

Towards  
A National Jobs  
Strategy  
For Kuwait

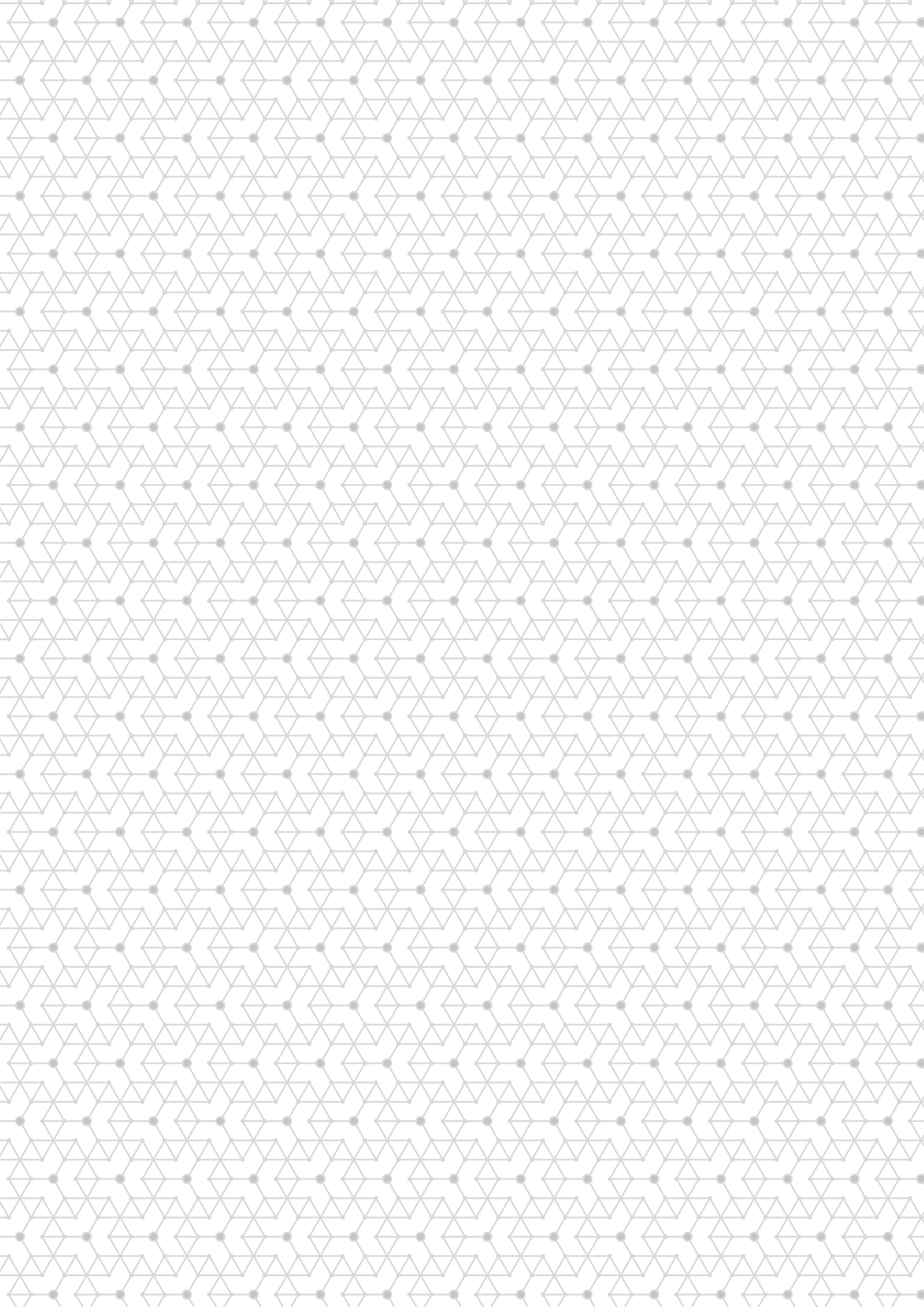
# BEHAVIORAL JOBS DIAGNOSTIC STUDY

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A National Jobs  
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JOBS DIAGNOSTIC  
STUDY**

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## Abbreviations and Acronyms

<b>CSB</b>	Central Statistical Bureau
<b>CSC</b>	Civil Service Commission
<b>GCC</b>	Gulf Cooperation Council
<b>GDP</b>	Gross Domestic Product
<b>GSSCPD</b>	The General Secretariat of the Supreme Council for Planning and Development
<b>eMBed</b>	Mind, Behavior, and Development Unit
<b>IMF</b>	International Monetary Fund
<b>FGD</b>	Focus group discussions
<b>KFAED</b>	Kuwait Fund for Arab Economic Development
<b>KPAL</b>	Kuwait Policy Appraisal Lab
<b>KPPC</b>	Kuwait Public Policy Centre
<b>KU</b>	Kuwait University
<b>LFS</b>	Labor Force Survey
<b>LMIS</b>	Labor Market Information System
<b>MENA</b>	Middle East and North Africa
<b>MoY</b>	Ministry of Youth
<b>NGO</b>	Non-governmental organizations
<b>NJS</b>	National Jobs Strategy
<b>PAAET</b>	Public Authority for Applied Education and Training
<b>PAM</b>	Public Authority for Manpower
<b>PIFSS</b>	The Public Institution for Social Security
<b>SME</b>	Small and medium enterprises
<b>SME Fund</b>	National Fund for Small and Medium Enterprises
<b>YPA</b>	Youth Public Authority



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# EXECUTIVE SUMMARY





## Background

This report presents a diagnostic study of barriers to private sector participation focusing on young Kuwaitis. The General Secretariat of the Supreme Council for Planning and Development (GSSCPD) - Kuwait Public Policy Centre (KPPC) and the World Bank's behavioral science team—the Mind, Behavior, and Development Unit (eMBeD)—partnered to conduct a series of data collection activities seeking to identify key structural and behavioral barriers that prevent higher youth participation in the private sector.

The right of every Kuwaiti to work is mentioned in Articles 26 and 41 of the Constitution and in various Emiri decrees.<sup>1</sup> The Constitution also commits to state provision of allowances for housing, health care, education, as well as social security, pensions, and disability benefits. Overall, Kuwaiti citizens tend to consider public sector employment to be superior to private sector employment. Reasons for this include greater job security, less burdensome responsibilities, generous pay and benefits, and shorter working hours in the public sector compared to private sector (Towards a National Jobs Strategy in Kuwait, 2021). Given this, there is limited incentive for Kuwaitis to work in the private sector. Indeed, Kuwaiti nationals account for only 4.3 percent of the private sector workforce (Labor Market Information System, 2019), the majority of which is made up of expatriates. The public sector, on the other hand, employs 76 percent of Kuwaiti citizens (Labor Market Information System, 2019).

However, the sustainability and efficiency of this system is more than ever under question. High population growth and expected entry of a large number of Kuwaiti nationals into the jobs market by 2022 is putting pressure on public sector employment, and the rising wage bill presents further fiscal challenges (International Monetary Fund, 2019). Public sector entities, which are under pressure to absorb these entrants, are already overstaffed.

Kuwait's national development priorities, as laid out in the New Kuwait Vision 2035, seeks to transform Kuwait into a leading regional financial, cultural, and commercial hub by 2035. The role of the private sector is critical for achieving the plan's vision of reducing the government's role in the implementation of development projects from 90 percent to 30-40 percent by 2035 as outlined in the New Kuwait Vision 2035.

## Behavioral Jobs Diagnostic for the National Jobs Strategy

At the request of the Government of Kuwait, the World Bank is supporting the formulation of a National Jobs Strategy (NJS) that can confront the labor market challenges outlined in the previous section. The World Bank, following guidance from the government, has focused its analysis and recommendations on four key pillars: making the public sector more sustainable, supporting private sector growth, building a system of social protection, and improving

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<sup>1</sup> Article 26 [Public Office] (1) Public office is a national service entrusted to those who hold it. Public officials, in the exercise of their duties, shall aim at the public interest. Article 41 [Right and Duty to Work] (1) Every Kuwaiti has the right to work and to choose the type of his work. (2) Work is a duty of every citizen necessitated by personal dignity and public good. The State shall endeavor to make it available to citizens and to make its terms equitable.

human capital. In addition, the NJS covers two cross-cutting themes: behavioral economics and monitoring and evaluation. The analysis and conclusions from the four pillars are documented in detail in the report “Towards a National Jobs Strategy in Kuwait: Main Report”.

One of the objectives of this project is to increase Kuwaiti youth’s participation in the private sector by reducing barriers to participation. To this end, GSSCPD-KPPC and the World Bank’s eMBED team partnered to conduct a diagnostic study of barriers to private sector participation. The main goal of this diagnostic study is to understand the decision-making context and influences around Kuwaitis’ labor market-related behavior, and why they behave the way they do in that specific context. In doing so, the study avoids assumptions about individual’s behaviors and intents, and systematically identifies decision-making pathways, actions, and barriers at various phases. This allows the team to subsequently develop targeted solutions or interventions that address these behavioral barriers. While preliminary findings from this behavioral diagnostic study were already incorporated into the Main Report, this report provides further insights on the behavioral aspects and more details on recommendations proposed in the Main Report.

## Research Methodology

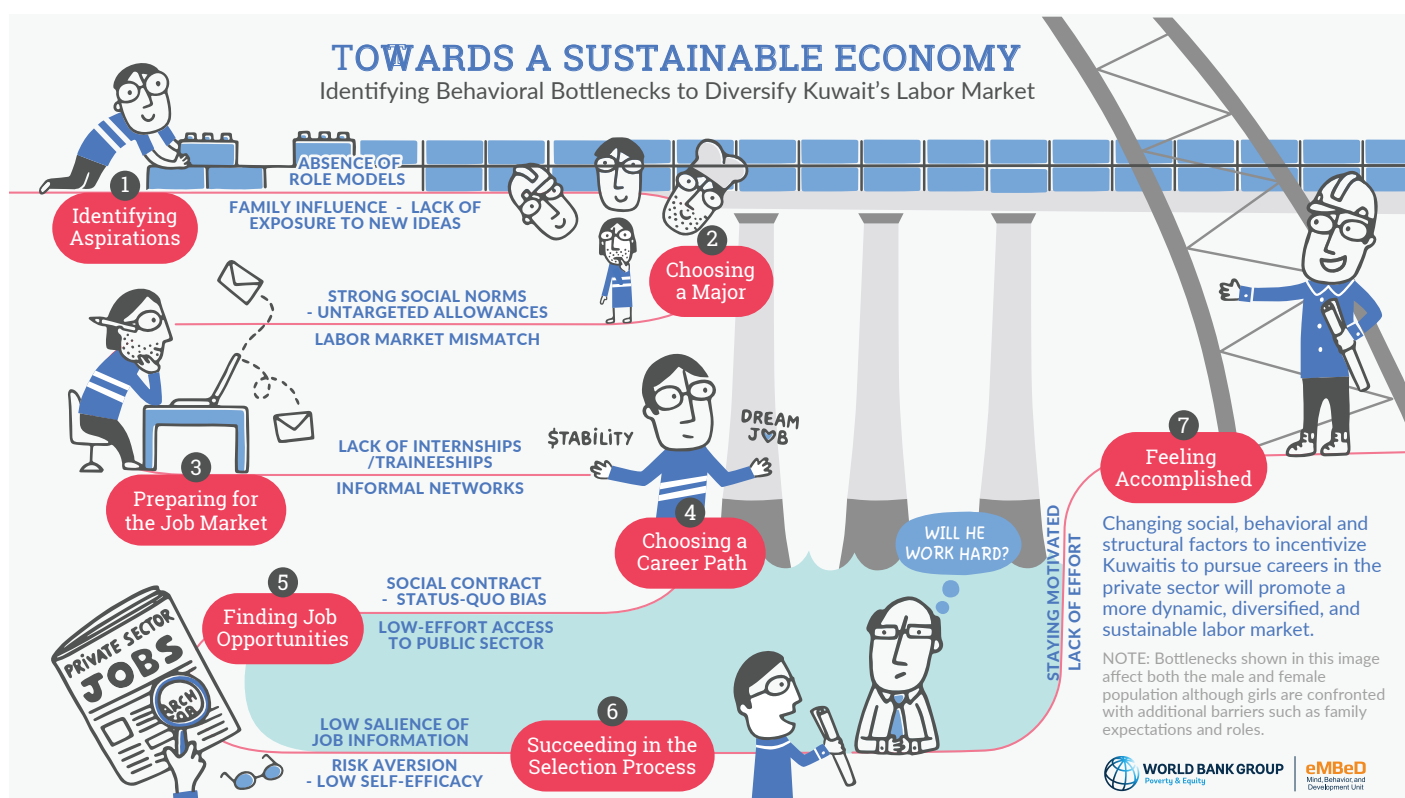
To inform this report, a series of data collection activities were conducted to better understand the decisions and beliefs of Kuwaitis around key job market decisions. This included key informant interviews with government officials and qualitative and quantitative surveys with target groups of interest- students enrolled in higher education institutions, jobseekers, private sector employers, public sector employees, and entrepreneurs. This targeted sampling methodology allowed a deeper exploration of the issues facing the Kuwaiti labor force in a systematic way. The analysis focuses mainly on Kuwaiti nationals—a minority in Kuwait’s labor force—as the target population. Due to constraints on data collection, the data analyzed in this report are not representative of the Kuwaiti population. The report does not intend to make population estimates, but explore relationships between beliefs, biases, social factors and behaviors of specific subgroups using convenience samples. As such, the analysis and recommendations presented in this report also pertain to the specific groups interviewed for this diagnostic study.

The analytical approach emphasizes a systematic exploration of decisions and actions to achieve a specific goal- a career in the private sector- along with the social, cognitive, and contextual factors involved in reaching that goal. Using this approach, the report maps the journey a typical Kuwaiti embarks on in order to end up with a successful career in the private sector. As many structural and policy barriers were extensively explored in the Main Report, this diagnostic purposely focuses less on structural barriers already covered in the Main Report.

# Visualizing the Labor Market Journey Using a Behavioral Science Lens

While policy and economic incentives are important when people decide their career paths and for their labor market outcomes, there are many social, cognitive, and contextual drivers of these decisions and actions as well. This includes, among others, aspirations, goals, mental models, and social norms—which can be a catalyst or barrier to a behavior. The graphic below depicts the interaction of structural and behavioral barriers and how they impact decision-making across some key life stages of an individual within Kuwait’s labor market.

FIGURE 1:  
Infographic visualizing behavioral barriers to diversifying Kuwait’s labor market



## Key findings

The report delves into the relevant stages of the jobseeker’s journey towards careers in the private sector. These findings have been organized into four stages: (i) getting to the job market, (ii) job search behaviors, (iii) transitioning from the public to private sector, and (iv) starting and growing a business. This begins in Stages 1 and 2 with the decision-making of students—one of the earliest steps impacting eventual employment outcomes—and job search behavior. Stages 3 and 4 explore questions related to moving from the public sector and remaining in the private sector.

TABLE 1:  
**Key Findings**

Stage	Question	Findings
Stage 1: Getting to the Job Market	What factors do Kuwaiti students consider when choosing what to study?	<p>Personal interests and capabilities matter most when choosing a major.</p> <p>Parental influence is important in decisions regarding majors, while peer influence is not.</p>
	What type of careers do Kuwaitis prefer before joining the job market?	<p>Kuwaiti youth prefer public sector careers, though there is also interest in the private sector.</p> <p>While many Kuwaitis decide what type of career to pursue while in high school, this is often focused on profession rather than sector (public or private). Choices regarding sectors are generally made once in the job market. Decision to pursue entrepreneurship typically comes after people start working.</p>
	What factors do Kuwaitis consider as most important when choosing a job?	<p>When it comes to jobs decisions, Kuwaitis value salary, followed closely by job security, work hours and career growth potential. Personal interests and capabilities are less important.</p> <p>Kuwaitis appear to have low tolerance for uncertainties when it comes to the labor market<sup>2</sup>. Despite expecting the private sector to offer better salary, learning opportunities, and career growth, there is higher preference for public sector careers, which offers more job security.</p>
Stage 2: Job Search Behavior	How do Kuwaitis look for jobs?	<p>Jobseekers rely strongly on the government and Civil Service Commission (CSC) to find jobs. This is consistent with mental models about what citizens are entitled to receive from the government.</p> <p>Reliance on PAM to find jobs is limited among jobseekers, including those interested in private sector careers.</p>
	What does the job search process look like for Kuwaitis?	<p>Lack of information is also a major challenge cited by those interested in private sector careers. Given that a significant proportion of their family, friends and other acquaintances are employed in the public sector and that the status quo is biased towards public sector employment, information barriers may be less pronounced for public sector job search.</p>
	Are Kuwaitis interested in internships and traineeships as a pathway to the private sector?	<p>Despite stated interest, there is limited knowledge about pursuing internship or traineeship opportunities among students, especially female students. However, most do not expect these opportunities to lead to jobs.</p>

<sup>2</sup> While this may be true for youth in other countries as well when it comes to the labor market, low tolerance for uncertainty is possibly exacerbated in the case of Kuwait given that the public sector is considered the default job market, requires low effort, and offers guaranteed employment.

Stage	Question	Findings
	<b>How do employers perceive Kuwaiti employees?</b>	<p>Employers' experience with Kuwaiti employees is mixed. For example, an employer from the manufacturing sub-sector mentioned that Kuwaiti employees have low commitment and put in lower effort at their jobs compared to non-Kuwaitis. Others had positive experiences with Kuwaiti employees, when they took the time to find them. Even employers with negative experiences acknowledge that exceptions exist, but they are hard to find.</p> <p>Many employers have negative stereotypes about Kuwaitis in the public sector. While they consider those attracted to the private sector as serious, career-driven, and learning oriented, public sector employees are deemed to prioritize comfort (e.g., low effort for more pay) and job security.</p>
	<b>How do employers search for Kuwaiti employees, and what skills do they look for? Do they utilize internships and traineeships for recruiting young Kuwaitis?</b>	<p>Employers mention finding it challenging to find Kuwaitis with the right skills, experience, and commitment. Soft skills such as aspirations and drive are in high demand, followed by fluency in English and technical skills. Though experience is valued, particularly in sub-sectors like Health, public sector experience is sometimes not seen as an advantage due to different mindsets on how to approach their work. For example, an employer from the Banking sub-sector mentioned that customer service in the private sector requires a "client-driven" approach that isn't always common in the public sector.</p> <p>PAM's job-matching services are not used widely among the interviewed employers for recruitment. However, some (such as employer from Banking sub-sector) do recruit through PAM's job-fairs. Other than this, their outreach relies on personal connections, universities, or specific social media platforms.</p> <p>Companies are open to internships and traineeships. However, many lack clear and structured programs that are regularly advertised, mostly taking interns when there are specific requests from schools or individuals. There is willingness to collaborate with government training initiatives, provided they are rigorous.</p>
	<b>What are employers' perceptions of relevant government policies to encourage private sector employment for Kuwaitis?</b>	<p>D'am Al-'amala is considered very important to hire Kuwaitis, but not sufficient for attracting the "right" Kuwaitis.</p> <p>Kuwaitization quotas appear to influence employers to make additional efforts to search for Kuwaitis. It is also seen as difficult to achieve by firms in some sub-sectors, even those with lower quotas like Manufacturing, because they are not attractive to most Kuwaitis and therefore struggle to find good candidates.</p>

Stage	Question	Findings
<b>Stage 3:</b> <b>Transitioning from Public to Private Sector</b>	<b>How satisfied are public employees with their jobs?</b>	<p>Job satisfaction among surveyed public sector employees is not very high overall, and is lower among younger Kuwaitis.</p> <p>Younger Kuwaitis also tend to have lower goal clarity and may be more open to moving to the private sector than older Kuwaitis.</p>
	<b>Are public employees interested in the private sector?</b>	<p>While there is interest among public sector employees to move to private sector, informational barriers and limited social connections inhibit them from moving and their ability to do so.</p> <p>Public sector employees, previously employed in the private sector, frequently report lack of job security as their reason for leaving.</p>
	<b>Are public employees interested in entrepreneurship?</b>	<p>Entrepreneurial aspirations are high—one in five already own a business, two-thirds aspire to start one, and two out of five respondents would start their own business if their income needs were removed. However, many are unsure about whether and how to proceed with their venture.</p> <p>Reluctance to borrow and lack of confidence, skills, and information are potential barriers for aspiring entrepreneurs within the public sector</p>
<b>Stage 4:</b> <b>Starting and Growing a Business</b>	<b>Why do Kuwaiti entrepreneurs stay at their jobs in the public sector?</b>	<p>Risk aversion, lack of confidence in their skills, and the feasibility of juggling both at the same time discourage them from leaving their job—even in cases where the business seems to be established. A strong social norm and status quo bias that make Kuwaitis feel comfortable in the public sector, as seen in other parts of the diagnostic, could be exacerbating these barriers.</p> <p>About half of the entrepreneurs in the sample quit their jobs, suggesting that business ownership, even when it comes later in their careers, can eventually lead to self-employment.</p>
	<b>What motivates Kuwaitis to start a business?</b> <b>What challenges do entrepreneurs face?</b>	<p>What motivates entrepreneurs to start a business relates to the challenges they face to establish their business and the support they need. Entrepreneurs who are motivated by a good idea and are already confident in their plan and skills need more support accessing financial and human capital. Those motivated to find independence or better/more interesting work tend to need more skills and confidence in their own ability.</p>

# Recommendations

The following table outlines recommendations to encourage and support young Kuwaitis to access private sector careers and opportunities. These recommendations have been selected based on the degree to which they tackle key issues, existence of implementing partners, risks, beneficiaries, potential losers, and feasibility of implementation. While these recommendations are aimed at reducing behavioral barriers to entering or transitioning to the private sector for Kuwaitis, parallel policies and interventions are also necessary to i) make the public sector less attractive relative to the private sector; ii) expand opportunities for Kuwaitis in the private sector; and iii) support entrepreneurship and improve the business climate. The Main Report includes specific recommendations to tackle these challenges.

TABLE 2:  
**Recommendations**



## Informing and preparing students for fields in-demand in the private sector

Make alternative careers options salient to high school students through skills matching and career recommendations.

Make job market prospects in private sector salient by creating a Labor Market Observatory.

Assess and equip educational institutions to better prepare students for the job market (with role models, goal setting and planning, job search, and soft skills trainings).

Reevaluate and restructure student allowances to target vulnerable groups.



## Improve jobseeker-enterprise linkages

Simplify access and placement by developing an internship and traineeship hub to centralize the search for and offer of internships and traineeships.

To reduce stereotype bias of employers by providing soft skills certification using psychometric profiling tools to Kuwaiti jobseekers.



## Encourage Kuwaitis to choose the private sector or entrepreneurship

Address skills gap and mental model barriers by (i) developing and delivering curriculum focused on soft skills and growth mindset and (ii) carrying out social marketing campaign to challenge prevailing mental models about private sector careers; and (iii) developing a bridging program for those interested in private sector opportunities.

Remove regulations or practices that discourage recent graduates from “trying first” in the private sector.



## Encourage government employees to move to the private sector

Review and redesign the sabbatical leave for civil servants to be more inclusive and structured.



1.

# INTRODUCTION



## 1.1. Background

Like other members of the Gulf Cooperation Council (GCC), Kuwait is an oil-rich country on the Arab Gulf where most workers are expatriates. Kuwait's economy has become extremely dependent on oil since its discovery in the mid-20th century, where oil wealth has allowed the population to enjoy a high standard of living.

Kuwait's national development priorities, as laid out in the New Kuwait Vision 2035, seek to transform Kuwait into a leading regional financial, cultural, and commercial hub by 2035. Strong emphasis is placed on moving away from oil dependency and towards an economically diversified, knowledge-based economy. Significant investment is also planned to build human capital, including support for entrepreneurs and reforms to the education system. These approaches are designed to ensure Kuwaiti youth are better prepared to contribute as competitive and productive members of the labor force, particularly in the private sector.

The right of every Kuwaiti to work is mentioned in Articles 26 and 41 of the Constitution and in various Emiri decrees.<sup>3</sup> The Constitution also commits to state provision of generous allowances for housing, health care, education, as well as social security, pensions, and disability benefits. Overall, Kuwaiti citizens tend to consider public sector employment to be superior to private sector employment. Reasons for this include greater job security, less burdensome responsibilities, generous pay and benefits, and shorter working hours in the public sector compared to private sector (Towards a National Jobs Strategy in Kuwait, 2021). Given this, there is limited incentive for Kuwaitis to work in the private sector. Indeed, Kuwaiti nationals account for only 4.3 percent of the private sector workforce (Labor Market Information System, 2019), the majority of which is made up of expatriates. The public sector, on the other hand, employs 76 percent of Kuwaiti citizens (Labor Market Information System, 2019).

However, the sustainability and efficiency of this system is now being questioned. High population growth is putting pressure on public sector employment and the rising wage bill presents further fiscal challenges. At 17 percent of GDP, Kuwait's wage bill is already almost twice that of the GCC average of 9 percent (Tamirisa & Duenwald, 2018).

Between 2019 and 2023, 99,000 new Kuwaiti nationals (21 percent of the current Kuwaiti labor force) will enter the job market (International Monetary Fund, 2019). Public sector entities, such as government ministries under pressure to absorb these entrants, are already overstuffed. Effectively absorbing these young Kuwaitis into the labor market and providing them with high quality jobs will require that more opportunities become available in the private sector and that more Kuwaitis are persuaded to choose private over public sector employment. To further alleviate the pressure of the public sector wage bill on the national budget, existing public sector employees need to be encouraged to explore and pursue jobs in the private sector. This will also ensure that public sector jobs become available for young talent in the future, ensuring the labor force is better utilized. Anecdotal evidence finds

<sup>3</sup> Article 26 [Public Office] (1) Public office is a national service entrusted to those who hold it. Public officials, in the exercise of their duties, shall aim at the public interest. Article 41 [Right and Duty to Work] (1) Every Kuwaiti has the right to work and to choose the type of his work. (2) Work is a duty of every citizen necessitated by personal dignity and public good. The State shall endeavor to make it available to citizens and to make its terms equitable.

significant transition from private to public sector jobs, there is very little movement in the reverse direction.

The role of the private sector is critical in developing this diversified and prosperous economy, as the larger vision of Kuwait's economic plan is to reduce the government's role in the implementation of development projects from 90 percent to 30-40 percent by 2035.

## 1.2. The National Jobs Strategy

At the request of the Government of Kuwait, the World Bank is supporting the formulation of a National Jobs Strategy (NJS) that can confront the labor market challenges outlined in the previous section. The World Bank, following guidance from the government, has focused its analysis and recommendations on four key pillars (see Figure 2 below): Making the public sector more sustainable, supporting private sector growth, building a system of social protection, and improving human capital. In addition, the NJS covers two cross-cutting themes: behavioral economics and monitoring and evaluation.

FIGURE 2:  
**National Jobs Strategy Pillars**



The analysis and conclusions from the four pillars are documented in detail in the report “Towards a National Jobs Strategy in Kuwait: Main Report”. The Report proposes several key reforms that are focused on making the public sector more sustainable and efficient, improve private sector growth and productivity, reform and improve social protection programs, and strengthen both human capital and the link between the education system and the labor market (see Annex 1 for a summary of the main recommendations from the Main Report). The present report, “Towards a National Jobs Strategy in Kuwait: Behavioral Jobs Diagnostic Study”, complements the Main Report under the cross-cutting theme of behavioral economics, and applies a behavioral science lens to understanding barriers to Kuwaiti youth’s participation in the private sector.

