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Rapid Labour Force Survey of COVID-19 Impact in Morocco

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Key Findings

- This report complements the household survey analysis by looking at the key findings from the data collected on small and medium enterprises in Morocco. The survey targets firms that had 6-199 workers before the pandemic (February 2020), and is conducted by phone. A sample of 500 firms was randomly drawn and stratified using the Yellow Pages. The stratification was done using three regions, namely: Casa-Rabat, North, and South. Wave 2 was conducted between May and July 2021. As of May 2021, more than half of the firms surveyed in Morocco still operated in services and food and accommodation (33 and 30 per cent, respectively), while 21 per cent were in trade and retail, and 11 per cent were in construction. Only five per cent of the firms surveyed in Morocco operated in manufacturing and agriculture.

- The median number of workers in the full sample and for firms in services and in manufacturing and agriculture remained the same (16, 20 and 38 workers, respectively) between February 2020 and the first wave. The two sectors witnessing an increase in the number of workers for the median firm are food and accommodation and trade and retail. With an increase from 10 workers in wave 1 to 13 in wave 2 for the median firm in food and accommodation, and from 14 to 15 for the median firm in trade and retail.

- For all economic activities, the mean number of all workers increased slightly between February 2020 and the time of the interview for the first wave (from 26.5 to 26.8). Similar to the median firm in Morocco in all activities the average number of workers also declined from 26.8 in the first wave to 23.8 in the second wave. For all types of workers, the largest decline in the mean is from firms in manufacturing and agriculture, from 43.5 in wave 1 to 35.7 in wave 2. Notably, the only sector that saw an increase in the mean number of workers was food and accommodation, from 14.7 in the first wave to 23.1 in wave 2. Comparing the different contract types across all activities, the average number of indefinite duration contract workers declined in Morocco from 18.3 to 13.9 between both waves. Again, the largest decline was recorded by firms operating in manufacturing and agriculture (from 30.4 to 21.2 workers on average). The data also shows a large increase in the number of no contract workers between waves 1 and 2, from 1.4 to 4.9 on average.

- Nearly one quarter of the firms surveyed in Morocco in the first wave either imported or exported in the year 2019 compared to 21.8 per cent in the second wave. The economic sector with the highest mean share of importing and/or exporting firms (traders) is manufacturing and agriculture, 62.2 per cent of firms in wave 1 and 74.5 per cent in wave 2). Followed by firms in trade and retail where 41.3 per cent of firms were traders. The least trading sector in the data was food and accommodation, where on average only 7.3 per cent of the firms surveyed traded (a notable increase from 0.4 in the first wave).

Key Findings

- Most of the firms surveyed in Morocco reported adopting no coping strategy (72 per cent) in the first wave, compared to 62 per cent in the second wave. Additionally, only 23 per cent reported contracting bank credit in the first wave compared to 19 per cent in the second wave, where firms seemed to adopt more coping strategies. Most notably, more firms received aid from friends and family and abroad and more firms purchased on credit and rescheduled loans. The majority of firms surveyed in Morocco during the second wave reported having business as usual (nearly 66 per cent, 330 firms). Most of the firms having their business as usual were in services (116 firms) followed by firms in food and accommodation and firms in trade and retail (82 and 71, respectively). Out of the firms that experienced disruptions due to the pandemic, most reported reducing hours as a change to their current business status (32 per cent, 159 firms) and only two per cent reported temporarily or permanently closing down (10 firms).

- In all economic activities, only 11.5 per cent of firms (on average) were either partially or fully foreign owned in Morocco (57 firms) in the first wave, compared to 9.1 per cent in the second wave. Out of those partially or fully foreign owned firms (46 firms in total in the second wave), 22 firms were in food and accommodation, 12 in services, and 7 in trade and retail.

Introduction

This report complements the household survey analysis by looking at the key findings from the data collected on small and medium enterprises in Morocco. The survey targets firms that had 6-199 workers before the pandemic (February 2020), and is conducted by phone. A sample of 500 firms was randomly drawn and stratified using the Yellow Pages. Wave 2 was conducted between May and July 2021[1].

Table 2.1 shows the distribution of the firms (number of firms) surveyed by size and economic activity with row percentages in parenthesis[2].

Table 2-1: Sample distribution by firm size and economic activity

Firm size			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Wave 1	6-9 workers	Feb-20	2 (1.5)	19 (16)	15 (12.2)	44 (36.3)	41 (34.1)	122 (100)
		Current	1 (1)	19 (15.5)	12 (10)	46 (38.1)	42 (35.4)	120 (100)
	10-24 workers	Feb-20	6 (3.1)	42 (20.3)	30 (14.5)	58 (28.1)	70 (33.9)	206 (100)
		Current	7 (3.4)	42 (20.1)	33 (15.6)	58 (27.6)	70 (33.4)	209 (100)
	25-49 workers	Feb-20	10 (9.1)	21 (20.2)	12 (11.1)	14 (13.1)	49 (46.5)	105 (100)
		Current	10 (9.6)	19 (19.4)	10 (10.2)	13 (12.8)	48 (48)	99 (100)
	50+ workers	Feb-20	9 (13.1)	19 (28.2)	9 (13.3)	3 (5)	27 (40.4)	67 (100)
		Current	9 (12.4)	21 (30.3)	10 (14.7)	3 (4.2)	27 (38.4)	71 (100)
	Total	Feb-20	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
		Current	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)

[1] Can be accessed at https://www.yellowpages.com.eg/en.
[2] Figures in table 2.1 are weighted using firm weights.

Wave 2	6-9 workers	Feb-20	6 (3.4)	13 (7.2)	34 (19)	61 (34.5)	64 (36)	177 (100)
		Current	4 (3.3)	11 (8.2)	26 (20.2)	46 (35)	43 (33.2)	130 (100)
	10-24 workers	Feb-20	9 (4.8)	23 (12.5)	42 (22.6)	60 (32.6)	51 (27.5)	185 (100)
		Current	9 (4.2)	22 (10.4)	46 (22.1)	67 (31.8)	66 (31.6)	210 (100)
	25-49 workers	Feb-20	3 (3.1)	9 (11.5)	23 (27.4)	15 (17.8)	33 (40.2)	83 (100)
		Current	4 (4.6)	10 (10.9)	23 (25.4)	20 (22)	34 (37)	92 (100)
	50+ workers	Feb-20	7 (16.5)	9 (20.5)	6 (15.4)	12 (27.8)	8 (19.8)	42 (100)
		Current	7 (14.2)	11 (22.1)	8 (16.1)	13 (26.9)	10 (20.7)	48 (100)
	Total	Feb-20	24 (5)	54 (11.1)	105 (21.5)	148 (30.4)	156 (32.1)	487 (100)
		Current	24 (5.1)	53 (11.1)	104 (21.6)	145 (30.3)	153 (32)	480 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The second wave was conducted by phone for firms that had 6-199 workers before the pandemic (February 2020). In Morocco, the sample was randomly drawn using Yellow Pages. The stratification was done using three regions, namely: Casa-Rabat, North, and South[3]. As there is no efficient digital copy of the Yellow Pages available in Morocco, a hard copy was used. A random page within each stratum was selected, and then a random firm on that page was selected (without replacement). The number of firms on the page was recorded and incorporated into the inverse probability weights.

