

Jordan New work Opportunities for
Women (Jordan NOW)

SOFT SKILLS OR HARD CASH?
WHAT WORKS FOR FEMALE
EMPLOYMENT IN JORDAN?

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The World Bank

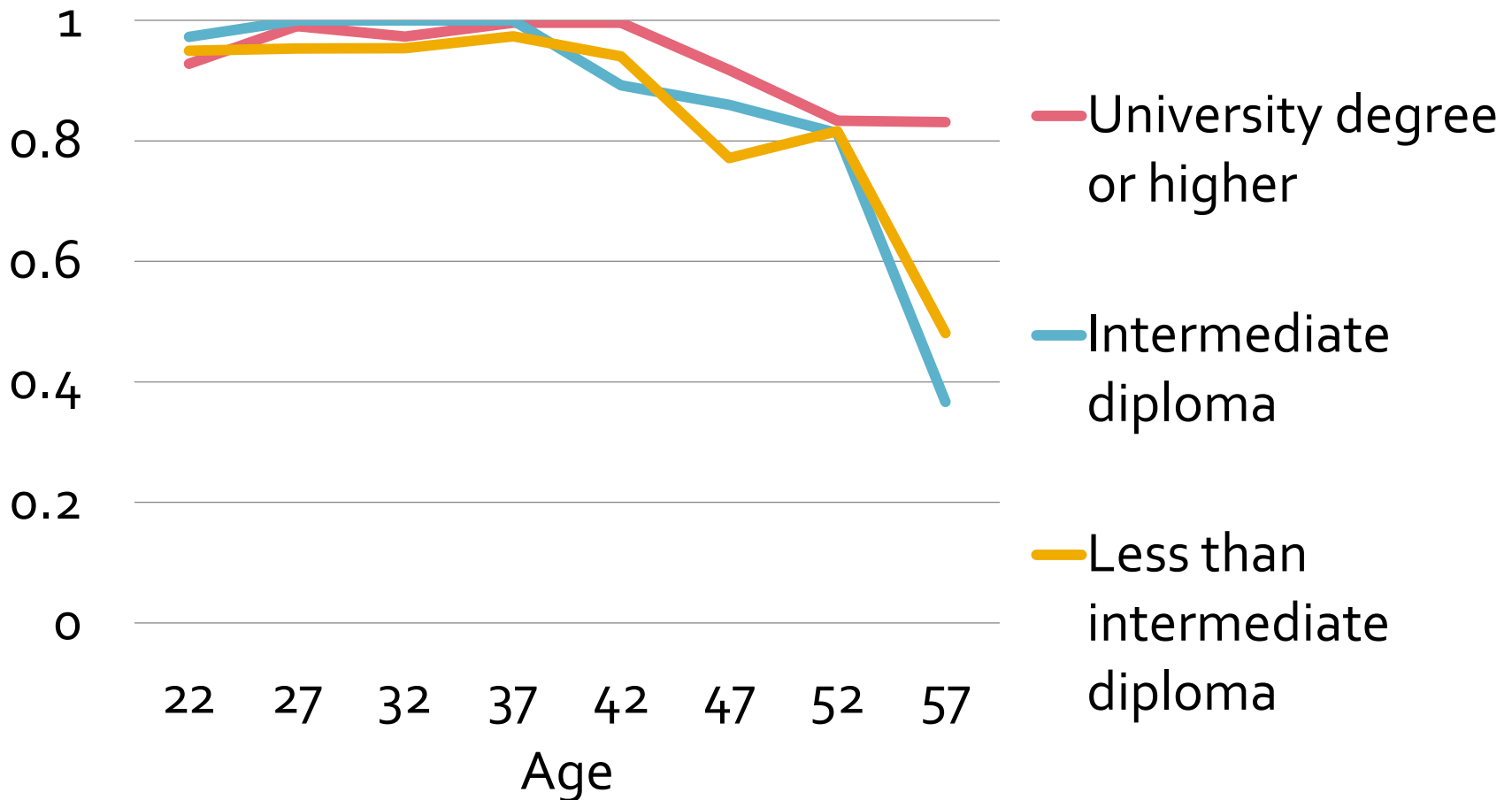
What does the labor market in Jordan look like?

Labor Market Conditions in Jordan by Age and Gender

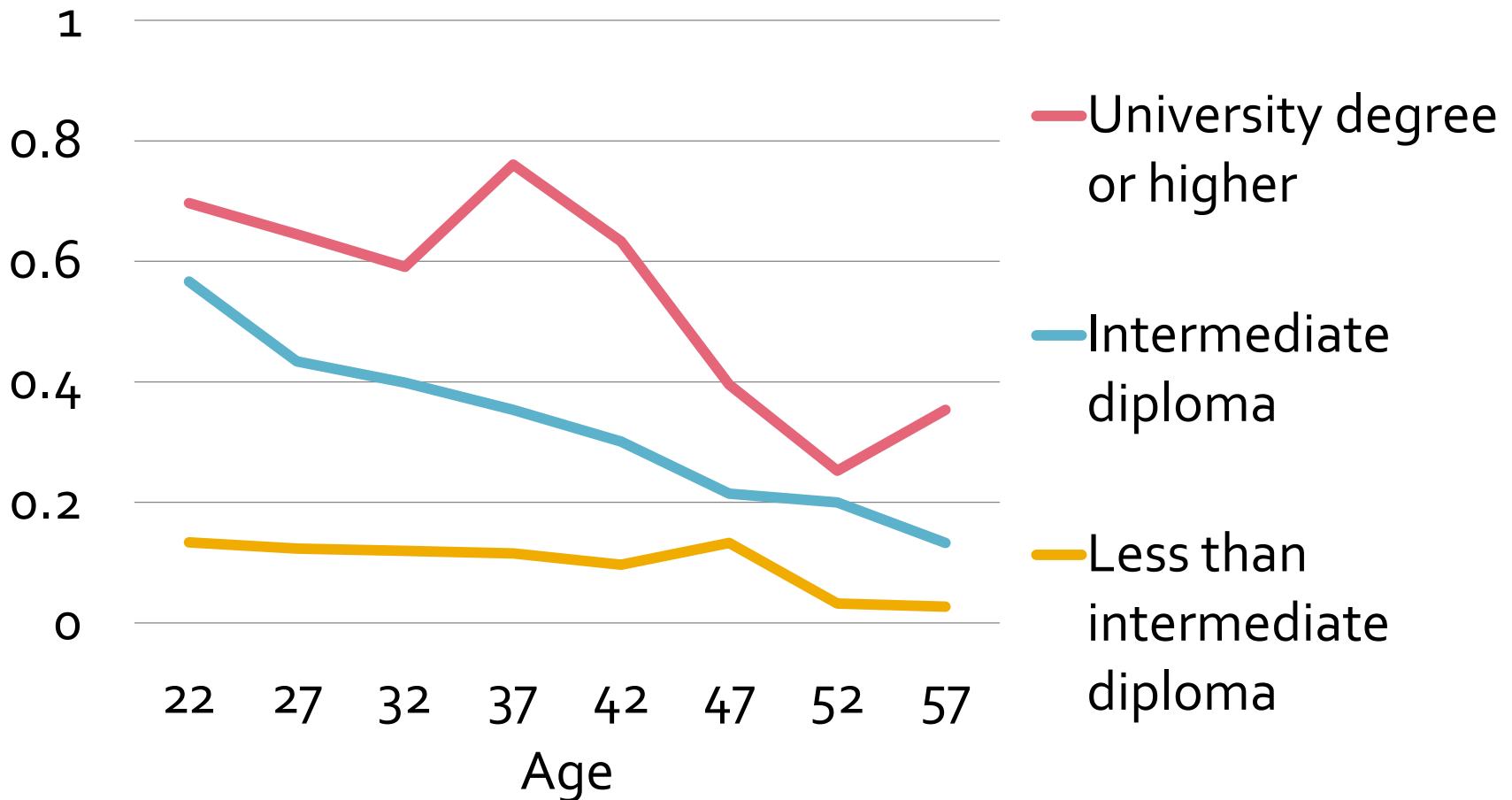
	15-18		19-24		25-29		30-65	
	Male	Female	Male	Female	Male	Female	Male	Female
Unemployment rate	0.31	0.48	0.19	0.48	0.09	0.26	0.05	0.10
Labor force participation rate	0.18	0.01	0.65	0.20	0.94	0.30	0.83	0.17
Share of unemployed	0.08	0.01	0.24	0.17	0.11	0.10	0.22	0.08
Share of total active population	0.03	0.00	0.15	0.04	0.15	0.04	0.49	0.10

