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Labour force and unemployment trends among Jordanians, Syrians and Egyptians in Jordan 2010-2014

Analytical Paper

Svein Erik Stave and Maha Kattaa

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Introduction

This paper provides an overview of labour force and unemployment trends in the governorates of Amman, Irbid, and Mafrq (referred to as the “study governorates” in the text) during the period of January 2010 and April 2014. The analyses are based entirely on data from the Employment and Unemployment Survey (EUS) provided by the Department of Statistics (DoS).

The analyses were originally part of the study “Impact of Syrian Refugees on the Jordanian Labour Market”, which was executed for the International Labour Organization (ILO) by the Oslo-based Fafo Institute for Applied International Studies, in collaboration with DoS¹, and based on data collected through a specially-designed labour force survey as part of the study. Although the results for many of the same indicators calculated from the two different data sets showed similar trends, some of them also showed somewhat different results. Hence, to avoid confusion about which results to trust in some cases it was decided to take out the analyses based on the EUS data from the original study. These analyses are presented in this paper.

Another reason for separating the EUS data based analyses from the original ILO-Fafo study was the fact that the two data sets have been generated in different ways and for different purposes. The survey from where the ILO-Fafo study data was generated was specially designed to capture both Syrian and Jordanian workers and impact related aspects, while the EUS is originally designed to monitor key indicators and overall trends in the Jordanian labour market at the national scale, without special attention to any particular group or issues.

One of the implications of the differences between the two data sets is that the uncertainty associated with governorate-specific estimates from the EUS sample is larger than the uncertainty associated with national level estimates. Still, the sample covering the study governorates is fairly large. It has not been lower than 71,892 in any of the years between 2010 and 2013, and the sample for the first quarter of 2014 was 20,897.

A second methodological feature to be aware of when interpreting the results based on the EUS data, is that the sample is assumed to be slightly biased towards Jordanians and the more well-off Syrians and other non-Jordanians. In particular, poorer Syrian refugees living in rural areas and households living in temporary housing units are assumed to be underrepresented in the sample. In practice, this means that some of the trends concerning Syrians could be somewhat stronger in reality than what is reflected in the graphs.

The third, and perhaps the most important point to be aware of when interpreting the graphs in this chapter, is that many of the figures for 2014 differ substantially from the previous year(s). Although the 2014 figures are based on the first quarter of the EUS only, and hence a sample that is 29 per cent the size of the sample in 2013, we still believe that the data should reflect the situation in early 2014 relatively well. We have therefore decided to include the 2014 data in the graphs. In general, the 2014 figures just confirm trends from previous years, although the exact levels should be regarded as uncertain until we have data from all four quarters of 2014.

¹ Stave S. E. and S. Hillesund, 2015: Impact of Syrian Refugees on the Jordanian Labour Market, ILO and Fafo (http://www.ilo.org/beirut/publications/WCMS_364162/lang--en/index.htm)

1. Labour force

1.1 Labour force participation rates

The total labour force participation in the study governorates in 2013 was 36.5 per cent, compared to 38.6 per cent in 2010. Figures from the first quarter of 2014 confirm this downward trend, although a recorded rate of 29.5 per cent looks suspiciously low. According to the figures from the first quarter of 2014, the labour force participation rates have gone down from the previous year for all population groups in the Jordanian labour market, including Jordanians, Syrians and Egyptians.

From 2010 to 2013, the labour force participation rate of Jordanians in the study governorates decreased slightly from 38.6 to 36.6 per cent. Interestingly, the already high participation rate of Egyptians increased quite substantially from 80.4 to 87.6 per cent in the same period. On the contrary, the participation rate of Syrians decreased from 44.9 to 31.5 per cent from 2010 to 2013.

Figure 1: Refined Activity Rates Labour by population group, Study governorates, 2010-2014

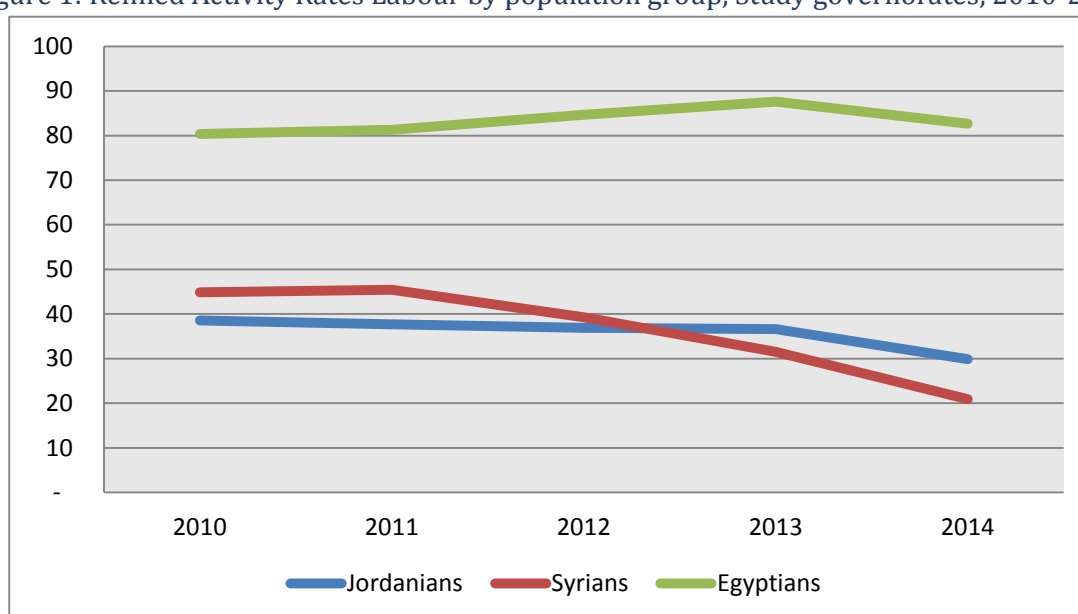
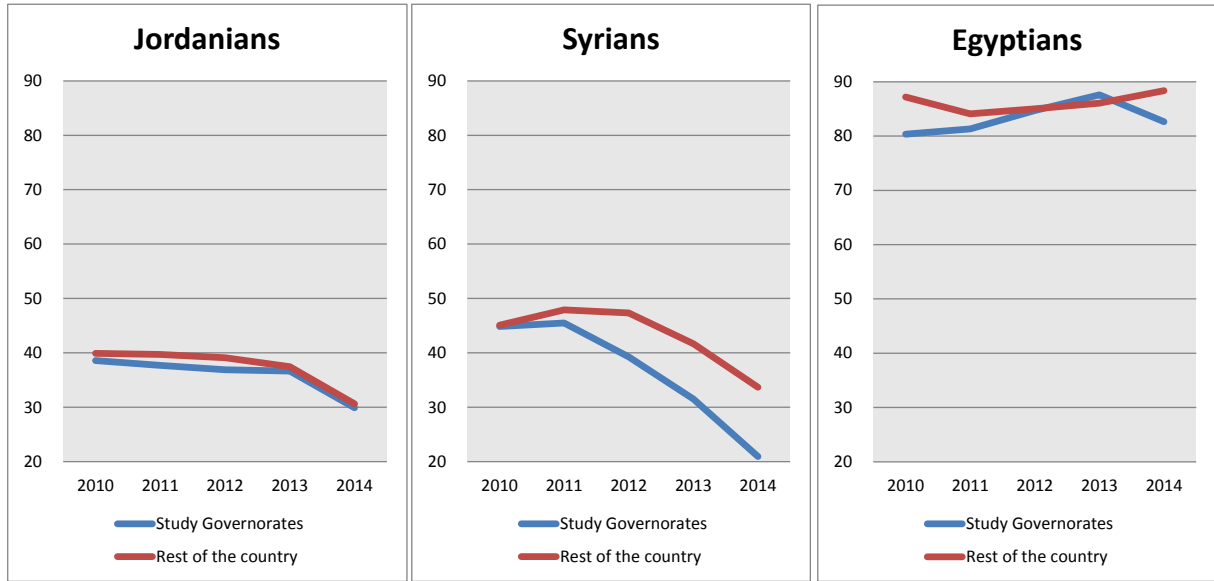


Figure 2 shows that the same general trends for the three population groups can be seen in the other governorates of Jordan, which are less influenced by Syrian migrants. The only possible exception is for Egyptians in the study governorates, where the 2014 figure shows a decline of five per cent. However, given the already stated general uncertainty attributed to the 2014 figures, combined with a relatively small sample of Egyptians in the EUS and possible natural fluctuations of the very high participation rate of Egyptians (at no time less than 80 per cent since 2010), interpretations should not pay too much attention to this drop.

Figure 2: Labour force participation rates in the study governorates compared to the rest of the country by population group, 2010-2014



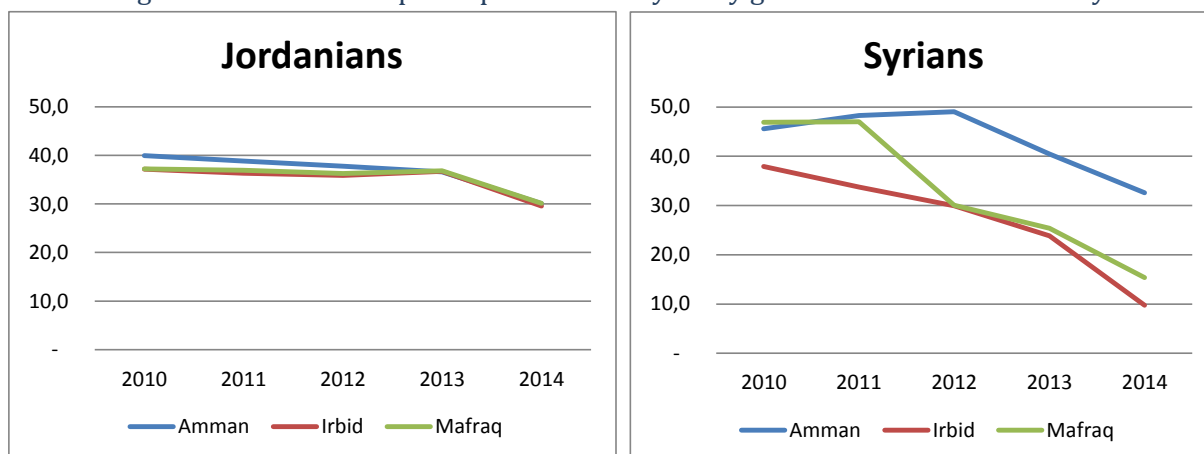
A possible scenario that may provide some explanation to the trend for Syrians showed in figures 1 and 2 is that in 2010, the vast majority of Syrians in Jordan were work migrants, and some were probably students or married to Jordanians. That meant that Syrian nationals more or less per definition would have a fairly high labour force participation rate, and indeed we find that it was about five per cent higher than for Jordanians. Later, with the influx of Syrian refugees, the structural profile of Syrians in Jordan changed towards a higher share of women and young people (the age distribution tells us that refugees are younger than the Syrian average) who do not seek employment and hence fall outside the labour force and become economically inactive. In addition, because of the relative “saturation” of Syrians in the study governorates, they might give up seeking work. Furthermore, because Syrian refugees in the study governorates may receive NGO support, they have better options for staying out of the labour force.

