

The Relationship between Government Programs and Unemployment Rates in Jordan (2004-2014)

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Abstract

This study is aimed to show the relationship between governmental programs and unemployment rates in Jordan for the period (2004 – 2014). The study relied on descriptive methodology to show the relationship between the study variables represented by unemployment rate and the governmental programs that have been implemented during the study period, namely: (economic and social development plan and the employment and the vocational & technical training support, which are a part of the Executive Development Program). The study showed a relationship between the governmental programs, which have been implemented, and the unemployment rates, since unemployment rates declined as a result of the implementation of these programs during the study period. The study concluded the number of recommendations including: Establishing development projects to stimulate economic growth, orientation of local and foreign investments towards direct treatment to reduce the unemployment rate by providing actual job opportunities, adjustment and regulation of labor market and seeking the substitution of national workers instead of foreign workers gradually, adjustment of the employment process in the qualified industrial zones, unify efforts and increase coordination between the concerned parties and bodies to solve the unemployment problem and helping the groups more affected by the issue of unemployment and to focus on a young group of (17-24) years old by orienting them towards professional and vocational work.

Introduction:

With increased population and high population rates, many economic, social & environmental problems as well as other problems appeared. Unemployment among the young workforce was one of the problem that has emerged and floated among all the communities and countries of different economic levels; as unemployment is considered the most widespread economic pest within communities, especially if it is not resolved carefully and accurately. However, unemployment has been considered a global problem; all countries tend to develop their own policies and strategies to reduce it.

Jordan has suffered the problem of unemployment, which is one of the essential problems suffered unevenly by the majority of the world's economies. Where its severity increased in particular in light of the current world's international and regional conflicts, such as wars that led to the forced migrations including foreign labor flow and many other causes of increased unemployment. Consequently, there was a need for employing governmental programs and comprehensive policies to reduce it. So, the Jordanian government sought the development of required programs and policies in order to alleviate the unemployment problem, which, obviously, leads to the dispersion of human capacities. There are negative social, political and economic effects as a result of unemployment, which could be a threat to the national security.

Unemployment is considered a major social and economic problem that needs to have its causes identified and analyze its effects by using a scientific and perspective methodology to know its size within the Jordanian society, in order to work on reducing risks to a minimum as possible. This could be reached through the continuous seeking of appropriate social, economic, educational approaches in order to control this problem from all sides and treat it before its escalates. However, this responsibility should be undertaken by the Jordanian government in terms of the design and implementation of plans and strategies to face it.

Jordan faces a growing problem of unemployment, especially affecting young people threatening to cause serious impacts on the Jordanian society in general and on the Jordanian citizens in particular. As the World Development Report 2013, issued by the World Bank, pointed out Jordan is suffering from high unemployment rates reaching 25% among young people (World Bank: World Development Report 2013).

According to the official statistics, it was indicated that unemployment in Jordan showed significant increase due to the current presence of more than one and a quarter million people between the ages of ten to nineteen years old who are eligible to enter labor market soon, so they will need job opportunities, which were called the demographic opportunity by 2025. As the high rate of employment is attributed, according to economists, to the existence of many factors, this should require taking into account the accuracy in executing governmental programs to ensure the government's ability to address this problem and its increase.

Study Problem and Questions:

The Jordanian government suffered major challenges to fight unemployment, which forced the decision-makers to understand and analyze the causes of this phenomenon and to develop plans and strategies to solve this problem and reduce its effects and its high rates. So, the study problem is represented by the determination of the relationship between the strategies and plans prepared by the government and its relation to the unemployment rates by answering the following questions:

- A. What is the status of unemployment in Jordan?
- B. What are the programs that have been designed and implemented by the Jordanian government to reduce unemployment and what is effectiveness during the study period?
- C. Is there a relationship between the governmental programs "The Government Employment Programs" implemented by the government and the unemployment rates and the nature of the relationship during the study period?

Objectives of the study:

The main objective of this study is to provide a descriptive analysis of the problem of unemployment and the nature of the governmental programs implemented to determine the reduction of unemployment in Jordan for the period (2004-2014). The study is aimed to achieve the following objectives:

- A. Determine the causes that led to the emergence and aggravation of the problem of unemployment in Jordan during the study period.
- B. Examine the policies and mechanisms (government programs) adopted by the Jordanian government to overcome this problem during the study period.
- C. Assess the extent of success and the effectiveness of these governmental programs and mechanisms to solve the problem of unemployment in Jordan.
- D. Seek to propose effective new mechanisms to treat the problem of unemployment.

Importance of the Study:

The importance of this study emerged from the problem of unemployment and the description of its dimensions and aspects, which are considered some of the most serious problems that threaten the economy and the Jordanian citizens as it threatens to cause serious economic and social effects. In addition, the study dealt with the implemented governmental programs which aimed at solving these effects through the linkage between strategies and plans prepared by the government and its role in the treatment of unemployment problem as well as its contribution to the change in its rates positively or negatively for the period (2004-2014).

Study Methodology:

In this study, the descriptive methodology was used due to the nature and variable types of this study, to identify the roles of the implemented governmental programs in terms of fighting unemployment and foreign labor control. Descriptive methodology was used also to study and to find facts concerning the unemployment rate of and the policies of the current treatment, so that we can describe the programs, plans and strategies implemented by the government accurately in both a quantitative and qualitative manner and to identify their impact on the unemployment rate during the study period. All of the above justifications made it possible to assess the implications and the effects of unemployment on the Jordanian society and provided the researcher the scientific basics which contribute to providing a comprehensive picture of the current status of unemployment and the implemented governmental programs conversely. It would also help to contribute to possible useful recommendations for decision-makers.

Literature Review:

Many studies dealt with the issue of unemployment in terms of either theoretical or practical analysis. Those studies examined the causes of unemployment and its challenges. In addition, it discussed many individual or collective variables in the study and identified their impact on the unemployment rate. Below are the closest studies to the methodology of this study.

Al-Hunaiti (2007) study which focused on the unemployment problem within Jordan's southern desert regions, which discussed the relationship between unemployment and gender within the Jordanian southern desert community where the research analyzed the relationship between the unemployment rate and some of the social and demographic variables by gender in the Bedouin communities in the south of Jordan. The study concluded that the economic participation in the labor market in males is higher than in females; it also shows a statistical correlation between the level of higher education for females and the rate of economic participation.

Al- Utoum (2003) discussed the impact of substituting foreign labor instead of Jordanian labor on the status of the unemployment problem as part of the Jordanian economy. Where, this field study discussed the obstacles of the substitution of foreign labor instead of Jordanian labor in Jerash, in order to mitigate future unemployment

within the governorate. For the purposes of this study, two samples were selected; the first sample consisted of private institutions registered at Jerash' Directorate of Labor, by using the stratified random sampling approach; while the second sample consisted of job seekers registered at Jerash' Directorate of Labor, by using the simple random sampling method. Two questionnaires have been developed in light of the results showing that employers prefer the employment of migrant laborers due to the presence of several properties, such as obedience, commitment, and the availability of the required quantity and quality. In contrast, there are negative characteristics in local laborers, such as dependency, slow work and preference of office and supervising jobs. On the other hand, it was concluded that local laborers have a positive attitude towards working in the private sector, but they are reluctant to work due to different reasons, including low wages, long working hours, lack of job security and others.

Arratroot (2002), Aimed to determine the poverty and unemployment rates in Jordan, as shown by the reports of the studies and field surveys covering the period (1987 until 2002). The study results showed the absence of strategic framework of microfinance institutions, in Jordan the poverty and unemployment rates are independent based on the following facts: linking the poverty fight and the unemployment fight as a basic strategic integrated objective and the inclusion of the poor and the unemployed as a target group by its loans. The results of the study also indicated that the strategic frameworks mixed poverty and unemployment within its policies' documents. The study provided many recommendations including re-planning of income-generating project programs based on the independence of the poverty and the unemployment rates.

Al-Khasawneh, et al (1998), examined the poverty and the unemployment problems in Jordan. His study relied on the estimation of the monetary value of food commodities proposed for the basic needs of the individual in order to determine the miserable poverty line, as well as to recalculate the relative importance of expenditure items, except the expenditure on non-essential needs to determine the absolute poverty line, beside the re-adoption of some of the needs that used to be considered non-essential in previous studies became essential needs in this study, such as personal care and entertainment.

However, **Aruri (1997)** talked about the main characteristics of the labor force in Jordan, as shown by the results of the (Labor, Unemployment and Income Survey for 1993), where the researcher dedicated one side of his research to highlight the general characteristics of unemployed people in terms of age, gender, educational level and job. He mentioned that the unemployment rate for 1993 approached 19% a yearly average and reached 16.10% for males and 35.3% for females.

Haddad (1995), talked about population trends to forecast the rate of unemployment as a result of these trends until 2004 by using the Population Projection. He has also developed an estimation of the active labor force entering the Jordanian Labor Market and its impact on unemployment.

Jalodi (1991), discussed unemployment in Jordan during the period (1982-1987) in terms of number of economic and social variables, highlighting the general characteristics of the unemployed regarding sex, age, educational level, place of residence, marital status, economic activity and job. The researcher provided some views for the solution of the unemployment problem.

Abu-Amra (1991), discussed some of the economic, social and demographic impacts of the unemployment problem in Jordan. His study relied on the results of (Health, Nutrition, Human Resources and Poverty Survey) conducted by the Department of Statistics in 1987. He has also used the (Poverty Pockets in Jordan Study) carried out by the Ministry of Social Development in 1989.

Al-Abbad (1990), discussed some of the changes shown in the Jordanian labor force during the period from 1961 to 1985. Based on this history, he developed an estimation of the entrants to the Jordanian labor market until 2004, in light of the assumptions of the World Bank as well as the results of the period (1961 – 1985). The researcher also used the trends of Jordanian labor productivity growth rate. However, the figures he obtained were greater than the available new job opportunities. Finally, he recommended the need to focus on labor-intensive economic projects, and to reduce capital-intensive projects as much as possible, to create new jobs so as to cope with unemployment.

The Unemployment and Economic Development Status in Jordan

The issue of unemployment is considered, at the moment, one of the main problems affecting most Arab countries regardless of their economic level. The worst and the most striking feature of the economic crisis for these countries is the enlarged problem of unemployment, i.e. the continuous steady rise in the numbers of skilled job seekers willing to work; where the unemployment issue became the main subject of concern for political decision makers as well as researchers at the regional level in general and local level in particular.

Unemployment, in Jordan, is considered a reflection of a complicated range of economic, political and social factors, where this problem is likely to continue in Jordan because of the changes seen in the region, particularly after the Arab Spring events.

Jordan is a country lacking for economic resources, particularly because an important part of its macroeconomic policies are affected by the obligations enforced by the IMF and international donors. In order to

identify the relationship between government policies and their effect on the unemployment rate and to what extent they are able to solve the unemployment problem. The researcher studied this chapter by descriptive analysis methodology, talking about the status of unemployment and the economic development in Jordan based on the official reports issued during the study period.

Assessment of the unemployment status and its indicators in Jordan:

Jordan's economy is suffering a chronic conflict that threatens Jordan's economic growth, as the issue of unemployment became a cause of many social diseases spread among the young unemployed as Jordan is considered a small developing country characterized by limited economic resources, lack of natural resources and a steady increase in population. The Hashemite Kingdom of Jordan has witnessed, since its foundation, many economic, social and demographic developments that led to fundamental changes of its economic and social structure. However, this situation provided special features for the Jordanian labor market.

According to the official statistics, the local labor market has witnessed a development in many economic indicators, that have affected the unemployment rates and became a reflection of what was carried out by the governmental programs in terms of policies, programs and projects in order to reduce its rates in general, including:

1. Population growth rates and labor force growth rate indicators (employed and unemployed persons) which give a comprehensive image of the numbers of employed, unemployed and foreign labor in Jordan.
2. Unemployment indicators, which reflect the surplus in supply as compared to demand.
3. Indicators related to the labor market, namely (indicators of offered new job opportunities that reflect employment, and the indicator of the number of unemployed persons, which reflects the supply and the unemployment rates that reflect the gap between supply and demand).
4. Economic growth rates (the evolution of GDP) and investment flows, which outline the economic situation and its relation to the developments in demand, supply and employment.
5. Capital costs for the government's programs and projects related to the unemployment rates and its comparison with the public expenditures of the government.

