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American Chamber of Commerce in Kosovo



KDWW-OEGJK

Kosovarisch-Deutsche Wirtschaftsvereinigung
Oda Ekonomike Gjermano-Kosovare



European
Investors
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KLUBI I PRODHUESVE TË KOSOVËS
KOSOVO MANUFACTURING CLUB

Survey on COVID-19 impact on Kosovo enterprises

April 2020

Data analysis conducted
pro-bono by:



Introduction

- This study has been commissioned and executed jointly by :
 - Kosovo Chamber of Commerce
 - American Chamber of Commerce in Kosovo
 - Kosovo German Chamber of Commerce
 - European Investors Council
 - Kosovo Manufacturing Club
- The study aims to provide a preliminary overview of the impact of COVID-19 on Kosovo enterprises.
- The study has been conducted by the chambers between April 1 and 8, 2020 through an online survey.
- The study was conducted during the third week of the COVID-19 related restrictions and as a result only reflect the initial impacts of the crisis and may not reflect the subsequent impact of the restrictions due to the crisis.

Survey Demographics

The survey represents the opinions of the members of the respective chambers in Kosovo.

462 responses were collected from 4,000 contacted parties at a response rate of 11% - this response rate is considered to be satisfactory for online surveys.

The number of employees declared by the respondents were 36,940.

262 respondents reported total 2019 tax payments of € 232 million – which represents a reliable proxy indicator of the total economy coverage of the survey.

SECTORS	RESPONSES
Production	45.89% 212
Wholesale Trade	18.61% 86
Retail Trade	20.78% 96
Energy	1.73% 8
Mining	1.08% 5
Construction	9.52% 44
HORECA Services	7.14% 33
Financial Services	3.68% 17
Business Consulting Services	4.55% 21
Information Communication Technology Services	5.63% 26
Passenger transport services and / or tourism	2.38% 11
Other	19.26% 89
Total Respondents: 462	

MAIN FINDINGS

Main Findings (1)

The perception of the impact of the crisis on businesses

- 95% of surveyed enterprises have qualified the impact of the COVID-19 crisis as negative (with 58.6% classifying the crisis as **very negative**)
- Breakdown of perceptions by enterprises size (measured by number of employees) indicates that larger enterprises perceive the impact of the COVID-19 crisis as more substantial than smaller companies. There is small to no difference in perception between various sectors.

The impact of the crisis on the ability to operate

- When asked how the COVID-19 crisis affected their ability to operate and how they are responding, 83.6% of surveyed enterprises said that the crisis has reduced their ability to operate, with 39% having closed entirely, 30.7% working with reduced capacities and 13.8% operating with reduced work-schedules.
- Breakdown of responses by enterprises size indicates that micro enterprises are the most affected by full closure (54.4%) whereas medium and large enterprises have been forced to reduce capacities (57.3% and 40% respectively).

Main Findings (2)

Threat to survival

- When asked whether COVID-19 has impacted their ability to survive, 59.4% of the enterprises have expressed concerns regarding their ability to survive the crisis.
- Breakdown of responses by enterprise size indicates an inverse correlation between size and survival risk with micro and small enterprises perceive the highest risk to their survival (65% declared that their survival is threatened).
- The sector with the most concern for survival is construction, with 75% of the respondents feeling threatened.

Main Findings(3)

Impact on Employment

- 29.2% of the enterprises have declared that even in the third week their employee numbers have been reduced.
- 40.6% of medium sized enterprises have declared that the crisis has led to their downsizing - 33% of large enterprises have done the same.
- Employment impact seems to be somewhat smaller for micro (25.4%) and small (25.5%) enterprises.
- Respondents have declared that only during the first 3 weeks of the crisis they have been forced to let go or furlough 2,948 employees.
- When asked regarding the portion of employees that were downsized larger companies indicated the lower of the proportions (10% of these companies declared that they downsized by 30% of employees). However, considering that these companies have a larger absolute number of employees, the more substantial part of unemployment will be generated by problems in the large companies.
- The biggest proportion of lay-offs is observed in micro and small enterprises where 8.5% of the micro enterprises have downsized between 30% - 50% of their employees and 13.9% of the have downsized labor by over 50%.
- Similarly, 5% of small enterprises have downsized between 30% -50% of their workforce whereas 7.5% of them have downsized over 50% of their workforce.
- 4.6% of the surveyed emprises have declared that they have let go all of their workforce.

Main Findings (4)

Most affected aspects of businesses

- The majority of enterprises indicate that finances are the most affected aspects of their business, followed by operations.
- Financial matters (revenues and lack of liquidity) seem to be the prevalent problem for small and medium enterprises.
- Manufacturing companies on the other hand express that their main concern is the loss of production capacities.

Enterprise sales

- 92% of the respondents have said that sales has suffered as a result of the crisis.
- Of these respondents, 22% report over 50% drop in sales and 48% report over 75% drop in sales.
- Breakdown of data by enterprise size indicates that micro (62.1% have over 50% sales drops) and small (60.9% have declared a 50% sales reduction) enterprises are the most affected.

