



Global State of Small Business Report: Wave II Update

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GLOBAL STATE OF SMALL BUSINESS REPORT

Overview

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

This report presents findings from Wave II of the 2020 Future of Business Survey, an ongoing data collection collaboration among Facebook, the Organisation for Economic Co-operation and Development (OECD), and the World Bank to survey SMBs worldwide that have Facebook Business Pages. Wave II was conducted 24–30 June 2020 and captures the views of more than 25,000 business owners, managers, and employees in over 50 countries. Wave I of the survey was conducted 28–31 May 2020.

For details on the methodology and sampling, see the full-length update at:

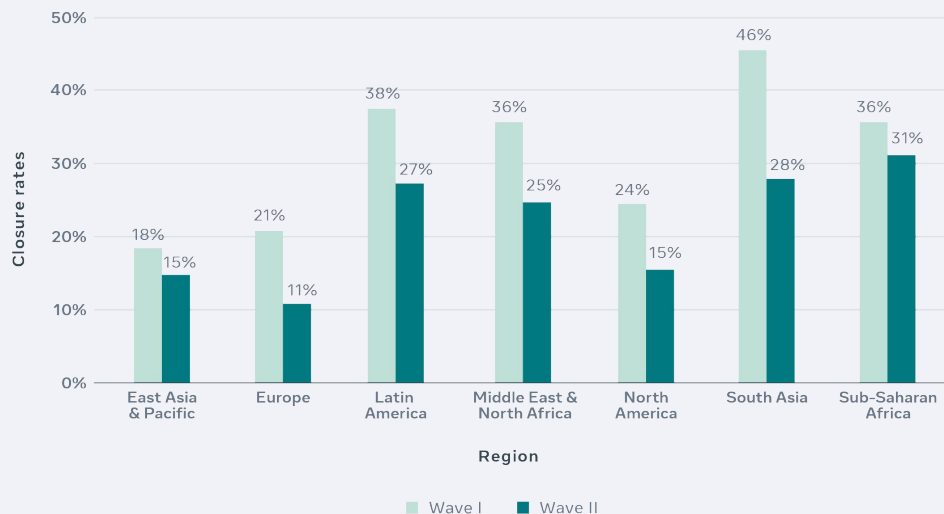
<https://dataforgood.fb.com/global-state-of-smb>



SMBs have begun to re-open as lockdown measures have eased...

- The proportion of SMBs that were closed fell by 8 percentage points in aggregate between Waves I and II, from 26% to 18%.
- A drop in closure rates was observed across all regions, particularly in South Asia (46% to 28%), where closure rates were previously the highest.
- Nevertheless, a quarter or more of SMBs remained closed in four of the seven regions sampled (Latin America, Middle East & North Africa, South Asia, and Sub-Saharan Africa).

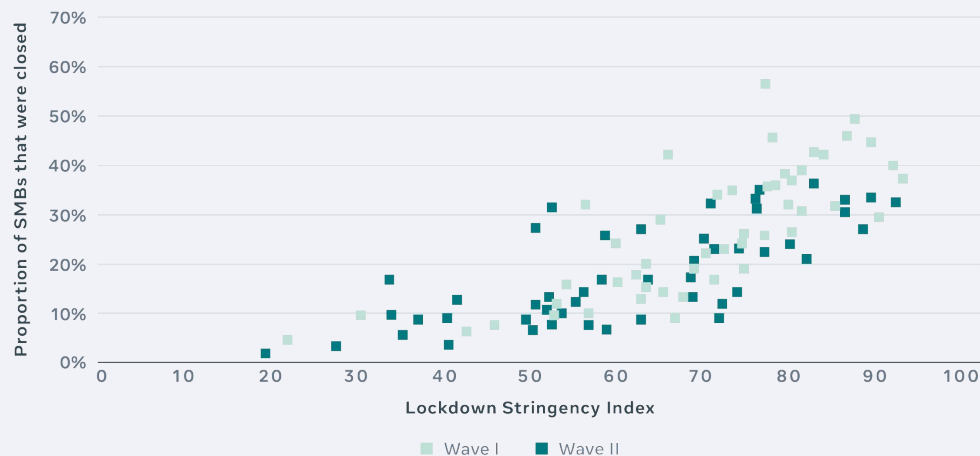
Closure rates, by region



SMBs have begun to re-open as lockdown measures have eased...

- Decreases in SMB closure rates have coincided with an easing in lockdown restrictions across countries and regions. This is indicated by a leftward shift of the country distributions.
- The correlation between reduced stringency and closure rates was particularly evident in sampled countries in Europe, where the Lockdown Stringency Index fell by 13 percentage points on average between Waves I and II and closure rates fell by 10 percentage points.