The above mentioned elements will be analyzed to describe the status of the unemployment in Jordan and to identify the scope of the implemented governmental programs contributing to unemployment rate.

Population Growth Index:

Jordan's economy and its social fabric were affected, during the past decades, by many developments within its Arab surroundings. Such developments have led to a direct impact on the national economy and its ability to respond to the resulted social mutations. Also, the population increase in Jordan, either resulted from the high natural population growth or as a consequence of the Arab-Israeli conflict beside the current crisis in the Arab countries and post- Arab spring' consequences that forced the kingdom to receive many refugees and displaced persons, were all reflected on the economy.

Population growth is still on rise, as indicated by the labor statistical data in Jordan issued by the Department of Statistics, the population of the Hashemite Kingdom of Jordan reached about (5.40) million at the beginning of the study period in 2004, while it amounted to (6.675) million, by an increase rate of (23.6%), at the end of the period 2014 as shown in the table below.

Population growth in Jordan, witnessed a slight drop by two points during the years (2004 - 2010) as it declined from 2.4% to 2.2%, however, the year 2011 marked a low population growth rate estimated at about 1%, whereas population growth achieved a clear rise in 2012 reaching (3.7%), while the rate has returned to a relatively stable growth rate during the years (2013-2014) estimated at (2.2%). However, the population increased by (23.6%) since the beginning of the period in 2004 up to the end of the period in 2014, which led to a rise in the labor force and labor force growth, which represents (employed, unemployed and foreign labor) and at the same rate during the same period.

It is clear, according to the above table, that growth rates were approaching and compatible with the population growth rate. This should indicate a rise in the labor force and as a result of high population growth.

According to the above figures there is a reduction in the workforce index, which is due to the withdrawal of approximately 40 thousand foreign workers in 2010 who were working in Jordan. This led to the emergence of new job opportunities for Jordanians, estimated at 110 thousand jobs throughout 2010 and 2011 (Ministry of Labor, 2011: 14).

The demographical factors and the geographical distribution of population are considered important elements that may change the unemployment rates; it is noted that most of the Kingdom's population is concentrated in the central region by more than (70%) of the total population. They are distributed over three governorates; the capital, Irbid and Zarqa'. Whereas about (37%) of the total population are living in the capital. In contrast, Tafila governorate has the least population density with less than (1.5%) of the Kingdoms' population (Jordan figures, 8:2014).

According to the official statistics, issued by the Department of Statistics, more than three-quarters of the kingdom's population reside in residential urban communities (which are housing a population of 5 thousand people or more in accordance with the General Census of Population and Housing in 1994). This case caused a great pressure on resources and services, and forced decision-makers turning to develop these areas to absorb the steady increase in the population. Accordingly, we find that the overall rate of the urban employed during the study period (from 2004 to 2014) exceeded 34% compared with (29%) for rural employed. (Department of Statistics, 2014:14)

The researcher believes that the increase in the population in the Kingdom is attributed to several factors, including:

1. Surge of the population, whether due to high natural population growth or as a consequence of the Arab-Israeli conflict beside the current crisis in the Arab countries and the Arab Spring consequences that caused the kingdom to receive many refugees and displaced persons seeking security and peace.
2. Low rate of deaths due to the developed health sector and improved medical services which the kingdom provides.
3. High numbers of foreign labor entering to Jordan, seeking job opportunities, which are estimated at (200) two hundred thousand Arab and foreign workers annually (Ministry of Labor 2013:8).

Foreign Labor Employment Index

On the other hand, we found that approximately 300 million JDs are transferred annually from Jordan through remittances of foreign workers. This situation caused a deficit in the payments balance, as according to the Central Bank Statistics the value of outside remittances, from Jordan by foreign labors for the years (2004-2014), reached an average of (300) million JDs annually (Central Bank, 2012: 57). In addition to the unofficial funds transfer through friends or frequent travel, whereas, as shown in the following table, the remittances of the Jordanians working abroad amounted to only about (20%) of such transfers for the same years.

