

ERF POLICY CONFERENCE

FROM DATA TO POLICY: EVIDENCE AND INSIGHTS FROM THE EGYPT LABOR
MARKET PANEL SURVEY 2023

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Evolution of the Structure and Quality of Employment in Egypt, 2012-2023

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Please refer to:

Assaad, R. and E. Mahmoud (2024). Evolution of the Structure and Quality of
Employment in Egypt: 2012-2023. ERF Working Papers Series No. 1750

Introduction

- I will start with the bottom line:
 - There are improvements in Egypt's employment situation since 2018, but only for some
 - Employment growth rates have accelerated
 - Private formal wage employment has grown
 - Less precarity in employment and better access to benefits
 - Self-employment is growing rapidly
 - Job satisfaction has increased
 - Much of these improvements can be attributed to the decline of informal wage employment outside establishments and the re-emergence of the “missing” middle of the Egyptian economy – the growth of small and medium enterprises (SMEs)

Introduction

- However, many are left behind
 - Women's employment situation has deteriorated both in terms of quantity and quality
 - Continued decline of public sector has more adversely affected women who are much more dependent on such employment
 - Private sector wage employment for women has declined
 - Evidence also indicates that the formalization of private sector employment is limited to more educated and more affluent men

Outline

- Macroeconomic trends, employment and unemployment rates
- Evolution of structure and quantity of employment
- Evolution of quality of employment
 - I will not discuss earnings since they are discussed in detail in another paper to be presented late today

Macro trends

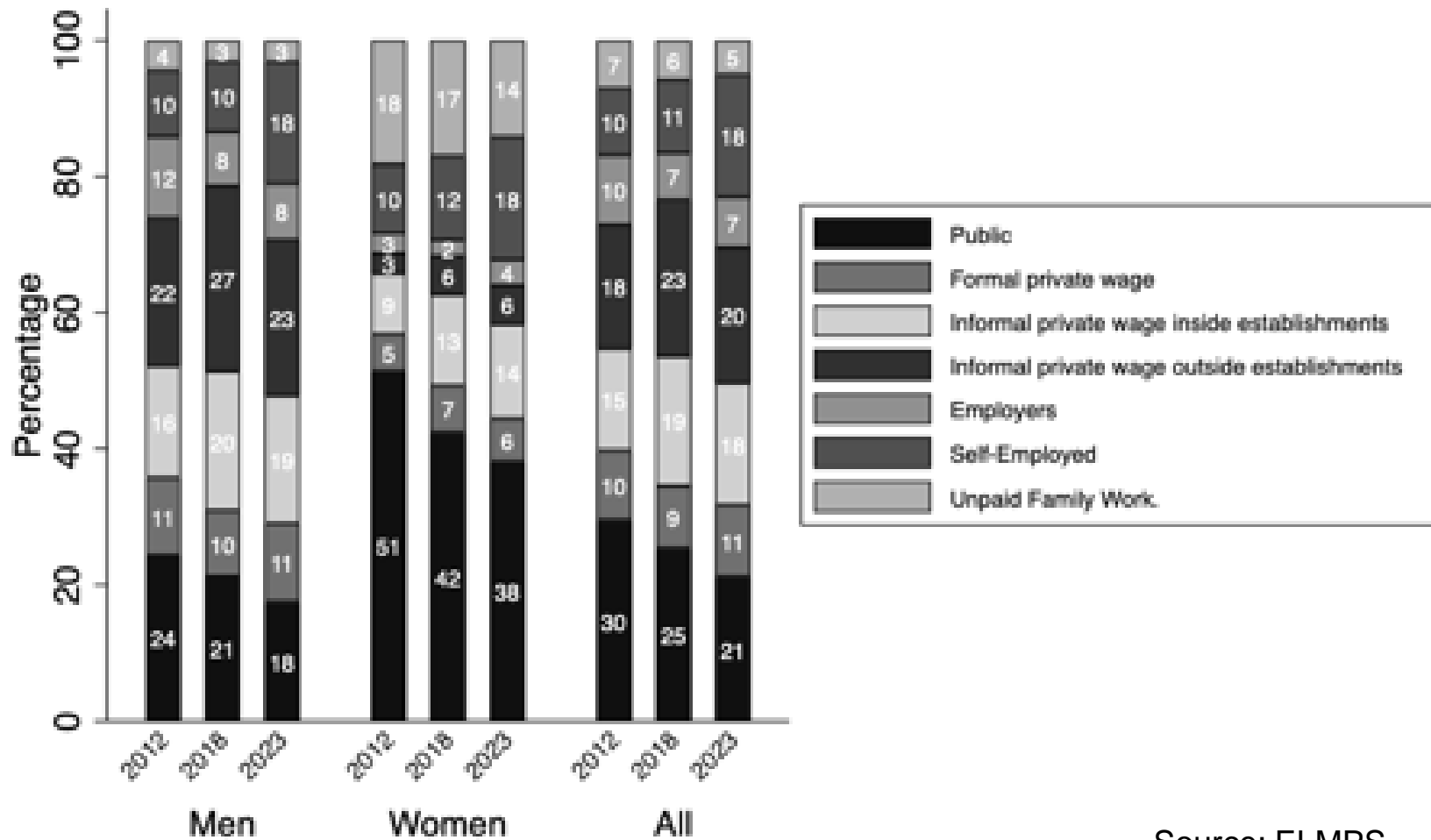
Annual GDP growth rate (percent per annum), employment rate (percent of the population 15-64) and unemployment rate (percent of the labor force 15-64)



Source: GDP growth rates are from World Development Indicators (World Bank, 2024b), employment and unemployment rates are from Labor Force Survey (CAPMAS, n.d.) and ELMPS (OAMDI, 2013, 2016, 2019)

Public sector employment continues to decline, but formal private sector wage employment has recovered, mostly at the expense of informal employment outside establishments. Self-employment has increased substantially