The extremely high labour force participation rate of Egyptians is, at least partly, due to the fact that there are relatively few Egyptian women in Jordan. There are however, some exceptions. For instance, there are Egyptian families living and working on farm land in the Jordan Valley (the Ghor), and a few janitors residing in private villas who have brought wives and children along.

The trends shown in Figure 1 and 2 also indicate that Syrians do not seem to have pushed Egyptians out of the labour market; if anything, the Egyptian labour force participation increased from 2010 to 2013. When the Syrian refugees started arriving in Jordan, they competed with Jordanians and Egyptians for work, but also with other Syrians. This had one obvious effect: the Syrian labour force in Jordan grew dramatically from 2011 onwards. The second likely effect was that Syrians started to compete in the labour market, including with “fellow” Syrians, so that the unemployment rate soared.

It should be noted, though, that there are some differences between the three study governorates (Figure 3). For Jordanians, participation rates in the three different study governorates are very similar in both level and trend. In fact, from 2012 the rates are practically identical. For Syrians, however, participation rates in Amman are about 10 per cent higher than in Irbid and Mafraq. This could be expected given a larger and more active labour market in the capital compared to the rest of the country. The declining trends are however similar in all three governorates.

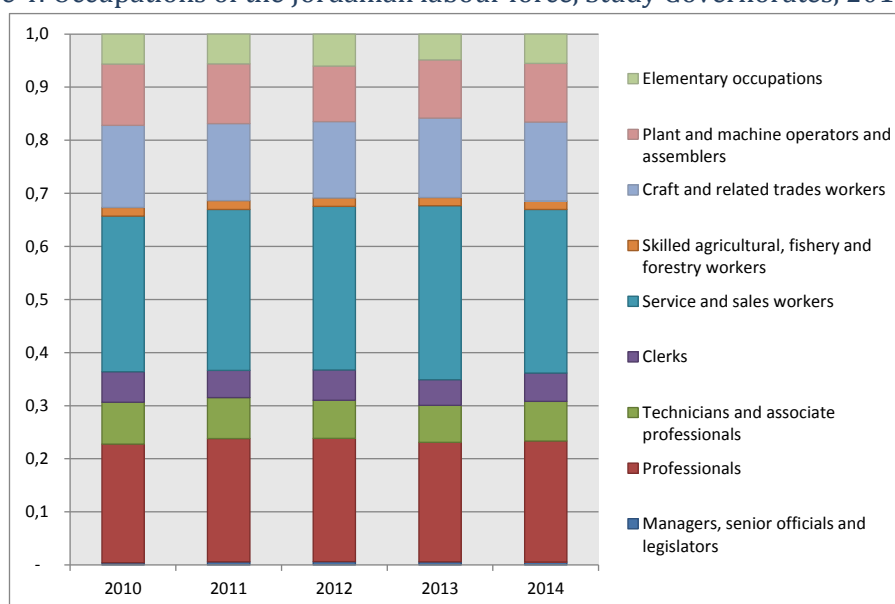
Figure 3: Labour force participation rates by study governorate and community



1.2 Labour force by occupations and type of economic activity

There has been no significant change in the occupational structure of Jordanians from 2010 to 2014 (Figure 4). Most Jordanians work in service and sales businesses, and the share of the Jordanian labour force with these occupations increased slightly from 29 per cent in 2010 to 33 per cent in 2013, although the more uncertain figure for the first quarter of 2014 shows a decline from 2013. The share of the labour force working in high skilled occupations, such as professionals and associate professionals, has been very stable at around 30 per cent between 2010 and 2014.

Figure 4: Occupations of the Jordanian labour force, Study Governorates, 2010-2014



Around 80 per cent of Syrian workers are service and sales workers and in crafts and related trades, and this share has been fairly stable in the period of 2010-2014. However, the share of service and sales workers has increased from 20 per cent in 2010 to 36 per cent in 2014, while the share of Syrians in crafts and related trades has decreased proportionally in the same period. Only 6 per cent of Syrian workers were working as professionals and semi-professionals in 2014, compared to about 10 per cent in 2010. Figures from the first quarter of 2014 indicate that this downward trend is continuing.

Figure 5: Occupations of the Syrian labour force in Jordan, Study Governorates, 2010-2014

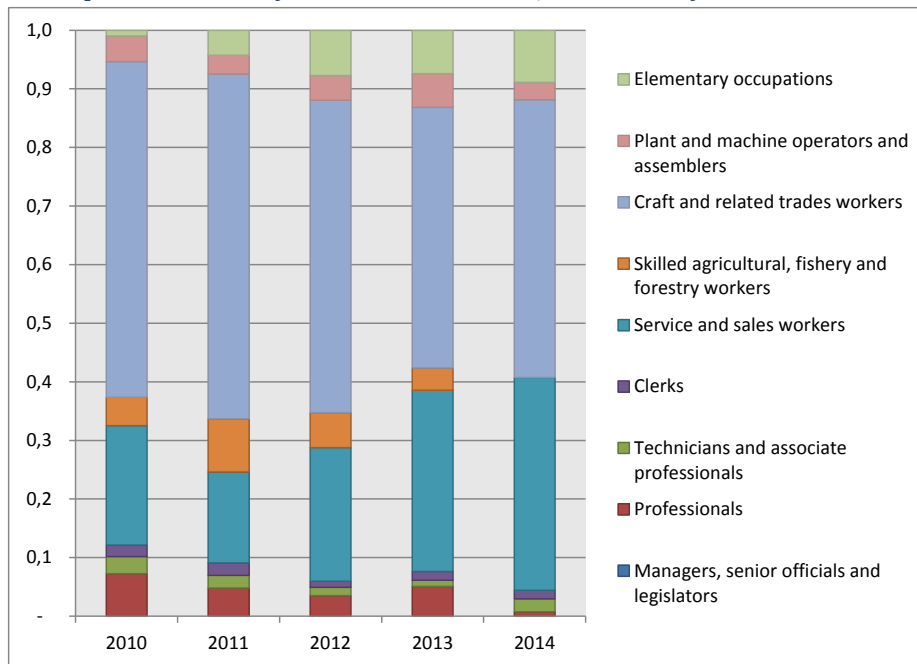
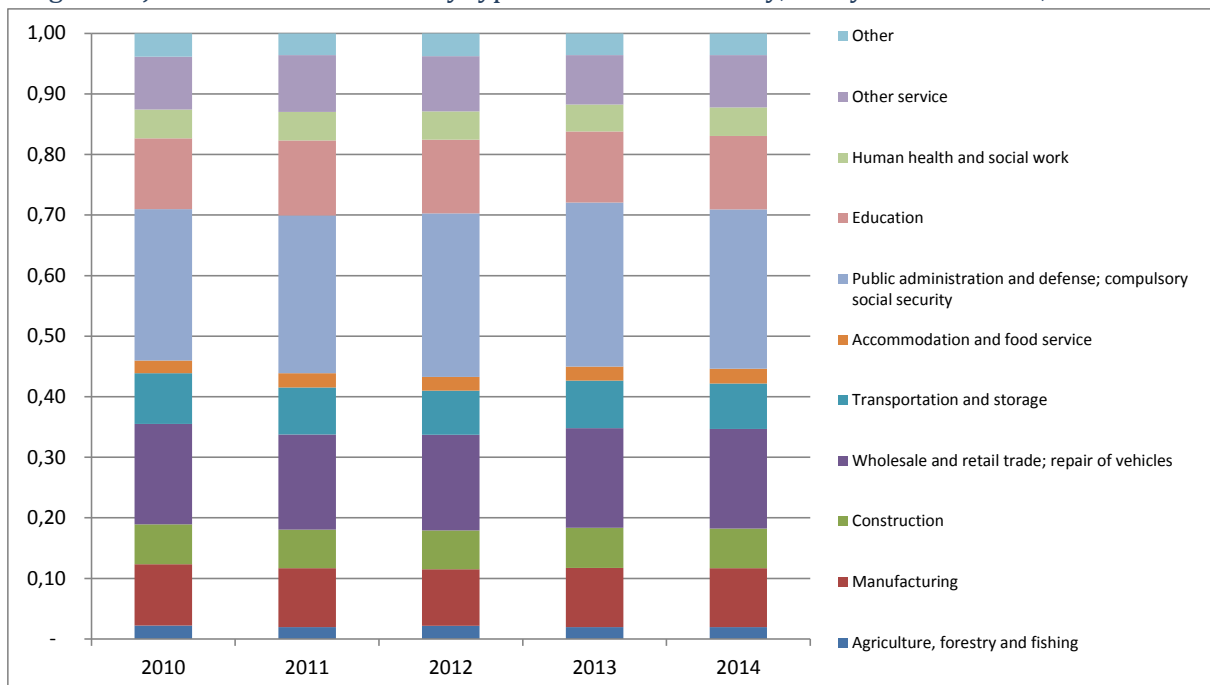


