



# **Business Pulse Survey** **Greek Firms through COVID** **and their recovery**

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# Outline

**1**

How have we been monitoring the impact of COVID-19 on firms?

**2**

What expectations did we have that the BPS confirmed?

**3**

What new knowledge have the pulse surveys generated?

**4**

What are the key implications for operations and future work?

**5**

Supporting firms in restructuring and recovery: Firms Note 2.0

# How COVID-19 affected firms

## COVID-19 shocks: MANY CHANNELS, hard to predict the MAGNITUDE and WHO is more affected



### Lockdown effects

Public health measures require non-essential businesses to close

Temporary shock, targeting non-essential businesses, mostly in **retail, HORECA** (tourism) and **personal services**



### Demand shocks

Economic downturn drives down demand domestically and abroad

Broad-based shock. Will especially hit firms producing **durables, apparel/textile** and those **reliant on exporting** (manufacturing & services – e.g., tourism).



### Supply shocks

Decline in labor and intermediate inputs, global value chains disrupted

E.g., firms that **rely on imports** are affected.



### Financial shocks

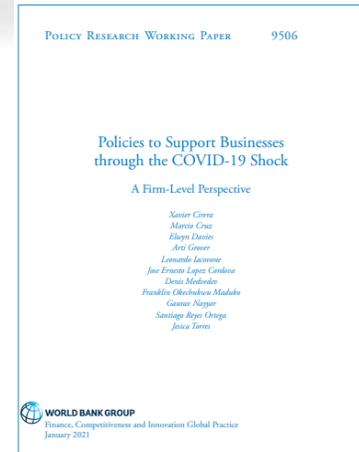
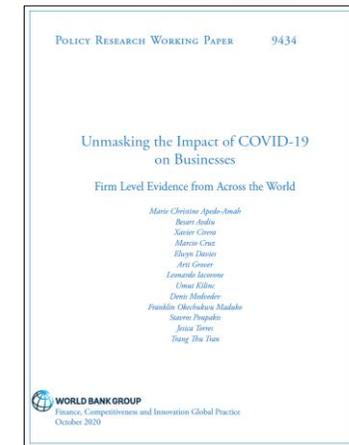
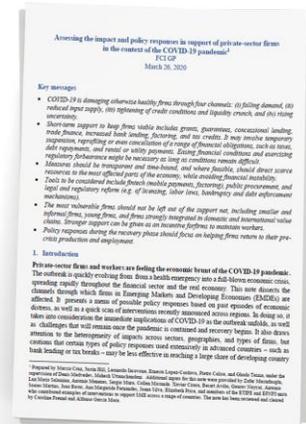
Finance becoming further constrained

Deterioration in availability of credit. As demand increases it may affect firms' access to finance



### Uncertainty

Impacting investment and innovation



# More than 100,000 businesses globally, about 20,000 from 20 countries in ECA & 1,123 in Greece

## Wave 1

## Panel data

### EU+

Albania<sup>#</sup>, Bulgaria, Cyprus<sup>#</sup>, Greece<sup>#</sup>, Croatia<sup>#</sup>, Hungary<sup>#</sup>, Italy<sup>#</sup>, Poland, Romania, Slovenia<sup>#</sup>, Turkey, Kosovo

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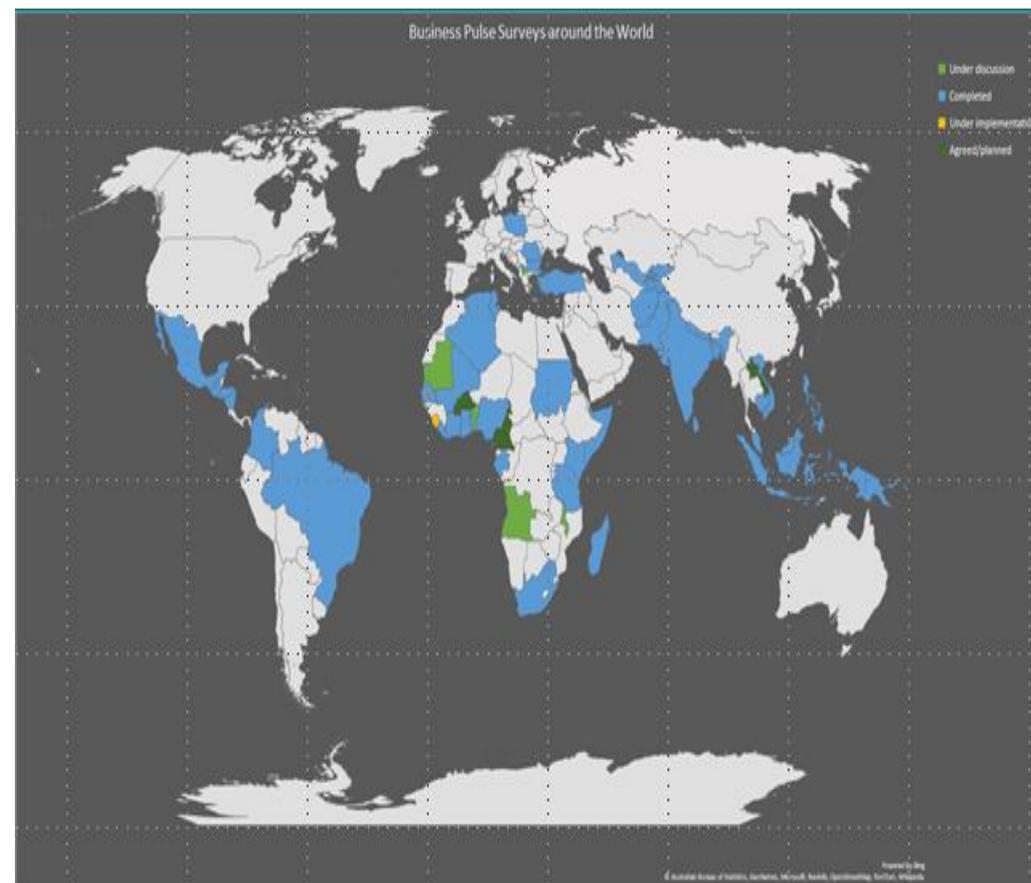
### Rest of ECA

Armenia<sup>#</sup>, Belarus<sup>#</sup>, Georgia<sup>#</sup>, Kyrgyzstan, Moldova<sup>#</sup>, Russia<sup>#</sup>, Tajikistan, Uzbekistan

Georgia<sup>#</sup>, Moldova<sup>#</sup>

\* Pseudo-panel with retrospective questions

# World Bank Enterprise Surveys. Bulgaria, Poland and Romania have both BPS and WBES



# Summary of key messages

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## Confirming existing information and anecdotal evidence

1. Big negative impact on revenues and profits: still in 2022 70% firms had lower sales and 40% lower profits + Microbusinesses were the most affected
2. Significant negative impact on employment but also resilience and adaptation through remote working arrangements
3. Pandemic accelerated digital adoption and usage

## Things we did not know and risks at the horizon

1. Worrying signs of an emerging digital divide between larger and smaller firms: 31% micro businesses invested in new digital tech vs 68% of large firms
2. Significant financial fragility: 42% of businesses into arrears – much higher than other EU countries
3. Very high level of uncertainty persisted throughout 2022 – especially for firms experiencing more negative impact on revenues
4. Broad public support targeted to smaller businesses: 73% of businesses received some type of public support

