

ECONOMIC
RESEARCH
F O R U M



منتدى
البحوث
الاقتصادية

2014

working paper series

**PATTERNS OF LABOR MARKET INSERTION
IN EGYPT, 1998-2012**

Mona Amer

Working Paper No. 849

**PATTERNS OF LABOR MARKET INSERTION
IN EGYPT, 1998-2012**

Mona Amer

Working Paper 849

October 2014

Send correspondence to:

Mona Amer

Cairo University

mona.amer@feps.edu.eg

First published in 2014 by
The Economic Research Forum (ERF)
21 Al-Sad Al-Aaly Street
Dokki, Giza
Egypt
www.erf.org.eg

Copyright © The Economic Research Forum, 2014

All rights reserved. No part of this publication may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without permission in writing from the publisher.

The findings, interpretations and conclusions expressed in this publication are entirely those of the author(s) and should not be attributed to the Economic Research Forum, members of its Board of Trustees, or its donors.

Abstract

The Egyptian labor is characterized by high levels of youth unemployment and by substantial informalization of the first job. The paper explores the insertion trajectories into the labor market of young Egyptians and investigates whether these trajectories have changed over time, specifically over the period 1998-2012. It uses the labor market history modules of comparable and nationally representative data sets, specifically the Egyptian Labor Market Survey (ELMS) of 1998, and the Egyptian Labor Market Panel Surveys (ELMPS) of 2006 and 2012. The analysis shows five main results. First, the Egyptian labor market is not dynamic. Very few young people change their labor market status over a 6-year period after their entry into the labor market. Second, after finishing school men tend to find a job more rapidly in the beginning of the 2010s as compared to the end of the 1990s or mid-2000s. Third, the Egyptian labor market is clearly segmented along formal and informal types of employment. Fourth, female withdrawal from the labor market is strongly affected by the type of job women obtain. Women who obtain a formal job when entering the labor market will stay longer in the labor market as compared to women who obtain another type of employment. Finally, both men and women who finished school in the early 2000s experience lower persistence rates in unemployment.

JEL Classification: J21, J64, J45, J46

Keywords: school-to-work transition; employment dynamics; formal/informal employment; youth; labor market; Egypt

ملخص

تتميز العمالة المصرية بمستويات عالية من البطالة بين الشباب ووجود جوهري للوظائف الغير رسمية فيما يخص أول وظيفة للشباب. وتستكشف هذه الورقة مسارات الإدراج في سوق العمل من الشباب المصريين والتحقيق ما إذا كانت هذه المسارات تغيرت مع مرور الوقت، وتحديدًا خلال الفترة 1998-2012. يستخدم وحدات تاريخ سوق العمل من مجموعات البيانات القابلة للمقارنة والممثلة وطنيا، وتحديدًا في مسح سوق العمل المصري لسنة 1998، والمسوح التتبعية لسوق العمل في مصر (ELMPS) لسنوات 2006 و 2012. ويبين التحليل خمس نتائج رئيسية. أولاً، سوق العمل في مصر ليس ديناميكياً. فهناك عدد قليل جداً من الشباب الذين يتغير وضعهم في سوق العمل على مدى فترة 6 سنوات بعد دخولهم إلى سوق العمل. ثانياً، يميل الذكور إلى إيجاد عمل بسرعة أكبر بعد الانتهاء من المدرسة ويظهر هذا الاتجاه في بداية 2010 بالمقارنة مع نهاية التسعينيات أو مع بداية الألفية الثالثة. ثالثاً، تتجزأ سوق العمل المصري بشكل واضح إلى وظائف رسمية وغير رسمية. رابعاً، نوع الوظائف التي تحصل عليها الإناث يؤثر بقوة على انسحابهن من سوق العمل. فالإناث اللواتي تحصلن على وظيفة رسمية عند دخول سوق العمل تتمكن من البقاء لفترة أطول في سوق العمل بالمقارنة مع هؤلاء اللواتي يحصلن على نوع آخر من العمل. وأخيراً، نجد أن هناك انخفاض مستمر لمعدلات البطالة لكل من الرجال والنساء الذين انهوا المدرسة في وقت مبكر في بداية الألفية الثالثة.

1. Introduction

The main objective of this study is to identify the insertion trajectories into the labor market of young Egyptians and investigate whether these trajectories have changed over time, specifically over the period 1998-2012. The youth unemployment rate has remained at very high levels for decades, reflecting a structural phenomenon of mismatch between labor supply and demand. This mismatch affects mostly young people seeking their first job. Despite the absorption of the youth bulge into the labor market and the decline in population pressure that follows, the insertion of young people into the Egyptian labor market remains difficult. Moreover, the first professional experience has become increasingly precarious. Numerous studies have shown a substantial and sustained informalization of first jobs since the early 1980s along with the substantial reduction of hiring in the public sector (despite a recovery since the revolution of January 25, 2011). The Egyptian labor market is highly segmented along gender lines. However female and male behaviors in the labor market have substantially changed in recent years. While men had to take more informal jobs, women have increasingly withdrawn from the labor market, discouraged by not finding jobs in the public sector. Despite these general trends, detailed analysis of the trajectories of insertion of young men and young women allows identifying key transitions from one labor market status to another. In particular, it shows that the labor market is relatively segmented and that there are few transitions between formal and informal wage work. It also shows that female withdrawal from the labor market is closely linked to the type of employment obtained and that female inactivity is not a permanent condition. When the jobs obtained by women are stable and formal women are less likely to withdraw from the labor market. Additionally, a sizeable proportion of women, who experienced a period of inactivity after the end of their studies, ended up working a few years later.

This paper is based on comparable and nationally representative data sets, specifically the Egyptian Labor Market Survey (ELMS) of 1998, and the Egyptian Labor Market Panel Surveys (ELMPS) of 2006 and 2012 and more specifically on their labor market history data. Additionally, this study uses the comparable special round of the Labor Force Survey of 1988. These data allow tracing the history of labor market statuses year after year and thus illustrate insertion trajectories on the labor market.

This study has four parts. The first provides a brief description of the evolution of the youth population (aged 15-29 years) with an emphasis on the distribution of the population not in education, nor in employment. The second section seeks to examine what young people do after leaving the education system and the evolution of the first labor market status over the period 1998-2012. The third part analyzes the evolution of the time to first job by gender and educational level. Finally, the last section examines the early years of insertion of youth into the labor market depending on the type of first labor market status.

2. Demographics and Youth in Neither Education, Nor in Employment or Training

2.1 Demographics

In 2012, Egypt had 21.5 million young people aged 15-29 years, representing nearly 27% of the total population (Figure 1 and Figure 2). While the number of 15-29 year olds increased between 1988 and 2006 (from 13.3 million to 21.9 million) it has decreased from 2006 to 2012 (from 21.9 million to 21.5 million). This trend is due to the decrease in the population aged 15 to 24 years, while the population aged 25 to 29 years has continued to grow.

The slowdown in the growth of the youth population has translated into a substantial decrease in the proportion of young people aged 15-29 years in the total population from 31.2% in 2006 to 26.9% in 2012 (Figure 2). Declines in shares of those aged 15 to 19 years and 20 to 24 years are the source of the decline.

This reflects, as indicated by Assaad and Krafft (2013b), the aging of the youth bulge that resulted from the demographic transition. This will also result in less pressure from new entrants to the labor market.

2.2 Youth not in education, employment or training

This section focuses on the youth population that is not in education, employment or training (NEET)¹. It seeks to identify the evolution of this population and its distribution in unemployment and inactivity. Table 1 shows that in 2012 the proportion of men in NEET is very low (7.2%), while that of women is very high (62.7%). It also presents disparities between areas of residence.

The male NEET rate is lower in rural areas in both 2006 and 2012 while the female NEET rate is lower in urban areas throughout the period of analysis. Moreover, the proportion of men neither in school nor in employment fell substantially from 11.7% in 1998 to 7.2% in 2012 while that of women increased from 59.9% to 62.7% over the same period. The decline in the male NEET rate could be explained by the aging of the youth bulge as shown by Assaad and Krafft (2013b). Moreover, as illustrated by Figure 1 and Figure 2 the proportion and the number of young people aged 20 to 24 declined whereas the proportion and the number of young people aged 25 to 29 increased between 2006 and 2012. As unemployment particularly affects those aged 20 to 24 years as compared to those aged 25 to 29 years, men are more likely to have entered the labor market in 2012. In contrast, the increase of the female NEET rate is due, as mentioned by Assaad and Krafft (2013b) and as shown in Section 3, to a considerable increase in female inactivity between 1998 and 2012.

