

Analyzing the informal economy in Algeria from an institutional perspectiveSoumia BOUANANI¹ & Chaib BOUNOUA²

Received date: 22/04/2022

Accepted paper: 30/04/2022

Abstract:

Institutions matter for economic growth. In as much as the informal economy is one of the undesirable effects of the institutional change of the economy towards the market economy, the question is which kind of these institutions matter more. The informal economy is a social and economic phenomenon, which has an impact on the formal economy. Among its main drivers, the formal and the informal institutions that affect the agents' behaviors to enter the informal economy. The emphasis of this paper is on the impact of institutional settings in shaping the incentives that drive economic agents to conceal their activities. Besides, analyzing how informality interacts with these institutional settings help better understanding the contribution of the formal and informal institutions in the rising size of informality in Algeria basing on several international indicators.

Keywords: informal economy, institutional change, institutional framework quality, institutional measures, new institutional economics.

JEL classification : D72, E26, K2, O17, O170.

Analyse de l'économie informelle en Algérie d'un point de vue institutionnel**Résumé :**

Les institutions importent pour l'économie. L'économie informelle en tant que catégorie institutionnelle apparaît comme l'un des effets pervers du changement institutionnel des économies en transition vers le marché. Le propos de cette contribution est de comprendre comment les institutions formelles et informelles, à travers leur influence sur le comportement des agents économiques, participent à l'augmentation de la taille de l'économie informelle en Algérie. S'appuyant sur nos propres travaux dans ce domaine, nous montrerons en particulier l'impact du cadre institutionnel dans la formation de l'économie informelle.

Mots clés : changement institutionnel, économie informelle, mesures institutionnelles, nouvelle économie institutionnelle, qualité du cadre institutionnel.

Introduction

The informal economy became a controversial subject since its discovery by Keith Hart in 1971. Since then, many researchers and policy-makers attempted to find different ways to control its rising size and to find out its main causes.

1 University of Tlemcen, LAREIID, Algeria. Email: soumia.bouanani@univ-tlemcen.dz

2 University of Tlemcen, LAREIID, Algeria. Email: cbounoua@yahoo.fr

There are several causes of the informal economy, among which the economic institutions of the country that affect the economic agents' behavior. On the one hand, the impact of inefficient formal institutions on economic activities that drive economic agents to hide underground, but on the other hand, the pervasive informal institutions; such as informal rules and social norms; that are deep-rooted in the society's culture; where the informal production is considered as one of the most pervasive forms of informal institution. (Dell'Anno, 2010)

On the basis of this political and institutional framework, our emphasis will be on the impact of institutions, economic policies and public governance in shaping the incentives that promote the economic agents to conceal their activities. Thus, the main issue is to examine how the informal economy interacts with institutional settings and economic policies, which help better understanding the role played by institutions and stage of economic development in the rising size of informal economy.

In section 1, we will give a literature review on informality and institutions. Next in section 2; we will shed a light on the institutional framework in Algeria basing on both national and international institutional overview. Finally, we will conclude by a discussion on informality in Algeria.

1. Literature review on the informal economy and the New institutional approach

1.1. The main aspects of informality

The definition of the informal economy differs according to the range, the different economic agents involved in it, the degree of compliance with rules and conventions of established institutions, importance and extent of the rule being violated. All these criteria reflect the different perspectives from which informality can be seen. As a result, many researchers and organizations attempt to define it. In this paper, we will mention some of the main definitions of informality.

According to the Organization for E and Co-operation and Development (OECD); the non-observed economy is comprised of all the activities that are underground, illegal, informal sector or undertaken households for their own final use; in addition to the activities that may be missed because of deficiencies in the basic data collection program. (OECD, 2002)

The international labour organization (ILO) provided parameters for understanding the informal economy as 'all activities that are, in law or practice, not covered by or excluded from the formal arrangements. It does not cover illicit activities.

This exclusion refers to working people who are largely excluded from the exchanges that take place in the formal economy. They are often not captured by national accounts and official statistics. They thus lack social protection, do not exercise rights at work and lack representation

and voice in the workplace. Moreover, they are excluded from the benefits that are provided by the state, private markets and political processes. The informal economy thus includes vulnerable and unprotected people who seek to meet their own needs. (ILO, 2002, 2013, 2015) The shadow economy includes all the synonyms refer to some type of shadow economy activities. It includes all economic activities which are hidden from official authorities for monetary, regulatory, and institutional reasons. Monetary reasons include avoiding paying taxes and all social security contributions, regulatory reasons include avoiding governmental bureaucracy or the burden of regulatory framework, while institutional reasons include corruption law, the quality of political institutions and weak rules of law. (Medina & Schneider, 2018)

