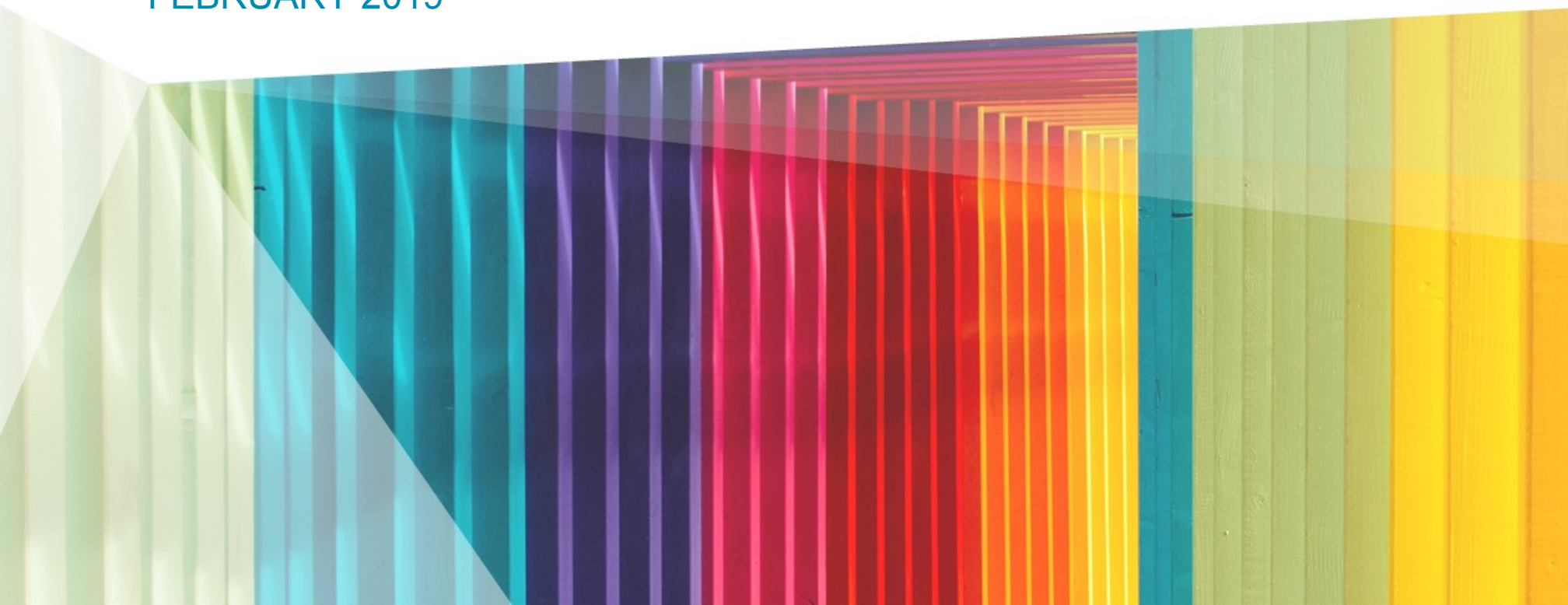


INJAZ PRIVATE SECTOR SURVEY 2018 - RESULTS

FEBRUARY 2019



1

INTRO AND EXECUTIVE SUMMARY



INJAZ PRIVATE SECTOR SURVEY PURPOSE AND APPROACH

Purpose of the survey

- While the private sector has grown significantly over the last years. The public sector remains a dominant player in many MENA economies
- However, a strong private sector is required to sustain non-hydrocarbon economic development and meet the labor market demands of MENA's fast growing and youthful population
- Therefore, we took a look ahead into the future of the private sector, by capturing the opinion of the people who are most likely going to shape it – MENA's youth
- Over the course of five weeks, we surveyed INJAZ students across the region, who are being equipped with the skills that determine a successful career in the private sector
- Given their special training, we think that their opinion is particularly relevant to outline the private sector's current state as well as to highlight opportunities and challenges ahead

Approach

- The survey consists of **17 questions**
- It covers the following four areas:
 - Respondents' demographics
 - Private sector growth drivers and industries
 - Challenges and success factors of entrepreneurs and employees
 - The digital economy and its implications for the education system
- **949 people** between the age of **16 and 35 participated** in the survey, which was open from the 15th November to the 23rd December
- Distribution channels comprised Email, WhatsApp, SMS and Social Media

Oliver Wyman took a look ahead into the future of MENA's private sector by surveying its youth

INTRODUCTION

INJAZ provides various training programs to MENA's youth to promote employability and job creation in the private sector

OVERVIEW

INJAZ is a non-profit organization that **promotes youth education and training** in the Arab world. It is the regional arm of Junior Achievement Worldwide (JAW).

Focal areas of education comprise workforce readiness, financial literacy and entrepreneurship.

With a network of 14 ministries of education, over **3,000 schools**, **418 universities** and **45,000 corporate volunteers**, INJAZ aims to equip the youth with the skills demanded by the private sector to foster employability and job creation.

Since 1999, **3 million students** have completed INJAZ programs across the MENA region.

INJAZ Al-Arab Young Entrepreneurs Competition

- INJAZ students can participate in the **INJAZ Al-Arab Young Entrepreneurs Competition**, which is the culmination of six months of experiential learning and application based on INJAZ Al-Arab's Company Program
- The Program is executed by a select group of corporate mentors who work hand-in-hand with students on establishing, marketing and liquidating a real business
- The Regional Competition is an annual celebration of national winners who demonstrated sound knowledge in business planning, market research, marketing, sales and feasibility studies

Young Entrepreneurs Competition, Kuwait 2018



EXECUTIVE SUMMARY

Positive opinions on the private sector – yet institutional reforms required to fully harness opportunities of growth industries and the digital economy

1



56%

have a positive opinion of the private sector – that is almost four times the number of negative opinions (15%)

2



51%

says that there is a **shortage of job opportunities** in the private sector. **Uncompetitive salaries** and **slow career development** are raised by 51% and 34% respectively

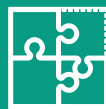
3



84%

say that the private sector will continue to grow in MENA. Multinationals (40%) and SMEs (25%) rather than large national enterprises (20%) and start-ups (15%) are expected to drive this growth

4



A strong private sector will be particularly beneficial to the economy in **manufacturing** (42%), **education** (35%), **professional services** (30%), **human health** (29%), and **agribusiness** (28%) – according to the respondents these sectors have been among the most neglected in the past

5



The expansion of SMEs is challenged by high business set-up costs (51%), extensively stringent regulations (36%), inappropriate institutional capabilities (36%) and a lack of foreign investment (28%)

6



88%

think that the digital economy depicts a major growth opportunity, yet according to 58% it receives insufficient public attention

7



In order to reap the full benefits offered by the digital economy, **educational staff** (48%), **curriculum** (45%) and **facilities** (44%) need to adapt

KEY LEARNINGS

Three strategic initiatives are requisite to sustain economic growth, create jobs in the private sector and to reap the full benefits of the digital economy

01



IMPROVE INSTITUTIONAL CAPABILITIES AND REGULATIONS

- Respondents highlighted high set-up costs (51%), stringent regulations (36%) and (36%) inappropriate institutional capabilities
- Simplifying processes and reducing costs of setting up a business can stimulate entrepreneurialism
- “Smarter Regulations”, i.e. regulatory sandboxes, self-regulatory systems, single points of contact, use of ICTs and training of regulatory staff promotes a more conducive environment for SMEs

02



ADAPT THE EDUCATIONAL SYSTEM TO A STRONGER FOCUS ON SKILLS

- 45% report a mismatch between the current curriculum and the skills demanded by the labor market
- Adapting the curriculum e.g. by introducing programming classes can increase the chances of obtaining a job in the private sector and equip students with the qualifications to reap benefits of the digital economy
- A holistic reform would also require an upgrading of staff and facilities

03



ATTRACT DOMESTIC AND FOREIGN INVESTMENTS IN KEY SECTORS

- A lack of foreign investment concerns 28% of respondents
- Identify key growth industries and establish industry clusters
- Clusters, requiring a stable legal environment and easy access to skilled domestic or foreign labor can attract investments of multinationals and thereby serve as growth drivers of the private sector
- Rethinking the regulation of peer-to-peer finance and VC can augment the sources of funding available to SMEs

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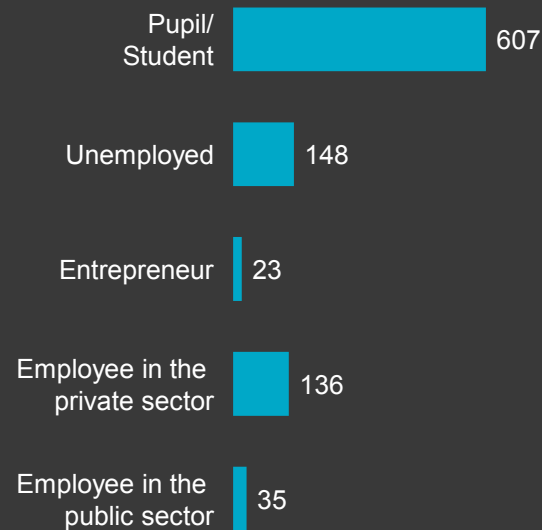
DEEP DIVES



