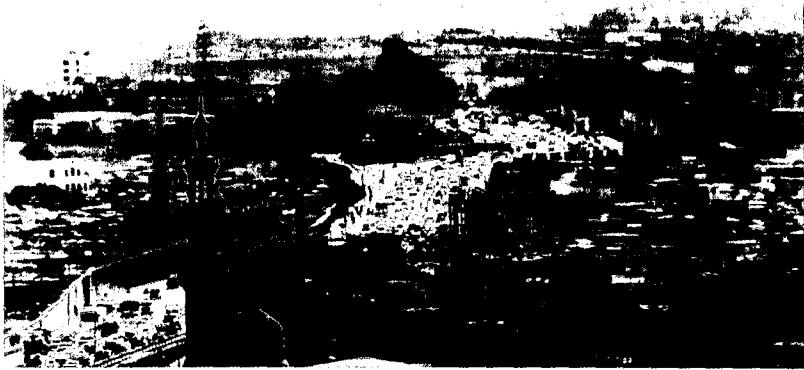


Economic Development and Social Conditions in Egypt

**Working and Living in 10th of Ramadan City
A Reader**



**FRIEDRICH
EBERT 
STIFTUNG**

**A Publication on Enterprise
and Social Development in Egypt**

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**The Small Scale Industry Complex
in 10th of Ramadan City:
Needs and Potentials
A Target Group Analysis**

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Introduction

The small-scale industry has played a significant role in the industrial development in most of the newly industrialized countries like Korea, Hong Kong, Singapore, Taiwan, Thailand, Japan and India. Its contribution to the industrial value added, employment and growth was more evident when it acted as a feeder industry to larger industrial companies in areas like for example cars, electrical appliances, electronics and computers.

In this context, a growing interest has developed in the small industry complex in 10th of Ramadan City in Egypt on the background of which the present study has been conducted. It has been initiated under the auspices of the Federation of Egyptian Industries (FEI) and the Chamber of Engineering Industries (CEI) in cooperation with the Friedrich Ebert Stiftung (FES) and the Association for the Development of Small-Scale Industries in the New Cities (ASSINC).

The purpose of the study was to investigate and analyse the activities, prospects and problems of the existing small-scale industries in 10th of Ramadan City. The results should help to shed light on the main features of the enterprises in the small industry complex there and support ASSINC in defining its needs for assistance. Therefore, the present study aims at achieving the following objectives:

- classification and division of the existing industrial units according to certain criteria (number of workers and/or value of capital and/or technology) into different groups
- draft of an outline of the main features of small-scale industries while considering the choice of location, the type of the industries, the entrepreneurs, the size of capital, work conditions, production environment, financing and marketing
- identification of potentials, needs and problems of the entrepreneurs
- identification of the concerns and expectations of the entrepreneurs regarding future production and investment plans
- information on the expectations of the entrepreneurs concerning the impact of potential future economic and trade developments, both regional and international, on their production decisions
- identification of the potential role of different specialized associations and trade unions in providing assistance (financial, technical, lobbying) to small-scale enterprises

Definition

Researchers in the field of small-scale industry are confronted with the problem to find exact definitions for this sector. Different criteria are used to distinguish between small-scale enterprises and larger industries. Some take exclusively the number of workers in an enterprise as a basis for their definition; others include

capital and/or technology as additional criteria. However, even the maximum numbers of workers suggested to limit the scope of what could be considered a small-scale enterprise vary. In Japan, a company with up to 300 workers is classified as a small-scale enterprise, in the USA 250 workers are considered to be the limit, in Germany, France and Belgium small-scale enterprises are supposed to have not more than 50 workers.

Similar difficulties occur when criteria like the amount of capital and the type of technology are included in the definition. This problem is reflected in Egypt where different definitions are in use. The Ministry of Industry (MOI) defines small-scale enterprises as having less than 100 workers with a value of fixed capital not exceeding LE 500,000. The Ministry of Planning (MOP), on the other hand, classifies an enterprise as part of the small-scale industry if it does not employ more than 50 workers. The Egyptian Bank for Industrial Development takes both the number of workers and the size of capital into consideration. According to this definition, a small-scale enterprise would have between 10 and 100 workers and dispose of capital in the range of LE 50 000 to 1 Million (1992). In view of the difficulties to define the scope and main features of small-scale industries in Egypt, one aim of the study has been to find appropriate means for classification and categorization of the existing small-scale enterprises in 10th of Ramadan City.

Methodology

During preparations for the present study, meetings were held in both 10th of Ramadan City (with the board members of ASSINC) and in Cairo. The preliminary questionnaire form was designed in order to be discussed at a later stage. A team of assistants was selected and trained to conduct the interviews and fill the questionnaire forms. Data collection and fieldwork started in May 1996 and took approximately 10 days. The questionnaire form included seven main topics with altogether 142 questions. The questions encompassed the following areas:

- the professional qualifications of the entrepreneurs and their reasons to settle down in 10th of Ramadan City
- description of the industrial unit: type of industrial activity and products, production capacity, production value, design of the product and R & D expenditures, machinery and raw materials
- marketing and related problems with marketing
- means of financing the production
- workers and working conditions
- official procedures
- future expectations

I. The Small Industry Complex in 10th Of Ramadan City

10th of Ramadan City was established by presidential decree Nr. 249 in 1979. The establishment of the new city was envisaged to be an innovative and unconventional way to overcome the complex problems in the existing overcrowded urban centers. Modern international standards have been adopted for planning the new city. The main goal was to create a new cultural center, which provides suitable living conditions and an encouraging work environment while evading the bottlenecks in the older big cities.

10th of Ramadan City was built on nearly 56 km² of land and was expected to absorb half a million inhabitants by the year 2000. Land was to be distributed in a way that would stimulate and enhance the efficiency of basic services and economic activities. After the allocation of part of the land to housing projects (37.95%), roads and streets (25.9%), a substantial percentage (19.72%) has been reserved for industrial projects. 10th of Ramadan City was actually planned to become an independent industrial community that offers the new, developing private sector (national and foreign) well structured slots of land provided with the necessary infrastructure and suitable for industrial investment.

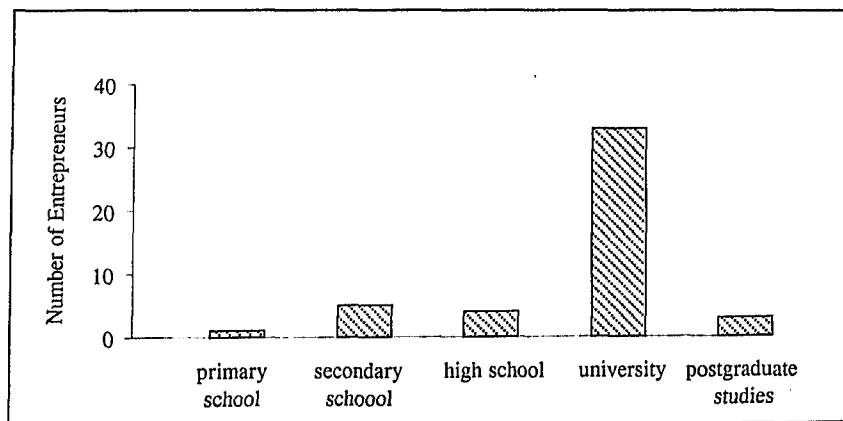
In the beginning of the 1990s, the small industry complex has been established by the 10th of Ramadan City Development Authority. It was destined to encompass 240 small enterprises but until May 1996 only 56 have been operating. Several objectives were to be achieved by the establishment of the small industry complex. In particular, a base of feeder industries should be established and supply larger industries with raw materials and spare parts. The small-scale industries were supposed to develop strong links based on mutual needs among each other as well as with the larger industries in 10th of Ramadan City.

II. The Entrepreneurs

II.1. Sex, Age and Professional Background

The small-scale enterprises operating in 10th of Ramadan are all owned by male entrepreneurs. The majority of them (70%) are between 35 and 55 years old. This relatively high average age can be explained by the fact that most of the owners are not newcomers to the industrial arena. They have either run another enterprise of their own before or worked in private or public sector companies. The educational level of the entrepreneurs is relatively high. The majority of the entrepreneurs has enjoyed a higher education. More than 76% are either university graduates or even hold post graduate degrees. This percentage is relatively high compared to the educational level of entrepreneurs in small enterprises in the informal sector where the percentage of university graduates does not exceed 4%. (CAPMAS 1985, p. 39). On the other hand, the percentage of entrepreneurs who enjoyed only primary education does not exceed 2%. The dominant type of entrepreneur in the small industry complex can be characterized, therefore, as that of a manager. The "manager type" entrepreneur is able to manage larger operations and implement a division of labor in his enterprise. (El Leithy, 1996, p.21).

Chart (1)
Educational Background of the Entrepreneurs



Professional training was not accessible for all entrepreneurs. Only 61.5% have been trained either in previous jobs (84%), a specialized training center (12.5%) or an industrial school (3%). Thus, only a limited number benefited from the training facilities provided by the government or the educational system, which in turn means that the training centers were not efficiently used or were technically not up to date in view of the changing and developing needs of the industrial sector. It can be concluded, therefore, that those institutions did not fulfill their projected role. Their programs, courses, trainers and offers for

specialization have to be reconsidered, alternated, complemented and improved to meet new international technical standards and market needs.

II.2. Reasons for Choosing 10th of Ramadan City

Although one of the reasons for the establishment of 10th of Ramadan City was to create a new industrial center attracting people to settle down with their family away from the already overcrowded surrounding urban centers, the available data proves otherwise. Almost 79% of the entrepreneurs are living outside 10th of Ramadan City (74.5% in Cairo and 4% in Port Said). Asked about their reasons for starting an enterprise in the city, only 16.7% stated that they did not only want to work there but also to settle down with their family. 81.5% intended from the beginning to come to the city only for work.

Nevertheless, 10th of Ramadan City succeeded in attracting a relatively large number of investors to establish their factories or small enterprises there. According to the entrepreneurs, there are several advantages in 10th of Ramadan City as a location for establishing an enterprise. There is enough vacant space available, prices for plots and facilities are reasonable and can be bought through hire purchase. In addition, the city offers easy access to the Egyptian market. The entrepreneurs actually moved to the city for different reasons, mainly to widen the scope of their activities (88.3%), to have their own project (34%) and to increase their income (21.3%).

It is remarkable that 92.6% of the entrepreneurs have worked in other places before starting their enterprises in 10th of Ramadan City. The majority (77%) has been employed in the private sector and the rest either in the public sector (8.3%), government institutions (6.25%), the investment sector (2.1%) or other Arab countries (6.25%). This indicates that the small industry complex did not succeed in attracting new elements to the industrial sector. On the contrary, most of the entrepreneurs were either previously or are even presently engaged in other industrial enterprises.

Remarkably, almost 30% of the entrepreneurs have a second job. Half of them are running another project of their own, 37.8% work in other private companies and 10.5% are still employed in the public sector. They continue to keep their positions and jobs, either because they consider their enterprises only as extensions of their other industrial activities (56%) or because they are in need of additional income (20%).

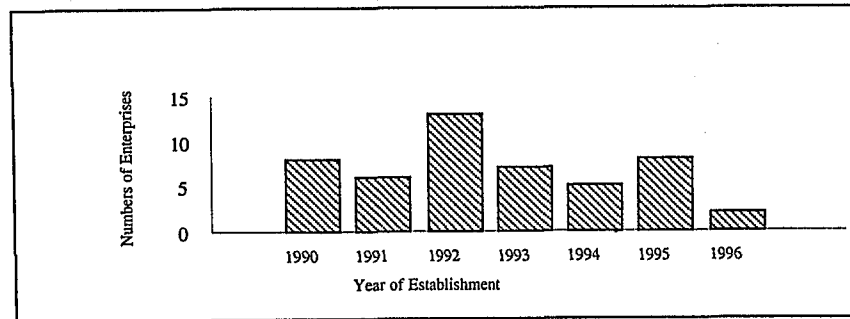
III. The Enterprises

III.1. Year of Establishment

All enterprises that are part of the small industry complex in 10th of Ramadan have been established in the 1990s. The majority of the enterprises started production in 1992:

Chart (2)

Setting-up the Enterprise



III.2. Legal Status

The legal status of the small-scale enterprises in 10th of Ramadan City is that of a private enterprise. The sole proprietorship constitutes the main type (35.85%), followed by partnerships (30.2%) and limited partnerships (24.5%). In most cases, the partners have been relatives (71.4%). Friends and acquaintances as partners did not exceed 17.1% and 11.4% respectively. The entrepreneurs decided to involve partners for three main reasons, namely to get additional capital (56.7%), to have an experienced partner (30%) and to limit the possible risk (13.3%). 83% of the enterprises were functioning independently, while 9.4% of them had related branches outside the city and 7.5% were affiliated with a mother company. Almost 60% of the enterprises have been established in accordance with the investment law under which they are granted tax exemption for at least five years.

