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Labour Markets in Libya: Opportunities and Risks

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ABSTRACT

The Libyan economy faces significant challenges due to its lack of diversification, with the public sector dominating the labour market. This dominance has led to high unemployment rates, job instability, skills shortages, and widespread informal employment. This research critically examines the current state of the Libyan labour market, identifying both opportunities and risks, and provides a comprehensive overview of Libya's workforce. The analysis reveals that 67% of the Libyan population is under the age of 35, representing a substantial and expanding workforce. Libya's strategic location in North Africa provides access to European and African markets, potentially fostering economic growth and job creation. However, a misalignment between workforce skills and private sector requirements impedes sustainable development. Additional challenges include a weak private sector, economic identity issues, and political instability. Reducing reliance on oil and gas, combating corruption, and enhancing the education system are essential for achieving economic resilience and social stability. The findings indicate that labour market programs and institutions have had minimal impact on outcomes, with notable disparities between capital owners and income earners. Women face significant barriers to economic empowerment, despite the presence of inclusive sectors such as hospitality and financial services. Barriers to inclusivity and productivity, including gender disparities, skills mismatches, education gaps, and issues within the informal labour market, persist. Policy interventions are crucial to capitalize on these opportunities and mitigate associated risks through comprehensive labour market strategies.

أسواق العمل في ليبيا: الفرص والمخاطر

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الكلمات المفتاحية:
أسواق العمل الليبية
الفرص
المخاطر

الملخص

الاقتصاد الليبي يعاني بشكل كبير من نقص التنويع، حيث يهيمن القطاع العام على سوق العمل. أدت هذه الهيمنة إلى ارتفاع معدلات البطالة، عدم استقرار الوظائف، نقص المهارات، وانتشار العمالة غير الرسمية. تبحث هذه الدراسة بشكل نقدي في حالة سوق العمل الليبي الحالية، وتحدد الفرص والمخاطر، وتقدم نظرة شاملة على القوى العاملة في ليبيا. يكشف التحليل أن 67% من السكان الليبيين تحت سن 35، مما يشكل قوة عاملة كبيرة ومتزايدة. الموقع الاستراتيجي لليبيا في شمال أفريقيا يوفر وصولاً إلى الأسواق الأوروبية والأفريقية، مما يعزز النمو الاقتصادي وخلق فرص العمل. ومع ذلك، فإن عدم التوافق بين مهارات القوى العاملة ومتطلبات القطاع الخاص يعرقل التنمية المستدامة. بالإضافة إلى ذلك، تحديات مثل ضعف القطاع الخاص، قضايا الهوية الاقتصادية، وعدم الاستقرار السياسي تعيق النمو. تقليل الاعتماد على النفط والغاز، مكافحة الفساد، وتعزيز نظام التعليم أمر ضروري لتحقيق المرونة الاقتصادية والاستقرار الاجتماعي. تشير النتائج إلى أن برامج

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ومؤسسات سوق العمل كان لها تأثير ضئيل على النتائج، مع وجود تفاوتات ملحوظة بين أصحاب رأس المال وأصحاب الدخل. تواجه النساء عوائق كبيرة تحد من تمكينهن الاقتصادي، على الرغم من وجود قطاعات شاملة مثل الضيافة والخدمات المالية. ومع ذلك، تستمر العوائق أمام الشمولية والإنتاجية، بما في ذلك التفاوتات بين الجنسين، عدم توافق المهارات، فجوات التعليم، والقضايا داخل سوق العمل غير الرسمي. التدخلات السياسية ضرورية للاستفادة من هذه الفرص وتخفيف المخاطر المرتبطة من خلال إصلاحات شاملة لسوق العمل.

1. Introduction

Libya, a vast nation with a population of 7.1 million, has approximately 90 percent of its inhabitants residing within just 10 percent of its coastal land area. Notably, the population density in the northern regions of Tripoli and Barqa is around 50 individuals per square kilometer (equivalent to 130 people per square mile), while in other areas, this figure drops to less than one person per square kilometer (about 2.6 people per square mile). Approximately 88 percent of the population lives in urban areas, with the majority concentrated in the major cities of Tripoli, Benghazi, and Misrata. The annual population growth rate has decreased from 2.17 percent in 2007 to 1.1 percent in 2022. Contributing factors to this trend include reluctance to marry due to high living costs, low wages, substantial marriage expenses, and a shortage of housing. Additionally, the loss of life during conflicts since 2011 plays a significant role, with a notable number of those missing in action being young individuals, which is expected to impact future population growth [2, 17].

The Libyan labour market has faced challenges due to the transition from a planned economy to a free market, resulting in high unemployment rates, particularly among young people and university graduates [4]. The imbalance between public and private sector employment, corruption, and low productivity have exacerbated the issue [6]. However, opportunities exist in sectors such as construction, agriculture, and renewable energy for job creation and economic growth. The mismatch between the skills offered by the labour force and those required by the private sector remains a significant challenge [3]. Addressing these issues requires government initiatives that support job creation and implement reforms to bridge the skills gap. Targeted policies tailored to the needs of specific sectors, such as construction or renewable energy, are crucial for overcoming these obstacles and ensuring inclusive workforce development [19].

