

**ENHANCING EMPLOYABILITY  
THE DOUBLE TRANSITION FROM EDUCATION TO WORK IN THE ARAB WORLD**

Proceedings of the Third Arab Development Symposium



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# CONTENTS

<b>ACRONYMS</b> .....	<b>1</b>
<b>PREFACE</b> .....	<b>3</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>5</b>
<i>Emerging Themes</i> .....	5
<b>SUPPLY THEMES</b> .....	<b>5</b>
<b>DEMAND THEMES</b> .....	<b>6</b>
<b>CONTEXTUAL THEMES</b> .....	<b>6</b>
<b>POLICY RECOMMENDATIONS</b> .....	<b>6</b>
<b>INTRODUCTION</b> .....	<b>9</b>
<b>EDUCATION IN THE ARAB REGION</b> .....	<b>11</b>
<i>Good Access, Poor Quality</i> .....	11
<i>Education for Social Status and Public Employment</i> .....	13
<i>Impact of Universities</i> .....	15
<i>Governance Deficit and Limited Role of Stakeholders</i> .....	17
<i>Success Stories in Education</i> .....	18
<b>A JORDANIAN SCHOOL</b> .....	<b>18</b>
<b>A PALESTINIAN SCHOOL</b> .....	<b>19</b>
<b>TAMAM PROJECT</b> .....	<b>19</b>
<i>Successes in Linking Education to Employment</i> .....	20
<b>EGYPT’S AMERICANA GROUP</b> .....	<b>20</b>
<b>GLOWORK IN SAUDI ARABIA</b> .....	<b>20</b>
<b>ARAB ECONOMIES AND LABOR MARKETS</b> .....	<b>21</b>
<i>Economies Failed to Create Enough Jobs</i> .....	21
<i>Dominance of the Public Sector</i> .....	22
<i>Inefficient and Inequitable Labor Markets</i> .....	23
<i>Demand-Related Causes of Unemployment</i> .....	24
<b>CONTEXT</b> .....	<b>25</b>
<i>Demand-Related Contextual factors</i> .....	25
<i>Supply-Related Contextual factors</i> .....	27
<b>POLICY RECOMMENDATIONS</b> .....	<b>28</b>





## ACRONYMS

ADS	Arab Development Symposia
ALECSO	Arab League Educational, Cultural and Scientific Organization
ASDI	Arab Spring Development Initiative
ERF	Economic Research Forum
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
PIRLS	Progress in International Reading Literacy Study
PISA	Program for International Student Assessment
RIAD	Research Initiative for Arab Development
SMEs	Small and Medium Enterprises
TIMSS	Trends in International Mathematics and Science Study
TVET	Technical & Vocational Education & Training
UNESCO	United Nations Educational, Scientific and Cultural Organization



## PREFACE

Recognizing the importance of policy debate and knowledge sharing in the field of development, the Arab Fund for Economic and Social Development and the World Bank (Middle East and North Africa Region) agreed in March 2010 to hold joint high-level development seminars around issues pertaining to the Arab World. These were to be known as the Arab Development Symposia (ADS) and would be held on a regular basis, every 18 months or so, at the Arab Fund premises in Kuwait.

The goal was to provide an opportunity for policymakers, practitioners and academicians to share ideas and experiences on topics which are high on the Arab development agenda. As such, the ADS series complement other fora for research and knowledge sharing and dissemination such as the Economic Research Forum (ERF), the Research Initiative for Arab Development (RIAD) and the recent Arab Spring Development Initiative (ASDI).

The first ADS symposium examined the topic of "Food and Water Security in the Arab World" and was held in Kuwait City in March 2011. The second symposium focused on small and medium enterprises "Reinvigorating the Developmental Role of SMEs in the Arab Countries" and was held in Kuwait in June 2012. The third symposium, which is the topic of this report, was held in Kuwait in November 2014.

The present report was prepared by Muhammad Faour, Consultant and Founding Dean of the College of Arts and Sciences, Phoenicia University, Lebanon. The coordinators of the symposium were Imed Limam and Huda Al Rashid at the Arab Fund, and Mustapha Rouis and Isabelle Chaal-Dabi at the World Bank. They worked under the guidance of Abdlatif Al-Hamad, Director General and Chairman of the Board of Directors of the Arab Fund, Ahmed Osman, Director of the Technical Department at the Fund, and Shantayanan Devarajan, Chief Economist of the MENA region at the World Bank.

Finally, the agenda, list of participants and background documents will be posted, together with this report, on the website of both institutions.



## EXECUTIVE SUMMARY

The symposium conveyed two main messages: (a) dissatisfaction with the quality of education in the Arab region and (b) the need for a new social contract that would facilitate comprehensive reform in education and economic systems.

At the symposium, the demand-supply approach prevailed whereby the demand factors referred to the labor market and supply factors to the characteristics and outcomes of Arab education systems, both of which exhibited great variation. In addition, factors relating to political, social and cultural contexts were cited.

### *Emerging Themes*

Of the many ideas and themes that emerged at the symposium, there was consensus about eight main themes, three of which are supply related; three are demand related; and two are contextual:

## SUPPLY THEMES

- Despite the impressive improvement in access to education as indicated by substantial increases in student enrollment at various education levels- basic, secondary and higher education, the quality of outcomes remains low by international standards with graduates deficient in 21<sup>st</sup> century skills such as effective oral and written communication in both the native language and a second international language notably English, entrepreneurship, problem solving, creative thinking and information and communication technology (ICT) skills, and civic competencies.
- Low quality of education is also reflected in the weak ability of graduates to use the knowledge and skills acquired through education to produce economic wealth, improve productivity, and meet emerging labor market needs.
- Deficiencies in the education systems are mainly due to serious weaknesses in governance (particularly transparency and accountability), teachers' academic and pedagogic preparation, curriculum, quality assurance, and participation of various stakeholders as well as the prevalence of selectivity and rigid tracking over inclusiveness.

Despite the general negative tone of the above themes, some success stories in education were told in the symposium.

## DEMAND THEMES

- Labor markets are inefficient due to exclusion of over half the women and youth, and inequitable due to allocation of higher income jobs to the public sector that adds limited value to the economy and gives little importance to merit in access to jobs.
- The public sector dominates over the private sector because it is both the regulator and the main 'client' of the education system. Wages are higher and productivity is lower in the public sector than in the private sector particularly in the weaker uncompetitive small and medium enterprises (SMEs). And the private sector is dominated by monopolies allied with the political regimes.
- The high rate of youth unemployment is caused by several factors, notably continuous high population growth; low productivity growth rates; dependence on oil and lack of diversified economies particularly in the oil-exporting countries; preference for cheap expatriate labor over national labor, especially in the Gulf countries, due to the high reservation wage of nationals; weak demand due to rentier economies; and inefficient employment enabling mechanisms such as retraining programs, manpower projections, job placement services, and incentives for hiring nationals; and lack of effective communication between colleges and employers.

