



# Global State of Small Business Report:

REFLECTIONS ON SIX WAVES  
OF DATA COLLECTION

FACEBOOK, THE ORGANISATION FOR  
ECONOMIC CO-OPERATION AND  
DEVELOPMENT & THE WORLD BANK

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# Executive Summary

The COVID-19 pandemic has led many governments to introduce lockdown measures to contain the virus, even as customer traffic and consumer demand were already falling. As a result of the pandemic, many ‘non-essential’ businesses have closed or suspended their in-person operations.

From May 2020 through October 2020, The Future of Business Survey, an ongoing data collection collaboration between Facebook, the Organisation for Economic Co-operation and Development (OECD), and the World Bank, has taken a monthly pulse of how small and medium businesses (SMBs, defined here as those with fewer than 500 employees), have navigated the COVID-19 pandemic. Leveraging data from a series of six monthly surveys via a repeated cross-section of more than 25,000 SMBs per wave, the associated Global State of Small Business Reports have documented the experiences of more than 150,000 business leaders (defined here as leaders of the businesses surveyed) in total from over 50 countries.

## “55% of SMBs surveyed reported lower sales compared to the same month in 2019”

The survey results reveal that firms were hit hard at the height of the first wave of the pandemic, with closure rates ranging between 20–40% across all regions in May. While some SMBs have seen a gradual improvement, the pace of economic recovery has slowed significantly in recent months. Recent increases in disease spread in some countries are likely to

reinforce an underlying sense of fragility and the importance of ongoing financial support for SMBs. In Europe, for example, business closure rates began to rise in October, with consumer-facing firms such as hotels, cafes, and restaurants again most negatively affected.

For firms that have been able to maintain or resume business, reductions in sales and employment have persisted. In Wave VI, 55% of SMBs surveyed reported lower sales compared to the same month in 2019, an improvement of only 7 percentage points since Wave I. In response, SMBs have sought to cut costs, in part by shrinking their workforces. At the time of the Wave VI survey, 34% of SMBs stated they had reduced employment in response to the pandemic, virtually unchanged since Wave I (33%).

The pandemic has also exacerbated the level of domestic responsibilities, imposing additional tasks such as homeschooling and caring for dependents on female business leaders in particular. Since the start of the pandemic, 31% of female business leaders surveyed spent more time on domestic tasks relative to pre-pandemic levels, compared to 26% of male business leaders. Worsening economic conditions have also heightened business leaders’ concerns for their families. More than half of business leaders (55%) expressed concerns in Wave VI about being able to support their families financially, up 6 percentage points since Wave I (49%).

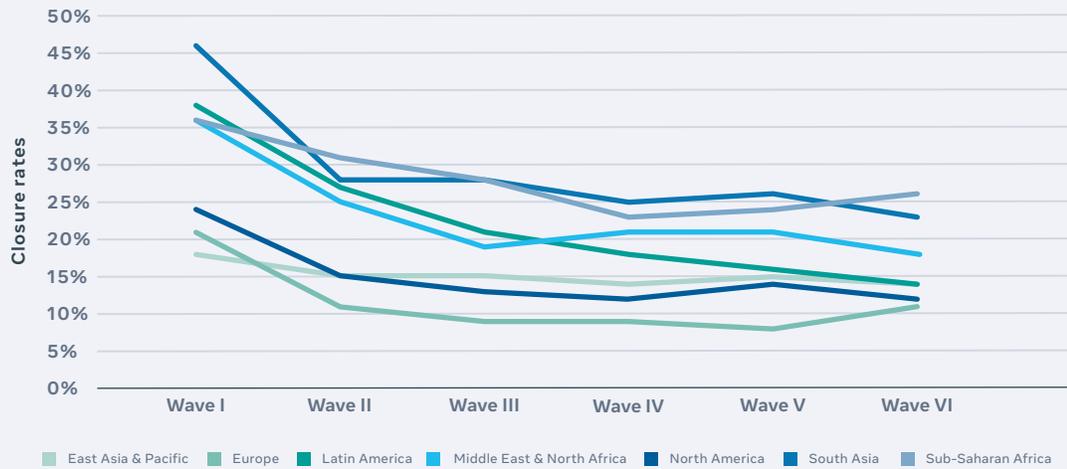
Governments have sought to provide SMBs with financial support such as loans, grants, and subsidies to keep them afloat and protect employment. Over time, the proportion of SMBs receiving support fell from 23% to 12% between Wave I and Wave VI, with the decrease particularly noticeable in Europe and North America.

Amid the ongoing economic uncertainty, SMB leaders anticipate that challenges such as a lack of demand and reduced cash flow (43% and 35% of SMBs, respectively) will persist in the coming months. To offset these effects of the pandemic, business leaders consistently identified loan and credit guarantees, tax deferrals, and salary subsidies as the policies they most often requested to support them through this time.

Despite all these challenges, optimism among business leaders increased across each successive survey wave. As the pandemic has forced the introduction of new ways of working, many SMBs have also adapted their business models. This development, which includes, for example, increased adoption of digital tools and e-commerce, could lead to longer-term benefits, potentially enhancing business resilience against future downturns.

# Key Trends

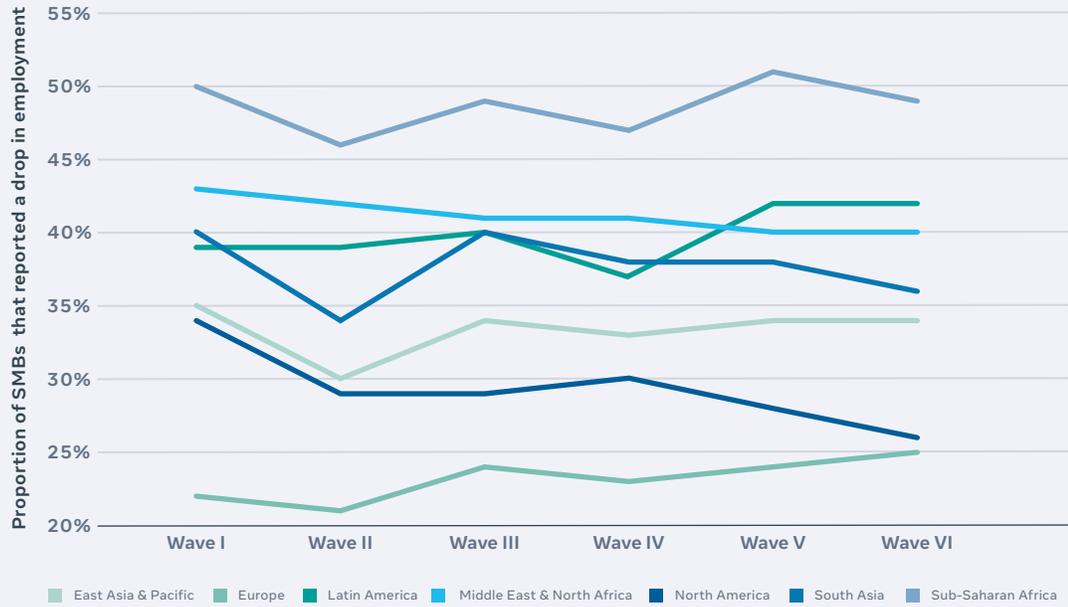
SMBs have gradually reopened, but some have recently faced further closures...



...amid an environment of reduced consumer demand and in-store traffic



Business leaders have cut costs, in part through reductions in employment



SMBs have sought financial assistance, although coverage has fallen over time



# Table of Contents

<b>Introduction</b> .....	08
<b>Chapter 01</b> Key impacts of COVID-19 .....	12
1.1 Survivorship and closure rates .....	12
1.2 Effects on sales and revenue .....	17
1.3 Effects on employment .....	23
1.4 Impact on domestic and family responsibilities .....	26
<b>Chapter 02</b> Exploring how policy support may have mitigated the economic effects of COVID-19 .....	30
2.1 Provision of financial support .....	30
2.2 The effectiveness of policy support .....	34
<b>Chapter 03</b> Future prospects and policy insights .....	36
3.1 Future expectations .....	36
3.2 Future needs and areas for further policy support .....	39
<b>Conclusion</b> .....	42
<b>Appendix 01</b> Survey methodology .....	43
<b>Appendix 02</b> Lockdown Stringency Index .....	47
<b>Appendix 03</b> Regression analysis .....	50
<b>Bibliography</b> .....	53
<b>End Notes</b> .....	56

# Introduction

## **COVID-19 has delivered an unprecedented shock to the global economy, and SMBs have been particularly affected**

The COVID-19 pandemic has had a severe impact on the global economy. Although some countries and regions may have managed to contain the rate of infection, many others continue to experience more waves of new cases, precipitating further measures to limit the transmission of the virus. This six-month lookback traces the economic health of small and medium-sized businesses (SMBs), based on a series of global surveys conducted in the last week of every month from May 2020 to October 2020 in over 50 countries. This depth of data collection enables us to track business outcomes within the context of a dynamic environment, amid growth in new COVID-19 cases and the imposition of lockdown restrictions in many countries over the survey period.

As the pandemic has spread, the combination of reduced consumer demand, along with lockdown and mobility restrictions, has suppressed economic activity. The International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) forecast, respectively, that global real gross domestic product (GDP) could decline by 4.4% and 4.5% in 2020, with contractions projected to reach 10% or more in several countries, including the UK, Italy, and Mexico (IMF 2020a, OECD 2020a). The International Labour Organization (ILO) estimates that 94% of the global workforce lived in countries enforcing some form of workplace restrictions in the second quarter of 2020 and, in comparison with the last quarter in 2019, that total working hours lost amounted to the equivalent of 495 million full-time jobs (ILO 2020a).

The repercussions of COVID-19 have been acute for SMBs, defined here as those with fewer than 500 employees. SMBs are particularly vulnerable to economic shocks, given their more limited customer base, supply chain dependencies, and limited access to affordable credit (OECD 2017, International Finance Corporation 2017). Research suggests that, as a result of the COVID-19 pandemic, SMBs have suffered disproportionately from increased closures, lower demand for goods and services, cash flow challenges, and reduced employment (OECD 2020a, ILO 2020b).

Governments have sought to provide SMBs with targeted financial and employment assistance, predominantly in the form of loans, grants, and salary support (OECD 2020b). Support specifically targeted at SMBs has, on average, amounted to 4% of GDP in the G-20 advanced economies and to 0.7% of GDP in G-20 emerging market economies (IMF 2020b).<sup>1</sup> In a study of 17 countries, Gourinchas et al. (2020) suggest that bankruptcies among SMBs could have been 9 percentage points higher if government support had not been available.

Looking forward, the IMF and OECD have forecast growth in global GDP of more than 5% in the next year. If these predictions materialise, by the end of 2021, global GDP is expected to reach close to the levels of output last seen at the end of 2019 (IMF 2020a, OECD 2020a).

## The Future of Business Survey has continued to monitor the challenges SMBs have faced throughout the pandemic...

The Future of Business Survey is an ongoing data collection collaboration between the Facebook Data for Good Initiative, the OECD, and the World Bank, to survey online SMBs on the Facebook platform about their business conditions, challenges, and operations. Data from these surveys are shared publicly, providing policymakers, research institutions, nonprofit organisations, and indeed, SMBs themselves with a global view of how SMBs with a Facebook Business Page operate.

### BOX 1

## Note on survey methodology

For each wave of the 2020 Future of Business Survey, a random sample of Facebook Page Administrators were invited to participate in the repeated cross-section, which included approximately 25,000 businesses per wave over six waves, more than 150,000 businesses in total (there is no panel dimension). Weights were applied to account for survey non-response and level of Facebook activity, to make the data representative of SMBs with a Facebook Page at a country level, with reporting limited to those identifying as business owners or managers.

Though some countries publish official statistics with which to compare the demographics of the SMB sample by industry, gender, or age, these data are not available in most countries. It is therefore important to clarify that the sample of businesses used for this analysis is representative of the Facebook Business Page Administrator population only, rather than the national SMB population of any given country. Likewise, the 'aggregate' sample should not be considered representative of the global SMB population, given limitations in the number of countries included within the survey.

When assessing or interpreting insights, it is important to consider that variation between SMBs across countries may be driven by a number of factors, which vary widely across countries and may not be consistently reported in external sources. These include, but are not restricted to, the severity of economic and social restrictions; the rate of COVID-19 infections; the economic and sectoral composition of businesses; and the ability of governments to provide financial support to businesses and their employees.

Despite these limitations, the analysis undertaken from this survey adds to the literature on the impact of COVID-19 on SMBs, owing to the extent of geographic coverage and the monthly frequency of the surveys, allowing for analysis of trends over time both across and within regions.

Further information regarding the survey methodology, including response rates by country and sample characteristics, is provided in Appendix 01. For a full description of the research methodology, the Future of Business Survey Methodology Note is available at [dataforgood.fb.com/global-state-of-smb](https://dataforgood.fb.com/global-state-of-smb).

The target population of the Future of Business Survey consists of the millions of SMBs that have an active Facebook Business Page and includes both younger and older businesses across many sectors. Though this sample cannot represent those who do not have access to digital technologies or do not utilise Facebook, as more businesses turn to online tools, the survey provides a unique view into the digital economy and in particular, a relatively unmeasured community worthy of deeper consideration and policy interest.

This report conveys updated findings from Wave VI of the 2020 Future of Business Survey, conducted from 23–31 October 2020, which captures the views of 25,000 business leaders across 49 countries. The report provides a perspective of how the pandemic has evolved by drawing on earlier survey waves: Wave I of the survey, conducted 28–31 May; Wave II, conducted 24–30 June; Wave III, conducted 24–30 July; Wave IV, conducted 24–31 August; and Wave V, conducted 23 September–01 October.

Collectively, over 150,000 SMB leaders from more than 50 countries participated in the six surveys, with over 25,000 respondents in each survey wave of the repeated cross-section. These monthly surveys and subsequent monthly updates have provided data on the business repercussions of COVID-19 for SMBs, including trends in business closures, sales, and employment. The monthly reports have also offered in-depth analysis of the implications of COVID-19 for SMBs globally. These findings include:

- **Impact of the COVID-19 outbreak (Wave I):** The first global report provided a baseline with which to evaluate trends over time regarding business impacts, the availability of financial support, and business optimism. The stringency of lockdown measures was found to be associated with SMB closures. Female business leaders were concentrated in sectors most affected by these measures and, as such, were disproportionately affected relative to their male counterparts.
- **Access to finance (Wave II):** SMBs with fewer than 10 employees were less likely to receive loans from a financial institution relative to their larger peers, illustrating the challenges that these businesses face in accessing financial support.
- **Digital engagement (Wave III):** SMBs that obtained a higher proportion of their sales through digital channels were less likely to report a year-on-year reduction in monthly sales (relative to SMBs conducting fewer sales via digital channels), indicating that SMBs that make use of digital technologies may be better able to adapt to current economic conditions.
- **Gender differences (Wave IV):** Female-led SMBs have been more adversely affected by COVID-19 than male-led businesses. Not only were they more likely to close, but female business leaders were also more likely to take on more domestic responsibilities, such as childcare and homeschooling.
- **Micro-businesses (Wave V):** Micro-businesses, defined as those owned and operated by a single individual, were more likely to have closed and experienced steeper reductions in sales in comparison with businesses with one or more employees. These disparities have widened over the course of the pandemic.

