

**Business Services Sector:  
Management Consulting Services  
Sub Sector**

**Trade In Services  
Benchmarking Study**

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## 1.0 Research

### 1.1 Previous Research

No substantial previous research has been done on the management consulting sector. However, there is a brief paper titled “Integrating the Jordanian Industrial Sector and Management Consulting Services in a New Era”<sup>1</sup>

### 1.2 Current Research

This study aims to identify the relevant legislation, economic opportunities and the business and legal restrictions facing trade in services in the field of management consulting in Jordan in regard to the four modes of supply defined by GATS.

The data presented and analysed in this report was collected through the following measures:

- Desk research conducted to achieve:
  - A better understanding of various free trade agreements to which Jordan is a signatory.
  - A better understanding of different modes of supply of trade-in services.
  - Review of the Jordanian commercial law pertaining to the management consulting sector.
- Interviews with practicing lawyers to better understand the practical application of commercial law with regard to the management consulting sector as part of the services sector.
- Personal face-to-face or telephone interviews with local private sector Jordanian companies and multinational companies operating in Jordan.
- Assessment of the companies registered with the Companies’ Control Department/ Ministry of Industry and Trade to identify the number of foreign investors involved in management consulting compared to their Jordanian counterparts.

Current research results of the management consulting sector in Jordan are outlined in the following Sector Analysis section.

Information and statistics specifically pertaining to the management consulting sector in Jordan cannot be obtained as the sector is categorised under the “services sector” which comprises the largest sector in the Jordanian economy. Therefore, singling out statistical data regarding management consultancy from reliable sources such as the Department of Statistics (DOS) or the Companies Control Department (CCD)/ Ministry of Industry and Trade (MIT) has to be substituted for through conducting interviews with knowledgeable players in the industry.

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<sup>1</sup> The author is Dr. Ghaleb Abbasi-Associate Professor, Industrial Engineering Department and Outreach Consultation Unit Director, Faculty of Engineering & Technology, University of Jordan, Amman-Jordan. Due to the special focus of the paper on the link between the Jordanian industry sector and the increasing necessity for management consulting services, the paper is not discussed in this report

## 2.0 Sector Analysis

### 2.1 Sector Context

Management Consulting services, the subject of this study, are comprised of the following classes:

- General management consulting services
- Financial management consulting services
- Marketing management consulting services
- Human resources management consulting services
- Production management consulting services
- Public relations services.

The General Management Consulting Services class, for example, is defined as follows: Advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation. More specifically, general management consulting assignments may deal with one or a combination of the following: policy formulation, determination of the organisational structure (decision-making system) that will most effectively meet the objectives of the organisation, legal organisation, strategic business plans, defining a management information system, development of management reports and controls, business turnaround plans, management audits, development of profit improvement programmes and other matters which are of particular interest to the higher management of an organisation.

Financial management, marketing management, human resources management, production management, and public relations services are self-explanatory in terms of their definition as are industrial development consulting services and tourism development consulting services.

Management consulting is a sub-sector of the services sector, the largest contributor to the GDP in Jordan. The distinguishing attributes and features of management consulting have, more often than not, been overlooked as sub-sector was always viewed through the large lens focused on the services sector as a whole.

In order to develop a national perspective, one has to look the other way at the worldwide market for management consultancy which is currently worth over US\$100 billion, having grown from less than US\$10 billion over the last decade. Approximately one tenth of that work is generated by UK based consultancy firms. The UK and Germany are by far the largest markets in Europe, each representing 27% of the total. In third place, France represents 16% of the total European market of 47.5 billion Euros. IT and outsourcing related consulting account for half of all fee income.

In addition to the continuing consolidation among the largest players in management consultancy, the market is witnessing the emergence of a number of niche consultancy firms working in specific sectors or offering a particular type of consultancy. Whilst lacking the global reach and technological resources of the big firms, they are able to offer more competitive rates and deep vertical expertise. The big firms are also facing increasing competition from offshore IT service providers who have access to a highly skilled but low cost work force.

As clients look for integrated solutions to their management and IT requirements, many consultancy firms are entering into alliances with software suppliers, telecoms or communications conglomerates in order to provide a broader range of services and to extend their global reach.<sup>2</sup>

In Jordan, the management consulting sector is but a small sub-sector of the services sector and is estimated to contribute around 0.7% to the GDP; or in absolute terms the sub-sector contributes close to US\$140 million to the total GDP of US\$19 billion<sup>3</sup>. This contribution is negligible considering the fact that the services sector provides 86.3% of the GDP and employs 82.5% (2001 est.) of the labour force.

No consensus on the total number of management consulting companies was reached during interviews with senior management consultants and partners who have extensive knowledge of the industry. Average estimates float between 70-150 firms that provide MC services<sup>4</sup>.

### **Jordanian Management Consulting Firms**

Jordanian-owned companies are regarded to be among the top regional players that enjoy a good reputation due the high-quality and credible services they deliver, merely based on their client satisfaction that is propagated by word of mouth in management consulting circles. There exists no scale for ranking or benchmarking these companies relative to one another due to the fragmented nature of the sector, the lack of adopted standards within and across the sector (certification/ accreditation by the association of International Management Consultants-Jordan is not mandatory for its members) and the non-existence of knowledge sharing within the industry especially regarding matters that are perceived as private and confidential such as revenue, size, etc.

According to sub sector participants interviewed for this study, the following firms are considered the top five management consulting firms in Jordan:

**MMIS Management Consultants** A Consulting Services in Jordan. Established in 1988, MMIS today has a staff of over 80 professionals and administrative personnel who are supported with associated experienced local and international consultants. Projects and clients cover local, regional as well as international markets including Saudi Arabia, UAE, Kuwait, Bahrain, Lebanon, Syria, Egypt, Tunisia, Morocco, Libya, Sudan, Iran, Iraq, Yemen, Palestine (West Bank and Gaza), USA, Canada, Hong Kong, Indonesia, Turkey, Greece, and former USSR. MMIS has concluded over 1,000 assignments for around 300 local, regional and multinational clients.

**Philadelphia Consulting Group** Established in 1996, branched off from Amman, Jordan as an urban nucleus of the region. Philadelphia Consulting Group, providing advice and consulting services to businesses in Jordan, Saudi Arabia, Egypt, Qatar, Syria, Libya and the UAE. The company has offices in Amman and Riyadh, Saudi Arabia.

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<sup>2</sup> <http://www.mca.org.uk/MCA/AboutUs/TheIndustry.aspx>

<sup>3</sup> Based on interviews with the last 5 senior consultants listed in the table in Annex I

<sup>4</sup> Based on interviews with the last 5 senior consultants listed in the table in Annex I

**Talal Abu-Ghazaleh & Co. Consulting** (TAG-Consultants) has offered local and international clients consulting services for 33 years. TAG-Consultants assist clients with business and management decisions within the areas of its expertise. These areas are: Strategic Studies, Financial Evaluation and Structuring, Market Research, Business Planning, Business Valuation, Administrative Systems, Organization and Methods, HR consulting, Economic & Environmental Studies, Professional Training, Project Development Management, Management Information Systems (MIS), Mergers and Acquisition, Automated Documentation Systems, Recruitment Services, Total Quality Management & ISO 9000, Environmental Management Systems ISO 14000, and CE Marking. The company has 19 offices across the Arab world.

**Deloitte & Touche Middle East** is a member firm of Deloitte Touche Tohmatsu (DTT). Deloitte & Touche Middle East-Jordan was registered at the Companies' Control Department/ Ministry of Industry & Trade (MIT) as a limited liability Jordanian company in 2002. The company has three partners: Deloitte & Touche Middle East with a JD50,000 in capital equity and two individual Jordanian partners with a capital share of JD25,000, each.

Although the Deloitte& Touche Middle East firms in Jordan, Lebanon, UAE, etc. are separate legal entities there exists a large measure of liaison amongst them<sup>5</sup>. The Jordan firm caters to a larger market than its Lebanese counterpart. On the other hand, the Jordanian market is dwarfed by the size of the UAE market, yielding revenues in the vicinity of 33% of the revenues yielded by D&T in Dubai.

**Excellence, Inc.** is based on the Centers of Excellence (COE) programme and was created, as a not-for-profit organization, to further COE's efforts in supporting private sector- driven economic growth. The concept was derived from two years of experience working closely with government and private institutions in Jordan, and was further developed into a system for working with government agencies to encourage them to aspire to excellence in leadership, management, and operations. Launched in 2002, the COE initiative developed a clientele of eight government and quasi-government institutions, assessed them, and gained their active participation in the implementation of the excellence methodology.

The COE programme was created by the United States Agency for International Development (USAID) through its highly successful economic opportunities project, AMIR Programme. Excellence, Inc. was created to sustain the initiative beyond the AMIR Programme and to broaden its target market to include private firms, business associations, and other institutions inside and beyond the borders of Jordan.

**Arab Advisors Group**, a member of the Arab Jordan Investment Bank Group, is a specialized research, analysis and consulting company focused on the communications, media, technology and financial markets throughout the Arab World (MENA) region. Arab Advisors Group scope of services includes providing primary research based analysis, market sizing forecasting, the competitive landscape, the regulatory landscape, market research, technology developments, market opportunity and risk assessments. The Arab Advisors Group is locally present in Riyadh (Saudi Arabia) and Dubai (United

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<sup>5</sup> Information about Deloitte & Touche Middle East-Jordan was obtained through an interview with Mr. Ramzi Qushair-Director-Consulting, on 3<sup>rd</sup> December 2008

Arab Emirates) through strategic associations. The group has conducted a number of national cellular-users surveys and Internet users and e-commerce surveys.

**Leading Point Management Services Company** is a UK based consulting firm serving the clients in the UK and Europe. Leading Point helps companies in developing their future strategy and ongoing expansion and growth strategy by capitalizing on their brands, products and partners. The company operates in KSA, Jordan, Syria, Qatar and the UK.

### **Sector Characteristics**

By studying the data provided by the Companies Control Department (CCD), where registration of all companies is mandatory, on its website, it is interesting that the sector has different size operators as reflected by the wide range of capital of the different companies (JD1000-JD3, 000,000). Working capital in accordance with expert survey is between JD 50,000 – 3,000,000. For accuracy of assessment of the climate of the management consulting sector in Jordan, one has to be armed with the following information:

- Consulting services in the different disciplines (management, financial, human resources, etc.) are treated the same without distinction of one sub-sector from another. Therefore, concessions and/or restrictions imposed by the government on management consulting companies are the same across all sub-sectors.
- More often than not, large management consulting firms, as can be inferred from the CCD website, conduct a spectrum of activities beside management consulting and it is hard to determine the weight of each of these activities which considerably affects the specific data related to management consulting.
- Many small and medium consulting companies, the size being inferred from the company's working capital, run multidisciplinary consulting activities in management, marketing, financial, etc.
- Another important element is the fact that a number of individual management consultants may be free lancing their services to clients without being registered with the Companies Control Department which again adds to the difficulty of accurate assessment and evaluation of the information.



