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Prepared by:



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Business survey on MSMEs cluster and CCI cluster in Palestine

Mapping the ecosystems of formal and informal innovation
providers.





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Aims of the Study

- To develop a comprehensive overview and analysis of the current state of the Leather and Shoe sectors in Palestine.
- Establishing a diagram that highlights the sector's strengths, shortcomings, and potential impacts that could ease the selection of the next interventions towards enhancing the sector's innovativity.



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Methodology



Quantitative methodology was used to collect the data for this study as it is appropriate for obtaining safe and trustworthy data that can be interpreted and used in decision-making with fewer complications.



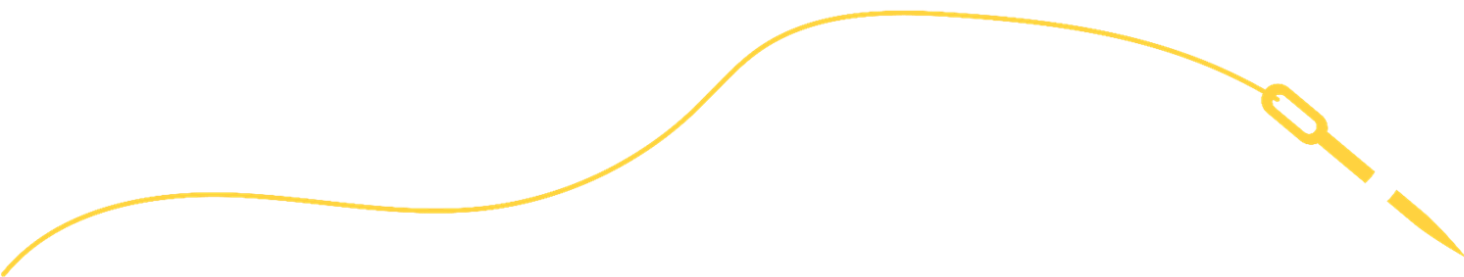
The data were collected through a survey that was specifically developed for this study, this survey was carried out through a telephone survey of a maximum of 15 min, using a structured questionnaire that consist of five main sections.



Population: The study population consists of 249 leather and shoe manufacturing companies.

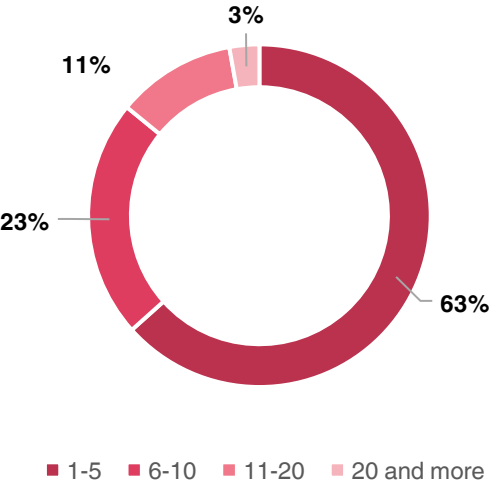
Sampling

- Sample size: 129 companies, which implies operating with a statistical error of 4% with respect to the total of companies of this sector, within a confidence interval of 90.
- Simple random sampling was used to select the sample, this sampling method is a sampling design in which K distinct items are selected from the n items in the population in such a way that every possible combination of k items is equally likely to be the sample selected. (Thompson, 2012)
- This sampling method was chosen because it gives every individual an equal chance of being selected in the sample from the population. (Acharya et al., 2013)

