

The Brookings Project on U.S. Relations with the Islamic World  
2011 U.S.-Islamic World Forum Papers

# The Role of Entrepreneurship and Job Creation in U.S.-Muslim Relations

CONVENED AND AUTHORED BY:  
Ahmed Younis  
Mohamed Younis



at BROOKINGS

AUGUST 2011



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For the first time in its eight-year history, the 2011 U.S.-Islamic World Forum was held in Washington, DC. The Forum, co-convened annually by the Brookings Project on U.S. Relations with the Islamic World and the State of Qatar, once again served as the premier convening body for key leaders from government, civil society, academia, business, religious communities, and the media. For three days, Forum participants gathered to discuss some of the most pressing issues facing the relationship between the United States and global Muslim communities.

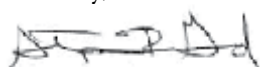
This year, the Forum featured a variety of different platforms for thoughtful discussion and constructive engagement, including televised plenary sessions with prominent international figures on broad thematic issues of global importance; smaller roundtable discussions led by experts and policymakers on a particular theme or set of countries; and working groups which brought together practitioners in a given field several times during the course of the Forum to develop practical partnerships and policy recommendations. For detailed proceedings of the Forum, including photographs, video coverage, and transcripts, please visit our website at <http://www.usislamicworldforum.org>.

Each of the five working groups focused on a different thematic issue, highlighting the multiple ways in which the United States and global Muslim communities interact with each other. This year's working groups included: "America and the Muslim World: The Tale of Two Media," "The Roles of Muslim-Majority and Muslim-Minority Communities in a Global Context," "Higher Education Reform in the Arab World," "The Role of Entrepreneurship and Job Creation in U.S.-Muslim Relations," and "Developing Leadership and Capacity in the Muslim Nonprofit Sector as a Building Block for Sustaining Partnerships and Change."

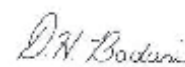
We are pleased to share with you the last of our five working group papers, "The Role of Entrepreneurship and Job Creation in U.S.-Muslim Relations." Please note that the opinions reflected in the paper and any recommendations contained herein are solely the views of the authors and do not necessarily represent the views of the participants of the working groups or the Brookings Institution. All of the working group papers will also be available on our website.

We would like to take this opportunity to thank the State of Qatar for its partnership and vision in convening the Forum in partnership with us. In particular, we thank the Emir of Qatar, HRH Sheikh Hamad bin Khalifa Al-Thani; the Prime Minister and Foreign Minister of Qatar, HE Sheikh Hamad bin Jassim bin Jabr Al-Thani; the Assistant Foreign Minister for Follow-up Affairs, HE Mohammad Abdullah Mutib Al-Rumaihi; and the entire staff of the Permanent Committee for Organizing Conferences at the Ministry of Foreign Affairs for their support and dedication in organizing the Forum.

Sincerely,



Dr. Stephen R. Grand  
Fellow and Director  
Project on U.S. Relations with  
the Islamic World



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the Islamic World



## THE ROLE OF ENTREPRENEURSHIP AND JOB CREATION IN U.S.-MUSLIM RELATIONS

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When President Barack Obama convened the Summit on Entrepreneurship in April 2010, hardly anyone in attendance expected, that in less than twelve months, countries in the Middle East and North Africa would be witnessing stark political changes that range from all-out revolution to unprecedented demand for governance and economic reforms. In this shifting reality, where employment challenges, particularly among young citizens, have played a crucial role in the calls for change, there has never been a more pressing need to create quality jobs. In countries where governments have been recently toppled, this need is coupled with a heightened expectation for more job opportunities for young citizens. For the United States, and an American administration that has sought a “New Beginning” with Muslim-majority societies, such change presents a watershed moment for U.S.-Islamic world relations. And because the two overthrown dictators, Zein Al Abidine Ben Ali and Hosni Mubarak, were U.S. allies, many in the region are now keenly following not only Washington’s reactions to the immediate aftermath of such changes, but also the degree to which the United States will be an effective partner in helping address the underlying issues that led to the social upheaval.

Specifically, addressing a lack of quality jobs, particularly for people under the age of thirty, will be as important to citizens in the region as human rights, the rule of law, and political freedoms.

In light of these historic changes across the region, it is imperative for both Muslim-majority governments and the Obama administration to chart clear, coherent, and nuanced policies aimed at building sustainable and job-creating economic environments in the region. It is also an important moment for non-governmental organizations (NGOs) and development agencies to take stock of what this new reality means for their programs and initiatives in a region with potentially crippling employment challenges.

Convened at the 2011 U.S.-Islamic World Forum in Washington, DC, an entrepreneurship and job creation working group discussed many of the issues presented in this paper. The working group included leading entrepreneurs, economic policy experts, and academics from the Muslim world and the United States who understand entrepreneurship and its role in contributing to sustainable job-creating economies. Recommendations for governments, NGOs, and the private sector are presented at the end of the paper.

