How will the GCC close the skills gap?
The Gulf region has recognized the importance of education and skills, and are investing heavily in schools, colleges and universities. However, there remains a fundamental misalignment of needs and expectations that makes it hard to improve outcomes. Employers struggle to find the skills they need, especially at entry level. Young people in schools, colleges and universities are unclear about how and why they should enter the job market and build a long-term career. Teachers are unsure about labor market demands and why they should care.

As a result, governments are not managing to create the skills and attitudes they need to match the ambition of their national visions, based on increasing the role of the private sector, and promoting entrepreneurship and small and medium-sized businesses. Realigning these needs and expectations will require much closer collaboration between all the players and concrete initiatives to ensure that the generation now coming through school is equipped and motivated to compete in the private sector.

This report is based on an in-depth survey we conducted of employers and students across the GCC. We suggest four collaborative approaches to creating an ecosystem of progress from education into employment, and we outline the steps that companies, educators and governments can take to define and then meet their common needs. We hope it inspires ideas and actions that help to prepare the GCC workforce of the future.

Will Cooper
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One of the primary aims of economic diversification is to create new jobs in the private sector to tackle youth unemployment among nationals in the GCC and ensure sustainable growth. However, if nationals don’t have the skills they need to be successful in those jobs, expatriate employees will continue to be the more attractive option for employers.

Governments understand that investing in skills, education and training is critical to developing a sustainable local workforce, facilitating rewarding careers for young people and boosting the region’s competitiveness. The skills gap, however, is getting bigger – not just in the GCC – as knowledge economies demand more advanced competences. Collaboration between governments, investors, educators, employers and young people themselves is critical to creating a supportive ecosystem to preparing young people to contribute to the GCC workforce of the future.

To increase youth employability, governments need to address obstacles in the progression from education to employment, investing not only in education and preparation for employment, but also in education about opportunities in the 21st-century labor market. Initiatives must be driven by the needs of employers, with all levels of the education system involved in meeting these needs early in the life cycle of a student.

We have identified four key areas for attention:

- Aligning curricula with employers’ needs
- Providing information about careers
- Developing the workforce through experience and training
- Encouraging a culture of employment, innovation and entrepreneurship

Executive
Next steps

For the private sector: engagement

- Get involved in schools, colleges and universities, talking to students, providing advice and forming partnerships to help develop curricula and work experience schemes
- Collaborate within sectors to develop a clear, consistent set of needs to discuss with schools and the government, defining the technical and soft skills, as well as the behaviors and attitudes, that a graduate needs to have for you to hire them
- Invest and sign up to job training, work placements and internships. Support or create apprenticeships, creating fast-track schemes for participating students

For the education sector: execution

- Invest in a clear picture of the future business landscape to ensure that the national educational infrastructure is designed to fit the national job profile of the future
- Focus on raising teacher training quality and introducing new approaches and techniques to teaching
- Adapt the curricula, developing a balance of practical skills and academic understanding that is relevant to the current and future job market, and integrating work experience
- Enhance curricular and extra-curricular opportunities to develop enterprise skills and mindset
- Engage with parents and guardians to support young people’s career decisions

For the government: enablement

- Mandate and push through educational initiatives with a clear strategy and focus
- Provide incentives to the private sector to get more involved; for example, through apprenticeships and graduate training schemes
- Ensure that incentives are not distorted further by considering equalizing public sector pay with that of private sector benchmarks
- Get the message out to young people that employment in the private sector is rewarding
- Invest in promoting the merits of entrepreneurship and establishing a business
Strategic context
The drivers of change

There is an urgent need to get more GCC nationals working in the private sector. The old model of employing nationals in high-paying government jobs is no longer sustainable. It is damaging for the public sector: budgets are strained and government businesses struggle to become more efficient. It is damaging for the private sector too, which relies heavily on expatriates for its workforce. In the UAE and Qatar, only 1% of the private sector workforce is made up of nationals, rising to a high of just 18% in Saudi Arabia.\(^1\) If the GCC is to employ the fast-growing number of young nationals entering the labor market and remain competitive, it needs to create more jobs in the private sector — but just as importantly, it must ensure that nationals have both the motivation and the skills to fill them.

Governments around the world are facing growing skills gaps – the dual challenges of high youth unemployment levels alongside a severe lack of required skills. In the GCC, the problem is particularly urgent for two reasons. Firstly, youth unemployment is already among the highest in the world, boosted by the fast-growing population. Saudi Arabia has the highest rate in the GCC at 30%, according to figures from the International Labor Organization (ILO). Even in the UAE, where per capita income is high and the national population relatively small, the rate has reached 10% and the trend is upward (see Figure 1).