## CONTEXTUAL THEMES

- Education is not a top priority on the political agendas of Arab governments. Political commitment to substantial reform of the education system is neither serious nor continuous. And the existing social contract, which is based on the rentier system, is a barrier to a holistic education reform that promotes employability skills.
- There are significant variations among and within Arab countries with regard to the context of the relationship between education and employability. Some of these variations reflect social and political values that resist change while others refer to vested interests of influential groups that support the status quo. But there are also cultural values that support educational reform.

## POLICY RECOMMENDATIONS

- ✓ Close the information and knowledge gaps between the education system and employers through a mechanism of data collection, monitoring and evaluation, dissemination of relevant data, and reform of assessment and certification.

- ✓ Replace the logic of selection in the education systems with the logic of learning through a holistic reform including reforming assessment systems, focusing on 21<sup>st</sup> century skills, promoting technical and vocational training, establishing independent quality assurance and accreditation systems, and creating employment enabling mechanisms.
- ✓ Make employability count through partnership among various stakeholders- public officers, private sector, NGOs, service providers, parents, students, and community leaders, and more broadly through a new social contract based on accountability and transparency which replaces the rentier system with a competitive private sector and a fully reformed education system.
- ✓ Redistribute state revenues through cash transfers to citizens rather than public sector wages. This releases the pressure on public employment and allows citizens to start their own businesses in the private sector.
- ✓ Stop free public higher education in incremental steps because the government should only subsidize the higher education of lower and middle classes. This leads to more accountability in education as well as higher quality. And the poor can still receive public financial support in education.
- ✓ Change relevant laws pertinent to education and labor in order to enhance employability; and secure political commitment to implement the new laws.
- ✓ Conduct further research on the nexus between education and employment particularly on how to incentivize public education to promote employability.





## INTRODUCTION

Social and economic development in the Arab region has been hampered by the shortage of qualified human resources, partly due to the mismatch between labor market needs and the outcomes of the education systems at all levels: K-12, vocational and higher education. For decades, numerous studies have addressed the challenges of education and employability,<sup>1</sup> notably five flagship reports by the World Bank: *The Road Not Traveled* (2008), *From Privilege to Competition* (2009), *Jobs for Shared Prosperity* (2013), *Jobs or Privileges* (2014), and the forthcoming report on *Trust, Voice and Incentives in Service Delivery*.<sup>2</sup> Yet, several issues remain debatable as the unemployment rate in the Arab region has reached 17%, with one out of four holders of college degrees being unemployed.<sup>3</sup> These data should alert policy makers to their likely implications for political stability and social cohesion. There is an urgent need to reform the Arab education systems in order to enhance employability as well as reform the Arab economic systems to become more competitive, accountable, and socially responsible.

On November 5, 2014, the Arab Fund for Social and Economic Development, together with the World Bank held a one-day international symposium in Kuwait city to discuss ways of improving the employability of educational outcomes in the Arab region and to recommend appropriate policy measures to that end. The symposium brought together 66 experts from across the Arab region (Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Tunisia, United Arab Emirates, and Yemen) as well as scholars from the United States, Europe, and Canada, and representatives of regional and international organizations including ALECSO, Arab Fund for Social and Economic Development, Arab Monetary Fund, Arab Bureau of Education for the Gulf States, Islamic Development Bank, IMF, Rand Corporation, UNESCO, and the World Bank.

There were three sessions in the symposium followed by a panel discussion on options to reform the education system for better employability. The sessions covered the following

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<sup>1</sup> Employability here refers to all the factors that enable graduates to progress towards getting a job, keeping it and progressing during their career. It encompasses knowledge, skills, certificates, competences and experience required to succeed in the labor market.

<sup>2</sup> Available online and accessed on December 12, 2014: [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/16/000333037\\_20140716151958/Rendered/PDF/888790MNA0Box382141B00PUBLIC0.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/16/000333037_20140716151958/Rendered/PDF/888790MNA0Box382141B00PUBLIC0.pdf); [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/11/24/000333037\\_20091124234258/Rendered/PDF/518330PUB0priv11Official0Use0Only10.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/11/24/000333037_20091124234258/Rendered/PDF/518330PUB0priv11Official0Use0Only10.pdf) <http://documents.worldbank.org/curated/en/2003/01/17570471/jobs-shared-prosperity-time-action-middle-east-north-africa-vol-4-4-full-report>; [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/16/000333037\\_20140716151958/Rendered/PDF/888790MNA0Box382141B00PUBLIC0.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/16/000333037_20140716151958/Rendered/PDF/888790MNA0Box382141B00PUBLIC0.pdf)

<sup>3</sup> Ahmed Osman, keynote speech at the symposium.

topics: (a) Arab education systems: barriers or enhancers of employability? (b) education and the job market: improving the link between them through policy realignment of incentives; and (c) role of governance in improving the quality of education and employability of educational outcomes.

The symposium began with two keynote speeches that presented a number of issues for discussion and provided guidelines for the subsequent sessions. The first speech was by Ahmed Osman, Director of the Technical Department at the Arab Fund, on behalf of Abdlatif Al-Hamad, Director General and Chairman of the Arab Fund. Mr. Osman emphasized two factors that explain the weak link between education and the labor market in the Arab world: (a) low quality of education and (b) weak ability of graduates to use the knowledge and skills acquired through education to produce wealth and improve productivity. He pointed out the dominance of the public sector over the private sector in the economy and the presence of a social contract that is based on free public education, public sector employment, and subsidies. The second speech was by Inger Andersen, Regional Vice President at the World Bank. Ms. Andersen stressed that: (a) labor markets in the Arab world are inefficient and inequitable; (b) Arab countries succeeded in widening access to education but fell short of meeting the evolving needs of the labor markets; yet, local successes offer important lessons and inspiration; and (c) enhancing education and employability requires a new social contract that provides positive motivation to public servants and service providers and empowers local communities and leaders.

There was more agreement than disagreement on most of the issues discussed. Some participants proposed consideration of additional concepts and contextual factors while agreeing with the presenters' analyses. Few ideas and issues that are thought to be important, yet were either not covered or not given adequate attention in the symposium, are also included. The report is organized in the form of themes<sup>4</sup> and has four main headings: (1) education in the Arab region; (2) Arab economies and labor markets; (3) context; and (4) policy recommendations. Furthermore, it is worth noting that despite their several common features, education systems and labor markets in the Arab region exhibit substantial diversity among and within countries which this report does not elaborate on. Rather, it highlights general and common issues and themes as presented and discussed in the symposium.

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<sup>4</sup> Proceedings of conferences and symposia usually include all the papers, presentations and discussions. Instead, this report provides a summary of the proceedings and discussions in the form of themes, ideas and recommendations. But all the names of speakers and participants as well as their written papers and presentations are appended to this report.

