
LIBYAN LABOR MARKET: CHARACTERISTICS AND CHALLENGES

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Abstract: The Libyan labor market is sharing some of the common features with almost of the Arab labor markets such as an oversized of employees in the public sector compared to the private sector. Moreover, Shaban, Assaad, and Al-Qudsi (2001) mentioned that the bureaucracy is considered as a significant percentage of total employment in Arabic countries generally and Libya specifically. In the same context, the Libyan society is characterized by high percentage of unemployment among the educated youth. Since 2011, and with the increase of the economic crisis in Libya, the aim of the Libyan young people has concentrated in the direction of finding job opportunities because of the political instability situation after the Libyan Revaluation. This study is done on the theoretical and empirical sides taking into account the literature for the Libyan labor market and also the analytical analyses.

Libya has an area of around one million and half km². Because of that Libya is considered as one of the fourth largest country in Africa. Regarding the geography population distribution, the largest percentage of the Libyan population are living and concentrating in a small area close to the Mediterranean Sea which does exceed 2% of the country, because of the natural condition of the country. Oil sector is considered one of the most vital global industrial sectors. Further, it is the most significant contributor to the world economy. Not only does it have the important impact on the developing countries, but also on developed ones. Oil sector generates foreign exchange earnings, which has a significant influence on income and economy growth rates in the developing-countries and newly industrialized countries. The objectives of this paper can be summarized as following: 1) to present the Libyan labor market indicators 2) to show who are the poor in the Libyan labor market 3) to discuss Libyan employees activities and occupations. The paper is constructed to explore the Libyan labor market taking into account the population and labor force trends in Libya, the distribution of Libyan labor force, employment and unemployment by sex and age, and distribution of employment by economic class. As study recommendation, these findings lead us to recommend increasing the women participation in the Libyan labor market. It is therefore in the general interest of the economic structure to reach a more balanced distribution of jobs between men and women.

Keywords: Libya, Labor Market, unemployment.

1. LABOR MARKET FRAMEWORK

Overall female participation rates have stagnated, participation rates for educated women have in fact decreased dramatically in recent years as opportunities in the public sector have been curtailed. Finally, the best-known stylized fact about Arab labor markets is very high youth unemployment associated with the challenges that young educated people face when searching for the first employment.

Salehi-Isfahani (2012) showed that Libya, as one of the North African countries, is categorized by large economy but also with distorted investments in human capital. Furthermore, the country has rapid increases in quantity of educational youth not in educational quality who are seeking always to access public sector professions relatively the qualified demanded jobs by globalizing economies. In the same context, Assaad (2013) mentioned that the central government wage expenditures on the salary average reparents around 10% of GDP. This percentage is considerably higher than the central government wage expenditures even in OECD countries. The authors (Assaad and El-Hamidi, 2009, Assaad, Hendy and Yassine 2013) also stated that there is strong relationship between the labor force participation and education in Arab and North African countries.

Further, Gehrke, Lechthaler, Merkl (2018) explored the German labor market during the Great Recession in 2008/2009, the authors investigated a general equilibrium model with a detailed labor market for post-unification. Their paper was the first paper to study and show the impact of the different shocks on the labor market in the German economy. The authors explored the key drivers of the German labor market. Also, they concluded that during these shocks had a relatively small influence on the German unemployment. Moreover, Gehrke, Lechthaler, Merkl (2018) conducted that German gross domestic product and the unemployment appear to be less connected than in prior decades. Further, the German labor market was affected by a sequence of helpful labor market performance shocks in the years before the Great Recession 2008/2009.

Bernabè and Krstić (2008) explored the outline of poverty in the labor market in Burkina Faso and Vietnam. Also, the authors recognized who were the poor at the beginning of the 90's. The paper also studied how labor markets transmitted growth to the poor in Vietnam. Further, Bernabè and Krstić (2008) investigated the impact of the growth

on the structure of employment and the underemployment as well. Finally, the authors provided the factors that can assistance to clarify Vietnam’s achievement in terms of growth and poverty reduction.

