

TOWARDS REGULATING FREELANCE WORK AND THE INFORMAL ECONOMY IN ALGERIA: WILL THE SELF-EMPLOYED CONTRACTOR LAW SUFFICE?

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ABSTRACT

In order to regulate the freelance and self-employed labor market and mitigate the impact of the informal economy, the Algerian authorities enacted a law aimed at organizing new economic activities that emerged with the rise of the knowledge and digital economies. This law became known as the Basic Law of the Self-Employed contractor. This study aimed to clarify the extent to which freelance and self-employment contribute to increasing the indicators of the informal economy in Algeria. It also examined the role of the self-employed contractor law as a newly established mechanism in attracting the largest possible number of self-employed workers to the formal economy. Through an analysis of the data related to the subject variables, the study reached a number of conclusions, the most important of which is that there is a strong positive correlation between informal economy indicators in Algeria and self-employment rates. Additionally, the establishment of the self-employed contractor status is considered an important step in incorporating Algerian freelancers and self-employed individuals into the formal sector. However, for this law to be an effective solution to regulate the freelance and self-employment market in Algeria, certain critical points that the study highlighted must be reconsidered, particularly the issue of excluding certain activities from the law, such as liberal professions and traditional crafts, as well as the issue of prohibiting dual employment in the fundamental laws of various sectors.

Keywords: Self-Employed contractor Law; Freelance Work; Informal Economy; Self-Employment.

JEL classification code : O17, J21, J32.

INTRODUCTION

Many global economies, especially emerging and developing ones, suffer from high levels of labor and institutions operating outside the formal economy. A study by World Bank Group titled "The Long Shadow of Informality" reveals that in emerging markets and emerging nations, the unregulated economy employs 70% of the total workforce in these countries and represents nearly one-third of the total domestic product (GDP) (Ohnsorge & Shu, 2022). The occurrence of the informal economy is multi-dimensional, influenced by social, economic, political, and geographical variables (Gómez-Cruz, Anzola, & Batz Liñeiro, 2024). In addition to the traditional reasons contributing to the rise of this phenomenon, such as income inequality—especially after the COVID-19 pandemic and its impact on low-income families (Botero, Castrillón, Hurtado, Franco, & Vargas, 2024), globalization (Bolarinwa & Simatele, 2024), and automation and technological advancement (Routh & Sarkar, 2024) new causes of the informal economy have emerged in recent years, primarily linked to the shift towards the knowledge economy, the digital economy, and structural changes in the labor market towards freelance work (McKeown & Leighton, 2016). Moreover, the trend towards digital entrepreneurs (Hrib, 2018) has led many employers to use social media platforms to search for employees (Vătămănescu & Mănuț, 2013) and service providers, even in an informal manner. This has increased the contributions of informal economic activities, particularly in developing countries that lack the legal frameworks to regulate and legitimize these activities.

Algeria, like other developing countries, has experienced significant growth in the informal economy since the 1970s, with the phenomenon reaching its peak in the early 1990s. During this period, the country went through a wave of political and security instability, which had a profound impact on economic life and worsened the conditions of the middle class. Many individuals and economic units exploited the state's fragility and turned to illicit economic practices, such as tax evasion and informal employment. However, with the restoration of political stability in the early 2000s, the country's economic situation improved, and informal practices declined. The state imposed tighter control over economic activities and created jobs for graduates and skilled workers. Just as the country began to regain control over the informal economy, it was affected by the new digital and knowledge-based wave in the labor market. Parallel activities to the formal labor market emerged, primarily consisting of freelance jobs that include a mix of new and traditional activities that rely on digitization and the knowledge economy. Faced with this new reality, there arose a need in the country to regulate and formalize these activities. In response, at the end of 2022, the Algerian government, through the Ministry of Knowledge Economy, Startups, and Micro-enterprises, issued a new law known as the Basic Law of the Self-Employed contractor.

This law aims to organize the new economic activities and jobs that have emerged in recent years and are not subject to any legal framework. The law allows for greater entrepreneurial initiative within a formal framework, facilitating youth access to the formal labor market through self-employment and, consequently, ensuring social coverage for as many as possible.

Study objectives

- Clarify the characteristics and intensity of the connection between self-employment and the informal economy in Algeria.
- Clarify the orientations of Algerian youth regarding freelance work.
- Assess the suitability and capacity of the Algerian Basic Law of the Self-Employed contractor to encompass freelance work and self-employment. The study also provides suggestions for potential amendments to attract more informal jobs within this new legal framework.

LITERATURE REVIEW

There is an intense debate in academic and research circles regarding the notion of the informal economy, which has sparked wide controversy among scholars from many regions of the globe. As a result, several terms have emerged, such as the underground economy, informal economy, gray economy, parallel economy, and shadow economy. All these terms refer to a specific type of informal economic activity (Schneider, 2022).