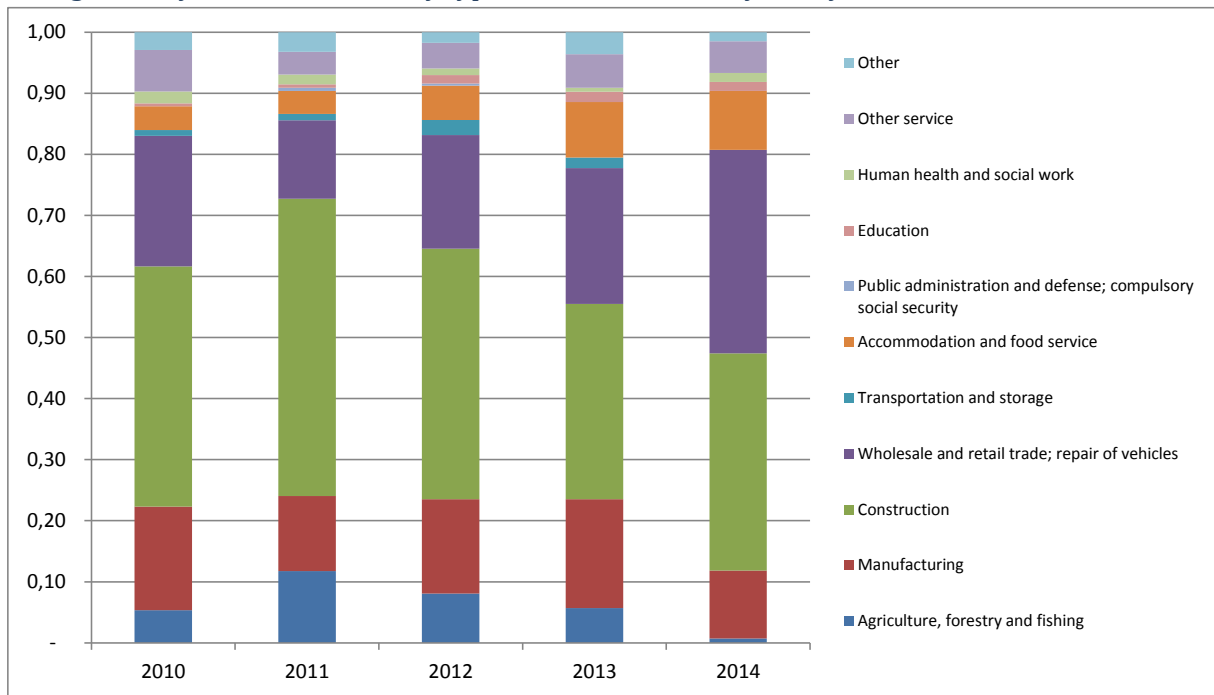
Figure 6 and 7 shows the share of the Jordanian and Syrian labour force working in different types of economic activities between 2010 and 2014. For Jordanians, a few changes in the labour force structure by type of economic activity can be described as stable. Also in types of economic activities where many Syrians have entered, the employment situation for Jordanians has been quite stable, including construction, manufacturing, and wholesale and retail economic activities.

Figure 6: Jordanian labour force by type of economic activity, Study Governorates, 2010-2014



For Syrians, the most significant change has been an increase in the share of Syrians working in wholesale and retail industries, and in accommodation and food services. It is, of course, important to remember that we are presenting relative shares here, and that the real number of Syrians in the various types of economic activities has increased substantially between 2010 and 2014.

Figure 7: Syrian labour force by type of economic activity, Study Governorates, 2010-2014



1.3 Labour force by education levels

Figures 8 and 9 show the education levels of the Jordanian and the Syrian labour forces, respectively, in Jordan between 2010 and 2014. The graphs show that the educational structure of both labour forces changed quite dramatically between 2013 and 2014, and both Jordanians and Syrians show a higher proportion of the population without schooling, and lower proportion of secondary and above, in 2014.

If these data are correct, they suggest that Syrian refugees who joined the labour force in Jordan may have had lower education than the Syrian guest workers who were there before, as that would have brought the share with secondary+ education down. The education data for Syrians in Jordan for 2014 (falling share with secondary+ education) is also in accordance with the decline Syrian of professionals in Figure 5. However, the 2014 data are difficult to explain, and one should be careful with all figures about educational levels in 2014 until data for all four quarters of the Employment and Unemployment Survey have been collected.

Figure 8: Education levels of the Jordanian labour force, Study governorates, 2010-2014

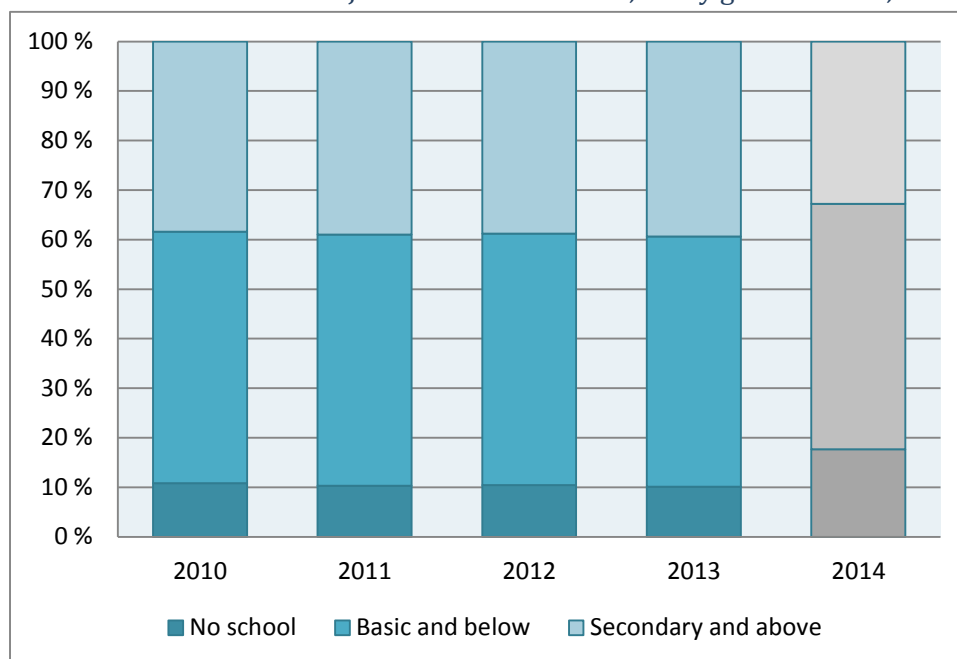
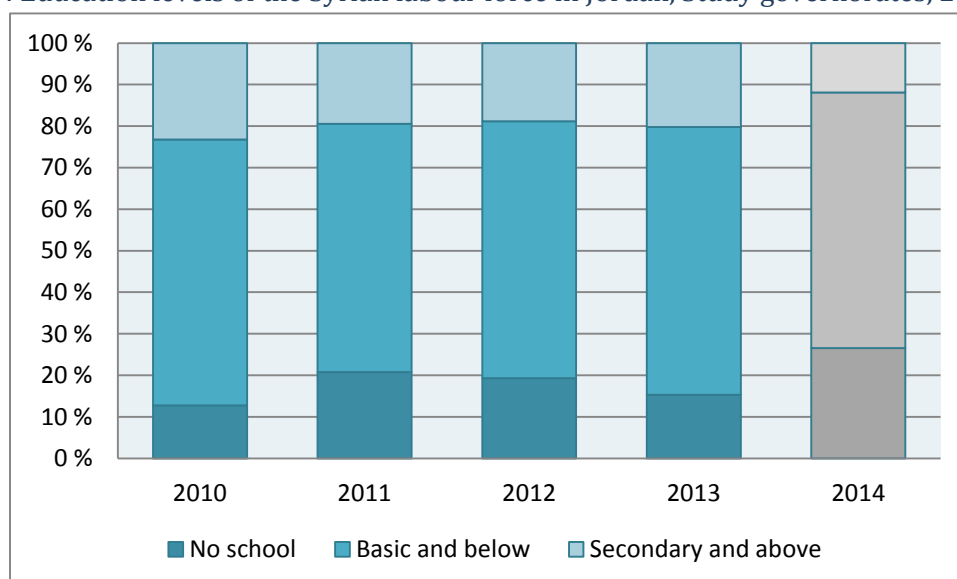


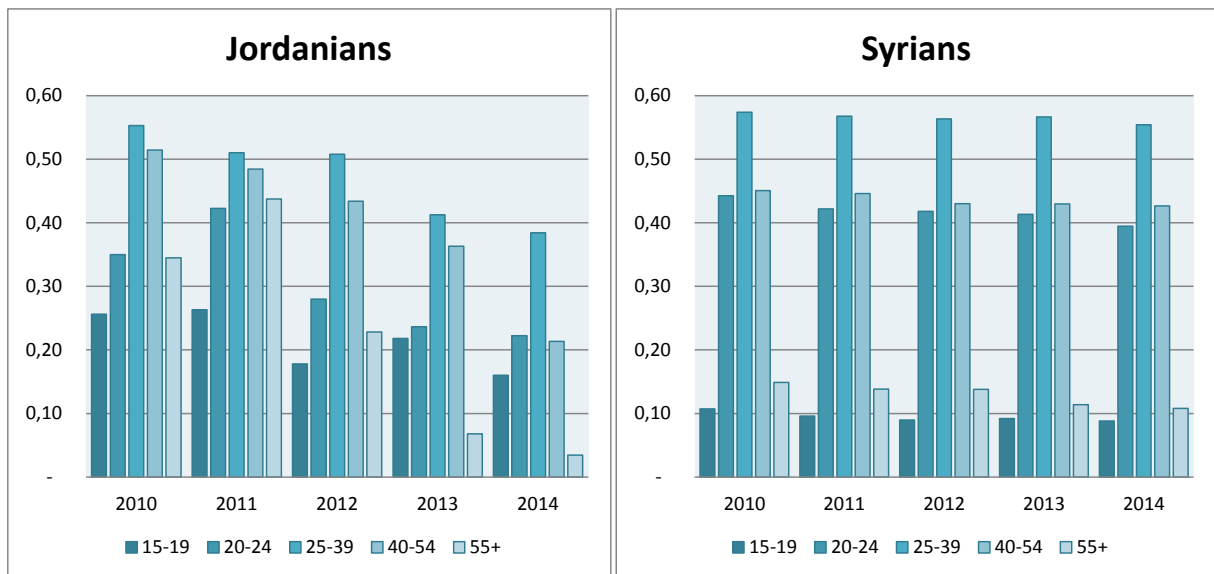
Figure 9: Education levels of the Syrian labour force in Jordan, Study governorates, 2010-2014



1.4 Labour force by age groups

Figure 10 shows the share of different age groups within the Jordanian labour force for Jordanians and Syrians, respectively. In general, age does not seem to play much of a role. Age distribution among Jordanians has not changed significantly in the period of 2010-2014. Middle-aged Syrians seem to have slight advantages in the labour market, while the most striking point is the change of older Syrians' participation rates, particularly the large reduction of the 55+ group from 2012. If the figures are correct, one explanation could be that Syrians constituted a relatively larger share of the relatively small Syrian labour force in the study governorates in 2010, while few of the older Syrians entering Jordan as refugees due to the Syrian crisis in the years after, have entered into the labour force. Hence, the share of older Syrians in the labour stock has been gradually and quite drastically reduced from 2011.