**Table 1: No. of companies registered in CCD by consulting sub-sector/ specialization during the period Jan 1980-Nov 2008**

Consulting sub-sector (Search Keyword entered on CCD website)	No. of companies Registered
Consulting	500+
General Consulting	-
Consulting Services	7
Management Consulting	2
Economic Consulting	101
Marketing Consulting	-
General Consulting	-
Financial & Tax Consulting	199
Human Resources' Consulting	-
Public Relations Consulting	-
Industrial Consulting	-
Social Consulting	-
Development Consulting	-
Commercial Consulting	211
Market Research Studies	9
Technical Consulting	3

Source: Companies' Control Department website ccd.gov.jo

In order to analyze the profile of foreign investment in the Jordanian management consulting sector, information pertaining to the services sector as a whole has first to be considered, partly due to the absence of sub-sector specific statistical information.

The highlight of the findings is that by comparing "registered foreign capitals" with "registered Jordanian capitals" in companies in the services sector, over the last ten years (1999-2008) the following results were yielded:

- The mean (average) % of the number of foreign companies registered compared to that of Jordanian companies is around 1%
- The mean (average) % of the capital of foreign companies registered compared to that of Jordanian companies is 7.7%.

Foreign participation in the services sector in Jordan achieved its peak in 2005 when 128 companies with a total foreign capital of JD36.3 million were registered. In the same year, 7488 companies with a Jordanian capital of around JD661 million were also registered hitting an all-time high in terms of capital.

**Table 2: Companies registered in the Services Sector by nationality of capital (1991-2008)**

Services Sector	Total Shares (JD)	No. of Partners
<b>Jordanian Capital</b>	1,714,354,940	54,636
<b>Arab Capital</b>	714,816,731	2,438
<b>Foreign Capital</b>	94,947,808	575

Source: Companies' Control Department website ccd.gov.jo

Over the past ten years, many management consulting companies were registered in Jordan, mainly in Amman. Overall, these companies have a starting capital between JD1,000-JD100,000 and most operators have an average capital of JD30,000. Starting capitals of JD200,000 and even JD3,000,000 also exist, as can be seen on the Companies' Control Department's website. The larger capitals usually belong to financial consulting companies (one such company has a capital of JD3,000,000) and IT management consultancies, followed by other categories such as human resources and marketing management. Industrial consulting companies also have a high starting capital but they are few. It is interesting that many companies do not specialise in a particular sub-sector of consultancy but offer multi-disciplinary consulting/ advisory services.

For regulatory reasons, many companies cite a list of activities at registration to grant themselves flexibility in conducting activities and providing potential services that they might opt to offer at a future date. Consulting companies are no exception in this regard and many of them cite a panorama of consulting specializations - (investment, marketing, management, economic& social and commercial consulting for example) in addition to other activities such as audit, import & export, commercial agency, etc. - at registration to avoid running into regulatory offences later on.

As for foreign operating companies that have established branch offices in Jordan, it is interesting to note that no such companies were registered in Jordan before 1990 which goes to confirm that foreign participation in the management consulting sector is still in the infancy stage in the Jordanian market. The data collected from the Companies Control Department is tabulated below.

**Table 3: Foreign Operating “Management Consulting Companies” registered in Jordan by number of companies and year of registration (1970-2008)**

Year	No. of Foreign Operating Consulting Firms	Year of Registration
1970-1979	-	-
1980-1989	-	-
1990-1999	4	1990, 1990, 1990, 1995
2000-2008	4	1999, 2002, 2004, 2004

Source: Companies' Control Department website [ccd.gov.jo](http://ccd.gov.jo)

According to the CCD, four foreign operating consulting firms were registered in Jordan in the 1990-1999 year span. These companies are still registered and operational but in light of the absence of management consulting standards in Jordan and the unavailability of the data necessary for benchmarking firms within the sector, the performance of these foreign operating firms is hard to gauge. The four firms are:

- Ernst & Young (advisory services)
- Dar Al-Handasa Consultants- (Shair & Partners) (consultants & engineers)
- Hunting Technical Services Ltd. (development consulting services)
- CDM International Inc. (global consulting, engineering & construction)

Four other foreign operating consulting companies were registered in 2000-2008:

- AMEC E&C Services Ltd. (construction management consulting)
- Kentz Overseas Ltd. (management consultants (project management & engineering design)
- Jurong Consultants PTE Ltd. (consulting & construction/ India)
- Project Analysis& Control Systems International (engineering consulting services).

It is evident from the “aim of the company” entry on the CCD website that all the foreign consulting companies that established commercial presence in Jordan in the past four decades offered consulting and advisory services on the fringe of their main area of specialisation which is primarily construction and engineering.

**Workforce Profile and Salaries** Information about the salary scale in the Jordanian market is crucial to understanding the general business and employment environment in the country. The following tables show these numbers

**Table 4: The Monthly Wages and Salaries average for Paid Workers in the Private and Public Sectors during 2000-2006<sup>6</sup>**

Year	Average of monthly paid/ JD
2000	226
2001	232
2002	240
2003	244
2004	242
2005	262
2006	280

Source: [www.dos.gov.jo](http://www.dos.gov.jo)

As mentioned earlier, based on individual interviews with various senior management consultants due to the absence of documented data, it is estimated that management consulting contributes less than 1% of Jordanian GDP, which roughly amounts to US\$140 million. The salary scale across the MC sector was averaged out for three or four levels of employment, as follows:

**Table 5: The Monthly Salary Range for Different Levels in the Management Consulting Sector in Jordan**

Level	Range of average monthly income/ JD
Researcher/ Junior Consultant	300-490
Consultant	560-900
Senior Consultant	960-1410
Principal	1500-2500

## 2.2 Sector's Driving Forces

<sup>6</sup> [http://www.dos.gov.jo/sdb\\_ec/sdb\\_ec\\_e/index.htm](http://www.dos.gov.jo/sdb_ec/sdb_ec_e/index.htm)

The main dynamo propelling the management consulting sector in Jordan has two main components:

- The needs of regional, international and domestic clients.
- The new development and business prospects created by the surge in foreign investment.

These components continue to be shaped in response to the general business climate not just in Jordan, but also in the region. As for domestic circumstances, the gravitational force pulling toward privatization and the ever increasing momentum of foreign investment have both impacted the growth of the consulting sector. As “need is the mother of invention”, demand on consulting services is creating competition which in turn is driving concept innovation as well as leading towards the adoption of technologically advanced methods of research, analysis and presentation. The fact that a considerable share of the management consulting clients, from the GCC countries for instance, are exposed to technical advancement creates the need to fulfill high standards in that regard which otherwise may not be required. In other words, in the management consulting sector, demand not just creates supply, it also shapes it

As for indicators of quality, the Jordanian Consulting Firms have a reputation for “delivering”<sup>7</sup>. Many clients of these firms are regional clients, mainly from the GCC countries. The measure of quality in management consulting is the relevance and applicability of the advisory service (the final product of MC) to the situation / project/ product/ service it was designed to serve. That takes the consultation from being just ink on paper and translates it into a real life solution, where the recommendations become implementable remedial actions or solutions. Other indicators of quality are the standard of professionalism in terms of commitment of time, effort and resources to producing a sound advisory service/ solution to the client. In addition, one should not forget a certain measure of sophistication in the provision and development of the service and its mode of delivery by adopting up-to-date software for analysis and presentation methods.

The final product delivered by management consultants has added value through training and adherence to the strict code of ethics embraced by International Mismanagement Consulting (IMC) Association. There is also added value through the best practices that management consultants are trained in. Sophisticated software and state-of-the-art technological procedures do not replace the aforementioned features in producing exceptional management consulting services.

With regard to the costing structure in the management consulting sector, no statistics are available, based on individual interviews with various senior management consultants due to the absence of documented data, it is estimated that management consulting are charging in the range of USD 100 – 700 per day in the Jordanian market, daily rates for the regional market is between USD 300-1500 per day. These figures depend on specialization, complexity and time span of the job, competition in the market and timing of the project.

## **2.3 Identification of Stakeholders**

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<sup>7</sup> Based on an interview with Ms. Rima Nasser- Director, IMC-Jordan, on 1<sup>st</sup> December 2008

The stakeholders of the management consulting sector are diverse in their profile but can be categorised into three major groups:

- **Primary stakeholders:** are those ultimately affected, either positively or negatively by the management consulting sector's actions; i.e. they are the beneficiary, client or party that seeks the services and commissions the contracted management consulting firm. The primary stakeholders are mainly the local public and private sector clients of the management consulting firms as well as regional or international companies/ agencies/ governments/ donors.
- **Secondary stakeholders:** are the 'intermediaries', that is, persons or organisations that are indirectly affected by the management consulting sector's actions. An example of this category are the persons/ businesses/ organisations that constitute the subject matter of the management consultancy, that is to be investigated, assessed or evaluated. Typically, these stakeholders are the governmental sectors, public sector programmes, donor programmes and private businesses and civil society.
- **Key stakeholders:** can also belong to the first two groups and have a significant influence or importance in the management consulting sector. Public sector stakeholders, legislative bodies and donors constitute the bulk in this category.

Across the board, the main stakeholders of management consulting in Jordan are:

- Donors such as USAID, EU, Japan International Cooperation Agency (JICA), etc.
- Government bodies such as Jordan Enterprise Development Corporation (JEDCO), Jordan Investment Board (JIB), Jordan Industrial Estates Corporation (JIEC), Department of Statistics (DoS), Ministry of Industry and Trade (MIT), Ministry of Planning and International Cooperation (MoPIC), Ministry of Public Sector Development (MoPSD), Central Bank of Jordan (CBJ), Chamber of Industry, Chamber of Commerce, etc.
- Independent/ privately-owned businesses
- NGOs
- Universities
- Banks and financial institutions
- Training institutions
- Domestic, regional and international management consulting companies.

### **3.0 General Business Environment**

Jordanian law is as competitive as many regional economies with regard to attracting foreign investment to Jordan in the MC sector, the application of the law and the environment in which foreigners operate is transparent.