## ...a journey that will continue beyond this report

This report is the last in a series of six studies that have monitored the impact of COVID-19 on SMBs. It examines the outcomes and key trends observed in recent months and seeks to analyse in further detail both the provision and efficacy of financial support. As 2020 draws to a close, the report also attempts to draw further insights for policymakers and suggest areas where SMBs would like further support as we move into 2021.

While this report is the final of the current series, there remains considerable work to do to ensure that policymakers are provided with up-to-date insights on how SMBs are faring throughout the pandemic. The Future of Business Survey, together with the data collected over the past six months, will continue to play a valuable role in understanding these impacts going forward.

The remainder of this report is structured as follows:

- **Chapter 01: Key impacts of COVID-19:** The first chapter presents findings from all six survey waves regarding the impact of COVID-19 on SMBs. This includes trend analysis on survivorship and the rate of closures, sales performance, employment, and the impact of the pandemic on business leaders' domestic responsibilities.
- **Chapter 02: Exploring how policy support may have mitigated the economic effects of COVID-19:** This section outlines the extent to which SMBs have received financial support to mitigate the impacts of the pandemic and assesses the relationship between assistance and outcomes.
- **Chapter 03: Future prospects and policy insights:** The final chapter presents analysis on SMB leaders' future expectations and assesses what additional support they are interested in accessing.

# Key impacts of COVID-19

COVID-19 has had a major impact on SMBs relative to their larger counterparts. Many businesses classified as ‘non-essential’ have been forced to close, and those that have remained open have faced an environment of reduced consumer demand and continued uncertainty. As sales have fallen, SMBs have sought to cut costs, in part through reductions in employment. These impacts have persisted despite the loosening of lockdown restrictions in many places.

At the same time, business leaders, especially women, have encountered a sharp rise in the level of domestic responsibilities, such as caring for dependents and homeschooling. Coupled with the challenges facing their businesses, these responsibilities have driven ongoing concerns about having sufficient resources to provide for their families.

The Future of Business Survey findings reported here are commensurate with surveys of small businesses sampled from national business registries conducted by the World Bank and partners (Apedo et al., 2020; Adian et al., 2020). Phone-based surveys conducted across 51 countries from April-August 2020 similarly document widespread negative impacts on sales and employment among small and medium enterprises. The cross-country average suggests the probability of a business being closed was 26%, average sales reduction was -49%, and 57% of firms adjusted employment levels, evaluated after 6 weeks from the peak of the COVID-19 shock as proxied by mobility data (Apedo et al. 2020).

## 1.1 Survivorship and closure rates

SMBs have faced significant challenges to their operations since the COVID-19 pandemic began. Across countries and regions, government and health authority orders have required many ‘non-essential’ businesses to close and have reduced customer traffic, leading to considerable uncertainty regarding their future prospects. Impacts on SMBs can have wider ramifications for the macroeconomy: on average, SMBs account for 75% of employment in sectors directly affected by lockdown measures across OECD member countries (OECD 2020b).

Although some countries eased their lockdown measures in the second half of the year, enabling SMBs to reopen, others have reintroduced stricter measures in response to further rises in infections. A growing divergence has emerged not only between, but also within, geographic regions, as some economies have continued reopening, while others have not.

### SMBs have gradually reopened in some places

At the time of the Wave VI survey (October), closure rates remained at 15% in aggregate, representing a marked decrease from Wave I (May), when 26% of the surveyed SMBs were closed. However, the rate of change has declined over time, and the proportion of businesses reporting they were closed, in aggregate, has not improved since Wave IV (August).

All seven geographic regions have experienced a decrease in closure rates since Wave I. The largest decline was observed in Latin America, which reported a decrease from 38% to 14% between Waves I and VI (Figure 1). In the sampled countries within this region, the largest declines in closure rates could be seen in Brazil (20 percentage points), Colombia (25 percentage points), and Peru (30 percentage points). At 26%, Sub-Saharan Africa reported the highest proportion of SMBs that were closed at the time of the Wave VI survey, with Nigeria (30%) and Kenya (27%) particularly impacted.

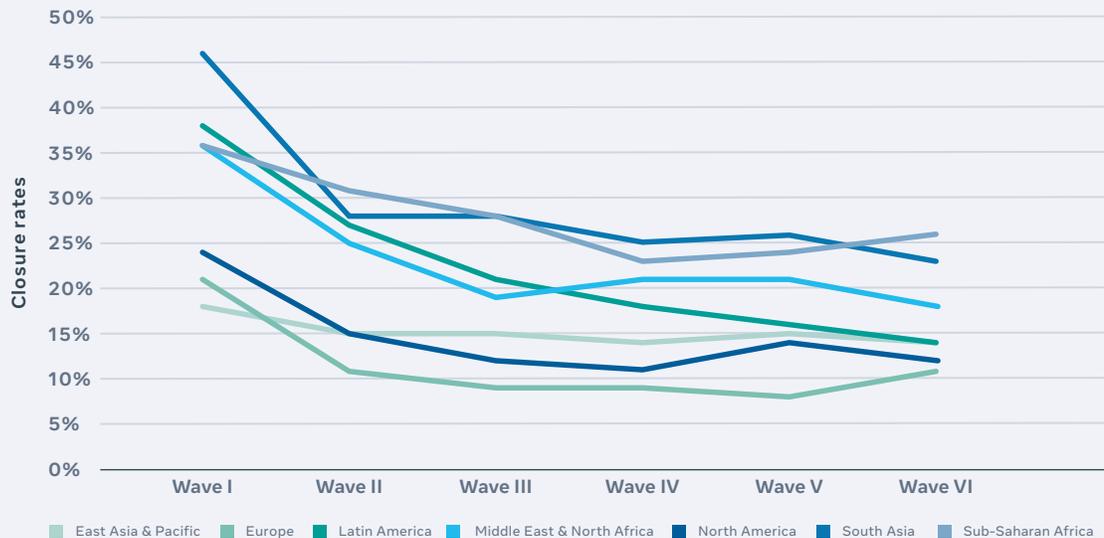
Closure rates also fell across all sectors between Waves I and VI, particularly in those where ‘non-essential’ SMBs were forced to close. For example, closure rates in the hotels, cafes, and restaurants sector decreased by 15 percentage points between Waves I and VI, from 32% to 17%. In this sector, a notable proportion of SMBs reported that certain restrictions — including stay-at-home requirements (53%), restrictions on gathering size (52%), and cancellation of public events (44%) — had a major impact on their businesses.

**...although others have experienced a further rise in cases, driving a divergence across countries and regions**

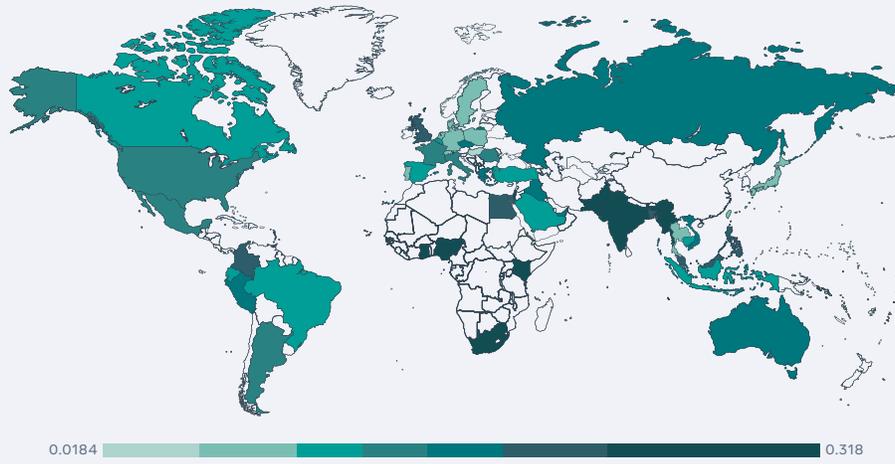
The plateauing of aggregate closure rates on a global basis has masked a growing divergence between countries and regions (Figures 1, 2, and 3). Some countries have continued on their path to reopening, whereas others have faced a rise in cases and implemented stricter containment measures. In September, Israel became the first country to reintroduce a national lockdown (Box 2).<sup>2</sup> Between Waves V and VI, 48% of sampled countries enacted tougher measures, while 37% relaxed measures to some degree.

Sampled countries in Europe have witnessed a resurgence in COVID-19 cases between Waves V and VI and a corresponding increase in closures, from 8% to 11%.<sup>3</sup> As an example, in mid-October, the Czech Republic introduced further measures to limit the operation of ‘non-essential’ businesses and placed restrictions on public gatherings.<sup>4</sup> These changes led to an increase in the Lockdown Stringency Index from 39 to 70 index points and a 10 percentage point increase in closures relative to Wave V.<sup>5</sup> The largest increase in stringency between Waves V and VI was observed in Poland (Box 3),<sup>6</sup> which in October introduced restrictions on hospitality venues and a requirement for remote schooling, among other measures.

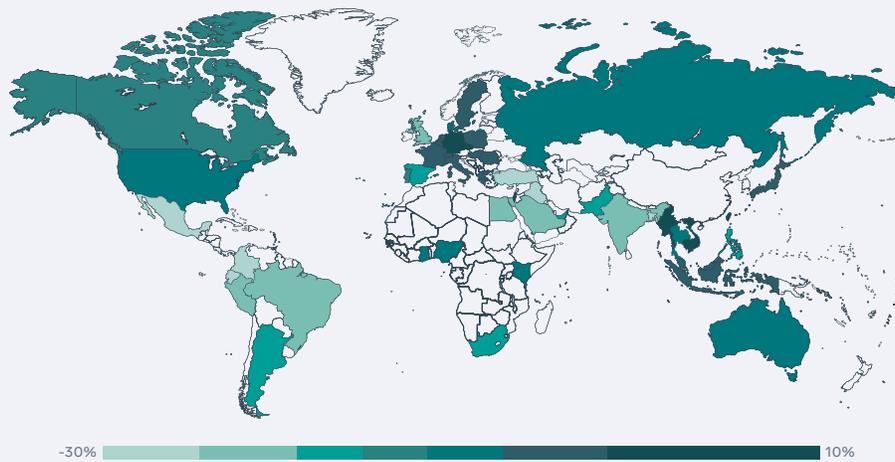
**FIGURE 1:** Closure rates, by region and survey wave



**FIGURE 2:** Closure rates across countries, Wave VI



**FIGURE 3:** Changes in closure rates across countries between Waves I and VI

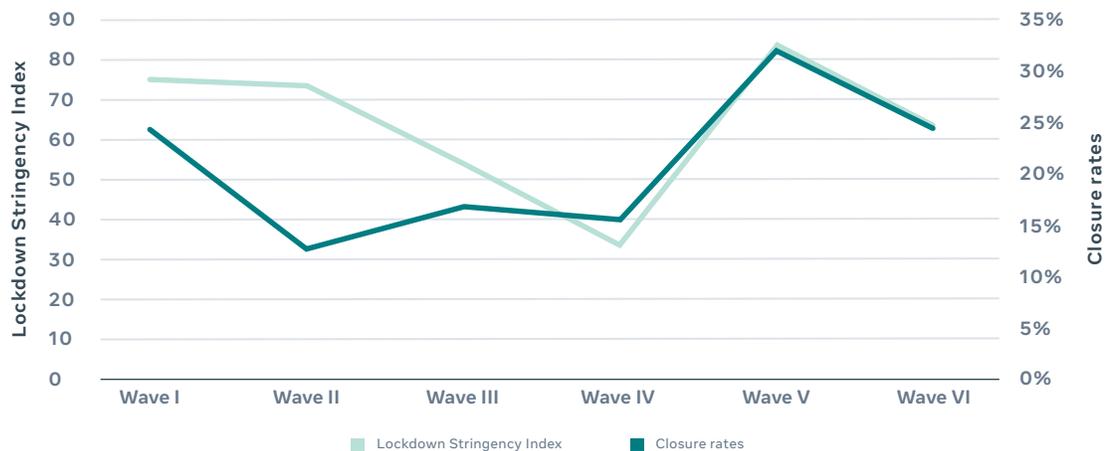


## BOX 2

# Israel saw a large spike in closure rates as a national lockdown was reintroduced in September.

- Israel was the first country to re-enter national lockdown in mid-September, after COVID-19 cases doubled. As of 18 September, new restrictions were imposed for one month and were the most extensive since the country's first lockdown ended in May.
- These new restrictions in September included limitations on the number of people who could gather (10 indoors and 20 outdoors), restrictions on people's movements, and restrictions on in-person interactions. This was reflected by an increase of 50 index points in the Lockdown Stringency Index and a corresponding increase in closures of 17 percentage points between Waves IV and V.
- After 18 October, the strictest restrictions from the second lockdown were eased. This corresponded with a decrease in closure rates of 8 percentage points between Waves V and VI.

FIGURE 4: Lockdown Stringency Index and SMB closure rates in Israel

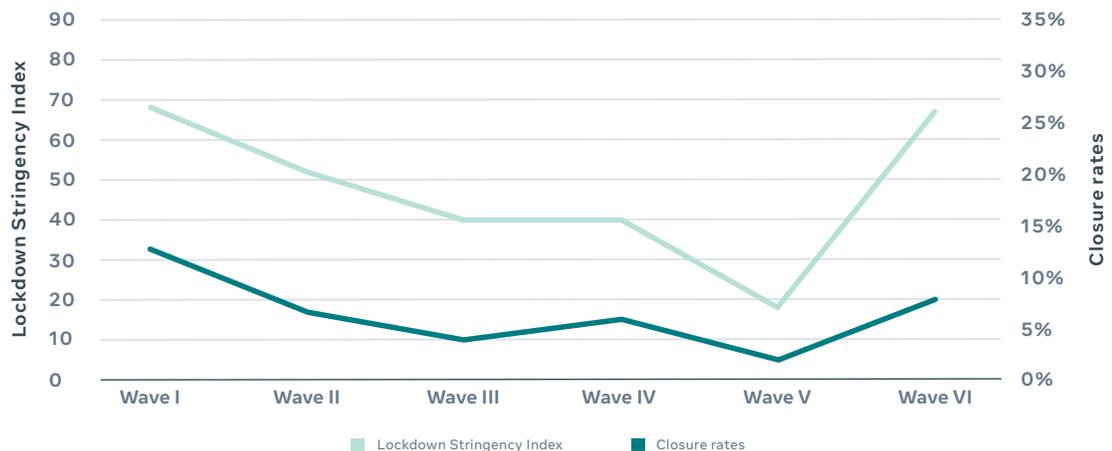


BOX 3

# Closure rates have risen in Poland as tougher national restrictions were adopted once again.

- After gradually easing restrictions over the summer, Poland in August introduced a two-tier system to impose social restrictions on local areas, classifying areas in 'yellow' or 'red' zones.
- In response to rising COVID-19 cases, as of 10 October, the entire country was designated as a 'yellow' zone. By 24 October, when the Wave VI survey was in the field, the entire country was placed in the 'red' zone. Measures introduced included limiting attendance to religious or cultural events, limiting public assembly, restricting capacity in shops and public transport, and moving learning online for schools and universities.
- Lockdown stringency increased from 19 to 67 index points between Waves V and VI. Over this period, closures appeared to mirror this trend, increasing by 5 percentage points.

