

ENTERPRISE SURVEYS ON COVID-19

WHAT BUSINESSES EXPERIENCE

Panama 2021



ENTERPRISE SURVEYS COVID-19

Introduction

The World Health Organization (WHO) declared COVID-19 as a pandemic on March 11, 2020. The breadth and depth of the effects of the outbreak on the world population and its productive capacity remain uncertain. However, it is clear that many government measures to curtail contagion have a direct impact on the private sector—including the hundreds of millions who derive their living from its activity. The follow-up surveys to the standard Enterprise Surveys (ES) aim to measure the virus’s impact on the private sector by combining the baseline ES data collected before the pandemic with the follow-up data, collected during or after the pandemic.

This document summarizes the main findings from the COVID-19 survey in Panama, which is slightly different from the standard follow-up survey conducted by the unit in other countries because it is not built as a follow-up to the ES, rather it is based on a brand new sample of firms. Business owners and top managers of 292 firms were interviewed between May and June 2021.

Firms Operations

An important measure of the effect of the pandemic on the private sector is the share of firms that have exited the market or had to put their operations on hold during the economic crisis. Figure 1a shows the share of firms that had to close temporarily due to the COVID-19 outbreak.

Figure 1a: Share of firms that temporarily closed (%)

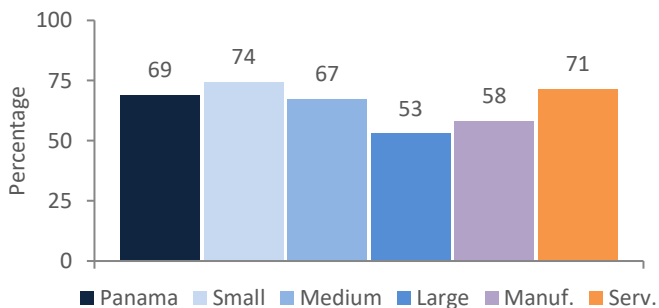
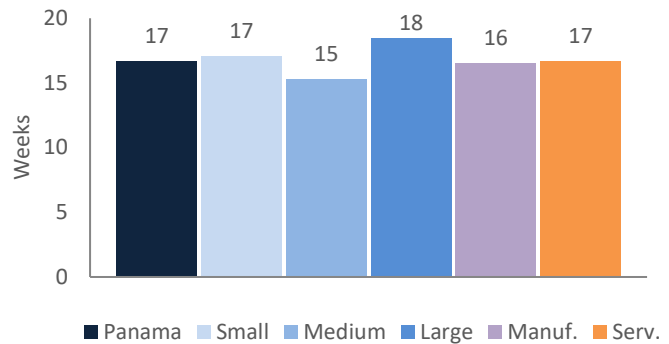


Figure 1b shows the average duration of the closure of the establishments that closed temporarily, measured in weeks. These estimates are disaggregated by size and sector.

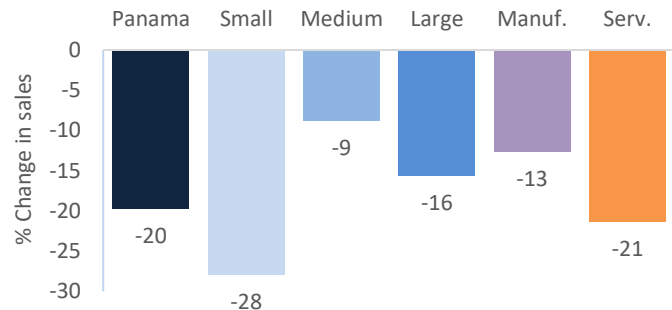
Figure 1b: Average duration of closure (weeks)



Sales

The intensive margin of the effects following the outbreak can be measured by changes in firms’ monthly sales compared with the same period one year ago. Figure 2 reports this measure, disaggregated by firm size and sector.

Figure 2: Average change in monthly sales compared to one year ago (%)



Workforce

The pandemic had both direct and indirect effects on the workforce. Beyond the effects on health and family needs, restrictions on mobility due to health risks or governments’ actions in their efforts to curtail the contagion, as well as unemployment or under-employment due to decreased economic activity have reshaped the workforce. Figure 3 displays a measure of the pandemic’s impact on the workforce – the share of firms that decreased the total number of hours worked per week relative to before the outbreak – disaggregated by size and sector.

ENTERPRISE SURVEYS COVID-19

Figure 3: Share of firms experiencing a decrease of weekly hours worked relative to one year ago (%)

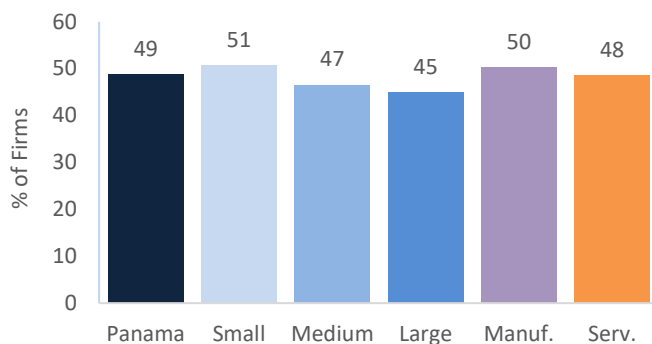
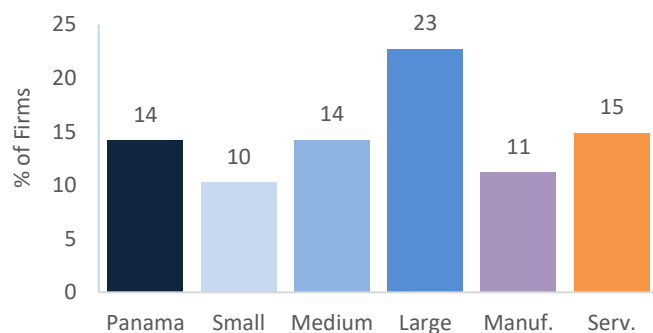


