



Impact of Shutdown on Private Sector Amidst COVID-19

Businesses Questioning Government Economic Measures

As the COVID-19 pandemic rages on throughout the world it is becoming abundantly clear that every facet of our lives has been affected. However, in an unprecedented manner, this virus has shown to have affected the world economy in an immediate fashion, and it is also apparent that in the long-term, the most far-reaching repercussions will surely be seen in the economic sphere. To understand how the private sector is dealing with this unprecedented situation of lockdown, Analyzeize Research conducted a poll of 360 companies in Jordan to ascertain their current situation, fears for the future, and recommendations for government action.

With conflicting concerns over national health and economic deterioration, only 65.7% of businesses were in support of the government's decision to impose a nationwide curfew, which stands in contrast with our most recent general population poll conducted on March 24, 2020 in which 96% claimed to support this decision. The difference underlines the private sector's concerns in light of the seriousness of the pandemic. Similarly, businesses were seemingly more uncertain of the future of the country; 62% of companies polled thought that "Jordan is moving in the right direction" in comparison to 94% of the public that agreed with this statement.

Furthermore, most companies believe that the government does not have a clear plan for supporting the economy (80%), and there appears to be low trust in decisions made by the government in supporting the private sector to overcome difficulties (24%). Differences across company size with regard to the levels of trust in the government's ability to overcome current difficulties show a divide: 43% of large companies indicated almost no trust in the government compared to 31% of both small and medium-sized firms.

Most companies claim to have been negatively impacted since strict lockdown measures were implemented and all business operations were halted (87%); large businesses reported lower rates of impact compared to small and medium companies. This may result from large companies being more resilient in the short term, with larger reserves and other resources.

This greater resilience is seen more clearly in questions regarding cash flow: of the large companies, 46% were able to cover salaries for over 3 months compared to 30% of medium and just 17% of small companies. Moreover, a concerning finding was that 33% of small, 23% of medium, and 16% of large companies will struggle to pay salaries at the end of this month, indicating that cash flow is tied to day to day operations. Worries expressed by the private sector varied: for both small and medium companies, inability to pay salaries and therefore having to lay off employees was the biggest concern (43-45%); for large companies, it was their fear of lower demand and sales (44%).

The vast majority of companies (around 80%) appeared to be taking measures in response to the situation; large companies have been focusing on shifting to working from home (42%) and increasing automation (35%) whereas the most common response of small and medium companies was to cut back on salaries (37-39%), reflecting the bigger cash flow issues of smaller-scale operations.

Analyzeize Research carried out the poll to measure the impact of COVID-19 on private sector companies based in Jordan between March 30 and April 1, 2020. This was the 3rd poll conducted by the firm since March 16th. The survey included 360 private sector companies. The respondents included all industrial, commercial, service and financial sectors and economic activities working in and from Jordan. Prominent local and regional corporate and business leaders, in addition to entrepreneurs from across all the primary and secondary sectors of economy participated in the survey.

For the purposes of analysis, the companies were broken down by numbers of employees; 68% of the companies polled have 0-49 employees (counted as "small"), 22% have 50-249 employees ("medium") and 10% employ 250+ employees ("large").