### 1.3. Objective of Behavioral Diagnostic

One of the objectives of the “Towards A National Jobs Strategy” project is to increase Kuwaiti youth’s participation in the private sector. To this end, the Kuwait Policy Appraisal Lab (KPAL) within the General Secretariat of the Supreme Council for Planning and Development’s (GSSCPD) - Kuwait Public Policy Centre (KPPC) and the World Bank’s behavioral science team, the Mind, Behavior, and Development Unit (eMBeD), partnered to conduct a diagnostic study of barriers to private sector participation.

Diagnostics informed by behavioral science takes account of social, cognitive, and economic influences to understand the journey of individuals as it relates to a specific behavior—in this case, choosing to pursue a career in the private sector. Additionally, behavioral diagnostics attempt to understand the details in bureaucracies, technologies, and service delivery that are sometimes overlooked in standard policy design but that dramatically affect development policies and initiatives. In doing so, this approach can help policy makers avoid decision traps and biases that affect all individuals.

In Figure 3, the main target behaviors this program intends to influence are shown on the left and research questions are on the right. This diagnostic is designed to uncover behavioral and structural barriers to perform these behaviors and entry points through which we can intervene in them.

FIGURE 3:  
**Target Behaviors and Research Questions**

Encourage students to pursue fields in demand in the private sector	Which moments in Kuwaitis' lifecycle are crucial when deciding to work the public or private sector? What factors influence these decisions?
Encourage unemployed youth to explore private sector options	For Kuwaitis considering private sector careers, including those in the public sector, what bottlenecks and factors make their transition difficult?
Encourage government employees to move to the private sector	What existing entry points and systems can be leveraged to address these bottlenecks and factors?
Incentivize private sector to hire Kuwaiti youth	What beliefs and operational bottlenecks do private sector employers face when trying to hire Kuwaitis?

## 1.4. Report Structure

This report aims to inform the design and implementation of policies and reforms proposed in the Kuwait NJS by 1) describing the processes Kuwaitis typically go through when making decisions or taking actions that are relevant for pursuing careers in the private sector; 2) identifying the relevant stakeholders involved in these decisions and actions; and 3) identifying the significant structural<sup>4</sup> and potential behavioral barriers relevant for these decisions and actions; and 4) recommending policies and interventions to address these barriers.

The following sections describe this problem in more detail and highlight the target population, key stakeholders, and current incentives and processes that impede transition to the private sector in this context.

Section 2 details the team's approach to the behavioral diagnostic study, which includes a combination qualitative and quantitative methodologies. It also provides descriptive data on the sample of Kuwaitis included in the study, separated by their specific groups—students, jobseekers, private sector employers, public sector employees, and entrepreneurs.

Section 3 delves into the specific behaviors relevant to four decision-making stages related to employment outcomes in the lifecycles of Kuwaitis early in their careers (see Table 3 below). This structure was chosen to organize information and more narrowly define behaviors. Many of these behaviors are intertwined and fall under the scope of more than one pillar in the NJS.

<sup>4</sup> In addition to those already outlined in the "Towards a National Jobs Strategy in Kuwait: Main Report".

Lastly, Section 4 synthesizes the findings from the behavioral diagnostic study to provide recommendations for policy and interventions, including those relevant for the implementation of the NJS.

TABLE 3.

**Behavioral diagnostic topics**

<b>Job market preparation</b>	<b>Job search</b>	<b>Transition from public to private sector</b>	<b>Entrepreneurship</b>
<ul style="list-style-type: none"> <li>› How and when do Kuwaitis decide what to study?</li> <li>› What type of careers do Kuwaitis prefer and what factors do they consider?</li> <li>› When are these career decisions made?</li> </ul>	<ul style="list-style-type: none"> <li>› How do Kuwaitis make decisions about what jobs to pursue/accept?</li> <li>› Which is perceived as better: Private sector or public sector?</li> <li>› Availability and recruitment for internships/ traineeships.</li> <li>› How do Kuwaitis look for jobs and what does the job search process look like for them?</li> <li>› What challenges do Kuwaitis face in their job search?</li> <li>› What beliefs and biases do private sector employers have about Kuwaiti candidates and employees? How do they look for candidates?</li> </ul>	<ul style="list-style-type: none"> <li>› How satisfied are public employees with their jobs?</li> <li>› Are public employees interested in private sector jobs or starting a business?</li> <li>› What are the challenges they face to transition?</li> <li>› Why do entrepreneurs stay at their public sector jobs?</li> </ul>	<ul style="list-style-type: none"> <li>› What motivates Kuwaitis to start a business?</li> <li>› What challenges do entrepreneurs face?</li> </ul>

**2.**

# **BEHAVIORAL DIAGNOSTICS METHODOLOGY**





## 2.1. Approach

The main goal of this diagnostic study is to understand the decision-making context and influences around Kuwaitis' labor market-related behavior, and why they behave the way they do in that specific context. In doing so, the study avoids assumptions about individual's behaviors and intents, and systematically identifies decision-making pathways, actions, and barriers at various phases. This allows the team to subsequently develop targeted solutions or interventions that address these behavioral barriers.

The analytical approach of this study emphasizes a systematic exploration of decisions and actions to achieve a specific goal- a career in the private sector- along with the social, cognitive, and contextual factors involved in reaching that goal. Using this approach, the report maps the journey a typical Kuwaiti embarks on in order to end up with a successful career in the private sector. In doing so, the first step was to identify the relevant stages in the journey towards this goal. Key decisions and actions at each stage were identified, along with stakeholders who take and influence these decisions and actions. A variety of research and analytical tools (using a combination of qualitative and quantitative data) are then used to explore and identify social, cognitive, and contextual barriers- or behavioral barriers- that may influence these decisions and actions and impede progression towards the goal. This analytical process also uncovers additional legal, economic, and procedural barriers – broadly classified under structural barriers. Lastly, heterogeneity across different groups- based on gender, age (below 35 and 35+), interest in public or private sectors careers- is also explored to note key differences that may be relevant for policy.

Following the objectives of the diagnostic, this analysis focuses mainly on Kuwaiti nationals—a minority in Kuwait's overall labor force—as the target population. A series of data collection activities were carried out to gain insight into how these citizens experience and behave as a result of existing labor policies. This included Key Informants Interviews (KIIs) with senior and mid-level government officials that provided an overview of their specialization or sector and qualitative and quantitative data collection with the target population.

The first step was performing KIIs with several government officials and reviewing relevant documents and websites—both to understand the policies, processes, and stakeholders relevant for employment behaviors of Kuwaitis. Exploratory interviews, focus group discussions (FGDs), and surveys were also conducted with key target groups: students, jobseekers, public sector employees, former public sector employees that transitioned into the private sector, and owners of small and medium enterprises (SMEs). This targeted sampling methodology allowed a deeper exploration of the issues facing the Kuwaiti labor force in a systematic way. Most of these activities were carried out between late 2019 and early 2020.

The team planned to follow up this exploratory phase with face-to-face quantitative surveys and semi-structured qualitative interviews with the main target groups in early 2020. However, in-person data collection was impossible due to the start of the COVID-19 pandemic and subsequent social distancing protocols. After a pause, the data collection plan was adapted to using online surveys and virtual interviews and was resumed in late 2020. Due to difficulties in obtaining phone numbers for probabilistic surveys, surveys were distributed, where possible, through individual institutions, including higher education institutions, government agencies, and organizations supporting entrepreneurs. See [Annex 2](#) for more details on the specific research activities.

## 2.1.1. Study Limitations

While this report aims to provide a robust analysis of the main cognitive, social, and behavioral challenges to private sector employment for the Kuwaiti youth, there are several limitations. First, most of the data analyzed in this report is not representative of the Kuwaiti population or particular subgroups discussed in the results section. The report does not intend to make population estimates, but explore relationships between beliefs, biases, social factors and behaviors of specific subgroups using convenience samples. As such, the analysis and recommendations presented in this report also pertain to the specific groups interviewed for this diagnostic study. This approach was pursued due to several constraints- (i) lack of access to administrative data or representative surveys that provide information on the variables of interest, and (ii) challenges presented by the COVID-19 pandemic which prevented more targeted primary data collection with representative samples. Limitations on outreach (relying on email and social media through institutional channels) also resulted in the survey samples having a higher proportion of Kuwaitis with post-secondary education. Additionally, limitations on in-person data collection restricted rigorous qualitative data collection with additional target groups. The team expects that findings from these exploratory methods can inform representative surveys with priority groups in the future to confirm assumptions that are key for policy design. As detailed in the next section, this report attempts to account for and identify potential biases in the sample.

Second, given that much of the data was collected throughout the COVID-19 pandemic, issues related to the pandemic and the rapidly changing context may have impacted beliefs and behaviors of respondents during or after the data collection timeframes. For example, given volatility in the private sector during the pandemic, the relative security of the public sector may have become even more potent and attractive for Kuwaitis. It was not possible to account for these potential biases in the analysis.

Third, given that many structural and policy barriers were extensively explored in the Main Report, this diagnostic purposely focuses less on structural barriers, particularly those already covered in the Main Report.

Lastly, the objective and scope of this study was ambitious, including several important life stages, target behaviors and actions, and relevant target groups. This required extensive primary data collection (due to unavailability of relevant secondary data), which was difficult to carry out, especially given the challenges posed by the COVID-19 pandemic. The team had to prioritize, at the onset, which behaviors and actions to especially focus on in order to come up with a feasible data collection strategy. Additionally, to avoid survey fatigue, topics also had to be prioritized to shorten survey instruments (especially since most surveys were carried out online). In some cases, outreach and survey distribution challenges with some target groups, such as positive deviants, made data collection difficult. Given these, the diagnostic study does not touch upon every relevant behavior, as would have been possible with more narrowly defined issues.

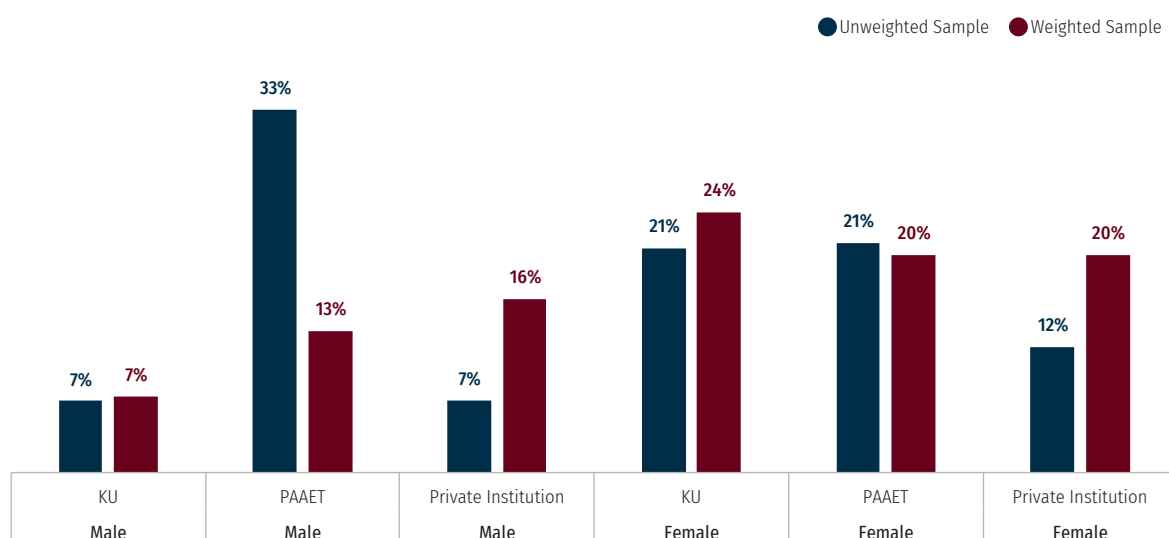
## 2.2. Sample Characteristics

### 2.2.1. Post-secondary students

Between November 3, 2020 and June 6, 2021, 7,375 students from five private and public universities and colleges took part in a survey seeking to understand their attitudes towards future careers and how they made their decision to join their institutions and majors. 4,018 respondents (55 percent) were enrolled at The Public Authority for Applied Education and Training (PAAET), 2,012 (27 percent) at Kuwait University (KU), and 1,345 (18 percent) were from three private universities and colleges. The sample was split into students and student jobseekers.

While it is clear from this distribution that PAAET is over-represented in the sample, it was difficult to accurately ascertain how demographically representative of Kuwaiti university and college students the survey sample is due to lack of data on higher education students. As such, publicly available data from the Central Statistical Bureau (CSB) on the number of newly registered students in Kuwait University, PAAET, and Private Universities and Colleges were used to calibrate the survey data. According to CSB data, 31 percent of students were registered at KU, 33 percent at PAAET, and 36 percent at private universities and colleges. Our analysis corrected for gender and type of institution (Kuwait University, PAAET, and private institutions<sup>5</sup>) that students attend. Due to unavailability of data, the analysis did not correct for majors or degrees.

FIGURE 4:  
**Sample Distribution**

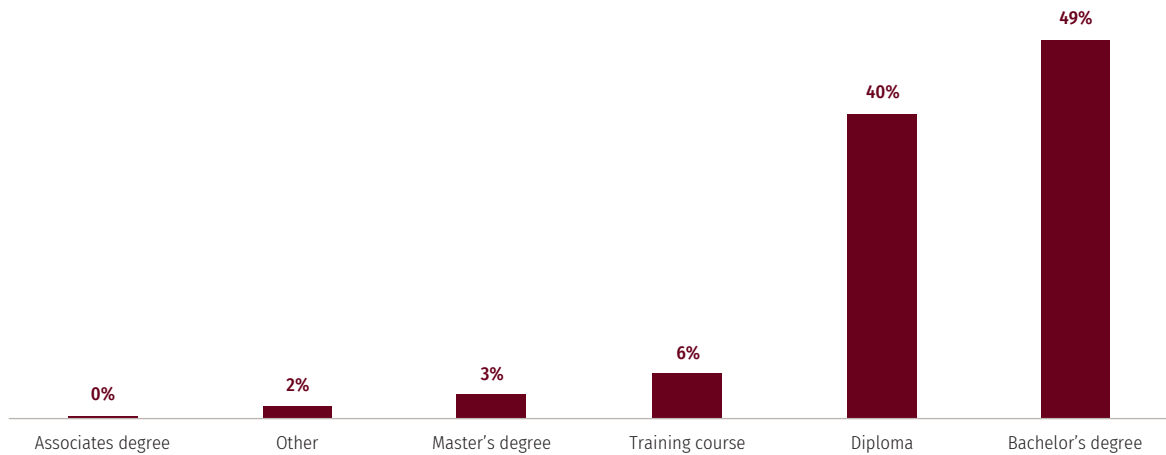


5 'Private Universities and Colleges' were consolidated into one category as the CSB data did not provide a breakdown by institution and explicitly mentioned that their numbers were not all inclusive.

As seen in Figure 4 above, roughly 47 percent of respondents in the unweighted sample were male. This was reweighted to match CSB's figure of 36 percent. This gender imbalance speaks to the career preferences of young Kuwaiti males who appear to be less interested in pursuing higher education compared to their female counterparts. In the unweighted sample, thirty-seven percent of respondents were 18-20 years of age, 25 percent between 21-22 years, 14 percent between 23-24 years, and the remaining 22 percent were above the age of 24.

As seen in Figure 5, half of the respondents (49 percent) were enrolled in bachelor programs, followed closely by those enrolled in Diploma programs (40 percent). A fifth of respondents were studying in engineering related fields, while a quarter were studying business-related field.

FIGURE 5:  
**Type of Program (unweighted)**



Slightly more than half of the respondents were expecting to graduate within the next year. Of those graduating, 54 percent indicated that they were actively looking for jobs.

### 2.2.2. Jobseekers

Respondents of the jobseekers' survey include students currently enrolled in higher education institutions who are actively looking for jobs (student jobseekers) as well as jobseeker respondents recruited via social media. University student respondents who reported that they would be graduating within the next year were asked if they were actively looking for jobs. 2,192 students fit this criterion. As seen in Figure 4, 52 percent were female, 30 percent were over the age of 24, and 62 percent attended PAAET. This is likely because PAAET offers diplomas which are shorter in duration than bachelor's or other degrees.

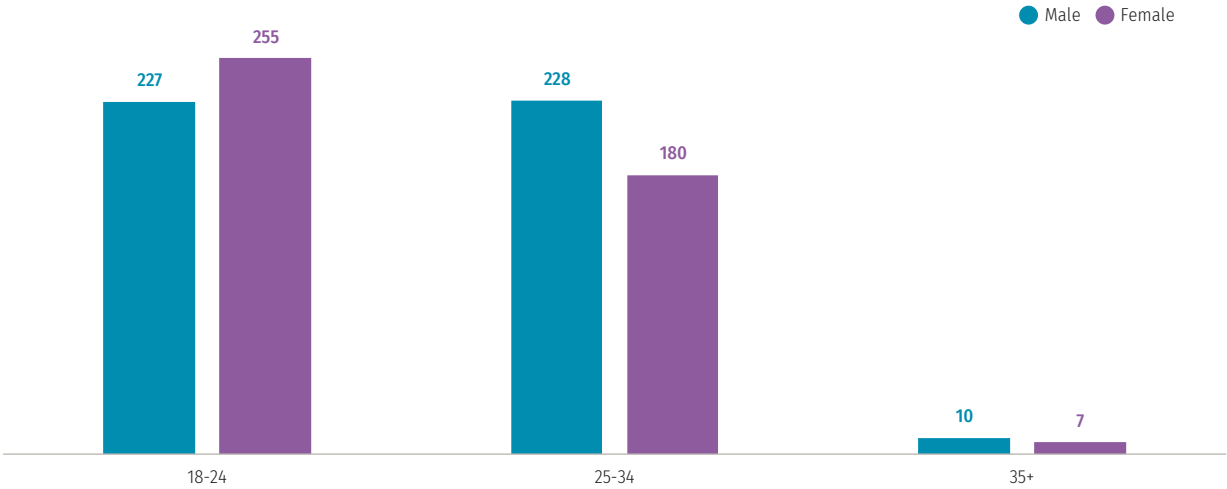
In addition to students, jobseekers were recruited via career-related social media pages and a prominent Kuwaiti social media platform, which provides followers with job search information and career opportunities. An online survey was distributed through this platform between June 2, 2021 and June 16, 2021.

FIGURE 6:  
**Students jobseekers, by gender and age**



Slightly over 900 respondents were recruited through social media, of whom 911 were actively looking for jobs (henceforth referred to as “jobseekers”). The remaining respondents were filtered out as they were not actively looking for jobs. Just under half (49 percent) of respondents were women. As seen in Figure 7, fifty-three percent were 24 years of age or younger, while 45 percent were between 25 and 34 years of age. Most (87 percent) had a bachelor’s degree or higher, 11 percent had a diploma, and the remaining had high school degrees or less. Of those that attended higher education, 59 percent had a degree in engineering and 13 percent in business.

FIGURE 7:  
**Jobseekers, by Gender and Age**



Unfortunately, no available data sources were found that provided the exact demographic distribution of Kuwaiti jobseekers. To assess the representativeness of the survey sample as closely as possible, data from the Labor Force Survey (LFS) 2016-17 was used as a proxy to assess potential differences between the survey sample and the population of unemployed Kuwaitis. Nevertheless, these numbers should be read with caution, since the sample of unemployed Kuwaitis in the LFS was very small and not representative at this sub-group level.

For the purpose of this comparison, “unemployed” Kuwaitis is defined as those who are older than 18, currently not working, but willing to and searching for work. This may include those who are enrolled in higher education degrees, as the LFS survey does not have a clear way to differentiate them from those who are currently unemployed. LFS data shows that around 2.5 percent of Kuwaitis meet the defined criteria of “unemployed”. Approximately 58 percent of these respondents are between 18-24 years of age, 43 percent are female, and 39 percent have a secondary school degree or less. Almost all (96 percent) would accept a job from the public sector, if offered, at the time of the survey, and 60 percent indicated that would accept a job in the private sector.

By comparison, our sample appears to be slightly younger (52 percent were between 18 and 24, and a further 45 percent between 25-34), considerably more educated (almost all respondents had at least a diploma or a technical degree), and considerably less interested in the public sector (63 percent) than the sample in the LFS data. This is to be expected given that the outreach methods used included through universities and social media.

### 2.2.3. Public sector employees

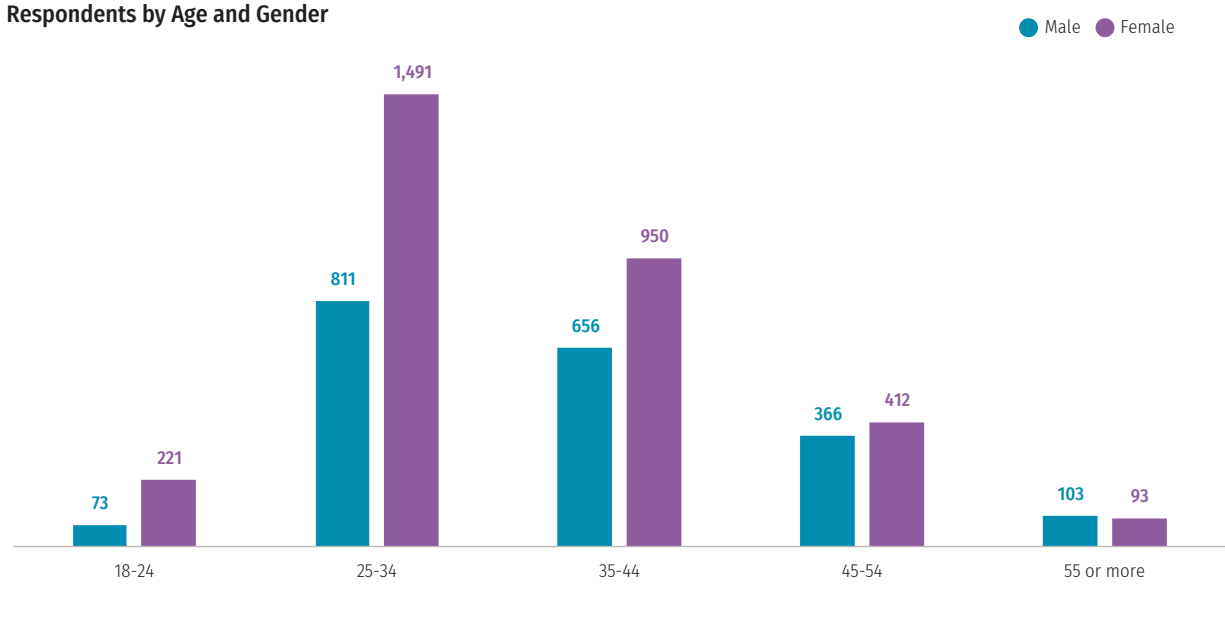
Between November 12, 2020 and the March 31, 2021, survey links were sent to 34 public sector entities and state-owned enterprises. A total of 4,500 Kuwaiti public sector employees responded to the survey. The largest number of respondents came from the Ministry of Awqaf and Islamic Affairs (999 respondents), followed by the Ministry of Public Works (556), and the Ministry of Health (549).

When compared to 2019 data on public sector employees from the Civil Service Commission (CSC), the survey sample is similar to the general demographic distribution of public sector employees<sup>6</sup> in Kuwait, with a slight skew towards younger employees. The gender distribution is almost identical—63 percent of the survey sample is female, compared to 62 percent amongst public sector employees in total. A third of the respondents have worked in the public sector for 12 or more years (compared to around 40 percent in the 2019 database), and around a quarter joined in the past two years (compared to 17 percent in the 2019 database).

In the survey sample, 54 percent were under the age of 35, compared to 46 percent in the 2019 database. However, the higher representation of younger Kuwaitis in the survey sample provides better insights on the population of interest. This is given that the focus of the diagnostic study is to understand employment related behavior of younger Kuwaitis, including willingness to transition from the public to private sector.

<sup>6</sup> The CSC data covers all civil servants in Kuwait (excluding military and state-owned enterprises), while the survey sample includes civil servants as well as employees from one state-owned enterprise.

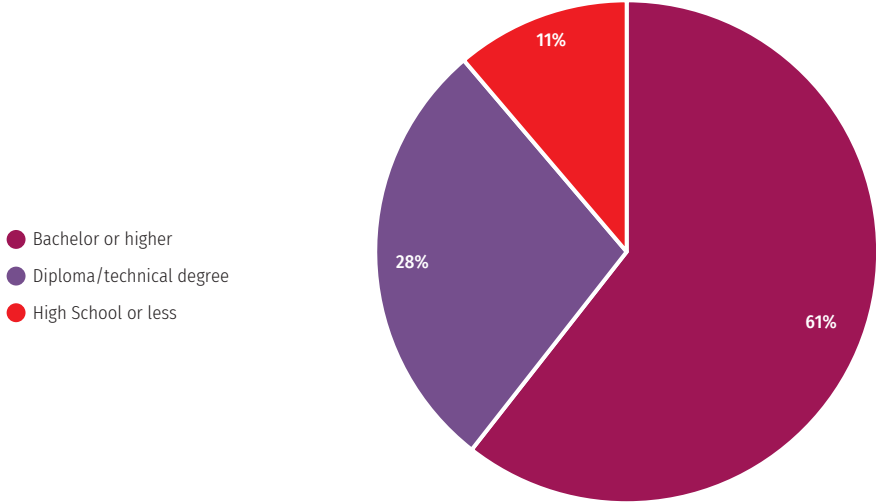
FIGURE 8:  
**Demographic distribution of public sector survey respondents**



The majority of survey respondents have bachelor’s degrees, and nearly two-thirds graduated from public institutions. Female respondents are more likely to have attended public educational institutions. While less than a third (28 percent) had worked elsewhere prior to joining their current positions, female respondents are even less likely to have worked before (23 percent compared 37 percent of male respondents). Of those with previous work experience, 59 percent had been employed in the private sector. These respondents were also more likely to have attended foreign educational institution.

