

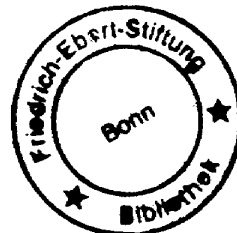
Unemployment in Jordan: Dimensions and Prospects

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Preface

A major objective of the Centre for International Studies, which was established in April 1992, is to undertake and publish political-economic, and historical studies on the republics of the former Soviet Union, especially those in Central Asia and the Caucasus. This is to provide citizens and policy-makers in the Arab World with socio-economic and historical information on the Muslim nations in the former USSR as a first step on the path of reviving the previous historical relations between these nations and the Arab world. It should be noted that the cultural, economic, and political ties between Arab countries and these nations have been disconnected for more than two centuries.

In addition, the Centre conducts applied economic studies on various issues pertinent to the Jordanian economy to provide the concerned parties with policy recommendations that would overcome the arising economic problems which obstruct the development process. Accordingly, the Centre has completed this applied economic study that the previous Economic Research Center had initiated. This study was financed by Fredrich Ebert Stiftung of Germany (FES) and aimed at discussing all aspects related to the unemployment problem in Jordan, mainly, the socio-economic characteristics of the unemployed, and suggesting certain policy measures that would help in alleviating this serious problem. It should be mentioned that the English version of this study is an extended summary of the Arabic version which was published in 1992.

This study reflects the current fruitful cooperation between the Royal Scientific Society / Centre for International Studies and (FES) which has taken place since the mid-1980s, which we hope will continue in the future to assist in facilitating the development process by tackling the stemming economic problems.

Moreover, we hope that this study will be of value to policy makers, researchers, and other concerned parties by providing them with the necessary information on a serious economic issue in Jordan.

The Centre welcomes any constructive comments on this study which will be taken into consideration in our future studies.

Dr. F.A. Daghestani

Director

Centre for International Studies

Acknowledgement

The Centre for International Studies of the Royal Scientific Society extends its thanks and gratitude to Fredrich Ebert Stiftung of Germany for financing the preparation and publishing of this research project. Thanks are also due to the various public and private institutions that provided the required information and facilitated the work of the research and field survey teams, namely the Department of Statistics for designing and withdrawing the representative survey sample from its households' frame, and the Queen Alia Jordan Social Welfare Fund for its fruitful cooperation while carrying out the field survey.

The research team acknowledges the contribution of the Computer Technology, Training and Industrial Studies Centre represented by its director Dr. Yousif Nusseir and Messrs Faried Haddadin, Hussein Hassunah, and Amin Hamad for preparing the computer programmes and obtaining the necessary tables, and the data entry division. In addition, the contribution of the members of the Study's Consulting Committee in overseeing the implementation of the study and commenting on its first draft is highly appreciated. Finally, thanks are extended to Miss Hala Najjar and Mr. Ahmad Obaid for typing the study.

Introduction

Unemployment is one of the main socio-economic issues, which negatively affects both economic activity and social life. Jordan has been suffering from the unemployment problem since the mid-1980s. Therefore, special efforts have been made by the government to tackle this problem, especially during and after the Gulf Crisis, as about 350,000 Jordanians had returned home after they were forced out of Kuwait and other Gulf States.

Being aware of the seriousness of the unemployment problem, the Centre for International Studies in the Royal Scientific Society conducted this field study to discuss this problem and to recommend certain policies that may be helpful in facing it. The study had the following objectives:

- 1- Analyzing the socio-economic characteristics of the unemployed in 1991, in comparison with 1986.
- 2- Estimating the unemployment rate in Jordan and in the governorates, along with projecting the unemployment rate till 1995.
- 3- Examining the causes and effects of unemployment in 1991, in comparison with 1986.
- 4- Discussing the efficiency of procedures and policy measures that have been implemented since 1986 to alleviate the unemployment problem.
- 5- Suggesting certain policies and measures to alleviate the unemployment problem.

Chapter One

Methodology of the Study

1-1 Background

The decline in economic activity in Jordan and some Arab countries since the mid-1980s has led to the emergence of the unemployment problem in Jordan, which was aggravated after the Gulf Crisis. This problem was concentrated among highly skilled labourers and school, college and university graduates. In spite of the lack of accurate data on the magnitude of unemployment, it has been estimated that there were about (128) thousand unemployed in 1991¹. Although several studies have been conducted on the unemployment problem in Jordan, these have focused only on few aspects. Therefore, RSS has initiated this comprehensive study in order to analyse all aspects related to the unemployment problem in Jordan as a whole and in each governorate in 1991.

1-2 Methodology

This study is based on a representative sample survey of households in addition to office work. To carry out the survey the following two questionnaires were designed:

- 1- Households' questionnaire: It contains some questions about the characteristics of the household members, their social status, number of unemployed persons in the household, and other related questions, (Appendix 1-1).

¹ Ministry of Labour, Annual Report 1991, (Amman-Jordan), p. 18.

- 2- The unemployed's questionnaire: It contains 36 questions about the social and economic characteristics of the unemployed, causes of unemployment and suggestions to solve the unemployment problem, (Appendix 1-2).

For this study, an unemployed person was defined as "a person in the age group of 15-65, who had no work in spite of his/her ability and willingness to work, and is looking for work effectively, during the period of the survey which is the preceding week of the interviewing day".

The survey was carried out by 55 well trained enumerators during 12/8-30/11/1991. The households and their unemployed members that appeared in the representative sample were interviewed by the enumerators in their governorates.

1-3 The Study Sample

The sample was designed and withdrawn by the Department of Statistics from the households' frame that is available at this department. It was decided from the beginning that the unemployed persons can be reached through their households, so the household was the ultimate unit of sampling. The primary criteria of the design was to reach at a self-weighted sample, which gave all households in the society the same probability of being selected. The most suitable design to serve this criteria was to have a cluster and multi-stage design, which meant having the clusters distributed among governorates and localities within governorates.

After selecting localities, (first stage of selection), which have been chosen according to their size of population (larger size of population have higher probability of being selected), and clusters were distributed and listed in these selected localities. The second stage of selection was to choose clusters in selected localities which have been carried out also by a proportional probability to their size. The final stage was households selection, which was carried out with an inversely-proportion to the cluster size, in order to maintain an overall sampling probability.

According to this design, 93 localities and 198 clusters were selected, and 12968 households were interviewed, accounting for about 2 percent of total households in Jordan. Thus, 2998 unemployed persons were interviewed in the various governorates, Table 1-1, and Appendix 1-3.

Table (1-1)
Distribution of Households and the Unemployed Samples
by Governorate (1991)

Governorate	Households Sample	%	Unemployed Sample	%
Amman	5196	40.1	1390	46.4
Zarqa	1898	14.6	409	13.6
Irbid	3146	24.3	414	13.8
Balqa	903	7.0	164	5.5
Ma'raq	416	3.2	50	1.7
Karak	504	3.9	298	9.9
Tafilah	310	2.4	89	3.0
Ma'an	595	4.6	184	6.1
Total	12968	100	2998	100

Chapter Two

Recent Economic Developments in Jordan

2-1 Economic Developments Since 1986

In this section, the macro-economic performance in Jordan over 1986-1991, and the economic outlook for 1992-1998 are briefly examined.

2-1-1 Macro-Economic Performance (1986-1991)

During 1986-1991 the Jordanian economy experienced two major crises. After the economic crisis at the end of 1988, it witnessed another political/economic one due to the Gulf crisis in 1990.

Prior to the economic crisis in 1988, the Jordanian economy achieved an annual growth rate of 3.9 percent in real GDP during 1986-1987, Table 2-1. This was mainly attributed to the notable positive performance of the commodity producing sectors.

However, the process of economic development was disrupted by the economic crisis in the end of 1988. This crisis was reflected through the sharp decline in foreign exchange reserves at the Central Bank due to the drop in Arab financial assistance, remittances of Jordanians working abroad and exports to some Arab countries. Consequently, this has led to a considerable devaluation in the Jordanian dinar. By the beginning of 1990, the Jordanian dinar had lost about 60 percent of its value¹. At the

Table (2-1)
Main Economic, Demographic and Financial Indicators
in Jordan
(1986-1991)

(JD Million)

Indicators	Years					
	1986	1987	1988	1989	1990	1991
Population (000)	2,796	2,897	3,001	3,111	3,453	3,888
Growth Rate (%)	-	3.6	3.6	3.7	11.0	12.6
Gross Domestic Product (1985=100)	1772.6	1841.3	1840.8	1673.9	1634.8	1651.8
Growth Rate (%)	-	3.9	-0.03	-9.1	-2.3	1.0
Per Capita Income (JD)	634.0	635.6	613.4	538.1	473.4	424.8
Growth Rate (%)	-	0.3	-3.5	-12.3	-12.0	-10.3
Gross Fixed Capital Formation*	417.1	412.1	437.8	379.6	436.5	354.4
Growth Rate (%)	-	-1.2	6.2	-13.3	15.0	-18.8
Central Govt. Revenues	670.9	676.8	721.3	855.5	938.2	1089.4
Growth Rate (%)	-	0.9	6.6	18.6	9.7	16.1
Central Govt. Expenditures	824.0	875.0	925.9	992.6	1032.6	1116.0
Growth Rate (%)	-	6.2	5.8	7.2	4.0	8.1
Central Govt. Capital Expenditures	253.5	272.3	256.3	242.9	191.3	206.1
Growth Rate (%)	-	7.4	-5.9	-5.2	-21.2	7.7
Fiscal Deficit	-153.1	-198.2	-204.6	-137.1	-94.4	-26.6
Growth Rate (%)	-	29.5	3.2	-33.0	-31.1	-71.8
External Outstanding Debt	1166.9	1209.3	3836.9**	5409.4	6052.5	(n.a.)
Growth Rate (%)	-	3.6	217.3	41.0	11.9	-
Internal Outstanding Debt	414.9	624.4	921.8	995.0	1037.4	1061.7
Growth Rate (%)	-	50.5	47.6	7.9	4.3	2.3
Jordanian Workers' Remittances	414.5	317.7	335.7	358.3	406.3	795.7
Growth Rate (%)	-	-23.4	5.7	6.7	13.4	95.8

* Calculated by the researchers.

** Since 1988 military debt has been added to external total debt.

Sources:

- Department of Statistics, Population Forecasting 1991, (Amman-Jordan).
- Department of Statistics, Statistical Yearbook 1990, (Amman-Jordan).
- Central Bank of Jordan, Monthly Statistical Bulletin, April 1992, (Amman-Jordan).

¹ Central Bank of Jordan: "Monthly Statistical Bulletin", April 1992 (Amman-Jordan), P. 98.

same time, the Government was not able to serve its foreign debt, which had exposed a serious indebtedness problem. This economic crisis was manifested by a sharp decline of 9.1 percent in real GDP in 1989. Similarly, most macroeconomic indicators registered substantial decrease, Table 2-1.

Accordingly, the Five Year Socio-Economic Development Plan (1986-1990) was replaced by an economic structural adjustment program to revitalize economic activity and, in turn, to overcome the economic crisis. This program was formulated in cooperation with the IMF and World Bank.

By August 1990, the Jordanian economy faced another crisis, namely the Gulf crisis which had negatively affected economic activity. Real GDP decreased by 2.3 percent in 1990 as a result of the poor performance of many economic sectors. In the meantime, the implementation of the structural adjustment program came to a halt.

Moreover, the country received about 300 thousand returnees from the Gulf States, mainly from Kuwait, due to the Gulf crisis. Of these, there were about 70 thousand labour force, of whom about 35 thousand were unemployed in 1991¹. The unemployed returnees accounted for 27 percent of total unemployed in the country, thus increasing the unemployment rate by about 5.1 percent to reach 18.8 percent in 1991². At the same time, Arab financial aid was terminated; and Jordanian exports to the Gulf States ceased. As a result, the Jordanian economy suffered from heavy losses which were estimated at about US\$ 5.56 billion in 1990³.

Nevertheless, the restoration of economic stability in 1991 enabled the economy to achieve a moderate growth of 1 percent in real GDP

¹ Ministry of Labour: Annual Report 1991, (Amman-Jordan), P. 22.

² Ibid., P. 22.

