

# **Education and labor market entry in Middle East and Northern African countries: Chances and constraints in times of increasing uncertainty**

Stefanie Heyne and Michael Gebel, University of Mannheim

**Proposal for a paper presentation at 7th IZA/World Bank Conference: Employment and Development, November 5-6, 2012, New Delhi, India**

*Contact:*

Stefanie Heyne

University of Mannheim

Mannheim Centre of European Social Research (MZES)

D-68131 Mannheim, Germany

Tel: +49-621-181-2816

Fax: +49-621-181-2803

Email: [stefanie.heyne@mzes.uni-mannheim.de](mailto:stefanie.heyne@mzes.uni-mannheim.de)

## **Detailed abstract:**

Youths' protests against high levels of youth unemployment and precarious employment have been the starting signal and a supporting pillar of the recent "Arab spring" revolutions in Muslim Middle Eastern and Northern African (MENA) countries. It is often argued that the situation of youths has dramatically deteriorated during the last decades in MENA countries because they suffered from several social changes (see, among others, Dhillon and Yousef 2009; Kabbani and Kothari 2005; Salehi-Isfahani and Dhillon 2008). First, while youths profited from guaranteed employment schemes in the public sector during the 1970s, when even non-oil-countries like Egypt and Jordan benefited through remittances of migrant laborers, trade, capital flows, and bilateral aid from oil-rich countries, vacancies in the public sector have become scarce starting at the end of the 1980s. High public debts and periods of economic crises due to oil price drops and inefficient state-led (socialist) production regimes forced governments to liberalization and privatization reforms. Second, next to economic shocks political crises in the Middle East such as the Gulf wars and the Palestinian intifadas had also a profound impact on neighbouring countries such as Egypt and Jordan and further

contributed to increased uncertainty. Third, demographic pressures such as growing youth cohort sizes and migration flows as well as educational expansion and increasing female labour force participation have led to strong labour supply pressures on youth labour markets.

In view of these dramatic economic, social and political changes the central research question arise, what impact this social transformation has had on young people in their transition from school to work in MENA countries. Do we observe increasing problems of finding a job and increasing shares of precarious entry positions during the last decades for all groups of young people? Or can we identify groups of young people as “winners” and “losers” in relative terms, i.e. how are the risks distributed across social groups?

While there are studies on the impact of social transformation on youth labor market chances for European and other developed countries (see, among others, Blossfeld et al. 2008; Kogan, Noelke and Gebel 2011; Müller and Gangl 2003; Shavit and Müller 1998), there is virtually no research that addresses the consequences of transformation for the youth labor market integration dynamics in MENA countries. Our study intends to fill this research gap by analyzing trends in school-to-work transition in Egypt and Jordan during the period 1970–2010.

Previous research has highlighted the central role of education resources as a precondition for a successful integration of youths into the labor market and for getting access to privileged positions in developed countries (Shavit and Müller 1998). Particularly, well-organized vocational education systems and expanded higher education systems have been identified as central institutions of successful youth labor market integration. However, the positive relationship between education and labor market integration chances is questioned for MENA countries. Specifically, it is argued that education systems in MENA countries do not prepare youths well for the labor market because of low teaching quality, inefficient education spending, overcrowding of schools, poor/non-existing vocational training and missing links to employers (Angel-Urdinola and Semlali 2010; Dhillon and Yousef 2009; Salehi-Isfahani and Dhillon 2008). Furthermore, the ongoing education expansion has provoked the question whether the transforming MENA economies were able to provide enough high-skilled job positions (Huitfeldt and Kabbani 2007). Because we find higher unemployment rates for the high educated youth in all MENA countries, the question arises if education pays off in these countries and how the role of education for successful labor market entry has changed. Previous research showed that longer search duration of high educated youth can result in better job quality for men and search duration is not prolonged for younger generations (e.g.

Assaad, Binzel and Gadallah 2010; Egel and Salehi-Isfahani 2010). The question arises if the role of education for successful labour market entry has changed.

Further, compared to their male highly-educated counterparts, highly educated women may be additionally disadvantaged compared. While levels of education attainment converged between young women and young men even in Muslim MENA countries over time, there are still many hurdles to women's employment due to hiring restrictions, restrictions on women's mobility, lacking family support, and clear attitudes towards the role of women as caretakers and not as career women (see, for example, Moghadam 2003; Spierings, Smits and Verloo 2010). Combined with the downsizing of public sector jobs in the process of economic transformation it remains unclear whether high-educated young women can make proper use of their education resources by getting access to privileged public sector jobs.

