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**EMPLOYMENT AND EDUCATION:
REPAIRING THE BROKEN LINK**

10-0505

I. EMPLOYMENT AND EDUCATION: A BROKEN LINK

Employment and decent work are among the most challenging issues in many countries around the globe. Employment data are closely monitored as the key indicators of development and well-being, for decent work lays the foundation for an independent and self-defined life. The Millennium Development Goals reflect the importance of productive and decent work, a target of Goal 1 to eradicate extreme poverty and hunger.

TABLE. PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS, GOAL 1

Goals and Targets	Africa		Asia				Oceania	Latin America & Caribbean	Caucasus & Central Asia
	Northern	Sub-Saharan	Eastern	South-Eastern	Southern	Western			

GOAL 1 | Eradicate extreme poverty and hunger

Reduce extreme poverty by half	low poverty	very high poverty	moderate poverty	high poverty	very high poverty	low poverty	very high poverty	moderate poverty	low poverty
Productive and decent employment	large deficit in decent work	very large deficit in decent work	large deficit in decent work	large deficit in decent work	very large deficit in decent work	large deficit in decent work	very large deficit in decent work	moderate deficit in decent work	moderate deficit in decent work

Source: http://www.un.org/millenniumgoals/pdf/2012_Progress_E.pdf.

In Arab economies today, the quantity, quality and stability of employment are among the biggest concerns. Youth employment is a burning issue as it is often double the overall unemployment rate. The rates of youth unemployment in Western Asia are among the highest in the world.

In 2010, the 15-24 age group constituted 45 per cent of all unemployed Iraqis, 50 per cent of unemployed Jordanians and 63 per cent of unemployed Egyptians. In Oman, the percentage is even higher: among nationals almost 64 per cent of the unemployed are 15-24 years of age and 88 per cent are under 30. In Jordan, Palestine, Saudi Arabia and the Syrian Arab Republic, the unemployment rate of youth is double the overall unemployment rate.¹

It is projected that more than 400 million new jobs will be needed over the next decade to keep unemployment from rising.

Furthermore, between 2010 and 2015, as many as 4.5 million GCC nationals are expected to enter the labour force, while current figures show that GCC economies employ only some 5 million nationals.

Source: ILO, 2012, p. 9, and NCB, 2012, p. 15.

During periods of economic growth in the past, some progress was made on the quantity of jobs. Nevertheless, among all world regions, the Middle East and North Africa has the second highest share of vulnerable employment,² which points to very low job quality.

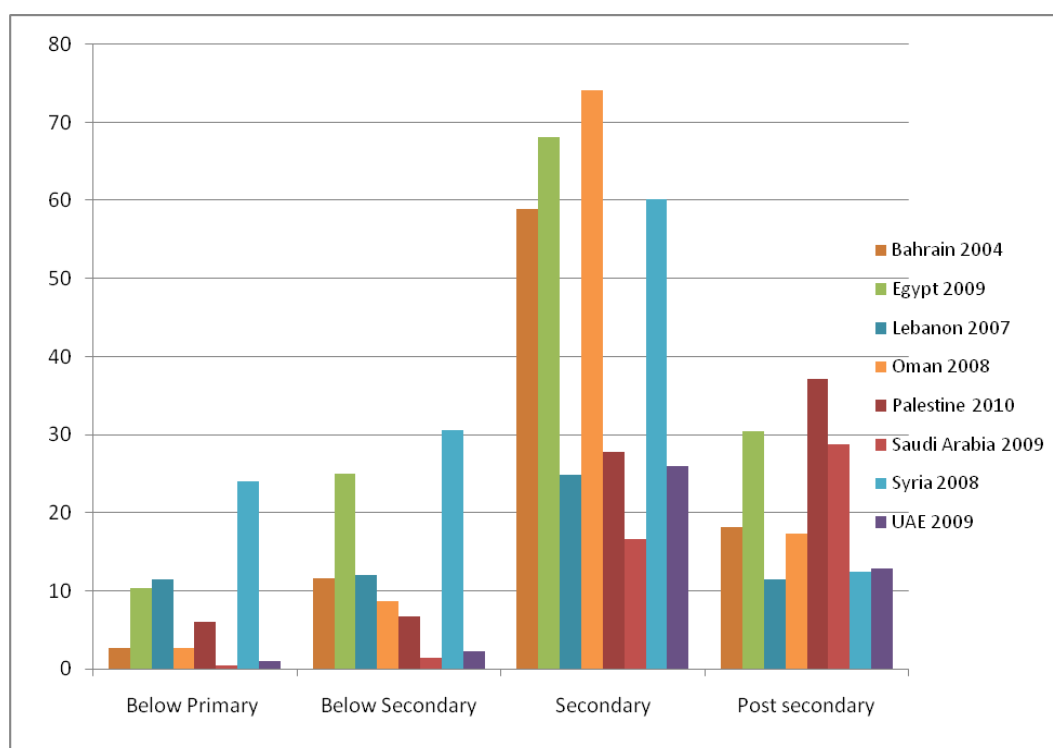
A higher level of education does not protect against unemployment in the region

