



YOUTH, LABOR AND PATHWAYS FOR PROGRESS

Assessing the Labor Markets in
Egypt and Saudi Arabia

ACKNOWLEDGMENTS

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Donor Support: INJAZ Al-Arab, IYF and EFE gratefully acknowledge J.P. Morgan for its long-standing dedication to supporting youth employment in the region. INJAZ Al-Arab, IYF and EFE appreciate their partnership with J.P. Morgan to provide vital, innovative programming that inspires and prepares young people to succeed in a global economy. Together J.P. Morgan and INJAZ Al-Arab, IYF and EFE are working to overcome youth unemployment and lack of market place preparedness in the Arab world.



Operating in 14 countries across the Middle East and North Africa, **INJAZ Al-Arab** is the only non-profit organization in the region that harnesses the mentorship of business leaders to help inspire a culture of entrepreneurship and business innovation among Arab youth.

Partnering with leading companies in the private sector, INJAZ Al-Arab equips Arab youth to drive the economies of the Arab World forward through training designed to inspire them to develop ambition, entrepreneurship and professional skills.

Named one of the top 100 NGOs in the world by Global Journal for two consecutive years (2012, 2013), INJAZ Al-Arab has influenced the lives of over 2 million students since its inception in 2004. INJAZ Al-Arab is a member of Junior Achievement Worldwide; the world's largest and fastest-growing youth business organisation dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. Visit www.injazalarab.org to learn more.



The International Youth Foundation (IYF) invests in the extraordinary potential of young people. Founded in 1990, IYF builds and maintains a worldwide community of businesses, governments, and civil-society organizations committed to empowering youth to be healthy, productive, and engaged citizens. IYF programs are catalysts of change that help young people obtain a quality education, gain employability skills, make healthy choices, and improve their communities. To learn more, visit www.iyfnetwork.org.



Education For Employment (EFE) is an international not-for-profit network dedicated to creating job opportunities for unemployed youth in the Middle East and North Africa by providing world-class training that leads directly to jobs. Since 2006, EFE has pioneered a demand-driven approach to helping unemployed, high potential youth get their first job while helping businesses obtain the entry-level talent in demand. Distinct in measuring success by the job placement rate of its graduates, EFE also runs self-employment and entrepreneurship programs for youth in the MENA region. The EFE Network is comprised of locally-run EFE affiliates in Egypt, Jordan, Morocco, Palestine, Tunisia and Yemen with support offices in Europe (Madrid), the USA (New York City and Washington, DC) and the UAE (Dubai). For more information, please visit www.efegypt.org.

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June 2015

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INTRODUCTION

Youth unemployment is a critical issue in Egypt and Saudi Arabia. Without jobs, millions of young people are missing opportunities to learn valuable skills and contribute to their communities. Moreover, employers continue to have difficulty finding suitable candidates to fill entry-level positions. Youth get little career guidance, their educations may not prepare them for work, and they and their families often expect too much from entry-level jobs, especially in the private sector. Both countries will have brighter futures if they can close these gaps.

The numbers tell part of the story. Egypt's overall unemployment rate is high, at about 13%, but it rises to almost 29% among people between the ages of 18 and 29, who represent a quarter of the population.¹ In some youth segments, such as those with university degrees, unemployment exceeds 46%.²

In Saudi Arabia, overall unemployment is similarly high at just under 12%, but again, the rate is higher for youth. Saudi youth between the ages of 15 and 29 now represent 28% of the population of Saudi nationals, and 28% of them are unemployed.³ Even more troubling, many of these youth are NEET—not in education, employment or training.⁴

This study, initiated by three education-related organizations in the Middle East—INJAZ Al-Arab, the International Youth Foundation (IYF) and Education For Employment (EFE)—aims to gain a deeper understanding of the Egyptian and Saudi labor markets and identify opportunities to help bridge the education-to-employment gap. With support from the JP Morgan Chase Foundation, the team's primary and secondary research focused on four areas:

- **Overall labor market conditions:** Macro trends and an overview of supply and demand;
- **Labor market demand:** Current and forecast demand for entry-level workers in a range of sectors, including occupational profiles for high-demand positions;
- **Labor market supply:** The backgrounds, needs, and priorities of youth active in the labor market;
- **Education and training landscape:** Training and educational programs, including their ability to meet the dual needs of youth and employers.

Objectives

The primary objective of this report is to share the team's in-depth assessment of the labor markets in Egypt and Saudi Arabia, including the most significant growth sectors; the skills and mindsets young people need to enter the job market and succeed; the most promising industries for employment; and the educational institutions that can help prepare young people for work in those industries.

This assessment is the first step in a two-year effort to provide employability-relevant training and support services to help:

1. secondary school and university students identify career paths and pursue them upon graduation; and
2. young unemployed job seekers who will be placed in jobs immediately upon completing the training.

Team

The JPMorgan Chase Foundation works with community partners to create pathways to opportunity by supporting workforce development, financial capability, small business development and community development in the regions where they do business. One such effort is New Skills at Work, which aims to inform and accelerate efforts to develop demand-driven training so that workers and industries have the skills to compete and prosper in a global economy.

With support from the JPMorgan Chase Foundation, three organizations came together to conduct this research.

Operating in 14 countries across the Middle East and North Africa, INJAZ Al-Arab is the only non-profit organization in the region that harnesses the mentorship of business leaders to help inspire a culture of entrepreneurship and business innovation among Arab youth. Partnering with leading companies in the private sector, INJAZ Al-Arab equips Arab youth to drive the economies of the Arab World forward through training designed to inspire them to develop ambition, entrepreneurship and professional skills. Named one of the top 100 NGOs in the world by Global Journal for two consecutive years (2012 and 2013), INJAZ Al-Arab has influenced the lives of over two million students since its inception in 2004. INJAZ Al-Arab is a member of Junior Achievement Worldwide, the world's largest and fastest-growing youth business organization dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. Special thanks to the INJAZ teams in Egypt and KSA for their support in this project.

The International Youth Foundation (IYF) invests in the extraordinary potential of young people. Founded in 1990, IYF builds and maintains a worldwide community of businesses, governments, and civil-society organizations committed to empowering youth to be healthy, productive, and engaged citizens. IYF programs are catalysts of change that help young people obtain a quality education, gain employability skills, make healthy choices, and improve their communities.

Education For Employment (EFE) believes that all young people, no matter the circumstances they are born into, deserve an opportunity to earn incomes, gain control of their lives, and develop their potential. EFE is also driven by the belief that building the capacity of youth allows the private sector to hire qualified entry-level talent, and it raises the productivity and value of the nation's human capital. Education For Employment Egypt (EFE|Egypt) is a not-for-profit, non-governmental organization that responds to this need by providing market-driven training, job placement and alumni support services to marginalized youth with limited access to opportunity. EFE|Egypt believes the more young men and women in Egypt we put to work, the more Egypt works.

McKinsey & Company, the knowledge partner for this effort, is a global management consulting firm that serves leading businesses, governments, non-governmental organizations, and not-for-profits.

Methodology

The team conducted primary and secondary research to understand the educational and youth unemployment landscape in Egypt and Saudi Arabia, including skills and training gaps and the requirements of employers in high-growth industries. Between January and March 2015, the team sought the perspectives of more than a hundred representative stakeholders, including young people, their parents, education providers, local employers, government officials and industry leaders.

The team's secondary research focused on each country's educational systems and labor market landscapes. To conduct primary research, the team worked with local offices of INJAZ, IYF and EFE to make contacts in relevant industries, government institutions, and education and training providers. The team interviewed human resource leaders and senior executives in every industry that was prioritized for analysis.

Sectors were prioritized based on a set of criteria including: growth potential in terms of contribution to GDP and employment, potential to create entry-level positions for fresh graduates, perceived quality and attractiveness of jobs in the sector, and, for Saudi Arabia, the extent to which the sector employs nationals rather than expatriates. Each sector was assessed against each criteria and the sectors that had the best balance across criteria were selected for focus during the primary research.

Primary research included three focus groups in each country with more than two dozen youth in Cairo, Alexandria and Port Said and more than two dozen youth in Riyadh and Jeddah—including men and women, students, and employed and unemployed graduates. In each country, the team interviewed 10 parents, 15 leading employers, and a dozen education providers at private and public universities, technical vocational education and training (TVET) colleges and private training centers.

Members of the team sought the opinions of young people, educators and employers about a wide range of topics. For example, they asked focus group participants why youth unemployment is so high, what makes a job appealing, why they chose their fields of study, and to describe their career goals.

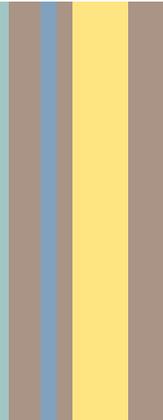
Among many questions, the team asked employers to estimate the number of jobs they would be seeking to fill, describe positions and their requirements, and explain the types of training they offer. These forecasts are subjective, since every employer has different employment numbers depending on its size, industry and vision for the Middle East and globally. The team also asked open-ended questions about how to help young people acquire the skills they need to find work. Members also identified some of the employers interviewed as examples, but the interviews were not limited to those mentioned in this report.

A wide range of education providers were interviewed to further understand their approaches to developing teaching materials and curriculums, forming alliances with government agencies and employers, and tracking the success of graduates.

In both countries, the team reviewed the initial findings with relevant government entities. The team also strove to include individuals and organizations representative of the diversity in each stakeholder group to the extent possible within the sample size.

This report represents the team's synthesis of the primary and secondary research to provide stakeholders with useful insights into how these two nations might increase youth employment opportunities, help employers find better entry-level workers, and spur long-term economic growth.

EGYPT LABOR MARKET ASSESSMENT



EGYPT LABOR MARKET ASSESSMENT

Stakeholders need to understand the supply and demand of labor and major trends shaping the Egyptian labor market before examining options for raising youth employment.

Egypt's labor force totaled about 27.6 million people in the second quarter of 2014, according to Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS). The population grows by about 2% per annum, meaning that 600,000-700,000 new entrants move into the labor force every year.⁵

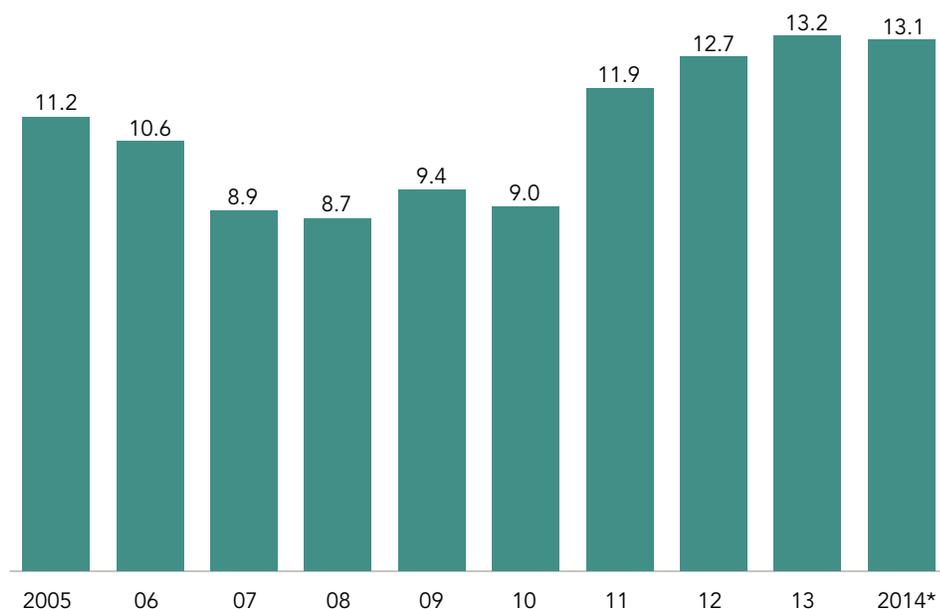
The research team explored five aspects of the labor market:

- Rising youth unemployment since the Egyptian revolution;
- Higher unemployment among those with more education;
- Higher unemployment among women;
- Large population of long-term unemployed;
- Rigid labor market regulations.

Rising youth unemployment since the Egyptian revolution

Between 2007 and 2010, Egypt's overall unemployment rate hovered between 8.5% and 9.5%, as shown in the exhibit. But unemployment spiked as the revolution unfolded in 2011 and remains above 13% today, despite minor improvements last year.

