

Labour Force, Employment, and the Labour Market in Jordan

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Introduction

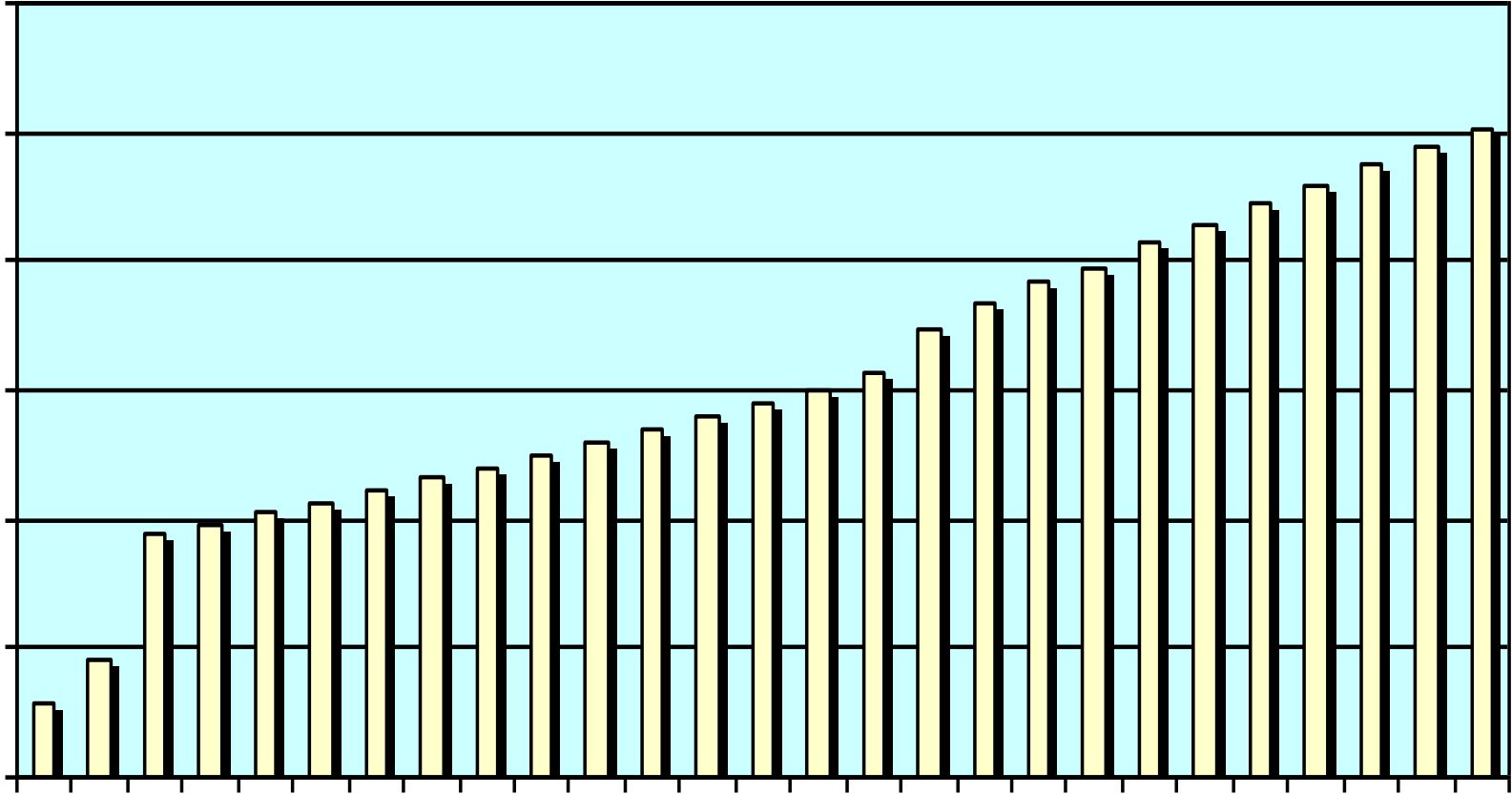
- **A most pressing challenge facing Jordan in the new millennium is inadequacy of jobs to absorb growing number of work force.**
- **Labour force in Jordan is projected to increase by 480 + thousands new entrants during 2000-2001**
- **Unemployment rate (about 16% in 2000) means that 180 thousands additional jobs are needed to eliminate it.**