Not all enterprises are registered in accordance with the official requirements. Industrial units obtain an official legal status only if they comply with certain procedures. They have to obtain a license, an industrial registration number and a tax card and to adhere to the acknowledged rules for proper accounting. Moreover, certain security measures are required in order to guarantee industrial safety and health. In fact, more than 90% of the enterprises provided for basic security equipment like fire extinguishers, special masks and first aid kits. The following table summarizes the degree of compliance with official procedures:

Table (1)
Percentage of Enterprises
Adhering to Official Procedures

Official Procedures	% of Enterprises	Total Answers Available
license	90.0 %	50
industrial register	63.8 %	47
book keeping	88.5 %	52
tax card	98.0 %	52
taxes paid	83.3 %	30

The table shows that the majority but not all entrepreneurs adhere to the legal procedures that distinguish enterprises in the formal sector from those in the informal sector. However, only when an enterprise is recognized officially, it has access to various kinds of financial credit and technical assistance through specialized institutions. The entrepreneurs complained that the bureaucracy, the high fees, the long time needed to prepare all necessary papers and documents as well as the high costs for contributions to the social insurance make it difficult to comply with the official procedures.

III.3. Membership in Business Organizations

74% of the enterprises have been members in one or more specialized associations or in the Federation of Egyptian Industries. The number of enterprises who benefit from their affiliation with these organizations is, however, relatively limited. The main benefits of membership are summarized in the following table:

Table (2)

Services Provided by Different Organizations to Small-Scale Enterprises

Institutions	Services Provided to X Number of Enterprises						
	information	credit	production input	machines & spare parts	technical assistance	marketing	lobbying
businessmen association	5		1		1		
chamber of commerce	3					1	1
federations of industries	7				4	1	1
specialized associations	8	1			1	1	1
production + marketing cooperatives	1						
regional international organizations	1				1	1	
ASSINC	8						

The table indicates that the benefits from the affiliation with these organizations are relatively limited. The Federation of Egyptian Industries stands on top of the seven main associations in providing information, technical and marketing assistance as well as lobbying for its members. As to ASSINC, it is evident that its role is confined to offering information to some of its members.

Despite the fact that 27% of the entrepreneurs have participated actively in the administration of the above-mentioned associations, they believed that a lot is left to be improved. It was suggested that the industrial community of 10th of Ramadan City needs to pay serious attention to certain persisting problems in small-scale enterprises such as:

- marketing difficulties
- shortage of the necessary raw materials
- shortage of skilled labor
- difficulties to obtain credit

Due to its familiarity with the everyday problems of the enterprises, ASSINC could play an effective and efficient role in finding solutions. Moreover, the entrepreneurs suggested that the Federation of Egyptian Industries and the different specialized associations should do the following:

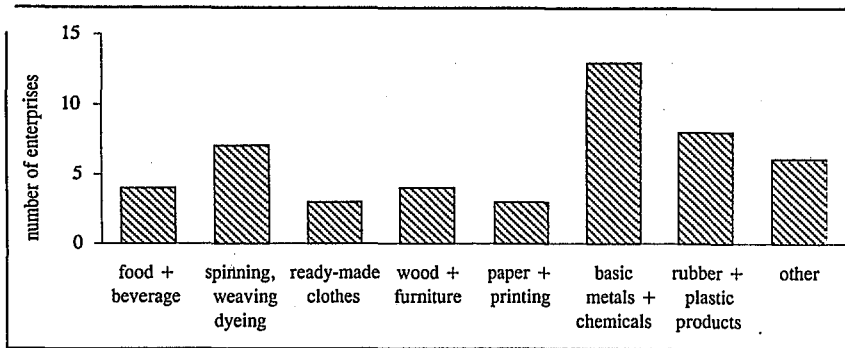
- listen to the voice of small enterprises and give them a chance to express their demands and problems
- enhance networks among their members
- provide information regarding local markets
- provide information about foreign markets, particularly concerning raw materials and machines as well as potential export markets
- facilitate communication with other actors in international markets
- arrange training courses for both workers and entrepreneurs

IV. The Production Process

IV.1. The Products

The activities of the small-scale enterprises vary considerably. Nevertheless, certain areas of production seem to be more dominant, as can be seen in the following chart:

Chart (3)
Areas of Production



Basic metal industries, chemical industries and the spinning, weaving and dyeing industries are on top of the areas of preferred investment. The majority of the enterprises (77.4%) are producing more than one product. In most cases (84.6%), the goods are final products, which are primarily of a luxurious nature (53%). The rest of the goods are either middle (39%) or low (8%) quality products.

The majority of producers (72.5%) assumed that their production capacity needs to be extended in view of the present market situation. 28% stated that they would leave the industry altogether in case of a recession. 33% intended to move to other products and production areas while the rest was not sure as to what decision they would take.

IV.2. Equipment and Machinery

IV.2.1. The Technical Level

There are considerable differences concerning the technical level of the equipment and machinery used in different enterprises. Six companies operate their production using computer programs. Three enterprises, on the other hand, use very primitive, manual tools.

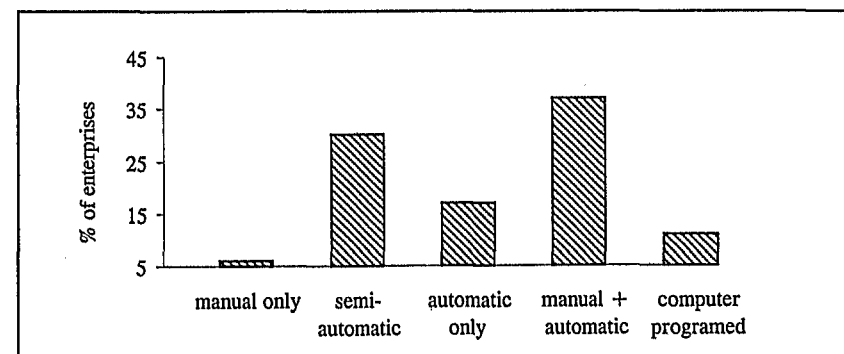
Table (3)
Type of Equipment and Machinery

Type of Machinery	Number of Enterprises	%
manual tools	24	43 %
semi-automatic machinery	29	52 %
automatic machinery	29	52 %

19.6% of the enterprises use computers, 37.1% have fax and 67.9% telephone lines. Computers perform different tasks such as word-processing, storing of information, direction of the production process, communication by e-mail and connection of the enterprise with business networks. This shows that some of the enterprises, even if they are small, try to upgrade and improve their communication facilities to match international standards and to meet the rapidly changing demands of the market. Different types of machinery may coexist and function side by side in the same factory.

The following chart will illustrate that 30% of the enterprises are based on semi-automatic machinery, 37% use both manual and automatic machinery, 16.67% exclusively use automatic machinery, 11.11% have computer programmed machinery and 5.5% depend only on manual tools.

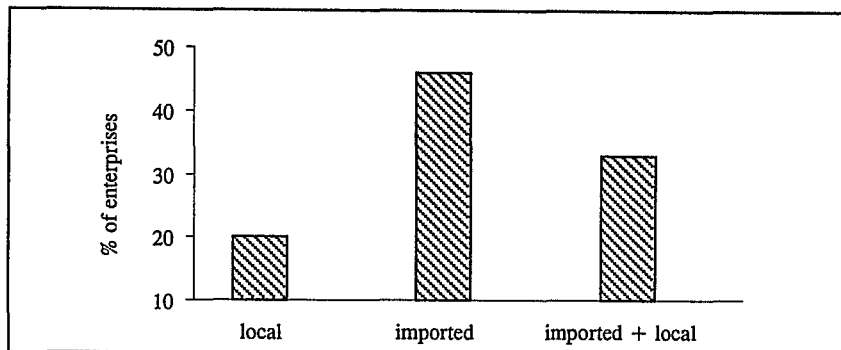
Chart (4)
Technical Level of Equipment and Machines



IV.2.2. Sources of Supply

The available information on imports of machines indicates that 46.3% of the small-scale enterprises use imported machinery, 33.3% both imported and local machines and 20.3% only local ones.

Chart (5)
Source of Machinery



Thus, 43 enterprises out of 54 (79.6%) use imported machinery. Half of the entrepreneurs stated that they have bought imported machines due to the absence of any local alternative while others preferred the imported ones even if a local alternative existed. Others did not even try to find out whether equivalent local machines could be found. Imported machines are generally considered as being of better quality, realizing higher productivity and offering more guarantees. The comparatively lower prices of local products in addition to better conditions of payment did not have a remarkable influence on purchase decisions.

For most enterprises (71%) that have preferred local machinery, the lower price was a decisive argument. Only two of them have been convinced that the local machine would be better than the imported one. Three others did not investigate about foreign equipment as long as everything they needed could be found in the local market:

Table (4)

Assessment of the Efficiency of Local Machines by the Entrepreneurs

Number of Answers	Criteria	Number of Enterprises	%	Number of Enterprises	%
		efficient		not efficient	
29	technical level	10	33.3 %	19	63.3 %
26	production life	6	21.4 %	20	71.4 %
25	productivity level	8	30.7 %	17	65.3 %
24	fuel consumption	6	24.0 %	18	72.0 %
21	maintenance	7	31.8 %	14	63.6 %

The low prices for local machinery and the financial inability to afford imported ones have been stated as the main reasons for using the former. However, 65%-70% of the entrepreneurs who use only local machines believe that these machines did not prove to be efficient from the technical point of view, specially regarding their production life, productivity, energy consumption and maintenance requirements. In 52.8% of the recently established enterprises, some machines have either been replaced or supplemented after the production has started:

- 48.5% or 16 enterprises are equipped with modern machines
- in 60% of the companies, the machinery has been upgraded, either with similar, complementary new machines or at least with more modern ones. This can be viewed as a positive sign for the expansion of these enterprises
- in 40% of the enterprises, old machines have been gradually replaced, either by similar new ones or by more modern ones. Reasons have been for example the expansion of an enterprise and the need for more technically advanced machines. In other cases, low maintenance standards have led to technical problems with old machines or even their breakdown. Maintenance has caused problems for 20% of the enterprises because of the shortage of spare parts and the lack of workers who are experienced in maintenance

IV.3. Raw Materials

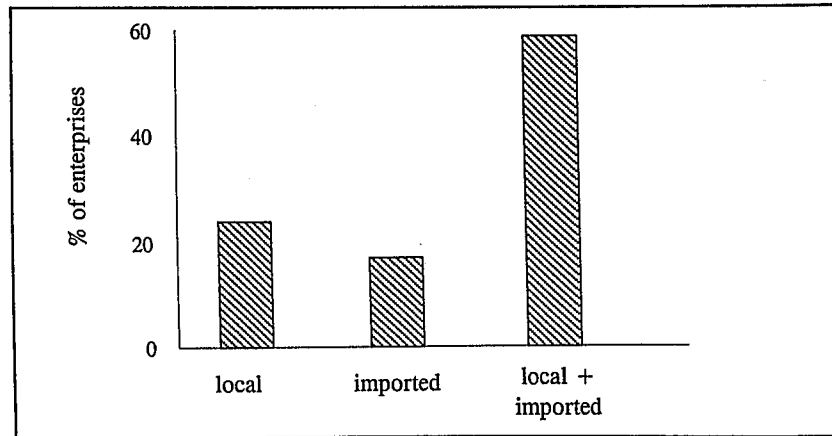
Most of the enterprises depend on either imported raw materials only or on both local and imported raw materials. 13 enterprises or 24% are using predominantly local raw materials, 32 enterprises or 59.2% a mixture of imported and local raw materials while 9 enterprises or 16.6% depend exclusively on imports. The imported raw materials represent 56% of the total amount and are obtained either through the enterprise itself or through local traders. Governmental institutions or public sector enterprises have not been mentioned at all as a source of supply.

Local raw materials have a share of 43.6% in the total quantity of raw materials used by the small-scale enterprises and are mainly obtained from nearby governorates or in some cases in 10th of Ramadan City itself. Fees for the transportation of local raw materials and freight charges for imports are a major cost factor of raw materials.