FIGURE 5: Lockdown Stringency Index and SMB closure rates in Poland



## 1.2 Effects on sales and revenue

In an environment of enduring economic uncertainty and reduced consumer demand, SMBs have faced significant barriers to their revenue-generating activities. In response to this challenging business environment, some SMBs have adapted their business models to increase their digital sales (Deloitte 2020a and 2020b).

### Over half of SMBs continue to report lower sales compared to the same point in 2019...

In aggregate, 55% of SMBs surveyed in Wave VI reported lower sales in the prior 30 days compared to the corresponding 30-day period in 2019. This represents a decrease of 7 percentage points since Wave I, when 62% of sampled firms indicated poorer year-on-year sales performance. This broadly aligns with research from the ILO (2020b), which, based on a survey of approximately 1,000 SMBs in eight countries, found that 75% were experiencing declines in customer orders.

Amid further surges of COVID-19 infections, some regions have recently experienced a worsening of economic conditions (Figure 6). In Europe and South Asia, for example, the proportion of SMBs that reported lower sales rose by 1 and 2 percentage points, respectively, from September to October.<sup>7</sup> In sampled countries within these regions, Spain and Bangladesh reported the largest increases in the proportion of SMBs noting a drop in sales between Waves V and VI, by 14 and 5 percentage points, respectively. These recent surges have also disrupted SMBs in countries such as Germany, which had otherwise demonstrated gradual improvement since Wave I (Box 4).

Even in regions experiencing a continued improvement in sales performance, there nonetheless remains a considerable divergence between countries within regions. In Belgium, for example, the proportion of SMBs that reported lower sales fell by 19 percentage points between Waves I and VI. In the UK, however, this figure increased by 2 percentage points.

**FIGURE 6:** Proportion of SMBs that reported a reduction in sales, relative to the same 30-day period in 2019, by region



In terms of sectors, SMBs in the hotels, cafes, and restaurants sector experienced the highest level of reduced sales across all survey waves. At the time of the Wave VI survey, 63% of SMBs in this sector reported lower sales relative to the same 30-day period in 2019 (down 13 percentage points since Wave I), followed by manufacturing (59%) and transportation and logistics (58%).

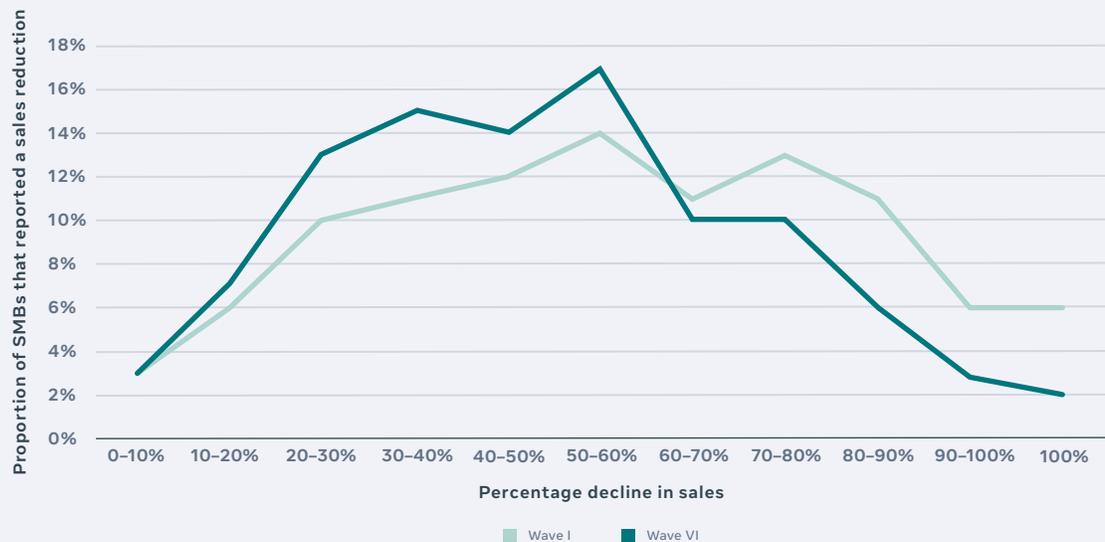
**...however, the magnitude of these reductions has lessened**

Despite many SMBs continuing to report a reduction in sales, the magnitude of these declines has decreased from Wave I to Wave VI (Figure 7).<sup>8</sup>

In Wave I, among businesses that reported a drop in sales, 57% of firms reported a decline of more than 50% relative to the same 30-day period in 2019. At the time of the Wave VI survey, the relevant proportion had decreased by 10 percentage points, to 47% of SMBs. In comparison, the ILO study (2020b) found that among SMBs reporting a drop in customer orders, 33% reported a drop of over 50%.

In fact, the magnitude of sales reductions lessened between Waves V and VI in all regions. At the time of the Wave VI survey, only in Latin America and South Asia did more than half of those SMBs experiencing a decline in sales continue to report a decrease of greater than 50%.

**FIGURE 7:** The proportion of SMBs that reported a given magnitude of sales decline, by decile, among SMBs in aggregate that reported a sales decline



## Many businesses have adapted by increasing their digital sales...

Facing store closures and restrictions on in-person operations, SMBs have shifted more of their business operations online. At the time of the Wave VI survey, 26% of SMBs reported that they had increased or greatly increased the proportion of sales they made digitally during the course of the pandemic. This was particularly evident in countries that experienced the largest reduction in consumer mobility (*Figure 8*).<sup>9</sup> With reduced customer traffic, e-commerce has ensured that retailers, in particular, can continue their operations.

The extent to which SMBs have increased the proportion of sales made through digital channels varied considerably between regions. For example, 40% of SMBs in Latin America either increased or greatly increased the proportion of sales made digitally, compared to 22% in Europe. Variation across regions

could reflect a number of factors, such as prior levels of digitisation and the prevalence of the virus. There was also variation within regions, with SMBs in countries such as the UK demonstrating higher levels of digital sales relative to their regional counterparts (*Box 5*).

External research sheds further light on the extent to which SMBs have used digital channels to generate sales throughout the pandemic. In a survey of more than 4,000 SMBs, Deloitte (2020a and 2020b) found that SMBs have used tools such as social media and online messaging to facilitate sales. In the 17-country sample, the net changes in usage of these two channels were 44% and 43%, respectively.<sup>10</sup> Increased sales through digital channels can help businesses adapt to conditions, improve their performance, and, in so doing, prevent further increases in unemployment (Facebook/OECD/World Bank 2020).<sup>11</sup>

**FIGURE 8:** Proportion of SMBs increasing their digital sales (vertical axis) against the mean reduction in Google Retail and Recreation Mobility Index (horizontal axis), by country, Wave VI. Country data points are shaded by region.

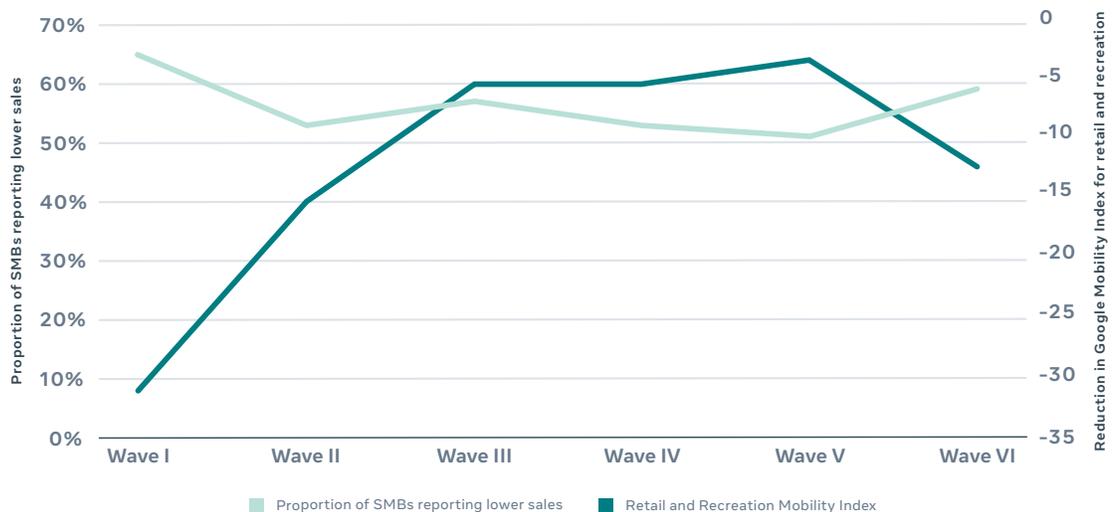


## BOX 4

# German SMBs saw an increasing improvement in sales until COVID-19 cases began to spike again.

- Until October, Germany continued to reopen while maintaining low daily rates of new COVID-19 cases. This was reflected in improving mobility scores for Germany. The Google Mobility Index for retail and recreation increased sharply from -32 in Wave I to -3 in Wave V, close to pre-pandemic levels.
- However, as COVID-19 cases increased in October and more stringent lockdown measures were introduced, the Lockdown Stringency Index increased from 46 to 59 index points between Waves V and VI and the retail mobility index fell by 9 points.
- This recent trend has been mirrored in the sales performance of SMBs. At the time of the Wave VI survey, 59% of SMBs reported a decrease in revenue, an increase of 8 percentage points above the level of Wave V (51%).

**FIGURE 9:** Proportion of business leaders reporting a year-on-year reduction in monthly sales and the Google Mobility Index for retail and recreation, all waves, Germany only

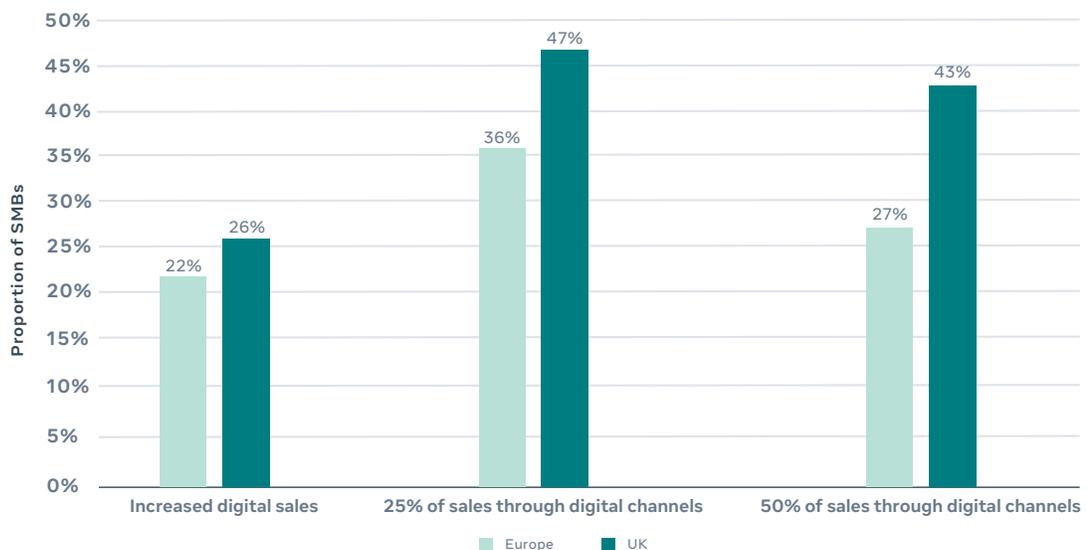


## BOX 5

# Many SMBs in the UK have been making sales through digital channels.

- Across the global country sample, SMBs in the UK reported some of the highest proportions of sales made through digital channels. At the time of the Wave VI survey, 43% of SMBs reported that at least half of their sales in the previous 30 days were made through digital channels. This compares favourably to the average across sampled European countries (27%).
- This transition has occurred at the same time as policymakers have provided targeted support to SMBs. For instance, in July, the government announced £20m of funding for SMBs, comprising grants of £1,000-£5,000, for SMBs to purchase equipment and implement new technologies to sustain a recovery from COVID-19.
- SMBs in the UK have requested further support in this area. At the time of the Wave VI survey, 27% of SMBs reported that they desired further policy support with respect to digital tools in order to adapt their ways of working.

**FIGURE 10:** Proportion of SMBs in the UK and European sample that increased digital sales since the pandemic began and made 25% or 50% of sales through digital channels, Wave VI

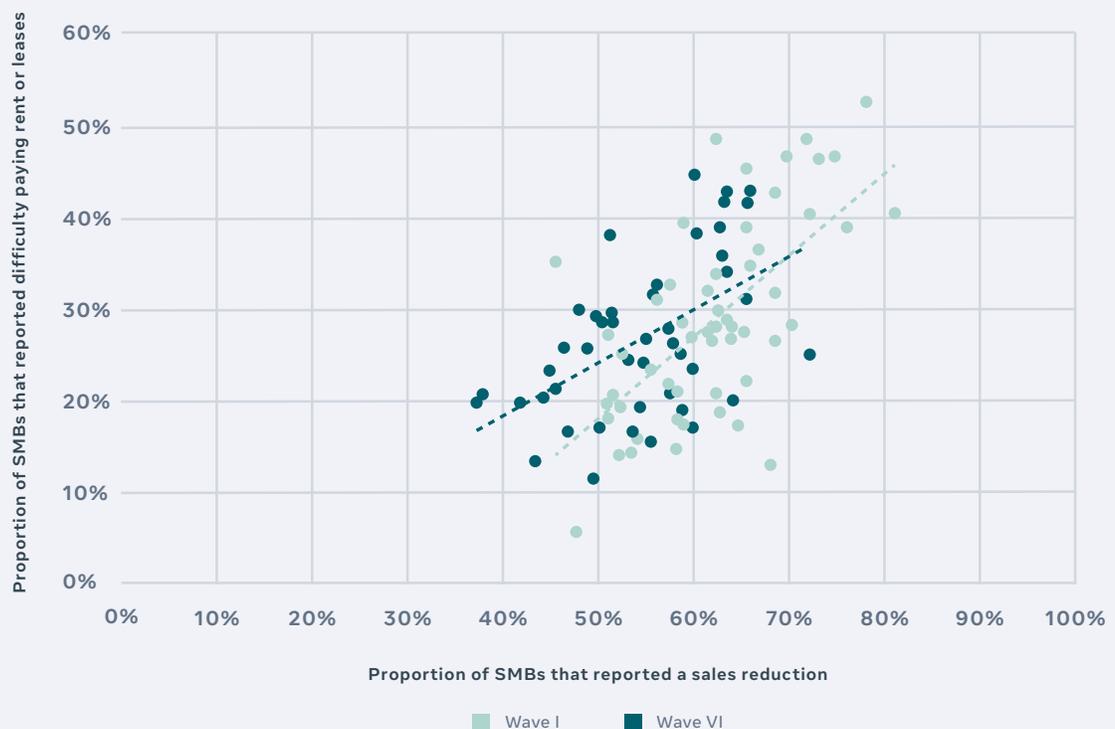


### ...however, some are still struggling to cover their business expenses

SMBs typically rely to a great extent on retained earnings and current revenue to fund growth and cover their expenses (Sak and Taymaz 2004). However, consumer demand has fallen throughout the pandemic. In the face of this challenging environment, many SMBs have still been obliged to cover fixed costs such as rent and lease payments, together with wages and salaries.

