



# Nurturing **Human Capital**: The Missing Piece of MENA's **Entrepreneurship** Puzzle

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mentoring  
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# Welcome

The MENA region has been undergoing a tremendous amount of turmoil over the past few years. Continuous political and economic instability has created major challenges in the form of staggering unemployment rates as well as falling education and literacy levels across the region, leading to a growing income inequality gap and a leadership challenge. Public sectors in the region cannot continue carrying the load of employing more and more people with their declining budgets.

Adding to these challenges, the mass migration of over one million refugees from war-torn countries into Europe in 2015 is increasing their unemployment and economic challenges. The future does not look promising, as the potential numbers in the coming years are extremely alarming and worrying. A long term and viable solution for international and local governments who are trying to address these challenges is the incubation, support and development of sustainable entrepreneurs, SMEs and entrepreneurship across both the private and public sectors in the region. However, the truth remains that in order for these entrepreneurs to have the best chances of growth and thereby solve the employment and economic challenges, at the rate that is required today, they need more than just financial support.

**They need to be nurtured within a balanced ecosystem that places equal importance on the development of their core human capacity and the strengthening of their leadership.**

This will in turn ensure that the highest Return on Entrepreneurial Investment (ROEI) is achieved at a time when government, especially local government, budgets are overstretched and real impact is critically needed.

Since 2008, we have worked with over 780 entrepreneurs from across the Middle East and North Africa (MENA) region and our mentoring programs have achieved an average Return on Mentoring Investment (ROMI) of 890%<sup>1</sup> for our government, philanthropic and corporate funders.

This paper outlines our views on the importance of the ecosystem developing entrepreneurs' human capacity, specifically through mentoring, as we seek to drive the urgent economic impact that is required and achieve increased ROEI for funders. We sincerely welcome the opportunity to engage with you on the subject as we seek to further empower entrepreneurs to drive entrepreneurial growth.




**Tony Bury**  
Founder and Chairman



**Kathleen Bury**  
Chief Executive Officer

# Key Takeaways



## **1. Development of human capacity is the “key” to achieving substantially enhanced Return on Entrepreneurial Investment (ROEI)**

Return on Entrepreneurial Investment (ROEI) will only be maximized if human capacity development is a critical component of building entrepreneurship and leadership



## **2. Entrepreneurs need a balanced ecosystem of support**

A balanced entrepreneurial ecosystem across all of its pillars, with equal investment between financial and human capital, is needed to truly support an entrepreneur achieve growth



## **3. Entrepreneurs are created through nurture**

Truly successful entrepreneurs are created through nurture; through the development of their own core human and leadership capacity and capability. To achieve this they need solid and empowering support throughout this journey



## **4. Mentoring provides entrepreneurs with true nurturing**

Mentoring is “key” within human capacity development for today’s entrepreneurs to deliver the much needed economic growth and leadership required, especially as the environment within MENA has not been conducive to nurturing entrepreneurs to date



## **5. Holistic and trained mentoring matters for entrepreneurs if we want them to succeed**

For truly effective nurturing to take place, mentoring needs to be holistic (focused on personal and business): entrepreneurs need to be mentored by trained mentors and the initial phase of the mentoring relationships need close support so that the foundations are set for their future development and longevity of relationship

# The Looming and Stark Reality

Investing in human capital is just one piece of the entrepreneurial ecosystem puzzle, yet it could be argued that it is the foundation upon which all the other components can be optimized and where the greatest return on investment can be made.

## How, we hear you say?

The MENA region has been undergoing a tremendous amount of turmoil over the past few years. Unemployment levels in the region continue to be the highest in the world at 11.7%<sup>2</sup> with youth unemployment rising beyond this at 28.2% and 30.5%<sup>2</sup> across the Middle East and North Africa respectively. Continuous political and economic instability has created major challenges in the form of staggering unemployment rates as well as falling education and literacy levels amongst youth and women, leading to a growing income inequality gap and a leadership vacuum. In addition, public sectors in the region cannot continue carrying the load of employing more and more people with their declining budgets.

Adding to these challenges, the mass migration of over one million refugees from war-torn countries into Europe has also spread the unemployment challenges across Europe, with youth unemployment levels reaching 20%<sup>3</sup> in two thirds of European countries. Whilst many migrants fled their countries because of armed conflicts, many also left due to economic hardship. For European countries, the future does not look promising as the potential numbers in the coming years are extremely alarming and worrying, adding to the current unemployment and economic situation of some countries.

The incubation and support of sustainable entrepreneurship and SME development within the MENA region

continues to be hailed as a long term and viable solution for international and local governments to address these enormous challenges.

**“Sustainable entrepreneurship is a long term and viable solution to address these challenges”**





Over the last few years, MENA countries have been increasingly focused on supporting entrepreneurs, as part of their political and economic reform efforts, with the strong support of international governments and donor agencies. Through these various initiatives, the entrepreneurship ecosystem in the region has developed significantly. However, although critical components, there are certain areas of the ecosystem that have been focused on more than others, creating an imbalanced ecosystem and, as a result, a sub-optimal return on investment.

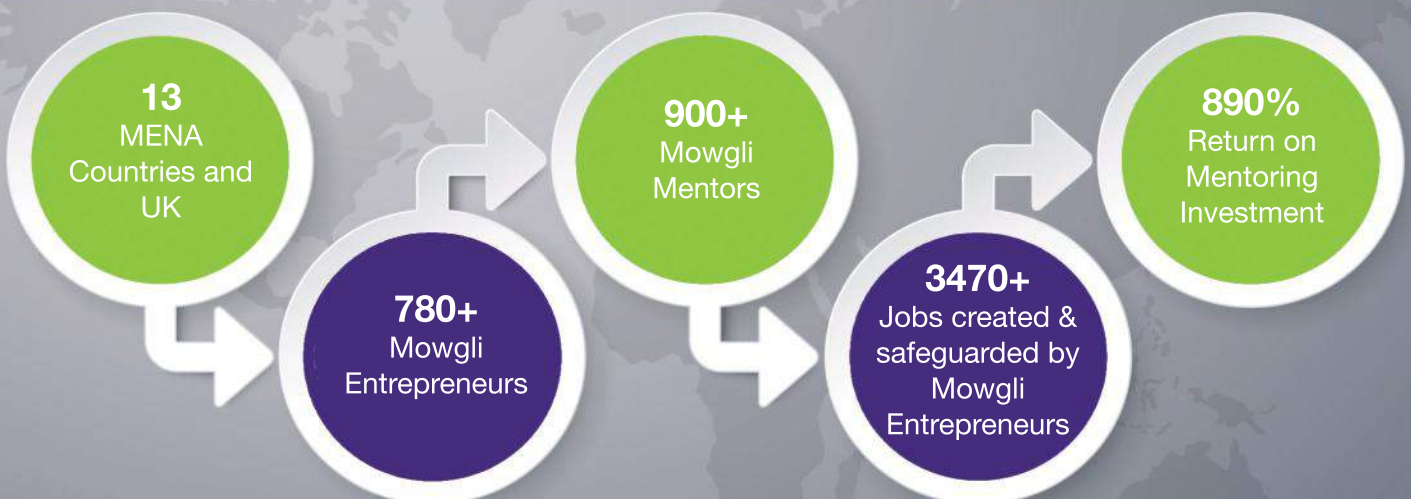
**So what does a balanced ecosystem, which enables and empowers entrepreneurs to grow, succeed and become better leaders of their organisations, look like?**

**What needs to be focused on to further increase ROEI?**

Through this paper, we share our thoughts on these two interwoven questions and shed light on the critical importance of nurturing and empowering entrepreneurs to leverage effective investment in entrepreneurship.

