

The governorate of Qena is considered one of the most promising governorates for agricultural investments, especially in the field of non-traditional export crops such as medicinal and aromatic plants, in addition to producing high value varieties of vegetables and fruits.

Women's Participation in Paid Employment in Egypt is a Matter of Policy not Simply Ideology

Egypt Network for Integrated Development

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Introduction

It is fairly well established that rates of female participation in the labor force in Egypt are low and have been relatively flat over time. It is also well established that female participation rates are strongly associated with educational attainment and that they generally rise sharply at or above the secondary education level. However, despite rapidly rising educational attainment among women and the closing of the gender gap in education in recent years, participation rates have not increased as expected (Assaad and Krafft 2015a). The association between educational attainment and participation is in fact weakening in Egypt, and educated women are increasingly likely to remain outside the labor force. These trends are fairly and have been discussed at length elsewhere. The question that this policy brief addresses is why we are observing these seemingly contradictory trends. Is it because social norms about gender roles are becoming more conservative and restrictive or is it because of an adverse change in the opportunity structures facing women in the Egyptian economy? I will argue in this brief that the stagnant participation trend in spite of rising educational attainment is primarily due to the economic and policy environment and is therefore amenable to policy action.

The conventional argument for why participation rates in Egypt and elsewhere in the Arab world are so low claims that a "traditional gender paradigm" limits women's ability to participate in labor markets. The main tenets of this traditional gender paradigm are the primacy of women's familial roles in Arab culture, dominant gender norms that define the man as the breadwinner and the woman as the homemaker, and the social requirements imposed on women by the "code of modesty" (World Bank 2004). The conventional argument holds a kernel of truth, but is not the full story. First, this argument explains why participation rates are low, but not why they have been declining in recent years among educated women. Second, the argument is generally about a restriction in female labor supply. The very high and rising unemployment rates among educated young women (Assaad and Krafft 2015a) and the low wages women are able to garner in the private sector relative to men (Said 2015) belie the fact that the problem is simply one of restricted labor supply. I argue that women's participation is more constrained by the segmented nature of the labor market along gender lines and the lagging demand for labor in the segments that have traditionally been accessible to women.

It is true that the traditional gender paradigm plays a role in determining how and why the labor market is segmented by shaping social norms about the conditions under which it is appropriate for women to work, but this is a very different argument from one that suggests that gender norms

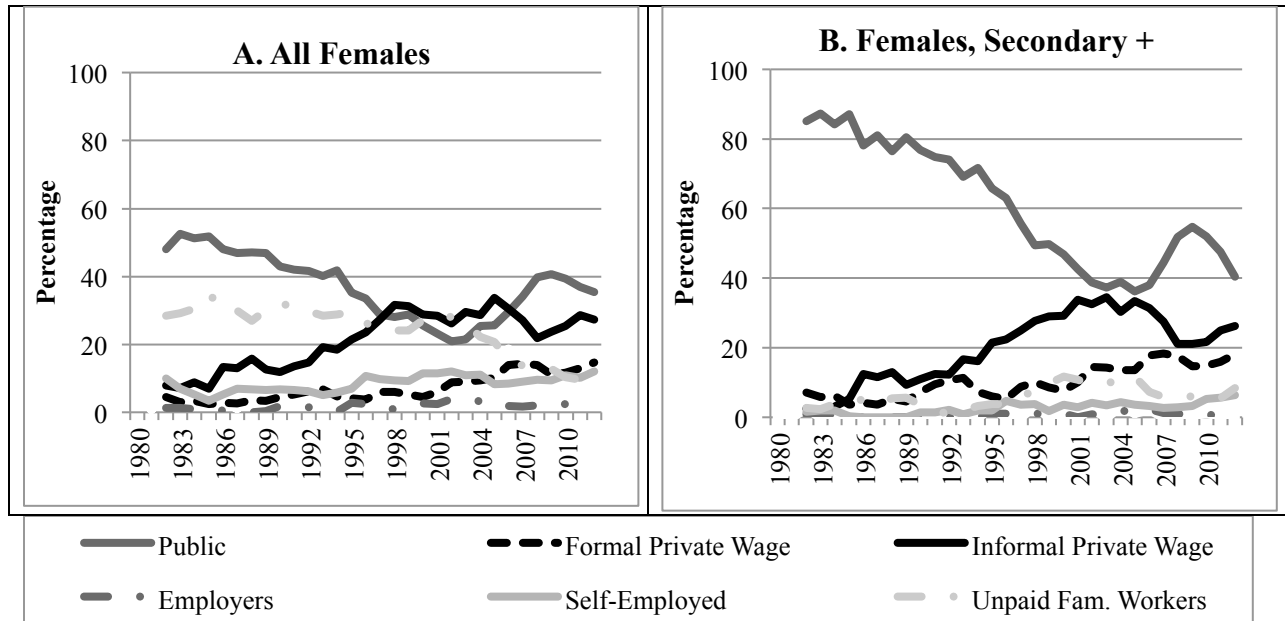
simply restrict female labor supply and has very different implications for policy action. Public policies can play an important role in promoting or curtailing women's employment by contributing to the growth or contraction of the labor market segments that are hospitable to women, by shaping working conditions and other conditions affecting access to work so as to make them more or less hospitable to women, and by affecting the segmentation barriers themselves. Indirect policy actions, which on the surface have no apparent connection to gender, often have unintended adverse effects on women's labor force participation. For instance, urban planning policies that incentivize the location of new industries in special economic zones located far away from populated areas in order to reduce urban congestion end up disadvantaging women who much are much less able than men to commute long distances to access jobs (Assaad and Arntz 2005). An understanding and recognition of these unintended consequences is essential for mitigating, if not altogether avoiding, the adverse effects of such policies.

