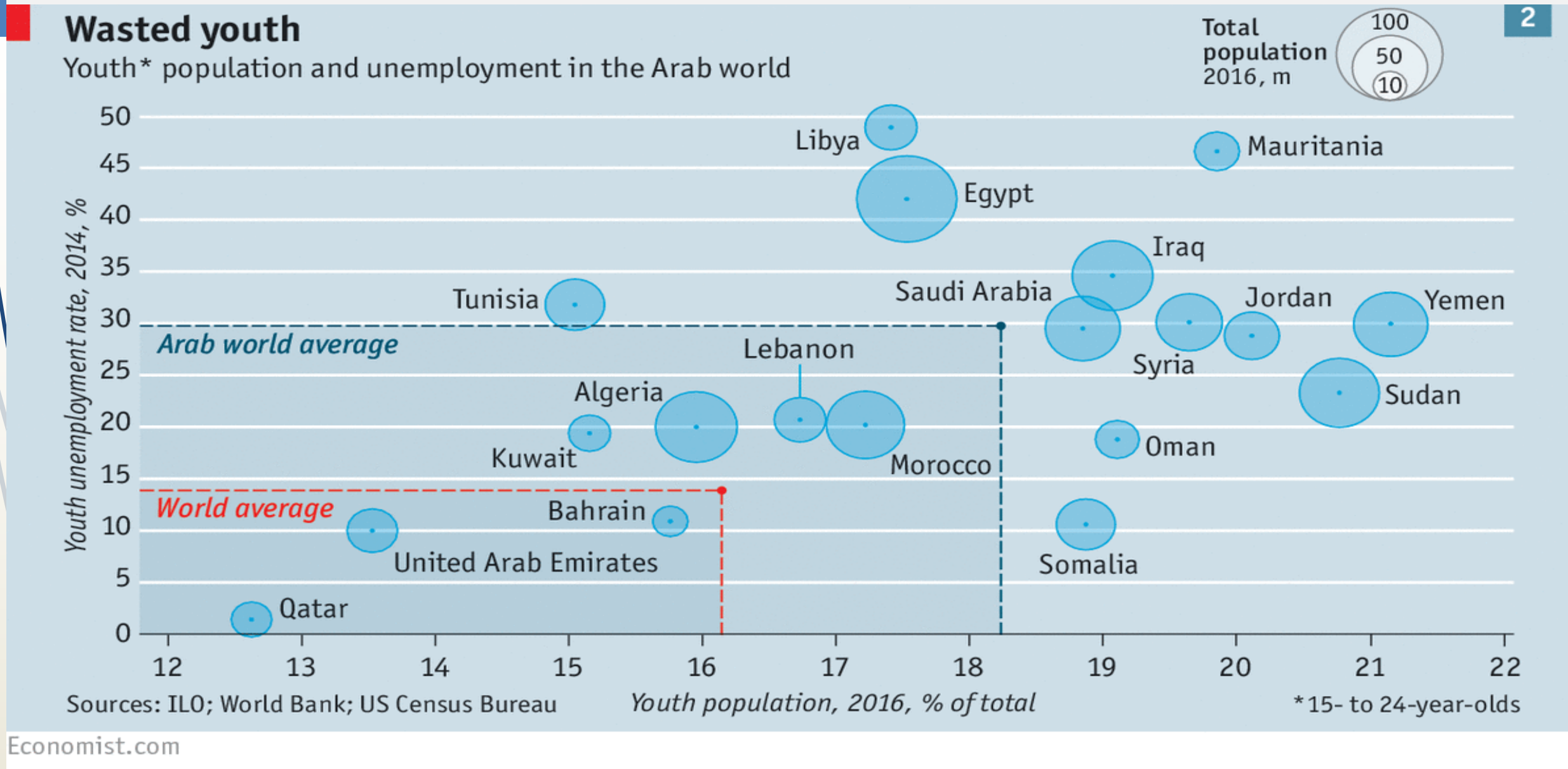
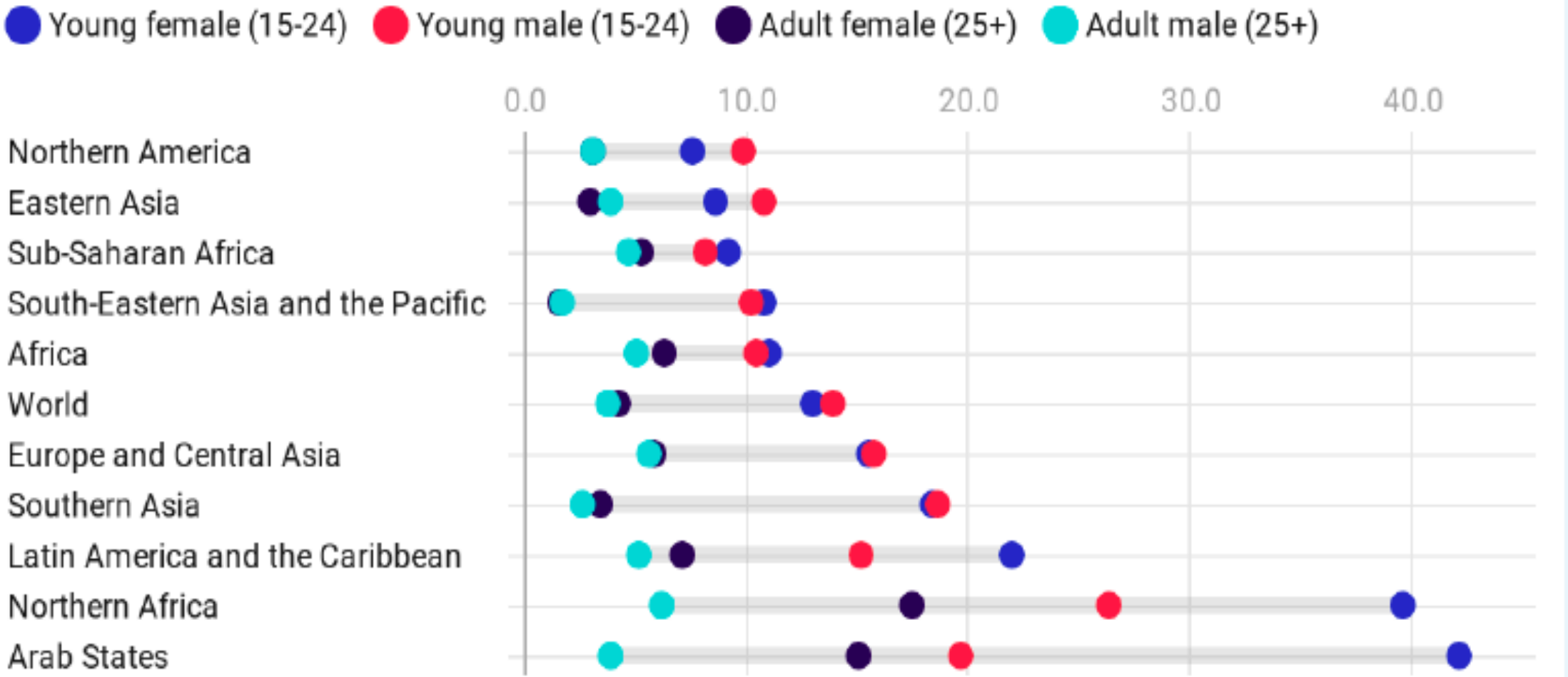
Vulnerable Employment Outcomes of Youth in Egypt, Jordan and Tunisia