Study findings

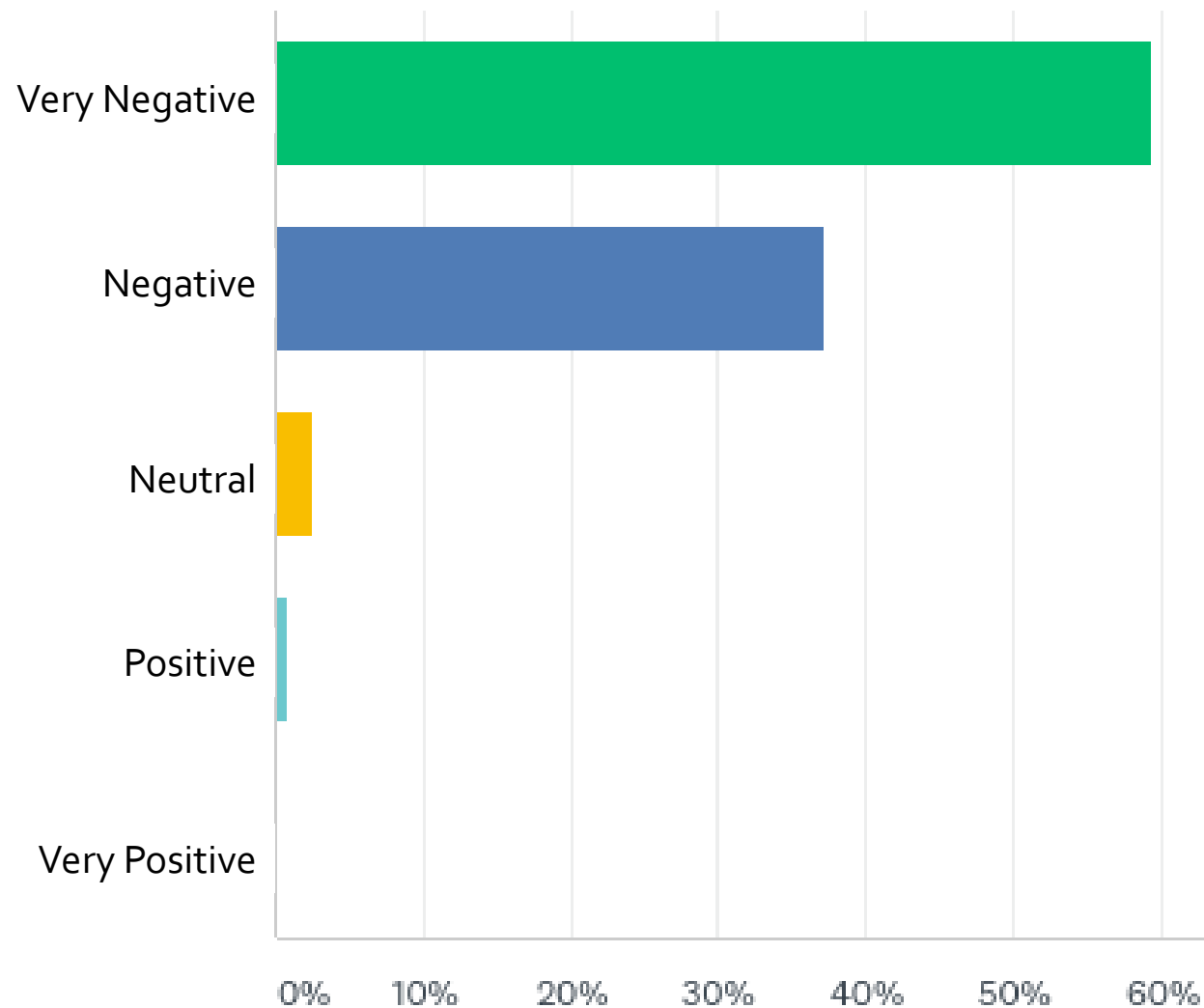
The following slides represent survey findings for the full sample disaggregated by enterprise size and specific sector.

1. How would you describe the impact of the COVID-19 crisis on your business?

95% of respondents have indicated a negative impact of which:

58.6% very negative

37.3% negative



		Size of the business				Total
		1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
How would you evaluate the effect of the COVID-19 pandemic on your business?	Negative	39.6%	37.9%	35.4%	26.7%	37.3%
	Neutral	1.8%	1.9%	3.1%	3.3%	2.2%
	Does not know	1.2%	1.2%	1.0%	3.3%	1.3%
	Positive	0.6%		1.0%	3.3%	0.7%
	Very Negative	56.8%	59.0%	59.4%	63.3%	58.6%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

1. How would you evaluate the effect of the COVID-19 pandemic on your business?

If we disaggregate the responses by enterprise size, the negative impact of the COVID-19 crisis increases with enterprise size (by number of employees).

1. How would you describe the impact of the COVID-19 crisis on your business?

- Disaggregated by sectors, the impact results are as follows:
 - Construction: 97.7% rate the impact as negative (70.5% as very negative)
 - Retail Trade: 97.9% negative (67.7% very negative)
 - Wholesale Trade: 96.5% negative (68.6% very negative)
 - Production / Manufacturing: 93.5% negative (62.7% very negative)

