

Perspectives on GCC Youth Employment

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The EY logo is positioned in the bottom left corner of the page. It consists of the letters 'EY' in a bold, white, sans-serif font. The background of the entire page is a photograph of a modern office interior with glass walls and a carpeted floor. A yellow diagonal graphic element is present on the right side, and a white vertical line graphic is on the left side.

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Foreword



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Economic diversification and sustainable job creation for nationals have been at the core of GCC countries' national development plans for a number of years. With employers noting a lack of adequate professional and attitudinal preparation of job seekers to meet their requirements, governments are seeking to identify sustainable and long term measures to increase participation of young nationals in the private sector labor force.

More attention is now being paid to the role of the education system in preparing young people for employment and encouraging entrepreneurship in the region, the lifeblood of long term sustainable economic growth. To address these challenges, governments need to understand the perspectives of young people towards employment. This special briefing provides some of the key findings from research we have recently undertaken with GCC youth and employers.

Strategic context

High oil prices provide the fiscal space for targeted investment in employment for young nationals, where strategic development of the private sector creates long term sustainable growth, capitalizing on the window of opportunity created by the region's 'youth bulge'.

Youth unemployment is not a challenge specific to the GCC region. The International Labour Organization (ILO) estimated that in 2013 almost 13% of the world's population aged 15-25 were unemployed. The Middle East currently has a large, youthful population and one of the highest rates of youth unemployment in the world. In recent years, expansion of the public sector has created employment opportunities for nationals.

Tackling youth unemployment must be a joint undertaking between governments, private sector employers, educational institutions, and the finance and investment community. Economic growth with youth employment at its heart relies on increasing the capability of the national workforce, and on enabling and instilling an economic and cultural environment that encourages entrepreneurship and business investment. Investing in these areas can improve the GCC's global competitiveness and create a framework for sustainable growth.

Interventions to address the current challenges must look at both the demand side, establishing a pro-business environment to enable job creation, and the supply side, establishing a human capital infrastructure that is able to supply the right numbers of job seekers, with the right skills and attitudes, in the right geographical locations to fulfill the needs of private sector employers. But most importantly, these interventions must be demand side driven - the needs of the private sector must shape human capital infrastructure.

When brought together, these two aspects must balance the need for expatriate workforce to support economic growth with the need to increase employment of nationals, addressing the key challenges of youth, female, and long term unemployment of nationals. To articulate this demand - supply balance, EY defines 'four pillars for sustainable growth' on the demand side, and 'eight pillars of the journey through employment' on the supply side.

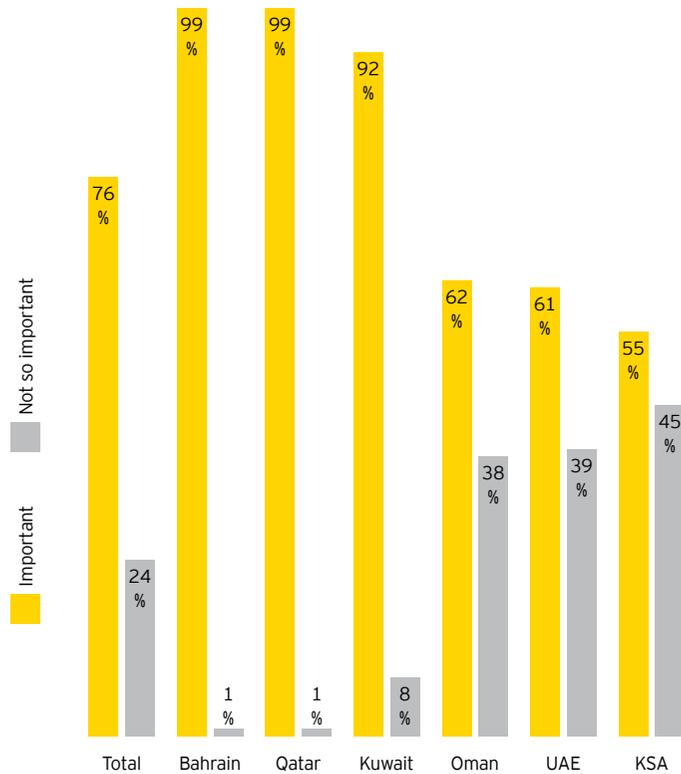


In designing solutions to the job creation and human capital development challenges, it is vitally important to understand both the perspectives that young nationals have towards education and employment, and that employers have towards young national job seekers. EY recently undertook GCC-wide research among over 1000 young nationals in Bahrain, Kuwait, Oman, Qatar, the United Arab Emirates, and the Kingdom of Saudi Arabia, as well as among 100 large and medium private companies in the region. The objective was to gain a better understanding of challenges and attitudes of the next generation of national workers.

