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INNOVATIONS IN HUMAN RESOURCE DEVELOPMENT: EGYPT'S TRANSITION TO SUSTAINABLE GROWTH

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Abstract

Human Resource Development (HRD) encompasses multifaceted dimensions, encompassing both internal and external organizational frameworks. Within the context of the external environment, HRD is intricately linked with the broader institutional landscape of a nation. This symbiotic relationship is instrumental in enhancing organizational capacities, propelling the trajectory towards a knowledge-driven society, and fostering the evolution of "knowledge-based production" (Fleming and Soborg, 2002). Conversely, the internal milieu of HRD revolves around the cultivation of a managerial ethos that empowers individuals to channel their energies towards shared visions and common objectives. In essence, this process is fundamentally concerned with unlocking and maximizing the latent potential within human resources (Hood, 1999).

1. Human Resource Development and Sustainable Economic Development

Human Resource Development (HRD) has several connotations with regards to its internal and external structure. HRD in relation to the external environment includes the institutional setup of the country that would in turn contribute to the betterment of organizations, and consequently the movement towards a knowledge-based society, and more "knowledge-based production" (Fleming and Soborg, 2002).

On the other hand, the internal environment is one that involves fostering a management culture in which individuals can release their energies to share visions and objectives. In other words, the process is concerned with an enhanced view of human potential (Hood, 1999).

HRD does not stop at the individual level; it involves the improvement and development of the organization's value as a whole (Holton and Trott, 2004). In a world where production and distribution are becoming more

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global, governments are focusing more on technological infrastructure and human resources in order to attract investment from producers of goods and services (Fleming and Soborg, 2002)

"HRD is more than just a support factor for economic growth. It has become recognized that the human element is a determining factor for the degree of progress in any community, and there is no doubt that the good use of human power and attempting to raise his skills have the greatest impact on maximizing the production and achieving the progress" (Abouellil, 2011).

Developing countries are in a persistent need for outlining a clear multilevel highly collaborative strategy for HRD which would provide the infrastructure on which a sustainable economic policy can be set. This policy would ensure consistent long term growth and prosperity. Without a sound HR strategy base, economic growth cannot endure and will inevitably collapse. Policymakers need to let go of the import-substitution mentality in favor of the export-development one as this is the core of a "sustainable" development endeavor. To reach that end, economies need the joint and united effort of policymakers, economists, and researchers.

Sustainable economic development is very basically defined as present growth that both endures and, at the same time, does not forsake prosperity of future generations.

It includes "capacities to understand and analyze problems, partnering with different resources/ organizations to find solutions, using local resources for local solutions, involving the whole community and all stakeholders with comprehensive participation, negotiations and consensus-building from within, (as well as the) ability to incorporate and adopt external resources within local contexts" (www.grdc.org/sustdev/triads/triad.html). Shortcomings in HRD, which in turn reflect in shortcomings in sustainable economic development, emanate directly from a lack of the previously-outlined characteristics of sustainable development, as will be clear in section IV of this research.

Generally, HRD strategies have to be consistent and harmonious with country strategies for development. Developing economies have witnessed various inefficiencies on the institutional setup level, including inefficient policy integration, redundancy and duplication of efforts and functions, lack of transparency in information dissemination, crippling laws and regulations, a culture that doesn't support change and development, as well as a general atmosphere of lack of collaboration between the different sectors involved. In Egypt, all of the above are inevitably clear despite several governmental efforts to create a strong HRD which were not very successful and were discontinued by the January 2011 revolution. Also, the post revolution successive administration have continued to offer only quick-fix measures to redress the economic and institutional challenges resulting from the economic model that the old regime has adopted.

This paper will analyze the institutional problems related to HRD in pre and post revolution Egypt. Following, it will assess efforts expended on the road toward improvement, and finally it will give concrete recommendations addressed to policymakers, economists, and researchers.

After highlighting the important role played by HRD in the life of nations, we now move on to examining why and how this factor has been lagging behind in Egypt through highlighting the key problems crippling HRD in Egypt and their impact.

2. Institutional Problems Facing HRD in Egypt and its Impact on Sustainable Development

The challenges facing human resource development in Egypt can be attributed to the institutional setup in the country, and the inability of the system to respond to the changes in this institutional setup. Before mentioning the existing institutional problems in Egypt, it is necessary to take a brief look at the factors that led to the present institutional setup.

2.1 Brief History of the Institutional Structure in Egypt

In the sixties, there were structural imbalances and inefficient policy mix, and this was attributed to several factors. According to Nassar (2002), on the supply side, the population growth rate was estimated by 2.52%, 1.92%, 2.75%, and 2% over the periods 1960-1966, 1966-1976, 1976-1986 and 1980-1993 consecutively.

The overall participation rate of the labor force was estimated by 47.2%. Moreover, there was a huge increase in the number of graduates from higher education. On the demand side, in the sixties there was an increase in GDP growth rates, and decline in the unemployment rates. However, these declining unemployment rates were not attributed to the rapid economic growth rates of this period, rather the result of government guaranteed employment policies adopted in 1961. These policies led to the expansion of the public sector as a result of nationalization.

Thus, this period can be characterized by the following quote from Abdel Latif (2001): "In this period the link between education and employment was manmade (planned) rather than market-oriented (demand driven). HRD policies were characterized by five main criteria: dominance of social priorities rather than economic priorities, government intervention, free provision of services (health and education), subsidized food, and supply-driven policies rather than demand-driven policies for employment."

