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TAHER H. KANAAN *and* MAY D. HANANIA*The Disconnect between Education,
Job Growth, and Employment in Jordan*

The prospects of young Jordanians—perhaps more than any other age group—are being shaped by the interplay between Jordan’s exposure to myriad economic and political shocks and the effectiveness with which the country adjusts to these powerful changes. The economic volatility evident in the country has been driven largely by Jordan’s dependence on workers’ remittances and foreign aid. Furthermore, events such as the 1990–91 Gulf War, the second Palestinian intifada of 2000, the repercussions of the attacks of September 11, 2001, and the U.S.-led invasion of Iraq in 2003 and subsequent occupation have fundamentally changed the economy and demography of Jordan.

In recent years, Jordan has grown more successful in effectively managing external shocks, and through reforms it has created an environment for more sustainable growth. However, there is still some distance to go before young Jordanians can take advantage of these improved economic conditions. In fact the recent period of growth seems to have deepened the cleavage between education and employment transitions: education reforms have led to improved school enrollments and quality, but the labor market has moved toward low-skilled jobs shunned by young Jordanians. Jordan’s ability to turn around its education system is no longer in doubt. The challenge is whether the economy can fully break away from its rentier characteristics and diversify and deepen its modern service and industrial base, thus creating a labor market that harnesses the talents of an increasingly educated workforce.

Growing up in a Volatile Rentier State

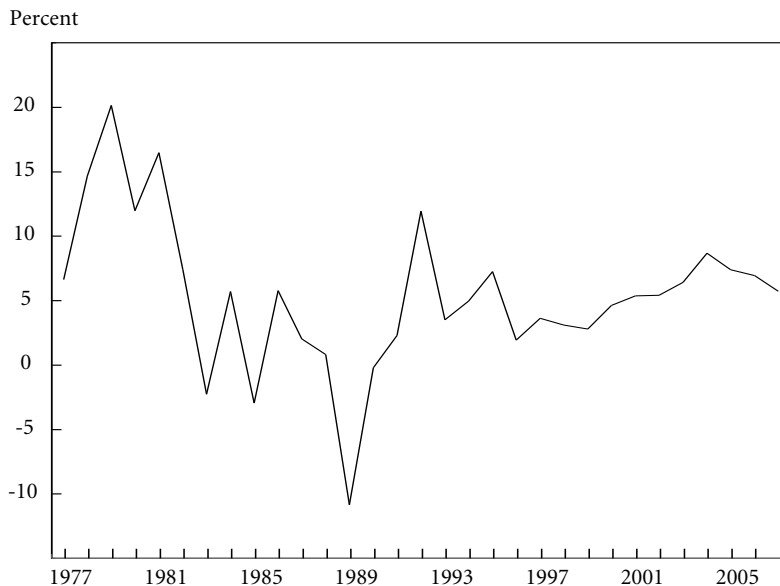
Over the past three decades, Jordan's main economic challenge has been to reduce its dependence on external sources for growth. In the years following World War II and independence from Britain, foreign aid was the main driver of economic performance. Remittances of Jordanian workers, especially those working in oil-rich Arab countries, gradually took over as a parallel and, during the past two decades, more important factor in sustaining the country's living standards, enabling the economy to achieve high rates of capital formation despite minimal rates of domestic savings.

GDP growth in Jordan has been highly volatile over the past thirty years, rising and falling with oil booms and busts, side effects of regional conflicts, and economic mismanagement (figure 6-1). For most of the 1970s and early 1980s, Jordan experienced high growth and consequent increases in government spending coinciding with the first oil boom. Between 1983 and 1989, cuts in official assistance from oil-rich countries resulted in weak growth and large debt, which culminated in the economic crisis of 1989, when the exchange rate of the dinar lost about 50 percent of its value. At the same time, government policies did not curb excessive spending, opting to continue business as usual. During the 1970s and 1980s, Jordan also suffered from effects of "Dutch disease," as exchange rate appreciation weakened competitiveness of its exports and promoted investment in nontradable goods (construction and services).

Jordan's economy began to recover in the 1990s, helped by the consumption of repatriated Jordanians expelled from Kuwait after the 1990–91 Gulf War. Events at the turn of the century, such as the Iraq war, when Jordan became a supply route for besieged Iraq and home to Iraqi refugees with their enormous savings, triggered a resumption in growth.

During this period of volatile economic performance, Jordan's population rose from 2.0 million in 1976 to 5.7 million in 2007. The average annual population growth rate exceeded 3.5 percent during 1977–95, reflecting markedly high natural growth attributable to increased fertility and improved health. This period also saw an influx of immigrants mainly from the Palestinian Territories and Iraq, including in particular repatriated Jordanians during the first Gulf War. Since 1996 population growth has slowed to an annual average of 2.7 percent. Coupled with its volatile economic performance, Jordan's demographic trends have imposed significant pressures on the ability of the economy to provide for human development.

Figure 6-1. Jordan's GDP Growth Rates per Capita, 1977–2007



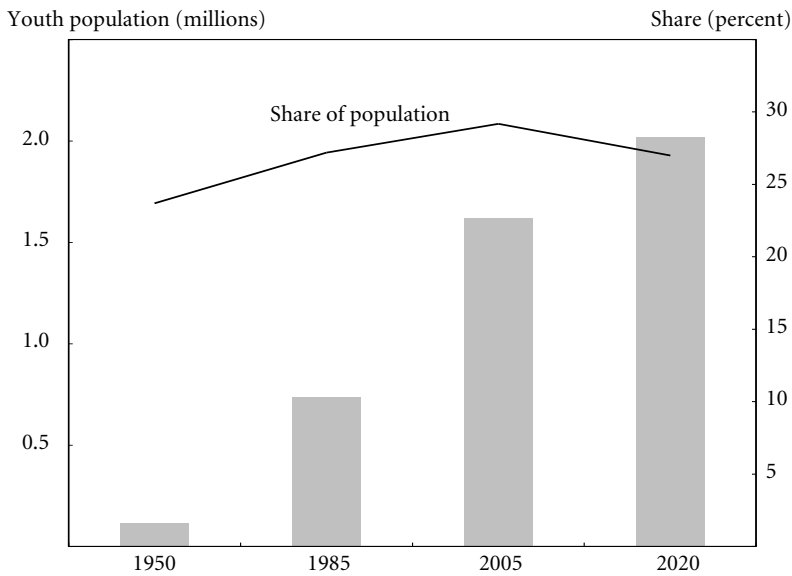
Source: Jordan Department of Statistics website and various issues of the Central Bank of Jordan *Monthly Statistical Bulletin*.

