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Linking Education to Employment:

How to establish a successful and uninterrupted connection

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Introduction

Youth employment remains a topic of concern and focus for many governments around the world and Egypt is no exception. It is a priority for the government of a country, where at least 81.4 percent of the unemployed are aged less than 30 years and a growing young population comprises around 24 percent of total population. In addition, around 800,000 new entrants pressure the labor market, according to a 2016 report published by the Central Agency for Public Mobilization and Statistics (CAPMAS).

That being said; the current younger generation is one of the most exposed generations in Egypt to knowledge. The youth of today witness their knowledge pools increasing through the Internet, resurgence in readership and a strong will to deepen one's knowledge. But a paradox presents itself: the number of unemployed educated youth has grown, failing to translate the average higher level of educational attainment into better job opportunities. In fact, Egyptians spend half of their lives educating themselves and building their human capital¹. On top of that, Egyptian employees are finding it harder to recruit and/or rely on qualified workers.

The consensus – popular as well as academic – revolves around the fact that the education-employment channel seems to be “jammed” because the education and training systems are failing in preparing the youth with the right, demanded skills in the labor market. Creating more jobs seems to be the go-to remedy, upon which labor policies are based. However, the main problem is the apparent dislocation between labor demand and supply, in that the demand usually has certain criteria in skills and proficiencies that the supply cannot offer. Hence, it is made clear the failure of preparing the “most educated

¹Abdel-Rahman, Alaa; Fuller, David. *Education and Employment in Egypt: the policies, discrepancies and possible solutions*, 2014.

generation” with the best education and training, to ensure a smooth transition from education to employment and raise employment rates.

But what makes youth unemployment such a heavy conundrum to solve? Why are education and training systems failing in equipping the youth with the necessary skills to venture into the labor market? What can be done to properly link education to employment and achieve higher employment rates among the youth?

Overall youth unemployment characteristics

If we take a look at unemployment rates over the last ten years, we can notice a somewhat stable evolution to them, ranging between around 10 to 14 percent, between 2007 and 2016. The Egypt Labor Market Panel Survey (ELMPS) between 2006 and 2012, suggests that the stability in unemployment rates is due namely to the fact that unemployment in Egypt is structural, not cyclical² and it affects a very specific age group of the population – the young, educated and new labor market entrants.

The youth unemployment rate is usually higher than the total unemployment rate standing at 16 percent for 15-29 year olds in 2012 versus a total unemployment rate of around 10 percent. The current youth unemployment rate for Q3 2015/2016 stands at 27.1 percent for 15-29 year olds and 26.7 percent for 18-29 year olds, according to CAMPAS data, twice as high as the total unemployment rate (around 13 percent). Dissecting the overall youth unemployment rate, 11.8 percent of youth are aged from 15

² Structural unemployment is the consequence of shifts in the overall status of the economy such as improvement in technology and workers' lack of prerequisite job skills, which makes it difficult for workers to find employment. Cyclical unemployment refers to business cycles of companies especially when downturns affect a company's economic activity, resulting in job losses.

to 19, 27.5 percent are aged from 20 to 24 while 42.1 percent are aged from 25 to 29.

Educational attainment and unemployment

Educational attainment is an important determinant of the transition path for each individual³; it has a heavy influence on the transition path of the individual from “school” to “job”, impacting every aspect related to his/her career such as entry point, salary, type of job, skill levels and future career path. Going into a more detailed view whilst cementing the idea of today’s generations being the most exposed to educational opportunities, according to the International Labor Organization’s (ILO) “School-to-Work Transition Survey” (SWTS) in 2012, most of the youth surveyed had completed their education, with 42.2 percent earning a degree while 28.9 percent of youth were still in school at the time of the survey. However, 5.8 percent had never attended school and 23.0 percent left school before completion.

Taking a closer look at the genre of education pursued by the youth surveyed, we find that 38.7 percent have pursued TVET (technical vocational education and training), followed by youth with primary education then youth with tertiary education (20.4 and 17.9 percent respectively). Youth with above intermediate education constitute around 4 percent of educated youth and a smaller group of youth (1.9 percent) ended their education with general secondary schooling.

But despite the pursuit of education and knowledge, we find that 88.4 percent of unemployed are educated, with 59.6 percent holding average to above average educational degrees (secondary, post-secondary and TVET) while 28.8 percent are

³Barsoum, Ghada; Ramadan, Mohamed; Mostafa, Mona. *Labor market transitions of young men and women in Egypt*, ILO, 2014.

university degree holders and above⁴.

Educational attainment hardly changes employment prospects in Egypt⁵, where it seems that youth unemployment increases with each additional level of educational attainment⁶. While nearly one-third (31%) of youth with tertiary education obtained stable jobs, 37 percent of tertiary-level graduates (university and above) are unemployed compared to 12 percent among youth with less than primary-level education. When asked what hindered their chances at finding a job that suited their educational status, the most common “labor market barriers” answers were: inadequate technical skills (10 percent), lack of information about the labor market (7 percent), inappropriate general education (5 percent) as well as lack of labor demand (5 percent).

The Education-Employment Channel

From what we’ve observed above, the main drivers behind youth unemployment were the lack of technical skills and education that would render them “employable” in the labor market – whether domestic or international.

The educational system in Egypt is one of the largest in the world, comprising around 43,000 schools with an overall staff of 1.6 million personnel, and over 16 million students in various levels of education. Despite efforts to improve quality of education in Egypt and provide the students with the necessary tools to improve their knowledge, skills and human capital, Egypt was ranked last out of 148 countries, in primary education quality in the Global Competitiveness Report (2013-2014). With Egyptians spending half their lives in education, given the low productivity of schooling (i.e. poor

⁴CAPMAS, 2016.

