

Paper Prepared for Presentation at the Conference on:

*Rethinking Labor Market Informalization:  
Precarious Jobs, Poverty, and Social Protection*  
Cornell University  
(October 18-19, 2002)

**Informalization and De-feminization: Explaining the Unusual Pattern in Egypt**

by Ragui Assaad  
Humphrey Institute of Public Affairs  
University of Minnesota  
E-mail: [rassaad@hhh.umn.edu](mailto:rassaad@hhh.umn.edu)

October 2002

**Abstract**  
**Informalization and De-feminization: Explaining the Unusual Pattern in Egypt**

by Ragui Assaad

The international literature on gender and structural adjustment describes a general tendency whereby increased deregulation of labor markets and informalization goes hand in hand with greater feminization of the labor force. One of the consequences of neo-liberal reforms around the world has been the erosion of job security regulations and other worker protections either through legal changes or simply through increased informalization, where regulations are systematically bypassed or badly enforced. The literature has convincingly shown that explicit deregulation of labor markets through legal reforms or their implicit deregulation through informalization led to an absolute and relative growth in the use of female labor in a variety of contexts.

Like many other developing countries, Egypt has gone through a far-reaching economic liberalization and structural adjustment program since the mid 1970s. Although these reforms have led to very limited explicit de-regulation of the labor market, they have been accompanied by significant informalization of employment relations. In spite of this, the Egyptian labor market, and in particular paid employment outside the government sector, which is presumably the sector most affected by such informalization, is becoming increasingly de-feminized. Women are experiencing reduced access to paid jobs in the job types that traditionally employ women and these sectors are growing more slowly than male-dominated job-types. The main purpose of the paper is then to attempt to explain why the pattern observed elsewhere, where feminization goes hand in hand with informalization has not occurred in Egypt. The explanations I explore in this paper are: (i) the impact of oil and oil-related revenues on the structure of labor supply and demand, and (ii) women's more limited ability to commute in a context where commuting is increasingly necessary to access private sector jobs.

## **I. Introduction**

The international literature on gender and structural adjustment describes a general tendency whereby increased deregulation of labor markets and informalization go hand in hand with greater feminization of the labor force. One of the consequences of Neo-liberal reforms around the world has been the erosion of job security regulations and other worker protections mostly through increased informalization rather than through explicit deregulation and legal reforms. Informalization involves the evasion and loosening of the institutional framework of labor regulation in an attempt to achieve greater flexibility and to avoid the cost of social insurance (Castells and Portes 1989, Meagher 1995). Far from occurring “outside the state”, informalization seems to be taking place with the full complicity of the state in not enforcing its own rules.

The literature has convincingly shown that informalization has typically led to an absolute and relative growth in the use of female labor (Standing 1989, 1999, Cerruti 2000, Cagatay, Elson and Grown 1995, Valodia 2001, Mehra and Gammage 1999). This increased participation in the labor market on the part of women is occurring as a result of the expansion of the sectors in which women have been traditionally employed such as sales and services, but also through the feminization of jobs traditionally held by men, as these jobs have undergone wage erosion, reduced protection, and greater insecurity.

Like many other developing countries, Egypt has gone through a far-reaching economic liberalization and structural adjustment program since the mid 1970s. As has occurred elsewhere, these reforms have led to little explicit de-regulation of the labor market, but have been accompanied by significant informalization of employment relations. As formal employment opportunities dwindled in the civil service and the large state-owned firms, they were increasingly replaced by informal jobs in the private sector, which offer no job security or social insurance protection. Unlike what happened in other developing regions of the world however, the Egyptian labor market, and in particular its private sector component, is becoming de-feminized. Women are experiencing reduced access to employment in the segments of the labor market that traditionally employ women and these sectors are growing more slowly than male-dominated segments. Conversely, male dominated segments are not becoming more feminized.

The main purpose of the paper is to explain this unusual pattern. The potential explanation I explore in this paper are: (i) the effect of oil and oil-related revenues on the structure of labor supply and demand, and (ii) the increased need for commuting to access private sector jobs, which are increasingly concentrated in industrial parks and special industrial zones deliberately located outside existing population center.

## **II. Literature Review: Structural Adjustment, Informalization and Feminization**

A dominant and recurrent theme in the literature on structural adjustment and gender is the increasing feminization of labor markets that occurs under structural adjustment as employment becomes more flexible, casualized, and informalized. Structural adjustment is said to have led to an intensification of women’s reproductive

work, an increase in female participation, and a deterioration of working conditions. The feminization hypothesis was first proposed by Standing (1989) who argued that the increased implicit deregulation of labor markets brought about by the need for flexibility and lower costs in global production systems is leading to the feminization of jobs previously held by men. There had been considerable previous work on the trend toward the informalization of employment (Portes and Sassen-Koob 1988, Castells and Portes 1989) on the feminization of employment in labor-intensive export-oriented industries (Elson and Pearson 1981, Fernandez-Kelly 1983) and on the growing participation of women in the informal sector (Beneria and Roldan 1987), but Standing was the first to link feminization with informalization in such a direct fashion. Subsequent research in variety of contexts and regions has essentially confirmed the feminization hypothesis, while adding a number of refinements to it (See Cerruti, 2000, Valodia 2001, Floro and Schaffer 1999)

Floro and Schaeffer (1999) working on the Philippines and Zambia have argued that the labor market changes brought about by structural adjustment in these countries has not redressed women's position of subordination in the labor market, but simply altered its form. Shrinking employment in the civil service and the dissolution of large state-owned enterprises has severely restricted formal employment opportunities for women. This has forced women in both countries to increasingly rely on informal sector activity, with many being forced to create their own employment. In Zambia, where industrial production never recovered, these jobs were primarily in the services and trade sectors. In the Philippines, the type of industrialization that emerged under the structural adjustment, which basically consisted of export-oriented labor-intensive production, has promoted the employment of young women. There was also a significant increase in outsourcing to female workers doing industrial piece-work in their homes. Nonetheless, even in the Philippines, most of the increase in female employment was in small-scale, informal sales and services activities.

