

## Social mobility and education: The case of Egypt

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### **Abstract**

*The proposed paper gauges the extent of social mobility in Egypt via measuring intergenerational educational achievements of youth aged 13 to 25 using cross-section household data from Egypt Labour Market Panel Survey 2012. According to the sample, youth account for approximately 22 per cent of the population, roughly 13 million individuals. We assume the schooling-gap is a good proxy for individuals' future prospects across social classes, thus rendering educational achievement a measure of social mobility. The schooling-gap is used to compute a social mobility index (SMI) for all Egypt and selected sub-regions across alternative age groups and gender. Regression analysis is employed to relate the schooling gap to different socioeconomic regressors and household characteristics including household income and education. Fields decomposition is used to estimate the SMI and identify the percentage contribution of each regressor in explaining variance in social mobility. Differences in SMIs for various social classes are evaluated using bootstrapping methods. Educational mobility estimates for all Egypt suggest high social mobility within a closing gender gap with minor inclinations in favour of females. Diminishing intra-familial discrimination appears towards educational attainment across all age groups. High mobility indexes are in alliance with the Egyptian government's extensive educational expansion schemes. In response to such efforts, and in anticipation for thriving future prospects via labour market returns to education, youth have achieved world class quasi-convergence rates for schooling enrollment, quality notwithstanding. High social mobility succeeded in transforming urban but primarily rural labour force into a base of educated human capital. Most potential workers have become university graduates demanding higher returns to their invested education in dense urban cities, albeit unsuccessfully in the light of stagnant labour markets, pressing wages and work conditions downwards, thereby raising social tension. Policy implications of high social mobility accompanied by rising unemployment entails expanding rural and peripheral labour markets to absorb educated labour force at urban level returns. Ideally, no level of mobility could spur growth without social inclusion.*

**Keywords:** Social mobility, Egypt, Schooling-Gap, Social Fluidity, Employment

**Jel Classification:** I20, I21

### **1. Introduction**

Social mobility is directly related to inequality and socio-economic justice especially with rising pessimism towards progress in many societies of developing countries. The stagnation of socio-economic status in certain developing countries, contributes to their trapping in vicious cycles of intergenerational poverty and underdevelopment. Social mobility helps remove barriers against individuals' movement up the socio-economic ladder, providing opportunities for individuals to achieve their aspirations, personal growth and development. Egypt shares typical stylized poverty patterns with other developing countries. One way to help diagnose socio-economic stagnation in Egypt, may begin with the analysis of social mobility.

Egypt's inequality levels are considered low compared to the Middle East, North Africa and international standards. The country's income inequality approximated to a Gini coefficient of 34

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per cent between 2005 and 2009, similar to that of the developed European Organisation for Economic Co-operation and Development (OECD) members, and lower than Arab countries that are already distinguished for low inequality levels (Verme, et al., 2014). Nevertheless, an apparent mismatch is evident between the actual income inequality as measured by household surveys and the inequality perceived by the Egyptian people captured by World Values Survey (2008) (The Egyptian Cabinet Information and Decision Support Centre, 2008). Between 2000 and 2009, the discrepancy between Egyptians actual welfare and their welfare expectations increased coupled by a sharp rise in inequality aversion across all income groups. Along with such shifts, social class primarily denoted by education, has become more important than income in explaining inequality aversion (The Egyptian Cabinet Information and Decision Support Centre, 2008). Egyptians perceptions on inequality combined with rising socio-economic aspirations, have led to the achievement of high intergenerational social/educational mobility as means of breaking free from poverty backgrounds.

The main objective of this study is to gauge and analyse the degree of social mobility in Egypt. The analysis traverses to different demographic groups across the rural/urban divide, age and gender, based on their respective schooling gaps. Accordingly, the study examines alternative simulations linking social mobility with different measures and determinants of socio-economic fluidity in Egypt and deduct possible policy implications based on results associated with different scenarios based on those simulations. We assume the schooling-gap is a good proxy for individuals' future prospects across social classes, making educational achievement a measure of social mobility.

Results show high social mobility levels among the diversity of regions, age and gender across all of Egypt. By that Egypt ranks amongst the most socially fluid countries not only in the region, but worldwide at a social mobility index of 93 per cent. Evidence shows that teenagers and young adults place greater value to schooling compared to their parents, better linking educational attainment to future life prospects.

