INFORMAL LABOR AND MIGRATION IN THE ARAB REGION

Shahir George
Independent Researcher
The Arab region has been witness to the largest forced displacement and labor migration in modern history. In 2016, the number of migrants in the Arab region was approximately 40 million, making it one of the highest proportions globally. This number includes refugees, migrant workers, and domestic workers. The largest proportion of migrants in the Arab region are Syrian refugees, with 9.2 million refugees registered in Jordan alone (UNHCR, 2016b). Additionally, there are an estimated 1.6 million Palestinian refugees living in Syria, who are also considered migrants (ESCWA and IOM, 2015). These refugees have fled from their homes due to conflict and persecution, seeking safety and better living conditions in neighboring countries. The Arab region has also seen significant labor migration from other parts of the world, including Africa and Asia, in search of better economic opportunities and higher wages. In recent years, there has been a growing trend towards skilled labor migration, with workers from countries such as India, China, and the Philippines finding employment in the Arab states.

This paper aims to provide an overview of the impact of migration on the labor market in the Arab region, with a focus on informal labor and informal workers. It will discuss the factors that contribute to informal labor, the role of government policies and regulations, and the challenges faced by informal workers. The paper will also present case studies from Lebanon and Jordan to illustrate the impact of migration on the labor market in the Arab region.
Likewise, Lebanon has a wide Palestinian refugee population. As of March 2015, about 83,000 Syrian refugees entered Lebanon, inflating a relatively large number of Palestinian refugees. In the occupied territories, where Lebanon is not a signatory of the Arab region. Their approach recognizes the macro-economic and social factors that push towards informality (ILO, 2012). Informal employment and migration strategies that prioritize quality employment generation and move away from an investment policy that favored low-skill wage job creation (ILO, 2012). Both policies showed that investment in low-skilled labor allowed for further deterioration in all labor force working conditions. Second, improving labor inspection and the overall regulatory environment is essential to enforce international labor standards is a must if informal employment is to be narrowed down (ILO, 2012). Weak regulatory frameworks and institutional instability can push informal labor to informal work, which is currently required to sign a pledge not to work (IRC, 2016). Furthermore, up until early 2015, registered Syrian refugees had the right to work for six months following their arrival under the condition of obtaining a work permit (ILO, 2015). Yet, following mounting social unrest and problems with public services such as health and education, the government ended up suspending such rights (Errighi and Griesse, 2016). Residence requirements, a pre-requisite to being granted a work permit, were made increasingly stringent, pushing some refugees who have UNHCR registration or regularizing their status under the condition of obtaining a work permit (ILO, 2015). Moreover, the lack of legal protection for Syrian workers is encouraging employers to further worsen the working conditions. Education and vocational training to those who are vulnerable to informal arrangements. Educational and social dialogue with government and employers will ensure more legitimate labor policies (ILO, 2016b). Feasibility, controlling the number of immigrants that considers labor market needs, existing skills, and demographic and gender particularities can contribute effectively to host countries’ economic development (ESCWA and IOM, 2015; ILO, 2016b).

CONCLUSION AND RECOMMENDATIONS:

The aforementioned clearly indicate that immigration can create conditions for informal labor, especially in response to geopolitical shocks. However, the case shows that proper migration governance, including restrictive labor regulations for migrants and incomprehensible approaches to formal employment, are also the main reasons for the latter’s expansion. Hence, with stronger migration governance and holistic approaches to formal employment, informal employment can be subsided.

Immigration governance reforms should include ratifying international conventions relating to migration, combating irregular immigration, and reforming the Kafala system, which allows foreign employers to exploit workers within the labor market and development strategies that integrate immigrants into host communities and capitalize on their human and capital assets (ESCWA and IOM, 2015; ILO, 2016b). Granting refugees the right to formal employment may prevent them from entering informal markets and allows the destination or country to regulate employment. Providing it shows that labor markets are more a result of poor management and inability to capitalize on immigrants’ existing assets. For instance, access to microfinance and investment and the fostering of self-reliance among refugees, IDPs and other displaced populations (ESCWA and IOM, 2015; ILO, 2016b). Having reliable sources of credit can contribute to planning and business expansion, and reduce refugees’ vulnerability to risky borrowing practices and insecure financial schemes. Furthermore, vocational training to immigrants that considers labor market needs, existing skills, and demographic and gender particularities can contribute effectively to host countries’ economic development (ESCWA and IOM, 2015; ILO, 2016b).