FIGURE 1: EGYPT'S UNEMPLOYMENT FIGURES REMAIN HIGH
(PERCENTAGE OF UNEMPLOYED LABOR FORCE)



*As of Q3

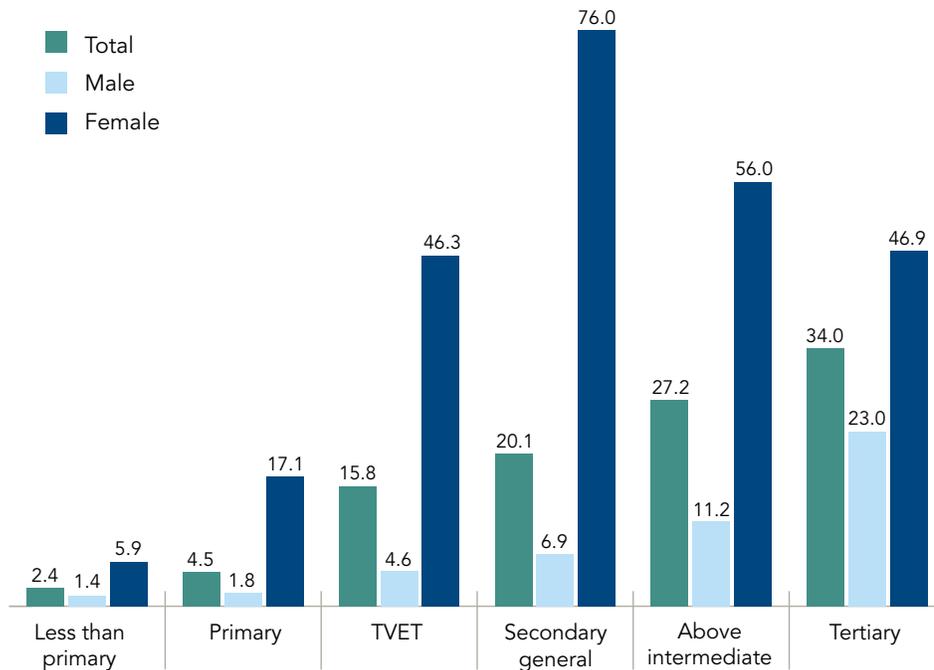
SOURCES: Capmas, Egypt

Unemployment among Egyptians ages 18 to 29 rose to almost 29% in 2014, up from 23.7% in 2013⁶—which is more than double the global youth unemployment rate of 12.6%.⁷

Higher unemployment among those with more education

Egypt is one of the few countries where unemployment is higher among those with more education. An International Labour Organization (ILO) survey in 2012, for example, found that only 4.5% of those with only primary education were unemployed, compared to 34% of those with tertiary education,⁸ as shown in the figure below.

FIGURE 2: YOUTH UNEMPLOYMENT BY EDUCATION AND GENDER
(BY PERCENT)



SOURCE: School-to-work transition survey, Egypt, 2012

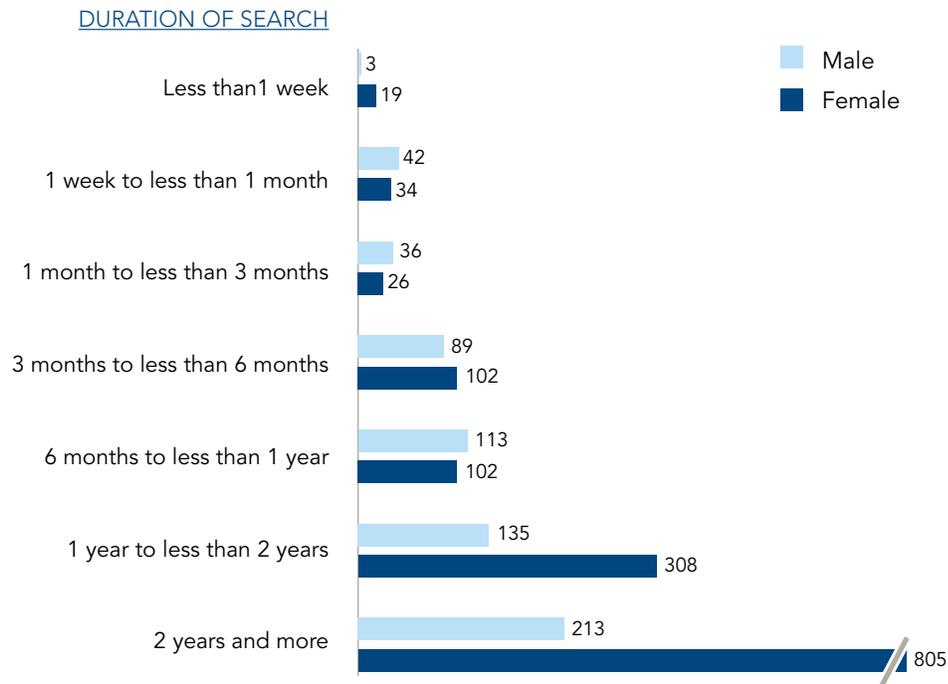
Higher unemployment among women

As in most developing countries, women in Egypt face higher levels of unemployment—more than double the rate of men.⁹ The reasons are many. Women tend to marry earlier, for example, and have fewer connections and less mobility in their job searches. Many also strongly prefer government jobs,¹⁰ which can limit their options.

Large population of long-term unemployed

More than half of unemployed youth have been out of work for two years or more, and almost 22% for between one and two years. In both categories, women are overrepresented. Almost 60% of unemployed women have been out of work for two years or more, as shown in the exhibit. In economies around the world, long-term unemployment demotivates some people and makes their skills obsolete, making it even more difficult for them to find jobs.

FIGURE 3: UNEMPLOYED YOUTH BY JOB SEARCH DURATION AND GENDER
(IN THOUSANDS)



SOURCE: Total SWTS-total, Egypt, 2012

Rigid labor market regulations

Egypt ranks 140th among 144 countries in labor efficiency according to the 2014-15 World Economic Forum's Global Competitiveness Index. Job protection laws and dismissal costs, for example, discourage employers from hiring young people without experience for permanent positions and from offering internships or short-term contracts to graduates. This inhibits the advancement of youth, as they are unable to acquire the skills they need for entry into the marketplace.¹¹

Selecting Industry Sectors in Egypt for Analysis

The team focused on four industries in Egypt:

- **Wholesale and retail:** The wholesale and retail trade sector is a major employer contributing just under 11% to total employment in 2012, employing a total of more than 2.5 million people.¹²
- **Hospitality and tourism:** In 2013, travel and tourism directly supported 1.25 million jobs, or 5.1% of total employment. This was expected to rise to 1.65 million jobs by 2024. Including jobs indirectly supported by the industry, the total in 2024 could exceed 3.6 million jobs.¹³
- **Food and beverage:** Demand in this sector is growing at about 25% annually. The industry hired more than 282,000 people in 2014.¹⁴
- **Manufacturing:** The second-largest industry for employment after agriculture, manufacturing contributed 11% to total employment in 2012, employing a total of just over 2.6 million people.¹⁵
- **Information, communication and technology (ICT):** The ICT industry is relatively small, contributing only 1% to total employment in 2012, employing 201,000 people.¹⁶ However, it is poised to grow quickly and provide many more entry-level jobs. Egypt's 2012-2017 National ICT Strategy aims to maintain ICT sector growth rates of 7-10% over the next five years, while raising revenues generated from outsourcing services to \$2.5 billion. This includes increasing the number of outsourcing professionals to create 75,000 direct job opportunities and 220,000 indirect job opportunities by the end of 2017.¹⁷

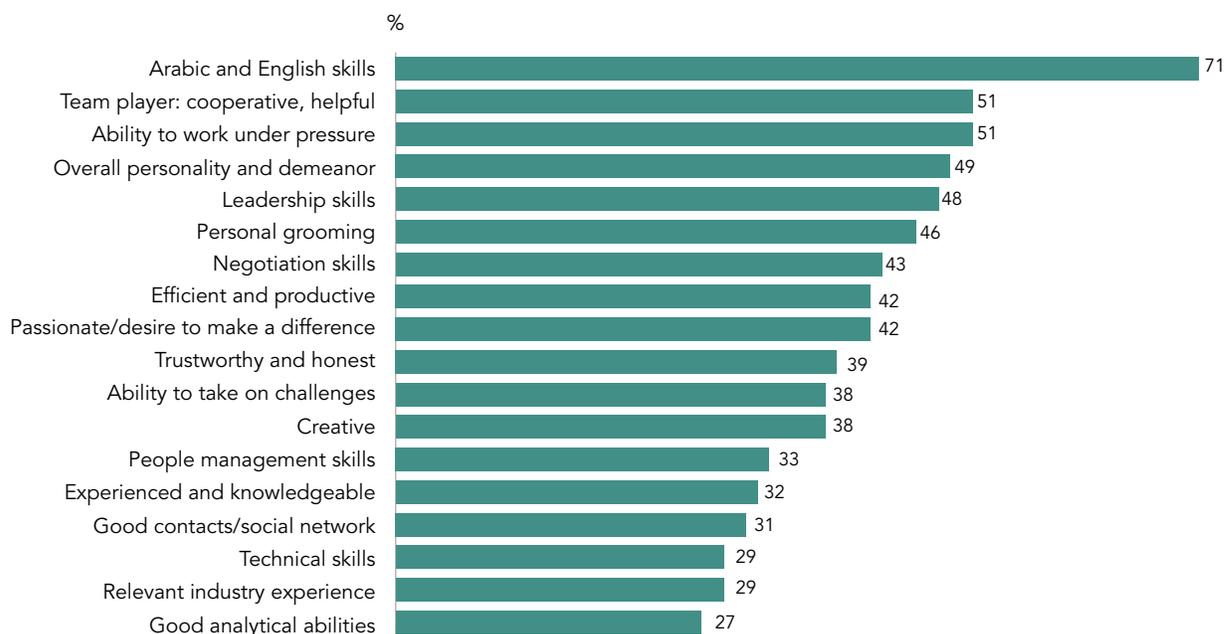
Understanding employers in Egypt

To help young people find good entry-level jobs, stakeholders need to understand how employers assess candidates. To get a sense of what they look for, Bayt.com in July of 2014 surveyed 413 employers from various industries in Egypt about three aspects of candidates: attributes, qualifications, and experience.¹⁸

- **Attributes:** Arabic and English skills were the most sought-after, appealing to 71% of those surveyed. Other attributes that were emphasized by around 50% of the respondents included being a team player, overall personality and demeanor, leadership skills, and "personal grooming," as shown in the following exhibit.
- **Academic qualifications:** More than two thirds of employers (across industries) expressed a preference for recruiting commerce graduates (27%), business management graduates (23%) or engineering graduates (22%). This presents challenges, since less than 30% of students in post-secondary education in Egypt pursue any one of these disciplines.¹⁹
- **Experience:** 43% of employers prioritized the "ability to manage a team," while sales and marketing experience and computer skills came in second and third with 33% and 28% respectively.

FIGURE 4: WHAT EGYPTIAN EMPLOYERS VALUE IN YOUNG JOB CANDIDATES
(BY PERCENT)

Based on responses of 413 employers



SOURCE: Bayt.com, 2014

To close these gaps, 71% of the companies surveyed by the International Finance Corporation (IFC) provide training for new hires, mostly in soft skills.²⁰ The focus group participants agreed that soft skills and fluency in English were important to get hired, although some doubted whether those skills were really necessary in the positions after being hired. Youth in Alexandria felt private sector employers preferred experienced candidates from English or French schools, and that some companies were taking advantage of applicants.

“They know we’re desperate and try to take advantage of us,” said one focus group participant in Alexandria. “Some don’t even provide contracts. Government jobs are better—they pay you for doing nothing.”

Wholesale and retail

Opportunities

As technology evolves, so does the retail industry, which is slowly moving from physical to online stores. Given the high growth of e-commerce in recent years, the team researched both offline and online sales.

Most people still shop in physical stores because internet speeds are slow and most people rely on cash. Research by RNCOS and Oliver Wyman in 2010 found that only about 10% of Egyptians had bank accounts, 4% had debit cards, and 2% had credit cards.

Industry experts expect Carrefour, Spinneys, Hyper One and other grocery retail chains to do mass hiring over the next few years, given their expansion in Egypt. Start-ups are also growing, such as Compume and iPlus. While many retail job candidates are walk-ins, some companies rely heavily on referrals from their employees. Recruiting agencies help companies fill senior positions.

“Government jobs are better—they pay you for doing nothing.”

—Young focus group participant

In addition to jobs created in the offline retail sector, online retail is playing an increasingly important role. Given the global growth of e-commerce, online retailers in Egypt have been witnessing strong growth. Internet penetration more than doubled to nearly 40% between 2011 and 2014, with the share of internet users who shopped online rising from 1.4% to 8.7%.²¹ Jumia, Nefsaq, and Souq.com are the market leaders today, with other competitors emerging, such as Dubizzle.

