Skills Gaps and Meritocracy Deficit: Challenges to the Transition from Education to Work in MENA

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MENA has a large share of untapped human resources that are not participating in economic activity.

**Non-GCC Middle East and North Africa**
- Formal workers: 48%
- Informal workers: 27%
- Unemployed: 6%
- Inactive: 19%

**Latin America and the Caribbean**
- Formal workers: 31%
- Informal workers: 27%
- Unemployed: 5%
- Inactive: 37%

**Europe and Central Asia**
- Formal workers: 38%
- Informal workers: 16%
- Unemployed: 6%
- Inactive: 40%
Regional youth unemployment

MENA is by far the region with the highest youth unemployment

Global and regional youth unemployment rate

The key questions that need to be asked on employability and school to work transition

- Do education and skills development systems really enable people to access jobs or are they rather barriers to employability?
- Is being employable enough to get a job in MENA countries?
- How can education and skills development systems be adapted to respond to and promote labor demand?
1. Do education and skills development systems really enable people to access jobs or are they rather barriers to employability?
Great Progress, Greater Expectations and even Greater Aspirations...

Source: Edstats

Note: Gross Enrollment is Total enrolment in a specific level as a percentage of the official school-age population corresponding to the same level of education in give school-year.
... But the quality of education is still below international standards;

Source: Edstats
Note: TIMSS = Trends in International Mathematics and Science Studies
With comparatively high inefficiency;

Public Exp on Education as % of GDP x 2011 TIMSS gr 8 Science

Public Expenditure on Education as a % of GDP (WB 2010 Figures)

R² = 0.0459
And generating low quality skills

Benchmarking MENA countries in Math, TIMSS 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>Below low (&lt;400)</th>
<th>Low (400-474)</th>
<th>Intermediate (475-549)</th>
<th>High (550-624)</th>
<th>Advanced (&gt;625)</th>
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<td>MENA GCC average</td>
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<td>MENA non-GCC average</td>
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Advanced (>625) | High (550-624) | Intermediate (475-549) | Low (400-474) | Below low (<400)
Relevance to the Labor Market does not seem to be working well either...

Technical/vocational enrolment in secondary (ISCED 2 and 3) as % of total secondary enrolment (ISCED 2 and 3)

Source: Egypt ELMPS
... and the employers are complaining that graduates are not employable

Relevance: perceived skill shortages
(% of firms perceive skills of workforce as constraint)

- Middle East and North Africa: 54
- Eastern Europe and Central Asia: 43
- Latin America & Caribbean: 43
- East Asia & Pacific: 34
- Africa: 33
- South Asia: 25
- Spain (2005): 14
- Korea (2005): 7
- Germany (2005): 7

(% of human resource manager agreeing that recent university graduate hires have the appropriate skills)

- Egypt: 30
- Jordan: 16
- Morocco: 50
- Saudi Arabia: 50
- Yemen: 30

Legend:
- University graduates Hard skills
- University graduates Soft skills
Do existing education & training systems enable people access jobs or are they rather barriers to employability? 
(or Why are there skills gaps?)

- Young people have limited information to base their educational choice
- Employers have limited information on which to base hiring decisions
- Education & training systems have limited information to base reform, curriculum changes, etc.

$\Rightarrow$ Lack of institutional dialogue

$\Rightarrow$ Knowledge and information failures

Private sector and education & training operate in isolation

The public sector is the main ‘client’ and shapes expectations

Gov dual function: jobs & regulation

Signal for public hiring rather than skill provision

A logic of selection prevails over a logic of learning

Early selection, rigid tracking and high-stakes examinations

Focus on irrelevant skills and content

$\Rightarrow$ Gap between what employers and other stakeholders expect from the education system (skills) and the wider social perception regarding what really counts (scores)
2.

Is being employable enough to get a job in MENA countries?
In MENA, being employable is not enough for youth—and outsiders in general—to transition from education to work and to get a job. As a result, youth need to succeed in a “double transition”: in addition to obtaining competencies and credentials to be employable, they need to position themselves in the labor market.
What matters for graduates’ second transition is: whether or not employability (skills and competencies) counts when employers make hiring decisions; whether or not education (credentials and qualifications) matters to employers when they decide among candidates for a job; and whether or not hiring is transparent and based on merit.
The ‘second transition’: ‘whom’ you know matters

Perception of jobs given through connections
(Gallup opinion poll among youth, major constraint to getting a job)

Jobs found through informal mechanisms
(Proporion of employed in the private sector who found their job through friends/relatives_)

“Ma’am, even if we acquire the right skills, even if new jobs are created, what does it matter if I do not carry the “right” family name? My less talented class mate with the connections will end up landing the job anyway.” (Young woman, Morocco)

“They advertise for jobs, but that is just a routine process, they already know who will be hired. Young people hope they will get hired but it never happens.” (Young woman, Egypt)
A meritocracy deficit?

**MENA scores low on proxy of meritocratic hiring**
(Reinsurance of professional management in making hiring decisions versus their reliance on families and friends, Global Executive Survey)

**Perceived skill shortages larger in countries with less meritocratic hiring**
(Employer-reported skill shortages versus reliance on professional management when making hiring decisions)

Source: Global Executive Survey, 2011
The hypothesis of a Meritocracy Deficit

• The increasing demand for transparency and equality of opportunity in accessing jobs makes the importance of meritocracy and clear rules in job search and hiring even more salient.

• Young people and their families have high expectations, invest heavily in education and skills, and they expect these investments to pay off. Yet listening to students, graduates, and employers in MENA countries, there is a widespread perception that education credentials serve a minor role in employers’ hiring decisions.

• Educated youth in MENA have received a clear message from the labor market: to access one of the few insider jobs, you must wait your turn or already belong to an insider family.
How can education and skills development systems be adapted to respond to and promote labor demand?
**Barriers**

- A logic of selection prevails over a logic of learning
- Private sector and education & training systems operate in isolation
- The public sector is the main ‘client’ of the education system
- Meritocracy deficit

**Conditions for change**

- Close the information and knowledge gaps
- Replace the logic of selection with a logic of learning
- Make employability count through renewed partnership with the private sector
- Provide 2nd chance options outside the education system

**Policy answers**

- Monitoring & evaluation; dissemination of data; reform of assessment & certification.
- Provide opportunities for every student; reform school-leaving examination system; focus on soft-skills; paradigm shift for TVET
- Institutionalize coordination/communication channels; private provision of TVET; efficient and transparent intermediation
- Comprehensive ALMP package; entrepreneurship training; wage subsidies; temporary workfare/public works; home-based work

**Low quality and relevance of skills**

**Little importance of merit in access to jobs**