

## THE DEMAND FOR JOBS AND THE LABOR MARKET IN IRAQ: BETWEEN MARKET NEED AND EDUCATION OUTCOMES

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### Abstract

Education has always been one of the qualifications for employment in various jobs. However, if it turns into an obstacle or there is an oversupply in some disciplines, this constitutes a problem and reinforces unemployment in societies. In Iraq, it searches for its causes and analyzes its data in order to develop realistic solutions that can be implemented in the short and medium term.

This research also analyzes the structure of the labor market in Iraq, and the extent to which it accommodates job seekers with educational attainment at various levels and for both sexes, touching on the extent to which the public and private sectors are able to employ this group, and what are the possible obstacles and remedies, especially since Iraq has gone through difficult security, political and economic conditions.

Many problems have arisen at the level of employment and the increase in the number of the unemployed, and the importance of the research comes from dealing with a problem that is rooted in Iraqi society and has become a crisis that must be found for solutions.

**Keywords:** labor market, job demand, education output, market need.

### Introduction

The demand for jobs in Iraq represents a challenge that is not simple, and this challenge can reach the scale of a crisis. In light of a national unemployment rate exceeding 16%, and most of the unemployed are young people with educational attainment at various levels, the need for employment emerges, whether in the public or private sector. As a priority after graduation, and in light of specific labor market requirements imposed by the already dysfunctional market structure, as a result of its dependence on certain sectors, the weakness of the private sector as a contributor to economic activity, and the lack of legal regulation applied to achieve job security and security, most job seekers prefer to work in the public sector that they see It guarantees their present and future needs.

The research studies the gap in the labor market between its requirements and educational outcomes, as there are large numbers of unemployed people who hold graduation certificates in various specializations and at various educational levels, but the requirements of the labor market do not provide them with jobs commensurate with their specializations, which generates unemployment that accumulates every year. With the graduation of new groups from the

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education portal, as a result, job seekers depend on appointment in the public sector, and even if they work in the private sector, the majority of them see it as merely a transitional period until obtaining appointment in the public sector, due to the lack of job security in the private sector. On the one hand, and on the other hand, most of its employees work outside their specialization according to the certificate they hold.

**The importance of the research:** The importance of the research is evident in identifying a problem that emerged in the Iraqi economy after the influx of large numbers of graduates from local and international universities, and their failure to obtain job opportunities, as a result of the incompatibility of the specializations they hold with the requirements of the Iraqi labor market.

**Research problem:** In light of the inherited structural imbalances in the Iraqi economy that have deepened in recent decades, the rentierism of the Iraqi economy and the lack of diversification of its economy, and the limited ability of the private sector to contribute to economic activity, the problem of incompatibility between educational outcomes and labor market requirements emerges .

**Research hypothesis:** Compatibility can be found between educational outcomes and labor market requirements, and unemployment rates can be reduced among young people with various levels of education, if coordination takes place between stakeholders and the Ministry of Education, by considering the requirements of the labor market, and education to engage in learning for specializations that the market needs. For it, and establishing institutes to teach and develop the skills of job seekers in a manner commensurate with the requirements of the labor market.

**Research objective:** The research aims to-:

- 1- Analysis of the labor market in Iraq and the demand for jobs.
- 2- Identifying the deficiencies in the gap between labor market requirements and education outcomes.
- 3- Develop appropriate solutions to bridge this gap.

**The first section:** General concepts: the labor market, the demand for employment

**Firstly: Labor market**

In the economic literature, the labor market is a place where supply (individuals actively searching for jobs) and demand (businesses) for the labor force interact, in addition to other factors. Factors include the level of economic activity, industry trends, the need for certain skill sets or educational leveled, Supply and demand in the labor market Similar to markets for goods and services, labor markets also follow a supply and demand mechanism.

Labor market analysis is an essential part of workforce analysis. It provides a comprehensive view of labor demand and supply. The process includes examining current labor markets for various jobs and skills. Every organization or company requesting labor must complete a labor market analysis to inform and improve the company's workforce strategies and policies , as

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employees supply while employers provide demand . Manpower applicants should review the labor market at both the macroeconomic and microeconomic levels, macroeconomic measures deal with labor productivity and unemployment rates, and microeconomic reviews examine individual salaries, hours of work, and other benefits. The labor market generally consists of four components:

1- Labor force population - refers to all individuals available for employment in a specific labor market. The population or labor force participants includes everyone who offers their skills and services for employment regardless of industry.

2- Population applying for jobs - refers to the number of individuals applying for specific jobs according to their skills and experience , People looking for IT and graphic design jobs can fall into the same category of apps .

3- Applicant Pools - The applicant pool includes individuals interested in applying for a particular job. It can include people who have sent in their resumes for the job, and HR considers applicant pools the first step in the hiring process.

4- Selected individuals – refers to individuals who emerge from the extensive screening process for jobs.

Labor market analysis provides a way to leverage labor force data, including analysis of employment records, surveys, studies, and existing information. Most companies, including SMEs, large corporations, and governments, can benefit from labor market analysis. The analysis should produce corresponding reports detailing specific metrics and how HR can use them.

## **Second: The demand for jobs.**

According to economic theory, when producing goods and services, businesses require labor and capital as inputs to the production process. The demand for labor is an economic principle derived from the demand for the company's production. That is, if the demand for the company's production increases, the company will demand more labor, and thus employ more employees. If the demand for the company's production of goods and services decreases, it will in turn require fewer workers and the demand for labor will decrease, and fewer employees will be retained. Labor market factors drive labor supply and demand. Those looking for work will offer their labor in exchange for wages. Companies requesting labor will pay workers for their time and skills.