Perspectives on work and careers

Do I really need to find a job?

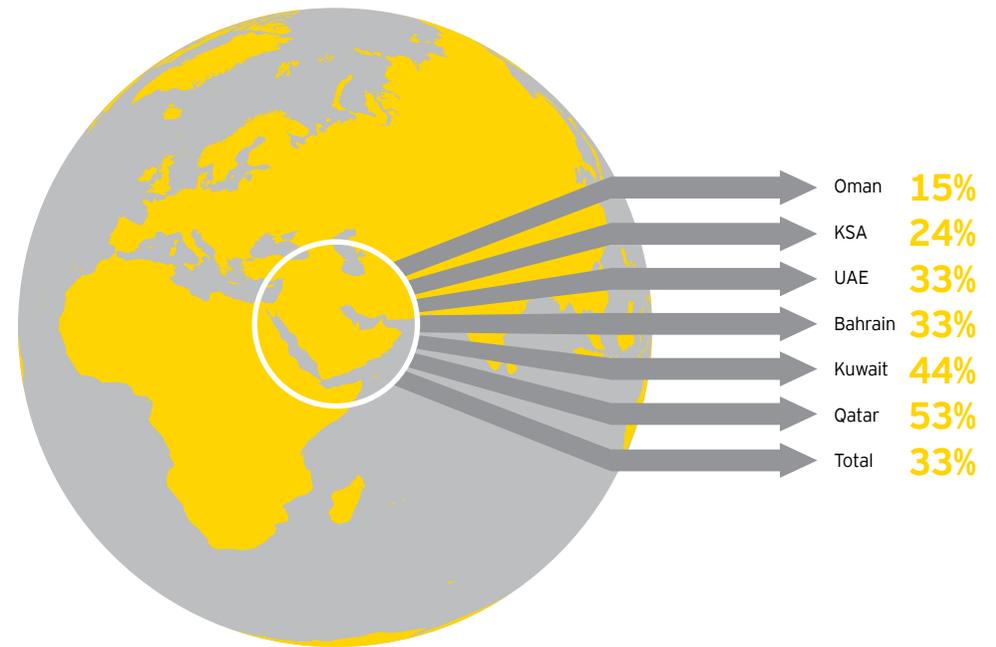
There are significant challenges around the perception of the importance of work in the UAE, Oman and KSA, with a high proportion of students not feeling it important that they secure a job following the completion of their education.



Importance of finding a job

There may not be suitable jobs for me as a young national...

We found that young people in Qatar and Kuwait are much more confident about securing their first job; however, students in Oman and KSA are much more concerned about finding a suitable job that meets their expectations.