Secondly, the social and financial incentives provided for nationals to take secure and well-paying public sector jobs have reduced the motivation to develop private sector skills and the experience that would help develop them. Our survey of 1,000 students and 100 employers across the GCC (see “Survey methodology”, page 27) shows that, outside of Bahrain, GCC students show an overwhelming preference for public sector jobs. This mindset has to change to stop the unemployment rate escalating in the medium to long term, and to enable the successful diversification of the economy away from dependence on oil and gas revenues.

The International Monetary Fund estimates that, if the current share of nationals in the private sector remains as it is now, as many as 1.6 million nationals could enter the labor market in 2018, with only 600,000 private sector jobs generated to accommodate them.\(^2\) As the events of the Arab Spring demonstrate, failure to tackle youth unemployment risks, unrest and political and economic instability.

To reorient young nationals toward private sector employment, governments are supplementing number and quota-driven nationalization initiatives with strategic investment in the education-to-employment ecosystem. The priority now is to prepare and equip young people for the workplace before they become job seekers, ensuring alignment between education and training and employers’ needs.

---

Figure 1. Youth unemployment, ILO projections for 2014 and 2018 (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Bahrain</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Oman</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>Kuwait</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>UAE</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Qatar</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

---

\(^1\) See EY: Growth Drivers, Understanding the opportunities and challenges for business in the GCC, 2014.  
GCC employers have a crucial role in providing the right opportunities for GCC youth — not as job creators, but as job enablers. The challenge of filling the skills gap is a global phenomenon, and that’s why it makes sense to learn from, embrace and adapt the best global programs designed to promote constructive private sector involvement to educators and young people to encourage their journey into employment. Governments cannot do this alone. Employers must step up to play a significant part in defining and honing the skills they need, and supporting the delivery of training. In Europe, EY has joined the Alliance for YOUth — an alliance of more than 150 companies committed to supporting the European Commission’s attempt to solve youth unemployment through apprenticeships, meaningful work experience and internships. On joining, we pledged 55,000 traineeships and 35,000 internships across Europe by 2020. Could a similar alliance be created in the GCC?

In MENA, I am proud of the Advisory Consultant Program (ACP) we launched in September 2014. We have already welcomed 30 new nationals into our Advisory business as graduates, and we intend to have over 50 new nationals joining each year. This program is providing opportunities and creating role models for the upcoming generation; just part of how we are helping to build a better working world.

The GCC education landscape

Education drives growth, competitiveness and stability. The OECD estimates that half of the economic growth in developed countries over the last decade has come from improved skills. A report commissioned by Pearson demonstrated a clear correlation between higher student scores in science and mathematics and an increase in the annual per capita GDP growth rate.\(^1\)

GCC governments are investing heavily in the education sector and have pledged a further US$24 billion by 2017. Saudi Arabia’s investment in its human capital has doubled in the past five years, for example, and now accounts for around a quarter of total government spending — one of the highest levels in the world. GCC countries are clearly investing to improve preparedness to compete in the knowledge economy in absolute and relative terms. The number of institutions in the region has increased, enrollment across all levels has risen, and quality and standards have improved due to factors such as increased private sector participation, review and regulation, and development of infrastructure.

International comparisons show, however, that high overall spend does not necessarily equate with higher output or performance. GCC students still lag behind international standards in mathematics, science and reading. Where Gulf countries have participated in comparative studies, such as the Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS), they have received scores well below the global average.

Where spending is already high, such as in Saudi Arabia and the UAE, it is important that spending is strategic, focusing on human capital — not only in teaching students, but also in training their teachers — rather than focusing on constructing and equipping schools. In other GCC states, spending levels need to rise as a share of the budget. This is fundamental to ensuring the successful progression from education to sustainable employment, focusing on quality, relevance and 21st-century employability (see “The lessons from PISA” on page 9).
The lessons from PISA

Andreas Schleicher, OECD Director for Education and Skills, explains what makes a world-class school system

PISA assesses the extent to which 15-year-old students have acquired knowledge and skills that are essential for full participation in modern societies, and it provides countries with insights into what policies and practices are associated with better learning outcomes. Since 2000, over 70 countries that together make up over 80% of the world economy have participated. In so doing, they have learned what is possible in education.

Raising education outcomes is easier said than done. The status quo has many protectors, and countries need to be bold in thinking and execution to effect real changes. Obviously, we can’t copy and paste school systems wholesale, but PISA has revealed a number of features that the world’s most successful school systems share.

The value of education: everybody agrees education is important, but the test comes when education is weighed against other priorities. How do countries pay their teachers compared with other highly skilled workers? Would you want your child to be a teacher rather than a lawyer? How do the media talk about teachers? PISA has shown that leaders in high-performing systems have convinced their citizens to make choices that value education — their future — more than consumption today.

