

# **Social Entrepreneurship: Why is it Important Post Arab Spring?**

## **Online Survey Report**

**Elizabeth Buckner, Sarina Beges, and Lina Khatib – Stanford University**



**Program on Arab Reform and Democracy**

**Center on Democracy, Development, and the Rule of Law (CDDRL)**

**Stanford University**



**Bayt.com**



**YouGov Siraj**

**March 2012**

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## **About the Program on Arab Reform and Democracy, Center on Democracy, Development and the Rule of Law (CDDRL) at Stanford University**

The Program on Arab Reform and Democracy at the Center on Democracy, Development, and the Rule of Law (CDDRL) at Stanford University engages in policy-relevant research on the prospects, conditions, and possible pathways for political reform, democracy, and good governance in the Arab world.

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## **About Bayt.com**

Bayt.com is the leading online recruitment website in the Middle East and North Africa (MENA region) today. With more than 7.25 million registered job seekers (March 2012), it represents all career levels, industries, job roles, and nationalities in the region. The jobsite operates in three different languages -- Arabic, English, and French. Bayt.com works with over 40,000 employer companies, from small businesses to large multi-nationals and governments, and helps them to successfully attract and recruit qualified professionals and executives while operating from 11 offices in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Qatar, Saudi Arabia, and the UAE. Founded in 2000, Bayt.com has won numerous awards of recognition, including the "Leading E-Commerce Website in the Pan Arab Region" by the Pan Arab Web Awards (2007), the "Company of the Year" award by the TECOM Investments Pearl Awards (2009), SME Advisor Stars of Business Awards (2011), and the "Top Companies to Work for in the UAE" award by the Great Places to Work Institute (2011 and 2012).

## **Acknowledgments**

The authors thank Dr. Ossama Hassanein for connecting us to the TechWadi network of Egyptian entrepreneurs that provided valuable anecdotal evidence to qualify our research questions, Ehaab Abdou for his valuable insights on social entrepreneurship that laid the foundation for researching this field and informed this paper's framework, and all the entrepreneurship practitioners who have contributed quotes to the paper.

## Executive Summary

The Arab Spring has negatively affected the economies of many Arab countries, while also inspiring citizens to actively participate in bringing about social change and community development. Social entrepreneurship is often suggested as a way to combat unemployment and engage citizens in improving their local communities, both of which are urgently needed in the post-Arab Spring era.

Using data from an online survey carried out by Bayt.com and YouGov Siraj with more than 12,000 residents of 18 Arab countries, this paper by Stanford University's Program on Arab Reform and Democracy finds that despite the many institutional and structural obstacles social entrepreneurs face, there is a strong foundation for social entrepreneurship in the Arab region. Key findings include:

- There is a **strong interest in volunteerism** —more than one in four respondents region wide is currently active in some form of volunteering — indicating a greater involvement in social causes, a pathway towards social entrepreneurship.
- In every country surveyed a large proportion of respondents indicated that if given the choice they would prefer to be **self-employed or own a business**. While many cited the greater independence it would offer, other business owners started their initiatives out of economic necessity not opportunity.
- Roughly half of respondents across the region are at least **somewhat familiar with the term entrepreneurship** — in both its business and social senses —indicating growing awareness of this emergent sector.
- A significant proportion of respondents expressed **interest in entrepreneurship as a profession** pointing to a high potential for growth in this sector.
- The majority of respondents in every country stated that their personal economic situation has deteriorated as a result of the Arab Spring, suggesting that social entrepreneurship may emerge as an **alternative sector** for the region's unemployed youth.
- Across the region, the majority of respondents believe that **young people are more interested in improving their communities** and contributing to the long-term development of their societies after the revolutions. These changing attitudes and practices suggest the emergence of a new generation of social entrepreneurs across the Arab region.

In light of the opportunities suggested above, the survey revealed significant structural and cultural barriers in place that prevent the ecosystem of entrepreneurship from fully thriving in the region. Overall respondents indicated very high rates of failure of new businesses and NGOs. Lack of finance remains the largest challenge to starting a business, while bureaucratic hurdles such as legal registration and interference from authorities were cited by those operating in the NGO sector. The paper proposes the following recommendations to address these challenges and further encourage social entrepreneurship:

- Increase the number of **social entrepreneur incubators** and support local organizations in incubating entrepreneurship;
- Assist local organizations in **reforming the legal and regulatory framework**;

- Use **media tools to educate** Arab societies about entrepreneurship;
- Introduce **entrepreneurial education** in schools and universities;
- **Encourage partnerships** between the public, private and NGO communities in Arab countries that identify, support, and celebrate entrepreneurs across the region;
- Widen participation in initiatives run by the international development community to involve multiple stakeholders, with an emphasis on women and those from disadvantaged backgrounds;
- Enhance the social accountability of social entrepreneurs' projects.

## **Social Entrepreneurship: Why is it Important Post Arab Spring?**

### **Online Survey Report**

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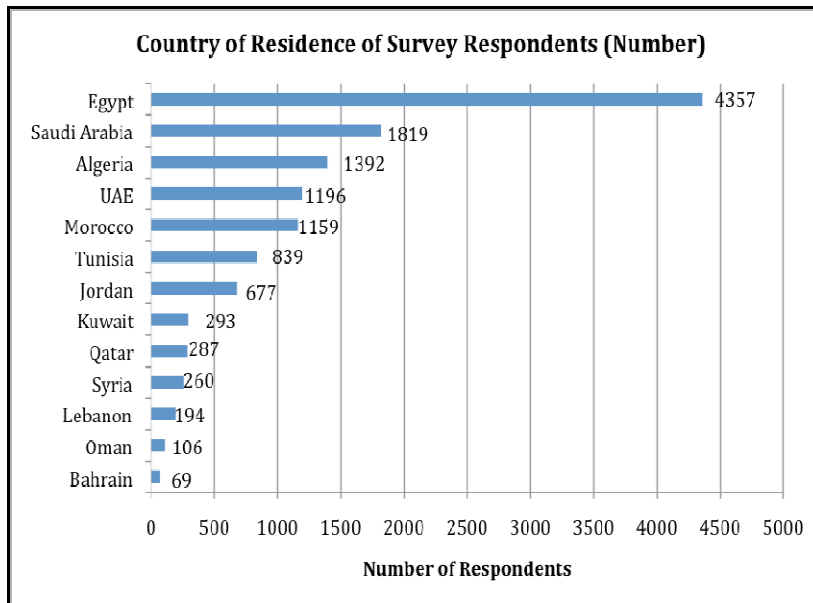
The Arab Spring has had an important social and economic impact on the Arab world. Across the region, economies have been negatively affected, with rising unemployment rates, decreased foreign investment and tourism, and interruptions in exports. Nonetheless, the Arab world is also witnessing an increase in community spirit, with a growing awareness of the need for citizens to take responsibility for their own socio-economic and political future, and a move away from dependency on the public sector for employment.<sup>1</sup> With transitions underway in post-Arab Spring countries, civil society and the private sector that were once tightly regulated by the government are experiencing more freedom to operate, as traditional barriers to entry are easing. These factors indicate the likely birth of a socio-economic environment amenable to social entrepreneurship, drawing young people towards this emerging sector out of both opportunity and necessity.