92% of the entrepreneurs have not encountered any obstacles in obtaining either local or imported raw materials. However, 8 enterprises, have faced procedural impediments like high custom fees on some of the imported raw materials and quota restrictions that are attached to some local raw materials in certain industries. Therefore, storing raw materials is recommended to guarantee the stability of production as well as to avoid price soaring and problems due to shortages of certain raw materials that may have a negative impact on both volume and quality of the production. In most

enterprises, the lack of space to store raw materials represents one of the major problems.

Chart (6)
Source of Raw Materials



IV.4. Marketing

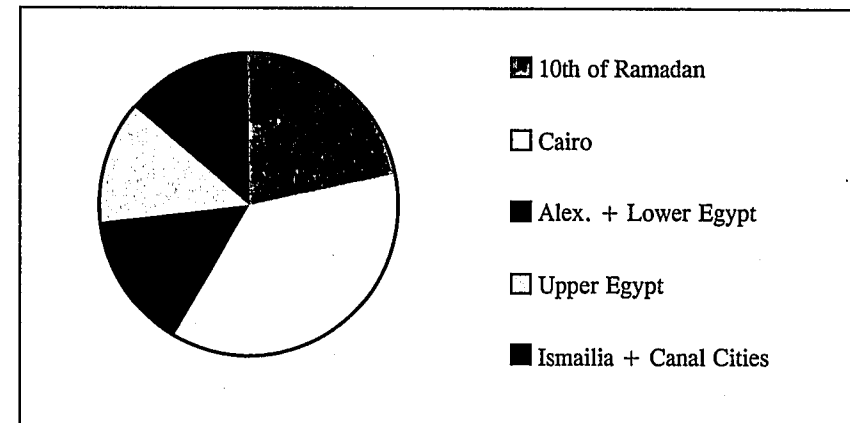
The small entrepreneur who is in most cases also the marketing manager, has always to prove himself in the market by producing a product that is better than any other local or imported alternative. He has to be well informed about the advantages and disadvantages of his location, the pricing systems, his main customers as well as advertising policies. Last but not least, the small entrepreneur has to be very cautious before entering export markets.

The following factors are important to illustrate the marketing process:

- advantages of the small industry complex in 10th of Ramadan City as a location
- the main consumers of goods produced in 10th of Ramadan City
- the main factors leading to customers' satisfaction
- the marketing problems faced by small-scale enterprises

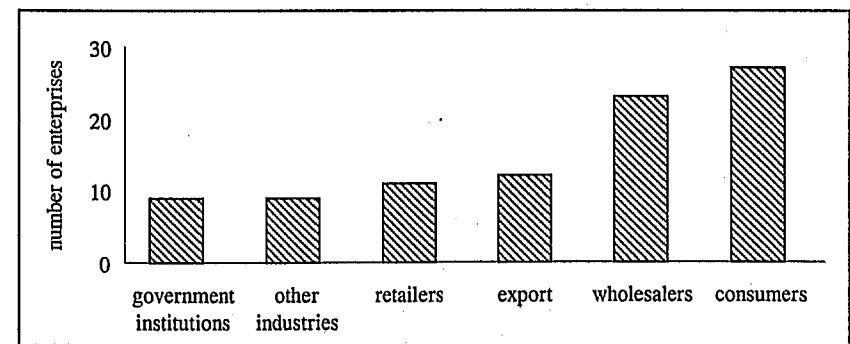
32% of the entrepreneurs believed that their location is utterly inappropriate for successful marketing, while 67% believe that it is either highly appropriate or appropriate to some extent. Being close to markets, raw materials as well as employment sources have been considered important features for classifying the location of an enterprise as favorable. Cairo was seen as offering the best advantages for marketing, followed by 10th of Ramadan City, Alexandria, Lower Egypt, Ismailia, the canal cities and finally Upper Egypt. 85.6% of the consumers are found in an urban environment and only 14.4% in the countryside.

Chart (7)
Main Markets for the Products of the Enterprises



Products are either directly sold to the consumer (28 enterprises) or to wholesalers (23 enterprises), retailers (11 enterprises) and governmental institutions (9 enterprises). 12 companies export their products and 9 produce intermediary goods.

Chart (8)
Main Customers of the Enterprises



52% of the enterprises do not consider the idea of establishing a marketing department since they are too small. 63.75% produce on demand rather than on a regular basis. Most of them prefer to receive a down payment in cash or credit, which is a crucial prerequisite for sales revenues. 52.9% of the enterprises suffer from their customers' payment delays. The most important factors leading to the customers' satisfaction are the following:

- high quality product is guaranteed
- dates of delivery are respected
- response to customers' qualitative needs
- competitive prices are offered
- post sale services are offered
- packing is given great importance

The improvement of competitiveness mainly depends on productivity increases, competitive prices, access to credit and the enhancement of advertising and marketing. In small enterprises, sales prices are calculated by adding costs to reasonable marginal profits. Four entrepreneurs, however, determine their prices according to the price of similar products produced by other companies and three others according to demand.

The key marketing problem is the keen competition with larger industries as well as the irregularity of demand. Other major problems include the high costs of advertising in addition to charges for transportation as well as financial difficulties due to the delay of payments from customers.

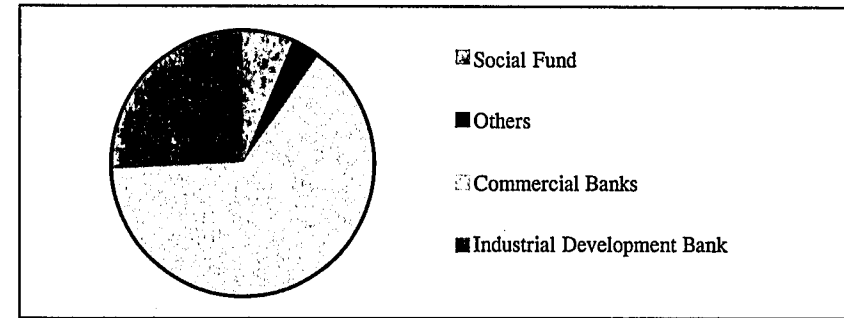
IV.5. Finance

Small-scale enterprises usually do not have the same possibilities to obtain credit and other banking services as larger ones. This is due to the fact that they are not able to present sufficient guarantees and make proper feasibility studies. They usually suffer from administrative, organizational and technical problems. Thus, small-scale investors are more likely to face precarious financial situations than big investors. Several questions arise in this context:

- what kind of financing problems do the enterprises face?
- type of finance: self-financed or joint ventures?
- source of finance: local or foreign institutions?
- maturity of loans: short or long-term?

Around half of the enterprises (54.7%) are self-financed while partners have been involved in the remaining 45.8% in the form of a joint venture. 31 enterprises have obtained either local or foreign loans. More than half of the enterprises (64.5%) have received loans from commercial banks, 25.8% from the Industrial Development Bank, two (6.5%) from the Social Fund for Development and one from the Fund for the Development of Entrepreneurs.

Chart (9)
Main Sources for Loans



After the Egyptian government adopted the open-door economic policy, international financial institutions like for example the World Bank started to offer loans, in particular in support of the private sector. These loans have been primarily distributed to the industrial sector through the Industrial Development Bank and other banks.

13 enterprises have been able to obtain foreign loans. 6 of them have received loans from Arab institutions, 3 from the USA and another 3 from European institutions.

14 enterprises (out of the 31 that obtained loans) have been confronted with obstacles when they applied for credit. Numerous forms of guarantees are required from small-scale enterprises, payment has to be made usually in short-term installments and there are either no grace periods granted at all or they are very short. Moreover, high interest rates are a general key problem.

23 enterprises have been financed by banks. 56.5% of the bank loans have been granted as commercial loans that are actually valid for more than one year, followed by credit facilities (34.7%), and credit in kind (8.7%). Concerning the maturity of loans, the following table shows that 13.6% of the enterprises have obtained short-term, 27.7% medium term (6-12 months) and 54.5% long-term loans (more than 1 year). Thus, most of the loans have been used to finance fix and not current capital.

Table (5)
Maturity of Loans Offered by Commercial Banks

Maturity of Loans	Number of Enterprises	%
short-term (< 6 month)	3	13.6 %
medium-term (6-12 months)	6	27.7 %
long-term (> 12 months)	12	54.5 %

However, the data quoted above does not provide a clear picture about the opinion of the entrepreneurs as to how far commercial banks actually support small-scale enterprises. 50% of the entrepreneurs believe that commercial banks encourage small-scale industries to apply for loans while the other half believes that this is not the case.

In the opinion of the former group, low interest rates, long-term grace periods and relative flexibility concerning the required guarantees are privileges offered by commercial banks to small entrepreneurs. The latter group, however, considers the same conditions as discouraging. On the other hand, most of the entrepreneurs do not believe that institutions other than banks can play a major role in offering financial services for small-scale industries. Some of them stated that the Industrial Development Bank plays a role in offering training courses in addition to technical consultations.

IV.6. Problems

On the one hand, 10th of Ramadan City offers several advantages such as tax holidays, limited pollution levels, good connections to adjacent governorates and thus the majority of customers. On the other hand, however, the problems connected with housing and transportation represent strong disincentives for the workers. The scarcity of skilled workers who are necessary to ensure a continuous and efficient production process represents a general problem in the small industry complex in 10th of Ramadan City. Shortages in raw materials and intermediate products may also delay production. Moreover, it is still difficult for many enterprises to ensure access to domestic markets despite the favorable location of the city.

The disposal of industrial waste represents another problem. Almost 58% of the enterprises were not offered suitable means of waste disposal by the authorities. Therefore, they had to find other ways to get rid of the waste, either by burning it inside the city (42.3%), recycling part of it (23%), transferring it to places outside the city (7.7%) or just leaving it to accumulate (4%).

In order to solve these problems, the entrepreneurs assume that the following actions have to be taken:

- conduct a study on the workers, their working conditions, problems and skills
- provision of training for the workers
- better conditions for obtaining loans like longer grace and maturity periods and lower interest rates
- opening of new marketing channels through marketing agencies and exhibitions

- provision of accounting services
- increase in the supply of housing units for both entrepreneurs and workers in addition to the reduction of rents and prices for buying a flat or a house

IV.7. Future Expectations

The entrepreneurs expressed different views concerning the current domestic investment climate, further potentials and ways of cooperation as well as the consequences of the application of the GATT agreement. 57% of the entrepreneurs believe that the present business climate is prosperous and almost 68% acknowledged that the economy has achieved an acceptable growth rate. 80% expect an increase in demand for their products during the next year while 20% did not because, in their opinion, the economy is in a state of recession.

According to the latter's experience, larger factories are often able to provide the same goods at lower prices. Moreover, several new companies have been set up in the same area of production. In addition, small entrepreneurs have difficulties to make contracts with retailers in order to distribute their products. Nevertheless, the majority of the entrepreneurs (90%) stated that in case of an increase in future demands, they would definitely increase their investments. Most of them would essentially depend on reinvesting their profits (70%) or apply for loans from commercial banks (23.3%).

More than half of the entrepreneurs (58%) shared common fears concerning the application of the GATT agreement. In contrast, 77% and 61% of the entrepreneurs respectively believed that the establishment of a Middle Eastern market and the European partnership program would be beneficial to them. Views to the contrary were mainly based on two assumptions: the fear that the opening of the Egyptian market for foreign products would eventually lead to price dumping, which in turn would harm the domestic products. Moreover, Egyptian products are supposed to be unable to compete on international markets because of their relatively low quality and high prices. It can be concluded, therefore, that the entrepreneurs are favoring cooperation schemes in a Middle Eastern or European framework rather than a complete opening up of the economy towards the world trade.

V. Workers and Working Conditions

Workers are the nerves of the production process. They have a vital role in small-scale enterprises where production techniques tend to be labor intensive. In the Egyptian case, small-scale enterprises are not only supposed to be an active source of production but also a source of income for the growing labor force. They should provide the workers with a suitable and secure working environment.

Thus, several questions arise when discussing the working conditions in the small industry complex in 10th of Ramadan City:

- how many jobs are provided in small-scale enterprises?
- who is actually working in the small-scale enterprises?
- what are the average wage levels?
- what kind of security is offered to the workers?
- do small-scale enterprises facilitate training for their workers?

In the following part, these questions will be discussed and analysed in order to draw a profile of the main features of the working conditions.