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**MOHAMED YOUNIS** is a Senior Analyst at the Gallup Center for Muslim Studies and a Senior Practice Consultant at Gallup. He is a primary author of the Silatech Index report—an analysis of the public opinion of young Arabs—and serves as a Senior Analyst at the Abu Dhabi Gallup Center. His areas of focus include employment challenges in the Middle East and North Africa region (MENA) and relations between western and Muslim-majority societies. Mohamed studied Political Sociology at the University of California, Riverside, with an emphasis on social change in the MENA region and the Muslim-American experience. He received a J.D. from Washington and Lee University School of Law and is a member of the Virginia State Bar.



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## A RAPIDLY SHIFTING CONTEXT

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### THE ARAB STREET AWAKENS

While many observers were caught off-guard by recent social upheavals in the Arab world, those who have studied the political, social, and economic challenges in many of the region's countries have documented the unsustainable economic and social realities that young people have endured over the past three decades. A sharp demographic shift and economic inflexibility in addressing such a shift plague many countries in the region.<sup>1</sup> As people under the age of thirty have quickly become the majority in more countries across the region, this shift has been coupled with a lack of clarity on job-creating strategies that are sustainable in a globalized economy. While a lack of political freedoms and government accountability have been the highlights of the recent calls for revolution and reform, a fight for a dignified life is at the heart of young people's frustrations with the status quo. Employment—more specifically opportunities to attain *quality* jobs—is not only an essential part of any social bargain between the ruled and ruling, but is a fundamental catalyst in enabling citizens to be contributing members of their society. Thus, the employment challenges across the region, particularly among young people ready to start their careers,

are directly linked to the increasingly assertive demands for dignity, freedom, and an opportunity to pursue prosperity. Economic marginalization and the resulting implications for young people sparked the widespread uprisings throughout the region.

In the past few decades, as Arab countries were shaking off the vestiges of the colonial era, governments seemed to focus their efforts not on political reforms, but rather on economic ones. The Nasser era, as some have called it, unleashed a series of measures aimed at nationalizing many industries and bringing them under the management purview of government.<sup>2</sup> This process, although started in Egypt, had an impact on neighboring countries. The result, particularly in North Africa and the Levant, was a slew of centralized socialist-oriented economies in which government was the biggest and most desirable employer. This process propagated a social and economic culture where citizens looked to government to solve many of the challenges they faced in life, particularly in the area of employment. Slowly, government jobs became just another public service that citizens expected to have delivered. Ultimately, these policies discouraged private investment and trade.<sup>3</sup> Globalization, a population boom, and declining oil prices rendered the nationalized model

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<sup>1</sup> Navtej Dhillon and Tarek Yousef, *Generation in Waiting: The Unfulfilled Promise of Young People in the Middle East* (Washington, DC: Brookings Institution Press, 2009).

<sup>2</sup> Iliya Harik, *Economic Policy Reform in Egypt* (Gainesville, FL: University Press of Florida, 1997).

<sup>3</sup> Raj M. Desai and Tarik Yousef, "Is the Arab Authoritarian Bargain Collapsing?" (The Brookings Institution, Washington, DC, February 9, 2011), [http://www.brookings.edu/opinions/2011/0209\\_arab\\_economies\\_desai\\_yousef.aspx](http://www.brookings.edu/opinions/2011/0209_arab_economies_desai_yousef.aspx).



unsustainable. By the mid to late 1980s, many governments began to react with privatization measures in an attempt to build more vibrant economies.<sup>4</sup>

## ECONOMIC CHALLENGES OF THE MIDDLE EAST AND NORTH AFRICA

As economies were privatized, mindsets stagnated. Several generations of young citizens entered the workforce with the desire, and, at times, the expectation of government employment. Their economic marginalization began to cause social tensions and resentment toward governments perceived as uninterested or incapable of meeting the basic economic needs of a growing portion of their people. In 2010, a majority (52 percent) of those aged 15-29 across the region said they would prefer government employment over a job in the private sector. More surprising was that aspiring entrepreneurs<sup>5</sup> were not much less likely (45 percent) to say that they too would prefer a job in the public sector.<sup>6</sup> Despite stark economic and political differences in the region, the mindset challenge is one that both wealthy oil-producing Gulf countries and poorer North African and Levant countries equally face.

The economic, political, and cultural diversity within the region makes it impossible for policy-makers, on the regional and global levels, to find broad-brushed approaches that address the employment challenges of younger citizens. This is, in part, due to the fact that such challenges have manifested themselves differently across the region. While wealthy oil-producing Gulf countries have much larger revenues to rely on to stimulate the economy

and produce jobs, as Saudi Arabia announced in February,<sup>7</sup> other poorer economies are more dependent on global partnerships and foreign direct investment. Further, in a globalized economy, governments, no matter how sincere their efforts, cannot address employment challenges alone. Solving these economic and social challenges must begin within each country, but they can only be taken to scale through domestic private-public sector partnerships and by reaching out to global allies and organizations.

