively influence macroeconomic processes.

Recent research has examined the dynamic of labour productivity as a comparative advantage in specific economic activities (Unger, Rauch, Frese, and Rosenbusch, 2011). It highlighted the potential of investments in education to maximise the outputs of the labour force per sector or per firm. A meta-analysis of seventy independent samples has concluded that there is a small but significant relationship ( $r_c=.098$ ) between human capital and success, and was higher for human capital investments that boosted task-readiness (Unger et al., 2011).

Interest in the subject has allowed the expansion of related concepts such as human resource management, intellectual capital, and skill formation (Heckman, 1999). The returns to human capital can be identified at the levels of a. the individual; b. the macro or sectoral level; and c. the national or social level. The implication of this breakdown is less visible in academic literature but is given more attention in development literature and in the formulation of human capital policies at the national level (Psacharopoulos, 2004).

More recent research on human capital remains consistent with established literature, but expands on the uses of the concept and the parameters used. A major development is the identification and development of two key approaches to human capital. The first focuses on analyses at the individual level, based on rational investment decision-making processes. The analyses discusses how attractive investments in human capital are at the individual's level, where, according to Paulsen (2001, p.56), "*students implicitly calculate*

*whether or not a college education is worthwhile by comparing the expected benefits with the expected costs associated with an investment in a college education.”* This approach therefore discusses investments in human capital in order to estimate the internal rates of return. The second approach focuses on the lifecycle of earnings approach as it affects society as a whole (Haley, 1973). While both of these approaches are valid and will be discussed, this research focuses more on the individual (private) level and their role in the process of human capital accumulation, and therefore its relevance to the overall research objectives.

Further to the economic benefits of human capital, there are social benefits as well. However, understanding these benefits is more complex; Lange and Topel (2006) indicate that omitted variables and endogeneity in human capital models make it difficult to weight these benefits or make assumptions if they are larger or smaller than economic benefits. Nonetheless, there is a body of case-study based literature that indicates a range of private and public social benefits to education and schooling, such as social status and signaling (e.g. Frazis, 2002; Sanheuzza, 2005), crime-reduction (Lockner, 2004), Citizenship (Milligan et al, 2003). Although this evidence on the social benefits is significant in the role of education in addressing social issues and benefitting society’s advancement, it remains context-specific with important limitations in establishing generalizations.

We can therefore conclude that the debate on human capital continues to evolve given different perspectives on the concept and the lack of a clearly defined definition. However, given that the focus of this thesis is on the role of education in human capital formation, this thesis adopts Becker’s (1962, p.9) definition of human capital accumulation as *“activities that influence future real income through the imbedding of resources in people”*.

## **Approaches to Human Capital**

The research and theory of human capital remains in a fluid state, where it is grounded in economic theory and supported by practical logic given the indisputable fact that the skills, knowledge, and capabilities of human resources are critical inputs in the production process (Blair, 2011). Furthermore, that learning leads to human capital creation can be seen as a social function and therefore has a number of characteristics that fundamentally distinguish it from other forms of capital (Nahapiet, 2011). The two approaches to human capital that emerged in the 1970s have one key element that distinguishes between them and relates to identifying the point of maximum gain and optimising the investment in human capital from the perspective of return on investment for the individual (private) or for the collective (public) levels.

The first approach was led by Becker (1962), focusing on an individual's investments in creating human capital. This approach estimates the internal rate of return to a specific investment based on the premise that the investment will result in a direct increase in the individual's income. Mincer (1962) has undertaken significant efforts in further elaborating and quantifying the increases and gains, attributing most as the results of newly acquired skills, specialisation, or change of employers in a competitive labour market.

The second approach draws on a lifecycle approach (Ben-Porath, 1967), looking into the feasibility of adding an additional stock of human capital to the individual's existing one, or renting out the existing stock to generate immediate income. This approach considers a number of issues such as the opportunity cost, the actual value-addition of the additional human capital beyond a certain point, and the market's appreciation for the added stock of human capital. A key issue that the second approach tackles relates to on-the-job training or learning by doing over the course of a lifecycle.

Both approaches attempt to analyse the gains in human capital on both the macro and the micro levels, referring to estimated gains in economic growth at the macro level as well as the estimated gains in the monetary returns to education and training at the individual level. An increasing number of scholars have developed a range of econometric models to identify the optimal point for human capital accumulation in both the macro and micro levels based on a number of circumstantial variables. Such models continued to expand and incorporate additional elements that influence the build-up and accumulation of human capital such as issues of specialisation (Rosen, 1983), labour market rigidity and imperfections (Spence, 1973; Griliches, 1977), and earning fluctuations over time (Lillard, 1975).

Killingsworth (1982) has elaborated on the lifecycle perspective of human capital accumulation, drawing a comparison between “Investing in Training” and “Learning by Doing” as alternative forms of human capital development. Killingsworth indicates that investing in training does not necessarily encompass gains resulting from learning by doing, and proposed a model in which gains in human capital result from both these activities within an individual’s lifecycle, thereby effectively limiting the attribution of human capital gains to schooling alone. Killingsworth concluded by proposing a joint training-learning model as being more efficient than both models separately.

Following Weisbrod’s (1961) function indicated earlier in valuing human capital, three categories of model have been elaborated in the literature to calculate the rate of return on investments in education. The first model is based on the basic earnings function method, which limits the number of variables to estimate the value of earnings against a stock of human capital (Mincer, 1974, pp84-93).

The second category refers to the “full” or “elaborate” method that works with detailed age-earning profiles by level of education, usually taken from census data. Psacharopoulos

and Arriagada (1986) have undertaken an international comparison across several regions to estimate the return on education using an indicator of educational attainment in the labour force.

The third category is known as the “extended method”. It extends beyond the elaborate method to establishing a number of dummy variables and coefficients that discriminate by educational attainment levels and different types of curricula. Shaw (1989) used this method in suggesting that policy changes, such as tax changes, have significant distributional consequences, as young workers are less responsible than older workers despite the fact that a majority of human capital accumulation takes place in early ages and with little relative responsibility.

However, a primary issue when applying these models revolves around the availability and quality of data, noting the difficulties in gaining access to representative and reliable data that enable a more accurate calculation of the estimates (Psacharopoulos, 2002). This is particularly important in the developing world where consequences of methodological errors and misguided estimates on education policy design can be disastrous (Bennell, 1996). For instance, an economic evaluation of vocational training programmes in Eastern Germany following unification identified that there are no positive effects in the observed first years after training (Lechner, 1999). However, another study that adopted a slightly different quantitative methodology has shown positive results to vocational training in East Germany after unification (Fitzenberger and Prey, 2000).

Another inherent weakness in such models is their inability to account for a range of variables that influence the human capital development process, such as inter-personal skills and personal character. This also applies for factors of external influences that impact the rate of return to education such as perceptions, labour union positions, sectoral market fluctuations, unintended consequences of government policy, employer favouritism, social

and cultural preferences or stigmas, and other factors that makes estimating human capital returns infinitely elastic (Rosenzweig, 1978; Gundlach, 1995).

Recent literature has challenged the viability of such generalist models to human capital, highlighting that human capital, as an asset that contributes to productivity, is heterogeneous across sectors and industries. For instance, this creates a challenge to adopting these models to human capital from the perspective of asset pricing (Eiling, 2013), which is critical in the valuation of wealth or productivity of a sector or enterprise. Another issue is the misallocation of already-created human capital, where Vollrath (2009) finds gains in the order of 150% in some sub-Saharan African countries from reallocating labour between agriculture and non-agriculture. Vollrath (2014) again re-examines this dynamic in a sub-section of 14 developing countries and identifies that the gains and benefits are highly contingent on sector-specific economic activity.

Therefore, and despite the existence of a range of models, this inherent weakness limits the prospects of fully accounting for the gains in human capital, leaving it, at best, as approximations as opposed to exact predictions. A clear example of this is the work of Bowles and Gintis (1975), which indicated that the theory can be sometimes misleading based on unrecognised shortcomings of the models in appreciating the true impact of external factors. A similar conclusion was reached by Ding and Knight on growth in China (2008, 2011), which identified direct and indirect factors that contributed to the rapid growth, and remained inconclusive on the exact accounting of the role gains in human capital played in the process.

Cognitive abilities and biases have also been identified as having a direct impact upon the human capital development process. Research demonstrates that the impact of such biases on the results of an educational process, skills, and employability prospects are not uniform (Ehlinger et al, 2008), and that there is a weak correlation between actual and perceived

performance in several educational domains (Dunning et al, 2003). This translates into the efforts individuals make in pursuing employment opportunities to realise their private returns on investment in education. For instance, evidence from Canada indicates that poorer families underestimate the returns to education, which in turn affect the rational choices these individuals make in the labour market (Usher, 2005). It appears that understanding and accounting for the role of external factors remains a gap in the theoretical and conceptual aspects of human capital in the literature.

Literature concerned with student perceptions within an educational process is largely concentrated on two areas. The first area relates specifically to the issue of employability. A recent study of student perceptions on the returns of their educational qualifications in the UK indicated that students perceive a declining role for their academic credentials in shaping their employment outcomes (Tomlinson, 2008). The second area relates to the impact of specific educational tools and changes affecting the educational process, such as the incorporation of new technology in teaching, satisfaction with e-learning, and other measures. However, there remains an evident shortage in academic literature on understanding student perceptions of human capital gains with a view to influencing human capital and national development policy.

### **Human Capital in Development Literature**

Schultz's (1961) description of human capital as a Pandora's Box full of difficulties and potential applications resonates in development literature relating to economic growth and development. This parallel discussion has emphasised the importance of investing in people with benefits at the macro and social levels (UN Human Development Report, 2005), under what is known as the capabilities approach to human development theory (Nussbaum, 1997; Sen, 2003). The following discussion will focus on the evolution of human capital accumulation as a developmental tool, and elaborate on how economic growth and development literature have systemically highlighted the strategic objective of helping

developing and least-developed countries expand the capabilities of their citizens. The main emphasis in the context of this thesis will lie with the arguments associated with establishing quality and functional educational systems as a key pillar of their respective development strategies, in addition to traditional investments in economic infrastructure, finance, business environment, and other economic developmental schemes.

Since the emergence of the human capital concept, there has been a heated debate over the extent to which education should be considered as an investment in human capital or as a consumption item (Dwers, 1964; Psacharopoulos, 1994). Indeed, The World Bank's 1991 policy paper on Vocational and Technical Education and Training has questioned the relevance and efficiency of large-scale school-based educational systems at the macro and social levels without being part of an integrated holistic approach that bridges the gaps between the educational system and the labour market (King and Palmer, 2010).

The implications of the World Bank's 1991 policy paper on the educational policies of developing countries were felt in their shift to accepting educational planning as a part of the economic framework of their respective countries, in addition to being an integral part of the social service delivery system (Michaelowa, 2000). This acceptance started with select components of national educational systems - mainly those most relevant to the nature of economic policies. A 1998 International Monetary Fund (IMF) study of 118 developing countries confirmed that targeted educational spending had positive results on the human capital of these countries. More importantly, it also found that educational policy integration into the comprehensive economic framework of countries is critical to helping those countries achieve their national development goals (Gupta et al, 1998).

David et al. (2001) highlighted that investments in human capital go well beyond investments in education, and identified two categories of human capital that can be influenced through development policies other than education. These categories are

illustrated in Figure 14. David et al. further reiterated that investments in human capital are not necessarily limited to positive outputs quantified by means of productivity and earnings, but also significantly contribute to human well-being and improved quality of life, where positive developments are not always directly taken into account in productivity and earnings calculations.

This view is shared by the International Labour Organisation (ILO), which advocates that *“Skill security does not necessarily translate into better welfare of greater life satisfaction or personal happiness”* (ILO Socio-Economic Security Programme Fact Sheet No. 13, p.2). This statement is an example of the ILO’s efforts to shift the focus from quantifying the returns to investments in education and skills in monetary values on the returns, to shedding light on the non-monetary returns of the build-up and accumulation of human capital on individual and collective wellbeing and happiness within its Decent Work Agenda (ILO, 2009).

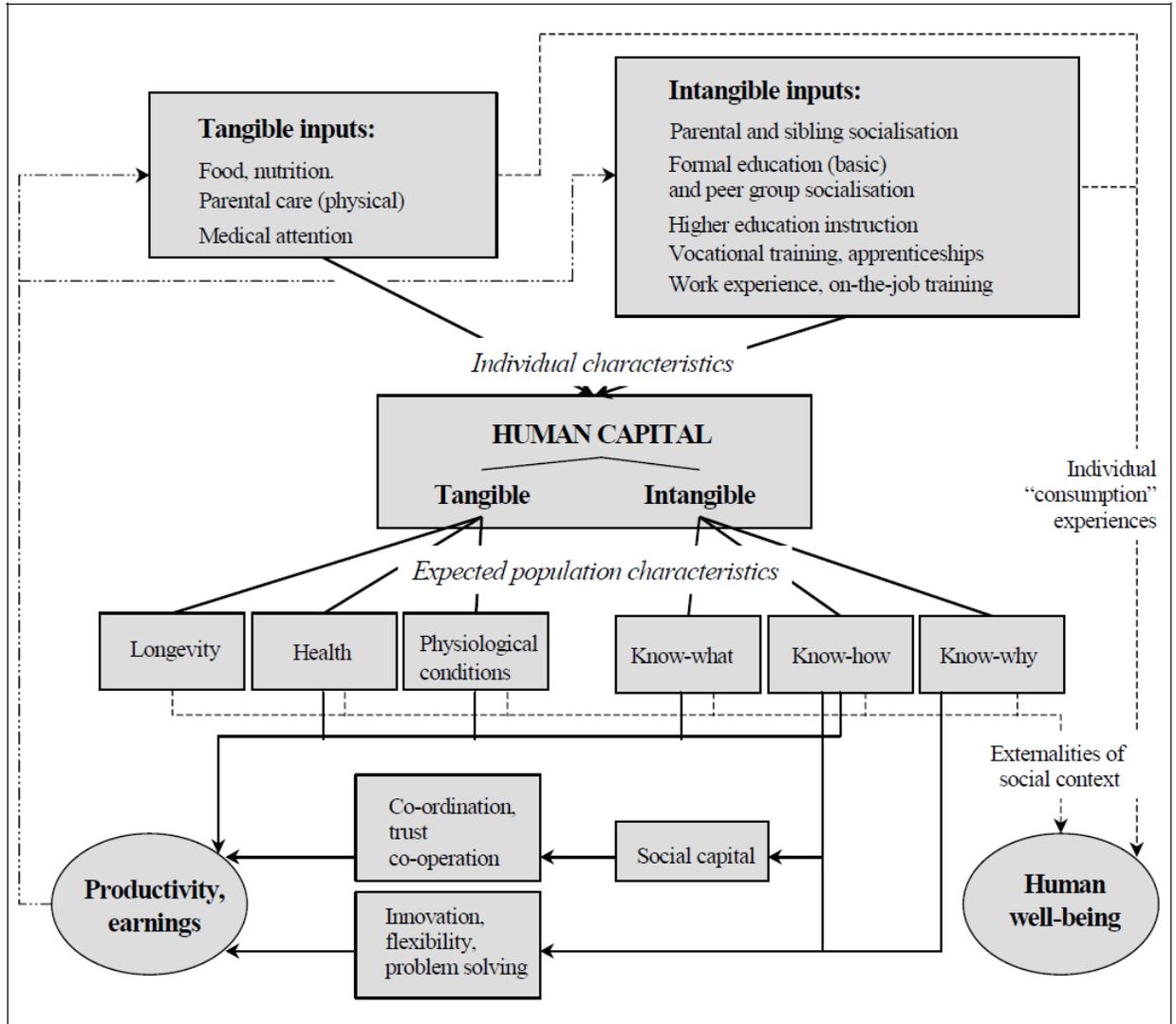


Figure 14: Human capital formation and growth. David et al (2001) p.5

Similarly, the United Nations Development Programme (UNDP) has stated that the quantification of economic development in monetary terms and the use of purchasing power parity does not take into account results that enabled an improvement in human wellbeing, as reflected in the first human development report in 1990 (UNDP, 1990). Over the last twenty-five years, the Human Development Index (HDI) has continued to evolve and include additional elements that contribute to the accumulation of human capital in its broader definition. In fact, the HDI was developed in recognition of the narrowing gap between developed and developing countries in terms of human wellbeing, while the

income gaps have widened (UNDP, 1990; UNDP 1991). Therefore, it has become critical for the HDI to focus not only on the absolute developmental position but also in relative terms to different countries and contexts.

This resonates with the work of Amartya Sen (2003) and Martha Nussbaum (1997) on the capabilities approach to human development (Clark, 2005), which considers the empowering role of specific interventions on an individual's choices, capabilities, as well as the opportunities made available and accessible. This explains the focus on education, which although it represents only a partial contribution to expanding the capabilities of an individual towards achieving development, it nonetheless plays a key role in the application of the concept in national developmental planning, as will be discussed in the next section.

### **Empirical Evidence on Human Capital and Economic Growth**

Building upon the preceding theoretical and conceptual discussion, this section considers empirical evidence on human capital development, building on the premises that national investments in educational systems have positive results in the stock of human capital and the economic development at the individual (private) as well as the national (public) levels. This discussion examines empirical evidence on the specific role of human capital as a core input required for the process of economic growth, coupled with the traditional physical and financial requirements for economic growth (Mincer, 1958; Becker, 1964).

The growth in Human Capital theory has supported multiple arguments suggesting that substantial economic effects of the educational processes are indeed felt on the individual, meso/sectoral, and macro levels (Schultz, 1962; Blaug, 1976). Stiglitz (1975) was among the first to discuss the private as well as public returns on education, particularly its role in matching human resources to suitable employment opportunities. Stiglitz stressed that educational systems operate within a context where all individuals are interested in

maximising their own income as the priority and determining factor for an individual. However, he also cited further cases where, if the right skills match the right jobs, social returns will exceed individual ones.

Studies have further shown that the choice for education is based on a varying yet positive degree of individuals' expectations for increases in returns as a result of educational choice (Dominitiz and Manski, 1994). For instance in China, the rate of return on education has increased as educational provision expanded, particularly in urban areas and with a marginal difference favouring women compared to men (Li et al, 2011). However, within the context of Cyprus, the results of another empirical study revealed a lower level of positive perceptions towards the impact of education considering its costs from a return to education perspective (Menon, 1997). Nonetheless, there is very little empirically informed literature on the subject based on the context of the world's least-developed countries to allow forming an informed hypothesis on the expected returns in such settings.

A study examining 120 countries over the period from 1975 to 2000 has identified a correlation between social spending on education and health, and higher economic growth. The emerging evidence established a causative relationship where such higher spending was found to have a direct, positive, and significant impact on higher economic growth, highlighting also the role of policy interventions in social spending in directing these investments towards economic growth (Baladacci et al, 2008). This was confirmed in a similar study of the growth effects of education in 100 countries observed from 1965 to 1995, where the investment in science education resulted in a positive correlation with subsequent causation of economic growth (Barro, 2001). A similar conclusion was reached by Hanushek and Woessmann (2012), based on a dataset of 50 countries over the period 1960 to 2000.

The main methodology used in these empirical studies focused on the earnings function looking into the rates of return. The consensus among empirical researchers is that skills for improved productivity can be gained through educational processes, resulting in growth in human capital, thereby leading to greater worker productivity, measured through the changes in wages and income derived as a result.

Nonetheless, a limitation in such empirical studies is that their conceptual framework cannot fully account for the impact of externalities on the process of human capital creation, particularly where such externalities may change according to context, resources, surrounding environment, and experience in human capital creation. This can be most visible when looking at the impact of similar parameters within the context of least-developed and developing countries, where the returns on investment in primary education, for instance, vary significantly, as will be discussed..

One key area that remains relatively under explored in empirical studies is the issue of perceptions towards employability and returns on the human capital development process at the public level, in studying the issue of personal preferences and the impact of people gravitating towards specific disciplines (Ross, 1991). An evident gap within the empirical studies on human capital and the employability debate remains with quantifying the role of perceptions as an input into the human capital development process and national development.

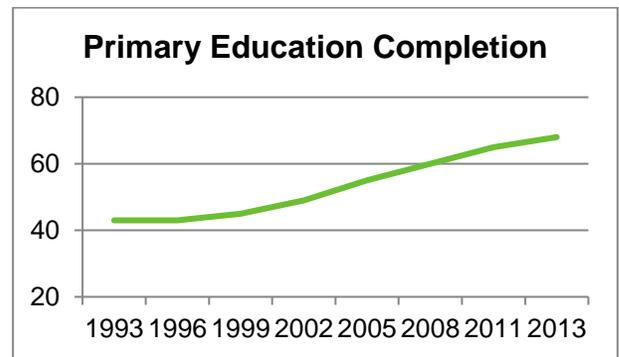
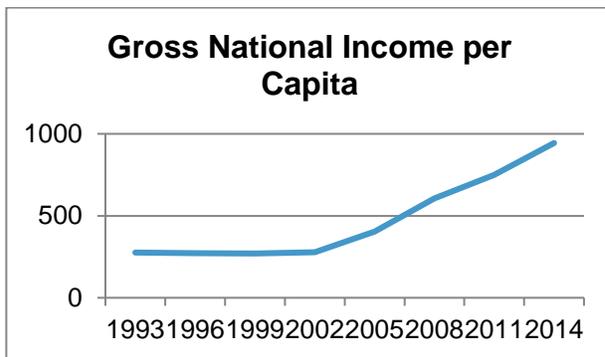
### **Links with Basic Education**

In examining the hypothesis linking human capital with basic education, we can consider a comparative review of two key indicators, namely, the percentage rate of primary education completion, and the growth in gross national income per capital as an indicator of economic growth in a set of countries. Graphs 1-8 in Figure 15 compare four groups of

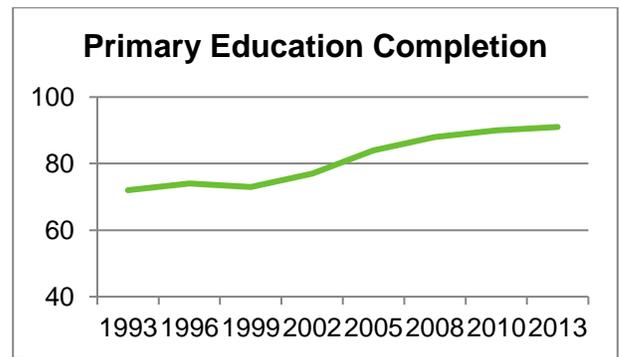
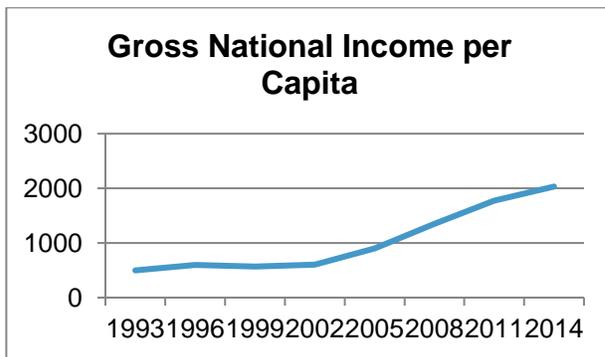
countries in these two indicators. The results present a number of striking conclusions; the most obvious is the causal relationship between the two indicators that indicate an association where, for instance, increases in gross national income per capita are partially correlated with an increase in the rate of primary education completion in the case of least-developed countries. Figure 16 illustrates this relationship among the four groups of countries.

*Gross National Income per Capita and Primary Education Completion Rate in Select Groups of Countries*

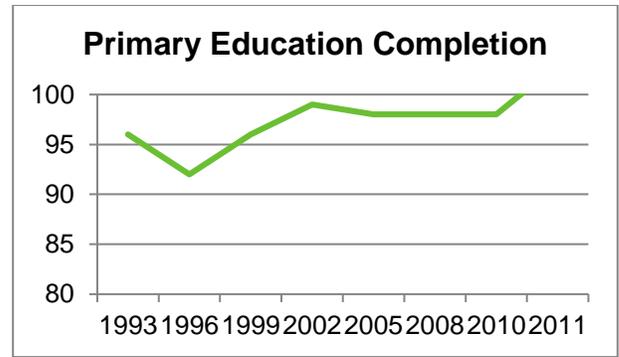
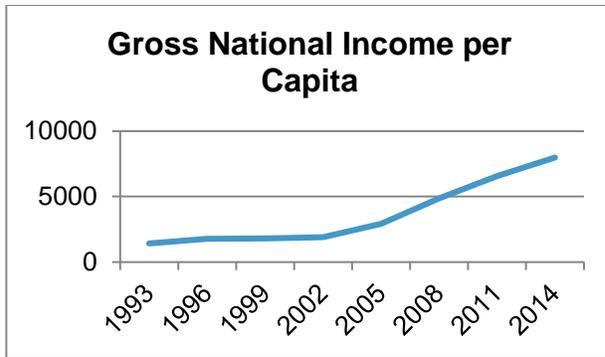
Least Developed Countries



Lower Middle Income Countries



Upper Middle Income Countries



Organization for Economic Cooperation and Development Countries (OECD)

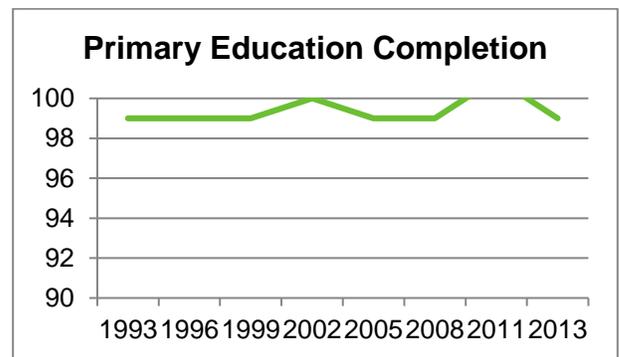
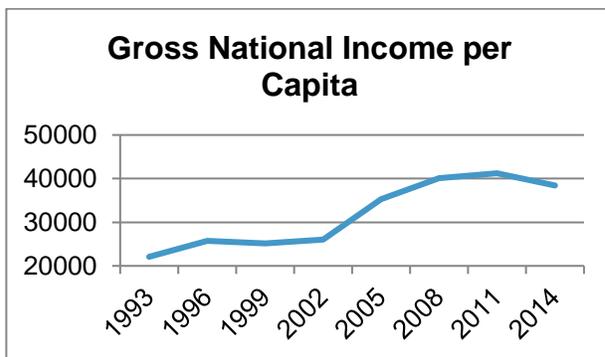


Figure 15: Gross National Income per Capita (current)

Data sources: World Bank Databank: World Development Indicators, (June 2015), retrieved 28 June, 2015 from <http://data.worldbank.org>

However, this does not necessarily imply a causal relationship between the two indicators across the board, where the investments in education and subsequent improvements in the completion rate of primary education may not directly result in timely increases in gross national income per capita. In fact, the reverse can also be argued that increases in gross national income per capita have enabled the improvements in primary education completion.

In examining the dynamics associated with basic education, the literature points out that there is a wide number of factors and considerations that influence the build-up and

accumulation of human capital. Ritzen and Winkler (1977) attempted to test the gains in human capital through the lens of the distribution of school resources to each grade level<sup>13</sup> for a sample of pupils in the early grades of primary education from varying socio-economic backgrounds in the USA. Their findings indicated that the gains in human capital as a result of schooling in the early grades highly depend on the initial pre-school stock of human capital. This study concluded that the human capital of socially disadvantaged children is increased if investments focused on their early grades to build-up an early stock of human capital, while it is the contrary for advantaged children.

The Ritzen and Winkler paper had two recommendations, indicating that early childhood educational interventions targeting disadvantaged children are most fruitful in the early stages of education and diminish as they progress, while investments in education for advantaged children should remain constant following a linear equilibrium. This conclusion might also hold true for least-developed and lower middle-income countries with socio-economic characteristics comparable with disadvantaged children in the USA, suggesting a correlation between investments in education and per-capita economic growth.

However, other studies indicate that education and learning is a life-long process in countries at all development levels, stressing that a life-cycle approach is necessary to understanding the returns on education and learning at various stages of life (Killingsworth, 1982; Acemolgu and Autor, 2012). Against this premise, studies were undertaken to test the returns to various investments in different types and stages of education within varying contexts. These studies generally reaffirmed the positive impact of investments in education and the consequential build-up of human capital; however, the actual gains continue to vary from one empirical study to another depending on the variables involved.

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<sup>13</sup> The question was formulated as: "Should schools allocate equal quantities of resources to each grade level?" where a non-linear capital accumulation that considers pre-school, school, and home inputs was hypothesised. This paper also used race as a proxy for being advantaged or disadvantaged children, labelling white children as advantaged and black ones as disadvantaged.

A key example of this is Sandell and Shapiro's (1980) research, which has concluded that the work expectations and the individual endeavours for post-school accumulation of human capital have a significant impact on wages, where returns on post-school education significantly augment the returns to human capital as opposed to the returns from general education alone. This appears to confirm the results of the other studies on the impact of investments in primary education on economic growth.