# Confirming earlier insights with data from the BPS

**1**

Impact on sales

**2**

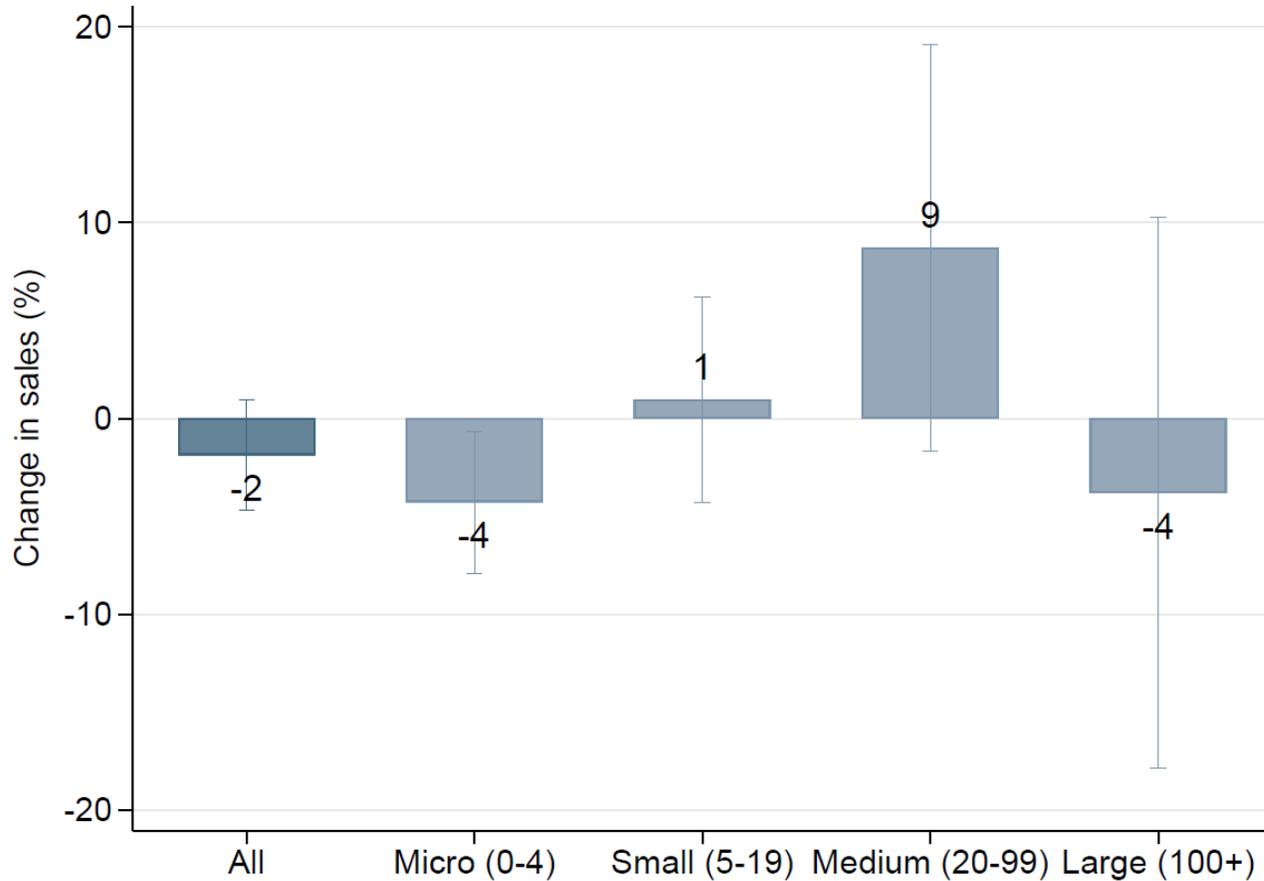
Employment effects

**3**

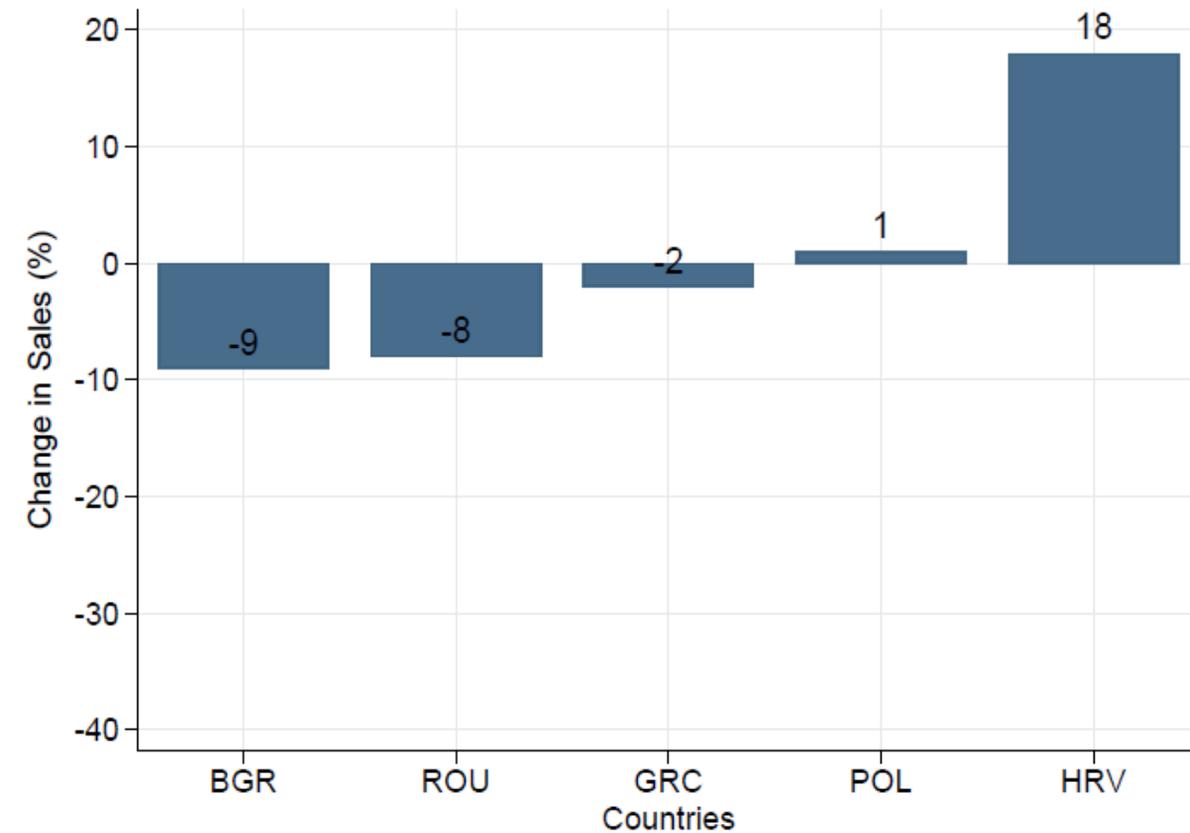
Accelerated digital adoption

# Revenues still not fully recovered in 2022 (from 2021 ) and smaller firms still are the ones more affected

Average change in sales relative to 2020 (%),  
By firm size



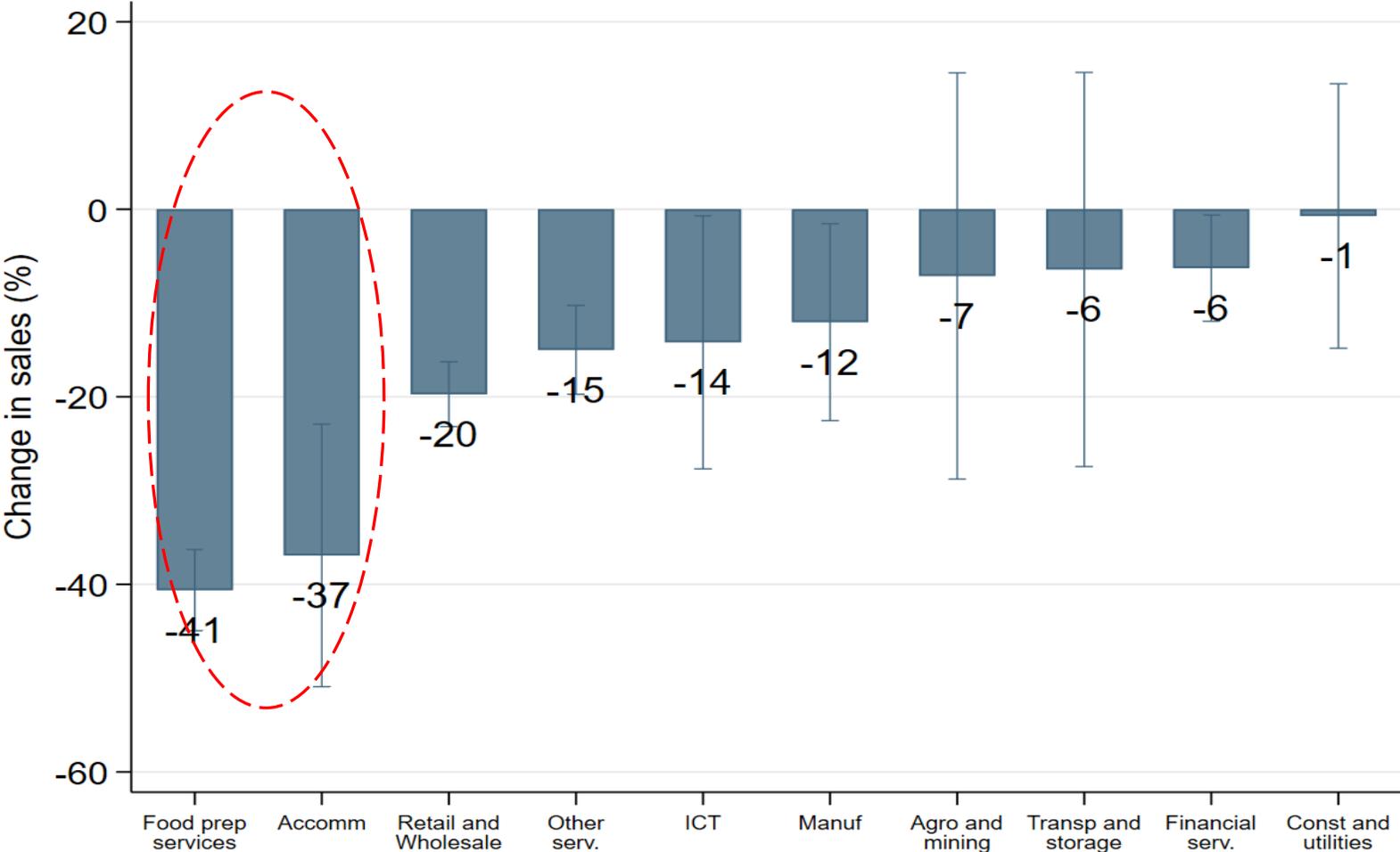
Average change in sales relative to 2020 (%),  
Greece vs other EU countries



Note: The variable is change in sales in last 30 days compared to same time last year

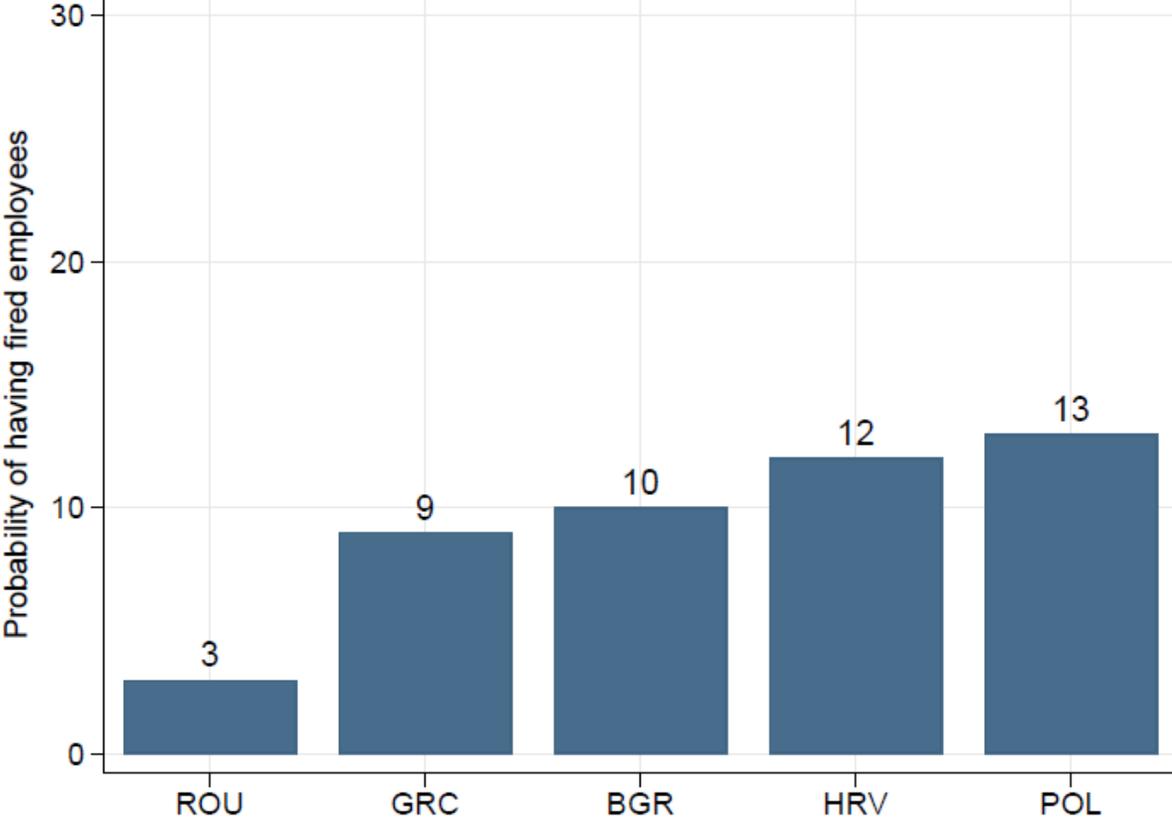
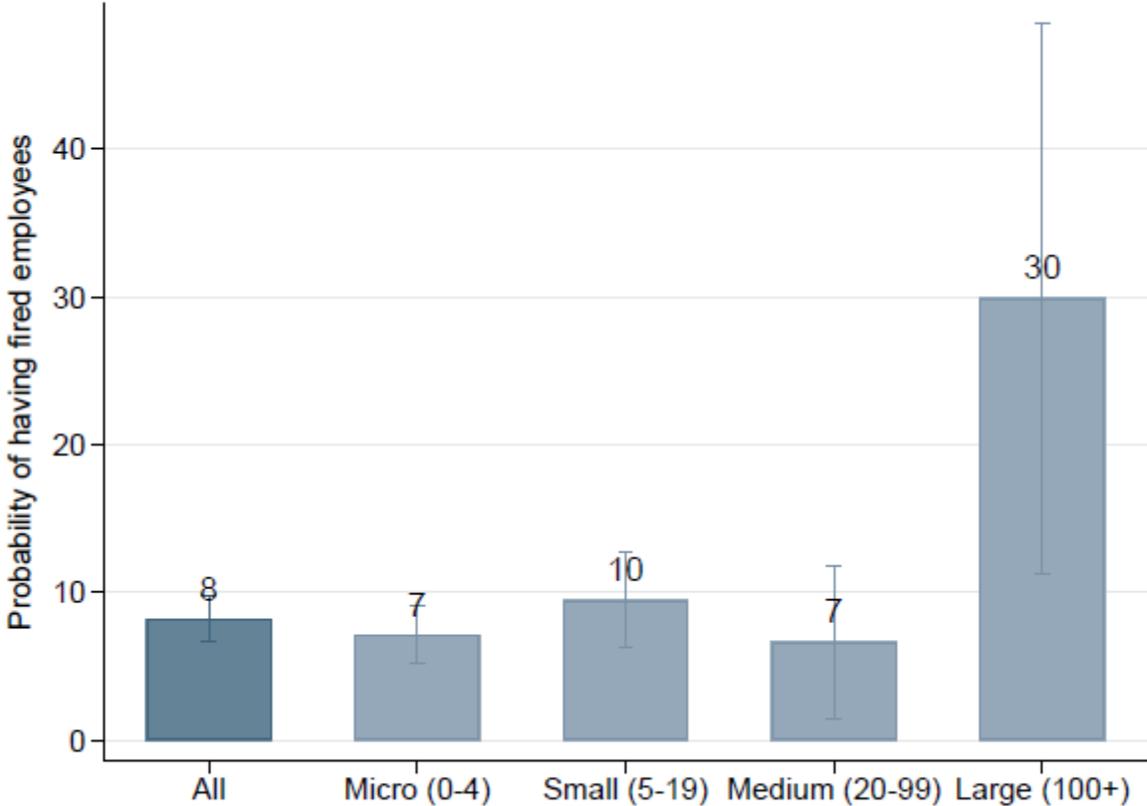
# As in other countries, hospitality-related activities were the most affected in Greece...rebounding still limited

Average change in sales vs same month pre-COVID 2019 (%) by sector



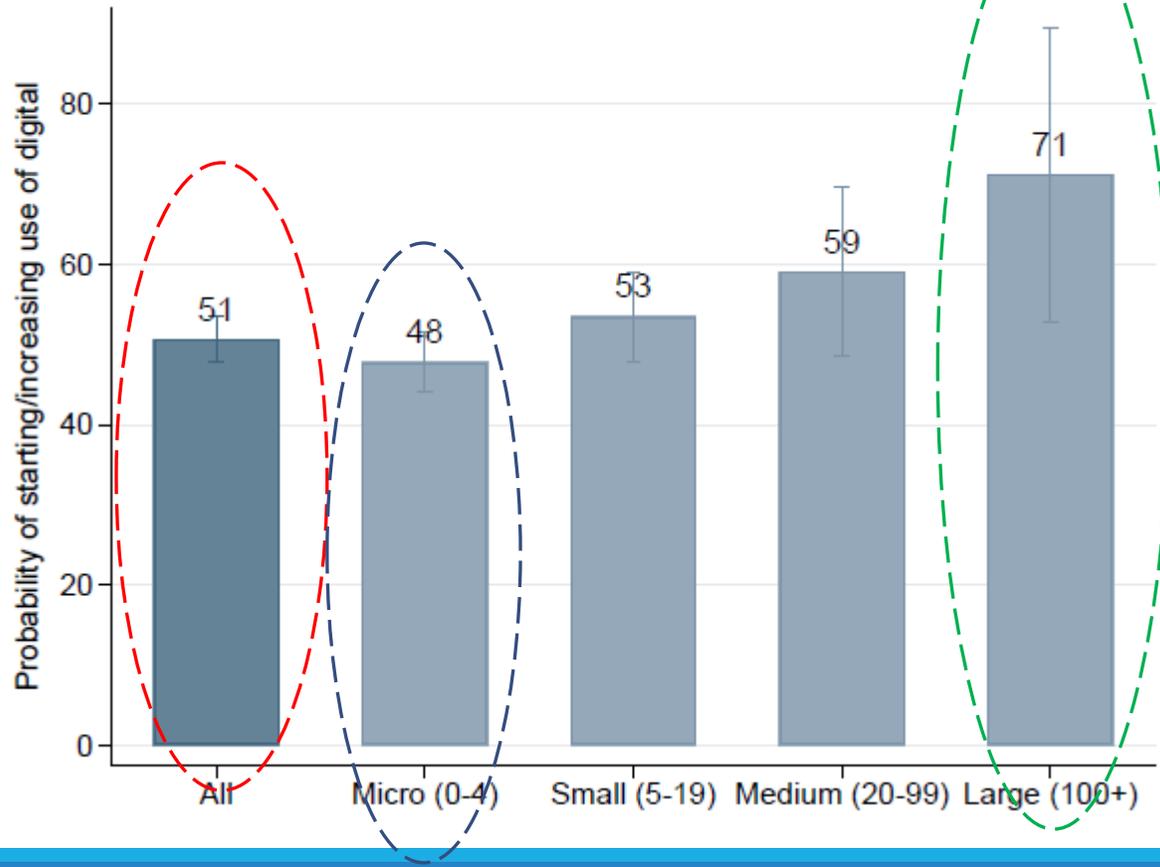
# Consistent with global patterns, firms in Greece have been holding on to workers

Probability of laying off workers in the last 30 days (%)

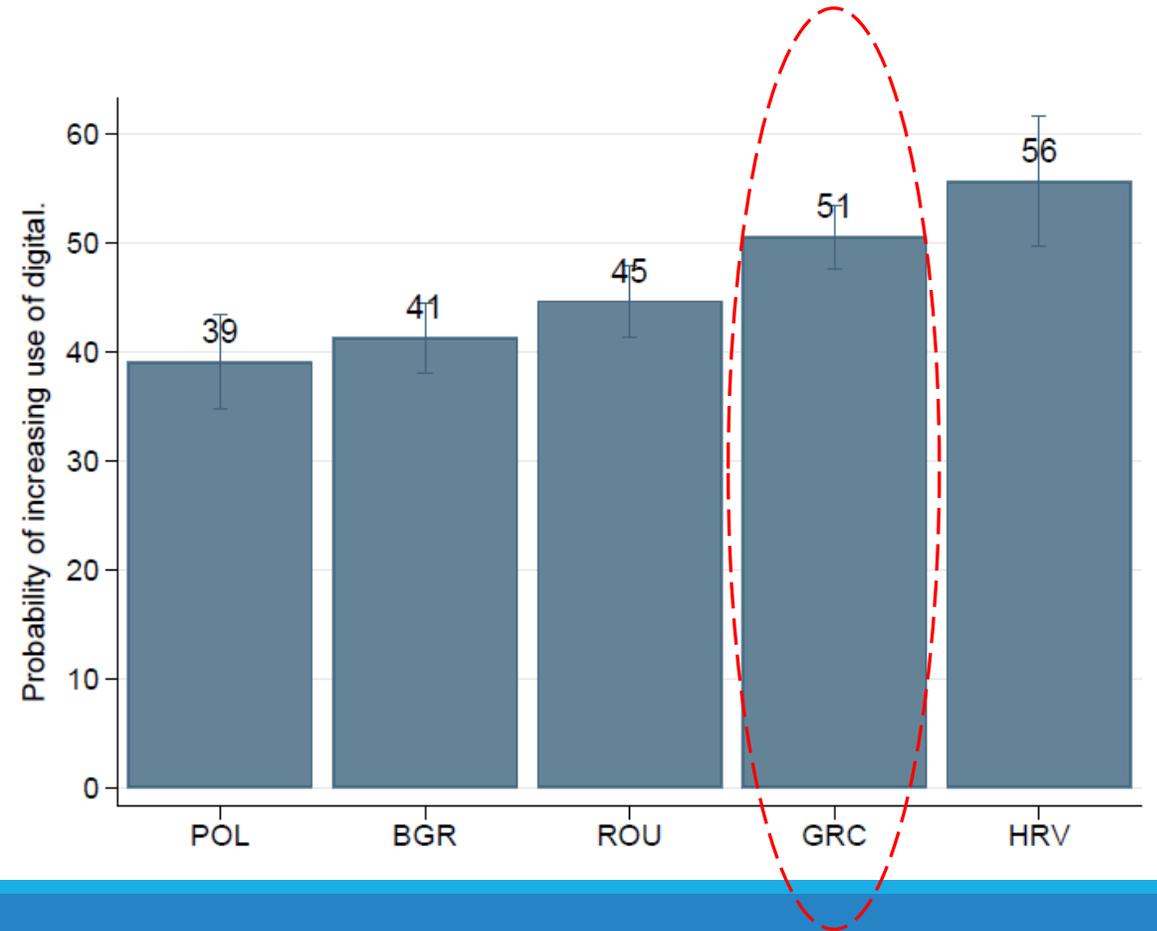


# Significant acceleration in digitalization among Greek companies

Probability of increasing use of digital technologies in Greece - by size(%)



Probability of increasing use of digital technologies in Europe - by country (%)



# New Insights from the BPS

**1**

**Widening digital divide**

**2**

**Risks and arrears**

**3**

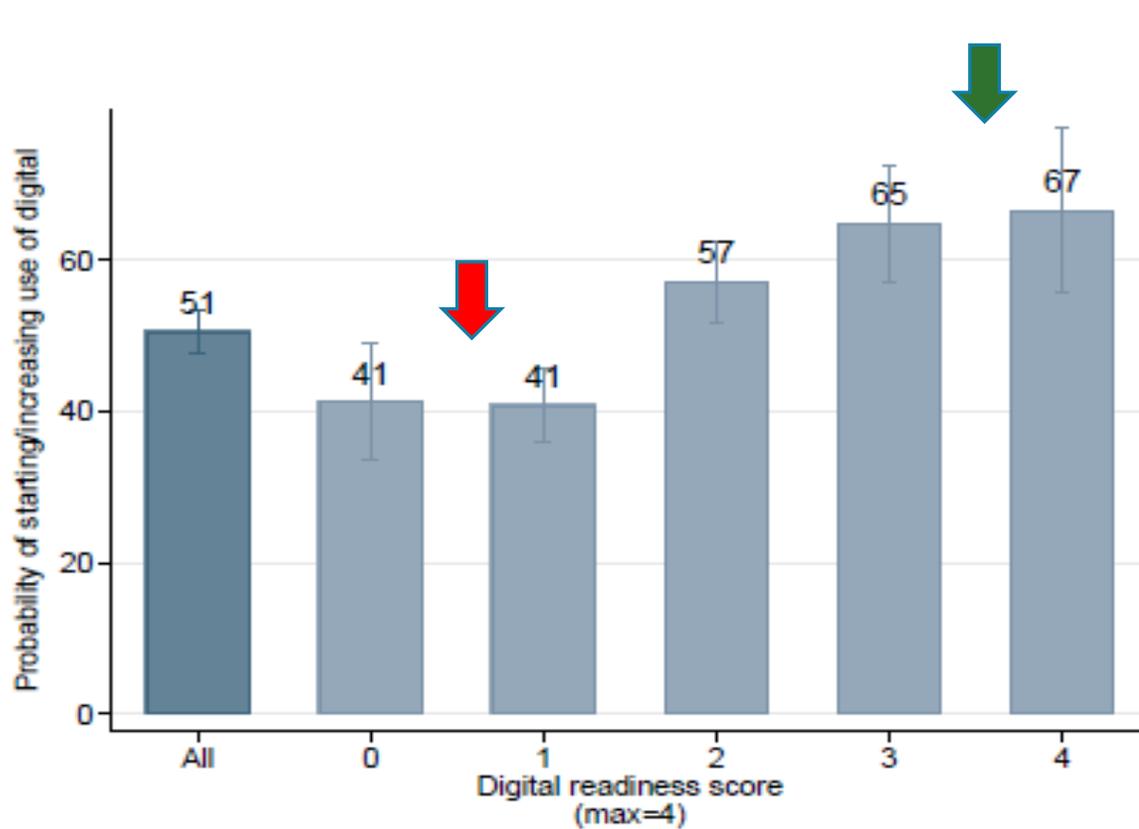
**Access to public policy**

**4**

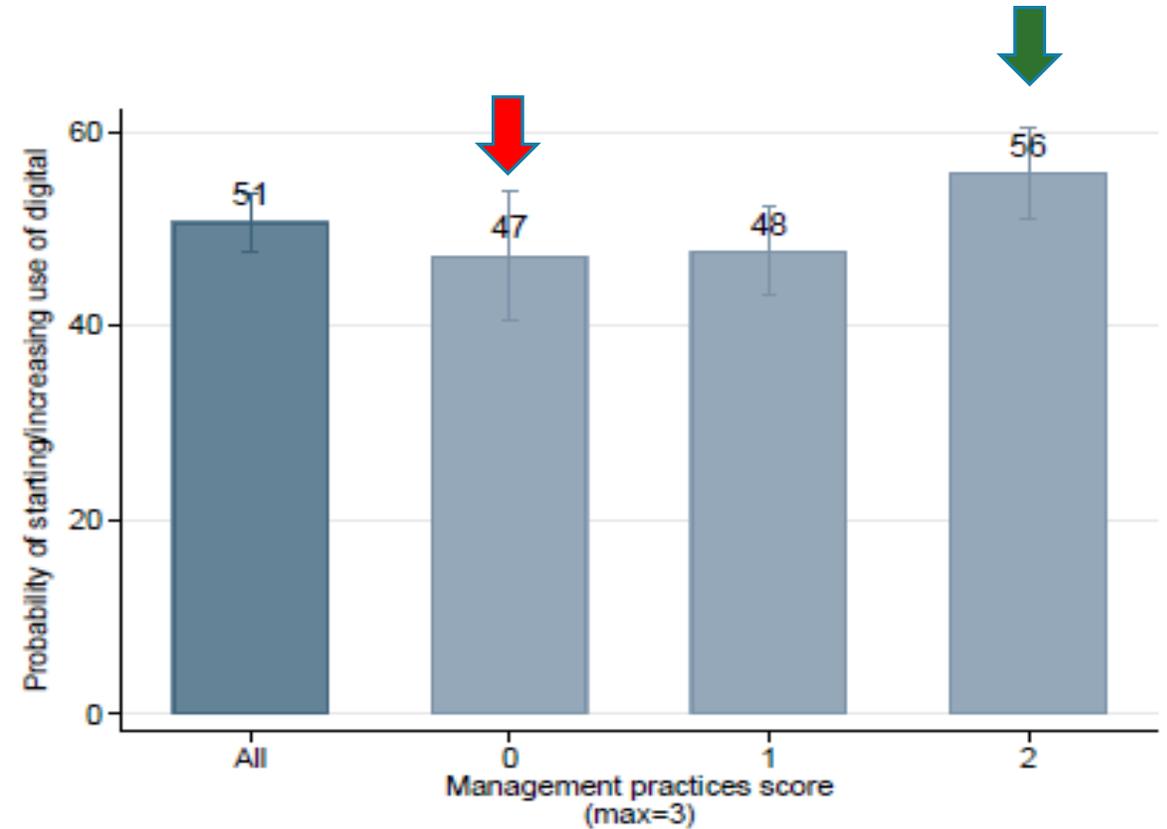
**Green transition and its obstacles**

# Signs of a widening digital gaps #1

Probability of starting/expanding use of digital technologies – by levels of digital readiness/management