## EDUCATION IN THE ARAB REGION

Several educational issues that relate to employability are examined in the section below namely access, quality, student performance, service delivery performance, deficiencies in outcomes, goals of education policies, impact of universities, governance, and role of stakeholders. Success stories in education and in linking education to employment are also included.

### *Good Access, Poor Quality*

Undoubtedly, Arab states spend considerable percentages of their gross domestic products (GDP) on their education sectors as most Arab citizens consider education to be their first investment priority followed by health.<sup>5</sup> In fact, the expenditures of some Arab governments on education as a percentage of GDP are equal to or higher than those of the governments of Finland, Canada, and Singapore, whose education systems are performing very well, judging by the high achievement of their students on international tests.<sup>6</sup>

The gross and net enrollment rates for primary and secondary education are also generally high by international standards and have been rising steadily over time.<sup>7</sup> Out of the top 20 countries with the fastest increase in mean years of schooling from 1980 to 2010, eight were Arab countries.<sup>8</sup> The generous expenditures on education, the above-average rates of enrollment at schools and the rising rates of tertiary gross enrollment indicate good access to education in the Arab region which may also indicate good performance. Yet, other measures of performance tell a different story about the high inefficiency of the Arab education systems. The student achievement scores on international tests in reading, mathematics, and sciences are below average for all the Arab countries that participated in these tests.<sup>9</sup>

The performance of students in standardized international tests is a good indicator of the quality of K-12 education. These tests include TIMSS, which is administered to fourth and eighth graders; PIRLS, which is administered to fourth graders; and PISA, which is given to 15-year-old students. TIMSS tests student performance in math and science. PIRLS measures reading literacy, and PISA assesses 15-year old's level of acquisition of applied knowledge and skills in reading, math and science.

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<sup>5</sup> Andersen

<sup>6</sup> Muhammad Faour, *A Review of Citizenship Education in Arab Nations*, The Carnegie Papers, Washington, DC: Carnegie Middle East Center, Carnegie Endowment for International Peace, May 2013, p. 4.

<sup>7</sup> Juan Manuel Moreno, "Skills Gap and Meritocracy Deficit: Challenges to the Transition from Education to Work in MENA," Paper presented at the symposium.

<sup>8</sup> Ragui Assaad, discussant of Moreno's paper.

<sup>9</sup> Moreno

The average score for each Arab country that has participated in these tests since 1995 is still below international average. There are significant variations among Arab countries, but none has so far attained the international average of 500. Although the symposium did not examine the changing performance of Arab students in international tests over time, it is useful to add the following analytical comment.

Arab countries that participated in the most recent international tests- TIMSS 2011, PIRLS 2011 or PISA 2012- may be classified into three groups according to the average score of their students in these tests. One group performed better than in 2006 or 2007; another maintained about the same performance; and a third group performed more poorly than in previous years. More seriously in TIMSS 2011, about half the students in Grade 8, on average, failed to reach the lowest level of performance in mathematics and sciences. In other words, their basic knowledge and skills in math and sciences were too deficient to make them employable, which is a worse state than being unemployed.<sup>10</sup>

On a positive note, however, eighth grade students in four Arab countries have significantly improved their performance in the TIMSS international test in math and science between 2007 and 2011. In those countries, higher percentages of students reached high and advanced benchmarks of performance and lower percentages scored at the low and below-low benchmarks.<sup>11</sup>

This demonstrates that government spending and school enrollment rates are not sufficient indicators of education systems' performance. Other equally important measures of education quality need to be taken into account, notably student acquisition of key competencies, service delivery performance, governance, quality of teachers, and school climate.

Instruction in all subjects in public K-12 schools and a majority of private K-12 schools remains didactic and directed by the teacher, with limited opportunities for students to engage in open discussion or express their opinions without fear of intimidation by teachers. Active learning is rare, and students are not encouraged to think analytically or critically. Students memorize facts and information presented to them in textbooks and regurgitate it in exams without directly applying that information to or integrating it into relevant and meaningful experiences.<sup>12</sup>

Quality of service delivery in K-12 education in the Arab region has been adversely affected by a host of problems such as teacher absenteeism and low qualifications and non-availability of instructional materials. Drawing on findings from a forthcoming World Bank report, Brixi

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<sup>10</sup> Moreno

<sup>11</sup> Analysis of TIMSS data by Faour.

<sup>12</sup> Faour, p. 5.

indicated that there is a cycle of poor service delivery performance at the national level partly due to weak external and internal accountability in education. Citizens perceive governments as corrupt and ineffective, and educational institutions unwilling or unable to provide quality education, thereby eroding citizens' trust and driving them to resort to *wasta* and bribes as survival mechanisms. There is limited capacity for policy implementation and performance management because of limited incentives toward implementation and good performance (due to factors like *wasta* and rules not being followed).

The framework of the cycle of delivery performance is comprised of four variables: institutions, performance, trust, and engagement. According to this framework, state and social institutions affect service performance, which affects citizens' trust and this in turn influences citizens' decision to engage in order to strengthen institutions and improve performance. Although the cycle of performance at the national level shows poor performance in most Arab countries, it may be turned into "virtuous" at the local level. Subnational data show variations in service provision mainly due to differences in local governance systems, citizens' engagement and school autonomy. These findings from local areas offer inspiration for improving delivery of educational services through a new social contract that empowers communities and local leaders to find 'best fit' solutions, give voice to parents and students, increase citizen engagement, and incentivize public servants and education providers.<sup>13</sup>

The idea of the service delivery cycle was contested by discussant Adnan El-Amine who denied the existence of such a cycle in Arab education systems, stating that trust does not make a difference as people consider the central authoritarian state to be responsible for providing education and improving its quality. In his opinion, the crux of the problem is not the school or citizens' engagement. Rather it is the entire education system. And instead of a cycle composed of four factors (institutions, performance, trust, and engagement), he reduced these factors to two: performance and engagement. If citizens are not satisfied with the low performance of institutions, they can pressure them to improve through various ways.

