

# Socio-Economic Relations in the Labor Resources Reproduction System of the MENA Region Countries

Ekaterina Lysenko<sup>1</sup>, Anastasia Veselaya<sup>1,\*</sup>, Lyubov Mayorova<sup>1</sup>

<sup>1</sup> Taganrog Institute named after A.P. Chekhov (branch) Rostov State University of Economics (RINH), Russia

\*Email: [veselaya-a-a@yandex.ru](mailto:veselaya-a-a@yandex.ru)

## ABSTRACT

The article is devoted to analysing social and labor relations in the Middle East and North Africa (MENA) region. It is established that geographical and resource factors determine this region's economic profile, which caused an imbalance in the MENA region's socio-economic development. Were analysed the main characteristics of the labor market in MENA countries: employment, unemployment and underemployment; the features of the economically active population; analyse the state of migration and place foreign workers in the labor market. It is concluded that the socio-economic relations in the system of reproduction of labor resources of the MENA region countries are significantly affected by the level of employment, the state of unemployment and migration processes. Empowerment for the development of socio-economic relations of the countries of the Middle East and North Africa can be realised only in conditions of effective state regulation of the economy to achieve maximum economic growth through a policy of accelerated industrialisation, radical agrarian reforms and the mobilisation of underemployed labor resources in these countries.

**Keywords:** MENA region countries, Demographic status, Employment rate, Unemployment status, Migration, Labor market.

## 1. INTRODUCTION

The processes of globalisation are moving faster and faster, covering new areas and regions of the world. This process has both positive and negative trends. To date, only a detailed analysis can reveal the correspondence between the available human resources, labor needs and the possible consequences of demographic changes for economic growth, entrepreneurial activity and vocational training.

The population's demographic structure largely determines the regional labor market parameters, the ratio of accumulation and consumption funds, the placement and development of productive forces, employment structure, etc. It has a significant impact on the region's economic potential, on the formation and effective use of budget funds, and the balance of payments of the population. The general principles of reproduction of labor resources are the same for all countries. Still, their reproduction conditions are influenced by certain factors that can be combined into

such groups: natural-geographical, demographic, socio-economic and historical-ethnocultural.

## 2. RESEARCH METHODOLOGY

The problems of the economic state and integration processes in the context of their impact on the economic development of the Middle East and North Africa in the context of globalisation are covered in the works of such scientists as Yahya Z. Alshehkh [1], I.O. Abramova [2], A.M. Mozgovoy [3] et al. Thus, in his writings, Yahya Alshehhi showed that the diversification of the economy and the strengthening of the private sector's role increases the demand for labor and increases diversification for the nationalities of the MENA region's countries. I.O. Abramova examines the current critical situation in Africa's labor market and studies a set of scientific and practical measures to solve the MENA region countries' existing problems. A.M. Mozgovoy focuses on trends in the development and functioning of Islamic finance.

### 3. STUDY PURPOSE AND OBJECTIVES

The article aims to consider socio-economic relations in the system of reproduction of labor resources of the MENA region countries. A comprehensive study of the relationship between demographic processes in modern society and its economic development is becoming particularly relevant.

### 4. PRESENTATION OF THE MAIN MATERIAL

The modern production process imposes specific requirements for the quantitative reproduction of the labor force and its qualitative characteristics, affecting demographic indicators sooner or later. First of all, this applies to countries with a mismatch in socio-economic and demographic processes in the middle of the last century. The entire world community's efforts overcame the high mortality rate in these countries by spreading the achievements of medicine, food production, and storage. In turn, the traditionally high birth rate in these countries remains.

The Middle East and North Africa (MENA) region is highly diverse, impacted by economic and political transformations, but with further growth potential. It has the advantages of geographical location. The Middle East and North Africa (MENA) region covers 19 countries in the Middle East and North Africa. According to the World Bank, the MENA region accounts for approximately 6% of the world's population. The MENA countries' population currently stands at 368.1 million, of which North Africa has 195.7 million and the Gulf States 172.4 million, and continues to grow (fig. 1, fig. 2) [4].

It should be noted that the trend of population growth remains mainly due to natural increase (average annual population growth - 2,5%) [4,5]. In addition to the birth rate, the region's demographic processes evolution was decisively influenced by the change in the mortality rate, which has more than doubled in half a century. The birth rate in most countries is still high.

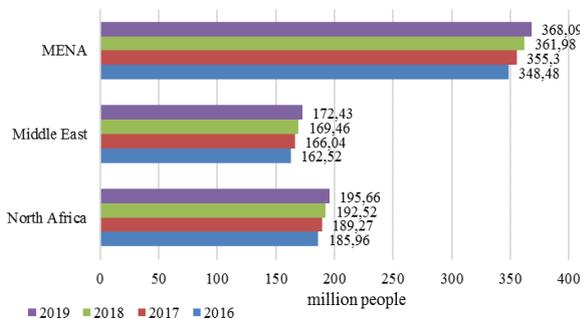


Figure 1 Population dynamics in the MENA region.

In North Africa, Egypt's largest population has more than 100 million inhabitants (in total, it exceeds Algeria, Morocco and Tunisia). Therefore, Egypt's demographic situation in the coming years will significantly affect the

dynamics of demographic indicators for the entire South African region [6].