Standard jobs on and offline include positions in operations, sales and marketing, customer service and call centers, inventory, and administration. For online work, candidates may need stronger computer and technical skills, while those working offline may need warmer personalities and smoother conversational skills to deal with customers in person.

Job Title	Job Requirements	Monthly comp. (EGP)
E-Commerce Customer Service (Dispatching, confirmation, call to order, quality assurance)	<ul style="list-style-type: none"> • Customer service orientation • Effective communication • Discipline and work ethic • Willingness to learn • Calm and tolerance for stress • Process-orientation, able to follow a defined workflow • Time management • Basic e-commerce industry knowledge • Personal grooming • English skills 	800–1,000
E-Commerce Logistics (Supply chain, inbound, order management, receiving, packaging, quality checking, fulfillment, courier service, procurement roles)	<p><i>Same skills as Customer Service above, plus:</i></p> <ul style="list-style-type: none"> • MS Office knowledge • Basic knowledge of supply chain management and other logistics functions • Attention to detail and quality assurance skills • Confidence in a fast-moving environment 	2,000
E-Commerce Content (Content, production, photography, quality item provisioning)	<p><i>Same skills as Customer Service above, plus:</i></p> <ul style="list-style-type: none"> • MS Office knowledge • Attention to detail and quality assurance skills • Content development and planning • Relevant technical skills in photography, production, etc. 	3,000
E-Commerce Skilled Professional (Marketing, Advertising, Accounting)	<p><i>Same skills as Customer Service above, plus:</i></p> <ul style="list-style-type: none"> • MS Office knowledge • Relevant technical skills (e.g., accounting, marketing) • Usually 3 to 5 years of experience in the relevant professional domain 	3,000
Stock controller (Receiving and inventory, a few become visual merchandisers.)	<p><i>Same skills as above, plus:</i></p> <ul style="list-style-type: none"> • Basic product knowledge • Advanced Excel knowledge • Few communication and negotiation skills required, intermediate English language is sufficient 	800
In-store sales associate	<p><i>Same skills as above, plus:</i></p> <ul style="list-style-type: none"> • Passion for the industry • Strong communication skills, including English • Customer management, negotiation and sales skills • Presentable appearance 	800 salary + 400 commission

Job Title	Job Requirements	Monthly comp. (EGP)
Junior technician or engineer (Maintenance)	<ul style="list-style-type: none"> • Minimum technical or bachelor's degree • Deep technical knowledge • Good language and communication skills • Presentable appearance 	1,500
Commercial and marketing roles	<ul style="list-style-type: none"> • Usually 3 to 5 years of experience with bachelor's degree • Fluent communication • Entrepreneurial skills, including salesmanship and a strategic, business-building mindset • Time management and prioritization skills 	3,000

Challenges

Companies in this industry struggle to find candidates with the right skills. In particular, they cannot find sufficient candidates who are fluent in English and have the right combination of customer management and technical skills. Several employers said that the most successful hires are creative and have good negotiation and sales skills and a high tolerance for stress.

Many retailers look for negotiation and sales skills in particular. “They can get you far in this industry,” according to an interview with an online retailer. “Showcasing these skills during an interview and impressing your interviewer at the right moment can double your salary immediately.”

Retailers also face what they call the “no-show” phenomenon—candidates accept job offers but do not show up for work. As one employer put it, “Young people don’t consider retail jobs as stable or long-term. They see the industry mostly as a stepping stone to other industries, or they leave for better-paying jobs.”²² Some companies are boosting retention by making significant investments in educating candidates about career paths and opportunities.

Retaining women can be difficult, given the workload and physical effort required in stocker positions and verbal harassment from customers on the sales floor.

For online retail jobs, the perception issues are less of a challenge, but the skill gaps are more severe. Few candidates have sufficient knowledge of MS Office tools or computers, including even simple internet browsing, much less on more complex topics such as digital marketing. “For example,” one retailer told the team in an interview, “digital marketing is very different from digital advertising, but few young people understand that.”

Hospitality and tourism

Opportunities

The hotel business was hit especially hard in the wake of the 2011 revolution, directly affecting job growth. While the pace of hiring remains slow, the industry leaders the team interviewed were optimistic about growth as the economy recovers.

Tourist arrivals in the third quarter of 2014 shot up nearly 70% compared with the same period in 2013, with 884,000 arriving in September alone.²⁵ The Ministry of Tourism has set ambitious goals for 2020, including making 300,000 rooms available to accommodate 14 million visitors annually and generating \$41.3 billion in direct industry GDP and direct industry employment growth of 2.5% annually.²⁶

Some of the world’s most important hotel brands serve Egypt, including Intercontinental, J W Marriot, Hilton/ Conrad, Fairmont, Le Meridien, Four Seasons, Hyatt, Sheraton and Radisson.

Hotel employees fall into two main categories: restaurants and rooms, which include reception. As explained in the table below, hotels prefer candidates with tourism and hotel management backgrounds but consider English and customer orientation skills more important, along with sales abilities and a positive personality. The industry executives interviewed did not believe university degrees were essential.

Job Title	Job Requirements	Monthly comp. (EGP)
Cook	Some tourism background preferred	1,500
Busboy/girl	None	1,500
Waiter	<ul style="list-style-type: none"> • Basic customer management skills including flexibility • Welcoming personality and selling skills • Strong communication, including English 	1,700
Houseman/housekeeper	Prefer basic English and a minimum degree	1,800
Front desk agent	<ul style="list-style-type: none"> • University degree • Strong communications skills, including English • Common sense, problem-solving and customer management skills • Computer skills • Good body language and positive attitude • Self-discipline • Service orientation 	2,600

Most candidates are hired via online applications, head hunters, newspaper ads, internal referrals, institutional connections and job fairs.

Challenges

Many hotels have difficulty finding people with the necessary communication skills and customer-focused attitudes—and retaining those who do get hired, despite promises of a career and professional growth. Salaries in this industry have fallen since the revolution, especially at resorts, and the jobs tend to offer low flexibility in terms of hours and holidays. In focus groups, many young people said they preferred jobs in restaurants, coffee shops and call centers.

Food and beverage

Opportunities

Demand in the food and beverages sector is growing at about 25% annually, and many observers expect that pace to pick up in the coming years as the population grows. The industry hired more than 282,000 people in 3390 food processing and packaging factories in 2014.²⁷

Since the industry struggles with extremely high turnover and intense competition, some players offer unique employee training programs. Americana, for example, has four education initiatives focusing on dual education (balancing academics and work) with different intensities of job training.

Though most of these employers prefer fresh graduates, they also look for external candidates with degrees in hotel management, commerce, and agriculture who are familiar with food, safety, hospitality, etc. Once hired, they get on-the-job and one-on-one training.

Soft skills are a must for this industry, including being an action-oriented, respectful and courteous team player, having a customer focus, and being able to delegate and empower others. Every company has its own way of testing for these traits. Zooba's hiring program chooses candidates based on Zooba's guiding values, for example, and includes workshops and on-the-ground "shadow" training.

Industry job requirements are outlined below. In addition to salary, many employees receive private health insurance.

Job Title	Job Requirements	Monthly comp. (EGP)
Entry-level: driver, waiter, steward, busboy	<ul style="list-style-type: none"> • Relevant technical knowledge such as food prep or driving • Stress management and learning skills • Communication skills are helpful but English is rarely required • Primary education is sufficient 	1,200–1,900
Supervisor	<ul style="list-style-type: none"> • Same as above but with more depth • Computer skills • Team player • Humble and approachable • Negotiation and influencing skills • Institute graduate with 3-5 years' experience 	2,000
Manager and assistant manager	<ul style="list-style-type: none"> • Same as above but with more proficiency • Some English for international guests • Planning and prioritizing skills • Keen customer focus • Most have bachelor's degrees 	3,000–4,000

In some multinational food and beverage companies, vocational students can find jobs as technicians that help maintain electrical systems, plumbing, refrigeration, etc. Employers may also hire them for other roles if they demonstrate the right soft skills, including leadership, willingness, flexibility, communication and good personality.

Challenges

Restaurants' biggest challenge is finding a continuous flow of talent. Retaining younger workers in jobs such as drivers and busboys is especially difficult, and women can be tougher to retain because their schedules tend to be less flexible due to family commitments.

Perception matters, especially for entry-level positions such as waiters and drivers. Restaurateurs told the team that workers are highly sensitive to salary and prestige—some will switch jobs for 100 Egyptian pounds more per month or work for a more prestigious place with less salary.

The executives the team interviewed expected a attrition of about 30%. Promotions, especially at senior levels, are made internally; most restaurants resist hiring outsiders as managers.

Manufacturing

Opportunities

Manufacturing is concentrated in the rapidly growing food processing, pharmaceutical, and chemical manufacturing industries,²⁸ along with some growth in automotive, metals, home appliances, electronics and other sub-sectors.

"There's a huge potential to grow and excel," said one manufacturing leader, "but the youth are unaware of this. Many of them don't even consider jobs in this industry."

Many of these companies provide internal training in soft skills, presentation, interviewing, coaching and management, with most material developed in-house. Some firms invite students to summer internships to give them a glimpse of what the industry is about and what the jobs are actually like.

They recruit through common channels such as newspapers, employment fairs and headhunters for more senior positions. "Senior positions are usually filled internally," one executive said, "but external candidates who come with the right skills and mindset have an equal chance to make it to the top."

Major manufacturers in Egypt include Nova Egypt, Asfour Crystal, Bahgat Group, Elsewedy Electric, Orchidia, Schneider Electric Egypt, Zamil Steel Holding, Arab American Vehicles, Bavarian Auto Group, Egyptian German Automotive Company and General Motors. In the food business, manufacturing leaders include PepsiCo, Corona, Farm Fresh, Juhayna Food Industries, Egyptian International Beverage Co., Nestlé and Cadbury.

For entry-level jobs, the most critical skills include good communication, customer focus, hard work, willingness to learn and integrity.

Job Title	Job Requirements	Monthly comp. (EGP)
Blue-collar labor	<ul style="list-style-type: none"> • Discipline and commitment • Dexterity and attention to detail • A technical degree may offer an advantage 	800
Sales (Area development or territory manager, customer rep, supervisor)	<ul style="list-style-type: none"> • Fresh graduate with growth potential • Confidence and strength of character 	2,000
Operations (Shift leader)	<ul style="list-style-type: none"> • Graduate with leadership qualities, including an independent mindset • Works well with others • Takes initiative, handles diversity and conflict 	2,000
Technicians and line operators	<ul style="list-style-type: none"> • Vocational training • Teamwork and basic communication skills • Presentation skills 	1,500
Specialists in administration roles such as HR and accounting	<ul style="list-style-type: none"> • Bachelor's degree • Computer skills such as basic SAP or other enterprise resource planning (ERP) software • Language skills 	2,500

Challenges

Since not all manufacturing jobs are on the factory floor, many employees in the sector need a strong people orientation and independence in addition to sincere commitment and a team player mentality. Many employers said they could not always find people with the right technical skills, such as knowledge of computers, product specifications and agronomy.

Many entry-level positions in manufacturing offer no clear career path. Laborers in particular do not advance, although they may see salary increases. Many focus on learning more hard skills such as mechanical, welding, and electrical to climb the salary ladder, ignoring soft skills training and other development opportunities.

Information and Communications Technology (ICT)

Opportunities

The ICT industry offers promising growth opportunities. In interviews, employers are poised to create jobs, especially in call centers. This 5,000-company strong sector represented 4.3% of GDP in the 2010/2011 fiscal year and employed more than 200,000 people. The industry emerged as one of the fastest-growing subsectors of the ICT industry, with an annual growth from 2005-2011 of nearly 50%.²³

The team spoke with managers of two of Egypt's biggest call centers who said they expect Egypt to be the "next outsourcing destination"—a base to serve the Arabic-speaking world. After the BRIC countries, Canada and Ireland, leading analysts place Egypt in the next tier of outsourcing destinations.²⁴ Candidates are typically hired through social media such as Facebook and LinkedIn, campus fairs, employment sites, the American Chamber of Commerce, and sometimes the newspaper.

Each call center averages 4,000-5,000 employees, including a high of its staff in support functions. Established call centers include Xceed, Raya, C3, Teleperformance Egypt, and Stream. They handle calls for big global players like Microsoft, Oracle, Neuf Telecom (France) and General Motors.

