Youth Transitions in Egypt: School, Work, and Family Formation in an Era of Changing Opportunities

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Abstract

Youth in Egypt hold rising aspirations for their adult lives, yet face an increasingly uncertain and protracted transition into adulthood. Entry into adulthood for Egyptian youth is based on three key life course transitions: education, employment, and family formation. This paper investigates how these inter-linked transitions have been evolving over time in Egypt and how the nature of youth transitions relates to gender, social class, and educational attainment. We demonstrate that there is a large divide in the life course of youth across education, employment, and marriage depending on their education and family background. Whether youth successfully make modern transitions, embark on such transitions and fail, or pursue a traditional route to adulthood depends on a complex interaction between their own educational attainment and the resources of their families. In light of these findings, we discuss the measures that can be used to assess youth transitions into adulthood, as well as the policies that can help facilitate successful transitions for struggling youth in Egypt.

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1 Introduction

Youth in Egypt hold rising aspirations for their adult lives. Yet Egyptian youth are struggling to transition to adult roles and attain these aspirations. Moving from adolescence to adulthood rests on three key life course transitions: education, employment, and family formation. High unemployment rates, high levels of employment informality, and delayed marriage among Egyptian youth are considered symptoms of the difficulties youth face in negotiating these transitions. The uncertain and increasingly protracted nature of youth transitions to adulthood in Egypt and in other countries of the Arab world has been dubbed in the literature as “waithood,” short for wait adulthood (Dhillon & Yousef, 2009; Salehi-Isfahani & Dhillon, 2008; Singerman, 2007). The challenges and anxiety associated with the transition to adult roles, and especially the perception of a lack of social justice in the opportunities available to youth as they negotiate the transition, have been a force in political events in the region associated with the so-called “Arab Spring.” This paper uses the case of Egypt to illustrate the nature of the waithood phenomenon, and how it relates to social class and educational attainment. Using a life course perspective, we offer a typology of transitions based on the process of transition itself and how it intersects with gender, education, and family background.

A life course perspective is important for understanding the lives of Egyptian youth. The concept of the life course is the interlinked sequence of age-specific social roles that individuals experience as phases in life. The life course paradigm allows for the study of multiple key transitions and trajectories, and their intersections with institutions and other contexts. This perspective allows us to understand how youth evolve and transition over time, in contrast to most research that focuses on experiences and statuses at a single point in time. A life course perspective also encourages understanding multiple domains, for instance both family and work, and how they intersect, rather than treating them as separate (Han & Moen, 1999; Mortimer & Shanahan, 2003). Throughout this paper, we draw on a life course perspective and related methods to understand how youth move into adult roles and the transitions and trajectories they experience.

The inter-linkages between transitions, especially schooling, work, and family formation, are vitally important for understanding the trajectories of Egyptian youth as they move into adult roles. Previous research in Egypt and Jordan has demonstrated how employment transitions for youth are shaped by educational attainment and gender (Amer, 2009, 2015; Angel-Urdinola & Semlali, 2010; Assaad & El-Hamidi, 2009; Assaad, Hendy, & Yassine, 2014; Gebel & Heyne, 2014). Education and employment outcomes also intersect with marriage trajectories in ways that are fundamentally distinct along gender lines (Amin & Al-Bassusi, 2004; Assaad, Binzel, & Gadallah, 2010; Assaad & Krafft, 2014a, 2014b; Gebel & Heyne, 2014; Salem, 2014, 2015; Singerman, 2007). Most research focuses on one of these transitions at a time, but some previous works have examined multiple transitions as part of a single trajectory (Amin & Al-Bassusi, 2004; Assaad, Binzel, & Gadallah, 2010; Dhillon, Dyer, & Yousef, 2009; Gebel & Heyne, 2014). An important element of taking a life course perspective is understanding how the young person’s family background, socio-economic class or privilege, and gender intersect with his or her trajectory. While previous research has noted the important role that education plays in youth inclusion or exclusion (Assaad & Barsoum, 2007), we examine the arguably growing role of socio-economic background in youth exclusion. Examining the patterns and inter-linkages of different transitions and their intersection with the background of youth is vital for understanding the challenges youth face, and designing policies and programs to promote more successful youth transitions.

This paper primarily focuses on the case of youth transitions in Egypt, but draws comparatively on findings and literature from other countries. We demonstrate that there is a large divide in the life course of youth across education, employment, and marriage depending on their education and
family background. Whether youth successfully make modern transitions, embark on such transitions and fail, or pursue a traditional route to adulthood depends on a complex interaction between their own educational attainment and the resources their families bring to bear to assist them with their transition. We provide a taxonomy of youth based on own education and family background to demonstrate how privilege or exclusion shape transitions across the life course. Youth in Egypt and throughout the Arab world have increasing expectations for modern living—modern education, modern jobs, and modern marriages. These expectations remain unmet for many youth, creating a source of frustration and anxiety. Unmet expectations also intersect with a sense of social injustice, as the success of youth in meeting these expectations is increasingly shaped by their socio-economic background, creating an insider/outsider divide for youth in Egypt and elsewhere in the Arab world.

2 A Taxonomy of Youth Based on Educational Attainment and Social Class

We define a taxonomy of youth privilege based on own educational attainment and family background, and characterize how this taxonomy intersects with the transition from school to work, and the transition to marriage. The school, work, and marriage phases of the youth life course mark important milestones on the transition to adulthood. They also tend to occur in sequence: the timing and success of education impacts the timing and success of the transition to work, and, in turn, these two transitions affect the timing and success of the transition to marriage.

Following previous work on youth transitions in the Arab World and cognizant of the risk of oversimplifying a complex phenomenon, we define two archetypal life courses for youth, one that we refer to as “traditional” and the other as “modern” (Dhillon, Dyer, & Yousef, 2009). The traditional life course involves early exit from school, an immediate and early transition to work with no unemployment nor extended job search, work in a family enterprise or farm, or as an irregular (or casual) wage worker, and early marriage, often accompanied by an extended family residential arrangement after marriage. The modern life course involves more schooling, at least up to the upper secondary level, a search for formal employment, which often involves a period of extended unemployment, and a later marriage accompanied by a nuclear family living arrangement. Formal jobs play a particularly important role in the modern transition, as these jobs, which have typically been in the public sector, offer the benefits, job security and status that youth aspire to and are thus strongly preferred by youth (Barsoum, 2015). Formal jobs are the signal of a successful modern work transition that enables youth, young men in particular, to make a successful transition to marriage (Assaad, Binzel, & Gadallah, 2010; Assaad & Krafft, 2014).

Attaining upper secondary or higher education, the first step of the modern transition, has become increasingly common in Egypt. At the same time, formal jobs have become increasingly scarce as public sector hiring continues to decline without a commensurate increase in private sector formal employment. This has created a pinch point or bifurcation among those attempting to make the modern transition. Youth with secondary or higher education have expectations of joining the middle class through accessing formal employment, but increasingly find themselves excluded from such employment, resulting in a protracted and often disappointing trajectory. We thus distinguish between two trajectories within those attempting a modern transition. Both start with a minimum level of educational attainment, but then diverge in their work and household formation experiences depending on the resources and privileges families bring to bear to assist the young people in their transition. The privileged or successful modern transition may involve a period of unemployment, but this is typically followed by formal work and an easier and more favorable transition into marriage and adult roles. The struggling or failed modern transition may involve a period of unemployment, perhaps quite a lengthy one, but this is typically followed by either informal work (for men) or by a withdrawal from the labor force (for women). This less-successful work transition.
may then lead to delays in the transition to marriage and less favorable outcomes within marriage. Although we illustrate this pattern for the case of Egypt, the pattern across other Arab countries has been similar: substantial progress in terms of educational attainment, but not in other areas of youth development (Chaaban, 2009).

We explore these different trajectories and transitions using the Egypt Labor Market Panel Survey (ELMPS) data from 2012. This survey includes rich current and retrospective data on major life course events in terms of education, the labor market, and family formation. We also draw on previous rounds of the same survey in 2006 and 1998, both to make comparisons of patterns over time and to enrich our illustrations of transitions by tracking individuals over time. We do not define youth based on a particular age, but instead (as in other studies examining life course transitions) define youth as those undergoing transitions to adult roles (Brown, Larson, & Saraswathi, 2002; Gebel & Heyne, 2014). We present analysis primarily based on individuals who were aged 25-34 at the time of the survey, an age group that can illustrate the path to adulthood after completing education. The opportunities and expectations of youth are shaped by a number of factors, but particularly important are gender and urban/rural location, which interact with the educational attainment of youth and their socio-economic background.

We distinguish between four different “types” of youth based primarily on educational trajectories but also socio-economic background, which will shape both the opportunities and expectations of youth. We consider both young people’s own education and that of their fathers, as father’s education tends to indicate the socio-economic status of youth, the expectations of their families, and the social connections that can be deployed to support their transitions. Youth are categorized as attaining (1) less than a secondary education, (2) a secondary education, (3) higher education, but having a father with less than secondary education or (4) higher education and a father with a secondary or higher education. We hypothesize that those with less than secondary education are likely to expect and experience traditional transitions, but that those with secondary and higher education are much more likely to expect and attempt a modern transition, with varying degrees of success.

Table 1 illustrates the different education transitions Egyptian youth experience, focusing on the differences between males and females as well as youth living in urban and rural areas. About a third (34%) of all 25-34 year-olds in 2012 did not complete secondary education. Many (17%) are in fact illiterate, but a number have achieved literacy or attained a primary or preparatory (lower secondary) education. The most common educational trajectory is attaining a secondary degree, with 40% of youth leaving school after attaining that level. The vast majority of those with secondary degrees have vocational secondary certificates, as a general secondary certificate is rarely terminal in Egypt, and achieving a general secondary degree is essentially a guarantee for accessing higher education. The remainder, around a quarter of those aged 25-34 in 2012, attain some kind of higher education, which includes both post-secondary middle institutes (2 years), higher institutes (4 years) and universities. Youth with higher education are nearly equally divided between those with fathers with less than a secondary education (13%) and those with fathers with a secondary or higher education (12%).

There are substantial differences in education transitions along gender and urban/rural lines. Attaining a less than secondary education is much more common in rural (42%) than in urban (24%) areas. Attaining secondary education is common, at around 40%, in both settings. Rural youth are much less likely to complete higher education (17%) than urban youth (38%), and far less likely to complete higher education (17%) than urban youth (38%).

2 All of the ELMPSs are nationally representative once sample weights are applied. We use weights for all our descriptive statistics. See Assaad & Krafft (2013) for more information on the ELMPS.

