



Global State of Small Business Report:

WAVE V UPDATE

FACEBOOK & THE ORGANISATION
FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT

FACEBOOK



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Executive Summary

The COVID-19 pandemic continues to influence the way we live and work. Some countries have experienced significant increases in new infections and, in response, have extended or reinstated lockdown measures. Against this background, the decline in closure rates observed since the first wave of this survey appears to have stalled (at 15%, the same percentage as in August). Worryingly, in four of the seven regions covered, closure rates increased in September. Moreover, while Europe was one of the three regions that saw closure rates decline, this was before the recent tightening of restrictions across many countries.

Evidence from Wave V of The Future of Business Survey points, at best, to a persistence in the difficult economic conditions for many SMBs, and a deterioration in many others as liquidity challenges build-up. Over one-third (34%) of operational SMBs reported in

“Over half (56%) of operational SMBs reported lower sales compared to the same 30-day period in 2019”

September that they had reduced employment in response to the pandemic, the highest rate across any survey wave. Unchanged from Wave IV, over half (56%) of operational SMBs continued to report lower sales compared to the same 30-day period in 2019. Furthermore, among SMBs that reported a decline in sales, half continued to report declines of 50% or more, also unchanged from Wave IV.

Micro-businesses, defined here as those owned and operated by a single individual, have been disproportionately affected by the COVID-19 pandemic relative to larger SMBs. At the time of the Wave V survey, 21% of micro-businesses were closed, relative to 14% of SMBs with one to nine employees and 13% of SMBs with 10 or more employees. These gaps in closure rates by business size have increased across each survey wave, suggesting that these difficulties have been exacerbated for the smallest of small businesses. **In each wave to date, a greater proportion of micro-businesses (in comparison to larger SMBs) also reported a decline in sales of over 50%.** A greater proportion of micro-businesses reported that they had received financial assistance, particularly government grants, relative to larger SMBs, although figures vary by country and region. Of particular concern for inclusiveness is that over the of five survey waves to date 49% of micro-businesses were female-led on average compared to only 26% of SMBs with 10 employees or more.

The ongoing impacts of COVID-19 have put increasing strain on SMBs' limited resources. At the same time, the continued availability of financial and employment support is not guaranteed, and a return to national lockdowns may be unavoidable in some countries. Wave VI of The Future of Business Survey will continue to monitor these developments and evaluate the relevant policy insights that have arisen over the past six months.

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Introduction

Some countries have imposed stricter lockdown measures to counter a rise in cases

In several countries, the number of new COVID-19 cases has continued to grow, sometimes accompanied by stricter lockdown measures. For example, in September, in response to a doubling of confirmed cases throughout the month, Israel became the first country to enforce a second national lockdown.¹

Evidence from Wave V of the 2020 Future of Business Survey points, at best, to a persistence in the difficult economic conditions for many SMBs, defined here as those with fewer than 500 employees. In some countries and regions, closure rates have begun to increase. SMBs continued to report a steep decline in sales relative to last year. In addition, 34% of operational SMBs stated in September that they had reduced employment in response to COVID-19, the highest across any survey wave to date.

Other data sources reflect these trends. For example, the IHS Markit Eurozone Purchasing Managers' Index, a measure of economic activity based on a survey of senior purchasing executives, reached a three-month low in September. Notable differences at the time of the Wave V survey were reported between Eurozone countries, reflecting the divergence in conditions within the region (IHS Markit 2020).

Micro-businesses are particularly vulnerable to a prolonged economic downturn

SMBs are a major source of value creation and employment, representing approximately 99% of all businesses within the Organisation for Economic Co-operation and Development area (OECD 2017a).² Most of these SMBs are small, employing at most a few people. In OECD countries, between 70% and 95% of SMBs employ fewer than 10 people, and in most countries, approximately half of SMBs are owned and operated by one individual (OECD 2017b).

SMBs may be more vulnerable to a prolonged economic downturn than their larger counterparts for a number of reasons, a finding highlighted in the first edition of the Global State of Small Business Report (Facebook/OECD/World Bank 2020). These include supply chain and market dependencies (Neagu 2016) and more limited access to credit and financial resources (International Finance Corporation 2017), implying a greater reliance on current revenues and retained earnings to fund their growth (Sak 2004).

These challenges are amplified for the smallest SMBs. McKinsey, for example, found that without effective interventions, approximately one-quarter to 40 percent of small businesses with fewer than 20 employees were at risk of closing permanently during the first 4 months of the pandemic, compared with less than 5 percent of firms with 100 to 499 employees (McKinsey 2020). Evidence from the UK suggests that self-employed individuals without employees have seen a stronger negative impact on their income and paid hours than self-employed individuals with employees (Blundell and Machin 2020). Accordingly, this report analyses in further detail how smaller businesses, and particularly micro-businesses,³ have managed the ongoing effects of the pandemic.

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

This report presents findings from Wave V 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 V of the 2020 Future of Business Survey was conducted 23 September–1 October 2020⁴ and captures the views of more than 25,000 business owners worldwide, in approximately 50 countries. This follows Wave I of the survey, conducted 28–31 May 2020; Wave II, conducted 24–30 June 2020; Wave III, conducted 24–30 July 2020; and Wave IV, conducted 24–31 August 2020.⁵

Section 01 provides policymakers with updated insights on how SMBs have continued to manage the impacts of COVID-19.⁶ Section 02 presents a deeper dive into COVID-19's effect on micro-businesses (defined here as those owned and operated by a single individual) compared to their larger counterparts.