Job Title	Job Requirements	Monthly comp. (EGP)
Call center agent	<p>Salaries correlate with English language fluency and communication and technical skills, not educational background or experience. Most companies seek fresh graduates from a range of backgrounds, especially those who are eager to work.</p> <ul style="list-style-type: none"> • Communication • Professional behavior and attitude • Business sense, including planning and organizing • Quality focus • Customer and results orientation • Leadership and change management skills considered especially valuable (for those potentially becoming managers) 	1,250–4,500

Challenges

Fresh graduates are the first preference for call center jobs, and employers have no preference for certain universities or locations. Three challenges hold back most Egyptian youth from being a good fit: will and commitment, English and communication skills, and soft skills.

Employers want to see dedication and commitment, but they encounter candidates who admit that they will leave soon, are not interested in working in the industry or will decide whether to stay only after the training ends. “Youth think short-term and do not understand the value of moving up the ladder in the same company,” one employer told us. “A small salary increase is enough to make them change jobs.”

“Youth think short-term. A small salary increase is enough to make them change jobs.”

—Employer

In interviews, call center employers said they also look for soft skills, including the ability to lead and manage change, plan and organize. They prefer candidates with a basic business sense, professional behavior and attitudes, a customer orientation and a focus on quality. Candidates must also be able to understand and introduce themselves in English in this industry.

After they are hired, employees are trained in several skills, with soft skills and communication at the top of the list. Eventually, they receive product training specific to the client.

In addition to the skills gaps described above, a further challenge is the negative perception around call center jobs. Focus group participants said they were reluctant to work in call centers because they saw no career path and thought the working hours were harsh. Indeed, this view was confirmed by one call center HR Manager who said, “One out of 15 agents becomes a senior leader. While internal movement is preferred for promotions, there is no growth in terms of designation and there are limited opportunities.”

The negative perceptions are so strong that many engineers and doctors choose to stay unemployed rather than take call center jobs, and parents have similar views. This makes it difficult for call centers to retain employees, as many resign within a few months because they get better offers or simply prefer to stay home. This is particularly true of the many Egyptians who wait until they are in their 30’s or even older to marry and move out of their parents’ homes. Outside Cairo, however, people are more eager to work in this industry and tend to value the job more, given the dearth of opportunities in other cities.

Understanding Youth in Egypt

To reduce youth unemployment, stakeholders need a clear view of Egypt's education system and the perceptions, needs and expectations of young people and their families.

Profile

About 27% of Egyptians ages 18 to 29 do not complete their basic education: 10% never enroll and 17% drop out before they finish their mandatory schooling.²⁹ Public education is of poor quality and fails to provide skills necessary for the job market. The overall rate of illiteracy is 30%, with higher rates among women, especially in rural areas. Among Egyptians ages 10 to 35, about 5.8 million were illiterate in 2010, meaning that the country had twice as many illiterates as it had upper secondary and university students.³⁰

Most university students major in the social sciences, business or law, often because of their parents' wishes and perceived social status rather than their personal preferences or actual job opportunities.

"Society and employers," one young focus group participant in Alexandria said, "look down on graduates of vocational and technical schools." This attitude may discourage some youth from pursuing TVET and push them towards university studies.

"Society and employers look down on graduates of vocational and technical schools."

—Young focus group participant

Few students get the guidance they need to think carefully about career paths and make informed decisions. Confounding factors include an imbalance between the courses offered and jobs available, and students' lack of knowledge about which training programs would enhance their marketable skills. While many students understand the value of English and soft skills (without necessarily knowing what those skills are), they do not know how to acquire such skills.

Not surprisingly, many students see the education system as impractical and believe it does not prepare them for the job market. They have high expectations about their own careers. They expect to find jobs in line with their educations in enriching, cooperative and safe environments, with good salaries and job security. In focus groups, some said they expected employers to invest in them, care for them, and provide them a clear career path and opportunities for growth.

Few students understand where the biggest opportunities lie, however, or how different economic sectors are likely to grow in the years ahead. For many students who do not receive guidance during their academic careers, job dissatisfaction may be inevitable.

Career success may vary by region. Workers in Cairo may face comparatively fewer challenges than those in other governorates, for example, because the city is more secure and home to more companies. Youth in focus groups told the team that many young people in Cairo decline to take jobs that do not meet their expectations.

Many of the young people the team spoke with felt the situation was quite different outside Cairo. One participant in Port Said, for example, said, "There are no jobs in this region. We send a lot of CVs online, but we never get responses."

Another Port Said youth explained, "There are more graduates here than job openings. Companies prefer those with experience, and the positions are not related to your field of study."

Young people who choose not to join the work force because the available jobs are "less than ideal" miss opportunities to gain the kind of experience that might qualify them for positions in the future.

Priorities and needs

According to the ILO, public sector jobs accounted for about one-third of total employment in Egypt in 2013. Many of the young people the team spoke with prefer working in the public sector because they believe government jobs are “for life” and include a stable income and pension plan. Some focus group participants claimed that certain private companies require new hires to sign resignation letters on the day they get their jobs, or sign checks for high sums to prevent them from causing legal trouble if they are let go.

Government jobs do offer clear advantages, including flexibility, and the state raised minimum monthly salaries of all employees from 700 to 1,200 Egyptian pounds on January 1, 2014. That is more than typical entry-level workers earn in the formal private sector. CAPMAS estimates the average public-sector monthly wage at EGP 2,600 and the average formal private sector wage at EGP 1,600.³¹

A recent study by the Egyptian Initiative for Personal Rights suggested that EGP 1,200 was too low, considering poverty rates. Indeed, CAPMAS research showed that a five-member family in 2012/2013 required EGP 1,620 per month to meet basic needs. The World Bank estimated GDP per capita in 2013 at EGP 1780 per month.

Minimum wages are still under discussion in the private sector. Some argue that small businesses will not be able to handle the burden. Mohamed Zaki El-Swedy, head of the Federation of Egyptian Industries, asked the government to amend labor and pension laws and improve the health, education and transportation systems to alleviate burdens on workers before imposing a minimum wage on the private sector.³²

Other factors influencing youths’ job selection (not necessarily in order of priority) include: good working environment, alignment with skills and education, useful experience, investments in training and building their profile, opportunities for responsibility, promotion and growth, salary and employers’ concern for employees.³³

In an interview, a father expressed his view that “government jobs are more suitable for girls, because private companies tend to overwork their employees and have no regard for gender differences. Government agencies provide much more stability and safety.”

Another parent said, “The young people who lack options are the ones who end up working in private companies, doing things not related to their education. They become frustrated, naturally, and have no loyalty to their employers.”

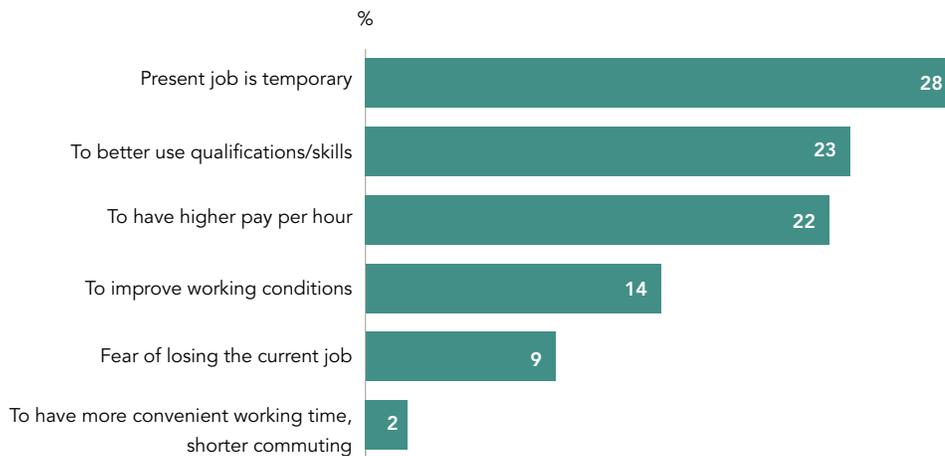
The Egypt Human Development Report of 2010 found that Egypt’s youth aspired for a socially inclusive society where they felt valued and had opportunities to learn, find decent work and engage productively in the community, had a voice and could afford to be married and establish their own homes.

Like young people everywhere, those in Egypt dislike monotonous jobs where they do not gain knowledge, advancement depends on politics or connections, salaries are low or where they cannot see the impact of their work. Nearly one in five report feeling dissatisfied with their work, although the actual figure is likely higher, since societal customs discourage expressions of dissatisfaction. More revealing is the fact that around half of employed youth say they would like to change jobs. Young men in particular want a change—more than 53%—compared to 38% of young women. The reasons for their dissatisfaction are shown in the figure below.³⁴

“The young people who lack options are the ones who end up working in private companies, doing things not related to their education. They become frustrated, naturally, and have no loyalty to their employers.”

—Parent

FIGURE 5: EMPLOYED YOUTH WHO WOULD LIKE TO CHANGE THEIR JOB BY REASON
(BY PERCENT)



SOURCE: SWTS-Egypt, 2012

Cairo youth expressed a few out-of-the-box ideas in focus groups. They thought they could learn new skills working with NGOs, for example, attending workshops, or from other youth. Many felt they could learn so many skills while on the job.

One participant in Cairo said, “Working at an NGO is great. Volunteer work allows you to discover skills you never knew you had.”

Another participant explained, “I think employers should provide internships to first-year university students. Students would get practical experience and employers would get cheap labor.” Focus group participants and employers say that internships are not common in Egypt, and the few that are offered rarely pay a salary.

Challenges

In the focus groups, young Egyptians said they did not have proper exposure or access to the job market for multiple reasons.

One issue is a mismatch between the output of the education system and the labor market. Youths’ skills do not match employers’ needs. In focus groups, many young people made it clear that they do not know which skills are important for specific jobs, and even if they do know, they are not adequately trained. For example, some know that English language skills are essential but are unaware to what extent and do not get the necessary training at the secondary or university levels.

Egyptian youth get little or no guidance on career paths or opportunities in or outside their fields of study. Few know what kind of jobs are suitable for them, or which jobs would be most relevant to their education and skills.

Many youth do not have basic CV-writing skills, believing in a “one size fits all” CV irrespective of role or industry sector. They are unaware of what jobs they are eligible for and do not know which channels to use to look for specific jobs. Many

“Working at an NGO is great. Volunteer work allows you to discover skills you never knew you had.”

—Cairo focus group participant

young people also fail to build or tap into professional networks, online or offline. Few of them reach out to successful people who could help them learn about industries and opportunities, and few use tools such as LinkedIn and conferences to make connections. “I don’t think networking events are useful to get employment,” explained one youth focus group participant in Cairo.

Geography is another challenge. Commuting in Egypt is expensive and can be unsafe, especially at night, for rural and urban dwellers alike. This affects young people’s ability to take certain jobs or agree to certain schedules—or for those from low-income families even to seek some jobs, given the expense of getting to interviews.

Also, since most private companies are in Cairo, focus group participants said employers in Alexandria and other areas were taking advantage of limited employment opportunities by offering less job security. Even in Cairo, some refuse to sign contracts, and some pay less than agreed-upon salaries.

Young women appear to face more significant barriers to getting and keeping jobs, in many cases because more conservative families do not want them to work long hours or on night shifts. Women prefer public sector employment, since the private sector rarely offers family-friendly work policies, such as provisions for child care.³⁵

As one young woman explained in a Cairo focus group, “Some companies are old-fashioned and have not come to terms with the fact that women work.”

Finally, many youth believe they need connections, or “Wasta,” with the right people, to get jobs. In some cases, interviewers demand bribes. According to “Female Disadvantage in the Egyptian Labor Market,” published in 2012 by Ford Foundation & Population Council, 53.5% female respondents said that “Wasta” was more important than skills in finding a job. Many men in the focus groups expressed the same opinion, although the line between seeking referrals from friends and family and outright nepotism may be blurred for some young people.

Family attitudes and influence

Interviews with parents, employers and young people confirm that family members’ views have a major influence on youth. Most parents hope their children find well-paid jobs close to home in the industry of their choice related to the children’s educational backgrounds, and young Egyptians naturally share these hopes. But they and their families are often disappointed by the jobs that are actually available—sometimes so much so that they choose to stay unemployed rather than take a job that doesn’t match their ambitions.

A range of attitudes drives this phenomenon. Parents put much of the blame on schools and universities, for example, citing outdated materials and staffing issues as reasons for ineffective dissemination of useful skills, especially soft skills.