Across all survey waves, there was a positive correlation between the proportion of SMBs that reported a reduction in sales and the proportion that expressed difficulties in making rent or lease payments. This is likely to reflect the importance of current revenue to SMBs in meeting their fixed business expenses. Despite a gradual improvement in the sales environment, a considerable proportion of SMBs — 26% in aggregate — continued to report difficulty in paying rent or leases at the time of the Wave VI survey (Figure 11).

**FIGURE 11:** Proportion of SMBs that reported difficulty paying rent or leases (vertical axis) against the proportion of SMBs that reported a reduction in sales (horizontal axis), by country, Waves I and VI



### 1.3 Effects on employment

The COVID-19 pandemic has delivered a major shock to SMB revenue and retained earnings, forcing SMBs to cut costs and reduce employment. This is of particular relevance to policymakers, given that SMBs contribute 60–70% of employment in most countries (OECD 2017). Some governments, in countries such as Australia (Box 6), have been able to provide SMBs with support to protect employment. However, the size and scope of support available to SMBs have varied between countries.

#### A significant proportion of businesses have reduced their workforces in response to the pandemic...

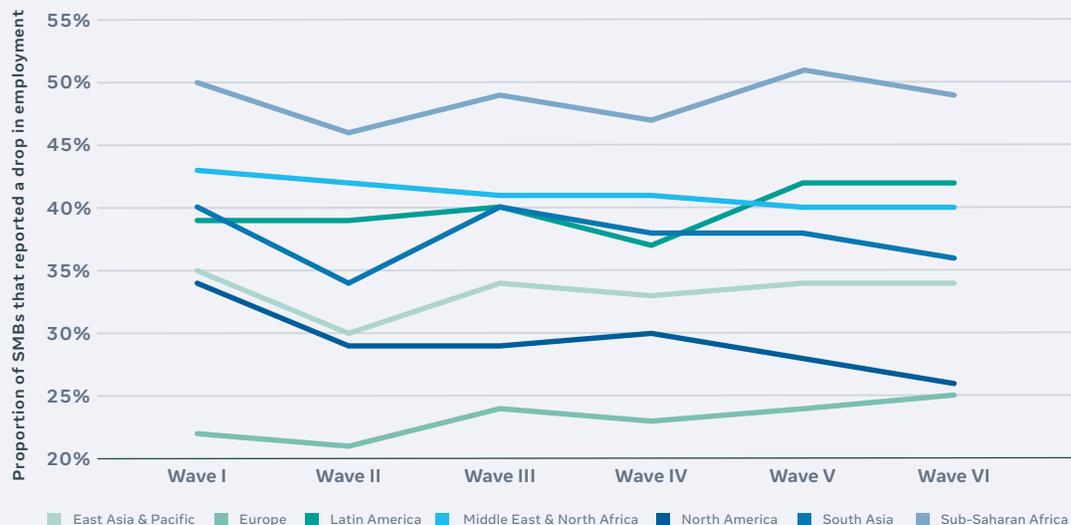
In aggregate, the proportion of businesses that reported a reduction in employment in response to the pandemic remained at just over one-third (34%) in Wave VI. This proportion has stayed largely stable in each wave, increasing by 1 percentage point since Wave I in May. Among SMBs that reduced employment, 53%, in aggregate, stated that they had reduced employment by 50% or

more over the course of the pandemic. This figure was only 42%, however, for SMBs with over 10 employees.

Trends in employment varied between regions (Figure 12). In Europe, for example, a higher proportion of SMBs reported a reduction in employment at the time of the Wave VI survey (25%) compared to Wave I (22%). This increase likely reflects the increasingly challenging economic conditions brought about by the virus and subsequent containment measures. In sampled countries within Europe, Turkey, Greece, and Poland reported the largest growth in the proportion of SMBs that reduced employment between Waves I and VI: by 14, 12, and 7 percentage points, respectively.

In contrast, sampled countries in the North America and the Middle East and North Africa regions reported a decrease of 8 and 3 percentage points, respectively, in the proportion of SMBs that reduced employment between Waves I and VI. In Canada, for example, this proportion fell by 14 percentage points, from 40% of SMBs in Wave I to 26% in Wave VI.

**FIGURE 12:** Proportion of SMBs that reported a drop in employment in response to the COVID-19 pandemic, by region and survey wave



These aggregate results differ slightly from statistics gathered by international bodies such as the OECD, which show a gradual recovery in the unemployment rate across OECD countries, from 8.7% in May 2020 to 7.3% in September.<sup>12</sup> This may, however, reflect the statistical treatment of those placed on temporary leave (or furlough) in some countries and regions. In Europe, for example, unemployment rates have been steadily increasing in recent months.

At the country level, unemployment data from the US Bureau of Labor Statistics shows that the US unemployment rate, which includes furloughed workers as unemployed, gradually improved, from 13% in May to 7% in October.<sup>13</sup> In this survey, the proportion of SMBs that reported a reduction in employment fell in the US by 3 percentage points between Wave I (May) and Wave VI (October). Similarly, Canadian unemployment peaked in May at 13.7%, but has since fallen to 8.6%.<sup>14</sup>

### ...in response to cash flow constraints and falling revenue

SMBs' greater reliance on current revenue and retained earnings typically makes them more susceptible to economic downturns (Sak and Taymaz 2004). As sales have declined, SMBs have still needed to cover expenses such as rent, bills, and salaries. As a result, they have been forced to consider headcount reductions. Throughout sampled countries, there was a positive correlation between the proportion of SMBs that reported lower sales and the proportion that reduced employment (Figure 13).

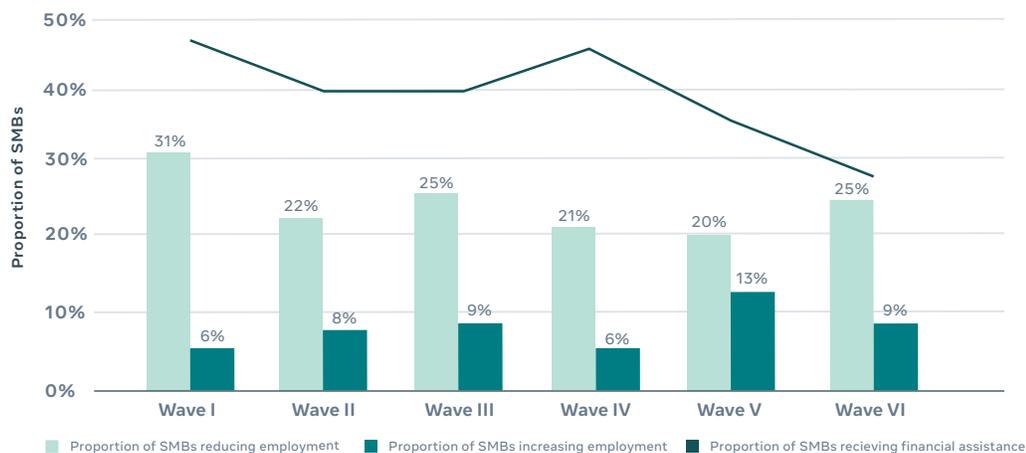
**FIGURE 13:** Proportion of SMBs that reported a drop in employment (vertical axis) against the proportion of SMBs that reported lower sales (horizontal axis), by country, Waves I and VI



## Australia introduced subsidies to promote employee retention.

- In Australia, the proportion of SMBs that reported a reduction in employment in response to the COVID-19 pandemic decreased by 6 percentage points, from 31% to 25%, from Wave I to Wave VI.
- To lessen the economic shock produced by the COVID-19 pandemic, Australia introduced the A\$73bn 'JobKeeper' Payment scheme to encourage firms to retain employees. Initially, companies could claim a fortnightly A\$1500 wage subsidy from the government if, for example, they had experienced a 30% drop in revenue for businesses with under \$1bn of revenue (50% for those above this threshold).
- The scheme has supported 3.5 million jobs, equivalent to 30% of the private-sector labour force, since February 2020, costing between A\$70,000–102,000 per job retained (Australian Government 2020). External research suggests that the scheme has had a material impact on the levels of employment (Borland and Charlton 2020).
- The programme was extended from September until March 2021, but with lower rates of subsidy and businesses required to provide evidence of turnover declines. Noticeably, between Waves IV and VI, when the scheme criteria changed, the proportion of SMBs receiving financial assistance fell sharply by 20 percentage points, from 47% to 27%, and the proportion that reduced employment rose to 25% in Wave VI (Figure 14), from 20% in the previous wave.
- These outcomes compare favourably to other countries where financial support was less prevalent. In Colombia, for example, 3% of SMBs reported that they were receiving financial support at the time of the Wave I survey, and 48% reported a drop in employment. In Wave VI, these figures were 4% and 57%, respectively, for Colombia.

**FIGURE 14:** Proportion of SMBs in Australia reporting they were in receipt of financial support and the proportion that reduced or increased employment in response to the COVID-19 pandemic, by survey wave



## 1.4 Impact on domestic and family responsibilities

The COVID-19 pandemic has added to the domestic responsibilities of many business leaders. According to UNESCO, more than 1.5 billion children were out of school in April, with a quarter of a billion still out of school by the end of October. This has expanded the need for childcare, at the same time as informal childcare from wider family networks has been discouraged (UNESCO 2020). The impact on women, who spend three times more hours than men on unpaid and domestic care work, has been disproportionately severe (United Nations 2020).

### The level of domestic responsibilities has increased in many countries and regions, especially for female business leaders

Across the aggregate sample, 31% of female business leaders reported spending more time on domestic tasks since the pandemic started, compared to 26% of male business leaders (Figure 15).

In Wave VI, 18% of female and 10% of male business leaders spent six or more hours on domestic tasks, slightly lower than the 22% and 11% reported in Wave I. This gender gap has persisted across each wave of the 2020 Future of Business Survey. The gender disparity was accentuated for business leaders with a spouse. At the time of the Wave VI survey, 23% of female business leaders with a partner spent more than six hours per day on domestic tasks, compared to only 12% of male business leaders.

**FIGURE 15:** Proportion of business leaders who reported spending six hours per day or more on domestic tasks (vertical axis) against the proportion of business leaders reporting an increase in time spent on domestic tasks since the pandemic began (horizontal axis), by country, Wave VI



The disproportionate level of domestic responsibilities has reduced the time available for business leaders, particularly women, to concentrate on their businesses. Across the first five survey waves,<sup>15</sup> a greater proportion of female business leaders reported that domestic tasks had affected their ability to focus on work, relative to their male counterparts. Specifically, 25% of female business leaders, on average, reported that homeschooling affected their ability to focus on work compared to 19% of male business leaders, with a similar picture for household chores (41% compared to 27%) and for looking after children (31% compared to 24%).

Across sampled countries, the largest disparity between male and female business leaders was observed in the US. In the US, the proportion of business leaders who reported that COVID-19 had increased the time required for domestic responsibilities was 21 percentage points higher among female leaders than among males, compared to 2 percentage points higher for female business leaders in France, for example. SMB leaders in other countries, such as Mexico (Box 7), have also experienced an increase in their domestic responsibilities, particularly among women.

### **Declining economic conditions have affected business leaders' personal finances...**

In the aggregate sample in Wave VI, 54% of business leaders reported difficulty paying household bills, the highest level since the survey began in May. For many SMB leaders, household income and finances are directly linked to the performance of their businesses. As sales and consumer demand have fallen, business leaders have faced more difficulties paying their household bills.

With some countries experiencing greater disease spread, the proportion of business leaders that reported difficulty paying their household bills increased between Waves V and VI. Across countries and regions, these proportions have remained pronounced across each of the six survey waves, illustrating the persistent stress imparted by the pandemic (Figure 16). This pattern was observed despite a drop in closure rates over the same period, further emphasising the difficulties these leaders face in the current economic climate.

Several countries in Europe, where cases have risen and lockdowns have been reimposed, saw large increases in this area. For instance, the proportion of business leaders facing difficulties paying their bills increased by over 10 percentage points in the UK (up 13 percentage points), the Czech Republic (12 percentage points), and France (10 percentage points), although the proportion did decline in Germany, by 2 percentage points. Countries from other regions experiencing notable increases in difficulty paying bills between Waves V and VI include Australia (10 percentage points), the Philippines (14 percentage points), Nigeria (9 percentage points), and South Africa (6 percentage points).

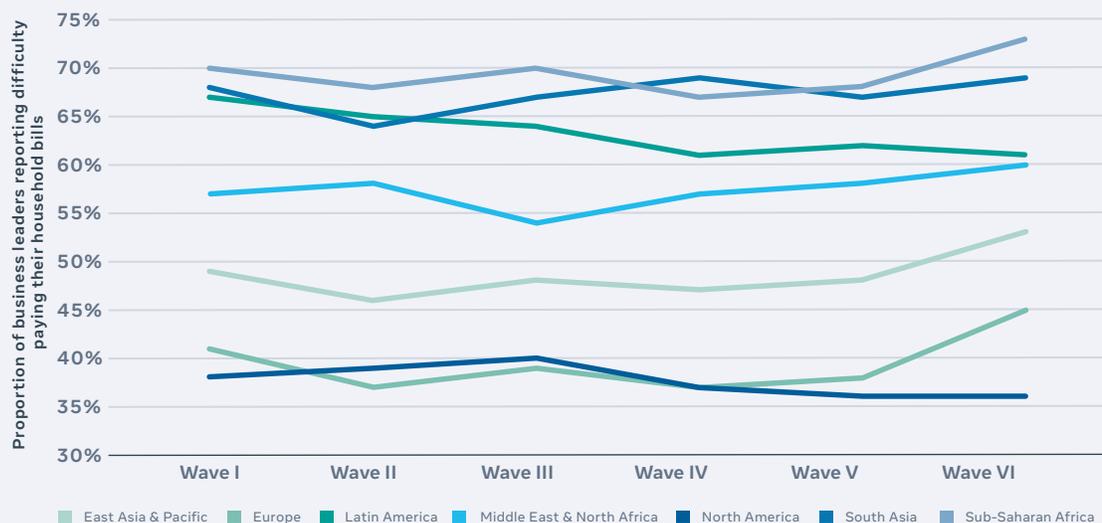
### ...raising concerns about their ability to provide for their families

The business and domestic challenges faced by business leaders have deepened concerns about their ability to provide for their families. At the time of the Wave VI survey, 55% of business leaders reported concerns about having enough money to sustain their families, up from 49% in Wave I. Similarly, 30% were concerned about having enough food and basic supplies for their families, up from 24% in Wave I.