According to the International Labour Organization (ILO), unemployment has steadily increased over the past twenty years. The unemployment rate for individuals aged 15-24 is 47.8%, one of the highest globally [11]. Foreign nationals also play a significant role in low-skilled fields within Libya's labour force. To address these challenges, support for the private sector is essential, focusing on key areas like agriculture, construction, automobile, and care services [4]. Efforts are needed to bridge the skills gap and promote inclusive economic growth, creating demand for decent job opportunities. Macroeconomic frameworks must support employment and structural transformation, while workers need to be equipped with appropriate skills for the labour market [18]. Comprehensive policy interventions are necessary to promote inclusive economic growth, sustainable enterprises, and ensure quality employment opportunities for all demographic groups, including migrants and refugees who contribute significantly to various sectors in Libya [19].

1.1. Research Problem

The research gap in the Libyan economy is significant due to the lack of diversification in the economic sector. The public sector predominantly controls the labour market, leading to deteriorating labour market conditions, including high unemployment rates, job instability, skills shortages, and prevalent informal work. Moreover, the mismatch between the skills possessed by the workforce and those required by the private sector poses a major challenge to achieving sustainable economic development. This paper aims to address the following questions:

1. What is the current state of labour markets in Libya?
2. What opportunities exist to improve labour markets in Libya?
3. What are the main risks and challenges facing the labour market?

1.1. Research Hypothesis

This paper is based on the following hypotheses:

1. The private sector can play a crucial role in creating new job opportunities and stimulating economic growth across various sectors such as construction, agriculture, renewable energy, services, and others.
2. Increasing investment in education and vocational training can enhance workforce skills and improve their ability to meet the evolving demands of the labour market.
3. Effective government policies that focus on improving the business environment and supporting small and medium-sized enterprises can significantly strengthen the Libyan labour market.

1.2. Objectives of the study

This study aims to examine the current state of the Libyan labour market, focusing on identifying both opportunities and challenges. It will provide a comprehensive overview of the workforce in Libya, analysing both the economic potential and existing barriers. The study will explore critical sectors with growth and investment potential within the labour market while addressing obstacles such as gender disparities in employment, skills mismatches, educational gaps, and issues within the informal labour market.

1.3. The importance of the study

Examining the labour market in Libya is of great significance due to the opportunities and risks it faces. This study contributes to existing research on the Libyan labour market by providing a thorough overview of its current state. Additionally, it assesses the risks and challenges, aiding in the development of effective recommendations to address these challenges and capitalize on available opportunities.

2. Theoretical Background

2.1. Economic Potential and Challenges

The labour market in Libya faces a combination of economic opportunities and challenges. Despite promising prospects in sectors such as agribusiness, energy, transportation, natural resources, and ICT, attracting private investors is difficult due to perceived risks and the lack of viable projects [1]. Political instability, armed conflict, and institutional capacity issues have severely impacted the country’s oil production and exports, resulting in significant economic losses [13]. To address these challenges and maximize economic potential, Libya must build resilience by diversifying away from reliance on oil and gas resources. This diversification will help reduce the economy's vulnerability to shocks and price fluctuations. The private sector holds promise for driving economic diversification, but employers face obstacles in finding skilled Libyan graduates due to a skills mismatch that the education system does not adequately address [2].

Unemployment remains a significant challenge in Libya due to population growth and a reduced role of the state as an employer. Limited involvement of the business community in policy formulation further impedes private sector development. Consequently, policy interventions are necessary to capitalize on opportunities for job creation and economic growth while minimizing risks. These interventions should focus on promoting transparency, reducing state intervention in the private sector, establishing industrial zones and specialized business development areas, addressing funding obstacles for the private sector, and implementing training programs tailored to employer needs [6, 8].

2.2. Theories of Labour Market Dynamics

The labor market operates within a complex framework of dynamics, as outlined by various theoretical models aiming to elucidate the intricacies of employment trends. In macro labor market literature, two primary theoretical approaches stand out: the 'stock' models characterized by institutional rigidities and the 'flow approach' focusing on search frictions in workforce and job flows. Within the realm of 'stock' models, involuntary unemployment is linked to both nominal and real rigidities. Recent developments have highlighted the role of institutional factors like minimum wage laws and Employment Protection Legislation (EPL) in hindering wage adjustments to excess labor supply. On the contrary, the 'flow approach' underscores aspects such as job creation-destruction dynamics, the matching process between job seekers and vacancies, and wage determination through negotiations between workers and employers. The search and matching model introduce the Beveridge curve as a crucial equation that inversely connects job vacancies to seekers via an aggregate matching function. Movements along this curve are subject to cyclical variations, while shifts signal alterations in labor demand-supply imbalances. External factors like technological disruptions leading to skill mismatches or enhancing market efficiency can shift the curve's position accordingly. Furthermore, search and matching models shed light on power dynamics within the labor market by considering frictions inherent in job searches. Through mechanisms like 'ex-ante wage posting' or 'ex-post wage bargaining,' firms wield influence over wages based on workers' perceptions of alternative options. This behavior translates into firms facing upward-sloping residual labor supply curves, showcasing their capacity to impact wages without monopolizing their respective markets [5,9].

2.3. Key sectors with growth potential

Libya's labor market has strong potential for growth in key sectors such as construction, agriculture, manufacturing, agribusiness, energy, transportation, natural resources, and ICT [3, 18]. The construction industry faces challenges with funding and skilled workers, but vocational training programs could create more job opportunities for Libyans. Agriculture only contributes 3% to Libya's GDP, leaving room for expansion and increased employment. Manufacturing, along with agriculture and infrastructure, is expected to be a primary job creator in the short-to-medium term. Despite challenges like political instability and armed conflict, the private sector has the potential to play a significant role in economic diversification. [2,3]. To realize the growth potential, ongoing efforts are needed to ensure financial inclusion and implement economic reforms that facilitate diversification. By focusing on these key sectors and addressing skills mismatches, Libya can maximize its opportunities for job creation and economic growth [3,13,20].