Rather basing on a specific definition among the previous ones, our emphasis will be on the non-compliance. It includes all the underground activities that reflects circumvention of the established rules, or exclusion from the protection of those rules. Consequently, the underground economy includes all activities that have legal outputs but employ illicit means and are concealed from public authorities for the following reasons: avoiding the payment of income, social security contributions and other taxes, besides avoiding certain legal labor market standards and other administrative obligations. This reflects the voluntary exclusion from the formal economy because of the weakness of the institutional framework. (De Soto, 1989; Feige, 1989a; North, 1990)

There are several school of thoughts that analyze the determinants of informality, some of them attribute the rising size of informal practices to bad institutions and government size related to tax system and public governance; (De Soto, 2000; Dessy & Pallage, 2003)

Other schools found that the impact of burdensome government regulations on economic activities; in addition to the informal institutions that promote economic agents to go underground. (Dell'Anno, 2010)

Table1: the interdependences between the formal and the informal economies

Schools of thought	Characteristics	Authors
Dualist	The informal economy is comprised of marginal activities, not related to the formal sector, that provide income for the poor and safety in times of crisis. The persistence of these activities because there not enough modern jobs opportunities to absorb surplus labor, due to slow growth rate and faster rate of population growth.	(ILO, 1972); (Sethuraman, 1976)
Structural (petty commodity production)	The informal sector includes subordinated economic units and workers that reduce labor costs and increase the competitiveness of capitalist firms. The capitalist development lies in the existence and growth of informal production relationships.	(Moser,1978); (Tokman,1978); (Castell & Portes, 1989)

Legal (State versus legal system)	The underground economy consists of all micro-entrepreneurs who go underground in order to avoid the costs, time, and effort of being registered (bureaucratic restrictions). That is because of the heavy and burdensome government regulation. It is also comprised of illegal and underground activities. Informal self-employed operate illegally to avoid taxation, commercial regulations and other transaction costs.	(De Soto, 1989); (Feige, 1989a); (North, 1990);
Illegal		

Source: Chen et al (2004).

Table 1 summarizes the main schools of thought that interpret the relationship and interdependences between formal and the informal economies, which are the dualist, the structural, the legal, or the institutional one and the illegal one.

In this perspective, we stress the set of determinants and causes that contribute to the rising size of informality; which are: economic (as macroeconomic policies ...), political (as corruption and rent seeking...) and finally the institutional ones (concerning the governance quality).

According to La Porta & Shleifer, 2008, the determinants can be gathered in three categories, which are:

Costs of being formal or entry costs in the official market; which are the resources to fulfill the required procedures to legally start a business.

Costs of staying formal consist of tax payments and government regulations (as regulations of labor market) and also corruption that increases the incentive to escape to the underground economy. Individuals go underground because of the cost of legality. That is to say that the law has a cost like everything else, for example: the amount of time and information necessary to comply with these imposed regulations. In developing countries, the transaction costs (or the cost of law) are low; which encourage economic agents to be legal. (North, 1990)

Benefits of being formal (opportunity cost of informality); which encompass access to public goods, such as infrastructures.

Finally, the cost of compliance, in terms of tax compliance, which refers to the costs that make taxpayers evaded to pay their taxes. These costs involve keeping accounts, reporting information to the tax authorities, keeping informed about changing tax laws, hiring tax advisers, obtaining tax forms, filling them out, standing in line to make tax payments, and so on. (Tanzi, 1999)

The state thus should whether increases the benefits of being formal to promote businesses to stay legal, or reduces the transaction and monitoring costs on economic transactions that prevent economic agents to comply with its regulations.

The next section will be devoted to the institutional perspective of informality, where we will throw light on the link between institutions and the non-compliance.

1.2. The link between institutions and informality

Drivers of informality can be structural (related to economic and social reforms, such as education and infrastructures), behavioral (related to economic agent's decision whether to become informal or to stay formal) and legal or institutional (government regulations and weak law enforcement).

As it is mentioned above, the focus of this paper will be on the institutional perspective of informality or non-compliance with the government rules. The informal economy is defined as the exclusion from the formal arrangements and transactions. This exclusion reflects the weakness of governance, the weak institutional framework and badly implemented economic and social policies. (ILO, 2002)

Institutions are generally defined as the “rules of the game”, or “humanly- devised constraints that shape human political and social interactions”. Since human beings live in an uncertain world, they devise institutions to control their environment, to bring some certainty to their transactions. (North, 1990)

There are many classifications of institutions. In this paper we will select North's division of institutions into formal and informal institutions. Formal institutions are the rules engaged in formal structures such as constitutions, political institution and property rights systems, while informal institutions are largely self-enforcing through mechanisms of obligation, and they include socially sanctioned norms of behavior (e.g. attitudes, customs, taboos, conventions and traditions), extensions, elaborations and modifications of formal rules outside the official framework. The enforcement mechanisms of the informal institutions are self-enforcement mechanisms of obligation, expectations of reciprocity, gossip, shunning, ostracism, boycotting, shaming, threats and the use of violence.