Source: 2010 JLMPS

Male labor force participation is above 90%

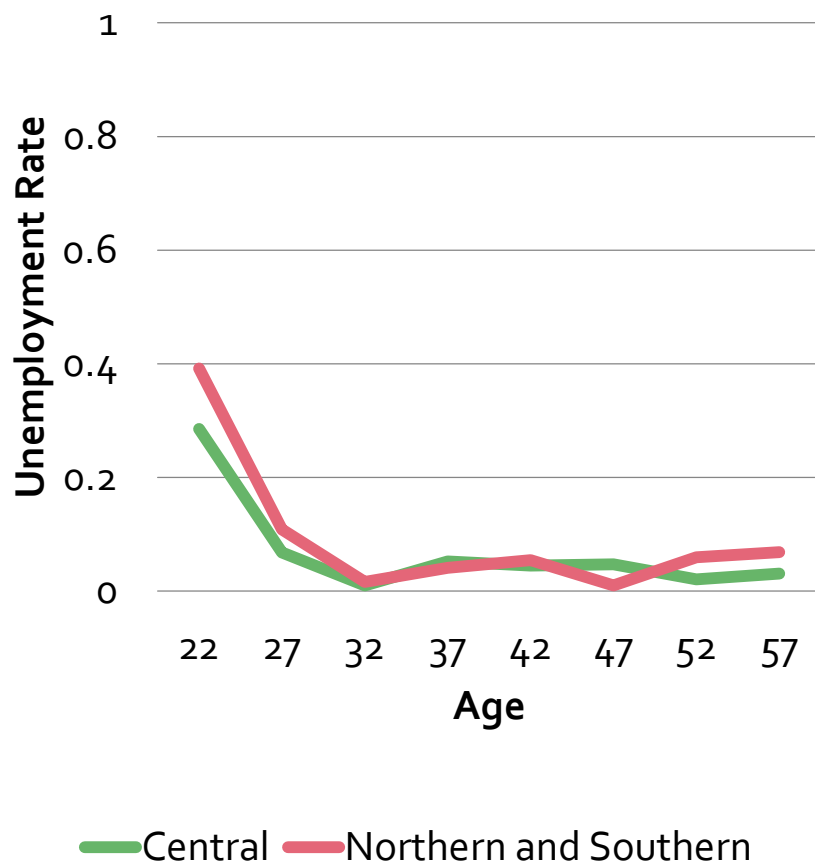


Female labor force participation varies by level of education and age

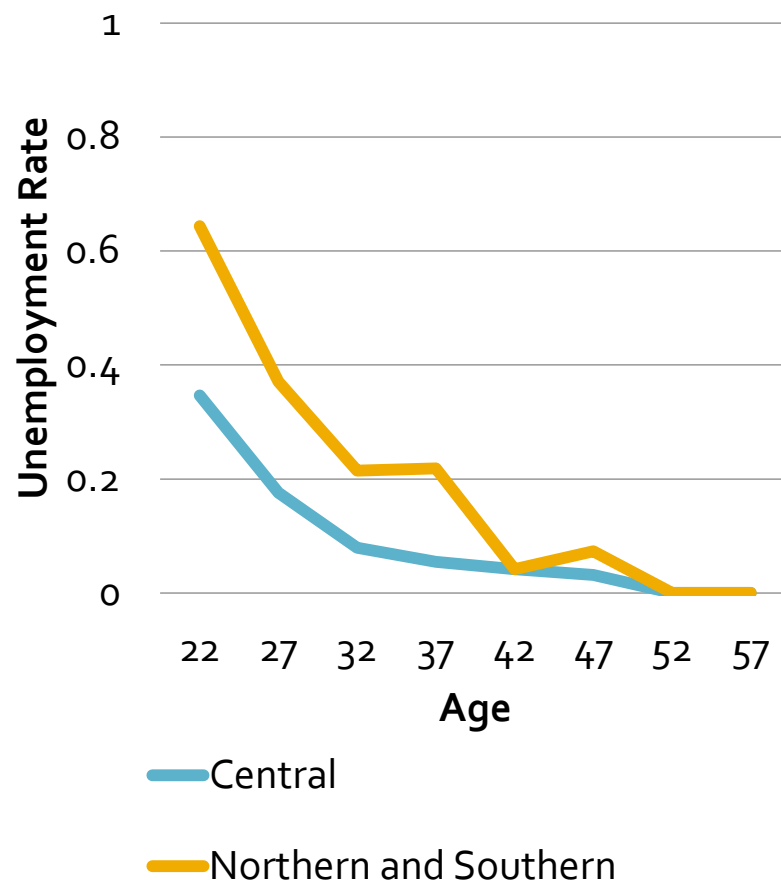


Unemployment is higher outside central Jordan among people with university degrees and intermediate diplomas

MALES



FEMALES



Fields of study and work

Course of Study by Gender

	Male	Female	Proportion Female
Education Science	0.06	0.24	0.85
Mathematics and Statistics	0.01	0.02	0.73
Physical Science	0.02	0.04	0.73
Humanities	0.12	0.17	0.65
Social Science	0.03	0.03	0.58
Arts	0.04	0.04	0.58
Health	0.08	0.08	0.57
Business and Administration	0.25	0.16	0.48
Architecture	0.03	0.02	0.46
Computing	0.13	0.07	0.42
Law	0.04	0.01	0.33
Engineering	0.14	0.03	0.22

Source: 2010 JLMPS

Economic Activity by Gender for Youth between 19-30 years old

Economic Activity	Male		Female		Proportion
	Uneducated	Educated	Uneducated	Educated	Female
Education	0.01	0.13	0.08	0.44	0.63
Health and social work	0.01	0.06	0.11	0.16	0.61
Scientific and technical	0.01	0.04	0.00	0.06	0.36
Financial and insurance activities	0.00	0.07	0.00	0.04	0.31
Information and communication	0.00	0.06	0.00	0.03	0.20
Manufacturing	0.16	0.11	0.26	0.04	0.13
Administrative	0.04	0.03	0.05	0.01	0.12
Public administration and defense	0.33	0.25	0.18	0.11	0.09
Accommodation and food service activities	0.03	0.02	0.02	0.01	0.06
Wholesale and retail trade	0.19	0.12	0.04	0.05	0.05
Electricity, gas, and steam	0.00	0.01	0.00	0.00	0.05
Construction	0.09	0.03	0.00	0.01	0.02

Source: 2010 JLMPS

Young people aspire to work..

In July 2010, we asked over 2000 graduating students from 8 communities colleges whether they want to work after graduation.

93% of women and 88% of men say they want to work after graduation... so we designed a pilot to help youth better transition into the workplace

Some firms' perceptions of youth

- Inexperienced
- Untested quality
- Unreliable
- Lack a strong work ethic

Some firms' attitudes towards women

- Less committed
- Less reliable – once they get married or have children, they'll leave the firm
- Rigid working hours, women won't work overtime
- Costly, providing maternity leave, day care, female bathrooms, or female prayer rooms is expensive
- Distract men
- Shouldn't work

