MIDDLE EAST AND CENTRAL ASIA DEPARTMENT

Female Employment and Labor Force Participation in Jordan
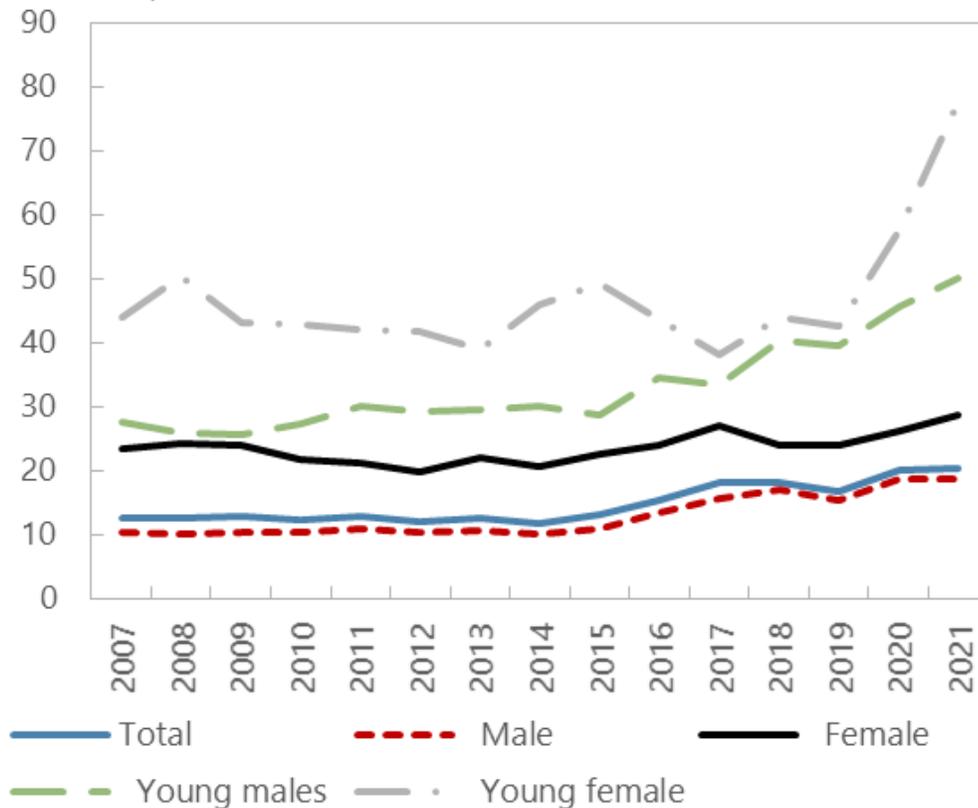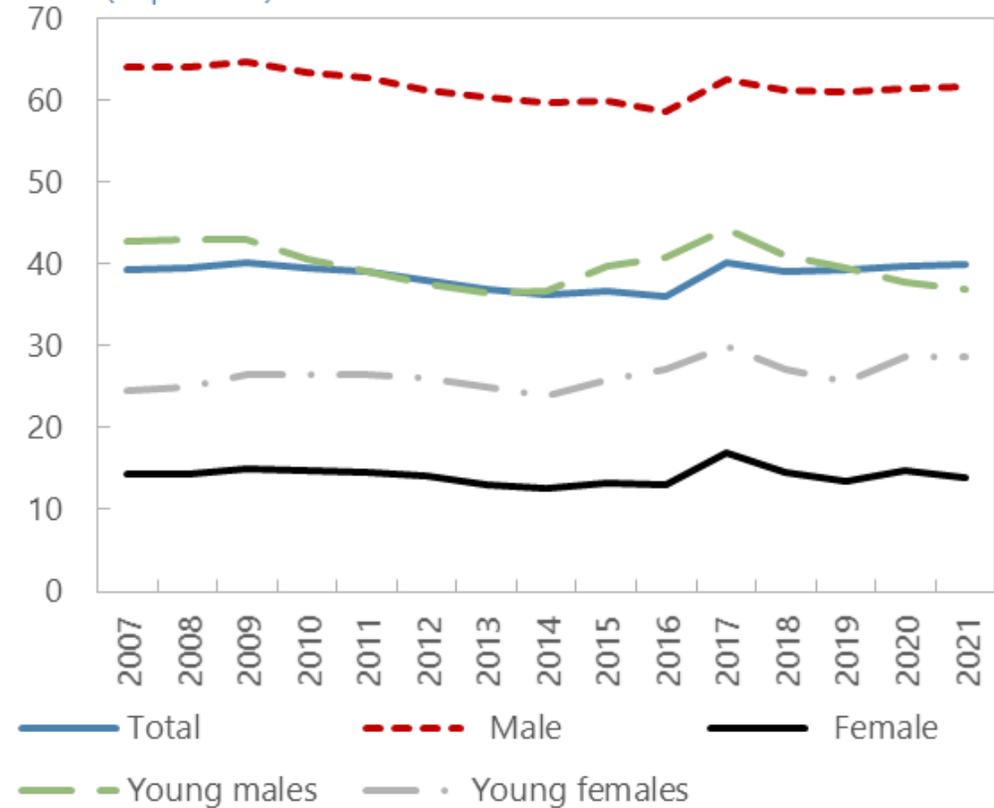
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Despite high education, participation is low and unemployment high, especially for women/youth...