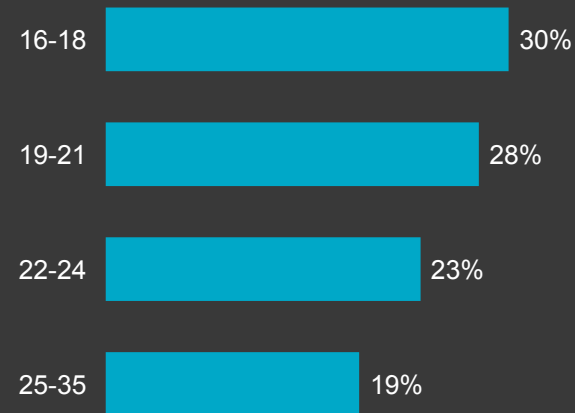
SURVEY PARTICIPANTS' DEMOGRAPHICS

Pupils and students under 21 were the largest group of participants in the survey

Participants by OCCUPATION



Participants by AGE



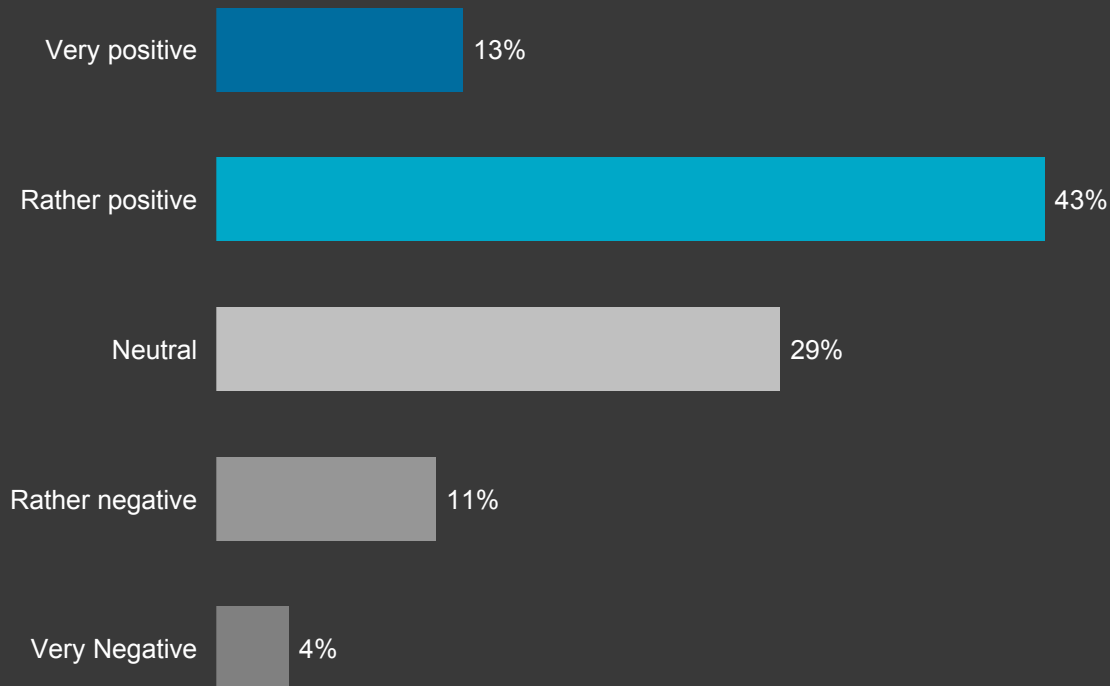
Participants by GENDER



DEEP DIVE

Positive opinions of the private sector are roughly four times the number of negative opinions

What is your opinion of the **private sector** in your country?



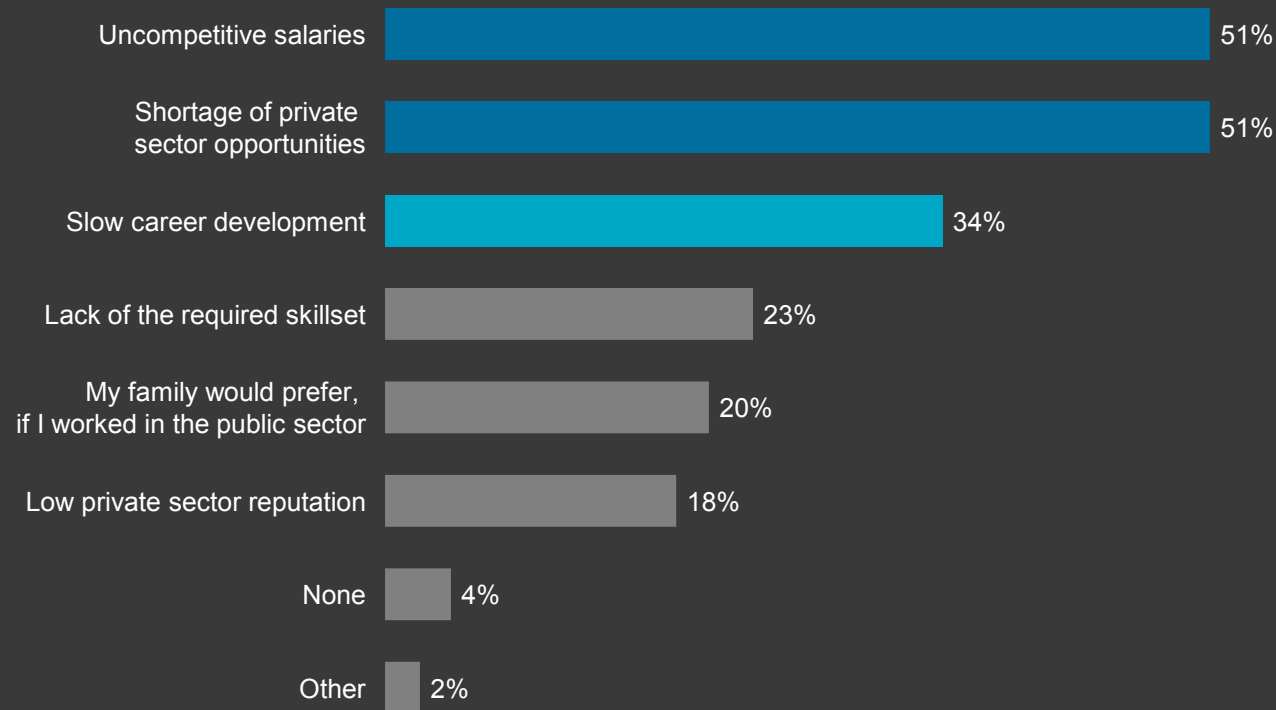
56% of MENA's youth have a positive or rather positive opinion of the private sector

15% have a negative opinion

DEEP DIVE

Private sector employment obstacles include shortage of job opportunities, uncompetitive salaries and slow perceived career development

In your opinion, what are the **most important obstacles** to obtaining a job in the private sector?



51% of the respondents think that there are not sufficient private sector opportunities

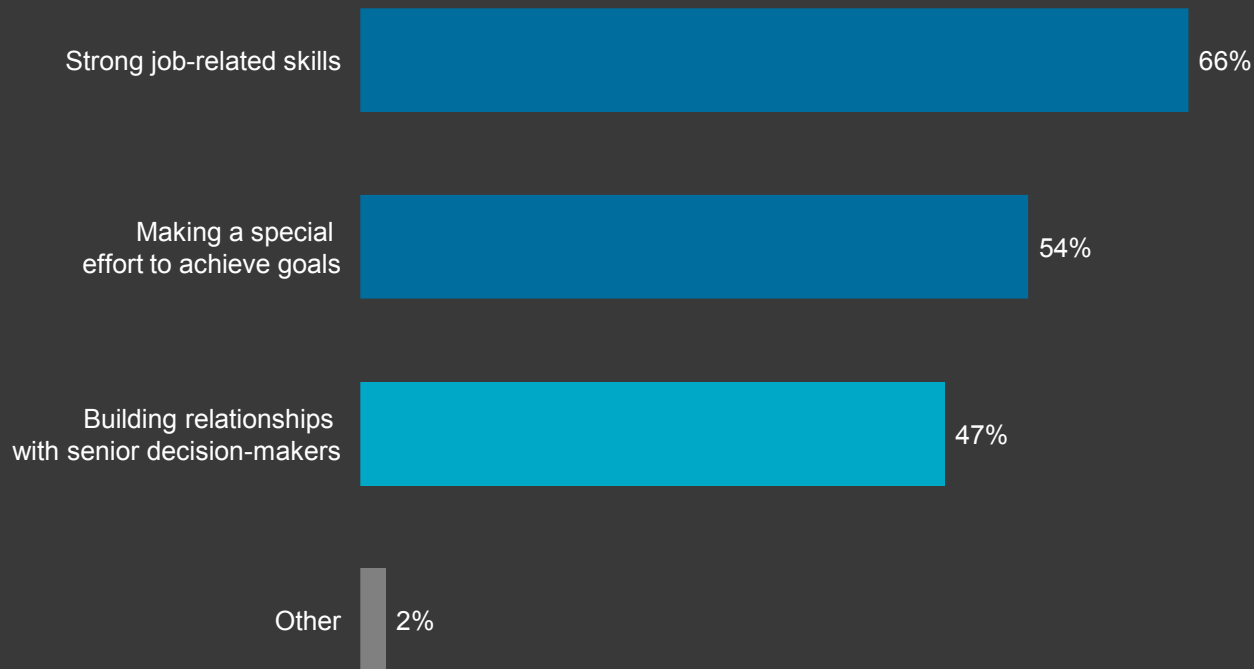
Uncompetitive salaries (51%) and perceived **slow career development (34%)** also appear to be relevant

Lack of required skills, low private sector reputation and family concerns only matter for ca. one fifth of the respondents

DEEP DIVE

Skill set and effort are most important determinants of success in the private sector – it can be leveraged by building relationships with senior employees

What determines the **success of an employee** in the private sector?



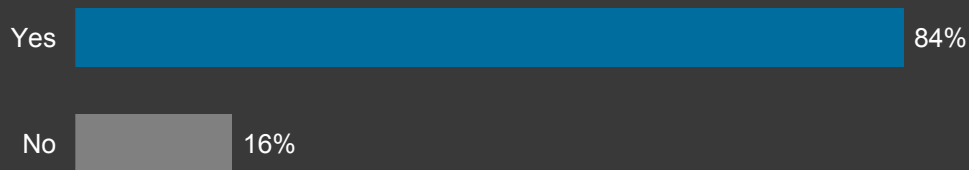
Possessing the right skills and demonstrating effort at work are the most important success factors with 66% and 54% support respectively.

47% of the respondents also think that building the right relationships with senior employees can be an important success factor in the private sector

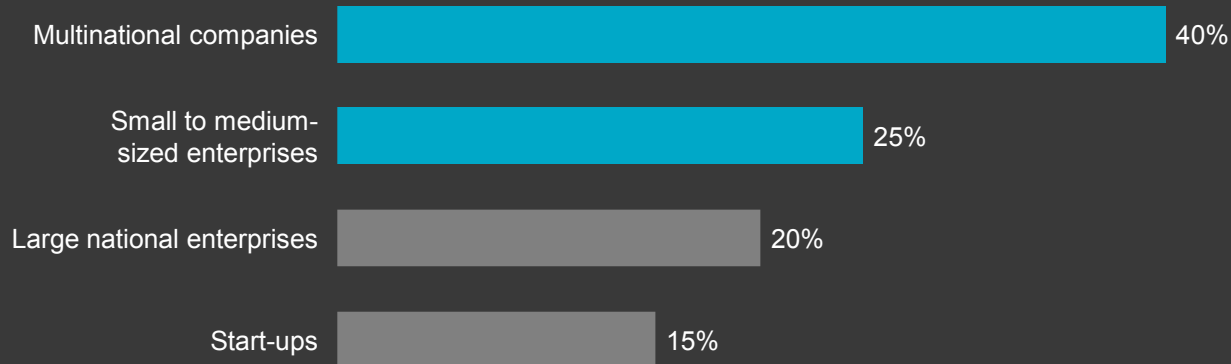
DEEP DIVE

Multinationals and Small and Medium Enterprises are expected to drive private sector growth in MENA

Do you expect the private sector to **grow in the upcoming years**?



In your opinion, what will its **growth most depend** on in the upcoming years?



84% of the respondents think that the private sector will continue to grow in the upcoming years

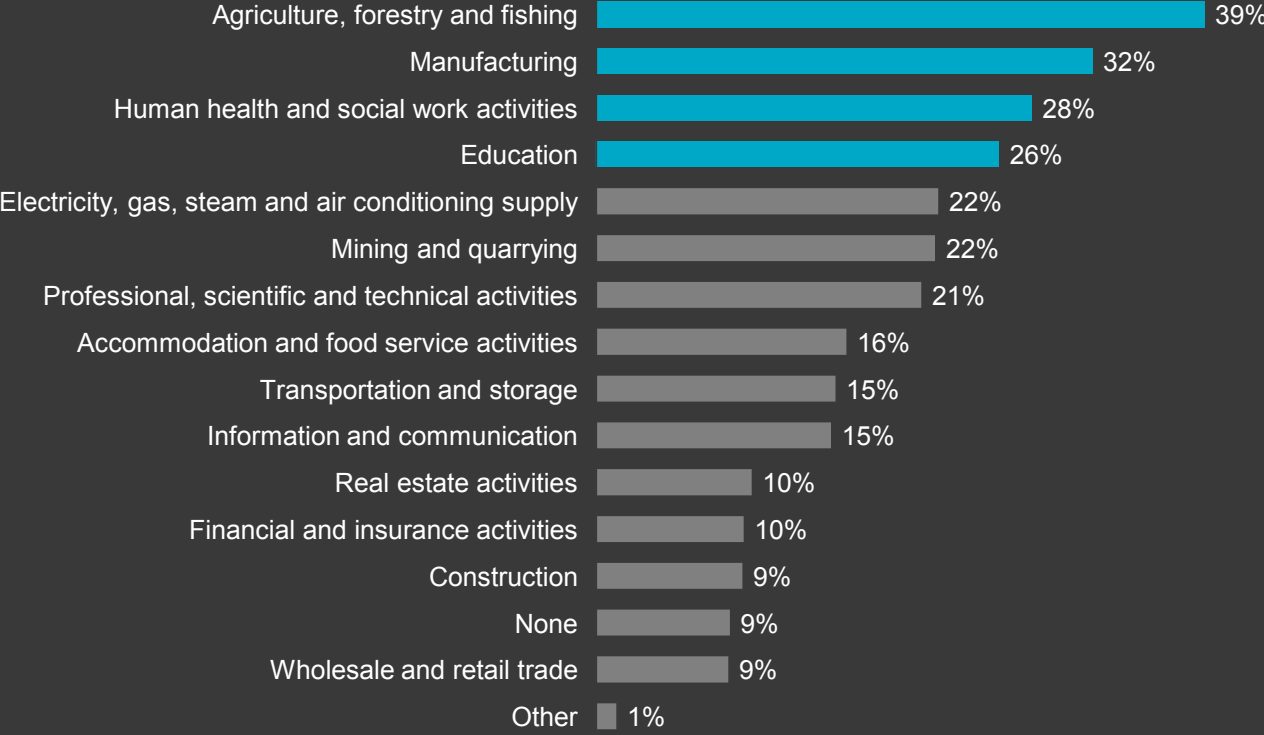
This growth is mostly expected to be driven by Multinationals (40%) and SMEs (25%)

While Start-ups may develop fast, contribution to private sector growth must be evaluated in relation to their rather small size

DEEP DIVE

Most neglected industries of the private sector appear to be agribusiness, manufacturing, human health and social work activities, and education

Do you think that the **private sector has been neglected** in any of the following industries?



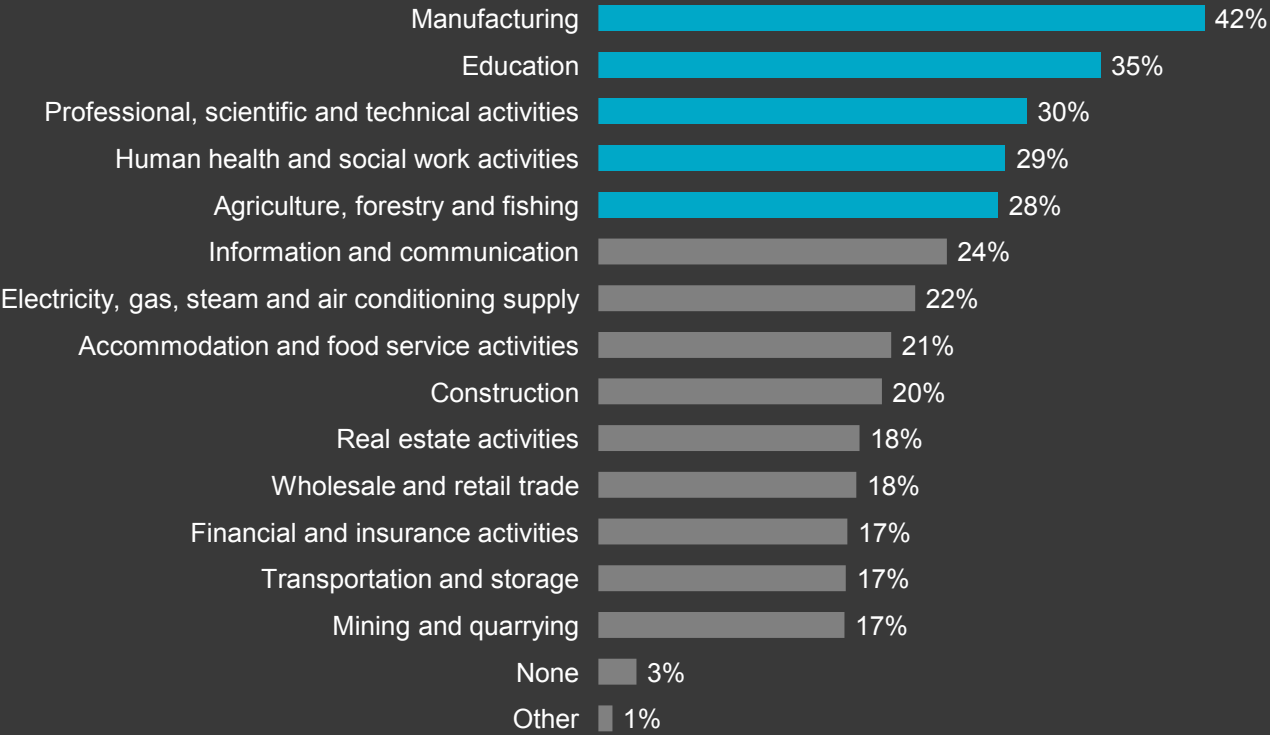
39% of the respondents claim that the private sector has been mostly neglected in agribusiness

Other neglected sectors include manufacturing (32%), human health and social work activities (28%) and education (26%)

DEEP DIVE

The private sector is expected to be most beneficial in neglected industries of manufacturing, education, professional services and human health

In which of the following industries could a **strong private sector be most beneficial** to your country?