Mowgli has been operating in the MENA region since 2008, when its Founder and Chairman Tony Bury, who has a 50 year history in the region, is a serial entrepreneur and has started over 19 businesses, 14 of which were in the Middle East, wanted to tackle the direct and indirect challenges associated with this looming unemployment crisis.

Within our piloting of mentoring over the past eight years, we have developed an alumni of over 1680 entrepreneurs and mentors across 13 MENA countries and the UK. Through the perseverance, effort and hard work of our alumni, our 780+ Mowgli Entrepreneurs have created and safeguarded more than 3470 jobs, providing an average Return on Mentoring Investment of 890%<sup>4</sup> for those who have funded our programs and an economic generation level of over \$18 million for the region through the salaries of those employed by Mowgli Entrepreneurs. This is a phenomenal achievement, given that we have observed that it is five to ten times more difficult for an entrepreneur to get to breakeven and be truly successful in the MENA region than in Europe or the US.



# 80%

**of startup entrepreneurs  
fail on their first attempt...**

**...it is imperative that the  
surrounding ecosystem  
supports them rather than  
hinders them**



# Building a Balanced Entrepreneurship Ecosystem

Through our own experience in the region, listening to the challenges that our entrepreneurs and mentors (many of whom are also entrepreneurs) face and researching ecosystems that are entrepreneur-centric, Mowgli has created an entrepreneurship ecosystem map to highlight the pillars of support that we believe are required to truly develop sustainable entrepreneurs.

**Figure 1: Entrepreneurship Ecosystem**



Source: Mowgli 2013

Before exploring the areas of the map, we would like to pose a thought-provoking question: **Is it sensible to provide financial capital to would-be entrepreneurs, who do not have the required entrepreneurial capabilities?**

In our view, balance is achieved by focusing on each of the following four pillars:



## Environment

- Today's potential entrepreneurs have already been parented and educated through primary and secondary schools and in many cases have received tertiary education. Current parenting and education models are typically not conducive to developing entrepreneurial behaviours or culture
- Whilst recently established entrepreneurial initiatives within schools and universities are definitely required for future generations, the greater focus has to be on today's entrepreneurs who are above 21 years of age, to achieve a faster change to create employment
- The society has very few role models who have been successful without using relationships, influence or connections ("wasta") or without being part of an established family business with typically inherent financial security
- There is a cultural reluctance to risking failure as well as celebrating it as a step towards growth



## Infrastructure

- The bureaucracy, laws and regulations within many countries have not been updated to encourage a legal framework that encourages entrepreneurs. In most countries there are no bankruptcy laws, nor are there property rights and laws that are properly administered
- Poor internet connectivity and unstable electricity supplies in many countries of the MENA region are just some examples of interferences the entrepreneurs face
- There has been a lack of reforms to open up economic markets, where established family businesses have been able to maintain quasi-monopolies across a range of business sectors





## Human Capital

- Over the past five years we have seen great strides in many of the human capital components being introduced at an embryonic level
- Mentoring is being recognized as imperative to an entrepreneur's success, however, the mentoring term has become a buzzword and the definition is predominantly centered around advice rather than a holistic long term relationship which supports the entrepreneur's core spirit, behavioral and skill development
- The main focus of investment has been on capacity building through business skills training and advice



## Finance

There have been significant enhanced levels of finance being made available to entrepreneurs over the past five years, however, this is against a very low base and is still considered inadequate by many standards:

- Angel investing is still very much at its infancy within the region. Angel investors do not only provide initial capital finance, but more importantly provide a disciplined structure for the entrepreneur
- Successful businesses need working capital to grow. With working capital being generally only available on the provision of additional non-business related security, many potentially successful businesses are unable to expand
- Growth equity capital for expansion of successful business models, whilst increasing but still thinly available, is provided on the basis that investors secure favourable terms, regardless of the impact on the entrepreneur
- Due to the paucity of investment, investors are able to command a premium in terms of the level of shareholding secured for the investment that they are making