A Changing Economic and Policy Environment Adversely Affects Women's Participation

The declining participation rates among educated women in Egypt have been directly attributed to the changing opportunity structure facing women in the labor market. The changing opportunity structure is due to a decline in employment opportunities in the public sector¹, which has disproportionately affected educated female new entrants. Although nearly 50 percent of currently employed women in Egypt in 2012 were working in the public sector (compared to 20 percent of employed men), only 35 percent of employed female new entrants found jobs in that sector in the previous two years (See Figure 1, panel A). The proportion of female new entrants finding employment in the government had been as high as 55 percent in the early 1980s, declined steadily through the early 2000s and then recovered somewhat in the mid-2000s to reach 35 percent. The dependence of women with secondary education and higher on public sector employment was even more pronounced in the early 1980s (at over 80%), and declined disproportionately more in the two decades that followed (Figure 1, panel B).

¹ Public sector as used here refers to the central government, local government, public authorities, and state-owned enterprises.

Figure 1. Distribution of First Jobs by Type of Job and Year of First Employment for All Women and Women with Secondary Education and Above, 3-period moving average, 1980-2011 (Percentage)

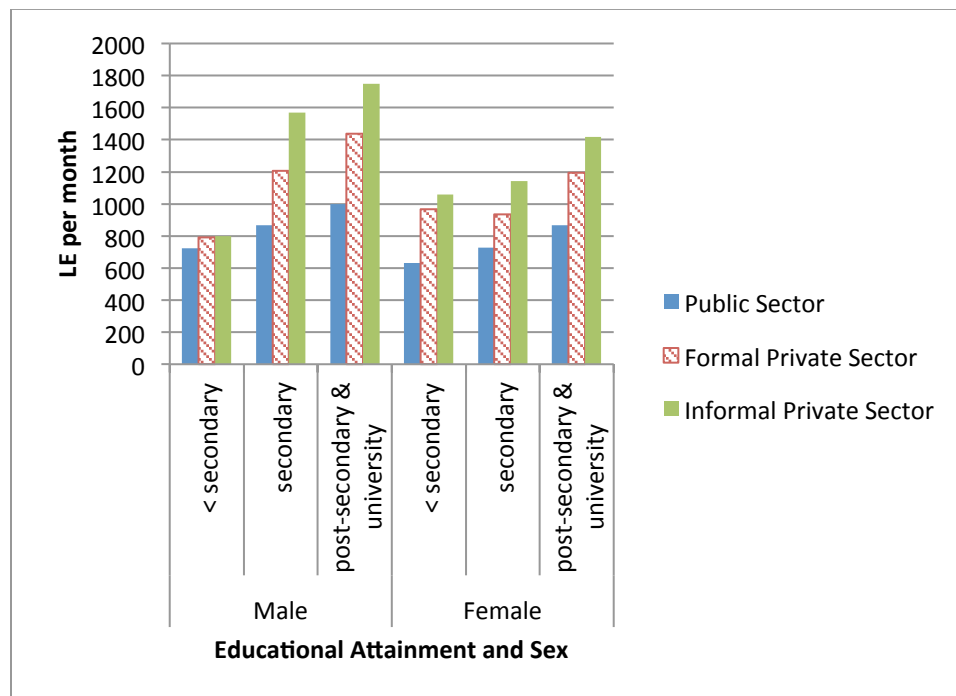


Source: Assaad and Krafft (2015b), based on data from ELMPS 2006 and 2012

It is also well-known that government has been fairly egalitarian in its treatment of male and female employees and job seekers, while the private sector strongly discriminates against women in both hiring and compensation (Said 2015, Assaad and El-Hamidi 2009). Whether this discrimination against women in the private sector is economically justifiable or not, it results in a very strong preference among women for government employment (Barsoum 2015). Such strong preferences are also driven by differences between the public and private sectors along other dimensions of employment that are very important to female job seekers. These conditions include length of the working day, access to paid vacation, sick leave and maternity leave, and exposure, or even a perception of exposure, to the risk of sexual harassment. Many, if not most, private sector jobs in Egypt do not meet women’s minimum acceptable threshold in terms of working conditions, a phenomenon that has been referred to as “reservation working conditions” (Dougherty 2014). These unacceptable