Social entrepreneurship has been introduced as an innovative model that can address persistent problems of poverty and inequality in Arab societies by harnessing the potential of the "youth bulge" to fuel economic and social growth. While social entrepreneurship is still a relatively emergent sector in the Arab world, there is evidence of its arrival in the region over the last decade through international programs and regional incubators supporting entrepreneurs in both the business and social sectors. Social entrepreneurs apply business principles and non-conventional approaches to solve intractable development challenges in their local communities, which the public and private sectors are unable or unwilling to address. Unlike traditional business entrepreneurs, their goal is not exclusively to maximize financial profit. Rather, social impact is their primary objective. While their institutional models vary, from non-governmental organizations (NGOs) to privately owned social enterprises, social entrepreneurs have been successful in introducing new reforms and models to improve education, health outcomes, community development, gender issues, economic growth, and more.

A 2010 report published by the Brookings Institution, *Social Entrepreneurship in the Middle East*, notes that Egypt is home to the largest number of social entrepreneurs, but also suggests a low level of familiarity with the terminology and concept in general.<sup>2</sup> While recent gains have been made in the nascent sector, this reveals the need to do more to build awareness and change attitudes towards social entrepreneurship. However, a strong culture of volunteerism is evident across the Arab world, particularly among youth who are involved in community-led activism and philanthropic charities, signaling a strong potential for social entrepreneurship to develop further.<sup>3</sup> Recent anecdotal evidence has revealed a surge in youth activity in the entrepreneurial sector over the last year, but uncovered a number of key barriers to enter this sector with high failure rates for new start-up ventures.<sup>4</sup> This paper will help to examine these important issues and evaluate the potential for social entrepreneurship to flourish in a post-Arab Spring era.

In order to investigate this question, Bayt.com, the Middle East's largest jobsite, and YouGov Siraj conducted an online survey between 22<sup>nd</sup> December 2011 and 16<sup>th</sup> January 2012 using Bayt.com's propriety panel of job seekers. Links to the questionnaire, in Arabic and English, were sent to members of the panel by email. The 12,518 respondents to the survey resided in Algeria, Bahrain, Egypt, Jordan,

Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, and the United Arab Emirates, and were all over 18 years of age.



The majority of survey respondents work full time (58%) or part time (8%), while roughly one fourth (24%) are unemployed. Just over half (51%) are between the ages of 25 and 34, and the vast majority (79%) have some form of higher education, whether a university degree or a professional higher education qualification. Around 14% of respondents are employed in the public sector, while the rest work in the private sector, either as employees or as business owners.

The vast majority of respondents in the sample are males (81.8%) while only 18.2% are female. Additionally, females in the sample are slightly more likely to work in the public sector, or semi-governmental sector, while males were more likely to work in the private sector or be self-employed.

#### Employment Sector by Gender (% of Respondents)

	Males	Females
Public Sector	13	20
Private Sector	60	54
Self Employed	10	8
Family Business	10	9
Semi-Government	4	5
Charity Sector	1	1
Other	1	3
Total	100	100

The educational profiles of male and female respondents are very similar. However, females in the sample also tend to be much younger than males. Roughly a third of female respondents are between

the age of 18-24, and only 20% are over the age of 35. In contrast, only 19% of males are under 24, while a full 30% are above 35. This may reflect the recent rise in professional women entering the labor forces of most Arab nations.

**Respondents by Age and Gender (%)**

<b>Age Group</b>	<b>Male</b>	<b>Female</b>
18 to 24 years	19	32
25 to 34 years	51	49
35 to 44 years	18	14
45 to 54 years	9	5
55+ years	3	1

The sample is not representative of Arab nation populations as a whole; in general, respondents in the sample are better educated, younger and most likely more technologically linked, as the survey was conducted through the Internet. Therefore, we cannot – and do not intend to – generalize findings to the wider population outside the sample. However, prior research suggests that successful social entrepreneurs in the Arab region tend to be somewhat more educated and younger than the labor force as a whole. The survey sample intends to target the population of Arab world residents we believe most likely to be potential entrepreneurs – namely, those with Internet access, and the relatively young and educated. Previous studies have focused on those who have already become successful social or business entrepreneurs, and do not also look at those who have been deterred from entrepreneurship. As such, our findings intend to add to the larger discussion on social entrepreneurship by specifically examining the motivations and barriers of would-be entrepreneurs in the region.

In what follows, this paper presents the survey results through an analysis by Stanford University's Program on Arab Reform and Democracy at the Center on Democracy, Development, and the Rule of Law, beginning with the challenges to social entrepreneurship brought about by the economic landscape, moving on to the positive indicators of the potential of social entrepreneurship in the Arab world, including the impact of the Arab Spring, and ending with policy recommendations for the development community.<sup>5</sup>

## **Findings**

The survey results support the argument that there is potential for social entrepreneurship to gain a firmer footing in the Arab world after the Arab Spring. With dignity, social justice, the need for job creation, and a heightened sense of citizenship and social engagement all being key drivers of the Arab Spring, the current period has the potential to pave the way for social entrepreneurship in the region to grow. What's more, social entrepreneurship can be a powerful pathway to social, economic, and political inclusion, particularly of youth, while also creating jobs in the region.

Yet, a number of key barriers challenge this potential. The survey affirms that the problems highlighted in existing studies on social entrepreneurship in the Middle East persist.<sup>6</sup> Lack of finance, government interference, and the difficulty of registering NGOs are all factors hindering the progression of social entrepreneurship.<sup>7</sup> Economic uncertainty, heightened by the Arab Spring, is another key barrier. As the international development community recognizes the importance of entrepreneurship in general and social entrepreneurship in particular as a way of supporting democracy and socio-economic development in the Middle East, it is important that measures addressing those barriers are taken. These include reform of the taxation and banking systems, easing access to finance, and drafting new laws on company registration. At the same time, measures to further support the infrastructure sustaining social entrepreneurship are needed, from assisting volunteerism, to honing youth entrepreneurship skills (particularly among female entrepreneurs), to backing youth leadership initiatives.