Demographic Trends

- **Growth rate of population in Jordan averaged 3.8 percent annually in 1975-1999.**
- **High population growth is explained by high fertility and declining mortality, and by net immigration into Jordan from the Israeli-occupied West Bank at a rate of about 0.5 percent.**

- **Crude birth and death rates hovered around 30 and 4 per thousand, respectively. Jordan population in 2000 has reached 5 million.**
- **For the future, the population of Jordan will grow by 2.3 percent annually over the next 15 years, despite considerable aging and a notable drop in the proportion of young people.**

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*Source: ILO Measurement of place of work in Jordan P3 & CBJ Monthly Bulletin
October 2001 P1*

A most important demographic change in recent years:

Decline in fertility rate

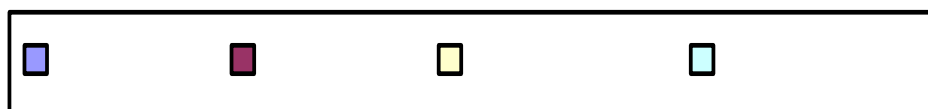
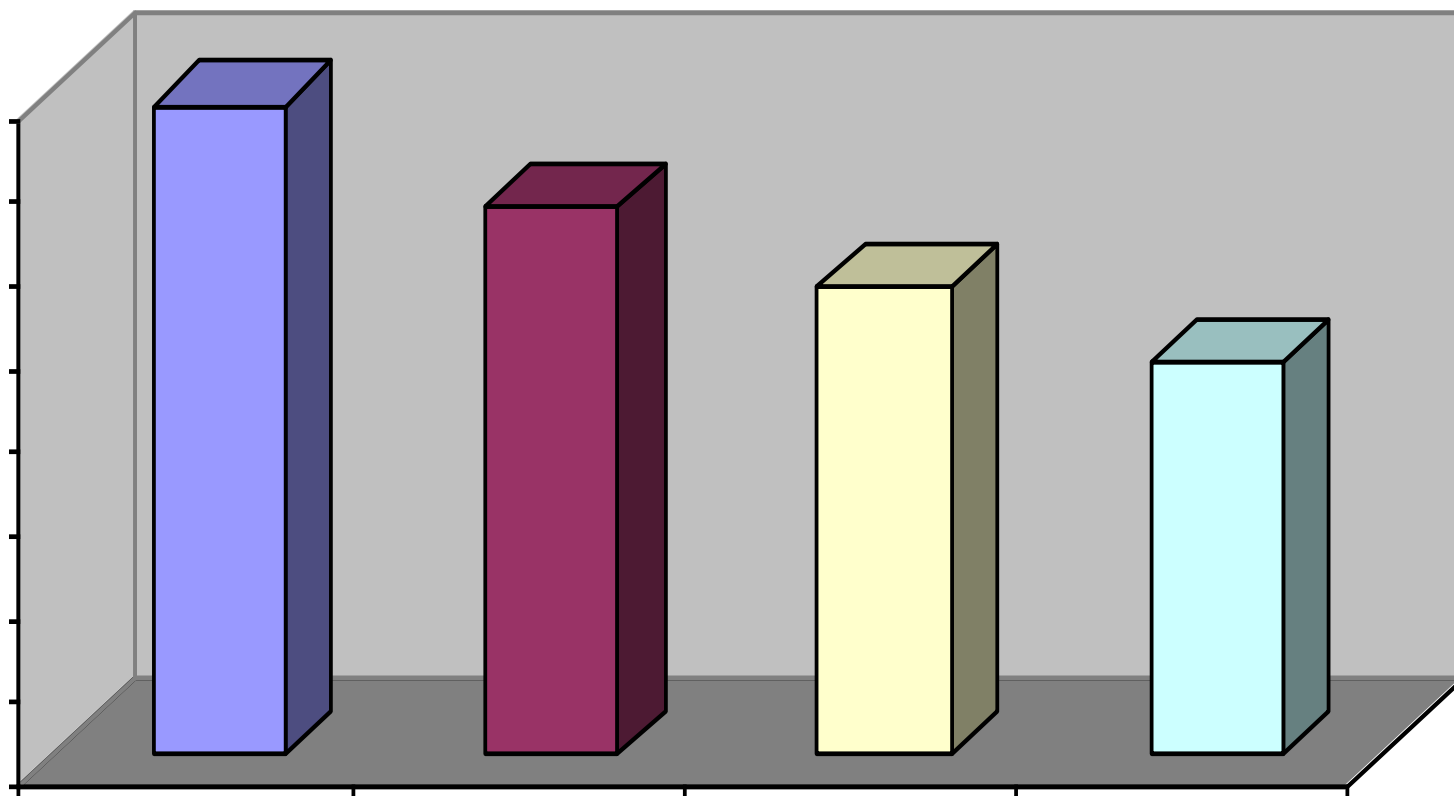
7.4 during 1975-76 to

