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TUNISIA'S REVOLUTION AND YOUTH UNEMPLOYMENT

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Abstract

Youth joblessness was one of the main triggers of Tunisia's January Revolution. Unemployment rate in Tunisia has increased from 13 percent in 2010 to 18.3 percent in 2011 (NIS, 2011). Young people and women are more affected by this increase in unemployment. Thus, the purpose of this study is to examine the effects of various individual and job-related characteristics on the probabilities of unemployment of females and males aged 15–29 and to explore policy actions to create jobs in Tunisia. These issues are addressed using data from a 2010 survey of the National Institute of Statistics that provided information on the employment status of youth aged 15–29. The main estimated results show first that individual's age, gender, marital status, level of education, sector of economic activity, type of employment and region of residence are significantly related to the unemployment. The results indicate that, for young workers, unemployment incidence increases with the level of education. Education has a greater impact on the unemployment of females than on that of males. Second, there is a negative and significant effect of the agricultural, educational and health sectors on the probability of transition into unemployment for women and men in which case the estimated impact is greater for men. Third, coastal area and public employment are associated with lower probability of transition into unemployment. Finally, Tunisian policymakers are aware of the fact that the elected National Constituent Assembly and the transitional government have a set of challenging tasks to accomplish in order to lower the rate of youth unemployment. For instance, generating funds for business development and infrastructure in non-coastal regions, and collaborating with the private sector to promote investment— whether foreign or domestic — and employment for educated young people.

Keywords: Unemployment, Gender, Education, Tunisia

1. Introduction

Tunisia was facing times of political and economic instability manifested in a high level of corruption, unemployment and political oppression. The former regime which is profoundly linked to dictatorship and corruption prevented the emergence of an independent and dynamic private sector capable of generating long term employment and sustainable growth. Thus, one of the primary reasons that have discouraged both local and foreign investment in Tunisia is the widespread corruption and the lack of transparency.

Tunisia's Revolution started in December 2010 as a result of massive protests, later on turning into massive, violent riots which resulted in socio-economic chaos and instability. The

cost of the uprisings in Tunisia is estimated at \$2.03 billion, which accounts for 5.22% of the GDP (Geopolicity, 2011). The post-revolutionary economic crisis has been dramatic in terms of employment opportunities, leading to increased layoffs and thus growing unemployment. In October 2011, The National Constituent Assembly was elected. Its primary task is to write a new constitution and to regulate the political system. There is much debate in Tunisia over whether the transitional government led by Ennahda, a moderate Islamic party, will lead to resuscitate the economy until presidential and legislative elections are held in early 2014.

The objective of this paper is to examine the determinants of youth unemployment and to explore policy measures for job creation in Tunisia. To investigate the effects of various individual and job-related characteristics on the probabilities of unemployment of females and males aged 15–29, this paper estimates two models of unemployment. The data used in this study contains information on individual and job characteristics related to the probability of unemployment. Individual characteristics include age, marital status, educational level and the region of residence. Job characteristics include the sector of economic activity, the type of work and internship program. This data makes it possible to explore the determinants of youth unemployment by gender in Tunisia.

The outline of the paper is as follows. Section 2 examines youth unemployment in Tunisia by age, gender, region and educational attainment. Section 3 provides the methodological framework of the analysis. The data and variables used in the empirical estimation of youth unemployment are described in Section 4. Next, results are presented and discussed in section 5. Section 6 analyzes the policy reform efforts of the transitional governments in Tunisia to promote employment and makes some recommendations for further policy actions. Section 7 concludes the paper.

2. Youth Unemployment

For more than three decades Tunisian economy has been unable to grow fast enough to create sufficient jobs. The previous regime failed at job creation, especially for the young. Youth joblessness was one of the main triggers of Tunisia's January Revolution. Since then, amid political uncertainty and social contestations -strikes and roadblocks- with private investment on hold, unemployment has climbed higher. Unemployment rate has increased from 13% in 2010 to 18.3% in 2011. These jobseekers, numbering around 704,900, include about 137,600 whose jobs disappeared because of instability following the revolution (Table 1) and 75,400 new entrants to the job market (including 59,300 graduates) (NIS, 2011).

Table 1. Job creation in Tunisia

	2007-2008	2008-2009	2009-2010	2010-2011
Agriculture	-8,100	21,100	-3,100	-65,800
Industry	43,800	-24,600	59,100	-20,800
Services	35,400	46,500	21,400	-43,500
Undeclared	-800	500	1,100	-7,500
Total	70,300	43,500	78,500	-137,600

Source: NIS, 2011

In this section, we will examine the youth unemployment and the distribution of job opportunities by age, gender, educational level and regions. Figure 1 shows youth unemployment rate by age. The average unemployment rate for youth between the ages of 15 and 29 was 26.7% in 2010 (NIS, 2010).

Figure 2 shows unemployment rate of youth aged 15-29 by level of education. The Tunisian youth unemployment rate varies by level of education. It is lowest among young people

who lack secondary attainment. However, university education is associated with the highest rate of unemployment. The unemployment rate among university graduates which keeps growing day by day was 47.9% in 2010.

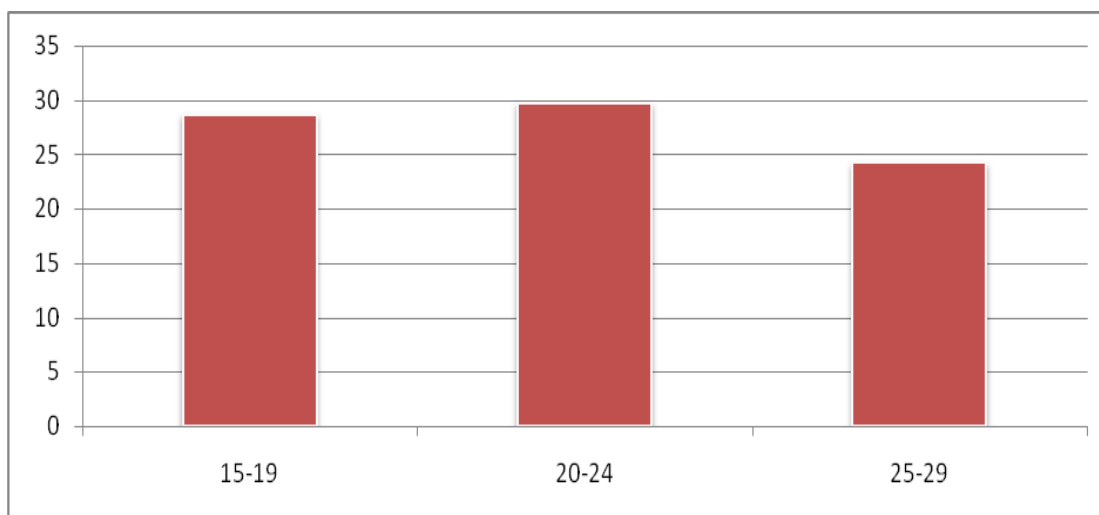


Figure 1. Youth unemployment rate by age

Source: NIS, 2010

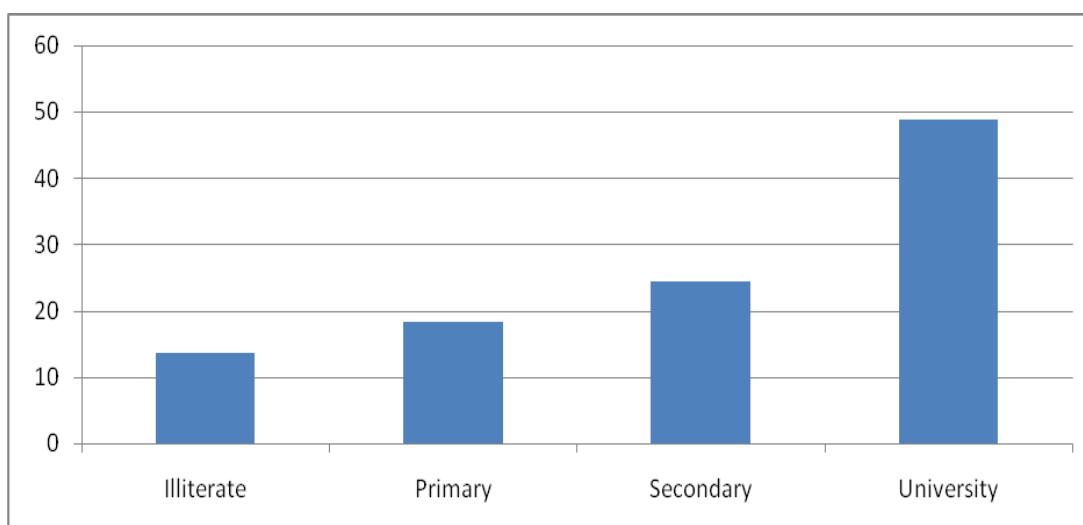


Figure 2. Youth unemployment rate by educational level

Notes: Based on the NIS Survey of 2010

Table 2 shows that gender differences played a role in the access to the employment of youth aged 15-29. Gender differences among young job seekers are important in Tunisia. Young women are less likely to be employed than men with equal educational attainment. In 2010, among young men in Tunisia, graduates have the highest rates of unemployment (40.8%). The level of unemployment among women graduates suggests that females are more likely to be without a job (52.7%). A major source of graduates' unemployment is a severe mismatch between the skills possessed by young workers and those demanded by private sector employers. The public sector remains the primary employer of university educated labor. In Tunisia educated labor force entrants accepted increasingly longer waiting periods for public sector jobs (ADB, 2012).

Table 2. Graduates unemployment rate by gender

	2010
Males	40.8
Females	52.7
Total	47.9

Notes: Based on the NIS Survey of 2010

Regional inequality was one of the major contributing factors to social unrest. The distribution of wealth is uneven between the coastal regions and the non-coastal regions and thus the distribution of job opportunities is unbalanced (Table 3). Tunisians from governorates in the Middle West, North West and South of Tunisia that historically have been ignored by the Capital are increasingly criticizing of the government's inability to provide jobs and resources, many of them noting that little if nothing has changed on the economic front since the January 2011 revolution. This has contributed to a continuing volatile mix, as increasingly active but disempowered civil society groups launch demonstrations, blocking roads and in some cases inciting violence, in the governorships outside of Tunis and the coastal regions (Schraeder, 2012).

Table 3. Youth unemployment rate by regions

	2010
Tunis	23.1
Coastal regions	22.7
Non-coastal regions	34.5
Total	26.7

Notes: Based on the NIS Survey of 2010

The reasons for the high rate of unemployment are primarily attributable to the failures of the government's economic policies and their inability to generate a sustainable and job-creating growth. Tunisian economy has continued to suffer from structural fragilities and weaknesses. First, the economic structure of the country is highly dependent on external revenue sources (e.g. remittances, tourism, textiles exports) which make the economic performances highly vulnerable to external shocks and consequently unsustainable in the long term.

Second, while the prospects of public sector employment have declined significantly in recent years, employment opportunities in the formal private sector have remained limited. This is due to the persistence of low levels of private investment, both local and foreign, and to their focus on capital intensive sectors, which do not generate sufficient employment opportunities, also to low-tech manufacturing activities, which provide very low opportunities for educated young workers. In Tunisia, the large increase in foreign direct investments in recent years reflected the pace of privatizations, rather than new investment opportunities that would have contributed to job creation (Paciello, 2011). Also, Economic assets were transferred to close associates of the ruling elites through carefully managed privatization and public procurement processes. Although the privatizations resulted in some investment and growth, smaller firms – those without privileged access – faced substantial obstacles. Key sectors remained uncontestable, limiting their competitiveness, and growth was narrowly restrained in a few sectors and groups (World Bank, 2009).

Third, the slow evolution of Tunisian economic structure and the relative decline of the manufacturing sector make it likely that during the past 20 years there has been a shift in the composition of employment toward lower productivity jobs. In Tunisia the share of value added in manufacturing declined from a peak of 21.5 % in 2002 to 17.6 % in 2010. The share of manufacturing employment in total employment also fell from 18.9 per cent in 2005 to 18.2 per cent in 2010. The services sector has absorbed much of the increase in the labor force since around 2000 (Table 1). A large proportion of service sector jobs are informal and characterized by low productivity and low wages (ADB, 2012)

Finally, the labor market policies adopted by the former regime have proved inefficient to respond to the growing unemployment crisis. The numerous state-sponsored employment programs have suffered from three fundamental shortcomings. In the first place, they have tended to generate only temporary jobs and therefore cannot be described as a long-term solution to the growing unemployment. Secondly, they were not specifically directed towards young graduates who have faced significant problems in entering the formal job market. Thirdly, the use of microcredit loans as the primary tool to generate employment for women and the youth has overall failed to create businesses that are financially sustainable over time (Paciello, 2011).