### **Links with Post-Basic Education and Training**

Within the macroeconomic and national contexts, the literature also recognises the impact of the wider range of educational interventions that go beyond basic education such as Post Basic Education and Training (PBET), on-the-job training, lifelong education, and other specialised trainings within different sectors, occupational groups, different periods, and contexts. The broad objective of such studies was to provide evidence for decision-makers at the firm or sector level on how to target investments in education to build the human capital in a given context, to the extent of recommending task-specific investments in human capital that focus on a specific array of skills (Gibbons and Waldman, 2004).

Mark Blaug (1976) argues that there is limited corroborating evidence for the human capital interpretation of the demand for higher education. Indeed, if education increases human capital and greater human capital translates into additional earning, then why hasn't the demand for education seen a remarkable growth following the emergence of the human capital concept per se? (Menon, 1997). This notion questions how applicable is the theory of human capital at the individual level, and raises questions on the diminishing returns of education and perceptions towards its value addition. It further questions the decision-making process in relation to the choice of education, factoring in a wide range of factors that equally influence the returns to education and the additional earnings.

Within the available literature on the subject, particular attention is given to the nature of demand for skills in the job market, where the real wages paid to high-skilled and highly educated workers have increased while the real wages for low-skilled and less-educated workers have steadily decreased (Heckman, 2000). The Sandell and Shapiro (1980) study focusing on young women indicated that they tend to underestimate their future attachment to the labour force, and thus under invest in the accumulation of human capital post-school. That study also highlighted the effects of employability expectations on investment in training amongst women, which corroborates other findings that the demand for skills in the job market influences the perceptions of students or different incentives to pursuing a choice of education (Ingram and Neumann, 2006).

Measuring the impact of PBET investments on human capital is problematic, however, for several reasons including the fact that the rates of return on these investments are rarely fully comparable (Psacharopoulos and Patrinos, 2002). This may be due to the fact that any changes in the returns are not always and fully caused by a specific training programme, and are therefore highly circumstantial.

Nonetheless, empirical studies do confirm the theoretical conclusions that PBET confers explicit wage advantages to the individuals pursuing them, with a body of analysis on estimating the rate of return to various tertiary, vocational, and specialised learning endeavours. Estimates vary from 3% for men and 8.1% for women pursuing higher education in the United Kingdom (Dearden, 1999), to 18.9% in China (Li et al, 2011). Noting that these estimates are averages and are expected to vary depending on the choice of course, geographic location, time horizon, and employing industry.

Following an investigation into the rates of return of general education versus vocational secondary education in 19 developing countries, Bennell (1996) suggests that it is misleading to make universal policy-level recommendations on the bases of experiences and circumstances of a limited number of countries. Therefore, analysis of PBET has to be focused on national and even sectoral experiences in a specific time span, for which this review will look into select literatures providing empirical evidence at the national level.

The World Bank (1988, 1991, 1993) has strongly advocated for expansion of vocational training in developing and least-developed countries, suggesting that developing countries should focus their resources on the establishment of vocational and non-formal training centres, improving training quality, development of management capacity in these centres, and the aggressive marketing of training opportunities and services. The World Bank's suggestions have echoed in a large number of least-developed and developing countries and have triggered a wide range of responses.

Indeed, governments found that expanding access to vocational training can be adopted as a promising approach to improve the national skill base and labour market outcomes. However, several experiences from around the world have had limited success in attracting students into vocational training endeavours, particularly noting that the individual as well as the social rate of returns remained, at best, equal to or lower than that of formal education endeavours (Bennell, 1996).

The experiences of Tanzania, Indonesia, and Egypt show inconsistent results on the success of their respective policies to expand vocational training. In Tanzania, vocational training had limited success given the high costs involved in the provision of education and the narrow range of skills resulting from pursuing vocational education, and therefore the associated risks of not finding employment opportunities that appreciate the acquired skills in the job market (Kahyarara and Teal, 2008). These findings challenge the assumption that

there was a demand for specialised skills in the Tanzanian job market that formed the bases for expanding the national vocational training infrastructure. Kahyarara and Teal calculated the Mincerian rate of return to vocational training after A-level education to stand at 3.2, compared to the rate of 34.6 for a university degree.

In 2006, Indonesia's Ministry of National Education enacted a new policy to reverse the percentage of high school graduates from 70 % graduating with general education diplomas, to 70 % graduating with vocational education diplomas by 2015. A 2009 study on the impact of this policy indicated that there is no significant short-term change on the wages of graduates in the labour market (Chen, 2009). However a 2011 discussion of this policy highlighted that the rates of return to vocational training have quickly plummeted given the increased supply of similarly skilled individuals in the job market, particularly among men (Newhouse and Surayadarma, 2011).

It appears that vocational training does not automatically lead to higher wages in developing countries. Nonetheless, there are situations where labour markets are characterised by continuous employment growth and recurring skill shortages. Furthermore, El-Hamidi (2006) reported that graduates of vocational secondary education have a rate of return higher than general secondary education graduates by 29 percentage points in Egypt between 2000 and 2004. However, El-Hamidi warns that this conclusion may not necessarily be attributed to the vocational training valuation and the labour market dynamics, as it stands against a massive influx of tertiary education graduates in a potentially reversed story to that of Indonesia.

### **The Policy-Making Dilemma**

The previous three examples illustrate the dilemma of policy-makers on what basic education and/or PBET impact may or may not have on economic growth. So where is the

evidence? Can governments draw a causal relationship between their expenditures on basic education and PBET and the economic growth?

Building on the earlier discussions, the conduct and design of government policy and available incentives rely heavily on the identification of structural and behavioural parameters that together establish factors critical for development policy-making, including investments, infrastructure, and human capital (Fleisher et al, 2010). This extends to spill-over effects over student perceptions and subjective expectations towards the returns of a specific educational choice over others depending on the existence and design of such policies (Attanasio and Kaufmann, 2009). This argument can be extended to the role education plays in mitigating the impact of economic shocks, noting new evidence that suggests the role of education in the social protection mix. ESCWA (2014) suggests that professionals holding a secondary or higher education degree working in the formal sector are less prone to incidence of deprivation in their standard of living in Yemen, as figure 16 below illustrates.

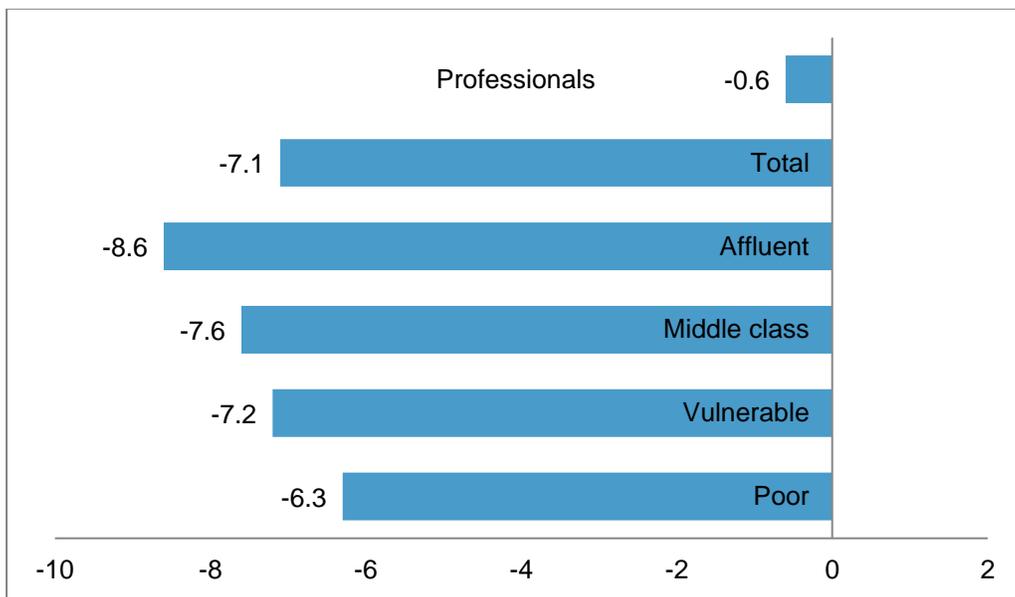


Figure 16: Average annual percentage change in incidence of deprivation to standard of living

The empirical evidence and popular belief in the value of human capital called on policy-makers and legislators to systemise investments in human capital towards reaping the benefits publicised in academia and within development circles. Therefore, commanding more emphasis on the economic value and social returns of educational systems in the build-up and accumulation of human capital at the individual and collective levels (Alonso-Carrera and Freire-Seren, 2003). McGrath (2012) even argues that the current academic approach to vocational education and training is outdated in terms of explaining its developmental benefits, particularly in developing countries, which may have serious implications for their application and hence developmental benefits.

This dilemma of investing in vocational training continues to occupy policy-makers in many developing countries, mainly in their decisions to invest in high skills, re-skill, multi-skill, or generic-skill the workforce, and on deciding what the best combination is in order to reach the optimum return on investment (Oketch, 2007). This dilemma is further illustrated in figure 17, highlighting the percentages of educational investment directed towards vocational education in select developing countries, where the investment in vocational training ranges from 0.9% of the national educational budget in Ghana (2006) to 19% in Ethiopia (2002).

Expenditure on Technical/vocational Education from Total Educational Expenditure		
Country	percentage	Data year
Albania	7.1%	2005
Algeria	7.5%	2006
Angola	1.5%	2001
Bangladesh	2%	2001
Benin	9.2%	2003
Ethiopia	19%	2002

Ghana	0.9%	2006
Guinea	8%	2002
Liberia	4.9%	2008
Poland	15.8%	2000
Senegal	3.1%	2003
Turkey	8%	2002
Yemen	9.9%*	2011
<p><i>Data sources: World Bank Databank: World Development Indicators – last available years, (March 2013), retrieved 23 March, 2013 from <a href="http://data.worldbank.org">http://data.worldbank.org</a></i></p> <p><i>*: Author’s calculation from data retrieved from Yemen’s ministry of finance, closing accounts of 2011.</i></p>		

Figure 17: Table highlighting share expenditure on technical/vocational education from total educational expenditure

Policy implementation is yet another challenge, as the proposed policy frameworks need to address a wide range of issues relating to institutions, structures, and systems, based on a multitude of educational governance philosophies and practices (Varghese, 2009). This challenge is further highlighted by UNESCO (2012), which cites fifteen parameters that influence what it described as *putting education to work*, which can influence the design of policy implementation modalities. These parameters include demographic considerations, economic and social dynamics, and fiscal space, thereby reiterating the need for an integrated educational policy design.

### **Private vs. Public Returns to Education**

Having established that investments in educational systems have positive direct and indirect socio-economic benefits to society’s development (Schultz, 1961; Michaelowa,

2000), these investments can have varying degrees of impact on both the private and public levels. The private or individual returns are those returns that the individual directly enjoys as a result of possessing or engaging in an educational and learning process, reflected in increased labour productivity and stronger economic viability in the labour market. The public or social returns are mainly benefits that exceed the individual to society at large.

As discussed earlier, the literature recognises two approaches to calculating the individual rate of return. The most prominent of these is the Mincerian approach (1974), which refers to the marginal rate of return or the percentage increase in earnings resulting from an additional year of schooling. The second approach calculates the discounted rate that equalises the real cost of education during the learning period to the real gains made as a result of this learning process, building on Ben-Porath (1967) and the life cycle approximation for calculating the internal rate of return. This thesis will not focus on the calculation of the rate of return to investment in human capital at the individual level, but will focus mainly on the perceptions of gains to be made in the individual rate of return because of a specific learning process.

To demonstrate the importance of recognising these two levels of returns, an empirical study in Peru undertaken by Calónico and Nopo (2007) indicates that education also serves the function of a social equaliser in terms of access to opportunities. This study shows that the expansion of educational infrastructure between the years 1997 and 2005 has enabled a significantly wider range of people, particularly those from poor or vulnerable backgrounds, to engage in educational and human capital development processes, thereby expanding the public returns on education in addition to their direct private returns.

Schundlen and Playforth (2014) provide another example from India that reveals a degree of variance between private (micro) and public (macro) returns to education over the course of forty years. They concluded that while there are always positive private returns

to education, the public results are not always evident compared to the initial investments and the productivity opportunities for this human capital.

Another example is from in the European Community, where the Lisbon Strategy<sup>14</sup> can be cited as a clear example in this area. This has driven a number of EU member states to reform their educational systems to keep up with the changing positive perceptions towards the value addition of education. A widely quoted example that reflects this issue in many relevant European policies is the recurring reference to the term *knowledge society*, where investments in educational systems are deemed to help provide answers to some of society's major challenges, ranging from unemployment to providing intelligent solutions to society's various problems (King and Palmer, 2010).

Research on quantifying these returns and providing evidence on these gains has received attention on the part of policy-makers. For instance, the Organisation for Economic Cooperation and Development (OECD) has provided some analysis comparing the private and public returns on these investments from available national data (OECD, 2008). This analysis found that private returns are usually higher than public ones, and proposes policy reforms to equally expand on the social gains to the investments made for the build-up of human capital. Figure 18 provides a comparison between private and public rates of return in select European countries, highlighting that education has a varying impact on the private and public spheres.

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<sup>14</sup> The Lisbon strategy is a ten-year framework for the EU to achieve specific benchmarks that will make member states more competitive and dynamic, on the premise of expanding their knowledge economies and maximising the public returns on human capital investments.

Country	Private	Public
Czech Rep.	26.5	8.9
Portugal	22.7	11.2
Poland	20.7	14.6
Hungary	16.8	16.0
UK	14.4	6.5
Belgium	12.7	10.6
Ireland	11.0	11.3
Switzerland	10.3	2.0
Finland	10.0	6.9
Spain	8.2	5.8
Norway	8.1	4.1
France	7.9	7.4
Germany	6.4	8.4
Sweden	4.7	3.7
Denmark	4.3	1.5
<b>Average</b>	<b>12.3</b>	<b>7.9</b>

*Source: OECD (2008), Tables A10.2 and A10.6.*

**Figure 18: Private and Public Returns to Education from select OECD Countries**

Thus, parallel to the dilemma on the part of policy-makers, students engaged in educational processes have their own views and priorities that direct their behaviour and decisions to engage in educational processes. Nonetheless, as discussed earlier, human capital formation and the expected results of gains in human capital are can be considered at the individual level as well as the public level. The question then arises: Do students take into consideration the public level as well as their individual level?

### **Tourism Education as a Lever to Development**

Internationally-Agreed Development Frameworks (IADFs) provide a blueprint for the developing world in designing national policies to achieve predetermined development goals. These frameworks can have a specific focus, such as the Programme of Action of the International Conference on Population of Development (1994) which focuses mainly on

reproductive health issues. Or they can be cross-sectoral, such as the Millennium Declaration and the Millennium Development Goals, which are eight goals focusing on a range of developmental issues, ranging from poverty reduction to environmental sustainability.

However, IADFs are not designed to be comprehensive in nature, leaving space for multilateral, bilateral, and non-governmental developmental organisations to work with partners in developing countries to design policies, programmes, and institutions to accelerate national progress towards the IADFs goals. Among these organizations is the United Nations World Tourism Organization, which is mandated to promote tourism as a driver of economic growth, and provide technical assistance and support to member countries towards that end. However, the year 2015 was a turning point for tourism within IADFs, where Agenda 2030 for Sustainable Development included three explicit targets focusing on the role of tourism for development under goals 8, 12, and 14. These targets are:

- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;

Target 8.9: By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products;

- Goal 12: Ensure sustainable consumption and production patterns

Target 12.b: Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products

- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development;

Target 14.7: By 2030, increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism;

These three targets illustrate the broad potential of policy and programme options in using tourism in development. The targets focus on job creation, promotion of local culture and products, and sustainability of touristic assets. Achieving all three requires a degree of knowledge and education to enable maximising progress towards these targets, consistent with research highlighting that tourism education is pivotal for the sector's growth and for the achievement of society-wide developmental effects (Lewis, 2005; Baum, 2007).

Therefore, it is widely agreed that tourism education plays an important role in the contributions of tourism in development, however it does not receive the attention it deserves; a case study from the Maldives indicate that formal tourism education is not a priority for staff selection among employers, but "attitude" and "talent" are (Shakeela et al, 2012). Another study from Australia identified a significant gap between the priorities of Tourism Academics and Tourism Employers in tourism education, where among the top five subjects, only two were common priorities among both (Wang, 2008).

However, this is quickly changing. The UN World Tourism Organization held its first conference focusing on Talent Development and Education in Tourism in December 2015, and Baum (2015) noted important positive developments in tourism education during the last decade, driven mainly by changes in size and nature of the tourism job market. The World Economic Forum reports that an additional 66 million jobs will be created in the tourism sector between 2013 and 2022 in OECD countries (Turner & Sears, 2013), while the ILO states that every job in tourism creates another 1.5 jobs in the related economy (ILO, 2013).

The primary contributions of the tourism sector to development can be seen through job creation. The developmental effects of this job creation are contingent upon the size, skills, and capabilities of human resources working in the tourism sector, in response to a rapidly growing sector and demand for tourism-related skills. Although this is a reductive lens to the developmental impact of tourism, it dominates the rhetoric focusing on poverty reduction and pro-poor development.

### **Responding to the Policy Dilemma in Tourism Education**

Realising the benefits of tourism for development requires a range of policy interventions and investments. The ILO toolkit on Poverty Reduction through Tourism states that the shortage of skills and high turnover rates require the integration of Human Resources Development (HRD) as an integral part of tourism policies (ILO, 2013). The World Bank report on Tourism in Africa: Harnessing Tourism for Growth and Improve Livelihoods states that *tourism's catalyst effect on an economy and its multisectoral nature is also a reason for its complexity* (World Bank, 2013c, p.2). However, this report makes an important distinction among countries which have relatively underdeveloped tourism sectors, and others which scaling up and deepening/sustaining their success. It makes it clear that nature of investments and returns have important differences to achieve the accumulative effects needed to achieve the long-term developmental benefits of tourism in Sub-Saharan Africa (World Bank, 2013c).

The dilemma of educational policy (discussed on page 114) is also applicable to tourism policy with important differences related to the scope of the sector and the intended objectives. Where educational policy, in general, carries social benefits as well as economic goals, tourism training and education usually focuses on a relatively focused range of skills needed in the labour market (Fidgeon, 2010), with a shared burden between the public (government) and private sector (employers) (Baum and Kokkranikal, 2005).

Consequently, education and training for tourism remains an integral part of tourism development policy, tailored specifically to the needs of the labour market, skill shortages, and the structure of the tourism industry. This is particularly important for Small Island Developing States and other countries where tourism constitutes a significant percentage of the economy and subsequent growth has considerable spill over effect, in terms of economic as well as social benefits (World Bank, 2013c).

This raises questions on the nature of tourism policy and options for “planning for tourism”, particularly for development purposes. Inskeep (1988, p.374) Identifies six stages for the design of a comprehensive tourism development plan, intended to achieve particular outcomes for the tourism sector itself as well as for development purposes. Inskeep included an education and training component in the fifth stage of his proposal. These stages are summarised below:

1. Study preparation and determination of objectives;
2. Survey: tourist travel patterns, baseline infrastructure, sociocultural trends, policy frameworks, private sector capacity and resources;
3. Analysis and Synthesis: sector projections, infrastructure adequacy and expansion prospects, tourism opportunities, problems, and impact;
4. Policy and Plan Formation: mapping of existing overlapping policies, development of policy options, costing;
5. Recommendations: Education and training programme, final structure plan, implementation techniques, policy reform proposals;
6. Implementation and monitoring: adoption of plan, integration into relevant plans, programme implementation, monitoring and adjustments as needed.

As global experiences in tourism planning increase, the nature of tourism planning becomes increasingly complex and sophisticated, linking to different developmental as well as political and social goals and targets. This leads to a variety of approaches at the national and local levels. Burns (2004) identifies two approaches based on the primary goals: either Leftist “Development First” or Rightist “Tourism First” with the latter dominating. He then proposes a “Third Way” that merges both approaches. The third way includes a focus on institutions and systems, fairness and sustainability.

The UN World Tourism Organization (UNWTO) has opted to support tourism planning at the sub-national and local levels. It has established an inventory of experiences under the Sustainable Tourism for the Elimination of Poverty (ST-EP) projects in 107 countries. A review of these projects highlighted that they do achieve some success in terms of small-scale poverty reduction; however they tend to neglect the potential role of mass tourism (Goldwin, 2009). It is also important to note the ST-EP projects continue to evolve, based on the demand from UNWTO member countries as well as due to donors’ interest in quick-impact interventions, while training and skill development are integrated into various activities under these projects towards enhancing their poverty reduction impact (UNWTO, 2013).

It remains a challenge to decide upon on the best approach to designing tourism education policies to maximise the contributions of the tourism sector to development. Can this be achieved at the national level, as a direct goal for a national tourism policy or as a spill over effect from growth in tourism resulting from job creation? Or should it be at the sub-national and local levels through focusing on particular communities in a pro-poor approach?

### **Perceptions on the Rate of Return to Education**

Perceptions can be defined as a 3-phased active mental process involving the selection, organisation, and interpretation of information received (Rollinson, 2005). The selection phase focuses on information that is made available and is of relevance to the person through an unconscious sensory mechanism that results in the person involved becoming aware of a piece of information of relevance. The organisation phase, however, involves recognising the value of this information while making innate assumptions about missing details of this information (Morgan et al, 1999). Finally, organisation is a dynamic psychological process responsible for attending to the information organised, and establishing a position (third phase) with regards to this information and a relationship between them and their context in the light of this new knowledge (Wilson, 2001).

Perceptions of the outcomes and outputs of an educational system have a significant influence on the size and nature of decisions influencing investments going into the various educational systems, particularly at the individual level (Gupta et al, 1998). The returns that an incumbent individual and/or group have the potential to enjoy as a result of possessing or engaging in an educational and a learning process directly influences the desire to pursue an educational path or not. However, it must be noted that such a decision is highly circumstantial and depends on a wide array of underlying individual and collective motivations (Menon, 1997), including the perception of different stakeholder groups of the expected gains in income.

Therefore, understanding individual behaviour to pursue education is faced with the difficulty of understanding perceptions of the expected rate of return, and predicting decisions made at the individual level relating the underlying causes of such behaviour. This assumes that every individual has a unique set of information and considerations that direct their behaviour and decisions, and how they respond to opportunities and

incentives, including those resulting from educational policy, labour market dynamics, collective objectives, and personal preferences (Ferreria and Santoso, 2008).

Such considerations can vary between the individual's preference for a career and an educational choice, decisions relating to the cost and accessibility of an educational establishment, or a specific area of interest (Manski, 1993). Therefore, quantifying the returns to education from an individual's perspective largely depends on what information the individual possesses, and how this information is used to form the expectations on return (Dimitov et al., 1996; Manski, 1993).

It is also important to note the screening function of education and the role it plays in building perceptions around the value of education (Li et al., 2011). There are multiple references in the literature that downplay the importance of screening and signalling functions and how they influence perceptions, such as Griliches (1996, p.9), who states that: *"There is also quite a bit of indirect evidence against the empirical importance of "screening" or "signalling" as major determinants of the returns to schooling"*. The literature also discusses this issue mainly in terms of the role education plays in screening the cognitive ability of students as potential workers and employees, and rarely moves beyond that. An example is provided in the extensive empirical research of Heckman et al. (2000), which concluded that a General Educational Development (GED) degree in the United States conveys a mixed signal to employers.

In light of these issues, the analysis in this thesis hopes to recognise what considerations influenced the surveyed respondents and have played a role in formulating their respective perceptions towards the returns of their engagement in their PBET course of choice.

## **Empirical Research on Students Perceptions**

As indicated by Hoffman (2009, p.7), a goal of perception is to estimate true properties of the world; it is often about *determining what is the best description of the world, or the best action to take, given (i.e. conditional on) the current state of the sensorial.*

Discussions of the role of student perceptions on educational processes seem to be surprisingly few in academic human capital literature, while development literature makes simplified assumptions on the priorities of young people in post-basic education and training. However, the emergence of the Internet and demand-based educational processes available online has allowed this research angle to gain in momentum, particularly as it allowed for increased student engagement based on their motivation (Richardson and Newby, 2006). In addition to that, it also allowed for improved community-based interactions among self-selected students (Gallagher-Lepak et al, 2009), and the use of statistical analytics to understand more about students behaviour in online courses (Clow, 2013).

Empirical research on student perceptions indicates that perceptions differ persistently among different social groups and towards different educational endeavours. These differences can be based on the students' perceptions and misperceptions of their own ability and capacity compared to other persons, thereby increasing the expected costs of studying compared with the expected returns (Chevalier et al, 2007). These perceptions are also affected by context and situational circumstance by varying degrees. For instance, a New Zealand study on the perceptions of future career opportunities in the tourism industry shortly following the events of September 11, 2001, revealed that 97% of surveyed hospitality and tourism students did not consider changing their career choice because of the media coverage associated with the events (Duval and Hull, 2001).

Another study from Hong Kong indicates that the primary reasons for students pursuing hospitality and tourism education mainly involve motivations associated with self-actualisation and the perceived attractiveness of the sector (Lee et al., 2008). These findings support those of an Anglo-Greek comparative study, which concluded that UK students who have a more established careers-support system have a less positive yet more realistic view of the jobs in question compared to their Greek counterparts (Airey and Frontistis, 1997). This study further revealed revealing how context and situational circumstance can alter the definition of what constitutes a tourism job and the perception of that job.

Another empirical study comparing the perceptions of Caucasian and minority Hispanic students in Arizona, USA, concluded that minority students have a higher degree of interest in tourism and hospitality education and careers compared to their counterparts (Cothran and Combrink, 1999). This study recommended that the tourism education industry capitalise on the interest and relatively more positive perception of minority students of the sector to provide the needed human capital for the sector's growth, particularly given that the tourism industry is one that primarily depends on its people as the human capital integral for its survival and growth.

There are several other empirical studies that were undertaken with emphasis on perceptions of students towards tourism education. However, this thesis explores the hypothesis that students are more likely to perceive tourism as a promising sector, and consequently appear more willing to take risks to invest in this tourism education, subject to their individual perceptions on returns, motivations, and options to engage, which we know little about generally or within the context of Yemen.

### **Limitations and Gaps of Existing Research**

The body of literature on human capital is vast and presents a wide range of concepts and interpretations of human capital and associated concepts to inform academic debate. This debate has evolved over time and increased in complexity as it tries to establish and quantify the causal relationship between investments in education and economic growth. The established hypothesis on the positive impact of human capital on economic growth is proved time and again through empirical evidence from various contexts.

However, two questions emerge from this debate: the first stems from translating this hypothesis into actionable policy directives, addressing the question of which investments, where, will return what results, over a specific period of time. McGrath (2012) argues that the failure to answer this question in theory increases the gap between the literature and development policy-makers with specific emphasis on post-basic technical education and vocational training.

This can be seen through the contradictory messages emerging from internationally-agreed development goals, particularly those messages targeting least-developed countries such as Yemen. A key example of this is the emphasis on primary education in countries experiencing a young people bulge and high levels of youth unemployment, which warrant particular investments in post-basic education and training such as market-oriented vocational training. This discrepancy is evident in Figure 18 discussing the budgetary allocation for vocational training from the total educational budget for a select number of developing countries.

The second question relates to the spill-over effects of investments made in education, which can be seen as improvements in the collective human condition and personal development. In fact, development literature argues that the key outcome of education is not economic growth per se, but is the expanded capabilities that result in human

development. UNICEF (2013) highlights that learning, gains in literacy, and skill-development are tools of social empowerment that can lead to increased economic viability and social prosperity, particularly after taking into account a set of collective 'intangible benefits' that contribute to human development and wellbeing. Therefore, an emerging question concerns the importance and impact of these intangible benefits, and what role they play in motivating policy-makers as well as students in engaging in an educational and human capital development process.

From a policy-maker's perspective, these two gaps are critical in guiding human capital development policies. While addressing the first question requires elaborate quantitative and contextual understanding and analysis — usually undertaken by academics, international development agencies, and policy think tanks — there remains the issue of quantifying these intangible benefits, which can significantly influence the policy-making process.

On the other hand, it is of critical importance to understand the role played by students as a key stakeholder group in the human capital development process. While the literature recognises economic motives for their engagement in education and human capital development processes, it does not consider these intangible benefits that may play a role in influencing the behaviour of students and prospective students within the educational process and beyond. These can range from self-actualisation to other motivations rooted in their specific socio-economic and cultural settings. This is one key limitation that this research intends to shed some light on.

The following chapter on methods will discuss in greater detail how this thesis intends to capture this information and present it within the overall research subject as a contribution to the global body of knowledge on the build-up and accumulation of human capital.

## **Identifying the Research Problem**

The literature on human capital draws on a sequential process, where investments in education lead to human capital accumulation, which in turn yields economic growth. The conceptual underpinnings of this literature remain formulated around learning functions, such as the Mincer or Weisbrod equations, where such functions can provide a calculation of the returns on schooling based on a limited number of quantifiable variables.

Nonetheless, these conceptual underpinnings have come under increasing criticism for several reasons. These include difficulties in comparing the returns of different policy options and scenarios to estimate the expected gains from each. A second difficulty is in the data and methodological issues surrounding those variables, their weightings, and values given to selected important variables that have varying influence on the actual gains in human capital such as student perceptions and motivations. Other difficulties include accounting for important externalities which have an important bearing on the success of these efforts in order to inform specific educational and human capital development policies. This last challenge was particularly prominent in relevant development literature, which requires a holistic picture of the full array of factors contributing to human capital development, in order to be manipulated to progressively achieve economic and social development.