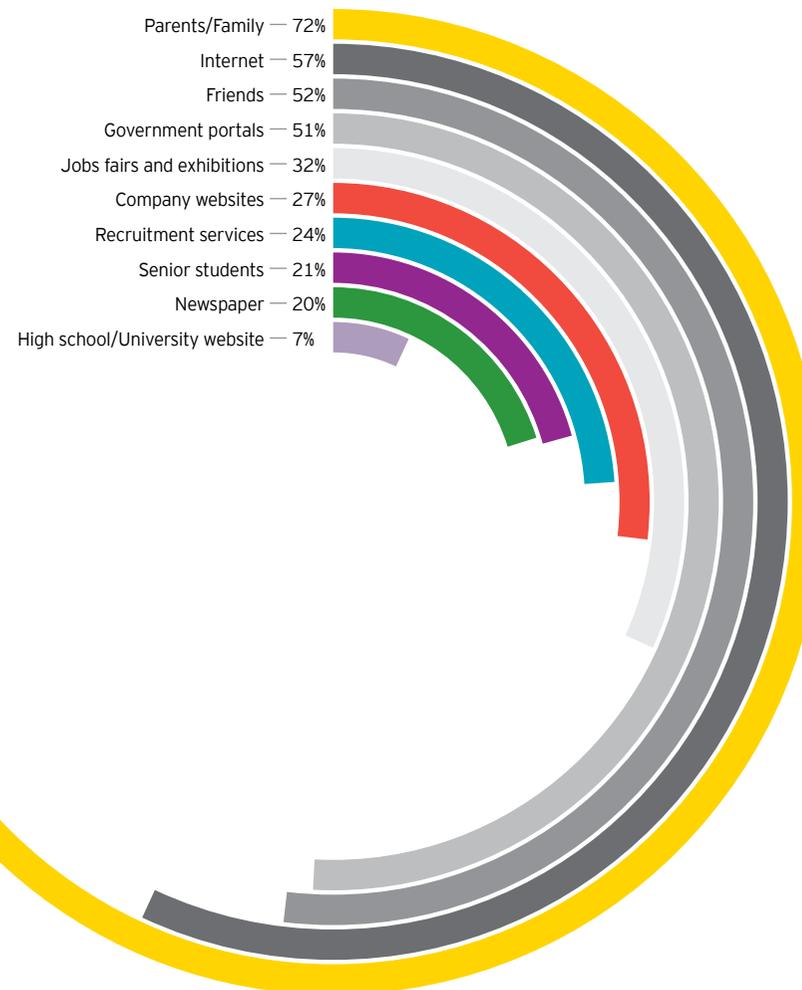


Level of confidence in finding a job

I'll use my personal connections to find a job

Positively, young people felt that the responsibility of finding a job is on themselves; however, they believe that the government, family, and social connections also have a significant role to play.

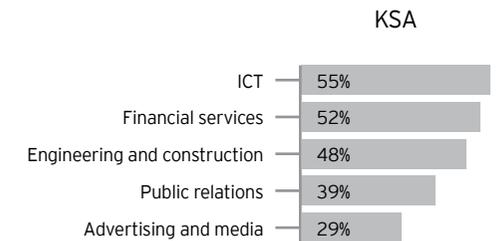
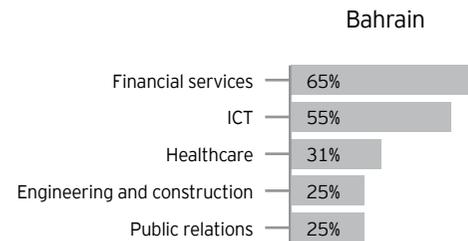
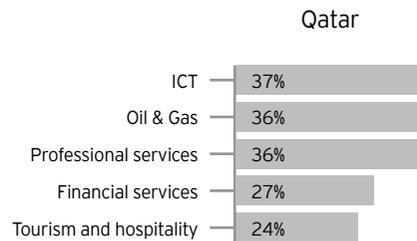
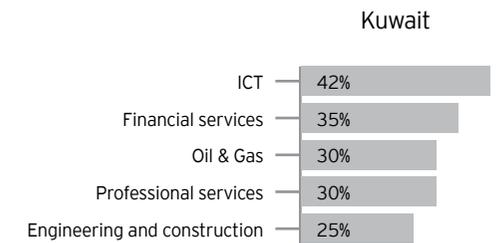
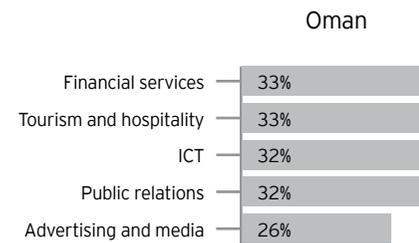
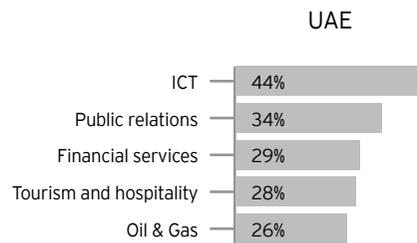
72% of young people stated that parents and family are the primary source of information about jobs. Only 32% relied upon job fairs and an even lower number, 7%, received support from their high school or university in finding employment.



Sources of information

Where should I work?