Structure of employment by type of employment and sex, 2012, 2018, 2023

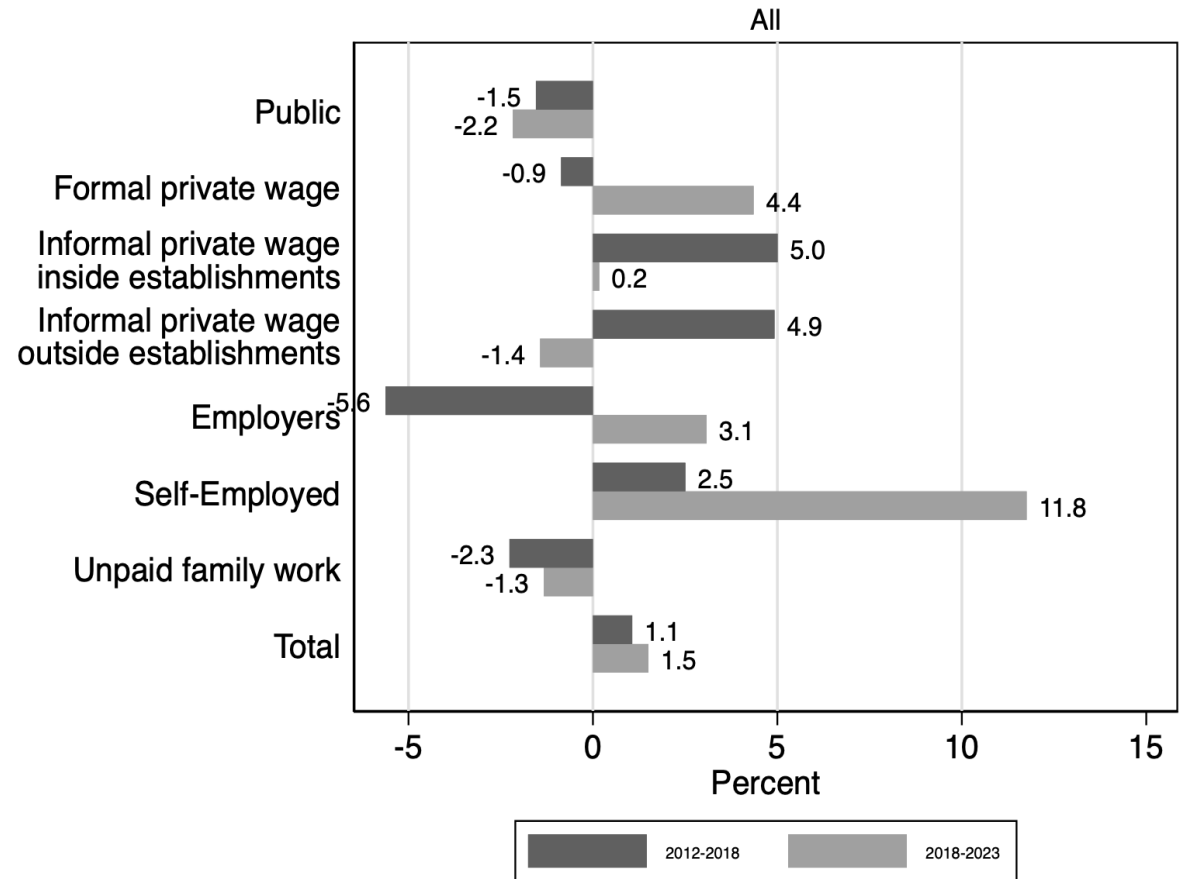


Source: ELMPS

What types of employment are growing?

- Overall employment growth accelerated slightly
- Public sector employment continued declining
- Private formal wage employment reversed its decline
- Informal private wage employment outside establishments declined
- Self-employment is growing rapidly, particularly in education

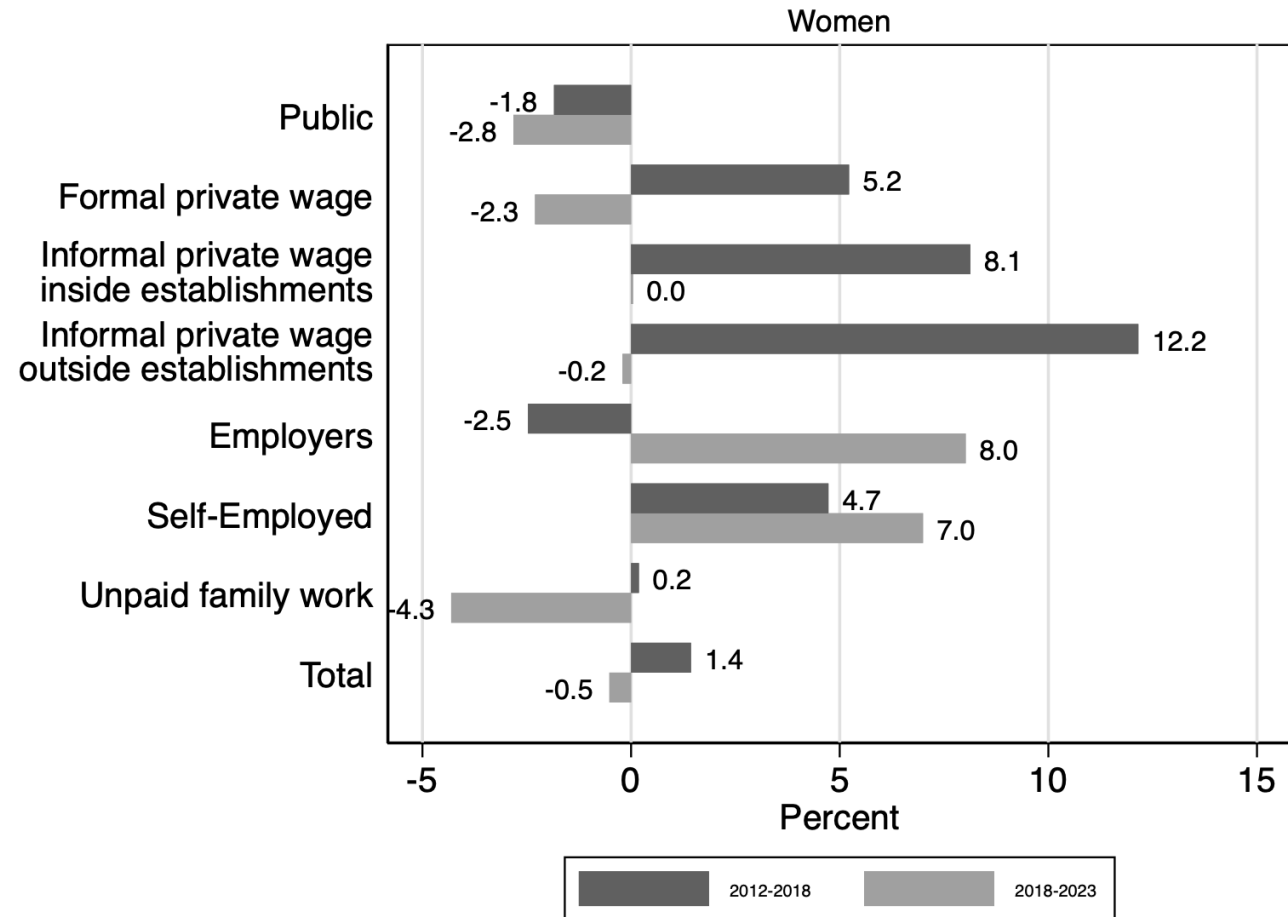
Average annual growth rates of employment by type, all



