

ENTERPRISE SURVEYS FOLLOW-UP ON COVID-19

WHAT BUSINESSES EXPERIENCE

Morocco 2021 – Round 3



ENTERPRISE SURVEYS FOLLOW-UP

Introduction

The outbreak of COVID-19 affected individuals and businesses, alike. Understanding the impact of the crisis on businesses, and subsequently how firms are recovering, gives insights into the overall health of the economy as the world tackles the health crisis it is facing. The follow-up surveys to the standard Enterprise Surveys (ES) aim to assess how businesses are adapting and recovering as the first signs of improvement appear in the global health situation.

This document summarizes the main findings from the follow-up surveys 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-contacted in July/August 2020, in February 2021, and again in May/June 2021 for three rounds of follow-up surveys. This document complements a similar summary that was prepared immediately after the first and second rounds of the follow-up survey. 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 1a 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 1b shows the share of firms that confirmed to be temporarily closed at the time of each round.

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

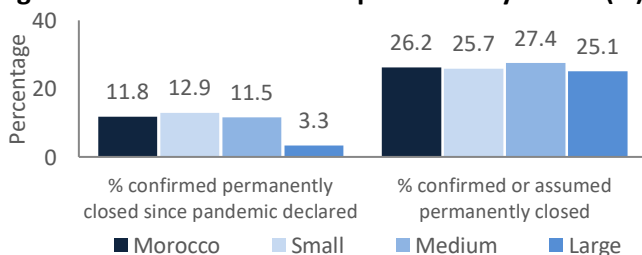
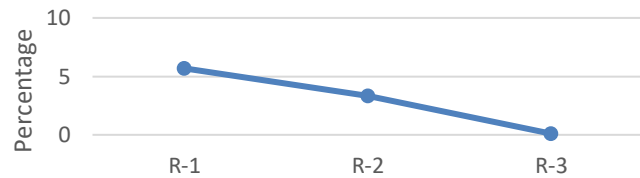


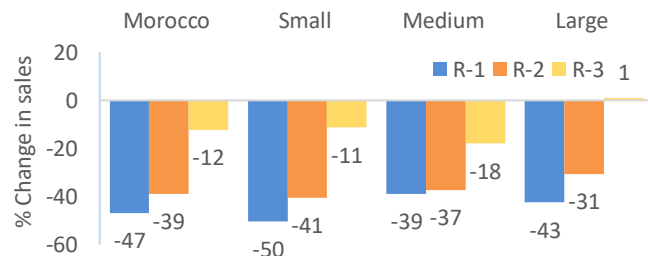
Figure 1b: Share of firms temporarily closed at the time of the interview (%)



Sales

The intensive margin of the effects following the outbreak can be measured by changes in firms' monthly sales compared with the same month of the prior year. Figure 2 reports this measure, disaggregated by firm size and sector, for the three rounds of the follow up surveys.

Figure 2: Average change in monthly sales compared to prior year for the three rounds of the surveys (%)

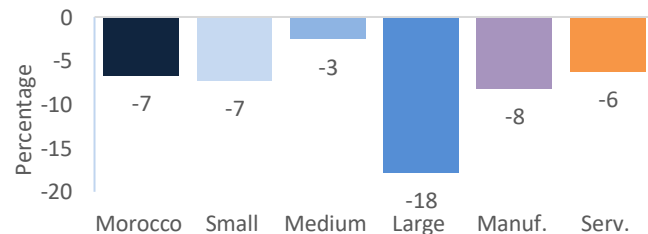


Note: The R-1 series refers to changes June/July 2020 vs June/July 2019, R-2 refers to January 2021 vs January 2019, R-3 refers to April/May 2021 vs April/May 2020.

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 change in employment levels for the average firm compared to prior the outbreak of COVID-19.

Figure 3: Average change in permanent workforce since December 2019

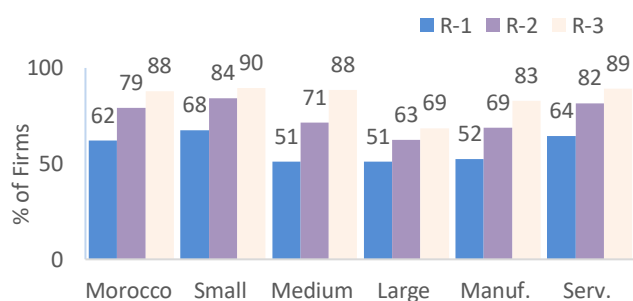


ENTERPRISE SURVEYS FOLLOW-UP

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 outbreak. This measure provides a sense of the magnitude of the liquidity or solvency crisis induced by the pandemic. Comparing the results over the three rounds of surveys allows visualizing the dynamics of the financial distress.