Although foreign labor contributes in the implementation of economic development programs, there is competition among those workers for jobs and wages, as reducing the level of unemployment in terms of Keynez theory requires increase in real wage rate. Also, the remittances of foreign labor deprive the country of the savings and investments cycle of such wages (the National Conference for reducing Poverty and Unemployment, 2001).

According to some official and unofficial sources in Jordan, it indicates the presence of tens of thousands of foreign workers who are not registered at the Ministry of Labor and do not have formal work permissions. There are no accurate statistics showing their number. However, the estimations of foreign labor, registered at the Ministry of Labor for 2014, amounted to (324,410) workers, where the majority of them work in informal economic sectors. The foreign labor in Jordan is divided into two nationalities; the first group is restricted to a residence approval by the Ministry of Interior while other nationalities do not need such residence approval, such as Egypt, Syria, Yemen, (Ministry of Labor, 2010: 15).

According to the statistical reports of the Ministry of Labor, during the study period, we found that foreign labor was characterized by a number of characteristics such as: the highest proportion of foreign labor are illiterate, while the highest percentage of them belongs to the age group of (20-29 years). According to the Ministry of Labor, it was reported that the majority of them were holders of work permits in the services and production sectors. Egyptians occupied the largest share of foreign labor (Ministry of labor statistics).

The figures and statistical data obtained by the Department of Statistics during the study period, regarding the nationality of the foreign labor, found that Egyptian workers represent the majority of foreign labor with a percentage of (67.43%), followed by Sri Lankan labor by (10.15%) and the Philippine labor by (4.25%) and then by Indonesian (3.85%). The above mentioned labor is concentrated in Agriculture, home works and QIZ (garment sector) with a total share of (95%). The rest are distributed among technical and administrative jobs. The majority of this labor is limited to the agricultural sector, followed by women servants working in homes, and then the industry sector (Department of Statistics, 2014).

The Jordanian Ministry of Labor has adopted a program to regulate the recruitment and use of foreign labor, where the ministry takes measures to ensure the implementation of this program, such as the organization of recruitment and use of labor through the situation adjustment, closure of attractive occupations for Jordanians and preventing foreign workers from working in such occupations. The Ministry also established intensive inspection campaigns and signed many agreements for organizing the gradual replacement of local labor and automatic linkage with the Departments of Public Security for the information exchange in terms of foreign labor. This led to reduction in the number of labor entrants, as we mentioned above, during the period (2004 - 2014).

In addition to the economic impact caused by foreign labor, there are many social and security impacts, according to the researcher, that should be paid attention by decision-makers; as social problems, some of which might threaten the social structure and the Arab identity such as social customs and religious values, which may

lead to conflict which may lead in turn to social fragmentation. On the other hand, the adoption of vocational and professional business employers on foreign labor leads to dependency as well as underestimation of the professional or vocational work.

Unemployment Indicators

Jordan's economy has witnessed, during the period from 2004 to 2014, a significant change in the levels of unemployment, especially during the years (2004-2007); as it witnessed a sharp rise in 2005 with an average of (14.9%) of unemployment rate to, the highest rate during the above mentioned period. It declined to (12.7 %) in 2008. However, the unemployment rate achieved relatively stable figure during the rest of the period, while it was declining, at its lowest level of (11.9%) in 2014. It was noted that the overall unemployment rate, during the period (2004-2014), reached about (12.9%) as shown in the following table.

The above table indicates that the programs implemented by the government, in general, and the Ministry of Labor, in particular, to reduce the unemployment rates, were positive in light of the overall unemployment rate trending downwards. As the problem of unemployment in Jordan has several characteristics contributing to clarify its different dimensions and helping draw the appropriate policies in order to accelerate its solution (Al- Utoum, 2003).

1. Create Job Opportunities and the Jordanian Labor Force Indicators

The local labor market has witnessed, through the years (2004-2014), development of many indicators; as the size of the Jordanian labor force increased from (117, 505, 0) in 2004 to (146, 033, 7) in 2014. The percentage of employed persons, during the same period, reached an average of (86%) compared with (14%) of unemployed persons as the number of unemployed amounted to (174,016) in 2004 while it decreased in 2014 to (173,649) (Ministry of Labor, 2014: 8), which indicates negative development in job opportunities in some cases. On the other hand, the created jobs (the demand side), did not match the number of unemployed (the supply side) except for a minor fraction at best (42%).