Picture is quite different for women

- Employment growth is negative
- Public sector decline is larger
- Formal private wage employment is declining, after having grown from 2012 to 2018
- Only bright spot is growth of own account work among women

Average annual growth rates of employment by type, women



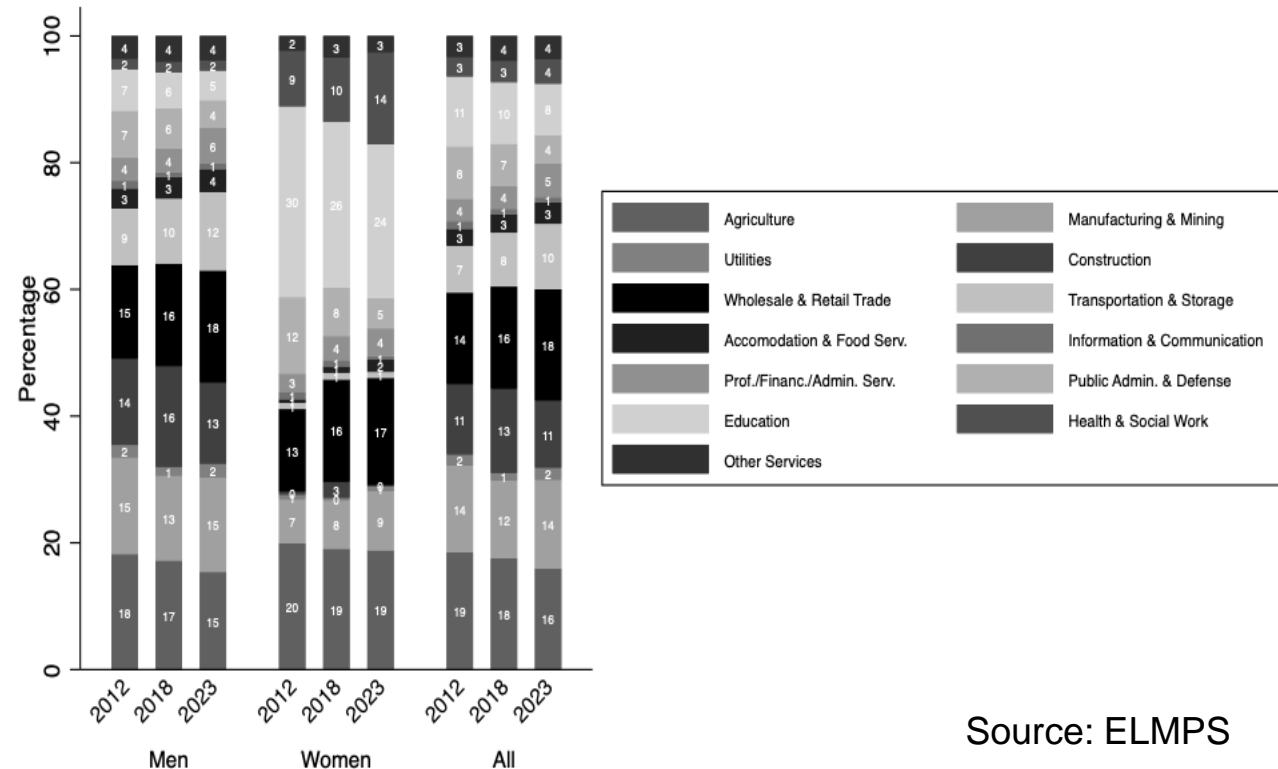
Wealth and education differentials in the evolution of the structure of employment

- Growth of formal private wage employment mostly limited to:
 - men in top three quintiles of wealth and women in the top quintile
 - men with post-secondary and university education and women with university education
- Large increases in own account work among men and women of all wealth levels and most education levels

Structural change in the Egyptian economy

- Continued decline of agriculture
- Recovery in the share of manufacturing
- Reversal in the share of construction
- Growing share of services such as health, social care, prof./financial services, transp. & storage
- Declining share education and public administration; sectors where women are concentrated