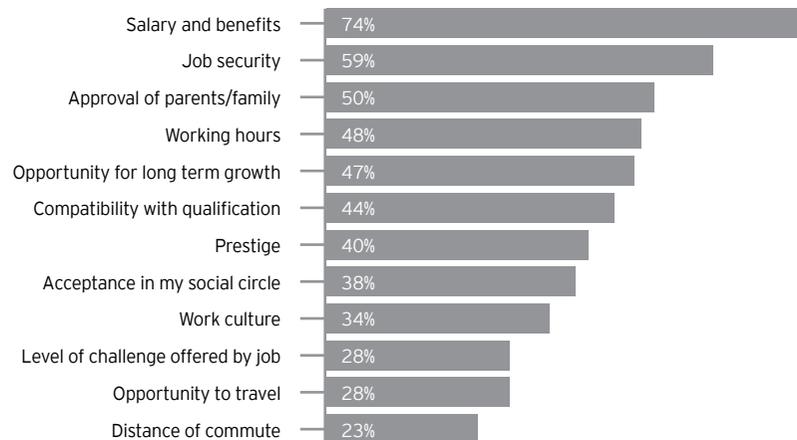
The majority of young people in Oman, Kuwait, Qatar, and the UAE would prefer to work for the Government. In KSA, there is a 50:50 split in preference between the public and private sector, and in Bahrain, a much greater preference to work in the private sector. When it comes to preferred industries, the ICT industry is the most desirable across the region, closely followed by financial services. Oil & Gas does not appear in the top five industry choices for young people in Oman, Bahrain or KSA. For young females, the most desirable industries are tourism and hospitality, public relations, and healthcare.



Percentage of young people who ranked the industry in their top 5

But what's in it for me?

Not surprisingly, salary is the most important factor for young people when choosing a job, with 74% of students rating salary and benefits as the most important factor influencing job choice. This is followed by job security, parental approval, and working hours, going a long way to explain the historic preference for working in the public sector.



Criteria for choosing a job assessed as 'very important' by young people

What factors are important when we are hiring?

The main factor cited by employers is the cost of hiring, closely followed by education, experience, skills, and English proficiency. With nationals expecting higher salaries and known challenges in the education and skills system, it is clear why employers target expat workers...