By Shireen AlAzzawi and Vladimir Hlasny

"Faced with oppression and few opportunities, the region's youth is wasting away." (*Economist,* August 6, 2016)



Unemployment in 2019 by Age and Gender, ILO modelled estimates.



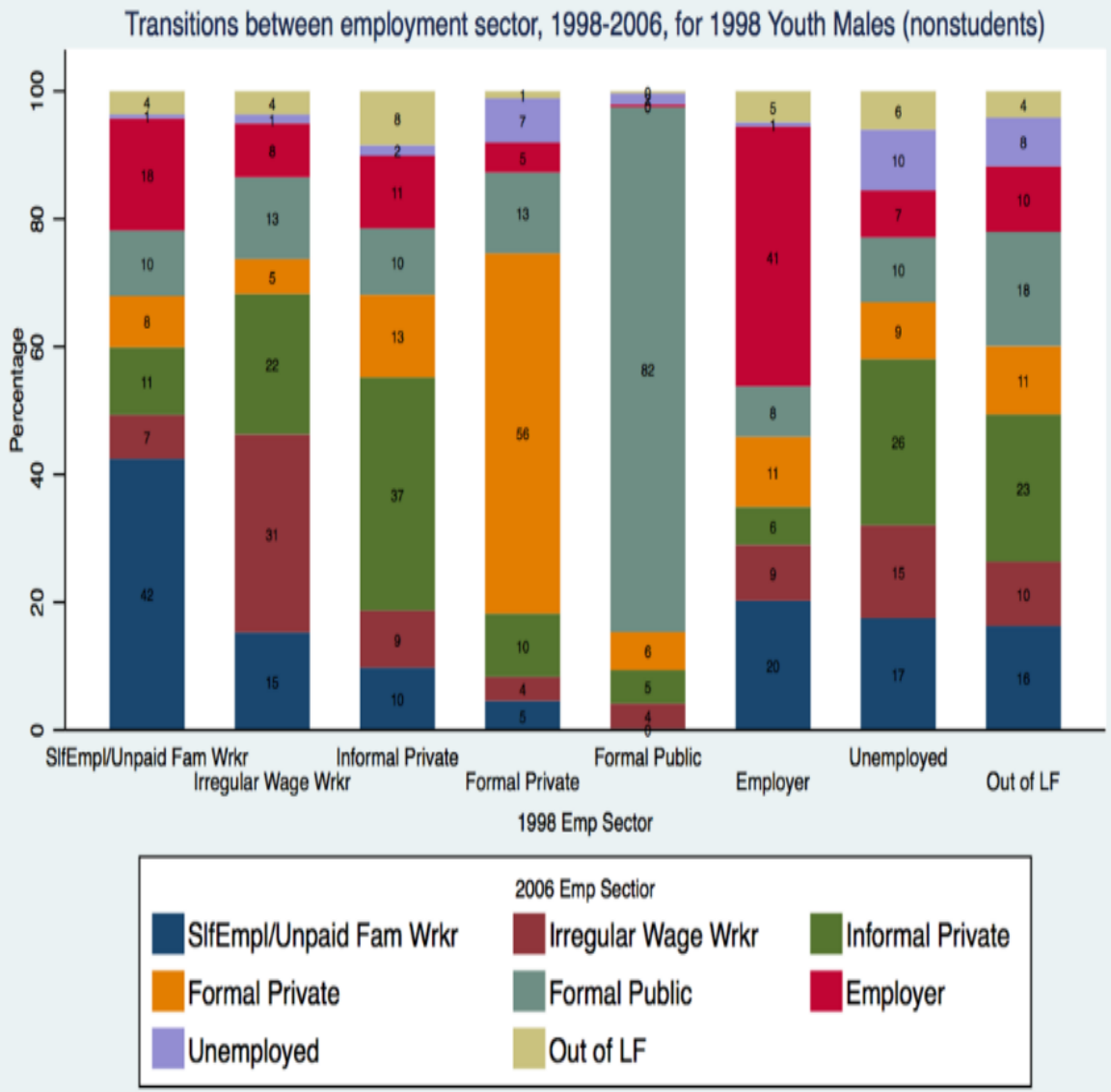
Unequal access to Decent Employment: key challenge facing MENA youth