More recently, Jordan's economic performance has improved, showing greater resilience against new external shocks such as the elimination of free oil delivery from Iraq. The surge in economic activity has been broad based and not limited to the robust exports of textiles from Qualified Industrial Zones (QIZs) and exports to Iraq. Manufacturing value added during 2001–2004 (excluding the slump year of 2003) contributed more than 35 percent of GDP growth, while the transport and communications sector contributed another 20 percent, and the financial services, retail, and construction sectors around 10 percent each.

Still, the Jordanian economy maintains many attributes of a rentier economy, where significant public revenue accrues from natural resources, such as phosphates and potash, and from external financial assistance and where private household income is largely dependent on family members' remittances from abroad.

The transition away from a rentier state to a fully diversified industrial economy is even more urgent given the demographics of the country. Youth aged 15 to 29 are currently the largest demographic category in the country,

Figure 6-2. Share of Youth Aged 15 to 29 in Jordan. 1950–2020



Source: United Nations, “World Urbanization Prospects: The 2005 Revision” (Database) (New York: United Nations Department of Economic and Social Affairs, Population Division, 2006).

making up more than 29 percent of the population (figure 6-2). A further 38 percent of the population is below the age of 15. The largest five-year age cohort of Jordanians in 2007 was the 10 to 14 age group.¹ This bulge will reach working age over the next decade, leading to increasing labor supply pressure. The government estimates that 50,000 new jobs must be created annually just to maintain the current employment rate. Unless this transition to a more diversified economy is complete, meeting the changing needs of Jordan’s youth population will continue to be a challenge for the country, and young people will continue to be marginalized.

Jordan’s Education System: A Leading Reformer

Poor in natural resources and lacking a well-developed industrial base, Jordan is dependent on its human capital to drive its economy. As a result, the government has long allocated considerable proportions of its resources to education and has also been a leading reformer of education in the Middle East.

With the onset of educational reform in the early 1990s, educational expenditures averaged 6.5 percent of GDP and 20 percent of the budget during the 1995–2005 period.

This is higher than the regional average of 5.3 percent of GDP, and one of the highest rates of public expenditure on schooling in the region after the Palestinian Territories and Tunisia.² Wide-ranging government reforms have targeted all sectors of basic education, vocational training, and nonformal education, as well as teachers, students, managers, and educational institutions. The reform efforts have been driven by a desire to remodel Jordan's education system for the modern knowledge economy and to equip young Jordanians with the skills to compete in the global economy. Major reforms have targeted pedagogy methods and curriculum. Jordan has equipped most public schools with computers and Internet connections, making the country one of the first in the Middle East to fully integrate information and communications technology (ICT) as part of school pedagogy.

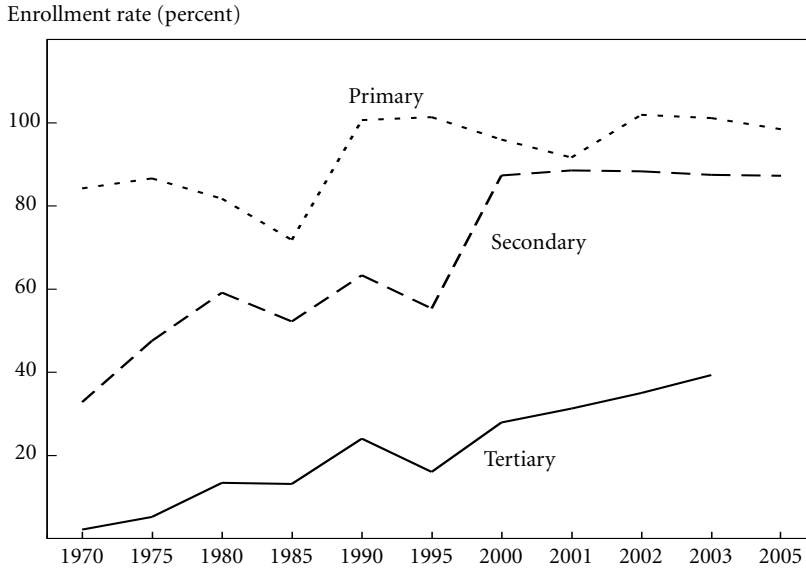
Two major initiatives, the Education Reform for Knowledge Economy Project (ERfKE) and the Discovery School pilot project within the Jordan Education Initiative best embody Jordan's reformist spirit. The objectives of ERfKE include curriculum reform, teacher training, and introduction and upgrading of school ICT infrastructure. Through the Discovery School pilot project, 100 "Discovery Schools" were selected and provided with basic ICT and teachers with needed professional development. Since the project's inception, six e-curriculum tools (math, science, Arabic, ICT, English as a foreign language, and citizenship) have been developed and deployed at the Discovery Schools, reaching 80,000 students and 3,500 teachers. Upon completion of the pilot project, the e-curriculum tools will be introduced in all 3,300 schools in the kingdom.