Other authors confirm that the observed patterns for the Philippines in Floro and Schaffer's work apply to much of Latin America and Southeast Asia, and the pattern in Zambia applies to much of the rest of Sub-Saharan Africa. (Meagher 1995, Cerruti 2000, Mehra and Gammage 1999). In Africa women predominate in the informal sector, which generates over 60 percent of female employment. However, in contrast to trends in Latin America and Asia, informal sector employment among women has not contributed to increased female participation in manufacturing either as industrial workers or as home-workers in subcontracting networks (Meagher 1995)

### **III. The Main Data Sources**

The empirical analysis that follows is based on nationally representative household surveys for the years 1988 and 1998. Both surveys use a similar sample and questionnaire design to ensure the comparability of the surveys. The surveys include extensive data concerning basic demographics, employment, unemployment, occupational history, migration, education, earnings, parental background, and women's work. The Egyptian Labor Market Survey (ELMS 1998) was carried out exactly ten years to the day after the October 1988 Labor Force Sample Survey (LFSS 1988) to avoid any issues related to

seasonal labor demand or unemployment.<sup>1</sup> The LFSS 1988 was conducted on a nationally representative sample of 10,000 households that excludes the five remote border governorates.<sup>2</sup> The ELMS 1998 was conducted on a similarly designed sample of 5,000 households. All results are weighted by the appropriate sampling weights to reflect the characteristics of the population.

#### **IV. Structural Adjustment and Informalization in Egypt**

After a period of significant state-control over the economy in the 1960s, the Egyptian government initiated its “open door policy” in 1974, which consisted of significant liberalization of the trade regime, encouragement of foreign investment, and a greater role for the private sector in the economy. This period coincided with the dramatic increase in the price of oil that followed the October 1973 Arab-Israeli war. As a modest oil exporter, Egypt benefited directly from the higher oil prices, but the bulk of the impact came from the migration of Egyptian workers to oil-rich countries and the remittances they sent back, as well as from foreign aid flows that the Egyptian government received from these newly rich countries. Besides growing rapidly during the 1970s, the Egyptian economy experienced the “Dutch disease” phenomenon that generally affects countries that receive a sudden windfall gain in foreign exchange revenue. The appreciation of the real exchange rate resulting from the windfall, causes the non-tradable industries, like construction and services, to boom, while weakening tradable industries like manufacturing and agriculture (See Shaban et al. 2001 for a discussion of the effect of the Dutch Disease on the MENA economies). Despite its overall inclination toward increasing the role of the private sector, the oil windfall temporarily allowed the Egyptian government to “have it all” by significantly increasing government employment, resisting calls for privatization of State-Owned enterprises, while allowing the private sector to play an expanded role in a growing economy.

After another boost in 1979, oil prices began to decline in 1982 and collapsed in 1986, forcing the Egyptian government to seek emergency financing from the IMF. Several attempts at stabilization in the late 1980’s failed to restore external and internal balances, leading to the adoption of the Economic Reform and Structural Adjustment Program (ERSAP) of 1991 (See Abdel-Khalek 2001 for a fuller description of the program). The starting point of our analysis, 1988, is therefore situated after the collapse of oil prices in 1986 but three years before the initiation of ERSAP. As shown in Table 1, GDP growth had slowed significantly in 1986 and 1987, but recovered temporarily in 1988 when oil prices increased again. The adoption of ERSAP in 1991 forced the Egyptian to significantly reduce its budget deficit and close the country’s current account deficit, at the cost of much slower growth that year. By 1995 growth had recovered and remained relatively steady at 5-6% until 1999.

---

<sup>1</sup> The sampling and questionnaire design of the LFSS 1988 is described in detail in Fergany (1990) and that of the ELMS 1998 is described in Assaad and Barsoum (1999).

<sup>2</sup> The excluded governorates are Red Sea, New Valley, Matruh, North and South Sinai. They constituted 1.4 percent of the population in 1996.

Table 1: Egypt - Macroeconomic Indicators

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GDP Growth Rate (%)	6.6	2.6	2.5	5.3	5.0	5.7	1.1	4.4	2.9	3.9	4.7	5.0	5.5	5.6	6.0
Current Account Balance (as % of GDP)	-9.3	-9.4	-2.3	-1.6	-1.2	-1.5	10.3	6.4	4.9	0.8	0.6	-0.3	0.2	-3.0	-1.9
Overall Budget Deficit (as % of GDP)	-10.4	-12.1	-5.1	-7.6	-5.4	-5.7	-1.0	-3.5	1.7	0.3	0.9	-1.9	-2.0	--	--

Source: World Bank, World Development Indicators, 2002.

Note: -- = not available

Although there were significant legal reforms in Egypt during this period in the areas of trade, foreign investment, privatization, and the regulation of private sector firms, the labor code remained highly restrictive. The labor law that is currently in force dates from 1981 and retains the emphasis on lifetime job security that characterized the labor codes of the previous state-led period. Law 183 of 1981 basically provides Egyptian workers in regular jobs with lifetime job security after a three-months probation period. Layoffs are only possible under a restrictive set of circumstances that are rarely realized.<sup>3</sup> The social insurance law, which was promulgated in 1975, imposes significant payroll taxes amounting to approximately 40 percent of the wage bill in the private sector (see Assaad 1986 for a detailed description of the Egyptian labor regime).

With the tacit cooperation of the government, private employers are able to achieve the flexibility they need by routinely circumventing the job security provisions of the law. They either refuse to grant their workers employment contracts that the law calls for or force new workers to sign undated letters of resignation upon taking a new job. Although these practices are illegal, they are so widely practiced that they have become the norm. According to the law all regular paid jobs, with the exception of domestic workers, must be covered by legal contracts. A regular job is defined as a job that is not provisional, seasonal, or intermittent. According to household survey data, however, only a small fraction of regular workers in the private sector actually have a legal employment contract. As shown in Table 2, this proportion was 28.6 percent in 1988 and declined to 24.4 percent in 1998. Although the proportion was higher among females than males in 1988, it declined faster, indicating that the female labor market is informalizing more rapidly than that of males. In fact the number of regularly employed females with contracts in the private sector declined in absolute terms during the period.

<sup>3</sup> A new draft law, which loosens these job security rules in return for granting workers a limited right to strike has been stalled in parliament despite the fact that its overall outline had been agreed to as early as 1995.