⁵*Policies and interventions on youth employment in Egypt*, ETF, 2014

⁶SWTS- Egypt, ILO, 2012

quality of education), an additional hour of education adds relatively little to the Egyptians' overall stock of human capital⁷ (i.e. technical and professional skills that would allow graduates to witness a stable transition into the labor market).

Therefore the direct consequence of such poorly provided and constructed education and training systems (or lack thereof), is the fact that the Egyptian economy witnesses a high number of unemployed graduates per annum due to the lack of linkages between education and job market. By linkages, technical and professional skills demanded by the labor market are designated. Around 39 percent of surveyed working youth, who have completed their education, were found to be undereducated⁸ relative to their current job while 8.8 percent were found to be overeducated⁹. Almost half of the working youth were in occupations that did not match their qualifications.

The phenomena of over-education and under-education are materialistic manifestations of the dilemma of lack of skills and training as well as poor education given to youth, prior to their transition to the labor market. It is a clear sign of the mismatch between supply and demand of labor that drives well educated individuals to take available work that they are overqualified to do just so they can stay out of unemployment. They tend to earn less than they should, given their level of education (43.2 percent of overeducated occupy clerical positions against 59.9 percent occupying elementary positions), which negatively affects their well-being and standard of living. In contrast, undereducated are found to occupy positions requiring skills and training (77.8

⁷Abdel-Rahman, Alaa; Fuller, David. *Education and Employment in Egypt: the policies, discrepancies and possible solutions*, 2014.

⁸ Undereducated refers to the individual having a lower level of education and holding a job that is above that said level. Overeducated refers to the individual having a higher level of education and holding a job that is beneath that said level.

⁹ SWTS- Egypt, ILO, 2012

percent are technicians, 68.6 percent are managers and 49.0 percent are craft workers), therefore negatively affecting worker productivity and the output of the enterprises they're working for.

Reconnecting employment to education

In conclusion, unemployment – while universal and affects everyone – is very specific to youth, especially those who are educated. They complain from a lack of demand of labor, a mismatch between the jobs they're holding and the skills they've acquired during their years of education, in addition to a poorly founded education system that renders the transition from school to job difficult. This dissatisfaction is matched with a sentiment of disappointment from employees, who are having difficulties finding skilled and able workers, who can fit within their criteria of skills needed for their businesses.

And just like youth unemployment, policies and recommendations have to be very specific, to lessen the negative economic impact of unemployment. They should focus on fixing the source of such a phenomenon and not just by remedying one aspect of the problem, which in this case is creating more job opportunities. Such policies should attack the deficiency in labor market information, education and training systems whilst ensuring that the connection to the labor market is open, smooth and uninterrupted:

- **Improve labor market information systems** to give out reliable information on labor market employment trends, occupations in demand and skill shortages/needed. The idea is to create a national database (under the supervision of the employment unit at the Ministry of Manpower and Migration) where

students create profiles with their relevant education information (degrees, skills, certificates...etc.). They can mention the skills they need to work on or gain in order to secure an appropriate job. Employers can access these profiles based on the match between their needs and the supply offered by the youth. In the meantime, training centers can also determine the needed skills based on the shortages and provide them to those who need them. That way, the mismatch between supply and demand is bridged and information on labor market dynamics is provided for both the demand and supply sides.

- **Ease the school-to-work transition** from a very young age by preparing events at schools revolving around careers such as bringing the students' parents to class to talk about their respective jobs. Universities - whether public or private – could instill **co-operative education programs** where students have the option of spending one semester in the field of their study to seek out work experience and know the skills required of them to be able to excel in their career. This will be facilitated by the national database established to gather employers and students/job seekers into one domain.
- In line with the macroeconomic adjustments the government is seeking, **identifying skill gaps in main economic sectors needing specific high-skilled workers** is necessary by **improving the governance, increasing funding and attractiveness of TVET**. The idea is to diversify, customize and render training programmes more flexible to the needs of the market, up-to-date to latest curriculums and technologies. They need to be based on the overall vision of the government, to ensure job growth as well as overall GDP growth.
- **The unregistered informal sector needs to be formalized through simplified tax regimes** such as the SME tax regime currently being formulated. That way,

all young workers working in the informal sector would be formalized and registered¹⁰.

- **The government needs to enforce labor laws** requiring all employers (formal, informal, public and private sectors) to draft contracts for all their employees to ensure workers get all their benefits as well as keep track of the size of the labor force in the economy on a more accurate basis.

- **The most important reform of all would be reforming the education system all-together.** And while this would be more on a longer-term plan, it is never too late to start:
 - Curriculums should shift from being based on memorization, cramming information and passing examinations out of that sheer memorization to critical thinking, logic analysis, understanding and creativity. Building their soft skills and technical skills should be the main goal of the education system.

 - Instead of the National Examinations System, an independent system created by universities would test the students' skills on critical and logical thinking, language, ability to analyze and produce ideas instead of reproducing them.

 - Teachers should be mandated to take training courses on how to become more effective and able to deliver the new curriculums with effectiveness and objectivity. They will be subject to yearly evaluation boards to assess their performance and whether or not they are capable teachers. A reward

¹⁰ According to SWTS – Egypt 2012, 91.1 percent of all youth workers surveyed were classified as informal workers.

based system based on these evaluations would be set up to incentivize them to become more effective.

- According to the constitution, 10% of GDP will be spent on education, health and research and development. This constitutional article should be amended to mention the importance of efficiency of spending in education and target the quality of the education delivered to the students through improving curriculum settings and providing skill training to those in need, as well as build infrastructure that would propel Egypt's educational system forward.

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