Some young women's attitudes towards firms

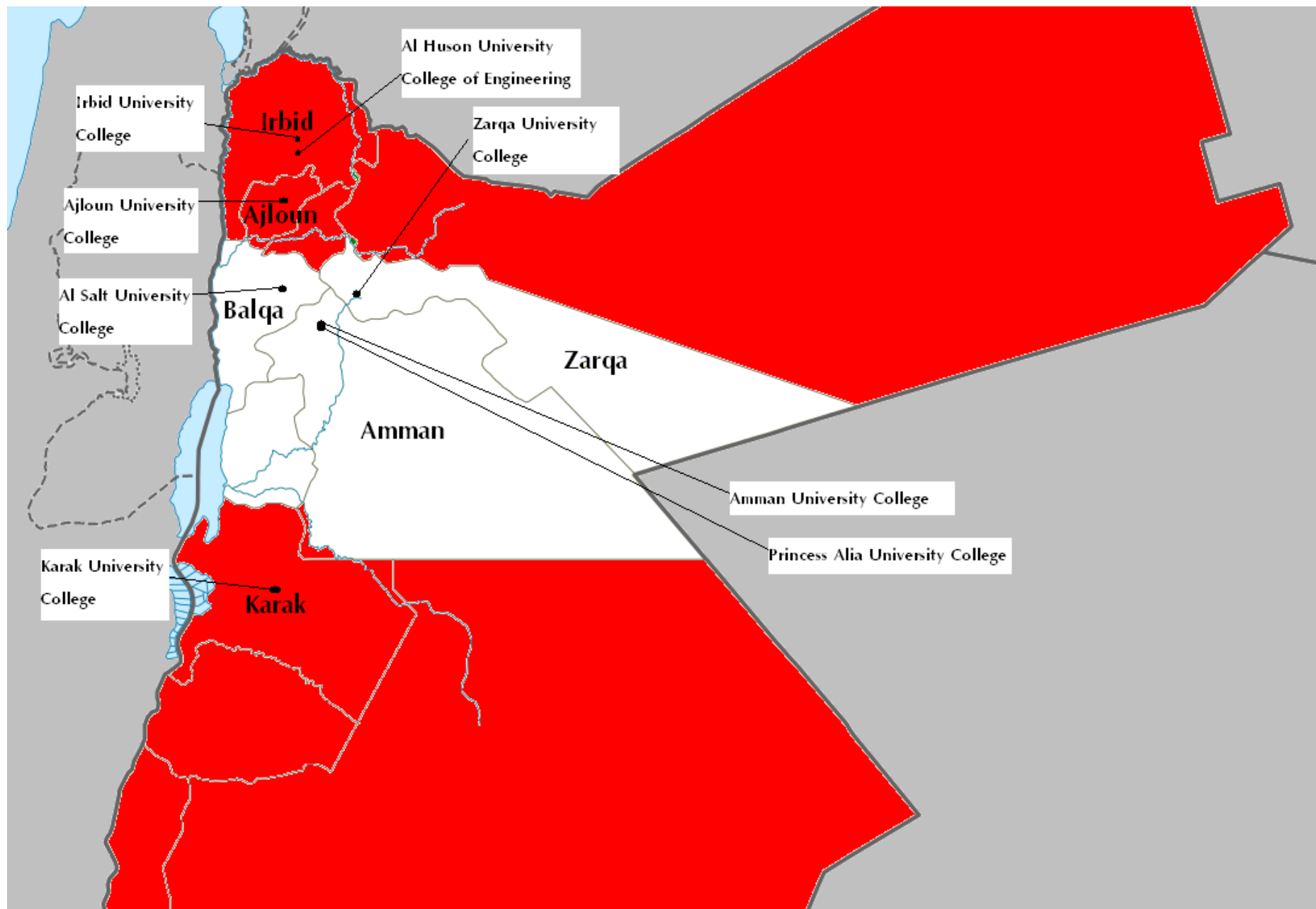
- Unable to negotiate working hours
- Unable to negotiate pay
- Unwilling to work side by side men
- Unwilling to work in retail or outdoor marketing

Jordan New work Opportunities for Women (Jordan NOW) pilot

- 1350 young female community college graduates participated in a pilot
 - Soft skills training
 - Short term incentive for firms to hire young women – Job voucher
- Objective
 - Building a positive work reputation for female graduates
 - Changing negative stereotypes among firms and young women

Jordan NOW under the patronage of H.M. Queen Rania Al Abdullah





Soft Skills Training

- Business Development Center (BDC) conducted a 9 day, 45 hour soft skills training covering
 - Effective communication and presentation skills
 - CV writing
 - Interviewing skills
 - Teamwork skills
 - Business writing
- The training was based on active participation and cooperative learning with games, visual learning, group exercises, and active demonstrations
- The cost per participant was about US \$400 per participant



Job Vouchers

- Recent graduates were given job vouchers, which they could submit to any firm that meets the following conditions
 - Registered in the Chamber of Commerce or municipality
 - Has a bank account
 - Willing to submit the job offer in writing, including a salary offer of at least 150 JD
- The voucher was valid for a maximum of 6 months in a 11 month window between October 2010 and August 2011

Job Vouchers (2)

- If a firm hires a recent graduate with the voucher, the voucher would pay the firm 150 JD per month, which was the minimum wage at the time
- If a graduate leaves her firm before completing the 6 months, the graduate can apply remaining months at another firm.
- Dajani Consulting implemented these vouchers, monitored on a monthly basis to ensure voucher conditions were met and legitimacy of the job

قسمة العمل

عزيزتي الخريجة:

الرقم التعريفي:

تهانينا لقد تم اختيارك للحصول على قسمة العمل الخاصة بأحد مكونات برنامج الأردن الآن.

ينفذ البنك الدولي، بالتعاون مع اللجنة الوطنية الأردنية لشؤون المرأة ووزارة التخطيط والتعاون الدولي وجامعة البلقاء التطبيقية وغرفتي الصناعة والتجارة، برنامجا رياديا لزيادة فرص العمل لخريجات الكليات الجامعية المتوسطة في الأردن.

مع ارتفاع نسبة البطالة بين الشباب الأردني، يركز المشروع على طالبات الكليات الجامعية المتوسطة اللاتي انهين دراستهن مؤخرا وبدأن البحث عن عمل. يعتبر الافتقار الى مهارات العمل، بشكل خاص، من أهم العقبات التي تحول دون حصول خريجي الكليات الجامعية المتوسطة على فرص عمل. تعتبر هذه الرسالة بمثابة قسمة العمل، يؤكد برنامج الأردن الآن بموجبها بأنه سيكون ملزما قانونيا بتسديد مبلغ وقدره 150 ديناراً أردنياً شهريا بدل راتب لأي شركة مسجلة قانونيا تستخدمك بدوام كامل ولمدة تصل إلى

6 أشهر. عليك قراءة الشروط والتعليمات بالنشرة المرفقة الخاصة

بقسمة العمل التي تشرح آليات عمل القسمة.

الرقم التعريفي أدناه ضروري ويمكنك من الاستفادة من المزايا المختلفة للبرنامج ومن التواصل مع إدارة البرنامج شركة الدجاني للاستشارات. الرجاء قراءة النشرة المرفقة بعناية والتي تبين لك الآلية التي يتوجب عليك اتباعها. إذا وافقت على المشاركة والالتزام يرجى ارسال نموذج الإقرار بأنك قد قرأت النشرة واثق توافقين على شروط المشاركة. يمكنك أيضاً أن توقعي وأن تسلمي هذا النموذج إلينا خلال هذه الجلسة الخاصة بتقديم معلومات عن البرنامج.

تبدأ صلاحية هذه القسمة في 2010/10/10 وتنتهي في 2011/8/31

حظاً سعيداً!

إدارة البرنامج : شركة الدجاني للاستشارات الإدارية والإقتصادية
هاتف: 5665484 (06)
فاكس: 5602939 (06)
البريد الإلكتروني: Jordan.now@dajaniconsulting.co

Beneficiary groups

- No benefits (450)
- Offered Vouchers only (300)
- Offered Training only (300)
- Offered both vouchers and training (300)

Partners

- MoPIC
- Al-Balqa Applied University
- BDC and Dajani Consulting
- Steering Group and Gender Advisory Group
- Jordanian Chambers of Commerce and Industry

The Existing Evidence

- Soft skills training:
 - In 18 countries of Latin America, entra21 has conducted soft skills training programs within comprehensive youth labor programs. But, there's no evaluation of the effectiveness of the soft skills component.
 - In the Dominican Republic, Juventud y Empleo program teaches soft skills along with work experience. This combination has mildly positive employment impacts.
- Wage subsidies (job vouchers):
 - In the United States, two studies (Burtless, 1985; Dubin and Rivers, 1993) find negative impacts attributed to stigma effect.
 - In Argentina, Galasso et al. (2004) finds job vouchers led to 8% increase in wage employment, although few vouchers redeemed
 - Wage subsidies used in a number of other countries (e.g. Slovakia, Poland, Morocco, Tunisia), and coming in South Africa, but not evaluated.

Why might soft skills training work?

- Growing evidence that non-cognitive or soft skills are important for employment and a range of other life outcomes (e.g. Bowles et al, 2001; Heckman et al., 2006).
- May enhance employment prospects by giving youth better skills and confidence for looking for jobs and by making them more productive in their first months in the job by reducing the amount of time firms need to spend training them on the basics of working in a business environment.

