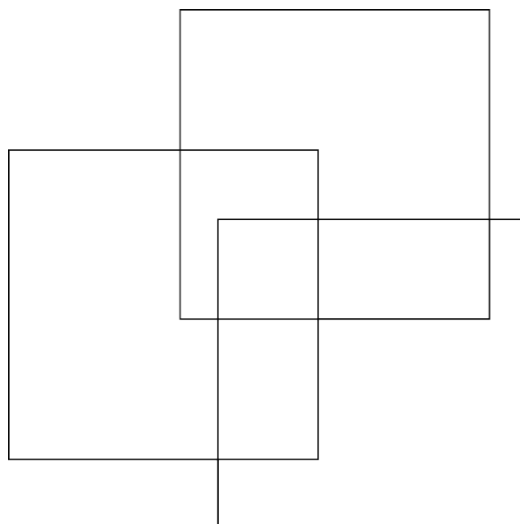




International
Labour
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The Jordanian Labour Market: Multiple segmentations of labour by nationality, gender, education and occupational classes



Regional Office for Arab States
Migration and Governance Network (MAGNET)

The Jordanian Labour Market
Multiple segmentations of labour by nationality, gender,
education and occupational classes

Discussion Paper¹

July 2015

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¹ This paper draws on the findings of a large research study which was carried out by the ILO's Migration and Governance Network (MAGNET, an initiative funded by the Swiss Development Cooperation)

The paper analyses available labour market evidence to identify key segments of workers - *nationals*, *migrants* (or migrants in strict sense) and *refugees* (or forced migrants) in the Jordanian labour market, and their interactions. We believe that this classification is a useful framework to examine issues concerning the governance of migration. The paper also reflects on the factors that explains refugees and migrants' flows. In fact, unlike refugees whose flows can be explained only by political factors, the quantity and the characteristics of migrants can be explained by socio-economic factors.

When looking at the labour migration policy, the *ILO Multilateral framework on Labour Migration* proposes an analysis of the interfaces with employment and development policies, and in the case of Jordan this requires to take into consideration the labour markets of all foreign workers and their interactions with that of nationals. This invites destination countries to outline how migration affects the formulation of employment and development policies. The issue of forced migrants, also classified by international and national authorities as refugees, is therefore taken into consideration to provide a comprehensive picture on foreign labour. It describes and explains how the increasing number of forced migrants brought about by the Syrian crisis, not only affects national political priorities but impacts labour market governance. Finally, the paper provides insights on the governance of the care economy, a sector characterized by domestic workers, who are predominantly migrants.

The paper is structured into three chapters. The first one examines demography, education and the training system, to quantify the stocks and flows of workers that characterize the Jordanian labour market. The second chapter describes the different segments of the labour market and the interactions between key segments of workers, also discussing data and information gaps within existing data sources. The final chapter provides a number of policy recommendations and identifies potential research that may be established to provide a comprehensive account of the labour market of Jordan and the challenges it will face in the future.

A booming population due to natural growth and migration will affect labour market governance. In the last decades, Jordan's population has been rapidly expanding due to natural causes and forced migration. The rate of natural increase continues to remain above two per cent per year, generating high numbers of Jordanian youth who enter the labour market. In this regard, Jordan is different from the majority of destination countries who have resorted to immigration in order to counter a structural lack of labour supply. The immigration phenomenon of Jordan is rooted in the availability of an unlimited supply of potential migrants outside country who are willing to accept jobs characterized by wages and working conditions not attractive for Jordanians.²

The demographic profile of Jordan indicates a large expansion of the care economy³. Demographic patterns and trends indicate an increasing demand from the care economy sector, which is closely linked to the demand for migrants in the domestic work sector. In general, the people out of the working age population – children and the elderly likely to increase the care economy demand – is 38.4 per cent of the total, higher than the average of the other Arab countries (64.8 per cent). Focusing on child care needs, natural growth is now at its peak level with a very young base, 0-14 year olds make up 35 per cent of the population. This suggests that the need for child care will persist, and even increase, especially if the Government will pursue gender equality objectives in the labour market. Looking instead at the aging phenomenon, life expectancy has reached 73 years and it is likely to rise as it is the case of countries with similar socio-economic profile. Labour demand for elderly care will accordingly increase. Governance of the domestic work sector has to be seen as a priority from the point of view of macroeconomic sustainability and affordability of the national care bill, in addition to the issues of labour protection to which it is usually associated.

The political situation makes it difficult to develop long term labour market forecasting. Given the unpredictable political situation of the region, it is not possible to propose a sensible forecast of the migration balance. According to the latest estimates of the United Nations, in mid-2013 almost 3 million foreign nationals (more than 40 per cent of total population) were present in Jordan, and the large majority (2.7 million) was represented by different categories of refugees.