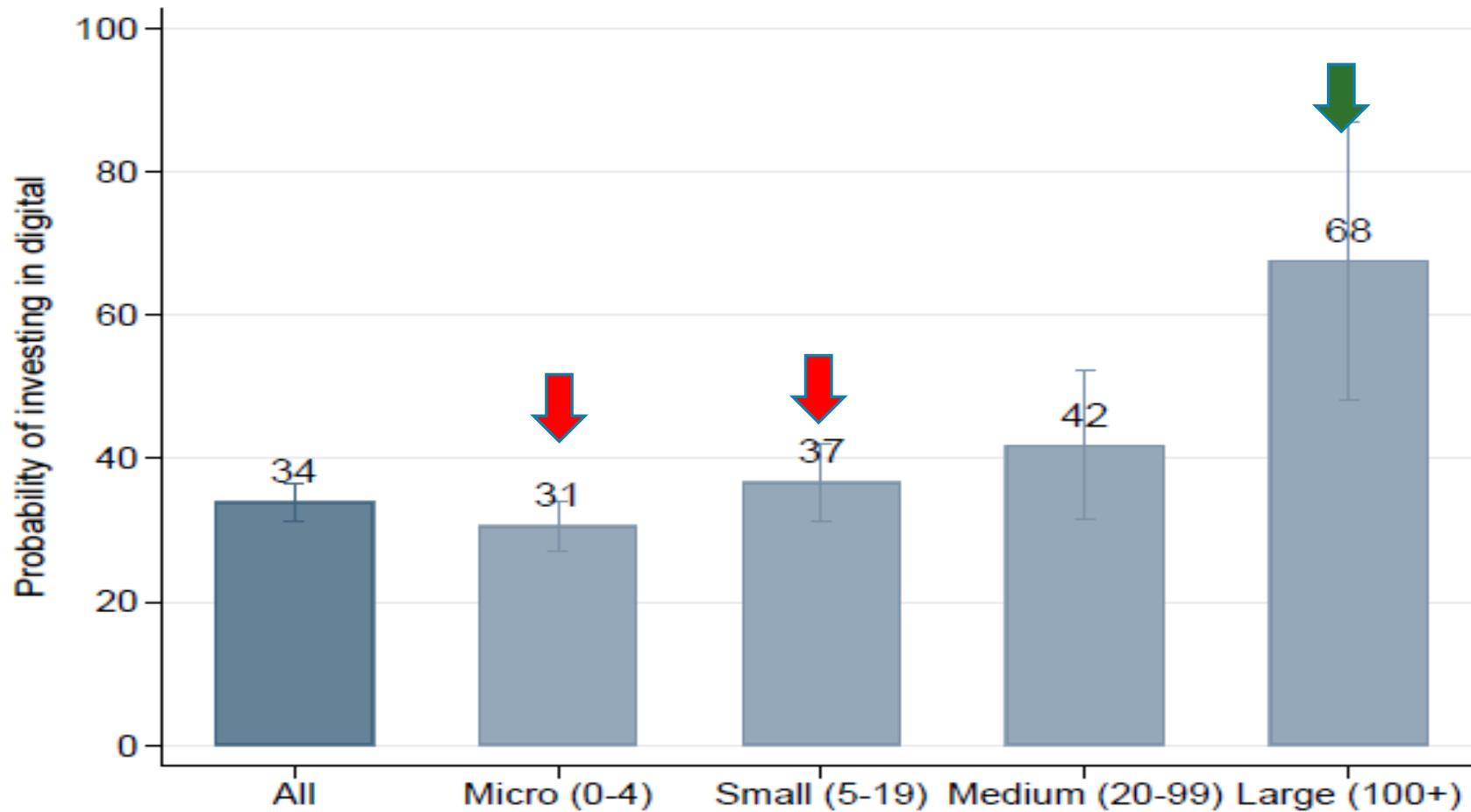
(a) Digital Readiness



(b) Management Practices

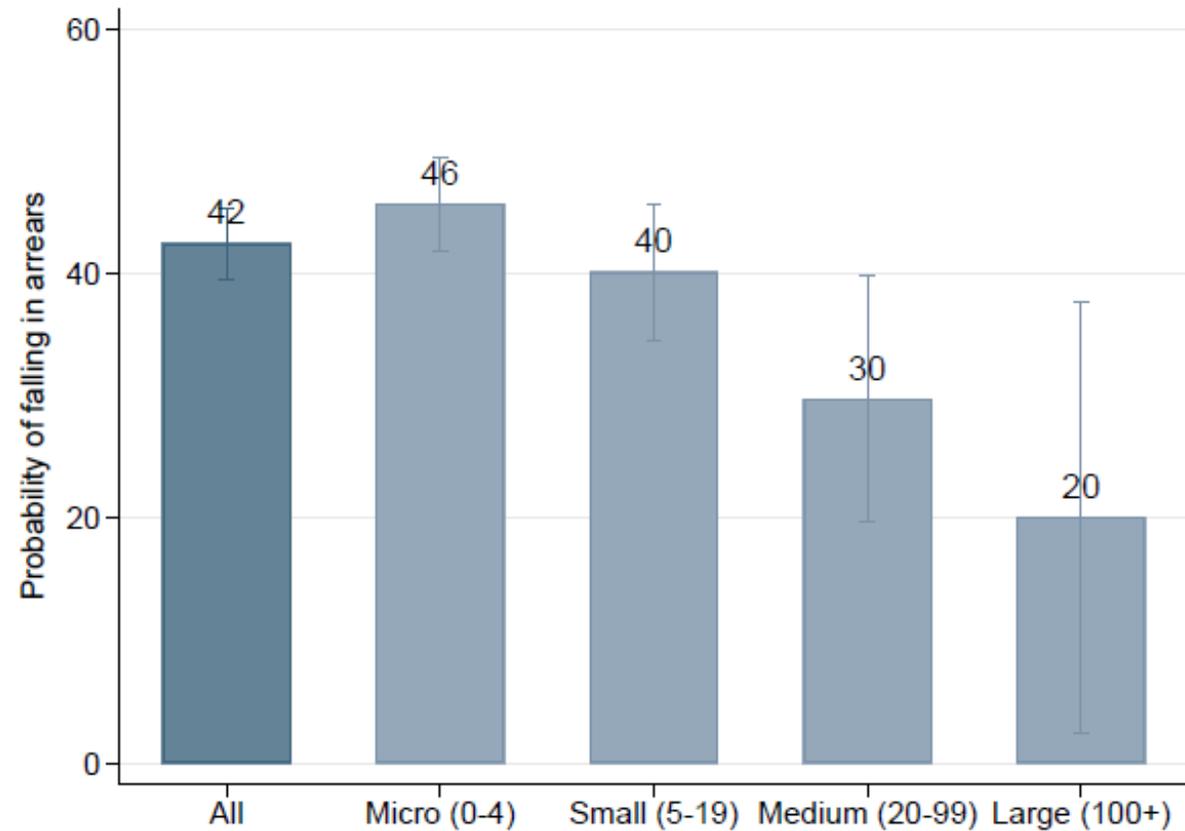
# Signs of a widening digital gaps #2

Probability of investing in new digital technologies – by firm size

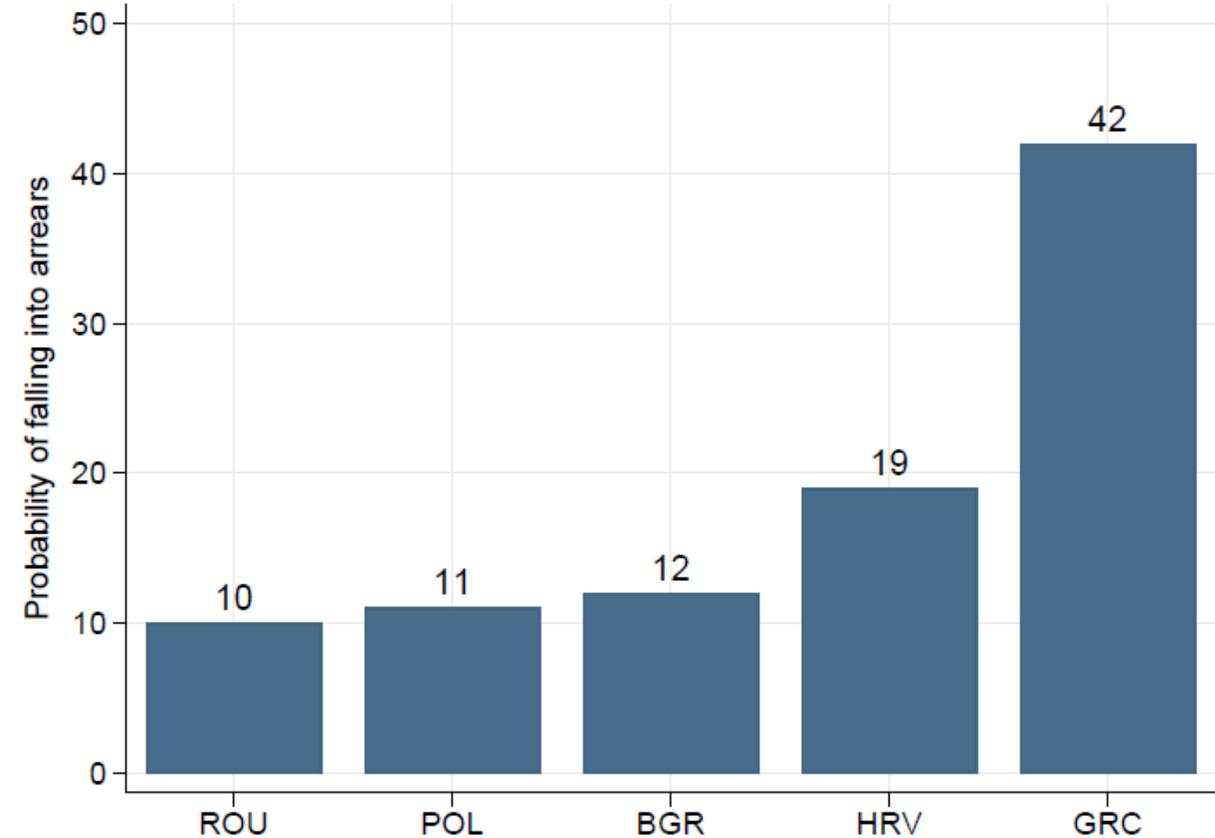


# Concerning signs of financial fragility...especially for smaller firms

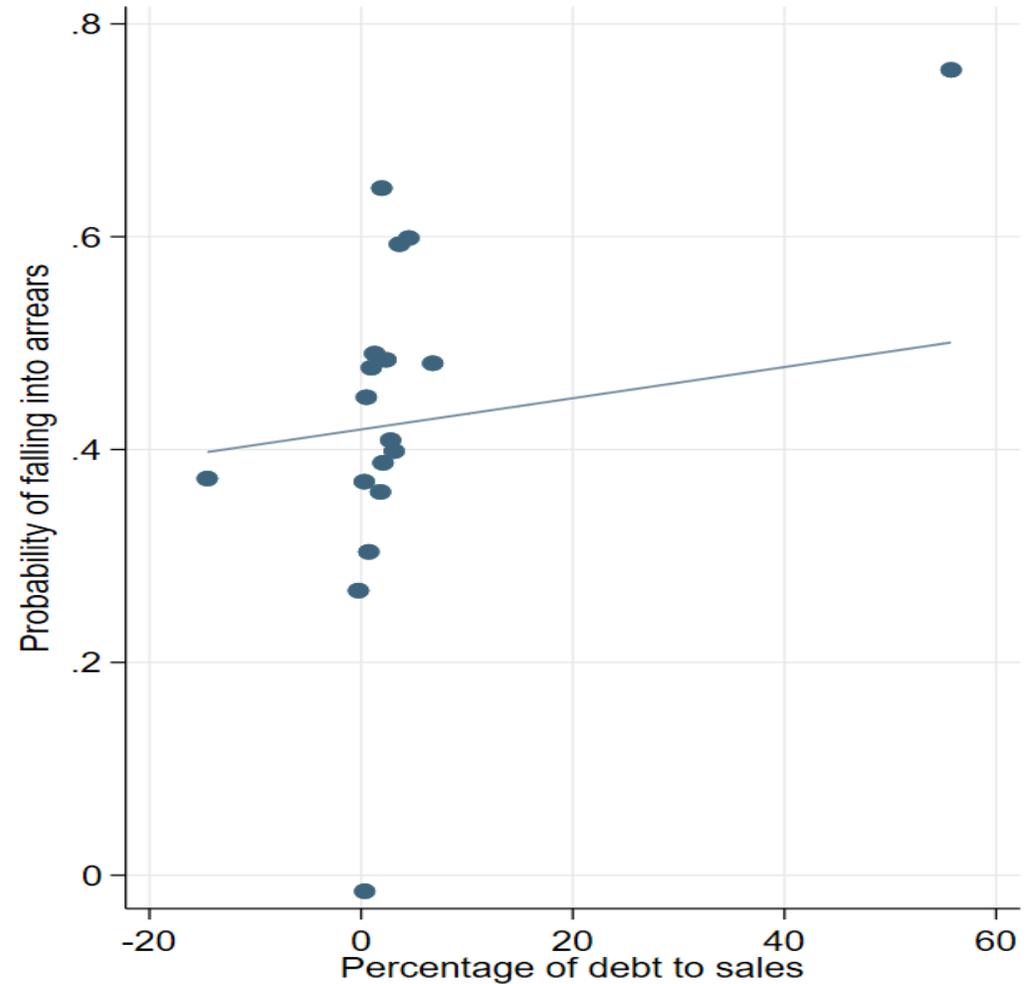
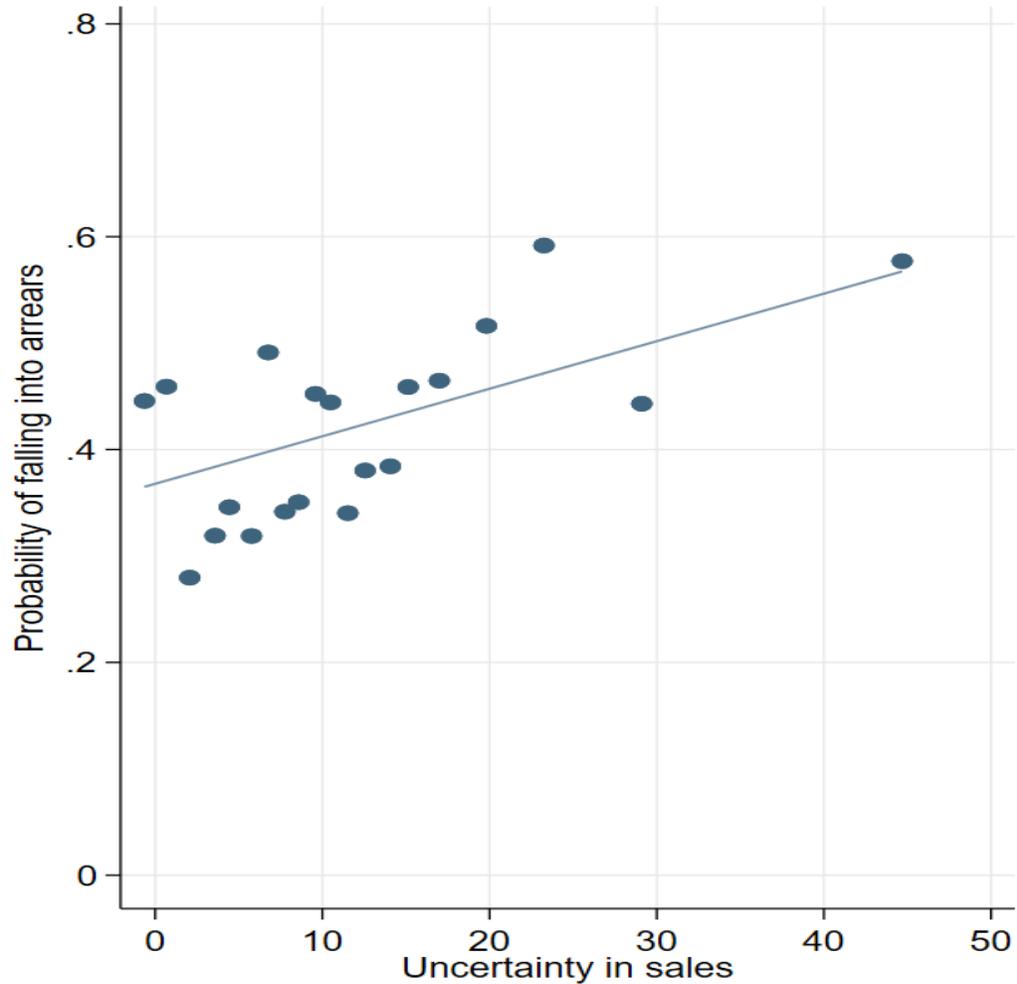
Probability of falling into arrears in Greece – by size (%)



Probability of falling into arrears – by country (%)