In the seventies and eighties, there was an inefficient pattern of growth policies accompanied by high rates of unemployment. Two "unplanned mechanisms" were developed to absorb the extra labor: the informal sector in urban areas, and external migration to the oil-rich economies (Abdel Latif, 2001). Consequently, the informal sector led to further employment problems, whereas the HRD policies did not change in rigidity from the sixties, despite the failure of matching education, training and employment.

In 1991 Egypt revised its economic policies and adopted the Economic Reform and Structural Adjustment Program (ERSAP). The program mandated immediate measures of liberalization and privatization to stabilize the economy. "However due to rampant institutional weaknesses, the reform agenda was achieved with the heavy price of growing poverty levels and soaring unemployment" (Alissa, 2007).

From 2004 onwards during Ahmed Nazif's government, Egypt's economic pattern of economic growth was transformed to capitalism as his cabinet was described as "government of businessmen". However, this government too failed to guide private sector investments towards labor-intensive productions.

"Instead the private sector was left to invest in low labor absorption social services rather than labor-intensive industries" (Alissa, 2007).

Investments in the Egyptian economy concentrated in inward looking sectors, did not prove to be sustainable sources of growth and job creation. Institutions in

Egypt play an integral part in Egypt's development. The bureaucratic apparatus in

Egypt is the main source of change as evident throughout the history of the country. However, there are a lot of problems facing the institutional system in Egypt, in other words, as described by Evans and Lohani (1992) "bureaucracy should not grow at the expense of development", it should be the tool for sustainable development. The following section is a description of the institutional and policy problems in Egypt:

2.2 Institutional Problems

The Egyptian economy's poor record of institutional reform was recently reflected in Egypt's ranking on the Global Competitiveness Index (GCI). The 2011 GCI report published by the World Economic Forum analyzes the state of global economies and ranks them in competitiveness. In 2011, Egypt ranked 94 out of 142 countries surveyed; a drop of 13 ranks lower than just the previous year was largely due to the country's increasingly weak

institutions. The report identifies how the effects of this handicap on the Egyptian economy include rising unemployment.

(Ibrahim, 2004).

2.2.1 Inefficient Policy Integration

There is a need to integrate HRD policies with a broad range of strategies and instruments. HRD policies have to be formulated in conjunction with other strategies such as the industrial strategy, export strategy, and educational policies.

Savings and investment policies require a well-functioning financial, stable and predictable macroeconomic environment, which in turn will help the economy to create more jobs (Assad, 1999). Efficient HRD relies heavily on sound education, training and employment policies. Educational policies have to be designed to improve the quality of higher education, for which HRD will generate stronger demand. Following the Egyptian revolution in 2011, efficient policy integration became an impossibility given that the country has been ruled initially by the Military council followed by Morsi's rule, Mansour's rule, and finally El Sisi's rule, including 6 Prime Ministers spanned over 4 years only.

Suffice it to say that given the number of rulers who have actually ruled Egypt in such a short period, it is only natural that this would negatively affect any forward efforts towards policy integration. Every figure came with an individualized vision, and a strategy of putting out fires without addressing the root causes of it, or not having enough time to do so. Most of the efforts were focused on solving factional demands.

2.2.2 Lack of Coordination

There is a general lack of coordination between the different ministries that run Technical and Vocational training schools. The Ministry of Education runs

Technical and Vocational schools, the Ministry of Higher Education supervises High Technical Institutes, the Ministry of Industry supervises vocational training centers that are either affiliated to the Productivity and Vocational Training Department (PVTD), or to public companies and authorities. Other ministries such as the Ministry of Manpower, Social Affairs, and Housing also run Vocational Training Centers at lower levels.

The problem is the lack of coordination between the various training providers; this coordination is needed to achieve stability and permanency to the process of Human Resource Development, to avoid replication, duplication, excess supply, to detect shortages, to learn from successful experiences as well as to mobilize resources for HRD.

Post revolution time was characterized by multiple appointments of ministers per each Ministry related to the multiple appointments of Prime Ministers as featured during this time. Consequently, the tasks that were assigned, and the strategies that were drawn by civil servants, have never reached the implementation phase. This time was characterized by confusion and a stark lack of coordination.

2.2.3 Lack of Information

There is a need to provide better information in the market, to ensure the matching of supply and demand (Nassar, 2002). Lack of adequate economic data in Egypt remains a key challenge. No useful evaluations can be performed when the underlying data are inaccurate and in turn no accurate policy recommendation can be drawn (ILO Egypt Report February 2014) This is very important for HRD, since information about the labor market requirements is needed to be transferred to both the institutions involved in HRD in Egypt, and the policymakers.

2.2.4 Incompatible Laws and Regulations

There is a need to simplify the rules and regulations to make the labor laws more flexible. The right to hire and fire, the right for labor unions to exert their full right, and use their collective bargaining tools are all examples.

In April 2003 the Egyptian government passed Law 12 to address shortcomings in Egypt's united labor code (Law 137), inflexible hiring and termination, and other labor concern. However, still some pitfalls of the new labor law discourage multinational investors to operate in Egypt.

In fact the situation worsened post revolution as the laws encouraging development that already existed could not be put into action given the conflicting and prevailing political and economic policies. Moreover, the lack of a legislative Parliament, which only existed for one year, and was dissolved afterwards, coupled with the issuing of 2 constitutions made any passing or revising of legislations and laws an impossible task.

2.2.5 Prevailing Tradition and Norms in Egypt

Technical and vocational training is regarded as second best education. TVET has held the dead-end label for those who are pushed away from general or higher education (Handousa, Situation Analysis Egypt 2010). Training institutions take on students who have dropped out of the education system, therefore the traditions and norms of the society is one of the main factors that influence HRD development in Egypt. This in turn has led to further policy dilemmas with regards to employment, education, and training in Egypt.

