



Global State of Small Business Report:

WAVE II UPDATE

FACEBOOK & THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT

FACEBOOK



Disclaimer

This publication forms part of a series that includes joint publications by Facebook, the OECD, and the World Bank. The opinions expressed and arguments employed herein are those of the authors and do not necessarily reflect the official views of the OECD, the World Bank Group, nor any of the governments of their member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city, or area.

The names of countries and territories used in this joint publication follow the practice of the World Bank.

Please cite this document as:

Facebook/OECD/World Bank (2020). The Future of Business Survey. Available at: <https://dataforgood.fb.com/global-state-of-smb>.

© Facebook/OECD 2020

The use of this work, whether digital or print, is governed by the Terms and Conditions found at <http://www.oecd.org/termsandconditions>.

Executive Summary

Many countries have begun to ease their lockdown restrictions as the global economy seeks to recover from the COVID-19 pandemic. While this has allowed some small and medium-sized businesses (SMBs) to resume in-person operations, a significant proportion remain closed (18% in aggregate, compared to 26% in Wave I of the survey).

SMBs that have remained open, or that have reopened, continue to face an environment of economic uncertainty: 57% reported a decline in sales relative to the same 30-day period in 2019. Of these, over half (53%) reported a decline of over 50%. **Approximately one-third (31%) of operational SMBs in aggregate** also reported that they had reduced employment in response to the pandemic.

“57% reported a decline in sales relative to the same 30-day period in 2019”

Some governments have been able to provide SMBs with financial assistance to mitigate the economic impacts of COVID-19. Much of this has been in the form of government grants (reported by 48% of SMBs that received financial assistance) or loans (15%); however, the level and type of support available differed substantially by country. Where

support has been available, business characteristics such as scale and years of operation were correlated with SMBs’ ability to access financial assistance.

The economic recovery will likely take time, and SMBs are potentially vulnerable to a prolonged economic downturn. Indeed, **over a quarter of closed SMBs (27%) referenced financial constraints as the primary reason for their closures, up from 18% in Wave I.** While the shift towards recovery provides cause for optimism, the spectre of further COVID-19 outbreaks — and, with them, further economic disruption — remains. This survey collaboration between Facebook, the Organisation for Economic Co-operation and Development, and the World Bank will continue to monitor these developments in the coming months.

Table of Contents

Introduction	05
Section 01 Comparative analysis	07
Section 02 Deep dive – Access to finance	11
Conclusion	15
Appendix 01 Survey methodology	16
Appendix 02 Lockdown Stringency Index	19
Appendix 03 Regression analysis	22
Bibliography	24
End Notes	26

Introduction

Some closed businesses have begun to reopen, but the global economy will take time to recover from the lasting impacts of COVID-19

Several governments around the world have begun to loosen COVID-19 lockdown restrictions in recent months, as they balance attempts to limit the spread of the virus with efforts to revitalise economic activity. Some small and medium-sized businesses (SMBs) in these economies have begun to resume in-person operations, although often in a limited manner. As closed businesses have started to reopen, policymakers' focus has begun to shift increasingly towards economic recovery and, in particular, towards building resilience in a post-COVID-19 world.

Nevertheless, significant contractions in economic activity are expected in the short term. According to the Organisation for Economic Co-operation and Development (OECD) and the World Bank, most countries are expected to enter a recession in 2020 as a direct result of the pandemic, with global GDP projected to decline by between 6% and 8%, depending on whether a second wave emerges (OECD 2020a). Per capita income is projected to contract by 7% in advanced economies and by 2.5% in emerging markets (World Bank 2020), with corresponding impacts on employment (OECD 2020b).

SMBs are particularly vulnerable to a prolonged economic downturn and may require continued financial assistance to ensure their recovery

As noted in our first report in this series, SMBs (defined here as those with 500 or fewer employees) typically have fewer resources to draw upon during periods of financial hardship, predominantly due to their smaller scale and limited access to finance (Facebook/OECD/World Bank 2020).

These businesses are likely to require continued support to operate throughout the economic recovery. The OECD has estimated that without any policy intervention, 20% of firms could run out of liquidity after one month, 30% after two months, and 38% after three months (OECD 2020c).

Indeed, the International Monetary Fund (IMF) estimates that without such support, bankruptcies among small and medium-sized enterprises could triple, from an average of 4% before the pandemic to 12% by the end of 2020 (IMF 2020a). These predictions are particularly important given SMBs' contribution to employment — approximately 60–70% in most countries (OECD 2017).

Recognising the economic importance of SMBs, many countries have provided targeted financial assistance, typically in the form of loans, grants, and salary support (OECD 2020d). According to the IMF, support that has been specifically targeted at small and medium-sized enterprises has amounted to 4% of GDP, on average, in G-20 advanced economies and 0.7% of GDP, on average, in G-20 emerging market economies (IMF 2020b).¹

However, the availability of financial assistance is by no means universal. Not only is there variability in the level and form of support that is accessible across countries and regions, but evidence from Wave I of this survey highlighted that many SMBs were not able to get the support they needed (Facebook/OECD/World Bank 2020). Accordingly, this report seeks to analyse, in further detail, the factors that affect SMBs' ability to access financial assistance.

The Future of Business Survey continues to monitor SMBs' ongoing needs and challenges

This report presents updated findings from Wave II of the 2020 Future of Business Survey, an ongoing data collection collaboration between Facebook, the OECD, and the World Bank to survey SMBs worldwide with Facebook Business Pages. Wave II was conducted from 24–30 June 2020² and captures the views of more than 25,000 business owners, managers, and employees in over 50 countries. This follows Wave I of the survey, which was conducted from 28–31 May 2020 on the Facebook platform.³

Wave II provides a snapshot of the evolving needs and challenges of SMBs. The first section provides policymakers with updated insights into how SMBs have continued to manage the impacts of COVID-19 and where further support may be needed.⁴ Section 02 presents a deeper dive into factors that have impacted access to financial assistance.

Comparative analysis

Firms are beginning to reopen as lockdown measures have eased...

