INFORMAL LABOR

THE SPECIFICITY OF INFORMAL ACTIVITIES IN MOROCCO:

According to the last national survey (%36.3, 2014-2015) of the non-agricultural jobs were in the informal sector compared to %37.3 in 2007. In fact, this sector contributes by %15.5 to the country’s Gross Domestic Product (GDP), against just %11 in 2007. In the absence of official, comprehensive and precise statistics, many individual scientific studies attempted to measure the contribution of the informal sector to the GDP by adopting scientific comparative approaches. They reached the conclusion that this percentage came to %40 in the past few decades, while others considered that it has even reached %43 in 2015.

In light of national studies conducted under the supervision of the Higher Planning Commission, the informal sector in Morocco is characterized by its heterogeneity, similarly to other developing countries:

1. Regarding activities level (traditional industries, services, construction and public works, etc.), trade activities were dominant and recorded in 2014-2015 at around %50.6.

2. Regarding property forms (private, joint or individually operated), the latter category encompasses 75% of the total informal jobs (%74.5).

3. Regarding units’ mobility degree (stable/mobile units, headquartered or ambulant units), the number of job opportunities reached 922,437 in 2013, accounting for 0.2% in 2007 and compared with 1,902,000 in 1999. Half of the workers are concentrated in the trade sector (accounting for 14.7% in 2013. Employees represented 41% in 1989 and %40.9 in 2007. As for 2013, more than half of the production units were still ambulant.

4. Regarding activities’ actors, this category encompasses the youth, immigrants, women, and children in addition to holders of degrees, employees, and people from all categories.

5. Regarding the importance of the employed labor force, the percentage of non-agricultural sector represented 9% in 1999 and %46.9 in 2007, against just 3% in 2013, after accounting for 0.2% in 2007 and compared with 1,902,000 in 1999. Half of the workers are concentrated in the trade sector, scoring around 16.7% in 2013. Employees represented 17.2% of the total number of workforce in the sector in 2013.

6. Regarding qualifications differentials: %3% of the active population in the sector in 2010 was illiterate, %40.7 held primary degrees, %23 had a secondary education, while only %13 pursued higher studies. It is noteworthy that the active population educational level is on the rise. The employed active population in the informal sector with a primary or secondary education increased from %57.5 in 1999 to %63.7 in 2010. This indicated that those excluded from the educational system tend to work more in the informal activities.

THE DISTRIBUTION OF INFORMAL WORKERS

Hired workers represented %17.2 out of the total workers in the informal sector in 2013, recording an increase compared to %15.8 (2017). The percentage of hired workers in the non-agricultural sector is %6.4. In 2013, the percentage of females was %39.3 of the overall workers in the informal sector, against %17.4 of total non-agricultural sector. Women occupy 1 in 5 jobs in the industrial sector, while they’re almost absent from the construction sector.

Moreover, the percentage of hired labor in the informal sector remains weak, or rather unclear, since hired and non-hired labor interlopes. Informal labor is also characterized by the common practice of committing to multiple activities.

In general, work conditions in informal activities take different forms, according to the branches and individual’s position in the professional/work hierarchy: educated, self-employed or business owner, freelancer, caregiver ... etc. In fact, annual official statistics conceal the numbers and percentages of informal labor, and do not abide by publishing standards of the International Labor Organization.

If we exclude self-employment, considered a fundamental component of the informal sector, representing around three quarters (%74.5) of the informal labor total and on the rise since the eighties, national surveys of the Higher Commission for Planning provide limited data on paid labor in the informal sector. As for other types of informal employment (business owner, etc.), no data were provided.

In terms of paid labor in general, a 6-point increase has been witnessed in urban areas between 2000 and 2012, reaching %17.7 and %43.7 respectively. Independent labor reached %25 and family assistance %3.3. However, in rural areas, the situation was different. More than %40 of active workers are caregivers. Independent workers represent %33.4 and employees represent only %23.1.

The informal sector does not exist only on the margin of the state and its formal institutions, or of private formal institutions; it exists in their core. Given the lack of accurate data on the distribution and development of informal workers in the formal public and private sectors, it is certain that, due to numerous factors (weak growth, public and foreign investments, Moroccan entrepreneurship inability to compete and modernize, etc.), fragile forms of employment appeared in modern private enterprises, ministries and government.

THE CHARACTERISTICS AND DEVELOPMENT OF THE INFORMAL SECTOR AND EMPLOYMENT

The scope of the informal sector:

The informal sector represented %37.3 of non-agricultural jobs in 2007 (against %39.3 in 1999) and %14.3 of the GDP, and is dominant in the urban center. This sector’s data reveal a development of its production units in 1999. From 1.23 million units, the number reached 55.1 million in 2007, with the creation of 40,000 units annually.

The informal sector’s transactions reached around 279,916 million dirhams in 2007 compared to 166,546 million dirhams

THE SHARE OF INFORMAL LABOR OPPORTUNITIES

The number of jobs in the informal non-agricultural sector reached in 2013 a total of 2,373,922 jobs. The trade sector alone controlled %46.9 of the jobs between 2007 and 2013, with a drop of 1 point. from %37.3 to %36.3.

The volume of employment in the informal sector reached, in the trade sector for instance, 7 jobs out of 10 provided by the informal sector in 2013, against 6 out of 10 jobs for the informal labor in 2007.