Fifteen percent of young people in the region say they plan to start a business within the next twelve months while only 4 percent of American and European counterparts say the same.<sup>8</sup> Young people in the Arab world—in high, medium, and low-income countries—are also showing significant improvements in their favorable opinion of entrepreneurs.<sup>9</sup> Nonetheless, 40 percent of 15-29 year olds in the low-income countries of the region and 30 percent of the same demographic in the middle-income countries say they want to migrate permanently from their home countries.<sup>10</sup> This may be explained, in part, by well-being indicators. For example, in 2005, 29 percent of Egyptians and 24 percent of Tunisians were categorized as “thriving” on the Cantril scale (an assessment of well-being), but by 2010, those numbers dropped to 11 percent and 14 percent, respectively.<sup>11</sup>

The challenge for the region is not only so-called brain drain, but a more complicated reality. Those that say they want to leave permanently are also more likely to say that they plan to start a business

<sup>4</sup> For a thorough exploration of this process, see Iliya Harik and Denis J. Sullivan, eds., *Privatization and Liberalization in the Middle East* (Bloomington, IN: Indiana University Press, 1992).

<sup>5</sup> Aspiring entrepreneurs are those who said they planned to start a business in the next twelve months.

<sup>6</sup> Silatech, “The Silatech Index: Voices of Young Arabs” (Gallup, November 2010), 16, <http://sas-origin.onstreammedia.com/origin/gallupinc/media/poll/pdf/Silatech.Report.2010.Nov.pdf>.

<sup>7</sup> “Saudi King Gives Billion Dollar Tax Boost to Housing, Jobs,” *Arabian Business*, February 23, 2011, <http://www.arabianbusiness.com/saudi-king-gives-billion-dollar-cash-boost-housing-jobs-382623.html>.

<sup>8</sup> Mohamed Younis, “More Than One in Seven Young Arabs Plan to Start a Business” (Gallup, Washington, DC, November 17, 2010), <http://www.gallup.com/poll/144689/One-Seven-Young-Arabs-Plan-Start-Business.aspx>.

<sup>9</sup> Ibid.

<sup>10</sup> Silatech, “The Silatech Index: Voices of Young Arabs,” 59.

<sup>11</sup> For an explanation of the Cantril scale, see “Understanding How Gallup Uses the Cantril Scale,” Gallup, accessed August 2, 2011, <http://www.gallup.com/poll/122453/Understanding-Gallup-Uses-Cantril-Scale.aspx>.

within the next twelve months and are more likely to already be employed. That means the Arab world is beginning to suffer not just brain drain, but small and medium-enterprise (SME) drain, which cripples the ability of the region's economies to grow. An important step in convincing those who want to migrate permanently to not do so is to help them either find a job or get a better quality job than the one they currently have.

A challenge in how job creation is traditionally addressed is the “silo-orientation” that exists in governments, civil societies, and families. In other words, the inability to see the connections between skills, job placement, entrepreneurship, migration, and national economic development has been detrimental to job creation. Those who are working to create access to finance for SMEs usually know

little about skills development and migration patterns, for example, or what is needed to attract local home-grown talent to stay. Studies suggest that the most critical intervention in job creation is seeing and making the connections among these many nodes. The better linkages are made, the faster jobs will be created for young people across the region. Making these connections requires coordinated efforts by governments, civil society actors, and the private sector to improve three focus areas: access to and growth of enterprise, skills development and job placement, and education and mindset. Before delving into these topics, however, an examination of U.S. engagement with Muslim-majority societies on entrepreneurship and job creation is presented to place the relationship between the United States and global Muslim communities in context.



## AN ERA OF NUANCE AND CAUTION IN WASHINGTON

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### A “NEW BEGINNING” IN U.S.-ISLAMIC WORLD RELATIONS?

One of the major challenges the United States has faced over the past decade is how to effectively engage Muslim-majority societies in a manner that fosters increased cooperation and understanding. For most of this period, both substantively and diplomatically, issues concerning security, religious identity, and democratization have been the focal points of such engagement. However, since President Obama’s repeated expressions of a new beginning in U.S.-Muslim relations,<sup>12</sup> various initiatives and programs have been developed to broaden the topics around which Muslim-majority societies and the United States can pursue their shared interests.

During the past two years, the Obama administration’s efforts to engage Muslim-majority societies have been widely credited with bringing noticeable changes in tone—from one of confrontation to one of cooperation. More importantly, the issues around which Washington has been engaging Muslim-majority societies reflect a willingness to cooperate on societal concerns that go beyond

the national security of the United States, the acute conflicts of the region, and terrorism. An important step in this effort was the appointment of high-level Muslim American diplomats, tasked with reaching out to Muslim communities and key organizations (such as the Organization of the Islamic Conference), to lay the groundwork for a “new slate.”<sup>13</sup>

This sentiment and new posture was most pronounced in President Obama’s June 2009 speech in Cairo, where he told Muslims all over the world that “[W]hile America in the past has focused on oil and gas when it comes to this part of the world, we now seek a broader engagement.”<sup>14</sup> President Obama announced a series of new areas for cooperation and engagement with Muslim-majority societies. One strategy was to foster opportunities for exchange in the areas of education and science with the appointment of U.S. science envoys—Bruce Alberts, Elias Zerhouni, and Ahmed Zewail<sup>15</sup>—specifically tasked with reaching out to Muslim-majority societies and cooperating on issues of primary concern to them.