**Table 2: Share and Growth Rate of Regular Private Sector Wage Employment by Presence of Employment Contract and Sex, 1988-1998 (percent)**

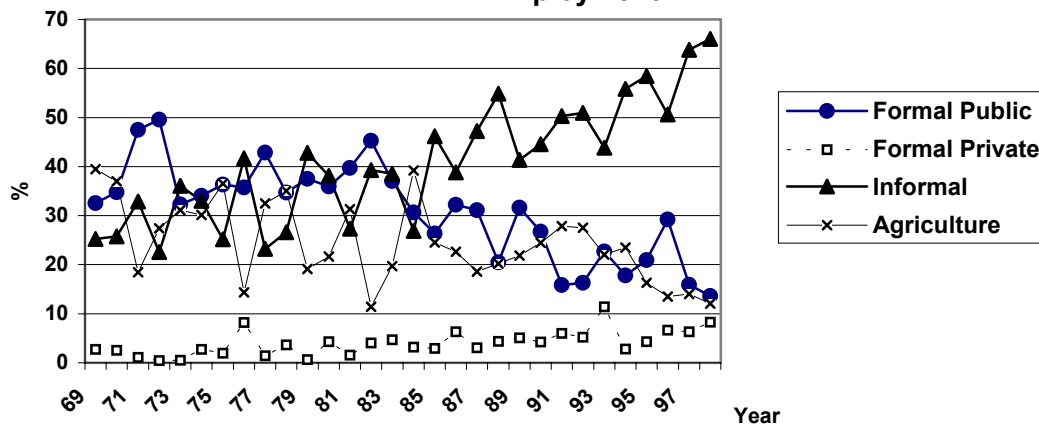
	Male			Female			All		
	Share in 1988	Share in 1998	Ann. Rate of Growth	Share in 1988	Share in 1998	Ann. Rate of Growth	Share in 1988	Share in 1998	Ann. Rate of Growth
<i>Contract</i>	26.8	23.7	3.6	37.2	29.2	-0.7	28.6	24.4	2.8
<i>No contract</i>	73.2	76.3	5.2	62.8	70.8	3.0	71.4	75.6	4.9
<i>All</i>	100.0	100.0	4.8	100.0	100.0	1.8	100.0	100.0	4.4

Source: Author's calculations using data from LFSS 1988 and ELMS 1998.

Note: About 15 percent of the observations in 1988 had missing information on the presence of a contract. These observations were proportionately allocated to the "contract" and "no contract categories" based on the distribution of observations whose contract status was not missing.

Another indication of the increasing informalization of the Egyptian labor market is the increase in the proportion of new entrants whose first job is informal. In this analysis I use the ILO's definition of informal employment, which is activity that is unregulated by the formal institutions and regulations of society—such as labor laws, registration, and taxation, which govern similar activities in the formal sector. The ILO identified three groups of informal workers, namely owners of micro-enterprises, own-account workers (self-employed), and dependent workers. The third group encompasses wage laborers engaged in full-time or casual employment—generally without a formal contract, and working on a regular or casual basis—and unpaid workers, including family members and apprentices. Figure 1 shows the percentage of new entrants going into formal public, formal private, informal and agricultural employment from 1969 to 1998. The proportion of new entrants into informal employment rose more or less steadily from nearly 25 percent in 1969 to 65 percent in 1998, with the fastest increase occurring in the late 1980s and early 1990s, the structural adjustment period. Formal private employment increased as well, but still accounts for under ten percent of jobs for new entrants by 1998. Most of the increase in informal employment came at the expense of a declining share of formal public employment, as well as a decline in agricultural employment, both of which started in the early 1980s.

**Figure 1: Percent of New Entrants into Formal & Informal Employment**



Source: Wahba and Mokhtar (2002)

If the analysis is limited to new entrants who enter the labor market after age 18 to eliminate child workers and others who almost by definition enter informal jobs, the picture does not change very much. Among those who entered at 18 or older, the proportion entering informal jobs increases more or less steadily from about 20 percent in 1969 to 69 percent in 1998. In contrast those who enter public formal employment declines from a high of 90 percent in 1973 to less than 20 percent in 1998 (Wahba and Mokhtar 2002).

When disaggregated by sex, the pattern of informalization among new entrants reveals some interesting differences. Wahba and Mokhtar (2002) show that although the proportion of female new entrants going to informal employment has increased from 9 percent in 1974-78 to 51 percent in 1994-98, it is still lower than that of males, which rose from 20 percent in 1974-78 to 57 percent in 1994-98. Toward the end of the period female new entrants are relying much more than male new entrants on public formal employment, which is becoming increasingly scarce. The higher share of public employment among female new entrants is simply an indication that they are more willing to queue for these jobs than males rather than take a private sector job where women are significantly disadvantaged relative to men (See Assaad 1997 for a discussion of the queuing for public sector jobs in Egypt).

The increased informality of employment among new entrants would not be a necessary indication of informalization if new entrants were able to transition quickly to formal jobs. This is not the case, however. Wahba and Mokhtar show that 94 percent of non-agricultural without employment contracts in 1990 were still without contracts in 1998. Similarly 95 percent of those without social insurance coverage in 1990 were without such coverage in 1998. Only six percent of informal workers in 1990 were able to obtain formal public jobs by 1998 and only 3 percent were able to obtain formal private job by that year. Such high levels of persistence in informal employment indicate that the informalization of jobs for new entrants is evidence of overall informalization of the labor market.

Structural adjustment and economic liberalization in Egypt have clearly led to a significant informalization of the labor market. Much of that informalization occurred because of the slowdown in public sector hiring without a commensurate increase in employment in the formal private sector. Because female workers are still more highly concentrated in the public sector, their absolute levels of informality are still lower than those of males, but the rate at which their jobs have become informalized is higher than that of males.

## **V. The De-Feminization of Non-Governmental Employment in Egypt**

A cursory look at Egyptian employment data shows that female employment is rising faster than male, so there appears to be at least some feminization of employment. As shown in Table 3, overall employment, according to the "market work" definition increased at an average rate of 2.3 percent per year for females and 1.9 percent per year for males from 1988 to 1998.<sup>4</sup> A closer examination would reveal however, that the faster female employment growth is entirely due to the rapid growth in female employment in the government, whose share of female employment rose from 38 percent in 1988 to 52 percent in 1998. Female nongovernmental employment increased at a mere 0.2 percent per year during the ten-year period compared to 1.1 percent per year for males. Female non-governmental paid employment actually declined in absolute terms at a rate of 1.4 percent per year compared to an increase of 2.4 percent per year for males.

