

DEVELOPING OF CURRENT ECONOMIC SYSTEM IN LEBANON

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Abstract: this article about the current economic system in Lebanon aims. In this regard, the creation of economic prerequisites for the development of human resources on a permanent and manageable basis is seen as a promising direction. First of all it is important to improve working conditions, the level of salaries, to enforce the self-study, to organize international training and business programs, to involve women to the economy more than now.

Keywords: economic system; human resources; working conditions, the level of salaries, the self-study, international training; business programs.

Organizations in their activities use a lot of resources: natural, material, human. Of all the resources, human resources are the most important and play a crucial role in the management process. Management is seen as a separate process of planning, organization and control. This process involves working with people. All other resources move freely, but people with knowledge, experience and skills need to be involved in the organization because they are an invaluable asset. They are in great demand. Knowledge is the main component of a person's personality, which determines his competence and effectiveness, puts him among others or outperforms others [1]. It is the possession of knowledge that has made human resources crucial and important.

Research and implementation in practice of human resources management methods as key elements of public goods production contributes to optimization of procedures for their effective use in practice. The need to solve the problems of improving the efficiency of human resources use has determined the purpose of the study.

The purpose of the study is to study the problems of human resources management in Lebanese organizations and develop directions for their solution.

Looking at the specifics of human resources development in Lebanon [2], we will analyze a number of macroeconomic indicators.

The average share of employment in the economy over this period was 45.3%, with a minimum of 43.59 % in 1996 and a maximum of 47.19 % in 2019.

Despite the fact that women represent half of the country's population, only 23.1% were economically active. This is three times lower than for men, whose activity rate is 71.04%. Some of the reasons for the low activity of women are childbearing and household chores [3].

Fig. 2 shows that the proportion of economically active women in Lebanon increased by 3.59% between 1991 and 2019, but remains very low compared to other Western countries. This is due to the traditional way of life of the Lebanese population, where the main role in the maintenance of the family is played by men. Today, women's employment in the Arab world is the lowest in the world as less than 32% according to the World Bank. There is a distribution of the labor force by sex and ownership of work in table 1.

Table 1. Percentage of distributing the labor force by sex and ownership of work

Sectors	Men	Women
Government sector	13.7	16.2
Private industry	84.8	83.0
Family business	0.9	0.2
Others	0.6	0.6
Total	100	100

The majority of Lebanese workers are salaried workers (50.4%). The majority of female workers (79%) are salaried workers, with only a small proportion being self-employed or employers. However, more than 40% of men are employers or self-employed (42%) and 55% are employees.

The majority of Lebanese workers (50%) are employed in the service sector, and 28% work in the commercial sector. Lebanon is characterized by a loss of jobs, both in agriculture and industry, and an increase in the proportion of trade and service workers. Over the past four decades, the share of trade has almost doubled, while agriculture and industry have declined (fig. 1).

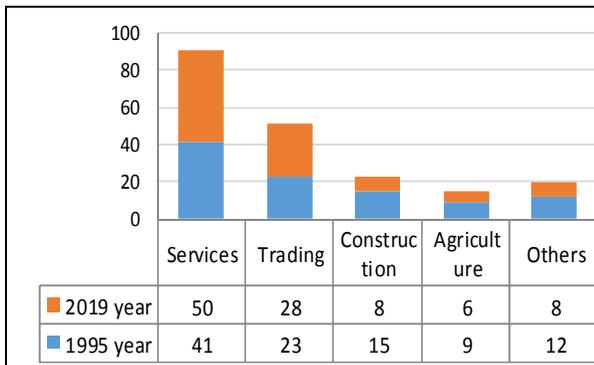


Figure 1. Distribution of employed persons by sector of the Lebanese economy

Labor productivity in the period 2000–2010 was significantly higher than in 2019. This is due to a decrease in the rate of economic development in Lebanon (2010 – 8.4%; 2019 – 1.53%) and a decrease in the share of industry in the economy (2010 – 7.61%; 2019 – 6.45%).

Salaries in Lebanon range from 325.5\$ per month (minimum wage) to 10,648\$ per month (maximum salary). The median salary is 2332.6 in 2019.

According to wage distribution data, 25% of the population earns less than \$1196 per month, and 75% more than that. 75% of the population earn less than \$6101. In addition, while 25% earns more than this amount.

The Syrian refugee crisis has a great implication on the Lebanese labor market. According to World Bank [4], the Syrian refugees ranged from 27 to 35% of the Lebanese workforce, which largely affects the employment opportunities for women, young people and unskilled workers. They have projected an increase in the unemployment rate from 11 to 20% in the period 2010–2014. Indeed, there is competition between the citizens and refugees, both in the formal and particularly the informal sector.

Syrians generally work for lower wages, have longer working hours and without social security benefits. According the World Bank report, AlBekaa and North of Lebanon suffer the most. The host community in AlBekaa declared the negative effect of the Syrian refugees which causes a decline in income, worse security conditions and increasing smuggling activities. This effect is causing a general feeling of resentment in the Lebanese hosting community.

Most Syrian refugees (92% of economically active Syrian refugees) who are in paid work are employed in the informal sector, characterized by low productivity and low pay.

The sectors absorbing the majority of Syrian workers in Lebanon are services (43%), agriculture (27%) commerce (17%) and construction (13%). With the exception of manufacturing, these sectors are associated with low skills and low productivity in the Lebanese context, involving a high degree of informality that contributes to downward pressures on wages and poor labor conditions.

And when we add 42,000 Palestinian refugees previously located in Syria who has moved to Lebanon with the crisis, to the 280,000 Palestinian refugees (around 6% of the Lebanese population) who were living in Lebanon before 2010. We can get a clear image about the big competition that the Lebanese workforce faces, especially with the continuous conflict among the Lebanese political parties regarding the refugees' issue and which has been prevented any real solution to this big problem till now [5].

Lebanese scientific studies identify key issues of low efficiency in the use of human resources in Lebanese organizations (table 2) [6].

The basis for increasing the efficiency and development of the economy is productive work, so the primary task should be considered the creation of economic, technical, organizational, social conditions, as well as building optimal relationships between all participants in the production process: employers and hired workers. In addition to the implementation of a good systematic organizational strategy to increase investment in priority economic development of high-tech and knowledge-based industries, to develop resources and energy saving technologies, to improve pricing and placement optimization system of major products and to solve any issues in implementing these tasks [7].

The current economic system in Lebanon aims to create a real social background that will allow a new type of society to emerge, based on science and innovation. In this regard, the creation of economic prerequisites for the development of human resources on a permanent and manageable basis is seen as a promising direction. First of all it is important to improve working conditions, the level of salaries, to enforce the self-study, to organize international training and business programs, to involve women to the economy more than now.

Unfortunately, Lebanese human resources and the tools to ensure their effectiveness are not currently at an adequate level. This impedes the high level of human self-organization. In addition the Syrian refugee workforce competes severely with the national workforce and affects negatively the wages and labor conditions.

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