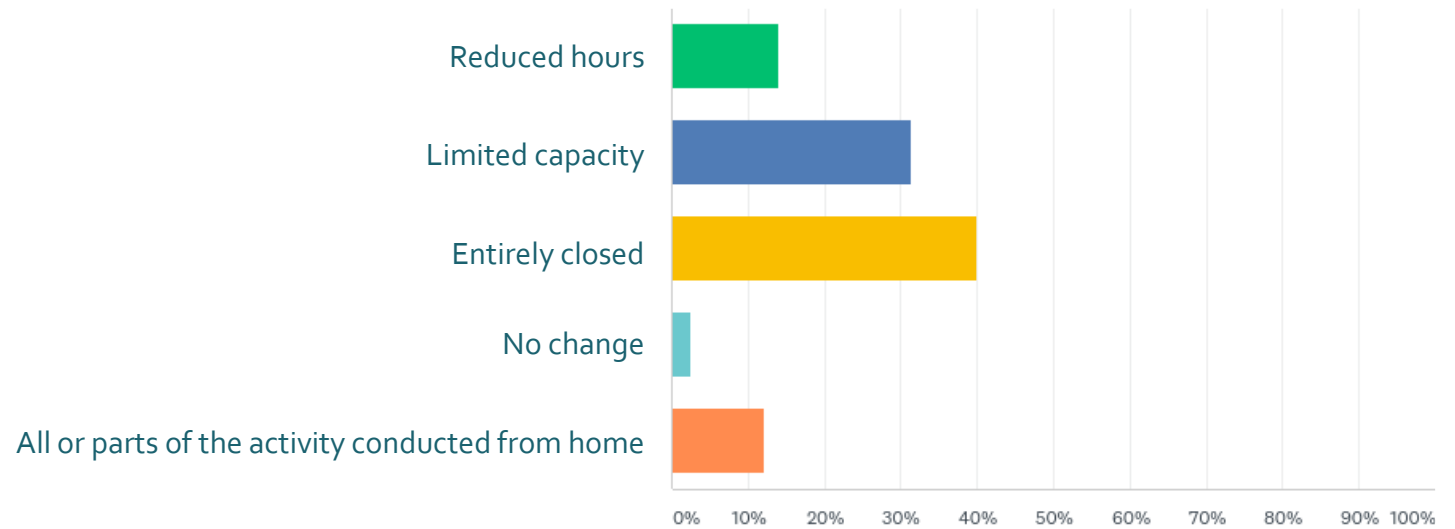
2. How is your company operating during this period?

83.6% of enterprise operations have been affected, of which:

39% are closed entirely

30.7% working at limited capacity

13.8% working with reduced hours



		Size of the business				Total
		1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
How is your company operating during this period?	Entirely Closed	54.4%	36.6%	19.8%	26.7%	39.0%
	Does not know	3.0%	1.9%	1.0%	3.3%	2.2%
	No change	0.6%	1.9%	6.3%	3.3%	2.4%
	Working with reduced capacities	12.4%	32.3%	57.3%	40.0%	30.7%
	Working with reduced work schedule	13.6%	16.8%	8.3%	16.7%	13.8%
	All or parts of the activity conducted from home	16.0%	10.6%	7.3%	10.0%	11.8%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

2. How is your company operating during this period?

Disaggregated by size, the results are:

Micro enterprises are the most affected by full closure (54.4%)

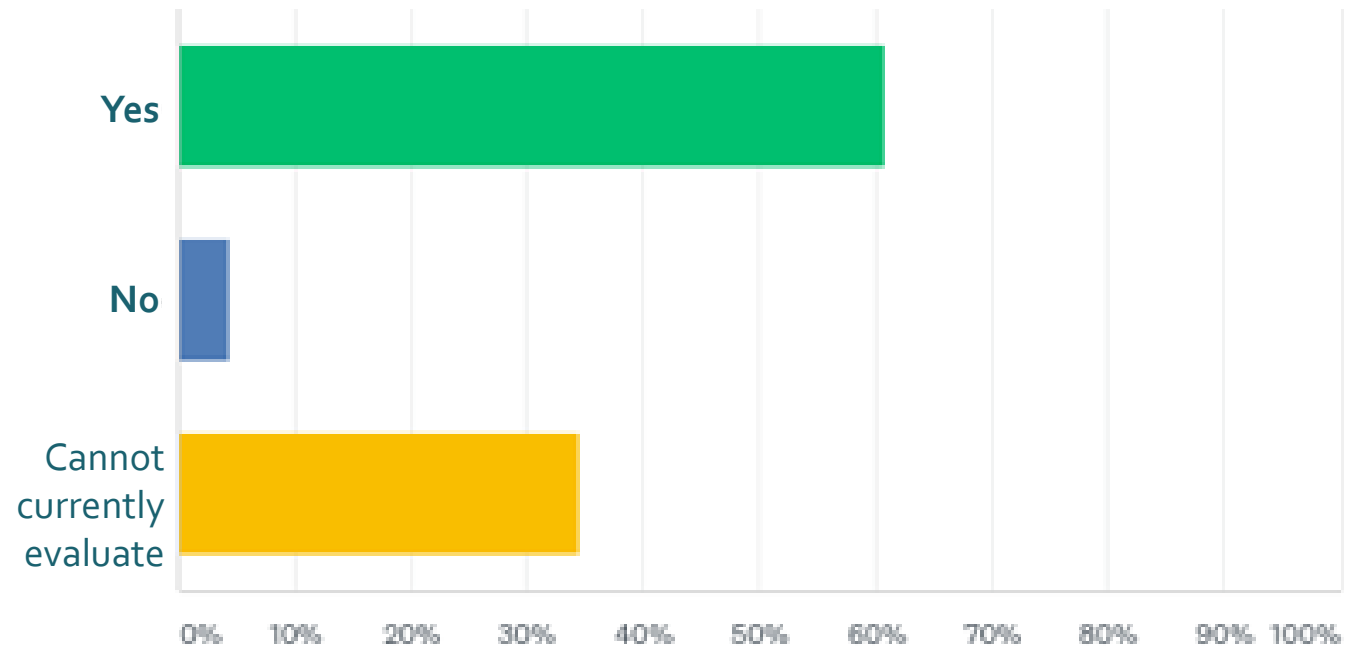
Medium and large enterprises forced to work with reduced capacities (57.3% and 40%)

