



Global State of Small Business Report:

WAVE IV UPDATE

FACEBOOK & THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT

FACEBOOK



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Executive Summary

Small and medium-sized businesses (SMBs) continue to face heightened uncertainty amid the ongoing global pandemic. In recent weeks, some countries have witnessed a rise in COVID-19 cases, raising the prospect of stricter lockdown measures. Within a broader economic environment of reduced demand and limited opportunities for growth, 15% of SMBs reported that they were closed in August, at the time of the Wave IV survey, down only 1 percentage point since Wave III (July).

“56% of active SMBs reported lower sales relative to the same month last year”

The slowdown in the pace of decline in closure rates was mirrored by the relatively static proportion of SMBs that reported lower sales and reductions in employment. At the time of the Wave IV survey, 56% of active SMBs reported lower sales relative to the same month last year, only marginally down from 58% in July. One-third (33%) of SMBs, in aggregate, reported that they had reduced employment in response to the pandemic, unchanged from Wave III.

The COVID-19 pandemic has affected female business leaders differently from male business leaders, both domestically and at work. Across all four survey waves to date, female business leaders reported that they spent more time on domestic tasks and were more likely to care for dependents, relative to males. In addition, a greater proportion of female business leaders reported that domestic tasks, such as homeschooling and caring for children, were impacting their work.

Female-led businesses were also more likely to report that they were closed, even when taking into consideration factors such as size of business, sector, and geography. Although the effect was smaller, female-led businesses were still more likely to be closed once taking into account the time business leaders spent on domestic tasks. However, as the stringency of lockdown measures has eased, the difference in closure rates between male and female business leaders has narrowed.

Ongoing uncertainty about the pandemic has affected economic recovery. The financial pressures SMBs face have persisted: **35% of closed SMBs referenced financial challenges or bankruptcy as the reason for their closure.** This survey will continue to monitor how SMBs manage these impacts in the upcoming months, amid an ever-changing economic climate.

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Introduction

The economic recovery shows signs of stalling amid ongoing uncertainty

COVID-19 continues to weigh down the global economy. Recent months have seen an acceleration of daily infection rates in many countries, raising the prospect of a global second wave. In turn, economic uncertainty has increased, as fears grow over the possible re-imposition or extension of lockdown restrictions.

The Wave IV data indicate a slowdown in the pace of recovery. The proportion of businesses that were closed improved only marginally from the figures recorded in Wave III, with similar patterns emerging for the proportion of SMBs that reported lower sales and reductions in employment. This was especially the case for sectors that rely on in-store and non-remote channels.

These trends are reflected by other data sources. According to Google's Community Mobility Report, for example, consumers' retail- and recreation-related trips were lower on average in August than in January for all but seven of the 53 countries included in The Future of Business Survey (Google LLC 2020).¹

Amid the uncertain economic environment — for example, concerns that new lockdown restrictions may lead to further job losses — businesses appear to be delaying decisions related to investment and rehiring. For some countries, OECD estimates show that the fall in hours worked was 10 times greater than the fall seen in the first few months of the 2008 financial crisis. Looking ahead, unemployment is projected to reach nearly 10% in OECD countries by the end of 2020, up from 5.3% at year-end 2019 (OECD 2020).

Compounding the uncertainty related to potential new lockdowns, the continued availability of financial and employment support is also unclear. Indeed, in many economies, government support schemes are being eased or brought to a close. Whether and how these policies are continued will likely have significant implications for employment, particularly for SMBs, which may have fewer alternative resources to draw on for support relative to their larger peers.

The coronavirus pandemic has accentuated existing gender disparities

The coronavirus pandemic has had disproportionate impacts for women, both domestically and at work. Even before the coronavirus pandemic, women in the European Union spent 13 hours more than men every week on unpaid care and housework (European Institute for Gender Equality 2020). Across the world, women perform 75% of all unpaid care work (McKinsey 2020).

Domestic pressures on women can strongly affect their work responsibilities and productivity. According to UNESCO, in April, over 1.5 billion children were out of school, dramatically increasing the need for childcare, at the same time as informal childcare support from wider family networks was discouraged (UNESCO 2020). Furthermore, evidence from Andrew et al. (2020) suggests that since COVID-19 began, working mothers are interrupted at work 50% more than fathers. Other studies suggest that work-life balance and family care responsibilities have a greater influence on the entrepreneurship activities of women, particularly if they have dependent children (OECD 2020).

Apart from household dynamics, the pandemic has affected female-led businesses differently in other ways. Women are more likely to work and own businesses in industries such as services and hospitality, where remote working and social distancing are more challenging. As a result, female-led businesses are more likely to be closed during government lockdowns (Alon et al. 2020). This survey provides further evidence in this regard: In Wave I, when national lockdowns were most prevalent, we observed a 7 percentage point gap in closure rates between female- and male-led SMBs.

Looking forward, these gendered effects could have significant macroeconomic and social implications. Indeed, research estimates that women's jobs are 1.8 times more vulnerable to the current economic downturn than men's (McKinsey 2020). This report, therefore, analyses in further detail how COVID-19 has affected female business leaders, both domestically and in their businesses.

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

This report presents findings from Wave IV of the 2020 Future of Business Survey, an ongoing data collection collaboration between Facebook, the Organisation for Economic Co-operation and Development (OECD), and the World Bank, to survey SMBs across the world that have Facebook Business Pages.

Wave IV of the 2020 Future of Business Survey was conducted 24–31 August 2020² and captures the views of more than 25,000 business owners, managers, and employees worldwide, in over 50 countries. This follows Wave I of the survey, conducted 28–31 May; Wave II, conducted 24–30 June; and Wave III, conducted 24–30 July.³

Section 01 provides policymakers with updated insights on how SMBs have continued to manage the impacts of COVID-19.⁴ Section 02 presents a deeper dive into how COVID-19 has impacted female business leaders in comparison to their male counterparts.

Comparative analysis

The improvement in closure rates has shown signs of stalling, as the pandemic continues to stifle economic activity

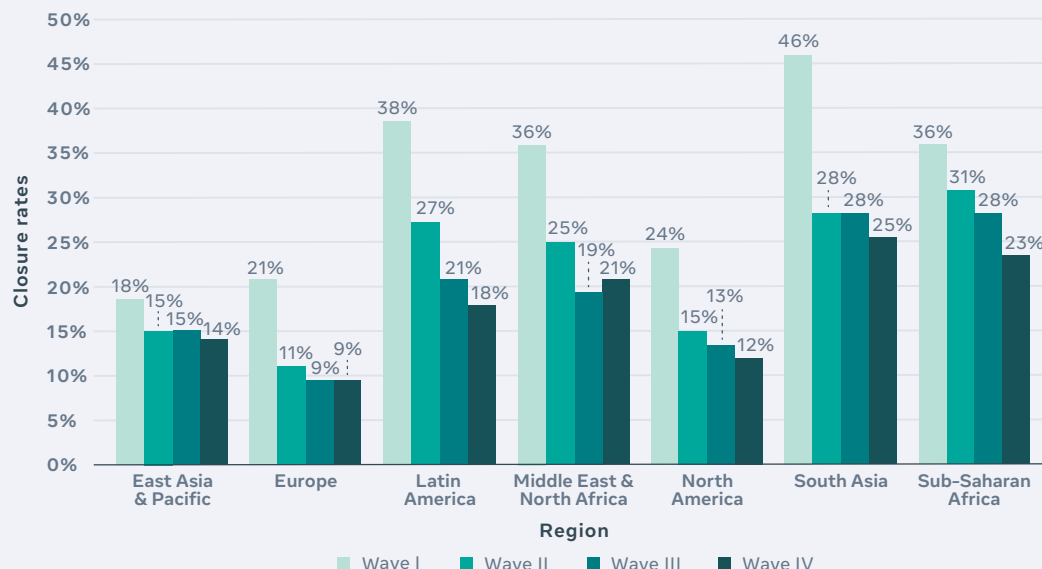
In aggregate, 15% of SMBs were closed at the time of the Wave IV survey, down 1 percentage point since July.⁵ Although this represents a fall of 11 percentage points since Wave I, the rate of change in SMB closures has fallen across each wave in turn. The variance across countries has also fallen.