A strong private sector is seen to be most beneficial in manufacturing (42%) and education (35%)

They are followed by professional, scientific and technical activities (30%) and human health and social work activities (29%)

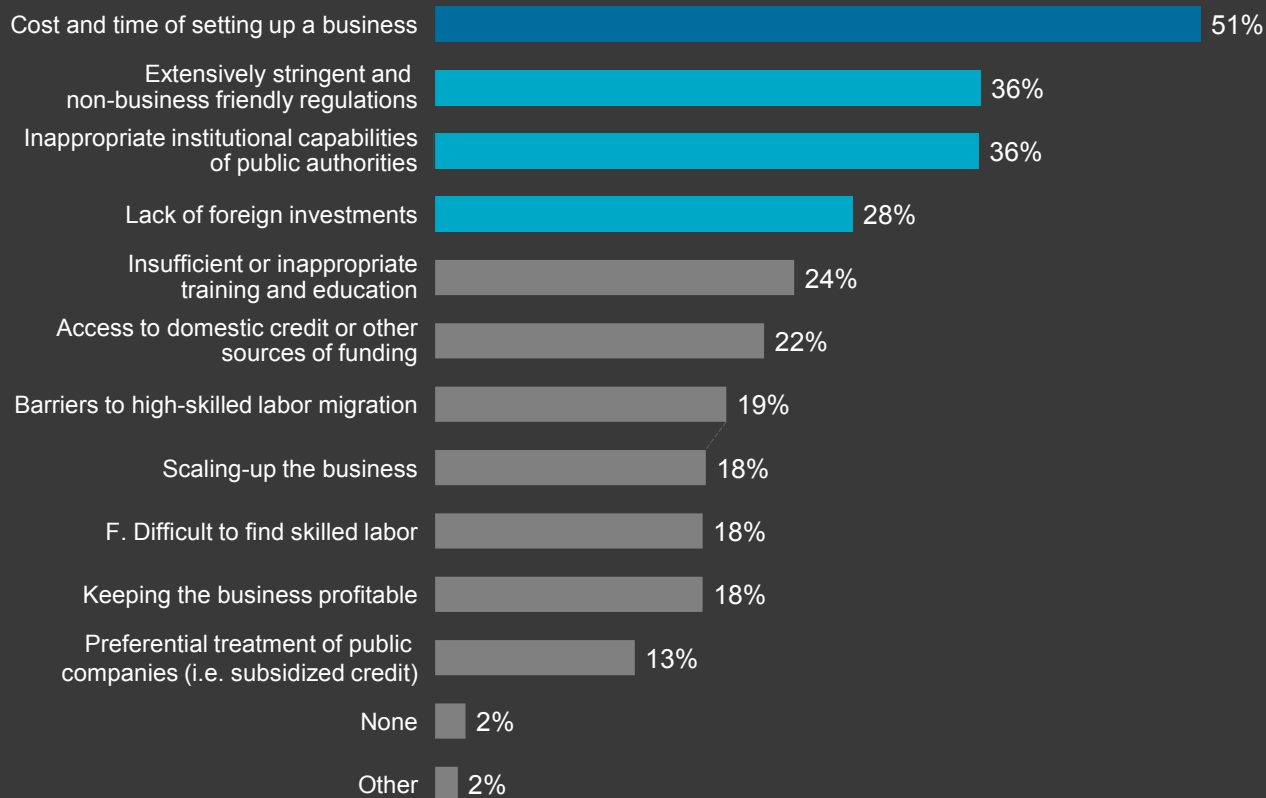
28% claim that agribusiness would be most beneficial

Strikingly, industries with the greatest benefits of a strong private sector have also been among the most neglected

DEEP DIVE

Expansion of SMEs and Start-ups is challenged by set-up costs, stringent regulations, weak institutional capabilities and a lack of foreign investments

What are the **main challenges for entrepreneurs** as well as small and medium-sized enterprises in your country?



Cost and time of setting up a business and is the most important challenge for entrepreneurs, mentioned by 51%

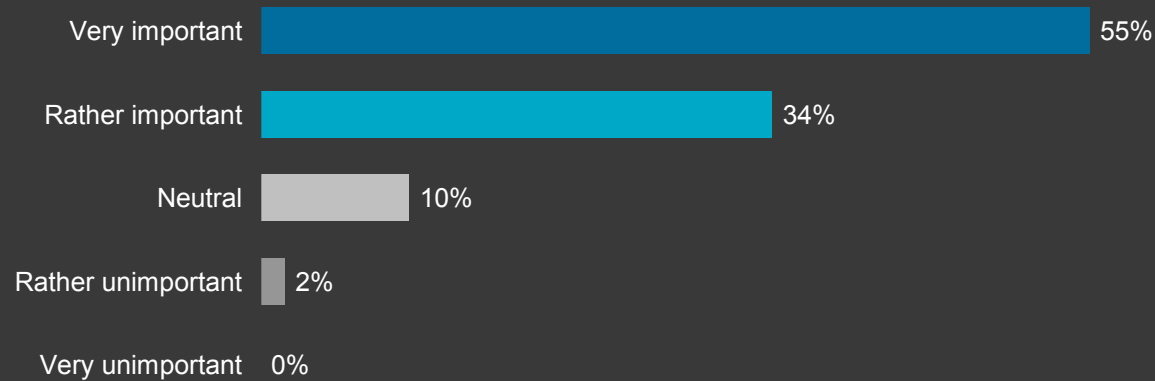
This is followed by excessively stringent and non-business friendly regulations (36%), and inappropriate institutional capabilities of public authorities (36%)

28% of the respondents state a lack of foreign investments

DEEP DIVE

The digital economy depicts a major opportunity according to a vast majority of the respondents – however, it receives insufficient public attention

How important do you think is the **Digital Economy for the future** of your country?



Do you think that the **Digital Economy receives sufficient attention** in the public debate?



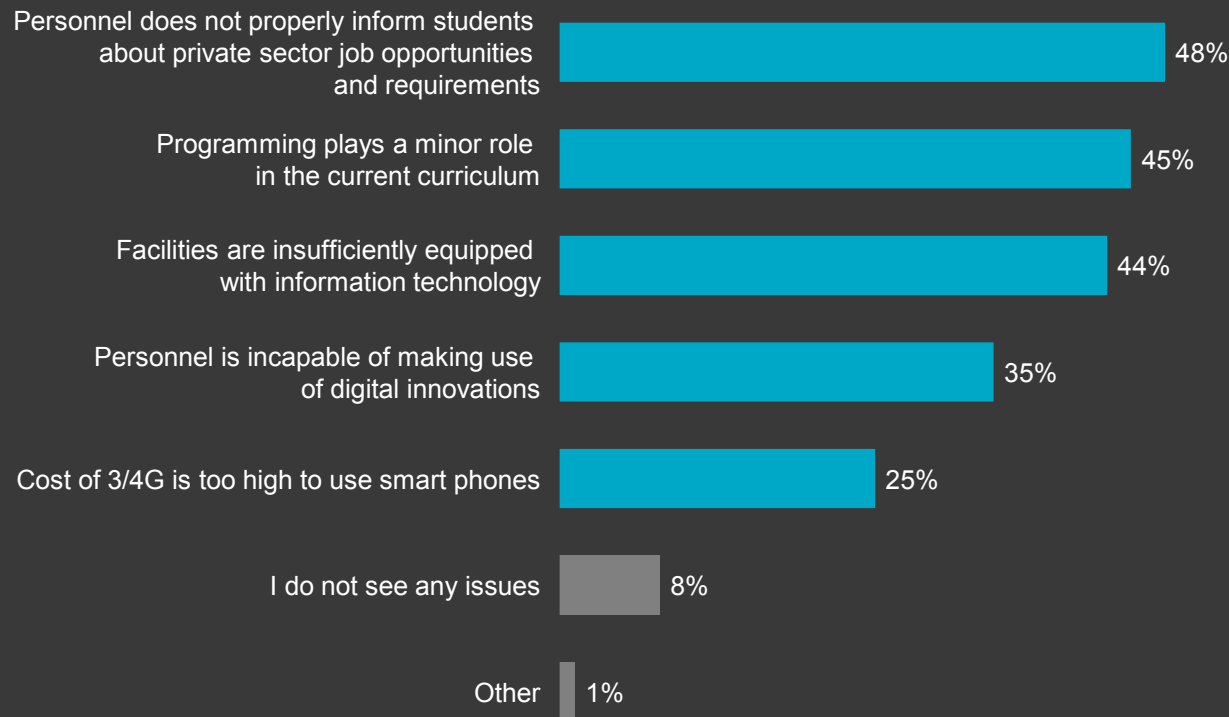
88% thinks that the digital economy is rather or very important for the future of the country

However, **58%** believe that, despite its importance, the digital economy does not receive sufficient attention in the public debate

DEEP DIVE

In order to reap the full benefits of the digital economy, educational staff, curriculum and facilities need to adapt

Do you see any issues with the **current education system** in terms of preparing the youth for tomorrow's private sector jobs?