Comparative analysis

Declines in closure rates have stalled, and have increased in some countries and regions

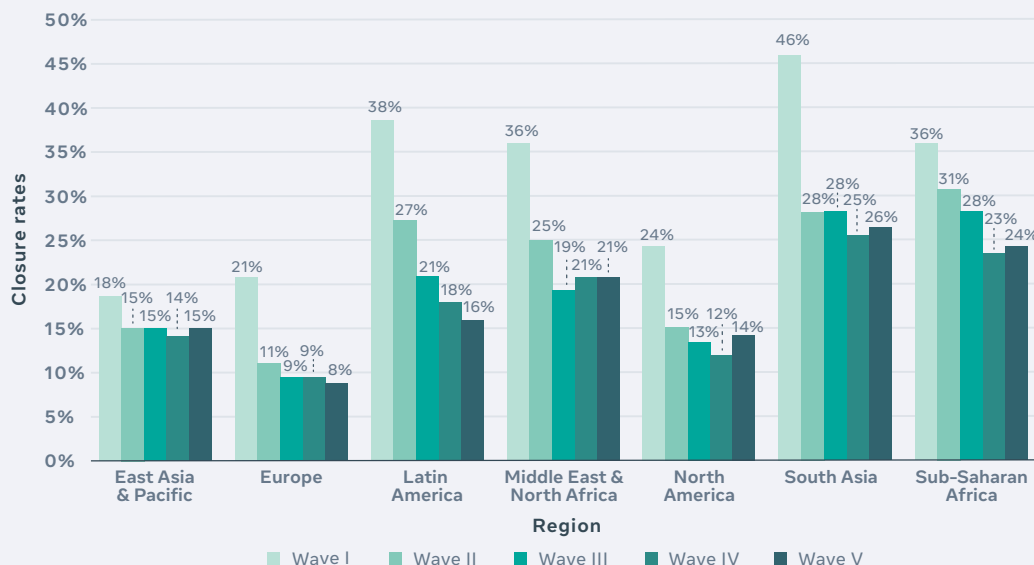
In September, at the time of the Wave V survey, 15% of SMBs were closed, the same percentage as in Wave IV.⁷ All regions showed movement in closure rates of 2 percentage points or less between Waves IV and V (*Figure 1*).

There were notable exceptions to these trends, however, as the proportion of SMBs that were closed increased marginally in four of the seven regions sampled between Waves IV and V. Across countries, the largest increase in closures between waves was

observed in Israel (17 percentage points, from 15% to 32%), which, as of 18 September, became the first country globally to reimpose a national lockdown, reflected by an increase in Lockdown Stringency of 50 index points.⁸

Conversely, sampled countries in Latin America and Europe continued to exhibit a marginal decline in closure rates, by 2 and 1 percentage points, respectively. In sampled countries in these regions, Russia (7 percentage point decline) and Mexico (6 percentage point decline) reported notable

FIGURE 1: Closure rates, by region



decreases in closure rates, despite the latter country extending COVID-19 restrictions in September.⁹

The relationship between closure rates and the Lockdown Stringency Index showed an increasing positive gradient relative to Wave IV. This reflects a return to the most stringent lockdown measures in some countries (such as Israel), as well as the stronger impact that the cumulative impact may have had on closure rates, relative to movements observed in Wave IV (Figure 2).

SMBs continue to face an environment of reduced demand and limited sales opportunities...

In aggregate, 56% of operational SMBs reported lower sales compared to the same 30-day period in 2019, the same as Wave IV.

Movements of 2 percentage points or fewer were observed across all regions (Figure 3). The proportion of SMBs that reported increased sales (16%) also stayed constant relative to Wave IV.

These static trends reflect the persistence of current difficult economic conditions. Although demand for SMB products and services has not worsened considerably, neither has it improved to a great extent, even in countries that have continued to reopen.

For example, South Africa exhibited a decline in lockdown stringency of 36 index points following the relaxation of lockdown measures, such as reopening to international tourists. However, the proportion of operational SMBs that reported lower sales increased by 13 percentage points, from 49% to 62%, between Waves IV and V.

FIGURE 2:
Relationship between SMB closure rates within countries (vertical axis) and Lockdown Stringency Index (horizontal axis) across survey waves

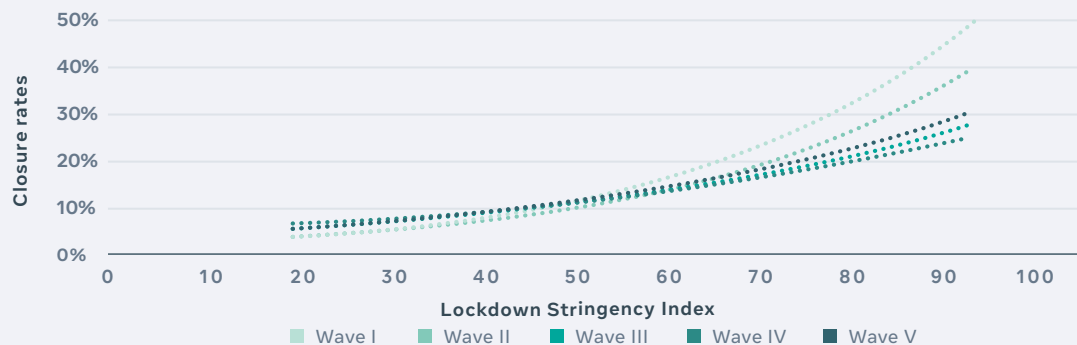
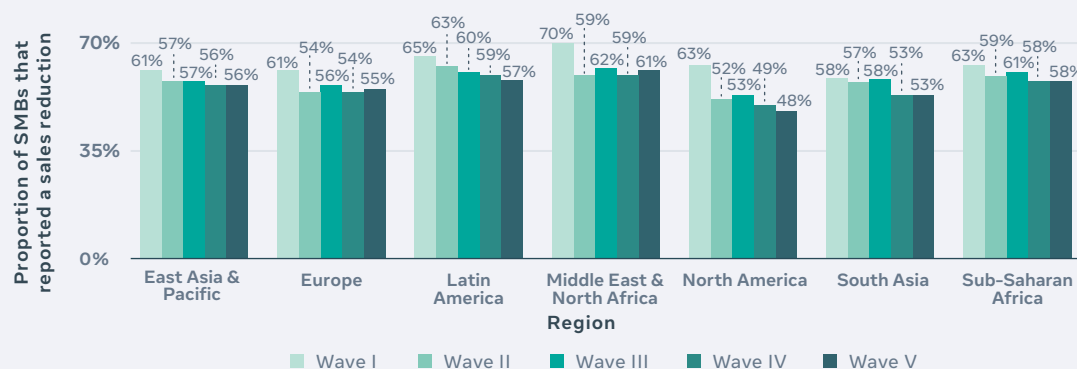