The value of hard work: in successful school systems, people believe it is possible for all children to achieve. In these places, students consistently believe that achievement is mainly a product of hard work, rather than inherited intelligence. This suggests that social context can make a difference in instilling the values that foster success in education.

The quality of teachers: nowhere does the quality of a school system exceed the quality of its teachers. Top school systems pay attention to how they select and train their staff. They support their teachers to make innovations in pedagogy and to pursue professional development that leads to stronger educational practice. And when deciding where to invest, they prioritize the quality of teachers over the size of classes. Not least, they provide intelligent pathways for teachers to grow in their careers.

Personalized approach with ambitious common standards: top school systems realize that ordinary students have extraordinary talents and personalize educational experiences. High-performing school systems also share clear and ambitious standards across the board. Everyone knows what is required to get a given qualification. That remains one of the most powerful system-level predictors in PISA.

Consistent and comprehensive: the most impressive outcome of world-class school systems is, perhaps, that they deliver high quality across the entire school system so that every student benefits from excellent learning. Last but not least, they tend to align policies and practices across all aspects of the system, and they see that they are consistently implemented.
From education to employment
Addressing the misalignment

Our survey of students and employers across the GCC was designed to identify the major challenges that employers face in hiring and retaining nationals, as well as the attitudes of young people toward employment. Juxtaposing the two sets of responses, it’s clear that there is a fundamental misalignment between the expectations of both sides.

From the employers’ side, we found that companies see a number of significant benefits in employing young nationals, outside of merely complying with quotas (see Figure 2). Nationals have local knowledge, connections and networking opportunities that expatriates are unable to match.

Figure 2. The benefits of hiring nationals

What are the main benefits of hiring nationals? Percentage of responses (multiple responses allowed)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>UAE</th>
<th>Qatar</th>
<th>Kuwait</th>
<th>Oman</th>
<th>Bahrain</th>
<th>KSA</th>
<th>GCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local knowledge</td>
<td>81</td>
<td>67</td>
<td>73</td>
<td>100</td>
<td>23</td>
<td>43</td>
<td>65</td>
</tr>
<tr>
<td>Local connections and networking</td>
<td>86</td>
<td>100</td>
<td>67</td>
<td>100</td>
<td>15</td>
<td>5</td>
<td>61</td>
</tr>
<tr>
<td>Problem-solving skills</td>
<td>24</td>
<td>20</td>
<td>47</td>
<td>13</td>
<td>8</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Commitment</td>
<td>0</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>54</td>
<td>43</td>
<td>18</td>
</tr>
<tr>
<td>Professionalism</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>38</td>
<td>48</td>
<td>16</td>
</tr>
<tr>
<td>Skills and qualifications</td>
<td>5</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>46</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Leadership quality</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>31</td>
<td>43</td>
<td>14</td>
</tr>
<tr>
<td>Ease of training</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>38</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Sound work ethics and work culture</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>15</td>
<td>33</td>
<td>10</td>
</tr>
<tr>
<td>Communication skills</td>
<td>24</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>9</td>
</tr>
</tbody>
</table>

However, new hires often lack the skills and behaviors that would enable them to build long and successful careers in the private sector (see Figure 3). The biggest challenge is high salary expectations, with 70% of GCC private sector employers finding that young nationals are tempted away by competitive public sector salaries and remuneration. The attractiveness of other options is not the only challenge to retaining nationals in the workforce. Over half of employers cite a lack of work experience (especially in Saudi Arabia and Qatar) as a significant problem; around a third say behavioral attributes, such as communication skills, discipline, commitment and attitudes toward employment make it difficult to retain nationals. Just under a quarter of employers cite a lack of required skills or qualifications – evidence that a shortage of technical training is a challenge to young people’s career progression.
Figure 3. What makes it difficult to retain nationals (% of GCC respondents)?

Very important

- Salary expectations: 70%
- Lack of work experience: 53%
- Communications skills: 36%
- Work discipline: 30%
- Work commitment: 28%
- Attitude toward employment: 27%
- Required skills and qualifications: 22%
- Cultural difference: 15%
- Expectation of flexible working: 10%
- Adaptability to organization culture: 4%
- Poaching by other organizations: 2%

It is not surprising that employers cite these challenges, as the top three priorities for GCC students in taking a job are money, job security and work-life balance. Almost three-quarters of GCC students put salary packages at the top of the list of what they consider very important in a job, followed by 59% citing job security as very important. Challenging work ranked second to bottom, with just 28% citing it as very important (see Figure 4).