Structure of employment by sector of economic activity



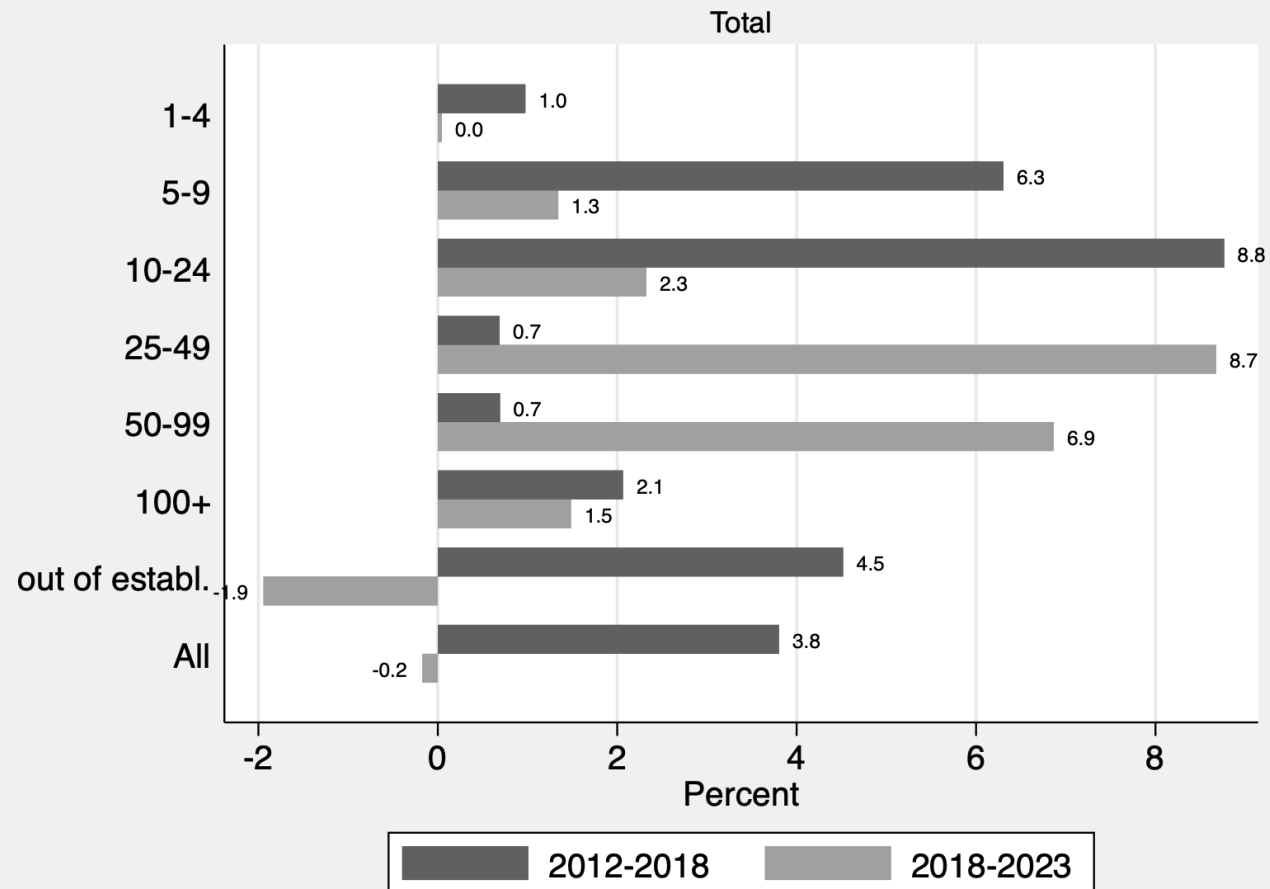
Source: ELMPS

Fastest growing sectors are utilities, professional, financial & admin. services, transp. & storage, health and social work

Shifts in the structure of private wage employment

- Overall private wage employment was stagnant, but ...
- Large compositional shift away from employment outside fixed establishments
- Slow growth of employment in micro-establishments
- Shift of employment growth toward medium establishments

Average annual growth of **private wage employment** by in/out of establishment and establishment size