### **4.0 Legislative & Regulatory Environment**

#### **4.1 Measures Related to Domestic Regulation**

A new companies' law, aimed at encouraging investment, became effective on June, 1997. The Companies Law No. 22 of 1997 limits routine procedures and facilitates the process of company registration.

The Law provides for several entity forms under which business may be conducted in Jordan. These are: (1) general partnership; (2) limited partnership; (3) limited liability company; (4) limited partnership in shares; (5) public shareholding company; (6) mutual fund company; (7) offshore company (exempt company); and (8) foreign company (operating and non-operating). The Right of Establishment of companies in Jordan as stipulated by the Companies Law is described in Annex IV.

There are no restrictions on the four modes of supply of trade-in-services in the management consulting sub sector, as part of the Jordanian government's commitment to GATS.

#### **4.2 Measures Related to Professional Qualification**

There are no legislative or regulatory edicts that pertain to the professional qualification of management consultants.

### **5.0 GATS/ Restrictiveness Measures**

#### **5.1 GATS Commitments on the Sector/Sub-sector**

The commitments made on the management consulting sub sector are provided in Table 7 below:

**Table 6: GATS Commitments Management Consulting Sub Sector**

<b>Modes of supply</b>	<b>Limitation on market access</b>	<b>Limitation on national treatment</b>
<b>Cross border supply</b>	a tax of 10% of the revenue generated by the service in question is mandatory	None
<b>Consumption abroad</b>	a 10% tax of the total revenue generated by that service is payable to the Jordanian government	None
<b>Commercial presence</b>	<p>an Operating Foreign Company (Branch Office) is registered as such for purposes of the contract and for the duration thereof. If the company obtains other contracts in Jordan, then the same registration will be extended so as to cover such new contracts. If no new contracts are obtained by the company, then the branch office should be closed and liquidated upon the completion of the contract in respect of which the registration was affected.</p> <p>Foreign operating companies are subject to an income tax of 25% paid on the net income of the company annually, a sales tax of 16% paid on all invoices (the final recipient of the service ultimately pays this tax) and stamp duties of the amount JD3 per mil (1,000) of the value of any contract upon signing the contract.</p> <p>According to the Foreign Trade Association, foreign investors are limited to 50% ownership in a specified list of businesses and services. This applies to foreign non-operating companies (regional offices) registered in Jordan. In some cases, this restriction is removed as per the Jordanian Cabinet's authorization.</p> <p>A minimum capital requirement of JD50,000 (US\$70,000) is set for foreign investors. This requirement does not apply to participation in public shareholding companies.</p>	
<b>Movement of natural persons</b>	<p>There are no restrictions on the movement of natural persons in Jordan. Non-Jordanians require a residence permit and a work permit from the concerned authorities. Once security clearance by the Ministry of Interior is granted and a medical checkup carried out, the residence permit is obtained against a non-discriminatory fee for all nationalities. In addition, work permits can be provided through the employer for a given fee.</p> <p>Restrictive measures exist concerning the entry and temporary stay of a natural person who falls in one of the categories shown below</p>	None

Source: www.wto.org

### 1. Business visitor

A natural person who stays in Jordan without acquiring remuneration from within Jordan and without engaging in making direct sales to the general public or supplying services, or participating in business meetings, business contacts including negotiations for the sale of services and/or other similar activities including those that would lead to establishing a commercial presence in Jordan. Entry and stay shall be for a period of 90 days.

### 2. Intra-Corporate Transferee

Natural persons employed by a juridical entity of another member for a period of no less than one year and who seek temporary stay in order to render services to:

- the same juridical entity which is engaged in substantive business operation in Jordan or
- a juridical entity constituted in Jordan and engaged in substantive business operation in Jordan which is owned by or controlled by or affiliated with the aforementioned juridical entity.

### 3. Executive

Natural persons who are senior employees of a juridical entity, who are responsible for the entire or a substantial part of the entity's operations in Jordan, receiving general supervision or direction principally from higher level executives, the board of directors or stock-holders of the business.

### 4. Manager

Natural persons who direct the juridical entity, or department or sub-division of the juridical entity, supervise and control the work of supervisory, professional or managerial employees, have the authority to hire and fire or recommend hiring, firing, or other personnel actions and exercise discretionary authority over day-to-day operations at a senior level.

### 5. Specialist

Natural persons employed by a juridical entity who possess knowledge at an advanced level of expertise and proprietary knowledge of a juridical entity product, service, research, equipment, techniques, or management.

### 6. Professional

Natural persons seeking to engage, as part of services contract granted by a juridical entity engaged in substantive business in Jordan and obtained by a juridical entity of another Member, (other than entities providing services as defined by CPC 872) which has no commercial presence in Jordan in the activity at a professional level. The person must possess the necessary academic credentials and professional qualifications, which have been duly recognised, where appropriate by the professional association in Jordan. The commitment relates only to the service activity which is the subject of the contract.

Work permits for all categories are granted on the basis of an economic needs test, i.e. to candidates whose qualifications are not available in Jordanians or who are seeking work in fields in which Jordanians are in short supply.

Foreigners who come to Jordan to provide a service must pay 10% of their gross revenue (contract value) as income tax to the income tax department.

Non-citizens are not permitted by law to join unions, though these workers enjoy the same benefits and protections as union members.

All of the above mentioned categories apply to the MC sector, except the “business visitor” category and all rules and regulations apply according to the law.



## **5.2 Analysis of Legislative and Administrative Restrictions according to the 4 Modes of Supply**

Jordan is a signatory to the WTO which should essentially facilitate free market policies in Jordan and assist in attracting foreign direct investment. Despite signing the WTO and a host of other free trade agreements, foreign investment in Jordan is limited by the application of a variety of commercial laws. The outcome from the application of existing laws includes:

- A minimum capital requirement of JD50,000 (US\$70,000) is set for foreign investors. This requirement does not apply to participation in public shareholding companies.
- An Operating Foreign Company (Branch Office) is registered as such for purposes of the contract and for the duration thereof. If the company obtains other contracts in Jordan, then the same registration will be extended so as to cover such new contracts. If no new contracts are obtained by the company, then the branch office should be closed and liquidated upon the completion of the contract in respect of which the registration was affected.
- The Companies Law does not elaborate on the size or type of foreign company which may register as a regional office in conformity therewith. It is now the policy of the Ministry of Industry and Trade, however, to restrict this facility only to substantial and large companies of international standing in their fields.
- In all procedures pertaining to company registration, clearance of the company in question from the Ministry of Interior is required. The Ministry delegates this task to the Jordanian General Security Forces and the Intelligence Services of Jordan. While this may seem like a straightforward procedure, it may take a long time to process, as do security checks and clearances across the world.
- Non-citizens are not permitted by law to join unions, though these workers enjoy the same benefits and protections as union members. Labor unions, which serve primarily as intermediaries between workers and the Ministry of Labor, may engage in collective bargaining on behalf of workers.

## **5.3 Other Restrictiveness Measures**

There are no restrictions on the four modes of supply of trade-in-services in management consulting, as part of the Jordanian government's commitment to GATS.

- There are no restrictions on cross border entry of foreign service providers to the local market.
- There are no policy restrictions to new entry, in terms of number of firms, total number of firms allowed, and entry by firms with foreign participation.
- Private ownership in the provision of services through commercial establishment is allowed and totally free.
- There are no limitations on distribution of private equity.

- The Jordanian government does not hold equity stakes in any national business company in the management consulting sub sector.
- There are no legal constraints to the sale of equity held by government in publicly controlled companies. This does not apply to the consulting sector.

## **6.0 Benchmarking**

### **6.1 Benchmarking against International Standards**

In Jordan, no international standards are adopted in the management consulting sub sector. As mentioned earlier, IMC-Jordan is the only body that provides certification/ accreditation for management consultants as per the International Council of Management Consulting Institutes (ICMCI), but even that is not-mandatory for IMC-Jordan's own members.

Current practice for the largest development projects worldwide is to use management consultants from developed countries. However, there is a trend - embraced by ICMCI - to encourage the simultaneous development of indigenous Certified Management Consultants to work alongside outside professionals. The former would be aware of local business practices, cultural norms (such as human resource practices) and resource availability (for instance, the supply of competent managers). ICMCI is aware that many funding bodies recognize the benefits and would wish to use indigenous consultants but they are not often present in sufficient numbers

The status quo regarding domestic and international MC standards are compared in the following table.

**Table 7: International and Jordanian Standards in Management Consulting**

<b>International Standards (ICMCI-certification)</b>	<b>IMC-Jordan Standards (non-mandatory even for IMC members)</b>	<b>Jordanian Standards in the management consulting sub sector</b>
<ul style="list-style-type: none"> <li>• Three or more (depending on country) years of experience in full-time consulting</li> <li>• Owner or employee of a firm in independent practice, or internal consultant in organization meeting the Institute's independence criteria</li> <li>• Demonstrated client satisfaction in challenging engagements</li> <li>• Produced descriptions of five client engagements, including problems addressed, solutions provided and results achieved</li> <li>• Interview by a panel of senior consultants on approaches to and competencies in a range of consulting disciplines</li> <li>• Written and oral ethics examinations and adherence to a rigorous code of ethics</li> <li>• Commitment to ongoing professional education</li> <li>• Renewal of certification every three years.</li> </ul>	<ul style="list-style-type: none"> <li>• A minimum of five years of experience in providing MC services</li> <li>• Owner or employee of a company that provides consulting services or an independently operating individual rendering quality consultancy services</li> <li>• Verification of client satisfaction with the consultant's work is carried out by contacting some of his/her clients</li> <li>• The certification applicant is required to provide examples of his/her work</li> <li>• An oral examination of the applicant by a panel of certified senior consultants</li> <li>• A written examination may be conducted according to the panel of interviewers' discretion.</li> </ul>	<ul style="list-style-type: none"> <li>• There are <b>no national standards</b> adopted across the MC sector in Jordan. However, the clients' requirements and expectations set a minimum standard, as follows:             <ul style="list-style-type: none"> <li>• A good reputation</li> <li>• Reasonably priced consulting services</li> <li>• Association with reputable clients and business contacts</li> <li>• A satisfactory record of performance</li> <li>• Relevant past experience</li> <li>• A sound record of integrity and business ethics</li> <li>• The client might request samples of previous work.</li> </ul> </li> </ul>

## 6.2 Benchmarking the Competition from Neighboring Countries

The four modes of supply of trade-in-services adopted by GATS are:

**Mode 1 — Cross border trade** from the territory of one Member into the territory of any other Member

**Mode 2 — Consumption abroad** in the territory of one Member to the service consumer of any other Member

**Mode 3 — Commercial presence** by a service supplier of one Member, through commercial presence, in the territory of any other Member