The remainder of this paper is organised as follows. Section 1 presents research methodology of the study, while section 2 presents data used in the calculations. Section 3 displays social mobility results. Section 4 presents a framework for social mobility analysis across regions and sub-groups namely, age and gender. Section 5 presents labour market implications of social mobility and section six poses potential policy issues in the labour market and educational institution that could be derived from the study of social mobility in Egypt.

## 2. Methodology

The study aims at measuring the extent of social mobility in Egypt by estimating a social mobility index, thereby gauging the degree of intergenerational dependence of children's socio-economic positions on their respective parents across age-groups, gender and regions. The study holds the assumptions that first, educational attainment is an acceptable social status reflecting individuals' future prospects, by that individuals with no or low schooling gaps are thought to have better life and career opportunities than individuals experiencing wide educational gaps during their schooling years. Secondly, regression-controlled family background variables, especially annual average income per capita and maximum parental education are believed to be related to individuals' educational course and to explain variations in their schooling gaps.

The relative importance in explaining the schooling gap is revealed by regressing schooling gap of teenagers and young adults on family background using decomposition of inequality by additive factor components. For each explanatory variable a factor inequality weight (FIW) is calculated as the product of the coefficient estimate for each regressor, the standard deviation of that variable and its correlation with the dependent variable (Fields, 1996). Fields decomposition allows explanatory variables a percentage contribution that explains the change in schooling gap, hence indicating differential validity in the variables' explanatory powers. A social mobility index (SMI) is calculated by subtracting FIW from one, where a higher index indicates larger social mobility. Statistical significance of the SMI is determined by standard errors computed by bootstrapping methods. To account for the sample stratification, the study applies heteroscedastic robust estimation techniques to overcome downward bias in the standard errors of the estimation (Dickens, 1990).

We consider the association between annual average income per capita and parental education on one side and schooling gap on the other to be of primary importance. The study calculates annual average household income over a two-step process: first, a household wealth index is computed using the survey data on asset ownership, which is used in the second step to convert the wealth index into annual average household income divided by household size, yields annual average income per capita. The wealth index is calculated by a selection of weighted indicators of household assets using principal components factor analysis (PCFA). The wealth index is then employed to divide households into quintiles, assigning the poorest to Q1 and ascending to relatively higher welfare standards as the index approaches Q5. The wealth index however, has its shortcomings by being a measure of material welfare or of a stock of wealth as opposed to income or expenditure. Moreover, it does not take into account urban/rural asset price differentials, supply or taste differences across regions and is not reflective of the distribution of income measures of inequality like the Gini coefficient is. Consequently, the study estimates average household income based on the wealth index using the Gini coefficient and GDP, while holding the quintile structure in the wealth index constant (Harttgen & Vollmer, 2011).

### 3. Data

The current study uses data from the third wave of the Egypt Labor Market Panel Survey 2012 (ELMPS 2012). The survey presents extensive demographic and socio-economic data on individual and household levels capturing characteristics such as household composition, parent and sibling life events, education, housing, services utilised, migration, remittances, labor market and human resource development in Egypt (Assaad & Krafft, 2013). The ELMPS 2012 sample is stratified over six regions and multi-level stratified into sub-groups. The survey sample design uses cluster sampling where the individual sample units are represented by households. ELMPS 2012 includes 49,186 individuals belonging to 12,060 households, representing 80.1 million individuals and 19.6 million households. Teenagers and young adults aged 13 to 25 approximately account for 22 per cent of individuals in the population. Approximately 52 per cent of households include teenagers and/or young adults.

### 4. Social mobility results for Egypt

Educational mobility measures for Egypt are portrayed in Table 1. The estimates imply a social mobility index of 92.7 per cent associated with 9.7 mean years of schooling, an average schooling gap of 3 years and approximately 94 per cent enrollment rate for teenagers and young adults.

Regression results yield an  $R^2$  of 0.70, evidence that unobserved factors like abilities and intelligence are relatively less important compared to factors represented by individual, family background and demographic variables in the mobility function for Egypt. Amongst family background variables and individual factors, FIW revealing the simultaneous effects of explanatory variables on teenagers and young adults' schooling gap (*sg*) show that the importance of individual characteristics outweigh household characteristics, household head characteristics and type of schooling in explaining schooling gap changes. Individual characteristics show high statistical significance jointly explaining approximately 62 per cent of teenagers and young adults' *sg* changes. Household characteristics (with the exception of household size), are also statistically significant albeit with lower contribution amounting to 6 percent of schooling gap variance. Type of education explain about 2 per cent of *sg* variation, while household head characteristics are statistically insignificant and show no contribution in explaining changes in *sg* of teenagers and young adults in Egypt.

Amongst individual characteristics associated with teenagers and young adults schooling gap, the bulk of *sg* variation is captured by *age*, which is an important determining factor indicating individuals' increased commitment to educational attainment over time, reducing their *sg*. The variable schooling *goschool3*, is the second most influential factor determining *sg*. Highly significant with a negative association, schooling demonstrates the strongest correlation with *sg*.

**Table 1 : Social Mobility Estimates All Egypt**

<b>Variable</b>	<b>Coef.</b>	<b>F.I.W.</b>
<b>Household Characteristics</b>		
<i>yaiav</i>	-6.10*** (0.00)	0.01
<i>maxparedu</i>	-0.08*** (0.00)	0.06
<i>yaiavmaxp</i>	0.23* (0.05)	-0.01
<i>regyai</i>	0.00*** (0.00)	-0.01
<i>uplo</i>	-0.20*** (0.01)	0.00
<i>hysize</i>	0.01 (0.33)	0.00
<i>urban</i>	-0.19** (0.04)	0.00
<i>univ</i>	-0.25*** (0.00)	0.01
<b>Household Head Characteristics</b>		
<i>hhsex</i>	0.06 (0.33)	0.00
<i>hhage</i>	-0.00 (0.15)	0.00
<b>Individual Characteristics</b>		
<i>age</i>	-1.09*** (0.00)	-0.81
<i>age2</i>	0.04*** (0.00)	1.15
<i>sex</i>	-0.49** (0.03)	-0.02
<i>sexag</i>	0.04*** (0.00)	0.05
<i>agscl</i>	0.27*** (0.00)	-0.51
<i>dmarit1</i>	0.33* (0.06)	-0.03
<i>dmarit2</i>	0.64*** (0.00)	0.05
<i>dmarit3</i>	0.96*** (0.00)	0.00
<i>(continued)</i>		

**Table 1 : Social Mobility Estimates All Egypt**

<b>Variable</b>	<b>Coef.</b>	<b>F.I.W.</b>
<i>dmarit4</i>	1.56*** (0.00)	0.01
<i>dmarit5</i>	2.70*** (0.01)	0.00
<i>oldbrsis</i>	0.04*** (0.00)	0.01
<i>dumedu</i>	-0.27*** (0.00)	-0.03
<i>goschool3</i>	-6.22*** (0.00)	0.74
<b>Types of Education</b>		
<i>plcreg</i>	0.39* (0.08)	0.00
<i>plcexp</i>	0.23 (0.39)	0.00
<i>pvtreg</i>	0.29 (0.26)	0.00
<i>Azhsch</i>	-0.15 (0.51)	0.00
<i>intlsch</i>	-0.58* (0.07)	0.00
<i>midtecthree</i>	-1.70*** (0.00)	-0.06
<i>hinstecfive</i>	-3.28*** (0.00)	0.00
<i>plcuni</i>	-3.80*** (0.00)	0.05
<i>pvtuni</i>	-4.32*** (0.00)	0.01
<i>Azhruni</i>	-4.77*** (0.00)	0.02
<i>Constant</i>	11.16*** (0.00)	
<i>R<sup>2</sup></i>	0.70	
Number of Observations	7923	
Confidence Bounds	0.912	0.943
Social Mobilty Index	92.72%	

*P values in parentheses \*\*\* 0.01, \*\* 0.05, \* 0.1*

*Note: Variables description in Appendix 1*

## 5. Variables description

Average annual income per capita (*yaiav*) is based on an estimated wealth or (assets) index, is a simple average of annual average household income divided by household size. The maximum of parental schooling years (*maxparedu*) represents the maximum of either parent's years of education. A product of income and maximum of parental education is (*yaiavmaxp*). Schooling is represented by (*goschool3*). Average regional income is represented by (*regyai*). Household head sex is represented by (*hhhsex*), while (*hhhage*) represents household head age. Upper and Lower Egypt regions are indicated by (*uplo*). Household size is expressed as (*hhsiz*). Urban and rural governorates are indicated by binary variable (*urban*). Households with university education are represented by (*univ*). Age is represented by (*age*), while (*age2*) represents age squared. (*sexag*) is the product of sex and age. (*agscl*) is the product of age and going to school. Marital status is categorised as follows: (*dmarit1*), (*dmarit2*), (*dmarit3*), (*dmarit4*), (*dmarit5*) for categories: less than minimum marriage age, never married, contractually married, married and divorced respectively. (*oldbrsis*) are the number of older brothers and sisters. (*Dumedu*) is the comparative years of education between teenagers and young adults and maximum of parental education. Schooling categories are categorised as follows: public regular schools (*plcreg*), public experimental schools (*plcexp*), private regular schools (*pvtreg*), Azhari schools (*Azhsch*), International schools (*intlsh*), Middle Institutes & Technical Secondary 3 Years (*midtecthree*), High Institutes & Technical Secondary 5 Years (*hinstecfive*), Public universities (*plcuni*), Private universities (*pvtuni*) and Azhari/Islamic universities (*Azhruni*).

