

# BUSINESS RESILIENCE ANALYSIS COVID-19 *SECOND SURVEY MAY 2020*

Given the scale and scope of the global crisis caused by COVID-19, rapid and proactive adaptations are required. A second survey on enterprise resilience to the COVID-19 crisis was launched in May 2020 to measure the adoption of biosecurity measures by enterprises, assess how enterprises are adapting to the crisis, and to collect evidence on the contribution of different relief measures to enterprise recovery. This initiative brought together the following institutions with the aim of generating evidence to support management decision-making and coordinated responses between the public and private sectors.



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# METHODOLOGY AND CHARACTERISTICS OF THE SAMPLE

A national rapid mobile survey of businesses was launched 7 to 17 May 2020 to collect data on business resilience to the COVID-19 crisis. The survey questions drew from resilience theory and included indicators from the Honduran Market Systems Diagnostic. The survey team validated responses from 1330 enterprises across 18 departments and in 15 different economic activities.

Number of survey responses

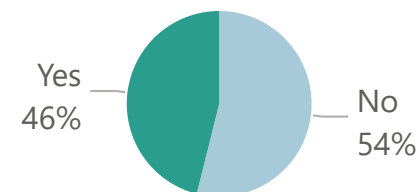
1330

Economic activity	Responses
Administrative services	94
Agriculture (production)	68
Arts, events and recreation	92
Commerce	250
Construction	54
Energy and gas	11
Financial services	19
Food services	288
Health services	52
Information and communications	24
Lodging	114
Manufacturing industries	99
Professional activities	118
Real estate	12
Transport	35
<b>Total</b>	<b>1330</b>

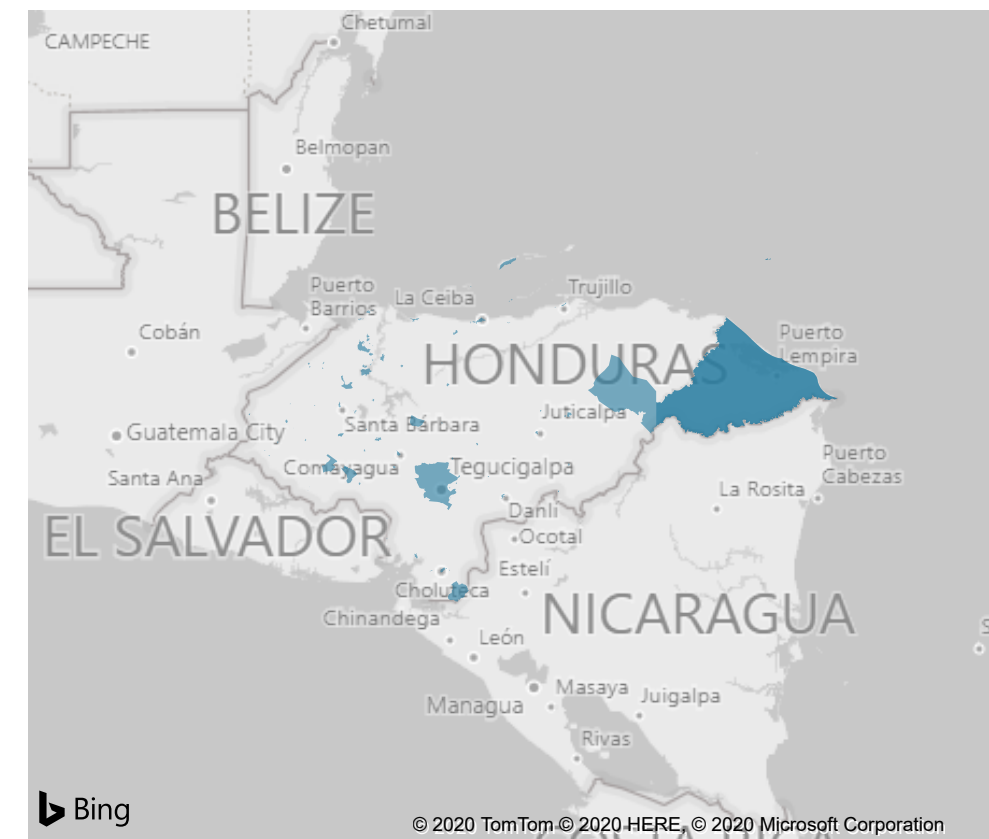
Department	Responses
Atlántida	59
Choluteca	74
Colón	5
Comayagua	79
Copan	31
Cortes	286
El Paraíso	34
Francisco Morazán	438
Gracias A Dios	4
Intibucá	21
Islas De La Bahía	39
La Paz	66
Lempira	12
Ocatepeque	3
Olancho	74
Santa Barbará	63
Valle	6
Yoro	36
<b>Total</b>	<b>1330</b>

Enterprise Size	Responses
Micro	1049
Small	209
Medium/Large	72
<b>Total</b>	<b>1330</b>

Percentage of enterprises that participated in first panel



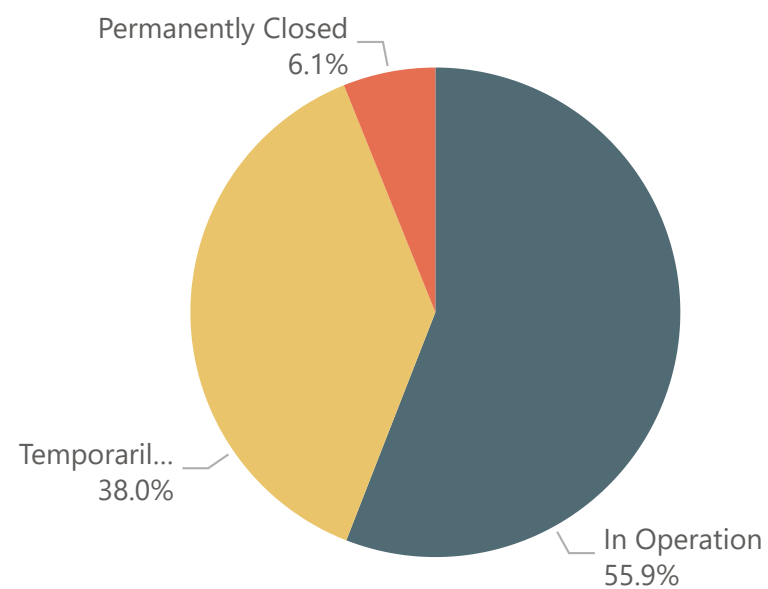
Map of survey responses



# 1. ENTERPRISE OPERATION AND EMPLOYMENT DURING COVID-19 CRISIS

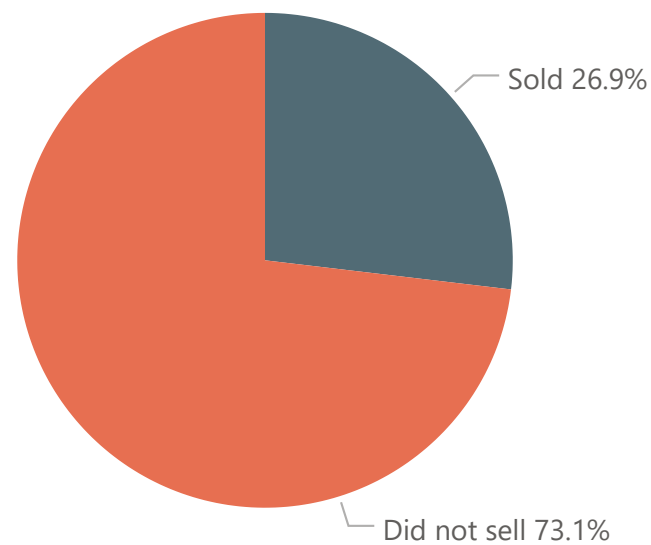
One in four enterprises reported sales in the month of April 2020. More than half of enterprises were still in operation. Most enterprises have suspended or laid off employees to cope with the COVID-19 crisis. So far, most enterprise closures are considered temporary with the expectation of reopening after the COVID-19 crisis. The overall picture is that COVID-19 is a major disruption to enterprises, affecting their ability to operate, make sales and provide employment.

Operational status of enterprises as of May 2020



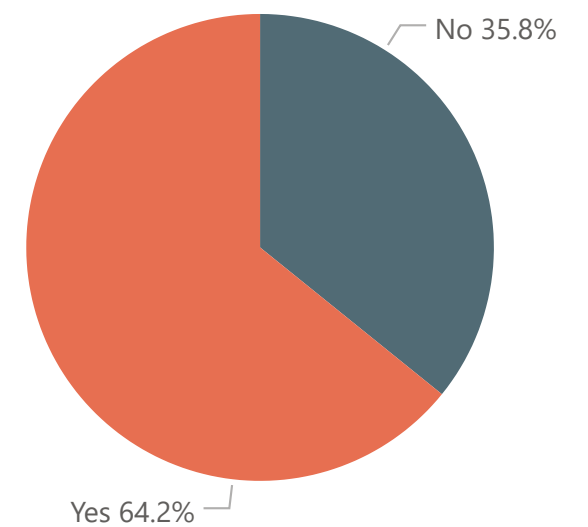
Responses  
1182

Percentage of enterprises that sold in April 2020



Responses  
1317

Percentage of enterprises that reported suspending or laying off staff in response to COVID-19 crisis

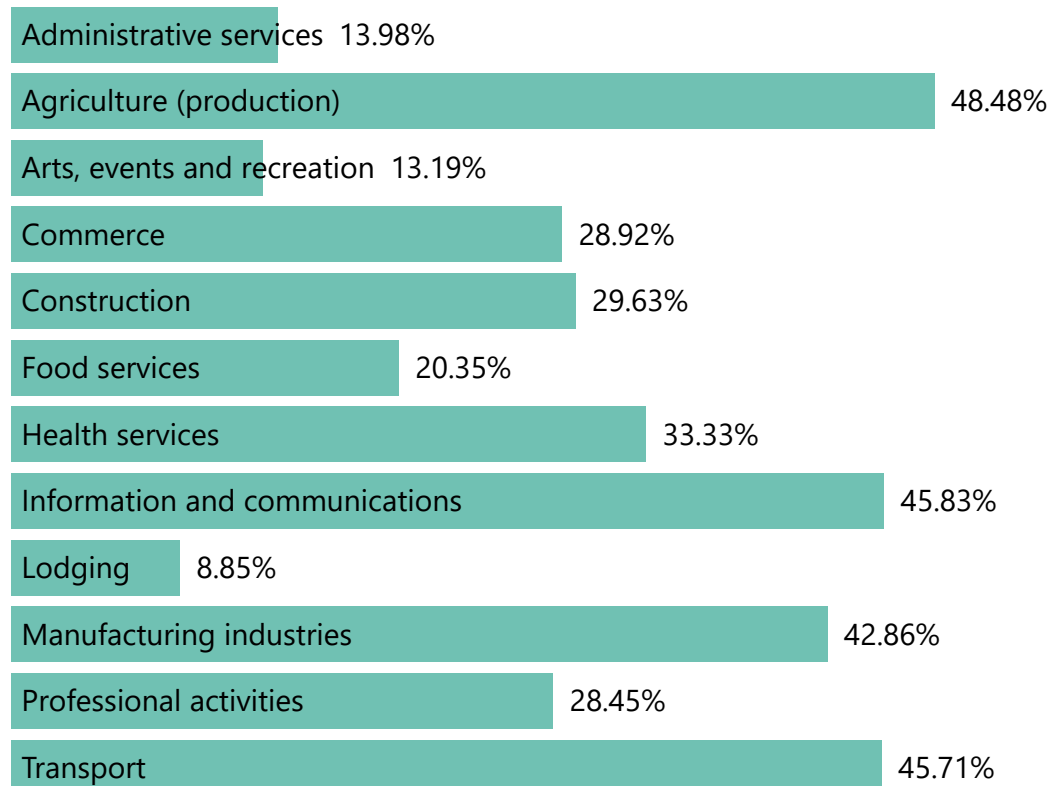


Responses  
1234

## 2. SALES AND OPERATIONAL STATUS BY ECONOMIC ACTIVITY

There are significant differences across industries whether enterprises reported sales in April 2020 and whether enterprises were in operation. Tourism characteristic enterprises such as lodging, administrative services (including tour operators), food services, arts, events and recreation were significantly less likely to report sales in April 2020 and less likely to remain in operation. This finding raises concerns for the likelihood of recovery of the tourism industry in Honduras and diversification of the Honduran economy.