Figure 4. But what’s in it for me?

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

- Salary and benefits: 74%
- Job security: 59%
- Approval of parents and family: 50%
- Working hours: 48%
- Opportunity for long-term growth: 47%
- Compatibility with qualification: 44%
- Prestige: 40%
- Acceptance in my social circle: 38%
- Work culture: 34%
- Level of challenge offered by job: 28%
- Opportunity to travel: 28%
- Distance of commute: 23%
Filling the skills gap: four keys to success

We believe there are four initiatives — all requiring collaboration between companies, educators, government and students themselves — that would help GCC countries to bridge the gap between what the changing economy needs and the skills and attitudes that students currently learn.

1. **Aligning curricula with employers’ needs**

Unless local educational content is directly in line with what GCC employers need, young nationals cannot be adequately prepared for private sector employment. Only 29% of employers currently feel that the education system in their country prepares students with the right technical skills for the job (see Figure 5). In order to change that, companies need to have more input in shaping and driving course content toward their specific requirements and to developing a workforce supply that aligns with what the market demands.

*Figure 5. Percentage of employers who agree with the following statements about the education system in their country*

- **29%** Prepare students with relevant technical skills (computer literacy, English, etc)
- **25%** Students get exposure to work environment through internships
- **25%** Training requirements are well understood
- **19%** Prepare students with the right attitude and behavior
- **16%** Equips students with specific and core skills required in our industry
- **16%** Curricula are in line with needs of the private sector
- **15%** Students are encouraged to work part-time to gain exposure
- **14%** Fosters a spirit of entrepreneurship and innovation
- **11%** Adequate focus on extra-curricular skills needed for work
Curricular content in GCC schools, colleges and universities has, in recent years, been developed to provide more technical learning and to teach the skills specifically required by the labor market, but there is still significant room for improvement, especially in the public education sector. Only 16% of employers believe that curricula are currently aligned with private sector needs, with the lowest levels of satisfaction in Oman and Qatar and the highest in the UAE. Across the region, more than a quarter of students themselves are not confident that they are receiving the right training for their preferred industry (see Figure 6).

Figure 6. Students who believe that their education is equipping them with the right skills and training for their chosen career, by country and gender (%)

As the region’s private sector diversifies, the current disconnect between the skills and knowledge employers need and what the education system delivers will become an even more pressing concern. Employers need to play a bigger role in educational content and delivery, working side by side with educators to make curricula directly relevant to their current and future needs. Just 6% of survey respondents say they currently liaise with universities. Increased collaboration is particularly vital to developing vocational training programs. Only 16% of employers feel the specific skills required by their industry are taught to students, and vocational education provides a golden opportunity to deliver employer-led course content through a combination of practical and theoretical training.

How to do it: forging bottom-up links

Structured collaboration and partnerships between industry and education providers is needed to close this gap. This can boost the relevance of specific courses, raise the standard of teaching, and create opportunities for students to get genuine insights into potential careers and corporate expectations. For employers, it provides a pipeline of talent and the chance to identify the best before competitors have seen them, as well as boosting overall brand awareness.
In the GCC, such partnerships are often forged from the top down by large, publicly owned companies such as Saudi Aramco or Abu Dhabi’s Mubadala, which work with universities to create a focus on specific industries. However, they can also be forged from the bottom up by smaller private sector employers. Companies can reach out to universities, providing intellectual resources for professors and students, creating student competitions and providing work experience.

Canadian rare metals developer Avalon identified the lack of talent as a constraint on its business (see case study “Shaping the educational environment” below) and has since invested considerable time into building relationships with institutions, students and teachers to develop interest in the sector.

Through its initiative, Avalon is now able to both shape and access talent for its workforce, a process termed “early identification.” Its programs stimulate interest and attract students before they reach the job market, providing Avalon with access to a greater, well-trained pool of graduates with less competition. The programs also improve the company’s overall brand recognition and reputation among academics and students.

Shaping the educational environment

Avalon Rare Metals University Student Outreach Initiative, Canada

Few students plan a career in the rare metals and minerals industry, making the search for people with the right skills and interest in the industry a challenge for Avalon Rare Metals, a Canadian mineral development company. Avalon has taken a proactive approach to developing a pipeline of talent, by reaching out directly to university students in relevant fields.

Avalon’s University Student Outreach Initiative, established in 2011, focuses on introducing relevant subject material into university courses, cultivating a network of resources and mentorship for students and teachers who are interested in the complementary fields, and encouraging innovation among students to develop technologies that leverage rare metals resources.

Avalon has partnered with several educational institutions in Canada to promote knowledge of rare metals in university curricula. Avalon actively reaches out to schools and professors to suggest relevant learning topics, with employees delivering lectures on rare metals to chemistry, metallurgy, mining and geology courses.

