

A STRATEGIC ANALYSIS OF LABOUR MATCHING POLICY IN TUNISIA

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Following the findings of the study “Etude sur le surplus de main d’oeuvre qualifiée et non qualifiée en Tunisie”, this paper provides a strategic analysis of labour matching policy in Tunisia. On the one hand, it describes the external environment of this policy area through a summary of key macro-economic, demographic, educational and labour-market indicators. On the other, it presents the labour matching mechanisms that policy-makers can use to address employment issues within the Tunisian borders, as well as between Tunisia and third countries, including the European Union (EU).

The paper concludes with a number of policy recommendations actionable at different governance levels - namely national, regional and EU levels.

The external policy environment

From 2011 to 2015, the Tunisian economy grew at an average rate of 2.1%¹. In 2016, the industrial sector was more developed (24.4%) than agriculture (9.2%)². Productivity varies across these sectors, as can be seen from the data on value added per worker in industry (\$8,089)³ and agriculture (\$8,526)⁴.

Over the last few years, the population has grown at an average rate of 1%⁵. More than 67% of the population is aged between 15 to 64 years old and can thus be considered to fall within

¹ ITCEQ, *Bilan de l'évolution du marché du travail en Tunisie : 2006-2015*, 44-2016, p. 5.

² World Bank national accounts data. Value added as a percentage of GDP for Agriculture, forestry, and fishing; Industry (including construction). Data are not available for service sector.

³ World Bank national accounts data. Value added per worker in constant 2010 US dollars for Agriculture, forestry, and fishing.

⁴ World Bank national accounts data. Value added per worker in constant 2010 US dollars for Industry (including construction).

⁵ World Bank - Africa Development Indicators. Annual population growth rate (2005-2017)

working age⁶. Nevertheless, only 51.5% of this working age population participates in the labour force⁷. If we narrow our focus on the population aged 15 to 24, the participation rate in the labour force falls to 34.3%⁸. 15.2% of the total labour force is unemployed⁹, although informal employment plays an important role (58.8%) in the economy¹⁰. Unemployed people mostly come from the Southern regions of Tunisia. From a gender perspective, unemployment is higher for women (22.7%) than for men (12.7%)¹¹.

Government expenditure on education in 2015 was 6.5% of the GDP¹². In 2016, 9% of Tunisian students enrolled in secondary school chose technical and vocational courses¹³, and the gross enrolment rate for tertiary education was 32.5%¹⁴. If we look more closely at the data on tertiary education, it can be seen that 53.2% of Tunisian tertiary students enrolled in natural and applied science programs whereas 43.5% enrolled in social sciences programs¹⁵. 29.3% of university degree holders are unemployed¹⁶. Therefore, holding a university diploma in Tunisia does not necessarily help jobseekers to find a job.

High-skilled labour supply is quantitatively and qualitatively higher than high-skilled labour demand.

From a quantitative point of view, one can point to the slow growth rate of the Tunisian economy. Tunisian enterprises do not grow enough to absorb all available high-skilled job seekers. Findings based on 2011 data show that a growth rate of 1% in the Tunisian economy entails the creation of 16000 job vacancies, whereas the jobseekers equal 43000¹⁷. From a qualitative point of view, one can point to the mismatch between jobseekers' skills acquired

⁶ World Bank. Composition of the population by age (data refer to 2017).

⁷ World Bank (modelled ILO estimate). Labour force participation rate of population aged between 15 and 64 years in Tunisia (data refer to 2016).

⁸ World Bank (modelled ILO estimate). Labour force participation rate of population aged between 15 and 24 years (data refer to 2016)

⁹ World Bank (modelled ILO estimate). Total unemployment as percentage of total labour force (data refer to 2016)

¹⁰ ILO (2018) *Women and Men in the Informal Economy: A Statistical Picture*. Third edition. ISBN 9789221315810.

¹¹ Tunisian national institute of statistics (INS), Unemployment rate by sex (%), update on 15.08.2018.

¹² World Bank. General government expenditure on education (current, capital, and transfers) as a percentage of GDP.

¹³ UNESCO Institute for Statistics. Enrolment in technical and vocational education and training (TVET) as a percentage of the total enrolment in secondary education.

¹⁴ World Bank. Gross enrolment ratio (GER) in tertiary education.

¹⁵ UNESCO Institute for Statistics. People enrolled in Natural and Applied Science and Social Science programs as a percentage of people enrolled in tertiary education.

¹⁶ Tunisian national institute of statistics (INS), *Enquête Nationale sur la Population et l'Emploi* (Direction des statistiques sur l'emploi).

¹⁷ EUROMED MIGRATION IV (2018) *Etude sur le surplus de main d'oeuvre qualifiée et non qualifiée en Tunisie*. ICMPD publication, p. 25.

during university programs and the skills required by Tunisian firms' human resource departments. Indeed, Tunisian economy mainly consists of labour-intensive activities requiring low-skilled workers.

Labour matching mechanisms

While the quantitative mismatch might be addressed through demand-side measures, the qualitative one requires supply-side measures. Both typologies of measures are available in Tunisia either in the form of Active Labour Market Policies (ALMPs) or in the form of Measures from an Employment and Skills Perspective (MISMES). Albeit complementary, ALMPs and MISMES mechanisms serve different purposes. ALMPs mechanisms are the main tool of national employment policies to match Tunisian jobseekers with jobs available in the national labour market. Therefore, these mechanisms are most often utilised to solve labour mismatch problems at the national level and to address workers resident in Tunisia. On the other hand, MISMES are usually defined as specific policy interventions in all phases of the migration cycle (before, during and after migration). Therefore, MISMES mechanisms are rather utilised to solve labour mismatch problems at the international (migration) level and their target population is Tunisian workers migrating abroad to find a job.