2.3 Policy Problems

2.3.1 Employment

The employment challenge can be characterized by a labor force that is growing at a rate faster than the population growth accompanied by a relatively low GDP growth rate (Assad, 1999).

Perhaps the biggest challenge for the government, given the young population, is the question of job creation, (OBG The Report Egypt 2013.) Labib (2002) identified the problem represented in the excess supply of labor as opposed to corresponding limited demand. The labor supply is estimated to be circa 800,000 persons since 1999/2000 including the output of the educational system and the drop-outs who join the market every year. The total labor absorption is estimated to be 58% of supply, or a deficit of 350,000 jobs a year. It is worth noting that the macroeconomic policy has a major role in this aspect: In addition to its role in maintaining a sufficient level of aggregate demand to guarantee maximum employment while preserving an acceptable level of inflation, it should also reconsider the investment allocation of resources, which should be more directed towards laborintensive industries particularly because the "growth of GDP is certainly a necessary but, by no means, a sufficient condition for increased employment. The employment intensity of growth is equally important" (Radwan, 1997).

Although investment policies are assumed to be addressing the unemployment problem as one of its main objectives; surprisingly, the investment pattern shown in figure (1) suggests that most of the investment resources are allocated towards sectors with low elasticity of employment (Egypt Economic Profile, June 2014). Though high investment should be dedicated to labor intensive sectors like agriculture, construction or tourism we find that both public and private investments are directed towards capital (low labor intensity) investments like natural gas, oil, mining or real estate industries. Figure (1) below proves that there is a clear contradiction between the investment pattern and the economy needs in obstructing the intensification of the unemployment problem.

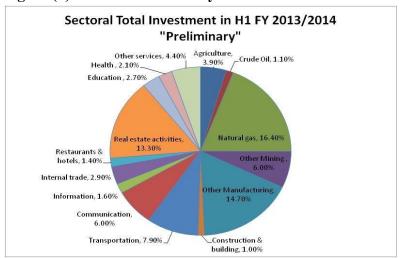


Figure (1): Total Investment by Sector

Source: Ministry of Planning as cited in GAFI presentation "Recent Development in the Egyptian Economy, 2014"

2.3.2 Education

Before we move on to describe the education fiasco, it is worth noting that unemployment levels are high for university and secondary education holders, especially female, due to their preference for stable public sector employment. Expectations were nurtured under the, now discontinued, employment guarantee scheme and made possible by government sponsored free education. Nonetheless, although these expectations fueled greater rates of participation and a drive for achieving university and secondary education, they ultimately remained unfulfilled. That is not the case with less educated individuals, who are willing to accept whatever work they can find, and are often engaged as wage earners or as self-employed.

The more significant implication, however, may be that the stark mismatch between outputs of education and vocational training institutions and labor market demand is causing serious economic bottlenecks. This demand-supply mismatch refers to both the number of jobs available (quantity) as well as the skills required (quality) (ILO Egypt, February 2010).

This view is evidenced by random surveys of private sector opinions. According to these surveys, lack of skilled labor and managerial staff were high on the list of constraints faced by the private sector.

Thus, it appears that there is an excess in the supply of the educated in the labor force, but this excess is of individuals with the wrong type of education, "indicating that the education system is not only producing the wrong mix, but also the wrong quality" (Galal, 2002).

After the 1952 revolution, the Egyptian government adopted a plan to make education accessible to all social classes of the population. As a result of this policy there was a huge expansion in the education system, since the law required that education would be compulsory for primary and preparatory levels. The number of children in primary education increased on average by an average annual rate of 5.1% since the sixties till the mid-eighties, increasing to 6% till the end of the last century. On the other hand, secondary educational enrollment increased by 9.1% on average and higher education enrollment increased by 7.1% on average over the last period (Nassar, 2002).

"The last decade also witnessed a positive leap in education finance. A great increase in the budget for adult education and literacy, growing from LE 109 million in 1997 to LE 192 million in 2006 indicates ongoing GOE commitment to literacy programs.

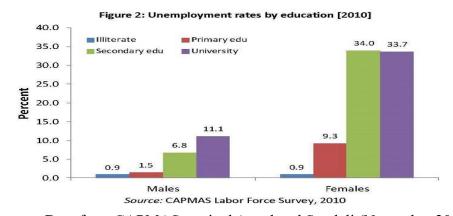
As a result, the annual numbers joining classes increased from 486,000 in 1997 to more than one million in 2006 with a rise exceeding 130%" (Handousa, Situation Analysis, Egypt 2010).

Despite the above mentioned improvements, the drop-out ratio of students in the primary level is quite high. The main reason behind this is that the costs of education increased after the ERSAP (Economic Reform and Structural Adjustment Program). This was felt more among the poorest categories. Empirical evidence states that although children in the poorest population quintile represent 25% of all primary school children, they are only 20% of all students at the preparatory level, 14% of those at the secondary level, and 4% of those at the higher education level. Additionally, several past studies proved that the higher the family's socio-economic status and the mother's educational attainment, the better the student's test performance and the lower the probability of drop-out.

"There is a high correlation between poor persons and illiteracy (UNDP 2008) with rural areas, especially in Upper Egypt, the most vulnerable. According to the recent and comprehensive 2010 Survey of Young People in Egypt (SYPE), among those who come from the poorest households, 29% never enrolled in school, and 24% of those who did dropped out before finishing basic education" (Handousa, Situation Analysis, Egypt 2010).

Not only is there disparities in education among the socio-economic groups, but there are also gender disparities in the gross enrollment ratios, as we may find that gender disparity in education has been a persistent problem in Egyptian education till the mid-nineties and still has its effect mainly in rural areas. Household opportunity costs and other cultural factors dampen household demand for girls' education, especially in disadvantaged areas mentioned before.

This is because of the need to have the females perform household work, a cultural value that does not view the education of females as highly important as that of males; and the fact that when females marry they will no longer contribute to the financial benefit of their primary family. As a result, female education has always been viewed as being much less important than that of males (World Bank, 2002). Figure (2) shows the difference between unemployment rate by gender and by education attainment:



Source: Data from CAPMAS as cited Angel and Semlali (November 2010)

However, the difference between gross enrollment ratio for females and that of males has decreased during the recent years on the primary level and major improvement in this ratio has been recorded as follows as per Handousa's report; the ratio of girls to boys in primary education increased from 81.3% in 1990/1991 to 93% in 2007/2008.

It is also worth noting that the composition of the public education expenditure in Egypt is characterized by its strong bias to current expenditures in terms of salaries, wages and benefits against investment expenditures.

The large administrative body and the large non-teaching staff absorb a large portion of the wages and salaries budget (The coefficient of non-teaching/teaching staff is as high as 0.78 in Egypt while it is only 0.58 in the

OECD countries). In addition, the student/teacher ratios reflect overstaffing in the Egyptian education system compared to other countries. For example, it was estimated that in 1989/90, salaries accounted for 94% of the total expenditure of the Ministry of Education, while the corresponding ratio was 70% for the Ministry of Higher Education. From these 70 per cent of total spending on higher education that goes to wages, Nonacademic staff absorb 50 percent, leaving relatively meager funds to be directed towards research, facilities and curricula upgrades; according to Feteha, Ahmed (Ahram Online). This implied that there were very few resources left to purchase the supplies needed for current operations and for the maintenance and repair activities that are usually required to keep schools and universities well fitted to the educational process (UNDP & INP, 1998).

Though education in Egypt has witnessed a strong boost, still some parents remain concerned about the quality of instruction. For all the evolution occurring in primary and secondary schooling, the biggest challenges in Egyptian education are occurring at the tertiary level. (OBG, Egypt Report 2012). The roots of the problem of the territory education as described in this report started when Gamal Abdel Nasser championed a rapid expansion of university education as part of his economic development agenda for Egypt. Nasser's well intentioned reform scheme was not without its unintended consequences. "Perhaps most troublesome, Egypt's economy did not create enough new jobs to absorb the all new graduates, which left lawyers driving taxis and engineers sweeping floors" (OBG, Egypt Report 2012).

In addition to the above, there is a bias towards some of the governorates against the others and this bias does not always follow the population distribution among these governorates. This bias is usually towards the urban governorates (e.g. Cairo and Giza) against rural governorates, especially those in the Upper-Egypt. This explains the low educational attainment and quality of education in these disadvantaged governorates. Considering the availability of schools in these governorates, we may find that Primary and Preparatory schools are fairly distributed among rural and urban areas. However, the availability of secondary schools in rural areas reached only 31.7% for general secondary and 19.5% for industrial secondary of total schools available in both areas as of 10/2011 according to information published by the Ministry of Education (Egypt in Figures 2014).

These inequalities in the availability of secondary schools limit the opportunities for the rural populations to continue education beyond the basic level. It should also be taken into consideration that these populations are more exposed to capability poverty and large numbers of them fall back into illiteracy given the low quality of basic education and the high dropout ratios in this stage (UNDP & INP, 1998).

Despite the attempts in the last decades to make the educational curriculum more in tune with employment and available job opportunities in the economy, these attempts have failed. This was done mainly through trying to encourage technical and practical training as a substitute for academic education, however people were more attracted towards the latter, and there was an aversion to technical education.

All the arguments mentioned above clearly show a deep flaw in strategy organization and implementation. This may basically be reverted to institutional weaknesses reflected mainly in having high levels of centralization in the educational system.

For example, public schools do not keep hold of the student fees but they are transferred directly to the MOE instead. In addition, transfers of funds between school budget categories cannot be maintained except with the approval of the governorate (UNDP & INP, 2004).

Arguments for centralization mainly revolve around the rationale that the Egyptian cultural norm does not enable lower levels of administration to hold higher degrees of responsibility, as this may lead to corruption and misuse of resources which may require a quite rigorous monitoring and control system. However, it is quite important to emphasize how lack of decentralization may negatively affect the quality of education and the policy making

process. "Experience shows that decentralization can improve efficiency, transparency, and accountability in service delivery at the local level. When teachers, parents and principals have more decisionmaking power, good governance is promoted at the local level, and better ways of managing the resources of the government, private sector and civil society can be achieved" (UNDP & INP, 2004). However, this does not imply the call for a fullydecentralized system, as some central decision making may yet be needed. For instance, some centralized decision-making may be required to ensure the minimization of the gap among rich and poor governorates.

More delegation of authority to the local or school-level is needed along with some centralized decision-making and resource allocation to ensure the promotion of equity.

2.3.3 The Mismatch between Education Output and Labor Market Needs

One of the main reasons of the high dropout ratios in the educational system is the common belief that the level of education has nothing to do with the employment status, as many of the educated people are actually unemployed. This is mainly due to the mismatch between the needs of the labor market and the education system output. And this is mainly correlated with the low quality of the educational system.