Consequently, and unlike other world regions, unemployment in the Arab region has a significant impact on educated workers. Their less educated counterparts are more likely to be employed.

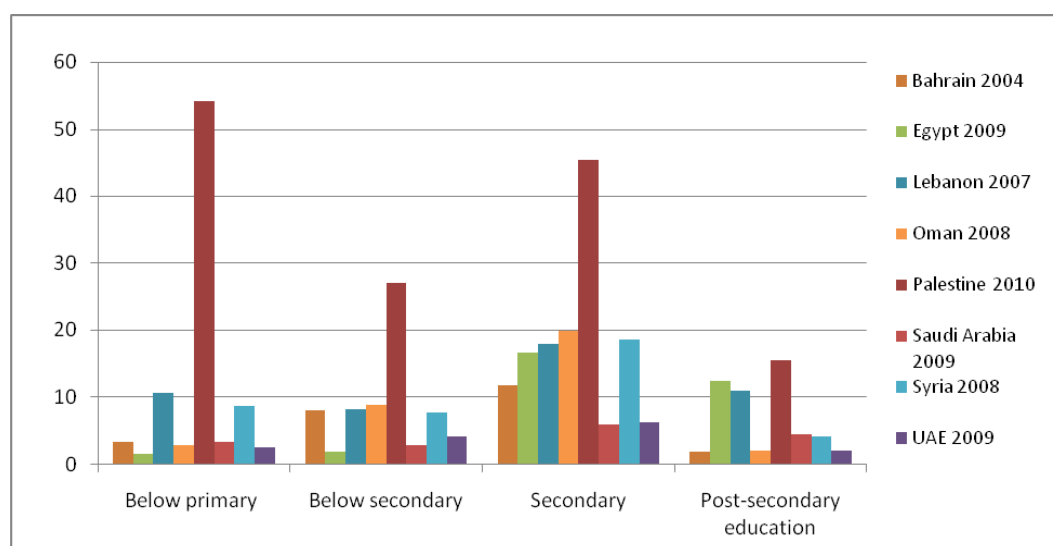
¹ ESCWA, 2012, p. 11.

² <http://data.worldbank.org/topic/labor-and-social-protection>.

**Figure. Unemployment by education level
in selected ESCWA member countries
(Percentage)
(a) Female**



(b) Male



Sources: Bahrain, LFS, 2004; Egypt, LFS, 2009 (data from CAPMAS); Lebanon, National Survey of Household Living Conditions, 2007 (“age group 65+” only contains data for individuals aged 65-69); Oman, LFS, 2008; Palestine, LFS, Database 2000-2010; Saudi Arabia, LFS, 2009; Syrian Arab Republic, LFS, 2008; United Arab Emirates, LFS, 2009.

Note: Education level designations are consolidated.

These trends are a symptom of the dysfunctional relationship between the labour market and the broader social and economic policy system, which needs to be addressed in a coordinated manner.

II. THE LABOUR MARKET

With a growing population and increasing number of new entrants to the labour force, demographics are often blamed for high youth unemployment in Western Asia. However, a closer look reveals that unemployment reflects the inability of the labour market to integrate new entrants and a dysfunctional relationship between education systems and labour markets.