3 The analysis excludes individuals who are currently still in school, a very small percentage of 25-34 year olds.
have parents with secondary and higher education if they do complete higher education (5% rural versus 22% urban). While females are more likely to have less than secondary education (36%) compared to males (32%), urban females actually have higher educational attainment than urban males. This trend can be expected to spread to rural areas over time, as the opportunity costs of women’s time to pursue education are lower and access to education for women continues to improve.

| Table 1. Taxonomy by Sex and Residence, Ages 25-34, Egypt, 2012 (Percentage) |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                  | Male Urban | Male Rural | Male Total | Female Urban | Female Rural | Female Total | Total Urban | Total Rural | Total Total |
| Less than Secondary | 25.6 | 36.5 | 31.9 | 22.3 | 46.7 | 35.9 | 23.8 | 41.8 | 34.1 |
| Secondary         | 39.3 | 45.0 | 42.5 | 37.8 | 38.3 | 38.1 | 38.5 | 41.5 | 40.3 |
| High. Ed., Father LT Sec. | 15.6 | 13.1 | 14.2 | 16.3 | 9.4 | 12.5 | 16.0 | 11.2 | 13.3 |
| High. Ed., Father Sec+  | 19.5 | 5.3 | 11.4 | 23.7 | 5.5 | 13.5 | 21.7 | 5.4 | 12.5 |
| Total             | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Authors’ calculations using ELMPS 2012

The education transitions of youth have evolved substantially over the past generation in Egypt. Figure 1 compares male and females aged 25-34 to adults who were 45-54 in 2012 in terms of the educational and social background taxonomy we propose. The share of males with less than secondary education is 53% among the 45-54 year-olds, in contrast to 32% among 25-34 year-olds. The greatest expansion across the two generations has been in secondary education, the share of which increased from 24% to 43% of males. The share of males with higher education has shifted only slightly, from 22% to 25%, but, as expected, a greater share of younger males with higher education also have fathers with secondary education or higher. Females exhibit a similar pattern, but have experienced a more dramatic shift into education, as indicated by a more rapid decline in the share with less than secondary education. While over two thirds of the older generation of women had less than secondary education, about the same proportion of the younger generation now has secondary education or higher. This dramatic shift in educational outcomes across a single generation is undoubtedly a primary driver of the shift in expectations in favor of a modern transition to adulthood. If we take achieving a secondary or higher education as the measure of a successful modern educational transition, only 38% of the older generation (aged 45-54) made such a transition, but 66% of the youth generation (aged 25-34) did so—and more recent cohorts are even more likely to have achieved that level of education.
We argue that our taxonomy combining the youth’s own education with the educational attainment of the father accurately captures the socio-economic gradient in Egypt. To demonstrate this, we examine in Figure 2 the degree to which our taxonomy correlates with parental wealth, as captured by previous rounds of the ELMPS for youth who were tracked over time. We use parents’ wealth in 2006 for individuals aged 25-34 in 2012 who were living with their parents and whose parents were heads of households in 2006 (when they would have been 19-28). Looking at those with less than secondary education, the vast majority (68%) are from the bottom two wealth quintiles. Just 4% are from the richest fifth of households and 10% from the second richest wealth quintile. Youth with secondary education are mostly from the lower-middle of the wealth distribution, with 69% from the bottom three wealth levels, but 13% from the richest fifth of households and 18% from the fourth wealth quintile. Individuals with higher education but less educated fathers are from the upper-middle end of the wealth distribution. Although 26% are from the bottom two wealth quintiles, the remaining 74% are fairly equally distributed across the top three wealth quintiles. Those with higher education and more educated fathers are by far the most privileged segment of youth. Almost two-thirds (65%) come from the richest wealth quintile, and 21% from the fourth wealth quintile. Only 10% are from the middle wealth quintile, 4% from the second, and less than 1% from the poorest wealth quintile. The education taxonomy we use thus represents a strong socio-economic gradient and demarcation of privilege for youth.

4 Wealth is based on a factor analysis of an asset index of durable goods, a common approach (Filmer & Pritchett, 2001).
5 We do not use the contemporaneous wealth distribution since we wish to use wealth as a measure of social background rather than as an outcome of a youth’s transition.
6 About 56% of individuals aged 25-34 in 2012 who were present in both the 2006 and 2012 rounds of the ELMPS were living with their parents and their parents were the head of the household in 2006. We also check for similar patterns using 1998 parental wealth, when these individuals would have been 11-20, and 70% were living with their parents. Both instances provided a similar distribution of education taxonomy and parental wealth.
By construction, our higher education categories take into consideration parents’ education. Parents’ education is highly predictive of their children’s education, and thus the taxonomy incorporates another element of socio-economic class and privilege. Figure 3 shows the relationship between young people’s own educational attainment and that of their father. Among youth with less than secondary, 74% had illiterate fathers, and most of the rest (16%) had fathers who were literate, but had no formal certificate. Half of the youth with secondary education (49%) had illiterate fathers, 22% had fathers that could only read and write, 15% had fathers with less than intermediate education, and only 10% had fathers with a similar level of education (secondary). As youth almost always achieve an education level equal to or higher than that of their parents, only 4% of secondary educated youth have a father with higher than secondary education. Among youth with higher education but less educated fathers, 41% had illiterate fathers, 29% had fathers who could only read and write, and 31% had fathers with less than a secondary education. Most of those with higher education and more educated parents had fathers with higher education (60%) and the remaining 40% had fathers with secondary education. Youth who completed university but have less educated fathers are similar to secondary education graduates in terms of fathers’ education, although they tend to have somewhat wealthier parents.\(^7\)

\(^7\) See Assaad (2013) for evidence on the importance of family background in accessing higher education in Egypt.
3 Work Transitions and Privilege

3.1 Work Transitions

The second key transition in the lives of youth is the transition into work. We distinguish between seven different outcomes for work transitions, and discuss in a later section how periods of unemployment may precede or mediate these transitions. The seven work outcomes are defined based on the type of first job (if any) a young person has engaged in for six or more months. The types are (1) working in a family business or farm (identified as self-employment, acting as an employer, or engaging in unpaid work), (2) irregular wage work (casual or seasonal wage work), (3) informal but regular wage work in an informal firm, (4) informal but regular wage work in a formal firm, (5) formal wage work in the private sector, (6) formal wage work in the public sector, or (7) no work (not yet having worked by the time of the survey). In general, working in a family business or as a casual laborer is the traditional transition to work. Within regular wage work, public sector (government or public enterprise) work is preferred by youth (Barsoum, 2015) and has long been considered the best route to a modern work transition. Formal wage work in the private sector is a viable alternative to formal public sector wage work, as it still offers crucial benefits (job stability in the form of a contract or social insurance), but averages longer hours of work (Assaad & Krafft, 2015a) and is often hard to obtain without the requisite family connections. We consider obtaining a first job that is formal—either in the public or private sectors—to be a successful modern transition. Informal wage work lacks the security or benefits of formal work. Individuals who start as informal but regular wage workers in informal firms have limited chances of formalizing over time, and can do

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8 Formal wage work is defined as work that is accompanied by either a legal work contract (permanent or temporary) or social insurance coverage. If neither are present, the work is considered informal. While we focus throughout on the status of the first job, it is possible that after an informal first job, a young person may eventually access a formal job. This is, however, not the norm. The Egyptian labor market is very rigid, and the type of first employment has a strong impact on individuals’ long-term employment trajectories (Assaad & Krafft, 2015a; Roushdy & Selwaness, 2015; Yassine, 2015).

9 Being informal within an informal firm means that an individual has neither a legal work contract nor social insurance coverage, and nor does anyone else in the firm. Being informal within a formal firm means that an individual has neither a legal work contract nor social insurance coverage, but some of the other employees in the firm are formal (have contracts or social insurance).
so only by switching firms. In contrast, individuals who start as informal workers within formal firms have a much greater chance of later obtaining benefits, such as social insurance coverage, and thus formalizing (Roushdy & Selwaness, 2015). Therefore, while we consider first employment in informal wage work to generally be an unsuccessful modern transition, individuals who start in informal wage work in formal firms may in the long term have a good chance of securing formal employment and making a delayed but successful employment transition.

The work transitions (Figure 4) exhibit much stronger gender differences than the educational trajectories discussed above. The most common pattern for females is not to work at all (72%), a trajectory observed for very few males (4%) in the 25-34 age group. The most common first job status for males is a regular informal wage job in an informal firm (28%), followed by irregular wage work (27%) and work in a family business (19%). The most common work status among females is formal public sector work (10%), followed by regular informal wage work in an informal firm (6%), and work in a family business (6%).

There are substantial urban/rural differences in first employment patterns. Among males, family businesses or farms are more common forms of first employment for rural youth (24%) than for urban youth (12%). Irregular wage work is also a far more common form of first employment for rural males (35%) than for urban males (17%). In contrast, urban males are more likely to be engaged in regular informal wage work in an informal firm in their first job (34%) than rural males (23%). About a quarter (24%) of urban males obtain formal work in their first job (14% in formal private, 10% in formal public), compared to just 13% of rural males (6% in formal private, 7% in formal public). Rural females are more likely to have never engaged in market work (75%) than urban females (67%). While 18% of urban females got formal jobs in their first employment (12% in formal public sector work, 5% in formal private sector work), just 9% of rural females do (with 7% in formal public sector work and just 2% in formal private sector work). Notably, the percentage of females in formal work as a first employment status is only slightly lower than that of males, but public sector work is slightly more common among females. Although young females tend to select out of less desirable forms of employment, 11% of urban females engage in regular informal wage work, and 8% of rural females work in a family business or farm.

**Figure 4. The Pattern of First Work by Sex and Residence, Ages 25-34, Egypt, 2012**

Source: Authors’ calculations using ELMPS 2012
3.2 The Relationship between Privilege and Work

The taxonomy of youth, based on their education trajectories and social class, is strongly associated with the type of first work they obtain. Education shapes both youth work aspirations and options; for instance, most formal work, especially public sector work, requires at least a secondary degree. For many years in Egypt, achieving secondary or higher education in fact guaranteed public sector employment for young people (Amer, 2009; Assaad, 1997, 2009).

Youth with less than secondary education consistently engage in traditional employment trajectories (Figure 5). Males with less than secondary education move into family businesses or farms (21%), irregular wage work (38%), and regular informal wage work in informal firms (32%). Just 3% find formal first jobs. For the most part, females aged 25-34 with less than secondary education have not worked by the time of the survey (81%), but 10% worked in family businesses or farms and 5% engaged in regular informal wage work in informal firms in their first jobs. Youth with less than a secondary education have essentially no chance and no expectation of achieving a modern employment transition through formal employment. They transition into traditional roles, working informally or in a family business.

Youth with secondary and higher education aspire to obtain formal jobs as indicated by long periods of job search, but they actually obtain such jobs with varying degrees of success. Secondary educated males in 2012 were unlikely to obtain a formal first job (14%--6% in the public sector and 8% in the private sector—and primarily engaged in regular informal wage work (33%)--28% in informal firms and 5% in formal firms—followed by irregular wage work (29%) or family businesses or farms (21%). Notably, while the percentages in family businesses or farms and regular informal wage work are similar for secondary and less than secondary males, secondary educated males are substantially less likely to engage in irregular wage work, the most precarious form of employment in Egypt. Secondary educated females also have limited success in making modern employment transitions. Just 10% find formal jobs as their first employment status: 6% in the public sector and 3% in the private sector. Regular informal wage work in informal firms is also common (7%) and so is employment in family businesses (4%).

