



LEBANON: SKILLED WORKERS FOR A PRODUCTIVE ECONOMY?

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OUTLINE

- Demographics of the Lebanese labour market.
- Education and the labour market
- Lebanon: low productive economy
- Little space for skilled workers
- Emigration and immigration dynamics
- The vicious cycle of migration
- Ways forward



DEMOGRAPHICS OF THE LABOUR MARKET

- Growing Lebanese Labour Force:
2.2% growth between 2004 and 2010
- Half of the growth is explained by growing working age population and by an increase in the level of education among women
- 19 000 entrants to the labour force each year



DEMOGRAPHICS OF THE LABOUR MARKET

- LPR: 66.9% men, 21.1% among women, aggregate: 44%
- 77% of the Labour force are men; 23% are women
- 64% work in the service sector, 15% industry, 12% in construction, 9% in agriculture.
- 85.4% work in the private sector, 13.3% in the public sector and 1.3% in other sectors.



EDUCATION AND THE LABOUR MARKET

- Educated labour force: 58% have attained more than primary education, and 32% tertiary.
- Employed females have higher education (45% university degree) than employed males (18.3%)
- Unemployment rate is at 11%, found mostly amongst youth (34%) and educated (29%), and women (18%) compared to 9% for males.
- Fresh graduates take an average of 10 months to find a job, it can take up to one year for women.



LEBANON: LOW PRODUCTIVE ECONOMY

- High prevalence of informal work, around 50% (informal wage employees and own-account workers)
- Most job creation is in low productive sectors whereas high productive sectors are shedding jobs
- 35.4% of wage employees work in low services, whereas 14% work in high productive sectors.
- workers with university degree are equally present in low service and high productive sectors (10%).



LEBANON: LOW PRODUCTIVE ECONOMY

- 32% of informal workers have a university degree
- Amongst formal workers, the median earning of workers with university degree below the age of 35 is only 62% higher than the minimum wage. And it is only 15% higher than those with secondary education. The difference becomes considerable(42%) only after the age of 34.
- Median earning for a university degree graduate is 800\$, whereas the poverty line is at 573\$
- Labour costs are very low in Lebanon (average 800 USD) almost double the minimum wage.



LITTLE SPACE FOR SKILLED WORKERS

- Scarcity of entry-level opportunities for young people in productive sectors
- Lack of decent employment opportunities
- Discouraging recruitment practices of employers
- Long university to work transition
- Low return of costly investment in education
- Mismatch between skills and the labour market needs.
- Mismatch between workers' wage expectations and low market rates



EMIGRATION AND IMMIGRATION DYNAMICS

- 15 to 20 thousand Lebanese emigrate every year
- 27% of emigrants are in GCC, 46% are in USA, Australia and Canada
- 76% are between 15-34 and 46% are between 23-34 of age
- 85% of graduates in the field of electricity, gas and water supply emigrate, as well as 57% of graduates in the field of transportation and communication
- Almost 50% of emigrants have secondary education and more, 25% have attained tertiary education.



EMIGRATION AND IMMIGRATION DYNAMICS

- Almost 500 thousand Syrian workers
- Almost 200 thousand migrant domestic workers
- Almost 100 thousand Palestinian refugees in the labour force
- Non – Lebanese almost equate Lebanese workers



EMIGRATION AND IMMIGRATION DYNAMICS

- The vast majority of migrant workers are low-skilled and work in the informal economy
- They do not compete with the Lebanese labour force due to the nature of their jobs, required skills and qualifications.
- This dynamics of inwards and outwards migration flows are the result of the informalization of the Lebanese economy.



THE VICIOUS CYCLE OF MIGRATION

- The prevailing economic model encourages these trends as its based on the growth of low productive and rentier activities on the account of industrialization and high productive sectors.
- Remittances from emigrants are consumed by daily household consumption rather than direct investment. They amount to double the FDIs
- Remittances fuel real estate and services (non-tradable goods) investments increasing the demand for unskilled migrant workers.



THE VICIOUS CYCLE OF MIGRATION

- This is coupled with low labour costs (low wages, lack of social protection, etc)
 - no incentive for technological advancements towards high productivity.
 - Low return for education
 - The economy does not generate jobs that match with the requirements of high-skilled workers.
- Workers do not have bargaining power due to restrictions on freedom of association
- Emigration is deflating unemployment in Lebanon, providing additional income for residents and feeding into profitable sectors → no incentive for policy reform.



WAYS FORWARD

- Encouraging high productive sectors through selective targeting, investment in innovation and research and tax incentives for infant industries (agro-food industries, information technology, etc.)
- Disincentives for rentier activities through high taxation
- Investment in energy, communication and green industries in general fuelling demand for available high-skilled workers and crowding in productive investments.



WAYS FORWARD

- Encouraging linkages between the Government, enterprises on one hand and the universities on the other hand to establish research and development centers.
- Providing cheap domestic credit to encourage the creation of medium enterprises that would absorb skilled labour
- Intervention for reforming the public sectors towards creating skilled public sector jobs
- Advanced and coordinated vocational training and apprenticeship systems linked to high-productive activities.



WAYS FORWARD

- Access for low-skilled migrant workers to vocational training opportunities to develop their skills providing them with better chances at home
- Reforming the labour governance towards fostering wage-led growth by sustaining and boosting consumption.
 - Higher wages linked to productivity increase and inflation
 - Universal social protection
 - Unemployment allowance
 - Restoring equitable and inclusive social dialogue based on fundamental labour rights.