4.4 in 1997, attributable to:

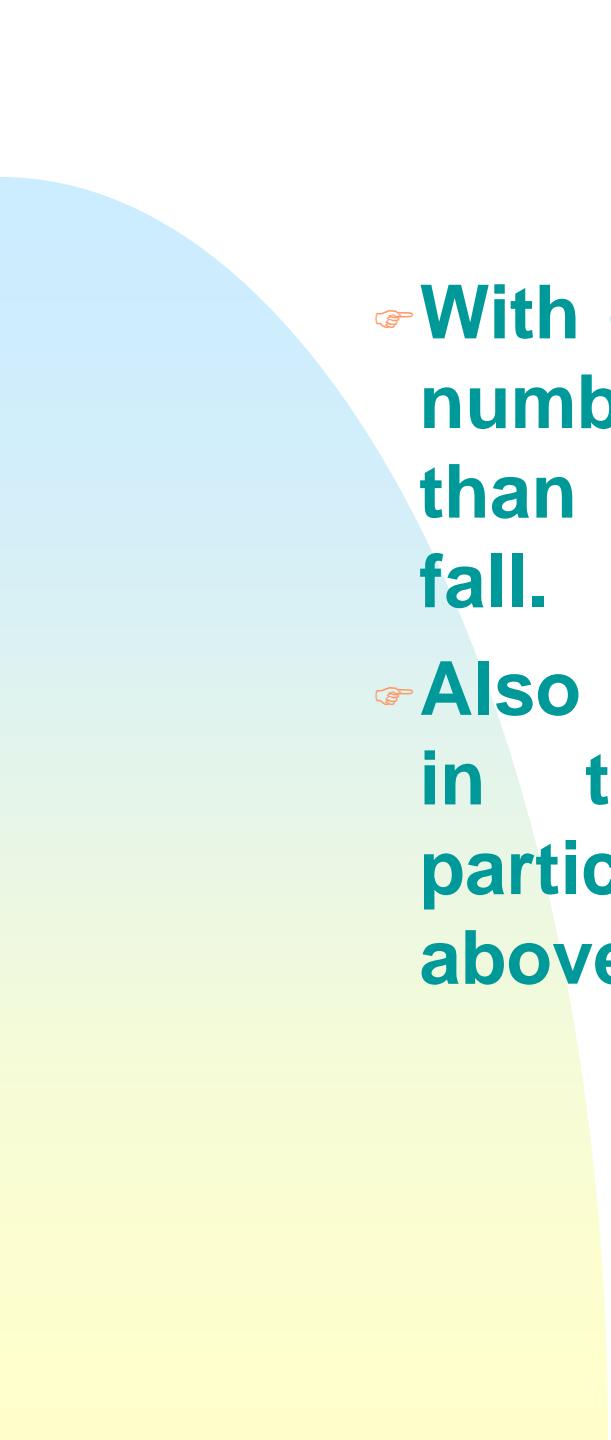
increases in educational attainment and greater participation of women in the labour force.