Some countries and regions have continued to witness a decline in closure rates (*Figure 1*), particularly in Sub-Saharan Africa and Latin America (in both, closure rates fell by 4 percentage points). In sampled countries in

these regions, large declines were observed in countries such as Peru (11 percentage points) and Kenya (9 percentage points), the latter having announced a resumption in international air traffic from 1 August.⁶

However, closures have increased again in some countries, which is likely tied to the re-imposition or continuation of lockdown measures. The largest increases in closure rates were observed in Denmark (7 percentage points) and Australia (6 percentage points). In Australia, for example, the stringency of lockdown measures in urban centres such as Melbourne heightened during the period of this survey, reflected by an increase in the Lockdown Stringency Index of 9 index points.

FIGURE 1: Closure rates, by region



All sectors showed stable or falling closure rates from Waves III to IV (*Figure 2*), with the exception of the retail and wholesale and the agriculture, farming, forestry, and mining sectors, which both saw a 1 percentage point increase in closure rates.⁷ The largest decline occurred in the transportation and logistics sector, where closure rates fell by 7 percentage points, to 13%. Across all sectors, closure rates have converged to between 13% and 17%.

Although many countries have continued to reopen, others have extended or re-imposed lockdown measures

Half of the sampled countries reduced the stringency of their lockdown measures between Waves III and IV, although to a lower extent than observed in previous waves. Across sampled countries, the mean of the Lockdown Stringency Index fell by just 1 index point, to 58 points since Wave III. One in three countries imposed more stringent measures, while one in six retained their existing levels (17%).

Changes in stringency continued to demonstrate a positive correlation with SMB closures in Wave IV, albeit to a lower degree relative to Wave III. In particular, the correlation coefficient between closure rates and the Lockdown Stringency Index fell from 0.60 in Wave III to 0.49 in Wave IV. This likely reflects the continued influence of wider economic conditions on SMBs' ability to continue operating or to re-open.⁸

Over time, the relationship between closures and stringency has flattened (*Figure 3*), as more countries have lifted the extremely stringent national lockdown measures that, at the time of the Wave I survey (May), were reflected in closure rates of over 50% in some countries.

An increasing proportion of closed SMBs cited financial challenges as the primary reason for their closure

The declining influence of government lockdown measures has also been reflected

FIGURE 2:
Closure rates,
by sector

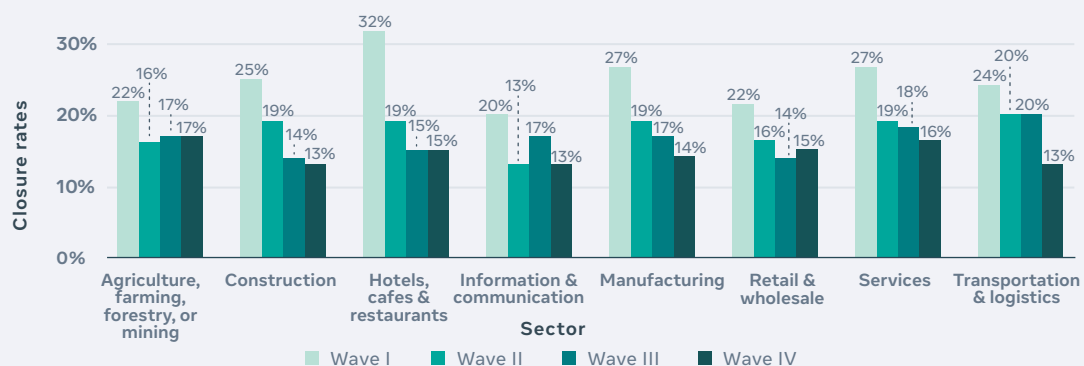
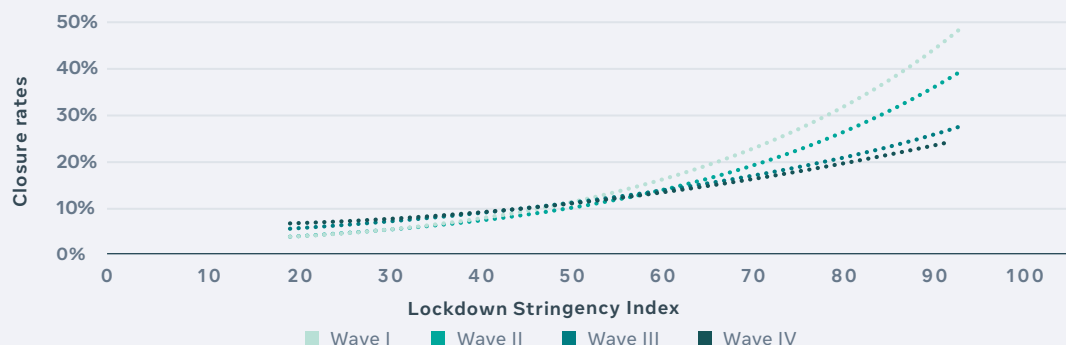


FIGURE 3:
Relationship between
SMB closure rates
within countries
(vertical axis) and
Lockdown Stringency
Index (horizontal axis)
across survey waves



over time in the reasons SMBs have reported for their closure. At the time of the Wave IV survey, 25% of closed SMBs referenced government or health authority orders as the primary reason for their closure. This represents a continued decline of 4 percentage points from Wave III (29%) and 25 percentage points from Wave I (50%).

By contrast, the proportion of closed SMBs that referenced financial challenges or bankruptcy as the primary reason for their closure rose from 22% in Wave I to 35% in Waves III and IV, reflecting the growing role of economic and financial pressures in contributing to SMB closures.

Over half of SMBs continued to report a year-on-year drop in monthly sales...

The proportion of SMBs that reported lower sales compared to the same 30-day period last year decreased only slightly in aggregate, from 58% in Wave III to 56% in Wave IV. All regions exhibited a decrease in the proportion of SMBs that reported lower sales (Figure 4), with the largest decline observed in South

Asia (5 percentage points). The proportion of SMBs that indicated higher sales also increased marginally, from 15% in Wave III to 16% in Wave IV.

In some countries, there were more significant movements. Despite maintaining or increasing the stringency of their lockdown measures, several countries showed strong reductions in the proportion of businesses that reported sales declines, including Australia (reduction of 13 percentage points), the Netherlands (16 percentage points), and Cambodia (9 percentage points).

On the other hand, in Turkey and Myanmar, the proportion of SMBs that reported lower sales increased by 14 and 7 percentage points, respectively.

