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OUTSIDE IN

Increasing Participation
in the Labour Force



Outside In

Increasing Participation in the Labour Force

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Table 1: Capital Expenditure (PPE\$b)

Acronyms

CAP	Career Advancement Programme
CAPE	Caribbean Advanced Proficiency Exam
CSEC	Caribbean Secondary Examinations Certificate
CXC	Caribbean Examinations Council
EITC	Earned Income Tax Credit
GDP	Gross Domestic Product
GOJ	Government of Jamaica
HEART TRUST	Human Employment and Resource Training Trust
ICLS	International Conference of Labour Statisticians
LFPR	Labour Force Participation Rate
LFS	Labour Force Survey
OLF	Outside the Labour Force
PATH	Programme of Advancement Through Health and Education
STATIN	Statistical Institute of Jamaica



Executive Summary



In Jamaica, some **411,000** individuals aged **18 to 70** are outside the labour force.

Jamaica's unemployment rate fell below 5 percent in 2023, signalling an unprecedentedly tight labour market that is constraining economic growth. At the same time, 35 percent of the eligible working-age population remains outside the labour force, teasing the possibility of untapped productive potential. This analysis examines the characteristics of these non-participants, with the objective of assessing whether they can be motivated to join the labour force and, if so, to identify policy interventions that may achieve it.

Globally, labour force participation rates (LFPR) have been declining over the past two decades, with the most significant drops seen in upper-middle-income countries. Jamaica's LFPR, however, has been contrary to this global trend, rising from 62 to 65 percent over the last dozen years. Despite this, the country still faces challenges in mobilising a substantial portion of its population, particularly women, who are disproportionately represented among those outside the labour force.

Gender plays a critical role in labour market participation. Globally, women's LFPR at 47 percent is significantly lower than men's 72 percent. The gap is partly due to traditional gender roles that assign unpaid care work and domestic responsibilities to women. In Jamaica, this dichotomy is evident, with care responsibilities being a factor keeping many women out of the labour force.

To address the challenge of labour market shortages, various interventions have been tried globally, with mixed results. In high-income countries, raising the retirement age and providing incentives for older workers to remain employed have had some success in boosting LFPR. For women, sector-specific training, financial solutions like direct deposit accounts, and employment guarantee programmes have proven somewhat effective in increasing participation. However, interventions targeting the care economy—such as subsidised childcare—are identified as crucial for enabling more women to enter the labour force.

In Jamaica, some 411,000 individuals aged 18 to 70 are outside the labour force. That is about a third of the number who are in the labour force. Without disaggregated examination, they seem to present as a temptingly large pool of persons who might be susceptible to policy to join and thereby significantly expand the labour force.

However, many of those classified as outside the labour force are not easily brought in. Nearly a quarter are in school and the remainder are either retired, incapable due to illness or disability, or are only temporary non-participants and already committed to joining.

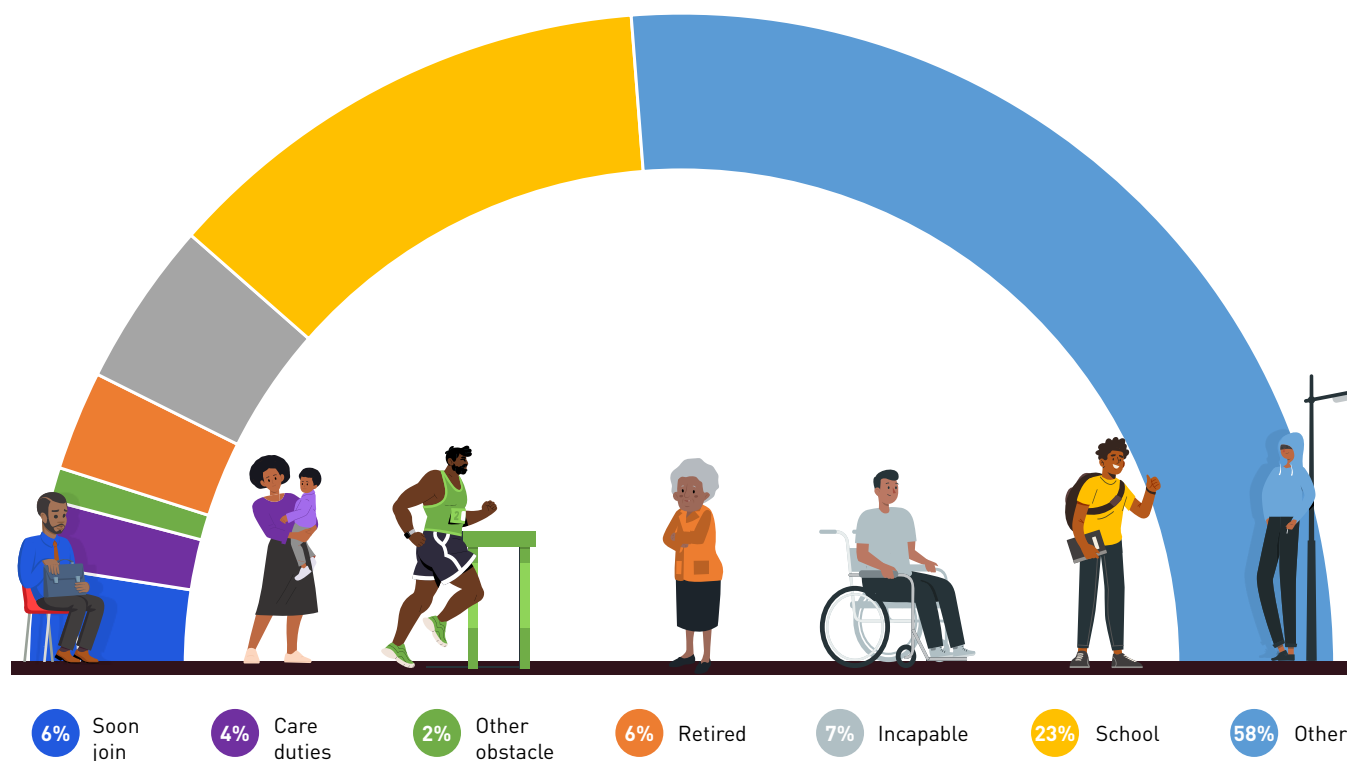


With nearly three-quarters of a million persons not working, it is tempting to assume there is great potential to mobilise a substantial number of them to join the labour market.

A large share of those outside the labour force are so for reasons that exclude them from being targets of policy to become participants.



Reasons for Being Outside the Labour Force



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica

Women comprise nearly two-thirds of non-participants, with a small but non-negligible portion of them in that camp due to care responsibilities. This represents the only meaningful potential for increasing labour force participation. Nearly 15,000 persons outside the labour force want to work but are unable to do so because of caregiving duties. Nearly all (96 percent) of these are women. Though this is only 1 percent of the employed labour force, if they were to be employed, Jamaica could potentially see a 2 percent increase in GDP. Addressing these care responsibilities through targeted policies could enable a portion of this group to join the labour force.

There is limited potential for increasing LFPR beyond addressing care responsibilities—given the challenges posed by illness, disability, educational opportunities, and other factors. This was the expected

finding since people who decline to be a part of the labour force are usually so for a good reason. However, even marginal improvements can have noticeable impact. By focusing on the most promising group for reintegration into the labour market, those with care obligations, Jamaica can enhance its economic performance and individual prosperity.

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Recommendation



The objective of this report is to seek out possibilities for raising the country's labour force participation rate. In examining the profile and situation of those classified as "outside the labour force," the only quantitatively meaningful group identified as potential re-entrants into the labour force are those who say they want a job but are restrained by care obligations.

For those unable to work due to care responsibilities, the state should subsidize the cost by issuing vouchers to working and job-seeking parents for use at registered and regulated day care and nursing care facilities. These could be issued through the Steps to Work Programme, which could be redeemed at approved and registered care providers.



1 The Unexpected Dilemma of Low Unemployment



A **1%** rise in employment leads to a **2%** increase in GDP.

In the context of historically low unemployment, Jamaica would do well to not only enact policy solutions to address the known issue of low productivity but also focus on expanding the labour market by integrating those currently outside the labour force. According to Okun's Law, a 1 percent rise in employment leads to a 2 percent increase in GDP.¹ Therefore, bringing those outside the labour force into employment should also result in a rise in the country's income.

In 2023, Jamaica's unemployment rate fell below 5 percent for the first time since measurements began. This has led to an unprecedentedly tight labour market, with concomitant constraints on economic growth, thus bringing into focus the fact that some 35 percent of the eligible population are outside of the labour force. That is, within the working-age group of the population, over a third of individuals do not want to work or are unable to work. Within that group over 200,000 persons between the ages 18 to 70 are considered capable of working, are not in school, and are not retired. Given the low unemployment rate and the limited supply of labour constraining economic growth, investigating the extent to which these 200,000 individuals can be induced into the active labour force is both warranted and timely.

This report aims to identify who these individuals are and understand why they are



not part of the labour force. The objective is to assess the extent to which they could be integrated into the labour force and determine the policy initiatives necessary to achieve this integration. The report begins with an enquiry into global trends related to those outside the labour force in other countries and jurisdictions, contextualised with relevant dimensions of Jamaica's own labour market trends. Following this, it explores various interventions that have been attempted to bring people outside the labour force into employment. An analysis of the characteristics of persons outside the labour force in Jamaica is then conducted. Most studies on this subject utilise their

country's labour force surveys for data, and some have supplemented this through the collection of primary data.² As such, 2022 labour market survey data is supplemented by focus group interviews with a sample of non-participating individuals to delve deeper into their reasons for not wanting or being able to work.³ Based on the information and analysis presented, the report draws conclusions and offers recommendations on what policy solutions might be available to encourage, facilitate, incentivise, and/or induce those who are outside the labour force and capable of working to make themselves available to employers.

Someone is considered employed if they work for pay or profit for at least one hour per week, which applies regardless of whether they are in school full-time, job seeking, or have another reason that might otherwise classify them differently.



2

The Global Perspective



Jamaica's Labour Force Participation Rates surpasses the average of 63% for Latin American and Caribbean (excluding high-income countries).