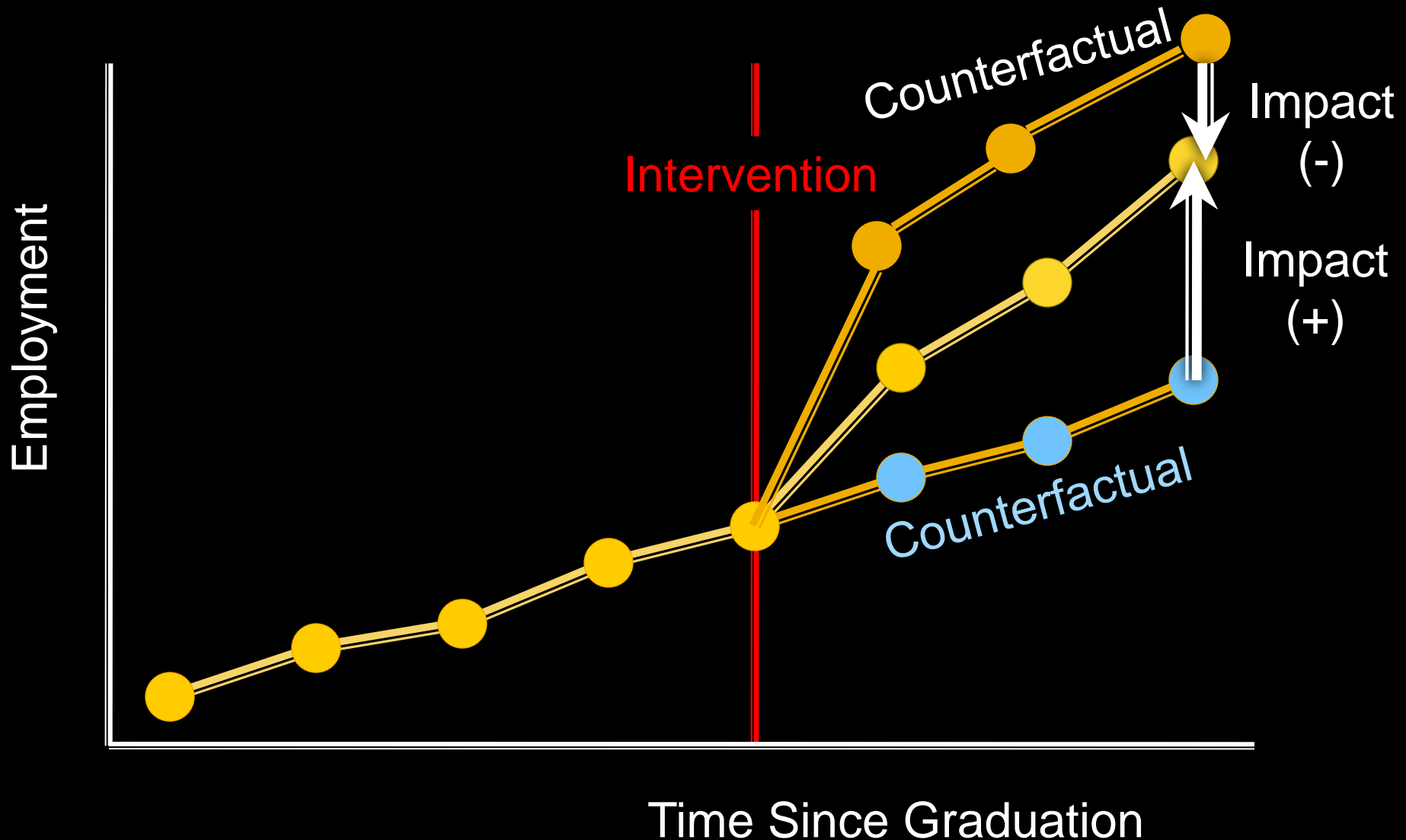
Why might job vouchers work?

- Short-term subsidies may have long-term effects by raising the productivity of youth through work (Bell et al., 1999)
- May encourage employers to take a chance on hiring inexperienced, untested workers (World Bank, 2006).
- May provide youth with the crucial experience needed to develop soft skills and find other jobs
- Might give youth confidence to approach employers (Galasso et al, 2004).

How can we determine if Jordan NOW is successful?

- Compare the intervention to what would have happened if the intervention hadn't happened
 - We cannot simply compare before and after because the economy might have dramatically changed
 - We need to create a counterfactual, a well defined group who's not affected by the intervention, to represent what would have happened

Why do we need a counterfactual?



Experimental Design with a Lottery

- Due to limited funds and capacity, we couldn't provide training and vouchers to everyone.
- In order to provide our sample with an equal and fair chance to participate in the program, we used a lottery to assign graduates to the program.
 - 300 were assigned to the voucher
 - 300 were assigned to the training
 - 300 were assigned to the voucher and training
 - 450 were not assigned to any treatment
- For our impact evaluation, we will compare the voucher and training groups to the 450 in the control group.

Voucher
300

Training
300

Both
300

Control
450

Table 2. Comparison of Means of Baseline Characteristics by Treatment Group

	Voucher Only	Training Only	Voucher & Training	Control Group
<i>Stratifying Variables</i>				
In Amman, Salt, or Zarwa	0.43	0.44	0.43	0.44
Tawjihi score above median	0.55	0.55	0.55	0.55
Low desire to work full time	0.41	0.41	0.41	0.41
Is allowed to travel to the market alone	0.51	0.51	0.51	0.51
<i>Other Baseline Variables</i>				
Age	21.2	21.1	21.1	21.3
Married	0.14	0.16	0.12	0.13
Mother Currently Works	0.07	0.06	0.08	0.06
Father Currently Works	0.59	0.61	0.57	0.53
Has Previously Worked	0.15	0.18	0.16	0.16
Has a Job Set Up for After Graduation	0.05	0.08	0.10	0.08
Has Taken Specialized English Training	0.31	0.26	0.26	0.30
Household Owns Car	0.62	0.66	0.62	0.64
Household Owns Computer	0.72	0.75	0.74	0.70
Household Has Internet	0.28	0.18	0.26	0.26
Prefers Government Work to Private Sector	0.82	0.81	0.79	0.81
Sample Size	299	300	299	449

Note: The only statistically significant difference across groups is internet access which is significant at the 10% level.

77% of Jordan NOW participants studied Business Administration, Health, or Education

Data Collection Timeline

- Baseline – July 2010
 - Graduation – August 2010
 - Soft skills training: Sept-Nov 2010
 - Voucher period: Oct 2010-Aug 2011
 - **Midline survey:** April 2011
 - **Endline survey:** December 2011
-
- + **Firm survey** October/November 2011
 - + **Social Security Corporation** March 2012

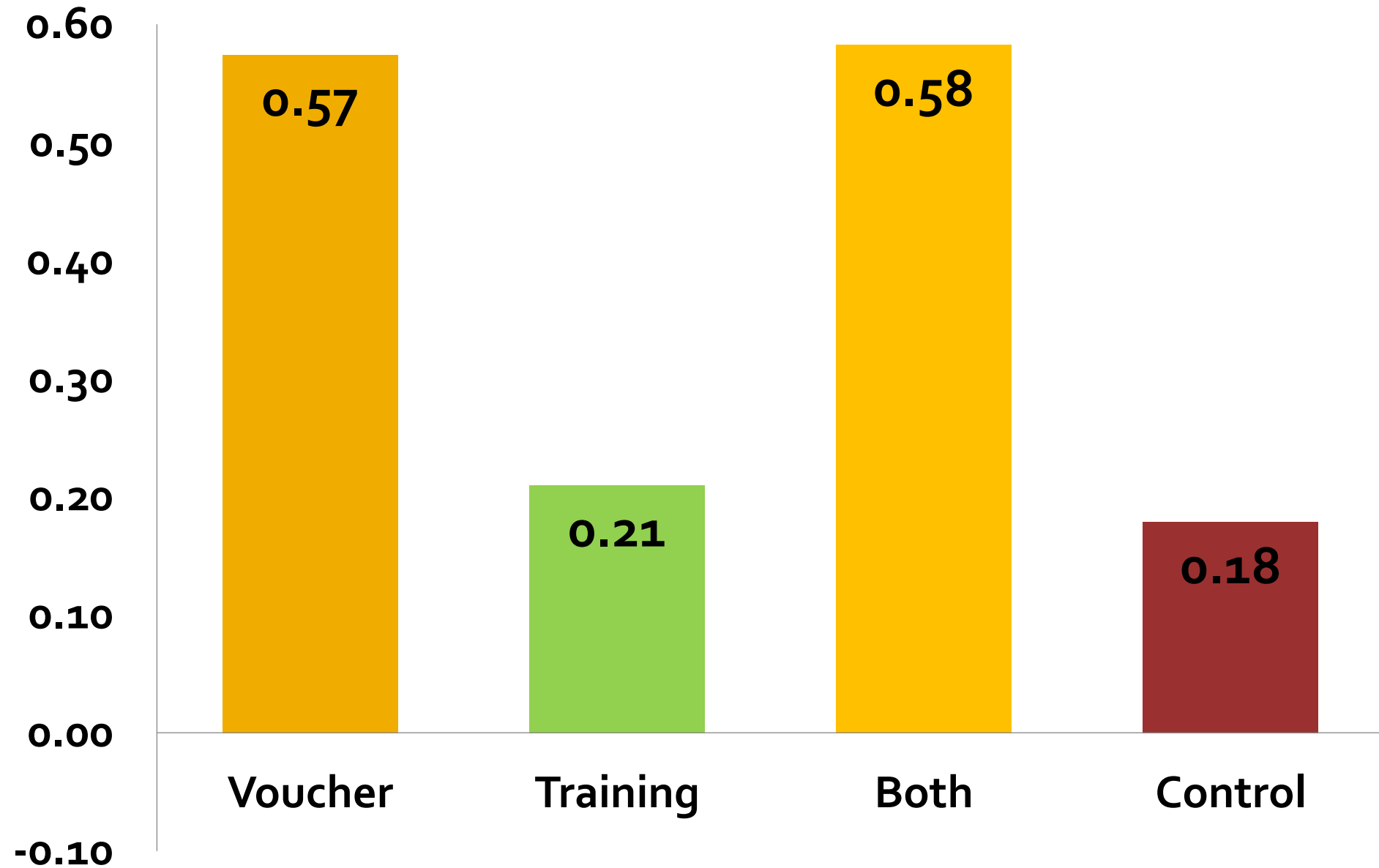
Successful data collection

- In April 2011, Dajani Consulting successfully interviewed **92% of our initial sample**
- In December 2011, Dajani Consulting successfully interviewed **96% of our initial sample**
- The Social Security Corporation provided administrative data on **95% of our initial sample**