Another major initiative was the Presidential Entrepreneurship Summit,<sup>16</sup> which convened a corps of

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<sup>12</sup> “Remarks by President Obama to the Turkish Parliament,” Ankara, Turkey, April 6, 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-obama-turkish-parliament>.

<sup>13</sup> These appointments include Farah Pandith, Special Representative to Muslim Communities, and Rashad Hussain, Special Envoy to the Organization of the Islamic Conference.

<sup>14</sup> “Remarks by the President on a New Beginning,” Cairo, Egypt, June 4, 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-cairo-university-6-04-09>.

<sup>15</sup> “U.S. Science Envoys,” U.S. Department of State, accessed August 2, 2011, [http://www.america.gov/science\\_envoys.html](http://www.america.gov/science_envoys.html).

<sup>16</sup> “Presidential Summit on Entrepreneurship,” U.S. Department of State, accessed August 2, 2011, <http://www.entrepreneurship.gov/summit>.

business leaders from the United States with their counterparts from Muslim-majority countries.<sup>17</sup> More specifically, the objective of the summit was to “deepen ties between business leaders, foundations, and social entrepreneurs in the United States and Muslim communities around the world.”<sup>18</sup> While the summit brought together a large number of diverse business leaders and innovators from Muslim communities all over the globe (including from the United States), it is still unclear how the partnerships formed have affected the economic and social situations in Muslim-majority countries, especially with regard to entrepreneurship. Nonetheless, the summit did bring attention to topics that are critical to economic development, not only in the Arab world but globally. When asked about the most formidable challenges people face in their lives, the majority of respondents around the world consistently cite the issue of having and keeping a good quality job.<sup>19</sup> A good job comes from an economic and social ecosystem that is conducive to the organic growth of entrepreneurial ventures that scale up.

The uprisings across the Arab world present U.S. policymakers with a new challenge: how to continue building such partnerships and enact programs that bring life to the spirit espoused by the president in countries that are going through democratic transition. Policymakers in Washington and in Arab countries must now craft new approaches for transitional economies that can absorb the demands and needs of young citizens, who were at the forefront in bringing about change. A challenge for U.S. policymakers will be the degree to which political reforms in countries like Tunisia and Egypt have an impact on the economic reforms of the last

three decades. As anti-Mubarak sentiment grew in Egypt over the past few years, the close-knit relationship between business moguls, who dominated the private sector, and the government tarnished the image of private enterprise and its importance to any emerging economy. With a long history of state-run industry, Arab countries face a serious risk of regressing from the privatization process they undertook in the previous decades.<sup>20</sup>

### IS THE UNITED STATES THE RIGHT PARTNER?

Despite widespread criticism among global Muslim communities of U.S. foreign policy, public opinion research, predating the Obama presidency, highlights the desire on the part of Muslim communities overseas to build partnerships with the United States, and its government in particular, in the areas of economic development and job creation.<sup>21</sup> The largest public opinion study of Muslim communities across the globe (covering over thirty-five nations with Muslim-majority populations) asked respondents an open-ended question: “Suppose someone from the government of the United States was to ask you in private what was the most important thing the United States could do to improve the quality of life of people like you in this country. What would your recommendation be?” The most common response among people in Muslim-majority societies was, “reduce unemployment and help to improve the economic infrastructure within my country.”<sup>22</sup> This response was more frequently given than responses mentioning U.S. foreign policy as it relates to any given conflict in the Muslim world.<sup>23</sup>

With the changes now unfolding and the strategic relationships that the United States maintains in the

<sup>17</sup> “Remarks by the President on a New Beginning.”

<sup>18</sup> Ibid.

<sup>19</sup> Jim Clifton, “Global Migration Patterns and Job Creation” (Gallup, Washington, DC, 2007), 3, [http://www.gallup.com/se/File/127637/GlobalMigration\\_Whitepaper.pdf](http://www.gallup.com/se/File/127637/GlobalMigration_Whitepaper.pdf).

<sup>20</sup> Michele Dunne and Mara Revkin, “Egypt: How a Lack of Political Reform Undermined Economic Reform,” *AlMasry AlYom*, February 25, 2011, <http://www.almasryalyom.com/en/node/330273>.

<sup>21</sup> John L. Esposito and Dalia Mogahed, *Who Speaks for Islam?* (Washington, DC: Gallup Press, 2007), 160.

<sup>22</sup> Ibid., 61.

<sup>23</sup> Interestingly, during the time of polling, the United States was still involved in major combat operations in Iraq and Afghanistan, and news stories surrounding the summer 2006 bombing of Lebanon by Israel highlighted the American role in arming the IDF with ballistic missiles used in bombing raids.

region, many Arabs now expect the United States to play a partnership role in helping countries going through transition get their economies back in order. The Obama administration chose entrepreneurship and job creation as the substantive vehicle for dialogue. This overture, along with the Cairo and Ankara speeches, supported the narrative that Muslims throughout the world are facing many collective challenges, including a lack of economic development and quality jobs that appropriately address the youth bulge in many Muslim-majority societies. The president's speeches granted, at least

in words, from the United States the respect sought by many Muslims.<sup>24</sup>

Aside from American involvement, many institutions and leaders of the region have already been working to build healthier economies that are job-creating and more entrepreneur-friendly.<sup>25</sup> For example, some have approached the aforementioned mindset challenge by incorporating entrepreneurial skill sets into educational curricula, while others have built institutions aimed at mentoring budding entrepreneurs and investing in their business ventures.

