

Responding to Weak Labor Market Conditions Facing the Youth: The Case of Syria

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Abstract

Summary of Responding to Weak Labor Market Conditions Facing the Youth: The Case of Syria, Richard Street, Nader Kabbani, and Yamama Al Oraibi

The youth in Syria face labor market conditions similar to those in other MENA countries. Over the past two decades, high labor supply pressures and government policies aimed at reducing reliance on public sector jobs led to high rates of youth unemployment, especially among young urban females. What distinguishes the Syrian case is that the youth represent nearly 80 percent of the unemployed, the highest share among non-GCC countries. A non-profit partnership program between the government, local businesses and civil society, called SHABAB, is developing employment strategies to help prepare young Syrians for work in the private sector or to start their own businesses. These strategies focus on developing life skills, creating business awareness, and developing entrepreneurial skills.

This paper analyzes the labor market conditions governing the school-to-work transition of youth in Syria, and uses insights from this analysis to assess which proposed strategies are likely to have the most impact on reducing youth inactivity and unemployment. We find that the key factor associated with high labor supply pressures was a demographic wave that reached its peak in 2005 and is expected to pass quickly, resulting in no labor supply growth between 2009 and 2014. The evidence of skill mismatch is mixed. There is little evidence of entrepreneurial activity among post-secondary school completers in transition.

The analysis suggests that developing entrepreneurial skills would benefit older job-seekers the most and that business awareness programs would benefit younger school leavers. It also suggests expanding non-school-based strategies to reach primary-school completers, especially among young urban females. Finally, strategies should be formulated to address key obstacles to female participation, by introducing topics on balancing work and family responsibilities and providing special female-only sessions.

يواجه الشباب في سورية حالات سوق عمل شبيهة بالحالات الراهنة في البلدان الأخرى بمنطقة الشرق الأوسط. وخلال العقد الماضي أدت ضغوط العرض المتزايدة على سوق العمل والجهود الحكومية الرامية إلى تقليل الاعتماد على الوظائف في القطاع العام إلى ارتفاع معدلات البطالة بين أوساط الشباب، وخصوصاً بين الشباب اللواتي يعيشون في المدن. والذي يميز الحالة السورية في هذا المقام هو أن الشباب يمثلون نسبة 80% من معدل العاطلين عن العمل، وسورية تحتل المرتبة الأولى في هذه النسبة بين دول الشرق الأوسط باستثناء دول الخليج. ويعمل مشروع "شباب" - وهو مشروع وطني غير ربحي يقوم على أساس الشراكة بين الحكومة والقطاع الخاص والمجتمع المدني - على وضع استراتيجيات عمل تساهم في إعداد الشباب في سورية وتجهيزهم للعمل في القطاع الخاص أو لبدء مشاريعهم الخاصة. وتقوم تلك الاستراتيجيات بالتركيز على تطوير المهارات الحياتية لديهم وعلى خلق وعي وإدراك نحو ثقافة ريادة الأعمال و تنمية المهارات الأساسية اللازمة لدخول عالم الأعمال.

تقوم هذه الورقة بتحليل أوضاع سوق العمل التي تحكم الانتقال من مرحلة التعلم إلى مرحلة العمل في سورية. وستستخدم نتائج هذا التحليل لتقييم وتحديد أي من هذه الاستراتيجيات المقترحة يمكن أن يكون لها الأثر الأكبر في خفض نسب الركود والبطالة بين الشباب في سورية. إننا نجد أن العامل الرئيسي الذي يتعلق بازدياد ضغوط العرض في سوق العمل السوري هو موجة ديموغرافية بلغت ذروتها في العام 2005 والتي ويتوقع أن تعبر بسرعة بحيث لن يكون هناك زيادة في عدد الوافدين على سوق العمل بين 2009 و 2014. ولا يوجد هناك أدلة كافية بعد تثبت أن

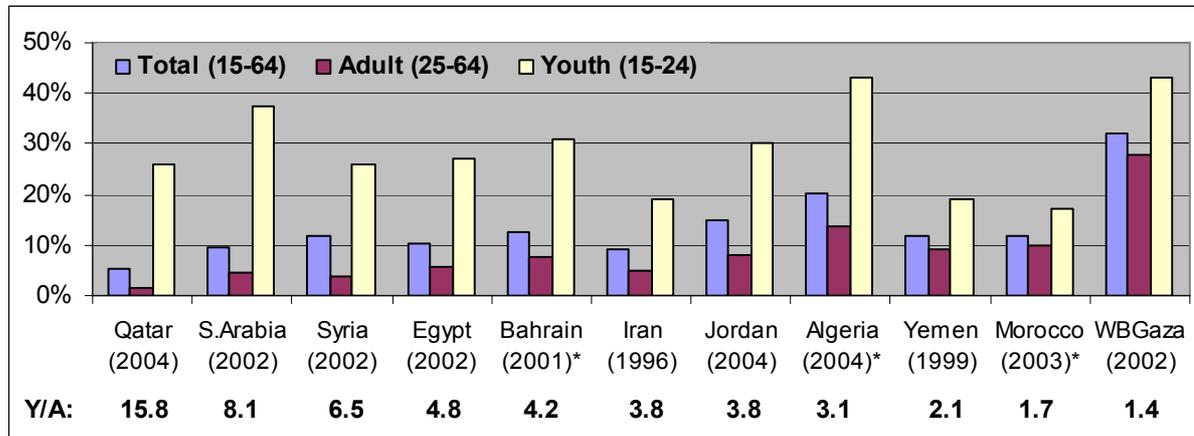
مهارات الوافدين على العمل لا تتكافئ أو تتناسب مع المهارات المطلوبة. وإنما هناك ما يدل على ضعف النشاطات التجارية بين صفوف الشباب الذين انهوا تعليمهم في المرحلة الثانوية ولا يزالون في مرحلة الانتقال إلى الحياة العملية.

ويشير التحليل إلى أن تطوير المهارات التجارية ستفيد بالدرجة الأولى أولئك الذين تقدموا بالسن قليلاً ولا يزالون يبحثون عن عمل، بينما ستفيد برامج التوعية بعالم الأعمال من هم أصغر سناً من تاركي الدراسة. كما يقترح التحليل ضرورة توسيع هذه الاستراتيجيات لتشمل الشباب الذين انهوا المرحلة الابتدائية وخصوصاً الفتيات اللواتي يعشن في المدن. وأخيراً، يجب أن يتم وضع استراتيجيات تعالج العقبات الرئيسية التي تقف أمام مشاركة الفتيات وذلك من خلال طرح مواضيع تتعلق بالموازنة بين مسؤوليات الأسرة ومسؤوليات العمل وتوفير دورات خاصة للنساء فقط.

1. Introduction

Syrian youth face labor market conditions similar to those in other MENA countries. High labor supply pressures, resulting from demographic trends and rising female labor force participation rates, have combined with weak demand for young labor market entrants to create high rates of unemployment among youth (15-24 years old). Most MENA countries, including Syria, have youth unemployment rates above 25 percent, with the highest rates recorded in Algeria, the West Bank & Gaza, Saudi Arabia and Bahrain (Figure 1).

Figure 1: Youth/ Adult Unemployment Rates & Ratios, MENA Countries (latest year)



Sources: Kabbani & Kothari (2005) and LOBORSTA (2006). * Estimates include age 65+. Unemployment estimates for Qatar, Saudi Arabia and Bahrain are for national workers.

What distinguishes the Syrian case is that youth unemployment rates are over six times higher than those for adults, a greater ratio than all MENA countries with available data except Qatar and Saudi Arabia. In fact, youth represent nearly 80 percent of the unemployed in Syria, the highest share among non-Gulf countries. Thus, unemployment in Syria is essentially a youth issue.

The Syrian case is also interesting because the government is undertaking major economic reforms to move the country from a state-controlled to a “social market” economy. The government is trying to reduce reliance on public sector jobs and to loosen regulatory controls on the private sector. The education system is undergoing major reforms, in light of evidence that it has failed to equip students with key skills demanded by the private sector. Syria is also developing youth employment strategies to help prepare young people for work in the private sector or to start their own businesses. Many of these strategies are being developed under an umbrella organization called Strategy Highlighting and Building Abilities for Business (SHABAB).

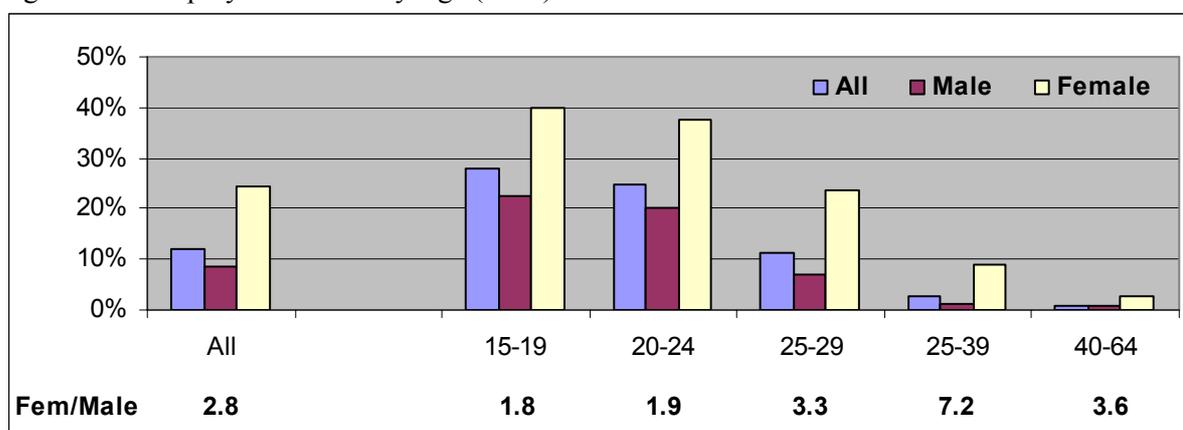
This paper analyzes the labor market conditions facing the youth in Syria. Based on this analysis, it identifies employment strategies that are likely to have the greatest impact on reducing youth unemployment. This analysis will be of interest to other MENA countries facing high youth unemployment rates and seeking to reduce reliance on public sector jobs. Section 2 analyzes labor market conditions in Syria and compares them to conditions in other

MENA countries. The analysis draws on data from labor force surveys conducted in 2001, 2002 and 2003 and international databases. Section 3 presents the strategies being developed through SHABAB. Section 4 evaluates these strategies using data from the 2005 School-to-Work Transition Survey focusing on urban areas. Section 5 concludes and presents policy recommendations.

2. The Labor Market Situation Facing Young People in Syria

Syrian youth face substantial difficulties in finding decent-paying, productive jobs. These difficulties are underscored by high rates of unemployment among 15-24 year olds. In 2002, unemployment rates reached 28 percent among 15-19 year-olds, and 25 percent among 20-24 year-olds, dropping to 11.2 percent among 25-29 year-olds a group that still includes young adults making the transition to regular employment. Unemployment rates were only 2 percent among those above 30 (Figure 2). Indeed, between 60-80 percent of the unemployed in Syria are between the ages of 15 and 24, highlighting the fact that unemployment in Syria is predominantly a youth issue.

Figure 2: Unemployment Rates by Age (2002)



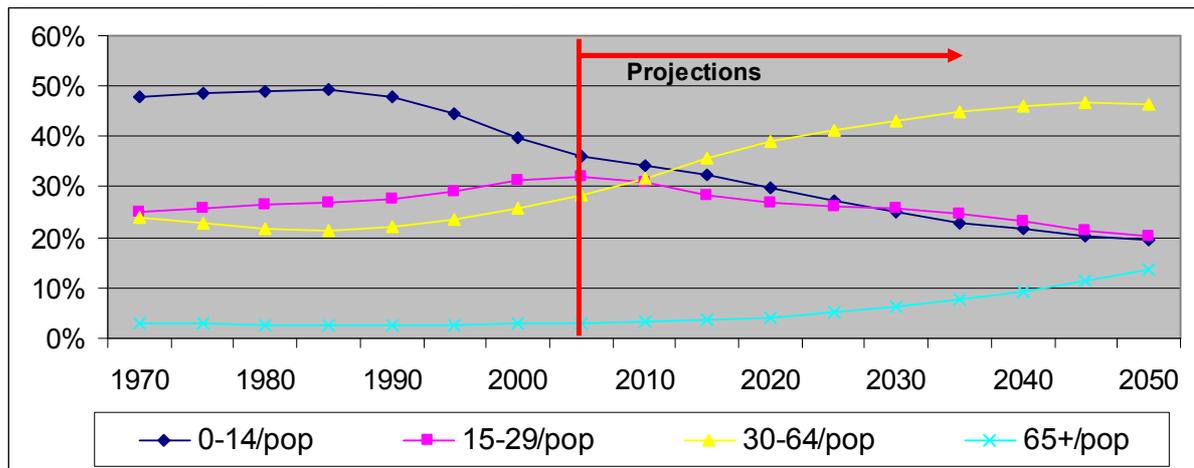
Source: 2002 Labor Force Survey

The unemployment situation in Syria has a gender dimension, with females across all age groups experiencing substantially higher unemployment rates than males (Figure 2). Among the young people, female unemployment rates are nearly twice as high as for males. This is an issue that is taken up below.