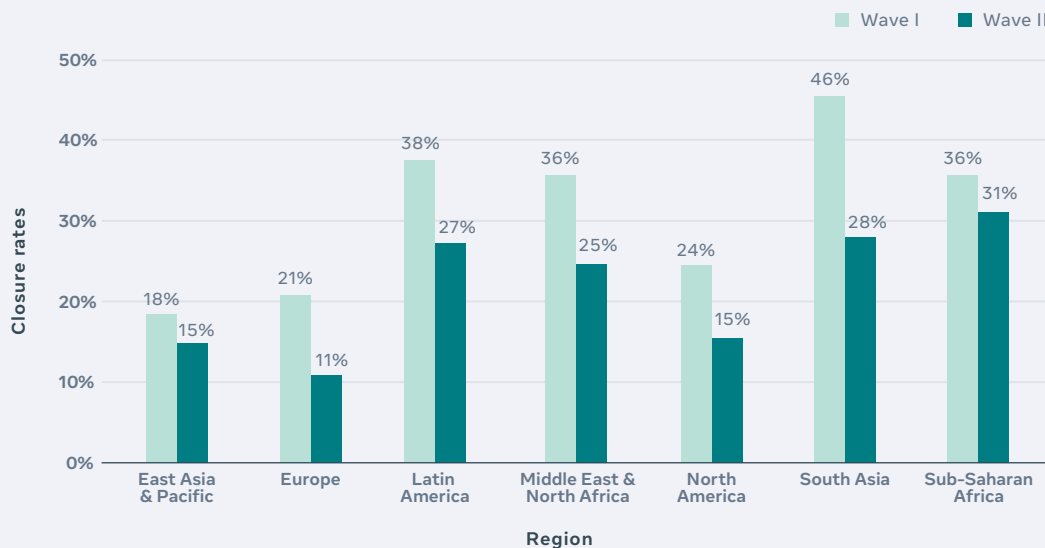
The proportion of SMBs that were closed fell by 8 percentage points in aggregate between Waves I and II, from 26% to 18%.⁵ Nevertheless, a quarter or more of SMBs were still closed in four of the seven regions sampled (Latin America, South Asia, Middle East and North Africa, and Sub-Saharan Africa).

Between Waves I and II, the largest declines in the proportion of SMBs that were closed were typically observed in regions that were previously worst affected by business closures, particularly South Asia. In sampled countries within this region, India, Pakistan,

and Bangladesh saw closure rates fall from 47%, 39%, and 50% to 34%, 27%, and 23%, respectively.

The easing of lockdown measures has, to some extent, enabled SMBs to reopen. Indeed, the mean value of the Oxford University Lockdown Stringency Index fell from 70 points at the time of the Wave I survey to 61 points in Wave II,⁶ and only 40% of closed businesses (compared to 50% in Wave I) referenced government and health authority orders as the main reason for their closures. However, of some concern is that the proportion of closed SMBs that referenced financial challenges rose from 19% to 27% between Waves I and II.

FIGURE 1: Closure rates, by region



“Between Waves I and II, the largest declines in the proportion of SMBs that were closed were typically observed in regions that were previously worst affected by business closures”

The correlation between reduced stringency and closure rates was particularly evident in sampled countries in Europe, where the Lockdown Stringency Index fell by 13 percentage points on average between Waves I and II, the largest across the geographic regions. In sampled countries in this region, closure rates also fell by 10 percentage points, despite the relatively low rates of closure compared to other regions reported in Wave I.

...allowing consumer-facing industries to open up

The proportion of SMBs that were closed fell in all sectors between Waves I and II, especially those that had the highest closure

rates in Wave I. In the hotels, cafes, and restaurants sector, for example, aggregate closure rates fell 13 percentage points, from 32% in Wave I to 19% in Wave II.

Within the services sector, consumer-facing subsectors also saw significant drops in closure rates: travel and tourism agencies (23 percentage point drop, to 31%), hospitality and event services (14 percentage point drop, to 33%), and education and child care services (13 percentage point drop, to 31%).

...and narrowing the gender disparity in closure rates

Female business leaders were more likely to operate micro-businesses and were concentrated in sectors that have been particularly impacted by lockdown measures. As these measures have been loosened, the gender disparity in closure rates has narrowed, falling from 7 percentage points in Wave I to 1 percentage point in Wave II. In aggregate, 16% of female-led businesses were closed, compared to 15% of male-led businesses.

FIGURE 2: Relationship between SMB closure rates within countries and Lockdown Stringency Index across survey waves⁷

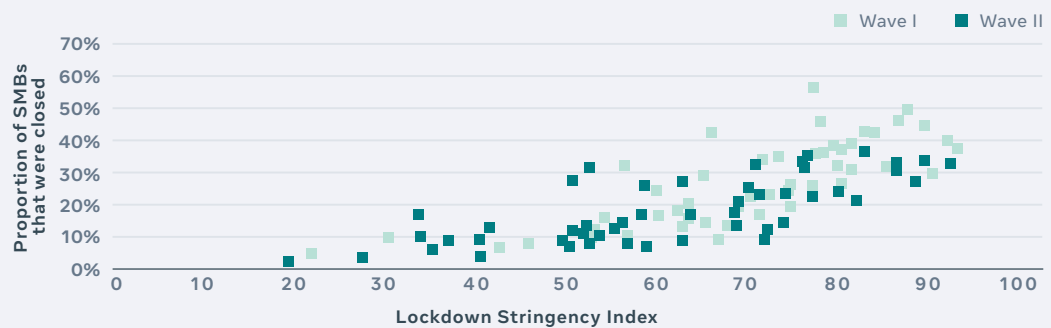
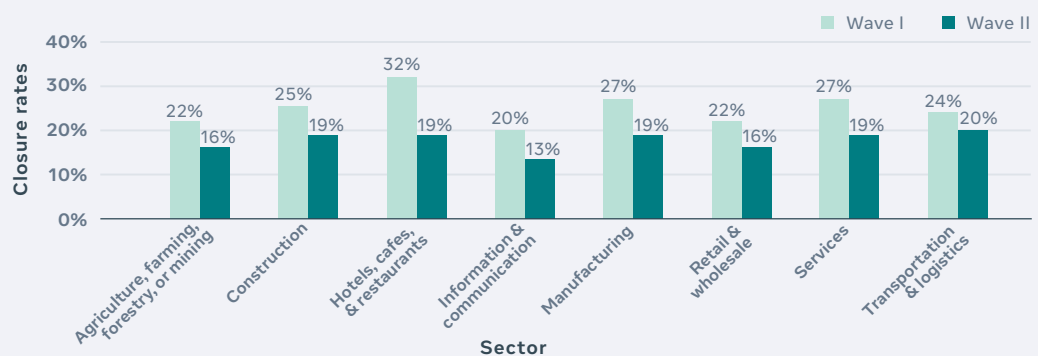