Uneducated mothers had 6.7 fertility

Mothers with secondary education and above had a 3.4 fertility.



Source: Department of Statistics, Demographic health surveys, Jordan Human Development Report 2000 and HDR 2001 table 2.1 population dynamics

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- ➡ **With declining fertility rates, the number of children (aged less than 15 years) is expected to fall.**
 - ➡ **Also expected: a growing bulge in the older age groups, particularly those aged 65 and above.**

The combined dependency ratio percent working age population:

1991 83 percent

1995 79.3 percent

2000 75.8 percent

2015 60 percent (expected)

Table 1
Jordan Population by Main Age Groups and
Dependency Rates in 2000,
Projections for 2015

Age groups	Percentage of total population in 2000*	Persons in Age Group Millions 2000	Projected growth rates by age group 1999-2015**	Projected population in 2015 (million)	Age Group Percentage in population 2015
0-14	39.8	1.99	1	2.3	32.9
65+	3.3	0.165	4.3	0.3	4.4
15-64	56.9	2.845	2.9	4.4	62.1
Population (million)	5			7.0	
Projected Dependency rate	0.76			0.6	

** Employment & Unemployment Survey 2000*

*** Table 2.1 Population Dynamics World Development Indicators*

- *In conclusion*, with regard to the effect of demographic trends on the labour market over the coming 15 years, Jordan should expect:
 - Very high demand for jobs
 - a decline in the overall dependency ratio
 - and a high demand for health and social services by the elderly.

Labour Force Trends

Labour force trends over the past three decades have been erratic.

These Trends reflect:

- **Demographic trends in the adult population.**
- **Higher participation rates of women**
- **Rising levels of school enrolment**
- **Migration**

Growth pattern of labor Force

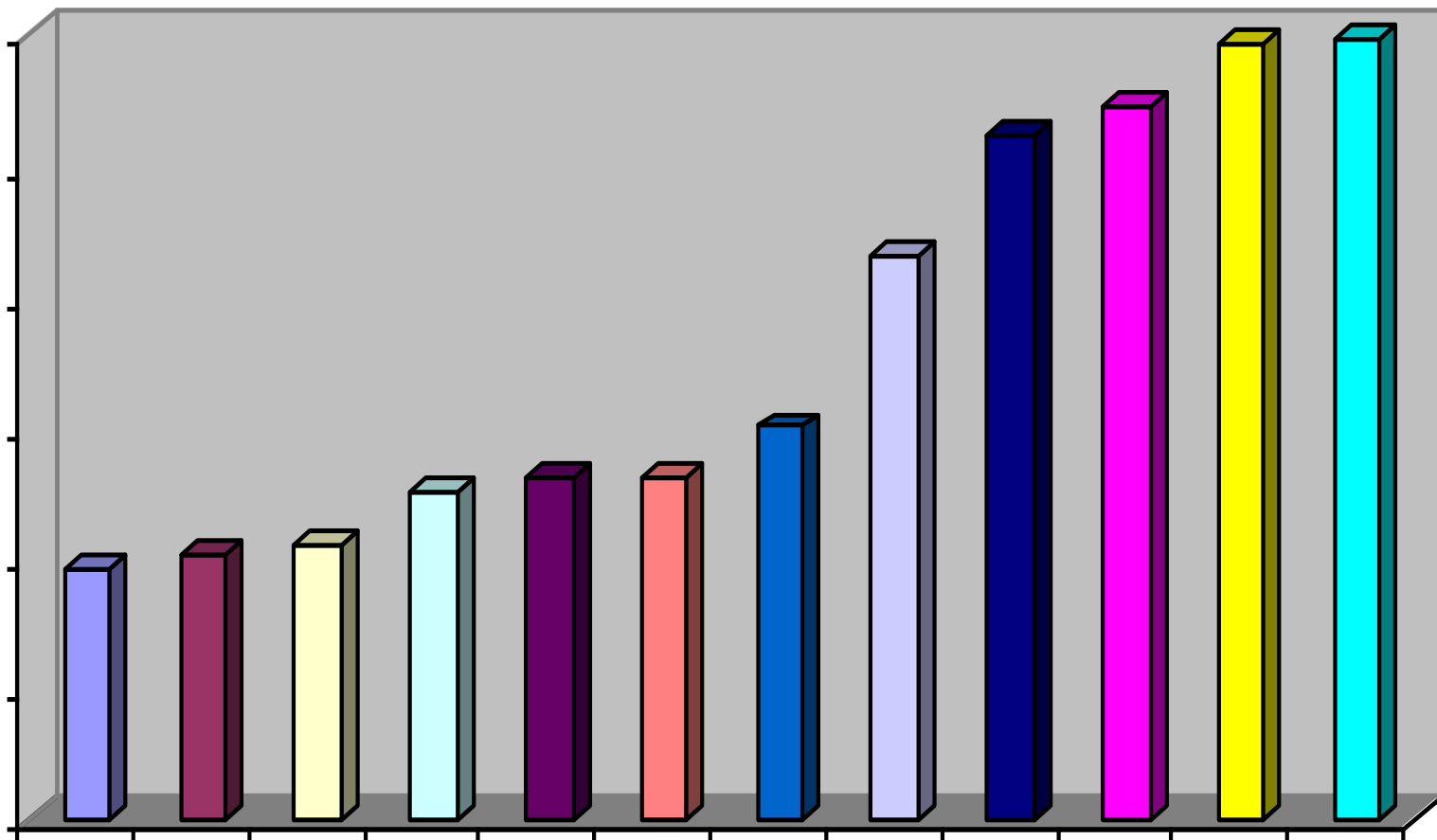
Fluctuations in Jordanian resident labor force were caused by:

- Economic recession in the 2nd half of the 1980s prompting an increasing number of Jordanians to seek jobs abroad (LOW GROWTH)
- Massive return of Jordanians from the Arab Gulf countries in the aftermath of the Gulf crisis and war 1990-91 (HIGH GROWTH)
- Since 1995, net additions to labor supply have run at an annual average of 30000 per year

Table 2 Jordan, Growth of the Labour Force in Different Periods 1975-2000 (Percentages)

Periods	Annual Growth Rates of Labour Force
1975-1980	1.8
1980-1985	3.6
1985-1990	0.9
1990-1995	14.9
1995-2000	2.6

** As computed from figures released by the Department of Statistics and the 1975 labour force census*



**Source: DOS*

*** Source: The labour force census 1975 – DOS*

- **Percentage of children in population declined by 6.8 percent in 1991-2000**
- **Percentage of the elderly in population increased by 27 percent in 1991-2000**

The effects of the aging process will be first felt in the labour market where, for the first time in recent years, there will be older, and as such more experienced, workers than younger workers.

Table 3
Jordan: Ratio of Main Age Groups in Total Population
(Percentages)

	1991	1995	2000
Children population 0-14	42.7	41.4	39.8
Working age population 15- 64	54.6	55.8	56.9
Elderly population 65+	2.6	2.8	3.3

Source: Employment & Unemployment Survey, various years

- The high growth rates in both the labour force and the adult population has been taking place at a time of relatively low rates of economic growth, and therefore low levels of incremental demand for labour, in Jordan and throughout the rest of the Arab region.

At the same time, Egyptians, Iraqis and other guest workers were crowding the job market in Jordan.

Table 4 Non-Jordanian Workers (Numbers)

Year	Immigrant workers
1976	8000
1979	41000
1984	154000
1996	625106
1997	300000

Source: *Unemployment in Jordan: Facts, Figures and Policies* – Nancy Bakir Ministry of Administrative Development. Please note that the higher figure for 1996 is equivalent to the number of non-Jordanian residents in the kingdom.