Concerning the interaction between the formal institutions and the informal institutions, there are four kinds of informal institutions, as follows: (Soyza & Jutting, 2007)

As to the first, informal institutions are complementary to formal institutions, when both formal and informal institutions have the same enforcement characteristics. This means that there is interaction between social norms and rules of law; which is the optimal situation to promote economic growth.

Second, informal institutions accommodate formal institutions, when both formal and informal institutions diverge. This means that there is not interaction between informal and formal institutions, where each one generates different outcomes.

Third, informal institutions compete with formal ones that are inefficient; especially in countries that are characterized by no enforcement of the rules of law, because of the high costs of enforcement.

Finally, informal institutions can substitute inefficient formal institutions, where informal institutions generate outcomes that the formal institutions should generate. (Helmke & Levitsky, 2004)

The new institutional approach is thus created by rational individuals as responses to the market failures, in order to overcome the production externalities, free rider and collective action problems and imperfect information. These sources of uncertainty (e.g. uncertainty about prices, types, choices, costly information, and unforeseen contingencies) motivate the creation of institutions other than the market in order to reduce transaction costs. By creating new incentives or by imposing new constraints as new ways of living, the non-market institutions provide mechanisms that enable individuals to overcome social dilemmas to achieve higher level of welfare.

Informal practices are thus distinguished one from another based on the nature and the extent of the rule being circumvented and violated. Moreover, institutions (especially property rights) are created to reduce uncertainty and the costs on the transactions among economic agents, in other words, the creation of institutions that structure the rules and their enforcement in order to support cooperative solutions.

Therefore, any successful development process requires understanding the dynamics of economic change to achieve the desirable economic outcomes; where this economic change is based on the polity (i.e. state) that enforces and specifies the formal rules. (Harris et al, 1996)

Although formal institutions are important in modern life to secure economic transactions, informality (informal institutions and informal connections) is the essential and crucial element in constructing trust and supporting cooperative arrangements among economic agents in order to improve the performance of the economy. This recognition of the importance of informal settings in economic environment does not deny the necessity of formal rules because of the negative consequences of informality; such as nepotism, favoritism, patronage, corruption and bureaucratic practices.

This shows that informal connections need to be supported and need to be operating within formal structures to secure transparency, accountability and property rights protection basing on effective formal procedural democracy and efficient public administration. (Miształ,1999; Williamson, 2009; Acemoglu et al, 2005, 2010)

Moreover, recent institutional and economic changes need to be based on combining impersonal and procedural rules with local standards of the society, which in turn ensure equality without destroying individual and societal uniqueness. In another way we can say that both formal rules of political and economic system and informal connections (that link the society to a common system of relations) are used as platforms for exploring social problems and conflicts; which support cooperative and trustworthy actions outside the formal channels basing on mutual trust, respect and cultivation. Basing on this perspective, the institutional approach is used to analyze the link between reflexivity and freedom civility, intimacy and sociability (features of informality) and restrictions (aspect of formality). (Knight & Sened,1998)

To sum up, the institutional design plays a crucial role in shaping the incentives to go underground, where both formal and informal institutions are important in reducing the costs of undertaking economic and social interactions between individuals and raising the level of economic growth and social welfare. This pinpoints that the development of underground activities is the consequence of the gap between public policies and the institutional environment; the so-called institutional voids that are defined as gaps between rules and the effectiveness of their implementation. They emerge when there is a divergence between economic growth and social and economic structures, which in turn leads to over-exploitation of human and natural resources. (Rodrigues,2013)

After giving the main aspects of informality and institutions, in the next section we will analyze the institutional and legal framework in Algeria from different indicators.

2. Institutional and legal framework in Algeria and its impact on Informality

There are many interpretations of the Algerian informal economy, in which every author has interpreted it; basing on his point of view. Generally, there are four interpretations of this phenomenon in Algeria, in which it is interpreted as "petty commodity production" (PPM) which focuses on the development of small-scale activities and different forms of employment (caregivers, apprentices, work at home and multiple activities). It is interpreted as a "parallel economy" in the period of state-led economy, where it includes parallel activities resulting from the inefficiency of the public regulations, such as: production in black market, distribution and import-export, foreign exchange. (Henni, 1991)

After that, it is extended to include illegal activities particularly in the period of the transition to market economy, where the legal approach is introduced to understand the behaviors of illegal economic agents who seek to maximize their profits from the circumvention of the government regulations. (Bounoua, 2002b, 1999)

Finally, it is interpreted as the informal economy, which includes individuals who seek to meet their own needs; because of the unemployment crisis in the official economy or because their revenues that did not satisfy their needs. They choose informality as a source of livelihood; so do the informal firms in order to reduce the cost of being formal.

As to the size and the importance of the informal economy in Algeria, several researchers estimated its size using different estimation approaches. For Boukllia & Talahite (2008), the average size of the informal economy is 25.17 % of GDP during the period 1991 to 2005.

In the paper of Alm & Embaye (2013), based on the currency demand approach (CDA), the average size of the informal economy was 48.09 % of GDP during the period 1984 to 2006, it ranges between 49.3% of GDP in 1994 and 45.8% of GDP in 2006. Bounoua et al, 2014, using the multiple indicator multiple causes (MIMIC) approach, found that the size of the informal economy varied from 41.68% of GDP and 46.43% of GDP covering the period 1990 to 2009. Kori, 2018, measured the size of the informal economy using the MIMIC model over the period 1970 to 2016. Its size is about 47.4 % of GDP in 2016. Medina and Schneider (2018) estimated that the size of the informal economy in Algeria represents 30.86 % of GDP for an average over the period 1991 to 2015; using the PMM method and the MIMIC approach. Charmes (2012, 2019) assessed the size of informal economy in various regions of the world. He estimates the contribution of informal sector to GDP in Algeria in 2013, the share of total GDP stands at 43.5% (with agriculture) and at 33.8% without agriculture. The informal sector represents 39.4% of non-agricultural employment.

As to the institutional aspects of informality in Algeria; it is found that the existence of the informal practices and non-compliant behaviors is due to the level of trust that the economic agent has in public institutions and the economic system. Besides, the persistence in informal institutions and the adjustment to formal institutions that reflect the adaptation and compliance of economic agents to formal institutions. (Bouanani & Bounoua, 2019)

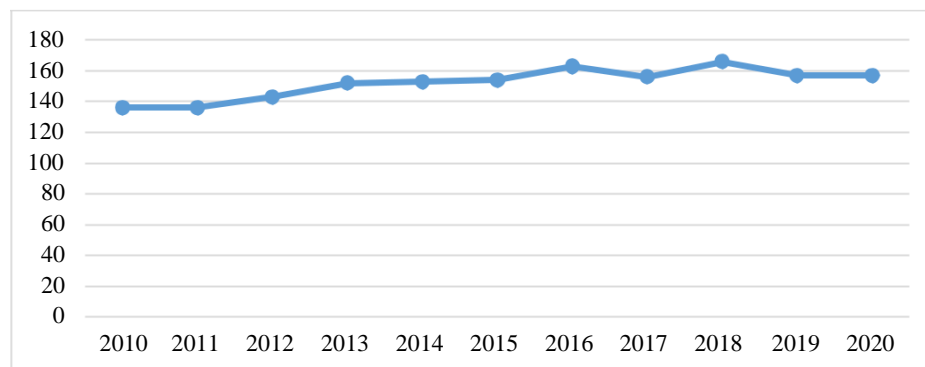
The legal and institutional frameworks whose design and enforcement are essential to combating informality are those that govern labour, social protection, business regulation and securing property rights, including access to financial capital. (ILO, 2013) Changes in the legal framework, business environment and labour market are one of the main aspects of analysing informality in Algeria. However, this is beyond the scope of this paper because of the statistics and data that are needed for the analysis.

As to the international point of view, we will base on the following indicators to analyze the institutional framework in Algeria, among others, the World Bank (Doing Business), the Worldwide Governance Indicators; Ibrahim index of African governance (IIAG); Heritage

foundation on the index of economic freedom; Fraser Institute on economic freedom index and Transparency international on corruption perception index. This analysis will help us to determine the kind of institutions that affect informality in Algeria.

According to the rising size of the informal economy is due in the first place to the weak institutional framework of the business environment that contains some inadequate regulations for creating businesses whether the procedures, time or costs. Figure 1 shows the ranking of Algeria during the period 2010-2019.

Figure 1: Algeria's rank, doing business (2010-2019)



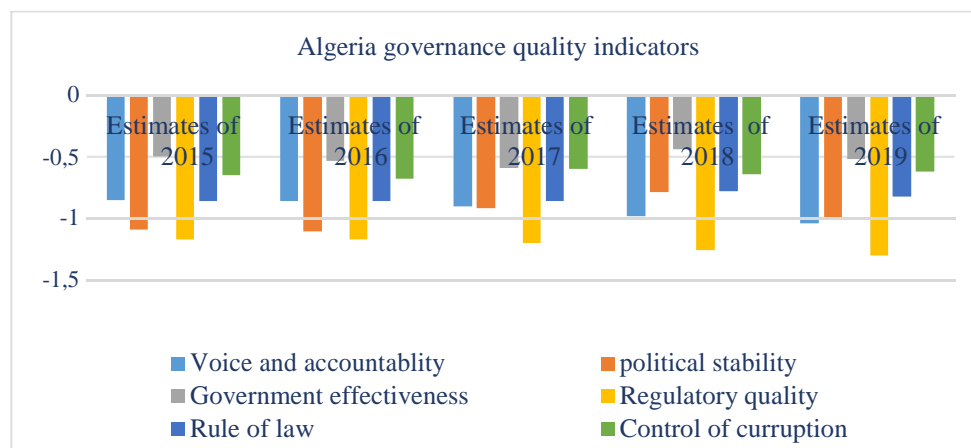
Source: Authors.

Algeria rank is 157, in particular: starting a business (152), dealing with construction permits (121), getting electricity (102), registering property (165), getting credit (181), protecting investors (179), paying taxes (158), trading across borders (172), enforcing contracts (113) and resolving insolvency (81). (World Bank Doing Business, 2020)

From the graph above, we can see a downward trend of Algeria ranking since 2010 with an improvement in 2019; which shows that starting a business in Algeria is a lengthy, bureaucratic and difficult process to engage in, even though Algeria has implemented several business regulatory reforms since 2008. (The other reforms were implemented in the following years: 2010, 2012, 2013, 2015, 2016, 2017 and 2019)

According to the Worldwide Governance Indicators (WGI), despite the massive investment that Algeria has made in different socio-economic domains to foster inclusive growth, many other structural issues have emerged, such as: weak private sector job creation whereas the public sector is supposed to promote private sector rather than compete with it. Besides, high unemployment, low women labor force participation and insufficient quality of public services. The following figure 2 illustrates the governance indicators of Algeria from 2015 to 2019 (the indicators estimates range from -2.5 weak to 2.5 strong).

Figure 2: The Worldwide Governance indicators (2015- 2019)



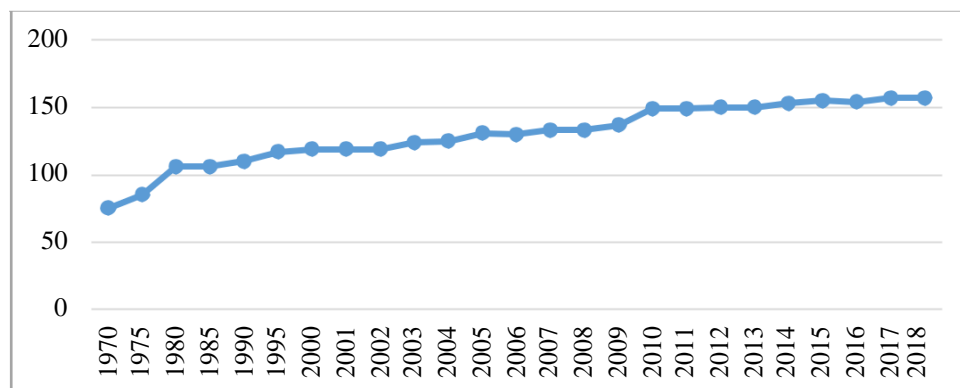
Source: Authors.

Figure 2 reveals the weak governance quality which is due to the weak institutional capacity that leads to more opportunities for corruption, rent-seeking behaviors and non-compliant behaviors, thus reducing good job opportunities and the accumulation of skills that are required for the private sector development.

According to the Ibrahim Index of African Governance (IIAG); Algeria ranked third in North Africa in overall governance, being outperformed by both Tunisia and Morocco, while performing better than Egypt, Mauritania and Libya. It scores 56.2 in overall governance (an improvement when comparing to its score 52.9 in 2017). Since 2011, Algeria has shown some progress (+3.3), demonstrating the thirteenth largest improvement on the continent and the third largest improvement in North Africa, where it shows progress in Safety & Rule of Law, Participation & Human Rights and Human Development. (IIAG, 2020)

Fraser Institute on economic freedom index measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to enter markets and compete, and security of the person and privately owned property. This index covers five broad areas: size of government, expenditures, taxes, and enterprises; legal structure and security of property rights; access to sound money; freedom to trade internationally; and regulation of credit, labor, and business. Algeria ranked 157th in 2018; which it is the least free in the Arab world for this area. Besides, it is classified in the ten lowest rated countries. The following figure3 shows the evolution of the index rank of Algeria covering the period from 1970 until 2018. (Fraser Institute, 2020)

Figure 3: Economic freedom index of Algeria (1970-2018)



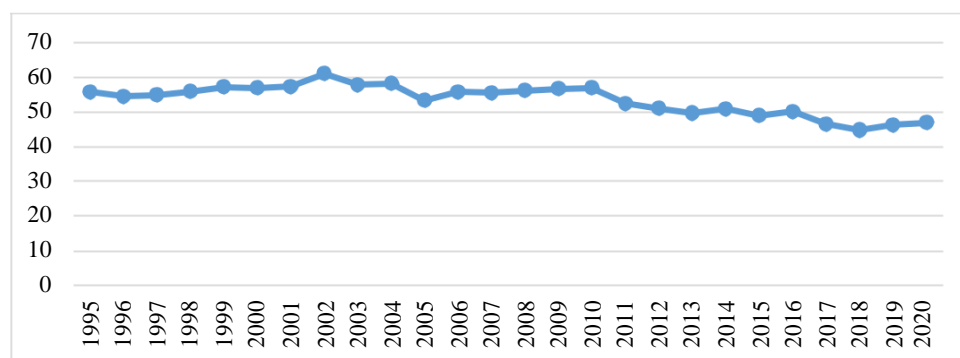
Source: Authors.