AN INFLATED PUBLIC SECTOR

The public sector is the major employer in the region. It provides nearly one-third of total employment³ and absorbs a disproportionate share of better educated workers. In addition, the comparably comfortable wages, benefits, and work conditions in the public sector are rarely matched by work conditions and wages in the private sector. As a result, many educated youth prefer to wait for a public sector job rather than accept a position within the private sector.

In the past, several countries attempted to downsize or freeze public sector employment, but the consequence of this was higher unemployment, especially among educated youth. Nevertheless, the public sector remains the favoured employer in most Arab countries, especially in GCC countries. In May 2012 the head of the Emirates National Development Programme called publicly for a stop in public sector employment in order to encourage more balanced employment across economic sectors.⁴

A LIMITED PRIVATE SECTOR

The private sector is not yet able to absorb all qualified workers because it is characterized by a limited number of skilled jobs and a high proportion of low-skill, low-wage, low productivity employment. Dependency on natural resources is partly the reason for low productivity and some countries have employed successful diversification strategies. Manufacturing is now the largest sector in Egypt and Jordan and is also increasing in many GCC countries, but labour productivity is comparably low. As a rule, the fastest growing sectors are those with the lowest productivity per person employed.⁵ The construction sector is a case in point in Bahrain, Iraq, Jordan, Kuwait, Oman, Qatar, the Sudan, the Syrian Arab Republic, the United Arab Emirates and Yemen.

Low labour productivity indicates that the knowledge component of the economy is deriving little benefit from educated workers. Out of 14 Arab countries included in the *Arab World Competitiveness Review*, only the economies of Bahrain and the United Arab Emirates are classified as innovation-driven. Eight economies are classified as efficiency-driven (Jordan, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic and Tunisia), while Algeria, Egypt, Kuwait and Libya largely depend on their resource endowment and are classified as factor-driven economies.⁶

In the region, enterprise surveys show that an inadequately educated workforce is ranked among the four most limiting factors for business development.⁷

A GROWING INFORMAL SECTOR

A large informal sector, characterized by micro and small enterprises is the mirror image of economies that have a limited formal sector and are dominated by public employment. The World Bank recently

³ ILO, 2009, p. 8.

⁴ NCB, 2012, p. 17.

⁵ ESCWA, 2012, p. 57.

⁶ World Economic Forum, 2010, pp. 8 and 9.

⁷ Ibid., pp. 30-55.

reported that the economies of some Arab countries are among the most informal in the world.⁸ Under ideal circumstances a small start-up firm can grow into a very competitive, efficient and productive enterprise, however circumstances are not ideal for the majority of microenterprises in the informal sector. Educated workers strive for better employment in the formal sector, and informal labour in most countries is directly correlated with lower education,⁹ which limits productivity growth.

Thus, there is a double mismatch between the demand and supply of labour in the region:

- The narrow economic base does not provide sufficient skilled jobs for educated workers;
- The education system does not produce workers with the expected quality of knowledge and employable skills.

III. THE LABOUR-EDUCATION MISMATCH

The mismatch between the labour market and the education system in most Arab countries stems partly from their legacy of generous public sector employment. In pursuit of a public sector job, many people studied humanities. Consequently, international tests have shown lower mathematical and technical skills in Arab countries than in other countries.¹⁰

In many countries, especially western countries, vocational training is the main tool to align knowledge and skills with the needs of the labour market. Vocational training is insufficiently developed in many Arab countries. Among GCC countries, Bahrain graduates 24 per cent of youth with a vocational education. In Saudi Arabia, this was only 9 per cent and in the other GCC countries the share is even lower.¹¹

In addition, education quality often suffers because the curricula and teaching methods focus on rote learning and memorization. Such methods do little to foster higher cognitive learning, problem-solving and decision making skills, which are in demand in the age of globalization.

IV. REFORMING EDUCATION

In 2010, 18 ministers for education from across the Arab region met to draft a commitment to education reform. The Doha Declaration on “Quality of Education for All” emphasized equity and equality in access to education, the need to create a culture of quality and accountability in education and the intention to establish a joint Arab evaluation system on education quality. In cooperation with ministries of education, the Arab Observatory for Education would develop benchmarks and regional databases.