**Mode 4 — Presence of natural persons** by a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member

**Table 8: Limitations Jordan**

	<b>Limitations on market access/ Jordan</b>	<b>Limitations on national treatment/ Jordan</b>
<p><b>1) Cross Border Supply</b></p> <p><b>2) Consumption abroad</b></p> <p><b>3) Commercial Presence</b></p>	<p>No restrictions</p> <p>No restrictions</p> <p>All investments in public utilities are generally subject to concession. In sectors where service provision is granted by concession, commercial establishment must be in the form of Public Shareholding Companies.</p>	<p>No restrictions</p> <p>No restrictions</p> <p>Foreign investments may not be less than JD 50,000. This does not apply to investments in public share-holding companies</p> <p><b>Real Estate:</b> All purchase of real estate by non-Jordanian firms must be related to the approved business activities and is subject to Cabinet authorization.</p> <p>Lease of real estate by non- Jordanian firms for more than three years is subject to Cabinet approval.</p> <p>All juridical entities are prohibited from engaging in real estate trading.</p> <p><b>State Owned Land:</b> Authorization for purchase or lease of state owned lands is restricted to Jordanian nationals</p>
<p><b>4) Presence of natural persons</b></p>	<p>4) Unbound except for measures concerning the entry and temporary stay of a natural person who falls in one of the following categories:</p> <p><u>Business visitors</u> A natural person who stays in Jordan without acquiring remuneration from within Jordan and without engaging in making direct sales to the general public or supplying services, for the purposes of participating in business meetings, business contacts including negotiations for the sale of services and/or other similar activities including those to prepare for establishing a commercial presence in Jordan. Entry and stay shall be for a period of 90 days.</p>	<p>4) Unbound, except for measures affecting the categories referred to under market access.</p>

	<b>Limitations on market access/ Jordan</b>	<b>Limitations on national treatment/ Jordan</b>
	<p><u>Intra-Corporate Transferees</u>  Natural persons employed by a juridical entity of another member for a period of not less than one year and who seek temporary stay in order to render services to (i) the same juridical entity which is engaged in substantive business operation in Jordan or (ii) a juridical entity constituted in Jordan and engaged in substantive business operation in Jordan which is owned by or controlled by or affiliated with the aforementioned juridical entity.</p>	
	<p><u>Executives</u>  Natural persons who are senior employees of a juridical entity, who are responsible for the entire or a substantial part of the entity's operations in Jordan, receiving general supervision or direction principally from higher level executives, the board of directors or stock-holders of the business.</p> <p><u>Managers</u>  Natural persons who direct the juridical entity, or department or sub-division of the juridical entity, supervise and control the work of supervisory, professional or managerial employees, have the authority to hire and fire or recommend hiring, firing, or other personnel actions and exercise discretionary authority over day-to-day operations at a senior level.</p> <p><u>Specialists</u>  Natural persons employed by a juridical entity and possess knowledge at an advanced level of expertise and proprietary knowledge of a juridical entity product, service, research, equipment, techniques, or management.</p>	
	<p><u>Professionals</u>  Natural persons seeking to engage, as part of services contract granted by a juridical entity engaged in substantive business in Jordan and obtained by a juridical entity of another Member, (other than entities providing services as defined by CPC 872) which has no commercial presence in Jordan in the activity at a professional level. The person must possess the necessary academic credentials and professional qualifications, which have been duly recognized, where appropriate by the professional association in Jordan. The commitment relates only to the service activity which is the subject of the contract.</p> <p>Work permits for all categories are granted on the basis of an economic needs test, i.e. to candidates whose qualifications are not available in Jordanians or those who are seeking work in fields in which Jordanians are in short supply.</p> <p>Intra-corporate transferees who are executives, managers and specialists (as defined above) are presumed to meet the economic needs test requirements.</p>	
<b>4) Presence of natural persons</b>	<p>Temporary work and residency permits are required. Such permits are issued for a maximum period of one year, but are renewable.</p> <p><u>Residency requirements:</u>  Managing director of a branch or juridical entity must be resident in Jordan.</p>	

**Table 9: Limitations on Countries in the Region**

	<b>Countries in the Region</b>
<p><b>1) Cross Border Supply</b>  <b>2) Consumption abroad</b>  <b>3) Commercial Presence</b></p>	<p>No restrictions</p> <p>No restrictions</p> <p><b>Saudi Arabia:</b>  Foreign service suppliers require approval from the Saudi Arabian General Investment Authority for establishing commercial presence in Saudi Arabia according to the Foreign Investment Law of April 2000 and Article 5:3 of the Regulation of the Foreign Investment Act.</p> <p>Commercial presence for business services is subject to formation of a company, and registration of such a company under the Professional Companies Law.</p> <p>Non Saudi nationals may acquire the right to own real estate in Saudi Arabia by succession. Foreign establishments authorized to carry on their activities in the Kingdom under the Foreign Investment Law may own real estate in accordance with the present laws and regulations governing foreign ownership of real estate</p> <p><b>Kuwait:</b>  Foreign commercial presence should be either through a Kuwaiti agent working in the same field of services or related to it OR: through the partnership with the capital of a Kuwaiti company, in which the Kuwaiti portion should be 51% at least. There is also a condition to employ 30% of the workforce with nationals.</p> <p>As stipulated in Kuwaiti laws, decisions and regulations, National services or services of national origin should have priority in purchases of Governmental, Semi-Governmental and Public Sector Departments, as well as in purchases of national and foreign contractors, awarded contracts by the Government of Kuwait or its affiliate bodies to fulfill in or outside the country.</p> <p>In Kuwait, acquisition of land or real estate by foreign natural persons or foreign juridical persons is not allowed.</p> <p><b>Tunisia:</b>  With respect to services activities that are not wholly export-oriented, the Investment Commission approves any participation exceeding 50 per cent of the equity of the company</p> <p>The acquisition by foreign investors of land or other real estate for the purpose of developing industrial/tourist projects and other services is subject to administrative authorization. Authorization is granted after the request has been examined to ensure that it conforms to the use (tourism, agriculture, industry) reserved for the land in the national development plan.</p> <p><b>Egypt:</b>  Authorization is required for the acquisition of land and/or real estate property. Applications in this respect are considered on the basis of the evaluation of the specific projects for which acquisition is requested and in accordance with the national policy objectives. Acquisition of land and/or real estate property in free zone areas is unbound.</p>

<b>Countries in the Region</b>	
<b>4) Presence of natural persons</b>	<p><b>Saudi Arabia:</b>            Intra corporate transferees (ICTs) of managers, executives and specialists: Entry and stay of such managers, executives and specialists shall be subject to the following conditions: Their number shall be limited to 25% of the total workforce of each service supplier. However, a minimum of three persons will be allowed. Alternatively to the above, the service supplier may have the following option, the number of managers, executives and specialists of each service supplier shall be limited to 15%; and the number of other foreign employees (i.e. other than managers, executives, or specialists) of each service supplier shall be limited to 10%, or vice versa. However, a minimum of two ICT will be allowed as compliant with the 15% threshold. Their entry and stay shall be for a period of two years, renewable for similar periods. Certain positions in a company may be reserved for Saudi nationals in all categories.</p> <p>Contractual service suppliers: Entry and stay shall be limited to 180 days, renewable.</p> <p><b>Kuwait:</b>            Presence of foreign natural persons as self-employers is not allowed.</p> <p><b>Egypt:</b>            The number of foreign natural persons necessary for the supply of services in any entity, regardless of number of its branches, shall not exceed 10% of the total number of personnel employed therein.</p>
	<p><b>Tunisia:</b>            Unbound, except in the following cases: enterprises that are wholly export-oriented may recruit four managerial and supervisory staff of foreign nationality, pursuant to the relevant Tunisian legislation</p> <p>Compliance with conditions for entry and stay of foreigners: - Any foreign natural person wishing to engage in a salaried activity of any kind must have a contract of employment endorsed by the competent authorities</p> <p>Source: <a href="http://www.wto.org">www.wto.org</a></p>

## 7.0 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Small flexible companies: do not need large contracts to survive, can take on a variety of tasks, are able to shift in strategic directions and changes in demand.</li> <li>• Good availability of basic talents.</li> <li>• Exposure to international methods /education.</li> <li>• Good regional exposure and reach.</li> <li>• Basic English language.</li> <li>• Ability to form coalition among small companies, such coalitions are able to address big projects without the burden of long term overheads.</li> <li>• Wide broad knowledge can address a variety of opportunities.</li> <li>• Experienced professionals are of high caliber.</li> <li>• Low start-up cost.</li> <li>• Alliances are being formed between Jordanian and foreign consulting firms which benefits both parties in light of the former's familiarity with the cultural environment and the latter's professionalism and experience</li> <li>• Relatively inexpensive professional labour gives the Jordanian sector an edge in the region.</li> <li>• Donors programs such as Ejada and AMIR helped to jump start the sector.</li> <li>• The Jordanian society is quick to grab and apply international trends; i.e. limited cultural barriers and openness to ideas</li> <li>• Free movement of foreign labour is granted by the government which facilitates foreign employment and experts' visits and exchanges</li> <li>• Under Jordanian law, foreign investors may seek third party arbitration or an internationally recognized settlement of disputes. The Jordanian government recognizes decisions issued by the International Center for the Settlement of Investment Disputes (ICSID), of which it is a member</li> <li>• Jordan is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards and abides by the WTO dispute settlement mechanisms which also are consistent with the country's commitments made under the Jordan - US FTA.</li> </ul>	<ul style="list-style-type: none"> <li>• Low pricing makes it difficult to upgrade skill-sets through training and prevent the development of specialization.</li> <li>• Generally there is no deep knowledge (no specialization) within the industry.</li> <li>• Lack of certification of professionals (not known quantities).</li> <li>• Need for better education and training of raw talents.</li> <li>• Still poor local demand for local consulting, subsidy is needed and currently offered by either donor or national programs like NAFES, BDC, JUMP etc.</li> <li>• Clients often do not know how to act on consulting recommendations.</li> <li>• Most regional experience is insufficient for international jobs (not directly transferable).</li> <li>• Insufficient high-tech knowledge.</li> <li>• The management consulting sector is not structured and is therefore prone to entry by unqualified operators</li> <li>• The Jordanian market is not yet mature in the recognition of the utility of management consulting for all businesses and in all sectors</li> <li>• The prime impediment to growth of the management consulting sector hinges on the fact that the Jordanian market is very small. This affects the volume of work as well as the revenues generated by that work</li> <li>• The limited access to finance and support from banks and financial institutions</li> <li>• The Jordanian society is price- rather than quality-oriented which affects the quality of the consulting services offered and harms the image of the sector</li> <li>• The sector is not unionized which leaves its operators out in the cold when it comes to securing their collective rights and benefits</li> <li>• Some companies are required to obtain prior approval from public institutions in addition to the Ministry of Industry and Trade</li> <li>• A minimum capital requirement of JD50,000 is set for foreign investors</li> <li>• The relatively small size of Jordanian consulting firms may deter foreign clients from contracting them as size may be perceived as an indication of capability and potential</li> <li>• Jordanian clients may prefer to seek the services of foreign consulting firms based on the latter's capabilities and experience thus jeopardizing local businesses</li> <li>• As the Consultancy sector grows globally and invests in IT development, innovative tools for investment and costing structures, etc., its Jordanian counterpart may fall behind</li> </ul>