FIGURE 3:
Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by region



In aggregate, half of SMBs reported a decline in sales of 50% or more, unchanged from Wave IV. This proportion has remained at 50% or more across all five survey waves, illustrating the severity of demand-side pressures that SMBs have faced in recent months.¹⁰

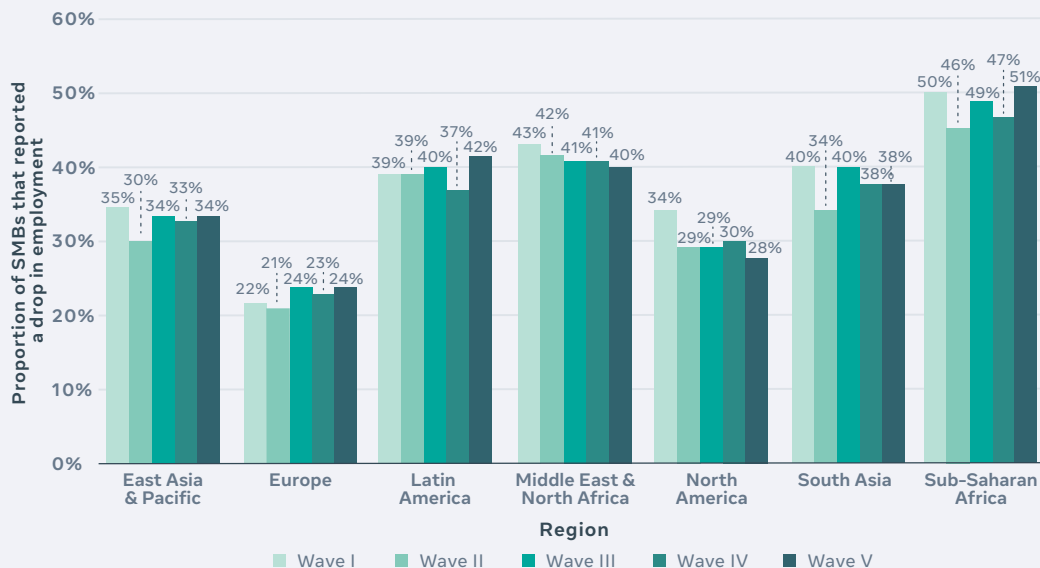
...which has contributed to a drop in employment

In aggregate, 34% of SMBs reported that they had reduced employment in response to the COVID-19 pandemic, up 1 percentage point from Wave IV (*Figure 4*). This represents the highest level recorded across all five waves of

the survey, even when comparing to Wave I (33%), which was conducted in May when national lockdowns were most extensive.

Across countries and regions, Latin America reported the largest increase among SMBs that reduced employment, rising from 37% in Wave IV to 42% in Wave V. In sampled countries in this region, Peru reported the largest increase among SMBs that had reduced the number of employees or workers, from 34% to 49%. Authorities in Peru recently announced a 90-day extension to the Health State of Emergency, beginning 8 September.¹¹

FIGURE 4: Proportion of SMBs that reported a drop in employment in response to the COVID-19 pandemic, by region



Deep dive — Micro-businesses

The coronavirus pandemic has had a greater impact on smaller SMBs

Small businesses and micro-businesses make a vital contribution to global economic activity. In the EU, for example, businesses with fewer than 10 employees account for 93% of all enterprises and 20% of value added (Eurostat 2020).¹³ They also generate benefits for their owners, providing them with the flexibility to generate income while balancing work and domestic responsibilities (OECD 1997).

However, these businesses are typically more vulnerable to economic downturns than larger firms, including those driven by the COVID-19 pandemic. This typically stems from their smaller scale, limited financial resources, and greater supply chain dependencies. This deep dive explores in further detail how the COVID-19 pandemic has affected these businesses, particularly micro-businesses, compared to their relatively larger counterparts. Although definitions vary, micro-businesses are defined here as those owned and operated by a single individual, consistent with previous Global State of Small Business reports.

Evidence from The Future of Business Survey demonstrates how micro-businesses are different from other SMBs. Across all five survey waves, an average of 49% of micro-businesses were female-led, compared to only 26% among SMBs with 10 or more employees. Women may be more likely to start smaller businesses because of time shortages, smaller networks, and limited financing (OECD 2013). Micro-businesses were also more concentrated in certain sectors that are highly exposed to lockdowns, such as the retail and wholesale sector and the services sector, relative to their larger counterparts.

Although some owners establish micro-businesses without intentions to grow their headcount, others have long-term ambitions to increase in size (UK Department of Business, Innovation & Skills 2013). Across all five survey waves, micro-businesses were, on average, younger than larger SMBs, with 26% of micro-businesses in their first year of operation, compared to only 7% of SMBs with 10 or more employees.

