

ERF Policy Brief

Promoting Family-friendly Jobs and Labor Market Policies in Egypt in the Context of COVID-19 and Beyond

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In a nutshell

- It has been well established in the literature that one of the primary barriers to women employment in Egypt resides in them assuming a disproportionate share of childcare and household responsibilities. The ability to reconcile domestic and market work is hence a primordial determinant of a female's decision (a) to participate in the labor force, and/or (b) to accept/remain in a particular job. In this policy brief, we provide evidence to the impact of COVID-19 on female's employment, time-use and work preferences. The health crisis worsens the persistent situation and accrues the barriers to females' participation even further through the increased burden of domestic work and unpaid work imposed on women with children, through the restrictions, measures and closure of daycares and schools. The outbreak of the virus and the related restrictions led to
 - Substantial decreases in employment, and increases of unemployment, at relatively larger magnitudes for females (especially in the private wage sector) compared to their male peers
 - Workers in general – females with children in particular- restructuring their time use
 - Substantial changes in workers' (especially females with children) job preferences and how they value non-monetary job attributes (such as job stability, working hours, commuting time, ...etc.)
- As we move towards a pandemic recovery phase, it becomes necessary for policy makers to focus on the root cause of post-COVID19 employment exits, how sustainable they were, and what can be anticipated and forecasted during the recovery period. Our recommendations are lumped into 2 categories
 - Family-friendly Policies: Financing care-related leaves and making quality childcare accessible, available and affordable
 - A welcoming and accommodating Labor Demand: Promoting the creation of formal private sector jobs with flexible work arrangements

1. Female labor force participation in Egypt pre-COVID

Low rates of female labor force participation despite the closing gender educational gaps (Assaad et al., 2020), and high exit-rates from within that small pool of female participants after family-related events (such as marriage and childbirth) represent persistent challenges in the Egyptian labor market (Hendy, 2021). Primary barriers to women employment have resided in them assuming a disproportionate share of childcare and household responsibilities (Hendy, 2015; Constant et al., 2020). Ability to reconcile domestic and market work (family-friendliness of work) is hence a primordial determinant of a female's decision (a) to participate in the LF, and/or (b) to accept/remain in a particular job. Underlying pre-covid barriers to females' employment included

1. Retreat of job opportunities in the accommodating family-friendly public sector
2. High costs of childcare
3. Absence of flexible and accommodating flexible work arrangements in an anemic formal private sector
4. Poor working conditions of an expanding informal private sector

2. Impact of COVID-19 on females' labor supply, time-use and work preferences

In this policy brief, we provide evidence from our research findings to the impact of COVID-19 on female's employment, time-use and work preferences. The health crisis worsens the persistent situation and accrues the barriers to females' participation even further through the increased burden of domestic work and unpaid work imposed on women with children, through the restrictions, measures and closure of daycares and schools.

2.1. Decreases in employment and increases in non-employment from pre- to post the outbreak of COVID-19

Generally, COVID-19 has resulted in substantial decreases in employment, and increases of unemployment in Egypt (ElBehairy et al., 2022), at relatively larger magnitudes for females compared to their male peers (Figure 1). Female workers in the private wage employment sector have been the most vulnerable and their (out-of-employment) exit flows have substantially contributed to the rise in those unemployment rates. As per the authors'

calculations from the Egypt CMMHH-Feb2021, all the women who were private wage workers in February 2020 reported that they have lost their jobs as of February 2021.

These trends have also been confirmed by findings relying on the COVID-19 Employment and Time-Use Surveys (2020).¹ Examining employment state transitions following the outbreak of the virus in March 2020, it has been observed that fewer females have maintained their pre-COVID job compared to females when limiting our sample to those who were employed in the Private Sector prior to COVID. The informal sector has witnessed the highest job exits across different employment sectors (58.11% of informal workers have changed their job post-COVID). Women who exit their jobs (whether voluntarily or involuntarily), were not engaged in new different jobs like men i.e. 26% of the whole sample of females workers (37% of private sector workers) were not employed at the time of the survey (Figure 2).

2.2. Why more women have remained non-employed?

Our analyses have revealed the root causes underlying the gap between male and female workers in exiting employment following the outbreak of the pandemic and the lower success rate in re-engaging in new work arrangements.