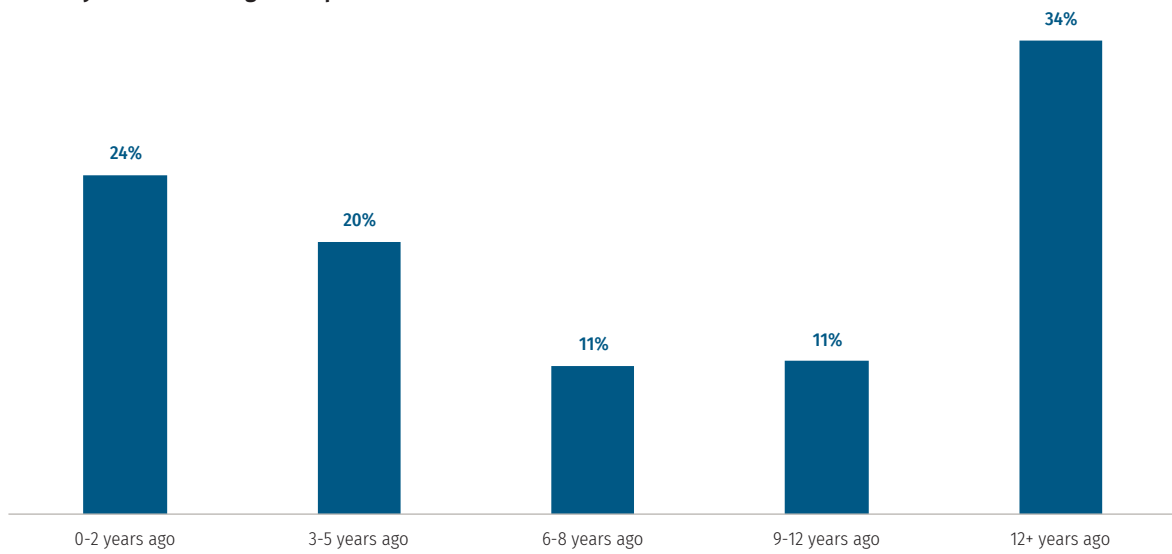
FIGURE 9:  
**Educational and employment background**

**Educational Attainment**

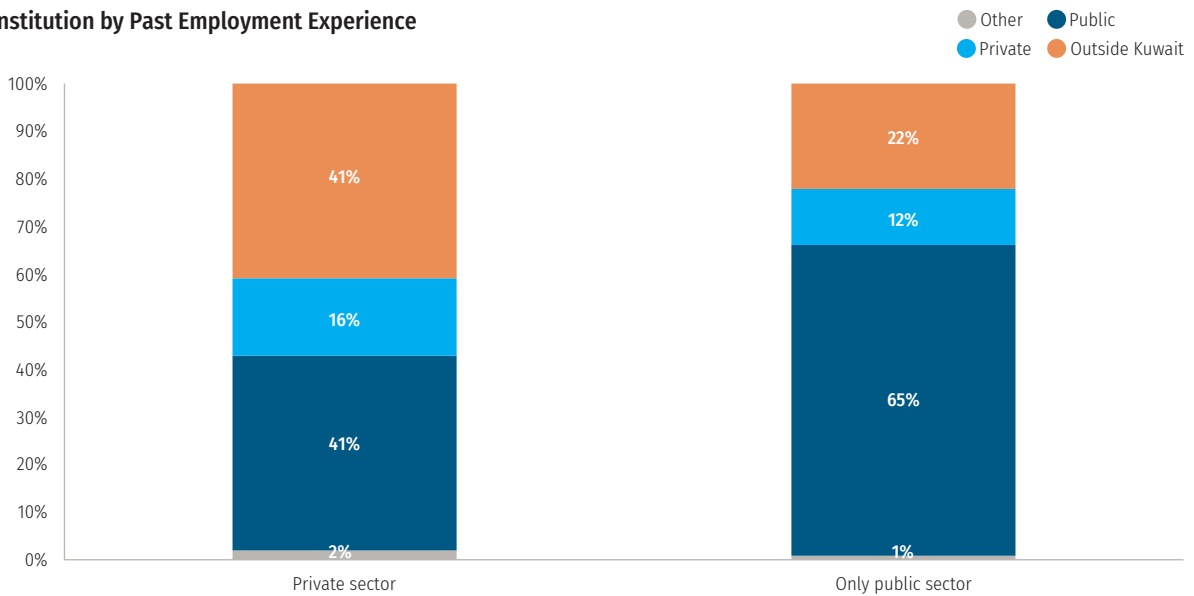




**When did you start working in the public sector?**



**Institution by Past Employment Experience**



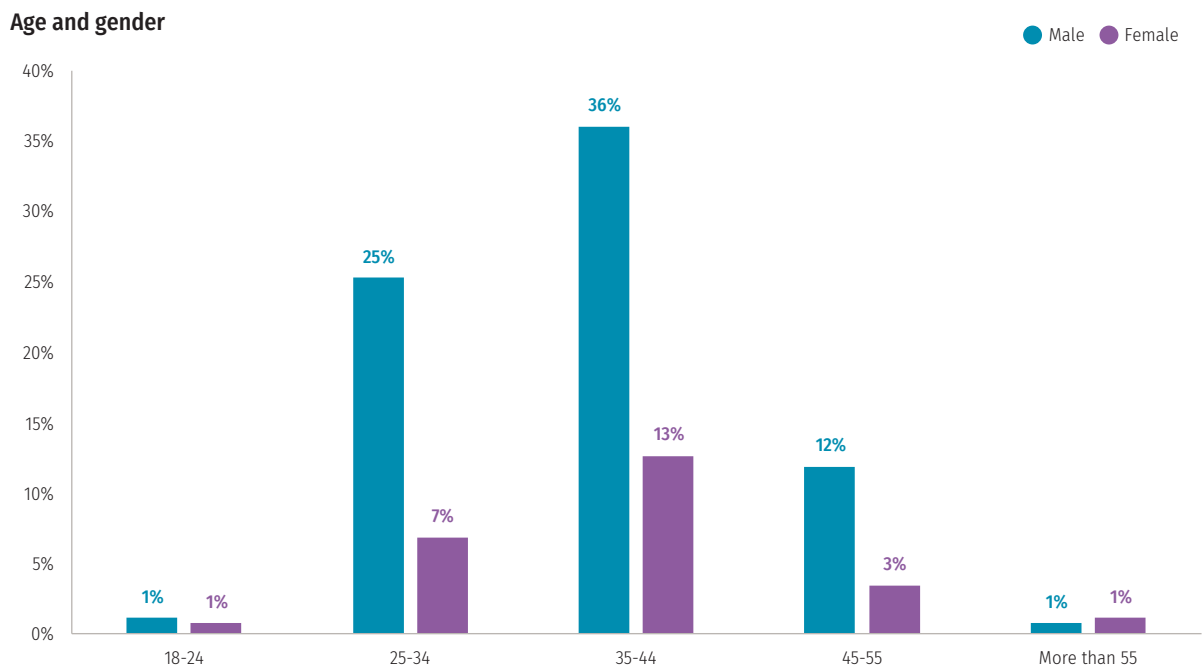
**2.2.4. Private sector employers**

In-depth interviews were conducted with HR managers from eight large firms, each with 200 or more employees. Five of the firms had more than 1,000 employees, and only two of the managers were non-Kuwaiti. The firms represent the following sub-sectors: banking, construction, education, health, telecom, manufacturing, industrial, and real estate. Due to confidentiality agreements, further details about the firms cannot be shared.

## 2.2.5. Entrepreneurs

Between September and October 2020, surveys were distributed through the National Fund for Small and Medium Enterprises Development's (SME Fund) email list and social media, as well as the email lists of four incubators (Sirdab Lab, Cubical Services, Tribe, and Erada). 360 valid responses were received, including 262 Kuwaiti entrepreneurs. Eighty-four percent of Kuwaiti respondents were recruited through the SME Fund. Other respondents, excluded from this analysis, were either non-Kuwaitis or respondents who aspired to be business owners but were not currently entrepreneurs.

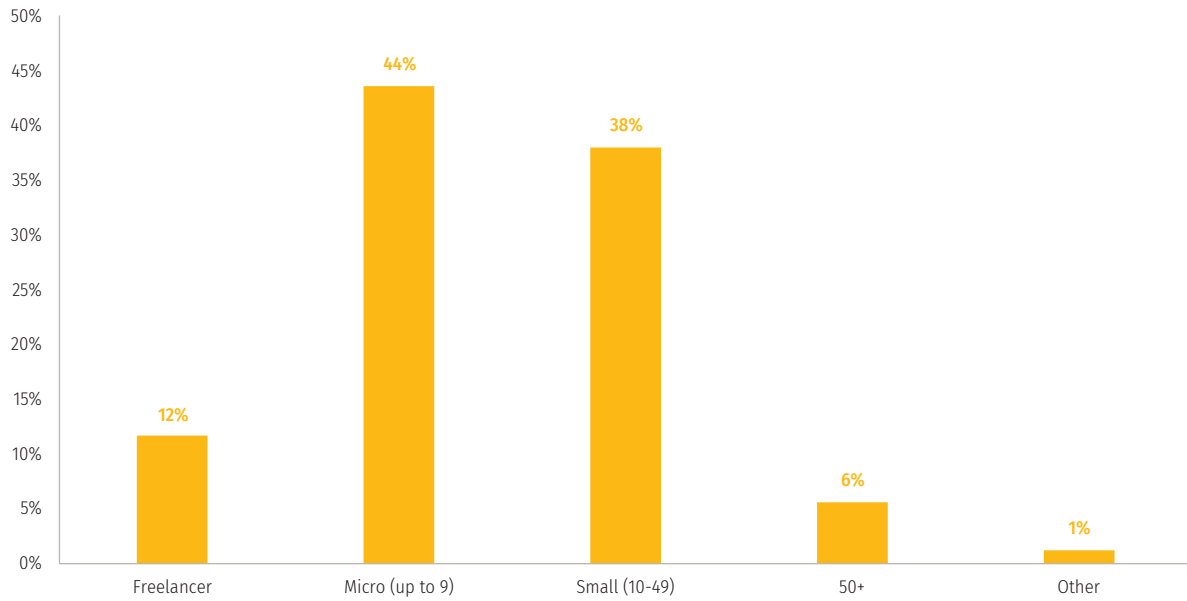
FIGURE 10:  
**Demographic characteristics of entrepreneurs**



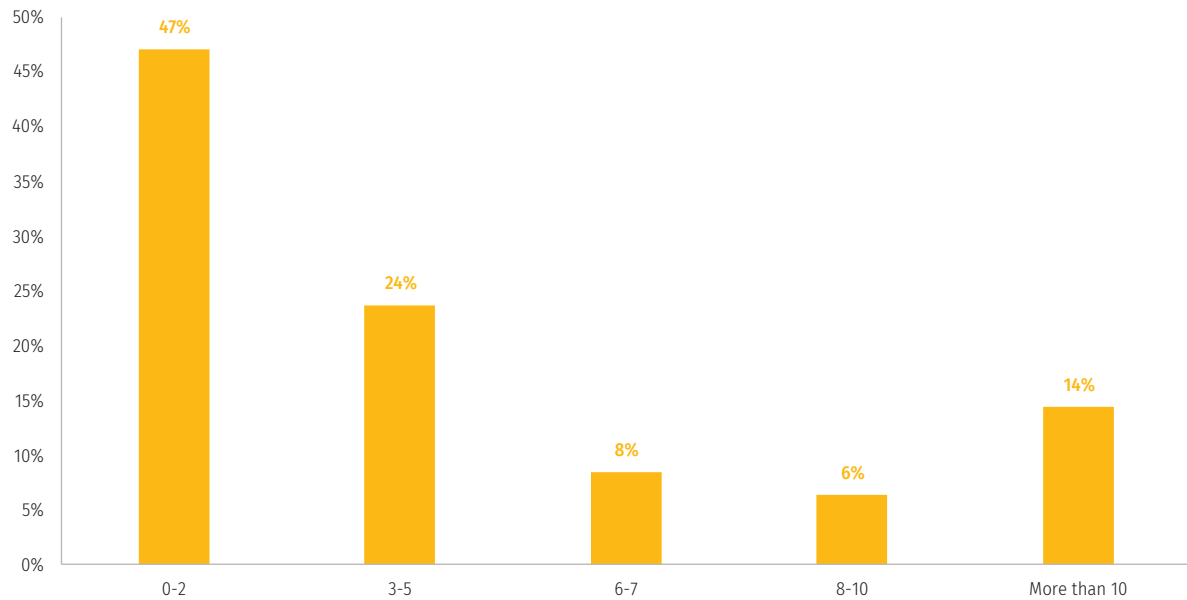
About 80 percent of respondents fall between ages 25-44 years old. Eighty-seven percent have some level of post-secondary education, including 60 percent with bachelor's degrees or higher. A comparison with 2016-2017 LFS data again suggests that the survey sample is significantly younger. While approximately 51 percent of Kuwaiti entrepreneurs in the LFS are more than 45 years old, 17 percent of the survey sample fall in that age bracket. Three-quarters of the sample is male, where this gender breakdown is comparable between both samples.

FIGURE 11:  
**Size and age of business**

How would you describe your business (no. of employees)?

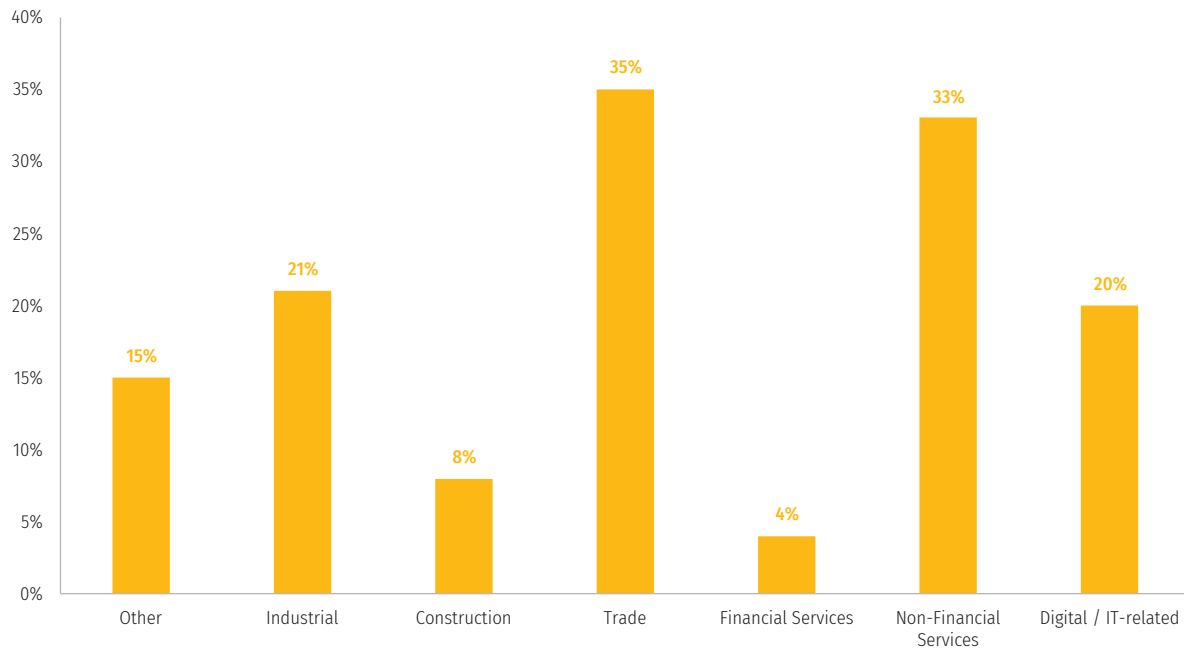


How many years ago did you start your business?



About half of the businesses have operated for two years or less, with 12 percent self-identifying as freelancers. 44 percent self-identify as microenterprises (up to 9 employees) and 38 percent as small (10-49 employees). Figure 11 features the sub-sectors where our sample of entrepreneurs work. The most common sub-sectors are non-financial services (33 percent) and trade (35 percent).

FIGURE 12:  
**Sub-sectors of sample entrepreneurs**



We also found that those surveyed tend to have smaller firms than those featured in the LFS data. While approximately 35 percent of Kuwaiti entrepreneurs in the LFS have zero to nine employees, this represents 56 percent of the survey sample. Figure 12 presents firm size in our survey sample. However, it's important to remember that the LFS dataset only includes entrepreneurs who declared the business as their main source of income. In comparison, Kuwaitis working in the public sector and engaging in entrepreneurial activities outside of working hours represent a considerable part of our sample.

**3.**

# **RESULTS**



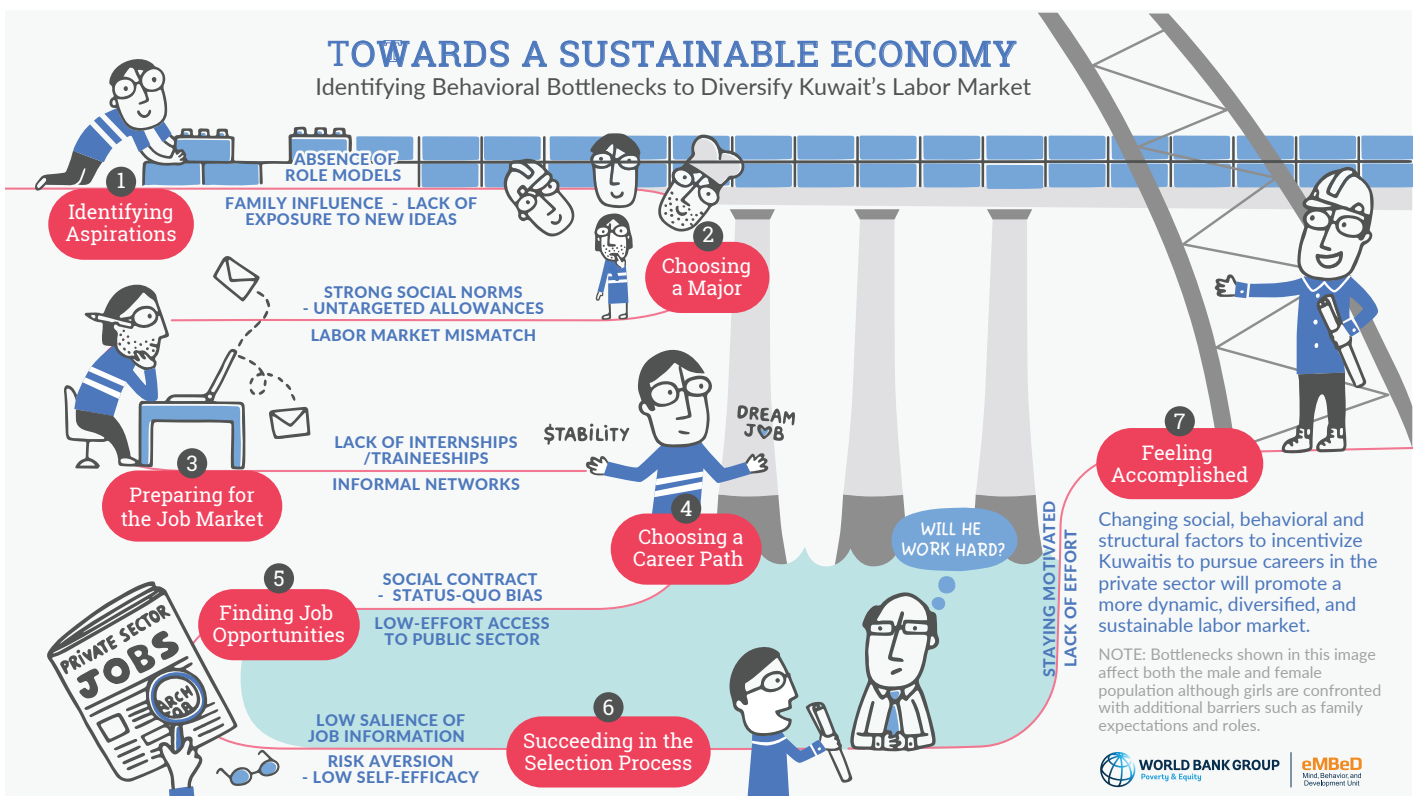
## Findings:

While policy and economic incentives are important determinants of labor market outcomes and people's career decisions, psychosocial aspects—including aspirations, risk-aversion, and social norms—influence these decisions and outcomes as well. This research assesses how structural and behavioral barriers interact on one's journey to the labor market in Kuwait. We explore how a range of factors influence labor market-related decisions and actions at various stages in the life cycle.<sup>7</sup>

The infographic below (Figure 13) depicts (partial) stages of the journey for a Kuwaiti, including the barriers that must be confronted along the way. The rest of this section delves into the steps of this journey in detail based on results from the behavioral diagnostic study. In addition, the section also explores the journey to the private sector for those already employed in the public sector as well as towards entrepreneurship<sup>8</sup>.

FIGURE 13:

### Journey map of a young Kuwaiti in the labor market



7 Certain life cycle decisions and actions were covered across all types of respondents, allowing us to make comparisons across the different groups and how preferences progress with age, employment status, etc.

8 The full set of results from each survey is available in slide decks (see Annex 3).

## 3.1. Choosing a Major and Career-related Preferences

This section delves into decisions Kuwaitis make as student about what fields of study and careers to pursue that impact their eventual employment outcomes. It also explores preferences and expectations related to the job market and careers in the private and public sectors.

### 3.1.1. What factors do Kuwaitis consider when choosing what to study?

**Kuwaiti students choose their majors primarily based on personal interest and capabilities.** The decision of what field of study to pursue comes early in their higher education journey as students are required by educational institutions to declare a major when enrolling. When asked what factors were most important in choosing their majors, student respondents identified personal interest and capabilities most frequently. Female students considered personal capabilities to be much more important than male students did. Job market related factors play a secondary role for respondents. Over one-third of respondents mentioned ease of finding jobs and salary as important factors. While just over a quarter consider prestige of related careers to be important, its importance may vary across different fields (see Box 1). Whether there is a demand for graduates with certain qualifications in the private or public sector does not appear to be very important when students are deciding what major to pursue. This is despite that choice of major can have potentially significant implications for labor market prospects. This may have contributed to the oversupply of some majors, such as engineering, in both the public and private sectors (World Bank, NJS, 2021).<sup>9</sup>

**Interestingly, this mismatch does not appear to be due to lack of information.** More than half the respondents did not find it difficult to get information about demand for their major in the private sector. Around two-thirds reported the same for the public sector. However, consistent with the finding that job market demand is of lower priority, 30 percent of the respondent indicated that they have not looked for this information for the private sector. Lastly, peer influence (i.e., what their friends are studying) appears to hold very little importance.

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<sup>9</sup> Data from PAM shows that, in 2019, there was an oversupply of around 1,200 Industrial, Civil and Mechanical Engineers looking for jobs in the private sector (World Bank, NJS, 2021). Similarly, CSC staff reported that there were long waiting lists of engineers looking for jobs in the civil service, and that there are thousands more Kuwaitis graduating with engineering degrees from Kuwait University than what is needed in the public sector (World Bank, NJS, 2021).

Box 1.

## The role of prestige and social norms in deciding field of study and career

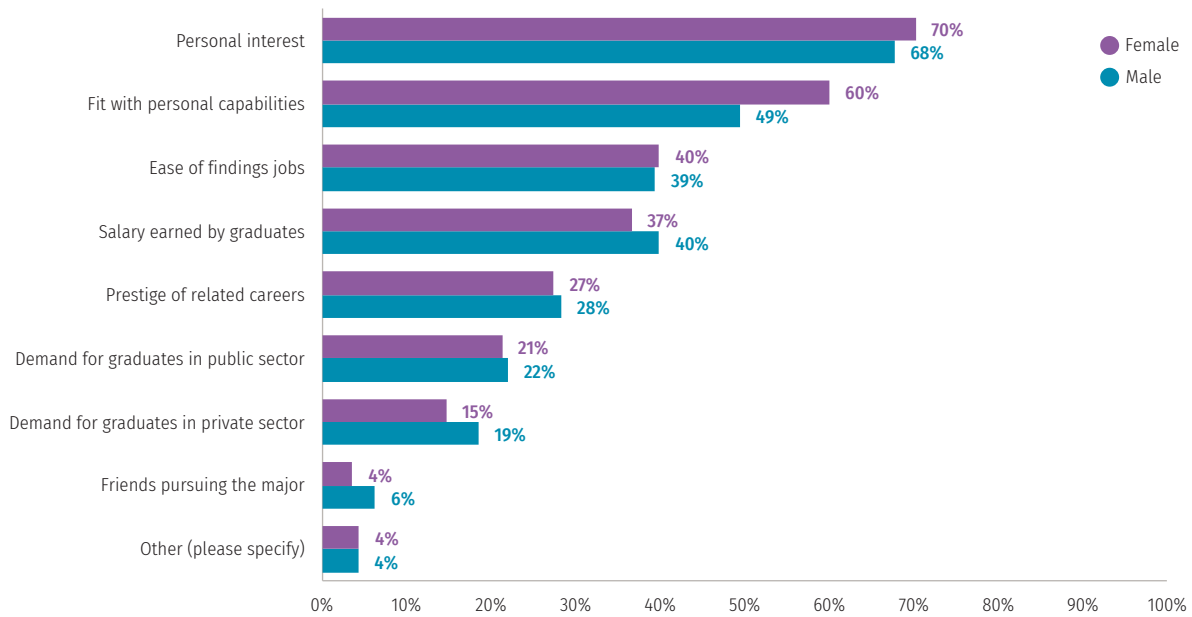
*Extract from The World Bank's NJS Report, page 51*

Few Kuwaitis want to become nurses: less than 2 percent of Kuwait's nurses are Kuwaiti citizens. Due to the lack of demand for nursing education, the Kuwaiti nursing school closed recently, and in the preceding 20 years it only graduated 17 nurses, an indication of the low esteem in which the profession is held. Interviews with MOH officials revealed that there are currently more than 2,000 job opportunities for graduate nurses and not a single Kuwaiti applicant. Almost 80 percent of Kuwait's nurses come from India. While Kuwaiti nurses receive higher pay and shorter working hours compared to foreign nurses (Kuwaitis are paid almost twice that of foreigners, shifts for Kuwaiti nurses are limited to 8 hours while non-Kuwaiti nurses regularly work 12-hour shifts), nevertheless interviews with MOH officials in Kuwait reveal that night-shifts and weekend duty make it very difficult for Kuwaitis (especially married women) to accept a job as a nurse. Kuwaitis also complain that the long years of study should also contribute to the pension eligible working years. Finally, Kuwaitis are said to compare the salaries of nurses with those of teachers who are paid on a similar if not slightly higher scale, even though teachers enjoy shorter hours, long vacations, and less stress (e.g. through exposure to disease). (...)

Surprisingly, there are also lots of engineers on the waiting list for a civil service job, and it is reported that engineers may remain on the waiting list for 18-24 months. This is explained by the fact that Kuwait University graduates around 12,000 engineers each year instead of the 7,000 or so that are needed. Like many other countries in the MENA region, the engineering qualification is viewed as prestigious and remains highly sought after even if there are fewer job opportunities following the completion of study.



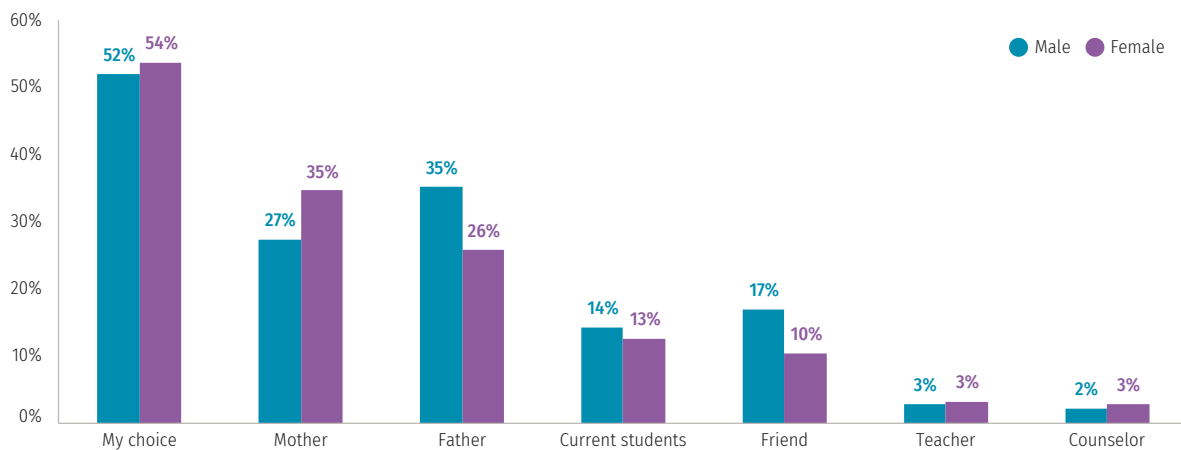
FIGURE 14:  
**Important factors in choosing a major (Students)**



Note: Sample does not include student jobseekers

**Decision about what major to pursue is not always independent.** While more than 53 percent of students report that their choice of major was primarily their own, advice from parents—especially mothers for female students and fathers for male students—plays a prominent role for about a third of respondents. Though influence of friends and what they are studying—that is, the norms within their immediate peer group—appears to be less important, parents’ choices and advice may still be socially influenced, or, at the very least, socially informed. As seen in Figure 15, representatives from institutions including school and university counselors and schoolteachers seem to play a negligible role when advising students on what majors to pursue.