2. How is your company operating during this period?

- Disaggregated by sectors, the impact results are as follows:
 - Construction:
 - 38.6% have entirely stopped operations
 - 27.3% work with reduced capacities
 - 18.2% work with reduced work schedules
 - Retail Trade:
 - 47.9% have entirely stopped operations
 - 20.8% work with reduced capacities
 - 20.8% work with reduced work schedules
 - Wholesale Trade:
 - 38.4% have entirely stopped operations
 - 34.9% work with reduced capacities
 - 18.6% work with reduced work schedules
 - Production / Manufacturing:
 - 36.3% have entirely stopped operations
 - 39.2% work with reduced capacities
 - 13.7% work with reduced work schedules

3. Does COVID-19 jeopardize the survival of your business?

60% of enterprises think the COVID-19 crisis jeopardizes the survival of their business



		Size of the business				Total
		1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
Does COVID-19 jeopardize the survival of your business?	No	3.6%	3.1%	6.3%	10.0%	4.4%
	Does not know	3.0%	1.9%	2.1%	3.3%	2.4%
	Cannot currently evaluate	28.4%	29.2%	46.9%	46.7%	33.8%
	Yes	65.1%	65.8%	44.8%	40.0%	59.4%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

3. Does COVID-19 jeopardize the survival of your business?

Disaggregated by enterprise size, there is an inverse correlation between size of the enterprise and risk to survival:

Micro and small enterprises perceive the higher risk where over 65% of them have declared that their survival is jeopardized

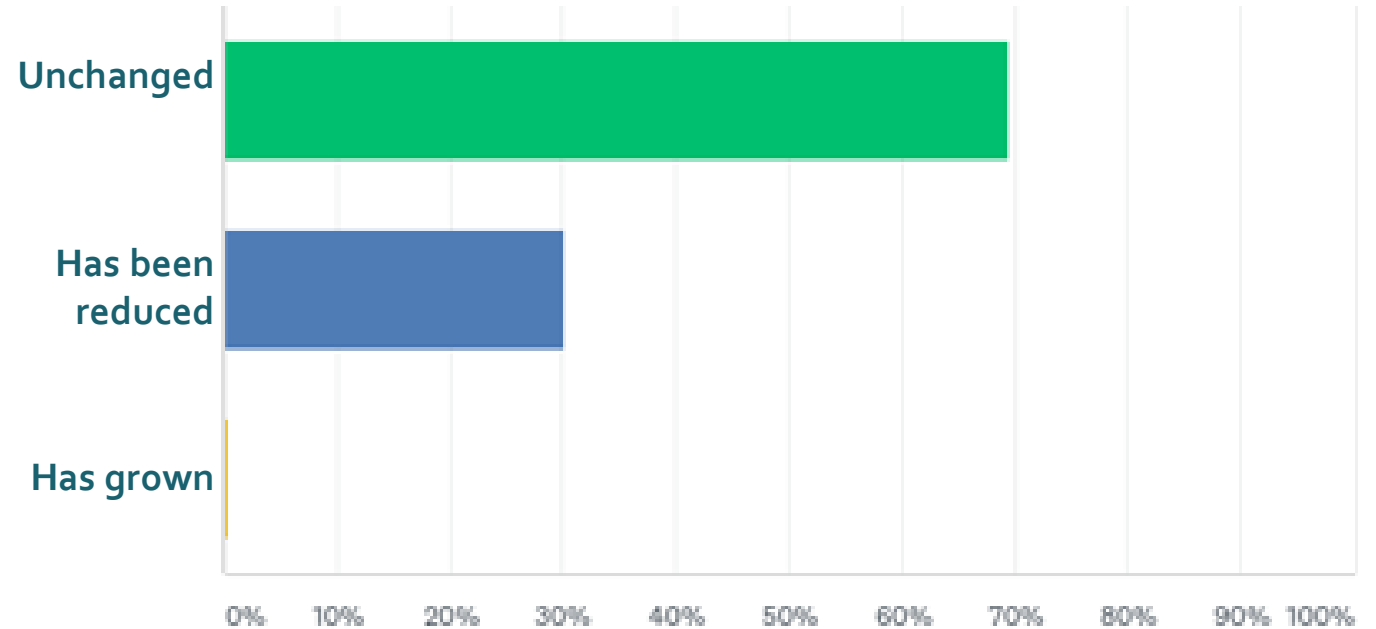
Slightly less than have of and large enterprises consider their survival jeopardized (44.8% and 40%)

3. Does COVID-19 jeopardize the survival of your business?

- Disaggregated by sectors, the impact results are as follows:
 - Construction:
 - 75% consider their survival jeopardized
 - 20.5% cannot currently provide an evaluation
 - Retail Trade:
 - 57.3% consider their survival jeopardized
 - 38.5% cannot currently provide an evaluation
 - Wholesale Trade:
 - 54.7% consider their survival jeopardized
 - 33.7% cannot currently provide an evaluation
 - Production / Manufacturing:
 - 56.6% consider their survival jeopardized
 - 38.7% cannot currently provide an evaluation

4. How has COVID-19 affected the number of your employees

29.2% of enterprises have declared that as early as the third week of the crisis they have reduced their workforce



		Size of the business				Total
		1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
How has COVID-19 affected the number of your employees	Has grown				6.7%	0.4%
	Has decreased	25.4%	25.5%	40.6%	33.3%	29.2%
	Has stayed the same	71.6%	72.7%	57.3%	56.7%	68.0%
	Does not know	3.0%	1.9%	2.1%	3.3%	2.4%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

4. How has COVID-19 affected the number of your employees

Based on responses, 40.6% of small enterprises have declared that the crisis has led to the reduction in their workforce.

