

Published Saturday, May 11, 2013

## Finding a Job in Lebanon: The Hidden Cost of "Connections"

By: Sami Atallah



At least 20 percent of students say that they resort to political connections and 73 percent think that political connections are important to find jobs. (photo: Haitham Moussawi)

**When Lebanese graduates begin looking for jobs, what does it actually mean to employ personal connections to improve employment chances? Who is most likely to use *wasta*, or connections, and how does it impact society in the long-run?**

The World Bank office in Beirut recently released a report concluding that Lebanon needs more and better jobs. The report quantified the problem we currently face. It is worth synthesizing some of the key findings:

The prospects of finding jobs look dim for young graduates. In fact, the study shows that there is a long transition from school to work as first-time job seekers with no formal education need 16 months to get their first jobs. One: The Lebanese economy has a dismal record in creating jobs. Although GDP grew by 3.7 percent per year between 1997 and 2009, the economy created only 1.1 percent of jobs, an anomaly for a middle-income country. The economy must create six times more jobs to absorb the new graduates if they are to remain in the country. This effectively means that in the next 10 years, the economy must generate 23,000 new jobs per year. So far, it has been able to create only 3,000 jobs.

Two: Not only do we need more jobs, but we also need better jobs. According to the study, the jobs demanded by the private sector are of low productivity, such as wholesale and retail trade, motor vehicle repair, transportation, and storage. Whereas jobs in the higher productivity sectors such as IT, finance and insurance, and other scientific jobs are on the decline.

Three: The prospects of finding jobs look dim for young graduates. In fact, the study shows that there is a long transition from school to work as first-time job seekers with no formal education need 16 months to get their first jobs. Moreover, 85 percent of Lebanese use personal contacts including family and friends to find work. The report goes on to say that although this method of finding a job reduces the search cost for some candidates, it does not maximize the matching of skills with the companies that are seeking them since the latter are only evaluating a smaller pool of candidates for the jobs.

But, the economic cost of using personal contacts is not merely limited to inept skill matching. The reason the World Bank report stopped at that is that it did not attempt to unpack what “family and friends” entail. In other words, what type of relationships is lumped into this category? And are these relationships equivalent to each other? For instance, is using daddy’s connection equivalent to resorting to politicians to find jobs in the private sector? And if they are not, who resorts to which type of connection and what are the political and social implications of such practices beyond the labor market?

A recent survey by the Lebanese Center for Policy Studies (LCPS) and International Alert conducted a few months ago with 300 students from selected private and public universities attempts to get a better grip on precisely this issue.

Our study reveals that 55 percent of students use social connections to find jobs, topping other means such as job advertisements, employment offices, and job fairs. This is not surprising in a country where families and clan ties are paramount. It is equally not surprising to find out that those whose families have a higher income are more likely to resort to social connections. After all, their family members seem to be well-placed economically and it would be a missed opportunity not to tap into this network and find a job in a country where *wasta*, or connections, is the rule and not the exception.

What is alarming is the extensive role of political connections in finding jobs in the private sector. At least 20 percent of students say that they *resort* to political connections and 73 percent think that political connections are *important* to find jobs. Unlike their counterparts who use social connections, those who resort to political connections are not as well-off, but they have larger families and their fathers are more politically active. In other words, those who resort to political connections are capitalizing on their family’s electoral weight.

At least 20 percent of students say that they *resort* to political connections and 73 percent think that political connections are *important* to find jobs. Such an exchange of votes for jobs has two major consequences. First, it creates distortion in the labor market since now political favors trump skills and merit. Politicians with a stake in the private sector may opt to hire young graduates whose families can deliver the votes. And those with no financial base of their own will lobby the private sector to hire members of their constituents.

Second, this also distorts the meaning of elections since now voters elect politicians who find them jobs instead of voting for those who implement and design efficient policies. Effectively, this fortifies a system of clientelistic relationships where voters ultimately give up their political rights to get very narrow benefits.

The implications do not end here. Sectarianism also appears to be an important component of resorting to political connections. In fact, the study shows that those who feel that their "sect defines their identity" and those "whose family have connections to religious leaders" are much more likely to resort to political connections. Perhaps this is not surprising since those with strong sectarian identity leverage their relationship with religious leaders to find them jobs in the private sector through their contacts with political leaders.

This perhaps sheds light on how sectarianism is instrumental in finding jobs in the private sector. If so, this compounds the efficiency problem of the labor market, where skills are not matched to jobs but to sectarian identity or the family's political weight. Those lacking such "traits" are more likely to emigrate.

In sum, once we get a better understanding of what it exactly means when young graduates state that they use "friends and family" to get a job, the costs of this practice on the country are no longer confined to the labor market. This job-finding method constitutes a political and social problem as well, since it influences electoral behavior, perpetuates socio-economic gaps between population groups, and shows that youth emigration is not determined by one's sect but by how sectarian one is.

***Sami Atallah is the Executive Director of the Lebanese Center for Policy Studies.***

*The views expressed by the author do not necessarily reflect Al-Akhbar's editorial policy.*