The International Labor Organization (ILO) provides a foundational perspective on the informal economy, emphasizing its pervasive existence across diverse economies and the pressing need to include informal workers in sustainable development initiatives (Davidescu, Manta, Geambasu, & Birlan, 2024). The organization delineates the informal economy as follows:

"The informal economy encompasses all economic activities conducted by people and business entities that are either legally or practically unregulated or inadequately regulated by formal frameworks. It flourishes mostly in environments characterized by elevated unemployment, underemployment, poverty, gender disparity, and unstable employment conditions." (International Labour Organization, n.d.a. para 1). Serious publications on the phenomenon of the informal economy first appeared in the early 1970s, when the focus was primarily on studying the impact of rural labor migration to cities and the capacity of the urban industrial economy at that time to absorb this labor force and provide a livelihood for those displaced from their lands to work far from home (Breman, 2023). Over time, the approach to this phenomenon evolved, and research topics shifted primarily to its causes, the measurement of its size, its impact on the formal economy, and efforts to address or mitigate it.

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Regarding the causes of the informal economy, researchers unanimously agree on their multiplicity and diversity. However, the economic context in any country is considered the main determinant of the size of this economy, followed by legal frameworks, political stability, and other economic factors, such as income inequality, deprivation, poverty, tax burdens, and social welfare systems, which are the primary causes of the informal economy (Luque, 2022). Some scholars, such as (Petrescu, 2016), have gone further, suggesting that trade and financial sanctions imposed on certain countries significantly contribute to the growth of the informal economy in those nations.

Initially, the informal economy was primarily associated with the economies of emerging and developing countries. Many studies focused on estimating its size in these countries using various estimation methods, including direct methods, which rely on surveys and voluntary responses, or other compliance techniques. There are also indirect methods that infer the magnitude of the informal economy through measurable indicators. Currently, five key indicators are employed to quantify the informal economy: the disparity in revenue and consumption, the divergence between the official and real labor force, the transactions approach, the currency demand approach, and the physical input model (based on electricity consumption). Another approach is the MIMIC model stands for numerous indications and multiple causes. Which considers different elements contributing to the existence and growth of the hidden economy (Schneider & Buehn, 2016).

A study by (Ohnsorge & Shu, 2022) in a report for World Bank, Group indicated that the informal economy represented 33% of the gross domestic product (GDP) of emerging and developing countries for the period 2010–2018. Similarly, (Schneider, 2022), in a study covering 157 developing and emerging countries, found that the average informal economy in these countries amounted to 30.9% of GDP for the period 1991–2017. In Latin America and Sub-Saharan African countries, the percentage ranged between 38% and 39% during the same period. Another study by (Matsongoni & Mutambara, 2018) estimated the contribution of informal small and medium enterprises (SMEs) in many countries across Africa to be around 50% of GDP, while the informal economy in Asia represented 28% of GDP (Nguyen, Vo, Tran, & Tran, 2022). In developed countries, the informal economy accounts for only 14% to 18% of GDP (Ohnsorge & Shu, 2022). In Poland, for instance, as a European country, it constitutes 12% of GDP (Cichocki & Torój, 2023).

In Algeria, several studies have addressed the matter of the informal economy in Arabic, French, and English. As of the writing of this research paper, 23 scientific articles in English on some aspects of the informal economy in Algeria are indexed on the Algerian Scientific Journals Platform (ASJP).

The outcomes of the most contemporary research concerning the estimation of the size of the informal economy in Algeria are presented in the following table:

Table (01): Size of the informal economy in Algeria according to some Algerian studies

Study	Estimation Period	Estimation Model	Size of the Informal Economy
(Bouriche & Bennihi, 2020)	1980–2019	The currency demand approach	21%
(Dahmani & Zaid, 2019)	1990–2017	The currency demand approach	25%–30%
(Bennihi, Bouriche, & Schneider, 2021)	1980–2017	MIMIC approach	33.48%

Source: Compiled by the researcher depending on: (Bouriche & Bennihi, 2020), (Dahmani & Zaid, 2019), (Bennihi, Bouriche, & Schneider, 2019).

The results of the previous studies shown in table (01) indicate that the magnitude of the informal economy in Algeria, in comparison to GDP, ranged between 21% and 30% (Bouriche & Bennihi, 2020) (Dahmani & Zaid, 2019), with an average of 33.48% of GDP for the period between 1980 and 2017 (Bennihi, Bouriche, & Schneider, 2019).

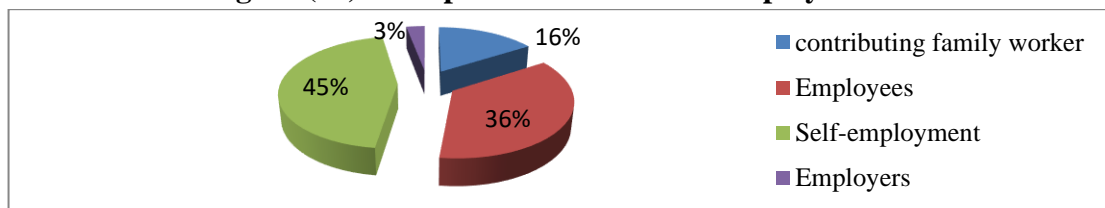
With the evolution of economic environment variables, the forms of informality in the global economy as a whole have also developed, with new determining and influential factors emerging in the magnitude of the informal economy. Moreover, the transition from an industrial society to a knowledge-based society created a different labor market (McKeown & Leighton, 2016), known as the gig economy. This is a new labor market organization driven by technological development, representing a form of on-demand employment. In this model, workers offer their skills and temporary services using digital platforms (Fourie, 2023). As a result, workers become invisible to traditional labor data sources since digital platforms directly link service seekers with service providers without intermediaries, allowing activities and interactions to remain concealed (Pilatti, Candia, Montini, & Pinheiro, 2023). The service seekers as customers have positive attitudes towards the Internet and technology, these attitudes are driven by both perceived ease of use and perceived usefulness (Fadani, 2023), which has led to the widespread adoption of freelancing as a form of self-employment. Freelancers are individuals who offer their services on specialized online platforms and do not need extensive resources to carry out their freelance work, contributing to the widespread adoption of this employment type.