Figure 3 reflects the low level of economic freedom of the Algerian economy that provides the institutional environment to encourages markets.

A country like Algeria that seeks to encourage more economic freedom and more economic advancement should consider increasing the degree to which economic resources are allocated through markets rather than the political process, reducing regulatory barriers to starting and running a business, limiting policy distortions of the product and labor markets and improving the protection of private sector.

Heritage foundation on economic freedom index is graded and ranked on 12 measures of economic freedom that evaluate the rule of law, government size, regulatory efficiency, and the openness of markets. For Algeria, the following figure 4 illustrates the main scores over the period 1995 to 2020:

Figure 4:Economic freedom index of Algeria (1995-2020)



Source: Authors.

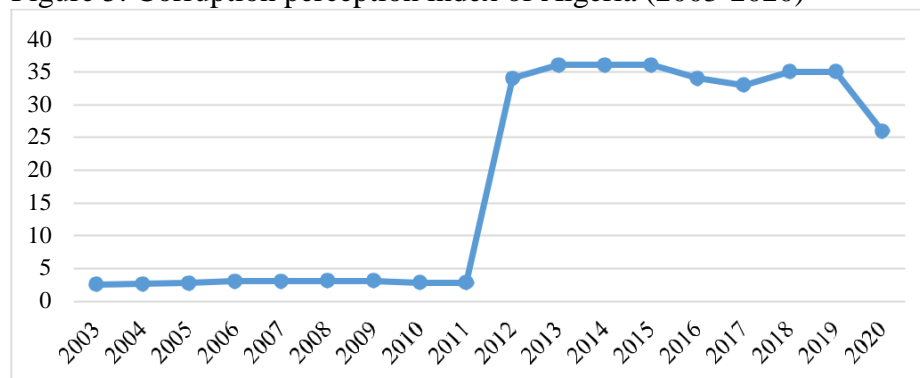
From figure 4, we can see a downward trend exploring the low level of economic freedom of the Algerian economy; which is due to low quality of rule of law and regulatory efficiency,

besides the low attractiveness of foreign direct investment (FDI) and few opportunities that promote entrepreneurial activity. Besides the restrictions on imports and foreign engagements in its economy, political uncertainty and the institutional weaknesses that curb the opportunities for sustained long-term economic development and limit foreign investments, because of the difficulty in the credit access and the underdevelopment of the equity market. However, Algeria's economic freedom has been on an upward trend since then 2018. In order to keep this upward trend, the government must strengthen the judicial system and rules-of-law, institutions and increased financial freedom, which would improve the investment climate.

From 2003 to 2011, Algeria was considered among the highly corrupted countries. In 2012, Algeria operationally implemented the anti-corruption law that is created in 2006 (the law 01-06 of the prevention against corruption), which is resulted in an improvement in the perception corruption index. However, corruption is a growing problem in the Algerian society including all its forms and the damage that could affect the economic activity. Although the rules and the regulations that are created in this field, its impact and its spread size in the whole economy could not be arrested or reversed.

From an institutional point of view, corruption is considered as an informal institution that reflects the violation of the rules that create social welfare, which in turn imply negative externalities and positive social costs, and thus undermine the institutionalization of formal institution and their efficacy, such as private property rights. (Hodgson & Jiang, 2007)

Figure 5: Corruption perception index of Algeria (2003-2020)



Source: Authors.

3. Discussion

As it is mentioned earlier, policy makers and researchers around the world recognize the importance of institutions for reducing informality and for promoting economic advancement and economic growth. For this reason; the government faces two major challenges, the first one is linked to the bad institutional framework for business, and the second is related to encouraging the economic growth and opportunities by promoting economic agents to be legal;

which depends on the state's capacity to provide public goods and its role in reducing transaction costs and protecting property rights. Moreover, the large size of informal practices reduces the state's capacity and makes it raising the tax rates in the formal sector, which in turn restricts its expansion and encourage more informal activities that make the official statistics incomplete and thus hampers the establishment of efficient economic policies.

Basing on the different international institutes assessments, the rising size of the underground economy is due in the first place to the weak institutional framework of the business environment that contains some inadequate regulations for creating businesses whether the procedures, time or costs. Thus, starting a business in Algeria is a lengthy, bureaucratic and difficult process to engage in; which in turn promote economic agents to go underground. (World Bank Doing business, 2020)

According to the World Bank governance indicators, the institutional framework in Algeria is inefficient though the massive investments that has been made indifferent socio-economic domains to foster inclusive growth. This inefficiency is attributed to public spending policies, the quality of public service delivery and infrastructure in addition to the weak institutional capacity and governance that lead to more opportunities for corruption, rent-seeking behavior and non compliant behaviors.