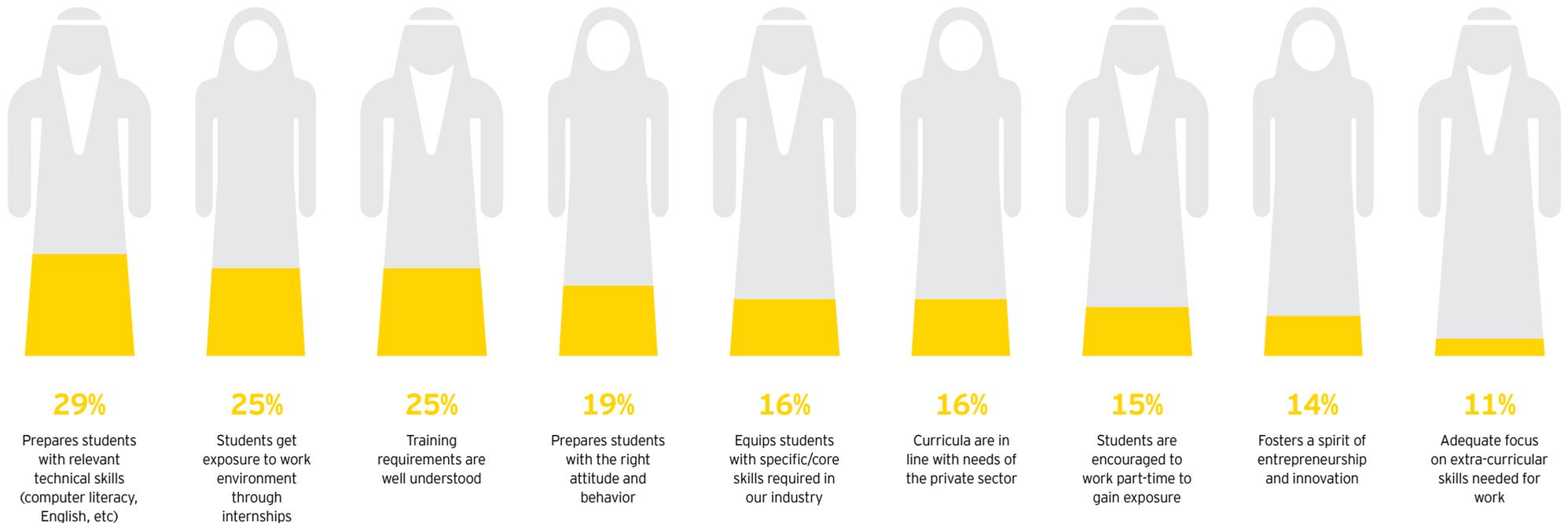


Criteria deemed 'very important' when hiring young nationals

Perspectives on preparation for the labor market

The education system does not meet the needs of business

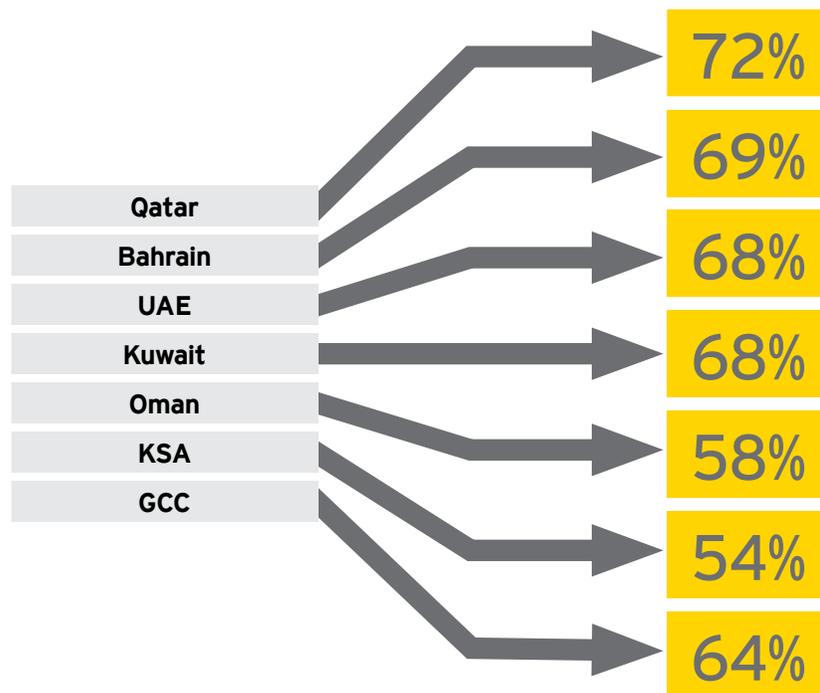
Employers do not believe that the education system prepares young people with the requisite skills, training, and attitudes for the workplace, or that educational institutions understand what is required by business. Only 29% of employers feel that education prepares students with necessary technical skills and only 19% agree that it prepares young people with the right attitude for work.



Employers' views on the education system

And the education system does not meet the expectations of young people

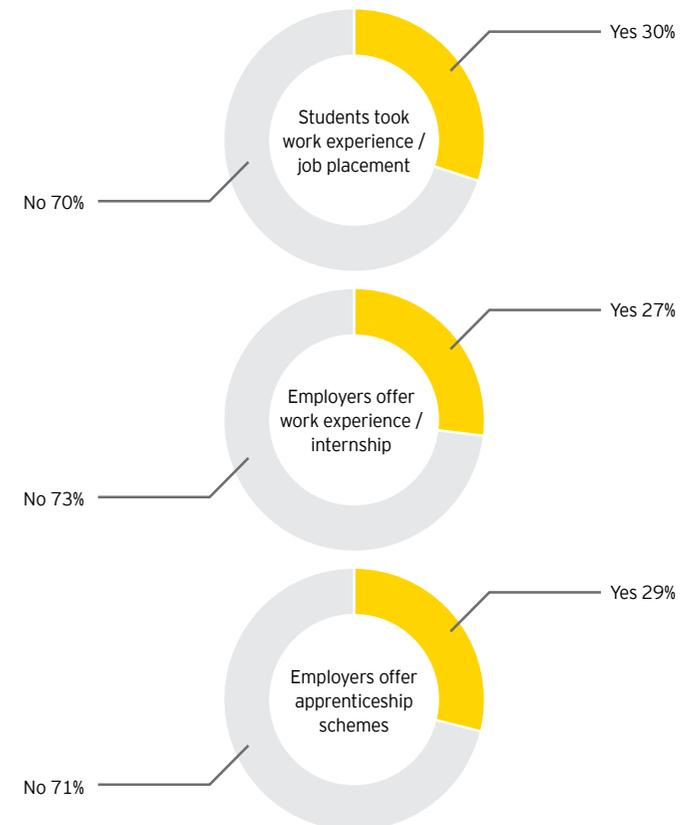
Young people do not trust that their education is sufficiently preparing them for employment. On average, 64% of students feel that their education is providing them with workplace-relevant skills, training, and experience. In KSA, only 54% are confident in the education system.