The percentage of enterprises that reported sales in April 2020 by economic activity

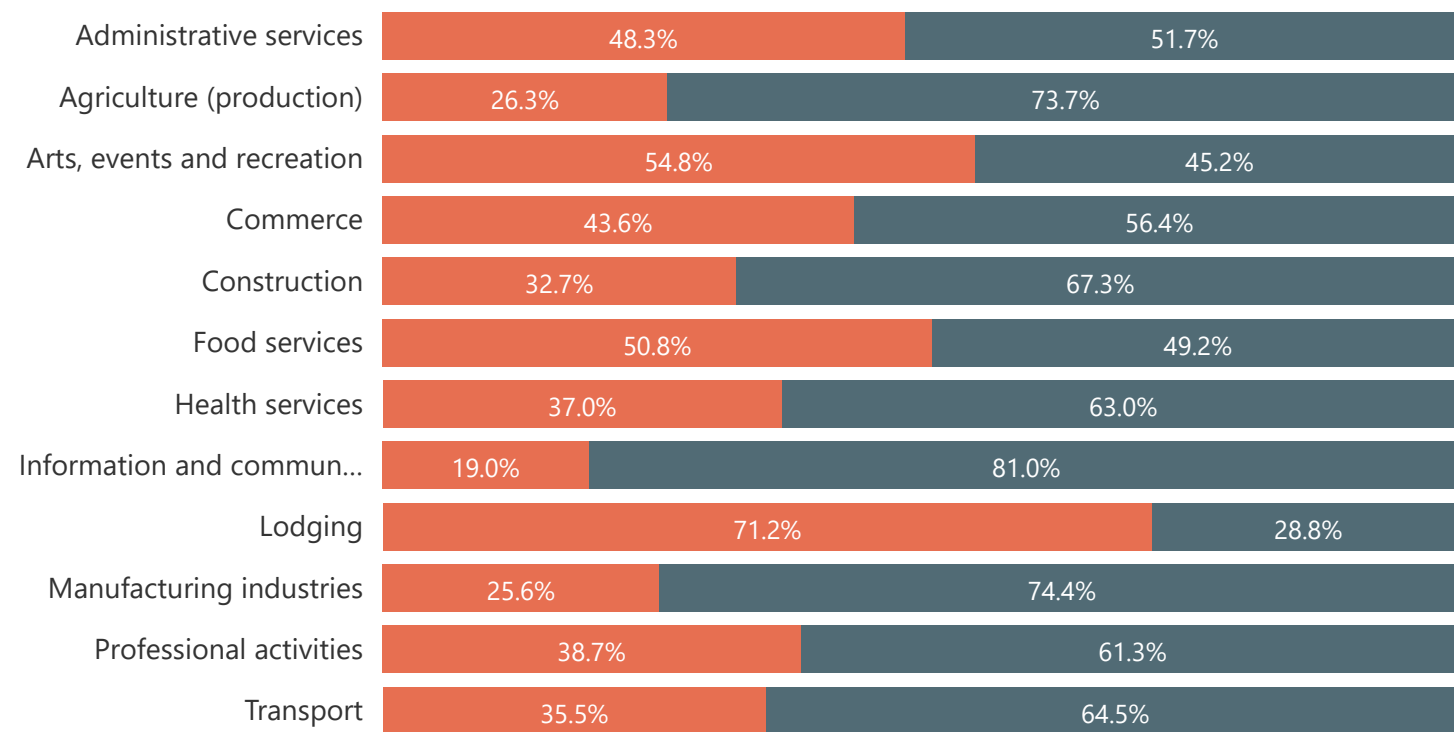


Sectors such as energy and gas, financial services and real estate are not displayed due to the lower number of responses.

Responses  
1317

The percentage of enterprises in operation in May 2020 by economic activity

● Closed ● In Operation

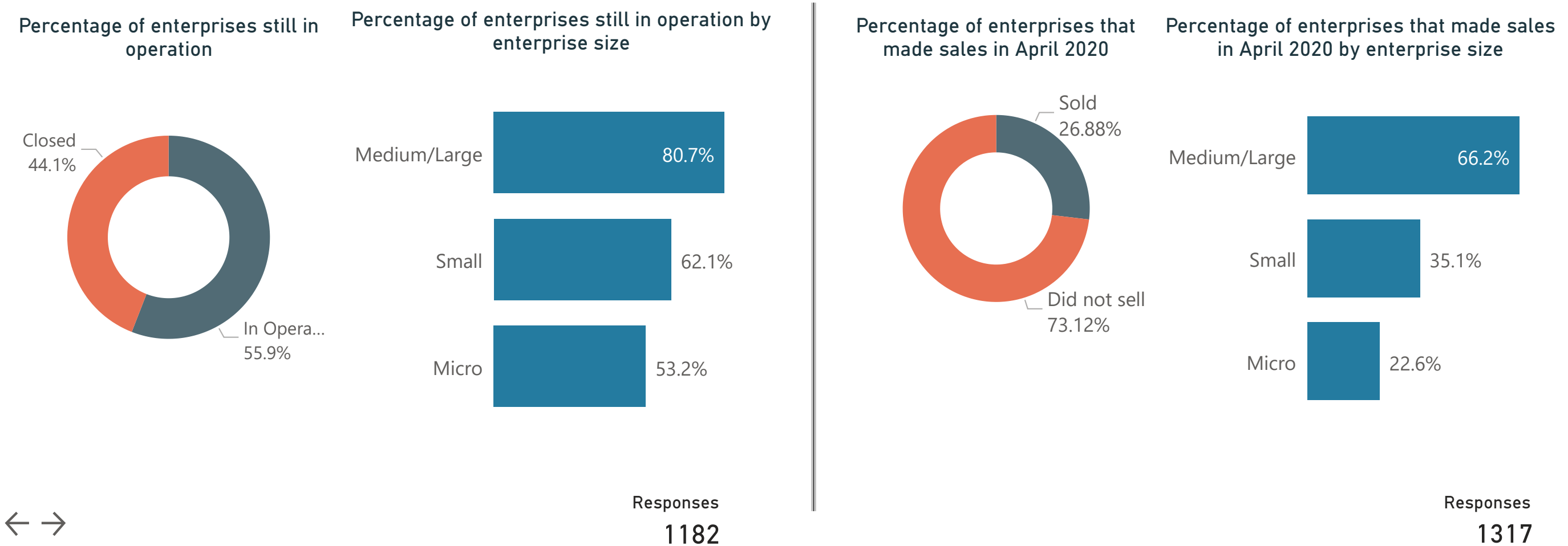


Sectors such as energy and gas, financial services and real estate are not displayed due to the lower number of responses.

Responses  
1182

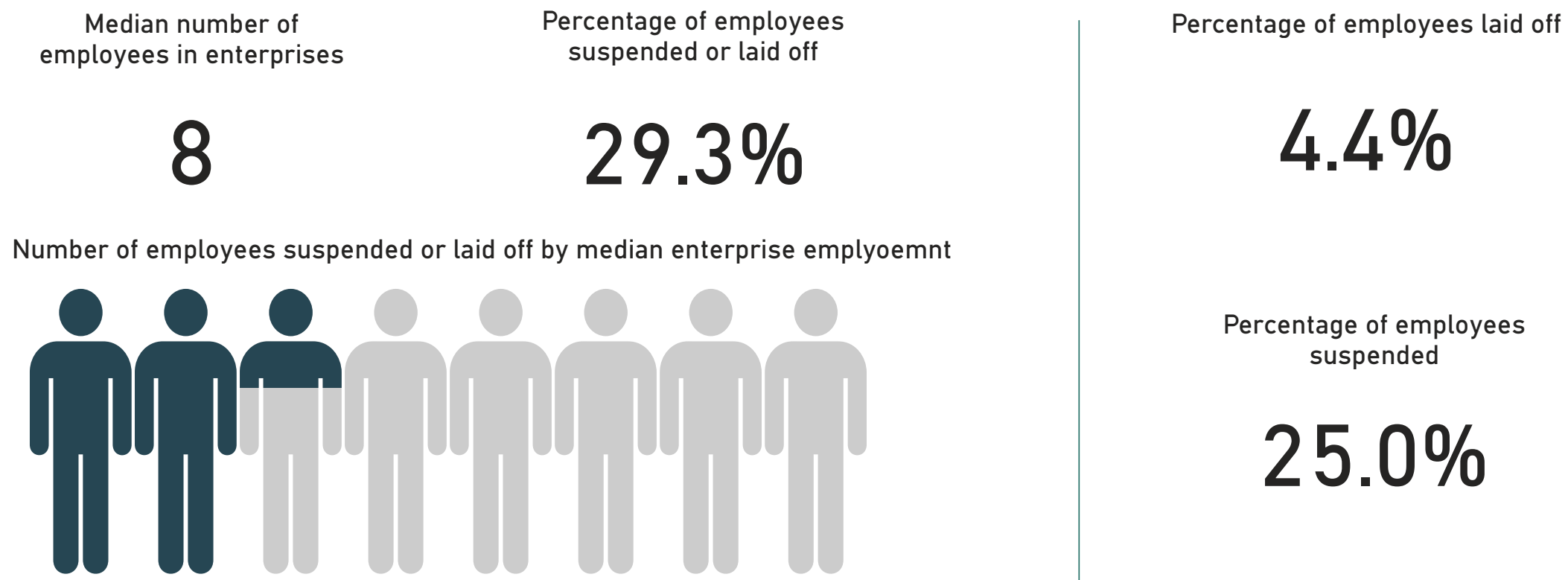
### 3. EFFECTS OF COVID-19 ON ENTERPRISES ACCORDING TO SIZE

Smaller enterprises were less likely to sell in April 2020 and more likely to have closed operations. This finding suggests that smaller enterprises are less able to mitigate and adapt to the COVID-19 crisis. Structurally, this finding suggests a threat to the long-term competitive environment as small enterprises are sources of innovation and dynamism that foster a healthy competition.



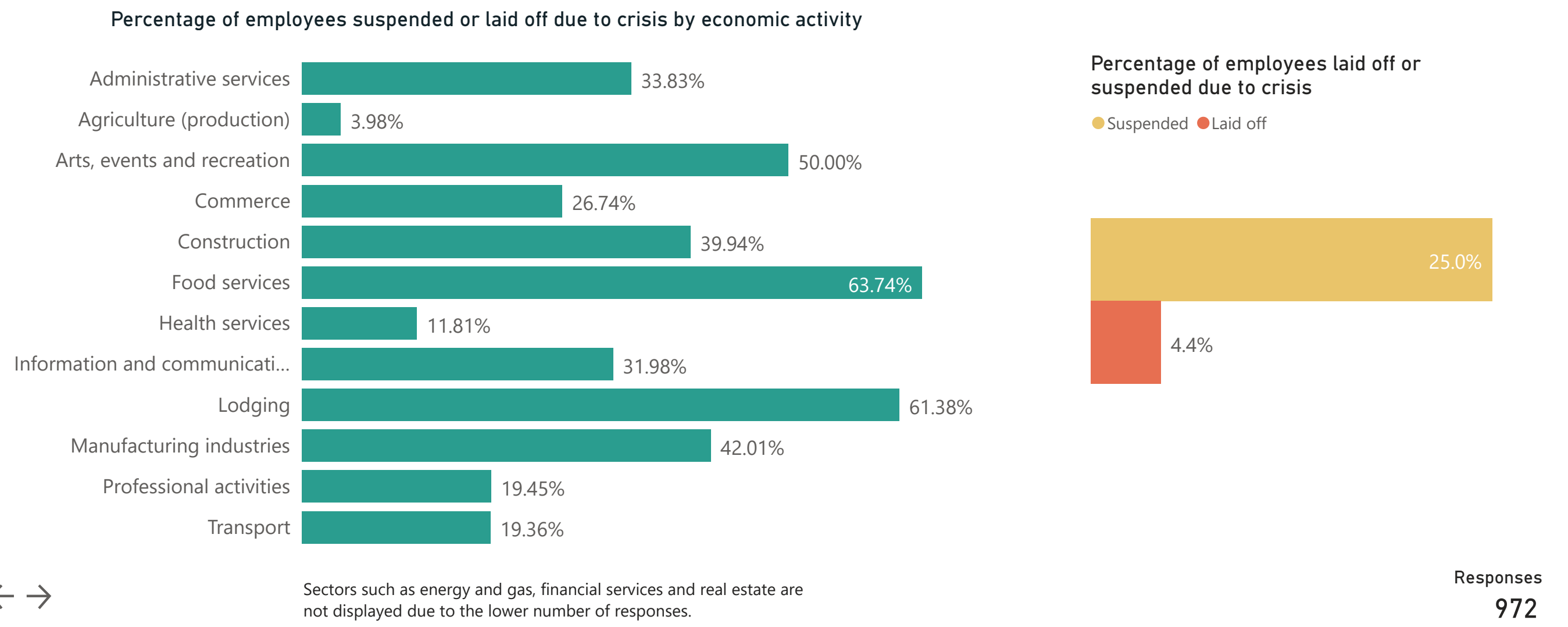
## 4. EFFECTS OF COVID-19 ON EMPLOYMENT

29.3% of employees had been suspended or laid off by May 2020 in Honduras as a result of the COVID-19 crisis. The median enterprise employed approximately eight employees. This means between two and three had been laid off or suspended by enterprise due to the COVID-19 crisis. While, one in four employees had been suspended, one in twenty employees had been laid off permanently. The finding illustrates how the COVID-19 crisis is impacting households and livelihoods by reducing levels of employment.



# 5. EFFECTS OF COVID-19 ON EMPLOYMENT BY ECONOMIC ACTIVITY

Individuals employed in specific economic sectors were more likely to be laid off or have their job suspended due to the COVID-19 crisis than individuals in other sectors. Individuals employed in accommodation and catering services are significantly more likely to be suspended or laid off due to the COVID-19 crisis. *Note: The data is not necessarily representative of each sector displayed.*



Sectors such as energy and gas, financial services and real estate are not displayed due to the lower number of responses.