Figure 10: Labour force participation by age group and population group, Study governorates, 2010-2014

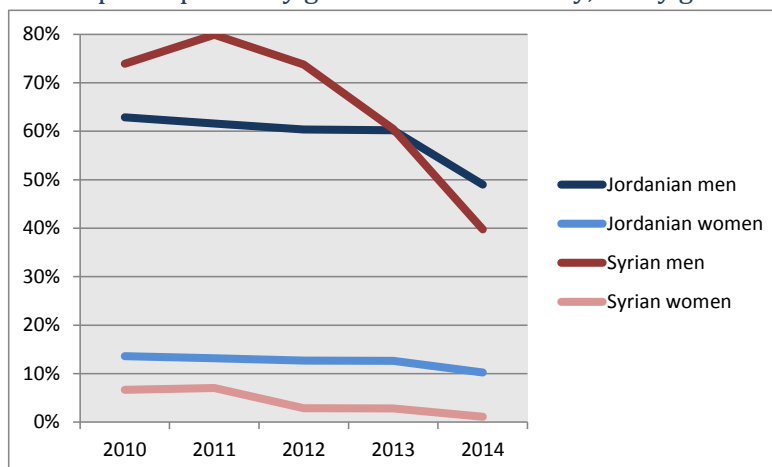


1.5 Labour force by gender

Figure 11 shows the labour force participation rates for Jordanians and Syrians by gender. The curves for the men verify that the overall participation rates shown in Figure 1 are primarily caused by changes in male participation rates between 2010 and 2013. Following the argument from paragraph 1.1, it might seem like Syrian men are “crowding out themselves” in the labour market, rather than pushing out other groups.

Another key feature shown in figure 11 is the very low labour force participation rate of Syrian women (only 1.5 per cent in 2013). However, the results from the Impact of Syrian Refugees on the Jordanian Labour Market household survey indicate that this figure could be somewhat higher (7 per cent). In any case, this is a very low figure, which could partly be explained by access to aid and support, and partly by the general low economic and educational status of Syrian refugees.

Figure 11: Labour force participation by gender and nationality, Study governorates, 2010-2014

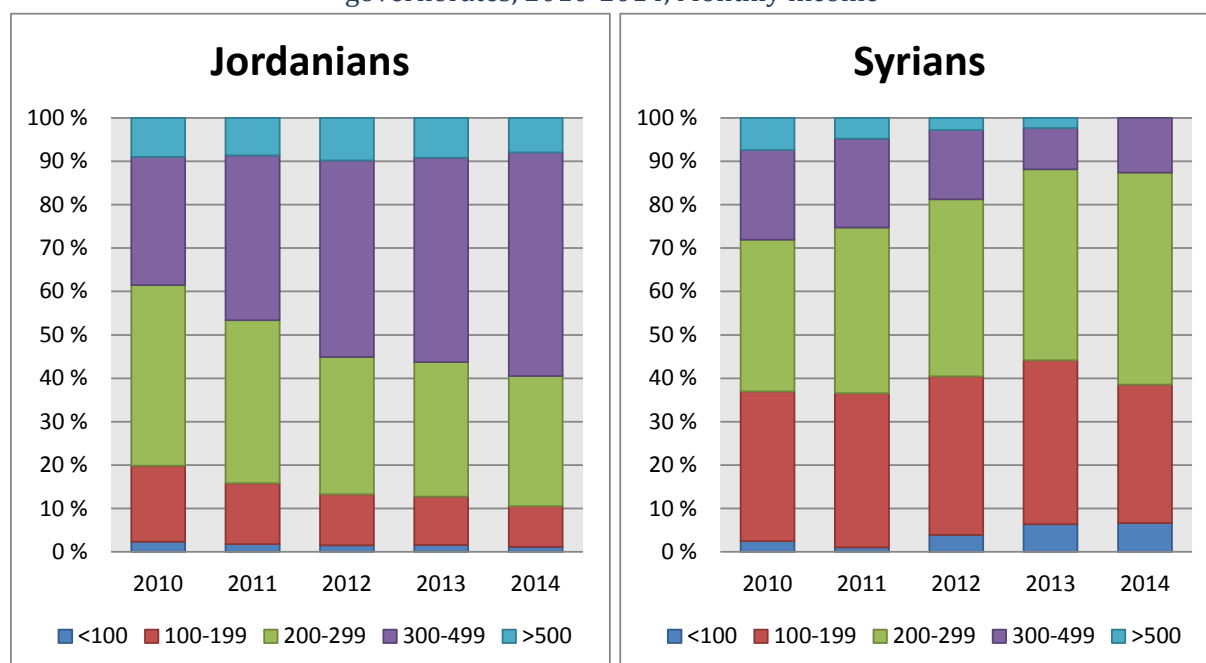


1.6 Labour participation by income groups

Income levels of the Jordanian and Syrian employed persons in Jordan generally reflect the occupational structure.. The monthly income of Jordanians has increased steadily between 2010 and 2014, as could be expected from a normal annual increase in wages. The share of employed Jordanians that earn less than 200 JD per month has been reduced from 19.8 to 10.4 per cent. The most significant change is that more employed persons have gradually moved upwards in the income hierarchy into the 300-499 JD per month category.

The picture for Syrians is quite the opposite. From 2010 to 2013, the share of employed Syrians earning less than 200 JD per month has increased from 37 per cent to 44.2 per cent, while the share of employed persons earning more than 299 JD per month has been reduced from 28.1 to 11.9 per cent. The 2014 figures divert somewhat from this general trend, but particularly for Syrians (due to a relatively low sample), these figures should be used with caution until the remaining three quarters of EUS data for 2014 have been collected.

Figure 12: Shares of the employed persons by income group and population group, Study governorates, 2010-2014, Monthly income



2 Unemployment

2.1 Unemployment rates

Figure 13 generally verifies the assumption that Syrians to a large degree compete among themselves in the Jordanian labour market, and that they crowd themselves out of jobs rather than push Jordanians and Egyptians out of jobs and the market. Unemployment rates for Jordanians and Egyptians have been stable at around 12 and 1 per cent, respectively, during the period of 2010-2014. In fact, the unemployment rate of Egyptians in the study governorates has been reduced from 1.7 per cent in 2010 to 0.7 per cent in 2014, while the rate for Jordanians has been slightly reduced from 12 to 11.7 in 2013 and 11.9 in the first quarter of 2014. The very low unemployment rates of Egyptians may be explained by the fact that most of them come to Jordan with some kind of sponsor or insurance of a job.

Contrary to this picture of stability, the unemployment rate of Syrians in the study governorates has increased substantially during the same period, from 5.5 per cent in 2010 to 31.5 per cent in 2014. The most likely explanation of this trend is the same as the explanation of the falling labour market participation among Syrians in the same period, namely that the Syrian population structure in Jordan has changed after the start of the Syrian crisis from mainly work migrants in 2010 to more and more refugees, including women, from 2011.