V.1. Size of the Labor Force

It was not an easy task to obtain exact information on the labor force. Therefore, estimates have been prepared based on the limited available data. The questionnaire provides information on 470 workers. Reportedly, an additional 456 workers are employed in the small industry complex for whom no information is available. Four enterprises did not provide any data concerning the size of their labor force. Therefore, the average number of workers was taken (15 workers per enterprises) to get 60 additional workers in the end.

Accordingly, the estimated total number of workers in the small industry complex of 10th of Ramadan City is 986 workers, with an average of 17.6 workers per enterprise. The analysis will be confined, however, to those 470 workers, about whom the entrepreneurs have provided accurate data. They represent 47.7% of the total estimated labor force in the small industry complex.

Data indicates that the majority of the enterprises covered by this study are not micro workshops. The following table shows that the highest percentage of the enterprises employs between 10 and 19 workers. Only 7% are providing jobs for more than 50 workers. According to the definition of the Ministry of Planning, these enterprises would already fall into the category of medium-scale enterprises.

Table (6)
Number of Workers / Enterprise

Number of Workers	Number of Enterprises	%
< 5 workers	9	16.0 %
5 - 9 workers	12	21.4 %
10 - 19 workers	17	30.3 %
20 - 49 workers	11	19.9 %
> 50 workers	3	5.35 %
not available	4	7.14 %
total	56	100 %

V.2. Main Characteristics of the Workers

V.2.1. Sex and Age

417 workers of the sample or 88.7% are male. While almost 56% of the male workers are concentrated in the age bracket of 20-30 years, the largest percentage of female workers (58.5%) has been younger, namely between 15-20 years old.

Table (7)
Distribution of Workers According to Sex and Age

Sex/Age	<15	15 -	20 -	30 -	40 -	50 -	60 -	n.a.	Total
male	3	31	233	73	28	13	1	35	417
female	6	31	12	3	0	0	0	1	53
total	9	62	245	76	28	13	1	36	470

According to the provided data, children under 15 years do not exceed 2% of the labor force. However, this information should be taken with caution because the age of altogether 7.7% of the workers has not been specified and the total available information actually covers less than half of the work force. Moreover, a relatively large number of working children has been noticed during field visits. It can be assumed, therefore, that the percentage of working children is highly underestimated which is understandable against the background of the existing laws concerning the employment of children.

V.2.2. Education and Skills

The educational level of the workers varies considerably. The largest group (27.4%) are graduates of industrial and technical (secondary) schools. The second largest group (19.6%) has graduated from high schools or institutes for higher education. As shown in the following table, university graduates represent 5% and workers who are illiterate or barely able to read and write account for 26% of the sample.

Table (8)
Educational Level of the Workers

Educational Level	Number of Workers	%
<i>illiterate</i>	55	11.7 %
<i>read & write</i>	66	14.0 %
<i>primary school.</i>	6	1.3 %
<i>preparatory school</i>	11	2.3 %
<i>secondary school</i>	---	---
<i>industrial school</i>	129	27.4 %
<i>comm. & agricult. sec. school</i>	19	4.0 %
<i>high school</i>	92	19.6 %
<i>university or higher</i>	23	4.9 %
<i>not available</i>	69	14.7 %
<i>total</i>	470	100 %

The educational level of the workers in the small industry in 10th of Ramadan City can be considered as relatively elevated, at least if compared with that of the work force in informal and micro enterprises. There, the group of workers who are illiterate or barely able to read and write accounts for 75% or more of the total labor force.

V.2.3. Place of Residence

Only a very limited number of workers (17.3%) has been able to settle down permanently in 10th of Ramadan City with their family while the rest (27%) is living alone in the city. Interviews revealed that finding a house was not an easy matter. The number of available apartments is not sufficient. Moreover, the prices for either purchasing or renting a flat are not affordable for the majority of the workers since even in the latter case, the workers would have to pay a substantial amount of money as a down payment. Consequently, 50% of the workers are living outside 10th of Ramadan City as shown in the following table:

Table (9)
Place of Residence of the Workers

Residence	Number of Workers	%
<i>with family in 10th of RC</i>	81	17.3 %
<i>alone in 10th of RC</i>	127	27.0 %
<i>outside 10th of RC</i>	235	50.0 %
<i>not available</i>	27	5.7 %
<i>total</i>	470	100 %

V.3. Working Conditions

V.3.1. Job Stability

Whether the work environment in small-scale enterprises in 10th of Ramadan City welcomes new workers and provides them with security, stability and encouragement or not, remains to be investigated. The economic and social security of a worker is guaranteed if his/her work is of a permanent nature, preferably with a written contract where the salary and payment dates are stated clearly and the wages do not fall below the acceptable minimum wage levels.

As indicated in the following tables, there is a stable work environment in the small industry complex of 10th of Ramadan City. Apart from those 6% of the workers for whom no data has been provided, 91.7% have been working on a permanent basis. More than 75% of the workers have been employed in their present job since at least one year, 40% even since more than 3 years:

Table (10)
Job Stability

Sex	Permanent Job	Temporary Job	N.A.	Total
male	381	11	25	417
female	50	0	3	53
total	431	11	28	470
%	91.7 %	2.3 %	6 %	100 %

Table (11)
Period of Employment

Time of Employment	Number of Workers	%
< 3 months	11	2.3 %
3 - 6 months	6	1.3 %
6 - 12 months	40	1.3 %
1 - 2 years	94	20.0 %
2 - 3 years	74	15.7 %
> 3 years	187	40.0 %
not available	58	12.3 %
total	470	100 %

V.3.2. Employment Contracts

An employment contract provides the worker with a sense of security and continuity. The available data indicates that the majority (84.7%) of the workers is employed on the basis of a legal contract while 12% do not have a contract. For the remaining 3.3% no information has been provided:

Table (12)
Employment Contracts

Employment Contract	Number of Workers	%
yes	398	84.7 %
no	56	12 %
no information	16	3.3 %
total	470	100 %

V.3.3. Labor Turnover

Despite the evident stable work climate in the small-scale enterprises, the majority of the entrepreneurs complained about the high rate of labor turnover. Multiple reasons may lead to a worker's decision to leave his job the most important of which are the following:

- just looking for another job (53.6 %)
- job opportunity outside Egypt (21.4 %)
- having been fired (14.3 %)
- low wages (10.7 %)

According to the available answers of the entrepreneurs, only 30% of the workers are highly productive while the productivity of the others could be only considered as medium (58%) or low (12%). Reasons for the generally modest average productivity are for example the lack of training and skills, negligence, absenteeism, unstable demand for certain products and frequent electricity cuts. Nevertheless, the majority of the entrepreneurs (77.5%) intended to hire more workers during the coming year. When asked about the usual channels of employment, the following answers were given:

- personal connections and networking (58.5 %)
- advertisements in newspapers (25.5 %)
- employment offices (7.8 %)
- Ministry of Manpower (1.97 %)
- other channels (5.9 %)

Criteria for choosing new employees are essentially based on previous experiences of the worker. Graduates from industrial schools or workers who have received training in a specialized training center are preferred. Yet, 31% of the entrepreneurs said that they would not pose any special conditions when hiring new workers.

V.3.4. Social Security

The issue of a secure work environment can be addressed from different points of view. For the present study, five aspects have been considered as being essential, namely:

- registration with the social insurance
- registration with the health insurance
- availability of transportation services
- on-the-job training
- production incentives.

A comparatively high number of workers is actually enjoying these benefits:

Table (13)
Availability of Insurance, Benefits and Incentives for the Workers

Sex	Social Insurance	Health Insurance	Transportation	Production Incentives	On-the-Job Training
male	91.3 %	87.8 %	65.4 %	81.5 %	n.a.
female	90.5 %	92.4 %	92.4 %	94.3 %	n.a.
total	91.2 %	88.3 %	68.5 %	83.0 %	62.3 %

The table indicates that more than 91% of the workers are covered by social insurance and 88.3% are provided with health care services, either in the form of health insurance or the supervision of a physician. For 68.5% of the workers, special transportation services are available. A bus transfer to 10th of Ramadan City has been organized for 31.3% and the remaining 37.2% get their transportation fares paid by their employer. Production incentives have been offered to 83% of the workers in case of productivity increase, which in turn is considered as an important addition to the basic wages.

V.3.5. Wage Levels

Other than in micro enterprises and the informal sector, wages in the small industry complex in 10th of Ramadan City are mainly paid on a monthly basis. Only few workers are paid 'by piece' or according to productivity.

Table (14)
Payment of Wages

Workers	Payment of Wages					
	daily	weekly	monthly	per piece	n.a.	total
number	6	75	344	2	43	470
%	1.3 %	16 %	73.2 %	0.4 %	0.1 %	100 %

Given the relatively high educational level of the workers, the wage levels seem to be altogether low:

Table (15)
Wage Levels

Monthly Salary	Number of Workers			%
	male	female	total	
< 40 L.E.	4	2	6	1.27 %
40 - < 80 L.E.	71	4	75	16.0 %
80 - < 120 L.E.	298	43	341	72.5 %
120 - < 160 L.E.	-	1	1	0.2 %
200 - 240 L.E.	-	1	1	0.2 %
subtotal	373	51	424	90.2 %
not available	44	2	46	9.8 %
total	417	53	470	100 %

The highest percentage of workers (72.5%) is paid a monthly salary of between LE 80 and LE 120. The rest of the workers is paid lower wages in the range between LE 40 and LE 80 per month. Only an insignificant percentage is paid lower or higher wages.

However, in view of the high costs and time for transportation for the majority of the workers who are commuting every day to 10th of Ramadan City from their hometowns, the wages in the new cities must be considerably higher than those in the old urban centers. It can be assumed, therefore, that the actual wages are much higher and that the above mentioned information is based on the amounts reported to the social insurance. These tend to be lower than the actual wages in order to keep the monthly contributions to the insurance as low as possible. Since both the employer and the worker are interested in reducing their monthly payments, they tend to stipulate lower wages in the work contract.

V.3.6. Training

62.3% of the workers have been trained "on site". Some of the small-scale enterprises can be considered as an important source of training.

Table (16)
Sources of Workers' Training

Source of Training	Number of Workers	%
industrial high school	31	6.6 %
specialized training center	13	2.7 %
present work	293	62.3 %
previous jobs	68	14.4 %
not available	65	13.8 %
total	470	100 %

In terms of training, the small enterprises have replaced the role which should be eventually fulfilled by the few existing industrial vocational schools and training centers. Almost 42% of the entrepreneurs believed that their workers lack sufficient training. It was estimated that more than half (53%) of them need professional upgrading of their skills in order to raise productivity.

VI. Definition and Classifications

The existing enterprises have been classified according to three main combined variables, namely capital (C), labor (L) and technology (T). Therefore, sufficient data concerning these three variables had to be collected. But since only 31 out of 56 enterprises were willing to provide the necessary information, the following statistical analysis will be confined to them. The aim is to categorize these 31 enterprises and to specify the main features of each category according to the respective value and combination of the variables capital (C), labor (L) and technology (T). For this purpose, two indices have been used, each with a particular ranking of the variables.

Index 1 was calculated by normalizing the three variables C, L and T and by subtracting the minimum value from each enterprise's value of C, L or T. Afterwards, it was divided by maximum value minus minimum value in order to avoid the large differences of the measurement units (for ex. capital ranging from LE 30,000 to LE 5 Million and the number of workers ranging from 1 to 135 workers).

By using the Principal Components Analysis, a compound index was estimated by using the three following weights:

- Capital .605
- Technology .378
- Labor .701

As a consequence, each enterprise has only one value, reflecting the combined prevailing levels of C, T and L. The simple correlation coefficients between the 3 variables and Index 1 are indicated as follows:

	Index 1			
	T	L	C	Index 1
L	.322			
C	.025	.563		
Index1	1.583	.864	.734	

As can be seen, there is an evident significant correlation between:

- labor and index 1 (.864)
- capital and index 1 (.734)
- technology and index 1 (1.583)

The correlation between labor and capital is still stronger than the correlation between either of them (L, C) and technology. Therefore, it can be concluded that Index 1 is a fairly representative measure of the three variables. The

relationship between C and T is weak, which means that the small-scale enterprises do not invest a substantial amount of capital in advanced technology.

According to Index 1, the enterprises can be divided into 3 groups:

Group 1 with an index value not exceeding .133305

Group 2 with an index value of between .133306 and 402528

Group 3 with an index value of more than .402528

The higher the value of the index, the higher are the capital, labor and/or technology levels. Group 1 can be characterized, therefore, as comprising those enterprises that employ a limited number of workers, use primitive technology and invest limited amounts of capital. As a consequence, the capital labor ratio tends to be on a low or medium level.