Many parents think their children deserve more than vocational training, although some see it as a good option, given the abundance of unemployed university graduates and demand for people with the proper technical skills. But many parents who prefer to have their kids in training instead of staying idle at home are not sure what training is available or how valuable it is. Some are concerned that the training is merely theoretical.

Many parents prefer government jobs for their children, especially the girls, given better hours and less gender discrimination, although a “Wasta” is often required to get such jobs. Some parents are becoming more enthusiastic about private sector jobs for their children, however, especially beyond traditional high-paying careers in engineering and medicine.

“I believe soft skills are generally learned on the job. You don’t need to learn them beforehand.”

—Cairo focus group participant

Understanding Egyptian Education

The Egyptian constitution guarantees free education through secondary school, and the country subsidizes university education. But with a growing population and declining financial resources, the public education system is struggling to accommodate ever-increasing numbers of students. While enrollment rates have risen steadily during the last decade, the quality of state-provided services has deteriorated. In response, external training providers are expanding.

To see where improvements might be made, youth employability stakeholders need to understand the breadth of the country's educational opportunities, including their scope and effectiveness.

The Ministry of Education is supported by three institutions: the National Center of Curricula Development, National Center for Examinations and Educational Evaluation, and the National Center for Education Research. Together, they formulate policies while the Ministry of Higher Education administers the higher education system.

The Ministry's strategic plan for 2007-2012 aimed to stimulate excellence and creativity by focusing on a few key elements: access and participation; teachers; pedagogy; curriculum and learning assessment; textbooks and learning materials; management and governance; and a quality improvement strategy. In 2014, the government announced a \$5.8 billion higher education plan to run through 2022 to produce more market-ready graduates and promote a knowledge-based economy.

Universities and institutes of higher learning

Egyptians can attend three types of schools: publicly funded and managed, privately funded and managed, and publicly funded but privately managed institutions called Al-Azhar schools.

Overall, more than 2.3 million students were enrolled in 2012 across all tertiary levels and attended one of 23 public universities, 19 private universities, 18 public institutes of higher education or 81 private higher institutes.³⁶

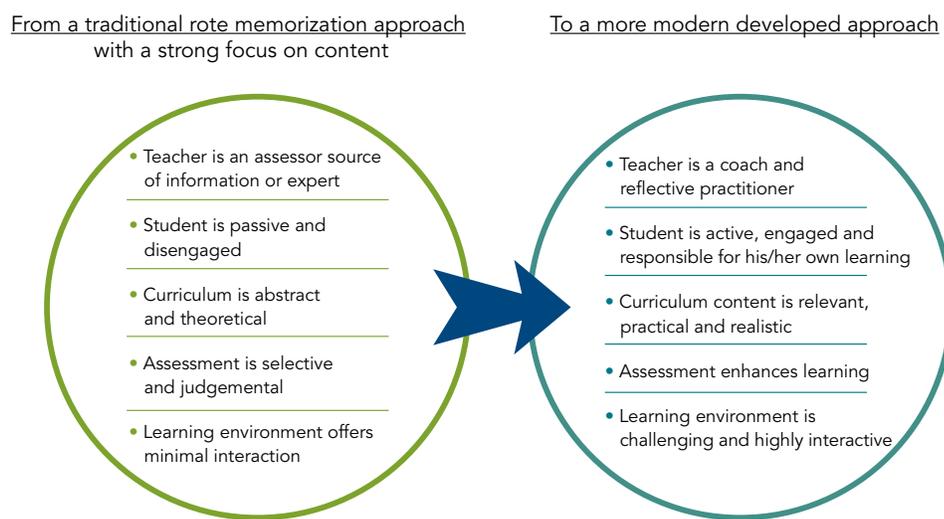
Public university programs cover the spectrum of undergraduate education, yet the system suffers from major inefficiencies and drop-out rates. The universities focus on theoretical knowledge with outdated study materials rather than imparting practical knowledge that might prepare youth for the professional world. The curricula do not encourage critical thinking or active learning.

No performance standards link with a comprehensive assessment of student performance. No specialized training is available to help teachers learn new methods, nor is there a link between their training and professional development.³⁷

Some public universities are now experimenting, refining their systems and using summer internships and other methods to provide on-the-job skills. For example, the Faculty of Languages (Al Alsun) in Ain Shams University has introduced a new "credit hour" system in some sections at a significantly higher yearly fee in exchange for better classrooms, smaller groups and better teacher/student ratios. Cairo University's Faculty of Civil Engineering now requires students to get a three-month summer internship before graduation. Although the faculty is aware that most students do not complete the requirements of their internships although they report doing so, it is a step in the right direction. In this and other ways institutes of higher learning are beginning to tackle the issue, and hopefully in the future more genuine attempts to link university education with job skills are forthcoming.

Curriculum and textbooks are traditional and often based on outdated standards. Schools do not integrate technology, assessment and content. The exhibit below shows the paradigm shift recommended in Egypt's strategic plan.³⁸

FIGURE 6: PARADIGM SHIFT REQUIRED IN EDUCATION



SOURCE: Strategic plan "Towards an educational paradigm shift," 2007–12

Career planning and advising are largely foreign concepts. So while a few students might possess good skills upon graduation, they have trouble finding decent careers because they lack guidance or mentorship from their schools or from industry experts. Few teachers in public universities have practical experience outside of academia.

Students' own perspectives on educational institutions are also relevant. Students feel that the current curriculum is not aligned with the job market, the education system is not as practical as it is in international schools, and that they aren't acquiring any real skills or "specializations" to enter the job market.³⁹ Even those who acquire the necessary technical skills may miss opportunities because they cannot express themselves clearly in English during interviews. Many families who can afford it provide their children with private tutoring to make up for educational gaps, widening the gap between the affluent and those from lower socio-economic backgrounds.

Egypt's education and training shortfalls are apparent in a survey of employers by the International Finance Corporation (IFC). Human resource managers said that only 16% of vocational graduates and 29% of university graduates had the required hard skills, and that only 12% of vocational graduates and 26% of university graduates had the necessary soft skills.

These gaps eventually become apparent to many young people, although sometimes far too late. As one focus group participant told us, "A lot of students don't know how few jobs are available in their fields until the final year of university—and then suddenly realize they have wasted three years of their lives." Another called university degrees worthless. "You don't learn any marketable skills," a student from Alexandria said. "All you get is the brand name."

The absence of interactive classroom learning and emphasis on memorization and rote learning prevent students from gaining worthwhile knowledge and problem-solving skills. It can also prevent students from staying engaged in school or even attending their classes regularly—especially the typical lecture classes with 200 or more students.

Vocational and secondary technical institutes

The secondary school system offers two main paths: academic and technical. Students are placed in one or the other based on test scores. About 37% pursue the academic path and usually attend university. Many others attend technical secondary school and may continue with vocational training, which is often provided by the TVET system.

Post-secondary TVET in Egypt offers programs in many different specialties and types of institutions—more than a hundred technical programs in 22 disciplines. In total, Egyptian post-secondary TVET and its 68 institutions enrolled 127,440 students from 2009 to 2010.⁴⁰

Interviewees in the education space say that TVET does not always prepare students for their desired roles in the Egyptian economy. Both systems lack the funds to update the curriculum and suffer from overcrowding. This is especially true in the TVET system, where the few workshops that provide practical, hands-on training are so crowded that many students say they are useless.⁴¹

According to the Review of Higher Education, many TVET institutions lack adequately trained instructors, training resources and equipment.

TVET authorities in Egypt are now working with multiple international organizations to improve the system. For example, the Egyptian-German Initiative for Dual System was introduced in 1994 and is offered in 22 out of 29 governorates, with 68 technical secondary schools participating in the scheme. By 2008, 20,000 students had graduated of the program—1% of whom are women.

Although fewer postsecondary VET graduates are entering the job market and their skills are in high demand, their unemployment rose from 15.2% in 2006 to 16.6% in 2010. This appears to be a paradox, but some post-secondary VET graduates may not have the skills to qualify for the jobs available, and some employers may not be fully aware of what VET programs and their graduates might offer.

To learn which TVET provisions succeed best in meeting labor market demand, the Strategic Planning Unit of the Ministry of Higher Education in 2011 surveyed business people and industry managers. Half of the respondents believed that the demand for post-secondary TVET graduates would grow over the next few years.

The same research found that nearly 48% of graduates of postsecondary VET said they got their jobs easily, particularly in health and nursing and tourism and hotel services, but graduates of the industrial, commercial and social work sectors spent more time and effort finding their jobs.

This system's challenges include low quality and negative perceptions, lack of employer engagement across the sector, limited use of workplace learning, students with weak basic numeracy and literacy skills, and lack of career guidance.

In the same survey, students reported a lack of practical skills because of an overemphasis on memorization and a lack of choice of field of study relevant to their career preferences. Only a third of graduates said the curricula were suitable and well-adapted to labor market needs.⁴²

External training institutes

Most training providers aim to understand and meet local needs, whether they are non-profit, accredited, instructor-led or based online. Most believe in mass preparation and send candidates in bulk for interviews, since the chance of any candidate's selection may be as low as 1 in 30, according to employer interviews.

The team divided employers into two categories: private providers and those run by the government.

Government-affiliated training organizations

In the wake of the revolution, a number of organizations fully or partially funded by the government are working towards preparing youth for jobs and providing them with the right employment opportunities.

The Industrial Training Center, for example, which is affiliated with the Ministry of Industry and Foreign Trade, is partnering with employers in different industries and customizing training to meet their needs, working on a relatively small scale with batches of students. The Information Technology Industry Development Agency (ITIDA), a training arm of the Ministry of Communications and Information Technology, focuses exclusively on the telecommunications sector and works on a major scale to prepare students for this industry. In 2013 alone, it certified 10,000 IT professionals, provided more than 5,000 internships, trained 36,000 university students and helped 1,200 companies improve their capabilities, products and services.⁴³

Private training providers

Over the last few years, dynamic training providers have emerged to cater to different types of customers. Many institutes have surfaced to offer training in skills commonly required by everyone, such as English and the International Computer Driving License (ICDL). This is by far the most popular type of training among youth, but they have no way to determine which providers offer high-quality training.

In 2008, the Supreme Council of Universities made ICDL compulsory for graduation from all Egyptian universities. All previous undergraduate computer courses were replaced by the ICDL program to eradicate IT illiteracy.

While many young focus group participants said that ICDL courses are useless, the vast majority of them take the courses because they believe employers demand it.

INJAZ Egypt aims to inspire, empower and prepare Egyptian school and university students, enhancing their opportunities to join the job market as qualified employees and entrepreneurs. To date, they have trained more than 450,000 students in financial literacy, work readiness and entrepreneurship, relying on workshops and activities rather than lectures. INJAZ Egypt has a strong partnership with the private sector and delivers its programs through volunteers from the private sector, bringing into the classroom first-hand actual business experience. INJAZ offers an entrepreneurship program where recent graduates work with people from the industry, participate in competitions and receive seed funds to start their own businesses. Its most recent program registered 31 start-ups and selected ten for seed funding. Some provide opportunities to unemployed youth through targeted job training, placement, and employability and entrepreneurship programs.

Some aim to help students study in foreign universities: Institutes like AMIDEAST provide programs and services to Egyptians interested in exploring study opportunities in the U.S. and enhancing their communications and managerial skills for personal and professional advancement.

EFE|Egypt develops programs and curricula to meet local labor demands that are not being met by the current labor supply. It executes an exhaustive market needs analysis at the beginning of each calendar year to better understand the needs of the job market, and work with private sector employers to customize training programs, ensuring they are market relevant and demand-driven.

In an effort to harness youth potential and support private sector growth, EFE|Egypt's programming bridges the gap between employers and high potential candidates. The organization provides disadvantaged youth with the skills required for formal entry into the private sector and the talents needed to succeed and grow, thereby bolstering the Egyptian economy and creating a sustainable link between businesses and job seekers. It also structures its training curricula around the needs of the local labor market and partner employers to produce cost-effective, market-relevant solutions that place skilled employees in jobs.

Unlike the vast majority of youth employment programs that focus on training alone, EFE|Egypt is demand-driven and strives to secure employment for graduates. Its model provides a holistic solution to youth unemployment with its combination of: (1) job placements as a measure of success, (2) local need, management and leadership, international standards and quality control, and (3) customized, demand-driven training programs

In Egypt, about 2,000 youth have graduated from EFE|Egypt programs so far. The organization has an 80% job placement rate for the job placement track programs, 78% of its job placement track graduates retain their jobs beyond three months, and more than 50 employers have hired EFE|Egypt alumni.