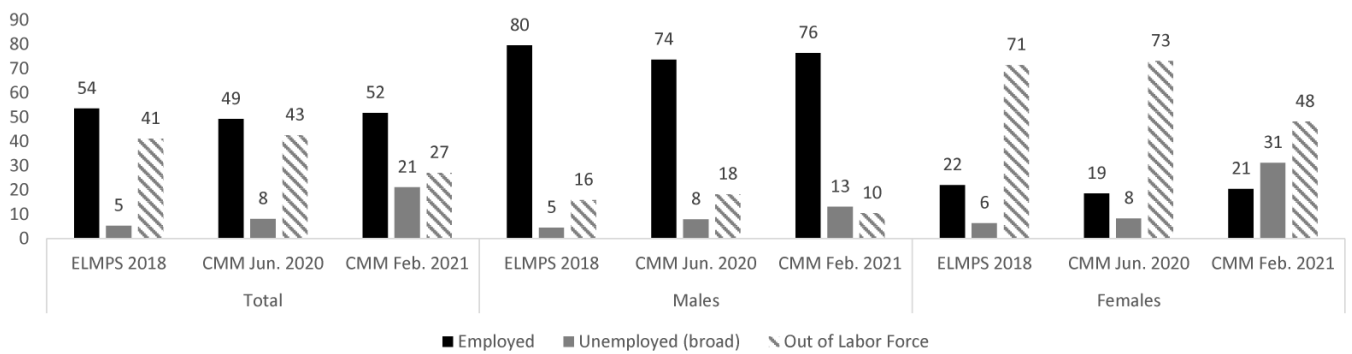
2.2.1 Restructuring time-use in response to COVID-19

Workers in general – females with children in particular – restructured their time use as a response to crisis (Hendy & Yassin, 2022). Evidence from CETUS20 show that females, especially with children spend longer hours spent on domestic work (housework and childcare), particularly with the closure of daycare services and educational institutions. Authors' calculations are based on reported time-use profiles built from reports of daily-time (spent in minutes) by ever and never married male and female individuals, who were employed in Feb 2020 prior to the outbreak of COVID-19, on 14 distinct

¹ The sample consist of residents of Egypt, males and females between the age of 18 and 64 years old (i.e. the working age), with a mobile telephone and/or a landline. All respondents have worked for at least an hour during the month of February (i.e. before the outbreak of COVID-19 in Egypt). CETUS20 deliberately oversampled females, who were employed prior to COVID-19; a focus group which is expected to be among the most prone and vulnerable to the COVID-19 shock and its related restrictions. The sample consists of a total of 1787 completed interviews (1254 females and 533 males). Interviews were developed through a random digit dialing system (mobile phones and landlines) to be nationally representative of those, with mobile phones and landlines, who were employed (at least an hour) during the period February 1st and March 11th, i.e. before the COVID-19 situation in Egypt.