### *Education for Social Status and Public Employment*

The objectives of K-12 education, as indicated in the strategic plans and education policies of most Arab countries, emphasize teaching math, science and technology, which are important subjects for employment. Some policies also add soft skills such as oral and written communication in both Arabic and a second international language notably English, critical thinking and problem solving.<sup>14</sup> But realizing such objectives requires the presence of a number of enabling factors that reflect quality in education notably qualified teachers, adequate

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<sup>13</sup> Brixi

<sup>14</sup> Faour, p. 7.

learning resources, appropriate facilities, positive school climate, and good governance. The weakness or deficiencies in these factors resulted in a disconnect between policy and practice. In public schools and most private schools, acquisition of these employable skills and competencies are missing among the majority of graduates.<sup>15</sup>

Equally problematic in school education at the secondary, technical and vocational levels is the use of an exclusive, selective approach that favors only the academically able while leaving the rest behind. The overemphasis on testing as the only way to receive government certificates including a single national examination has a negative impact on the quality of learning and teaching practices. Arab schools suffer from relatively high rates of drop-out and grade repetition and a rigid tracking system which have generated large numbers of youth that have neither academic credentials nor jobs.<sup>16</sup>

Arab public universities accommodate over 75% of students enrolled in higher education. And in both public and private universities, majors in literature, humanities and social sciences attract most students mainly because of students' desire to join public employment which do not require completion of more competitive academic degrees in sciences, engineering, medicine or business administration. Furthermore, graduates of these majors enjoy a higher social status than graduates of high schools or vocational and technical colleges.<sup>17</sup> Thus the aim of public education is not to send graduates with employable skills to work in the private sector where competition is higher and salaries lower than in the public sector.<sup>18</sup>

Arab students shy away from technical and vocational education due to a social stigma associated with technical professions which are viewed to be of lower social status than professions based on academic degrees. As a result, technical colleges receive only 20% of secondary school graduates,<sup>19</sup> and enrollment has been declining over the past decade. This decline was a reason for concern to Moreno since technical jobs are in demand in the labor market. However, Assaad disagreed, expressing relief that students are avoiding TVET which has been providing even lower quality of education than public colleges and universities. And until a serious holistic reform of TVET is done, Assaad added, students are better off avoiding it.

For a long time, the education system in the Arab countries has produced the wrong kind of human capital by focusing on the production of credentials rather than quality learning and skills, credentials that offer an explicit or implicit promise of a government job. Education is therefore perceived as a social mobility tool and a channel to the middle class by means of a

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<sup>15</sup> Moreno

<sup>16</sup> Moreno

<sup>17</sup> Moudi Al-Humoud, "Aligning University Outcomes with Labor Market Needs," Paper presented at the symposium.

<sup>18</sup> Assaad

<sup>19</sup> Al-Humoud

stable lifetime government job that pays a relatively good salary. Governments use credentials that do not accurately reflect acquisition of skills to assess candidates for employment thereby giving a wrong signal to the education system.<sup>20</sup> These systems thus have not aimed at developing students' knowledge that produces wealth and improves productivity in the market place.<sup>21</sup>

Surveys of employers and CEOs of major private companies in the Arab region have repeatedly shown that a majority of graduates of public and most private universities in the Arab region as well as graduates of vocational and technical schools and colleges lack the requisite employability skills, both hard and soft skills.<sup>22</sup> According to employers, graduates often lack an adequate understanding of both the theory and application of their academic discipline. Their soft skills – such as the ability to communicate clearly and effectively in both Arabic and English, creativity, leadership, critical thinking, initiative taking, independence, problem-solving skills, and work ethics- are also deficient. But employers value soft skills more than hard skills. And a majority of the youth share that same feeling by considering languages, computer literacy, creativity, entrepreneurship, time management and work ethic as most important skills for securing a job.<sup>23</sup>

### *Impact of Universities*

Today universities do not only teach students. Their mission includes teaching, research, and social responsibility, and their core activities have both economic and societal effects. The economic impact of universities encompass: direct expenditures on operations and capital; indirect expenditures; increased labor productivity derived from the skills acquired by the students; knowledge transfer that is made available to the world; entrepreneurial activities of students (notably setting up new companies after graduation); and knowledge application via publications. The societal impact of universities includes: productivity enhancement of graduates; community and cultural benefits to the public through cultural activities; and volunteering by students in civil society organizations.<sup>24</sup>

The role of universities is to develop students' capacity for independent, analytical, critical thinking and for creativity, adaptability, lifelong learning, and problem solving, besides gaining competence in their academic majors. The primary role of universities is not to prepare students for specific jobs, which is wasteful. They are not training centers although they may

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<sup>20</sup> Assaad

<sup>21</sup> Osman

<sup>22</sup> Moreno; Atif Kubursi, "The Economic Role and Contributions of Universities: Their Labor Market Role," Paper presented at the symposium.

<sup>23</sup> Kubursi

<sup>24</sup> Kubursi

house such centers. And blaming universities for the mismatch between education outcomes and the labor market needs is neither fair nor useful in understanding the main causes of youth unemployment.<sup>25</sup>

Notwithstanding, Arab universities in general have failed to fulfill that role of universities. They are neither graduating students with the appropriate soft skills nor with high caliber hard skills. And they are not excelling in theoretical or applied research that has valuable economic impact on society and are slow in responding to emerging market needs regarding skills and specialties.<sup>26</sup> On the other hand, universities are social institutions that reduce the transaction and search costs for employers by signalling the attributes of their future employees.<sup>27</sup> And the bloated public sector all over the Arab region is giving universities a distorted signal. The signal is not to focus on quality as the public sector does not discriminate between high and low quality graduates, and does not search for critical thinkers. The signal to students is also that it is the certificate that matters not the quality of learning. The certificate or degree, among other factors, is a main determinant of their appointment much more than their productivity or creativity skills. Some argue that public universities have very little incentive to excel in quality. And many private universities are for-profit institutions that compromise quality for profit in a poorly regulated environment.<sup>28</sup>

Employers in the private sector complain that university graduates lack certain essential skills, yet employers have neither established channels to communicate these concerns to the administration of universities, nor a mechanism to influence education outcomes. And although such concerns are well known to the education authorities through various means, they are not under pressure from the government or the public to undertake radical reform. Apparently, the public education system is performing in accordance with the goals set by the government and approved by the public mainly to grant graduates a higher social status and prepare them for employment in a government agency.<sup>29</sup>

Arab universities generally lack placement offices that help students find jobs. And they are doing a poor job in conducting empirical studies to assess manpower needs for social and economic development particularly in the light of changing labor market requirements globally and in the Arab region. Also universities have weak or inadequate databases on their alumni to follow up on graduates' success in finding, retaining and progressing in their careers. It is important for both universities and manpower planners to study the strengths, weaknesses and

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<sup>25</sup> Kubursi

<sup>26</sup> Omar Razzaz, discussant of Kubursi's paper.

<sup>27</sup> Kubursi

<sup>28</sup> Razzaz

<sup>29</sup> Moreno; Assaad



relevance of academic programs to job requirements in order to better align these programs with labor market needs.<sup>30</sup>

More importantly, systems of quality assurance and accreditation which assess the quality of education outcomes and quality of facilities and services are weak or missing in most Arab universities particularly the public ones. There is no firm and continuous political commitment to implement international quality standards. Monitoring, assessment and evaluation of learning outcomes and of staff performance are weak or non-existent. And despite the immense efforts and generous budgets allocated to the national agencies of quality assurance and accreditation that were established in several countries, they often lack independence from political authorities particularly ministries of higher education.<sup>31</sup> This raises a serious concern of conflict of interest and defeats the purpose of creating these agencies in the first place. Lack of independence and deficiencies in transparency and accountability made existing national systems of accreditation in the Arab countries much less credible than their Western counterparts that apply international benchmarks in policies and standards quite strictly.