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<sup>24</sup> After Obama was elected, approval of U.S. leadership noticeably improved in most of the Arab world, and continued to climb during the first two years of his presidency. But approval of Obama's leadership in the region has steadily declined, due, in large part, to perceptions of a lack of action pursuant to the administration's rhetoric on many of the issues that concern Muslims globally and, in particular, Arabs.

<sup>25</sup> For a good discussion of various regional initiatives, see Ehaab Abdou, Amina Fahmy, Diana Greenwald, and Jane Nelson, "Social Entrepreneurship in the Middle East: Toward Sustainable Development for the Next Generation" (The Brookings Institution, Washington, DC, April 2010), [http://www.brookings.edu/-/media/Files/rc/reports/2010/04\\_social\\_entrepreneurship/04\\_social\\_entrepreneurship.pdf](http://www.brookings.edu/-/media/Files/rc/reports/2010/04_social_entrepreneurship/04_social_entrepreneurship.pdf).



## SUPPORTING ENTREPRENEURSHIP AND JOB CREATION

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The attendance by many of the Muslim world's key leaders in business and non-governmental institutions at President Obama's Summit on Entrepreneurship was a testament to the readiness for engagement by both the United States and Muslim-majority communities. There are also a number of other events, organizations, and business and government leaders that are bringing more attention to the issues of youth unemployment and job creation. For example, in 2010, the Celebration of Entrepreneurship—hosted by Abraaj Capital of Dubai and Riyada of Jordan, and led by entrepreneurs Arif Naqvi and Fadi Ghandour—brought together over two thousand entrepreneurs, academics, and venture capital firms to talk entrepreneurship, acquire skills, and network with others. Young chief executive officers and leaders of startups were able to pitch their projects and businesses at the conference, which gave birth to a number of new entrepreneurial ventures.

This is an example of the important work done by community leaders, who are essential to sparking entrepreneurship in Muslim-majority economies to be more competitive in the global economy. The combination of private sector, government, and NGO engagement has had a positive impact in some Arab countries in the last ten years, but much more is needed. In fact, an estimated 100 million jobs need to be created by 2020.<sup>26</sup> The role of the United States,

the global community, and local leaders is critical in removing barriers to job creation. The following are focus areas for community leaders, government officials, and global partners to support the job-creation ecosystem and ensure economic growth.

### MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES (MSME)

The most successful economies in the world are primarily composed of small and medium-size enterprises that compete in free markets influenced by creativity, advancements in technology, and the freedom to compete in corruption-free environments. Many economists in labor ministries throughout the Arab world are working with the private sector, banks, and civil society organizations to find solutions to the many obstacles facing SME sectors in the region. Global institutions like the World Bank and the International Labor Organization are working with local and regional leaders to build the programmatic sophistication necessary for success in economies as diverse as those in the Middle East and North Africa.

For local leaders to succeed in effecting change in their respective countries, they must better grasp what economic factors most affect the daily lives of their communities, especially among the youth population. Do their constituents want to work in

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<sup>26</sup> Paul Dyer and Tarik Yousef, "Will the Current Oil Boom Solve the Employment Crisis in the Middle East" (Arab World Competitiveness Report, World Economic Forum, 2007), 31, <http://belfercenter.ksg.harvard.edu/files/AWCR%203.pdf>.



the public or private sector? Do they think their governments are doing enough to ease the enterprise development challenge? Do they think their communities are good places to start a business? If not, why not? Studies that address these questions are needed to better understand the perspectives of communities across the Arab world.

Further, global best practices in economic development should be adopted. For example, microfinance has proven successful in communities throughout the global south in alleviating poverty for loan recipients and their immediate families. The ability to be self-sufficient and feel empowered is a significant accomplishment for disadvantaged communities. Similar ventures—such as the Da’ahliya Business Association, the Alexandria Businesses Association in Egypt, and Al Amal Microfinance Bank in Yemen—are doing well in the Arab world. Al Amal is unique in its specialization in offering loans to young people between the ages of 15–29 as a significant component of the bank’s overall portfolio. Nonetheless, it is still unclear whether micro-enterprises can grow to a level that offers employment to more than three to ten people. Sustainable economic development requires that the poor are able to integrate into the economic mainstream in their countries. Therefore, development institutions, governments, and the private sector should focus on how micro enterprises can grow in size, scope, and market share to become small or medium enterprises.

