ILO SCORE Global Covid-19 Enterprise Survey

A snapshot of Covid-19’s prolonged impacts during Q3 2021

05 / November / 2021
Introduction
Survey is a direct follow up to April 2020 survey
It tracks the change in Covid-19’s impact on enterprises between April 2020 and Q3 2021

Number of enterprise survey respondents in 2020 & 2021

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1066</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>784</td>
<td></td>
</tr>
</tbody>
</table>

Enterprises from Q3 2021 came from eight countries:

- 598 from Indonesia
- 73 from Myanmar
- 35 from Tunisia
- 27 from Peru
- 18 from Ghana
- 12 from Colombia
- 11 from Bolivia
- 10 from Ethiopia

To avoid bias towards countries with larger sample sizes, data from each country has been given equal weight in the aggregate analysis.
In Q3 2021, the Enterprise survey respondents had these characteristics:

**Size**
- 59% Small and micro enterprises,
- 17% large enterprises,
- 24% Below 10,
- 34% 11 to 50,
- 25% 51 to 250,
- 17% Above 250

**Economic activity**
- Most common industries: Food & Beverages, Textile and Commerce
- Food, drink tobacco: 40%
- Commerce: 18%
- Textile: 17%
- Agriculture: 7%
- Hotels, tourism, catering: 8%
- Other: 10%

**Ownership**
- 22% women-owned
- 36% male-owned
- 6% Publicly owned
- 37% Male-owned
- 22% Women-owned
- Other: 36%
Impact of Covid-19 on business operations during Q3 2021
Covid-19 still very disruptive, stopping 2 in 5 enterprises in Q3 2020

**Did operations stop?**

- **Q2 2020**
  - Yes 70%
  - No 27%

- **Q3 2021**
  - Yes 40%
  - No 57%

**If yes, what happened?**

- **Q2 2020**
  - Permanently stopped: 12%
  - Stopped operations previously but currently running again: 10%
  - Temporarily stopped because of instructions by authorities: 50%
  - Temporarily stopped because of reduced orders: 18%

- **Q3 2021**
  - Permanently stopped: 6%
  - Stopped operations previously but currently running again: 25%
  - Temporarily stopped because of instructions by authorities: 11%
  - Temporarily stopped because of reduced orders: 29%
Change in revenues: The current state and outlook are still quite dire

- 3 in 4 experienced reduction in revenues in Q3 2021, largely unchanged from Q2 2020.
- 1 in 3 lost more than 25% of revenues in Q3 2021.
- 3 in 5 expect revenue reduction for Q4 2021.

Compared to 2019 revenues.
Change in revenues: While the situation for enterprises in some countries has improved.

**Ghana**
- Increase or none: 13%
- 0 to -25%: 33%
- -25% or less: 67%

**Tunisia**
- Increase or none: 20%
- 0 to -25%: 37%
- -25% or less: 67%

**Peru**
- Increase or none: 31%
- 0 to -25%: 70%
- -25% or less: 55%

**Colombia**
- Increase or none: 24%
- 0 to -25%: 58%
- -25% or less: 65%
Change in revenues: It has worsened or stayed the same for other countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>19%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>40%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>49%</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>13%</td>
<td>45%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>19%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>19%</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>40%</td>
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</tbody>
</table>
Orders: The situation has improved but still remains dire

Change in orders

- Q2 2020:
  - 5% Don't know
  - 33% -50% to -100%
  - 15% -25% to -50%
  - 21% 0 to -25%
  - 22% None
  - 4% Increase

- Q3 2021:
  - 3% Don't know
  - 20% -50% to -100%
  - 38% -25% to -50%
  - 12% 0 to -25%
  - 15% None
  - 11% Increase

- Expected Q4 2021:
  - 9% Don't know
  - 16% -50% to -100%
  - 28% -25% to -50%
  - 16% 0 to -25%
  - 23% None
  - 9% Increase

- 69% reduced orders in Q3 2021, largely unchanged from Q2 2020
- 3 in 10 reduced orders by more than 25% in Q3 2021
- >50% expect fewer orders than in Q4 2019

Compared to 2019 orders
Change in orders: The situation for enterprises improved in countries where the revenue situation also improved

**Ghana**

- Increase or none: 20%
- 0 to -25%: 40%
- -25% or less: 40%

**Tunisia**

- Increase or none: 0%
- 0 to -25%: 20%
- -25% or less: 80%

**Peru**

- Increase or none: 40%
- 0 to -25%: 20%
- -25% or less: 40%

**Colombia**

- Increase or none: 60%
- 0 to -25%: 20%
- -25% or less: 20%

Q2 2020 vs Q3 2021
Change in orders: The situation for enterprises worsened or stayed the same for countries where revenues were also lower or unchanged

Bolivia

<table>
<thead>
<tr>
<th>Increase or none</th>
<th>0 to -25%</th>
<th>-25% or less</th>
</tr>
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<tbody>
<tr>
<td>0%</td>
<td>20%</td>
<td>80%</td>
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Myanmar

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Indonesia

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</table>
Supply & Input Materials: No improvement with little optimism ahead

Shortage of supply/input materials?

- Don't know 9% in Q2 2020
  - Yes 67%
  - No 24%

- Don't know 5% in Q3 2021
  - Yes 69%
  - No 27%

- Don't know 8% Expected Q4 2021
  - Yes 59%
  - No 33%

- 2 in 3 still face a material supply shortage, largely unchanged from Q2 2020
- 3 in 5 still expect supply shortage in Q4 2021
Shipping: Improved, but far from back to normal

Difficulty shipping finished goods?

- Don't know 11%
  - Yes 65%
  - No 24%
  - Q2 2020

- Don't know 7%
  - Yes 41%
  - No 52%
  - Q3 2021

- Don't know 11%
  - Yes 41%
  - No 48%
  - Expected Q4 2021

1 in 4 who had difficulty shipping goods in Q2 2020 no longer faced that difficulty.

2 in 5 face difficulty shipping goods, with no change in the outlook for Q4 2021.
Cashflow: Mildly improved, but still constrains the vast majority

Difficulty with cashflow?

- Q2 2020: Yes 86%, No 10%
- Q3 2021: Yes 67%, No 26%
- Expected Q4 2021: Yes 61%, No 32%

- 2 in 3 had cashflow challenges in Q3 2021, down from 6 in 7 in Q2 2020
- 3 in 5 Expect cashflow difficulty in Q4 2021
Profit outlook: Optimistic, though varies greatly by country
Overall, 3 in 10 still expect Q4 2021 to be less profitable than Q3 2021

What are your profit expectations for Q4 2021?
Impact on Labour Force
Workforce: On the rebound, but enterprises still have far fewer workers

58% with fewer staff in Q3 2021 relative to Q3 2019

1 in 5 with losses of more than 25% in Q3 2021, down from 2 in 5 in Q2 2020.

45% expect fewer workers in Q4 2021 than in Q4 2019

Compared to 2019 workforce
Nearly half the enterprises surveyed still have idle workers

Enterprises with idle workers

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>69%</td>
<td>46%</td>
</tr>
<tr>
<td>No</td>
<td>31%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Actions to deal with idle workers

- **Reduced number of temporary workers**
  - Q2 2020: 29%
  - Q3 2021: 20%
- **Laid off permanent workers**
  - Q2 2020: 8%
  - Q3 2021: 9%
- **Reduced working hours**
  - Q2 2020: 29%
  - Q3 2021: 18%
- **Asked workers to take paid leave**
  - Q2 2020: 12%
  - Q3 2021: 13%
- **Asked workers to take unpaid leave**
  - Q2 2020: 13%
  - Q3 2021: 6%
- **Asked workers to work for reduced pay**
  - Q2 2020: 12%
  - Q3 2021: 9%
- **Other**
  - Q2 2020: 6%
  - Q3 2021: 7%
Worker shortages now occur less often and for a balance of reasons.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infected with Covid-19</td>
<td>5%</td>
<td>14%</td>
</tr>
<tr>
<td>Fear of getting infected</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Limited Mobility</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Taking care of family</td>
<td>31%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Health and safety in the workplace
Enterprises have now adjusted to managing a workforce with Covid-19

Did any of your workers contract Covid-19?