*The recent uprisings were not just a rejection of leaders. They were a rejection of an archaic and dysfunctional social contract that left citizens dependent on their states. To allow citizens the independence they seek, Arab private sectors must be capable of providing robust employment as well as the dignity that citizens seek and deserve.*

*While the focus thus far has been on the very important aspect of expanding political participation, expanding opportunities for economic participation will ultimately be just as critical to satisfying demands for dignity.*

Abdulwahab Alkebsi  
Director, Middle East and North Africa  
Center for International Private  
Enterprise

## **I. The challenges of the economic landscape:**

The survey shows that the potential of social entrepreneurship in the region is affected by three main challenges in the economic landscape. The first factor is the Arab Spring's general negative impact on the economy. The second is the ongoing problem of the high rate of failure of entrepreneurship initiatives. And the third is the equally high rate of failure of establishing new NGOs. Although there are other challenges facing social entrepreneurship in the region, such as the lack of entrepreneurial skills among the youth, it is environmental factors that have been cited more widely by the respondents across the region.

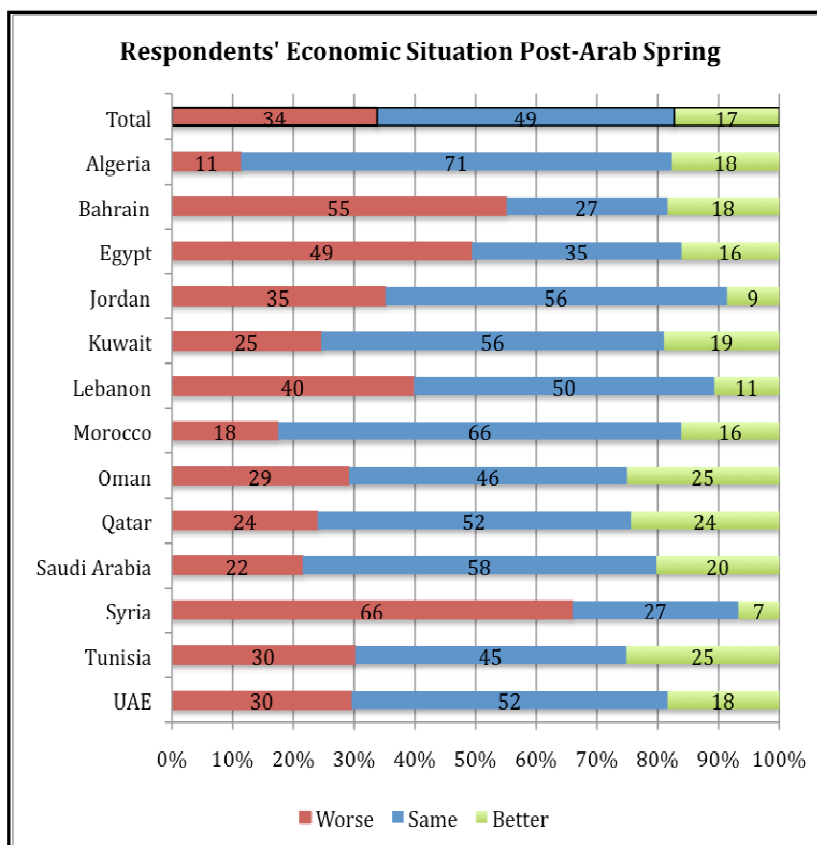
### **1. The Arab Spring's effect on the economy**

The Arab Spring has had a negative impact on the economy in the Arab world in general and the survey reveals this trend. The Arab Spring has stalled foreign direct investment, led to a collapse of the tourism industry, closed banks and stock exchanges, and generally disrupted economic activity in many countries.<sup>8</sup> The losses have been particularly devastating in Libya and Syria – Libya's civil war resulted in \$7.67 billion lost in economic activity, and cost the Libyan government \$6.5 billion in public reserves. In Syria, losses in economic activity were estimated at \$6.07 billion in October 2011, and are only increasing as the revolution intensifies. The Egyptian Revolution is estimated to have resulted in roughly \$4.3 billion of lost economic activity, while Tunisia witnessed losses of \$2.03 billion.<sup>9</sup> Tourism is one industry that has been severely impacted, and has affected even nations not experiencing revolutions. For example, government figures from Tunisia indicate that tourism revenues fell by half in 2011, compared to 2010<sup>10</sup> and even in Jordan where protests have been minimal, tourism fell by 16% in 2011.<sup>11</sup>



The vast majority of respondents state that employment conditions in their country have deteriorated in the wake of the Arab Spring. Not surprisingly, countries experiencing protracted revolutions seem to be those worst affected. In Tunisia, 58% of respondents stated that the employment situation now is either worse or much worse than before the revolution. In Egypt, this percentage climbs to 68%, and in Syria 71% of respondents believe that the employment situation now is worse or much worse than it was before the protests began.

Additionally, many respondents state that their personal employment situation has been negatively affected by the revolutions. The percentage of respondents saying that their individual economic situation is now worse than it was before the revolutions ranges from a high of 66% in Syria, to a low of 11% in Algeria, where there has been little protest activity. 49% of Egyptian respondents say they have been affected negatively, while 30% of Tunisians say the same.



The negative economic impact of the Arab Spring has been wide ranging across all age groups and economic levels. However, those working in the private sector are much more likely to say that they have been negatively affected than those working in the public sector (34.44% in the private sector, compared to 20.22% in the public sector). This is compared to only 15% of those in the private sector who state they are better off, compared to 25% in the public sector who state that they are better off.

**Effect of Arab Spring on Respondents' Economic Situation, by Sector (%)  
(Egypt and Tunisia Only)**

	Public Sector	Private Sector
Worse	31	43
Same	39	41
Better	30	16

The sector-wide differences in personal economic situation post-Arab Spring are even stronger for those countries most affected by the Arab Spring. When we isolate the data for Egypt and Tunisia – the two countries experiencing revolutions for which we have a large sample size – we find stronger countervailing trends in the public and private sectors. In the public sector (i.e., government and semi-governmental employment), a roughly equal proportion of respondents state that they are now better

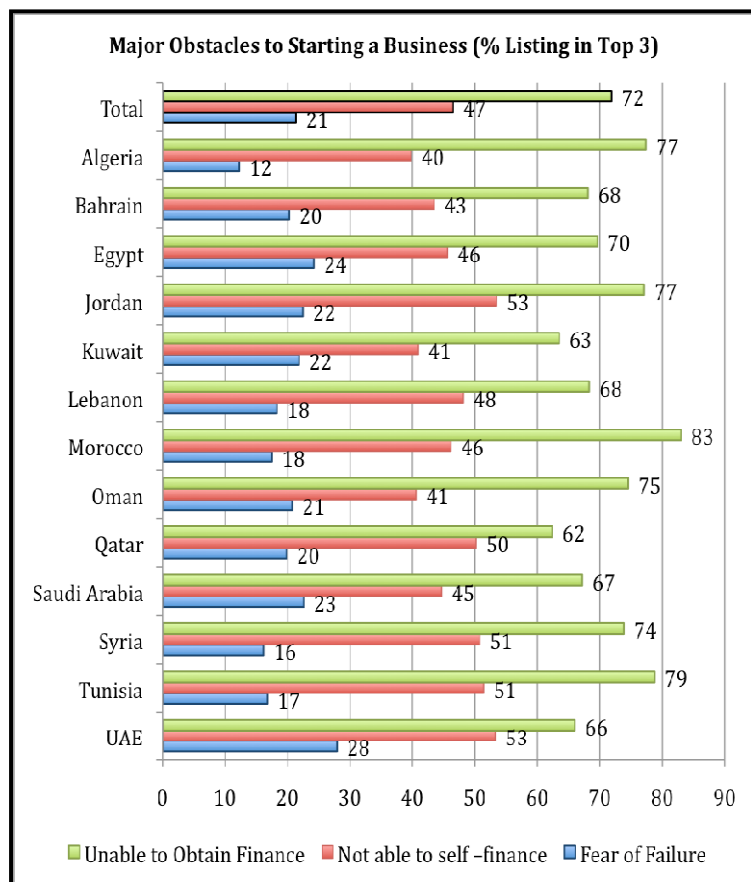
off (30%) or report that they are worse off (31%). Most public sector respondents actually report that their economic situation is the same as it was before the Arab Spring (39%). In contrast, among those working in the private sector (including private companies and family businesses), more respondents (43%) state that they are now worse off, with a much smaller percentage reporting that they are better off (16%).