In addition to curriculum development in core subject areas, Jordan has introduced a new subject—information management—to prepare secondary students for positions in e-commerce, information management, and computer-based accounting. The new curriculum emphasizes both subject-matter skills and other transferable skills that are necessary for success in the private sector, including communication, team work, and analytical and problem-solving skills.

Moving toward Greater Equity and Quality

Jordan's lack of natural resources and its subsequent reliance on human capital to remain competitive has led Jordan's leadership to place signifi-

Figure 6-3. *Gross Enrollment Rates in Primary, Secondary, and Tertiary Education, 1970–2003*



Source: World Bank EdStats Database

cant attention on education services and push for concrete strategies to expand access and improve quality. As a result, Jordan has witnessed a large expansion in its education base with enrollment rates improving significantly across socioeconomic groups and gender. Urban-rural and gender disparities in education have disappeared and literacy among youth aged 15 to 29 reached 98.9 percent in 2007.³ Currently the net enrollment rate is 90 percent for primary education, 80 percent for secondary education, and 40 percent for tertiary education (figure 6-3). In addition, 98.4 percent of children (98.2 percent male and 98.7 percent female) complete a full course of primary school and 87.2 percent (86.7 percent male and 88.2 percent female) complete a course of secondary school. Jordan also has one of the lowest repetition rates in the region (1 percent for primary and secondary education).⁴

Jordan has continued to make strides in improving the quality of education. In the 2007 Trends in International Mathematics and Science Study (TIMSS), Jordan achieved the highest levels of score among any of the participating Middle Eastern countries in both the mathematics and science examinations for eighth graders.⁵ (This excludes Israel, which outperformed

Jordan on the mathematics, but not science, examination.) The mean score for Jordanian eighth graders in the mathematics test was 427, and the average scale score of female participants was twenty points higher than that of males. This trend in the performance of young women was even more pronounced in the 2003 mathematics test, when Jordanian females averaged twenty-seven points higher than Jordanian males. Of the forty-six participating countries and four benchmarking entities participating in 2003, only Bahrain had a wider positive gap between female and male students during that year (thirty-three points). (Averaging across all participating countries, girls outscored boys by one point in 2003 and by five points in 2007.)

In the science test, Jordan again performed at the highest level of any country in the region with an average score of 482, up from the 1999 (average score: 450) and 2003 (average score: 475) tests. In science 26 percent of Jordanian eighth graders achieved the high international benchmark score of 550, an increase from 21 percent in 2003. Five percent achieved the advanced international benchmark score (625), an increase from 3 percent in the 2003 testing cycle. As a matter of comparison, these percentages put Jordan on par with Scotland. Jordan had greater percentages of students reaching both of these benchmarks than Italy, Turkey, or Ukraine.

These results attest to the relative success Jordan has achieved in expanding access to all levels of education. However, the achievements thus far remain more quantitative than qualitative, particularly with regard to tertiary education. Although the quality of education in Jordan appears to compare well with that of other Arab countries, as shown by its above-average scores on some international tests, the room for improvement is still extensive.

Education Challenges Ahead

A major challenge for the education system is to produce “employable” workers with a spectrum of skills and proficiencies that are sound and flexible enough to close the so-called mismatch between job opportunities generated by economic growth and the abilities of the Jordanian labor force. Improvements in quality of education still have some way to go before they can match the best international standards compared with countries such as Korea and Malaysia. Jordan must continue to deepen existing reforms so that education is no longer geared to serve the public sector but has fully adapted to Jordan’s private sector economy. To complete this transition, reform must go beyond an “engineering” approach, which views educational develop-

ment as a technical matter that can be addressed by funding more schools, more teachers, and more textbooks.⁶ Future reforms must address the underlying incentives of teachers and students that drive teaching and learning quality.⁷

First, to close the quality gap, a system of accountability should be developed that monitors the performance of teachers and schools and establishes links between their performance and rewards (financial or otherwise). Additional funds should be allocated to improving the educational qualifications, salaries, and social standing of teachers.

Second, the education system must be more accountable for producing results. Parents and students should be equipped with mechanisms to demand better education policies, for example through the creation of parents' associations. Greater involvement of the primary stakeholders in the education system, including the private sector, is needed to maximize returns on investment in education. Reforms in the structure of the education system can also enhance greater public accountability, for example through decentralization and increased local control over the education system and by making information about resource allocation and education outcomes available to the public.

Third, recent reforms have given much attention to curriculum reform, but future reforms must also focus on continuous learning outside the classroom and on older youth who are beyond the "traditional" schooling age. Education budgets and facilities should be increased to expand extracurricular and participatory activities. Inadequate education budgets together with poorly qualified teaching staff result in a lack of participatory activities and facilities for social and cultural interaction, such as sports and other extracurricular activities, where students can build necessary skills such as creativity and team work.

Fourth, tracking at the secondary education level and its link to university education must be reevaluated to address the social stigma associated with vocational education. Currently, the secondary education level consists of a common core curriculum that ends with the tenth grade. This is followed by an additional two years (up to the twelfth grade) during which the student opts to pursue either an academic (arts and sciences) track or an applied/vocational track. Both the academic and the applied/vocational tracks end with a general secondary education examination, the *Tawjihi*.

The academic track qualifies students for entrance to universities, provided they obtain admission level scores on the *Tawjihi*. Students who opt for the applied/vocational track can also enroll in community colleges to

improve their skills and proficiency in their chosen vocation or to get a second chance at admission to university. Alternatively, graduates of the applied/vocational track may choose to upgrade their skills through apprenticeship programs run by the Ministry of Education. This track, rightly or wrongly, is perceived as inferior by most students and parents obsessed with the social esteem of university education. A tentative approach to address this issue is discussed later.