However, male workers ratio was four times as much as the employed females, where the economic participation rate was low compared with the rate of population within working age, where this decline is attributed to the high percentage of young (36.8%) for the age less than 15 years, and the high percentage of those attending education and the low participation of women in the economic activity. The "gender gap" for the economic participation amounted to (49.8%) in favor of men.

2. Unemployment Distribution by Gender

We found that unemployment rates for women were relatively high in general, which indicates low participation of women in the Jordanian labor market. However, during the study period, the unemployment rate for females seemed to have a downward rate ranging between (25.6% -19.9 %), where this indicated the achievement of the implemented governmental programs' goals by the Ministry of Labor regarding the increased rate of economic participation of women in the Jordanian labor market. In contrast, the unemployment rate for males did not decrease during the study period; however it was marked by its relative stability, where it did not rise greater than 11% during the same period.

It is proved by the unemployment rates, by gender, that there is a "Gender gap" for the unemployment rate by year, as we find its peak at the rate of (15.3%) in 2007. Whereas the lowest rate of "Gender gap" for unemployment rates was (9.5%) in 2012, where it was (10.3%), (13.1%), (13.1%), (15.3%), (14.3%), (13.8%), (11.3%), (10.2%), (11.6%) and (10.6%) for the years 2004, 2005, 2006, 2007, 2008,2009, 2010, 2011, 2013 and 2014, respectively, which indicates the higher unemployment rate for females as compared to males.

Ma'an governorate reached the highest unemployment rate for 2008, 2009 and 2010, respectively, Karak and Tafleh reached the highest unemployment rates for the years 2011, 2012 and 2013, respectively. However, it dropped significantly in 2014, where it became a development problem worthy of research and study by everyone concerned with the labor market. It was also noted the low unemployment rate in the capital as compared with the rest of the governorates, as it reached (9.7%) in 2008. Whereas the highest rate reached by the capital was (11.7%) in 2011, as shown in the above table. The researcher believes that there are differences in the unemployment rates of the different governorates. It could be attributed to the random distribution of development benefits as well as the public and private projects between governorates (the Ministry of labor, 2007: 21).

These indicators reflect the government interest in solving the unemployment problem within the Middle compared to the weak governmental strategies and programs implemented in the North and South regions to reduce the unemployment rates. This attitude could be described by the researcher as the intended attitude that meet the requirements of development at the middle governorates due to high population density in those governorates, which called for moving such programs to the northern and southern governorates.

Economic growth Index and unemployment:

GDP represents the overall economic growth of any country. It is one of the important indicators that belongs to

the Real and Social sector indicators. This index has been studied in order to reach the economic growth index and the status of economic development during the period (2004-2014) and to try linking it with the changes in unemployment rates.

GDP growth, in Jordan, scored a significant drop during the years (2004-2010), as it fell from (8.6%) in 2004 to reach (2.3%) in 2010, however it returned to rise during the period (2011-2014) from (2.6)% during 2011 up to (3.1%) in 2014.

However, to explain the relationship between unemployment rates and economic growth, the (Simple Linear Analysis for the Evolution of Two Variables) will be used, according to the hypothesis created by the American researcher (OKUN, 1962, 57). Since he found an inverse relationship between the (GDP) and the unemployment rate as he used quarterly data for the US economy for the period (1947-1957). He concluded that the decline in the GDP rate by (3%) will lead to an increase by 1% in the unemployment rate, given the stability of other factors. OKUN attributed this situation to the slow economic growth, which affected their production capacity that often became impossible to be raised, even if they were able to find a new job. Upon applying this relationship on both variables in Jordan, we will actually find that such relationship is inversed however it is weak. Where, according to the regression equation is shown that a decline in economic growth rate by (14%) would lead to an increase in the growth rate of unemployment by (1.6%), based on data of the period (2004-2014). Also, as shown in the following figure, based on the Simple Linear Regression equation and based on the value of the Coefficient of Determination ($R^2 = 0.64$), the value of change in the rates of unemployment by (64%) were interpreted depending on the change in the rate of economic growth.