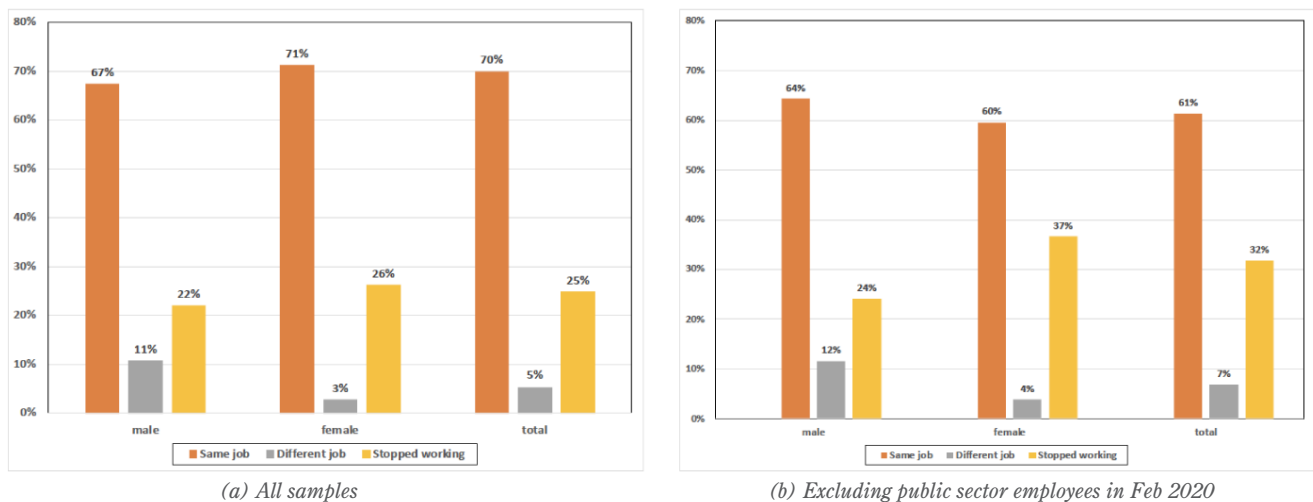


Figure 1: Evolution of labor market indicators pre vs. post-Covid by gender for Egypt



Source: Authors' calculations. Based on the Combined COVID-19 MENA Monitor Household Survey, CCMMHH- Nov-2020, Feb- 2021 (OAMDI 2021).

Figure 2: Employment state post-COVID, males and females employed in February 2020, 15-64 years of age



Source: Authors' calculations based on CETUS20.

time-use activities (pre and post-COVID). Generally ever-married individuals (both men and women) spend less time in paid work (whether remote (from home) or from the work place) than their ever-married counterparts. Regardless the marital status, women generally work less hours than men; this gender gap in time spent on paid work is larger within the ever-married population, of around 100 and 70 minutes for the ever-married and never-married groups respectively. Having at least one child below the age of 12 makes women spend an extra 2 hours and 40 minutes on average on child care more than their counterparts who don't have young children. Moreover, having children below the age of 12 make women work around 80 minutes less than not having young children. Having at least one child below the age of 12 makes men and women spend on child care around 90 and 160 more minutes per day for men and women respectively compared to their counterparts who don't have young children.

2.2.2 Changing work preferences and the value of employment (a Job)

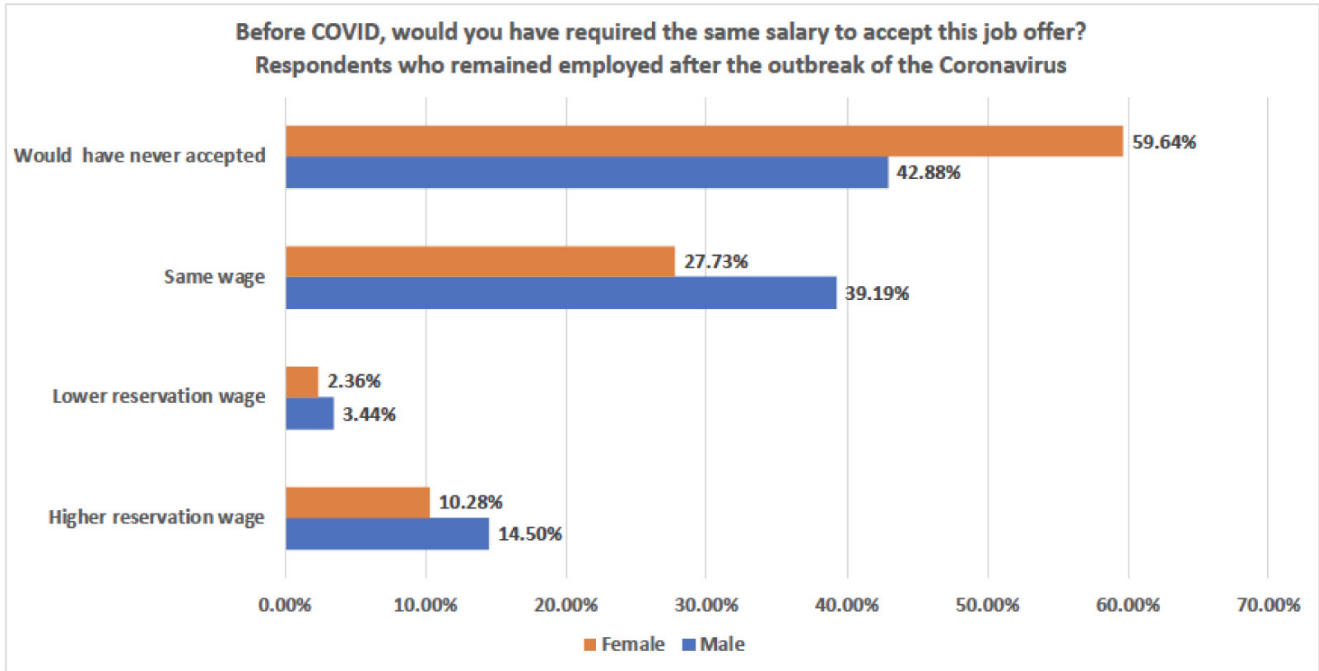
The above evidence to a restructure in the time-use profiles of workers in response to the health crisis and its imposed related restrictions suggested a change in workers' job preferences and how they value a job package (wage and non-monetary attributes). For females with children, it was intuitive to pose the hypothesis of their need to only engage in family-friendly jobs, with flexible work arrangements to be able to reconcile between market work and increasing house and care work. This was confirmed via an attribute-based discrete choice experiment, conducted within a COVID-19 impact survey in Egypt (namely CETUS 20) – 5 months into the outbreak of the pandemic. Using hypothetical job offers, as opposed to the employment situation pre and post the outbreak of the Coronavirus, we were able to estimate a distribution of the willingness to pay (WTP of workers for non-monetary job attributes and hence measure the