FIGURE 3: Closure rates, by sector



There was, however, significant variation observed across countries. For example, in the UK, a 9 percentage point differential in closure rates was observed between female-led and male-led SMBs, up from 5 percentage points in Wave I. On the other hand, in the USA, this gender disparity fell by 10 percentage points, to a 2 percentage point difference.

The proportion of SMBs that reported a year-on-year drop in sales remains significant...

In aggregate, 57% of SMBs operational at the time of the Wave II survey reported lower sales relative to the same 30-day period in 2019. This represents only a marginal (5 percentage point) reduction from Wave I (62%), but some regions and countries saw much stronger improvements.

In sampled countries in the Middle East and North Africa and in North America, the proportion of firms that reported a drop in sales compared to the same 30-day

period in 2019 fell by 11 percentage points, with particularly large drops observed in the United Arab Emirates (down 22 percentage points) and the USA (down 15 percentage points).

Those sectors that in Wave I reported the highest proportions of operational SMBs with lower sales relative to the same 30-day period in 2019 — namely, hotels, cafes, and restaurants, together with transportation — saw the largest improvements in this statistic between waves, by 8 percentage points and 11 percentage points, respectively. However, these proportions notably remained high across all sectors.

The proportion of open SMBs that reported a drop in sales of greater than 50% also remained high between waves (53%), falling only 3 percentage points from Wave I to II. Sampled countries in Europe saw the largest improvement over the waves (from 59% to 52%), with large drops recorded in Italy (a 20 percentage point drop, to 48%), Belgium (18

FIGURE 4: Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by region

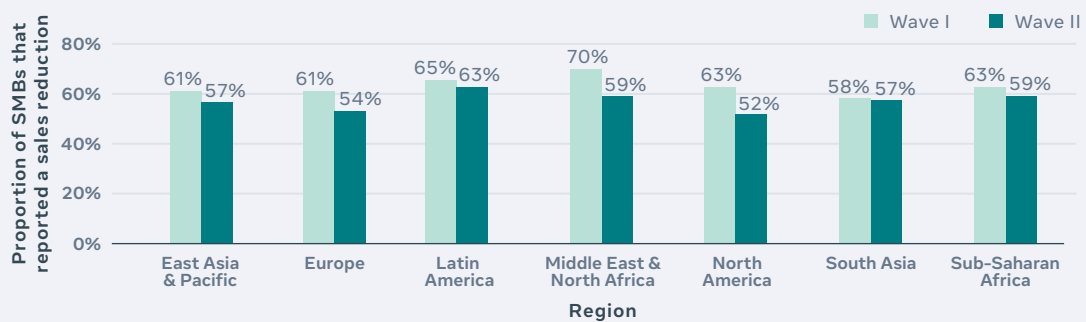
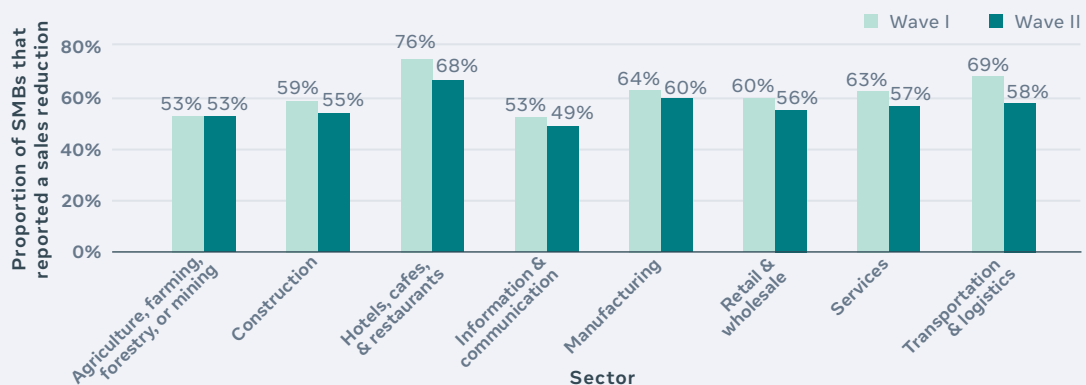


FIGURE 5: Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by sector



“The proportion of open SMBs that reported a drop in sales of greater than 50% also remained high between waves”

percentage points, to 44%), and Portugal (18 percentage points, to 53%). On the other hand, increases were observed in Argentina (9 percentage points, to 63%) and Brazil (7 percentage points, to 66%).

...as does the proportion of firms that reported they had reduced employment in response to the COVID-19 pandemic

In aggregate, 31% of operational SMBs reported that they had reduced employment in response to the COVID-19 pandemic, compared to 33% in Wave I. Sampled countries in South Asia saw the largest drop (from 40% to 34%), driven largely by a 12 percentage point reduction in Bangladesh (from 46% to 34%) at the time of the Wave II survey.

Nevertheless, a significant proportion of SMBs have maintained employment reductions. Indeed, with the exception of SMBs in the hotels, cafes, and restaurants sector (from 54% to 46%) and construction (37% to 31%), most sectors saw little change in Wave II compared to Wave I.

Cash flow and lack of demand remain the most commonly referenced ongoing challenges by SMBs

Despite a marginal improvement in most regions (with the exception of sampled countries in South Asia), cash flow and lack of demand remained the ongoing challenges most commonly referenced by business leaders. In aggregate, the proportion of SMBs that referenced these challenges fell by only 3 percentage points between Waves I and II, to 34% and 43%, respectively.