Unemployment Rate in Jordan
(In percent)

Labor Force Participation Rate in Jordan
(In percent)

Source: Jordan Department of Statistics, Haver, and IMF staff calculations.
Note: Young males and females defined as those between the ages of 15-24; unemployment and participation rates are for Jordanian nationals.
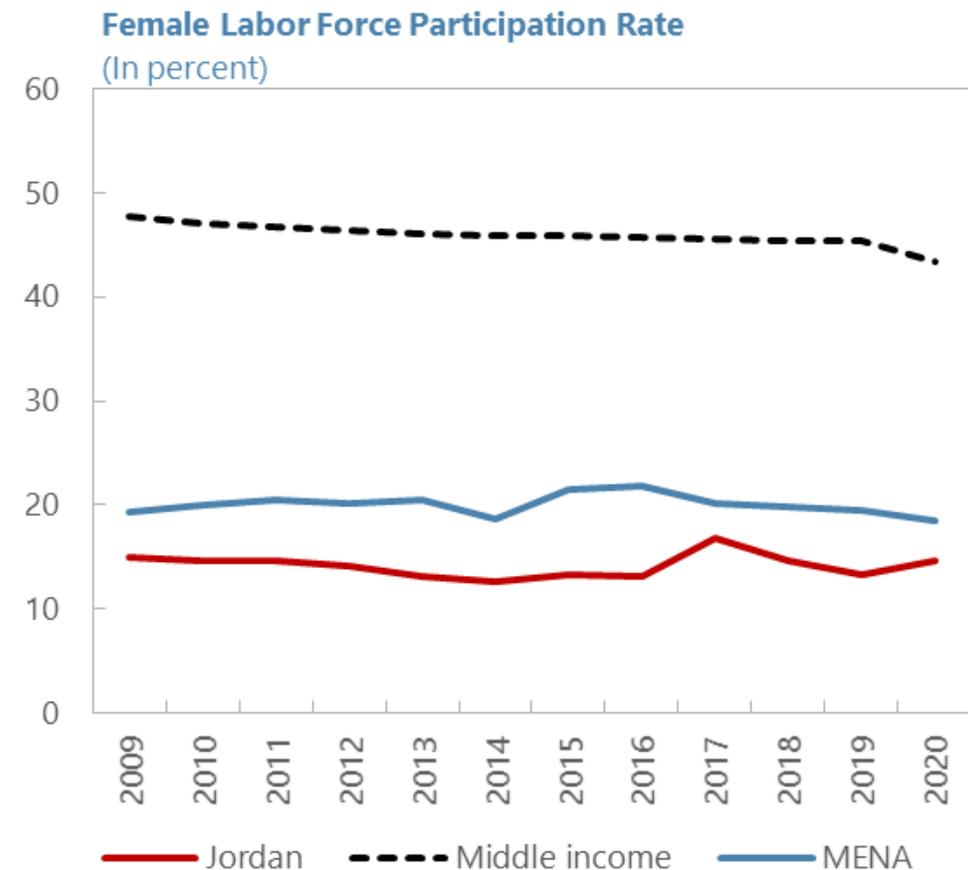
Low level of job creation, especially in the private sector, limits opportunities available for workers

- Anemic growth over the last decade in the context of several exogenous shocks has **decreased labor demand**

- **Job opportunities in the public sector are diminishing** given the limited fiscal space

- What little jobs are created are in the private sector, where **women are underrepresented**

GDP Growth and Unemployment in Jordan
(In percent)