TABLE 1: Business age and gender, by business size (average across all five survey waves)

Category	Split	Micro (no employees)	Between 1 & 9 employees	10 or more employees
Gender	Female	49%	35%	26%
Business age	Less than 1 year	26%	13%	7%
	Between 1 and 2 years	19%	17%	10%
	More than 2 years but less than 5 years	22%	23%	19%
	5 years or more	33%	47%	64%

TABLE 2: Business sector, by business size (average across all five survey waves)

Category	Split	Micro (no employees)	Between 1 & 9 employees	10 or more employees
Sector	Agriculture, farming, forestry, or mining	3%	4%	4%
	Construction	3%	6%	8%
	Hotels, cafes and restaurants	5%	12%	15%
	Information and communication	8%	7%	8%
	Manufacturing	3%	5%	8%
	Retail and wholesale	25%	24%	16%
	Services	30%	26%	23%
	Transportation and logistics	2%	2%	4%

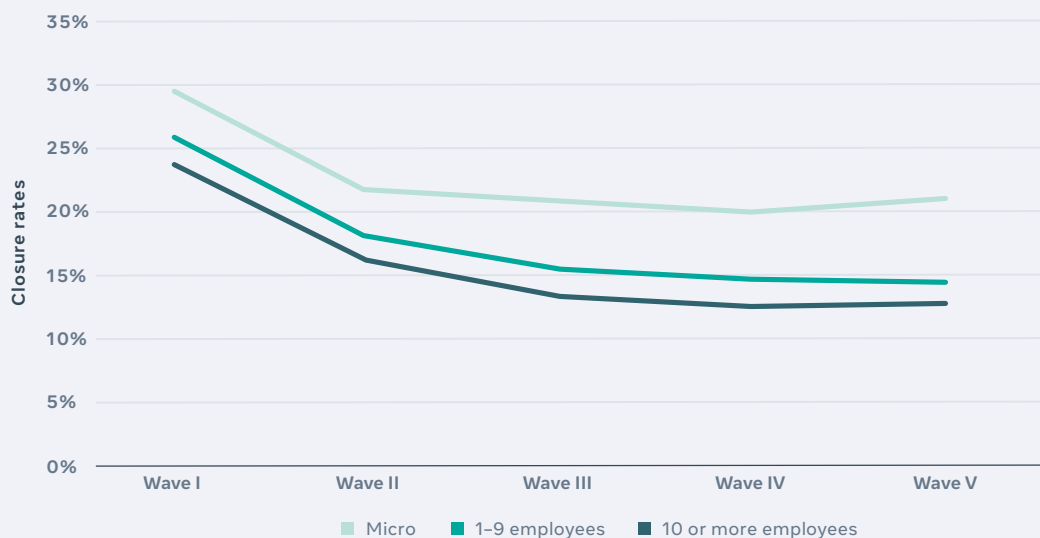
Micro-businesses have closed to a greater extent than their larger peers

In part reflecting their higher concentration in industries that are vulnerable to lockdowns, as well as larger liquidity challenges, micro-businesses have faced worse outcomes throughout the COVID-19 pandemic compared to their larger peers. In Wave I, 30% of micro-businesses were

closed, compared to 26% of SMBs with one to nine employees and 24% of SMBs with 10 or more employees.

Although overall SMB closure rates have decreased over time, this gap between micro-businesses and other businesses has

FIGURE 5: Closure rates, by business size and wave



widened slightly across waves, with 21% of micro-businesses closed in Wave V, compared to 14% of SMBs with one to nine employees and 13% of SMBs with 10 or more employees (Figure 5).

Further econometric analysis was conducted using data from all five survey waves to determine if micro-businesses were more likely to close, controlling for other characteristics. Indeed, relative to SMBs with 10 or more employees, micro-businesses were more likely to close. This effect was exacerbated when comparing businesses over 5 years of age, suggesting that size has been an important determinant of an SMB's ability to remain open among more established businesses.

Micro-businesses also reported more severe declines in sales

For SMBs that reported lower sales, micro-businesses were more likely to report a decline of over 50% in comparison to their

larger counterparts. In Wave I, 62% of micro-businesses reported a drop of 50% or more, compared to 55% of SMBs with 10 or more employees. This gap has been present across every wave. In Wave V, the proportions for micro-businesses and SMBs with 10 or more employees were 52% and 48%, respectively (Figure 6).¹³ The proportion of SMBs that reported a decline in sales of over 50% was similar between SMBs with one to nine employees and those with 10 or more.

Further econometric analysis was conducted using data from all five survey waves to determine if micro-businesses were more likely to report a reduction in sales or a greater reduction in sales, controlling for other characteristics. This analysis found that:

- Micro-businesses in high-income countries were more likely to report a reduction in sales than SMBs with 10 or more employees in high-income countries.

FIGURE 6: Proportion of SMBs that reported a reduction in sales of greater than 50%, by business size and wave



- In aggregate, micro-businesses were more likely than SMBs with 10 or more employees to report that sales had fallen by over 50%. However, this was only statistically significant for micro-businesses in high-income countries.
- When running the analysis separately among SMBs with more (or less) than 5 years of operation, micro-businesses were more likely to report a sales decline of over 50%, compared to larger SMBs, in the sub-sample of older businesses. This suggests that, relative to established larger SMBs, established micro-businesses have been more strongly impacted.

A greater proportion of micro-businesses have received financial support, especially from the government

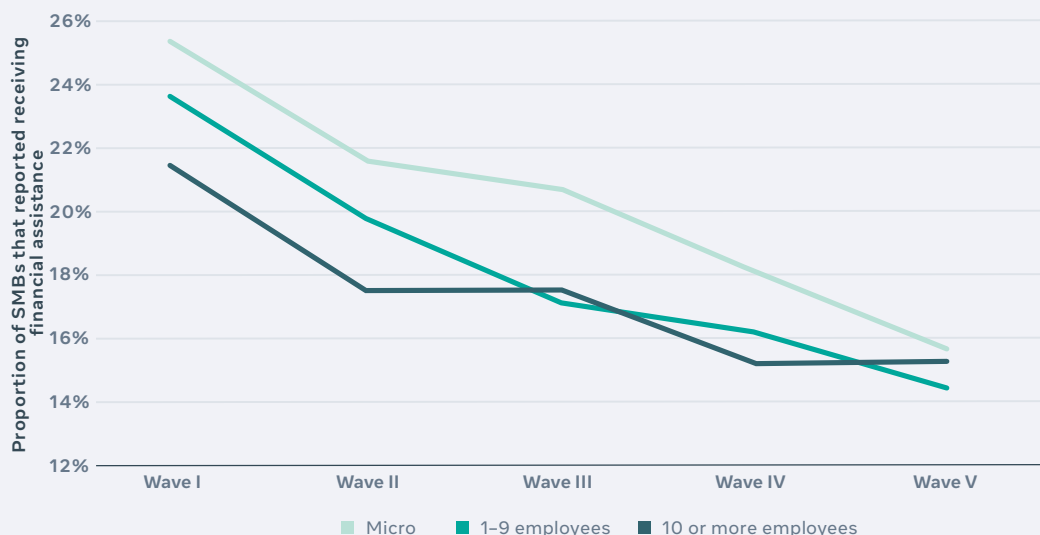
A greater proportion of micro-businesses surveyed have received financial support compared to larger businesses. At the time of the Wave I survey, 25% of micro-