Investment Index

Investment is considered an important economic issue, as it receives great interest by many economists, politicians, thinkers and decision-makers, due to its impact on economic changes, and its close relationship with the increase in the national income from the achievement of economic and the social development process.

The successive Jordanian governments, in recent years, succeeded to attract foreign investments, according to the central bank reports. As volume of foreign investment increased from 413.3 million JDs in 2004 to 18.6 billion JDs in 2014 (Central Bank, 2004-2014: 54 and 28).

However, the Economic reform programs initiated by Jordan during the previous period as well as the policies that accompanied the program and the Investment Promotion Law, contribute to the increased volume of direct foreign capital flows and Arab investments in particular. Where the ratio of total investment (foreign and Arab) to GDP reached (25%) in 2004 (Central Bank, 2004: 62).

The government strategies, in terms of providing job opportunities and reducing unemployment, is represented by attracting foreign investments and using them to generate economic growth rates enabling the creation of 57,000 additional jobs yearly, in order to reduce the unemployment rate (the Executive Development Program: 2007 – 2013, 96).

To study the correlation between the ratio of foreign investment rate to the GDP (X) and the unemployment rate (Y), the correlation coefficient will be used according to the following equation =

$$r = \frac{\sum_{i=1}^n (X_i - \bar{X})(Y_i - \bar{Y})}{(n - 1)S_x S_y}$$

The result appeared that $r = (-0.003)$, which means that there is a negative correlation between foreign investment rate to GDP (X) and the unemployment rate (Y), but the relation is weak.

As shown in figure (9), the evolution of the foreign direct investment ratio to GDP and the unemployment rate for the years (2004 to 2014), where it is proved that there is no relationship between the variables, which indicates that foreign investment does not cause a change in the unemployment rate, notes that there are flaws that must be repaired and taken advantage with investment in creating new jobs.

Governmental Programs for Solving the Problem of Unemployment Economic and Social Development Plan in Jordan for (2004-2006)

The Economic Resources Development Component is the funding plan for Labor, vocational and technical training which reached 48 projects under the Labor, vocational and technical training projects, within the framework of the Economic and Social Development Plan, where it included the construction of several training centers and the development and financing of the national training project, which accounted for (25%) with an amount of (7.37) million JDs of the total overall costs of the projects, which amounted to (29.134) million JDs. However, these projects did not exceed (1%) of the total budget for 2004; while the expenditure on these projects amounted to (0.3%) during the period of the Economic and Social Development Plan. It is shown in the above table that the allocated value for the costs of the program of Economic and Social Development Plan during the period is very low, which indicates the government's failure to cut unemployment rates during

the years (2004-2006) and absence of the implementation of projects aiming to reduce unemployment rates during the same period. We also found that the increase in the total costs of the labor and training projects did not lead to reduction in the unemployment rates during the years (2004-2006).

Employment, Vocational & Technical Training Support Component

According to the above table, the value of the expenditure on **Employment, Vocational & Technical Training Support Component** during the mentioned period amounted to (228) million JDs, expenditure increased during the mentioned period, whereas the unemployment rates decreased significantly, which indicated the success of **Employment, Vocational & Technical Training Support Component** in reducing unemployment rates during the years (2007-2013) and then achieving higher economic participation rates for both men and women.

The Strategic Plan of the Ministry of Labor in fighting Unemployment

Since its foundation, the Ministry of Labor was used as a window for the government in terms of the interaction with the frequent events in the Jordanian labor market as well as the Jordanian society, since it was the first ministry in responding to the vision and the strategy of the Government of the Hashemite Kingdom of Jordan; where the Ministry of Labor is concerned with three initiatives, namely; the National Agenda, the “Kuluna Urdun initiative” & the National Strategy for Employment. This is proved through the preparation of a strategic plan depending on particular steps and reference at the ministry. The national goals could be outlined as follows: (the Ministry of Labor, the Strategic Plan for the years 2011-2014, 2013 - 2016: 6.5):

A. The First National Goal: To improve the standards of living for Jordanian citizens by increasing the employment, wages, benefits and productivity.