33.3% of large enterprises have declared workforce reductions

Impact on number of employees seems to be smaller in the micro (25.4%) and small (25.5%) enterprises.

4. How has COVID-19 affected the number of your employees

- Disaggregated by sectors, the impact results are as follows:
 - Construction:
 - 29.5% declare reduced workforce
 - Retail Trade:
 - 28.1% declare reduced workforce
 - Wholesale Trade:
 - 23.3% declare reduced workforce
 - Production / Manufacturing:
 - 24.5% declare reduced workforce

4.1. What percentage of employees have you downsized so far

2,948 employees were laid off or furloughed only during the first two weeks of the crisis in the responding companies

4.6% of the respondents have downsized their entire workforce

	Size of the business				Total
	1-9 employees	10-49 employees	50-249 employees	250+ employees	
Have not reduced their workforce yet	77.0%	78.9%	67.7%	80.0%	75.9%
Have reduced up to 30% of their workforce	0.6%	8.7%	16.7%	10.0%	7.5%
Have reduced 30% - 50% of their workforce	8.5%	5.0%	3.1%	6.7%	6.0%
Have reduced over 50% of their workforce	13.9%	7.5%	12.5%	3.3%	10.6%

- Large enterprises have downsized the smaller portion of their workforce, 10% of the have reduced up to 30% of the workforce
- The largest workforce reductions are seen in micro and small enterprises where:
 - 8.5% of micro enterprises have reduced 30-50% of their workforce, whereas 13.9% have reduced over 50% of the workforce
 - Similarly, 5% of small enterprises have reduced 30-50% of the workforce, whereas 7.5% of them have reduced 50% of their workforce.

4.1. What percentage of employees have you downsized so far?

	Construction	Wholesale Trade	Retail Trade	Production
Have not reduced their workforce yet	72.1%	79.1%	76.8%	80.8%
Have reduced up to 50% of their workforce	18.6%	11.6%	11.6%	11.1%
Have reduced over 50% of their workforce	9.3%	9.3%	11.6%	8.2%

- Disaggregated by sector, the data is as follows:
 - Construction: 27.9% have reduced their workforce, and 9.3% have reduced over 50% of the workforce.
 - Retail Trade: 23.2% have reduced their workforce, and 11.6% have reduced over 50% of their workforce
 - Wholesale Trade: 20.9% have reduced their workforce, and 9.3% have reduced over 50% of their workforce
 - Production / Manufacturing: 19.2% have reduced their workforce, and 8.2% have reduced over 50% of their workforce

5. What aspects of your business have been impacted by COVID-19?

The majority of respondents quote financial problems as a result of COVID-19:

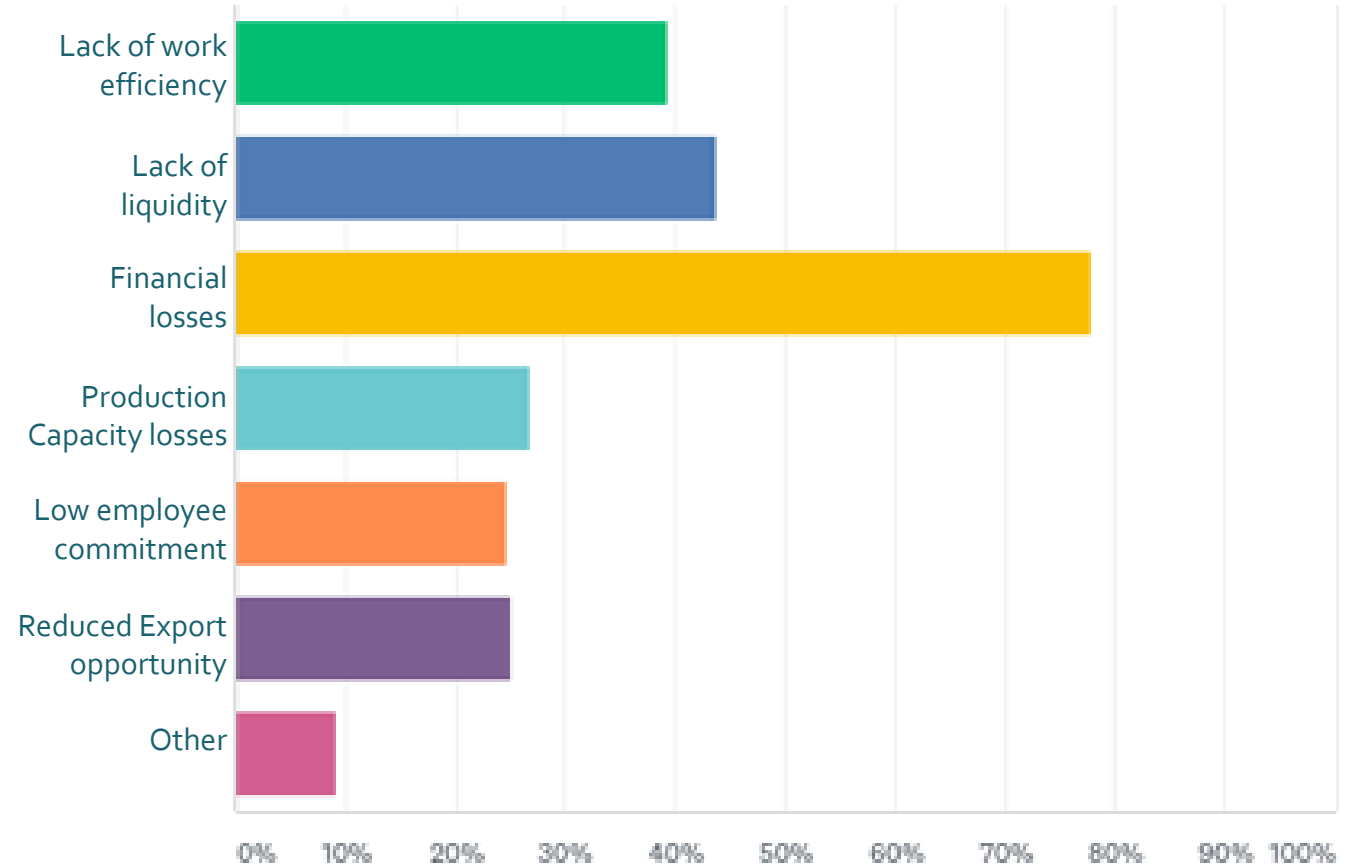
77.78% Financial losses

43.72% Lack of Liquidity

Followed by operational problems:

39.37% Lack of work efficiency

26.81% Production Capacities



	Size of the business				Total
	1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
Lack of work efficiency	30.2%	37.3%	41.7%	33.3%	35.3%
Lack of liquidity	26.0%	40.4%	59.4%	46.7%	39.5%
Financial losses	66.3%	73.9%	70.8%	63.3%	69.7%
Production Capacity losses	13.6%	35.4%	28.1%	10.0%	24.1%
Low employee commitment	14.8%	26.1%	31.3%	16.7%	22.4%
Reduced Export opportunity	11.2%	32.9%	30.2%	10.0%	22.8%
Other	10.1%	6.8%	7.3%	6.7%	8.1%

5. What aspects of your business have been impacted by COVID-19?

According to responses, the crisis has more heavily affected the operations of small and medium sized enterprises

Financial aspects (losses and lack of liquidity) seem to be a problem for small and medium sized enterprises

	Construction	Wholesale Trade	Retail Trade	Production
Lack of work efficiency	38.64%	33.72%	38.54%	31.60%
Lack of liquidity	31.82%	45.32%	40.63%	38.68%
Financial losses	63.64%	74.42%	76.04%	67.45%
Production capacity losses	31.82%	30.23%	23.96%	48.11%
Low employee commitment	29.55%	12.79%	21.88%	24.06%
Reduced export opportunity	34.09%	29.07%	21.88%	41.01%
Other	4.55%	9.30%	8.33%	7.08%

5. What aspects of your business have been impacted by COVID-19?

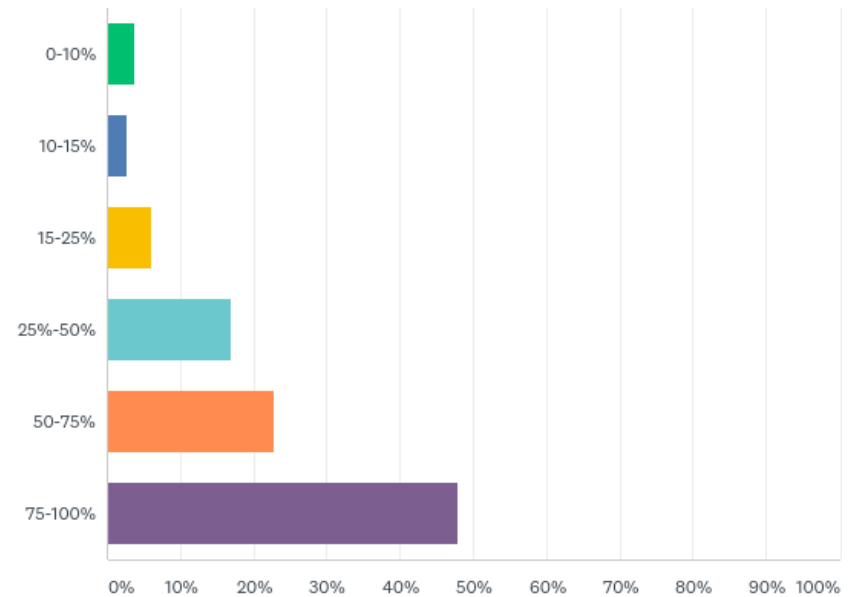
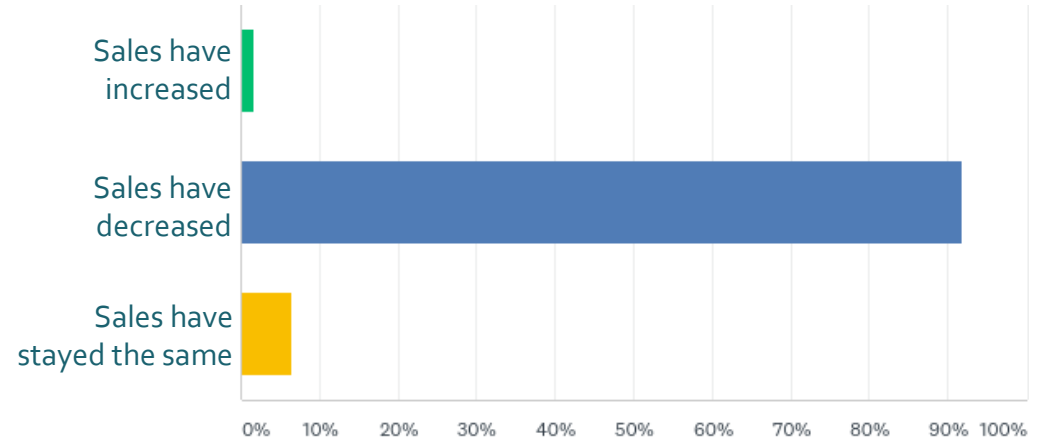
By sector, the trade sector has claimed the highest financial losses and liquidity problems as the most pronounced.