Throughout the world, the proportions of business leaders citing these two concerns — having sufficient money and food for their families — were positively correlated. Some countries saw notable increases in these concerns between Waves I and VI. In the UK, for example, the proportion of business leaders concerned about having enough money to sustain their families rose by 15 percentage points between Waves I and VI, and the

proportion of those with concerns about feeding their families increased by 13 percentage points. India (10 percentage points in both cases) and Italy (16 and 11 percentage points, respectively) showed similar trends.

**FIGURE 16:** Proportion of business leaders reporting difficulty paying their household bills, by region and wave

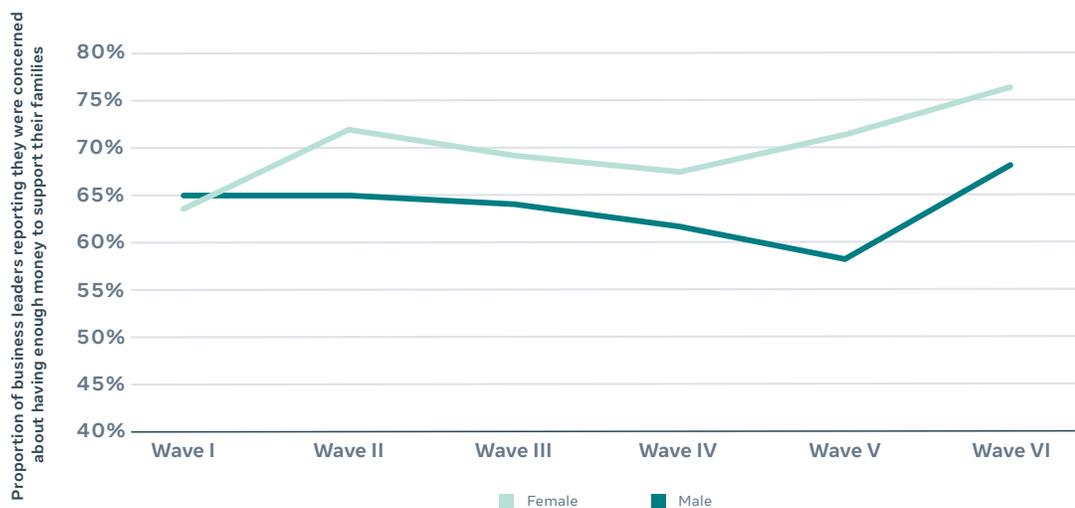


## BOX 7

# Leaders in Mexico have faced a large increase in their domestic responsibilities.

- Business leaders in Mexico have experienced a large increase in domestic responsibilities since the start of the COVID-19 pandemic. In Wave VI, 48% of business leaders reported spending more time on domestic responsibilities since the pandemic began.
- Women have shouldered these additional responsibilities to a greater extent, with 55% of female business leaders reporting that they spent more time on domestic tasks, compared to 43% of male business leaders. In Wave VI, 26% of female business leaders spent six hours or more per day on domestic tasks, compared to only 11% of male business leaders.
- Part of this increased workload has resulted from increased childcare responsibilities, with schools in Mexico closed since March (UNESCO 2020). In September, the proportions of business leaders reporting that caring for children and homeschooling had affected their work were 27% and 31%, respectively, 8 and 5 percentage points higher than in Wave I.
- Mexican business leaders have also faced concerns about providing for their families. In Wave VI, 71% of business leaders reported concerns about having enough money to sustain their families, up 6 percentage points from Wave I. This was a greater issue for female business leaders, of whom 76% raised this concern, relative to their male counterparts (68%) (Figure 17).

**FIGURE 17:** Proportion of Mexican business leaders reporting concerns about having enough money to sustain their families, by gender and survey wave



# Exploring how policy support may have mitigated the economic effects of COVID-19

This section discusses the level of financial and employment support provided to SMBs since the pandemic began. Further, it analyses the effectiveness of these support measures, drawing upon findings from The Future of Business Survey, together with recent external literature.

The proportion of businesses receiving financial support has declined in nearly all regions, particularly in Europe and North America, which saw declines of over 20 percentage points between Waves I and VI. Where SMBs were not in receipt of support, they most commonly cited a lack of availability or a lack of awareness of available support as the reasons. Financial support has helped businesses stay open and reduced unemployment; however, some of the early literature questions how efficient some of these support measures have been.

## 2.1 Provision of financial support

In response to a sharp decline in economic activity and declining customer traffic that accompanied the implementation of measures such as workplace closures and restrictions on in-person interactions, some governments have been able to provide businesses with financial support. By the end of October, countries sampled in The Future of Business Survey had announced new fiscal stimuli worth at least US\$7 trillion (Hale et al. 2020), representing 11% of their total 2019 nominal GDP.<sup>16</sup>

Governments have introduced a range of support schemes to promote business survival and employee retention across countries and regions. Some, such as the UK, where the Job Retention Scheme initially covered 80% of worker salaries, have implemented grant schemes aimed at maintaining employment. Others have implemented broader fiscal stimulus packages, either through direct government spending or through tax deferrals, such as Denmark (which adopted a variety of measures, including tax deferrals and exemptions) and Germany (which provided a €130 billion fiscal package including infrastructure funding and reductions in the rate of VAT from 19% to 16%).<sup>17</sup>

Some of this support has been explicitly targeted at SMBs, including initiatives such as SMB-specific loans or credit guarantees, including the Paycheck Protection Program in the US. In France, for example, SMBs can receive €1,500 monthly compensation if their turnover drops by more than 70%.<sup>18</sup>

### The extent of financial assistance has varied across countries and regions

SMBs have not received the same level of financial or employment support across all countries and regions (*Figure 18*). In July, for example, financial support in the form of subsidies for businesses to maintain employees or minimise redundancies averaged 2.6% of GDP in G-20 advanced economies, but only 0.1% for G-20 emerging market economies (IMF 2020b).

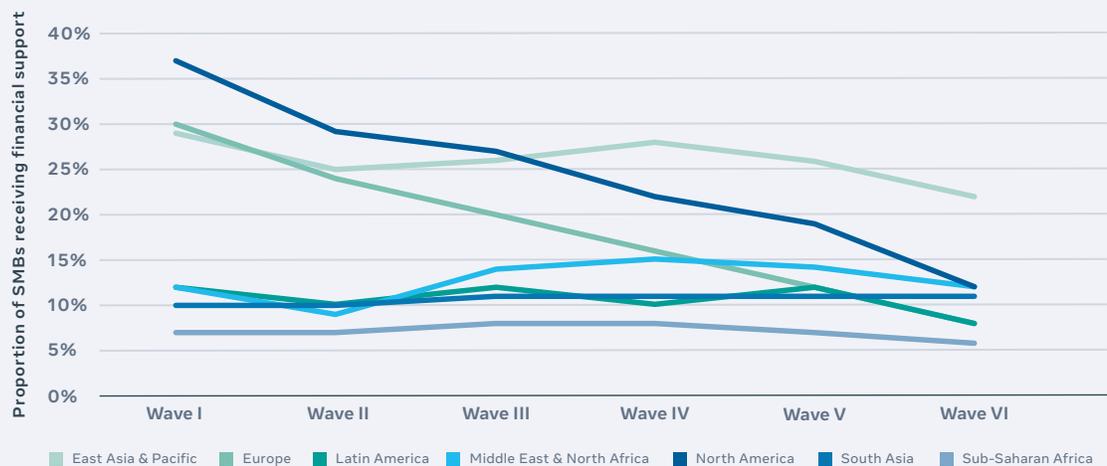
In aggregate, the proportion of surveyed SMBs that reported receiving financial support has decreased in every wave, falling by 11 percentage points between Wave I (23%) and Wave VI (12%).

The largest reductions in support were observed in Europe and North America, where support has fallen by 22 and 25 percentage points, respectively, during this period. These were the two regions where financial support was most prevalent at the time of the Wave I survey. In other countries and regions, such as Latin America and Sub-Saharan Africa, support has been far less prevalent, and the trend line has remained relatively stable over the six survey waves.

Both Europe and North America also experienced significant reductions in the

proportion of businesses receiving financial support from Wave V to Wave VI, by 5 and 7 percentage points, respectively. Even as COVID-19 surged once again throughout much of Europe, the proportion of SMBs receiving financial assistance declined considerably between Waves V and VI in some countries in the region. In particular, large declines were observed in Poland (19 percentage points), Sweden (18 percentage points), and Germany (10 percentage points).

**FIGURE 18:** Proportion of SMBs in receipt of financial support in response to the COVID-19 pandemic, by region and wave



### Some governments have provided SMBs with support to promote employee retention

COVID-19 has had varying repercussions for employment across different geographic regions, as well as within them. This divergence may spring from a number of factors, including the prevalence of the virus and assorted characteristics of SMBs in different countries. However, it may also reflect the extent of available employment support schemes.

Some countries have been able to provide targeted employment support to SMBs — for example, through salary subsidies, rent postponements, and deferred utility payments. As illustrated by *Figure 19*, there was a positive correlation throughout the sample between the proportion of SMBs that

reported difficulty paying salaries and the proportion that reduced employment. Policymakers have therefore sought to introduce measures to ease these cost pressures and promote employee retention.

For example, from May onward, Canada introduced the Emergency Commercial Rent Assistance program, which provided rent support to small business tenants. Under this policy, the government covered 50% of rent, with the tenant paying up to 25% and the property owner forgiving at least 25%. In late October, the Canadian government invested CAD 12 million in the Canada United Small Business Relief Fund, which provides small businesses across different sectors and industries with grants of up to CAD 5,000.<sup>19</sup> Between Waves I and VI, the proportion of Canadian SMBs reporting a decline in employment dropped by 14 percentage points.

**FIGURE 19:** Proportion of SMBs that reported a drop in employment (vertical axis) against the proportion of SMBs that reported difficulty paying salaries (horizontal axis), by country, Waves I and VI



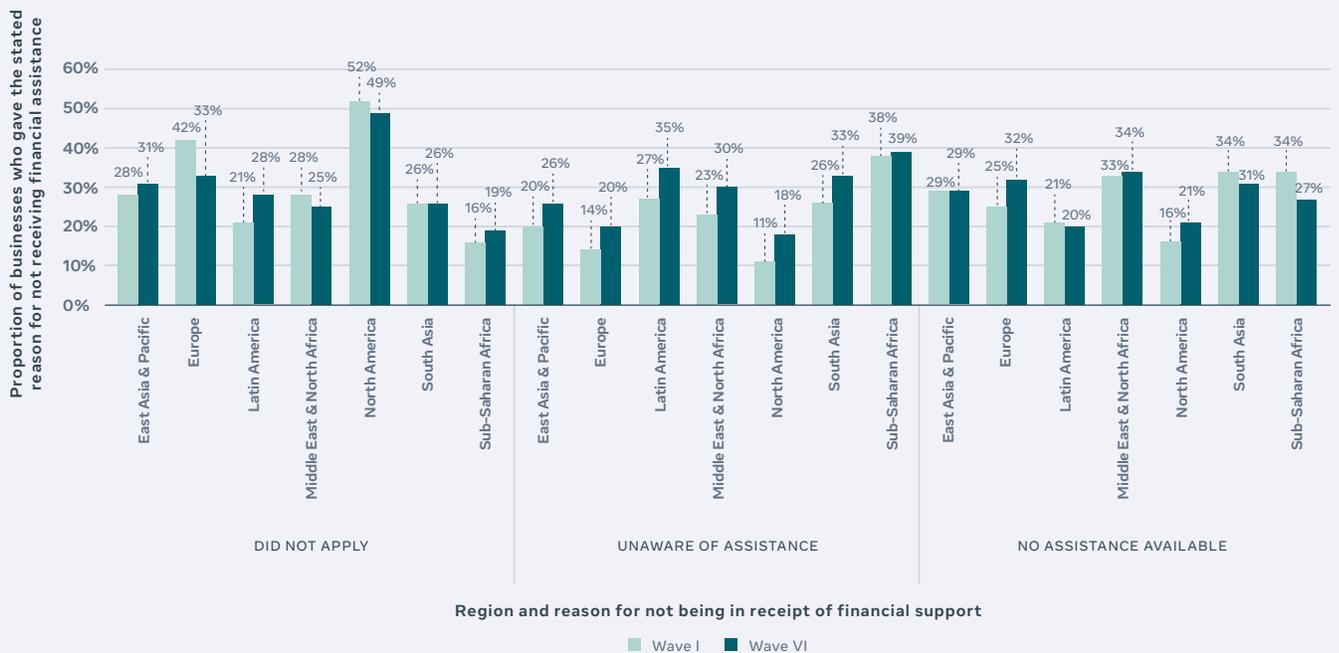
## SMBs not receiving assistance cited limited availability and a lack of awareness of support measures

SMBs not receiving financial assistance pointed to a variety of reasons as to why they had been unable to access support throughout the pandemic (Figure 20).<sup>20</sup> Between Waves I and VI, the proportion of SMBs stating that their lack of assistance simply resulted from not applying fell in both Europe (by 9 percentage points) and North America (3 percentage points).

Europe and North America also saw increases between Waves I and VI (by 8 percentage points and 5 percentage points, respectively) in the proportion of SMBs reporting that no assistance was available. On a country level, Poland (17 percentage points), France (12 percentage points), and Belgium (12 percentage points) reported large increases in this regard between Waves I and VI.

The proportion of SMBs that stated they were unaware of any assistance rose in every region between Waves I and VI, with increases of up to 8 percentage points in Latin America.

FIGURE 20: Reasons that SMBs did not receive financial assistance, by region, Waves I and VI



## 2.2 The effectiveness of policy support

Governments have sought to provide financial and employment support to help firms continue to operate and retain their employees. However, the effectiveness of this support has been variable. Based on econometric analysis of The Future of Business Survey data, together with insights from the external literature, this section provides more detailed insights regarding the impact of policy support on SMB outcomes.