2.4. Investment Prospects in the Libyan Labor Market

The labor market in Libya presents a range of investment opportunities that have the potential to contribute to job creation and economic growth. Overcoming obstacles such as limited financial expertise, challenges in attracting private sector financing, and lack of incentives in the banking sector is essential for expanding the private sector and generating employment opportunities. Establishing industrial zones, business parks, and incubators could provide a platform for small businesses to flourish and generate jobs. Creating an environment conducive to investment by reducing state intervention in the private sector, promoting transparency, and ensuring fairness in competition between state-owned and private companies is crucial [1,2].

Exploring funding sources through the Sovereign Fund for Libya and mobilizing Libyan banks as key partners can play a significant role in stimulating private sector investments. Furthermore, encouraging peace-positive investments in key sectors like the extractive industry and exploring public-private partnerships can further contribute to economic growth [2,6]. It is imperative to involve local businesses in assessing their readiness needs and potential contributions to the reconstruction process. This includes identifying investment opportunities in small businesses, particularly in conflict-affected regions. Additionally, promoting gender equality within the private sector can lead to more inclusive economic growth [6].

2.5. Challenges Hindering Workforce Inclusivity and Productivity

Addressing the issue of skills mismatch and education gaps is critical in maximizing labor market opportunities in Libya. While access to higher education is not a barrier, there is a lack of focus on vocational and technical training [10]. Gender inequality in the Libyan labor market is a significant issue, with women disproportionately engaged in informal and vulnerable forms of work. Cultural barriers, limited access to education, and the absence of gender-disaggregated data further hinder women's participation in the labor market. To address these disparities, policymakers should prioritize legislation against discriminatory practices, incorporate the informal sector into official data collection, and ensure equitable access to financial services for both men and women. Ultimately, challenging sociocultural perceptions, reforming labor laws, and enhancing access to education for young girls are crucial steps towards creating a more inclusive and efficient workforce in Libya [10,15,16].

3. Population

Libya possesses ample economic and financial resources, accompanied by a relatively small population characterized by a substantial proportion of young individuals, surpassing 67%. Furthermore, Libya's geographical location is esteemed, boasting a Mediterranean climate, and encompassing an expansive area of 1,760,000 square kilometers. Additionally, Libya enjoys a coastline that spans 1,900 kilometers and overlooks the Mediterranean Sea. The geographical positioning of Libya instills it with economic significance within the Mediterranean region, which is home to an impressive populace of 580 million individuals. The estimated population of Libya amounts to 7,124,586 inhabitants. With regards to gender distribution, the male population stands at 3,646,999 individuals, accounting for 51.5% of the total population, while the female population comprises 3,477,587 individuals, representing 48.5%. The sex ratio in Libya is calculated at 104.9 males per 100 females, as documented by the Bureau of Statistics and Census in Libya for the year 2022 [4. 17].

3.1. Age Distribution of the Population

The distribution of the population according to age groups is closely related to working life. For this reason, Table 1 discusses the distribution of the population by age group. The data shows the distribution of the population by broad age groups, with the age groups (0-14) years recorded a percentage of 32.2%, 32.7% for males, and 31.8% for females. This distribution also shows that the working age group (15-64) recorded the highest percentage at 61.8%, 61.1% for males and 62.4% for females. However, the elderly group (65 and over) reached 6.0%, of which 6.2% were males and 5.8% were females of the population group [4.17].

Table 1: Numerical and Relative Distribution of The Population by Broad Age Groups and Gender for The Year 2022 AD**.**

Age categories	Numerical distribution			Relative distribution		
	Female	Male	Total	Female (%)	Male (%)	Total (%)
0-14	1106880	1193720	2300600	32.30	31.80	32.70
15-64	2170548	2228952	4399500	61.80	62.40	61.10
65+	200159	224327	424486	6.00	5.80	6.20
Total	3477587	3646999	7124586	100.0	100.0	100.0

Resource: Bureau of Statistics and Census in Libya, 2022 [3.17]

3.2. Population Density

Population density in Libya shows a high dispersion in population distribution across the territory. Although the national population density is 3.5 people per square kilometer, there are vast disparities between regions. Some areas of the country are almost empty, with a density as low as 0.1 people per square kilometer in the Kufra region. In contrast, the Tripoli region has the highest density of 1327.4 people per square kilometer. This means that the difference between the highest and lowest rates is 1327.4 times.

These levels of disparity between density rates at the regional level reflect a state of great imbalance in the distribution of the population on the Libyan territory and between regions. The figure below illustrates the geographical concentration of the population in Libya. It is confined to a small area on the northwestern coast of the country, stretching from Al-Khums to Al-Jabal Al-Gharbi. The area's maximum depth is 70 km, and it represents only 1.4% of the country's total area. Despite this, the region accommodates 44.7% of the country's population.

Table 2: Numerical and Proportional Distribution of The Population by Region and Gender for The Year 2022 AD.