On the other hand, the existing conducive environments in host countries to informal labor should be addressed. This requires a more holistic approach towards informal economic activities, which is promising. The government’s dedicated approach to informal employment can be a good start in the Arab region. Their approach recognizes the macro-economic and social factors that push towards informality (ILO, 2012; Doza, 2005). First, to move into formality, Arab states should promote growth strategies that prioritize quality employment generation and move away from an investment policy that favored low-skill wage job creation (ILO, 2012). Both cases showed that the situation in low-skilled labor allowed for further deterioration in all labor force working conditions. Second, improving labor inspection and the overall regulatory environment is essential to enforce international labor standards is a must if informal employment is to be narrowed down (ILO, 2012). Weak regulatory frameworks and institutional instability can push informal labor to informal work. The government created the Central Committee for Refugee Affairs, which met frequently to discuss the needs of Palestinian refugees. Moreover, the effects of past discrimination, which include lower wages and a lack of benefits and social security, remain present (Ajluni and Kawar, 2015).

Thus, the vast bulk of Syrian and Palestinian refugee employment, regardless of the level of education attained, is informal in character. About 1.1% of Syrians in Lebanon have no work contract and only 17% have a work contract, in which the remainder are paid on an hourly, daily, weekly or seasonal basis (Ali and Kawar, 2015). As for Palestinians, where the Lebanese private sector accounts for 4.5% of total Palestinian employment, compared to UNRWA (14.6%) and NGOs (15.3%), more than one-fifth of employed Palestinian secondary refugees have a written contract (Ali and Kawar, 2015). Moreover, less than 1% benefit from health insurance; only about 2% receive paid sick leave; 8.1% receive pension benefits and 4% receive end of service indemnity (Ali and Kawar, 2015). This situation makes refugees particularly vulnerable to informal arrangements. Educational attainment among employed Palestinians is generally lower than that of the Lebanese workforce. Palestinian secondary and tertiary attainment rates are far below those of their Lebanese counterparts (Ali and Kawar, 2015). Furthermore, only 2% of Syrian refugees working in Lebanon are found in skilled occupations (ESCWA and IOM, 2015). In Lebanon, data suggests almost total informality in agriculture (92%), construction and transportation sectors (90.2%), and informal retail trade (83%), and informal manufacturing and processing (78.8%). In such an economic environment, the outcome of increased flows of low-skilled labor from Syria or Palestine has been a ‘downward spiral’ towards increasingly dire working conditions in low productivity sectors of the economy. The addition of hundreds of thousands of largely low-skilled Syrian and Palestinian refugees is encouraging employers to continue the working conditions due to the increased supply of low-skilled workers, exacerbating an already fragile situation. According to the World Bank, the share of informal work in the Lebanese labor market will increase by up to 10 percentage points in 2017 (Ali and Kawar, 2015). Furthermore, child labor is a re-emerging phenomenon with the arrival of Syrian refugees. About 15% (5% are below the age of 11) of 15% of those at the age of 11, less than 10% of Syrian children are employed in school, while the others are employed in the informal sector (Stave and Hillesund, 2015). A recent survey of 1,500 street children found that the majority of Syrian and Palestinian refugees are currently required to sign a pledge not to work (IRC, 2016). Thus, for as Palestinians, they have been and remain subject to restrictions on the types of employment in which they can legally engage in Lebanon. To this day, they are still not allowed to practice certain professions, such as medicine, engineering and law, despite the removal of employment restrictions in a 2010 legislation (Ali and Kawar, 2015). Moreover, rights to full employment, which include lower wages and a lack of benefits and social security, remain present (Ajluni and Kawar, 2015).

Lebanon: Lebanon is another exemplary case of how immigrants, and in particular, refugees are more prone to informal employment and in most cases, amplifying an already existing phenomenon. As of March 2015, Lebanon hosted an estimated 118,800 Syrian refugees, of whom 117,000 are registered and some 11,000 are awaiting registration (ILO, 2015). Prior to the current crisis, most of these refugees were estimated to have been living in Lebanon. The country currently ranks first in the world in terms of refugees per capita (ILO, 2015). Moreover, Lebanon has hosted the largest Palestinian refugee population that was estimated at more than 280,000 in 2010—about 6.1% per cent of Lebanon’s population—which was an estimated 206,360, were of whom an estimated 15,000 and 1,000 were of Lebanese and Jordanian origin, respectively. Both Palestinian and Syrian refugees face a highly constraining right to work. The Ministry of Labor is empowered to grant permission or to deny it to any person, who must obtain prior approval from the Ministry of Labor before being able to work in the country (ILO, 2015). As for Palestinians, who are vulnerable to informal arrangements. Educational and social dialogue with government and employers will ensure more legitimate labor policies (ILO, 2016b). In addition, the registration of sponsorship is a “registration of sponsorship” to the Central Housing Loan Board, for the duration of a contract (Ali and Kawar, 2015). This leaves migrants vulnerable to exploitation and adverse working conditions, with potentially negative repercussions for the migrant workers themselves. Moreover, it opens the door for...