

STRENGTHENING MICRO-ENTREPRENEURSHIP FOR THE DISADVANTAGED YOUTH IN MIDDLE EAST AND NORTH AFRICA

Abstract. The article presents the research of tools that stimulate micro-entrepreneurship for unemployed youth, facilitate self-employment, formalize entrepreneurship and lessen the gender gap in business. The proposals developed are aimed at creating new business opportunities for the unemployed young people. Centers of Professional Orientation and Integration (CPOI) create and utilize online database, combining business and education resources. This database is the key element of the system as it accumulates information about labor market for CPOI, creates business education environment for disadvantaged youth and provides non-financial support for entrepreneurs. We address the problem of unemployment by implementing an innovative database system realized using cloud technology with real-time data about participants and business partners. Cloud technology will provide CPOIs with efficient communications, which allows easy monitoring of CPOIs activities across the country. The database will aggregate real-time data and segment it according to economic, social, professional and regional characteristics in order to create appropriate CPOI strategy.

Key words: entrepreneurship, micro-entrepreneurship, business, Centers of Professional Orientation and Integration (CPOI), youth, employment, unemployment, self-employment, Middle East and North Africa (MENA), Morocco.

Problem statement. Unemployment and vulnerable employment create a massive strain on labor markets around the globe. Young people are particularly affected by this. Two out of five unemployed in the world are young people 15 to 24 years of age. These are nearly 75 million young men and women looking for a job. Though the official unemployment rate reaches 40 percent in some Middle East and North Africa (MENA) countries, this is only the tip of the iceberg compared to the global youth unemployment rate of 13.2 per cent in 2014. Two tendencies characterize the employment situation in this region: labour force participation rates of women are low and educated young people are increasingly unable to find jobs that match their qualifications. Amongst economically active youth, many are in unproductive jobs, have low earnings, high levels of insecurity, limited chances for advancement, and a lack of social protection. As adolescence is a critical period for developing skills,

such youth unemployment level has significant implications for the future of the global economy.

The urgent need to improve the employment situation of youth is closely linked to the economic, social and political prospects of the region. To combat this problem, governments across the world are developing measures to improve the employment situation of youth. While the evidence base is limited, results of experimental research of the issue are beginning to appear.

Analysis of recent research and publications.

The wave of civic protests that has swept the MENA region since the outburst of the Arab Spring has swept across Morocco. The Arab Spring had negative consequences and increased youth unemployment in the MENA region and in Morocco. Jobs are at the forefront of attention and youth unemployment is the main social, political and economic issue. Despite a relatively favorable socio-political situation compared to some other MENA countries, Morocco still has a lot to do to improve its social indicators which remain relatively low compared to the MENA average, and it particularly needs to make major progress to address inequality and vulnerability. The official unemployment rate in Morocco is 9.1 % but it is three times higher for the age group of 15–24 years old. These conditions, combined with the impetus for greater openness and dignity that emerged during the Arab Spring, provided fertile ground for frustration among the population.

Against the background of a new Constitution (2011) and a new government that took office in early 2012, Morocco has engaged in a dynamic process towards strengthening economic opportunities and social inclusion. However, while several high profile development programs and new sectoral strategies in the areas of education, employment, and youth have been initiated, additional efforts are needed to support the country-led reforms. Thus, the Government of Morocco seeks assistance in developing a support system for youth self-employment on the local level that can meet today's pressing needs while as well as in building the institutional architecture and

capacity to provide more and better job opportunities for young people over the long term.

Research objective is to explore a toolkit for strengthening small entrepreneurship among disadvantaged youth, promoting self-employment, formalizing enterprises and reducing a gender gap in business.

Research material. Morocco has taken a steady path of economic recovery since the 1990s stagnation, with sound macroeconomic management and sustained growth in non-agricultural sectors [1]. According to the data collected by Doing Business [2], Morocco is the 56th in the ranking of 185 economies as to the ease of starting a business. Starting a business in Morocco requires 6 procedures, takes 12 days, costs 15.5% of income and requires minimum capital. During 2012 Morocco made starting a business easier (it rose from 94 to 56 place in ranking) by eliminating the minimum capital requirement for limited liability companies [2].