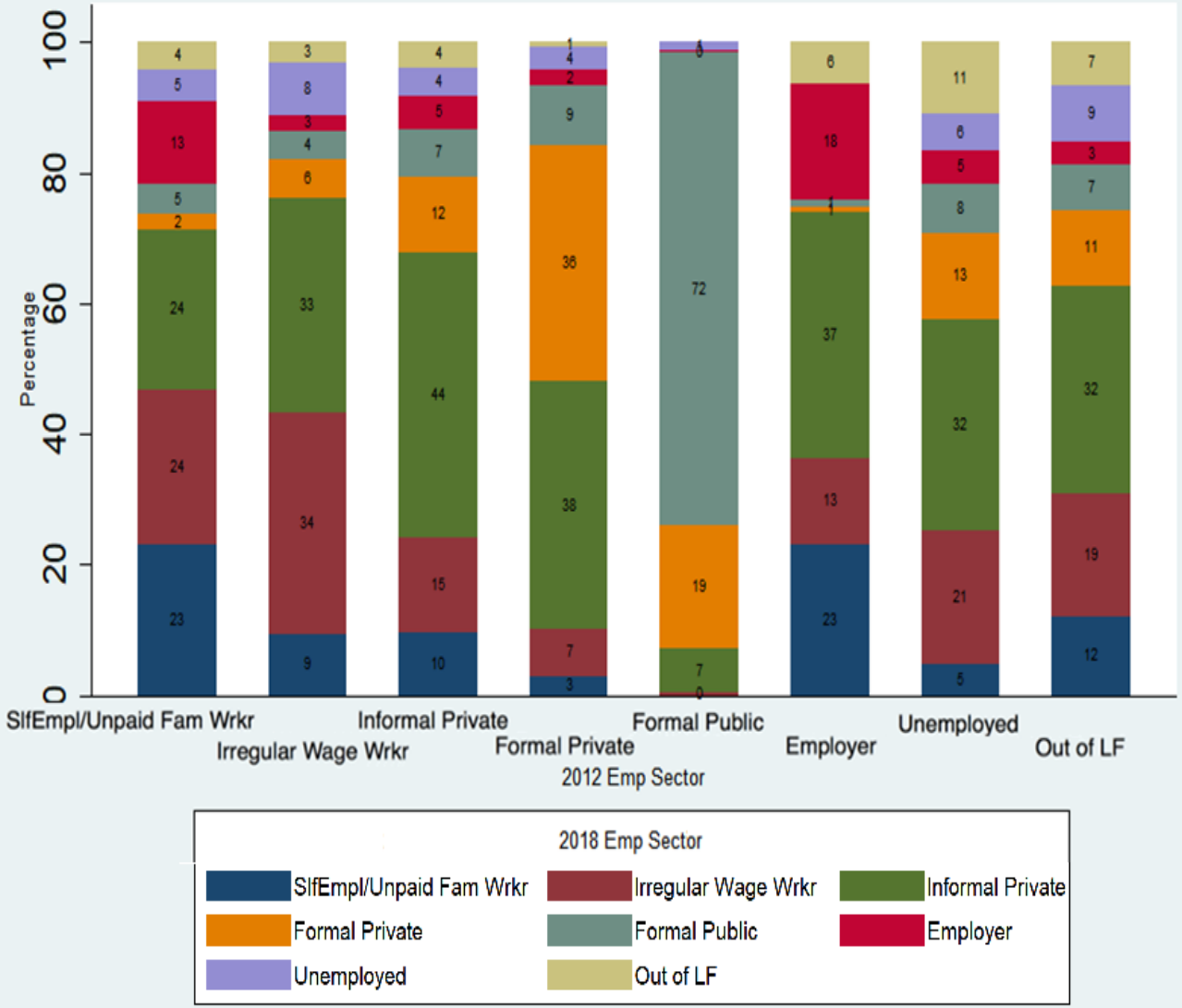
- Middle East and North Africa (MENA) region youth face notoriously precarious employment prospects.
- Youth unemployment rates are the highest in the world, at 29% for the region on average.
- Youth unemployment is as high as 40% for male youth and over 60% for female youth, in some countries in the region.
- Moreover, youth often accept employment in informal, unsafe and unstable jobs, underemployment, or are forced to migrate to find good jobs. Over 85% of youth in the region are in informal employment in 2020.
- MENA countries also have the highest regional proportion of youth Not in Education, Employment, or Training (NEET), in the World, at over 30%, with a large gender gap.
- Youth population (aged 15-29) is estimated at 110 million.