Across sectors, there were some notable decreases in the proportion of SMBs that reported lower sales relative to the same 30-day period in 2019 (Figure 5), particularly in the hotels, cafes, and restaurants and the transportation and logistics sectors. In these sectors, the proportion of SMBs that reported

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

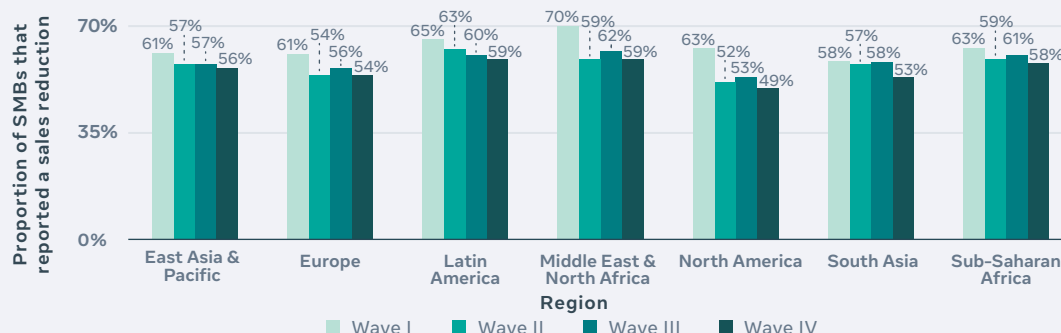
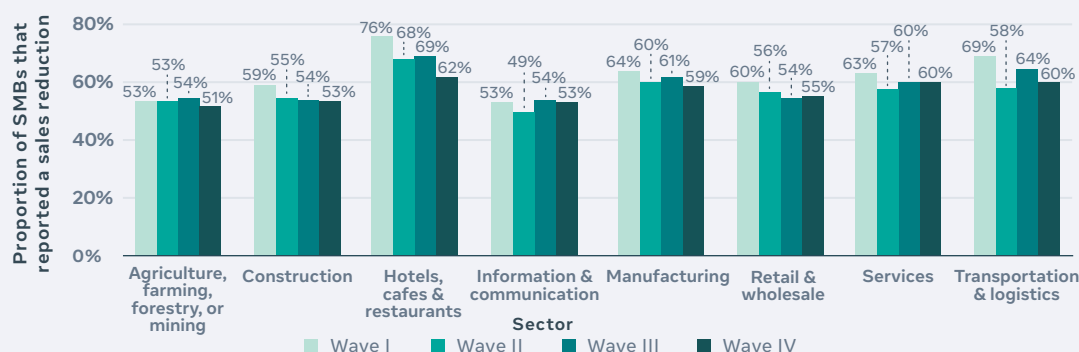


FIGURE 5:
Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by sector



lower sales fell by 7 and 4 percentage points, respectively. These two sectors also reported the highest proportions of SMBs that experienced a reduction in sales at the time of the Wave 1 survey.

The proportion of firms that reported a drop in sales of 50% or more, compared to the same 30-day period in 2019, fell across all sectors (Figure 6). The largest decreases occurred in the manufacturing and the hotels, cafes, and restaurants sectors, by 8 and 6 percentage points, respectively.⁹ The hotels, cafes, and restaurants sector, in particular, has seen a 17 percentage point reduction since Wave I, likely reflecting the impact of countries emerging from national lockdowns and, in some cases, reopening borders to international travel in recent months.¹⁰

...and employment conditions have remained static

In aggregate, 33% of SMBs reported that they had reduced employment in response to the COVID-19 pandemic at the time of the Wave IV survey, unchanged from the findings

of Wave III. Across all regions, there has been little significant change in this area between Waves I and IV (Figure 7). The proportion of SMBs reporting that they had increased employment in response to the COVID-19 pandemic increased marginally in aggregate, from 5% to 6%.

Some sectors demonstrated large decreases in the proportion of SMBs that reduced employment in response to the pandemic, between Waves III and IV (Figure 8). This was particularly the case in labour-intensive industries such as agriculture, farming, forestry, and mining, and construction.

Other sectors, however, reported further reductions in employee retention between Waves III and IV. For example, SMBs in the information and communication and the retail and wholesale sectors both reported a 2 percentage point increase in the proportion of SMBs that reduced employment.

Sustained employment reductions may be related to the ongoing financial challenges that SMBs continue to face in the current

FIGURE 6:
Proportion of SMBs that reported a reduction in sales of greater than 50%, by sector

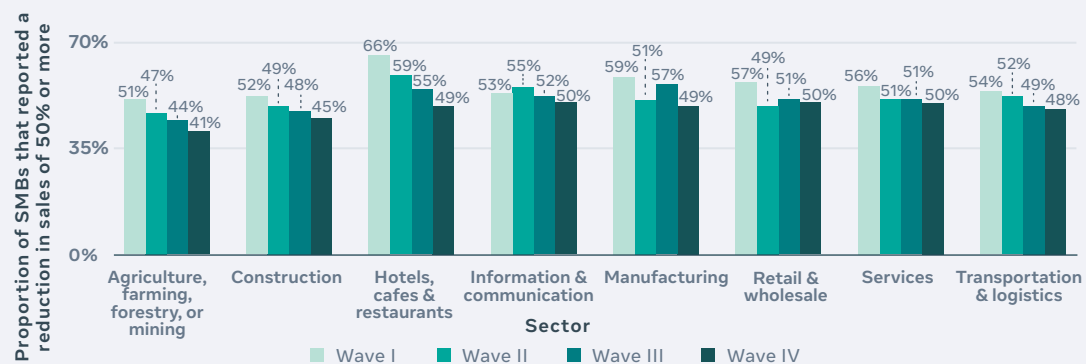
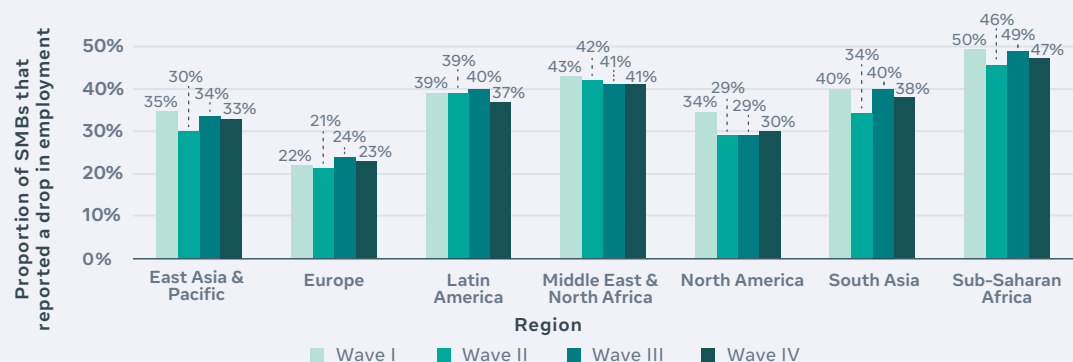


FIGURE 7:
Proportion of SMBs that reported a drop in employment in response to COVID-19, by region



economic climate, which have likely increased pressures to reduce costs. Indeed, a significant proportion of SMBs reported difficulty paying their business expenses at the time of the Wave IV survey. In aggregate, 27% of open SMBs referenced that they were struggling to pay their rent or leases, followed by bills or accounts payable (25%), and debt or loans (24%). These rates are comparable to Wave I of the survey, where 29%, 29%, and 25% of business leaders reported that they were struggling to pay rents or leases, bills or accounts payable and debt or loans, respectively.

A significant proportion of SMBs remain in receipt of financial support

A similar proportion of SMBs reported having received financial support in both Waves III (18%) and IV (17%), in aggregate. However, there was a clear divergence in movements across countries and regions (Figure 9).

In North America and Europe, for example, the proportion of SMBs in receipt of financial support fell by 6 and 4 percentage points, respectively. In other regions, these

proportions fluctuated by less than 2 percentage points between waves, and in some cases increased (for example, by 2 percentage points in the East Asia and Pacific region).