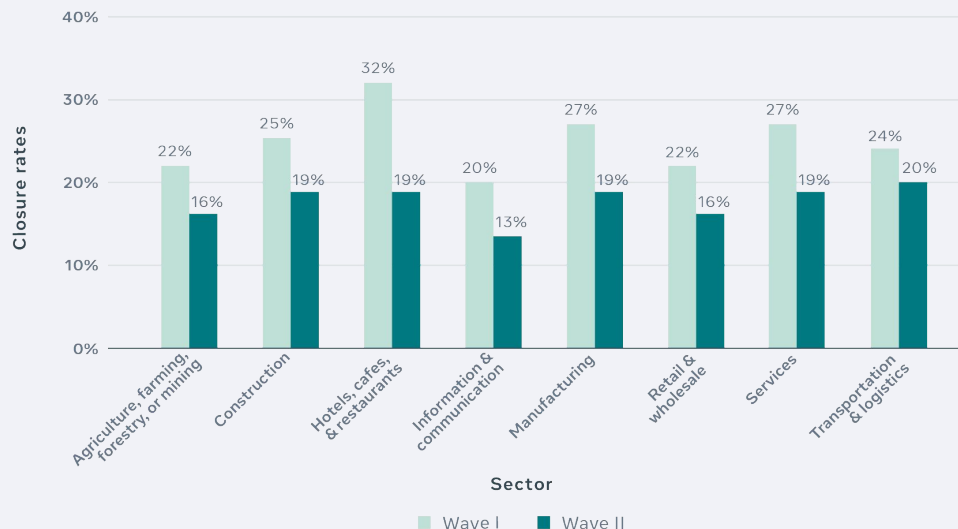
Relationship between SMB closure rates within countries and Lockdown Stringency Index across survey waves



...allowing consumer-facing industries to open up

- The proportion of SMBs that were closed fell in all sectors between Waves I and II, especially those that had the highest closure rates in Wave I.
- In the hotels, cafes, and restaurants sector, for example, aggregate closure rates fell 13 percentage points, from 32% in Wave I to 19% in Wave II.
- In the services sector, customer-facing sub-sectors saw significant drops in closure rates, particularly among travel and tourism agencies (23 percentage point drop to 31%).

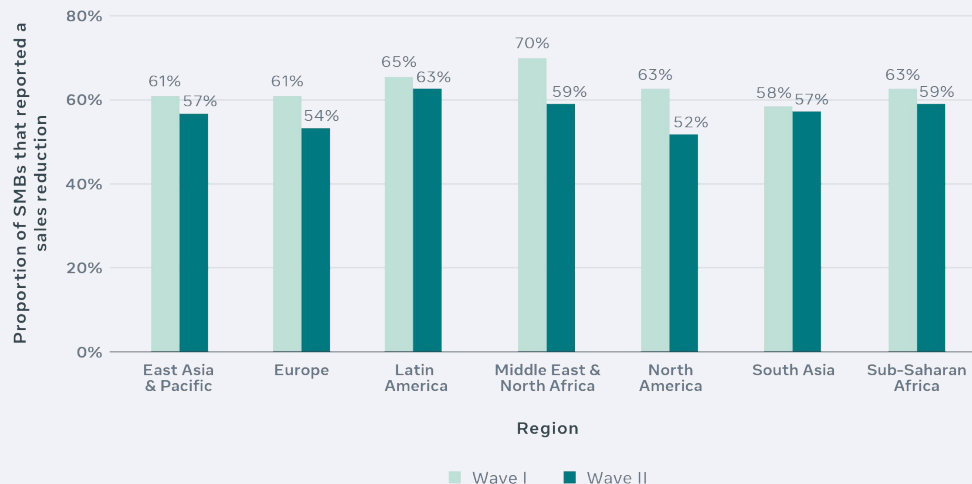
Closure rates, by sector



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

- In aggregate, 57% of SMBs operational at the time of the Wave II survey reported lower sales relative to the same 30-day period in 2019.
- This represents only a marginal (5 percentage point) reduction from Wave I (62%), but some regions and countries saw much stronger improvements.
- In particular, in sampled countries in the Middle East & North Africa and North America, the proportion of firms that reported a drop in sales compared to the same 30-day period in 2019 fell by 11 percentage points.