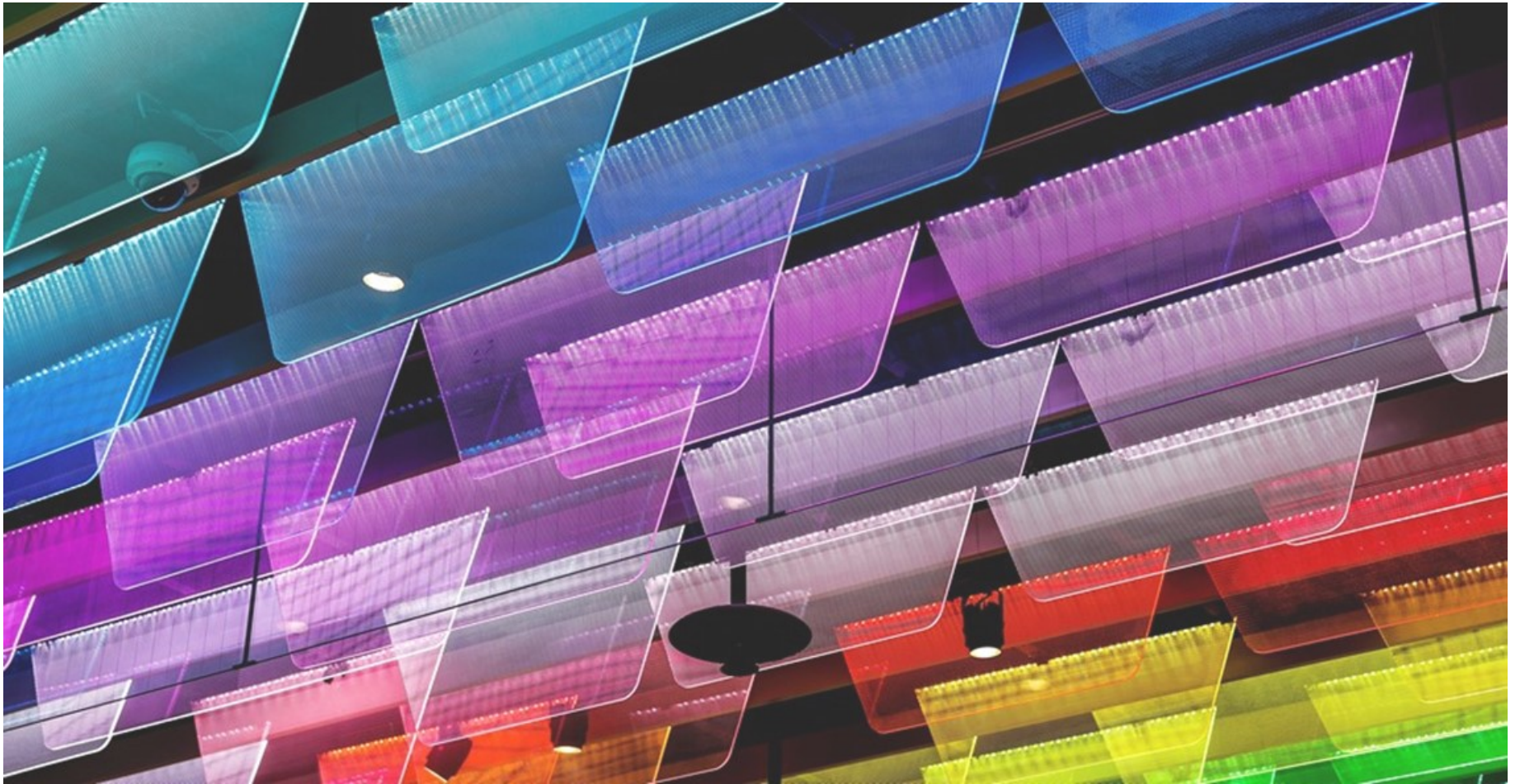
48% claim that they are not being properly informed about private sector opportunities and requirements by their teachers

45% responded that programming plays only a minor role in the curriculum

44% of the respondents, facilities are insufficiently equipped and **35%** think that the personnel does not possess the required digital capabilities

3

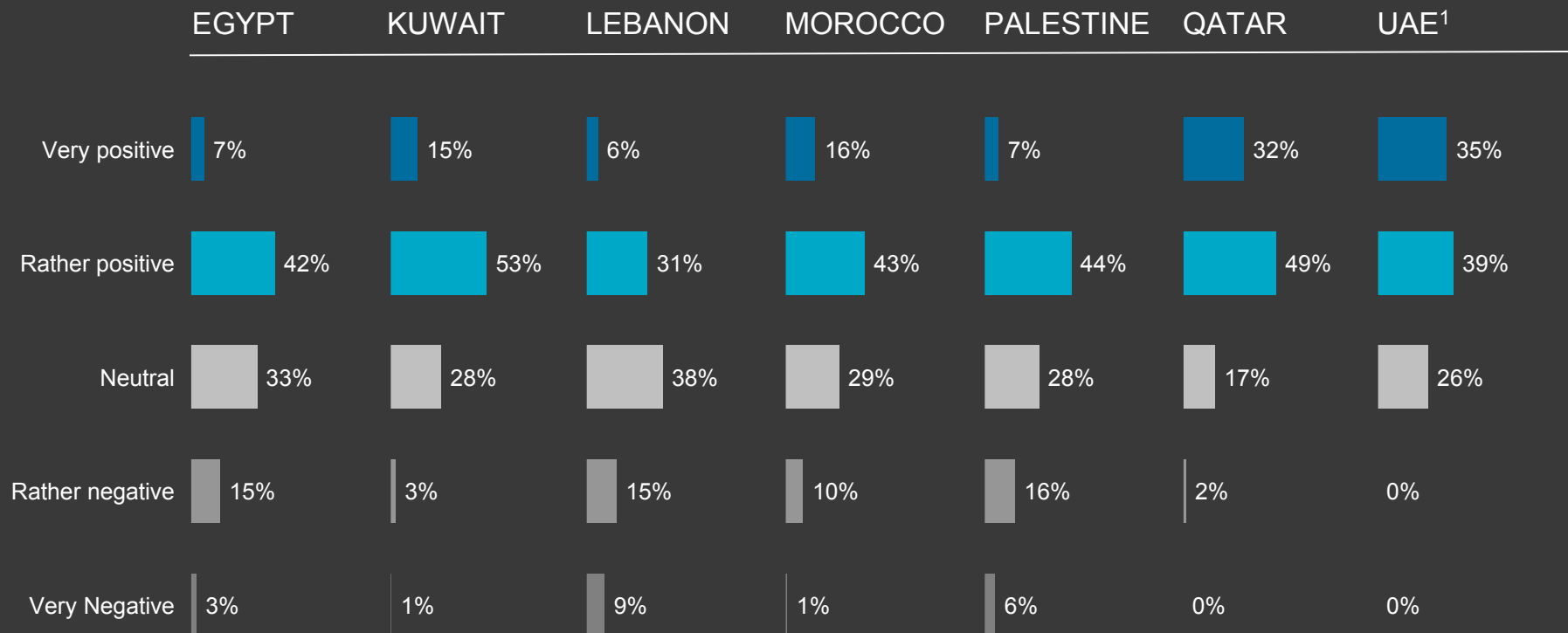
COUNTRY ANALYSES



COUNTRY ANALYSIS (1/9)

Positive opinions of the private sector are four times the negative opinions – the UAE has the most positive view on the private sector

What is your **opinion of the private sector** in your country?