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All they need is a computer or smart phone with internet access, an email for communication, and an electronic payment tool (Akhmetshin, Kovalenko, Mueller, Khakimov, Yumashev, & Khairullina, 2018).

This form of employment now represents the largest share of informal labor worldwide. According to International Labour Organization, self-employed workers make up 45% of informal employment (figure 1), while wage earners account for 36%. The remaining percentage is attributed to contributing family workers and employers (Misra, Kumari, & Sajid, 2024).

Figure (01): Composition of informal employment



Recent statistics show that the number of self-employed workers in the United States is estimated at 9.832 million people (U.S. Bureau of Labor Statistics, 2024), and the number of freelancers is expected to reach around 86.5 million by 2027, representing 50.9% of the U.S. workforce (Statista, 2024).

These new jobs have attracted the attention of many researchers worldwide, and several studies have attempted to understand the dimensions and new variables emerging in the labor market. In a bibliometric analysis study by (Sulintanga, 2024) of scientific research articles in the Scopus database, aimed at understanding trends in contemporary labor studies, it was found that future business issues received significant attention with 61,384 articles. These articles were primarily linked to articles on jobs related to financial technology, totaling 720 articles; online employment with 1,851 articles; self-employment with 1,583 articles; and online workers with 921 articles.

All these jobs are often performed in developing countries outside the formal framework and most of them are low-income. According to (İsmayilov, Almasov & Mirzayev, 2021), a person's labor activity cannot be classified as economic if it does not generate a minimum amount income. Therefore, the activities of self-employed workers in these countries contribute to raising informal employment rates and expanding the informal economy. A study by (Misra, Kumari, & Sajid, 2024) proposed a mathematical model to examine the influence of informal sector jobs on unemployment trends in developing countries.

It concluded that a large quantity of jobless persons find work in the informal sector resulting from employment opportunities created by self-employed workers. On the other hand, a study by (Fourie, 2023) concluded that the gig economy is merely an exploitative extension of the informal economy and that the gig economy's advocacy for self-care and the concept of the independent contractor is merely a way for companies to absolve themselves of any responsibility toward their employees. Another study by Angelique, (Wiesböck, Radlherr, & Vo, 2023) focused on the effects of informal freelance work, highlighting the situation of domestic cleaners working in the digital gig economy in Vienna, who primarily work through online platforms in the informal sector. The study's findings revealed that working in this field informally increases the power gap between workers and employers, leading to wage deterioration, pressure, threats, and other risks borne by domestic service providers.

In Algeria, there is not a single study listed on the ASJP platform, which includes 878 journals across all disciplines, that focuses on freelance work in Algeria, except for one study by (Lassassi & Hammouda, n.d), which addressed the subject of self-employment. The study found that self-employment has increased in recent years in Algeria and is viewed as an alternative to formal employment. This is not only the case for youth who are unable to get employment in the official sector but also for retirees after the end of their active work life. Thus, the freelance labor market is entirely unknown to both researchers and policymakers, as there are no official statistics available in Algeria regarding the number of freelancers or even their trends concerning the activities they engage in and offer through Algerian, Arab, and international digital platforms. Therefore, this study is pioneering in shedding light on freelance work in Algeria and the key activities and skills practiced and demanded in this field.

Given this situation, there is an urgent need to regulate the new job market. Several countries are leading initiatives to make the incorporation of informal activities entering the formalized economy a political priority. Success stories in this area show that formalizing the informal economy requires comprehensive legal frameworks designed to assist the transfer of laborers and business entities from the informal to the formal economy (International Labour Organization, n.d.b). In this context, a study by (Arreola, Dávila, Felio, & Ottmann, 2017) highlighted the legal framework for self-employed entrepreneurs in France and its ability to turn self-employed entrepreneurs into true entrepreneurs. The study concluded that there is a conflict between the self-employed entrepreneur status (Auto Entrepreneur Status) and the promotion of entrepreneurship, recommending the revision of policies and additional incentives provided by the French government to support self-employed entrepreneurs.

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Similarly, a study by (Akhmetshin, Kovalenko, Mueller, Khakimov, Yumashev, & Khairullina, 2018) examined freelance work as a form of new entrepreneurship, focusing on the legal status of freelancers under modern legislation. The study found that countries such as the United States, Russia, and Germany have enacted laws and legal frameworks to legitimize the freelance sector and integrate it into the formal sector.