Labour force participation rates (LFPR) are a central topic in labour market studies, widely examined due to their implications for economic performance and overall societal well-being. Given the central role played by LFPR in labour markets' vitality and performance, and that a higher rate is almost always desired because of its effect on a country's standard of living, state planners are generally concerned with raising LFPR and thereby expanding the labour market. As such, policy research intended to discern the determinants of LFPR and propose interventions to increase LFPR is regularly undertaken to inform strategies that can produce a more robust and inclusive workforce and boost economic development.⁴

Unemployed vs Outside the Labour Force

The International Conference of Labour Statisticians (ICLS) sets global standards for labour statistics, including definitions and classifications. Based on the 13th ICLS, a respondent is considered employed if they work for pay or profit for at least one hour per week.⁵ This applies regardless of whether they are in school full-time, job seeking, or have another reason that might otherwise classify them differently. If the respondent states that they are not currently working for pay or profit, they are asked pertinent questions, such as



whether they are available for work and if they are seeking a job. If they are available for work in the reference week, regardless of whether they are actively seeking work during that week, they are considered part of the labour force and unemployed.⁶ This is the relaxed definition of unemployment from the 13th ICLS, which the Statistical Institute of Jamaica (STATIN) used up to 2023.⁷

Using the ICLS-13 definition, therefore, persons “outside the labour force” are

those who do not meet the criteria to be classified as “unemployed” – without work for pay or profit, over the age of 14, and available for work if offered. They are also referred to as “non-participants”.

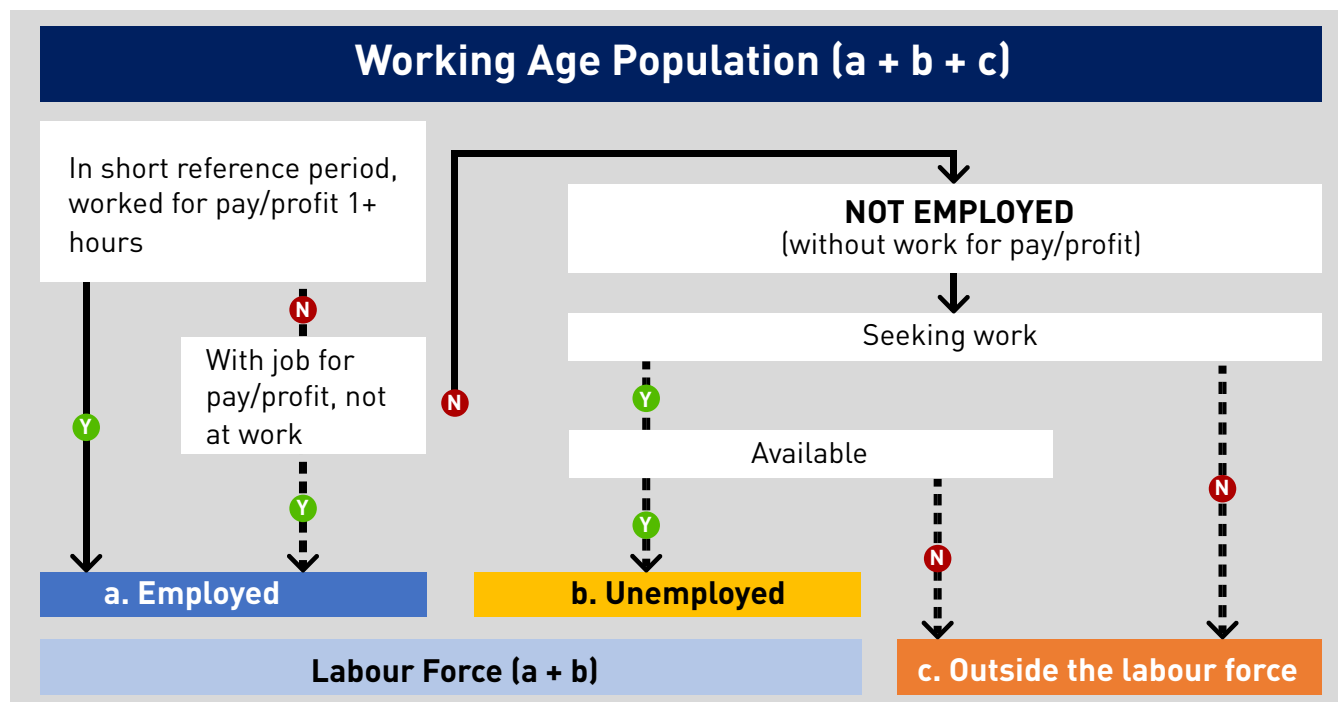
The flowchart on page 14 illustrates the process of determining whether persons are employed, unemployed, or outside the labour force.

Labour force participation rates, which represent the percentage of the eligible population that is classified as part of the labour force, have been declining globally over the past two decades.

Those “outside the labour force” are neither seeking nor even available for work.



Determinants of Components of the Labour Force



Source: International Labour Office

Under ICLS-13, the key distinction between the “unemployed” and “those outside the labour force” lies in the willingness to engage in paid work if offered. The unemployed population includes individuals who were not in paid work or self-employment during the survey period but are available for and/or actively seeking work. This category also encompasses “future starters”—those with imminent work arrangements—and individuals in training programmes within an existing employment system. Additionally, people planning to migrate for paid employment but who have not yet done so are counted as unemployed.⁸ Understanding this distinction is essential for accurately interpreting labour force data.

There are several reasons why persons of working age are outside the labour force. This includes being in school, being engaged in unpaid internships, volunteering, or carrying out unpaid care work.⁹ There are also many who are incapable of working, due to illness, disability, or

home duties.¹⁰ These will all be explored further in the report.

Labour Force Participation Rates

Labour force participation rates (LFPR), which represent the percentage of the eligible population that is classified as part of the labour force, have been declining globally over the past two-plus decades. At the turn of the century, the global labour force participation rate was 64 percent. By 2023, it had declined to near 60 percent, putting two in five eligible adults outside the labour force.¹¹

The decline in LFPR is observed across a range of countries at different levels of income, though the trends vary from one income grouping to another. In low-income countries, LFPR has gone from 69 percent in 2000 to 65 percent in 2023. A similar trend is noted in lower-middle-income countries, where LFPR fell from 59 percent in 2000 to 55 percent in

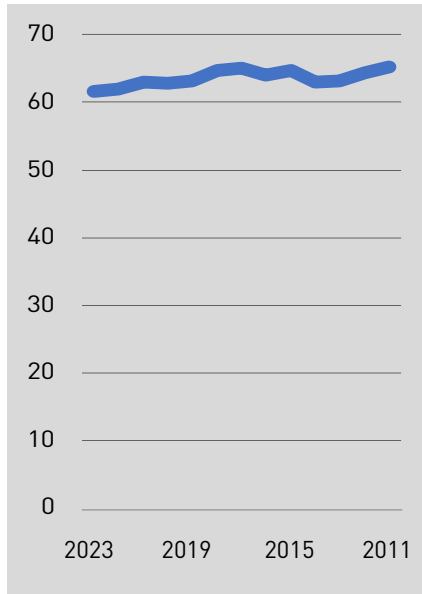
2023. Upper-middle-income countries experienced the steepest drop during this period, with LFPR dropping from 71 percent in 2000 to 64 percent in 2023. In contrast, high-income countries have seen stable participation rates, with LFPR hovering around 60 percent, although this remains below the world average. This stability may reflect factors such as longer years of schooling, higher life expectancies, and improved pension systems in high-income countries.

Jamaica’s labour force participation rate has generally aligned with global and regional averages, though it has not closely followed global trends. In 1983, Jamaica’s LFPR was as high as 70 percent but decreased to 65 percent by 2006. Unlike most other upper-middle-income countries, Jamaica’s LFPR rose from 62 percent in 2011 to 65 percent in 2023, surpassing the average LFPR of 63 percent for other countries in Latin America and the Caribbean (excluding high-income countries).¹²

A greater share of the relevant age cohort has joined the labour force



Labour Force Participation Rate



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica

Factors Influencing Labour Force Participation Rates

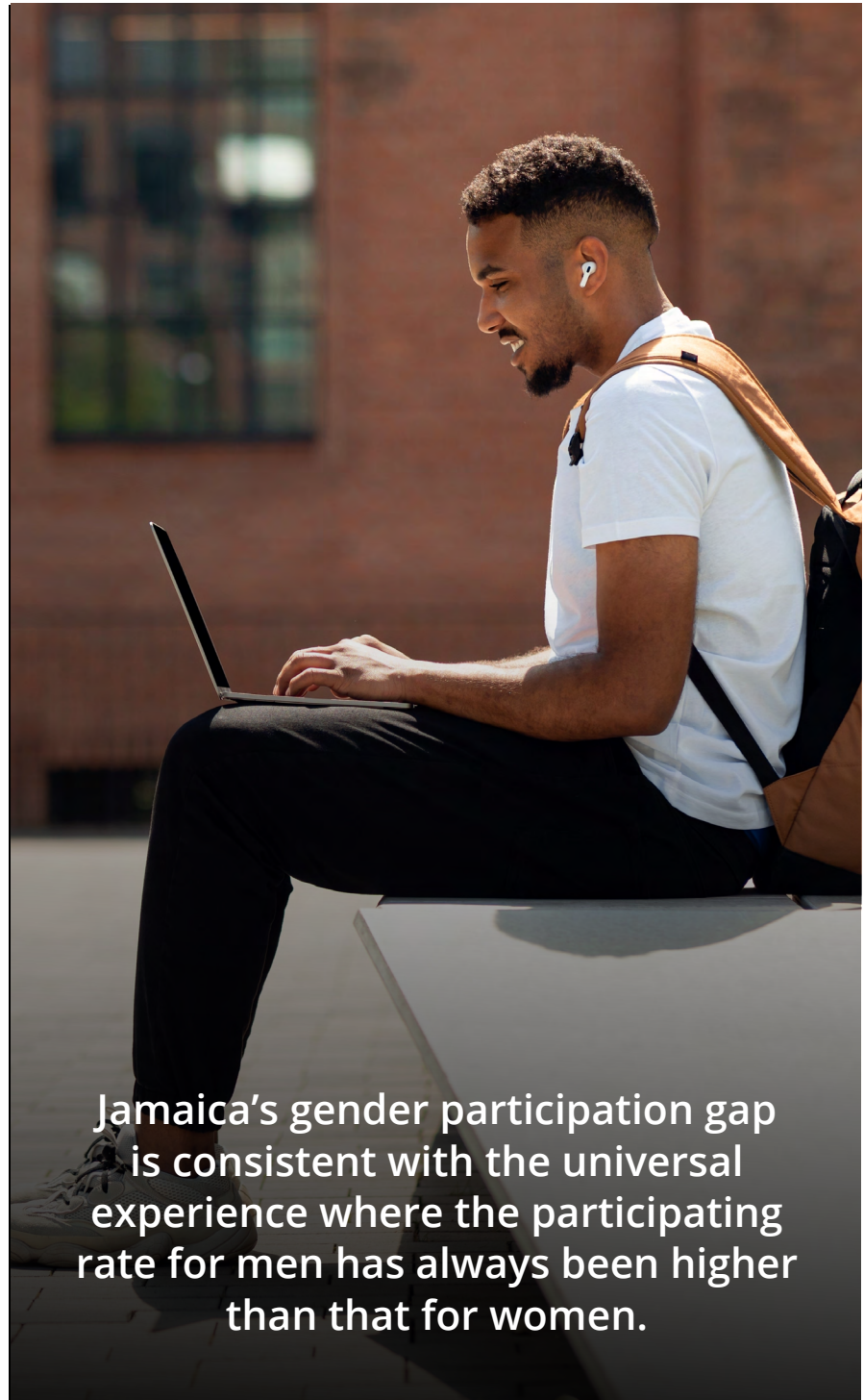
The decision to participate in the labour force is influenced by the presence of obstacles to participating such as being in school full time, having a disability, and ill health. These circumstances can either be beneficial long-term investments or persistent barriers that are difficult to overcome.