GDP growth (y-o-y) ----- Unemployment rate (total, RHS)
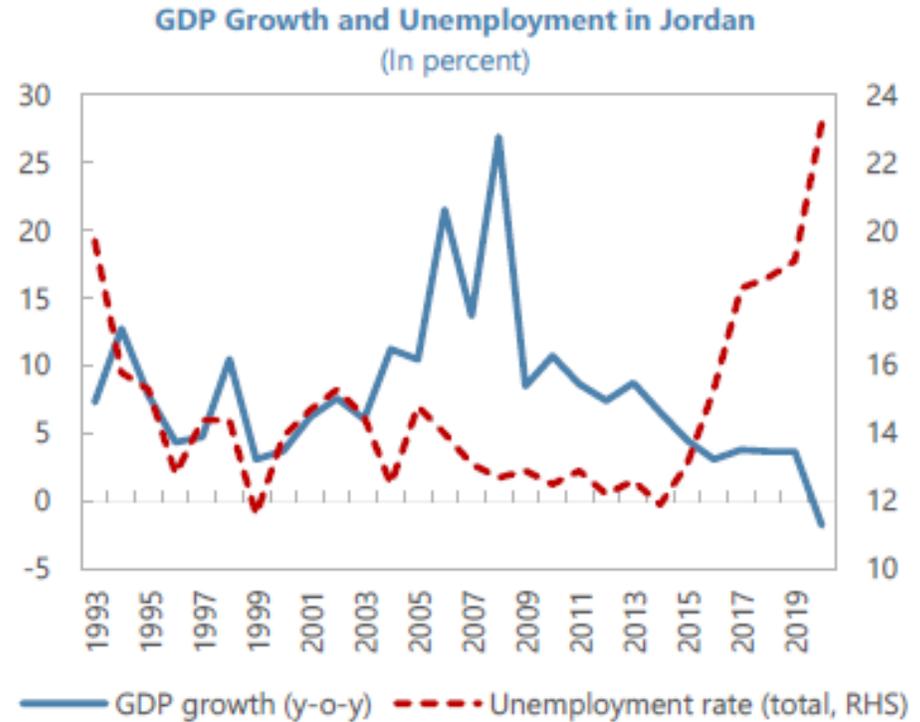
Source: National authorities, Haver, and IMF staff calculations.

Employment and participation trends for females are persistently low, with rates lower than peers

Female Unemployment Rate
(In percent)

Female Labor Force Participation Rate
(In percent)

Jordan —— Middle income ------ MENA ——
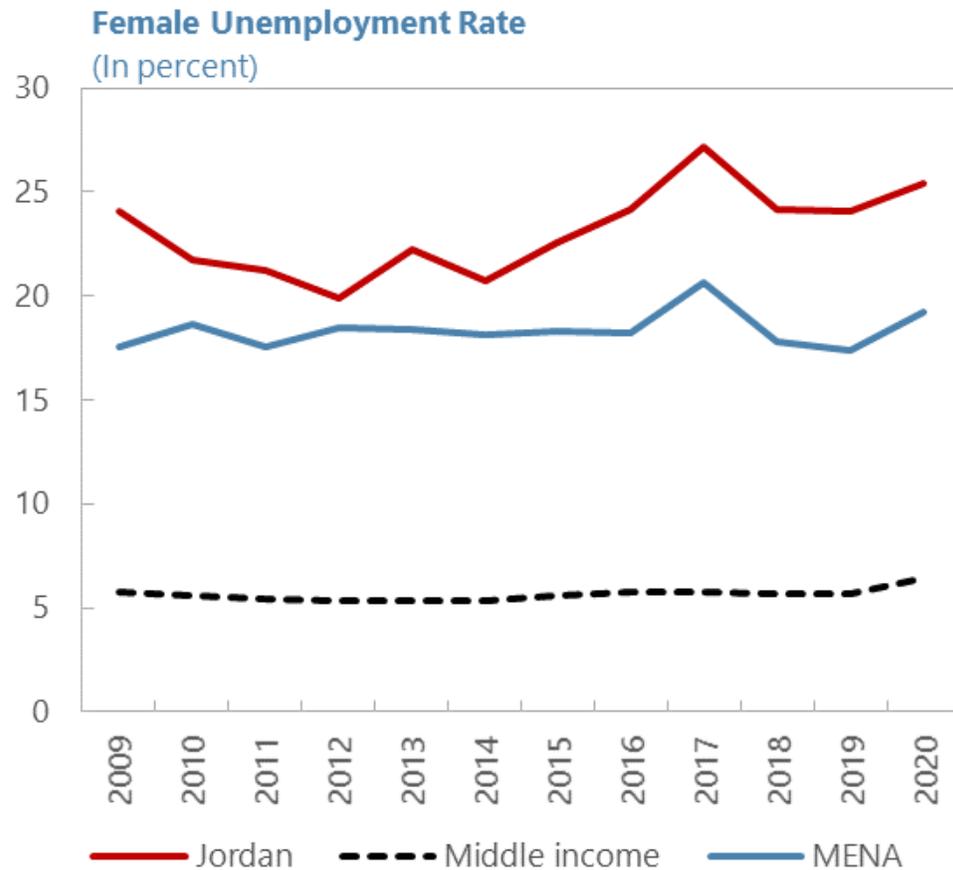
Source: Jordan Department of Statistics, International Labor Organization, and IMF staff calculations.