Region	Numerical distribution			Relative distribution		
	Female	Male	Total	Female (%)	Male (%)	Total (%)
Tobruk	95413	106761	202174	2.7	2.9	2.8
Darne	103247	105850	209097	3.0	2.9	2.9
Al-Jabal AL Akhdar	129614	129225	258839	3.7	3.5	3.6
Al-Marij	114375	121456	235831	3.3	3.3	3.3
Benghazi	404155	432424	836579	11.6	11.9	11.7
Al-Wahat	106335	115173	221508	3.1	3.2	3.1
Alkufra	26564	30857	57421	0.8	0.8	0.8
Sirte	88866	88423	177289	2.6	2.4	2.5
Al-Jafra	31852	30920	62772	0.9	0.8	0.9
Misrata	321301	366217	687518	9.2	10.0	9.6
Al-Marqab	266236	285327	551563	7.7	7.8	7.7
Tripoli	663497	677218	1340715	19.1	18.6	18.8
Al-Jafara	279427	289355	568782	8.0	7.9	8.0
Al-Zawia	178836	185232	264068	5.1	5.1	5.1
AL-Mantika Gharbia	175357	187101	362458	5.0	5.1	5.1
Al-Jabal Al-Gharbi	188291	200241	388532	5.4	5.5	5.5
Nalut	57111	60910	118021	1.6	1.7	1.7
Sabha	83150	78206	161356	2.4	2.1	2.3
Wadi Al-Shati	50388	48368	98756	1.4	1.3	1.4
Murzuq	51342	46160	97502	1.5	1.3	1.4
Wadi Al-Haya	47541	47541	95082	1.4	1.3	1.3
Ghat	14688	14034	28722	0.4	0.4	0.4
Total	3477586	3646999	7124585	100.0	100.0	100.0

Resource: Bureau of Statistics and Census in Libya, 2022 [4.17]

4. Members of the labour force

The individuals who comprise the labour force are those individuals who are aged 15 years and older. This categorization is in accordance with the criteria employed by both the national statistical system as well as numerous international statistical frameworks. This particular segment of the population is referred to as either the economically active population or the working-age population.

4.1. Non-institutional Working Age Population

Non-institutional working age population indicates the population 15 years old and over within the non-institutional civilian population. According to the 2022 employment and unemployment survey, the size of non-institutional working age population comprised 4,734,249 individuals, constituting 67.6% of the total population. This group was further classified into two subcategories: males, totalling 2,407,153 individuals and representing 50.8% of the working-age population, and females, totalling 2,327,096 individuals and representing 49.2% of the working-age population. [4.17].

Non-institutional working age population can be categorized into two primary divisions, namely the labor force and the non-labor force.

4.1.1. Labour Force

The labour force participation rate, which is the percentage of the working-age population that is employed or looking for work, was 49.1%. This translates to roughly 2.3 million people. As for the distribution by sex, the male group was (1,393,074) thousand people, representing 60.2% of the working group, while the number of females was (917,621) thousand people, representing 39.8%. Regarding the participation rate by sex, it reached 58.2% for males and 39.6% for females. This group is divided into two categories: employment and unemployment [4.17].

4.1.1.1. Employment

The number of workers was (1,956,577) million and nine hundred and sixty-five thousand workers, representing 84.7% of the labor force. This percentage reflects the level of employment for the labour force or the employment rate for the labour force. As for the distribution by sex, the male group was (1,208,020) thousand workers, representing 61.7% of the working group, while the number of female workers was (748,557) thousand workers, representing 38.3%. As for the employment rates by sex, the employment rate for males was 86.7% and for females it was 81.6% [4.17]. Migrant workers are not included this figure in national statistics.

4.1.1.2. Unemployment

The number of job seekers was (354,265) thousand people, representing 15% of the labor force. This percentage represents the unemployment rate in the ranks of the labor force. The number of job seekers was (185,201) thousand job seekers, representing 52.3% of the job seekers, while the number of females was (169,064) thousand women, representing 47.7%. As for the unemployment rates by sex, the unemployment rates for males were 13% and for females 18% [4.17].

4.1.2. Non-labor Force Group

This group represents the remaining part of the working-age population, which includes several of the following classifications: housewives devoted to housework, students devoted to full-time study, retirees and the elderly who are unable to work. The non-labor force group reached (2,423,554) thousand people, representing 51% of the working-age population group. In terms of distribution by gender, the number of non-working males reached (1,014,079) thousand people, representing 42% of the non-working group, while the number of females reached (1,409,475) thousand women, representing 58%. These indicators show weakness. The supply of work, whether from men or women, as the percentage of workers reaches 61.8% for men and 33.3% for women, not exceeding one-third for women and two-thirds for men. Hence, the number of non-working women was twice the number of men, and this means a great weakness in employing the human resources available in the economy [4.17].

Table 3: Distributions of The Libyan Workforce (15 years and above) for The Year 2022 AD.

workforce	Number			Ratio		
	Female	Male	Total	Female (%)	Male (%)	Total (%)
The workers	748557	1207873	1956430	81.6	86.7	84.7
Unemployed	169064	185201	354265	18.4	13.3	15.3
Workforce group	917621	1393074	2310695	100.0	100.0	100.0
Group outside the labor force (full-time students, housewives, retirees, disabled or sick, elderly, dependent, inactive)	1409475	1014079	2423554	58	42	100.0
Manpower group	2327096	2407153	4734249	49.2	50.8	67.6

Resource: Bureau of Statistics and Census in Libya, 2022 [4.17].