3. Methodology

Based on responses to the survey question, "Did you have a job?" asked to unemployed individuals in the year 2010, individuals who enter unemployment from nonparticipation are defined as "new entrants". Individuals who were employed before 2010 are defined as "re-entrants". Distinguishing between the transition from nonparticipation to unemployment and the transition from employment to unemployment may be important in understanding youth unemployment by gender. To investigate the determinants of youth unemployment, we first estimate multinomial probit models in which the dependent variable has three possible outcomes: employed, new entrant and re-entrant. The reference group is the employed. Second, we examine the transition into unemployment excluding new entrants from the sample, thus focusing the estimation exclusively on job losers. We estimate a standard probit model in which the dependent variable is equal to one for transition into unemployment ($TU=1$) and zero for employed ($TU=0$). Model 1 only contains individual characteristics. Model 2 adds job characteristics.

The structural equations of the multinomial probit estimator are:

$$U_j = X_j\beta_j + \varepsilon_j, j = 1, \dots, J$$

where j represents the alternative outcomes (1: employed; 2: new entrant; and 3: re-entrant). The probit equation for the probability of transition into unemployment can be formulated as follows:

$$prob(TU)_i = X_i\beta_i + Y_i\lambda_i + \varepsilon_i$$

For these equations the vector X includes several standard control variables: age, region, marital status and schooling attainment. In the probit model of transition into unemployment, the vector Y includes job-related variables: the sector of economic activity, being under a public employer and having received an internship program (SIVP). In section 5, all models are estimated separately by gender.

Age and age squared are included to observe the age effects and to capture the nonlinear effect of age on probabilities of unemployment. Marital status is expected to have a negative effect on unemployment. In the case of married couples, women are often assuming the status of the secondary earner in the household. Thus, married men exhibit a reduced probability of exiting to unemployment which may reflect their status as primary earners of the household (Royalty, 1998; Theodossiou and Zangelidis, 2009). We include dummy variables that identify marital status.

Previous research has shown that education has substantial impacts on labor market outcomes such as earnings and employment (Card, 2001; Grossman, 2005). More education may affect the chances of becoming unemployed. More educated workers may be more likely to voluntarily leave their jobs and may also transit quickly to a new occupation (Riddell and Song, 2011). To address this aspect, educational levels specifications use dummy variables for primary, secondary, and university schooling. No school represents reference level.

Studies in the spatial job search literature have shown how residential location can reduce the probability of leaving unemployment. Workers may refuse a job because commuting to it would be too costly in time or monetary terms in comparison with the wage offered (Detang-Dessendre and Gaign, 2009). Therefore, we also include dummy variables representing residence in one of the three regions of the country -Tunis, coastal regions and non-coastal regions- to control for further regional differences. The district of Tunis is the reference region.

Finally, public sector employees enjoy relative job security, which could affect a public sector employee's willingness to quit (Green, 2004). Our regressions include a dummy variable that identify public sector employees. Sector of economic activity is expected to reflect the importance of each sector as source of employment. Service is the control group. In addition, Internship program (SIVP) is used to analyze the effect of this labor market policy on the employability of young workers.

4. Data

The micro data used in the analysis come from the National Population-Employment Survey (NPES) of 2010, a nationally representative random sample of households, conducted by the National Institute of Statistics. The sample of the survey was designed to cover all districts and governorates, urban and rural areas, with a total sample size of 138,700 households. The NPES Survey provides much information on demographic structures, educational levels, migration, size of working population, employment and unemployment, and household living conditions.

Our sample for analysis consists of youths aged 15–29. The basic sample extracted from the National Population Survey and used in this investigation consists of 57,326 youths. Table 4 summarizes the average employment probabilities employment status by gender.

Table 4. Mean probabilities by gender

	Employed	New entrant	Re-entrant	Sample size
Males	76.93	10.91	12.16	37,858
Females	68.65	22.84	8.51	19,468
Total	74.12	14.96	10.92	57,326

Table 4 shows that men have 10.91% chance of transition from non participation into unemployment, and 12.16% probability of exiting to unemployment. In contrast, women exhibit higher rate of transition from non participation into unemployment than men and a somewhat lower probability of entering unemployment.

Table 5 provides the summary statistics of all the variables used in the empirical analysis. Several points of interest arise. First, 43% of total employment for women in the sample was in the industry sector (Textile). For men, 32.7% of total employment was in the services sector. Second, the share of private sector employment in total young employment was more than 90% for men and more than 85% for women in 2010. This reflects the importance of the private sector as the main source of employment of young workers. Third, the (SIVP) internship program reaches a small number of employed youth (9.2% for women and 3.4% for men). Finally, 62% of women who enter in the unemployment from non-participation have university education (31.2% for men). Graduates' women are less likely to be employed than men with equal level of education.