Today's high unemployment rates among youth can be attributed to a combination of factors: high labor supply pressures, weak labor demand, and a mismatch between the skills of new entrants and the needs of the labor market. Some of these forces are transitory and others are more permanent. This section presents an analysis of these factors in order to place the youth employment strategies developed by SHABAB in proper context.

One of the main factors exerting upward pressure on youth unemployment rates is a raise in share of youth entering the labor force. This increase is due mainly to a demographic wave affecting Syria and other MENA countries, which experienced sharp declines in fertility rates during the 1970s – 1980s. As a result, the share of children in the Syrian population (age 0-14) began decreasing in the mid-1980s from close 50 percent of the population to around 37 percent in 2005 (Figure 3). This drop in the share of children corresponded with an increase in the share of youth (age 15-29) beginning in the 1980s, an increase in the share of adults beginning in the 1990s, and a projected increase in the share of elderly beginning around 2020. Indeed, the share of 15-29 year-olds in the population increased from 27 percent in 1985 to over 32 percent in 2005. However, this demographic wave has already begun moving into adulthood. *In 2005, the share of youth started to decline and is projected to continue falling through the year 2050.*

Figure 3: Share of Population by Age Group (1970 – 2050 Estimates)

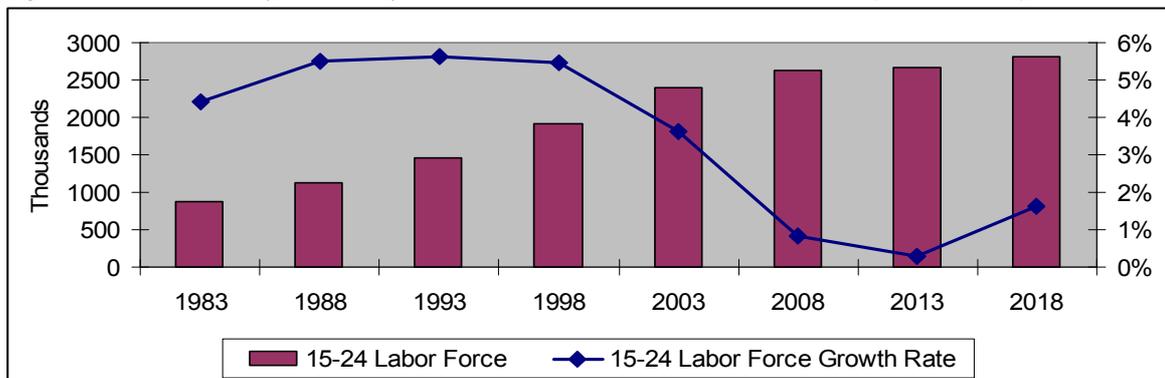


Source: United Nations Population Prospects (2004); Kabbani and Tzannatos (2006).

The data in Figure 3 are based on estimates and projections. Still, recently released figures from the 2004 Population Census confirm this trend. The number of children in the 10-14 age group was found to be 2.2 million, not significantly more than the 2.1 million young people in the 15-19 age group. The number of people in the younger 5-9 age group was found to be only 2 percent higher, at 2.4 million people. For older age groups, the difference in number of people between one group and the next is between 3 and 4 percent, corresponding to population growth estimates during the 1960s – 1980s.

Demographic trends are only one factor influencing labor supply pressures. Other factors include average years of schooling, changes in labor force participation rates for males and females, and migration patterns. These factors are considered in the International Labour Organization’s (ILO) recently updated Economically Active Populations Estimates and Projections (EAPEP) database. The estimates for Syria follow expectations based on population trends estimates. The number of young active labor market participants increased substantially between 1983 and 2003, growing at an average rate of around 5 percent per year (Figure 4). While the number of economically active youth will continue to increase after 2003, the rate of increase is expected to fall to less than 2 percent by 2006 and remain under 2 percent through 2020. Indeed, as suggested by the population census data, between 2009 and 2014, absolute numbers of youth in the labor force are projected to remain essentially flat. Thus, the labor supply pressures faced by youth before and after the mid-2000s are expected to be very different. *Competition for scarce jobs is likely to ease and there will be an opportunity for the Syrian government to focus on creating better jobs, not just more jobs.*

Figure 4: Economically Active Syrian Youth Estimates & Growth Rates (1983 - 2018)

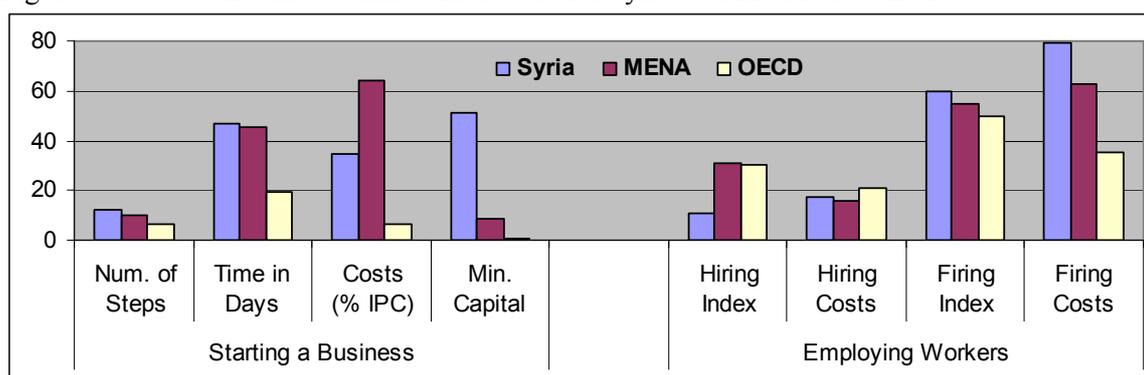


Source: ILO/EAPEP database (fifth edition) 2005.