These figures represent mainly street vendors, which account for %113 of the informal labor offer, followed by “retail in stores” (%6.8) and “personal and home equipment retail” (%8.8).

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The majority of workers and investors in the informal sector belong to the 59-35 age groups and are mostly male. The percentage of women is around 46 out of 10 projects is managed by a woman. It is true that this percentage might reach 2 of 12 activities in the industrial sector; however, it is nonexistent in the construction and public works sector. Furthermore, the majority of studies and research conducted on the informal sector reveal the educational and vocational weaknesses of employers and the labor force in informal activities. Based on the Higher Commission for Planning statistics (1361), 2001 of active workers hold no educational degree, 1640/7 finished primary education, 432 finished secondary education, and only 3% pursued higher studies. This reaffirms that those excluded from the educational system are more likely to venture more in informal activities, while a study recently published by the World Bank on the informal sector in the MENA region highlighted the connection between the informal sector and the low educational and professional attainment levels.

As for the distribution of informal labor and activities based on residence and entities, the majority of informal activities in the non-agricultural sectors are centered in urban areas, with 7 out of 10 informal production units located in cities.

REASONS BEHIND THE SPREAD OF INFORMAL LABOR

Informal activities are but a result of multiple interlaced factors. They are the result of demographic diversity, rural-urban population migration, fast urbanization, the crisis of the formal labor, and the situation of the labor market. It also includes the challenges facing the state in organizing and controlling the economic activity, the implemented economic policies, the increasing poverty, foreign instabilities, and internal policies adopted to combat them, etc.

THE REALITY AND PROBLEMS OF INFORMAL WORKERS

Today, there is more awareness on the diversity of the informal economy, its different labor categories, and the several motives leading to its growth and sustainability. Differences among workers, in terms of activities, income (level, regularity and seasonality), work status (employees, employers, independent workers, occasional workers, and domestic workers), sector (trade, agriculture, and industry), and facilities’ type, size and place of activity (rural or urban), social protection (social security contributions), and work conditions (contract type and duration, leaves, ...), are also acknowledged. Since it is unfeasible to know the reality of all informal workers, it is possible for instance to focus on the case of peddling (trade).

In 2011, the number of ambulant vendors reached around 276,000, but the real number could be much higher, since this type of trade became recently widespread and more present in public spaces. The annual growth rate of these activities ranges between 3 and 5%. The transactions in such activities are estimated to be around 45% of the national GDP, which are regarded as an indicator of dissatisfaction with the main activity. According to the National Employment Survey of 2011 for instance, 5% of the national labor force is estimated to have a second job (around 262,000 persons). The most concerned by this phenomenon are basically workers without diplomas and among those who prefer the desire to change jobs; it represents a lack of conviction in the practiced job, since 16% of active workers expressed this at the national level.

PUBLIC POLICIES INFORMAL LABOR

In general, the adopted economic policies in Morocco have marginalized the informal sector for the past decades. In fact, the various official studies regarding this sector, the establishment of a ministry in charge of small enterprises, as well as the inclusion of the informal sector, reveal a will for official acknowledgement, usually interpreted as initiatives to improve the sector, even if it’s generally unsustained and does not always target the interfering parties in the sector.

Official authorities initiatives, according to the circumstances, either promoted traditional industries, empowering small or medium enterprises (SMES), small loans financing, and income generating activities, which is measured financial assistance to unemployed youth with the accessibility of degrees and the creation of SMEs. All of these initiatives only cover few main social problems, marginalized groups, and the lower classes that work in the informal sector to ensure their survival. All of the adopted initiatives have limited impact and are not oriented towards alleviating health, matenity, and other labor force protection legislations.

Social protection is the most urgent need for workers in the informal sector. Nonetheless, the Moroccan social security system primarily targets employees of the formal sector, and neglects the inclusion of informal workers, such as peddlers, in the social protection system. In general, no clear legal text stipulates the coverage of informal workers, such as peddlers, in the implementation of the Royal Decree of 1972 (Royal Decree No 164-72-1 issued on the 27th of July 1972 on the social security system as amended and implemented). They are social coverage remains incomplete in Morocco, and only a few of the active population, less than 1%, benefit from it. As for employment contracts in business relations, they remain well under the required level at the national level, especially for workers with no diplomas: only 32.7% of jobs are contractual.

Salary differences and discrepancies endure between and within the public and private sectors, and between the industrial, commercial, agricultural, and services sectors, the formal and informal sectors, the different regions, cities, their suburbs and rural areas, even at the level of competencies, professions, and among women and men. These discrepancies are widespread, and raise a dilemma for employment and professional relations in Morocco.

As for unsatisfactory employment conditions, they could be measured according to the share of underemployment, the percentage of temporary or seasonal labor, the practice of a secondary activity, and the denial of representation rights. Their employment conditions are often ambiguous or undeclared; they are physically and financially weak, since workers in the informal economy are either excluded from social security systems and legislation oriented towards alleviating health, matenity, and other labor force protection legislations.

The reality of informal workers in the informal sector has become more and more significant in the absence of proper tax collection and the ambiguity of informal activities. Ambulant vendors cater to the needs of more than 1,338,000 people. Due to these unorganized activities, the state has lost taxes of 7 million and semi-tax revenue estimated by the study supervisors at 478 million dirhams.

Authorities have long struggled to combat the phenomenon of ambulant vendors; they are heavily opposed by the desire to change jobs; it represents a lack of conviction in the practiced job, since 16% of active workers expressed this at the national level.