As a point of view, public sector employment progressively became the primary and important engine for creation job opportunities. Under state ownership, workforce guidelines included job security assurances, social security programs, relatively high public sector wages with generous non-wage benefits, and sharp restrictions on dismissal. The rise of the public sector in employment became a key factor in segmenting labor markets, with an employment structure biased toward better-educated graduates and women.

2. THE STRUCTURE OF THE LIBYAN LABOR MARKET

Starting with the Libyan demographic, the population of Libya is very small compared to other North African countries and this can be observed from free population distribution on the area and estimated capacity of 4 persons per square kilometer, it should also be noted that the population growth rate has clearly declined without a census in 2006 compared to previous official statistics. Population distribution on different regions has many negative aspects and that is by way of it is noted that more than 88.2% of the population lives in urban areas. In general, there is an imbalance in the distribution of population that may lead to job opportunities are also low, especially in the southern Libyan region, with the growth rate continuing to increase the population in the neighboring countries of the southern Libyan and the volatile security situation, especially on the border and smuggling of various kinds and illegal migration. The following table shows the Libyan labor indicators for years 2010, 2014 and 2018 according to the gender for age more than 15 years old and 25 years old.

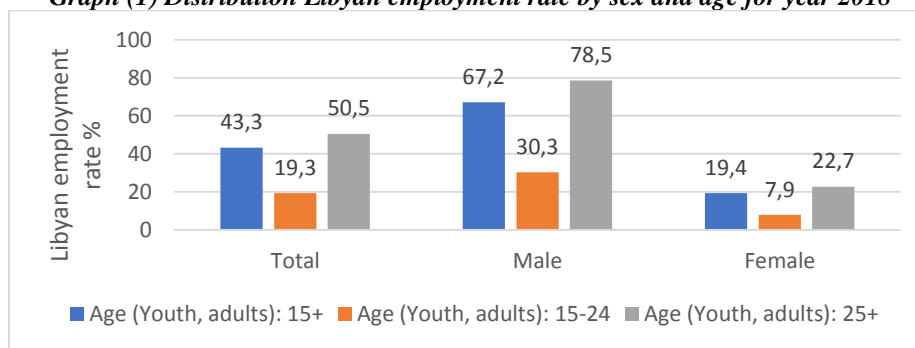
Table (1) the Libyan labor indicators for years 2010, 2014 and 2018

Libyan labor indicators		2010			2014			2018		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
Age 15+	Employment rate %	41.5	65.2	16.8	43.6	67	19.8	43.3	67.2	19.4
	Unemployment rate %	17.6	15.5	25.2	17.1	14.9	24	17.3	14.9	24.6
Age 25+	Employment rate %	50.1	78.6	20.5	51.4	79	23.6	50.5	78.5	22.7
	Unemployment rate %	12.6	11.2	17.7	12.7	11.1	17.5	13.1	11.4	18.4

Source: Compiled from International Labor Organization database

The previous table shows that the employment rate increased from 41.5% in year 2010 to 43.3% in year 2018 for the age (youth, adults) from 15 and above. On the other hand, the unemployment decreased to be 17.3% in year 2018 from 17.6% in year 2010 for the same group of age. Regarding the age group more than 25 years old, the employment rate falls slightly from 51.4% in year 2014 to be 50.5% in year 2018. Furthermore, the Libyan unemployment rate rose to be 13.1% in year 2018. The results are consistent with the previous literature which are discussed the impact of the political situation not only on the Libyan labor force but also on all Libyan economic sectors (e.g. Kersten, 2016; Chivvis, Martini, 2014). The Table (1) represents also the increasing of the female Libyan unemployment rate from 17.7% in year 2010 to be 18.4% in year 2018 in the age group more than 25 years old. The following graph explains the distribution of the Libyan employment by sex and age which is categorized by 10 years.