Institutions of higher education include traditional universities and community colleges. Access to higher education is open to graduates with the general secondary education certificate who may choose among eleven public universities, sixteen private universities, and several private and public community colleges. Jordan's community colleges offer specialized two- or three-year programs in a variety of professional fields of study, including education, commerce, computer studies, medicine, pharmacology, hotel management, interior design, social work, nursing, and midwifery. All community college students have to pass a comprehensive government exam (*Al-Shamel*) at the end of their studies. While formal university education focuses on traditional academic fields, community colleges are intended to provide practical skills that are needed in the labor market. However, community colleges are increasingly offering programs in traditional academic fields as a bridge to accommodate students who want to be reconsidered for university admission.

Public university education is highly subsidized by the government, and admission to public universities tends to be more competitive than at the community college level and is generally restricted to those with the highest *Tawjihi* scores. At the moment, admission to all universities in Jordan is based exclusively on how well one does on the *Tawjihi* exam.

While some reforms have been undertaken to change curricula away from rote learning, the *Tawjihi* exam is still not designed to measure critical or independent thinking or to test students' aptitudes for different courses of study within the higher education system. Students are admitted to academic faculties according to their *Tawjihi* scores. For example, students who earn an "A+" score are directed toward medicine; students who earn an "A-" score are directed toward engineering; and students who earn a "D-" score are directed toward the study of sharia law. Hence, students are directed to courses of study that could possibly run counter to their aptitudes and interests.

Further reforms to the *Tawjihi* testing system and university admissions practices are needed. The benefits of such "differed admission" policies strengthen the case for delinking higher education from secondary and

Tawjihi-level education. Making the *Tawjihi* testing system and university admissions policies more flexible and shifting the criteria for admission to university will have a number of positive effects. First, it will relieve the pressure on *Tawjihi* graduates to obtain admission to university in the same year that they graduate. Second, it will secure a second opportunity for those who, because of financial difficulty or other compelling circumstances, joined the labor market right after high school. This will give them a second chance to apply for university admission at a later date when they are more ready or more mature. Third, reforms in university admissions will also save students and parents some of the embarrassment associated with a “poor” *Tawjihi* performance by providing these youth with a second chance to prepare and sit for university admission tests.

Delinking higher education from secondary and *Tawjihi* level education should be coupled with reform in primary and secondary school curricula. These reforms should strengthen the readiness of students to function in the labor market by equipping them with skills appropriate not only for technical vocational jobs but also for clerical and office jobs in manufacturing, construction, and services and for creating and managing their own microbusinesses.

Youth and the Labor Market: Supply Trends

The Jordanian labor market is under severe pressures emanating from the youth bulge, rising female labor force participation from historically low rates, and migration. Job creation is one of the main challenges for the government, with the official unemployment rate fluctuating around 14 percent in recent years. Moreover, youth unemployment in particular remains quite high at 30 percent, an acute social problem, since nearly 30 percent of the country’s population falls within the 15 to 29 age range and nearly 70 percent of the population is under the age of 29.

The labor force has grown at a rate of about 2.2 percent a year since 2000 and stood at 1.4 million in early 2009. That number was expected to reach 1.6 million by 2015, requiring the creation of about 30,000 to 35,000 jobs annually during the next six years (table 6-1). In addition to the 200,000 jobs needed for the new labor market entrants, about 172,000 jobs need to be created for the existing unemployed.

The overall participation rate in the labor market decreased slightly from 40.4 percent in 1995 to 39.7 percent in 2006 (figure 6-2). The low rates result primarily from a very low female labor force participation rate (12.6 per-

Table 6-1. *Jordanian Labor Force Size by Gender and Location—Broad Definition^a*

<i>Labor force</i>	<i>2000 (number)</i>	<i>2006 (number)</i>	<i>Growth rate (percent)</i>	<i>Projections (number)</i>	
				<i>2009</i>	<i>2015</i>
<i>Male</i>					
Urban	707,908	922,883	4.4		
Rural	186,580	115,685	-7.9		
Total	894,488	1,038,568	2.5	1,118,424	1,297,029
<i>Female</i>					
Urban	168,123	194,354	3.5		
Rural	36,590	21,735	-6.7		
Total	204,713	216,089	2.1	230,677	262,851
<i>Total</i>					
Urban	876,031	1,117,237	4.3		
Rural	223,170	137,420	-7.8		
Total	1,099,201	1,254,657	2.2	1,349,101	1,559,880

Source: Ragui Assaad and Mona Amer, "Labor Market Conditions in Jordan, 1995–2006: An Analysis of Microdata Sources," vol. 1 (Amman: Al-Manar Project, National Center for Human Resource Development, 2007), ch. 1, sec. 4.

a. The broad definition of the labor force includes the employed and those unemployed who are available and searching for work. This definition also includes the discouraged unemployed, the nonemployed who desire and are available for work but who have not actively searched for it.

cent), as well as a relatively low male rate by international standards (66.7 percent). These trends are present in both urban and rural areas. Female participation decreased in urban areas but slightly increased in rural areas. Urban participation rates continue to be higher than rural rates for both males and females, but the gap is shrinking.⁸

Recent research on the labor supply trends quantified above observed that labor force growth has decelerated somewhat since 1995 but is poised for another growth spurt as the largest cohort ever of young people makes its way into the labor market over the next decade. Even if recent declines in labor force participation persist at the current pace, the forthcoming increase in the size of the working-age population will more than compensate for them, leading to an acceleration in the growth of the labor force. If current educational reform efforts are even modestly successful, future cohorts of labor markets entrants are expected to be more educated and to thus aspire to a higher quality of jobs.⁹

Table 6-2. *Labor Force Participation (Ages 15 to 64) by Gender, Location—Standard Definition^a*

Percent			
<i>Labor Force</i>	1995	2000	2006
Male			
Urban	70.7	69.7	67.1
Rural	65.8	66.5	63.4
Total	69.8	69.0	66.7
Female			
Urban	13.6	13.7	12.6
Rural	9.6	10.5	10.7
Total	12.8	13.0	12.4
Total			
Urban	41.8	41.8	40.1
Rural	34.7	38.8	37.2
Total	40.4	41.1	39.7

Source: Assaad and Amer, "Labor Market Conditions in Jordan, 1995–2006," ch. 1, table 1.2.

a. The standard definition of the labor force includes the employed and those unemployed who are available and searching for work.