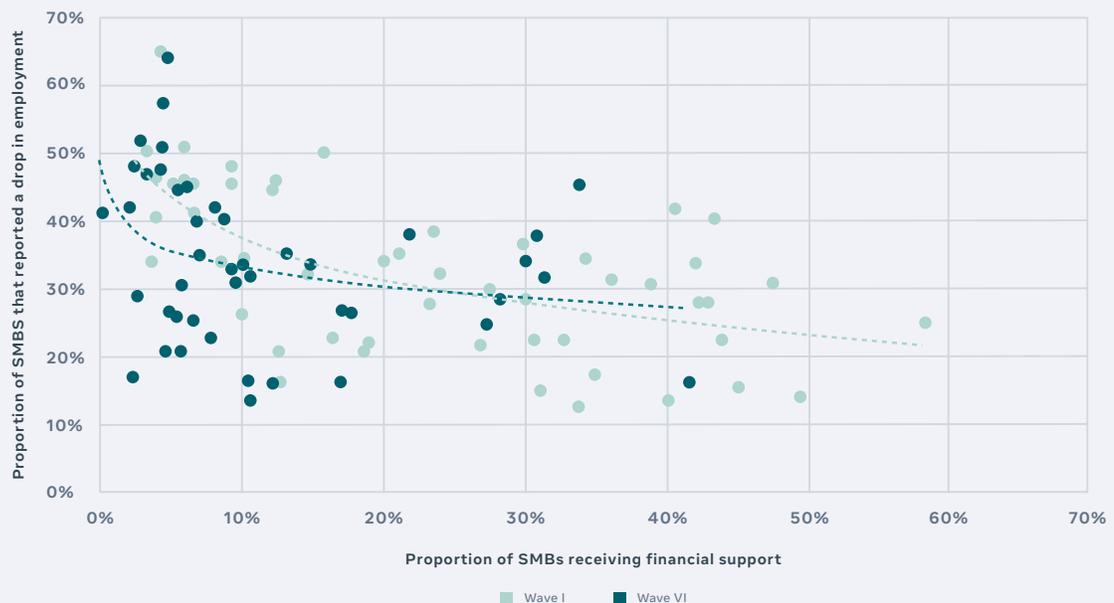
### Where available, financial assistance has supported SMBs throughout the COVID-19 pandemic...

One aim of financial support, whether from governments or the private sector, is to enable SMBs to continue operating in the face of significant challenges. Research suggests that the failure rate among SMBs due to COVID-19

could have been notably higher if no financial support had been forthcoming (Gourinchas et al. 2020). Across the OECD, it has been estimated that job retention schemes supported more than 50 million jobs by May 2020, ten times as many as during the global financial crisis of 2008–2009 (OECD 2020c).

Data from The Future of Business Survey corroborates that the provision of financial support is correlated with improved SMB outcomes, particularly the retention of employees (*Figure 21*).<sup>21</sup> The nonlinear nature of the curve, however, may indicate that even smaller-scale policies, which can target a relatively small proportion of the SMBs with the greatest need, could be effective in reducing the proportion of firms reducing their headcounts. This finding is of particular relevance for policymakers in countries that have more limited financial resources to deploy.

**FIGURE 21:** Proportion of SMBs that reported a drop in employment (vertical axis) against the proportion of SMBs receiving financial assistance (horizontal axis), by country, Waves I and VI



Using data across all six survey waves, econometric analysis was conducted to compare the business outcomes of those receiving financial support with those that applied and did not receive it.<sup>22</sup> To improve comparability, the analysis excluded those that did not receive support because they did not apply or were not aware of any assistance, looking at only those who applied for support. Though it is not possible to demonstrate causation nor directionality, the analysis demonstrated that:

- Among SMBs in countries in the top half of the Lockdown Stringency Index at the time of the Wave I survey, SMBs that received financial support were less likely to report that they were closed, on average, than those that applied and did not receive it.
- Among SMBs surveyed in all countries, businesses receiving financial support were less likely to have reduced their number of employees, on average, in response to the COVID-19 pandemic, than those that did not report receiving financial support. This effect was more pronounced for businesses in countries in the top half of the Lockdown Stringency Index at the time of the Wave I survey.

### **...however, questions of policy effectiveness remain**

These results suggest that financial support may have helped SMBs to keep operating throughout the COVID-19 pandemic. However, while support packages in some countries have contributed to improved business outcomes and consumer spending, they have also been expensive to maintain.

For example, it is estimated that the Paycheck Protection Program loans in the US cost US\$377,000 per job saved (Chetty et al.

2020). The cost of these schemes may limit the extent to which governments, even in high-income countries, will continue to provide such support. Nevertheless, research by Hubbard and Strain (2020) finds that the Paycheck Protection Program has indeed increased the employment, financial health, and survival of small businesses in the US.

External research has also challenged the effectiveness of some schemes with regard to improving outcomes for small businesses. Chetty et al. (2020) further find that stimulus payments to low-income households, for example, did increase consumer spending in the US. However, they find that little of this increased spending flowed to businesses most affected by the COVID-19 shock, thus reducing its impact on employment.

Finally, a considerable proportion of SMBs received financial support through government or private-sector loans. On average, these loans accounted for 20% of the support received across all survey waves. The extent of loan provision may hold potential long-term implications for businesses and growth. For example, TheCityUK estimate that private companies in the UK could hold £100 billion of unsustainable debt in the first quarter of 2021, £50–56 billion of which could be held by SMBs (TheCityUK 2020a). It is estimated that 2.3 million businesses, employing 3 million people, could be at risk from unsustainable levels of debt from government-backed loans alone (TheCityUK 2020b).

# Future prospects and policy insights

Despite the difficulties that SMBs have experienced during the COVID-19 pandemic, they have generally demonstrated less pessimism about their future prospects, relative to the expectations expressed in the first wave of the survey. However, in Europe, where COVID-19 cases have grown sharply in the past month, the sentiments of SMBs leaders have trended negatively once again. SMBs also anticipate that the challenges they currently face, such as constrained cash flow and lack of demand, will remain challenges in upcoming months. To mitigate these impacts, SMBs have identified several areas where they want further support to assist their recovery and help them adapt to new ways of conducting business.

## 3.1 Future expectations

The relative trends observed in this survey provide evidence to suggest that SMB leaders have become gradually more optimistic over time, with the exception of some regions, such as Europe. Nevertheless, evidence from the economic and business literature does suggest that entrepreneurs may have a tendency to be particularly optimistic about their future prospects (see, for example, Kahneman et al. 1993).

### **Many SMB leaders remain optimistic, although attitudes vary between regions...**

Despite considerable disruption and uncertainty, the majority of SMB leaders have remained positive about their future prospects. In aggregate in Wave VI, 56% of respondents confirmed they were either

optimistic or very optimistic about the future of their businesses, a slight increase from 54% in Wave I.

An increase in levels of optimism was observed across all regions, except Europe (*Figure 22*).<sup>23</sup> In Latin America, for example, SMBs became more optimistic in each successive survey wave. This was particularly evident in Brazil, which experienced a surge of optimism of 27 percentage points between Waves I and VI. Brazil's Lockdown Stringency Index score decreased by 24 points during the same period.

By contrast, European firms appear increasingly pessimistic, with the proportion of SMB leaders expressing optimism falling to 48% across the region in Wave VI, a decline of 7 percentage points from Wave I. This gloomier mood was particularly apparent in countries such as Poland, which registered a decrease in optimism of 20 percentage points between Waves V and VI.

## Nevertheless, SMBs still expect to face significant challenges

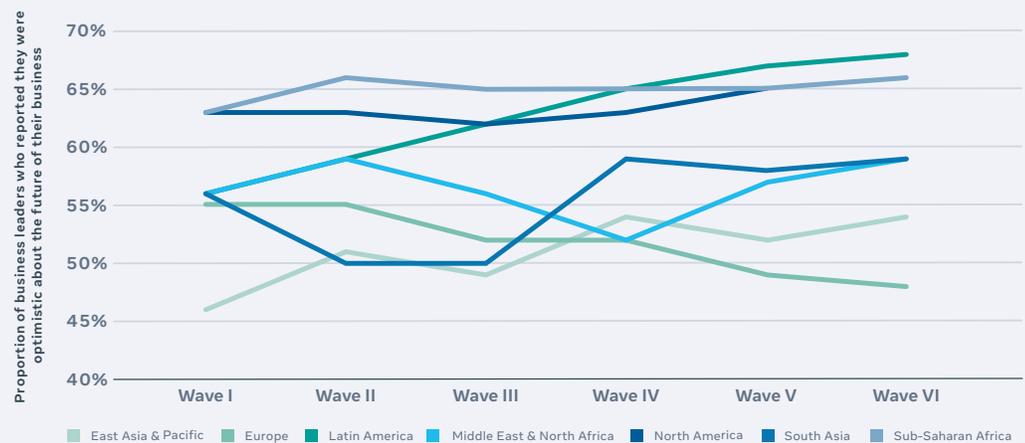
SMBs continue to encounter difficulties in their operations, and these are expected to continue into next year. At the time of the Wave VI survey, the two future challenges most referenced by SMBs were a lack of demand and cash flow constraints.

In aggregate, 43% of SMBs in Wave VI reported that they expect to face a lack of demand in the next few months, with the highest levels observed in Europe (54%) and Latin America (50%). Between Waves V and VI, the share of SMBs citing a lack of demand went up in several countries that had experienced greater disease spread and had introduced stricter lockdown measures, such as Poland and Italy (by 14 and 13 percentage points, respectively).

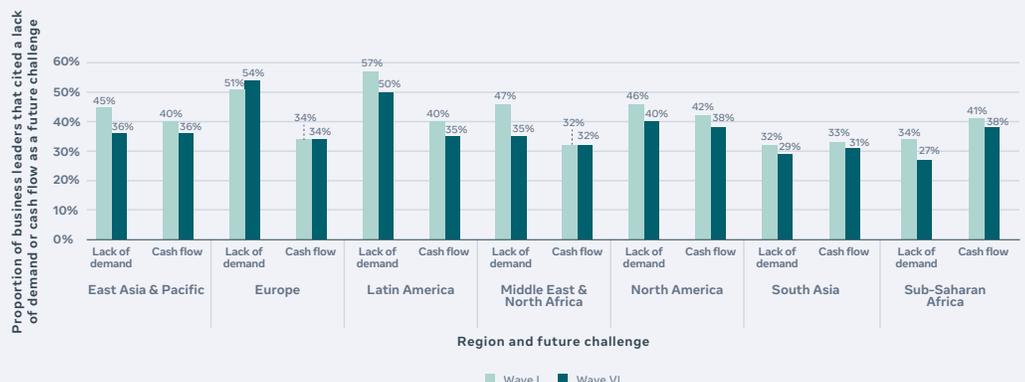
More than one-third (35%) of SMBs, in aggregate, raised concerns about cash flow challenges over the coming months, although this proportion has fallen over time. On a regional level, concerns over future cash flows were most prevalent in North America and Sub-Saharan Africa, with 38% of SMBs reporting this as a concern in both regions. There was, however, significant variation between regions (*Figure 23*).

In keeping with trends in closure rates and sales, consumer-facing sectors such as hotels, cafes, and restaurants remained the most apprehensive about the coming months. At the time of the Wave VI survey, 52% of firms in these sectors referenced a lack of demand as a future challenge, while 40% cited cash flow concerns. This finding tallies with external evidence highlighting the challenges of businesses that rely on in-person transactions (Fairlie 2020).

**FIGURE 22:** Proportion of business leaders that reported they were optimistic or very optimistic about the future of their business across waves, by region



**FIGURE 23:** Proportion of SMBs citing a lack of demand or cash flow as a future challenge, by region



Concerns about the future were particularly acute for micro-businesses. At the time of the Wave VI survey, 47% of these solo entrepreneurs pointed to a lack of demand as a future challenge, compared to 38% of businesses with more than 10 employees. The task of maintaining sales levels is an especially pertinent issue for smaller businesses, which depend more on current revenue to fund their activities (Sak and Taymaz 2004).

### ...especially where stricter measures may be reintroduced

Over the six survey waves, large shares of SMBs have cited restrictions imposed by governments or health authorities as a challenge to their operations. At the time of the Wave I survey in May, for example, 50% of businesses that were closed reported that government or health authority orders were the primary reason for their closure.

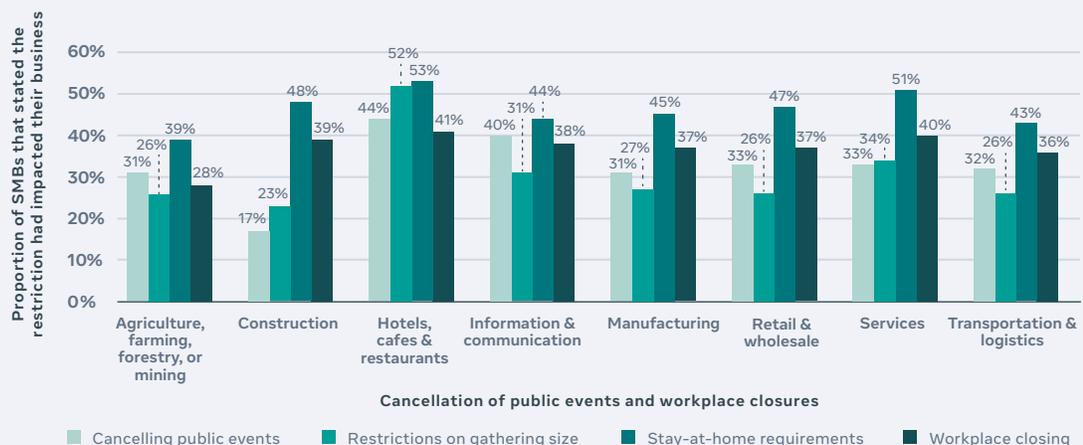
In October, at the time of the Wave VI survey, SMBs remained concerned about the prospect of further lockdowns, particularly in countries and regions that have reintroduced stricter measures. In sampled countries in Europe, for example, 28% of SMBs in Wave VI anticipated that government and health authority orders would be a challenge over the next few months. This was particularly true in Poland

(53%), the Czech Republic (44%), and Italy (43%), which all tightened lockdown measures between Waves V and VI. In aggregate, 18% of SMBs stated that they would be unable to remain operating within three months of the Wave VI survey, should future lockdowns be imposed.

If lockdowns are reintroduced or extended further, the impact on SMBs may depend on the type of measures put in place. In aggregate, 47% of SMBs stated that stay-at-home requirements have had the most significant impact on their businesses since the COVID-19 pandemic began, followed by workplaces closing (38%), cancellation of public events (33%), and restrictions on gathering size (32%).

Different measures could also have asymmetric impacts across sectors. At the time of the Wave VI survey, stay-at-home requirements had a particularly strong impact in the services sector and the retail and wholesale sector, but this was less true for SMBs in agriculture (Figure 24). Meanwhile, restrictions on gathering sizes affected the hotels, cafes, and restaurants sector, but were less important for SMBs in construction, manufacturing, and information and communication.