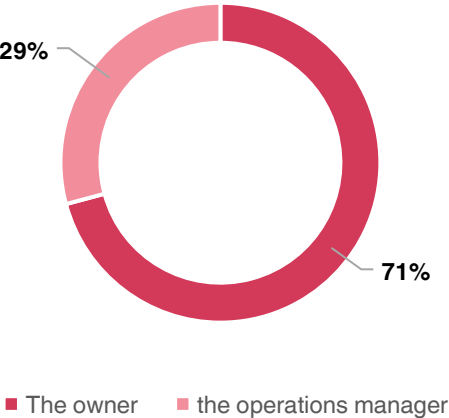


Sample Characteristics

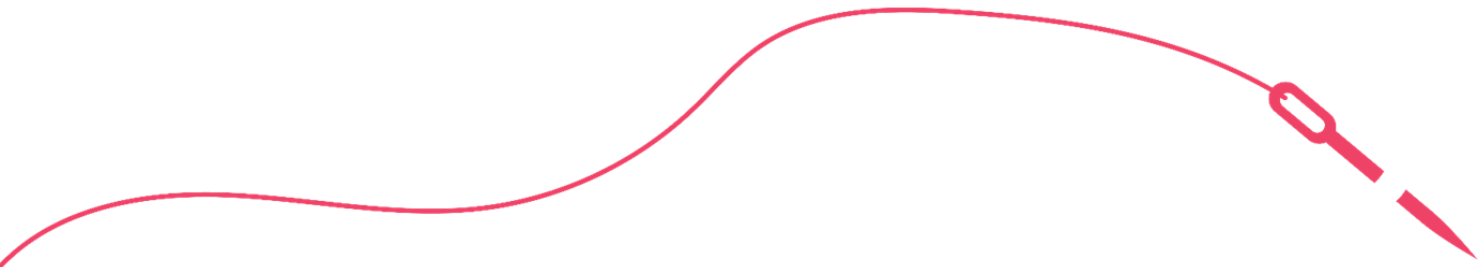
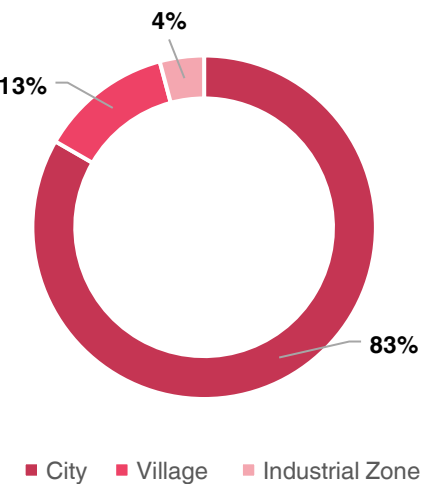
Company Size