The impact of these factors varies across different age groups, thus the need to disaggregate the data where the objective is to tailor interventions to increase labour force participation rates. For example, in high income countries such as the United States and England, most non-participants in the 16-24 age group are students.¹³

Additionally, 30 percent of prime-age non-participants in the United States reported being ill or disabled.¹⁴ When examined over a ten-year period, the reasons for non-participation appeared stable, indicating a persistent pattern and a lack of effective interventions to change the status quo.¹⁵ Similarly, in Ireland, the majority of those who were not seeking work

or were not available for work cited illness or disability as their main reason (37 percent).¹⁶ This is in the context of a relatively high LFPR for the Irish aged 15 and over, as it stood at 66 percent, the highest LFPR recorded in the country since 2008. The take-away is that in these countries, the vast majority of those who are outside the labour force are so because of irredeemable obstacles to their participation and therefore have a low likelihood of integration.

In Jamaica, the Labour Force Participation Rate (LFPR) also varies by age: a significant proportion of those under 20 and over 50 are typically outside the labour force. This aligns with the life cycle, as those under 20 are often students, while those over 50 are more likely to be retired.¹⁷ Apart from age, the other factor that is a powerful determinant of LFPR is gender.



Jamaica's gender participation gap is consistent with the universal experience where the participating rate for men has always been higher than that for women.



Gender

Understanding how gender affects labour market participation is essential to any attempt to increase LFPR, given that women's participation in the labour market is lower than men's in every country (although the degree of this difference varies), and the factors influencing women's labour market participation are distinct from those affecting men. Globally, the LFPR for women is 47 percent compared with 72 percent for men. This means that for every non-participating man, there are two women who are outside the labour force.¹⁸ This gap results from the different motivations for women and men to participate, and the differences in the constraints they each face when determining whether to participate in paid economic activity.

Women's decision-making regarding the labour market is influenced by two key factors: the opportunity cost of their time, and the "unearned" income of their household. That is, the income that women could have earned if they had engaged in economic activities. Increases in the proportion of this unearned household income results in an effect on their labour supply, reducing work hours and potentially leading to withdrawal from

the labour force.¹⁹ Higher household income from family and spouse can induce women to leave the labour force and reallocate their time towards other activities.

National income levels affect household income, influencing families' decisions between paid work and childcare or household responsibilities. Female participation rates are generally highest in low-income countries, lower in middle-income countries, and higher again in high-income countries, creating a U-shaped relationship between income and LFPR for women.²⁰

In middle-income countries, the traditional gender division of labour allocates unpaid care and domestic work to women, constraining their participation in the labour market. This prevents women who would prefer to work outside the home from joining the labour force. In the Latin American and Caribbean region, almost three-quarters of women reported a preference to work for pay, with over a third indicating that balancing work and family and the lack of affordable care presented barriers.²¹

Rising wages in middle-income countries lead to a decline in female labour force participation, as women have less need

to work for income outside the home. This trend is also evident among married women, who presumably enjoy higher household income than unmarried women. In 2014, the disparity in participation rates for El Salvador, Guatemala, and Honduras between married and unmarried women aged 25 to 29 was approximately 15 percent.²²

Developing countries typically experience the smallest difference between the labour force participation rates of men and women, with a disparity of about 12 percent in 2017.²³ In many developing countries, women's labour force participation acts as a coping mechanism in response to economic conditions or shocks that affect the household.²⁴ Because wages are typically lower in these countries, women are driven to work out of necessity to cover the household's expenses.

Jamaica's gender participation gap is consistent with the universal experience where the participating rate for men has always been higher than that for women. Notwithstanding this, the rate for men has declined from the pre-independence period while that for women has risen.

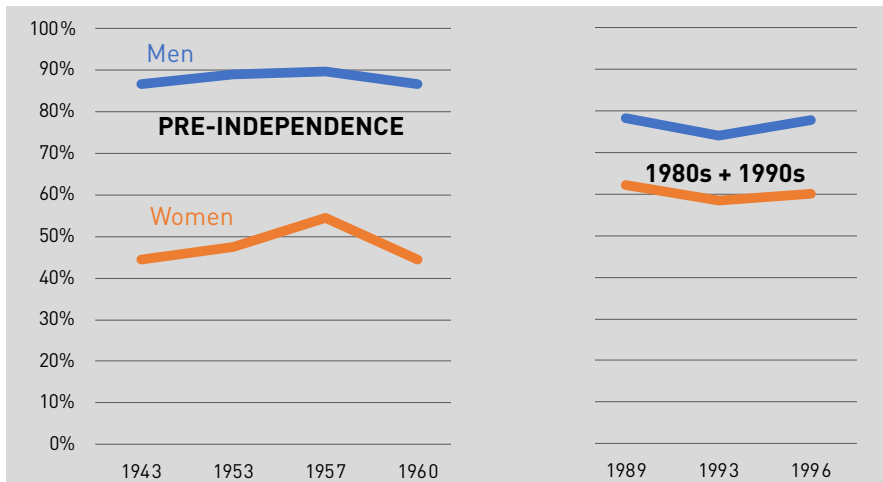


The participation gap between men and women has narrowed since independence

Labour Force Participation Rates for men are still significantly higher than women in the 2000s.



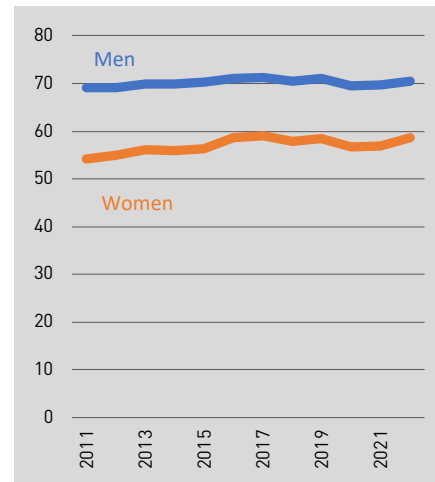
Labour Force Participation by Gender: - Pre-Independence vs 1980s-Mid 1990s²⁵



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica



Labour Force Participation by Gender



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica



Understanding how gender affects labour market participation is essential to any attempt to increase LFPR, given that women's LFPR is lower than men's in every country.

Another way in which national income affects participation rates is when a country shifts production from the agricultural sector to the industrial sector, as more jobs are not just outside the home, but also further away from home. Such a shift makes it more difficult for households to balance employment with caring for children at home.²⁶

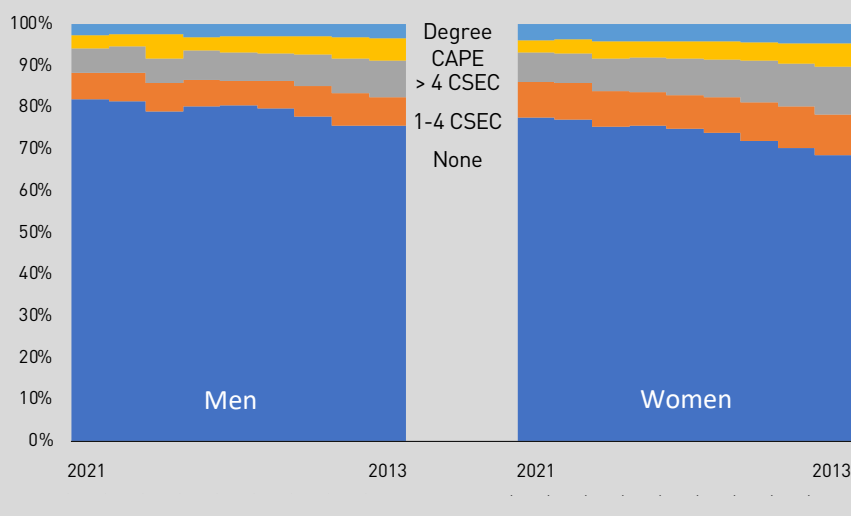
In addition to national income levels, the level of educational attainment is a determinant of female labour force participation, and more so than it is for men.²⁷ In Indonesia, completing secondary school increases the likelihood of participation by 8 percent, with an even greater increase for women completing tertiary education. Higher levels of education lead to higher wages relative to the national income, incentivising women to enter the labour market rather than remaining at home. In contrast, education levels have little impact on the likelihood of men participating in the labour market.²⁸ This may be due to gender norms that dictate that men be breadwinners regardless of educational status and resulting wages.

Post-2013 the proportion of Jamaicans outside the labour force without any qualification has been decreasing for both men and women. Within that, there is a smaller proportion of females who are outside the labour force without any qualifications compared to men. Furthermore, there is a higher percentage of women with a degree or diploma outside the labour force compared to their male counterparts. At the same time, the proportion of individuals with at least one A-Level/CAPE subject who are outside the labour force is increasing for both genders (Figure 6).

The proportion of those outside the labour force without qualifications is decreasing



OLF - Education by Gender²⁹



Source: Ministry of Finance and the Public Service, various years.

The Care Economy Constraint

Gender norms and socialisation are also considerations in one of the main factors affecting women's participation in the labour market: their obligations to provide unpaid care work to their children, elderly relatives, spouses, and other dependants.