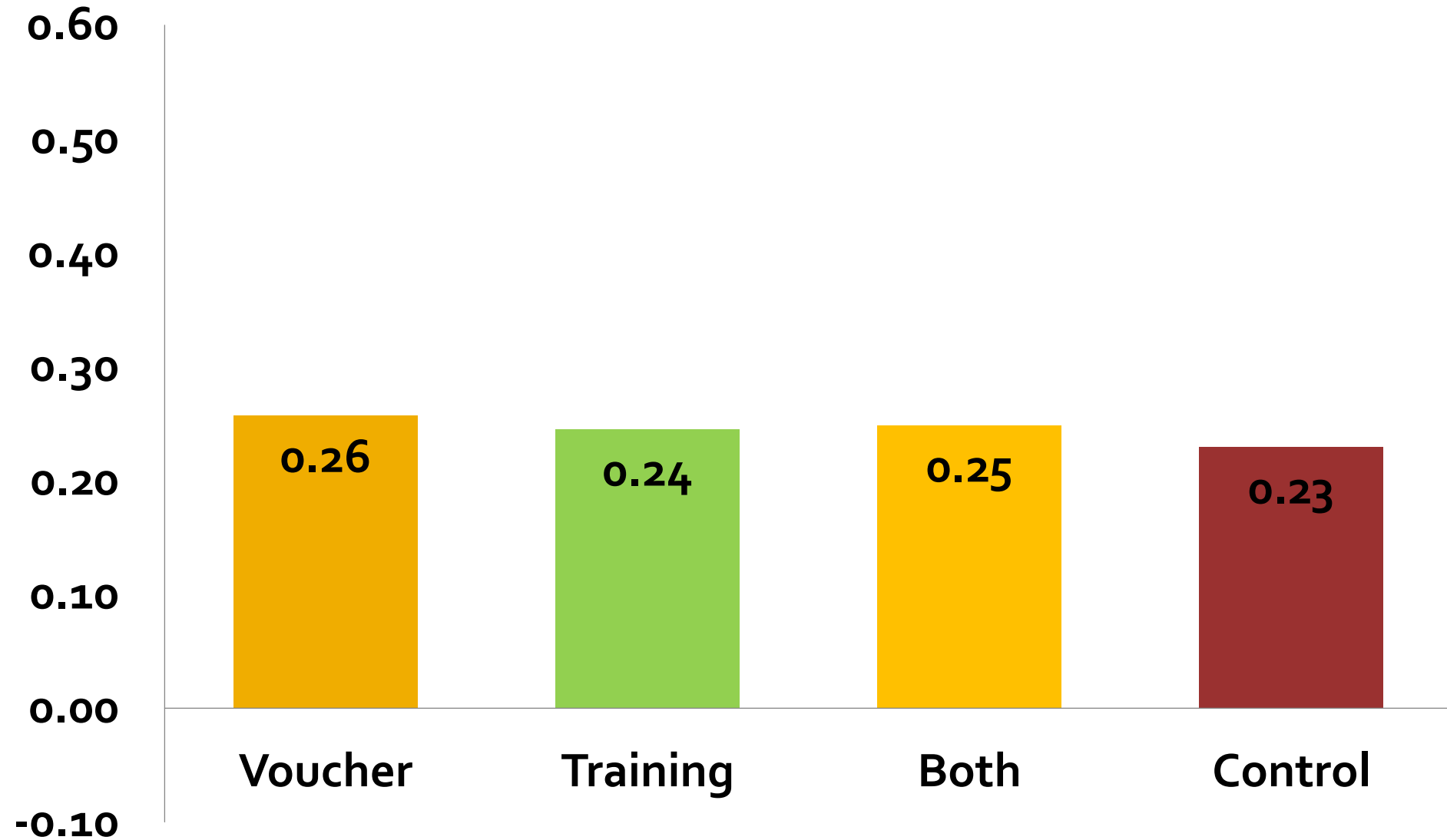
What do you think happened?

1. Do you think the voucher increased employment?
2. Do you think the training increased employment?

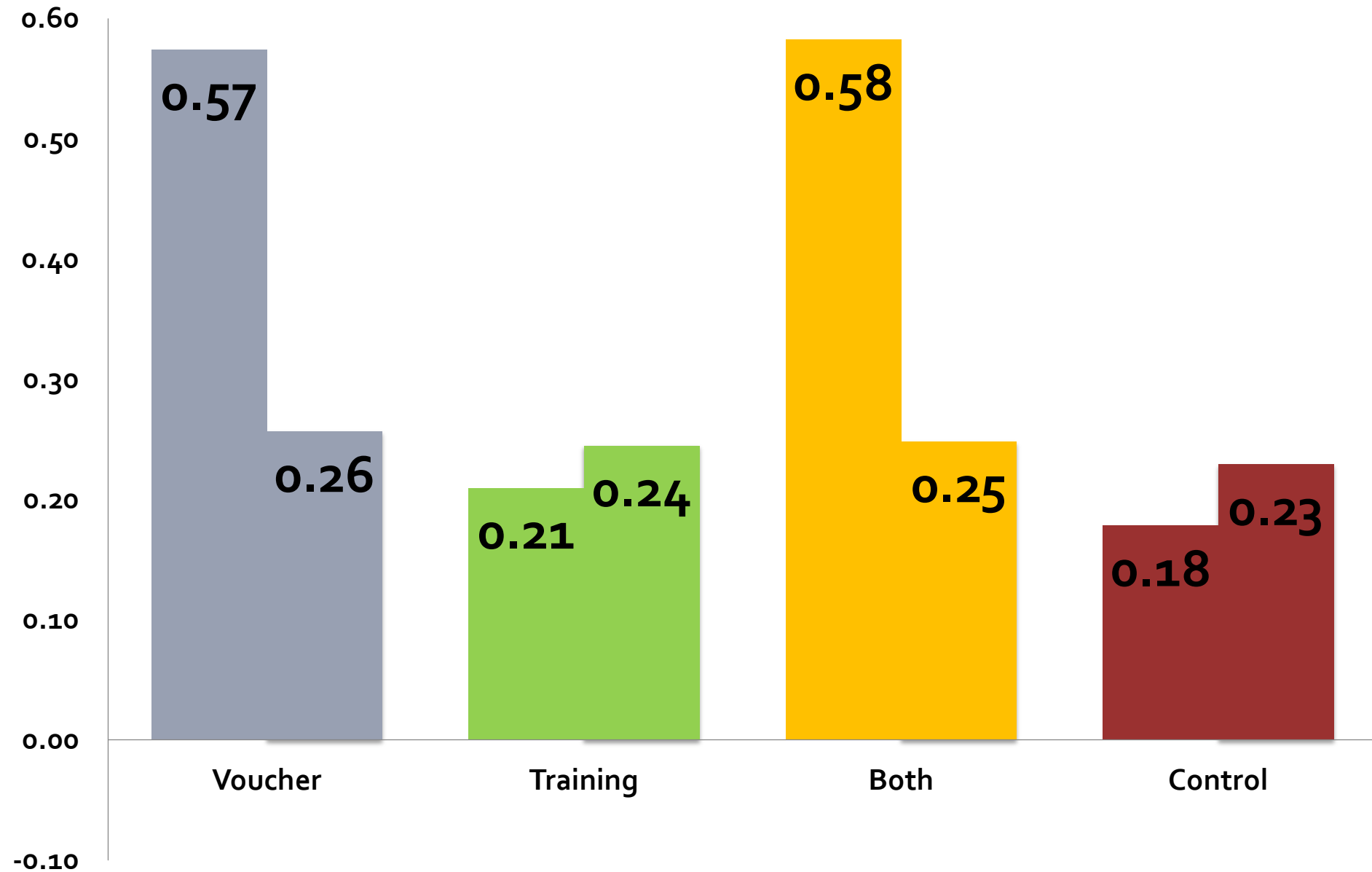
Proportion of Female Graduates Employed in April 2011 (while voucher is still active)