In reality, individuals primarily use two types of techniques to find new work: leveraging social capital and personal networks, and using Internet techniques such as search. Looking for a job that suits the skills and capabilities he possesses, as... Social capital is the imagined and materially realized resources gained through building and maintaining relationships with others. Sociologists have By studying the importance of social capital in obtaining employment, they found that there is a strong correlation between social ties and obtaining jobs, as they play different roles in finding a new job , and that individuals benefit from their social capital with personal connections to find work , and it is also used Facebook by unemployed people to communicate with job seekers to find new jobs , Nearly 80% of people use the Internet to help get a new job.

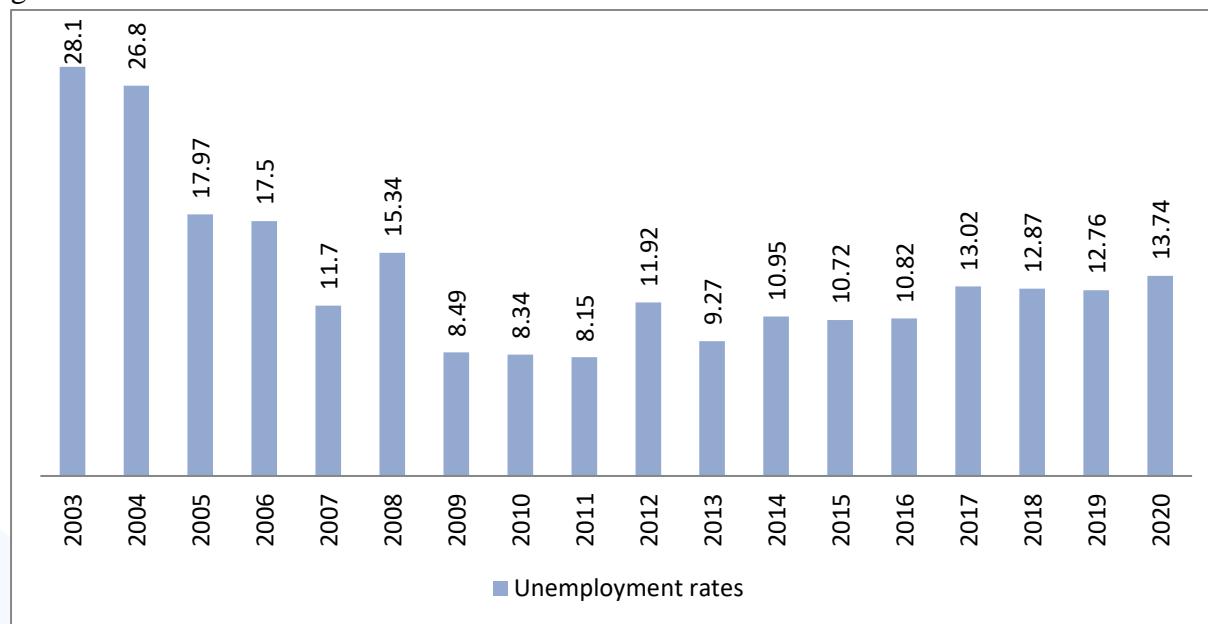
VA very important problem facing job seekers arises, which is the incompatibility of their skills with employment requirements. Therefore, some of those with good education resort to waiting for government employment, while others resort to adapting to the existing reality by developing their skills or working to acquire skills through experience. While others exploit their social capital and personal or family relationships to obtain jobs, this is usually within the private sector, which tends to employ individuals seeking work who they deem reliable among relatives or friends.

### **The second section: Demand for jobs and market structure...structural imbalance**

#### **First: The labor market and employment in Iraq**

Classics have always believed that full employment is automatic in the economy and that unemployment does not exist, except within narrow limits, through the market mechanism and the invisible hand. But this belief stopped with the Great Depression in 1929, unemployment at a certain rate became acceptable in the economy, and the idea of full employment was abolished by the abolition of the invisible hand.

Unemployment has become a problem that all economies suffer from, depending on the prevailing economic situation in that country. In Iraq, unemployment rates began to increase at times and decrease at times - and this is evident in the figure below - and this fluctuation follows in its course the political tensions as well as the economic crises that afflict the Iraqi economy from time to time, such as external shocks resulting from the fluctuation of oil prices in the global oil markets.



*Figure 1: Unemployment rates in Iraq for the period 2003-2020*

Source: From the researcher's work based on: (years 2003-2008) Republic of Iraq, Ministry of Planning, Annual Statistics 2017, pp. 74-75

(Years 2009-2020) International Labor Organization, available at the link <https://www.macrotrends.net/countries/IRQ/iraq/unemployment>

Due to the rentierism of the Iraqi economy, public employment has become one of the mechanisms for distributing oil rents. The public sector has become a repository of disguised

unemployment, and the productivity of workers in some of its sectors has reached a negative value, and it has become difficult to absorb newcomers to it.

The demand for the workforce is closely linked to the volume of investments made and their distribution among the various economic sectors. Absorbing disparate skills requires diversifying activities and redistributing them geographically to benefit from the labor component. The table below shows that the services sector is the largest absorber of labor seekers, then the industrial sector, and finally comes the agricultural sector.