<b>Strengths</b>	<b>Weaknesses</b>
	<ul style="list-style-type: none"> <li>• The lack of standardization in Jordan may constitute a reason for the Jordanian consultancy sector to lose its share in the global market</li> <li>• The limited financial resources could hinder the smaller operators in the sector from developing and adopting new marketable concepts that would add value to their product</li> <li>• Alliances between foreign and Jordanian consulting firms are unbalanced primarily due to financial considerations</li> <li>• Foreign operators may be unsatisfied with the skills and competence level of their Jordanian workforce</li> <li>• Ease of exit is low as can be seen from the WB indicators on closing a business. The recovery rate, cents on the dollar that claimants receive from the insolvent firm, is 27.3 for Jordan compared to 29.9 for the region and 68.6 for OECD countries</li> <li>• The Jordanian market is small and can only accommodate a limited number of enterprises and businesses.</li> </ul>

<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Collaborations on large regional projects with international companies.</li> <li>• Collaboration with international firms to develop specialized knowledge “deep vs. broad”.</li> <li>• Professional training /apprenticeship towards certification.</li> <li>• Create awareness of use for consulting.</li> <li>• Help consultants, apply and mentor on recommendations.</li> <li>• Increase focus on SME, family and start-up consulting.</li> <li>• Develop expertise in the following: <ul style="list-style-type: none"> <li>○ Export development.</li> <li>○ Innovation and product development.</li> <li>○ Quality.</li> <li>○ Efficiency.</li> <li>○ Human Resources.</li> </ul> </li> <li>• The market has not reached saturation and even top business managers underutilize the services of management consulting and outsourcing, which allows room for growth</li> <li>• Impact analysis conducted on behalf of the government to assess the implementation and effect of governmental decisions in many avenues not least of which is the shift towards privatization</li> <li>• The gradual transformation of Jordan from a price-based to a quality- and knowledge-based economy opens doors for advisory services and training that are related to capacity building and</li> </ul>	<ul style="list-style-type: none"> <li>• Weakening economy makes it difficult to justify consulting.</li> <li>• Increased level and speed of change of non tariff barriers may accelerate obsolescence of current export consulting services.</li> <li>• Declining quality of education</li> <li>• Insufficient serious professional training, quality and quantity, in multiple subject areas.</li> <li>• Insufficient competition to insure quality.</li> <li>• Little diversity in local economy limits collective experience of consultants.</li> </ul>

Opportunities	Threats
<p>institutional upgrading</p> <ul style="list-style-type: none"> <li>• Donor programs that support civil society provide opportunities in the health sector, education sector as well as civic governance; all of which require project planning and subsequent evaluation</li> <li>• Great opportunities lie in the pharmaceutical and medical fields, for services to audit, plan and certify in accordance with international standards</li> <li>• Providing advisory services and management consultancy on Clean Development Mechanism (CDM)-related projects. Under the Kyoto Protocol, several mechanisms have been developed to help countries meet their emission reduction targets in a cost effective way. Effective use of these mechanisms will not only help reduce greenhouse gases but provide international business opportunities and potential new revenue streams for both domestic and foreign businesses. These mechanisms are the Clean Development Mechanism (CDM), Joint Implementation (JI) and International Emissions Trading. Industry, NGOs and all levels of governments can participate in CDM and JI projects</li> <li>• The Jordanian export market offers a promise of expansion with the thriving manufacturing industry and the relocation and upgrading of the Aqaba port</li> </ul>	

## 8.0 Opportunity Scan

Management consulting is still a somewhat novel phenomenon in the Jordanian society with many absent years of practical experience compared to its mirror sector in developed societies. In order to develop management consulting into a robust and durable sector, the economy drivers such as innovation, investment trends, technological development, costing structure and levels of productivity need to be jump started and fortified in such a manner as to sustain their momentum for a long time to come.

The Environment/ Opportunity/ Constraints synergy that determines the shape, development, growth and sustainability of any sector in the economy is explained below, in regard to the Management Consulting Sector in Jordan and foreign participation in that sector.

## 9. 0 Constraints to Development

### 9.1 Constraints to growth

As a budding sector and given the many changing elements due to the fast growth of the economy under the various bilateral and international treaties, the management

consulting sub sector has faced and continues to face challenges which, ironically, have shaped its evolution:

- Lack of understanding of the need for independent management consultants by companies and instead seeking the advice of the auditors or the engineering department in the concerned company on the feasibility of potential projects. This may be the cause for grave miscalculations and financial losses on the part of companies.
- Due to the novelty of the management consulting sector, there exists a lack of procedure and structure. This has led the sector to fall prey to unqualified operators and has been detrimental to the image of the sector and its qualified consultants.
- The absence of years of practical experience in the field of management consulting has caused a void in terms of expert operators; which in turn has negatively affected the image of the sector and downsized the demand on its services.
- Due to the lack of management consultancy experts, many companies and organizations turned to university professors for advice. Those professors then went on to establish consultancy offices which functioned below the professional standard as they failed to develop their capacities and skills in tandem with the requirements of the consultancy profession, as a result of lack of linkages between theory and practice.

## **9.2 Recommendations**

The following recommendations are made with an eye to resolving the most pressing problems constraining the management consultant sub sector:

1. Increase technical assistance for consultants through national and donor programs like NAFES, BDC and JUMP.
2. Increase financial assistance for clients mostly SME's through national and donor programs like NAFES, BDC and JUMP.
3. Develop statistical tools at the Department of Statistics and Ministry of Industry and Trade where by the activities of the sub sector can be documented.
4. Better define the sub sector so that the above data collection is refined.
5. Promote loose partnership with international companies on large regional projects (obtain international perspective).
6. Document local /regional experience through developing case studies (institutional memory and lessons) in cooperation with a local university.

7. Commoditize the contents of basic consulting institutions (formats for plans) such that comparisons can be made. Documentation will also facilitate easier cooperation between consulting firms.
8. Professional education to continually develop skills.

**Annex I: Senior Consultants Interviewed for Purposes of this Report**

No.	Interviewee	Position	Institution	Contacts
1	Mr. Mohammad Amawi	Assistant of General Companies Control	CCD/ Ministry of Industry & Trade	Tel: 962-6-5629030 Fax: 962-6-5607058 <a href="mailto:Amawi58@yahoo.com">Amawi58@yahoo.com</a>
2	Mr. Mustafa Nasereddin	Executive Director	Talal Abu Ghazaleh for Capital Services	Tel: 962-6-5100600 Fax: 962-6-5100611 <a href="mailto:Mnasereddin@tagi.com">Mnasereddin@tagi.com</a>
3	Ahmad Al-Ousaily	Legal Department Manager	Talal Abu Ghazaleh for Capital Services	Tel: 962-6-5609000 Fax: 962-6-5609001 <a href="mailto:alaousaily@tag-legal.com">alaousaily@tag-legal.com</a>
4	Mr. Mohammad Khattab	Managing Director-	Pro Group Consulting (PFK)	Tel: 962-6-5695442 Fax: 962-6-5606344 <a href="mailto:mkhattab@progroup.jo">mkhattab@progroup.jo</a>
5	Dr. Ghaleb Shneikat	Legal Advisor	Arabian Business Consultants for Development	Tel: 962-6-5512017 Fax: 962-6-5532660 <a href="mailto:gshneikat@abcd.com.jo">gshneikat@abcd.com.jo</a>
6	Ms. Rima Nasser	Executive Director	Institute of Management Consultants (IMC-Jordan)	Tel: 962-6-5530856 Fax: 962-6-5530858 <a href="mailto:reema@imc.com.jo">reema@imc.com.jo</a>
7	Mr. Ramzi Qushair	Director-Consulting	Deloitte & Touche (M.E.) - Jordan	Tel: 962-6-5502200 Fax: 962-6-5502212 <a href="mailto:rqushair@deloitte.com">rqushair@deloitte.com</a>
8	Mr. Laith Al-Qasem	CEO	Arabian Business Consultants for Development	Tel: 962-6-5512017 Fax: 962-6-5522660 <a href="mailto:l.qasem@abcd.com.jo">l.qasem@abcd.com.jo</a>
9	Mr. Khaled Al-Kurdi	CEO	Structure Consulting	Tel: 962-79-5007900 <a href="mailto:kkurdi@structure.jo">kkurdi@structure.jo</a>
10	Mohammad Sartawi	CEO	Sartawi Consulting	Tel: 962-6-5525082 <a href="mailto:mm_sartawy@yahoo.com">mm_sartawy@yahoo.com</a>
11	Ms. Tamam Mango	Managing Partner	Arch Epe	Tel: 962-6-5690526 Fax: 962-6-5690527 <a href="mailto:tammamango@gmail.com">tammamango@gmail.com</a>
12	Majdi Abu-Arja	CEO	Banking Solutions Limited	Tel: 962-77-7309329 <a href="mailto:Abuarja2@hotmail.com">Abuarja2@hotmail.com</a>

## Annex 2: Ease of doing business in Jordan - Comparison

The World Bank ranks economies in 181 countries according to their ease of doing business, from 1-181, with first place being the best. A high ranking on the ease of doing business index means the regulatory environment is conducive to the operation of business. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic. The rankings are from the Doing Business 2009 report, covering the period April 2007 to June 2008.<sup>8</sup> All the tables in this section have the same source.

Jordan is ranked 101 out of 181 economies. This means that all sectors in the Jordanian economy are affected by this ranking as there are horizontal regulations that apply to all. Some sector-specific rules, such as the permission of 100% ownership in the industry, don't matter much in this ranking as it averages out many variables. As for the sub-sectors of management consulting, the law makes no distinction between these sub-sectors and they are treated as one and the same.