Inter-gender comparisons of schooling gaps are portrayed by the variable *sex*, explaining 2 per cent of the reduction in *sg* in favour of females. This shows that female educational mobility levels outperform their male peers in Egypt. Educational mobility levels over marital status variables *dmarit1*, *dmarit2*, *dmarit3*, *dmarit4*, *dmarit5*, *dmarit6* are statistically significant and positively related to *sg*. The largest coefficient amongst marital status variables is associated with divorcees showing that being divorced is statistically correlated with *sg* but does not explain much of its change. Being a married teenager or young adult however, is associated with a relatively large coefficient albeit explaining 1 per cent of the increase in *sg* as a net effect. Contractually married teenagers and young adults do not explain any of the change in *sg*, while teenagers and young adults who have never been married explain 5 per cent of *sg* variation. The only marital status factor correlated with reduction in *sg* is associated with teenagers who are below the legal marriage age, emphasising the importance of school attendance. This shows that teenagers below the legal age of marriage who attend school are able to reduce their *sg*. Moreover, sibling order in a family is considered relevant to the model owing to the urgency of older brothers and/or sisters to drop out of school to earn family income, by that reducing their educational opportunities. The study explores whether a family's first child may have a lower chance for educational opportunities endowed to younger siblings. Results show that older brothers and sisters *oldbrsis* is weakly associated with *sg* and explains 0.5 per cent of *sg* changes.

The study detects the direction of educational mobility captured by the binary variable *dumedu*, generated to compare between parent and sibling attained years of education. The data show that approximately 19 per cent of the siblings who have been to school, (either completed education or dropped out), have educational levels lower than their parents, hence experiencing downward mobility while 81 per cent experience upward mobility by achieving educational levels surpassing their parents'. The variable *dumedu* shows a significant but relatively weak relation

with *sg*, explaining 3 per cent of its reduction. Evidence shows that most of the movement of siblings who have finished their education pertains to upward mobility.

Annual average income per capita *yaiav* is highly significant and strongly correlated with *sg* via a negative relation. FIW reveal that average income per capita explains no more than 1 per cent of the variation in *sg*. In general, outcomes show that income constitutes a relevant association with *sg* when other factors are held constant, but considering FIW, income contributes to a lower explanatory power simultaneously with background variables. Overall, positive perspectives appear for teenagers and young adults especially those belonging to lower income quintiles, by emphasising that income is not an obstacle against mobility. This relation should act as incentive for lower income groups to break out of intergenerational poverty cycles and aspire for more optimistic futures.

Parental education *maxparedu* and the interaction between annual average income per capita and education *yaiavmaxp* seem related to *sg*. Regression results show that the maximum of either parents' education, *maxparedu* is highly significant and is negatively related with *sg* indicating that higher educated parents help in reducing their children's *sg*. The association however, between *maxparedu* and *sg* is weak as revealed by the relatively small coefficient estimate, although *maxparedu* explains about 6 percent of *sg* variation. The weak intergenerational educational relation is further evidence of high social mobility in Egypt. The interaction between maximum parental education and annual average income per capita *yaiavmaxp* implies that an increase in income per capita or parental education is inversely related to *sg*.

Educational mobility may also be associated with family size. Family structure in Egypt ranges from single-parent families to extended families. Average household size *hhsize* according to the sample is 5.2 persons. Calculations show that the number of members living in a household is not statistically significant to *sg*. Amongst household members however, individuals with university education *univ* who may be associated with the educational levels of children in their household are weakly related to *sg*. Explaining less than one per cent of *sg* changes and statistically significant, teenagers and young adults are positively influenced by household members who have enrolled in university. Alternatively, household head characteristics, namely household head sex and household head age, *hhhsex* and *hhhage* are not significantly related to *sg*, indicating no relation. Overall, with a record high SMI, teenagers and young adults seem to be detached from household characteristics.