This literature review set out to discuss how investment in human capital can be an instrumental tool for achieving economic development including through targeted efforts such as in the tourism sector. The literature provides ample evidence on the positive impact of investments in education and training on productivity and thus wages and income. However, development literature and actual results show mixed, albeit positive, outcomes of investments in education and training. In fact, the question of how to translate the need to invest in human capital to concrete policy recommendations is one of concern to this

thesis, particularly considering the role students play in reaping the rewards of educational investments.

Given this research problem, and based on the discussions of the research context in the second chapter and the literature review in the third chapter, this research is geared towards addressing a specific gap that bridges theory with practice based on first-hand documented experiences in designing and implementing policies that build human capital. This leads to identifying two specific research questions, namely:

- 1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?**
- 2. What are the views of NAHOTI's students towards human capital processes in the institution?**

These emerging research questions have important implications for the research context. This importance is driven by a combination of demographic pressures, levels of national development, volatility and political instability, and role of students in the educational process and in public life more generally.

Consequently, this research hopes to let the expressed opinions of students regarding their perceptions of the educational processes in the case study institution contribute to the research. This is achieved using a purpose-built methodology to capture this information and allow for an informed debate on the role of these perceptions in the success, or lack thereof, of human capital development through the case study institution.

## **Summary**

In this chapter, I discussed the human capital concept and its role in delivering economic development benefits. The chapter started with a discussion of the academic theory, its evolution, empirical evidence supporting the theory, as well as practitioner development literature discussing the accumulation of human capital through various educational processes.

The theory of human capital establishes that an investment in education yields increased productivity and returns. However, the returns to post-basic education and training, for instance, are different in the context of a least-developed country compared to a developed one due to a wide range of socio-economic and labour market factors. Empirical research yields inconsistent evidence indicating that the returns on investment in post-basic education and training are more significant in developed countries, while basic education can provide better returns in least-developed countries. However, this conclusion remains contested as evidence from reviewing this empirical research does not provide sufficient grounds for blanket policy-making on how to build-up and accumulate human capital within a specific context.

While there is consensus on the positive benefits of investing in education, the exact benefits continue to be debated and are best described as highly circumstantial and context-specific. This creates a dilemma among policy-makers on how to direct limited resources towards which educational processes to achieve the maximum possible gains in human capital accumulation. This dilemma is further complicated by overlapping internationally-agreed development goals intended to influence national development policies towards which States are requested to report on.

Therefore, the responsibility of policy makers to design and implement human capital policies is immense due to this dilemma, particularly in identifying what kind of post-basic education and training options shall be created in the context of a least-developed country

such as Yemen. This is one central element that this research intends to shed some light on, through capturing and examining the arguments that policymakers used to justify investing in NAHOTI.

Furthermore, the dilemma and inconclusive evidence in the literature resonates with criticisms on how this literature understands and portrays the role and impact of externalities in the human capital theory. For instance, perceptions play a major role in a student's choice of an educational path and a career in a specific sector, and how these perceptions change according to socio-economic background, context, and circumstance, thereby warranting further research into student perceptions on education. One key issue that must be considered in further detail is the perceptions of students on the returns to education, and the role of various instruments and institutions in the build-up of human capital at a sectoral or national scale.

Furthermore, despite making important contributing to the success of human capital processes, the voices of young people taking part in educational processes are often overlooked in both academic as well as development literature research. Select contributions to bridge this gap remain case-specific, making it difficult to draw generalisations on the value-added of recognizing young people's participation in the design of human capital development processes. This difficulty is the key research problem that this thesis attempts to tackle, particularly considering the potentially important implications for human capital development policies in the research context and other least-developed countries.

Both these elements – the policy making process and student perceptions – are central to understanding if the human capital development process through NAHOTI has what it takes to deliver on the promises of development and prosperity, both at the public level as policymakers hope, or at the private level as the students aspire.

The next chapter discusses the proposed methodology to address the defined research questions, focusing on policymakers on one side, and on perceptions of the students on the other, and jointly on the implications of these perceptions on human capital development processes.

**Chapter 4:**  
**Methodology and Methods**

## Chapter 4: Methodology and Methods

In his 1979 essay on Methodology, American scholar John Van Maanen caused a controversy by stating that *“Methodology in the social sciences is too important to be left to the methodologists”* (Van Maanen, 1979, P.540). Bryman (2008) explained that Van Maanen’s intention was to illustrate a degree of ambivalence on what a method is and what it is not, concluding that methodology – in his view – refers to examining methodical practice in a continuously evolving manner. Therefore, a methodology is understood here as a means to an end in a research journey of systematically uncovering new knowledge. This journey of this research revolves around the two research questions that emerged from the context description and literature review. These questions are:

- What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?
- What are the views of NAHOTI’s students towards human capital processes in the institution?

In response to these two research questions, this chapter starts with a brief overview of the adopted research strategy on how these questions can be answered. It considers different strategies and justifies the selection of case study methodology. Thereafter the chapter will discuss the two groups of data sources, i.e. policy makers and students, in response to each of the two research questions, and presents how captured data was managed and analysed. Finally, this chapter will discuss a range of limitations, ethical considerations, and some final reflections on the methodology.

### **Research Strategy**

As the research questions indicate, this thesis is an investigation of the perceptions of policy makers and students of towards the viability of the National Hotel and Tourism Institute (NAHOTI) in building human capital. The research focuses on two aspects in this regard, the

first is on the views of policy makers involved in influencing the design and work of NAHOTI on its role in building human capital for the tourism sector. The second revolves around the perceptions of the students on the role NAHOTI can play in enabling them achieve their educational and employment goals.

As discussed in chapter 2, there are targeted efforts in Yemen to invest in specific educational processes aimed at yielding substantial gains in human capital as a strategy to achieve economic development. This case study discusses one such endeavour to improve the role of the tourism sector in achieving development. Evidence in the literature supporting this notion of targeted efforts for national human capital accumulation is significant as chapter 3 discussed. However, there are gaps and unanswered questions in the literature revolving around quantifying and attributing gains in human capital accumulation, including designing, advising, and targeting educational policies and processes towards the maximum benefit at the private and public levels.

Several options can be considered in responding to the two research questions. Comparable academic research focusing on perceptions and on how specific population groups interact with government-facilitated services often adopt ethnography and observation-based approaches. For example, Harder, Ross, and Paul (2013) adopted a combination of quantitative and qualitative tools to capture feedback from nursing students on their perceptions towards learning outcomes in a large Canadian University (n=228). Another option is to adopt participatory action research that allows for more enhanced interaction between the researcher and the research participants in order to explore further key issues for interest. A prominent research undertaking using this methodology option is a ten-year longitudinal study on the transition of young people from adolescence to adulthood (Bangoli and Clark, 2010). The project is known as The Young Lives and Times project taking place in West Yorkshire, and was supported by the UK's Economic and Social Research Council.

Beyond these two options, there is a tendency to adopt more focused methodologies that are tailored to specific contexts particularly in developing regions. For instance, Liaw (2007) adopted a case study to examine the improvements in educational outcomes following the introduction of an e-learning platform in China in a particular University. A Case study was also the methodology of choice for a particularly relevant research that explored career prospects for students of tourism education in Turkey (Rony and Oztin, 2007). A third more policy-oriented research was carried out in Egypt focusing on the perceptions towards the value-addition of English language education for tourism students, which also adopted a case study approach (Ghany and Latif, 2012).

Further investigation into similar research, methodological experimentation, and reflections, lead to the conclusion that a case study methodology is the most suitable approach for this research. Cohen et al (2000, p. 198) discusses the advantages of case study research, suggesting that:

*“It provides a unique example of real people in real situations, enabling readers to understand ideas more clearly than simply presenting them with abstract theories or principles... Case studies can penetrate situations in ways that are not always susceptible to numerical analysis.”*

Every research approach has its associated advantages and disadvantages that can affect the suitability of the method of choice to the research question. The case study methodology devised for this study was based on Robert Yin’s (2004) guidelines for interpretive qualitative research in constructing a case study. This is justified by the particular focus of this research on NAHOTI as an institution in unique circumstances that deserves studying as a particular case that can inform further research and policy work in the future. I have also examined other approaches to constructing case studies, such as Stake (1995), and Merriam (1998). However, Yin’s guidelines were found to present a more

comprehensive protocol to construct for the construction of the case study that allows the utilisation of various data collection tools. This is of particular importance as this research necessitates working with different sources of information and using different tools, therefore having an established and robust framework through the use of propositions made it easier to construct the case study while ensuring the reliability and empirical validity of the resultant theory.

Indeed, this was one of the advantages for selecting a case study methodology. Reige (2003) indicates that case study research techniques can establish construct validity, and an acceptable degree of reliability if they are able to maintain a chain of evidence, using multiple sources of evidence, and give full account of the situation based on the case study protocol (Reige, 2003, p. 79). These are important elements for the case study framework developed by Yin (2004) and used in this thesis.

Furthermore, case study analysis tend to adopt inductive qualitative approaches in analysis to inform their construction, which aims to “*provide an in-depth understanding of the world as seen*” (Wilmot, 2005, p.1). Qualitative analysis also has the advantage of being able to differentiate the context parameters that have a major influence, directly and indirectly, on the research results (Berliner, 2002). It also has the advantage of generating rich contextual data that can fully capture an individual perspective (DiCicco-Bloom, Crabtree, 2006). Furthermore, qualitative analysis are particularly instrumental in pursuing empirical research on perceptions, judgement, and decision-making (Bryman, 2004).

Case studies can further combine the use of multiple data-collection tools (Brymen, 2004; Eisenhardt, 1989) to provide evidence to feed into the case study (Cohen et al, 2000). Case study methodologies can also establish a causal relationship as a result of direct observation within a real context, recognising that context is a powerful determinant of both causes and effects (Ibid, p.181). Hence, this thesis adopts the definition that “*a case*

*study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident” (Yin, 2004, p. 13).*

Therefore, the suitability of the case study approach is well-established in the literature on the investigation of social phenomena involving human beings. While interpretive research is often found to be instrumental for analysing the data and building an explanation in a bottom-up approach (Yin, 2011). However, it must be noted that the process of constructing this case study was a journey proved to be a learning curve, in which the process was revisited twice to address emerging shortcomings towards responding to the research questions.

### **Epistemological Considerations and Case Study Design**

In framing the case study design, it was important to understand and acknowledge the researcher’s own philosophical understanding and interpretation of discourse and social facts, and how this understanding may potentially influence the research as a quest in search of truth. Therefore, a brief discussion of the ontological and epistemological considerations becomes essential prior to moving forward with the discussion of research methodology.

A key consideration is the ontological assumptions that influence understanding of what constitutes reality as seen in the eyes of the researcher, as well as the shared meaning across the different social constructs among the case study elements and the researcher. This consideration leads to a discussion on the epistemological bases of this case study research, mainly on defining what knowledge and information is, its relevance to the research questions, and where to draw the boundaries for data that is relevant in constructing the case study.

According to Oquist (1978, p.144), there are five key questions that researchers must address in the process of defining their epistemological position. These are:

- How does man produce knowledge;
- How does man justify knowledge;
- What is the relation between theory and practice;
- What is the relation between values or ideology, and science; and,
- What are the implications of the research.

There is debate in the literature on what can serve as an adequate and fulfilling answer to these five questions, and indeed, whether an epistemological position can be justified at all. Hall (1990) illustrates this dilemma as follows:

*“Matters would be clearer if we knew whether there was a social world to be known (and what it was like), independently of knowing how to know about it. If we knew that world to have some coherence of objects, events, and processes in its actuality, that is, independently of our knowledge about it, we would at least know whether our task was to gain valid knowledge about what exists, or to gain knowledge that, even if it did not explain reality, nevertheless might serve some purpose-pragmatic, critical, revolutionary-or other” (Ibid, p.331).*

In constructing its conclusions, this research adopted an interpretive paradigm as an inductive approach to understand the subjective world of human experience through the researcher’s eyes (Cohen et al, 2000, p. 22). The ontological considerations, although implicit, are critical to the undertaking of this research, particularly noting the researcher’s work history and extensive engagement with policy-makers responsible for decisions that influences the case study setting. It is therefore important to acknowledge ontological

considerations in the case study elements and how they may construct a different view of reality *vis a vis* that perceived by the researcher. These considerations are accounted for in the design of the case study through developing a qualitative criterion for interpretation of findings and the discussion on research findings.

In the course of this research, there are potential issues relating to researcher's bias. The first is that the nature of perceptions includes inherent biases, while my background as a journalist in attending the meetings and being witness to the dialogue on the policies in question makes the influence of background information on the research inevitable. However, these issues can be mitigated, to the extent possible, through a structured case study design focusing on factual matters as informed by the data.

### **Case Study Construction**

The primary motivations for constructing a case were also driven by not only the unique mandate in terms of human capital, but also the excitement associated with a closer case-specific examination of how it was working to fulfil its mandate. Furthermore, the two research questions, tackled how NAHOTI fulfilled its mandates from the perspective of two groups, the first being the policy holders who were responsible for its creation, and the second being the students who are participating in the educational processes, and are an integral element for the institution's success.

Therefore, the context, intended goals, and research framework necessitated the development of a tailor-made methodology that uses multiple tools in order to capture the information needed to respond to the two research questions. The use of Yin's framework (2004, p.21) included five steps in case study construction, namely:

1. The study's questions;
2. Its propositions, if any;

3. Its unit(s) of analysis;
4. The logic linking the data to the propositions; and
5. The criteria for interpreting the findings.

Having adopted Yin’s design proposal, this research attempted to construct a theory that responds to the identified research questions, based on an inductive content analysis of the generated data to build a theory around five propositions. These propositions are the cornerstone of the research as responding is an intermediary step towards responding to the research questions, as Figure 19 elaborates.

Research Questions	<ol style="list-style-type: none"> <li>1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?</li> <li>2. What are the views of NAHOTI’s students towards human capital processes in the institution?</li> </ol>
Propositions	<ol style="list-style-type: none"> <li>1. How were Human Capital development concepts translated into the policies that led to the establishment of NAHOTI?</li> <li>2. How did policy makers gauge the success of NAHOTI in achieving human capital development goals?</li> <li>3. What value-addition did the students expect to draw from NAHOTI?</li> <li>4. How did the students gauge NAHOTI’s contributions to their individual human capital development goals?</li> <li>5. What role did the students play in influencing processes at NAHOTI?</li> </ol>
Unit of Analysis	<p>The unit of analysis is NAHOTI itself. Information about it was collected based on two viewpoints; the first was that of the policy makers involved in the creation and governance of the institution, which can be described as a top-bottom approach. The second was that of the students engaged in the institution’s educational processes or direct beneficiaries from its serviced, which can be seen as a bottom-up approach.</p>

Linking data to the propositions	Having adopted an inductive approach, this research did not predefine data variables or specific assumptions, but it was focused on understanding the unit of analysis through the collected data, and thereafter constructs a theory that responds to the research questions according to the data generated.
Criteria for interpretation of findings	This research used an interpretive approach in order to “uncover meaning and understand the deeper implications revealed in data about people” (Somekh and Lewin, 2005, p 346). Therefore, the research attempted to understand the views and perceptions of policy makers and students through accessing the constructed meanings vis-a-vis the propositions.

**Figure 19: Case Study Construction Methodology**

In informing the five proposition, this research started with a review of academic literature, and policy documents of relevance, followed with extensive consultations with peers working in the development sector as well as the research supervisor. These consultations led to the development of a research plan that is centred around undertaking in-depth interviews with key informants who were closely involved in the establishment and administration of NAHOTI. These interviews were to be complemented with a survey administered to NAHOTI’s students who were engaged in the educational processes at the institution.

Within qualitative research, the interview is the most widely used data collection instrument (Bryman, 2004). It is particularly useful in informing the process of building theory to construct the case study, as it is *“seen as an exercise in which the interviewer extracts information from the interview for later interpretation”* (Bryman and Cassell, p.47). Furthermore, the use of a student survey would provide quantitative as well as qualitative data to inform this research. The tools devised for this research to inform the propositions are discussed in the following section.

**Data Sources and Tools**

Towards addressing the five propositions, this research focused on collecting data from two sources. The first source was policymakers and development partners as key

informants interviews who were involved in the establishment of NAHOTI. The second source was the students who were engaged in educational processes at the institution. The key informant interviews were used to build responses to the following propositions:

Proposition 1. How were Human Capital development concepts translated into the policies that led to the establishment of NAHOTI?

Proposition 2. How did policy makers gauge the success of NAHOTI in achieving human capital development goals?

Proposition 5. What role did the students play in influencing processes at NAHOTI?

As indicated in the introductory chapter, I had come to learn about the focus on human capital and the discussions pertaining to the establishment of NAHOTI as a result of my work as a journalist (in the years 2003 – 2007, and later as a development professional). Being a journalist working for YemenTimes: the largest English-language newspaper in Yemen at the time, I had the opportunity to attend a number of important events and meetings as well as access to key policy makers, senior government officials, as well as professionals working for multilateral and bilateral development organizations supporting these efforts. Officials have often invited me to attend their meetings to report on content, progress being made, and key issues to the wider diplomatic, development, international community, and the more educated and English-literate segments of society through YemenTimes.

Therefore, as a journalist I was trained in undertaking interviews with key officials and policy makers. However there are subtle yet important differences between undertaking interviews for press and undertaking interviews for academic research purposes. In academia, this type of interviews is sometimes known as ‘elite interviews’ and includes four steps, according to Beamer (2002, p.87), namely:

- Identifying the construct of interest and develop instruments to tap into them;

- Develop sampling procedures to maximise the validity of the study;
- Conduct interviews and collect corroborative data;
- Analyse Data.

Literature on interviews reflects an ongoing debate on the types of interviews, the relationship between the interviewee and the interviewed, how the interviews relate to one another, among other elements (see for example Hochschild, 2009). One key area that distinguishes these interviews from other types of interviews is the exclusive knowledge only available through a limited number of ‘elite’ persons, who serve as key informants for this research. Subsequently, interviews with key informants (or elite interviews) were undertaken based on four steps proposed by Beamer (2002), however the sampling procedure was based on my personal knowledge of who were the involved key informants from various government agencies and development partners as a result of my attendance of meetings, and using a snowballing technique.

In constructing this case study, investigative interviews, particularly with key policy makers, were critical given the largely concealed dynamics of policymaking. Aberbach and Rockman (2002, p.673) indicate that: *“In a case study, respondents are selected on the bases of what they might know to help the investigator fill in pieces of a puzzle or confirm the proper alignment of pieces already in place.”* Consequently, a tool for structured interviews was developed in order to capture the needed information from policy makers, focusing on the roles of various officials and entities, and their roles – as they perceive[d] them. Figure 20 presents the profile of the interviewed key informants and the dates of interview.

#	Key Informant	Date
1	Senior official at the Ministry of Technical Education and Vocational Training	19-Oct-10

2	Senior official at the Ministry of Technical Education and Vocational Training	25-Oct-10
3	Senior official at the Ministry of Technical Education and Vocational Training	20-Nov-13
4	Senior official at the Ministry of Tourism	24-Apr-08
5	Officer, Bilateral development partner	18-Jan-09
6	Officer, Multilateral development partner	04-Oct-10
7	Private Sector Establishment	17-Dec-08
8	Private Sector Establishment	18-Dec-08
9	Private Sector Establishment	19-Nov-10
10	NAHOTI	26-Nov-08
11	NAHOTI	26-Nov-08
12	Senior Official at the Ministry of planning and international cooperation	07-Nov-13

**Figure 20: Profile of Key Informants**

As indicated in figure 20, interviews with NAHOTI, Ministry of Tourism, and a private sector representative were undertaken in in 2008 or early 2009, which coincided with the survey stage of collecting data from the students. A second round of key informant interviews took place in 2010, which coincided with the student interviews and focus group discussions. Two further key informant interviews took place in 2013 to bridge specific gaps from the emerging data.

The tool used to interview the key informants remained consistent throughout the research period, however tailored questions were included to interview development partners and private sector representatives that focused on their particular roles and perceptions. The interview approach open-ended semi-structured interviews that included seven core questions as well as a number of follow-on questions to enable elaboration on various issues. Most key informant interviews lasted between 45 minutes to just over one hour.

Three tools were used to collect information from the students at NAHOTI in order to respond to propositions 3, 4, and 5, which are:

Proposition 3. What value-addition did the students expect to draw from NAHOTI?

Proposition 4. How did the students gauge NAHOTI's contributions to their individual human capital development goals?

Proposition 5. What role did the students play in influencing processes at NAHOTI?

However, early work with the students in 2008 revealed a number of challenges that necessitated changing the data collection approach and tools. The most significant challenge was the failure of the survey in collecting the needed data, where a questionnaire was developed to capture the data from students enrolled in NAHOTI to reflect their views to feed into the propositions. In administering the survey, the questionnaire was distributed to all students who were present in at the end of a tourism management class based on an appointment facilitated by NAHOTI's management. In that session, I explained to the students what the research was, its goals and methodology, explained and provided translated copies of the consent forms, and informed them about their expected role. After explaining the questionnaire and indicating the student's participation is optional, most students opted not to take part in the research and fill the questionnaire, expressing hesitation about jotting down comments about their choices and the institution, which they felt might carry possible consequences.

In response, I affirmed the students that they can remain anonymous and that the information will be used for research purposes as a part of my PhD degree. The students appeared sympathetic but indicated that they do not wish to be seen as confrontational with the management or 'cause trouble', and wanted to leave the classroom. I thereafter suspended the survey not to cause them any undue stress, thanked them for their time, wished them the best of luck.

This experience was particularly insightful into the dynamics between the institutions, the what role the students play in the whole human capital process in real terms, and the range of issues and choices that these young people deal with on a day to day bases. The choice of methods also caused me to further investigate research methods, discuss with the supervisor, and go back to the drawing board.

Consequently, and given the vital importance of collecting data from the students to inform this research, and following further examination of the literature and consultations with the research supervisor, a modified tool and approach were developed. This approach included the adoption of one-on-one interviews and focus group discussions instead of the questionnaire-based survey, and putting in place measures to establish a degree of informality, privacy, and comfort to allow the students to engage with this research.

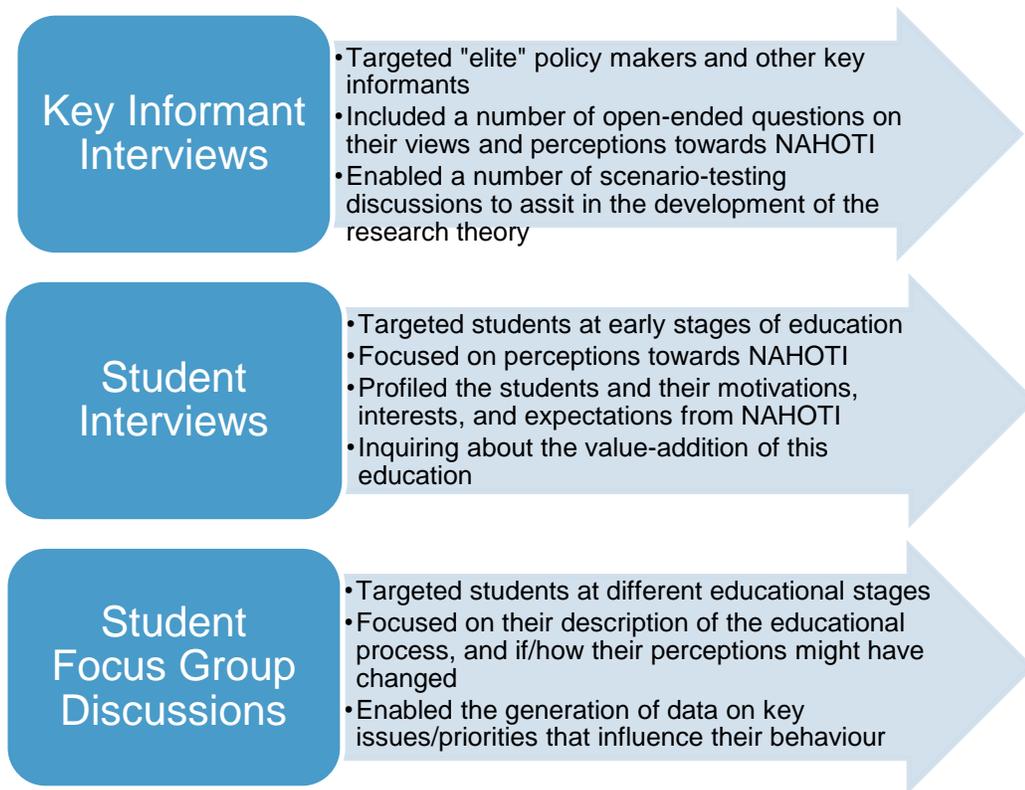
Interviews are also instrumental for capturing student perceptions, especially when using open-ended questions supported by trigger questions used for further probing into the meaning of their responses (Aberbach and Rockman, 2002). This enabled the reconstruction of events and processes that led to particular outcomes, as the case study intends to examine (Tansey, 2007).

Indeed, research on working with young people has shown the importance of finding ways to engage them and secure their confidence in the research process itself (Riet and Boettiger, 2009). Bagnoli and Clark (2010) have argued that their ten-year longitudinal research with young people was successful due to their adoption of a participatory focus group approach that *“sought to empower young people not only by including their ‘voices’ as experts on their own worlds, but also by involving them in data-collection”* (Ibid, p.103). Rodriguez and Brown (2009) published a set of guiding principles for research with young people that have proven helpful in reshaping the research strategy used here. The guidelines include being situation-specific, inquiry-based; participatory and engaging; and

transformative for knowledge-creation. As an example that further illustrates this point, Fearing and Riley (2005) cite six qualitative studies on student perceptions in the field of nursing education in the years 2003 and 2004, with all six studies using similar interpretive qualitative research approaches.

Building on that, a new tool was developed to undertake one-on-one interviews with a different group of students over one year after the intended survey. The students were approached individually within the institution, and the responses of the students were recorded. The interviews included five core questions and eight follow-on questions to provide further explanations if the discussion warranted. A total of 20 students were interviewed, which is a considerable percentage of the student body of 63 students at the time.

The outcomes of the student interviews were relatively straight forwards but did not provide the depth of knowledge sought and content to inform the propositions. They were however instrumental in the design of the focus group discussions tools which took place later in the same academic year. The focus group discussions were particularly instrumental in capturing a wealth of information on the students' perceptions and perspectives regarding the institution and beyond, as well as shed light on the core issues that this research intended to tackle. Figure 21 below illustrates the various tools used to inform this research.



**Figure 21: Data Collection Tools**

As indicated, three groups of respondents took part in this research undertaking. The first group comprised of key informants involved in the establishment and administration of NAHOTI. There was a total of 12 semi-structured interviews, with six policy-makers at the ministries of Technical Education and Vocational Training, of Tourism, and of Planning and International Cooperation. The interviews also included two NAHOTI staff, two development partners, as well as two business leaders who had an interest in NAHOTI. The main body of interviews took place April 2008 and October 2009.

The second group comprised of twenty interviews with students. This group can be considered largely representative noting that it was selected based on the interest of the students to engage in the interviews following being approached to take part. The number of respondents constituted slightly less than one third of the total number of students enrolled at the institution, which was 63 students (Alduais, 2009).

The third group of respondents comprised of 19 students who took part in two focus group discussions. Although some of the students who took part in the interviews earlier in the academic year, they also opted to take part in the focus group discussions. There are different views in the literature on extrapolating theories from data that includes duplicate participants. However, given that the nature of questions and the tools employed were different between the individual focus of the student interviews and the group dynamic focus of the focus groups. Therefore, the exact impact of this duplication was difficult to assess and was therefore noted as a potential limitation.

### **Data Management, Transcription, and Analyses**

The dominantly qualitative nature of this research requires paying specific detail to the transcription and management of data collected. The second principle of Yin's (2004) framework in building a case study after identifying the sources was to create a database that captures the evidence generated: *"The only essential characteristic of the notes are that they may be organised, categorised, complete, and available for later access"* (Yin, 2004, p. 103).

The interviews with the key informants were recorded using a digital voice recorder, and thereafter a literal translation to English was transcribed for each interview using Microsoft word. Thereafter responses under a number of common themes were compiled together to inform the analyses and findings of the thesis. For example, if responses under different questions tackled the issue of coordination, these were copied and compiled together in under a coordination sub-heading as quotes.

However, data management with the student interviews proved more complex. For one, the students were concerned with the use of a digital voice recorder that the researcher intended to use. Issues related to fear of being identified resurfaced similar to those

expressed during the failed survey. Therefore, and to facilitate the data-collection process, the researcher opted to jot down the inputs received from the respondents using the interview sheets. Several respondents were also asked if they were comfortable with the researcher using a laptop to directly record their responses, but similar hesitations were evident. Therefore, it seemed more appropriate to just engage in a seemingly informal conversation with the respondents, explaining to them the research and showing them what was being jotted down as their answers that allowed for better cooperation and a closer and more personal interaction.