Vulnerable Employment

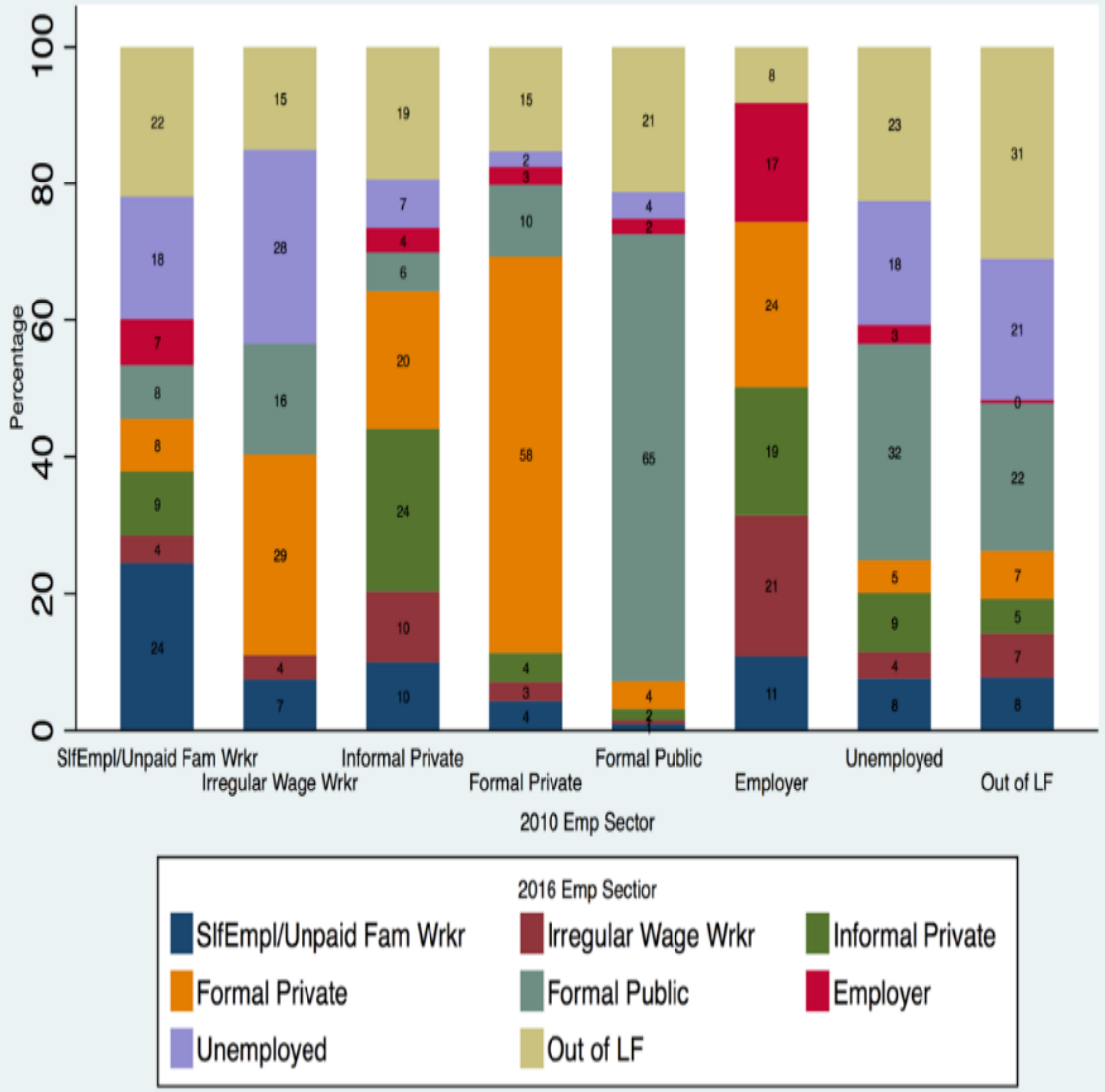
- We define vulnerable employment as the sum of
  1. unpaid family workers
  2. self-employed (without employing others)
  3. irregular wage workers
  4. informal private sector workers
- All these workers share undesirable job characteristics such as
  - lack of a contract: job security is almost completely nonexistent
  - absence of benefits such as health and social insurance, and paid leaves
  - low wages
  - high risk in terms of health and safety hazards
- Irregular Wage workers are particularly vulnerable in the MENA context.