businesses reported that they had received financial support, compared to 21% among SMBs with 10 or more employees, although this difference has narrowed over time (*Figure 7*). This trend was not observed across all countries and regions, however. For example, Wave II of The Future of Business Survey found that in North America, micro-businesses were less likely to receive support than their larger counterparts (Facebook/OECD/World Bank 2020).

Further econometric analysis, using data from all five survey waves, was conducted to determine if micro-businesses were more likely to be in receipt of financial support, controlling for other characteristics. The analysis found that:

- Micro-businesses were more likely to be in receipt of financial assistance than larger SMBs with 10 or more employees.
- This effect was stronger when running the analysis separately for businesses over 5 years of age.

FIGURE 7: Proportion of SMBs in receipt of financial assistance in response to the COVID-19 pandemic, by business size and wave



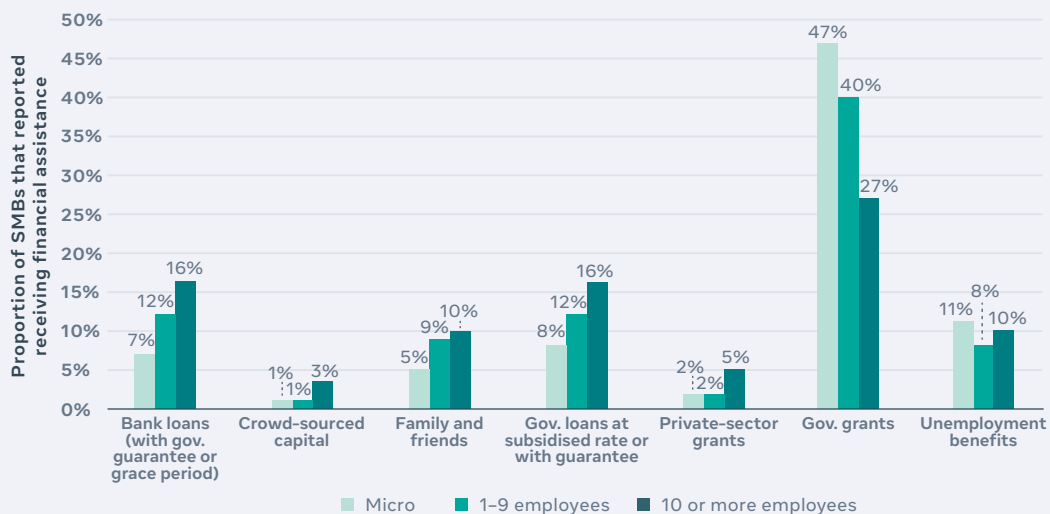
Micro-businesses have been more reliant on government grants than larger SMBs, perhaps reflecting their more limited cash resources and difficulties in accessing other sources of finance. In Wave I, half of all support for micro-businesses was in the form of government grants, compared to 37% for SMBs with 10 or more employees. At the time of the Wave V survey, these figures were 47% for micro-businesses and 27% for SMBs with 10 or more employees.

SMBs with 10 or more employees were more likely to be in receipt of bank or government loans across all waves. At the time of the Wave V survey, 32% of SMBs with 10 or more employees were in receipt of bank or

government loans, compared to 15% of micro-businesses (*Figure 8*). This may be attributable to the smaller scale of micro-businesses, together with difficulties in providing financial information or credit histories, relative to their larger peers.

As financial and employment support programs taper off, the evidence collected in this report, together with the established literature, suggests that micro-businesses may be particularly vulnerable relative to their larger peers. How governments and institutions approach the question of financial support in the coming months will likely have a significant impact on the SMB sector, particularly for these smaller businesses.

FIGURE 8: Proportion of SMBs receiving various types of financial assistance in response to the COVID-19 pandemic, by business size for Wave V



Conclusion

This study has continued to monitor the impacts of COVID-19 on SMBs. In some regions, closure rates have begun to increase and SMBs have continued to face reduced demand for their products and services. COVID-19 cases have also risen sharply again in a number of countries, triggering a potential reimposition of national lockdown measures.

This study has also developed more detailed insights into the pandemic's effects on micro-businesses, defined as those owned and operated by a single individual. The analysis found that these businesses have disproportionately closed, relative to SMBs

with one or more employees, and that the gap in closure rates has widened over time. This has occurred despite micro-businesses having been more reliant on financial support, especially government grants, than larger SMBs.

This survey was the fifth in a series of six monthly surveys that will continue to provide information on the impact of the pandemic on SMBs. The final wave of the survey, Wave VI, will continue to monitor the trends that have been observed over the last six months and evaluate relevant policy insights that have arisen throughout our surveying effort.

Survey methodology

Wave V of the 2020 State of the Global SMB Future of Business Survey was fielded in the period September 23–October 1 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 V survey captured responses from approximately 60,000 respondents across 85 countries¹⁴ and seven regions (although results here are reported

for approximately 25,000 business owners, leaders, and managers only). In Sub-Saharan Africa, 37 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 IV and Wave V were comparable. Female-owned businesses accounted for 37% of businesses in both waves. Micro-businesses remained the most common type of business in terms of scale, accounting for 29% and 28% of all businesses in Waves IV and V, respectively.