Graph (1) Distribution Libyan employment rate by sex and age for year 2018

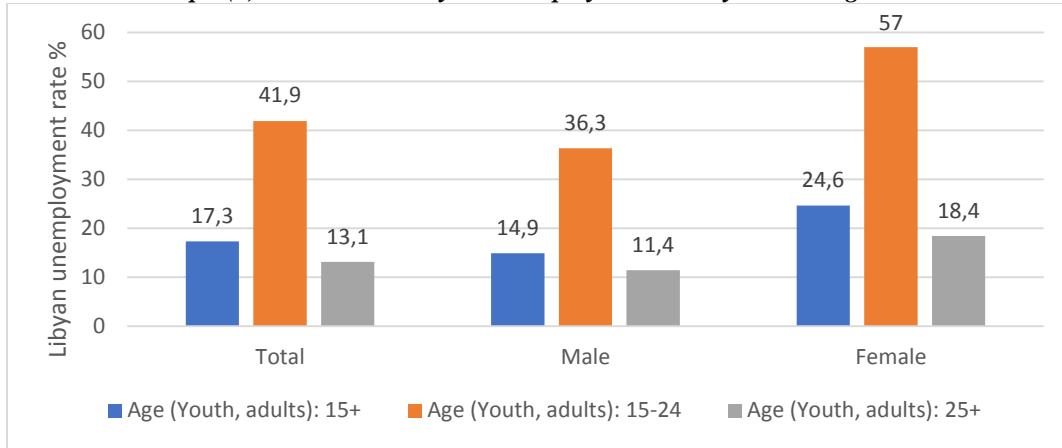


Source: Compiled from International Labor Organization database (2018)

The previous graph shows the employment rate for the age group +25 is the highest rate for the total, male and female with corresponding employment rates 50.5%, 78.5% and 22.7% respectively. The graph (1) shows also that the male have higher value of employment rate more than female for all age categories. For instance, the Libyan employment rates are 67% and 78.5% for male compared by 19.4% and 22.7% for age groups +15 years old and +25 years old, respectively.

Increasing the unemployment rate can cause much human misery. Moreover, the families can suffer from financial distress. In the same context, the high unemployment has negative influence on loss of personal self-respect and increase in crime (Mishkin, 2004). Regarding the economic problems, when unemployment is high, the economy has not only effective workers but also effective resources, yielding a loss of the gross domestic product. The following table exploring the distribution Libyan unemployment by sex and age in year 2018.

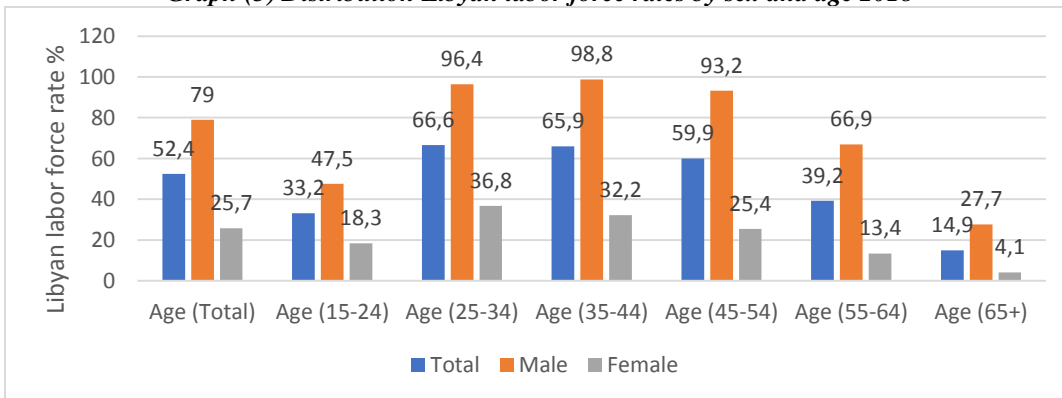
Graph (2) Distribution Libyan Unemployment rate by sex and age 2018