In the SME realm, growth or upward mobility can only occur if business development support (BDS) services that are being offered to enterprises are growth-focused in a way that spurs the creation of more small and medium enterprises and catalyzes the growth of supply chains of major national and international entities. In an ideal world, BDS should be focused on both the enterprise and the entrepreneur. Traditionally, BDS encompasses tuto-

rials and guidance on the running of a business, such as regulatory and legal issues, supply chain management, administration and bookkeeping, technology use, strategic planning, and the development and refinement of business models. The goal of introducing these topics is to grow the business and to make it more financially successful with increased market share. There is, however, an added challenge: building a cadre of future business owners and innovators requires business mentorship. This is sometimes a forgotten challenge in Arab societies that is championed by some business leaders but has yet to gain traction among the society at large.<sup>27</sup>

Economic development also requires a shift in mindset that allows for building enterprises that reflect the hopes and aspirations of the broader population, and not just for a select few or those who are part of the state apparatus. This shift can only happen if different segments of society come together to tackle the disenfranchisement of young people, women, and the economically disadvantaged.

### SKILLS DEVELOPMENT SUPPORT (SDS) AND JOB PLACEMENT

A majority of young people in the Arab world say they are not aware of the availability of skills development organizations in their communities, despite an increase in access to such institutions. And those who are aware of such programs believe they are not skilled enough to receive the skills development training available to them.<sup>28</sup> Many employers and chief executive officers in the Arab world speak frequently of the challenge of hiring young people with the appropriate skills for their workplace. Oftentimes, young people in the region believe they are qualified and skilled but cannot find jobs. Further, many employers in the Arab world receive resumes that include a multitude of certificates attached, proving that the candidate is serious about

<sup>27</sup> See Fadi Ghandour, “Inspiring Entrepreneurship in the Middle East” (remarks, Young Arab Leaders Summit, Dubai, November 6, 2010). For a discussion on the importance of mentorship and the traditional perspective among business leaders, see “Naguib Sawiris, CEO of Orascom, interviewed by Fadi Ghandour, CEO of Aramex” (interview, Celebration of Entrepreneurship, Dubai, November 2010), <http://www.wamda.com/coe/video/238980>.

<sup>28</sup> As of the 2010 Silatech Index, 75 percent of young people in the Arab world said they do not and have never used a job hunting or placement organization.

his or her future and about finding a job. However, many employers face two challenges: first, it is rare when the certifications or extra qualifications have significantly helped the young person manage complex and fast moving assignments in dynamic work environments, and second, it is even rarer that the qualification is relevant to the job available.

This phenomenon of over-certified young people who are not being placed into jobs conducive to economic integration is a barrier to success in the Arab world. There are a number of organizations that work to overcome this barrier in creative ways. Their goal is to bridge the gap between young people who want jobs and employers who need to fill critical vacancies in their enterprises—both public and private. An excellent example of an organization in the region that has shown an innovative approach in bridging the gap is the Education for Employment Foundation (EFE). EFE has succeeded in creating models that begin with placement then move backward to skills development. The organization engages current employers seeking placement for a specific group of young people in particular positions available, and offers to fund the training and development of young people who qualify for the positions available. EFE, therefore, does not start training anyone who does not already have a placement available after completion of the program. Young people that go through this kind of program serve as examples that encourage peers to engage in similar programs. Job-training programs also directly tackle the challenges of underemployment and unemployment of highly skilled young people. To continue to be effective, EFE and similar organizations should streamline their search for placement to ensure that the curricula and trainers available are not re-inventing the wheel of skills development.

In the tough competition for quality jobs, young Arabs with Internet access—either at home or in their communities—may have an edge over those

who do not have access. More than one in three young Arabs with Internet access say they are aware of services or organizations that help people find jobs, but that number drops to roughly one in five among those who do not have access.<sup>29</sup> Technology also helps match young people with jobs, because it creates new markets for engagement. For example, SouqTel, a social enterprise that uses simple 2G cellular phone technology, connects young people with jobs or job placement support. As young people in the region build new arenas of engagement, institutions will not be able to wait for the youth to walk in their doors, and will instead need to take the skills development and placement efforts to where young people are today, such as sporting clubs, coffee shops, and internet cafés.

## EDUCATION

Some skills are not market driven or specific to an industry but are essential for the success, growth, and development of every young person in the region.<sup>30</sup> Knowing how to manage a schedule, think critically, solve problems with a new set of facts, and work in a team are essential for a young person to compete in today's global economy. Schools, homes, clubs, and families must get on the same page about the skills young people need to place the economies of the region in a more competitive position globally.

Another critical development area is entrepreneurship education. The most notable organization that works on this particular issue is Injaz al-Arab, a member of Junior Achievement Worldwide, which has encouraged young people in the Middle East and North Africa to start their own businesses and engage in simulation competitions at the school, national, and regional levels. These competitions and classes, offered from middle school until college graduation, allow young people to build enterprises that the world, their peers, and regional judges see come to fruition.

<sup>29</sup> Julie Ray and Ahmed Younis, "Hooked Up: Internet Access May Give Young Arabs an Advantage in the Job Market," *The Edge* 3, no. 2 (February 2011): 22, <http://issuu.com/firefly-communications/docs/theedge19>.