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

Category	Split	Wave IV	Wave V
Gender	Female	37%	37%
Number of employees	No employees (just me)	29%	28%
	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	17%	17%
	Between 1 and 2 years	17%	17%
	More than 2 years but less than 5 years	22%	22%
	5 years or more	44%	44%
Sectors	Services	26%	27%
	Retail and wholesale	24%	23%
	Other	15%	16%
	Hotels, cafes, and restaurants	10%	9%
	Information and communication	7%	6%
	Manufacturing	5%	6%
	Construction	6%	5%
	Agriculture, farming, forestry, or mining	4%	4%
	Transportation and logistics	2%	3%

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

For 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 V

Region	Identifier	Name	Invitations	Survey Starts	Response Rate
East Asia and the Pacific	AU	Australia*	61,963	1,219	2.0
	HK	Hong Kong SAR, China	-	-	-
	ID	Indonesia	29,130	1,459	5.0
	JP	Japan*	50,683	1,079	2.1
	KH	Cambodia	36,986	1,421	3.8
	MY	Malaysia	49,703	1,466	2.9
	MM	Myanmar	15,373	1,420	9.2
	PH	Philippines	34,965	1,427	4.1
	SG	Singapore	-	-	-
	KR	Korea, Rep.*	-	-	-
	TW	Taiwan, China	69,815	1,126	1.6
	TH	Thailand	140,622	2,724	1.9
	VN	Vietnam	97,733	2,828	2.9
Europe	BE	Belgium*	57,566	866	1.5
	CZ	Czech Republic*	36,180	724	2.0
	DK	Denmark*	21,099	381	1.8
	FR	France*	101,033	1,463	1.4
	DE	Germany*	60,781	1,447	2.4
	GR	Greece*	26,205	991	3.8
	HU	Hungary*	19,942	621	3.1
	IE	Ireland*	-	-	-
	IT	Italy*	77,839	2,874	3.7

Region	Identifier	Name	Invitations	Survey Starts	Response Rate
Europe	NL	The Netherlands*	40,601	587	1.4
	NO	Norway*	-	-	-
	PL	Poland*	54,914	1,461	2.7
	PT	Portugal*	40,637	1,422	3.5
	RO	Romania	27,922	1,487	5.3
	RU	Russian Federation	30,655	768	2.5
	ES	Spain*	48,490	1,419	2.9
	SE	Sweden*	16,028	399	2.5
	CH	Switzerland*	20,798	296	1.4
	TR	Turkey*	34,444	1,441	4.2
	GB	United Kingdom (UK)*	96,898	2,546	2.6
Latin America	AR	Argentina	34,079	1,427	4.2
	BR	Brazil	30,815	1,427	4.6
	CO	Colombia*	30,200	1,411	4.7
	EC	Ecuador	31,006	1,424	4.6
	MX	Mexico*	46,788	2,846	6.1
	PE	Peru	31,169	1,423	4.6
Middle East and North Africa (MENA)	EG	Egypt, Arab Rep.	45,544	2,860	6.3
	IQ	Iraq	21,480	1,429	6.7
	IL	Israel*	18,506	598	3.2
	SA	Saudi Arabia	24,707	1,453	5.9
	AE	United Arab Emirates (UAE)	43,416	1,371	3.2
North America	CA	Canada*	54,592	1,430	2.6
	US	United States (USA)*	94,755	1,719	1.8
South Asia	BD	Bangladesh	17,537	1,425	8.1
	IN	India	59,744	3,714	6.2
	PK	Pakistan	19,678	1,439	7.3
Sub-Saharan Africa (SSA)	GH	Ghana	27,795	1,175	4.2
	KE	Kenya	22,550	1,424	6.3
	NG	Nigeria	38,240	2,810	7.3
	ZA	South Africa	21,681	1,392	6.4
	RA	Rest of Africa ¹⁵	38,634	3,209	8.3

APPENDIX 02

Lockdown Stringency Index

One factor influencing the impact of the COVID-19 pandemic in various countries is the stringency of each government's response. The University of Oxford COVID-19 Government Response Tracker (Hale et al. 2020) tracks information on several common policy responses, such as closing schools and restricting gatherings, that governments have implemented to respond to the pandemic.¹⁶

These responses have been compiled into a Stringency Index for each country.¹⁷ For the analysis in this report, the average Stringency Index over the period 23 September–01 October was used. *Figure 9* shows the quartile of this Lockdown Stringency Index to which each country in this report belongs, with *Figure 10* indicating the change (in index points) between Waves IV and V.

FIGURE 9:
Lockdown
Stringency Index,
by quartile.