Figure 13: Unemployment rates by population group, Study governorates, 2010-2014

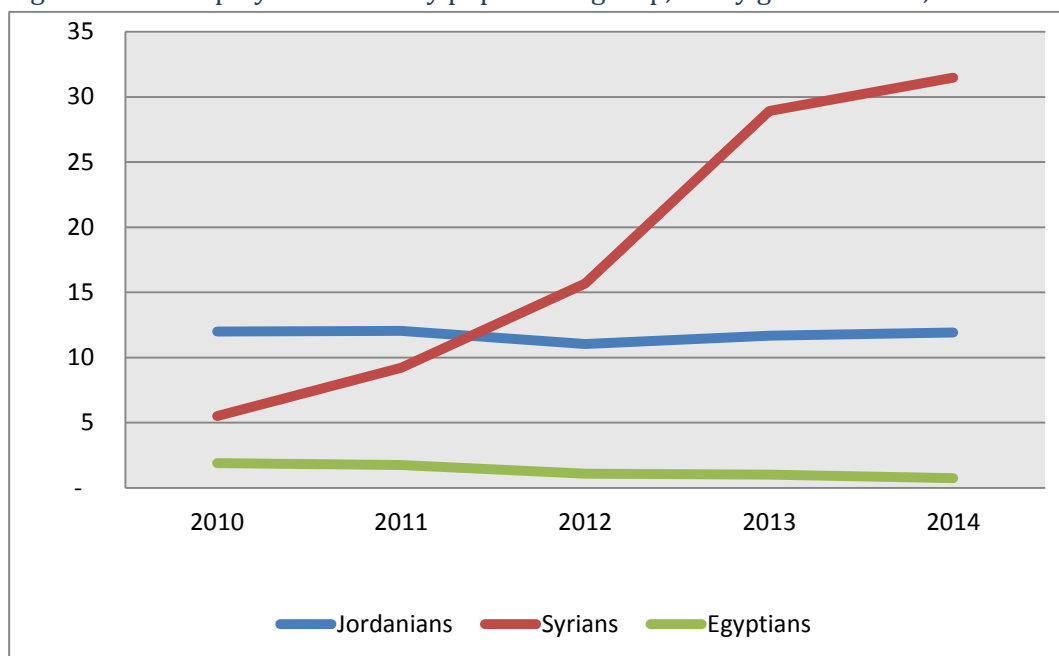
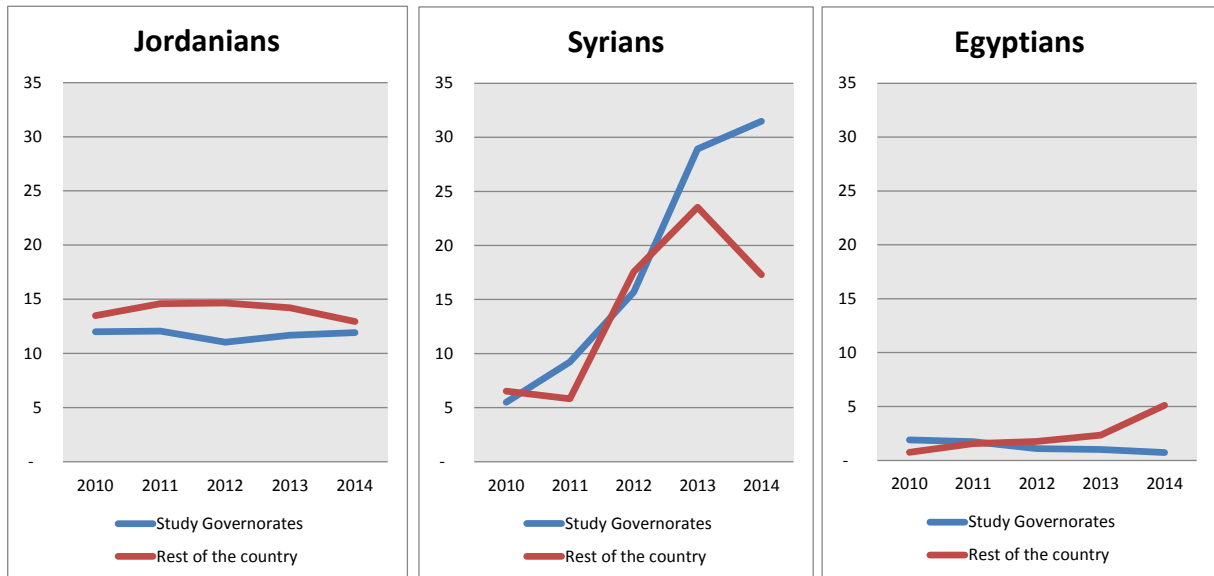


Figure 14 compares the unemployment rates for Jordanians, Syrians and Egyptians in the study governorates with similar rates in the rest of the country. For Jordanians, the unemployment rate is actually higher in the governorates less impacted by Syrian refugees than in the study governorates, although the rate can be generally characterised as stable during the period 2010-2014, and shows signs of a slight reduction since 2012. The same picture emerges for Egyptians, for whom the unemployment rate is also slightly higher, and increasing in governorates less impacted by Syrians. The data further verifies that Syrians do not seem to push Jordanians and Egyptians out of jobs.

The unemployment rate for Syrians is higher in the study governorates compared to the rest of the governorates in the country from 2013. This is not particularly surprising, and again supports the assumption that Syrians basically compete with themselves in the Jordanian labour market. As mentioned earlier, the 2014 figures should for now be interpreted with caution, particularly for Egyptians and Syrians.

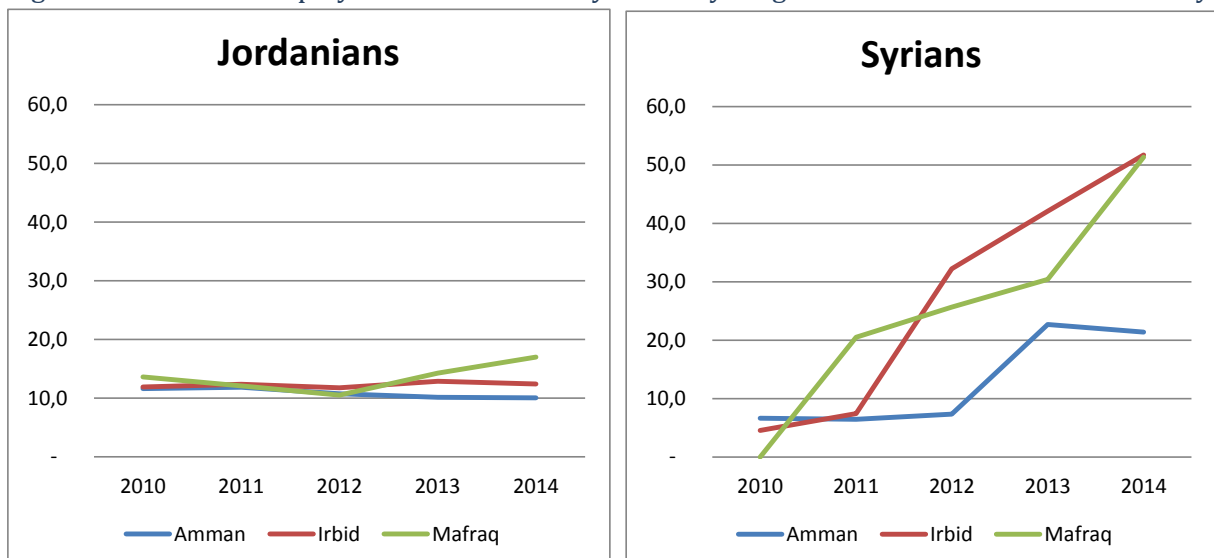
Figure 14: Unemployment rates in the study governorates compared to the rest of the country by population group, 2010-2014



As with the labour force participation rates, it should also be noted here that there are some differences between the three study governorates when it comes to unemployment (Figure 15). For Jordanians, the unemployment rates are quite stable from 2010 to 2014 in all of the three study governorates. There is a small sign of a possible increase in unemployment in Mafraq from 2012, but as for now it is too early to say whether this is a natural fluctuation or a beginning trend. The assumption that we see only a natural fluctuation is supported by the fact that the unemployment rate actually declined from 2010 to 2012 in Mafraq, and the fact stated earlier about the uncertainty of the 2014 data, which only represent the first quarter of the year.

The picture for Syrians is somewhat more scattered. However, the general picture is that the unemployment rate in Amman is around 10 per cent lower than in Irbid and Mafraq, and that the overall trend of a quite rapid increase in unemployment among Syrians is similar in all three governorates. A difference in unemployment rates between Amman and the other two study governorates is also as expected, given the size and intensity of the labour market in Amman compared to the other governorates in the country.

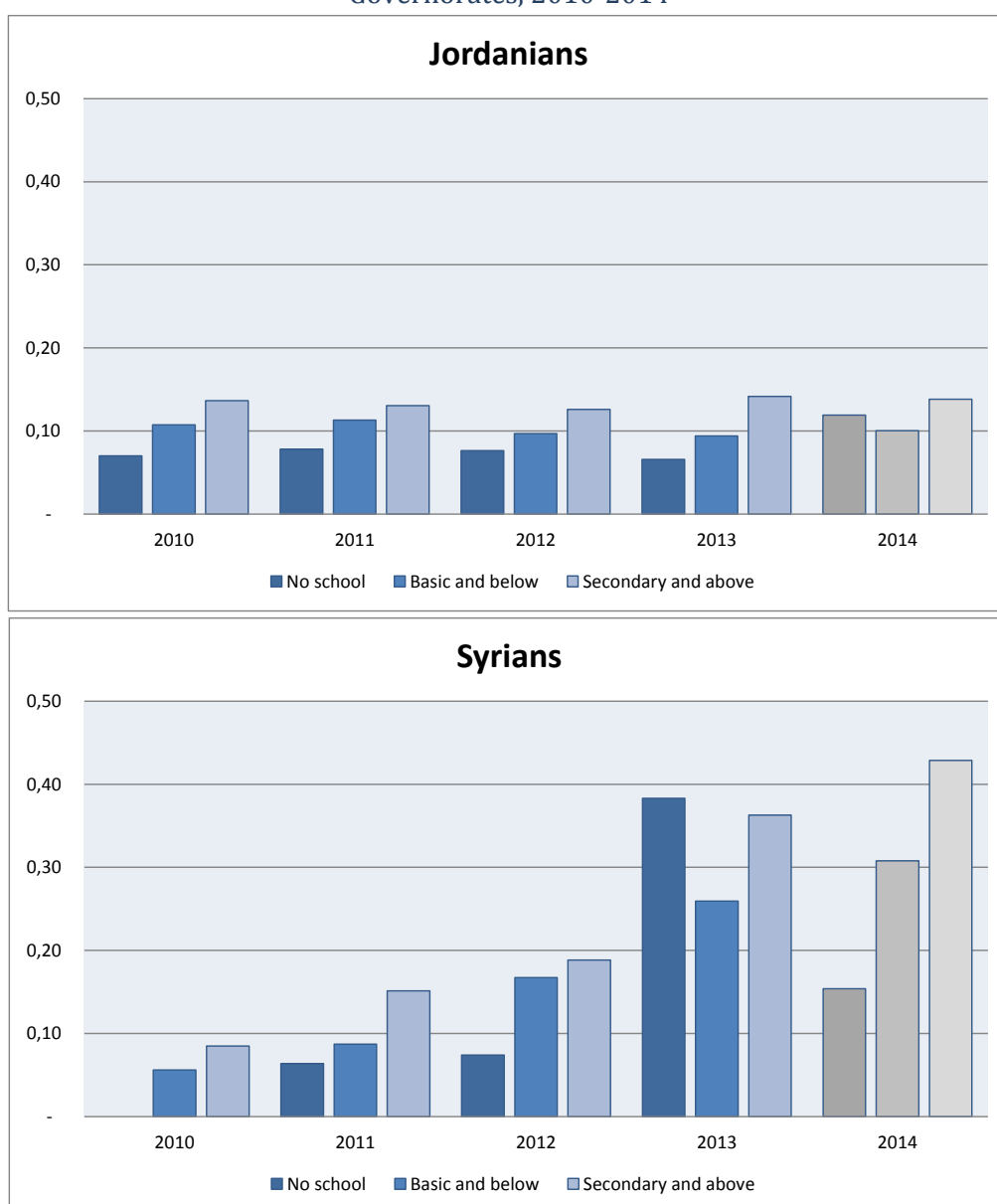
Figure 15: Unemployment rates by study governorate and community



2.2 Unemployment by education levels

Figure 16 shows that, in general, unemployment rates in Jordan increase with higher education levels. For Jordanians, this picture is quite clear and has been stable during the period of 2010-2013. The same trend is also evident for Syrians, with the exception of the figure for 2013, which shows more than a four-fold increase in unemployment among Syrians with no education from the previous year (from 7 to 38 per cent). Although this sharp increase looks strange, the 2014 figures on education should, in principle, be more uncertain than the 2013 figures. We will, however, suggest further investigations into the 2013 figures for Syrians before suggesting too many explanations for the seemingly large increase in unemployment among non-educated Syrians. Another aspect that should be explored further is the gender aspect here, as, for a long time, women with higher education have been harder hit than men, and have more often gone from education to joblessness.