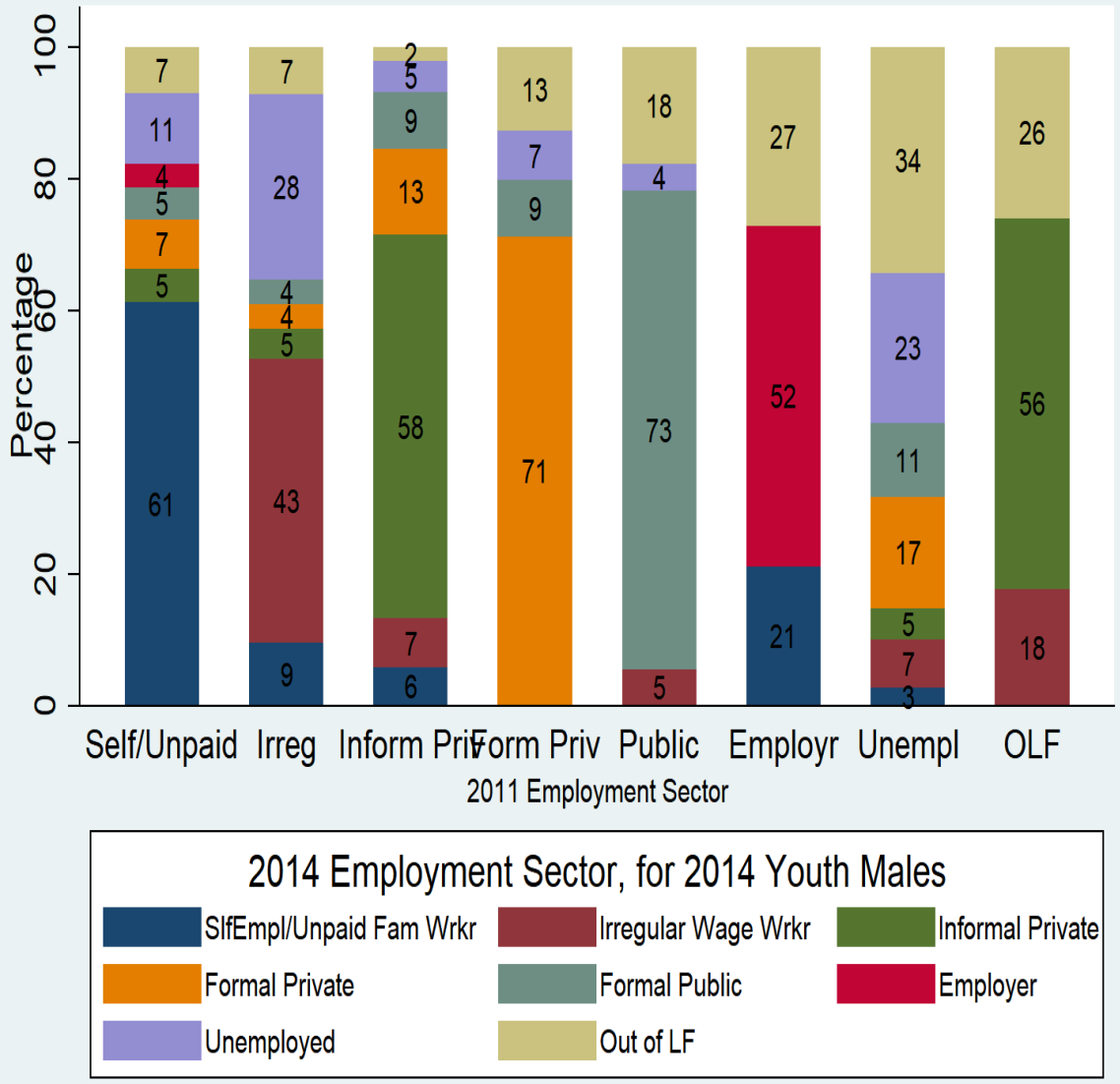
Employment-sector transitions Egypt 1998 to 2006, and 2012 to 2018, male non-student youth





Employment Transitions, Jordan (2010-2016) and Tunisia (2011 to 2014)