Figure 3 shows the evolution of NEET rates by gender and age from 1998 to 2012. It indicates that the male NEET rate increases with age, reaching a peak of about 17% at age 25 then decreases until the age of 29. This corresponds to the pattern of the male unemployment rate by age, which also increases with age reaching a peak at age 25 and then decreases with age (Assaad and Krafft 2013b). The evolution of male NEET rates by age shows a decline at all ages (except around the age of 25) between 1998 and 2012 probably, as discussed above, due to the aging of the youth bulge that reduces the proportion of men vulnerable to unemployment.

The female NEET rate increases substantially with age, from about 10% at the age of 15 to reach a peak of about 80% around age 22 and then stabilizes. Between 1998 and 2012 the NEET rate for women fell among those less than 22 years old probably due to an increase in school enrollment. In contrast, the NEET rate increases between 2006 and 2012 among the eldest due to increased female inactivity (Assaad and Krafft, 2013b).

Figure 4 illustrates the distribution of young people in NEET by gender and labor market status from 1998 to 2012. Those who are neither enrolled in school nor employed could be either unemployed searching for a job, discouraged unemployed or inactive. The figure shows that men who are neither in school nor working are overwhelmingly unemployed (70% are looking for a job and 8% are discouraged unemployed) and only 22% are reported as inactive. The evolution of the distribution between 1998 and 2012 shows that the share of those out of the labor force increased from 14% to 22% while the share of the unemployed (discouraged or not) has decreased from 86% to 78%.

In 2012, NEET women are overwhelmingly inactive (86%) and some are unemployed searching for a job (12%). They are very rarely discouraged unemployed (3%). Although one could have expected that more educated women would insert more into the labor market, the

¹ ELMS 1998, ELMPS 2006 and ELMPS 2012 data sets do not identify individuals in training. NEET is here defined as those not in education nor employed taken into account the market definition of economic activity and excludes men undergoing the military service.

opposite was observed since 1998. The share of inactive women has risen sharply at the expense of women who declared themselves unemployed looking for a job. This confirms the results of Assaad and Krafft (2013b) according to whom women withdraw from the labor market due to the lack of employment opportunities in the public sector.

3. Main Trends in First Labor Market Status

This section presents the evolution of the first labor market status obtained after one has left the education system. The first labor market status is any type of labor market status that lasted at least 6 months after leaving the education system; it could be that the individual has completed his/her education or that he/she dropped out from school². Seven types of labor market statuses are distinguished: public employment (employment in the government sector or in a state-owned company), private formal wage work (employment in the private sector with a contract and/or social security), informal private employment (private sector employment with neither a contract nor social security), non-wage employment (self-employed or employer); unpaid worker; unemployed and out of the labor force.

3.1 Trends in male first labor market status

Most men work after completing their studies (Figure 5). However, precarious employment (informal wage work and unpaid work) largely dominates. In 2012, 66.7% of young men had as their first labor market status working in paid employment (formal public and private wage work, informal wage work and non-wage work as self-employed or employer) but mostly informal wage work (51.7%). When adding unpaid employment (14.9%), two-thirds of young men get insecure jobs as their first labor market status. Thus in 2012, as in past years, very few young men obtain protected wage work as their first status (4.8% in the public sector and 5.3% in the private sector). When they are not working, young men are unemployed (16.3%) and very rarely inactive (2.0%). The evolution of the first labor market status from 1998 to 2012 clearly shows that the share of informal employment has increased (from 42.5% to 51.7%) while the share of unemployment decreased (from 20.1% to 16.3%) and the share of inactivity dropped sharply (10.0% to 2.0%)³. The distribution of other types of labor market statuses has changed little over the period 1998-2012.

As shown in Figure 6, the first labor market status varies greatly depending on the educational level. The more men are educated the more the share of protected types of employment (public or private formal wage work) and the share of self-employed/employer work increases at the expense of precarious employment (informal wage work and unpaid work). For example, in 2012, only 1.3% of young people with less than secondary education obtain a public job as their first labor market status as compared to 14.0% of post-secondary graduates and 12.4% of university graduates. The share of private formal employment increases with the educational level but especially for university graduates. Moreover, private informal employment decreases gradually with education from 63.1% among the least educated young men to 24.4% among the most educated. The share of unpaid work decreases from 20.0% to 5.2%. Unemployment as a first status increases steadily with education reaching a peak of 35.8% among the university graduates. This reflects the fact that

² For young people who have never been to school or who dropped out from school before the age of 15, the first labor market status is considered to be the first labor market status at the age of 15 years. It excludes the period of male compulsory military service for men.

³ The sharp decrease in male inactivity between 2006 and 2012 is probably overestimated due to the different methodology used to estimate the first labor market status from the retrospective modules of ELMS 1998, ELMPS 2006 and ELMPS 2012 data sets. While the first labor market status is estimated in 1998 and 2006 it is given by the ELMPS 2012 data set. The proportion of inactive men is overestimated in 1998 and 2006 as to retrieve the information it is assumed that those who were currently out of the labor force and never entered the labor market were always out of the labor force since they finished school.

unemployment is a structural problem of insertion of young graduates in the labor market looking for their first job.

The evolution of the type of first labor market status by educational level over 1998-2012 indicates two important patterns. First, the share of informal employment increased substantially at all educational levels. It increased particularly rapidly between 1998 and 2012 among post-secondary graduates (+149%), university graduates (+95%) and secondary graduates (+79%). Second, inactivity decreased at all levels of education, in particular between 2006 and 2012⁴.

3.2 Trends in female first labor market status

After leaving the education system very few women enter the labor market (Figure 7). In 2012, 67.9% of women are inactive as their first status, 15.1% are unemployed, only 13.2% are wage workers and 3.7% are non-wage workers. The evolution of the type of first labor market status indicates that the share of inactive women increased between 1998 and 2012 at the expense of women's paid work. Their share increased by 18% between 1998-2006 and by 35% from 2006 to 2012. Other types of labor market statuses did not change much.

Figure 8 shows the evolution of the type of female first labor market status by educational attainment between 1998 and 2012. The first labor market status after graduation varies greatly according to the educational level. The more women are educated the more likely they enter the labor market (either by working or searching for a job). In 2012, 83.9 % of the least educated women are inactive for their first status as compared to 39.4% of university graduates. Furthermore, the share of formal wage work (in both public and private sectors) increases with education while that of unpaid employment falls and that of informal private employment slightly decreases. For example, the proportion of women obtaining a public sector job after school is two times higher among university graduates than among post-secondary graduates and 6 times higher than among secondary graduates.

The share of formal employment (in both the public and the private sectors) is lower than that of informal employment among women with secondary or lower secondary education level, whereas it is much higher among the more educated. Thus, the more women are educated the more they insert into the labor market but also the more they are demanding in terms of protected and stable employment. Although formal private employment increases with education, it remains relatively low among university graduates (5.1% in 2012). Meanwhile, as for their male counterparts, unemployment increases as a first status with educational attainment (from 1.7% among the least educated to 33.8% among university graduates).

The most striking result of the evolution of the type of first status by educational level from 1998 to 2012 is the sharp increase in the share of inactive women. It doubles among the secondary and above graduates over the period 1998-2012. This growth is observed between 1998 and 2006 and is accelerating between 2006 and 2012. This reflects a reaction to the end of the hiring in the public sector in the early 2000s and the inability of the private sector to offer comparable working conditions as in the public sector. However, public employment increased slightly from 2006 to 2012 after a drop from 1998 to 2006 among the post-secondary and above graduates. Finally, contrary to the trend observed for males, informal private employment either decreased (although slightly) or remain unchanged. It seems that women have high expectations in terms of working conditions. They enter the labor market if formal employment is offered.

⁴ See footnote 3.

3.3 Time to first job

This section seeks to ascertain how long it takes for men and women to find their first job after leaving the education system and also whether the duration to obtaining the first job has changed over the period 1998-2012. The duration to obtaining the first job is estimated from the date of leaving school and the date of the first job (lasting at least 6 months consecutively). The duration to getting the first job is set to 0 when the person worked before the end of his/her studies. Insofar as the majority of women are inactive after the end of their education, the analysis is limited to women who worked at least once.

Figure 9 illustrates the conditional probability of obtaining a first job by the number of years after leaving school and by gender in 1998, 2006 and 2012. It shows that three years after leaving school, nearly 50% of young men get a job. Moreover, young men tend to find a job a little faster in 2012 than in 2006 and 1998. This could be explained by the sustained informalization of the first job as shown by Assaad and Krafft (2013a) and Amer (2009). Women who ever worked take a little longer time to get their first job. Half of women aged 15-44 obtain their first job four years after ending their studies. Unlike their male counterparts, females take longer to get their first job in 2012 than in 1998 and 2006. This could be explained by the fact that women are more demanding and expect to find a protected type of job.