Youth and the Labor Market: Demand Trends

Since the turn of the new millennium, Jordan has experienced remarkable economic growth, which followed a period of stagnation of per capita GDP. The recovery took real growth of GDP to an average annual rate of 5.5 percent during 2001–03 and to 7.7 percent during 2003–06. Employment growth lagged behind economic growth, increasing at an annual rate of 2.9 percent in 2001–03 and 6.0 percent in 2004–06 (table 6-3).

The effect of GDP growth on employment was larger in the private sector where employment growth rates reached 4.1 percent in 2001–03 and 6.6 percent in 2004–06. In comparison, employment growth rates in the public sector were much lower, at 0.5 percent in the first period and 4.6 percent in the second period.

What is more serious is that a large proportion of the total increase in employment went to non-Jordanians, especially during the second period of high GDP growth (2004–06). Employment of non-Jordanians increased by 6.4 percent in the first period (2001–03) and by 18.9 percent in the second

Table 6-3. *Effect of Economic Growth on Employment*^a

<i>Persons employed</i>	<i>Employment average annual increment (thousands)</i>		<i>Employment annual growth rates (percent)</i>	
	<i>2001–03</i>	<i>2004–06</i>	<i>2001–03</i>	<i>2004–06</i>
Jordanians				
Public	1.8	14.4	0.6	4.1
Private	18.6	14.8	3.3	2.4
Total	20.4	29.2	2.3	3.0
Non-Jordanians				
Public	-0.4	2.2	-4.5	33.2
Private	10.5	40.0	6.9	18.5
Total	10.2	42.2	6.4	18.9
Total Population				
Public	1.4	16.6	0.5	4.6
Private	29.1	54.7	4.1	6.6
Total	30.5	71.4	2.9	6.0

Source: Authors' recalculations of tables in Annex 5 and 7 of Ragui Assaad and Mona Amer, "Labor Market Conditions in Jordan, 1995–2006: An Analysis of Microdata Sources, Volume I" (Amman, Jordan: Al-Manar Project, National Center for Human Resource Development, 2007). The tables are based on Department of Statistics Employment and Unemployment Surveys (EUS) data.

a. GDP grew at an average annual rate of 5.5 percent in 2001–03 and 7.7 percent in 2005–06.

compared with an increase in employment of Jordanians of only 2.3 percent and 3.0 percent during the same two time periods.

These employment growth rates are associated with an average annual increment of 31,000 jobs a year from 2001 to 2003, and 71,000 jobs a year from 2004 to 2006. In the first period, 95 percent of the total increase (29,000 jobs) occurred in the private sector, and 67 percent of these jobs (20,000 jobs) went to Jordanians. In contrast, during the 2004–06 period, 77 percent of the new jobs were in the private sector (55,000 jobs) and only 41 percent (29,000) went to Jordanians. During the longer 1995–2006 period, the economy created an estimated 55,000 jobs a year, with 53 percent of them going to non-Jordanians.¹⁰

In 2006, the public sector employed more than one third of the 1.5 million workforce, wholesale and retail trade employed 17 percent, and the manufacturing sector employed 11.5 percent. Despite the construction boom, construction employed only 6.4 percent of the workforce in 2006. The

fastest-growing sectors in terms of employment have been restaurants and hotels, public administration, financial and business services, and wholesale and retail trade. While the agricultural sector has experienced significant growth in recent years, it has not generated new employment opportunities.

The Unemployment Challenge

As noted earlier, real GDP growth in recent years (2001–07) has occurred at an average annual rate of about 6.5 percent, more than 3 percentage points above the rate of population growth. However, some experts have characterized the macroeconomic improvements in Jordan as “jobless growth,” or more precisely, growth without a substantial reduction in unemployment. Three trends support this thesis, namely, the limited growth of youth employment, fewer job prospects for young women, and the status of educated job seekers.

The recent period of economic growth has led to a slight improvement in overall unemployment rates but no major change in the status of young job seekers. Overall unemployment fell from 14.5 percent in 2006 to 13.1 percent in 2007 and to 12.7 percent in 2008. Among males, the unemployment rate declined from 12.4 percent in 2006 to 10.1 percent in 2008, while the unemployment rate for females which stood at 26.0 percent in 2006, declined to 24.4 percent in 2008.¹¹

Jordanian youth are most affected by current unemployment and its persistence. In 2008 unemployment rates were high among those aged 15 to 19 years, at 33 percent (table 6-4). However, this group accounted for only 14 percent of the total unemployed. By contrast, youth aged 20 to 29 years constituted a much larger share of the unemployed at 61 percent. The unemployment rate for this group was 21 percent. In comparison unemployment was low among those aged 30 years and over, a group that constituted 25 percent of the unemployed. Hence, the engagement of youth is a priority for economic and social policy in combating unemployment and raising growth rates in future years.¹²

Youth unemployment is particularly severe among highly educated Jordanian youth, reflecting the very limited impact of education on employment in Jordan. Estimates of the ratio of the unemployed among each level of educational attainment in 2005 show that 39 percent of the unemployed have tertiary education. In contrast, 14 percent of the unemployed have a secondary school education, and 47 percent of the unemployed have less than secondary education or are illiterate. In fact, col-

