



CASE STUDY

Educating Students for Jobs, Stability, and Growth

Luminus: Transforming Vocational Education in Jordan

January 2018

ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on leveraging the power of the private sector to tackle the world's most pressing development challenges. Working with private enterprises in more than 100 countries, IFC uses its capital, expertise and influence to help eliminate extreme poverty and promote shared prosperity.

ABOUT THE CASE STUDY

Expanding access to quality and affordable education is a central element to eliminating extreme poverty and promoting shared prosperity. In developing countries, private education providers play a critical role in the delivery of education, skills, and training that is affordable and relevant to the needs of the labor markets.

IFC's focus on inclusive business looks specifically at companies that expand access to goods, services, and income-generating opportunities for people living at the base of the pyramid. By combining purpose with profit, inclusive businesses redefine business-as-usual.

IFC's education and inclusive business practices jointly develop case studies that highlight success stories in education related to scale, skills, and affordability and to reaching those who are under-served.

WRITTEN BY

The case study was written by Piya Baptista and Kathleen Mignano with valuable inputs from IFC colleagues Ann Casanova, Deea Ariana, Elena Sterlin, Eriko Ishikawa, Mohammed Ali Khan, Rasmiya Masoud, Salah-Eddine Kandri, and Toshi Masuoka.

ACKNOWLEDGEMENTS

A special note of appreciation is extended to the entire team at Luminus, especially Ibrahim Al Safadi (Chief Executive Officer) and Amanda Kelleher (Director, International Education), for taking the time to provide insights on the company's journey thus far. Without their input, this case would not have been possible.

Thanks to David Lawrence for copy editing support and Groff Creative for the design.

DISCLAIMER

The findings, interpretations, views and conclusions expressed herein are those of the author and do not necessarily reflect the views of the Executive Directors of the International Finance Corporation (IFC) or of the World Bank or the governments they represent. While IFC believes that the information provided is accurate, the information is provided on a strictly "as-is" basis, without assurance or representation of any kind. IFC may not require all or any of the described practices in its own investments, and in its sole discretion may not agree to finance or assist companies or projects that adhere to those practices. Any such practices or proposed practices would be evaluated by IFC on a case-by-case basis with due regard for the particular circumstances of the project.

RIGHTS AND PERMISSIONS

© International Finance Corporation 2018. All rights reserved.

The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law.

PHOTOS

© Luminus Education Group



Table of Contents

- 1** Introduction
- 4** Recognizing a Need
- 6** Enhancing Al Quds College
- 7** Embarking on a Transformation
- 8** Implementing the E4E Philosophy
- 13** Influencing and Adapting to Policy Change
- 14** Addressing the Refugee Crisis
- 16** Moving Forward



Luminus Education Group

Country: Jordan

Sector: Education

IFC Investment: \$8.8 million

Youth unemployment rates in the Middle East and North Africa region—currently 31 percent—are the highest in the world.¹ For female youth in the region, the figure rises to 48 percent. Along with the need for more jobs, a major factor is the mismatch between the type of skills being taught in the classroom, which are largely theoretical, and those required by the private sector.² In Jordan, the Luminus Education Group is addressing this issue with support from IFC.

Universities in Jordan graduate thousands of students every year, adding significantly to the staggering number of young job seekers—the Department of Statistics of Jordan reports that 51 percent of youth between the ages of 15 and 24 were unemployed in 2016. Syrian refugees, who make up an estimated 10 percent of Jordan's population,³ are also in need of employment. Many are youth whose education was abruptly interrupted by the conflict in their home country.

Those graduates fortunate enough to complete their degrees are often insufficiently prepared for the workplace.⁴ Most universities do not assist graduates in finding employment, contributing to an unemployment rate of 25 percent for university graduates.⁵

Moreover, students are largely unaware of the talent the private sector demands or the salaries they might expect, as there are few links between education institutions and private sector employers.