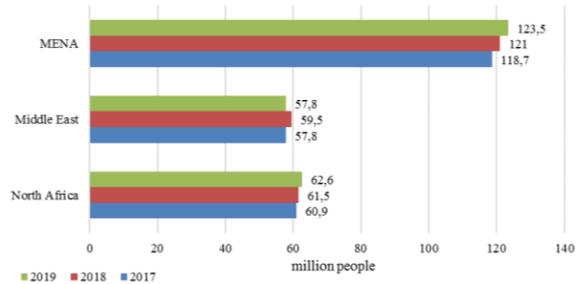


Figure 2 Dynamics of the number of labor resources in the MENA region.

Thus, M. McKee considered that a feature of the Arab countries population demographic structure is the advantage of young people: 60% of the population is over the age of 25, and 20% of residents are under 15. At the same time, the average age of residents of Arab states does not exceed 25 years. When compared with the indicators of other regions and the world, it can be established that this is the youngest world sub-region (fig. 3) [7].

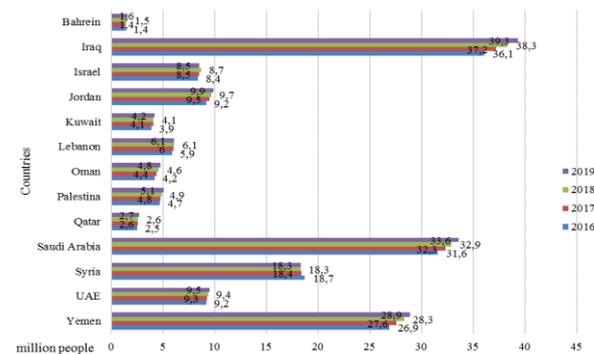


Figure 3 Population dynamics in Central Asia.

Let us take a closer look at analysing the MENA countries' labor market with its main characteristics (table 1) [8].

In Morocco, Lebanon, Egypt and Tunisia, labor force growth rates were in the range of 2.3-2.5%. Several reasons explain the low growth in economic activity. First, in some countries (for example, Tunisia and Morocco), statistics do not consider a large population, mainly women, who work at home or as family workers in agriculture. When conducting surveys, they refer to themselves as housewives, i.e., they do not belong to the economically active population. Second, the development of secondary and higher education has narrowed the boundaries of youth economic activity. Third, the emigration of both skilled and unskilled labor

**Table 1. Key indicators of the MENA labor market**

The name of the indicator	Year			Change, %	
	2017	2018	2019	2017/2018	2018/2019
The population between 15 and 64 years old (thousand people)	282254,3	287067	292046	1,70	1,73
Labor force (thousand people)	118671,41	120996,72	123513,39	1,96	2,08
Employed persons (thousand people)	107583,44	109696,42	112023,23	1,96	2,12
Unemployed (thousand people)	11087,97	11300,29	11490,17	1,91	1,68
Labor force participation rate (%)					
Men	48,03	47,98	47,96	-0,05	-0,02
Women	77,10	77,16	77,24	0,06	0,08
Young people	20,39	20,29	20,27	-0,1	-0,02
Unemployment rate (%)	29,48	29,35	29,15	-0,13	-0,2
Men	9,95	9,88	9,82	-0,07	-0,06
Women	7,9	7,9	7,8	0	-0,1
Young people	17,87	17,69	17,7	-0,18	0,01
	26,2	26	26,1	-0,2	0,1

is undoubtedly harmful to national labor resources. Among the outgoing migrants, people aged 20 - 40 years predominate [9]

The growth of the population of young age groups is the primary source of replenishment of labor resources. The working-age population's annual growth rate in the MENA countries (15-64 years old) from 2017 to 2019 was 1.7%. The highest rate was recorded in Bahrain – 5.7%. This is not surprising, since the labor force is still replenished to a greater extent due to the influx of foreign workers. According to L. Bocharova, the growth rates of the economically active part of the population in Saudi Arabia (2.4%), Jordan (2.8%) and Yemen (3%) were also significant, which can be attributed both to the rapid rejuvenation of the population and partly to the return of migrants from the military conflict zone in the Persian Gulf [10,11].

An essential characteristic of the economically active population is the structure of its employment. According to international statistics, in 2016-2019, among the Arab countries of the Middle East and North Africa male population, it looked as follows: 18.6% were employed in agriculture, 22.4% - in industry and industries close to it in terms of employment, and 59% - in the service sector.

The analysis of the employed population structure by industry allows us to classify those 10 countries of the Arab world that are sufficiently fully represented in

international statistics. The relatively low level of industrial development, the predominance of the agricultural sector in 2016-2019 was characteristic of the Moroccan economy, where 40% of the employed population worked in agriculture, 21% in industry, 39% in the service sector. The second group includes Egypt, Algeria and Syria with indicators for agriculture at 23 - 28%, industry – 23-29% and services 48-53%. The third group was Iraq and the Palestinian National Authority, where employment in crop and livestock production fell to 14% and 12%, while jobs in services increased to 57% and 62%. Finally, in Saudi Arabia and Jordan, agriculture accounts for only 4 to 5% of the employed population, while the tertiary sector accounts for 85% and 73%. According to this indicator, these Arab states are remarkably close to the developed countries of Europe and America [10,11].