Group 2 consists of enterprises with a limited to medium number of workers, modest technology and medium to high values of C/L ratios. Group 3 includes enterprises with a varying number of workers but advanced levels of technology and medium to high C/L ratios.

In order to define *Index 2*, the same Principal Component Analysis has been applied, using both technology and capital/labor ratios. Each measurement was given the same weight (.5). Index 2 was calculated for each enterprise. The simple correlation between T and C/L and Index 2 have been computed as follows:

Index 2			
	T	C/L	Index 2
C/L	.205	---	---
Index2	2.946	.512	---

As can be seen, there is an evident and significant correlation between Index 2 and technology and a less significant correlation with the capital/labor ratio.

According to Index 2, the enterprises could be classified into 3 main groups:

Group 1 with an index value not exceeding 24.65221

Group 2 with an index value of between 24.65222 and 76.9088

Group 3 with an index value exceeding 76.9088

The higher the index value, the more capital intensive and technically advanced is the enterprise. According to the two indices, the small-scale enterprises can be divided into 3 groups:

Group 1 consists of enterprises with low index values (11 enterprises)

Group 2 consists of enterprises with medium index values (9 enterprises)

Group 3 consists of enterprises with high index values (11 enterprises)

The enterprises classified according to each index were similar if not identical in the three groups, for example:

Index 1 Group 1 includes the enterprises with the numbers:

28, 13, 20, 22, 30, 39, 15, 18, 12, 41, 11

Index 2 Group 1 includes the enterprises with the numbers:

39, 22, 13, 28, 38, 20, 11, 30, 15, 17, 12

With the exception of 2 enterprises, according to both indices the same members are in group 1. However, the ranking of each enterprise within the group is different.

It is quite evident that the enterprises are not homogenous. They differ significantly in the size of labor, capital and levels of technology. Even the broadest definition of small-scale enterprises (100 workers and LE 1 Million) according to EBIDs, some of the enterprises (at least 5) would qualify as medium-scale because either their capital exceeds LE 1 Million or because they have employed more than 100 workers. Even if we redefine the small-scale enterprises as employing not more than 100 workers and investing capital in the range between LE 75,000 and LE 1.5 Million, these 5 enterprises would still be considered as being of a larger size.¹ Moreover, two small-scale enterprises would fall into the group of micro enterprises since their investment capital is less than LE 75,000.

Small-scale enterprises in 10th of Ramadan City are not necessarily based on labor intensive production methods. It was noticed that 18 out of the 26 enterprises had a C/L ratio, which was higher than LE 20,000 and the C/L ratio of 9 enterprises even exceeded LE 50,000. Accordingly, these units could be described as using relatively capital intensive production techniques. Moreover, 7 out of the 26 enterprises have used comparatively advanced technology.

¹ the increase in the value of capital is due to the fact that the WPI in 1992 (=100) has increased until 1996 (=152). Therefore, the maximum value of capital that was set by EBID should be raised to LE 1.5 Million

Conclusion and Recommendations

The findings and conclusions of this study are mainly based on comments and statements of the entrepreneurs during interviews. Several essential results concerning the definition and the classification of the operating 56 enterprises as well as the features, problems and potentials of the entrepreneurs and the overall work climate in the industry complex in 10th of Ramadan City can be presented.

1. The Entrepreneurs

The majority of the entrepreneurs operating in 10th of Ramadan City are managers with a high educational background. When they set up their enterprises in the city, they had high expectations to achieve good profits, continuity and growth. They bear the burdens and take the risks without any visible support or assistance from state institutions that were created mainly to promote and support small-scale enterprises. However, in spite of their educational background, their previous work experience and the relatively large amounts of capital invested in some of the enterprises, the entrepreneurs only rarely tried to get the assistance of financial institutions who could provide them with the necessary credits. The procedures required to attain the legal status of a formally registered enterprise are complicated, tiresome and time consuming. As a consequence, a group of entrepreneurs refrained from completing the application process. They complained about the bureaucratic complications that are supposed to disappear in an era of liberalization, deregulation and encouragement of private sector activities. The entrepreneurs in the small-scale enterprises are usually acting simultaneously as manager, financier, marketing manager, sales manager and trainer. Consequently, there is no diversified management. The non-existence of any other leading executives could create an obstacle that limits the ability of the entrepreneurs to extend or enlarge their activities. Nevertheless, the entrepreneurs' vision of the future development is relatively optimistic. They expressed their apparent willingness to widen the scope of production, employment and investment.

2. Working Conditions

Findings of the present study indicate an average of 17,6 workers per enterprise. This number is considerably higher than the overall average in Egyptian small-scale enterprises, which has been estimated at 7,4 workers for the period from 1986 until 1991 (El Leithy, A. 1996). This reflects the more developed structure of the small-scale enterprises in 10th of Ramadan City which offer more jobs and invest more capital in the production process. As to the working conditions, a lot is left unclear since the provided data covered only 47% of the workforce. The profile that can be drawn about the labor force indicates that most workers (90%) are male and relatively young, i.e. between 20 and 30 years old. The employment of children is minimal. Nearly half of the labor force has attained acceptable educational levels.

The working environment is relatively secure: 85% of the workers have an employment contract, 91% are working on a permanent basis and 75% have been working in the same enterprise since one year or more. The reported average wage is comparable to that of university graduates, which is considered to be relatively low. The workers are protected by social insurance and medical supervision. They are provided with professional training on site and in some instances with transportation services. However, these results have to be taken with caution since no information concerning the second half of the labor force has been made available. And the second half could be less fortunate than the first half.

3. Problems, Needs and Recommendations

3.1. Infrastructure

As has been mentioned before, both entrepreneurs and workers suffer from infrastructure shortages. Finding suitable housing seems to be a problem. Therefore, the majority of workers and entrepreneurs alike are residing outside 10th of Ramadan City. Transportation services need to be supplemented continuously since the majority of the workers are commuting daily between 10th of Ramadan City and the neighboring governorates.

The 10th of Ramadan City Development Authority should support the investors by offering industrial plots of land in the range of between 500 m² and 5000 m² for small or medium-scale enterprises. The plots should be sold at reasonable (and not market) prices, which would cover only the actual costs for building the necessary infrastructure.

The means for waste disposal provided by the 10th of Ramadan City Development Authority are obviously not sufficient in order to meet the growing needs of the small industries complex and should be supplemented. ASSINC should intervene actively and work out a time plan together with the 10th of Ramadan City Development Authority in order to overcome the major infrastructure problems.

3.2. Training

The only training provided for the majority of the workers is on-the-job training in the enterprises. This kind of training may lead to low quality products, interruption of work and low productivity of new workers. Therefore, the existing training facilities and training centers in 10th of Ramadan City should work in closer cooperation with ASSINC and its members. They should provide specialized, advanced training programs designed to meet the changing needs of the existing industries. The Friedrich Ebert Foundation and ASSINC could be a source of both technical and financial support for these training centers. In addition, they could act as mediators between the enterprises and the training centers.

3.3. Equipment and Machinery

The enterprises depend to a considerable extent on imported machinery. 43 out of the total 54 enterprises import machinery because of the higher productivity and the better guarantees offered in comparison to local machines. The main reasons to buy local machines are lower prices and the inability of some entrepreneurs to afford imported ones. Major problems concerning technical equipment and machinery are the following:

- maintenance problems related to the shortage of spare parts and workers with experience in maintenance
- the deterioration of the technical level of local machines compared to imported ones
- the entrepreneurs' lack of access to relevant information and data about new machines and equipment, both local and foreign
- dependency on imported raw materials

3.4. Raw Materials

Another crucial problem that encounters small-scale industries is the difficulty to store raw materials because the plants and workshops are not spacious enough. Therefore, they suffer sometimes from raw material shortages. This has a negative impact on their productivity and leads to the instability of their prices.

The responsible authorities should, therefore, do the following:

- provide enough space to be used as storage areas in order to guarantee the stability of the production process
- play an effective role in providing data and information in cooperation with import and export banks, commercial and industrial chambers and federations on the best sources of raw materials, both local and foreign
- provide the small-scale enterprises with catalogues illustrating the latest machines available in local or foreign markets in order to help them to select those which are most suitable for their needs

3.5. Marketing

After illustrating the marketing process, we have found that 12 enterprises export their products, while 9 others produce intermediate goods. This is an indicator for the large potentials of the small industry complex in 10th of Ramadan City. However, some of the problems that have been mentioned before prevent the enterprises from realizing their full potentials. Obstacles are, for example, the inability to establish separate marketing departments, the fact that many enterprises produce on demand rather than on a regular basis and problems related to payments. Instead of obtaining advance payments in either cash or credit, many enterprises have to cope with their customers' delay in paying for completed orders.

The responsible authorities, ASSINC, the Federation of Egyptian Industries and chambers of commerce should cooperate in order to support

small-scale enterprises in their efforts to promote their products. They could do for example the following:

- subscribe on behalf of small-scale enterprises in international and local exhibitions
- act as a marketing agency studying the developments of external markets and the needs of foreign consumers
- provide assistance in import and export procedures
- encourage producers to develop the quality of their products, to give more care to packing and to respect delivery dates
- provide communication services and assistance in proper accounting in exchange for certain fees

3.6. Finance

It is quite obvious that small investors are more likely to be confronted with financial problems than big ones. Small-scale enterprises are not able to realize high profits. They do not have the capability to make proper feasibility studies and lack organizational and technical experience. Moreover, small-scale industries are not widely financed by major financial institutions because they cannot submit adequate guarantees. They do not have enough managerial experience to engage in risky business operations. On the contrary, any sudden upheaval may represent a threat to their very existence. Therefore, there is an urgent need for certain adequate measures such as the following:

- specialized financial institutions should be established to finance and secure small-scale enterprises
- the Industrial Development Bank (IDB) should play a more active role in facilitating credit with more favorable conditions. Loans could either be directly provided by the IDB or granted by local, foreign or Arab development funds and financial institutions
- the role of banks should be extended. Instead of limiting themselves to financing, they should also act as information providers and support small-scale enterprises by offering consultation services
- meanwhile, the Central Bank of Egypt should not tighten the knot on the commercial banks by imposing rigid regulations
- the government has to play a key role in reconsidering the existing strong restrictions in order to boost the progress of the Egyptian industry

Finally

The small-scale industries operating in 10th of Ramadan City represent a notable experience that should be given a chance to grow and expand. Although they have so far not acted as feeder industries to larger companies, there are still opportunities to set-up and encourage new enterprises that could cooperate more closely with the existing larger industries. In this way, the problem of finding stable markets could be overcome.

Table 17

Technology	Labor	Capital	Std tech	Std labor	Std capital	Cap/Lab	Index 1	Index 2	Ranks ind 1	Ranks ind 2
1.459642	5	500	0.858613	0.02963	0.094548	100	0.403528	132.9821	21	29
1.442082	1	835	0.848284	0	0.161939	835	0.418624	489.6041	22	31
0.321653	80	5000	0.189208	0.585185	0.999799	62.5	1.086614	47.33265	30	18
1.321653	9	330	0.189208	0.059259	0.038331	35.55556	0.148356	33.86043	13	13
1.488176	135	3000	0.875398	0.992593	0.597465	22.22222	1.388174	85.51991	31	25
0.321653	20	3000	0.189208	0.140741	0.597465	150	0.531646	91.08265	26	28
1.166523	7	80	0.68619	0.044444	0.010038	11.42857	0.296621	64.04044	18	19
0	18	400	0	0.125926	0.074432	22.22222	0.133305	11.11111	11	7
0.350187	7	100	0.205992	0.044444	0.014082	14.28571	0.11754	24.65221	9	11
0.028534	10	50	0.016785	0.066667	0.004023	5	0.055512	3.9267	2	3
0	10	420	0	0.066667	0.078455	42	0.094199	21	7	9
0.350187	14	150	0.205992	0.096296	0.02414	10.71429	0.159974	22.86649	14	10
0.321653	4	150	0.189208	0.022222	0.02414	37.5	0.101703	34.83265	8	14
1.413548	10	250	0.831499	0.066667	0.044257	25	0.387815	5.769231	3	6
0	15	100	0	0.103704	0.014082	6.666667	0.081216	3.333333	4	2
1.459642	32	1000	0.858613	0.22963	0.195182	31.25	0.603581	88.6071	28	27
1.459642	17	300	0.858613	0.118519	0.053315	17.64706	0.40498	81.80563	23	22
0	6	50	0	0.037037	0.004023	8.333333	0.028397	4.166667	1	4
0.321653	4	30	0.189208	0.022222	0	7.5	0.087098	19.83265	5	8
1.488176	100	500	0.875398	0.733333	0.094546	5	0.902169	76.9088	29	21
1.634837	19	100	0.961669	0.133333	0.014082	5.263158	0.465497	84.37343	24	24
0.864595	9	800	0.508585	0.059259	0.154898	88.88889	0.3275	87.67419	19	26
0.350187	30	3000	0.205992	0.214815	0.597465	100	0.589917	67.50935	27	20
0	11	1000	0	0.074074	0.195132	90.90909	0.169981	45.45455	15	17
0.028534	24	180	0.016785	0.17037	0.030175	7.5	0.14403	5.1767	12	5
0	18	50	0	0.125926	0.004023	2.777778	0.090708	1.388889	6	1
0.028534	11	600	0.016785	0.074074	0.114665	54.54545	0.127643	28.69943	10	12
0.623581	10	200	0.366812	0.066667	0.034198	20	0.206078	41.17905	17	15
0.350187	8	3000	0.205992	0.051852	0.597465	375	0.47366	205.0094	25	30
0.623581	8	200	0.366812	0.051852	0.034198	25	0.195693	43.67905	16	16