On the other hand, production companies claim that their main concern is the loss of production capacities.

6. How were your sales affected by COVID-19?

Almost 82% of businesses have declared reduced sales as a result of the crisis.

From these businesses, around 57.6% report losses of over 50% whereas 39% report sales losses of over 75%



		Size of the business				Total
		1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
By what percentage have your sales decreased?	0-10%	3.0%	2.5%	5.2%		3.1%
	10-15%	1.8%	0.6%	4.2%	6.7%	2.2%
	15-25%	3.0%	6.8%	5.2%		4.6%
	25%-50%	10.1%	14.9%	18.8%	16.7%	14.0%
	50-75%	15.4%	19.9%	19.8%	26.7%	18.6%
	75-100%	46.7%	41.0%	27.1%	23.3%	39.0%
	Does not know	20.1%	14.3%	19.8%	26.7%	18.4%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

6. How were your sales affected by COVID-19?

Disaggregated by size, micro (62.1% have over 50% sales losses) and small enterprises (60.9% have marked halved sales) were the most affected by sales decreases.

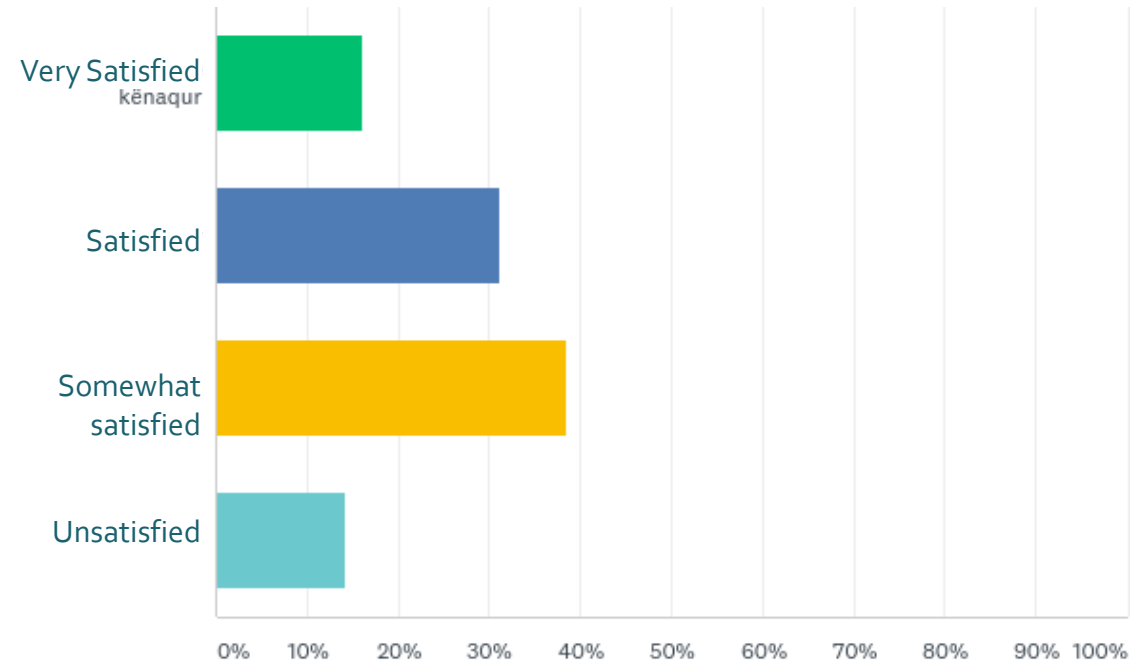
Over 46% of small enterprises report over 50% sales drops, with 50% of large enterprises also claiming over 50% sales drops.