In Tunisia, a neighboring country to Algeria with nearly the same socio-demographic characteristics, a simplified system for sole proprietorships was legislated through a government decree issued on June 10, 2020, regulating the activities of self-employed entrepreneurs through simplified administrative, financial, and commercial procedures (Fekih, n.d).

In Algeria, self-employed and freelance activities were regulated by (Law 22-23, 2022), which includes the basic law of the self-employed contractor. Not many studies have examined this law as a framework for regulating informal jobs in Algeria, except for three theoretical studies in Arabic, all of which addressed the conceptual aspect of the self-employed entrepreneur law. These include studies (Souilem & Hadjamar, 2024), (Bouazza, 2023), and (Benazzouz, 2023).

By referring to the content of the self-employed law in Algeria, it is clear that its aim is to regulate many new activities that have emerged with the spread of modern technology and the knowledge economy, which are not subject to any legal framework. This law defines the self-employed contractor as any natural person who individually conducts a profitable activity that falls within the list of activities eligible for benefiting from the self-employed contractor's basic law (Law 22-23, 2022).

The activities eligible for acquiring the status of a self-employed contractor were defined through Executive Decree 23-197, issued by the Prime Minister on May 25, 2023, which specifies seven fields of activity:

- Consulting, expertise, and training (Field No. 01)
- Digital services and related activities (Field No. 02)
- Services directed to individuals (Field No. 03)
- Domestic services (Field No. 04)
- Entertainment and leisure services (Field No. 05)
- Services directed to institutions (Field No. 06)
- Cultural, communication, and audiovisual services (Field No. 07)

These fields encompass 1,300 sub-activities, excluding free professions, regulated activities, and crafts (Executive Decree No 23-197, 2023).

To qualify for the benefits of this law, a person must be Algerian or a resident foreigner, of legal working age, and engaged in activities eligible for the law's benefits. The self-employed contractor may operate from their residence or shared workspaces, and under no circumstances can the personal or family residence be seized due to debts or damages resulting from the activity (Law 22-23, 2022).

Several privileges are granted to individuals acquiring the status of a self-employed contractor, including exemption from mandatory registration in the commercial register, access to social welfare benefits, and a preferential tax system with a flat tax of 0.5% on the declared annual turnover. Additionally, the self-employed contractor is allowed to open a commercial bank account and is provided with all the necessary facilities to do so (Law 22-23, 2022).

On the other hand, there are a set of obligations imposed on individuals who hold the status of a self-employed contractor. They must register in the National Register of Self-employed Contractors at the National Agency for Self-employed Contractors or through the digital platform to obtain a self-employed contractor's card. In addition, they are required to declare their existence to the tax authorities and report their annual turnover, which should not exceed five million Algerian dinars (Law 22-23, 2022), equivalent to €33,500 (exchange rate as of August 28, 2024: 1 DZD = 0.0067 EUR). Moreover, the self-employed contractor must pay tax dues according to the tax legislation and regulations and contribute to the social security system for non-salaried workers, which has reduced contributions compared to other sectors, amounting to 24,000 Algerian dinars annually instead of 32,400 DZD. If the annual turnover exceeds five million dinars for three consecutive years, the self-employed contractor must register in the commercial register if they wish to continue their activity (Law 22-23, 2022).

METHODOLOGY

This research paper relied on the descriptive-analytical approach to highlight the reality of freelance work and self-employment in Algeria and their role in raising indicators of the informal economy. It also focuses on the content of the recently legislated self-employed contractor's basic law and examines its ability to encompass the activities of freelance and self-employed Algerian workers.

The study employed the methodology of the discrepancy between formal and actual labor force as an indicator to measure the size of the informal economy (Schneider & Buehn, 2016). Additionally, it relied on the concept of informal labor, as defined by International Labour Organization, which considers informal workers to be those not belonging to any regulatory or legal body in the country. In Algeria, informal employment is defined as those not enrolled in the Algerian National Social Security Fund (National Office of Statistics, 2016).

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To achieve this, a variety of data sources were used as per the study's requirements, as follows:

- Informal economy indicators in Algeria as a percentage of GDP were extracted from the informal economy database of the World Bank Group. The estimates were based on the Multiple Indicators Multiple Causes (MIMIC) approach for the period from 1993 to 2020.
- Self-employment rates in Algeria were derived from International Labour Organization model estimates database, which the World Bank is licensed to use. The study compared self-employment rates in Algeria to overall employment rates from 1993 to 2020 to align with the available informal economy data.

It is worth noting that the self-employed workers included in the study are defined by International Labour Organization as workers who are self-employed or work with a single partner, a small number of partners, or in cooperatives. It classifies them into four sub-categories: (World Bank, 2024a)

- Employers
- Own-account workers
- Members of producers' cooperatives
- Contributing family workers

To calculate and interpret the bivariate correlation between informal economy indicators and self-employment in Algeria, Pearson's correlation coefficient was used by putting the information into version 29 of the Statistical Package for the Social Sciences (SPSS).