---

<sup>4</sup> The employment figures presented here may differ from those based on the same data sets presented elsewhere (Assaad 2002) because of differences in the definition of employment used. The definition of employment that is relevant for testing the feminization hypothesis is either "market work", i.e. the production of good and services for purposes of exchange, or even more narrowly, "paid work", which consists of wage and salary employment. The definition used in the earlier work is the "extended" definition of work, which also includes individuals engaged in the production and processing of primary goods exclusively for the consumption of their own households. Although estimates of employment based on all three definitions are available for the 1998 survey, the 1988 survey only provides estimates based on the "extended" definition or the "paid work" definition. The vast majority of subsistence workers in Egypt are women engaged in agriculture, animal husbandry and/or dairy production. Sixty three percent of total female employment under the extended definition fell in this category in 1998, compared to only 0.1 percent of male employment. Ninety five percent of non-wage workers engaged in agriculture, animal husbandry and dairy production in 1998 were in fact subsistence workers rather than market workers. To approximate the "market" definition using 1988 data and maintain comparability across the two data sets, I assumed that the proportion of female non-wage workers in agriculture, animal husbandry, and dairy production who are subsistence workers remained the same across the two years. I then excluded the estimated number of subsistence workers from total employment in 1988 to get an estimate of "market employment." I also present results based on the narrower paid work definition, which is available in both surveys.

Table 3 -- Egypt: Employment Shares and Average Annual Growth of Employment by Sector, 1988-1998

	Male			Female			Total			Female Share	
	Share in 1988	Share in 1998	Annual Growth Rate	Share in 1988	Share in 1998	Annual Growth Rate	Share in 1988	Share in 1998	Annual Growth Rate	1988	1998
Governmental Employment	20.7	26.8	4.5	38.2	52.3	5.4	23.9	31.5	4.8	28.7	30.7
State-Owned Enterprise Employment	11.4	7.4	-2.3	8.4	4.4	-4.1	10.8	6.8	-2.6	14.0	12.0
Private Paid Employment	30.5	36.4	3.7	22.5	17.1	-0.5	29.2	32.6	3.1	13.9	9.6
Non-Governmental Paid Employment	41.9	43.8	2.4	31.0	21.5	-1.4	40.0	39.5	1.9	13.9	10.0
All Paid Employment	62.6	70.6	3.1	69.2	73.8	2.9	63.9	71.0	3.1	19.5	19.2
Unpaid Employment	37.4	29.4	-0.5	30.8	26.2	0.7	36.1	29.0	-0.2	15.3	16.8
Total Non-Gov. Employment	71.3	65.8	1.1	55.0	44.7	0.2	68.3	61.9	1.0	14.4	13.3
Total Employment	100.0	100.0	1.9	100.0	100.0	2.3	100.0	100.0	2.0	18.0	18.5

Source: Author's Calculations based on data from LFSS 1988 and ELMS 1998

Thus there seems to be no support for the feminization hypothesis in the Egyptian case under any of the relevant definitions of employment. Outside the government sector, the female share of total employment declined from 14.4 to 13.3 percent, and the female share of paid employment declined from 13.9 to 10 percent.

The rapid increase in government employment during a period of structural adjustments and budgets cuts is rather intriguing. The trend has to be seen against a backdrop of a long-term policy to guarantee employment for all university and vocational secondary school graduates that although suspended during the relevant decade, was not entirely abolished. By the standards of the 1970's and 1980's government employment has in fact slowed down (See Assaad 1997a). Moreover, an examination of the age profile of government workers in 1988 and 1998, shows that hiring of young workers has in fact slowed down or been delayed significantly, but that older female workers, who would have in the past left the civil service upon marriage to start a family are now holding on to their jobs much longer (see Assaad 2002). While young men have been, for the most part, able to find alternatives to government employment in the private sector, this does not appear to be the case for young women. With continued emphasis on public sector cutbacks, the prospects of further growth of the civil service are dim.

In contrast to employment in the government, structural adjustment has significantly impacted employment in State-owned enterprises (SOEs) through hiring freezes and, to a lesser extent, privatization. The decline in female SOE employment was significantly more rapid than that of males, but all SOE employment declined. There is no evidence that this decline is simply due to a reclassification of workers from the SOE sector to the private sector as a result of privatization. If that were the case the formal private sector jobs would have risen proportionately, because all the reclassified workers would fall in this category. As shown in Table 2 above, there is no evidence of this, at least for female workers.

Paid employment in the private sector appears to be particularly closed to women in Egypt. While male paid employment in the private sector increased by 3.7 percent per year, female paid employment declined by 0.5 percent per year, reducing the female share in that segment of the labor market from 13.9 percent to 9.6 percent.

The de-feminization trend observed above is apparently not unique to Egypt. Cross country comparisons reveal that out of the middle income countries, women's participation rates are not among the lowest in the world in the Middle East and North Africa (MENA), but that MENA is the only region of the world where they have declined. (Horton 1999).<sup>5</sup> With the exception of Morocco and Tunisia, which have seen

---

<sup>5</sup> Interestingly Horton shows a significant increase in female participation for Egypt between 1982 and 1992, but her figures reflect a major change in data collection and reporting practices that occurred in 1983 in Egypt when a major effort was made to enumerate women in agriculture and animal husbandry. The variety of measurement practices relating to female labor force participation across countries and their occasional change over time underscores the difficulty of making any firm conclusions about trends

significant increases in women's participation in manufacturing, the share of female workers in non-agricultural activities, and in paid employment, is much below other regions of the world, such as East and Southeast Asia and South America. Moreover, again with the exception of Morocco and Tunisia, these shares have been either stable or falling, in contrast to other regions where they are increasingly rapidly (Karshenas and Moghadam 2001).

Some authors have pointed to a potential defeminization trend that may be occurring in some countries as export production is restructured in a more technological direction. The special skills required for more technologically sophisticated production often leads to reduced demand for female labor (Ozler 2000, Mehra and Gammage 1999, Kim and Kim 1995). By all indications this is not what is going on in Egypt. Manufactured exports have hardly taken off at all, for such a trend to be occurring.