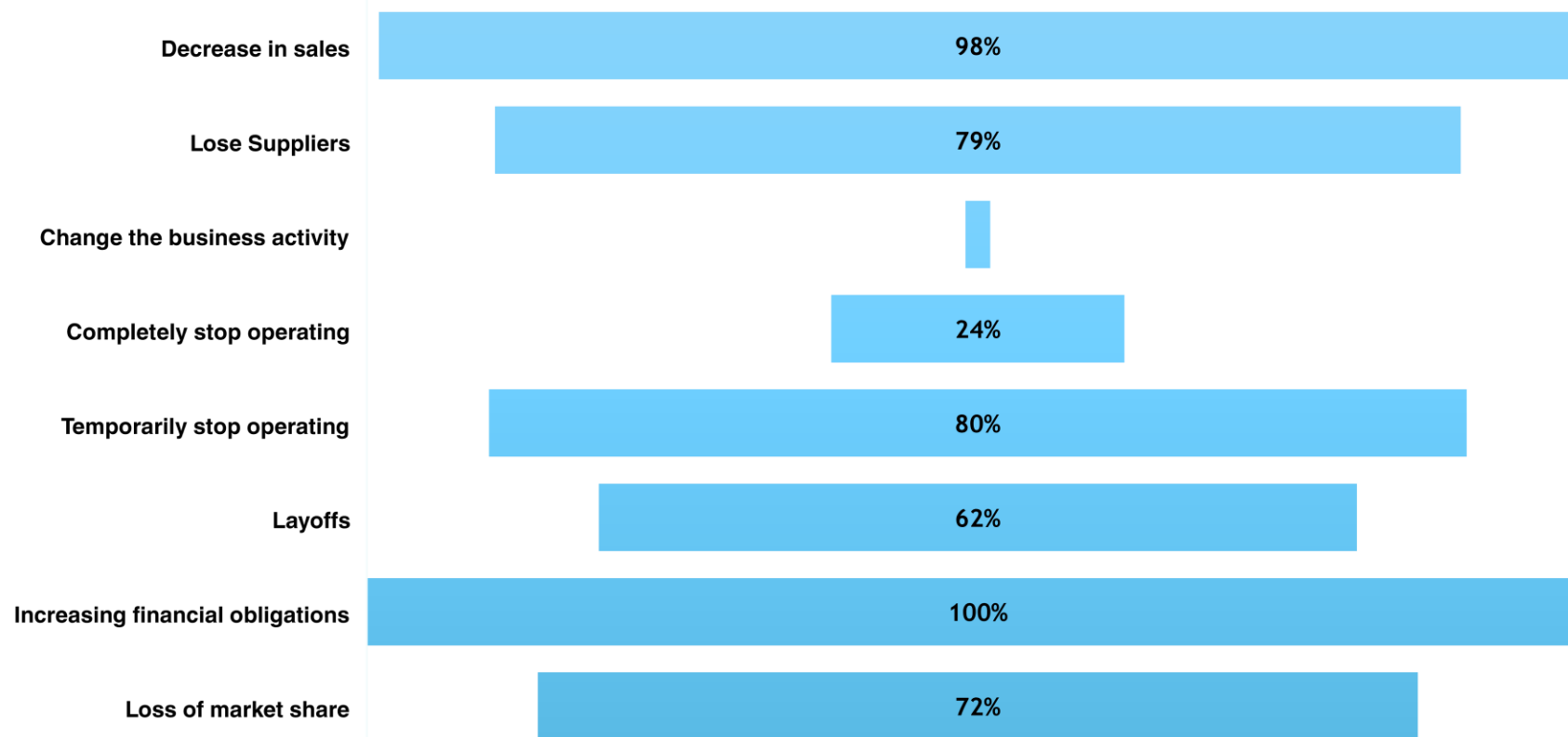
Profile Interviewed



Geographic Distribution



COVID-19 Affection



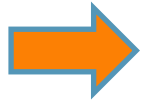
IDENTIFICATION OF THE TRADITIONAL SECTORS (TEXTILE & CLOTHING, FOOTWEAR AND LEATHER) IN THE MED AREA (TUNISIA, PALESTINE, EGYPT, JORDAN, ITALY AND SPAIN)

METHODOLOGY

Step 1

Environmental Analysis: identification of factors

SURVEYS FROM
SMEs & CCIs

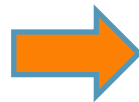


RESULT: OPPORTUNITIES AND THREATS

Step 2

Internal Analysis of the sector

SURVEYS FROM
SMEs & CCIs



RESULT: STRENGTHS AND WEAKNESSES

Step 3

SWOT (WEAKNESSES, THREATS, STRENGTHS AND OPPORTUNITIES)



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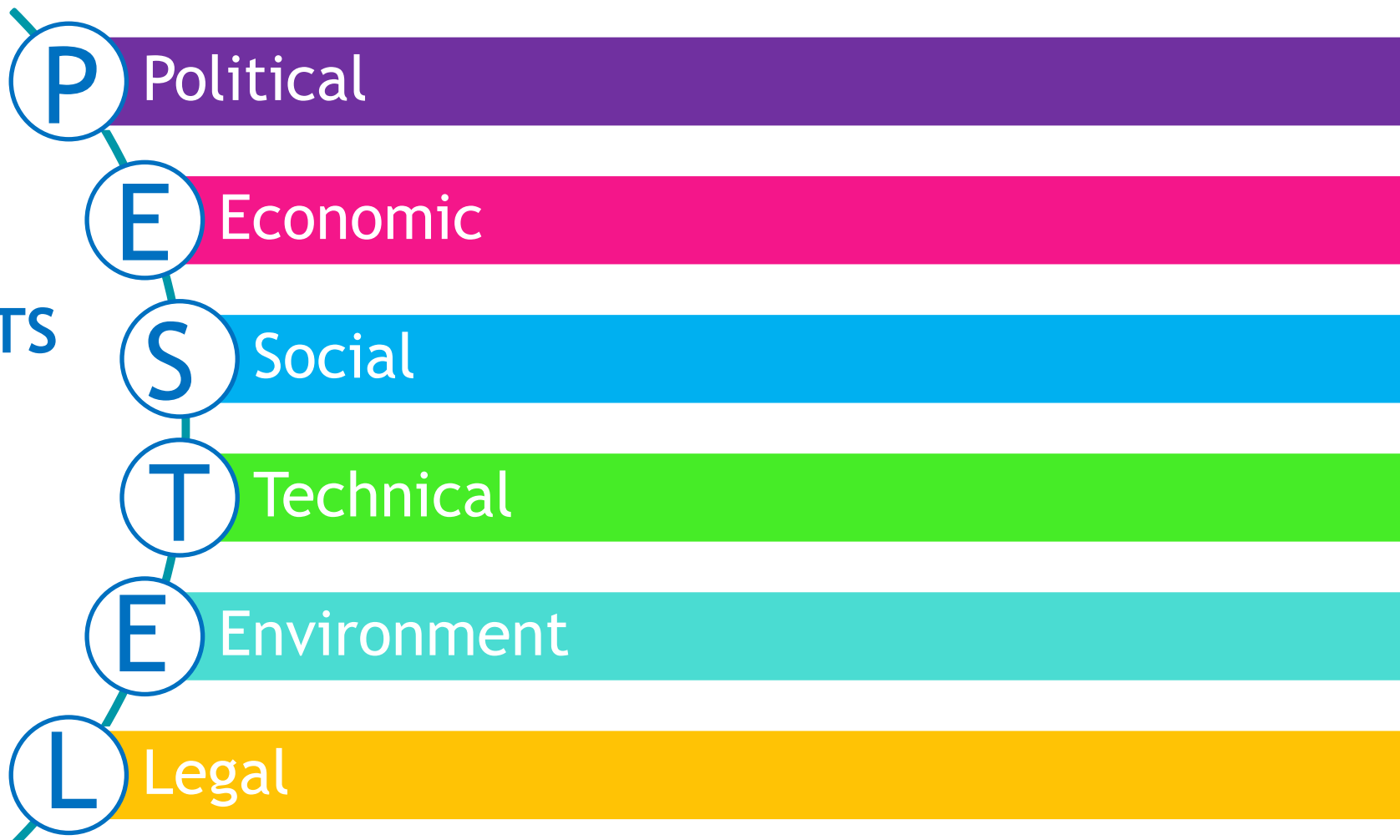


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Step 1

Environmental Analysis: identification of factors

EXTERNAL ELEMENTS
WHICH AFFECT
TRADITIONAL
SECTORS





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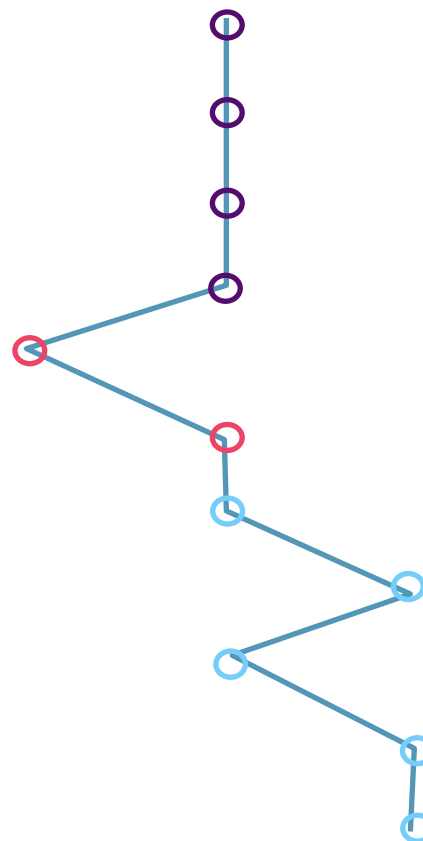
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**Evaluation obtained through the interviews carried out*