**Table 1: Ease of Doing Business in Jordan in 2008 and 2009**

Ease of...	Doing Business 2009 rank	Doing Business 2008 rank	Change in rank
Doing Business	101	94	-7
Starting a Business	131	137	+6
Employing Workers	52	51	-1
Getting Credit	123	116	-7
Protecting Investors	113	110	-3
Paying Taxes	22	21	-1
Enforcing Contracts	128	127	-1
Closing a Business	93	90	-3

*Note: Doing Business 2008 rankings have been recalculated to reflect changes to the methodology and the addition of three new countries.*

### Starting a Business

Doing Business 2009 rank: 131

Doing Business 2008 rank: 137

Change in rank: +6

The challenges of launching a business are shown below. Included are: the number of steps entrepreneurs can expect to go through to launch, the time it takes on average, and the cost and minimum capital required as a percentage of gross national income (GNI) per capita.

**Table 2: Starting a Business in Jordan 2008**

Indicator	Jordan	Region	OECD
Procedures (number)	10	8.4	5.8
Duration (days)	14	23.5	13.4
Cost (% GNI per capita)	60.4	41.0	4.9
Paid in Min. Capital (% of GNI per capita)	24.2	331.4	19.7

### Employing Workers

Doing Business 2009 rank: 52

Doing Business 2008 rank: 51

Change in rank: -1

The difficulties that employers face in hiring and firing workers are shown below. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

**Table 3: Employing Workers in Jordan 2008**

	Jordan	Region	OECD

<sup>8</sup> <http://www.doingbusiness.org/economyrankings/?regionid=4>

Indicator			
Difficulty of Hiring Index	11	22.5	25.7
Rigidity of Hours Index	20	41.1	42.2
Difficulty of Firing Index	60	31.6	26.3
Rigidity of Employment Index	30	31.7	31.4
Firing costs (weeks of salary)	4	53.6	25.8

### Protecting Investors

Doing Business 2009 rank: 113

Doing Business 2008 rank: 110

Change in rank: -3

The indicators below describe three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders' ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

**Table 14: Protecting Investors in Jordan 2008**

Indicator	Jordan	Region	OECD
Disclosure Index	5	5.9	5.9
Director Liability Index	4	4.8	5.0
Shareholder Suits Index	4	3.7	6.6
Investor Protection Index	4.3	4.8	5.8

### Paying Taxes

Doing Business 2009 rank: 22

Doing Business 2008 rank: 21

Change in rank: -1

The data below shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

**Table 5: Paying Taxes in Jordan 2008**

Indicator	Jordan	Region	OECD
Payments (number)	26	22.8	13.4
Time (hours)	101	216.3	210.5
Profit tax (%)	15.1	12.9	17.5
Labor tax and contributions (%)	12.4	16.3	24.4
Other taxes (%)	3.6	4.1	3.4
Total tax rate (% profit)	31.1	33.3	45.3

### Enforcing Contracts

Doing Business 2009 rank: 128

Doing Business 2008 rank: 127

Change in rank: -1

The ease or difficulty of enforcing commercial contracts is measured below. This is determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

**Table 6: Enforcing Contracts in Jordan 2008**

Indicator	Jordan	Region	OECD
Procedures (number)	39	43.7	30.8

Duration (days)	689	688.8	462.7
Cost (% of claim)	31.2	23.7	18.9

### Closing a Business

Doing Business 2009 rank: 93

Doing Business 2008 rank: 90

Change in rank: -3

The time and cost required to resolve bankruptcies is shown below. The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process. The recovery rate, expressed in terms of how many cents on the dollar claimants recover from the insolvent firm, is also shown.

**Table 7: Closing a Business in Jordan 2008**

Indicator	Jordan	Region	OECD
Rating	4.3	3.5	1.7
Cost (% of estate)	9	14.1	8.4
Recovery rate (cents on the dollar)	27.3	29.9	68.6



### Annex 3: Benchmarking the Competition according to Doing Business Indicators

As for benchmarking Jordan against countries in the MENA region, the following rankings were recalculated for this region - Middle East & North Africa.<sup>9</sup>

**Benchmarking MENA Counties by Ease of Doing Business Indicators 2008**

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Saudi Arabia	1	2	5	4	1	2	2	3	3	14	6
Bahrain	2	5	1	2	3	4	5	6	4	9	1
Israel	3	1	13	11	18	1	1	12	1	6	4
Qatar	4	7	2	10	7	12	8	1	7	5	2
United Arab Emirates	5	12	4	5	2	3	11	2	2	15	17
Kuwait	6	15	7	3	11	4	2	5	13	4	9
Oman	7	9	16	1	4	10	8	4	16	7	7
Tunisia	8	3	10	14	8	4	16	15	8	3	3
Yemen	9	6	3	9	6	17	15	17	17	1	11
Lebanon	10	11	14	7	13	4	8	10	11	10	14
Jordan	11	14	6	6	14	10	11	7	10	13	12
Egypt	12	4	18	12	12	4	6	18	5	17	15
Morocco	13	8	8	19	15	12	17	16	9	8	8
West Bank and Gaza	14	17	17	13	10	15	4	8	12	11	18
Algeria	15	16	12	15	19	12	6	19	15	12	5
Syria	16	13	15	16	9	19	11	13	14	19	10
Iran	17	10	18	18	17	4	17	14	18	2	13
Iraq	18	19	11	8	5	15	11	9	19	16	18
Djibouti	19	18	9	17	16	17	19	11	6	18	16

It is evident from the above table that Jordan's **strong points** with regard to the ease of doing business are: Dealing with construction permits- Employing workers- Paying taxes.

On the other hand, Jordan's **weakest points** are: Starting a business- Registering property- Enforcing contracts- Closing a business.

<sup>9</sup> <http://www.doingbusiness.org/economyrankings/?regionid=4>

## Annex 4: Types of companies

### 1. Companies:

#### General Registration Procedures

- All enterprises, whatever their legal form, operating in Jordan must register with the Controller of Companies at the Ministry of Industry and Trade. Only joint ventures are excluded.
- Companies operating in Jordan must register with the Chamber of Commerce or the Chamber of Industry, as applicable.
- All companies operating in Jordan must register with the Income Tax Department.
- Companies employing more than five people must register with the Social Security Corporation.
- All enterprises must obtain an annual license from the concerned municipality.

#### Company Types:

##### a. Public Shareholding Company

A public shareholding company may be formed by two or more shareholders whose liability is limited to their respective share of the company's equity. The minimum authorized capital is set at a JD 500,000 minimum. The subscribed capital must exceed JD 100,000 or 20 percent of the authorized capital, whichever is greater. Banks, financial institutions and insurance companies may only be incorporated as public shareholding companies. Companies operating franchises must also be incorporated in this form.

##### b. Offshore Company

An offshore company can take the form of a private shareholding company with limited liability, a limited partnership in shares, or a public shareholding company. The offshore company is listed as a Jordanian entity, but cannot conduct any business in Jordan. It is an entity that was introduced in order to attract foreign investments. Furthermore, the words "Exempt Company" must be added to the name of the company.

Offshore companies cannot offer their shares for public subscription in Jordan. They are obliged to invest a minimum of 5% of the share capital in securities traded in the Amman Stock Exchange. The minimum share capital of an offshore company depends upon its form:

- JD1,000 (was JD30,000 until recently) for a private shareholding company with limited liability
- JD500,000 for a public shareholding company.
- JD1,000,000 for companies offering financial services (banking, insurance, and re-insurance).

Upon incorporation, if an offshore company takes the form of a public shareholding company it must pay a registration fee of JD5,000, and in all other cases it must pay JD1,000. The same fees are levied annually. Stamp duties due on registration amount to JD5 per mil (1,000) of its share capital.

A Foreign individual/ company can establish an offshore company in the Aqaba zone, but that individual/ company would still have to pay the minimum amount of JD50,000 and would therefore not benefit from the change in the law with regard to decreasing the minimum capital required to establish an offshore private shareholding company.

##### c. Mutual Fund Company

A mutual fund (joint investment) company may be organized as a public shareholding company. Its objectives are restricted to investing funds on behalf of others by way of dealing in securities. This entity may take the form of a company with variable capital, which issues redeemable shares, the value of which is determined by the value of the company's assets. It may also take the form of a company with fixed capital whose shares are not redeemable and are traded on the stock exchange.

##### d. Foreign Operating Company (Branch Office)

An operating foreign company means a non-Jordanian entity registered outside Jordan, and with headquarters in another country whose nationality is non-Jordanian. No Jordanian partnership is required in this type of company. In terms of their business operations, operating foreign companies are divided into two types:

- Companies operating for a limited period, whereby such companies are awarded tenders and carry out their business in Jordan for a period limited to the duration of a contract. The registration of such companies shall cease upon completion of their work in Jordan.
- Companies operating permanently in Jordan under a license granted by the competent government authorities.

An operating foreign company is allowed to conduct commercial activities in Jordan after registering and obtaining a work permit. Registration fees paid for a branch office are JD250, if the share capital of the foreign company at its home office does not exceed the equivalent of JD1 million, and JD500 if it exceeds the equivalent of JD1million.

#### **Requirements for registration:**

- A copy of the Articles and Memorandum of Association of the company.
- The written official documents certifying that such company has obtained the approval of the competent Jordanian authorities to perform its business.
- A list of the names of members of the Board of Directors of the company, or the management committee or the shareholders and their respective nationalities, in addition to the names of the authorized signatories of the company.
- A copy of the Power of Attorney by virtue of which the foreign company authorizes a person resident in Jordan to carry out its activities and receive service letters/ notifications on its behalf.
- The financial statements for the last fiscal year of the company (head office) certified by a licensed auditor.
- Any other data or information that the Controller of Companies deems necessary to be submitted.

The application form for registration must be signed by the person authorized to register the company before the Controller of Companies or any person authorized by him in writing or a notary public. All documents should be legalised by the Jordanian Embassy/ Consulate, the Ministry of Foreign Affairs in the company's country of origin, and the Jordanian Ministry of Foreign Affairs and they should be translated into Arabic and legalised by a notary public in Jordan.

#### **e. Foreign Non-Operating Company (Regional Office)**

A non-operating foreign company means an entity which has a regional office or a representative office in Jordan for its operations which are conducted outside Jordan, for the purpose of using such a regional or representative office for managing and coordinating its operations with its headquarters. A foreign non-operating company is prohibited from carrying out any business or commercial activity in Jordan. This type of company requires a minimum 50% Jordanian partnership in the company's capital. In addition, the number of Jordanian employees should not be less than half of the total number of employees.