Childcare and domestic work are major factors for labour force non-participation. Care responsibilities weigh more heavily on women's decisions regarding labour market participation than on men's. This relationship is best understood within the framework of the care

economy, which includes all paid and unpaid work related to the care of others, such as children, the elderly, and the sick, as well as domestic tasks.

Care economy constraints are observed across countries at all income levels. In the United States, caregiving is the primary reported cause for prime-age non-participation, with 40 percent of all non-participants citing care responsibilities.³⁰ Similarly, in England and Ireland, caregiving is the second most common reason for non-participation, following illnesses or disabilities.³¹ For those aged 25 to 49, caregiving is the most prevalent reason for non-participation, as this group is least likely to be retired or in school. In



Care economy considerations are the primary modifiable factor regarding labour force non-participation.

the European Union, the proportion of women outside the labour force due to care responsibilities and family reasons is significantly higher than that of men: less than 1 percent for men compared to almost 10 percent for women. In Armenia, 99 percent of those outside the labour force due to caregiving are women.³²

As we shall see for Jamaica, care responsibilities are also a key factor in labour force participation rates (LFPR), particularly for women. The disparities in participation by gender in Jamaica are related to a higher percentage of women contributing to care and domestic duties within the household. Additionally, care economy considerations are the primary modifiable factor regarding labour force non-participation.

Interventions

Given the potential of increased labour force participation to expand the labour market, state planners and various stakeholders frequently implement interventions aimed at increasing LFPR.³³ Academic and applied policy research often provides recommendations based on findings to guide these efforts.

Age - related

Some high-income countries have raised retirement age limits and implemented incentives to encourage the continued employment of older individuals.³⁴ These measures have led to a rise in LFPR for those aged 25 to 64 and an increase in LFPR among individuals aged 65 and over. These interventions are intended to mitigate the decline in productivity growth and sustain potential GDP per capita growth in these countries. However, the effectiveness of these measures is limited. Lifelong learning policies have also been introduced to retain older workers, but their implementation has been sparse due to the high opportunity cost of retraining older workers.

An examination of just under 400 studies which focus on interventions for youth employment show that the most frequently suggested interventions are those related to increased training followed by support to employment. However, approximately

three-quarters of these studies have a low confidence quality rating because of flaws in the impact evaluation methods. These include high dropout rates or the failure of those implementing the study to take account of other factors which could impact the intervention and/or the outcomes.³⁵

Monetary and Fiscal Policy Interventions

It is thought that monetary policies, such as reductions in interest rates, could sustain robust aggregate demand and prolonged periods of full employment, and could reduce unemployment and non-participation through market expansion.³⁶ There are also proposed fiscal measures that include the creation of a full employment fund. Such a fund would support labour markets during economic downturns by creating jobs and offering skills training to groups facing barriers. An earned income tax credit (EITC) is identified as a mechanism that could enhance incentives for labour force participation by subsidising wages, particularly for low-skilled and low-paying jobs. Skills training policies and interventions have also been suggested to address the issue of low demand for non-college educated workers. Demand management through monetary and fiscal policies, however, tends to affect employment only in relation to those already in the labour force rather than being able to draw in persons who are out of the labour force for reasons unrelated to the existence of jobs.

Interventions Targeting Women

Although 70 percent of women stated that they prefer to work in paid jobs, women's participation in the labour force is still below their male counterparts.³⁷ Worldwide, in 2023, only 53 percent of women were participating in the labour force, compared to 80 percent of men. In Latin and America and the Caribbean, the gap in participation rates is not much smaller, 57 percent versus 82 percent, a difference of 25 percentage points.³⁸ Interventions which are thought to be effective in increasing female participation rates include the following³⁹:

- sector-specific training
- training in socio-emotional skills

such as personal initiative, problem solving, negotiation

- providing access to financial solutions e.g. saving products and own direct deposit accounts
- using employment guarantee interventions to create stable job opportunities
- promotion of pay policies to reduce the gender pay gap

Furthermore, there are other interventions that have not been proven to be effective. These include vocational or business skills training that is not gender focussed, use of wage subsidies, and quotas for women's representation in leadership in the private sector.

Once constraints are identified, to effectively increase female labour force participation, it is necessary to address multiple constraints at a time. Additionally, while societal norms are a barrier, a change in the demand for women at work can help to erode these norms, resulting in an increase in supply. Unfortunately, there is little evidence on the cost-effectiveness of programmes to do so and therefore it is difficult to assess the scalability of interventions.⁴⁰

Care Economy Interventions

Interventions targeting the care economy and related constraints are common.⁴¹ For example, England's government offers a programme that provides 30 hours of free childcare per week to working parents of three and four-year-olds.⁴² This initiative is available to households where the parents earn at least £8,670 a year but less than £100,000 – a range that would encompass more than 90 percent of the employed. Additionally, parents of two-year-olds are entitled to 15 hours of childcare per week. The programme is set to be expanded, providing 15 hours of childcare per week for children aged at least nine months old. Furthermore, the initiative will eventually offer 30 hours of childcare per week during term time for pre-school children from nine months to school age.

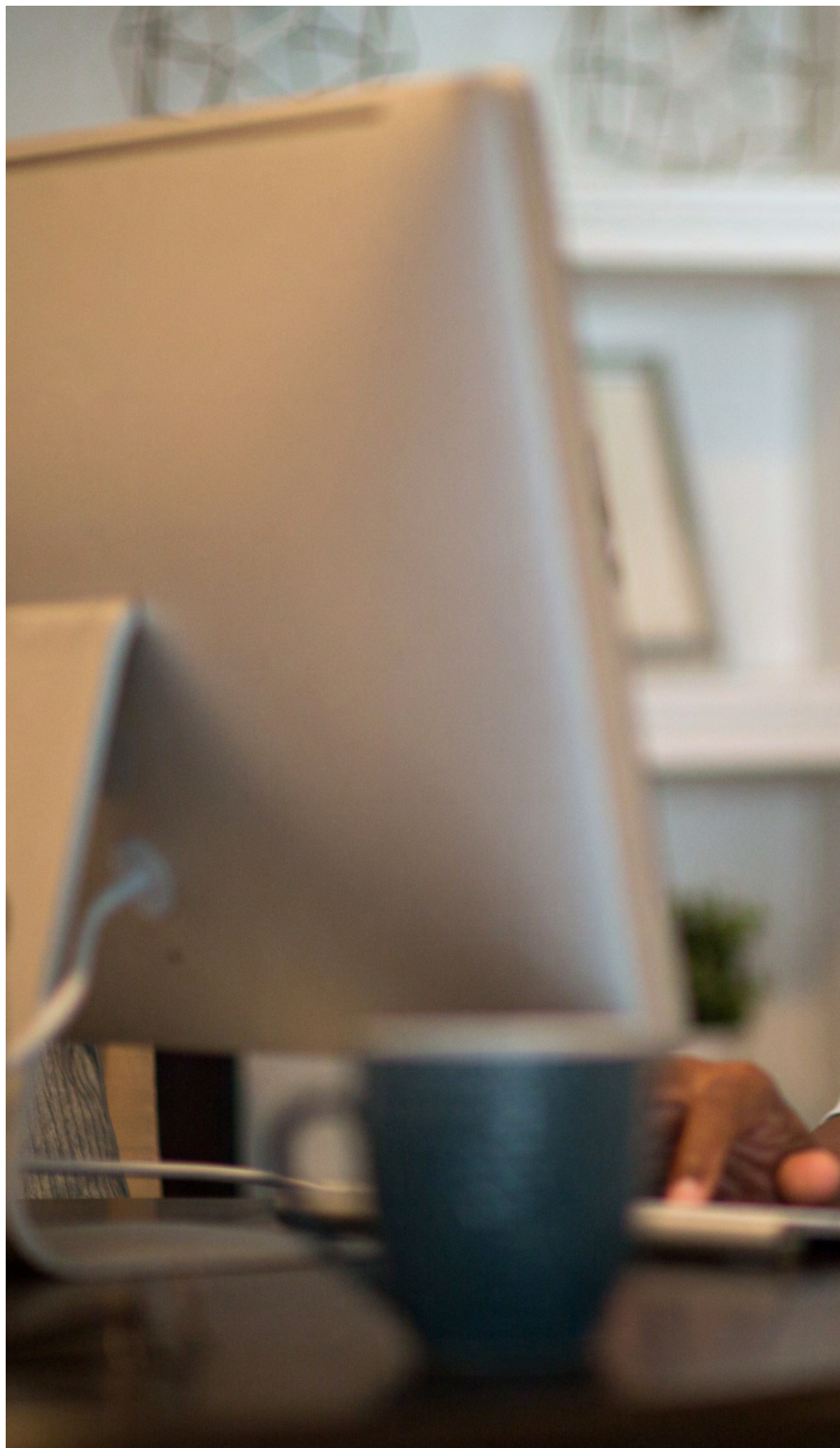
In Latin America and the Caribbean, some countries have implemented state-provided day care to encourage women to enter the labour force. For example, the Mexican government implemented a programme called Estancias Infantiles which provides eligible families with childcare vouchers that are used towards daycare for their children aged four and under.⁴³ Additionally, in Barbados there are government run daycare centres for which the state-subsidised cost is less than 15 percent of the per-child cost to the government.⁴⁴