Figure 10 shows that the more individuals are educated the faster they obtain their first job. This is especially true for women, for whom the least educated take four times longer to get their first job than the most educated among those women who worked. Indeed, 50% of women with a university degree who ever worked are employed two years after graduation, as compared to 8 years for less than secondary school female graduates. Differences in duration to obtaining a job varies considerably less depending on the educational level for men.

4. Pathways to the Labor Market

This last section examines the early years of insertion into the labor market based on the retrospective history of labor market statuses of ELMPS 2012 that gives detailed information on the first, second, third and fourth labor market statuses after entry into the labor market or at school exit. The aim of this analysis is to track trajectories of labor market statuses over 2 years, 4 years and 6 years after leaving the education system or after obtaining the first job⁵. In order to take into the account the change in trajectories that could occur over time, the study considers two groups of individuals: those who left the education system (or entered the labor market) between 1995 and 2000 and those who ended their education (or entered the labor market) between 2001 and 2006. Seven statuses are distinguished: public employment; private formal wage work; informal private wage work; non-wage work (self-employment or employer); unpaid work; unemployment and inactivity.

4.1 Mobility versus immobility

Figure 11 shows that young people are relatively immobile. About half of men and over 85% of women do not change their labor market status over 6 years after their entry into the labor market. Young women who entered the labor market more recently (between 2001 and 2006) are slightly less mobile than those who entered it between 1995 and 2000, while young men are more mobile. This result is confirmed by C. Yassine (2014) who finds that the Egyptian labor market is characterized by very low job separation rates and that most of the mobility

⁵ The retrospective labor market module sets time 0 as the year of exit from school for those who did not find a job right after finishing their education (they were either unemployed or out of the labor force after school exit) and as the year of getting the first job for those who obtained a job that lasted at least 6 months right after leaving school.

between labor market statuses occurs within employment (which is not studied in this paper) or to the formal sector.

4.2 Male early carrier trajectories

Figure 12 presents the main transitions over 2, 4 and 6 years from one labor market status to another for men who obtained their first job between 1995 and 2000 or between 2001 and 2006. Figure 13 presents transitions from unemployment for men who ended their education between 1995 and 2000 or between 2001 and 2006.

The analysis of the male pathways to the labor market shows three main patterns: public and private formal but also informal wage work are the most persistent statuses. Very few transitions between formal and informal wage work are observed. Finally, even though exit from unemployment has increased over time, unemployment leads more to an informal wage work.

Panel (a) in Figure 12 illustrates transition rates for men whose first employment status is public wage work. Public employment persistence is very high (above 85%). Men whose first job is in the public sector tend to remain in the public sector six years later after their entry into the labor market. The figure shows a stable declining retention rate over 6 years around 88%-89% among those who found their first job between 1995 and 2000 or between 2001 and 2006. However during the most recent period of observation (2001-2006) transitions to private formal and informal wage work have increased.

As shown in Panel (b) in Figure 12, men starting their professional career in private formal wage work are likely to remain in the same type of job six years later. The persistence rate of around 83-84% after six years is stable over time. However, while a sizeable proportion of men who entered the labor market between 1995 and 2000 transitioned from formal private wage work to public employment, it is less the case for those who entered the labor market early 2000s. Transition rates to public employment decreased from 11% to 7%. This was compensated by higher transition rates to private informal wage work that increased from 2% to 6%.

Panel (c) presents transitions from private informal wage work. Informal employment is persistent over six years and is stable over the two periods of analysis. The few men who change their original labor market status are likely to improve their employment status. They leave informal employment for formal wage work either in the private sector or in the public sector.

As shown in Panel (d) in Figure 12, male non-wage workers (self-employed or employers) have very high persistence rates. However persistence has declined over time from 93% over the first period of entry into the labor market to 84% over the second one. Exits are into private informal wage work, private formal wage work and public employment.

As shown in Panel (e) unpaid work is a less permanent employment status. About four-quarters of male entrants retain their status over six years during the period 1995-2000 and about two-thirds among those who entered the labor market between 2001 and 2006. Exit rates are mainly directed to private informal wage work and to non-wage (self-employed or employer) work. Very few manage to obtain a formal job (around 4%-5% in the private sector and 6-7% in the public sector). The trend is towards increased transitions to informal wage work.

Figure 13 shows the patterns of insertion into the labor market of men who experienced an unemployment spell. Unemployment persistence rates are relatively low and decrease sharply over time. Nearly half of initially unemployed men find a job two years later and only 7% are still unemployed six years after their entry into the labor market, among men who left school

between 2001 and 2006. Figure 12g shows two important developments over the two-period analysis. On the one hand, men who finished school in the first half of the 2000s exit much faster from unemployment. Persistence rates halved over 4 years and 6 years after entry into the labor market in the 2000s as compared to entry in the second half of the 1990s. On the other hand, transitions from unemployment to informal employment rose sharply at the expense of formal wage work (especially public employment). For example, over the 6 year-period, the transition rate from unemployment to informal employment increased from 35% to 45%. And transitions from unemployment to public employment fell from 26% to 17%.

4.3 Female early career trajectories

As mentioned earlier women rarely change their labor market status (Figure 11). Less than 15% change their status at least once (14 % of those who entered the labor market between 1995 and 2000 and 10% for those who entered it between 2001 and 2006). Figure 14 illustrates female early carrier trajectories according to the type of first employment status by year of entry into the labor market. Figure 15 presents transitions rates from unemployment and inactivity by year of ending school⁶. One of the most important results is the fact that changes in female labor market statuses generally are exits from the labor market. However, the more jobs are stable and formal the less women withdraw from the labor market.

Panel (a) in Figure 14 shows female transitions from public employment. Public employment is persistent. Six years after their entry into the labor market, 83% of women who obtained a job between 2001 and 2006 remain in the public sector. When they leave their public job it is principally to leave the labor market (10%) or to seek another job (5%). The persistence rate in public wage work has also increased from 78% to 83% between the two periods of entry into the labor market. It seems that women value more public employment that has become relatively scarce.

As shown in Panel (b), women who are initially working in a formal private employment are likely to leave the labor market after a few years. The persistence rate in private formal wage work is much lower than in public employment, as it is considered less suitable for women's family responsibilities. However, there is a dramatic change in the persistence rates and exit rates for females who exit school in the beginning of the 2000s as they stay much longer in the labor market. The persistence rate over six years increases substantially from 28% for women who entered the labor market in 1995-2000 to 51% for women who entered it in 2001-2006. Similarly, transition to inactivity after six years fell from 64% to 35%. Transitions from formal private employment to public employment almost disappeared for those who entered the labor market recently. Transitions to unemployment rose sharply but do not offset transitions to inactivity.

Panel (c) in Figure 14 presents transitions from informal wage work. It shows very low and declining persistence rates in informal wage work. Only 39% of women keep their jobs six years after their entry into the labor market in late 1990s; the rate declines to 32% for women who entered the labor market between 2001 and 2006. Moreover, women who found a job between 2001 and 2006 are more likely to withdraw from the labor market or to be unemployed than those who found a job in the second half of the 1990s. The transition rate to inactivity increases from 39% to 47% over the two periods of the analysis. Transitions to other types of jobs (mainly public employment, private formal employment and non-wage work) almost halved.

⁶ Transitions from non-wage work (self-employed and employer) are not presented as the sample size is too small (26 observations for the first period of entry into the labor market and 37 observations for the second period of entry into the labor market).

As illustrated in Panel (d), unpaid family work is a persistent status. The only substantial exit is inactivity. The persistence rate slightly increases and the transition to an exit from the labor market increases in parallel over the two periods of analysis of entry into the labor market.

Transitions from a first unemployment spell are presented in Panel (a) in Figure 15. Persistence rates in unemployment are relatively higher for women than among men (Figure 13). Women are more likely to experience longer spells of unemployment than men as shown by S. Kherfi (2013). For example, among those who ended their studies during the period 2001 to 2006, the male unemployment persistence rate over a 6 year-period is 7% as compared to 17% for women. As for their male counterparts, exits from unemployment are substantially higher for women who graduated recently. Exits from unemployment lead mainly to formal wage work (mainly public), and more rarely to informal wage work. Indeed, for the 2001-2006 cohorts, six years after their entry into the labor market 51% of women are in a formal type of job (41% in the public sector and 10% in the private sector) and only 14% of women get an informal wage work. Moreover, the transitions from unemployment to formal employment (in particular in the public sector) rose from 36% to 51% over the two periods of exit from school. Transitions from unemployment to informal employment also increased but to a lesser extent from 11% to 14%. This again illustrates the fact that women are willing to insert into the labor market if they obtain a formal type of job.