Regarding the data related to the independent labor market in Algeria, a random sample of freelance job postings was selected from six national and international freelance platforms. These platforms include Freehali (www.freehali.com) and DZ FreeWork (www.freeworkdz.com), which are the two most prominent freelance platforms in Algeria, as well as two Arabic platforms, Ureed (www.ureed.com) and Tasmmeeme (www.tasmeeme.com), specialized in design and graphics. Additionally, two well-known global platforms were included: Freelancer (www.freelancer.com) and Upwork (www.upwork.com).

A comprehensive survey of freelance job postings for Algerians on these platforms was conducted as of August 17, 2024. The sample consisted of 17,350 freelance job postings, with activities and skills listed on these platforms grouped into seven homogeneous categories. The results are presented in table (02) as follows:

Table (02): Results of the survey of freelance job postings for Algerians on the studied platforms as of August 17, 2024.

Category	Freehali	FreeWork DZ	Upwork	Freelancer	Ureed	Tasmeeme	Total
Graphics and Design	2951	71	583	520	27	570	4722
Writing and Translation	2504	75	243	2242	16	-	5080
Programming, IT, and AI	2410	39	530	479	8	-	3466
Business and Consulting	767	39	111	150	8	-	1075
Images, Videos, Music & Audio	882	20	-	32	18	-	952
Marketing and Publicity	665	39	93	121	13	-	931
Education and Training	-	-	-	141	-	-	141
Others	557	38	-	384	4	-	983
Total	10736	321	1560	4069	94	570	17350

Source: Compiled by the author based on: freehali.com, freeworkdz.com, freelancer.com, upwork.com, ureed.com, tasmmeeme.com accessed August 17, 2024.

Regarding the section of the study related to the basic law of self-employed contractors in Algeria, various laws regulating self-employed contractor activities were reviewed, particularly those published in the Algerian Official Journals No. 85 and 37 for the years 2022 and 2023, respectively. Additionally, the National Agency for Self-employed Contractors' website [ANAE] (www.anae.dz) was consulted, along with certain indicators and statistics from the National Office of Statistics [ONS] and the Algerian Press Service [APS], to assess the alignment of independent and self-employment activities in Algeria with those eligible for the benefits under the self-employed contractor law.

PRESENTATION AND ANALYSIS OF RESULTS

Informal Economy and Self-employment in Algeria

World Bank data indicates that the informal economy in Algeria has represented more than a third of the gross domestic product (GDP) for decades (see table 03). In the 1990s, it accounted for between 34% and 35% of GDP, and it has not experienced significant decline in recent years. From 2005 to 2019, its value ranged between 31.1% and 31.9% of GDP, with a slight increase in 2020, reaching 32.2% of GDP. This confirms the failure of policies aimed at eliminating or mitigating this phenomenon.

Table (03): Rates of the Informal Economy in Algeria (% of GDP) for the period 1993-2020.

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
IEC*	34.9	35	34.9	34.9	34.8	34.6	34.4	34.1	33.9	33.6
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
IEC*	32.9	32.4	31.5	31.3	31.3	31.4	31.7	31.6	31.9	31.8
Year	2013	2014	2015	2016	2017	2018	2019	2020		
IEC*	31.5	31.4	31.5	31.3	31.3	31.1	31.2	32.2		

* = Informal economy.

Source: (Elgin, et al., 2021).

Self-employment rates in Algeria indicate that the percentage of individuals and units working for themselves is high (see table 04). In the 1990s, this percentage ranged between 38.5% and 40.14% of total employment, during a time when living conditions in Algeria were difficult and there was limited employment in the economic or public sectors. This situation led individuals to resort to self-employment. However, between 2005 and 2019, the self-employment rate declined due to improved living conditions and the financial prosperity Algeria experienced during this period, thanks to rising oil prices. This allowed for the creation of jobs across all economic and public sectors, reducing the self-employment rate to between 30.53% and 33.34% of total employment, showing a downward trend until 2019.

In recent years, starting in 2020, self-employment has experienced a new upward trend. This time, it is due to the Algerian government's initiatives to promote entrepreneurship, especially individual entrepreneurship, which encouraged individuals to establish small businesses or engage in individual economic activities within Algeria's formal employment framework.

Table (04): Self-employment rates in Algeria (% of total employment) for the period 1993-2020.

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
SEM**	40.13	40.14	40.11	39.98	39.81	39.73	39.24	38.5	38.27	36.71
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SEM**	35.08	34.21	33.34	32.87	32.66	32.59	32.86	32.9	32.97	31.99
Year	2013	2014	2015	2016	2017	2018	2019	2020		
SEM**	31.03	30.94	31.07	30.92	30.68	30.53	30.66	31.33		

** = Self-employment.

Source: (World Bank, 2024b).

Correlation between the Informal Economy and Informal Employment in Algeria for the Period 1993-2020

The results of Pearson's correlation coefficient calculation between the variables of self-employment and the informal economy (see table 05) show that the coefficient is estimated at 0.97, which is significant at the 0.01 significance level. This confirms a very strong and positive relationship between self-employment in Algeria and the informal economy. The explanation for this relationship is that many self-employed workers in Algeria operate outside the formal framework, meaning that the large proportion of this category in total employment directly impacts the informal economy rates. Statistics from (National Office of Statistics, 2016) show high rates of non-affiliation of self-employed professionals, artisans, and skilled trades people in the industry to the Algerian National Social Security Fund. This contributes to the high proportion of self-employed workers in the informal employment sector in Algeria, which in turn increases the share of the informal economy.

