

INFORMAL LABOR

MOROCCO

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THE SPECIFICITY OF INFORMAL ACTIVITIES IN MOROCCO:

According to the last national survey (%36.3, (2014-2013 of the non-agricultural jobs were in the informal sector compared to %37.3 in 2007. In fact, this sector contributes by %11.50 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 2014-2013 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), headquartered units represented %44.1 in 1999 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 number of job opportunities reached 922,2375 in 2013, after accounting for 000,2216 in 2007 and compared with 1,902,000 in 1999. Half of the workers are concentrated in the trade sector, scoring around %47 in 2013. Employees represented %17.2 of the total number of workforce in the sector in 2013.
6. Regarding qualifications differences: %33 of the active population in the sector in 2010 was illiterate, %40.7 held primary degrees, %23 had a secondary education, while only %3 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 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 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 166,346 million dirhams

in 1999, an overall increase of approximately %68.3 and an annual average increase of %6.72.

As for the contribution of the informal sector to the Gross Domestic Product (GDP), it reached %11.50 in 2013 while it was at %14.3 in 2007.

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 8 out of 10 jobs for the informal labor in 2007.

These figures represent mainly street vendors, which account for %18.1 of the informal labor offer, followed by "retail in stores" (%16.8) and "personal and home equipment retail" (%8.8).

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 in 2007. The percentage of hired workers in the non-agricultural sector is %64.4. In 2013, the percentage of females was %10.3 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 interlope. 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 -6point increase has been witnessed in urban areas between 2000 and 2012, reaching %37.7 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

utilities, as well as foreign private ventures established in Morocco. Formal labor characteristics exist in the informal sector, and vice-versa, where an important number of informal production units pay professional taxes, even if it dropped between 1999 and 2007 from %23.3 to %18.6.

Characteristics of informal labor

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 still low, since 1 out of 10 projects is managed by a woman. It is true that this percentage might reach 1 out of 2 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 weakness of employers and the labor force in informal activities. Based on the Higher Commission for Planning statistics (%33 ,(2010 of active workers hold no educational degree, %40.7 finished primary education, %23 finished secondary education, and only %3 pursued higher studies. This reaffirms that those excluded from the educational system venture more in informal activities. 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 vocational attainment levels. Truth is that this weak educational attainment leaves negative repercussions on the management and development of informal units.

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 weak agricultural activity, rural-urban population migration, fast urbanization, the crisis of the formal labor, and the situation of the labor market. It also includes the difficulties 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, is it 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 %4. The transactions in such activities are estimated to be around 45 billion dirhams annually. Ambulant vendors cater to the needs of more than 1,338,000 people. Due to these unorganized activities, the state has lost tax returns and semi-tax revenues, estimated by the study supervisors at 478 million dirhams.

Authorities have long struggled to combat the phenomenon of ambulant vendors; they are hoping today to adopt a policy based on the absorption of peddlers in the framework of the Local Economy National Program. The program encompasses a set of measures that include categorizing peddlers, organizing local markets all around the country, and elaborating an internal system. This system will organize the workings hours of the different categories, seek to preserve the public space in which they practice their activity, and mobilize financial and logistic resources to support their activities.

THE PROBLEMS OF INFORMAL WORKERS

Many field studies focusing on various aspects of the informal sector in numerous Moroccan cities (Quneitra, Sala, Marrakech, Tamara...) revealed that workers in informal activities such as peddling (trade) are more prone to poverty compared to workers in the formal sector. They also face inappropriate and unsafe work conditions, are highly illiterate, with low skills levels, have low training opportunities, and a less stable and unsteady income, which is much lower compared to incomes in the formal sector. They also suffer from longer working hours and an absence of collective bargaining and 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 legislations on safety, health, maternity, 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 primordially targets hired employees of the formal sector, and hinders 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 184-72-1 issued on the 27th of July 1972 on the social security system as amended and implemented). Thus, social coverage remains incomplete in Morocco, and only a few of the active population, less than %20, 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, or the desire to change jobs. Underemployment shifted between the first quarter of 2013 and the same period in 2014, rising from %8.6 to %9.5 of the