Panel (b) in Figure 15 presents female transitions from inactivity. Contrary to what one might expect, female inactivity is not a permanent status. Many women delay their entry into the labor market after leaving school. Moreover, inactivity is much less persistent among females who left school during the period 2001-2006 as compared to women who left the education system in the late 1990s. When women do enter the labor market after a period of inactivity it is mainly to work in formal types of employment in both the public and the private sectors.

5. Conclusion

This paper has five main findings regarding the patterns of insertion of young people in the Egyptian labor market.

First, the Egyptian labor market is not dynamic. Very few young people change their labor market status over a 6-year period after their entry into the labor market. Female are particularly immobile especially when transitions from employment to inactivity are excluded.

Second, after finishing school men tend to find a job more rapidly in the beginning of the 2010s as compared to the end of the 1990s or mid-2000s. This result is probably due to the fact that men are accepting more informal types of employment.

Third, the Egyptian labor market is clearly segmented along formal and informal types of employment even though some transitions from informal private wage work to formal wage work are observed. Transitions rates between formal wage work (in both public and private sectors) and informal wage work do not exceed 6% for both men and women and over both periods of observations (1995-2000 and 2001-2006). However, increased male employment informalization is also illustrated in transitions between labor market statuses as transitions from formal private wage work, non-wage work, unpaid work and unemployment to informal wage work increased over time.

Fourth, although female labor force participation is declining since the end of the 1990s this paper shows that women who obtain a formal job when entering the labor market will stay longer in the labor market as compared to women who obtain another type of employment. Withdrawal from the labor market is strongly affected by the type of job women obtain. Female persistence rates in public employment and especially in private formal wage work substantially increased over time. Although female transitions to inactivity are considerable,

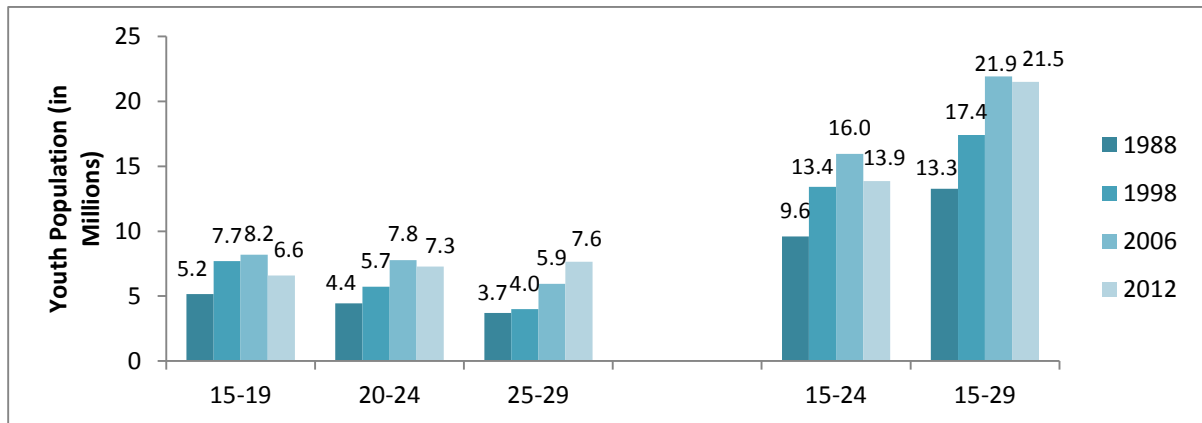
labor market exit rates from formal employment greatly declined. In contrast informal wage work is less persistent over time and led to higher exit rates from the labor market over time. This result shows that women value the scarcity and the advantage of formal employment and that they have high expectations towards labor market conditions.

Finally, both men and women who finished school in the early 2000s experience lower persistence rates in unemployment. The similarity between men and women stops here for exit rates from unemployment differ remarkably across gender line. While men are more likely to find informal wage work after an unemployment spell, women are more likely to obtain a formal wage work (especially in the public sector). Also whereas male transitions rates from unemployment to informal wage work increased substantially, the female exit rate to formal wage work (especially in the public sector) greatly increased.

References

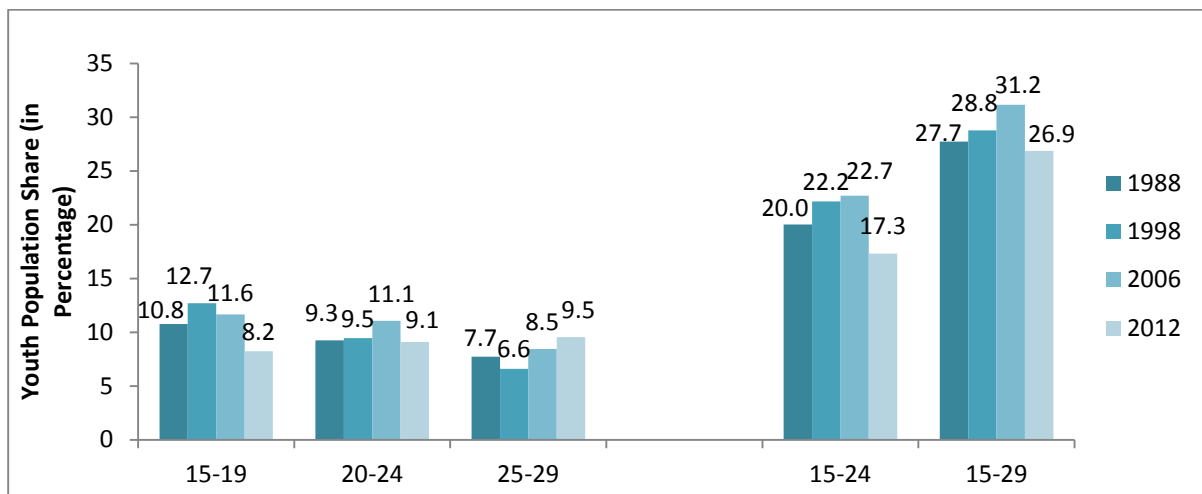
- Amer, M., 2009. "The Egyptian Youth Labor Market. School-to-Work Transition 1988-2006". In Ragui Assaad, ed., *Egypt's Labor Market Revisited*. Cairo: The American University in Cairo and ERF Press.
- Assaad, R. and C. Krafft, 2013 a. The Structure and Evolution Employment in Egypt: 1988-2012, Economic Research Forum, Working Paper n° 805.
- Assaad, R. and C. Krafft, 2013b. The Evolution of Labor Supply and Unemployment in the Egyptian Economy: 1988-2012, Economic Research Forum, Working Paper n° 806.
- Kherfi, S., 2013. Determinants of Unemployment Duration in Egypt. Draft.
- Yassine, C., 2014. Job Accession, Separation and Mobility in the Egyptian Labor Market over the Past Decade. Draft.

Figure 1: Youth Population Size (in Millions) by Age Group, Ages 15-29, 1988-2012



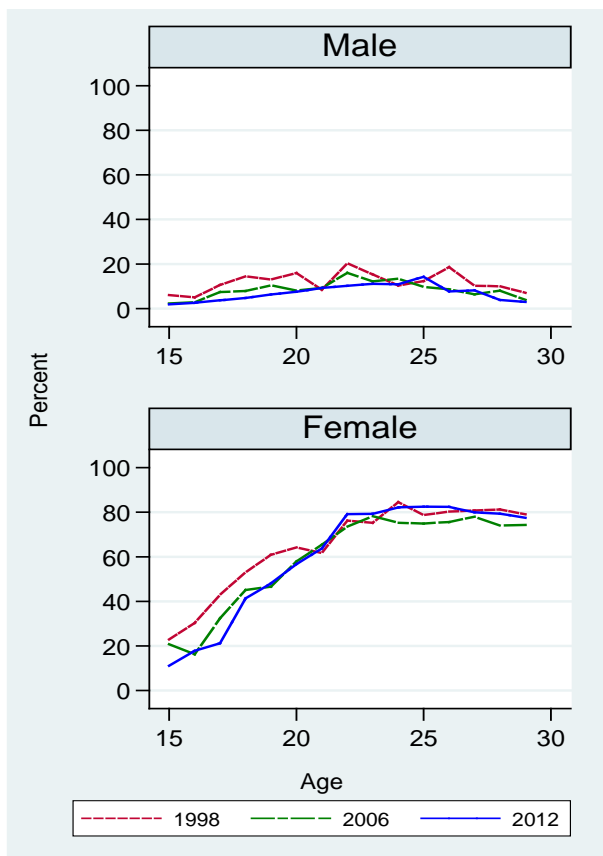
Source: LFSS 1988, ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 2: Share of the Youth Population by Age Group, Ages 15-29, 1988-2012 (Percentage)