## 2. High failure rate for entrepreneurship:

The Arab world’s high unemployment rates demand the creation of new job opportunities, particularly for the youth demographic. In the current climate, the private sector is regarded as the most likely means of encouraging this. While entrepreneurship is one avenue that has been widely promoted as a means to help the Arab region meet its demand for job creation, survey data suggests that most new businesses in the region fail. Rates of business failure remain high in countries such as the United States — where close to thirty percent of small businesses formed in 2000 failed in the first two years of operation.<sup>12</sup> However, the survey data suggests it is higher in the Arab world, where 44% of Egyptian and 50% of Syrian business owners stated their current businesses were not performing well. In every country surveyed, less than 20% of respondents who indicated that they were self-employed stated that their business was in operation and running well.

*Angel investment networks are beginning to enter Egypt offering startups alternatives to traditional forms of institutional lending, but there are not enough to support the current demand.*

Nader Iskander, CEO  
EME International, Cairo  
(Technology start-up)



This phenomenon could be attributed to the absence of structural factors in Arab countries—finance, policy, cultural norms, infrastructure, human capital, and networks—which allow an entrepreneurial environment to fully thrive.<sup>13</sup> In Egypt the high cost of bureaucratic, legal, and regulatory barriers to establish and operate a private enterprise lead to high rates of early failure. In addition, there is a need for mentorship support, a strategic service for advising start-up ventures in the earlier stages of growth.<sup>14</sup> According to the majority of respondents, lack of financing is one of the top three problems facing entrepreneurs, followed by the inability to self-finance and fear of failure. Other reasons stated by the respondents include economic uncertainty, the lack of entrepreneurial skills, and strict government regulations.

### 3. High failure rate for new NGOs:

Not only is starting a business difficult in the region, starting NGOs is also quite challenging. In most countries, the failure rate of founding an NGO is comparable to the failure rate of business creation. In Egypt, only 13% of respondents who had wanted to start a business and 12% of those hoping to start an NGO said that they had successfully done so and their business or organization is doing well. In contrast, 13% of Egyptian entrepreneurs said that their business is established but not performing well, and 12% of those who founded NGOs said their organizations are not faring well.

The rate of failure is even higher if we include those who had hoped to found an NGO but been unable to. In Egypt, 44% of would-be entrepreneurs said that they were not able to start the business that they had wanted to start. An even higher percentage — 56% — said that they had hoped to start an NGO, but had been unable to do so. Region wide, the percentage of those who said they hoped to start an NGO but have not been able to do so varies from a low of 41% in the UAE to upwards of 50% in many countries – including 50% in Morocco, 53% in Tunisia, 57% in Algeria, and 58% in Saudi Arabia.

*In terms of the social sector, many initiatives die out early on in their lifecycle due to inadequate funding, low returns, or a lack of commitment from the founders. This is bound to change eventually, when the potential importance of social innovation becomes more apparent to the people.*

Mohamed Sherif El Dib  
 Founding Chamber Member  
 Entrepreneurs' Society  
 Cairo



These statistics suggest that starting an NGO in the region is quite difficult. In exploring the barriers to enter the NGO sector across the Arab world, in nearly every country the three most-cited obstacles to founding an NGO were: limited access to capital or credit; difficulty legally registering an NGO; as well as high levels of corruption and interference from authorities.

Among those who have attempted to found an NGO, success rates were also quite low. In fact, the majority of respondents in every country who stated they had attempted to start an NGO in the past now state that they have been unable to do so. On average, only 15% of respondents from each country said that they had been successful at starting an NGO.

## II. The potential for social entrepreneurship in the Arab world

Despite the persistent as well as emerging barriers revealed by the survey, there is significant evidence that Arab societies have the necessary ingredients for increasing social entrepreneurship.

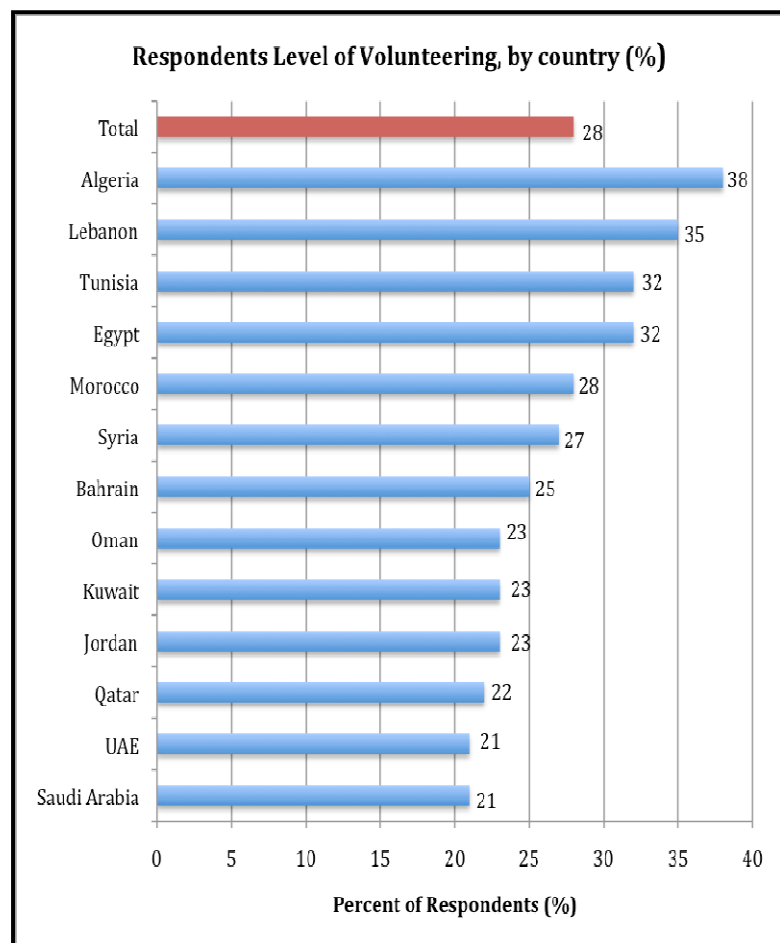
There are four key indicators that social entrepreneurship has the potential to grow. First, there is relatively high interest in volunteerism. Second, there is high interest in starting one's own business, coupled with less reliance on the public sector for employment. Third, there is adequate (and growing) awareness of entrepreneurship in both the business and social sectors. And finally, the Arab Spring has spiked interest in engaging in projects beneficial to the community.