## **VI. Explaining the Defeminization Trend**

To understand the defeminization of non-governmental employment in Egypt, I begin by taking a closer look at the types of paid employment available to women and how these opportunities have changed over time. Structural adjustment is said to result in feminization by generating pressures to cut costs in tradable goods sectors, leading to the substitution of cheap female labor for more expensive male labor. By providing incentives for manufactured exports, structural adjustment also favors industries that traditionally hire women disproportionately such as textile and garments manufacturing. Other sectors that may benefit from a more market-oriented economy are retail trade and financial services, both of which tend to hire women disproportionately. On the other hand, by increasing the relative price of tradables to non-tradables, structural adjustment may harm women if they are overly represented in the declining non-tradable sectors, such as community and personal services. Any cuts in government expenditures would also reduce employment opportunities in the service sector, but much of that decline would occur in the government sector. Non-governmental provision of such services may in fact increase under such circumstances.

In a previous paper, my co-author and I combined occupation and industry information to generate a number of job types that would be useful in testing some of the hypotheses laid out above, as well as identify the job types where women were disproportionately represented (See Assaad and Arntz 2002). Figure 2 shows the change in the female share of employment in all the job types we identified as having a higher than average female share in 1988. The "other" category in the figure represents all the remaining job types where the share of female employment was below average in 1988.

The defeminization of non-governmental employment in Egypt can be decomposed into two reinforcing trends. First, jobs where women are disproportionately represented at the beginning of the period are becoming de-feminized, without a

---

from cross-country time series data on employment. See Beneria (1981), Anker and Anker (1989), Anker (1990) for a discussion of measurement problems relating to female labor force participation.

corresponding feminization of male-dominated jobs. The decline in the female share of employment is particularly dramatic for agricultural workers, clerical workers, workers in retail trade and workers in domestic and personal services. The only two exceptions are blue-collar workers in textile and garment manufacturing, where the female share increased slightly, and professional and managerial workers in financial services, where the female share is stable. The decline in the female share in the “other” category, which went from 2.2 to 1.6 percent, shows that female employment is not spreading out into the rest of the economy either. Thus, the informalization of the labor market we documented above has not led to a feminization of either female or male dominated jobs.

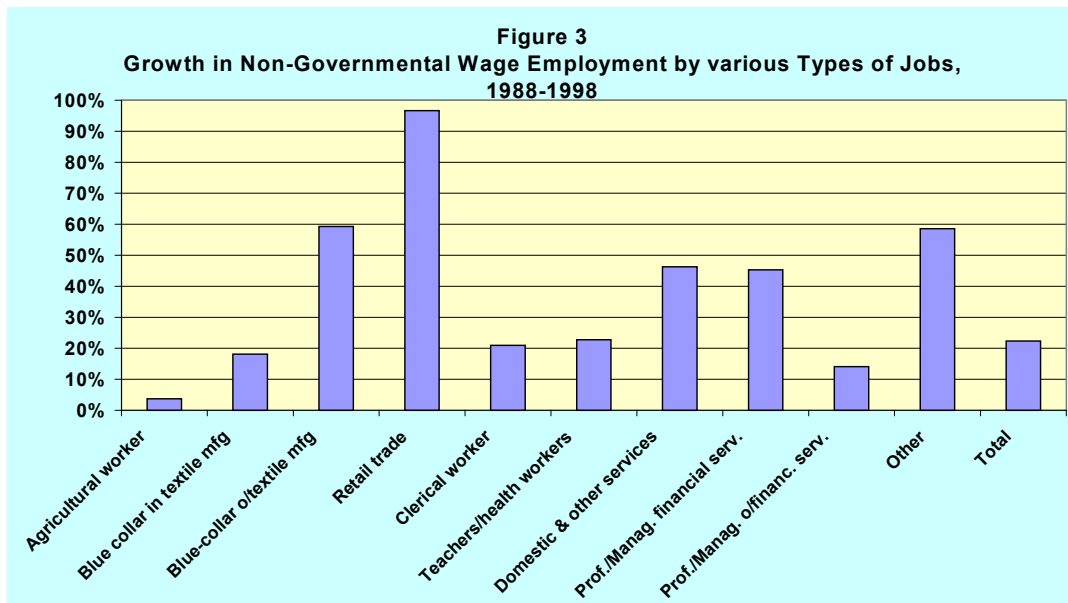
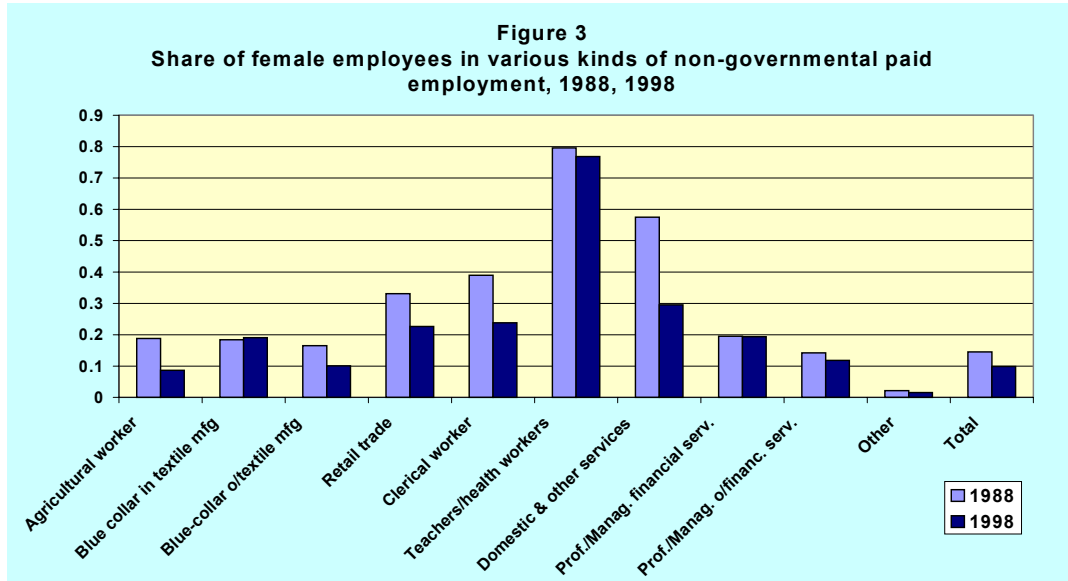
The second trend is the shift in the composition of the economy toward jobs where males are disproportionately represented. As shown in Figure 3, the "other" category has grown significantly faster than average. This category is dominated by transportation, construction and repair jobs, which are mostly in non-tradable sectors, which are supposed to have declined in relative terms under structural adjustment. Structural adjustment was supposed to favor export sectors, such as agriculture and textile and garment manufacturing, both of which grew at a slower than average rate. The liberalization of the economy was supposed to favor retail trade and financial services, which it did, but in the case of retail trade rapid overall growth was counteracted by defeminization. Expectations of the effect of structural adjustment on the other job types are more ambiguous. Although manufacturing activities outside textiles and garments should be helped by a devaluation, some of them may have been highly protected and would therefore be hurt by trade liberalization and reduced protection. The manufacturing sector outside textile and garments did grow more rapidly than average, but also experienced defeminization. The remaining sector to have experienced higher than average growth is domestic and other services, but it too lost female share.