Formal education of Jordanians and non-Jordanians

Young Jordanians exiting formal education face different mechanisms of competition. University graduates are likely to compete among themselves for the few high skilled jobs. The education system has been capable in meeting the challenge of a huge increase in the number of Jordanian pupils over the last three decades. Out of 150,000 young workers exiting education in 2012, approximately 97,000 (or approximately 2/3 of the total) were first time job seekers with a tertiary education

² The notion of foreign workers is here defined as workers of nationality other than Jordanians. It includes both segments of migrants in strict sense, and forced migrants as classified in the first paragraph.

³ Care work is broadly defined as looking after the physical, psychological, emotional and developmental needs of one or more other people. Decent Work and the care economy. Informal consultation with Professor Jayati Ghosh, October 2014, ILO Geneva.

degree. These young Jordanians are unlikely to interact with the low skilled labour markets of migrants, because they for a jobs in a different segment of labour demand.

Individuals with low levels of education are likely to experience competition with refugees. Competition between refugees and workers belonging to the host communities has increased particularly for those entering the labour market without tertiary education (approximately 53,000 young people every year) and for all those in the working age likely to look for poorly paid and poorly protected jobs. The illiteracy rate has notably declined, though remaining extremely high when compared with countries in the same socio-economic tier; it is higher for women (10 per cent) than for men (3.5 per cent). The educational level of Jordanians aged 15 and above (15+) is very polarized. On the one hand, almost 12 per cent of them have no schooling; on the other hand, the 61 per cent have as maximum compulsory education, and only one quarter have a university degree. The educational level of women is slightly higher and more polarized than that of men.

The labour market of Jordan

Jordanians in low paid jobs and in self-employment are those more likely to be affected by the Syrian refugee crisis. Labour market analysis of Jordanians provides further information on competition mechanisms with migrants and refugee.⁴ Employment to population ratios are very low; that of men is just below 55 per cent, while only around 15 per cent of women in working age are in employment. The decrease of the crude activity ratio by more than two per centage points between 2011 and 2013, the first two years of the refugee crisis, is likely to hide an increase in discouragement and disaffection for the Jordanians at the bottom of the opportunity ladder, and one of the main causes should be found in the increase of labour supply of refugees.⁵

The years of the Syrian refugee crisis were characterized by decreasing unemployment, suggesting low impact on Jordanians in the formal sector and increase of emigration. In the last ten years, men's unemployment rate has never dropped below ten per cent and its present value (10.4 per cent) is close to the lowest values registered since 2003. Also female unemployment declined to 19.9 per cent, which is the minimum value of the last eight years. In other words, the figures suggest that the Jordanians who are already in decent work operate in a labour market somehow protected by the inflow of refugees. Stable or declining unemployment since the start of the refugee crisis may be also explained by an increase of emigration flows.

Only 40 per cent of people exiting education are absorbed into the labour market. The number of jobs created per year (approximately 50,000) currently covers only the 40 per cent of the exits from education. The youth bulge continues to place pressure on the need for job creation interventions, with the generational balance of the

⁴ Employment and Unemployment Survey run by Department of Statistics (DoS), elaboration on data from regular households.

⁵ Yearbook of Statistics, DOS, various editions.

working age population (WAP) augmenting until 2030, from its present value of 110,000.⁶

Lack of good quality jobs. Labour market participation increases with educational attainment, and the phenomenon is particularly pronounced for women; this represents a first segmentation from the supply side. The main reason of inactivity for Jordanian women is their engagement in home work (77.1 per cent) and in formal education (20.6 per cent). For men, the situation is more articulated: being a student (37.8 per cent), having other sources of income sufficient to sustain households' income (27.9 per cent), and being disabled (15.6 per cent) are the top three. The fact that more than a quarter of Jordanian men can afford to be out of the labour market has to be read together with the dependence on migrant workers willing to perform the work at discount price, and with the lack of jobs that are attractive to nationals. Both women and men declare that the main reason for not seeking work is the belief that work is not available, followed by those who declare to be tired of looking for a job.

Jordanians and foreigners are respectively working in different sectors. After education, the second structural segmentation emerges in relation to employment by sectors. More than 80 per cent of Jordanians are employed in the service sector and only 17.7 and 2.0 per cent in Industry and Agriculture respectively, the two latter sectors overwhelmingly dominated by migrant workers. If the agriculture figure is common to many other countries where modernization has been taking place, the low presence of the nationals in industrial activities directly links to the need to increase efforts of economic diversification. The latter could generate jobs attractive to nationals, rather than in manufacturing sub-sectors such as garment where employees are predominantly from South Asian countries.