FIGURE 15:  
**Whose advice matters when choosing a major (Students)**



Note: Sample does not include student jobseekers

While not all Kuwaitis pursue higher education, it is a path many choose to take. **Government allowances are important drivers of Kuwaitis' enrollment in higher education institutions, though not everyone is dependent on it.** Despite student allowances<sup>10</sup> comprising of a small proportion of the government's overall safety net expenditure, its contribution appears to be significant for some Kuwaiti students. Almost four out of five (79 percent) students who responded to the survey reported receiving some form of allowance from the government, of whom 36 percent indicated that they would not be studying at their current institution had it not been for the allowance.

On the other hand, nearly 59 percent of current allowance recipients report that they would continue to be enrolled even in the absence of the allowance. We should keep in mind that it might be difficult for people to accurately predict how they would behave in a hypothetical complex situation, but this indicates scope to modify and use allowances in a more targeted way to nudge students towards certain in-demand majors.

### 3.1.2. What type of careers do Kuwaitis prefer before joining the job market?

**There is high demand for public sector careers among both genders, but there is also interest in private sector careers.** When asked what type of careers they are interested in pursuing, 54 percent of students surveyed reported being interested in careers in the public sector. Around 36 percent also expressed interest in the private sector, while just under 15 percent expressed interest in pursuing entrepreneurship.<sup>11</sup> Interestingly, jobseekers = appear to be more open to pursuing opportunities in the private sector (41 percent compared to 34 percent for students and student jobseekers).

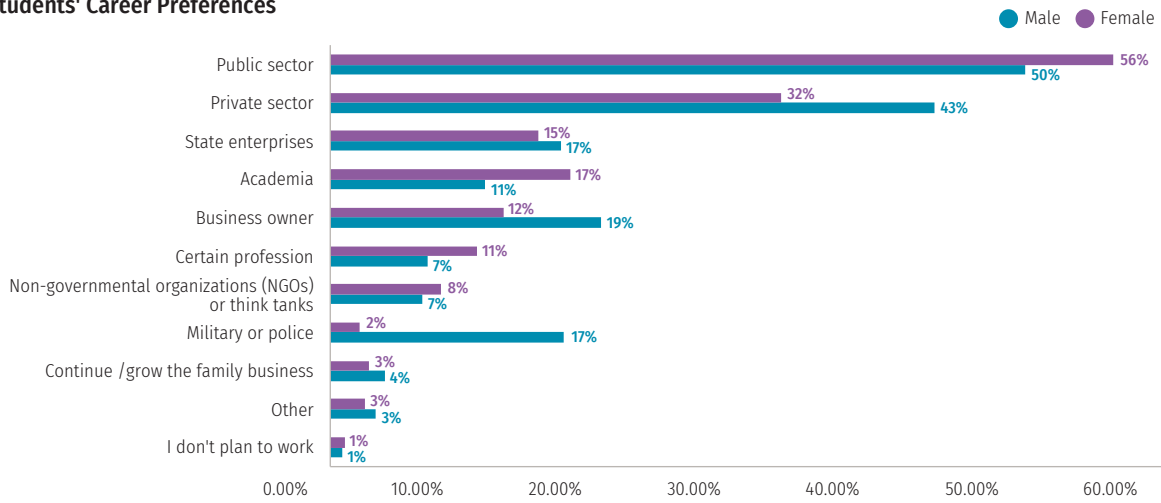
**Our findings suggest that younger Kuwaitis tend to think less about sectors and more about professions.** When public sector employees were asked about their career interest when they were teenagers, their preferences had less to do with the private or public sector and more to do with a specific profession such as being a doctor, lawyer, or engineer. This is true for both older and younger public employees, though recall bias may be higher among older employees. One in five reported preferring public sector careers as teenagers, compared to only 11 percent who preferred private sector careers. The preference for private sector during teenage years was slightly higher for public employees under the age of 35.

<sup>10</sup> This is a social allowance for Kuwaiti students enrolled in both private and public higher education institutions. Current beneficiaries receive 200 KD/month if not married, and 500 KD/month if married.

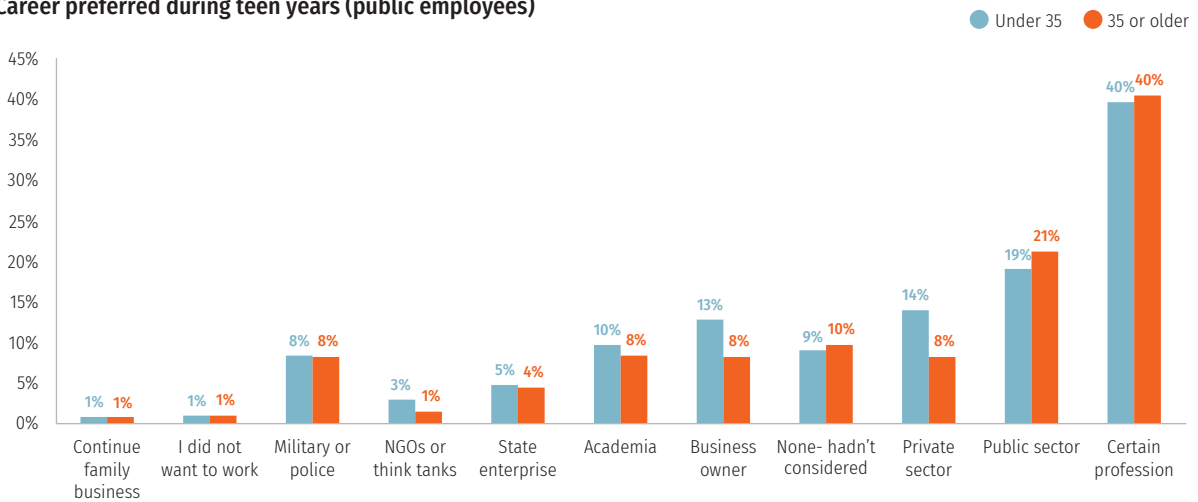
<sup>11</sup> However, when asked separately whether they ever considered starting a business, 76 percent of respondents reported that they have done so.

FIGURE 16:  
**Career preferences at different life stages**

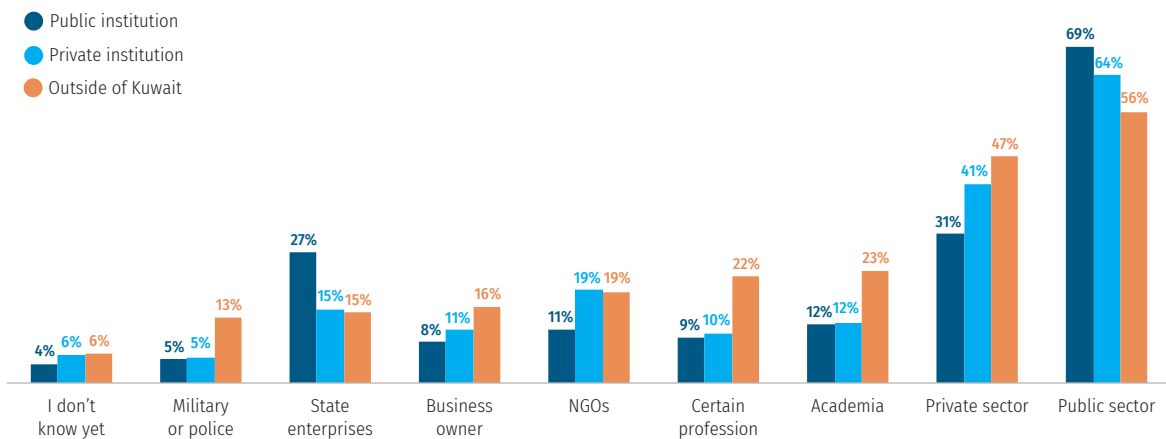
**Students' Career Preferences**



**Career preferred during teen years (public employees)**



**Career Preferences of Kuwaiti Job Seekers. By Educational Institution.**

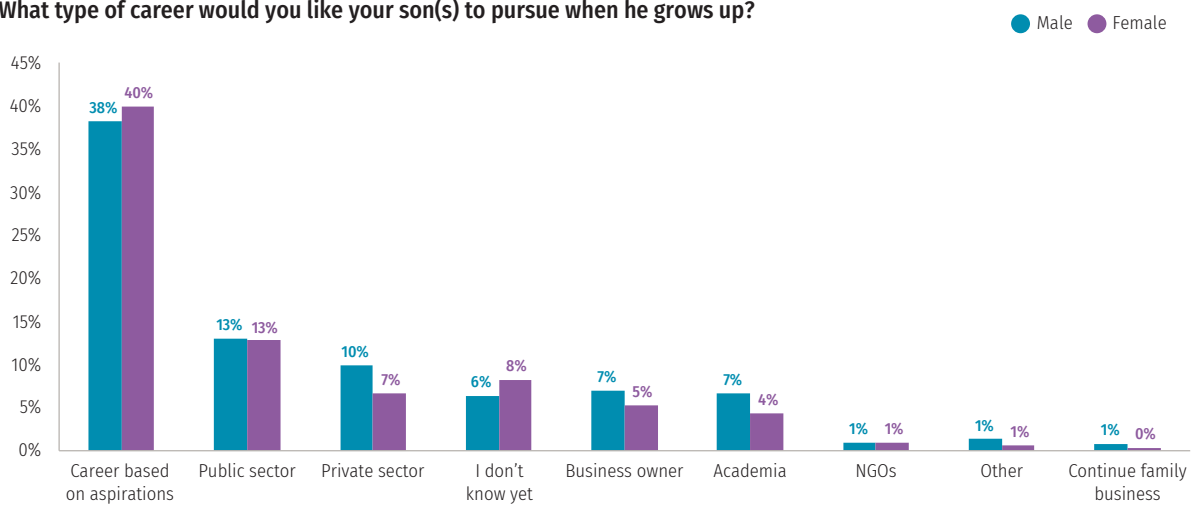


**Parents of Kuwaiti youth also do not appear to have strong preferences for public or private sector careers for their children.** Public sector employees, who have children, were asked about career aspirations for their children. Over a third want their children to pursue a career based on own aspirations, with no direct preference between public or private sector careers. Among male respondents, there is a slightly higher preference for their daughters to work in the public sector (relative to female respondents). Similarly, men are more likely to prefer private sector careers for their sons relative to women.

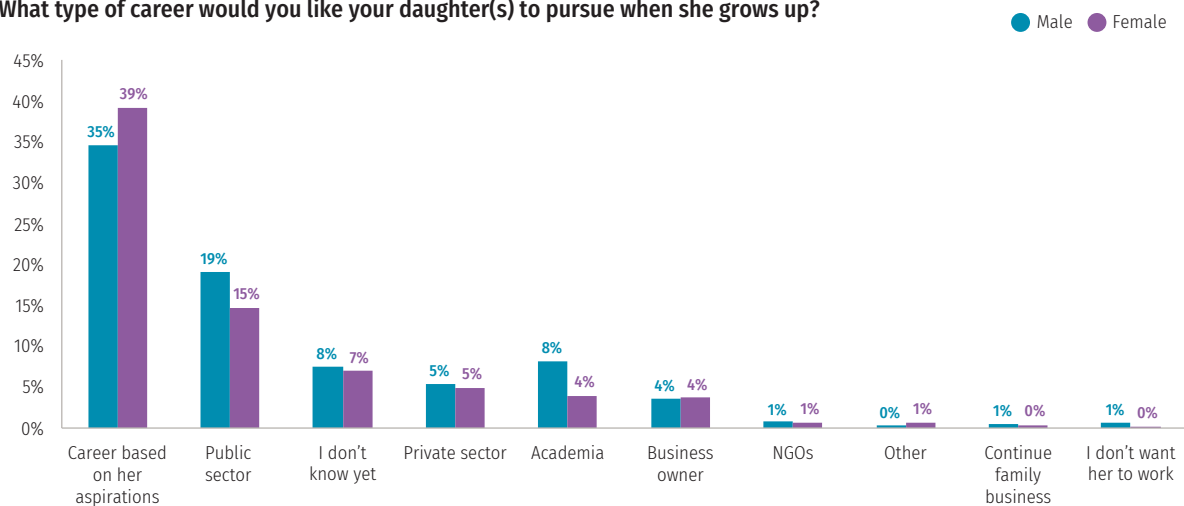
FIGURE 17:

### Timing for career path decisions

What type of career would you like your son(s) to pursue when he grows up?



What type of career would you like your daughter(s) to pursue when she grows up?



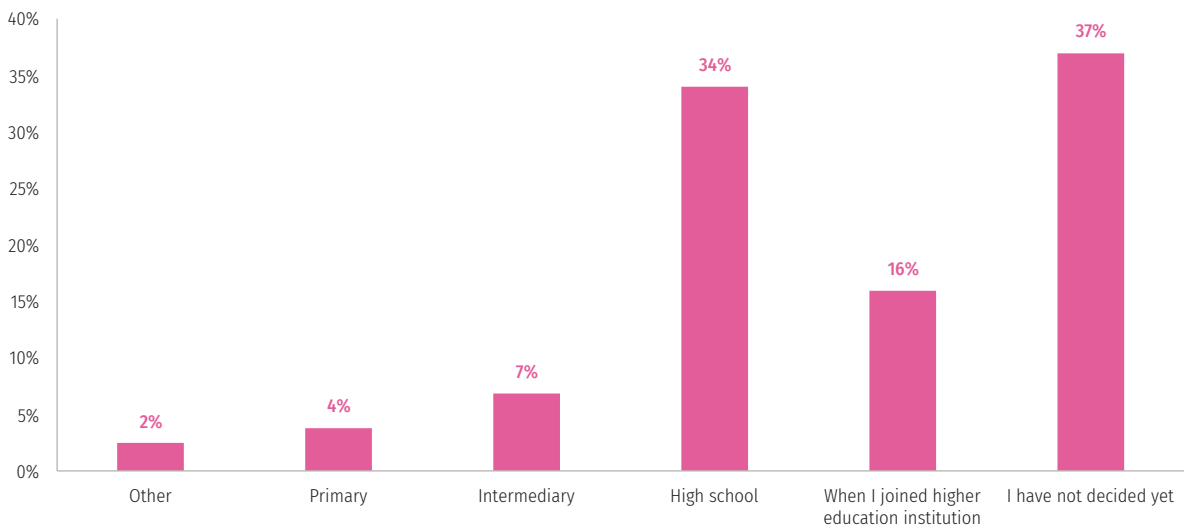
**Career preferences of Kuwaitis at various stages are consistent with what we see when respondents are asked about when they make these career decisions.** As seen in Figure 18, a third of student respondents (currently not looking for jobs) reported that they have not yet decided what type of career they want to pursue. Another third reported that they decided while in school. When public sector employees are asked when they decided to join the public sector, nearly half report that the decision was taken after they graduated. For a quarter, it

was when they were in college or university. This suggests, not surprisingly, that the decision to join the public sector is often taken when Kuwaitis are entering the job market, whereas decisions about the specific profession tend to be taken earlier (Figure 18). This is clearly the case among Kuwaitis who are seeking employment, with the majority of respondents preferring the public sector. Interestingly, decisions about pursuing entrepreneurship tend to come much later. While around 18 percent said that they decided in high school, nearly half of entrepreneurs surveyed chose to pursue this career after they were already working.

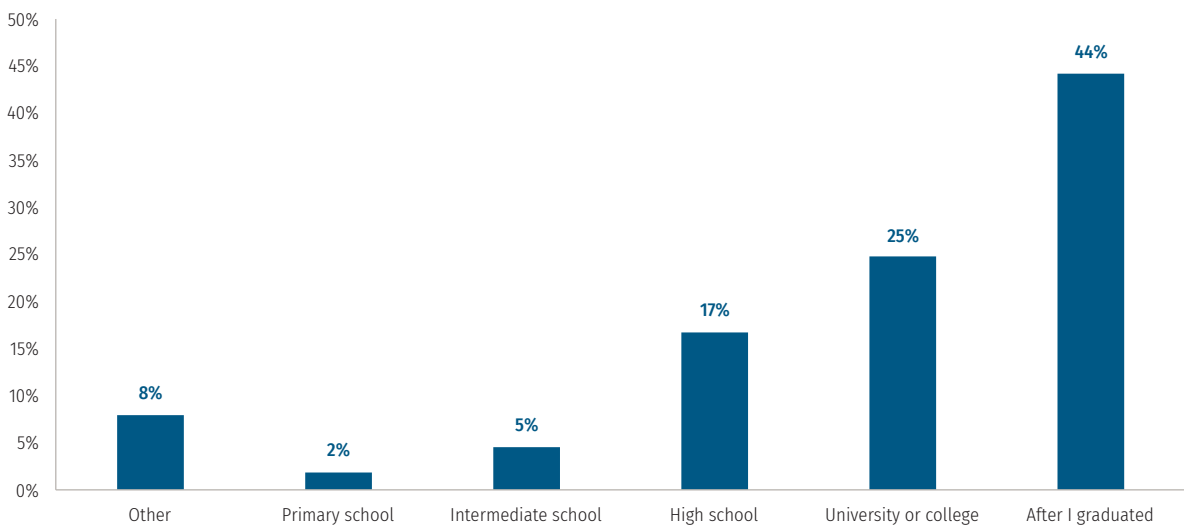
FIGURE 18:

### Timing for career path decisions

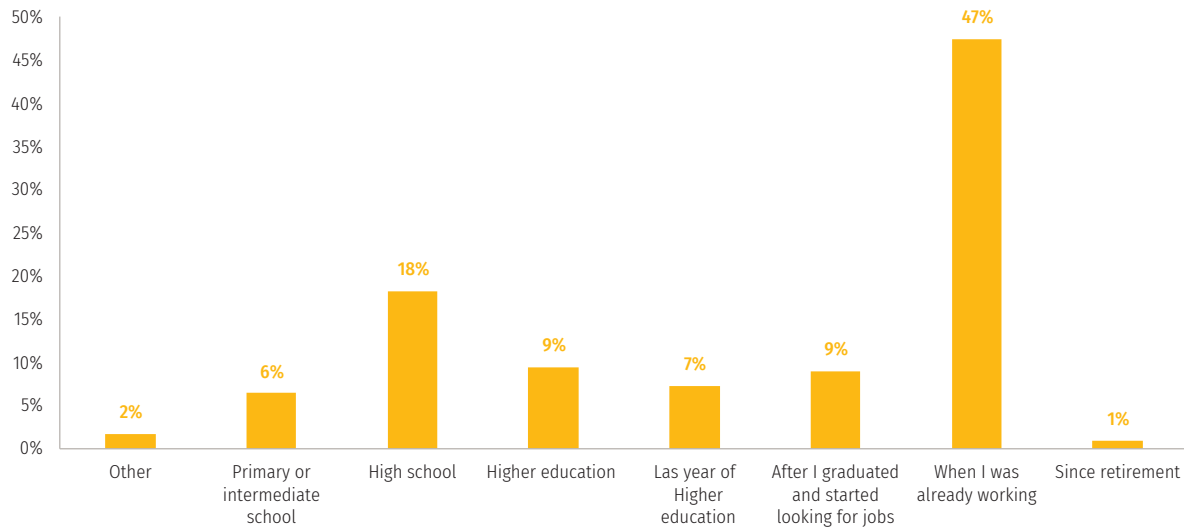
#### When did you decide what type of career you want to pursue? (Students)



#### When did you decide you wanted to work in the public sector? (public employees)



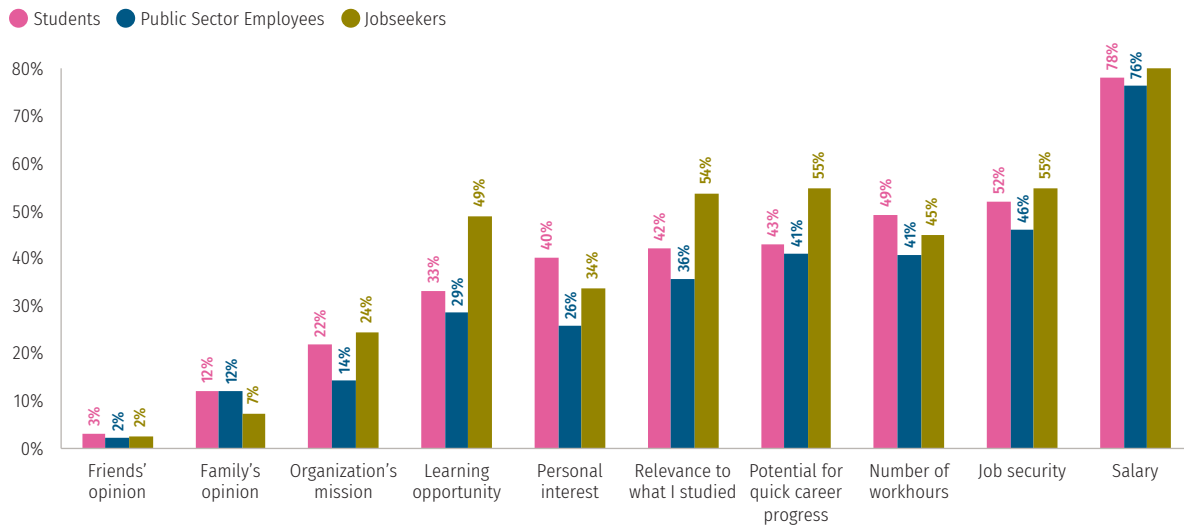
### When did you decided you wanted to have your own business? (Entrepreneurs)



### 3.1.3. What factors do Kuwaitis consider as most important when choosing a job?

**Career decision-making among youth mimics those of public sector employees.** When students (which includes student jobseekers), jobseekers, and public sector employees were all asked about what factors were important, declared priorities of all three groups were roughly comparable. As seen in Figure 19, salary is by far the most commonly reported. This is followed closely by job security, work hours, and potential for quick career growth. Female respondents in particular, across all three groups, consider works hours and job security to be more important compared to their male counterparts. Female students and jobseekers were also more likely than male respondents to consider relevance to what they studied and personal interest to be important in their job-related decision-making. This difference, however disappears for respondents already employed in the public sector. Interestingly, when looking at jobseekers interested in the private sector specifically, 66 percent believe that the learning opportunities the job provides is important, compared to 49 percent of jobseekers interested in the public sector.

FIGURE 19:  
Factors important for choosing jobs



It is worth noting the differences in priorities when it comes to choices around what to study and what jobs to pursue. Despite salary considerations being relatively less important when deciding what to study, it becomes the most important factor when it comes to the job market, in contrast, personal interest—one of the top-ranking factors for choosing a major—ranks much lower for job considerations. Norms appear to have little impact. Very few respondents reported that their friends' or family's opinions influence their decision-making, despite parents playing an important role in their educational decisions earlier on.

**Students, jobseekers, and public sector employees all see the public sector as more secure, but expect the private sector to offer a better salary, learning opportunities, and career growth.** To further understand how these factors might influence decisions on whether to pursue private sector careers, respondents were also asked which sector—public or private—offered more favorable options for these.<sup>12</sup>

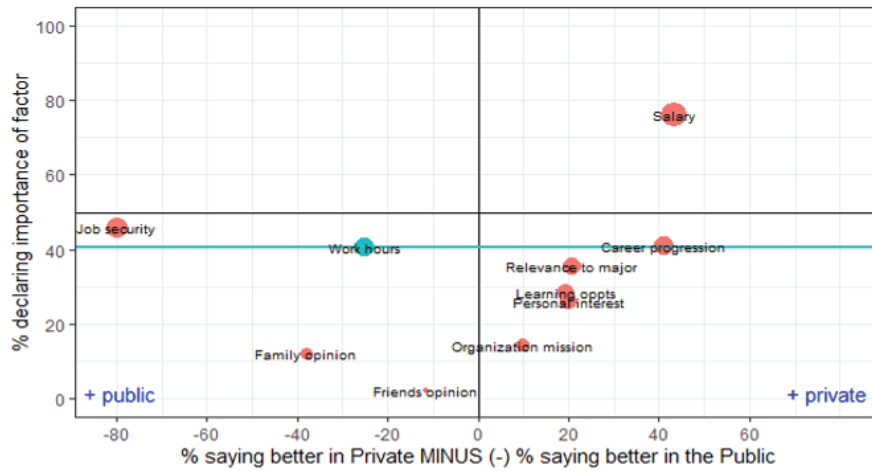
Figure 20 juxtaposes the responses to the questions about the importance of these factors and their perceived relative advantages in the private or public sectors for public sector respondents. **Interestingly, despite their preference for public sector careers, respondents generally perceive the private sector to offer more attractive options.** Most respondents identified salary as the most important factor and expected it to be higher in the private sector.<sup>13</sup> Job security and work hours, which are the next most important factors for most groups (especially for public sector employees), are broadly perceived to be better in the public sector. This suggests that these factors are likely contributing to public sector employee's continued employment in this sector.<sup>14</sup>

<sup>12</sup> Work hours were excluded from this list since it is common knowledge that public sector offers shorter work hours.

<sup>13</sup> While absolute salary might be higher in the private sector, the salary by effort required might be better in the public, as reported by private sector employers.

<sup>14</sup> While this perception about relative job security in the public sector may not be uncommon in other countries, in the Kuwaiti context, the government's employment guarantee and permanent tenure in the public sector, coupled with public sector being the "default" or expected career path, may make the public sector seem disproportionately more secure. While it is true that the public sector is more secure in terms of job security, it does not necessarily mean the private sector is risky, at least not more so than in other countries.

FIGURE 20:

**Factors reported as important when choosing a job - Public sector employees**

Note: Size of bubble is also percent that reported it as important factor. Comparison of Public vs Private was not asked for work hours (light blue bubble and line) and assumed to be better in the public sector by 25 percentage points for the bubble. Line shows the range of values it could take in this dimension.

**Prospects related to personal and career ambitions and growth are also perceived to be superior in the private sector** (as indicated by the cluster on the lower right-hand side of the graph). Students are slightly more likely to expect better career growth and salary prospects in the public sector compared to those already in the public sector, though both still think private sector is better overall.

**Kuwaitis appear to have low tolerance for uncertainties.**<sup>15</sup> Indeed, despite salary expectations being higher in the private sector, labor market trends show a clear preference for the stability provided by the guaranteed public sector employment. One obvious explanation is job security and work hours, which are almost ubiquitously considered to be higher in the public sector. Yet, status quo bias and informational barriers may play a role in this belief, explored further in the following sections.