A key problem of the mismatch between the needs of the labor markets and the education system outputs is the inability of the education system to deliver higher order skills, such as problem-solving skills, for flexible use in all situations. These skills are needed by workers who will face frequently changing tasks and challenges in increasingly complex work environments. The sector has not kept pace with Egypt's economic and social development. Rote learning and lecturing are still at the center of teaching, with too little engagement by students. The development of soft skills is overlooked, and technology too rarely used to the frustration of students themselves (OBG, Egypt Report 2013).

There should be adequate and convenient education and training in addition to some degree of labor market flexibility to enable people to have decent jobs. Although Egypt has one of the oldest educational systems in the developing countries, and has the largest student number in the MENA region (over 20 million as of 2013), the labor trend suffer from high unemployment. This is because of the labor's low productivity that resulted from the inconveniences in the quality of the educational system and the misallocation of human capital that diverted it from employment in growth-enhancing activities. Remarkably, the tertiary technical education is very modest as a proportion of population.

This indicator is important in enhancing the ability of the labor force to adopt and absorb new technology (Radwan, 2002). It is also worth noting that there is an over-supply of higher education graduates. The available employment opportunities do not meet this surplus specifically since the end of the employment guaranteed schemes in the mid-eighties.

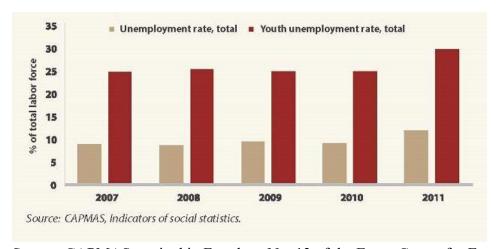
This led to the fact that jobs have become harder to get, and has become much lower to pay. This resulted in the creation of the problem of the international migration of high-level educated workers "The brain-drain". It is important to mention that this problem has been exacerbated following the 2011 revolution, and which was directly related to the conflicting policies describing this period. A large percentage of Egypt's brain power left the country in fear of an undetermined future for themselves, and for their country compounding the problem of the already prevailing mismatch.

According to the Central Agency for Public Mobilization and Statistics

(CAPMAS) report youth constitutes 70.8% of the total unemployed, with around 10.6% aged between 15 and 19, and 20.9% ranging between 25 and 29 years old. The majority of the unemployed youth were found in the 20 to 24 year-old tranche, of which 39.3% were jobless. Commenting on the education level of the unemployed, the

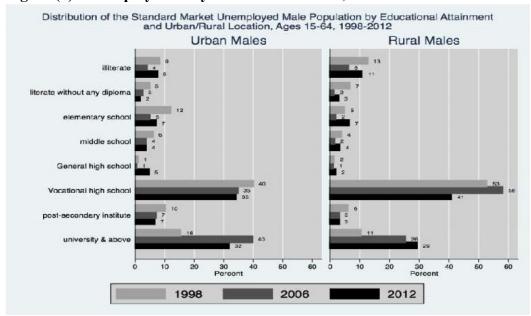
report pointed out that 84.5% of the unemployed had high school and college degrees (Agrour, Article November 17, 2013 Daily News).

Figure (3): Official Unemployment rate, Total and for Youth 2007 - 2011



Source: CAPMAS as cited in Factsheet No. 13 of the Egypt Center for Economic and Social Rights

Figure (4): Unemployment by Educational Status, 1998 – 2012



Source: Data from CAPMAS as cited in Said (2014)

The unemployment rate is higher among the better educated, particularly among those with intermediate and university education (Figure 4). There is hardly any recorded unemployment among the illiterate and those with lower than intermediate education (Hassan and Sassanpour, 2008).

The most recent data according to the American Chamber of Commerce in Egypt shows that the overall unemployment rate for 2013 stood at 13.2%, unemployment among those with at least a university education in 2012 reached 21.4% outweighing the 17% of intermediate education holders and 8.4% of those with less than an intermediate education who were unemployed. Fully 33.2% of the overall unemployed and 41.5% of unemployed females have at least a university education and an additional 51.8% of the unemployed had at least an intermediate education but did not graduate from a university. This issue of unemployed university graduates

tracks closely with youth unemployment. In Q4 2013, 71% of the unemployed were under the age of 30 according to press reports and government statistics.

2.3.4 The Informal Sector

It is important to recognize that one third of the owners of the informal sector establishments had no formal education and another quarter had only primary education. Training programs aimed at the owners/managers of these small establishments should therefore emphasize literacy and numeracy, basic accounting and marketing. The 2012 report by the International Labor Organization (ILO) notes that 51.2 percent of non-agricultural employment in Egypt falls within the informal economy. This necessitates the need to upgrade the qualifications of the human resources running this system.

"Also awareness about labor law, employee's rights and safe working environment should be directed young workers joining this sector. As within the working population, a recent survey by the Population Council and the Information and Decision Support Center showed that work informality is more prevalent among working youth. The report showed that only 15.7 percent of young workers have a signed contract with their employers, and only 14.8 percent have social insurance benefits" (Barssoum, No Jobs and Bad Jobs).

This problem has definitely exploded after the revolution, with the lack of a strict policing system, hawkers filled the major squares of Egypt in great amounts, unsupervised, threatening the security of all involved. Moreover, compounding the problem of the informal sector, and leaving the government almost crippled as to how to deal with such a faction. Not to mention their multiplier effect, which further burdened the system with unresolved factional demands.