FACTORS	DETAILS	IMPACT				
		Very negative 	Negative 	Indifferent 	Positive 	Very positive 
Political	Fiscal Policies to support investment, R&D and entrepreneurship					
	Stability of the political situations					
	Incentives offered to investors and exporters					
	Trade agreements					
Economic	Inflation rates and price instability					
	Lack of experienced workers due to their reluctance to work in the sector					
Social	Consumer's trending change and products with low life					
	The expansion of e-commerce and online shopping					
	Beauty and lifestyle concerns					
	Globalization					
	Influence of famous people					





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**Evaluation obtained through the interviews carried out*





Step 2

Internal Analysis of the sector

RESOURCES		CAPABILITIES	
R1	Human Capital	C1	Intangible asset
R2	Regulations & polices	C2	Innovation and creativity
R3	Infrastructure	C3	L&S Cluster
R4	Technology	C4	Environmental awareness
R5	consumption awareness	C5	Management and business culture
R6		C6	Value Chain

Superfluous strenghts

R1: Working on integrating creativity among the traditional industry

Key strenghts

C1: the strong reputation of the goods quality
C3: the cluster represent a body that unifies the industry and brings manufacturers together.

Irrelevant zone

R5: lack of consumption awareness

Key weaknesses

R1: Lack of experienced labor due to their reluctance to work in the sector
R2: the lack of supportive regulations and polices
R3: Lack of infrastructure
R4: Lack of investment in digitalization and new technologies

C4: Lack of attention to the waste disposal and environmental aspect of business
C5: Weak business management culture and capacity building
C6:



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Step 3

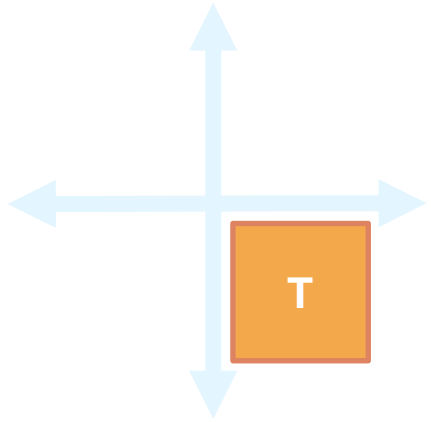
SWOT (WEAKNESSES, THREATS, STRENGTHS AND OPPORTUNITIES)

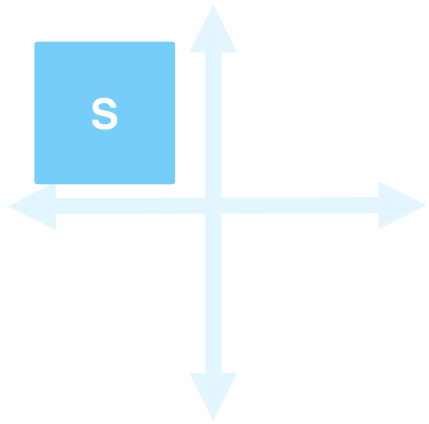




WEAKNESSES

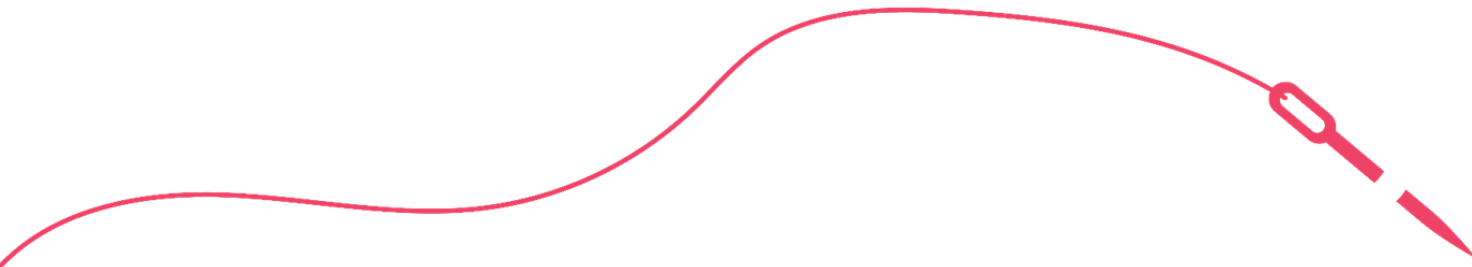
- The industry is composed of mainly micro and small MSMEs enterprises
- Regulations and policy (imports, customs, and Specifications, and Standards)
- Consumption culture and lack of awareness
- Low production capacity
- Lack of R&D activities
- Lack of professionalization due to their reluctance to work in the sector
- Lack of sustainable interventions towards this sector
- The need to integrate modern technologies into manufacturing
- Lack of creativity in designing the products
- The tax system that is not conducive to investment
- Lack of public-privet collaboration

