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# Harnessing Data for Growth



By Ilian Mihov, INSEAD Dean and Peter Zemsky, INSEAD Deputy Dean with Jane Williams, Editor, INSEAD Knowledge Arabia

**The Western world may have a wealth of economic data, but many emerging nations can't get enough. A new Centre for Economic Growth (CEG) in the Middle East will provide original research to address the region's massive unemployment problems and serve as a model for developing economies around the world.**

When Iyad Malas, CEO of the leading Dubai-based retail and leisure company, Majid Al Futtaim Group, visited the construction site of a massive new shopping centre in Egypt he found the biggest problem its contractors had was finding labour; a surprising revelation given the bloody protests of the Arab Spring, which were sparked, in part, by extreme and rising unemployment.

"I was shocked," Malas admitted during a panel discussion to mark the launch of the Middle East and North Africa (MENA) **Centre for Economic Growth**. "You would have thought in a country like Egypt, labour would be the easiest thing to get."

Majid Al Futtaim (which employs 10,000 people across Egypt alone) experienced similar difficulties staffing its retail and leisure establishments.

“What we’re finding is a gap in terms of skills set,” says Malas. “These are not necessarily advanced skills, it’s basic service-orientated type approaches.”

This skills mismatch is a recurring problem across sectors and countries in the region. A recent World Bank International Finance Corporation (IFC) survey found a very clear and common theme ‘I have jobs but I can’t find the skills that I need’.

“Often job seekers don’t have soft skills, they don’t have language skills and sometimes they don’t have technical skills,” said IFC’s Middle East head, Luke Haggarty noting one government university in Egypt was sending out IT graduates proficient in Fulcrum, a computer language that hasn’t been used by business for more than 20 years.

### **Bridging the skills gap**

Governments’ ability to create policies and business opportunities to address the longstanding but increasingly urgent challenges of unemployment and economic growth has been frustrated by a lack of - or inability to access - timely, reliable, country-specific statistics.

“Basic issues around job markets and skills mismatch are not well-known or well-studied beyond the macro level... we need much more detail such as infrastructure gap analysis, looking at country-by-country and sector-by-sector information,” says Majid Jafar, CEO of Crescent Petroleum and founding Chair of the [\*\*CEG Business Council\*\*](#).

The Abu Dhabi-based CEG is a unique collaboration between the region’s private sector and INSEAD. Launched in March 2014, it aims to collate and analyse data from across the region, provide original research on key economic issues and act as a platform where government policy makers, business and academics can share information. Top of its agenda is economic growth and job creation.

### **Key to good policy is timely data**

Whether it’s policies to bridge the skills gap (which has left millions of tertiary-educated young Arabs out of work), foster the vital SME market, or address problems of large public services and high reservations wages, timely and accurate data is essential. Providing an avenue to this data and a platform to disseminate the findings will help researchers move faster and

have a bigger impact, in terms of thought leadership, INSEAD Deputy Dean Peter Zemsky notes.

“Centres like the CEG are critical in terms of two things: reaching out to business communities and government policy makers to feed in to the real challenges, and accessing an avenue of up-to-date information.

“It’s really important for academics to ask the right questions that respond to the needs of policy makers and business. We need to get consensus (from business) on what is needed and then get that knowledge to the top policy makers.”

### **Business: The only long-term source of economic growth**

“INSEAD’s knowledge and expertise will give better insight to policy makers on how to generate faster growth,” notes INSEAD Dean Ilian Mihov. “But I think our role goes beyond that. We have to ask ourselves what is really driving growth, why are rich countries richer, how can you become a rich country? For that, you need business. Business creation is the only long-term source of economic growth.”

New research, Mihov says, will help generate policies and models addressing productivity at the firm level and the infrastructure gap - challenges which transcend the Middle East – with relevance for researchers across the globe.

### **From Tunisia to Jordan**

Faced with the world’s highest youth unemployment levels at over 28 percent and the need to create 100 million jobs by the end of the decade, MENA economies must grow at least seven percent a year, according to IMF predictions. Considering the recent social and political unrest and the slow growth rate (around three percent, and in some countries as low as one or two percent) the challenge is colossal.

The centre’s scope is large from Tunisia in northwest Africa across Libya and Egypt to Jordan in the Levant; economies facing very diverse economic and social challenges.

“The types of investment which are going to enhance growth and job creation are very different as you go across the region,” Jafar says, noting the CEG’s initial task was to “delve down” beyond headline figures to conduct an infrastructure gap analysis, partnering with both local and global

corporations and entities.

“We want to break through silos and get more concrete facts and figures to study, to help make recommendations for policy makers and companies’ across the region.

“Clearly having investment to drive economic growth from the top down is important but it’s also important to address some of the micro aspects in terms of firm productivity, education and the skills gap, so the bottom up approach is also important.”

An international advisory council of economists, academics and former policy-makers from around the globe will compare new research with models from developing economies in regions such as Latin America and the Far East.

“Academic input is crucial if timely solutions are to be found. The type of economic problems that we deal with today, around the world and in the region, are complex, large and fast-moving. You need a multi-stakeholder approach. Government alone can’t solve them; private sector alone can’t solve them; stronger links with the academic world and original research are definitely needed.”



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***The Centre for Economic Growth** is an Abu Dhabi-based collaboration between INSEAD and the Middle East private sector to provide original research and publications on the key economic topics impacting the region.*

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