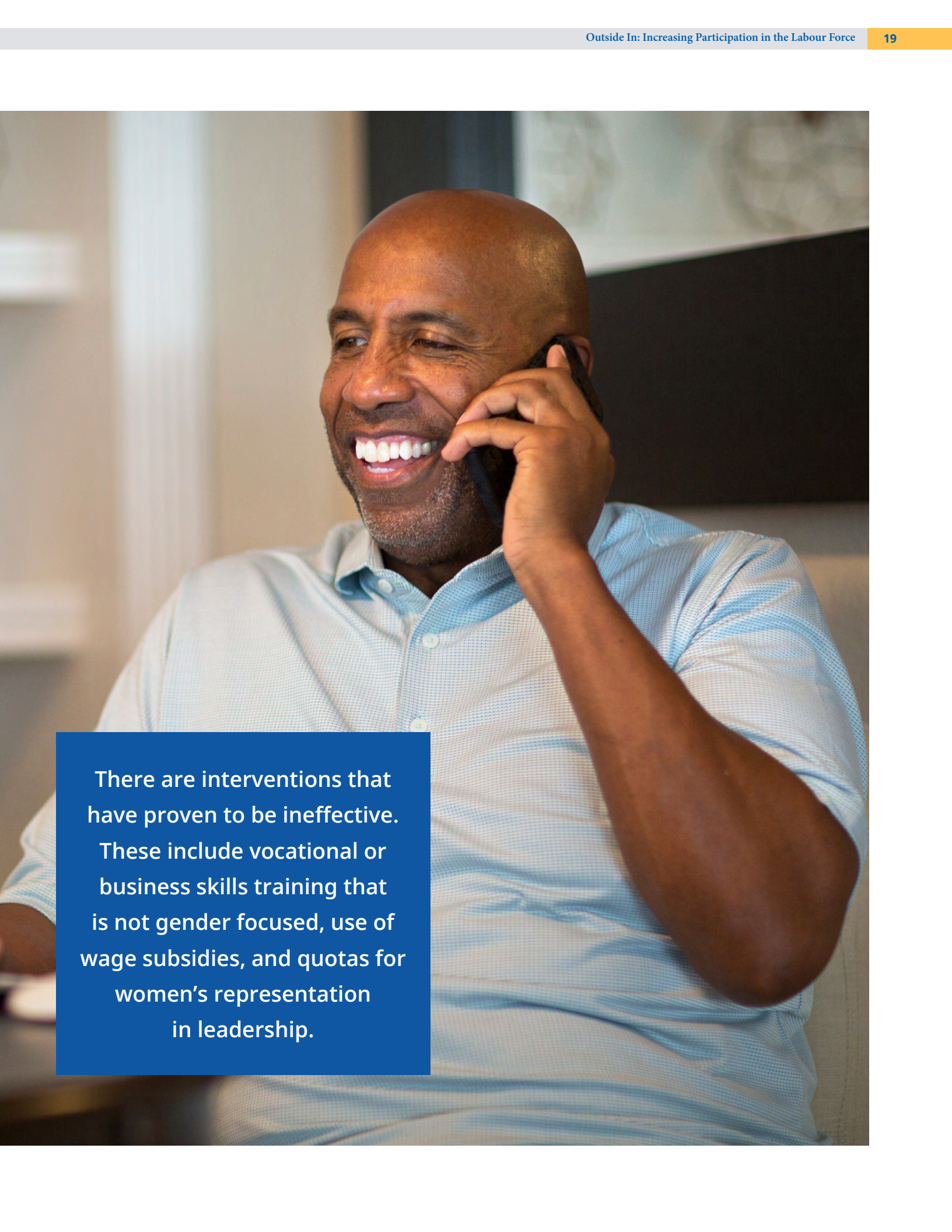
Situating Jamaica in the Global Discourse

Jamaica's LPFR is roughly in line with global and regional trends, and many of the predominant determinants of labour market participation obtain in Jamaica. These interventions can be considered as proof of concept for Jamaica's goal to expand the labour pool by reducing non-participation. The nature of any intervention would be informed by the specific characteristics of the OLF population. Understanding these characteristics is crucial for determining the relevance and potential effectiveness of existing or newly-created policy solutions aimed at integrating more individuals into the labour force.



Some countries have raised the retirement age and implemented incentives to encourage the employment of older persons. However, the effectiveness of these measures is limited.



A photograph of a middle-aged Black man with a shaved head and a light beard, smiling broadly while talking on a black mobile phone. He is wearing a light blue button-down shirt. The background is a blurred indoor setting with a window and a dark headboard.

There are interventions that have proven to be ineffective. These include vocational or business skills training that is not gender focused, use of wage subsidies, and quotas for women's representation in leadership.



3 Jamaica's Population Outside the Labour Force



The share of persons outside the labour force in Jamaica is not unusually large by either international nor historical standards.

The eligible labour force in Jamaica is defined as persons aged 14 or older in a specific population.

In Jamaica, this is approximately 2.1 million persons, of whom 64 percent, or about 1.4 million, are classified as participating in the labour force.⁴⁵ Of that 1.4 million people, 4.5 percent are unemployed. Another 35 percent of the eligible working population, or 747,000 individuals, are outside the labour force.

With that nearly three-quarters of a million persons not working, it is tempting to assume that it suggests great potential to mobilise a substantial number of them to join the labour market. In this section, we break down that number to find out how many persons that possibility applies to.

To begin, some 45 percent are below the age of 18 or older than 70. Thus there is an eligible group of 411,000 to be examined. An interrogation of this eligible, non-participating population was conducted by analysing 2022 labour force survey data and through focus groups representing this demographic.

Profile of Jamaica's OLF Population

The share of persons outside the labour force (OLF) in Jamaica is not unusually large by either international nor historical standards. A participation rate of 65



percent (the complement to the percentage outside the labour force) even exceeds the global average, by 2 percentage points. That participation rate is also 3.6 percentage points higher than it was a dozen years ago. These two comparisons suggest that the share that is OLF is not bloated.

Most of those outside the labour force in Jamaica are women, who comprise 64 percent of the total. They are also young. Those under 26 years of age are 51 percent of the men and 36 percent of the women (Figure 8).

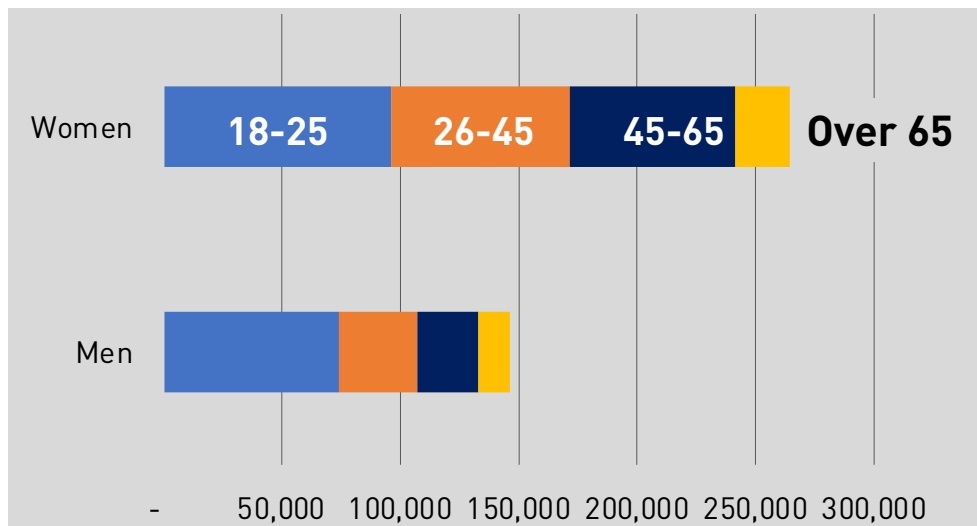


While a significant proportion of those who are retired may be beyond their prime working years, there is still a small group that could give a meaning contribution to the economy.

Most of those outside the labour force are women and are young.



Age Distribution of Persons Outside the Labour Force



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica.

Constructive Non-participation

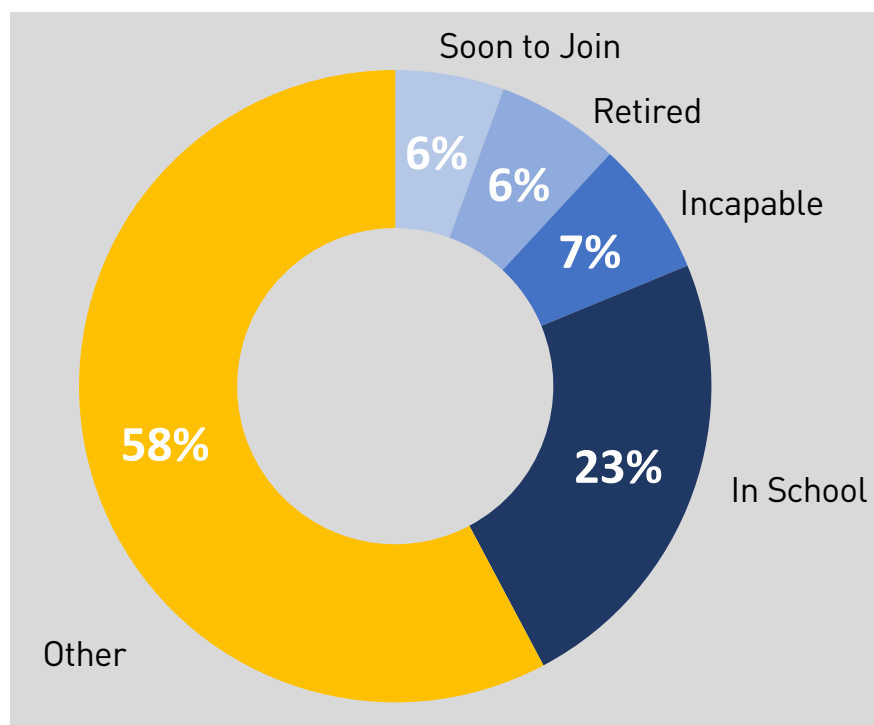
A substantial proportion of the 18 to 70-year-old non-participants, some 15 points of the 35 percent outside the labour force, are so for what we may label as “constructive” reasons. That is, they are either retired, incapable of working due to disability or illness, in school full time, or preparing to shortly join the labour force (Figure 9). The majority of women who are outside the labour force, six of ten, are so for reasons other than those constructive ones and this is a greater share than obtains for men.



A large share of those outside the labour force are so for reasons that exclude them from being targets of policy to become participants.



Reasons for Being Outside the Labour Force



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica



The greatest potential for additions to labour force participation comes from those OLF due to care responsibilities.

Disaggregating the constructive group by gender, nearly 6 percent of those who are not now in the labour force say they will join within the next 12 months. In this group there are more men than women. Of the 7 percent who are incapable of working, almost twice the proportion of men reported this. The 6 percent of retirees is made up roughly equally of men and women. (Figure 10).