The company also sponsors student projects, and researches and develops industry competitions. For example, at the University of Waterloo, Avalon sponsored a nanotechnology challenge where employees helped judge the solutions and delivered a lecture on the chemistry and physics of rare earth elements to students. Avalon also sponsors Earth Science Workshops to create a space for student geologists and professors to convene. These one-day workshops focus on debate, dialogue and exchange of ideas around the discipline, and create linkages between industry, professors and students.

Universities and colleges are also actively reaching out to employers to get them involved in designing curricula, which is boosting the institutions’ reputations and rankings. In an increasingly competitive education environment, the level of employability offered by a course or university is becoming an increasingly important measurement for students choosing where to study and for governments choosing where to invest further.

In the UK, for example, Birmingham City University, a public university with over 20,000 students, began to prioritize employer engagement in 2008, with the aim of enhancing its students’ employability. In addition to offering job placements, internships and student mentoring, it introduced an innovative way of ensuring that its curricula remained relevant to market needs. Its Redesign of Learning Experience Project, dubbed RoLEX, invited employers to take part in developing the curriculum, along with students, external examiners and senior academics. Many courses directly feature employers in content delivery: its MA in Product Design uses content from Marks and Spencer, Cadbury, Denby and Triumph Motorcycles. Employers are also involved in assessing students.

The benefits of such close collaboration go beyond the immediate impact on relevant skills and student employability. Birmingham City University is discovering that the long-term relationships it has forged with employers have created a platform for student placements, internships and, ultimately, a route into graduate employment, based on the trust that companies develop in the output of their educational partner.
Developing the workforce through experience and training

Workplace experience is vital to bridging the gap between employment and work. It can align expectations of the job, boost interest in a career or company, foster professional behaviors and soft skills, and provide essential hands-on training. Our survey shows, however, that only 27% of employers in the GCC offer work experience or internship programs to students. Correspondingly, only 30% of students say they were able to benefit from workplace experience — although there were significant differences between countries, ranging from a high of 42% in the UAE to a low of 7% in Saudi Arabia (see Figures 7 and 8).

Figure 7. Availability and take-up of practical training across the GCC
Work experience, such as internships, vocational training and apprenticeships, is vital to ensure students receive practical training that is employer-led. In particular, it provides the GCC youth with the opportunity to understand the behavioral skills and attitudes that are required for the private sector workplace, in addition to developing technical and core skills. Our survey of employers points to punctuality, innovation, adaptability and handling work stress as major areas of weakness (see Figure 10). These essential soft skills are often underdeveloped due to limited extra-curricular opportunities within and outside of school, and teaching methods that do not encourage critical thinking, problem-solving, leadership and effective communication.

Fostering these skills is an ever-increasing priority as the profile of the 21st-century employee changes. Around the world, those now entering the workplace tend to think more globally and be more complex in their expectations and demands – of themselves and their employers – than previous cohorts. It is important that GCC students are able to compete within this generation. Exposing students to the workplace at a younger age can help develop these skills and provide genuine education about employment and employers’ expectations. However, the opportunities for young GCC nationals to understand what is required and develop the necessary skills are few and far between.

**Figure 9. How are the following soft skills among nationals you employ (%)?**

<table>
<thead>
<tr>
<th>Skill</th>
<th>Poor</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punctuality</td>
<td>32</td>
<td>26</td>
</tr>
<tr>
<td>Innovation</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Adaptability</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Handling work stress</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Commitment</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Conflict resolution</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Self-motivation</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Leadership</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>Cross-department communication</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Problem-solving</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Willingness to learn</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Professionalism</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Sense of team spirit</td>
<td>5</td>
<td>13</td>
</tr>
</tbody>
</table>

**How to do it: embedding vocation training in the education-to-employment ecosystem**

One established approach to making it easier for companies to link to the education system is to create vocational school tracks, which need to be viewed by students and their families as equally valuable alternatives to an academic path. Switzerland’s vocational education and training system, for example, creates a foundation of employability among young people who choose not to pursue academic higher education, and prepares them specifically for the workplace through theoretical and practical training. By creating this option for students at high-school age, the education system molds and trains students for work at an early stage – crucially, before they become unemployed job seekers (see case study “Smoothing the path to work” on page 18).