Other organizations also seek to help students from lower socio-economic financial backgrounds. The Al-AI Foundation, for example, provides scholarships to undergraduates and graduates to help them become scientists and researchers in the sciences, technology, engineering and math (STEM) in partnership with reputable educational institutions such as the American University in Cairo.

When asked about external training providers, no focus group participant could comment directly on the programs, as very few are enrolled. Instead they chose to talk about the features of training programs in general. Some students enrolled in courses to meet the requirements for a job opening, only to see its utility decrease difficult to follow, and some employers said they had little value. The courses they consider superior, such as at the American University in Cairo and German University in Cairo, are expensive and hence inaccessible to most young people. Workshops and successful motivational speakers, on the other hand, do excite many of the young people who participated in focus groups.⁴⁴

While such programs can close skill gaps, many students are unaware that the programs or institutes exist, how to contact them, or which institute or program to select beyond English courses. Few students believe that soft skills training is useful, so few are willing to enroll in such courses, especially if they require a fee.

SAUDI ARABIA LABOR MARKET ASSESSMENT



SAUDI LABOR MARKET ASSESSMENT

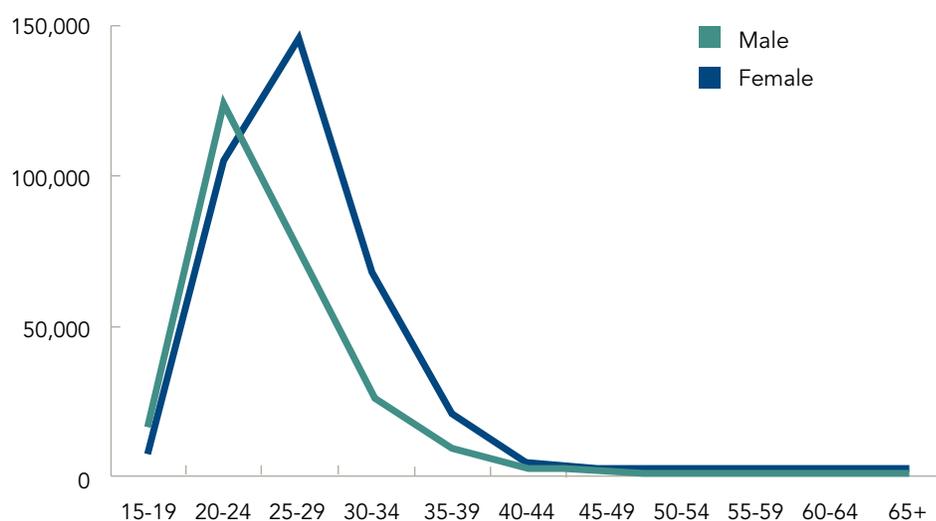
The team explored four major trends that define the labor market in Saudi Arabia today.

- High youth unemployment;
- Low participation and employment of women;
- High volume of expatriate labor;
- Large-scale government programs launched with a focus on employment.

High youth unemployment

Saudis ages 15 to 29 account for 31% of the Saudi labor force, or 1.7 million people. With an unemployment rate of 28%, this segment accounts for 74% of total unemployment among Saudis.⁴⁵ In addition to its concentration on youth, the country's unemployment rate is also concentrated among those with higher levels of education. Saudi unemployment for those with Bachelors Degrees is 16% compared to 12% for those with diplomas, 13% for those who completed high school and only 5% for those who did not finish high school.⁴⁶ Many youth also face an extended period of unemployment after graduation. A 2012 survey by McKinsey & Company found that 57% of Saudi graduates require between three months and a year to find their first jobs, longer than it takes graduates in many other countries in the survey, including the U.S., Germany, Turkey, and India.^v

FIGURE 7: SAUDIS UNEMPLOYED BY AGE



SOURCE: CDSI, 2013

Low participation and employment of women

About 60% of Saudi young women are unemployed, compared to 17% of young men.⁴⁷ The Kingdom ranks 141 among 144 countries regarding women's participation in the workforce.⁴⁸ To work outside the home, many women must overcome a range of social and practical challenges. In recent years, the government has implemented regulations to boost women's participation and encourage their employment, such as mandates that they be employed in certain sub-sectors of the broader retail sector.

But many jobs in the private sector demand long hours, for example, and women in focus groups said their families discouraged them from making that sacrifice. Many reported that harassment in the workplace is routine, and that they feel discouraged from taking jobs that require interaction with men, even where workspaces are clearly segregated. In addition, "wives are expected to sacrifice for their husbands' careers," one woman told the team in a focus group.

Transportation can cost around SR 1,500 per month for women without male family members who can drive them to work, but entry-level jobs for women without university degrees pay only SR 3,500 to SR 4,500 per month.

Meanwhile, recently graduated Saudi women earned an average of 20% less than their male counterparts with similar qualifications, according to estimates by Khalid AlKhudair, the founder and chief executive of Glowork, an online platform based in Riyadh that helps connect women to employment in Saudi Arabia.

Notwithstanding these obstacles, new laws are providing women with new opportunities. Two royal decrees announced in June 2011, for example, would increase the types of jobs available to women in phases, first in certain retail shops, and then in factories, beginning with pharmaceutical firms.⁴⁹

Progress appears to be underway. Between 2011 and 2013, the number of Saudi women who worked in the private sector more than quadrupled, from under 100,000 to 400,000.⁵⁰

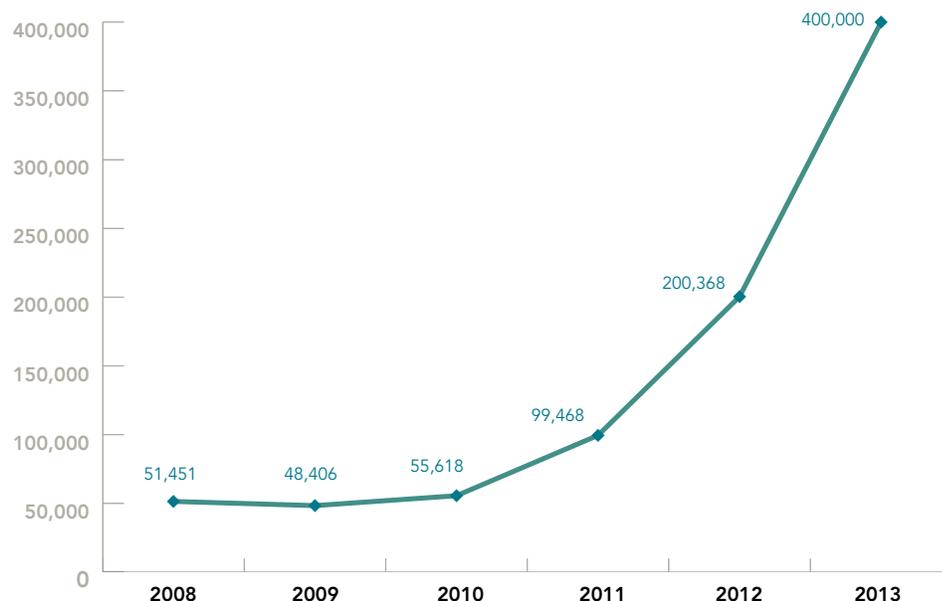
"Wives are expected to sacrifice their husbands' careers, although this has improved in recent years."

—Riyadh focus group participant

"We are frustrated to be paid less than we deserve, especially when it's less than men get for the same job."

—Riyadh focus group participant

FIGURE 8: SAUDI WOMEN EMPLOYED IN THE PRIVATE SECTOR



High volume of expatriate labor

As of mid-2013, expatriates in Saudi Arabia, most of whom from South Asia, made up 32% of its population, while accounting for 56.5% of the employed population and 89% of the private sector workforce. The presence of large numbers of expatriates makes Saudis uncompetitive in many sectors. This is because expatriates typically receive lower wages, have higher skills, and employers have more control over them due to Saudi's labor market regulations.

The monthly minimum wage for Saudis in the private sector will rise to SR 5,300 (\$1,413) in 2015, with expatriates receiving SR 2,500 (\$666) after the "wage protection program" is fully implemented. The World Bank estimated monthly GDP per capita in 2013 at SR 8,078 (\$2,163).

Large-scale government programs launched with focus on employment

The sharp increase in the country's population has led to an increasing number of Saudis entering the labor force. According to Minister of Labor Adel Fakeih, more than 600,000 Saudis will enter the labor market every year, including 300,000 university graduates and 330,000 high school graduates.

The government's most direct effort to tackle unemployment are Saudization targets for private companies. In addition to the Saudization program, the government has set up agencies to help Saudis find jobs, created training initiatives to increase job seekers' value in the labor market, and launched programs to encourage job-seekers to continue participating in the labor market. Two programs, Nitaqat and Ha'az, are worth special mention.

The Nitaqat program categorizes each company based on its compliance with nationalization requirements, which vary by industry.⁵¹ Companies in the lower categories face restrictions, while those in the upper categories enjoy added benefits such as rebates that subsidize increases in compensation paid to Saudis. The program has shown mixed results. About 96,000 Saudi workers were hired in the initial 16 months, but 11,000 firms shut down, causing total employment by 418,000 workers.⁵² Some small to medium-sized employers have tried to outsmart the program by hiring Saudis to fill the quota but do not give those workers enough experience or responsibility to prepare them for careers.^{53, 54}

The Ha z unemployment assistance program, launched in 2011,⁵⁵ provides eligible Saudis with counseling services, financial aid,⁵⁶ and training for the job market. Saudis are eligible for different Ha z programs based on their age and their ability to pass an eligibility period where they must prove their seriousness as job seekers. Between the end of 2010 and the first quarter of 2012, the number of registered job seekers increased by more than tenfold, with women comprising over 80% of these registered job-seekers.⁵⁷ But interviews with employment agencies suggest that these numbers are misleading. These agencies have found that many Ha z program beneficiaries have no intention of working, even though they are able to pass the eligibility seriousness checks. Ultimately, they join the program primarily for the monthly allowance.

Selecting Industry Sectors in Saudi Arabia for Analysis

As noted, the team prioritized sectors for primary research based on the absolute number of jobs available in the industry—especially entry-level jobs—expected sector growth, and perceived job quality.

Based on these criteria, the team focused on four industries in Saudi Arabia:

- **Retail.** Retail can provide jobs for over 700,000 people in the Kingdom, with strong growth expected despite the drop in crude oil prices.⁵⁸
- **Hospitality, food and beverage.** In 2012, the hospitality industry employed around 900,000 people across the Kingdom, and the government is working to double this figure to 1.9 million by 2020.⁵⁹ The food and beverage industry should grow by about 7% over the next five years.⁶⁰
- **Healthcare.** With high growth in the 2015 public healthcare budget and the expansion of private healthcare, demand for Saudis in healthcare has increased, with about half a million jobs available now or in the near future.⁶¹
- **Information and communications technology, especially call centers.** Saudi Arabia expects this industry to grow by about 30% and create more jobs. It now employs about 114,000 people.⁶²

For these industries in Saudi Arabia, educational requirements rarely exceed a high school diploma or a vocational school certificate. The interview process usually seeks relevant soft skills in addition to basic technical knowledge.

For all the selected industries, communication and people skills are considered vitally important, since direct customer contact is one of the employee's main responsibilities. While customer/employee relationships may vary by industry, these soft skills are applicable throughout the industry.

“The most important skills in the labor market are English skills, computer skills, problem-solving skills, and being a quick thinker.”

—Parent

Understanding employers

Employers in the Kingdom face a range of challenges. Many say they have trouble recruiting enough people with workplace readiness skills, including strong English and problem-solving skills, according to a McKinsey survey in 2012.

To close those gaps, employers, educational providers, parents and even the government may need to help young people understand job requirements more clearly.

Retail

Opportunities

In 2014, retail sales in the Kingdom amounted to SR368 billion (\$98.9 billion), and they should continue to grow in the next few years.⁶³ Saudization requirements will help expand the number of jobs available for Saudis, although some people may not consider retailing as a career.

“People switch between these jobs easily and often,” one retailer told us. “Since they don’t look at retail as a long-term career, they have no loyalty to our stores. This is why we explain the career path clearly during induction—to make them aware of the benefits of staying with us.”

Pay for the two main entry-level positions—salesperson and cashier—starts at about SAR 4,500 per month and can rise to around SAR 6,000 with bonuses. These wages are on par with most entry-level jobs in Saudi Arabia. Recruiting teams use employer websites and mass texts, along with Twitter, Instagram and other social media outlets.