The sample was restricted to firms with 6-199 workers in February 2020 based on an eligibility question during the phone interview. Up to three attempts were made to ensure response if a phone number was not picked up/answered, was disconnected or busy, or picked up but could not complete the interview at that time. After the third failed attempt, a firm was treated as a non-response and a random firm from the same stratum was used as an alternate.

Table 2.2 shows the response rates by response for Morocco. The panel column shows the response rates among firms who consented to a follow-up. Phones that were not in service, disconnected/busy (after multiple calls) and firms who were not eligible are excluded from the response rate calculations. The refresher column shows response rates among the newly added firms to the sample. The responses are based on the final result, which may have been on the first, second, or third attempt.

[3] See ERF sample and weighting technical documentation for more details.

Table 2-2: Firm response rates by response (%)

	Wave 1	Wave 2 - Refresher	Wave 2 - Panel
Phone disconnected/busy	2	8	6
Not in service	41	15	2
Did not answer	10	11	24
Picked up and refused	8	35	32
Incomplete, and refused	3	1	6
Incomplete, return call	0	0	4
Complete	17	19	26
Not Eligible	20	11	0
Total	100	100	100
Response rate	45	29	28

Data presented in this report has been weighted to ensure the basic characteristics of the sample reflect the underlying universe of firms. An inverse probability weighting was used to weight the firms' sample to account for non-response rates and the sampling strategy. The weights are then normalized to have a mean of one[4].

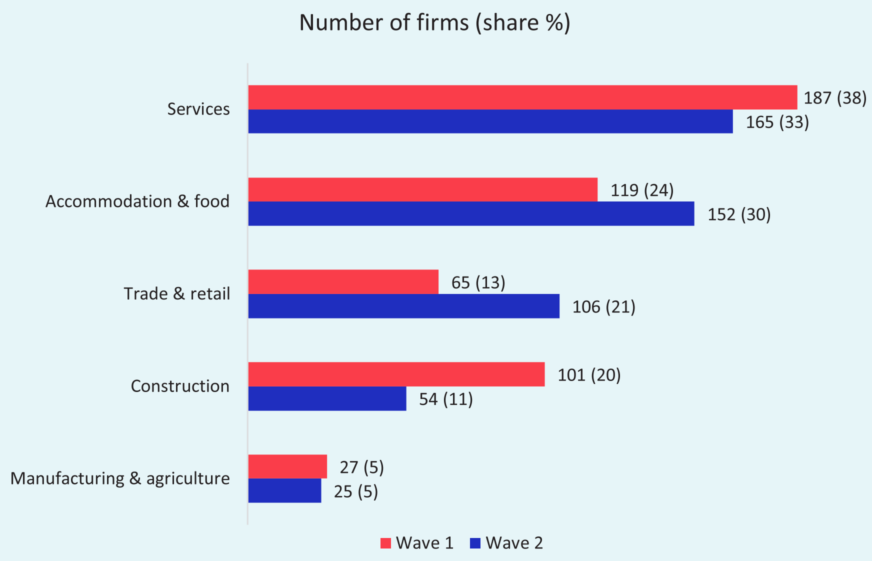
The following section summarizes the main findings from the firms' data, section 3 shows analysis for firm characteristics, firm survival, and coping strategies. Sections 4 and 5 presents stylized facts on sales and revenues and employment for firms in Morocco, respectively.

[4] The weights used cannot overcome the unobservable characteristics of firms and their respective non-response bias. The weighting of the firms' data is discussed in further detail in the appendix of this report.

Firm characteristics, survival, and coping strategies

Figure 3.1 shows the distribution of the 501 firms surveyed in the second wave based on aggregated economic activities, due to low variation at a disaggregated level (given the sample size). The figure shows that the distribution of firms by economic activity and size did not vary much between waves 1 and 2. The larger share of SMEs in Morocco still operated in services and accommodation and food (33 and 30 per cent, respectively), while 21 per cent were in trade and retail and 11 per cent were in construction.

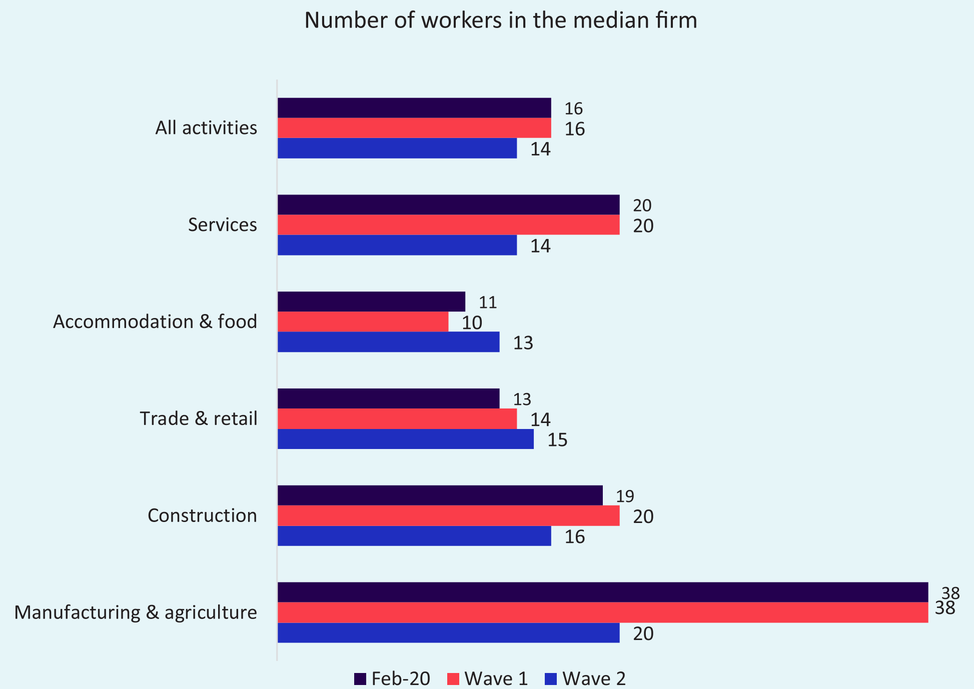
Figure 3-1: Share of firms by economic activity



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Figure 3.2 compares the median number of workers between February 2020 and at the time of interview of wave 1 and wave 2 by economic activity. The median number of workers in the full sample and for firms in services and in manufacturing and agriculture remained the same (16, 20 and 38 workers, respectively) between February 2020 and the first wave. There is however a noticeable decline in the number of workers for the median firms in the same three categories. The two sectors witnessing an increase in the number of workers for the median firm are food and accommodation and trade and retail. With an increase from 10 workers in wave 1 to 13 in wave 2 for the median firm in food and accommodation and from 14 in to 15 for the median firm in trade and retail.