FIGURE 6: Proportion of SMBs that reported a drop in employment in response to COVID-19, by sector

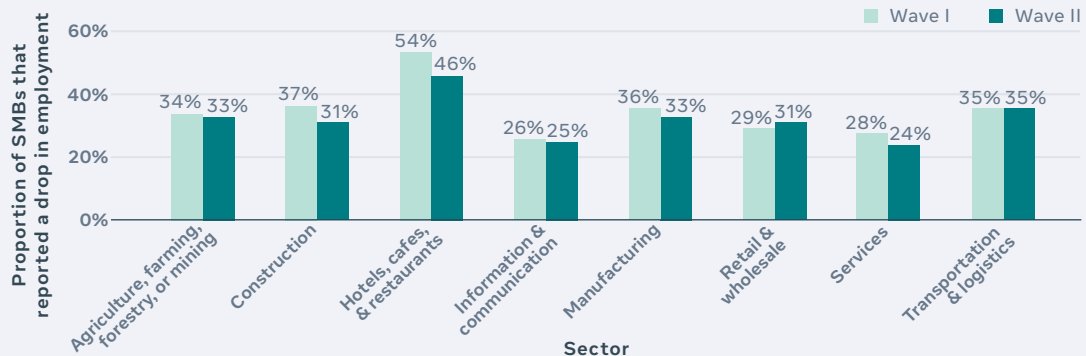
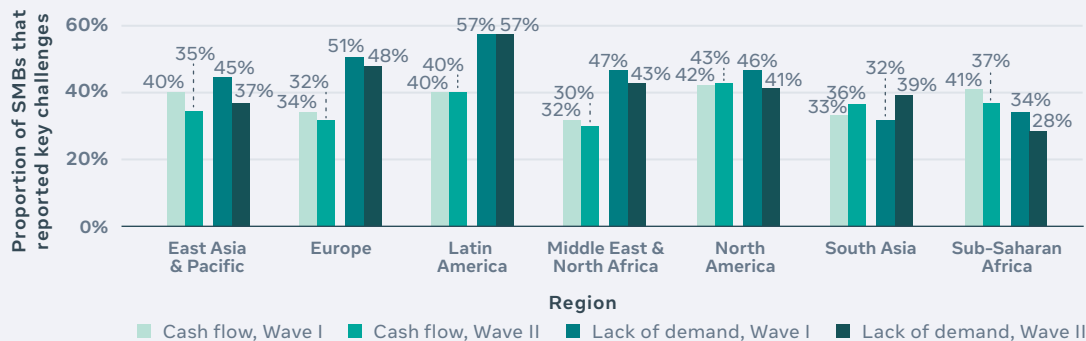


FIGURE 7: Proportion of SMBs that referenced cash flow and lack of demand as key ongoing challenges, by region



Deep dive - Access to finance

The provision of financial support is critical to assist SMBs throughout the economic recovery

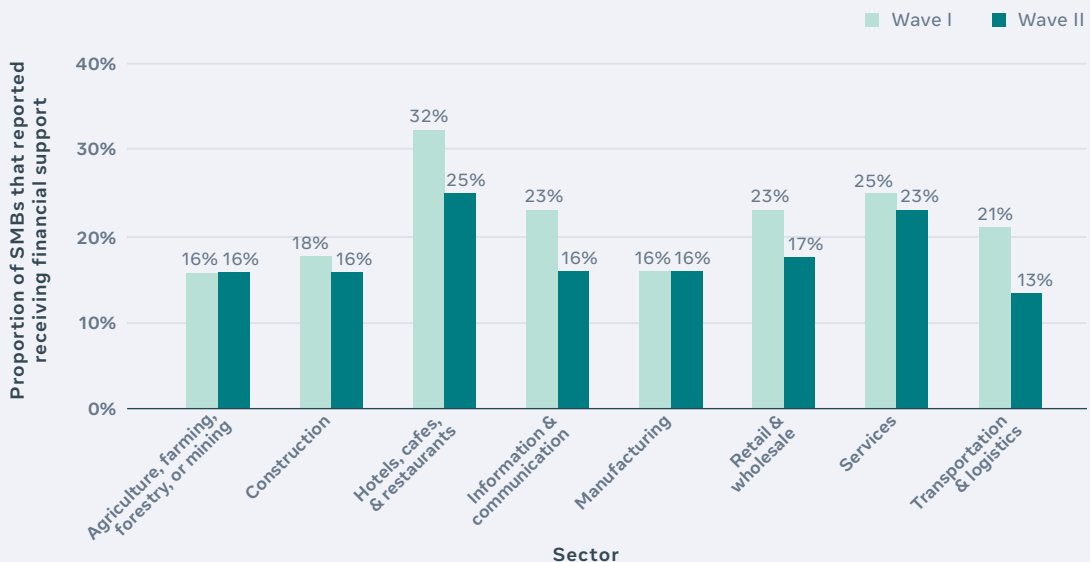
In an environment of reduced sales and business closures, many SMBs are still obligated to fund fixed costs, such as rent, utility bills, or worker salaries. This has placed pressure on SMBs to cut their expenses — for example, by reducing the number of employees.

Financial support can help to alleviate the immediate cost pressures that SMBs face, enable them to continue operating or potentially to reopen, and prevent a jobs crisis from turning into a social crisis (OECD 2020c). In turn, this may enable SMBs to retain employees and adapt their business models such that they emerge resilient.

Many countries have provided financial support to SMBs via government loans and grants, including wage or employment subsidies. However, the availability and prevalence of financial support vary greatly across countries and regions (see, for example, World Bank 2020). In addition, as reported in Wave I and reiterated in Wave II of this survey, many SMBs have been unable to access the assistance they require.

This section evaluates the types of businesses that have been able to access financial support, how type of assistance has varied by type of business, how access to financial support has changed over time, and what finance-related policies SMBs reported that they most need.