jobs could involve work alongside male co-workers or bosses in a small workplace lacking other women, work outside in exposed situations, potentially risky interactions with customers of the opposite sex, long commutes to work that expose women to the risk of harassment or attack, a need to reside away from home for periods of time, or simply work in occupations deemed not suitable for women (Barsoum 2010, Assaad and Arntz 2005). The need to ensure acceptable working conditions limits women’s employment to a narrow number of labor market segments in the private sector, leading to over-crowding of women in these segments and downward pressure on wages, making even the socially acceptable jobs less desirable (Assaad and El-Hamidi 2009).

In the Egypt Labor Market Panel Survey of 2012, unemployed men and women were asked to state their minimum acceptable monthly pay, or their *reservation wage*, for different kinds of jobs. Figure 2 shows the mean reservation wages women and men of different education levels are willing to accept for a public sector job, a private formal job and a private informal job. The first thing to note from the figure, is that, with the exception of women with less than secondary education, women’s reservations wages are significantly lower than those of men, suggesting that restricted labor supply due to high reservation wages is not a likely explanation for women’s low employment rates. The second thing to note is that both unemployed men and women have a strong preference for public sector jobs, followed by formal private sector jobs as demonstrated by their willingness to accept lower wages in such jobs relative to private informal jobs. While the relative wage premium men and women demand in order to accept informal private jobs instead of public sector jobs appears to be about the same, women have a much harder time obtaining job offers in the private sector that meet their expectations because of substantial pay discrimination against women in the Egyptian private sector. Said (2015) reports that even after correcting for education and experience, women earn an average of 34 percent less per hour than men in the private sector, whereas the gender wage gap in the public sector is less than one percent. She also shows that while actual public sector wages are 6 percent lower than private sector wage for men of equivalent characteristics, they are 42 percent higher for women. It is no wonder that faced with such poor opportunities in the private sector, women prefer to either remain in the unemployment queue or simply drop out of the labor force altogether if they cannot find a public sector job.

