

Transition from School-to-Work in Egypt: An update on Young People Labor Market Conditions in the Wake of the January 25th Revolution

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Introduction

Egypt was at a stage in its demographic transition with a marked ‘youth bulge’, a period in which the proportion of youth in the population increases significantly compared to other age groups. This youth bulge has always posed opportunities as well as challenges for development. While it represents a “demographic window of opportunity” for economic growth (World Bank 2007), this demographic bonus is not automatic; it depends on the country’s social and economic policy responses in the areas of youth education, employment and health. Such growing youth population in Egypt was more of a challenge, since it led to severe labor supply pressures on the Egyptian labor market. During the last two decades, the prevalence of long youth unemployment phases and informal jobs does not only testify the hardship position young people were facing, but also leads to doubts whether Egypt will reap the demographic bonus harvest or not.

The hard labor market conditions following the revolution have been widely documented in the news, but very little data have been available to appropriately analyze those effects. The Egyptian largest demographic cohort (the young people) is currently making its way to adulthood. Such transition to adulthood along with the slowdown of Egypt’s economy following the revolution, particularly in the tourism and services sectors, mandates a detailed analysis of the impact of the revolution on the employment and unemployment situation of young people in Egypt (Assaad and Kraft 2013). This is the main objective of this paper. The paper will update the state of knowledge on young people school-to-work transition in Egypt in the wake of the January 25th revolution., It will investigate how their transition from school to first job was affected from before to after the revolution as well as how the revolution has affected their job quality, formality status and their job market mobility..

Data and Methods

The analysis of this paper relies on data from the 2006 Egypt Labor Market Sample Survey (ELMPS 06) and the 2012 Egyptian Labor Market Panel Survey (ELMPS 12). The ELMPS 06, and ELMPS 12 were conducted by the Economic Research Forum (ERF) in cooperation with the Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS). Both ELMPS 06 and 12 are follow-up surveys to the an earlier survey conducted in 98, representing a longitudinal survey that tracks the labor market and demographic characteristics of the households and individuals interviewed since the 1998 round, and any new households that might have formed as a result of splits from the original households. Both surveys

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are rich sources of information on adolescents and youth conditions in Egypt before and after the revolution, including education, employment status, unemployment, job mobility, wage earnings, migration, and family formation. They also contain great deal of information on the household members' demographic and socioeconomic characteristics, housing conditions, ownership of durable goods, and access to basic services and infrastructure.

The analysis will focus on the sample of young people aged 14 to 29, thus encompassing both "youth" and "adolescents." The purpose of this age range is to track young people throughout the complete duration of their transition to adulthood, allowing for an extended period to account for the phenomenon of delayed marriage and in some cases transition to productive work (Assaad and Barsoum 2007). The fact that the ELMPS was fielded before the revolution offers a unique opportunity to capitalize on the natural experiment of the January 25th revolution and gain a before-and-after picture of the economic, social and political situation of young people during this critical period of Egypt's history.

Using data from those two rich nationally representative surveys will enable us to address the main questions of this study. First, we will estimate the duration young people endure to find their first job as well as the age at first entry in 2006 and in 2012 using non-parametric (Kaplan Meier failure estimates) and parametric methods (hazard models). The comparison of the estimated duration to find the first job and the age at first job will shed light on how the transition from school-to-work was affected after the revolution. Second, the main determinants of employment status and school-to-work transition will be estimated, separately for young men and women, using multinomial logit models for the employment status and probit models for the school-to-work transition. This will allow discovering any changes that happened in the determinants of employment status, its structure and its formality status before and after the revolution. Third, for young people whose transition from school-to-work was successful and relying only on ELMPS2012, the probability of moving to a formal job is estimated distinguishing between before and after the revolution. Besides controlling for individual-and household-level and job characteristics, the effect of the revolution will be captured by introducing a dummy for the year 2011-2012. This should enable us to analyze the impact of the revolution on the mobility pattern of young people from informal to formal employment.

Preliminary/Expected Findings

Our preliminary analysis so far sheds light on the hardship position which young people have been suffering from during the 2006-2012 period. In particular, young women seem to be the category that bears most of the brunt of the economic slowdown due to the revolution. They face longer unemployment spells as well as to be leaving the labor force as the youth bulge ages. Young people first jobs are now increasingly in irregular wage work instead of informal one. Such evolution away from informal wage work shows more precarious work conditions that the young generations are facing.

References

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