Gender Participation in the Labour Force

In addition to fluctuations in the state of the economy, changes of a more structural nature also played a major role:-

- Faster expansion of job opportunities in the services sector
- Jordanian women increasingly claimed their place in the labour market, as their participation rate grew from 6.4 percent in 1979 to 12.3 percent in 2000.
- Higher school enrolment at all levels e.g. Post Secondary enrolment rose from 93000 in 1995 to 124000 in 1999, equivalent to a 33 percent expansion

Table 5

Jordan Labour Force, Participation Rates of Persons Aged 15 and Above (Percentages)

Years	1979	1995	1999 (Round 3)	2000
Total	41.8	41.6	39.2	39.4
Male	79	70.1	67.2	66.1
Female	6.4	12.3	12.2	12.3

Source: Employment & Unemployment survey, various years

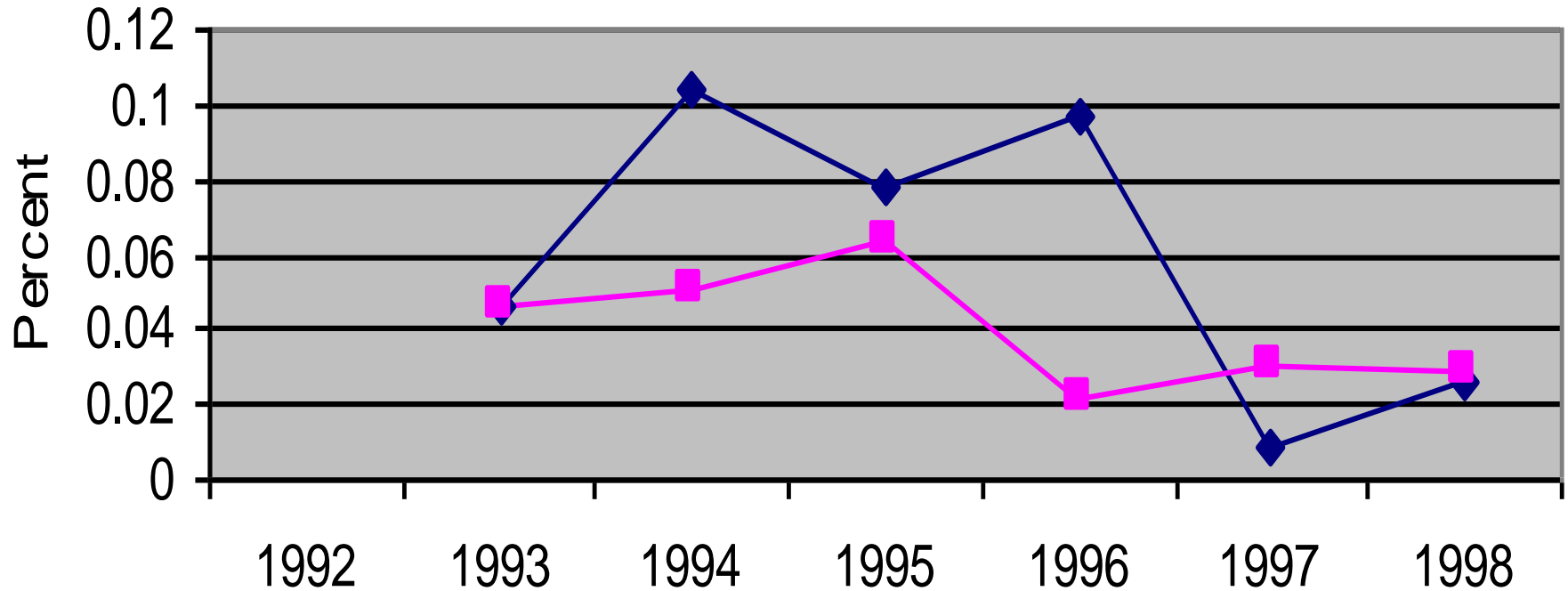
Table 6
Enrolment Rates by Education Cycle and
Gender
(Percentages)

	Basic			Secondary		Intermediate & University	
	Male	Female	total	total	Male	Female	Total
1992-93	86	88	174	87	51	55	53
1997-8	93	94	187	93	70	75	73

Employment Patterns

- **Rising employment numbers during the 1990s are strongly correlated to real economic growth, as is shown in the figures below.**
- **At the same time, increasing employment opportunities were unevenly distributed amongst the different sectors of the economy.**