**FIGURE 24:** Proportion of SMBs reporting that they were impacted by restrictions, by sector, Wave VI



### 3.2 Future challenges and areas for further support

Should economic conditions persist, SMBs expect they may need further support to mitigate challenges such as a lack of demand and or restrictions to their operating environments. Across all survey waves, SMBs have consistently identified salary subsidies, delayed rent payments, and tax deferrals as the most-requested policy measures to support them in the coming months.

#### Business leaders request a variety of measures to support their businesses...

SMBs have continued to face barriers to revenue generation during COVID-19, in the form of both government restrictions and reduced consumer demand. However, despite declining revenue, many are still obligated to pay fixed operating costs, such as employee salaries or rents.

At the time of the Wave VI survey, SMBs in the global sample referenced loan and credit guarantees (30%), tax deferrals (30%), and salary subsidies (28%) as the policies they most wanted to support them in the next few months. Across countries, the greater the impact of COVID-19 on revenue, the more likely SMBs were to state that they desired these support measures (*Figure 25*).

In each survey wave, these three policies were consistently identified as desirable by business leaders, albeit with some variation between regions. In Wave VI, for example, the Latin America (51%) and Sub-Saharan Africa (45%) regions reported the highest proportion of SMBs citing access to loans and credit, more than 10 percentage points higher than in any other region. These are the regions in which the proportions of SMBs that were in receipt of financial support, at the time of the Wave VI survey, were the lowest (8% and 6%, respectively).

**FIGURE 25:** Proportion of business leaders reporting salary subsidies, tax deferrals, and loan and credit guarantees as support they desired (vertical axis) against the proportion who reported a reduction in sales compared to the same 30-day period last year (horizontal axis), by country, Wave VI



### ...and to support their families

For female SMB leaders especially, COVID-19 has led to an increase in domestic responsibilities, such as caring for dependents, homeschooling, and childcare, even as their businesses remain under significant pressure. Moreover, due to restrictions on movement and in-person interactions in many countries, the pandemic has also depleted the resources that leaders normally rely on for support, such as informal childcare from family networks (UNESCO 2020).

A notable proportion of SMB leaders identified domestic responsibilities as an area where they requested further policy support. This was particularly the case in countries where these responsibilities take up a significant portion of business leaders' time. At the time of the Wave VI survey, 22% of business leaders in the aggregate sample stated that they would like help in taking care of a household member, a need that was consistent over the survey waves.

More female business leaders in Wave VI (25%) requested support in taking care of family members than male business leaders (18%), a gender disparity that has grown slightly since Wave I (by 2 percentage points). Leaders of micro-businesses (26%) were also more likely than others to request this type of support in Wave VI, possibly because they have no colleagues to share their work responsibilities.

### As they look to the future, SMBs are also looking for help in developing their business models

In the Wave VI survey, a significant share of SMBs identified support in accessing new markets (46%) and adopting digital tools (35%) as measures that could help them adapt to new ways of working after the pandemic. This was particularly true for smaller SMBs, which may have more limited resources to establish a presence in new markets or assimilate to new technologies.

**FIGURE 26:** Proportion of SMBs that stated they request support in increasing their use of digital tools (vertical axis) against the proportion reporting that they had increased digital sales in response to the COVID-19 pandemic (horizontal axis), by country, Wave VI



Across regions, the highest proportions of SMBs citing support in these two areas were reported in Latin America and Sub-Saharan Africa. In sampled countries in these regions, a considerable number of SMBs in Ecuador (68%) and South Africa (55%) were looking for support to help them find new markets. Colombia (60%) and Nigeria (47%) had the highest proportion of SMBs in these regions that identified assistance to help them adopt digital tools as an area of desired support.

With workplaces closed and businesses having to resort to remote communication to connect with employees and make online sales to consumers, digital tools have played a vital role in adapting to the pandemic (Deloitte 2020a and 2020b). Evidence from this survey suggests that SMBs may benefit from further assistance in this regard, particularly in countries where SMBs have sought to increase their proportion of digital sales over the course of the pandemic (*Figure 26*).

# Conclusion

This report is the last in a series of six monthly surveys that have monitored the impact of COVID-19 on SMBs. Between May and October 2020, the surveys collected data from over 150,000 business leaders in over 50 countries, with insights documented in the monthly Global State of Small Business Reports.

In several regions, business outcomes have improved slightly since May, with declines in closure rates and in the proportion of businesses reporting lower sales. In Europe, however, where COVID-19 cases rose sharply in October and lockdown measures were reintroduced, closure rates have recently increased as business outcomes have again deteriorated.

While optimism, in relative terms, has grown among business leaders, many remain concerned about their future prospects and foresee challenges relating to cash flow and a lack of demand. This is particularly concerning as the year draws to a close, as this is traditionally a time for higher consumer spending and a time to reflect on the events of the past year.

Should these trends continue, the financial pressures on SMBs could intensify further, placing strain on both balance sheets and the family lives of business leaders. Even in countries that have continued to relax lockdown restrictions, there remains the spectre of further waves of infections. Government support, which has been declining in most countries, is likely to remain an important factor in maintaining employment in the event of future COVID-19 spread. Indeed, closure rates remain highest in regions such as South Asia and Sub-Saharan Africa, where

only limited financial assistance has been available to SMBs.

Despite the many challenges, however, further opportunities may lie ahead for SMB leaders. The anticipated global economic recovery in 2021 could enable revenue growth and the resumption of in-person sales channels. Some SMBs have also invested time during the pandemic to reform their business models — for example, through the adoption of digital tools, thereby opening up further sales avenues and strengthening their resilience against future downturns.

This research has provided frequent updates on the impact of the COVID-19 pandemic on SMBs in different parts of the world. This has been an invaluable ongoing exercise, and further research could build on it by delving more deeply into the report's conclusions. For instance, the population for these surveys was taken from SMBs with a Facebook Business Page and therefore represented a subset of online SMBs. Online SMBs are unlikely to have the same characteristics as those with a more limited digital presence, so their respective responses to the pandemic may well be different. Therefore, future work could compare the Future of Business Survey findings with other global and country specific surveys and administrative data, to assess whether they provide a similar picture to the insights gleaned here.

The data collected in The Future of Business Survey will continue to represent a valuable resource to inform future research programmes and to provide policymakers with detailed insights into the impact of COVID-19 on SMBs around the world.

# Survey methodology

## Sampling methodology

Wave VI of the 2020 State of the Global SMB Future of Business Survey was fielded in the period 23–31 October 2020, although the exact time and date that users received the survey varied by time zone. Sample quotas were set at the country level with the exception of Sub-Saharan Africa (exclusive of Nigeria, Ghana, Kenya, and South Africa), which was sampled as a single unit with no country-level quotas. Wave I of the survey was conducted 28–31 May; Wave II, 24–30 June; Wave III, 24–30 July; Wave IV, 24–31 August; and Wave V, 23 September–01 October.

After accounting for eligibility and non-response, the Wave VI survey captured responses from approximately 65,000 respondents across 84 countries and seven regions (although results here are reported for approximately 25,000 business owners,

leaders, and managers only, excluding respondents who did not qualify for the sample, such as those who were not business owners or managers). In Sub-Saharan Africa, 36 countries were subsequently grouped into a single sampling unit due to sampling limitations. China is not included, despite being a large and relevant economy, because Facebook is not allowed in China. It is further noted that country samples do not, in general, include overseas territories — for example, the US sample does not include US territories or Puerto Rico.

The sample populations between Waves I and VI were comparable. Female-owned businesses accounted for between 37% and 38% of businesses. Micro-businesses remained the most common type of business in terms of scale, accounting for approximately 29% of all businesses in the survey.

Aggregate sample characteristics (business leaders only, weighted data, numbers may not sum to 100% due to either rounding or omission of certain categories)

Category	Split	Wave I	Wave VI
<b>Gender</b>	Female	37%	38%
<b>Number of employees</b>	No employees (just me)	29%	29%
	1 person	12%	12%
	2 to 4 people	27%	28%
	5 to 9 people	16%	15%
	10 to 49 people	12%	12%
	50 to 249 people	3%	3%
	250 to 499 people	1%	1%
<b>Age of business</b>	Less than 1 year	15%	17%
	Between 1 and 2 years	15%	17%
	More than 2 years but less than 5 years	23%	22%
	5 years or more	47%	44%

Category	Split	Wave I	Wave VI
<b>Sectors</b>	Services	27%	28%
	Retail and wholesale	23%	21%
	Other (please specify)	16%	16%
	Hotels, cafes, and restaurants	9%	10%
	Information and communication	6%	8%
	Manufacturing	6%	5%
	Construction	5%	6%
	Agriculture, farming, forestry, or mining	4%	3%
	Transportation and logistics	3%	3%

The sample is only representative of Facebook Business Page Administrators at the individual country level after weights have been applied; it is not representative of the SMB population at large within each country considered. The sample leveraged Facebook Business Page Administrators to maintain consistency with prior versions of The Future of Business Survey.

For further details on the sampling, survey fielding, and creation of weights, see the Methodology Note on the Data for Good Global State of Small Business webpage.<sup>24</sup>

### Survey invitations

The survey invitation was shown on the sampled individual’s Facebook News Feed. The survey introductions emphasised voluntary participation and the confidentiality of responses. Opening the survey, responding to the survey, and completing the survey partially or fully were all entirely optional. If respondents chose to skip any question in the survey, they were allowed to do so with no reminders or prompts to answer of any kind, and the questionnaire flow took them to the next logical question. Respondents were not compensated in any way for either starting or completing this survey.

### Data treatment

Reported results only use weighted data. The sample weighting targets were derived from on-platform Facebook Business Page Administrator population statistics for each country, and variables were selected from a set of variables known to be predictive of survey non-response and level of activity on the Facebook platform.

Results for businesses above are reported from answers collected from those who said they were either an owner or manager of day-to-day operations at a business with fewer than 500 employees, that was either currently operating or that ceased operations on or after January 1, 2020. Results are not reported where a given question had fewer than 100 respondents within a country, including demographic-based sub-reporting (for example, by gender).

Where regional statistics are presented, these are taken as the mean of the country statistics within a given region, only accounting for countries that meet the 100-response criterion for a given question. Similarly, statistics reported for the aggregate sample across countries take the average of all countries that meet the 100-respondent criterion for a given question. Where statistics are reported by sector or business size, these were calculated using the whole sample, treating each respondent as an individual observation.

## Response rates

The following countries and regions are reported in this survey and report for Wave VI (asterisk denotes OECD membership). The following country and region names and borders follow World Bank practice and do not represent political statements or judgments.

Region	Country Identifier	Name	Invitations	Survey Starts	Response Rate
East Asia and the Pacific	AU	Australia*	70,011	1,228	1.8
	HK	Hong Kong SAR, China	-	-	-
	ID	Indonesia	28,782	1,463	5.1
	JP	Japan*	62,132	1,414	2.3
	KH	Cambodia	33,923	1,430	4.2
	MY	Malaysia	46,931	1,434	3.1
	MM	Myanmar	18,432	1,432	7.8
	PH	Philippines	41,534	1,416	3.4
	SG	Singapore	-	-	-
	KR	Korea, Rep.*	-	-	-
	TW	Taiwan, China	60,435	1,218	2.0
TH	Thailand	11,8021	2,158	1.8	
VN	Vietnam	10,0192	2,859	2.9	
Europe	BE	Belgium*	52,947	911	1.7
	CZ	Czech Republic*	34,722	692	2.0
	DK	Denmark*	20,189	393	1.9
	FR	France*	10,7842	1,633	1.5
	DE	Germany*	49,005	1,437	2.9
	GR	Greece*	27,153	1,230	4.5
	HU	Hungary*	44,206	1,351	3.1
	IE	Ireland*	-	-	-
	IT	Italy*	73,672	2,952	4.0
	NL	The Netherlands*	78,963	1,232	1.6
	NO	Norway*	-	-	-
PL	Poland*	45,528	1,420	3.1	

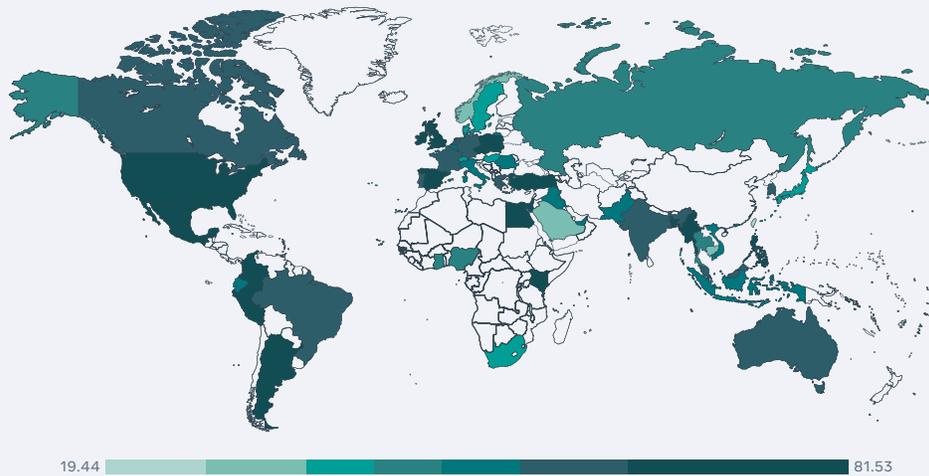
Region	Country Identifier	Name	Invitations	Survey Starts	Response Rate
Europe	PT	Portugal*	39,714	1,431	3.6
	RO	Romania	28,340	1,452	5.1
	RU	Russian Federation	45,781	1,254	2.7
	ES	Spain*	41,833	1,429	3.4
	SE	Sweden*	50,627	1,308	2.6
	CH	Switzerland*	19,934	272	1.4
	TR	Turkey*	32,385	1,493	4.6
	GB	United Kingdom (UK)*	42,240	1,425	3.4
Latin America	AR	Argentina	32,730	1,422	4.3
	BR	Brazil	28,932	1,421	4.9
	CO	Colombia*	31,352	1,422	4.5
	EC	Ecuador	32,750	1,422	4.3
	MX	Mexico*	50,058	2,860	5.7
	PE	Peru	34,766	1,418	4.1
Middle East and North Africa (MENA)	EG	Egypt, Arab Rep.	44,623	2,856	6.4
	IQ	Iraq	20,767	1,431	6.9
	IL	Israel*	41,011	1,120	2.7
	SA	Saudi Arabia	23,250	1,441	6.2
	AE	United Arab Emirates (UAE)	33,867	973	2.9
North America	CA	Canada*	52,871	1,426	2.7
	US	United States (USA)*	11,8213	2,023	1.7
South Asia	BD	Bangladesh	17,255	1,419	8.2
	IN	India	62,669	3,724	6.0
	PK	Pakistan	20,347	1,441	7.1
Sub-Saharan Africa (SSA)	GH	Ghana	33,029	1,284	3.9
	KE	Kenya	23,077	1,415	6.1
	NG	Nigeria	40,890	2,845	7.0
	ZA	South Africa	23,239	1,396	6.0
	RA	Rest of Africa <sup>25</sup>	43,628	3,197	7.3

# Lockdown Stringency Index

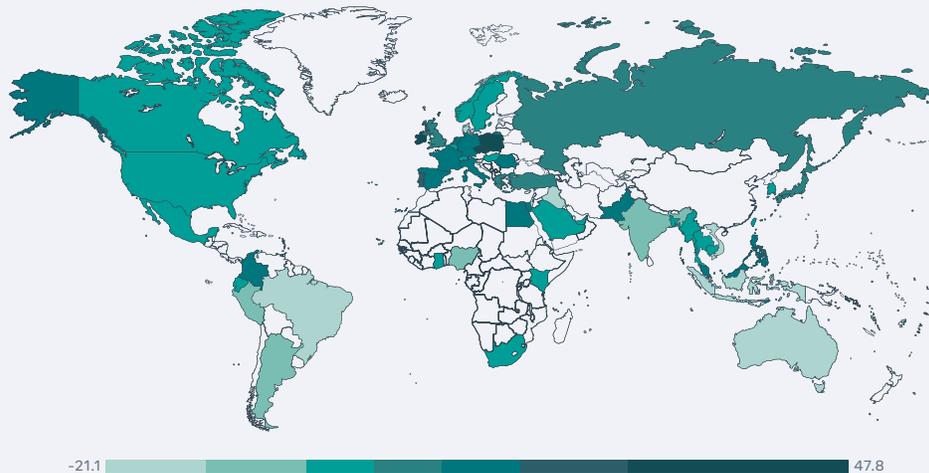
One factor influencing the impact of the COVID-19 pandemic in different countries is the stringency of each government’s response. The University of Oxford COVID-19 Government Response Tracker (Hale et al. 2020) tracks information on several common policy responses such as closing schools and restricting gatherings, that governments have implemented to respond to the pandemic.<sup>26</sup>

These responses have been compiled into a Stringency Index for each country for all six survey waves.<sup>27</sup> For the analysis in this report of Wave VI, the average Stringency Index over the period 23–31 October was used. *Figure 27* shows the quartile of this Lockdown Stringency Index to which each country in this report belongs, with *Figure 28* indicating the change (in index points) between Waves V and VI.