Proportion of Female Graduates Employed in December 2011 (three months after all vouchers ended)



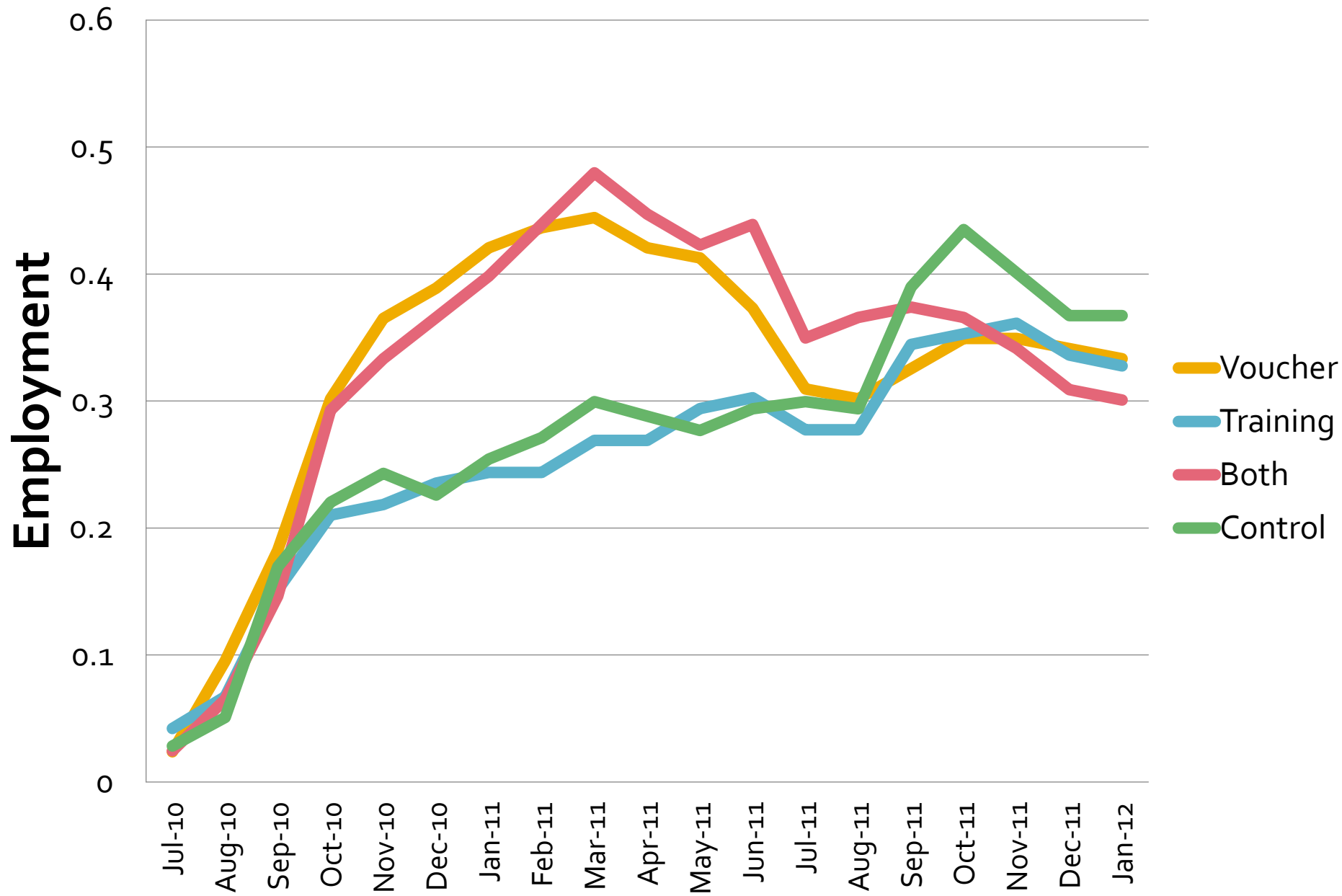
Proportion Employed in April vs. December 2011



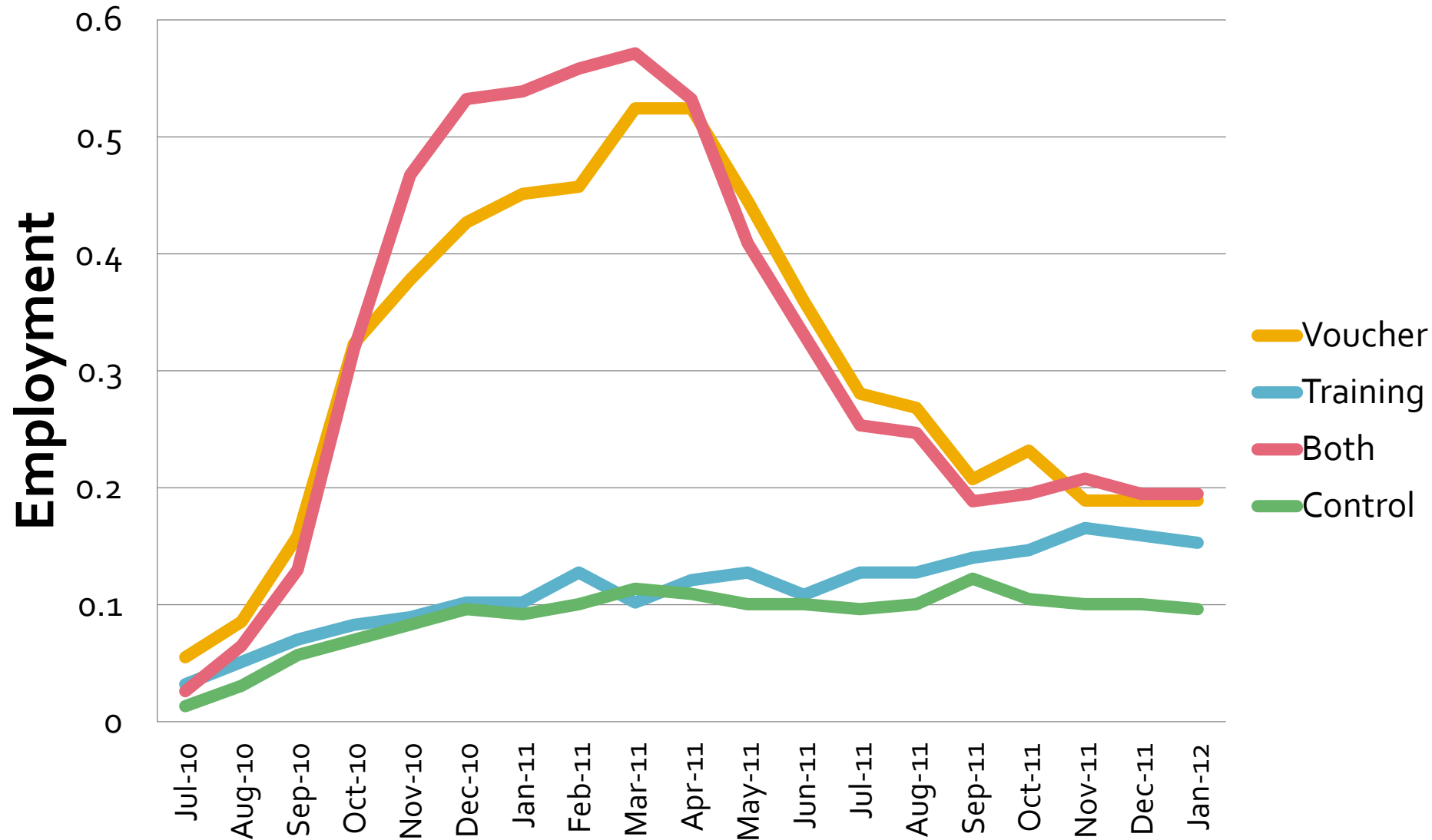
Regional Variation

- At midline
 - The voucher increases employment outside of Central Jordan by 50% and inside by 25%
- At endline:
 - Voucher Treatment effect is 8.8% outside Central Jordan (sig. at 5% level)
 - Training Treatment effect is 6.4% outside Central Jordan (sig. at 10% level) – neg. and insig. effect of training in Central Jordan.