Nevertheless, Morocco is a developing country with the low average income and the main obstacles for developing business and entrepreneurial activities are:

- inefficient government system, tax rates, tax regulations – 24.5 %;
- poor access to financing – 14.8 %;
- corruption – 12.6 %;
- inadequately educated workforce – 11.6 %;
- foreign capital regulations – 10.7 %;
- poor ethics of the national workforce, restrictive labor regulations – 13.4 %;
- other (inadequate provision of infrastructure, crime and theft, low level of health care, policy instability) – 12.4 % [3].

Despite Morocco's strong economic performance over the past 10 years, young people have been disproportionately affected by economic exclusion, with 51 % of all 15–29 year olds being out of school and out of work [1]. This lack of economic opportunities also has serious social implications, as the inability to gain financial autonomy also affects young people's dignity and ability to start a family. While unemployment rates are higher among the more educated youth, the very vast majority of young people suffering from lack of economic opportunities are low-skilled (69 % of all youth have less than a middle-school degree, and 20 % are illiterate). In fact, low-skilled youth represent 63 % of all unemployed youth, 78 % of young people are discouraged to find jobs,

and 92 % of the youth are involved in domestic activities. Girls are particularly vulnerable, with a staggering 82 % of those not in schools being out of the labor force either for family reasons (63 %) or for discouragement (19 %).

Moreover, even among those young people who are employed, over 80 % work in the informal sector, often under precarious conditions. Despite this scenario, most policy interventions in Morocco have to date focused on a minority of high-skilled unemployed youth, for example, through the programs of the National Employment Agency ANAPEC, while ill serving the less educated majority.

The most vulnerable are young people (18–35 years) and women that are illiterate and the low skilled. Seventy-two percent of rural women cannot read compared to the already-high national average of 52.7 percent for women [1]. Moroccan women are underrepresented in business, however women are powerful human resource and can boost economy of Morocco, because the smaller gender gap is directly correlated with the growth of economic competitiveness of the country [4]. That is why it is so important to promote women entrepreneurship, break obstacles and stereotypes, decrease illiteracy across rural women population and provide new job opportunities.

The value of non-financial support for the microbusiness in emerging countries is hard to overestimate. According to the research and the experience of NGO "Youth Business International" [5], non-financial support can become the key to the success of microbusiness and entrepreneurs in emerging countries. We offer non-financial support that will be realized through the combination of trainings, mentoring and partnership with unemployed youth. All of these activities will be adapted to the local conditions and realized in cooperation with the government, local businesses and various NGOs.

Youth entrepreneurship is not a quick fix of every economic problem of society. Entrepreneurship should be promoted as part of society, where their government and NGOs will create conditions for new enterprises to flourish. Societies need to raise youth as entrepreneurs. In order to do so we need to work with population (orientation towards self-employment, trust, overcome fear of failure in business, support from families).

For youth and entrepreneurs there must be created a network of Centers of Professional Orientation and Integration (CPOI). These centers will provide access to computers, information resources, Internet and educational materials (fig. 1).