#### *Governance Deficit and Limited Role of Stakeholders*

Governance in Arab education systems at all levels- K-12, TVET, and higher education- suffer from a host of weaknesses notably those of transparency, accountability and participation of stakeholders.<sup>32</sup> In most of the Arab countries, ministries of education and higher education assume a highly centralized role, controlling most aspects of the operations at public schools and universities—budget, curricula, staff recruitment and promotion, and bylaws. Education authorities do not involve various stakeholders, notably parents and businesses, in their plans and decisions. Furthermore, most ministries of education and higher education lack efficient supervisory units, competent human resources, and a strong political commitment to undertake comprehensive reform.<sup>33</sup>

Ministries of education and higher education prepare their strategic and operational plans behind closed doors, involving only few selected experts. Transparency is a taboo in most situations which in turn lead to lack of accountability. And under the pretext of safeguarding their independent decisionmaking prerogative, most educational institutions resist attempts by stakeholders to play significant roles in their operations and long-term planning.

There is no coordination, or a system of communication between the ministries of education and higher education on the one hand, and the various other ministries involved in

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<sup>30</sup> Al-Humoud; Motaz Khorshid, discussant of Al-Humoud's paper

<sup>31</sup> Al-Humoud; Khorshid

<sup>32</sup> Brixi

<sup>33</sup> Brixi; Al-Humoud; Faour, p. 5.

employment matters notably the ministries of planning, economic affairs, social affairs, and labor. This situation is not conducive to sustainable socio-economic development.<sup>34</sup>

Educational authorities, both public and private, are neither accountable to the general public nor to concerned stakeholders such as parents, local community and local business enterprises.<sup>35</sup> In the public system, principals of K-12 and technical school are supervised by the ministry of education while the administrations of technical colleges and universities are usually supervised by the ministry of higher education. Also private schools and universities follow rules and regulations set by the respective ministries. Leadership in public education is authoritarian not participatory; and has no incentive to change given the permanent tenure status for life in public jobs along with the prevalence of corruption and lack of accountability.<sup>36</sup>

However, there is evidence from local areas in some Arab countries which show that transparent and accountable management systems in schools creates an environment that is conducive to trust by parents and other stakeholders in the institution. This in turn gives parents and students voice and encourages them to engage in collaborative decision-making to design and implement appropriate educational reform in relatively autonomous local schools.<sup>37</sup>

### *Success Stories in Education*

There are several success stories in education that are worth citing. A couple (a Jordanian school and a Palestinian school) were cited by Brixi and a third (TAMAM project) has been added by the author. These success stories are found in more than one Arab country and have the potential of becoming models for emulation in their own country as well in other Arab countries. Following is a brief description of each story along with the lessons learned from its success.

### **A JORDANIAN SCHOOL**

Zeid Bin Haritha School caters to grades 5-12 in a tribal community in Al Salt governorate in Jordan. Students in that school performed much better than comparable schools in Jordan by benefitting from an active Education Council, which is trusted by the community for its transparency and inclusive decision making, and from school grants allowing some room for autonomy. Governance in the school is characterized by both formal and informal accountability and local leadership played a major role in institutionalizing that. One of the lessons learned is that good governance and strong local leadership create trust by parents and

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<sup>34</sup> Al-Humoud; Khorshid

<sup>35</sup> Brixi

<sup>36</sup> Faour, pp. 4-5

<sup>37</sup> Brixi

other stakeholders which leads to effective citizen engagement at the local level. The ultimate outcome is improved student academic performance.

## **A PALESTINIAN SCHOOL**

One Palestinian school in Jenin, West Bank, for females was the top performer in TIMSS in 2011 among all Palestinian schools. Despite the presence of security concerns in the community because of the Israeli occupation, this school owes its success to parental engagement, coordination with the school district, and the ability of the principal to build a motivating and encouraging work environment for the teachers. The principal was instrumental in establishing good governance in the form of formal and informal accountability relationships which promoted trust in the local community and in turn led to effective citizen engagement in school affairs.

## **TAMAM PROJECT<sup>38</sup>**

TAMAM is a multi-year, school-based reform project funded by the Arab Thought Foundation. It aims to devise a change theory for Arab education which is totally based upon actual school educational practices. It combines research and professional development, using an evolving design model in its activities. While building capacity to support future school improvement, a team of researchers conducts research on school improvement processes and their impact on student learning and school culture. No “ready-made” procedures and strategies are followed. Instead, participants construct their own through an ongoing process of critical adaptation of relevant and useful ideas.

Participants represent universities, schools, and policy makers. In its first phase which was completed in 2010, it included researchers from the American University of Beirut, 9 private schools and representatives from public universities and ministries of education from Lebanon, Jordan and Saudi Arabia. The first phase focused on initiation and capacity building (such as development of teachers’ collaborative action research skills) while collecting data on implementation and monitoring of the project’s progress. The ongoing second phase added three more countries Egypt, Qatar and Oman, and later Bahrain. It intends to support the administration in schools down to the lowest level of staff, and make changes from base to top. This phase involves analysis of the school development process, the results of which shall be made available to policy makers.

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<sup>38</sup> For details, see Rima Karami Akkary and Nadya Rizk, “The TAMAM Project: Shifting the Paradigm of Educational Reform in the Arab World,” *Journal of International Education and Leadership*, Volume 2, Issue 3, fall 2012.

The TAMAM project is creative and promising mainly because it embeds research within school reform, thereby building capacity for all players (teachers, university researchers, policy makers) while also producing knowledge grounded in practice and in the real cultural context of schools. It also emphasizes transparency and collaboration among stakeholders in both the public and private sectors.

### *Successes in Linking Education to Employment*

No success stories in linking university graduates to employers or job-seeking youth to business enterprises were mentioned in the symposium. However, there are such successes that are cited in some studies and are worth mentioning here particularly two case studies: the Americana group in Egypt and Glowork in Saudi Arabia.

#### **EGYPT'S AMERICANA GROUP<sup>39</sup>**

The Americana group runs a chain of restaurants, food-processing, distribution, and retail industry in Egypt. When it recognized that it is short on qualified employees, it reached an agreement with the Ministries of Education and Higher Education to train students to work in their restaurants and food businesses. Participants in this program receive stipends and tuition and are guaranteed a job after graduation. The training requires students to spend up to half of their time working at Americana. This program has been providing the company with a steady pipeline of talent.

#### **GLOWORK IN SAUDI ARABIA<sup>40</sup>**

In Saudi Arabia, Glowork is an agency that matches job-seeking women with companies willing to employ them. Since women in Saudi Arabia have difficulty applying directly for work in large companies, the latter have no information about their availability and thus could not hire them. Furthermore, it was costly and socially problematic for the larger companies to search for and recruit Saudi women given the prevalence of gender segregation. Glowork tackled both these hurdles, first, by providing job-seeking women with online access to employers. Secondly, it facilitated the employment of women who can work from home by offering an IT solution that enabled businesses to monitor employees working from their homes. Glowork has successfully placed about 6,000 women and is working with the Saudi Ministry of Labor to provide support to 1.2 million female recipients of unemployment benefits.