³ ESCWA: The Impact of the Gulf Crisis on the Jordanian Economy, (Amman-Jordan, Dec. 1990), pp. 46-47.

which was attributed to the improved performance of construction, trade and financial services sectors.

2-1-2 Economic Outlook (1992-1998)

To overcome the economic difficulties that stemmed from the economic and Gulf crises of 1988 and 1990, and to tackle the economic structural imbalances, Jordan adopted another structural adjustment program for the period 1992-1998. This program that was formulated in cooperation with the IMF and world Bank, reflects Jordan's development strategy for the said period. Its main specific objectives are¹:

- Increasing real GDP growth rate from 3 percent in 1992 to 4.3 percent in 1998.
- Decreasing the inflation rate from 10 percent in 1991 to 4.5 in 1998.
- Decreasing the budget deficit from 18 percent of GDP in 1991 to about 5 percent in 1998.
- Enhancing private investment.
- Adopting an active export-oriented strategy.
- Limiting external and domestic borrowings.

Although this program has not addressed the unemployment problem directly, it attempts to contribute to the alleviation of this problem through revitalizing economic activity which, in turn, would be able to create more job opportunities. Although, it would not be able to overcome totally the acute unemployment problem in Jordan, it would achieve a decline in the unemployment rate.

¹ IMF: "Jordan: Staff Report for Request for Stand by Arrangement", (Washington, D.C. Nov. 1991).

F. Fank: Economic Adjustment Program 1992-1998, (Amman-Jordan, Jan. 1992), PP. 9-12.

2-2 Developments in the Labour Market (1986-1991)¹

The major structural characteristics of the labour market during 1986-1991 were a direct result of the economic and demographic changes that Jordan have witnessed since 1968. These characteristics are: low labour participation rate, unbalanced sectoral and geographical distribution of labour force, and disequilibrium in the labour market.

2-2-1 Low Labour Participation Rate

The labour participation rate in Jordan has been relatively low, about 19 percent per annum during 1968-1991. This has been mainly due to the increase in population which has outpaced the growth in labour force. During 1986-1990, the population growth rate was about 5.5 percent annually² in comparison with 4.2 percent for labour force who grew from 535.4 thousand in 1986 to 630.1 thousand in 1990, Table 2-2. In general, the low labour participation rate has been a result of the interaction of demographic, social and economic factors. These are: the age structure of population as about 50 percent of the population are in the age groups of less than 15 and more than 64; the high educational enrollment rate among the population in the working age; the low female participation rate (about 14 percent in 1992³); and the early retirement of a rising number of labourers.

Table (2-2)
Sectoral Distribution of Jordanian Labour Force
(1986-1991)

Sector	1986		1987		1988		1989		1990		1991	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Commodity Producing Sectors	162.8	30.4	167.1	30.1	168.8	29.5	167.5	28.7	180.8	28.7	195.9	28.8
Agriculture	40.7	7.6	41.2	7.4	43.5	7.6	42.0	7.2	45.9	7.3	50.3	7.4
Manufacturing & Mining	57.3	10.7	58.4	10.5	58.9	10.3	60.7	10.4	64.3	10.2	70.0	10.3
Electricity & Water	5.9	1.1	9.3	1.7	9.2	1.6	8.2	1.4	8.2	1.3	8.9	1.3
Construction	58.9	11.0	58.2	10.5	57.2	10.0	56.6	9.7	62.4	9.9	66.7	9.8
Services Producing Sectors	215.2	64.7	326.6	69.8	403.4	70.5	416.0	71.3	449.3	71.3	484.1	71.2
Trade, Restaurants, and Hotels	31.1	9.3	47.7	10.2	57.2	10.0	59.5	10.2	63.6	10.1	70.0	10.3
Transportation and Communications	25.0	7.5	38.9	8.3	51.5	9.0	51.3	8.8	53.6	8.5	59.8	8.8
Financial Services	6.2	1.9	13.7	2.9	19.5	3.4	18.1	3.1	20.2	3.2	21.8	3.2
Public Administration and Social Services	152.9	45.9	226.3	48.4	275.2	48.1	287.1	49.2	311.9	49.5	332.5	48.9
Total	535.4	100	555.7	100	572.2	100	583.5	100	630.1	100	680.0	100

¹ This section draws heavily on Mohamad Amerah "Developments and characteristics of the Jordanian Labour Market 1955-1989" in Kamal Abu Jaber, S.Khasawnah and M. Buhbe (Eds.); The Jordanian Labour Market - Developments, Characteristics, Policies and Prospects, (Dar Al-Bashir, Amman-Jordan 1991), PP. 139-167.

² Department of Statistics: Statistical Yearbook, 1990, (Amman-Jordan), P. 19.

³ Ministry of Labour: Unpublished Information, (Amman-Jordan).

2-2-2 Unbalanced Sectoral and Geographical Distribution of Labour Force

The sectoral distribution of labour force has been unbalanced since 1968. In 1991 about 71 percent of the total labour force were engaged in the services sectors. This reflects the services oriented characteristic of the Jordanian economy.

At the same time, there has been an unbalanced geographical distribution of labour force since 1968. This is reflected by the fact that Amman governorate accounted for 68.9 percent of the total labour force in the establishments employing 5 workers or more, Irbid (10.2 percent), Zarqa (7.2 percent), Balqa (3.4 percent), Karak (2.4 percent), Mafraq (1.8 percent) and Tafilah (0.7 percent) in 1989¹. The reasons behind this phenomena have been the concentration of population in the capital and internal migration, i.e., migration from rural areas to the capital for job opportunities.

2-2-3 Disequilibrium in the Labour Market

The socio-economic changes that the Jordanian economy has experienced since 1968 have resulted in disequilibrium in the domestic labour market. During 1986-1991 this disequilibrium was reflected through the unemployment rate, external migration and foreign workers, and internal migration.

2-2-3-1 Unemployment Rate

Since the mid-1980s unemployment has become a serious problem in Jordan, manifesting a widening gap between the demand for and supply of labour. Table 2-3 shows that the unemployment rate declined sharply from 11.7 percent annually during 1968-1973 to 3.3 percent per annum in 1974-1983. However, due to several internal and external reasons, as will be discussed in Chapter Five, it has been on the increase since 1986. The number of unemployed rose from about 42.9 thousand and in 1986,

Table (2-3)
Estimates of the Number of Unemployed and Unemployment Rates (1968-1991)

Year	Number of Unemployed (000)	Unemployment Rate (%)
1968	27.7	9.9
1972	45.1	14.0
1973	36.8	11.1
1976	5.9	1.6
1981	17.0	3.9
1982	19.4	4.3
1986	42.9	8.0
1987	46.4	8.3
1988	50.3	8.9
1989	60.0	10.3
1990	106.0	16.8
1991	128.0	18.8

- Sources:
- (1) For 1968-1986, Ibrahim, I. et al., Status and Prospects of the Jordanian Labour Market; Part I, (Royal Scientific Society, Amman-Jordan, 1989), P. 64.
 - (2) For 1987-1991, Ministry of Labour; Annual Reports, 1986, 1987, 1988, 1989, 1990, 1991 (Amman-Jordan), P. 18, 20, 20, 17, 18 and 18, respectively.

¹ Department of Statistics: Employment Study 1989, (Amman-Jordan).

reflecting an unemployment rate of 8 percent, to about 128 thousand in 1991, with an unemployment rate of 18.8 percent.

2-2-3-2 *External Migration and Foreign Workers*

External migration of the Jordanian labour force has taken place since the mid of the 1950s. However, its intensity has varied overtime. The number of Jordanians working abroad increased from about 200 thousand in 1975 to about 350 thousand in 1989¹. Nevertheless, due to the economic situation in the Arab oil-exporting countries Jordan has witnessed the return of an increasing number of Jordanians working abroad. The climax of this process was in 1991 with the return of about 300 thousand people from the Gulf States, as mentioned earlier.

As a result of external migration, the Jordanian labour market has experienced shortages in the labour markets of certain occupations leading to a notable rise in wages. To overcome these shortages, Jordan has resorted to the importation of labour mainly from neighbouring Arab countries. The number of foreign workers in Jordan increased from 153 thousand in 1984 to 196 thousand in 1989, and declined to about 176 thousand in 1991 due to the prevailing economic conditions². These foreign workers have been concentrated in the construction, agriculture and services sectors, i.e., in the jobs that Jordanians do not prefer to occupy³ reflecting behavioral and structural unemployment.

¹ Ministry of Labour: Annual Report 1986, (Amman-Jordan), P. 20.
IMF: "Jordan-Recent Economic Developments", (Washington, D.C. Feb. 11, 1991), P. 4.

² Ministry of Labour: Annual Reports 1986, 1989 and 1990, (Amman-Jordan), PP. 25, 16, and 16 respectively.
Ministry of Labour: The Jordanian Labour Market: Status and Prospects (Amman-Jordan), P. 9.

³ M. Smadi, et.al: The Socio-Economic Impact of Guest Workers in Jordan, (RSS-Amman-Jordan), PP. 319-324.

Thus, the Jordanian economy has been importing and exporting labour force at the same period of time.

2-2-3-3 *Internal Migration*

Internal migration in Jordan has been on the increase for a long period of time, which has contributed to the rise in unemployment. As data on the magnitude of internal migration are not available, the ratio of urban population to total population is taken as a proxy. This ratio rose from 59 percent in 1979 to 70 percent in 1989¹.

¹ Department of Statistics: Population Census 1979, (Amman-Jordan).
Department of Statistics: Statistical Yearbook 1990 (Amman-Jordan).

Chapter Three

Demographic and Social Characteristics of the Unemployed

3-1 Demographic Characteristics of the Unemployed

In this section, the major characteristics of the unemployed, are analyzed through their distribution by governorates, age, sex and marital status.

3-1-1 Distribution of the Unemployed by Governorates and Sex

The results of the survey showed that Amman governorate accounted for the highest portion of the unemployed, i.e., 46.4 percent of total unemployed in 1991. This reflects the fact that Amman had the largest population relative to other governorates. It was followed by the governorates of Irbid and Zarqa, as accounting for 13.8 percent and 13.6 percent of total unemployed, respectively. The lowest portion of the unemployed was in the governorate of Mafraq with 1.7 percent of total unemployed. For comparison, Tafilah accounted for only 3 percent of total unemployed despite the fact that its population was smaller than that of Mafraq, Table 3-1. This can be explained by the persistent growth in agricultural activities, including pastures, in Mafraq which provide more job opportunities, especially for those who lack academic qualifications.

It is interesting to note that the pattern of the unemployed distribution by governorates in 1991 was similar to that in 1986 with the

exception of Zarqa which had the second place in 1986 instead of Irbid¹.

As for the distribution of the unemployed by sex, the results of the survey revealed that males accounted for 58.3 percent of total unemployed in 1991. Hence, the sex ratio of the unemployed was about (1.4) in 1991 compared to (2.3) in 1986². This means that there were more unemployed females in 1991 relative to 1986, reflecting the rising desire for employment among females due to the prevailing economic conditions.

In addition, it is shown in Table 3-1 that in most governorates the share of unemployed males was higher than that of females except for Irbid and Karak, where unemployed females accounted for 54.5 percent and 53.7 percent of total unemployed, respectively. A possible explanation for this is the existence of community colleges and universities in these two governorates which have encouraged parents to educate their daughters beyond the secondary level along with the relatively low education expenses.

3-1-2 Distribution of the Unemployed by Age, Marital Status and Family Size

It is indicated in Table 3-2 that the unemployed in the age groups (20-24) and (25-29) had accounted for 46.4 percent and 21.8 percent of total unemployed respectively, in 1991. This can be explained by the fact that the majority of college and university graduates were of these age groups. The age group (30-34) came in the third place as it accounted for 6.9 percent of total unemployed. It was followed by the age group (15-19), accounting for 6.2 percent of total unemployed, Table 3-2.

¹ M. Ali, M. Amerah and I. Ibrahim: The Unemployment Problem in Jordan: Characteristics and Prospects, (RSS, Amman-Jordan, Nov. 1987), P. 32.

² Ibid., P. 33.