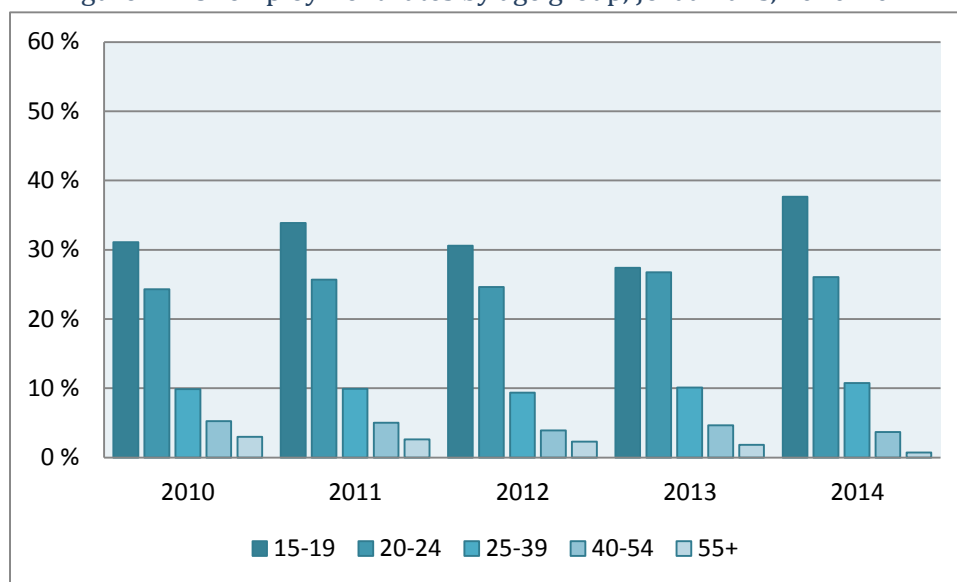
Figure 16: Unemployment rates for Jordanians and Syrians by education level, Study Governorates, 2010-2014



2.3 Unemployment by age groups

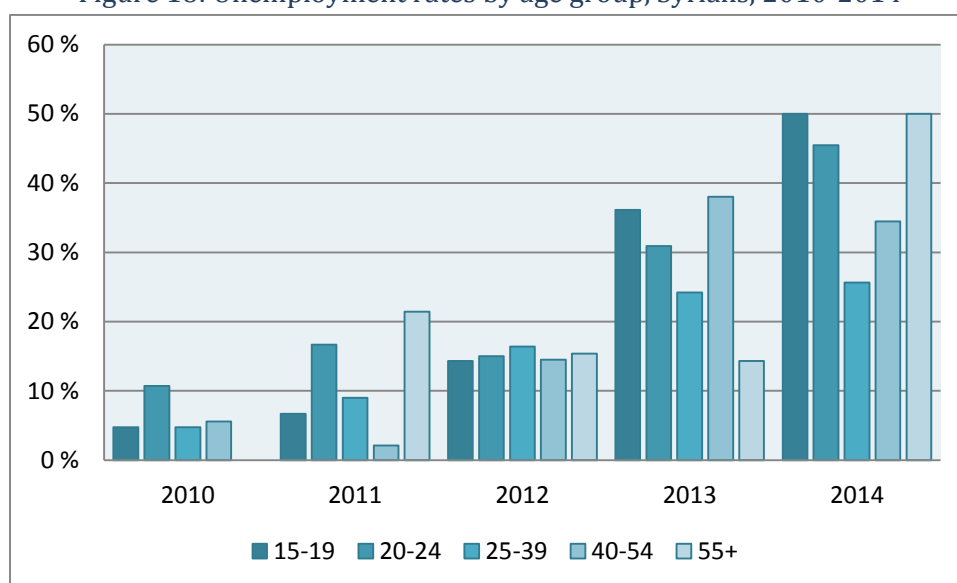
Unemployment rates for Jordanians are highest among the youngest age groups, and are reduced gradually, and quite significantly, with increasing age. Unemployment rates among young Jordanians under the age of 25 have been between 25 and 30 per cent every year between 2010 and 2013, and figures from the first quarter of 2014 show that this rate might increase for 2014. However, the overall picture of unemployment related to age among Jordanians is that the situation has been quite stable between 2010 and 2014.

Figure 17: Unemployment rates by age group, Jordanians, 2010-2014



The overall picture for Syrians is that unemployment is more evenly distributed across age groups, and has increased gradually for all groups between 2010 and 2014. However, it might seem like young Syrians under the age of 25 are increasingly being unemployed compared to older Syrians in the labour force. This is, of course, related to the fact that more young Syrians are entering Jordan and its labour market compared to other age groups.

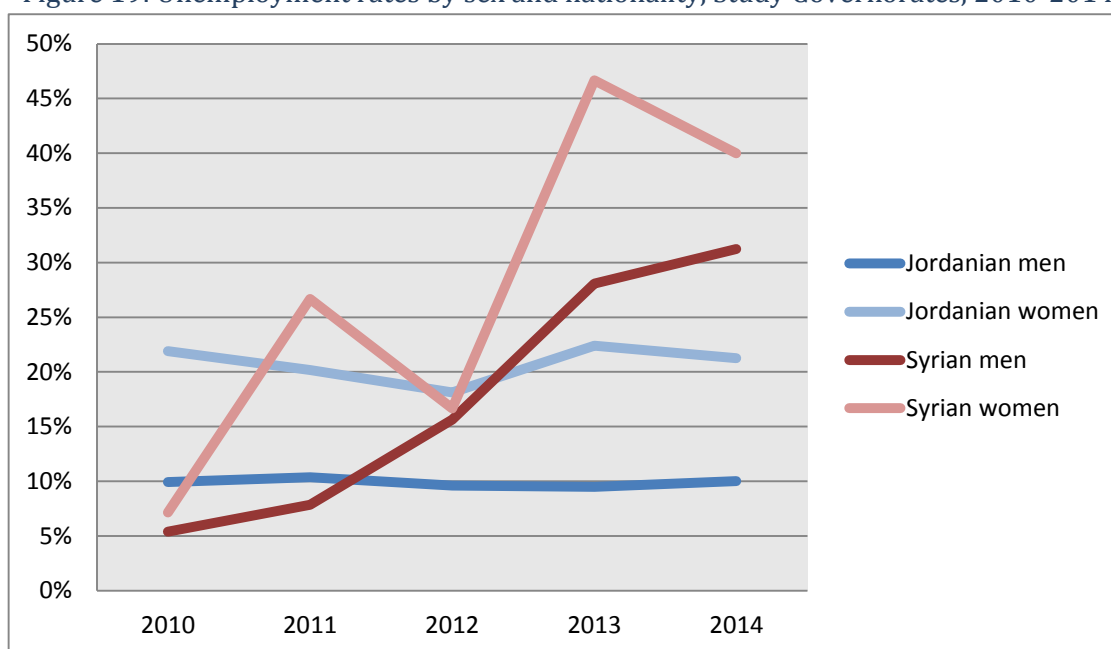
Figure 18: Unemployment rates by age group, Syrians, 2010-2014



2.4 Unemployment by gender

The unemployment rates for both Jordanian and Syrian women are high, and higher than their male counterparts in the labour market. Furthermore, the unemployment trends over time generally follow the trends of male unemployment rates, for example, a substantial increase in unemployment among Syrians, and a fairly stable unemployment rate among Jordanians. A common explanation of the high unemployment rates among Jordanian women is that they, for personal, cultural and social reasons, are quite selective about the type of jobs they will accept, a decision which is also often related to what type of job their surroundings would accept. For Syrian women, access to support from NGOs, and other groups supporting refugees, could be part of the explanation why many women do not take the full step into employment, in addition to difficulties in getting access to jobs in general. The very low labour market participation rate of Syrian women also supports the first argument.

