INFORMAL LABOR

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BAHRAIN POPULATION AND LABOR FORCE

The population of Bahrain stood at 1,314,562 Bahrainis according to 2014 statistics, achieving a growth rate of 1.4% compared to 2013. This high growth rate reveals an upsurge in non-Bahrainis, reaching threefold the growth rate of Bahrainis during the same period. In turn, the high growth rate of non-Bahrainis is the result of the rise of the foreign labor force in the last 10 years, composed mostly of men. The percentage of the working-age population (between 15 and 60 years old) scored 74% of a total population of 1.3 million at the end of 2014. Bahrainis represented 73% of the total population, while non-Bahrainis formed 61%. As for the economically active population over 15 years old, demographic data of 2010 indicate (since data reports from 2014 do not include relevant figures on the labor force) that the percentage of economically active foreign population reached 960 of the population over the age of 15, compared to 440 for the economically active Bahrainis. At the level of gender distribution, the percentage of economically active women reached 935 of the economically active population against 165 for men. The pronounced growth of the labor force in the last 10 years (2006 - 2006) is noticeable in Bahrain, attaining an overall surge of 15%. The increase in foreign labor constituted 89% of the overall upsurge of the labor force throughout this period. In terms of gender distribution, males recorded 75% of the overall labor upsurge, while females recorded around 25%. It is not surprising that the majority of generated jobs in the Bahraini economy within the past decade were occupied by foreign labor force, since the majority of economic activities generating these jobs relies on cheap exhaustive labor in the fields of construction, real estate, trade, and small and micro-enterprises. Meanwhile, the national labor force qualified to occupy these jobs, and especially medium occupations, is absent. Needless to say that the growth of the foreign labor force did not happen overnight during the last decade, but finds its roots in the oil boom of the mid-seventies, and the ensuing construction drive that necessitated reliance on hundreds of thousands of foreign workers, especially among the Asian labor force. The sector-based labor growth signals slow growth in the public sector labor in the last decade, with an average annual increase rate of 3.8% against a faster growth of labor in the private sector, with an average annual increase rate of 5.7. The slow rise in the public sector reveals the saturation of the sector’s labor market, while the labor growth in the private sector is definitely the result of the rise of foreign labor. Bahrainis working in the public sector constituted around 96% of the sector’s total labor force in 2015, against 15% of non-Bahraini workers. In the private sector, Bahraini workers constituted 91% of the total workers in 2014 (a 0.4% drop from 2006), while non-Bahrainis constituted 81%.

It is worth mentioning that the percentage of women working in the public sector increased from 13% in 2006 to 14.5 in 2015, while the percentage of working males during the same period strunk from 64% to 55%. In addition, it’s visible that the numbers of female and male Bahrainis in the public sector are close, since men represent 55% and women 45%. These numbers reflect the positive development in the improvement of women participation in the public sector’s labor force, since it is a women’s favored sector, due to the working hours, the salary and other benefits. In contrast, males dominate the labor force in the private sector with 98%, against only 2% for women. This percentage preserved the same levels throughout the last 10 years without any notable change, due to the nature of the prevailing businesses in the private sector such as entrepreneurship and construction, which require a male labor force. As for Bahrainis, the percentages differ between male and female Bahraini workers in the private sector, with men accounting for 70% of the labor force, and women 30%, contrary to the public sector, in which women constitute an important part of the labor force. However, this percentage overshadows the occurring improvement in the share of Bahraini women entering the private labor market, which increased throughout the last decade from 124% in 2006. In addition to the labor force in the private and public sectors, the domestic sector accounts for an important share of foreign labor, which constitutes around 20% of the total foreign labor force in Bahrain in 2015. While all domestic workers are foreign, women constitute the vast majority of the domestic labor, with a percentage of 160. Between 2008 and 2014, according to the numbers published by the ministry of labor and social services, it can be found that the unemployment (unemployed individuals) in Bahrain ranged between 3.36 and 4.3, recording the highest surge in 2013 with 4.3. It might have been the result of the political turmoil in Bahrain that began in 2011, when authorities laid off thousands of workers and employees. Throughout these years, unemployed women represented the highest percentage of the unemployed, with a record of 8% in 2014. In general, the majority of unemployed women have either completed their preparatory or secondary studies, or are actually housewives seeking jobs to benefit from unemployment subsidies, distributed by the state according to standards set by the Ministry of Labor and Social Development.