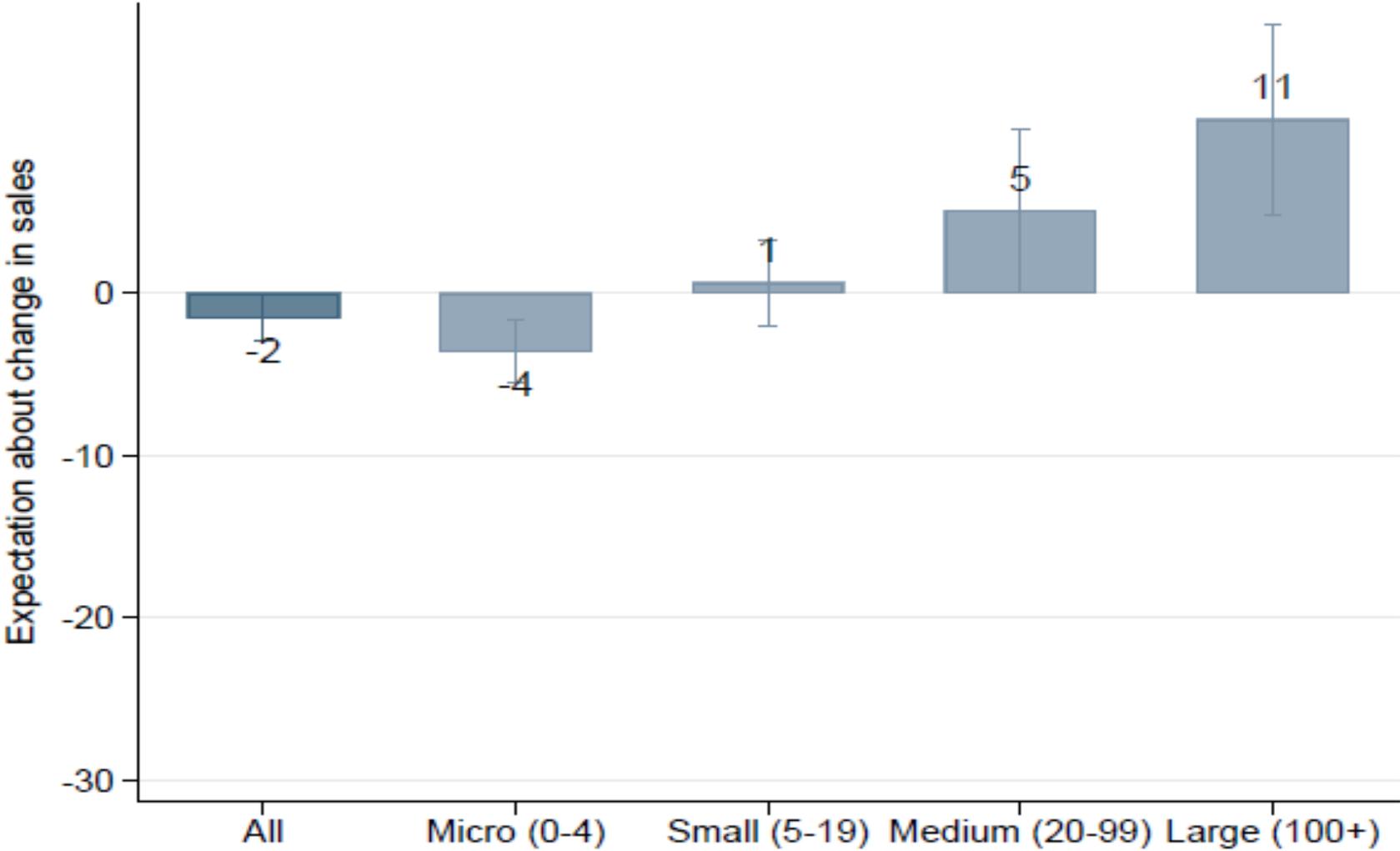


# Financial fragility is associated with uncertainty and higher levels of debt



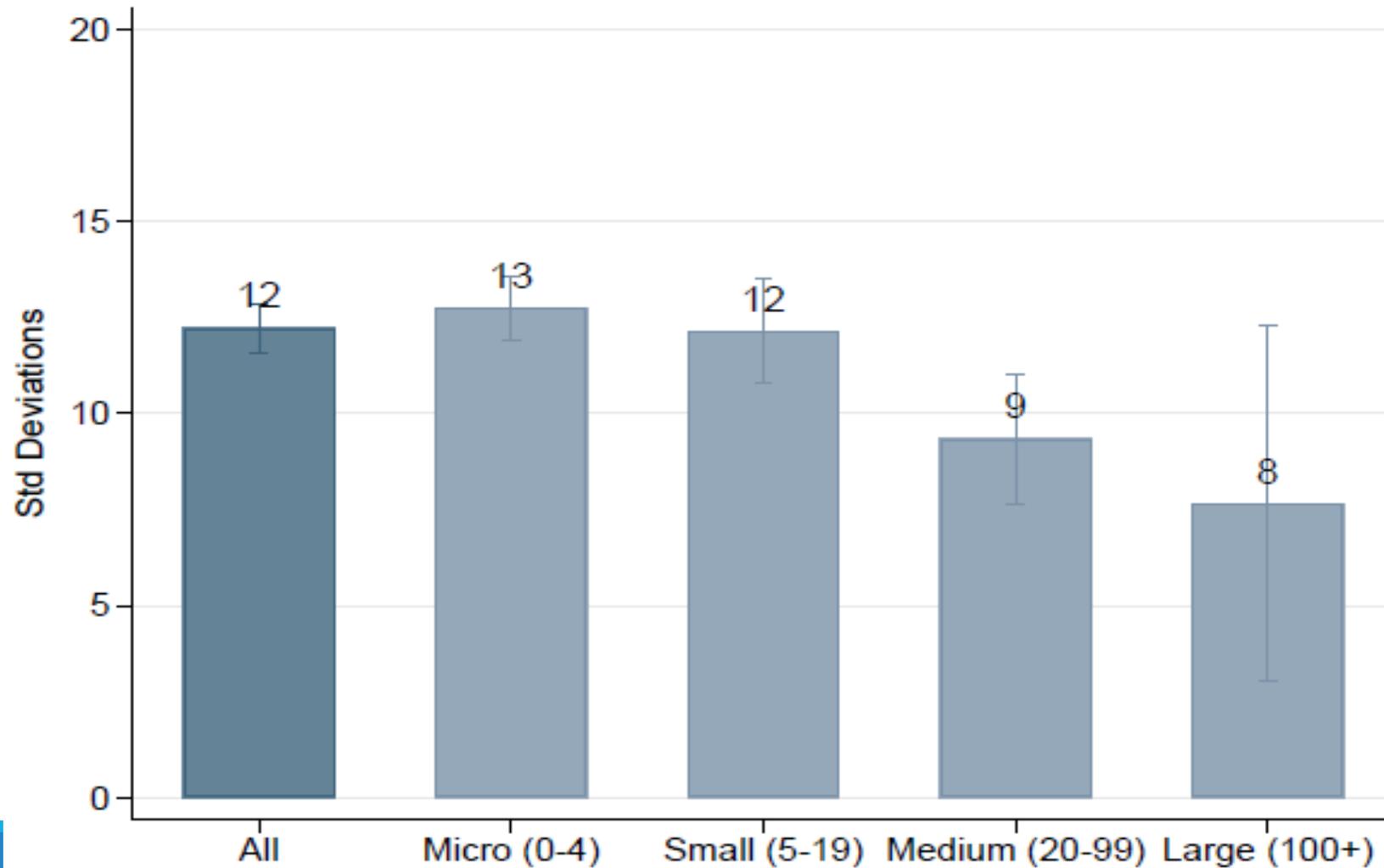
# Smaller firms also have more pessimistic outlook

Expectations about future sales in Greece – by size (%)

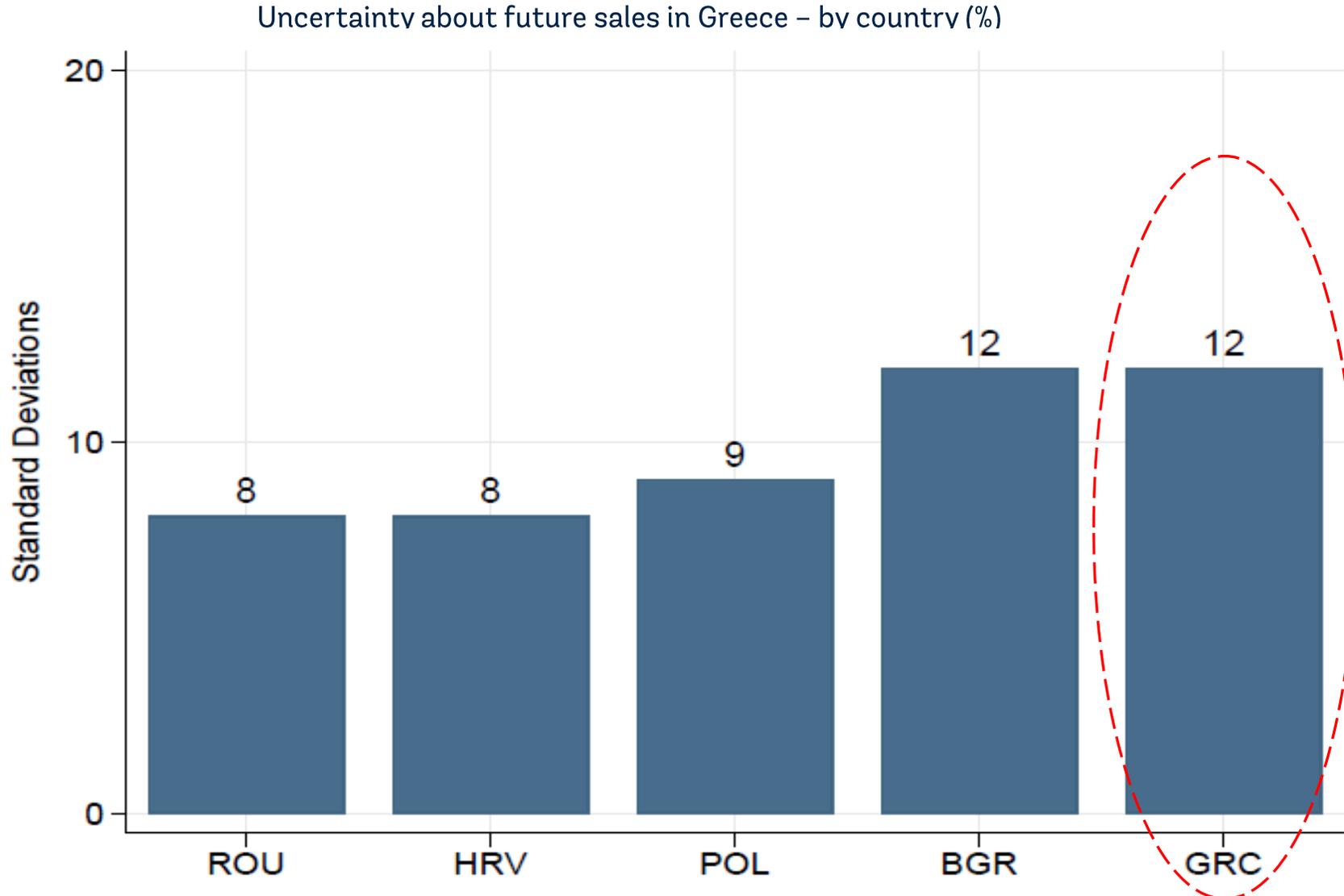


# Smaller firms are also more uncertain

Uncertainty about future sales in Greece – by size (%)