A number of policy recommendations actionable at different governance levels - namely national, regional and EU levels – can be envisaged.

Policy recommendations

National level

ALMPs in Tunisia cover both supply-side (i.e. vocational training programs) and demand-side (i.e. employment incentives and start-up incentives). A draft employment strategy - providing an overall framework for the coherent implementation of ALMPs - aims to progressively alleviate unemployment by supporting investment incentives for the development and growth of small businesses, as well as improving vocational training systems to align them with labour market needs and develop skills for sectors experiencing labour shortages¹⁸. Nevertheless, this strategy has not yet been formally endorsed. A first recommendation is to move a step forward in the endorsement and execution of this strategy. The *Agence Nationale pour l'Emploi et le Travail Independent* (ANETI), in collaboration with the ministry of employment affairs and key socio-economic partners – i.e. education institutions, l'Union

¹⁸ The following sectors experience shortages : extraction industry, food and agriculture, textile and clothing, leather and shoes, paper, chemical and pharmaceutical, automotive and transport material, construction, ICT and public sector services (education, healthcare and social services).

Tunisienne de l'Industrie, du Commerce et de l'Artisanat (UTICA) and *l'Union Générale Tunisienne du Travail (UGTT)* - shall take the lead in this process of endorsement and execution.

As far as MISMES are concerned, these are managed by scattered actors, including: the Ministry of Vocational Training and Employment with its Bureau of Foreign Labour and its agency ANETI (hosting an International Employment Department); and the Tunisian Agency for Technical Cooperation (ATCT) under the Ministry of Development and International Cooperation. This poses a challenge as there is the recurrent involvement of the same national agencies in the implementation of MISMES without formal coordination mechanisms that leads to some overlaps and inconsistencies. A second recommendation is about the definition of a governance platform allowing all the actors mentioned above to meet, dialogue and take major strategic and operational decisions about ongoing and future MISMES initiatives.

Regional level

The Mediterranean region represents a geopolitical space characterised by the presence of two heterogeneous areas, respectively the northern and southern shores of the Mediterranean Sea. Firstly, the European countries of the northern shore are characterised by the end of the demographic transition and, therefore, have low levels of natality and mortality and a high average population age. Conversely, the North-African countries of the southern shore have not completed this transition yet, with high natality rates and a larger population of young people. Secondly, when compared to its southern counterpart, the northern shore is characterised by a higher level of gross domestic product per capita. Thirdly, in terms of productivity, northern Mediterranean countries demonstrate a growing trend, whereas the southern ones reveal a stationary or decreasing trend. These structural differences may result into brain drain problems¹⁹ with North-African jobseekers with higher levels of education migrating to the EU in search of more promising labour markets.

These regional differences between EU and North-African countries might require a regional approach to labour migration policy aimed at preventing brain drain and promote brain circulation. Brain circulation is an alternative model to the idea of brain drain and can be defined as the circular movement of skilled labour across countries the northern and southern shores of the Mediterranean Sea. A third recommendation is that Tunisian organisations involved in ALMPs and MISMES establish a dialogue with peer organisations from other

¹⁹ Brain drain refers to the departure of educated or professional people from one country to another usually for better pay or living conditions

countries in the North-African region to (1) establish a common regional objectives to brain circulation policy, (2) align national ALMPs and MISMES programs with these objectives (3) exchange best practices about the management of ALMPs and MISMES, and (4) favour technical collaboration between staff members. This dialogue process should lead to the formulation of a common labour migration agenda on brain circulation measures that EU and North-African countries would jointly implement.

EU level

There is a general consensus that the better management of labour migration would benefit both shores of the Mediterranean. As stated in the GAMM²⁰, securing an adaptable workforce with the necessary skills, which can cope successfully with the evolving demographic and economic changes, is a strategic priority for the EU. In the meantime, in the Southern Neighbourhood, supporting labour migration and job matching would definitively foster national plans for reforming and innovating labour-market systems.

As concluded by previous research, within the context of EU funded programme EUROMED Migration III²¹, in spite of this common ground, labour migration between the two shores of the Mediterranean has not yet lived up to its full potential. Several concrete challenges in the areas of vocational training, skills matching and labour-market schemes still need to be addressed. The right people are not always getting the right jobs, and the successful professional reintegration of return migrants is not being assured.

To face these challenges and improve labour migration between the two shores of the Mediterranean, EU policy should promote initiatives aimed at improving:

- the compliance between education, vocational training, and labour-market systems;
- the coordination and knowledge of private sector and employers' needs in terms of shortfalls, demands and workable approaches;
- the portability of social and pension rights;
- the recognition of diplomas and qualifications;
- the inadequate investment in sustainable professional return projects.

²⁰ European Commission (2011). "The Global Approach to Migration and Mobility", Communication from the Commission to the European parliament, the council, the European Economic and Social Committee and the Committee of the Regions (COM/2011/0743 final).

²¹ EUROMED MIGRATION III (2015), Thematic Review: Conclusions and recommendations for Future Cooperation in the Framework of EUROMED Migration. Section I: Legal Migration and Mobility (revised 22 July 2015).

Since the EU considers Mobility Partnership (MP) agreements an important prerequisite to establish effective labour migration initiatives between its Members States and Southern Neighbourhood countries, above-mentioned initiatives could be implemented within the wider framework of these agreements. As partnering mechanisms, MPs could be used:

- to establish common job-matching and placement services
- to develop programs aimed at fostering diaspora involvement in entrepreneurship and job creation within origin countries
- to create pre-return and return employment information platforms and call centres
- to design courses on employment prospects in both origin and destination countries in order to train a work force specialised in all fields to help those returning from destination countries to launch their own projects in origin countries