Labour Market Structure and Unemployment in OIC Countries

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Outline

1. Labour force participation and inactivity

2. Employment
   ▫ Employment-to-population
   ▫ Employment by sector
   ▫ Status in employment / Vulnerable employment

3. Productivity
   ▫ Educational attainment
   ▫ Labour productivity

4. Unemployment
   ▫ Total unemployment
   ▫ Youth unemployment
   ▫ Reasons for unemployment in OIC countries
## 1. Structure of Labour Market in OIC

### Structure of Population from Labour Market Perspective

<table>
<thead>
<tr>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Age Population (15-64 years) [A]</td>
</tr>
<tr>
<td>Labour Force (15-64 years) [B]</td>
</tr>
<tr>
<td>Inactive Population [C]</td>
</tr>
<tr>
<td>Children (0-14) and Elderly (65+)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adult (25-64 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed [D]</td>
</tr>
<tr>
<td>Unemployed [E]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Youth (15-24 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed [F]</td>
</tr>
<tr>
<td>Unemployed [G]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inactive Population (Youth and Adult)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive Population [C]</td>
</tr>
</tbody>
</table>

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*Children (0-14) and Elderly (65+)*
Structure of Labour Market in OIC Countries

OIC Labour Market (15-64 Years)
Aggregate of the 57 OIC countries
Labour Force Participation

Labour force participation rate (LFPR) measures the proportion of people aged 15 and above that engages actively in the labour market, either by working or actively searching for a job. In 2012, LFPR in the world is 64.1%.

Despite the recent progress, LFPR in OIC countries is steadily lower.

As of 2012, LFPR in OIC is 59.3%.

40.7% of population remains inactive.
Labour Force Participation

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As of 2012, LFPR in OIC is 59.3%.

40.7% of the working age population remains inactive.
There are large discrepancies between male and female LFPR in OIC.

LFPR among female in OIC is more than 12% lower than others.

LFPR among male in OIC is well above the average of developed countries.
1. Structure of Labour Market in OIC

Labour Force Participation

**LFPR by Gender**

Averages of the 57 OIC, 99 other developing and 33 developed countries for which data are available

- Female participation increases only in OIC and developed countries.
- Male participation decreases in all country groups.

- There are large discrepancies between male and female LFPR in OIC.
- LFPR among female in OIC is more than 12% lower than others.
- LFPR among male in OIC is well above the average of developed countries.
### Labour Force Participation

<table>
<thead>
<tr>
<th>Country</th>
<th>LFPR (15+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestine</td>
<td>41.0</td>
</tr>
<tr>
<td>Jordan</td>
<td>41.3</td>
</tr>
<tr>
<td>Iraq</td>
<td>42.2</td>
</tr>
<tr>
<td>Syria</td>
<td>43.6</td>
</tr>
<tr>
<td>Algeria</td>
<td>43.7</td>
</tr>
<tr>
<td>Iran</td>
<td>44.8</td>
</tr>
<tr>
<td>Lebanon</td>
<td>47.2</td>
</tr>
<tr>
<td>Tunisia</td>
<td>47.5</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>47.9</td>
</tr>
<tr>
<td>Yemen</td>
<td>48.5</td>
</tr>
<tr>
<td>Benin</td>
<td>72.8</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>73.2</td>
</tr>
<tr>
<td>Senegal</td>
<td>76.5</td>
</tr>
<tr>
<td>Gambia</td>
<td>77.5</td>
</tr>
<tr>
<td>Uganda</td>
<td>77.6</td>
</tr>
<tr>
<td>UAE</td>
<td>79.3</td>
</tr>
<tr>
<td>Togo</td>
<td>80.9</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>83.5</td>
</tr>
<tr>
<td>Mozambique</td>
<td>84.4</td>
</tr>
<tr>
<td>Qatar</td>
<td>86.7</td>
</tr>
</tbody>
</table>

#### Top countries in LFPR

Among the 57 OIC countries

- **Countries in the middle east show lower participation rates**
- **Countries in the Gulf and sub-Saharan Africa regions show higher participation rates**

LFPR in Palestine is only 41%, which is the 3rd lowest in the world.

LFPR in Qatar is only 86.7%, which is the 3rd highest in the world.
Labour Force Participation

Youth LFPR

Averages of the 57 OIC, 99 other developing and 33 developed countries for which data are available

- Youth LFPR in OIC countries is steadily below the averages of other developing countries and developed countries.
- As of 2012, youth LFPR in OIC is 44.4%.
1. Structure of Labour Market in OIC

Labour Force Participation

Youth LFPR

Averages of the 57 OIC, 99 other developing and 33 developed countries for which data are available

Gap between OIC and developed decreased from 7.2% to 2.8%

Gap between OIC and other developing decreased from 10.1% to 5%

➢ Youth LFPR in OIC countries is steadily below the averages of other developing countries and developed countries.