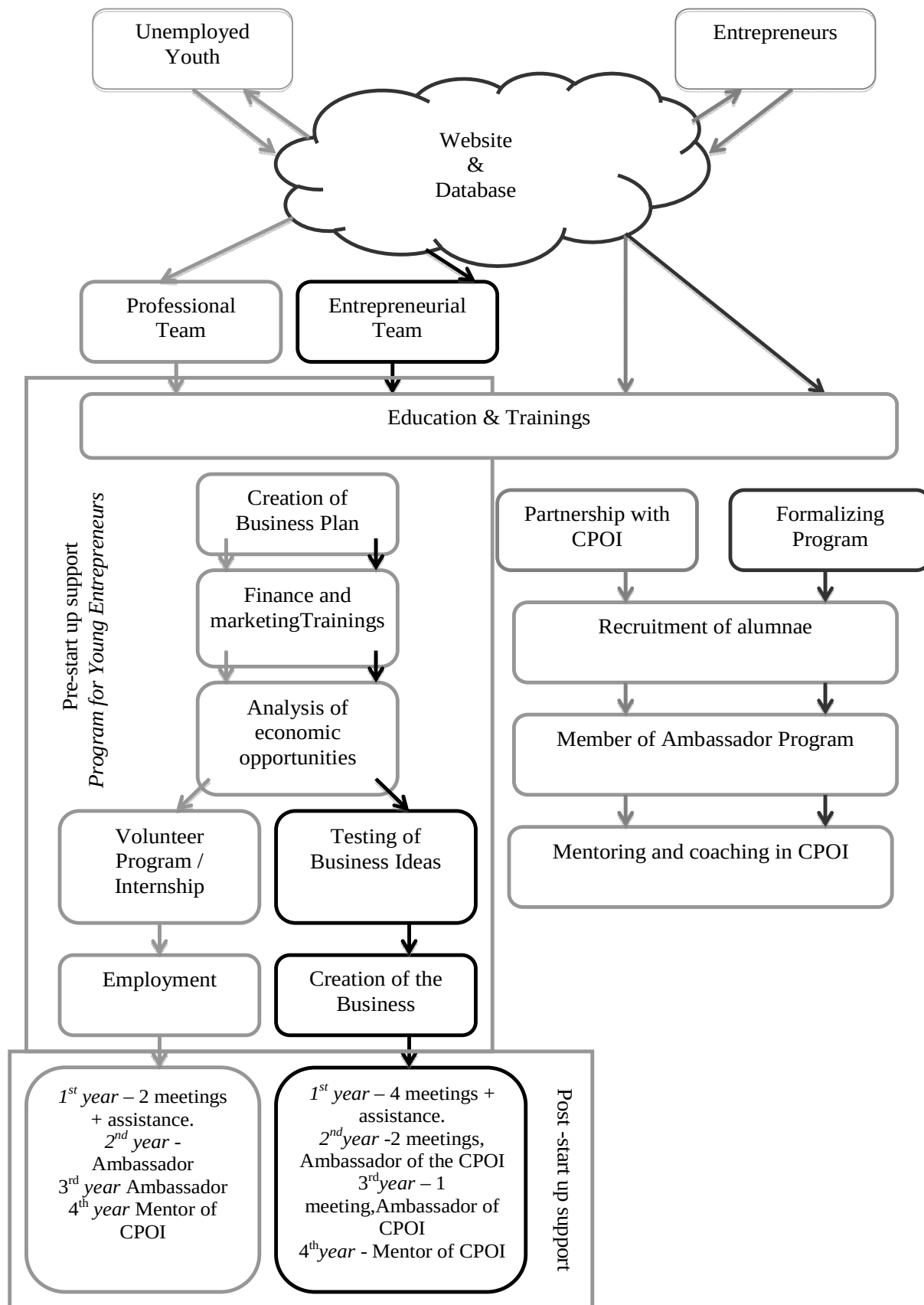


Fig. 1. Concept of Centers of Professional Orientation and Integration

Note: compiled by the authors

CPOI will create and utilize online database, which will combine business and educational resources. This database is key element of the proposal, because it will provide the information about labor market for the CPOI, create environment for business education for disadvantaged youth and provide non-financial support for entrepreneurs.

Target audience:

1) unemployed disadvantaged young (15–29 years) people, who have no right skills for job, but have passion to find a job or create a new company. The users should already be able to read, write and have basic computer skills. Otherwise, the user will be assigned to assistant and appropriate classes;

2) young entrepreneurs, founders of new businesses, “graduates” of the Centers, informal entrepreneurs, who already formed and established small businesses which are looking for employees or business partners.

The problem of unemployment must be addressed by implementing an innovative database system that will be realized on the cloud technology that means CPOI will have real-time data about participants and business partners. Cloud technology will provide CPOIs with efficient connectivity, which allows easy monitoring of CPOIs activities across the country. Database will aggregate real-time data and segment it according to the economic, social, professional and regional characteristics in order to create appropriate strategy of CPOI.

By introducing CPOI we attempt to motivate local communities to create new businesses that will support local economies and break the barriers for new businesses. CPOIs will become business incubators, which will offer entrepreneurship trainings and post-creation development support.

At the Centers there will be a computer laboratory, a conference room for trainings and classes, and Entrepreneurial Consultancy office, where young entrepreneurs will be able to consult an advisor about finance, legal issues, marketing etc. At the beginning, these centers will employ up to 5 specialists from the cities, but later local talents, who went through this project and decided to be representatives of it, can manage these centers. It is important to note that in the village these centers have to have teachers to teach how to read, write and do basic math.