Table (05): Pearson's correlation coefficient between the informal economy and informal employment in Algeria for the period 1993-2020

Correlations			
		Informal Economy	Self-employment
Informal Economy	Pearson Correlation	1	,977**
	Sig. (2-tailed)		<,001
	N	28	28
Self-employment	Pearson Correlation	,977**	1
	Sig. (2-tailed)	<,001	
	N	28	28
Correlation is significant at the 0.01 level (2-tailed).			

Source: Prepared by the researcher based on SPSS.29 outputs.

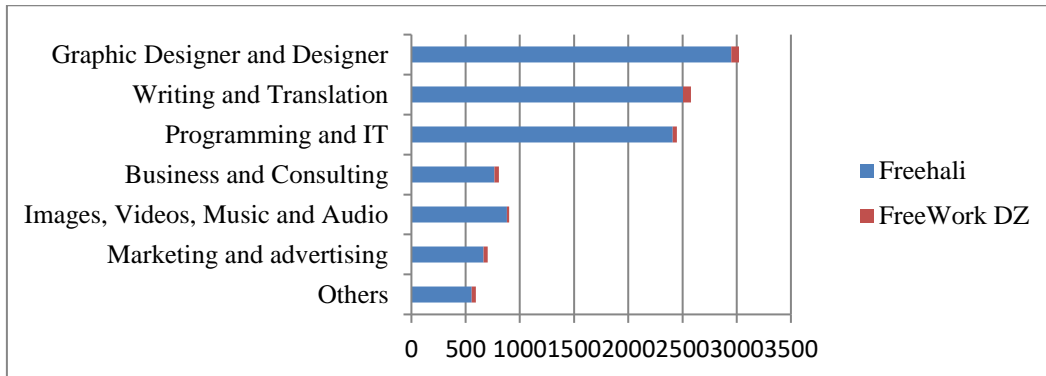
The reality of freelancing in Algeria

Although freelancing is considered a form of self-employment and falls within the second category of it (self-employed individuals), its value is not reflected in the official data on self-employment in Algeria due to the lack of accurate data on the dimensions and characteristics of the freelance community in the country.

Algerian freelancers showcase their skills through local, regional, and even well-known international platforms across various fields and specializations. A large portion of these skills is related to the state's new directions regarding digitization and the development of knowledge-based economies. In this part of the paper, we aim to highlight the key trends and skills of Algerian freelancers presented on specialized electronic platforms through the studied sample of freelancers.

Figure (02) below displays the different freelance works available on the two most prominent freelance platforms in Algeria, Freehali and DZ FreeWork.

Figure (02): Freelance works available on the most prominent Algerian platforms by number and activity

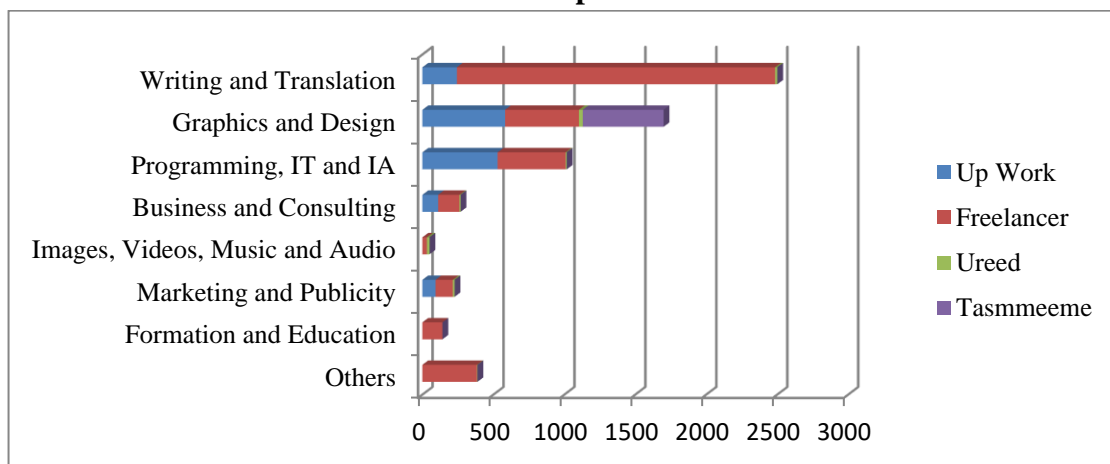


Source: Prepared by the researcher based on the data from table (02).

From figure (02), it is evident that the Freehali platform is the most prominent local platform attracting freelancers in Algeria, with 10,736 freelance job postings across various skills and activities (see table 02). Graphic design is one of the most significant activities offered in the freelance job market in Algeria, followed by writing and translation services, then IT services, programming, and artificial intelligence.