To attract students into this route, the system has to engage private sector employers across multiple sectors to boost credibility, as well as provide real and meaningful work experience that demonstrates a commitment to high-quality employment opportunities for students. What is, in many countries, regarded as the social stigma of vocational education is absent, since students and their families see an embedded system that has attractive and identifiable outcomes in careers with real progression potential. Switzerland’s model, with the private sector at its heart, provides quality assurance to all employers that students are equipped with relevant skills and experiences, and also provides early access to workforce supply.
Smoothing the path to work

Vocational and Professional Education and Training System, Switzerland

After completing lower secondary school, Swiss students have a choice to continue school to prepare for university or to join the vocational system (VET). The VET system offers practical work experience combined with continued academic coursework at a VET school or college - with the option of further training, direct employment or a shift to the university track once completed.

The Federal Government, cantons (states) and professional organizations cooperate closely to design and deliver the three- to four-year programs that prepare students for over 230 professions, ranging from hairdressing to retail banking, with qualifications frameworks to match. Under the VET system, students participate in part-time paid apprenticeships, splitting their time between school, work and additional training organized by relevant professional organizations.

Theoretical instruction and practical training are closely linked to ensure alignment between the skills that companies require and the training students receive. Professional organizations play a part in designing coursework and academic requirements, and there is intensive training and retraining of instructors to ensure they are up to date in technical and pedagogical approaches.

Companies are not subsidized for hosting students nor obliged to participate; however, around 40% of Swiss companies able to participate do so. Most point to the opportunity to develop a pipeline of future talent that does not require full training when joining the workforce as the greatest benefit of the apprenticeship system.

The federal and state governments also ensure the system adapts quickly to labor market demands and economic fluctuations by working closely with professional organizations and schools to provide information about changes in employment needs nationally. They system is often cited as a key contributor to Switzerland’s low and sinking youth unemployment rates – only 8% of young Swiss nationals are currently unemployed, and the share is forecast to fall to 7% by 2018.
Investing in skills for employment doesn't end once a young person is hired. If companies are to remain globally competitive, employers need to develop their workforce continuously through structured training and professional development. According to our survey, currently, 20% of GCC employers offer no training at all to new hires, and only 6% have a graduate training program (see Figure 10). A coordinated effort is required to improve human resource development.

**Figure 10. GCC employers who provide training opportunities**

<table>
<thead>
<tr>
<th>Training Opportunities</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee induction training</td>
<td>54%</td>
</tr>
<tr>
<td>Technical and work-related training</td>
<td>50%</td>
</tr>
<tr>
<td>IT and computer literacy training</td>
<td>15%</td>
</tr>
<tr>
<td>Management training</td>
<td>15%</td>
</tr>
<tr>
<td>Business model and strategy training</td>
<td>10%</td>
</tr>
<tr>
<td>Graduate training programs and internships</td>
<td>6%</td>
</tr>
<tr>
<td>Cultural training</td>
<td>4%</td>
</tr>
<tr>
<td>Mentoring program</td>
<td>2%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>2%</td>
</tr>
<tr>
<td>No training programs offered</td>
<td>20%</td>
</tr>
</tbody>
</table>

For larger companies, one way to embed training into corporate life is to create a corporate university in-house training academy. Accor Group, a leading French hotel group operating over 3,700 hotels across five continents, has been a pioneer of this approach. It set up the Accor Academy in 1985, offering training courses to support corporate culture and enhance employee capabilities. It now offers over 120 large-scale and sector-specific training courses to 135,000 workers a year, with campuses in 17 countries, including Tamheed in Dubai, which offers courses around the GCC region. This global reach helps the company to adapt the company-wide program to local needs and helps employees to gain transferable skills, improving their mobility and ability to be promoted.

In-house or outsourced training and opportunities to gain industry-accredited qualifications are essential to growing a competitive national workforce. Large international companies based in the region have established career development programs for their new recruits, offering general and technical, role-specific training in the first years of a graduate’s employment. However, the GCC labor market landscape is characterized by high numbers of family companies that have grown from small businesses, where investment in such training is less common. Making it easier for these companies to offer apprenticeships could raise skills levels and provide focused industry-specific training.
Providing information about careers

Educating young people about employment opportunities – ranging from career choices to specific job openings and application processes – is as important as providing skills. Limited access to information about careers prevents graduates from working toward the jobs they want.

Our survey shows that 72% of young nationals rely heavily on friends and family for advice about careers and information about specific jobs. An increasing number – especially women – are starting to use online job portals to look for jobs. Capitalizing on this generation’s digital agility is a good way to launch the job-seeking process before students leave education and join the ranks of the unemployed.

A good example of a high-quality and widely used online source of career information is South Korea’s CareerNet (see case study “Virtual guidance” below). This website provides access to high-quality career information and is more than a digital information repository. CareerNet blends information on careers with virtual support from highly trained career coaches, appealing to the country’s high internet usage while reducing costs traditionally associated with professional career advice.