Central Jordan

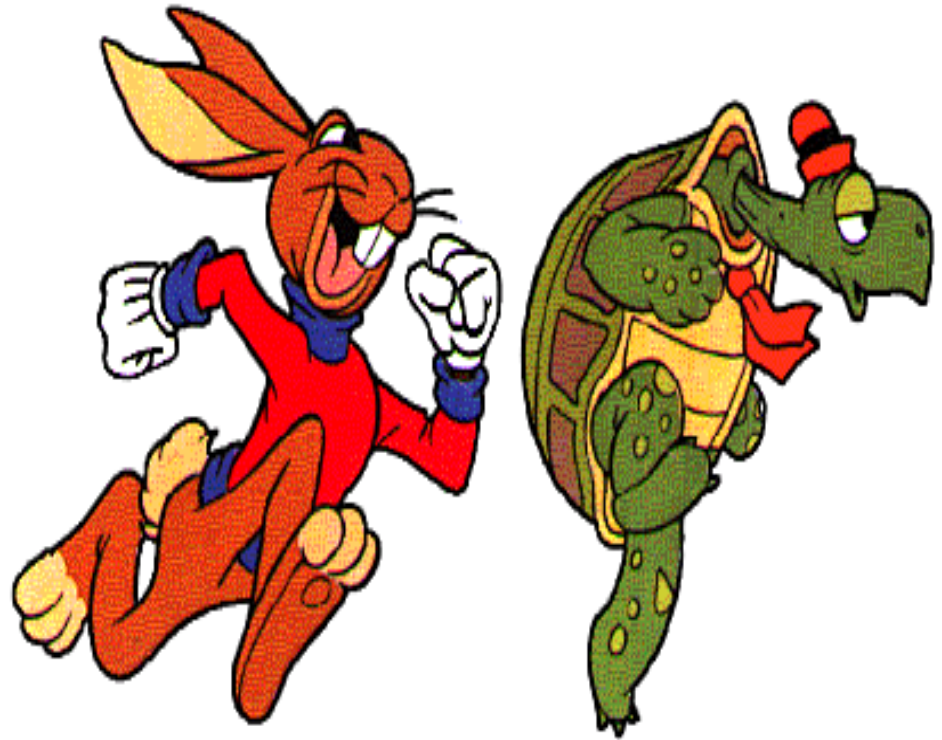


Northern and Southern Jordan



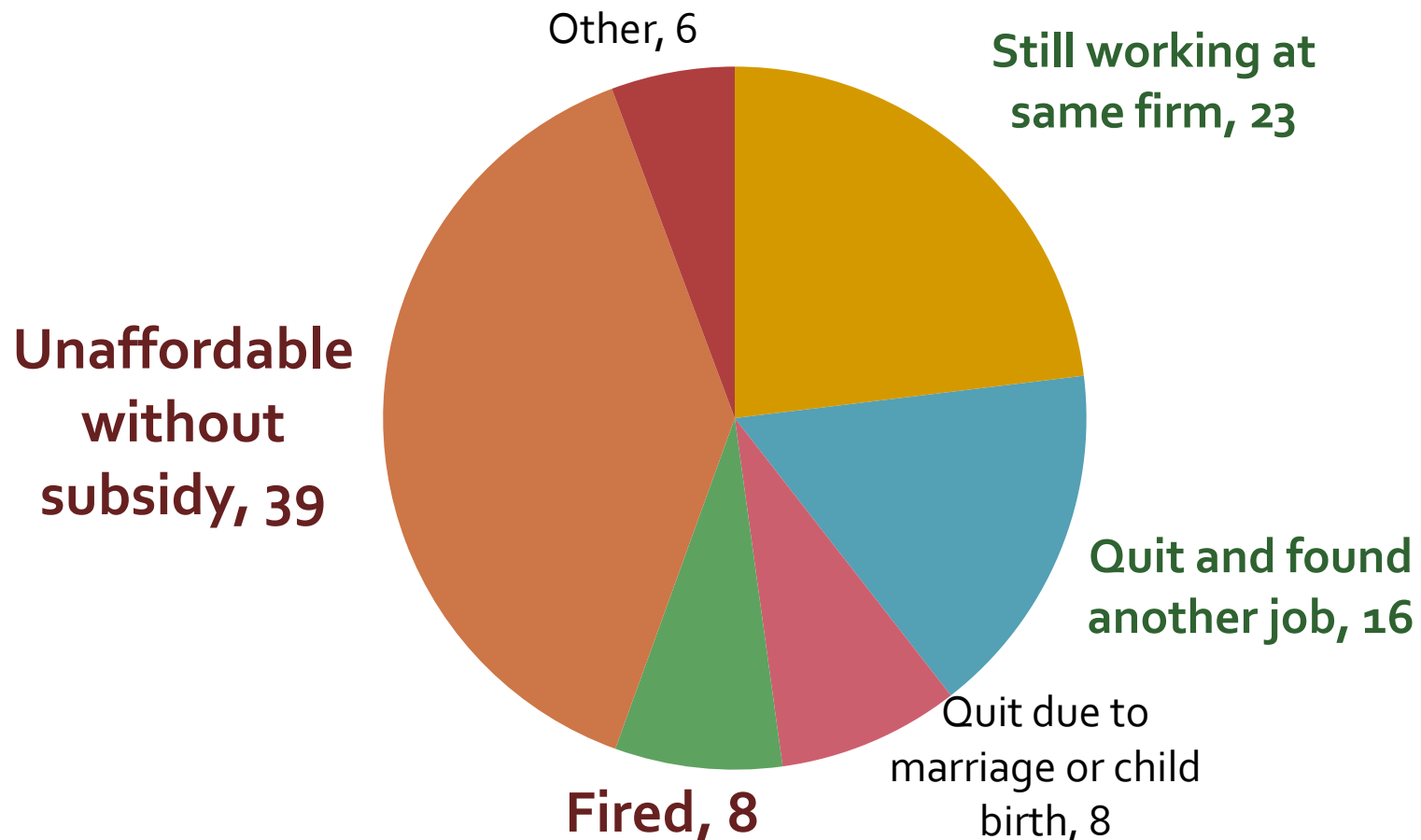
Is this a case of the tortoise and the hare?

- Vouchers helped women find jobs quicker than they otherwise would have
- In the end, the control group caught up to the voucher group in terms of employment



Why didn't the hare win?

- After the vouchers expired...



16 months after graduation...

	Ever employed (%)	Out of the labor force (%)
Without the program	39	52
Training	43	46
Voucher	70	42

→ Vouchers increased labor market experience, and labor force participation (particularly outside Central Jordan) by about 10 percentage points

Additional Impacts on well-being

- Voucher increased current self perception of well being
- Training increased future self perception of well being
- Training decreased incidence of severe depression by 5%

A summary of results

- Piloted two interventions to try and reduce barriers to female youth employment in Jordan
 - Job voucher had large impacts while active, but most jobs created were temporary in nature.
 - Lasting impact only outside of Amman, and some evidence that it came at the expense of control group workers.
 - Training led to more positive attitudes and improvements in mental health, but no short-term employment impact
 - Voucher increased job market experience and labor force participation

Firms do not find it worthwhile to formalize employment..