Table 5. Descriptive statistics

	Employed		Re-entrant		New entrant	
	Males	Females	Males	Females	Males	Females
Age	23.912 (3.798)	24.159 (3.711)	23.488 (3.687)	24.626 (3.447)	22.704 (3.711)	24.282 (3.219)
Marital status						
Single	0.898	0.794	0.969	0.872	0.991	0.892
Married	0.100	0.200	0.029	0.121	0.008	0.107
Widowed/divorced	0.002	0.006	0.002	0.007	0.001	0.001
Education						
No school	0.021	0.055	0.014	0.028	0.006	0.011
Primary education	0.344	0.261	0.314	0.190	0.143	0.085
Secondary education	0.546	0.457	0.566	0.404	0.539	0.284
University	0.089	0.227	0.106	0.378	0.312	0.620
Region						
Tunis	0.309	0.408	0.266	0.362	0.287	0.239
Coastal area	0.349	0.359	0.296	0.281	0.265	0.272
Non-coastal area	0.342	0.233	0.438	0.357	0.448	0.489
Sector of economic activity						
Agriculture	0.212	0.154	0.110	0.083		
Industry	0.168	0.462	0.146	0.387		
Services	0.327	0.235	0.252	0.336		
Construction	0.207	0.010	0.468	0.026		
Education and health	0.086	0.139	0.024	0.168		
Type of work						
Government worker	0.098	0.131	0.032	0.129		
Private worker	0.902	0.869	0.968	0.871		
Internship program (SIVP)	0.034	0.092	0.042	0.213		
Sample size	29,123	13,365	4,604	1,657	4,131	4,446

Notes: Standard deviations of continuous variables are in parentheses.

5. Estimation Results

Table 6 provides the results of multinomial probit models of unemployment for males and females aged 15–29. These results show that among men and women, age, marital status, education, and region of residence are significantly related to unemployment. The impact of independent variables is as follows.

Individual characteristics seem to affect probabilities of entering unemployment from non-participation and job leaving. Regarding the job leaving, married men exhibit a reduced probability of transition into unemployment which may reflect their status as primary earners of the household.

For both men and women, the highly significant effect of age indicates that probabilities of transitions into unemployment increase with age. The age has a greater impact on the transition from nonparticipation to unemployment of females than on that of males. The impacts of age on women's job loss were insignificant.

The impact of education on these transitions into unemployment is positive for both men and women. Females compared to males with equal educational level are also found to move more into unemployment from non-participation and have a higher probability of quitting job.

Moreover, women with university education are more likely to quit job than men. Women with higher level of education have higher probabilities of transitions into unemployment than those with less than secondary education. In addition, men with university education are more likely to leave employment to unemployment than those with lower educational attainment.

Table 6. Multinomial probit estimates of unemployment

Table of multinomial probit estimates of unemployment									
		New entrant				Re-entrant			
		Males		Females		Males		Females	
Individual characteristics									
Age		0.150	(0.032)***	0.181	(0.039)***	0.127	(0.030)***	0.063	(0.053)
Age ²		-0.005	(0.001)***	-0.005	(0.001)***	-0.003	(0.001)***	-0.001	(0.001)
Single (reference)									
Married		-1.294	(0.105)***	-0.390	(0.034)***	-0.707	(0.052)***	-0.439	(0.046)***
Widowed/divorced		-0.294	(0.354)	-0.570	(0.246)**	0.048	(0.228)	0.097	(0.166)
Education									
No school (reference)									
Primary education		0.061	(0.126)	0.186	(0.091)**	0.092	(0.080)	0.226	(0.101)**
Secondary education		0.529	(0.124)***	0.545	(0.092)***	0.120	(0.079)	0.323	(0.097)***
University		1.553	(0.125)***	1.587	(0.092)***	0.206	(0.083)**	0.627	(0.098)***
Region									
Tunis (reference)									
Coastal area		-0.187	(0.024)***	0.128	(0.027)***	-0.108	(0.022)***	-0.128	(0.035)***
Non-coastal area		0.210	(0.025)***	0.658	(0.028)***	0.185	(0.023)***	0.212	(0.039)***
Constant		-2.336	(0.372)***	-2.986	(0.458)***	-2.481	(0.355)***	-2.413	(0.624)***

Notes: *** Significant at the 1% level, ** Significant at the 5% level, * Significant at the 10% level

The region-specific effects are found to be statistically significant which suggests that there are significant cross region differences in the transitions into unemployment. The inner regions of the country are estimated to be positively associated with probabilities of unemployment for both men and women. The positive effect on females' unemployment is larger than on males' at the two transitions into unemployment.