### 1. High interest in volunteerism

Studies have pointed to the Arab world's strong culture of volunteerism, particularly among the youth demographic, which indicates a "promising trend" towards entrepreneurship in both the social and economic sectors.<sup>15</sup> Religion has played a large role in instilling this value in Arab societies, and many youth engage in community-based philanthropy through religious institutions.<sup>16</sup> Volunteerism can be viewed as bridge towards more involvement in the social sectors in Arab societies, helping to transform attitudes and perceptions of citizen-led change.

The survey shows that there are high rates of interest in volunteering in the region. More than 20% of respondents in each country said that they are currently involved in some type of volunteer work or service to their local community, and roughly a third of respondents in Egypt (32%), Lebanon (35%), Tunisia (32%), and Algeria (38%) indicate that they currently volunteer. Although we do not find differences in rates of volunteering across different age groups, we do find that men are more likely to volunteer than females (30% of males to 22% for females). Additionally, we find that students are much more likely to volunteer than respondents who are working. Approximately 38% of students volunteer, while only 28% of employed individuals are currently engaged in volunteering or community service.

Volunteering with NGOs is the most common form of volunteer work across the region. In both Egypt and Tunisia, 56% of those respondents who



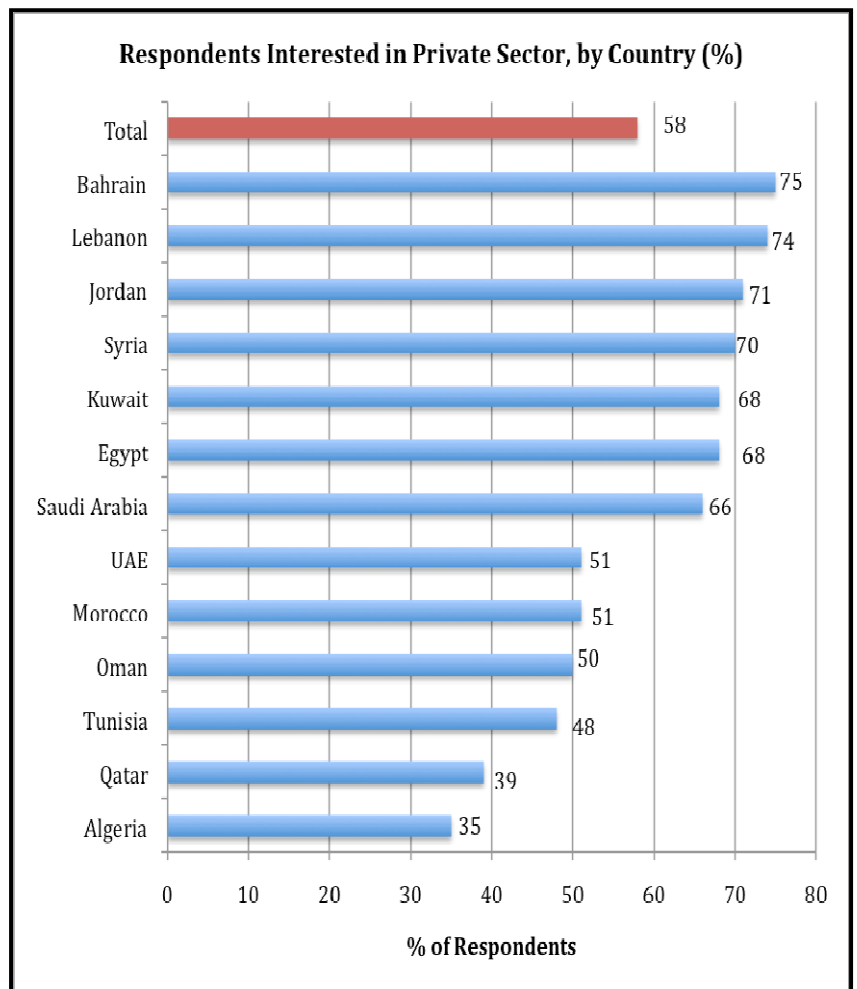
volunteer do so in NGOs, and 61% of volunteers in Jordan help at NGOs. Nonetheless, a significant proportion of those who volunteer do so in religious establishments, and this is particularly true for respondents from the Gulf countries. In Saudi Arabia, 28% of respondents who volunteer do so in religious establishments, while 26% of those from the UAE do the same.

## 2. High interest in starting one’s own business

Additionally, there is widespread interest in business ownership; in every country surveyed a large proportion of respondents said that if given the choice they would prefer to be self-employed or own a business. The percentage of those surveyed expressing interest in entrepreneurship ranged from a low of 29% in Algeria to a high of 52% in Lebanon. In most countries, about 40% of respondents expressed interest in being self-employed, with 36% of the Tunisians and 45% of the Egyptians saying this.

There is also significant interest in working for private companies among survey respondents across the region. The percentage of individuals who state that they would prefer to work in the private sector ranges from a low of 35% in Algeria to a high of 74% in Lebanon. In most countries in the region, roughly two-thirds of respondents express interest in the private sector, with 68% in Egypt, 66% in Saudi Arabia and 70% in Syria all saying they would prefer to work in a private company. Percentages are slightly lower, but still quite high, in Francophone North Africa, where 48% of Tunisian and 51% of Moroccan respondents state that they would prefer to work in the private sector. The data indicates that the public sector is no longer attractive for job seekers, with the private sector rising to become the preferred employer, at least among our survey respondents. It is natural that our sample shows strong interest in the private sector, as our sample was gleaned from jobseekers registered on a jobsite that advertises private sector work; however, this finding nonetheless suggests that among a certain segment of the population, particularly the well-educated urban youth, jobseekers are increasingly looking to the private sector. It is also quite possible that the private sector is more dynamic in difficult economic times and commands higher paid salaries.

Many individuals also seem drawn to the inherent benefits that



entrepreneurship offers as a profession, and it also presents an alternative to an otherwise scarce job market. In nearly every country, the plurality of respondents said that they started a business because they wanted the greater independence that it offers. For example, 43% of Egyptian respondents said that they were attracted to greater independence, while 41% of the Tunisians said the same.

