



Egyptian men working abroad: Labour supply responses by the women left behind[☆]

Christine Binzel^{a,*}, Ragui Assaad^b

^a Dartmouth College and IZA, Hanover, USA

^b University of Minnesota, Minneapolis, USA

ARTICLE INFO

Article history:

Received 15 November 2009
Received in revised form 7 March 2011
Accepted 17 March 2011
Available online 26 March 2011

JEL classification:

O15
J22
F22
R23

Keywords:

Migration
Remittances
Labour supply
Gender

ABSTRACT

Female labour force participation has remained low in Egypt. This paper examines whether male international migration provides a leeway for women to enter the labour market and/or to increase their labour supply. In line with previous studies, we find a decrease in wage work particularly in urban areas. However, women living in rural areas and affected by migration are much more likely to be employed in non-wage activities (i.e. unpaid family work) and subsistence work compared to women in non-migrant households. Furthermore, we find evidence that this labour supply response is driven by the household's need to replace the migrant's labour rather than by a loosening of a financing constraint on family enterprises made possible by the flow of remittances.

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1. Introduction

Over the past decade, migration from, and remittance flows to, developing countries have increased rapidly. The stock of emigrants from the Middle East and North Africa constitute 5.3% of their population (equivalent to 18.1 million people), slightly ahead of Latin America and the Caribbean (5.2%) (World Bank, 2010). Egypt continues to be the main emigration country in the Middle East, and is currently among the top 10 remittance-recipients among all developing countries. In 2010, international remittances constituted 4% of Egypt's GDP, or 7.7 billion US Dollars (World Bank, 2010). Nonetheless, there is little empirical evidence on how migration and remittances affect individuals and households left behind in Egypt.

[☆] This paper has benefited from discussions with Randall Akee, Carlos Bozzoli, Tilman Brück, Dorothea Kübler, and Hartmut Lehmann at different stages of this research. We thank two anonymous referees and the guest editor of this special issue, Markus Frölich, for their comments which greatly helped improve this paper. The paper also benefited from comments from participants at the Fourth IZA/World Bank Employment and Development Conference in Bonn, Germany, and at a World Bank MENA Region seminar held in May 2009. We are grateful to the Population Council, West Asia and North Africa Regional Office, for supporting this research. This work constitutes part of an EC-funded World Bank Work Program of International Migration from the Middle East and North Africa and Poverty Reduction. The usual disclaimer applies.

* Corresponding author at: Dartmouth College, Department of Economics, 6106 Rockefeller Center, Hanover, NH 03755, USA. Tel.: +1 603 646 9183.

E-mail address: christine.binzel@dartmouth.edu (C. Binzel).

Migration from Egypt has been largely male-dominated and of a temporary nature. Egyptian men, particularly from the rural areas, migrate typically prior to, or soon after marriage, so as to raise the capital needed for marriage, to secure a certain standard of living for their family, or to start or expand a family business (Taylor, 1984; Singerman, 1995; Hoodfar, 1997). On the other hand, despite a tremendous rise in female education, female labour force participation has remained below 30% in Egypt (ERF, 2006). The Egyptian labour market continues to be highly segregated along gender lines in both rural and urban areas (Adams, 1986; Assaad and El-Hamidi, 2009).¹ We are therefore interested in whether migration by a (male) family member provides women with a possible avenue for entering the labour market or whether it further reduces female labour supply. There exist few studies on the impact of migration and remittances on the labour supply responses of household members left behind in developing countries. The preponderance of evidence from studies on other migrant sending countries, however, seems to point to a decline in labour force participation, especially for women (Rodriguez and Tiongson, 2001; Acosta, 2006; Amuedo-Dorantes and Pozo, 2006; Lokshin and Glinskaya, 2009; Mendola and Carletto, 2009). The common explanation is that migration comes along with remittance

¹ Even if women enter the labour market after leaving school or university, many women stop working upon marriage (Hoodfar, 1997). Partly, this is also linked to the widespread perception and norm that men should be the main, or even sole, breadwinners of the family.

income, which increases the reservation wage of those left behind, thus leading to a decline in labour supply. Yet, anthropological studies from the 1970s and 1980s on rural Egypt suggest that women often had to help replace the migrant's labour and took over tasks traditionally seen as “male” (Taylor, 1984; Adams, 1986).

We draw on cross-sectional data from the Egypt Labor Market Panel Survey 2006 (ERF, 2006) and address the endogeneity of living in a migrant household through an instrumental variable (IV) approach. We use both parametric and non-parametric techniques to estimate the local average treatment effect (LATE). Following the literature, we use the percentage of migrants at the neighbourhood/village level as an instrument for migration, controlling for a variety of local labour market characteristics. These neighbourhood/village level data come from the 2006 Egyptian Population Census. For comparison, we additionally estimate parametric (probit and tobit) and non-parametric (matching) models that assume that selection into migration is based entirely on observables. We examine the extent to which women change their participation in market work, differentiating between wage and non-wage employment (i.e. self-employment and unpaid family labour), as well as examine any change in subsistence work that can be linked to migration. We also analyze the impact of migration on the number of hours worked, unconditional on participation. Throughout, we account for different migration patterns and labour market characteristics in rural and urban areas by running the regressions separately for rural and urban areas. Given that one third of migrant households report not having received any remittance income over the past 12 months, we additionally carry out separate estimations for the impact of migration with remittances and migration without remittances, with the aim of shedding light on the possible channel through which migration affects the labour market decisions of non-migrants. Finally, we make use of information about the remitter–recipient relationship in our data. That is, we analyze the labour force participation of wives depending on whether their husband is working abroad and remitting at the time of the survey.