FIGURE 8: Proportion of SMBs receiving financial support, by sector



A notable proportion of SMBs have received financial assistance from governments

At the time of the Wave II survey, 19% of businesses across the aggregate sample were in receipt of financial assistance, a 4 percentage point decrease from Wave I. These movements could indicate either that SMBs have less need for financial support as some have reopened, or that some forms of financial assistance are no longer available.

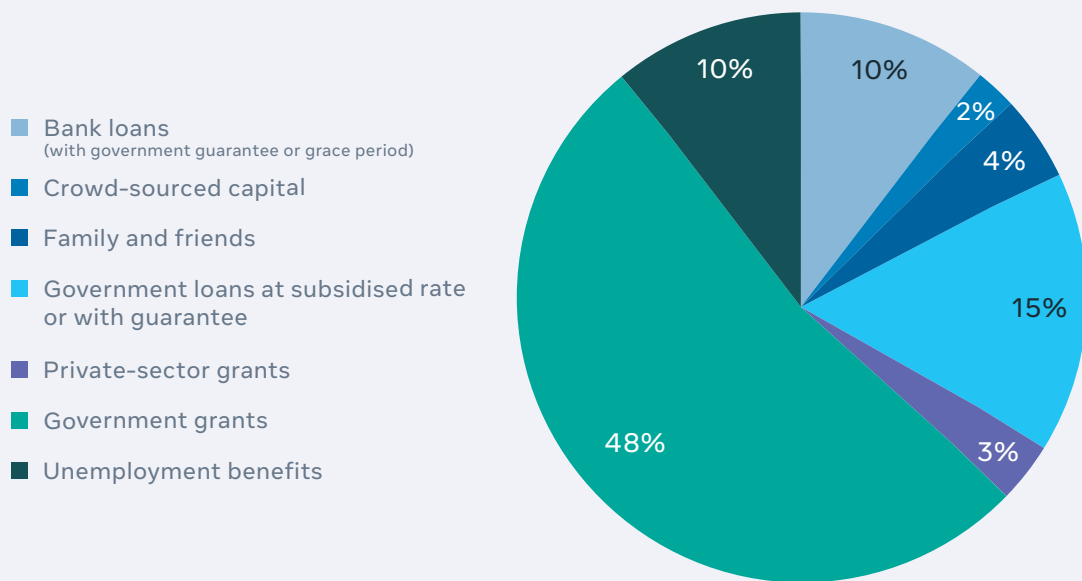
Indeed, sampled countries in North America saw the largest regional reduction in businesses receiving financial assistance, by 8 percentage points relative to Wave I. A similar shift was observed in the share of firms in this region that were not in receipt of financial assistance and that reported that no assistance was available at the time of the survey (from 16% up to 26%). At the sector level, across all countries sampled, the hotels, cafes, and restaurants sector exhibited the

largest reduction (by 7 percentage points) in the proportion of SMBs that were closed and the largest drop in the proportion that were in receipt of financial assistance.

Government loans (or loans with a government guarantee) and grants remained the most common form of financial support SMBs reported receiving in response to the COVID-19 pandemic across the aggregate sample (48% and 15%, respectively). This was similar to the proportions observed in Wave I.

The type of support received across countries and regions exhibited strong variation. For example, Thailand (77%) and Japan (66%) were notable for the proportion of SMBs receiving government grants at the time of the Wave II survey, whereas in Poland (27%) and the USA (34%), a larger proportion of SMBs reported receiving government loans relative to other sampled countries. The USA (19%) and France (16%) reported the highest proportion of SMBs in receipt of bank loans.

FIGURE 9: Most commonly referenced financial support received by SMBs (Wave II)



Access to financial assistance is correlated with business-specific factors, such as scale and age

A number of factors may influence whether a particular SMB received financial assistance in response to the COVID-19 pandemic. Some of these factors may be out of business leaders' control, such as the availability and limitations of government programs⁸ or specialised loans from financial institutions.⁹

However, access to financial assistance may also be shaped by business characteristics. For example, there is evidence that businesses in the USA with more employees may have greater awareness about available financial programs (Humphries et al. 2020). Indeed, a detailed analysis of Wave I and II survey data (see Appendix 03) reveals several trends at both the country and business leader levels.

Country-level regression analysis:

- The proportion of SMBs in receipt of financial assistance was higher, on average, in countries with a higher proportion of SMBs that were over five years old.^{10, 11}
- Controlling for other factors, the proportion of SMBs receiving financial assistance was higher in countries where more business leaders reported cash flow as an anticipated future challenge for their business, although this finding could be subject to reverse causality.
- Financial assistance was also more prevalent in countries with a higher proportion of female business leaders. However, this does not necessarily demonstrate that the female-led

businesses were more likely to be recipients of this financial assistance.

Business leader-level regression analysis:

- Businesses in consumer-facing sectors, which have demonstrated the highest closure rates and reductions in sales as a result of COVID-19, were the most likely to receive financial assistance.
- Businesses in the hotels, cafes, and restaurants sector were approximately 60% more likely than other sectors¹² to be in receipt of financial support when controlling for size, age, gender, country, and the financial situation of the SMB, with the effect observed to be strongest in Europe. These impacts are perhaps unsurprising, given that lockdown measures have disproportionately limited SMBs' in-person operations in these industries.
- Even when controlling for business and leader characteristics, country-specific indicators were statistically significant in influencing the levels of financial support SMBs received. This may not be surprising, given the high degree of heterogeneity between countries in the type and level of support available for SMBs to access.
- When controlling for income status, country fixed effects become more positive and significant in explaining whether a business receives support from family and friends in less developed countries. One potential explanation is that strong informal networks often end up taking the place of formal institutions in contexts where the state may otherwise be constrained (Kuntchev et al. 2013).

- In North America, micro-businesses were less likely to receive support than larger businesses. In other regions, the effect of scale was accounted for by the inclusion of country-specific factors and, as such, was not demonstrated to be statistically significant within the respondent-level analyses.
- Micro-businesses were less likely to be in receipt of bank loans compared to other forms of financial support, on average. This is perhaps reflective of the challenges that these businesses face in accessing finance, often due to their limited financial information. Older businesses were more likely to receive bank loans, perhaps owing to their ability to provide a more detailed credit history.

the largest decrease, from 34% to 25%, followed by hotels, cafes, and restaurants (44% to 37%).