In addition, many individuals in the region who started a business state that they did so because of necessity not opportunity. The percentage of entrepreneurs who founded a business because they could not find a job varies quite a bit across the region. In those countries where we had a large enough sample size (over 1000 respondents), we asked entrepreneurs why they founded a business - 26% of Tunisian, 27% of Saudi, 37% of Egyptian and Algerian and 41% of Moroccan respondents who successfully started a business said they did so because they did not have other employment options.

Given the economic hardship many Arab countries now face in light of the revolutions, this means we should expect to see a growing interest in entrepreneurship as an alternative sector. But while the interest is certainly demonstrable from the data collected, there still remain a number of structural barriers that must be overcome to enable entrepreneurship to be a viable alternative to the state/public sector, which the international development community as well as reformers in the Arab world can help address, as presented earlier in this paper.

### **3. Adequate awareness of entrepreneurship**

The survey reveals that in most countries, the majority of respondents are familiar with the term “entrepreneurship”, in its more traditional business-driven definition. The percentage of respondents who are at least somewhat familiar with the term entrepreneurship ranges from a low of 45% in Morocco (where a full 37% said they had never heard the term entrepreneurship) to a high of 67% in Lebanon. In Egypt, 51% of respondents said that they were either familiar, or very familiar, with the term entrepreneurship in the business sector, and in Tunisia, 49% were familiar with the term.

The level of familiarity appears to be linked to the different economic models and degree of business activity in place in each Arab country. On average, there is a higher level of familiarity with entrepreneurship in the Gulf countries as evidenced by 22% of respondents who are very familiar with the term in the UAE, Oman, and Kuwait followed by 20% in Qatar and Bahrain.

Respondents are only slightly less familiar with the concept of entrepreneurship in the social sector. The percentage of those who are familiar with the idea of social entrepreneurship ranges from a low of 45% in Morocco, to a high of 59% in Lebanon. But more can be done to increase this awareness. In every country, about a third of respondents have never heard of the term entrepreneurship as it applies to the social sector.

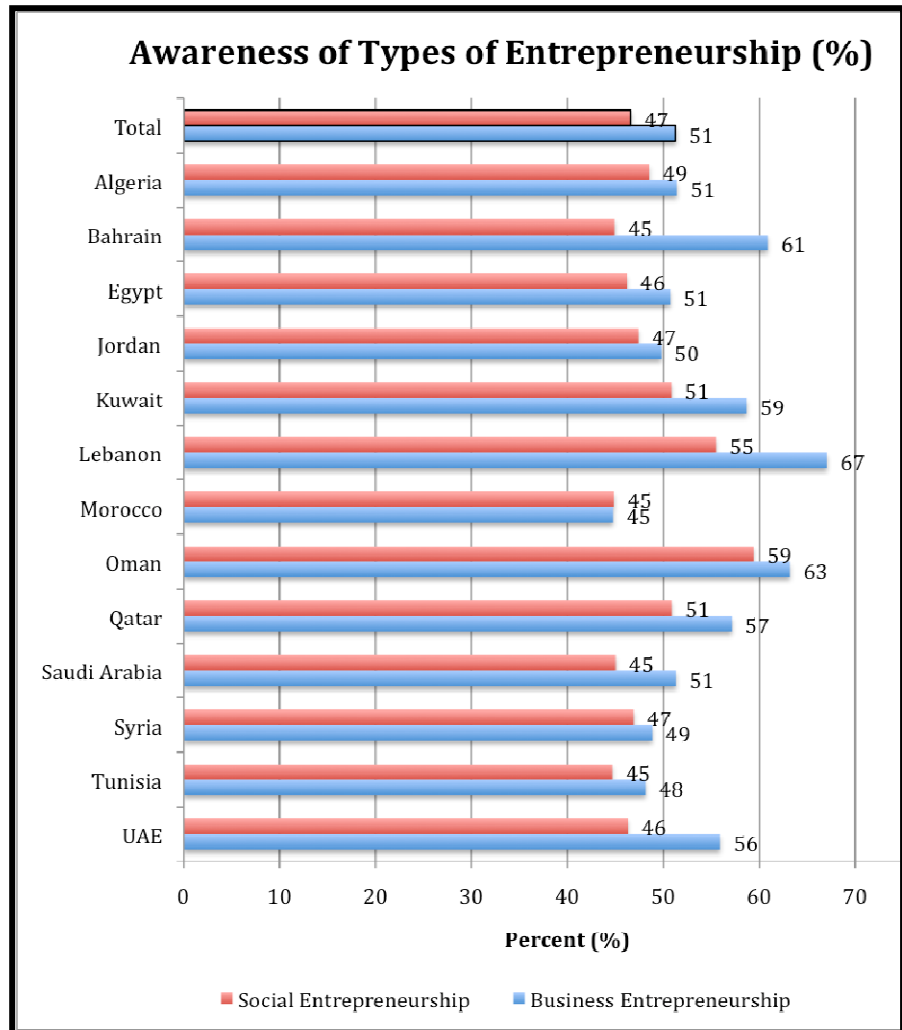
*Different sectors have been flourishing (post Arab Spring) with young entrepreneurs from the agriculture sector to new social and environmental NGOs, and the tech sector. I believe the renewed sense of liberation, coupled with hope for building a new sound economy and country, is the main motivation for these new entrepreneurs.*

Yasmin Elayat  
Entrepreneur and co-founder  
GroupStream, Cairo  
(start-up venture)



Respondents also seem quite open to the idea of working in the field of social entrepreneurship. Only a small minority of respondents said that the idea of social entrepreneurship as a career option is not interesting to them. The percentage of those not interested in social entrepreneurship ranges from a low of only 10% in Algeria and 11% in Syria to a high of 26.5% in Bahrain. In general, the percentage of uninterested respondents was much higher in the Gulf countries; roughly 17% of respondents in Kuwait, Oman and Qatar, and 20% of those in UAE said they were not interested in social entrepreneurship.

This finding applies to respondents regardless of whether they are currently employed or not; however, as expected, interest is slightly higher among the unemployed. In Egypt, 47% of employed respondents and 53% of respondents who are currently not working said that they found the idea of entrepreneurship in the social sector an interesting career option. While the high level of familiarity with and strong interest in entrepreneurship in the survey results are not necessarily representative of Arab populations in general, they do point to high potential for growth among the particular segment of society surveyed (well-educated, technologically adept, urban youth job seekers).