Other MENA countries face similar demographic and labor supply trends and researchers have noted that these trends will afford MENA countries a demographic “window of opportunity” during which the ratio of the non-working-age population to the working-age population will fall allowing greater opportunities for savings and economic growth (World Bank, 2004). The timing of this demographic wave, however, differs across countries knowing fully well that exact timing is important because it helps to identify which youth employment strategies are likely to have the largest impacts. It is important to identify policies that ride this demographic wave rather than go against it.

Benefiting from this break in labor supply pressures is by no means a sure thing for Syria. There are at least four caveats that must be kept in mind. First, labor demand must continue to grow in order to absorb the entering cohorts of young workers. If labor demand is weak, it will keep youth unemployment rates high even if labor supply pressures ease. Weak labor demand could result from an economic downturn or continued mismatch between the skills of new entrants and those demanded in the market. A mismatch of skills would have an added adverse effect of stifling economic growth as vacant positions go unfilled. The Syrian government’s reform agenda includes rationalization and retrenchment policies aimed at limiting the growth of public sector employment. Indeed, the Syrian government no longer guarantees employment for most university and intermediate institute graduates. The government should continue to deregulate and facilitate job creation in the private sector. The World Bank recently ranked Syria 135th out of 155 countries in terms of ease of starting a business. The greatest obstacles were the number of days required to launch a business and the minimum amount of capital required to be deposited in a bank, as a percentage of GNI, to obtain a business registration number (Figure 5). Syria ranked competitively in terms of ease of hiring workers, but not well in terms of difficulty in firing workers. For a private sector firm to fire a worker, a Committee for Dismissal Affairs must be formed, with representatives from the Ministry of Labor and Social Affairs, the Governorate, and the labor Syndicate of the city where the job is held (SCBC, 2003). Difficult dismissal laws are associated with high rates of youth unemployment as firms are reluctant to hire young inexperienced workers to begin with. Realizing that current labor laws are contributing to an adverse investment climate, the Syrian government is in the process of reforming labor laws and reducing the procedures involved in dismissals. Syria was ranked 121st in the world in terms of ease of doing business overall and 149th (near the bottom) in terms of ease or difficulty of enforcing commercial contracts.

Figure 5: Selected Business Climate Indicators for Syria vs. MENA and OECD



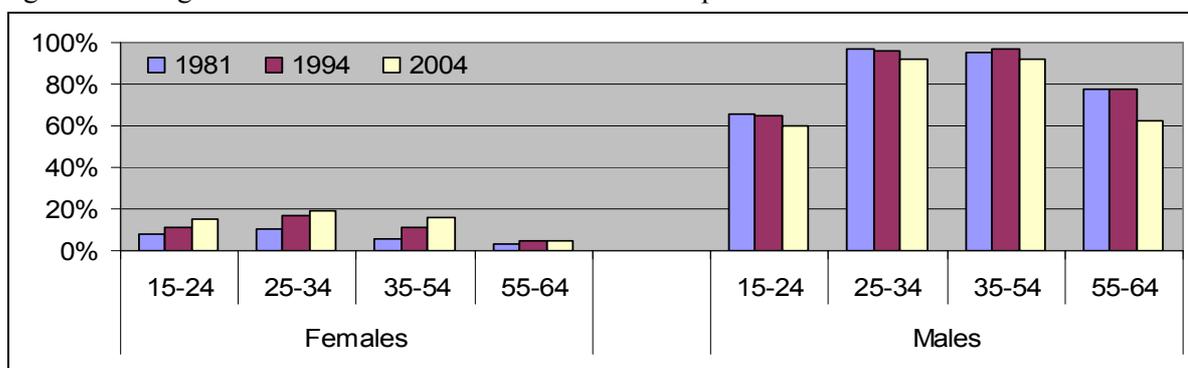
Source: Doing Business Database (2005)

Second, international migration affects labor supply pressures in Syria, and has helped relieve some of the pressures of recent years. Lebanon has been a major destination for less educated Syrian workers, and the Arab Gulf countries have attracted Syrians with higher levels of education. The lack of data prevents a thorough analysis of the issue. However, a discussion of Lebanon is illustrative. An estimated 80 percent of Syrian workers in Lebanon have 6 years or less of schooling and most work in the construction, agriculture, and hospitality sectors (Syria Report, 2005). Most of these workers work in Lebanon only a few months each year. The

number of Syrian workers in Lebanon has fallen steadily since height of Lebanon's post-civil-war construction boom in the mid-1990s, from around 1,000,000 to less than 350,000 workers by early 2005. Still this is a large number, representing more than half the size of the youth workforce in the mid-1990s. The return migration of many Syrian workers in 2005 probably offset much of the easing of labor supply pressures that was projected to start around 2003. Whether labor demand in Lebanon remains weak or becomes strong as a result of possible reconstruction after the 2006 war will have a major impact on the Syrian labor market.

Third, increases in female labor force participation rates may mitigate some of the reductions in labor supply pressures from demographic trends, but not much. Figure 4 incorporates projected increases in female participation. Over the past twenty years, rising female participation rates have been found to represent only 15 percent of the total increase in labor supply pressures in Syria (Kabbani and Tzannatos, 2006). Using Census data to ensure comparability, we find that female participation rates doubled across all age groups between 1981 and 2004. However, even in 2004, female participation rates were small relative to males: 15 percent versus 60 percent for the 15-24 age group and 20 percent versus 92 percent among 25-34 year olds (Figure 6). At this pace, further increases in female participation rates will not offset demographic trends by much.