The network of the Centers will be spread across the cities and villages. In the urban Centers, we propose to focus more on entrepreneurship consultancy, because one of the main goals of our project is to help small businesses from informal sector to formalize their activity, but these centers will also work with youth, who are seeking for job or for assistance in creation of their new businesses. Centers in the villages will be focused more on a human capital and talent management, in order to increase financial literacy among the population, to promote self-employment and culture of savings, to provide trainings and information, to educate illiterate men and women, to empower women. All the Centers will be tailored to the regional and local conditions in order to unleash local talents, to minimize gender gap, to promote entrepreneurial spirit, to facilitate access to informational and financial resources and to embrace productivity and creativity.

The main tool for the implementation of the project is the website that is connected to the database created for young people and entrepreneurs. This database will consist of real-time data (CVs of participants, information about local businesses partners, statistical data about the region), job opportunities, business profiles, legal and financial information about entrepreneurship. Database will aggregate all information and provide Centers with practical information about local businesses and people who are looking for jobs. This information will guide Centers and help them understand local conditions and characteristics.

Two unified questionnaires for entrepreneurs and youth, who will participate in this project, will be created in order to form the database. The questionnaire for youth will consist of questions about skills, hobbies, education, previous job experience, and the desirable job. If the participant is illiterate one of the employees of the Centre will help to fill in the form and advice classes in the Center. Entrepreneurs will have a different questionnaire that will ask them about weaknesses and strengths of their business, about main issues and what kind of help they expect from the Centre as well as about job opportunities in their companies etc.

The questionnaires will help to create a structured database of labor market. According to this database, moderators will analyze pool of

participants and divide them in teams/groups with common interests and professional goals in order to create professional communities that can cooperate to create new businesses. Division can be done in accordance with desirable profession (Professional Team) or business idea (Entrepreneurial Team). Professional Team will gather all participants that want to have a similar job position. Entrepreneurial Team will gather participants that have the similar business idea, but all of them have different skills, for example, team will consist of a salesperson, a delivery person and a craftsman. Though they all have different skills, they all have passion to create textile business, for example. Carefully selected team can evolve into a business where each participant will have a separate role, so each participant will be able to contribute to it.

All participants will attend Program for Young Entrepreneurs that will include the following stages: Education – Creation of a Business Plan – Finance Management Training – Market Analysis – Testing of Business Ideas – Start of the Business.

Main features of the website are:

- easy and accessible interface, which is understandable for people with different levels of computer skills;
- interactivity (mechanism that shows the progress of completing the questionnaire, performance on the trainings, the progress in search of employees, ways to improve the enterprise, possible trainings);
- adaptability (according to the user's data and profile the system will select current vacancies/employees, trainings, contacts etc);
- informational (presence of clear, structured information about laws, taxes, disadvantages of informal versus formal business, the process of formalization of the business).

Website will have two different modes: "Find a job" and "Entrepreneur" (Table 1).

The first participants of the Formalization Program will be companies of the alumnae of the Center; they will be created in accordance with law. After the first results and the success of new enterprises, the program will activate the Ambassador Program that will allow to spread success and experience among all participants and through social media and advertisements in order to engage other businesses and to attract new participants.

Table 1

Comparison of the functions of two modes

"Find a job" Mode	"Entrepreneur" Mode
Description of the Mode	
This mode will create an opportunity to unemployed youth to become "visible" for employers, to familiarize themselves with the laws and regulations, find trainings, new connections and to create a resume, and even later create a business plan of their future company.	This mode will create an opportunity to find new employees, to carry out a little analysis of the labor force, schedule an interview with prospective employees. In order to hire alumnae of the CPOI enterprise should get out of the informal sector within Formalization Program* of the CPOI.
Functions	
CV Builder / Business Plan Builder	Recruitment tools
Access to the volunteer programs (where participant can gain experience and business connections)	Access to the professional forums (discussion of business ideas, partnerships, networking)
Review of the correspondence with	
future employers, mentors, teachers, work contacts, lawyers, economists	prospective employees, mentors, work contacts, lawyers, economists
Choice of business trainings and their schedules, which are chosen according to user's profile	
Informational materials (taxes forms, bank contacts, contracts, memo of Rights, legal and financial documentation etc.)	
Access to the online learning resources	

* The Formalization Program will be fully supervised by experts of the center and will be conducted under tremendous information and other non-financial assistance of the CPOI. During the company's registration in the database of the Center staff will audit companies in order to find ways to legalize, to improve business processes and to find new opportunities for the growth of company-participant.