According to the Fraser institute and Heritage foundation on economic freedom index, Algeria's low rank didn't change reflecting the low quality of rule of law and regulatory efficiency and protection of property rights scores; besides the low attractiveness of foreign direct investment and few opportunities that promote entrepreneurial activity, which give it the last rank in freedom to trade internationally among the MENA countries. Moreover, even though the improvements in the business environment, entrepreneurial activity and economic development remain the same, the labor market is still rigid; among other thing like the rent seeking activities, corruption in business and informal economic practices.

Finally, according to the Transparency international corruption perception index, corruption is a growing problem in the Algerian society, even though the rules and the regulations that are created in this field. Corruption reduces the trust between the state and the economic agents, which will hinder cooperation and competition that are key engines of the market economy. Because of this violation, economic activity will be directed by clans and illegal mafias, and thus leads to more non compliant behaviors with the government rules.

To sum up, the economic atmosphere in Algeria is quite challenging; especially when it comes to its institutional framework; even the importance of institutions for economic advancement; they are often ignored. Basing on the institutional framework interpreted by many institutional

institutes, although the several institutional improvements in both economic and social aspects of the whole economy, the political uncertainty and the institutional weaknesses remain curbing the opportunities for sustained long-term economic development and limiting foreign investments, which in turn, promote economic agents to go underground and adapt non-compliant behaviors; and thus more informal practices.

In general, a society that link informality and formality of interactional practices can support cooperation, cohesion (integration) and innovation among its members. Hence, any conflict between formal and informal settings requires the adjustment of institutional structure to the requirements of the informal exchange, in order to support institutional change and thus the development process.

Moreover, is found that efficient regulation and good rule of law, freedom to start a new business, secure property rights and contracts enforcement increase the benefits of remaining in the official economy and increase the costs of informality. Nevertheless, corruption, bureaucracy and regulatory burden affect the economic agents' decision to go underground.

References

- Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions as a fundamental cause of long-run growth. *Handbook of economic growth*, 1, 385-472.
- Acemoglu, D., & Robinson, J. (2010). The role of institutions in growth and development. *Leadership and growth*, 135, 1-27.
- Alm, J., & Embaye, A. (2013). Using dynamic panel methods to estimate shadow economies around the world, 1984-2006. *public finance review*, 41(5), 510-543.
- Bouanani, S. & Bounoua. C. (2019). Non-compliant behaviors and institutions in Algeria (comparion between global and local institutional overview). *Les cahiers du MECAS*, 15 (2), 1-15.
- Boukha-Hassane R. & Talahite, F. (2008). Marché du travail, régulation et croissance économique en Algérie, *Revue Tiers Monde* n° 194, 428-428
- Bounoua, C., Sebbah, F., & Benikhlef, Z. (2014). L'économie informelle en Algérie : analyse de l'évolution du phenomene et evaluation macroeconomique (1990-2009). *Les cahiers du cread* (110), 35-52.
- Bounoua, C. (1999). Etat, illégalisation de l'économie et marché en Algérie. *Cahiers du CREAD*, 50 (4), 25-46.
- Bounoua, C. (2002). Le rôle des facteurs institutionnels dans le processus d'illégalisation de l'économie algérienne, *Revue Economie et management*, 1, 24 - 31.
- Castells, M., & Portes, A. (1989). World underneath: The origins, dynamics, and effects of the informal economy. *The informal economy: Studies in advanced and less developed countries*, 12.
- Charmes J. (2012) The Informal Economy Worldwide: Trends and Characteristics in Margin, *The Journal of Applied Economic Research*, 6 (2) 103–132.
- Charmes J. (2019) *Dimensions of Resilience in Developing Countries: Informality, Solidarities and Carework*. Springer.
- Chen, M., J. Vanek & M. Carr. (2004). *Mainstreaming Employment and Gender in Poverty Reduction: A Handbook for Policy-makers and Other Stakeholders*, London: Commonwealth Secretariat.