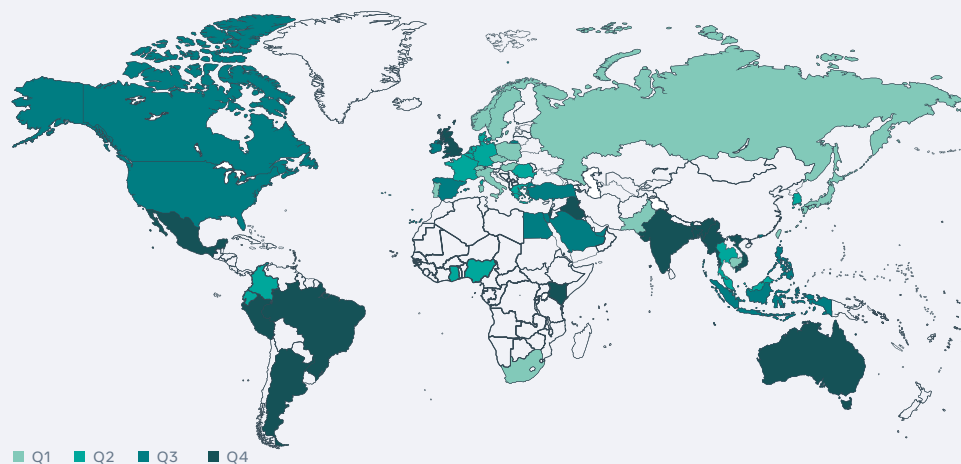
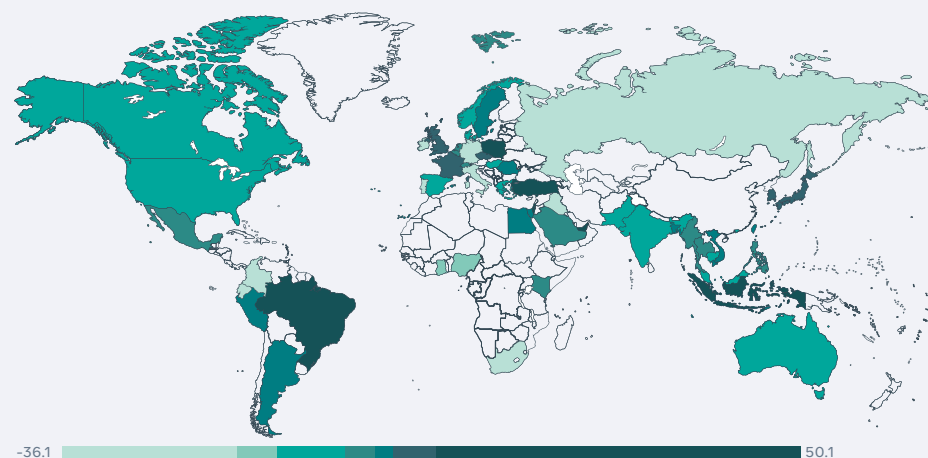


FIGURE 10:
Lockdown
Stringency Index
change between
Waves IV and V.



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

Country or Region	Government Response Stringency Index (average over 23 September–01 October 2020)	Quartile
Taiwan, China	19	Q1
Poland	19	Q1
Norway	26	Q1
Japan	32	Q1
Cambodia	37	Q1
Sweden	37	Q1
Italy	39	Q2
Czech Republic	39	Q1
Hungary	41	Q1
Russian Federation	41	Q1
Pakistan	41	Q1
South Africa	42	Q1
Switzerland	43	Q1
Portugal	43	Q1
Thailand	44	Q2
Romania	44	Q2
The Netherlands	44	Q2
Ghana	44	Q2
France	45	Q2
Germany	46	Q2
Ecuador	49	Q2
Nigeria	49	Q2
Malaysia	50	Q2
Belgium	51	Q2
Greece	51	Q2
Denmark	51	Q2
Colombia	51	Q3
Rest of Africa	51	Q3
Ireland	52	Q3
United Arab Emirates (UAE)	53	Q3
Singapore	54	Q3

Country or Region	Government Response Stringency Index (average over 23 September–01 October 2020)	Quartile
Philippines	55	Q3
Spain	55	Q3
Korea, Rep.	56	Q3
Saudi Arabia	57	Q3
Hong Kong SAR, China	59	Q3
Turkey	60	Q3
Canada	61	Q3
USA	63	Q3
Egypt, Arab Rep.	63	Q4
United Kingdom (UK)	67	Q4
Kenya	68	Q4
Indonesia	69	Q4
Brazil	73	Q4
Iraq	73	Q4
Mexico	74	Q4
Australia	74	Q4
Vietnam	75	Q4
India	75	Q4
Myanmar	79	Q4
Bangladesh	80	Q4
Israel	84	Q4
Peru	85	Q4
Argentina	92	Q4

Regression analysis

Business size and business outcomes

Logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business being open, reporting lower sales, and reporting that

sales had fallen by more than 50%. Both the coefficients and the odds ratios of the logistic regression, analysing trends at the respondent level, are presented below.

	Business open		Business reporting lower sales		Sales fell by more than 50%	
	Coefficients	Odds ratios	Coefficients	Odds ratios	Coefficients	Odds ratios
6 hours or more on domestic tasks	-0.559***	0.572***	0.0600	1.164**	0.361***	1.434***
Female	-0.0740	0.929	0.152**	1.062	-0.0560	0.946
Business leader over 40	0.00218	1.002	0.120***	1.127***	0.00739	1.007
University education	0.321***	1.378***	0.192*	1.212*	0.0498	1.051
Secondary education	0.186*	1.204*	0.172	1.187	-0.0322	0.968
Micro-business	-0.297***	0.743***	0.0386	1.039	0.305***	1.357***
Less than 10 employees	-0.0836	0.920	0.119**	1.126**	-0.0160	0.984
Less than 1 year old	-0.213***	0.808***	-0.701***	0.496***	-0.366***	0.694***
Between 1 and 2 years old	-0.0615	0.940	-0.447***	0.640***	-0.00589	0.994
Between 2 and 5 years old	-0.0209	0.979	-0.161***	0.851***	0.0178	1.018
Other sector	-0.446***	0.640***	0.349***	1.417***	0.536***	1.709***
Construction	-0.149	0.861	0.0464	1.048	0.141	1.151

	Business open		Business reporting lower sales		Sales fell by more than 50%	
	Coefficients	Odds ratios	Coefficients	Odds ratios	Coefficients	Odds ratios
Hotels, cafes, and restaurants	-0.556***	0.573***	1.123***	3.075***	0.523***	1.688***
Information and communication	0.0787	1.082	0.0370	1.038	0.352**	1.422**
Services	-0.410***	0.664***	0.411***	1.508***	0.354***	1.424***
Retail and wholesale	0.141	1.151	0.233**	1.262**	0.305**	1.357**
Transportation and logistics	-0.312*	0.732*	0.497***	1.644***	0.287*	1.332*
Manufacturing	-0.0975	0.907	0.284**	1.329**	0.270*	1.310*
Lockdown Stringency Index	-0.00351	0.996	-0.00275	0.997	0.00941***	1.009***
Survey wave	✓		✓		✓	
Country fixed effects	✓		✓		✓	
Observations	57330		41276		28711	
Pseudo R ²	0.112		0.042		0.024	