Table (3-1)
Distribution of the Unemployed by Governorate and Sex
(1991)

Governorate	Sex		Total	(%)
	Male	Female		
Amman	881	509	1390	46.4
Zarqa	277	132	409	13.6
Irbid	176	238	414	13.8
Balqa	84	80	164	5.5
Mafraq	37	13	50	1.7
Karak	138	160	298	9.8
Tafilah	50	39	89	3.0
Ma'an	106	78	184	6.2
Total	1749	1249	2998	
(%)	58.3	41.7		100

Table (3-2)
Distribution of the Unemployed by Age Group and Sex
(1991)

Age Group	Sex				Total	(%)
	Male	(%)	Female	(%)		
15-19	108	6.2	77	6.2	185	6.2
20-24	595	34.0	797	63.8	1392	46.4
25-29	363	20.8	291	23.3	654	21.8
30-34	156	8.9	51	4.1	207	6.9
35-39	95	5.4	13	1.0	108	3.6
40-44	126	7.2	15	1.2	141	4.7
45-49	136	7.8	2	0.2	138	4.6
50-54	97	5.5	1	0.1	98	3.3
55-59	55	3.1	1	0.1	56	1.9
60+	18	1.1	1	0.1	19	0.6
Total	1749	100	1249	100	2998	
(%)	58.3		41.7			100

As for marital status, it is observed in Table 3-3 that 61.9 percent of the unemployed were singles while only 37.1 percent were married. Regarding sex, it is seen that the share of unemployed single males (50.5 percent of total unemployed singles) was almost equal to that of females. This reflects the fact that both sexes have the same drive to look for employment opportunities in order to be able to cover the increasing living expenses. Moreover, the unemployed married males accounted for 72 percent of the total unemployed married population.

For comparison, the share of unemployed married population in total unemployed has declined from 53.5 percent in 1986 to 37.1 percent in 1991. At the same time, the portion of single unemployed population has increased from 45.1 percent in 1986 to 61.9 percent in 1991¹. This may be explained by the fact that males were discouraged to get married till they find proper job opportunities.

Furthermore, Table 3-4 shows that there is a correlation between the number of family members and the number of unemployed. It reflects the fact that 62.2 percent of the unemployed were from families that had more than six members.

3-2 Social Characteristics of the Unemployed

This section discusses the main social characteristics of the unemployed including their level of education, field of study and duration of unemployment.

3-2-1 Distribution of the Unemployed by Educational Level and Sex

The survey results indicate that the community college graduates accounted for the highest portion (32.7 percent) of total unemployed in

Table (3-3)
Distribution of the Unemployed by Sex and Marital Status
(1991)

Marital Status	Sex		Total	(%)
	Male	Female		
Married	802	311	1113	37.1
Single	937	918	1855	61.9
Divorced	10	14	24	0.8
Widow	0	6	6	0.2
Total	1749	1249	2998	
(%)	58.3	41.7		100

¹ Ibid., P. 35.

Table (3-4)
Distribution of the Unemployed by Family Size
and Number of Unemployed Family Members
(1991)

Family Members	Unemployed Family Members					Total	(%)
	1	2	3	4	5		
1	2	0	0	0	0	2	0.1
2	107	10	0	0	0	117	3.9
3	154	14	0	0	0	168	5.6
4	174	36	6	0	0	216	7.2
5	227	68	6	0	0	301	10.0
6	240	68	18	4	0	330	11.0
7	265	124	33	12	0	434	14.5
8	220	96	18	8	5	347	11.6
9+	562	318	117	56	30	1083	36.1
Total	1951	734	198	80	35	2998	
(%)	65.1	24.5	6.6	2.6	1.5		100

1991, Table 3-5. They were followed by the unemployed with less than the secondary certificate, who accounted for 26.6 percent of total unemployed. In the third place came the unemployed with secondary certificate accounting for 19.5 percent of total unemployed. At the same time, university graduates and postgraduates accounted for only 14.6 percent of total unemployed as relatively more jobs were available for this category.

It should be noted that 52.7 percent of the unemployed were secondary certificate holders and with less than secondary certificate, reflecting some behavioural unemployment. This is opposite to the belief that most of the unemployed were university graduates. Therefore, it is perceived that there is a need for training and retraining to upgrade the qualifications of these unemployed to match available jobs that require high technical capabilities.

Moreover, Table (3-5) shows that the unemployment problem was more severe among educated females than educated males. This is especially true in the case of unemployed female college graduates whose share in total female college graduates increased from 64 percent in 1986 to 69.5 percent in 1991. On the other hand, the share of unemployed female university graduates in total female university graduates declined from 53 percent in 1986 to 37.5 percent in 1991¹.

3-2-2 Distribution of the Unemployed by Field of Study

It is seen in Table (3-6) that only 47.3 percent of the unemployed had college and/or university degrees in various fields of study, i.e., they were specialized unemployed. The highest portion of these (32.8 percent of total unemployed and 69.5 percent of the specialized unemployed) had specialized in humanities and social sciences. This can be attributed to several reasons, mainly the existence of many community colleges that concentrate on these fields of study, the attraction of a large number of

¹ Ibid., P. 39.

Table (3-5)
Distribution of the Unemployed by Sex and Level of Education
(1991)

Level of Education	Sex				Total	(%)
	Male	(%)	Female	(%)		
Illiterate	157	8.9	39	3.1	196	6.6
Elementary	271	15.5	27	2.2	298	9.9
Preparatory	407	23.3	95	7.6	502	16.7
Secondary	342	19.6	243	19.5	585	19.5
Lower Diploma	299	17.1	681	54.4	980	32.7
B.A. or B.Sc.	242	13.8	158	12.6	400	13.4
Higher Diploma	5	0.3	2	0.2	7	0.2
M.A. or M.Sc.	19	1.1	2	0.2	21	0.7
Ph.D.	7	0.4	2	0.2	9	0.3
Total	1749	100	1249	100	2998	
(%)	58.3		41.7			100

Table (3-6)
Distribution of the Unemployed by Field of Study and Sex
(1991)

Field of Study	Sex		Total	(%)
	Male	Female		
Agricultural Sciences	16	14	30	1.0
Engineering & Technology	153	39	192	6.4
Natural Sciences	40	93	133	4.4
Medical Sciences	35	42	77	2.6
Social Sciences & Humanities	328	657	985	32.8
No Specialization	1177	404	1581	52.7
Total	1749	1249	2998	
(%)	58.3	41.7		100

females to these fields of study in the community colleges, and the lack of competition with foreign workers in these fields of specialization.

Moreover, the portion of specialized unemployed to total unemployed increased from 40 percent in 1986¹ to 52.7 percent in 1991, reflecting the rising drive for education as a means to improve the standard of living.

3-2-3 Distribution of the Unemployed by Duration of Unemployment

In this study, the duration of unemployment is divided into three categories: (1) short-term, less than 7 months, (2) medium-term, 7-12 months, and (3) long-term, more than 12 months.

It is observed in Table (3-7) that about 52.5 percent of the unemployed were unemployed for a period of more than 12 months, of whom females accounted for 51.5 percent in 1991. This can be explained by the fact that there was higher demand for males than for females, especially in non-academic sectors which involve manual work.

In addition, unemployed males accounted for 65.8 percent of the total unemployed who were unemployed for a short-term period and for 70 percent of total unemployed who were unemployed for a medium-term period. This can be attributed to the fact that males tend to begin the search for work at an earlier stage than females, immediately after reaching the working age because of their "traditional" responsibility of providing for their families.

It is interesting to note that the portion of the unemployed who were unemployed for a long-term period to total unemployed rose from 19.2 percent in 1986 to 52.5 percent in 1991, reflecting the increase in the duration of unemployment due to the unavailability of job opportunities and rising number of entrants to the domestic labour market.

Table (3-7)
Distribution of the Unemployed by Duration of Unemployment and Sex in 1986 and 1991

Duration of Unemployment (Months)	Sex		Total	% of the Unemployed to Total Unemployed	
	Male	Female		1991	1986*
-1	107	46	153	5.1	19.8
2	83	57	140	4.7	13.3
3	69	43	112	3.7	8.2
4	58	35	93	3.1	7.5
5	43	14	57	1.9	3.7
6	62	24	86	2.9	5.3
7	22	7	29	1.0	3.8
8	39	4	43	1.4	1.4
9	33	7	40	1.3	1.4
10	32	10	42	1.4	1.4
11	11	1	12	0.4	0.5
12	411	207	618	20.6	12.9
13+	779	794	1573	52.5	19.2
Total	1749	1249	2998		
(%)	58.3	41.7		100	100

* M.I.T., Ali, M.S., Amerah, and I.J., Ibrahim, The Unemployment Problem in Jordan: Characteristics and Future Prospects, (Royal Scientific Society, Amman-Jordan, Nov. 1987), P. 45.

¹ Ibid., P. 42.

Chapter Four

Economic Characteristics of the Unemployed

This chapter discusses the major economic characteristics of the unemployed including the unemployment rate, previous occupation and mobility of the unemployed, methods of job-seeking, financial status and labour union membership of the unemployed.

4-1 Unemployment Rate

The survey results showed that the unemployment rate in Jordan was about (14.4 percent) in 1991, Table (4-1). It is indicated also that the highest unemployment rate was in Karak (28.5 percent) followed by Tafilah (20.3 percent) and Ma'an (17 percent). This can be attributed to the relatively high portion of the unemployed who were secondary certificate holders and of less than secondary education to total unemployed and the lack of job opportunities for them in these governorates. At the same time, the Capital and Zarqa governorates with unemployment rates of 16.1 percent and 14.3 percent, respectively, came in the fourth and fifth places relative to other governorates. This was a result of the large population and concentration of most of the returnees in these governorates. On the other hand, the lowest unemployment rates were in Mafrqa (8.0 percent) and Irbid (8.9 percent). This might be explained on the ground that there is a relatively high tendency among the unemployed in these governorates to be engaged in the agricultural sector and to occupy any available job opportunities till they find more suitable jobs.

On the educational level, it is apparent in Table (4-2) that the highest unemployment rate (27.1 percent) was among community college graduates. It was followed by university graduates (15.3 percent), secondary certificate holders (14.4 percent), M.A. holders (10.8 percent), Ph.D. holders (10.5 percent), and diploma holders (10.3 percent).

Table (4-1)
Distribution of the Labour Force Sample
and Estimated Unemployment Rate
by Governorate (1991)

Governorate	Labour Force Sample			Estimated Unemployment Rate (%)
	Employed	Unemployed	Total	
Amman	7240	1390	8630	16.1
Zarqa	2442	409	2851	14.3
Irbid	4244	414	4658	8.9
Balqa	1370	164	1534	10.7
Mafrqa	574	50	624	8.0
Karak	747	298	1045	28.5
Tafilah	349	89	438	20.3
Ma'an	900	184	1084	17.0
Total	17866	2998	20864	14.4

Table (4-2)
Distribution of the Labour Force Sample
and Estimated Unemployment Rate
by Level of Education (1991)

Level of Education	Labour Force Sample			Estimated Unemployment Rate (%)
	Employed	Unemployed	Total	
Illiterate	2190	196	2386	8.2
Elementary	3120	298	3418	8.7
Preparatory	3900	502	4402	11.4
Secondary	3487	585	4072	14.4
Lower Diploma	2642	980	3622	27.1
B. A. or B.Sc.	2215	400	2615	15.3
Higher Diploma	61	7	68	10.3
M.A. or M.Sc.	174	21	195	10.8
Ph.D.	77	9	86	10.5
Total	17866	2998	20864	14.4

As for age groups, it is shown in Table (4-3) that the highest unemployment rate (27.1 percent) was among the unemployed of the age group 20-24. It was followed by the age groups 25-29 (15.5 percent), and 19-15 (12.7 percent).

Moreover, three scenarios were carried out to estimate the unemployment rate in Jordan till 1995. Different assumptions regarding the expected growth in GDP, population, industrial production and agricultural output were considered. These scenarios projected a gradual rise in the unemployment rate from the estimated 14.4% in 1991 to about 20% in 1995 depending on the anticipated levels of improvement in economic performance. However, it is believed that the results of these scenarios are somewhat optimistic due to the relatively high estimated growth rates.