Job Title	Job Requirements	Monthly comp. (SAR)
Salesperson	<ul style="list-style-type: none">• Sales skills, including negotiation and interpersonal skills• Teamwork	6,000
Cashier	<ul style="list-style-type: none">• As above, plus at least a high school diploma since the work usually entails the use of checkout software	6,000

Academic requirements vary by employer as the complexity of the merchandise may demand higher qualifications. Most cashier positions require high school diplomas, since the work usually entails the use of software.

While jobs in the industry require numerous skills, most retailers agreed that three in particular were most important to succeed on the job: sales skills, regardless of whether employees are salespeople or cashiers; interpersonal skills, since employees are in direct contact with customers; and teamwork, which is essential to providing customers with a pleasurable experience even when traffic spikes or electronic equipment fails.

Some retailers’ initial training programs focus on these kinds of soft skills, leaving English and hard skills to be learned through on-the-job training.

Challenges

- **Social stigma:** Some Saudis believe it is beneath them to work as salespeople or cashiers. Even as Nitaqat requirements increase Saudi participation in the industry, many young people may need encouragement to seek such occupations.
- **Lack of understanding of work norms:** The retail industry typically seeks relatively uneducated candidates who need guidance in understanding work norms, such as proper conduct on the job, and in interactions with customers and fellow employees.

“Since they don’t look at retail as a long-term career, they have no loyalty to our stores.”

—Retailer

Hospitality, food and beverage

Opportunities

The hospitality industry serves millions of travelers visiting the Kingdom, including those visiting for business reasons or religious tourism. The number of pilgrims should increase significantly as MERS fears subside and the expansion of the Holy Mosques nears completion. Some 25 million visitors are expected to visit Makkah and Madinah in 2025. The food and beverage category alone brought in \$64.9 billion in 2014.

The Kingdom also expects more business visitors as it invests an expected \$30 billion in its airports by 2020.⁶⁶

This sharp increase in the number of visitors to the Kingdom will mean hundreds of thousands of new jobs in the hospitality industry. These will include many different entry-level positions for youth including receptionist, concierge, and service functions, such as room service waiter. Most employees are recruited through announcements on employers' websites.

Job Title	Job Requirements	Monthly comp. (SAR)
Entry-level hospitality worker	<ul style="list-style-type: none"> • Strong problem-solving and interpersonal skills to put visitors at ease when issues arise • English skills • Open-mindedness and tolerance for people from other cultures • Grooming and presentable appearance • High school education or above 	6,000–7,500

For entry-level positions, most employers in the industry require a high school education. Employers told the team that while the quality of local hospitality training is poor, they are optimistic about some of the newer hospitality schools, so qualification requirements may rise in the coming years.

More sophisticated candidates are much more appealing to employers in the industry. "We generally do not require a specific educational background," said one hospitality executive, "but we rarely find the basic skills we need in candidates with less than a bachelor's degree."

Challenges

- **Dealing with cultural diversity:** Employers noted that many Saudi employees have trouble interacting with people from other cultures, especially those with norms that conflict with local beliefs. Difficulties arise in part because few Saudi youth have not had the opportunity to interface and experience other cultures.
- **Social stigma:** As is the case with the industries above, the hospitality industry suffers from a social stigma against service occupations. This issue is a particular challenge in recruiting for the hospitality industry, where it is essential that the employee serves the needs of the customer.

"Students need to be taught early in their academic careers that there is no shame in serving others."

—Hospitality executive

Healthcare

Opportunities

Saudi Arabia should experience a meaningful increase in its healthcare needs in the coming years as wealth rises and the share of people age 65 and over grows sharply.⁶⁴

Even with these rising needs, the Saudi Arabian healthcare system lags behind that of Europe and some peers in the Middle East. As the government and private companies work to close the gap, healthcare has become a growth industry, with projected investments of SAR 180 billion in 2018 alone.⁶⁵

These investments will provide entry-level employment opportunities for youth, most often in nursing or allied health professions. Based on the team's interviews, the pay varies by specialty but usually starts at SAR 6,000 per month, reaching SAR 15,000 for nurses in specific specialties, including overtime. Recruiters visit universities and vocational institutes and post jobs on employer websites.

Job Title	Job Requirements	Monthly comp. (SAR)
Entry-level nurse	<ul style="list-style-type: none">• Strong English reading and speaking skills, especially in medical terminology• Bachelor's degree• Strong interpersonal skills• Maturity• Commitment	6,000–15,000
Specialist nurse	<ul style="list-style-type: none">• As above, plus relevant technical training (e.g., emergency room or intensive care)	6,000–15,000

Many healthcare providers seek candidates with bachelor degrees for such positions, seeing them as more competent than applicants with technical college diplomas. Applicants also require basic nursing knowledge.

Employers train new hires on soft and more advanced technical skills. Once they complete the soft skills training and basic nursing courses, employees are usually grouped based by specialty and trained in the relevant technical skills. To encourage trainees to choose specialties in more demand, such as in the intensive care unit, some employers offer higher pay even during training.

Challenges

- **Social stigma:** Some focus group participants consider nursing a service job and therefore unattractive, and most see it as strictly a woman's profession; the term "male nurse" has yet to make its way into the social vocabulary.
- **Saudi preference for public healthcare jobs:** The Kingdom needs more qualified Saudi medical practitioners. Those who are available tend to prefer working in the public sector, as the hours are shorter and they are burdened with less responsibility than their counterparts in the private sector. Even though the private sector offers higher pay and more job security than private companies in other industries, it still has trouble attracting qualified professionals.

"Many graduates are so weak that even public employers refuse to hire them. Private medical institutions demand more than public medical institutions."

—Healthcare employer

Information and communications technology, especially call centers

Opportunities

The call center industry has been underrepresented in the Saudi Arabian economy until recently. Between 2006 and 2012, 53 licenses were issued for new centers, a jump of 30%, and more are expected to be issued in the next few years. The industry is lucrative and may offer more employment avenues for women, since the job can be done remotely, eliminating transportation and most social issues.

Job Title	Job Requirements	Monthly comp. (SAR)
Entry-level call center agent	<ul style="list-style-type: none"> • Strong communication skills, including social skills and phone etiquette • Sales skills • Time management skills • Patience and professionalism under intense pressure • Willingness to work long hours 	Not available

Call centers do not require academic qualifications beyond a high school degree. English is preferred but not a screening criterion as most phone calls, especially those routed to Saudis, are in Arabic.

Training begins with soft skills including listening, communication, and negotiation. The second portion focuses on technical skills and usually entails simulations spanning a broad spectrum of topics. Other training includes acquainting new hires with relevant software programs.

Challenges

- **Workplace discipline:** In many call centers, young people must work in close quarters. Disputes among employees can affect the quality of all calls in the vicinity. Employers have found ways to avoid these disputes, including putting supporters of different soccer clubs on different shifts, especially during major games.
- **Dealing with expat customers:** As mentioned, it is not uncommon for customers to be rude. When those customers are from Saudi Arabia or another Gulf Cooperation Council (GCC) country, employees are likely to respond politely and resolve the issues. Many employees need training to avoid mirroring the poor behavior of expats.

“The top reasons for turnover are that new hires do not have a realistic view of the job, they lack productivity, and they lack emotional maturity.”

—Call center employer

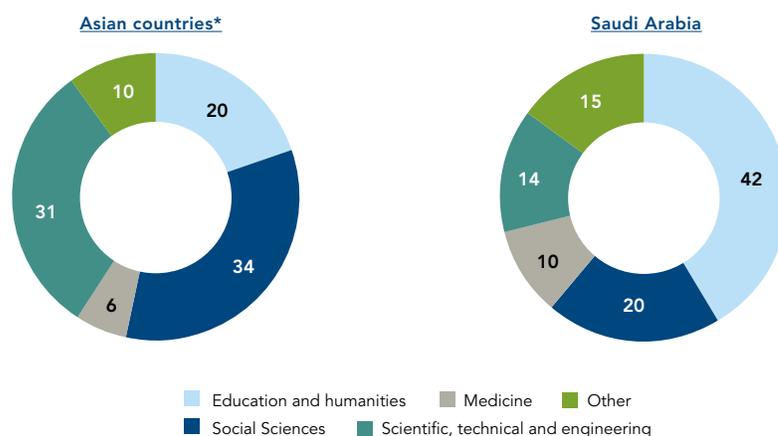
Understanding Youth in Saudi Arabia

About 41% of Saudis between the ages of 15 and 29 do not continue their education beyond high school,⁶⁷ but nearly all young people have basic reading and writing skills. The country's illiteracy rates are below 1%.

Of those who continue and graduate from university, about 62% major in education, humanities and social sciences, while 24% study medicine or science, as shown in the following chart. Students tend to pick their majors based on their preferences and those of their peers and families—and how quickly and easily they can earn their degrees. Social perceptions also play a part in academic and job choices, along with students' perceptions of labor market demands.

Few students in high school or in public universities receive career counseling or help from their parents in thinking about career paths or developing long-term plans. Most know they need to master English to be employable, but many wait until after graduation before taking supplementary English courses.

FIGURE 9: EVEN WITHIN ACADEMIC PATHS, MANY STUDENTS FOCUS ON NON-TECHNICAL FIELDS
(% OF GRADUATES BY SUBJECT OF STUDY)



* China, Indonesia, Korea, Malaysia, Philippines, Thailand

SOURCE: Ministry of Higher Education, KSA: The Road Not Travelled: Education Reform in the Middle East and North Africa (World Bank)

Few Saudi youth have contact with the labor market while they are in school, and several focus group participants told the team that they expected their first jobs to be managerial positions with excellent pay and minimal work hours.

Once they start working, their expectations become more realistic. They look for jobs that do not entail long hours or multiple shifts, and they tend to prefer working near home or in one of the three biggest cities; Riyadh, Jeddah, or Dammam. Many prefer contracts that last only one year to keep their options open.

Women are more likely to accept lower salaries in exchange for training and development and if they believe their jobs will include progress and promotions. Most Saudi men focus first on the salary and are therefore more likely to jump from job to job looking for a better pay, while women tend to stay in positions longer.

Motivation is a major issue for many Saudi youth. In focus groups, women in particular said their work had no impact or meaning and that they were not contributing much to their employers or to society as a whole. Many also feel that their employers do not foster a sense of belonging or provide them with reasons to be loyal or remain in the company, especially in comparison to some companies abroad, such as Facebook and Google.

In interviews and focus groups, Saudi youth listed the following factors that influence their job selection, although not necessarily in this order: Working hours and environment, location, learning and development opportunities, job security, social perceptions of the job, opportunities for promotion and growth, and salary.

They expressed a general dislike for monotonous work, long hours and multiple shifts, jobs that did not provide health insurance or other benefits, not returning home until late at night, paying for transportation or childcare, jobs where they were not motivated, and jobs where they did not feel their work had meaning.

“Youth are offered everything they want without working for it. So once they grow up, it is hard to convince them they have to work for what they want.”

—Riyadh focus group participant

Challenges in the job market

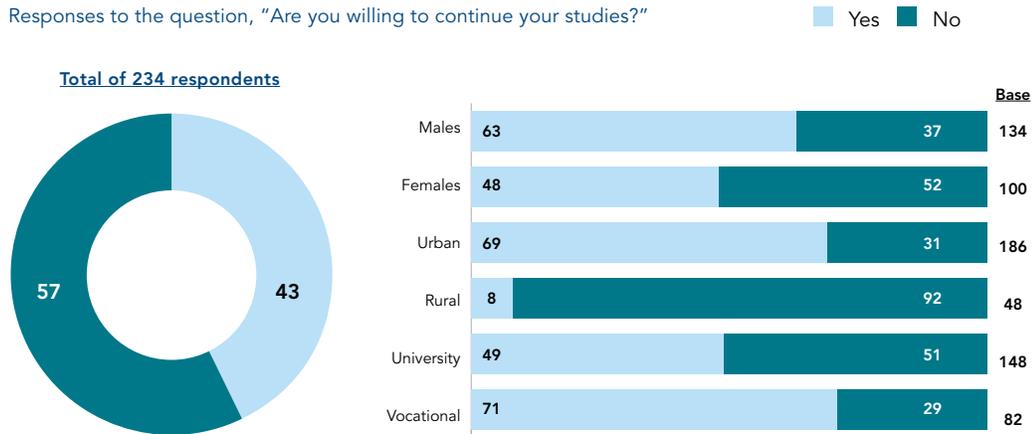
In focus groups, some Saudi youth said they felt they were taken advantage of by the private sector. They gave several reasons:

- **Unfamiliarity with work culture:** Few Saudi students understand what it means to work. They are shocked to learn they might have to show up at a certain time and work for eight hours a day, take limited breaks and notify their employer before missing a day.
- **Lack of career knowledge:** When choosing academic majors, few young people are aware of what skills and knowledge employers are looking for. They tend to pick based on what their friends are studying.
- **Limited access to jobs and job-seeking know-how:** Many young people do not know how to apply for jobs and tend to learn bad habits as they struggle to find work after their university or technical training. They typically need basic CV-writing skills, interview etiquette, and a keener understanding of the channels they should use to find job openings.
- **Lack of access to mentors and role models:** Most young people believe that they can look beyond jobs to careers by talking to people who have been successful in industries that might be open to them.