At the regional level, average income across Egypt *regyai* shows no correlation with *sg*. Moreover, regression results show no substantial discrepancy in *sg* between Lower and Upper Egypt governorates in spite of relatively slight differences in years of schooling attained. Upper Egypt shows average *sg* of 3.9 years and average schooling years of 8.5 compared to Lower Egypt governorates having an average *sg* of 3.5 years and average schooling years of 9.7 years. Similarly, urban Egypt *sg* is approximately 2.9 years on average, and rural *sg* shows 3.2 years. Statistics reveal some urban/rural differentials in favour of urban areas where rather lower *sg* can be witnessed.

Types of education provided by and under supervision of the Egyptian government, jointly explain approximately 2.3 per cent of changes in *sg* of teenagers and young adults. As shown in Table 1 the last seven educational categories contribute relatively more to decreasing *sg*. Azhari (Islamic) universities *Azhruni*, have the strongest relation to *sg* reduction followed in descending

order by private universities *pytuni*, public universities *plcuni*, High Institutes and Technical Secondary 5 Years *hinstecfive*, Middle Institutes and Technical Secondary 3 Years *midtecthree* and International schools. The rest of the educational types are weakly negatively associated with *sg*.

## 6. Analysis of social mobility in Egypt

Our findings indicate that Egypt scores amongst the highest educational mobility rates world-wide. The reported mobility is considered an equality of opportunity for teenagers and young adults to move up (or down) the social ladder. This suggests that schooling outcomes of teenagers and young adults are not tied to their parental backgrounds, and that circumstances are not decisive in shaping children's future prospects thus leveling the playing field for better destinations.

Analysis of social mobility in Egypt reveals that 81 per cent of teenagers and young adults in Egypt have moved up the intergenerational educational ladder, while 19 per cent have moved down. The study detects that the lowest wealth quintiles experienced the highest rates of upward mobility compared to the higher quintiles. It seems that individuals pertaining to lower wealth quintiles regard education as a saviour from poverty origins and a means to compete with their richer peers. The study reveals that 91 per cent of the lowest wealth quintile have achieved upward mobility while 9 per cent have moved down. Of the second wealth quintile, 86 per cent have moved up and 14 per cent moved down. Of the third and fourth quintiles, 81 per cent moved up and 19 per cent moved down, 68 per cent moved up and 32 per cent moved down respectively. A total of 54 per cent of teenagers and young adults pertaining to the fifth wealth group have moved up while slightly less than half, 46 per cent have moved down the intergenerational educational ladder.

The direction of social mobility reveals that lower income groups have earned the highest levels of education relative to their parents. Upward mobility being negatively related to wealth is indication that lower income quintile parents have initially low educational levels. Since poorer parents had lower levels of education compared to richer parents, it may be deduced that the earlier generation's educational attainment patterns were positively related to wealth, a setting which is reversed for later generations. Reversing educational opportunities is a sign of increasing social justice as more youth from lower income quintiles are climbing up the social ladder and more from the upper wealth quintiles are moving down, a context that is inconsistent with individuals' perceptions of the level of inequality pertaining to the Egyptian society.

### 6.1. Regional mobility

Analysis of social mobility on the regional level (see figure 1), shows four geographic regions, rural, urban, Upper and Lower governorates in Egypt. Figure 1 shows schooling years on the vertical axis and social mobility index on the horizontal axis. The figure indicates that although urban teenagers and young adults achieve the highest years of schooling, they record the least SMI relative to rural teenagers and young adults who show the highest SMI and least years of schooling. Such outcomes reinforce the idea that rural areas have reversed educational injustice across generations. Figure 1.1 shows overlapping confidence interval bounds of regional SMI indicating no statistical difference between levels of social mobility across regions in Egypt.

In urban areas, 50.6 per cent of teenagers and young adults have experienced upward mobility, while 49.4 experienced downward mobility. Amongst the urban population who have experienced downward mobility 2.6 per cent are in the lowest wealth quintile, 7.4 per cent are in the

second quintile, 15.3, 21.4 and 53.3 per cent are in the third, fourth and highest wealth quintiles respectively. That is, more than half of the urban population who have moved down are concentrated in the upper most wealth quintile. Urban downward mobility is positively related to wealth. On the other hand, urban upward mobility is more uniformly distributed over wealth quintiles of which 15 per cent are in quintile one, 23.4 per cent in quintile two, 20.3 per cent in quintile three, 20.2 per cent in the four quintile and 21.1 per cent are in quintile five.

