



MNA Knowledge and Learning ...Fast Brief



CAN UNEMPLOYED YOUTH CREATE THEIR OWN JOBS? THE TUNISIA BUSINESS PLAN THESIS COMPETITION

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"My expectations were very high. I was going to fulfill my dreams. I was 100% sure to succeed. I thought that for once in my life I was given the opportunity to speak about myself, my objectives, and my aspirations in life." (Participant of the Tunisia Business Plan Thesis Competition).

Summary: Tunisia, like the MENA region in general, has long experienced unemployment, particularly among young university graduates. Unfortunately, job creation in existing enterprises is not sufficient to absorb a growing stream of graduates, and this tendency is unlikely to change in the short run. - A recent HD project is therefore trying to teach university graduates to create their own jobs. The *Business Plan Thesis Competition* uses the undergrad thesis writing process to teach students to create an enterprise project and write a business plan. Apart from professors, private sector coaches mentor the students. Completed theses are submitted to a competition, whose winners receive financial support and further coaching to incubate the enterprise. First results from the baseline survey and accompanying qualitative interviews show the passionate take-up of the program and warrant cautious optimism regarding the emergence of an entrepreneurial culture.

Introduction: The recent events in the MENA region, which first unleashed in Tunisia, have

shown how unbearable the situation of local unemployed youth has become. In Tunisia, first time jobseekers with higher education encounter a substantially higher unemployment rate than the population on average (22% vs. 13% according to official figures). Long-term unemployment is particularly pronounced among tertiary educated first time labor market entrants: data from a tracer survey of university graduates from the 2004 class revealed that 46% of graduates were still unemployed 18 months after graduation. Graduates of law and management face particularly long transition periods².

Constraints for Labor Market Insertion: Job-creation in Tunisia has not kept pace with the growing numbers of (educated) labor market entrants. In addition, labor market inefficiencies due to skill mismatches and expectations to obtain public sector employment have slowed the school-to-work transition of Tunisian youth. Achieving a lower unemployment rate will require demand side interventions, including private sector development, increased competitiveness, and innovation; supply side interventions, including education and skill training; and effective labor market intermediation to match demand and supply. The Employment Development Policy Loan for Tunisia (Board July 2010³) tackles some of these constraints in order to achieve more effective and efficient job entry. The Business Plan Thesis Competition ("the Competition") is one supply-

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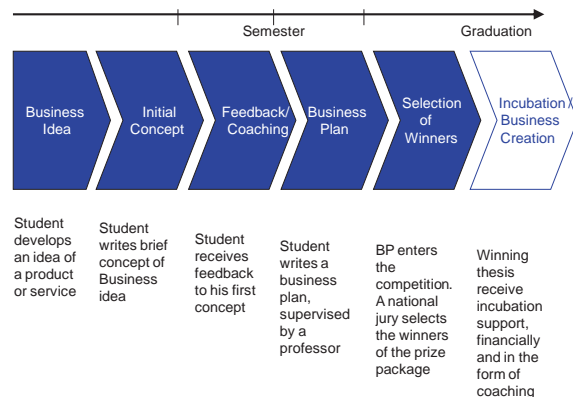
² World Bank, 2009. "Dynamique de l'emploi et adéquation de la formation parmi les diplômés universitaires. Analyse comparative des résultats de deux enquêtes (2005 et 2007)", World Bank, Washington DC.

³ Tunisia Employment DPL (P117161)

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The Business Plan Thesis Competition: The Tunisia Business Plan Thesis Competition - or *concours des meilleurs plans d'affaires "Entreprendre et Gagner"* - is an integrated program aimed at enhancing graduates' employability and entrepreneurial skill set. The intervention has been designed in line with international best practice, delivering an integrated package of entrepreneurship training and individual coaching. Students in the third year of their *licence appliquée* in 162 university programs in all Tunisian universities were invited to participate. During the 2009-2010 academic year, 1702 interested students (approx. 10% of the overall student population) signed up for the first year of the pilot. In their final semester, students received support through (i) courses on entrepreneurial skills through the public employment office, (ii) supervision from university professors, and (iii) external private sector coaches, mainly recent entrepreneurs or professionals in an industry relevant for the business idea of the student (see Figure 1).

Figure 1: The Business Plan Thesis Competition – Value Chain



Winning the Competition: Students can submit their business plan as a thesis to satisfy graduation requirements. In addition, students are also invited to submit the business plan to a Competition. Juries at the regional and national level, comprised of academics, officials of the employment offices and members of the private sector picked the 50 winners, among which the first 20 received monetary prizes and

follow-up from local start-up offices. Among the winners, about two thirds were women, with projects predominantly in service areas, such as care for elderly, educational activities for children, fashion, interior design, tourism, bee-keeping and recycling. Men winners predominantly proposed business plans in technical, computer or production areas including computer-based architecture, solar energy, construction, and computer networks.

Program implementation: The preparation and implementation of the project was ensured through cross-sectoral cooperation between the Ministry of Vocational Education and Employment and its statistical division and employment offices, the Ministry of Industry and its network of start-up offices, and the Ministry of Higher Education. The project was overseen by the self-employment directorate of the public employment office (ANETI).