4-2 Previous Occupation of the Unemployed

It is shown in Table (4-4) that more than half of the unemployed (54.4 percent) had no previous occupation, i.e., they were new entrants to the labour market. For comparison this category accounted for only 37 percent of total unemployed in 1986¹. The notable increase in this portion in 1991 was mainly due to the substantial growth in the education system graduates, leading to the rise in the number of entrants to the labour market, along with the lack of job opportunities.

As for the unemployed with previous occupation, production workers came in the first place relative to other workers as they accounted for 33.2 percent of total unemployed who had previous occupation and 15.1 percent of total unemployed. They were followed by specialists and technicians, and clerical workers, Table 4-4.

¹ M. Ali, M. Amerah and I. Ibrahim, Op.Cit., P. 51.

Table (4-3)
Distribution of the Labour Force Sample and Estimated Unemployment Rate
by Age Group (1991)

Age Group	Labour Force Sample			Estimated Unemployment Rate (%)
	Employed	Unemployed	Total	
15-19	1275	185	1460	12.7
20-24	3745	1392	5137	27.1
25-29	3562	654	4216	15.5
30-34	2314	207	2521	8.2
35-39	1665	108	1773	6.1
40-44	1432	141	1573	9.0
45-49	1372	138	1510	9.1
50-54	1077	98	1175	8.3
55-59	704	56	760	7.4
60+	720	19	739	2.6
Total	17866	2998	20864	14.4

Table (4-4)
Distribution of the Unemployed
by Previous Occupation and Economic Activity (1991)

Previous Occupation	Economic Activity										Total	%
	Agriculture	Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Transportation and Communication	Finance and Insurance	Other Services	Not Stated	None		
Specialists and Technicians	2	4	10	3	25	4	1	267	5	0	321	10.7
Administrators	0	0	2	1	0	0	1	12	0	0	16	0.5
Clerks	0	4	9	3	4	7	14	155	2	0	198	6.6
Salesmen	0	1	2	0	0	2	12	81	0	0	98	3.3
Services	0	0	0	0	0	0	0	42	1	0	43	1.4
Agriculture	18	0	0	0	0	0	0	3	2	0	23	0.8
Productive Workers	1	6	33	14	43	120	1	224	11	0	453	15.1
Unskilled Workers	0	5	10	4	4	5	0	84	3	0	115	3.8
Others	0	0	2	0	0	3	0	91	3	0	99	3.3
None	0	0	0	0	0	0	0	0	0	1632	1632	54.4
Total	21	20	68	25	76	141	29	959	27	1632	2998	
(%)	0.7	0.7	2.3	0.8	2.5	4.7	0.9	32.0	0.9	54.4		100

Regarding the distribution of the unemployed by economic activity, it is observed in Table 4-5 that 54.4 percent of the unemployed had no previous economic activity because they were new entrants to the labour market. The unemployed who used to work in the "other services sector" which included the retired manpower (military and civil) accounted for the highest portion (70 percent) of the unemployed who had previous economic activity and (32 percent) of total unemployed. They were followed by those who used to work in the transportation and telecommunication (4.7 percent), construction (2.5 percent), and manufacturing (2.3 percent).

4-3 Mobility of the Unemployed

It is apparent in Table 4-6 that about 61.1 percent of the unemployed used to work in Jordan, of whom 37 percent were production workers, and 19 percent specialists and technicians. On the other hand, about 38.9 percent of the unemployed used to work abroad, of whom 30.5 percent were specialists and technicians, and 27 percent production workers.

As for occupation mobility, it is observed in Table 4-7 that about 95.4 percent of the unemployed had changed their occupation at least once over the last two years. Of these, 32.8 percent and 24 percent were production workers, and specialists and technicians, respectively. The main reasons for occupation change were being unsatisfied with low payment of the occupation.

Furthermore, about 93.7 percent of the unemployed who had previous jobs had changed their place of work only once, over the last two years, Table 4-8. This indicates that the unemployed had no tendency to change the place of work, reflecting their satisfaction with previous places of work.

4-4 Methods of Job-Seeking

The unemployed indicated that the most important method of Job-seeking was "personal initiatives", including visits to employers, as it accounted for 27.5 percent of their answers relative to other methods, Table 4-9. It was followed by advertisements (24.7 percent of answers), relatives and friends (20.9 percent of answers) and the Civil Service Commission (16.4 percent of answers). Strickingly, the Civil Service Commission came in the fourth place relative to other methods of job-seeking. This reflects the lack of confidence in the ability of this commission to provide job opportunities for the unemployed. Therefore, they rely more on themselves, and their relatives and friends.

Table (4-5)
Distribution of the Unemployed by Governorate and Economic Activity
(1991)

Governorate	Economic Activity								Total	%
	Agriculture	Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Transportation and Communication	Finance and Insurance	Other Services	Not Stated	None
Amman	4	10	44	16	55	64	22	546	8	621
Zarqa	1	2	8	5	4	23	4	159	7	196
Irbid	1	0	6	1	2	16	2	69	1	316
Balqa	5	0	1	0	2	5	0	31	1	120
Mafraq	0	0	1	1	1	6	0	11	0	30
Karak	9	4	5	0	5	10	1	65	9	194
Tafilah	2	3	1	1	3	10	0	22	0	47
Ma'an	0	1	2	1	4	11	0	56	1	108
Total	21	20	68	25	76	141	29	959	27	1632
(%)	0.7	0.7	2.3	0.8	2.5	4.7	0.9	32.0	0.9	54.4
										2998
										100

Table (4-6)
Distribution of the Unemployed by Previous place of Work
and Previous Occupation (1991)

Previous Occupation	Previous Place of Work		Total	(%)
	Jordan	Abroad		
Specialists and Technicians	159	162	321	23.5
Administratives	3	13	16	1.2
Clerks	83	115	198	14.5
Salesmen	50	48	98	7.2
Services	27	16	43	3.1
Agriculture	22	1	23	1.7
Productive Workers	309	144	453	33.2
Unclassified Workers	91	24	115	8.4
Others	91	8	99	7.2
Total	835	531	1366	
(%)	61.1	38.9		100

Table (4-7)
Distribution of the Unemployed by Times of Job Changing
and Previous Occupation (1991)

Previous Occupation	Times of Job Changing					Total	(%)
	1	2	3	4	5		
Specialists and Technicians	313	3	3	0	2	321	23.6
Administratives	16	0	0	0	0	16	1.2
Clerks	191	6	0	1	0	198	14.5
Salesmen	94	2	1	0	1	98	7.2
Services	40	1	2	0	0	43	3.1
Agriculture	22	0	0	0	1	23	1.7
Productive Workers	428	14	3	5	3	453	33.2
Unclassified Workers	104	6	4	0	1	115	8.4
Others	95	3	1	0	0	99	7.2
Total	1303	35	14	6	8	1366	
(%)	95.4	2.6	1.0	0.4	0.6		100

Table (4-8)
Distribution of the Unemployed by Times of Changing the Place of Work
and Previous Occupation (1991)

Previous Occupation	Times of Changing the Place of Work					Total	(%)
	1	2	3	4	5		
Specialists and Technicians	305	9	2	4	1	321	23.5
Administratives	16	0	0	0	0	16	1.2
Clerks	190	6	2	0	0	198	14.5
Salesmen	91	2	4	0	1	98	7.2
Services	40	0	2	1	0	43	3.1
Agriculture	22	0	0	0	1	23	1.7
Productive Workers	414	18	6	5	10	453	33.2
Unclassified Workers	107	4	3	0	1	115	8.4
Others	95	2	0	2	0	99	7.2
Total	1280	41	19	12	14	1366	
(%)	93.7	3.0	1.4	0.9	1.0		100

Table (4-9)
Frequency Distribution of the Unemployed by Method of Job-Seeking and Governorate
(1991)

Method of Job-Seeking	Governorate								Total	(%)
	Amman	Zarqa	Irbid	Balqa	Ma'raq	Karak	Tafilah	Ma'an		
Employment Offices	163	30	46	10	10	82	16	42	399	5.4
Civil Service Commission	424	168	315	72	18	137	32	55	1221	16.4
Observing Advertisements	1031	333	204	124	21	77	12	32	1834	24.7
Personal Initiative	1063	353	129	143	35	157	33	131	2044	27.5
Places where labourers gather	60	16	15	12	4	69	4	48	228	3.1
Friends and Relatives	821	216	127	89	15	139	34	110	1551	20.9
Labour Unions	41	2	10	1	0	8	2	2	66	0.9
Advertising in the Local Press	23	1	7	0	0	5	1	3	40	0.5
Others	29	2	3	0	1	6	1	2	44	0.6
Total	3655	1211	856	451	104	680	135	425	7427	
(%)	49.2	15.1	11.5	6.1	1.4	9.2	1.8	5.7		100

4-5 Financial Status of the unemployed

It has to be indicated that similar to other applied studies that depend on field surveys, this study had faced some difficulties in obtaining the required data on the financial status of the unemployed. Nevertheless, this sub-section discusses income and expenditures of the unemployed relying on the survey results.

4-5-1 Income

It is highlighted in Table 4-10 that most of the unemployed depended on their families for income in 1991. This source of income accounted for the highest portion (74 percent) of the unemployed answers relative to other sources. Naturally, this result was expected since the Jordanian society has very close family ties which make the unemployed depend almost entirely on their families for living. In addition, the unemployed have not been included yet in the Social Security Scheme in Jordan. For comparison, it is interesting to note that income from families was ranked in the first place too by the unemployed relative to other sources in 1986¹.

Savings of the unemployed came in the second place relative to other sources of income, accounting for 9.3 percent of answers. It was followed by "other sources", including selling assets such as cars, gold, furniture land and houses, accounting for 7.7 percent of answers. At the same time, pension and "relatives" accounted for 2.9 percent of answers each, loans 1.8 percent, rents 1 percent, investments 0.4 percent, and remittances 0.2 percent.

4-5-2 Expenditures

The survey results indicated that about 17 percent of the unemployed had spent JD 55 or more per capita monthly in 1991, Table 4-11. Of these, production workers, and specialists and technicians accounted for 30.1 percent and 17.9 percent, respectively. The unemployed who spent JD 30-34 and 20-24 per capita monthly accounted for 16.1 percent and 15.3 percent of total unemployed respectively, of whom the bulk had no previous occupation or new entrants to the labour market.

It should be stressed, however, that about 7 percent of the unemployed spent less than JD 5 per capita monthly, reflecting a striking poverty level.

Table (4-10)
Frequency Distribution of the Unemployed by Occupation and Source of Income (1991)

Occupation	Source of Income								Total	(%)
	Family	Pension	Savings	Rent	Other Relatives	Investment Returns	Remittances from Abroad	Borrowing	Others	
Specialists & Technicians	198	11	77	6	6	2	2	9	22	333
Administrative	7	0	8	2	0	0	0	1	0	18
Clerks	119	4	47	1	9	2	2	3	14	201
Salesmen	54	1	32	4	1	1	2	3	7	105
Services	29	2	6	1	1	1	0	0	4	44
Agriculture	12	1	1	1	3	0	0	1	5	24
Productive Workers	261	15	80	12	28	4	0	32	51	474
Unclassified Workers	79	5	15	0	8	0	0	3	9	119
Others	46	37	4	2	5	1	0	3	9	107
None	1467	13	18	3	27	2	0	9	118	1657
Total	2273	89	288	32	88	13	6	55	239	3083
(%)	73.7	2.9	9.3	1.0	2.9	0.4	0.2	1.8	7.7	100

¹ Ibid., P. 70.

Moreover, the average monthly expenditure (pocket-money) per unemployed was estimated at JD 28.6. However, this excluded expenditures on food, accommodation, health care, education ... etc.

4-6 Labour Union Membership of the Unemployed

About 65.1 percent of the unemployed stated that they had no labour unions; and 19.7 percent indicated that they did not know if there was a labour union for them, Table 4-12. On the other hand, about 15.2 percent of the unemployed pointed out that they had labour unions, of whom only 45.7 percent were members in labour unions, accounting for 6.9 percent of total unemployed. Strikingly, only 14.4 percent of the unemployed who were members in labour unions, accounting for only 1 percent of total unemployed, indicated that these unions had assisted them in job-seeking, Table 4-13. This reflects the limited role of labour unions in assisting the unemployed.