The provision of continued financial support will likely be essential for SMBs to navigate the current economic uncertainty. While businesses have reopened, many have done so in a reduced capacity and face an environment of reduced demand for their products and services. Against this backdrop, The Future of Business Survey will continue to track the availability of financial assistance to support SMBs throughout the economic recovery.

Access to credit and support with business costs are the most critical measures for supporting SMB recovery

Policy measures relating to greater access to credit, as well as support for paying business expenses, were commonly cited as the most-needed policies to support SMBs' recovery. Similar to Wave I, the three most often referenced policy support options in Wave II were access to loans and credit (29%), tax deferrals (30%), and salary subsidies (29%).

The proportion of SMBs that referenced salary subsidies fell more notably between waves (32% to 29%) than other measures. Indeed, fewer SMBs referenced salary subsidies in all sectors other than construction. Manufacturing reported

Conclusion

This study has provided an update on the ongoing impacts of COVID-19 on SMBs. While many SMBs have begun to reopen as many countries have eased lockdown restrictions, many remain closed and a considerable number of those that are active continue to report declines in sales and employment. This study also looked to provide more detailed insights into the factors that enable SMBs to access financial assistance, such as scale and years of operation.

This survey was the second in a series of six monthly surveys that will continue to provide information on the impact of the pandemic on SMBs. Time trends will continue to be investigated in further rounds of the survey, recognising that the form of the economic recovery will likely differ significantly across countries.

Survey methodology

Wave II of the State of the Global SMB Future of Business Survey was fielded 24–30 June 2020, although the exact time and date that users received the survey varied by time zone. In each wave, the surveys collected data on a random sample of Facebook Business Page Administrators in each country.

After accounting for eligibility and non-response, the Wave II survey captured responses from approximately 70,000

respondents across 88 countries¹³ and seven regions (however, results here are reported for approximately 25,000 business owners, leaders, and managers only). Because of sampling limitations, 38 countries in Sub-Saharan Africa were subsequently grouped into a single sampling unit, leaving 51 sub-samples in total.

Category	Split	Wave I	Wave II
Gender	Female	37%	37%
Number of employees	No employees (just me)	29%	29%
	1 person	12%	12%
	2 to 4 people	27%	27%
	5 to 9 people	16%	15%
	10 to 49 people	12%	12%
	50 to 249 people	3%	3%
	250 to 499 people	1%	1%
Age of business	Less than 1 year	15%	15%
	Between 1 and 2 years	15%	16%
	More than 2 years but less than 5 years	23%	22%
	5 years or more	47%	47%
Sectors	Services	28%	28%
	Retail and wholesale	21%	22%
	Other (please specify)	16%	16%
	Hotels, cafes, and restaurants	10%	10%
	Information and communication	8%	8%
	Construction	6%	6%
	Manufacturing	5%	5%
	Agriculture, farming, forestry, or mining	3%	4%
	Transportation and logistics	3%	3%

The sample populations between Wave I and Wave II were comparable. Female-owned businesses accounted for 37% of businesses in both waves, and micro-businesses were the most common business size, accounting for 29% of total businesses in both waves.

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 Page Administrators to maintain consistency with prior versions of The Future of Business Survey.

For more information about the survey and treatment of data, please refer to the appendix in the Wave I Global State of Small Business Report (Facebook/OECD/World Bank 2020).

Regional mapping

The following countries and regions are reported in this survey and report (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	Identifier	Name	Invitations	Survey Starts	Response Rate
East Asia and the Pacific	AU	Australia*	43,035	1,205	2.80
	KH	Cambodia	35,954	1,430	3.98
	HK	Hong Kong SAR, China	-	-	-
	ID	Indonesia	20,682	1,410	6.82
	JP	Japan*	41,128	1,434	3.49
	KR	Korea, Rep.*	44,102	530	1.20
	MY	Malaysia	37,398	1,444	3.86
	MM	Myanmar	15,630	1,422	9.10
	PH	Philippines	27,283	1,412	5.18
	SG	Singapore	-	-	-
	TW	Taiwan, China	56,184	1,323	2.35
TH	Thailand	113,005	2,856	2.53	
VN	Vietnam	90,480	2,841	3.14	
Europe	BE	Belgium*	56,739	1,180	2.08
	CZ	Czech Republic*	49,132	1,364	2.78
	DK	Denmark*	54,998	1,052	1.91
	FR	France*	117,642	2,308	1.96
	DE	Germany*	44,170	1,425	3.23
	GR	Greece*	31,404	1,425	4.54
	HU	Hungary*	37,682	1,430	3.79
	IE	Ireland*	-	-	-
	IT	Italy*	75,137	2,842	3.78