▶ **Figure 3-2:** Median number of workers by economic activity



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Looking at the total number of workers by economic activity before and after the pandemic, shows a wholistic view of how firms and workers were impacted. In the following table (3.1), we show the impact of the pandemic on firms for different types of workers, from the most stable type of employment (indefinite duration contract workers) to the least (unpaid workers), in addition to other types of employment such as definite duration contract workers and workers without contracts. Table 3.1 provides more detailed summary statistics on the impact of Covid-19 on firms and workers. More detailed employment analysis will be presented in section 5.

Table 3.1 shows the summary statistics of the number of workers by type of employment and economic activity for firms in Morocco. In the survey, firms were only asked to report on the number of unpaid workers as of February 2020. Over all economic activities, the mean number of all workers increased slightly between February 2020 and the time of the interview for the first wave (from 26.5 to 26.8)[5]. Similar to the median firm in Morocco in all activities the average number of workers also declined from 26.8 in the first wave to 23.8 in the second wave (see table 3.1).

For all types of workers, the largest decline in the mean is from firms in manufacturing and agriculture, from 43.5 in wave 1 to 35.7 in wave 2. Notably, the only sector that saw an increase in the mean number of workers was food and accommodation, from 14.7 in the first wave to 23.1 in wave 2.

In terms of definite duration contract workers in the first wave, most of the increase in average number of definite duration contract workers, came from firms in construction. In wave 2 however, the largest increase in the average number of definite duration contract workers was for firms in manufacturing and agriculture and firms in food and accommodation. With a decline of nearly 3 workers on average for the same category for firms in services (from 6.9 to 3.9).

[5] Compared to an unchanged number of all workers for the median firm between February 2020 and the time of the interview, as shown in figure 3.2.

A high standard deviation within all types of employment (higher than the mean in almost all cases) can explain the difference between the median number of workers and the mean, indicating that the data on the number of workers by economic activity are spread over a large range of values. This low variation can also be due to the low sample size within each economic activity, since the standard deviation for all workers in all activities is slightly higher than the mean for the full sample.

Table 3-1: Workers by employment type and activity

			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Total workers	Mean	Feb-20	42.5	31	22.1	15	30.6	26.5
		Wave 1	43.5	32.3	23	14.7	30.4	26.8
		Wave 2	35.7	30.7	21.3	23.1	22	23.8
	Median	Feb-20	38	19	13	11	20	16
		Wave 1	38	20	14	10	20	16
		Wave 2	20	16	15	13	14	14
	Sd	Feb-20	28.8	31.4	20.1	12.8	35.1	29.1
		Wave 1	31.4	32.4	20.4	12.3	35.4	29.7
		Wave 2	35.7	35.1	20.4	30.8	25.7	28.2
Indefinite duration contract workers	Mean	Feb-20	29.4	21.5	18.3	11.3	19.2	18.2
		Wave 1	30.4	22.1	19.2	11	18.7	18.3
		Wave 2	21.2	19	13.7	11.9	13	13.9
	Median	Feb-20	20	13	12	8	12	10
		Wave 1	20	13	12	8	12	10
		Wave 2	7	11	8	7	9	8
	Sd	Feb-20	25.2	24.7	20.8	11.8	21.3	20.8
		Wave 1	26.2	25.6	21.2	11.4	21.5	21.3
		Wave 2	27.3	23.9	20.5	20.3	17.8	20.5
Definite duration contract workers	Mean	Feb-20	6.3	7	0.8	1.2	6.6	4.6
		Wave 1	6.7	7.5	0.8	1.2	6.9	4.9
		Wave 2	9.6	7.3	1.2	3.8	3.9	4
	Median	Feb-20	0	0	0	0	0	0
		Wave 1	0	0	0	0	0	0
		Wave 2	0	0	0	0	0	0

	Sd	Feb-20	14.3	20.7	2.6	4.6	23.6	17.8
		Wave 1	14.2	21.1	2.6	4.6	23.9	18.1
		Wave 2	19.6	18.6	3	12.9	11.3	12.4
No contract workers	Mean	Feb-20	3.3	1.4	2.3	0.4	1.4	1.4
		Wave 1	2.9	1.6	2.4	0.4	1.3	1.4
		Wave 2	4.6	4	5.9	6.5	3.1	4.9
	Median	Feb-20	0	0	0	0	0	0
		Wave 1	0	0	0	0	0	0
		Wave 2	0	0	0	0	0	0
	Sd	Feb-20	11.9	5.2	5.4	1.2	3.8	4.8
		Wave 1	11.5	5.5	5.4	1.2	3.6	4.7
		Wave 2	10.1	9	12.1	17.8	6.3	12.5
Unpaid workers	Mean	Feb-20	3.5	1.1	0.6	2.1	3.4	2.3
	Median	Feb-20	0	0	0	0	0	0
	Sd	Feb-20	10	6.5	2.3	3.9	12.3	8.7

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Comparing the different contract types across all activities, the average number of indefinite duration contract workers declined in Morocco from 18.3 to 13.9 between both waves. Again, with the largest decline coming from firms operating in manufacturing and agriculture (from 30.4 to 21.2 workers on average). The data also shows a large increase in the number of no contract workers between waves 1 and 2, from 1.4 to 4.9 on average.

Table 3.2 shows other firms' characteristics, including the percentage of firms who import and/or export (traders), the share of firms that are foreign owned (partly or fully), the size of foreign ownership, whether the firm keeps inventory or not and the number of inventory days kept by economic activity.