**Uncertainties around the implications of joining the private sector for future employment may also pose a barrier.** Anecdotal evidence suggests that for new job market entrants, considerations about trying out jobs in the private sector may be affected by how they think it will impact their ability to pursue jobs in the highly coveted oil sector in the near future. A new policy, introduced in 2019 by the oil sector, requires job applicants to not be registered with the Public Institution for Social Security (PIFFS) at the time of the job application. While this affects both Kuwaitis employed in the private sector and the public sector (as most jobs require employees to be registered with PIFFS), it is yet another deterrent for job seeking Kuwaitis from joining the private sector. Similarly, for Kuwaitis transferring from the private to the public sector, there is lack of clarity on how much their experience in the private sector would count when determining their position in the organizational ladder in the public sector entity they join. Only relevant experience counts- and the relevant experience clause itself is open for interpretation- which could mean that someone ends up starting at an entry level position in the public sector despite having many years of experience in the private sector.

15 While this may be true for youth in other countries as well when it comes to the labor market, low tolerance for uncertainty is exacerbated in the case of Kuwait given that the public sector is considered the default job market, requires low effort, and offers guaranteed employment.



## Key Takeaways

- › Government allowances are drivers of Kuwaitis' enrollment in higher education institutions, but there is scope to modify their structure and targeting.
- › Personal interests and capabilities matter most when choosing a major, but salary, nature of job, and career considerations are more important when accepting job offers.
- › Parental influence is important in decisions regarding majors, though peer influence is not. Family's opinion is not very important when it comes job market decisions.
- › Kuwaiti youth prefer public sector careers, though there is also interest in the private sector.
- › While many Kuwaitis decide what type of career to pursue while in high school, this is often focused on profession rather than sector (public or private). Choices regarding sectors are generally made once in the job market. Decision to pursue entrepreneurship typically comes after people start working.
- › When it comes to jobs decisions, Kuwaitis value salary, followed closely by job security, workhours and career growth potential.
- › Kuwaitis appear to have low tolerance for uncertainties. Despite expecting the private sector to offer better salary, learning opportunities, and career growth, there is higher preference, overall, for public sector careers, which offers more job security.

## 3.2. Stage 2: Job Search Behavior

This section focuses on what Kuwaiti youth do when they are preparing for the job market (as students) or actively in the job search process. While decisions, actions, and relevant barriers faced by Kuwaiti youth in this process are important for understanding their overall labor market journey, this story is incomplete without the perspective of private sector employers who create employment opportunities for them. This section thus presents findings on job search behavior divided into two perspectives: the prospective employee's (3.2.1 – 3.2.3) and the private sector employer's<sup>16</sup> (3.2.4 – 3.2.7).

### 3.2.1. How do Kuwaitis look for jobs?

**There is a strong reliance on government entities when it comes to finding jobs.** Nearly 74 percent of student survey respondents, including those interested in private sector careers, agreed or strongly agreed that it is the government's responsibility to find every Kuwaiti a job. This agreement increased to almost 87 percent of jobseekers. Just over half of the students (51 percent) and 68 percent of jobseekers also agree that it is their own responsibility to proactively look for and find a job.

**It is revealing that more people agree with the statement regarding government responsibility compared to that about personal responsibility when it comes to finding a job.** Most notably, 30 percent of jobseekers agreed that it is the government's responsibility to find every Kuwaiti a job, but disagreed or had no opinion of the statement about their own responsibility. This highlights a reliance on the government over their own effort. This sizable group is 16.2 percentage points (pp) less likely than other jobseekers to be interested in *any* type of non-governmental career (i.e., private sector, business, non-profit, academia), 12.7pp more likely to be interested *only* on government-related careers (i.e., public sector, military/police, or state-owned enterprises), 10pp more likely to report relying exclusively on the Civil Service Commission (CSC) to find a job and 21.7pp less likely to report looking for jobs on the internet or social media. The prospect of exerting too much effort to find a job may conflict with mental models<sup>17</sup> about what citizens are entitled to receive from the government. This may prevent unemployed Kuwaitis from taking advantage of job opportunities that are already out there but require some degree of searching.

**Similarly, there is a clear reliance on CSC for finding jobs.** As seen in Figure 21, 69 percent of student and non-student jobseekers rely on the CSC for finding jobs. Nearly a third of jobseekers also expect to find jobs via social media and websites, while around a quarter expect to do so via PAM or and friends and family. Overall, non-student jobseekers report higher reliance on sources outside CSC compared to their student counterparts.<sup>18</sup> While there's no substantial difference between male and female respondents, female respondents were slightly more likely to depend on the CSC for their job search while male respondents were more likely to use social media. This is to be expected given that a higher

<sup>16</sup> See Annex 2 for details on the qualitative methodology used with private sector employers.

<sup>17</sup> Mental models are beliefs, concepts and ideas used by people to interpret the world around them.

<sup>18</sup> The higher reliance on social media reported by the non-student jobseekers is likely due to the recruitment strategy used for this group.

percentage of working women are employed in the public sector. This reliance on CSC was also found among non-student jobseekers. It is interesting to note that despite 41% of students wanting to pursue internships & traineeships, most student respondents do not feel that such opportunities will eventually lead to jobs, as only 12% of students believe they would be able to secure a job through a traineeship or internship. Lastly, starting a business is not a top priority among this cohort. This is consistent with the earlier finding about entrepreneurship-related decisions coming later in Kuwaitis' careers.

FIGURE 21:  
**Expectations about how to find jobs (Students and student jobseekers)**

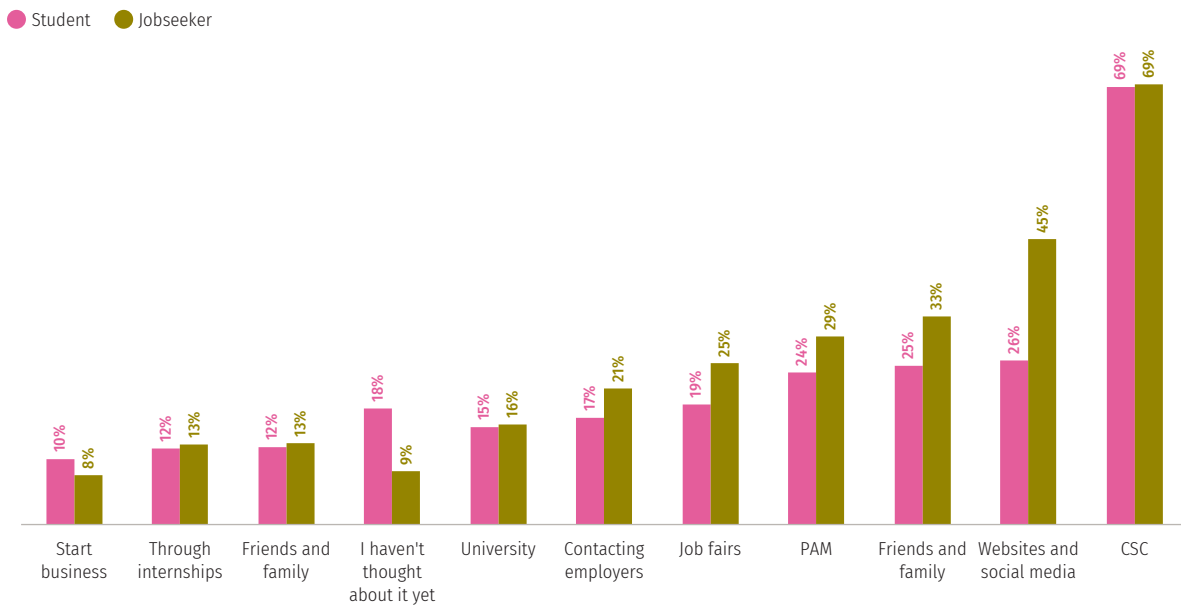
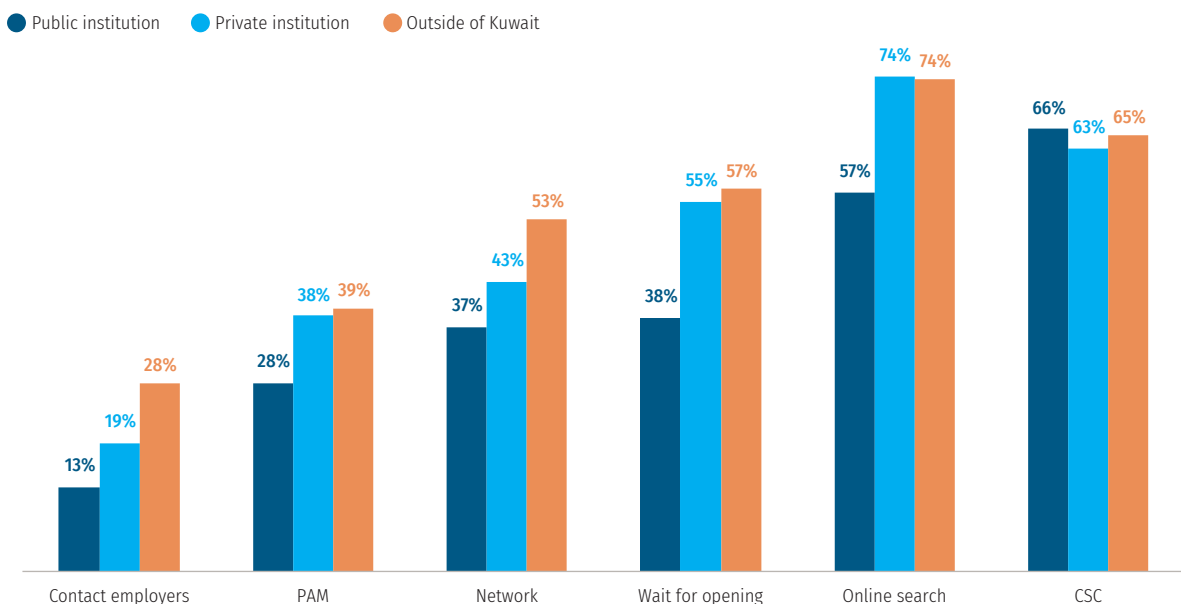


FIGURE 22:  
**Job search strategy, by educational institution (jobseekers)**



**Even for those interested in private sector opportunities, they have limited expectations of PAM’s services for jobseekers.** PAM provides job-matching services in the private sector for all Kuwaitis, including current public sector employees. It also provides guidance counseling, coaching services, and organizes career events. Additionally, PAM is responsible for providing unemployment benefits for people who resign from private sector jobs (50 percent of salary for six months) and for paying the supplemental allowance (D’am Al-‘amala) to Kuwaiti nationals working in private sector. Despite PAM’s intended role for Kuwaitis in the private sector, those looking for jobs in the private sector rely on PAM for the actual job-search process to a limited degree. Among final year students who are looking for a job and expressed interest in private sector careers, 33 percent expect to find a job through PAM. A larger proportion (45 percent) rely on websites and social media.

**Similarly, only 36 percent of jobseekers were registered with PAM,** and some (28 percent of the sample) were also registered with CSC at the same time. This increases to 45 percent among those interested in the private sector, suggesting scope for PAM to increase their outreach and information provision to young job seekers from diversified backgrounds. A key difference between final year students looking for work and our sample of Kuwaiti jobseekers is that jobseekers were slightly more likely to use social media to find a job (68 percent) than to be registered at CSC (64 percent), whereas the opposite was true for final year students seeking employment. This is likely because our jobseekers’ sample was recruited via social media.

### 3.2.2. What does the job search look like for Kuwaitis?

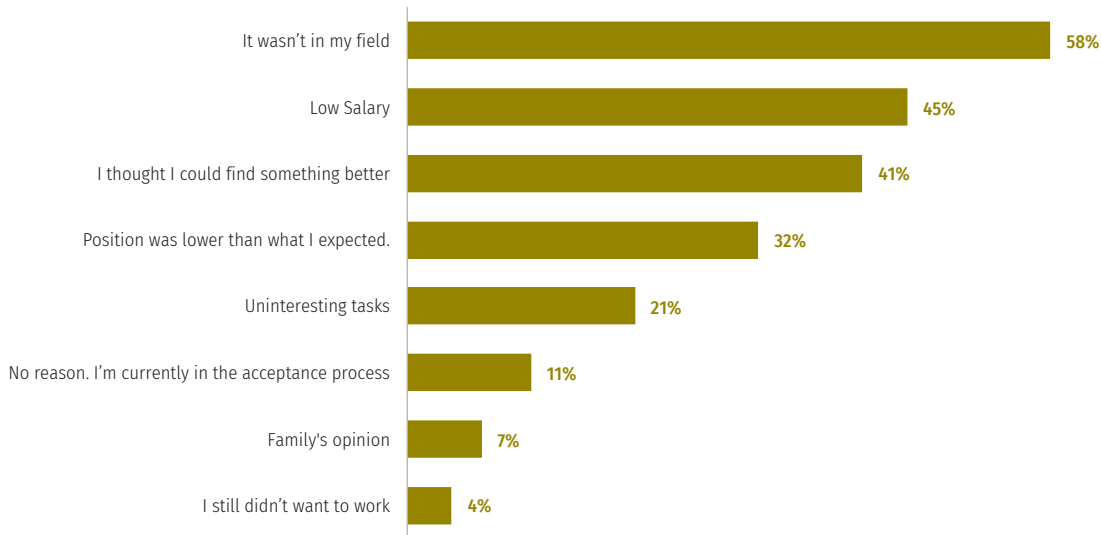
**Not all students in the job market are actively spending time looking for and applying to jobs.** Among student respondents looking for jobs, around 63 percent have been actively looking for jobs three months or less. However, 13 percent reported looking for two years or more. In terms of effort, 43 percent did not spend any time looking for a job and 66 percent did not spend any time applying to jobs in the past seven days. Three quarters report that they had not applied for a job at the private sector in the past thirty days (this is true for those who indicated interest in the private sector as well as others). How well does this line up with job market expectations? About 78 percent of respondents believe that Kuwaitis need to apply to five or fewer jobs in order to secure one.

**Jobseekers were actively looking and applying to jobs.** Only 10 percent of jobseekers did not spend any time in the past seven days looking for jobs, and 35 percent did not spend any time applying to jobs in the same time period. However, the number of job applications to the private sector were relatively low. Asked about private sector applications, 45 percent of the sample mentioned they did not apply to the private sector in the past thirty days, dropping to 31 percent among those who are interested in the private sector. Among this sample, 70 percent stated that Kuwaitis, on average, would need to apply to five or fewer jobs to secure employment.

**Despite high reliance on CSC among jobseekers, job offers are not always ideal.** Among jobseekers surveyed, 64 percent were registered with CSC. Of those registered, 57 percent stated that they had never been offered a job in the public sector, a quarter were offered a single job, eight percent were offered two jobs, and the remainder have been offered more than two jobs. Of those who have been offered a job, only 11 percent accepted. Over half (58

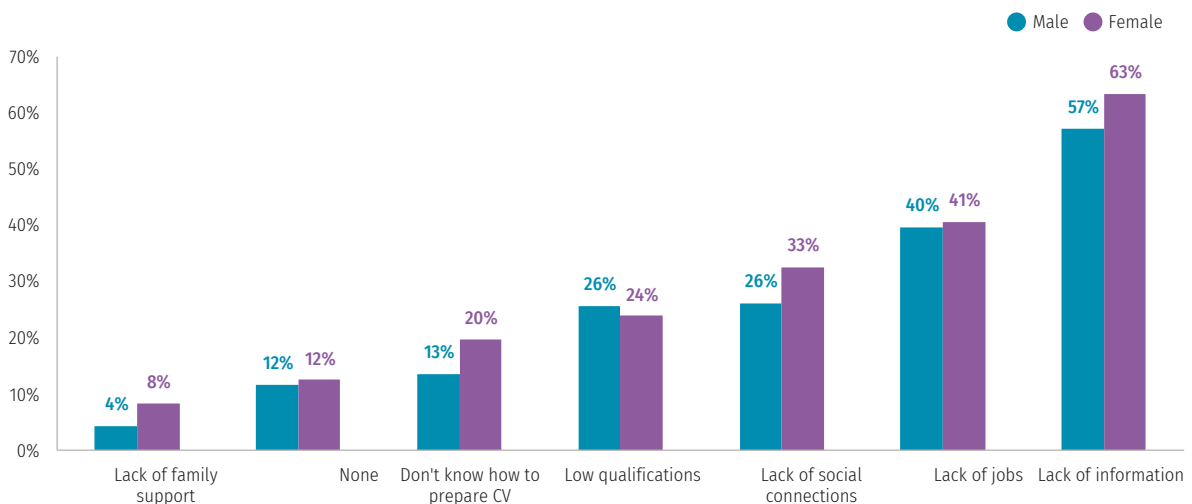
percent) rejected the offer as the job was not in their field. 45 percent rejected the job due to the low salary and, interestingly, 41 percent rejected the offer in hopes they would find a better opportunity (Figure 23).

FIGURE 21:  
Reasons for rejecting CSC jobs (online jobseekers)



**In contrast to CSC, PAM's services are not widely used by active jobseekers.** Only 5 percent reported having attended PAM's coaching services, while 10 percent attended its job fairs. Of those registered with PAM, 22 percent did not log onto the PAM's job portal in the past thirty days. Two-thirds of those who did log onto the portal were not shown any job opportunities. Of the third that did see job openings, 50 percent did not apply to any. A common grievance among respondents towards both CSC and PAM was that the jobs recommended by both entities were not relevant to their majors.

FIGURE 24:  
Challenges with job search (Final year students)

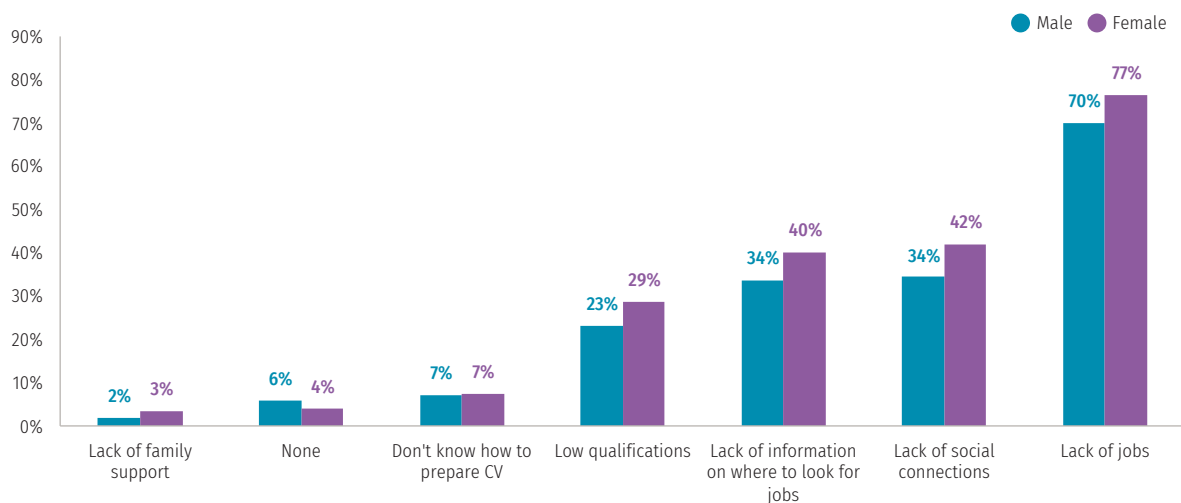


**Students and jobseekers require assistance to find jobs.** In terms of challenges faced in the job search process, the most frequently mentioned challenge is a lack of information on where to search for jobs. As seen in Figure 24, almost two-thirds of respondents reported that they struggle to find information on where to search for jobs, with female jobseekers experiencing this more often. Lack of information is also a major challenge cited by those interested in public sector careers. However, this information is likely to be easier to obtain given that a **significant proportion of a jobseeker’s family, friends, and other acquaintances are employed in the public sector.** Relatedly, the status quo is biased towards public sector employment. Around 40 percent also mention lack of job availability as a challenge.

**While the major challenge faced by final year students looking for jobs is lack of information on where to look for jobs, 73 percent of jobseekers report the lack of jobs as their major obstacle to entering the workforce** (Figure 25). A distant second was lack of social connections followed by a lack of information on where to look for jobs. Given that these jobseekers were recruited via a social media account that promotes jobs for Kuwaitis, it is understandable that this group would have better access to information. However, what is important is this group’s perception that there is a lack of jobs for Kuwaitis.<sup>19</sup>

FIGURE 22:

### Challenges with job search (Jobseekers)

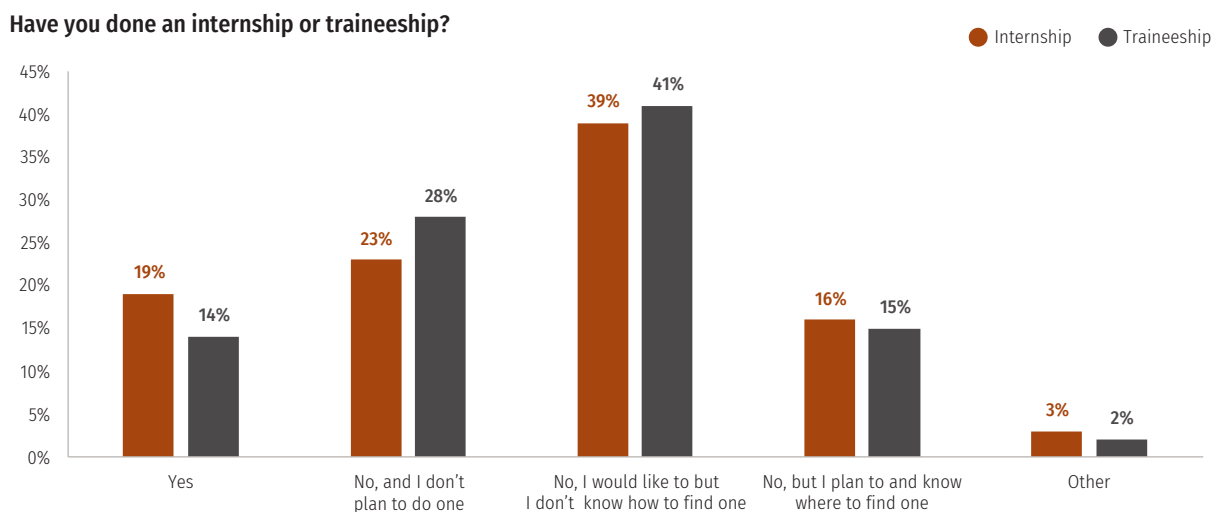
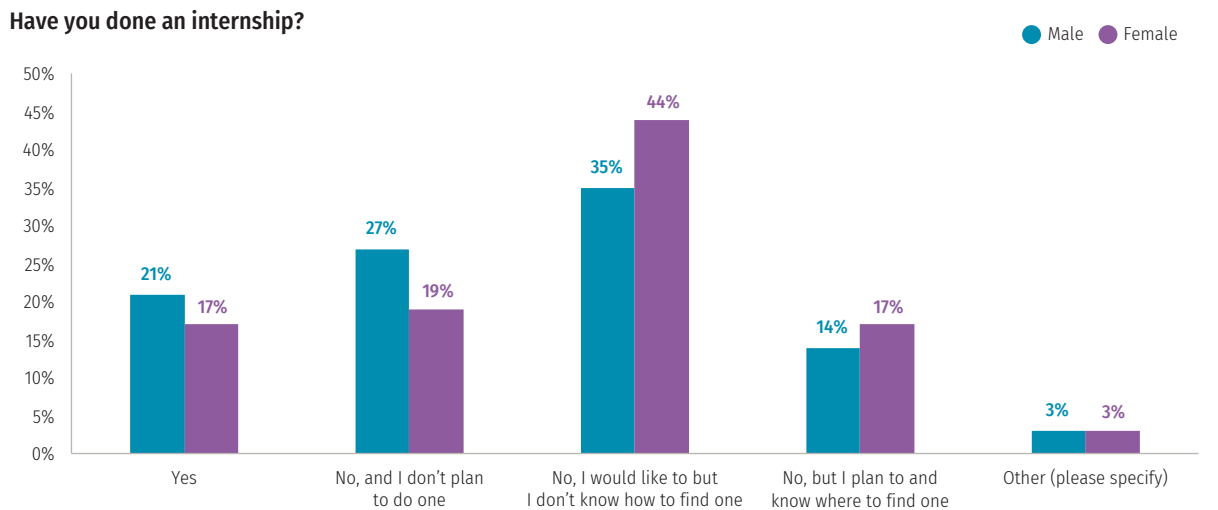


<sup>19</sup> Indeed, as noted in the NJS Main Report, both output and employment in subsectors with high levels of Kuwaiti employees have stagnated recently. This can result in an oversupply of Kuwaiti job market of entrants due to limited demand from employers. Employment of Kuwaitis remain low in many subsectors as low productivity makes it difficult for firms to afford wages they need to pay Kuwaiti workers, especially compared to non-Kuwaiti workers. As a result, although some, such as air transport, transport equipment, recycling, etc., have experienced high growth in employment and output, the jobs have gone primarily to non-Kuwaitis.

### 3.2.3. Are Kuwaiti students interested in internships and traineeships as a pathway to the private sector?

Despite interest, students have limited knowledge about pursuing internship or traineeship opportunities. When it comes to preparing for the job market in the future, the majority of student respondents indicate interest to pursue these opportunities. However, many report having limited information on how to find one. Only 19 percent of survey respondents report having participated in an internship and 14 percent in a traineeship. About a quarter are not interested in pursuing one. Around 40 percent report being interested in doing internships and traineeships, but do not know how to find one. As seen in Figure 26, female students are more interested in pursuing internships, but lag behind males when it comes to actually participating in one or having information on how to pursue one.

FIGURE 23:  
Internships and Traineeships, by gender and type of opportunity (all students)



### 3.2.4. How do private sector employers perceive Kuwaiti employees?

**Employers' experience with Kuwaiti employees is split.**<sup>20</sup> Negative experiences with Kuwaiti employees revolve around a reported **lack of commitment, not working the required days or hours (especially if jobs in certain sector require working on Saturdays), and leaving work early.** These are behaviors that participants attribute to lack of motivation, a sense of privilege or entitlement, or also comparing their jobs with those of government sector employees. Even when Kuwaitis are excited at the time of entering the job, their motivation eventually diminishes. For some, this occurs when they start comparing their job with alternatives deemed to be easier, especially in the public sector. Around half the participants reported that their experience reinforced these stereotypes.

**Other employers, however, had a generally positive or “fair” experience with Kuwaiti employees.** Some even mentioning that working with them challenged their stereotypes about Kuwaitis not being motivated to work. Overall, participants recognize that not all Kuwaitis fit this stereotype, and may be motivated and high performers. In fact, when it comes to hiring Kuwaitis, employers report that much of the challenge lies with finding “the right Kuwaiti.”

*“Very positive. We have people with great talent and energy; and they want to work and be creative to the full of their potentials. In way, that makes you wonder ‘why would I want to have a foreigner when I have this Kuwaiti who is working for two?’ Which is something I have never imagined; for a Kuwaiti to work for two foreigners. We usually make fun of the phrase “Bring a foreigner that would work for 4 Kuwaitis with the salary of one of them”. This used to be the stereotype. Now, we have people who are so dedicated that they would take work home, just to make sure it’s done.” (Health sub-sector employer)*

**In contrast, non-Kuwaitis are believed to have more drive, flexibility, patience and perseverance, and be better performers on average compared to Kuwaitis.** Their drive is perceived to come from the necessity to work. In such cases, hiring Kuwaitis is seen as a way to satisfy the Kuwaitization quota, ensure future sustainability (i.e., keeping Kuwaitis in their country), or an executive decision by management to support the development of the Kuwaiti workforce.