Furthermore, the interviews took place at the courtyard of the institution. The reasoning behind this is that the research needed to maintain a degree of informality and casualness, which was not possible within the premises itself. This can possibly be attributed to the perceptions of the students towards what the building signified and the freedoms they have in expressing their views within it, particularly to fears of being overheard by administrators or colleagues.

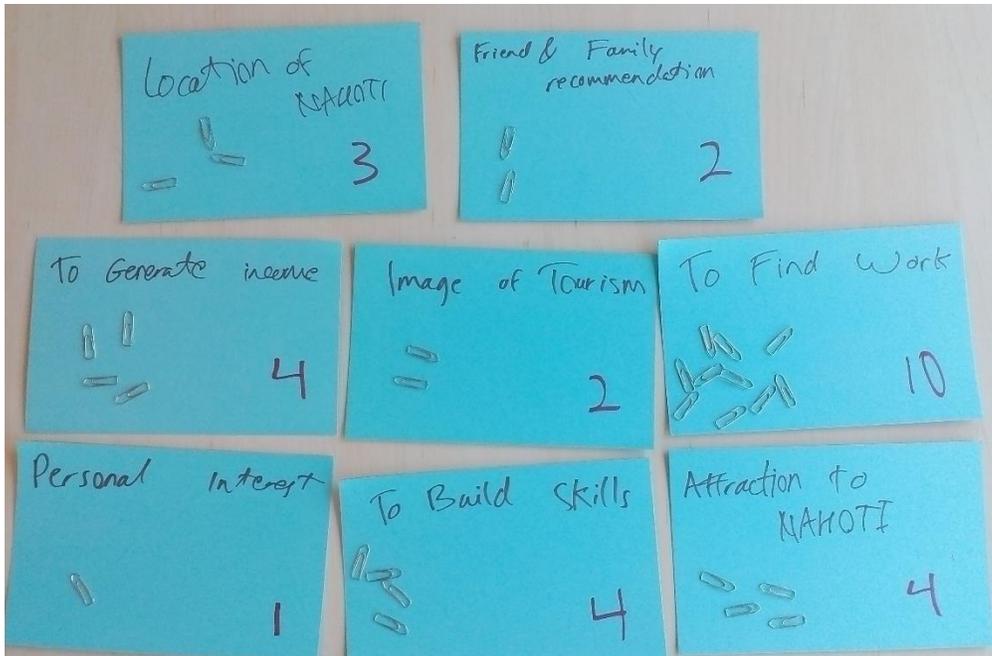
The transcription coding was developed based on the order of the questions used in the tool. The notes were jotted down in a categorical manner to allow for selective narrative analysis based on the key words expressed. The choice of approach was based on the constraints of not being able to transcribe the whole interview word-for-word, and it was viable for the researcher noting his own previous work as a journalist and training in investigative journalism.

The data from the interviews was thereafter tabulated in a Microsoft Excel sheet based on the interview questions. For example, the first question requested the participants to identify the top three reasons for joining the case study institution, and each respondent's response was recorded on a separate line in the excel sheet that carried the question's number. The excel document carrying the tabulated results of the interviews included 19

thematic sheets, with each sheet carrying 20 lines of responses, one per respondent. The responses carried varying levels of details according to the respondents wish to elaborate.

The services of a note taker was required for purposes of the focus group discussions to maintain my direct engagement and undivided attention to the participants, particularly as I needed to moderate the proceedings of the focus groups including directing the questions, the trigger and follow-on questions, and administrating the negotiation mechanism. The focus groups included seven main questions, the first two questions were used as warm-up questions to enable the respondents to familiarise themselves with the focus group methodology and establish a degree of ease and comfort with the process. These two warm-up questions were incorporated in light of lessons learnt from the survey and interviews on the need to establish sufficient rapport and minimise reservations and self-censorship among the students in expressing their views.

In the focus groups, I asked the participants to name the reasons for joining the institution initiated the discussions, which I jotted on cards. Thereafter these cards were put in the middle of the group and each participant was given three clips that they can use as votes for the cards that reflected their topmost reasons. Afterwards, the votes were tallied and the top cards were discussed in further details through the use of trigger questions. Figure 22 provides an illustrative example on the outcome of this process in response to question 3 of the focus group discussions, which was the bases for subsequent discussions.



**Figure 22: Illustration on the use of votes in the focus groups**

The focus group discussions were also designed to enable the respondents to engage with each other in a meaningful dialogue and negotiate consensus, common positions and react to peer responses regarding various reasons. This included discussing why other reasons might seem secondary and where would they place additional votes based on the current order of reasons. This negotiation process was instrumental in identifying the key issues and for drawing conclusions, while respondent explanations were recorded by the note taker in his laptop during the process.

### **Data Presentation and Analysis**

Yin's third principle in building case studies is to maintain a chain of evidence, where the "external observer should be able to trace the steps in either direction (from conclusions back to the initial research question or from questions to conclusions)" (Yin, 2004, p.105). Therefore, the data presentation focuses on the five propositions of the case study, and

presents evidence from the various questions and data sources in support of a holistic and comprehensive response to these propositions. The presentation is therefore categorised thematically in a bottom-up fashion starting with the research propositions and research questions.

The data presented under each proposition followed a theory-building structure based on an interpretive content analysis approach (Yin, 2004) to categorically reveal a new part of the theoretical argument being made: *“If structured well, the entire sequence produces a compelling argument that can be most impressive”* (Yin, 2004, page 154). Data captured was categorised and presented to illustrate the responses as they emerge following a grounded approach to construct key findings. Data from the key informant interviews were codified as a series of statements citing the question number as (KQ#) and representing one or more sentences where each statement has one or more key arguments, while the citations included the affiliation of the interviewee and the year of the interview. The statements were thereafter tabulated under themes that generally describe the key arguments. For instance, an interview generated 50 statements; these statements are thereafter categories under 8 different themes, such as mandates, inter-agency cooperation, financing, etc...

The data from student interviews were also similarly presented, using the code (S#) under each question. These include some quantifiable responses, such as ranking of motivations, as well as presented under themes in response to the propositions. Citations from the focus group discussions were referenced according to the focus group number, each citation carrying its own code assigned to it by the note taker and recorded under each question using the code (FG#). For instance, the thirty-seventh citation from the second focus group will read as FGD2:37, which was in response to question FG7. Figure 23 illustrates how the data fed into the five research propositions.

Proposition	Tool questions		Analysing case evidence
	KQ1	What is your involvement with NAHOTI?	
	KQ2	How do you view NAHOTI's administrative structures and organisation in relation to its achievement of the purposes for which it was established?	
	KQ4	How does the government support NAHOTI, and is this support sufficient?	
	KQ3	What are the key factors critical for success that the institution has, or is missing?	
	KQ3	What are the key factors critical for success that the institution has, or are missing?	
	KQ7	Where do you see the future of the institution in the near term?	
	KQ6	Are there any linkages with the private sector employers to market NAHOTI's role and/or its graduates?	
	S1	Please state three reasons why you chose NAHOTI (by priority)	
	S2	Why is the top reason important to you?	
	S11	What challenges do you foresee during the course?	
	S12	What challenges do you foresee after course completion?	
	FG3, FG4	Why did the students join NAHOTI?	
	S5	What, from your view as a student, is the biggest advantage of NAHOTI?	
	S10	Is this course also important for your personal development? Please explain.	

human capital development goals?	S12	What challenges do you foresee after course completion?	“explanation building” Content analysis of FG responses.
	FG5, FG6, FG7, FG8	What benefits did the students expect for their careers as a result of joining NAHOTI	
	KQ5	What are the students saying about their learning process in NAHOTI, is there a follow up with recent graduates?	
	S13	If you were allowed to change something about NAHOTI, what would that be?	
	FG8, FG9	Most useful activates within NAHOTI; Key messages about NAHOTI	

**Figure 23: Proposition construction**

In terms of data analyses, the case study development process adopted a case description analytical approach that relies on the theoretical propositions in a similar fashion to the data presentation. This analytical approach was described by Yin as the first and most preferred strategy, where *“the original objectives and design of the case study presumably were based on research propositions, which in turn reflected a set of research questions, reviews of the literature, and new hypothesis or propositions.”* (Yin, 2004, p.112). The approach will adopt a combination of two analytical techniques, mainly inductive content analysis and explanation building.

Inductive content analysis was applied in two stages based on Elo and Kyngas (2007). The first was the tabulation of the research data, where the logic moves from the specific to the general so that particular pieces of information was identified and combined into a general observation or statement (Thomas, 2003). This process involved open coding, creating categories and themes, and abstraction.

Thereafter, the resulting general observations and abstracts fed into a process of building explanations through stipulating a presumed set of causal links (Yin, 2004). The combination of these two analytical techniques enabled solidifying the construction of the case study to conclude this research endeavour with key findings and recommendations.

### **Methodological Limitations**

The research was designed with a dual purpose. The first was to shed some light on an experiment to build human capital in a least-developed country as seen in the eyes of both the policy makers involved as well as the students taking part in this process. The second is to provide a range of findings, conclusions, and recommendations to improve policy-making in this area. This research faced a number of obstacles that required realignment and adjustment of approach, methodology, and tools, and it was also interrupted as a result of the conflict associated with the uprising in the country during 2011 and the subsequent relocation of the researcher to another country. Against this backdrop, three categories of limitations can be highlighted, namely, associated with data-collection, with the scope of the research, and in terms of capacity.

#### **a. Limitations associated with data-collection:**

The data collection process was indeed complex, for starters, access to senior officials and other key informants required having the needed connections and personal relations to secure their cooperation for this research. I was fortunate enough to have the acquaintance of them as a result of my journalism background. This limitation relates to the snowball technique in identifying key informants who are familiar with the policies and frameworks that resulted in the creation of the institute and that govern it. The key informants were identified on the basis of my knowledge of who-is-who given my exposure to the process as a journalist, and my attendance in several meetings to which the media was invited.

However, a further key challenge was in terms of capturing data from the students on their motivations to join NAHOTI and their perceptions on the human capital process overall. This required not only reworking the data collection tools and approach, and devising a new strategy in this regard, but was an opening of another underexplored dimension relating to the relationship between the students and the institutions, and their frustrations vis-à-vis their capacities to respond to various challenges. This research pointed at a number of barriers as the students had reservations and concerns relating to expressing their views freely and engaging in the research undertaking, which required significant efforts and time on the part of the researcher to overcome these constraints. However, there are important limitations that must be acknowledged in terms of using verbatim transcripts and partial data recording, as well as the changing socio-political dynamics that were taking place during this study.

b. Limitations in scope:

The preceding limitations also affect the scope of this research, where it focused on a specific institution, created through a political decision with a unique mandate that had a small capacity in terms of students and facilities and evidently unclear lines of accountability in achieving its objectives. Therefore, the results of this research would not allow for any generalisations or for drawing sector-wide conclusions, but mainly inform generic policy-making processes based on its findings.

Furthermore, there are a range of limitations associated with cultural norms within Yemeni society which are relevant to this research but not examined. These include identity formation, decision-making, the relationship between the individual and

the collective, the role of women and gender, and a range of other issues related to perceptions that were not tackled in this research.

Finally, the ongoing political violence and instability that are ongoing since 2011 made it particularly difficult to examine the medium-term consequences of this case study and how it could have unfolded based on the data captured before 2011. For instance, classes in the institution were suspended on several occasions since 2011, funding of programmes has diminished significantly, and the prospects for tourism growth have sharply declined, and the premises of NAHOTI have suffered an air strike in 2015.

c. Limitations in capacity:

Undertaking qualitative research requires the dedication of sufficient time, resources, and human capacity of different stages of the process. I have undertaken this research on part-time bases while working full-time, while the need to realign the research and identify a new approach to engage the students required additional time for further research and work.

Furthermore, the instability of the context and the delay in completing this thesis were additional factors that limit the applicability of its findings to the institution and the country. Another element is also related to the use of data, where reliable data was difficult to identify and access due to the ongoing conflict in the country.

### **Ethical Considerations**

The most important aspect of educational and social research is the protection of participants' identities and contributions to the research, while transmitting it in a methodological, unbiased, and accurate manner. In undertaking this research, ethical

considerations were embedded from the onset in the research methodology and tools, and the first ethical clearance was submitted in December 2007. An updated ethical clearance was approved in March 2013.

There were three categories of ethical concerns relating to undertaking this research. The first is associated with the data-collection from NAHOTI students, while the second and third categories relate to the selection of key informant interviewees, and to language and translation issues. Systemically addressing the three categories of concern was important for fully complying with the requirements stipulated in both the University of Nottingham ethical guidelines as well as the British Educational Research Association ethical guidelines.

The importance of understanding, anticipating, and responding to ethical considerations gained particular importance during the initial phase of this research, where the respondent students expressed reservations in taking part in the research. It was particularly important to highlight the voluntary nature of participation in this research and the right to withdraw at any time, as well as the guarantees of data protection offered to research participants. Preparing for and addressing potential sensitiveness on various issues emerging in the research were equally important, particularly in light of the charged political environment surrounding the institution and research context.

With regards to the first category of concerns, the students' reservations highlighted deep-seated trust issues and concerns associated with potential backlash from NAHOTI against their participation in research and/or voicing specific concerns. To address these reservations while maintaining full compliance with the ethical research guidelines, a number of measures were implemented to address these issues. These measures included addressing misperceptions concerning the affiliation of myself as the researcher, modifying the data-collection and management procedures, and communicating the potential uses

of the research findings. These measures were discussed with the research supervisor and are elaborated in the following points:

- Redesign of the research tools in order to address underlying reservations and concerns by the students in responding to a questionnaire. For instance, the students were significantly more comfortable being interviewed and responding verbally to the questions rather than jotting down their responses in a survey form. This modification has eased stress and concerns among students.
- Presentation of the researcher's student ID, as well as handing over a translated version of the research information sheet, along with similar consent forms obtained from Sana'a University – as the leading national university - to illustrate the normality of signing consent forms. These measures provided comfort for the respondents to know that signing a consent form is a standard practice in academic research, and guaranteed their rights as research participants.
- Undertaking the focus group discussions within the courtyard of the institution but outside the classroom, to give the students enough space and distance. This was proposed to avoid being overheard by members of the faculty and the administration and being able to see if anyone is approaching the location of the focus group, thereby allowing the focus group participants to express their views more freely.
- Using the services of a note taker who typed up the notes of the focus group discussions anonymously, addressing concerns related to being recorded and the record potentially leaking to NAHOTI management, in which case avoiding to associate statements with particular individuals.

While striving to make all other aspects of the procedures identical, I, as the researcher, consistently guaranteed the confidentiality of the data. I repeatedly reiterating that the information solicited will not be used to judge the institution's management and will not

have repercussions as a result of taking part in the interviews, and that this research is likely to conclude and be published after they have all finished their studies.

The second category of issues revolved around the selection of key informants, where a utilitarian view was adopted based on the researcher's own network of contacts in government and in the development community. The ethical issues identified were in limiting the number of informants in a specific circle of contact who may have subjective claims of NAHOTI performance based on their respective institutional affiliations compared to their counterparts. The identified key informants were high-ranking government officials responsible for policy design in the ministries of tourism, technical education vocational training, and youth and sports.

The issue of naming the institution and subsequently potentially compromising the anonymity of key informants within the institutions was also an issue here. Naming the institution was necessary for the integrity of the research, particularly given that the thematic focus of the institution and the discussion are bound to deductively identify the institution. In this regards, it was viewed that naming the institution was necessary, and therefore consent and permissions were solicited and received from key informants.

Further to these two categories, the third revolved around the interpretation of data and research undertaken in the Arabic language, and transcribing it in English, where, on occasion, some words may not have a direct literal translation. In such instances, the closest synonym that reflects the meaning of the word was used.

Efforts were made to ensure the integrity of this research to ensure that the data collected and its reporting reflect the reality captured and observed by myself as the researcher. This was of utmost importance considering some sensitivities around the case study institution,

the political and security events that accompanied this research and caused an interruption during 2011 and 2012, and the need to maintain full respect and appreciation for all opinions and views. Furthermore, the guidance and support of the research supervisors was instrumental in securing the updated approval of the research ethics statement by the school of education's ethics office on 11 March 2013.

### **Summary**

In this chapter, we discussed the proposed methods and methodology to construct the case study in order to respond to the research questions. The chapter began with a justification for the choice of methodology and research strategy, and briefly discussed previous attempts to capture the required data for the case study. The chapter also discussed the various research tools and the convergence of data to feed into the case study design, as well as research limitations and ethical considerations.

The methodology and methods were constantly refined in order to ensure the appropriate acquisition of data needed in a systematic fashion to feed into the case study design while adjusting to emerging challenges. Furthermore, the methodology ensured that the data needs are responded to in a rich and relevant manner in order to address the research questions and provide further information to inform the analysis.

The next chapter presents the data based on the formulated case study methodology and includes a detailed discussion of various questions and propositions towards responding to the research questions.



**Chapter 5:**  
**Data Presentation**

## Chapter 5: Data Presentation

This chapter presents the findings from the data-collection process based on the framework illustrated in the previous chapter on methodology. This chapter includes six sections and a summary. The first section is an introduction that illustrates how the data is presented; including data captured through key informant interviews as well as that collected from the student interviews and focus group discussions to respond to the two research questions, which are:

1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?
2. What are the views of NAHOTI's students towards human capital processes in the institution?

This first section is followed by sections that specify and explain the research propositions. The first two propositions relate to the first research question, while the third and fourth propositions focus on the second. The fifth proposition links both research questions by focusing on how policy makers saw the role of students in the human capital development process, as well as how students saw their role.

The data to respond to the five propositions was captured from key informant interviews, student interviews, and student focus groups<sup>15</sup>. The data highlights specific findings that feed into analysis presented in the next chapter, on the basis of Yin's (2004) presumption that data-collection and data-analysis may need to take place simultaneously in building the case study. Figure 24 illustrates the logic behind the propositions.

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<sup>15</sup> See Annex 2 for the Data-collection tools.

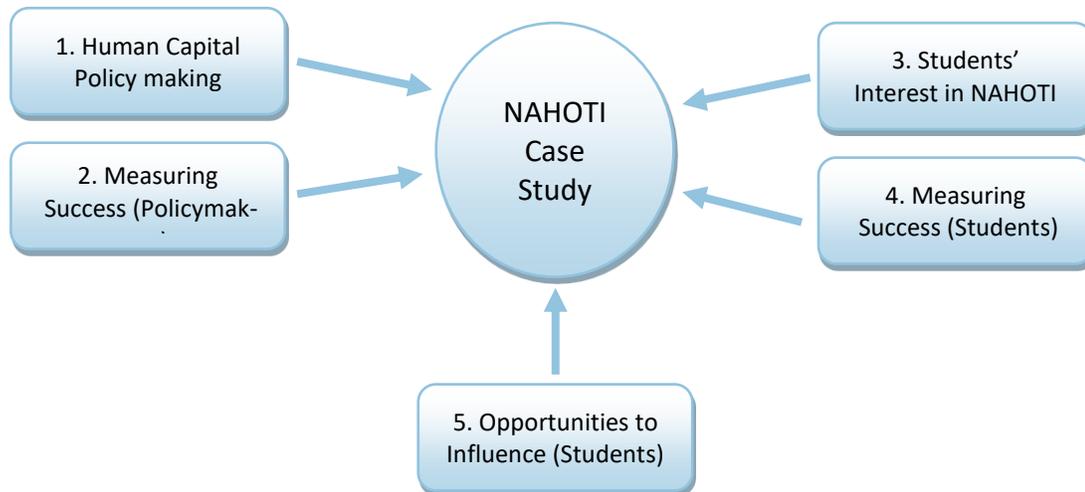


Figure 24: Data presentation and analysis structure

The following five sections present the data in accordance with the case study methodology presented and discussed earlier, with each section discussing one of the five propositions. The quotations reported below are references as follows: For Key Informants, it is referenced as (Key Informant Number, Affiliation: Statement number); student statements recorded in the focus groups are referred to as (Focus Group Discussion Number: Statement number). All statements are in *Italic*.

**Proposition 1: How were Human Capital development concepts translated into the policies that led to the establishment of NAHOTI?**

To respond to this proposition, interviews with key informants focused on three issues, namely the logic that influenced the structure of NAHOTI, the support it received from the government, and the factors that the key informants reported as critical for its success to achieve its specific human capital goals. The findings from these questions are discussed under a range of common themes that were arrived at following coding of the data.

Mandate Identification

Officials from the Ministry of Tourism (MoT) were credited with proposing the establishment of NAHOTI. This proposal was a part of package of policy and institutional proposals they laid before the government in order to expand the contributions of the tourism sector to the economy. The proposal was informed through a feasibility and prospective impact assessment of the sector which MoT undertook upon its establishment in 2001.

Consequently, NAHOTI, especially at its early stages in 2003, was seen as a, MoT initiative, and received support as a part of allocations directed to the MoT. Allocations to MoT, as well as allocations to the ministries of Agriculture, Fisheries, and Trade, were supported by a so-called “promising sectors initiative”. This initiative was designed to increase the contributions of value-added sectors to the economy, and was allotted 11.2% of the public investment programme accompanying the third five year development plan (MoPIC, 2006, p248).

However, as the proposal was further developed, the Ministry of Technical Education and Vocational Training (MoTEVT) was brought on board. MoTEVT identified technical education for the tourism sector as the sixth priority (of 7) in its ten year sectoral strategy (2005- 2014). MoTEVT’s seventh priority was the Fisheries sector. However, MoTEVT did not plan for undertaking specific human capital initiatives for either tourism or fisheries in its strategy document, apart from language that refers to the importance of both sectors. In fact, there was no mention of NAHOTI in its strategy; According to a senior key informant from MoTVET, their strategy focused on infrastructure, equipping, and quality issues, as well as promoting the investments of the private sector in technical education. In fact, the key informant described how they viewed NAHOTI as falling outside their direct responsibility at the time, treating it as “..if it was an institution affiliated to the private sector, given that it has its own funding and systems and the backing of the Minister of Tourism” (KI1, MoTEVT:2).

This gave MoT, and its international development partners, the liberty of defining the mandate of NAHOTI and designing various administrative and educational systems and processes: *“NAHOTI’s board met infrequently, and our participation, as well as that of others was tokenised as all decisions and plans were decided beforehand by those [with the money] financing the institution”* (K11, MoTVET:4). However, it appears that MoTVET continued to be politically supportive of NAHOTI at cabinet meetings and other policy making forums. This is understandable given that the NAHOTI’s mandate contributes to common goals shared by both MoTVET and MoT. On that premises, it can be presumed that the inclusion of tourism and fisheries as priority areas for MoTEVT was a political decision motivated by MoT’s position, but did not translate to actual programmes by MoTEVT.

#### Administrative oversight

However, as the institution started to take root, a number of issues arose between MoT and MoTEVT. Officially, NAHOTI was a government institution licensed by MoTEVT and reporting to it, however MoT raised concerns around the ability of MoTEVT to administer such a specialized educational process in which MoT had a high stake. This was further fuelled by the MoTEVT inspectors who were sent to confirm NAHOTI as a credential-granting institution: *“They [MoT] did not want us to be involved and were quite territorial about the project [referring to an EC-supported project to help establish NAHOTI], we didn’t want to cause any issues so we just gave them our comments and a period to address them, they were not ready to open the institution anyway”* (K13, MoTEVT:2).

Similar strains in the relationship between MoTEVT and MoT were cited by an interview at NAHOTI, who stated that *“MoTEVT was providing little support, we rely on the EU project to fund our salaries and of lecturers and other staff, but this was not sustainable”* (K19, NAHOTI:5). The issue was that MoTEVT did not have staff positions that could be seconded

to NAHOTI. NAHOTI was not a part of the ministry's formal structure at the time, and therefore it were forced to rely on donor support, at least in the initial stages.

The question on administrative structures proved to be a contentious one. All key informants agreed that there were fundamental issues relating to how NAHOTI was designed. One key informant from the Ministry of Planning indicated that NAHOTI's creation was an afterthought which nobody paid much attention to, nor expected much from: *"NAHOTI was one of many initiatives discussed as a part of the third five-year development plan, the committee had other pressing issues relating to the economy and social welfare and other more pressing issues, it was up to the MoT to put it on the table or not, sometimes they did, other times they did not"* (KI12, MoPIC:2)

This affected the capacity of NAHOTI to deliver on its mandate. Neither MoT nor MoTVET invested the resources required to ensure the success of NAHOTI especially in the first two years. This had become predominantly the responsibility of the first MoT-recruited EC-funded project team in 2005, working in close collaboration with different development partners, receiving political support mainly from MoT.

#### Securing needed resources

In 2004, NAHOTI received development partner support for its establishment; its building was constructed through a World-Bank funding facility, and it equipped by a 2.5 million euro grant from the European Commission<sup>16</sup>, with other support provided by a number of other development partners, according to a needs assessment undertaken by Germany's International Development Agency (GIZ). The institution's operational support relied on further support by the European Commission including to cover operational costs.

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<sup>16</sup> EC Mission to Yemen Decision number 4997/2005

However, the government of Yemen did provide budgetary support to NAHOTI, where an arrangement of 10% cost-share contribution for every donor-supported project was a common practice: *“NAHOTI received funding from different sources, the EU project and donors were a significant part, but MoT and the Ministry of Finance provided contributions, there is also a grant from the Tourism Promotion Board...”* (K14, MoT:7).

However, support from development partners required the involvement of both MoTEVT and MoT, which was done through the NAHOTI board. This involvement was also important to get both ministries to gradually increase their involvement and contributions to NAHOTI as an exit strategy for the project upon its conclusion: *“This issue was made possible through additional budgetary allocations received in 2008 and 2009, given the positive impact of the high fuel prices on our the national budget”* (K14, MoT:9). Yet, the amounts NAHOTI received from the regular budget remained the same, with the expectations that NAHOTI itself would generate some revenue from its affiliated restaurant, hotel, and tuition payments by students.

### Accountability for Results

As NAHOTI was founded with the explicit purpose of providing skilled labour and human capital for the tourism sector, it seemed that there are important gaps in holding the institution accountable to deliver results. Accountability was evidently tied to two issues, the first was the allotment of government resources to achieve certain targets, and the second was delivering results for the EC-supported project: *“A significant challenge we faced is converting short-term targets at the output level to mean something for the long-term”* (K19, NAHOTI:10).

Nonetheless, NAHOTI's goals, despite their vagueness as indicated in its founding documents, remained uncontested. While the particular targets of the EC-supported projects overlapped with the institution's own academic work plan: *"We had a range of steps and target ranges which were proposed jointly with the experts and approved by the board, these targets are very useful in understanding what we are doing right and what needs to be corrected"*. (KI9, NAHOTI:3).

NAHOTI's administration took it upon itself to demonstrate its success in terms of building human capital. The measures taken included increasing visibility to create a positive perception about the institution, which included arranging for visits for high-level delegates and ensuring significant media coverage. Other measures included preparing publicity materials with a dual goal of attracting students and marketing the institution to partners, particularly private sector employers, which was the basis for another function, namely facilitating job placements for its graduates.

A key factor that was used to judge success in building human capital was the students' demand to enrol: *"We see students' demand as reflecting the quality of education and usefulness of the courses, but in NAHOTI's case it is probably too early to judge"* (KI1, MoTVET:9). Nonetheless, NAHOTI repeatedly reiterated through its reports and publications that it was responding to an important skills gap for the tourism sector, and that this warranted supporting its creation and operations.

### Influencing NAHOTI's Operations

The creation of NAHOTI was influenced by the success of other MoT initiatives which aimed to contribute to the growth of the tourism sector: *"We're still building the tourism sector, it is not a sector as of yet, it is more of a collection of businesses that operate away from each other, airlines and transport in one side, hotels and tour agents at the other, and the*

*rest somewhere else... [we] are yet to provide a comprehensive tourism package from A to Z, and this is our priority now” (KI4, MoT:2).*

Fragmentation played a role in limiting the growth prospects of the sector and the positioning of NAHOTI, especially since its programmes focused on hospitality management and catering. This indicates a focus on building human capital in these two sub-sectors with the understanding that there are other needs in other areas of the tourism sector that may require a realignment of NAHOTI’s focus in due course: *“The institution has to be responsive to the labour demands in the job market, which can shift very quickly, we see how several of our other institutions have become obsolete and required a significant overhaul... especially in technical areas which are changing too fast... we recently introduced a course in mobile phone repair ahead of when it was planned for” (KI1, MoTEVT:10)*

The relationship between MoT and MoTVET underwent cycles of uncertainty in the period leading to this research, where MoTVET progressively increased its influence over NAHOTI through providing additional resources and know-how, and also as a result of the winding down of the EC project. This caused a number of issues for both MoT and NAHOTI Management, who saw the increasing role of MoTVET as restrictive and limiting in what a technical and vocational education process can do: *“We try to avoid being rude to MoTVET inspectors and other colleagues, but on occasion some of the proposals are not feasible, for example we can’t let MoTVET run the examinations if they do not have people who have the credentials to mark and validate the results... so we raise these issues to MoT to address them” (KI9, NAHOTI:9).* This particular issue was resolved by establishing a joint committee that included MoTVET inspectors to sign off on the outcomes.

As this proposition revealed, the establishment of NAHOTI and its mandate were the result of MoT work with donor support. However it was evident that NAHOTI’s establishment

bypassed the traditional system of providing vocational education affiliated by MoTEVT, which raised a number of continuous issues between MoT and MoTEVT.