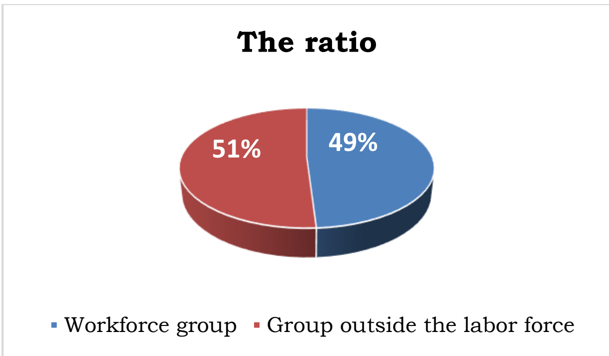

Figure 1: Distributions of The Libyan Workforce (15 years and above) for The Year 2022 AD.

Data on the distribution of the working-age population by age groups show that the numbers are inversely proportional to the age groups, as the smaller the age groups, the larger the number, and the same is the case for workers.

Table 4: Distributions of The Working-Age Population, Labor Force Group, and Employees by Age Groups for The Year 2022 AD.

Age categories	Non-institutional working age population		Labour Force		Employment	
	Number	Ratio (%)	Number	Labour Participation Rate (%)	Number	Employment rate (%)
15 -24	1250218	26.38	104750	8.38	80539	6.44
25 – 34	754648	15.92	533348	70.68	362116	47.98
35 – 44	826971	17.45	652559	78.91	565164	68.34
45 – 54	917792	19.37	679606	74.05	626353	68.24
55 – 64	572691	12.08	305907	53.39	289656	50.57
+64	416962	8.80	35035	8.40	33112	7.94
Total	4739283	100.00	2311205	48.76	1956939	41.29

Resource: Bureau of Statistics and Census in Libya, 2022 [4.17].

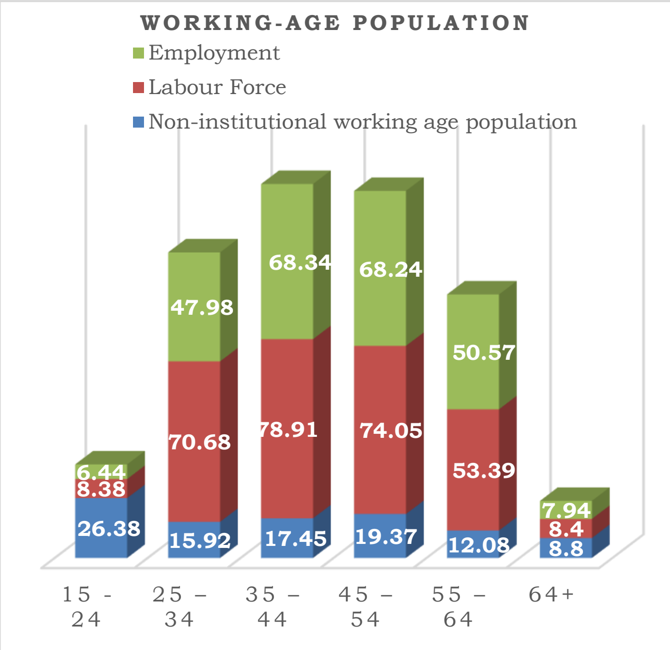

Figure 2: Distributions of The Working-Age Population, Labor Force Group, and Employees by Age Groups for The Year 2022 AD.

The data in the table (4) show that the age group (15-24) is the largest in terms of the number of working-age population, but they are the least in terms of the labour force and workers compared to all age groups except the older age groups (64 years and over). The data also indicate that the rest of the age groups show very low participation rates in activity. Despite the possibility of increasing the supply of labour from the national labor force, preparation and rehabilitation policies, employment policies, incentive policies, work-related policies, and labor market management policies are not effective in attracting more working-age population to enter the labour market. On the other hand, the same data indicates that the employment rates of economically active people are very weak, reflecting high unemployment rates in the ranks of the national labor force that exceed all acceptable levels. Employment in the small age groups (25-34) is also very low, and this is a very important problem that needs to be paid attention to and studied. Employment for this group reached only 67.89%, meaning that there are 32.11% of those who offered themselves for work from this age group who were not employed and exploited optimally in the practice of economic activity and enhancing the productive capacity of the national labor force [4.17].

5. Categories of the Labor Force

5.1. Workers by Gender and Age Groups

The status of workers by gender and age groups is very important to understand the actual levels of participation in the practice of work and the production of goods and services according to each of males and females and age groups, which helps to reach quantitative and qualitative indicators that help in drawing up appropriate employment and employment policies.

Table 5: Numerical and Relative Distribution of Workers by Gender and Age Groups for The Year 2022

Age categories	Numerical distribution of Employment			Relative distribution of Employment		
	Female	Male	Total	Female (%)	Male (%)	Total (%)
15 -24	13344	67195	80539	1.78	5.56	4.12
25 – 34	113635	248481	362116	15.18	20.57	18.51
35 – 44	290535	274481	565016	38.81	22.72	28.88
45 – 54	251659	374479	626138	33.62	31.00	32.00
55 – 64	76455	213202	289657	10.21	17.64	14.80
+64	2929	30182	33111	0.39	2.50	1.69
Total	748557	1208020	1956577	100.0	100.0	100.0

Resource: Bureau of Statistics and Census in Libya, 2022

The data in table (5) shows that the relative importance of the age groups (35-44) and (45-54) is higher for women than for men. This means that the percentage of women's participation in use increases significantly in these two age groups, while the relative importance decreases significantly for women in the age group of 55 years.