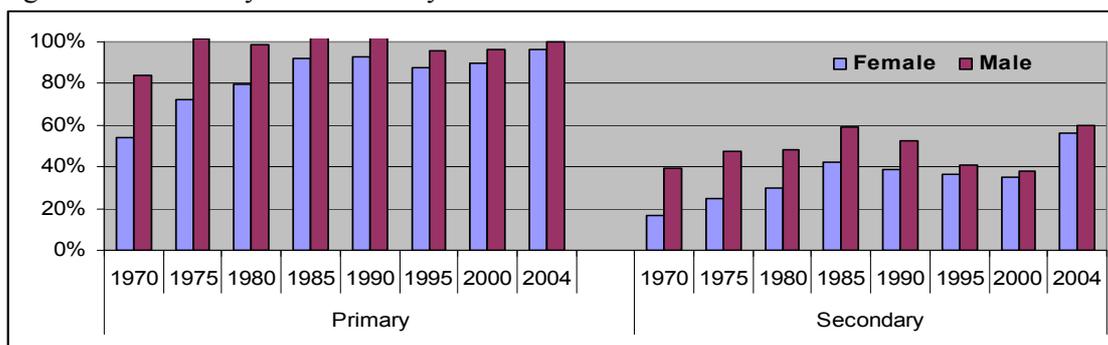
Figure 6: Changes in Female and Male Labor Force Participation Rates 1981-2004:



Sources: ILO / KILM database (2005) and Syrian Central Bureau of Statistics (2005)

Fourth, changes in school enrollment rates also affect labor supply. As youth delay entry into the work force to complete higher levels of education, labor supply pressures among young entrants are reduced. Over the past twenty years, secondary school enrollment rates increased in all MENA countries except for Iraq and Syria (Kabbani and Kothari, 2005). In Syria, declines in secondary school enrollment between 1985 and 2000 were mainly due to government policies limiting entry into the over-crowded state university system and steering preparatory school completers into vocational secondary programs, which offer limited opportunities for further education and have high dropout rates. In 2002, the government reversed its policy on vocational education and allowed the introduction of private universities. By 2004, secondary school enrollment rates had risen to 1985 levels (Figure 7).

Figure 7: Net Primary and Secondary School Enrollment Rates

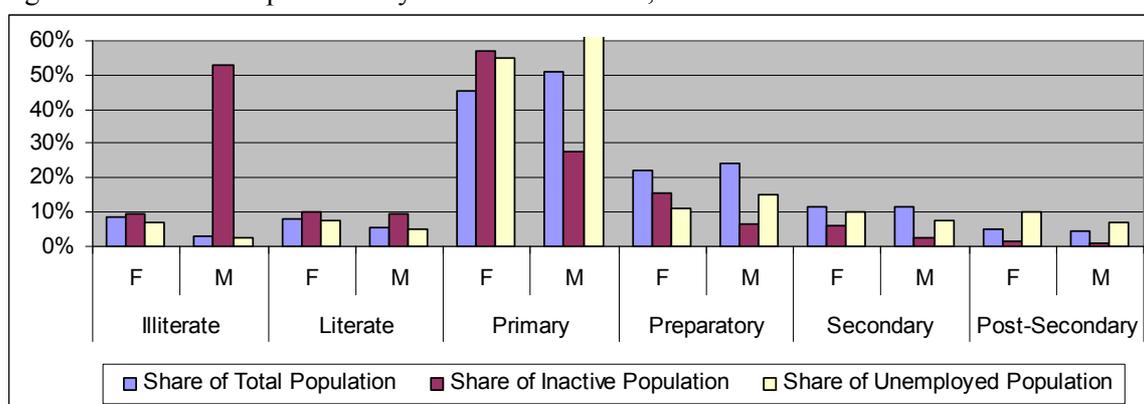


Source: WDI (2006)

Given that labor demand grows at a greater pace than labor supply, and that any current mismatches between skills of job seekers and skills demanded by employers are not exacerbated, then labor market conditions for youth are expected to improve overall. However, there still could be large differences in the opportunities of different subgroups, based on level of education, occupation, age, gender, and geographical location, including urban versus rural residence. We have seen that older workers have very low rates of unemployment and we have little data on employment status by occupation, thus our next focus will be on education, gender, and geographical location.

Young males and females (defined here as ages 15-29) are almost identical in terms of their levels of educational attainment, especially at the post-primary school level (Figure 8). The main difference is between the illiterate groups. In 2001-2002, the illiteracy rate among young males was 3.2 percent compared to 8.5 percent among young females. Nearly half the youth population completed only primary levels of education. An additional 23 percent completed preparatory levels of schooling (9th grade). Only 11 percent completed secondary school and only 5 percent completed some post-secondary schooling.

Figure 8: Shares of Populations by Level of Education, Youth 15-29:



Source: 2001 and 2002 Labor Force Surveys.

There are some differences in terms of inactivity levels (defining “inactivity” as not employed, unemployed or in school). The share of the initiative in the total population falls with level of educational attainment for both males and females, but it drops far more sharply for males. For young males, the inactive population is concentrated among illiterate groups. Part of this may be due to the seasonal nature of work for less-educated males. For both males and females, the number of unemployed youth as a share of the population is highest for primary school and post-secondary school completers. However, because inactivity rates are very low for post-secondary school completers, the number of unemployed youth as a share of the active population (the unemployment rate) is lower as compared to secondary school completers among this group (Table 1).

Table 1. Inactivity & Unemployment Rates by Educational Attainment, Youth 15-29:

	Inactivity Rate				Unemployment Rate			
	Urban		Rural		Urban		Rural	
	Female	Male	Female	Male	Female	Male	Female	Male
Illiterate	90%	18%	48%	15%	54%	10%	16%	13%
Literate	88%	1.8%	50%	1.5%	42%	9%	22%	13%
Primary	77%	0.6%	53%	0.5%	64%	13%	38%	18%
Preparatory	39%	0.2%	29%	0.3%	45%	13%	35%	19%
Secondary	29%	0.2%	19%	0.1%	43%	18%	41%	21%
Int. Institute	18%	0.3%	12%	0.0%	22%	22%	27%	22%
University	23%	0.0%	10%	1.1%	22%	18%	34%	19%
Total	57%	1.0%	44%	1.0%	43%	14%	32%	18%

Source: 2001 and 2002 Labor Force Surveys

For young females and males living in urban areas, inactivity rates (excluding students) fall with level of educational attainment, keeping in mind that a higher share of those with higher levels of education may still be at the early stages of transiting to work. For young urban males, the inactivity rate is 18 percent among the illiterate population and near-zero among those having completed at least primary school. For young urban females, the inactivity rate is above 75 percent for those with primary education or less, dropping to 20 percent for post-secondary school completers. Inactivity rates follow the same patterns among rural populations, but are lower across all categories.

For young urban males, unemployment rates rise with educational attainment, from 10 percent for illiterate population to around 20 percent for those with a secondary or higher degree. This pattern holds for young rural males, but their unemployment rates are higher for all levels of educational attainment. Unemployment rates among young females are higher than among males for all groups except for intermediate institute completers in urban areas.