Several determinants to female economic participation

- **Social norms** coupled with the **lack of affordable childcare** can play a role in limiting opportunities for women in the workplace
  - >70% believe not suitable for women to accept jobs that required them to return home after 5 PM → **half of women exit workforce after age of 30**

- Gender-based **legal restrictions** may prevent women from participating in labor market
  - On WB's "Women, Business and the Law 2022" index, **Jordan scored 0 out of 100 on laws and regulations that affect women in the workplace**

- **Pay disparity** between men and women, as well as **limited opportunities** to reach and maintain leadership positions, could act as disincentive
  - Wage gap in private sector in 2020 between ~17 percent according to WB study
  - Gender pay gap becomes higher as women progress in careers

- Access to **public transport** can hamper labor market choice
  - Women spend average of 48 minutes commuting and spend ~JD 57 per month

Once women participate, **more likely to be unemployed or work informally**

Structural variables and regulations explain gap in female participation and employment outcomes

- Examined impact of four factors on female labor force participation and employment gaps based on Balima and Gomes (IMF, forthcoming)
  - **Structural**: fertility, education, and GDP per capita
  - **Infrastructure**: access to electricity, drinking water, sanitation services, and childcare
  - **Public policies**: retirement age, taxes, and social security transfers
  - **Regulation**: labor market legislation, and basic legal and financial-related legal rights

- Staff analysis found that **structural variables and regulations are main drivers of gender gaps** in Jordan
  - Results similar to MENA region where basic and financial legal rights are biggest contributors to larger gender gaps compared to other groups

Raising female participation rates is critical to achieving sustainable and inclusive growth in Jordan

- More females in workplace can **boost productivity and incomes**
  - Men and women complement each other in terms of different skills, collaboration, and risk perception

- Ostry and others (2018) show that increasing women's labor force participation generates gains in economic welfare
  - Implications of increased consumption, home production, leisure time
  - These **gains exceed 20 percent in the MENA region**

- Cuberes and Teignier (2014) and Cuberes, Newiak, and Teignier (2016) demonstrated that the MENA has highest income loss
  - Average loss of approximately **38 percent in MENA** due to participation gaps

Policy Recommendations

- Improving the regulatory framework, including by **passing amendments to Labor Law** that protect women from harassment and remove gender biased articles

- Ensuring adequate **access to maternity and paternity leave benefits**, and destigmatizing its utilization

- Addressing **pay disparity** to make dual income sources for families more attractive

- Enhancing **access to childcare and lowering costs** of nurseries
  - Early childhood care centers can create job opportunities for other women

- Improving **access to public transport,** including reliability and safety

- Improving **business and investment environment** to stimulate jobs-rich growth in the private sector
  - Promote **flexible work** arrangements and hours, including by enhancing awareness

Thank you!

Methodology

- Panel regression framework to quantify role played by each index in determining labor market gender gaps in Jordan:

$$Y_{it} = \beta_1 + \beta_2\, X_{it} + \beta_3\, Z_{it} + \ldots + \beta_n\, N_{it} + \varepsilon_{it}$$

Y_{it}: female-to-male labor force participation rate for country i at year t

N_{it}: index i at time t

ε_{it}: error term.

- Index between 0-1 created for each dimensions, with higher value pointing to more favorable conditions for female labor force participation and employment.

- Maximum likelihood estimator used, with FE and OLS to confirm outcomes. Bootstrap and first differences will also be applied to further establish robustness of results.

Maximum Likelihood Estimator Regression Results

	Jordan		MENA	
	Female-to-Male Labor	Female-to-Male	Female-to-Male Labor	Female-to-Male
VARIABLES	Force	Employment	Force	Employment
structural4	1.153***	0.489*	0.232***	0.078
	(0.356)	(0.290)	(0.080)	(0.083)
infra_index2	0.223	0.103	-0.166***	-0.189***
	(0.372)	(0.303)	(0.033)	(0.034)
public_policy7	0.025	0.020	0.115***	0.092***
	(0.042)	(0.034)	(0.027)	(0.028)
regulations	0.611***	0.568***	0.122***	0.158***
	(0.210)	(0.171)	(0.033)	(0.035)
Constant	-30.958	-13.572	26.991***	26.007***
	(37.884)	(30.869)	(3.179)	(3.050)
Observations	18	18	105	105
Number of countries	1	1	9	9

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Source: IMF staff calculations.