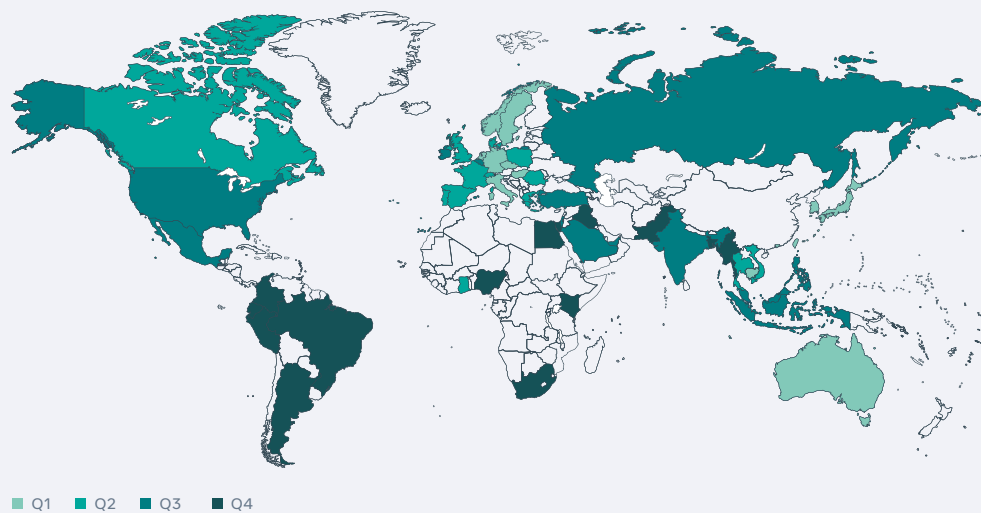
Region	Identifier	Name	Invitations	Survey Starts	Response Rate
Europe	NL	The Netherlands*	54,669	1,115	2.04
	NO	Norway*	43,302	633	1.46
	PL	Poland*	43,731	1,424	3.26
	PT	Portugal*	31,164	1,416	4.54
	RO	Romania	23,905	1,429	5.98
	RU	Russian Federation	33,946	1,325	3.90
	ES	Spain*	39,230	1,431	3.65
	SE	Sweden*	44,071	1,419	3.22
	CH	Switzerland*	48,934	761	1.56
	TR	Turkey*	24,885	1,430	5.75
GB	United Kingdom (UK)*	80,335	2,907	3.62	
Latin America	AR	Argentina	30,174	1,424	4.72
	BR	Brazil	25,858	1,423	5.50
	CO	Colombia*	24,938	1,454	5.83
	EC	Ecuador	24,808	1,476	5.95
	MX	Mexico*	42,289	2,970	7.02
	PE	Peru	24,384	1,428	5.86
Middle East and North Africa (MENA)	EG	Egypt, Arab Rep.	41,295	2,885	6.99
	IQ	Iraq	17,054	1,443	8.46
	IL	Israel*	36,943	1,455	3.94
	SA	Saudi Arabia	19,998	1,414	7.07
	AE	The United Arab Emirates (UAE)	29,693	1,431	4.82
North America	CA	Canada*	47,120	1,440	3.06
	US	United States (USA)*	101,651	2,895	2.85
South Asia	BD	Bangladesh	14,222	1,421	9.99
	IN	India	52,974	3,555	6.71
	PK	Pakistan	18,088	1,431	7.91
Sub-Saharan Africa (SSA)	GH	Ghana	20,753	1,446	6.97
	KE	Kenya	17,935	1,426	7.95
	NG	Nigeria	30,553	2,840	9.30
	ZA	South Africa	16,523	1,410	8.53
	RA	Rest of Africa ¹⁴	41,160	3,496	8.49

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 school closures and restrictions on gatherings,¹⁵ that governments have implemented in response to the pandemic.

These responses have been compiled into a Stringency Index for each country.¹⁶ For the analysis in this report, the average Stringency Index over the period 24–30 June 2020 was used. Figure 10 shows the quartile of the Stringency Index to which each country in this report belongs.

FIGURE 10: Lockdown Stringency Index, by quartile



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

Country or Region	Government Response Stringency Index (average over 24–30 June 2020)	Quartile
Taiwan, China	19	Q1
Japan	28	Q1
Spain	34	Q1
Norway	34	Q1
Czech Republic	36	Q1
Switzerland	37	Q1
Cambodia	41	Q1
Sweden	41	Q1
Greece	42	Q1
Belgium	50	Q1
Malaysia	51	Q2
Poland	51	Q2
Romania	51	Q2
Vietnam	52	Q2
Australia	52	Q2
Hungary	53	Q2
Ghana	53	Q2
France	54	Q2
Germany	54	Q2
Italy	56	Q2
Thailand	56	Q2
Korea, Rep.	57	Q2
Rest of Africa	59	Q2
Indonesia	59	Q2
The Netherlands	59	Q3
Denmark	63	Q3
Pakistan	63	Q3
Turkey	64	Q3
Canada	69	Q3
United States (USA)	69	Q3
United Arab Emirates (UAE)	69	Q3
Mexico	71	Q3

Country or Region	Government Response Stringency Index (average over 24–30 June 2020)	Quartile
United Kingdom (UK)	71	Q3
Egypt, Arab Rep.	71	Q3
Saudi Arabia	71	Q3
Portugal	72	Q3
Russian Federation	73	Q3
Israel	74	Q4
Bangladesh	75	Q4
India	76	Q4
Nigeria	76	Q4
South Africa	77	Q4
Brazil	77	Q4
Myanmar	81	Q4
Ecuador	82	Q4
Philippines	83	Q4
Colombia	87	Q4
Kenya	87	Q4
Argentina	89	Q4
Peru	90	Q4
Iraq	93	Q4

Regression analysis

Country-level regression

An Ordinary Least Squares (OLS)¹⁷ regression model was run at the country level, pooling observations for each country for Waves I and II. This assessed the relationship between the proportion of businesses receiving financial support and business characteristics, also accounting for region-specific effects and survey wave. The results of the OLS regression, analysing trends at the country level, are presented below.

Respondent-level logistic regressions

Two logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business receiving any type of financial support, as well as the probability of receiving government assistance specifically. Models were subsequently estimated individually for each type of support (e.g., bank loans).¹⁸

Country-level OLS regression results:

Percent of SMBs in a country:	Percent of SMBs in a country receiving financial assistance
Reporting cash flow as an anticipated future problem	0.246**
Older than 5 years	0.330*
With no employees (micro-businesses)	0.781***
With female leaders	0.261*
That are open	-0.0162
High-income country ¹⁹	0.00956
Survey wave	-0.0422*
Regional fixed effects ²⁰	✓
Observations	105
Adjusted R ²	0.604

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Robust standard errors were used.²¹

These logistic models were conducted for the whole sample and for each of the seven geographic regions, where data allowed, to understand which business characteristics may have influenced businesses receiving support.

Caveats to the analysis

While the results of these models provide useful insights, several caveats should be highlighted. These models may suffer from reverse causality, as it could be argued that receiving financial support could influence business characteristics in a particular country. Furthermore, different businesses were sampled in each wave, so it is not possible to isolate the impact of receiving financial assistance on a specific business.