For young urban females, unemployment rates are over 40 percent among those with a secondary education or less, reaching 64 percent among primary school completers. Rates drop to 22 percent among post-secondary school completers. The pattern is slightly different for young rural females, among whom unemployment rates increase with educational attainment from around 16 percent for illiterate groups to 41 percent for secondary school completers, and then dropping to around 30 percent among post-secondary degree holders.

Some general conclusions can be discerned from the above observations. First, inactivity rates overall are notably low for young males and notably high for young females. Second, unemployment rates tend to increase and then decrease with level of educational attainment. Third, urban areas provide fewer opportunities for females, as indicated by higher unemployment rates (43 percent overall) and inactivity rates (57 percent) as compared to rural areas. However, urban females appear to benefit substantially from continuing their education after secondary school. The next section describes strategies developed to help Syrian youth, prepare for and obtain jobs in the private sector, or start their own businesses.

3. Strategies for Addressing Youth Unemployment and Inactivity:

The preceding discussion sets up the context with which to assess strategies for addressing the high levels of youth unemployment and joblessness in Syria. Equipped with a better understanding of the labor market facing youth in Syria, we now turn to our evaluation of specific youth employment strategies developed and implemented through a youth employment initiative, known as SHABAB (Strategy Highlighting & Building Abilities for Business), under the auspices of the President and First Lady of Syria.

The approach in this paper is to focus predominantly on the supply side of the youth employment problem, within the current context of a public sector retrenchment and an easing of regulations that is expected to expand job opportunities in the private sector. Thus, the focus is on improving youth employability in the private sector and self-employability / entrepreneurship. This section introduces SHABAB and the strategies that are currently under consideration or are being developed.

SHABAB is a youth employment strategy designed to prepare young people for work in the private sector and provide them with key skills for a successful working life. SHABAB is working through local partnerships between government, the business sector, and civil society. SHABAB's programs fall under four principle strategies. We begin by presenting each of these basic strategies and discussing the motivation behind them, as our assessment will be carried out primarily at this level.

Developing Life Skills: To create a productive, flexible and self-motivating workforce young people need to be given the necessary life skills from an early age. A workforce to meet the needs of a modern market economy needs young people with the ability to solve problems, take responsibility and understand the needs of others.

Creating Awareness of Business: Surveys find that young Syrians, their families and teachers regard work in the public sector as preferable to work in the private sector or becoming an entrepreneur. The main reasons given are: (1) the public sector provides secure lifetime employment and (2) a lack of knowledge and experience of what it means to work in the private sector.

To address the second of these barriers young people, parents and teachers should be made aware of the benefits of employment in the private sector and the rewards of starting one's own business. This involves fundamentally changing the mind-set of young peoples' expectations and ambitions for work.

Creating Access to Employment: There is a strong need to develop a method of matching the market's need for employees with the provision of skills training and education. Young people's access to information about what jobs are available and how to find a job in the private sector is inconsistent and varies all over the country. The most common route into private sector employment is informal, through family and friends. This is not usually available to young people from poorer families or whose parents only know about work in the public sector. The project will identify where help is available and where there are gaps in the provision. SHABAB has considerable knowledge and experience of helping young people into work. This needs to be coordinated and made available to young people throughout Syria.

Developing Entrepreneurial Skills and Support: Syria needs entrepreneurs. One of the strongest motivators for a modern market economy is a strong Small and Medium Enterprise (SME) sector. To build a strong SME sector requires the creation of new businesses and the development of entrepreneurial talent. Young people need to be aware of what becoming an entrepreneur means and those with the ability and ambition to start their own businesses need to be identified and nurtured. International experience indicates that around 20% of young people have the potential to become successful entrepreneurs.

In order to develop these strategies, SHABAB has initiated several programs under each strategy (Table 2). Some programs cut across more than one basic strategy. We briefly introduce each program to give a sense of the motivation and how it links to its strategies.

Table 2: Basic Strategies and Delivery Programs Being Developed under SHABAB:

Develop life skills (6-22 year-olds)	Create business awareness (14-18 year-olds)	Create access to employment (16+ year-olds)	Develop entrepreneurial skills and support (16+ year-olds)
Business Camps Work Experience	Business SHABAB Business Awareness Business Camps Job fairs Know About Business	Bidaya* Job fairs Recruit agencies	Bidaya* Enterprise Development Know About Business NFTE

* Associate program run by other independent organizations.

Business Awareness: A 2-day classroom-based course for 14-19 year-olds. A trainer teaches the course and 3-4 volunteer business people share their knowledge and experience of business and employment, for 90 minutes each. They run exercises to illustrate concepts such as marketing and production. The young people receive training in key skills and finish with a formal presentation of a business idea they worked on during the 2 days.

Know About Business: Know About Business is an ILO business curriculum that teaches students at school and university all they need to start their own business. Its content requires 80 to 100 hours of teaching time.

Business Camps: These camps are based on traditional youth summer camps. Groups of 30 young people will be given training and exercises to prepare themselves for work and finding a job. Subjects will include key skills such as interview techniques and CV writing, business games and visits to workplaces to talk to employers. The course will last for 1 or 2 weeks during the holiday period.

Work Experience: A one-week course where 15 young people spend a week of work experience in an operating workplace. They will be supervised by a trainer who will look after them and provide supporting exercises and key skills training to complement what they see at the workplace.

Business SHABAB: A 2-hour audio-visual extravaganza to convince young people of the possibility of starting their own business. It is a fast-moving event where a presenter hosts the show and introduces 3 or 4 young entrepreneurs who share their experience and ambitions with 250 attendees. The young people leave with literature and ideas about starting their own businesses.

National Forum for Teaching Entrepreneurship: NFTE is an 80 to 100 hour business curriculum course run in schools and universities. It teaches entrepreneurship through formal lessons and business exercises and case studies. Teachers receive training on how to run the curriculum with strong support from a SHABAB professional trainer.

Job Fairs: It is an important mechanism for the meeting employers and potential employees. For young people it is also a powerful method of learning what work is available for them and to understand what type of employment may best suit their ambitions. Specialist fairs or sections of fairs can be developed to meet the needs of young people starting out in their working life.

Shell LiveWire: Shell LiveWire is a business competition for young people. Shell provides excellent materials to help young people turn business ideas into plans. They hold a competition each year with prizes of up to \$20,000. The competition is held at local levels with regional heats and a national final for the top 10 businesses. The competition is held in 20 countries.

Recruitment Agencies / Business Clinics: As SHABAB develops, it will create a demand from young people for access to places where they can find job opportunities. Recruitment agencies and business clinics provide a mechanism for matching the demand and supply for jobs and are a vital link for a successful school-to-work transition.