Strong gender segmentation from the supply side, but the few women at work are better qualified and less likely to compete with foreigners. The structure of employment by macro-occupation shows a pronounced gender segmentation, while reflecting the sector and education segmentation we have already documented. Fifty five per cent of women in employment are classified as Professional and other 14 per cent as Technician, the two macro-occupations that require at least a secondary degree. The few women at work are less likely to compete with foreign workers, whereas men with low paid and low protected jobs (when they are breadwinners they also cannot afford to be out of employment) are more likely to compete with refugees than their female counterparts.

The highly segmented labour market of Jordan requires consistent statistical information on the different segments. The analysis of the Jordanian labour market is made difficult by a number of factors: the presence of numerous groups of different nationalities, their uneven distribution over the territory and in refugees camps, the fact that a large number of migrants lives at the workplace (construction sites, labour camps and the household of the employer for domestic workers), rather than in regular households included in sample surveys, their different rights at work, and a series of segmentations that affect both the demand and the supply of labour. Moreover, apart from the censuses, the information on the different level and modality of participation to

⁶ The remaining 60 per cent of youth is either in inactivity or in unemployment (see next section on labour market). The calculation is made using the notion of replacement demand, i.e. number of jobs made available by Jordanians progressively retiring, as well as the notion of labour market entrants that is known until 2030, given that the children that will turn 15 until that year are already born.

the labour market of various national groups and segments is provided by statistical sources which are not comparable among themselves. Finally, an upgrade of labour market information is likely to help assess appropriate measures to tackle abuses of the employer-based visa system, relating to migrants who remain in Jordan after the expiration of their visa permits and often end up in the informal economy (irregular migrant workers).⁷

Some considerations on the national migration policy

The emigration lever should be promoted, so as to release part of the labour market pressure. 640,000 Jordanians live abroad, suggesting that the emigration lever was used in the past decades to release unemployment pressure. The number of additional jobs created by the socio-economic system has not succeeded to go beyond the 50,000 per year mark that created a job creation gap. This idea complements the recommendations in the area of job creation that are well spelled out by the National Employment Strategy, being assessed at the time of preparation of this paper.

Labour migration is likely to persist at least for the foreseeable future. Limited interactions between the labour market of migrants and that of Jordanians suggests that replacement mechanisms are difficult to propose in the short term, as Jordanian workers are not willing to take jobs currently held by migrants.⁸

Measures aimed to curb migration are not likely to have positive impact on the employment of nationals. The segmentations between the labour market of nationals and that of foreigners' migrant workers revert back to limited interaction of the two segments and by the limited willingness of nationals to compete with migrants in the occupational classes where they are over-represented. Therefore, reduction of regular migration flows is not expected to positively impact employment of nationals or to decrease unemployment.

Responses to the refugees crisis should include interventions aimed to improve labour market governance and specifically informal employment. Current ILO-DOS initiatives to assess informal employment will provide more accurate information on informal employment. For the time being, it is safe to recommend that the absorption of Jordanians in the labour market has to be looked together with the competition from refugees, whose number increased dramatically over the last three years, and who are more willing to accept low wages and informal jobs.⁹

Labour market information needs to be upgraded, in such a way that evidence on the different segments (i.e. nationals, migrants and refugees at work) is

⁷ Causes and main evidence on this category of workers are presented in Wikramasekara (2015).

⁸ The methodology used to formulate the estimate of additional jobs created by the economic system is done in such a way that it is not possible to distinguish between good quality and bad quality jobs. A study on quality of job creation could certainly provide more detailed insights.

⁹ The number of the Syrian refugees change by the day; most recent information refers to approximately 600,000 registered by UNHCR and an estimate of another 600,000 non-registered Syrian refugees. The problem has been more pronounced in the governorates of Mafraq, Irbid, Zarqa and Amman where 90 percent of registered Syrian refugees are concentrated (around 550,000). UNHCR, 2015.

integrated so as for policy makers to have a comprehensive representation of the labour market(s) in Jordan. Apart from consistency of the aggregates, this labour market representation should map out workers by nationality, distribution in the different regions, and different rights to access and participate in employment, as well as attitude and availability to accept specific employment positions. This paper represents a first although limited contribution in this direction. The quantitative mapping should be followed by a two-stage pilot-survey, covering both a sample of households (regular and irregular) and of establishments, in one or more selected governorates. The survey should have representative samples of Jordanian citizens, migrants and refugees, paying attention to their place of birth, a variable that affects their labour market attitude. An establishment survey module is instrumental to collect information on wages, productivity, as well as on regular and irregular migrants whose dwelling is at the employers' premises (construction sites and farms). Appropriate Labour Market Information (LMI) tools to assess the situation should take in to account that the presence of refugees is not expected to end any time soon, and will continue to affect employment and livelihoods of Jordanians living in host communities.