Youth with higher education ought to be equally qualified and able to make modern employment transitions regardless of their parents’ background, but this is not the case in Egypt. Socio-economic background, as measured by father’s education, plays an important role in mediating modern employment transitions for youth with higher education. For instance, among males with higher education, those with less educated fathers have a 35% chance of obtaining a formal first job, compared to 53% of those whose fathers have secondary or higher education. There is a disparity in finding public sector work (19% for the less privileged, 24% for the more privileged), but the disparity is much larger in finding private sector formal work (16% for the less privileged, 28% for the more privileged), suggesting that while class and connections may make the public sector deviate from meritocracy, it is particularly in the private sector that social background matters. Other work has demonstrated that there are direct effects of social background in the labor market, even after accounting for potential differences in the type or quality of human capital (Assaad, Krafft, & Salehi-Isfahani, 2014). This direct labor market impact of background is likely to present a substantial and ongoing challenge to socio-economic mobility as the economy shifts towards private-sector led growth.10

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10 See Barsoum (2004) for a discussion of how private sector employers in Egypt use class markers as indicators of worker quality.
Males with higher education and less educated fathers are more likely to work in a family business or farm, irregular wage work, or regular informal wage work than those with more educated fathers. Privilege also affects prospects for eventually obtaining formal work among those who do not succeed in their first job. Among those with higher education working in regular informal wage work, 25% of the less privileged are in formal firms compared to 30% of the more privileged. Especially among males from more privileged backgrounds, even some of the more traditional transitions—such as working in a family business—may also be substantially different than those for less privileged youth. For instance, if a youth has an educated father who owns a business, working in that business may appear as a traditional transition, but one that is likely to offer substantially better rewards, than for a youth whose less educated father may also own a business or a farm.

Socio-economic status also plays an enormous role in determining employment outcomes for females with higher education. Among those with less educated fathers only 26% find formal first jobs (22% in the public sector and 4% in the private sector) compared to 42% of those with more educated fathers (32% in the public sector and 11% in the private sector). As for males, females with higher education from more privileged backgrounds have better access to both public and private sector jobs, but their advantage is more pronounced in the private sector. Around 10% of females with higher education engage in informal regular wage work, regardless of privilege, and almost all the remainder have not yet worked. A more privileged social background is therefore critical to young people's ability to undertake a successful modern transition even if they attain higher education. Those from less privileged backgrounds must either settle for informal work (for men) or no work at all (for women).
The struggle of youth with a secondary education or higher to make a successful employment transition (i.e. into a formal job) is a relatively new phenomenon in Egypt. Figure 5 also compares the work transitions of 25-34 year-olds with those in their parents’ generation, the group of 45-54.
year-olds, according to the same educational/socio-economic taxonomy, keeping in mind that we are referring to the transition to first employment for the older generation as well. Those with traditional educational trajectories have seen little change across generations. Among males 25-34, there are somewhat higher chances of a first job being irregular wage work (38%) compared to males aged 45-54 (30%), as well as informal regular wage work (35% for 25-34 year-olds vs. 30% for 45-54 year-olds). Formal wage work and family businesses are slightly less likely as first jobs for the younger cohort of the less educated as compared to the older one. Females with less than secondary education generally do not engage in market work in either generation, with 81% of this group not working among 25-34 year-olds and 77% not working among 45-54 year-olds. The less educated are facing the same, traditional employment trajectory over time.

The story is very different for those with secondary education. Among 25-34 year-old males with secondary education, just 13% obtained a formal first job, compared to 41% of those aged 45-54 in 2012. The older generation of males was more likely to find both public sector and private sector formal jobs, although public sector jobs were far more prevalent for the older generation (29%) than the younger one (6%). Secondary educated males aged 25-34 are much more likely to have started off in irregular or informal wage work than the older generation. As secondary education has become more common, the creation of high-quality jobs for secondary educated graduates has not kept up with the increasing supply of secondary graduates.

There are also substantial differences in comparing those with higher education, especially those with higher education but from less privileged backgrounds. Males aged 25-34 in this group have a 35% chance of having a first job that is formal (19% public sector and 16% private sector), compared to a 58% chance in the 45-54 year-old-group (46% public sector, 12% private sector). Smaller changes are observed for males with higher education whose fathers had secondary or higher education. Although their chances of obtaining formal employment have fallen from 65% (45-54 years old) to 52% (25-34 years old), the decline is proportionately much small than for their less privileged counterparts. Nearly all the observed decline among this more privileged group is in public sector work; the share first employed in formal private sector work has remained essentially stable across generations at around 27-28%. While the less privileged but highly educated group actually used to have a higher chance of public sector work (46%) than their more privileged peers (38%), this pattern has reversed among the younger generation. The public sector used to provide educated but less privileged males with access to modern employment and middle class life, but this role has shrunk dramatically.

The changes in the opportunity structure across generations facing educated females are even more dramatic than those for males. While the older generation of females with secondary education had a 57% chance of having a first job that was formal (almost always in the public sector), and very small chances of other types of work, the younger generation has only a 10% chance of such work (6% in the public sector). Among the older generation of women, higher education afforded equal opportunities for formal employment (68%, almost all in the public sector) regardless of father’s education. This is no longer the case for the younger generation. Higher educated females with less educated fathers in the younger generation have only a 26% chance of formal work, compared to 42% for those with more educated fathers. Both of these rates represent a reduced opportunity structure compared to the older generation, but opportunities that are now not just dependent on one’s own education but socio-economic class as well.

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11 The percentage of women who starts work after age 30 is less than 20%, and late starts are more common for family businesses and irregular wage work than either informal or formal wage work. Comparing transition patterns over time (Amer, 2002, 2015), it is not the case that the older generation obtained their formal jobs after a much longer wait.
There has been a substantial expansion of education in Egypt over time, so the educated are a less select group among 25-34 year-olds than among 45-54 year olds. Despite this expansion in education, young people who achieved this education were still expecting to have equal, if not better, chances of accessing modern, formal employment compared to their parents’ generation. It is quite clear, however, that these expectations are not being met. While only 38% of 45-54 year-olds made modern education transitions, 55% of those making modern education transitions also obtained modern, formal employment in their first job. In contrast, while 66% of 25-35 year-olds undertook modern education transitions, just 22% of those who did so succeeded in undertaking modern employment transitions, as indicated by the acquisition of formal jobs.

There has been a substantial contraction in formal employment opportunities for youth, especially for youth with secondary education, and those with higher education but from less privileged backgrounds. Having a secondary education or above used to be a ticket to formal employment and, through that, to a middle class life, but this is clearly no longer the case. Education has been substantially devalued in the face of a rapidly increasing supply of educated individuals and limited expansion in demand for educated labor. Decreasing returns to education in Egypt have been observed as a result (Salehi-Isfahani, Tunali, & Assaad, 2009).

Whether youth meet their aspirations for modern transitions to adulthood or fail now depends to a great extent on their socio-economic background and less on their own educational attainment. Even youth with the same level of education experience very different labor market outcomes due to their social connections and class. Comparing youth with higher education, even after accounting for a variety of differences in human capital, Egyptian youth from more privileged backgrounds were more likely to obtain a formal job and earn higher wages both in their first job and even more so in the long run (Assaad, Krafft, & Salehi-Isfahani, 2014). In the face of too few good jobs, jobs are rationed, and largely rationed based on social class.

3.3 Is International Migration a Viable Alternative for Youth?

While it is clear that opportunities for modern employment within Egypt have deteriorated substantially for recent cohorts as compared to past generations, youth, especially educated youth, may also be able to find good employment by working outside of Egypt. International migration plays a key role in the Egyptian labor market and economy (Wahba, 2015), although migration is almost exclusively undertaken by men. Approximately 14% of Egyptian male youth (aged 25-34) either are currently abroad as migrants or have migrated in the past. While 11% of male youth with less than secondary education are migrants, 17% of secondary educated youth and 12% of youth with higher education are migrants. Although it is not possible to identify the parental education of current migrants, among return migrants with higher education, those with less educated fathers are disproportionately represented. This suggest that migration may provide an alternative form of modern employment for youth who make modern education transitions but struggle to find good employment in Egypt. However, opportunities to migrate do not fully offset unequal opportunities within Egypt.

4 Incidence and Duration of Unemployment

While youth who make traditional transitions, for instance to family businesses, are unlikely to experience a period of unemployment, youth who aspire to modern, formal employment may

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12 From 1980 to 2010, the average number of years of schooling increased from 2.7 to 7.1 in Egypt (Campante & Chor, 2012).
13 This number excludes individuals who left with their entire household and so is an under-estimate. However, most migration from Egypt is temporary (Wahba, 2015).
experience time in unemployment as they seek out or queue for formal work, especially public sector jobs. Youth unemployment is an essential indicator of waithood, as it delays the transition to work and may in turn delay the transition to marriage. This section examines the incidence and duration of unemployment in Egypt, how it intersects with the youth taxonomy and privilege, and how unemployment has evolved over time.

4.1 The Nature of Unemployment

Unemployment in Egypt is primarily an educated, new entrant phenomenon among those searching for formal work for the first time. It is important to note that female labor force participation overall is quite low, just 23.1% among 15-64 year-olds. Figure 6 shows the standard (search required\textsuperscript{14}) market unemployment rate by age and sex in Egypt. Unemployment rates are highest among new entrants, especially females. Unemployment rates for females in their early twenties peak above 50%, while for males the rate peaks above 10%. After age 30, the unemployment rate is below 5% for males. For females the unemployment rate declines with age but remains high until past age 40.

Figure 6. Standard (Search Required) Market Unemployment Rate by Age and Sex, Egypt, 2012

![Figure 6. Standard (Search Required) Market Unemployment Rate by Age and Sex, Egypt, 2012](image)

Source: Authors’ calculations using ELMPS 2012

4.2 Unemployment, Education and Privilege

Unemployment is primarily associated with modern educational trajectories and attempts to access formal employment. Figure 7 shows current unemployment rates among youth aged 15-24 and 25-34 by the youth taxonomy. The unemployment rate for youth with a less than secondary education is at most 5% for males and around 10% for females. Among those with a secondary education, the male unemployment rate for 15-24 year-olds is 11.1%, while the female unemployment rate soars to

\textsuperscript{14} Individuals are only included in the standard market unemployment rate if they engaged in any one of fifteen search behaviors in the past three months, or registered with a ministry or government agency in the past year.
64.7%. Among secondary educated males (aged 25-34), unemployment is relatively low at 5.1%, but for secondary educated females (aged 25-34) unemployment remains high at 52.8%.

Males with higher education but less educated fathers have an unemployment rate of 16.6% at ages 15-24, but 6.0% at ages 25-34, similar to that of secondary graduates. Males with higher education and more educated fathers have a very high unemployment rate initially, 35.1% among 15-24 year olds, falling to 10.2% among 25-34 year-olds, representing both the higher expectations these young men have for obtaining formal employment and the ability of their families to support them while they search for such work. Among females, those with higher education, especially those with more educated parents, have slightly lower (but still high) unemployment rates compared to secondary education, 60.9% for 15-24 year old higher educated females with less educated fathers (37.5% for 25-34 year-olds) and 53.4% for 15-24 year-old higher educated females with more educated fathers (falling to 24.0% among 25-34 year-olds). The lower unemployment rate for female higher education graduates from better backgrounds, and particularly the difference across age groups is in part because the more privileged are more successful at finding formal work (see Figure 5).