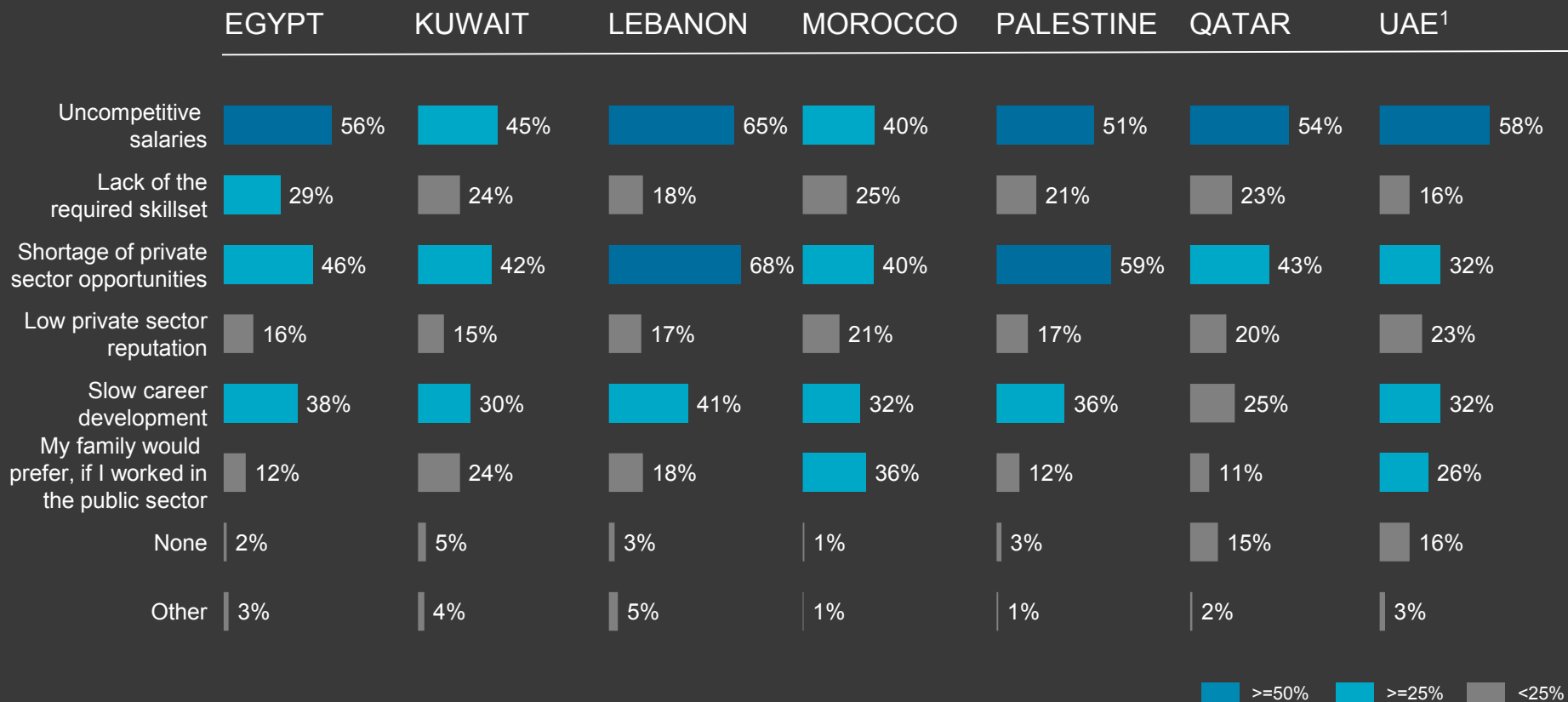


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COUNTRY ANALYSIS (2/9)

Uncompetitive salaries, slow career development and a shortage of jobs are seen as the most important obstacles to obtaining a job in the private sector

In your opinion, what are the **most important obstacles to obtaining a job** in the private sector?

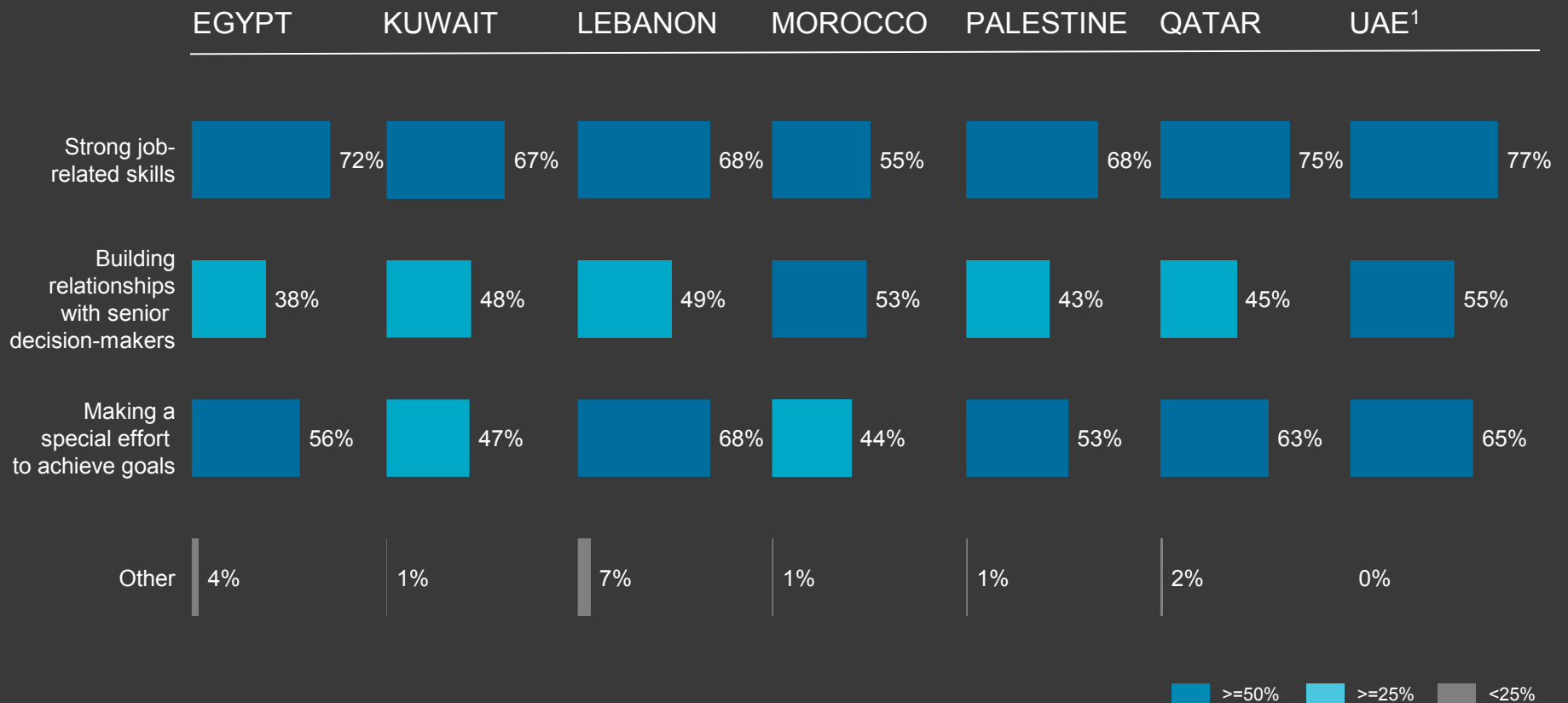


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COUNTRY ANALYSIS (3/9)

MENA's youth thinks that strong job-related skills and making a special effort to achieve goals are most conducive to success in the private sector

What determines the **success of an employee** in the private sector?

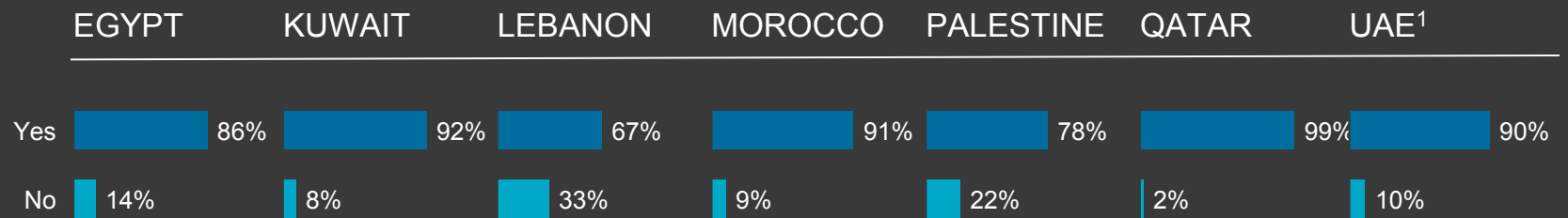


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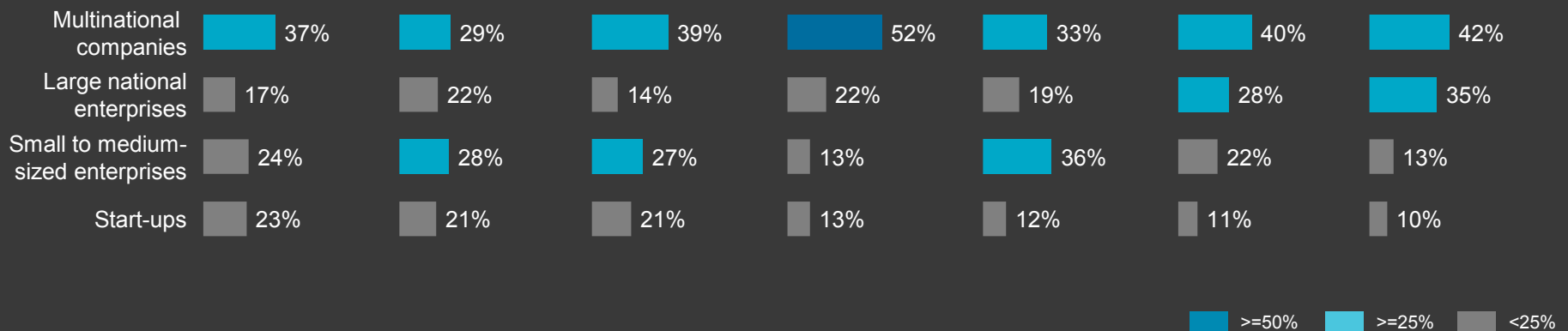
COUNTRY ANALYSIS (4/9)

Private sector to grow in the upcoming years – This is to be driven by multinationals as well as SMEs and large national firms

Do you expect the **private sector to grow** in the upcoming years?