Employment growth versus real GDP expansion



—◆— Year on year employment growth rate
—■— Real GDP growth at 1994 base

Table 7
Employment by GDP Sectors of Origin in the Formal Sector
Excluding Agriculture

(Establishments employing 5 persons or more)

Sector of Economic activity	1975	1992	1995	1998	1998/75
Mining And quarrying	2683	7501	7777	9201	3.4
Manufacturing	19583	51347	65524	76357	3.9
Electricity & Gas & Water	2107	13668	13367	13397	6.4
Construction	8427	6938	10984	12780	1.5
Commerce	25157	23341	29540	32052	1.3
Transport, Storage & Communications	13916	25540	24949	29023	2.1
Finance & Business Services	3147	18713	24275	27185	8.6
Public Administration & Services	53212	150093	194033	221101	4.2
Total	128232	297141	370449	421096	3.3

Source: Department of Statistics, Annual employment surveys 1992-98 and the labour force Census 1975



The relatively poor contribution of manufacturing to job creation is worrying. For a key sector to gain just under 57000 jobs in 23 years clearly indicates a struggling industry.

Table 8

Jordan: Sectoral Shares in Total Employment

Year	Agric	Manu	Water and Electricity	Const	Trade, Rest & hotels	Transport, storage & equipment	Insurance, Finance & real estate	Public Admin. & Social services	Others, unspecified
1987	7.4%	10.5%	1.7%	10.5%	9.8%	9.2%	3.3%	47.6%	0
1988	7.6%	10.3%	1.8%	10.0%	10.0%	9.0%	3.4%	48.0%	0
1989	7.2%	10.4%	1.4%	9.7%	10.2%	8.8%	3.1%	49.2%	0
1990	7.3%	10.2%	1.3%	9.9%	10.1%	8.5%	3.2%	49.5%	0
1991	7.4%	10.3%	1.3%	9.8%	10.3%	8.8%	3.2%	48.9%	0
1992	7.4%	10.3%	1.1%	10.0%	10.5%	8.7%	3.3%	48.7%	0
1993	6.4%	10.6%	0.7%	7.0%	15.1%	6.7%	2.9%	50.6%	0
1995	6.9%	14.4%	1.4%	10%	16.2%	9.2%	3.8%	36.1%	2%
2000	4.9%	13.6%	1.7%	6.5%	19.5%	9.6%	4.9%	33.4%	5.8

Source: Department of Statistics, Employment and Unemployment Surveys, various years

- **The largest growth in employment took place in services. Total services employment grew from 95432 in 1975 to 807300 in 2000, an expansion of over 7 fold.**

The proportion of those engaged in public sector employment actually declined due to budgetary austerity measures between 1987 and 1989, with a slow recovery thereafter, that saw public sector employment grow by only 64 percent in the period from 1987 to 2000.


Changes in Occupational Structure

- The extent of these changes is shown in **Table 10**. The share of agricultural workers in total employment fell from 6.1 percent in 1991 to 3 percent in 2000. The proportion of manual workers (elementary occupations) also declined over the period, from 21.1 per cent in 1991 to fewer than 18.5 percent in 1995, and 15 percent in 2000.

Table 10
Jordan, Labour Force Employment by Occupational Category

Percentages

Occupation	1991	1995	2000*
Legislators, Senior Officials and managers	4.6%	1.4%	0.1%
Professionals	14.0%	9.8%	15.7%
Technicians and associate professionals	8.9%	8.8%	11.9%
Clerks	7.4%	7.4%	8%
Service workers	8.8%	12.4%	15.3%
Skilled agriculture workers	6.1%	6.3%	3%
Craft workers	17.2%	22.3%	17.5%
Plant and machine operators	10.8%	13.1%	13.7%
Elementary Occupations	21.1%	18.4%	14.9%
Unspecified	1.2%	0.0%	0%
Total	100%	100%	100%



These changes in the occupational structure reflect a long-running trend towards upgrading of positions in the labour market, a process, which has been taking place since the early 1970.