Figure 19: Unemployment rates by sex and nationality, Study Governorates, 2010-2014



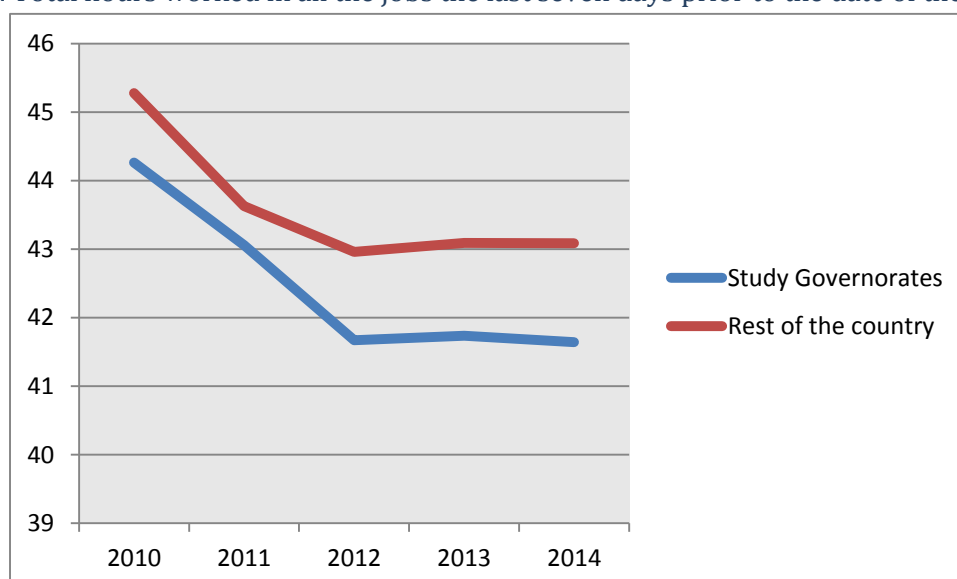
3 Wages and hours of work

Most of the results from the analyses of the labour force and unemployment data from DoS presented in this chapter point to the fact that Syrian refugees have very limited negative effects on the Jordanian labour market with respect to participation and unemployment rates for Jordanian and other population groups in the market.

3.1 Hours of work

A simple comparison of average hours of work per week per employed worker in the study governorates and the rest of the country shows that workers in other governorates of the country work more hours on average than workers in the study governorates. Furthermore, average hours of work in both parts of the country have declined from 2010 to 2014, although it seems like the curve is stabilizing at about 42 and 43 hours in 2012 in the study governorates and the rest of the country, respectively. Hence, there are no clear signs of Syrians pushing up average working hours.

Table 20: Total hours worked in all the jobs the last seven days prior to the date of the interview



3.2 Wages

Figures 21 and 22 show the share of the working population that earns less than 100 JD and 200 JD per day, respectively. The overall picture is that there are small differences between the study governorates and the rest of the country and that the share of the total working population earning less than 200 JD is slightly decreasing in the country as a whole.

Looking at differences between population groups, however, reveals that the share of Syrians earning less than 100 JD has been increasing quite drastically, from one per cent in 2011 to almost 7 per cent in 2014, while Jordanians as well as Egyptians follow the overall trend of a slight decrease, both with respect to under 100 JD and under 200 JD thresholds. For Egyptians in the study governorates, however, the reduction in the share of workers earning less than 200 JD per month could also mean that the lowest paid workers have lost their jobs to Syrians and gone home to Egypt (figure 22). The EUS data is not suitable for estimating labour force populations in real numbers, but there is no clear sign in the recorded sample sizes of a significant reduction in the number of Egyptians working in the study governorates in the period of 2010-2014.

Figure 21: Share of working population with total income less than 100 JD for the last month, by governorates (left) and population group (right)

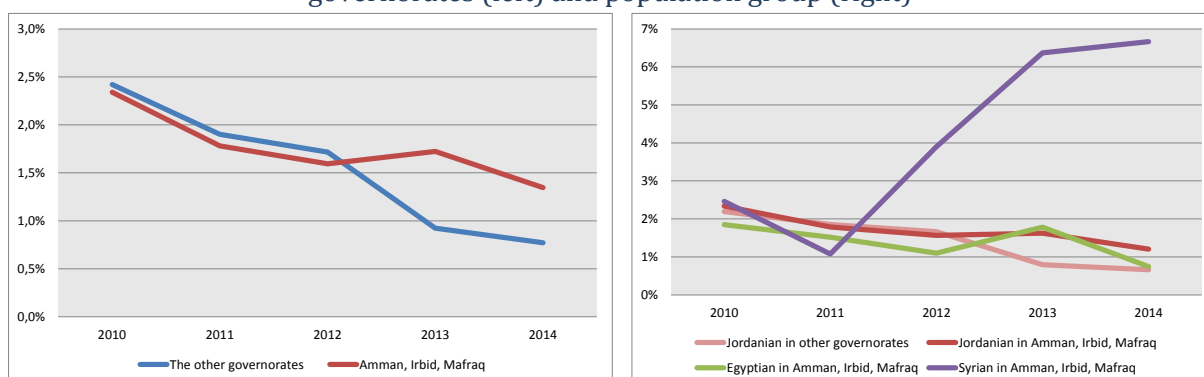
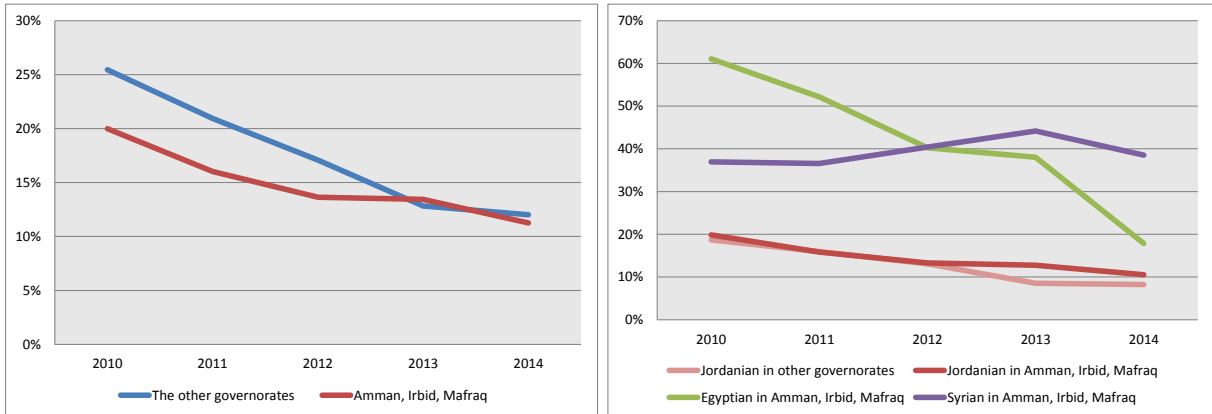


Figure 22: Share of working population with total income less than 200 JD for the last month, by governorates (left) and population group (right)



A deeper analysis into the occupations where most Syrians work, and which potentially should be most affected, show the same trends as for the labour market in general: A smaller share of Jordanian workers are getting paid less than 200 JD per month, and a larger share of Syrians are receiving less than 200 JD per month. Interestingly, this situation is strongest in occupations where the share of Syrians has increased the most between 2010 and 2014, e.g. service and sales occupations (Figure 23), which further supports the hypothesis that Syrians are basically competing with themselves in sectors that they crowd.

For the group of workers earning less than 100 JD per month (Figure 24) the trend is that of a stable labour market for Jordanians and a market with high competition and low and falling wages for Syrians. This picture can be seen even in occupations where the share of Syrians has been quite stable or has been reduced in the period of 2010-2014, such as in craft and related trades (Figure 24, right).

Figure 23: Per cent of workers earning less than 200 JD per month by selected occupations, communities and governorates

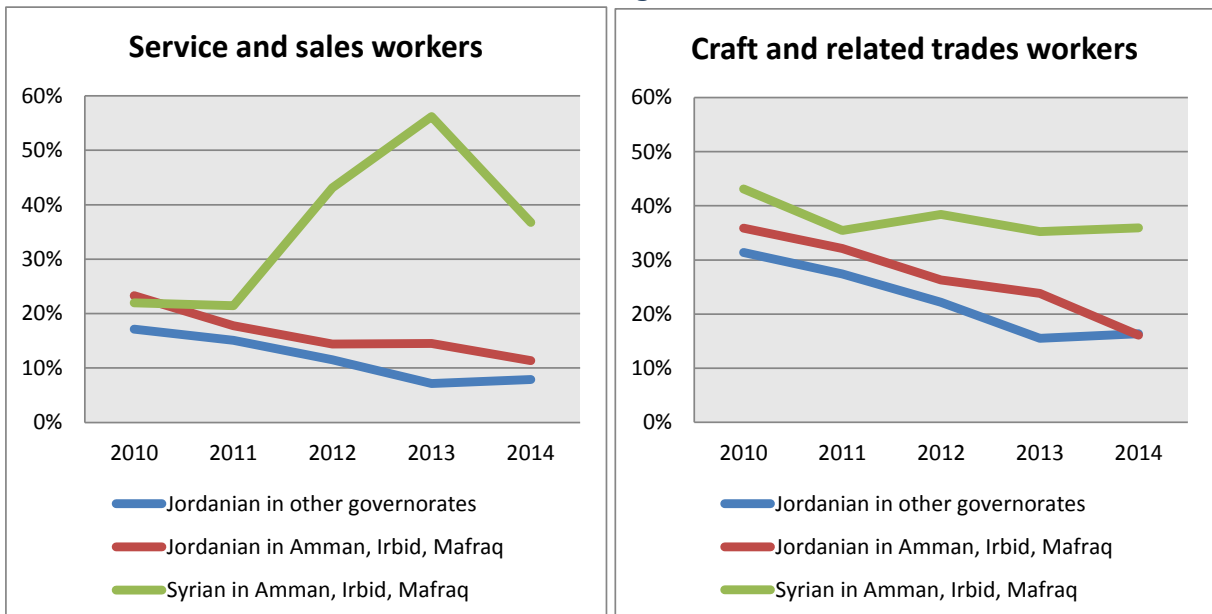
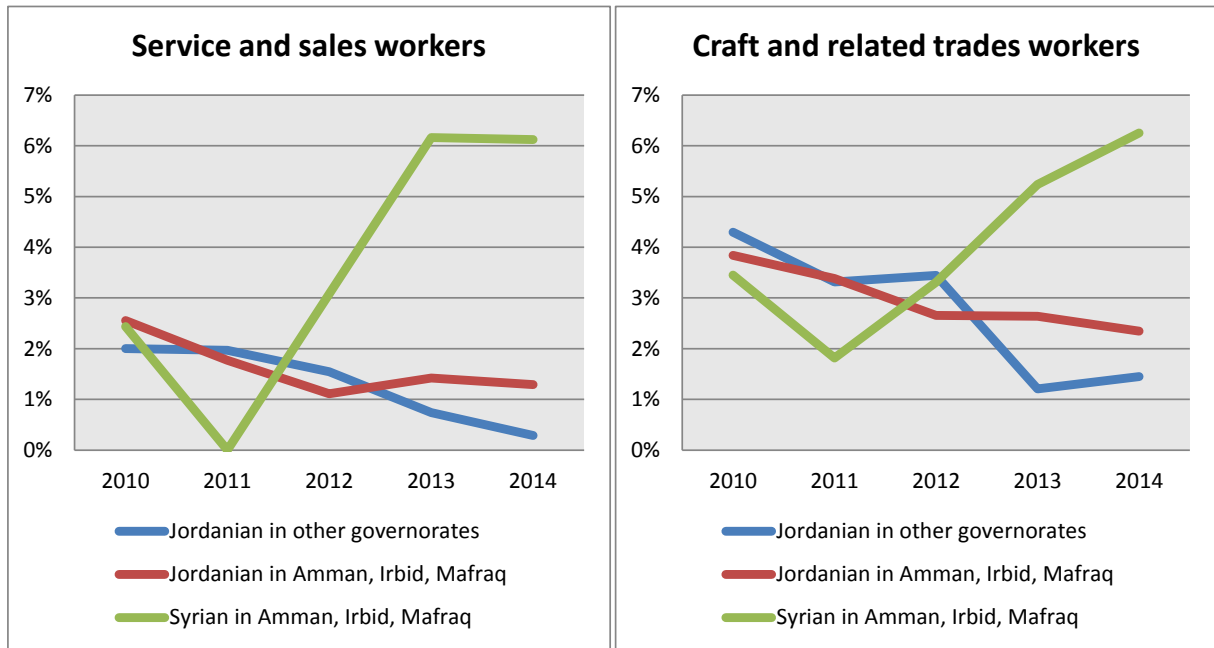