Essentially, males with less privileged backgrounds, those with secondary education or higher education but less educated parents, cannot afford to queue in the same fashion as males with higher education and more educated parents. Informal jobs are also more of an option for males than for females. It is those males who do not want bad jobs and who have families who can support them while searching or queuing who have the highest rates of unemployment. For females, since they have the outside option of non-employment, queuing is a viable strategy for those with secondary and higher education, but those with higher education and especially those with higher education and more educated parents are ultimately more successful at finding employment, especially formal employment (see Figure 5). Females with less privilege are less successful at finding the good, formal jobs they aspire to and have few socially acceptable informal work options, with the result that they have higher unemployment rates.

**Figure 7. Standard (Search Required) Market Unemployment Rate by Taxonomy and Sex, Ages 15-24 and 25-34, Egypt, 2012**

![Unemployment Rate Chart](chart.png)

Source: Authors’ calculations using ELMPS 2012

Education and privilege are closely related to both the probability of becoming unemployed (the incidence of unemployment) as well as the duration of unemployment (Table 2) once one becomes unemployed. Figure 8 shows the percentage of youth who did eventually work who experienced
unemployment before work. Notably, for females unemployment rates (Figure 7) are higher than the incidence of unemployment (Figure 8) because so many women ultimately give up (see Figure 9). Those who experience unemployment before their first job are almost exclusively those attempting a modern transition. While just 4% of males and females with less than secondary education who ultimately work experienced unemployment prior to their first job, 17% of secondary educated males and 31% of secondary educated females who ultimately work experienced unemployment.

Among males with higher education, while 23% of those from less privileged backgrounds experienced unemployment, 27% of more privileged males did so, likely due to greater expectations from queuing and a greater chance of familial support during the unemployment period. Among females with higher education, those who ultimately work and come from less privileged backgrounds have a 37% chance of unemployment prior to work, compared to just 29% for more privileged graduates. Those with higher education and privileged backgrounds have even lower chances than those with secondary schooling of experiencing unemployment prior to work. For females, privilege seems to help those women who ultimately work in avoiding unemployment, while particularly for educated but less privileged women, a period of unemployment is often a key phase in the work transition.

Figure 8. Percentage Having Experienced Unemployment before First Job, Conditional on Having Ever Worked, by Taxonomy and Sex, Ages 25-34, Egypt, 2012

Table 2 shows the median duration of unemployment before the start of the first job for those who experienced unemployment before transitioning into work. It is important to note that for females, many of those who experience long unemployment durations may give up and never work, and are therefore not included here. Those few males and females with less than secondary education who do experience unemployment experience longer durations, almost four years for males and six years for females. These are, however, very atypical trajectories. Unemployment is more common among those with secondary education, and they have somewhat longer than typical unemployment periods, with males having almost three-year unemployment durations, and females almost four years. These represent the long struggles to obtain modern employment and are a classical form of waithood. For males with higher education, unemployment durations are two years long regardless of father’s education, but for females with higher education unemployment durations are longer, almost three years, for those with less educated fathers, while those with educated fathers experience only two years of unemployment. Since females who cannot obtain formal work in this group will largely select out of work, these longer durations likely represent difficulty obtaining
formal jobs for those females with higher education but from less privileged backgrounds. These patterns in duration of unemployment are similar across both urban and rural areas. Overall, while privileged individuals are more likely to enter unemployment, they have more rapid exits from unemployment, likely facilitated by their social networks.

| Table 2. Median Duration of Unemployment before First Job in Months, Conditional on Unemployment before First Job, by Taxonomy and Sex, Ages 25-34, Egypt, 2012 |
|------------------------------------------|--------|--------|
|                                       | Male   | Female |
| Less than Secondary                   | 46     | 58     |
| Secondary                             | 33.5   | 44     |
| Higher Ed. FT LT Sec.                | 24     | 33     |
| Higher Ed. FT Sec+                    | 24     | 24     |
| Total                                  | 25     | 36     |

Source: Authors’ calculations using ELMPS 2012

4.3 Unemployment, Employment, or Exiting the Labor Force

Privilege intersects with ever attaining employment for unemployed female youth in Egypt. Figure 9 exploits the fact that the ELMPS is panel data and presents the percentage of those who were unemployed in 2006 who had ever worked as of 2012, and who remained unemployed in 2012 by the education/social class taxonomy. Essentially, all males who were unemployed had worked by the end of those six years. Among females who were unemployed in 2006, none of the less educated had ever worked by 2012, and none remained unemployed. Among females with a secondary education who had been looking for work, only 18% had ever worked by 2012, and an equal percentage remained unemployed. The rest had given up on seeking work. Although 40% of those with higher education and less educated fathers had worked by 2012, 29% were still unemployed. The most privileged were the most successful in transitioning to work, with 51% of those who were unemployed with higher education and educated fathers having ever worked. Additionally, only 13% of this group remained unemployed, less than other secondary and higher education graduates. Besides the concerning fact that only 27% of all women who were unemployed in 2006 had ever worked by 2012, and 12% were still unemployed, it is clear that socio-economic background plays a key role in whether individuals find work, leave the labor force, or remain unemployed.
4.4 Unemployment and Work Outcomes

Those who experience a period of unemployment before work are primarily those who seek formal employment, one illustration of queuing behavior in the Egyptian economy. Figure 10 shows the percentage of youth who experienced queuing unemployment prior to their first job by the type of first job. Few males or females who start in family businesses or irregular wage work experienced unemployment prior to their first job. Unemployment is much more common for those who obtain regular informal jobs in informal firms (who likely were seeking formal work but failed to find it) and especially formal jobs and informal jobs in formal firms. More than a quarter of males (28-29%) who obtained formal first jobs experienced unemployment, and around third of females (27% in the private sector, 36% in the public sector). Seeking modern, formal employment often requires a period of job search or queuing.
Although an individual’s type of first work is closely related to his or her chances of experiencing unemployment prior to the first job, durations of unemployment are similar, conditional on experiencing this unemployment (Table 3). Males have a median unemployment duration of around two years and females three years. Among those who obtain formal jobs, those who end up in the public sector would have spent more time unemployed than those who end up in the private sector. The individuals who search for a long time and end up in non-formal jobs are most likely taking their fallback positions when giving up on formal employment; it is unlikely that individuals who ended up in a family business after searching for formal employment opportunities would have had to wait for such an opportunity.

Table 3. Median Duration of Unemployment before First Job in Months, Conditional on Unemployment before First Job, by Type of First Job and Sex, Ages 25-34, Egypt, 2012

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Business</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>Irregular Wage</td>
<td>24</td>
<td>(-)</td>
</tr>
<tr>
<td>Regular informal in informal firm</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>Regular informal in formal firm</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Formal Private</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Formal Public</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations using ELMPS 2012
Note: (-) denotes a statistic with too small a sample size to display.

4.5 Evolution of Unemployment over Time

Unemployment rates have evolved over time in Egypt (Figure 11). Youth who are aged 15-24 experience the highest unemployment rates, but especially among females, unemployment rates remain high into the 25-34 age range. For males, unemployment rates have been declining over time, from 19.6% for 15-24 year-old males in 1998 to 13.9% in 2006 and 10.7% in 2012. Male youth aged
25-34 have also seen declines in the unemployment rate, from 7.1% in 1998 to 5.0% in 2012. For young females aged 15-24, unemployment rates decreased substantially from 59.9% in 1998 to 39.4% in 2006 before rising again to 49.9% in 2012. This means that half of female youth aged 15-24 who are in the labor force are unemployed. Unemployment rates are also high for females aged 25-34, and are higher (35.8%) in 2012 than either of the previous years. These patterns may be a reflection of how the reactions to struggles with the modern transition have diverged along gender lines. While males, recognizing the need for their employment as a part of their adult transition, have increasingly accepted informal employment, women have responded to the decline in acceptable employment opportunities by continuing to queue for public sector work or by withdrawing from the labor force altogether.

Figure 11. Standard (Search Required) Market Unemployment Rate by Sex and Age Group, Ages 15-24 vs. 25-34, Egypt, 1998, 2006, 2012

![Market Unemployment Rate by Sex and Age Group](source)

The evolution of experiencing unemployment before work has intersected with gender and privilege (Figure 12). For males, although the unemployment rate has been declining over time, there has been an increasing share of males who experienced unemployment before work. This is particularly true for males with secondary education or males with higher education. The stagnation in experiencing unemployment among secondary educated males from 2006 to 2012 may be males who are less privileged deciding to not even attempt to seek a formal job. Because so many women leave the labor force without ever working, those who experience unemployment before work are a select group among females. For females, there was a large increase in experiencing unemployment before work from 1998 to 2006 and a further increase by 2012. Secondary educated females and females with higher education but less educated parents had similar experiences in 2006 and 2012, while the chances of experiencing unemployment before work went down slightly for the most privileged females.
Very much in line with the evolution of unemployment rates, the duration of unemployment before first work has been evolving over time (Figure 13). Back in 1998, when unemployment rates were higher, unemployment durations were also greater. In 2006, when unemployment had decreased substantially, unemployment durations decreased. In 2012, when male unemployment remained essentially static so too did males’ unemployment duration, while females, experiencing higher unemployment rates, were also experiencing longer unemployment durations.
5 Welfare Losses from Under-Utilized Human Resources

One of the focuses of the literature on waithood and Arab youth transitions is the problem of time wasted by youth who are unable to take up adult roles (Dhillon & Yousef, 2007, 2009). The losses from this time spent in unemployment or inactivity could represent a substantial waste of the potential of Egyptian youth. This section examines the welfare losses embodied in time spent unemployed or inactive, focusing on unemployment for all youth and pre-marital inactivity for female youth. The losses related to unemployment are small for males, but for females unemployment and inactivity represent substantial losses. This section also identifies two other types of losses, in terms of under-utilized but employed human resources; youth working below their capacity in terms of education, and youth working fewer hours than they desire.

5.1 Losses from Unemployment

It is important to keep in mind when considering losses from unemployment that these likely represent an upper bound on true losses. Frictional unemployment can promote the efficiency of labor markets as individuals search for appropriate jobs and better matches between their skills and employment opportunities. Additionally, in this section, we include individuals who have yet to enter their first job. While males will essentially all ultimately work, a number of females may withdraw from the labor force after a period of unemployment and failed search, which can inflate the estimates of unemployment, but still represents losses from underutilized human resources.

Welfare losses from unemployment at labor market entry are small for males.
Table 4 presents average losses from first, new entrant unemployment\textsuperscript{15} relative to full potential lifetime earnings\textsuperscript{16} in terms of the net present value at the start of unemployment.\textsuperscript{17} We use the average ratio of individuals’ estimated own losses to estimated own earnings. For males, the loss is small; around 2\% of lifetime earnings are lost in an initial period of unemployment. Not all males experience unemployment upon entering the labor market; among those who do experience unemployment, the loss to unemployment is higher, around 13\%. For females, losses to unemployment are substantial: the average ratio of losses to potential earnings is 15\%. Females who experience initial unemployment lose more than 31\% of their potential earnings to the time they spend not working. It is, however, important to keep in mind that for females some may withdraw from the labor force before finding employment, and thus these numbers are likely to be an underestimate of females’ losses.