Students' views on the education system

Limited access to work experience programs

Work placements are a positive means of building relevant skills in young people. However, there is a very low availability of work experience programs across all six GCC countries, with private employers offering on average only four work placement places a year. KSA has the lowest participation in work experience programs, with only 7% of students having undertaken work experience placements versus a GCC average of 30% - the rate in the UAE was 42%.

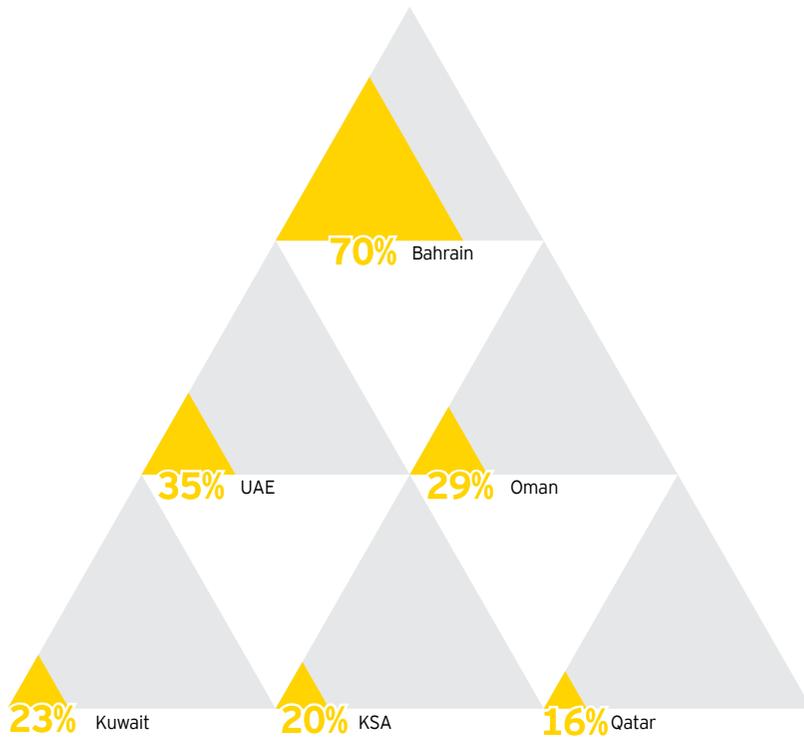


Availability of work experience

Perspectives on entrepreneurship

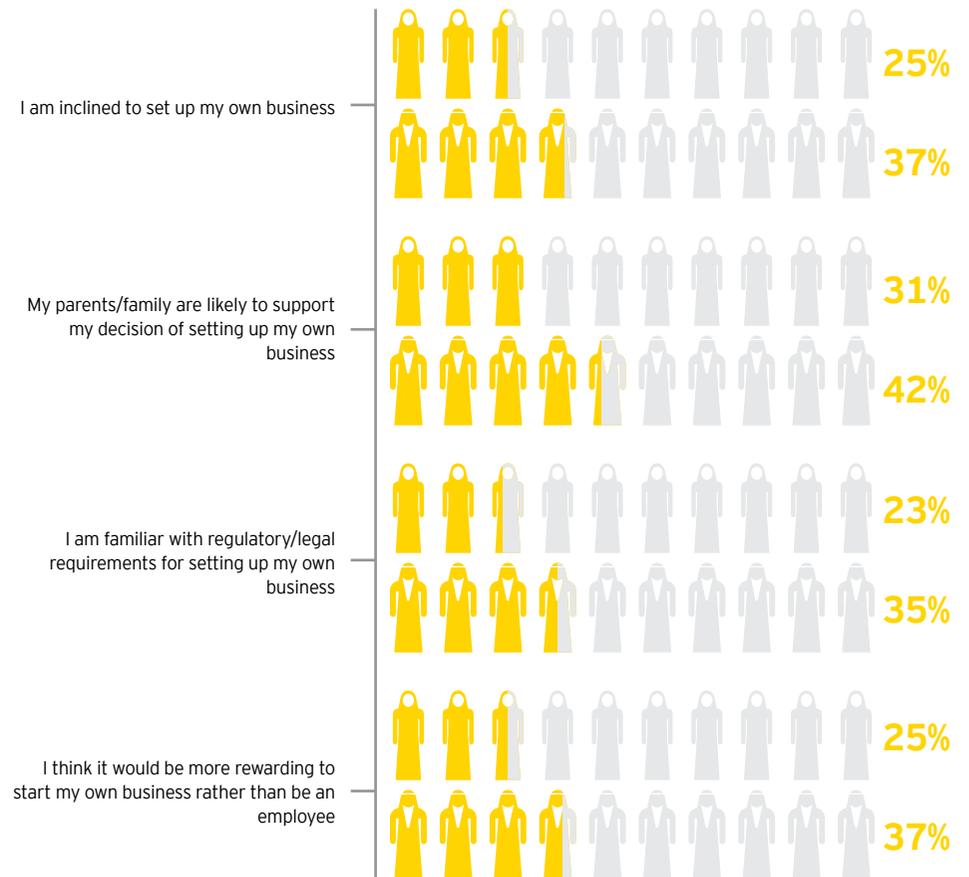
I don't want to start my own business

With the exception of Bahrain, a true outlier, entrepreneurial spirit is weak across the GCC. This is perhaps the greatest challenge that the region faces as it seeks to diversify and grow the private sector. Young people are not inclined to set up their own businesses, do not believe it is rewarding, do not feel their families would support this, and are confused by how they navigate the system to establish a new business.



Positive attitude towards establishing own business

Challenges in the sphere of entrepreneurship are significantly more pronounced for women. Females perceive that their families are less likely to be supportive of their entrepreneurial ambitions compared to males. The gap in awareness of procedures and requirements is also greater among female students.



Male and female perspectives on entrepreneurship

Conclusion

Our study highlights a number of barriers to sustainable economic growth for GCC countries, which is contingent upon a stronger and more diverse private sector.

We have outlined a six point action plan for consideration by governments, working in collaboration with educational institutions and the private sector.

- ▶ Prioritize the development of an entrepreneurship culture, ecosystem and underpinning national support capability. It is too difficult at present for an entrepreneur to navigate the system. Without addressing this entrepreneurship challenge, private sector growth and job creation is significantly constrained
- ▶ Establish national campaigns to inspire young people and change their attitudes towards the importance of starting their own business or finding a job in the private sector. In the short term this might focus on industry sectors that are already attractive to young people, where there lies significant potential to grow GDP contribution by the sector