#### 4. Impact of the Arab Spring:

The Arab Spring has had a tremendous impact on citizens of the region overall. Despite the economic hardships that it has caused in many countries — particularly Egypt and Syria — the majority of respondents in our survey were generally quite positive about the effects of the Arab Spring on the region overall. Survey results have shown that unanimously across the region, young people are more interested in improving their communities and contributing to the long-term development of their societies after the revolution. As illustrated in the table below, when asked whether young people are more interested in improving their communities after the revolutions, a wide majority of respondents in

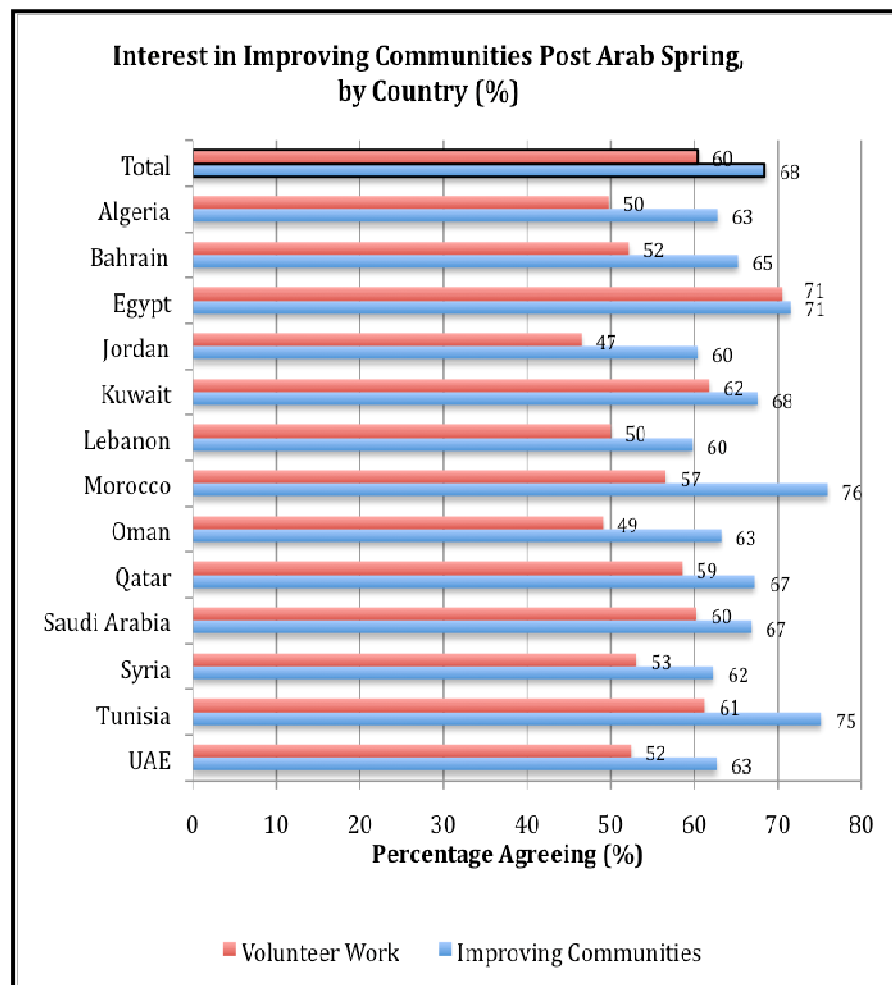
every country either agreed or strongly agreed. The percentage of those agreeing ranged from 60.4% in Jordan to a high of 75.9% in Morocco – showing more than two-thirds of respondents from every country agreed. Young people seemed to agree more strongly than did those in older age cohorts.

**Young people have more interest in improving community after the Arab Spring  
(% Agree)**

	18 to 24 years	25 to 34 years	35 to 44 years	45+ years
% Agree or Strongly Agree	72.27	68.46	65.54	65.34

There is consistent and strong agreement in all countries that interest in volunteerism and starting NGOs has increased as a result of the Arab Spring. While there is evidence that a strong culture of volunteerism existed in the region before the 2011 Arab Spring, the survey data demonstrates an increased interest in volunteer work after the revolutions.

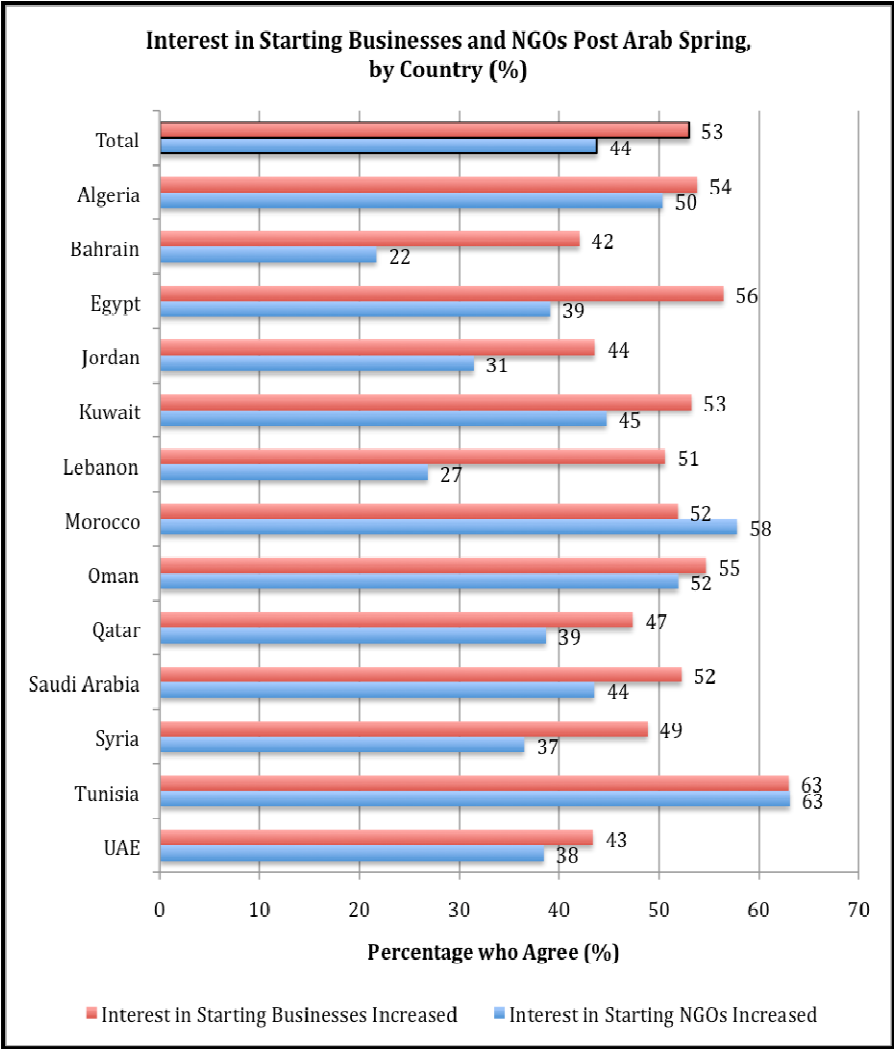
This is also apparent in countries that did not experience revolutions themselves, suggesting that the Arab Spring has inspired a spirit of altruism in their wake. In particular, the majority of respondents believe that interest in starting NGOs has increased after the revolutions, but do not have the same confidence in starting a business during this period of transition. This suggests that the revolutions have galvanized interest around promoting social causes, and have had less of an impact on interest in business entrepreneurship. This could be a natural assumption in light of the weakened economy that is precipitated by losses in the business sector.