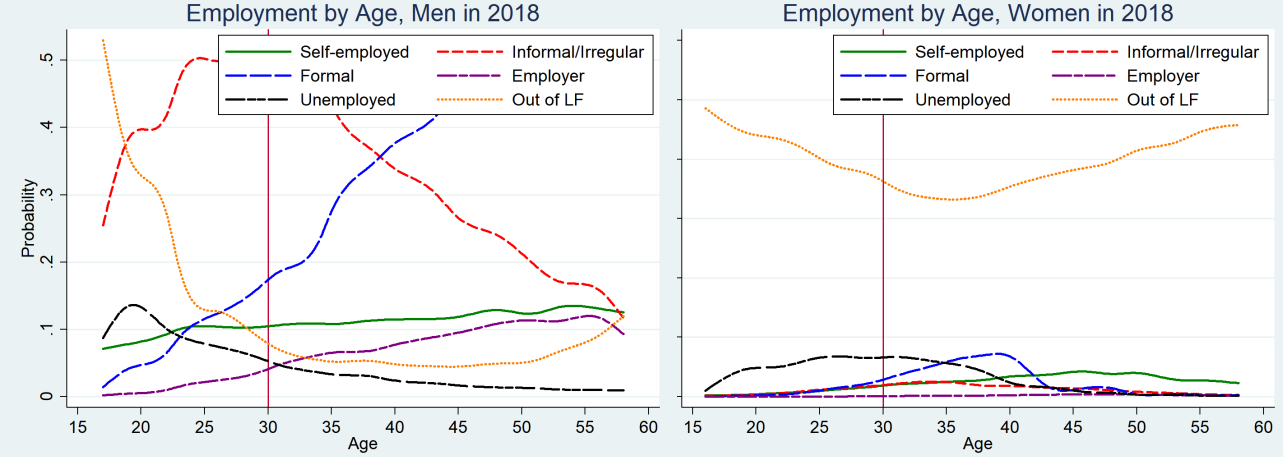


Employment by Age, Men in 2006
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Probability
Age

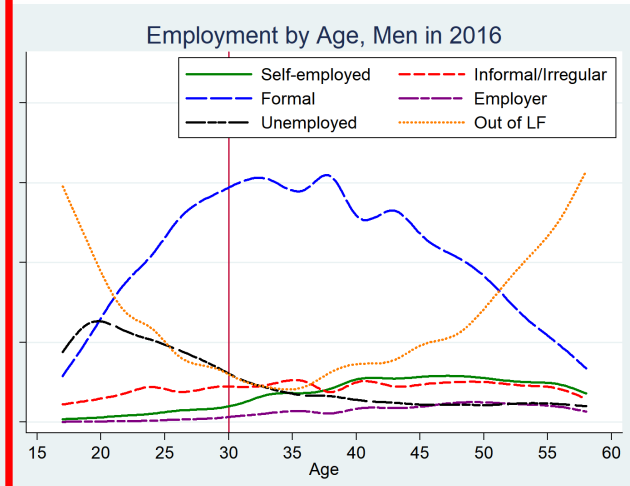
Employment by Age, Women in 2006
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age

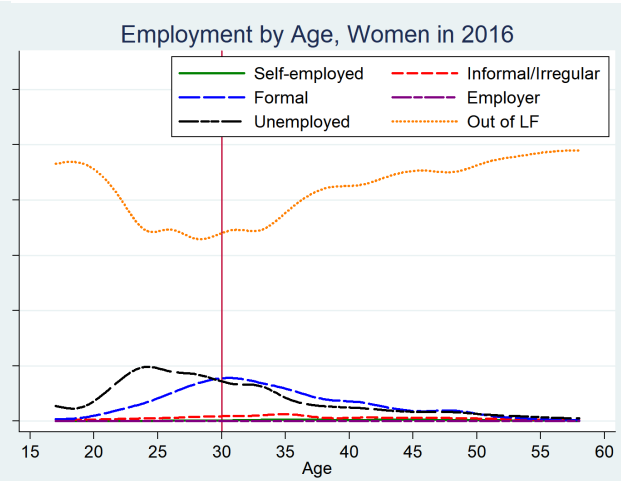
Employment by Age, Men in 2012
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Probability
Age

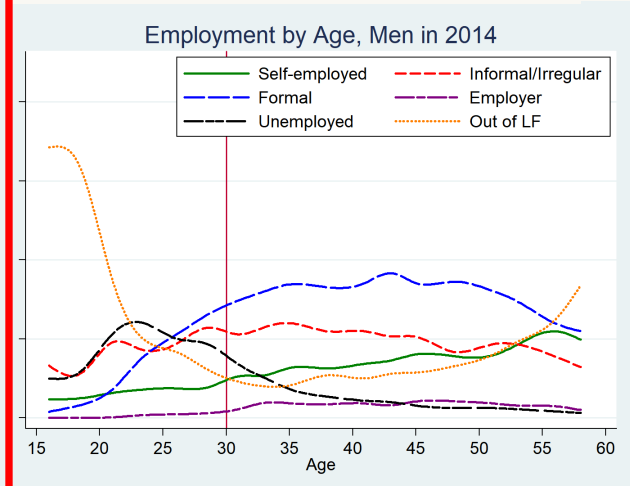
Employment by Age, Women in 2012
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age

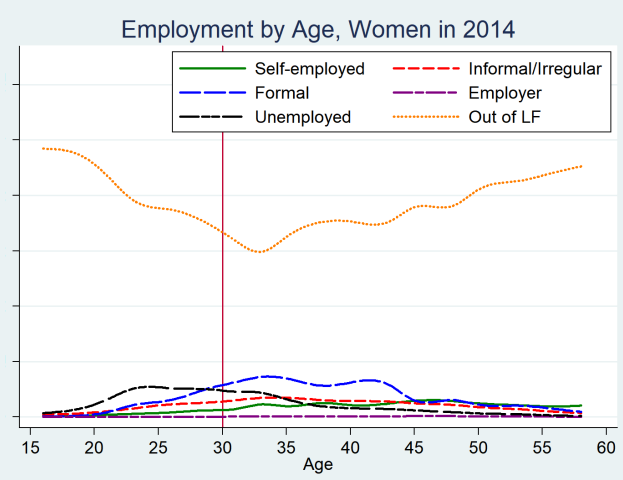

Employment by Age, Men in 2018
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Probability
Age

Employment by Age, Women in 2018
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age


Employment by Age, Men in 2016
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age


Employment by Age, Women in 2016
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age


Employment by Age, Men in 2014
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age


Employment by Age, Women in 2014
Self-employed
Informal/Irregular
Formal
Employer
Unemployed
Out of LF
Age

Regression Analysis: workers characteristics and employment outcomes most notable results

- Coefficient on "youth" confirms that ***youth in Egypt, Jordan and Tunisia have significantly lower probability of becoming employed in any type of employment compared to non-youth workers, particularly in formal employment or as employers.***
- ***Women have lower probability of joining the labor force, particularly in the private-sector.***
  - ***The gender gaps in the probability of employment are larger in Egypt than in Tunisia, and substantially larger than in Jordan.***
- ***Education has a consistently positive effect on the probability of higher-quality employment***, but ***employment-probability returns to education are lower for women in Egypt***
  - ***University graduates in all countries, both male and female, also have among the highest probability of staying unemployed*** (relative to being inactive).

Some notable results (cont.)

- In all countries, household ***wealth has a positive effect on workers' probability of becoming employers, and negative effect on the odds of attaining informal or irregular employment*** or being unemployed.
- ***Father's employment status has a strong effect*** on children's employment status, confirming strong ***intergenerational transmission of employment status***, since fathers' employment type has the greatest effect on the probability of the same employment type of their children.
- ***Workers in female-headed households***, have higher probability of joining the labor force, but ***lower odds of finding formal employment.***
- Across subnational regions, ***urban workers have significantly higher probability of being unemployed, working informally, being self-employed/unpaid or employing others***.
- Finally, ***time indicators show that workers' prospects of landing formal jobs fell, and those of remaining out of the labor force increased over time, pointing to deteriorating labor market conditions.***

Concluding Remarks

- Youth in Egypt, Jordan & Tunisia are severely disadvantaged compared to non youth in terms of employment outcomes with most youth ending up in vulnerable jobs such as being self-employed, an unpaid family worker, an irregular wage worker or in the informal private sector.
- Dynamic analysis confirmed that youth who start out in the labor market in a vulnerable job are unlikely to move to a better quality job over time. Family wealth and father's education were important determinants of employment outcomes and these associations persist even after a long period of work experience.
- Multinomial probability regressions confirmed that youth workers are less likely to attain decent employment than non-youth workers, particularly in formal employment, and that education, family status and gender are important determinants of employment outcomes.
- Results also point to deteriorating labor market conditions over time in all three countries.

Multinomial logit regressions of employment type on pooled data

	Egypt					Jordan				
	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed
Youth=1	-0.969***	-0.826***	-2.328***	-2.480***	-0.073	-1.811***	-0.761***	-1.166***	-2.523***	0.265***
	(0.053)	(0.046)	(0.045)	(0.080)	(0.061)	(0.124)	(0.086)	(0.052)	(0.209)	(0.073)
Age - min(age)	0.055***	0.059***	0.168***	0.118***	0.006	0.292***	0.255***	0.238***	0.245***	0.199***
	(0.005)	(0.005)	(0.005)	(0.006)	(0.007)	(0.022)	(0.019)	(0.011)	(0.030)	(0.019)
Age - min(age) squared	-0.001***	-0.002***	-0.003***	-0.002***	-0.001***	-0.011***	-0.011***	-0.011***	-0.009***	-0.010***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)
Female=1	-3.561***	-3.436***	-2.044***	-4.471***	-1.080***	-3.458***	-1.755***	-1.418***	-2.931***	-0.163
	(0.227)	(0.164)	(0.090)	(0.305)	(0.108)	(0.474)	(0.244)	(0.093)	(0.503)	(0.119)
Reads & writes	0.070	0.094	0.855***	-0.123	0.357	1.267***	1.132***	1.403***	1.579***	1.093***
	(0.156)	(0.142)	(0.164)	(0.161)	(0.258)	(0.249)	(0.178)	(0.167)	(0.434)	(0.220)
Less than intermediate	-0.810***	-0.875***	0.015	-1.183***	-1.107***	1.128***	1.124***	1.951***	1.482***	0.939***
	(0.097)	(0.084)	(0.106)	(0.105)	(0.192)	(0.250)	(0.174)	(0.156)	(0.428)	(0.213)
Intermediate	0.005	0.185**	1.521***	-0.453***	0.850***	0.412	0.459**	1.802***	1.186***	0.593***
	(0.099)	(0.088)	(0.107)	(0.110)	(0.178)	(0.269)	(0.196)	(0.162)	(0.447)	(0.228)
Above intermediate	1.157***	0.997***	2.792***	0.449*	2.510***					
	(0.211)	(0.194)	(0.194)	(0.236)	(0.272)					
University+	1.004***	1.176***	3.271***	0.674***	3.176***	0.890***	0.623**	2.857***	1.350***	1.989***
	(0.140)	(0.127)	(0.136)	(0.154)	(0.210)	(0.313)	(0.250)	(0.178)	(0.493)	(0.247)

Multinomial regressions(cont.)