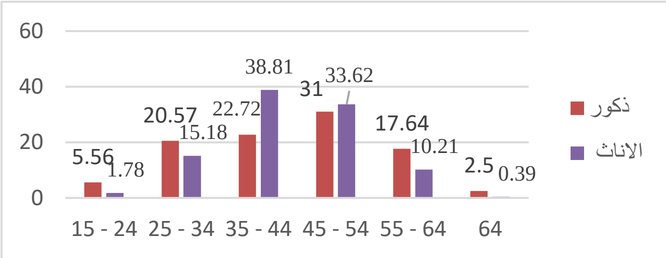

Figure 3: Numerical and Relative Distribution of Workers by Gender and Age Groups for The Year 2022

5.2. Workers by Sectors

The relative distribution of employment by sectors would help to clarify the true review of the economic system in Libya.

Table 6: Distribution of Usage Ratio by Sectors

Sector type	Female	Male (%)	Total (%)
Government (general)	96.4	84.1	88.9
Private	3.6	15.9	11.1
Total	100.0	100.0	100.0

Resource: Bureau of Statistics and Census in Libya, 2022 [4.17].

The data in Table (6) shows that about 88.9% of workers are employed in the public sector and 11.1% are employed in the private sector, meaning that the state is the largest employer of the labor force in Libya. The state is almost the only entity in the Libyan economy that provides job opportunities, and this could create a problem in the foreseeable future.

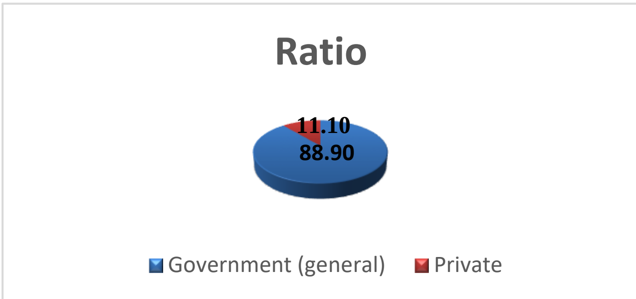

Figure 4: Distribution of Usage Ratio by Sectors

5.3. Unemployment by Age and Gender

Unemployment rates by age and gender can help to identify which age groups are most affected by unemployment and which genders are most affected by this phenomenon.

Table 7: Unemployment Rates by Age and Gender for The Year 2022.

Age categories	Employment			Unemployment		
	Female	Male	Total	Female	Male	Total
15 -24	13344	67195	80539	8594	15617	24211
25 - 34	113635	248481	362116	72784	98447	171231
35 - 44	290535	274481	565016	53762	33633	87395
45 - 54	251659	374479	626138	27168	26086	53254
55 - 64	76455	213202	289657	6454	9797	16251
+64	2929	30182	33111	302	1621	1923
Total	748557	1208020	1956577	169064	185201	354265

Age categories	Unemployment rates		
	Female (%)	Male (%)	Total
15 -24	39.2	18.9	23.1
25 - 34	39.0	28.4	32.1
35 - 44	15.6	10.9	13.4
45 - 54	9.7	6.5	7.8
55 - 64	7.8	4.4	5.3
+64	9.3	5.1	5.5
Total	18.4	13.3	15.3

Resource: Bureau of Statistics and Census in Libya, 2022

According to Table (7), unemployment rates are very high in Libya, particularly for young people aged 25-34 and 15-24. For the former group, the rate is 32.1% for both males and females, with 39% for females. For the latter group, the rate is 23.1% for both males and females, with 39% for females. These high rates are not due to a lack of job opportunities, but rather to a lack of preparation and training for young people entering the labour market, as well as a reluctance among young Libyans to pursue some artisanal and manual jobs.

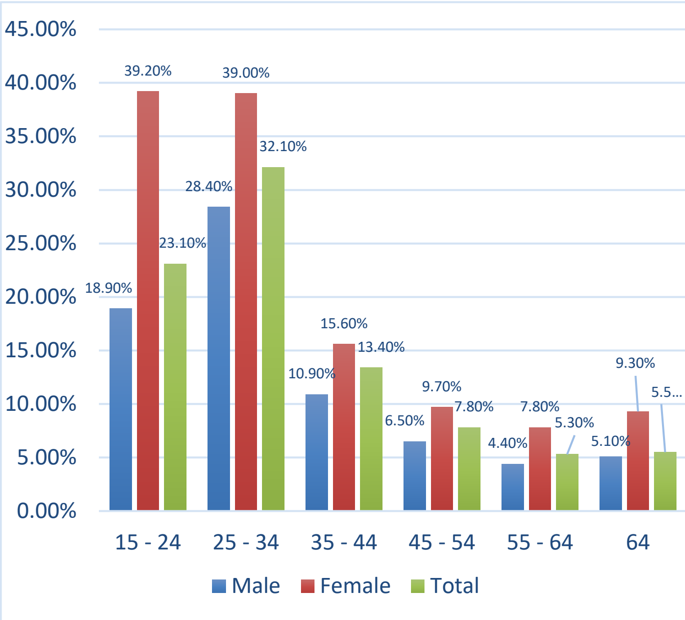

Figure 5: Unemployment Rates by Age and Gender for The Year 2022.

5.4. Unemployment Rates by Educational Level

The distribution of unemployed persons by educational status is a very important indicator to know the extent to which the educational and training system in the Libyan economy is able to meet the needs of the local market for the skills and competencies needed by economic activity establishments and development plans and programs projects. And then work to address any shortcomings that may appear through this indicator.

Table 8: Unemployment Rates by Educational Level for The Year 2022.

Education Level	Employment	Employment Rate (%)	Unemployment	Unemployment Rate %
Illiterate	24281	1.24	8405	25.7
Preparing school or Quranic school	3604	0.18	417	10.4
Reads and writes	23269	1.19	11489	33.1
Primary school	108633	5.55	31618	22.5
Preparatory school or equivalent	300293	15.35	63401	17.4
Secondary school or equivalent	620404	31.70	100616	14.0
Above-secondary and below-university degrees	296077	15.13	47738	13.9
University	532469	27.21	86871	14.0
Postgraduate Diploma	18340	0.94	2328	11.3
Master's Degree	20016	1.02	1066	5.1
PhD	9553	0.49	316	3.2
Total	1956939	100	354265	15.3

Resource: Bureau of Statistics and Census in Libya, 2022

The data in Table (8) shows that the educational level that suffers the most from unemployment is the lowest level of education (illiterates and those who can read and write). This indicator is very important to confirm that the higher the educational attainment, the better the chances of obtaining job opportunities.

On the other hand, we notice that those with above-secondary and below-university degrees are the least affected by the phenomenon of unemployment. This is an important indicator that indicates that the demand for graduates of vocational and technical education is the most recovering in the Libyan labour market.

6. Monthly Income

Monthly income data for employed people in the Libyan economy is an important element for understanding the general average of income and its relationship to existing living standards by comparing it to the consumer price level in the national economy. It also shows the levels of difference and variation in wage levels between sectors, professions, and gender. This can help wage policy makers in economic sectors to reach the best level of balance between wages and productivity on the one hand, and prices and living standards on the other [4.17].

Table 9: Monthly Income by Sector and Gender for The Year 2022

Sector	Female		Male		Total	
	Average wage	Percentage of the general average	Average wage	Percentage of the general average	Average wage	Percentage of the general average
Government (general)	1329.05 (210 dollars)	101.3	1269.18 (200 dollars)	97.5	1294.25 (200 dollars)	99.1
Private	1031.41 (160 dollars)	78.6	1415.67 (220 dollars)	108.7	1356.28 (210 dollars)	103.9
Total	1180.23 (185 dollars)	100.0	1342.43 (210 dollars)	100.0	1325.27 (210 dollars)	100.0

Resource: Bureau of Statistics and Census in Libya, 2022 [4.17].

In the case of narrow sector classification, the table (9) data shows that the average monthly wage in the government is lower than the private sector. This is the prevailing situation to a large extent in market economies. On the other hand, there is a significant difference between men and women in the average wage in the government sector compared to the private sector.

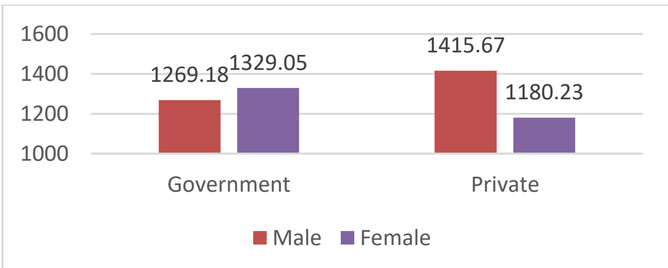

Figure 6: Monthly Average Income by Sector and Gender for The Year 2022 AD

7. Informal Employment

Due to the scarcity of formal jobs and the lack of unemployment benefits, many people in various countries are forced into informal work, which is characterized by poor working conditions, inadequate legal and social protections, and precarious income security [7].

Challenges in the informal labour market are a pressing issue in Libya, with a significant portion of the population engaged in informal sector activities. The inability to generate sufficient formal employment opportunities has led to a substantial increase in informal sector jobs, making up 40–60% of total unemployment. This sector operates outside formal regulations, labour laws, and tax systems, characterized by low levels of organization, ease of entry, and predominantly family-run microenterprises with limited capital and equipment. The skills mismatch and education gaps contribute to the challenges in the informal labour market, as population growth has outpaced job creation in the private sector, leading to high unemployment rates among educated individuals and a reliance on lower-skilled jobs. Additionally, there is a heavy dependence on migrant workers due to insufficient human capital development for Libyans [2,6]. Libya has long been a magnet for workers in North Africa, attracting millions before 2011. These migrants filled key roles in healthcare, construction, and service industries, with some also finding work in agriculture and oil. Higher wages compared to neighbouring countries were a major draw [12]. While Libya's private sector remains modest, it's on the rise. Despite only contributing a small share of the country's GDP (5%) and employing a modest portion of the workforce (around 14%), it's growing. This sector is made up of a limited number of formal private and foreign companies, mostly small businesses (95% are small or micro-sized), alongside a much larger informal sector. These informal businesses are typically labour-intensive, small-scale operations that use minimal capital and basic equipment to provide low-cost goods and services [3]. and it is estimated that about 1.2–1.6 million people are engaged in informal employment, particularly within the agriculture, construction, and retail trade sectors [2]. The official statistics do not account for the number of migrant workers.