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<tr>
<th></th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don't know</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Yes</td>
<td>1%</td>
<td>42%</td>
</tr>
<tr>
<td>No</td>
<td>93%</td>
<td>53%</td>
</tr>
</tbody>
</table>
What are enterprises doing to protect workers?

- Informing workers on Covid-19 transmission and prevention measures: 85% in Q2 2020, 80% in Q3 2021
- Encourage workers to stay home when they feel sick: 61% in Q2 2020, 69% in Q3 2021
- Physical distancing between workers: 69% in Q2 2020, 69% in Q3 2021
- Staggered shift work: 32% in Q2 2020, 39% in Q3 2021
- Teleworking: 44% in Q2 2020, 34% in Q3 2021
- Temperature checks: 43% in Q2 2020, 46% in Q3 2021
- Providing personal protection equipment like masks: 65% in Q2 2020, 71% in Q3 2021
- Expanded paid sick leave: 19% in Q2 2020, 25% in Q3 2021
- Covid-19 testing: 0% in Q2 2020, 51% in Q3 2021
How are enterprises responding?
How are enterprises responding?

- **Q2 2020**
  - Reducing production of goods or services: 49%
  - Increasing production due to increased demand: 27%
  - Diversifying products to respond to new demands (producing masks, sanitizer etc.): 19%
  - Diversifying sales channels – online marketing, sales, delivery: 25%
  - Negotiating payment terms with banks and suppliers: 38%
  - Negotiating with workers: 38%
  - Using downtime to retrain workers: 32%
  - Other: 5%

- **Q3 2021**
  - Reducing production of goods or services: 12%
  - Increasing production due to increased demand: 20%
  - Diversifying products to respond to new demands (producing masks, sanitizer etc.): 20%
  - Diversifying sales channels – online marketing, sales, delivery: 38%
  - Negotiating payment terms with banks and suppliers: 37%
  - Negotiating with workers: 38%
  - Using downtime to retrain workers: 20%
  - Other: 8%

- **No action**: 10%
What support do enterprises want?
What business development services do enterprises need?

- Enterprises still need advice on preventing infections, business continuity planning and product diversification
- Online business management training has gone from being the least needed in Q2 2020 to among the most needed in Q3 2021
What government action do enterprises want?

- Enterprises need the extension of worker social protection more than any other government action.
- Price controls and information on the virus are also top priorities and more important than in Q2 2020.

<table>
<thead>
<tr>
<th>Action</th>
<th>Q2 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>More information on transmission and spread of the virus</td>
<td>36%</td>
<td>46%</td>
</tr>
<tr>
<td>More clarity on official measures to contain the crisis</td>
<td>53%</td>
<td>41%</td>
</tr>
<tr>
<td>Supplies of personal protection equipment like masks, thermometers etc.</td>
<td>43%</td>
<td>28%</td>
</tr>
<tr>
<td>Access to cash / short-term finance</td>
<td>62%</td>
<td>41%</td>
</tr>
<tr>
<td>Price controls of critical goods</td>
<td>62%</td>
<td>41%</td>
</tr>
<tr>
<td>Deferring payments of utilities, social security contributions, loans or taxes</td>
<td>65%</td>
<td>30%</td>
</tr>
<tr>
<td>Extension of social protection for workers</td>
<td>44%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Have enterprises received services from business associations?

 Enterprises that received services

- Yes: 50%
- No: 50%

If yes, which ones?

- Information: 29%
- Training: 33%
- Marketing: 12%
- Support for business digitalisation (e-commerce): 12%
- Financial assistance (loans or grants): 21%
- Product development support: 10%
- Other: 3%
Conclusions

Economic state and prospects for SMEs remain grim

- Revenues, orders, cash flows, supply chains remain heavily impacted
- Most enterprises still employ fewer workers than before the pandemic
- Enterprises expect a minor improvement in key indicators for Q4 2021, but still a long way to go before full recovery

Enterprises still need assistance

- Government actions focused on extending social protection, price controls and information on the virus are enterprise priorities
- Enterprises prioritised business continuity planning, product diversification and online worker training as most needed business services