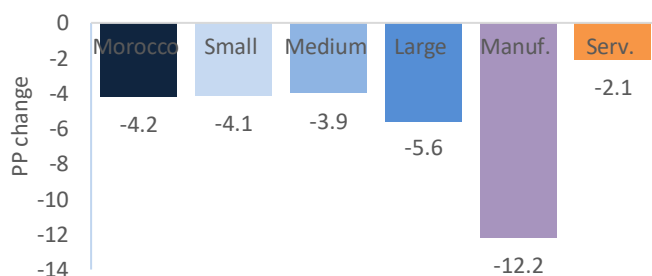
Figure 4: Share of firms delaying payments for more than one week due to COVID-19 over the three rounds of the surveys (%)



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. Negative (positive) values mean that the follow-up survey revealed a decline (increase) in the share of females among the permanent full-time workers.

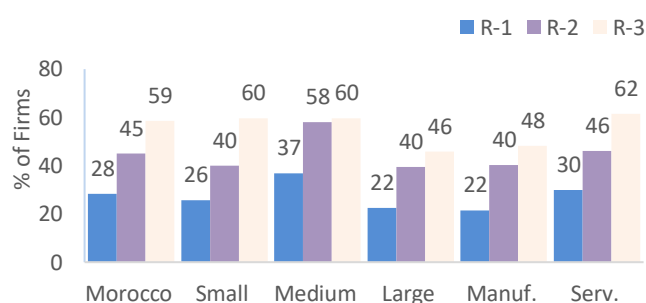
Figure 5: Percentage point change in share of females among the permanent full-time workers



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.

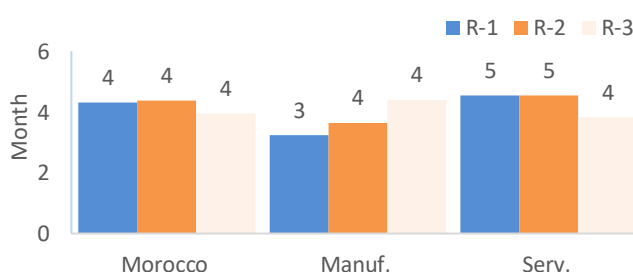
Figure 6: Share of firms that received or expect COVID-19 pandemic-related government support (%)



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 7 shows how the average number of months that firms expect it will take before they are able to return to their normal level of sales changed over the three rounds of interviews.

Figure 7: Average number of months firms expect it will take to return to normal level of sales



ENTERPRISE SURVEYS FOLLOW-UP

Appendix

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

	Morocco R-1	Morocco R-2	Morocco R-3					
			All Firms	Small Firms	Medium Firms	Large Firms	Manuf. Firms	Services Firms
Operations								
Percent of firms confirmed permanently closed	9.4	13.3	15.3	17.1	14.3	4.2	4.2	17.8
Percent of firms confirmed or assumed permanently closed	22.9	23.3	26.2	25.7	27.4	25.1	14.6	28.7
Percent of firms confirmed permanently closed since COVID-19 pandemic declared	6.1	10.0	11.8	12.9	11.5	3.3	3.6	13.6
Percent of firms confirmed temporarily closed at the time of interview	5.7	3.3	0.1	0.0	0.0	1.0	0.1	0.1
Percent of firms that started or increased online business activity	29.8	54.5	64.3	57.2	76.0	83.1	64.4	64.3
Sales								
Percent of firms experiencing decreased monthly sales compared to one year ago	86.9	86.5	50.9	49.4	58.3	34.3	56.5	49.3
Average change in monthly sales compared to one year ago	-46.8	-38.9	-12.4	-11.4	-18.0	1.0	-15.9	-11.5
Workforce								
Percent of firms that decreased total hours worked per week	50.1	54.5	35.1	35.0	37.8	25.1	34.5	35.3
Percent of firms that decreased total number of permanent workers since December 2019	14.4	39.5	47.2	48.0	47.6	38.2	52.6	45.8
Percentage change of permanent full-time workers since December 2019	-4.9	-2.5	-6.7	-7.3	-2.5	-17.8	-8.1	-6.2
Finance								
Percent of firms ever experienced decreased liquidity or cash flow availability since COVID-19 began	71.9	91.7	93.6	94.5	93.4	85.2	90.1	94.5
Percent of firms ever delay payments to suppliers, landlords, tax authorities since COVID-19 began	62.1	79.1	87.8	89.6	88.4	68.5	82.9	89.0
Percent of firms that are overdue on obligations to financial institutions	21.4	33.4	40.0	37.5	46.3	34.3	28.5	43.1
Gender								
Percentage point change since ES in prop perm full-time workers that are female	-5.0	0.3	-4.2	-4.1	-3.9	-5.6	-12.2	-2.1
Policy								
Percent of firms that received national or local government assistance	20.3	37.5	53.3	54.5	53.2	43.3	36.7	57.9
Percent of firms that received/expect to receive national or local government assistance	28.4	44.9	58.7	59.6	59.6	45.7	48.2	61.5
Expectations								
Percent of firms that anticipate falling in arrears on outstanding liabilities	40.8	38.0	24.7	26.9	22.2	14.1	18.5	26.4
Number of months that firms expect will take to return to normal level of sales	4.3	4.4	3.9	3.8	4.4	2.9	4.4	3.8
Number of months firms expect will take to return to normal level of workforce	0.9	0.7	1.8	1.5	2.6	1.3	2.7	1.6

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>