Bibliography

Facebook/OECD/World Bank (2020). The Future of Business Survey. Available at: dataforgood.fb.com/global-state-of-smb

Hale, T., Webster, S., Petherick, A., Phillips, T., and Kira, B. (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government. Data use policy: Creative Commons Attribution CC BY standard. Latest working papers available at: <https://www.bsg.ox.ac.uk/research/publications/variation-government-responses-covid-19>

Humphries, J., Neilson, C., and Ulyssea, G. (2020). The Evolving Impacts of COVID-19 on Small Businesses Since the CARES Act. Cowles Foundation Discussion Paper No. 2230. Available at: <https://cowles.yale.edu/sites/default/files/files/pub/d22/d2230.pdf>

IMF (2020a). The Next Phase of the Crisis: Further Action Needed for a Resilient Recovery. Available at: <https://blogs.imf.org/2020/07/15/the-next-phase-of-the-crisis-further-action-needed-for-a-resilient-recovery/>

IMF (2020b). Implementation of the G-20 Action Plan. Available at: <https://www.imf.org/external/np/g20/pdf/2020/071620a.pdf>

Kuntchev, V., Ramahlo, R., Rodríguez-Meza, R., and Yang, S. (2013). What Have We Learned from the Enterprise Surveys Regarding Access to Credit by SMEs? Policy Research Working Paper No. WPS 6670. Washington, DC: World Bank Group.

OECD (2017). Enhancing the Contributions of SMEs in a Global and Digitalised Economy, pp. 6–12. Meeting of the OECD Council at Ministerial Level, Paris. 7–8 June 2017. Available at: <https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf>

OECD (2020a). OECD Economic Outlook. Vol. 2020, Issue 1, No. 107. Paris: OECD Publishing. Available at: https://read.oecd-ilibrary.org/economics/oecd-economic-outlook/volume-2020/issue-1_0d1d1e2e-en#page4

OECD (2020b). OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/1686c758-en>

OECD (2020c). Corporate Sector Vulnerabilities During the COVID-19 Outbreak: Assessment and Policy Responses. Available at: <https://oecdecoscope.blog/2020/06/15/corporate-sector-vulnerabilities-during-the-covid-19-outbreak-assessment-and-policy-responses/?print=pdf>

OECD (2020d). Coronavirus (COVID-19): SME Policy Responses. Available at: <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/>

World Bank (2020). Global Economic Prospects, June 2020. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-1553-9. License: Creative Commons Attribution CC BY 3.0 IGO. Available at: <https://www.worldbank.org/en/publication/global-economic-prospects>

End Notes

1. These figures may represent a lower bound, as some programs do not distinguish by firm size.
2. The exact time and date that users received the survey varied by time zone.
3. For a full description of the data collection methodology, sampling, and data treatment, see the methodology appendix in Facebook/OECD/World Bank (2020).
4. It is important to acknowledge that the trends observed in this research may be a function of many important factors, including the stringency of lockdown measures, the prevalence of the virus, the capacity of governments to deliver support (especially financial), the structure of the economy, and SMBs' resilience in each country considered, among others. The report findings should be considered representative only of Facebook Business Page Administrators at the individual country level. This sample may not be representative of the wider SMB population and sectoral breakdown in each country and region considered. Moreover, the "aggregate" sample should not be considered representative of the global SMB population, given, for example, the paucity of data in developing countries.
5. Only three countries (Germany, the Philippines, and Malaysia) saw closure rates increase, but by less than 3 percentage points. Small differences between waves may not, in practice, be statistically significant.
6. To calculate these figures, the Oxford Stringency Index was averaged over the period 24–30 June 2020 for each country (mean). The "mean" value refers to average of country averages obtained.
7. Linear trend lines fitted to these series would imply that a 10-point increase in stringency results in an increase in closures of 6.8 percentage points for Wave I and 4.4 percentage points for Wave II.
8. For instance, small businesses in the USA can claim a loan for up to 24 weeks of expenses, of which at least 60% must be payroll costs. <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>
9. For instance, HSBC in the UK is allocating £5bn to help businesses that need support. <https://www.business.hsbc.uk/en-gb/gb/campaign/coronavirus>
10. Substantively, these results imply that the 10 percentage point increase in the proportion of businesses older than five years is associated with a 3.3 percentage point increase in the proportion of businesses receiving financial support. Furthermore, a 10 percentage point increase in the proportion of micro-businesses is associated with a 7.8 percentage point increase in the proportion of SMBs in receipt of financial support. However, these correlations do not necessarily demonstrate that these specific businesses were the ones actually receiving the financial support.
11. The proportion of SMBs in receipt of financial assistance was also higher, on average, in countries with a higher proportion of micro-businesses. However, this does not necessarily demonstrate that the female-led businesses were more likely to be recipients of this financial assistance.
12. These sectors included agriculture, transport, and construction.

13. Ireland, Hong Kong, and Singapore were only surveyed in the first wave, owing to sampling limitations.
14. 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, Cameroon, Cabo Verde, Chad, Congo, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Guinea, Guinea-Bissau, Ivory Coast, Lesotho, Liberia, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Reunion, Rwanda, São Tomé and Príncipe, Seychelles, Senegal, Sierra Leone, Swaziland, Togo, Tanzania, Uganda, and Zambia.
15. A full list of indicators can be found here: <https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/codebook.md>.
16. The methodology for constructing the index can be found here: https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/index_methodology.md.
17. A model that fits a regression equation through the data with the aim of minimising the squared errors.
18. For brevity, these summary tables are not reported. Please contact Caroline Abadeer (cabadeer@fb.com) if you would like to see the full results of these models.
19. As defined by the World Bank. Available at: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519#High_income
20. The geographic regions used in this analysis are not formal administrative units, but regional fixed effects are used in lieu of country controls to avoid over-specification.
21. Robust standard errors control for some misspecifications in the variance of the error term, such as heteroscedasticity, where the error variance is correlated with the independent variables.

Acknowledgments

Thank you to all those who took the time to help prepare the survey, to provide feedback, and indeed, to all those who have contributed to the research and writing of this report.