**Proposition 2: How did policy makers gauge the success of NAHOTI in achieving human capital development goals?**

The response to this proposition was derived from questions to key informants that focused on their perceptions of NAHOTI's current and future roles, where perceptions towards future expansion were used as a proxy for its relevance and success. These perceptions were probed to understand more about the criteria that policy makers adopted in gauging the success of the institution in achieving its objectives. The following themes emerged from the interviews.

Factors Critical for Success

In gauging NAHOTI's success in achieving its objectives, a wide range of factors emerged which can be categorised into three categories: first, the possession of facilities, equipment, and inputs needed for the educational process; second, the quality of the education and its delivery; thirdly, the tourism sector's relationship with NAHOTI.

NAHOTI was described as having *"a building which was designed specifically for the institution, including kitchen areas, dorm rooms, even an attached hotel which can be expanded and operated commercially"* (KI4, MoT:14). Furthermore, there appeared to be an impression that the institution can potentially become a world-class institution in terms of facilities. Therefore MoT made arrangements with various donors to provide the equipment needed proved useful: *"We supported a needs assessment to provide the technical specifications required for the institution's equipment and furniture, we also supported the procurement of some items, while others were provided by the government and other partners"* (KI5, development partner:3).

MoTEVT played an important role in resourcing NAHOTI. It was MoTEVT that identified NAHOTI's training needs and that approved the outcomes of the needs assessment. However, not all of the required assets were provided, and the institution had to start its operations even before the delivery of some of the critical facilities: *"We relied heavily on the EU project, even to make some important modifications on the building such as buying and installing a bigger water tank"* (KI9, NAHOTI:6). Therefore, it was evident that the EC project enabled addressing any gaps through procuring the assets needed for the project as well as providing the operational budget for the institution to carry out its operations, at least in its earliest stages.

It was acknowledged that NAHOTI started its operation without adequate staffing and expertise. Two issues were highlighted: the first relating to identifying experts and lecturers, whom were sourced locally as well as regionally, and the second related to tailoring the syllabi. This issue proved to consume most of the operational budget: *"The Italian experts cost more than half of the project's budget, add to that the costs of interpretation and translation, [they] could've hired Egyptian or Jordanian experts at a much lower cost"* (KI2, MoTVET:3).

One issue that was unique to NAHOTI is that decisions relating to the educational processes were not made by officials in MoTEVT as a part of national technical education policies, but they were made by NAHOTI's own board which was dominated by MoT. It appeared that the MoTEVT adopted a hands-off approach at the early stages of NAHOTI's establishment. This can be due to the political interest of MoT in the institution, the availability of specialist support through the EC project, and the limited resources MoTEVT provided: *"NAHOTI was an experiment of MoT..."* (KI1, MoTVET:3).

The political leverage of MoT was evident in the relationship between MoT and the Federation of Travel Agents and Tour Operators (Federation): *“We signed an MoU with the MoT to allow us to use the facilities of NAHOTI and advise its management on our needs in terms of both expert speciality as well as labour”* (KI7, Private Sector:3). Evidently, MoTEVT was not a signatory to this MoU, although it was the government agency that licensed NAHOTI.

However, when asked about the actual collaboration between NAHOTI and the various businesses within the tourism sector, there was a tone of cautious optimism about the role NAHOTI would play: *“Of course we welcome NAHOTI’s work and we think it is a valuable institution, however we have to be realistic about our expectations”* (KI7, Private Sector:6). Another private sector key informant said: *“There are more fundamental issues that plague the tourism sector, such as security and the unfavourable image of the country, these should be addressed first”* (KI10, Private Sector:2). This indicates that although NAHOTI was important in building human capital for the tourism sector, the sector had a number of more critical issues that were more pressing priorities in their engagement with the MoT and the government as a whole.

Nonetheless, NAHOTI’s management reported an interest in their graduates, citing that the institution had an employment service which had undertaken a survey of potential employers to participate in a proposed career fair: *“We have contacted many of the leading hotels, travel agents, and other businesses asking them about what courses would be of interest to them, both as courses to their staff as well as focus areas, and the response is overwhelmingly positive”* (KI11, NAHOTI:10).

### The Future of the Institution

NAHOTI was in a unique position to receive significant political, financial, and technical support for its operation. However, there is also a significant room for improvements, particularly in terms of efficiency, quality of delivery, and oversight. These improvements are important to ensure the success of the institution in the future and achievement of its human capital goals as defined by policy makers at MoT and MoTEVT.

In the short-term, there is a recognition that NAHOTI should be brought under MoTEVT's control: *"We need to revisit the management structure of NAHOTI so that it is brought closer to us [MoTEVT], we even increased budgetary allocations for it to do exactly that"* (KI1:11). There is also consensus on this issue by MoT which would like to see a greater MoTEVT involvement and responsibility for NAHOTI, as this was required by donors and as an exit strategy for the EC project to facilitate sustainability; *"We look forward to engaging more with MoTEVT to support the growth and expansion of NAHOTI, and to also introduce new courses and diplomas"* (KI5, Development Partner:7).

In parallel to this notion, there was also a voiced need to extend the EC support project and provide additional resources in order to avoid any interruption in service: *"We will lose many of the lecturers and experts we have now if the project is not extended, [they] will not accept the meagre salaries offered by the government"* (KI11, NAHOTI:6). Such issues were of concern to the students as well, which is discussed in greater detail in the next propositions.

The private sector was also expected to play a role in supporting NAHOTI, which was reiterated by both MoT and the Federation: *"There is consensus that NAHOTI was designed to contribute to the sector's growth, our industry relies on the creativity and ideas of its people, and this is why NAHOTI is important to us"* (KI7, Privet Sector:7). This also implies recognition of the contributions of human capital to the sector, and the investments required to expand these contributions.

In sum, we can conclude that NAHOTI received all the inputs required to make it a success, although there are administrative issues that remain of concern. It also indicates that it is too early to make a judgement on the contributions of the institution's graduates to the sector at this stage.

### **Proposition 3: What value-addition did the students expect to draw from NAHOTI?**

This proposition was explored through the interviews and focus group discussions with a sample of NAHOTI students. Their responses revealed their motivations and expectations in enrolling at NAHOTI, what they saw as the value-addition of their studies, and their perceptions of the challenges they faced as NAHOTI students.

#### Rationale behind Selecting NAHOTI

The reputation of the institution and career prospects tied as the top reasons for choosing the institution. However, when the follow-up question was posed requesting a justification for their choice, 70% of respondents, or 14 out of 20, justified their choice with reference to their employability prospects upon completion. Certification by NAHOTI would improve their competitiveness in the labour market and allow them a preferential advantage for employment in the tourism industry.

While it was strongly evident that the top reason was related to employability following completion of the course, an analysis of the remaining reasons was critical to understanding more about other motivations behind the choice of NAHOTI. To expand the analysis, I also considered the top three reasons and gave them equal weightings thereby disregarding the priority order in which they were stated. This allowed for a more comprehensive picture of all the key reasons that contributed for selecting NAHOTI going beyond the top reason.

However, the results remains consistent, where the second and third reasons also alluded to employability in many instances. These included responses under “A promising career”, “Employability”, “Interest in Tourism”, and “Job placement services” together account for 52% of the recorded reasons. Another finding emerged from lumps reasons such as “reputation of the institution”, “quality of education”, and the “recommendation of friends” to form a second category of responses relating to the institution itself and perceived quality of education. The responses of the students were tabulated to explore the primary reasons cited by the students behind the choice of NAHOTI, as figure 25 highlights.

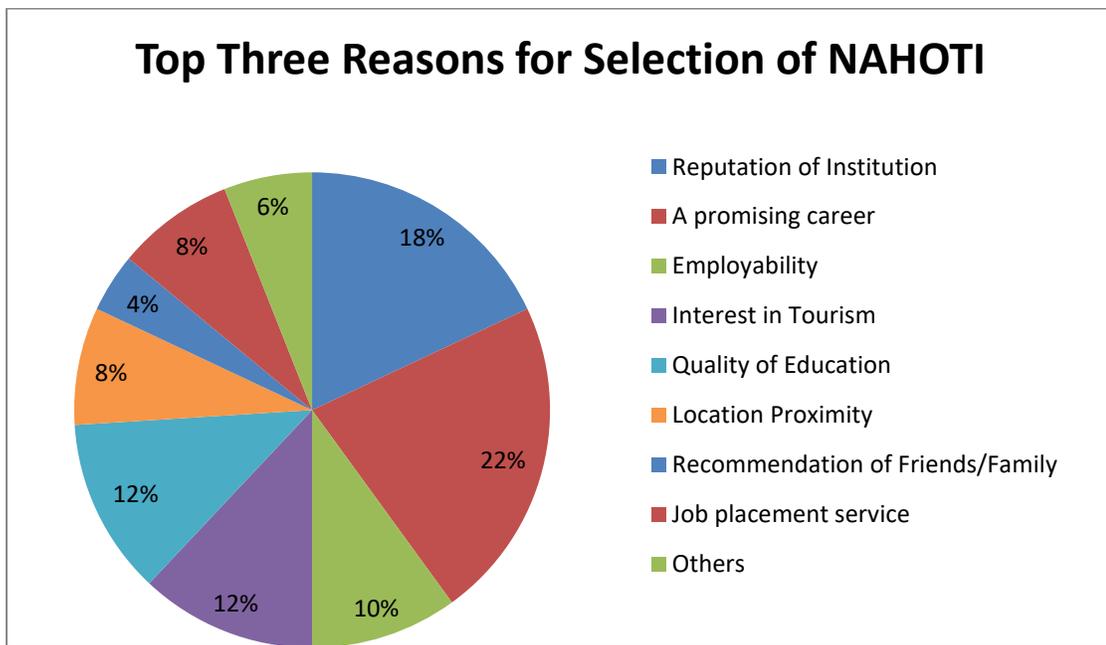


Figure 25: Top three reasons for selection of NAHOTI

With regards to the impact of their education in NAHOTI on their career path, 55% of the respondents indicated a certain positive impact on their employability prospects, while another 35% responded with likely, while 15% responded with “Don’t know”. Uncertainty was particularly high when requesting the students to estimate their expected grade at

completion. Only nine students (45%) were able to give a response, and none of the students expected to complete with an excellent grade, with the rest between good/very good (6 students), and average (3 students). This question was useful to highlight the students' perceptions and expectations regarding mastering the concepts and knowledge that this course is expected to add their individual human capital.

Further incite was captured through the focus group to elaborate on this issue to explain the students' positive expectations from NAHOTI;

*"The sector is growing... hopefully, so that should reflect on the number of jobs available" (FGD1:15)*

*"Two of the country's top hotels are located in this neighbourhood, and another big one is under construction not far from here, they all would want to hire employees" (FGD2:23)*

### **Foreseeable Challenges**

Seventy percent of the students interviewed reported not having any direct exposure to the tourism sector prior to joining the institution, which indicates that the institution is the first real life experience in learning about the tourism sector. This could be one factor explaining why 40% of the students did not identify a particular challenge or shortcoming in NAHOTI's educational processes vis-a-vis the sector's needs. On the other hand, a majority of 55% of the students cited issues relating to limitations in the facilities and time, which are non-sector specific and not limited to NAHOTI.

With regards to challenges after course completion, the primary concern was in relation to the respondents' transition to the labour market (65%). A further 30% cited a rather specific concern relating to recognition of the certificate as a valid academic credential. One respondent indicated an intention to emigrate after course completion. Highlighting the

issue of certificate non-recognition among several respondents indicates a specific area of concern, noting that the MoTEVT is the government agency with the mandate and authority to recognise vocational education degrees. This issue therefore points out that the respondents have some specific concerns relating to the role of the ministry in the quality control processes in NAHOTI.

Employability was a major concern for students. Although there were positive feelings about the value of their education at NAHOTI, there was recognition that there were no guarantees.

The focus groups revealed further insights into students' expectations regarding their post-completion challenges:

*“A specialised certificate is an advantage for us compared to others in the job market to work in the tourism sector, I think employers would want someone who has studied about providing the services in tourism and hospitality over someone else who studie[d] something else” (FGD2:26)*

*“I don't know what job offers will come my way, but I hope to join one of these five-star hotels, they would probably hire me as an assistant for the reception or in public relations ... [other student laughingly interrupts] or in the kitchen” (FGD1:46)*

**Proposition 4: How did the students gauge NAHOTI's contributions to their individual human capital development goals?**

Responses to this proposition were informed through questions relating to the students' beliefs on what are the biggest advantages of NAHOTI, how do the particular courses they are enrolled in contribute to their personal development, particularly in terms of preparing

them to overcome the expected challenges in the labour market post-completion. This last issue was discussed in greater detail in the focus group discussions to gain a deeper understanding of student expectations on the role of education at NAHOTI in shaping their careers.

The results remain consistent with those of the previous proposition on the role of NAHOTI to facilitate the students' successful transition to the labour market. However, a number of interesting dynamics became more evident, particularly in relation to the most value added activities in NAHOTI and learning outcomes. For instance, when the students were asked what they would change in NAHOTI, concerns related to the costs of their individual investments emerged, where 30% asked for financial assistance and scholarships. This raises the issue on what is a fair price for the educational services of NAHOTI and whether the students thought of these costs as justifiable. A number of other issues emerged relating to the practicality of training sessions, quality of teaching, and other issues (figure 26).

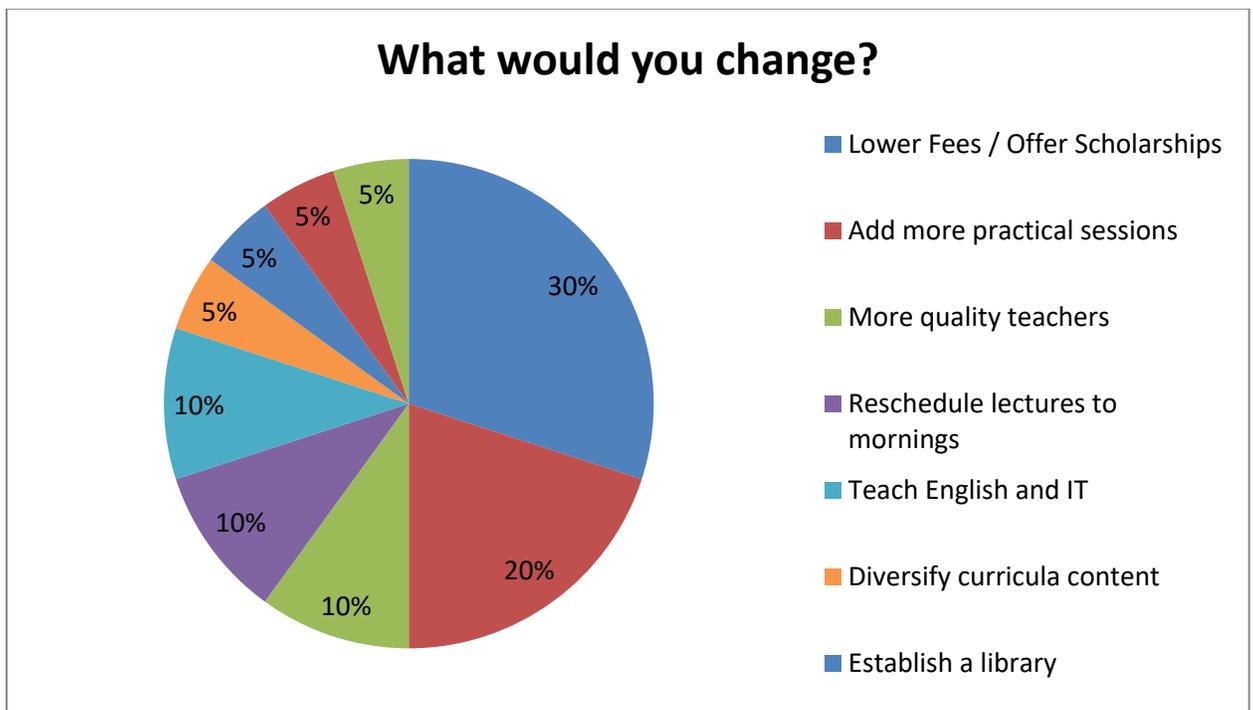


Figure 26: What would you change?

In terms of the biggest advantage of NAHOTI, there was an evident consensus that the “NAHOTI Promise” carried improved prospects in the labour market, particularly in the growing tourism sector. This was cited as the primary motivation to join NAHOTI, and remained valid throughout the research. However, further investigation asked the students to identify the most value-added activities within NAHOTI that contributed to human capital development processes to which they felt individual gains. The focus group discussions and interviews included seven questions around the following two issues: Examples of activities, subjects, sessions, and learning opportunities that were identified as most useful in overall contribution to human capital, and why some of these examples are more useful than others. The second issue referred to shortfalls and limitations to the educational process at NAHOTI.

The presentation of the findings from the focus group discussions were categorised by the emerging themes. The use of open-ended questions and trigger questions have allowed the students to respond and explain, using their own words, their reasons and views in each one of the emerging issues.

a. Improving employability

At the early stages in joining NAHOTI, participating students expressed optimism and excitement about the course as a pathway to careers in the promising tourism industry. The expressed optimism was attributed to a number of reasons including personal interest and excitement about venturing into a new economic sector that was described as fast growing. However, the dominant underlying motivation that was agreed on seemed to be employability prospects, which dominated although remain untested on a wide scale among the students. In fact, students seemed less sure about the prospects for employment as they progressed into the educational process and became more aware of the sector’s realities, promise, and limitations.

This diminishing excitement highlights a number of important considerations relating to the realisation of students that as they progress in the course, they come close to course completion and thereafter start their respective working careers. Despite this concern, the respondents were able to establish a consensus that employment was the primary motivation behind their enrolment (as well as that of their peers), as the following excerpts from the focus groups indicate.

*“No one in my family studied tourism or works in tourism, so it is nice to be the first to venture into this new area, and who knows it may prove to be interesting and rewarding for me and also for the country”* (FGD1: 12)

*“The sector is growing... hopefully, so that should reflect on the number of jobs available”* (FGD1:15)

*“We see a lot of news on the promise of the tourism sector and new investments and projects, especially in Aden... Let’s see what comes through from the job placement officer”* (FGD1:17)

*“I don’t know what job offers will come my way, but I hope to join one of these five-star hotels, they would probably hire me as an assistant for the reception or in public relations ... [other student laughingly interrupts] or in the kitchen”* (FGD1:46)

#### b. Most useful activities in NAHOTI

The students had varying opinions on what the most useful activities within the NAHOTI educational process were. Although the conclusions from both focus

groups were consistent in confirming the importance of practical training sessions and job placement services, the students in the second focus group that was conducted at a later stage in the educational process also highlighted the valuable information received about the tourism sector in the country. That information was particularly helpful in understanding more about the expected challenges and realities, considering their initial perceived expectations about the tourism sector:

*“There are subjects in the course that relate to management, economics, and other subjects that will give you a background on what you need to know to join the tourism sector, I like that” (FGD1:13)*

*“The course is designed to go into a high level of detail on the tourism sector which makes you a specialist on the sector” (FGD1:14)*

*“The tourism sector is a growing industry; nobody knows where they will end up, but it largely depends on how you use what you learn in this course and build your skills from the practical sessions” (FGD2:44)*

### c. Learning outcomes

The students' expectations of learning outcomes varied according to their degree of familiarity with the course's content and their progress in the course. For instance, the second focus group provided a more detailed response when compared to the first focus group discussion. The impressions of benefits from the education remained positive overall, and resonated with previous findings on the quality of education. The students also remarked that they have become more aware of the sector's realities, opportunities, and challenges:

*“This is a very practical education course, compared to the courses offered at Sana’a University or other colleges, the system is designed to make sure that you learn what you are supposed to learn” (FGD2:19)*

*“They don’t teach you the usual materials you expect to be taught, this is a highly practical course where you learn a high level of practical skills, like kitchen skills to tourism computer applications and other things” (FGD2:25)*

*“The course is designed to go into a high level of detail on the tourism sector which makes you a specialist on the sector” (FGD1:14)*

The Faculty of NAHOTI also reiterated the high degree of focus embedded into the course materials and instruction approach. Among the key issues raised is the importance of not comparing the course as a specialised technical education certification with tertiary education offered at university level due to the fundamental differences in the objectives and focus: *“We noticed that the students have given thought to their educational endeavours and compared the experiences of acquaintances at university-level education, our curricula was tailored according to best global practices and international expertise as well as being based on an assessment of the needs of the tourism industry. I think we are making a contribution that we should be proud of, and the students appreciate that.”(KI9, NAHOTI:12)*

Interestingly, several students referred to the soft and inter-personal communications skills as value-added learning benefits that the students acquired from the course:

*“They also teach you how to deal with customers and understand what they want; it is like marketing and sales but also has some routines from psychology and human behaviour...” (FGD2:40)*

**Proposition 5: What role did the students play in influencing processes at NAHOTI?**

This proposition is envisioned on the premise that both the students and policy makers have overlapping human capital goals, where both goals have a shared interest in the growth of the tourism sector given its role in job creation as well as its contributions to the economy. This premise also builds on the evidence that suggests that optimal human capital creation and accumulation results emerge from maximising both private and individual investments with the public investments made.

The following discussion examines the scope of influence students had in shaping educational processes at NAHOTI building on the previous premise. It is divided into two parts; the first part discusses the views of policy makers in involving students; the second on student views relating to their role in NAHOTI.

Involving Students in Policy Dialogue

The process that led to the creation of NAHOTI and identifying its mandate was mainly led by the MoT, with the involvement of MoTVET, Ministry of Planning and International Cooperation (MoPIC), private sector organizations, and with the technical and financial support of development partners. There was no defined role for the students in this process. However, it was indicated that the assessments and research associated with the needs of the institutions incorporated views of key educators and specialists who work with young people: *“The needs assessment also included the available skills of primary and high*

*school graduates who are expected to enrol in NAHOTI, to make sure that they engage successfully with the programmes” (KI4, MoT:16).*

Furthermore, the discussion with the key informants from MoTEVT revealed that there are institutional issues that limit involving students in policy dialogue, citing that previous attempts were not fruitful: *“We have thought of this, but it is too impractical to do, we have previous commissioned studies to understand more about the students, but the findings were not particularly useful and brought nothing new” (KI3, MoTEVT:18).* Investigating this matter further, a range of additional issues emerged, such as limited organization among students, representation of the student bodies (where they exist), and inability of the students to engage with policy makers directly due to different levels of capacity and *“Sophistication”*: *“Even if we try to engage them [students] directly, how? The unions are very lacking and don’t understand the full depth of the policy making process, which will make this an added burden on the whole process” (KI3, MoTEVT:19)*

Another dimension that was explored relates to follow up mechanisms with the students following their graduation from NAHOTI, to see the actual impact of the education on their career prospects and to inform potential reform for NAHOTI. In theory, this was the function of the job placement service at the institutions, however it was unclear if this service was intended to collect data to inform educational processes at NAHOTI or even the policies that govern its work: *“At the ministry we have a research department which follows up on all graduates, so it is not specific to NAHOTI. We work with the ministry of labour to collect this information in the Labour Force Survey which also informs our work” (KI2, MoTEVT: 9).* It is worth noting that the labour force survey was undertaken in 1999, a follow up was planned in 2010 but did not take place, however some elements relating to educational levels of labour force were covered in a Child Labour Survey undertaken in 2010 (ILO, 2012).

At NAHOTI, the job placement service was one of two links with the private sector, the other being the NAHOTI board. However this service relied on the work of only one person, who had other administrative duties in addition to liaising with the private sector and organizing an annual career fair: *“There is only so much [NAHOTI] can do, what [we] hope to achieve is to give advice to the students to help them understand more about how their skills are valued and find work, it is unrealistic that [we] can find work for all of them.” (KI11, NAHOTI: 11).*

### Students’ Role in NAHOTI

Propositions 3 and 4 established that the students perceive a significant benefit from NAHOTI to improve their employability prospects, and had opinions to voice about the educational processes at the institution and what would they like to change. This proposition investigates further how the students saw their role in the educational process in NAHOTI with a view to achieving both individual and collective human capital goals, as well as improve the standing of NAHOTI as making an important contribution to the tourism sector.

Through the focus group discussions, the students iterated a number of noteworthy statements regarding this issue. The first notion surrounds the NAHOTI promise in terms of helping them find employment, where there was a notion of disappointment relating to unrealistic expectations that the students might have had: *“There are always fears with regards to what to do afterwards...” (FGD2:36).*

This view was also present in terms of the actual role NAHOTI played in building human capital that is more relevant to the actual needs of the labour market: *“The more you know, the more you don’t know about the sector. I mean yes there are promises of employment,*

*but what kind of jobs you expect to get is the question. The course provides a lot of general skills but employers will want more than this” (FGD2:42).*

Another issue that was visible is an issue of distrust between the students and the management of NAHOTI. The students were visibly aware that there is donor support to the institution, which perhaps underscored their request for scholarships and tuition assistance as proposition 2 revealed. Their hesitation to engage with the researcher, particularly at the early stages of this research, revealed a fear of retribution or loss of opportunities. This suggested a range of deep-seated issues between the institution and its processes on one hand, and the students on the other. This dynamic is analysed further in the next chapter.

Finally, a third element which emerged relates to the students demand to have a say in how the institution is administered. This was visible with regard to two issues, the first in providing practical education and more hands-on training opportunities, and the second in the institution’s efforts to reach out to the private sector. Both these areas were discussed under proposition 4. However, the students shed some insights on how they would want these changes to take place: *“Why can’t we have [tutors] who practice this work outside come and teach us, so by the time we finish our degree we already know how to do exactly as they do...” (FGD2:46).*

This notion resonated with a comment voiced by a key informant from the private sector on the processes at NAHOTI, stating that *“The problem is that a lot of the sector’s production requires soft skills that are not simply learnt in a class room setting, this requires an institution that is willing to invest in all dimensions of the sector, and this growth will create demand for skilled workers and will produce them.” (KI10, Private Sector:3)* It is worth noting that 30% of the respondents reported some knowledge and linkages with the tourism sector prior to joining NAHOTI.

## **Summary**

This chapter provided a descriptive account of the primary data generated through interviews with key informants, as well as interviews and focus group discussions with the students. The following paragraphs provide the key conclusions that emerged from this data, as it fed into each of the five propositions to inform the case study.

The first proposition inquired about the thought process that led to the establishment of the institution. In terms of how did policy makers, particularly at the Ministry of Tourism, understand the concept of human capital and how the NAHOTI initiative can be a manifestation of realizing it for the tourism sector. There is evidence to suggest strong recognition of the roles of education and tourism in accelerating development goals, which is a belief supported by empirical data from previous research from across the world.

The second proposition examines key informant views on NAHOTI's factors critical for success, and if the institution has what it takes to build human capital for the tourism sector in real terms. This proposition revealed that there is limited capacity to translate theoretical concepts and 'what worked' in other parts of the world into NAHOTI. This is evident in the lack of a coherent policy framework, very few instruments to measure the success of NAHOTI, and the overlap between human capital goals with politically driven goals to report the institution as successful regardless of evidence to back up these claims.

On the part of the students, the third proposition examined their motivations to join NAHOTI and what value they expected in return. The emerging conclusion indicated the role the institution was expected to play in improving student employability in the tourism sector, which was dubbed as a promising sector and carries significant potential for growth.

However, the fourth proposition revealed a number of interesting dynamics on how these perceptions were met and realized. These included identifying the most useful activities and developing a more realistic understanding of the employability prospects of this education and the promises of tourism. A degree of frustration was noted in this regard, which is discussed in greater detail in subsequent parts of this thesis.

Finally, the fifth proposition examined the relationship between policymaking and creating such human capital development processes, with the student body that plays a most fundamental part in realizing its benefits. This proposition revealed important insights into the gap among the intentions of policymakers and those of students, and how these intentions happen to overlap at NAHOTI. This issue is also discussed in greater detail in subsequent parts of this thesis.

The next chapter analyses the findings described in this chapter and builds explanations of the students' behaviour based on the emerging data, and subsequently links them to the research questions. The next chapter also discusses a number of emerging issues of direct relevance to the scope of the research relating to the role young people in human capital development processes based on the findings in the case study.

**Chapter 6:**  
**Data-analysis and Discussion**

## Chapter 6: Data-analysis and Discussion

The previous chapter presented key findings from the empirical data in response to the five propositions based on the case study design. This chapter includes analysis of data collected to answer the question: *what have we understood and learnt from the responses to the five propositions*. This question is answered through discussing the findings in the previous chapter, keeping in mind the two research questions, namely:

- 1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?**
- 2. What are the views of NAHOTI's students towards human capital processes in the institution?**

This chapter is divided into two sections. The first section discusses the five propositions of the case study and includes three segments. The first segment focuses on the two propositions reflecting the views of the policy makers. The second segment discusses those of the students in NAHOTI as the case study institution, while the third segment discusses the role of the students in influencing the human capital policies and their implementation through NAHOTI. The second section includes a discussion of the key findings of this research, and responds to the two research questions.

This research adopted an inductive content analysis approach to solidify the conclusions of the case study (Elo and Kyngas, 2007). This approach enables the development of grounded conclusions on the key factors that influenced both policy makers and students with regard to NAHOTI, towards achieving their respective human capital goals.