**FIGURE 27:**  
Lockdown Stringency Index, Wave VI, by quartile



**FIGURE 28:**  
Lockdown Stringency Index change between Waves V and VI, index points



The full rankings of the Lockdown Stringency Index are shown below:

Country or Region	Government Response Stringency Index (average over 23–31 October 2020)	Quartile
Taiwan, China	19	Q1
Norway	29	Q1
Cambodia	34	Q1
Sweden	37	Q1
Denmark	38	Q1
Japan	39	Q1
South Africa	39	Q1
Hungary	41	Q1
Switzerland	41	Q1
Rest of Africa	42	Q1
Ghana	43	Q1
Thailand	44	Q1
Nigeria	44	Q1
Russian Federation	45	Q1
Italy	50	Q2
Ecuador	50	Q2
Indonesia	50	Q2
Hong Kong SAR, China	52	Q2
Iraq	52	Q2
United Arab Emirates (UAE)	53	Q2
Singapore	53	Q2
Pakistan	53	Q2
Vietnam	53	Q2
Belgium	54	Q2
Romania	55	Q2
Korea, Rep.	55	Q2
Brazil	56	Q2
France	56	Q3
Australia	57	Q3
Saudi Arabia	57	Q3
Germany	58	Q3
Greece	60	Q3

Country or Region	Government Response Stringency Index (average over 23–31 October 2020)	Quartile
Canada	61	Q3
The Netherlands	62	Q3
Malaysia	62	Q3
Portugal	62	Q3
India	63	Q3
Israel	63	Q3
Colombia	66	Q3
USA	66	Q3
Poland	67	Q4
Turkey	68	Q4
Kenya	69	Q4
Spain	69	Q4
Philippines	69	Q4
Czech Republic	70	Q4
Mexico	72	Q4
United Kingdom (UK)	75	Q4
Egypt, Arab Rep.	76	Q4
Myanmar	79	Q4
Bangladesh	80	Q4
Ireland	81	Q4
Peru	81	Q4
Argentina	82	Q4

# Regression analysis

Econometric analysis was undertaken to assess how the receipt of financial support was related to a) SMB survivorship and b) employment. For both sets of regressions, a logistic regression was selected to model the binary dependent variable as a function of exogenous controls. The results from these specifications are shown in the remainder of this section.

## a) The impact of financial assistance on whether a business was currently open

Logistic regression models were run at the survey respondent (business leader) level, using data from all six survey waves, to estimate the probability of a business being open, given that it received financial assistance. Businesses not receiving

financial assistance were excluded if they elected not to apply or were not aware of any assistance available.

Results are presented below for a subsample of countries that were in the top two quartiles for the Lockdown Stringency Index for Wave I, reflecting the countries with the strictest lockdowns in May. In this modelled sample, the countries selected are therefore consistent across every wave.

The purpose of this analysis was to assess whether financial support has been correlated with improved survivorship for SMBs, controlling for other factors such as size, sector, and business leader characteristics, particularly for SMBs that were subject to the most stringent lockdown measures at the start of the survey period.<sup>28</sup>

If a business is open	Spends 6 hours or more on domestic tasks	
	Coefficient	Odds ratios
Financial help	0.202*	1.224*
Female	-0.143*	0.867*
Business leader over 40	0.0777	1.081
University education	0.368**	1.444**
Secondary education	0.277*	1.320*
Micro-business	-0.265**	0.768**
Fewer than 10 employees	-0.0790	0.924
Less than 1 year old	-0.142	0.868
Between 1 and 2 years old	0.106	1.112
Between 2 and 5 years old	0.0173	1.017
Other sector	-0.520**	0.595**

If a business is open	Spends 6 hours or more on domestic tasks	
	Coefficient	Odds ratios
Construction sector	-0.175	0.839
Hotels, cafes, and restaurants sector	-0.456**	0.634**
Information and communication sector	0.0217	1.022
Services sector	-0.444**	0.641**
Retail and wholesale sector	0.150	1.162
Transportation and logistics sector	-0.341	0.711
Manufacturing sector	-0.252	0.777
Lockdown Stringency Index	-0.00324	0.997
Survey wave	✓	✓
Country fixed effects	✓	✓
Observations		-0.00324
Pseudo R2		0.080

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ . Robust standard errors were used.<sup>29</sup>

## b) The impact of financial assistance on reductions in employment

Logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business reporting that it had reduced employment in response to the COVID-19 pandemic, given that it received financial assistance. Businesses not receiving assistance were excluded if they did not apply or were not aware of any assistance available. Data from all six survey waves was included.

Results are presented below for two sets of countries. The first sample includes all countries. The second includes only SMBs in countries that were in the top two quartiles for the Lockdown Stringency Index for Wave I, reflecting the countries with the strictest lockdowns in May. The purpose of this analysis was to assess whether there was a relationship between financial support and outcomes — in this case, employment — for SMBs that were most affected by lockdowns at the start of the survey period.

	Spends 6 hours or more on domestic tasks		Looks after dependents themselves	
	Coefficient	Odds ratios	Coefficient	Odds ratios
<b>Financial help</b>	-0.299***	0.742***	-0.514***	0.598***
<b>Female</b>	0.0136	1.014	-0.122	0.885
<b>Business leader over 40</b>	0.0897*	1.094*	0.125	1.133
<b>University education</b>	0.0524	1.054	0.0830	1.087
<b>Secondary education</b>	0.116	1.123	0.229	1.257
<b>Fewer than 10 employees</b>	-0.496***	0.609***	-0.533***	0.587***
<b>Less than 1 year old</b>	-0.488***	0.614***	-0.496***	0.609***
<b>Between 1 and 2 years old</b>	0.0591	1.061	0.0516	1.053
<b>Between 2 and 5 years old</b>	0.0607	1.063	0.198**	1.219**
<b>Other sector</b>	0.396***	1.485***	0.379**	1.461**
<b>Construction sector</b>	0.418***	1.519***	0.245	1.278
<b>Hotels, cafes, and restaurants sector</b>	1.032***	2.807***	0.944***	2.571***
<b>Information and communication sector</b>	0.318**	1.375**	0.381*	1.463*
<b>Services sector</b>	0.409***	1.505***	0.386**	1.470**
<b>Retail and wholesale sector</b>	0.313**	1.368**	0.315*	1.371*
<b>Transportation and logistics sector</b>	0.578***	1.782***	0.675***	1.964***
<b>Manufacturing sector</b>	0.349**	1.418**	0.436**	1.546**
<b>Lockdown Stringency Index</b>	-0.00135	0.999	0.000824	1.001
<b>Survey wave</b>	✓	✓*	✓	✓
<b>Country fixed effects</b>	✓	✓	✓	✓
<b>Observations</b>	-0.00324		10069	
<b>Pseudo R2</b>	0.080		0.060	

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ . Robust standard errors were used.

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# End Notes

1. It is recognised that the definition of a small and medium-sized business differs across countries, regions, and organisations. The European Commission, for example, classifies a small and medium-sized enterprise (SME) as an enterprise that employs fewer than 250 persons and has either an annual turnover not exceeding €50 million or an annual balance sheet total not exceeding €43 million. On the other hand, the International Finance Corporation (IFC) uses thresholds of 300 employees, turnover of less than \$15 million, and total assets also less than \$15 million to define a micro, small, and medium-sized enterprise (MSME). To be classified as an MSME, businesses must meet two of these three criteria.

These definitions are available at:

- European Commission:  
[https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)
  - International Finance Corporation:  
[https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/SME\\_Synthesis.pdf](https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/SME_Synthesis.pdf)
2. Further information is available at the Israeli Ministry of Health: <https://govextra.gov.il/ministry-of-health/corona/corona-virus-en/>
  3. Within the European sample, some measures were introduced during or immediately after the survey, such as in the UK and France. As a result, the survey may understate the full impact of these lockdowns on SMB outcomes.
  4. More information on the response to COVID-19 in the Czech Republic is available from the IMF documentation of Policy Responses to COVID-19. Available at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C>
  5. The Lockdown Stringency Index tracks information on several COVID-19 policy responses, such as closing schools and restricting gatherings, that governments have implemented in response to the pandemic. These are formed into an index for each country in the sample to assess the extent of lockdown measures at the time of each survey wave. Further information is provided in Appendix O2.
  6. Further information is available at the Polish Health Ministry. Available at: <https://www.gov.pl/>
  7. Differences reported may not align with the absolute levels presented on figures, due to rounding.
  8. It is recognised that data on the magnitude of sales reductions may be influenced by survivorship bias. That is, SMBs with a high reduction in sales at the time of the Wave I survey may have subsequently closed and would not be recorded in this question at the time of the Wave VI survey.
  9. The Google Mobility Index compares the number and duration of visits by Google users (e.g., users of Google Maps) relative to a baseline. For the Retail and Recreation Mobility Indices, places of interest include restaurants, cafes, shopping centres, theme parks, museums, libraries, and movie theatres. The baseline selected is usually the median value for the corresponding weekday across 3 January–6 February to calculate an index score. Further information on the Google Mobility Reports can be found at: [https://www.google.com/covid19/mobility/data\\_documentation.html?hl=en](https://www.google.com/covid19/mobility/data_documentation.html?hl=en)

10. Net change is defined as the proportion of SMBs that stated they had started using or had increased usage of a given tool, minus the proportion of SMBs that stated they had decreased or stopped using said tool.
11. Wave III of the Global State of Small Business Report found that SMBs that made more than 25% of their sales through digital channels were less likely to report sales had fallen and less likely to report they had reduced employment.
12. Data is provided courtesy of the OECD. Available at: <https://data.oecd.org/unemp/unemployment-rate.htm>. Similar conclusions arise if labour force participation rates are used in place of unemployment.
13. Official US unemployment statistics are released by the US Department of Labor, Bureau of Labor Statistics. Available at: <https://www.bls.gov/bls/newsrels.htm>
14. The Canadian Unemployment rate is available on the Official Canadian Statistics website. Available at: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028703>
15. Data for this question was not available during the Wave VI survey.
16. This accounts for the 53 countries in the original Wave I survey, excluding the rest of Africa. Please see Appendix O1 for a list of these countries. This figure accounts for all announced spending by governments and as such includes spending that may take place beyond the end of November. This figure also excludes traditional welfare payments, which have increased due to the pandemic, and as a result underestimates the total level of support.
17. Yale School of Management provides a periodically updated tracker of financial responses to the COVID-19 pandemic. Available at: <https://som.yale.edu/faculty-research-centers/centers-initiatives/program-on-financial-stability/covid-19-crisis>
18. More details about France's policy responses to the COVID-19 pandemic can be found at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#F>
19. See End Note 17.
20. The question that collected this data varied slightly between Waves V and VI. The Wave V question was asked as: 'Why are you not receiving any form of financial assistance in response to the coronavirus (COVID-19) pandemic?' In Wave VI, the corresponding question was phrased: 'Why is this business not receiving any form of financial assistance in response to the coronavirus (COVID-19) pandemic?'
21. A non-linear trend line was selected on the basis of sample fit considerations.
22. Refer to Appendix O3 for further details on the econometric analysis undertaken.
23. This section analyses relative changes in the level of optimism within regions and countries. Variation in the absolute level of optimism could reflect underlying differences in the SMBs surveyed and their general levels of optimism, cultural factors, the nature of COVID-19 containment measures, the level of economic support provided to SMBs, and the broader economic environment, among other factors.
24. The Methodology Note is available at: <https://dataforgood.fb.com/wp-content/uploads/2020/11/Future-of-Business-Survey-Methodology-Note.pdf>
25. A further 38 countries in Sub-Saharan Africa were grouped and reported as one sampling unit. These are: Angola, Burkina Faso, Burundi, Benin, Botswana, Central African Republic, Congo, Ivory Coast, Cameroon, Cabo Verde, Djibouti, Ethiopia, Gabon, Gambia, Guinea, Equatorial Guinea, Guinea-Bissau, Liberia, Lesotho, Mali, Mauritania, Mauritius, Malawi, Mozambique, Namibia, Niger, Reunion, Rwanda, Seychelles, Sierra Leone, Senegal, Sao Tome and Principe, Swaziland, Chad, Togo, Tanzania, Uganda, and Zambia.

26. A full list of indicators is available at: <https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/codebook.md>
27. The methodology for constructing the index is available at: [https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/index\\_methodology.md](https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/index_methodology.md)
28. For conciseness, Appendix O3 presents only a subset of the estimation results from the analysis. Other regressions that were conducted, but not reported here, include country-level panel data regressions and an analysis of different subsamples (e.g., sampling based on per capita income levels).
29. Robust standard errors control for some misspecifications in the variance of the error term, such as heteroscedasticity, where there exist sub-populations of different variances.

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**FACEBOOK**