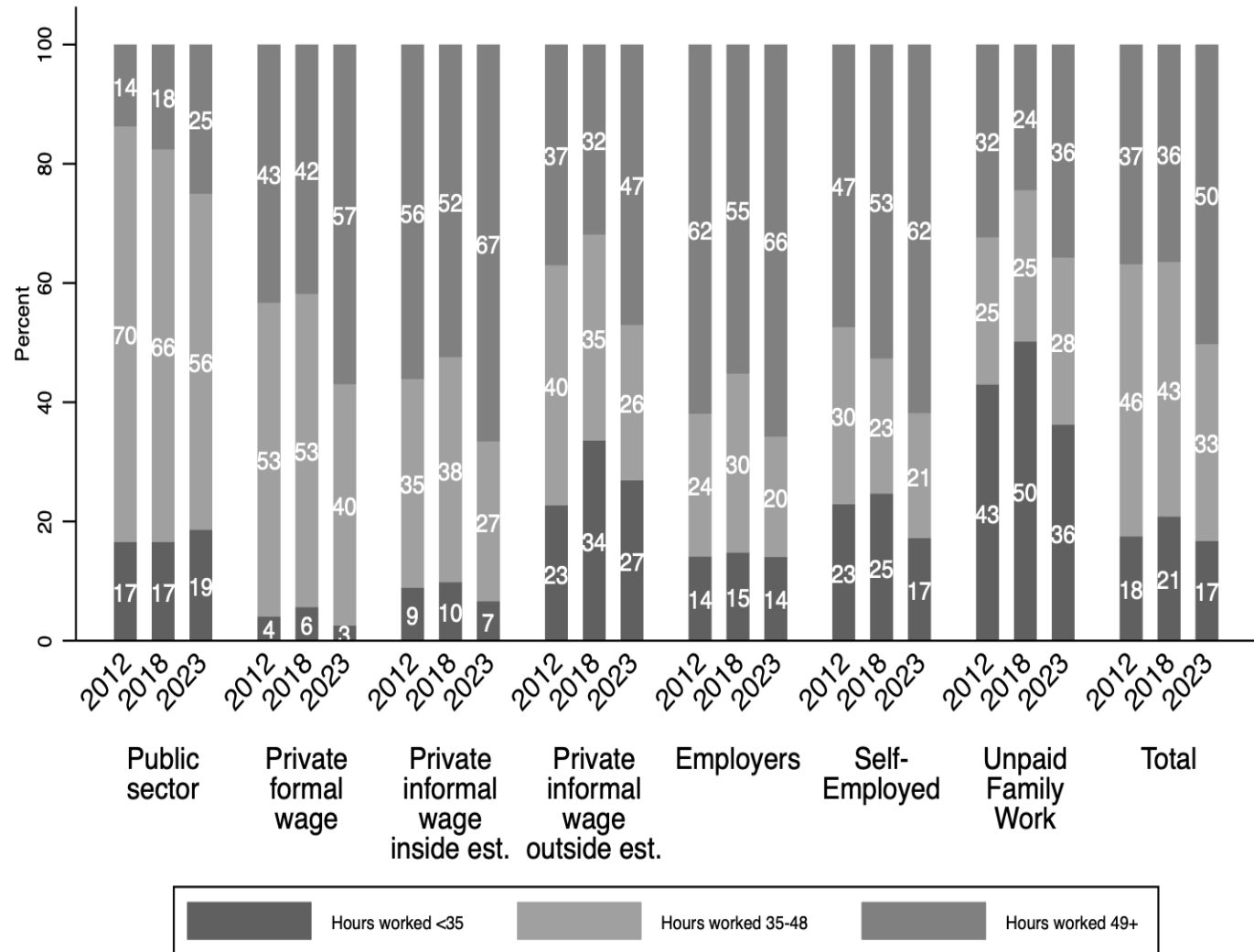


Source: ELMPS

Clear evidence for the re-emergence of the “missing middle.”

Distribution of weekly hours of work by type of employment

All

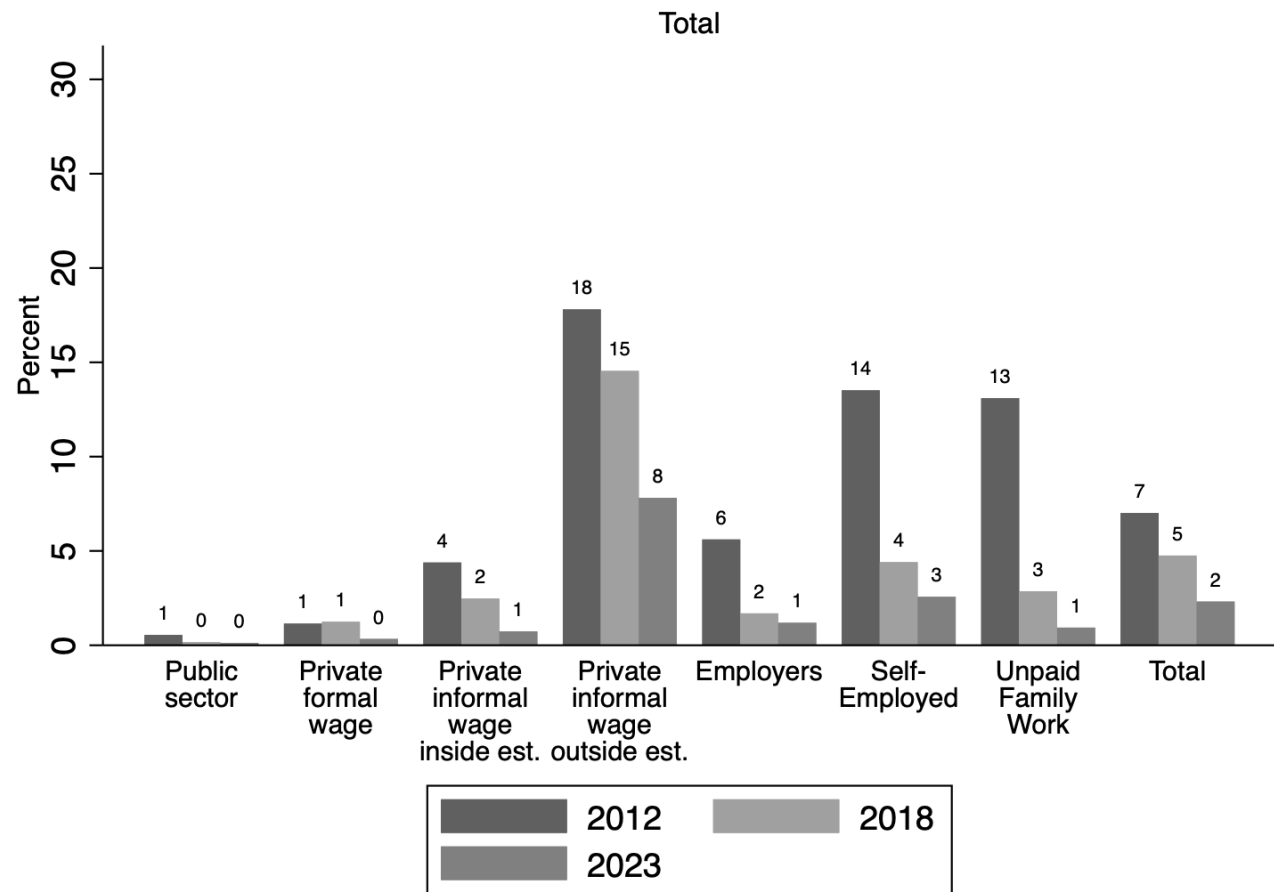


Evolution of working time

- Part-time work (<35 hpw) is declining everywhere except in public sector
- Excessive working time (>49 hpw) increasing substantially in all types of employment
- May be an attempt to counter inflationary pressures on income