Table 3-2: Foreign ownership and inventory status

			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Traders in 2019 (%)	Wave 1	Mean	74.5	37.4	63.9	0.4	13.7	25.2
		Sd	44.3	48.6	48.4	6.6	34.5	43.4
	Wave 2	Mean	62.2	27.9	41.3	7.3	14.5	21.8
		Sd	49.3	45.2	49.5	26	35.4	41.3
Foreign owned (%)	Wave 1	Mean	15.6	3.7	13.5	21.1	8.3	11.5
		Sd	36.8	19	34.5	41	27.7	31.9
	Wave 2	Mean	5.1	6.7	6.9	14.2	7.2	9.1
		Sd	22.4	25.1	25.4	35	26	28.8
Size of foreign ownership (%)	Wave 1	Mean	88.4	62.5	92.8	90.3	75.4	83.9
		Median	100	50	100	100	100	100
		Sd	25.9	31.7	21.8	22.5	33	27.1
	Wave 2	Mean	18.4	44.1	63.8	83.8	73.7	71.3
		Median	1	25	50	100	100	100
		Sd	46.2	44.3	36.3	25.3	38.8	35.9
Keeps inventory (%)	Wave 1	Mean	52.3	45.2	51.2	4	12.2	24.1
		Sd	50.7	50	50.4	19.6	32.8	42.8
	Wave 2	Mean	36.6	24	20.3	12.4	10.9	16
		Sd	49	43.1	40.4	33.1	31.2	36.7
Number of inventory days	Wave 1	Mean	111.7	100.9	72.8	22.3	84.3	88.2
		Median	60	30	40	15	30	30
		Sd	135.5	147.5	93.8	23.5	168.4	134.4
	Wave 2	Mean	39.1	104	91.7	188.9	131.5	99.9
		Median	30	30	30	60	7	30
		Sd	19.5	142.1	141.5	213.1	178.6	138.1

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Table 3.3 shows the distribution of firms by foreign ownership and inventory status. Nearly one quarter of the firms surveyed in Morocco in the first wave either imported or exported in the year 2019 compared to 21.8 per cent in the second wave. The economic sector with the highest mean share of importing and/or exporting firms (traders) is manufacturing and agriculture, where nearly 62.2 per cent of firms were traders in the second wave (compared to 74.5 in the second wave). This is followed by firms in trade and retail where 41.3 per cent of firms were traders. The least trading sector in the data was food and accommodation, where on average only 7.3 per cent of the firms surveyed traded (a notable increase from 0.4 in the first wave).

In all economic activities, only 11.5 per cent of firms (on average) were either partially or fully foreign owned in Morocco (57 firms, see table 3.3) in the first wave, compared to 9.1 per cent in the second wave. Out of those partially or fully foreign owned firms (46 firms in total in the second wave), 22 firms were in food and accommodation, 12 in services, and seven in trade and retail.

With the highest average size of foreign ownership being in food and accommodation (83.8 per cent mean foreign ownership) compared to 100 per cent foreign ownership for the median firm in the same sector (out of the 22 firms with foreign ownership operating in food and accommodation). The sector with the least average size of foreign stake was manufacturing and agriculture, which saw a large decline from 88.4 per cent in the first wave to only 18.4 in the second wave. It is also worth mentioning that the average size of foreign ownership in all firms surveyed declined from 83.9 to 71.3 between both waves.

Out of the 501 firms surveyed in Morocco in the second wave, 80 firms reported keeping inventory, the majority of which are in trade and retail (22 firms) followed by firms in food and accommodation (19 firms). The average number of inventory days kept slightly increased from 88.2 to 99.9 days between both waves. The highest average number of inventory days being 188.9 days for firms in food and accommodation. Meanwhile, firms in manufacturing and agriculture kept the least number of inventory days on average with 39.1 days[6].

[6] Numbers from table 3.2 shall not be compared to table 3.3, as the summary statistics presented in table 3.2 are weighted (see the appendix).

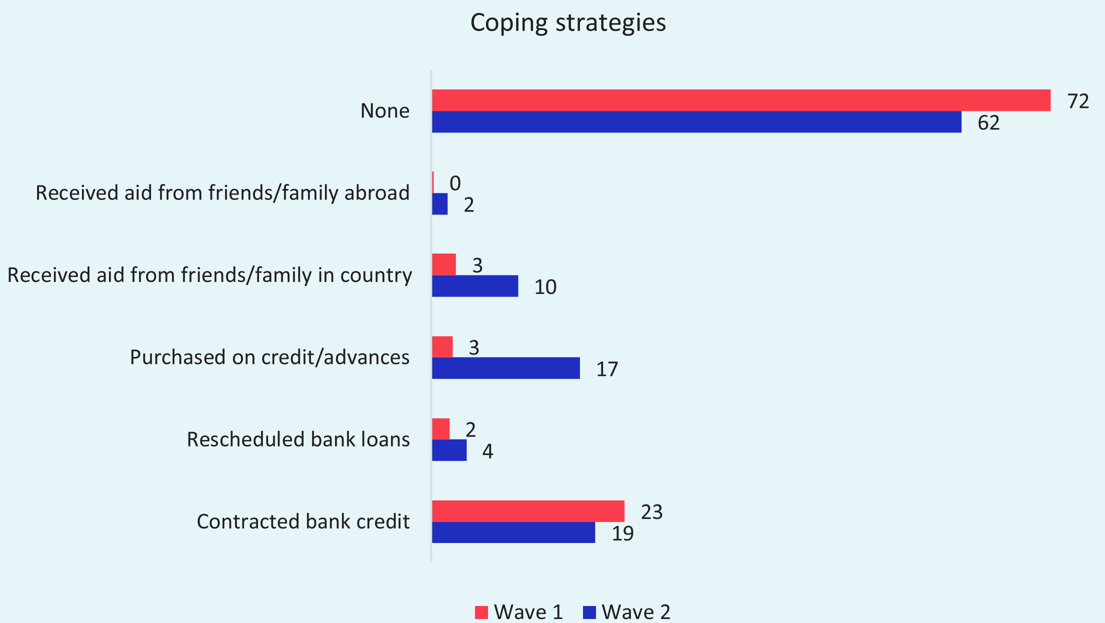
Table 3-3: Distribution of firms by foreign ownership and inventory status

		Manufacturing & agriculture	Construction	Trade & retail	Accommodation & food	Services	All activities
Wave 1	Fully local	22	98	56	94	171	442
	Partly or fully foreign	4	4	9	25	16	57
	Total	27	101	65	119	187	499
Wave 2	Fully local	23	51	99	130	153	455
	Partly or fully foreign	1	4	7	22	12	46
	Total	25	54	106	152	165	501
Wave 1	Does not keep inventory	13	56	32	114	164	379
	Keeps inventory	14	46	33	5	23	120
	Total	27	101	65	119	187	499
Wave 2	Does not keep inventory	16	41	84	133	147	421
	Keeps inventory	9	13	22	19	18	80
	Total	25	54	106	152	165	501

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

In addition to business models, economic activities and types and size of employment offered, firms also differed by their response to the pandemic and adopted different coping strategies. Figure 3.3 shows the share of firms adopting different coping strategies. Firms were allowed to have multiple responses.

▶ **Figure 3-3:** Firms' coping strategies



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Most of the firms surveyed in Morocco reported adopting no coping strategy (72 per cent) in the first wave, compared to 62 per cent in the second wave. While only 23 per cent reported contracting bank credit in first wave compared to 19 per cent in the second wave. In the second wave, firms seemed to adopt more coping strategies; most notably more firms received aid from friends and family in Morocco and abroad and more firms purchased on credit and rescheduled loans. Table 3.4 shows the summary of all firm responses in terms of coping strategies by economic activity. The number of firms is shown in the table along with the row percentage shares in parenthesis. Out of the 96 firms contracting bank credit in the second wave, 27 were in services, 21 in trade and retail, and 20 were in food and accommodation.