Virtual guidance

South Korea’s CareerNet provides personalized career information and support

Korea has transformed its educational system and its economy in recent years, and now regularly tops rankings on both inputs and outcomes. As part of its efforts to improve young people’s knowledge about potential career paths, the Government set up CareerNet, a website that provides comprehensive, easily accessible and high-quality information about careers. Operated by the Government’s Center for Career Development, the site received nearly seven million users last year. Estimates are that more than 60% of all secondary school students in Korea have visited the site.

Particularly in the GCC, it is clear that employers have a pressing need to work closely with schools, colleges and universities to provide crucial information. Fewer than 30% of GCC students say they have sufficient information about job opportunities, qualification requirements and application processes. Differences between genders and countries are significant. In Saudi Arabia, for example, just 5% of men say they have sufficient information about job opportunities and application processes (see Figures 11, 12 and 13).
Figure 11. Students that have sufficient access to information about jobs and career paths in their preferred industry, by country and gender (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall total</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>41%</td>
<td>33%</td>
<td>49%</td>
</tr>
<tr>
<td>KSA</td>
<td>24%</td>
<td>5%</td>
<td>44%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>42%</td>
<td>41%</td>
<td>49%</td>
</tr>
<tr>
<td>Oman</td>
<td>13%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Qatar</td>
<td>39%</td>
<td>22%</td>
<td>39%</td>
</tr>
<tr>
<td>UAE</td>
<td>22%</td>
<td>26%</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bahrain</th>
<th>Overall total</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Overall Total</td>
<td>Private</td>
<td>Public</td>
</tr>
<tr>
<td>---------</td>
<td>---------------</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>Bahrain</td>
<td>33%</td>
<td>40%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36%</td>
<td>29%</td>
</tr>
<tr>
<td>KSA</td>
<td>23%</td>
<td>8%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Oman</td>
<td>43%</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>Qatar</td>
<td>13%</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>UAE</td>
<td>21%</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Figure 12. Students who feel they know what qualifications they need to work in their preferred industry, by country and gender (%)
Collaborative platforms that offer careers information can close this information gap, helping students to plan their course selection and boost interest in certain jobs among students.

As useful as online information can be, it remains important to provide young people with direct human interaction when providing career guidance. The biggest opportunities to offer information and guidance are the school and the home. Ensuring that teachers understand how to help students and embed it as an integral part of their teaching is crucial to spread career information. Teachers can ensure students take actions toward their career goals, help monitor their progress and provide face-to-face guidance.

US-based Graduation Alliance focused on workforce development through a number of innovative programs, including an online platform that allows teachers and students to link a student’s skills and values to the educational requirements for over a thousand occupations. The road maps provide students and teachers with a clear path with milestones and monitoring; the tool also includes individualized planning tools to help students achieve their goals step by step. Interactive, individualized university guides show students how far a university is from their home and how their achievements compare with typical applicants. There is extensive information for users on financial aid options, standardized testing and application processes.
Encouraging a culture of employment, innovation and entrepreneurship

It is understood that encouraging a culture among GCC youth in which work is seen as attractive and rewarding is a priority that underpins the success of education-to-employment initiatives.

We found that just 47% of GCC students say they think it is very important to find a job within a year of leaving education. That average reflects a wide variation. In Bahrain, a sizeable 69% are looking to find a job quickly. In Saudi Arabia, however, just 12% say that finding a job is very important. But three times more Saudi women than men see themselves as job seekers, and students in Damman are more than four times as likely to be looking for jobs as those in Riyadh.

Even where GCC students are looking for jobs, they are still focusing primarily on the government sectors, where jobs tend to pay well, provide good benefits, offer security and demand little. Just 39% of students say they would prefer to work in the private sector. Again, there are important differences between countries. Bahrainis would prefer to find a job in the private sector, while Saudis are split evenly in their preferences. In Kuwait and Qatar, over 70% of students say their aim is to work in the public sector (see Figure 14).

*Figure 14. Students who prefer to work in the public sector and the private sector, by country and gender (%)*
If governments are to create dynamic private sectors that support their local populations, they need to find ways to boost appetite for taking on challenging work. They also need to raise the profile of alternative – but increasingly important – employment options, inspiring entrepreneurs to start their own businesses.

We found that entrepreneurial spirit among young people in the region is low. Removing the stark outlier Bahrain, where 70% of students say they would like to start their own business, fewer than a third of students can imagine being an entrepreneur. Young would-be entrepreneurs in the GCC, even if they see starting their own business as an appealing career choice, are often held back by cultural stigma and a fear of failure. Crucially, they also have limited access to funding networks, to practical start-up information and to support, which would help them convert their ideas into viable business opportunities (see Figure 15).