Time-related under-employment is declining

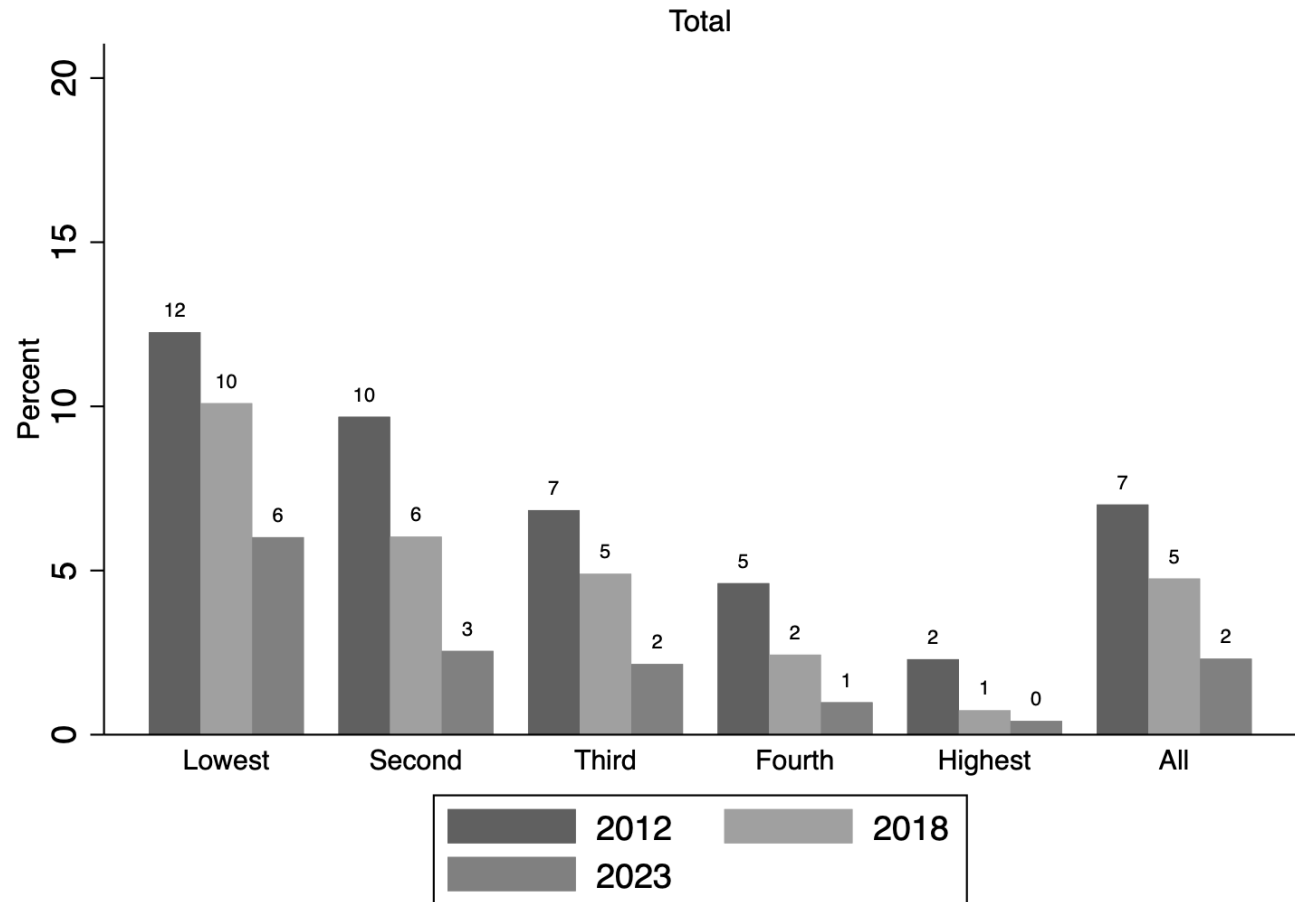
Rate of time-related underemployment by type of employment, percent (employed individuals)



- Defined as working part-time involuntarily
- Good indicator of availability of employment for precarious workers
- Declining for informal wage workers, and own account workers
- Decline was large for women from 2012 to 2018, but stabilized from 2018 to 2023

Time-related underemployment and poverty

Rate of time-related underemployment by HH wealth quintile, employed individuals



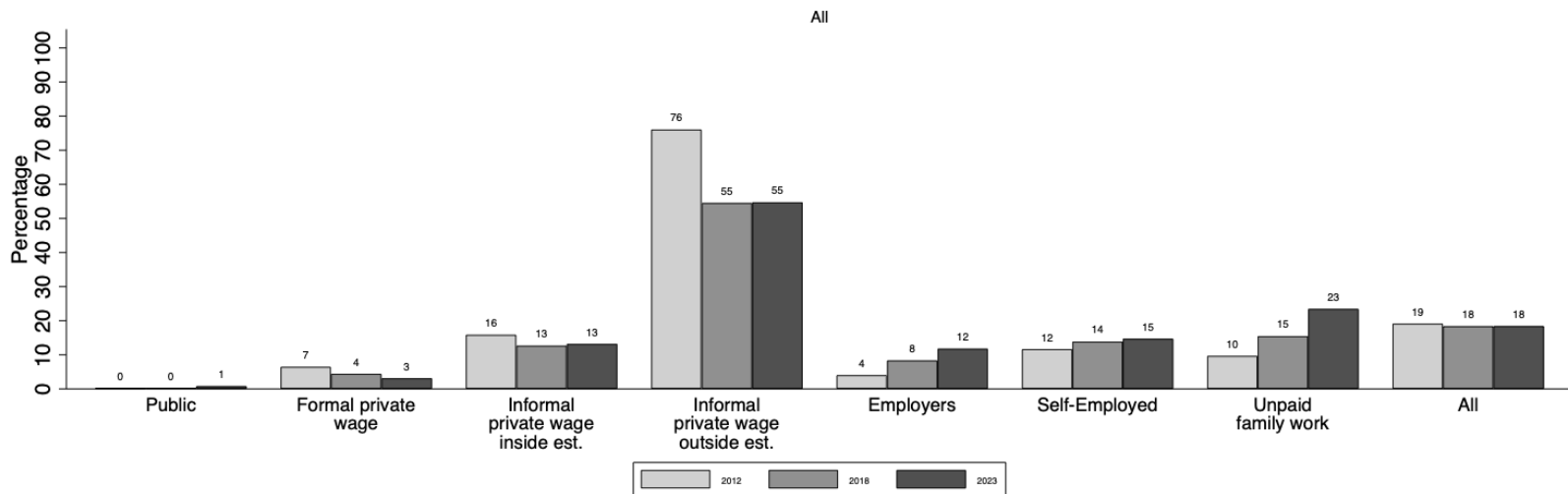
- Decline in time-related underemployment is good news for the poorest workers who suffer the most from this kind of underemployment
- Particularly important in construction and agriculture, where many poor workers are concentrated