- Dahmani, R., & Zaid, M. (2019). Estimating the Size of the Informal Economy Using Simple Currency Ratio Method: The case of Algeria during the period 1970-2017. *Roa Iktissadia Review*, 9(2), 15-30.
- DeSoto, H. (1989). *The Other Path: The Invisible Revolution in the Third World*. New York: Harper.
- Dell'Anno, R. & F. Schneider. (2003). The shadow economy of Italy and other OECD countries: What do we know?, *Journal of Public Finance and Public Choice*, 21(2-3), 97-120.
- Dell'Anno, R. (2010). Institutions and human development in the Latin American informal economy. *Constitutional Political Economy*, 21(3), 207-230.
- Dessy, S., & Pallage, S. (2003). Taxes, inequality and the size of the informal sector. *Journal of Development Economics*, 70(1), 225-233.
- Feige, E. L. (1989a). The meaning and measurement of the underground economy. *Feige, EL (1989a)*, 13-56.
- Feige, E. L. (1990). Defining and estimating underground and informal economies: The new institutional economics approach. *World development*, 18(7), 989-1002.
- Fraser Institute on economic freedom index, Home page, <https://www.fraserinstitute.org>.
- Harris, J., Hunter, J., & Lewis, C. M. (1995). *The new institutional economics and third world development*. Routledge.
- Helmke, G., & Levitsky, S. (2004). Informal institutions and comparative politics: A research agenda. *Perspectives on politics*, 2(4), 725-740.
- Henni.A. (1991). *Essai sur l'économie parallèle: cas de l'Algérie*. ENAG éditions. Heritage Foundation, index of economic freedom, Home page, <https://www.heritage.org>.
- Hogdson, G. M., & Jiang, S. (2007). The economics of corruption and the corruption of economics: an institutionalist perspective. *Journal of Economic Issues*, 41(4), 1043-1061.
- Ibrahim index of African governance, Home page, <http://mo.ibrahim.foundation/iiag/>.
- ILO. (1972). *Employment, Incomes and Equality. A Strategy for Increasing Productive Employment in Kenya*, ILO, Genève.
- ILO. (2002). Decent work and the informal economy. In *International Labour Conference, 90th Session, Item VI*. Geneva: International Labour Organisation.
- ILO. (2013). *The Informal Economy and Decent Work: A Policy Resource Guide Supporting Transitions to Formality*. International Labour Office.
- ILO. (2015). *World employment and social outlook: Trends 2015*. Geneva, Switzerland: International Labour Organization.
- Knight, J., & Sened, I. (1998). *Explaining social institutions*. University of Michigan Press.
- Kori, y.(2018). Estimating the size of the informal economy in Algeria over the period 1970-2016 using the MIMIC model. *Abaad Iqtissadia Review*, 8(1), 37-53.
- La Porta, R. L., & Shleifer, A. (2008). The unofficial economy and economic development (No. w14520). National Bureau of Economic Research.
- Misztal, B. A. (1990). *Informality: Social theory and contemporary practice*. Psychology Press.
- Medina L & Schneider F. (2018) Shadow economies around the world: what did we learn over the last 20 years? IMF working paper WP 18/17, IMF.
- Moser, C. O. (1978). Informal sector or petty commodity production: dualism or dependence in urban development? *World development*, 6(9-10), 1041-1064.
- North D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge Univeristy Press.
- OECD (2002). *Measuring the Non-Observed Economy A Handbook*, Paris France.
- OECD, ILO. (2019). *Tackling Vulnerability in the Informal Economy*. Development Centre Studies, Paris, France.
- Rodrigues, S. (2013). *Understanding Emerging Markets: institutional voids from one-sided economic view*. Rotterdam School of Manangement, Erasmus University RSM .

- Sawa, D. (2009) Decent Work for the Street Vendors in Mumbai, India—A Distant Vision. *Journal of Workplace Rights*, 14(2), 229-250.
- Sethuraman, S. V. (1976). The urban informal sector: Concept, measurement and policy. *International Labour Review*, 114, 69-81.
- Tanzi, V. (1999). Uses and Abuses of Estimates of the Underground Economy, *The Economic Journal*, 109 (456), F338-F347.
- Tokman, V. E. (1978). An Exploration into the Nature of Informal--Formal Sector Relationships, *World Development*, 6 (9-10), 1065-1075
- Transparency International on Corruption Perception Index, <https://www.transparency.org>.
- Williamson, O. E. (2000). Economic Institutions and Development: A View from the Bottom,” in Olson M. and Kahkonen S. (Eds.) *A Not-So-Dismal Science*, New York: Oxford University Press, pp. 92-118.
- Williamson, C. R. (2009). Informal institutions rule: institutional arrangements and economic performance. *Public Choice*, 139(3-4), 371-387.
- World Bank. Doing business, <https://www.doingbusiness.org>.

Bio Chaib BOUNOUA

Chaib BOUNOUA, Ph.D in Economics from the University of Picardie Jules Verne, Amiens, France (1992), is Professor in the Economics Department at the University of Tlemcen, Algeria.

Email: cbounoua@yahoo.fr

He is the director of the Research Laboratory for Informal Economy, Institutions, and Development (LAREIID).

He is also a research associate at the CREAD (Research Center in Applied Economics for Development) and a member of the MEEA (Middle East Economic Association).

His main research topics are organizational theory, development economics, institutional economics, and the informal economy.

He has published numerous articles in in peer-reviewed journals including *GRATICE*, *CREAD*, *LAREIID* and *MECAS*.

He has directed many funded research projects.

Bio Soumia BOUANANI

Soumia Bouanani, PhD in Economics at Abu Bakr Belkaid University, Tlemcen, Algeria.

E-mail: soumia.bouanani@univ-tlemcen.dz

Member of the Research Laboratory for Informal Economy, Institutions, and Development (LAREIID).

Research topics: Economic development, Institutional analysis and Informal economy.

Six published articles