\textsuperscript{15}Losses are calculated by using observed and predicted first unemployment durations, and multiplying by wages predicted based on a regression model including age, education, region, father’s education, gender, and gender interactions with all the other variables.

\textsuperscript{16}Potential lifetime earnings are the earnings an individual would accrue if he or she worked from school exit (or age fifteen, whichever is later) until age 60. These wages are from the same model as for losses.

\textsuperscript{17}A discount rate of 3\% annually is used.
Table 4. Ratios of Estimated Average First Unemployment Loss to Lifetime Earnings (Net Present Values at Start of Unemployment) by Sex and Entry Unemployment (Percentage), Egypt, 2012

<table>
<thead>
<tr>
<th></th>
<th>Entire Labor Force</th>
<th>Experienced Entry Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>2.0</td>
<td>12.6</td>
</tr>
<tr>
<td>Female</td>
<td>15.0</td>
<td>30.9</td>
</tr>
<tr>
<td>Total</td>
<td>5.2</td>
<td>21.6</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations using ELMPS 2012
Note: Sample used for simulations is youth aged 25-34, who were in the labor force in 2012

Losses from unemployment are primarily experienced by educated youth attempting to make modern employment transitions. Table 5 presents average unemployment losses by the youth taxonomy; less educated males lose around 1% of their earnings potential to unemployment. For males, losses are more likely at the secondary (2%) or higher education level (3% for those with less educated fathers, 4% for those with more educated fathers). For females, losses are highest at the secondary level (23%), as this is the group that tries but generally fails to find employment. Loss is also high for those with higher education, although for females those with more educated parents experience lower losses, likely due to parents facilitating employment.

Table 5. Ratios of Estimated Average Unemployment Losses to Lifetime Earnings (Net Present Values at Start of Unemployment) by Sex and Taxonomy (Percentages), Egypt, 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>0.8</td>
<td>2.2</td>
<td>2.8</td>
<td>3.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>4.4</td>
<td>23.1</td>
<td>14.2</td>
<td>9.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.3</td>
<td>6.8</td>
<td>6.5</td>
<td>6.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ calculations using ELMPS 2012

Overall, the evidence indicates that unemployment related welfare losses are relatively small for most groups and closely related to the decision of individuals who pursued higher levels of education to seek formal employment. The less educated are not unemployed, and do not experience these same welfare losses.

5.2 Losses from Women’s Premarital Joblessness

Because of their low labor force participation rates (Assaad & Krafft, 2015b), females with less education experience more pre-marital joblessness. As Figure 14 demonstrates, there are only small differences for single women and for married women in their domestic work hours based on their employment status. Single females who are employed work 0.6 hours less in domestic work; married females who are employed work an extra 0.5 hours at home compared to their not employed counterparts. However, there are large differences between the domestic work hours for married and unmarried women. Single females average 12.6 hours of domestic work per week, while married women are making larger contributions in terms of domestic labor, 34.0 hours per week. Thus, prior to marriage, jobless women’s human resources are being substantially under-utilized; they are not engaged in many hours of domestic work.
Figure 14. Hours of Domestic and Market Work (per week) by Employment and Marital Status, Females Ages 18-34, Egypt 2012

Source: Authors’ calculations based on ELMPS 2012
Note: Divorced and separated individuals excluded.

Economic losses due to premarital joblessness are similar to unemployment related losses for women. Table 6 displays losses due to premarital joblessness, that is the time after age fifteen, or after school exit (whichever comes later) that a female does not spend working, prior to her marriage. Although it is possible that women’s human resources are under-utilized in marriage, they are also engaged in substantial domestic work once married, and so we focus only on pre-marital joblessness, the years women spend not engaged in work between school and marriage. Overall, 14% of females’ lifetime potential is not employed in the years preceding marriage. The welfare losses related to this joblessness are greatest for less educated females, and decrease with secondary and higher education.

Table 6. Ratios of Average Pre-Marital Joblessness to Lifetime Earnings (Net Present Values at Start of Joblessness) by Taxonomy (Percentages), Females, Egypt, 2012

<table>
<thead>
<tr>
<th>Taxonomy</th>
<th>Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Secondary</td>
<td>19.2</td>
</tr>
<tr>
<td>Secondary</td>
<td>12.7</td>
</tr>
<tr>
<td>Higher Ed. FT LT Sec</td>
<td>6.4</td>
</tr>
<tr>
<td>Higher Ed. FT Sec+</td>
<td>5.7</td>
</tr>
<tr>
<td>Total</td>
<td>13.5</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations using ELMPS 2012
Notes: calculated using the sample of women who were married between 2002-2011

5.3 Losses from Under-Utilized but Employed Human Resources

Concerns about waste and lost human potential generally focus on unemployment and inactivity, but the evidence in Egypt actually indicates that under-utilization of human resources within employment may be a more substantial problem. For instance, irregular workers, who in 2012 made up 17% of the Egyptian workforce (Assaad & Krafft, 2015a), were working only 76% of the hours of regular informal workers in 2012. Workers are not usually irregular by choice, and would prefer to be working additional hours. If we assume irregular workers would like the same hours as regular but informal workers, this section of the population was wasting 24% of its working potential in 2012.
Employment-education mismatches also represent under-utilized human resources. Figure 15 shows the percentage of employed youth who are in a job that they report requires no schooling nor any basic skills (literacy, numeracy, or computer skills). Although Egypt has substantially expanded the quantity of education over time, quality is low, and quality jobs have remained elusive. Overall almost half of males (43%) work in a job that requires no schooling, along with almost a quarter (23%) of employed females. Although there are differences by education, still many more educated youth are working at jobs well below their education level. The majority of youth with less than secondary education work in a job that requires no education or basic skills (68% of males and 76% of females). For those with a secondary education, almost half of males (43%) and a quarter of females (25%) are working in jobs that require no schooling or basic skills. Among those with a higher education but with less educated families, 16% of male youth are working in a job that requires no schooling or basic skills and 3% of female youth. If youth have a higher education and more educated fathers, their chances of a job with no schooling or skills required drop substantially, down to 5% for males and less than 1% for females.

In general, those with less than secondary education are predominantly transitioning to traditional jobs that require no education, consistent with their traditional education trajectory. Youth with secondary and higher education struggle to find jobs that make use of their education. Family background, as measured by father’s education, also plays a key role in facilitating the transition to more modern jobs, leaving those with secondary or higher education but less privileged backgrounds often struggling to access jobs requiring even some education or basic skills.

Figure 15. Percentage of Workers in a Job that Requires No Schooling or Basic Skills by Sex and Taxonomy, Ages 25-34, Egypt, 2012

Source: Authors’ calculations using ELMPS 2012
Note: Job education and skill requirements are self-reported. Basic skills include literacy, numeracy and computer skills.

6 Labor Markets: History, Institutions, Supply and Demand

Egyptian youth have experienced rapid increases in educational attainment. Although the quality of the education they have attained is poor, in terms of attainment modern educational transitions are increasingly the norm. Where youth are now struggling is in the labor market, in finding jobs, especially formal jobs, that will then facilitate their ability to marry and form an independent
household. A number of historical and current features of the Egyptian labor market play a key role in determining whether youth who have experienced modern educational trajectories expect and experience modern employment trajectories. This section reviews the features of Egyptian labor markets that promote competiveness (or dysfunction), separating out a number of supply, demand, and institutional factors.

6.1 Historical and Institutional Forces

The institutions, systems, and markets in Egypt, and their history of distortions, have been the driving force behind the struggles of youth to transition to adult roles. Youth experience a number of institutional forces as they attempt to take on adult roles, including those in the education system, the labor market, the credit and housing markets, and in the form of social norms (Salehi-Isfahani & Dhillon, 2008). Key distortions begin in the education system, where high-stakes testing tracks students, and rote memorization is prioritized over critical thinking and soft skills. This system generally requires substantial investment in private tutoring in order to succeed (Elbadawy, Ahlburg, Assaad, & Levison, 2009), and therefore is dependent on familial resources. Ultimately, the education system includes or excludes youth from modern transitions based on socio-economic class and privilege, not ability or effort (Assaad, 2013; Krafft, Elbadawy, & Assaad, 2013).

The education system was originally designed to produce civil servants and continues to produce credentials rather than skills (Salehi-Isfahani, 2012). Because these credentials are very imperfect signals of graduates’ productivity or skill set, employers have limited options for evaluating new hires. One of the mechanisms contributing to the increasing socio-economic gradient in first jobs may be that, in the absence of the education system providing information on skills, private sector employers use class markers as signals of productivity and skills. Essentially, more privileged youth have cultural and social capital they can draw on (Barsoum, 2004; Bourdieu, 2010). Social norms promote hiring in-network, and class is a marker employers can use for statistical discrimination when they are otherwise without information.

Dualism has been by far the most important structural and historical force in the Egyptian labor market, and continues to be a driving force behind the struggles of youth to transition to modern employment. Historically in Arab countries, under the “authoritarian bargain,” authoritarian regimes used public sector employment as compensation for political acquiescence. Labor markets were a tool for political regimes, perverting their essential function of efficiently allocating human capital (labor supply) by distorting employment (labor demand) (Assaad, 2014a). In Egypt, public sector jobs were guaranteed to anyone with a secondary or higher education (Assaad, 1997). As of the late 1990s, the job guarantee officially ended, and public sector hiring has declined (Amer, 2009; Assaad, 2009). However, the legacy of this policy includes an education system that is focused on credentials, rather than human capital or skills (Salehi-Isfahani, 2012), and youth who expect or aspire to public sector jobs, which remain strongly preferred (Barsoum, 2015). The low quality of human capital, the disinterest of youth in the private sector, and the political and economic policies that have precluded the growth of a robust private sector have left Egypt with a shrinking pool of desirable jobs at the same time as rising expectations.

The decline in public sector hiring at the same time as youth become increasingly educated has created a situation where those who expected to achieve a modern transition into secure, formal employment in the public sector no longer had that option guaranteed. As this paper has demonstrated, for the youth generation, secondary education, which used to be a secure route to modern, middle-class living via formal public sector work, is now unlikely to provide such a transition. Additionally, even higher education no longer provides a secure transition, and success is increasingly mediated by one’s own background, with those with more educated parents having
greater success in making modern employment transitions. This is clear evidence, corroborated by other authors (Binzel, 2011), of a decline in social mobility for youth in Egypt. In the absence of the employment guarantee, family resources and connections play a decisive role in whether the aspirations of youth are achieved. The tradition of dualism in the Egyptian labor market has extended into the private sector as well, with access to the formal private sector contingent on socio-economic status.