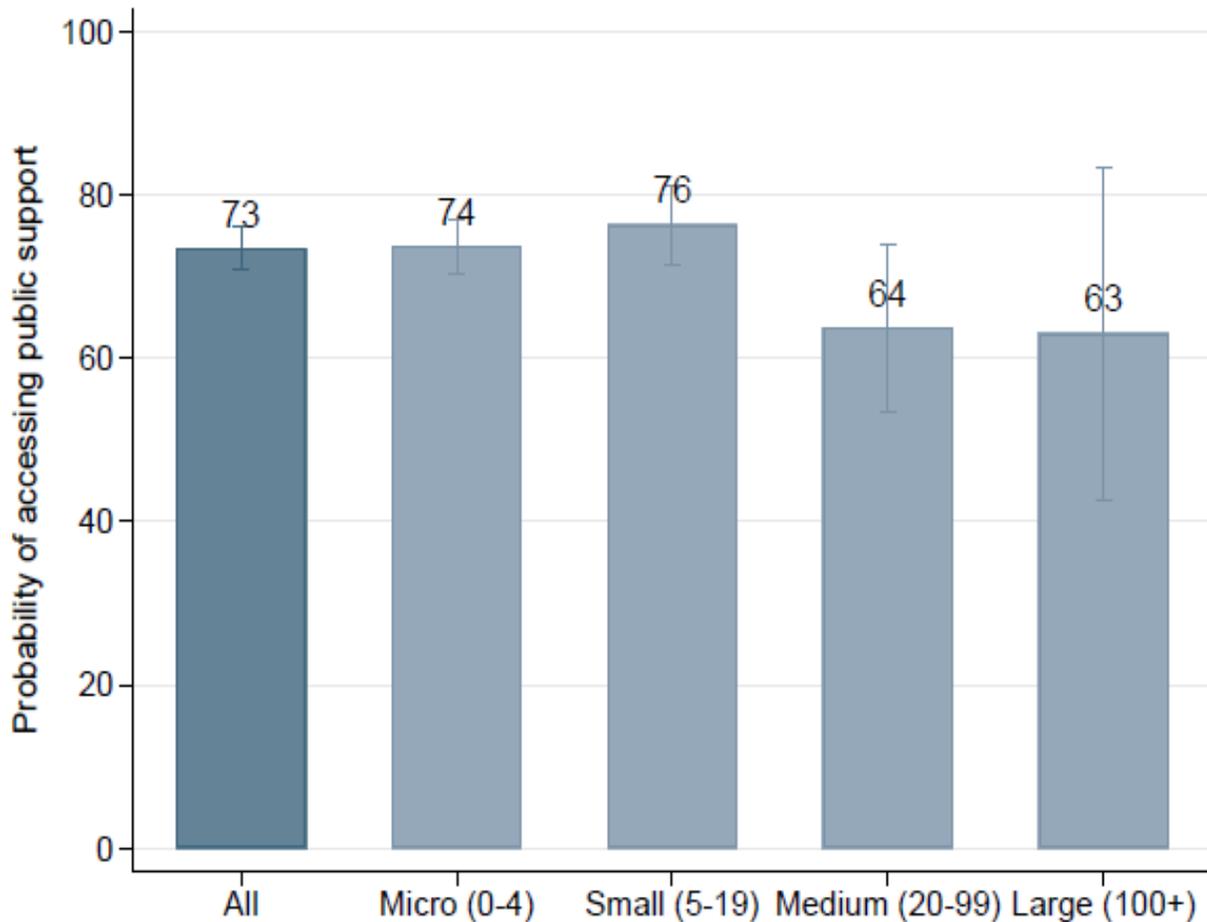


# And overall firms in Greece are also more uncertain

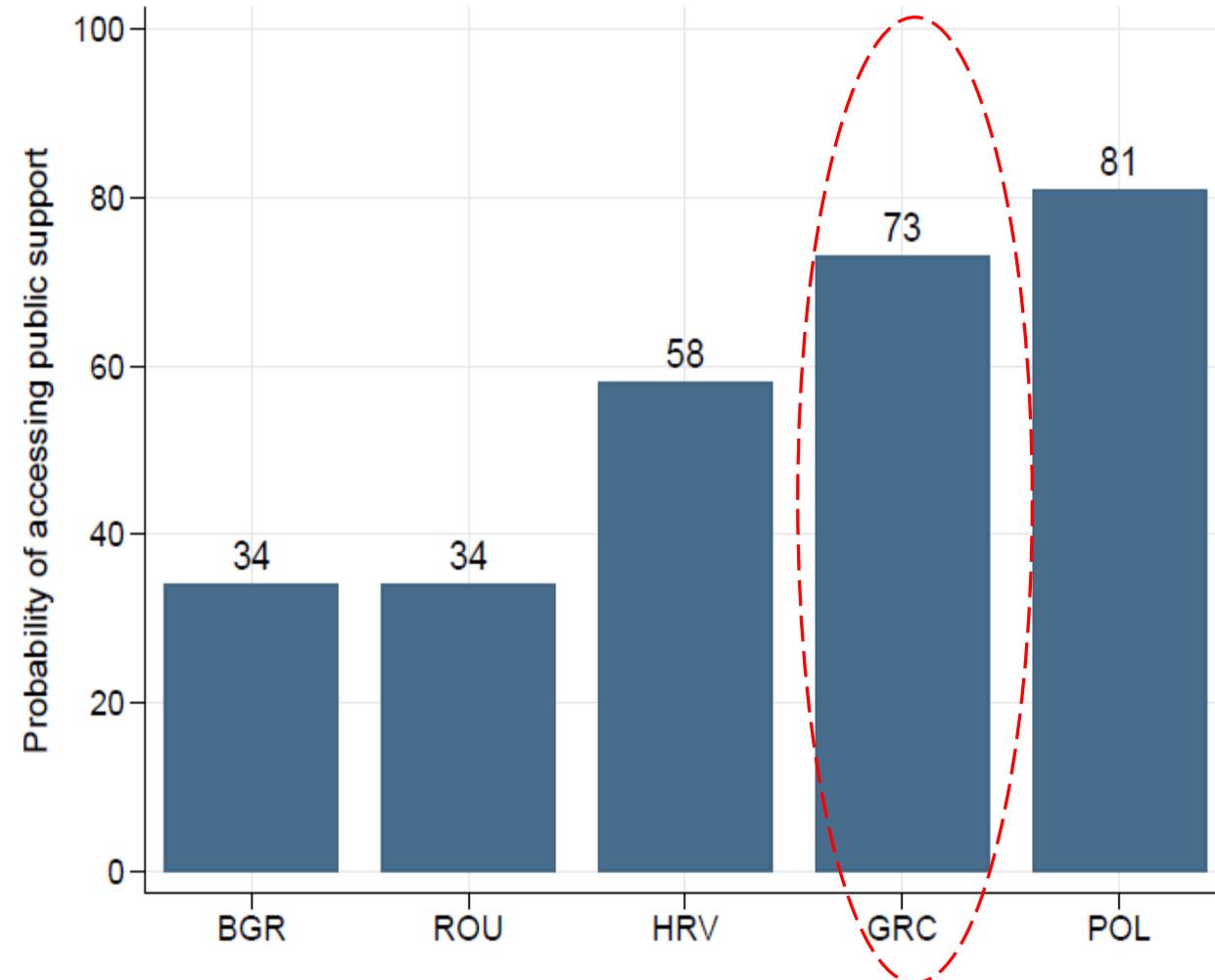


# Some good news: Firms in Greece broadly benefited of public support – especially among smaller firms

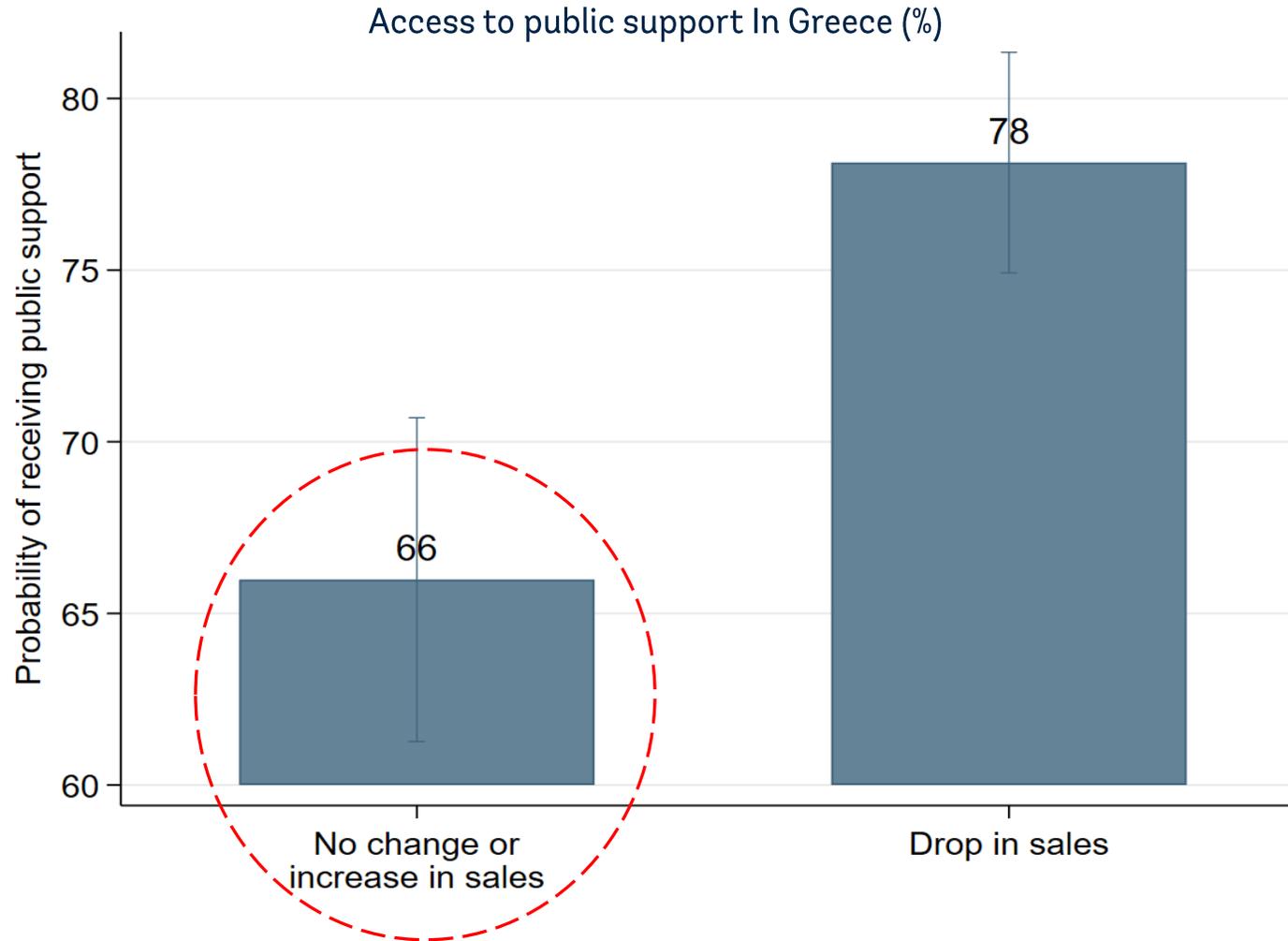
Access to public support In Greece – by firm size (%)



Access to public support – by country (%)