Table (4-11)
Distribution of the Unemployed by Occupation and Average Monthly Expenditure
(1991)

Occupation	Average Monthly Expenditure (JD)												Total	(%)
	-5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55+		
Specialists & Technicians	19	10	27	18	42	8	47	1	17	1	41	90	321	10.7
Administrative	0	0	1	0	0	0	3	0	0	0	3	9	16	0.5
Clerks	11	9	12	13	25	10	30	2	5	1	17	63	198	6.6
Salesmen	1	2	8	9	8	2	18	1	3	0	14	32	98	3.3
Services	2	1	3	6	5	1	12	0	1	0	2	10	43	1.4
Agriculture	0	2	3	1	2	1	3	1	3	0	2	5	23	0.8
Productive Workers	22	11	19	30	51	13	74	4	25	3	46	155	453	15.1
Unclassified Workers	6	8	15	17	16	1	20	0	1	1	10	20	115	3.8
Others	5	3	3	10	12	1	16	0	6	0	5	38	99	3.3
None	137	184	249	201	298	66	261	13	55	4	82	82	1632	54.4
Total	203	230	340	305	459	103	484	22	116	10	222	504	2998	
(%)	6.8	7.7	11.3	10.2	15.3	3.4	16.1	0.7	3.9	0.3	7.4	16.8		100

Table (4-12)
Distribution of the Unemployed by Occupation,
Existence of Labour Union and Union Membership
(1991)

Occupation	Existence of Labour Union			Union Membership		Total	(%)
	Yes	No	Don't Know	Yes	No		
Specialists & Technicians	88	168	65	51	270	321	10.7
Administrative	4	8	4	1	15	16	0.5
Clerks	17	121	60	3	195	198	6.6
Salesmen	9	65	24	6	92	98	3.3
Services	13	22	8	4	39	43	1.4
Agriculture	3	15	5	0	23	23	0.8
Productive Workers	140	201	112	72	381	453	15.1
Unclassified Workers	10	83	22	5	110	115	3.8
Others	9	80	10	4	95	99	3.3
None	162	1190	280	62	1570	1632	54.4
Total	455	1953	590	208	2790	2998	
(%)	15.2	65.1	19.7	6.9	93.1		100

Table (4-13)
Distribution of the Unemployed
by Union Membership and Union Assistance
(1991)

	Union Membership		Total	(%)
	Yes	No		
Union Assistance				
Yes	30	0	30	1.0
No	178	2790	2968	99.0
Total	208	2790	2998	
(%)	6.9	93.1		100

Chapter Five

Causes of Unemployment in Jordan

5-1 General Causes of Unemployment

Unemployment in Jordan has been a result of the interaction of several internal and external factors.

5-1-1 Internal Causes

The main factors that have limited the Jordanian economy's ability to absorb the supply of labour and to create new job opportunities during 1986-1991 have been: the sluggishness in economic activities, high population growth, increased number of the education system graduates, and inflow of foreign workers.

The decline in economic activity during 1988-1991 has been mainly a result of the decrease in real GDP by an annual average of 2.6 percent, and drop in fixed capital formation by 2.7 percent annually, Table 2-1. Therefore, the demand for labour in the country has fallen sharply and, in turn, the unemployment rate has been on the rise.

On the supply side, the growth in population by 3.6 percent per annum during 1986-1989, and by 12 percent annually during 1990-1991 due to the return of about 300 thousand because of the Gulf crisis has substantially increased the number of entrants to the labour market, Table 2-1. Moreover, the number of graduates of the education system rose from 12.5 thousand in 1985/1986 to about 19.5 thousand in 1990-1991¹. These two factors have significantly accelerated the growth of labour supply, and hence, escalating the unemployment rate.

¹ Ministry of Higher Education: Higher Education Statistical Abstract 1991 (Amman-Jordan).

At the same time, the unemployment problem has been aggravated by the inflow of foreign workers who increased from 153 thousand in 1984 to 176 thousand in 1991¹.

5-1-2 External Causes

The following three major external factors have interacted to aggravate the unemployment problem in Jordan:

- 1- The economic recession in the Gulf States due to the sharp decline in oil prices since 1986 has brought about a notable decrease in Arab financial assistance to Jordan from US\$ 552.5 million in 1986 to US\$ 320 million in 1991². This has had a negative impact on economic activities and investments in the country.
- 2- The demand for Jordanian workers declined in the Gulf States due to the prevailing economic conditions. The number of Jordanian migrants decreased from 10-12 thousand per annum during 1973-1983 to 4-8 thousand annually over 1984-1988³. In addition, the number of Jordanian returnees from the Gulf has been on the rise since 1986. As a result, remittance of Jordanians working abroad dropped from \$ 1184.2 million in 1986 to \$ 524.2 million in 1990⁴.
- 3- The Gulf crisis in 1990 had caused the return of about 60-70 thousand Jordanian labour force from the Gulf States. This was reflected by a notable growth in labour supply and the increase in unemployment rate from 10.3 percent in 1989 to 18.8 percent in

¹ Ministry of Labour: The Jordanian Labour Market: Status and Prospects, Op.Cit., P. 9.

² IMF: Jordan-Recent Economic Developments, Op.Cit., P. 48.

³ Mohamad Amerah, Op.Cit.

⁴ IMF: Op.Cit., P. 47.

1991, Table 2-3. It is estimated that the returnees have accounted for about 5.1 percent of the unemployment rate in 1991¹.

5-2 Subjective Causes of Unemployment (Survey Results)

This section analyses the causes of unemployment as stated by the unemployed through the survey results. It examines the subjective reasons of being unemployed, and reasons of losing previous jobs.

5-2-1 Subjective Reasons of Being Unemployed

The survey results revealed that the main subjective reason of unemployment was "lack of job opportunities" in 1991. Naturally, this was due to the decline in economic activities. As indicated in Table 5-1 this reason accounted for 48.9 percent of the 5318 given answers by 2998 interviewed unemployed. In other words, this reason was stated by about 87 percent of the unemployed. "Lack of work experience" came second in the list of these reasons, accounting for 12.3 percent of answers. It was followed by "competition of non-Jordanians" (9.2 percent of answers) and "low payment" (8.4 percent of answers). The latter two reasons are interconnected as foreign workers compete with Jordanians in the sense that they accept low paid jobs.

It is interesting to note that the subjective reasons of unemployment in 1991 were similar to those revealed in the RSS study of 1987 with minor differences in the order of these reasons. This is reflected by the fact that "competition of non-Jordanians" came in the second place in 1986 when the problem of foreign workers in Jordan was very serious whereas in 1991 it came in the third place, Table 5-2.

¹ Ministry of Labour: Annual Report 1991 (Amman-Jordan), P. 22.

Table (5-1)
Frequency Distribution of the Causes of Unemployment
by Governorate and Sex (1991)

Causes of Unemployment	Governorate								Sex		Total	(%)
	Amman	Zarqa	Irbid	Balqa	Ma'raq	Karak	Tafilah	Ma'an	Male	Female		
No job opportunities	1129	381	399	145	47	258	88	153	1504	1095	2599	48.9
Job not suitable	187	16	11	5	2	40	4	28	173	120	293	5.5
Job place not suitable	83	13	9	2	0	19	2	16	76	68	144	2.7
Competition of non-Jordanians	248	48	15	23	10	97	6	23	401	87	488	9.2
Low payment	262	48	21	12	2	58	2	43	336	112	448	8.4
No work experience	322	97	42	50	38	56	9	69	294	362	656	12.3
Not qualified	154	47	17	21	9	63	14	58	247	136	383	7.2
Others	218	30	22	14	4	9	1	9	180	127	307	5.8
Total	2603	698	536	272	85	600	125	399	3211	2107	5318	
(%)	48.9	13.1	10.1	5.1	1.6	11.3	2.3	7.5	60.4	39.6		100

Table (5-2)
Percentage Distribution of the Causes of Unemployment
in 1986 and 1991

Reasons of Unemployment	1986*	1991
	(%)	(%)
No job opportunities	56.3	48.9
Job not suitable	1.8	5.5
Job place not suitable	-	2.7
Competition of non-Jordanians	25.4	9.2
Low payment	2.7	8.4
No work experience	8.6	12.3
Not qualified	-	7.2
Others	5.2	5.8
Total	100	100

* Source: M. Ali, M. Amerah and I. Ibrahiem, Op.Cit., P.83.

In general, it is indicated that the order of subjective reasons of unemployment in the various governorates was similar to that for the country as a whole. However, minor differences in the order of these reasons were registered in Karak and Tafilah governorates, Table 5-1.

Moreover, unemployed males indicated that "competition of non-Jordanians", and "low payment" were the second and third main subjective reasons of unemployment, after "lack of job opportunities. On the other hand, unemployed females indicated that "lack of work experience", and "lack of educational qualifications were the second and third main subjective reasons of unemployment after "lack of job opportunities, Table 5-1. This has been due to the nature of jobs that females seek, which are mainly in the educational sector. It is well known that non-Jordanians are not allowed to fill in these jobs when there are available Jordanians.

5-2-2 Subjective Reasons for Losing Previous Jobs

The survey results revealed that 1377 unemployed had previous jobs, accounting for 45.6 percent of total interviewed unemployed. These unemployed indicated that the main reason for losing previous jobs was "the Gulf crisis" which accounted for 32.9 percent of their answers, Table 5.3. However, it should be pointed out that not all of these unemployed had previous jobs in the Gulf states, but were affected negatively by the Gulf crisis while in Jordan through the decline in both economic activity and exports. In the second place came "other reasons", including female marriages and termination of projects, accounting for 21.6 percent of answers. This was followed by "unsuitability of payment" (7.9 percent of answers), "close-down of establishment", (7.3 percent of answers), and "unlawful dismissal" (6.5 percent of answers).

Chapter Six

Economic and Social Implications of Unemployment

6-1 Economic Implications of Unemployment

Although the economic and social implications of unemployment are interconnected, an attempt has been made to examine them separately. The economic implications of unemployment include the decline in production, cost of supporting the unemployed, education cost, decrease in the wage level, and effects on government revenues.

6-1-1 Decline in Production

Manpower, as a major factor of production, contributes directly to GDP growth through labour productivity. It is estimated that labour productivity was about JD 2992.4 in 1991¹. Accordingly, the total number of unemployed of 128 thousand would have contributed about JD 383 million to GDP in 1991. Therefore, real GDP would have been JD 2034.8 million instead of JD 11651.8 million in 1991².

6-1-2 Cost of Supporting the Unemployed

In addition to the GDP foregone due to unemployment, the economy loses the cost of supporting the unemployed. It is estimated that the average monthly expenditure per unemployed (pocket-money) was

$$^1 \text{ Labour productivity} = \frac{\text{Real GDP}}{\text{Labour Force}}$$

² See Tables 2-1 and 2-3.

Table (5-3)
Frequency Distribution of Reasons of Losing Previous Job
by Governorate and Sex (1991)

Reasons of Losing Previous Job	Governorate							Sex		Total	(%)
	Amman	Zarqa	Irbid	Balqa	Mafraq	Karak	Tafilah	Ma'an	Male	Female	
Civil pension	6	2	1	0	0	4	1	2	16	0	16
Military pension	20	10	0	1	2	13	11	11	67	1	68
Gulf crisis	323	120	28	11	6	9	1	13	433	78	511
Changing place of work	13	5	1	2	0	1	2	3	12	15	27
Changing nature of work	16	2	3	0	1	5	0	6	21	12	33
Unavailable payment	57	11	13	3	0	19	2	18	90	33	123
Long working hours	22	2	4	3	1	13	2	12	30	29	59
Termination of some benefits and incentives	9	1	3	1	0	7	0	3	19	5	24
Getting old	6	0	0	0	0	4	2	3	13	2	15
Health reasons	33	3	4	2	1	6	3	5	56	1	57
Close down of establishment	68	15	8	7	5	8	0	3	97	17	114
Unlawful dismissal	54	20	5	2	2	8	3	7	92	9	101
Wage reduction	29	5	9	3	1	7	2	14	58	12	70
Others*	202	27	31	11	2	30	18	15	237	99	336
Total	858	223	110	46	20	134	47	115	1241	313	1554
(%)	55.2	14.3	7.1	3.0	1.3	8.6	3.0	7.4	79.9	20.1	100

* For example, marriage, and completion of projects.

about JD 28.6 in 1991¹. Accordingly, the economy lost about JD 44 million in pocket-money for the unemployed. However, this figure does not include other living expenses, e.g., accommodation, food, health care, education and others which are rather impossible to quantify.