**Employers believe there is a clear differentiation in characteristics between Kuwaitis attracted to the public versus the private sector.** Employers believe that those attracted to the private sector want to gain experience, develop their skills through learning opportunities, grow in their careers, and seek challenges. Kuwaitis in the public sector are expected to want higher salaries with less effort, job security, and to prioritize of comfort and social life.

**Employers believe not everyone coming into the private sector is motivated to stay there, though motivation can lead to greater payoffs.** A few employers referred to Kuwaitis who realized on the job that their private sector role was too much work. This was particularly illustrated in sub-sectors seen as “tough” and with longer hours, including construction and manufacturing, which have field positions. In addition to the elements

<sup>20</sup> The interviews deliberately probed participants to make generalizations about jobseekers, as employers may rely on these stereotypes as heuristic shortcuts during recruitment and evaluation of Kuwaitis applicants.



noted above, employers believe Kuwaitis are attracted to the private sector's opportunities for gaining experience and expertise, learning, career progression and higher pay (partly due to D'am Al-'amala). When it comes to salary, employers differentiate between where one can get the highest potential salary (private sector, especially oil and banking) versus the highest salary relative to effort (public sector). However, intrinsic motivation and endurance to progress in one's career is key to realizing these higher earnings.

**Public sector experience is not necessarily seen as an advantage.** Some employers value work experience gained in the public sector and consider the decision to shift to the private sector as an indication of motivation to work and gain experience. Others consider public sector experience less valuable or even counterproductive. For example, some employers mentioned the need to shift to a client-driven mentality, which is reportedly not common in the public sector.

### 3.2.5. How do employers search for Kuwaiti employees, and what skills do they look for?

**The main challenge is finding Kuwaitis with the right skills, experience, and commitment.** Employers report that this challenge stems from the fact that alternatives in the public and oil sectors are more attractive in comparison. This is especially true for firms that have low Kuwaitization quota requirements, and presumably lower supply of Kuwaiti labor due to characteristics that are not attractive to Kuwaitis. For some industries within the private sector, Banks are also a difficult alternative employers to compete with because of the higher salaries offered by Banks. One firm from the Telecom sub-sector mentioned that while there is supply of Kuwaitis, especially fresh graduates, it is difficult to identify those with the right skills or experience. The representative from the Manufacturing firm complemented this by saying that experienced Kuwaitis tend to be already established elsewhere, so they are usually unable to afford attracting them to their firm (especially Kuwaitis employed in the oil sector). Employers also report that alternatives affect the effort and commitment that workers put in, as they feel that they can always find an easier job elsewhere if their current job is inconvenient.

**Employers emphasize the importance of character traits when hiring Kuwaiti employees, in addition to technical skills and experience.** Commitment is the main trait employers look for, followed by aspiration and drive. A key non-technical skill many employers require is fluency in English. Other skills in demand include business writing, innovation, leadership, and being client driven. The technical skills required are, not surprisingly, sub-sector specific. Both experienced and lower-skilled Kuwaiti workers are reportedly hard to find. This includes those with experience who tend to be established in sub-sectors that are difficult to compete with and the diploma holders or those suited for lower-skilled roles (e.g., technicians rather than engineers). Some employers mentioned that finding Kuwaitis fresh graduates was not challenging.

**A variety of tools and methods are used to search for employees and "the right Kuwaitis."** The common methods are advertising through official websites and social media channels such as Bayt.com and LinkedIn. However, these channels do not always allow employers to target by nationality, requiring some to resort to more targeted outreach.

All but one firm reported using specific outreach, such as personal connections, career fairs, contacting universities, and specialized online platforms such as Al-Khebra.

**Contrary to expectations, retention of Kuwaitis was not considered an issue by firms in most industries**, with Kuwaiti employees staying, on average, the same as non-Kuwaitis or even longer (averages reported by employers ranged from 5 to 8 years). Employers from the manufacturing and construction industries, on the other hand, face difficulty retaining Kuwaiti employees. Given field positions and longer work hours, they were resigned to the fact that these jobs are unattractive to Kuwaitis. The employer interviewed from the manufacturing sub-sector referenced that, while non-Kuwaitis also tend to have high turnover, they usually come trained while Kuwaitis do not.

Regardless of whether retention is an issue, employers do recognize the existence of easier or better paid job alternatives as the main difficulty, especially in sub-sectors with low Kuwaitization quotas. For example, an employer from the manufacturing sub-sector mentioned how people use their company as a transition point between the public sector and the oil sector. However, this is becoming less common due to reduced demand from the oil sector.<sup>21</sup>

### 3.2.6. Do employers utilize internships and traineeships for recruiting young Kuwaitis?

**Internships and traineeships, especially through formal programs, are not commonly offered by Kuwaiti employers.** Only two of the eight firms interviewed reported having established internship programs that recruit regularly. In general, most employers follow a less structured recruitment policies—only offering internships when approached by students. For example, half of the companies who offer internships do not have a set timeframe for their internship programs. Most firms (six out of eight) manage their internships through universities, with a minority being through the Kuwait Fund for Arab Economic Development (KFAED)<sup>22</sup> and LOYAC program.<sup>23</sup> This possibly builds a stereotype around the type of work expected by interns as requirement for school. Some companies do not have a policy of hiring interns for permanent roles or require them to apply through the regular channels. Others, as the quote below suggests, offer jobs to former interns directly, believing that to be one of the best ways to find good candidates.

*“(Speaking about the characteristics a training should have) So, for eight months you are working for eight-nine hours, and sometimes more. This gets you in the mood. So, when you come to interview one of these people, true he’s fresh but he’d have a very solid foundation, ready to join you and saves you time and effort. (Telecom sub-sector employer)”*

21 Another factor that may have contributed to this decline is a new requirement introduced in 2019 that states that applicants to oil sector jobs cannot be registered with the Public Institution of Social Security (PIFSS) at the time of application.

22 LOYAC is a non-profit organization in Kuwait focused on youth development. They design and develop programs (including trainings, incubators, and internships) to facilitate professional and personal development of youth, from ages 5 to 30.

23 KFAED is an international development fund that gives grants and loans to countries for developmental projects. They provide training programs for Kuwaitis, which are popular for engineers ([www.kuwait-fund.org](http://www.kuwait-fund.org))

Since the majority of university students pursue these internships for course credit rather than as a pathway to find a job, some of them do not continue with the company after the internship has ended.

**Employers, however, are open to the idea of introducing training programs.** We asked about their interest in collaborating with youth training programs, such as the one offered by the Ministry of Youth, none of the employers showed opposition to the idea, at least in theory. Some even offered examples of trainings that they currently partner with, such as IBM PIFF'S online training, Institution of Banking Studies, and LOYAC program. Nearly all (seven out of eight) firms interviewed are also open to committing to hire those that complete a traineeship program for their firm. The only employer left out cited company by-laws preventing them from hiring anyone outside of their regular recruitment channels.

Employers recommend that these trainings should be long enough to give ample market exposure. Likewise, examples offered by employers suggest that these trainings should be very specific for the roles they are designed for in order to ensure quality candidates.

### 3.2.7. What are employer's perceptions of PAM and other relevant government policies?

Expanding on mentions of these policies included above, employers were asked to specifically share their perceptions of key policy tools in place to incentivize and facilitate Kuwaiti employment in the private sector: PAM's job matching service, Da'm Al-'amala, and Kuwaitization Quotas. Da'm Al-'amala is an in-work benefit program for Kuwaiti nationals employed in the private sector that is intended to narrow the public-private sector wage gap. The benefit amount is determined based on recipient's academic degree, marital status, and number of children. The Kuwaitization Quota is imposed on private companies, in varying percentages (of employees) depending on the industry, to promote local workforce. Failure to adhere to the quota results in financial penalties for the companies and may render them ineligible from bidding on certain tenders.

#### (i) PAM's job matching service

**There is underutilization of and lack of knowledge about PAM's job-matching services.** Five out of the eight firms interviewed reported not participating in PAM's job matching database, with two being unaware of the service. Those who knew of it were unsure how to make it fit into their hiring process or what benefits it would bring to their recruitment (e.g., Construction sub-sector). Interviewees from the manufacturing sub-sector reported having recently joined the database, while employers from the real estate and telecom sub-sectors participated in the past but stopped because they preferred their regular recruitment processes. Suggestions for improvement included increasing processing speed to fit their timeline and ensuring the quality of employees coming through the database, especially in terms of commitment.

*"We did use [PAM's services] but stopped (...) they were supportive of whatever we can send them. But after that, the process became very slow. We tried once then twice, we did not get good feedback, so we stopped using them." (Real Estate sub-sector employer)*

**The most positive perception of PAM came from the Banking sub-sector**, which is not surprising given that anecdotal evidence from previous interviews with officials and public sector employees suggests that PAM is most effective for Kuwaitis looking to work in banking. On the other hand, job fairs organized by PAM are perceived more positively by employers than other PAM services. For example, while respondents from the health and banking sub-sector firms did not participate in the database, they did participate in job fairs.

**(ii) *D'am Al-'amala***

**A consensus among employers is that D'am Al-'amala is key to enabling them to reach the salary expectations of Kuwaitis and attract Kuwaiti employees.** However, while seen as a way to reduce the financial burden on the employers, it is not always sufficient and does not solve the difficulty finding talented Kuwaitis. To improve the effectiveness of D'am Al-'amala, some representatives of larger companies recommended differentiating the payment amount by roles or by performance and increasing the payment for those with Master's degrees.<sup>24</sup> One interviewee from the banking sub-sector suggested that D'am Al-'amala was more important for Kuwaitis in entry level positions, rather than management positions. This is possibly due to higher salaries in that sub-sector for those in more senior positions.

**(iii) *Kuwaitization quota***

**The quota appears to be effective at incentivizing some firms that report struggling to find "good caliber Kuwaitis" to actually hire Kuwaitis.** However, supply is an issue, as even employers who had a general positive view about Kuwaiti employees admitted to struggling to satisfy the quota (e.g., health sub-sector, among others). For some others, the quota is less necessary as it is their strategic intention to hire Kuwaitis regardless. Many firms also mentioned top-down management directives and organizational philosophy to increase the number of Kuwaitis in their firms.

<sup>24</sup> While these recommendations from employers should be explored, it should also be noted that this is not in line with the recommendation of the NJS Main Report, which recommends a more progressive design and differentiation based on salary in order to close the wage-gap across the wage distribution.

## Key Takeaways

- › Jobseekers rely strongly on the government and CSC to find jobs. The prospect of exerting too much effort to find a job may conflict with mental models about what citizens are entitled to receive from the government.
- › Reliance on PAM to find jobs is limited among jobseekers, including those interested in private sector careers.
- › Lack of information is a major challenge cited by those interested in private sector careers
- › Despite stated interest, there is limited knowledge about pursuing internship or traineeship opportunities among students, especially female students. However, most do not expect these opportunities to lead to jobs.
- › Employers' experience with Kuwaiti employees is mixed. Kuwaiti employees are believed to have low commitment and put in lower effort at their jobs compared to non-Kuwaitis. Employers acknowledge that exceptions exist, but they are hard to find.
- › Employers have negative stereotypes about Kuwaitis in the public sector. While those attracted to the private sector are considered serious, career-driven, and learning oriented, public sector employees are deemed to prioritize comfort (e.g., low effort for more pay) and job security.
- › Employers have difficulty finding Kuwaitis with the right skills, experience, and commitment. Soft skills such as aspirations and drive are in high demand, followed by fluency in English and technical skills. Though experienced is valued, public sector experience is generally not seen as an advantage due to different mindsets on how to approach their work.
- › While most companies are open to internships and traineeships, they lack clear and structured programs and outreach methods. There is willingness to collaborate with government training initiatives, provided they are rigorous.
- › PAM's job-matching services are underutilized. Instead, outreach relies on personal connections, universities, or specific social media platforms.
- › D'am Al-'amala is important, but not sufficient in attracting Kuwaitis with the right skills. Though quotas are effective, they are challenging to meet for some sub-sectors due to less attractive working conditions.

## 3.3. Stage 3: Transitioning from Public to Private Sector

While the majority of Kuwaiti jobseekers end up joining the public sector, there is still scope and interest to explore alternative career options, in the private sector. This section focuses on the transition from public sector to private sector for those already employed.

### 3.3.1. How satisfied are public employees with their jobs?

**Job satisfaction among surveyed public sector employees is not very high overall, and is lower among younger Kuwaitis, which is linked to willingness to move to the private sector.** While job satisfaction is very high overall, there are also important distinctions across subgroups. Job satisfaction appears to be lower among younger Kuwaiti public employees. As seen in Figure 27, nearly 60 percent reported that they are satisfied or very satisfied compared to 48 percent of those under 35. While many are indifferent, almost 20 percent across age groups actively report being dissatisfied.

FIGURE 27:  
Responses to 'Are you satisfied with your current job?', by age

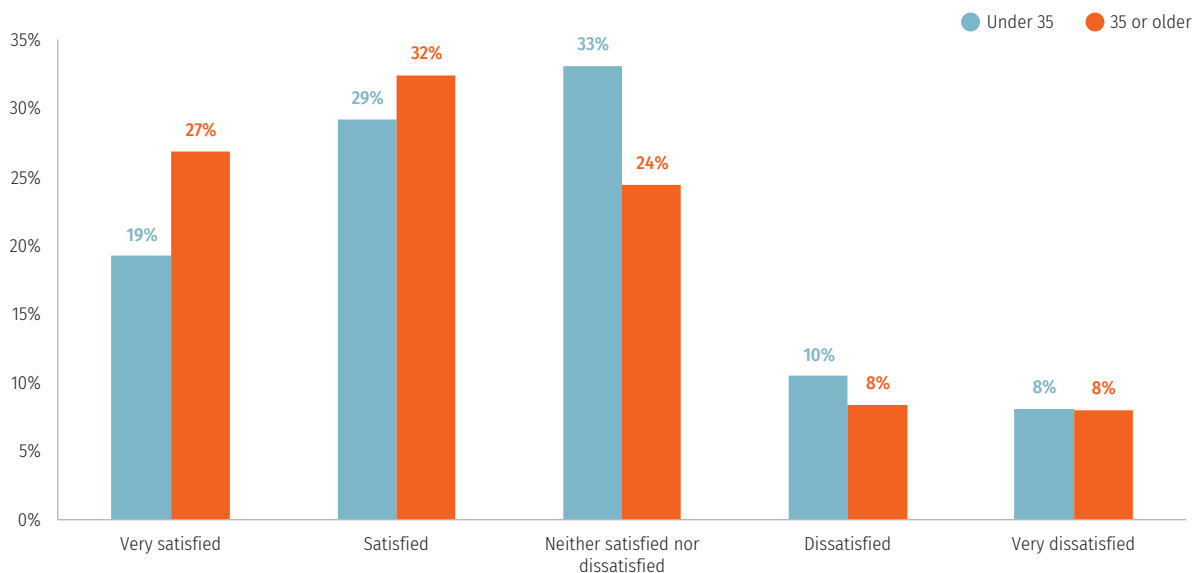
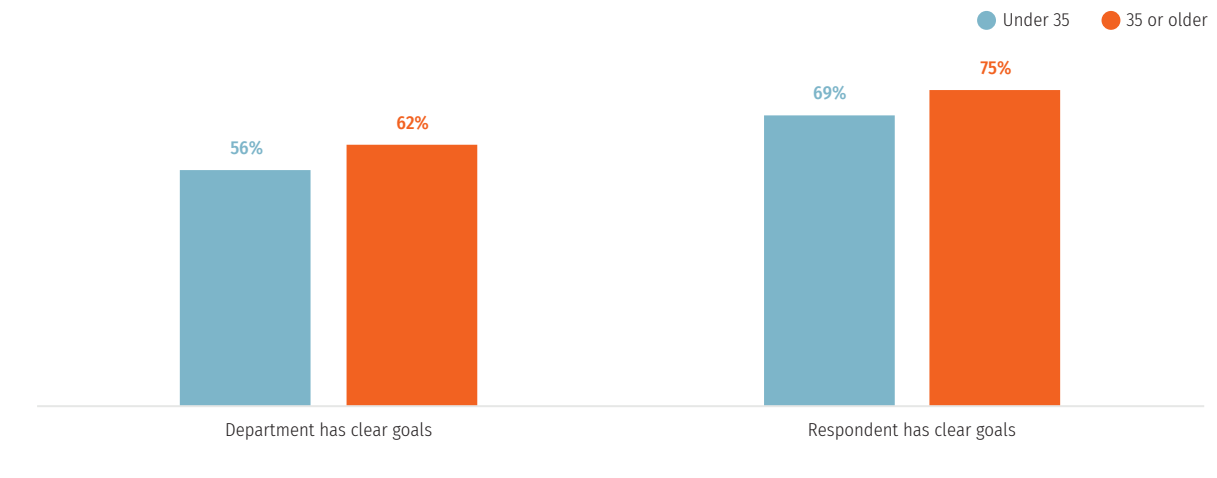


FIGURE 24:

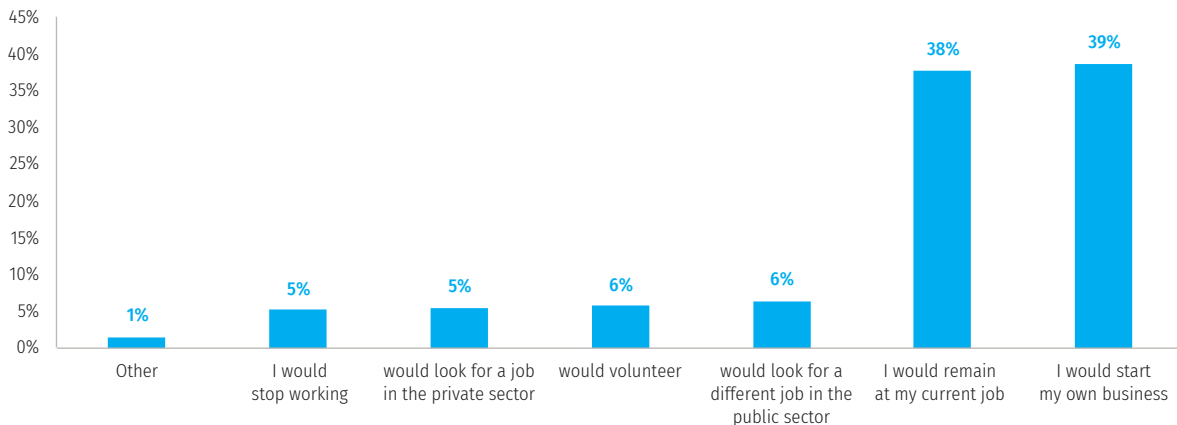
**Goals, reported by age**

**Lack of clear departmental and individual goals may be contributing to this.** Public employees who report that their department lacks clear goals and those that do not have clear individual work goals to accomplish (or do not understand how they contribute to the organization) are significantly less satisfied with their jobs. Among those under age 35, 44 percent felt that their department does not have clear goals. In addition, 30 percent of younger employees felt that they did not have clear goals themselves (Figure 28). While these numbers are slightly lower for older Kuwaiti public employees, more than a third feel that their department lacks clear goals and a quarter feel that they themselves lack clear goals. The data also suggests that low job satisfaction is linked to a willingness to move to the private sector.

**Many public employees declared that, if income needs were removed, they would probably no longer work in the public sector.** Public employees were asked a hypothetical question about what they would do if they did not need their wage (results presented in Figure 29). Around 38 percent reported that they would stay at their current public sector jobs and an additional 6 percent said they would look for another job in the public sector. However, a similar proportion reported that they would start their own business, presumably quitting their public sector job (this not only includes respondents who separately- in the survey question about interest in business ownership- indicated interest in owning a business, but also those who indicated that they are currently not interested). Only five percent said they would look for a job in the private sector.

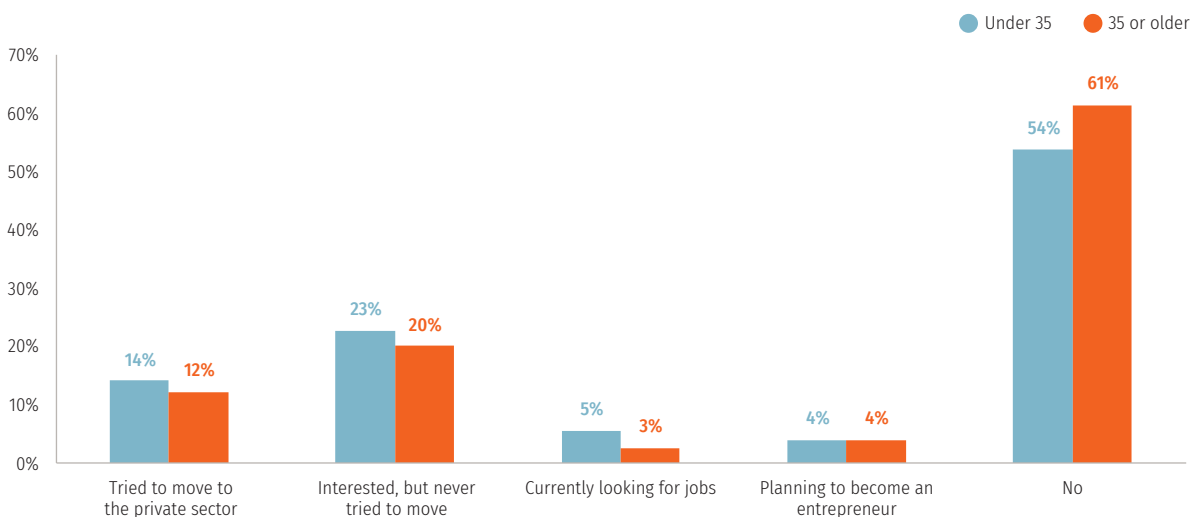
One of the recommendations in the Main report is to consider implementation of a universal basic income scheme for Kuwaitis as a way to consolidate various allowances and in lieu of costly subsidies and public employment (Towards a National Jobs Strategy in Kuwait, 2021). These findings suggests that, **while some form of a universal basic income would address feelings of risk aversion**, which prevents many Kuwaiti public employees from quitting their jobs to exclusively pursue business ownership, **it may have limited to no impact in transitioning them to private sector jobs.**

FIGURE 29:

**Responses to “If you did not need your wage, which of the following would you do?”****3.3.2. Are public employees interested in the private sector?**

There is interest among public sector employees to move to private sector. Lack of information is a major barrier for the those that are considering moving. Among public sector employees who have never worked in the private sector, 57 percent have never considered a private sector job and 21 percent of respondents considered it but have not tried to move. Figure 30 shows these results by age group. A lack of information about finding jobs in the private sector is a key challenge keeping public employees from trying to pursue private sector careers. However, as in Figure 31, those who attempted to move previously were less likely to lack information and had different needs instead. Nearly a third reported that they could not find job offers that were good enough or that they lacked social connections that would help them find jobs.

FIGURE 30:

**Responses to “Have you ever thought about taking a job in the private sector?”**

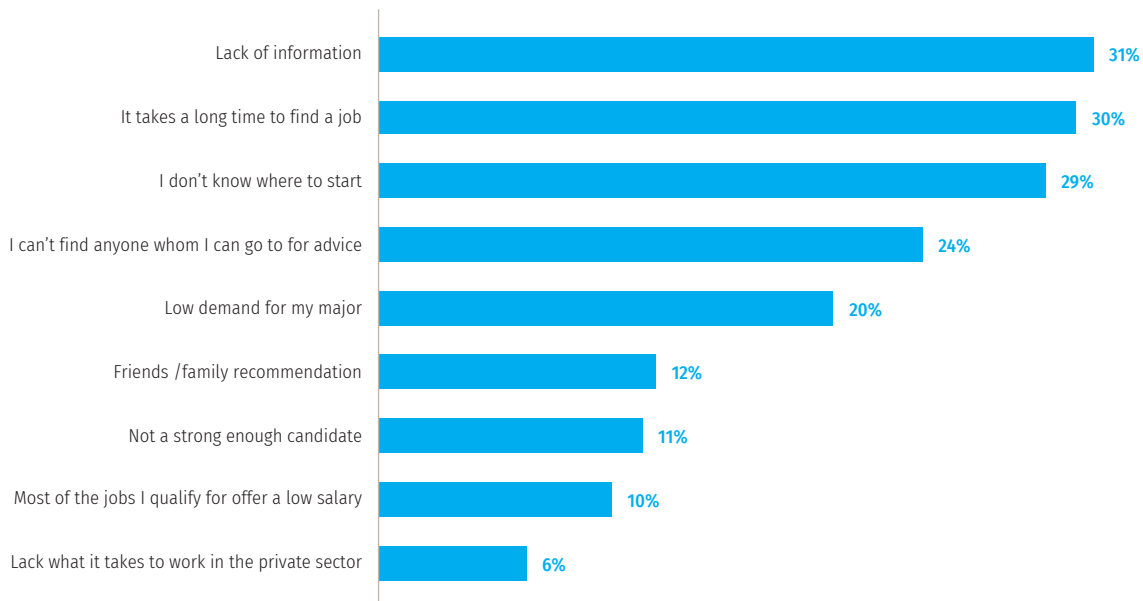


**It is worth noting that some public sector employees do have experience working in the private sector.** Almost a quarter (23 percent) of those over age 35 worked in the private sector previously, and about 17 percent of those under 35 did so as well. The most frequently reported reason for leaving the private sector was lack of job security, which is consistent with the preferences discussed earlier. This was followed by low salary in the private sector, despite some respondents still believing that private sector offers better salaries on average.