Working and Living in 10th of Ramadan City - The Perspective of Workers in the Small Industry Complex

by

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Introduction

The decisive role of small industries for private sector development has been discussed elaborately both at the political level and in economic studies. While small-scale enterprises are seen as a major factor in both economic and social development, it is known that some characteristics of small industries are particularly problematic. Many of these features are directly affecting the workers: low wages, the ignorance of workers rights, insufficient industrial safety and health as well as a lack of social security are characteristic for small industries. Moreover, training possibilities as a means of developing human resources as well as environmental protection frequently remain in an unsatisfying state, especially when compared to larger industries. Big companies offer many advantages such as social security benefits, in many cases in addition to incentives like the provision of flats, bonuses, recreational facilities and the like.

The role of the "new communities" for private sector development in Egypt has been underlined ever since President Sadat's "October Paper" was published in 1974. However, while private sector economy is booming in new cities like 10th of Ramadan, it has been widely perceived that the goal of establishing these cities as new, attractive settlement alternatives to traditional centers like the megalopolis Cairo has not been achieved. Contrary to expectations, particularly low-income families who were targeted to form the bulk of new settlers, turned out to be very reluctant to move there for a variety of reasons.

In order to find out more about the lack of attractiveness of the new cities as a place of living, a study has been conducted to investigate the working and living conditions and the perspective of workers in small industry workshops in one of these new cities. The project was carried out within the framework of the "ASA program", a scholarship program in the field of development studies under the umbrella of the German Carl-Duisberg-Gesellschaft. The field study was conducted in August 1997 under the auspices of the Federation of Egyptian Industries. The Friedrich-Ebert-Foundation introduced the study group to a partner for the survey, the Association of Small Industrialists and Small Scale Industries in the New Cities (ASSINC), a small businessmen association based in 10th of Ramadan City. ASSINC found the focus of the study project suitable to serve a sub-aim of its agenda, namely the promotion of better working and living conditions in the new cities.

Four fields of interest have been defined: the workers' social background, the work environment in small industry workshops, aspects of social security and living conditions in 10th of Ramadan City. Due to the practical approach suggested by ASSINC, the study group focussed on small and medium sized enterprises owned by members of ASSINC and situated in the C2 small industry complex in 10th of Ramadan City. The businessmen were interested in results that could benefit their association in drafting

proposals for new activities. Furthermore, individual entrepreneurs were interested in an assessment of their workshops, especially concerning suggestions and needs expressed by the workers. The study group interviewed a total of 104 workers in the C2 complex. Interviews have been conducted in a structured open dialogue. 40 additional interviews have been carried out in other companies in both 10th of Ramadan City and 6th of October City.

It should be underlined that the fieldwork of the study group was neither statistically comprehensive nor accurately defined with regard to a representative sample of small industries. The 104 workers who have been interviewed should be considered a random sample based on the close cooperation with ASSINC and the practical approach of the study. The sample neither represents Egypt's small industry in general nor 10th of Ramadan City's small-scale enterprises in particular.

Most of the 14 companies in C2 that have cooperated with the study group have employed up to 20 workers. The majority is run with up to 10 workers. Only two companies have employed between 50 and around 100 workers and show features of medium-scale industries. The products of the enterprises range from medical devices, chemicals and plastic products to wood, furniture, textiles, salt, milk and soya products.

The study group has been living for one month in 10th of Ramadan City and thus been able to make flexible field visits, sometimes even during nightshifts. The researchers have established personal contacts with workers by inviting them and having been invited, playing football etc. The working language was Arabic. Workers were mostly selected for interviews and presented to the group according to the procedure proposed by the individual workshop owner. This meant in some cases having the factory director sitting nearby, in other cases being able to chat in a relaxed atmosphere in a cafeteria in the C2 complex. Other interviews could be conducted by chance, for example upon meeting a worker who had just decided to give up his job.

I. Perspectives for Workers to Settle Down in 10th of Ramadan City

I.1. Location and Main Features of the City

10th of Ramadan City, situated on the desert route between Cairo and Ismailia, has good connections to the eastern delta. Striking to the eye are its vast, empty roads and the quarters built in orderly squares. The construction of the city was originally planned to take place with the combined efforts of private investors and the Council for City Development. In later stages, however, the Council started to build whole quarters on its own, especially for lower income groups.

Today, vast desert areas, enlisted for buildings and in most cases sold to private investors, are lying unused between four-track-roads with a stripe of greenery in between. This half-finished character is typical for all but the oldest areas of 10th of Ramadan City. However, a lot of houses and flats are empty in the older quarters. Owners mostly wait for profitable opportunities such as renting apartments to entrepreneurs or foreigners who work for a limited time in 10th of Ramadan City. On this background, the Council for City Development began recently to sell flats preferably to people working in 10th of Ramadan City in order to prevent speculation with land and housing.

In contrast to these older neighborhoods where a diversity of housing styles prevails, the newer areas consist mostly of five-story-buildings enlisted for workers who can either rent or buy a flat. These quarters are lively neighborhoods, since a big part of the working population of 10th of Ramadan City is residing there of late. In middle-class areas, however, a lot of houses seem to be abandoned. Many owners of villas spend most of the year in Cairo or other places. 10th of Ramadan City has nothing less than the atmosphere of a traditionally grown oriental city with its narrow streets and lanes. This otherwise appraised atmosphere of modernity was rejected by some of the interviewees as uncomfortable.

I.2 The Living Conditions for Workers in 10th of Ramadan City

The public housing policy in 10th of Ramadan City has concentrated on building apartments for the lower income strata in order to create attractive housing opportunities for workers who are employed in the city's industrial sites. However, until the end of the eighties, only one third of these flats has been sold. Although prices were then considerably lower than the prices for flats in Cairo, 10th of Ramadan City did not attract workers to settle down there. Since then, the high inflation rate forced the government to increase rents and purchase prices for flats. This decision further complicated efforts to attract more people to live in the city.

Less than 50% of the interviewees actually have their residence in 10th of Ramadan City. More than half of them are living in self-organized shared flats or stay in so called "resthouses" (istiraha) provided by their

employer. Some even live in the factory they work in. Those staying in 10th of Ramadan City without family members and/or spouse perceive their life there as mere "work residence" since their social life and activities concentrate on their original hometown where they return to every weekend. The workers often revealed their intention to return to the areas they come from as soon as they would find a job there.

I.3. 10th of Ramadan City as Perceived by Commuting Workers

More than half of the interviewees working in 10th of Ramadan City is living in towns in the Delta or Greater Cairo. They come every morning to work and return in the evening. As shown in the following table, only 45,2% of the interviewees were actually living in 10th of Ramadan City:

Table (1)
Residence of the Workers

Place of Residence	Number of Workers	%
10 th of Ramadan	47	45.2 %
Sharqiya	37	35.6 %
Cairo	11	10.6 %
Qaliubiya	9	8.6 %

One of the main problems of commuting workers is the time and effort spent on the way to their work place and back. In some extreme cases, workers spend up to 7 hours daily for transportation. They actually had to pay one third of their wages for the cost of transportation.

Table (2)
Costs for Transportation

Per Month		Per Day	
amount	% of workers	amount	% of workers
L.E. 25	15,8 %	L.E. 1 - 3	7 %
L.E. 30	7 %	L.E. 4 - 6	7 %
L.E. 50	8.8 %	L.E. 7 - 9	5.3 %
L.E. 70	3.5 %		

Table (3)
Time Spent for Transportation Every Day

Number of Workers	Number of Hours Needed for Transportation									
	< 1	< 1.5	< 2	< 2.5	< 3	< 4	< 5	< 5.5	< 7	n.a.
	7	3	14	3	8	10	4	5	1	2

As shown in the tables, the majority of commuting workers spends an average of two hours daily for transport. Even though in 24% of the cases the entrepreneur provides a private bus for his commuting workers, most of them consider the circumstances of the daily transfer as tiring and as having a negative impact on their work performance. The many small accidents that occur inside the workshops (cuts, bruises) are probably one result of this problem.

However, when asked about the possibility of moving to 10th of Ramadan City in order to evade the difficulties connected with transportation, the majority of the workers rejected the idea. Most of them feel bound to their original hometown where they have social relations, family ties and responsibilities. The appraised modernity of 10th of Ramadan City, on the other hand, seems to further enhance feelings of alienation for people coming from a traditional rural background.

Table (4)
Reasons for not Moving to 10th of Ramadan City

Reasons	Number of Workers
social relations + family ties in hometown	39
housing too expensive in 10 th of Ramadan	21
expensive cost of living	20
second job elsewhere	8
lack of recreational activities	4
insufficient infrastructure	2
desert character of the city	2
10th of Ramadan City only good for work	2

As shown in the table, the high expenses for accommodation and food are further obstacles for workers who want to settle down in 10th of Ramadan City. Compared to food prices in the delta, the prices in 10th of Ramadan City are considerably higher. If they want to buy a flat, workers have the possibility to apply for a special bank loan. In this case, however, they have to submit an

initial amount of LE 4000-6000 up front, followed by monthly payments comparable to a rent. Therefore, the purchase of an apartment often requires the financial aid of the whole family. As shown below, wages earned by workers in 10th of Ramadan City's industries are in many cases not even sufficient to cover a worker's regular monthly expenses.

In addition, there is a lack of informal job opportunities due to the newness of the city and the policy of the Council of City Development. This might explain the workers' unwillingness to move to 10th of Ramadan City and take the risk of depending solely on "formal" income generation.

Related to this is the workers' assessment of their job stability. A big part of the interviewees did not intend or expect to work at their present workshop for an extended timespan. Reasons given for this include the wish for another (usually more lucrative) job as well as personal reasons (marriage, childbirth, family issues in general). Most of the workers feel that their employers do not offer them any job security. In their opinion, a job in the private sector industry implies by definition a lack of job stability.

Many small-scale industry workshops function with unskilled workers or workers who have only received on-the-job training, either for pragmatic reasons ("all are more or less unskilled") or due to financial arguments (wages of unskilled labor are considerably lower). Most of these unskilled workers are constantly looking for possibilities to improve their situation in terms of higher wages or the opportunity to obtain new skills. In many cases, they do not have real incentives to develop strong ties to their present work place. Therefore, many workers are ready to change their job as soon as there is a possibility to make more money in another place.

The strongest incentive for workers to settle down in 10th of Ramadan City would be the opportunity to get access to cheap housing through the support of the entrepreneurs. At present, employers offer this kind of benefits only for those workers who are considered essential for the workshop such as foremen and engineers.

The masterplan estimated the average amount of money that a worker's family could afford to pay for a flat as one fifth of the family's income. However, this does not seem to be a realistic estimate. Findings of the study indicate that the average income of an unskilled worker is around LE 170 per month and for a skilled worker around LE 357. According to the master plan, which was made 20 years ago, this would mean a monthly rent of LE 34. However, the actual amount, which has to be paid today for the average monthly rent or installments in case of purchase, is around LE 88. This represents a considerable burden for the workers as long as incomes are as low as found in the study. Thus, the relatively high costs for housing can well tip the balance against a decision to move to 10th of Ramadan City.