#### **Requirements for registration:**

- The registration certificate of the company's headquarters.
- The company's Articles and Memorandum of Association, which indicate its objectives, share capital and type.
- A Power of Attorney by virtue of which a resident in Jordan is authorized to follow up the company's activities and register it in accordance with the Law.
- The company's financial statements for the last two fiscal years in its country of origin which should be certified by a licensed auditor.
- Any other data or information that the Controller of Companies deems necessary to be submitted.

The registration application form shall be signed before the Controller of Companies or any other person authorized by him in writing, or before a notary public. All documents should be legalised by the Jordanian Embassy/Consulate, the Ministry of Foreign Affairs in the company's country of origin, and the Jordanian

Ministry of Foreign Affairs and they should be translated into Arabic and legalised by a notary public in Jordan.

**Documents to be submitted after registration:**

- A lease contract entered into by the regional office in Jordan and certified by the Great Municipality of Amman.
- A list indicating the regional office's employees and their respective nationalities.
- A copy of the residency and work permits of non-Jordanian employees.
- A copy of the employment contracts of the regional office's Jordanian employees certified by the Ministry of Labour.

A non-operating foreign company enjoys the following:

- Exemption from registration and publication applicable to operating foreign companies.
- Exemption of profits generated by the foreign company from business conducted outside Jordan from both income and social services taxes.
- Exemption from registration with the chambers of commerce or industry, and professional associations, and an exemption from paying the registration fees and from any obligations towards same, including the trade vocational license.
- Exemption of salaries and wages paid by the foreign non-operating company to its non-Jordanian employees working in its regional office in Jordan, from income and social services taxes.
- Granting the company permission to import into the country trade samples and models, free from customs and import taxes.
- Exemption of imported furniture and equipment necessary to furnish its regional office from customs and other fees and charges.
- Granting the company permission to import one car under the status of temporary entry to be used by its non-Jordanian employees.
- Upon the Controller's recommendation and in justified cases, the Minister of Industry and Trade may grant the company a permit to import a second car under the status of temporary entry.

Conditions under which the abovementioned exemptions are granted are specified in a special regulation.

**f. Franchise**

A company operating franchise(s) must be incorporated as a public shareholding company formed by two or more shareholders whose liability is limited to their respective share of the company's equity. The minimum authorised capital is set at a JD500,000 minimum. The subscribed capital must exceed JD100,000 or 20% of the authorized capital, whichever is greater.

**Dissolution of a Company**

A company may go into voluntary liquidation in the event that: The period fixed for its duration has expired, the objective for which it was formed has been achieved or proves to be impossible to achieve. Voluntary liquidation may also take place in the occurrence of an event stipulated in the company's Articles of Association or by the adoption of a resolution of the Company's general meeting of shareholders.

A compulsory liquidation may be ordered by the court if the company so resolves, if the company commits a serious breach of law or of its articles of association; if it suspends its business activities for a period exceeding one year; if the number of its shareholders decreases below the legal minimum or if the company is unable to pay its debts. An application for the compulsory liquidation of a company may be made by the company, its creditors, the Controller of Companies or the Attorney General.

**2. Partnerships:**

**a. General Partnership**

A general partnership is formed by at least two and not more than twenty partners who are jointly and severally liable for the partnership's debts. Only the names of the actual partners may be included in the

partnership's name. A partnership's interest may be transferred with the approval of all partners or in accordance with conditions established in the partnership agreement. The management of the partnership is vested with one or more managers who are individuals and who may or may not be partners in the partnership.

According to the new Law, if the partnership consists of two partners, the withdrawal of one of the partners will not lead to the dissolution of the partnership. Instead, the remaining partner may seek to replace the absent partner with another. Failure to do so within three months of the partner's withdrawal will result in the partnership's dissolution by virtue of law.

#### **b. Limited Partnership**

A limited partnership consists of two or more partners who are jointly and severally liable for its debts and one or more partners whose liability for the partnership's debts is limited to their contribution to the partnership's capital. The limited partners of the limited partnership may not participate in the management of the partnership or act in its name.

#### **c. Limited Partnership in Shares**

This form of business entity consists of two or more general partners who are jointly and severally liable for its debts and three or more partners whose liability for the partnership's debts is limited to their respective share of the partnership's equity. Partners are not required to be individuals, and the name of the partnership should include the name of one or more of the general partners and the words, "Limited Partnership in Shares."

The minimum capital permitted in this form of partnership is JD 100,000, which must be divided negotiable shares of equal value of JD 1 each. Shares may be issued to the public for subscription but must not exceed twice the general partner's capital in the partnership.

The limited partnership in shares shall be dissolved or liquidated in the manner provided for by the company's articles of association. If not provided for, the provisions regarding liquidation of the public shareholding company shall apply.

### **3. Joint Ventures**

A joint venture need not be registered in Jordan and, hence, is not governed by the Companies Law. A joint venture is typically regulated by the contractual agreement between the joint venture parties. This does not apply in the event that the parties envisage the establishment of a corporate entity.

Joint ventures with Jordanian partners are one means of penetrating the Jordanian market. The advantage lies in the Jordanian partner's market experience, which helps in bridging cultural gaps when conducting business. They are also essential in some services where foreign ownership/ share of companies cannot exceed 50%.

The **Jordan Investment Board**, which is the governmental body responsible for promoting and facilitating investments in Jordan, has established the One-Stop Shop (OSS), with the objective of streamlining the investment registration process. The OSS currently provides licensing and registration services to new projects within 14 days, which is less than the MENA average of 50 days or the OECD average of 30 days (as per the World Bank's Doing Business indicators). The services offered by OSS include:

- Registration of projects according to the Companies' Law
- Issuance of preliminary licensing approvals for the start-up of projects
- Issuance of visas and permanent residency approvals for investors and the foreign labour needed for the project
- Follow-up services.

OSS provides services to projects within many sectors or any other investment project which has a JD50,000 non-Jordanian share.

**Corporate income taxes** in Jordan are:

- 15% on mining, industry, hotels and hospitals,

- 35% on insurance and financial institutions,
- 25% on all other projects,
- 0% on agricultural projects.

Foreign companies in Jordan incur the same taxes as Jordanians. In the management consulting sector, for example, a given foreign company would pay the following:

- An income tax of 25% paid on the net income of the company annually
- A sales tax of 16% paid on all invoices; it is the final recipient of the service that ultimately pays this tax
- Stamp duties of the amount JD3 per mil (1,000) of the value of any contract upon signing the contract.

Apart from projects allowed registration and licensing under Investment Promotion Law, all other investments as well as foreign operating companies and non-operating regional (branch) offices must be registered with the Ministry of Industry and Trade. Additionally, based on the economic sector, some projects are required to obtain prior approval from other public institutions. Examples are: maritime and land transport and freight (Ministry of Transport), banks (Central Bank of Jordan), hotels (Ministry of Tourism), telecommunications (TRC), universities and colleges (Ministry of Education). A minimum capital requirement of JD50,000 (US\$70,000) is set for foreign investors. This requirement does not apply to participation in public shareholding companies.

When consulting the CCD website, it becomes apparent that most companies in the management consulting sector opt to register as “General Partnership” or “Limited Liability” companies. This choice of company type is based on limited liability of the partners and the ease of exit. According to the new Law, if the general partnership consists of two partners, the withdrawal of one of the partners will not lead to the dissolution of the partnership. Instead, the remaining partner may seek to replace the absent partner with another. However, failure to do so within three months of the partner's withdrawal will result in the partnership's dissolution by virtue of law.

## **Annex 5: CPC Code**

### **Business and Professional Services**

#### **Management Consulting Services- CPCprov code 8650**

##### **865 - Management consulting services**

This Class is divided into the following Subclasses:

I. 86501 - General management consulting services

Advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organization. More specifically, general management consulting assignments may deal with one or a combination of the following: policy formulation, determination of the organizational structure (decision-making system) that will most effectively meet the objectives of the organization, legal organization, strategic business plans, defining a management information system, development of management reports and controls, business turnaround plans, management audits, development of profit improvement programmes and other matters which are of particular interest to the higher management of an organization.

II. 86502 - Financial management consulting services (except business tax)

Advisory, guidance and operational assistance services concerning decision areas which are financial in nature, such as working capital and liquidity management, determination of an appropriate capital structure, analysis of capital investment proposals, development of accounting systems and budgetary controls, business valuations prior to mergers and/or acquisitions, etc., but excluding advisory services on short-term portfolio management which are normally offered by financial intermediaries

III. 86503 - Marketing management consulting services

Advisory, guidance and operational assistance services concerning the marketing strategy and marketing operation of an organization. Marketing consulting assignments may deal with one or a combination of the following: analysis and formulation of a marketing strategy, formulation of customer service and pricing policies, sales management and staff training, organization of distribution channels (sell to wholesalers or directly to retailers, direct mail, franchise, etc.), organization of the distribution process, package design and other matters related to the marketing strategy and operations of an organization.

IV. 86504 - Human resources management consulting services

Advisory, guidance and operational assistance services concerning the human resources management of an organization. Human resources consulting assignments may deal with one or a combination of the following: audit of the personnel function, development of a human resource policy, human resource planning, recruitment procedures, motivation and remuneration strategies, human resource development, labour-management relations, absenteeism control, performance appraisal and other matters related to the personnel management function of an organization.

V. 86505 - Production management consulting services

Advisory, guidance and operational assistance services concerning methods for improving productivity, reducing production costs and improving the quality of production. Production consulting assignments may deal with one or a combination of the following: effective utilization of materials in the production process, inventory management and control, quality control standards, time and motion studies, job and work methods, performance standards, safety standards, office management, planning and design and other matters related to production management, but excluding advisory services and design for plant layout and industrial processes which are normally offered by consulting engineering establishments.

VI. 86506 - Public relations services

Advisory, guidance and operational assistance services concerning methods to improve the image and relations of an organization or individual with the general public, government, voters, shareholders and others.

VII. 86509 - Other management consulting services

Advisory, guidance and operational assistance services concerning other matters. These services include industrial development consulting services, tourism development consulting services, etc.

UNStats CPCprov:

<http://unstats.un.org/unsd/cr/registry/regcs.asp?Cl=9&Lg=1&Co=8650>



## Annex 6: Questionnaire

### Management Consulting Sub Sector

Note: Unless specified, please give information for the latest year available and indicate which year. If insufficient space is provided, please attach additional information on separate sheets. Please report all monetary values in their reported currencies.