Evolution of the quality of employment

Irregularity of employment

- Measured as the proportion of workers in intermittent or seasonal work
- Highest among informal wage workers outside establishments
- Declining slightly, but only among men.
 - Rising among women due to compositional shifts away from formal public and private wage employment

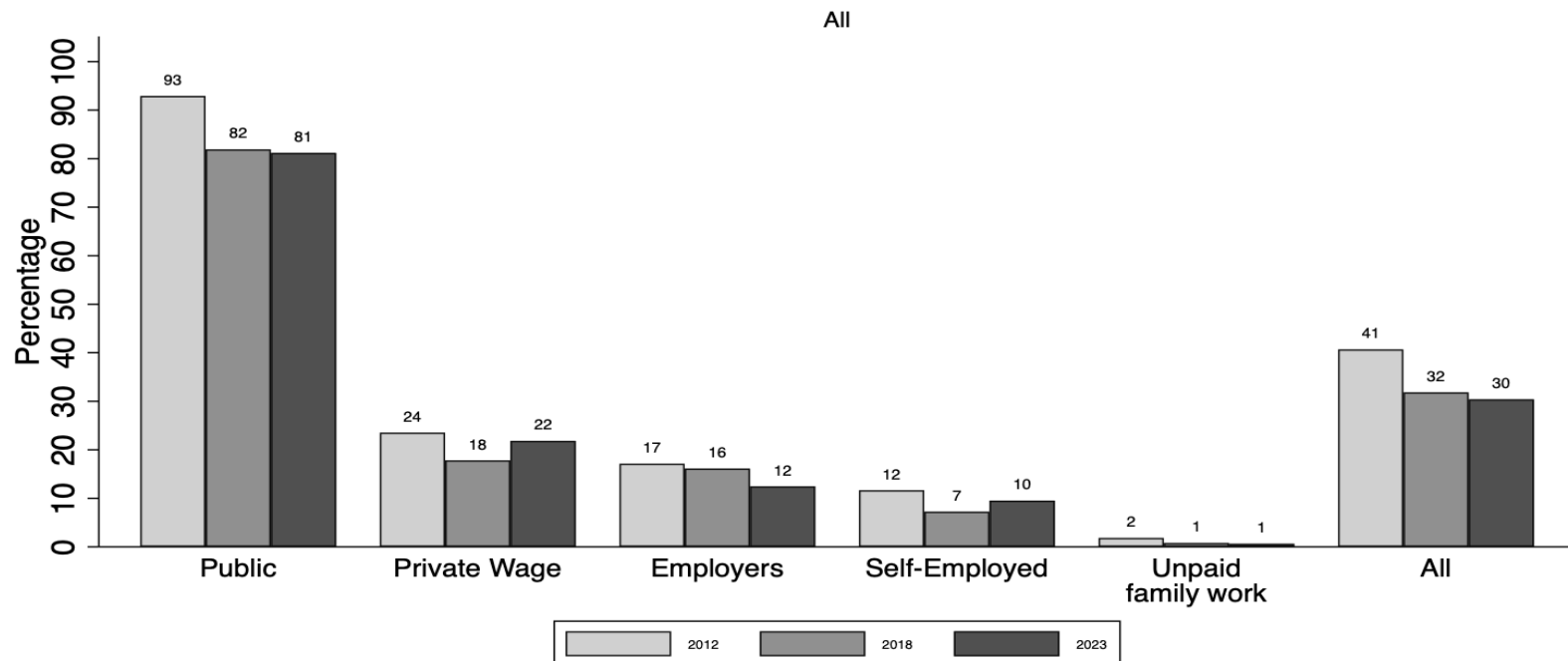
Percent in irregular job by type of employment



Social insurance coverage

- Coverage is still declining, but rate of decline is slowing, due to increased coverage among men in private wage work and in self-employment
- Decline in coverage continues among women
- Coverage is rising in small and medium establishments as their share of employment is also growing

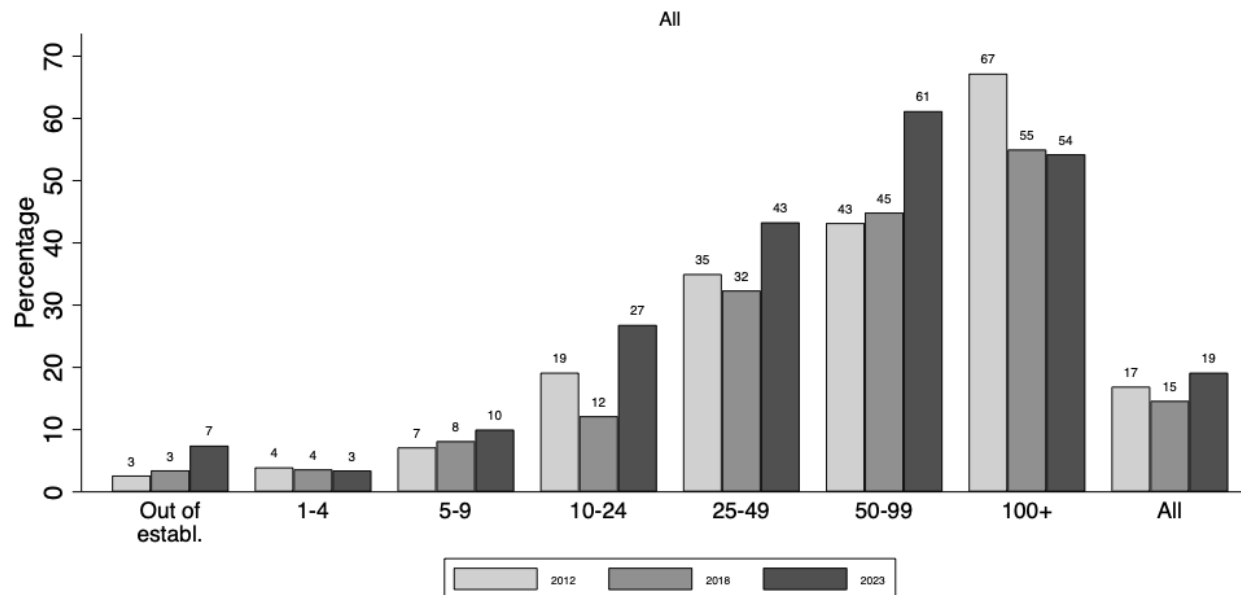
Percent covered by social insurance by type of employment