6-1-3 Education Cost

Apparently, the economy losses a portion of the education cost, if some of the education system graduates are not employed. However, due to the unavailability of information on the precise number of graduates from Arab and foreign countries, cost of education in each country, and the number of unemployed graduates by country of education it was rather impossible to estimate the education cost of the unemployed. Nevertheless, as a rough indicator, the total education expenditure that the country incurred in 1990 was estimated at about 7.5 percent of GNP².

6-1-4 Decrease in the Wage Level

Unemployment tends to decrease the general wage level in the economy. As labour supply exceeds labour demand employers tend to offer relatively lower wages. The survey results indicated that about 70.1 percent of the unemployed in 1991 could have accepted lower wages than those of the employed in the same year, Table 6-1. By contrast, this rate was 55.2 percent in 1986³. Hence, this reflects the fact that the tendency among the unemployed to accept lower wages regardless of their qualifications has been on the rise.

Table (6-1)
Distribution of the Unemployed
Who Accept Lower Wages and Jobs Less Than Their Qualifications
by Previous Occupation (1991)

Previous Occupation	Accept Lower Wages		Accept Jobs Less than their Qualifications	
	Number of Unemployed	(%)	Number of Unemployed	(%)
Specialists & Technicians	172	8.2	236	10.7
Administrative	8	0.4	10	0.4
Clerks	148	7.0	151	6.8
Salesmen	72	3.4	71	3.2
Services	33	1.6	30	1.4
Agriculture	21	1.0	21	1.0
Productive Workers	358	17.0	332	15.0
Unclassified Workers	95	4.5	87	3.9
Others	80	3.8	76	3.4
None	1115	53.0	1195	54.1
Total	2102	100	2209	100
% of Total Unemployed	70.1		73.7	

¹ See section 4-5-2 and Table 4-11.

² RSS, Centre for International Studies: "The Estimated Cost of Jordanian Students Abroad 1990/1991, Unpublished Report, (Amman-Jordan, June 1992).

³ M. Ali, M. Amerah and I. Ibrahim, Op.Cit., P. 86.

6-1-5 Effects on Government Revenues

Government revenues, mainly income tax revenues, are affected negatively by unemployment. This is in the sense that the government budget losses the sum of income tax revenues that the unemployed would have paid had they been employed. The income tax per worker was estimated at JD 166.7 in 1991. Accordingly, it was estimated that the budget might have lost about JD 21.3 million in income tax revenues that would have been collected from the 128 thousand unemployed had they been employed in 1991.

6-2 Social Implications of Unemployment

The social implications of unemployment include the psychological effects, impact on the living standard, health effects, impact on social ties impact on the accommodations standard, effect on children education, and other effects.

6-2-1 Psychological Implications

The psychological implications of unemployment mainly depression, frustration and loss of self confidence, correlate with the duration of unemployment. The survey results revealed that these implications were ranked in the first place relative to other implications of unemployment in terms of their negative impact on the unemployed. This is reflected by the fact that 2654 unemployed (88.5 percent of total unemployed) indicated that they were affected psychologically by being unemployed, Table 6-2. Of these, about 73.2 percent were unemployed for a period of one year or more.

Moreover, due to these psychological implications some of the unemployed commit suicide. Available information on crime in Jordan show that the unemployed accounted for the highest proportion (23.2

Table (6-2)
Frequency Distribution of the Unemployed by Social Implications and Duration of Unemployment
(1991)

Social Implications of Unemployment	Duration of Unemployment (Month)													Total	(%)
	-1	2	3	4	5	6	7	8	9	10	11	12	13+		
Psychological implications	125	118	101	86	50	78	25	41	38	39	9	538	1406	2654	35.3
Impact on the living standard	111	98	83	67	46	71	24	37	35	34	11	465	1193	2275	30.3
Health implications	18	20	22	15	11	31	8	10	13	15	2	139	412	716	9.5
Impact on social relations	13	31	20	21	12	19	5	14	13	13	5	144	394	704	9.4
Impact on the accommodation standard	29	16	23	17	12	17	4	8	10	11	1	136	340	624	8.3
Effect on children's education	17	11	13	14	11	13	5	6	11	8	3	99	249	460	6.1
Other implications	4	7	3	4	3	2	0	0	0	0	1	17	49	86	1.1
Total	317	301	265	224	145	231	71	116	120	120	32	1538	4039	7519	
(%)	4.2	4.0	3.5	3.0	1.9	3.1	0.9	1.5	1.6	1.6	0.4	20.5	53.7		100

percent) of the total cases of suicide in 1991¹.

6-2-2 Impact on the Living Standard

Unemployment has a direct negative impact on the standard of living through the lack or drop of income. About 76 percent of the unemployed (30 percent of total answers) indicated that unemployment had resulted in a decline in their standard of living, Table 6-2. Of these, about 73 percent were unemployed for one year or more. Accordingly, this negative impact was ranked in the second place relative to other implications of unemployment.

6-2-3 Health Implications

The health impact of unemployment was ranked by the unemployed in the third place relative to other implications. About 23.9 percent of the unemployed (9.5 percent of total answers) affirmed this fact and indicated that their health was affected negatively by unemployment. Of these, about 77 percent were unemployed for one year or more, Table 6-2.

6-2-4 Impact on Social Relations

Social relations include the relationship of the unemployed with their immediate society, family members, friends and colleagues. The negative impact of unemployment on social relations was ranked by the unemployed in the fourth place relative to other implications. About 23.5 percent of the unemployed (9.4 percent of answers) affirmed this fact and indicated that their social relations were affected unfavourably by unemployment. Of these, about 76.4 percent were unemployed for one year or more, Table 6-2.

6-2-5 Impact on the Accommodation Standard

The level of income and standard of living have a direct bearing on the accommodation standard. Therefore, insufficient or lack of income affects negatively the accommodation standard. The negative impact of unemployment on the accommodation standard was ranked by the unemployed in the fifth place relative to other implications. About 20.8 percent of the unemployed affirmed this fact and indicated that their accommodation standard was affected unfavourably by unemployment. Of these, about 76 percent were unemployed for one year or more, Table 6-2.

6-2-6 Effect on Children's Education

Insufficient or lack of income oblige family sponsors to reduce education expenditures and/or withdraw their children from school earlier and make them join the labour force in order to earn their living. The negative impact of unemployment on children's education was ranked by the unemployed in the sixth place relative to other implications. About 15.3 percent of the unemployed affirmed this fact and stated that their children's education was unfavourably affected by unemployment, Table 6-2.

6-2-7 Other Implications

About 1.1 percent of the unemployed indicated that unemployment had negatively affected their educational attainment and self confidence, and led to robberies, cheating and unlawful behaviour, Table 6-2. In addition, Table 6-3 shows that about one third of the crimes that took place in 1991 (mainly robberies, car robberies and cheating) were committed by unemployed people.

¹ Security Department: Statistical Criminal Report 1991 (Amman-Jordan), P. 7.

Table (6-3)
Crimes Committed in 1991

Crime	Total Number of Crimes	Crimes Committed by the Unemployed	Crimes Committed by the Unemployed to Total Crimes (%)
Premeditated murder	75	13	17.3
Manslaughter	28	4	14.3
Attempted murder	135	37	27.4
Robberies	6019	2449	40.7
Car robberies	295	192	65.1
Cheating	596	268	45.0
Unlawful behaviour	1348	350	26.0
Suicide	453	105	23.2
Juvenile unlawful behaviour	5409	1108	20.5
Total	14358	4526	31.5

Source: Public Security Department, Statistical Annual Report, (Amman-Jordan, 1991).

Chapter Seven

Policies to Alleviate Unemployment

7-1 Government Policies to Alleviate Unemployment

Although Jordan has adopted several policy measures since 1986 to alleviate the aggravating unemployment problem, these policies have not been able to overcome this problem yet. Therefore, being aware of the need to render more efforts in this direction and to implement new measures, the government, through the Prime Minister's declaration of February 1992, has adopted several policies as follows:

7-1-1 Administration and Financing

In the field of administration and financing the government has called for the following:

- Activating the role of public institutions that are concerned with the unemployment problem and promoting the coordination among them, mainly the Ministries of Labour, Education, Higher Education, and Planning, the Employment and Development Fund, Civil Service Commission, and the National Assistance Fund.
- Improving the public sector procedures with regard to the recruitment of qualified staff, and regulations of unpaid leaves and secondments.
- Establishing a national information scheme to include data and information related to the various aspects of the Jordanian labour market.

- d. Upgrading the qualifications of the executive staff of the Employment and Development Fund, and increasing its financial resources to be able to finance more projects that are carried out by the unemployed.
- e. Formulating a comprehensive national vocational training plan for both the private and public sectors in order to train and retrain university and community college graduates.

7-1-2 Support for Service Exports and Marketing

In the areas of service exports and marketing the government has called for the following:

- a. Designing a tax incentive scheme to promote service exports. In fact, service exports have been granted a 50 percent tax exemption since early 1992.
- b. Establishing a proper institutional frame to promote national consulting and contracting companies abroad in the fields of construction, industry, education, medicine, engineering and others.

7-1-3 Internal Migration and Labour Intensive Projects

The following have been called for:

- a. The adoption of policies that encourage the unemployed to work in rural areas, and the establishment of small scale industrial, agricultural and service projects in order to reduce the tendency for rural-urban migration.
- b. The establishment of labour intensive projects by the Ministries of Planning, Public Works, Housing, Water and Irrigation and others.

- c. The promotion of hand-craft industries, enhancement of investment, protection of environment, and reduction of desertification.

7-2 Measures and Projects Proposed by the Unemployed

This section discusses three issues: the measures and projects proposed by the unemployed, and the unemployed training requirements.

7-2-1 Measures Proposed by the Unemployed

The unemployed suggested about 74 measures to overcome the unemployment problem in Jordan. However, the most important 10 measures are presented in Table 7-1. It is indicated that "creating job opportunities" came in first place relative to other measures, accounting for 32.3 percent of the answers given by the unemployed. It was followed by "establishment of new projects" (17.8 percent of answers), "getting rid of foreign workers" (17 percent of answers). It should be mentioned that about 60 percent of the unemployed who suggested the measure of "getting rid of foreign workers" were in the capital governorate. "Termination of nepotism/administratives control on public recruitment", came in the fifth place, accounting for about 6 percent of answers as 196 unemployed suggested this measure (6.5 percent of total unemployed). It seems that nepotism and favourism were serious problems facing the unemployed in job-seeking which need to be tackled through severe administrative controls on recruitments in the public sector. Moreover, "financial support from the government" accounted for 3.6 percent of answers. This reflects a desire among many unemployed to establish projects with the financial assistance of the government.

7-2-2 Projects Proposed by the Unemployed

About 39 percent of the unemployed proposed the implementation of 1170 projects in 27 different activities. The suggested projects in commerce accounted for 39.3 percent of total projects, of which 31.3 percent were related to general commerce activities and 8 percent to supermarkets or grocery stores. Agricultural, and knitting and sewing projects accounted for 10.7 percent, and 10.3 percent of total proposed projects respectively, Table 7-2. It is worth noting that the services projects accounted for 72.6 percent of total projects, of which 47 percent were commercial. On the other hand, the commodity producing projects accounted for 27.4 percent of total projects, of which 50.6 percent and 38.9 percent were industrial and agricultural, respectively.

The total estimated cost of implementing the proposed projects was about JD 8.3 million, i.e., JD 7118 per project. Regarding the requirements to implement these projects, about 95 percent of the unemployed answers indicated to the need for capital, while only 1 percent and 0.4 percent of the answers mentioned the need for partnership and experience, respectively.

7-2-3 Training Requirements of the Unemployed

It is observed in Table 7-3 that about 55.8 percent of the unemployed answers given by the unemployed stated that there was a need for training, while 28.6 percent of the answers indicated that there was no need for training. The rest of answers were indifferent regarding training which may have been because some of the unemployed did not know whether they need training. Most of the unemployed who mentioned the need for training were in the "knitting and sewing, and selling services". For those who indicated that there was no need for training, it seems that they had experience or their work did not require training.