In surveys, young Saudis express enthusiasm for education and training, as shown in the exhibit. More than half of university graduates pursue graduate degrees rather than enter the workforce, for example, including many who enroll in the King Abdullah Scholarship to study abroad. Advanced graduate degrees confer prestige and can be essential to advancing a career, especially in the public sector.

Even those who are not lucky enough to attend university are enthusiastic about developing themselves, as shown in the chart below. They see training as an advantage when applying for jobs. Most are unsure of what training to seek, however, and tend to get frustrated when they do not feel they are benefiting from the programs offered.

FIGURE 10: MOST YOUNG SAUDIS ARE WILLING TO CONTINUE THEIR STUDIES



SOURCE: Nielsen Employer & Youth Survey in KSA, December 2010

Family attitudes and influence

Although many Saudi parents believe they have no influence over their children's academic or career choices, young focus group participants suggested that they do play a big role, limiting their children to specializations that they deem socially prestigious or at least acceptable. Many of the young people the team spoke with said their parents pushed them to pursue university degrees over technical and vocational education.

Based on focus group discussions, parents give their children more space when it comes time to choose a career, but by that time the children have absorbed many of their parents' attitudes and perceptions of the labor market, such as a strong preference for jobs in the public sector.

"The youth would rather sleep than work."

—Parent

Understanding Saudi Education

Education in Saudi Arabia is centralized in the newly unified Ministry of Education, a combination of the old Ministry of Higher Education and Ministry of Education. The ministry is working to improve the curriculum, which is outdated and not tailored to the needs of the labor market, but it will take time. Some youth turn to training centers to acquire skills they do not receive in school or university.

Secondary education

The highly theoretical educational system focuses more on memorization than logic or understanding. Students therefore gain few analytical or practical skills, limiting their value in the labor market.

Recently, private schools received permission to teach their own curricula, usually in English, if they are based on existing international systems, with a number of mandatory subjects from the Ministry of Education, such as Arabic and Islamic courses.

Up to the 10th grade, students learn the sciences, Arabic grammar, writing and literature, Islamic studies, English, and history and geography. In the final two years, students choose to follow a track in either science or the humanities.

The science track focuses on math, chemistry, biology and physics, as well as Arabic, English and Islamic studies. The humanities track focuses on history and geography, a more intense Arabic curriculum, and English and Islamic studies. Two-thirds of men and 41% of women take the science track, which allows them to attend university with no restrictions on the majors they can choose. The humanities track tends to be more restrictive.

Public education is fully funded by the government, while private schools charge tuitions that differ from school to school.

Universities and institutes of higher learning

Most high school graduates pursue university degrees. Enrollment in tertiary education rose from about 31% in 2009 to more than 57% in 2013.⁶⁸ Public universities are the most popular, as students receive monthly stipends during their studies. But private universities provide higher-quality education, and tend to be the preference of those who receive scholarships, can afford it, or do not have the grades to enroll in a public university.

Students in public universities feel the current curriculums do not match the requirements of the job market. Since the education system focuses on hard skills and theoretical concepts, it does not prepare students with the practical skills they will need to gain employment. Many students in private universities say they feel more prepared to join the workforce. Private universities also form partnerships with employers who provide training on campus and take on coop students for on-the-job training.

Students in public universities can choose from a variety of specializations and fields. Private universities tend to offer education in fewer fields ranging from business specializations and legal studies to design and architecture. A few private universities also provide medicine and engineering studies.

While public university students receive their educations for free along with a monthly stipend, most private universities are profit-based and charge tuition, although the Ministry of Higher Education supports many students with local scholarships that match King Abdullah Scholarships.

“Training programs are not enough. They provide only illusions of development.”

—Parent

Vocational and technical institutes

Most vocational training is provided by the TVET system, which includes the Technical and Vocational Training Colleges (TVTC) and Colleges of Excellence (CoE). Both systems are publicly funded, while the TVTC colleges are publicly run and the CoE colleges are privately operated. Both systems offer education for free and trainees also receive monthly stipends. Despite this, the TVET system faces challenges around attracting sufficient high quality trainees and preventing attrition. In addition to the publicly funded systems, there is also a large private training market where trainees pay to attend.

Enrollment is low partly because many Saudis look down on vocational training, seeing it as a last resort. The selection process also plays a role in low enrollment. While acceptance rates are 100% as long as space is available, enrollment is open only to those who apply within three years of graduating from high school.

Employers told the team that quality varies from institute to institute. The CoE colleges have yet to graduate any of their cohorts, so employers have not been exposed to the quality of their training. Students learn English and IT through a foundation program, followed by technical degrees. Those at TVTC colleges earn a diploma in two years. Some colleges specialize in certain industries, such as hospitality or IT, and offer a wide range of study within these specializations, while other colleges offer a wider range of coursework such as accounting, technical support and design.

Most students do not see much value in their TVET education and depart when they find another opportunity, raising the attrition rate. As TVET education is free and tends to include a monthly stipend, trainees do not incur any costs. Some employers see TVET qualification as a sign of commitment, but the majority does not view it as a guarantee of skilled employees.

Some training institutes are run by the government in collaboration with employers, training students for two years with the understanding that they will be hired. These colleges run in collaboration with employers represent less than 20% of the total TVET system. Other institutes tend to have little formalized interaction with employers.

Private training providers

These institutes tend to focus on English and computer skills. Some provide training for technical and hard skills, but they rarely provide soft skills training.

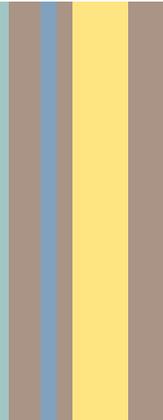
Quality varies widely and usually depends on the institute's connections with the Ministry of Labor and the funding and support provided by the Human Resources Development Fund (HRDF). Costs to youth tend to be low, as HRDF and employers tend to share the cost of their training programs and in most cases pay students stipends and salaries.

INJAZ Saudi Arabia aims to inspire, empower and prepare Saudi school and university students, enhancing their opportunities to join the job market as qualified employees and entrepreneurs. To date, they have trained more than 221,700 students in financial literacy, work readiness and entrepreneurship, relying on workshops and activities rather than lectures. INJAZ Saudi Arabia has a strong partnership with the private sector and delivers its programs through volunteers from the private sector, bringing into the classroom first-hand actual business experience. INJAZ Saudi Arabia offers an entrepreneurship program that teaches youth entrepreneurship by establishing real companies and going through the real life cycle of an actual company. The program ends in a national competition and the winning team represents Saudi Arabia in a regional competition.

“Private training programs are very poor. All they are interested in is making a profit. Only employers could design a truly useful training program, as they know their needs.”

—Call center employer

OPPORTUNITIES FOR PROGRESS



OPPORTUNITIES FOR PROGRESS

While Saudi Arabia and Egypt are unique countries, both are home to millions of talented and ambitious young people who want to work but need guidance, opportunity and training to do so.

To help these young people build the future, the two countries' governments, educational institutions, companies, parents and youth can and should find ways to work together more closely for the good of all. Each group of stakeholders has opportunities to join with the others in sharing knowledge and resources that will usher in a new era of economic growth and opportunity for everyone.

Research shows that youth in both countries have needs in several important areas:

- Mastering soft skills and understanding why employers value them;
- More opportunities for sector-specific training;
- More effective career guidance and mentorship;
- A clearer understanding of what kinds of jobs are available, what those jobs entail, and how they lead to career paths;
- More knowledge about which industries are likely to grow in the years ahead.

Relevant stakeholders in each country can work together more closely to help close these gaps, drive economic growth and significantly reduce youth unemployment.

Educational Institutions

Educational institutions, from universities to trade schools and training institutes, need to play an important role in helping to close skills gaps and providing youth with the skills to succeed in the workplace:

- **Offer more programs customized to meet the needs of youth and employers alike.** Partnerships with employers would help make these programs more effective at injecting requisite capabilities into the marketplace, including language and soft and technical skills.
- **Incorporate best-practice soft and life skills training** into different learning streams, including formal education systems and external training centers. These programs should be youth-centric and provide students with opportunities to learn relevant skills through doing and role-playing.
- **Help youth identify the most promising careers** through career counseling, searching for available jobs, and going through the hiring process, from writing CVs and cover letters to succeeding in interviews.
- **Invest in human resources development** to equip trainers with the skills and capabilities they need to serve youth more effectively.

Employers

Employers can take several steps to help young people gain the skills they need to find jobs and contribute to their employers' success:

- **Work more closely with education providers** to help them gain a clearer understanding of what opportunities are available in the job market and what kinds of skills youth need to fill those positions, including soft skills and technical skills.

- **Offer more well-structured internship opportunities** that would give youth a clearer understanding of industries, career paths and what's required for success, including qualities companies are looking for. Moreover, internships offer employers the chance to identify potential candidates for onboarding and begin to instill in them a sense of enthusiasm for the work, the company and its mission.
- **Provide accurate projections for employment opportunities** and skills needs and communicate them to stakeholders.
- **Work with companies within the same industry** to address sector-specific employment challenges, which could include funding and/or implementing sector specific training programs. Employers can also help develop/upgrade curricula and revise training programs, and provide more job shadowing opportunities and mentorships to young people.
- **Share success stories and role models** to incentivize youth. Guest lecturers, for example, could hold discussions and deliver workshops with students. The topics might range from skills at work to mentoring to HR guidelines to help youth make the transition from school to workplace.
- **Offer more effective employee onboarding programs** that include training and mentorship from senior employees. These programs could include recognition for superior work to encourage high performance and increase retention.

Government

In both countries, government agencies can play a vital role in addressing the employment challenge by:

- **Drive efforts to gather, aggregate and share more accurate data** with stakeholders about what jobs are being created, where, and the requirements for such jobs. Such data is critical as youth make career and education choices and as education providers build training offerings.
- **Provide platforms for collaboration** among relevant stakeholders, particularly employers, education providers and youth, to explore innovative and scalable approaches. Examples abroad include Sector Skills Councils in the UK, India, and Australia.
- **Develop national quality standards for education and training providers.** In Egypt and Saudi Arabia, as in many other countries, youth have difficulty determining the value of educational offerings. Holding providers to a set of clear national standards could help young people and their parents make better choices and wiser educational investments—and improve the pool of potential recruits for employers of all kinds. Governments could also create national qualification frameworks that allow movement between tracks.
- **Lead public outreach and marketing campaigns to different stakeholders.** Over the course of years, governments shape public attitudes. Carefully crafted and executed campaigns could help young people learn to admire their peers who master useful skills and take on new responsibilities, for example. Such efforts could help young people more clearly see the advantages of financial independence from their parents and the government, and begin to consider a wider range of careers, from retail to nursing, as rewarding and desirable. Such campaigns could also be valuable in combating the stigma facing TVET and some types of entry level jobs.

Youth

As the world changes faster than ever, youth must help define their own futures. In both Saudi Arabia and Egypt, young people can take several steps to improve their chances of finding and securing decent livelihoods:

- **Engage in efforts to identify appropriate careers.** This includes working with career counselors, learning more about what jobs are available where they live as well as industry trends, attending job fairs, and talking to friends and relatives to learn more about potential careers.
- **Research education providers before enrolling.** While education providers bear a responsibility to provide effective and relevant training, youth should also learn more about them, including the trainers they use and the private sector companies they are engaged with.
- **Explore internships and volunteer opportunities.** This applies mostly to youth who are not immediately seeking employment. Internships and volunteer opportunities alike provide valuable insight into possible careers and skills that will be useful in future jobs.

Finally, having worked in the field of youth employment in the region and globally for many years, the three organizations writing this report would like to stress that all stakeholders must join forces to make a lasting and sustainable impact using some of the recommendations provided herein.

Through alliances and partnerships that will grow and evolve organically, stakeholders can work together closely and expand and deepen training and job placement models that prove to be effective. Over time, this process will increase the impact of public and private expenditures, expand the scale and reach of these programs, and significantly reduce their cost as scale is achieved.

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