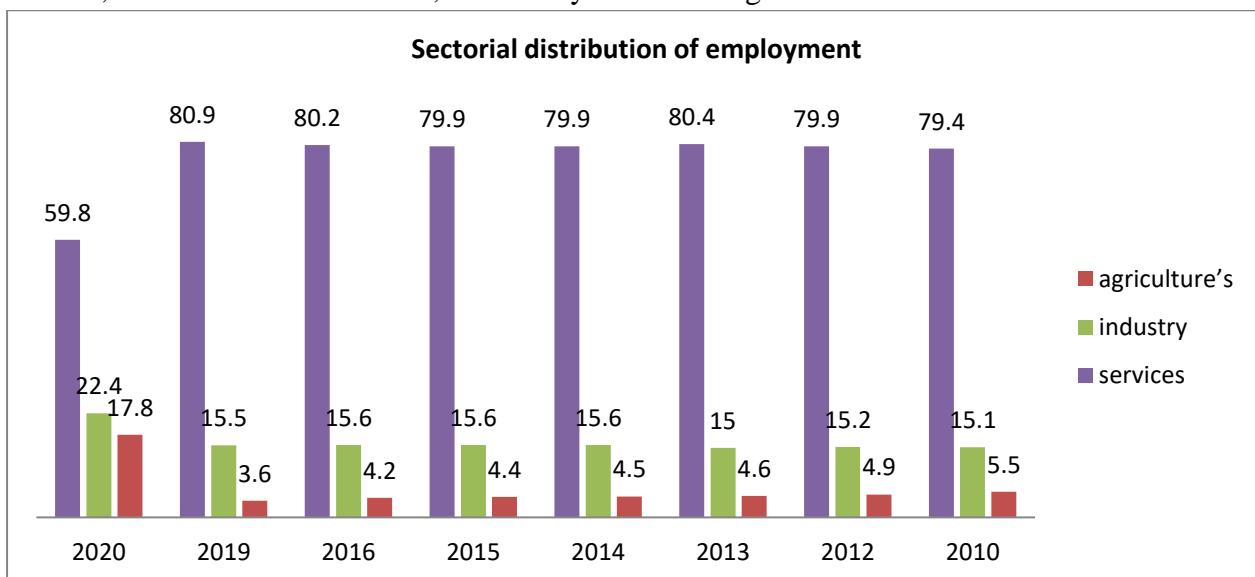


Figure 2: Sectorial distribution of employment in Iraq for the years (2010-2020)

Source :Assessment of the Labor Market & Skills Analysis Iraq and Kurdistan Region-Iraq, p45

The Iraqi workforce is concentrated in the services sector, which dominated 67% of it in 2004, rising to 75.8% in 2017. What is worth noting is the relative decline in agriculture's share of the available labor force from 8.3% in 2004 to 4.5% in 2017. The percentage of workers in industry did not exceed 24.6% in 2004 and decreased to 19.7% in 2017 .(Fahd, Younis, 2021, 130)

It is noted that the services and distribution sector in Iraq plays an important role in absorbing workers at low levels of productivity, as unemployment prevails in the agricultural sector and the lack of alternative job opportunities in the industrial sector. Many agricultural workers migrate to cities in search of job opportunities, and since the possibility of absorption in the sector The industrial sector is small, as there is only the services and distribution sector. The services sector is flexible enough to accommodate increasing numbers of the workforce. Thus, the services sector plays the role of absorbing excess labor in Iraq. Hence, it is not correct to conclude from this expansion in the absorption of the workforce in the sector. Services are any indicator of growth or progress in Iraq, while the relative contribution of the services sector to output and employment in developed countries is rising as a result of the amazing industrial and technological development that led to the emergence of a sector that supported it from advanced services centered in insurance, banking, transportation, communications and information activities, which is an indicator. To develop and progress .

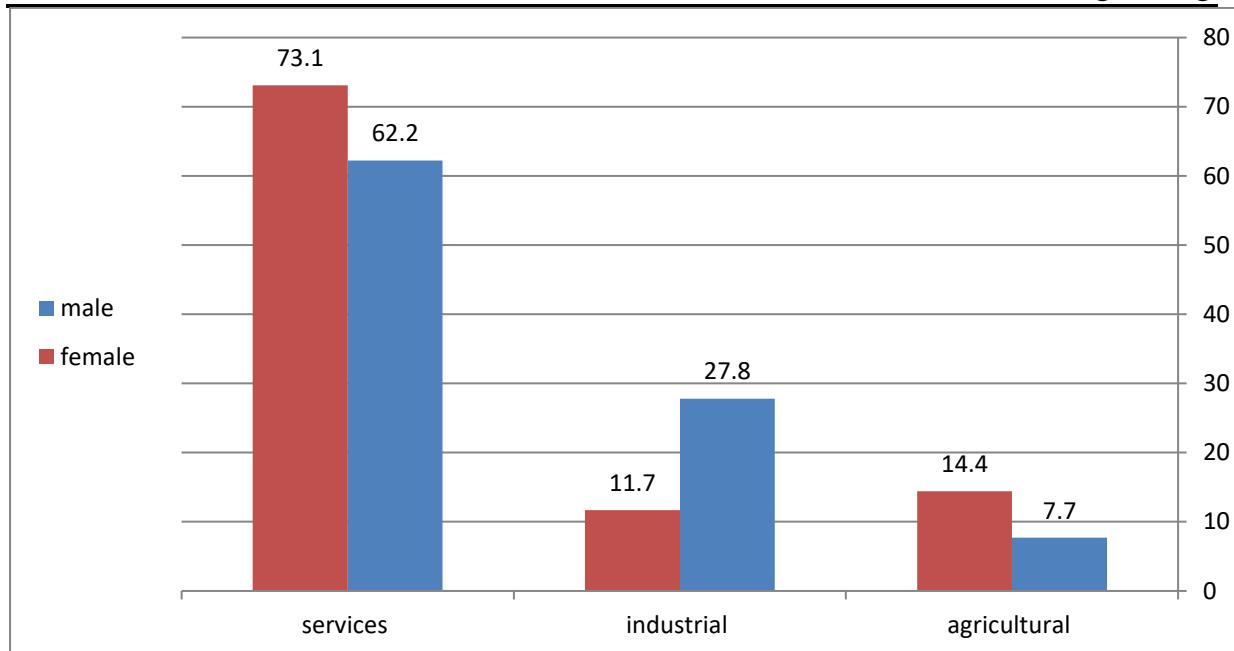


Figure 3: Share of male and female employment by economic activity for the year 2021