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<sup>39</sup> Mona Mourshed, Diana Farrell, and Dominic Barton, *Education to Employment: Designing a System that Works*, McKinsey Center for Government, 2013, p. 65.

<sup>40</sup> *Ibid.*, 79.

## ARAB ECONOMIES AND LABOR MARKETS

Aspects of Arab economies and labor markets that shape employment levels are discussed below namely the structure of economies, nature of labor market, and demand-related causes of unemployment.

### *Economies Failed to Create Enough Jobs*

Economic growth in the Arab region over the past two decades was moderate. GDP per capita growth rate was driven by demographic change. And Arab economies were not able to accommodate the youth bulge arising from continuous population growth. Although employment levels increased, the amount of increase was not enough to absorb the large number of new young entrants to the labor market. The economies failed to create significant structural shifts towards industrialization by diversifying away from agriculture and unproductive low-value added sectors including construction and oil, which have little impact on job creation.<sup>41</sup>

The required structural changes in the Arab economies have been slow, with the agricultural sector contracting and the manufacturing sector expanding, yet at slow paces. Equally important is private investment in manufacturing and in supportive services such as finance which facilitate industrial development.<sup>42</sup> So far, private investments have favored mining and real estate, which are capital intensive and contribute very little to sustainable long-term job creation.<sup>43</sup> As a result, slow labor reallocation to high productivity sectors resulted in a decrease in the overall productivity gains in the Arab region.<sup>44</sup>

Annual productivity growth in the Arab region was much lower than the world's average before the onset of political unrest in several Arab countries in 2011 and is expected to have declined further since then. Low productivity growth rates are not conducive to higher employment and invites substitution of capital for labor.

By contrast, the rapidly growing economies in other parts of the world created adequate numbers of jobs by developing high value-added sectors, such as manufacturing and modern services (such as trade, financial services, IT and tourism). And within the manufacturing sector, high-productivity industries, particularly information and communication technology (ICT),

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<sup>41</sup> Kubursi

<sup>42</sup> Jad Chaaban, *Expanding Youth Opportunities in the Arab Region*, Arab Human Development Report, Research Paper Series, UNDP, 2013, pp. 13-14.

<sup>43</sup> Razzaz

<sup>44</sup> Kubursi

became prominent and proved to be effective drivers of development and employment growth.<sup>45</sup>

Undoubtedly, the Arab region is producing an insufficient number of jobs and a limited number of high quality jobs that suit the highly qualified university graduates.<sup>46</sup> And unemployment is not the result of only a mismatch between education outcomes and labor market needs since unemployment in some countries is much higher among the highly educated youth. Other important determinants should be examined such as the meritocracy deficit, weakness of the private sector, and the lack of employment enabling mechanisms, as will be elaborated in the next sections.

### *Dominance of the Public Sector*

The public economic sector is the main ‘client’ and regulator of the education system. About 18% of the labor force is employed by the public sector in the Arab region as compared to 11% in the world. Public wages are 30% higher than in the private sector while productivity is lower.<sup>47</sup> A government agency provides a secure lifetime job with significant fringe benefits whereas a private company provides jobs that require harder, yet less financially rewarding work that does not carry secure long-term contracts. No wonder then that college graduates prefer to stay unemployed indefinitely until they find an opening in a public office.<sup>48</sup> And should they take up a job in the private sector, they will continue to seek public employment and be willing to take it once it is available.

Government hiring is a distinctive feature of the Arab region’s political economy and the nature of social contracts that governed, and in some cases still govern, state-society relations in the region. The so-called “authoritarian bargain” social contracts were based in part on extensive use of public sector employment as a tool to politically appease key segments of the population, particularly the middle classes, and gain their political quiescence. Funded by rents derived from natural resource wealth, these social contracts survived a long time in the region, and when they became fiscally unsustainable in some countries, the government side of the bargain slowly eroded in a way that shifted the burden to young new entrants while protecting the entitlements of incumbents. Thus the long-term distortion in the demand for human capital brought about by politically-driven public sector hiring has resulted in a durable and deep distortion in the production- or supply side- of human capital in the region.<sup>49</sup>

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<sup>45</sup> Chaaban, pp. 14-15.

<sup>46</sup> Moreno

<sup>47</sup> Osman

<sup>48</sup> Andersen; Assaad

<sup>49</sup> Assaad

For a variety of contextual political and administrative reasons, the private sector is much weaker and uncompetitive particularly small and medium enterprises (SMEs). SMEs create the bulk of jobs,<sup>50</sup> but most of these jobs are low skilled and low paid, and they are mainly in the informal sector.<sup>51</sup> Furthermore, the big corporations in the private sector are dominated by monopolies allied with the political regimes. The formal private sectors that emerged from the partial liberalization policies during the past three decades are rife with cronyism and uncompetitive rent-seeking behavior that attempts to capitalize on close relationships with authoritarian rulers to gain advantage. Not only have they contributed little to employment growth especially high productive jobs, but they also have felt no competitive pressures to use meritocratic principles in hiring. There is clear evidence that private sector employers finding little information to garner from the educational credentials of job applicants are using social class markers as a way to select their employees.<sup>52</sup>

A recent study conducted on higher education graduates in Egypt and Jordan shows no link between the labor market outcomes of graduates and the selectivity of the educational institution in which they studied, whether it was a public or private institution, and the quality of education processes the institution followed. The only thing that seemed to matter was the level of education of the graduate's parents, where the graduate was born, and what kind of primary school they were able to go to.<sup>53</sup> Furthermore, private employers use non-meritocratic hiring practices because: (a) there is little cost to doing it given the non-competitive environment in which they operate; and (b) there is little reliable information on worker skills and learning they are able to glean from existing credentials and formal qualifications.<sup>54</sup>

One unique feature of labor markets in some Arab countries, particularly in the Gulf, is the strong preference for cheap expatriate labor over national labor, which is mainly due to the high reservation wage of nationals. Although GCC governments enforce specific quotas for national labor, the structure of the labor force has not substantially shifted in favor of nationals.<sup>55</sup>

### *Inefficient and Inequitable Labor Markets*

Labor markets are inefficient for excluding half the women and youth. The Arab region suffers from the lowest labor force participation across all regions, a problem that is acute for women and young people particularly young women. The data shows that close to half of the working

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<sup>50</sup> Assaad

<sup>51</sup> Andersen

<sup>52</sup> Assaad

<sup>53</sup> Assaad

<sup>54</sup> Assaad

<sup>55</sup> Kubursi

age population is economically inactive in the MENA region, and more than half of the youth are 'jobless' – neither working, nor in school. Among women, three out of every four at the working age are outside of the labor force.<sup>56</sup>