Regarding freelance job postings for Algerians on regional and international platforms, they can be explained through the following figure (03):

Figure (03): Freelance job postings on some of the most prominent regional and international platforms



Source: Prepared by the researcher based on the data from table (02).

From figure (03), it can be said that Algerian freelancers’ engagement with Arab freelance platforms is very low. In contrast, they are more inclined to showcase their work through prominent international platforms, especially Freelance, which alone contains 4,069 freelance job postings for Algerians (see table 02). Writing and translation are the most frequently offered activities by Algerian freelancers on an international level, followed by design and graphics, then programming, IT services, and artificial intelligence activities. Consulting and business activities rank fourth. This ranking does not differ significantly from the order of freelance job postings at the local level and largely aligns with international job market trends and new activities generating the highest profits globally.

The number of Algerian freelancers registered on local and international freelance platforms, or those not registered, all fall within the informal labor sector in the country, providing services in exchange for income that is not declared to the relevant tax authorities. As a result, they significantly contribute to the expansion of the informal economy in the country. For instance, it is noted that 220 Algerian freelancers registered on the global Upwork platform earn considerable amounts, potentially exceeding \$10,000 for their offered services, while more than 648 freelancers earn over \$1,000 on the same platform, as shown in table (06).

Table (06): Earnings of Algerian freelancers on the Upwork platform

Value of gains	+100\$	+1000\$	+10000\$
Number of freelancers	1178	648	220

Source: (Upwork.com).

The extent to which the Algerian self-employed contractor law can accommodate freelance and self-employment activities

Although the basic law for the self-employed contractor was published in the Official Gazette in December 2022, its actual implementation began on January 20, 2024, with the launch of the electronic platform by the National Agency for Self-employed Contractors. This platform marked the beginning of the registration process for individuals wishing to acquire the status of a self-employed contractor, benefit from the advantages granted to them, and obtain the self-employed contractor card, which is valid for five years and renewable. This law will allow the inclusion of the largest possible number of freelancers in the formal sector by incorporating freelance activities into the list of activities eligible for the self-employed contractor law.

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By referring to this list provided by the National Agency for Self-employed Contractors and researching its online platform, the scope and type of freelance activities of Algerian workers studied in this research paper can be determined, whether they are eligible or not, as shown in the following table:

Table (07): Field and type of freelance activities studied in this research paper according to the list of activities eligible for the self-employed contractor law

Studied Activities Group	Field	Type of Activities	
		Ineligible Activities	Eligible Activities
Graphics and Design	2,6,7,5		×
Writing and Translation	-	×	
Programming, IT and AI	2		×
Business and Consulting	1,2,5		×
Images, Videos, Music & Audio	7		×
Marketing and Publicity	1,2		×
Education and Training	1		×

Source: By the author based on: (National Agency for Self-employed Contractors , 2024).

Based on the table above, it is noticeable that most activities of the studied freelancer sample fall within the list of activities eligible for the self-employed contractor law, with the majority of activities classified under the second field, which relates to digital services and related activities. Therefore, it can be said that the Algerian self-employed contractor law is considered an appropriate framework for organizing freelance work in Algeria and integrating it into the formal sector.

It is also observed that writing and translation activities are not included among the activities eligible for the self-employed contractor law, despite the fact that these activities rank first in terms of the number of offers from the sample of Algerian freelancers on various freelance platforms, with a total of 5,080 offers (see table 02). This is because writing and translation activities are classified as liberal professions in Algeria, which the self-employed contractor law excludes, alongside artisans, from acquiring the status of a self-employed contractor. This exclusion is justified by the argument that both activities are already regulated by specific laws, and it is impossible to subject them to two different systems at the same time.

The exclusion of previously regulated activities from benefiting from the advantages of the self-employed contractor law is considered a non-stimulating measure (according to the researcher) for freelancers, as the laws regulating liberal professions and artisanal activities have not succeeded in attracting many workers in this field and integrating them into the formal sector.

Liberal professions and artisanal activities, under Algerian tax laws, are subject to a single flat tax ranging between 5% or 12% of the annual turnover, depending on the type of activity (General Directorate of Taxes, 2023). This tax rate may be one of the reasons why many freelancers do not engage in the formal economy, whereas freelancers falling under the self-employed contractor law are subject to a preferential tax system, which imposes a single flat tax of only 0.5% of annual turnover, in addition to other previously mentioned benefits. Therefore, it would have been preferable to give freelancers whose activities are already regulated the option to choose between adhering to the old legal system and the self-employed contractor system. This would serve as an incentive for many freelancers to reconsider their stance and join the formal sector.

On the other hand, one criticism of the self-employed contractor law in Algeria (according to the researcher) is its reliance on the regulations in each sector to resolve many contentious issues. Many individuals working for themselves also hold official positions either in public service or in the public and private economic sectors, and they carry out their private work remotely or after hours, during weekends, or on annual holidays. Since Algerian labor law prohibits holding dual jobs, this creates a significant obstacle to incorporating after-hours activities into the formal sector.