6. How were your sales affected by COVID-19?

	Construction	Wholesale Trade	Retail Trade	Production
Enterprises with reduced sales	81.82%	83.72%	85.42%	81.60%
Enterprises with over 50% sales reductions	70.45%	59.30%	63.54%	58.02%

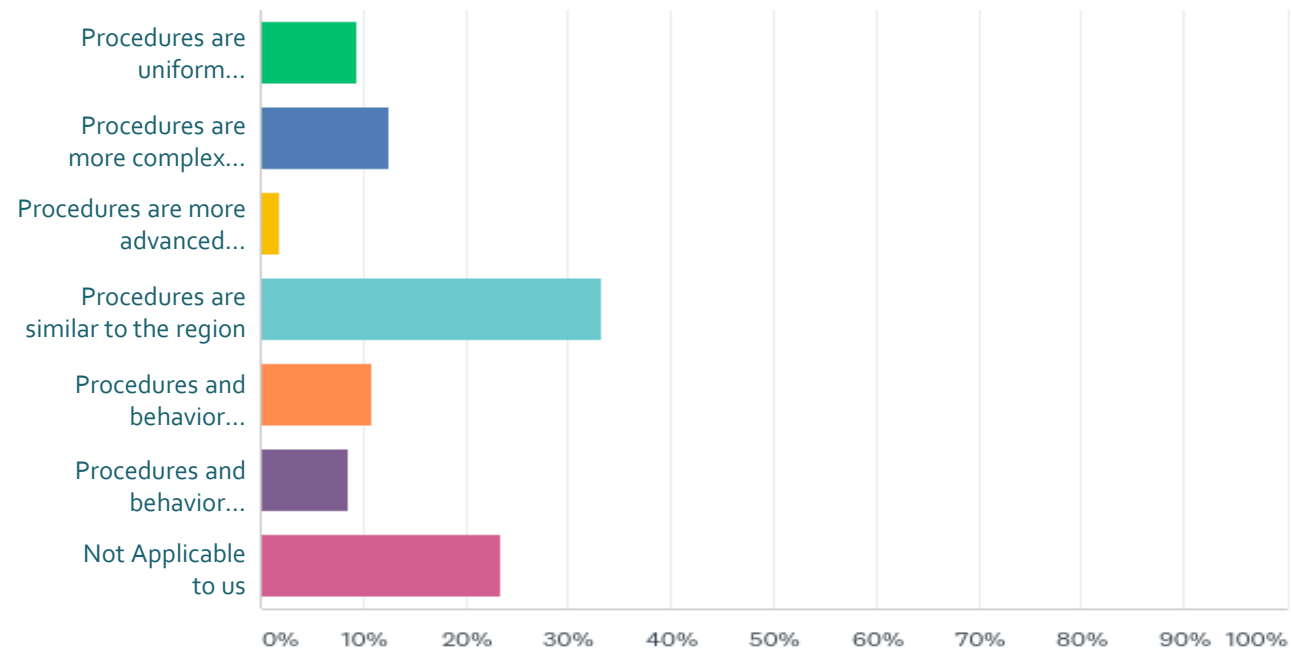
- Disaggregated by sector, over 80% of enterprises in all sectors declare that they have lost sales.
- A marked sales drop has been noticed in the construction sector, where over 70% of the enterprises declare over 50% sales drops.
- Around 60% of enterprises from other sectors also declare that sales have drop by over 50%

7. How satisfied are you with the clarity of the decisions of the Government of the Republic of Kosovo regarding the measures for the COVID-19 pandemic?



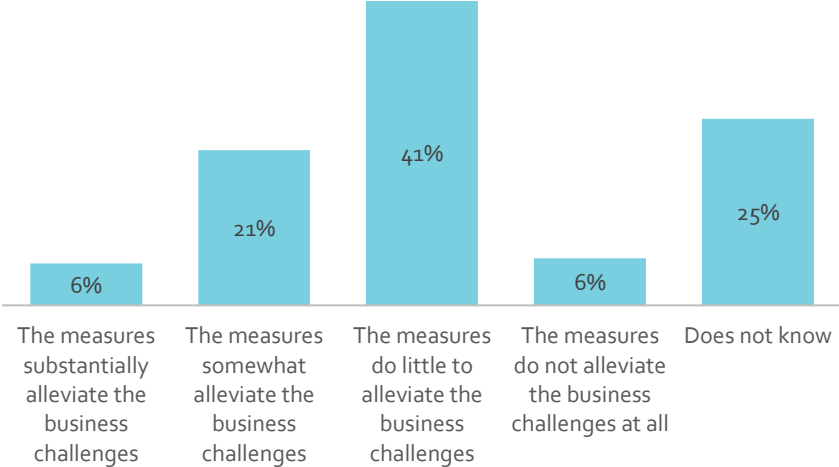
- 76% of enterprises express they are satisfied with the clarity of the decisions of the Government of Kosovo.

8. How would you evaluate the procedures and behavior of state officials of the Government of Kosovo during import and export?



Not applicable to our business	21.3%
Does not know	8.6%
Procedures and behavior of officials is above the regional standard	17.5%
Procedures are more advanced and flexible but behavior of officials is not	1.5%
Procedures are more complicated but behavior of officials is professional	11.6%
Procedures are comparable to the region but the behavior of the officials is less professional	8.8%
Similar to the region	30.7%

	Size of the business				TOTAL
	1 – 9 employees	10 – 49 employees	50 – 249 employees	250+ employees	
The measures substantially alleviate the business challenges	6.5%	5.6%	4.2%	6.7%	5.7%
The measures somewhat alleviate the business challenges	21.9%	19.9%	20.8%	23.3%	21.1%
The measures do little to alleviate the business challenges	35.5%	44.7%	47.9%	36.7%	41.4%
The measures do not alleviate the business challenges at all	8.3%	4.3%	7.3%	3.3%	6.4%
Does not know	27.8%	25.5%	19.8%	30.0%	25.4%



9. How would you rate the economic measures?



Data analysis conducted pro-bono by:

