

Policy Brief

The Impact of Personality Traits and Personal Belief on Self-Employment in Qatar and Kuwait

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The Impact of Personality Traits and Personal Belief on Self-Employment in Qatar and Kuwait

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Key messages

How critical are the personality traits and personal beliefs of an individual in influencing the likelihood to assume the responsibilities, risks, and challenges of self-employment? This policy brief presents empirical evidence from Qatar and Kuwait on the roles of personality traits—internal locus of control, work and achievement, creativity and imagination, and perceived competition— and personal beliefs—religiosity— in labor market decisions. The discussion is based on the findings of our recent study (Bassil et al, 2024)¹, and the recommendations identified during the roundtable we organized in collaboration with the Qatar Chamber on “*self-employment and the socio-economic environment in Qatar and the region*”.

Our study argues that to improve employment opportunities, there is a need for a multidimensional approach. It offers solutions and recommendations tailored to Qatar and Kuwait’s specific economic and cultural contexts

- ✓ Personality traits like hard work, need for achievement, creativity, and imagination have a positive impact on employment status, especially self-employment.
- ✓ Internal locus of control has an inverse U-shaped relation with employment. This indicates that high levels of internal locus of control decrease the likelihood of self-employment.
- ✓ Perceived competition toward private ownership and the benefits of competition do not appear to impact employment decisions.
- ✓ High degrees of religiosity seem to be linked to a preference for more flexible work environments, which help employees achieve a better balance between their work and spiritual lives.

Background and context

This policy brief will discuss some personality traits that influence the employment decisions in Qatar and Kuwait. It does this while considering the distinct labor market challenges these Gulf Cooperation Council (GCC) countries face. For instance, an important challenge in these countries is the high proportion of foreign workers in the labor force. According to Elbanna and Fatima (2023), in most of the GCC countries, the workforce is constituted of at least 90% of immigrants. Both countries also

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have relatively young populations; in 2022, 40% of women and 52.7% of men in Qatar were aged between 20 and 40, while in Kuwait, these figures were 26.5% for women and 21.3% for men (World Bank, 2022). Furthermore, unemployment rates have increased, with Kuwait's rate rising from below 1% in 1991 to a peak of 3.5% in 2020.

To tackle these challenges, Qatar and Kuwait have taken several measures. First, they have introduced labor localization policies aimed at nationalizing public sector jobs and enforcing a quota system in the private sector, mandating that a specific percentage of employees be Qatari and Kuwaiti (Elbanna and Fatima, 2023). Second, they initiated ongoing educational reforms (Alhashem and Alhouti 2021), that aim to equip nationals with the necessary skills and to reduce immigration. The objectives of these reforms are three: i) bridging the knowledge and skills gaps between nationals and expatriates, ii) making national workers more competitive in the job market, and iii) increasing female participation in the labor force. Third, they developed national strategies (Qatar National Vision 2030 and the Kuwait Vision 2035) and launched government-supported initiatives (Qatar Development Bank, Qatar Business Incubation Center, Digital Incubation Center, Qatar Science and Technology Park, and the Kuwait National Incubator Network, Brilliant Lab, among others) in order to create a dynamic entrepreneurial environment. These public or semi-public organizations offer financing options, mentorship, training, and networking opportunities to nascent entrepreneurs.

These initiatives, as mentioned above, were implemented in order to improve employment prospects for the nationals, increase female labor force participation, and reduce reliance on expatriate workers. Yet a better understanding of how the personalities of Qataris and Kuwaitis affect labor market outcomes (i.e. employment and earnings) is necessary.

This policy brief explores how personality traits (e.g., internal locus of control, work and achievement, creativity and imagination, and perceived competition), as well as personal beliefs (e.g., subjective religiosity), are associated with various employment statuses, including unemployed-inactive individuals, part-time employment, full-time employment, or self-employment in both Qatar and Kuwait. Our results would assist policymakers in developing policies that leverage individual characteristics to encourage entrepreneurship (measured at the individual level by self-employment) in these countries as they undertake current and ongoing economic reforms.