The question remains as to why Egypt, and possibly in other MENA countries, is at odds with experience elsewhere in the world, despite similar processes of economic restructuring and informalization of the labor market. I will advance two explanations having to do with the impact of oil and oil-related revenues<sup>6</sup> on the economy, and one explanation that relates to constraints on geographical mobility, which prevent women from accessing the jobs created during the restructuring process.

The first explanation related to oil and oil-related revenues is as supply-side argument relating to the effect of oil revenues on the preservation of patriarchal family structures with a single male breadwinner. The second is a supply side argument relating to changes in the structure of the economy due to the so-called Dutch Disease effect. I will consider each of these arguments in succession.

---

<sup>6</sup> Examples of oil-related revenues are revenues from remittances sent by workers who migrated temporarily to work in oil-rich countries and foreign aid received from oil-rich countries.



The first argument relating to oil and oil-related revenues is that oil and oil-related revenues during the oil boom period have reinforced the prevailing “patriarchal gender contract” in the Middle east and North Africa region. This patriarchal gender contract is a set of relationships between men and women based on the male breadwinner and a female homemaker roles, within which women are economically dependent upon males engaged in economic activities (Moghadam 2001, Karshenas and Moghadam 2001). According to this argument, the relatively high income levels made possible by the oil boom, either directly or by means of remittances contributed to the preservation of the patriarchal family structure by making it unnecessary for women to seek paid employment outside the home. The oil boom occurred at a crucial stage of the

development of MENA economies when large-scale urbanization and diversification away from traditional agricultural activities, a stage that would have normally been accompanied by increasing female participation. The argument basically hinges on the idea that oil raises women's reservation wage and thus restricts their labor supply.

There is considerable evidence, however, that women, especially young, unmarried women, in Egypt are willing to work at very low wages. After correcting for human capital characteristics, female wages in the private sector are about half as high as those of males, suggesting that an explanation that hinges on the restriction of supply is not sufficient. Moreover, female unemployment rates are significantly higher than those of males, suggesting that many young women are keen to find paid work, but are unable to get it, again casting doubt on an argument relying on a restriction in supply. Women are in fact crowding into the few segments of the labor market that are open to them, leading to depressed wages in these segments. The issue of low and stagnant female participation in paid employment seems to hinge therefore on the structure of labor demand (what jobs are in fact available) as well as the prevailing gender norms determining what jobs and employment situations are suitable for women. The patriarchal family structure argument can still be salvaged if the "patriarchal gender contract" not only restricts female labor supply, but also determines what occupations and jobs are acceptable for women (Moghadam 2001). However, to do so, the "patriarchal gender contract" would have to involve much more than the patriarchal family itself, since the suitability of various types of employment for women is determined by employers, society-at-large, as well as the women's own family.

The second argument relating to oil and oil-related revenues attempts to explain why the structure of labor demand in oil-based economies mitigates against women's employment. The literature on gender and structural adjustment has linked the feminization of employment specifically to the emergence of labor-intensive, export-oriented manufacturing industries (Joeke 1982, Hein 1984, Joeke 1987, Cagatay and Berik 1990, Cagatay and Ozler, Ozler 2000). The appreciation of the real exchange rate that occurs in oil-exporting countries, or in countries receiving other revenue streams related to oil, such as worker remittances, mitigates against the growth of such industries by reducing the international competitiveness of these industries. Even after the decline in oil prices in 1986, the structure of Middle Eastern and North African economies had been altered so fundamentally by the Dutch Disease phenomenon, that with the exception of Morocco and Tunisia, manufactured exports did not constitute much of their foreign exchange earnings (See Shaban et al 2001). In Egypt, for example, the share of goods exports in total foreign exchange receipts declined steadily from 82 percent in 1970 to 20 percent in 1989 and then remained roughly at that level through the 1990s. The share of manufactured exports increased from 3.6 percent of foreign exchange revenues in 1980 to 7.3 percent in 1985 and has remained roughly at that level since then. If the country relies so minimally on manufactured exports, it is not surprising that export-oriented manufacturing has not thrived. Although Egypt's real exchange rate was devalued in 1991 when structural adjustment measures were adopted, it had appreciated by over 30 percent by 1999, back to levels it had attained in the mid 1970's at the height of the oil boom. This clearly further contributed to the weakness of manufactured exports. The bulk of Egypt's foreign exchange revenue in the 1990s was made up of services (mostly

tourism and Suez Canal tolls) and transfers (workers' remittances and foreign aid), although remittances have declined significantly since oil prices fell in 1986. The tourism industry, which has expanded significantly in the 1980s and 1990s, does not hire many women for a variety of reasons, including the remoteness of many tourist destinations and the inability of most Egyptian women to work far away from their homes.

This brings us to the third explanation for the low and stagnant levels of female participation in paid labor in MENA and that it is women's constrained mobility in a period when mobility is required to adapt to the changes brought about by structural adjustment (See the discussion of the role of mobility in adjustment in Collier 1994). Miles (2002) advances similar explanations for the poor labor market outcomes of Jordanian young women. In her focus group based research, she found that cultural and family factors severely restricted women's mobility, and through that limited their job search and in turn job opportunities. She found that family opposition stemmed from the long hours required in some private sector jobs. Long commutes, which would further extend these hours, would also be quite problematic from this standpoint.