Table 7 reports the results of the regression analysis of transitions into unemployment from employment. The results also show the same estimated impacts of age, marital status and region of residence of Multinomial probit models.

The Probit estimates suggest a positive relationship between education and the likelihood of job loss and the magnitudes of the coefficients increased with educational level. Our estimates indicate that additional schooling at the university level exerts a causal influence on the transition into unemployed. The magnitudes of the estimated impacts are large. We conclude that formal schooling raise the probability of job loss.

Table 7. Probit estimates of transition into unemployment

	Males			Females		
Individual characteristics						
Age	0.088	(0.029)	***	0.044	(0.047)	
Age ²	-0.002	(0.001)	***	-0.001	(0.001)	
Single (reference)						
Married	-0.619	(0.041)	***	-0.342	(0.039)	***
Widowed/divorced	0.072	(0.218)		0.102	(0.151)	
Education						
No school (reference)						
Primary education	0.090	(0.072)		0.145	(0.083)	*
Secondary education	0.157	(0.071)	**	0.213	(0.084)	**
University	0.419	(0.076)	***	0.482	(0.087)	***
Region						
Tunis (reference)						
Coastal area	-0.176	(0.021)	***	-0.093	(0.031)	***
Non-coastal area	0.136	(0.022)	***	0.188	(0.038)	***
Sector of economic activity						
Agriculture	-0.191	(0.030)	***	-0.167	(0.057)	***
Industry	0.071	(0.025)	***	-0.086	(0.032)	***
Services (reference)						
Construction	0.568	(0.022)	***	0.359	(0.110)	***
Education and health	-0.402	(0.064)	***	0.060	(0.060)	
Type of work						
Government worker	-0.284	(0.056)	***	-0.402	(0.064)	***
Private worker (reference)						
Internship program (SIVP)	0.065	(0.046)		0.261	(0.043)	***
Constant	-2.196	(0.333)	***	-1.996	(0.548)	***
Observations	33,727			15,022		
Log-likelihood	-2028			-1045		
Pseudo R ²	0.12			0.07		

Notes: *** Significant at the 1% level, ** Significant at the 5% level, * Significant at the 10% level

The results also show that, for both men and women, workers in the construction sector were more likely to move from employment to unemployment and those in agriculture less likely compared to those in services sector. The type of employment appears to have an impact on the probability of quitting job. As one would expect, individuals in public work are less likely to move to unemployment compared to those in private work. This effect is more pronounced in the case of female workers. In addition, the effect of the SIVP internship program on the probability of transition into unemployment differs between male and female workers. Thus, for men this effect is insignificant, whereas the significant positive effect is found to be the case for females. So far, the internship program (SIVP) hasn't helped to raise the overall employability of young workers, especially in the case of females. This can be explained by the fact that for women graduates working with a low wage which is equivalent to the public training subsidy (SIVP) for a period of two years is better than staying at home. Men, who usually do not accept low wages, prefer to wait for better opportunities.

6. Policy Implications

The transitional government in Tunisia has been challenged with high expectations on the part of citizens for short run policy actions and has responded to popular demands for employment creation by adopting an increase in public spending to promote employment. The transitional government has recruited 35,000 exceptional civil servants in 2012 and promised more recruitment in 2013. However, the recruitment in the public sector has targeted the older people who have experienced an extended period of unemployment and not younger unemployed. Moreover, employment programs that provide public sector employment to the highly educated are likely to perpetuate the attitude that the public sector bears the primary responsibility for creating good jobs.

In order to begin addressing the issue of youth unemployment Tunisian economy will need to develop new national strategies. Several public policies that should emerge as priorities are listed below.

In the short term the government can take the following steps:

- *Major institutional changes in labor markets* will be needed to increase the employability of young workers. The Probit estimates show that (SIVP) internship program is not an effective policy to create good jobs, especially for women. In the short term improving the prospects for good jobs will depend on changing the existing institutional arrangements that reach a very small number of beneficiaries (Table 5). Active labor market policies, such as job search assistance, employability training, public support for apprenticeship and training subsidies can be used to increase the employability of youngsters in the private sector, especially young women. Our result also shows that the government can target youngsters in key sectors such as construction with programs to create good jobs and lower the probability of moving to unemployment.
- *The government would generate funds for business development and infrastructure* in the inner regions of the country. This can be achieved by a public expenditure reform that may play a major role in job creation. The government should change the composition of public expenditures while leaving aggregate public spending unchanged, for example by reducing public consumption spending. A change in the current energy and food subsidies policies would allow reallocation of resources away from consumption and towards development and public infrastructure investment.

In the longer term, several public policies should emerge as:

- *Restructure the public education system by improving vocational training* and directing it towards the true needs of the labor market. The results of Multinomial probit and the probit models indicate that youth with higher level of education have higher probabilities of unemployment. This shows a severe mismatch between the skills possessed by young workers and those demanded by private sector employers. Education reforms are essential to improve the skills. This argues for changes in curriculum and in teaching practices. It also argues for changes in vocational and technical education including, especially, increased provision by the private sector. A more market-oriented approach to training that allows employers to shape the training they need with financial support from the government is required.
- *Promote the emergence of an autonomous and dynamic private sector.* The results of probit model show that workers in the public sector are less likely to move to unemployment than those in private work. To create good jobs in the private sector a real process of political reform is necessary in order to begin breaking the close ties between economics and politics. This is essential for the emergence of an entrepreneurial class truly independent from the political elites. Tunisia needs a more dynamic, competitive private sector. Restoring business confidence will depend on establishing trust between the government and the private sector in a more open environment. Building trust can be undertaken by developing institutions that support transparent, rule-based interaction between business and government. Addressing

corruption through freedom of information, anti corruption commissions, courts and other institutional means is another priority. Empowering the private sector and restoring its confidence in government will necessitate close communication and coordination between government and private business. Governments will need to collaborate with the private sector to define, carry out and evaluate policies aimed at increasing private investment and channeling it into high productivity uses.

- *A real diversification of the economy*, in order to generate employment opportunities for educated youth. The industrialization strategy is intended to boost formal job creation through faster, more labor intensive growth.
- *Reinforcing the role of civil society as it relates to economic management*. In the current phase of political and economic uncertainty it is crucial that the Tunisian General Labor Union (UGTT), the entrepreneurial organization (UTICA), political parties and others civil society actors be involved during the post-revolution phase in the debates on how to develop future economic policies that can stimulate job creation. Social dialogue could represent an effective tool to overcome the current social tensions and build a consensus on national priorities.

After two years under the government of Ennahda, the political and economic crisis in Tunisia is getting worse. In addition, terrorism begins to develop in Tunisia. In October 2013, the national dialogue between political parties started under the direction of four civilian organizations, primarily the UGTT and UTICA, to agree on the choice of a new head of government to get out of this political and economic crisis and to prepare for the 2014 elections.

7. Conclusion

This paper, using the microeconomic data of Tunisian youths aged 15-29, investigates the extent to which the probability of transition into unemployment from employment and non-participation is affected by age, marital status, region, schooling level, the sector of economic activity, being under a public employer and having received an internship program. The findings of this paper suggest that there are gender differences in transitions into unemployment. Women have higher probability of transition from nonparticipation to unemployment and lower probability of quitting job than men. The results also show that, for young workers, education significantly increases flows into unemployment from employment and non-participation.

Tunisia's transitional democracy provides an evolving laboratory field for exploring the degree at which democracy naturally leads to the emergence economic success. While there is a great uncertainty concerning the future political scenario in Tunisia, the political direction undertaken by the country will ultimately influence and even define the scope and nature of any change in the economic policy. In Tunisia, the final outcome of elections in early 2014 will therefore not only define the political trajectory but also influence the economic outlook.

Uncertainty and the perception of insecurity will continue to affect private investment. Investment is likely to take longer to recover because investors are waiting for clear indications of the economic policies to be pursued by newly elected government. Tunisian policymakers are aware of the reality that investment in their own country – whether foreign or domestic – is unlikely to pick up significantly with no stable elected government. Youth Unemployment rate will decrease only through democratization and government's economic policies that generate a sustainable and job-creating growth, and raise opportunities for educated young workers, especially women.

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