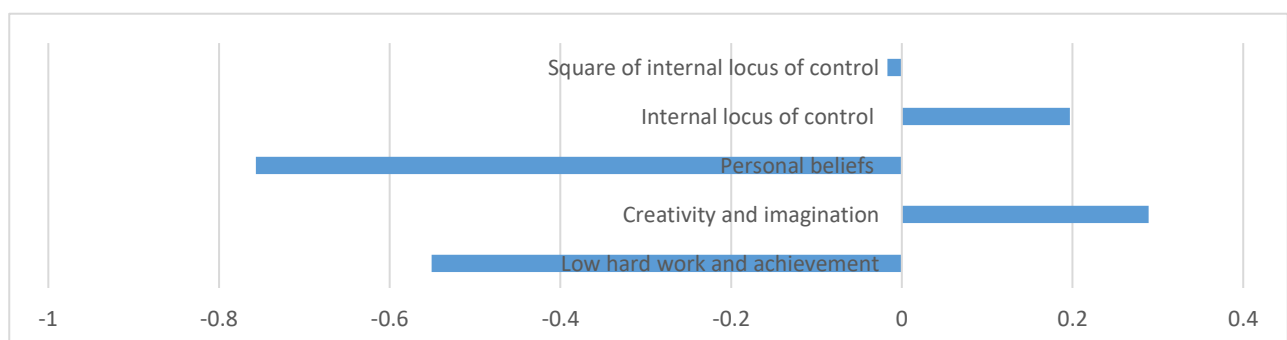
Previous research has shown that the need for achievement predicts entrepreneurial potential. For example, McClelland (1961) and Collins et al. (2004) found a positive correlation between the entrepreneurs' success and the desire to achieve. Moreover, the internal locus of control (the belief in one's ability to control their own destiny) is found to be an important determinant of entrepreneurial intentions and behavior (Beugelsdijk and Noorderhaven, 2005; Caliendo et al., 2014). Its impact varies as some studies found a positive effect while other studies showed no significant effect (Dinis et al., 2013). Innovativeness and competitive aggressiveness are other personality traits that are found to determine self-employment. Their impact can differ based on the economic, social, political, and cultural contexts (Alshebami and Ali Seraj, 2022; Lee-Ross, 2015).

The results in the literature regarding the potential association between religiosity and entrepreneurship are mixed and contingent on cultural and contextual factors (Wijaya, 2019; Alexandre and Kharabsheh, 2019). On one hand, many studies show a positive association between religiosity and entrepreneurial intentions. This implies that religious beliefs drive entrepreneurial activities (e.g., Ali, 2023; Wibowo, 2017; Gümüşay, 2015). On the other hand, other studies do not find any association between the two (e.g., Dougherty et al., 2013; Audretsch et al., 2013; Dougherty et al., 2019). These results are not specific to one religion but are observed across different countries and religious affiliations (Al Boinin, 2023). In general, the relationship between religiosity and entrepreneurship is complex: studies show that religiosity can either support or hinder entrepreneurial endeavours. Overall, there is evidence that both personality traits and personal beliefs are critical in shaping employment outcomes, but their effects can be multifaceted and context-dependent.

Research findings and implications

We estimate an ordered logit model using data from the sixth wave of the World Values Survey for a sample of 1981 adult citizens aged 16 years and older. The variables' definitions can be found in the table in the appendix, and the detailed statistical results are discussed in Bassil et al. (2024).

Figure 1: The impact of personality traits and personal beliefs on employment



As illustrated in Figure 1, our findings indicate that “*low levels of hard work and achievement*” adversely affect higher employment statuses, such as self-employment. Conversely, “*creativity and imagination*” have a positive impact, suggesting that individuals possessing these traits are more likely to secure or generate better job opportunities. The “*internal locus of control*” shows that those who believe they control their own fate are somewhat more inclined to attain higher employment status. However, the negative coefficient for the squared term of internal locus of control suggests that this effect diminishes at higher levels. The existence of such a nonlinear relation can be attributed to the economic stability of Qatar and Kuwait, and the job security in the public sector. In fact, citizens of these two countries are offered substantial social benefits and strong government support, which would reduce their perceived need for self-employment as a means of economic survival. Moreover, government policies in these countries promote secure public sector jobs aligned with the communitarian culture that values family and social status. Finally, the perception of the respondents regarding competition does not have any significant impact on employment status. On the other hand, personal beliefs negatively influences higher employment status, which could be due to contextual factors like a preference for a flexible work environment, which would help employees to achieve a balance between work and spiritual life.