➢ As of 2012, youth LFPR in OIC is 44.4%.
Labour Force Participation

Youth LFPR by Gender
Averages of the 57 OIC, 99 other developing and 33 developed countries for which data are available

- LFPR among young male in OIC countries is comparable with other country groups but among young female is steadily below the averages of others.
- As of 2012, LFPR in OIC is 32.7% among female and 55.6% among male.
1. Structure of Labour Market in OIC

Labour Force Participation

Youth LFPR by Gender

Averages of the 57 OIC, 99 other developing and 33 developed countries for which data are available

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- As of 2012, LFPR in OIC is 32.7% among female and 55.6% among male.
**Employmet-to-Population Ratio (E2P)**

**E2P** is the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities.

- **E2P in OIC countries** is steadily below the averages of other developing countries and developed countries, despite the recent progress.
- **As of 2012**, E2P in OIC is 54.9%.

**Gap between OIC and developed decreased from 3.2% to 0.6%**

**Gap between OIC and other developing decreased from 10.2% to 7.6%**
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**Gap between OIC and other developing decreased from 10.2% to 7.6%**
2. Employment

Employmet-to-Population Ratio

E2P Ratio by Gender
Averages of the 56 OIC, 89 other developing and 33 developed countries for which data are available

- Female E2P ratio increases only in OIC and developed countries
- Male E2P ratio decreases in all country groups

- E2P among young male in OIC countries is comparable with other country groups but among young female is steadily below the averages of others.
- As of 2012, E2P in OIC is 36.9% among female and 72.7% among male.
2. Employment

Employment-to-Population Ratio

**E2P Ratio by Gender**

Averages of the 56 OIC, 89 other developing and 33 developed countries for which data are available

- **Female E2P ratio increases only in OIC and developed countries**
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- E2P among young male in OIC countries is comparable with other country groups but among young female is steadily below the averages of others.
- As of 2012, E2P in OIC is 36.9% among female and 72.7% among male.
Countries in the MENA region show lower E2P ratios
Countries in the Gulf and sub-Saharan Africa regions show higher E2P ratios
In OIC countries, 36.5% of labour force employed in agriculture

- Share of agriculture sector in total employment is highest in OIC countries
- Share of industry sector in total employment is lowest in OIC countries
- Share of services sector is somewhat higher than other developing countries
2. Employment

Employment by Sector

Top countries in sectoral employment
Among the 42 OIC countries for which data are available

- **Agriculture**: 84.8% of labour force in Burkina Faso employed in agriculture sector
- **Industry**: 80.5% of labour force in Jordan employed in services sector
- **Services**: 80.5% of labour force in Jordan employed in services sector

- African countries employ larger share of labour force in agriculture
- Gulf countries employ larger share of labour force in services and industry
Vulnerable Employment

Vulnerable employment reflects working under inappropriate conditions and persons in vulnerable employment are more likely to have limited or no access to social security or secure income. It accounts for almost 48% of total employment in the world.

- Almost 2/3 of female workers are in vulnerable employment.
- Male worker vulnerability is fairly better than the vulnerability in other developing countries.

There is very large difference between developed and developing countries.

Only in OIC countries, female workers are more vulnerable.
Vulnerable Employment

- VE is below 10% in UAE, Bahrain, Kuwait and Jordan.
- VE is above 85% in Bangladesh, Mozambique, Togo, Burkina Faso, Benin and Sierra Leone.

Vulnerable employment in UAE is only 1%, which is the lowest in the world.

Vulnerable employment in Sierra Leone is 92.4%, which is the 3rd highest in the world.
3. Productivity

Educational Attainment

 Shares of Labour Force with Primary, Secondary and Tertiary Education
Among the 30 OIC, 76 other developing and 33 developed countries for which data are available

- As the share of labour force with secondary and tertiary education increases, the ability to adopt new skills and absorb new knowledge increases.
- Labour force in OIC has lower level of education compared to others.
Labour Productivity

Labour productivity is usually defined as the output per unit of labour input or output per hour worked. It helps to identify the contribution of labour to the GDP of a country and provides a base for cross country comparison and explanation of income disparities.

- Output per worker in OIC countries has increased from US$ 12,000 in 2000 to US$ 15,900 in 2012.
- The labour productivity gap between the developed and developing countries remained substantial.
Unemployment rate reflects the number of jobless people who want to work, are available to work and are actively seeking employment. In 2013, unemployment in the world is estimated to be 6%, with around 202 million unemployed people.

- Unemployment in OIC decreased from 8.7 in 2005 to 7.4 in 2012.
- Better performance of other developing countries in reducing unemployment widened the gap with OIC and developed countries.

OIC have lower unemployment rate than developed since 2009.
Total Unemployment

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OIC have lower unemployment rate than developed since 2009

Gap between OIC and other developing increased from 1.7% to 2.4%
Female unemployment is highest in OIC countries with 9.1%.