Against this background we will empirically test which role education resources play for young men and young women's labor market chances in MENA countries and whether returns to education have changed during the periods of profound economic, social and political changes. While most previous studies on youth's labor market chances in Muslim MENA countries followed descriptive, qualitative or macro-level analytical approaches we will make use of new representative individual-level panel data. Specifically we will draw on the „Egyptian Labor Market Panel Survey 2006“ (N=17364 persons) und “Jordanian Labor Market Panel Survey 2010” (N=25969 persons) that provide unique individual-level retrospective data on socio-demographic background, educational attainment and patterns of labor market entry for nationally representative samples of Egyptians and Jordanians. Detailed retrospective data allow us to analyze the individual-level, dynamic school-to-work transition process for different cohorts who entered the labor market in Jordan during the period 1970–2010 and in Egypt during the period 1970–2006.

In order to get a broad overview about the effects of education at labor market entry, we investigate the effect of education on two important indicators of a smooth school-to-work transition: the time until finding a first significant job and the quality of the first significant job. By analyzing both the timing and the quality of the first significant job, we can assess whether there are trade-offs or complementary between the pace of finding a job and its quality. The time elapsed until first significant employment is investigated with multivariate event history analysis techniques in order to take the dynamics after exiting education into account. While Western studies on school-to-work usually measure the quality of the first job obtained in terms of the occupational status or income, we distinguish between different kinds

of jobs that are more relevant in the setting of MENA countries. Specifically, using multinomial regression models, we contrast the chances of finding (1) a formal job in the public sector, (2) a formal job in the private sector, or, (3) an informal job in the private sector. We also expect interesting insights from our cross-country comparison between Egypt and Jordan. In general, comparing the school-to-work transition processes in two different societies allows us to identify common patterns and patterns that are mediated by the specific national context.

## References

- Angel-Urdinola, Diego, and Amina Semlali. 2010. "Labor markets and school-to-work transition in Egypt: Diagnostics, constraints, and policy framework" *MPRA Paper No. 27674*. Munich: University Library.
- Assaad, Ragui, Christine Binzel, and May Gadallah. 2010. "Transitions to employment and marriage among young men in Egypt" *Middle East Youth Initiative Working Paper*: Wolfensohn Center for Development at Brookings. Dubai School of Government.
- Blossfeld, Hans-Peter, Sandra Buchholz, Erzsébet Bukodi, and Karin Kurz. 2008. *Young workers, globalization, and the labor market*. Cheltenham: Edward Elgar.
- Dhillon, Navtej, and Tarik Yousef. 2009. *Generation in waiting. The unfulfilled promise of young people in the Middle East*. Washington, D. C.: Brookings Institution Press.
- Egel, Daniel, and Djavad Salehi-Isfahani. 2010. "Youth transitions to employment and marriage in Iran: Evidence from the school to work transition survey." *Middle East Development Journal* 2(1):89-120.
- Huitfeldt, Henrik, and Nader Kabbani. 2007. "Returns to education and the transition from school to work in Syria" *IFE Lecture and Working Paper Series No. 1, 2007*. American University of Beirut: Institute of Financial Economics.
- Kabbani, Nader, and Ekta Kothari. 2005. "Youth employment in the MENA region: A situational assessment" *Social Protection Discussion Paper No. 0534*. Washington, D.C.: The World Bank.
- Kogan, Irena, Clemens Noelke, and Michael Gebel. 2011. *Making the transition: education and labor market entry in Central- and Eastern Europe*. Stanford: Stanford University Press.
- Moghadam, Valentine M. 2003. *Modernizing women. Gender and social change in the Middle East*. Boulder, CO: Rienner.
- Müller, Walter, and Markus Gangl. 2003. *Transitions from education to work in Europe. The integration of youth into EU labour markets*. Oxford: Oxford University Press.
- Salehi-Isfahani, Djavad, and Navtej Dhillon. 2008. "Stalled youth transitions in the Middle East. A framework for policy reform" *Middle East Youth Initiative Working Paper*: Wolfensohn Center for Development at Brookings. Dubai School of Government.
- Shavit, Yossi, and Walter Müller. 1998. *From school to work. A comparative study of educational qualifications and occupational destinations*. Oxford: Clarendon Press.
- Spierings, Niels, Jeroen Smits, and Mieke Verloo. 2010. "Micro- and macrolevel determinants of women's employment in six Arab countries." *Journal of Marriage and Family* 72:1391-407.