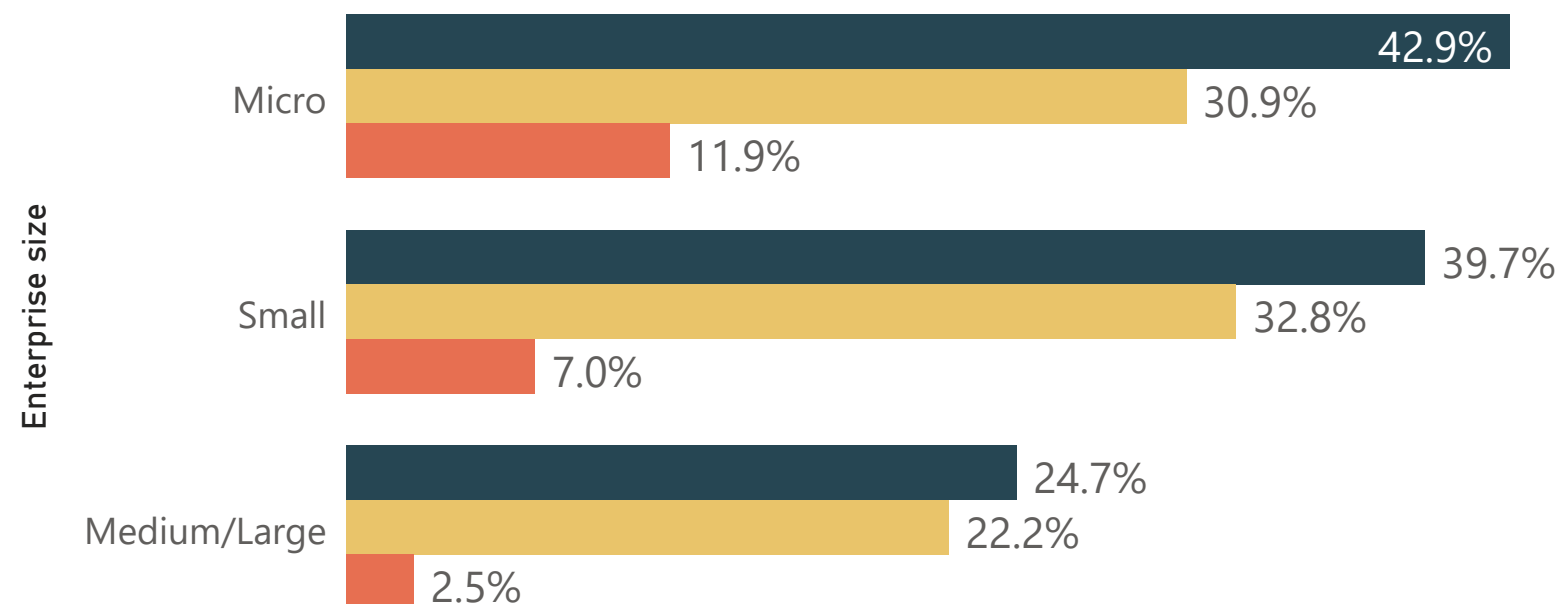
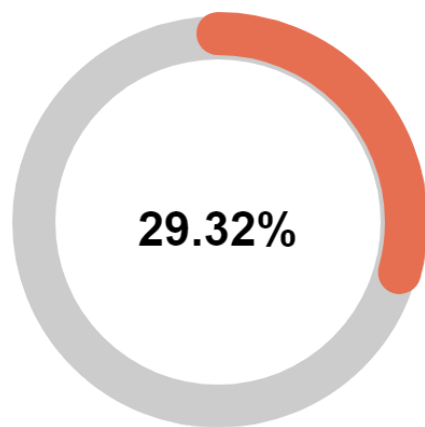
## 6. EFFECTS OF COVID-19 ON EMPLOYMENT ACCORDING TO ENTERPRISE SIZE

Individuals employed by microenterprises were more likely to be laid off or have their jobs suspended than individuals employed by larger enterprises. Data shows that microenterprises are more likely to be characterized as informal in Honduras. This means that these employees are less likely to have access to unemployment protections. These findings suggest that the COVID-19 crisis is likely to reinforce inequalities in Honduran society, leaving the most vulnerable relatively worse-off than before the COVID-19 crisis.

Percentage of employees laid off or suspended due to crisis by enterprise size

● Suspended or Laid off ● Suspended ● Laid off

Percentage of employees laid off or suspended due to crisis



Percentage of employees

Responses  
724



## 7. EFFECTS OF COVID-19 ON WOMEN-OWNED BUSINESSES

Women-owned businesses are more likely to be closed and less likely to have made sales by April 2020 than male-owned businesses. Women-owned businesses also tended to have suspended and laid off a significantly higher percentage of employees than male-owned businesses. Data shows women-owned businesses tend to employ a higher percentage of women than male-owned businesses. This finding suggests women are disproportionately affected (as owners and employees) by the COVID-19 crisis and that the crisis is likely to further exacerbate the gender gap in Honduras and further reduce women's economic participation.

Percentage of enterprises in operation by sex of proprietor



Percentage of enterprises

Percentage of enterprises which sold in April 2020 by sex of proprietor



Percentage of enterprises

Percentage of employees laid off or suspended by sex of proprietor



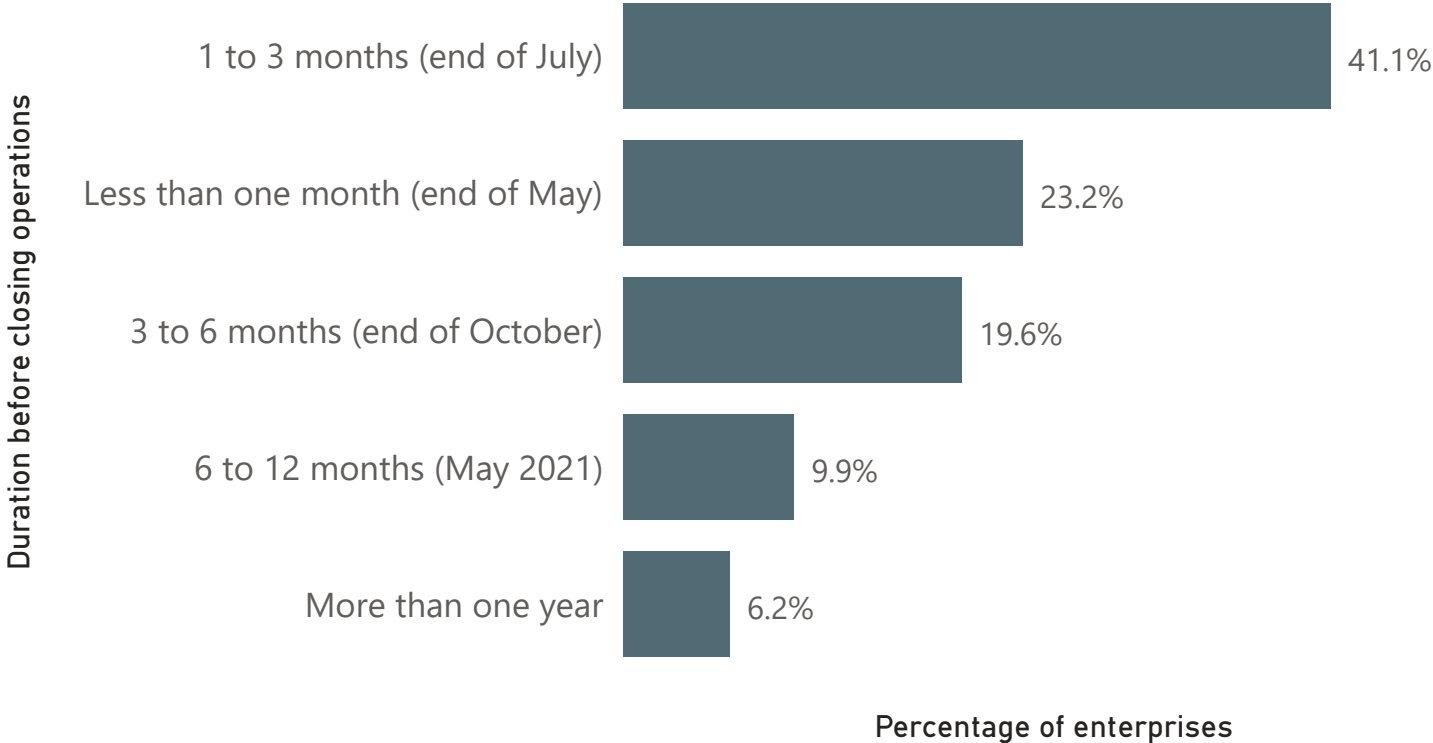
Percentage of employees

## 8. DURATION ENTERPRISES CAN CONTINUE TO OPERATE IN THE CURRENT CONTEXT

For enterprises still in operation as of May 2020, the median enterprise indicated that they could survive until the end of July 2020 before closing operations. There remains an urgent need to find solutions to the crisis and/or provide relief so that a sufficient number of businesses can survive the COVID-19 crisis, sustain economic growth and regain lost jobs due to the crisis.

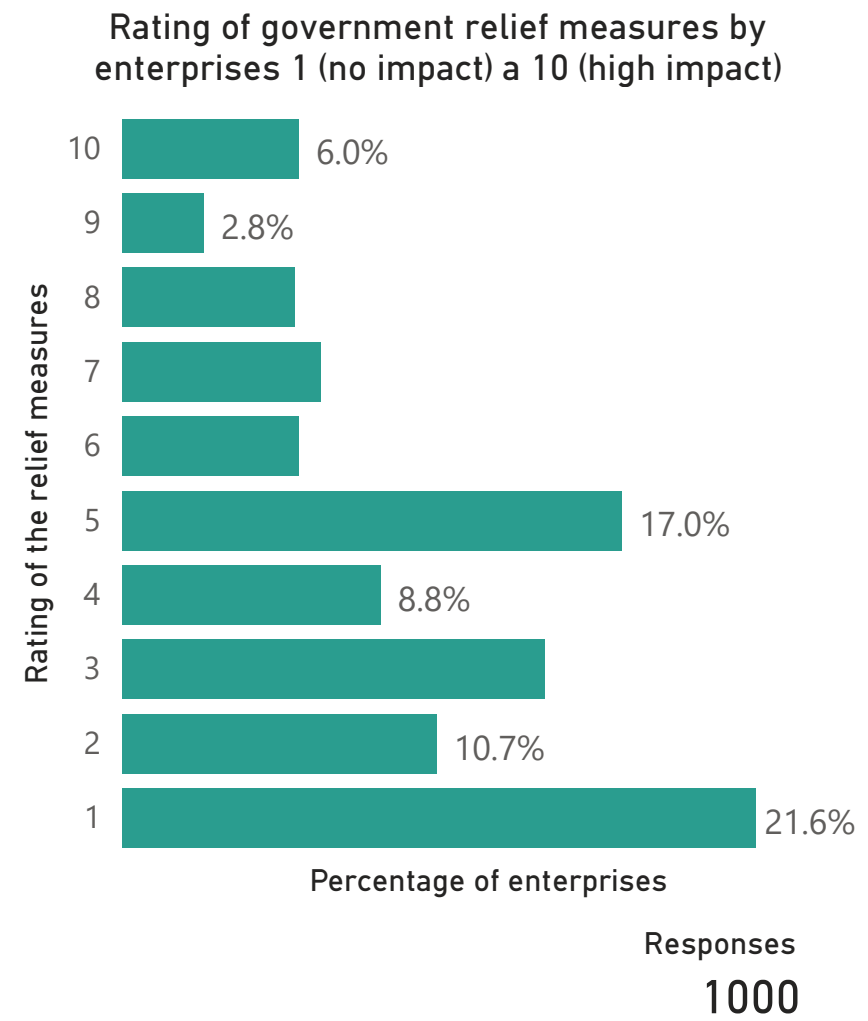
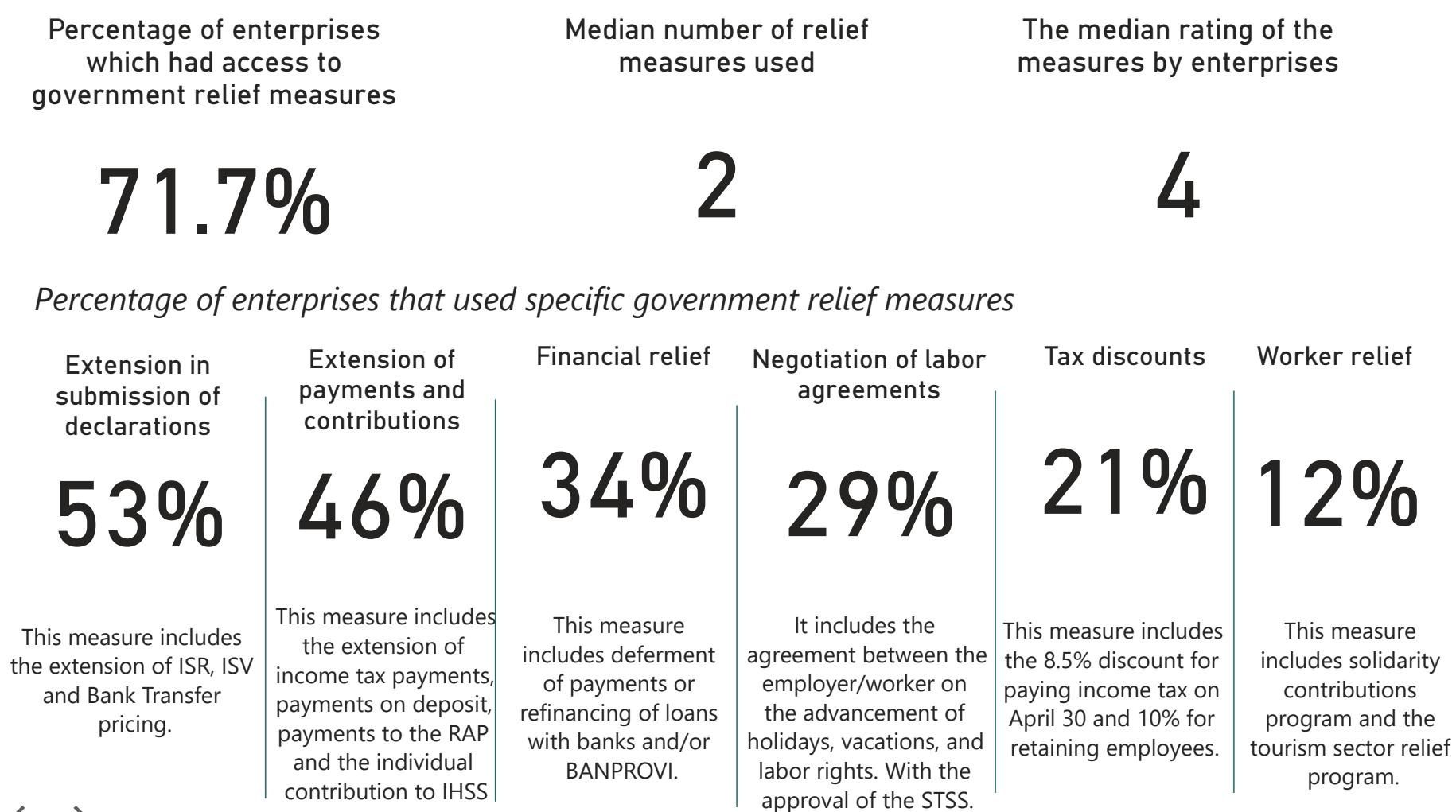
For enterprises still in operation, the median identified that they could operate in the current context of COVID-19 until **by the end of July 2020** before closing operations.

Duration enterprises can continue to operate in COVID-19 context before closing



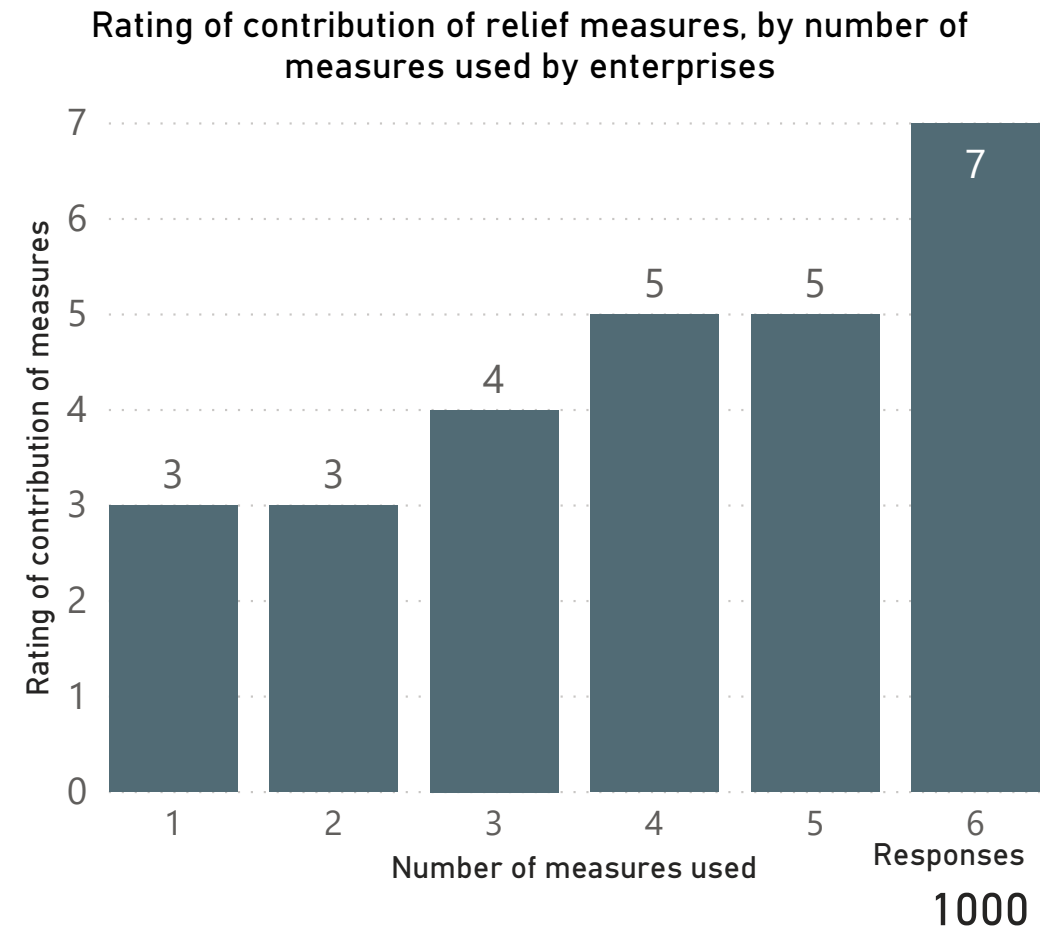
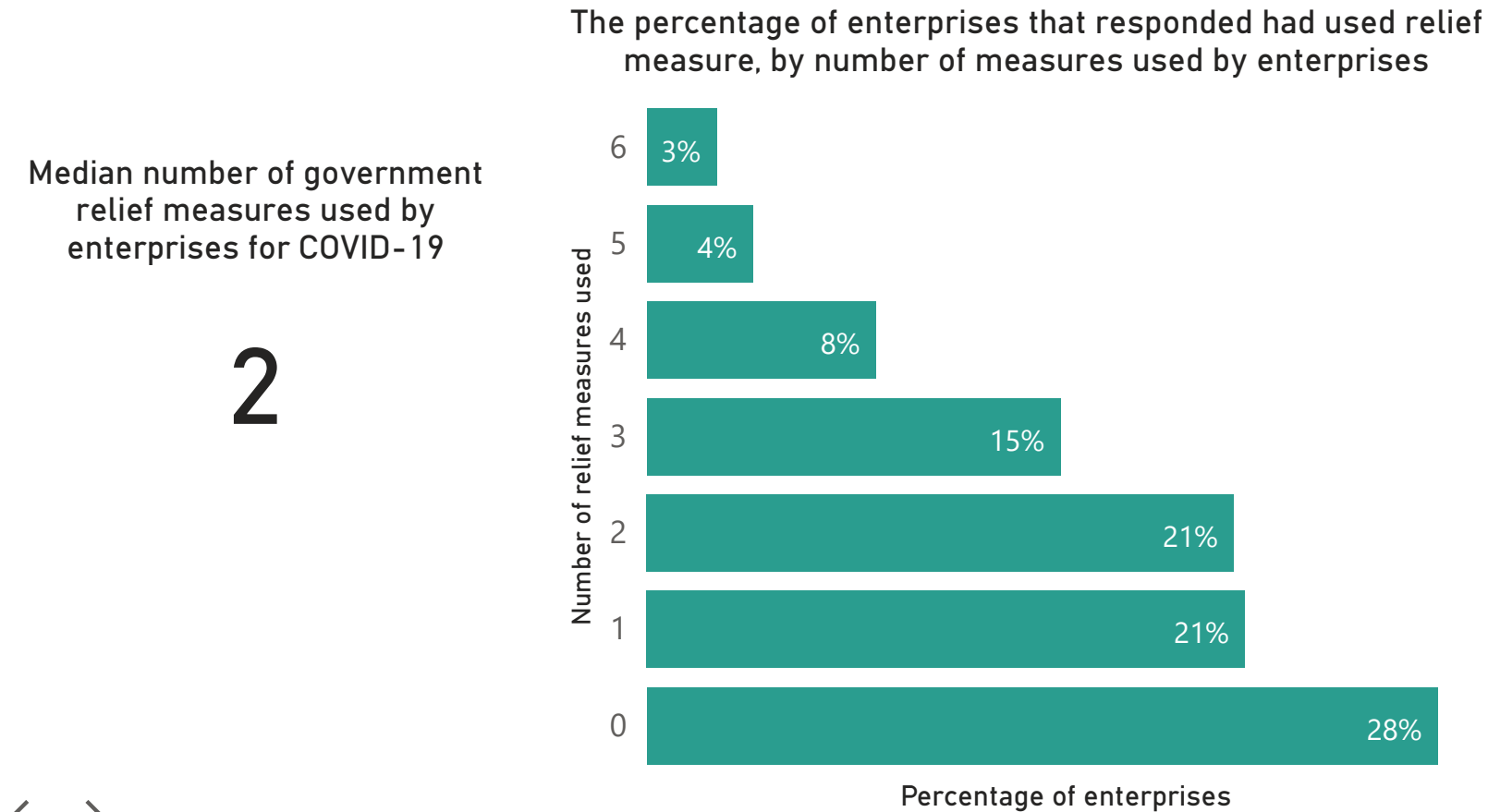
# 9. USE AND CONTRIBUTION OF GOVERNMENT RELIEF MEASURES

71.7% of the enterprises had used relief measures offered by the government of Honduras as part of the recovery package for the COVID-19 crisis. The median enterprise used two government relief measures. The rating of these measures was a 4 on a scale of 1 (no impact) to 10 (high impact). Enterprises tended to respond unfavorably that these measures had made a significant contribution to their enterprises to the COVID-19 crisis. The highest rated measures were financial relief, tax discounts and worker relief programs.



# 10. RELATIONSHIP BETWEEN THE USE AND CONTRIBUTION OF RELIEF MEASURES

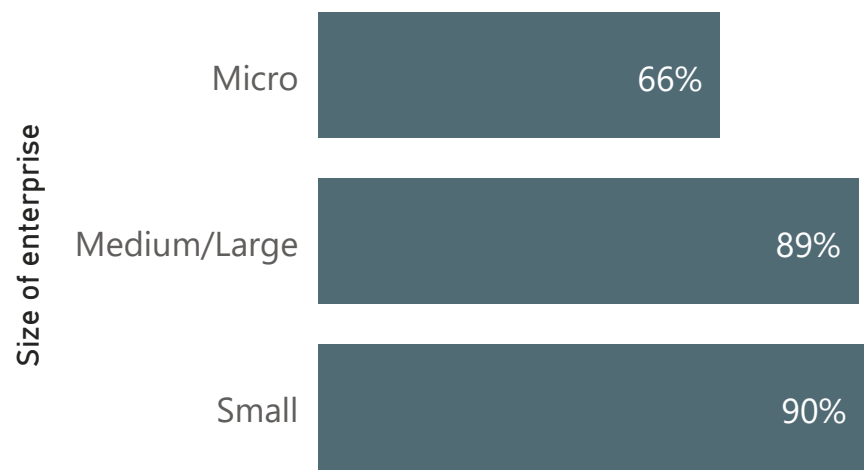
The reported level of contribution of government relief measures varied by the number of measures used by enterprises. This finding suggests that a key factor for the effectiveness of government relief programs is to ensure access to those measures. The main reasons why enterprises reported not using measures were 1. the measures were not tailored to the needs of their enterprise 2. the enterprise did not meet the requirements to use the measure 3. the enterprise was not aware of the relief measures available or how to access them and 4. the enterprise do not perceive a significant contribution of the measure to the recovery of their enterprise.



# 11.USE OF GOVERNMENT RELIEF MEASURES ACCORDING TO TYPE OF ENTERPRISE

Women-owned enterprises, micro-enterprises and informal enterprises were less likely to have used government relief programs. With respect to differences by sector, enterprises in the arts, events and recreation sector were significantly less likely to have used government relief measures than enterprises in other sectors. These findings point to gaps in both access and use of government-sponsored relief measures, which may affect the likelihood of these enterprise profiles to recover from the COVID-19 crisis.

Percentage of enterprises which used government relief measures, by size of enterprise



Percentage of enterprises

Responses  
1000

Percentage of enterprises which used government relief measures, by sex of proprietor



Percentage of enterprises

Responses  
952

Percentage of enterprises which used government relief measures, by enterprise formality

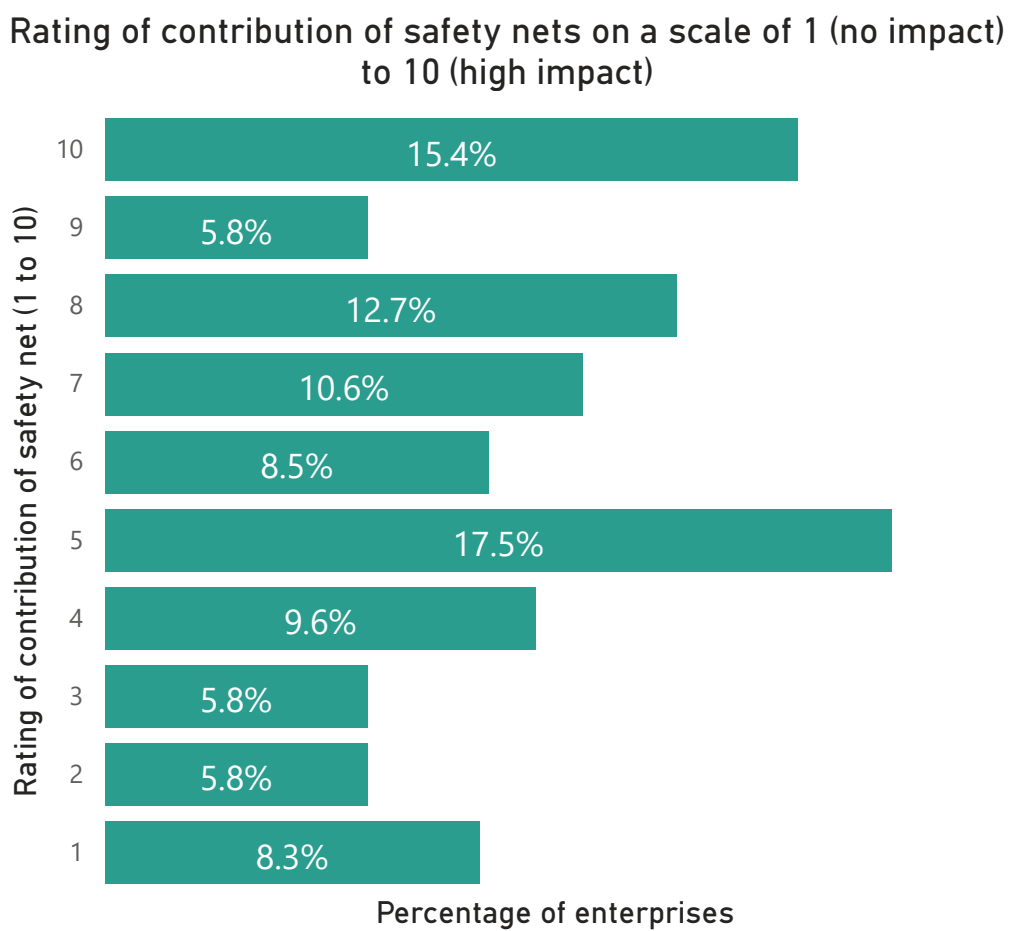
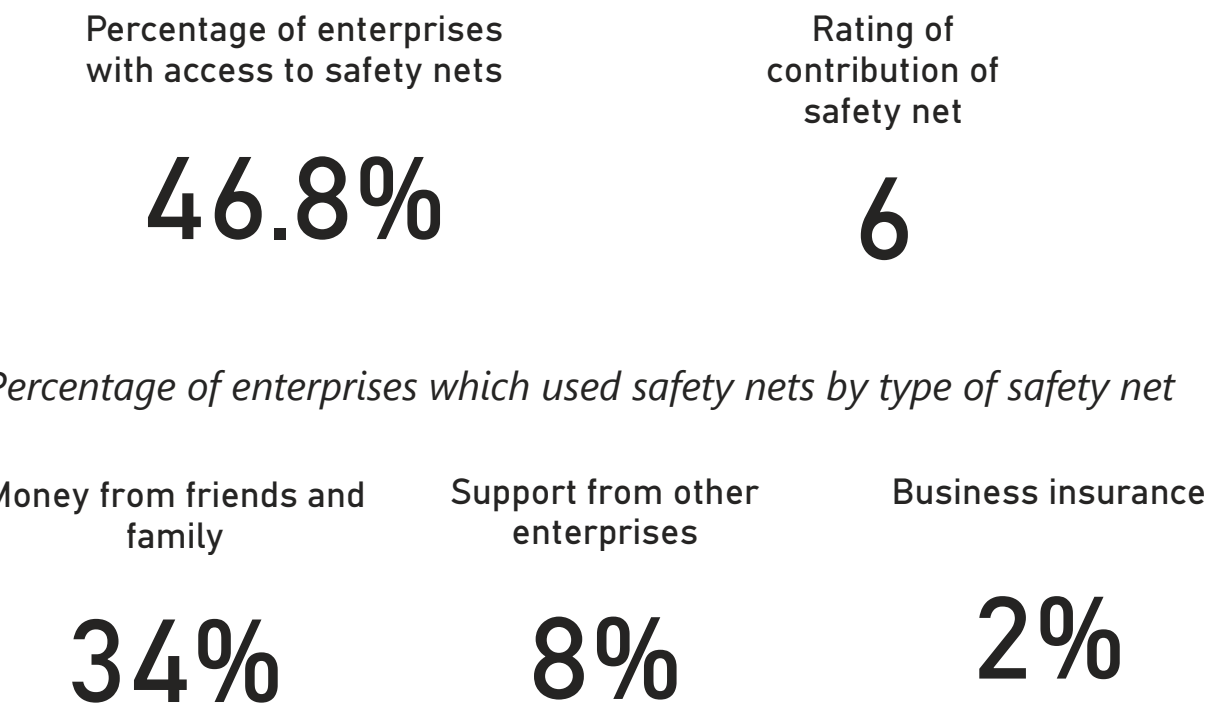


Percentage of enterprises

Responses  
952

## 12. USE AND CONTRIBUTION OF SAFETY NETS BY ENTERPRISES

There are a variety of non-governmental safety nets in a market system. Nearly half of all enterprises used one or more of these safety nets to cope with the crisis. Rating these measures on a scale of 1 (no impact) to 10 (high impact), most enterprises rated these safety nets as a 6. Enterprises tended to respond favorably that these safety nets had a significant contribution to their ability to cope with the COVID-19 crisis. The most widely used safety net was monetary support from family or friends. However, the safety net valued as having the most significant contribution was support received from other enterprises. These findings point to the importance of strengthening support networks between enterprises to be able to manage risk and cope with shocks such as COVID-19.



# 13. ASSISTANCE PROVIDED BY CHAMBERS, CEDs, NGOs AND OTHER ORGANIZATIONS

Chambers, NGOs and other organizations have provided technical assistance to enterprises in response to the COVID-19 crisis. The median rating of these measures by enterprises on a scale of 1 (no impact) to 10 (high impact) was a 5. Enterprises tended to respond more neutrally that this assistance had a significant contribution to their ability to cope with the COVID-19 crisis. The most common form of assistance used was webinars. Technical assistance and more direct training were rated as having a higher contribution than webinars but were less used. Few enterprises identified receiving any type of financial assistance since the COVID-19 crisis began.

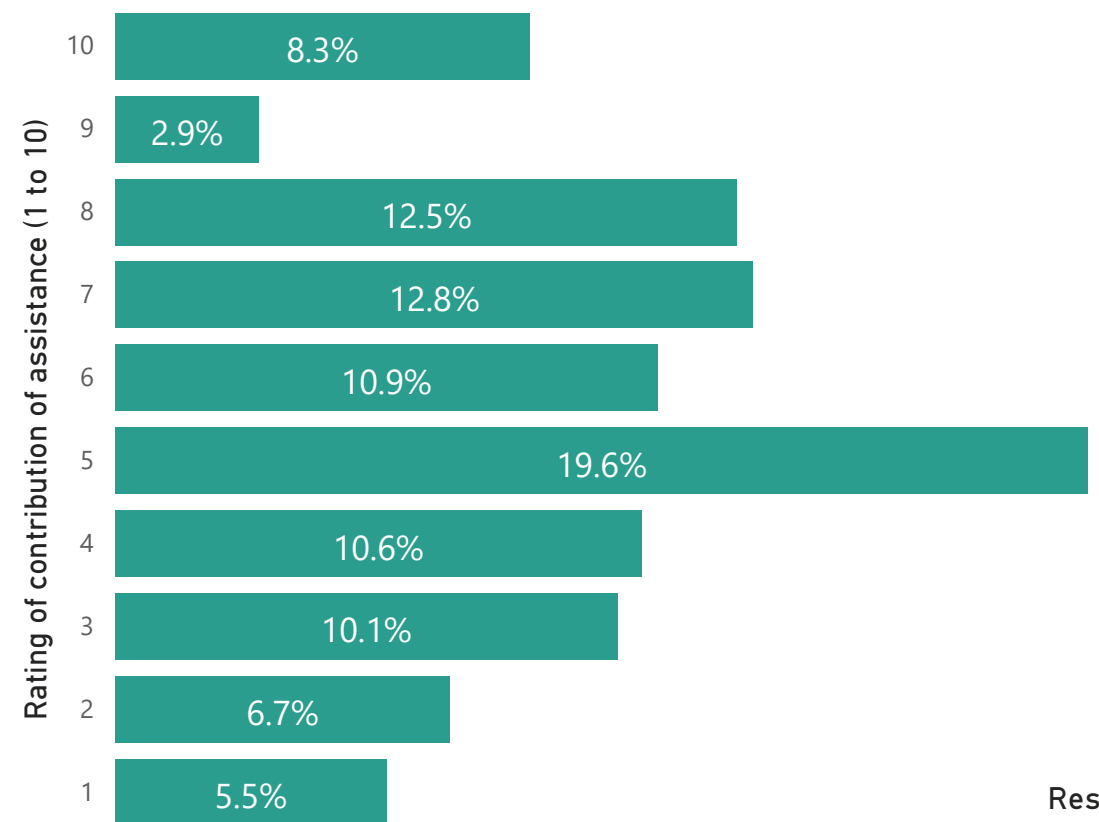
Percentage of enterprises with access to assistance

59.5%

Median qualification of contribution

5

Rating of contribution of assistance by enterprises on a scale of 1 (no impact) to 10 (high impact)



Percentage of enterprises which received assistance by type of assistance

Webinars

52%

Online training

28%

Direct technical support (1-1)

6%

Financial support

1%

Percentage of enterprises

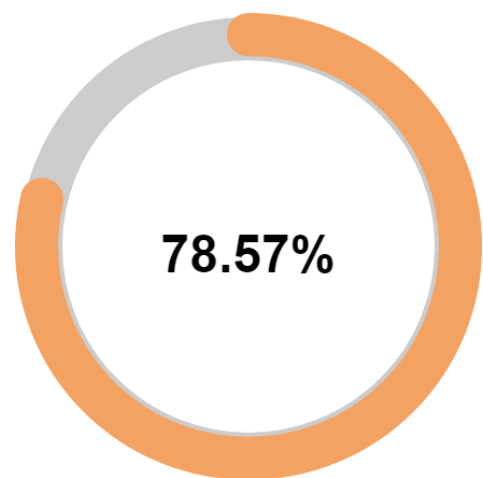
Responses  
1037



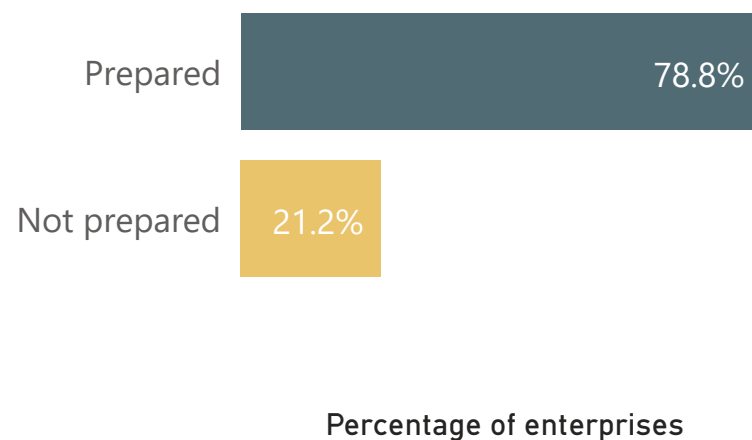
# 14. BIOSECURITY MEASURE ADOPTION

The survey asked enterprises whether they had adopted 15 different biosecurity measures (one of which was only applicable to restaurants). The median enterprise reported that it adopted 78.57% of the applicable biosecurity measures to prevent COVID-19. Four out of five enterprises consider that they had adopted sufficient biosecurity measures for COVID-19 to reopen. Enterprises that reported being ready to reopen tended to report a higher percentage of biosecurity measures adopted - 83% of biosecurity measures adopted compared to 64% of biosecurity measures adopted by enterprises that reported that they were not ready to reopen.

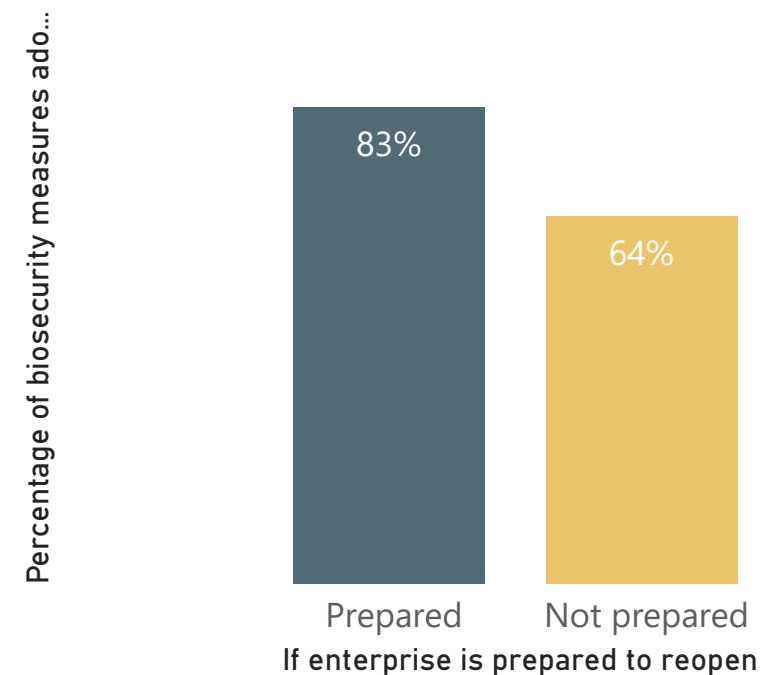
Median percentage of biosecurity measures adopted by enterprises to prevent COVID-19



Percentage of enterprises that consider that they are ready to reopen



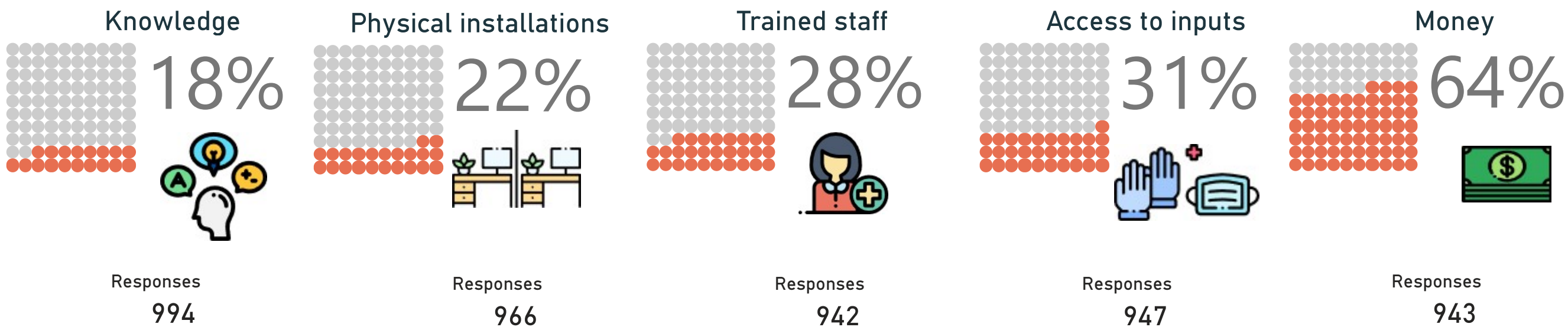
Percentage of biosecurity measures adopted, by whether enterprise reported being prepared to reopen



# 15. BARRIERS TO ADOPTION OF BIOSECURITY MEASURES

Enterprises identified barriers to the adoption of biosecurity measures to prevent COVID-19. The most frequently mentioned barrier was money. In the inferential analysis, the three most predictive barriers to adopting biosecurity measures were knowledge, trained staff and money. In inferential analysis, barriers to adoption of specific measures varied significantly by biosecurity measure. The following pages identify the most significant barriers for each biosecurity measure.

*Percentage of enterprises that identified barrier to adoption of biosecurity measure*



# 16. PERCEPTIONS ABOUT ADOPTION OF BIOSECURITY MEASURES

The study also looked at social norms and perceptions that influenced the adoption of biosecurity measures. Most enterprise owners perceived the threat of COVID-19 as serious. Enterprises tended to perceive the risk of infection to that their employees and customers as medium if they reopened operations. In general, enterprises considered the proposed biosecurity measures to be effective in the prevention of COVID-19. There was little perceived concern about social norms affecting the adoption of biosecurity measures.

**Perception of severity**  
88.9% of enterprises perceive the COVID-19 virus as "very serious" compared to other diseases.

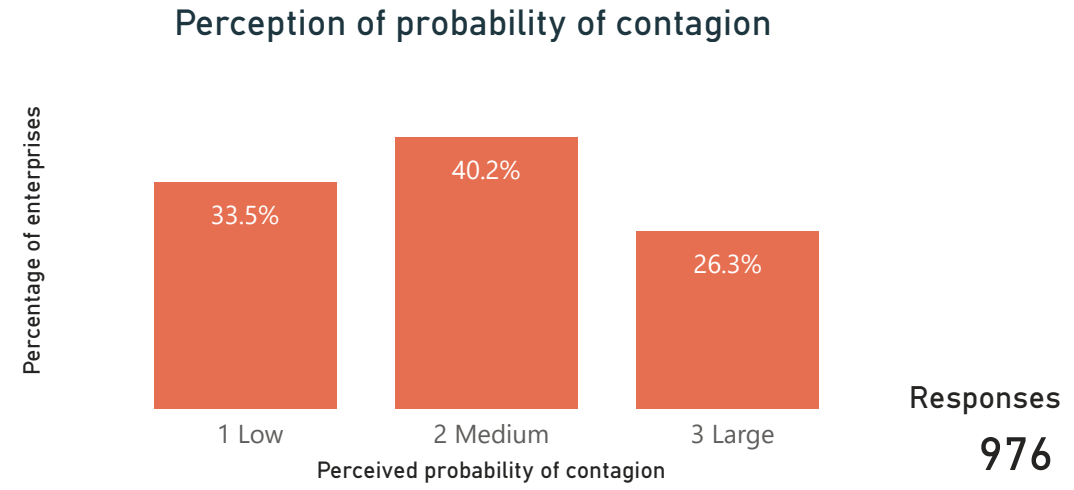
Responses  
1021

**Effectiveness of measures**  
89.1% of enterprises believe that by adopting biosecurity measures they will prevent the spread of COVID-19 to their employees and customers.

Responses  
907

**Social norms**  
97.3% of enterprises consider that their clients and employees will accept the application of biosecurity measures

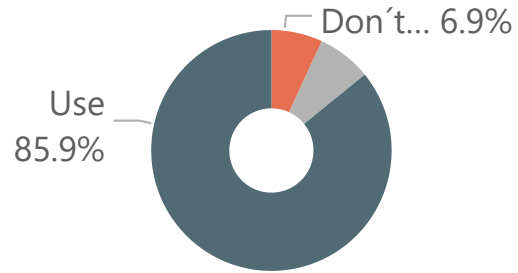
Responses  
973



# 17. ADOPTION OF BIOSECURITY MEASURES 1 TO 6

The following graphs show the percentage of enterprises that use and do not use specific biosecurity measures, or if the enterprise indicated that the measure does not apply. Inferential analysis was used to identify the main barriers for each measure.

## 1-Disinfection spaces

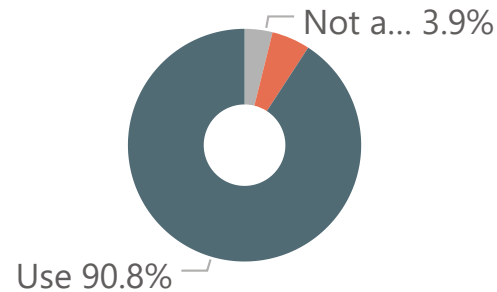


### Barriers

- #1 trained personel
- #2 physical facilities

Workers, customers and visitors have access to a place to wash their hands with soap and water or have alcohol gel 70% available

## 2- Personal protective equipment

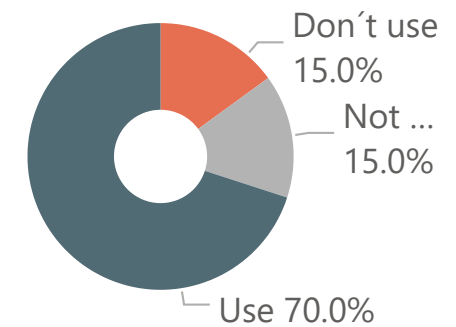


### Barreras

- #1 trained personel
- #2 perception of probability

Provide employees with face masks and gloves with measures for proper cleaning or disposal to avoid contamination.

## 3- Distance between workers

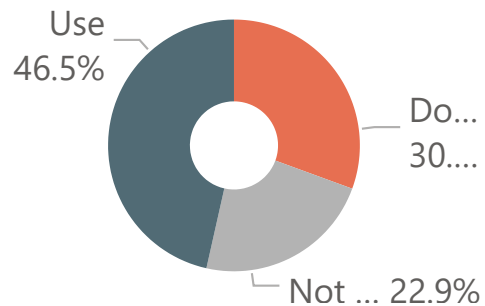


### Barreras

- #1 physical facilities

Workers use phones, desks, offices or other tools different from their colleagues. Staff who prepare products have no contact with staff who leave the establishment.

## 4- Visual signals

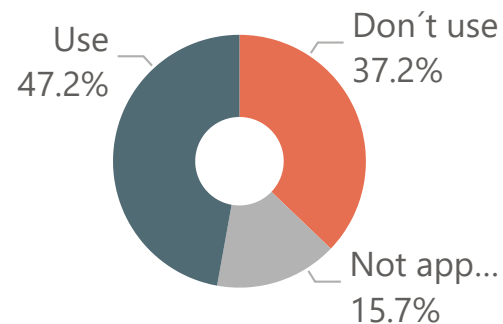


### Barriers

- #1 social norms
- #2 trained personel
- #3 money

Place visual cues such as floor decals, colored tape, or signs to tell customers where to stand during the checkup.

## 5- Information signs

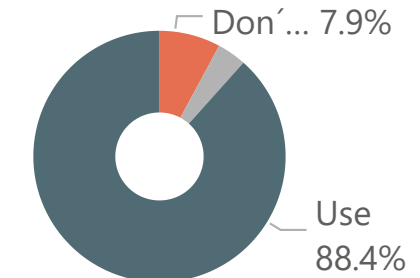


### Barriers

- #1 knowledge
- #2 money

Informational signs posted in the most visible places, including: symptoms, prevention measures and telephone lines in case of possible contagion.

## 6- Cleaning and disinfection



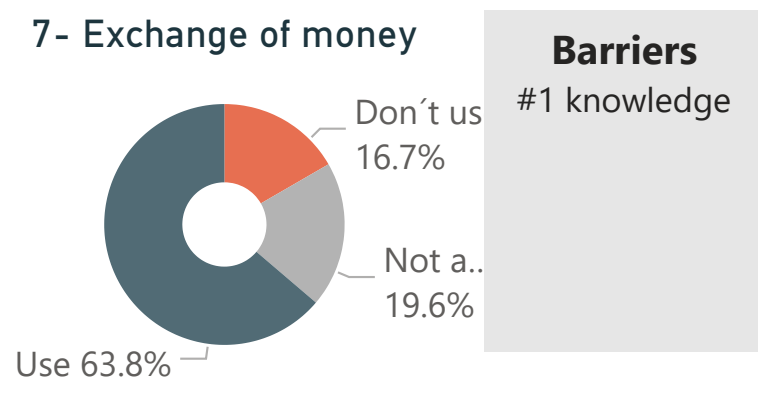
### Barriers

- #1 knowledge

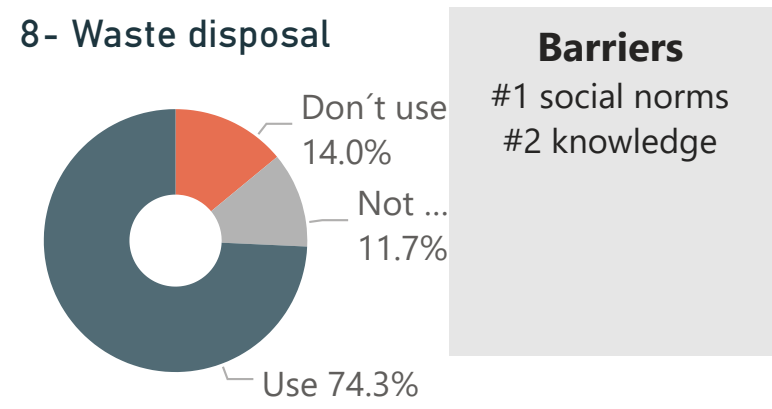
Routine cleaning and disinfection of surfaces, equipment and other items in the work environment that are frequently touched such as door handles, tables, countertops, carts and shopping baskets

# 18. ADOPTION OF BIOSECURITY MEASURES 7 TO 12

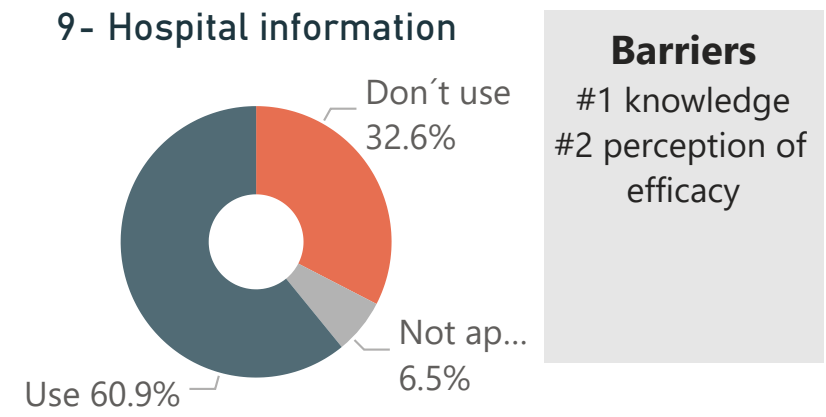
The following graphs show the percentage of enterprises that use and do not use specific biosecurity measures, or if the enterprise indicated that the measure does not apply. Inferential analysis was used to identify the main barriers for each measure.



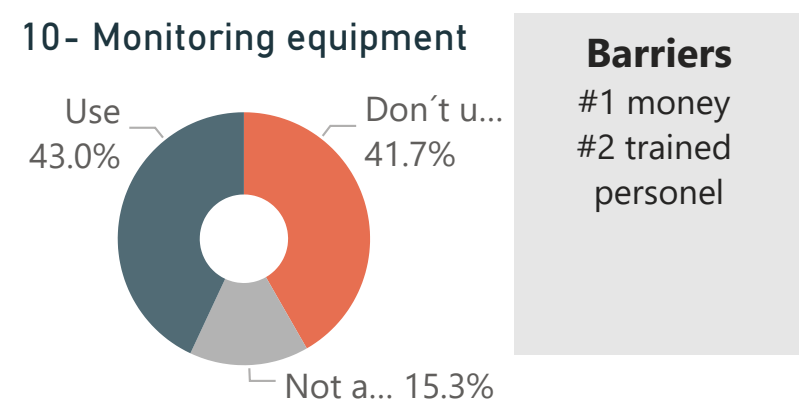
When exchanging money, place the money on the counter instead of directly between the hands, clean the counter between each customer.



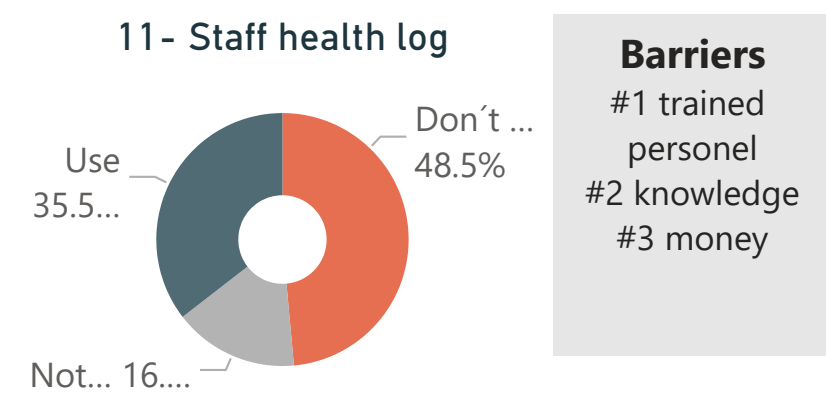
Waste should be put in a plastic garbage bag and tied up when full. There is a specific space for placing bio-security or hazardous waste.



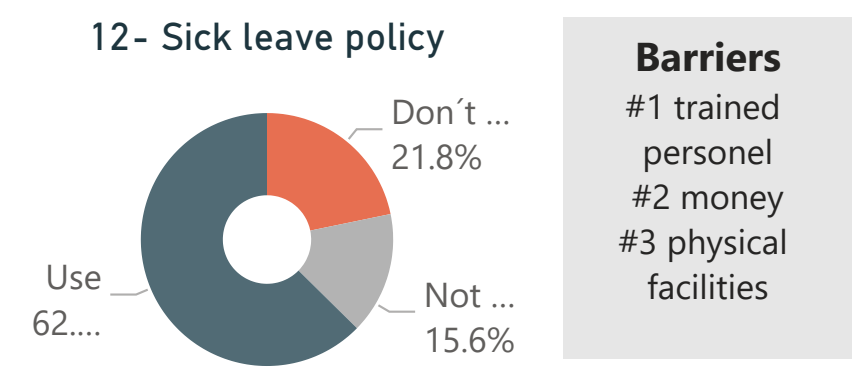
Information of authorized hospitals near your establishment with the exact address and telephone number.



Non-physical contact temperature measuring instruments for rapid identification and isolation of potentially infectious individuals



Daily log of the health status of its staff, which details general data, visual fitness, temperature and other measures.

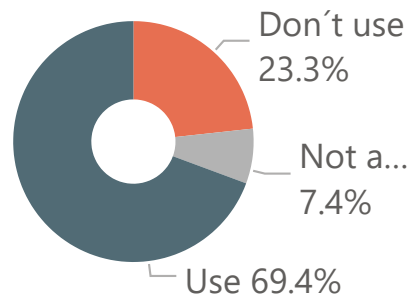


Enable workers to stay home if they are sick, with leave policies that are flexible, non-punitive, and consistent with public health guidelines

# 19. ADOPTION OF BIOSECURITY MEASURES 13 TO 15

The following graphs show the percentage of enterprises that use and do not use specific biosecurity measures, or if the enterprise indicated that the measure does not apply. Inferential analysis was used to identify the main barriers for each measure.

13- Staff training

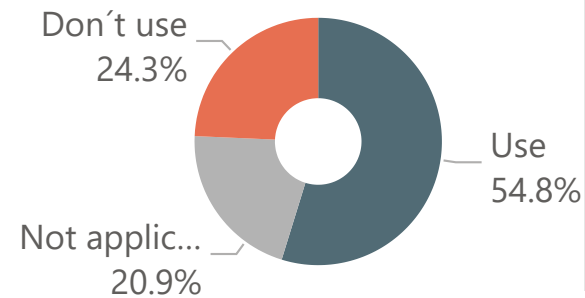


## Barriers

- #1 trained personel
- #2 knowledge
- #3 money

Appropriate education and information materials on worker safety and health, including proper hygiene practices and use of personal protective equipment.

14-Work schedules

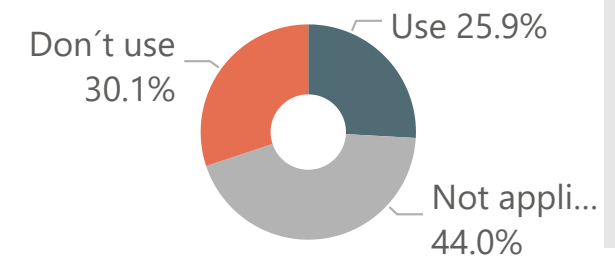


## Barriers

- #1 trained personel
- #2 knowledge
- #3 physical facilities
- #4 money

Alternate days or additional work shifts, shifts and specific areas for taking breaks and meal times that reduce the total number of workers in a facility at any given time.

15 - Product traceability (restaurants)



## Barriers

- #1 trained personel
- #2 money

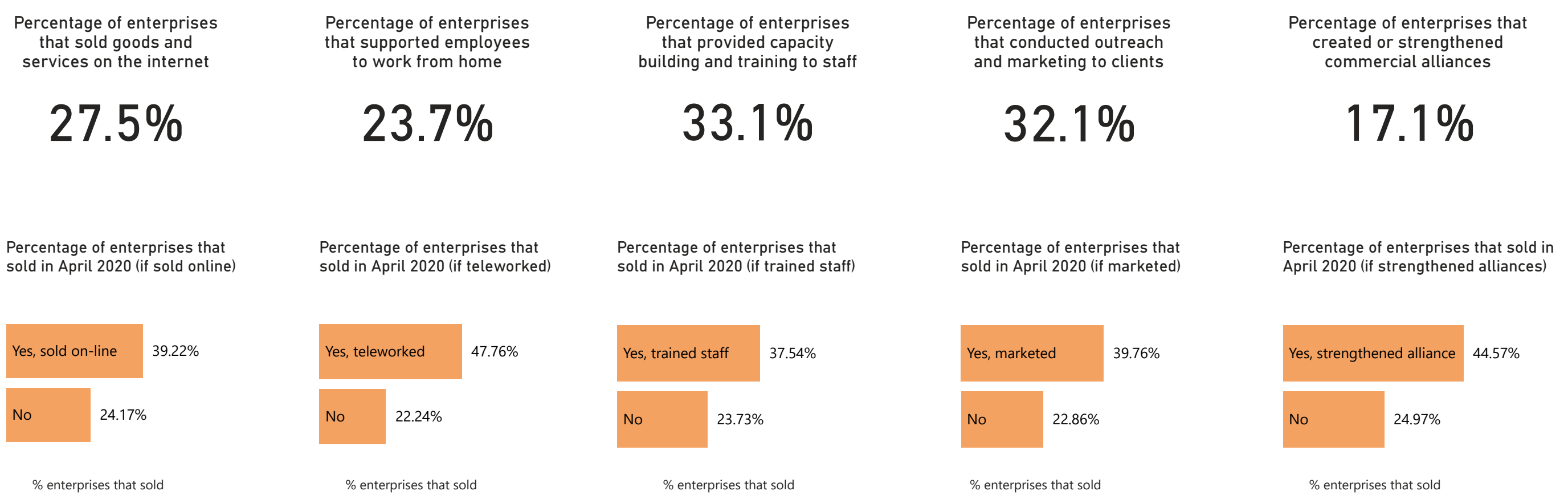
The person receiving the product knows the names of the people who prepared the product (applies to food service or food preparation)

Responses

828

# 20. RAPID ADAPTATIONS BY ENTERPRISES TO THE COVID-19 CRISIS

70% of enterprises took one or more of the following actions to adapt to the COVID-19 crisis. Enterprises that reported taking these actions were more likely to report sales in April 2020 and that they could manage the COVID-19 crisis for a longer duration before closing than enterprises that did not adopt these actions. These findings support the conclusion that a significant number of enterprises are taking actions to adapt, and to some degree, mitigate the effects of the COVID-19 crisis on their enterprise.

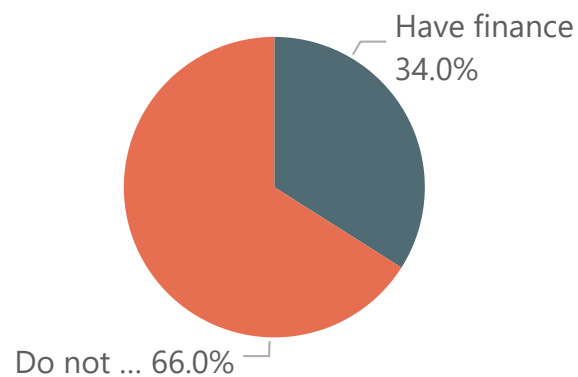




# 21. ACCESS TO FINANCE FOR ENTERPRISES DURING THE COVID-19 CRISIS

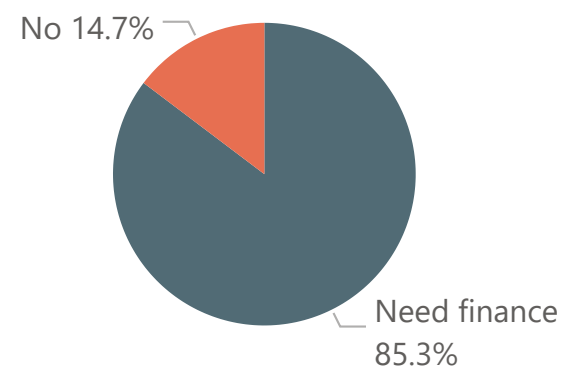
One in three enterprises reported that they had access to finance. Eighty-five per cent of enterprises, including those that already had finance, reported that they needed additional financing. Smaller and women-owned enterprises tended to report not having access to finance than larger and male-owned enterprises. Enterprises that had financing were more likely to be in operation and to report sales in April 2020. This finding indicates that barriers to access to finance prevent enterprises from coping with the COVID-19 crisis.