Jobs that offer a good income or benefits are often unproductive and inequitably distributed. Very few workers are in jobs providing either a good income, or some type of social protection. In 2010, 19 percent of working age population in MENA was in formal employment while a significantly larger percentage (27%) was in the informal sector. Private sector jobs are predominantly informal and of low productivity, which translates into workers receiving low wages.<sup>57</sup>

Labor markets in the Arab region are inequitable because higher income jobs are in the public sector despite adding limited value to the economy. Moreover, access to formal jobs largely reflects individuals' circumstances beyond their control, such as gender, place of birth, and parental education, rather than individual effort.<sup>58</sup>

#### *Demand-Related Causes of Unemployment*

The high rate of youth unemployment is caused by several supply, demand and contextual factors. Of the demand factors, the following have already been discussed: continuous high population growth that led to a youth bulge; low productivity growth rates; dependence on oil and lack of diversified economies particularly in the oil-exporting countries; dominant public sector and weak private sector with wide wage differential; preference for cheap expatriate labor over national labor in the oil-exporting countries due to high reservation wage of nationals; and weak demand due to rentier economies.<sup>59</sup>

In addition, lack or shortage of employment enabling mechanisms, such as retraining programs; data on manpower needs and projections; job placement services; efficient incentives for hiring nationals; and effective communication and coordination between colleges and employers, is also worth noting.<sup>60</sup>

Retraining programs exist in some Arab countries but their effectiveness has not been evaluated and their continuity is not certain. More importantly, relevant accurate data and solid research on manpower needs and projections are lacking. These data provide essential information for job seekers as well as government planners.<sup>61</sup>

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<sup>56</sup> Andersen

<sup>57</sup> Andersen

<sup>58</sup> Andersen; Moreno

<sup>59</sup> Kubursi

<sup>60</sup> Kubursi

<sup>61</sup> Khorshid; Al-Humoud; Assaad



Hiring nationals by the private sector requires not only government legislation that sets quotas for specific jobs, as is the case in several Arab countries, but also efficient incentives- both material and nonmaterial.<sup>62</sup> Another missing critical enabling mechanism for youth employment is the effective communication between employers and the producers of employees namely universities and technical colleges.<sup>63</sup> However, the annual career fairs that have been held in some Arab countries in the few past years offer a promising channel of communication between universities and employers. Such practices, along with other modes of effective communication, could eventually lead to cooperation and coordination.

## CONTEXT

The context for employment in the Arab region varies among and within countries. However, a host of negative contextual factors are common. They encompass political, administrative, and social factors that are either demand or supply related.

### *Demand-Related Contextual factors*

Faster job creation requires government policies that foster private sector growth through promotion of competition and equal opportunity for all entrepreneurs. Au contraire, and as documented by the recent World Bank report *Jobs or Privileges* (2014), policies in the Arab region discourage competition, create an unlevelled playing field, and limit private sector growth. These policies vary in form and content by country and sector but they all aim to:

- ✓ Limit free-entry to the domestic market
- ✓ Allow only selected firms to benefit from government programs
- ✓ Place regulatory burden on 'non-privileged' firms or firms not allied with the political regime
- ✓ Reserve access to credit for few well-connected firms
- ✓ Deprive certain firms and sectors from foreign competition
- ✓ Discourage domestic firms from competing in international markets

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<sup>62</sup> Kubursi

<sup>63</sup> Moreno

These policies favor a few privileged firms that have strong political connections. And they persist despite their adverse impact on job creation and growth and in restricting the flow of labor from the less to the more productive sectors of the economy.

Labor market restrictions have contributed to high rates of informal employment and unemployment, especially among the youth and women. This problem is further exacerbated by energy subsidies that make investment in machinery relatively cheaper than investing in labor. Energy, food and other subsidies for basic consumption goods also distort relative input prices, thereby promoting capital-intensive rather than labor intensive production and limit competition and dynamism in the private sector.

Moreover, the remuneration package offered in public employment creates substantial differentials with the private sector with regard to salaries, benefits and job security; which in turn makes it difficult for the private sector to compete in attracting qualified workers.

Government policies that are hostile to private sector growth are influenced by a prevalent opinion among public officers which is skeptic about the ability of the private sector to be the engine of economic growth. This opinion was reinforced by the current global financial crisis. Furthermore, there is mutual distrust between civil servants and the private sector each accusing the other of bad governance due to lack of transparency, corruption and inefficiency.

Besides public policies, demand-related constraints to employment include lack of meritocracy. It is common practice among employers in both the public and private sectors to hire employees based on criteria other than their skills and qualifications. Opinion polls in the Arab region show that a significant percentage of youth thinks that jobs are given only to connected people. And a substantial percentage of those employed in the private sector in four Arab countries, ranging between 40% and 80%, stated that they found their job through friends or relatives.<sup>64</sup>

More broadly, there is a social contract in the Arab region whereby states rely on granting privileges in the private sector, public sector employment particularly for the middle classes, and universal subsidies of basic consumer commodities.<sup>65</sup> Political regimes have used this social contract as a tool to appease key segments of the population and gain their political quiescence. And although it is economically not sustainable, several Arab governments will strongly resist terminating it.<sup>66</sup>

Closely related to the existing social contract is the prevalence of governance deficit in both the public and private sectors. This is demonstrated in the weakness of rules and procedures that

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<sup>64</sup> Moreno

<sup>65</sup> Andersen; Brix; Osman; Razzaz

<sup>66</sup> Assaad

ensure the practice of transparency and public accountability even when such rules exist on paper. Corruption is common and well documented in several Arab countries.<sup>67</sup>

Besides the ongoing Palestinian-Israeli conflict, several Arab countries have been affected to various degrees by the lack of political stability and security along with popular upheavals, massive human casualties and displacement of millions of people. As a result, plans for social and economic development and private investments have been cancelled in some countries while being tremendously curtailed in others.

### *Supply-Related Contextual factors*

Education is not a top priority in the political agendas of Arab governments.<sup>68</sup> More important are internal security, the military, foreign affairs, and economic matters. The challenge of introducing comprehensive education reform is augmented when educational administrators compete for the scarce financial resources available to the education system. It is also difficult to secure funds when states face violent domestic or international conflicts or natural disasters that cause potential education funding to be diverted to security issues or emergency relief.