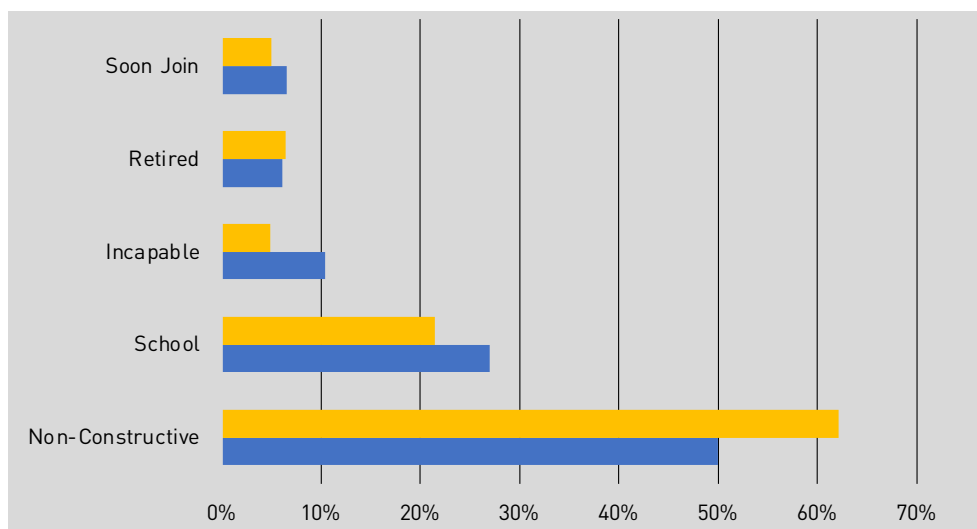


Over half of those planning to enter the labour force soon have no formal qualifications.

Most women who want to join the labour force are outside for non-constructive reasons.



Reasons for being Outside The Labour Force



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica.

When broken down by age, for those of prime working age, 26 to 65, the share of those outside the labour force for non-constructive reasons was 70 percent. Those younger than that cohort also had a significant percentage (39 percent) who were out for non-constructive reasons. And for those older, the share was half, suggesting that there are many older persons classified as OLF who still consider themselves eligible to work.

Most young people (18 to 25 years old), 54 percent, are in school, with the percentage being higher for women. This is unsurprising since enrolment rates in tertiary education is higher for women, and has been for several decades.

Approximately 6 percent of those outside the labour force, 26,000 persons, are retired. However, of this group, 7 percent are younger than 60 years old. This sug-

gests that, while a significant proportion of those who are retired may be beyond of their prime working years, there is still a small group that could make a contribution to the economy. Furthermore, just under 2 percent of those who were considered retired wanted to work. Despite this, almost 40 percent stated that they could not because of care responsibilities or home duties. Implicit in this, is that if suitable care arrangements were available, then they would be willing to rejoin the labour force.

The majority (54 percent) of these 26,000 persons stated that they were incapable of working or ill. Additionally, almost three-quarters of these persons were under the age of 60 implying that most are of prime working age. Of course, while approximately 30 percent of these persons wanted to work, they were unable to because of their illness.

One respondent in the focus group who was ill shared that she wanted to work, however, because of the "lack of flexibility" in terms of when she was required to work and the number of hours required, she was unable to do so. This suggests that there may be the need for further investigation as to the type of health issues that persons in this group face and what interventions may work in their situations, as given the necessary support, some of these persons could join the labour force.

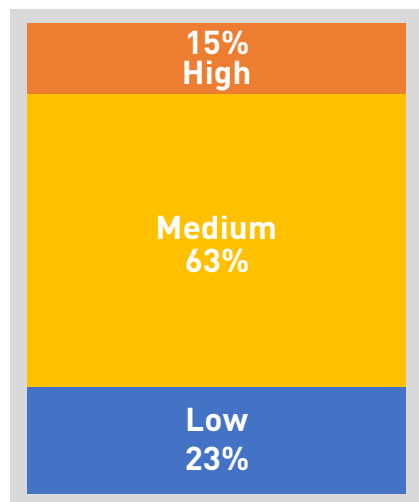
A substantial number of persons currently outside the labour force, 23,000, state their intention to join within the next 12 months; 60 percent of these persons are female. Most (80 percent) are in the younger cohorts, 18 to 25 and 26 to 45. Only 1 percent of those intending to join the labour force were over 65 years old. Of the 23,000, one out of five would be entering the world of work for the first time.

Over half of those planning to enter the labour force soon have no formal qualifications. Among those intending to join, approximately 1,300 individuals (6 percent) will be entering with a degree or diploma. Some of these individuals have received training in previous jobs, with six out of ten trained for medium-skill roles and one in three for high-skill positions. Approximately two-thirds of those intending to join the labour force hope to secure jobs within the medium-skill level group, while the remaining one-third is almost equally divided between low and high-skill levels.

Most persons who planned to join the labour force in the next 12 months hoped to get a medium skill level job



Skill level of jobs those who will soon join the labour force hope to get



Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica.

Care Responsibilities

Those who are in school full time are not a feasible or desirable source of additions to the labour force both because such a personal choice is difficult to reverse and because society is better off with the investment in "human capital" – the knowledge, education, and skills that raises a person's productivity. Those who are classified as "soon to enter" the labour force also do not need to be a target of a

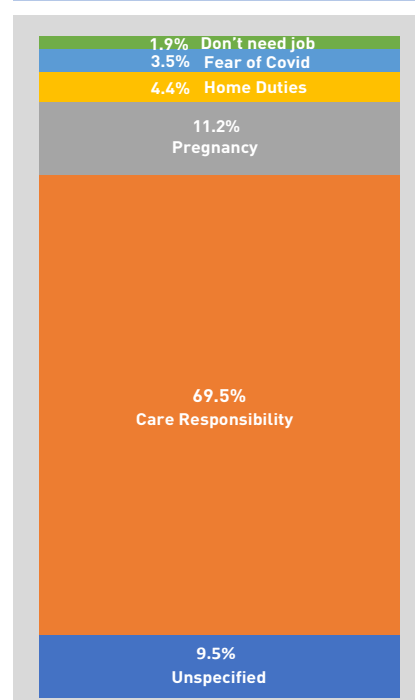
policy to encourage their entry since they are on their way in anyway. So attention must turn to the "Other" category which accounts for 58 percent of those outside the labour force. The greatest potential for additions to the labour force participation from this category comes from those OLF due to care responsibilities.

Of those who were outside the labour force for a non-constructive reason, nearly one in ten, some 15,000 persons, wanted to work and would have taken a job if offered, but for having care responsibilities. That number represents 70 percent of all those who wanted to work but would not be able to for whatever reason. Ninety-six percent of these are women.

The majority of those who wanted to work but could not were held back by care responsibilities



For those who wanted to work, reasons for not being able to take a job within the survey week



Source: Jamaica Constabulary Force. Calculations by author.

Though this is only 1 percent of the 2022 employed labour force, if they were to be employed, Jamaica could potentially see a 2 percent increase in GDP.

Only 14 percent of the women who cited pregnancy as a reason they were outside the labour force had planned to join the labour force within the next 12 months. That is to say that 86 percent of these women did not plan to join the labour force for some time after giving birth and this too could be as a result of the absence of care options. If this group of women is included, it could mean that the true proportion of persons who many have wanted to work but could not because of care responsibilities could be closer to 81 percent.

Focus group participants, especially those who were caregivers and in the over 30 age group, stated that they were willing to work four to five hours each day. As a result, they wanted jobs with flexible work times. Additionally, respondents who had children stated that the flexibility was not just with respect to the number of hours, but also in relation to needing time on short notice especially if a child was ill or the school called them in for a meeting.

Profile of the Non-Participating Caregiver

Approximately three out of every five individuals outside the labour force due to care responsibilities reside in rural areas. Most (86 percent) non-participating caregivers are either the head of the household or closely related to them, such as a spouse, partner, or child. The majority, 60 percent, are in their prime working years, aged 26 to 45, yet are unable to participate in the workforce due to caregiving duties. Additionally, over 55 percent of these caregivers are either single or in visiting unions.⁴⁶

The focus group of labour-force non-participants included caregivers for children and/or adults. Their responses allow for a more detailed understanding of the constraints that care obligations present. There are four principal constraints:

1.

1. Lack of trust in others to care for their children, which was especially a concern for younger caregivers and parents.
2. Cost of caregiving, though this is less a barrier than lack of trust.
3. Difficulty in finding a suitable caregiver, particularly for elderly dependants.
4. Lack of job/workplace flexibility, including the availability of part-time jobs that would allow caregivers to balance work-home responsibilities.

There are persons who are in the group of non-participants because of care obligations who have work experience, training, and/or qualifications. One-third had received some form of training, 2/5ths have some qualifications, and 4/5ths had previously been in the workforce. Of those previously in the work force, two-thirds have a “medium skill level”. This is a higher proportion, by 5 percent, than the general OLF population.

With regard to re-entry into the labour force, just over 70 percent of those who were outside the labour force because of care duties but intended to participate in the labour force within 12 months of the survey, hoped to get jobs higher than the skill level at which they were previously employed. This may suggest that while outside the labour force and caring for others, some persons improved their skill level. In contrast, however, nearly 90 percent of those who were planning to obtain jobs at a lower skill level than those they had before were outside of the labour force due to care duties. This implies that some persons may be considering lower skilled jobs when re-entering the labour force in an effort to balance care responsibilities with economic obligations.

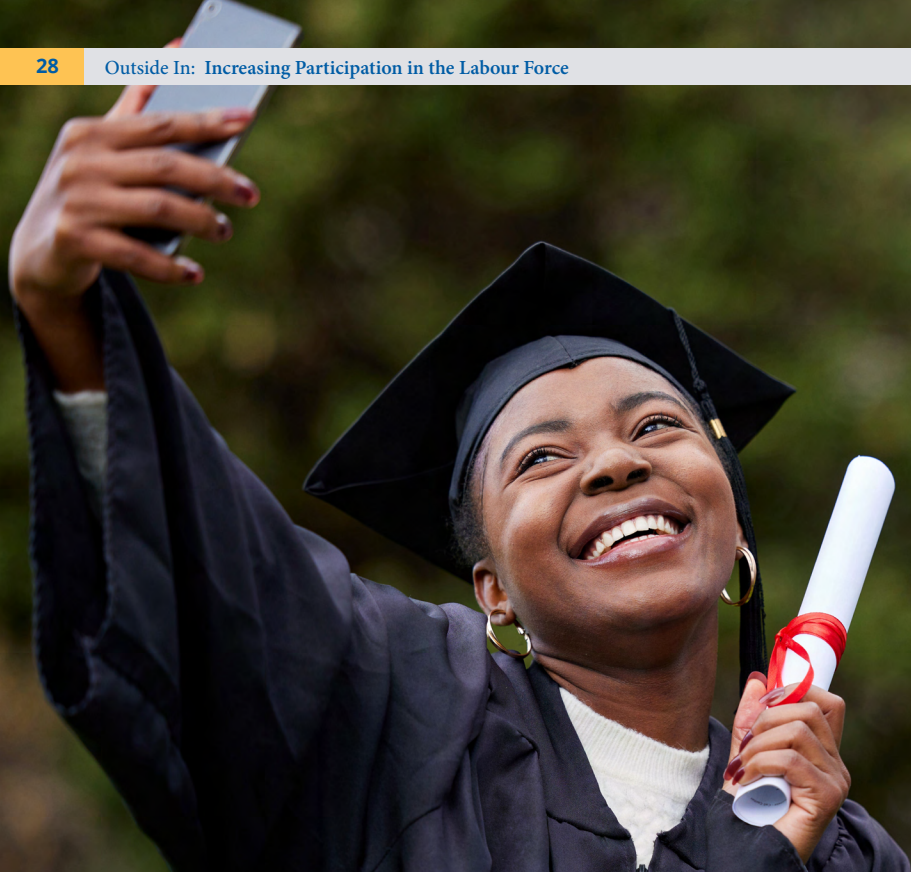
The share of persons outside the labour force who have care responsibilities suggests that addressing this constraint may allow some to re-enter the labour force. It is an opportunity to consider policies that can facilitate that.