Figure 2: Marginal effects calculated at the mean values of the variables

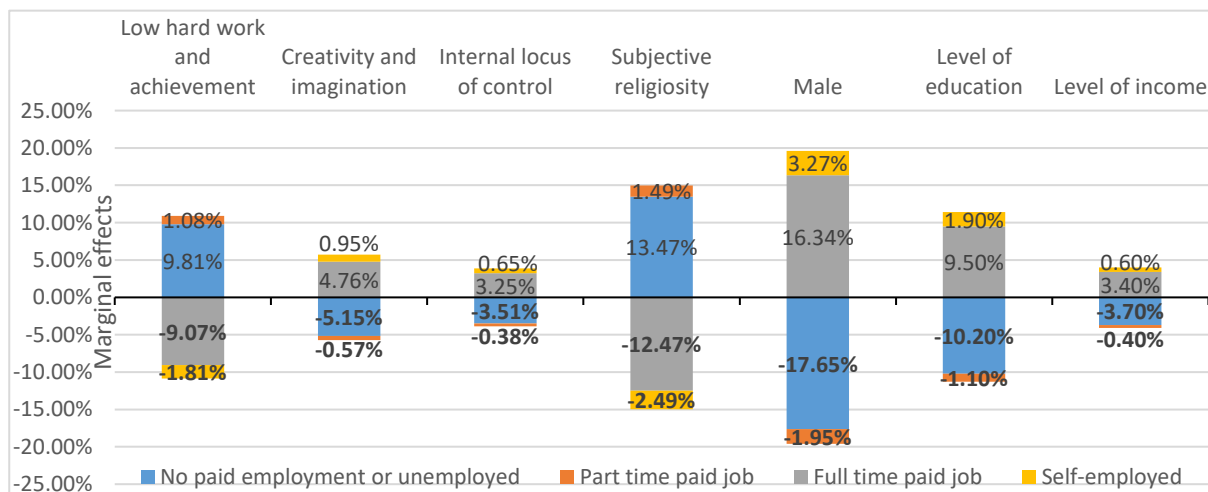


Figure 2 shows the marginal effects of some predictors on employment statuses. Marginal effects are the changes in the probability of being in a specific category of employment status caused by a one-unit change in an independent variable (holding all other variables constant). They help to interpret how changes in a variable affect the likelihood of each possible outcome of employment. A positive marginal effect for a specific category means that an increase in the independent variable increases the probability of being in that category. For instance, a higher level of “creativity and imagination”, “internal locus of control”, “level of education” and “level of income” increases the

likelihood of being in full-time employment and self-employment. Moreover, men are more likely to be self-employed compared to women.

A negative marginal effect indicates that an increase in the independent variable decreases the probability of being in that category. For example, a “low level of hard work and achievement” decreases the probability of self-employment by 1.81% and full-time employment by 9.07%.

We notice from Figure 2 that the personality trait that leads to the highest probability of self-employment is hard work and achievement.

Recommendations

Our findings suggest several policy recommendations that could enhance employment outcomes in Qatar and Kuwait.

- ✓ Address gender disparities by implementing actions that equip women with the resources and the training necessary to become entrepreneurs and succeed in business. Empower women to cultivate entrepreneurial traits in their children from an early age. To further support women, it is important to offer flexible work arrangements and childcare support such as providing parental leave, on-site childcare facilities, and flexible/remote working hours. These actions will help women balance their family responsibilities with their professional objectives.
- ✓ Enhance education and training programs in order to improve employment outcomes. Governments can hence expand access to quality education, vocational training programs, and lifelong learning opportunities. This will help workers stay up to date in a very dynamic job market and a rapidly changing work environment. Additionally, fostering an entrepreneurial mindset in students from an early age is essential. This can be done by integrating financial literacy, entrepreneurial and business courses into curriculums and employing hands-on teaching methods. These actions will equip students with critical thinking skills and boost their internal locus of control, which will better prepare them for the future challenges and opportunities in the job market.
- ✓ Encourage creativity and innovative thinking from an early age.
- ✓ Foster personal empowerment and self-efficacy via initiatives like goal-setting workshops and performance recognition programs. These initiatives will help individuals in developing confidence in their ability to shape their career paths. These programs encourage people to believe in their capacity to influence their professional outcomes, leading to greater motivation and success.

- ✓ Address the entrepreneurial challenges such as the low awareness of business opportunities beyond the real estate sector and the rent-seeking activities, the difficulties in obtaining financial support, and the bureaucratic hurdles for business creation.
- ✓ Consolidate public-private partnerships to encourage collaboration, coordination, and knowledge sharing among various stakeholders. The private sector should receive the necessary support to achieve the national objectives. Universities should equip students with market-relevant skills, particularly digital competencies.
- ✓ Offer pre-retirement planning and part-time work opportunities for older workers. This can help them maintain their engagement in the workforce.
- ✓ Fostering an entrepreneurial culture is important, given the positive impact of creativity and imagination on employment status.
- ✓ Design employment programs that respect diverse religious and cultural backgrounds and encourage workplaces to promote inclusivity and diversity.

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Table 1: Definition of the variables

<i>Employment status</i> is an ordinal variable and captures four different job categories (1 = no paid employment or unemployed, 2 = part time paid job, 3 = full-time paid job, 4 = self-employed).
<i>Internal locus of control</i> is measured through a ten-point Likert scale answer to the following question: "how much freedom of choice and control do you feel you have over the way your life turns out?" (1 = none at all, 10 = a great deal).
<i>Subjective religiosity</i> is a binary variable, where respondents indicate whether they consider themselves religious in response to the question: "do you consider yourself a religious person?"
<i>Creativity and imagination</i> measured as a dummy variable equals to 1 if the respondent considers "imagination" a quality that children can be encouraged to learn at home, 0 otherwise.
<i>Perceived competition</i> by the respondents toward private ownership and the benefits of competition. It is measured using two ten-point Likert scale questions: i) "how would you place your views on this scale? 1 means you agree completely with the statement on the left (private ownership of business and industry should be increased); 10 means you agree completely with the statement on the right (government ownership of business and industry should be increased)", and ii) "how would you place your views on this scale? 1 means you agree completely with the statement

on the left (competition is good); 10 means you agree completely with the statement on the right (competition is harmful)".

Hard work and achievement measured using the following question: i) "for work, indicate how important it is in your life" (1 = very important and 4 = not at all important).

A gender dummy variable, age (in years) and its square term, number of children in the household, the individual's level of education (equals 1 for low-level of education, 2 for middle-level of education, and 3 for upper level of education), level of income (equals 1 for low-level of income, 2 for medium-level income, 3 for high-level income), and marital status (three dummies are considered: i) married = 1, 0 otherwise; ii) divorced = 1, 0 otherwise; and iii) widowed = 1, 0 otherwise).