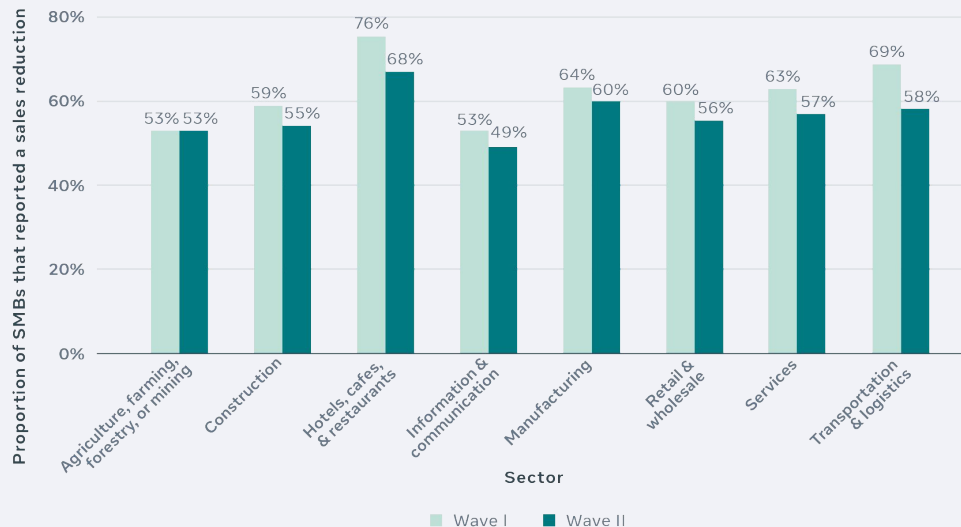
Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by region



Hospitality and transportation sectors have seen the largest resumption in sales activity

- Sectors that in Wave I reported the highest proportions of open SMBs with lower sales relative to the same 30-day period in 2019 (hotels, cafes, and restaurants, together with transportation) saw the largest reductions in this statistic between waves, by 8 percentage points and 11 percentage points, respectively.
- However, the proportion of SMBs that have experienced a decline in sales remained higher than 50% in all sectors other than information and communication.

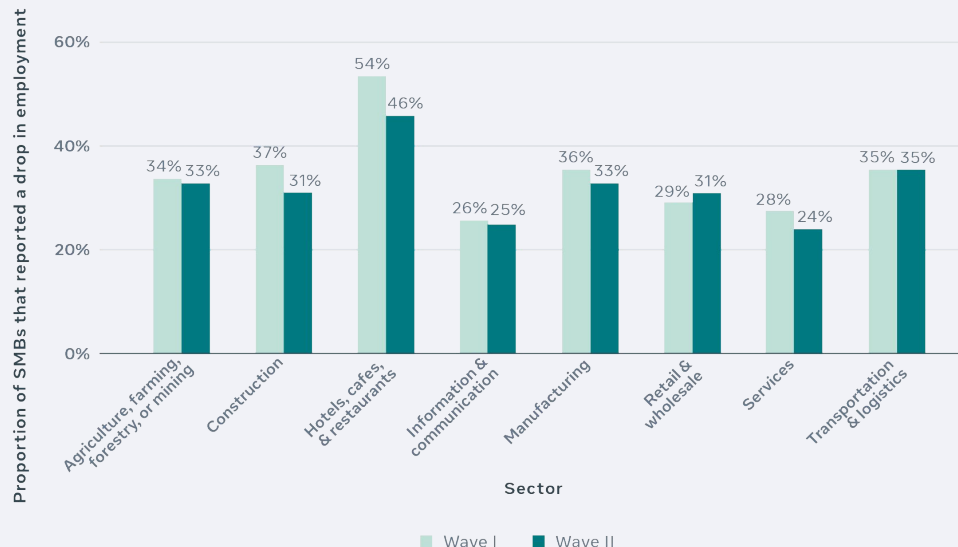
Proportion of SMBs that reported a reduction in sales relative to the same 30-day period in 2019, by sector



SMBs have sustained reductions in headcount

- In aggregate, 31% of operational SMBs reported that they had reduced employment in response to the COVID-19 pandemic, compared to 33% in Wave I.
- Most sectors saw little change in the number of businesses that had reduced employment between Waves I and II, with the exception of SMBs in the hotels, cafes, and restaurants sector (from 54% to 46%) and in construction (37% to 31%).

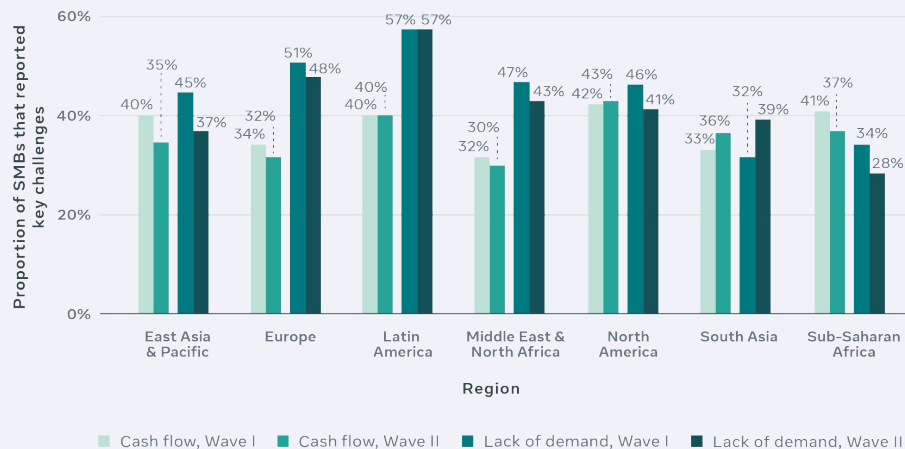
Proportion of SMBs that reported a drop in employment in response to COVID-19, by sector