Percentage of enterprises which reported having access to finance



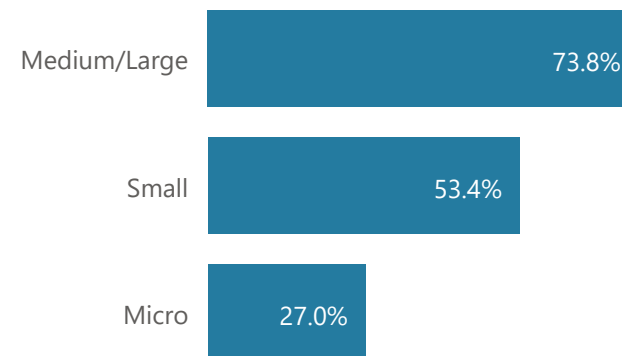
Responses  
959

Percentage of enterprises that reported needing additional finance



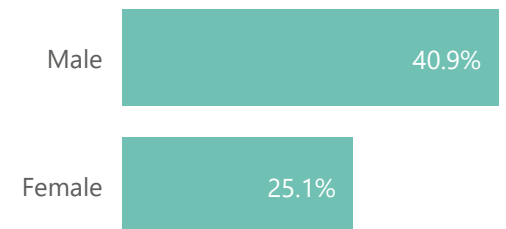
Responses  
959

Percentage of enterprises with access to finance, by enterprise size



Responses  
959

Percentage of enterprises with access to finance, by sex of proprietor

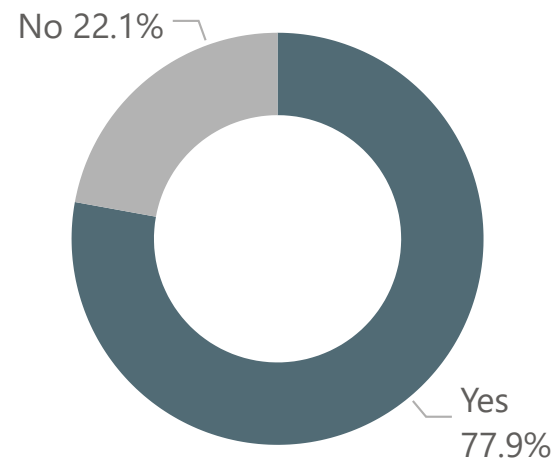


Responses  
912

## 22. BUSINESS MODEL TRANSFORMATIONS IN RESPONSE TO COVID-19 CRISIS

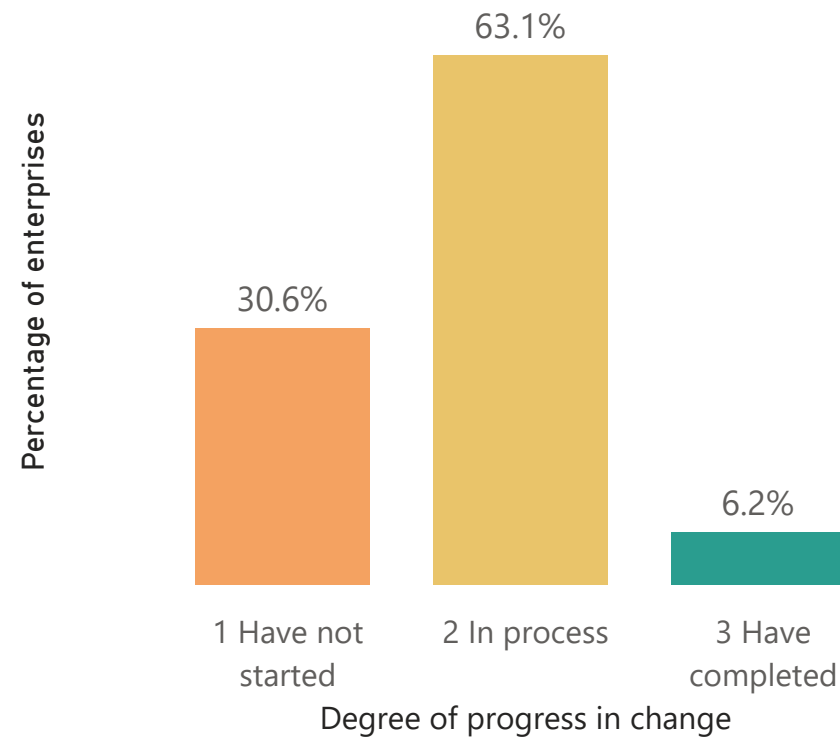
To adapt to the COVID-19 crisis, three out of four enterprises reported their intent to transform their business model. Most enterprises expressed that they are in the process of making these changes. Those that reported success in making these changes were statistically more likely to be in operation and have maintained employees than those that did not make the change. These findings indicate that it is critical to support enterprises to successfully make business model changes to mitigate business closures and avoid job losses.

Percentage of enterprises that reported intent to transform business models



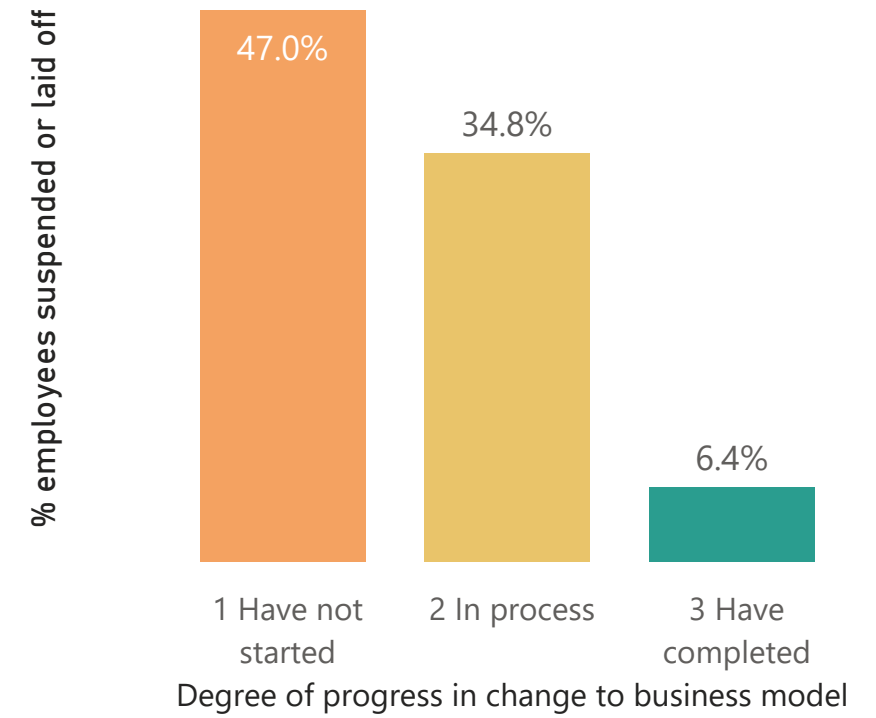
Responses  
980

Percentage of enterprises responding by degree of progress in change to business model



Responses  
754

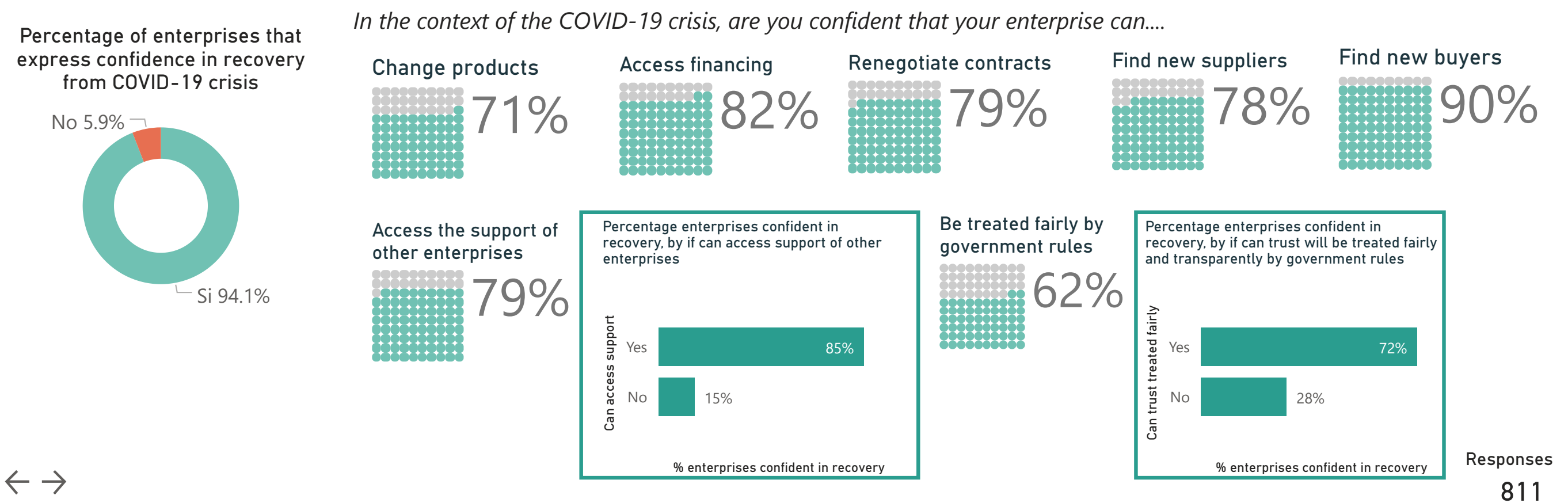
Percentage of employees suspended or laid off by degree of progress in change to business model



Responses  
570

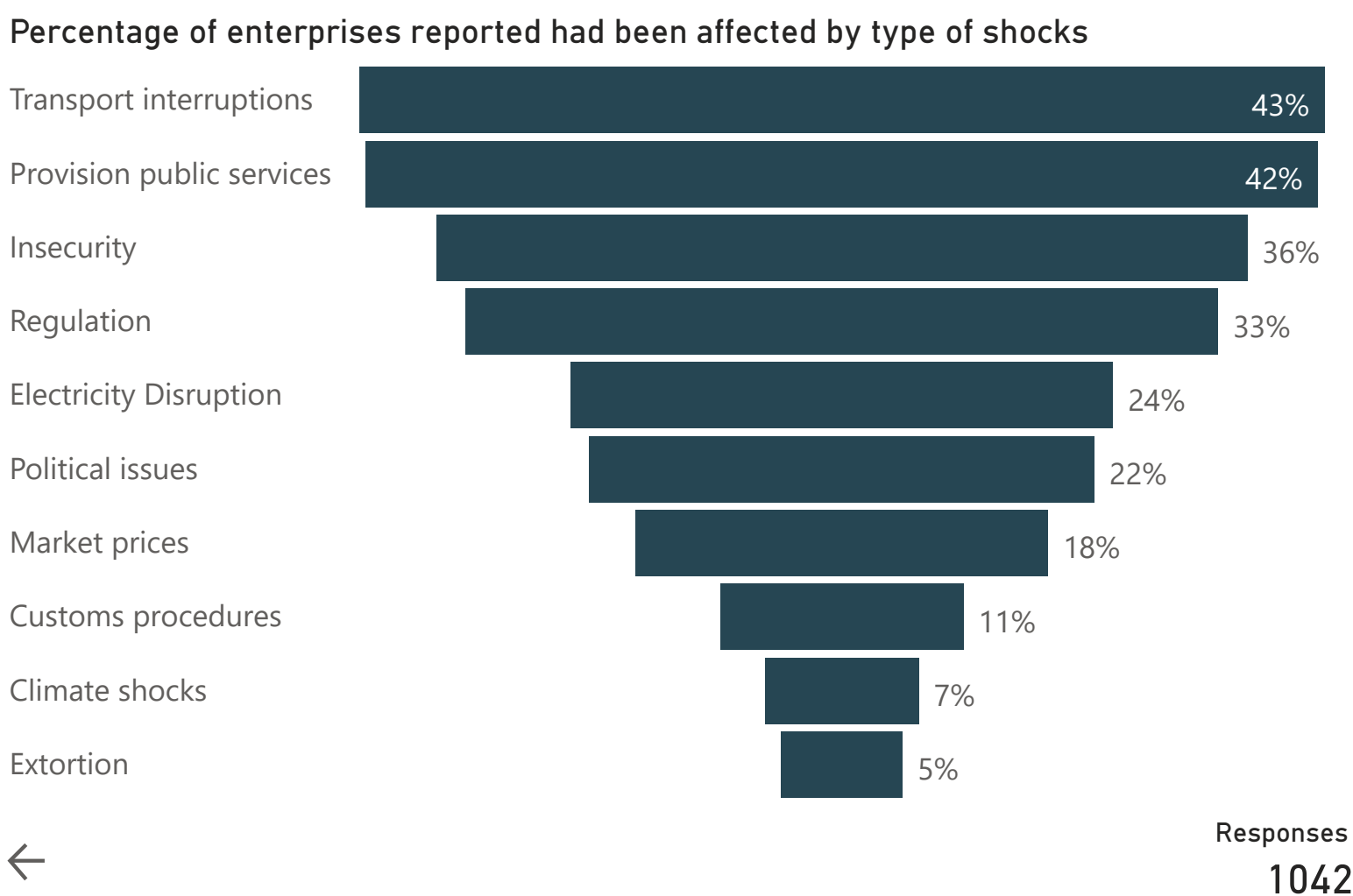
# 23. RESILIENCE CAPACITIES AND CONFIDENCE IN ENTERPRISE RECOVERY TO COVID-19 CRISIS

Honduran enterprise owners overall are confident in the recovery of their enterprise to the COVID-19 crisis. Confidence varied by type of resilience capacity. The confidence in accessing the support of other enterprises and trust that the enterprise will be treated fairly and transparently by government rules proved in inferential analysis to be the two most predictive factors for enterprise owners' confidence in the recovery. This is different from the first panel where the ability to find buyers, learn from the crisis and change products and services were the most significant predictive factors. These findings suggest that businesses are not able to manage this shock in isolation simply by just transforming individually to enterprises. Enterprises need broader enabling systems including cooperative networks and transparent and reliable institutions to mitigate, adapt and recover from the COVID-19 crisis.

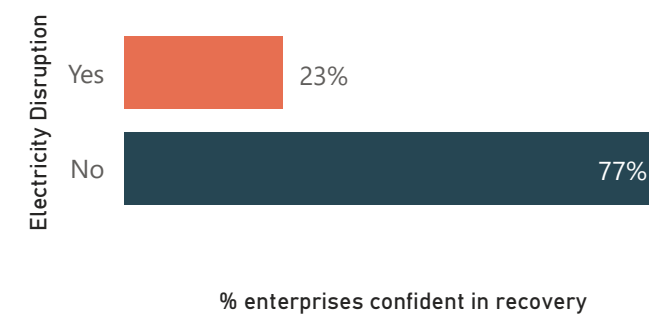


# 24. OTHER SHOCKS AFFECTING ENTERPRISES DURING THE COVID-19 CRISIS

Honduran enterprises reported being affected by crises or shocks concurrent to the COVID-19 crisis. The more shocks the enterprise experienced, the less confident the enterprise in its its eventual recovery from COVID-19. Inferential analysis identified extortion and electricity disruptions as the most significant shocks that affected enterprise confidence in recovery. These findings suggest that the combination of COVID-19 with other shocks is likely to make it more difficult for enterprises to cope with the COVID-19 crisis.



Percentage enterprises confident in recovery, by whether affected by electricity disruption



Percentage enterprises confident in recovery, by whether reported being extorted