# The Imperative Need for Nurturing Human Capital

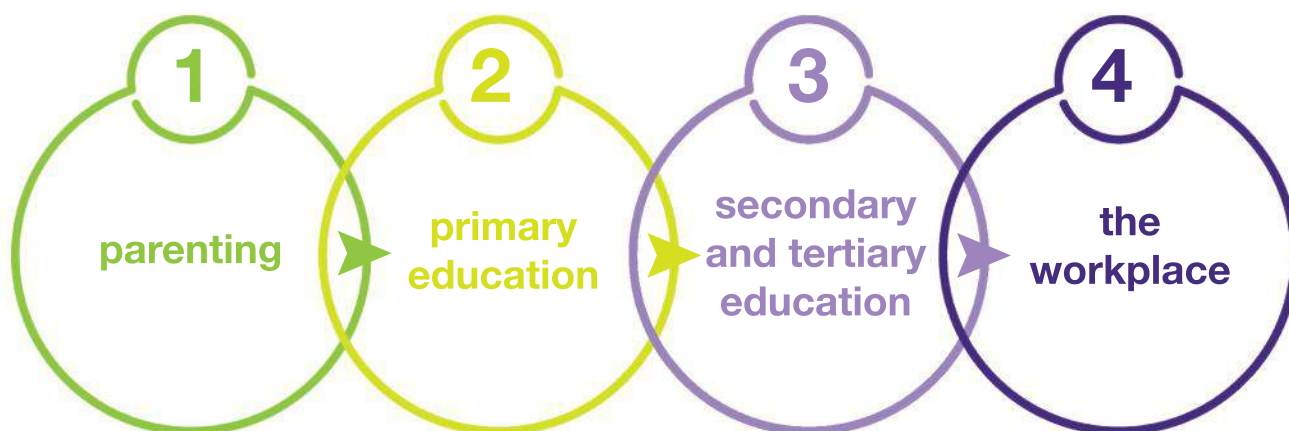
Governments and stakeholders within the ecosystem have devoted a tremendous amount of focus to the provision of financial capital in its different forms. However, it is stating the obvious that if entrepreneurs do not have the relevant human capability and/or inner strength, motivation and hope, then financially investing in them is unlikely to be successful. Governments, stakeholders and the generally nascent ecosystems are missing a key and magic piece of the jigsaw by failing to nurture human capital.

In order to progress beyond this, the question as to whether entrepreneurs are created by nature or nurture needs to be explored. Whilst there are definitely two camps on this vexing question, it is our contention that, whilst the vast majority of entrepreneurs are born with certain genes that will strengthen their entrepreneurial traits, truly successful entrepreneurs are created through nurturing.

**“truly successful entrepreneurs are created through nurturing”**

Given this, we need to ensure that there is a balance between the provision of financial and human capital in nurturing entrepreneurs and balancing the ecosystem.

**Figure 2: Phases of Entrepreneurial Nurturing**



Source: Mowgli 2016



# Stage 1: Parenting

The first stage of forming an entrepreneur starts at birth, with the parenting of the child. Whilst parents need to ensure that their children are safe, children should not be overprotected from all the elements, but have the space and chance to try, fail, learn and try again. Children need to have suitable early challenges that empower them and allow them to grow. It is recognised that within MENA parents tend not to expose their children to risk at an early age and seek "safe" subject options at school and then employment that is typically within the public sector and large corporates/family businesses for their offspring. However, recently we are seeing signs of change in this regard.

# Stage 2: Primary Education

The second stage occurs during a child's primary education, both formal and informal, where potential entrepreneurs need to be exposed to and embrace both "curiosity" and "skepticism" to harness their critical thinking, cognitive flexibility and character for later in life.

# Stage 3: Secondary and Tertiary Education

The third stage occurs during a child's secondary and tertiary education, where entrepreneurs are equipped with advanced stages of problem solving, business networking and multi-stakeholder communication abilities and behaviours.