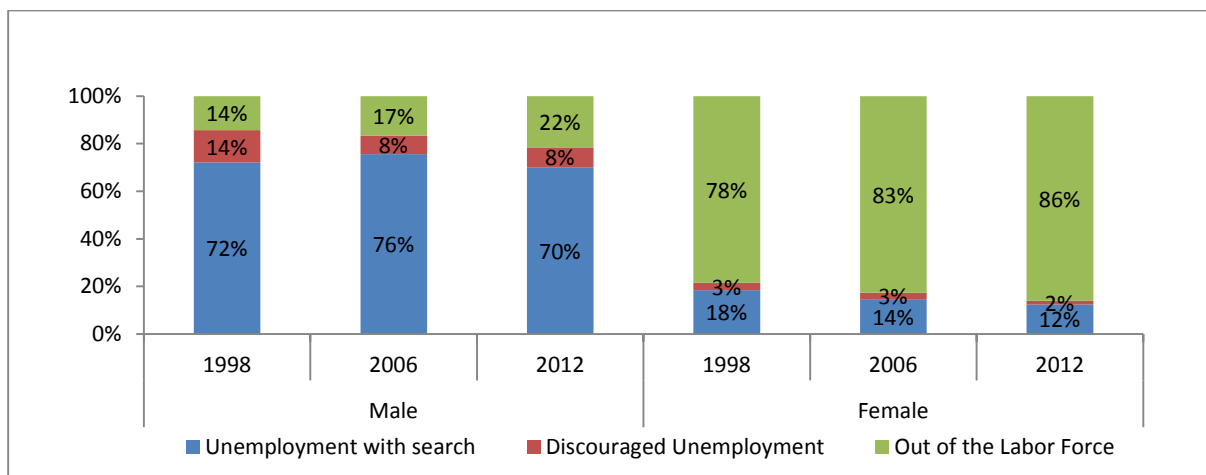
Source: LFSS 1988, ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 3: NEET Rate by Age and Gender, Ages 15-29, Market Labor Force Definition, 1998-2012



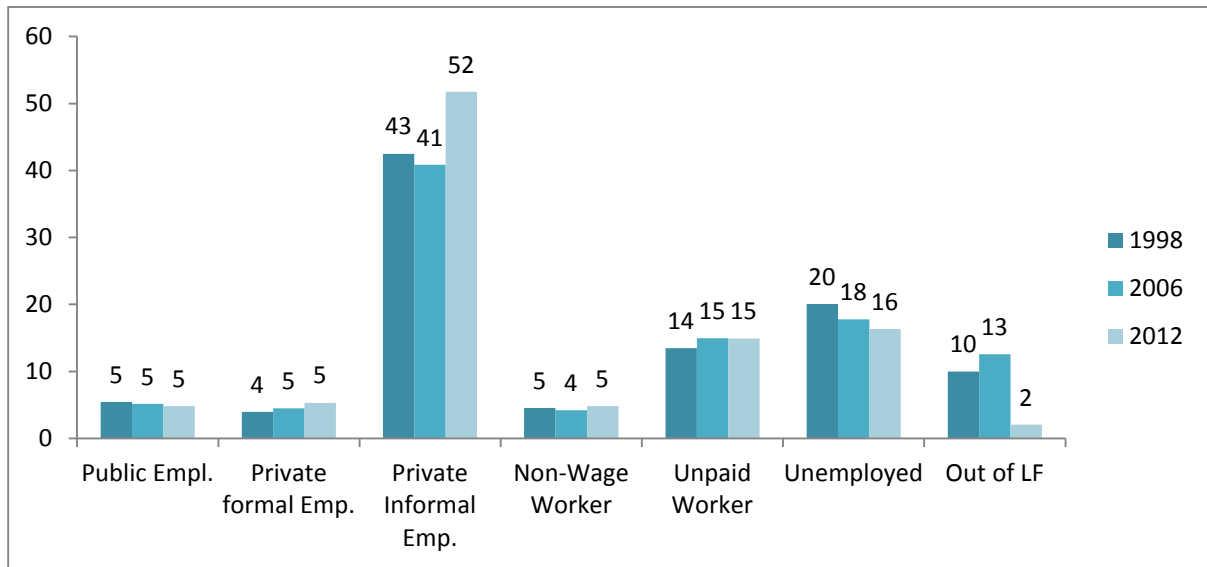
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 4: Distribution of Youth by Labor Market Status among NEET by Gender, Ages 15-29, 1998-2012



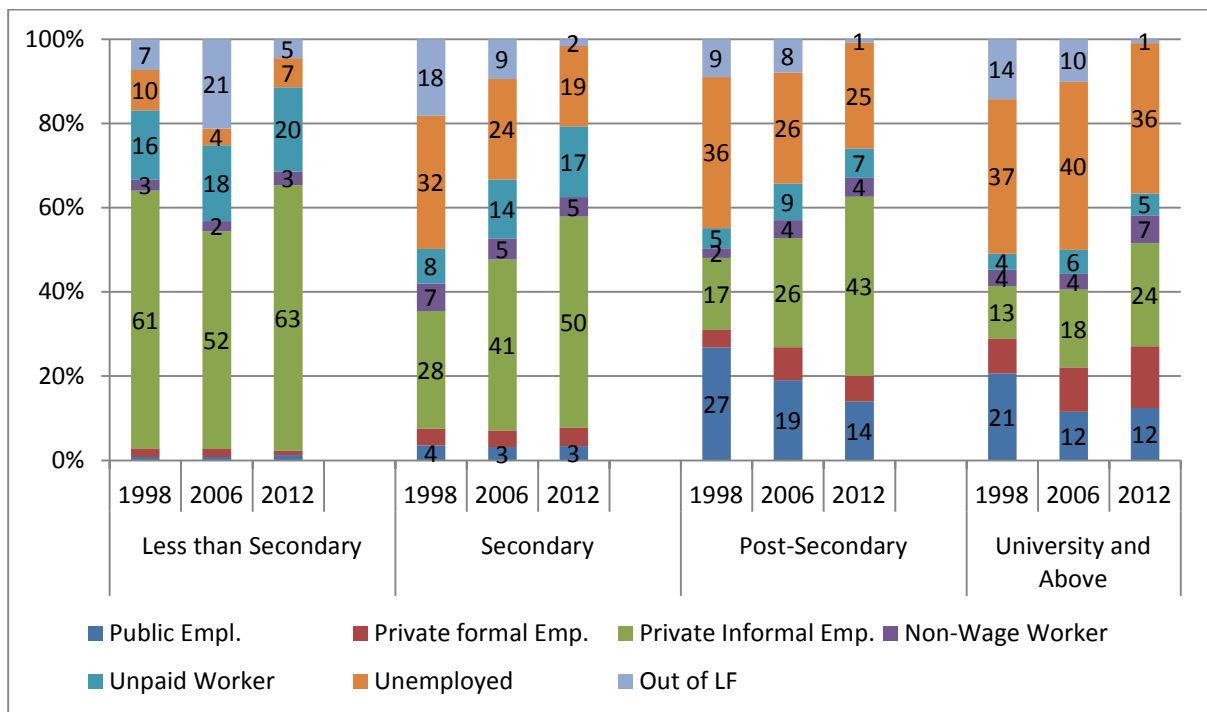
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 5: Male First Labor Market Status after School, Ages 15-29, 1998-2012