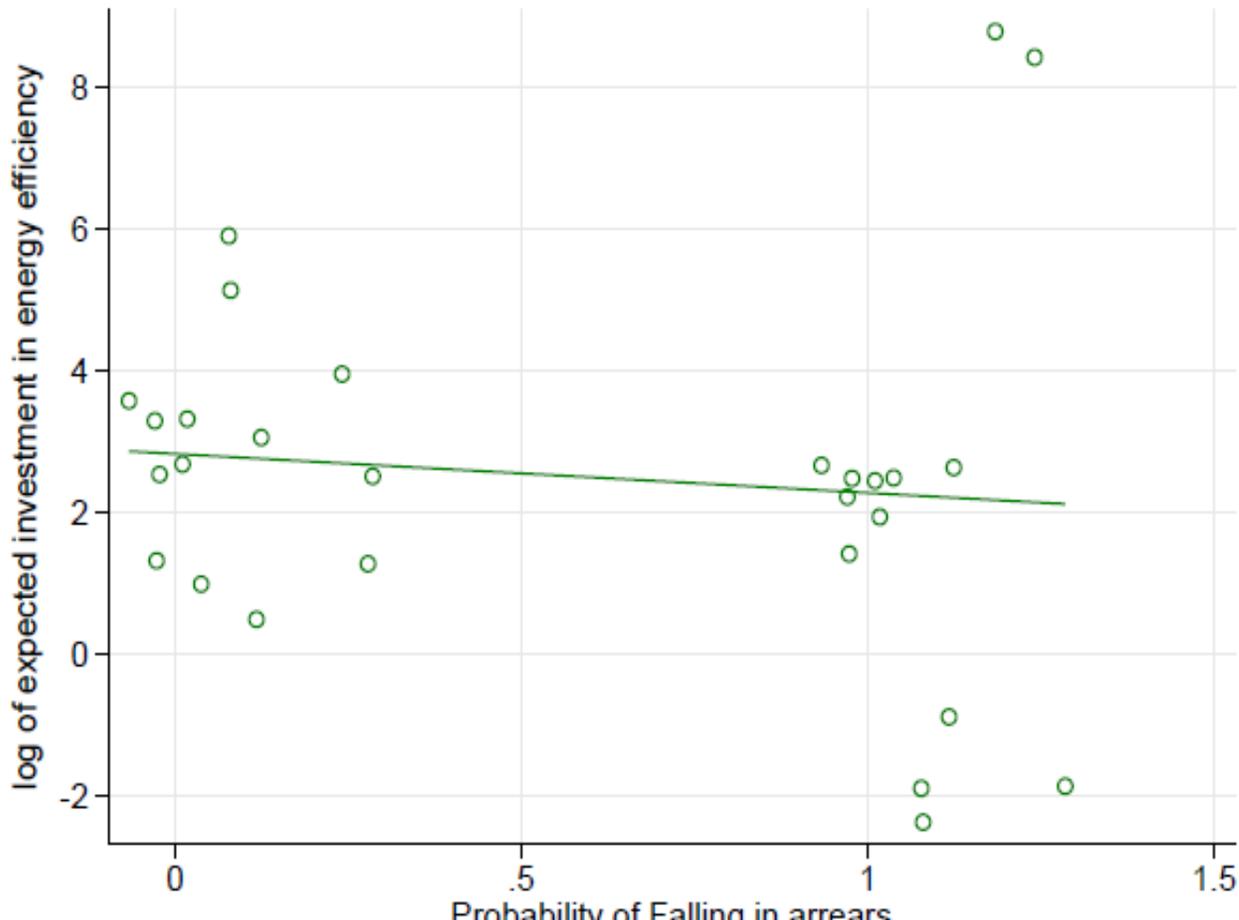


# However, access may have come at the cost of some mistargeting - TBC

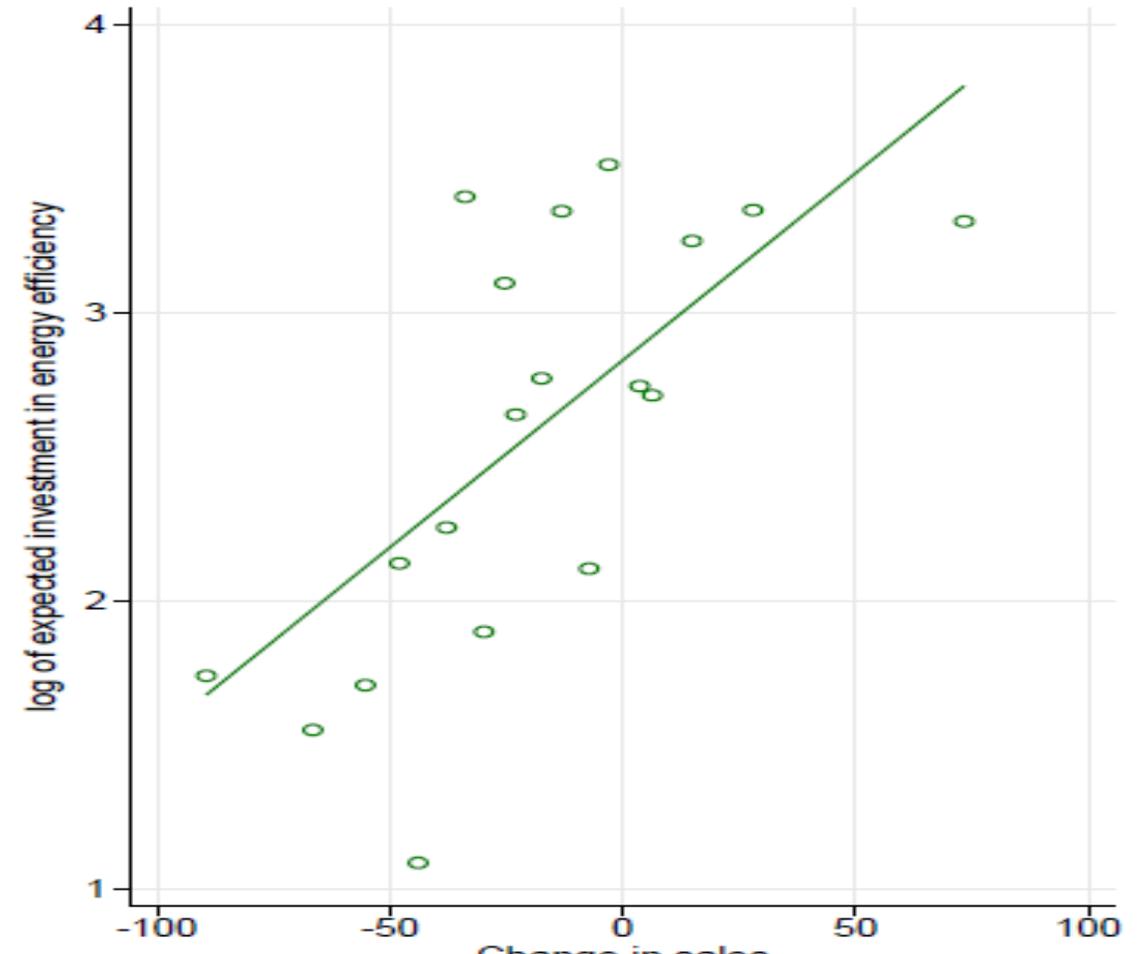


# Thinking about green transition: financial constraints and demand pull are two key factors driving investments in EE

Probability of investing in energy efficiency and likelihood of falling into arrears



Probability of investing in energy efficiency and change in sales



# **Implications for Policy Dialogue**

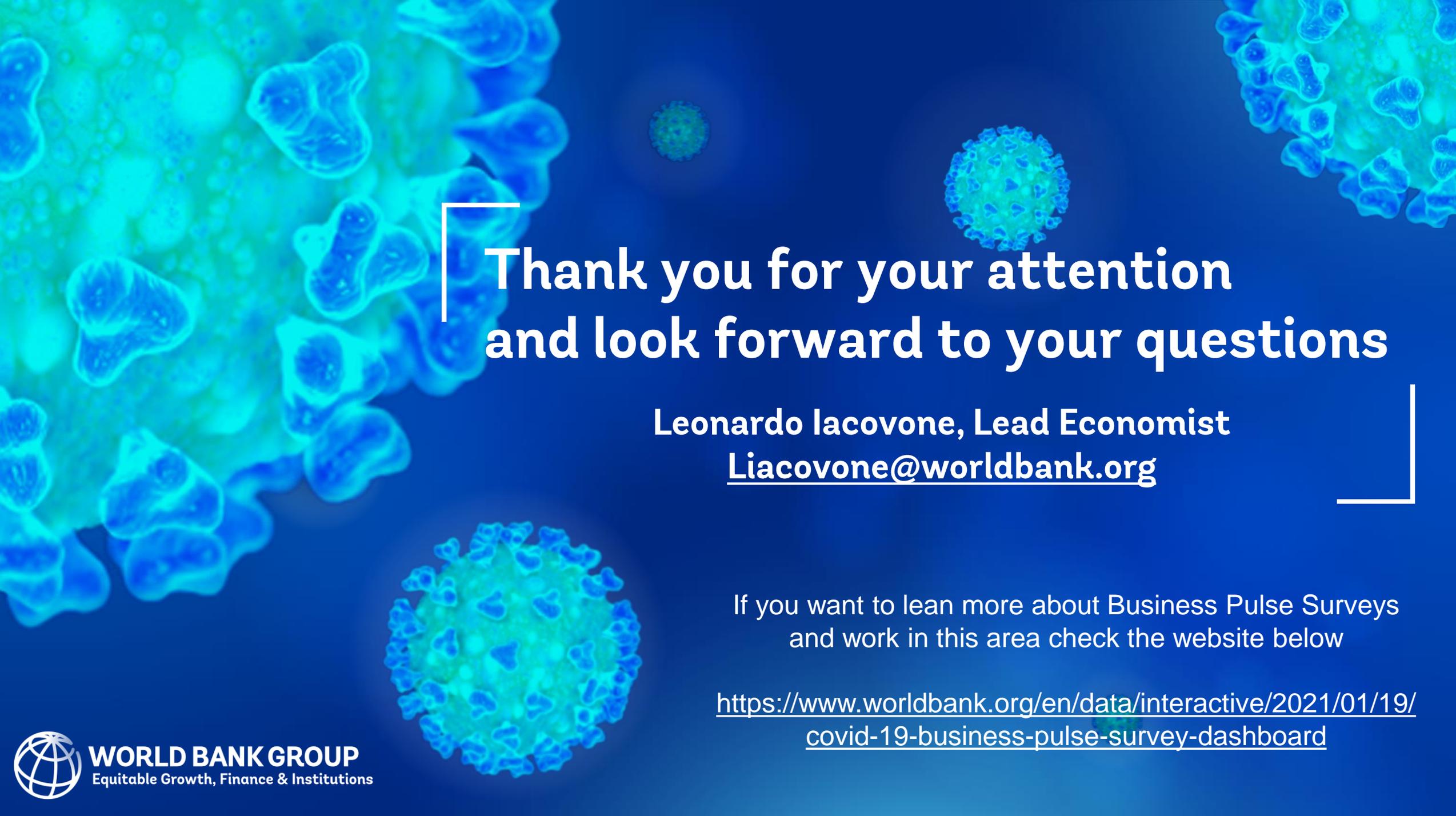
# Key findings to keep in mind

- Smaller firms have experienced more negative shock
- Digital adoption has accelerated but with it we also see signs of a widening digital divide
- Financial risks and uncertainty are high – with smaller firms especially exposed
- Thinking about green transition we should be wary of financial and demand constraints

# Lessons for supporting firms through crisis

- Emphasis on targeting: limited fiscal resources should be targeted towards viable firms facing liquidity
- Insolvency frameworks must be strengthened and financial stability protected due to the growth of financial vulnerabilities
- Manage uncertainty through predictable policy support
- Promote a productivity-driven recovery with focus on digital and green
- On digital it is key to focus on adoption among smaller firms and avoid widening digital divide
- Importance of collecting up-to-date data and agility in adjusting policies



A microscopic view of cells and viruses. The background is a dark blue gradient. On the left, there are several large, irregularly shaped cells with a granular texture. In the center and right, there are several spherical viruses with a spiky surface. The overall color palette is dominated by shades of blue and green.

**Thank you for your attention  
and look forward to your questions**

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