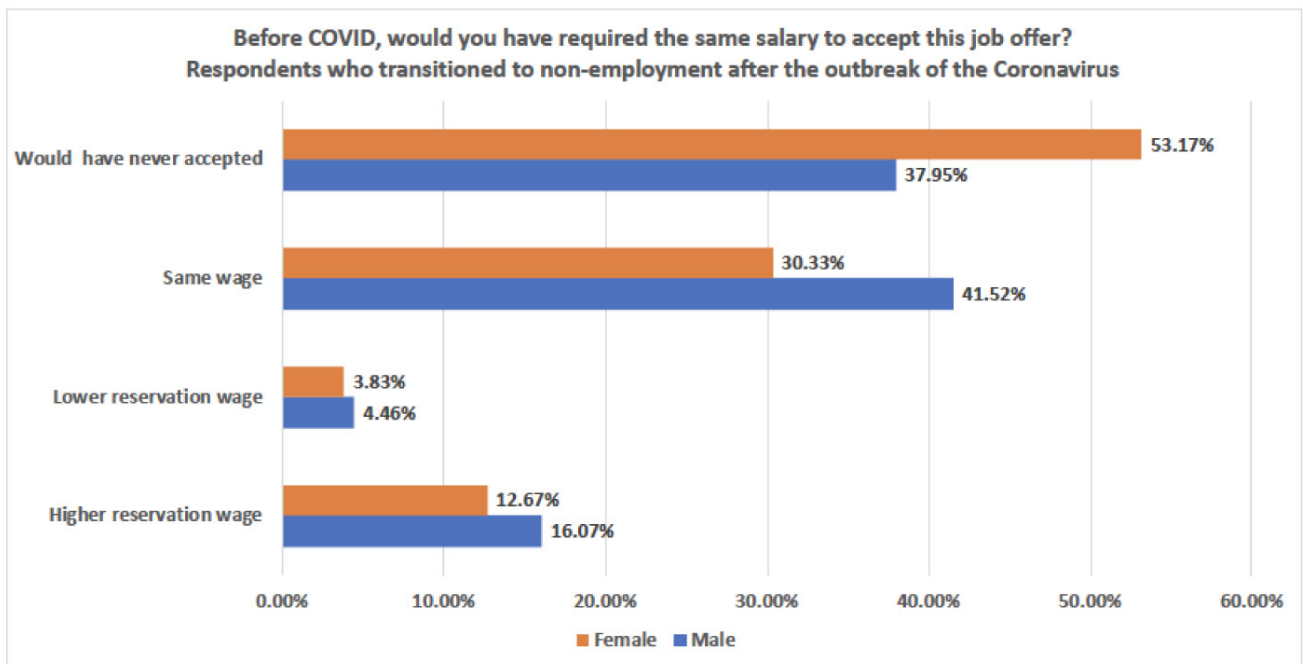
change in job preferences following the COVID19 health shock (Yassin & Hendy, 2022). Generally, a substantial proportion of our experiment’s employed respondents accept the hypothetical job offers they receive during the interview (about 40% of the males and 70% of the females). More than 50% of those who accepted those offers would

have never accepted them prior to COVID-19 (Figure 3). Our results reveal the change in the value of employment to workers, particularly females, which comprises both the wage and the non-monetary attributes associated with employment.