Political commitment to a comprehensive reform of the education system is neither firm nor continuous in the Arab region.<sup>69</sup> This is not surprising as it is not in the interest of regimes to see public universities graduate critical thinkers and outspoken citizens who would become active advocates for their rights, thereby disturbing the political status quo. Regimes prefer to keep feeding the public sector with university and school graduates who have low quality education and skills and to silence opposition groups with expanding access to public education. And public universities have little incentive to excel in quality as are many private for-profit universities which compromise quality for profit in a poorly regulated environment.<sup>70</sup>

The existing social contract between the political regime and major groups of constituencies is based on the rentier system which lacks transparency, efficiency and accountability. This system is a barrier to a holistic education reform that promotes employability skills. And unless the rent system erodes, public education will continue to suffer from grave problems that militate against creation and growth of jobs for youth and women particularly in the private sector.<sup>71</sup>

There are significant variations among and within Arab countries with regard to the context of the relationship between education and employability. Some of these variations reflect social

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<sup>67</sup> Brixi

<sup>68</sup> Al-Humoud

<sup>69</sup> Panelist Ahmad Galal

<sup>70</sup> Assaad; Razzaz

<sup>71</sup> Andersen; Assaad; Brixi

and political values and norms that resist change while others refer to vested interests of influential groups that support the status quo. One noteworthy example is the social stigma attached to vocational and technical tracks in education and to vocational professions although the majority of youth believe that vocational training is more helpful than an academic track in finding employment. This may be rooted in tribal social values that look down upon manual labor. Consequently, social pressure leads young people to go to academic rather than technical colleges, even when they don't want to.<sup>72</sup>

Nevertheless, Arab culture abounds with social values and norms that promote accountability and value quality education. The holy Quran has many phrases and verses that place high value on knowledge and education and on good governance particularly accountability to people and to God.

Of particular concern after the Arab Spring is the rise of extreme religious values and attitudes which are in conflict with one of the major goals of quality education namely development of student civic competencies such as respect for fundamental human rights. Overcoming this new challenge has been added to the daily tasks of the Arab education systems as part of improving education quality, which is conducive to better student employability skills.

Furthermore, and in the light of anticipated volatility of trends and political and social instability in several Arab countries for the foreseeable future and the unlikely governmental support for comprehensive reforms, panelist Tarik Youssef argued for small, incremental improvements in education as well as economic systems.

## **POLICY RECOMMENDATIONS**

Through presentations and discussions, all participants in the symposium agreed on a set of policy recommendations to enhance the employability aspect of education systems in the Arab region, namely the following:

- Various stakeholders- education providers, the private sector, NGOs and especially governments- should close the information and knowledge gaps between the education system and employers. The first step is to establish at the country level a mechanism for collection of reliable, comprehensive data about various occupations and college majors, job opportunities, wages, and training. The data has to be updated periodically and supplemented with manpower projections based on solid research. This can help all stakeholders particularly youth and women who are striving to make the right career choices. It is also useful for Arab countries to participate in the PISA international test (only 4 countries did in 2012) since that test assesses students' level of acquisition of

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<sup>72</sup> Some participants in the symposium

key applied knowledge and skills. The second step is to disseminate these data while continuously monitoring and evaluating their validity, accuracy and relevance. The procedure of dissemination will not be uniform across the Arab region but it should reach not only the youth who look for that information but also those who do not seek or have no access to that information including parents and friends. Comparable mechanisms can be set up at the local level.

- Policy makers in Arab education should replace the logic of selection in the education systems with the logic of learning. This requires a holistic education reform in K-12 schools, vocational and technical institutions, and colleges and universities, both public and private. Although there are several high quality institutions at all levels of education in the Arab region, most are private and serve only a minority of students. The comprehensiveness of reform demands significant changes that enhance employability in education. These changes encompass various components of education systems namely: curriculum; teaching and learning methods; assessment methods; teacher academic and pedagogic preparation in K-12 and qualifications of instructors and professors in technical and higher education; upgrading of facilities and services; selection of competent administration; establishment of systems for professional development of teachers and professors; establishment of quality research facilities; incentives for outstanding performance in teaching and research; quality assurance systems; and establishment of quality audit and accreditation at all levels of education. More importantly, agencies of quality audit and accreditation must be independent from both the public agencies and the institutions that are being evaluated.
- Governments should stop free public higher education in incremental steps because the existing system is benefitting the rich more than the poor and governments should only subsidize the higher education of lower and middle classes. The upper class can afford to send its children to private schools and pay for private tutors. This leads to more accountability in education as well as higher quality. And the poor can still receive public financial support in education.<sup>73</sup>
- Governments should create employment enabling mechanisms in economic systems by reforming laws and regulations to: (a) allow full competition and equality of opportunity for all entrepreneurs (such as energy subsidies to industry, licensing requirements, trade barriers and barriers to access to credit and land); (b) provide incentives to encourage investment of the private sector in quality education at all levels particularly vocational and technical training and research and professional development; (c) gradually end the

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<sup>73</sup> Proposed by panelist Shanta Devarajan.

wage and benefits differential between public and private sectors in all industries and replace public employment with cash transfers;<sup>74</sup> and(d) encourage employment of the national and Arab work force and gradually end the dependence of several countries on expatriate non-Arab labor.

- Various stakeholders- education providers, the private sector, NGOs and especially governments- should collaborate to establish: (a) a merit system that ends cronyism, favoritism and *wasta* in public and private sectors and promotes transparency and accountability; (b) international standards for certification of various professions; and (c) school-to-work national programs.
- Partnership, which is a higher level of relationship than communication or coordination, should be developed among various stakeholders- public officers, private sector, NGOs, service providers, parents, students, and community leaders; and more broadly through a new social contract. This contract should be based on accountability and transparency, thereby replacing the rentier system with a competitive private sector and a fully reformed education system. Stronger social contract between public servants, citizens and service providers requires increasing external and internal accountability in the public sector and service delivery institutions, and implementing institutional and policy reforms to inspire citizen trust and engagement and make providers more responsive. The new social contract is most urgently needed in countries in transition or emerging from domestic conflicts or civil unrest.
- Various stakeholders in education should secure firm political commitment for educational and economic reforms from the highest authorities as this is the prerequisite for enacting and implementing governmental laws and administrative reforms.<sup>75</sup> Furthermore, it is important to obtain the buy-in of stakeholders through a variety of means such as interpersonal communication, media campaigns including social media, lectures, and social and religious activities.
- Further research is needed to better understand the link between education systems and the labor market at the country level. It is important to find ways to incentivize the public education systems to become responsive to emerging market needs in a prompt and timely manner.

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<sup>74</sup> Proposed by panelist Shanta Devarajan.

<sup>75</sup> Panelist Ahmad Galal

The above policy recommendations should be taken as guidelines or messages that are to be carried forward by each concerned stakeholder in the Arab region at both the national and local levels. Drivers of change that will spearhead reform efforts at all levels have to find their own ways of surmounting difficulties and obstacles that they are bound to confront, taking into account their better knowledge of their social and political context and the feasibility of implementing their ideas and plans. In some situations, leaders among stakeholders may be able to undertake holistic reform of education systems and of those aspects of the economies and labor markets that militate against job growth and sustainable development. In other situations, it may only be feasible to introduce limited changes. But regardless of the amount or pace of change needed to enhance employability in the education systems, it is critical for all stakeholders to believe that they can improve these systems through their persistent, well-informed, and active engagement. Their sincere efforts shall pay high dividends sooner or later for the welfare and prosperity of their societies.







ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT



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