Table (7-1)
Frequency Distribution of the Unemployed
by Suggested Solutions and Governorate (1991)

Suggested Solutions	Governorate								Total	(%)
	Amman	Zarqa	Irbid	Balqa	Mafraq	Karak	Tafilah	Ma'an		
Creation of job opportunities	418	69	231	42	12	160	45	77	1054	32.3
Establishment of new projects	258	35	49	15	3	130	29	63	582	17.8
Getting rid of non-Jordanian Workers	333	35	21	23	6	92	3	42	555	17.0
Termination of nepotism / administrative controls on recruitment	129	15	25	8	2	7	1	9	196	6.0
Gov. financial support	59	10	14	5	1	17	6	5	117	3.6
Experience should not be a requirement	59	3	5	4	2	5	1	3	82	2.5
Recruiting the right man in the right place	47	4	3	3	0	2	1	11	71	2.2
Increasing wages	51	6	0	2	0	3	3	3	68	2.1
Pension rules should be applied	10	4	9	3	1	24	1	4	56	1.7
Organizing the education system	17	3	4	0	0	2	0	4	30	0.9
Others	299	33	40	18	0	33	2	25	450	13.8
Total	1680	217	401	123	27	475	92	246	3261	
(%)	51.5	6.7	12.3	3.8	0.8	14.6	2.8	7.5		100

Table (7-2)
Frequency Distribution of the Unemployed
by Suggested Projects, the Need for Training, and Sex
(1991)

Suggested Projects	Training is Needed		Training is not Needed		Indifference		Total	(%)
	Male	Female	Male	Female	Male	Female		
Agriculture	401	82	154	30	86	29	782	11.3
Construction	250	3	146	7	32	5	443	6.4
Bakeries	178	4	36	2	31	14	265	3.8
Sewing and knitting workshops	151	414	28	117	21	35	766	11.1
Restaurants	270	19	98	5	48	8	448	6.5
Hotels	355	34	129	10	74	12	614	8.9
Sales Services	440	117	286	54	130	34	1061	15.3
Garbage collecting	90	0	25	1	15	6	137	2.0
Gas Stations	227	12	84	6	46	4	379	5.5
Transport and Communication	365	113	245	18	90	38	869	12.5
Shoemaking workshops	167	15	22	3	22	4	233	3.4
Others	81	84	230	245	152	142	934	13.5
Total	2975	897	1483	498	747	331	6931	
(%)	42.9	12.9	21.4	7.2	10.8	4.8		100

Table (7-2)
Distribution of the Unemployed
by Suggested Projects and Governorate (1991)

Suggested Projects	Governorate							Total	(%)	Average Cost Per Project (JD)	Grand Total Cost (JD)
	Amman	Zarqa	Irbid	Balqa	Mafraq	Karak	Tafilah				
Commerce	220	43	24	19	3	33	13	366	31.3	7508	2747900
Agriculture	49	13	14	3	0	31	5	125	10.7	8986	1123300
Sewing/knitting workshop	59	10	17	6	0	14	3	120	10.3	3926	471100
Supermarket/grocery store	66	5	3	1	0	12	0	94	8.0	4787	450000
Purchase of taxi	66	9	9	4	2	3	0	94	8.0	10949	1029200
Car mechanic/maintenance workshop	39	7	1	0	0	2	1	52	4.4	6121	318300
Engineering consultants office	21	2	3	0	0	1	0	27	2.3	9567	258300
Electricity and sanitation workshop	15	11	2	0	0	3	0	31	2.7	5210	161500
Central heating and maintenance workshop	26	2	0	0	0	2	0	30	2.6	5643	169300
Blacksmith	11	5	0	0	0	1	0	19	1.6	6658	126500
Advertising and marketing office	11	1	0	0	0	0	0	12	1.0	9167	110000
Schools and nurseries	27	3	3	3	0	2	0	39	3.3	10385	405000
Handicraft shops	36	3	2	4	0	6	2	55	4.7	3084	169600
Restaurants	13	4	1	1	0	0	0	19	1.6	6974	132500
Bakeries	3	0	1	0	0	2	0	6	0.5	2700	16200
Tourism offices	5	0	0	0	0	0	0	5	0.5	1433	86000
Small-scale factories	7	0	2	0	0	1	0	10	1.0	10667	128000
Flower shops	4	0	0	1	0	1	0	6	0.5	4833	29000
Flower shops	3	0	0	0	0	0	0	3	0.3	3667	11000
Calligraphy	9	0	3	0	0	0	0	12	1.0	11333	136000
Medical Laboratories	4	2	3	0	0	0	0	12	1.0	3958	47500
Cultural centres/computer and secretarial	5	4	0	0	0	0	0	10	0.9	4500	45000
Electrical maintenance workshop	8	4	0	0	0	1	0	10	0.9	8750	87500
Carpentering	1	0	1	0	0	0	0	2	0.2	4500	9000
Shoemaker	1	0	1	0	0	0	0	2	0.3	3333	10000
Photographer	2	1	1	0	0	1	0	4	0.3	10000	40000
Sport club	1	0	0	0	0	0	0	1	0.1	10000	10000
Insurance Office	1	0	0	0	0	0	0	1	0.1	10000	10000
Total	712	126	92	42	5	116	24	1170	100	7118	8327700
(%)	60.9	10.8	7.9	3.6	0.4	9.9	2.1				

Chapter Eight

Conclusions and Recommendations

8-1 Conclusions

8-1-1 Economic Performance and the Jordanian Labour Market

- 1- The decline in economic activity due to the economic and Gulf crises during 1988-1991 has brought about a sharp rise in the unemployment rate from 8.9 percent in 1988 to 18.8 percent in 1991.
- 2- The main characteristics of the Jordanian Labour Market during 1986-1991 were the low labour participation rate, unbalanced sectoral and geographical distribution of labour force, and disequilibrium in the labour market, manifested by an increasing unemployment rate.

8-1-2 Main Demographic and Social Characteristics of the Unemployed

- 1- About 46.4 percent of the unemployed were in the Amman Governorate, 13.8 percent in Irbid, 13.6 percent in Zarqa and 9.8 percent in Karak in 1991.
- 2- Unemployed males accounted for 56.3 percent of total unemployed.
- 3- About 46.3 percent and 21.8 percent of the unemployed were in the age groups (20-24) and (25-29), respectively. Females accounted for 57.3 percent of the unemployed in the age group (20-24).

- 4- Single unemployed accounted for 62 percent of total unemployed.
- 5- About 62.6 percent of the unemployed were from families that had more than six members.
- 6- About 32.7 percent of the unemployed were community college graduates, 26.6 percent with less than secondary education, 19.5 percent secondary certificate holders, 14.6 percent university graduates, and 6.6 percent illiterates.
- 7- About 52.5 percent of the unemployed were being unemployed for a period of more than one year, of whom females accounted for 51.5 percent in 1991.

8-1-3 Main Economic Characteristics of the unemployed

- 1- Based on the survey results, the unemployment rate in Jordan was estimated at (14.4 percent) in 1991. The highest unemployment rate was in Karak (28.5 percent), followed by Tafilah (20.3 percent), and Ma'an (17 percent). The lowest unemployment rate was in Mafraq (8.0 percent) and Irbid (8.9 percent). Moreover, it is predicted that the unemployment rate in Jordan would gradually rise from the estimated 14.4% in 1991 to about 20% in 1995 depending on the economic performance.
- 2- The highest unemployment rate (27.1 percent) was among community college graduates. It was followed by university graduates (15.3 percent), secondary certificate holders (14.4 percent), M.A. holders (10.8 percent), and Ph.D. holders (10.5 percent).
- 3- The highest unemployment rate (27.1 percent) was among the unemployed of the age group 20-24. It was followed by the age groups 25-29 (15.5 percent) and 19-15 (12.7 percent).

- 4- About 54.5 percent of the unemployed had no previous occupation, i.e., they were new entrants to the labour market.
- 5- About 61.1 percent of the unemployed used to work in Jordan while the rest had jobs abroad.
- 6- About 95.4 percent of the unemployed had changed their occupation at least once over the last two years.
- 7- About 93.7 percent of the unemployed who had previous jobs had changed their place of work only once over the last two years.
- 8- The main source of income to the unemployed was their families, accounting for 74 percent of their answers relative to other sources. Savings of the unemployed came in second place, accounting for 19.3 percent of answers.
- 9- About 17 percent of the unemployed spent more than JD 55 per capita monthly. By contrast, about 7 percent of the unemployed spent less than JD 5 per capita monthly, reflecting a striking poverty level. However, the average monthly expenditure (Pocket-money) per unemployed was estimated at JD 28.6, excluding expenditures on food, accommodation, health care, education ... etc.
- 10- Only 15.2 percent of the unemployed stated that they had labour unions, of whom only 45.7 percent were members in labour unions. Only 14.4 percent of the unemployed who were members in labour unions indicated that these unions had assisted them in job-seeking. This reflects the limited role of labour unions in assisting the unemployed.

8-1-4 Causes of Unemployment

- 1- The major internal causes of unemployment in Jordan in 1991 were the decline in real GDP growth which had led to the inability of domestic demand to absorb the supply of

labour, the increasing number of the education system graduates, rising population growth rates, and inflow of foreign workers.

- 2- The main external causes of unemployment were the economic recession in the Gulf states, decline in Arab financial assistance to Jordan, decrease in demand for Jordanian workers in the Gulf states, drop in remittances of Jordanians working abroad, and the Gulf crisis and its resultant return of about 60-70 thousand labour force from the Gulf states, mainly from Kuwait.
- 3- The major subjective causes of unemployment, as stated by the interviewed unemployed, were the unavailability of job opportunities, competition of foreign workers, low payment (for males), and lack of educational qualifications and experience (for females).

8-1-5 Economic and Social Implications of Unemployment

- 1- The main economic implications of unemployment were the following:
 - a. The loss of an estimated JD 383 million in real GDP in 1991 due to the foregone productivity of about 128 thousand unemployed.
 - b. The loss of about JD 44 million in pocket-money for the unemployed that were incurred by the families of the unemployed in 1991. However, this sum did not include other living expenses, e.g., food, accommodation, health care, education ... etc.
 - c. The loss of a portion of the education cost.
 - d. The decline in the wage level as about 70 percent of the unemployed indicated that they would accept lower wages than the prevailing wage level.

2- The main social implications of unemployment were the following:

- a. About 88.5 percent of the unemployed were affected psychologically.
- b. The living standard of about 76 percent of the unemployed was affected negatively.
- c. The health condition of about 24 percent of the unemployed was affected unfavourably.
- d. The social relations and accommodation standard of many unemployed were affected negatively.
- e. Unemployment had encouraged crime to some extent, mainly robberies and cheating. It was indicated that about one-third of the crimes in 1991 were committed by the unemployed.

8-1-6 Unemployment policies

- 1- Jordan has adopted various policies to alleviate the unemployment problem since 1986. However, these policies have not been able to overcome this aggravating problem.
- 2- In February 1992, the government called for the adoption of several measures to overcome the unemployment problem. These were in the areas of administration, financing, service exports, marketing, internal migration, and labour intensive projects.
- 3- To alleviate the unemployment problem, the unemployed suggested the "creation of job opportunities", "establishment of new projects", "getting rid of foreign workers", "termination of nepotism/administrative control on public recruitments", and "financial support from the government".

4- The unemployed proposed the implementation of about 1170 projects in 27 different activities, mainly in commerce, agriculture, industry, and other commodity producing sectors. The total estimated cost of implementing these projects was about JD 8.3 million, i.e., JD 7118 per project.

5- About 55.8 percent of the answers given by the unemployed indicated that there was a need for training, while 28.6 percent of answers stated that there was no need for training, and the rest were indifferent.

8-2 Recommendations

To alleviate the unemployment problem in Jordan, the following policy measures are recommended. These recommendations that are concentrated on both the demand and supply sides in the labour market have stemmed from three sources, namely the current government policies as stated by Prime Minister's declaration of February 1992, structural adjustment program of 1992-1998, and conclusions of this study. It should be emphasized, however, that this problem cannot be overcome in the short-run, but long-term development efforts are needed to tackle the structural internal imbalances, and in turn, enabling the economy to create more job opportunities for the entrants to the domestic labour market.