There are a considerable number of other elements that come into play, for instance:

1. Are they able to make personal choices that allow them to lead their lives the way they wish to lead them?
2. Do they have a good peer group within which they can develop their aspirations, question and learn?
3. Do they have entrepreneurial and leadership role models who have been successful ethically despite the challenges that they face?
4. Do they have access to and relationships with mentors in their lives, who they can interact with, learn from, develop themselves and be challenged by?

It is well accepted that within MENA there is a lack of entrepreneurship culture being developed in these three stages.

## Stage 4: The Workplace

As one enters the workplace, the focus is upon developing your level of competency around a range of activities such as managing complexity, managing people, customer orientation, strategic orientation etc.

Competency comprises three components; skills, knowledge and behaviours:

- Skills and knowledge are typically gained through activities such as reading, training and listening to advice where the feedback is provided through a test or formal assessment
- Behaviours are typically developed through experiences and can only be assessed with feedback provided and acted upon through forms of coaching and mentoring



If two of the three levels are high but one is low, the overall competency is defined as being low, rather than the average of the three. Typically within the MENA region, levels of skills and knowledge are significantly higher than the behaviour levels and therefore, overall competency levels are reduced. Therefore, Mowgli's focus on this aspect is directly attributable to the high returns on mentoring investment (ROMI) (890%) that we have achieved.

There is another dimension that needs to be cultivated and developed which is one's "inner self". It is through discovering and nurturing one's inner self, that one can develop one's soul, sense of purpose, leadership and followership propensity, appetite and capability to undertake and manage risk.



Massive Open Online Courses (MOOCs) and in person training courses, business skill development courses, university degrees, coaching and advisory services are plentiful within the region. However, the lack of focus on the development of one's "inner self" and behaviours undermines the overall level of capability within the entrepreneurial ecosystem.

The final stage of development comprises a combination of appraisal feedback, training, advice, coaching and mentoring:

- **Appraisal Feedback** – receiving both positive and negative feedback on performance, identifying areas of strength and those of development that require strengthening can be hugely valuable in enhancing skills, knowledge and behaviours
- **Training** – undertaking and engaging with various types of courses to significantly enhance both skills and knowledge
- **Advice** – gaining advice from an experienced and trusted advisor can be extremely invaluable in helping one to make the right decisions and can typically only enhance skills and knowledge
- **Coaching** – within competency development, coaching is a transactional relationship which focuses upon behavioural change with the view to enhance performance levels across a targeted range of activities, typically work or business related
- **Mentoring** – is a highly trusted and respected long term 1-2-1 relationship which enables the mentor to serve and support the mentee holistically, which means both personally and professionally. Mentoring is not advice. Mentoring is guidance, experience sharing, perspective giving, mirroring and cheerleading with the view to ultimately helping the mentee to develop their inner self, soul, confidence, sense of purpose and empowerment as well as their appetite and capability to undertake the journey ahead, especially around managing risk. Within a mentoring relationship, business insights are also given through experience sharing meaning that they are not direct solutions but inspirational and thought provoking options that the entrepreneur can choose to take or not to take

**Another dimension  
that needs to be  
cultivated is one's  
“inner self”**



# Mentoring: an Entrepreneur's Lifeline

Looking to the last point in stage 4, mentoring, a model that highlights the entrepreneurial journey, the need for mentors and the need to develop human capital throughout this journey is captured by a key piece of philosophy, developed by Joseph Campbell, "The Hero's Journey".

**"The Hero's Journey speaks to us all, yet is particularly applicable to the entrepreneurial journey"**

Figure 3: The Hero's Journey



Source: Joseph Campbell

As we sit in our ordinary world, many of us receive calls to change from within; change job, change career, change where we live and sometimes the need or desire to start a business, etc. However, most of the time we ignore these calls and continue on with our “normal” lives.

A day then comes when we meet someone who we typically trust and respect, a mentor, who ‘sees us’ and encourages us to take that plunge, despite all of the fears. With the mentor’s support, we finally listen to the call and ‘cross the line’.