Source: International labor organization, Iraq Labor Force Survey 2021,2022, p20

It is noted from the figure above, which shows the share of male and female employment by economic sectors, that female employment in the services sector is greater than that of males, as it reached a percentage of 73.1 for females while it was 62.2 for males for the year 2021, while the share of male employment in the industrial sector exceeded the share of female employment by a percentage 16.1. This is because most industries need skills and experience that females may not possess, in addition to most industries requiring high physical effort and long working hours, while we find the opposite in the agricultural sector, as female labor exceeds male labor by a percentage of 6.7. Perhaps this is due to environmental legacies that allow... Women work in the agricultural sector as a family business, in addition to the majority of males who have moved to work in fields other than agriculture.

What reinforces these data is that they follow the same global trend, as the services sector has surpassed the agricultural sector as the sector that employs the largest number of women and men, and more than half of the world's women actually work in the services sector. Since 1995, women's employment in this sector has increased from 41.1% to 61.5%, more than a third of women are involved in the labor market in wholesale and retail trade services 33.9%, and in the manufacturing sector 12.4, and in high-income countries the main source of women's employment is in the health and education sectors, which employ approximately a third of all women in the labor market 30.6 %, and agriculture remains the most important source of employment for women in low- and lower-middle-income countries. (International Labor Office, 2017, 5).

## Second: Manpower and market structure

Labor force grew from 8 million to 10.5 million between 2011 and 2017, with the latest figures highlighting a labor force participation rate of 49% for Iraq, which is under federal administration, and 40% for the Kurdistan region. This represents one of the lowest labor-to-

population ratios in the region. Nearly a quarter of the labor force is either unemployed or underemployed, with more than 2.5 million Iraqis of working age unemployed, (resulting in a national unemployment rate of 16 %.( ILO, 2021, 11)

The Iraqi economy is characterized by a unilateral economy that is dependent on oil. Oil does not represent a labor-intensive industry, and the oil and gas sector employs only 3% of the workforce in a country where chronic unemployment among young people constitutes a constant threat to political stability and relations between the state and society.

The effects of Iraq's renter economic structure produced this, because it helped shape the government's social contract with its citizens and thus shape the labor market. In a federally funded government, ministries and state-owned companies crowded out non-governmental private sector companies, which could not compete with the rising Wages, job security, reduced working hours, and generous pensions supported by oil revenues, citizens view this as an appropriate arrangement to redistribute oil wealth to them. As the United Nations Development Program (UNDP) noted, "The nature of the renter structure affects the structure of public employment and the number and nature of "Job opportunities generated through economic growth and national income are directly affected by increased oil revenues and do not have an increase in productivity rates. (ILO, National Decent Work Program Iraq: Recovery and Reform, 2019-2023, 5-6) .

**Table (1): People employed by work sector 2021**

Employment sector	Number in millions	rate
<b>Total</b>	<b>8'601</b>	<b>100</b>
<b>General</b>	<b>3'261</b>	<b>37.9</b>
<b>private</b>	<b>5'302</b>	<b>61.6</b>
<b>Family work</b>	<b>6</b>	<b>0.1</b>
<b>Non-profit institutions</b>	<b>26</b>	<b>0.3</b>
<b>International institutions</b>	<b>6</b>	<b>0.1</b>

Source: International labour organization, Iraq Labour Force Survey 2021,2022,p12.

The table above shows the distribution of the working population by sector of work in the main job . Observing the table shows that a little more than a third of employment was in the public sector (37.9 %), while the share of employment in the private sector was about (61.6 %) and the rest was in family work. (0.1 %), non-profit institutions (0.3 %) and international institutions (0.1 %). It should be noted that the "private sector" covered more than private companies and quasi-companies, and also included individual companies that should in principle have been considered part of From the "domestic sector."

The private sector represents 40-50% of total employment. Similar to the public sector, the private sector has failed in recent years to absorb the increasing numbers of young people entering the labor market and the unemployed. In fact, the impact of economic activity in the private sector is due to the security situation. - Which made the country an unstable place to start a new business - A difficult financial environment as a result of years of political and social

unrest and the recent collapse in global oil prices, and the presence of a difficult environment for doing business, in addition to the exacerbation of all of this due to the new Corona virus pandemic, as it showed Results in a recent study showed that about 25% of respondents who were employed before the closure measures were permanently laid off during the pandemic. Together, these factors led to the spread of small-sized and often temporary economic units. Consequently, the lack of jobs in both the public and private sectors led to the informal economy playing a vital role in absorbing workers, including refugees and displaced persons coming from conflict-affected areas. (ILO, Diagnosis of the Informal Economy in Iraq, 2021, 38-39).

### **Third: The differentiation gap in employment between the public and private sectors**

The number of permanent employees in the Iraqi state increased more than threefold during the period 2004-2021, as the number of employees increased from 1.047 million in 2004 to 3.263 million in 2021, and in contrast, the total number of workers in the state reached 32% of the total workforce in Iraq. 2020, when adding contract and daily wage workers in the state, the total number of workers in the state may reach 4.5 million workers, which constitutes about 40% of the workforce, compared to 60% in the private sector (Al-Mousawi, 2022, 8).

The public sector is the largest formal employer. The civil service has grown disproportionately as a result of the social contract of the 1970s and 1980s, which has provided job opportunities for all university graduates and graduates of technical and vocational education and training . Although the public sector is no longer able to absorb the increasing numbers of these graduates, the public sector is by far the most preferred employer, and almost all formal jobs remain in the public sector . The informal sector is seen as a Transitional, where the youth population waits to be offered jobs in the public sector, In both Iraq and the Iraqi Kurdistan region, despite government aggregation measures And There are no measures in place to reduce the size of the public sector . However, the public sector in the Kurdistan Region of Iraq employs a larger proportion of the workforce, and the percentage of working women is much greater than the national average. More than half of the workers in the Kurdistan Region of Iraq work for the government . This includes people Who work directly in the government, a few who work in state-owned companies, and a few who work in mixed public-private institutions - according to the Kurdistan Region Statistics Authority - approximately 80% of all working women and 45% of all men work workers in the government sector, The planned downsizing of the public sector in Iraq and the Iraqi Kurdistan Region has implications for the informal sector, because the private sector remains underdeveloped and essentially informal in its operation . The private sector in Iraq is largely dependent on trade , The formal private sector is not prepared to absorb the public sector surplus in addition to the estimated one million new entrants to the labor market each year.( Assessment of the Labor Market & Skills Analysis Iraq and Kurdistan Region-Iraq p36)

Speaking of employment in the private sector, private sector activity represents approximately 40% to 50% of employment, and it is mostly informal activity and is concentrated in retail trade, construction, textiles, trade, engineering, transportation, hospitality, food, and chemicals, in addition to The industrial base in Iraq is considered weak and not diversified and suffers from years of neglect and the lack of supportive industrial policies, which is attributed to the lack of a supportive business environment, but the overall economic situation ( Low price imports The

recent epidemic contributed significantly to the decline in domestic demand, thus pushing many small industries out of the market. On the other hand, the agricultural business sector has the potential to generate significant job opportunities, but the development of this sector was restricted and was negatively affected by a group of factors, including political conflicts. Iraqi food and agricultural companies mostly adapted to the situation by temporarily reducing employment. However, most of the structural change in Iraq occurred through the expansion of the services sector. The private sector consists of micro, small and medium-sized commercial enterprises with a small number of large companies. Most of which are family-run (especially in the construction, communications and local trade sectors), micro, small and medium enterprises face a myriad of problems that limit their ability to absorb the unemployed workforce, as the unorganized nature that characterizes the private sector increases, taking into account The size of this sector. It is worth noting that micro, small and medium enterprises lack access to financial and non-financial services. All stakeholders (government, development partners, non-governmental organizations, etc.) have one or more programs targeting the development of micro-enterprises. Micro, small and medium enterprises, but the challenge lies in having a coordination mechanism that can maximize the positive impact of these programs. Compared to the public sector, the private sector has lower average wages, job instability, fewer benefits, and often lacks formal contracts, as informality is considered a major issue within the private sector in Iraq and affects the quality of all products and services as well as jobs, and it is likely There should be more job opportunities for young people in the unorganized sector than in the organized sector, which usually lacks formal contracts and social protection. Although this increasing spread of small economic activities in the informal economy provides protection in times of crises, in the long run it will lead to. The continuing informality in the labor market if it is not addressed .(ILO, 2021, 11-12),

It is clear from the table below that the number of large industrial establishments decreased in 2014 to reach (519) establishments and the number of workers in them was (29,632) workers. After the security situation stabilized and the terrorist ISIS gangs were expelled from Iraqi territory, these establishments began to increase until they reached in 2020 719 establishments and the number of employees in them reached (126,790), while medium- sized establishments amounted to (226) establishments in 2013, which is the largest number reached, and the number of employees in them was (3,325) workers, then it decreased in 2014 to reach (120) establishments and the number of employees in them (1,916). ) workers, then their number increased to 198 establishments in 2018 and the number of employees in them was (2,624). As for small establishments, their number reached (47,281) establishments in 2011, then decreased to (21,809) establishments in 2014, and the number of workers in them was (145,385). And (84,272) workers for the two aforementioned years in a row, Its number also increased to reach (27,856) and the number of employees (93,644) in 2017.

**Table ( 2 ): Number of establishments in the private sector, large, medium and small, and the number of employees in them for the period 2003-2020**

the year	Large establishments		Medium establishments		Small enterprises	
	Number of them	Those who work there	Number of them	Those who work there	Number of them	Those who work there
2013	554	31741	226	3325	27694	91959
2014	519	29632	120	1916	21809	84272
2015	600	129024	92	1491	22480	67157
2016	566	109574	179	2449	25966	81920
2017	574	114497	182	2521	27856	93644
2018	627	115986	198	2624	25747	83375
2019	670	135629	-	-	-	-
2020	719	126790	-	-	-	-

Source: Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, Statistics of

Large Industrial Establishments (Cumulative) for different years.

Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, Census of Medium Industrial Establishments, for different years.

The industrial sector has been afflicted with a heavy legacy of economic problems due to wars and central state control, which weakened its contribution to the development of the Iraqi economy, and the subsequent effects of the 2003 war. Most of the infrastructure was destroyed and the security situation became unstable, as well as the lack of an economic policy to develop these projects. The expansion of administrative red tape and bureaucracy , which leads to obstructing the work of industrial activity, in addition to the uncontrolled import of goods and the absence of quality control, which worked to compete with goods produced by the local sector. These are considered among the most prominent factors that led to the decline of the industrial sector in its contribution to the gross domestic product and to building the Iraqi economy in general.