Figure 3: Reported change in attitude towards hypothetical job offers received in CETUS20 experiment from pre- to post-COVID19, by employment state and gender



(a) Post-COVID Employed



(b) Post-COVID Non-employed

Source: Authors’ Calculations. Based on COVID-19 Employment and Time-Use Surveys. Males and Females between the age of 18 and 64 years old (i.e. the working age), with a mobile telephone and/or a landline. All respondents have worked for at least an hour during the month of February (i.e. before the outbreak of COVID-19 in Egypt).



Generally, COVID-19 has led workers to value positive job amenities more (Table 1). Examples of these particular positive job amenities include stable jobs with longer contracts, part-time jobs, work from home, flexible work and shorter commutes. With the increased burden of domestic work, females with children value the most jobs where they can work on a part-time basis. An average female worker with at least one child is willing to forego 5.25% (an increase of 4.7pp from prior to COVID) of an increase in the monthly wage to access a part-time job (of less than 8 hours/week), and 2.25% (an increase of 2pp) of an increase in the wage to acquire a part-time job (of more than 8 hours/week). Moreover, females with children would require to receive substantial increases to their current labor income to accept jobs with a non-family friendly set-up, such as the need to work nightshifts. Authors' calculations showed that a female with a child or more would require an increase in pay of 10.2% to consider a job which requires a nightshift work. For flexible hours, female workers with children are willing to give up a 1.2% in salary to access a job with this amenity.

The takeaway message revolves around how specific job amenities attached to private formal employment are more valuable to female workers (especially those with children), particularly post-COVID. The consideration of nonmonetary job attributes should therefore have a higher priority in policy discussions regarding labor demand and job creation in Egypt. The failure to fully model the value of a job (being a package of both wage and nonmonetary attributes) results in the formulation of policies which are not necessarily effective as required and which do not target the root cause of the problem. With evidence to the value and significance of non-

monetary job attributes in participation and job choice decisions, it is clearly crucial that labor market policy programs implemented in Egypt should take into consideration the non-pay characteristics of a job - an essential component of the value of the job to both the workers and the employers.

3. Family-friendly policy recommendations

As we move towards a pandemic recovery phase, it becomes necessary for policy makers to focus on the root cause of post-COVID19 employment exits, how sustainable they were, and what can be anticipated and forecasted during the recovery period. Our recommendations are lumped into 2 categories, which aim to focus on addressing the root causes of the problem outlined in the previous section. The first group of recommendations fall below the umbrella of family-friendly policies which target to support the Egyptian female workers in their share of domestic and unpaid care work. The second group of recommendations revolve around the creation of family-friendly, yet high-productivity jobs (i.e. Labor Demand) with which promotes the participation of Egyptian women.

3.1. Family-friendly policies: Financing care-related leaves and making quality childcare accessible, available, and affordable

- Care-related leaves and benefits (such as maternity leaves, taking care of the elderly, ...etc), whether general or specific to a particular incident or shock such as COVID-19, are important determinants to

Table 1: Distribution of willingness-to-pay (WTP) for non-monetary job attributes estimated via conditional logit regressions using reported data from a discrete job-choice experiment administered in CETUS20 survey