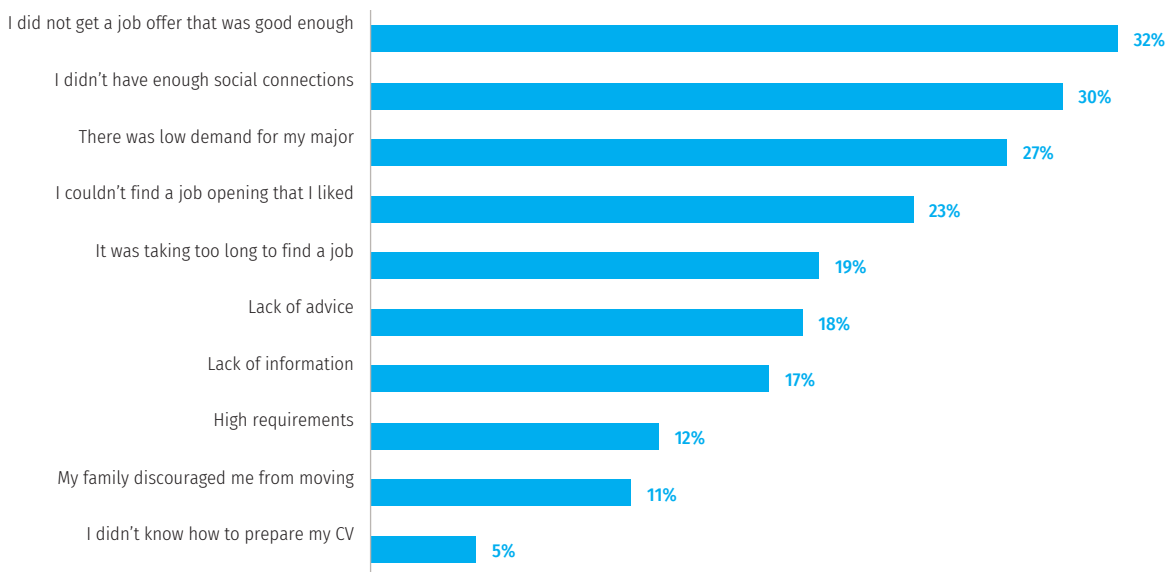
FIGURE 31:

### Reasons given for inability to move to the private sector

#### Never tried to move



#### Tried to move

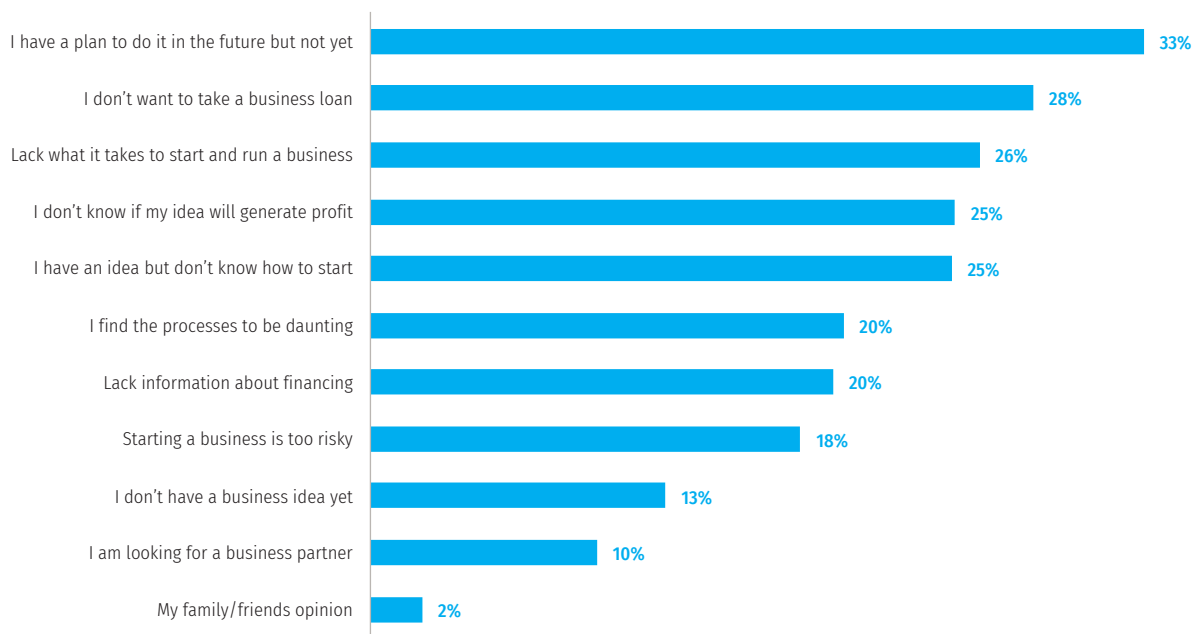


### 3.3.3. Are public employees interested in entrepreneurship?

**Entrepreneurial aspirations are high among surveyed public employees, but many are unsure about whether and how to proceed.** Almost one in five respondents (19 percent) already have a business or help with a family business and nearly two-thirds (64 percent) indicated that they would be interested in starting one. This finding resonates with aspirations of students surveyed as well, which showed that 76 percent of higher education students are also interested in starting a business. Overall, these results are suggestive of high entrepreneurial aspirations among Kuwaitis, for both those in the job market and those already employed.

FIGURE 27:

#### Why don't public employees pursue entrepreneurship?



**Overall, it appears that reluctance to borrow and lack of confidence, skills, and information are all potential barriers for aspiring entrepreneurs within the public sector.** Not everyone who wants to pursue the entrepreneurship trajectory is able to do so, at least not in the short term. Around a third of public employees plan to pursue business ownership, but not right away.

**It is worth noting, that a sabbatical program exists for Kuwaiti public sector employees,** which allows them to take up to three years of leave from their current jobs to pursue entrepreneurship if they have reached the age of 50 or have five years of service and have their projects funded by the National Fund for Small and Medium Enterprises Development (SME Fund). However, the majority of SME projects in Kuwait are not funded by the SME Fund and information about this sabbatical program is not easily available, which can limit the extent to which current and aspiring Kuwaiti entrepreneurs in the public sector take advantage of this option.

## Key Takeaways

- › Job satisfaction among surveyed public sector employees is not very high overall, and is lower among younger Kuwaitis.
- › Younger Kuwaitis also tend to have lower goal clarity and may be more open to moving to the private sector than older Kuwaitis.
- › While there is interest to explore private sector careers, informational barriers and limited social connections inhibit public sector employees from moving to the private sector and their ability to do so.
- › Among public employees previously employed in the private sector, the most frequently reported reason for leaving was lack of job security.
- › Entrepreneurial aspirations are high—one in five already own a business, two-thirds aspire to start one, and two out of five respondents would start their own business if their income needs were removed. However, many are unsure about whether and how to proceed with their venture.
- › Reluctance to borrow and lack of confidence, skills, and information are potential barriers for aspiring entrepreneurs within the public sector

## 3.4. Stage 4: Starting and Growing a Business

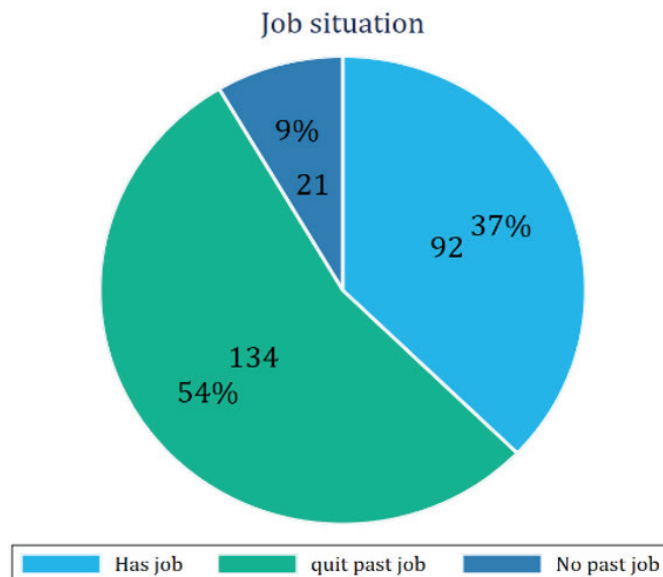
While becoming an employee might be the most common channel to join the private sector, starting a business and becoming self-employed is an alternative way. As discussed in the previous section, entrepreneurial aspirations are high among public sector employees and Kuwaitis in general. This section explores the motivations, challenges and decisions that Kuwaiti entrepreneurs face, as well as aspects that need to be considered to achieve the transition into self-employment from public sector employment.

### 3.4.1. Why do Kuwaiti entrepreneurs stay at their jobs?

**Status quo bias<sup>25</sup>, risk aversion, and size of business are common barriers that prevent public sector employees who own businesses from leaving their jobs.** As mentioned above, 19 percent of public employees currently have a business, but still remain at their jobs. This trend is also observed among respondents of the survey with entrepreneurs. As seen in Figure 33, over a third reported juggling their time between employment and business ownership. When asked about why they have not quit their jobs despite owning a business, 60 percent of combined respondents from both surveys<sup>26</sup> reported that their business was still too small.

FIGURE 28:

#### Employment status of entrepreneurs



<sup>25</sup> Status quo bias refers to the preference of keep things as they are rather than provoke a change.

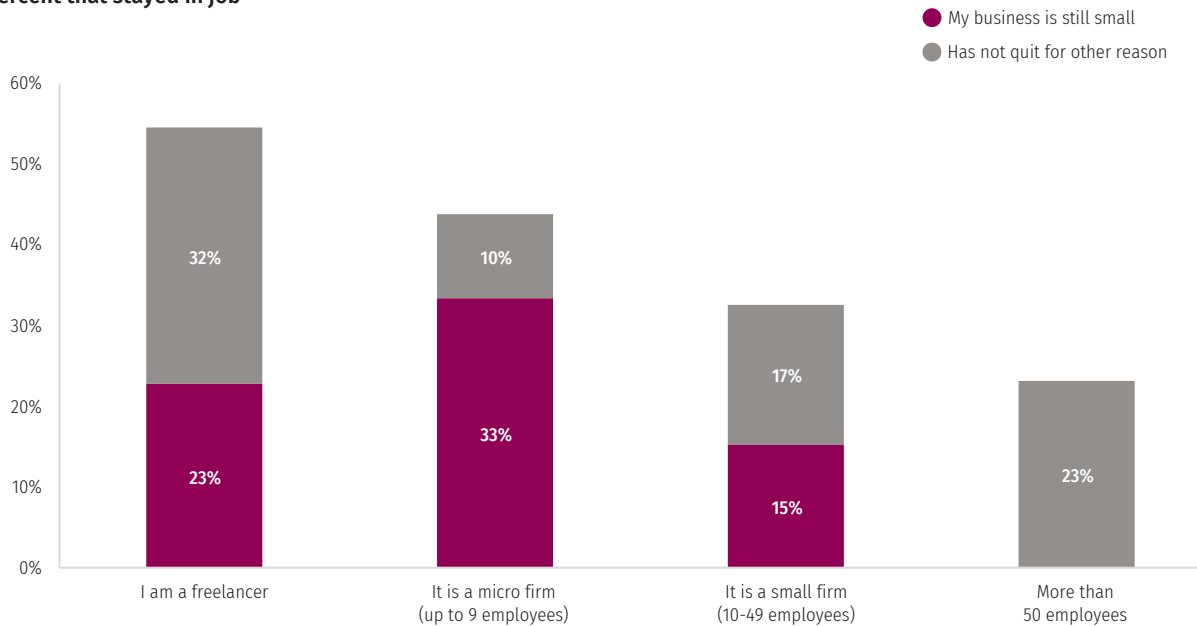
<sup>26</sup> This includes self-reported business owners in the public sector employees' survey and self-reported public sector employees in the entrepreneurs' survey.

**The size of one’s business does seem to impact one’s employment status.** While owners of larger businesses (as indicated by the number of employees) in the entrepreneurs’ survey are more likely to have left their jobs, about half of businesses owners with at least 10 employees that have stayed in their job still reference small size as their reason for continuing to work (Figure 34). Other reasons for not leaving their jobs include feasibility of doing both at the same time, limited time commitment, and preference for stability (or the stability of a paid job). This may indicate that many business owners might not fully transition to business ownership if they feel that it is still possible to do both at the same time, without incurring much difficulty. Given that jobs provide additional security, income, and opportunity to grow at the same time, not leaving their jobs may, in fact, be a rational decision, especially during early stages of entrepreneurship. Regardless, this can limit the time they can invest in the businesses, which subsequently affects its growth potential.

FIGURE 29:

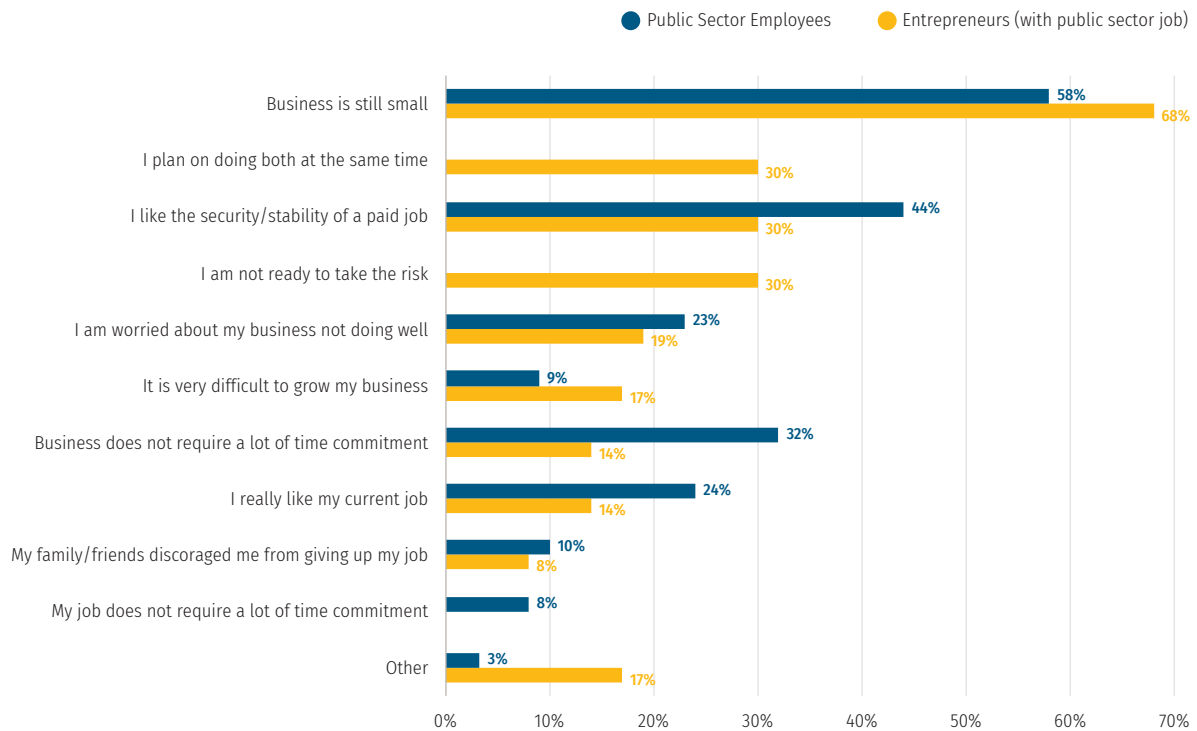
### Reasons for not quitting their job, by enterprise size (entrepreneurs)

percent that stayed in job



**Indeed, “still small” may be not only an objective size, but also a perception related to one’s feelings of stability and sustainability.** For instance, nearly all business owners with 10 to 49 employees also considered their businesses too small (Figure 35). Additionally, typical psychological constraints to entrepreneurship—such as risk aversion—may be exacerbated in the Kuwaiti context due to the strong social norm of public sector employment, as well as the feeling of security and comfort people get from maintaining the status quo. This may also prevent nascent entrepreneurs from taking the step to move fully out of their public sector jobs or limit willingness to seek rapid growth in their businesses.

FIGURE 30:

**Why entrepreneurs do not quite their jobs**

However, about half of the entrepreneurs in the sample did quit their jobs, suggesting that owning a business, even when it comes later in their careers, can eventually lead to self-employment. Entrepreneurs who already quit their jobs usually have older and larger businesses. There are more women in this group, which may suggest that women have a harder time or willingness to juggle between their job and business.

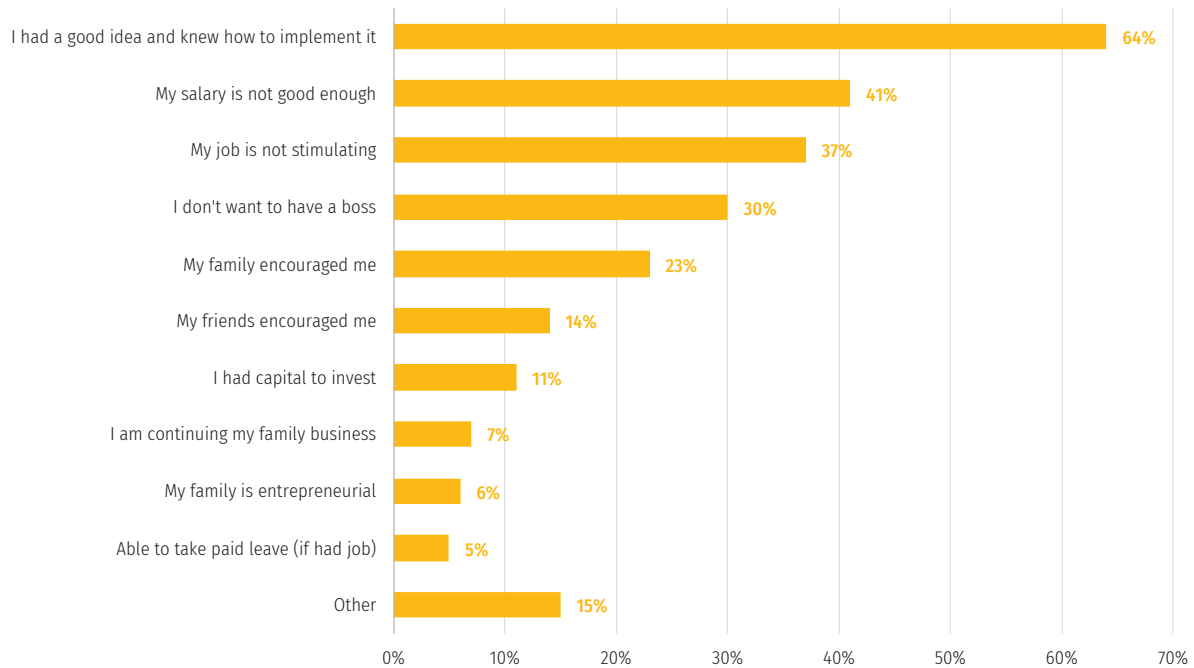
### 3.4.2. What motivates Kuwaitis to start a business?

In terms of motivations to start a business, having a good idea and knowing how to implement it was by far the most referenced reason by Kuwaiti business owners in the entrepreneurs' survey (64 percent). These ideas were usually generated through personal hobby or passion (43 percent) or previous work experience (33 percent). This was followed by aspects related to improving job situations, such as wanting to increase salary (41 percent), having a job that is not stimulating (37 percent), and not wanting a boss (30 percent).<sup>27</sup> Among entrepreneurs currently employed in the public sector, those whose motivations were related to improving their job situations were more likely to subsequently leave that job. Other reasons referenced were family or friends' encouragement, and for a smaller group of respondents that had entrepreneurial families, having a family business or available capital to spend.

<sup>27</sup> Respondents were allowed to select multiple options among a list of potential motivations obtained from previous qualitative interviews with Kuwaiti entrepreneurs.

FIGURE 31:  
**Motivations for entrepreneurship**

What were the main reasons driving you to open a business? (entrepreneurs)



Note: Respondents were allowed to select multiple options among a list of potential motivations obtained from previous qualitative interviews with Kuwaiti entrepreneurs.

### 3.4.3. What challenges do Kuwaitis face when starting a business?

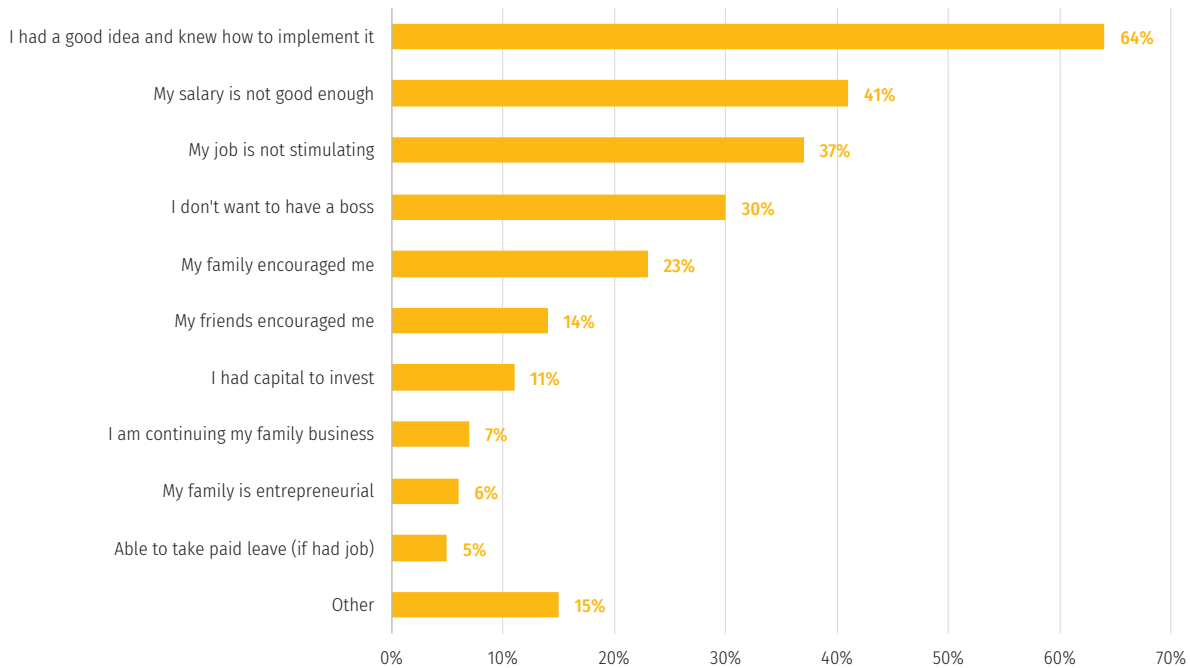
The main challenges to starting a business reported in the entrepreneurs' survey are consistent with the challenges found in the National Jobs Strategy analysis and in other studies, such as the SME Fund's "Inputs for Strategy Formulation" (2014) and the National Business Confidence in Kuwait (2017). **A lack of access to finance, difficulties finding skilled employees, lack of information on government benefits or difficulty getting them, difficulties with formalization and with obtaining a location/office, among others, are the main challenges entrepreneur faced when they started their business.**<sup>28</sup> These are part of the structural and administrative barriers of the business environment and are more carefully addressed in the National Jobs Strategy. Additionally, survey results also show that around a fifth of surveyed entrepreneurs report barriers related to hard and soft skills, such as lack of experience or knowledge of business tasks, difficulty developing a business plan, or fear of failure (Figure 37).

<sup>28</sup> Respondents were allowed to select multiple options among a list of potential challenges obtained from previous qualitative interviews with Kuwaiti entrepreneurs.

FIGURE 32:

## Challenges to starting a business

What were the main reasons driving you to open a business? (entrepreneurs)



Note: Respondents were allowed to select multiple options among a list of potential challenges obtained from previous qualitative interviews with Kuwaiti entrepreneurs.

**Growth aspirations of entrepreneurs are strong, and the COVID-19 pandemic does not appear to have dampened these aspirations.** While prior to the start of the COVID-19 pandemic, 88 percent of entrepreneurs in the sample were expecting to growth their businesses during the year 2020, 80 percent still plan to grow their business during the next year at the time of the survey (during August-September 2020),

**Entrepreneurial challenges vary based on what motivated entrepreneurs to start their business in the first place.** Correlation analysis shows that entrepreneurs who were motivated by factors related to better work conditions or independence tend to report challenges related to lack of experience, knowledge, or support. Those facing these challenges also usually report feeling less confident, on average, in their skills. Of course, this does not necessarily mean they are less skilled. Moreover, those that report being less confident, on average, about their skills are also more likely to remain at their jobs and less likely to expect to grow their business in the next year. On the other hand, those that are motivated by a good idea and knowing how to implement it are more likely to be more confident on average about their skills. However, they are more likely to mention difficulty finding capital or government benefits and formalizing or establishing the business as main challenges.

**These motivational aspects are important when thinking of policies and information that could persuade Kuwaitis to start or grow their own business, and ultimately leave the public sector.** One target group already has a business idea and can benefit from additional information about access to capital and how to register their business, while another group would benefit from soft skills training and mentorship from existing entrepreneur to boost their confidence.



## Key Takeaways

- › What motivates entrepreneurs to start a business relates to the challenges they face to establish their business and the support they need. Entrepreneurs who are motivated by a good idea and are already confident in their plan and skills need more support accessing financial and human capital. Those motivated to find independence or better/more interesting work tend to need more skills and confidence in their own ability.
- › While starting a business is a key step for some Kuwaitis towards joining the private sector, this transition is not complete for public servants until they leave their jobs. Risk aversion, lack of confidence in their skills, and the feasibility of juggling both at the same time discourage them from leaving their job—even in cases where the business seems to be established. A strong social norm and status quo bias that make Kuwaitis feel comfortable in the public sector, as seen in other parts of the diagnostic, could be exacerbating these barriers.

4.

# CONCLUSION



**An important finding of this diagnostic study is that the timing of interventions to target specific behaviors is key in order to ensure the right information is salient at the right time.** To prepare Kuwaitis for private sector careers, interventions must start early, as what students choose to study have implications for their ability to find private sector jobs. Plus, aspirations are formed early in life and are influenced by interests and capabilities—rather than future job market considerations. While this is expected, this means Kuwaiti students do not always pursue fields of study in high demand by private sector employers. Providing information on job prospects prior to entering higher education, highlighting the importance taking these job prospects into consideration, and incentivizing students to pursue in-demand majors through allowances or other interventions is necessary to mitigate the job mismatches permeating the Kuwaiti labor market, as evidenced in the Main Report. The role of parents is also worth noting. Interventions should target both parents and students given the strong influence of the former in the latter’s decision-making process.

**Decisions about which sector to pursue—public or private—typically occur when youth are already in the job market and depend on the influences that they are exposed to.** Overall, Kuwait youth are not averse to private sector careers, despite more preferring the public sector. However, job seekers face a lack of exposure to private sector role models, the social norm of public sector careers, risk aversion (as public sector jobs are considered more secure), and the tendency to rely on the government to find jobs. Taken together, this can eventually push youth to opt for careers in the government, even if they find the private sector more attractive across most domains. Given this, it is important to strengthen aspirations towards private sector careers prior to entering the job market. This could be done through curriculum development, social campaigning to increase the value of positive aspects of private sector careers, exposure to role models, business clubs, young entrepreneur awards, and others.

**Many young Kuwaitis actively pursue or plan to pursue private sector jobs but face barriers gaining information and opportunities to help them do so successfully.** However, this process can also present challenges, especially compared to the relative ease of finding jobs in the public sector by registering with CSC. Youth jobseekers lack information of where to find jobs and social connections to help them in the process. Job-matching services offered by PAM are also underutilized or seen as irrelevant for their fields of study. This is not altogether surprising given that our interviews with employers suggest that very few work with PAM for recruitment. This further emphasizes the importance of focusing on the final years of higher education before the job search process to facilitate the transition to the private sector and reduce young Kuwaitis’ reliance on the CSC. Our findings suggest that offerings of internships and traineeships could help facilitate this transition given interest on both the supply and demand side. Additionally, better job search planning and more reliable job-matching services could also ease some of the informational and effort related barriers identified in the study.

**Despite the relative ease of accessing public sector employment through the CSC, once employed in the public sector, younger Kuwaitis report low job satisfaction and job role clarity that can persist throughout their career.** This is indicative of underutilization of the creativity and energy of Kuwaiti youth, who may then spend their entire working lives unmotivated and not fulfilling their vocational talents. Indeed, the career trajectory of Kuwaiti public sector employees, who tend to stay in the same job, suggests a need to change mental models around employment and career progression. Expectations around career growth and the role of government in providing jobs need to be adjusted for the private sector to be attractive. While there is interest, especially among public sector employees under 35, to explore private sector careers, lack of information and limited social connections inhibit

a plausible transition to the private sector. This is likely exacerbated by a status quo bias for the security government jobs provide. As recommended in the National Jobs Strategy, a revolving door between the public and private sectors, with portable pensions, could improve this landscape.

**Private sector employers and their perceptions about Kuwaiti workers also play an important role.** Just as jobseekers find it challenging to find the right jobs in the private sector, employers struggle to identify and recruit the “right” Kuwaitis—committed, driven, and with the right experience or technical skills. Stereotype bias may be one barrier here. Based on perceptions and experience, private sector employers see Kuwaitis as less committed and putting in lower effort at their jobs, especially compared to non-Kuwaitis. Though they acknowledge that there are exceptions, these stereotypes could affect their willingness to look for and hire Kuwaitis. This may be especially impact public sector employees looking to transition to the private sector due to expected incompatibilities resulting from differences in organizational mentalities.