Source: Compiled from International Labor Organization database (2018)

Graph (4) shows the distribution of the Libyan unemployment rate according to the sex and age who are more than 15 years old, from 15 to 24 years old and more than 25 years old. Unlike the employment rates, the for the age group from 15 to 24 years old are higher than other age groups unemployment rates. In detail, the unemployment rates for the total, male and female repercent 41.9%, 36.3% and 57%, respectively. The graph presents that the Libyan unemployment rates for female are higher than the male for all age categories which is consistent with Libyan demographic population. From the previous graph, we can observe the low participation rates of the female which can be explained by the value placed on female modesty in Islam (Clark, Ramsbey and Adler. 1991; Miles 2002). We can conclude that the unemployment rates for young women are much higher than those of young men (Sidani 2005, Spierings, Smits and Verloo; 2009). Moreover, due to civil war that took place at the end of year 2013 caused a significant decrease in Libyan employment rate in the oil sector, which led to a decline in the employment rate in this sector. In the same context with exploring the Libyan labor force, the following graph presents the distribution of Libyan labor force by sex and age as follows:

Graph (3) Distribution Libyan labor force rates by sex and age 2018



Source: Compiled from International Labor Organization database (2018)

The Graph (4) shows the distribution of the Libyan force rate by sex and age which is categorized by 10 years old. Starting with the first group from 15 years old through 25 years old and ending by the group more than 65 years old. It seems that there is significant difference Libyan force rates between the male and female for all age categories". Moreover, the male Libyan labor force rates are more than the female Libyan labor force rates for all categories. In details, the male Libyan labor force rate represents 98% over the category age from 35-44 years old while the female Libyan labor force rate represents 32.2% over the same category.

3. WHO ARE POOR IN THE LIBYAN LABOR MARKET?

The following Table presents the distribution of the Libyan employments by sex and economic class for years 2010, 2014 and 2018. The economic classes are divided into four groups: employees who are extremely poor who earn less than US \$ 1.9; employees who are Moderately poor who earn more than US \$ 1.9 and less than US \$ 3.2; employees who are near poor who earn more than US \$ 3.2 and less than US \$ 5.5 and employees who earn more than US \$ 5.5.

Table (2) Distribution Libyan employment by sex and economic class (%)

Economic class	2010			2014			2018		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100	100	100	100
Extremely poor (<US\$1.90, PPP)	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.1
Moderately poor (>=US\$1.90 & <US\$3.20, PPP)	0.2	0.2	0.2	0.6	0.6	0.4	0.3	0.4	0.2
Near poor (>=US\$3.20 & <US\$5.5, PPP)	5	5	4.9	10	9.9	10.2	7.3	7.3	7.3
>=US\$5.5, PPP	94.7	94.7	94.9	89.3	89.3	89.2	92.3	92.2	92.4

Source: Compiled from International Labor Organization database

The Table (1) shows that the percentage of the poor categories in 2014 are greater than in year 2010 for total and for females. For instance, for the group Moderately poor employees who earn more than US \$ 1.9 and less than US \$ 3.2; the percentage increased to 0.6% in year 2014 from 0.2% in year 2010 for total. In the same context for people who are near poor (>=US\$3.20 & <US\$5.5, PPP), the percentage of total, male and female increased from 5%, 5% and 4.9% in 2010 to be 10%, 9.9% and 10.2% in year 2014, respectively. On the other hand, for the group employees who earn more than 5.5; the percentage decreased in 2018 than in years 2014 for male and female and consequently for total. The presented data is reflecting the impact of the political instability after Colonel Muammar Gaddafi, those results are consistent with previous literature (e.g. Kersten, 2016; Chivvis, Martini, 2014). The results also are consistent with the relation between the oil production and economic situation. The gross domestic products peaked in 2010 to almost more than twofold versus the gross domestic products at the beginning of the period, in 1980 with corresponding value US\$ 38.19 Billion. From 2011, the value decreased dramatically reaching US\$ 58.76 Billion due to political instability in North African countries. The previous table shows also that the Libyan oil price increased also to be US\$ 112.89 in year 2011. On the other hand, the Libyan exports decreased in this year to be US\$ 12.19 Billion after it was US\$ 47.82 Billion in year 2007.¹⁵⁰