Characteristics of the Unemployed

Historical phases of unemployment:

- 1950 - 1972 unemployment rate, in excess of 20 percent, led Jordanians to seeking jobs abroad.
- 1970s - early 1980s was a period of full employment
- 1983 – to date rising unemployment exacerbated by Jordanian returnees from the Gulf States

Unemployment Patterns

- **The decade of the 1980s was particularly severe for the Jordanian economy.**
- **Contraction in employment opportunities combined with labour force growth resulted in an increase in the unemployment rate from just below 6.5 percent in 1982 to almost 13.1 percent in 1986.**

Table 11
Jordan, Unemployment by Gender and Age Group

Year	The unemployed – 1982			The unemployed – 1986		
Age group	Male	Female	Total	Male	Female	Total
15-19	11.93	59	18.01	17.83	65.87	20.11
20-24	8.86	26.97	12.39	16.93	42.69	21.05
25-29	4.37	10.30	5.17	11.03	12.01	11.19
30-34	2.49	6.48	2.95	6.39	5.88	6.33
35-39	2.00	7.86	2.41	6.54	3.75	6.33
40-44	1.63	6.92	1.86	6.34	0	6.00
45-49	1.77	10.44	2.01	8.45	4.35	8.33
50-54	2.14	4.35	2.2	9.24	0	9.04
55+	1.42	23.53	1.85	12.53	5.55	12.46
Overall Unemployment rate	4.59	23.00	6.47	11.84	24.97	13.08

Table 11
Jordan, Unemployment by Gender and Age Group

Unemployment rate	1982	1986	1991	1995	2000
Total	6.47	13.08	17.4	15.3	13.7
Urban	6.7	14		15.9	
Rural	5.83	9.75		12.7	
Male	4.6	11.85		13.0	12.3
Female	23	25		29.4	21.0

Source: DOS, Employment & Unemployment Survey various issues, Unemployment in Jordan during the 1980s

- **Sharp increases in the unemployment rate occurred along episodes of contractions in economic activity since the mid 1980s throughout the early 1990s.**
- **The other notable discrepancy in labour market outcomes is that between skilled and unskilled workers. Unemployment rates are considerably higher for the less-educated and unskilled workers.**

Table 13
Jordanian Unemployed in 2000 by Gender and Education
(Percentages)

Age group	Total	Sex	
		Male	Female
Total	5944	Female	1419
Percent	100	4525	100
Illiterate	2.3	1419	1.3
Less than secondary	56.7	100	21.8
Secondary	12.5	100	13.5
Inter. Diploma	13.6	2.6	35.9
BA & above	14.9	1.3	27.6

Source: Employment & Unemployment Survey 2000

Migration

- Economists have often referred to Jordan as a labour exporting country. With the oil boom of the 1970s in the Gulf States, substantial numbers of educated and skilled labour force, temporarily emigrated for employment. Migration fluctuated in accordance with demand in both domestic and external labour markets.

The typical Jordanian migrant is perceived as male, and most often, young and economically motivated. The highest percentage of those employed in the Gulf had primary education or less, regardless of gender. (See table 15)

Table 15
Jordan – Returnees from the Gulf by gender and education level (Percent)

	Number of Male migrants	Percent of the total	Number of Female migrants	Percent of the total
Primary education and below	7702	38.5	10336	48.1
Secondary education	5296	26.9	6485	30.2
Intermediate diploma	2303	11.7	2292	10.7
Higher education	4195	21.3	1550	7.2
Unspecified	335	1.6	816	3.8
Total	19831	100	21479	100

- **More than one third of those employed in the Gulf region were plant and machine workers. Proportion of post-secondary education and Jordanian university graduates working in the Gulf was 25 percent. The size of those who hold a managerial position is proportional to the sub group of migrant workers with post secondary education, 20.6 percent and 25 percent respectively. (See table 16)**

Table 16
Jordan - Returnees from the Gulf, Aged 15 and above by
occupational structure (Percent)

Technicians and professionals	Number	Percent
Senior officials and managers	3149	16.6
Clerks	757	4.0
Service workers	2767	14.6
Agricultural workers	2187	11.5
Plant & machine workers	120	0.6
Armed forces	5857	30.8
Unspecified	150	0.8
Technicians and professionals	4022	21.2