	Egypt					Jordan				
	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed
Less than interm. × Fema	1.102***	-0.613***	-1.974***	-0.349	-0.423*	-0.800	-2.257***	-2.427***	-2.240***	-1.916***
	(0.254)	(0.214)	(0.186)	(0.436)	(0.218)	(0.587)	(0.318)	(0.149)	(0.787)	(0.174)
Intermediate × Female	0.589**	-0.950***	-0.645***	-0.506	0.589***	0.026	-1.161***	-1.130***	-1.012	-0.617***
	(0.247)	(0.198)	(0.107)	(0.393)	(0.133)	(0.542)	(0.310)	(0.123)	(0.616)	(0.168)
Above interm. × Female	-0.794	-0.702**	-0.772***	-0.486	-0.211					
	(0.486)	(0.352)	(0.217)	(0.698)	(0.257)					
Household wealth	-0.147***	-0.416***	-0.085***	0.303***	-0.291***	0.213***	-0.171***	0.075**	0.795***	-0.114**
	(0.035)	(0.033)	(0.030)	(0.046)	(0.043)	(0.064)	(0.051)	(0.033)	(0.094)	(0.046)
Female-headed hhd	-0.201***	0.195***	-0.110*	0.476***	0.436***	-0.048	0.663***	-0.169	0.014	0.291**
	(0.072)	(0.061)	(0.064)	(0.101)	(0.070)	(0.277)	(0.151)	(0.113)	(0.349)	(0.120)
Father reads & writes	0.076	-0.176***	0.134**	0.045	0.251***	-0.009	0.111	-0.075	0.182	-0.079
	(0.061)	(0.057)	(0.054)	(0.078)	(0.076)	(0.111)	(0.100)	(0.063)	(0.151)	(0.091)
Father <intermediate	-0.145*	-0.405***	0.050	-0.100	0.248***	-0.082	0.103	-0.089	0.221	-0.227**
	(0.085)	(0.070)	(0.066)	(0.106)	(0.083)	(0.178)	(0.132)	(0.080)	(0.234)	(0.108)
Father intermediate+	-0.777***	-1.260***	-0.331***	-0.653***	-0.110	-0.166	-0.066	-0.454***	-0.039	-0.428***
	(0.107)	(0.082)	(0.068)	(0.137)	(0.088)	(0.184)	(0.141)	(0.085)	(0.251)	(0.116)
Father university+	-1.076***	-1.487***	-0.351***	-0.498***	-0.210*	-0.278	-0.275	-0.868***	-0.524	-0.745***
	(0.160)	(0.119)	(0.088)	(0.165)	(0.116)	(0.219)	(0.182)	(0.102)	(0.324)	(0.143)

Multinomial regressions(cont.)

	Egypt					Jordan				
	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed	Self-empl./Unpaid family wrkr.	Informal+irregular	Public + formal private	Employer	Unemployed
Father employer	0.783***	-0.315***	-0.061	1.139***	-0.370***	0.495***	0.311**	-0.180*	1.034***	-0.047
	(0.054)	(0.054)	(0.051)	(0.067)	(0.075)	(0.171)	(0.147)	(0.099)	(0.185)	(0.152)
Father self-employed	0.460***	-0.378***	-0.295***	0.209**	-0.147*	0.554***	0.168*	-0.332***	0.378**	-0.116
	(0.065)	(0.067)	(0.066)	(0.095)	(0.087)	(0.113)	(0.100)	(0.068)	(0.152)	(0.100)
Father unpaid fam. wrkr.	0.855***	-0.435	-0.649**	-0.590	-1.182**					
	(0.249)	(0.322)	(0.325)	(0.638)	(0.537)					
Father non-employed	-0.423***	-0.027	-0.067	-0.696**	0.393***	-0.288**	-0.406***	-0.348***	-0.404*	-0.173**
	(0.158)	(0.101)	(0.114)	(0.298)	(0.128)	(0.137)	(0.113)	(0.066)	(0.210)	(0.085)
Round 2006	0.491***	0.302***	-0.188**	0.311**	-0.420***					
	(0.103)	(0.097)	(0.086)	(0.128)	(0.101)					
Round 2012	0.357***	0.343***	-0.434***	0.038	-0.609***					
	(0.087)	(0.079)	(0.074)	(0.108)	(0.086)					
Round 2016						-0.691***	-0.603***	-0.423***	-1.026***	0.266***
						(0.102)	(0.084)	(0.053)	(0.133)	(0.079)
Observations	39,784	39,784	39,784	39,784	39,784	19,254	19,254	19,254	19,254	19,254
Chi-squared	16681	16681	16681	16681	16681	32725	32725	32725	32725	32725
P-value	0	0	0	0	0	0	0	0	0	0
Pseudo R-squared	0.333	0.333	0.333	0.333	0.333	0.259	0.259	0.259	0.259	0.259
Standard errors in parentheses	*** p<0.01, ** p<0.05, * p<0.1									

Regional variables, household size, highest educ. of household included in regressions but omitted here for brevity