6.2 Labor Supply

The legacy of the Egyptian and other Arab education systems as producing credentials for future government employment has had a negative effect on the quality of the labor supply. While the quantity of education is high, its quality is low (World Bank, 2008). Arab countries do very poorly on the TIMSS international exams compared to international medians or other countries at similar levels of development (Assaad, 2014a). Youth lack the hard and soft skills desired by employers (World Bank, 2013). At the same time as they lack skills, as this paper demonstrated, the credentials of youth exceed those required by employers. The labor supply is both over-credentials and under-skilled. This pattern likely contributes to the rising role of privilege in mediating success or failure in modern transitions; in the absence of valuable or measured human capital to incentivize ability or productivity based hiring, employers are more likely to hire based on socio-economic status.

6.3 Labor Demand

The majority of labor demand in Egypt comes from micro- and small enterprises. In Egypt more than 60% of all private wage employment is in firms with fewer than ten employees and 76% is in firms with fewer than fifty employees (Assaad & Krafft, 2015a). This pattern is common throughout much of the Arab world; in Jordan, 46% of private wage employment is in firms with fewer than ten employees and 69% in businesses with fewer than fifty employees (Assaad, 2014b). The small size of most employers contributes to difficulties in making modern transitions and also plays a role in excluding less privileged youth. For instance, even among higher education graduates in Egypt, family networks played a substantial role in finding employment, and also in obtaining formal employment (Assaad, Krafft, & Salehi-Isfahani, 2014). Small employers may be hiring based on recommendations from within their social network, and de-emphasizing differences in formal educational attainment in their demand for workers.

A study comparing labor market outcomes for higher education graduates across Egypt and Jordan (Assaad, Krafft, & Salehi-Isfahani, 2014) also makes an important point about the role of the public sector in providing equitable labor market demand; while access to a formal job among higher education graduates was unrelated to family background in Jordan, in Egypt family background substantially contributed to access to formal employment, indicating that as public sector employment has become more difficult to access, nepotism and family networks play an increasingly important role in Egypt.

Labor demand is also affected by a number of economic policies that distort the economy in favor of capital over labor. Energy and fuel subsidies reduce the demand for labor in the near term and also limit productivity growth in the long term (World Bank, 2013). In addition to subsidies, the structure of taxes in the MENA region also favors the use of capital and materials over labor (World Bank, 2013). Labor demand is also limited by the rigidity of labor market regulations (World Bank, 2013); if it is difficult to fire workers, this reduces the incentives to hire additional labor when there is uncertainty in the long run.
7 Marriage Transitions

Marriage is the key and final transition to adulthood for Arab youth. This is even embodied in the language used to refer to females; females are girls if they are unmarried, and become women only when they marry (Sadiqi, 2003). Essential adult roles, including engaging in socially sanctioned sexual relations, having children, and living independent of one’s parents are restricted to married individuals (El Feki, 2013; Hoodfar, 1997; Singerman & Ibrahim, 2003). Because of asymmetric rights by gender within marriage in the Arab world, women’s bargaining power is greatest prior to marriage (Assaad & Krafft, 2014b). This creates a strong incentive for detailed bargaining over marriage conditions up front, and ensuring that women’s living conditions are assured prior to finalizing the marriage contract. Thus, the transition to marriage has the potential to be protracted if other transitions are delayed. Marriage outcomes are contingent on previous transitions and the social background of youth (Assaad & Krafft, 2014a, 2014b).

In this section, we examine how the transition to marriage depends on our taxonomies and privilege, including education and work. We examine marriage trends, the intersection of work and marriage, and barriers to marriage for Egyptian youth and compare their experiences to those of youth in other Arab countries.

7.1 Marriage Trends in Egypt in Comparison to Tunisia and Morocco

One of the main concerns in much of the literature on the problem of waithood among Arab youth is the delay in, or declining rates of, marriage (Assaad, Binzel, & Gadallah, 2010; Dhillon & Yousef, 2009; Salem, 2014, 2015; Singerman & Ibrahim, 2003; Singerman, 2007). While youth in Arab countries are marrying later than in previous generations, there are a variety of different patterns across countries in terms of when youth marry and whether marriage remains essentially universal. Figure 16 illustrates the evolution of the timing and universality of marriage in Egypt, Morocco, and Tunisia, showing the 25th percentile, median, and 75th percentile for age at marriage for each birth cohort. In Egypt, although the trend for birth cohorts up through the 1970 cohort was to experience increasing ages at marriage, more recent cohorts have experienced stable or declining ages at marriage. Additionally, marriage by age 39 is essentially universal in Egypt (Assaad & Krafft, 2014a). Morocco and Tunisia are experiencing different patterns of waithood around marriage. In Morocco the age at marriage increased more dramatically, and there has also been a substantial decline in the universality of marriage. Just 75% of males and females in Morocco were married by around age 39 in 2010. Marriage after that age is unlikely, at least for women, suggesting that marriage is no longer universal in Morocco. Tunisia falls somewhere between Egypt and Morocco; age at marriage has substantially increased over time, and marriage is no longer universal, but it is a smaller share, around 10% of the population in Tunisia that is unlikely to ever marry. Additionally, ages at marriage in Tunisia seem to have stabilized for recent birth cohorts.

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18 See Assaad & Krafft (2014b) for a unifying theoretical framework on the economics of marriage in the Arab world, as well as a review of the existing literature. Additionally, Assaad & Krafft (2014a) presents empirical evidence on the economics of marriage in Egypt, Morocco, and Tunisia.
Figure 16. Age for 25%, 50%, 75% Married by Year of Birth and Sex

Source: Authors’ calculations using ELMPS 2012, Morocco Household and Youth Survey 2010, and Tunisia National Survey on Households and Youth 2012

Egypt could, over time, evolve in terms of marriage patterns in a variety of ways, as other Arab countries have done. However, the remainder of the section focuses on current patterns of marriage in Egypt, where marriage is near universal but where there are substantially different patterns of marriage by sex and urban or rural residence (Figure 17). Rural females are the earliest to marry, followed by urban females, rural males, and urban males. The median age of marriage for females is 21, and for males 27. The median age for rural females is 20, while for urban females it is 23. The
median for rural males is 26 and for urban males 29; in both urban and rural areas there is a six-year age gap in the medians. We define gender-specific “early” “on time” and “late” marriages based on the distribution of marriage times at the 25th and 75th percentiles for each gender. Marriages earlier than the 25th percentile (19 for females, 25 for males) are considered early. Marriages later than the 75th percentile (25 for females, 31 for males) are considered late. Marriages falling between these two points are considered to be on time. We account for the fact that some of our youth sample may not yet be married with survival analysis methods.

Figure 17. Proportion Married by Sex and Residence, Ages 25-49, Egypt, 2012

Source: Authors’ calculations using ELMPS 2012
Notes: Kaplan-Meier failure function.

7.2 Youth Taxonomy and Marriage

Transitions to marriage depend on education and privilege (Figure 18). Note that the timing of marriages as early, on time, or late is gender specific; there are typically gaps of 6 years or so between spouses. While all age groups experience some share of early, on time, and late marriages, those with less than secondary education, and especially females among them, are the most likely to marry early; 36% of males in the generation 25-49 in 2012 married early, and 43% of females. This is in line with a trajectory that is consistently traditional. Secondary educated males and females have the next largest share of early marriages, but also a large share of on time and some late marriages. While some males with higher education marry early, because of the gender specific differences in definition, with early marriages before females would graduate from higher education, essentially no females do so. For females, there are essentially no differences in marriage timing for those with more or less privileged backgrounds. For males, it is the most privileged who are most likely to marry late. This may be due to substantially higher modern middle class lifestyle expectations for males of
higher socio-economic status, such as the desire to live independently and the need to accumulate resources to do so, or delays from the time spent queuing for formal employment.

Figure 18. Transitions to Marriage, by Taxonomy and Sex, Ages 25-49, Egypt, 2012

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th></th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Sec.</td>
<td>16%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Secondary</td>
<td>48%</td>
<td>42%</td>
<td>53%</td>
</tr>
<tr>
<td>High Ed., Father LT Sec.</td>
<td>27%</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>High Ed., Father Sec.</td>
<td>35%</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>Total</td>
<td>21%</td>
<td>23%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Notes: Based on Kaplan-Meier survival function. Source: Authors’ calculations using ELMPS 2012

7.3 Work and Marriage

There is a substantial difference in the relationship between obtaining employment and the timing of marriage for women and men. This is closely linked to a normative gendered division of labor within Egyptian households, wherein the role of the husband is to provide financially for the family as the breadwinner, while the primary role of the wife is to tend to home, husband, and children (Hoodfar, 1997). Thus, while work is a prerequisite to marriage for men (Assaad & Krafft, 2014a), it can be quite difficult to reconcile work and marriage for women. A lot also depends on the type of work; the evidence from both Egypt and Jordan indicates public wage work is far easier for women to reconcile with marriage and much more likely to continue after marriage than other types of work, and that inactivity rises substantially at marriage (Assaad & El-Hamidi, 2009; Assaad & Hendy, 2013). Figure 19 illustrates this pattern for Egypt, where few women work at all. Prior to marriage, about 5% of women were in private wage work, but about half of these women leave such work at marriage. Public sector wage work continues to rise somewhat after marriage, as does non-wage work, which is also easier to reconcile with domestic responsibilities (Hoodfar, 1997). In the face of declining public sector opportunities, women thus face a choice in their transitions, whether to move towards adulthood by seeking employment—which then may be irreconcilable with marriage—or whether to focus on the transition to marriage, a more vital step to completing the transition to adult roles for women.
Type of first work is also linked to marriage timing, keeping in mind that work usually precedes marriage for both men and women, but work, especially in family businesses could follow marriage for women. Figure 20 demonstrates that for both males and females, those engaged in family businesses and irregular wage work, both associated with traditional transitions, are also much more likely to have early marriages. Those engaged in regular informal or formal wage work are less likely to marry early and more likely to marry late. Interestingly, for males formal wage work and initially working informally in a formal firm is associated with greater on time marriage, primarily through reduced likelihood of early marriage and some later marriages, compared to informal wage work. For females, wage work of all types, but especially formal private wage work, is associated with later marriages. This may be because the most privileged have the best access to this type of work, and also higher expectations for their marriage outcomes.

In this bivariate analysis, there is no evidence that an unsuccessful transition to formal employment increases the probability of on-time marriage, although other research in Egypt shows that access to a “good” job does speed up the transition to marriage, keeping all else constant (Assaad, Binzel, & Gadallah, 2010; Assaad & Krafft, 2014a). Education and work transitions and social background may also affect spouse quality rather than the timing of marriage. For instance, one of the benefits of education, particularly for women, may be upward social mobility through marriage (Elbadawy, 2009).
Figure 20. Transitions to Marriage, by First Job and Sex, Ages 25-49, Egypt, 2012

Source: Authors’ calculations using ELMPS 2012
Note: Figure for males does not show marriage timing for males who have not yet worked, as it is a very small and atypical category. Based on Kaplan-Meier survival function.