Table 3-4: Coping strategies by economic activity

Coping strategy		Number of firms (row share, %)	Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Contracted bank credit	Wave 1	Did not adopt	22 (5.7)	69 (17.8)	44 (11.4)	100 (26)	151 (39.1)	387 (100)
		Adopted	5 (4.1)	33 (29)	21 (18.6)	19 (16.6)	36 (31.7)	112 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	15 (3.6)	36 (9)	85 (21)	131 (32.3)	138 (34.1)	405 (100)
		Adopted	10 (10.5)	18 (18.6)	21 (21.8)	20 (21.3)	27 (27.7)	96 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Rescheduled bank loans	Wave 1	Did not adopt	27 (5.4)	98 (20.1)	64 (13.1)	116 (23.8)	184 (37.6)	489 (100)
		Adopted	0 (0)	3 (31.9)	1 (12)	3 (25.5)	3 (30.6)	10 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	25 (5.1)	49 (10.2)	100 (20.9)	146 (30.5)	160 (33.4)	480 (100)
		Adopted	0 (1.1)	5 (26.4)	6 (27.8)	5 (24.9)	4 (19.8)	21 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Purchased on credit/ advances	Wave 1	Did not adopt	26 (5.4)	99 (20.4)	62 (12.7)	119 (24.4)	180 (37.1)	486 (100)
		Adopted	1 (4)	2 (17.2)	3 (24.9)	0 (3.2)	6 (50.7)	13 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	17 (4.2)	42 (10.1)	82 (19.8)	128 (30.9)	145 (35.1)	415 (100)
		Adopted	8 (8.7)	12 (14.4)	24 (27.4)	24 (27.3)	19 (22.2)	86 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

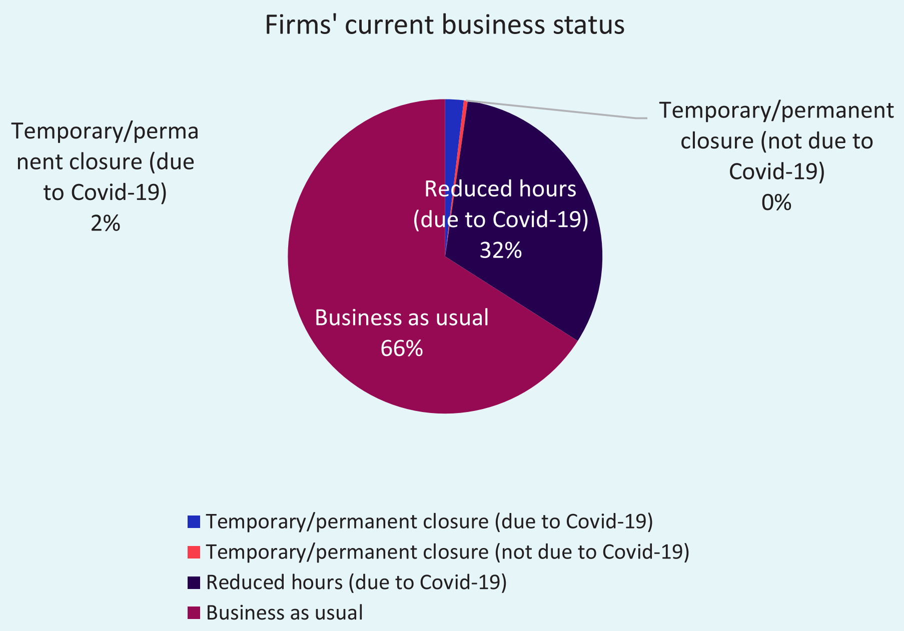
Received aid from friends/ family in country	Wave 1	Did not adopt	26 (5.4)	101 (20.9)	63 (13)	119 (24.6)	175 (36.2)	484 (100)
		Adopted	1 (4.2)	0 (0)	2 (15.7)	0 (0)	12 (80.2)	15 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	24 (5.3)	50 (11)	97 (21.6)	134 (29.7)	146 (32.4)	451 (100)
		Adopted	1 (1.6)	5 (9)	9 (17.4)	18 (35)	19 (37)	50 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Received aid from friends/ family abroad	Wave 1	Did not adopt	27 (5.3)	101 (20.4)	65 (13.1)	119 (23.9)	185 (37.3)	497 (100)
		Adopted	0 (0)	0 (0)	0 (0)	0 (0)	2 (100)	2 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	25 (5)	52 (10.6)	105 (21.3)	148 (30.1)	162 (33)	492 (100)
		Adopted	0 (0)	2 (23.4)	1 (14.9)	4 (38.4)	2 (23.3)	9 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
None	Wave 1	Did not adopt	5 (3.7)	36 (26.1)	27 (19.6)	19 (13.9)	51 (36.8)	139 (100)
		Adopted	21 (6)	65 (18.1)	38 (10.5)	100 (27.7)	136 (37.7)	360 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Did not adopt	16 (8.4)	26 (13.3)	48 (24.9)	52 (27)	51 (26.4)	192 (100)
		Adopted	9 (2.8)	29 (9.3)	58 (18.8)	100 (32.2)	114 (36.8)	309 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Looking at the current status of businesses at the time of interview also reflects a similar trend found in table 3.4. Figure 3.4 shows the shares of firms reporting different business statuses at the time of the interview. The majority of firms surveyed in Morocco during the second wave reported having business as usual (nearly 66 per cent, 330 firms – see table 3.5 below). Most of the firms having their business as usual were in services (116 firms) followed by firms in food and accommodation and firms in trade and retail (82 and 71, respectively).

Out of the firms that experienced disruptions due to the pandemic, most reported reducing hours as a change to their current business status (32 per cent, 159 firms) and only two per cent reported temporarily or permanently closing down (10 firms).

Figure 3-4: Current business status



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Table 3.5 shows the breakdown of the business status responses by economic activity. That is later followed by the main challenges faced by businesses that led to their current status and can also be linked to the firms' respective coping strategies. Most of the firms reporting reducing their working hours were in food and accommodation, and in service (65 firms), followed by 47 firms in services. Out of the 10 firms temporarily or permanently closing their business due to the pandemic, 8 were in food and accommodation and trade and retail. A quite small percentage of firms reported temporary or permanent closure not due to the pandemic (2 firms).

▶ **Table 3-5:** Business status by economic activity

Number of firms (share, %)	Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Temporary/ permanent closure (due to COVID-19)	1 (8.3)	0 (0)	4 (37.7)	4 (39.5)	1 (14.4)	10 (100)
Temporary/ tpermanent closure (not due to COVID-19)	0 (0)	0 (0)	1 (52.8)	1 (47.2)	0 (0)	2 (100)
Reduced hours (due to COVID-19)	4 (2.5)	13 (8.3)	30 (18.9)	65 (40.8)	47 (29.4)	159 (100)
Business as usual	20 (6)	41 (12.4)	71 (21.5)	82 (24.8)	116 (35.3)	330 (100)
Do not know	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Table 3.6 shows the detailed breakdown for the distribution of firms by business challenges and economic activity. The most reported challenge faced by businesses in Morocco in both waves was loss in demand: 302 firms out of 499 (61 per cent) in wave 1 and 364 firms out of 501 (72.7 per cent) in wave 2. Similar to the previous findings in this section, most of the firms reporting loss of demand operated in services and in food and accommodation, followed by firms in trade and retail. The next most reported business challenge was difficulties in accessing customers due to mobility restrictions (285 firms), out of which 82 firms were in food and accommodation, 78 in services and 62 in construction. Another challenge also related to mobility restrictions was difficulties in accessing suppliers, a total of 125 firms reported this challenge. Out of the 125 firms, 38 were in food and accommodation, 31 in construction, and 26 in services. The least reported business challenge in the second wave was difficulties tending to business due to care giving.

▶ **Table 3-6:** Business challenges by economic activity

Business challenge		Number of firms (share, %)	Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Difficulties in accessing customers mobility restrictions	Wave 1	Not Mentioned	10 (4.8)	40 (18.4)	19 (8.7)	37 (17.3)	109 (50.8)	214 (100)
		Mentioned	16 (5.7)	62 (21.7)	47 (16.3)	82 (28.8)	78 (27.4)	285 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	11 (4.6)	32 (12.9)	54 (21.7)	58 (23.5)	92 (37.3)	247 (100)
		Mentioned	13 (5.3)	22 (8.8)	52 (20.6)	94 (36.8)	73 (28.5)	254 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Loss in demand due to other customer reasons	Wave 1	Not Mentioned	11 (5.7)	57 (29.1)	31 (15.6)	16 (7.9)	82 (41.6)	197 (100)
		Mentioned	15 (5.1)	44 (14.5)	34 (11.4)	103 (34.3)	105 (34.8)	302 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	10 (7.5)	25 (18)	27 (19.7)	23 (16.7)	52 (38)	137 (100)
		Mentioned	14 (4)	30 (8.1)	79 (21.7)	129 (35.3)	113 (30.9)	364 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Difficulties in accessing suppliers due to mobility restrictions	Wave 1	Not Mentioned	19 (5.1)	70 (18.9)	42 (11.3)	81 (21.6)	161 (43.1)	374 (100)
		Mentioned	8 (6)	31 (24.6)	23 (18.4)	38 (30.4)	26 (20.6)	125 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	13 (3.6)	41 (11)	76 (20.5)	113 (30.4)	128 (34.5)	371 (100)
		Mentioned	11 (8.8)	13 (10.4)	30 (22.9)	39 (29.9)	36 (28.1)	130 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

Reduction in the availability/ price increases for the main inputs	Wave 1	Not Mentioned	20 (4.6)	80 (18.6)	47 (10.9)	114 (26.4)	170 (39.5)	431 (100)
		Mentioned	7 (10)	21 (31.4)	18 (26.5)	5 (7.5)	17 (24.5)	68 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	7 (3.3)	17 (7.9)	42 (19.4)	68 (31.3)	82 (38.1)	217 (100)
		Mentioned	18 (6.2)	37 (13.1)	64 (22.5)	84 (29.4)	82 (28.9)	284 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Difficulties with worker absenteeism	Wave 1	Not Mentioned	27 (5.5)	92 (19.1)	65 (13.4)	116 (24.1)	183 (37.9)	483 (100)
		Mentioned	0 (0)	9 (55)	0 (3.1)	3 (17.8)	4 (24.2)	16 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	20 (4.6)	47 (10.9)	96 (22)	131 (30.1)	141 (32.5)	434 (100)
		Mentioned	5 (7.4)	7 (10.6)	10 (15.5)	21 (31.4)	23 (35.1)	67 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Difficulties tending to my business b/c care giving	Wave 1	Not Mentioned	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
		Mentioned	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	23 (5.3)	43 (9.8)	98 (22.3)	136 (30.9)	139 (31.6)	439 (100)
		Mentioned	2 (2.6)	11 (17.9)	8 (12.7)	16 (25.4)	26 (41.4)	62 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
Other difficulty (specify)	Wave 1	Not Mentioned	27 (5.4)	99 (20)	65 (13.2)	119 (24)	184 (37.4)	493 (100)
		Mentioned	0 (0)	3 (48.2)	0 (0)	0 (7.4)	3 (44.4)	6 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)
		Mentioned	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

No particular challenge	Wave 1	Not Mentioned	22 (5.3)	85 (20.6)	52 (12.6)	108 (26.3)	144 (35.1)	411 (100)
		Mentioned	5 (5.2)	17 (18.8)	14 (15.4)	11 (12.3)	43 (48.3)	88 (100)
		Total	27 (5.3)	101 (20.3)	65 (13.1)	119 (23.9)	187 (37.5)	499 (100)
	Wave 2	Not Mentioned	21 (4.7)	46 (10.4)	97 (22.1)	140 (31.7)	138 (31.1)	442 (100)
		Mentioned	4 (6.9)	8 (14.1)	8 (14.3)	11 (19.1)	27 (45.6)	59 (100)
		Total	25 (4.9)	54 (10.8)	106 (21.1)	152 (30.2)	165 (32.8)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Sales and revenues

Table 4.1 shows the reported percentage revenue change over the past 60 days compared to the same period last year. In addition, firms were also asked to report their expectation of revenue change for the coming 60 days. Overall, firms reported an average decline in their percentage revenue change over the last 60 days from the time of the interview in the second wave, compared to the same period last year, reporting a decline in revenue between 35 and 51 per cent on average. Their expectations of the same reference period for the coming 60 days, however, seem to be slightly more optimistic and certainly worse than their expectation when surveyed in the first wave.

Firms in services were the most optimistic, expecting revenue to increase by 9.8 per cent in the coming 60 days (from the time of the interview), followed by firms in trade and retail (reporting an expected increase in revenue by 3.1 per cent). All other firms on other sectors reported a revenue decline on average. With the full sample expecting a revenue increase only slightly above 0.5 per cent.

The bottom panel of table 4.1 also shows that firms that reported having business as usual were expectedly the most optimistic in terms of revenue change over the coming two months (expecting revenue to increase by 3.8 per cent on average).

Table 4-1: Sales and revenue change

	Percentage revenue change last 60 days compared to last year (%)						Expected percentage revenue change over the coming 60 days compared to last year (%)					
	Wave 1			Wave 2			Wave 1			Wave 2		
Economic activity	Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd
Manufacturing & agriculture	-54.6	-50.0	28.5	-43.7	-45	29.5	3.3	10	42.3	-5.3	10	40.9
Construction	-47.6	-50.0	34.6	-35.3	-50	53.6	15.6	20	36.4	-14.2	5	52.9
Trade & retail	-34.1	-40.0	39.9	-47.7	-50	26.5	11.7	10	37	3.1	10	44.6
Accommodation & food	-85.2	-95.0	22.7	-66.5	-70	28.9	-47.4	-80	56.5	-3.9	10	56.2
Services	-52.7	-50.0	23.5	-43	-50	29.9	-14.1	-1	43	9.8	20	44.9
All activities	-57.5	-60.0	33.3	-51	-50	34	-9.6	10	49.5	0.6	10	49.9

Current business status												
Temporary/ permanent closure (due to COVID-19)	-90.7	-100.0	21.8	-93.6	-100	10.8	-65.3	-95	47.8	-66	-70	33
Temporary/ permanent closure (not due to COVID-19)	-89.5	-100.0	20.1	-89.4	-80	14.1	-51.1	-99	58.1	-63	-30	49.4
Reduced hours (due to COVID-19)	-70.4	-75.0	25.6	-58	-60	28.1	-19.7	5	55.2	2.5	10	53.8
Business as usual	-47.5	-50.0	33.1	-45.3	-50	35.7	-0.4	10	42.9	3.8	10	46.1
Do not know	-	-	-	-	-	-	-	-	-	-	-	-
Total	-57.5	-60.0	33.3	-51	-50	34	-9.6	10	49.5	0.6	10	49.9

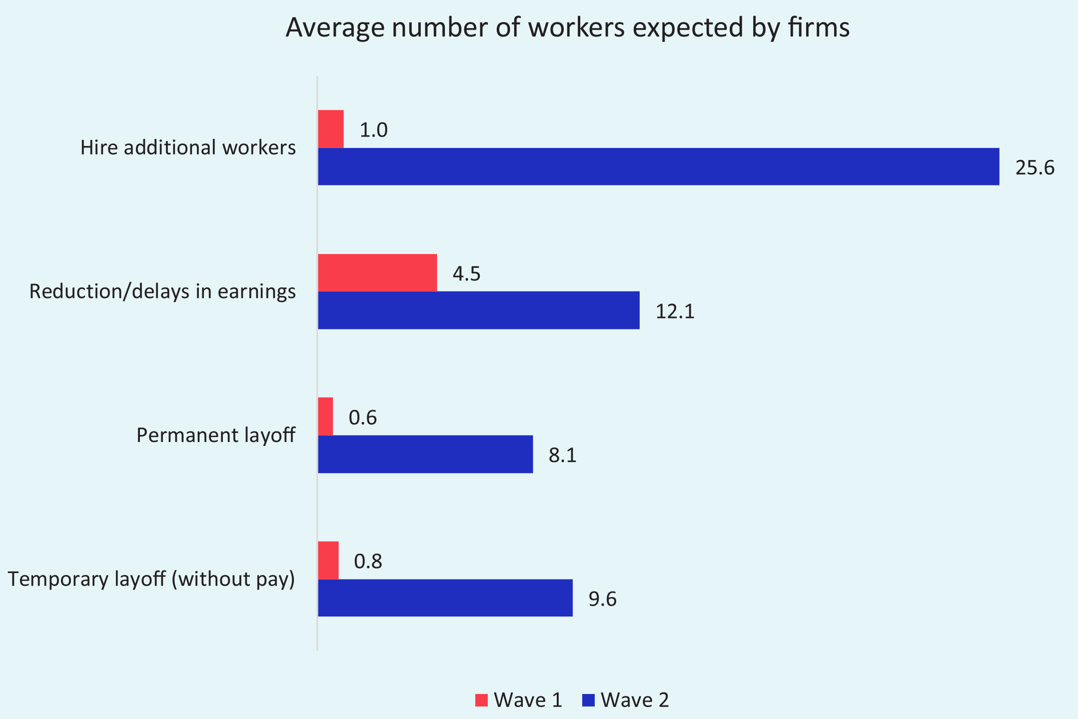
Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Employment

Revisiting Table 3.1, it is observed that the mean number of employees declined considerably from 26.8 in the first wave to 23.8 in the second wave in the full sample. Where the downsizing took place in the most stable type of employment, that is indefinite duration contract workers. This is the same except for firms working in the food and accommodation sector, when firms were asked to compare their number of employees as of February 2020 and at the time of the interview.

In addition, firms were also asked about their expectation for the next six months regarding their workforce. Figure 5-1 shows the responses given by firms in terms of the number of workers they expect to hire, fire, and reduce or delay earnings of for the upcoming six months from the time of the interview.

Figure 5-1: Employment expectations



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The data shows that firms are quite optimistic about their hiring for the coming six months compared to the previous wave, where on average, firms expected to hire 25.6 additional workers compared to only 1.0 in the first wave. However, other indicators such as reductions or delays in earnings and permanent and temporary layoffs are alarming. Firms in the second wave expected to reduce or delay earnings of 12.1 workers on average, to permanently layoff 8.4 workers and temporarily layoff 9.6 workers.

To better capture the effect of the pandemic on firms' hiring decisions, Table 5.1 shows the breakdown of the effect of the pandemic on workers actually hired by type of employment. On average and over all economic activities, the highest increase in new hires were in definite duration contract workers (0.8 workers). The highest number of definite duration contract workers was 3.1 newly hired in the construction sector. Firms in food and accommodation were the least to hire new workers, on average, within all types of contracts over the same period; with zero workers without contracts, zero definite duration contract workers, and zero indefinite duration contract workers. These findings are quite similar to the findings of the first wave.

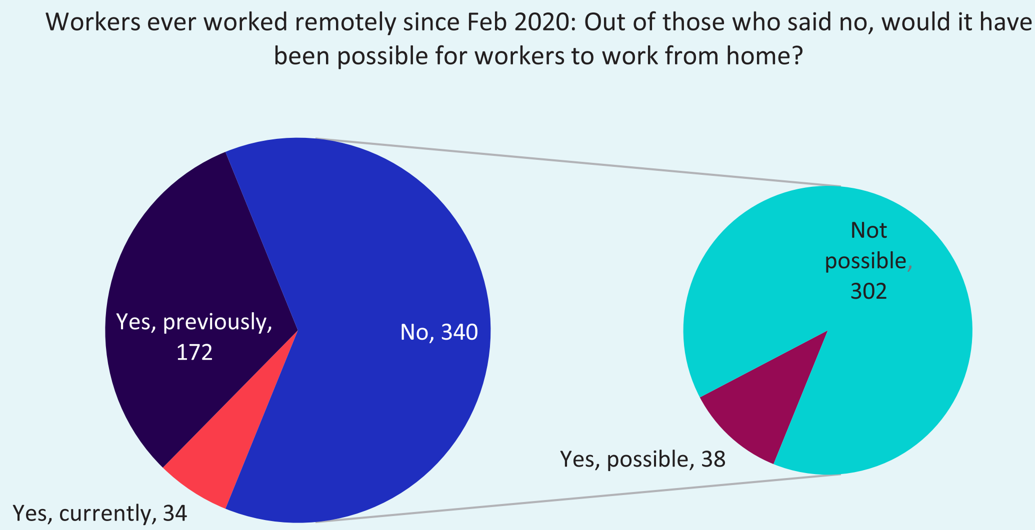
Table 5-1: Workers hired since February 2020 by contract type

		Workers without contracts hired since February 2020			Definite duration contract workers hired since February 2020			Indefinite duration contract workers hired since February 2020		
		Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd
Manufacturing & agriculture	Wave 1	0	0	0	0.4	0	1.9	1	0	3.6
	Wave 2	0	0	0	0	0	0	0.1	0	0.3
Construction	Wave 1	0.4	0	2.1	0.5	0	3.9	0.7	0	5
	Wave 2	0.2	0	1.3	3.1	0	10.5	1.2	0	4.9
Trade & retail	Wave 1	0.2	0	1.2	0	0	0	0.9	0	4
	Wave 2	1.3	0	3.1	0.5	0	1.5	0.3	0	2.1
Accommodation & food	Wave 1	0	0	0.1	0.1	0	0.8	0	0	0.1
	Wave 2	0	0	0	0	0	0	0	0	0.2
Services	Wave 1	0.1	0	0.6	0.4	0	2.3	0.2	0	1.2
	Wave 2	0.4	0	2	0.4	0	0.9	0.1	0	0.4
All activities	Wave 1	0.1	0	1.1	0.3	0	2.3	0.4	0	2.9
	Wave 2	0.4	0	1.8	0.8	0	4.7	0.3	0	2.3

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Figure 5.2 shows the distribution of firms by remote employment status. Out of the 501 surveyed firms in Morocco, 172 observed firms had employees that previously worked remotely, 34 still had employees working remotely at the time of the interview and 340 said their employees never worked remotely since the start of the pandemic. Only a small fraction of the firms that had no remote workers (340), said it was possible for employees to work remotely (38 firms), while the majority said that it was not possible for employees to work remotely (302 firms).

Figure 5-2: Remote employment

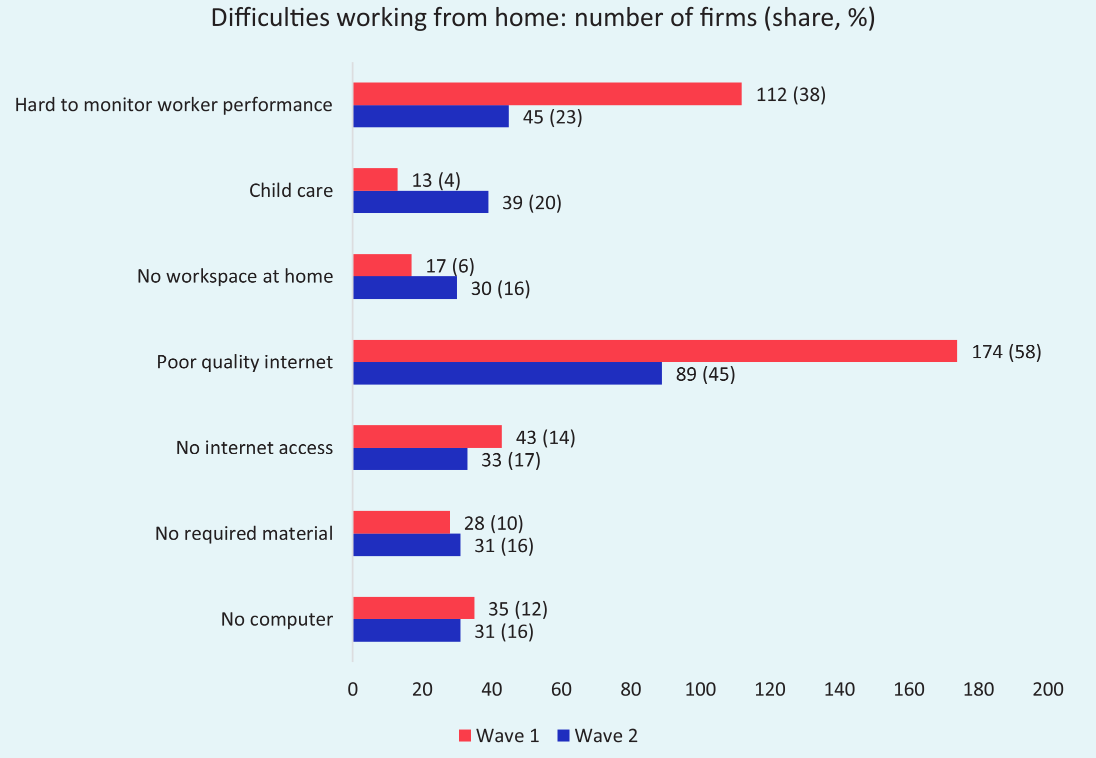


Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Revisiting those firms that reported not having any remote workers, and to capture some of the issues faced by firms who wanted to have their employees work from home, Figure 5.3 shows the distribution of the responses made by firms on difficulties faced with working from home arrangements from both waves 1 and 2.

Out of the 340 firms that reported having no remote workers, the majority of firms responding to this question cited poor internet quality as the main impediment to making working from home arrangements (174 firms, 58 per cent in wave 1 and 89 firms, 45 per cent in wave 2). It is worth mentioning that the number of firms reporting poor internet quality declined between waves 1 and 2, it remains however the main impediment to working from home. Also, a considerable share of the 340 firms, cited difficulties with monitoring worker performance as the main barrier to having work from home arrangements (45 firms, 23 per cent in wave 2). While 33 firm in the second wave cited having no access to internet.

▶ **Figure 5-3:** Difficulties with working from home



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Appendix

Inverse probability weighting was undertaken to account for the sampling strategy and non-response. Weights had the following inputs:

- Total number, T, of firms in the stratum, s, in the sampling frame (T_s)
- Number, N, of firms in the stratum, s, successfully completed in the sample (N_s)
- Share of firms successfully contacted in the stratum that were eligible (es)

The weight for a firm, f, in stratum s is calculated as:

$w_{(f,s)}=(T_s*e_s)/N_s$

We adjust the total number of firms in the sampling frame to account for the fact that not all firms were eligible by multiplying the sample frame number of firms in the strata, T_s, by the fraction eligible among contacted firms, e_s. Weights are then normalized to have a mean of one. The resulting weight is the same for all firms that are in the same stratum. In Morocco the weight also accounts for the number of firms on the randomly selected page, N_p, as in:

$w_{(f,s,p)}=(T_s*e_s*N_p)/N_s$

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HIGHLIGHTS: JUNE 2021 SURVEY