Figure 2. Mean Minimum Acceptable Monthly Wages for Different Kinds of Jobs, as Reported by Currently Unemployment Individuals in 2012, by Educational Attainment and Sex (LE/month)

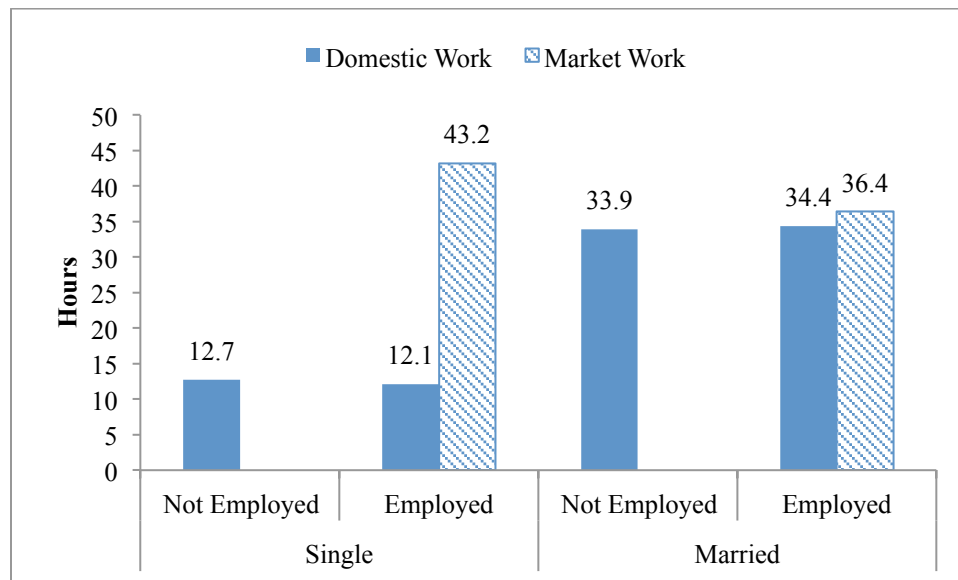


Source: Barsoum (2015) based on data from ELMPS 2012.

Marriage as a Watershed Event for Women’s Participation in Employment

Marriage adds an important dimension to the factor affecting women’s ability to participate in the labor market in Egypt. The value of women’s time at home rises significantly at marriage in line with the increase in their domestic responsibilities. As shown in Figure 3, the number of hours of domestic and care work is almost three times higher for young married women than it is for their single counterparts, and, interestingly, it does not differ much across employed and not employed women, after accounting for their marital status. This suggests that women’s domestic work burden is given *a priori* based on their marital status and that paid employment must simply accommodate this reality.

Figure 3. Hours of Domestic and Market Work per week by Employment and Marital Status, Women Ages 18-34, Egypt, 2012.



Source: ELMPS 2012.