7.4 Privilege, Work, and Marriage

Since the transitions between school and work are interlinked and mediated by privilege, it is particularly important to disentangle the relative roles of school, work, and privilege in affecting marriage transitions. Figure 21 attempts to do this by presenting the changes in the probability of early, on time, or late marriage based on a multinomial logit regression, by gender. A regression framework allows us to identify the relationships between different characteristics and marriage timing, while accounting for other characteristics. For instance, this allows us to disentangle the relationship between education, first work, and marriage timing. Reference categories are indicated in the figure by having a zero change in probability. The base probabilities for the reference category of a rural, less than secondary educated individual working in a family business are, for males, a 46% chance of early marriage, a 45% chance of on time marriage, and a 10% chance of late marriage. For females, the base probabilities are a 49% chance of early marriage, a 40% chance of on time marriage, and an 11% chance of late marriage.

For both genders, those residing in urban areas are more likely to marry late than those in rural areas. Secondary graduates have a slightly lower probability of early marriages and slightly higher probabilities of later marriage than those educated at the less than secondary level. Compared to those with less than secondary education, those with higher education are less likely to marry early and more likely to marry on time or late. Men with higher education but with educated fathers are even less likely to marry early and more likely to marry late than their counterparts with uneducated fathers, confirming again that privilege does not reduce the likelihood of late marriage for men. For women, a more privileged background among the higher educated does not raise the likelihood of late marriage and may actually reduce it slightly.
Compared to males who worked in a family business, those who worked in other types of employment are less likely to marry early, and more likely to marry on time or late. The increase in on time marriages is greater among those who obtain formal private sector jobs, and the increase in late marriages greater for those who obtain regular informal jobs in formal firms, which confirms that success in employment transitions does facilitate success in marriage transitions for men, as suggested by Assaad, Binzel, and Gadallah (2010) and Assaad and Krafft (2014a). For women, those who engage in formal or especially regular informal work tend to marry later; however, it could be that those who do not have immediate marriage prospects upon school exit then seek work, so causality could run in either direction. That those with formal public sector work are slightly less delayed than those with regular private sector work could be either because public sector work makes them a more desirable spouses, or because women only undertake private sector work in the absence of good marriage prospects. In contrast to men, the causality is much more likely to run from marriage and marriage prospects to work than the other way around.

**Figure 21. Timing of Marriage, Changes in Probability by Characteristics and Sex, Ages 32-49, Egypt, 2012**

Source: Authors’ calculations using ELMPS 2012
Reference category: Rural, less than secondary educated individual working in a family business.
Base probabilities for males: a 46% chance of early marriage, a 45% chance of on time marriage, and a 10% chance of late marriage.
Base probabilities for females: a 49% chance of early marriage, a 40% chance of on time marriage, and an 11% chance of late marriage.
Note: Figure for males excludes not yet worked for men, as it is a very small and atypical category.
7.5 Barriers to Marriage and Independent Living

One of the issues that much of the literature on waithood focuses on is the substantial costs of marriage (Nosseir, 2003; Salem, 2014, 2015; Singerman & Ibrahim, 2003; Singerman, 2007). Youth attempting to make modern transitions to adulthood expect a certain standard of living as adults, and, in particular, they have higher expectations for independent living upon marriage, rather than to hew to the traditional model of moving in with the groom’s parents. The resource requirements to form an independent household are substantial, and the cost of housing has been identified as a substantial barrier to marriage among Egyptian youth (Assaad, Binzel, & Gadallah, 2010; Assaad & Ramadan, 2008; Dhillon & Yousef, 2009; Salem, 2015; Singerman, 2007). The costs of celebrations, furnishings, jewelry, and dower are also substantial (Assaad & Krafft, 2014a; Salem, 2015). Males in wage work in Egypt would have to save their entire earnings for about eight years to cover the full cost of marriage (Assaad & Krafft, 2014a), and although grooms receive help from their families and the bride’s family also contributes a certain share, this eight years is also, tellingly, the median duration from school to marriage for Egyptian male youth.

An important element of a successful transition to modern, middle class adult life is not just family formation but independent, nuclear residence. Figure 22 presents the prevalence of nuclear residence upon marriage for recently married youth by the youth taxonomy. Around 62% of males and 55% of females with less than a secondary education live in a nuclear residence upon marriage.\(^19\) Around 67-68% of secondary graduates achieve nuclear residence. There is a substantial difference among those with higher education from less privileged backgrounds (76-78%) and those from more privileged backgrounds (87%). Privilege intersects with modern forms of family formation. It may also be the need to achieve this expected standard of nuclear living contributing to later marriages among the most privileged.

Figure 22. Nuclear Residence by Taxonomy, Ages 18-39, Married in the Past Five Years, Egypt, 2012

Nuclear living is related to a number of different characteristics. Figure 23 shows the relationship between school, work, and the timing of marriage. These are the changes in probability for nuclear

\(^{19}\) That even the less educated often have nuclear households may be a sign of modernization, but this may also be a sign of changing family structures and housing patterns. For instance, an extended family may reside in multiple apartments within the same building, sharing some but not all meals, and therefore technically acting as separate households despite their proximity (Assaad & Krafft, 2013).
living relative to a reference individual based on a probit regression, by gender. As before, the reference categories show zero change in probability. The base probabilities for the reference category of a rural, less than secondary educated individual working in a family business are a 56% chance of independent living for males and a 37% chance of independent living for females.

For both genders, those in urban areas are more likely than those in rural areas to form nuclear households at marriage. The probability of nuclear living increases with education and particularly for the most privileged youth, as compared to those with less than secondary education. For females, relative to working in a family business, all other kinds of work and not working are associated with a higher probability of nuclear residence. The probability is particularly high for those females who engage in formal private sector work; this may represent additional bargaining power (although then we would expect a similar effect for formal public sector work) or it may represent females who are holding out for better marriage outcomes and working in the meantime. For males, regular informal wage work and formal wage work are both associated with a higher probability of nuclear residence upon marriage relative to working in a family business. In contrast, irregular wage work and not yet having worked are associated with a lower probability of nuclear residence upon marriage.

Figure 23. Percentage Point Change in Probability of Nuclear Living By Characteristic, Egypt, 2012

Source: Authors’ calculations using ELMPS 2012
Reference category: Rural, less than secondary educated individual working in a family business.
Base probabilities: a 56% chance of independent living for males and a 37% chance of independent living for females.

8 Assessing and Changing the Future for Egyptian Youth

Egyptian youth are increasingly aspiring to make modern transitions to adulthood, moving from greater educational attainment into better jobs and independent living arrangements at marriage. Yet they face a number of challenges in making these transitions. This section first discusses what
are (and are not) useful indicators for assessing the wellbeing of Egyptian youth and their transitions to adult roles. In light of these measures, we discuss challenges facing youth and propose policies that could assist youth in making more successful transitions that better correspond to their aspirations.

8.1 Useful Indicators for Youth

Unemployment has long been used as a marker of the struggles of Egyptian youth to make successful transitions to adulthood. Unemployment, however, is a poor indicator of the wellbeing of youth because it is as much an indication of the degree of expectation youth have for accessing formal employment and their ability to wait for it as it is of the difficulty they have to find such work. It is well established that unemployment in much of the Arab world, including Egypt, is primarily an educated, new entrant phenomenon, driven by individuals seeking formal jobs, often by queuing for public sector employment. Focusing on unemployment as a measure of transitions focuses policy attention on those who are relatively privileged, and can afford to remain without work (Krafft & Assaad, 2014a). The unemployment rate could go down simply by youth giving up on their aspirations and accepting lower quality employment, illustrating one of the many ways in which it is a poor measure of the wellbeing of youth. Unemployment as a measure of youth transitions completely neglects youth who make traditional transitions, and who are at greater risk for precarious, low-income employment and poverty. What unemployment does measure is the misalignment between the expectations of youth and their labor market opportunities, which, while of great political interest, is a poor indicator of the overall wellbeing of youth.

More useful indicators of the wellbeing of youth and their success in transitioning into the labor market include measures such as job quality, job stability and security, hours of work, underemployment (both time and education related measures) and wages (Krafft & Assaad, 2014a). These measures will be sensitive to the success or lack thereof of youth who make more traditional transitions, and will also reflect the true health of the labor market facing youth. These measures are also generally available in labor market surveys in the region, but have received inadequate attention as measures of youth success. For females, labor force participation (or alternatively, inactivity) is a particularly important measure to track as it indicates whether females can successfully transition into employment and are able to remain in employment past marriage.

8.2 Challenges Facing Egyptian Youth as they Negotiate the Transitions to Adulthood

There are a variety of failures in the labor market (and in the education system) that must be addressed in order to promote more successful and equitable youth transitions. Failures in the economic and institutional environment have precluded a strong private sector that could provide good jobs. The education system fails to provide relevant skills or to adequately signal skill levels among graduates. There is a lack of dynamism in the labor market, and this rigidity leads to inefficient allocations of human resources that limit their productivity, and therefore wages and benefits.

Egyptian youth have made great progress in terms of educational attainment, but have been increasingly unable to turn this higher attainment into success in the labor market (Binzel, 2011). The failure of the education system to equip youth with marketable skills is driven by a number of factors. First, vocational secondary education (the most common degree in Egypt) does not provide useful skills to graduates. It is extremely difficult to make vocational education responsive to the needs of the current labor market, much less the needs of employers in future decades (OECD/The World Bank, 2010; Population Council, 2011; UNDP & Institute of National Planning, 2010; World Bank, 2008). Therefore, vocational education should be de-emphasized and general skills
emphasized within the education system. Education quality, particularly pedagogy, also needs serious upgrading, as rote memorization is the norm in Egypt as in many MENA countries (Population Council, 2011; World Bank, 2008). Implementing improvements in quality will require making schools and teachers more accountable, decentralizing some of the authority of the education systems. Paying teachers for improvements in student performance and providing local oversight (for instance, through school boards) are promising mechanisms for increasing accountability and responsiveness (World Bank, 2008).

The challenges youth face translating education into labor market success are due in part to changing patterns of labor demand, especially changes in demand affecting educated labor. Achieving a secondary education in Egypt three decades ago almost guaranteed that a young new entrant to the labor market would obtain a stable public sector job that would last a lifetime. A recent graduate faces much poorer prospects. This is essentially due to the failure of the Egyptian economy to make the transition from a state-led model of development to a market-led model with a vigorous, competitive private sector that is also able to compete in the global economy. Instead, the Egyptian private sector is dominated by micro and small enterprises that are unable to grow and that prefer to remain in the shadows of informality rather than face the high, and generally unaffordable costs for a small entity, associated with formality. On the other side of the spectrum are large private sector firms benefiting from cronyism and privileged access to subsidized energy and capital, firms that operate in an essentially non-competitive environment with few incentives to create jobs (Diwan, Keefer, & Schiffbauer, 2014) or distribute those jobs based on productivity and ability. A necessary condition for improving labor market prospects for youth is to transform this distorted and dualistic investment climate into one that encourages dynamic private sector enterprises that can compete globally and thus rapidly increase the demand for labor in the Egyptian economy.

If a more competitive private sector economy does emerge, it will have to face the challenge of a workforce whose skills may be better suited to a public sector dominated economy. Education systems that developed to supply credentials for public sector employment may take some time to respond to a growing demand for skills, and generations of existing graduates may find it hard to retool their human capital for such an economy. However, the reality at present is that so few good private sector jobs are created and those that do exist are allocated to youth on the basis of social class, networks and family ties rather than on the basis of merit and skill (Assaad, Krafft, & Salehi-Isfahani, 2014). Thus the signals that the labor market sends to the education system are muddled at best and do not provide sufficient incentives to invest in the right kind of human capital (Assaad, Krafft, & Salehi-Isfahani, 2014; Salehi-Isfahani, 2012).