Another strong reason for not wanting to settle down there is the lack of social relations most of the workers are suffering from. Being isolated from any former social relations and networks may develop into a major reason for one's failure to start an existence in a new city. This does not only produce a personal feeling of loneliness for an individual or a family. In particular members of the Egyptian lower income strata usually do not live on their income alone, but often work on a second job or have family members who contribute to the family income. They are often working in the informal sector. A network of mutual support exists among neighbors and friends, which often includes financial aid or at least the security that it could be asked for in times of crisis. These traditional patterns of support range high on the scale of social relations in rural areas in Egypt. New Cities like 10th of Ramadan City do not offer these advantages. Here, in most cases, families have to rely on "formal" income alone. If one considers the strong feeling of job insecurity that the workers expressed, they may view moving to 10th of Ramadan City as a hazard.

I.4. 10th of Ramadan City as Seen by Resident Workers

Most of the residents stressed the fact that the city is quiet, well ordered and offers a good climate and fresh air. These are recognized as being the most positive advantages in 10th of Ramadan City.

Table (5)
Perceived Advantages of 10th of Ramadan City

Advantages	Number of Workers
<i>quiet</i>	17
<i>good climate, fresh air</i>	12
<i>good job opportunities</i>	12
<i>good social relations</i>	6
<i>more personal freedom</i>	3

Long-term residents stress the evolutionary element in the development of 10th of Ramadan City. They have experienced constant improvements in the infrastructure development from their first days until now. In the opinion of many residents the main reason for the slowness of the urban development is the low residential density of 10th of Ramadan City. Accordingly, most are convinced that the city would improve rapidly if there would be more inhabitants.

Asked about the decisive factors that are necessary to achieve this goal, cheaper housing facilities were mentioned in the first place. The cost of living in 10th of Ramadan City is generally considered by the residents as

being high. For example, monthly payments for housing range from LE 30 per person for a place in a shared flat to LE 133 for an entirely rented apartment. Flat owners pay around LE 80 monthly as installments on a purchase loan. The usual way to get an apartment is to apply to the Council of City Development. A flat will be assigned almost immediately, as there are a lot of empty flats available in the city.

The high expenses for food and the insufficient supply in general has been mentioned as a priority problem in the context of everyday life in 10th of Ramadan City. In this respect, the agricultural background of most of the working residents in 10th of Ramadan City must be taken into consideration. Being raised in a rural environment where people produce most of the food by themselves, the higher prices for fruit and vegetables in 10th of Ramadan City, where all food has to be brought from nearby rural areas, seem to be much too high in the perception of the workers. In order to improve the quality of food, some of them mentioned initiatives such as baking bread at home or growing vegetables on a small scale in own gardens.

Inner-city transportation represents another problem. Whereas the connections between the central bus station and the big industrial site "3" are quite good (although expensive in relation to the short distances), smaller zones such as C2 can only be reached by foot or motorcycle taxi. One fifth of the resident workers reported problems with transportation from home to work and back.

The majority of the interviewees who are residing in 10th of Ramadan City are living in one neighborhood. This area is in walking distance from their work place. Nevertheless, the way could consume up to 45 minutes and is sometimes extremely tiring due to the high temperatures in summer.

The lack of recreational facilities has been mentioned in the third place of negative factors concerning the life in 10th of Ramadan City. While one fifth of the workers did not know about any activities, another fifth mentioned some facilities like a sporting club. They pointed out, however, that the costs are too high or the locations are too far away so that they can actually not benefit from these offers. Plans made by the city council to build youth centers and other facilities in each quarter of 10th of Ramadan City have not yet been implemented.

II. The Work Environment in 10th of Ramadan City

II.1. Social Profile of the Workers

The majority of the interviewed workers have been male (92%) and between 20-30 years old. The average age of male workers was 27 years, the average age of female workers 19 years. Most of the women were unmarried. Around 50% of the male workers were single, another 15% engaged. Only few children under 15 years have been seen in the cooperating enterprises. However, some of the workshops in the C2 small industry complex are known to rely intensely on child labor.

The educational level of the workers in the sample was relatively elevated. Around 50% of the interviewees hold a diploma, 11.5% are university graduates. In this context, it has to be taken into consideration that the interviewed workers were in most cases selected by factory directors or foremen who tended to "present educated people".

A division of the interviewees into skilled and unskilled workers has been undertaken whereas on-the-job training was considered an important source for acquiring technical skills. Apart from professional vocational training, workers who have worked for a longer period in the same enterprise or in different companies in the same field have also been considered as skilled workers. According to these classifications, the sample is composed of 49 skilled and 55 unskilled workers.

It was found that 71% were born in the Delta. 51% of the sample originated from Sharqiya governorate alone, only 16% came from the region of Greater Cairo. 55% of the workers resided outside 10th of Ramadan City. The majority lives in the governorate Sharqiya (36%), followed by Cairo (10%) and Qaliubiya (9%). A considerable number of workers are living in 10th of Ramadan City without their families. Many of them share apartments or stay in flats provided by the workshop owners.

II.2. Working Conditions

II.2.1. Job Stability

Many workers illustrated the instability and insecurity prevailing in a number of enterprises. They complained that workers are hired and fired depending on the economic situation of the company. Some workers even stated that every 6 months the workforce would change entirely. Of the 79 interviewees who answered questions concerning employment contracts, 53% have been hired upon a "spoken agreement", another 10% have contracts regarded as probation time. Only 37% have had a written employment contract:

Table (6)
Employment Agreements

Basis of Employment	%
<i>spoken agreement</i>	40 %
<i>contract</i>	28 %
<i>probation time</i>	8 %
<i>not available</i>	24 %

The entrepreneurs stressed that high labor turnover is one of their major problems: "Someone pays them some pounds more and they are gone." The statements of the workers themselves related to labor turnover were too differentiated to quantify. Concerning the period the workers *expected* to stay at their workshop, the following answers have been given:

Table (7)
Expected Period of Employment

Intentions of the Workers	%
<i>I don't know but want to stay</i>	34 %
<i>I don't know but want to leave</i>	26 %
<i>I expect to stay around 6 months</i>	11 %
<i>I expect to stay around 1 year</i>	11 %
<i>I expect to stay around 2 years</i>	4 %
<i>not available</i>	14 %

The main reasons given by the workers for an expected end of the employment at their present workshop are "another job" or "family reasons" (marriage, childbirth). When asked about factors that could attract them to another enterprise, most of the workers mentioned higher wages.

As many as 33 workers stressed that they would like to change into public sector employment as soon as possible. These workers were well aware of resulting disadvantages, especially the low wages in government institutions. Decisive advantages that have been mentioned centered mainly around the stability of public sector employment and the social security provided. The majority of those workers who commented on the advantages of the public sector did not expect a decline of its importance in Egypt.

37 persons have thought about setting up their own workshops. Some already run a small "project", others complained about the inaccessibility of credits. One person is working in order to save the necessary money for

starting his own business. On the other hand, some workers underlined their hope that they may "grow with the workshop" they are currently employed in.

II.2.2. Wages

The problem of defining exact wages through interviews is obvious. Both employer and employee tend to understate the actual amounts since taxes and contributions to social security are calculated on this basis. Sometimes, overtime and extra payments are not mentioned, even though (or because) some workers may work overtime every day. However, findings of the present study indicate considerably higher average wages than those cited by El-Mahdi/Said. The results of the ASA study suggest an average monthly salary of LE 273 whereas skilled workers earn an average of LE 357 and unskilled workers an average of LE 170 per month.

II.2.3. Working Hours

One problem in defining working hours was the fact that overtime was often understood as being an integrate part of working hours. The average working time is around 10 hours. However, some workers may officially work for 8 hours a day but subsequent regular overtime could well amount to another 4 hours. 8 of the interviewees have even worked non-stop for 24 hours and were granted a free day afterwards. All workers described the long actual working hours as being extremely tiring. On the other hand, they were in need of the additional incentives that are granted for overtime. Without this additional work, wages might be completely insufficient to make a living. Moreover, if transport for commuting workers is provided free of charge by certain companies after 12 working hours, workers are even more interested in regular overtime work.

II.2.4. Suggestions of the Workers Concerning their Working Conditions

In discussions during the interviews, the workers in the small industry complex have identified a number of possible improvements concerning the organization of the production process as well as the working environment in the different enterprises. Most ideas have focused on the following areas:

Table (8)
Suggested Areas for Improvements

Suggested Areas	% of the Workers
<i>management</i>	23 %
<i>working conditions</i>	22 %
<i>workers' situation</i>	16 %
<i>social security</i>	39 %

As far as management is concerned, most workers would like to have a better flow of communication between the entrepreneur and the workers and more encouragement of the workers' self-initiative and responsibility. The main suggestions regarding working conditions aimed at enhancing industrial safety and health care. In many cases, the workers demanded better air condition or air exhausts. Another frequently criticized feature was the lack of a special room and period for recess and breaks.

In general, however, the workers have assessed their situation as being very weak, especially in the absence of any trade unions. For this reason, the interviewees demanded more guarantees for the implementation of workers' rights as well as less pressure from the management on the workers. They wished to be better informed about their rights and suggested that rules and obligations should be stipulated and written down in a clear way. Moreover, they hoped that their employers would undertake initiatives towards more social security.

III. Female Workers in 10th of Ramadan City

III.1. Characteristics of the Situation of Female Workers

Approximately 44% of small industry enterprises in Egypt employ female workers. Most of them are situated in Greater Cairo, Qaliubiya and Alexandria¹. Female workers are predominantly working in the field of textile industry and ready-made garments (around two thirds), followed by food production.

18 (17,3%) of the interviewees for this study have been women. They were either working as unskilled workers in the food industries of the C2 small industry complex or as skilled, trained on-the-job workers in Dawwar al-Ashir. Typical characteristics of their situation could be described as follows:

- low skilled labor, minimum wage and almost no job security
- unavailability of adequate transportation services from home to work place
- no special benefits for the working mother

The unskilled female workers received the same wages as their male counterparts. However, all of them were employed without any legal form of contract. Although this was seen as a disadvantage by the older, experienced female workers, most of the younger women appreciated the resulting possibility to stay away from work when necessary. No provisions for childcare are made during working hours and maternity leave depends on the employer and is not paid. This leads to a high degree of absenteeism. Women also stay at home when they feel ill or have household tasks to fulfill. In this case, a male colleague usually replaces them. The entrepreneurs mentioned the higher labor turnover of female workers as a big disadvantage in employing women.

Female workers in the public sector are entitled to special benefits related to motherhood. A new law is being prepared now to grant female workers in the private sector similar rights. In general, however, the women working in small-scale enterprises in 10th of Ramadan City seem to be almost completely ignorant about their rights.

Most of the female interviewees stated as the primary reason for taking up their job the necessity to support their family or to contribute to the family's living expenses. All but one pointed out that they did not plan to work more than a few months up to one year until they would marry and stay at home. Consequently, these female workers did not consider themselves as a permanent part of the work force and are not aware of their rights as working women. The exception was a divorced woman with children who has been living with her parents. Since she did not plan to marry again she

¹ El Deeb, Buthaina, *Women and Small Scale Industries, seminar in November 1995*

could not rely on a husband as a family provider and is, therefore, working on a permanent basis.

III.2. Perception of Women's Work

Asked about the general characteristics of women's work, entrepreneurs in most cases stated that women could not do heavy work due to their physical weakness. All interviewed women have shared this perception. However, the researchers observed in one food factory, for example, that the same women who previously pointed to women's physical weakness were carrying heavy sacks with food items. When asked about this contradiction, both the women and the entrepreneur stated that two women are needed to carry one sack which a man could carry alone.

Moreover, the interviewees pointed out that female workers need a special work environment: noisy machines, unhealthy or dangerous activities and crowded work places have been considered as inappropriate for a woman. Tasks like weighing and counting of plastic bags, for example, was seen as an easy task, which could be performed by female workers. In one workshop, however, young men were doing this job. When asked about the reason why he did not employ women for this seemingly "female work", the entrepreneur answered that he could not hire women due to the absence of any special facilities and sanitary equipment for female workers.

III.3. Housing and Living Conditions of Female Workers

Most of the female interviewees have their residence in 10th of Ramadan City. They are either living with their family if they are unmarried or with their husband and children. Five women have been living in a shared apartment, which was rented by their employer. They originally came from the governorate Sharqiya.

Women have experienced the dual role as mothers and contributors to the family income as a burden. The younger, unmarried girls expressed their hope to find a wealthy husband and stay at home. In many cases, married women work until they get their first baby. After childbirth, they usually stay at home for some months and then return to work while neighbors or family members take over some of their daily tasks, especially childcare. Other than men, women are not expected to work overtime. In most cases, they are only working for 8 hours.

