

The Economic Participation of Young Women in the Jordanian Labor Market, Facts & Challenges

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Abstract

Jordan has made significant progress in extending universal access to education. The youth literacy gender gap has closed and the ratio of women to men in primary, secondary, and tertiary education are 0.96, 1.1, and 1.1, respectively. Women are getting married later (singulate mean age at first marriage reached 25.8 years in 2011 compared to 24.7 years in 1994) and have fewer children (Total Fertility Rate decreased from 5.6 to 3.8 births per woman between 1990 and 2009). However, in Jordan the support provided to increasing women's access to health and education appears to have helped women to fulfill their maternal and reproductive roles more than to encourage them to enter the formal labor market. The women's labor force participation in 2011 was 15 percent, while it did not exceed 10 percent for young women. It is worthy to note that the rate is 64 percent for men and 39 percent for young men. This means that women's potential is not fully utilized. Furthermore, women's unemployment rate is almost two times higher than unemployment rate for men; women unemployment rate for year 2011 was 21 percent compared to 11 percent for men. As a result, the policy challenge for Jordan is to foster job creation for its young population while increasing the economic participation of women. The value added of this paper is that it addresses both labor demand and supply issues related to young female participation in the labor force which responds to the need of improving young women's skills and their access to employment opportunities in order to achieve successful transformation of human and natural resources into sustainable and inclusive economic growth. The terms used to describe this "value added" are too broad; they need to be more clearly spelled out.

Key Words: Labor force participation rate of young females, Unemployment rate among young females, Maternal and reproductive roles of women, Labor demand and supply issues related to young female participation in the labor force

1. Context

Jordan is an upper-middle income country with a population of 6 million and GNI per capita of US \$4,340 in 2010. From 2004 to 2008, GDP growth in Jordan averaged a robust 7.6 percent, but subsequently slowed to between 2 to 3 percent in 2009 and 2010. However, during this entire period, unemployment remained fairly constant at about 9 percent for men and 22 percent for women. While unemployment is low among men over 30 years old (5 percent), it is fairly high among male youth aged 19 to 24 at 19 percent and shockingly high among female youth aged 19-24 - almost 50 percent. Nearly 70 percent of Jordan's population is less than 30 years old, and one in five young Jordanians who want to work simply can't find a job. There is a qualitative difference between unemployed men and unemployed women in their 20s: while 70 percent of unemployed male youth have not received any education past high school, 75 percent unemployed female youth have completed community college or university.

The policy challenge for Jordan is to foster job creation for its young population while increasing the economic participation of women. Since 2000, the Jordanian economy

created between 24,000 and 44,000 additional jobs per year, but unemployment did not fall as expected and remains high, especially for women (Figure 1). The female unemployment rate is 21.2 percent, compared to male unemployment of 11.0 percent (2011). Young women are especially vulnerable. The unemployment rate for female youth ages 15-24 is disturbingly high at 47.0 percent compared to 26.3 percent for male youth (2011) (Figure 2).

Figure 1: Unemployment Rate by Sex, 1994-2011

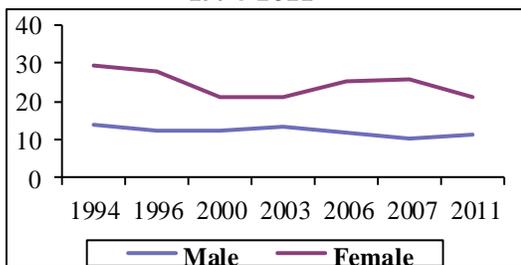
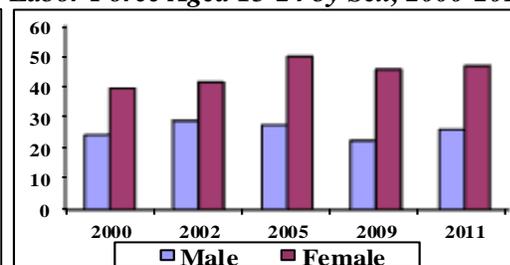