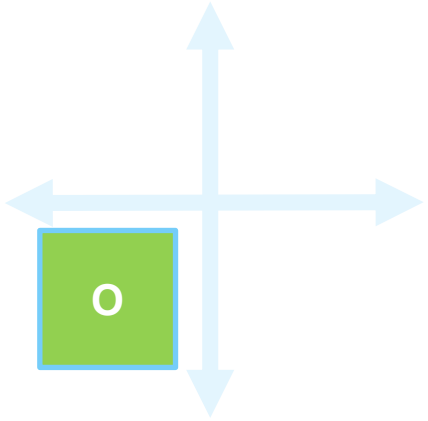




- High-quality goods.
- L&S cluster that allows the sector manufacturers to operate/sell as a bulk groups and the establishment of joint exhibitions: “Hebron Shoe Shop”
- Quality and material competitiveness
- The presence of an equipped lab

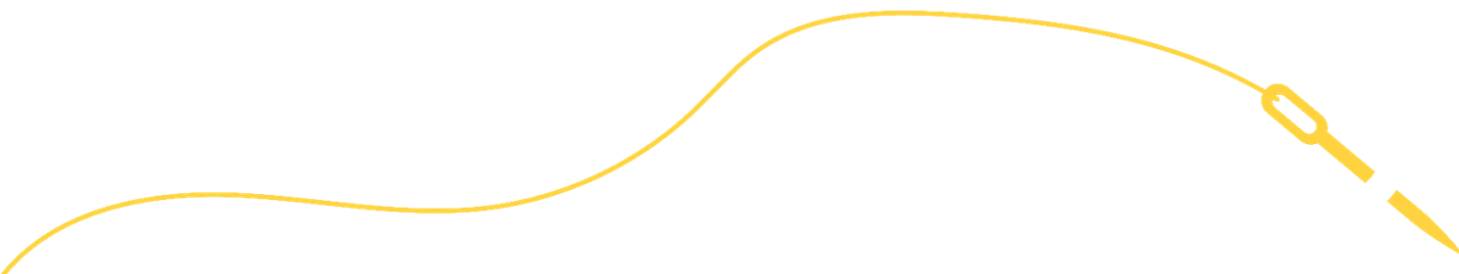
STRENGTHS





- Develop incentive programs
- Technological infrastructure development.
- Employees empowerment.
- Strengthen relationships and involve all stakeholders.
- Establishment of joint R&D activities, that could be implemented by the universities or research institutions and financed by the industry and government.

OPPORTUNITIES





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Conclusion

The study provides some significant findings regarding Palestine's L&S sector:

- The sector needs sustainable initiatives that are not dependent on financing
- Although there is awareness of the importance of R&D activities, no efforts were directed to this aspect.
- There has been no improvement in the sector's ability to solve the problem of lack of resources over the past years.
- The participants indicated an interest in participating in training aimed at improving skills and the sector, with an emphasis on design, pricing, and marketing, as well as training on new technology.



Conclusion

- The sector's strength is in its competitive quality, but it has a deficiency in design capabilities. As a result, it is possible to work on improving this feature, which will lead to a leap in the sector's product competitiveness.
- Covid-19 had a detrimental influence on the sector in general, affecting the supply and value chain, and it will take time for the sector to recover from these repercussions.



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