These movements in North America and Europe represent a continuation of the trend observed in recent months, with fewer businesses in receipt of financial assistance over time. In North America, 22% of SMBs were in receipt of financial support at the time of the Wave IV survey, compared to 27% in Wave III. In Europe, 16% were in receipt of financial support, compared to 20% in Wave III. These movements are likely related to several factors, including the timing and availability of financial support schemes and the prevalence of the virus.

Where financial aid was present, government loans and grants remain the most commonly received forms of support in aggregate (49% and 13% of SMBs, respectively), similar to Wave III (49% and 12%), although there was considerable variance in the type of support received across countries.

FIGURE 8:
Proportion of SMBs that reported a drop in employment in response to COVID-19, by sector

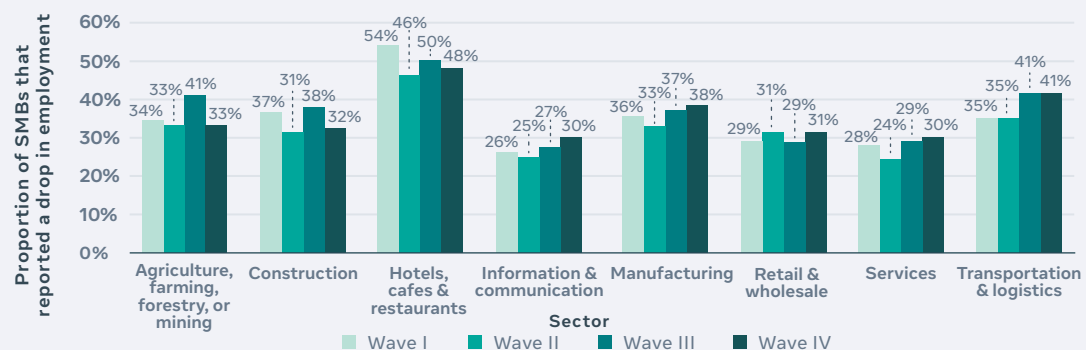
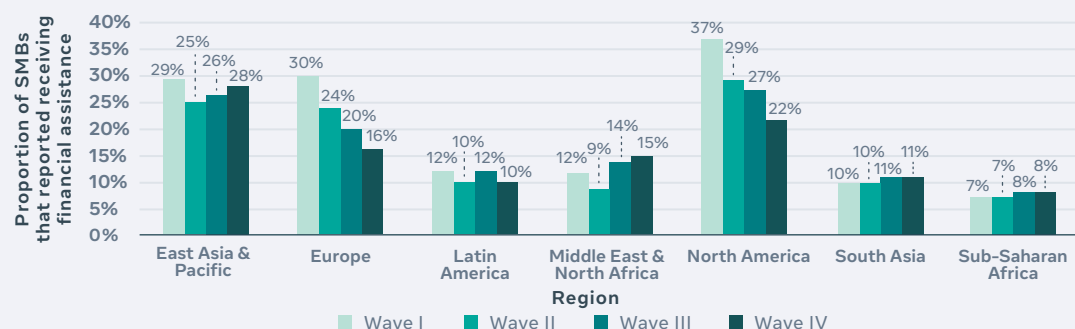


FIGURE 9:
Proportion of SMBs in receipt of financial assistance in response to the COVID-19 pandemic, by region and wave



In many countries, a key question in the coming months will likely be how and when to adjust financial and employment support schemes. For example, the United Kingdom's Job Retention Scheme, which at its inception enabled businesses to place employees on temporary leave and claim a government grant of up to 80% of a worker's salary (up to £2,500 per month), is due to end in October, to be replaced by a new Job Support Scheme.¹¹ France, Spain, and the Netherlands, on the other hand, have opted to extend their existing schemes. The availability of this financial support is particularly valuable for SMBs, given that they may have limited resources to deal with a prolonged downturn (Fouejieu et al. 2020).

Deep dive - Gender differences

COVID-19 has exacerbated the gender divide both at work and at home

There are several channels by which COVID-19 has had gender-differentiated effects. Domestic responsibilities such as childcare and homeschooling have increased, for example, as schools have closed and many more children are conducting their studies from home. This has disproportionately impacted women, who are typically responsible for 75% of unpaid care and domestic work (OECD 2019). For example, it has been demonstrated that in a number of African countries, women spend approximately four times more hours on domestic care work than men (World Bank 2019).

Female-led businesses have been negatively affected by COVID-19, over and above their male counterparts. In particular, female-led businesses are typically concentrated in consumer-facing sectors such as hospitality and services, which are less likely to be

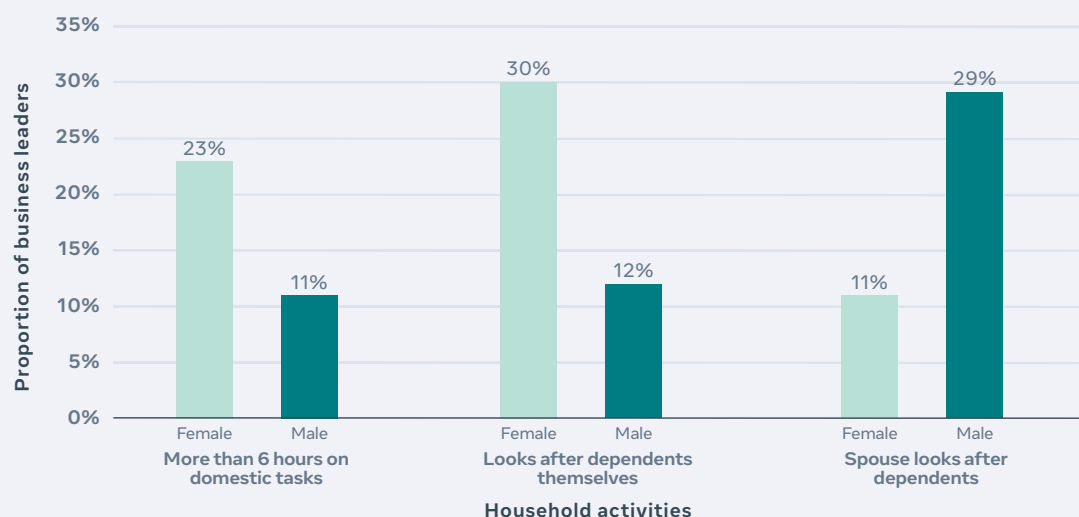
classified as 'essential'. For this reason, female-led businesses were more likely to close due to nationwide lockdown measures (Alon et al. 2020, Facebook/OECD/World Bank 2020).

This section, therefore, evaluates the impact that the coronavirus pandemic has had on female business leaders, particularly the additional domestic responsibilities they face and how their businesses have been affected.

The burden of additional domestic responsibilities has disproportionately fallen upon female business leaders...

On average over the four survey waves, 23% of all female business leaders stated that they spent six hours or more per day on domestic responsibilities, compared to only 11% of all male business leaders (*Figure 10*). Women were more likely to spend six hours or more per day on domestic tasks in every region, with the greatest differences between genders

FIGURE 10: Proportion of business leaders reporting different household activities across all survey waves



observed in Latin America (17 percentage points), the Middle East and North Africa (16 percentage points), and South Asia (13 percentage points).

Female business leaders were also more likely to look after dependents themselves if they were working from home or quarantining (30% of female business leaders, compared to 12% of male business leaders) and considerably less likely to rely on a spouse to look after dependents (11% of female business leaders relied on a spouse compared to 29% of male business leaders).