At this point there is no going back. We face our first trials and discover enemies from within even with our families and friends, as well as a need to create new allies.

We then face the darkness as we enter into the storm. There is no time limit to how long this storm will last and no guarantee as to whether or not we are going to succeed or fail. However, what is clear is that the journey after the storm will be very different to the one we were on before; if we succeed we will have learnt a considerable amount, and if we fail we will have been “burnt” by the storm, but will have learnt even more.

This is transformation at its very core. The ability to succeed and survive the storm is immeasurably enhanced by travelling with a mentor, and whether we survive or fail, the learnings will be that much greater by having a mentor question decision-making in the face of the battle.

**“ The ability to succeed and survive the storm is immeasurably enhanced by travelling with a mentor ”**

This transformation leads to a new perspective, which is taken back into the new ordinary world that is created, until it is time, until it is time to face the next storm. This continual process of going through the storms significantly enhances one’s capacity, resilience and leadership capability coupled with the ability to succeed in the ever-increasing storms that entrepreneurs face throughout life.

As those involved in entrepreneurial and ecosystem development, do we believe:

1. We are creating the environment to nurture entrepreneurs during their childhood and adolescent years within the region?
2. We have created an ecosystem within MENA that effectively nurtures, supports and nourishes entrepreneurs?



As mentioned earlier, we believe that it is 5-10 times more difficult to succeed as an entrepreneur in the Middle East than in either Europe or the US.

So how do these budding entrepreneurs within MENA feel when taking on this challenge?



Through our alumni of 1680+ Mowgli Entrepreneurs and Mentors in MENA, we have heard the following key themes from them:

1. Their feeling of loneliness
2. Their lack of empowerment to ask for help and make choices for themselves
3. Their lack of confidence in their own ability to succeed and to make decisions
4. Their nervousness of failure and its implications on them and their families
5. Their lack of parental and familial support for taking the decision to become an entrepreneur
6. Their inability to address personal doubts about their business
7. Their inability to achieve a healthy work-life balance

Given these, if we are unable to reach into the soul of the entrepreneur to motivate them, give them confidence and empower them to take on the numerous challenges, overcome the many regional barriers and fight the normal storms of entrepreneurship, the investment made in all other areas of the ecosystem, particularly financial, will not produce a favourable and/or optimized return.

**So what human capital interventions and support can we provide the entrepreneurs who today have already been through their childhood, various education levels and are starting or have just started their entrepreneurial journey to enable them to be truly successful?**

# The Power of Mentoring is Being Acknowledged

When Mowgli was founded in 2008, the term ‘mentoring’ was not widely discussed nor understood. Our first major challenge was to raise awareness within the region as to the power of mentoring and the benefits that mentoring offers, for both the entrepreneurs and mentors. Today things have changed and mentoring is synonymous with the word entrepreneur. Mentoring has become extremely fashionable across MENA with various parties offering different types, platforms, scopes and levels of support, some of which include:

- Many of the large programs being funded by various organisations including UK's DFID and FCO, USAID, World Bank etc. have contained within their request for proposals, the development of human capital through mentoring
- Local organisations within the region have adopted local mentoring programs to support their entrepreneurs. Some examples would be Connect in Tunisia and Microfinance for Women in Jordan
- Middle East based investors have included forms of mentoring within their portfolio of activities such as Flat6Labs, Oasis 500, Wamda with their mix/mentor sessions and Centennial Fund utilizing YBI in Saudi Arabia
- A major component of Endeavor's value proposition revolves around their mentoring program for chosen potential high impact entrepreneurs
- Online mentoring is now being offered by organisations such as Cherie Blair Foundation and MercyCorps