Table 6-4. *Unemployment Rates and Distribution of the Unemployed, 2008*
Percent

Age range	Unemployment rate			Share of total unemployment		
	Male	Female	Total	Male	Female	Total
15–19	32.0	52.3	32.9	19	3	14
20–29	15.2	39.5	20.7	53	77	61
15–29	17.7	39.8	22.2	72	80	75
30 and older	4.8	9.5	5.6	28	20	25
Total	10.1	24.4	12.7	100	100	100

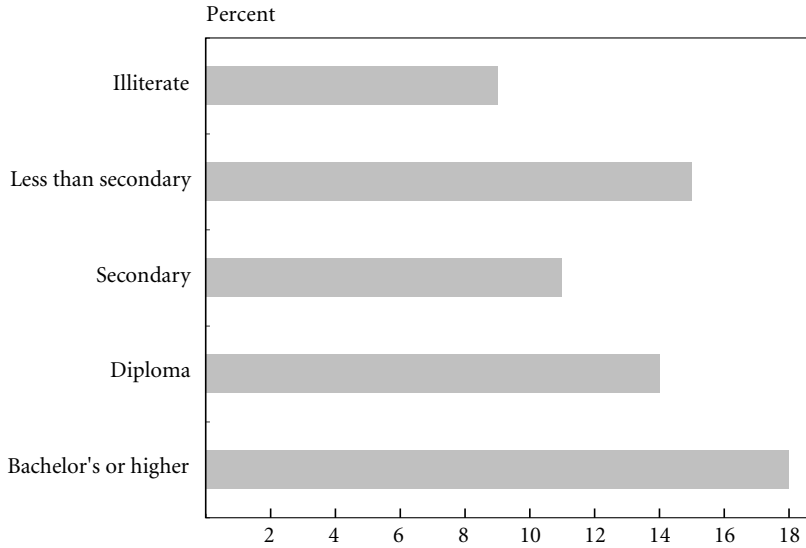
Source: Al-Manar Project data, based on Jordan Department of Statistics, Employment and Unemployment Survey, 2008.

lege and university graduates suffer relatively higher rates of unemployment than the national average for youth. Unemployment for those with a bachelor's degree or higher is now 18 percent for young men and 49 percent for young women. In comparison, the unemployment rate is 11 percent for those with a secondary education, 15 percent for those with less than a secondary education, and 9 percent for those who are illiterate. Moreover, a large proportion of first-time job seekers encounter difficulties in finding employment, leaving one in every four young Jordanians unemployed (figure 6-4).

The unemployment situation is particularly grave for young women. The unemployment rate for young females aged 15 to 29 was 39 percent in 2007, compared with 18 percent among young men. Although many young women in Jordan have the same educational opportunities as young men and thus acquire the same level of education, about five young males hold jobs for every young woman who is employed. In 2007 only 11 percent of young women aged 15 to 29 were working for pay, compared with 54 percent of males.¹³ This outcome is largely linked to the lack of appropriate jobs that are compatible with the prevailing social norms that govern the places and types of work that are considered "acceptable" according to sex, age, and social status and thus affect women's access to work. Consequently, over half of females aged 15 and over are housewives and do not participate in the labor force.

The lack of employment opportunities renders young people particularly vulnerable to poverty. Young women are more susceptible to unemployment and long-term inactivity, widening the gender gap and depriving society of their capabilities and qualifications. Youth from poorer

Figure 6-4. *Unemployment Rates by Level of Education for Youth Aged 15 to 29, 2005*



Source: World Bank, "Resolving Jordan's Labor Market Paradox," Report 39201-Jo (Washington: World Bank, 2008), paragraph 1.17.

households, many with minimal education, face the challenge of competing with foreign labor for jobs. In the countryside and remote regions where growth is lower, geographic mismatch in job creation is a challenge because labor is less mobile and therefore less able to take advantage of jobs in the capital and main cities.¹⁴

The exclusion of youth from labor markets is underpinned by a combination of cyclical and structural trends in the labor market. A recent World Bank report on Jordan's labor market attributes the paradox of concurrent growth and high unemployment to mismatches in the Jordanian labor market and high reservation wages among workers within the context of a fairly open labor market where employers can easily meet their employment needs by hiring less costly foreign workers.¹⁵

Although a large number of jobs have been created in the past few years, especially in the construction sector, most of these new jobs have gone to foreign workers, whereas many Jordanians continue to prefer white-collar employment. Jordanian youth with higher education are increasingly unwilling to accept low-wage employment and prefer to wait for higher-paying jobs in the government or migrate abroad for better opportunities.

In a labor market that has become highly segmented along ethnic and gender lines, there has been a steady flow of non-Jordanian migrants into the country to fill the gaps in the domestic labor market. Men from more populated or less affluent Arab countries such as Egypt and Sudan take jobs in agribusiness or construction, and women from Southeast Asia take jobs as domestic workers. The absolute number of non-Jordanian workers has more than tripled since 1980 to reach 317,081 in 2006, accounting for 23.6 percent of the labor force. It is estimated that this number would be even higher if undocumented laborers were counted.

Moreover, while large inflows of remittances from Jordanians working outside the country help to support family members, they also contribute to high reservation wages among Jordanian workers at home. Thus, the claimed benefits of out-migration in the form of increased financial remittances can be a "mixed blessing." Expectations for high-quality employment combined with income support from families and from remittances from abroad have raised the reservation wages of young workers.