A key benefit of using content analysis is that it enables data interpretation within a specific context to understand the meanings attributed to this data (Krippendorff, 1989). When combined with an emerging theme-based inductive analysis, this research was able to

tabulate the data by common topics or categories that are designated in accordance with the emerging data to address the research questions in each of the three sections of this chapter (Elo and Kyngas, 2007). Finally, in each section explanation building is used to develop probable responses to the research propositions as conclusions based on the case study design (Yin, 2004; Belk, 2010).

### **Policymakers' Perspectives**

This section discusses the data emerging from the key informant interviews undertaken in response to the first two propositions, which were:

- Proposition 1: How were Human Capital development concepts translated into the policies that led to the establishment of NAHOTI? Proposition 2: How did policy makers gauge the success of NAHOTI in achieving human capital development goals?

This research was undertaken in a politically-charged atmosphere. NAHOTI was created as a result of a package of political decisions designed to stimulate economic growth, with particular emphasis on promising sectors that included the tourism sector. The quest for growth, and potentially graduating from the LDCs list by 2020 (Kawamura, 2014), has pushed Yemeni policymakers to pursue conventional as well unconventional strategies to stimulate economic growth. In fact, in a 2005 needs assessment, it was proposed that graduating from the LDCs list and achieving the Millennium Development Goals (MDGs) by 2015 were possible, including the halving of poverty, provided that Yemen pursued a rigorous economic growth strategy supported by a package of Official Development Assistance (ODA). The assessment cited Yemen's exact needs to be between USD 25 and 30 billion for the period 2005 to 2015 (ESCWA, 2015, p.52).

Therefore, development plans in Yemen focused on achieving the MDGs by 2015, and resources were marshalled towards sectoral and cross-sectoral plans that either contribute to the MDGs or overlap. The third five-year development plan (2006-2010) – which was largely informed by the MDG implementation needs assessment - was the overarching national development policy guiding the work of the government as well as donors and development partners. It emphasised achieving the MDG's related to pro-poor poverty reduction, human development, and investment in human capital.

The national approach to human capital focused on investing in primary education towards accelerating progress to achieve MDG2: Achieving universal primary education. Yemen has achieved important progress, with the primary school completion rate increasing from 55% in 1999 to 69% in 2012. Furthermore, a 2010 MDG progress assessment indicated a number of central challenges relating to the quality of education, the gender gap, and child labour. These were identified as key limitations to the gains in human capital from primary education (UNDP, 2012). The assessment also identified a number of remedial measures many of which were incorporated into the draft fourth five-year development plan (2011-2015). However, it must be noted that the fourth plan was never endorsed nor implemented due to the uprising and instability that ensued.

However, the third five-year development plan left room for various government entities to champion their own stand-alone initiatives to build human capital to achieve specific pre-determined goals. Examples of these initiatives included the higher education action plan developed by the Ministry of Higher Education and Scientific Research, specific initiatives by State-run universities for modernisation and expansion, the national strategy for Technical Education and Vocational Training, as well as smaller initiatives such as the establishment of NAHOTI by the Ministry of Tourism (MoT) within its sectoral strategy.

Against that backdrop, the establishment of NAHOTI was championed by the MoT as a part of its own strategy to build the tourism sector. Through the data there were references to two needs assessments. The first was a needs assessment that identified the various needs of the tourism sector, which included human capital needs, while the second needs assessment was that of NAHOTI. Both needs assessments were commissioned by the MoT, and supported by the European Commission (EC) as a donor, and by the German International Development Corporation (GIZ) and other development partners, commissioned by the EC and other donors.

Neither needs assessment explored whether NAHOTI was the optimal option to build human capital for the tourism sector. It appears that a political decision to establish NAHOTI was made as a given premise, and the NAHOTI needs assessment focused on identified the design, structure, resources, and nature of educational processes to be delivered through it. The assessment identified two priority subsectors for human capital in the tourism sector, namely hospitality and catering, where human capital can play an important role in stimulating their growth as a part of the tourism sector development strategy.

The establishment of NAHOTI required significant resources beyond those directly available to the MoT, which required MoT officials to engage with their counterparts at the Ministry of Planning and International Cooperation and with donor and development partners to develop a proposal to fund the establishment of NAHOTI. The proposal included setting the goals, identifying the immediate requirements, next steps, and the responsibility of the MoT as well as other government agencies including the Ministry of Technical Education and Vocational Training (MoTEVT), with MoT in the lead.

The leadership of the MoT played a central role in shaping the design of NAHOTI, including identifying the land-space requirements, building specifications for the campus's

construction, equipping, furnishing, staffing, curricula, and other needs. The MoT relied heavily and mainly on technical advisory services from development partners in this regard, while the MoTEVT played a minor role particularly in the inception phase and on issues relating to the legal requirements to establish a Technical Education Institute. In fact, it was cited through key informants from MoTEVT that their ministry was not particularly vocal in support of NAHOTI's creation, but entertained the political decision and request of the MoT to cooperate for its establishment.

Establishing NAHOTI was a priority for the MoT as early as 2003 with the establishment of the ministry and prior to publishing the results of TEVT sector assessment and the NAHOTI needs assessment as indicated in the assessment reports (MoTEVT, 2003; MoTEVT, 2005). It was approved by the Cabinet of Ministers as a part of the MoT's workplan, with details on how it would be implemented and what specific actions were needed deferred to the MoT. This prompted the newly appointed officials at the MoT to consult with partners asking for advisory support on "what works" in building human capital for the tourism sector: *"We actually asked our partners on what works based on their experience. We asked the Germans, the Italians, the Dutch, and we also wrote to the head of the World Tourism Organization at the time."* (KI4, MoT:4).

Nonetheless, it remains unclear if the outcome of these consultations on "what works" identified the establishment of NAHOTI as the preferred option for Yemen, or if a range of responses emerged to inform a critical assessment of options. In fact, it can be deduced that the question was not necessarily "what works", but more of "what works best for NAHOTI's creation".

For the establishment of NAHOTI, the MoT relied heavily on external support from development partners. This proved to be an issue of contention between MoT and MoTEVT once the decision to establish NAHOTI was made, with a senior key informant official at

MoTEVT stating: “NAHOTI was an experiment of MoT” (KI1, MoTEVT:3). Therefore, we can argue that the process to establish NAHOTI was not particularly inclusive or reflected the common priorities of MoT as well as MoTEVT. This contention became more visible as NAHOTI started to take shape and MoTEVT was brought on board, which evidently caused predicaments for NAHOTI’s administration on a range of issues.

Four of the key informants, including two from MoTEVT, believed that MoTEVT’s oversight over NAHOTI was limited during its initial stages. They felt that MoTEVT was not in a position to challenge the views and decisions of the MoT, and therefore unable to make significant contributions to NAHOTI during its early years 2004 ~ 2007. However this started to rapidly change from 2007 onwards, possibly associated with a change of leadership at MoT, causing tensions between MoT and MoTEVT officials. These tension were evidently left to the NAHOTI administration to resolve: “*Dealing with them [MoTEVT] is difficult sometimes*” (KI9, NAHOTI:9). In fact, the dean of NAHOTI was changed three times in its first seven years, and the position was vacant for a period of over four months in 2009, until the first MoTEVT-assigned dean took over and MoTEVT expanded its control over the institution.

Furthermore, the review of MoTEVT annual reports revealed that NAHOTI first appeared in the 2007 annual report – two years after the first batch of students joined. MoTEVT included the numbers of students in official statistics starting in the academic year 2009/2010 – five years after NAHOTI started. On its part, MoT reported on NAHOTI to the government twice, and on both occasions, the reporting was in relation to the EC-funded project that provided support to NAHOTI.

Furthermore, the mid-term review of the third five-year development plan that took place in early 2009 did not make any references to NAHOTI. The discussion on human capital in the review remained focused on primary education. However the review did state that the

expansion targets for the Technical Education sector were too ambitious, while there are difficulties to gauge the contributions of the tourism sector to the economy: *“Actual growth [in the tourism sector] is hard to measure given a lack of clear definition of the sector in the national accounts”* (MoPIC, 2009b, p.18). This demonstrates that although NAHOTI was provided with significant resources to ensure its success as an investment for the tourism sector, the outcomes were difficult to ascertain given the lack of instruments for outcome measurement. Possible instruments could be follow up mechanisms, impact assessments, employer interest surveys, and the like.

From the key informant interviews with NAHOTI officials on measuring and reporting educational outcomes, it appeared that the performance indicators associated with the EC-funded project were used. These indicators included the number of students, number of educational hours and attendance, student turnover rate, availability of services, and cost per student among others. Despite this information being reported to both MoTEVT and MoT, neither included it in their reports as a NAHOTI contribution to the implementation of either ministry’s strategy. The one exception to this is MoTEVT’s reporting of NAHOTI’s students (from 2007 onwards) among enrolled students in Technical Education Programmes.

Paradoxically, the number of new students enrolled in NAHOTI for 2010/2011 is conflicting in different sources affiliated to MoTEVT; while the official statistical bulletin states 41 new students, while the database of the ministry refers to 24 new students only (MoTEVT, 2012). This indicates that reporting lines remain inconsistent reflecting that administrative and organizational challenges remain even after MoTEVT assumed full control over NAHOTI.

When asked how policymakers viewed the future of the institution in the key informant interviews, there was little reference to educational outcomes and the role of the

institution in creating human capital for the tourism sector. Emphasis was on the administrative responsibility and role of MoTEVT. Only one respondent from the private sector cited the sector's need for talent under the premise that NAHOTI's can contribute to expanding this pool of talent in the future.

Despite access to senior officials and key informants who were directly involved with NAHOTI's establishment and management, there was little reference during the key informant interviews to need analysis, viability plans, progress monitoring, and impact assessment to justify the investments made into NAHOTI and the impact the institution has in providing human capital for the tourism sector. This reflects a concern relating to how human capital policies are developed and translated into actions to achieve development results. McGrath (2010) reminds us that there are contrasting views on this matter among educationalists and economists in the literature, and that educational development is no guarantor of economic development. Therefore, the lack of a visible economic development targets within educational development has traces in human capital literature as well.

Based on the data presented in the previous chapter and the proceeding analysis, five key issues can be identified in relation to creating human capital for the tourism sector in Yemen through NAHOTI and measuring its outcomes. These key issues are discussed in the following paragraphs, and further analysis are included at the end of this chapter.

#### a. Lack of an Evidence-Based Policymaking Culture

This research concludes that the cause-effect chain of evidence between the establishment of NAHOTI and the intended human capital outcomes was missing a number of integral elements. These include a critical analysis of policy options to build human capital to determine the best course of action, and instruments for

measurement of progress to gauge if the institution is delivering the intended outcomes or not.

#### b. Political Influence and Interference

Although policymaking is a political function, a strong political will to establish NAHOTI and see it through was evident. However, the lack of compelling evidence to justify such a strong political support suggests other motivations for the establishment of NAHOTI, mobilising the needed resources for it, and ensuring wide publicity for its work. Such issues were also reported by key informants from NAHOTI which had to engage in an upwards management with its board and senior officials interested in the institution's work, as well as the institution's smooth functioning.

#### c. Lack of a Comprehensive Approach

Building human capital for the tourism sector requires the engagement of a wide range of partners towards achieving common benefits. Through the case study, it was evident that there was no human capital development policy that included the tourism sector. There was also no clear and measureable benchmarks for the tourism sector or for NAHOTI, and limited exploration of the tourism sector value chain to identify specific interventions for human capital within a comprehensive approach that yields the developmental impact of the expected benefits.

#### d. Failure in Institutional Coordination

Although NAHOTI was established by the MoT, it was monitored and sanctioned by MoTEVT. It was intended to supply the private sector with skilled human resources, and it also advanced the sectoral policies relating to the National Employment Agenda and the National Strategy for Childhood and Youth. According to the key

informants, there was only one coordination structure that influenced NAHOTI, and this was the NAHOTI Project Board. The project was formed as a requirement to steer the activities of the EC-supported project, and was chaired by MoT with membership from MoTEVT, Federation of Travel and Tourism, and other stakeholder institutions. The board had a specific mandate and met too infrequently to improve institutional collaboration. It ceased to exist following the project's completion.

#### e. Limited Accountability

Despite the significant resources and support NAHOTI received, it remains unclear to what extent the institution was able to achieve its objectives, and how this was measured, especially in the context of a skills value chain that NAHOTI forms an integral part of. This limits the prospects for accountability for results or to influence policy reform and institutional change in order to take corrective action towards achieving the intended goals of human capital, so that the tourism sector can boost its contributions to national economic growth.

### **Students Perspectives**

This section discusses the findings emerging from the third and fourth propositions on the students' perspectives to the role of NAHOTI in creating human capital. The propositions were:

- Proposition 3: What value-addition did the students expect to draw from NAHOTI?
- Proposition 4: How did the students gauge NAHOTI's contributions to their individual human capital development goals?

The findings presented in the previous chapter identified three key issues that influenced students' views in response to these propositions. These three issues related to access to the job market, skill development for employability, and the lure of the Tourism sector.

### Access to the Job Market

The student respondents in this study showed that they have legitimate concerns relating to accessing decent work opportunities, particularly in light of a youth unemployment rate reaching 44% in 2010 (ILO, 2013). Literature on the transition of youth from school to the work place emphasises the centrality of this issue to the wellbeing and development of youth. For instance, Koivisto et al's (2007) longitudinal survey indicated that successful transitions from vocational school to work had proven preventative effects on psychological distress and symptoms of depression among youth between the ages of 17 and 25.

The body of evidence from developing countries, although limited, highlights similar conclusions with one important difference; where youth may have greater access to educational and learning opportunities but lower expectations of the benefits derived from this education to facilitate their transition from school to work due to labour market – related issues. Huitfeldt and Kabbani (2005) attributed this to the limited demand for skills in the labour market in Syria at the time, while Angel-Urdinola and Semlali (2010) see it as a combination of factors that include skill mismatch, weak growth in job creation, and lack of active market labour market policies in Egypt.

Consequently, the high youth unemployment rate in Yemen, coupled with limited expectations of employment creates deep-rooted concerns for economic viability among Yemeni youth, similar to those of their counterparts in Egypt and Syria where youth unemployment stood at 26.3% and 19.3% respectively in 2010. In fact, one would argue

that these concerns are even more significant among Yemeni youth considering that Yemen has a less developed economy than those of Egypt and Syria. This was evident through the findings of this research.

Transition systems from school to work can be understood as *“clusters of institutional arrangements that generate a distinctive ‘logic’ of transitions in each country”* (Semraffe 2011, p.312). NAHOTI offered such a transition system by providing an employment service to its students and helping them access the tourism sector’s job market. This was a significant service for students. A majority of them cited knowledge of this service, and 15% of them named it as the biggest advantage of the institution.

Another interesting finding is that 80% of the respondents reported some kind of work experience and exposure to the job market, which averaged 8.3 months. At the student’s such young age and considering the high rate of youth unemployment, it would be plausible to suggest that NAHOTI proved to be more attractive particularly to students who have had some understanding of labour market dynamics, and therefore appreciated the potential role of NAHOTI in facilitating their employment.

To further support this conclusion, 30% of the respondents referred to the screening function of education (Stiglitz, 1975), indicating that they were concerned about the possible lack of labour market recognition of their NAHOTI credentials upon graduation. This further highlighted the dependency of the respondents on NAHOTI’s reputation and image as a legitimate institution for the tourism sector that would give its graduates a competitive advantage in the labour market.

On the other hand, it can be argued that students did not have detailed information about the exact employment opportunities that could be accessed following graduation as

revealed in the student interviews. This highlights that fear of unemployment was a significant driver, more than quality of employment and career prospects. Therefore, it can be presumed from the student interviews that there might have been just enough incentive for the respondents to adopt a relatively positive perception on employment in the tourism sector without having access to detailed or verified information on the sector, at least prior to joining NAHOTI.

The speculative optimism which was voiced by respondents in the first focus group discussion as they began their education evolved into what can be described as 'cautious optimism'. There are several explanations for this change; one may be associated with the repeated number of references to government policies, official media reports, and other rhetoric that carried the promises of the tourism sector and influenced the decision of students to join NAHOTI. As students progressed through their studies, their scepticism of these promises grew. One student said:

*“There are always fears with regards to what to do afterwards, I mean yes we continue to hear that the tourism sector is expanding and jobs are created, but you never know until you actually have guaranteed your employment” (FGD2:36)*

The students continued to have concerns relating to the role of NAHOTI and its contribution to their futures, especially as they moved towards completing their educational programmes. Borgen and Hiebert (2006) highlight that youth in this age group are responsible individuals who are proactive, future-oriented, and are in need of support to navigate their post-school transition. Therefore, the prospects of being misinformed about opportunities in the tourism sector, finding that these were false promises, or being unable to benefit from the individual investments into tourism training are legitimate concerns worth further exploration.

### Skills and Employability

The focus on employability as a key gain from NAHOTI was reinforced with the students voicing appreciation for the educational and skill development opportunities it provided. These opportunities allowed the students to formulate new insights into both the tourism sector and how the sector requires and appreciated particular skill sets. However, these perceptions became more realistic as the students progressed in their education and gained new insights into the sector.

The students did indicate seeing NAHOTI as an unconventional training institution, given its particular mandate, the existence of strong governmental backing for the institution, and the presentation of the institution through the media and in reported government discourse. NAHOTI carried a promise of quality education that would impart a range of unique skills contributing to improved employability, especially when compared to other educational endeavours. This argument is further supported by the emphasis on the institution's reputation, given that 30% of respondents cited it as the primary reason behind their choice to pursue studies there: *"They also teach you how to deal with customers and understand what they want; it is like marketing and sales but also has some routines from psychology and human behaviour. This is very important as making the customers happy is a very important part of being successful in the tourism and hotel sector"* (FGD2:40)

The findings under the fourth proposition confirm the centrality of employability to the value addition of education in the eyes of the students. This research highlighted three categories of potential benefits as viewed by the students: skills, improved employability, and added income. Although these categories are closely inter-related and mutually reinforcing, one critical issue can be said to distinguish NAHOTI from other educational and human capital creation institutions in Yemen—the support provided to students to access the labour market as discussed earlier in this chapter.

As the data revealed, students' appreciation for NAHOTI was based on the skills they acquired through their education at the institution. Respondents highlighted specific examples of these, such as practical sessions, and made particular references to roles, functions, and specific skills that range from front desk management to kitchen help. However, there were several references to 'missing skills' that can be acquired by on-the-job training, as fitting the various roles and needs of employers (e.g. Samraffe, 2011).

This was traced back to the primary concern relating to accessing the job market, and how such skills enlightened the students of other skills they may need to acquire to expand their competitive edge in the eyes of potential employers: *"A specialized certificate is an advantage for us compared to others in the job market to work in the tourism sector, I think employers would want someone who has studied about providing the services in tourism and hospitality over someone else who studie[d] something else"* (FGD2:26).

Although the students mainly cited skills relating to helping them access the job market, they also cited a range of skills they identified as useful which have applications beyond the tourism sector. These skills ranged from computer skills and languages, to customer service and basics of psychology and human behaviour. It was evident that some of these skills were not expected in a tourism education course, and were potentially useful for the students to achieve self-actualisation and personal growth objectives, as well as being useful in non-tourism job markets as well.

### Lure of Tourism

The tourism sector promised that it would boost development and job creation. This was a promise that both policymakers and students took seriously. Policymakers supported the sector with the means possible for growth as seen through the example of NAHOTI, and

youth joined the ranks of NAHOTI students with their own hopes and expectations for accessing the job market and gaining skills.

Tourism is a relatively underdeveloped sector in Yemen, seen as both non-traditional and appealing, as one student indicated: *“No one in my family studied tourism or works in tourism, so it is nice to be the first to venture into this new area...”* (FGD1: 12).

NAHOTI was appealing to potential students because it promised social benefits in terms of status and specialized expertise. This was another key advantage for NAHOTI that students appreciated: *“There is a positive image about this place [NAHOTI] and even when you ask the Dabbab [minibus] driver to drop you near the institution, you feel other passengers recognizing you as a NAHOTI student.”* (FGD2:17).

Consequently, we can conclude that student’ perspectives on NAHOTI focus on the issue of accessing the job market and improving employability, in addition to a number of other benefits relating to skill development and status. However, uncertainty relating to the actual returns on the investment remains evident, despite students concluding that education at NAHOTI makes an important contribution to career prospects.

### **Role of Students in NAHOTI**

Building on the previous discussions on the perspectives of policymakers and of students, this section examines the role of students in informing the policies that established NAHOTI and educational processes within the institution. It focuses on responding to the fifth proposition that asked:

- Proposition 5: What role did the students play in influencing processes at NAHOTI?

Interviews with key informant policy makers indicated that the priorities of young people were not captured directly from them to inform the policies responsible for NAHOTI's establishment, so that they can provide an educational endeavour that speaks to the young people most interested. This was not to undermine the importance of young peoples' views, but mainly due to a uni-directional policy making approach that focused on a relatively narrow set of objectives relating to national human capital goals for the tourism sector.

Overall, respondent students have expressed repeatedly that NAHOTI to them is primarily about facilitating their access to the job market, while policy-makers reiterated skill development for tourism. This gap can limit the role of the institution in building human capital for the tourism sector, particularly should the range of skills that the institution imparts be seen as irrelevant to employability prospects.

Therefore, the uni-directional approach revealed two key elements; the first is the lack of a participatory and inclusive culture to policy making, which requires policymakers to identify and consult with key stakeholder groups such as young people. This was also reported by key informants from the private sector who expressed frustration related to the focus of the institution: *"The problem is that a lot of the sector's production requires soft skills that are not simply learnt in a class room setting, this requires an institution that is willing to invest in all dimensions of the sector, and this growth will create demand for skilled worker and will produce them"* (KI10, Private sector:3).

The second element is the lack of institutional mechanisms to adjust human capital development processes to respond to emerging changes, identify and overcome shortcomings, and capitalise on the individual investments students make in such educational processes.

On the students' part, they had voiced the need to make a range of changes in the educational processes of NAHOTI. This was based on their reported most useful activities in the institution as well as their proposals to maximise the institution's value-addition towards their specified goals.

Furthermore, the students voiced disenfranchisement over a range of issues relating to their relationship with the institution against the backdrop of a range of frustrations associated with their transition from school to work, and in public life. These elements are explored in greater detail in the next chapter.

#### **Discussion: What have we learnt from the five propositions?**

The primary data that was collected to respond to the propositions has generated a wealth of information that is both useful and insightful. This section presents a brief summary of the key findings emerging from the research proposition, and discusses the research questions in light of these key findings.

##### 1. Propositions 1 and 2: Human Capital Policy Making

These two propositions explored how human capital concepts were developed into policies, and how policymakers gauged their success in the case study institution. The propositions revealed important insights into the underlying mechanisms that inform human capital policy making with particular reference to the NAHOTI. First, given that the national emphasis was on accelerating primary level education towards achieving MDG 2 as evident from the national five-year development plans, the MoT found itself required to take the initiative and mobilize political, technical, and financial support to establish NAHOTI.

The second relates to issues of mandates and capacity. While human capital creation rests mainly within the education sector, the MoT, as a government entity regulating and supporting the tourism services sector, temporarily extended its mandate to creating the tourism education subsector. It was evident that this extension was deemed necessary to prompt government action in this regard.

However, this extension of mandate proved to be a contested issue with MoTEVT, which took over in this area as the national agency with a core mandate for human capital. A third issue of importance concerns accounting for results. Was it through MoT, MoTEVT, or through NAHOTI itself? There is no evidence to suggest any of these three entities had adopted instruments for measurement of progress to see if NAHOTI was actually achieving the goals it was created to accomplish.

There were no specific performance benchmarks that were incorporated into the design of NAHOTI. Even in MoTEVT's annual reports, NAHOTI first appeared in 2007, three years after its establishment and two years after the first batch of students were enrolled, and even then only the number of registered students was recorded.

Literature on human capital policy making indicated a highly scientific approach to estimate expected returns on education. These estimates are important to identify the educational activities with the highest return at both the private/individual level as well as the public level. Evidently, this was not the case with NAHOTI. In fact, the administrative systems, teaching and training methods, and choice of curricula were informed through a supply-driven process, where donors and development partners provided the know-how and support requested by the MoT.

There is little evidence to suggest that MoT's requests were informed by empirical grounded need analyses on the expected returns to the sector from creating NAHOTI and the investments that were channelled into it as a part of a larger value chain for building human capital for the tourism sector. This is of importance noting other reports citing that the national context may not be as conducive to achieving the expected growth of the tourism sector. For instance issues relating to socio-political unrest prior to the Arab Spring events, and the security situation (UNDP, 2011, p.11). Furthermore, the national tourism development plan highlights a total of 49 infrastructure development prerequisites in order to enable the growth of the tourism sector (MoT, 2007, p67).

This is collaborated by statements made by a key informant from the private tourism sector, who indicated that they were compelled to train and re-train staff in order to be able to undertake the tasked functions in the sector, or else rely on expatriate foreign workers. This suggests that other options to develop human capital for the tourism sector could have proven more fruitful, such as offering subsidized traineeships or offering incentives for the private sector to invest in on-the-job training for a higher number of students. These options are discussed further in the conclusions chapter.

## 2. Propositions 3, 4 and 5: Students' Perceptions Towards NAHOTI and their Role

These three propositions explore the students' expectations from NAHOTI and its contributions to their individual human capital goals, as well as the opportunities that they might have had to maximise these gains.

It was apparent from the generated data that motivations were rooted in the respondents concerns relating to employment. Specifically, the reputation of the

institution, the promise of a career in the tourism industry, and enhanced skills would make them more employable in the deemed promising tourism sector. This is considered against a youth (ages 15 – 29) unemployment rate of 42% during the time of the research and other the challenges that students experienced as discussed in chapter 2.

This was supported by particular references to the job placement service provided by NAHOTI, the distinctiveness of the institution's specialization, the support it is receiving from the government and development partners, and the hope it gave the respondents of an economically rewarding career in Tourism. The data revealed that the primary motivation to join NAHOTI was to gain access to secure employment, as reported by 65% of the 20 respondents.

However, there is no evidence to suggest that this premise was based on a participatory assessment of the employment prospects of the sector, in which the respondent students' expectations were informed by a factual critical analysis of what might be expected following graduation. This was evident through the focus group discussions when the students generally described the nature of employment opportunities in the tourism sector and their economic returns, as well as the challenges that the sector faces that made their expectations more realistic as they progressed in their programmes.

The respondents demonstrated particular concern over the lack of precise knowledge of the tourism labour market, and recommended making information such as number of employment opportunities, mean wages, and career pathways available to them. The literature indicated that this information was sought after by students in similar situations elsewhere but, again, was not always provided. One case study from Turkey indicated that 57.5% of respondent students pursued

tourism education despite insufficient information about careers and working conditions (Kusluvan and Kusluvan, 2000, p.261).

This could also be related to the nature of students NAHOTI attracted, where 75% of the respondents had reported some prior work experience. This suggests some prior knowledge of the labour market dynamics which probably influenced their responses, interests, and expectations.

This also contributed to the frustrations of the respondents regarding the actual gains in employment prospects received as a result of engaging with NAHOTI, and what are the real benefits they receive from the education when compared to the perceived benefits and expectations. There were multiple responses that confirmed this , such as stating the need for more industry-ready practical training sessions, and identifying the employment service as among the key useful elements of NAHOTI despite being a secondary function available seasonally.

This caused a progressively diminishing appreciation of the role of the institution to help the respondents achieve their primary goal of employment. The data supporting this conclusion highlighted three issues. The first is that the respondents became more aware of the sector's realities and how they were likely to fall short from their individual expectations; the second was that they were building their skills but had new concerns about their usefulness and contributions of these skills to their employability prospects; and the third focused on the level of income expected from a career in tourism, given their increasing doubts about the sector's prospects.

These three issues, as evident from the data, illustrate that the students came to realise that they have a new set of problems that they did not anticipate prior to joining NAHOTI or at the early stages of their education. And with that a new set of problems, a sense of disempowerment diminished the actual returns of investment in education at NAHOTI and overall gains in human capital.

Literature on human capital highlights this as a particular challenge facing students as wages and appreciation of human capital fluctuate according to the economic context (Rosenzweig, 1987; Behrendt et al, 2009). Consequently, there is reason to believe that should prospects for the tourism sector prove more fruitful, the students' perceptions on the returns would have been more positive, which is not the case in Yemen even prior to the 2011 uprisings (the time of data-collection).

The frustrations of the respondents were augmented by the lack of opportunities to take action within the institution to address them. The respondents repeatedly noted examples of activities which they thought were useful but not given enough attention within the courses. There were also several explicit and implicit references to administrative issues within the institution which emerged during the student interviews, which included high faculty turnover rates, corruption and lack of transparency, and preferential treatment for some students.

On the issue of policymakers' engagement of students and youth in informing educational and human capital policy, this research concluded that there were no significant efforts to allow them to participate and influence the process. The case study also revealed that MoTEVT also had limited engagement as well, while MoT who led the process focused on realising a predetermined plan informed by needs assessment and technical advisory services sourced via international development partners.

Based on the conclusions to the five propositions, the next section discusses the research questions in light of these findings.