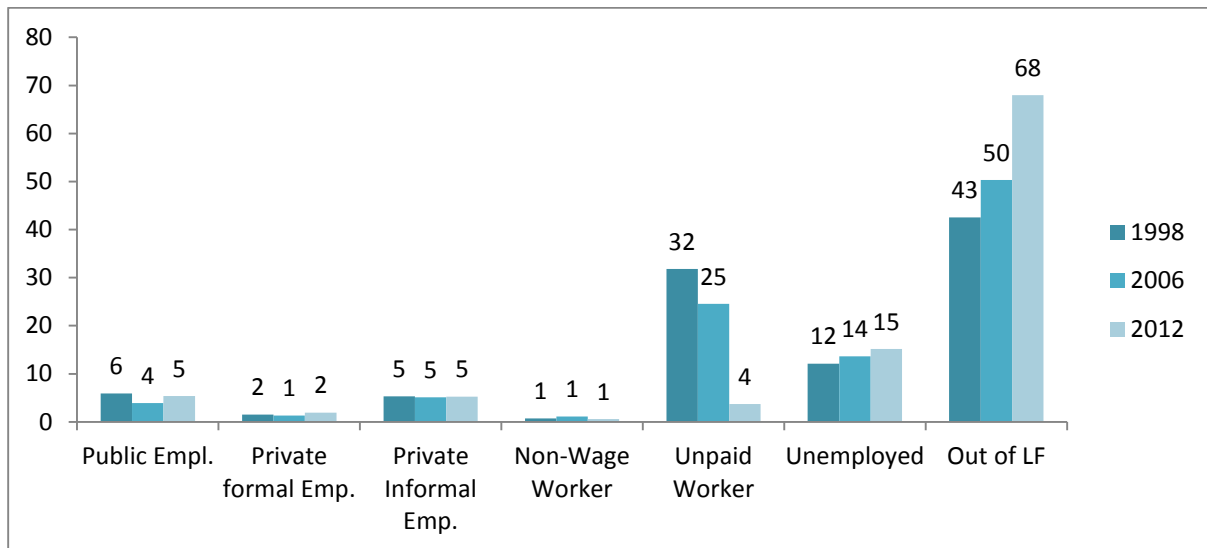
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 6: Male First Labor Market Status after School by Educational Level, Ages 15-29, 1998-2012



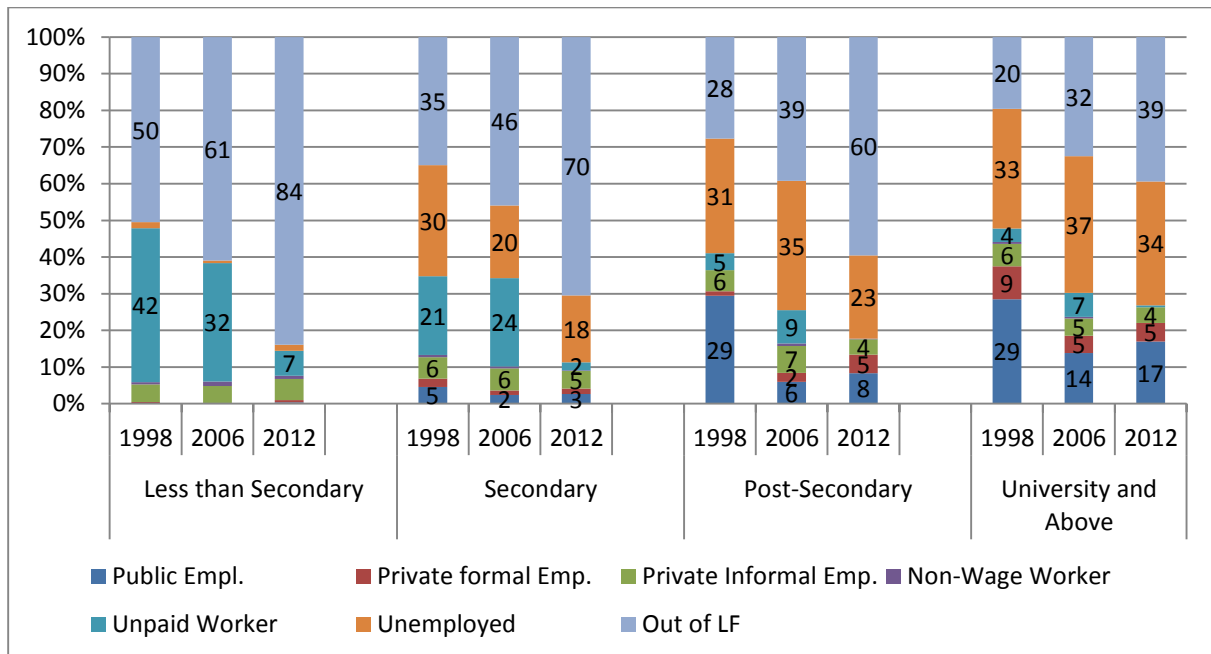
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 7: Female First Labor Market Status after School, Ages 15-29, 1998-2012 (Percentage)



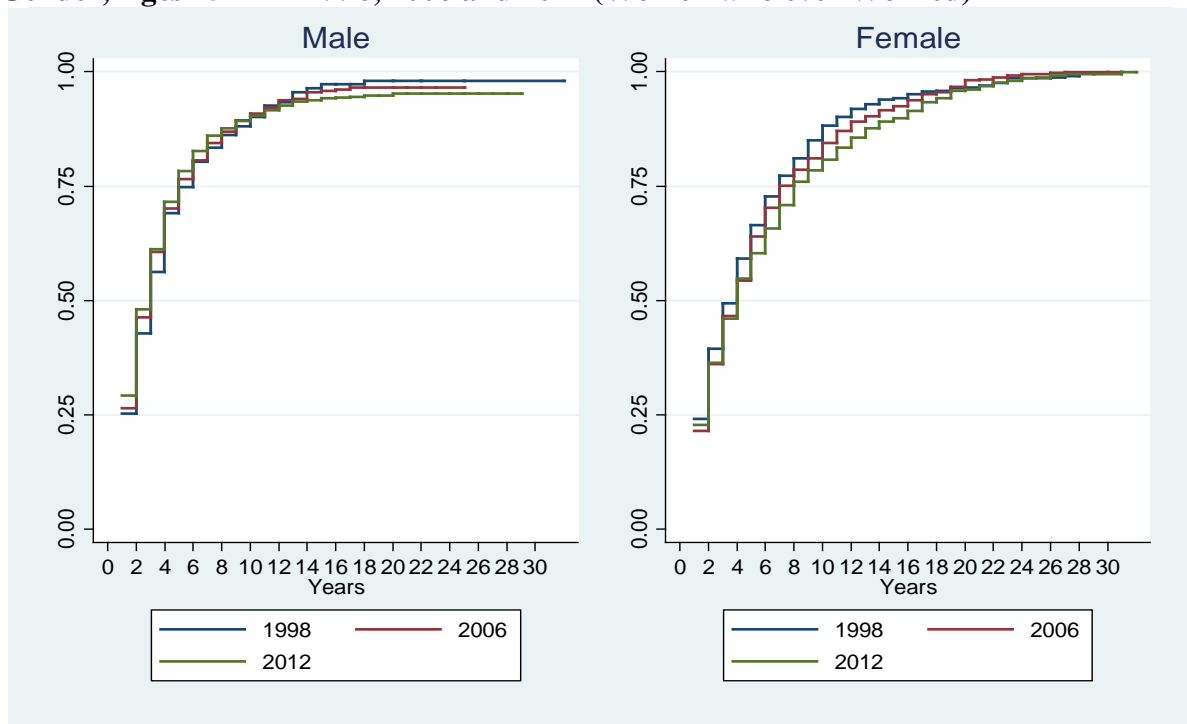
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 8: Female First Labor Market Status after School by Educational Level, Ages 15-29, 1998-2012



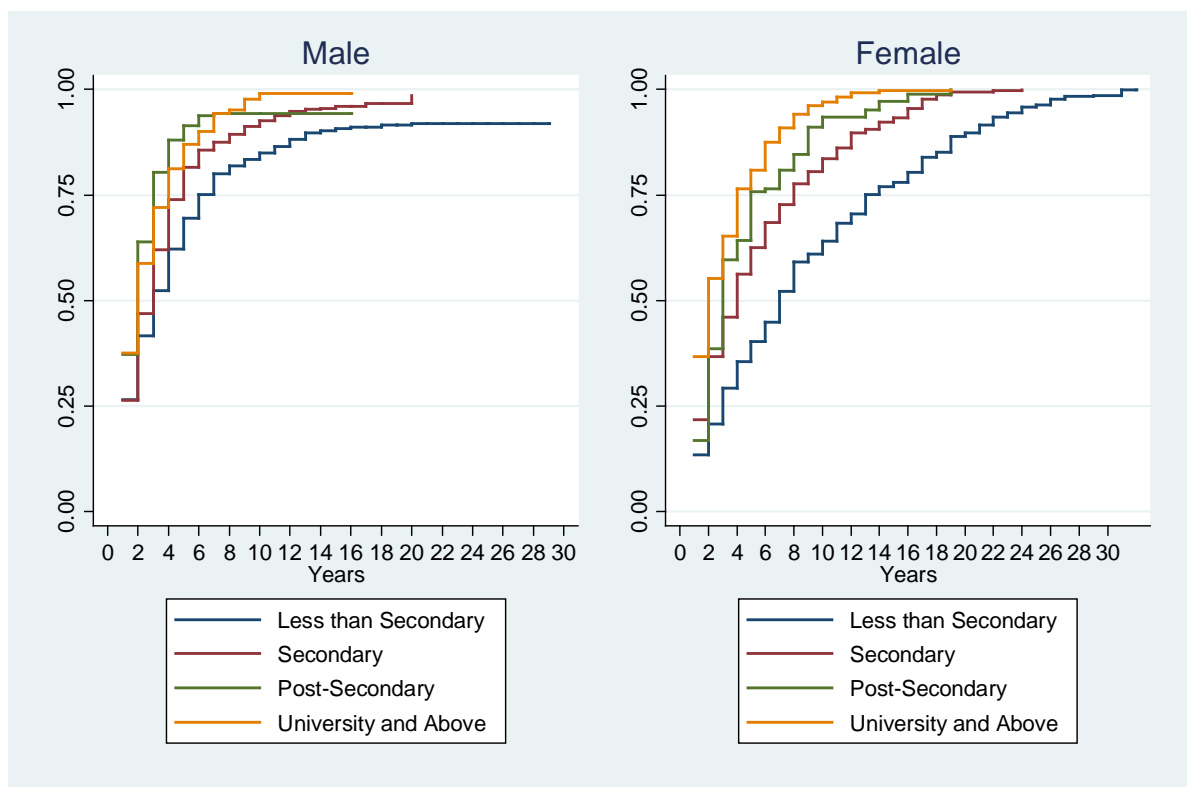
Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 9: Conditional Probability of Obtaining a First Job to Years after School by Gender, Ages 15-44 in 1998, 2006 and 2012 (Women who ever Worked)



Source: ELMS 1998, ELMPS 2006, ELMPS 2012

Figure 10: Conditional Probability of Obtaining a First Job to Years after School by Gender and Educational Attainment, Ages 15-44, 2012 (Women who ever worked)



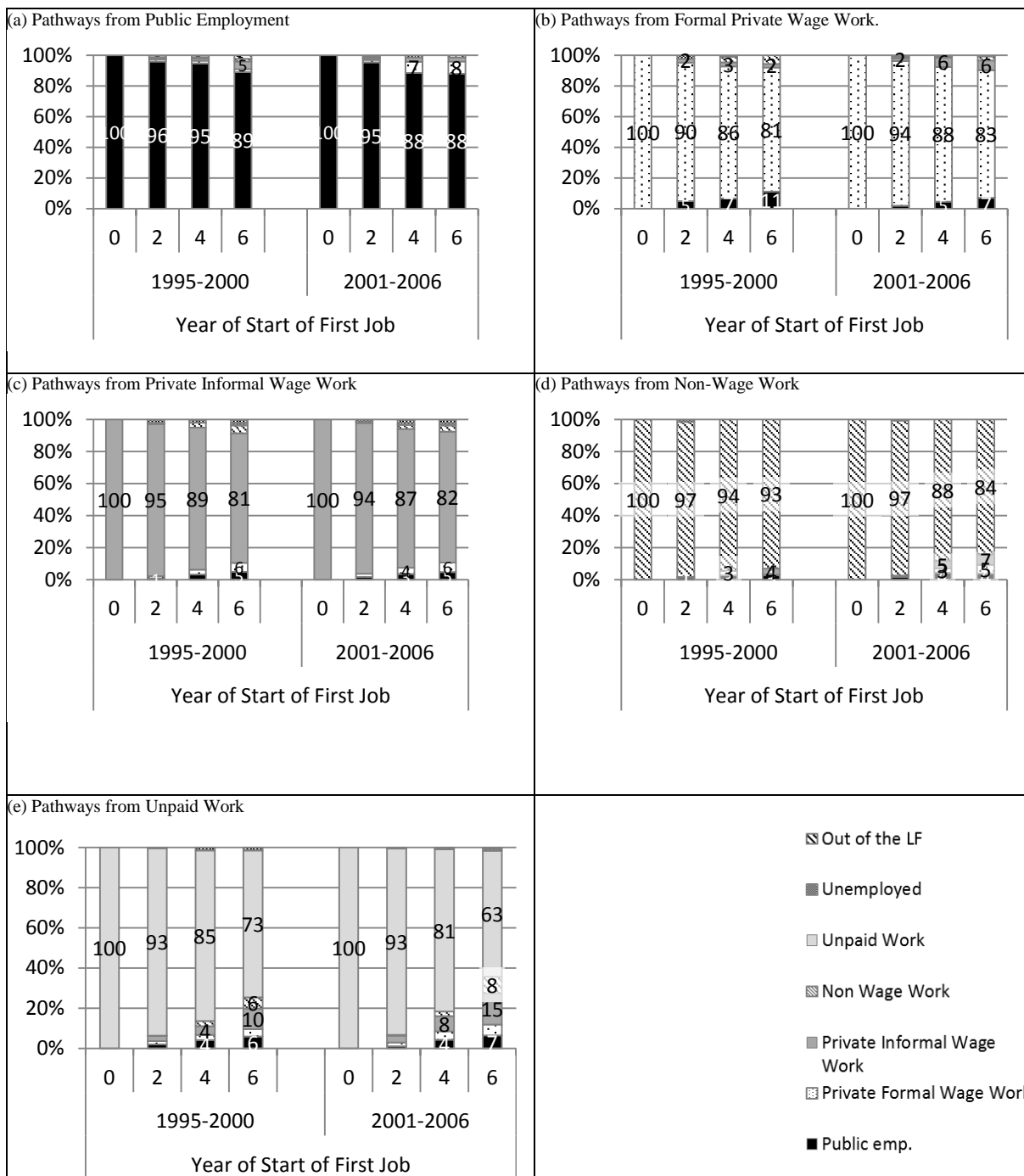
Source: ELMPS 2012

Figure 11: Distribution of Number of Changes in Labor Market Status over a 6-year-period after Entry into the Labor Market, for entrants who left school in the periods 1995-2000 and 2001-2006



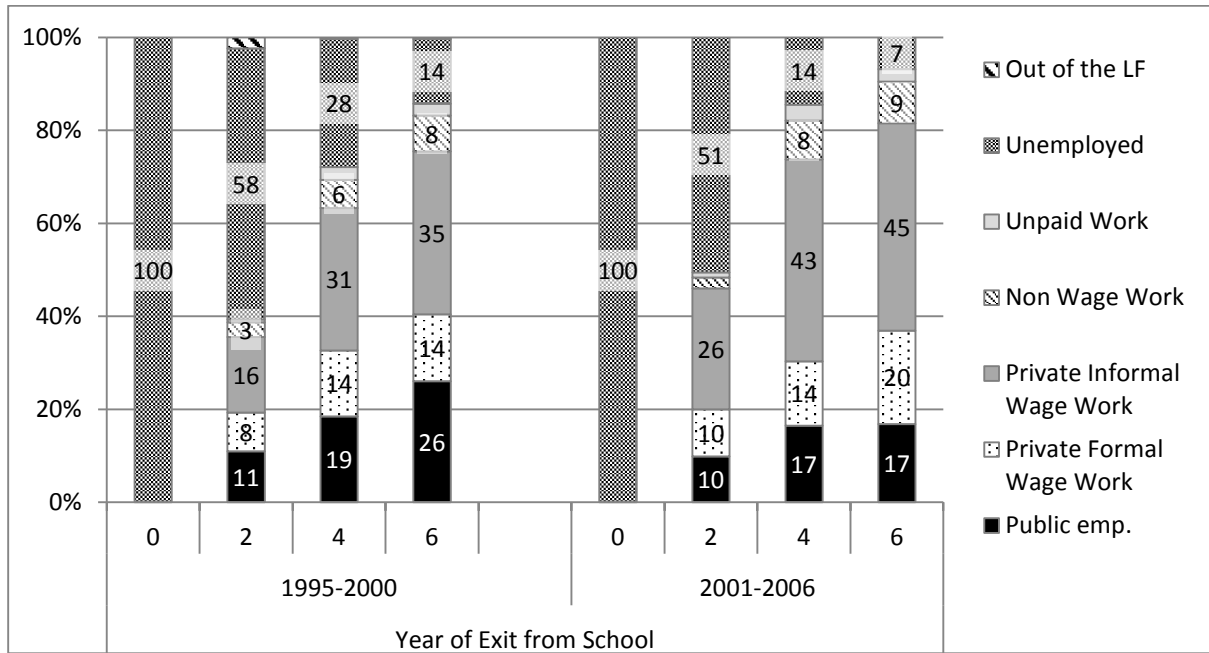
Source: ELMPS 2012

Figure 12: Male Transition Rates over 2, 4 and 6 Years from Start of First Job by First Employment Status and Period of Start of First Job in 1995-2000 and 2001-2006