Figure 2: Unemployment Rate among Labor Force Aged 15-24 by Sex, 2000-2011

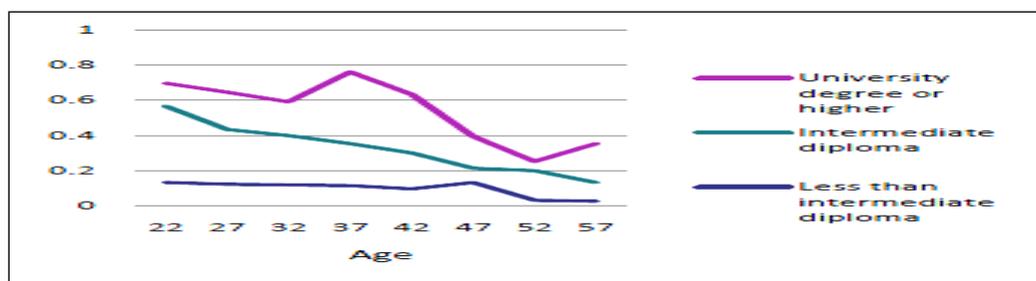


Source: Labor force Survey (LFS), Department of Statistics, 2011

2. The Key Issues

Educated young women in Jordan have higher rates of employment than their less educated women colleagues. Women with university degrees make up 26 percent of the economically active female population aged 20 to 29, and have average employment rates of more than 40 percent. Female community college graduates, i.e., those holding an intermediate diploma, make up 12 percent of the economically active female population in their 20s. Women with high school degrees or less, have employment rates as low as 9 percent. In contrast, young men in their 20s, irrespective of educational level, have employment rates between 78 and 89 percent. As with young women, men with high school degrees or less make up the bulk of the economically active population in their 20s, Figure 3

Figure 3: Female Labor Force Participation Rates by Level of Education

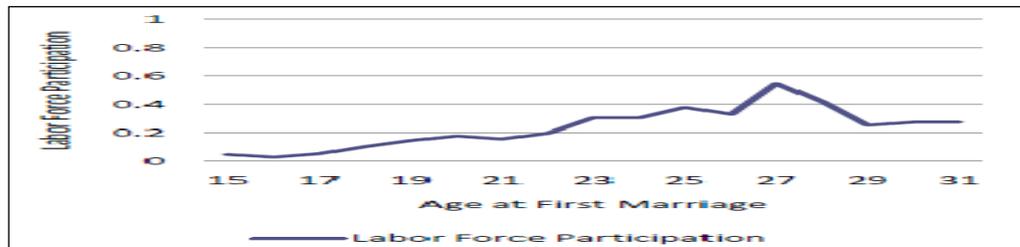


Source: 2010 Jordan Labor Market Panel Survey (JLMPS), the horizontal axis presents the midpoints of 5 year intervals from 20-59

University educated Jordanian youth, particularly female youth, face higher rates of unemployment than older and less educated cohorts. The “2010 Annual Employment and Unemployment Survey Report” shows that, at higher levels of education, women’s unemployment rate is more than two times higher than unemployment rate for men at the same education level: women with bachelor’s degrees and above account for 64.7 percent of unemployed women compared to 20.8 percent for men.

Female youth unemployment has long lasting consequences; for instance, life events such as early marriage for women correlate with their non-participation in economic activities. In Jordan, 95 percent of women have married by the time they reach 30 years old. Figure 4 plots the labor force participation rates of adult women aged 30 to 45 against their age of first marriage. Adult women in this age group are far more likely to be employed or actively seek work if they married in their late 20s rather than if they married younger.

Figure 4: Labor Force Participation Rate for Women between Ages 30 and 45 by age of First Marriage



Source: 2010 JLMPS

The Jordanian labor market is also characterized by separate spheres for men and women. Based on the results of the Jordan Labor Market Panel Survey (JLMPS), men dominate in almost every economic activity: 95 percent of people who work in retail and 88 percent of people who work in private sector and non-governmental administration are men. On the contrary, 70 percent of educated working women are concentrated in three sectors: education (44 percent), human health services (16 percent), and public administration and defense (11 percent). It is important to note that over half of education and human health service jobs are in the public sector, and these two sectors, the only two with a female majority in Jordan, comprise the female sphere of the labor market.