active working population, with a high prevalence of men. Temporary or seasonal labor represented %6.6 of the active working population at the national level in 2011. As for the practice of a second activity, it could also be regarded as an indicator of dissatisfaction with the main activity. According to the National Employment Survey of 2011 for instance, %2.5 of the active working population declared having a second job (around 262,000 persons). The most concerned by this phenomenon are basically workers without diplomas and adults between the ages of 35 and 59. The same goes for the desire to change jobs; it represents a lack of conviction in the practiced job, since %16.6 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 entrepreneurship 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 unsuitable 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 or advanced financial measures targeting unemployed youth with the accessibility of degrees and the creation of SMEs. All of these initiatives only cover few main stakeholders, existing employers, 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 more oriented towards alleviating poverty.

In fact, the inconsistency in the informal sector requires the adoption of inconsistent strategies and policies that target various aspects, based on the categories and levels of the informal sector: by adopting a taxation formula specific to this type of entrepreneurship and activities; simplifying procedures to include them in the formal sector; working on facilitating access to accounting services by adopting a simplified accounting system; looking into establishing accredited accounting centers in the chambers of commerce, industry and services to help merchants keep their accounts, prepare tax declarations, validate taxes and accounts; simplifying administrative procedures to facilitate investment and avoid obstacles created by administrative procedures that could be one of the reasons behind the venturing of some stakeholders into the informal sector. It is also imperative to support the sector's entry to the formal economy through technical and vocational training, organization, and financial and institutional support, etc... However, this entails a lot of communication and persuasion. We should thus be aware that dealing with this sector ought to start at the local level, and in small circles.

INTERACTION BETWEEN CIVIL SOCIETY ORGANIZATIONS, TRADE UNIONS AND INFORMAL WORKERS

With regards to organizing and unifying informal workers in Morocco, we notice that, up until the beginning of the third millennium, around %85.6 of units in the informal sector weren't members of an association or professional union. Informal workers tendency to organize in associations and

cooperatives is still weak, for subjective reasons (cultural level, social status, etc.), and objective considerations, basically pertaining to the contradictory position of public authorities, which are expressing growing encouragement, acknowledgement, and support towards the associations, while at the same time seeking to control them. Thus, we notice, every now and then, that local authorities refuse to accept the establishment of associations or renew their leases, including peddlers associations.

In general, peddlers associations and coordination committees play a major role in defending the interests of informal workers, either in terms of participation and advocacy to impose a point of view and the interests of peddlers in all official initiatives and projects aiming at restructuring their activities (building model markets, for instance), or in supporting peddler victims of attacks and violations by local authorities, and defending them by organizing protests and support gatherings.

As for other categories of associations interested in other issues related to informal workers, in general, one can find rights groups in Morocco which are ultimately interested in workers' rights, as an integral part of economic, social and cultural rights, and as the basis and standard to respect other human rights in the society.

In addition to rights associations, other associations are also interested in informal sector workers in the context of their tackling of poverty, exclusion, marginalization, and vulnerability in society.

Concerning informal workers joining trade unions, the majority of them did not take part in union activities. In fact, unions find it difficult to organize workers in the informal sector, since they are hard to reach, and their social needs are generally different from those working in the formal sector. Thus, the previously exerted efforts to organize these workers were fruitless.

Nonetheless, organizing informal workers in unions is not impossible: the union movement was born from the difficulties faced by workers, which are ultimately problems similar to the ones facing informal workers today. In this regard, Morocco is not an exception. Historical unions in Morocco are UMT and CDT. However, in the past few years, the Democratic Confederation of Labor (CDT) started organizing different categories of informal workers, such as foreign domestic workers, sub-Saharan immigrant workers, and informal workers in the agricultural sector, etc...