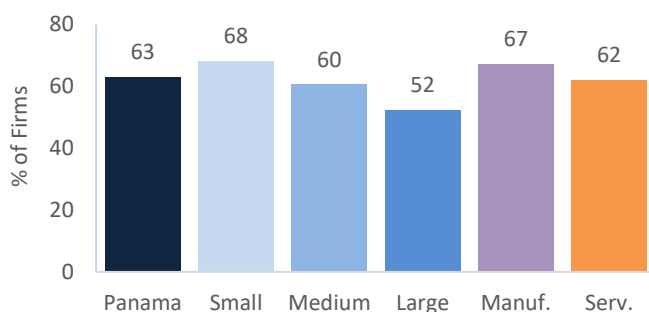
Figure 5: Share of firms that received or expect COVID-19 pandemic-related government support (%)



Finance

As economies were increasingly affected by the COVID-19 pandemic, the private sector experienced growing financial distress. Figure 4 displays the share of firms delaying payments to suppliers, landlords, or tax authorities for more than one week due to the COVID-19 outbreak. This measure provides a sense of the magnitude of the liquidity or solvency crisis induced by the pandemic.

Figure 4: Share of firms delaying payments for more than one week due to COVID-19 (%)



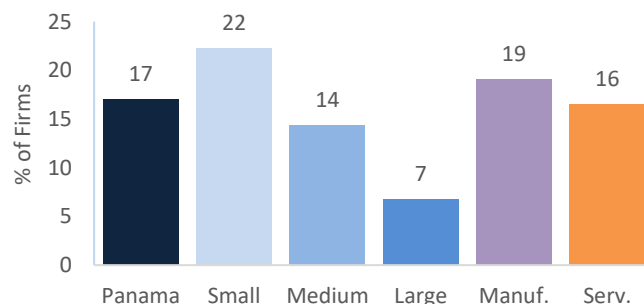
Policy

Local, national, and international institutions put in place different measures aimed at countering the economic effects of the pandemic. Figure 5 illustrates the share of firms that received or expect to receive any national or local government assistance, including but not limited to cash transfers, deferral of payments, access to new credit, fiscal relief, or wage subsidies.

Expectations

Firm expectations play an important role in how the pandemic affects the economy. Based on these expectations, firms make decisions on production, investments, workforce, and all other aspects of their activity. The expectations may also play an important role in shaping the process of economic recovery. Figure 6 shows the share of firms that anticipate falling in arrears on outstanding liabilities in the six months following the interview.

Figure 6: Share of firms that anticipate falling in arrears on outstanding liabilities (%)



ENTERPRISE SURVEYS COVID-19

Appendix

The following table reports some of the indicators created based on the COVID-19 survey in Panama.

	Panama					
	All Firms	Small Firms	Medium Firms	Large Firms	Manufacturing Firms	Services Firms
Operations						
If currently open, percent of firms that previously temporarily closed	68.8	74.4	67.1	52.8	58.1	71.2
If closed temporarily, average duration of closure (weeks)	16.6	17.1	15.3	18.4	16.5	16.7
Capacity utilization (%)*	69.3	60.9	73.0	75.8	69.6	n.a.
Percent of firms that started or increased online business activity	45.7	33.6	50.5	72.5	44.4	46.0
Sales						
Percent of firms experiencing decreased monthly sales compared to one year ago	58.0	67.8	46.0	51.2	46.6	60.6
If decreased, average percent drop in monthly sales compared to one year ago	43.5	46.9	37.4	39.5	39.5	44.2
Average change in monthly sales compared to one year ago	-19.7	-27.9	-8.7	-15.5	-12.6	-21.3
Workforce						
Percent of firms that decreased total hours worked per week	48.8	50.7	46.5	45.0	50.3	48.5
Percent of firms that decreased the total number of permanent workers	58.5	51.8	60.8	74.1	51.2	60.1
Percent of firms that decreased the total number of temporary workers	22.1	23.3	13.8	36.2	21.1	22.3
Finance						
Percent of firms experiencing decreased liquidity or cash flow availability	73.8	84.1	64.4	62.3	69.1	74.9
Percent of firms delaying payments to suppliers, landlords, or tax authorities	62.9	68.2	60.5	52.2	67.2	62.0
Percent of firms that are overdue on obligations to financial institutions	22.0	23.2	19.8	22.8	22.3	21.9
Gender						
Proportion of female workers taking more than 5 days of leave or quitting	43.3	46.6	40.7	43.7	35.7	45.1
Proportion of female workers among the workers laid off	38.1	34.2	41.1	42.6	20.9	41.5
Policy						
Percent of firms that received national or local government assistance	13.4	8.7	14.2	22.7	11.2	14.0
Percent of firms that expect to receive national or local government assistance	0.8	1.6	0.0	0.0	0.0	0.9
Percent firms that received/expect to receive national or local govt assistance	14.2	10.3	14.2	22.7	11.2	14.9
Expectations						
Percent of firms that anticipate falling in arrears on outstanding liabilities	17.0	22.3	14.3	6.8	19.0	16.5
If sales stopped, average duration of establishment survival (weeks)	10.8	7.8	15.2	9.8	8.7	11.3

* These indicators are computed only for the manufacturing sector

The Enterprise Analysis Unit is a World Bank Group team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity. For more information on the survey visit <http://www.enterprisesurveys.org>