Evidence of this comes from a recent survey, which suggests that more than 50 percent of the unemployed are unwilling to accept available jobs at prevailing wages.¹⁶ This represents a main reason for the poor labor market outcomes in Jordan. The inability of the private sector to create enough high-quality jobs in industry and modern services results from a combination of structural weaknesses in the economy, including business regulations and labor laws that do not encourage the private sector to venture into high value-added industries. Instead, government policies have allowed incentives for the private sector to expand in industries that create low-skill jobs through tax and investment policy. In these low-skill industries, business firms prefer hiring foreign labor over Jordanian workers for a number of reasons. Foreign workers are willing to work for lower wages, and firms are allowed to hire foreign workers on temporary contracts that do not require employer contributions for social security or severance pay, making the cost of employing foreign labor even less expensive relative to Jordanian workers.

As a large number of foreign workers enter Jordan, growing numbers of young Jordanians are seeking employment opportunities in the Gulf and in Europe and the United States. High youth unemployment rates, rising urbanization, and poor living conditions have contributed to significant emigration, mostly by young males in search of jobs outside the country. While such migration carries some positive economic implications, especially in terms of remittances, it also undermines Jordan's future growth prospects, which require a skilled and educated workforce for a new

knowledge-based economy. Emigration of large numbers of any country's labor force, particularly of the more talented and enterprising members, implies a quantitative and qualitative depletion of the country's human capital.

Employment Policy

With an increasingly more educated workforce, the quality of employment will be a growing concern in the future. Achievements on the educational front have thus far not resulted in significantly higher rates of employment or substantial wage increases, partly because of shortcomings in the quality of education and a mismatch between educational outcomes and labor market demands, and partly because of patterns of economic growth in the past decades that have favored the creation of low-wage jobs in certain sectors.¹⁷

Major factors contributing to youth unemployment in Jordan include the incapacity of the labor market to generate new and quality jobs, the inefficiency of information channels that coordinate labor market demand and supply, and the mismatch between labor market demand and the outputs of the education and training system. Additionally, behavioral and attitudinal dimensions play a role, because many young people do not pursue opportunities in manual and service jobs, especially those emerging new jobs in the expanding tourist services and export zones. Many young people reject these available jobs because of their low pay, the working conditions, and lack of benefits and job security. Only 42 percent of the labor force is covered by the Jordanian social security system, which means that many workers have neither health nor old-age benefits. Wages remain low, especially in relation to the inflation rate.

Within this context, Jordan is facing a series of challenges related mainly to the lack of a clear and coherent employment policy framework. This has created a situation in which economic growth has not created quality jobs for Jordanians and has not reduced unemployment and poverty levels. Jordan currently faces three challenges: generating a sufficient number of quality jobs for the burgeoning number of new entrants to the labor market; improving the skills and productivity levels of the labor force to support greater competitiveness of Jordanian enterprises within the global economy; and responding to the needs for increased labor market flexibility, while ensuring that parallel measures for social protection are in place, especially for those workers who cannot adapt to the changing circumstances and skill requirements.

With youth unemployment at record highs, there is now a growing realization that for Jordan to *include* its youth, it must address the widening gap between labor market demands and the educational system's supply. Jordan's experience has shown that reforms designed to encourage rapid economic growth, such as trade and investment liberalization, do not necessarily reduce unemployment. The new emerging jobs in Jordan, mostly in manufacturing and services, have attracted more migrant than Jordanian workers. To address the challenge of youth unemployment, labor market policies must adopt separate approaches to address the needs of the involuntarily unemployed and the voluntarily unemployed. To this end, labor market and employment policy should adopt three main priorities.

First, employment policies should assist youth from lower-income households who might be willing to accept lower-paid jobs that currently go to foreign workers through programs such as employment services, training (particularly on-the-job training), and skill development.

Second, employment policy should raise incentives to encourage the voluntarily unemployed to accept existing jobs. This includes offering social protection measures and employment benefits such as maternity leave. It also includes changing civil service hiring practices that encourage young people to wait indefinitely for government jobs and discourage them from accepting alternate employment in the private sector. Not only must government hiring be reduced but hiring procedures that accept general job applications not tied to a specific job or to specific qualifications must be eliminated.

To encourage greater female labor force participation, arrangements that allow women to combine work and family should be supported. These include centralized preschools, kindergartens, and daycare facilities. In addition, flexible work arrangements allowed by the current digital age in combination with innovative business management practices would allow women to engage in a diversity of professions through a home office.

Third, economic policy should promote sectors that will create higher-wage jobs and eliminate distortions in economic policy—the tax system, investment promotion, trade, migration, and the financial sector—that encourage growth of low-wage jobs.

To this end, Jordan has introduced special youth entrepreneurship training and vocational programs as a way to address the problem of unemployable graduates. These programs have encountered a number of problems, however, including limited private sector involvement, low standards of services, and insufficient information about the needs of the labor

market, all of which form barriers for youth trying to enter the new economic sectors.

One organization in Jordan, Injaz, has provided a pioneering working model for bridging that gap by using an enterprising style of teaching and learning to plant the seeds of change. The main goal of Injaz, or “achievement,” is to get leaders from the private sector to teach marketable skills to high school and college students. It aims to equip graduates with broad-based skills that can be applied to a wide range of professions. Injaz started in Jordan in 1999 and has spread to twelve Arab countries, reaching more than 300,000 students.

Like most Arab countries, the weakest part in the education-employment nexus in the education system of Jordan is vocational training, in part because it is perceived as a lower-status and undesirable parallel system to the main “liberal” track of education. Continuous education and on-the-job training should be key components of any reforms of the vocational training system. The lack of on-the-job training in Jordan and other Arab countries is a significant factor in the low levels of labor productivity in the region.

The Problems of Early and Late Family Formation Transition

Marriage is an important institution in Jordanian society. Married life is perceived as an essential and preferred way of life by all young men irrespective of social or educational level. Two opposing trends characterize family formation transitions in Jordan: early marriage, which is still prevalent though on the decline; and delayed marriage, which is a new phenomenon.