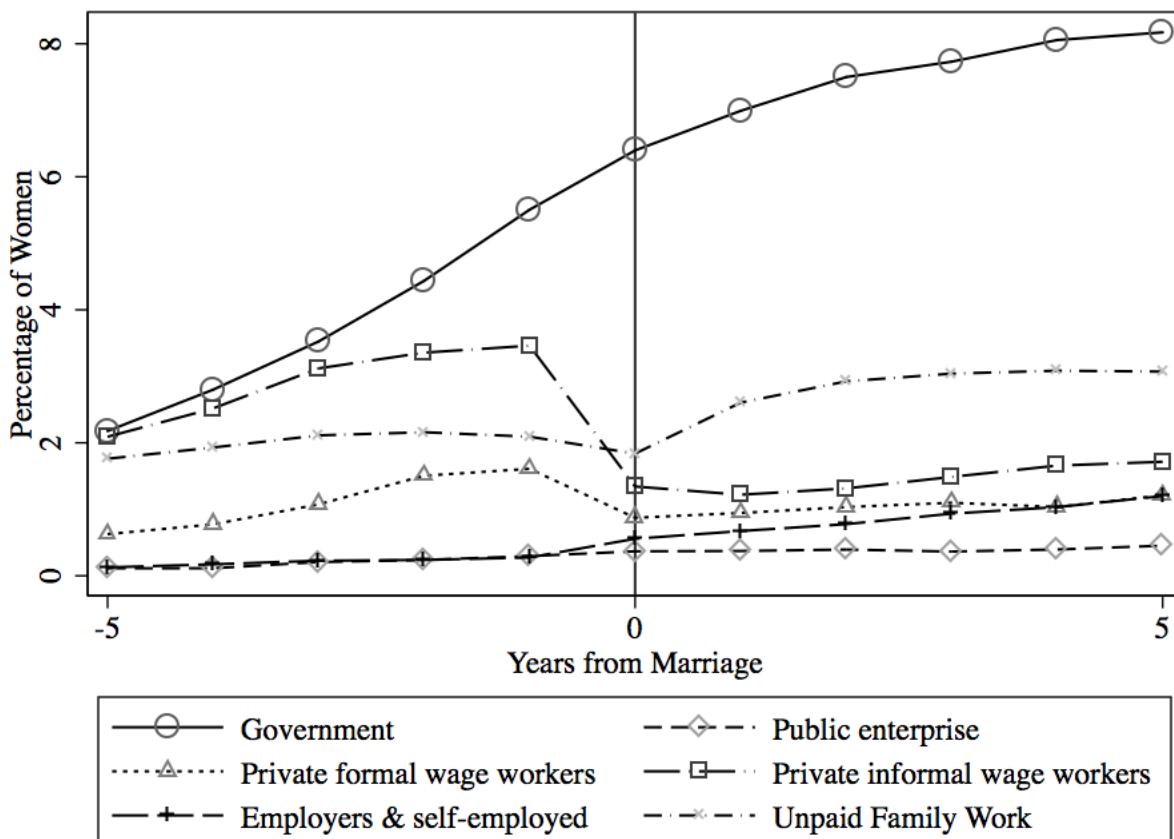
While unmarried women may resist accepting jobs in the private sector because of issues such as the real and perceived risk of sexual harassment and its potential effect on their marriage prospects, many will consider undertaking such jobs as a temporary strategy to earn money and possibly save some for marriage (Amin and El-Basusi 2004, Barsoum 2010). In order to be able to work in the private sector, unmarried women need relatively large workplaces with many other women around who can offer protection from unwanted male attention. The predominant job in the Egyptian private sector is in a microenterprise, which does not offer such a workplace environment.

At marriage, most women working in private sector jobs will leave them (Figure 4) because of their inability to reconcile the long working days and poor conditions of employment in these jobs with their domestic responsibilities after marriage. This is in stark contrast with women working in the public sector, who almost invariably continue working after marriage. There is also evidence that women’s participation in non-wage employment, such as self-employment or unpaid family labor,

increases after marriage because such employment is deemed much more reconcilable with women's domestic responsibilities.

The obstacles standing in the way of increased women's participation in employment are therefore quite different for married and unmarried women. Judging by their very high unemployment rates, educated unmarried women have a strong desire to work, but there are strict social constraints as to what sort of employment they can accept. Social norms define what sorts of occupations it is acceptable for women to engage in. Young unmarried women now have a substantial amount of time after finishing school and before getting married during which they would like to work, but there is little acceptable work available for them, thwarting their ambitions.

Figure 3. Percent of Women in Different Types of Employment from Five Years Prior to Marriage to Five Years After Marriage for Women Married Between 1992 and 2012, Egypt.



Source: Hendy 2015, based on Data from ELMPS 2012.

Although married women's employment in Egypt tends to be more constrained by conflicting demands on their time, long-term demographic and economic trends, like elsewhere in the world, are actually acting to reduce women's domestic burdens and are therefore favoring increased female labor supply. The Total Fertility Rate has fallen from 5.3 children per woman in 1980 to 3.0 children in 2008. Admittedly, it increased again to 3.5 in 2012, but this is arguably due to reduced employment opportunities for women (Krafft and Assaad 2014). Besides having smaller families to

care for, Egyptian women have better access to services such as water and sanitation, to time-saving technologies in the home such as modern stoves, refrigerators, and washing machines. These long-term trends have likely contributed to a reduced domestic burden for married women and a potential for increase in their market labor supply. However, the institutional features of the Egyptian labor market, which results in an unwillingness on the part of private sector employers to accommodate the double burden of Egyptian women.