	(2) Males - WTP			(3) Females - WTP			(4) Ever married - WTP			(5) Females with Children - WTP		
	PreCOVID	PostCOVID	Δ	PreCOVID	PostCOVID	Δ	PreCOVID	PostCOVID	Δ	PreCOVID	PostCOVID	Δ
New Job/Position	0.27	2.58	2.31	0.10	6.23	6.13	0.23	6.02	5.79	0.38	7.26	6.88
Less than a year contract	-0.38	5.82	6.21	-0.34	-1.79	-1.46	-0.49	1.13	1.62	0.21	-0.44	-0.65
1-year Contract	-0.15	3.27	3.42	-0.25	0.53	0.78	-0.30	3.46	3.76	0.19	3.01	2.82
≥3yrs Contract	-0.11	5.06	5.16	-0.12	-1.10	-0.98	-0.38	1.72	2.10	0.53	1.80	1.27
Part-time (Less than 8 hours)	0.57	1.24	0.67	0.47	4.74	4.27	0.53	5.57	5.03	0.54	5.25	4.71
Part-time (More than 8 hours)	0.55	1.09	0.55	0.40	2.05	1.65	0.47	2.42	1.95	0.28	2.26	1.98
Possibility to work from home	-0.05	2.18	2.23	-0.05	0.41	0.45	0.13	-0.98	-1.11	0.60	0.09	-0.51
Commuting time	-0.01	0.00	0.01	-0.01	-0.08	-0.07	-0.01	-0.10	-0.09	0.00	-0.11	-0.11
Possibility to have flexible hours	0.19	3.04	2.85	0.17	0.09	-0.08	0.20	0.30	0.10	0.08	1.18	1.10
Required to work in weekend	0.04	1.41	1.37	-0.02	-0.70	-0.68	-0.15	-0.03	0.12	0.29	-0.52	-0.81
Required to work nightshifts	-0.91	0.54	1.45	-0.82	-9.35	-8.53	-0.95	-9.92	-8.97	-0.14	-10.18	-10.03
Overtime	-0.28	3.16	3.44	-0.20	-0.68	-0.48	-0.24	-0.83	-0.59	-0.08	0.31	0.39
Public Sector Work	1.31	8.18	6.87	1.23	6.04	4.81	1.41	7.24	5.83	1.95	7.24	5.29
Formal Work	-0.49	2.14	2.63	-0.48	2.97	3.45	-0.28	1.47	1.75	0.24	0.82	0.58

Source: Authors' Calculations. Based on COVID-19 Employment and Time-Use Surveys. Males and Females between the age of 18 and 64 years old (i.e. the working age), with a mobile telephone and/or a landline. All respondents have worked for at least an hour during the month of February (i.e. before the outbreak of COVID-19 in Egypt).



avoid the drop-out of female workers from their jobs and/or the labor force. The burden of those leaves though, in terms of incurred cost to the employer, should not be directly linked to the number of hired female workers. Lessons learned and best practices from other countries show evidence to better results when financing care-related leaves and benefits through a payroll tax to which all employees (both males and females) contribute.

- Supporting female workers in their role as childcare givers, can also be emphasized by guaranteeing (especially as we phase-out of the pandemic and its restrictions) the availability of high-quality, hygiene and health-norms respectful, as well as affordable (hence subsidized) childcare facilities.

3.2. A labor demand that promotes participation of Egyptian women

The evidence to the value and significance of non-monetary job attributes in participation and job choice decisions stress that labor market policy programs implemented in Egypt should take into consideration the non-pay characteristics of a job - an essential component of the value of the job to both the workers and the employers. These labor market policies aim to both dampen the negative effects of COVID-19 on the precarious labor market in Egypt, particularly female workers, and more importantly to create a potential dividend that the Egyptian labor market can benefit from to attract and retain female workers within its pool of labor supply. The dividend precisely refers to the resulting opportunities in feasible good quality low cost jobs that the private formal sector can create to make use of shifts in the workforce's change in jobs' preferences leading to higher levels of formal private employment and female labor force participation; a major source of development and economic growth.

- Policies should be directed to encourage the creation and formalization of jobs, with flexible work arrangements in the private sector.
- These policies can range from packages of active labor market policies such as temporary wage subsidies and hiring subsidies, to streamlining government processes which deal with businesses, including licensing; simplifying and modernizing regulatory requirements; improving access to capital and finance; and investing in infrastructure.
- Investments in infrastructure should aim to make flexible work arrangements feasible for both employees and employers; hence the importance to expand access to internet and electricity for remote work for instance.

- Improving the investment climate and removing hurdles to the formal private-sector. Our recommendation suggests to focus on the specific industries/occupations, which are deemed attractive for women (potentially offer flexible work arrangements) and/or in types of jobs where women are more likely to work, some of which have been heavily impacted by the health crisis of COVID-19 (OECD, 2020).

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