### **Responding to the research questions**

This research set out to respond to two key research questions through a case study examination, namely:

1. What are the key arguments and evidence that influenced policy makers in the processes of creating NAHOTI?
2. What are the views of NAHOTI's students towards human capital processes in the institution?

The response to these two questions will build on the conclusions emerging from the five propositions that were used to build the case study, as discussed in the previous section. This section will build on that discussion to arrive at responses to the two research questions.

With regard to the first research question, literature on human capital and development made a strong case for the impact various educational processes have on the accumulation of human capital and wellbeing of societies as established in chapter three, while literature on tourism development also indicated positive prospects for the impact of tourism on economic growth. However, an identified gap emerged with regard to how these processes are created and managed, and how results are achieved. This case study is intended to shed some light on this issue from the context of the tourism sector in Yemen.

For the case study institution, the research found that the conceptualisation, design, establishment, and governance of NAHOTI was a top-down and unidirectional process. Building on the discussion of context in chapter 2, Yemeni policymakers and development partners had a preconceived notion of the build-up and accumulation of human capital, and legitimised this concept through well-established academic work on human capital complemented by national research undertaken by development experts and institutions focusing on the tourism sector. In the light of this, several policies were enacted including the sectoral policies of the Ministry of Technical Education and Vocational Training, and of the Ministry of Tourism as discussed in chapter 2.

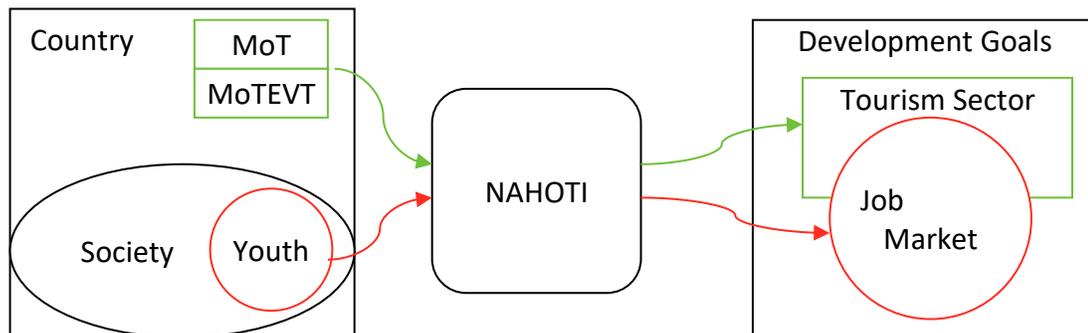
Evidently, the key arguments that were recalled by interviewed key informants focused on *How to create NAHOTI and make sure that it is operational*, rather than *Is NAHOTI the best option to build human capital for the tourism sector*, and what evidence exists to support that. Similarly, key informants did not identify specific instruments to measure NAHOTI in terms of its human capital goals, but in terms of its performance as either a donor-funded project, or as a TEVT institute. This finding flags an evident gap between the human capital goals, and the policy and institutional frameworks that were intended to accomplish these goals for the Tourism sector.

This research identified five areas that contributed negatively to the prospects for NAHOTI to achieve its intended goals. These ranged from the lack of evidence-based policymaking to failures in institutional coordination. These reveal an important deficit that cripples the objectives of NAHOTI and its ability to achieve the intended outcomes, particularly given the lack of instruments for measurement of progress towards the intended human capital objectives.

Concerning the second research question, the students' interest in Human Capital is driven by their employment expectations as a result of accumulating human capital. In that sense,

NAHOTI carried a significant promise for enabling the employment of the young people enrolled in a deemed promising tourism sector, through equipping them with the specialized knowledge and sector-specific knowledge. However, a deeper exploration into these perceptions revealed an important set of drivers, concerns, and issues that influenced students' perceptions, behaviours, and expectations. These are discussed further in the next chapter under additional emerging findings.

It can be concluded that NAHOTI played dual yet overlapping roles. The first was the role assigned by government to create skills in two areas of importance to the tourism sector, namely catering and hospitality towards stimulating the sector's growth. The second role was for the students where these skills were a means towards accessing the labour market. These two roles are a part of two larger processes, relating to young people finding employment, and the government achieving development and economic growth goals and the MDGs, as figure 31 illustrates.



**Figure 26: The Dual Roles of NAHOTI**

The dual roles are not necessarily contradictory, but they overlap in a number of important ways where national goals meet with the students' individual goals. However, this overlap presents opportunities for synergies that could be capitalized on to allow the institution to serve both goals better. Unfortunately, this was largely absent in the case of NAHOTI where

the goals of the students did not find their way to be recognized and incorporated into the policies governing its work. Doing so would have not only facilitated the returns to investment in NAHOTI at the public and private levels, but also worked to alleviate some of the frustrations felt by the young people thereof. These are discussed in greater detail in the next chapter.

Beyond these dual roles, it is plausible that NAHOTI had also political goals that contributed to its establishment in the first place. Some of the key informants and students indicated that NAHOTI might have been in the unenviable position of having to reiterate MoT messages on the promises of tourism to the public, yet having to be critical of the sector's challenges to the students in the course of the educational processes. This also explains some of the reservations and challenges this research experienced in its early stages in terms of access to data at NAHOTI.

### **Summary**

This chapter set out to discuss findings from the five propositions within the case study and to link them with the two research questions. The data indicates that there are important gaps in the policy making processes that limited the ability to realize human capital development goals through NAHOTI and its smooth operation, while policy, institutional, and collaboration-related challenges were evident in measuring progress towards the intended outcomes of NAHOTI.

On the students' part, there was evidence to suggest a more focused emphasis on employment and access to the job market. This seemed consistent with existing data, however it also highlighted a number of relevant issues relating to students perceptions towards the educational process, their individual goals, and how they engage with the institution and potentially influence it. The students identified the returns as positive despite citing a lack of detailed information to inform their knowledge and perceptions.

Upon a deeper investigation, this uncertainty led to a less positive perception of the value-addition of education at NAHOTI on the basis of improved knowledge of the labour market. This can be associated with their transition as outsiders influenced by media rhetoric on the tourism sector, to insiders educated on the actual prospects the sector brings.

There was an evident disconnect between the students' objectives from NAHOTI and the objectives the government set for the institution, thereby affecting the size of the investments the students made into the human capital development process and its outcomes. Both the key informant policy makers and students remained committed to NAHOTI, despite a reduced degree of confidence in the institution's human capital development process. An increasing recognition of the limitations of the institution was also evident.

**Chapter 7:**  
**Additional Emerging Findings**

## **Chapter 7: Additional Emerging Findings**

The previous chapter discussed key findings and conclusions emerging from the data, through responding to the five propositions and the research questions. The gist of that discussion is that there were important limitations in the process of creating human capital for the tourism sector and estimating the impact of NAHOTI. The data also indicated that young peoples' investments in education and human capital were mainly motivated by their perceptions of the benefits in employability resulting from this education at NAHOTI. This suggested that the full potential of gains in human capital requires the active participation of students in designing, engaging with, and benefitting from educational processes.

One advantage of adopting an inductive approach in this case study is that it allowed the capture of additional information that may be important in the context of examining human capital creation. In fact, the data revealed important lessons for consideration emerging from the voices of student respondents. The richness of this data allows for a further exploration of these perceptions set against a background of the profound socio-political challenges that have taken place in the country since 2011, including the youth-led uprisings known as the Arab Spring. These additional emerging findings are therefore the focus of this chapter.

### **What else do we learn from the case study?**

The experience of students in NAHOTI revealed a number of important considerations that can potentially play an important role concerning the build-up and accumulation of human capital, noting the contributions of students to the process and the variance in gains in human capital that result. The lack of a participatory approach in human capital policy development and implementation largely ignores the role of students in the educational processes, and therefore limits multiple opportunities to increase the time and effort invested on the part of the students into the learning process. Through this research the

students had indicated the need for more practical and hands-on sessions that they felt contributed the most to their learning and human capital development processes, although the curriculum seems to be rigidly designed around specific learning objectives agreed on by the two government ministries responsible for NAHOTI's work.

The study of student perceptions of the value-addition processes within NAHOTI touched upon a number of interesting emerging issues of relevance to the scope of this research, particularly relating to the role of the students in decision-making processes within the institution and their role. These issues are presented through four sub-themes: underlying grievances of students; feelings of disempowerment and distrust; social expectations; and avenues for expression.

#### a. Underlying Grievances of Students

Given a background of high unemployment and extensive idle time among young people in Yemen, where one in every two young people of working age and health is unemployed, we can identify the issue of transition from school to the workplace as a leading concern that influences the behaviour of young people.

Therefore, beyond the pull factors of NAHOTI and the promised lure of the tourism sector, there are push factors that influence the behaviour of young people towards venturing into this educational endeavour. These push factors include the economic grievances that the students repeatedly cited as key to their decision to attend NAHOTI.

This emerged quite strongly in the focus group discussions, particularly in light of the introductory questions that were included as "ice breakers". The first question in the focus group requested the participants to describe how they spent their time

in an average week, naming formal and informal places and activities (see annex for the data-collection tools). The results demonstrated a frustration with the lack of meaningful activities, where, from the eight statements expressed by the respondents in response to the question, only two referred to education and one referred to employment as places and activities that young people occupied themselves with.

Although this question was not intended to feed into the propositions of the case study, it revealed that there are few options young people have to develop and better themselves. One young person responded with the following:

*“Like they said, [young people like us] do very little, but that depends on their family responsibilities, if they have to do some shopping for the house, or deliver groceries, but most do little... there is nothing to do” (FGD1:6)*

A further study of these grievances based on the primary data illustrates a larger frustration, which resonates with the findings of the My World Survey (see figure 12) where having an honest and responsive government was identified as a top priority for young people (following education and employment, and emerging ahead of food and healthcare). This leads into the second emerging issue relating to feelings of disempowerment and distrust in decision-makers.

#### b. Disenfranchisement and Distrust

Among the key obstacles in undertaking this research was the limited willingness of students to contribute. In the first phase of data-collection, the questionnaire survey, , the students showed signs of distress associated in taking part, with fears of repercussions. While taking part in the interviews and focus group discussions the students refused to be recorded, and they shared concerns of being heard by

faculty or administration, which resulted in the focus group discussions taking place in the courtyard of the institute.

Furthermore, in responding to question S11 of the interviews, which inquired about challenges faced by the students, 40% of the respondents indicated that there are no challenges. The results from the focus group discussion, on the other hand, indicated that there are multiple and complex challenges facing the students' educational attainment. The students felt that the hype around the tourism sector and the institute was somewhat unfounded, making repeated hints that responsible officials overstated the role of the institution and the employability prospects that would result from joining it:

*“The sector is not exactly as they are described, whatever opportunities they tell you expect the best case scenario to be a quarter of that”*  
(FGD2:43)

This sentiment was also evident in the students' responses to question S13 in the interviews, which provided a hypothetical situation allowing the students to change a particular issue within NAHOTI. Fifty-percent of the students cited issues relating to the quality of the educational process, such as inclusion of practical sessions or more quality tutors. This finding highlights the limited confidence the students' have in the educational processes, and their desire to improve the value-addition of the process to match their level of expectations. This was evident through the interviews and the focus group discussions, particularly in response to question S10 of the interviews on why this course is important to them, to which 75% of the respondents cited skills and employability reasons.

Distrust in policymakers and in the future prospects of tourism and the role of NAHOTI remained visible, particularly in the second focus group discussion:

*“...yes we continue to hear that the tourism sector is expanding and jobs are created, but you never know until you actually have guaranteed your employment” (FGD2:36)*

### c. Social Expectations

Given the challenges associated with being a young person in the transitional phase between school and the work place, there were few but important references to the social pressures the respondents experience, which are of relevance to their role in the human capital development process in the institution. These references include managing social expectations, particularly upon graduation, and addressing some of the perceptions of venturing into the relatively new sector of tourism.

The final question for the focus groups allowed some space for the students to voice any additional comments and concerns. Among the issues raised was the changing motivations to continue studying at NAHOTI, where the respondents felt a change in perceptions and opinions within their families and communities.

Most of the students taking part in the research did not have particularly strong academic records, judged by their high school graduation results which averaged 66.5% for the 19 students who revealed this information. Considering that enrolment in Sana’a University’s various colleges requires upwards of a grade point average of 70%, the students expressed gratefulness to be able to join NAHOTI and identify as students of the institution:

*“There is a positive image about this place [NAHOTI], and even when you ask the Dabbab [commercial minibus] driver to drop you near the institution, you feel other passengers recognising you as a NAHOTI student.” (FGD2:17)*

This creates an added pressure on the young people to succeed in their education and careers. These pressures may have been influenced by government rhetoric and media hype associated with the institution and the grand promise of the tourism sector and the associated lure of a career in tourism.

#### d. Avenues for Expression

Despite the critical role students’ play and the investments they make into the educational process at NAHOTI, the hesitation of the students to freely express their opinions and take part in this research is not only a limitation and a challenge but an issue of concern relating to the learning environment and student culture at the institution. There was no evidence of any participatory processes that allowed the students to express their views or influence educational or administrative processes within the institution, which is perhaps an indicator of a top-down unidirectional approach governing the relationship of the students with the management of NAHOTI.

This issue revealed itself in the hesitation of the students to engage in the survey proposed initially, which required revising the research methods and tools in order to ensure that the students are able to speak freely in the interviews. However, very few of them did. For instance, only one student provided a response to the 14<sup>th</sup> question asking for ‘any other comments’, which followed question S13 ‘what would you change in NAHOTI’. Only one student criticised the administration’s measures to limit corruption within the institution, saying that there are

considerable donor resources coming into the institution to support non-useful activities.

Furthermore, the focus groups did not delve into great detail on this specific issue, even after trigger questions were used to encourage the students to name a few challenges facing the educational process in the institution with the expectation that this issue would resurface. This suggested that the students preferred to avoid expressing criticism of the institution's management, and were not used to engaging in critical discussion.

However, when the expressed concerns about the administration of NAHOTI, their concerns focused on the financial cost they bear to join the institution. which was surprising considering that tuition was heavily subsidised and the students were only required to pay a semester-based registration fee in addition to covering their own individual needs (e.g. dress code, learning supplies and stationary). However, perhaps this relates to student perceptions on that there are abundant resources at the disposal of NAHOTI's management which can be used to relieve the students of any financial burdens and offer stipends and other monetary incentives.

#### e. Gender Bias

Although gender bias was cited in the methodology and methods chapter as a fundamental limitation to this case study, it must be noted that all data was generated as a result of the participation of male students. Consequently, the emerging data in response to the five propositions, research questions, and beyond, reflect male-centric views. There were only two female students enrolled in NAHOTI at the time of data-collection, and they were not available to take part in this research.

This gender bias reflects a fundamental weakness in human capital development policy, where the lack of particular efforts to encourage the enrolment of young women does not mitigate the gender gap in Yemen, already ranked as the world's biggest according to the World Economic Forum 2014 rankings (WEF, 2015). This contributes to perpetuating the gender divide and reproducing the cycle of underdevelopment among Yemeni young women, where restricted access to education results in lower benefits and thus more vulnerability to underdevelopment.

This comes against a background of social and cultural constraints influencing both policy-making and student behaviour. One of these constraints is the mindset of "female appropriate" occupations, where society disapproves of Arab women working in "non-female" occupations such as the hotel industry (Mryyan, 2012). This, in turn, influences the decisions young women make in their educational endeavours. Although this is an important issue, gender issues and associated cultural norms are not the focus of this research.

### **Relating the findings to the Arab Spring**

Data for this research was collected prior to the Arab Spring events in Yemen, which climaxed between March and November 2011. As a result of instability and conflict, the research was suspended for most of 2011 and only resumed in the second half of 2012 upon my relocation outside of Yemen. However, the events of the Arab Spring provided an opportunity to re-examine the data collected prior to the events, particularly those related to the frustrations and grievances voiced by the young people at NAHOTI. This was undertaken in order to make sense of the Arab Spring events and recognise key issues that could have contributed to the events.

The root cause of the Arab Spring events was the collapse of the social contract between the peoples of many Arab countries and their leaders adopted in the post-colonial era, where the *“right of citizens to participate in public affairs was supplanted by promises of social welfare and security”* (ESCWA, 2013, p6). It appears that the increasing hardships of new generations in accessing decent work and life conditions has prompted them to question if governing regimes have the collective interests of the people at the heart of their economic and social policies, which reflects on the legitimacy of these governing regimes in the post-colonial social contract.

Since 1990, Yemen has experienced one shock after another that have progressively diminished the quality and availability of social welfare, as illustrated in chapter 2. These repeated shocks, against a background of rapid population growth and demand for social welfare, have resulted in deep-rooted frustrations among various socio-demographic groups in Yemen, including young people.

Evidently, it was these frustrations that drove young people to revolt leading to what was first known as the youth revolution. Universities and colleges, including NAHOTI, acted as the launching pad for these protests. In fact, the first permanent protest area, dubbed *“Change Square”*, blocked the main entrance of Sana’a University (Al-Sakkaf, 2011). Young people also played a major role in the organisation of protests, listing their demands as *freedom, dignity, and social justice*, and suffered casualties in return.

The following section will highlight specific issues to emerge from the data that can illustrate the gaps between what young people wanted out of an education, what they expected to get as a result of joining NAHOTI, and what they reported getting as a result from engaging with the educational processes at NAHOTI.

a. What the youth wanted

As expressed in interviews and focus group discussions, the respondents' main concern was access to decent work opportunities. This comes against a background of high youth unemployment and low returns to education. The data further illustrates that young people were willing to invest in an educational process provided it would directly improve their employability prospects.

Furthermore, noting that 70% of the respondents had no prior connection with the tourism sector, only 15% mentioned an interest in tourism as their primary motivation to join NAHOTI, while 95% cited employability-related challenges to be the key concerns upon graduating from NAHOTI.

b. What the youth expected

The young people viewed NAHOTI as a vehicle to facilitate their transition into the job market, despite 75% of the respondents reporting some kind of work experience, which indicated some familiarity with labour market conditions. Therefore, the respondents expected that joining NAHOTI would be a winning ticket to significantly improve their prospects in the labour market, and facilitate their transition into the employment opportunities in the tourism sector. These opportunities were described as 'growing', 'many', and 'promising'.

c. What the youth got

As students engaged with the educational process they came to learn about the many challenges facing their transition to the labour market and accessing decent work opportunities. The focus group discussion revealed that students had inflated

expectations about the tourism sector, and were humbled as a result of the educational process.

Nonetheless, the students' comments about the educational process and the institution itself were largely positive in terms of the skills acquired and new capacities installed. However, the sense of disappointment was visible regarding the nature, quality, availability, and returns of employment opportunities in the tourism sector. To many of the respondent students, NAHOTI was a vehicle towards decent work, not only an educational process towards improved skills and capabilities.

This can be related to the discrepancy between the Ministry of Tourism (MoT) and the Ministry of Technical Education and Vocational Training (MoTEVT). While the MoT advocated for the tourism sector and increased expectations of students, among other stakeholders, the MoTEVT was more pragmatic and focused on the actual skill development processes.

This reflects the lack of a harmonised approach that governed the work of various government agencies responsible for the build-up of human capital in the country, resulting in increasing the frustration of young people as a result of over-promising the expected opportunities, and then under-delivering on these. The implications of this are discussed in the next chapter.

### **Summary**

This chapter focused on a number of additional findings emerging from the research. These findings highlight that NAHOTI and its educational processes, in working to create human

capital for the tourism sector in Yemen, were influenced by a range of critical challenges relating to the role and functioning of the institution.

Evidently, there are serious grievances among the respondents regarding their employment prospects, which are underscored by their comments. These grievances were inflated as a result of raising their expectations towards what may be called the '*promises of NAHOTI*' where, as a result of their engagement in this institution, the students would have significantly improved prospects in employment in the tourism sector. Unfortunately, the raised expectations were difficult to meet, thereby intensifying these grievances.

As we have seen, there were limited channels for young people to express these frustrations or hold those who inflate the opportunities in the tourism sector accountable. This research's inductive approach and participatory nature has shed light on these frustrations prior to the Arab Spring events in the country, and used the case study of NAHOTI to demonstrate an example of the underlying causes that contributed to these events.

**Chapter 8:**  
**Conclusions and Research Implications**

## **Chapter 8: Conclusions and Research Implications**

The purpose of this research was to examine how Yemen intended to build human capital for the tourism sector, through a purpose-built institution examined through this case study. This research intended to consider the success of this institution in achieving its human capital objectives from two dimensions. The first is the public dimension through exploring the perceptions and views of policymakers involved in the establishment of the institution on its role in achieving national development through contributing to the growth of the tourism sector. This includes exploring how the institution was established, and how progress towards the intended outcomes was measured. The second is the private dimension relating to how students perceived the value-addition of the institution for their human capital.

The thesis began with a descriptive discussion of the context, and the various dynamics that exist in Yemen and influence the country's underdeveloped position and overall wellbeing. The discussion considered the mandates and policy frameworks governing the role of NAHOTI, and discussed a number of other important challenges facing the realisation of these mandates and fulfilment of national development goals, including rapid population growth and associated demographic pressures.

As the literature in chapter 3 discussed, human capital, as a form of capital, was intended to help address the country's chronic underdevelopment and population growth, which together contributed to a significant youth unemployment problem. The thesis thereafter moved to discuss the emergence of the human capital concept and the key contributions in the literature on identifying and measuring gains in human capital – mainly in developed regions, as well as development literature that discusses processes to create human capital in developing regions.

The literature review highlighted a number of important considerations of relevance to this research. The first are limitations in discussing the role of externalities that influence the outputs of a human capital development process in measuring human capital. These externalities, such as the level of interest and dedication of the students, can have profound and important consequences on the resulting gains in human capital.

A second issue is the dilemma among policymakers who are interested in designing human capital development policies and programmes. This dilemma was in choosing between investing in primary education as the Millennium Development Goals (MDGs) indicated, or focusing on the educational needs of particular sector through investing in post-basic education and training. This dilemma also bring with us foregone opportunities and risks relating to the attribution of resources, particularly when the development status of countries were measured in accordance to frameworks such as the MDGs.

In light of these discussions, specific research questions emerged to examine the perceptions of both policymakers involved in the establishment of NAHOTI as well as young people taking part in educational processes at the institution towards the expected human capital benefits that the institution imparts. This lead to a discussion of how these two parallel goals meet at NAHOTI, and thereafter contribute to different intended related outcomes that benefit both the tourism sector, as well as the young people as well.

To answer these questions a case study methodology was adopted and refined to capture the necessary preliminary information. The case study used several tools to capture the needed data. These included a review of relevant literature and background documentation, key informant interviews, interviews and focus group discussions with students, as well as a process of reflection, observation, and analysis in order to respond to the research questions.

The adoption of five propositions to build the case study was instrumental in linking the research questions with the data collected based on a case study development framework proposed by Yin (2004). This methodology proved powerful in building a comprehensive picture of the case study institution, and enabled the capture of qualitative information that was instrumental for explanation building and an in-depth analysis, that even went beyond the case study institution as chapter 7 illustrated.

This research is not without limitations as illustrated in chapter 4. The socio-political volatility of the context, data collection challenges, personal hardships, and other issues had an effect on shaping the process and outcomes of this research. However, no effort was spared to ensure that the research was realigned, remedial action was undertaken, and progress was made towards shedding light on an experience of an attempt to build human capital in Yemen.

### **Key Conclusions**

Building on the discussions in chapters 5, 6, and 7, the following conclusions can be deducted:

#### **a. Human Capital Policymaking**

1. Substantial theoretical evidence confirms both the economic and social benefits of investing in education. In this regard, economic benefits refer to Human Capital as a resource contributing to both economic growth and development processes. This was an underlying premise for the establishment of NAHOTI as a contribution to the growth of the tourism sector and to national development. However, there is little evidence to suggest that an informed assessment took place in order to estimate these exact benefits to the growth of the tourism sector, and therefore justify the

investments that went into the institution or the expected contributions of its graduates to the sector.

2. Therefore, key questions on its viability remain unanswered, such as the advantages of investing in a stand-alone vocational education institution compared to apprenticeships and on-the-job training schemes. Such unanswered questions reflect the lack of a critical assessment of policy options for human capital creation in the tourism sector.
3. Furthermore, NAHOTI was established independently of other human capital processes in the country. Emphasis was more evident in linking the institution to the Tourism sector, rather than to the human capital value chain in a participatory approach that allows more stakeholders to inform and contribute to the process of establishing the institution. This resulted in an inability to maximise the investments of students and potential employers into the institution to ensure that it responded to their specific and measurable needs, not only perceived public developmental benefits.

#### b. Perceptions towards the Returns of Studying at NAHOTI

4. Students perceived NAHOTI as primarily a means to an end, towards addressing their concerns relating to employment and economic viability. Therefore, their interest in NAHOTI was motivated by these factors, and they measured the success of the institution by its perceived contribution to their smooth transition from education to employment.
5. This has affected the educational processes at NAHOTI in many ways. These included the relationship among the students and the institution, competition

among students for a perceived limited number of employment opportunities coming through the institution, and their individual investments into maximising their learning and social benefits derived from the education.

6. Furthermore, the lack of a critical assessment on the growth and employability prospects of the sector affected both the institution and its student body negatively, with a perception of “being set up to fail” and overpromising the expected returns to this education, thereby increasing the frustration and disenfranchisement among the institution’s students.

In some ways, this research’s conclusions were consistent with established literature and did not present particular surprises. However, there are important insights relating to the synergy of the public and private benefits of education, and how an institution can help in the actualisation of both benefits as this case study illustrated.

An area of particular concern was the uncertainty in the future of the tourism sector. This was reflected in the lack of instruments to measure progress by policy makers, and the students’ demand for additional educational activities that were more practical and more value-added to enable them to become more competitive in the labour market, tourism and non-tourism related. The research also revealed evidence that suggests disappointment and frustration amongst youth as official rhetoric continued to send over-optimistic messages about the sector and inflated the actual value-addition within NAHOTI. The thesis concludes with a brief discussion of these frustrations.

## **Implications of Findings**

The central findings of this thesis indicate important limitations in the policy interpretation of the human capital theory to achieve development goals. On the one hand, the literature refers to the policy makers' dilemma in terms of finding the balance between basic education and post-basic education and training for the most optimal developmental returns. For example, Haunshek (2013) finds that the focus on increasing basic educational attainment in developing countries, as motivated by MDG2, will not necessarily lead to improving long run economic performance. On the other hand, A 2013 UNESCO report argues that although Technical Education and Vocational Training (TEVT) can seem rather attractive as a key tool in human capital policy making, there are a range of caveats that must be carefully examined. These include lack of demand for skills, labour market dynamics between employers and trade unions, lack of – or misguided – government action, lack of demand from students and/or their families, attitudes of schools, among other factors (Winch, 2013).

Empirical research on the application of human capital reveals significant insight on the limitations of the human capital theory in achieving developmental results in practice. For instance, Orkodashvili (2008) argues that while developed countries – where the human capital theory has originated – can afford to create and subsidise technical education and vocationally-oriented subjective into secondary schools, this is not an option for resource-starved developing countries. She concludes that the most optimal way for creating human capital for value-added economic activity in these countries is to conduct vocational training courses at job places.

Further to this debate, significant research indicates that the interpretation of the human capital theory has to be significantly context-specific, and many of which remained inconclusive in finding what works in applying for creating human capital to achieve development goals. McGrath (2002) indicates that TVET was a central tool for development

from the 1950s through the 1980s, which coincides with the rise of the human capital concept. However, with initiatives such as 'Education for All' and the focus on primary education, "TVET fell from grace". Ten years later, McGrath argues TVET has become based on an outdated model of development that has not kept up with the fundamental changes in the world of work and the needs for human development McGrath (2012). He concludes that it is imperative to build a human centred development approach for TEVT.

This conclusion resonates directly with the findings of this thesis. These findings has shown significant shortcomings in the conceptualisation of NAHOTI, its operating modalities, its approach to engaging with students and the sector, and its contributions to tourism development. Such glaring shortcomings against a backdrop of disenfranchisement of young people and political hype that overpromises what the institution intended to achieve.

Therefore, this thesis proposes three considerations to inform the practical interpretation of human capital theory to achieve development goals. These considerations revolve around the 'human' aspects of human capital, and are rooted in the conclusions of the case study and the research journey.

### **Contributions to Knowledge**

This research made three important contributions to our understanding of how to build human capital policies. These contributions are critical to making these policies relevant to the young people involved with a view to maximising their individual contributions, and in order to deliver measurable and relevant results at the public level. These contributions will be discussed from three angles; namely, in the context of Yemen as a least-developed country, in the design and implementation of human capital development policies, and the

role of students' perceptions in influencing the outcomes of a human capital development process.

Yemen, as an example of a least-developed country experiencing waves of instability demonstrates the bias of global literature in considering the realities and challenges of less privileged regions of the world. Identifying literature on human capital accumulation efforts in comparable contexts was difficult. The cited literature on human capital included the examples of several middle-income countries with more established educational processes and a heritage of human capital accumulation. This is an issue of particular importance noting that the success of post-secondary education and training processes are influenced by the quality of inputs in terms of the educational achievement, and the capacity of secondary school graduates joining at the post-secondary stage to reap the maximum benefits (Yuki and Kameyama, 2013).