It is important to note that educated men and women participate in very different kinds of activities compared to their less educated counterparts. Among employed women, virtually no educated women work in manufacturing or agriculture, but 26 percent of less educated women work in manufacturing and 12 percent in agriculture. Among men economic activities are less segregated by education, however, the uneducated men find themselves in the retail at much higher rates than educated men. The labor market outcomes for women mirror the fields of study that women specialize in, and these in turn restrict women's economic opportunities to a few sectors (the two most common courses of study – educational science and humanities – fit perfectly into the female labor market place in education; 56 percent of educated women in the field of education studied either educational science or humanities). Likewise, 84 percent in human health studied health. On the other hand, women make up nearly half of the graduates with business and administration degrees yet only 12 percent of the non-public administrative sector and 10 percent of the public administration sector is composed of women.

Other key issues affecting female graduates' participation in the labor market appear to be a combination of a number of factors:

- **Employment-related barriers.** The 2006 Investment Climate Survey shows that Jordanian enterprises prefer to hire men: nearly 64 percent of the sample cited a preference for men. The firms at the Qualified Industrial Zones (QIZs), which in general offer low-skills minimum wage jobs, prefer hiring women.

The 2008 World Bank Labor Market Report shows that among these firms surveyed in the Investment Climate Survey, small and medium size businesses, which are key to job creation in Jordan, have a strong preference against hiring women. For those citing a preference for men (in the full sample), the most often cited reasons were that “men are more productive” or “job is more suited for men” (Table 1). It appears that the preference for hiring men reflects both the perception that men are better suited for manual labor, hence the preference in construction and manufacturing, and deep-seated cultural norms about what jobs are suitable for women.

Table 1: Main Reason Firms Prefer to Hire Men (% citing as the main reason to prefer men)

Men are more productive than women	38%
Nature of the job	36%
Men are more flexible and willing to work overtime and longer hours	20%
Women should not work out of the house	2%
Men have lower rates of absenteeism and are less likely to quit	3%
Men have to support families	1%

Source: Investment Climate Survey, 2006.

➤ **Differentials in wages and nonwage benefits.** Working women in Jordan are more likely to be wage earners in the formal sector than men which means that most women prefer public sector jobs to avoid risks of 'vulnerable employment.'. Men on the other hand, are more likely to be self-employed or working in the informal sector. (Isn't there an under-reporting of women engaged in informal activities?) This is not surprising given the very narrow base of working women, which is dominated by those who are educated. Expanding the ranks of employment of women will require dramatically increasing self-employment.

Gender-based wage and nonwage discrimination exists in Jordan. The Gender Assessment Report "The Economic Advancement of Women in Jordan" shows that if discrimination was eliminated and women were paid at a level commensurate with their education, women's wages would increase by as much as 45 percent in the private sector and 13 percent in the public sector. Furthermore, labor, pension, and social security rules do not provide the same benefit structure for women as they do for men. In addition to that, the prevailing low wages of available jobs (with a minimum wage rate of 190 JD) do not attract women to join the labour Market. Most women prefer not to work at this wage because of the high cost of nurseries and unreliable public transport system. This suggests that at this minimum wage women are likely to be pushed in the informal sector

3. POLICY OPTIONS AND ANALYSIS

Jordan recently-adopted a National Strategy for Employment NES and its executive program for 2011-2020. The NES aims to pool efforts to employ Jordanian job seekers and replace non-Jordanian laborers. The NES explores policies at three levels:

➤ **Demand side policies:** Demand side policies would need to acknowledge upfront that growth needs to be pro-poor and pro job creation of Jordanians to result in sustainable development.

➤ **Supply side policies:** The NES Action Plan proposes several actions on the supply side covering both gender specific and non-specific issues, including education and vocational training programs, school to work programs, targeted vocational training, legislation to facilitate home based businesses, maternity insurance through social security, and childcare facilities.

➤ **Institutional Framework:** The institutional framework refers to the laws, regulations, and procedures that regulate the employer-employee relationship as well as the overall policy environment for the labor market.

