

INFORMAL LABOR

BAHRAIN

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BAHRAIN POPULATION AND LABOR FORCE

The population of Bahrain totaled 1,314,562 Bahrainis according to 2014 statistics, achieving a growth rate of %4.9 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 %39 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 %60 of the population over the age of 15, compared to %40 for the economically active Bahrainis. At the level of gender distribution, the percentage of economically active women reached %35 of the economically active population against %65 for men. The pronounced growth of the labor force in the last 10 years (2016 - 2006) is noticeable in Bahrain, attaining an overall surge of %56. 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 %73 of the overall labor upsurge, while females recorded around %27. 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 state, 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 %1.8 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 %85 of the sector's total labor force in 2015, against %15 of non-Bahraini workers. In the private sector, Bahraini workers constituted %19 of the total workers in 2014 (a %24 drop from 2006), while non-Bahrainis constituted %81. It is worth mentioning that the percentage of women working in the public sector increased from %36 in 2006 to %45 in 2015, while the percentage of working males during the same period shrunk 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 %53 and women %47. 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 %88, against only %12 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 %24 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 %60. Between 2008 and 2014, according to the numbers published by the ministry, unemployment (unemployed individuals) in Bahrain ranged between %3.6 and %4.3, recording the highest surge in 2013 with %4.3. This might have been the result of the political tumults 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 %87 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 Bahraini 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 Bahraini 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 medical sector, architecture, courts, and some specialized and consultative jobs. As for social protection, the non-Bahraini labor force in the public sector enjoy a number of rights such as healthcare, leaves, and retirement pensions, among others, but do not benefit from a social security system coverage or a membership in the Government Employees Pensions Fund. Moreover, in the sector of domestic labor, there are no model employment contracts for domestic workers. In addition, 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 the reality of domestic workers. It is noticeable that the law did not guarantee equality between domestic labor force and the foreign labor force in many core rights such as healthcare, weekly leaves, working hours, and other types of leaves and overtime pay. The domestic labor force does not benefit from any type of social protection.

INFORMAL LABOR IN BAHRAIN

Recent labor surveys on Bahrain are unavailable, which constitutes the main challenge impeding the clear methodical study of the informal labor categories. The last labor survey in Bahrain was conducted in 2004 and did not encompass any clarifying data on informal labor categories in Bahrain; however it mentioned independent workers and employers. Nonetheless, even though the current study focuses on informal labor in Bahrain, it is possible to analyze informal labor categories in the conceptual context of informal labor (see paper's annex). The conceptual framework diagnoses the informal labor categories as follows: a) families producing commodities for their own consumption, and families employing domestic workers; b) family-contributing workers who do not benefit from employment contracts, social security, nor legal protection relevant to this type of employment; c) the self-employed and employers owning informal facilities (based on the definition of the 15th International Conference of Labor Statisticians in 1993). The nature of their informal labor stems from their facilities' attributes; d) formal workers in informal facilities (this could happen when the unregistered facility is considered informal because of its small size); e) production cooperative members, whose informal labor nature stems directly from the cooperative characteristics to which they belong; f) paid domestic workers employed by informal households.

CATEGORIES OF FOREIGN INFORMAL LABOR IN BAHRAIN

In general, it is possible to say that facilities in the private sector employing a foreign labor force are part of the formal sector, since these facilities would have obtained official permits from the Ministry of Trade and Industry, are registered at the Labor Market Regulatory Authority (LMRA- for the purposes of allowing the access and formal employment of foreign labor), and at the social security funds (for the purposes of insurance against work injuries and disability). However, the categorization of the foreign labor force in the private sector based on its formality or informality is still unsettled. The conditions of the foreign labor in the public sector are very similar to those of the private sector with regard to labor rights, insurance, and social benefits, and the fact that it works in a formal sector and could be considered a formal labor force. Nonetheless, the wages of public sector employees are higher than wages in the private sector. This is due to the nature of their occupations, which are usually categorized as specialized professions. The foreign labor in the public sector does not include incoming workers in the security, internal and defense authorities, disposing of their

own pension fund, on which little information is available. It is clear that domestic labor in Bahrain is of an informal nature, since it is not covered by the Labor Law stipulating the basic labor rights, and does not profit from other social insurance benefits. Thus, the sector of domestic labor in itself is not considered a formal labor sector. In addition, the sprawl of informal labor known as "free visa" is clearly visible in Bahrain. It encompasses the foreign labor force categories whose presence is considered informal, regarded by the Labor Market Regulatory Authority (LMRA) (formerly the Ministry of Labor) as a widespread black market, with a market value of 70 billion Dinars, based on the current data. It includes networks of intermediaries and agents inside and outside the kingdom. It is clear that this category of foreign labor force is considered informal.