**Another challenge for employers is outreach.** Many employers rely on personal connections, universities, or social media platforms to recruit Kuwaitis rather than utilizing existing job-matching services. Services, such as those offered by PAM, are generally seen as inadequate. Despite being open to internships and traineeships, employers do not appear to have structured programs and recruitment processes, which can subsequently make them difficult for applicants to find. Lastly, some employers suggest that the effectiveness of D’am Al-‘amala in attracting Kuwaitis of the right caliber to the private sector could be improved by differentiating the amount paid based on roles, performance, and academic qualification (i.e. having a graduate degree). Together, these findings point to a need to improve connections between jobseekers and private sector employers, tailor training and develop soft skills of jobseekers to signal commitment and effort, and debias employers to increase their willingness to actively reach out to and hire more Kuwaitis.

**Lastly, our findings show that entrepreneurial aspirations are high among Kuwaitis, especially those already employed in the public sector.** Yet, despite interest, most students do not plan to pursue entrepreneurship upon graduation. Coupled with the finding that decisions regarding entrepreneurship are generally taken after people start working, this suggests that interventions to encourage and support entrepreneurship should target those already working as well. This is especially important given that a sizable proportion of entrepreneurs in our sample continue to stay at their public sector jobs as well as running their venture—likely due to status quo bias, risk aversion, and small size of their business. Indeed, the social norm of public sector employment and the sense of security it provides may prevent some nascent entrepreneurs from seeking rapid growth in their businesses. Interventions to support entrepreneurs need to be tailored to different target groups—those with business ideas who can benefit from additional information on access to capital and how to register their businesses and those who want to leave their jobs and would benefit from soft skills training and mentorship from existing entrepreneurs.

Taken together, the main findings from this diagnostic study corroborate several findings and recommendations from the NJS and its 14 reform areas. For example, one key reform area in the NJS is related to the reduction of the public sector premium, increased restrictions to enter the public sector, and higher retirement age. To complement these strategies to prevent ongoing expansion of the public sector, we lay out several recommendations in [Section 5](#) for how to mitigate the identified behavioral bottlenecks and some related structural bottlenecks that prevent Kuwaiti youth from diversifying their career choices.

**5.**

# **RECOMMENDATIONS**



The following recommendations to encourage and support young Kuwaitis to access private sector careers are discussed by order of priority. This order was selected based on the degree to which they tackle key issues, existence of implementing partners, risks, beneficiaries, potential losers, and feasibility of implementation. While these recommendations are aimed at reducing behavioral barriers to entering or transitioning to the private sector for Kuwaitis, parallel policies and interventions are also necessary to i) make the public sector less attractive relative to the private sector; ii) expand opportunities for Kuwaitis in the private sector; and iii) support entrepreneurship and improve the business climate. The Main Report includes specific recommendations to tackle these challenges.

## 5.1. Informing about and equipping students for fields in-demand in the private sector

### RAISE AWARENESS OF JOB OPPORTUNITIES IN THE PRIVATE SECTOR

Regular collection and dissemination of information about majors and skills in demand by the private sector would help reduce the mismatch between the demand and supply of majors. This could be done by a Labor Market Observatory, a platform that can gather data by regularly conducting surveys with employers, scrapping job postings using artificial intelligence (AI) methods, or expanding Central Statistical Bureau's (CSB) Labour Market Information System (LMIS)<sup>29</sup>, among other options<sup>30</sup>. The process requires regular updates, a clear source of data, and methodology to ensure the information provided is accurate and therefore useful to the users. Interestingly, it is possible to find foreign websites with lists of jobs and skills in demand in Kuwait that target expats, but similar services are unavailable for national jobseekers.

Making this information available to university and high school students is important to informing their career decisions. However, results from this diagnostic suggest that this information alone may not be valued by Kuwaitis at the point in time when they are choosing their university major. Hence, a communication campaign informed by behavioral science would have to complement this effort to increase its value and impact. For example, this strategy can target increasing the prestige and value of in-demand careers in the private sector, such as nursing or technicians, that are less commonly considered by Kuwaitis. Dissemination strategies can include university and schools' websites, social media, and vocational workshops and job fairs attended by the target audience. The collection and dissemination of job market information is likely to require a partnership between the Ministry of Youth, PAM, universities, and high schools. Professional associations can support outreach activities.

<sup>29</sup> The Kuwait Central Statistical Bureau has implemented a LMIS system since 2015. This system currently collects and publishes labor market information but does not yet collect information related to jobs and skills in demand.

<sup>30</sup> The Main Report outlines several types and sources of information from the LMIS that can be used to provide data to inform the job search process for jobseekers.

The Labor Market Observatory could be complemented by upgrading how higher education institutions prepare students for the job market and considering how current incentives (student allowances) affect the choice of majors.

### **MAKE ALTERNATIVE CAREERS OPTIONS SALIENT TO HIGH SCHOOL STUDENTS THROUGH SKILLS MATCHING AND CAREER RECOMMENDATIONS**

There is a lack of diversity in the type of careers young Kuwaitis are exposed to given that the majority of people within their social networks have public sector jobs rather than having diversified profiles (ranging from public to private sector to entrepreneurship). This can limit the range of options Kuwaiti youth consider for their own future, preventing them from pursuing fields of study that may have higher demand in the private sector.

Kuwaiti students choose their majors primarily based on personal interest and capabilities. In the absence of role models who can make a diverse range of career options salient in the minds of Kuwaiti youth, psychometric profiling can be used to nudge youth to consider a wider range of fields to pursue based on their skills and aptitudes. The World Bank's skills assessment platform, SkillCraft, which uses simple games and cognitive tools to provide users feedback on performance, soft skills and strengths, and recommend various career matches based on their skills. Exposure to such personalized career options at the high school level can broaden the fields of study students consider pursuing prior to entering university and, subsequently, the kind of jobs they aspire towards. This can be implemented at the high school level through counselors or teachers to help students identify their appropriate field of study or career prospects.

### **ASSESS AND EQUIP KUWAIT'S EDUCATIONAL INSTITUTIONS TO BETTER PREPARE STUDENTS FOR THE JOB MARKET**

Higher education institutions need to prepare students for the job market by offering soft skills trainings and trainings related to job search (e.g., preparing a CV, preparing for an interview, where to look for jobs, what to expect throughout the process). To better prepare students for the job market, Kuwait's universities can benefit from IFC's Vitae Initiative. Vitae uses a data-driven approach to help higher education institutions understand how well they are preparing students for the workforce and evaluate themselves against a global benchmark of good practices. Vitae identifies employability gaps and proposes practical steps to equip an institution to serve their students' employability needs better.

The diagnostic also shows that educational institutions (especially universities) need to play an active role in exposing students to the advantages of a private sector job. Institutions with higher rates of students going into the public sector signal that this behavior is the status quo and a social norm. This adds to the fact that most Kuwaitis' friends and family are in the public sector. Thus, lacking role models or networks in alternative careers limits exposure to new ideas and career aspirations and access to informal networks to find jobs.

One strategy to address this is to organize regular (biweekly/monthly) seminars promoting how alumni from specific academic departments that have successful careers in the private sector. This can help students envision and aspire to pursue these types of careers while also providing role models, expanding students' professional network, and challenging the social norm of public sector employment. Following evidence-based strategies to encourage



aspirations and plan-making, these seminars can be complemented with exercises as part of the curricula. These exercises will prompt students to research and write about concrete career objectives and alternatives in the private sector, challenges they may face, and clear plans of how to solve challenges and achieve their goals. Assignments and seminars should include a diverse set of students, rather than those who self-select because they are already interested in careers outside the public sector.

### REEVALUATE THE NEED FOR AND USE OF STUDENT ALLOWANCES

Nearly 55 percent of student allowance recipients in our online survey report that they would continue to be enrolled at their current institutions even if they were not receiving the allowance. This suggests that allowances may not be essential for all students. As discussed in the National Jobs Strategy, allowances should be targeted to those that need it, otherwise they create a distortion in the demand for majors and jobs.

## 5.2. Improving jobseeker-employer linkages

### DEVELOP AN INTERNSHIP AND TRAINEESHIP HUB

Findings suggest substantial student interest in pursuing internships (during university years) and traineeships (for recent graduates). However, not enough opportunities are reportedly available. A scarcity of information on how to access opportunities is a barrier for Kuwaiti youth. On the supply side, we identified that employers do not advertise available positions widely- suggesting that the opportunities exist but are not reaching candidates.

A Center for School-Enterprise Integration could be designed as a hub or platform that centralizes the search for and offer of internships by students/jobseekers and firms, respectively, helping reduce this market failure. This hub may be promoted by PAM, the Youth Public Authority's (YPA), or other larger ecosystem-level stakeholders who have access to both students and employers. In some countries, such hub takes the form of a public-private agency that connects universities and enterprises together. This agency can also offer specific trainings to students. The creation of such hub does not preclude the existence of other recruitment models, but offers a platform for the medium firms or firms without a substantial HR department.

An alternative is to expand YPA's existing Job Maker program. This a six-month program across disciplines, such as facility management, architecture, engineering, accounting, etc., which develops the skills of participants and gets them ready for job placement in the private sector. This is incentive-compatible for private sector employers as many report that Kuwaiti jobseekers tend to lack skills they are looking for. A cost-sharing mechanism or social and financial recognition for employers to hire Kuwaiti youth could spearhead this apprenticeship model. For example, employers could be publicly recognized for their contributions to the "future of Kuwaiti youth".



### **PROVIDE SOFT SKILLS CERTIFICATION TO KUWAITIS JOBSEEKERS TO REDUCE STEREOTYPE BIAS OF EMPLOYERS**

Private sector employers feel that many Kuwaitis do not possess the necessary soft skills to succeed at their companies. Some employers note that even with job-matching services provided by PAM, there is very limited information available on applicants' profiles that can allow employers to make informed decisions (and not require interviews). Stereotype bias among private sector employers further contribute to their reluctance to hire Kuwaitis for vacant positions. Some of this information, especially those related to soft skills, are difficult to communicate using CVs.

PAM currently offers an in-house psychometric profiling tool that is available to select jobseekers based on demand. To enhance the details available in applicants' profile and improve job matching outcomes, PAM could this tool to all applicants to make sure jobseekers are connected to the most suitable opportunities based on their skill set and signal these skills to employers. Another option would be to introduce skills assessment platforms, such as SkillCraft, and mainstream its use in educational institutions and job matching or application processes. SkillCraft can also provide certification on soft skills, which can be a valuable source of information for employers to determine how suitable applicants are for available positions and overcome stereotype bias. Lastly, platforms like SkillCraft could also connect jobseekers to suitable jobs based on their skillsets.

## **5.3. Encouraging Kuwaitis to choose the private sector or entrepreneurship**

### **DEVELOP SKILLS AND MINDSETS THAT ENCOURAGE ENTREPRENEURSHIP AND SEEKING OPPORTUNITIES OUTSIDE THE PUBLIC SECTOR**

Survey findings show that many respondents are interested in entrepreneurship. However, many current business owners delay the decision to leave their jobs and pursue full time entrepreneurship due to preference for having a secure job, even if their businesses are operational and have employees. This was especially prevalent among those with lower confidence in their business skills. This suggests that business training, particularly one that highlights mindset and soft skills, may potentially be impactful. Because entrepreneurship requires risk taking, it requires those pursuing and considering entrepreneurship to embrace some element of risk. Likewise, while teaching business skills is important to increase confidence, it is also important to consider beliefs about one's own ability (self-efficacy) and their capacity to improve the learn new skills (growth mindset). Studies show that such soft skills-focused business training can increase entrepreneurial orientation, which is characterized by innovativeness, risk taking, and proactivity, which can subsequently improve business performance (Al-Awlaqi et al., 2021; Campos et al., 2017). Building such skills can require a longer-term mindset shift for many—prompted through various interventions, such as development of a curriculum composed of growth mindset and self-efficacy, mentorship, exposure to role models, and young entrepreneur awards, that can be adapted for specific target audiences (for example students, aspiring entrepreneurs, or civil servants have a side

business). Soft skills training can also be incorporated into the curriculum of private and public tertiary educational institutions, irrespective of major.

Job security is also one of the top factors considered by Kuwaitis when looking for or accepting a job, and it is the factor that is perceived as most advantageous in the public sector relative to the private sector. This relative job security in the public sector prevents many Kuwaitis from considering private sector careers, despite attractive aspects of private sector jobs (such as better learning opportunities) and social protection policies designed for Kuwaitis in the private sector. A social marketing campaign can be carried out to reduce the perceived risk associated with private sector careers by making policies and laws that protect Kuwaitis in the private sector more salient or highlighting advantages that the private sector offers, such as generating skills that make them more employable in a changing economy.

On the demand side of labor in the private sector, private sector employers note that Kuwaiti employees and jobseekers sometimes lack skills and traits, such as commitment, punctuality, innovation, fluency in English, client-driven focus etc., that are important to them. To address this, a bridging program could be established for Kuwaitis interested in working in the private sector. This could focus on soft skills such as punctuality, communication, commitment, attitude, etc., and also include key business skills in demand in the private sector and English language training. Further, the program could be implemented in partnership with private sector firms and involve on-the-job training through a part-time internship hosted by private sector firms but paid for by the government. Such a scheme may be funded by discounting or scaling down the current job seeker allowance paid to jobseekers while they wait to be matched with an opportunity.

### **REVIEW REGULATIONS OR PRACTICES THAT DISCOURAGE RECENT GRADUATES FROM “TRYING FIRST” IN THE PRIVATE SECTOR**

One of the National Jobs Strategy recommendations is to set up a “revolving door scheme” between the public and private sectors. Currently, regulatory barriers prevent public servants from working in the private sector and then returning to the public sector. This can lead many to choose not to give up their public sector employment.

Anecdotal evidence suggests that some practices in the oil and public sectors discourage recent graduates from trying the private sector first to gain experience. For example, even extensive private sector experience may be ignored when setting up the level of a new public sector employee. This means one may enter a new role at a more junior position than they are likely to be qualified for. Likewise, anecdotal evidence also suggests that the job openings in the highly sought-after oil sector require that applicants not be registered with PIFFS at the time of the application. This can deter job seeking Kuwaitis from trying out options in the private sector. Further review of these policies is necessary to understand how they may be creating barriers to working in the private sector and how they can be redesigned to provide the right incentivize to young Kuwaitis to explore private sector careers at first.

Even if these practices are informally or seldom conducted, Kuwaitis who believe they are common can feel discouraged from applying to the private sector—afraid private sector experience will create barriers for them to access roles in sectors that are more attractive to them. Thus, it is important to ensure private sector experience is viewed as valuable in other sectors and does not harm one’s future career prospects should they choose to change

sectors in the future. This would encourage Kuwait's youth to try working in the private sector first for valuable experience, and potentially continue to stay employed in the private sector if their experience is positive.

## **5.4. Encouraging government employees to move to the private sector or entrepreneurship**

### **REVIEW THE SABBATICAL LEAVE FOR CIVIL SERVANTS**

Kuwait has a system in place to encourage civil servants to develop their own businesses through sabbatical leave. However, anecdotal evidence suggests that this system's criteria can be revised to be more inclusive. For instance, interviews revealed employees who wanted to take a sabbatical could not do so because of their number of years of work experience or major choice. Currently, the scheme offers time-off from work to dedicate to a business, but not much else. To assess the strengths and weaknesses of the program's structure, it would be valuable to identify and interview individuals who have successfully taken the program and eventually promote them as role models and mentors to others. A brief analysis of its success rate and bottlenecks will help structure the program, including through support to develop a business plan, exposure to angel investors, and role models. Once structured, the program could be more widely disseminated, especially among civil servants who own a business in parallel.

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# ANNEX 1

## Recommendations from the National Jobs Strategy Main Report



### Public Sector

**1**  
REFORM AREA 1  
Improve public sector wage bill sustainability

**2**  
REFORM AREA 2  
Align public sector wages and private sector wages

**3**  
REFORM AREA 3  
Improve public sector performance

**4**  
REFORM AREA 4  
Generate a strategic plan to replace non-Kuwaitis with Kuwaitis in the public sector



### Private Sector

**5**  
REFORM AREA 5  
Address market distortions and other barriers for an efficient allocation of labor

**6**  
REFORM AREA 6  
Address market distortions and other barriers for an efficient allocation of capital

**7**  
REFORM AREA 7  
Support entrepreneurship and reform the business climate to expand private sector employment



### Social Protection

**8**  
REFORM AREA 8  
Reform Dam Al-Amala design to reduce public sector preference among low-wage earners

**9**  
REFORM AREA 9  
Build capacity of Public Authority for Manpower to better target job seekers and employment services

**10**  
REFORM AREA 10  
Revise social insurance policies to incentivize Kuwaitis to work longer

**11**  
REFORM AREA 11  
Improve efficiency of the social safety net system



### Human Capital

**12**  
REFORM AREA 12  
Improve learning outcomes and the quality of education

**13**  
REFORM AREA 13  
Strengthen links between the education system and the world of work

**14**  
REFORM AREA 14  
Implement system level changes to enhance efficiency of the education system

# ANNEX 2

## Methodology

The following table describes the main activities conducted with key target groups.

TABLE 4:  
**Data collection activities with target groups**

Stakeholder	Methods	Topics discussed
<b>Post-secondary Students</b>	<ul style="list-style-type: none"> <li>› Face-to-face surveys with interested participants of PAAET job fair</li> <li>› Online survey sent to all students of public (Kuwait University, PAAET) and private (Gulf University for Science and Technology, Box Hill College, and Australian College of Kuwait) higher education institutions.</li> </ul>	<ul style="list-style-type: none"> <li>› Deciding what major to pursue</li> <li>› Career aspirations</li> <li>› Social and family influence on decision-making</li> <li>› Perceptions about public &amp; private sector jobs</li> <li>› Job preferences</li> <li>› Job market preparation- internships and traineeships</li> <li>› Knowledge and expectations about job search process</li> <li>› Social norms</li> <li>› Allowances</li> </ul>
<b>Jobseekers</b>	<ul style="list-style-type: none"> <li>› Online survey shared via social media (36aaly) with followers</li> <li>› Online survey sent to all students currently in their final year of study and actively looking for jobs.</li> </ul>	<ul style="list-style-type: none"> <li>› Career aspirations</li> <li>› Social and family influence on decision-making</li> <li>› Social norms</li> <li>› Perceptions about public &amp; private sector jobs</li> <li>› Job preferences</li> <li>› Knowledge and expectations about job search process</li> <li>› Job search strategy and effort</li> <li>› Job opportunities and choices</li> <li>› Allowances and sense of entitlement</li> <li>› Interest in business ownership</li> </ul>
<b>Human Resources department of private sector employers</b>	<ul style="list-style-type: none"> <li>› 9 IDs with private sector employers</li> </ul>	<ul style="list-style-type: none"> <li>› Employee profile, work policies, salaries, benefits, and career progression</li> <li>› Attracting, recruiting, and retaining Kuwaiti workers</li> <li>› Kuwaitization policy and targets</li> <li>› Training and grooming programs as well as onboarding</li> <li>› Stereotypes about Kuwaiti employees; different between Kuwaiti and expat employees</li> </ul>

Stakeholder	Methods	Topics discussed
<b>Public sector employees</b>	<ul style="list-style-type: none"> <li>› Online survey sent to all employees of multiple ministries</li> <li>› 5 in-depth interviews (IDIs) with current GSSCPD employees (2 with side business)</li> <li>› 2 Focus Group Discussions (FGDs) with current GSSCPD or CSB employees</li> </ul>	<ul style="list-style-type: none"> <li>› Career aspirations and role models</li> <li>› Social and family influence on decision-making</li> <li>› Perceptions about public &amp; private sector jobs</li> <li>› Job preferences</li> <li>› Employment history and experience (including process of joining current position)</li> <li>› Knowledge about job search process, available resources and relevant policies</li> <li>› Role clarity and job satisfaction</li> <li>› Business ownership</li> <li>› Biggest worries about working in private sector</li> <li>› Social norms, peer influence</li> <li>› Aspirations for children</li> </ul>
<b>Positive deviants</b> (former public sector employees currently working in private sector)	<ul style="list-style-type: none"> <li>› 4 IDIs with female private sector employees who were formerly working in GSSCPD</li> </ul>	<ul style="list-style-type: none"> <li>› Career aspirations and role models</li> <li>› Perceptions about public &amp; private sector jobs</li> <li>› Why they transitioned to private sector</li> <li>› Job search and transition journey</li> <li>› Social and family influence on decision-making-opinions and how they changed</li> <li>› Biggest worries ex-ante and how they were resolved</li> <li>› Pain points- challenges (relative complexity of tasks, information gaps)</li> <li>› Resources (including advice)</li> <li>› Expectation vs. reality</li> <li>› Experience in private sector</li> </ul>
<b>Business owners</b> (public sector employees who own businesses and SME entrepreneurs)	<ul style="list-style-type: none"> <li>› 2 IDIs with male and female business owners who are currently employed in the GSSCPD</li> <li>› 2 FGD with SME entrepreneurs</li> <li>› Online survey sent to all members registered with the SME Fund and four incubators (Erada, Cubical Services, Tribe, and Sirdab Lab).</li> </ul>	<ul style="list-style-type: none"> <li>› Same as above. Also explored:</li> <li>› Attitude towards entrepreneurship</li> <li>› Transition journey</li> <li>› Process of starting business</li> <li>› Challenges for business owners</li> <li>› Challenges of registering business</li> <li>› Access to finance</li> <li>› SME Fund- perceptions and processes</li> </ul>

## Qualitative methods

At the early stages of the project, several semi-structured qualitative interviews and focus group discussions (FGDs) were carried out with a limited number of participants recruited through the General Secretariat of the Supreme Council for Planning and Development's (GSSCPD) network using a convenience sample. These were exploratory interviews using a less structured interview guide, designed to inform future research and interventions. This included two focus groups with SME owners, two interviews with Human Resources (HR) departments of large private sector firms in the banking and construction sector, and interviews/focus groups with current and former GSSCPD employees now working in the private sector on in their own business.

Additionally, during April and May 2021, we conducted semi-structured qualitative interviews with eight HR departments of large Private Sector Employers. The objective of these were to understand the point of view of different employers in the issue of Kuwaitization, challenges they face in this process, and stereotypes they might hold about Kuwaitis that could influence hiring practices. We restricted our sample to employers with 200 or more employees. The selection of the specific firms was intentional—targeting well-known firms rather than seeking population representation.

We looked for sectors that already account for many Kuwaitis as well those with the potential of doing so: banking, construction, education, health, telecom, manufacturing, industrial, and real estate. We expected to find both sector-specific issues and perspectives and common patterns.

Recruitment was done in partnership between the World Bank and GSSCPD. Interview guides were designed to last an hour and conducted by a World Bank consultant, with attendance of a GSSCPD staff in some interviews. Main interviewees were the head of the HR department. In some cases, another high-level staff person (e.g., director, etc.) participated as well for a group interview. Interviews were not recorded to encourage honesty of answers to potentially sensitive questions about topics including stereotypes and hiring practices. While it is impossible to capture verbatim transcripts without a recording, an individual notetaker ensured best efforts were made to transcribe each interview and capture conversational notes as accurately as possible.

## Quantitative methods

In November 2019, we conducted a short face-to-face survey in a job fair organized by The Public Authority for Applied Education and Training (PAAET). Participants included a non-probabilistic convenience sample of job fair participants that were willing to participate. Surveys were conducted by World Bank consultants and GSSCPD staff. Surveyors were located at key entrances and asked people coming in to participate in the survey. The survey was collected using smartphones and Kobotoolbox. University students and recent graduates participated of this survey. 55 percent of respondents were female and 70 percent were current students. Interviewers also conducted semi-structured interviews with ten firms participating in the fair.



Because of the COVID-19 pandemic, we later relied mostly on online surveys. Surveys were administered through the SurveyMonkey platform and distributed via email lists and social media of public and private institutions related to the target groups. As a result, these non-probabilistic convenience samples should not be considered representative.

## Discussion with Stakeholders

With the World Bank’s team working on Kuwait’s National Job Strategy and GS-CPD staff, we participated in several meetings to better understand job search processes and policies, as well as stakeholders’ points of view on key issues. Table 5 details the main stakeholders engaged and discussion topics.

TABLE 5:  
**Stakeholders, Methods, and Discussion Topics**

Stakeholder	Methods	Topics
<b>Public Authority of Manpower (PAM)</b>	<ul style="list-style-type: none"> <li>› Key informant interviews (KIIs) with PAM staff</li> <li>› Field observation and KII with registration and coaching team</li> <li>› Field observation during job fair and unstructured interviews with participants</li> </ul>	<ul style="list-style-type: none"> <li>› Services, benefits, and allowances from PAM</li> <li>› Accessibility of services; outreach</li> <li>› Registration process; job-matching process; allowance process</li> <li>› Perception of Kuwaiti workers among employers</li> <li>› Preferences of job seekers</li> <li>› Engagement with private sector employers</li> <li>› Improving placements and reducing resignations</li> </ul>
<b>Civil Service Commission (CSC)</b>	<ul style="list-style-type: none"> <li>› KII with CSC staff</li> </ul>	<ul style="list-style-type: none"> <li>› Services offered</li> <li>› Accessibility of services; outreach</li> </ul>
<b>National Fund for Small and Medium Enterprises (SME Fund)</b>	<ul style="list-style-type: none"> <li>› KII with SME Fund staff</li> <li>› Process mapping of loan application</li> </ul>	<ul style="list-style-type: none"> <li>› Products and services offered; eligibility</li> <li>› Loan application process and requirements</li> <li>› Loan approval decisions</li> <li>› Perceptions of and about borrowers</li> <li>› Use of funds</li> </ul>
<b>The Public Institution for Social Security (PIFSS)</b>	<ul style="list-style-type: none"> <li>› KII with PIFSS staff</li> </ul>	<ul style="list-style-type: none"> <li>› Role of PIFSS and what benefits they manage</li> <li>› Difference in social security benefits of public and private sector employees</li> <li>› How benefits are affected by move to private sector</li> <li>› Registering new employees (and relevant requirements for non-Kuwaiti employees)</li> <li>› Communication with employers and employees</li> </ul>

Stakeholder	Methods	Topics
<b>Educational Institutions</b>	<ul style="list-style-type: none"> <li>› KII with staff and directors of Kuwait University, PAAET, and American University of Kuwait, Private Universities Council.</li> </ul>	<ul style="list-style-type: none"> <li>› Career Service</li> <li>› Application journey</li> </ul>
<b>Ministry of Youth (MoY)</b>	<ul style="list-style-type: none"> <li>› KII with Ministry staff</li> </ul>	<ul style="list-style-type: none"> <li>› Sharing Intervention 1 Findings.</li> <li>› Training programs organized by Ministry of Youth</li> <li>› Private Sector Cooperation with Ministry</li> </ul>
<b>Human Resource departments</b>	<ul style="list-style-type: none"> <li>› KII with GSSCPD and Kuwait Oil Corporation human resource team member</li> </ul>	<ul style="list-style-type: none"> <li>› Role of HR</li> <li>› Work policies and processes</li> <li>› Benefits, salaries, and career progression</li> <li>› Why employees leave, and what their profiles are like</li> <li>› Part time work options, resignation, and leave of absence, and requirements/processes for each</li> </ul>

# ANNEX 3

## Full Results

*See supplemental document - Towards a National Jobs Strategy for Kuwait- Behavioral Jobs Diagnostic Study.*