In your opinion, what will its **growth most depend** on in the upcoming years?

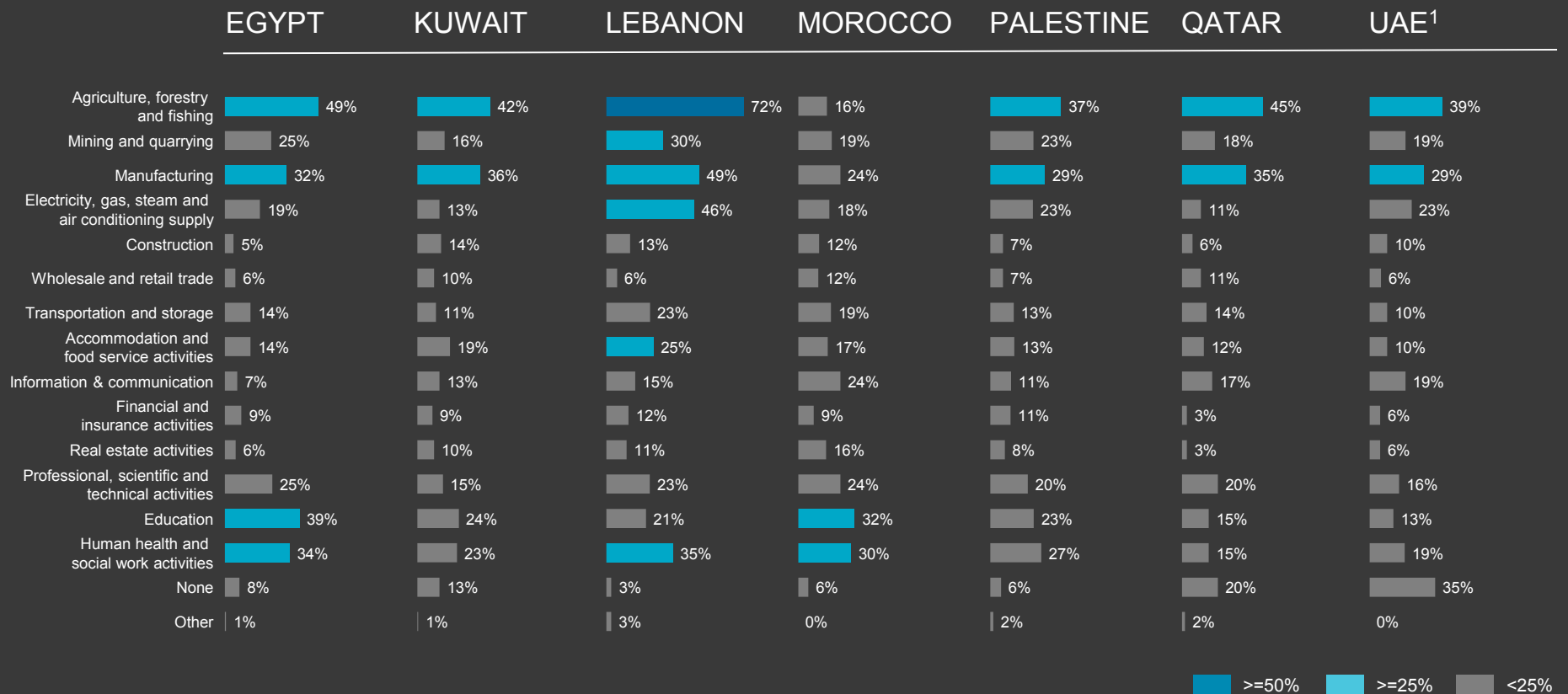


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COUNTRY ANALYSIS (5/9)

Agribusiness, manufacturing and human health as well as social work activities appear to be MENA's most neglected industries

Do you think that the **private sector has been neglected** in any of the following industries?

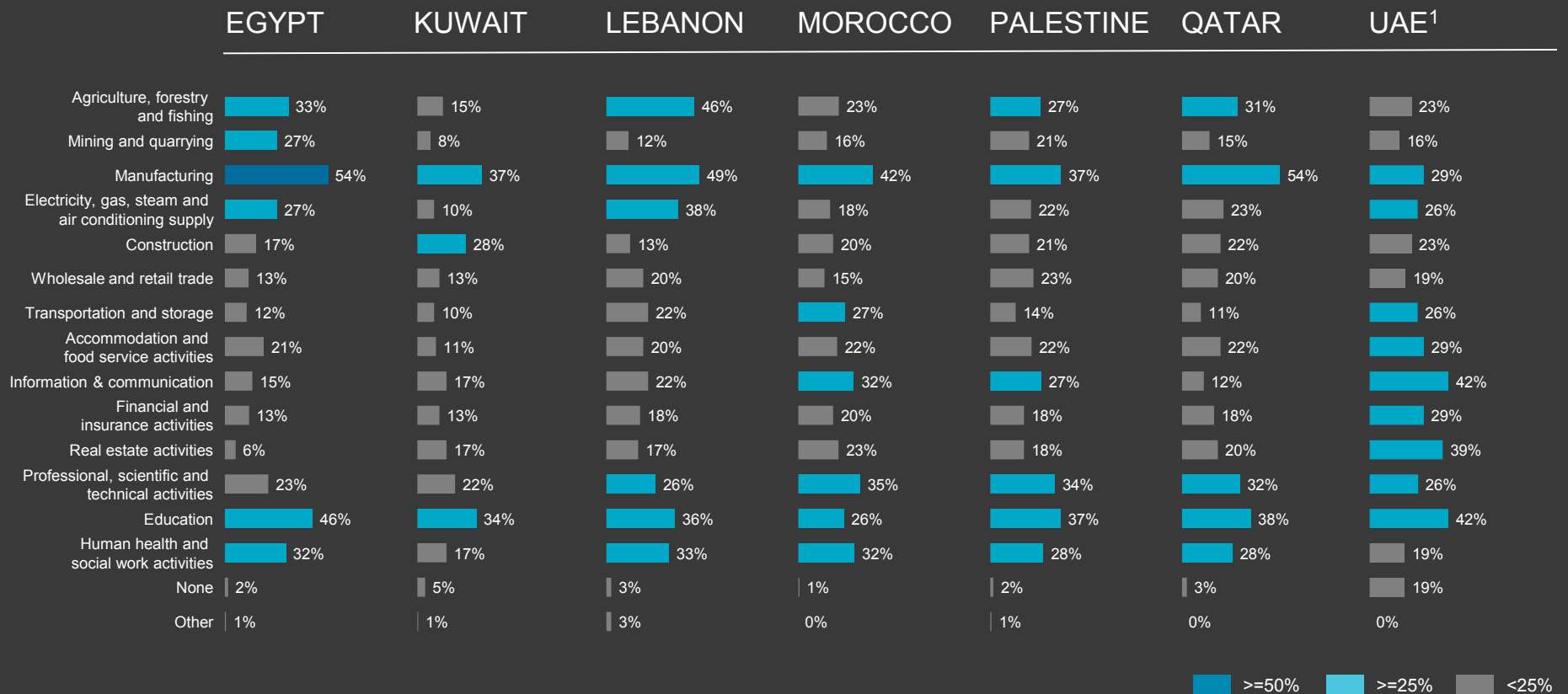


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COUNTRY ANALYSIS (6/9)

Manufacturing, education, professional services and human health are most beneficial private sector industries – they are also among the most neglected

In which of the following industries could a strong private sector be most beneficial to your country?