Although each offers value to the entrepreneur, the predominant definition of the term “mentoring” is often used for coaching or providing advice, which is typically undertaken on a casual basis, or where the relationship is unsupported or virtual and where the human bond, which is required to develop a trusted relationship, is difficult to achieve. Based upon our impact data, to truly empower and nurture the entrepreneurs who are persisting against great odds, we strongly advocate, based upon our impact data, that mentoring is required to achieve the real benefits of nurturing human capital and to achieve the significant returns on entrepreneurial investment. In addition, the mentoring relationship has to be:

- Holistic, covering both the personal and business aspects of life
- Undertaken by trained mentors
- Supported, supervised and facilitated through the initial phase of its journeytrust-based, developed through deep human bonding



# Time for us to Change the Outlook

To achieve significant job creation and sustainable economic growth within the next decade, entrepreneurs who have already passed through their first three stages of development, need significant investment in the fourth stage of their development to make them investable and thereby given the opportunity to create sustainable businesses that employ growing numbers of people.

To overcome the lack of entrepreneurial culture cultivated during the first three stages of development, the significant barriers within the entrepreneurship ecosystem, the lack of economic structural reforms, we fundamentally believe that holistic mentoring relationships are at the very core of nurturing entrepreneurs in MENA.

Mowgli utilises an interesting formula that captures the essence of the challenge:

## **Capability - Interference = Performance**

We have been particularly surprised at the significant levels of interference existing in the lives of entrepreneurs within MENA and the extent to which the interferences significantly limit the performance of many entrepreneurs.

Whilst holistic trust-based mentoring develops the inner self, soul, confidence and empowers the entrepreneur's development of capability of risk-taking, mitigation and management, it further greatly enhances the reduction of these often crippling interferences.

**So what human capital interventions and support can we provide to today's entrepreneurs to give them the best chances of growth and thereby solve the employment and economic challenges, at the rate that is required today and thereby provide the highest Return on Entrepreneurial Investment (ROEI)?**

# The Mowgli Foundation

The Mowgli Foundation is an international UK headquartered award winning mentoring organisation that works with international and local governments, financial institutions, philanthropists and corporates globally to provide mentoring programs that empower entrepreneurs to drive economic growth and strengthen leadership.

Mowgli provides mentoring programs that inspire, connect and guide entrepreneurs and leaders to overcome life's personal and business challenges through the:

- Training and nurturing of mentors
- Strengthening of entrepreneurs and their businesses by matching them with a trained mentor in facilitated and supervised long term relationships
- Building of a global community of trained mentors and entrepreneurs that are able to access networking, learning and growth opportunities

Mowgli has an alumni with over 1680 members and has matched over 780 entrepreneurs with trained mentors in 14 countries; Algeria, Bahrain, Egypt, Jordan, Lebanon, Libya, Morocco, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, Yemen and the UK.

In 2016, the European Mentoring & Coaching Council (EMCC) awarded the European Quality Award (EQA) to Mowgli for its Mowgli Mentoring Experience (MME) program and in 2012, Mowgli received the Mohammed bin Rashid Award for Young Business Leaders Award for the 'Best Mentor Network in the Arab Region'



## Confidentiality

The information and methodologies outlined herein are proprietary and their expression in this document is copyrighted, with all rights reserved to Mowgli Foundation. Copying or distributing this material without prior permission from Mowgli Foundation is strictly prohibited.



# Endorsement

*“Economic stability leads to political and social stability. So helping entrepreneurs to flourish in the Middle East and North Africa region is of vital importance to the rest of the world. This report provides valuable background to what can be done – and indeed, what is being done – to address the issue. I recommend it as essential reading for policy makers, NGOs, corporations and international organisations of all kinds.”* - **Professor David Clutterbuck, 2016**


About David Clutterbuck: Founder of Clutterbuck Associates, Co-Founder of European Mentoring and Coaching Council, author of 60 books, Mowgli Trustee, regarded as one of the top 25 influential thinkers in the field of Human Resources by HR Magazine, considered the second top business coach in the UK by the Sunday Independent and visiting professor at York St. John, Sheffield Hallam and Oxford Brookes universities in the UK.




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