B. The Second National Goal: To improve the investment environment and increase its competitiveness.

C. The Third National Goal: Implementing the government's reform program with its all elements.

The Ministry of Labor Embodied the Public Policy methodology concerned with the governmental programs offered by the government through actual, realistic and ambitious practice, where it dedicated all of its available efforts to include all the available capacities to cover all the tasks carried out and the services provided, as it prepared this plan through a joint efforts by all managers and staff of various organizational levels.

Qualifying Industrial Zones (QIZ)

The number of workers at Qualified Industrial Zones declined to (62,540) in 2006, while the number reached (51,813) in 2014, the overall average percentage of Jordanians working in the QIZ reached (24%) of total number of workers. However, the share of foreign labor represented (76%) of the total number of laborers, which indicated that the investments allocated for QIZ are mostly in favor of foreign labor. Thus, governments should assign their programs and investments towards local labor instead of foreign labor.

Conclusions & Recommendations

I. Conclusions

Based on the main objective of this study: to provide a descriptive analysis of the problem of unemployment and the nature of the governmental programs implemented and their relationship to reduce unemployment rates in Jordan for the period (2004-2014), the study concluded that:

1. Failure of the Economic and Social Development Plan program for the years (2004-2006) in reducing unemployment rates during the years (2004-2006) as the unemployment rate increased from (12.4%) in 2004 to up to (14%) by (1.6%).
2. The success of the Employment, Vocational & Technical Training Support Component' program (2007-2013) in achieving its objectives by: reducing unemployment rates in all economic sectors and by increasing the economic participation rates for men and women during the period of implementation, where the unemployment rate decreased from (13.1%) in 2007 to reach (12.6 %) in 2013 by (0.5%).
3. There is an inverse relationship between the number of government programs implemented and unemployment rates, in particular those programs, implemented by the key body concerned with solving the problem of the unemployment, i.e. the Ministry of Labor, and unemployment rates in general, as shown in Tables (1,3,7).
4. There is direct (forward) correlation between population growth and the growth of the Jordanian labor force, as the population growth rate, during the study period, amounted to (2.2%) by an increase of (23.6%) from 2004 to 2014. In contrast, the Jordanian labor force grew by (24.3%) for the same period, while the workforce accounted for (27.5%) of the total population, where the foreign labor share represented (18%) of the total workforce. However, foreign labor considered of supplemental labor and not substitutional, as shown in table (2,1)
5. There is a weak inverse relationship between economic growth and unemployment; where if economic growth declined by (10%), this would lead to an increase of (0.7%) in the growth of unemployment rates, as shown in table (7).
6. There is a weak inverse relationship between the foreign investment flows and unemployment rates,

suggesting that foreign investment may not give advantage towards reducing unemployment rates. This could be proved by the highest percentage of foreign investments allotted for capital investment instead of operational as shown in table (8).

7. There is a positive relationship between the expenditure on Employment, Vocational & Technical Training Support Component projects, which were reflected by the Economic & Social Development plans (2004-2006) and the change in the unemployment rates, as shown in Figure (10). Meanwhile, there is an inverse relationship between expenditure on the Executive Developmental Program projects (2007-2013) and the change in the unemployment rates during the study period, as unemployment rates tended to decline, shown in table (9, 10).

8. There is an inverse relationship between the number of governmental programs and unemployment rates; in particular those programs implemented by the key body "The Ministry of Labor" to solve the problem of unemployment.

2. Recommendations

1. Implemented governmental programs are recommended to be directed to the northern and southern governorates due to the high rates of unemployment.

2. Adjust the minimum rates of wage; according to category rank depending on the professional level and work experience.

3. Government programs should be directed at solving the unemployment problem among people of the educational level of "less than secondary".

4. The unemployment rate for the age group (15-19 years) was the highest unemployment rate, which indicates that there is a problem facing this category and it should be observed and targeted by the implemented programs.

5. Public policy should be directed towards increasing the economic growth rates, operational investment instead of capital investment to serve the purpose of unemployment alleviation.

6. Increase and allocation of expenditure on the Employment, Vocational & Technical Training Support Component' projects in line with the objective of unemployment reduction and inclusion of feedback in such projects.

7. Directing the investments in QIZ towards local labor employment.

8. Control of unlicensed foreign labor flow to the kingdom.

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