Enterprise Development: SHABAB should help SMEs started by young people. This will include help with understanding the regulations of areas outside their experience such as exports and will above all provide some sort of support systems such as business clubs to start creating their own networks.

SHABAB has set out an ambitious agenda for helping Syrian youth develop key business skills and set the basis to increased entrepreneurial activities. It is carrying out the strategies using volunteers from the business community and working with the Ministries of Labour, Education, and Higher Education to incorporate key skills into the educational system. Its ultimate aim is to prepare young people for work in the private sector or to start their own business. Indeed, SHABAB was partly conceived as a way to prepare young people in Syria to receive financing through a sister program called BIDAYA that helps young people who have a business idea but are unable to find help or funding to take it further. BIDAYA helps them prepare a business

plan. A panel of business people judges the plans and, for those that are approved, the program provides seed funding and a mentor for the first three years.

There are two points to note before moving on to the next section. The first is that SHABAB is not a *direct* job creation program. It focuses primarily on the supply-side of the labor market. However, if the program is able to help rekindle the flame of young entrepreneurship in the country, new job opportunities could be created in the not too distant future.

Second, SHABAB will do little to address mismatches between the skills of young job-seekers and those demanded in the workplace. It does not develop vocational skills, rather it develops the key skills essential for a successful school-to-work transition through courses and programs ranging from 1-2 hours (Business SHABAB and Job Fairs) to the equivalent of a two-semester course (KAB and NFTE).

The Syrian education system relies heavily on rote memorization of classical and theoretical texts. Syrian youth are not being exposed to problem-solving, analytical skills and language, and other business-oriented skills that are increasingly being sought after by employers. Indeed, there is evidence that the mismatch between the skills of workers and the needs of employers is resulting in low returns to education and creating an incentive to drop out of school (Huitfeldt and Kabbani, 2006). This mismatch creates a burden for both jobs seekers and employers who must often upgrade the skills of their workforce. From the social perspective, the mismatch represents a waste of resources.

SHABAB participants will not suddenly be able to master a foreign language or develop other skills that take years to learn. However, participation in a successful program will improve their analytical skills, knowledge about business, and awareness about work. Many of SHABAB's strategies introduce young participants to the working world and may help smooth the transition from school to work.

4. Evaluating the Key Strategies of SHABAB:

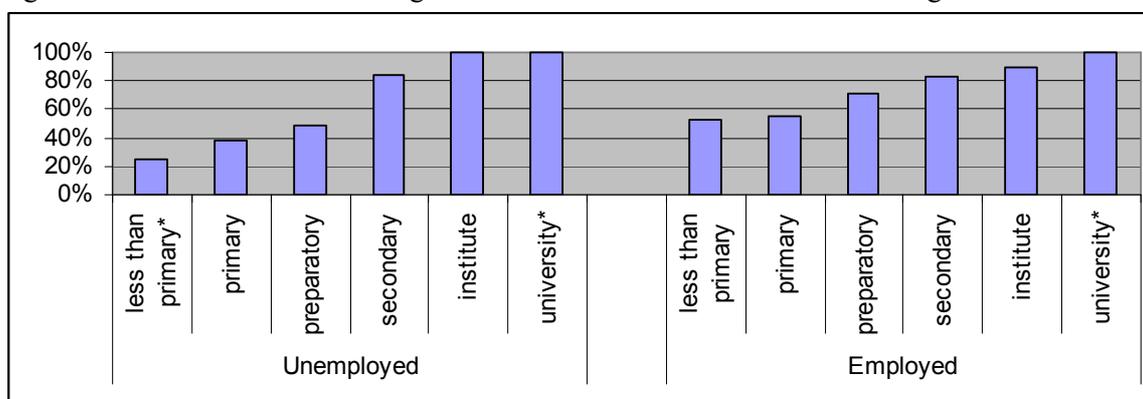
In this section we evaluate the strategies developed under SHABAB in the light of the employment situation facing youth in Syria as discussed above. The evaluation also benefits from data collected specifically for this purpose. The data are based on a survey of 2,000 young persons conducted in November 2005 using a survey instrument developed by the ILO based, their School-to-Work Transition Survey (SWTS). We begin by presenting some basic results from the SWTS and then using the survey data to test hypotheses constructed on the basis of our labor market analysis. This approach will hopefully shed light on strategies which are most likely to lead to the most beneficial results.

1. Employed Youth: The SWTS results indicate that only 12.5 percent of surveyed youth were not satisfied with their current jobs, as compared to 45 percent who were partially satisfied and 42 percent who were generally satisfied. As a result, only 23 percent were planning to change jobs. The main reason given for wanting to change jobs was financial (63 percent) followed by distance from home (7.3 percent) and lack of satisfaction (6.4 percent). Only 3.6 percent planned to leave work to pursue further education.

2. Unemployed Youth: A majority of unemployed youth (54 percent) identified lack of educational qualifications as the main obstacle to finding a job, followed by not enough jobs (14 percent), lack of work experience (9.5 percent), lack of connections (7.7 percent), and unsuitable education (6.4 percent). The low response rate to lack of networks is interesting given that help from relatives is the most used job search strategy (used by 92 percent of unemployed youth). The low response rate to "unsuitable education" is also interesting given strong evidence of low returns to schooling in Syria (Huitfeldt and Kabbani, 2005). Indeed, the share of youth indicating that the education they received was "useful" in *finding a job* increases

with levels of educational attainment for both unemployed and employed youth (Figure 9). One possible explanation for these findings is that higher levels of education may act more as a signal to employers than actually increasing productivity.