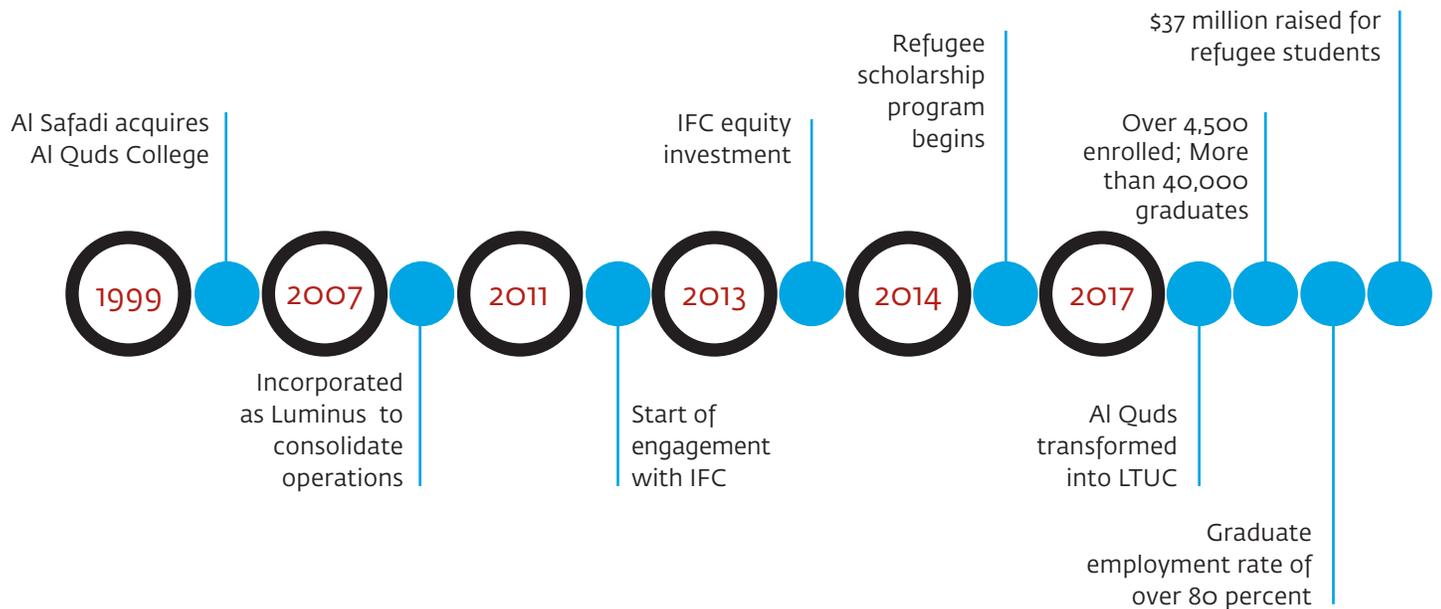
Technical and vocational education and training (TVET) are designed to provide the skills needed for employment. But, in Jordan, TVET programs are less prestigious and suffer from a perception of low quality. As a result, most high school students scoring well enough on the national exit exam, the *Tawjihi*, and who have sufficient financial resources, enroll in traditional degree programs at universities.

EMPLOYABILITY CHALLENGES FACING JORDAN'S YOUTH

- **Theoretical rather than practical education**
- **Few options for specialized, job-oriented fields of study**
- **Women encouraged to enroll in traditional areas (e.g. arts and humanities) which limits employment prospects**
- **Inadequate development of soft skills**
- **Insufficient links between education institutions and private sector employers**



Figure 1: Key Milestones in Luminus's History



Luminus Education (Luminus) aims to change the perception of TVET by providing high-quality, market-oriented programs. It recognizes that equipping Jordanian youth with vocational skills is important for both economic and security reasons. Luminus was founded by the Al Safadi family, with the father, Issaq Al Safadi, as Chairman, and his son, Ibrahim Al Safadi, as CEO. Its main subsidiary is Luminus Technical University College (LTUC), the market-leading TVET provider in Jordan.

Luminus's goal is that its programs lead to job security, social stability, and economic growth. Toward this end, Luminus provides 50 accredited programs in 12 areas of academic specialization including business, information technology, creative media, engineering, health and safety, construction, medical professions, and English language at three campuses in Jordan and one in Iraq. In addition to serving students, Luminus provides skills training for public and private sector employees in the region.