The proposed policies and actions stand to improve the employment situation for both men and women need to be individually tailored to accommodate real needs by females (part time work, childcare, etc.) and expanding sectors and professions within which they can work. The NES is upbeat about the future prospects of female participation in the labor market:

“With increasing investment in female education, Jordan has removed the biggest hurdle in the way of active female participation. Indeed, in some service sectors such as financial intermediation and telecommunications, the male/female gap has been virtually closed in terms of hiring patterns and wages. Females have gradually moved into jobs that were unthinkable for women a few decades ago, either because they were reserved for males or were seen as taboo (e.g., CEOs and managers, municipal council members, judges, police officers, flight attendants, restaurant waitresses, etc.). The “glass ceiling” limiting female promotions still exists, but it is eroding, with 18 percent of management positions in the private sector now going to females. Social values are often blamed for the low participation rates in Jordan, but values are not immutable and have changed over time. Within an enabling social, economic, and institutional context, female participation rates can increase substantially and any remaining wage gaps can be reduced.” (National Employment Strategy 2012-2020, Section 2.5.2)

In terms of numbers, the NES proposes several scenarios ranging from weak, moderate, to strong in terms of overall employment and female employment in particular. The moderate scenario would increase the number of working women from around 200,000 in 2009 to 400,000 in 2020 (an increase of working women to total working age female population from 12 percent to 18 percent). These numbers, though they double the number of jobs for women, are still low by international standards, and are quite realistic and certainly achievable if the constraints are addressed in tandem.

4. Recommendations

The following recommendations help to address the challenges facing young women in the labor market simultaneously from the supply and the demand sides of the labor market. These recommendations have been examined in a variety of policy studies and strategies and they have a long history of debate by policy makers as part of their active labor market policies to generate employment for the disadvantaged groups.

➤ **Firm Certification Program for Respectable Work Environment**

Jordan, like other countries in MENA, is a conservative society and the environment in which young women work is important in obtaining the comfort and the permission of their families. Data shows that women either prefer to work in the public sector, large firms or small female-owned or managed firms. However, the bulk of the job creation is likely to take place in SMEs that are male-owned. The proposed recommendation aims at promoting the right environment through certifying private sector SMEs that provide appropriate and respectable work environments that attract and retain young educated women. This can become a highly publicized national program that firms can use as a rewarding point of good corporate social responsibility.

➤ **Marital status and maternity support**

Recent research based on the DOS's JLMPS suggests that married women are far less likely to find a job than single women. As for maternity, while Labor Law offers women *de jure* maternity benefits, these benefits have historically been *de facto* denied to them

by the private sector, either through hiring discrimination, or firing them when they get pregnant. Therefore, even when females enter the labor market, they do not tend to remain for long. A combined policy of affordable childcare, and the recently launched maternity benefits scheme by Social Security are expected to change incentives of employers and female employees as maternity and child care costs are socialized. Expansion of pre-school education by Ministry of Education for ages 4-5, and private sector and NGO daycare for ages less than 4 would greatly expand the set of options available for working mothers.

➤ **Women business owners and self-employed**

Self-employed women in micro, small, and medium enterprises account for only 6.5 percent of female employment, far below the proportion of males as owners (20.6 percent of employed males). Expanding opportunities for females to start their own businesses has a multiplier effect on employment of females; when females do start their own firms, they are more likely to employ other females (Jordan Human Development Report, 2011). While traditional businesses of food, handicrafts, and beauty salons will continue to dominate, the challenge is to diversify the types of businesses females start.

➤ **Strong enforcement of women's rights in the workplace**

Strong enforcement of women's rights in the workplace, against discrimination and sexual harassment, coupled with policies to make the workplace more welcoming (such as access to part time work and childcare facilities) will help protect both children and women and would reduce perceptions of the private sector as an un-hospitable environment for women.

It is possible to suggest the following pre-requisites in order to implement these recommendations effectively; a woman's focused programs for career counseling, job matching, vocational and on-the-job training.

Given the distinct constraints faced by women, the above listed services need to be tailored to those constraints. School to work career counseling and tailored employability, vocational, and technical skills should be expanded for women. There is also a need for greater efforts to reach out to the women and match them with available jobs. This may call for employers to advertise job vacancies using a wider variety of channels that will reach potentially suitable women. Government employment service also has an important role to play to bring together employers and job seekers.

Internship Placement involves subsidizing internships in the private sector to help expose the female graduates to the business world. It will be more acceptable to the parents/husband/family/neighborhood in cases where women face social/cultural constraints. The expected outcome is to have placed all interested participants in internships. The success will be measured by the percentage of program participants who are placed in private sector internships.

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