4. LIBYAN EMPLOYEES ACTIVITIES AND OCCUPATIONS

The main idea behind the following table is presenting the Libyan labor according to the activity distribution which is grouping by gender in years 2010, 2014 and 2018.

Table (2) Distribution Libyan employment by gender and Activities (%)

Activities	2010			2014			2018		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100	100	100	100
Agriculture; forestry and fishing	8.4	8.1	9.9	8.3	7.9	9.9	7.9	7.5	9.8
Mining and quarrying	1.5	1.8	0.4	1.5	1.9	0.4	1.6	1.9	0.4
Manufacturing	9.6	10.1	7.5	9.6	10.2	7.8	9.2	9.7	7.2
Utilities	0.9	1.1	0.4	1	1.2	0.5	1	1.1	0.5

¹⁵⁰ Oil & Gas in Libya, 2013. Oil Minister Opens Oil & Gas Libya 2013, Retrieved from <http://www.oilandgaslibya.com/>

Construction	15.9	19.6	0.9	14.5	18.5	0.9	14.9	19	0.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.3	16.2	6.7	14.2	16.4	7.1	14.3	16.4	7.1
Transport; storage and communication	6.4	7.4	2.2	6.8	8	2.5	6.7	8	2.5
Accommodation and food service activities	2.3	2.6	0.9	2.4	2.8	1.1	2.7	3.1	1.2
Financial and insurance activities	1.3	1.2	1.8	1.3	1.2	1.8	1.4	1.2	1.9
Real estate; business and administrative activities	3.2	3.3	2.5	3.2	3.3	2.6	3.6	3.8	3
Public administration and defense; compulsory social security	17.3	18	14.6	17.7	18.4	15	17.5	18.1	15.3
Education	11.4	5.9	33.6	11.7	5.7	32.2	11.6	5.6	32.5
Human health and social work activities	3.2	1.8	9	3.3	1.8	8.7	3.3	1.7	8.8
Other services	4.3	3	9.8	4.4	2.9	9.6	4.4	2.9	9.7

Source: compiled from international labor organization database

The previous table shows that most of the Libyan male employed have public administration and defense; compulsory social security activity which are represented by 17.3%, 17.7% and 17.5 in year 2010, 2014 and 2018, respectively. The second activity for the Libyan male employed is constructions with corresponding percentages 19.6%, 18.5% and 14.9% in years 2010, 2014 and 2018 respectively. In the same context, most of the Libyan female employed have education activity which are represented by 33.6%, 32.2% and 32.5% in years 2010, 2014 and 2018, respectively. The second rank activity for the Libyan female employed is public administration and defense; with corresponding percentages 14.6%, 15% and 15.3% in years 2010, 2014 and 2018 respectively. Furthermore, the main idea behind the following table is presenting the Libyan labor according to the Occupations distribution which is grouping by gender in years 2010, 2014 and 2018.