- ▶ Reform national skills and education models. Governments need to rethink how education is provided to deliver the ultimate objective of work-ready young adults. Curricula needs to be designed with input from employer bodies
- ▶ Encourage more work placement schemes for young people still in education, to broaden their experience and develop their work attitudes and ethics
- ▶ Establish national apprenticeship schemes to deliver large numbers of practically skilled young people for vocational careers
- ▶ Establish career support functions in high schools and universities, working with the private sector to help students secure jobs

For GCC countries to compete in the global market of knowledge-based economies, steps must be taken to leverage the potential of the next generation of professionals. A number of challenges surround tackling regional youth unemployment; however, these are exciting times for developing the key human resource on which the future of the region's economic and social growth depends: GCC youth.

Case study

Key insights from Mr. Ibrahim AlMoiqueel, Director General of the Saudi Arabia Human Resources Development Fund

HRDF views on areas for action to raise the competitiveness of a young, national labor force in an increasingly knowledge-based global economy focus on stimulating a sea change in attitudes towards employment. Mr. Ibrahim AlMoiqueel stresses that 'new values and educational standards need to be created between the government and the citizen to reorient the values of youth towards work'. He believes these changes can be seen within 3-5 years, but only if all layers of societal influence - the family, Kindergarten, elementary school, middle school, and high school- are properly educated. Changing the youth mindset to ignore the perceived status of a job and to focus on why working is important is an essential measure to reverse 'the lingering impact and effects of the last 40 years'.

Alongside changing attitudes towards the youth employment movement and urging the education system to improve its standards and instill pro-employment values, HRDF calls for a more streamlined legal and administrative system to create a successful entrepreneurship platform and make it easier for young people to start their own business. Mr. AlMoiqueel stresses the importance to both young people and to the Kingdom's growth of a business environment that encourages and enables entrepreneurial activity: 'I want to support entrepreneurship with the wealth of the country, because it will open the doors to success for both the youth and the companies'.

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