

Skills Gaps and Meritocracy Deficit:

Challenges to the Transition from Education to Work in MENA

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One of the key goals of all education and training systems is to generate employable graduates. Employability entails the capital of skills, competencies, academic certificates and professional qualifications and refers to the capacity of graduates' to function in a job, but does not imply the acquisition of a job. An employable graduate is not just one who demands a job but rather one who is in a position to offer relevant skills to the labor market. From this perspective, being unemployable entails a higher risk of long-term exclusion than just being unemployed.

Youth in MENA face the challenge of a "double transition" from education to work: First, they need to obtain skills, competencies, and credentials to become employable; and second, they need to successfully position themselves in a labor market characterized by a lack of meritocracy. There is evidence that quality and relevance of graduates' education and skills continue to be a challenge; but there also seem to be significant obstacles in the second transition, as many employers make hiring decisions based on criteria other than candidates' skills and qualifications. Graduates who successfully master the first transition and feel they are employable have higher expectations for jobs and oftentimes aspire to "insider" positions, preferably in the public sector. Thus, in addition to the mismatch between supply and demand for skills, there is a mismatch between graduates' aspirations and availability of acceptable and decent jobs.

Thus, in a region which is generating far too few jobs, or far too few high quality jobs, and where jobs are allocated not on the basis of merit but other "non-market" criteria, the signals coming from the labor market do not emphasize skill acquisition as the route to employment. The end result is a system which has relatively poor outcomes at the end of compulsory schooling cycle, little pressure to change traditional patterns of pedagogy, i.e., high selectivity and rigid tracking, also resulting in a rather moribund Technical and Vocational Education and Training (TVET) system.

In a small, protected and uncompetitive private sector, the labor market does not seem to consider and acknowledge the employability capital of graduates and the education and training system, in turn, does not seem to have the incentives and/or the capacity to second-guess a labor market that fails to signal. Hence, there is a *low level equilibrium trap* in that, if the labor market does not really demand much, the education and training system is not compelled to deliver much, other than the pipeline of prospective public sector employees.

There are both supply and demand side factors that constrain graduates' chances of cashing in their 'employability capital.' i.e., what we have called the 'second transition'. On the supply side, education and skill development systems fail to produce and to signal the relevant skills required by employers. The general lack of job opportunities, the use of low-wage labor intensive techniques and finally the predominant use of informal job search and recruitment channels in the labor market are the major demand-side constraints.

Dignity and transparency are values in their own right and they are now strongly rising in the region as citizens, particularly youth, have underscored that they are not giving up on them. The precise measurement of these concepts with hard data is unsatisfactory to date. But the existing evidence from opinion polls, focus groups and individual interviews stress the perceived indignation that investing in education and training is not sufficient to overcome the employment barrier. The strong and rising social expectations from education systems in MENA are not being fulfilled; this could severely undermine public confidence on education and training systems.

How can education and training systems in MENA build employability and how can it be made to count in the labor market?

From the specific perspective of education and training systems, long-term policies to address the challenges in the education to work transition need to go in three fundamental directions:

- a) ***Close the information and knowledge gaps.*** This entails, on one hand, a focus on monitoring and evaluating quality of education and, on the other, the reform of assessment and certification systems. Addressing knowledge and information failures, gaps and asymmetries will allow employers to better communicate what they require from the education and training system, schools and educators to improve quality and to better assess and certify learning, families and students to make better informed decisions and to build realistic expectations in terms of education to work transition, and all stakeholders to have more systematic and accurate information on what education and training is accomplishing, i.e., an increase in transparency which can lead to more solid accountability of all institutions and actors involved.
- b) ***Replace the logic of selection with the logic of learning.*** The ultimate challenge for education in the 21st century is a paradoxical one: Designing a race where everybody can win and where there are multiple ways to win. This can only happen when the State accepts that multiplying and maximizing opportunities for all citizens, particularly for its youth, must be one of its top priorities. Hence, education and training systems, particularly at the secondary level and including TVET, should become more inclusive, geared towards learning and less towards selecting and exclusively rewarding the academically able while leaving the rest behind. Policy priorities should thus switch to preventing drop out and early school leaving, and finding alternative training itineraries for everyone to acquire relevant skills and competencies for a successful school to work transition.
- c) ***Make employability count through a renewed partnership between education and training and the private sector.*** A new and more effective PPP framework in education and skills development is required in MENA leading to the right incentives and the necessary information so that employers actually play a prominent role in education and training. A common language and incentives are needed to address the signaling failures from both sides. There is also a role for public and private intermediation to provide employers access to a larger pool of candidates and thus improve the efficiency of the job-matching process.