While the age gap between males and females at first marriage has decreased, Jordanian girls are still more likely than boys to marry as adolescents; 12.7 percent of young women under age 20 and 48.6 percent of young women aged 20 to 24 are married, compared with 1.4 percent and 16.1 percent of young men in the same age groups. Despite personal status laws forbidding marriage under the age of 18, in some communities, girls as young as 14 and 15 are withdrawn from school by their parents to get married.¹⁸ Young brides who become young mothers and are confined to their homes quickly lose their education opportunities, thereby further reducing possible future livelihood choices.¹⁹ Also, young women who marry early begin having children sooner than women who marry later, and they tend to have higher numbers of children, which can have negative effects for maternal health.

A contrary trend is that family formation in Jordan is becoming difficult for many young people, as evidenced by young people involuntarily delaying marriage because of job shortages and insufficient income. Today, the average age of marriage is on the rise in Jordan. In 1979 the mean age at first marriage was 26 for males and 21 for females. Today it is 29 for males and 26 for females.²⁰

There are some positive aspects of delayed marriage, especially for women. Women who marry at a later age are able to obtain more education and enter the labor force. This consequently expands women's opportunities for education and work and also frees them from early childbearing. However, delayed marriage also poses new challenges, particularly for young men, and has profound consequences in a culture where financial independence and marriage are the mark of manhood and social standing. Moreover, in a culture where sex outside marriage is forbidden, postponing marriage leaves a generation of youth frustrated.

The costs of marriage in Jordan, like elsewhere in the region, are high and can serve as an obstacle to marriage among many youth. Typically the groom and his family are expected to cover all the expenses of the wedding as well as the costs of setting up a household. In addition, housing costs continue to increase. The inflow of money into Jordan following the U.S. invasion of Iraq has resulted in soaring real estate prices, especially in Amman. Furthermore, while credit and loans allow youth in other parts of the world to leverage future earnings and smooth consumption, poorly functioning credit markets in Jordan make home mortgages and loans more inaccessible. With the growing costs of marriage and household formation, many young men, especially those who are unemployed or who work in low-paying jobs, cannot afford to marry and lead independent lives.²¹ Unable to afford a dowry or a house, young Jordanian men are involuntarily delaying marriage, which in the region, is a rite to passage for adulthood, independence, and legitimate sexual relationships.

The Future of Policy and Youth in Jordan

There are two main approaches to thinking about youth policy in the context of national progress. One approach is to treat youth as a subsector of society that is defined by the special problems that distinguish it from other subsectors of the population. For example, within the broader national problem of unemployment, several specific characteristics of youth unemployment require special attention, such as the challenge of skills mis-

match facing first-time job seekers. In this approach, many of the economic and social challenges are seen as temporary, associated with the demographic pressures of the youth bulge.

The other approach is to think of youth challenges not as an adjunct to national economic development but as a core part of it. The challenges that youth face are not solely associated with passing demographic pressures but are also related to institutional and political failures that must be remedied if sustainable and equitable development is to be achieved. This approach paves the way for institutional reforms that empower all citizens to be fully included in society, especially the young who are the future workers and middle class of the nation. A generally accepted prerequisite for such an approach is the full involvement and participation of youth or their representatives in the formation of policy. The other essential prerequisite is a process that encourages tolerance and an appreciation of democratic freedoms of thought and speech. This cannot be isolated from political reform and active participation of youth in elections, political parties, and civil society institutions.

Currently, Jordan's youth policy aims to integrate these two approaches. Early in 2003, Jordanian authorities commenced a significant initiative to draw up a national youth strategy, seeking the involvement of large segments of youth in the process. The National Youth Strategy was launched by King Abdullah II in 2005.²² Approximately 91,000 young men and women took part in the preparation of that strategy, in cooperation with all concerned government ministries, official institutions, nongovernmental organizations, and relevant international organizations.

The National Youth Strategy aims to achieve youth development and empowerment through three main objectives, incorporating key principles for integrating youth. The first objective involves institutional reform that balances measures to ensure macroeconomic stability and significant economic growth with measures to target social equity and youth empowerment. Meeting the challenge of youth inclusion requires that the institutional environment and macroeconomic policy promote high rates of investment and growth, which can lead to the creation of job opportunities, especially for new entrants in the labor market. This will ensure that the economically active population is engaged in productive employment.

The second objective of the National Youth Strategy is to broaden the opportunities for knowledge acquisition and continuous learning for young men and women of all ages. In particular, this objective involves upgrading education and training systems and creating stronger links between the edu-

cation system and the requirements of the labor market. For high rates of sustainable investment and growth, the young Jordanian workforce must be educated and trained to display high levels of skill, productivity, work ethics, and entrepreneurship.

The third objective of the National Youth Strategy is to encourage and institutionalize youth participation in forming public opinion, contributing to public policy choices and decisions, and partaking in civil society activities, all within a democratic and tolerant political and social context. Youth participation can create opportunities for knowledge and skill acquisition through nonformal learning. Participating in clubs and sports associations or volunteering with community organizations can encourage creativity and initiative among youth and can help develop valuable skills such as teamwork and problem-solving skills. The advantage of nonformal learning through civil society activities and in social environments lies mainly in its voluntary and often self-organizing nature, its flexibility, the possibilities of participation, the “right to make mistakes,” and the closer link to young people’s interests and aspirations.²³

To conclude, policies and measures that aim at ensuring youth inclusion are key in mitigating the effects of the high costs of human depletion and the out-migration of skills. In addition, allowing the voices of youth to help shape the policies that affect them is essential to ensure that those policies and measures are effective. Their effectiveness is further enhanced to the extent they succeed in reforming the traditional social fabric of the Jordanian society and in bringing about institutional change that harnesses the talents and hope of young people.

Notes

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