On the rural end, the bulk of the rural population, 68.5 per cent have moved up and 31.5 per cent have moved down. Amongst the rural population who show upward mobility, 36.5 per cent are in quintile one, 29.1 per cent in quintile two, 19.7 per cent in quintile three, 10.9 per cent in quintile four and 3.8 per cent in quintile five. Rural upward educational mobility shows a negative relation to wealth. Rural population experiencing downward mobility shows a more uniform distribution amongst wealth quintiles where 16.7 per cent are in quintile one, 19.7 per cent in quintile two, 23.3 per cent in quintile three, 24.5 per cent in quintile four and 15.8 per cent in quintile five. Rural population contributes significantly to Egypt's social mobility record inspite of intensive rural-urban migration and educational investments bias in favour of urban areas including higher density of schools in urban cities relative to rural, as well as a larger number of secondary level teachers (Handoussa, 2010).

Figure 1 Regional mobility

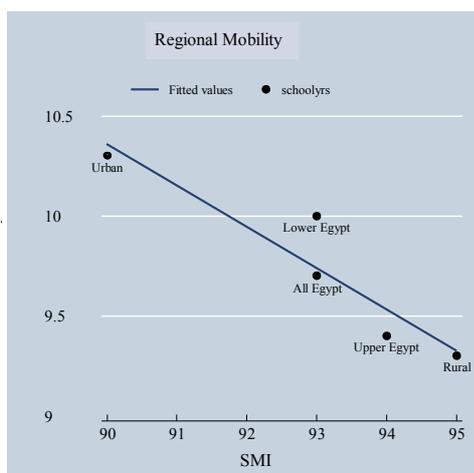
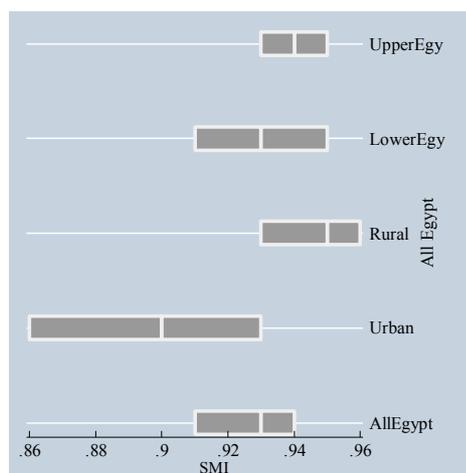


Figure 1.1 Regional SMI-CI bounds



## 6.2. Mobility across age and gender groups

Analysis of social mobility indicates that Egypt witnesses a closing gender gap in educational attainment. Figure 2 shows SMI and years of schooling for teenager and young adult males and females. The highest mobility rate is achieved by female young adults, followed by male young adults in Egypt. Teenage females have achieved a higher SMI than their male peers although both share more or less the same number of schooling years. Figure 2.1 shows overlapping confidence bounds showing no diversity in SMI across age and gender groups. Overall, girls are achieving better education and learning than boys are in recent years, as shown by TIMSS results. According to Survey of Young People in Egypt, 74 per cent of female respondents have completed at least basic education and more than half of university students are females (Handoussa, 2010).

Figure 2 Mobility Age-Gender

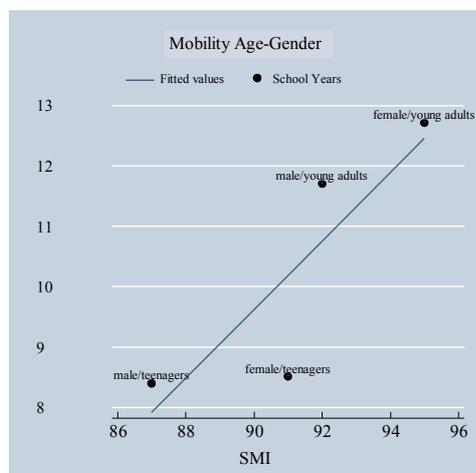
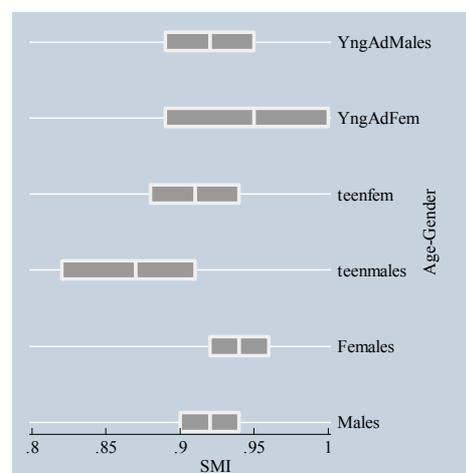


Figure 2.1 Age-Gender SMI-CI Bounds



## 7. Labour market implications of educational mobility

Success in changing the new generation's educational destiny holds hopes towards a more just society where opportunities are based on merit as opposed to background. Subsequently, a base of potential human capital have the opportunity to achieve growth and development provided their qualifications are efficiently utilised in the labour market. Labour markets respond to highly skilled labour force by demanding workers that own the ability to solve complex problems, communicate effectively, manage information, handle team work efficiently, and are capable of innovative production. According to Handoussa (2010), evidence shows that a highly skilled labour force can raise economic growth by two thirds percentage points annually, and is dependent not solely on the nature of the local economy but also on changes in the global economy and world competitiveness (Handoussa, 2010). Therefore, a skilled labourer is vital for the integration of the Egyptian economy in global markets. Having achieved high social mobility, it is on part of the labour market to absorb graduates potentials and allocate their returns according to their abilities.

High educational mobility has direct labour market repercussions that mainly include an increased supply of a highly educated labour force with high expectations for returns to their spent efforts on education. For graduates to reap their expected returns to social mobility, policies that help expand the labour market are key to fulfilling individuals' expectations. Although Egypt has increased its supply of educated labour force by achieving high rates of social mobility, the labour market has not expanded enough to absorb the large supply of achievers and match their expectations. For mobility to accomplish growth, the supply of labour force needs to match its demand in the labour market both in terms of quantity and quality. The direct result of social mobility however, is the exertion of great demand on a slowly expanding labour market, especially during times of political and economic turbulence. The labour market, according to Handoussa (2010), is experiencing chronic supply-demand mismatch especially amongst educated labour force not merely in terms of the quantity of jobs created, but also a mismatching of skills to labour market demands. The type of jobs that graduates expect are based on a history of being eligible to (what has become) a shrinking public sector and formal employment. Consequently, many graduates stand idle in the face of unemployment being left with substitute categories—private informal sector that provides regular wage work but that also demands skillfull labour, and self-employment or unpaid family work.

Results of an ailing labour market accompanied by high levels of mobility include large dependency rates, turning the largest potential labour force into the largest unemployed educated youth population in the history of Egypt. The large influx of unemployed educated youth leads to a decline in returns to education by reducing wages, throwing astray youths aspirations on future incomes and works against future perspectives of growth and development. High dependency rates also exert great pressure on the older generation to finance the younger population further beyond education, causing negative socio-economic repercussions like delayed marriage and emigration. Whence unemployment becomes strenuous on survival, unemployed youth are forced into underemployment in informal, low-quality, uninsured jobs usually for lower pay perhaps rendering downward occupational mobility.

## **8. Suggested policy action**

### *8.1. Labour market*

Efforts for interpreting mass educational mobility in Egypt include a follow-up on its quality that reflects in the labour market. The density of students moving up the educational ladder each year is large relative to the number of schools and teachers, thus negatively affecting the quality of learning (Loveluck, 2012). Ill-equipped educational institutions in Egypt require systemic reconstruction in order to be able to promote quality mass educational shifts as opposed to schooling. Pritchett (2013) reveals that Egypt, along with other middle-income countries, has just over half of its cohorts reaching the end of basic education (year 9) unskilled for joining the workforce or citizenry, in spite of high enrollment rates, resulting in a learning gap (Pritchett, 2013).

Labour market characteristics determine how individuals' skills are assigned to different jobs. For mobility to achieve optimum growth, it is important to channel graduates to work where they are most productive, implying that high mobility alone is not a sufficient condition for growth and development. It requires further that productive activities yield higher returns to education than unproductive rent-seeking activities. If educated labour is attracted to rent-seeking activities, no level of social mobility is able to generate growth. It is the role of the educational institution to undertake methods of educational awareness during the earlier years of schooling by directing students towards fields that are required by the labour market and provide learning in these fields as opposed to schooling. Making educational choices based on awareness not luck or coincidence helps direct students towards fields they are more inclined, hence accumulating skills. Further on, government and/or private institutions must create transparent communication channels between the labour market and universities/technical institutions to direct skills to their most preferred/efficient workplaces. Strengthening employer recruitment communication channels and organising large-scale employment fairs, narrows the demand/supply mismatch in the labour market. Universities educating youth on the use of social media and internet search engines help widen the scope of available formal jobs with the promotion of multi-sector coordination. Moreover, providing applied training services like internships and orientations for graduating students gives them a wider scope on work ethics and experience (International Youth Foundation (IYF), 2013).