Services for women entrepreneurs:

- centers will provide specially designed educational and informational trainings for women about women in business;
- program will create classes for women to teach reading, writing, basic math and finance;
- centers will analyze opportunities and industries on the regional markets that are most friendly to businesswomen. According to our research women-friendly industries are textile, tourism, handcrafts, agroindustry, call-centers, but this list can be expanded;

– CPOI will cooperate with large organizations that support women in Morocco: L'Association marocaine pour les droits des femmes (AMDF), Anarouz, Moroccan Association of Women Entrepreneurs etc.

Scheduled meetings of entrepreneurs with mentors will be used in order to provide informational assistance and to evaluate the state of the enterprise:

– during the first year of existence of the company, we offer to meet quarterly with the mentor and specialists of the CPOI. Quarterly evaluation will provide tremendous financial and legal consultancy;

– during the second year there will be meetings twice a year. Companies will be offered to be Ambassadors of the Program and to promote it in their communities;

– the third year – annual meetings, participation of the enterprise as Ambassador;

– the fourth year – the enterprise will be invited as a mentor in the Center.

In order to assess CPOI's activity we suggest to use the following indices: quantitative indices (the number of created companies, the number of successfully employed people through the Centers, rate of survival of the new companies (after 1st, 2nd, 3rd, 4th years), rate of investment and loans in companies of the graduates of the CPOI, average income of participants, the number of participants (year-by-year comparison), the number of female participants, the number of trainings and classes that were produced by the Center, the number of partners and mentors of the CPOIs); qualitative indices (satisfaction of the participants, variety of the industries where businesses were created, quality of the informational support, awareness and trust to the CPOI, feedback from banks and NGOs).

Conclusion. As a result of the creation of the database and the network of the Centers, the problem is solved from both sides: the staff and the owners of the businesses. The proposal was designed in order to create new opportunities for unemployed disadvantaged youth in the business. The database and the network of the Centers are the key components of our proposal, because they provide a unique environment for each participant, as well as the necessary resources for moderators and mentors of the CPOIs. This database will be created and managed through cloud technologies, which will provide mobility and access from different parts of the country.

However, it should be mentioned that this Proposal is not possible without a qualified staff of the CPOIs, cooperation with governmental organizations (Center Regionaux d'Investissements, Ministry of Youth and Sports, Labor Department etc.) and various NGOs (Moroccan Association of Women Entrepreneurs, Education for Employment, World Bank, Unicef, commercial banks etc.), without prior analysis of market and regional characteristics. So, CPOIs are designed not only to effectively gather information about unemployed youth but also to strengthen the local economic climate, to meet the demand of the labor market, to promote entrepreneurial spirit, to minimize gender gap in business, to educate and decrease illiteracy among the population.

References

1. *Morocco: country at a glance [Electronic resource]* – Access mode: <http://www.worldbank.org/en/country/morocco>.
2. *Doing Business 2015. Economy Profile 2015. Morocco. [Electronic resource]* – Access mode: <http://www.doingbusiness.org>.
3. *Country / Economy Profiles: Morocco. [Electronic resource]* – Access mode: <http://www3.weforum.org/docs/CSI/2012-13/Morocco.pdf>.
4. *Global Gender Gap Report. World Economic Forum [Electronic resource]* – Access mode: <http://www.weforum.org/issues/global-gender-gap>.
5. *The Prince's Youth Business International: Network Review 2012 [Electronic resource]* – Access mode: <http://www.youthbusiness.org/wp-content/uploads/2012/08/YBINetworkReview2012web.pdf>.
6. *Increasing Youth Productivity in the Middle East and North Africa: Evidence symposium (March 2014) [Electronic resource]* – Access mode: <http://www.ilo.org/>.
7. *Youth Employment: Five Challenges for North Africa: A paper for the Regional conference (Tunis, 16 July 2012) [Electronic resource]* – Access mode: <http://www.oecd.org/dev/emea/Background%20Paper.pdf>.
8. *World Economic Forum on the Middle East and North Africa: Advancing Conditions for Growth and Resilience (Dead Sea, Jordan 24-26 May 2013) [Electronic resource]* – Access mode: http://www3.weforum.org/docs/MENA13/WEF_MENA13_Report.pdf.
9. *Pieters J. (2013) Youth Employment in Developing Countries: Background paper prepared under Service Contract DCI-EDUC/2012/310-255 /, Institute for the Study of Labor [Electronic resource]* – Access mode: https://ec.europa.eu/europeaid/sites/devco/files/study-background-paper-youth-employment-2013_en_0.pdf.