<sup>30</sup> MENA Roundtable on Entrepreneurship Education, "Manifesto for Creating Jobs and Economic Growth in the MENA Region through Entrepreneurship and 21st Century Skills" (World Economic Forum Global Education Initiative, 2010), [http://www3.weforum.org/docs/WEF\\_GEI\\_MENA10Roundtable\\_Report\\_2010.pdf](http://www3.weforum.org/docs/WEF_GEI_MENA10Roundtable_Report_2010.pdf).



## POLICY RECOMMENDATIONS

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The working group's participants were keen to present a set of digestible ideas and recommendations aimed at influencing civil society actors, government officials, and private sector leaders, both from the United States and from their partners in Muslim-majority countries. The thrust of the recommendations focuses on how best to increase the number of quality jobs, while ensuring that engagement between the United States and global Muslim communities is based on mutual interests and respect. During the five working group sessions, participants divided up into smaller teams to focus their discussions on the following three themes relevant to the economic challenges facing Muslim-majority societies and, in particular, the Arab world: access to enterprise, access to employment, and mindset shift. The following are recommendations divided thematically.

### ACCESS TO ENTERPRISE

- Reform bankruptcy laws in developing economies throughout the Middle East and North Africa, including in the rich Gulf countries. Innovation and enterprise development necessitate trial and error and criminalizing the insolvency of companies makes entrepreneurs risk averse in their investments and strategies.
- Develop more transparent dispute resolution mechanisms for contract disputes.
- Conflicting parties should be allowed to resolve their claims equitably without resorting to the courts in a costly process that has potential “brand detriment,” especially to small companies and supply chains.
- Revise credit regulations, which would allow for more borrowing by aspiring entrepreneurs, especially young people looking to create small enterprises. Governments and international partners can scale up loan guarantee and investment funds that provide access to finance for entrepreneurs.
- Exchange best practices on regulation and the role of the private sector. Doing so promulgates regulatory structures and incentives that are catalytic to entrepreneurial activity and skills attainment by the unemployed and underemployed.
- Develop financial markets and lending trusts from diaspora investors, which are able to more easily tap into local knowledge and can help improve the economic sustainability of their communities of origin.
- Expand lending and the modalities with which customers attain capital for their businesses and to ensure economic growth in their local communities. One way to do so would be to expand mobile banking.

- Explore partnerships between the Arab world and the West at the city-to-city level. This kind of interaction relegates many of the stereotypes and challenges of national policies and politics to a secondary role. Local governments, leaders, civic groups, educational institutions, and others have similar cross-border challenges and solutions; therefore, engaging in dialogue and in partnerships can make the process of learning best practices and applying them at home more efficient.
- Increase competition by opening the market. Incentivizing competition and the free flow of ideas and resources plays a significant role in allowing those with ideas to develop their businesses more easily.

#### ACCESS TO EMPLOYMENT

- Foster *market-driven* skill development, inspire critical thinking, and promote self-awareness among young people and aspiring entrepreneurs to help align goals among stakeholders at the national, business, and individual levels.
- Form corporate councils, which can guide skills development institutions on the nature and specifics of talents, and help match technology to facilitate application and placement in those institutions.
- Focus on synergies and linkages within regional and local supply chains that allow micro and small enterprises to gain the expertise and business acumen necessary to grow and thus hire more workers.
- Expand early-stage career counseling and business education, necessary for the professional development of highly employable workers and entrepreneurs.
- Enable environments that help unemployed workers get qualified and employed and under-employed workers get placed in institutions

that match their knowledge and professional experience. In the long term, this increases the employability of the whole labor force.

- Enhance the role of critical thinking in the K-12 education curricula, decrease the role of rote memorization, and use assessments to improve students' self-awareness.
- Increase spending on business education and key skill development programs at early stages of youth development, and make internships and mentorships that allow young people to gain real-world experiences more prestigious and a more important part of the curriculum.
- Improve the national and local job search infrastructure by lowering the barrier to entry for skills development seekers, using funding partnerships to diversify the assistance available to job seekers, and increasing the word-of-mouth knowledge of these kinds of services.

#### MINDSET SHIFT

- Rebrand the narrative of success and failure, and recalibrate the meanings of “risk” and “entrepreneurship.” Doing so transforms the mental models of entrepreneurship, meritocracy, and job creation, and changes the ecosystem of fear that denies entrepreneurs the support structures they need. For example, rebranding the entrepreneurship narrative from one of struggle to more positive terms honors the journey and amplifies the positive outcomes of success.
- Inject a sense of prestige into entrepreneurship, framing it as a means of engaging in work that creates jobs and employs others while adding value to potential customers.
- Remove the stigma of failure, letting it instead be part of the learning process. There is value in inspiring belief in “Act, Learn,

Repeat” and other language that encourage the power to change realities through action.

- Emphasize real-life stories as ways to convey the value and possibility of entrepreneurial endeavors and highlight the rewards possible with smart investment and a dedicated business process.
- Provide examples of failed entrepreneurship that were followed by successes, noting that

entrepreneurship is not easy but is a high-value investment for the individual and the surrounding community.

- Encourage multinational corporations to get involved with small businesses and potential entrepreneurs in Muslim-majority societies, which can have an impact on the growth of job-creating economies.