Employer-provided health insurance in private wage employment

- Percentage rising overall, but mostly because of increases among men, not among women
- Increase is due to compositional shifts toward small and medium establishments and increases among those categories

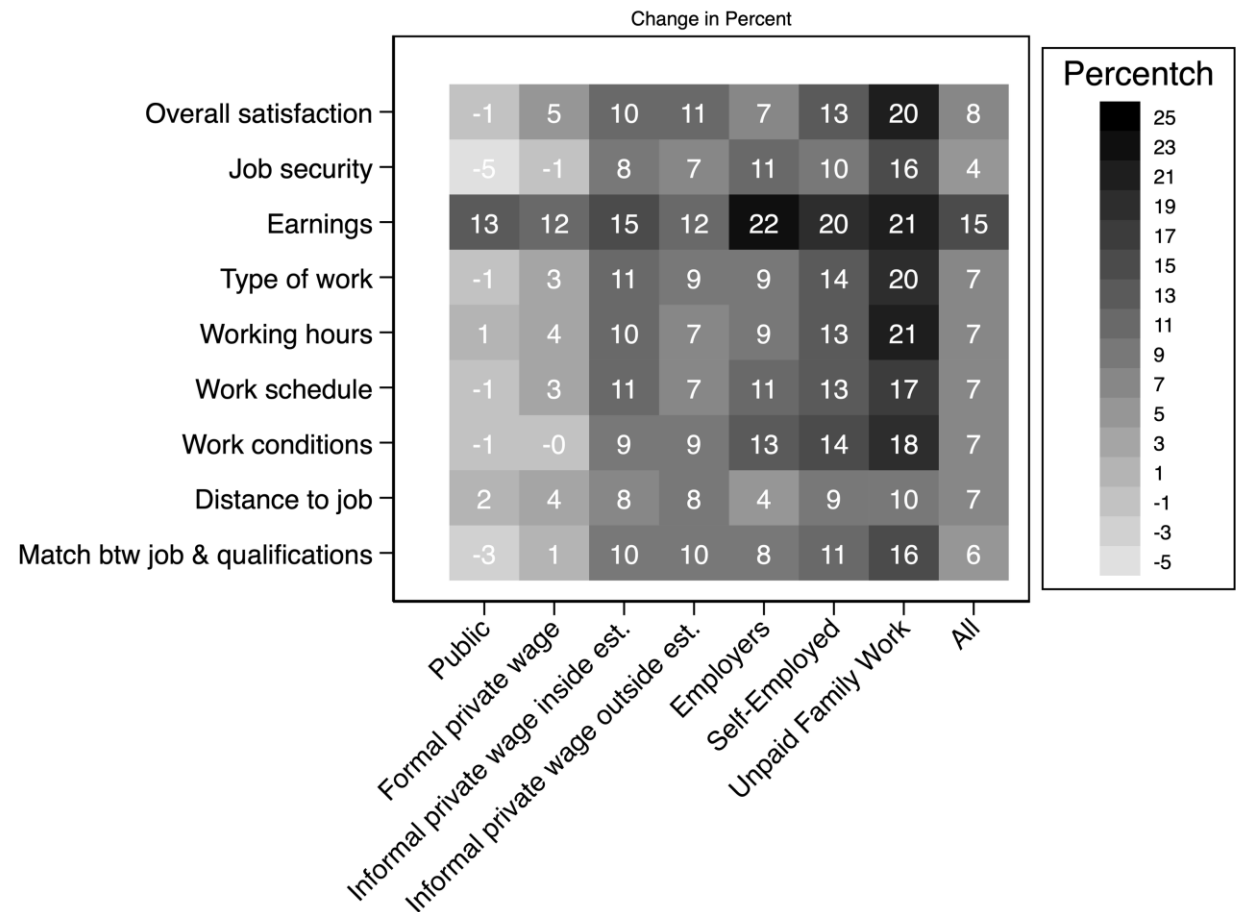
Rate of health insurance coverage in private wage employment by in/out and establishment size



Subjective job satisfaction

- 45% of workers stated that they are fully satisfied with their job in 2023
- Public sector workers tend to be the most satisfied, followed by employers
- More workers are satisfied with their jobs in 2023 than in 2018

Percentage point change in those saying they are fully satisfied with their jobs, 2018-2023



Conclusions

Many signs pointing to improving labor market conditions in Egypt

- Accelerating employment growth rates
- Formal private wage employment is growing faster than overall employment, although private wage employment as a whole is stagnant
- Decline in the most vulnerable and precarious forms of employment
- Growth of employment in the so-called "missing middle" of the economy
- Rapid growth of own account work – see paper on household enterprise
- Reduced time-related underemployment (but increase in excessive work hours)
- Improved job quality indicators (regularity, social insurance coverage, access to paid leaves, health insurance).
- Increased job satisfaction

Conclusions

But picture is not all positive

- Women didn't share in improving labor market,
 - They experienced negative employment growth overall, and in formal private wage employment
 - Suffered larger declines in public sector employment on which they are more dependent
 - Saw increases in irregularity, reduced social insurance coverage, and lower access to benefits
- Growth of formal private wage employment also appears limited to wealthier, more educated men