Impact Evaluation: Although there is an increasing agreement that training in entrepreneurship is critical to foster business creation, rigorous evaluations of such initiatives remain rare. Another innovative feature of the Competition is that it has been designed to allow a rigorous evaluation of its effect on employment outcomes. Of the 1702 students who signed up and were eligible, about 50%, i.e. 856, were randomly selected to participate in the pilot, with the remainder forming the control group.

Evaluation objectives: The evaluation has three main objectives: (i) understand the profile of students who are interested in becoming entrepreneurs and setting up an enterprise; (ii) establish whether the business plan competition is effective in improving labor market outcomes of the participants, and (iii) to explain why it works and for whom by identifying the profile of beneficiaries for which the impact of the intervention is larger, as well as the likely channels through which the intervention has had an impact.

Preliminary Findings: The evaluation uses a mix of rigorous quantitative methods and qualitative interviews. While the evaluation is ongoing and first follow-up results will be

available in fall 2011, a range of preliminary results have high policy relevance:

- **Profile of Interested Students:** Baseline data⁴ shows that the program is particularly attractive to (i) women (66.7% of applicants), (ii) students who already have some professional experience (71% of applicants), (iii) students with friends or relatives who have experience relevant for business plans (61% of applicants) as well as (iv) students who show a high willingness to take risks (74% of applicants).

- **Expectations:** More than 85% of applicants expected that participation in the program would facilitate their labor-market insertion and increase their future earnings. 85% of applicants had a project idea at the time they applied, suggesting that the program responded to a strong demand.

Listening to the Voices of Tunisian Youth: In order to complement the analysis of the baseline survey, semi-structured qualitative interviews were undertaken with 23 students, 8 coaches and supervisors from 6 universities across Tunisia⁵. The students were selected from a random sample of program participants from each university. The interviews were realized in October 2010, 4 months after graduation.

Expectations: As illustrated by the quote at the beginning of this brief, qualitative interviews confirmed the high expectations observed upon application in the baseline data:

"The expectation was that the Competition would help us find a job or start an independent project"
Female participant from Tunis.

"There are not enough jobs, the business plan competition is the only way." Female participant from Gabes.

Skill acquisition: Students' perceptions also point to channels through which the interventions can improve employment. For

instance, students revealed having acquired new skills, including technical skills in project or business plan development or behavioral skills valued by employers:

"I have not won a prize but I have won a formation." Female participant from Monastir.

"Now I have more faith in myself. I know that any project will be hard, that it will not work immediately, but I am ready." Male participant from Tunis.

"Now I have an entrepreneurship culture. During the training, I lived in the skin of an entrepreneur. Now I feel like an entrepreneur. (...) We worked on our personality. I learned to believe in myself, to value myself. I left aside my timidity, it was like a therapy." Female participant from Tunis.

"I have become more autonomous. My behavior has changed. I use my new skills, I am more disciplined." Male participant from Carthage.

Aspirations and Enterprise Creation: After the business plan competition, students reveal new aspirations and goals for the future, as well as a higher willingness to create their own enterprise:

"A young entrepreneur explained his success during the training. Now I want to do better than him." Male participant from Tunis.

"I have a new vision of the future. I have not realized my project yet, but in 5 to 10 years I will."
Female participant from Tunis.

Enabling Environment: Students also revealed that the business plan competition extended their professional network, for instance, by giving them an opportunity to interact with professionals such as coaches, bankers, trainers and employment office advisers. These contacts broadened their horizon and allowed them to build a support network that may facilitate the development of their enterprise:

"I now have a social network. I know who to consult." Female participant from Tunis.

⁴ World Bank, 2010, "Concours des meilleurs plans d'affaires Entreprendre et Gagner. Rapport d'exécution de l'enquête de référence", World Bank, Washington DC.

⁵ Graduates from the following universities were interviewed: Gabes, Gafsa, Kairouan, Mannouba, Monastir and Tunis.

"The formation has broadened my contacts. It put me in touch with bankers." Male participant from Monastir.

Reduced Unemployment through Entrepreneurship Training?

"The business plan competition plants the seeds of a business creation culture." Professional coach from Gabes.

In the end, whether the seeds of entrepreneurship culture lead to enterprise creation, and whether students' perceptions materialize into observed impacts on employment will depend on a variety of factors. Survey data is needed to quantify the average effect across participants. This is particularly important as not all students across the country received the same quality training or coaching. Finally, the intervention aims to foster entrepreneurship and better align graduates' skills with the demands of the labor-market. However, the program cannot remove all obstacles, and other labor-market constraints may prevail. For instance, many interviewees pointed to the difficulty of mobilizing funds to start their project.

"I developed my project, but there is a blockage at the BTS (microfinance bank). I need 40,000 dinar, but the BTS demanded 11,000 own contribution. With 7,000 prize money, I still need 4,000 dinar. So I gave up." A winner of the Competition.

Upcoming results and policy dialogue: Results from the follow-up impact evaluation survey will be available in Fall 2011 and will rigorously analyze impacts on skill acquisition and employment outcomes one year after the end of the intervention. As such, it will assess whether tackling the skill mismatch by teaching entrepreneurship to undergraduate students is effective in facilitating labor-market insertion.

Evaluation results from the baseline and follow-up survey, as well as from qualitative interviews will provide timely input for evidence-based policy dialogue on strategies to reduce unemployment in Tunisia and other MENA countries.

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