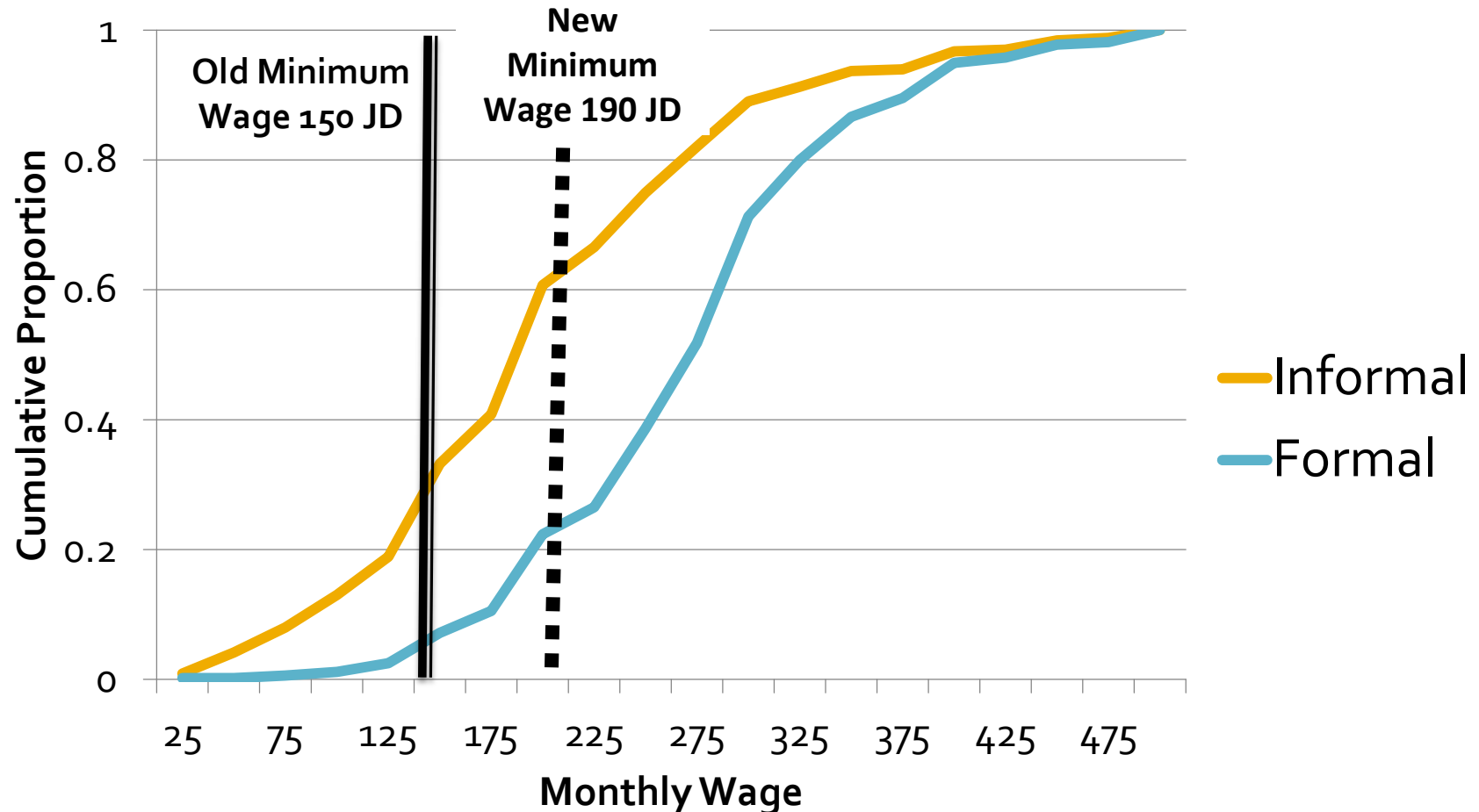
- According to the labor laws in *Amendment 8 in 1996*, after a three month probationary period, restrictions/penalties on firing workers come into force.
 - But 95 percent of the vouchers that were redeemed were used beyond three months → But many lost their jobs, firing penalties are not strictly enforced
- Most of the voucher employees were not registered for social security → firms were able to successfully avoid regulations and keep them as informal workers
- Had firms registered these workers as formally employed, employers would have to pay social security taxes and payroll taxes , adding 20 percent to the cost of employing a worker → an unaffordable financial burden?

Is a universal minimum wage hurting employment prospects for the young?

- 75 percent of the graduates employed with the voucher while it was valid were hired at a wage of exactly 150 JD per month--the minimum wage during Jordan NOW, and a precondition of voucher use. But, less than 8% were paid less than minimum wage. Once the vouchers expired, this number jumped to more than 20 percent
- Where the minimum wage was not made a precondition for employment (for the training and control groups), more than 25% of those employed earned less than 150JD throughout our entire pilot
- And the overwhelming reason that firms terminated employment after the vouchers ended was that the employees were “unaffordable without the subsidy”

Over 60% of youth in the informal sector earn less than the current minimum wage

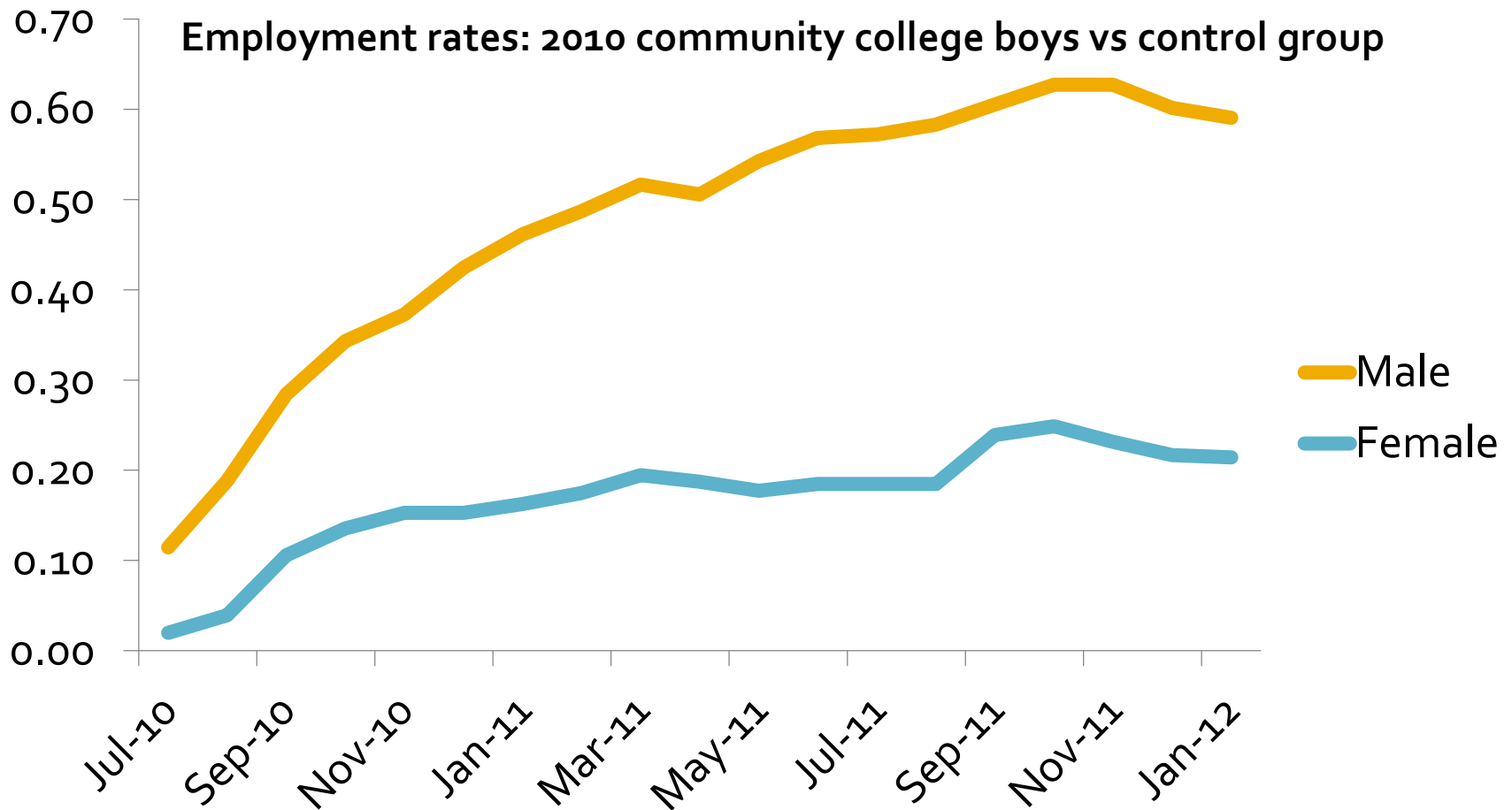
Proportion of Employed Youth 19-29 who Earn at Least a Specific Wage



Lack of job creation constrains the demand for young workers

- Boosting private sector led job creation in Jordan will require a comprehensive approach to employment creation, especially demand side reforms as the NES calls for
- Young graduates are not perceived to be productive enough to justify the requirements for formalizing workers and the minimum wage
- Young educated Jordanians, on average, search for a job for more than 15 months after graduation.
- Young educated women have a very narrow set of employment options

Can our pilot predict anything about young men?



What have we learnt?

- A job voucher in effect lowers the costs to private firms of hiring unemployed youth.
- What do they gain?
 - Labor market experience
 - Reducing unemployment and search durations
 - Limiting discouragement
- But in light of the lessons from the pilot, we would do differently in designing the voucher:
 - Amount
 - Duration

Voucher: How much?

- A voucher subsidy that is less than the minimum wage – partial subsidy
 - In comparison to full subsidy of the minimum wage, incentives to create productive, lasting employment
 - The firm will be more likely to consider the productivity of the employee and share in the cost → more sustainable employment
 - At the same time, it effectively lowers the cost of hiring a fresh graduate: for example, a subsidy of 100 JD implies the firm pays only 90 JD to meet the minimum wage of 190JD

Voucher: How long?

- A partial subsidy allows a longer program duration, and more extended coverage
- A smoother exit: The lower the value of the voucher, the easier it is to transition from the voucher to no voucher
 - Given long unemployment durations, vouchers could be phased out: 100 JD for the first 6 months and 50 JD for the next 6 months.
- Longer time on the job:
 - The employer has a better chance to assess employee
 - The employee has more time to learn on the job

Thank you for your time

- Please feel free to contact us at
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Discussion points

- Minimum wages for flexible hours?
- Creating new jobs versus making existing jobs cheaper?
- Can soft skills alone boost employment?
- In the Jordanian labor market: Is it who you know or what you know?