Within this section of the questionnaire, two concepts will be frequently encountered: commercial presence and cross-border supply. They are alternative modes of supply and are defined by the WTO in the context of the GATS schedules of commitments. To avoid confusion, a preliminary discussion of the two concepts is necessary. Foreign suppliers provide services according to the “cross-border” mode if they operate from their own country without establishing a local branch or subsidiary or acquiring shares in a firm located in the country to which the service is destined. The “commercial presence” mode of supply means exactly the contrary, i.e. the foreign firms establish locally in the country where they want to supply the service and open a branch, subsidiary or participate to the capital of a local firm (the share can go up to 100%).

#### A. Market Access

##### Commercial presence

1. Are there policy restrictions to new entry (refer only to commercially-established <sup>10</sup> operators)?				
Service type	Entry by any firm	If yes, total number of firms allowed	Entry by firms with foreign participation <sup>11</sup>	If yes, number of firms with foreign participation allowed
---	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
---	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
---	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
---	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
---	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	

2. If entry is restricted, what are the reasons provided by the government?

Use the definitions below to fill in the table:

1—To give incumbent operators time to prepare for competition. If so, please specify time given.

2—To increase government revenue from privatization or license fees

3—Exclusive rights believed necessary to attract (strategic) investment. If so, please specify time given

4—It is believed that market can sustain only a limited number of operators

5—Strategic activity reserved to the state.

6—To protect the industry.

Service (Give reasons for each service or sub-sector)	Reasons						Other (describe in brief)
	1	2	3	4	5	6	
--							
--							
--							
--							

<sup>10</sup> The term commercially-established refers to locally-established operators.

<sup>11</sup> This category also includes branches and subsidiaries of foreign suppliers.

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Cross-border supply

3. Are there restrictions on cross-border entry of foreign service providers on the ----- market?		
<input type="checkbox"/> No <input type="checkbox"/> Yes If yes, what are the instruments used to implement restrictions? <input type="checkbox"/> Bilateral agreements specifically related to the sector or agreements where the sector is mentioned therein <input type="checkbox"/> Other: _____		
4. If entry is restricted, what are the reasons provided by the government?		
To prepare incumbent operator (s) for competition:	<input type="checkbox"/>	
Market is believed to sustain a limited number of operator (s)	<input type="checkbox"/>	
To protect the regulated rail industry	<input type="checkbox"/>	
Others (explain)		
5. Bilateral ..... Agreements		
Type of bilateral agreements	Number of signed bilateral agreements	Number of operational agreements
---		
---		
---		
---		
---		
Others (please elaborate)		
6. Please fill in the following information referring to clauses in operational bilateral agreements:		
a)      Tariff clauses in bilateral agreements		Total number of bilateral road agreements
--		
---		
--		
--		
Other mechanism of setting tariffs (please describe in brief)		
b)      Capacity clauses imposed on foreign companies		Total number of bilateral agreements
No capacity constraints		
Capacity constraints		
c)      Number of foreign companies		Total number of bilateral agreements
No number constraints		
Number constraints		
d)      Modes of delivery specification for the foreign companies		Total number of bilateral agreements
Routes not specified		
Routes specified		

## B. Ownership

7. Is private ownership in the provision of services through commercial establishment allowed?				
Services	Existing operators	Maximum private equity permitted (%)	New entrants	Maximum private equity permitted (%)
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	

8. Does government (national, state or provincial) hold equity stakes in a national business company?			
Services	Government equity participation	Equity participation (%)	Name of company
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		

8.1 If yes, are there any statutory or other legal limits to the number or proportion of shares that can be acquired by foreign investors in those companies?			
Services	Foreign equity participation	Foreign Equity participation (% or number)	Name of company
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		

8.2 If yes, are there any legal constraints to the sale of the equity held by the government in publicly controlled companies?	
	Legal constraints
	<input type="checkbox"/> No <input type="checkbox"/> Yes
	<input type="checkbox"/> No <input type="checkbox"/> Yes
	<input type="checkbox"/> No <input type="checkbox"/> Yes
	<input type="checkbox"/> No <input type="checkbox"/> Yes
	<input type="checkbox"/> No <input type="checkbox"/> Yes

9. Is owner-operators allowed in the in any of the service markets?					
Name	Year first offered services	Designated to provide international services	Market share		Is the firm federal, state or provincial?
			National	International	
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			

## C. Market Structure

10. Please list below the characteristics of all commercially-established companies operating in Jordan.

Name	Year company first offered services	Designated to provide international services	Market share		Is the firm federal, state or provincial?	Owners of capital and their respective shares (domestic/foreign)
			Nat-ional	Inter-national		
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				

11. Do providers participate in informal cartel?

No  Yes If yes, please describe.

12. Please indicate the total number of foreign companies providing services cross-border:

Services

13. Please list the characteristics of the 6 most important commercially-established operators for the following services:

Name of firm	Year of service commencement	Market share	Owners of capital and their respective shares (domestic/foreign)

#### D. Regulation

14. Institutional status of sector regulator		
	For providers	
When was the regulator established?		
Is the regulator an institutionally independent agency? <sup>12</sup>	<input type="checkbox"/> No <input type="checkbox"/> Yes	
How is the sector regulator financed?		
License and other fees (%)		
State budget (%)		
Other _____ (%)		
How many technical and economic professionals are employed?		

<sup>12</sup> “Institutionally independent” means that the regulator is not part of the ministry and is not linked to the operating entity.

15. What are the main requirements of companies to operate in the sector?					
Type of service	Requirements				
16. Price regulation					
<p>a) Does the government or regulatory agency regulate tariffs?</p> <p style="margin-left: 40px;">On ...                    <input type="checkbox"/> No    <input type="checkbox"/> Yes</p> <p style="margin-left: 40px;">On ....    <input type="checkbox"/> No    <input type="checkbox"/> Yes</p>					
<p>b) If yes to a), please explain</p>					
<p>If no to a) how are abuse of monopoly power (cartel) and/or predatory pricing dealt with?</p>					
<p>Does the government or regulatory agency provide pricing guidelines for some services?</p> <p style="margin-left: 40px;">Service...                    <input type="checkbox"/> No    <input type="checkbox"/> Yes</p> <p style="margin-left: 40px;">Service ...                    <input type="checkbox"/> No    <input type="checkbox"/> Yes</p> <p style="margin-left: 40px;">etc</p> <p>Are professional bodies or representative of trade and commercial interests involved in specifying or enforcing pricing guidelines or regulations?</p> <p style="margin-left: 40px;">On service tariff                    <input type="checkbox"/> No    <input type="checkbox"/> Yes</p> <p style="margin-left: 40px;">On service                            <input type="checkbox"/> No    <input type="checkbox"/> Yes</p>					
17. Regulation on entry of new business					
<p>17.1 Licenses</p> <p>a) If the number of providers is not restricted by policy, specify the main conditions new entrants must fulfill</p>					
Service	Payment of license or permit fee (indicate amount in local currency)	Obtainment of concession, or franchise by a level of government	Other (describe in brief)		
<p>b) If the number of providers is limited by policy, through what mechanism are licenses or concessions allocated?</p>					
Service	Competitive tender	First come, first served	Public hearings	Other discretionary mechanism	Other (describe in brief)
<p>c) Who does issue license?</p>					



18. Discrimination between foreign companies and domestic ones.

Do foreign firms have the same right to operate in the domestic market as domestic firms?  
 No  Yes

If no, are any of the following constraints in place:

complete prohibition  No  Yes

limitations  No  Yes

restrictions on the possibility for foreign firms to operate  
 No  Yes

Others:

Do foreign companies have social obligations without adequate compensation?  
 No  Yes

Does the government provide subsidies to domestic companies?

Bus  No  Yes

Truck  No  Yes

e) Are there any regulations setting conditions for operation periods?

f) Do regulations prevent or constrain any value added services: specify below

a) .....

b) .....

c) .....

d)

g) Within the last five years, have laws or regulations removed restrictions on certain services:

a) ...

b)

19. Public consultation and transparency

a) Which of the following are consulted in advance of regulatory decisions?

Service providers

Consumer groups

User industries

Other: \_\_\_\_\_

b) How are laws and regulatory decisions made public?

Published on the regulator's website

Published in an official gazette

Other: \_\_\_\_\_

E. Past and Future Changes in Policy

22. Please indicate major changes in market access policies, ownership rules, and regulation since 1990. (e.g., domestic liberalization, implementation of free trade agreements, joining of regional trade agreements, privatization etc.) Please attach copies of laws and regulations, if possible.

Area of policy change (market access, ownership or regulation)	Year of change	Description of change

23. Please indicate announced or anticipated changes in the same areas.

Area of policy change (market access, ownership or regulation)	Anticipated date	Description of change

#### F. Regional Integration Agreements

24. Please indicate if there are any preferential arrangements affecting .... services, and list the preferential measures.

Name of agreement	Partner country(s) in agreement	Date of entry into force	Preferential measures

#### G. Employment

25. Main indicators (for the years 1990-2007).

How many people are employed by the main national companies?  
 How many people are directly employed in the provision of services? \_\_\_\_\_  
 What share of the total labor force is directly employed in the provision of services? \_\_\_\_\_  
 What share of workers is employed by foreign-owned operators providing ...  
 services? \_\_\_\_\_  
What is the annual average wage in this sector? \_\_\_\_\_

If available, please attach time series data on these employment indicators them separately. If time-series data from 1990 to 2005 is not available, please collect indicators for the years 1990, 1995, 2000 and 2005.

#### H. Investment

26. Investment indicators (for the years 1990-2005)

Service	Total amount of investment	Total amount of foreign direct investment	Total stock of foreign direct investment

If time-series data from 1990 to 2005 is not available, please collect indicators for the years 1990, 1995, 2000, 2005 and 2007.

#### I. Prices



27. Please fill in the table below. If time series data are available, please attach them separately (preferably electronically).

Service	Price (in local currency)	Date	Comments

J. Quality and Access to Services

28. Please fill in the following indicators of quality and access to services.

Indicator	Value	Date	Comments

K. Innovations

29. Do ....companies adopt the following technological innovations?

Innovations	If yes, how many companies out of ten major ones adopt it?
<input type="checkbox"/> Technological ....related innovations.	
<input type="checkbox"/> Improved computer systems and administrative controls	
<input type="checkbox"/> Improved .... systems	
<input type="checkbox"/> Improved facilities	
<input type="checkbox"/> Internet	

Please, provide the name and contact information of the respondent of this questionnaire, or of a specialist from whom we can obtain clarifications if necessary.

Name \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
 E-mail address: \_\_\_\_\_