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Robust standard errors were used. ¹⁸

Business size and receiving financial assistance

Logistic regression models were run at the survey respondent (business leader) level to estimate the probability of a business receiving financial assistance. Both the coefficients

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

	Receiving financial assistance	
	Coefficients	Odds ratios
Female	0.0264	1.027
Business leader over 40	0.0564	1.058
University education	-0.0514	0.950
Secondary education	0.0687	1.071
Micro-business	0.131*	1.140*
Less than 10 employees	0.112*	1.118*
Less than 1 year old	-0.366***	0.694***
Between 1 and 2 years old	-0.226***	0.798***
Between 2 and 5 years old	-0.0715	0.931
Other sector	0.0690	1.071
Construction	-0.206	0.814
Hotels, cafes, and restaurants	0.385***	1.469***
Information and communication	-0.0771	0.926
Services	0.133	1.142
Retail and wholesale	-0.0451	0.956
Transportation and logistics	-0.0802	0.923
Manufacturing	-0.0209	0.979
Lockdown Stringency Index	0.00649**	1.007**

Receiving financial assistance		
	Coefficient	Odds ratios
Survey wave	✓	✓
Country fixed effects	✓	✓
Observations	57330	
Pseudo R2	0.112	

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

Further analysis

Further econometric models were developed to supplement the analysis and 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 determined by the World Bank¹⁹
- OECD countries
- Countries with the highest reported number of COVID-19 cases, as measured by the University of Oxford Lockdown Stringency Index
- Regions, as defined by the World Bank²⁰

Results were generally consistent with the overall findings of the full dataset. Findings of note include:

- Micro-businesses in Europe were more likely to report reduced sales relative to larger SMBs, while those in South Asia were less likely.
- Micro-businesses in Europe were more likely to receive financial assistance relative to larger SMBs, while those in Sub-Saharan Africa were less likely to receive help.

Logistic regressions were also estimated at the respondent (business leader) level to evaluate whether the business and business leader characteristics that affected closures, sales, sales magnitude, and financial support varied among businesses of different sizes. This analysis found that:

- Although all business leaders who spent more than 6 hours per day on domestic tasks were more likely to close, this effect was diminished if they operated a micro-business. This could reflect business owner characteristics. For example, a business owner could have set up a micro-business to provide flexibility to manage other domestic commitments or to suit personal circumstances.
- Businesses in the hotels, cafes, and restaurants sector were more likely to be closed and to report lower sales for all size of businesses. However, this effect was exacerbated for SMBs with 10 or more employees.
- Businesses led by individuals with a university degree were more likely to stay open than those led by individuals with less than secondary education, but only for micro-businesses and those with fewer than 10 employees.

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End Notes

1. The restrictions came into effect at 14:00 local time on 18 September 2020 and are the most extensive imposed in Israel since the first lockdown, which ran from late March until early May. The new restrictions included the following:
 - No more than 10 people can meet indoors, and groups of up to 20 people are allowed outdoors.
 - Schools and shopping centres must close.
 - Non-governmental offices and businesses can stay open, but must not offer in-person services.Further information is available at the Israeli Ministry of Health: <https://www.health.gov.il/English/Pages/HomePage.aspx>
2. The OECD statistics referenced here define a Small and Medium-Sized Enterprise (SME) as an enterprise that employs fewer than 250 persons. As a result, the share of employment and value added accounted for by SMBs, defined in this report as firms with fewer than 500 employees, would be even higher than these OECD SME proportions.
3. Consistent with previous waves of the Global State of Small Business reports, a micro-business is defined in this report as a business that is owned and operated by a single individual. It is recognised that other definitions of a micro-business exist. For example, in OECD (2017b), “micro-enterprises” are defined as firms employing one to nine people. Businesses owned and operated by a single individual can also be referred to as solo entrepreneurs.
4. The exact time and date that users received the survey varied by time zone.
5. For a full description of the data collection methodology, sampling, and data treatment, see the methodology appendix in Facebook/OECD/World Bank (2020).
6. 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.
7. Wave V of The Future of Business Survey was conducted 23 September–01 October. Waves I, II, III, and IV of The Future of Business Survey were conducted May 28–31, 24–30 June, 24–30 July, and 24–31 August 2020, respectively.
8. Please see End Note 1 for further information.
9. For example, as of 9 September 2020, Mexico extended its land border closure with the US until at least 21 October. Further information on these announcements can be found at: <https://www.gob.mx/sre/en>
10. It is noted that sales and employment figures may be skewed by businesses that have recently

reopened and have not yet had sufficient time to build up their operations to pre-COVID-19 levels.

11. The Legislative Decree, No. 1156 (in Spanish), is available at: <https://busquedas.elperuano.pe/>
12. Gross value added is defined as the value of output less the value of intermediate consumption.
13. The proportion of micro-businesses that reported lower sales than the same 30-day period last year was lower for micro-businesses in Wave V (46% for micro-businesses compared to over 60% for larger businesses), although this finding is confounded by the number of micro-businesses that were not open last year (18%) or reported that they did not know how the two years' sales compared (10%).
14. Ireland, Singapore, and Hong Kong were only surveyed in the first wave owing to sampling limitations. Norway and South Korea were not included in this survey wave.
15. 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.
16. A full list of indicators can be found here: <https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/codebook.md>
17. The methodology for constructing the index can be found here: https://github.com/OxCGRT/covid-policy-tracker/blob/master/documentation/index_methodology.md
18. Robust standard errors control for misspecifications in the variance of the error term, such as heteroscedasticity, where there exist sub-populations of different variances.
19. As defined by the World Bank. Definitions are available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>
20. 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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