Figure 9: Share of Youth Indicating Education Received was Useful in Finding a Job

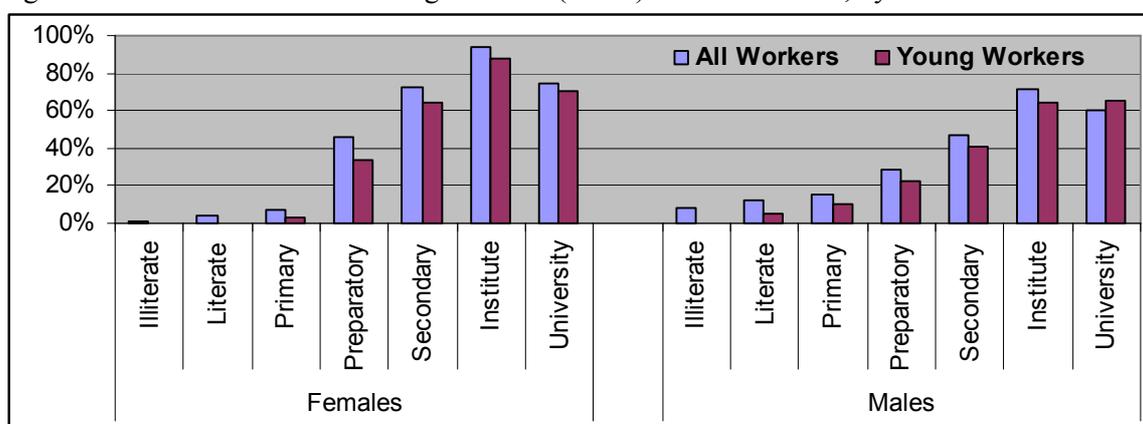


Source: 2005 School-to-Work Transition Survey * Fewer than 15 observations.

3. Inactive Youth: The main reason for inactivity among young males is health conditions (29 percent) followed by lack of opportunities or suitable jobs (19 percent) and no financial need (17 percent). Thus, nearly one fifth of young males can be deemed discouraged. The main reason for inactivity among young females is house work or child care (44 percent), followed by family refusal (33 percent) and lack of opportunities or suitable jobs (11 percent). Only 9.5 of inactive persons hoped to join the labor market.

SHABAB strategies aim to change attitudes towards working in the private sector and starting one's own business. Years of state control have resulted in a large share of the civilian workforce being employed in the public sector, estimated at 26 percent in 2001-2002 (17 percent of 15-29 year-olds). This share increases with educational attainment, rising to over 94 percent among female intermediate institute graduates and 72 percent among male institute graduates. This share drops to 74 percent among female university graduates and 60 percent among male university graduates (Figure 10). The share of youth working in public sector jobs is lower than adults across all groups except male university graduates. With high wages/benefits and a secure job, over 60 percent of unemployed workers with secondary or institute degrees desire jobs exclusively in the public sector (Huitfeldt and Kabbani, 2005).

Figure 10: Share of Total and Young Workers (15-29) in Public Sector, by Education



Source: 2001-2002 Labor Force Surveys

Our review of the employment situation facing youth in Syria suggests that there is a need to help young people think about and prepare for jobs in the private sector or going into business for themselves. The strategies being developed by SHABAB would increase business

awareness and help kindle an entrepreneurial spirit. The analysis also has implications for strategies which might work best for different groups in different circumstances.

First, labor supply pressures facing youth are expected to ease over the next 15 years. However, there is a 9 year difference between a 15 year-old and a 24 year-old. As pressures continue to ease, those leaving school at a younger age are likely to face less competition for jobs than those leaving school at a later age. Thus, the analysis suggests that developing entrepreneurial skills may benefit older job-seekers the most and that business awareness programs would benefit younger school leavers. The SWTS suggests that among youth in transition from school-to-work (unemployed, employed in non-career jobs, self-employed who want to change jobs) entrepreneurial activity is mainly taking place among those with primary or preparatory levels of education. There is apparently little entrepreneurial activity among institute or university degree holders, suggesting that there is room to focus efforts on this group.

Second, much of the youth employment difficulties facing Syria, in terms of unemployment and inactivity rates as well as sheer numbers, are for young people with a primary education, especially young urban females. However, most of the strategies being developed are school-based and take place in secondary school and (a few) in preparatory school. The analysis suggests expanding non-school based strategies (such as Business SHABAB and Work Experience) to reach the large group of primary-school completers.

Third, female youth face unique circumstances which appear to combine in keeping both their inactivity and unemployment rates high. The strategies being developed must find ways of addressing the two key obstacles to female participation: family responsibilities and family refusals. To address the former, strategies for balancing family and work responsibilities need to be introduced into the curricula. Also, it may make sense to have female-only sections whenever feasible and to include special husband-wife or parent-daughter sections. These programs should focus especially on urban areas, where female unemployment and inactivity is particularly high.

Fourth, separate strategies should be developed for rural and urban areas. Some strategies require many participants and a large number of volunteers in close proximity and are therefore more conducive to urban settings. These may include job fairs and mentorship programs. SHABAB should try to identify which of its programs would work best in what type of setting. This issue will be covered more thoroughly in future drafts of this paper.

5. Conclusion and Policy Recommendations

Over the past two decades, Syria has faced high labor supply pressures and government policies aimed at reducing reliance on public sector jobs leading to high rates of youth unemployment, especially among young urban females. In response, a non-profit partnership between government, local businesses and civil society is developing employment strategies to help prepare young Syrians for work in the private sector and to start their own businesses. The strategies focus on developing life skills, creating business awareness and access to job opportunities, and developing entrepreneurial skills.

An analysis of the labor market conditions governing the school-to-work transition of youth in Syria finds that the key factor associated with high labor supply pressures is a demographic wave that reached its peak in 2005 and is expected to pass rapidly, resulting in virtually no labor supply growth between 2009 and 2014. There is also evidence that entrepreneurial activities among post-secondary school completers in transition are minimal. The evidence of a mismatch between the skills of youth and the needs of employers is mixed. On the one hand, there is evidence of low returns to schooling. On the other, there is evidence that young labor force participants find that additional levels of schooling are “useful in finding a job”.

To benefit from the expected reduction in labor supply pressures, the Syrian government should ensure that employment opportunities continue to be created. If the government wishes to continue in its efforts to reduce reliance on public sector jobs, it must support job creation in the private sector by reducing regulations facing businesses, especially obstacles and costs associated with firing workers and the number of procedures and capital requirements involved in registering a business.

In the light of the analysis above, our evaluation of the youth employment strategies developed by SHABAB suggests that developing entrepreneurial skills would benefit older job-seekers the most and that business awareness programs would benefit younger school leavers. It also suggests that expanding non-school-based strategies would help reach the large numbers of primary-school completers, especially young urban females. Finally, the analysis suggests that strategies should be formulated to address key obstacles to female participation, such as introducing topics on balancing work and family responsibilities and providing special female-only sessions.

Future work will delve more deeply into the issue of skill mismatches, provide a closer evaluation of which strategies would work best in urban areas, and study on the underlying decision process that leads individuals to search for a public sector job, a private sector job, or an entrepreneurial endeavor.

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