An essential feature of the economically active population of Arab countries is the predominance of the male population. On average, the female population share does not exceed 25% and is significantly divided by individual states. In general, developing countries are characterised by a relatively weak involvement of women in public labor activities compared to developed countries, which is associated with religious traditions, as well as an insufficiently high level of development of productive forces, stereotypical assignment of certain types of work to women, and wage discrimination [10,11]. Nowadays, women's employment in Arab

countries is the lowest in the world. Even in the UAE, where the figure is much higher than 52%, two-thirds of the unemployed are also women.

In Yemen, female employment's sectoral structure reflects the low development of the productive forces and the economy's agricultural nature. According to international statistics, in 2016-2019, about 80% of all working women in this country worked in the primary sector. The concentration of women in crop and livestock production in Syria (58%), Morocco (57%), Egypt (39%) and the Palestinian Territories (34%) was relatively high. Gulf Labor Markets noted that in 2016-2019, the tertiary sector industry employed 98% of the employed female population in Saudi Arabia, 97% in Qatar, 86% in the UAE, and 80% in Oman. This is not only due to the active female immigration to these states. The indigenous women of the Arabian Peninsula are also making rapid progress. Indigenous women in the UAE make up more than a third of local business representatives [12,13].

It is noteworthy that in Arab countries, there is a relatively high level of child employment in the labor market. Surveys by the Organisation for Economic Cooperation and Development showed that the use of child labor in Iraq was 14.7%, Morocco - 13.2%. The lowest rates of child labor were recorded in Egypt - 7.9% and Syria-6.6%. Whatever sector of the economy uses child labor, it is almost always an unregulated informal economy beyond official data reach. Between 80% and 95% of children in the countries listed above help in the household and are classified by the International Labor Organization (ILO) as unpaid family workers. Its scale is small for the child labor market: it is essential in Yemen (35% of employed adolescents from 7 to 14 years old) [10,11].

There is a unique situation in the labor market of the MENA region. Despite the significant share of young people and extremely low employment of women, the region still has high unemployment and labor imports (up to 90% in some countries) [12,14]. According to international statistics, in 2016-2019, the MENA

countries' unemployment rate reached 12% of the economically active population, twice exceeding the same global figure (6.4%).

According to the global competitiveness rating of the world's countries, the data presented indicate that most of those who cannot find employment for their work have only primary education. As for the absolute scale of unemployment, the ILO estimates that it currently stands at about 14 million people in the Middle East and North Africa as a whole. As a result, the group of countries where unemployment was highest was highlighted: Tunisia (15.5%), Jordan (15%), Algeria (12%), Egypt (11.4%) and Morocco (9%). More than 30% of the Palestinian workforce is unemployed; youth unemployment remains above 40%. Simultaneously, the share of unemployed in the Persian Gulf countries was minimal: in Saudi Arabia 5.9%, the UAE 2.5%, Kuwait 2%. A tiny number did not find a use for Qatar's work (0.14%) - 28 thousand [15,16].

It is not easy to determine the exact number of immigrant workers in the region, as there are no reliable statistics due to objective and subjective reasons. The published data are usually of an estimated nature (table 2). Relative indicators are decreasing. On the one hand, this is due to the more precise implementation of social and migration control programs, and, on the other, to the fact that new national cadres who were born in the 1990s and reached working age are entering the labor market.

According to the most recent available data, the number of foreigners in Kuwait reaches almost 3 million people, about 70% of its population. About 70% of the people who came to the country are still from India, Pakistan, Bangladesh, Sri Lanka. The share of immigrants from Arab countries accounts for 10%, Iran-8%. A similar national immigration structure is more typical for other Persian Gulf countries [11,17].

**5. CONCLUSIONS**

**Table 2.** Number of citizens and immigrants in the countries of the Cooperation Council for the Arab States of the Persian Gulf (GCC)

Country	Number of immigrants		Number of citizens	
	general	of these, the labor force	general	of these, the labor force
Bahrain	704137	409800	862856	512354
Kuwait	2866136	1960798	1330992	482931
Oman	1844978	1739000	2984968	972530
Qatar	1687640	1713795	1007209	302435
Saudi Arabia	10185945	10183104	23368398	4072265
UAE	8095126	5200000	1446489	1620923

Socio-economic relations in the reproduction of labor resources of the MENA region countries are significantly affected by demographic processes, employment level, and the state of unemployment and migration processes. The persistence of a high birth rate in this region is primarily due to a complex set of socio-economic, demographic, psychological and socio-cultural factors: the level of well-being of the population; the disenfranchised position of women in society, their low level of involvement in social production, insufficient level of education; the significant influence of customs, traditions, religious dogmas that preach the need to create a large family. Unemployment in the MENA region can be eliminated only by state intervention in the economy to ensure maximum economic development through the implementation of policies of accelerated industrialisation, radical agrarian reforms and the mobilisation of the available labor resources of these countries.

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