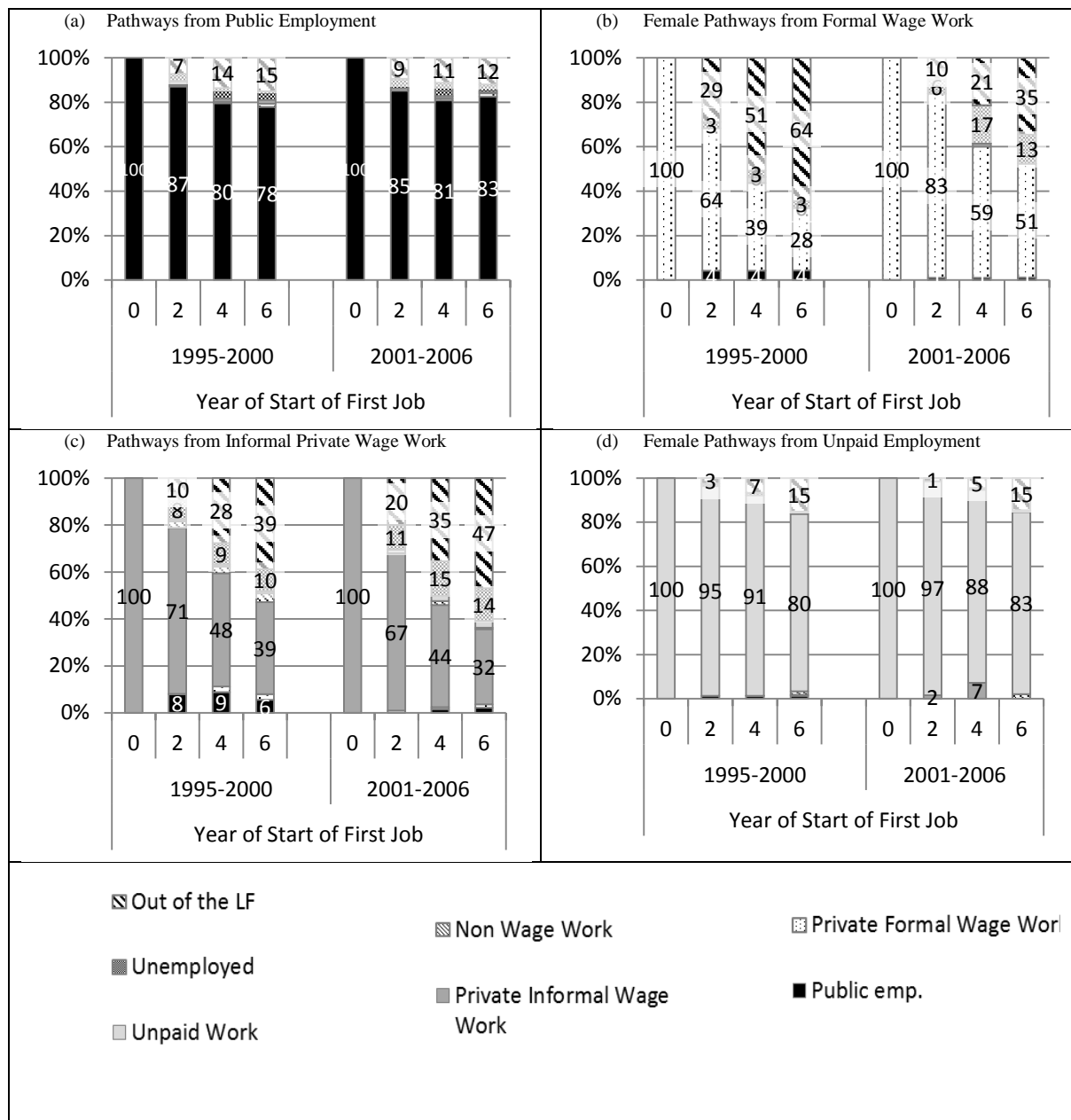
Source: ELMPS 2012

Figure 13: Male Transition Rates from Unemployment over 2, 4 and 6 Years from Exit from School by Period of Exit from School in 1995-2000 and 2001-2006



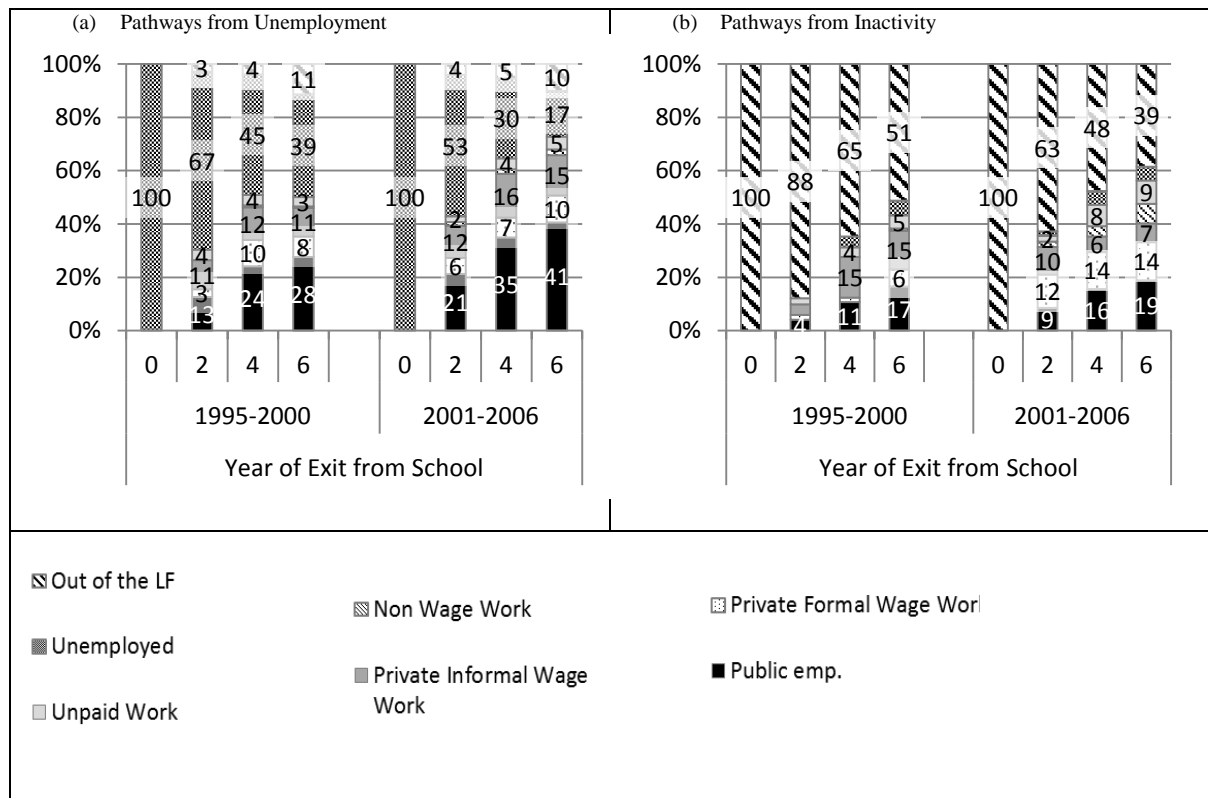
Source: ELMPS 2012

Figure 14: Female Transition Rates over 2, 4 and 6 Years from Start of First Job by First Employment Status and Period of Start of First Job in 1995-2000 and 2001-2006



Source: ELMPS 2012

Figure 15: Female Transition Rates from Unemployment and Inactivity over 2, 4 and 6 Years from Exit from School by Period of Start of End of School in 1995-2000 and 2001-2006



Source: ELMPS 2012

Table 1: NEET Rate by Gender and Urban/Rural Residence, Ages 15-29, 1998-2012 (Percentage)

	1998	Male 2006	2012	1998	Female 2006	2012
Urban	11.5	11.5	9.8	51.1	51.7	56.0
Rural	11.8	6.5	5.4	66.1	61.5	67.2
Total	11.7	8.6	7.2	59.9	57.5	62.7

Source: ELMS 1998, ELMPS 2006, ELMPS 2012