Many SMBs referenced cash flow and lack of demand as ongoing challenges

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

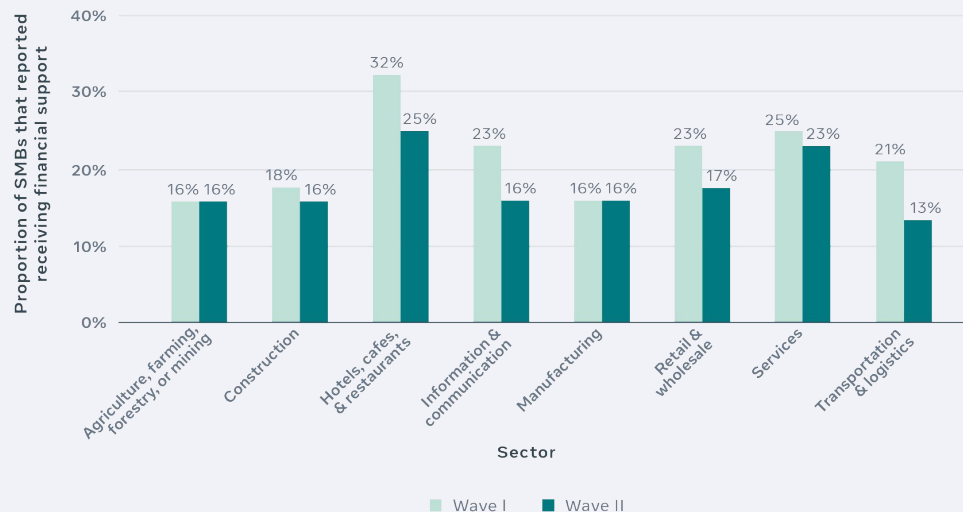
Proportion of SMBs that referenced cash flow and lack of demand as key ongoing challenges, by region



One-fifth of SMBs were in receipt of financial assistance...

- At the time of the Wave II survey, 19% of businesses across the aggregate sample were in receipt of financial assistance, a 4 percentage point decrease for Wave I.
- The hotels, cafes, and restaurants sector showed the largest reduction in the proportion of SMBs that were closed and the largest drop in the proportion that were in receipt of financial assistance (7 percentage points).

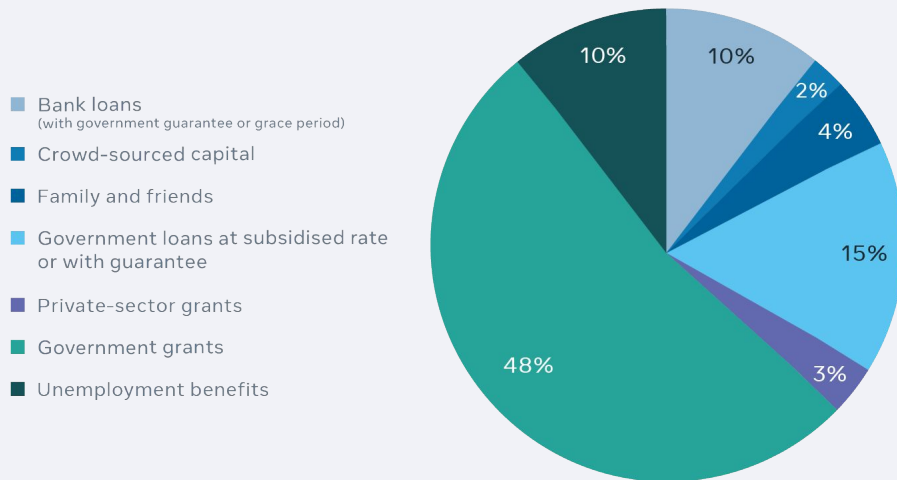
Proportion of SMBs receiving financial support, by sector



... the majority of which has been from government

- Government grants and loans remained the most common forms of financial support that SMBs reported receiving in response to the COVID-19 pandemic (48% and 15%, respectively).

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



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Please cite this document as:

Facebook/OECD/World Bank (2020). The Future of Business Survey. Available at:

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