2.3.5 Labor Market Information

Less than 5% of all establishments surveyed recruited their workers through employment services; and more than three quarters did not report vacancies to the employment services. The main reasons given for not recruiting workers through employment exchanges were that they did not provide suitable workers, the quality of workers they sent was poor, the service they provided was slow, and the quality of services was not suitable. There is a strong need to improve the quality and coverage of employment services.

As stated by Ahmed "The unemployment problem is augmented by a lack of market mechanisms and institutions that facilitate the transition from education to work, effectively link labor supply to demand and provide career training, guidance and job market information.

In other words, the private employment agency and human resources (HR) services industry is severely underdeveloped in Egypt. And while global private employment agencies (PrEAs), such as Manpower Inc. and Adecco have entered some Middle Eastern countries such as Morocco, Tunisia and the United Arab Emirates (UAE), they have not entered Egypt." (Ahmed, spring 2010).

After going through the problems crippling the flourishing of HRD in Egypt, let's critically examine government efforts expended on the way toward sustainable development.

3. Efforts on the Road to Sustainable Development

The Arab Republic of Egypt has deployed a system of development planning since 1982. A number of new legislative and regulatory changes, which will be mentioned in details below, were introduced targeting to improve the business environment and to improve employability rates. However the civil uprising that began in January 2011 and that has continued into June 2013 interrupted that period of intended economic reform. Several Institutions have been set up to reach the abovementioned target, but the questions that remain unanswered are; whether the up-rise would have been triggered if these organizations have been able to achieve what they were set out to do? Can the post revolution efforts navigate a way out of the rising unemployment rates?

3.1 Presidential Decrees

Two presidential decrees have created two structures at the national level both under the chairmanship of the Prime Minister:

- a- The Presidential decree no. 459/1982 has set the Higher Council for Development of Manpower and Training. The Council is concerned with drawing up the national policy for planning and development of manpower and designing a national comprehensive program for their development and optimum employment.
- b- The Presidential decree no. 40/1991 has created the Social Fund for Development under the direct supervision of the Prime Minister. Article 2 states that the Social Fund for Development will be in charge for soliciting and procuring international, local financial and technical resources to help the development of human resources and alleviate the cost of living for the population sector with limited income.

3.2 Governmental Initiatives

- Establishment of R&D centers: e.g. The Egyptian Academy of Scientific Research and Technology (ASRT) and Central Metallurgical Research and Development Institute (CMRDI.
- Establishment of Smart City to host more than 500 companies and more than 100,000 employees by 2012 (smart villages.com).
- Formation of the Industrial Training Council (ITC) in 2006. ITC is a subsidiary of the Ministry of Trade and Industry, and was established in July 2006 in an effort to fill the huge skills gap in Egypt's large industrial force.
- Revitalization and development of the Supreme Council for Human Resources in 2007-2008. The organization is the only platform that represents relevant stakeholders for human capital and coordinates activities with the Ministry of Manpower to develop local human resources capacity.

3.3 The Dual Vocational Training System

In addition to the Mubarak-Kohl Initiative; we have also the Dual Vocational Training System (DVTS), which is a program that aims to promote classroom theoretical training with practical training in actual work (Klock and Lim, 1998). The program is funded by the Ministry of Education and the private business sector, the program started in 1994 with support from the Egyptian Ministry of Education and the German Government (GTZ). The actual implementation started in four pilot projects established in new cities around Cairo, with courses for mechanics, electricians, and garment workers.

As per Amer (2007), (Egypt Country Report – ETF) a number of TVET initiatives were recorded as successful endeavors:

- "- The Skills Development Project (SDP) which was approved in 2003 for a five-year implementation period and was financed by a World Bank loan of \$5.5 million and by the Egyptian Government with the amount of \$6 million had a main objective to design a pilot program to stimulate the private sector demand for skills training development through a demand driven and competitively-based mechanism
- A complementary project to the SDP is the European Commission TVET. It aimed at establishing enterprise-TVET partnerships at the local level; improving the quality of training; and developing national regulatory and support functions through improving governance, identifying means of sustainable financing, and research, monitoring and evaluation. Though the TVET program was to begin in 2003, it has only started in July 2005.

- Another dual TVET program is the school to work program which is part of the Education Reform Program launched in 2002 by USAID in seven governorates. The school to work component aims at improving the quality of the technical secondary education to better serve the current and future market needs. The main objective is to enable technical education schools to provide communities with skilled workforce that respond to the needs of a particular locality".

3.4 Employment Efforts

There have been employment efforts in Egypt starting from the sixties. In the sixties, employment programs were adopted based on political and social reasons rather than economic ones, which has resulted in underemployment and overstaffing (Nassar, 2002). The following is a summary of the employment efforts that have been adopted so far:

- In March 1997, the Council of Ministries started a program called "Egypt and the 21st Century"; the main purpose of the plan was to increase the level of investment to 25% of GDP within the coming twenty years and to create 50,000 job opportunities every year. The goal of the plan was to be achieved through two Mega Projects Sinai and Toshka (Upper Egypt). However, the plan was not achieved because the private sector was not participating in the preparation and design, and it was difficult to persuade the private sector to participate, because of the long term characteristics of the project and the difficulty of implementing.
- In July 2001, the government launched a Government Employment Scheme, the main purpose of which was to create 800,000 job opportunities in governmental institutions.

The main goals of the program were to build the necessary organizational structure for improving the labor and upgrade and develop the labor force in Egypt. However, the program was not able to realize its goals because of the absence of an institutional setup for executing these objectives, as was highlighted previously.

- In May 2009, Egypt launched successfully The National Action Plan on Youth Employment. The NAP process in Egypt started in February 2006 with a Capacity Building Workshop organized by ILO, GTZ and the YEN Secretariat under the leadership of the Ministry of Manpower and Migration of Egypt. The goal of the youth employment NAP is to increase youth employment and provide decent and productive jobs for young people, who join the labor market every year. (NAP Report by ILO and Ministry of Manpower and Migration January 2010).
- In June 2014, the 'Youth Employment Generation Program in Egypt' has been awarded the prestigious World Summit on the Information Society (WSIS) Project Prizes 2014 contest. The Program which was financed by the Government of Japan is one of the Egypt Information and Communication Technology Trust Fund (ICTTF) projects, established by the United Nations Development Program (UNDP) in Egypt in cooperation with the Ministry of Communications and Information Technology (MCIT). The project addresses the mismatch between the skills demanded by the private sector and youth skills to provide youth with the necessary vocational, IT and soft skills to increase their employment prospects. The project is in complete relevancy to the needs of youth, micro, small and medium enterprises (MSMEs) owners and entrepreneurs, in addition to its relevancy to the government policies and labor market requirements. The project benefited 2172 MSMEs, 137 social entrepreneurs and 487 fresh graduates across Egypt
- (http://www.eg.undp.org).

3.5 General Education

Educational policies must be geared towards bettering the quality of education, for which HRD will generate stronger demand. The national education policy in Egypt was concerned mainly with establishing nationwide

compulsory primary-stage education until the 1980s. In 1981, the law was amended extending compulsory schooling to nine years (6-15); six years of primary education and three years of preparatory schooling.

Handoussa (2010) has reported on the reform efforts undertaken by the government during the last decade as "Reform efforts have been ongoing and much work has been exerted by the government — in particular the Ministries of Education and Higher Education — to improve the status of education and its quality. Egypt launched the comprehensive National Strategic Plan for the Reform of Pre-University Education for 2007/8-2011/12. The NSP plan has three fundamental policy goals: i) ensure high levels of quality education performance by strengthening quality, relevance, social outreach of education; ii) ensure efficient system of management, effective community participation through decentralization, medium-term finance planning, result-focused planning and implementation monitoring; iii) Ensure equal education access for all; this includes increased net enrollment rates, especially in deprived areas, and strengthened community participation. Also as part of the national educational reform project, the 100 Schools Project, physical upgrade of 100 public schools began at various educational stages in the lowest income areas of Cairo. After the success of this stage, three other reform stages have been advanced for 2008-2010 to include an additional 208 schools that serve more than 300,000 students".

4. Exegesis - Shortcomings Versus Sustainable Development

As highlighted previously, Egypt has deployed a system of development planning policies since 1982. Those efforts can neither be ignored nor belittled. The fact remains, however, that policies look very good on paper and, therefore, they get approved by the officials involved. The substance of the problem, then, lies on the implementation level. The skeptical eye of the researcher can automatically spot that the core reason for the deterred HRD despite previous efforts is in the policymakers' definition of objectives, i.e. the fact that there is a definite lack of clear, specific, measurable, attainable, relevant, and time-bound objectives. Even if one characteristic of these objectives is found, we find redundancy and duplication of efforts and a clear lack of coordination. Job descriptions become blurred and it directly follows that accountability also becomes very difficult. This is stated clearly in the MENA-OECD Egypt Report on July 2010 as follows: "Egypt should improve implementation of its workforce skills development strategy, which will require greater institutional leadership to coordinate efforts.

It should also adopt a more holistic vision of human capital development and increase collaboration between the main stakeholders and institutions. Rather than eliminating inertia by bypassing stakeholders, efforts should be made to move strategies forward by including them".

Just as HRD represents the base on which sustainable economic development can be based, on a micro level the institutional setup represents the base on which HRD can also be based. The institutional setup is hence the core problem, followed by policy and collaboration problems. In the following, we will outline the key areas in need of vast improvement. These areas are all interrelated and represent the pillars on the basis of which sustainable economic development should be based.

4.1 The Match between Demand and Supply

Basic economics stipulates that a match between supply and demand of any product (good, service, or idea) is indisputable in order to avoid inefficient and idle resource allocation. Even if supply can be directly man-made/man-induced, the demand cannot be as direct. Policymakers in Egypt need to think in terms of narrowing the very wide gap between the education supply and the employment demand. Employment programs should be based on economic reasons rather than political or social reasons. The role of the middlemen in this endeavor cannot be ignored. The middlemen in this case are the recruitment offices, including institutes like the

International Marketing Institute (IMI), Quest, YAT, ELTC, etc. Through the use of social marketing, the government can induce the collaboration of those institutes as well as socially bias society in favor of the sectors in need.

4.2 Social Marketing and Collaboration of Efforts

The role of social marketing cannot be ignored. In fact, it is inevitable in changing negative social norms, such as the ones in favor of higher education more than vocational/technical education. Egypt is in bad need for elevating the way technicians and technical education is regarded. In developed economies, this sector is well-regarded and economically sounds. This can be further sustained and promoted by removing subsidies on higher education as we will discuss in the following pillar.

Social marketing is also crucial in fostering the collaboration of efforts between all stakeholders involved in all sectors of the economy. Without this collaboration, the HRD base will never be strong enough to withstand the sustainable economic development required. Nationwide collaboration objectives, however, shouldn't be too farfetched and long-term in order to succeed in encouraging the participation of the publics and the private sector.

The government needs to initiate massive campaigns so that it may influence the public's norms and mentalities in favor of concepts like the importance of vocational training, as well as collaboration. Moreover, consultants and researchers should promote these ideas in conferences, publications, as well as higher education institutes.

4.3 Government Funds and the Education Fiasco

Education is not like bread. Even though government subsidy efforts aim at assisting the poor and build on the fact that education is a basic right of every citizen, their impact has been negative in the higher education level. The main evident consequence is the public bias toward higher education as opposed to technical education.

Government funds should subsidize education but only till university level. Tertiary education should not be subsidized. Rather, on the tertiary education level, subsidies should be provided only to superior students. This would be in favor of promoting technical education. Excess government funds should not be geared toward very long term and risky infrastructure projects, like Toshka, however. Rather, they should be geared toward subsidizing wages of technicians, again to promote this very important category. Long term infrastructure projects should be financed only if they are a national necessity, and if serious feasibility studies are conducted with international standards. One last issue related to education is the fact that in the curricula, a sense of cultural being/identity should be promoted. This identity should be a conservative one in terms of manners and religion, yet a liberal and aggressive one in terms of knowledge, technology, and development. Social ideas that are in favor of the country welfare should also be advocated.

4.4 The Coupling and De-coupling of Systems Involved

The whole ministry system needs to be de-coupled from start, redundancy removed, and then re-coupled again. In each function, the relationships between the parties responsible for it are extremely unorganized and illogical. We suggest that each tier of the population is handled by a separate ministry that would cater to the specific needs of that tier, provide objectives and benchmarks for it, and be autonomously be accountable for it. For example, on the employment level, vocational training should be handled by only one party as opposed to the redundancies explained previously in this research.

The strong de-coupling of the systems involved will not be achieved unless there is a strong technology infrastructure to sustain it. Hence, e-government³ becomes crucial in this case in handling the bureaucracy crippling HRD in Egypt. The E-Government was started and managed by the Ministry of Communication and Information Technology (MCIT) in 2001 and in 2004, program ownership was transferred to the Ministry of State for Administrative Development (MSAD). After 10 years of local e-government in Egypt still there is a high

dissatisfaction with the services offered as stated in the survey conducted by the Decision Support and Future Studies Center (DSFS), Cairo University. The survey reports "high percentage of the respondents are dissatisfied with the technical performance of the site as well as the accuracy of the promises of service. "A high percentage of respondents are also dissatisfied with the response speed of the site in case of problems or questions and its ability to provide assistance" (DSFS, 2010).

The establishment of partnerships is also a suggestion; the government in partnerships can create a stable macroeconomic environment, maintain competitive markets, ensure that poor people are able to access HRD easily, furthermore encourage enterprises that create the most jobs and opportunities. Employer's partnership can be achieved through the cooperation of businesses with education, and thus reducing the mismatch between labor markets and educational outputs.

4.5 The Importance of Information and Information Technology

Needless to say, redundancy elimination, strong coordination and transparency can never be attained without a sound technology infrastructure. Again, e-government is crucial in this respect.

4.6 Training in the Informal Sector

Policymakers need to cater to the needs of the informal sector and the Small/Medium Enterprises (SMEs). Several adjustments should be done to the training programs represented in expanding and deepening the scope of training strategies and programs to sectors with high potential of employment like tourism and also to cope with sectors in need of higher skills like those in advanced technology subject to the challenges of globalization and the economic crisis related to Post revolution Egypt. Also, there should be a unified board or entity responsible for coordinating between the training programs offered to employees and the labor market demands. In addition, it would put unified testing standards to ensure their quality.

4.7 Vocational Training

There is a definite need for a separate legislation for vocational training that would cover areas such as administration of training, financing, and the qualification framework. Though Egypt established the Supreme Council for Human Resource Development (SCHRD) in 2000 as part of its reform program with the mission of creating a national human resources development policy; lack of inter-ministerial coordination has deemed the efforts with negative response. As stated in the recommendation of the MENA OECD Report July 2010 "Egypt should appoint a single institution to co-ordinate its workforce skills development strategy, adopt inclusive practices to involve stakeholders, and use the existing SCHRD framework to build a holistic approach to education and training"

5. Conclusion

Egypt after the revolution has the right context for change. The main focus now should be on improving the institutional setup of the country, as well as making the policies more flexible to serve HRD institutions.

Egypt needs to focus not only on improving economic factors, but also on boosting the social and political aspects, and this in turn will be translated into triple bottom line goals of sustainable development.

Despite all hurdles that has been mentioned in this paper, and that Egypt has to face, it does not mean that the country is not moving on the right track. Having an elected President who has started in July 2014, and an Egyptian Parliament to be elected by the end of the same year, the road to sustainable development is slowly being mapped out for Egypt.

The enabling institutional environment should be characterized by good governance of education and training in the sense that there should be better application of the rule of law and property rights, HRD institutions should be transparent, and characterized by free flow of information. Moreover, HRD institutions should have a strategic

vision that works hand in hand with policy makers, advisers and senior representatives of the government, in order to make better use of the Egyptian labor force. Regional HRD authorities that exist in Egypt are only responsible for administrative staff; they should be given a certain degree of autonomy in decision making. On the other hand, in order to have better HRD programs, linkages between vocational schools and businesses and industries should be established, by doing so unwanted mismatch between supply and demand for workers will be avoided.

HRD entails investment in human capital, and this can be best achieved through a sound educational system. The first step towards a sound educational system is to differentiate between education for learning, and education to meet labor demand in the market. Education for learning is the basic foundation upon which the skills and human capabilities can be achieved. Thus, we can safely conclude that a pro-active institutional environment and a proactive HRD strategy with a clear vision will help build a technological and human resource base that will contribute to higher value added forms of production.

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