8. Libyan Labor Force Opportunities and Risks Analysis

The Libyan labour force is a double-edged sword, offering opportunities and risks. On the one hand, the country's strategic location, new job opportunities, investment in education and training, and youthful population provide a strong foundation for growth and development. On the other hand, the struggling economy, heavy reliance on the public sector, ongoing political instability, and the prevalence of informal employment poses significant challenges to the country's workforce. Libya needs to work together to recognize these risks and opportunities and address them meaningfully for a brighter future for all.

Table 10: Libyan Labor Force Opportunities and Risks Analysis

Opportunities	Risks
• High percentage of youth in Libyan society (67% of the population) This presents an opportunity for a large and growing workforce. • Situated in North Africa, Libya has access to markets in Europe and Africa, offering potential for economic growth and job creation. • The finding indicates that pursuing higher education levels leads to better chances of finding employment in the Libyan market. This can motivate individuals to invest in education, potentially improving the overall workforce skills. • High levels of unemployment in the youth demographic present a significant hurdle, however, they can offer potential benefits in the long term if they are equipped with appropriate instruction and job prospects. The integration of young individuals into the labour market holds the potential to significantly augment its vitality and foster a climate of innovation. • Investing in education and training programs can equip the workforce with the skills needed for the modern economy, reducing skill mismatch, and improving employability. • Develop the private sector by creating a more favourable environment for businesses, the government can encourage private sector growth, leading to more job opportunities and a more diversified economy. • Reducing reliance on oil and gas can create new job opportunities in other sectors, fostering a more resilient and sustainable economy. • The information suggests that the demand for graduates with vocational and technical skills is high. By investing in this type of education and aligning it with market needs, the government can create employment opportunities and address the skills gap.	• Lack of a clear identity for the Libyan economy. • The high unemployment rate among those with the lowest levels of education highlights a weakness in the system. This can lead to social issues like poverty and hinder economic growth. • Spread of the culture of reliance on the public sector and rentier economy. • Weak relationship between the labour market and educational and training institutions, and weak innovation and scientific research. • Spread of financial and administrative corruption. • The low private sector employment rate suggests a weak private sector, which can hinder economic growth and diversification. • Informal work often involves low-skilled tasks and limited access to training or career advancement opportunities, hindering professional development and economic growth. • Young people who lack skills and training enter the labor market inadequately prepared, hampering their employability. • Ongoing political instability can deter investment and hinder economic growth, limiting job creation opportunities. • The heavy reliance on the public sector makes the economy vulnerable to economic shocks that could impact government revenue and lead to job cuts. • The consolidation of the loss of trust between citizens, the private sector, and the state. • If the education system doesn't equip individuals with the necessary skills, regardless of their education level, unemployment rates could remain high. This can hinder economic development and social stability. • While informal employment provides a crucial income source and helps meet basic needs for those facing difficulties in the formal job market, it lacks the security of formal work. This means those working informally often lack retirement benefits, raising concerns about their financial security in later life.

9. Conclusion

The Libyan labour market is grappling with a high unemployment rate of 15.3%, with 88.9% of the workforce employed in the public sector and only 11.1% in the private sector. Economic potential is constrained by low wages, decreased employment opportunities, and a significant gap between capital owners and income earners. Labour market programs and institutions have had minimal impact on improving outcomes, and disparities between capital owners and income earners persist. Women encounter substantial barriers that limit their economic empowerment, despite the presence of inclusive sectors such as hospitality and financial services. Government efforts for job creation have largely focused on supporting vulnerable groups and enterprises. There is a pressing need to overhaul education and training systems to develop national employment policies and stimulate private-sector growth. Opportunities for job creation exist in sectors with growth potential, but barriers to inclusivity and productivity—such as gender disparities, skills mismatches, education gaps, and issues within the informal labour market—persist. Effective policy interventions are essential to leverage these opportunities and mitigate risks. Understanding the current state and future trajectory of Libya’s labour market is challenging due to a lack of recent and reliable data. Furthermore, the historical emphasis on public sector jobs and government-controlled employment programs continues to significantly impact the functioning of the labour market today.

9.1. Recommendations for Improving the Libyan Labour Market:

- Emphasize educational programs that align with market demands, particularly in technical and vocational fields.
- Provide basic personal skills training irrespective of

educational levels.

- Streamline bureaucratic procedures, enhance access to finance, and ensure a stable business environment to promote private sector investment and job creation.
- Offer support and resources for aspiring entrepreneurs to establish and grow businesses, fostering innovation and job creation.
- Optimize resource allocation and management within the public sector to create opportunities for hiring in other sectors.
- Explore public-private partnerships to leverage resources and expertise for infrastructure development and economic diversification, potentially creating new job opportunities.
- Encourage continuous learning to help individuals adapt to evolving job market demands and improve their employability throughout their careers.
- Analyze the reasons behind the high unemployment rate among the least educated and address any skill gaps or discriminatory practices that may be hindering their employment prospects.
- Create an environment that incentivizes skilled individuals to remain in and contribute to the Libyan workforce by offering competitive compensation, career development opportunities, and a stable working environment.

One of the main issues in the Libyan labour market is the infrequent publication of labour statistics. Additionally, the published statistics are limited and not always up-to-date. It is crucial to collect detailed and regular data on various aspects of the labour market, including unregistered employment figures, education levels of employed and unemployed individuals, migrant workers, distribution of employees based on employment status and economic activities, idle workforce, underemployment rates, and job search channels.

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