A common assumption is that remittances play a significant role for those outside the labour force.

However, remittances are not stated as the primary source of financial support for this group.



4 Other Considerations



The share of persons outside the labour force who have care responsibilities suggests that addressing this constraint may allow some to re-enter. It is an opportunity to consider policies that can facilitate that.

The analysis of the data revealed other considerations that might be relevant to the quest for mobilising those outside the labour force to join.

Qualifications and Education Levels

The vast majority of those in the eligible population, that is, all age groups, employed or unemployed, whichever sex, have no qualifications. Those who are outside the labour force and are between the ages of 46 and 65 have the highest percentage of persons without any qualifications at all (83 percent). This is followed by persons over 65, for which the percentage is 76. The youngest grouping, 18 to 25 years old, have the lowest percentage without qualifications, at 31 percent.

Sources of Income

One of the key questions in understanding those outside the labour force is how they are financially supported. Who covers their living expenses, such as food, housing, and upkeep? Eighty-five percent of non-participants receive money from family, with the remaining 15 percent from friends or other sources. Almost half of those receiving support from family were in the age group 18 to 25. As the age of those outside the labour force increased, so did the percentage

For all age cohorts, most of those outside the labour force have no qualifications.



Qualification by Age

Age	No qualifications	Four of Fewer CSEC Subjects	Five or More CSEC Subjects	One or More CAPE Subjects	Degree/Diploma
18 – 25	31%	16%	29%	22%	3%
26 – 45	67%	16%	10%	1%	5%
46 – 65	83%	8%	2%	0%	7%
Over 65	76%	7%	2%	1%	15%

Source: CAPRI's calculation based on data from the Statistical Institute of Jamaica

receiving support from family. As might be expected, the percentage of persons receiving assistance from friends was the smallest for the youngest persons, and it was largest for those in the age group 46 to 65 (31 percent), followed by those over 65 (27 percent).

Nearly half of those receiving family support were young people (in the age group 18 to 25). The age of the cohort is positively correlated with the share receiving support from family. Similarly, the percentage of individuals receiving

assistance from friends was lowest among the youngest age group. However, this percentage was highest among those aged 46 to 65 (31 percent), followed by those over 65 (27 percent).



Jamaica's Labour Force Participation Rate is above the global and regional average, implying that there is limited scope for increase. However, even marginal improvements could meaningfully impact the labour market, individual prosperity, and the country's overall economic performance.

A common assumption is that remittances play a significant role, given their importance to many Jamaicans. However, counter to what is generally assumed, remittances are not stated as the primary source of financial support for this group; only one in ten people outside the labour force reported receiving financial support from overseas, while over 75 percent received assistance from someone locally. It was beyond the scope of the study to employ other methodologies to verify whether it is indeed so few who receive remittances; thus, this data point is likely to be one which might continue to be considered.

The focus group participants' experiences added details that the data did not reveal: several stated that while they received financial support from family and friends, they also took odd jobs to assist with making ends meet. Some also stated that they were venturing into business activities, which sometimes generated some income. Those who had children said that they receive some financial support from their children's father(s).

Barriers to Re-entry

The focus groups provided details on the concerns that would determine whether or not they join the labour force in the future. The primary determining factors were: care for their children or other relative, biases, a liveable wage, education, and workplace culture. Although some of the concerns are specific to caregivers, as was already detailed, many of the non-caregivers' concerns were similar.

Since most of the caregivers who wanted to work but could not (60 percent) live in rural areas, specific interventions for this group are warranted. However, solutions that might obtain elsewhere, such as remote work, are less viable given the gaps in communication technology and infrastructure in many rural parts. Additionally, access to day care and elder care facilities is difficult either due to terrain and/or distance, which would necessitate high transportation costs.

The issue of bias emerged as a factor that would prevent people from applying for a

job. Participants stated that their address and socio-economic backgrounds would cause prospective employers to be biased against them. They also shared that appearance, namely wearing appropriate work clothes, was a factor, but that work clothes were unaffordable.

A few focus group participants stated that they had skills but not the qualifications to prove it and so could not even be shortlisted when they applied for jobs. They expressed a need to somehow be "given a chance" to be tested by the company they were applying to so that it could be verified that they actually had the required skills for the job. Others stated that they did not have either the required qualifications or the base requirements of passes in CXC CSEC Mathematics and English. When pushed, they shared that they needed finances to pay to attend the classes and/or take the exam. Therefore, they felt stuck because they were hampered by their limited disposable income.



Assistance Needed for Re-Entry

Focus group respondents voiced some ideas that they believed would get them into the labour force. Most who were in school stated that they were focussing on completing school before looking for a job. However, those who were interested in working, especially those who were planning on become entrepreneurs, noted that programmes that focussed on money management and/or business management were of interest. Additionally, persons stated that a programme that offered start-up funds would be helpful for entrepreneurs, as it was difficult to get the capital to start their business. It was suggested that all the above-mentioned programmes include a mentorship component. Another respondent added that mentorship alone was not enough and that including experience was helpful. He shared that (see quote):

"It is not just the mentorship but the experience, the training. So for example, like in high school, if someone does auto mechanics you send them away for two months to train. When I was in high school doing auto mechanics we would go to Toyota at Old Hope Road to see the experience. At a certain point in my semester, a specific day... I had this class that would go see the mechanic."

- Focus Group Participant

Respondents also mentioned that while HEART Trust/NSTA and the Career Advancement Programme (CAP) had relevant courses, they perceived an age limit for participation or that subsidised participation was prohibitive for those over 30 years old. Some mentioned that they would want to have programmes that were flexible, in terms of time. Furthermore, as it related to HEART Trust/NSTA programmes, it was suggested that they be more localised in the community. Another suggestion was that work agencies, job fairs, and information sessions be held within the community frequently so that persons were aware of what was available.

Additionally, some respondents were discouraged seekers. Some of the under 30 years old mentioned that some of the jobs that were considered entry level asked for as much as five years' experience. This they felt was not probably for someone just leaving school. Conversely, those



over 30 years old, felt that many jobs stipulated that candidates should be between 21 and 30 years old. As a result, persons in these two groups, decided to be outside the labour force.

Qualifications and Education Levels

This analysis of Jamaica's population outside the labour force reveals that there are several factors influencing non-participation, but few are readily remediable with policy interventions, as there is not a large group who want to work but are outside the labour force for no reason. While a portion of this group may eventually enter the workforce, particularly those in school or planning to join soon, formidable barriers exist for others. Care responsibilities, lack of qualifications, biases, and health issues are key constraints preventing many from participating in the labour market. An attempt to address any of these challenges requires targeted policies that offer specific support, such as flexible work options, improved care options, and, perhaps, programmes for skill development and qualification attainment, though there is other research and data that suggest that such interventions can be confounded by other factors. There is potential to mobilise a portion of the non-participating population, albeit a small portion, which could contribute to both individual livelihoods and broader economic growth.



5 Conclusion



This analysis of Jamaica's population outside the labour force reveals that there are several factors influencing non-participation, but few are remediable with policy interventions.

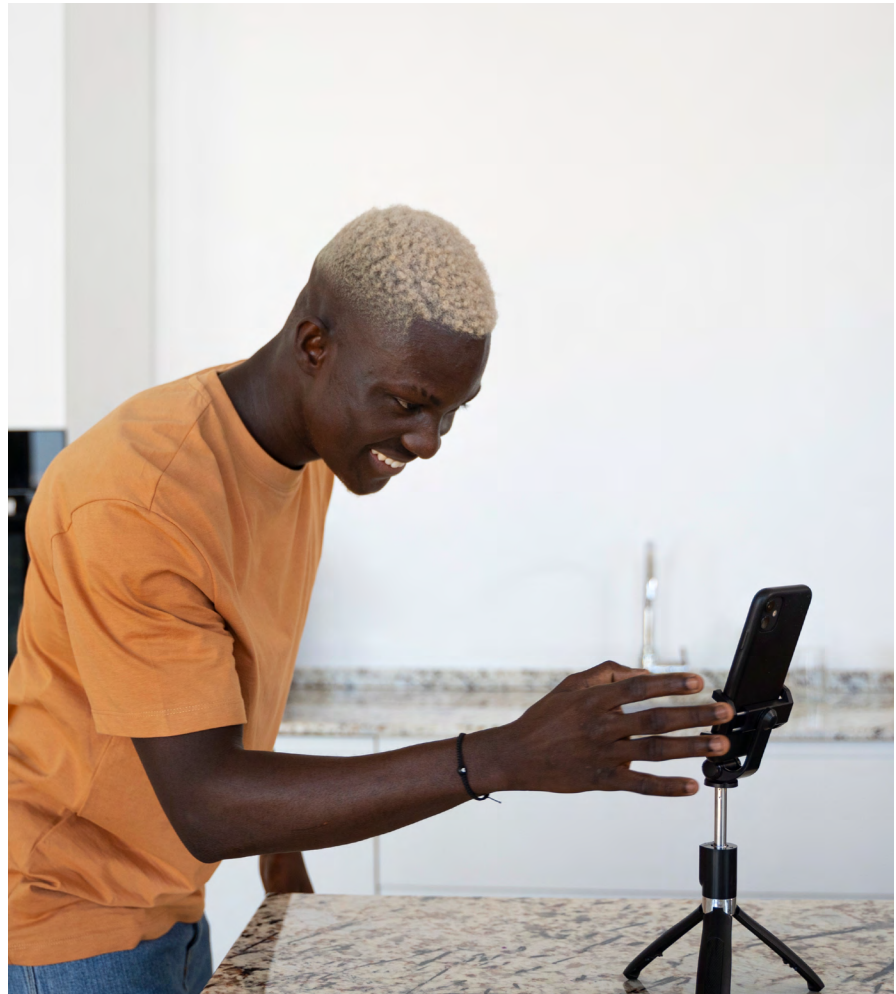
Economic growth is one of Jamaica's highest priorities, and when a predominant constraint on growth is a shortage of labour, policymakers are obligated to consider evidence as to what barriers to participation can be lowered with state intervention.