Quality performance indicators are as follows:

- Access;
- Equity;
- Quality;
- Efficiency;
- Relevance;
- Knowledge economy readiness.¹²

⁸ World Bank, 2011, p. vii.

⁹ Ibid., pp. 12-14.

¹⁰ TIMSS, 2007.

¹¹ NCB, 2012, p. 19.

¹² <http://go.worldbank.org/TTBTRWV7B0>.

According to available data, the biggest information deficits are in the indicators related to ‘relevance’ (youth unemployment rate, inadequately educated workforce), in those related to ‘knowledge economy readiness’, as well as in ‘equity’, particularly in the correlation between education and household wealth.¹³

In January 2012, the Arab Regional Agenda on Improving Education Quality was launched in Tunis by the Arab League Educational, Cultural and Scientific Organization (ALECSO). It comprises five regional programmes related to different aspects of quality as follows:

- Teacher Policies;
- Monitoring and Evaluation of Learning Outcomes;
- Entrepreneurship;
- Early Childhood Development;
- Curriculum Innovation, ICTs and Qualifications.¹⁴

V. VOCATIONAL EDUCATION DONE RIGHT

Training and vocational education (TVET) programmes are not new to the region but they have been unsuccessful in linking training to employment for several reasons.

First, students see these programs as a less attractive option, as the “second choice” behind higher education. TVET programs usually capture those who have performed poorly in compulsory education and lack the basic skill set to be successful on the job.

Second, vocational systems were often poorly designed and implemented. They did not respond to the skills needed in the labour markets because they were implemented without an analysis of the skills the market needed. The programmes weren’t part of a national strategy and were not coordinated with the private sector.¹⁵

In the region, INJAZ Al Arab and the World Economic Forum are supporting the entrepreneurship component in the regional agenda for better education. It aims to promote better business skills and improve technical and vocational educational training programmes.

The initiative began in Jordan in 2004 and has extended to 11 countries in the Middle East and North Africa since then. INJAZ Al Arab works in partnership with the ministries of education and has built a partnership network of more than 200 corporations. It provides training with a focus on leadership, business, economics, problem-solving, communication and other soft skills. The curriculum is continuously adapted to fit local needs and job placement activities include job fairs, job shadowing and internships.¹⁶

VI. ADAPTING TO THE LOCAL LEVEL

Egypt has explored a solution to unemployment that gives due attention to local, decentralized labour markets. The Vocational Education Programme is led by the ministry of education and works in cooperation with various ministries, the private sector and civil society. The Programme has established regional employment networks and introduced mechanisms for regional labour market monitoring to ensure that the demands of the local labour market are met. This structure also allows for the monitoring of training quality and relevance. The programme matches participants with apprenticeships and has reached more than 20,000

¹³ <http://go.worldbank.org/DT11IYIDY0>.

¹⁴ <http://go.worldbank.org/YPOK5B0EE0>.

¹⁵ Bardak, 2005.

¹⁶ <http://www.injaz.org.jo/SubDefault.aspx?PageId=186&MenuId=24>.

young people. Evidence of its success is that 85 per cent of participants received job offers from the participating businesses.¹⁷

VII. COORDINATION OF EDUCATION, ECONOMIC AND LABOUR MARKET POLICIES

Improving the knowledge and skills of the population by educational reform will do little to address the mismatch between labour and education unless these changes are complemented by appropriate economic policies. Avenues for intervention include public sector reform, policies to foster the growth of the private sector through sound competition policies and transparent economic regulation.

Some of the countries in the region must review their labour migration policies and make adjustments to the system of wages and salaries. Current disparities in wages, work conditions and social security hinder the mobility of labour across sectors and the development of a national workforce.¹⁸

Success ultimately depends on the mechanisms each country can devise to encourage innovation and reward those with the courage to try new ideas and approaches. A solid education system is a good start, which must be complemented by a transparent and fair labour market.

¹⁷ GTZ, 2009.

¹⁸ NCB, 2012, pp. 20-21.

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