Besides the overall structure of the economy and the extent to which it allows for employment-intensive growth, labor market institutions and policies can play a role in creating a climate that promotes youth employment. Reforms to deregulate labor markets can potentially increase job opportunities and security for young people by encouraging employers to formalize employment (World Bank, 2012). For instance, Egypt has undertaken reforms that make it easier to both hire and fire workers, although the results of this reform on job formality have been mixed (Wahba, 2009). Jordan has had much more success than Egypt in nurturing a formal private sector by making formal private sector employment more flexible through the use of temporary contracts that still include social insurance coverage (Assaad, 2014b).

8.3 Policies to Address Failures in the Labor Market

The large number of failures in the education system and labor market contributing to less than satisfactory youth transitions cannot be addressed with a single policy. Many policies must be
pushed forward simultaneously, and any single policy may be ineffective in the face of other persistent distortions and problems. This section discusses policies that are designed to address failures in Egypt’s labor market and promote more successful youth transitions, focusing on active labor market policies, microenterprise policy, and larger structural issues.

Active labor market policies (ALMPs) are programs designed to prepare youth for the labor market and facilitate labor market entry. The traditional ALMP in Egypt and the rest of the Arab world has been public employment, and while labor-intensive public works projects may be good for short-term job creation and as a safety net (Betcherman, Olivas, & Dar, 2004; Kuddo, 2009), this is not an effective long-term strategy. Returning to the era of expanding government employment is also not the solution to the misalignment of youth expectations and job opportunities. Nor are any ALMPs likely to be effective in promoting youth transitions without addressing the large number of other underlying problems in the labor market and education system.

Job search assistance programs are ALMPs designed to connect youth with employers. In high-income and transitioning economies these programs have been shown to increase the chance of employment and shorten the time until jobs (Betcherman, Olivas, & Dar, 2004; Kuddo, 2009). However, in the absence of substantial structural changes in Egypt and similar MENA economies, job search assistance will not be effective. Job search assistance cannot improve job creation or the quality of jobs available, which are the binding constraints in Egypt and similar countries. The unemployed are primarily queuing for jobs of a certain type, and job search assistance cannot address the demand for jobs that do not exist (Krafft & Assaad, 2014b). The ineffectiveness of job search assistance was recently demonstrated in Jordan, where a program that provided job matches for 564 graduates resulted in only 9 jobs in the long term. The reason that the program failed was because graduates were not willing to take low prestige jobs in the private sector (Groh, McKenzie, Shammout, & Vishwanath, 2014).

If underlying structural issues are addressed, the public sector will be ill-suited for matching youth with private sector jobs, as private sector employers do not use public sector mechanisms for finding employees (Krafft & Assaad, 2014b). Private sector or NGO led job search assistance would be required, particularly for reaching out to smaller businesses. Additionally, incentives would have to be structured to reward providers for match success, not just the provision of services.

The most common ALMPs in the Arab world are skills training programs. These short-term programs are 93% of all ALMPs in the Arab-Mediterranean region (Angel-Urdinola, Semlali, & Brodmann, 2010). However, the global evidence on these programs is mixed, with little short term impacts and some positive medium term impacts (Card, Kluve, & Weber, 2010; Hirshleifer, McKenzie, Almeida, & Ridao-Cano, 2014). Program design is also widely variable and may not be in line with best practices (Angel-Urdinola, Semlali, & Brodmann, 2010); identifying best practices in skills training and scaling those up could be quite important for improving youth employment. Providing skills training to youth who are not openly unemployed, to upgrade their skills and provide them with better opportunities for quality employment will also be crucial. Provision of skills training should be competitive, for instance by publicly financing training but allowing employers to choose between different public and private sector trainers to find training that best meets their needs (Krafft & Assaad, 2014b).

Entrepreneurship training and small business assistance programs are also popular ALMPs, but the evidence on their effectiveness is extremely limited (McKenzie & Woodruff, 2012). The idea behind entrepreneurship training is that in the face of limited labor demand, youth can gain skills and create their own businesses, circumventing low labor demand. A recent evaluation of an entrepreneurship training program among university students in Tunisia found the program created a small increase in
self-employment, but overall employment rates were unchanged (Premand, Brodmann, Almeida, Grun, & Mahdi Barou, 2012).

Wage subsidies targeted at certain groups, such as female new entrants, are supposed to facilitate the transition into work. However, these programs do not have a long-term impact on employment. For example, a program in Jordan tested providing wage subsidies paying employers the equivalent to the minimum wage for up to six months if they hired a female community college graduate. The program was effective in increasing employment in the short run, but had no significant net employment effects in the long run (Groh, Krishnan, McKenzie, & Vishwanath, 2012). These programs are difficult to target appropriately, as they will likely benefit only those who would not otherwise be working. A program in Tunisia targeted university graduates, who have high unemployment rates, with employment subsidies, but because university graduates selected into the program, it is difficult to say whether increases in employment and decreases in unemployment were actually a result of the program. Most employers who hired subsidized graduates intended to hire anyway, and the graduates who received the subsidy were the most likely to be employable (Broecke, 2013). Synthesizing the evidence, there is not a clear benefit of wage subsidies in terms of net employment growth. Wage subsidies targeted at university graduates, at least as they are commonly implemented, are inefficient. Subsidizing university graduates’ wages in Egypt would also compound the already regressive nature of government spending on education (Assaad, 2013).

It is necessary to re-emphasize that the adoption of ALMPs that focus on youth insertion into the labor market on their own will not be sufficient if the employment opportunities are not there in the first place. To generate such opportunities it is will be necessary to improve the larger business and macro-economic policy environment that has constrained overall growth, reduced the employment intensity of growth and forced much of employment to remain informal. Cronyism and favoritism towards large, well-connected firms must be reduced by creating a competitive and transparent environment for government resources and policies. This is primarily an issue of political will, and there may be opportunities for improving the economic environment in light of recent changes in the government. Addressing cronyism is also a first step to leveling the playing field for smaller enterprises and therefore promoting employment creation. Other steps targeting smaller firms will also be necessary. If successful small businesses are unable to obtain finance to expand, this diminishes employment opportunities on an economy-wide level. A lack of financing for micro and small enterprises, as well as regulatory constraints and barriers to formality have been identified as problems to start-up and scale-up of enterprises in Egypt (Loewe et al., 2013; Rashed & Sieverding, 2015).

A key barrier to employment creation and upgrading job quality among micro and small enterprises is the high costs of formalization for such firms. For instance, in Egypt, formal firms are required to contribute 41% of employees’ basic wages to the social insurance system (Roushdy & Selwaness, 2015). Formalization also comes with other burdens such as taxation. Reducing the burdens of formalization for private sector micro and small enterprises can encourage them to grow and also to provide higher quality jobs for youth. Implementing a microenterprise law that reduced the costs of formalization in Brazil, where the new law allowed enterprises to make one monthly payment of 3%-7% of gross revenues for both taxes and social insurance contributions (Fajnzylber, Maloney, & Montes-Rojas, 2011). In Egypt and other MENA countries where micro and small enterprises struggle to grow, we recommend encouraging growth and formalization through a similar drastic simplification of both the financial and regulatory burdens of formality for firms below a certain size (such as 50 workers) (Kraft & Assaad, 2014b). Upgrading firm size may also provide firms with the capacity and incentives to search for and hire workers based on their skills rather than their social networks.
Facilitating quality and well-paying employment for all youth is an important part of facilitating successful marriage transitions, but policies to specifically address the transition to marriage and adulthood can also be important. Costs are a substantial barrier to marriage, and any policy that brings down costs can facilitate the transition to marriage. For instance, in Egypt, the rental law of 1996 played an important role in bringing down housing costs, and allowing individuals to marry earlier (Assaad & Krafft, 2014a; Assaad & Ramadan, 2008). Other policies that help defray costs, or spread out costs over a longer time period through loans and financing, can also facilitate marriage.

Policies that allow women to reconcile work and marriage are also particularly important; one of the reasons unemployment rates among women are so high is that women seek public sector jobs, which include substantial maternity leaves and shorter hours (Assaad & El-Hamidi, 2009). Policies and programs that make private sector work more easily reconciled with women’s domestic responsibilities are vital to preventing the transitions to work and family formation from being mutually exclusive for women. Provision of child care, safe transportation, and safety in both public and work spaces in general are important steps for women’s ability to engage in work in the private sector. Flexible work options, such as work from home and part-time work, also need to be encouraged to provide women with opportunities to reconcile domestic responsibilities with work (Krafft & Assaad, 2014b).

9 Conclusions

The transition to adulthood for Egyptian youth is based on three key milestones: education, employment and family formation. Youth are increasingly attaining high levels of education and have rising expectations for their adult lives, with modern employment and family formation. Some Egyptian youth continue to experience traditional trajectories, but those who attain secondary education or above and tend to seek a modern, middle class transition to adulthood, are increasingly struggling. We have illustrated, for the case of Egypt, using a life course perspective, how the inter-linkages between different transitions and the transitions themselves are mediated by gender and privilege. Privilege plays an increasing role in whether youth succeed in making modern transitions to adulthood, especially employment, and this trend may contribute to the sense of social injustice articulated in the Arab Spring (Binzel & Carvalho, 2013).

As youth in Egypt have achieved higher educational attainment, their ability to undertake successful transitions to adulthood that live up to their heightened aspirations continues to be strongly conditioned by gender and social class. Much of the focus of public discourse in recent years has been on youth unemployment, which neglects the experiences of youth who do not or cannot afford to queue for modern employment. More attention needs to be paid to the experiences of youth continuing to experience a more traditional transition pattern, or those obtaining higher levels of education but losing hope of being able to transform it into higher quality employment. This is especially true of young women who are increasingly giving up on employment altogether. International experiences may aid in understanding and engaging with the challenges youth face in transitioning to adult roles. For instance, the adolescent period of the early life course has lengthened for youth in the United States and Europe, and youth have high aspirations for education and subsequent employment (Mortimer, Zimmer-Gembeck, Holmes, & Shanahan, 2002). Developing countries throughout the world are experiencing changes in the transitions to adulthood, with increases in schooling, later labor market entry, and later marriages (Brown, Larson, & Saraswathi, 2002; Lloyd, 2005).

Particularly important in promoting the wellbeing of youth is improving employment opportunities through more dynamic, growing economies that can be competitive globally. It is also necessary to reform the many institutions—especially in the education system and the labor market—that have
created limited opportunities for youth and confined success to those with more family resources and privilege. The structures that have limited access to higher education to privileged youth and emphasized credentials and social networks in the labor market at the expense of skills, ability and effort have contributed to this state of affairs. Ultimately, however, it will not be sufficient to simply redistribute access to existing opportunities, but it is also imperative that the Egyptian economy create more and better opportunities for youth by becoming more dynamic and globally competitive.
References


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