The Unintended Consequences of Apparently Gender-Neutral Policies

A number of major, but apparently gender neutral policies have substantial unintended negative consequences for women's economic participation. The most obvious such policy is one I discussed previously, the policy to curtail public sector hiring and rely on the private sector to be the main driver of employment creation in the economy. While I do not question the necessity of this policy given the fiscal and economic unsustainability of the previous approach, I highlight its disproportionate impact on educated women, who had come to rely almost exclusively on the public sector for employment (see Figure 1). With the curtailment of public sector employment over the past three decades, many female new entrants have been forced to accept the only other readily available alternative, namely informal private employment, but many more have remained unemployed long periods of time or simply dropped out of the labor force.

A second set of policies with adverse consequences for women is the failure to neutralize the overvaluation of the exchange rate that results from the inflow of oil, remittance, and foreign aid. Such an overvaluation results in what is typically referred to as the "Dutch disease," a situation where sectors producing traded goods, such as agriculture and manufacturing contract, and ones specializing in non-tradables, like construction and transportation, expand. Because most women who do not work in the public sector have been traditionally concentrated in the traded goods sector, they tend to be disproportionately affected by the Dutch disease (Ross 2008).

A third policy that adversely affects women's economic participation that I briefly mentioned above is providing incentives for industries to locate outside major populated areas in new "industrial" cities, with the objective of reducing congestion and urban concentration. Because these policies generally failed to get people to move their places of residence to these new cities, they resulted in a substantial increase in commuting long distances in order to access the jobs that were either being created or relocated to these cities. Assaad and Arntz (2005) demonstrate the increased need for commuting among men from 1998 to 2006 and the inability of women to increase their commuting to the same extent. The end result was a reduced ability for women to access these emerging employment opportunities.

If policymakers care about increasing women's ability to participate in paid employment, they must be aware of the unintended consequences of seemingly gender-neutral policies. This does not necessarily mean that such policies should not be pursued, but that policymakers should be cognizant of their adverse consequences and take steps to mitigate them, like for instance providing safe and reliable public transport for women in the case of urban de-concentration policies.

Policies to Enhance Women's Participation in Paid Employment

A necessary condition for increasing women's participation in paid employment is to increase overall demand for labor in general, and in segments of the labor market that have traditionally been hospitable to women, in particular. I focus here on policies that specifically affect demand for women's labor. First, women tend to be concentrated in specific industries, which include food processing, textiles and garments, electronic assembly, education and health care (Assaad and El-Hamidi 2009). There is also a great deal of evidence that the export-oriented manufacturing sector tends to be more female intensive (Ozler 2000, Başlevant and Onaran (2004) Fakih and Ghazalian 2013). Policies that can enhance labor demand in these sectors include maintaining a stable real exchange rate that is not over-valued, reducing transaction and red-tape costs for exporters, and promoting new markets for Egyptian exports, including attempts to integrate Egyptian industries into global supply chains.

Second, women wage workers in the Egyptian private sector tend to be disproportionately found in medium and large enterprises rather than in microenterprises. While 47 percent of male wage workers in the Egyptian private sector were in enterprises of fewer than 5 workers, only 27 percent of female workers were (ELMPS 2012). Similarly, while less than one third of male workers work in enterprises of 10 workers and larger, nearly 56 percent of female private wage workers do. This suggests that policies that limit the growth of enterprises will also limit opportunities for women.

There is a great deal of evidence that deficiencies in the business environment in Egypt have limited the expansion of small and microenterprises and have created what has become known as the "missing middle". These barriers include the arbitrary enforcement of laws and regulations, insufficient market information, and a lack of finance (Loewe et al., 2013). For example, despite programs designed to finance small enterprises, just 3% of micro and small household enterprises in Egypt had start-up support from public funds, banks, or NGOs (Rashed & Sieverding, 2015).