In addition, with authoritarian structures of the state being dismantled in Arab Spring countries, there is a lower barrier to entry for those wanting to launch NGOs. The highly regulated NGO sector that was a hallmark of authoritarian countries, such as Egypt, may increasingly become more open as entrepreneurs enter this space driven by an increased interest in social causes and greater accessibility to this sector. With high rates of unemployment across all sectors and more development aid being directed to post-Arab Spring countries, the NGO and social sector will presumably become more attractive to the younger generation.

In speaking to Jacqueline Kameel, managing director of Nahdet el Mahrousa, the first social enterprise incubator in Egypt, about changing attitudes towards social enterprise after the Arab Spring she said, “We have witnessed not only a notable increase in the number of social entrepreneurs applying for incubation, but also the quality of their ideas. Instead of opening one round of incubation each year before the revolution, we now offer two per year and usually end up incubating more than the planned number due to the great ideas and wonderful teams we receive.” Kameel cited the range of ideas Nahdet el Mahrousa has received over the last year, which hail from the non-traditional sectors, including: online platforms for crowd sourcing; organic agriculture; affordable housing; and countering sexual harassment, among others. Kameel attributed the increase of interest in the sector as being partly due to the fact that, “youth are more vocal than ever, they have a sense of responsibility towards Egypt, believing that if we don't do enough now, we might never have a similar chance to take the lead and impact the future of Egypt.”<sup>17</sup>



## **Conclusions and policy recommendations:**

While the Arab Spring has had an immediate negative impact on the economic landscape in the Arab world, it has had a positive effect on people's interest in social and economic development. Two broad factors indicate that social entrepreneurship has the potential to grow after the Arab Spring. First, the rise in people's interest in giving back to their communities and their high level of engagement in volunteer work can be seen as providing a strong social incentive for setting up social entrepreneurial initiatives. Second, the economic context after the Arab Spring has affected people's engagement with entrepreneurship and social entrepreneurship: On one hand, there is a move away from regarding the government as the primary provider of jobs, as people state a preference for working in the private sector, and an interest in achieving greater independence through self-employment. On the other hand, the lack of other employment opportunities is pushing more people to examining self-employment as an alternative. This may serve to explain the relatively high level of awareness about entrepreneurship and social entrepreneurship in the region.

However, the above factors remain hampered by persisting problems facing the establishment of businesses and NGOs, such as government interference, lack of finance, and bureaucratic hurdles. Entrepreneurship is one way in which the need for job creation in the private sector in the Arab world can be addressed, but it cannot prosper unless measures to resolve those problems are taken. The international development community can capitalize on the opportunity to nurture this sector in order to help with this process. This can be through:

- Providing support for local organizations and academic institutions engaged in incubating entrepreneurship;
- Increasing the number of such incubators, particularly ones working in the high-technology space;
- Assisting local organizations in reforming the legal and regulatory framework, for example through proposing new draft laws to ease banking restrictions, foreign investment, and company/NGO registration and taxation laws and procedures;
- Using media tools and outreach campaigns to educate the segment of the population that is not aware of entrepreneurship and social entrepreneurship about those sectors, to partly address the risk aversion that dominates business culture in the region;
- Introducing entrepreneurial education in schools and universities to build a culture and awareness of this emergent sector among youth;
- Encouraging local partnerships between the public, private and NGO communities in Arab countries that identify, support, and celebrate entrepreneurs across the region. Indigenous programming in the region should be encouraged to begin to build a larger degree of support for entrepreneurship;
- Widening the network of participation in initiatives run by the international development community, to involve multiple stakeholders, with an emphasis on women and those from disadvantaged backgrounds;
- Engaging in measures that enhance the social accountability of projects set up by social entrepreneurs.

Further research is also needed to evaluate the reasons behind the high levels of failure of new businesses and NGOs in the region, so that adequate support for budding entrepreneurs and social entrepreneurs can be given, supporting the sustainable development of this sector. Research is also needed on the kinds of social entrepreneurship initiatives that have emerged after the Arab Spring, and the needs of the people running those initiatives. A study of local needs, and how social entrepreneurship projects can address some of them, would also be beneficial.

## Endnotes

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- <sup>1</sup> Salti, Soraya (2011). We discovered we can do anything. *World Economic Forum*, 5 July 2011. Available: <http://www.forumblog.org/socialentrepreneurs/middle-east-north-africa/>
- <sup>2</sup> Abdou, Ehaab et al. (2010). *The Status and Potential of Social Entrepreneurship in the Middle East*. Washington, DC: Brookings Institution, pp. 13 and 15.
- <sup>3</sup> Abdou, Ehaab et al. (2010), p. 10.
- <sup>4</sup> Interview with Yasmin Elayat, CEO and co-founder of the start-up GroupStream. Cairo, Egypt. 21 February 2012.
- <sup>5</sup> We have also asked a number of entrepreneurship practitioners to comment on the findings of the survey. Their comments are included as quotations or text boxes in the paper. They have not been respondents to the online survey itself.
- <sup>6</sup> Abdou, Ehaab et al. (2010).
- <sup>7</sup> World Economic Forum (2011). *Accelerating Entrepreneurship in the Arab World*. Geneva, Switzerland: World Economic Forum.
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- <sup>10</sup> Blair, David (2012). Tunisia: tourists slow to return after Arab Spring. *The Telegraph*. February 24, 2012. Available: <http://www.telegraph.co.uk/travel/destinations/africaandindianocean/tunisia/9102850/Tunisia-tourists-slow-to-return-after-Arab-Spring.html>
- <sup>11</sup> Al Arabiya (2011). Arab Spring hinders Jordanian tourism, but tourists are flocking to Turkey, 11 October 2011/10/11/2011. Available: <http://www.alarabiya.net/articles/2011/10/02/169731.html>
- <sup>12</sup> US Small Business Association (2011). *Office of Advocacy Frequently Asked Questions*. Available: <http://www.sba.gov/sites/default/files/sbfaq.pdf>
- <sup>13</sup> Isenberg, Daniel (2011). The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship. *The Babson Entrepreneurship Ecosystem Project*. 11 May, 2011. Available: <http://www.theicehouse.co.nz/LinkClick.aspx?fileticket=dILN71IdJFE%3D&tabid=185&language=en-NZ>
- <sup>14</sup> Yasmin Elayat, interview, 21 February 2012.
- <sup>15</sup> Abdou, Ehaab et al. (2010), pp. 10 and 11.
- <sup>16</sup> Abdou, Ehaab et al. (2010), p. 22.
- <sup>17</sup> Interview on 23 February 2012.