WHAT IS THE TAWJIHI?

The *Tawjihi* exam is Jordan's national exit exam which is taken by students during their last year of high school. It determines a student's options for post-secondary education. Students who achieve high scores in the exam may apply to degree programs at public or private universities. Those scoring above a lower cut off may pursue diplomas at a community or vocational college.

Luminus has made headway on its mission to change the negative stereotype often associated with vocational education. Today, more than 50 percent of the students enrolling in Luminus have scored high enough on the national exit exam to apply to other universities, but choose instead to attend Luminus due to its reputation for high quality, job-relevant education.

A Luminus Story: Yassin's Journey

When 21-year old Yassin Al Khatib first arrived at LTUC he knew it would be a good place to study. The facilities were spacious and modern and the career department engaged with him early on to help him identify a career path in hotel and restaurant management.

As the youngest of five children with unemployed parents, Yassin knew he had to find a job. Two years into his program and a few months prior to graduation, the career department helped Yassin prepare for interviews, including how to talk to employers and the importance of body language. It also helped him to become more aware of his strengths and weaknesses and connected him to potential employers. After a three-staged interview process, Yassin secured a job with the Four Seasons Hotel as a food server. "The training we receive here helped me learn a lot about myself, both good and bad, which helped very much when it came to getting a job and keeping it," he said.

Yassin also attributes his success in finding a job to Al Quds's emphasis on both academics and practical skills, including critical thinking and the English language. "Working in the real world is very different from an academic way of life," he said. "In real life, you need to be aware of your surroundings and be able to think critically, which I've learned here."



“Working in the real world is very different from an academic way of life.”

As of 2017, Luminus has graduated over 40,000 students who come from 23 countries and has an employment placement rate of over 80 percent. Luminus's current enrollment stands at more than 4,500 with students ranging in age from 16 to 45. Its student body mainly comprises youth from low- to lower-middle income households in Jordan. LTUC also educates young refugees from Syria residing in Jordan.

RECOGNIZING A NEED

Ibrahim Al Safadi had worked for his family's wood trading business in Saudi Arabia from a young age, which helped him to develop a good sense of the skills needed to succeed in the real world. Realizing he was not developing practical and marketable skills at his university in Jordan, Al Safadi dropped out of university and started his long journey to promote vocational education, which he believed could change the career prospects of youth.⁶

At the time, Al Safadi's father owned a share of Al Quds, a private community college in Amman that offered two-year vocational diploma programs. Al Safadi began working in the maintenance department, eventually rotating through other departments to gain experience. He became convinced he could improve the state of education and administration at the college.

By 1999, Al Safadi's father became the sole owner of Al Quds. With the change in ownership, the younger Al Safadi was appointed Supervisor for Transformation. He started improving key functions such as administration, finance, and maintenance, but his main focus was developing programs that equipped students for the job market. Furthermore, he wanted to create a holistic educational experience for students, encompassing both personal and professional development.

BOX 1. LUMINUS EDUCATION



As Al Safadi expanded into various lines of business, Luminus Education was incorporated in 2007 to consolidate the operations of Al Quds and the various other education-related organizations founded by the Al Safadi family. Education-focused subsidiaries within Luminus Education offer vocational and technical education, skills development, creative media, and language solutions. Today, there are around six organizations under this entity which serve students, corporations, and the government.





Luminus's Value Chain

An Overview of Challenges and Solutions



Value Chain

Procurement & Product Development

Distribution

Marketing & Sales

Customer Service



Challenges in providing employment-focused education

- Mainstream education theoretical and not market relevant
- Insufficient emphasis on personal development
- No linkages to employers

- Influx of refugees
- Limited availability of qualified teachers

- Negative perception of vocational education
- Poor understanding of potential vocations
- Refugees and lower-income students have limited funds
- Limited student financing

- High youth unemployment rate



Luminus's Solutions

- Offers market-driven vocational programs
- Localizes internationally recognized curriculum
- Equips students with soft skills
- Nurtures students' entrepreneurship capabilities
- Engages directly with the private sector