Enhancing labor demand in segments of the economy that disproportionately employ women will not in itself be sufficient to increase women's participation in employment. It is also necessary to promote an environment in which women can feel safe in the public sphere and in the workplace. This clearly includes efforts to reduce widespread sexual harassment and maltreatment of women, both at the workplace and on the way to work. This will not only the promulgation of stricter laws against harassment, but also taking practical measures to give women both legal and practical recourse to avail themselves of these law, and more vigorous enforcement of existing laws (World Bank, 2013).

An additional option to enhance women's safety and security is to provide women with the option of working in women-only workplace and traveling in women-only means of transportation. Cairo's women-only Metro cars are one example of such spaces that address the need for women's reputational and personal safety in a problematic environment. Extending this model to other forms of transport, such as private buses and minibuses, as well as incentivizing employers to provide transport for their workers could be effective (Assaad & Arntz, 2005). The women-only concept could be extended to gender-segregated workplaces, such as women-owned (and operated) enterprises.

Policies must also strive to reduce private employers' disincentives to hire women. Despite women's significantly lower wages in the private sector, employers are reluctant to hire them for a variety of reasons. First, given the general tendency for women to leave employment in the private sector at marriage, employers are often reluctant to hire them at all in jobs that require costly on-the-job training and involve some sort of skill accumulation. Second, employers are generally unwilling to assume some of the costs of women's reproductive roles either by providing paid maternity leave or by having to comply with legal mandates on the provision of child care services. One way to reduce the burden of gender-specific mandates on employers is to socialize the cost of maternity and the provision of child care and thus spread all to all employers and workers. This can be done by including maternity leave payments as part of the package of benefits that workers receive through the social insurance fund, with the costs covered by contributions from all the workers and employers in the system. Jordan introduced such reforms to its social insurance laws in 2010 (Brodmann, Jillson & Hassan 2014).

In addition to their reluctance to hire women, private employers in Egypt also appear to be unwilling to take the necessary steps to make the work environment more hospitable to women. One of the most important barriers women face in the private sector, besides the risk of being exposed to sexual harassment, is the length of the working day. The average working day for wage workers in the Egyptian private sector is just over 9 hours per day, which compares to an average of 7.5 hours per day in the government sector, where most women employed for pay tend to be concentrated (ELMPS 2012).² These long working days are clearly a major barrier to employment for women, not only because they conflict with the household responsibilities of married women, but also because they often involve they need to travel after, which is a major barrier for young unmarried women. It is not clear why Egyptian employers are reluctant to organize the work in such a way as to allow for more part-time work, job sharing and other flexible work arrangements that would allow women to have shorter working days. It may have to do with the fact that salaries in Egypt are typically denominated on a daily, weekly or monthly basis but not on an hourly basis. It could be that there are some fixed administrative and supervision costs associated with hiring that discourage employers to break jobs up into smaller pieces. Policies measures to incentivize employers to provide shorter work days could involve discounts on the social insurance contributions on behalf of part-time workers and an hourly minimum wage instead of the monthly minimum wage currently in Egyptian legislation.

Conclusion

I argued in this brief that the relatively stagnant trend in women's participation on paid employment in Egypt despite substantial increases in women's educational attainment has more to do with adverse changes in women's opportunity structures rather than increasingly conservative gender norms. This is not to say that gender norms do not matter. They do, but they matter in specific ways. For instance, the code of modesty places a high premium on women's sexual and reputational safety, so that any employment situation that threatens this safety is going to be

² Because women tend to select into jobs with shorter hours, the ELMPS 2012 shows that the average working day for female workers is somewhat shorter at 8.9 hours in the private sector and 7 hours in the government sector.

deemed socially unacceptable. Gender norms about the household division of labor are such that women, especially married women, must currently assume the full burden of household reproduction. Employment situations that are incompatible with women's household responsibilities because of long hours or substantial commuting needs will likely be avoided as well. If the political will exists, public policies can lower the barriers women face in the labor market, first, by being cognizant of the negative consequences on women of seemingly gender-neutral policy measures, second by promoting a safe and secure environment for women in the workplace and the public sphere, and, third, by reducing costs to employers of hiring women and incentivizing them to provide jobs that better accommodate the time constraints of female workers.

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