When asked about problems, many female interviewees pointed to the lack of sufficient family health care in 10th of Ramadan City. Particularly in case of childbirth or complications during pregnancy, the absence of telecommunication in the newly built neighborhoods where most of the workers are living has often led to dramatic situations when help could not be reached in time. The quality of hospitals and the health care situation in general was declared as insufficient by 23.4% of the women. They

complained about long waiting hours and the low standard of treatment for "simple" people. Private doctors, on the other hand, were considered as too expensive for most of the workers.

The newly built areas, in which most of the women are living, are still isolated in the present stage of the city development. Recreational facilities are not available. The opportunities for adult education in 10th of Ramadan City are much less than in other cities. Especially in view of the fact that 45% of the female interviewees hold a thanawiya (A-level) diploma, i.e. have a relatively high level of education, the lack of any offers for further studies is an issue of concern. Moreover, most women expressed particular interest in topics related to their situation as working women and (future) responsible mothers. In the absence of any recreational and educational activities, the main daily routine for female workers after returning from their jobs is characterized by caring for their family, "sitting at home" or "sitting in the garden with friends".

Consequently, a recreational and educational project was proposed as an outcome of the present study. A workshop for female workers was planned in which women could meet and socialize on a regular basis (i.e. weekly or twice a month). The workshop was suggested to take place under the auspices of ASSINC, the Gender and Development Fund for Women of the Royal Netherlands Embassy and the Friedrich Ebert Foundation who could provide a lecturer on topics related to workers'/women's rights. This could also benefit the entrepreneurs since the productivity of the enterprises in general can be enhanced through the improvement of the situation of the workers. In order to amend the working and living conditions of female workers and to avoid the high rate of absenteeism, the following steps should be undertaken:

- provision of adequate health care, particularly for pregnant women
- female workers should be entitled to 3 month maternity leave without having to fear to lose their jobs
- special services like nurseries or other childcare facilities should be provided. This would lead to the female workers' being more dedicated to their work
- female workers who work part time should earn the amount corresponding to their actual work time and not less

IV. Aspects of Social Security

IV.1. Formal, Traditional and Informal Social Security Schemes in Egypt

Social security can be guaranteed in different ways. Insurance schemes like those provided by the social insurance system established in Egypt under Nasser in the 1950s and regulated by Act No. 79 in 1975, can be characterized as formal systems of social security.

Traditional social security systems, on the other hand, are organized within families, tribes, religious groups or local communities. They are based on mutual support and help and are widely found in neighborhoods and villages in Egypt. If a person is in need for material help or on special occasions such as marriage, it is common that money is collected within the community and handed over to the person in need. The sums obtained from individuals are registered, for example, in a small booklet. On corresponding occasions, the "donors" themselves can expect to receive at least the same amount. The settling of such debts between families is sometimes also used to solve conflicts or to enhance social relationships.

Examples for informal schemes of social security as a third category are for instance saving clubs or trust funds set up by a group of individuals who are in most cases linked in terms of social status. These systems can be found, for example, among colleagues in offices or factories.

All three systems have shortcomings. The official social and health insurance does not include the majority of the working population. They benefit predominantly those who are working within an established legal framework like civil servants. The poorest part of the population is usually not included in the formal insurance system. In the private sector both entrepreneur and worker tend to avoid payments into the social and health insurance. This is partly due to the low payments that can be expected by the insurance in case of crisis. On the other hand, the poor quality of public health care needs to be complemented in many cases by private health care.

Traditional solidarity networks, on the other hand, are weakened through social change. This is also true in the case of migration to 10th of Ramadan City. The "new community" inevitably leads to social transformation. Consequently, the role of informally organized social security systems may become more important. However, those schemes must be organized by individuals and have to be based on mutual trust. Sanctions must be possible, if necessary, to enforce payments. Trust funds, for example, fail when members drop out due to their inability or unwillingness to pay their contributions.

IV.2. Social Security for the Workers in 10th of Ramadan City

In direct contrast to El-Mahdi/Said's findings (1996), which indicate that most workers benefit from the public social insurance, the majority of the interviewees for the present study (1997) was not insured. 49 workers, i.e. 57% of the 86 workers who answered the question, stated that they were not registered with the social insurance. Another 8 persons of those 37 workers who actually have been insured were not covered by health insurance.

Table (9)
Number of Workers Registered with Public Insurance

Insurance	Insured		Not Insured		Not Available	
	number	%	number	%	number	%
social insurance	37	35,5 %	49	47,2 %	18	17,3 %
health insurance	29	27,9 %	57	54,8 %	18	17,3 %

Some workers have accepted that their employers failed to register them with the insurance because they expected to stay at the workshop only for a limited time. Others underlined their lack of trust in the formal social insurance system: "I have no money to spare for this." A number of workers, however, criticized the situation and blamed the entrepreneur for his unwillingness to register them with the insurance. When asked about amendments that should be brought about at their workplace, 39% of the suggestions concentrated on implementing measures to enhance social security. The majority of these suggestions aimed at establishing a trust fund as a privately organized alternative to the official social insurance system.

In view of the relatively low wages of many workers, the priority given to the issue of social security can be easily understood. When asked about their cost of living, 40% of the workers stressed that they do not earn a sufficient amount of money to cover their monthly living expenses. Another 27% stated that they could only hardly make their living. 37% of the workers mentioned to have a second job. In several cases, the second income of the workers came from the revenues of a small workshop owned by themselves. Others continued to work as farmers besides their job in the enterprise.

It can be concluded, therefore, that a considerable number of the interviewed workers are "working poor" who will not change their situation through working in small-scale enterprises. Combined with the fact that in many cases the employers do not insure their workers, the question arises how the latter can cope financially with crisis and special occasions.

IV.3. Extraordinary and Crisis Situations

When asked about who or what could support them in critical situations, around 10% of the workers stated that there is no one to help them. 37% mentioned the possibility to obtain credit from their employer, 32% expected help from their family. 14% mentioned the organization of a saving club (*gama'iyah*). Other potential resources such as the help of friends, additional overtime work or a trust fund play only a minor role:

Table (10)
Sources of Financial Support

Sources of Support	% of Workers
<i>family</i>	47 %
<i>credit from employer</i>	32 %
<i>donation from employer</i>	5 %
<i>fund of colleagues</i>	5 %
<i>saving club</i>	5 %
<i>neighbors</i>	5 %

Illness and accidents rank first in a list of examples for critical situations that have been cited by workers: in around one third of the cases, these events have produced a difficult situation for the worker. 21% mentioned the immense costs for engagement and marriage as posing serious financial problems. Another 21% stated that they suffer continuously from a general lack of income. 16% of this group have been in urgent need of money. Furthermore, divorce and childbirth have been mentioned (5% each) as causes for serious financial problems.

Table (11)
Frequent Events leading to Financial Problems

Problems / Events	% According to Frequency
<i>illness + accidents</i>	32 %
<i>marriage + engagement</i>	21 %
<i>general lack of income</i>	21 %
<i>urgently needed money</i>	16 %
<i>childbirth</i>	5 %
<i>divorce</i>	5 %

The role of family support in these costly situations is decisive: in 47% of the cases the workers have been supported by their family. Credit from the entrepreneur was a solution in 32% of the cases. This usually means that the worker has to pay the received amount back to his employer by monthly wage deductions. A number of workers had access to other resources such as donations, the help of neighbors, payments by a trust fund or a saving club (each 5%).

In general, it can be concluded that instruments other than traditional family solidarity and the possibility to take a loan from the employer are rarely available. The workers' statements concerning experiences with financial support emphasize the normality and acceptability of mutual help among family members. Obtaining a loan from the employer is also a widely accepted means of solving financial problems, but it was underlined by many that a monthly cut in wages causes problems and paying back such a credit can be difficult. On the other hand, offering a loan can be used by the employer as a means for tying his workers to the workshop.

IV.4. Example of a Privately Organized Instrument: the Trust Fund

A trust fund is established by the workers' mutual agreement on a monthly slight cut in wages with the aim of directing certain sums to its members on special occasions. There was only one example of such a fund mentioned in the sample of 10th of Ramadan City's C2 small industry complex. 8 workers mentioned the possibility to obtain LE 200 on either marriage or a close relative's death. This sum comes from a trust fund, which is administered by the accounting department of their company. 2% of each worker's monthly salary is automatically directed to this fund. Two workers criticized, however, that there are many other occasions on which a payment from the fund should be provided, for example in cases related to illness.

During the course of the study, it was surprising to realize that the trust fund idea seemed to be more commonly known among workers than among the small entrepreneurs. This may be due to experiences some workers have made in other (bigger?) companies. The workers pointed out that they usually discuss and compare wages and other benefits when meeting with colleagues from other companies, for example in the bus from their hometown to 10th of Ramadan City. The majority of the workers would appreciate trust funds and expressed their willingness to contribute to such a fund.

Conclusions and Recommendations

The field work undertaken by the ASA study group in 1997 aimed at assessing the workers' perspective concerning the working and living conditions in 10th of Ramadan City. In some respects, the findings differ considerably from those of El-Mahdi/Said, for example with regard to job stability and social security. The results of the present study indicate that the majority of the workers seem to be in an insecure social and economic situation and heavily depend on their employer. Many of them have to be considered "working poor". They remain dependent on other sources of income. Although wages may be comparably attractive, especially for workers from rural areas, they nevertheless often seem insufficient to make a living. This leads to the fact that many workers readily accept any other job as soon as there is an opportunity, even if it is in the public sector economy and preferably not in 10th of Ramadan City. Reasons for the unattractiveness of the city can be summarized as follows:

- 10th of Ramadan City poses a number of special problems to the workers like transport, housing, cost of living etc.
- many workers feel insecure about the stability of their jobs and consequently look for alternatives
- in contrast to 10th of Ramadan City, the workers' hometowns still offer a variety of advantages: traditional networks based on mutual help provide easily accessible support and a variety of opportunities for informal income generation for the workers or other family members

A considerable number seems to perceive working in 10th of Ramadan City as a means of "making money" for a limited time, for example before marriage. They plan to resettle in their hometowns after having found a job there. Moreover, most of the commuters who would otherwise consider moving to 10th of Ramadan City complained that the prices for flats in the city are much too high. One solution for this problem could be to decrease the prices for flats in general. However, only the Council for City Development, which administers the selling of empty flats, can take such a decision. Although the prices are not higher than the actual building costs, it may be better to sell the numerous empty flats at a lower price than to leave them empty after first signs of decay can already be observed.

An alternative solution could be an initiative of the entrepreneurs in 10th of Ramadan City. Bigger companies usually offer their workers special benefits in addition to the regular wages. Some employers in 10th of Ramadan City started to offer housing possibilities as an incentive in order to prevent a high labor turnover. In view of the high rents elsewhere and the high costs for transportation for commuting workers, this offer could well tie a worker to an enterprise. However, entrepreneurs would still risk losing their employees to other companies after having them provided with housing opportunities.

In order to solve this problem, businessmen associations like ASSINC could form a kind of "housing pool". The Association of Investors in 10th of Ramadan City, which has been founded in 1987, could organize such an initiative. Flats and houses would be bought from the Council for City Development and rented or even sold to workers. Thus, the risk of the entrepreneurs could be considerably reduced since the beneficiaries would in most cases remain inside the "pool" even if they change their job.

Concerning job security, a clear division between skilled and unskilled workers can be observed. The skilled or experienced workers who are important for the flow of production are in a stronger position and seem to benefit from several advantages. This may lead to a kind of circle: those who are employed recently and who are in a weaker position due to their lack of skills would permanently look for other jobs and thus contribute to the high labor turnover.

The picture obtained from interviews with a random sample may serve as a first step towards developing new ideas and proposing new activities. The lack of job stability and other negative features mentioned by the workers have a negative impact on productivity. This affects the interests of the businessmen and explains ASSINC's remarkable support for the study. On the other hand, there are reasons for hope that a businessmen pressure group might realize and formulate certain common aims it shares with the small industry's labor force. This may include new ways of organizing training for the workers in the C2 complex as well as negotiating more favorable living conditions for those who are permanently living in 10th of Ramadan City, for example an improvement of the transport services provided by the enterprises. Providing incentives or support for those willing to settle down in 10th of Ramadan City could be a means of strengthening the ties of workers with their enterprises.

As far as social security is concerned, the idea of establishing a trust fund seems to be attractive for both workers and employers. A positive example of an effective trust fund can be found among ASSINC member companies. Further discussions about the organization of similar privately organized social security schemes may lead to successful new initiatives in the future.