Our main results are the following: we find a decrease in wage work for both the rural and the urban samples, which can be explained as resulting from the income effect of remittances and which are in line with the literature. However, our results also suggest that women who live in a household with a current international migrant are more likely to engage in non-wage work and in subsistence work. This effect is significant and strong for women living in rural areas. Since this result is stronger among households where the migrant is not remitting, it indicates that the increase in non-wage employment is driven by the household's need to replace the migrant's labour, which is counteracted somewhat by the negative income effect on labour supply in households that do receive remittances.

This paper is organized as follows: Section 2 provides some background information on international migration from Egypt before deriving predictions on how migration and remittances may affect women's labour supply in Section 3. Sections 4 and 5 describe the data and the empirical approach. In Section 6, we discuss the empirical findings while we examine the sensitivity of our results to different specifications of the matching and the IV estimations in Section 7. Section 8 concludes.

2. Egyptian migration since the mid-1950s

Egyptian (male) migration to neighbouring Arab countries essentially started after the 1952 revolution. Until the early 1970s migration was strongly controlled by the government and encompassed mainly professionals and higher-ranking administrators (Taylor, 1984; Kandil and Metwally, 1992). This form of migration dropped after Egypt's peace agreement with Israel in the late 1970s. Similarly, “illegal” migration to Libya mostly by the unskilled in order

to work in the agricultural sector stopped when the Egyptian–Libyan border was closed in 1978 (Taylor, 1984).

With the “Open door” policy in the 1970s and many employment opportunities opening up in Saudi Arabia, Kuwait, Iraq, Qatar and the United Arab Emirates following the oil boom, the number of migrants both skilled and unskilled surged with a peak in migration reached in 1979 (Kandil and Metwally, 1992). According to Taylor (1984), the new migrants were no longer the very poor who used to migrate to Libya given that migration costs to the Gulf and other Arab countries were much higher. The scale and mostly unregulated nature of the migration flows had a large impact on the Egyptian economy leading to a shortage of labour in the agricultural and construction sectors and pushing real wages up (Wickham, 2002). Based on some estimates, 10% of the agricultural and 50% of the construction labour force was abroad by the late 1970s (Taylor, 1984; Aly and Shields, 1996). Other estimates suggest that two-thirds of the agricultural labour force was abroad by 1983 (Richards, 1994).

In the 1980s and 1990s, the inflow of Asian workers to the Gulf countries reduced migration flows from the Arab countries. Based on the 1988 Egypt Labor Force Survey, approximately 9.9% of households reported having a current international migrant (Wahba, 2009). By 2006, this share had declined to 4.7% (ERF, 2006). Nevertheless, given Egypt's continued population growth, this corresponds to an estimated 3.8 million Egyptians who lived in a migrant household in 2005–06.

Besides the fact that migration has been almost exclusively confined to men, one important characteristic of Egyptian migration to other Arab countries has been its temporary nature—often just for a couple of years—due to the legal environment in these countries (Kandil and Metwally, 1992; Bauer and Gang, 2002).

According to Taylor (1984), migration from rural areas strongly depended on the labour needs within the household, provided that a household could bear the costs to migration. Young unmarried men in particular migrated to help finance the costs of marriage. Migration prior to marriage or in the early years of marriage still constitutes a widespread strategy to raise capital (Hoodfar, 1997). In the two villages Taylor (1984) examines, households that received remittances mostly used them to buy agricultural land, to invest in the agricultural production and to improve housing conditions, but not to invest in non-farm activities (see also Adams, 1991). Adams (1991) also finds that it was predominantly the middle-income households that sent migrants in the rural areas. The sexual division of labour has been especially strong in the rural areas and affected the way non-migrant household members coped with migration (Adams, 1986; Taylor, 1984). Traditionally, women have been responsible for raising livestock, and partly for selling goods on the market. Besides these tasks, however, women have been very much confined to the household and of taking care of the domestic chores. Taylor (1984) notes that because of strong social norms, the need for additional labour in villages with high migration rates typically prevented women from joining the paid labour force. Nevertheless, women in her study often experienced an increase in their work load due to a reallocation of labour within the household. This often implied that women had to take over agricultural tasks that were typically perceived as “male” tasks.

3. Conceptual framework

The desire to migrate may be motivated in a number of ways including the desire to increase overall household income and to diversify income sources spatially (e.g., Harris and Todaro, 1970; Rosenzweig and Stark, 1989; Stark, 1991). Generally, the migration of a household member leads to an increase in the household's dependency ratio. As such, migration will therefore be associated with a reallocation of labour within the household with the aim to replace the migrants' labour and/or income (Amuedo-Dorantes and

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