A more educated rural labour force is more capable of spurring development in rural areas. The government may encourage the expansion of jobs in rural areas by using rural human capital to avoid the streaming migration causing pressure on urban cities. With the right incentives, the new generation could develop rural areas once motivated to do so. Such implications entail that

returns to education in rural areas be at least equally rewarding as in urban centers for rural graduates inclusion in overall national development, achieving social empowerment and increasing competitiveness with urban areas. Long term expansionary projects may render beneficial since increases in rural enrolment rates are likely to remain high in light of perceptions linking education to social class.

## 8.2. Education

Different groups in society seek different and even contradictory outcomes from schooling. Poor parents see education as an opportunity for better income, socio-economic status, a means to secure government jobs for university graduates and/or a means to reinforce their traditional values. Richer parents may seek universal education for their children to maintain a certain income level, while urban coalitions favour more education to increase worker productivity ( World Bank, 2004). The structure of the labour market should help influence how individuals from different backgrounds and talents decide about their levels and fields of education. For example, previous expectations on gaining government jobs in Egypt, triggered signals in the educational system that education is credential-based as opposed accumulated learning. As a result, the young population that has achieved social mobility have shown a general trend towards specialising in a few educational fields that pertain to administrative careers. About 64 per cent of students in Egyptian universities in 2008 were enrolled in social studies fields such as commerce, law, arts, and education whereas only 17.6 per cent of students were enrolled in scientific fields that spur development and innovation such as engineering, medicine and pharmacy (Handoussa, 2010). Channeling students towards specialising in scientific fields should be encouraged in early schooling by parents and teachers to promote social mobility that induces growth and innovation and match market needs.

While attempting to fulfill the Millennium Development Goals the Egyptian educational system has undertaken a disturbing switch in paths by producing schooling as opposed to learning, what Pritchett refers to as 'isomorphic mimicry'. That is, when educational institutions fall short of producing learning outcomes leading to skills that mismatch labour market needs (Pritchett & Banerji, 2013). Low quality education is the outcome of fast and overambitious curricula that outpace the initial skills of students and the abilities of teachers to teach, leading to disastrous results like schooling gaps. Combined with low education budgets, flat learning profiles even in the presence of all other learning conditions cause learning gaps (Pritchett & Beatty, 2012). Resolving educational deficiencies however, is not necessarily achieved via the spontaneous injection of more capital. Recently, economists advocated that preceding capital increments to support reform, ideas, technology, attitudes and legislative structures are necessary to instigating the development of any sector.

## 9. Conclusion

The expansion of education rises a means of resolving the strains of variation amongst socio-economic groups, hence leveling the playing field for social mobility. That is why schooling has direct implications on individual outcomes, distribution of incomes, future prospects and growth of nations. For most people, education seems to indicate the most important element of their social status because educational background is perceived to have a great impact on future life opportunities (Boli, Ramirez, & Meyer, 1985).

By analogy, never in the recent history of Egypt, has the demand for human capital surged so high. Steamed by exaggerated perceptions of income inequality, skewness towards inequality aversion and increasing awareness of relative positions, Egypt's teenagers and young adults across the nation have achieved unprecedented levels of intergenerational educational mobility. In anticipation of a prosperous future, such success embodied in Egypt's social mobility index, is recorded as one of the highest worldwide, in spite of defying income constraints. Regression results and FIW show that individual factors outweigh family background and schooling type determinants of educational mobility. Specifically, FIW reveal that age and schooling explain the majority of the educational mobility breakthrough for all Egypt. The diversity in the SMI across regions, age and gender using standard error bounds detects no statistically significant variations amongst the sub-groups. Egypt is ubiquitously mobile.

The essence of educational mobility however, is manifested in the underlying desired capabilities of converting its graduates into human capital that spurs growth and development. Labour market constraints combined with graduates' low quality skills has led to mass unemployment amongst educated labour force. Strung by the chains of oblivion, potential workers have slim chances of entering the labour market by so, de-linking the human capital-growth equation for Egypt.

Although past experiences with education have not shown any magic potions to resolving its deeply rooted predicaments, one aspect evident for sure, is that quality education that produces highly skilled potential workers is key for the growth of any economy, otherwise, no level of social mobility is able to touch upon the development arena.

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