

# The Relationship Between Employment Policy in Libya and Technological Development

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DOI: 10.29322/IJSRP.9.03.2019.p8753

<http://dx.doi.org/10.29322/IJSRP.9.03.2019.p8753>

**Abstract:** Technology changes the world of business and transforms the labor market. This work focuses in particular on the impact of new technologies to provide employment to workers, as well as self-employment in Libya. There are clear possibilities and wider use of digital tools. The government, companies and individuals today can benefit greatly from new "digital jobs" and from the use of digital tools. However, technology also brings risks. Some jobs can be digitized to varying degrees, and some workers or part of their functions are replaced with new technology. The ability to take advantage of these opportunities will vary from individual to individual; workers with higher skill levels are more likely to benefit, while those with lower levels of skills may be less willing to private new technologies, and therefore may be more at risk of poorer quality of work and even loss of work.

Key words: technology.business.ability.digitai.Libya.

## Introduction

Technology also changes the nature of employment relationships, with the implications of the risks that individuals face. Technological advancement is the process of combining and reorganizing knowledge to generate new ideas. Technology development has an impact on the company's results.<sup>1</sup> Technological progress comes from internal progress, and internal progress comes from the ability of employees.<sup>2</sup> Therefore, there is a close link between technological progress and employees.<sup>3</sup> Technologies can only lead to increased productivity and performance improvement in combination with other means of efficient human resources, provided that people use technology productively and ethically. Employees can acquire new knowledge faster through training. Motivation of workers has a direct impact on technological progress. Technological advancement is an important factor in improving performance.<sup>4</sup>

## Employment procedures in Libya

Employment procedures vary among employers in Libya. Large companies, such as the National Petroleum Corporation, use formal and well-documented recruitment procedures, while small and medium-sized enterprises are increasingly using informal recruitment networks and simple personal interviews. Interviews with employers from the private and public sectors have found that the most commonly used different ways of looking for work, regardless of the size of the business or the sector of the

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<sup>1</sup> Mumford, M.D. (2000), "Managing creative people: strategies and tactics for innovation", Human Resource Management Review, Vol. 10 No. 3

<sup>2</sup> Pavitt, K. (1990), "What we know about strategic management of technology", California Management Review, Vol. 33

<sup>3</sup> Huselid, M. (1995), "The impact of human resource management practices on turnover, productivity, and corporate financial performance", Academy of Management Journal, Vol. 38

<sup>4</sup> Hitt, M.A., Hoskisson, R.E. and Kim, H. (1997), "International diversification effects on innovation and firm performance in product diversified firms", Academy of Management Journal, Vol. 40

economy. Employers have shown that employment depends on spoken words of those who are looking for work and educated or qualified and uneducated or low-skilled workers. Jobseekers also use job-search companies, job advertisements, and employers as well as job seekers use Facebook's site to find workers or jobs. Some employers have stated that they are often not satisfied with the quality of received job applications. Recently there have been several new opportunities for providing employment services in the private sector in Libya while it was unlawful before the 2011 revolution. So recently, a small professional employment service has begun to work, using different approaches to linking demand and supply for random power. These are a mostly employment service whose target group is university-educated workers, students in large city centers and tend to associate them with prominent domestic private-sector employers as well as with foreign employers. Web-based employment services are widely recognized today in Libya and are used by both Libyan and foreign private employers. Public sector entities use these websites mainly to advertise for positions for higher qualification candidates (deputy directors).

### **Sociological-political context**

As part of the Arab Spring in 2011, the civil war in Libya removed the dictatorial regime and a new General National Congress was established in July 2012. Free elections were first held in Libya since 1965, but more importantly, these were the first elections since the fall of the regime of Gaddafi, the longtime authoritarian ruler of Libya. The General Congress has been assigned the main task of drafting the Constitution, ensuring a peaceful political transition and maintaining macroeconomic stability. The Political Law on Insulation opened an intense debate in the country. This law prohibits the leading public figures who participated in the Gaddafi regime (since 1969) to stand for election or to occupy new, high political positions in public politics in Libya. This was a very controversial move given the limited human resources available for the restoration of the country. The transitional government has taken steps to promote a peaceful political transition, restore the rule of law, initiate the National Reform Program and establish a new system of efficient administration to normalize economic conditions. The authorities in Libya are facing constant security and safety issues, there is still a need to restore full security, and production leads to full capacity, fiscal discipline, revitalize the banking system and maintain macroeconomic stability. Therefore, any medium-term efforts must therefore focus on capacity building, infrastructure renovation, private sector development, improving education and job creation, which should be followed by the establishment of an effective social protection network, all within a transparent and responsible labor market strategy. Libya today needs a strategic, long-term legislative policy on foreign workers in general, and in particular private sector employees. The transitional government of Libya has adopted 10 transitional goals focusing on its priority areas:<sup>5</sup>

1. Providing care and support to injured participants in conflicts, families of fallen soldiers, families of missing persons and all those directly affected by conflicts,
2. Providing support to fighters and facilitating their integration into social life,
3. Strengthening national and domestic security, as well as maintaining the unity of the country,
4. Return to normal life and ensure a dignified life for all citizens of Libya,
5. Democratic changes, transparency, the rule of law, respect for human rights and the provision of support to civil society organizations,
6. Reviving the national and local economies and laying the foundations for a new national economic policy,

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<sup>5</sup> International Labor Organization, available on: [http://www.ilo.org/wcmsp5/groups/public/---africa/documents/meetingdocument/wcms\\_177332.pdf](http://www.ilo.org/wcmsp5/groups/public/---africa/documents/meetingdocument/wcms_177332.pdf)  
<http://dx.doi.org/10.29322/IJSRP.9.03.2019.p8753>

7. The assessment, preservation and development of Libyan investments and assets, in Libya and abroad,
8. Achieving transitional justice and national reconciliation,
9. Preparing for the next free elections and convening a new national congress,
10. Develop a future vision for Libya in the economic, social and service sectors.

One of the main goals of the transitional government is to promote a decent labor market agenda as a key instrument for post-conflict recovery and peace-building.

### **Wage policy**

Official salaries in the public sector in Libya are low compared to the average cost of living. The Libyan government, while in power, was Gaddafi, raised the minimum wage on several occasions just before the 2011 revolution in an effort to reduce the possibility of an unrest. In mid-2012, the average salary in the public sector was 500 LID per month (US \$ 400). In 2009, the minimum wage for all sectors was 450 LID. Today, the average salary is higher for the Libyans and for foreigners working in Libya. Monthly wages paid to foreigners working in hotels in Tripoli range up to 700 LID. The domination of public sector employees, coupled with a rigid and fixed wage system, has reduced wages so that the Libyans seek additional sources of income. There is also assistance for the unemployed in the amount of 500 LID per month that can be paid to an unemployed individual per family. In addition, the government spends \$ 14 billion annually on public subsidies for cheaper oil, basic food products, electricity, although current plans are to gradually reduce these subsidies, and the difference should be in the fund to help unemployed people. A significant number of employees in the public sector have additional work, and many continue to receive salaries while not actually going to work. Public sector workers in Libya have other benefits besides their salaries. The government at the time Gaddafi was in power paid a supplement to pensions, subsidies to cover the living expenses of the household (housing and utilities), and government workers also had a food supplement. Today, there is a general belief that in the aftermath of Gaddafi Libya's resources will no longer be drawn from the country, but will be redistributed to underpay public sector workers. In a survey conducted by the International Republican Institute, in December 2011, 72% of respondents said it was "very important" for the government to play a strong role in the economy and the private sector, while 97% felt that the government should play a strong role in providing a social security net for the poor (IRI, 2011). The unfavorable situation of Libyan workers is further aggravated by the fact that foreign professional workers in Libya have been paid more than Libyan colleagues. The data from the last census of 2000 showed that 20% of foreign workers earn more than 300 LID (US \$ 230) a month, compared with just 12% of Libyan citizens who had the same earnings. Interviews with employers indicate that they prefer foreign workers for greater knowledge, greater productivity and greater loyalty.<sup>6</sup>

### **Influence of new technologies on labor market in Libya**

New technologies, especially IT technology, have an impact on the business of organizations. This impact can be direct and indirect. Direct impact is achieved through the acceleration and improvement of production and business processes, which directly and positively affects financial indicators in modern organizations. These indicators are productivity, profitability, competitiveness, etc.<sup>7</sup> The indirect impact of new, first of all, information technology on the business of organizations is realized through the influence of technologies on various elements of organizational behavior, on all three levels: individual, group and

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<sup>6</sup> Libya Labor force Stats, available on: <https://www.nationmaster.com/country-info/stats/Labor/Unemployment-rate>

<sup>7</sup> Delone, W.H., McLean, E.R., (1992), Information systems success: the quest for the dependent variable, Information Systems Research, 3(1), 60-95.

organizational. Elements of organizational behavior affect the financial performance of an organization. New informational technologies are marked by changes taking place in all business sectors, created as a result of the revolutionary development of cheap technology, the transformation of business models, new production processes and logistics. The social aspect of the new technological revolution includes changes in the way of work, communication, expression, information, which implies the restructuring of the education system, health care, transport and other fields.<sup>8</sup> One of the most important new technologies is information and communication technology that has found its application in all areas of life, and development becomes unstoppable. Information and communication technology is the basis of the 21st century economy and society and will certainly be even more significant in the future. Today's lifestyle and lack of free time have even made shopping a stressful one. For this reason, more and more people are turning to online shopping, which today is the fastest and cheapest way to buy products. Consumers are today affected by various factors, as well as the development of communication information technology. The particular importance of new technologies of communication and information is provided by the Internet. Online stores in the world are increasingly replacing traditional trading methods because they offer different and new business opportunities. The most common reasons that customers buy over the Internet are: more convenience in shopping, choicer, money saving and the pleasure offered by this purchase method, etc. The advantages offered by electronic commerce can be divided into: convenience for sellers and consumer benefits. Some of the benefits of e-commerce include: market expansion, improved marketing, greater sales, cost savings, longer working hours, better and more information, a greater choice of products, flexibility, convenience, lower prices. In addition to the above mentioned advantages of electronic mode in relation to traditional, they can also include: shorter delivery time, shorter time between payment and delivery, efficient and flexible processing of information, greater possibilities for development, etc. To use new technologies is the secret of future success and investment in the future of business. Information technologies have a positive impact on the development of entrepreneurship. Libya today is working to transform its socialist-oriented economy into a market-based economy and implement a privatization strategy. In order to achieve this, new organizational systems and technologies will be needed, new management information systems, such as the accounting information system, information systems for human resources management, information systems for companies that help in making decision making decisions will be important for companies operating in new market economy. All of this would allow Libyan organizations to trade across traditional markets and enable them to work and compete globally and to identify potential business partners economically.<sup>9</sup>

## Conclusion

Employment in any industry is under the influence of the introduction of a new technology aimed at increasing productivity. The initial result of such a technological introduction is a reduction in the number of workers. At one point the productivity of the new technology reaches a certain level. If business demands increase, it is possible that the enterprise or industry begins to hire new workers to meet increased demands. The introduction of technological improvements begins a new cycle in the economy. The introduction of any new technology has different consequences. These influences occur in the environment, affecting existing and future technological developments as well as the financial and social system in which new technology is incorporated. The development and diffusion of new technologies has been widely studied. Some studies have shown that the introduction of advanced technologies has led to an increase in salaries. A number of economists have expressed concern about the negative impact of the introduction of technological innovations. Others argue that, in the long run, natural market forces will bring the economy to full employment, and hence jobs will not be created or destroyed as a result of technology transfer. One of the results of the introduction of new technologies is usually increased industrial productivity. This was one of the impulses for reducing the volume of businesses. In the long term, new technologies and production processes tend to promote productivity, competitiveness

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<sup>8</sup> Schwab, K. (2016.), *The Fourth Industrial Revolution*, World Economic Forum, Switzerland

<sup>9</sup> Laudon, K.C. and Laudon, J.P. (2004), *Management Information Systems*, 1st ed., Prentice Hall, Englewood Cliffs, NJ

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and economic growth, all of which contribute to the increase in the number of jobs over time, although time is a key factor in this process. The introduction of new technologies will cause some job losses, but it will also lead to positive changes and create additional jobs for skilled workers who use it to use new technologies or processes. Historical evidence suggests that the effects of cessation of employment due to the introduction of new technologies are temporary if accompanied by capacity adjustment due to increased demand driven by economic factors. Therefore, we consider that the overall impact of new technology on employment is usually positive. Before the global economic crisis, most countries in the region, including Libya, witnessed strong growth and economic reforms that were successful in some areas. Events after the Arab Spring in Libya have proven that a lack of opportunities for decent employment can lead to social unrest and a decline in confidence in government and society as a whole, thus proving the fourth special hypothesis that the lack of employment opportunities can lead to social unrest. If the market in Libya does not increase, fewer workers will be able to meet the needs for increasing labor productivity. On the other hand, it is assumed that the increase in productivity will also increase both the demand for labor and the number of employees. It is therefore expected that this increase in productivity will reduce costs, so there are two possibilities: the prices of goods will be reduced, resulting in an increase in wages or an increase in profits. Therefore, higher productivity affects the reduction in the price of goods, so wage increases are expected to increase economic demand. Increased profits would lead to increased economic demand due to the availability of higher investment capital. Therefore, the long-term effect of new technologies on employment depends on the rate of market growth. The effects of new technology also result in the cessation of work of workers with skills that are no longer applicable or necessary. By this we have proven the first special hypothesis that there is a link between employment and technological progress, which is reflected in the fact that the technological environment is more modern, this is hiring more difficult. In this case, the state and the society need to respond in such a way that these workers become qualified for the occupations that will be needed in the near future, and that they receive social assistance while they are unemployed. Prequalification of workers with redundant skills is an imperative of the state and society. This proves the third special hypothesis that training in employment today plays a major role because workers are forced to be trained to fit into a new technological environment, but many companies usually do not undertake retraining because such costs are considered external. However, the speed of the introduction of new technology can lead to the termination of employment of more employees than in previous periods, so it is necessary that the introduction of new technological changes is carried out gradually and planned, even at the state level. This implies that incremental training can provide resources for retaining many employees in case of economic disorders.

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