Table (4) Distribution Libyan employment by gender and occupations (%)

	2010			2014			2018		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100	100	100	100
Managers	2.62	2.66	2.47	2.80	2.88	2.52	2.72	2.80	2.65
Professionals	9.12	4.97	25.82	9.94	4.89	27.23	9.74	4.84	26.77
Technicians and associate professionals	8.95	7.36	15.38	8.80	6.96	14.87	8.95	7.13	15.04
Clerical support workers	5.79	4.84	9.62	5.39	4.35	8.92	5.54	4.52	9.07
Service and sales workers	21.34	21.05	22.53	21.28	21.35	21.05	21.66	21.58	21.90
Craft and related trades workers	17.74	21.32	3.30	17.30	21.35	3.43	17.31	21.32	3.32
Plant and machine operators, and assemblers	10.75	13.15	1.37	10.41	12.99	1.60	10.34	12.92	1.33
Elementary occupations and skilled agricultural, forestry and fishery workers	23.64	24.73	19.51	24.13	25.37	20.14	23.74	24.89	19.69

Source: Compiled from International Labor Organization database

The previous table shows that most of the Libyan male employed have “Elementary occupations and skilled agricultural, forestry and fishery workers” occupation which are represented by with corresponding percentages 23.64%, 24.13% and 23.7 in year 2010, 2014 and 2018, respectively. The second occupation for the Libyan male employed is “service and sales workers” with 21.05%, 21.35% and 21.58% in years 2010, 2014 and 2018, respectively. In the same context, Most of the Libyan female employed have “professionals” occupation which are represented by 85 and 121 thousand, with corresponding percentages 25.8%, 27.23% and 26.8% in year 2010, 2014 and 2018, respectively. The second rank activity for the Libyan female employed is “Service and sales workers” with corresponding percentages 22.23%, 21.35% and 22% in years 2010, 2014 and 2018 respectively.

5. CONCLUSION

From the previous explanation, the Libyan keys market labor indicators are covered containing the employment and unemployment rates for the years 2010, 2014 and 2018. The majority of the Libyan population employment is made up of men because women have others household responsibilities. Moreover, the Libyan culture does not support the women to work. The country might have to encourage an environment that facilitates female participation in Libyan economy. Also, we can conclude that public administration and defense; compulsory social security and education are the most frequent activities for the Libyan employees. Moreover, the craft and related trades workers and service

and sales workers occupations are the most frequent professions for the Libyan population. The study concluded also that the political instability in Libya affected the poverty distribution among the Libyan employees. In details, the Libyan employees who have less than us\$5.5 are increased in year 2018 than in year 2010. Also, we can see that the female employees are less than the male employees in the Libyan population.

The most important economic sectors that can create job opportunity and enhance the labor market in Libyan policy makers: firstly, construction sector can be considered as one of the important sectors with great development potential ready for investment in public infrastructure projects, mechanical and electrical appliances that offer many employment opportunities for skilled workers. Reconstruction will start again in Libya once oil production provides enough revenue. Strategies are in place to kick-off large-scale national and regional infrastructure initiatives such as transportation (in the form of roads and airports), security services, water treatment systems, security of food, energy security and housing, all of which will create thousands of new jobs.

Second important sector is Petro-chemical industry (including oil extraction, processing and the production of by products) – Forecasts state that the oil reserves around Benghazi will be exhausted by 2040-50, while other south west regions have oil and gas reserves which will last for at least 100 years. Renewable energy (particularly solar energy) – Estimates indicate that Libya could produce enough energy to meet all European needs given its vast land resources and intense sunlight. Maritime sector and related industries – The extensive coastline is conducive to development of a ship-building industry, ship storage and transportation services whereby Libya could become the trade hub of sea trade between Europe and Africa. Air transportation and maintenance – The vast expanse of empty land available, low levels of air traffic, oil resources and clear weather conditions for over 85% of the year make Libya an ideal place for aero plane maintenance bases and perfect for air traffic hub for flights between Europe and Africa. Agriculture and food processing – Production in this promising sector is rather hampered by limited water resources. Therefore, the goal in this area is to replace imports with local produce and support the domestic industry. The animal husbandry and dairy products sectors could be developed easily and good quality products such as watermelon, fig and peach are produced relatively cheaply in the south, where water and agricultural irrigation are available.

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