For example, in the field of education in Algeria, many teachers engage in additional work after their official hours, providing private tutoring sessions to students. These are additional support lessons offered to students to reinforce their knowledge. Although the self-employed contractor law includes this activity among those eligible to benefit from it, teachers in the education sector cannot obtain a self-employed contractor card due to the law prohibiting dual jobs, which forces them to carry out this activity within the informal framework.

Private tutoring in the education sector has, in recent years, become a growing trend among parents, students, and teachers alike, especially in middle and high school levels. If we consider the number of teachers and students at these two levels, we can get an idea of the scope of the informal activity resulting from the private work of teachers after their official hours. Table (07) illustrates this:

Table (07): Number of teachers and students in middle and high schools for the 2021/2022 academic year

Education Stage	Learners	Teachers
Middle Education	3,394,055	174,329
Secondary Education	1,522,381	112,391
Total	4,916,436	286,720

Source: (National Office of Statistics, 2022).

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Many studies have highlighted the willingness of a large segment of teachers to provide private tutoring for students after official hours, especially in core scientific subjects for students preparing for final exams at different educational levels, particularly the Baccalaureate and the Middle School Certificate exams. The results of the study by (Ghounane, 2018) showed that most learners have positive attitudes towards private tutoring. In fact, 86.25% of the respondents in this study, who were secondary school students in all three years, received additional lessons through private tutoring.

Statistics indicate that the number of candidates for the Baccalaureate and Middle School Certificate exams in June 2023 was estimated at 1,590,576 students (Algeria Press Services, 2023). As studies have pointed out, most of these students receive support lessons in at least three core subjects, with the average cost of each supported subject estimated at 6,000 Algerian dinars, equivalent to €40.2 per subject per month (exchange rate as of August 28, 2024: 1 DZD = €0.0067). Thus, we can all imagine the size of the informal income and labor resulting from teachers working for themselves after official hours.

If teachers were allowed to benefit from the self-employed contractor card, they would gain from the advantages provided, while the state would also benefit from tax revenues and additional contributions to the National Social Security Fund linked to their additional activities.

CONCLUSION

After eight months of actual implementation of the self-employed contractor law in Algeria, the issue of whether this law can achieve its intended goal has surfaced. The goal is primarily to organize the self-employment market and integrate freelancers into the formal sector.

This research paper addressed the contribution of the self-employment sector to raising indicators of the informal Algerian economy. It also reviewed some features of the freelance labor market as a form of self-employment, focusing on the type and location of activities and skills offered. The study concluded by highlighting the extent to which the activities eligible for benefiting from the Algerian self-employed contractor law align with freelance and self-employed work activities in Algeria's informal labor market. The paper reserved judgment on and discussed several important points regarding this law, particularly the exclusion of certain activities such as liberal professions and traditional crafts, as well as the issue of prohibiting dual employment under Algerian labor law.

Study Results

- Like other developing countries' economies, the Algerian economy suffers from high levels of informality, primarily driven by informal labor.
- High rates of self-employment are a prominent feature of the Algerian economy. This phenomenon is more a healthy sign than a problem. However, what concerns researchers and economists in this field is the high percentage of this type of employment operating outside the formal framework, where most self-employed individuals in Algeria, including freelancers, work beyond the legal boundaries.
- There is a strong positive correlation between the percentage of the informal economy in Algeria and the rate of self-employment. This relationship exists in most developing countries, aligning with the study by (Cardarelli, C., E., Gupta, & S, 2022), which found a strong bilateral correlation between self-employment, informal labor, those not enrolled in the retirement system, and Schneider's index (the size of production hidden from regulatory authorities).
- The freelance labor market in Algeria has expanded significantly in recent years due to the rise of the knowledge economy and the spread of digitization in the country. This is evident in the freelance job offers available through various national, Arab, and international specialized platforms, which align closely with global labor market trends affected by structural changes and technological disruptions (Sulintanga, 2024).
- The self-employed contractor law in Algeria provides a suitable framework and is an important step toward attracting Algerian freelancers and self-employed workers, especially since most of their activities fall under the eligible activities for benefiting from this law.

Study Recommendations

To ensure that the self-employed contractor law is indeed the optimal solution for organizing freelance work, Algeria's informal economy and self-employment, the study proposes the following points:

- Include the activities of liberal professionals and artisans within the eligible activities for benefiting from the law, as they represent a large group working outside the formal framework due to the tax burden imposed on them by the legal and fiscal system they belong to.
- Amend the basic laws of public employment to allow workers to engage in formal activities after working hours or during holidays, thus eliminating the prohibition of dual employment.

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- Seek new incentives in the self-employed contractor law for official employees who wish to pursue self-employment in a formal framework, as social security coverage does not incentivize them since they already benefit from such coverage through their primary job.
- Provide a tax exemption period for a specified duration, which could be three years from the date of enrollment, for freelancers and self-employed workers who join the self-employed contractor law.
- Regularly update the list of activities eligible for benefiting from the self-employed contractor law to allow more freelancers to join under the law's umbrella.

Finally, these points and other aspects not covered by this study remain fertile ground for research aimed at improving the self-employed contractor law in Algeria, in line with the demands of the modern labor market, especially since the results of this law have not yet been evaluated.

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