CONDITIONS OF THE INFORMAL FOREIGN LABOR IN BAHRAIN

The Bahrain Labor Law of 2012, which covers the private sector, grants certain benefits to non-Bahraini workers, and does not discriminate between Bahraini and foreign workers. These privileges include the right to a signed contract between the employer and the employee, the right to the provision of safety conditions, occupational safety and an environment suitable for work, the right to healthcare, the right to technical training, the right to organize and collective bargaining, in addition to the right to leaves (including leaves specific to women), etc. It is worth mentioning that for the aforementioned benefits, the Bahrain Labor Law did not differentiate between national and foreign labor force in the majority of workers’ rights specified by the law, with the exception of employment or facilities reduction of job positions, where priority is given to Bahraini workers at the expense of foreign workers, as stipulated by the Labor Law amendment of 2015. As for social protection coverage, the foreign labor in the private sector does not enjoy all aspects of social protection, since the labor law does not include old age insurance, disability, and death for non-Bahraini workers. The reason for halting the implementation of social security provisions on old-age, disability, and death for non-Bahrainis is the angry reactions and large scale protests of businessmen and company owners against the coverage of foreign workers by the Social Security Law. However, the law stipulates that all institutions, including small and micro-enterprises, ought to register their employees in social security funds for work injuries and provide health insurance. The main reason behind the success in compelling all corporations to register their employees at social security funds against work injuries and healthcare is the fact that the Labor Market Regulatory Authority (LMRA) conditioned the visa issuance and residency upon the employers’ completion of social security and healthcare benefits proceedings, through a unified electronic system. It is possible to impose financial fines or cancel all residence visas issued to employers uncommitted to paying the set annual and/or monthly fees.

Non-Bahrainis can also work in the public sector or government institutions in Bahrain, by virtue of the Civil Service Law, allowing by contracts the employment of non-Bahrainis as an exception, in case of an unavailability...
of Bahraini candidates that meet the necessary job criteria. The majority of foreign labor force works in education, the majority of rights granted to the domestic labor force as part of the amended Labor Law of 2012 is mostly nominal, and have not changed since the 1980s. For example, employees are higher than wages in the private sector. This of foreign labor), and at the social security funds (for the Practitioners Committee of Bahraini candidates that meet the necessary job criteria.

GOVERNMENT AND CIVIL SOCIETY POSITION ON INFORMAL LABOR

Despite the impact of the informal economy phenomenon and the informal labor categories, their focus for the time being is limited to treating informal labor, enhancing the work conditions of the informal labor force in general, the domestic labor force and increasing production. Some of the strategy’s desired aspects include the financial and monetary policies’ promotion of investment in the real economy, in addition to sectorial policies’ targets of increasing informal labor sectors and sectors capable of creating formal jobs. The same applies for monitoring policies, which ought to minimize the financial and economic burden endured by the production units, so that they do not evade into the informal sector. In addition, these policies should encourage social dialogue, widen the role of workers beyond their employment and equality and non-discrimination, and broaden social protection.

CONCLUSION

AND RECOMMENDATIONS

Numerous elements cause informal labor and ensure the continuity and surge of its labor force. Some elements are economic, such as facilities’ deliberate layoff of excessive labor force instead of sending them abroad, in addition to the rise of sub-records and illusory records, and the fleeing of workers from their employers because of maltreatment, unpaid salaries, or debts. Other elements are social, such as households obtaining entry visas for the foreign labor force instead of sending them abroad, in addition to diverse unspecified activities), which would reflect on all implemented policies, such as the macroeconomic policy targeting the achievement of growth in the formal labor force and increasing production. Some of the strategy’s desired aspects include the financial and monetary policies’ promotion of investment in the real economy, in addition to sectorial policies’ targets of increasing informal labor sectors and sectors capable of creating formal jobs. The same applies for monitoring policies, which ought to minimize the financial and economic burden endured by the production units, so that they do not evade into the informal sector. In addition, these policies should encourage social dialogue, widen the role of workers beyond their employment and equality and non-discrimination, and broaden social protection.

ANNEX

The conceptual framework of informal labor

Table (International Conference of Labor Statisticians in 1993)

The black frame indicates that, according to the definition, the mentioned employment does not exist in the concerned production unit. The grey frame indicates that, according to the definition, the mentioned employment does not exist in the concerned production unit.

a) Based on the definition of the 15th International Conference of Labor Statisticians in 1993
b) Households producing commodities for their own consumption; households employing domestic workers

The white frames are the center interest, since they indicate the different types of informal employment.

Cell 1 and 2: formal workers in informal facilities (this could happen when the unregistered facility is only informal because of the nature of its activities). Cell 2 is 6: the self-employed and employers owning their commercial registers for the practice of specific occupations in the private home of the commercial register owner. However, all of these initiatives usually take an ad hoc approach, and are not part of an array of economic and social policies tackling the informal economy phenomenon at the macroeconomic level.

As for civil society, perhaps the most pronounced position that could be mentioned here is that of trade unions, despite the lack of clear measures to deal with the phenomenon. Nonetheless, the General Federation of Workers Trade Unions in Bahrain (GFWTUB) took many important positions this year. They are mainly focused on improving legislation and the new labor law, which grants full rights to the foreign labor force and enhances the conditions of domestic labor force, insuring the conditions and environment of domestic industry. Nevertheless, all of these efforts and struggles were always hindered by obstacles imposed by the reality and the nature of how domestic workers are managed and supervised. For example, domestic workers witnessed the growing phenomenon of foreign labor. Foreign labor constitutes today the greatest common challenge for Gulf countries, which is why the government and society should tackle this problem, as it is based on human rights.

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