Figure 24: Percentage of workers earning less than 100 JD per month by selected occupations, communities and governorates



Not surprisingly, looking at the same wage figures for types of economic activities reveals the same general trends. In manufacturing and construction activities, the share of workers earning less than 200 JD per month has decreased for both Jordanians and Syrians. The share of Syrians earning less than 200 JD per month is however almost twice as high as for Jordanians in the study governorates, as well as in the other governorates of the country (Figure 25). For wholesale, retail, accommodation, and food service economic activities the trend is “back to normal”, with a high increase in the share of Syrians earning less than 200 JD per month during the period 2010-2013, and a steady decrease in the share of Jordanians earning less than 200 JD per month.

Looking at the share of workers earning less than 100 JD per month during the period of 2010-2014 reveals again the normal picture of a sharp increase for Syrians, and a steady decline for Jordanians. In this lowest category of earnings, we also see that the share of Syrians is increasing in the construction and manufacturing industries.

Figure 25: Percentage of workers earning less than 200 JD per month by selected industries, communities and governorates

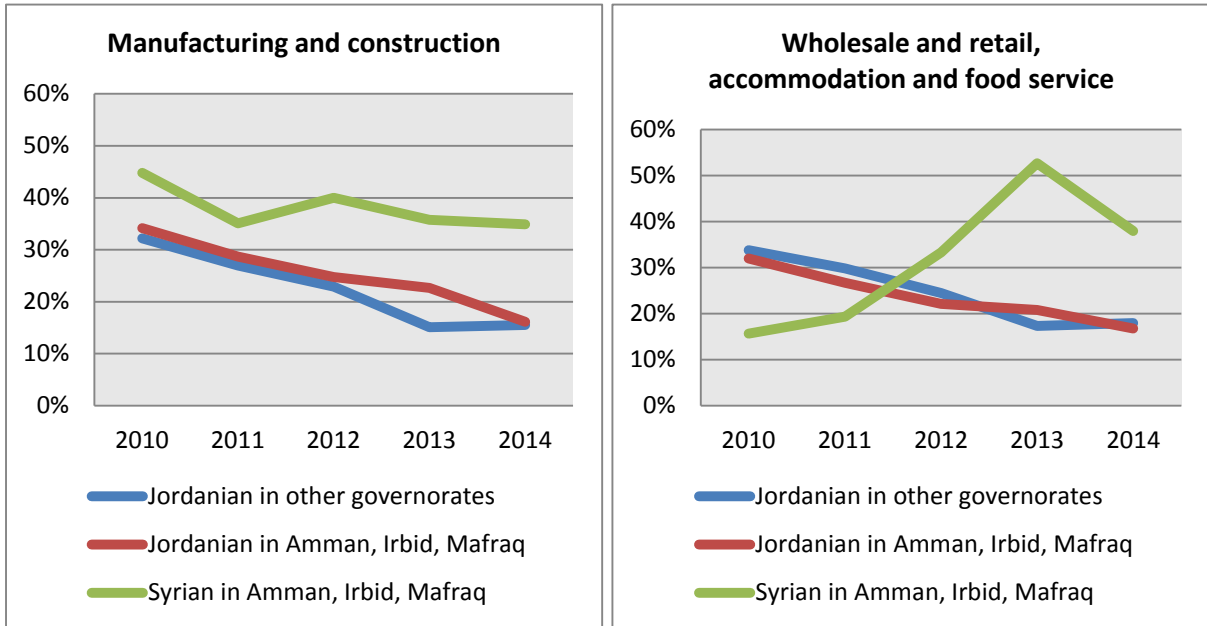
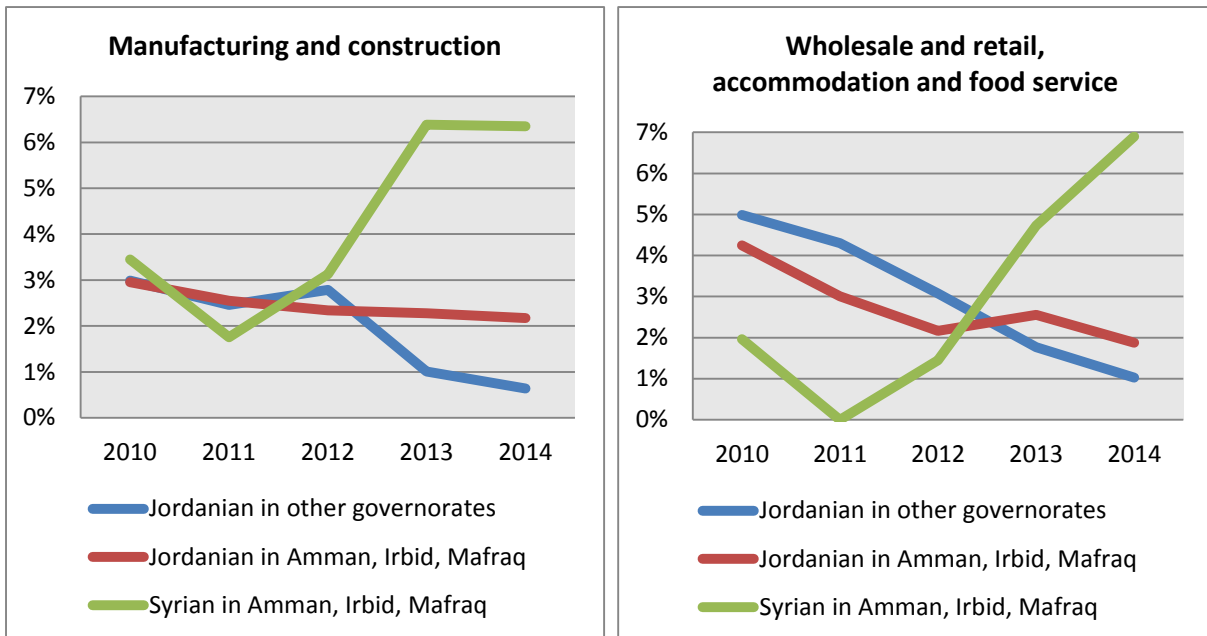


Figure 26: Percentage of workers earning less than 100 JD per month by selected economic activities, communities and governorates



Conclusions

Up to the second quarter of 2014, the Jordanian labour market appears remarkably resilient considering the high pressure from the influx of Syrian refugees to the country since 2011, in particular, to the governorates of Mafraq, Irbid, and Amman. For the majority of key indicators on the labour market as a whole, impacts, which can be related to the influx of Syrian refugees, must be characterized as modest as up to the second quarter of 2014. However, this is not to say that the large influx of Syrians into the Jordanian labour market has been, or will be, unproblematic in any sense, and in some areas there are signs of impacts that needs to be dealt with to avoid escalation of problems in the near future.

It is also quite evident from the findings of this study that the structural challenges associated with the Jordanian labour market prior to the influx of Syrian refugees are as relevant today as they were in the past, and the added pressure from Syrian refugees consolidates many of these inherent challenges and makes already planned efforts to re-structure the labour market even more challenging.

The trends of general stability for Jordanians, as well as other communities in the labour force (e.g. Egyptians), and negative developments for Syrians are consistent for all key indicators of the labour market: labour force participation rates; unemployment rates; and wages. As already indicated, it seems like Syrians to a large degree are competing with themselves for the same types of jobs, and that they are not, in general, crowding out Jordanians, or other groups in the labour market.

One of the key findings from the analyses is that Syrian refugees primarily work in a few selected sectors and in a very limited number of occupations, i.e. in service and sales, and craft and related trades occupations. Furthermore, it seems that Syrians are primarily competing with themselves and that there is limited crowding out of other groups in the sectors where they are mostly employed. Hence, providing formal work permits to Syrians in selected sectors where they mainly complement Jordanian workers, and where they contribute with particular skills, could benefit both Syrian and Jordanian workers with respect to fairer competition and more regulated working conditions, as well as possibly also contributing to overall national productivity and economy. Given a possible protracted situation of Syrian refugees in Jordan, it is difficult to see any alternative to integrating Syrian workers more formally into the Jordanian labour market, also in order to avoid even larger challenges when development aid and international support is scaled down and the pressure on the labour market potentially increases.