This research intended to shed light on this dynamic within the context of Yemen as a least-developed country, particularly as it engages in designing and implementing national policies to build human capital, and designs specific institutions to advance these policies. This research therefore contributes to explaining and documenting the case study institution, including its mandates and governance framework.

The third contribution is to shed light on young people taking part in the human capital development process, revealing a range of perceptions based upon their respective experiences and priorities. Understanding these perceptions is bound to enlighten policy-makers, development practitioners, experts and academics, among other key stakeholders on how to maximise the individual investments and benefits of the young people taking part in such human capital development processes. The latter will have a direct bearing on the collective gains and achievement of national and sectoral human capital development objectives.

## **Policy Implications**

From the outset, this research was envisioned to develop a range of policy implications to maximise the benefits to public and private investment in human capital development processes. In light of the data findings and analysis, four key policy implications can be formulated, addressing the basis for policy development, processes, and measurement of results:

a. Information-based and well-informed human capital policymaking:

National development policies, particularly ones that are multi-sectoral and have long-term effects such as human capital development policies, need to be based on factual information, knowledge, and analysis of potential development trajectories. This is necessary to answer the question of how much additional human capital is needed, which quality and skills, and whether it is worth the investment considering potential individual and collective returns.

Both the literature review and the case study revealed little information on the feasibility for investing in processes to build human capital for the tourism sector. The dilemma facing policy-makers in directing limited resources towards such processes is one that warrants careful study and analysis of potential returns to each investment, where this should consider the future labour market demand for the skills and capabilities to be created. This consideration is critical in order to allow those engaging in processes such as NAHOTI to realise the expected returns on their education through benefitting from labour market appreciation for the acquired skills.

The first aspect of this implication is the availability of information. This information can include labour market information on the size of the labour force already available, labour force segmentation to understand more about the prospects of workers' mobility into the tourism sector from other sectors, the status of wages, their composition and growth prospects, as well as other important issues to justify the need for enhancing the influx of new workers into the sector.

The second aspect concerns guiding of policy design. For instance, an identified shortage of female workers in the sector should prompt policy-makers to develop mechanisms to attract young women into the sector, using NAHOTI and other instruments to address this shortage. This information is therefore critical to ensure the relevance and contribution of processes such as NAHOTI to the creation of needed human capital.

b. Adopting an inclusive, transparent, and participatory process:

The process of creating human capital is a complex one. Not only because it involves multiple partners with potentially conflicting agendas, but also for the inherent risks involved. This is of critical importance with regards to the case study institution and the expected results.

The policy framework laid for NAHOTI involved four government agencies; the Ministry of Tourism and the Ministry of Technical Education and Vocational Training in the lead, with the support of the Ministry of Labour and the Ministry of Youth and Sports. The case study revealed that NAHOTI relied on the Ministry of Tourism for its management and oversight, and on the Ministry of Technical Education and Vocational Training with regards to actual skill development and certification. However, the research generated evidence to suggest miscommunication and

inconsistency among the key actors with regards to the role of the institution. For example, there were multiple references to the role of the Ministry of Tourism in inflating projected levels of job creation in the tourism sector, and therefore the perceived benefits of joining NAHOTI.

The key implication here is the need to institutionalise an inclusive, transparent, and participatory process in the development and implementation of human capital policies. Such processes should be information-based and enable various actors to voice their perspectives and concerns, to establish a minimum threshold of consistency in communication. Furthermore, to allow the active participation of a wider range of stakeholders, including private sector actors given their important role in realising the returns to education and justifying individual and collective investment in educational processes at NAHOTI.

Such a process would also serve as a platform for risk-sharing and addressing any misconceptions, while allowing for an informed exchange of views without being overwhelmingly dominated by the views of one party on the promises of the tourism sector. This can also be an opportunity for prospective students who have an interest in the sector to understand more about the expected challenges and potential opportunities, and compare those in the tourism sector with other sectors in order to make informed decisions in their educational endeavours.

c. The students are partners

Investing in human capital creation is mainly an individual-level decision. Governments and development partners can put in place measures to improve access to education and expand on the number and quality of educational opportunities available, but the students also put in significant contributions in

terms of time, effort, and financial resources. Both make substantial and important contributions to the human capital development process, and should therefore have an opportunity to engage with each other in order to maximise the benefits derived from education.

The students at NAHOTI had an agenda that focuses on employment, while policy-makers had an agenda focusing on creating an abundance of skilled human resources for the tourism sector. While NAHOTI was the meeting point of both agendas, there were voiced frustrations among the youth that their goals in joining NAHOTI were unlikely to be realised. This frustration resonated with the slogan of many young people during the events of the Arab Spring.

An open engagement with the youth demographic and prospective students as partners would enable the young people to express their priorities and views, influence the educational priorities and processes, and allow a more efficient self-selection of students derived mainly by their interest in the education and sector, rather than promises of employment alone.

d. Monitoring results and impact measurement

Investment in education is a strategic tool to achieve long-term development goals, conditional upon evidence to ensure that these investments yield the intended results. The case study institution was established on the premise that it play an important role in facilitating the growth of the tourism sector, even though there was very little evidence to substantiate that claim.

Evidence to support the benefits derived from engagement with NAHOTI and its contribution is required to advance both the employment goals of young people as

well as the human capital goals of the sector. Such evidence would make it significantly easier to build the case for the expansion and replication of NAHOTI as an experiment in creating human capital for the tourism sector in Yemen.

Therefore, policy-makers need to make a critical assessment of the contribution of NAHOTI and the key lessons learnt in the process of designing and implementing new human capital development processes in the future.

### **Policy Proposal: Towards a new Human Capital Theory**

The significant work in understanding and estimating human capital has established the central role of education and learning in the build-up of skills needed for value-added economic activity. Economists and other social scientists has also touched on important elements of relevance such as health and wellbeing, migration and geographic proximity to labour markets, as well as other factors relating to the enabling environment (Becker, 1962; Blaug, 1976; Grossman, 2000; Baum, 2007).

Beyond that, the emergence of new paradigms relating to human development encompassed human capital and exceeded to include the capability of the humans to make use of their gained and inherited skills, health and wellbeing, and geographic proximity. Key among these is Amartya Sen's Human Capabilities Approach (Sen, 2003; Sen, 2009). Sen, and other similar-minded scholars suggests that people must have specific freedoms in order to achieve certain critical functioning. These including freedom from disease and freedom to pursue education. This concept presents an implicit departure from the original thinking of human capital as a rigid by-product of education that contributes to economic growth, to a tool of empowerment.

As the case study revealed, the interpretation of the human capital concept and its application in NAHOTI presented a significant shortcoming with the model. Judging by the outcomes, neither policymakers nor the students felt that the institution achieved its intended outcomes, with explanations related to the security situation, politically-charged working environment, and the real prospects of the tourism sector. However, one key issue that was vividly present is the lack of recognition to the role the students play and their contributions to the success of the institution.

Consequently, towards addressing this limitation in future application, this thesis proposed an additional checklist-style criteria for consideration, in order to inform the design of future processes for the build-up of human capital. The first of these include a study of population dynamics to better understand the size, quality, and underlying motivations of the pool of students entering into the process. The seconds revolved incorporating their short-term interests within the process to maximize their contributions. While the third considers a scenario-based projection of the outcomes particularly in the contexts of fragile and failed states.

#### **A. A Study of Population Dynamics**

Population dynamics refers to the status of and changes in the population characteristics, including population growth rate, age structure, geographic distribution, and vital statistics (UNDESA, 2012). The study of population dynamics includes many branches and produces many concepts, key among these is the demographic dividend, which refers to having a significant youth bulge entering the job market thereby increasing the ratio of those within the workforce to those outside it (UNESCWA, 2015).

Consequently, a significant youth budge looking for education and employment opportunities creates heightened levels of competition for limited education and employment opportunities. This creates significant socio-economic and psychosocial pressures on the young women and men, potentially influencing their behaviour to take more risks such as irregular migration, or engage in less-than optimal activities such as work in the informal sector or stay Not in Employment, Education or Training (NEET).

A high percentage of youth in NEET does not enable for the demographic dividend on the macro level, and on the individual level puts immense pressures on the young people to take action. Against this backdrop, a sudden opening of a 'promising opportunity' such as a career in tourism through NAHOTI becomes a highly sought after opportunity not because of the education itself and the interest in the tourism sector, but as an escape from being NEET. Therefore, measures need to be put in place to understand the population dynamics and attract those who possess individual characteristics that make them pre-disposed to be more engaging with and make significant individual contributions to the human capital development process towards its success.

## **B. Short-term Interests of Students**

The nature of human capital development is to yield long-term results at the individual (private) as well as the public levels. Policymakers' dilemma on the choice between basic education and post-basic education and training also extends to the various options in post-basic education and training. A key element that the students consider in such a choice is whether an education or training endeavour would provide for an immediate recognition in the labour market in terms of availability of work, or in terms of wages and wage growth prospects.

Therefore, a policy for expanding the skill base for a particular sector, such as tourism in this case, should start from examining the labour force demand needs, as well as the perceptions to these needs among the students. This requires the adoption of a participatory approach in the development of educational processes in order to capture the short-term interests of students, and design educational and training endeavours that are relevant to them and to the labour market opportunities that are promising and that they intend to pursue. This is an important dynamics to maximising the individual contributions of students and the outcomes of an educational process.

### **C. Context of Fragile and Failed States**

The case study takes place in a fragile Least Developed Country (LDC), at a time when it was on the onset of significant turmoil and instability. The frustrations of young people were particularly evident and targeted the political elite responsible for poor governance and mismanagement of resources. This was not only evident through the literature and the direct experiences of myself as a researcher, but were voiced repeatedly within the case study with reference to the institution itself. This leads us to consider that these frustrations were bound to become increasingly visible and eventually lead to regretful ramifications as indeed did happen in the country.

Therefore, in such circumstances, it would be prudent to develop mitigation measures to ensure that investments into the human capital process are designed in such a way to maintain their resilience and robustness in the face of adversity on the one hand, and on the other maintain a degree of flexibility and responsiveness to the skills and education needs in coping with fragility and instability. This is to ensure that students take part have a minimum level of skills and capacities to maintain their economic viability in the face of uncertainty. For instance, the students

referred to English language and computer skills which were found to be relevant across the board given the contraction of the tourism sector as a result of conflict.

### **Limitations of Implications**

The implications of this research have several important limitations for consideration. The first limitation is inherited from the context-specific nature of the research, where the conclusions are thus limited to the case study institution and similarly designed human capital development processes. This limitation is based on the relatively new experience of NAHOTI, and considering the conditions of its development and evolution. Particular reference can be made to the overlapping mandates and governance structure, which may not be applicable to other more established human capital development processes and post-basic education and training in Yemen.

A second limitation concerns the timeframe in which the data was collected, which immediately precedes the uprisings and protracted conflict in Yemen. It also comes at a time when NAHOTI was benefitting from significant political and financial support from the government of Yemen, as well as several donor-funded institutional development projects. This limitation is particularly important noting that the senior management of NAHOTI changed four times since 2008.

A third limitation arises from the limited number of respondents who contributed to informing the research. Although NAHOTI has a total capacity of 240 students, the total number of enrolled students in the post-secondary diploma level during the data-collection was only 63. The participation of 20 self-selected students in the interviews - based on their individual willingness to participate - may not result in a representational sample.

Various efforts were made to overcome these limitations. These include the development of a tailored methodology to capture data from multiple sources, and the robustness of evidence generated through the various data-collection tools.

### **Recommendations for Further Research**

The case study design proved particularly useful in capturing the required information to address the research questions. However, further research can be undertaken on the same case study using other complementary propositions to shed more light on under-explored areas within this research, such as the nature of the relations between NAHOTI students, the faculty, and the administration, as well as an in-depth evaluation of the perceptions of students towards specific components of the educational process within NAHOTI.

It should be noted that other institutions were established to create human capital in alternative sectors in Yemen, such as the technology and communications sectors. Undertaking a similar exercise on any of the four community colleges established in Yemen offering 3-year associate degrees on applied technologies, where a comparative study may yield more data to elaborate further on this notion. These colleges receive similar political support and media attention as NAHOTI, and their governance structures are quite comparable.

Finally, the emerging findings associated with the role of students in influencing the educational processes within NAHOTI highlight an important area for further research, particularly in the light of the uprisings and protests. This would comprise an exploration and discussion of the issue of young peoples' trust in social institutions and their role in influencing their focus, operation, direction, and service-delivery to the community.

## **Final Reflections**

Hameeda, the rural widow who inspired many people, including myself, illustrated by example that tourism can create livelihoods and improve living conditions. I sincerely feel that tourism is a promising sector for Yemen, and with the right conditions and reforms, NAHOTI can and will play the role it was intended once stability returns to the country.

Undertaking this research was a journey of learning, pain, hope, and reflection. Having had the privilege of engaging with young people and understanding more about their aspirations as they engage in the noble quest of learning was a reward in itself. Since the inception of this report and my early exposure to national development plans, I had hoped that my research would contribute to these efforts and provide an added insight to improve on the returns to education.

Undertaking this research and developing this thesis has been a journey of profound learning, despite a one-year interruption, turmoil in the research context with significant consequences on the research's undertaking, and a number of other challenges affecting the researcher and the research. This research set out to examine the baby steps of Yemen as it embarks on a journey of development that focuses on investing in people as agents of change and growth. The country adopted the concept of human capital as a developmental philosophy to help the country unleash the untapped potential of its most valuable asset: its people.

Upon the conceptualisation of this research and development of its focus in 2007 and 2008, Yemen was a country of great promise. It had concluded its first ever competitive presidential elections in 2006, and began undertaking a number of important political, administrative, and economic reforms to address its chronic underdevelopment challenges. The country was starting to benefit from the global surge in the price of oil,

which created an additional fiscal space to invest in development processes, including human capital development.

Finally, change is the only constant. The Arab uprisings that swept across the region and subsequent instability in Yemen have created new grim realities in the country that are still unfolding. This change has a direct bearing on national development priorities, which are shifting to address the humanitarian needs and consequences of the instability.



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## Appendices

## Participant Consent Form

Project title Human Capital in the Tourism Sector: A Case Study from Yemen

Researcher's name Raidan Abdulaziz Al-Saqqaf

Supervisors' names Dr Len Newton; Professor John Morgan

- I have read the Participant Information Sheet and the nature and purpose of the research project has been explained to me. I understand and agree to take part.
- I understand the purpose of the research project and my involvement in it.
- I understand that I may withdraw from the research project at any stage and that this will not affect my status now or in the future.
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential.
- I understand that data will be stored in the form of hard copies at the custody of the researcher, where only the researcher, notetaker, and examiners may have access to it. I understand that this data will be used only for academic research purposes only.
- I understand that I may contact the researcher or supervisor if I require further information about the research, and that I may contact the Research Ethics Coordinator of the School of Education, University of Nottingham, if I wish to make a complaint relating to my involvement in the research.

Signed ..... (research participant)

Print name ..... Date .....

### Contact details

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### **Statement of Research Aims**

This research intends to provide insights into the process of human capital development and accumulation in Yemen, using the National Hotel and Tourism Institution as a case study in that process.

This research intends to draw conclusions from the literature available on the subject of building and accumulating human capital with direct linkages to the job market, employability, and employment prospects, with a sectoral focus within the context. These conclusions will be complimented by a review of four policy frameworks within the national context that discuss the interpretation and application of these conclusions, using a case study of a pilot educational institution that was purpose-built to help sectoral growth through providing a mechanism for skills development and facilitating the build-up of human capital. This institution, NAHOTI, is the subject of this research, on the basis that it is the country's answer to the question of a mechanism for building human capital in the tourism sector. Its success will be merited based on the perceptions of two groups of stakeholders, i.e. students enrolled in the institution, and employers in demand of a unique set of skills as a human capital input into the sector's growth.

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## **Interview Questions: NAHOTI Students**

Name (optional)

Course

Date

[Introduction to the research]

Biographical Data

Age, gender

Academic background

Graduation grade

Work experience (if any)

Trainings/formal education

Any disabilities

Questions

- S1 Please state three reasons why you chose NAHOTI (by priority)
- S2 Why is the top reason important to you?
- S3 Do you have any family members/friends who are in NAHOTI/ tourism education, or the tourism sector?
- S4 Are there any other institutions that also meet your criteria for choice of NAHOTI?
- S5 What, from your view as a student, is the biggest advantage of NAHOTI?
- S6 If you were unable to join NAHOTI, what would've been your next best choice?
- S7 How long did it take you to make the decision to register at NAHOTI?

- S8 Who/what influenced your decision?
- S9 Do you expect to complete this course? What grade do you expect to receive?
- S10 Is this course also important for your personal development? Please explain.
- S11 What challenges do you foresee during the course?
- S12 What challenges do you foresee after course completion?
- S13 If you were allowed to change something about NAHOTI, what would that be?
- S14 Any other comments?

## **Interview Questions: Key Informants and Partners**

Name

Position

Interview Date

[Introduction to the research]

1. What is your involvement with NAHOTI?
2. How do you view NAHOTI's administrative structures and organisation in relation to its achievement of the purposes for which it was established?
3. What are the key factors critical for success that the institution has, or are missing?

Specific Questions:

4. How does the government support NAHOTI, and is this support sufficient?
5. What are the students saying about their learning process in NAHOTI, is there a follow up with recent graduates?
6. Are there any linkages with the private sector employers to market NAHOTI's role and/or its graduates?
7. Where do you see the future of the institution in the near term?

## **Interview Questions: Tourism sector employers**

Name

Position

Interview Date

[Introduction to the research]

### **A. Generic Information**

8. How long have you been working in this sector/industry?
9. Do you have any working history or investments in other sectors?
10. How do you compare tourism to other sectors from the perspective of economic activity, viability, risks and growth?
11. How do you see the future of this sector, in the short and medium terms?

### **B. Human Capital in the Tourism Sector**

12. In your enterprise, what is the criteria for recruitment of staff, particularly for jobs that involve the actual service delivery and/or interaction with clientele?
13. Do you do any capacity development or training for your staff, or do you rely on outside entities or outsourcing these functions?
14. Are you aware of NAHOTI? What is your position on the institution and its role in providing skills to the sector?
15. Do you have any employees who are NAHOTI graduates? Do you intend to recruit any?
16. In what areas do you foresee the growth in needs for skills in the tourism sector?
17. What is the pay structure for NAHOTI or graduates of other specialised trainings? Does it differ from other employees? Should it differ?

## List of stakeholder\* Interviewed

Stakeholder Name		Position / Capacity	Interview Date
1	(Name withheld)	Senior official at the Ministry of Technical Education and Vocational Training	19 October 2009
2	(Name withheld)	Senior official at the Ministry of Technical Education and Vocational Training	25 October 2010
3	(Name withheld)	Senior official at the Ministry of Technical Education and Vocational Training	20 November 2013
4	(Name withheld)	Senior official at the Ministry of Tourism and Culture	24 April 2008
5	(Name withheld)	Officer, Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Development Agency)	18 January 2009
6	(Name withheld)	Officer, World Bank Country Office	4 October 2010
7	(Name withheld)	Private Sector Establishment	17 Dec 2008
8	(Name withheld)	Private Sector Establishment	18 Dec 2008
9	(Name withheld)	NAHOTI	26 Nov 2008
10	(Name withheld)	Private Sector Establishment	19 Nov 2010
11	(Name withheld)	NAHOTI	26 Nov 2008
12	(Name withheld)	Senior Official at the Ministry of planning and international cooperation	7 Nov 2013

\*Names withheld to maintain anonymity

## Focus Group Questions (Tool 1)

(This is the focus group questions for students who have recently joined NAHOTI)

About 90 minutes per session

Question and Activity Routine:

Greetings . . . . [Do the prepared introduction about the research subject – keep it short . . .  
. no right or wrong answers... confidential, signing the consent form].

1. Please give us examples of the different places, activities, or programmes in the neighbourhood where young people like you spend time during an average (non-vacation) week... They can be formal places or informal places or activities, as well as more formal programmes and other non-organised hobbies.

Facilitator - With blank cards in hand, write down places on individual cards. Expect 7 - 12 places. Keep the pace steady and slow enough for the notetaker – sometimes asking when it is not clear: That is not clear to me, please tell me more about this place? What does one do there? What does the place look like? [it is ok if the place mentioned is far away out of the neighbourhood - like in the next governorate or one who goes to work in a specific area regularly]

Notetaker – Write down places, if there are extra evaluative statements made like why someone likes it (they will be asked for more detail but ok to write down now) or any rich detail that will help the reader be clear about what the place is.

2. I want to better understand these places, activities, and programmes you mentioned and how it is interesting / relevant to you or people like you. Please work together as a team and talk about these items on the cards. Use these clips to indicate how much interest you have in places / activities mentioned on the paper.

You can put the clips on the cards with 1 clip indicating less importance and 5 clips representing much importance. Use the talking tool to keep order about who talks. You can move the clips around until you arrive at an agreement.

Facilitator – Give them the chance to complete the work. They are negotiating with each other and not simply voting. Negotiating means they have to talk about it and describe why it is more or less interesting. Voting is quick and nonverbal. The facilitator can encourage them. . . Is this it? Is every one participating?

Notetaker – Make notes on the comments about why each of these activities, places, and programmes is interesting for them and why.

3. Now, I am going to ask each one of you to write reasons why you have joined the tourism programme. Please write one reason on each paper, use as many papers as you like. They can be any reason including personal and otherwise.

Facilitator – Consolidate and group the papers to remove redundancies, make sure that the group agrees on the illumination process and should synonymous reasons appear please leave it at the liberty of the group to agree to consolidation or leave them as separate reasons.

4. I want to better understand these reasons mentioned. Please work together as a team and talk about these reasons on the cards. Use these clips to indicate which reasons you relate to the most by putting the clips on the cards in a similar fashion to the last exercise.

Facilitator – Give them the chance to complete the work. Then start the probing using the following probes:

- So you all agree that [reason A] is the prime reason why all of you are here?

- And you all agree that [reason B] has nothing to do with you being here?

[Record votes]

- Anyone want to change their vote? If I give you each one more clip, where would you put it?

[Record votes]

Notetaker – Make notes of negotiations on the reasons recorded, including minority opinions.

5. Now, can you tell me what you plan on doing after finishing your courses? Is there some vision you have about what you will be doing after finishing the course?

Facilitator – Now use ranking methodology to see what various career options they intend to take.

Notetaker – Make notes on the ranking and how the respondents describe each option, as likely, less likely, etc...

6. When I separate these cards by the ranks you have given them, the top half will go here and the bottom half there. Can you tell me more about these options in the top half and why you favour them in contrast to the other options?

Facilitator – Probing: Tell me more about what you do there. What is important to you about this place? What are the functions you will be doing? What are the perks that come with this option? Make sure that the conversation is slow enough and specific to help the notetaker.

Notetaker – You are making sure the descriptions are clearly labelled to the option.

7. So, we know that even good things that have benefits also can have shortfalls. Let's talk about these places and activities again; this time, tell me what the shortfall or disadvantage is. Talk about each option. . .

Facilitator - Let each one be discussed slowly enough so the notetaker can take notes on them. If it goes too long and they are really talking a lot more than time allows, it is okay to say: we need to move on to the next question. . .

Facilitator – Probe: Money – how much money do you think you will make as a result of each respective option, what is this income dependent on? Fixed or variable? How variable? Would the other options help you make more money? How about other non-tourism career options?

Notetaker – Be sure to provide quotes about strong points. Make sure to jot down the numerical amounts that put in as estimates of perceived income and SWOT analysis.

8. Okay, now I want you to help me understand another issue regarding your course, I want you to name the subjects you study and tell me which ones help you more in achieving your career options.

Facilitator - After you have several cards with the subjects on them, lay them down in a random order. . . You can put the clips on the cards with 1 clip meaning less importance and 5 clips representing much importance. Use the ball to keep order on who talks. You can move the clips around until you arrive at an agreement. If the time is short, do a “quick vote” . . . cut the discussion and let them only vote on the general idea and not necessarily exactly as described.

Facilitator: Repeat the reasons to slow it down and allow the notetaker to write. Careful Probe: What do you think about these subjects? What can the institute do to improve the quality of the learning experience on this subject to help your career option? Help verbally match the prevention activity to the type of violence if the youth make that point. . . . so the notetaker can record it. . What are the reasons they do this?

Notetaker – List them with the details; make sure you match the descriptions with the activity. If they say they have seen such a programme somewhere else, note that down.

9. Is there something else that you think is important about the aspirations and challenges you want to share? If you don't want to tell us, write it down. (Don't have to put name on paper)

Facilitator: Show the group that you have paper and pencils and provide sheets of paper and something to write with to anyone who signals for it.

Notetaker: Fold and collect the writings quietly, being careful not to show anyone what is written. Do not read until after the activity has ended. Label the paper with the focus group number.

Thank you.

## Focus Group Questions (Tool 2)

(This is the focus group questionnaire for students who have been studying at NAHOTI for sometimes and have formulated a deeper understanding of the sector).

About 60 minutes per session

Question and Activity Routine:

Greetings . . . . [Do the prepared introduction about the research subject – keep it short . . . no right or wrong answers... confidential, signing the consent form].

1. Please give us examples of the activities, subjects, sessions, or learning opportunities that you found to be the most useful and beneficial for your personal development and careers, as a part of your learning processes in the institution.

Facilitator - With blank cards in hand, write down places on individual cards. Expect 6 - 10 areas. Keep the pace steady and slow enough for the notetaker – sometimes asking when it is not clear: That is not clear to me, please tell me more about this activity? What does one do there? What is so special about it? [Try to trigger a prioritised sequence of these areas through negotiated discussion]

Notetaker – Write down areas, if there are extra evaluative statements made like why someone likes it (they will be asked for more detail but ok to write down now) or any rich detail that will help the reader be clear about what the place is.

2. I want to better understand why these activities are more useful than others and why you feel that there is more value-addition as a part of these activities in relation to your marketable skills and livelihood-earning capacity. Please work together as a team and talk about these activities on the cards, and use these clips to indicate how much these activities are helpful from that perspective.

You can put the clips on the cards with 1 clip means less importance and 5 clips representing much importance. Use the talking tool to keep order about who talks. You can move the clips around until you arrive at an agreement.

Facilitator – Give them the chance to complete the work. They are negotiating with each other and not simply voting. Negotiating means they have to talk about it and describe why it is more or less interesting. Voting is quick and nonverbal. The facilitator can encourage them. . . Is this it? Is every one participating?

Notetaker – Make notes on the comments about why each of these activities, places, and programmes is interesting for them and why.

3. Now, I am going to ask each one of you to write your realistic expectations of employment within the next one year. I want you to write the sort of employment opportunity you hope to get as a result of joining this course, saying, for example, the area of employment, the sector or sub-sector, geographic area, or any information on the options and possibilities that you hope to access in the near term. Please write one employment opportunity on each paper, use as many papers as you like. They can be detailed or generic.

Facilitator – Consolidate and group the papers to remove redundancies, make sure that the group agrees on the illumination process and should synonymous reasons appear please leave it at the liberty of the group to agree to consolidation or leave them as separate reasons.

4. I want to understand more about these employment opportunities. Please work together as a team and talk about these opportunities on the cards. Use these clips to indicate which ones are most likely.

Facilitator – Give them the chance to complete the work. Then start the probing using the following probes:

- So you all agree that [opportunity A] is the most likely opportunity to be open for you as graduates of this programme ?

- And you all agree that [opportunity B] is the least likely?

[Record votes]

- Now, if I ask you which opportunity you wish to gain access to, as the best situation scenario, which opportunity would get the most votes?

[Record votes]

Notetaker – Make notes on the negotiations on the reasons are recorded, including minority opinions.

5. Now, as we have established the most likely employment scenario, now I want to ask you about the most likely employment scenario for you had you not joined this course in Tourism.

Facilitator – Consolidate and group the papers to remove redundancies, make sure that the group agrees on the illumination process and should synonymous reasons appear please leave it at the liberty of the group to agree to consolidation or leave them as separate reasons.

Notetaker – Make notes on the opportunities and how the respondents describe each option, as likely, less likely, etc..

6. In comparing the employment opportunity most likely had you chosen not to pursue tourism education and the most likely employment opportunity as a result of choosing to enrol in this programme? Please tell me of the advantages and disadvantages of each career path.

Facilitator - Let each one be discussed slowly enough so the notetaker can take notes on them. If it goes too long and they are really talking a lot more than time allows, it is okay to say: we need to move on to the next question. . .

Facilitator – Probe: Money – how much money do you think you will make as a result of each respective option, what is this income dependent on? Fixed or Variable? How variable? Would the other options help you make more money? How about other non-tourism career options?

Notetaker – Be sure to provide quotes about strong points. Make sure to jot down the numerical amounts that put in as estimates of perceived income and SWOT analysis.

9. Is there something else that you think is important about the aspirations and challenges you want to share? If you don't want to tell us, write it down. (Don't have to put name on paper)

Facilitator: Show the group that you have paper and pencils and provide sheets of paper and something to write with to anyone who signals for it.

Notetaker: Fold and collect the writings quietly, being careful not to show anyone what is written. Do not read until after the activity has ended. Label the paper with the focus group number.

Thank you.