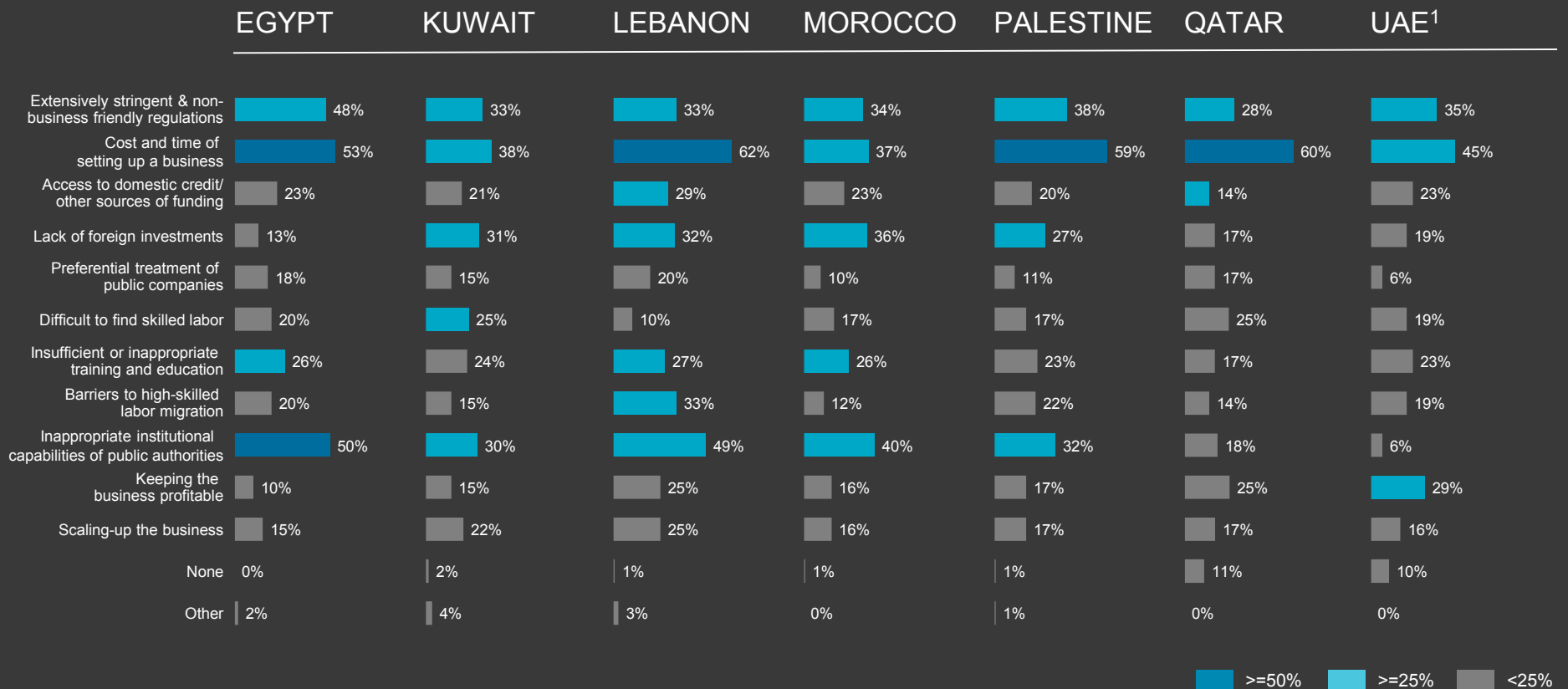


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COUNTRY ANALYSIS (7/9)

Cost and time of setting up a business, regulatory red tape, and inappropriate institutional capabilities depict main challenges for entrepreneurs and SMEs

What are the **main challenges for entrepreneurs** as well as **SMEs** in your country?

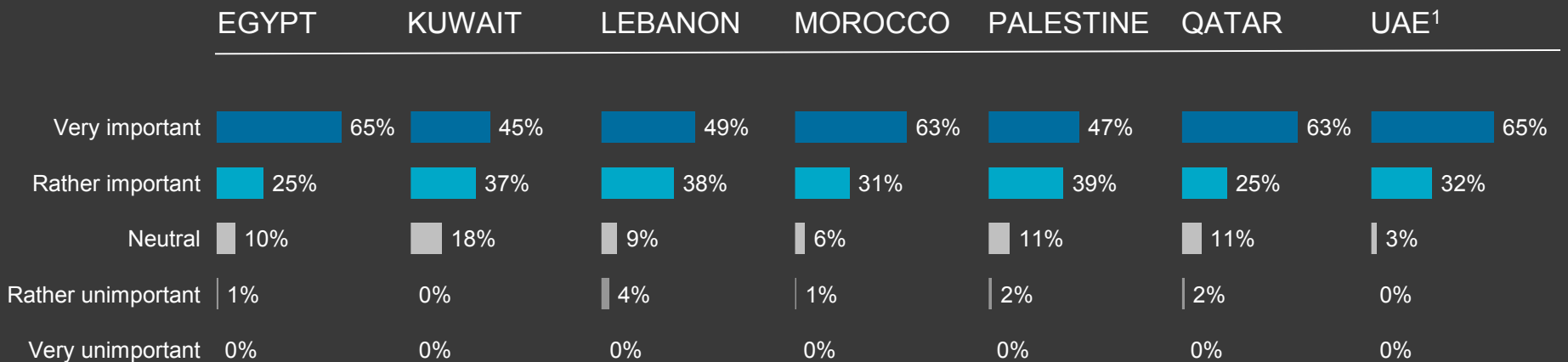


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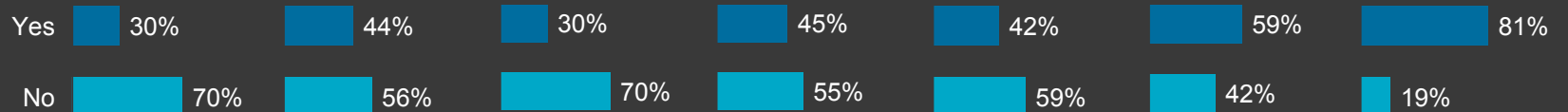
COUNTRY ANALYSIS (8/9)

The digital economy depicts a very important opportunity, yet it receives insufficient public attention in most countries except for the UAE

How important do you **think is the Digital Economy** for the future of your country?



Do you think that the **Digital Economy receives sufficient attention** in the public debate?

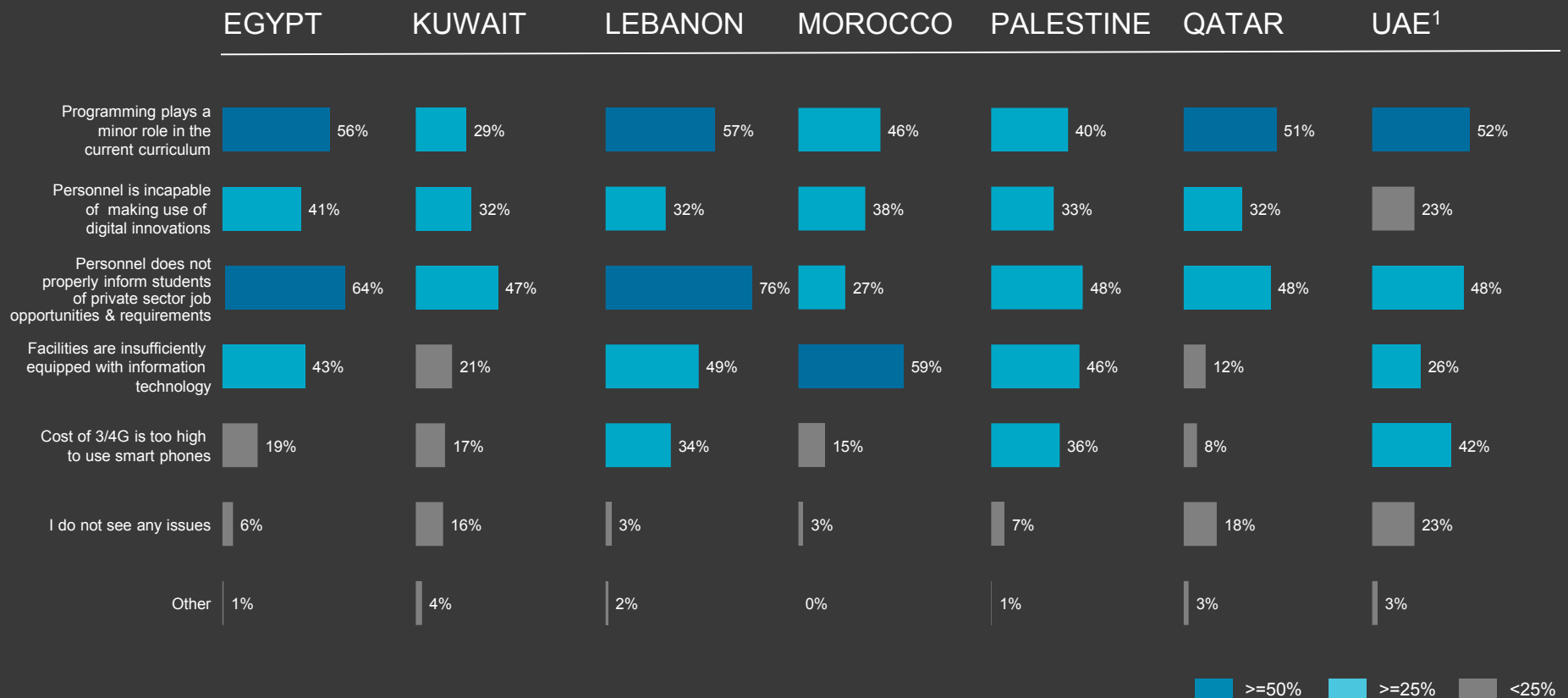


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COUNTRY ANALYSIS (9/9)

Lack of information about private sector jobs, minor role of programming and insufficient information technology are main issues of the education system

Do you see any issues with the **education system in terms of preparing** the youth for tomorrow's private sector jobs?



1. Error margin may exceed 10% due to a limited sample size