Female and male unemployment have fallen significantly in OIC countries since 2005.
Female unemployment decreases only in other developing countries

Female unemployment is highest in OIC countries with 9.1%.

Female and male unemployment have fallen significantly in OIC countries since 2005.

Male unemployment increases only in developed countries

Total Unemployment

Total Unemployment by Gender

Averages of the 56 OIC, 89 other developing and 33 developed countries for which data are available

<table>
<thead>
<tr>
<th>Gender</th>
<th>OIC</th>
<th>Other Developing</th>
<th>Developed</th>
<th>OIC</th>
<th>Other Developing</th>
<th>Developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>8.8</td>
<td>6.2</td>
<td>6.6</td>
<td>6.2</td>
<td>5.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Male</td>
<td>10.7</td>
<td>5.7</td>
<td>7.2</td>
<td>7.7</td>
<td>4.8</td>
<td>5.7</td>
</tr>
</tbody>
</table>
In Qatar, Benin and Kuwait, unemployment rate is below 2%.

In Gabon, Guyana, Palestine and Mauritania, the rate is over 20%.
Youth Unemployment

**Youth unemployment** refers to the share of the labour force ages 15-24 without work but available for and seeking employment. The global youth unemployment rate is reached 13.1% in 2013.

- Youth unemployment in OIC decreased from 18.3 in 2005 to 15.6 in 2012.
- Better performance of other developing countries in reducing youth unemployment widened the gap with OIC and developed countries.

Gap between OIC and other developing increased from 4.5% to 4.7%

OIC have lower youth unemployment rate than developed since 2009
Youth unemployment refers to the share of the labour force ages 15-24 without work but available for and seeking employment. The global youth unemployment rate is reached 13.1% in 2013.

- Youth unemployment in OIC decreased from 18.3 in 2005 to 15.6 in 2012.
- Better performance of other developing countries in reducing youth unemployment widened the gap with OIC and developed countries.
- OIC have lower youth unemployment rate than developed since 2009.
4. Unemployment

Youth Unemployment

Youth Unemployment by Gender

Averages of the 56 OIC, 89 other developing and 33 developed countries for which data are available

- Female unemployment decreases only in other developing countries.
- Male unemployment increases only in developed countries.

- Unemployment among young female is highest in OIC countries with 17.6%.
- Unemployment among young male in developed countries exceeded the rate in OIC countries.

<table>
<thead>
<tr>
<th></th>
<th>OIC</th>
<th>Other Developing</th>
<th>Developed</th>
<th>OIC</th>
<th>Other Developing</th>
<th>Developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>17.2</td>
<td>11.3</td>
<td>11.1</td>
<td>21.3</td>
<td>10.8</td>
<td>12.5</td>
</tr>
<tr>
<td>Male</td>
<td>15.8</td>
<td>12.4</td>
<td>14.5</td>
<td>16.7</td>
<td>10.7</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Bar chart showing youth unemployment rates by gender and region for different years.
Youth Unemployment

4. Unemployment

Youth Unemployment by Gender
Averages of the 56 OIC, 89 other developing and 33 developed countries for which data are available

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Youth Unemployment

Top countries in Unemployment
Among the 56 OIC countries for which data are available

Unemployment in Qatar is only 1.7%, which is the 2nd lowest in the world.

Unemployment in Mauritania is 45.3%, which is the 10th highest in the world.

- Qatar and Benin have youth unemployment rates below 2%.
- In 9 OIC countries, youth unemployment rate is over 30% and in 2 of them it is over 40%.
Share of youth unemployed in total unemployed is highest in OIC countries, but the share is falling.

- As of 2012, the share in OIC is 46.1%, down from 54% in 2000.

Gap between OIC and other developing decreased from 13.5% to 7.6%

Gap between OIC and developed decreased from 25.6% to 21.8%
Share of youth unemployed in total unemployed (%) 
Among the 56 OIC countries for which data are available

- Share of youth unemployed in total unemployed is highest in OIC countries, but the share is falling.
- As of 2012, the share in OIC is 46.1%, down from 54% in 2000.
Reasons for Unemployment in OIC Countries

- **Insufficient job creation:** The available jobs do not increase proportionately with the increase in population.

- **Skills mismatch:** Mismatch between the supply of skills and demand by employers causes structural unemployment.

- **Lower productivity:** Uncompetitive technology leads to lower productivity and firms with lower productivity cannot survive.

- **Macroeconomic instability:** Uncertainty in economic policy and developments causes insecurity in investment decisions of firms.

- **Seasonality:** In certain sectors, including tourism and infrastructure, available jobs are restricted to certain seasonal periods.

- **Technological unemployment:** Increasing number of companies is automating their production facilities. Hence, people are replaced by machines, thus leaving a huge pool of people unemployed.

- **Conflicts and political instability:** Existence of conflicts and political instabilities naturally prevent job creation.
Thank you for your attention!