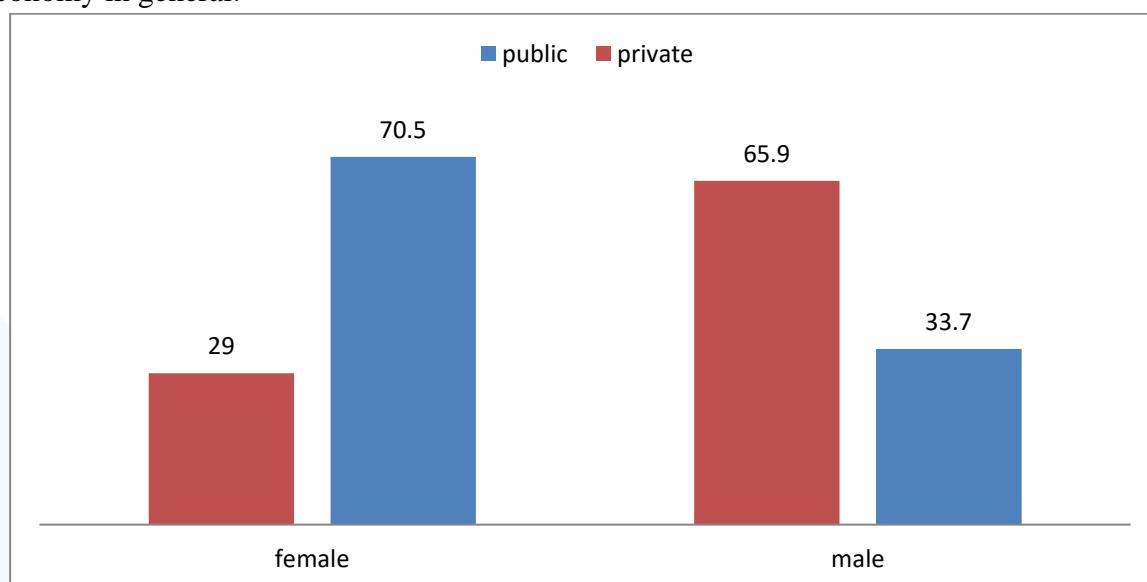


Figure 4: Share of male and female employment by institutional sector in Iraq for the year 2021

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Source: International labor organization, Iraq Labor Force Survey 2021,2022, p26

It is noted from the data presented in the figure above, disaggregated by gender, that women tend to be disproportionately employed in the public sector (70.5%) compared to men (33.7%), while men tend to work in the private sector at a much higher rate (65.9%). Women (29%). The reason for this is the difficulty for women to engage in most private sector activities (we have seen that previously) and also to the feeling of job reassurance and security in the public sector more than in the private sector.

### **The third section: Educational outcomes and market demand...the problem of compatibility**

#### **First: population and education**

The population of Iraq is 40.150 million people, according to population projections for the year 2020, including 20.284 million males, representing 51% of the total population , compared to 19.865 million females, representing 49% of the total population. The proportion of the population of urban areas to the total population was about 70%, compared to 30% of the total population residing in rural areas. (Al-Marsoumi, 2022, 4)

In light of population projections, the Iraqi Ministry of Planning expects that the population of Iraq will reach 51 million people in 2030. The population growth rate in Iraq is about 2.6%, which is the highest in the world, as the global population growth rate is 1.17%, while the population growth rate in the Arab world is % 1.6. This percentage increase, according to the figures of the Iraqi Ministry of Planning, means an increase of approximately one million people annually, that is, ten million people every ten years.

A large number of children engage in study and education, some of whom are studying and some of whom drop out for various reasons, including the security conditions or the state of poverty of families who are forced to work children to earn a living, and other reasons. Statistics confirm that the population of Iraq is one of the youngest in the world. About 60% of its citizens are from the youth age group. The youth unemployment rate reaches 36%. The participation rate of youth (15-24 years) has decreased from 52.5% to 34% since 2014. The rate of youth participation in underemployment - defined as working less than 35 hours per week - is estimated at about 28%, and the low educational attainment of youth prevents them from participating in productive work. Out of seven million young Iraqi women and men, there are more than 3.4 million young men out of seats. Study: While the percentage of illiterate or semi-literate youth (15-29 years old) is approximately 33%, 33% of youth have completed their primary education, 28% have completed middle or secondary school, and only 7% have completed post-secondary education, and as a result Many young people lack the skills necessary to find work in a fragile economy following the conflict .(ILO, National Decent Work Program Iraq: Recovery and Reform, 2019-2023, 5-6)

On the other hand, the number of students in vocational schools reached 51,48 students, and students in institutes of fine arts reached 17,282 students . Although 3 million and 200 thousand children are out of school due to poverty, displacement, and deteriorating security conditions, that is, the number of Iraqi students is in addition to those whose ages are eligible to enter schools. More than 16 million students . Regarding universities, colleges and institutes, Iraq has 31 government universities attended by 541,455 students, compared to 165 private universities

with 211,905 students, while there are 18 government technical colleges with 22,699 students, in addition to 30 technical institutes attended by 69,523 students. That is, the total number of university and institute students in Iraq is 845,582 students.

