Executive Summary

Worldwide, young people are three times more likely than their parents to be out of work. There are two related issues: high levels of youth unemployment and a shortage of people with critical job skills. Lebanon is experiencing these same issues, in its own particular economic context.

Lebanon’s labor force is young, and the share of youth entering the labor market is expected to continue to increase. This is one reason for their high rate of unemployment. Other factors are a lack of the experience that employers usually require, and an incomplete skill set. A scarcity of internships and other entry-level opportunities are also obstacles to youth employment. Misperceptions of youth about job positions and salaries can also be an issue. In addition, some recruiters find that young people are sometimes not motivated or serious enough in their job search. According to World Bank estimates, even before the Syrian crisis Lebanon’s unemployment rate was 11% with unemployment among women twice as high. In July 2015, the Minister of Labor stated that the youth unemployment rate was a staggering 36% of the country’s total unemployment rate.

The workforce is generally well educated. The number of university graduates among workers is continuing to increase. This is a positive development for the country, as higher education tends to enhance economic growth by increasing productivity. However, the low value placed on technical and vocational education, and employer preference for recruits with university degrees signifies a loss of practical know-how in a wide range of professions.

It also impacts student choices with regards to type of education and specialization. There are still few vocational or technical graduates compared to academic graduates, even though the number of students in technical and vocational education (TVE) is increasing. Within the TVE system, white-collar specializations such as accounting are more in demand than blue-collar professions. The result is a lack of qualified plumbers, electricians and technicians in the labor market.

Despite the strong interest in entrepreneurship of the local labor force, including youth, wage employment is slightly more common than self-employment or being an employer. The dream of self-employment is realized more often starting at 35 years of age. It is therefore not surprising that youth are the minority among loan beneficiaries of micro-finance institutions (MFIs) which support small business projects.

Younger people are more likely to be in informal or formal wage employment. At the outset of their career, many young people get indoor sales and hospitality jobs because the hours are more flexible and compatible with their studies. Self-employed youth are found primarily in trade as well as service professions.
Services are the most important economic activity in the country. Together with trade, they employ around three-quarters of the labor force. Worker mobility between different types of occupations and sectors is high. Although this flexibility has the advantage of workers entering sectors where jobs are available, it also results in many people working outside their field of expertise.

National wages are characterized by low wage disparity between different levels of employees in both the private and the public sector. It is closely linked to a low skill premium, which signals that human capital in undervalued in the labor market. One factor is that economic growth has been slow over the last few years and has not created many jobs. The overall result is a high rate of unemployment among skilled workers, which contributes to their emigration. The high level of youth and skilled emigration has resulted in large brain drain losses.

Recruitment and job-search methods are very informal. Word-of-mouth through social or political connections is the most common method, especially for small companies, informal employment, and unskilled jobseekers. The informal recruitment process reflects the relationship-oriented corporate system, characterized by the prevalence of family businesses. Companies usually solicit recruitment agencies to find personnel at the management or professional level, not below, and some sectors such as hospitality do not generally rely on agencies.

Recruitment of migrants is not a very popular solution, particularly in the hospitality sector. At companies interviewed skilled workers have generally not been replaced by incoming Syrian refugees. These typically have few skills and are employed at menial tasks. However, Syrian workers compete with Lebanese in the unskilled labor segment, as well as in micro-enterprises and in the informal sector.

Taking into consideration the current state of the national labor market and economy, Global Communities has worked in partnership with InfoPro to determine the gaps in skills and lack of employment opportunities of youth. After mapping the main economic sectors according to a number of criteria, three subsectors were chosen for in-depth review, namely agro-alimentary and beverages, hotels and restaurants, and building and construction.

The report bases its analysis on desk research, the consultation of an economic expert, as well as interviews with stakeholders, including companies in the three subsectors, technical and vocational institutes, learning centers, micro-finance institutions (MFI), recruitment agencies, and youth themselves. This analysis allowed InfoPro to make recommendations to Global Communities Lebanon for the development of specific short-term and medium-term youth workforce training programs.

Read the full Market Labor and Youth Capacity Assessment here: