

The Tunisian Republic
Ministry of Social Affairs
Center for Research and Social Studies



Minimum Wage Control and Development The Tunisian Experience

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Introduction



❖ Wage is primarily a sensitive factor since it represents both the worker's income and the company's cost of production

➔ The equation of balance between conserving employees' purchasing power and the company's competitive edge

➔ Balance between existing labor hubs and new creations.

❖ Wage is also important due to its prominent role in economy and its direct and indirect impact on overall economic changes and the behavior of economic traders.

➔ Employees represent 70 per cent of total workers

Introduction



❖ Wage policy has lately gained in importance in Tunisia in light of the democratic transition challenges that require the fulfillment of the Tunisian revolution's entitlements

- ✓ Social inequality limitation
- ✓ Social welfare fulfillment
- ✓ Speed up the pace of productive and decent employment creation
- ✓ Preserving at the same time the total balances in the national economy
- ➔ ✓ To tackle the challenges of foreign competition and the relevant reduction of labor cost and production factors expenses

Wage policy in Tunisia



The 60s and

The 70s and

the

beginning

of the 70s

the

beginning

of the 80s

Period

1986/ 2012

- ❖ A socialist experience

- ❖ Founding the employment magazine in 1966

- ❖ Stability in prices and wages

- ❖ Centralized decisions and clear intervention

- ❖ An open liberal method

- ❖ Laying the foundations of dialogue between social partners

- ❖ Founding a committee to control guaranteed minimum wages

- ❖ Linking all raises to the increase in the guaranteed minimum wage.

- ❖ Sealing a social contract for

5 years

- ❖ Total wage freeze after the important raises in the 80s

- ❖ After seven rounds of negotiations between social partners, it was agreed to adopt tripartite

programs for wage



Evaluating the minimum wage policy for the period 1960–2012



❖ Administrative policies led by Tunisia between 1960 and 2012 have clearly improved all quantitative indicators such as household consumption and structure, level of national savings and individual income. They have thus influenced household living standards and introduced families to new patterns of consumption due to the extension of the middle class namely in the mid seventies.

❖ Additional historical data concerning the founding period of 1961–1986 in the independence state that played an active role in laying the foundations of structural policies.

❖ An accurate analysis about the period 1986–2012 in light of its

Basic features of the Minimum Wage Policy during the period 1961– 1986



❖ Since the independence and until the mid eighties, the wage policy witnesses two contradicting periods in terms of income, wage and non- wage

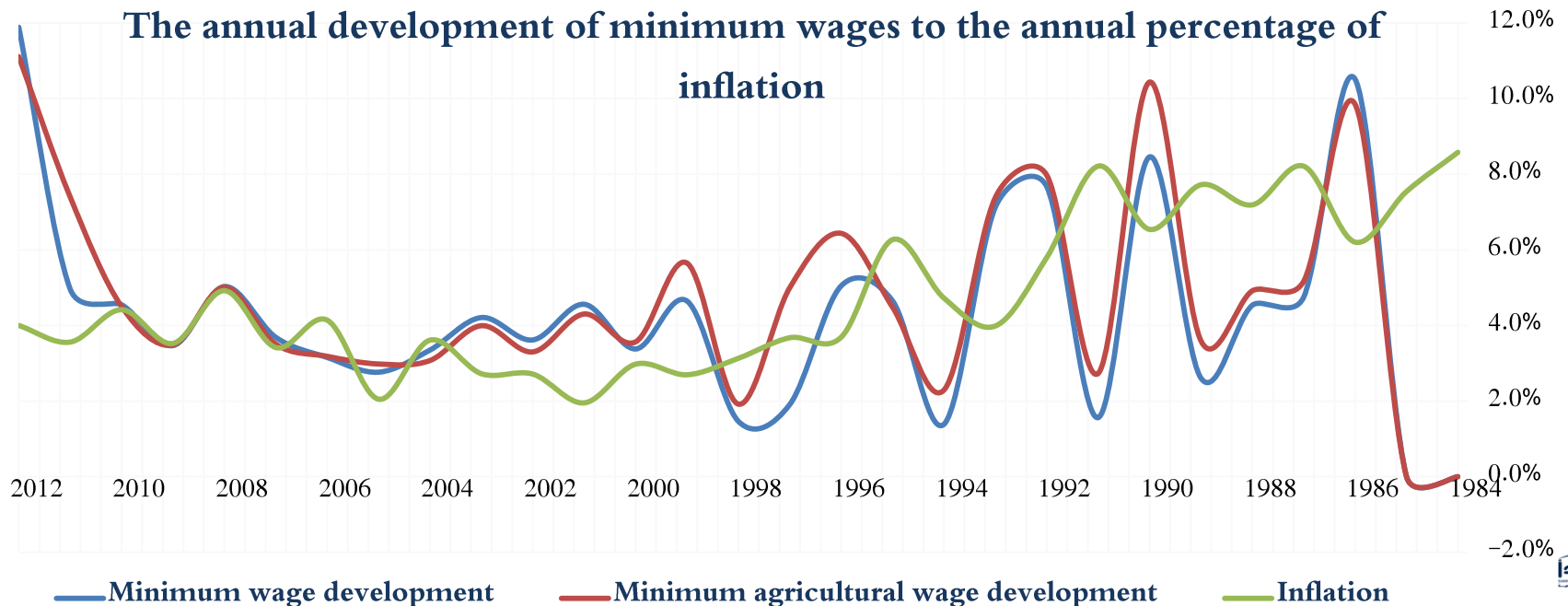
<i>Period</i>	<i>Annual percentage of national wage per capita by continent price</i>	<i>Most important factors</i>
<i>1973–1961</i>	<i>%3.4</i>	The construction and building period caused major changes in economic policies.
<i>1986–1974</i>	<i>%2.3</i>	Notable increase in inflation percentage

❖ Disparities in consumption distribution between the different social segments witnessed a clear improvement towards more justice in distributing the benefits of development: the Ginin Index moved from 0.44 in 1975 to 0.430 in 1980 and then increased to 0.434 in 1985.

The development of Minimum wage Purchasing Power during the period 1986– 2010



- ❖ In general, the percentage growth of minimum wages guaranteed by current prices registered 4.6 %
- ❖ Due to the high inflation levels (which annual rate of increase exceeded government expectations) the purchasing power of the guaranteed minimum wage decreased by 0.4% per year and the guaranteed minimum agricultural wage regressed by 0.2%.

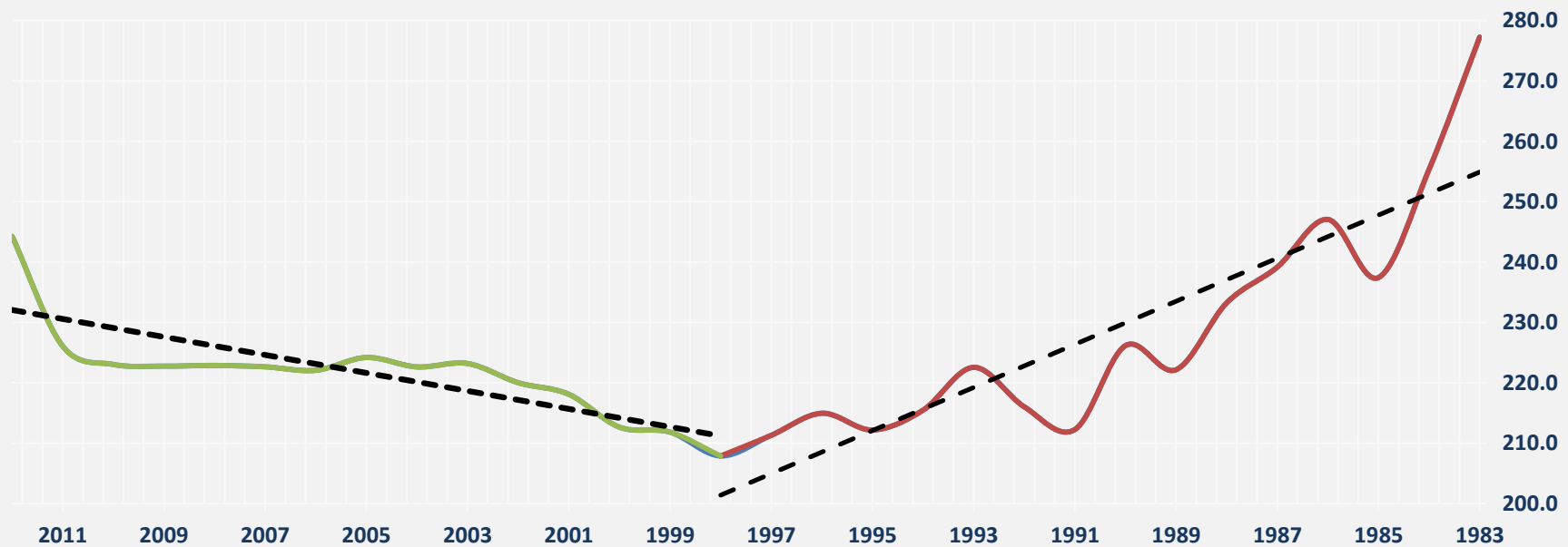


The development of Minimum wage Purchasing Power during the period 1986– 2010



❖ The study shows two contradictory periods in terms of purchasing power development in 1986–1998 and 1999–2012

The development of the guaranteed minimum wage by continent price in 2005



The development of Minimum wage Purchasing Power during the period 1986– 2010



1986–1998: Transitional phase and structural reforms

❖ This transitional phase witnessed a decrease in the guaranteed industrial minimum wage by constant price in 2005 by 1.9 % per year due to the imposed financial pressures in addition to a slight improvement in the median wage by 0.2 per cent of the state's budget and public or private institutions.

1998–2012: Continuous reforms and preserving the purchasing power of limited-income social segments

❖ The guaranteed industrial minimum wage witnessed more than 14 adjustments during the period of 1998–2012 which contributed to the preservation and relative elevation of the purchasing power for limited-income segments. It registers an annual growth of about 1.2 per cent by constant price.

The necessary mechanisms for wage policy rationalization



Entering a new round of social bargaining in light of the difficult economic situation

- ❖ It is necessary to examine the gaps in the wage policy adopted during the previous periods.
- ❖ To define the priorities of the upcoming phase based on the current

econom



❖ To tak

institutio

In order to rationalize the wage policy and guarantee its efficiency, it is necessary to:

- ❖ Refrain from resorting only to consensual solution without adopting fixed quantitative requirements
- ❖ Follow a scientific and clear methodology

The necessary mechanisms for wage policy rationalization



Social funds databases

- ❖ They do not provide data about employees and wages distribution based on education levels and professional competences
- ❖ They are not helpful in defining the real cost of a day or hour of labor based several variants like age, sex, professional type, working experience...

➡ No clear information available on the cost of a Tunisian employee

A referential survey on wages helps in:

- ❖ Giving a comprehensive image reflecting all aspects of wage structure and distribution
- ❖ Taking a decision and evaluating the wage policy

A referential survey on wages



This survey aims initially at collecting data concerning wage structure and distribution in the public and private sector facilities. It serves as well to uncover the specificities of wage-earners in order to discover the changes in labor market and find a ground to study the specificities of facilities and wage

distribution. The objectives of this survey can be summarized as follows:

- ❖ To get to know the structure of wage-earning workforce according to social and economic specificities.
- ❖ To get to know wage and salaries structure, working hours, median wages...
- ❖ To study the number of effective working days
- ❖ To provide data on facilities according to the economic activity, the capital

Annex



The public function



- ❖ In the end of the year 2011, the number public employees reached more than 468 thousands employees (excluding the defense and interior ministry)
- ❖ The Gross monthly medium wage in a public function reached 950 Dinars
- ❖ Public officers are distributed as follows:
 - ✓ 81.5% employees
 - ✓ 18.5% workers and some types of collaborators and contractors

The public function: employees



❖ There are 6 types of employees:

<i>In Tunisian Dinars</i>	<i>Percentage of employees</i>	<i>Average wage in 2010</i>
<i>Subclass A1</i>	17 %	1162 Dinars1414 –
<i>Subclass A2</i>	% 30	957 Dinars
<i>Subclass A3</i>	% 32	824 Dinars
<i>Class B</i>	16 %	669 Dinars
<i>Class C</i>	6%	Dinars 552
<i>Class D</i>		Dinars 448

❖ 11.2 % of employers receive a monthly gross wage below 600 dinars and 1.7% of employees receive more than 1200 Dinars per

The public function: Workers



❖ There are three classes of workers:

<i>In Tunisian Dinars</i>	<i>Percentage of employees</i>	<i>Average wage in 2010</i>
<i>First unit</i>	%26	Dinars 462
<i>Second unit</i>	%55	Dinars 535
<i>Third unit</i>	%19	Dinars 653

❖ 80.5% of workers receive a monthly gross wage below 600 Dinars and 19.5% of workers receive more than 600 Dinars per

Employees in the private sector

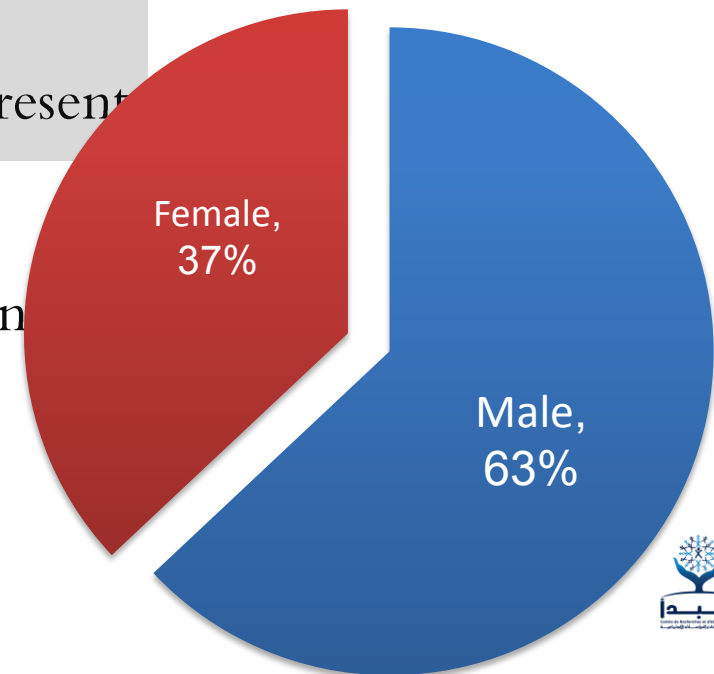


❖ workers in the private sector are considered relatively young:

✓ Two thirds of workers in the private sector are below 40 years of age

✓ Workers above 50 years of age only represent 11%

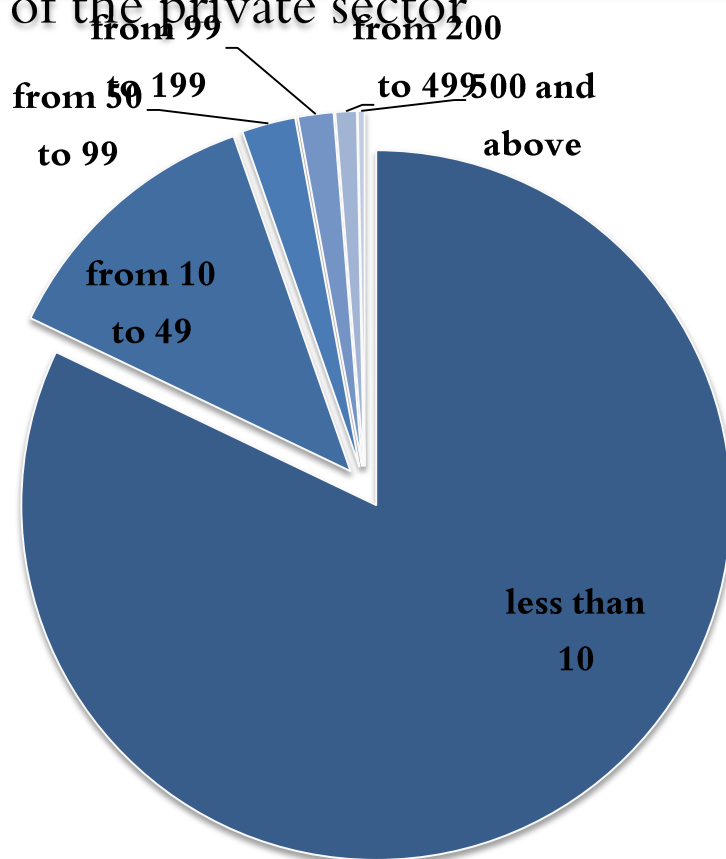
❖ Women represent the third of employees in private sector



Enterprises distribution in the private sector

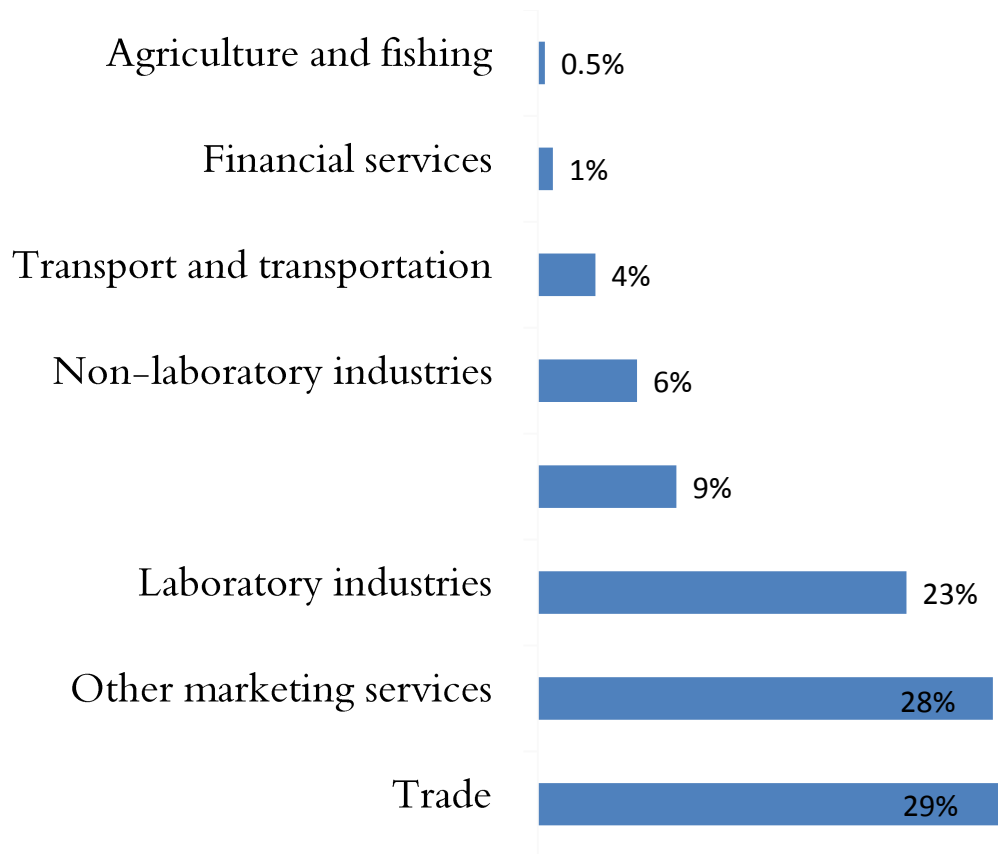


The economic fabric is characterized by the dominance of small enterprises (less than 10 employees) which constitute 82% of the private sector



- ❖ Small enterprises represent only 17.6% of total wage earners in the private sector
- ❖ Large enterprises (200 employees and more) represent only 1.3% of enterprises but encloses more than 40% of total wage earners in the private

Enterprises distribution in the private sector



❖ Most of the enterprises are part of the services sector including trade, social and administrative services, hotels, restaurant, transport...

❖ Active units of the manufacturing sector

represent around 23% of the

Wage combination in April 2011 in the private sector

<i>In Tunisian Dinars</i>	<i>Net wage</i>	<i>Regular allowances</i>	<i>Allowances in kind</i>	<i>Additional hours</i>	<i>Total wage</i>
Males	526	72	7	11	615
Females	408	40	6	4	459
Total	483	60	7	8	557

❖ The total monthly median wage is estimated at 557 Tunisian Dinars

❖ In general, allowances and additional hours' remunerations represent 14% of the total wage for April 2011.

❖ The net median wage for males is 29% higher of that of women.

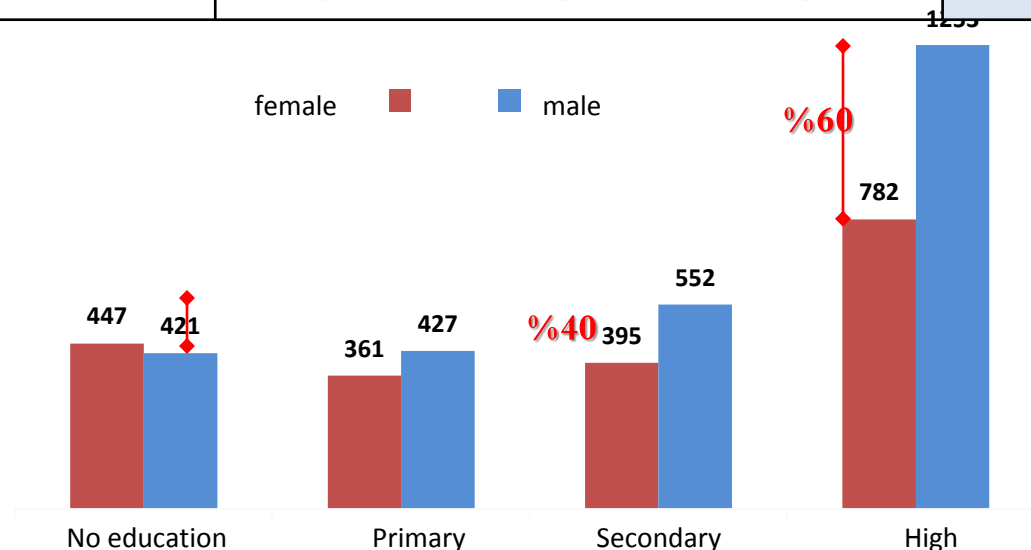
The gap grows larger when taking into account the income generated by allowances and overtime and might reach 34%.

Wage combination in April 2011 in the private sector

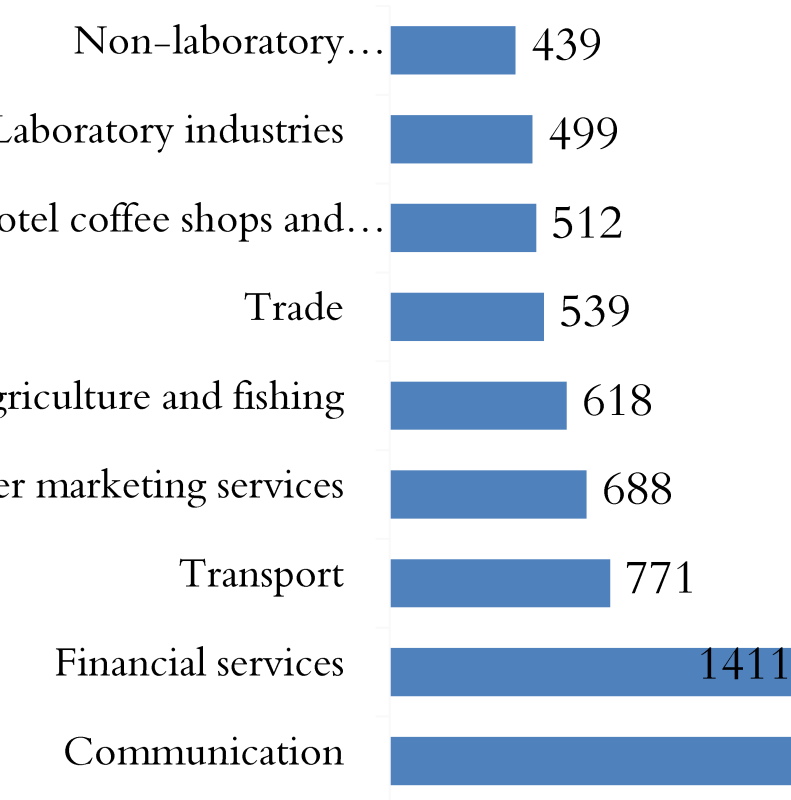
Wage combination according to education level

<i>In Tunisian Dinars</i>	<i>Net wage</i>	<i>Regular allowances</i>	<i>Allowances in kind</i>	<i>Additional hours</i>	<i>Total wage</i>
No education	368	30	12	18	427
Primary	356	38	4	6	404
Secondary	426	50	5	10	491
High	909	139	14	4	1066

Wage gender based discrimination according to education level



Wage combination in April 2011 in the private sector



❖ Employees in the communication sector receive the highest wages. The average net wage for the month of April reached 2484 Tunisian dinars. Wage earners in this sector benefit as well from allowances and relatively high additional incomes in comparison with other sectors

❖ The lowest wages are registered in industrial sectors, namely the textile sector then the construction sector.

The wage policy in Tunisia



Period
1990/2012

- ❖ Defining and determining the minimum wage
- ❖ Controlling the guaranteed minimum wage for all occupations which is the base of wages in the non- agricultural sector. It consists of:
 - ✓ A basic wage
 - ✓ An additional temporary allowance
 - ✓ Transportation allowance

*Thank you for your
Attention*