There are approximately 411,000 persons in Jamaica between the ages of 18 and 70 who are classified as outside the labour force, of which nearly two-thirds had previous work experience. Evidence from around the world suggests that the most promising intervention for increasing labour force participation is one that addresses care responsibilities.

Approximately 15,000 of the 411,000 want to join the labour force but cannot because of care responsibilities. While not a large proportion of the population outside the labour force faces this constraint, the group is substantial enough that bringing them into the workforce could have a noticeable impact. The number may look small, but in the presence of a solution to their care problem, resulting in four out of five of them joining the labour force, GDP could be 2 percent greater.

Beyond addressing care responsibilities, however, there is limited potential for further increasing participation, as the constraints faced by the rest of the

population outside the labour force—such as illness, disability, or lack of qualifications—are less likely to be mitigated by policy interventions.



Bias is a factor that those outside the labour force perceive as preventing them from applying for a job; participants stated that their address and socio-economic backgrounds would cause prospective employers to be biased against them.

Recommendations



The objective of this report is to seek out possibilities for raising the country's labour force participation rate. In examining the profile and situation of those classified as “outside the labour force,” the only quantitatively meaningful group identified as potential re-entrants into the labour force are those who say they want a job but are restrained by care obligations.

CAPRI has examined the care economy in a trilogy of reports published in 2022 and 2023.⁵⁰ The most promising recommendation coming out of those reports is relevant here:

For those unable to work due to care responsibilities, the state should subsidize the cost by issuing vouchers to working and job-seeking parents for use at registered and regulated day care and nursing care facilities. These could be issued through the Steps to Work Programme, or other existing institutional platform, which could be redeemed at approved and registered care providers.



Appendix: Methodology

The Statistical Institute of Jamaica (STATIN) is the primary government agency responsible for collecting, compiling, analysing, and disseminating statistical data in Jamaica. One of its key surveys is the Labour Force Survey (LFS), which provides a comprehensive view of the country's labour market. It is conducted quarterly to capture the seasonality of the labour market and short-term fluctuations. The structure and information captured is guided by the International Labour Organisation and the International Conference of Labour Statisticians to ensure rigour and cross-country comparability.

Up to October 2023, the survey covered a representative sample of households across Jamaica, gathering data on all individuals aged 14 and over. It collected information on employment status, occupational distribution, sectoral employment, hours worked, and reasons for non-participation in the labour force, such as retirement, schooling, or caregiving responsibilities.

The LFS also examines the relationship between educational attainment and employment status, along with demographic factors like age and gender that influence labour market participation. This data is intended for policymakers, researchers, and planners, for their targeted analysis. While the LFS is a valuable resource for understanding the labour market, it is based on self-reported data, which can introduce biases. Despite this limitation, STATIN's Labour Force Survey remains a vital tool for guiding economic policy and social programmes in Jamaica.

The data used for this study is the 2022 Quarterly Labour Force Survey collected by the Statistical Institute of Jamaica (STATIN). In this year, due to the administration of the Population Census in October, data was only collected for the first three quarters – January, April and July. Using a paired sample selection design, interviewers visit approximately 10,000 households representing about one percent of Jamaica's population for each quarterly survey.

For the purpose of this study, only persons who were classified by STATIN as being outside the labour force were included in the study. Questions related to the following sections were available for analysis:

- Section 1 – Demographic Information and Educational Attainment
- Section 2 – Determination of the Components of the Labour Force which includes information on reasons for not working and whether respondents wanted to work or not
- Section 5 – Persons Outside the Labour Force which has information on previous work experience and history and intentions for joining the labour force.

To augment the data provided by STATIN, four focus groups were conducted to collect information about specific reasons and decision made by persons who are outside the labour force. Furthermore, these focus groups allowed researchers to collect data on how individuals believe they can be integrated into the labour force.

The participants were divided into two main focus groups – those in the Care Economy and those outside the labour force – which were then further subdivided into persons aged 30 and under and those over 30 years old. The divisions were created as it was determined that those in the Care Economy would have different characteristics and potentially reasons for their decisions when compared to those who were not in this group. Additionally, there were possibly age-related differences that needed to be captured. Each focus group had between seven and nine participants, most of whom were female and from urban areas.

The general areas for discussion were as follows:

- General weekly activities and lifestyle
- Reasons for being outside the labour force

- Challenges experienced because individuals are outside the labour force
- Financial support
- Suggestions on strategies to be used for (re)integrated into the labour force

One limitation of the focus groups was the underrepresentation of individuals from rural areas. A significant percentage of those in the OLF are from rural areas. We acknowledge that the views of those in the focus groups may not represent those who do not live in cities as challenges differ based on location. This was due to the location and organizational logistics for the focus groups. Additionally, the recording made it sometimes difficult to identify the characteristics of persons related to specific comments, resulting in the inability of relating characteristics to certain themes. In some instances, the quality of the recording was poor making it challenging to identify who spoke or even what exactly was said. In those cases, that section of the recording was not analysed.

Endnotes

- 1 David Henderson, "Arthur M. Okun 1928-1980," *Library of Economics and Liberty Encyclopaedia*, accessed August 6, 2024, www.econlib.org/library/Enc/bios/Okun.html. Okun's Law, formulated by economist Arthur Okun, describes a linear relationship between percentage-point changes in unemployment and percentage changes in gross national product (GNP). It states that for every percentage point that the unemployment rate falls, real GNP rises by 3 percent. Okun's Law is based on data from the period between World War II and 1960 and applies to unemployment rates within the range of 3 to 7.5 percent. While Okun's Law is an empirical observation without strong economic reasoning, it has proven to be a reliable macroeconomic regularity.
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- 3 A detailed methodology is in the Appendix.
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- 5 International Labour Office, "The Thirteenth International Conference of Labour Statisticians," Geneva, Switzerland, 18-29 October 1982. A "respondent" is an individual who answers questions in a survey or study. In the context of labour statistics, a respondent is a person who provides information about their employment status, working hours, job search activities, and availability for work.
- 6 The "reference week" is the specific week used as the basis for collecting and analysing data in labour force surveys. It is a designated seven-day period during which respondents report their employment status, hours worked, job search activities, and availability for work. The reference week provides a standardised timeframe for comparing labour statistics consistently across different surveys and time periods.
- 7 In 2024, STATIN began using the strict definition which requires individuals to be actively seeking employment during the survey week.
- 8 ILOSTAT, "Labour Force Statistics (LFS, STLFS, Rurban Databases)," September 5, 2022, <https://ilostat.ilo.org/resources/concepts-and-definitions/description-labour-force-statistics/>.
- 9 Rosina Gammarano, "Persons Outside the Labour Force: How Inactive Are They Really?," ILOSTAT, August 7, 2019, <https://ilostat.ilo.org/persons-outside-the-labour-force-how-inactive-are-they-really/>.
- 10 STATIN, "Understanding the Jamaica Labour Force Survey," October 15, 2014, <https://statinja.gov.jm/LabourForce/ObserverEditslabourforce.pdf>.
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- 20 Sher Verick, "Female Labor Force Participation in Developing Countries," IZA World of Labour, September 2014, <https://wol.iza.org/articles/female-labor-force-participation-in-developing-countries/long>.
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- 26 Anna Ivanova et al., "Female Labour Force Participation."
- 27 Anna Ivanova et al., "Female Labour Force Participation."
- 28 Lisa Cameron, Diana Contreras Suarez, and William Rowell, "Female Labour Force Participation in Indonesia: Why Has It Stalled," Melbourne Institute Working Paper No. 11/18, October 2018, <https://melbourneinstitute.unimelb.edu.au/publications/working-papers/search/result?paper=2938388>.
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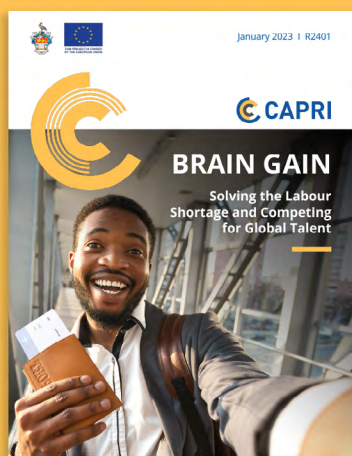
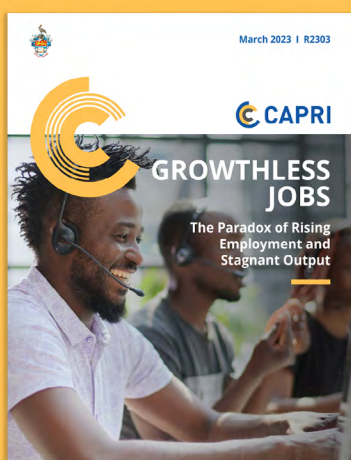
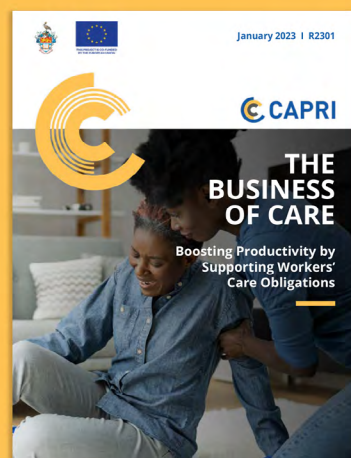
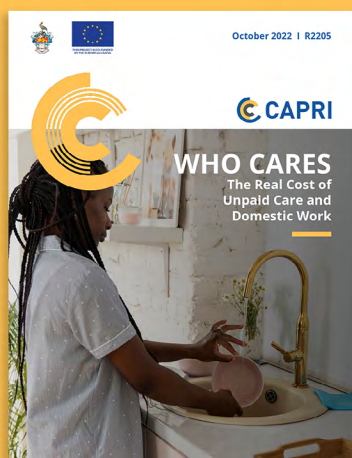
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