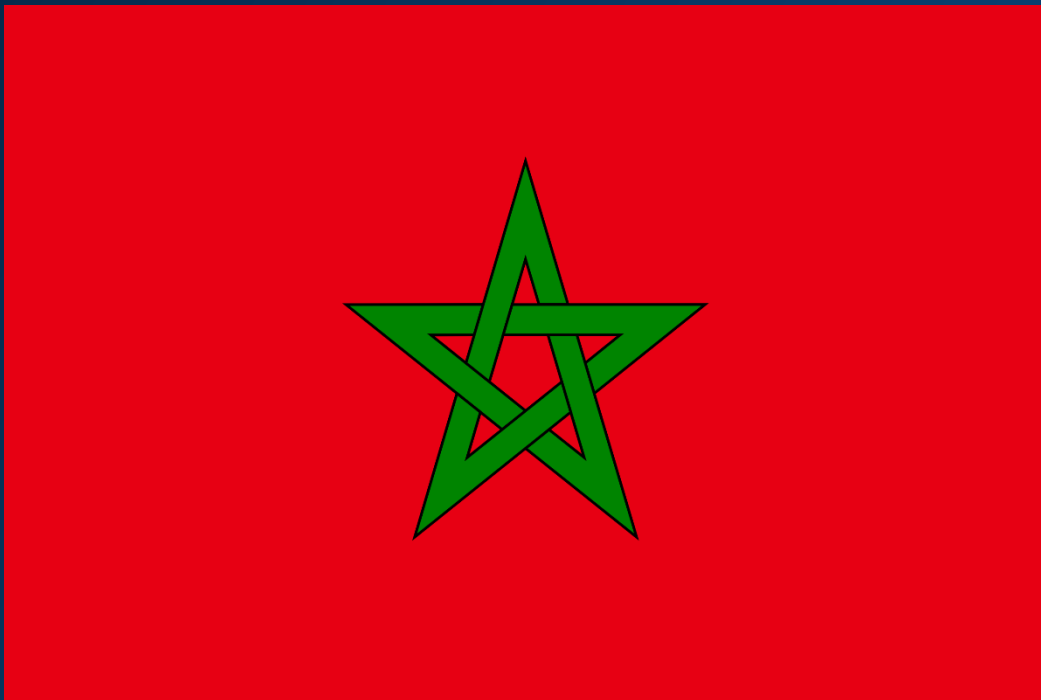


ENTERPRISE SURVEYS FOLLOW-UP ON COVID-19

WHAT BUSINESSES EXPERIENCE

Morocco 2020 – Round 1



ENTERPRISE SURVEYS FOLLOW-UP

Introduction

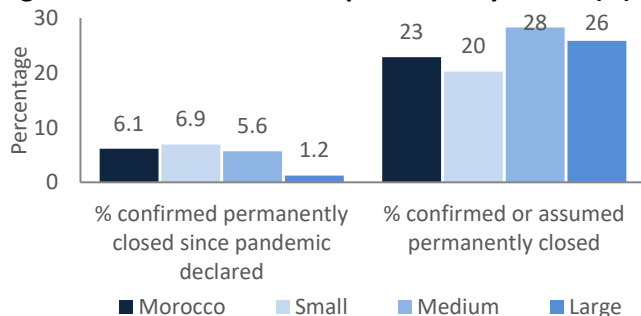
The World Health Organization (WHO) declared COVID-19 as a pandemic on March 11, 2020. The breadth and depth of the effects of the outbreak on the world population and its productive capacity remain uncertain. However, it is clear that many government measures to curtail contagion have a direct impact on the private sector—including the hundreds of millions who derive their living from its activity. The follow-up surveys to the standard Enterprise Surveys (ES) aim to measure the virus’s impact on the private sector by combining the baseline ES data collected before the pandemic with the follow-up data, collected during or after the pandemic.

This document summarizes the main findings from the follow-up survey in Morocco. Business owners and top managers of 1096 firms were interviewed between May 2019 and January 2020 as part of the standard ES. The same firms were re-interviewed in July and August 2020. The survey data for Morocco was made possible by the support of the IFC CMA unit under the Morocco Business Environment Technical Assistance Project

Firms Operations

An important measure of the effect of the pandemic on the private sector is the share of firms that have exited the market during the economic crisis. Figure 1 shows two estimates of the share of firms that have closed. The left side of the figure shows the share of firms that were confirmed to have closed since the pandemic was declared. The right side uses a wider definition of closed firms: in addition to the firms included in the left side, it includes the firms that closed since the baseline ES, and also the firms that could not be contacted during fieldwork and therefore are assumed to have closed. The estimates are disaggregated by size, as observed in the baseline ES.

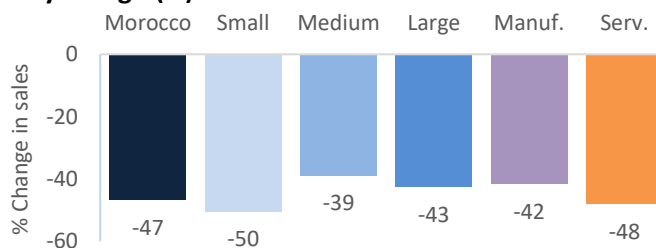
Figure 1: Share of firms that permanently closed (%)



Sales

The intensive margin of the effects following the outbreak can be measured by changes in firms’ monthly sales compared with the same period one year ago. Figure 2 reports this measure, disaggregated by firm size and sector.

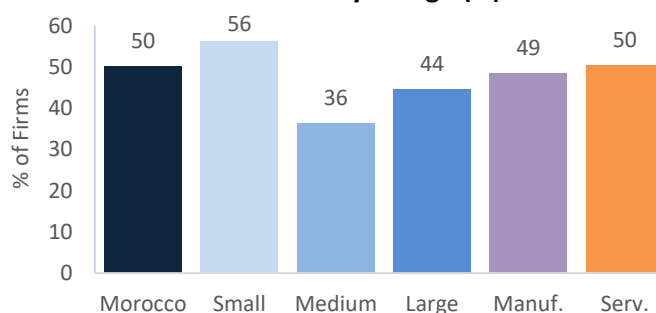
Figure 2: Average change in monthly sales compared to one year ago (%)



Workforce

The pandemic had both direct and indirect effects on the workforce. Beyond the effects on health and family needs, restrictions on mobility due to health risks or governments’ actions in their efforts to curtail the contagion, as well as unemployment or under-employment due to decreased economic activity have reshaped the workforce. Figure 3 displays a measure of the pandemic’s impact on the workforce – the share of firms that decreased the total number of hours worked per week relative to before the outbreak – disaggregated by size and sector.

Figure 3: Share of firms experiencing a decrease of weekly hours worked relative to one year ago (%)



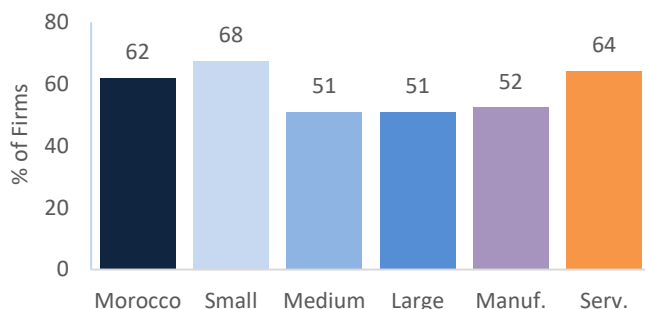
Finance

As economies were increasingly affected by the COVID-19 pandemic, the private sector experienced growing financial distress. Figure 4 displays the share of firms delaying payments to suppliers, landlords, or tax authorities for more than one week due to the COVID-19

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outbreak. This measure provides a sense of the magnitude of the liquidity or solvency crisis induced by the pandemic.

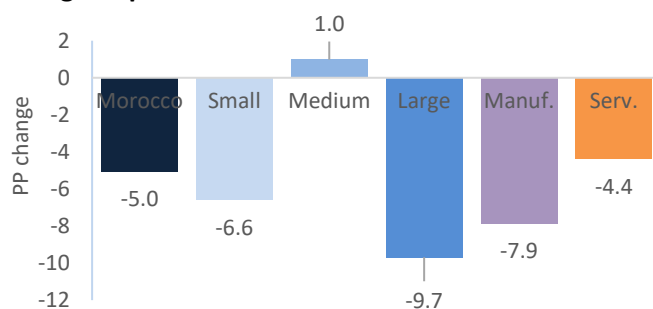
Figure 4: Share of firms delaying payments for more than one week due to COVID-19 (%)



Gender

Figure 5 presents the average percentage point change in the proportion of females as a fraction of all permanent full-time workers. The change is computed since the ES baseline completed before the pandemic. Negative (positive) values mean that the follow-up survey revealed a decline (increase) in the share of females among the permanent full-time workers.

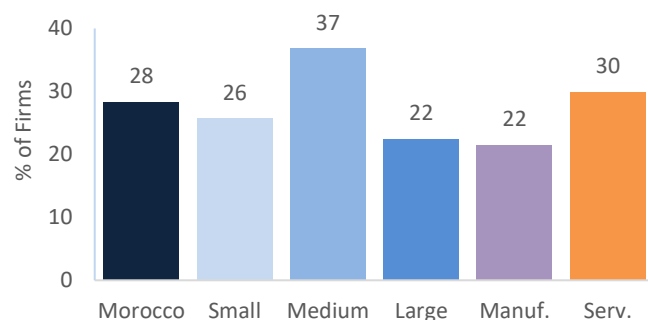
Figure 5: Percentage point change in share of females among the permanent full-time workers



Policy

Local, national, and international institutions put in place different measures aimed at countering the economic effects of the pandemic. Figure 6 illustrates the share of firms that received or expect to receive any national or local government assistance, including but not limited to cash transfers, deferral of payments, access to new credit, fiscal relief, or wage subsidies.

Figure 6: Share of firms that received or expect COVID-19 pandemic-related government support (%)



Expectations

Firm expectations play an important role in how the pandemic affects the economy. Based on these expectations, firms make decisions on production, investments, workforce, and all other aspects of their activity. The expectations may also play an important role in shaping the process of economic recovery. Figure 7a shows the share of firms that think they will never be able to get back to their normal level of sales. For the firms that do expect this, Figure 7b also reports the average number of months that the firms expect to take before they are able to return to their normal level of sales.

Figure 7a: Share of firms that do not expect to ever return to the normal level of sales (%)

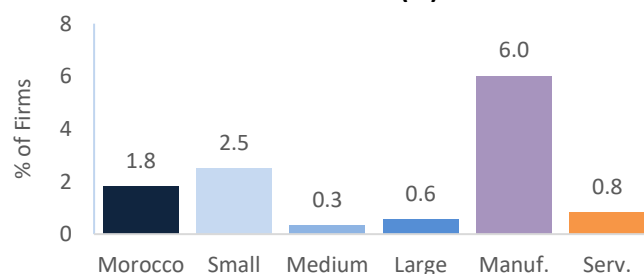
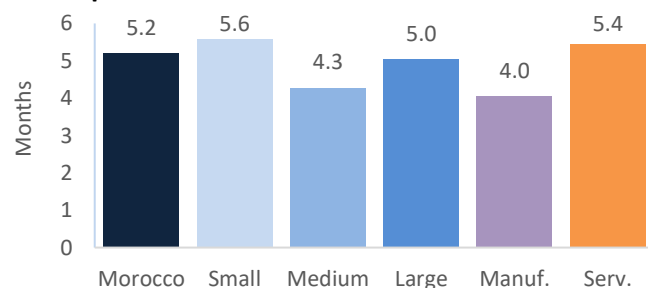


Figure 7b: If not at normal, average number of months firms expect it will take to return to normal level of sales



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Appendix

The following table reports some of the indicators created based on the ES follow-up survey.

| | Morocco | | | | | |
|---|-----------|-------------|--------------|-------------|---------------------|----------------|
| | All Firms | Small Firms | Medium Firms | Large Firms | Manufacturing Firms | Services Firms |
| Operations | | | | | | |
| Percent of firms confirmed permanently closed | 9.4 | 11.1 | 7.6 | 2.0 | 3.2 | 10.8 |
| Percent of firms confirmed or assumed permanently closed | 22.9 | 20.3 | 28.3 | 25.8 | 20.3 | 23.4 |
| Percent of firms confirmed permanently closed since COVID-19 pandemic declared | 6.1 | 6.9 | 5.6 | 1.2 | 2.6 | 6.9 |
| Capacity utilization (%)* | 52.7 | 47.5 | 59.4 | 53.8 | 52.7 | n.a. |
| Percent of firms that started or increased online business activity | 29.8 | 24.3 | 41.2 | 38.9 | 26.9 | 30.5 |
| Sales | | | | | | |
| Percent of firms experiencing decreased monthly sales compared to one year ago | 86.9 | 88.0 | 84.7 | 85.5 | 82.9 | 87.9 |
| If decreased, average percent drop in monthly sales compared to one year ago | 54.7 | 57.7 | 47.9 | 50.9 | 50.9 | 55.5 |
| Average change in monthly sales compared to one year ago | -46.8 | -50.4 | -38.9 | -42.5 | -41.7 | -48.0 |
| Workforce | | | | | | |
| Percent of firms that decreased total hours worked per week | 50.1 | 56.1 | 36.4 | 44.5 | 48.5 | 50.5 |
| Percent of firms that decreased the total number of permanent workers | 14.4 | 14.4 | 7.6 | 38.0 | 10.0 | 15.4 |
| Percent of firms that decreased the total number of temporary workers | 32.2 | 35.1 | 21.8 | 43.1 | 28.4 | 33.1 |
| Finance | | | | | | |
| Percent of firms experiencing decreased liquidity or cash flow availability | 71.9 | 75.2 | 62.3 | 75.2 | 66.5 | 73.1 |
| Percent of firms delaying payments to suppliers, landlords, or tax authorities | 62.1 | 67.5 | 51.1 | 51.1 | 52.5 | 64.3 |
| Percent of firms that are overdue on obligations to financial institutions | 21.4 | 23.6 | 14.0 | 28.8 | 21.8 | 21.3 |
| Gender | | | | | | |
| Proportion of female workers taking more than 5 days of leave or quitting | 36.7 | 35.7 | 42.8 | 33.0 | 46.9 | 34.2 |
| Proportion of female workers among the workers laid off | 17.6 | 15.7 | 10.2 | 32.0 | 16.7 | 17.7 |
| Percentage point change since ES in prop perm full-time workers that are female | -5.0 | -6.6 | 1.0 | -9.7 | -7.9 | -4.4 |
| Policy | | | | | | |
| Percent of firms that received national or local government assistance | 20.3 | 17.5 | 29.9 | 13.1 | 16.2 | 21.3 |
| Percent of firms that expect to receive national or local government assistance | 8.1 | 8.3 | 7.0 | 9.4 | 5.3 | 8.7 |
| Percent firms that received/expect to receive national or local govt assistance | 28.4 | 25.8 | 36.8 | 22.5 | 21.5 | 30.0 |
| Expectations | | | | | | |
| Percent of firms that anticipate falling in arrears on outstanding liabilities | 40.8 | 45.6 | 27.7 | 42.2 | 35.5 | 42.0 |
| Percent of firms that do not expect to ever return to the normal level of sales | 1.8 | 2.5 | 0.3 | 0.6 | 6.0 | 0.8 |
| Number of months that firms expect will take to return to normal level of sales | 4.3 | 4.7 | 3.5 | 3.8 | 3.2 | 4.5 |
| Number of months firms expect will take to return to normal level of workforce | 0.9 | 0.8 | 0.2 | 4.4 | 0.3 | 1.0 |

* These indicators are computed only for the manufacturing sector

Note: the size and sector information used in the breakdowns are from the baseline ES.

The Enterprise Analysis Unit is a World Bank Group team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity. For more information on the survey visit <http://www.enterprisesurveys.org>