## About the Brookings Project on U.S. Relations with the Islamic World

*The Project on U.S. Relations with the Islamic World* is a major research program housed within the Saban Center for Middle East Policy at the Brookings Institution. The project conducts high-quality public policy research, and convenes policy makers and opinion leaders on the major issues surrounding the relationship between the United States and the Muslim world. The Project seeks to engage and inform policymakers, practitioners, and the broader public on developments in Muslim countries and communities, and the nature of their relationship with the United States. Together with the affiliated Brookings Doha Center in Qatar, it sponsors a range of events, initiatives, research projects, and publications designed to educate, encourage frank dialogue, and build positive partnerships between the United States and the Muslim world. The Project has several interlocking components:

- The U.S.-Islamic World Forum, which brings together key leaders in the fields of politics, business, media, academia, and civil society from across the Muslim world and the United States, for much needed discussion and dialogue;
- A Visiting Fellows program, for scholars and journalists from the Muslim world to spend time researching and writing at Brookings in order to inform U.S. policy makers on key issues facing Muslim states and communities;
- A series of Brookings Analysis Papers and Monographs that provide needed analysis of the vital issues of joint concern between the U.S. and the Muslim world;
- An Arts and Culture Initiative, which seeks to develop a better understanding of how arts and cultural leaders and organizations can increase understanding between the United States and the global Muslim community;

- A Science and Technology Initiative, which examines the role cooperative science and technology programs involving the U.S. and Muslim world can play in responding to regional development and education needs, as well as fostering positive relations;
- A Faith Leaders Initiative which brings together representatives of the major Abrahamic faiths from the United States and the Muslim world to discuss actionable programs for bridging the religious divide;
- A Brookings Institution Press Book Series, which aims to synthesize the project's findings for public dissemination.

The underlying goal of the Project is to continue the Brookings Institution's original mandate to serve as a bridge between scholarship and public policy. It seeks to bring new knowledge to the attention of decision-makers and opinion-leaders, as well as afford scholars, analysts, and the public a better insight into policy issues. The Project is supported through the generosity of a range of sponsors including the Government of the State of Qatar, The Ford Foundation, The Doris Duke Charitable Foundation, and the Carnegie Corporation.

The Project Conveners are Martin Indyk, Vice President and Director of Foreign Policy Studies; Kenneth Pollack, Senior Fellow and Director, Saban Center; Bruce Riedel, Senior Fellow in the Saban Center; Stephen R. Grand, Fellow and Director of the Project on U.S. Relations with the Islamic World; Shibley Telhami, Nonresident Senior Fellow and Anwar Sadat Chair for Peace and Development at the University of Maryland; and Salman Shaikh, Director of the Brookings Doha Center.



## About the Saban Center for Middle East Policy at Brookings

THE SABAN CENTER FOR MIDDLE EAST POLICY was established on May 13, 2002 with an inaugural address by His Majesty King Abdullah II of Jordan. The creation of the Saban Center reflects the Brookings Institution's commitment to expand dramatically its research and analysis of Middle East policy issues at a time when the region has come to dominate the U.S. foreign policy agenda.

The Saban Center provides Washington policymakers with balanced, objective, in-depth and timely research and policy analysis from experienced and knowledgeable scholars who can bring fresh perspectives to bear on the critical problems of the Middle East. The center upholds the Brookings tradition of being open to a broad range of views. The Saban Center's central objective is to advance understanding of developments in the Middle East through policy-relevant scholarship and debate.

The center's foundation was made possible by a generous grant from Haim and Cheryl Saban of Los Angeles. Ambassador Martin S. Indyk, Vice President of Foreign Policy at Brookings, was the founding Director of the Saban Center. Kenneth M. Pollack is the center's Director. Within the Saban Center is a core group of Middle East experts who conduct original research and develop innovative programs to promote a better understanding of the policy choices facing American decision makers. They

include Bruce Riedel, a specialist on counterterrorism, who served as a senior advisor to four presidents on the Middle East and South Asia at the National Security Council and during a twenty-nine year career in the CIA; Suzanne Maloney, a former senior State Department official who focuses on Iran and economic development; Daniel Byman, a Middle East terrorism expert from Georgetown University; Stephen R. Grand, Fellow and Director of the Project on U.S. Relations with the Islamic World; Salman Shaikh, Fellow and Director of the Brookings Doha Center; Ibrahim Sharqieh, Fellow and Deputy Director of the Brookings Doha Center; Shadi Hamid, Fellow and Director of Research of the Brookings Doha Center; and Shibley Telhami, who holds the Sadat Chair at the University of Maryland. The center is located in the Foreign Policy Studies Program at Brookings.

The Saban Center is undertaking path breaking research in five areas: the implications of regime change in Iraq, including post-war nation-building and Gulf security; the dynamics of Iranian domestic politics and the threat of nuclear proliferation; mechanisms and requirements for a two-state solution to the Israeli-Palestinian conflict; policy for the war against terrorism, including the continuing challenge of state sponsorship of terrorism; and political and economic change in the Arab world, and the methods required to promote democratization.

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