NATIONAL INFORMAL LABOR CATEGORIES IN BAHRAIN

According to the most recent statistics on the working-age population's relation to the labor market in 2010, when the survey was conducted, out of a labor force comprised of 703 thousand workers, 23 thousand were in the informal sector. They are not categorized according to their job status, i.e. the self-employed category, the family sector, or the category of employers and paid employees. It is possible to say that they practice professions such as hunting, agriculture, driving taxis, operating a home-based business, or are even business owners or traders on social media. These categories usually work without the obtainment of a commercial register, and are not covered by any form of social protection. It is expected that this number grew in the last few years as a result of rising unemployment, especially among young men aged between 19 and 25. When it comes to labor force distribution based on work conditions, we realize that self-employed Bahrainis represented %1.8 of the total Bahraini labor force in 2010. They usually own formal registers to operate but are not listed in the social funds. The number of employers in 2010 was estimated at 13 thousand, and 30 thousand in 2015, representing %15 of the national labor force. Even though these categories (the self-employed and employers) have commercial registers and are registered at the Labor Market Regulatory Authority (LMRA), they are not insured by the General Authority of Social Insurance, and do not dispose of any type of social protection. Thus, it is possible to consider them part of the informal labor categories, under the category of informal professionals. Informal labor also exists in the formal sector in Bahrain. These cases include the categories of temporary contract workers in government institutions and female workers in kindergartens and nurseries, in addition to part-time workers. This temporary contracts phenomenon is known to not grant the employee labor rights stipulated by the labor law, such as job benefits, working hours, health insurance, and social security. It is considered an evident phenomenon to curtail employees' rights and get rid of them when time is due to renew the contracts. The number of workers on temporary contracts is estimated in the thousands. As such, informal kindergarten teachers and caretakers suffer from their incapacity to claim annual leave and social security, given the content of their annual contract, in addition to the confiscation of kindergarten administrations of teachers' salaries on a periodical basis. As for part-timers, it comes as part of the project prepared by the Ministry to provide jobs for work seekers registered in the ministry's database, of both genders. One of the objectives of the part-time work system is to encourage women and increase their employment chances, which contributes to their economic empowerment and does not contradict with their social role in caring for their family, as the main pillar of society. However, according to the contracts signed by virtue of this system, the working hours, salaries, and other labor rights of female workers vary from one facility

to another, but they are not covered by social insurance.

The category of workers in production family businesses to support and develop them should be added to the aforementioned categories of informal workers, through training, adequate funding and provision of specialized services. In spite of the promulgation of the 2010 law on organizing the practice of home-based production activities, the law does not stipulate the registration of production families in the social insurance system. Thus, it is possible to consider them part of the informal labor category, as is the case of business owners, the self-employed, and craftsmen.

GOVERNMENT AND CIVIL SOCIETY POSITION ON INFORMAL LABOR

Despite the importance of tackling the informal economy phenomenon and informal labor categories, their focus for the time being is limited to treating informal labor, enhancing the work conditions of foreign labor in general, the domestic labor force more particularly. When it comes to the national labor force, the state drafted laws and legislations by virtue of which it is possible to include all labor categories, including the self-employed, and craftsmen, under the social protection umbrella. In addition, the state has allowed the issuance of 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 this 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 a clear action plan to deal with the phenomenon. Nonetheless, the General Federation of Workers Trade Unions in Bahrain (GFWTUB) took many important positions that played a major role in improving legislation, such as the new labor law, which grants full rights to the foreign labor force and enhances the conditions of domestic labor, including the conditions and work environment in formal institutions. Nevertheless, all of these efforts and struggles were always hindered by obstacles imposed by the reality and geography of the whole Gulf region, which has long witnessed the growing phenomenon of foreign labor. Foreign labor constitutes today the greatest common challenge for Gulf countries, which makes any unilateral management of this phenomenon, based on the international labor standards without common understanding, problematic in said countries.

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 and selling them for an additional income, and most importantly, their links to international human trafficking networks. Hence, any proposition to solve this phenomenon should take into consideration the interlinked elements and focus on solving each and every one of them. It should include the assessment and review of legislations on the issuance of commercial registers and foreign labor visas, in addition to adopting harsher sanctions on facilities indifferent to employment contracts, among other aspects. This growth of the formal and informal labor force and the influx of the national labor force to the informal labor market could be

attributed to the discrepancy and inconsistency in the nature of jobs created in the Bahraini economy, and the qualifications and competencies of job seekers. This divergence is deeply rooted in the currently implemented economic model, founded on cheap, low skilled and exhaustive labor force. If economic and social policies do not improve the quality and raise the level of the jobs and occupations in Bahrain, it should in turn raise many questions regarding the sustainability of the Bahraini economy. This will not happen except through the modification of the current economic growth model, by switching into an economy stimulated by the initiatives of the private sector. These economic and social policies ought to be a part of the economic development strategy putting the labor issue at the heart of its goals, as well as tackling the informal labor (including domestic labor, small and micro enterprises, 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' targeting of intensive 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' trade unions and federations, achieve equality and non-discrimination, and broaden social protection.

ANNEX

Table (1)

The conceptual framework of informal labor

Type of the production unit	Self-employed		Employers		Contributing household workers		Employees		Members of production cooperatives	
	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal
Formal sector facilities					1		2			
Informal labor facilities (a)	3		4		5		6	7	8	
Family sector (b)	9						10			

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

The grey frame indicates that, according to the definition, the mentioned employment exists in the concerned production facility, but it's already formal.

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

Cells 5-1: Contributing household workers: no employment contracts, social insurance, or legal protection connected to this type of employment (while the contributing household workers with employment contracts, salary, and social insurance, etc. are considered formal workers.)

Cells 2 and 6: Informal workers

Cells 3 and 4: the self-employed and employers owning their informal facilities. The nature of their informal employment stems from the characteristics of their facilities.

Cell 7: formal workers in informal facilities (this could happen when the unregistered facility is only informal because of its small size). Cell 8: members of production cooperatives: the nature of their informal nature stems directly from the cooperatives characteristics to which they belong.

Cell 9: producers of commodities for private household consumption, if they were considered workers by the international definition. Cell 10: paid domestic workers employed by the informal household.