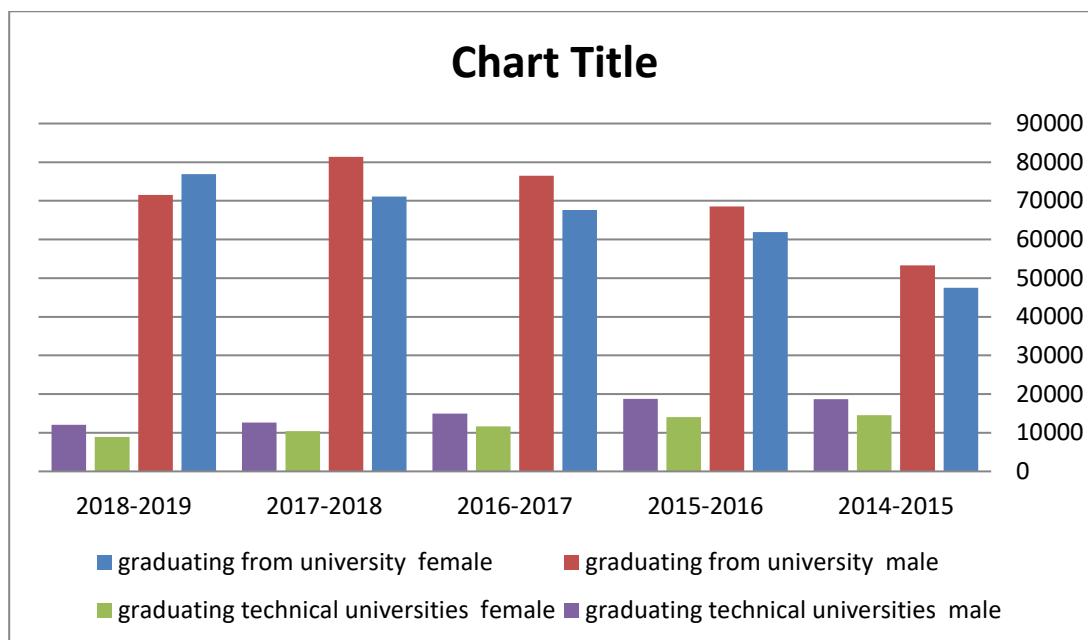


Figure 5: Number of students graduating from university studies and technical universities by gender for the period (2014-2015/2018-2019)

Source: Graduates of higher education in Iraq for the academic year 2018/2019, Central Bureau of Statistics, Directorate of Social and Educational Statistics, 2020, pp. 8-9.

### Secondly: The labor market and graduates

In the midst of the preference between the public and private sectors for job seekers who have achieved academic achievement - at various levels - the problem of incompatibility between education outcomes in various specializations and the requirements of the labor market emerges. There are several reasons behind this, in addition to what was mentioned. The social demand for education and training is largely dictated by values. Society and its beliefs, and within these values and beliefs - in many developing countries including Iraq - there may be a strong belief in a hierarchy of professional status, whereby young people with the "best" results should become doctors, and those with the best grades should become doctors. Next, for example, to become lawyers or engineers, This is reinforced by the post-secondary admissions system that limits entry into programs that lead to such careers, In this way, many young people train for the highest status occupation they can meet entry requirements for, rather than the occupation that best suits them in terms of their eligibility or the occupation for which there is demand on the labor market. Another factor determining enrollment behavior in Iraq and many other developing countries is the historical legacy of public service employment, which was permanent and pensionable with many benefits, although the governments of Iraq and the Iraqi Kurdistan Region are no longer absorbing all graduates, and are planning to downsize the size of the public service. It is compulsory, and the idea of qualifying for it. Working in the public

service is still a very compelling option for young people and their families . Some professions are very low in the hierarchy of jobs, such as hospitality services, and the prevailing belief is that working in the private sector is unattractive, as it is believed that working in the private sector offers lower wages. Less and less job security or no social security . The private sector is very small and underdeveloped (mostly informal), and therefore offers fewer opportunities than the public sector. (Assessment of the Labour Market & Skills Analysis Iraq and Kurdistan Region-Iraq, p41)

On the other hand, the outcomes of educational systems do not respond appropriately to the demand of the labor market and industrial project owners because the existing educational system does not provide students with sufficient skills required by employers - both private and public - as the demand for highly skilled labor increases. And technical capabilities, regardless of their educational attainment, which makes the demand for graduates with certificates less, and thus unemployment among young graduates is at high rates. (Al-Ani, Al-Nasih, 2010, 145)

It seems that companies' perception of worker education is that skills mismatch is a fundamental challenge in the Iraqi labor market , as 35.4% of small companies consider uneducated workers a major obstacle, compared to 19.8% in the Middle East and North Africa region and 19.5% in all countries , It is noted in Iraq that 26.3% of medium-sized companies consider insufficiently educated workers a major obstacle Compared to 19.6% in other Middle Eastern countries , When looking at the percentage of companies facing a skills mismatch through export activities, we find that exporters in Iraq are less likely to identify a skilled labor shortage compared to the MENA average and the average of all countries. However, we note that 34.4% of non - exporters They consider skills mismatch to be a major obstacle compared to 16.8% in the MENA region . Interestingly, companies that view skills mismatch as a major obstacle to improving the business environment offer less training , and 26.7% of these companies offer formal training compared to 73.3 % when you report a skills mismatch problem.

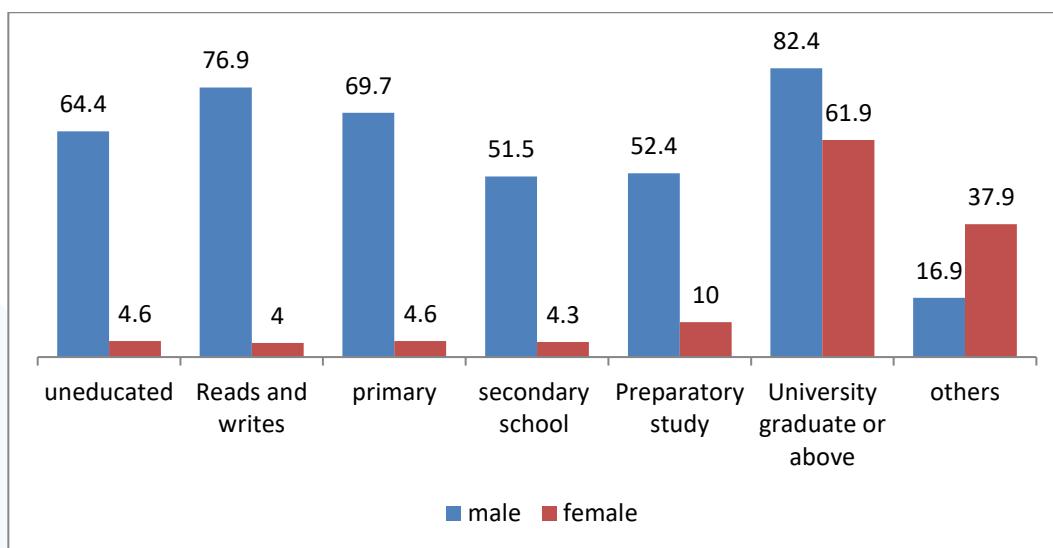


Figure 6: Labor force participation rate by gender and educational attainment for the year 2021