To analyze mobility patterns by gender, I opt to examine commuting patterns from home to work rather than migration patterns as the main measure of geographical mobility for two reasons. First, migration is usually undertaken by entire households at a time, so it is practically impossible to tell whether a female member of a household has moved in response to her job requirements rather than to those of her husband or father. Second, rates of migration have been quite low in Egypt in recent years due to constraints in the housing markets, so that much of the adjustment to job markets is taking place on the commuting front. According to the ELMS 1998, only 6.3 percent of individuals who ever worked moved their residence in the ten years previous to the survey, whereas 20 percent of workers worked in a different city or district from the one where they resided in 1998.

The measure of commuting we use is the proportion of employed individuals in urban areas who move among different agglomerations to go from home to work.<sup>7</sup> The data sets we are using contain information about job and residential location down to the district level, with further distinction between the urban and rural area of a district when relevant. In Egypt, a governorate is the largest administrative unit below the national level, with each governorate subdivided into a number of districts. We detect commuting by testing whether there is a difference between the job location and the residence location down to the district level. Since such a method relies on changes in administrative jurisdictions rather than commuting distance, it would treat movements across administrative boundaries within the same city as commuting if the city is large enough to contain multiple districts. We therefore distinguish further between changes that involve crossing an administrative boundary within the same urban agglomeration and ones that take place between different agglomerations. We consider only the second type of movement to be commuting by our definition, so that movements across

---

<sup>7</sup> This section of the paper draws heavily on Assaad and Arntz (2002).

administrative boundaries within the same metropolitan area are not considered commuting for our purposes.

Table 4 shows commuting rates for urban males and females in 1988 and 1998. The number of observations (N) for each category is also shown to provide a measure of the reliability of the estimates. Additionally, the statistical significance for tests of the differences in mobility rates across genders and across years for the same gender is indicated. The commuting rates for all urban workers shown in the last line of the table present a very clear-cut picture by gender. Working women are clearly less mobile than working men. In fact, in 1988 men were almost twice as likely as women to commute to work in a different agglomeration than they one in which they live (6.5 percent vs. 3.3 percent), and the difference is highly significant statistically. By 1998, the gender difference in commuting rates had widened, as male commuting rates increased, and female rates remained nearly constant.<sup>8</sup> It therefore appears that structural adjustment has resulted in an increased need to commute on the part of men, but that women were unable to accommodate such an increase. This could very well explain the decreasing female access to private sector wage employment we noted above.

When examined for different age groups, commuting rates appear to differ the most between males and females over age 30, because female commuting decreases significantly after that age, whereas male commuting decreases only slightly. This is clearly due to the fact that most Egyptian women would be married by that age. The significant increase in domestic responsibilities that comes with marriage clearly constrains their ability to work far from their homes. This is confirmed by the large difference in commuting rates between single and married women shown in Table 6. Conversely, marriage was associated with an increase in commuting for men in 1988, but the gap between single and married men virtually disappears by 1998.

Although both young men and young women under the age of 30 have had to significantly increase their commuting rates during the 1988-1998 decade, the difference across time is only significant for young men.<sup>9</sup> Contrary to its effect on women, marriage is associated with an increase in commuting for men in 1988, but the gap between single and married men virtually disappears by 1998. This is a further indication that commuting is increasingly required for new entrants to the labor market during the structural adjustment period.

---

<sup>8</sup> Female commuting rates increased from 3.6 to 3.8 percent, which is statistically insignificant. To make sure that the tests are not affected by sample sizes, we assigned the males sample sizes to the females and redid the test. the difference was still insignificant.

<sup>9</sup> Differences across time in the female sample are almost always statistically insignificant because of the relatively small sample sizes involved.

Table 4: Commuting Rates for Employed<sup>1</sup> Urban Males and Females by Selected Characteristics, 1988, 1998

	1988					1998					1988-1998	
	Males	N <sup>2</sup>	Females	N <sup>2</sup>	Δ <sup>3</sup>	Males	N <sup>2</sup>	Females	N <sup>2</sup>	Δ <sup>3</sup>	Δ Males <sup>4</sup>	Δ Females <sup>4</sup>
<b>Age</b>												
15 to 29	4.7	860	4.3	322		8.6	999	6.3	218		***	
30 to 44	8.1	1049	4.1	335	**	8.2	1276	3.3	465	***		
45 to 64	6.5	800	1.8	127	**	8.2	1004	2.8	238	***		
<b>Educational Attainment<sup>5</sup></b>												
Illiterate	3.9	706	3.2	161		3.6	417	0.0	74	*		
Basic	4.9	927	3.1	78		6.7	1097	4.8	63		*	
Secondary and above	9.4	1076	4.1	545	***	10.3	1781	4.1	783	***		
<b>Marital Status</b>												
Single	5.3	647	4.9	300		8.2	1156	5.0	326	**	**	
Married	7.3	1941	3.1	481	***	8.4	2143	3.1	595	***		
<b>Sector of Employment</b>												
Public Sector	8.6	724	3.2	416	***	10.1	975	3.0	646	***		
Regular Private Wage Sector	8.6	988	6.0	218		11.4	1214	6.7	194	**	**	
Irregular Private Wage Sector	1.9	226	0.0	15		2.4	323	0.0	10			
Private Non-Wage Sector	2.7	767	0.5	130		3.1	787	2.4	71			
<b>Total</b>	6.5	2709	3.6	784	***	8.3	3299	3.8	921	***	***	

Source: Authors' calculations based on data from LFSS 1988 and ELMS 1998.

Notes: <sup>1</sup>Excludes female non-wage workers in agriculture, most of whom are engaged in animal husbandry and poultry raising at home

<sup>2</sup> Indicates sample size for the relevant category of individuals

<sup>3</sup>Statistical significance of gender difference in rates is marked 1% (\*\*\*), 5% (\*\*) and 10% (\*).

<sup>4</sup>Statistical significance of difference between 1988 and 1998 is marked 1% (\*\*\*), 5% (\*\*) and 10% (\*).

<sup>5</sup>Basic: includes primary and lower secondary; secondary and above: includes upper secondary, post-secondary, university and post-graduate.

Commuting rates also differ significantly by education. Men with secondary education or above have the highest commuting rates. Commuting rates increase with education for women as well, but the gender gap also increases with education. The only educational group to have experienced significant increases in commuting over time is men with basic education.