- Operates branches in areas with many refugees
- Offers distance learning programs
- Hires industry professionals as teachers
- Implements teacher training

- Raises awareness and advocates for enabling policies
- Meets national and international education standards
- Offers state-of-the-art facilities
- Provides scholarships and loans
- Creates flexible schedules for working students

- Supports students throughout their journey to employment
- Engages directly with parents to resolve workplace concerns



ENHANCING AL QUDS COLLEGE

In the early 2000s, Al Quds began to take steps to address the negative image of vocational education held by students and parents alike. The college also wanted to counteract the prevailing cultural tradition of pursuing a university, regardless of the employment prospects. To achieve this, Al Quds would need to better align its offerings to meet the skills and fields demanded by the market. Toward this end, Al Quds:

- **Established demand-driven vocational programs:** For example, through collaboration with players in the creative media sector Al Quds responded to private sector demand for people skilled in graphic design and photography. To find experts to deliver these programs, Al Quds hired top experts from the industry as full- and part-time lecturers. Such a proactive, collaborative approach with the private sector was new to Jordan.
- **Offered first-of-its-kind career counseling to students:** Al Quds launched a Career Advising Department to help students select fields of education

with strong employment prospects. This was the first time that such a service had been offered in a college in Jordan.

Al Quds also began offering training programs to employees to gain new skills. By working with the Jordanian government, for example, Al Quds demonstrated that it could enhance the computer skills of more than 3,000 government employees through internationally accredited programs in technology. Following this project, the government required all government employees to undertake technology training—a positive step for the image of vocational training.

Seeking to further transform the image of vocational education and attract more students, Al Quds sold its old campus and used the capital plus new loans to invest in a new facility. By 2007, the college was housed in a 40,000 square meter state-of-the-art campus on the outskirts of Amman. The new campus reinforced the perception that vocational education could be high quality, which helped change the mindsets of both parents and students.

E4E: REALIZING ARAB YOUTH POTENTIAL



EMBARKING ON A TRANSFORMATION

By 2011, Luminus had successfully grown Al Quds into a leading community college for vocational education. Enrollment in the college had increased tenfold over the previous decade, with international students comprising nearly 30 percent of the total.

However, there was still room to tap opportunities in Iraq, Libya and elsewhere within the region. Luminus needed a strong financial partner with both regional and global experience to scale from 3,000 students at the time to between 10,000 and 20,000 students—a level that would achieve full capacity and thus make operations profitable.

A year earlier, IFC and the Islamic Development Bank had launched the Education 4 Employment Initiative (E4E) to bring public and private partners together to improve the quality and relevance of students' skills to increase their chances of employment. In 2011, the initiative published its seminal report, [Education for Employment: Realizing Arab Youth Potential](#), which provided a roadmap for developing an employment-driven education sector in the region, outlined investment opportunities for the private sector, and issued a "call to action" for a wide range of stakeholders.

BOX 2. INVESTMENT BY IFC



IFC's engagement with Luminus around the E4E Initiative eventually led to an \$8.8 million equity investment by IFC in 2013 as well as an investment by Swicorp, a Saudi-based private equity firm. From IFC's perspective, it saw a company that had a passionate CEO and objectives that closely aligned with IFC's own to promote employment-focused education in the region. Luminus would be IFC's first investment in the E4E space. From Luminus's perspective, IFC would bring long-term capital not readily available in the market that would help strengthen the company's balance sheet as it expanded. The investment also gave Luminus a "stamp of approval," enabling the company to mobilize financing from other investors and engage with a wide variety of stakeholders.

But satisfying IFC's investment requirements was not easy for the young company. One reason for this—common to many family-based businesses—was IFC's requirement for corporate governance. Luminus implemented several measures including developing a succession plan, documenting procedures, and increasing independent board membership. It brought on additional senior-level management to help make the company more systems-driven. These and other changes enabled Luminus to transition from a family-based business into an institution with a robust, transparent, and accountable structure—putting it in a good position to attract future investors and partners.