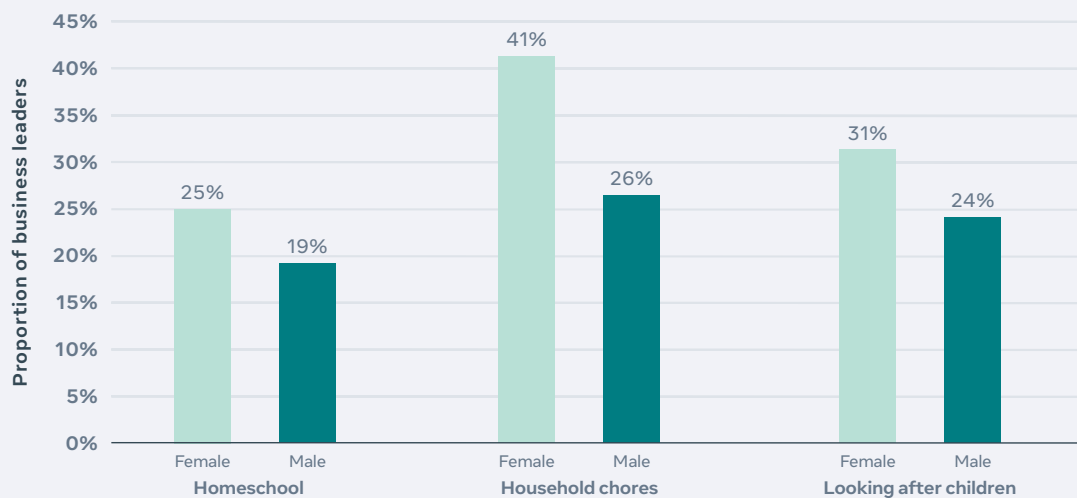
In fact, a greater proportion of female business leaders in *open* SMBs (21%) spent at least six hours per day on domestic tasks compared to male business leaders in *closed* businesses (20%), suggesting that female business leaders have a much greater total burden of combined paid and unpaid work than their male counterparts.

Further econometric analysis was conducted using data from all four survey waves to determine if female business leaders were more likely to undertake domestic tasks, controlling for other characteristics. This analysis found that:

- Female business leaders with a family (namely, either a spouse and/or a child) were more likely to spend six hours or more per day on domestic responsibilities compared to male business leaders.
- Having a child, compared to another dependent, was associated with a greater increase in the likelihood of spending six hours or more per day on domestic tasks for female business leaders, in comparison to male business leaders. This points strongly to how the increased burden of childcare throughout COVID-19 has been borne predominantly by women.
- Female business leaders with spouses were more likely to be responsible for caring for dependents if they were working from home, whereas having a spouse was associated with a reduced probability that a male business leader would look after dependents. The same result is observed for business leaders who had children compared to other dependents.

This analysis aligns with the emerging literature in this area, which has found that women have absorbed a disproportionate amount of the additional domestic responsibilities driven by COVID-19 (see, for

FIGURE 11: Proportion of business leaders, by gender, which reported that the household task had impacted their work



example, Power 2020, United Nations 2020, and Oxfam 2020).

...which has limited their ability to focus on running their businesses

The disproportionate burden of domestic responsibilities has reduced the time available for female business leaders to concentrate on their businesses. Across all four survey waves, 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 impacted their ability to focus on work compared to 19% of male business leaders, with a similar picture for household chores (41% compared to 26%) and looking after children (31% compared to 24%).

Female-led SMBs have also closed to a greater extent than their male-led counterparts

At the height of lockdown measures (Wave I), the closure rate for female-led businesses (27%) was 7 percentage points higher than for

male-led SMBs (20%), in aggregate. Although the gap has closed across waves as lockdowns have eased, it has remained at 2 percentage points. At the time of the Wave IV survey, 16% of female-led SMBs were closed, in aggregate, relative to 14% of male-led SMBs. However, with rising infection rates and the possibility of new lockdowns, there is a risk that these declines could be reversed.

The gender gap in closures has narrowed across all regions, except for sampled countries in the Middle East and North Africa region, where the gender gap increased from 6 percentage points to 8 percentage points between Waves I and IV. Indeed, the two regions with the largest gender gaps in Wave I, Latin America (11 percentage points) and North America (14 percentage points), now have a difference in closure rates of only 1 and 2 percentage points between genders, respectively.

This gender gap is partly, though not fully, explained by sectoral composition. In particular, female business leaders were typically more concentrated in sectors such as

FIGURE 12:
Closure rates, by gender, across regions for Wave I and Wave IV

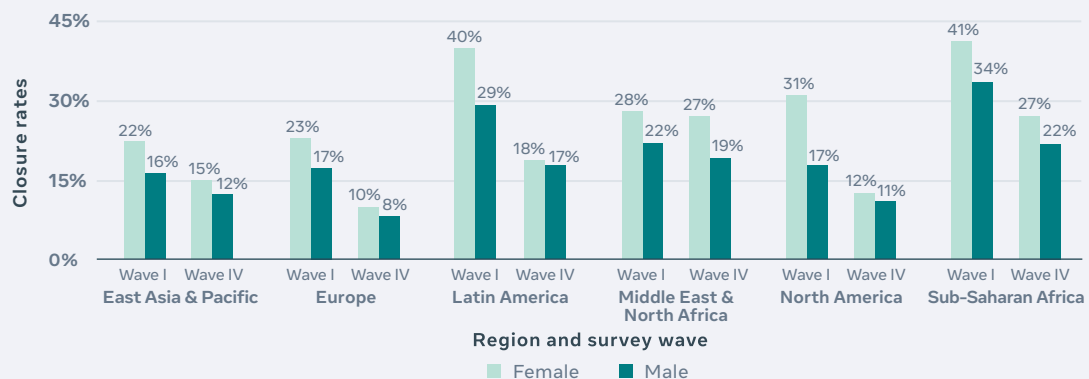
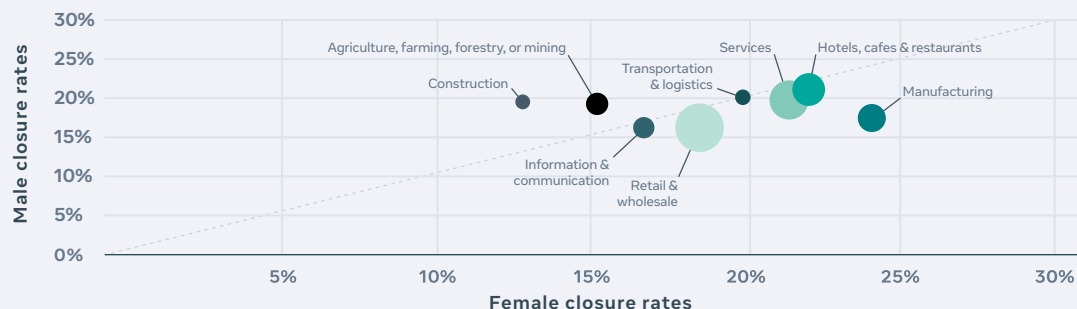


FIGURE 13:
Male and female closure rates by sector across all survey waves. Dot size indicates the proportion of businesses that were run by females



services, which exhibited higher closure rates relative to more male-concentrated sectors, such as information and communication, for example (*Figure 13*).

To further understand the factors related to business closures, particularly among female-led businesses, further econometric analysis was conducted using data across all four survey waves. The analysis shows that even when controlling for business leader characteristics (such as education) and business characteristics (such as size and sector):

- Business leaders who spent six hours per day or more on domestic responsibilities were more likely to report their businesses as closed.
- Female-led businesses were more likely to be closed, relative to male-led businesses.¹²
- Although the effect was smaller, female-led businesses were still more likely to be closed after controlling for whether a business leader spent six or more hours on domestic tasks.

This gender differential was observed despite female business leaders demonstrating flexibility in their business models in response to COVID-19. For example, research from the Wave III Update of the State of Small Business Survey found that female business leaders were more likely to make more than 50% of their sales through online channels (Facebook/OECD/World Bank 2020). This result remained robust when including data from all four survey waves.

Furthermore, within businesses that closed, 27% of female business leaders were developing an online presence compared to 21% of male business leaders. That this gender gap exists, therefore, despite the demonstrated adaptability and resilience of female business leaders holds important implications for the achievement of gender equality.

Some countries have provided additional support to alleviate these burdens, although this is far from universal

The analysis presented in this section has contributed to the growing evidence that suggests female business leaders have been disproportionately impacted by COVID-19 and resulting lockdown measures, both at work and at home. Not only were women shown to spend more time on domestic tasks than men, but they also were more likely to absorb these additional responsibilities, such as caring for dependents, without assistance from a spouse, for example.

Reflecting these findings, a higher proportion of female business leaders (24%), relative to male business leaders (18%), identified caring for household members as an area for further policy support. The proportion was even higher for female business leaders among closed businesses (29%), suggesting that caring for dependents may represent a barrier for some businesses to reopen. This finding is in line with evidence from the World Bank, for example, which suggests that childcare services are one of the most important challenges to women's economic opportunities, particularly in low- and middle-income countries (World Bank 2012).

In response, several countries have already introduced a variety of care policies in response to COVID-19, including increased parental leave (Norway) and care support for essential workers (Austria, France, and the Netherlands) (United Nations Development Programme 2020). However, support of this nature is far from universal, and further assistance will likely be required to alleviate the disproportionate burdens faced by female business leaders.

Conclusion

This study has provided an update on the ongoing impacts of COVID-19 on SMBs. Although there has been a continued improvement in the proportion of businesses reporting that they had closed or seen lower sales, the pace of improvement has slowed, in part reflecting considerable uncertainty. Many countries have extended or re-imposed lockdown measures in response to rising cases, while in other countries, employment and financial support schemes are due to expire soon.

This study has also developed more detailed insights into the impact the pandemic is having on female and male business leaders. The analysis found that female business leaders have typically faced worse business outcomes and increased domestic responsibilities relative to male business leaders, even when controlling for factors such as size of business, geography, and years of operation.

This survey was the fourth in a series of six monthly surveys that will continue to provide information on the impact of the pandemic on SMBs. Future waves will provide ongoing monitoring of these trends, as SMBs continue to manage the impacts of the pandemic.

Survey methodology

Wave IV of the State of the Global SMB Future of Business Survey was fielded in the period 24–31 August 2020, although the exact time and date that users received the survey varied by time zone. The survey collected data on a random sample of Facebook Business Page Administrators in each country in each wave.

After accounting for eligibility and non-response, the Wave IV survey captured responses from approximately 60,000 respondents across 88 countries¹³ and seven regions (however, results here are reported for approximately 25,000 business owners,

leaders, and managers only). In Sub-Saharan Africa, 38 countries were subsequently grouped into a single sampling unit, due to sampling limitations, leaving 51 sub-samples in total for this wave.

The sample populations between Wave III and Wave IV were comparable. Female-owned businesses accounted for 38% of businesses in Wave III and 37% in Wave IV. Micro-businesses remained the most common type of business in terms of scale, accounting for 29% of total businesses in both waves.

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

Category	Split	Wave III	Wave IV
Gender	Female	38%	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%	16%
	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	16%	17%
	Between 1 and 2 years	17%	17%
	More than 2 years but less than 5 years	23%	22%
	5 years or more	45%	44%
Sectors	Services	27%	26%
	Retail and wholesale	24%	24%
	Other (please specify)	16%	15%
	Hotels, cafes, and restaurants	10%	10%
	Information and communication	7%	7%
	Construction	5%	5%
	Manufacturing	5%	6%
	Agriculture, farming, forestry, or mining	4%	4%
	Transportation and logistics	2%	2%

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.

Survey completion, Wave IV

Region	Identifier	Name	Invitations	Survey Starts	Response Rate
East Asia and the Pacific	AU	Australia*	57,872	1,217	2.1
	KH	Cambodia	37,845	1,419	3.7
	HK	Hong Kong SAR, China	-	-	-
	ID	Indonesia	25,712	1,431	5.6
	JP	Japan*	50,403	1,132	2.2
	KR	Korea, Rep.*	14,883	99	0.7
	MY	Malaysia	44,722	1,456	3.3
	MM	Myanmar	15,153	1,478	9.8
	PH	Philippines	35,379	1,417	4.0
	SG	Singapore	-	-	-
	TW	Taiwan, China	68,424	1,230	1.8
	TH	Thailand	110,066	2,867	2.6
	VN	Vietnam	92,517	2,843	3.1
Europe	BE	Belgium*	63,469	1,168	1.8
	CZ	Czech Republic*	51,001	1,029	2.0
	DK	Denmark*	22,219	421	1.9
	FR	France*	105,477	1,589	1.5
	DE	Germany*	52,187	1,412	2.7
	GR	Greece*	27,083	939	3.5
	HU	Hungary*	19,182	615	3.2
	IE	Ireland*	-	-	-
	IT	Italy*	70,871	2,868	4.0

Region	Identifier	Name	Invitations	Survey Starts	Response Rate
Europe	NL	The Netherlands*	32,709	400	1.2
	NO	Norway*	-	-	-
	PL	Poland*	49,540	1,430	2.9
	PT	Portugal*	37,553	1,431	3.8
	RO	Romania	28,204	1,440	5.1
	RU	Russian Federation	28,385	596	2.1
	ES	Spain*	30,498	1,015	3.3
	SE	Sweden*	10,217	219	2.1
	CH	Switzerland*	23,105	330	1.4
	TR	Turkey*	32,336	1,439	4.5
	GB	United Kingdom (UK)*	107,875	2,845	2.6
Latin America	AR	Argentina	32,824	1,451	4.4
	BR	Brazil	30,415	1,467	4.8
	CO	Colombia*	29,848	1,496	5.0
	EC	Ecuador	27,881	1,487	5.3
	MX	Mexico*	45,272	2,842	6.3
	PE	Peru	29,112	1,423	4.9
Middle East and North Africa (MENA)	EG	Egypt, Arab Rep.	46,132	2,866	6.2
	IQ	Iraq	19,159	1,440	7.5
	IL	Israel*	17,589	435	2.5
	SA	Saudi Arabia	22,171	1,472	6.6
	AE	United Arab Emirates (UAE)	36,326	1,450	4.0
North America	CA	Canada*	52,751	1,445	2.7
	US	United States (USA)*	81,873	2,081	2.5
South Asia	BD	Bangladesh	16,720	1,455	8.7
	IN	India	56,547	3,757	6.6
	PK	Pakistan	20,423	1,436	7.0
Sub-Saharan Africa (SSA)	GH	Ghana	28,601	1,396	4.9
	KE	Kenya	21,767	1,407	6.5
	NG	Nigeria	41,961	2,817	6.7
	ZA	South Africa	19,158	1,386	7.2
	RA	Rest of Africa ¹⁴	54,466	3,598	6.6

APPENDIX 02

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, that governments have implemented in response to the pandemic.¹⁵

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 24–31 August was used. *Figure 14* shows the quartile of this Lockdown Stringency Index to which each country in this report belongs, with *Figure 15* indicating the change (in index points) between Waves III and IV.

FIGURE 14:
Lockdown
Stringency Index,
by quartile

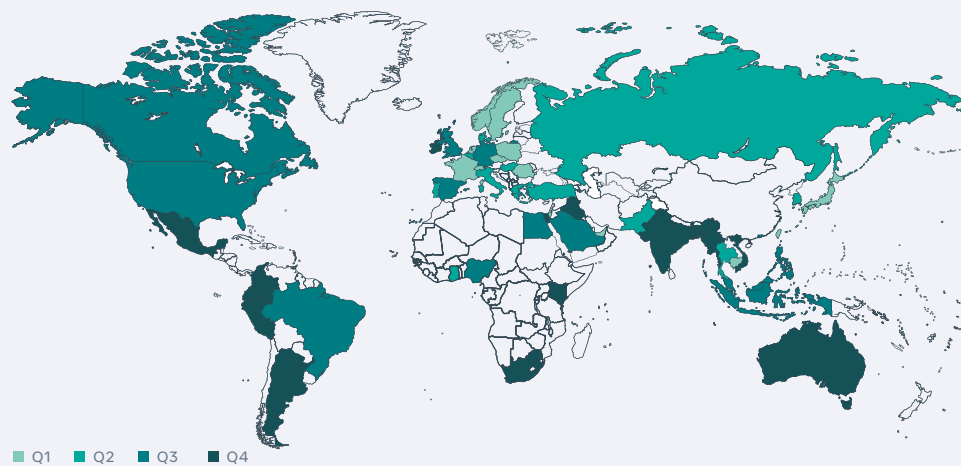
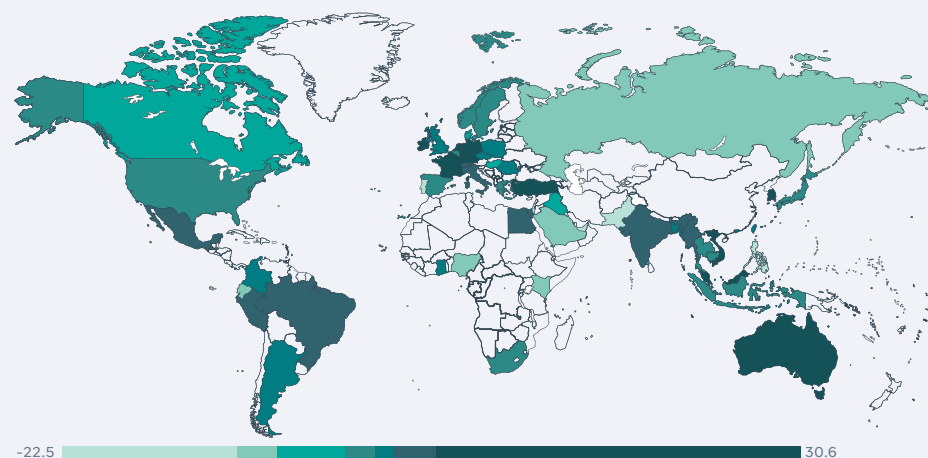


FIGURE 15:
Lockdown
Stringency Index
change between
Waves III and IV,
index points



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

Country or Region	Government Response Stringency Index (average over 24–31 August 2020)	Quartile
Taiwan, China	19	Q1
Japan	31	Q1
Norway	31	Q1
Israel	34	Q1
Czech Republic	36	Q1
Sweden	37	Q1
United Arab Emirates (UAE)	38	Q1
Poland	40	Q1
Cambodia	41	Q1
France	44	Q1
Switzerland	45	Q1
Romania	45	Q1
Thailand	46	Q1
The Netherlands	47	Q1
Pakistan	48	Q2
Turkey	48	Q2
Hungary	49	Q2
Singapore	52	Q2
Rest of Africa	52	Q2
Ghana	53	Q2
Belgium	53	Q2
Korea, Rep.	54	Q2
Russian Federation	54	Q2
Italy	55	Q2
Greece	56	Q2
Portugal	56	Q2
Denmark	56	Q2
Philippines	57	Q3
Malaysia	57	Q3
Nigeria	59	Q3
Germany	60	Q3
Indonesia	60	Q3

Country or Region	Government Response Stringency Index (average over 24–31 August 2020)	Quartile
Saudi Arabia	60	Q3
Spain	63	Q3
Egypt, Arab Rep.	63	Q3
Canada	63	Q3
Brazil	64	Q3
United Kingdom (UK)	64	Q3
Hong Kong SAR, China	67	Q3
USA	67	Q3
Kenya	70	Q4
Ireland	71	Q4
Ecuador	71	Q4
Vietnam	75	Q4
Mexico	75	Q4
Australia	77	Q4
South Africa	78	Q4
Bangladesh	80	Q4
India	80	Q4
Myanmar	81	Q4
Peru	85	Q4
Colombia	87	Q4
Iraq	87	Q4
Argentina	92	Q4

Regression analysis

Domestic responsibilities

Two logistic regression models were estimated to analyse if female business leaders were more likely to:

- Spend more than six hours per day on domestic tasks

- Look after dependents if they are working from home or quarantined

Both the coefficients and the odds ratios of the logistic regression, analysing trends at the respondent level, are presented below.

Respondent-level logistic regression statistics – determinants of domestic responsibilities

	Spends 6 hours or more on domestic tasks		Looks after dependents themselves	
	Coefficient	Odds ratios	Coefficient	Odds ratios
Female	0.138	1.148	-0.0579	0.944
Has a spouse	0.0941	1.099	-0.691***	0.501***
Has a spouse*Female	0.293**	1.340**	0.628***	1.873***
Has a child	0.288***	1.334***	-0.208**	0.812**
Has a child*Female	0.766***	2.151***	1.071***	2.918***
Business leader over 40	-0.499***	0.607***	-0.0569	0.945
University education	-0.0869	0.917	0.152	1.164
Secondary education	-0.0166	0.984	0.126	1.134
Micro-business	0.167***	1.181***	0.308***	1.361***
Less than 1 year old	0.0547	1.056	0.115	1.121
Between 1 and 2 years old	-0.00801	0.992	0.0403	1.041
Between 2 and 5 years old	-0.0217	0.979	0.0950	1.100
Construction sector	-0.0702	0.932	0.0168	1.017
Hotels, cafes, and restaurants sector	-0.0638	0.938	-0.0285	0.972
Information and communication	-0.169	0.845	0.106	1.112
Services sector	-0.157**	0.855**	0.117*	1.124*
Retail and wholesale	-0.209***	0.811***	-0.0320	0.969
Transportation and logistics	-0.0193	0.981	0.127	1.135
Manufacturing	-0.195*	0.823*	-0.00111	0.999
Lockdown Stringency Index	0.00156	1.002	-0.00169	0.998

	Spends 6 hours or more on domestic tasks		Looks after dependents themselves	
	Coefficient	Odds ratios	Coefficient	Odds ratios
Survey wave	✓	✓	✓	✓
Country fixed effects	✓	✓	✓	✓
Observations	34,052		32,721	
Pseudo R2	0.087		0.119	

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Robust standard errors were used.¹⁷

Factors correlated with business closures

Logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business being

open. Both the coefficients and the odds ratios of the logistic regression, analysing trends at the respondent level, are presented below.

Respondent level logistic regression statistics – determinants of whether a business was open

	Business open (regression 1)		Business open (regression 2)	
	Coefficient	Odds ratios	Coefficient	Odds ratios
6 hours or more on domestic tasks			-0.545***	0.580***
Female	-0.179***	0.836***	-0.0933*	0.911*
Business leader over 40	0.0540	1.056	0.0310	1.032
University education	0.246*	1.279*	0.195	1.215
Secondary education	0.108	1.115	0.0647	1.067
Micro-business	-0.246***	0.782***	-0.219***	0.804***
Less than 1 year old	-0.216***	0.806***	-0.213***	0.808***
Between 1 and 2 years old	-0.0383	0.962	-0.0453	0.956
Between 2 and 5 years old	-0.0199	0.980	-0.00617	0.994
Construction sector	0.236**	1.266**	0.260**	1.296**

	Business open (regression 1)		Business open (regression 2)	
	Coefficient	Odds ratios	Coefficient	Odds ratios
Hotels, cafes, and restaurants sector	-0.188**	0.829**	-0.197**	0.821**
Information and communication	0.462***	1.587***	0.490***	1.632***
Services sector	-0.0475	0.954	-0.0566	0.945
Retail and wholesale	0.522***	1.686***	0.535***	1.707***
Transportation and logistics	0.0899	1.094	0.117	1.125
Manufacturing	0.213*	1.237*	0.233*	1.263*
Lockdown Stringency Index	-0.00455	0.995	-0.00377	0.996
Survey wave	✓	✓	✓	✓
Country fixed effects	✓	✓	✓	✓
Observations	32,905		23,009	
Pseudo R2	0.050		0.024	

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

Relationship between gender and the proportion of sales made through digital channels

Two logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business reporting that over 25% and 50% of its sales were made through digital channels.

Both the coefficients and the odds ratios of the logistic regressions, analysing trends at the respondent level, are presented below.

Respondent level logistic regression statistics – determinants of digital sales

	Digital sales account for over 25% of total sales		Digital sales account for over 50% of total sales	
	Coefficient	Odds ratios	Coefficient	Odds ratios
Female	0.0590	1.061	0.114**	1.120**
Business leader over 40 years old	-0.173***	0.841***	-0.170***	0.844***
University education	0.438***	1.549***	0.515***	1.673***
Secondary education	0.151	1.163	0.156	1.168
Receiving financial help	-0.0470	0.954	-0.0623	0.940
Micro-business	0.0495	1.051	0.181***	1.198***
Less than 1 year old	0.119*	1.126*	0.240***	1.271***
Between 1 and 2 years old	0.249***	1.283***	0.241***	1.273***
Between 2 and 5 years old	0.218***	1.244***	0.260***	1.297***
Construction sector	-0.472***	0.624***	-0.553***	0.575***
Hotels, cafes, and restaurants sector	-0.0686	0.934	-0.321***	0.725***
Information and communication	0.743***	2.102***	0.849***	2.337***
Services sector	-0.0297	0.971	-0.0393	0.961
Retail and wholesale	0.280***	1.323***	0.222***	1.249***
Transportation and logistics	-0.120	0.887	-0.287*	0.751*
Manufacturing	0.110	1.117	0.0868	1.091
Lockdown Stringency Index	0.00285	1.003	0.00373	1.004
Survey wave	✓	✓	✓	✓
Country fixed effects	✓	✓	✓	✓
Observations	40,823		40,823	
Pseudo R2	0.042		0.058	

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

Caveats to the analysis

Although the results of these models provide useful insights and are in line with some theoretical underpinnings, several caveats should be highlighted. First, these models may suffer from reverse causality. For instance, business leaders who have closed businesses may have more time to spend on domestic tasks. Furthermore, different businesses were sampled in each wave, so it is not possible to isolate impacts for a particular SMB over time.

Further analysis

Further econometric models were developed to supplement the analysis, which are not presented in this appendix. In particular, logistic regression models were estimated at the respondent (business leader) level for a variety of country subsets, including:

- High-income countries, as defined by the World Bank¹⁸
- OECD countries
- Countries with the highest reported number of COVID-19 cases, as measured by the University of Oxford Lockdown Stringency Index
- Countries with above-median female labour force participation rates, as measured by the International Labour Organisation¹⁹
- Countries with a law that mandates equal remuneration for females and males for work of equal value, as defined by the World Bank²⁰
- Countries with above median Women, Business and the Law scores, as defined by the World Bank²¹
- Countries with an above-median proportion of business leaders in all four survey waves

- By geographic regions, as defined by the World Bank²²

Results were generally consistent with the overall findings on the full dataset presented above. Particular findings of note include:

- Female business leaders in Latin America were more likely than those in other regions to report spending six hours or more per day on domestic tasks compared to male business leaders.
- Female business leaders with a child in North America and Sub-Saharan Africa were more likely to report spending more than six hours per day on domestic tasks than male business leaders.
- Female business leaders were more likely to report that their business was closed, across the majority of country subsets. However, once controlling for time spent on domestic tasks, which was significant in every regression outlined above, a female business leader was only more likely to report a business as closed in high-income countries, countries with higher female labour force participation, and countries with more female business leaders.

Logistic regressions were also estimated at the respondent (business leader) level to evaluate whether scale or sector were more important for female business leaders in determining business outcomes, relative to males. This analysis found that:

- When controlling for country effects, size was a more significant determinant of closures among female-led businesses than among male-led. Medium-sized businesses, defined as those with over 50 employees, were more likely to be open, and this effect was stronger for female business leaders relative to male business leaders.

Logistic regressions were also estimated at the respondent (business leader) level to evaluate whether a female business leader was more likely to report lower sales compared to last year or reduced levels of employment in response to the COVID-19 pandemic. These results found that:

- Female business leaders were not more likely to report either lower sales or reduced employment, relative to male business leaders.
- A business leader who spent more than six hours per day on domestic tasks was more likely to report lower sales or reduced employment, although this was not more important for female business leaders relative to their male counterparts.

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End Notes

1. Retail and recreational trips include those to restaurants, cafes, shopping centres, theme parks, museums, libraries, and movie theatres, for example.
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 only be considered representative 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. Wave IV of The Future of Business Survey was conducted 24–31 August 2020. Waves I, II, and III of The Future of Business Survey were conducted from 28–31 May, 24–30 June, and 24–30 July 2020, respectively.
6. Further information on this announcement is available at: <https://www.kenyahighcom.org.uk/>
7. Due to rounding, differences reported may not reconcile with the numbers presented on the figures in this report.
8. This may also reflect the transition from national to localised lockdown measures in many countries and the inherent difficulties in capturing these movements within a national index.
9. It is noted that sales and employment figures may be skewed by businesses that have recently reopened and not yet had sufficient time to build up their operations to pre-COVID-19 levels.
10. For example, Kenya reopened international air traffic to all countries. Other countries, such as India, have only partially reopened to selected travel corridors. Reporting of international reopening can be found, for example, at: <https://blog.wego.com/international-reopening/>
11. COVID-19 policies are subject to short-term changes and may have changed from the time of writing. For further information on the UK Job Retention Scheme, please visit: <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>
12. The odds ratio of 0.836 indicates that the odds of a female business being open was 46%, compared to 54% for a male business leader.

13. Ireland, Singapore, and Hong Kong 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, 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.
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. 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.
18. As defined by the World Bank. Definitions are available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>
19. International Labour Organization, ILOSTAT database. Available at: <https://ilostat.ilo.org/>
20. Accessed from the World Bank Gender Data Portal, available at: <https://datatopics.worldbank.org/gender/about>
21. The index measures how laws and regulations affect women's economic opportunity. Overall scores are calculated by taking the average score of each of the eight areas (Going Places, Starting a Job, Getting Paid, Getting Married, Having Children, Running a Business, Managing Assets, and Getting a Pension), with 100 representing the highest possible score. Available at the World Bank Gender Data Portal: <https://datatopics.worldbank.org/gender/about>
22. As defined by the World Bank. Definitions are available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

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