Figure 15. Students who are familiar with the legal and regulatory requirements to start their own business

<table>
<thead>
<tr>
<th>Country</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>69%</td>
<td>77%</td>
</tr>
<tr>
<td>KSA</td>
<td>22%</td>
<td>13%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>Oman</td>
<td>38%</td>
<td>12%</td>
</tr>
<tr>
<td>Qatar</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>UAE</td>
<td>43%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Entrepreneurs are not born, they are made. It takes cultures and educational systems that get high-school children engaged in thinking about their future opportunities, testing their ideas and setting up businesses as part of the curriculum. It requires the encouragement of teachers and families and exposure to respected national role models who have built up businesses themselves. The message that entrepreneurship and innovation are good for the country and something that young people should get involved in needs to come from the top.

Jeremy Liddle, Chairman of the G20 Young Entrepreneurs Alliance, believes that promoting entrepreneurship is the solution to the youth employment crisis. That is partly because some people will start up their own businesses and create employment, but also because fostering an entrepreneurial mindset makes young people more engaged, better employees and more willing to take responsibility for their own lives. He is now trying to tackle the lack of access to knowledge, networks and funding that hinder businesses, by developing an innovative way to help entrepreneurs pitch for capital. CapitalPitch is creating a digital network of start-up businesses, advisors and investors, which helps get entrepreneurs ready to pitch for capital and then puts them in front of interested investors. Creating these kind of supportive ecosystems is crucial for overcoming obstacles to entrepreneurship.

Building a pro-employment and pro-entrepreneurship mindset can also be supported by boosting young people's interest in Science, Technology, Engineering, and Mathematics (STEM) subjects. STEM courses are less popular than humanities, social sciences and business, yet they provide the basis for innovative business and are in high demand from employers. A way to stimulate the digitized GCC youth's interest in these subjects from a young age is to use gamification techniques, turning the tools of discovery and reward into a mechanism for focusing learning on tougher subjects that increase employability. This is the model being developed by Jeff Martin, founder and CEO of Tribal Planet (Case study: Gamers for science).
Gamers for science

Jeff Martin, founder and CEO of Tribal Planet, explores how gameification can stimulate interest in learning

Tribal Planet is developing a digital ecosystem for students, teachers, parents and employers that aims to encourage learning in the areas most in demand by 21st-century employers: STEM. Using cutting-edge mobile and tablet technology, along with gameification techniques, the project is funded by companies that want to invest in developing their future workforce from a young age.

Students’ time and effort spent understanding educational content is logged as points that can be redeemed for rewards, such as concert or movie tickets. Students are able to revisit content they find more challenging, and the time spent consolidating their understanding is also rewarded, increasing the appetite for learning. Through this approach, learning is fun and student-driven. Student learning behaviors are understood and captured through data and analytics, and young people, their parents, teachers and the sponsoring companies each have access to a dashboard that shows the students’ profile, interests and the way they learn best.

This partnership builds a relationship between students and employers from a young age, introducing students to the companies that can provide internships and job opportunities, while introducing employers to students they know have the required knowledge for the job. In the GCC, government funding would enable fair and equitable access to this type of model among small and medium-sized employers who require successful job-matching initiatives but don’t necessarily have the funding to target students in this way.
GCC governments have begun to tackle the skills challenge and invest in education for the growing numbers of young nationals. There is now an urgent need to focus spending on initiatives that can realign the expectations of young people with the rapidly evolving needs of employers, and ensure that the workforce of the future has the necessary skills for employment. Only by leveraging the collaboration of the private sector, schools, colleges, universities and society at large can governments be sure to transform its youth bulge into a demographic dividend.

**Survey methodology**

In 2014, EY conducted a GCC-wide survey with over 1,000 GCC national students in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. Also surveyed were over 100 large and medium-sized private sector employers. The study focused on capturing the attitudes and aspirations of students preparing to enter the workforce, as well as identifying any major existing gaps between private sector employers’ expectations and those of their future recruits.

The student survey was conducted among 1,030 young nationals in the age group of 16 to 25 years of which 532 were males and 498 females. All respondents interviewed were students, with the sample comprising of 330 high-school students and 700 university students. These students belonged to both public (529 students) as well as private (500 students) education institutions.

The employer survey was conducted among 101 private employers in the GCC. Of these, 54 were medium-sized companies with up to 500 employees, while the remaining 47 were large companies with more than 500 employees. There were 83 local companies headquartered in the GCC, and 18 were international organizations with their headquarters located outside the GCC.
Acknowledgments

Parthenon-EY
We would like to thank our colleagues at Parthenon-EY for their support in preparing the international case studies.

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