When examined by sector of employment, gender differences in commuting appear to be largest for regular waged workers, whether in the public or private sectors. Male waged workers in the public and private sectors had similar commuting rates in 1988, but female waged workers in the private sector had to commute considerably more than their public sector counterparts. This pattern appears to indicate that public agencies attempt to accommodate women's needs to work close to their homes through relocations or job transfers, a privilege not available to women working in the private sector. The fact that commuting rates have increased significantly only for males in the private sector shows that the increase in commuting noted above is limited to that sector, contributing to its increased inaccessibility to women.

## **VII. Conclusion**

Despite the significant similarities between Egypt and other developing countries in terms of the structural adjustment measures that were carried out and the informalization of the labor market, the feminization of the paid labor force that typically accompanies these measures did not materialize in Egypt. In fact, the paid labor force outside the government sector experienced considerable defeminization over the structural adjustment period. Egypt shares the pattern of fairly low and stagnant female participation in paid labor with other countries in the Middle East and north Africa region. In fact, the countries of the region, with the exception of Tunisia and Morocco, stands out in the world in that particular respect. I have sought explanations of this unusual pattern in the effects of oil and oil related revenues on the structures of labor supply and demand and in the relatively limited geographical mobility in the labor market for women.

I find that the effect of oil and oil-related revenues on the structure of labor demand more compelling than its effects on the structure of the family and therefore labor supply. Significant flows of rent-based external revenues, through their effect on the real exchange rate, tend to disadvantage the very sectors that have accounted for much of the feminization of employment in a large number of countries, namely export-oriented manufacturing. Egypt has relied very little on this kind of activity for its foreign exchange earnings, leading to fairly modest growth for that sector. Employment growth has occurred disproportionately in male-dominated activities. Moreover, several of the important activities where women are over-represented were defeminized during the structural adjustment period.

On the mobility front, I found that working women have been significantly less mobile than working men during the adjustment period. Moreover, at a time when men's mobility rates was rising significantly, women's mobility remained constant. Young,

relatively educated male new entrants, in particular, had to significantly increase their commuting over the 1988-1998 decade to obtain private sector employment. Because educated young women were unable to increase their commuting rates to the same extent, they were undoubtedly shut out of many private sector jobs.

## References

- Anker, Richard and Martha Anker. 1989. "Measuring the Female Labour Force in Egypt.." *International Labour Review* 128(4): 511-520.
- Anker, Richard 1990. "Methodological considerations in Measuring Women's Labor Force Activity in Developing Countries: The Case of Egypt." *research in Human Capital and Development* Vol. 6, pp. 27-58.
- Beneria, Lourdes and Marta Roldan. 1987. *The Crossroads of Class and Gender: Industrial Homework, subcontracting, and Household Dynamics in Mexico City*. Chicago: The University of Chicago Press.
- Beneria, Lourdes. 1981. "Conceptualizing the Labor Force: The underestimation of Women's Economic Activity." *Journal of Development Studies* 17(3): 10-28.
- Cagatay, N. and G. Berik, 1994. "What has Export-Oriented Manufacturing Meant for Turkish Women?" in Sparr, Pamela, ed. Mortgaging Women's Lives: Feminist Critiques of Structural Adjustment. London: Zed Books; distributed by Humanities Press International, Atlantic Highlands, NJ, 1994.
- 1991. "Transition to Export-led Growth in Turkey: Is there a Feminization of Employment?" *Capital and Class*, no. 43 (Spring).
- Cerruti, Marcela. 2000. "Economic Reform, Structural Adjustment and Female Labor Force Participation in Buenos Aires, Argentina." *World Development* 28(5): 879-891.
- Elson Diane; Pearson R. 1980. "The Latest Phase of the Internationalisation of Capital and its Implications for Women in the Third World (export manufacturing). Discussion Paper, Institute of Development Studies, University of Sussex 150.
- Fernandez-Kelly, M. Patricia. 1983.
- Floro, Maria S. 1999. "Restructuring of Labor Markets in the Philippines and Zambia: the Gender Dimension." *the Journal of Developing Areas*. 33(Fall): 73-98.
- Hein, Catherine. 1984. "Jobs for the Girls: Export Manufacturing in Mauritius." *International Labour Review* 123(2): 251-65
- Horton Susan. 1999. "Marginalization Revisited: women's Market Work and Pay, and Economic Development." *World Development* 27(3): 571-582
- Joekes, Susan. 1982. *Female-led Industrialisation: Women's jobs in Third World Export Manufacturing: the case of the Moroccan clothing industry*. IDS Research Reports.
- Joekes, Susan. 1987. *Women in the World Economy*. New York: Oxford University Press.

- Karshenas, Massoud and Valentine Moghadam. 2001. "Female Labor Force Participation and Economic Adjustment in the MENA Region." In *The Economics of Women and work in the Middle East and North Africa*. E. Mine Cinar (Ed.) Research in Middle East Economics, Vol. 4. Amsterdam: JAI Press, pp. 51-74..
- Meagher, Kate. 1995. "Crisis, Informalization, and the Urban Informal Sector in Sub-Saharan Africa." *Development and Change* 26: 259-284.
- Mehra, Rekha and Sarah Gammage. 1999. "Trends, Countertrends, and Gaps in women's Employment." *World Development* 27(3): 533-550.
- Miles, Rebecca. 2002. "Employment and Unemployment in Jordan: The Importance of the Gender System." *World Development* 30(3): 413-427.
- Moghadam, Valentine. 2001. "Women, work and Economic Restructuring: A Regional Overview." In *The Economics of Women and work in the Middle East and North Africa*. E. Mine Cinar (Ed.) Research in Middle East Economics, Vol. 4. Amsterdam: JAI Press, pp. 93-116.
- Ozler S. 2000. "Export-Oriented and Female Share of Employment: Evidence from Turkey." *World Development* 28(7): 1239-38.
- Standing, Guy. 1999. "Global Feminization through Flexible Labor: A Theme Revisited." *World Development* 27(3): 583-602.
- \_\_\_\_\_, 1989. "Global emionization through Flexible Labor." *World Development* 17(7): 1077-1095.
- Valodia, Imraan. 2001. "Econoic Policy and Women's Informal Work in South Africa." *Development and Change* 32: 871-892.