8-2-1 Policies to Activate the Demand for Labour

1- Expanding Private Investment

It is recognized that investment expansion has a direct positive impact on the growth of GDP, and in turn on the creation of job opportunities. The structural adjustment programme 1992-1998 aims at the adoption of various measures to encourage private investment in order to increase gradually the ratio of private investment to GDP from 11.8 percent in 1992 to 16.1 percent in 1998. At the same time, the ratio of public investment to GDP is expected to decline from 9.3 percent to 7 percent. This is for the objective of enhancing the private sector's role in

the development process to be able to create more job opportunities.

2- *Promoting Export Industries*

Experience in many developing countries, including Jordan, has shown that the strategy of import substitution (SIS) has not achieved the aspired objective of industrial development. This is due to the facts that import substitution industries cater mostly to the narrow domestic market and flourish behind protection barriers. Protection brings about high prices and low quality of domestically produced goods. Therefore, instead of SIS Jordan should adopt the strategy of export industrialization (SEI) to cater for both the domestic and foreign markets, and in turn, to create more job opportunities. The structural adjustment program 1992-1998 has called for the adoption of SEI and the implementation of several measures to this affect. Moreover, the Prime Minister's declaration of February 1992 called for the promotion of service exports.

3- *Establishing Labour Intensive Projects*

It is well known that developing countries with an abundant labour force should establish labour intensive projects rather than large-scale capital intensive project to alleviate the unemployment problem. To this end, various policy measures should be adopted to promote labour intensive projects. Similarly, Jordan should promote the establishment of small- and medium-scale projects of high labour intensity as one measure to alleviate the unemployment problem. It is worth noting that the interviewed unemployed indicated their willingness to be employed in such projects in the sectors of trade, agriculture, knitting and sewing, and services e.g., car services, car mechanics and barber shops. In this respect, the role of the "Development and Employment Fund" and other specialized credit institutions should be enhanced to be able to finance more of these projects. This call is warranted as most of the unemployed stated that they lack the financial means to implemented such projects.

4- *Adopting Economic and Administrative Reforms*

Undoubtedly, the adoption of various economic reforms, mainly, fiscal and tax reforms, optimal allocation of financial resources, rationalization of tariff protection, liberalization of trade and privatization,

that were suggested by the adjustment program along with the administrative reforms, e.g., reducing the red tape and attracting foreign investment, would increase productivity, and hence, create more job opportunities. Despite the fact that there are serious efforts to implement these reforms, here is a call to deepen and continue their implementation in order to enhance the alleviation process of the unemployment problem.

5- *Organizing the Inflow of Foreign Workers*

The inflow of foreign workers has aggravated the unemployment problem in Jordan since the mid-1980s. Therefore, Jordan has attempted to organize the inflow of foreign workers in accordance with manpower requirements in the domestic market. The latest attempt was made in early 1992. In this regard, there is a call to carry out more legal and administrative measures to organize the inflow of foreign workers in accordance with the changing conditions in the economy in general and in the domestic labour market in particular.

6- *Encouraging External Migration*

Another possible measure that contributes to the alleviation of the unemployment problem in Jordan is the encouragement of labour migration to the Arab oil producing countries. Despite the fact that the government is currently undertaking some measures to facilitate labour migration, e.g., unpaid leaves and secondments, there is a need to intensify the efforts to find job opportunities for Jordanians in the Gulf States. This can be achieved through labour attaches in Jordanian embassies, the conclusion of labour agreements with these states, and the establishment of a specialized organization to promote Jordanian services and to look for job opportunities in these states for Jordanian manpower.

8-2-2 Policies to Affect Labour Supply

1- *Demographic Policies*

Despite the vital importance of a sound demographic policy in determining the growth in labour supply in developing countries, Jordan has not adopted a population strategy to this effect. Therefore, it is recommended that Jordan should adopt a sound demographic policy to

affect labour supply though determining population growth. However, this is not a call for population control but rather for family planning.

2- *Graduates of the Education System and Training*

In spite of the fact that Jordan has made some attempts to match the labour market requirements with graduates of the education system, it has not succeeded in these efforts yet, as indicated by the aggravating unemployment problem and inflow of foreign workers. Undoubtedly, this objective cannot be attained easily in light of the prevailing socio-economic and educational conditions. Nevertheless, serious efforts should be made to aware the public through the media and education system about the labour market requirements of various specializations and occupations in the coming few years. This would assist students to specialize in the required occupations instead of increasing the number of unemployed in not needed occupations.

Although Jordan has made serious efforts to develop the training and retraining programs through the establishment of vocational schools and technical institutes to meet the labour market requirements, there is still a need for more training and retraining programs to overcome the unemployment problem. This is reflected by the fact that most of the unemployed indicated their readiness to undertake the necessary training for available jobs. In other words, these programs should train and retrain graduates of the education system in accordance with the present and potential needs of the Jordanian and Gulf States labour markets.

8-2-3 Other Measures

Following are five additional measures that can contribute to the alleviation of the unemployment problem:

- 1- Labour unions should have grater role in overcoming the unemployment problem by offering training courses to the unemployed and looking for job opportunities for the unemployed.
- 2- A sound wages policy should be adopted as about 70 percent of the unemployed indicated that they would accept

lower wages than what they are supposed to get. This can be achieved by creating the awareness in the private sector to employ Jordanians instead of foreign workers since they tend to accept relatively lower wages.

- 3- A National Labour Information Bank should be established to provide data on labour demand and supply, geographical and sectoral distribution of labour force and related demographic issues. This is in accordance with the Prime Minister's declaration of February 1992. In addition, there is a call for the adoption of a population national number.
- 4- A population census should be carried out to provide the required information for the aforementioned data bank.
- 5- Unemployment studies should be conducted periodically in light of the changing socio-economic and political conditions in the country.

Finally, it is worth noting that the above-mentioned policy measures are interconnected, and, therefore, should be implemented as one package rather than selectively. Moreover, as it was indicated earlier the unemployment problem cannot be alleviated overnight but rather gradually and over a relatively long period of time.

Appendices

Appendix (1-1)

Royal Scientific Society
Economic Research Centre

"Households' Questionnaire"
"General Information"

"Unemployment in Jordan: Dimensions and Prospects"

Address :
Governorate :
Region/District :
City/Village :

No.	Name	Sex	Age	Relation to the Household's Head	Relation with the Labour Force 1- Emplo. 2- Unemplo. 3- Others	Occupation	Level of Education*	Eco. Activity**
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								

- * Level of Education: (1) Illiterate, (2) Elementary, (3) Preparatory, (4) Secondary, (5) Lower Diploma, (6) B.A. or B.Sc., (7) Higher Diploma, (8) M.A. or M.Sc., (9) Ph.D.
- ** Economic Activity: (1) Agriculture, (2) Mining and Quarrying, (3) Manufacturing, (4) Electricity and Water, (5) Construction, (6) Transportation and Communication, (7) Finance and Insurance, (8) Other Services.

- Households' Monthly average income (JD) :
- Households' Monthly average expenditure (JD):

Appendix (1-2)

Royal Scientific Society
Economic Research Centre

"The Unemployed's Questionnaire"

"Unemployment in Jordan: Dimensions and Prospects"

Name of Numerator:	Date of Numeration:
Name of Proof Reader:	Date of Proof Reading:

In according with the Statistics Law No. (24) of 1950,
and its amendments, all information in this questionnaire
are only for statistical purposes and are confidential

Name of the Unemployed

1- Sex

(1) Male

(2) Female

2- Age (Years):

3- Marital Status

(1) Married

(2) Single

(3) Divorced

(4) Widow

4- Type of Secondary Education

(1) Scientific

(2) Literary

(3) Commercial

(4) Industrial

(5) Agricultural

(6) Nursing

(7) Hotelling

(8) Postal

(9) Others (specify)

5- Field of Study (for those who have higher education)

6- Have you had a previous job?

(1) Yes

(2) No

If no, go to Q.16.

7- Type of Previous Occupation:

8- Place of Work:

(1) In Jordan (2) Abroad

9- Economic Activity of the Institution you used to work for.

10- Reasons for losing your previous job:

- (1) Civil pension
- (2) Military pension
- (3) Gulf crisis
- (4) Change in the place of work
- (5) Change in the nature of work
- (6) Unsuitable payment
- (7) Long working hours
- (8) Termination of some benefits and motivations
- (9) Getting old
- (10) Health reasons
- (11) Close down of establishment
- (12) Unlawful dismissal
- (13) Wage reduction
- (14) Others

11- Were you replaced by another worker (If yes)?

(1) Jordanian (2) Non-Jordanian (3) Don't know

12- No. of years of experience

(1) In Jordan (2) Abroad

13- How many times have you changed your job in the last two years?

14- How many times have you changed your place of work in last two years?

15- Duration of unemployment in the last two years (months).

16- Average monthly income from the following: (JD)

- (1) Family
- (2) Pension
- (3) Savings
- (4) Rent
- (5) Other relatives
- (6) Investment returns
- (7) Remittances from abroad
- (8) Borrowings or mortgage
- (9) Others (specify)

17- Average monthly expenditure:

JD ()

18- Where are you looking for a job?

- (1) Private sector
- (2) Public sector
- (3) Other

19- What type of job you are seeking?

- 1-
- 2-
- 3-

20- Duration of Unemployment (months)

21- What are the methods that you use in job-seeking?

- (1) Employment offices
- (2) Civil Service Commission
- (3) Observing Advertisements
- (4) Personal initiative
- (5) Places where labourers gather
- (6) Friends and relatives
- (7) Labour Unions
- (8) Advertising in the local press
- (9) Others

22- Is there a union for your profession:

- (1) Yes (2) No (3) Don't know

23- Are you a member of a labour union:

- (1) Yes (2) No

24- Has the labour union helped you in job-seeking:

- (1) Yes (2) No

25- Are you looking for a job abroad:

- (1) Yes (2) No

26- If the answer (in the previous question) is yes, where are you looking for a job?

- (1) Arab countries (2) Non-Arab countries

27- Would you accept a lower-paid job relative to your previous job?

- (1) Yes (2) No

28- Do you accept a job lower than your qualifications:

- (1) Yes (2) No

29- What are the reasons for being unemployed?

- (1) Lack of job opportunities
- (2) Available jobs are not suitable
- (3) Place of work is not suitable
- (4) Competition of non-Jordanians
- (5) Low payment
- (6) No work experience
- (7) Not qualified
- (8) Others

30- If there is a job opportunity in following activities in which field you prefer to work?

Activity	With Training	Without Training	Indifference
Agriculture Construction Bakery Sewing and knitting Restaurants Hotels Sales services Garbage collecting Gas station Transport and communication Shoemaking Others			

31- Do you wish to establish a small-scale project?

- (1) Yes
- (2) No

If no, go to Q. 35.

32- What is the estimated project cost?

JD ()

33- In which activities you wish to establish the project?

34- What do you need to start your projects?

- (1) Capital
- (2) Labour
- (3) Land
- (4) Construction
- (5) Experience
- (6) Others

35- What are the negative effects of unemployment?

- (1) Lowering the standard of living
- (2) Psychological Implications
- (3) Health Implications
- (4) Affecting Social Relations
- (5) Lowering Accommodation Standard
- (6) Affecting Children's education
- (7) Others

36- What do you suggest to alleviate the unemployment problem?

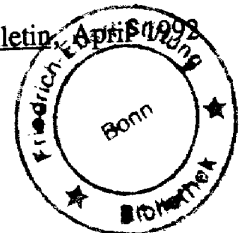
Governorate	Households Sample		Labour Force Sample	
	No. of Households	Households' Members	Employed	Unemployed
Amman	5196	34195	7240	1390
Zarqa	1898	12380	2442	409
Irbid	3146	20253	4244	414
Balqa	903	6266	1370	164
Mafraq	416	2761	574	50
Karak	504	3382	747	298
Tafilah	310	2265	349	89
Me'an	595	3995	900	184
Total	12968	85497	17866	2998

Appendix (1-3)
Distribution of Households and Labour Force Samples
by Governorate (1991)

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