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Source: International labor organization, Iraq Labor Force Survey 2021,2022, p. 17

Above shows the labor force participation rate of men and women by educational attainment. It shows that labor force participation is highest at the university level of education for both men and women, and the gap between the labor force participation rate of men and women is much narrower at the university level of education. From other levels of academic achievement. Women's participation in the labor force varies greatly across countries. The low labor force participation rate for women in Iraq may be a result of several factors including barriers to entry such as educational attainment, the presence of young children and the limited availability of child care services, the age of marriage and social norms that limit the role of women in the public sphere

### **Third: Compatibility between graduates and the labor market...possible solutions**

The mismatch between the requirements of the labor market and holders of university degrees seeking work - or those with educational attainment - arises as a result of the structural nature of the labor market, as most private sector projects are predominantly family-based, and therefore they resort to hiring relatives and associates, regardless of their academic and educational attainment and the extent of their work. Adaptation of work to the specialty, in most aspects of work and production.

In addition, most of the specializations that are the product of education are not compatible with the requirements of the labor market, as most of the humanitarian specializations and some applied specializations have no scope for involvement in the labor market, as these specializations lack projects to accommodate them, meaning that these specializations do not find opportunities for them. He worked in the private sector, whose activities usually require skills and experience in the fields in which he engages, which are usually activities that seek quick profit, such as the building, construction, contracting, import and export, and tourism sectors. What is also noted in the activity of the private sector is not included in the industrial activity that produces goods, which requires the employment of manpower from various specializations and the establishment of laboratories and other joints related to the industry. In addition to that, most of the specialized private sector projects such as the education, health, and building and construction sectors, to name but a few, Hospitals, colleges, schools, etc.) employ those who work in the government sector due to accumulated experience, and this reduces the opportunities for new graduates to work and engage in their field of specialization. In addition to this, there is the absence of retirement security in the private sector and the failure to follow a clear, fixed, and parallel salary system. The public sector has made all graduates and non-graduates think only about the government appointment that guarantees this, as we mentioned previously.

Below we list some steps that can solve this problem

1- Training and qualification, as the implementation of training and vocational training plans for workers is an attempt to bridge the worker training gap in both the manufacturing and service sectors. The possibility of using a decent vocational training system where employees attend classes at a vocational school should be considered. At the same time obtaining on-the-job training in his workplace, this combination of theory and preparation gives employees the opportunity to be up to date with modern technology.

2- Implementing labor education programs in the private sector to reduce unemployment, reduce skills mismatches, increase labor productivity and increase human capital . A blended learning approach can be valuable as part of the program can be delivered over several months which includes mandatory participation in a number of Workshops, a certain number of basic training days and some educational sessions . This gives flexibility, so that a larger number of workers can participate in the proposed education programs.

3- Encouraging policies aimed at enhancing the export activities of companies, as it has been shown that exporters are more likely to overcome labor regulations and the problem of skills mismatch . Encouraging non-oil exports, an attempt to create other sources of employment and national income .

4- Adopting an applicable law in cooperation with the competent authorities to establish social, retirement, and health security for workers in the sector The private sector is similar to the public sector, and this will constitute an essential factor for distributing workers to the various activities of the private sector.

5- Spreading awareness and education that all specializations and professions have importance in the economy and rejecting the hierarchical organization of admissions .

6- Establishing institutes or schools for vocational training in various specializations to develop the skills of graduates and uneducated people to fill the gap in job supply and demand for specialized work and according to the need of the local market.

## **Conclusions and recommendations**

### **First: Conclusions**

1- The gap between the requirements of the labor market and job seekers arises as a result of the structural nature of the labor market, as most private sector projects are predominantly family-based, and therefore they resort to hiring relatives and associates, regardless of academic and educational attainment and the suitability of the work to the specialty, in most aspects of work and production.

2- Most of the specializations that are the product of education are not in line with the requirements of the labor market, as most of the humanitarian specializations and some applied specializations have no scope for involvement in the labor market, as these specializations lack projects to house them, meaning that these specializations do not find job opportunities in the private sector. Whose activities usually require skills and experience in the fields in which they engage, which are usually activities that seek quick profit.

3- The services and distribution sector is the largest employer of job seekers, in light of the deteriorating situation of the agricultural sector and the lack of alternative opportunities in the industrial sector, which leads to the migration of agricultural workers towards cities in search of work, and this increases the number of job seekers and enhances unemployment.

4- The public sector is the largest official employer, in light of the limited ability of the private sector to absorb the workforce increasing in number annually, in addition to the preference of graduates to work in the public sector over working in the private sector.

### **Second: Recommendations**

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- 1- Work to diversify the Iraqi economy in a way that makes the rest of the economic sectors effective and able to attract labor with certificates at various levels and specializations, by involving the private sector in their management or privatizing them completely.
- 2- Developing a law applicable in the short term and activating it with various government monitoring mechanisms that regulates the work of the private sector and its employees in a way that guarantees their rights and creates an actual feeling among job seekers of job security
- 3- Creating institutes or workshops to develop and hone skills in a manner commensurate with the requirements of the labor market and to be managed by the private sector and its expertise and under the supervision of specialized government committees.

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