



# „Overcoming the crisis together“ survey, assessing the impact of the COVID -19 on doing business

## Phase III

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Belgrade, July 2020.

— The Serbian Chamber of Commerce and Industry and USAID's Cooperation for Growth Project have invited companies and entrepreneurs to participate in the survey „Overcoming the Crisis Together“. The survey focuses on the economic aspects of the COVID-19 crisis and its impact on doing business.

Feedback from businesses (hereinafter sometimes referred to as „firms“) is valuable because it increases everyone's understand of challenges that businesses are currently facing. The findings that follow are "mirroring" the state of the economy and the reactions of businesses in the seventh week of the crisis. This is the second phase of the survey, aimed at monitoring the impact of the crisis on the Serbian economy.

The Survey may enable the stakeholders and market participants to better prepare for the negative economic effects of the COVID-19 crisis.

Thank you all for fulfilling the Survey and joining us in the effort to increase transparency and readiness of the Serbian businesses to overcome challenges caused by the current crisis.



# Methodology

A post hoc analysis was done to ensure the sample of companies was representative and that its structure accurately reflected the make-up of the economy. The sample was made up of 396 registered businesses operating in Serbia and willing to respond to the survey questionnaire. Fieldwork took place between 8 and 15 June 2020. According to their latest financial statements (2018), the firms in the sample employed over 20,000 staff and generated more than 199 billion dinars in operating revenue. The average business surveyed in this third round of the survey employed 51 workers and earned on average 5 million euros (according to 2018 data).

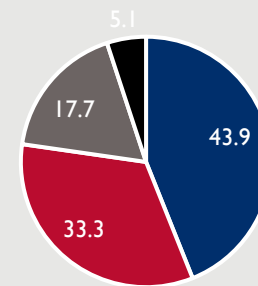
The survey tool employed was a structured questionnaire designed to be completed online. Conclusion credibility was ensured by the large size of the sample, especially given its timing at the height of the crisis (n1=806, n2=1,000, n3=396), and broad coverage of sectors, company sizes, and regions. The survey used companies' registration numbers to validate findings and run quantitative analyses based on a variety of company types and performance indicators (as survey findings could be linked with financial statements). The questionnaire does not follow the pre-defined sample of companies, so panel data analysis was not performed.

## Sample structure (n=396)

According to size of businesses in the sample, micro enterprises are the most presented (44%), while 33% are small enterprises, medium 17% and 5% are listed as a large firms. In line with that, this sample is little bit larger compared to average sample structure of Serbian economy, according to size of enterprises.

Size is defined by current number of employees

Sample structure by size (%) n=396



- up to 10 employees (micro)
- from 11 to 50 employees (small)
- from 51 to 250 employees (middle)
- more than 250 employees (large)

# Summary of conclusions

The findings of the survey are valuable because they are "mirroring" the state of the economy and the reactions of businesses in the one month from the end of the state of emergency. We would like to express our sincere gratitude to all businessmen and entrepreneurs who participated in the survey. Representatives of 806 businesses participated in the first iteration of the survey, conducted in the last week of March – the third week since the beginning of the crisis. The second phase of the survey was conducted at the end of April in the seventh week since the crisis outbreak, with the participation of 1.000 businesses. This is third and final phase of the survey, which was conducted one month after the end of the state of emergency. Representatives of 396 businesses participated.

The results of three iterations of the questionnaire are not comparable since the respondents are not the same and some questions have been changed to adapt the survey to the current situation. Nevertheless, a comparison of answers to some questions may help to indicate trends and changes which have been happening since the beginning of the crisis caused by COVID-19 and one month after the end of the state of emergency.

- **New questions – integration into international trade and the share of women in the management.** In addition to cross-analysis by sector, region and size, the third phase of research, takes into account the factor of the company's involvement in international trade, since the interruption of international supply chains is one of the main consequences of the crisis. In addition, various international reports point to particular vulnerability of women during the crisis caused by the coronavirus pandemic and this research includes a look at the possible difference in crisis and the recovery strategy of those companies in which women have a majority or equal share in management.

# Summary of conclusions

- **Integration into international supply chains.** A total of 61 percent of the respondents from our sample reported importing and/or exporting products or services. The larger a firm, the likelier it is to be involved in international supply chains. No more than 30 percent of medium-sized and large companies operate solely in the Serbian market, whilst one-half of them are both importers and exporters and depend largely on trends in other economies, particularly in the Western Balkans and the EU, Serbia's key trading partner. Serbian regions differ little in how integrated their firms are into global supply networks. As expected, most exporters operate in IT, manufacturing, trade, and transport and warehousing. In the months ahead, these industries are particularly expected to experience continued knock-on effects of the global crisis: their performance will greatly depend on whether goods can move freely to and from the countries their partners are based in.
- **Impact of the crisis.** By far the most companies (92 percent) are expecting revenues to fall this year compared to 2019. The slope of the downturn depends partly on company size but is mainly determined by its industry. In contrast to expectations voiced during the state of emergency, the latest findings indicate a slight decline, to 16 percent, in the number of businesses that believe their revenues will be more than halved.
- Even though there are no major differences, companies based in the Belgrade region are on average more likely to expect their revenue to increase this year than their peers from elsewhere in Serbia. Additionally, firms that neither export nor import are forecasting somewhat sharper declines in earnings for 2020. Micro-enterprises expect to see the largest falls, with nearly one-quarter believing revenues will slide by more than 50 percent.

# Summary of conclusions

- **Impact of the crisis.** Optimism has risen slightly. The number of firms that estimate they have lost at least half of their usual revenue has declined to one-quarter (26 percent). One in two companies put their revenue loss at up to 30 percent relative to the same month one year previously.
- Nevertheless, a large proportion of respondents (15 percent) claim to be seriously affected (with earnings falling by 70 percent). Most of these companies operate in industries that have borne the brunt of the initial impact and have experienced nearly all the effects of the demand crisis (such as tourism, transport, creative industries, etc.).
- Small firms have suffered the most: this month, one-fifth of all micro-enterprises earned 70 percent less than in the same month of 2019. Companies managed by women (mainly in services sectors) have on average reported somewhat greater revenue losses than other businesses.
- Tourism, the creative industries, and transport have remained the most pessimistic about their revenues, in a trend unchanged from the first and second rounds of the survey. As suggested by the findings of the second round (late April 2020), the crisis is spilling over into the IT sector and the various manufacturing industries.
- These results again highlight how important it is to devote more attention to the decline in performance in industries that have a major impact on other sectors in the same value chain (such as transport and warehousing).

# Summary of conclusions

- **Recovery strategies: workforce management.** Firms have largely arranged for some of their staff to work from home (as reported by 59 percent), whilst one in two have cut working hours. Encouragingly, one-fifth of all companies have managed to take on new staff, particularly in the IT industry, food and beverages sector, construction, and agriculture. Very few firms (fewer than 5 percent) have laid workers off.
- Some sectors were either not directly affected or found more effective ways of coping with the crisis, resulting in one-third of all firms in IT, food and beverage production, and agriculture managing to hire new employees. This could be a consequence of demand refocusing on new (online) avenues of supply, as well as of households increasing their purchases of essential products.
- Industries more closely linked to brick-and-mortar spaces (transport, retail, events, tourism, food production) were less able to pivot to working from home, and so opted for other approaches to workforce optimization, such as reducing their staffs' working hours. Businesses that are better integrated into international supply chains shifted to remote working more successfully, which has meant they were less reliant on cutting working hours (which inevitably affects wages as well).
- The findings for the impact of the crisis on the IT sector are somewhat contradictory, showing, for instance, growth in employment accompanied by a deepening liquidity crisis. This seems to be caused by the differences in IT products and/or services offered by companies in this industry, their integration into domestic and global value chains, and linkages between IT and the hardest-hit sectors such as tourism and transport. Lastly, with businesses and the financial sector becoming more cautious and conscious of costs not directly associated with their core businesses, some investment in IT may also be postponed or reduced.

# Summary of conclusions

- **Recovery strategies: adapting business models.** The shift to digital business models has proven to be both a crucial approach in weathering the Covid-19 downturn and a key lesson learnt from the crisis. Some businesses were better prepared for the emergency and were able to strengthen their existing online channels (as reported by 30 percent of all respondents), but most other firms also voiced their expectation that digital solutions will be required for recovery.
- One-third of all firms report planning to develop new digital advertising channels, digitalize their business processes, and/or adapt their product portfolios to new developments in demand. About 13 percent of those surveyed reported responding to the downturn by either setting up online stores or gearing up to do so. Companies integrated into global supply chains were much more likely to alter their production algorithms or introduce new products (as reported by 40 percent of these businesses).
- The most common strategy across all sectors has been to digitalize either business models or the whole access-to-market concept. Many companies have been able to find new niche markets and business models to best use their skills and survive. Whether or not restricted to the Serbian market, one in three companies see e-commerce and new advertising channels (digital marketing) as integral parts of their recovery strategy.
- **What about those who cannot move online?** Nevertheless, two-thirds of all companies are inherently unable to shift their businesses completely online. As in previous surveys, these findings show that type of industry is decisive in determining whether a firm can abandon a brick-and-mortar business model: the events industry, tourism, transport, and manufacturing have little or no potential for operating online.



# Summary of conclusions

- **Recovery strategies: financial management.** One-half of all companies (52 percent) are looking to develop recovery strategies or plans. As many as 43 percent have opted for financial advice and consulting on how to build their business cases with banks. Fewer firms are planning to take advantage of consensual financial restructuring (15 percent) or pre-packaged reorganization plans (9 percent). Recovery planning is a particularly pressing issue for the hardest-hit businesses (in tourism and transport), as well as for those starting to see knock-on effects (IT, food and beverage industry, and general manufacturing).
- **Recovery strategies: cost optimization.** More than one-half of all companies are planning to streamline and modernize processes and/or enhance the quality and safety of their products. Although the emergency has made businesses focus on surviving and avoiding a liquidity crunch, some firms have kept an eye on sustainable growth, with one-fifth planning to introduce smart technologies and 15 percent looking to apply green growth and/or circular economy models.
- **Expected difficulties in paying debts.** After the state of emergency was lifted, the proportion of businesses that reported not expecting to face any difficulties in paying their debts increased noticeably. That being said, most (88 percent) continue to assume they will have issues paying debts and remain vocal in highlighting the seriousness of the private sector's liquidity issues. No major differences are in evidence from the previous survey round (late April), as one in two companies still expect to encounter difficulties in paying what they owe within the next 30 to 90 days. There has been a noticeable increase, to 7 percent, in the proportion of businesses that believe they will have issues with paying their debts in the coming year. Micro- and small businesses were more likely to report such expectations. The findings show one in three medium-sized/large firms have plans in place to ensure they stay liquid.

# Summary of conclusions

- **Recovery strategies: liquidity** Most companies are looking to fend off current and/or potential liquidity crises by managing their cash flow better (as reported by 72 percent). Many firms are planning to introduce client risk assessments (42 percent), negotiate payment extensions or advance payment terms with creditors, and take out liquidity loans offered by the Serbian Development Fund (33 percent). Lastly, just under one-third of those polled are planning to either borrow from their owners or from commercial banks or, alternatively, seek banks' liquidity loans backed by national guarantee schemes. The take-up of factoring remains low with much room for improvement.
- **Time to recovery.** About 90 percent of the firms surveyed expect to recover within one year: most (27 percent) believe this will take between 3 and 6 months. Encouragingly, 11 percent of all businesses feel business will return to normal in under one month.
- As expected, the hardest-hit sectors (tourism, transport, and the creative industries) believe it will take longer to recover (more than one year in some cases).

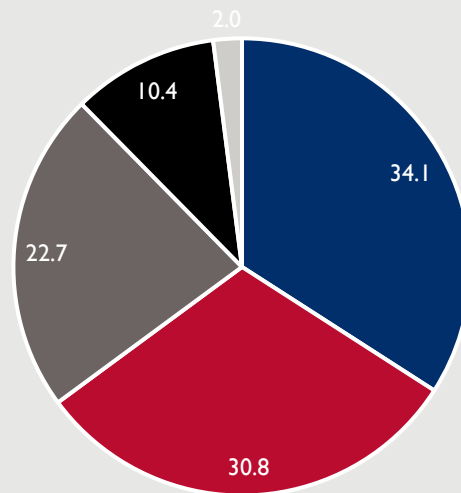
# Summary of conclusions

- **Recovery.** In comparison to the previous survey, there has been a noticeable increase in the proportion of firms reporting a partial recovery in production/service delivery. Even though the crisis has seriously imperiled nearly all businesses, the vast majority have been able to retain all staff throughout the state of emergency and into the post-lockdown period. It is especially heartening to see sectors that have a strong impact on supply chains reporting a degree of recovery, as is the case with 60 percent of all transport companies. Nonetheless, tourism, catering and hospitality, and the creative industries remain significantly depressed by the crisis. By contrast, some agricultural producers, IT firms, and retailers have seen their performance improve relative to before the downturn. Their growth is highly likely to be associated with greater preparedness to shift to digital ordering, payment, and delivery arrangements (in other words, e-commerce). Finally, in a finding similar to that of the previous survey round, businesses believe minimum wage support and deferral of tax liabilities have been the most useful of the Government's crisis response measures.
- **Constraints on recovery.** Firms believe the greatest obstacles on the road to recovery are a potential second wave of the pandemic and a repeated lockdown (as reported by no fewer than 73 percent). One-half of all companies (50 percent) fear a drop in demand for their products or services. About 40 percent expect to face issues with liquidity, access to finance, and/or changes to import/export policies. Nearly one-third expect to see recovery hampered by restrictions on public gatherings and/or new product/service quality standards, mainly determined by their industry. One in three businesses believe currency fluctuations are likely to hold recovery back.

# Sample structure (n=396)

In the sample, 31 percent of the respondents came from the Belgrade region, 10 percent from Šumadija and Western Serbia, 34 percent from Vojvodina, and 23 from Southern and Eastern Serbia; lastly, regional affiliation was unknown for 2 percent of the firms surveyed.

Sample structure, per region (%) n=396



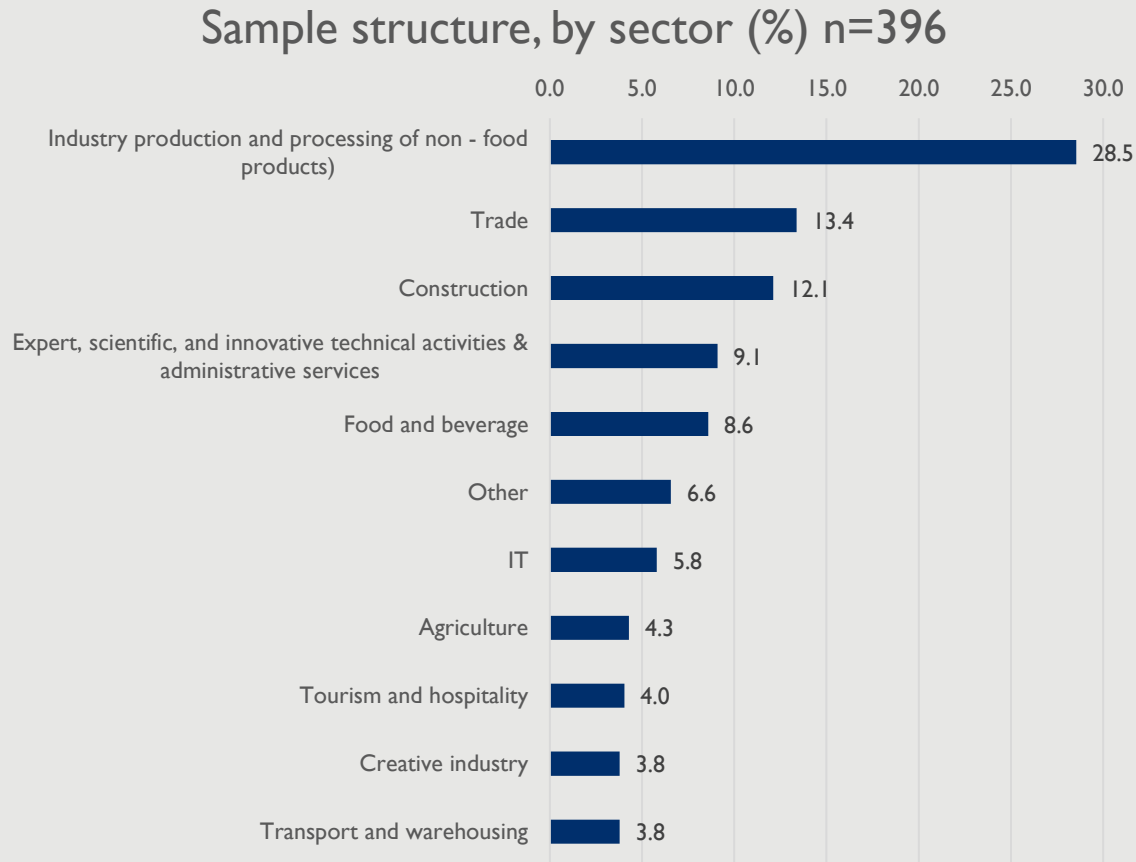
■ Vojvodina ■ Belgrade ■ South and East Serbia ■ Sumadija and West Serbia ■ n/a

Region: administrative data on business entity location

Source: SCC 2018

# Sample structure (n=396)

The sample includes all activities according to NACE Rev. 2 (with aggregation by letter). In the overview below, and in the remainder of the analysis, disaggregation by activity follows the primary activity indicated by the business at the time of the survey.\*

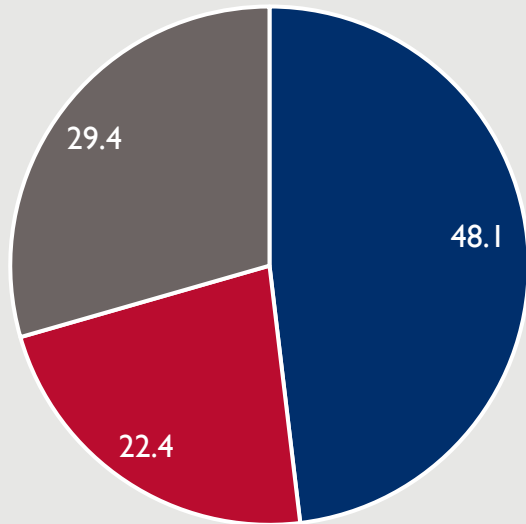


- On average, the difference between actual and registered activity amounted to 5 percent at the level of NACE letter groups
- Ostalo: Financial and insurance activities, Real estate activities, Human health and social work activities, Education, and Mining and quarrying. Although this group of activities may seem heterogeneous, no other grouping allowed even tentative conclusions to be drawn. More in-depth analysis of any of these categories would go beyond the scope of this survey.
- Source: SCC 2018.

# Sample structure (n=396)

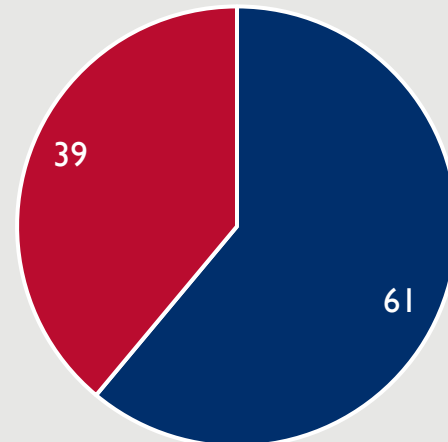
- **The Survey introduces two more factors for analysis: Integration into international supply chains and share of women in the management.**
- Bearing in mind that disruption in supply chains is one of the basic impacts of COVID-19 crisis, survey includes integration into international supply chain factor. A total of 61 percent of the respondents from our sample reported importing and/or exporting products or services. 39 percent of the respondents operate solely in the Serbian market. On the other hand, various international reports point to particular vulnerability of women during the crisis caused by the coronavirus pandemic, so this research includes a look at the possible difference in crisis and the recovery strategy of those companies in which women have a majority or equal share in management.

Share of the women in the management (%) n=396



■ minority ■ equal ■ majority

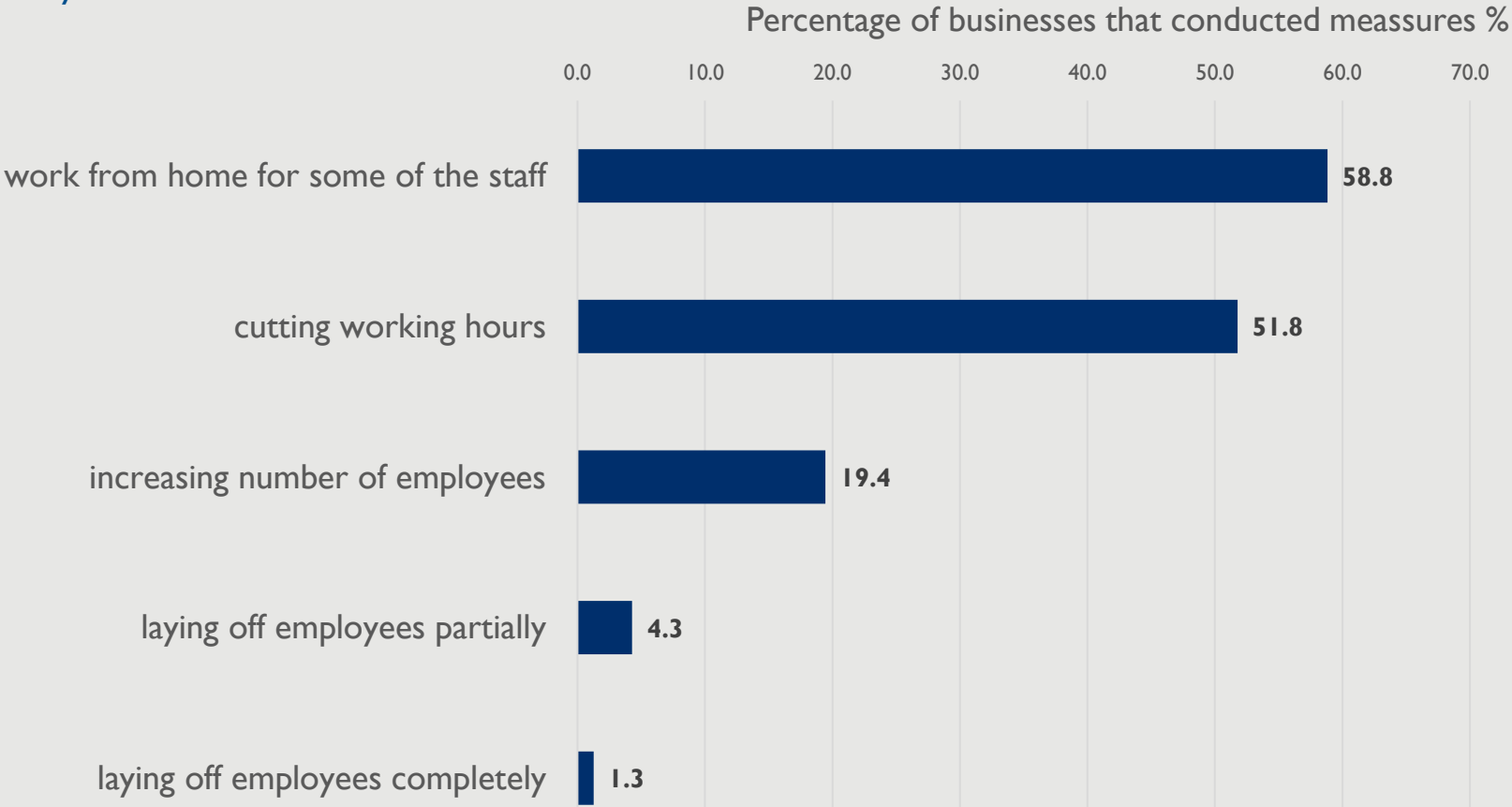
Sample structure, per integration into international trade (%) n=396



■ Yes ■ No

# Which staff-related measures have you taken or are planning to take shortly in response to the crisis?

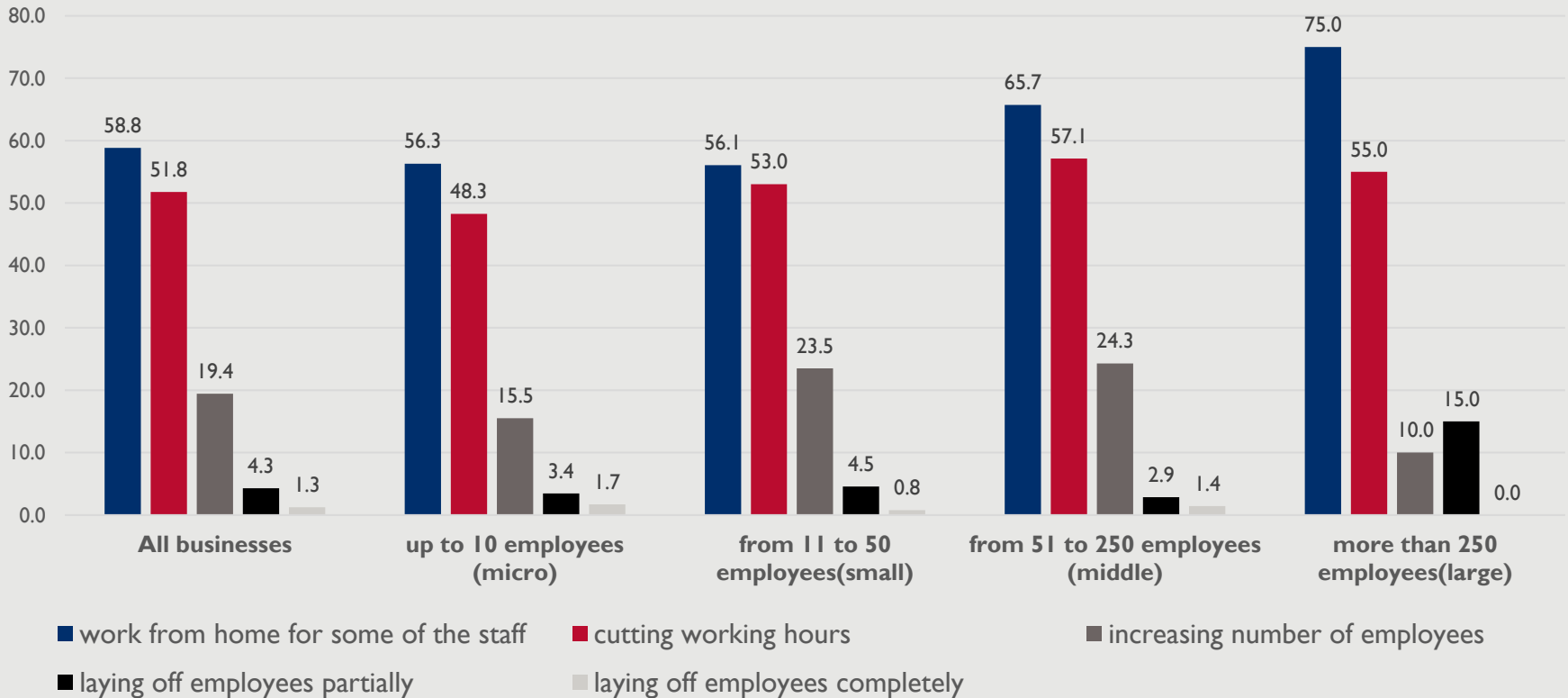
- **Firms have largely arranged for some of their staff to work from home (as reported by 59 percent), whilst one in two have cut working hours.**
- Encouragingly, one-fifth of all companies have managed to take on new staff, particularly in the IT industry, food and beverages sector, construction, and agriculture. Very few firms (fewer than 5 percent) have laid workers off: those that have done so mainly come from the tourism industry, as well as manufacturing and IT, which have been hit by the knock-on effects of the demand crisis.



# Which staff-related measures have you taken or are planning to take shortly in response to the crisis?

- The larger a company, the more prepared it has been to make arrangements for working from home. One in five small and medium-sized firms have taken on new staff.

Measures related to employees, by size %

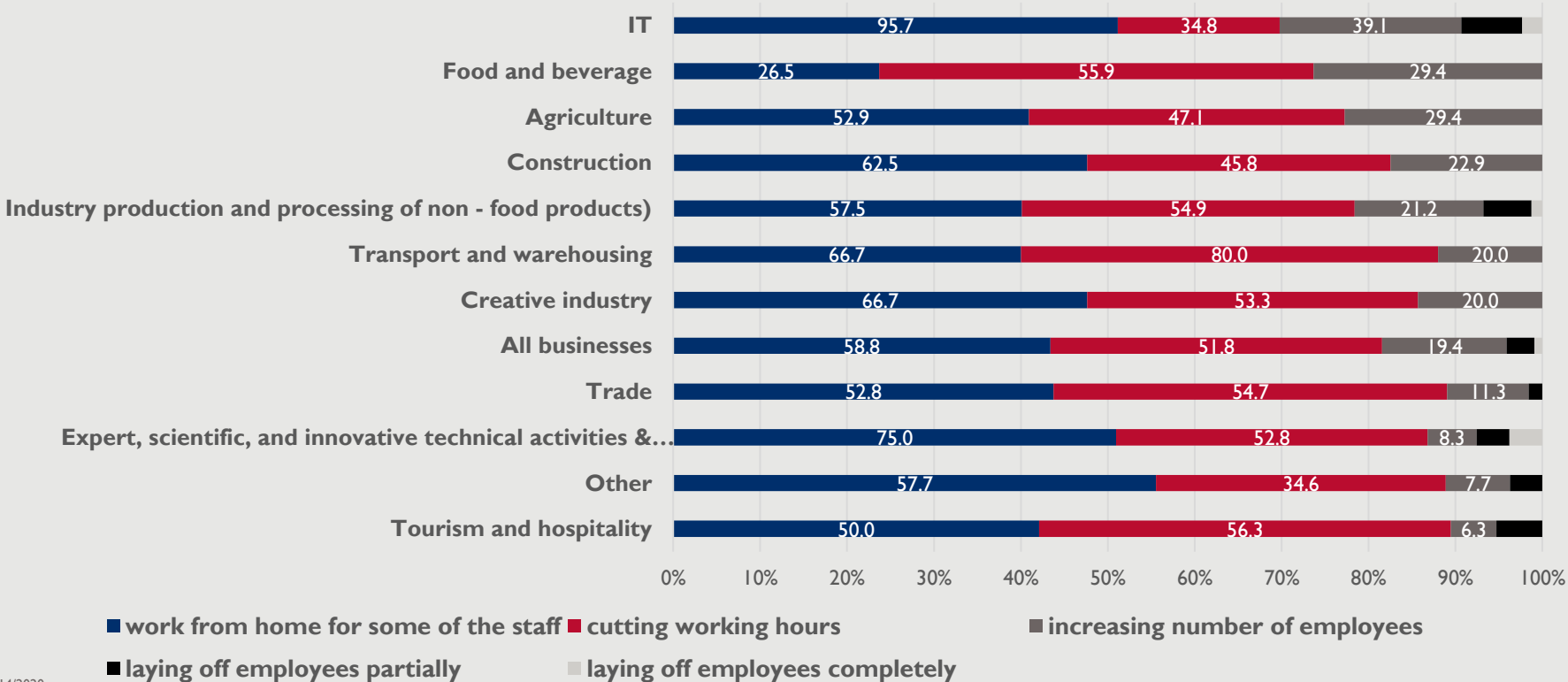




# Which staff-related measures have you taken or are planning to take shortly in response to the crisis?

- **Some sectors were either not directly affected or found more effective ways of coping with the crisis, resulting in one-third of all firms in IT, food and beverage production, and agriculture managing to hire new employees.** This could be a consequence of demand refocusing on new (online) avenues of supply, as well as of households increasing their purchases of essential products.
- **Industries more closely linked to brick-and-mortar spaces (transport, retail, events, tourism, food production) were less able to pivot to working from home,** and so opted for other approaches to workforce optimization, such as reducing their staffs' working hours.

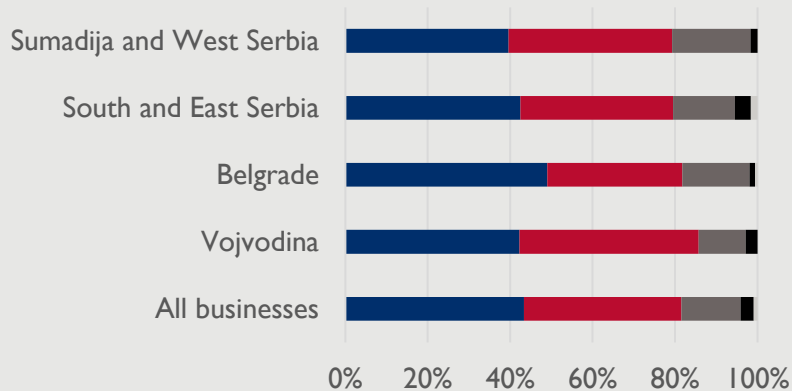
Measures related to employees, by sector %



# Which staff-related measures have you taken or are planning to take shortly in response to the crisis?

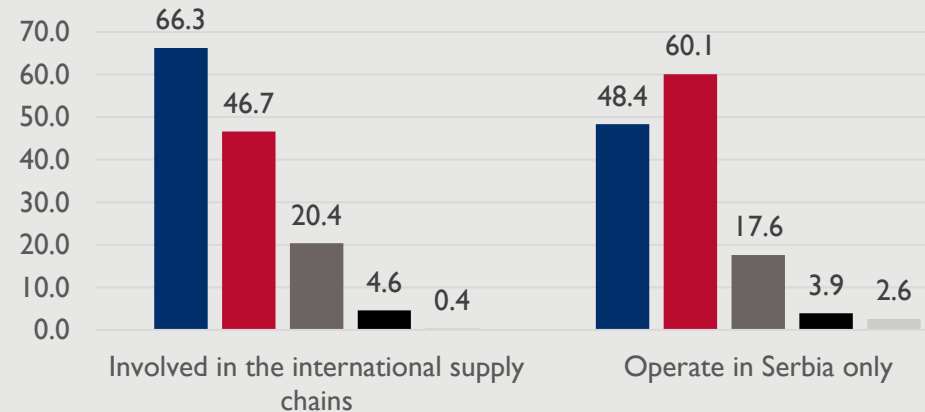
- Measures related to employees do not differ appreciably by region.
- **Businesses that are better integrated into international supply chains have shifted to remote working more successfully, which has meant they have been less reliant on cutting working hours (which inevitably affects wages as well). One in five importers and exporters have been able to hire additional workers.**

Measures related to employees, per region %



- work from home for some of the staff
- cutting working hours
- increasing number of employees
- laying off employees partially
- laying off employees completely

Measures related to employees, per involvement into international supply chains %



- work from home for some of the staff
- cutting working hours
- increasing number of employees
- laying off employees partially
- laying off employees completely

# Which measures related to your business model have you taken or are planning to take shortly in response to the crisis?

- **“Go digital to survive”** - the shift to digital business models has proven to be both a crucial approach in weathering the Covid-19 downturn and a key lesson learnt from the crisis. Some businesses were better prepared for the emergency and were able to strengthen their existing online channels (as reported by 30 percent of all respondents), but most other firms also voiced their expectation that digital solutions will be required for recovery.
- One-third of all firms report planning to develop new digital advertising channels, digitalise their business processes, and/or adapt their product portfolios to new developments in demand. About 13 percent of those surveyed reported responding to the downturn by either setting up online stores or gearing up to do so.

Conducted or planned measures related to business model, %

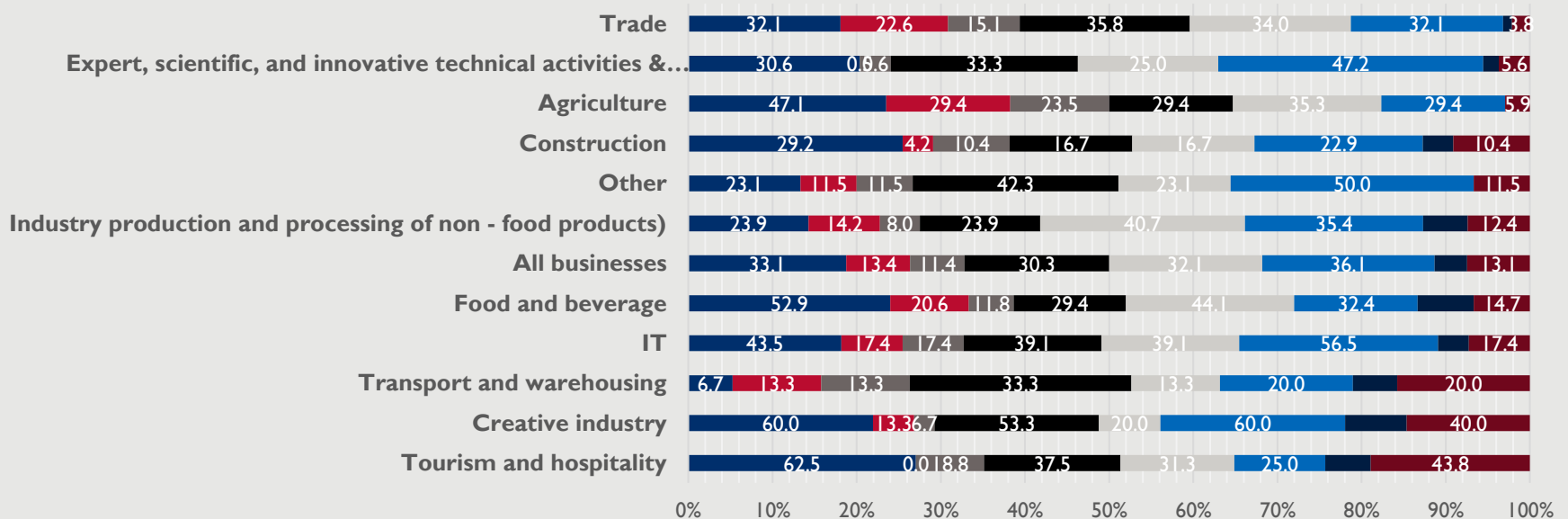


# Which measures related to your business model have you taken or are planning to take shortly in response to the crisis?

- The most common strategy across all sectors has been to digitalize either business models or the whole access-to-market concept, even amongst firms who were forced to temporarily suspend all business operations or to partially close business activities (such as firms from tourism, hospitality and creative industry).
- Many companies have been able to find new niche markets and business models to best use their skills and survive.

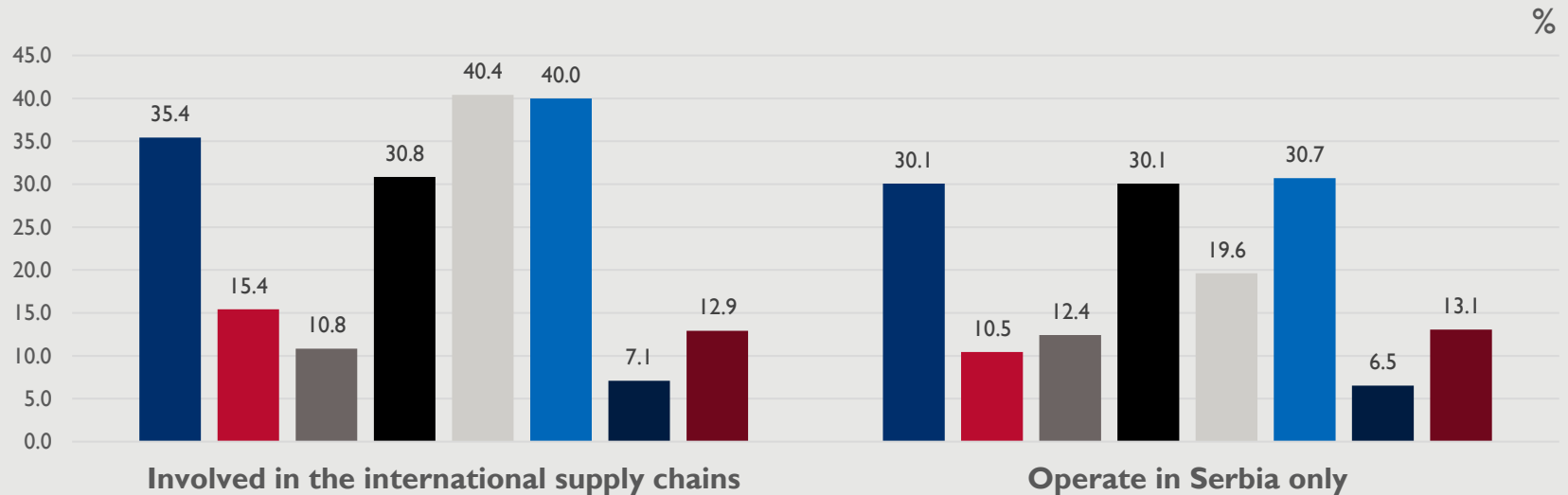
- launch of new promotion channels (digital marketing etc.)
- launching new sales channels (eCommerce)
- launching of the new payment channels (online card payment etc.)
- boost of existing online business channels (digital marketing, eCommerce, ePayment)
- change of business model or launching new products

%



# Which measures related to your business model have you taken or are planning to take shortly in response to the crisis?

- Companies integrated into global supply chains were much more likely to alter their production algorithms or introduce new products (as reported by 40 percent of these businesses).
- Whether or not restricted to the Serbian market, one in three companies see e-commerce and new advertising channels (digital marketing) as integral parts of their recovery strategy

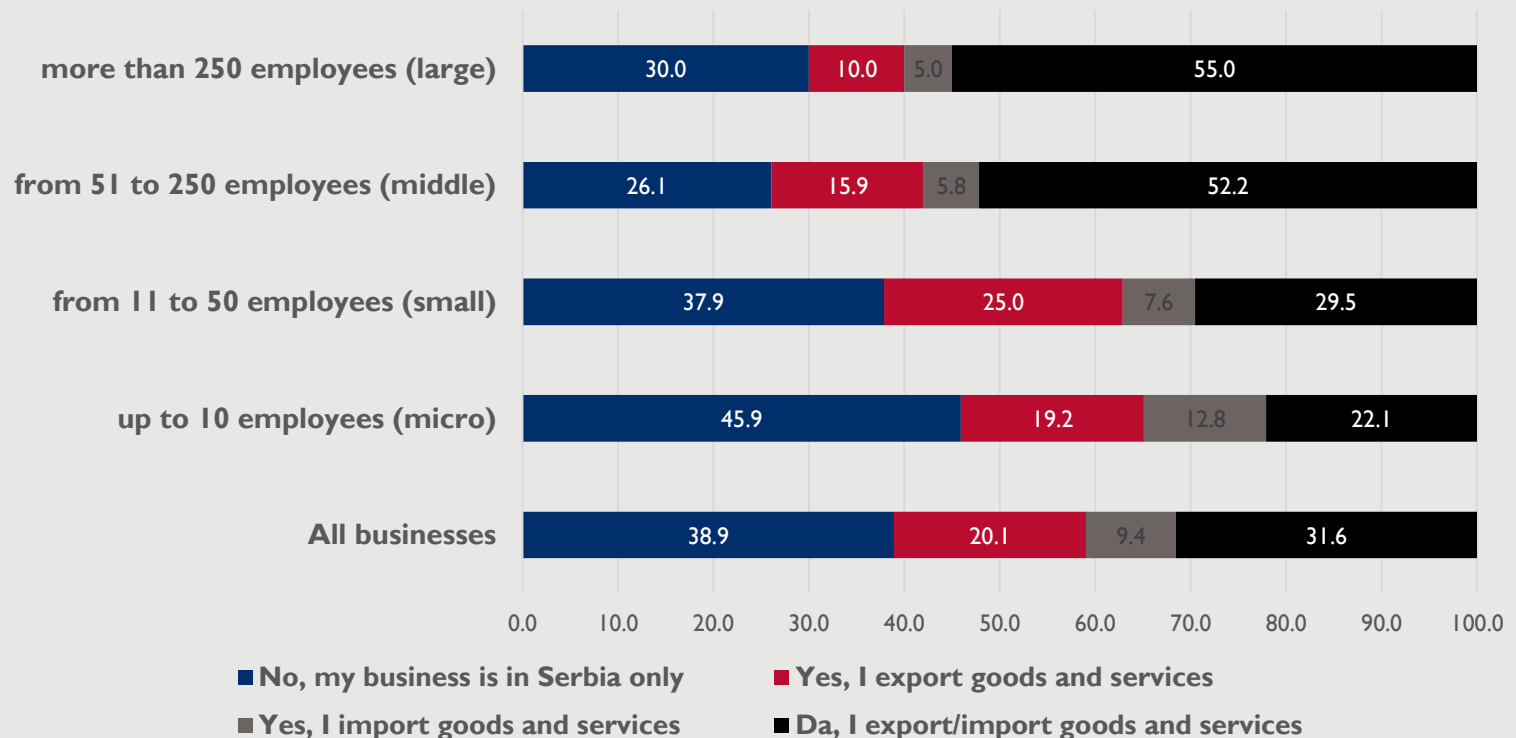


- launch of new promotion channels (digital marketing etc.)
- launching new sales channels (eCommerce)
- launching of the new payment channels (online card payment etc.)
- boost of existing online business channels (digital marketing, eCommerce, ePayment)
- change of business model or launching new products
- digitalization of business processes
- temporary suspending all business operations
- partially suspending business operations

# Are you involved in an international supply chain, and, if so, how?

- **The larger a firm, the more likely it is to be involved in international supply chains.** No more than 30 percent of medium-sized and large companies operate solely in the Serbian market, whilst one-half of them are both importers and exporters and depend largely on trends in other economies, particularly in the Western Balkans and the EU, Serbia's key trading partner.

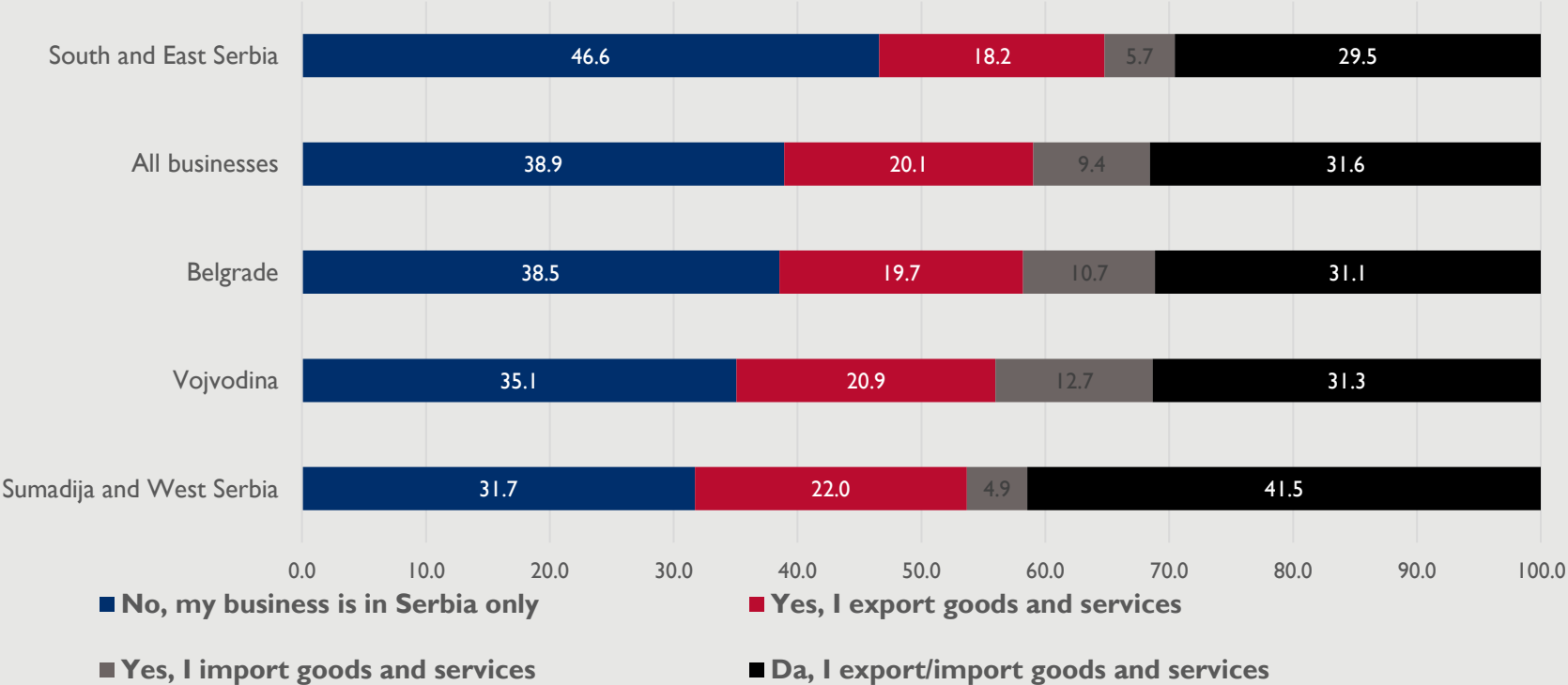
Integration into international supply chains, by size, %



# Are you involved in an international supply chain, and, if so, how?

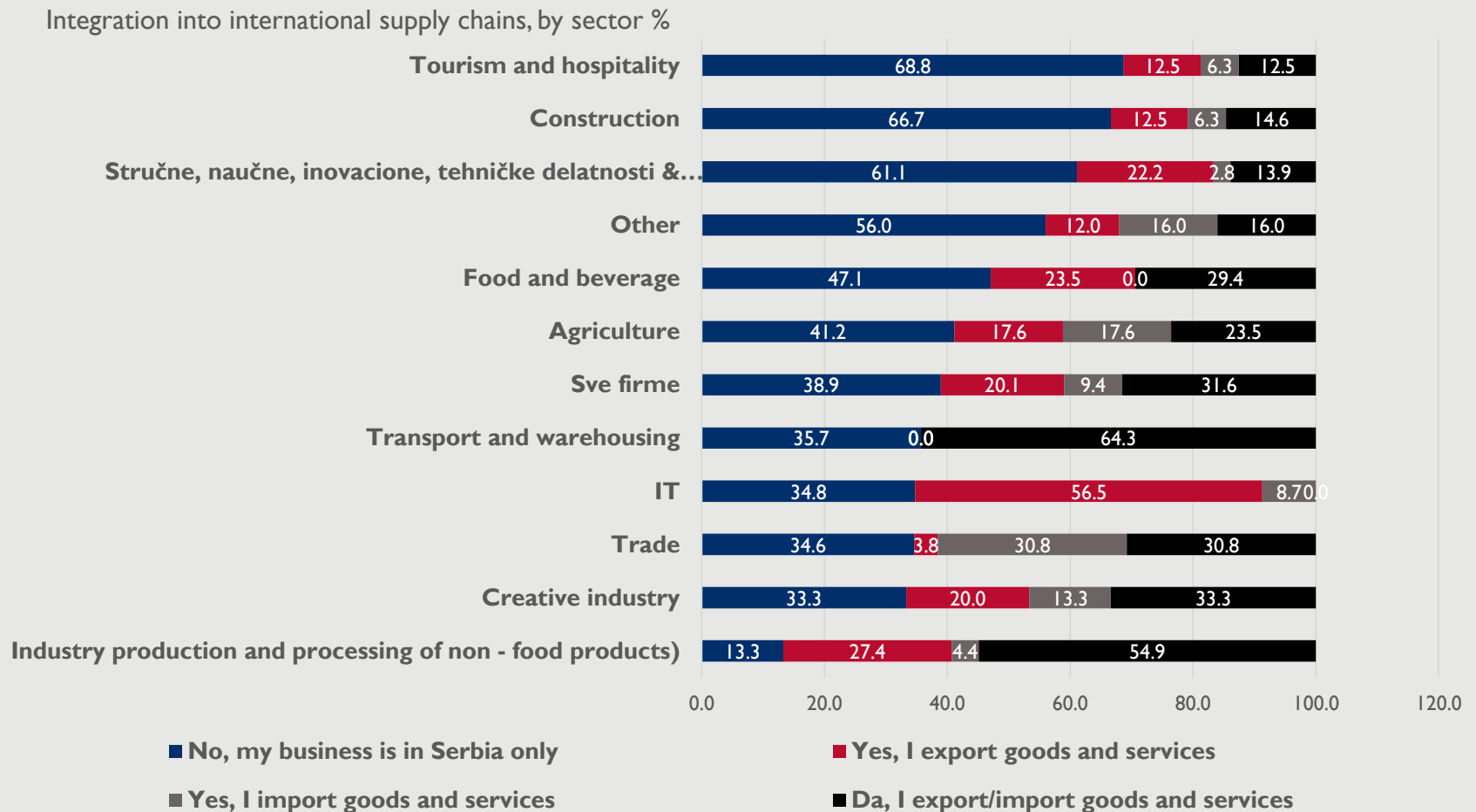
- Even Serbian regions differ little in how integrated their firms are into global supply chains, the most exporters and importers are based in Sumadija and West Serbia.

Integration into international supply chains, by region %



# Are you involved in an international supply chain, and, if so, how?

- As expected, most exporters operate in IT, manufacturing, trade, and transport and warehousing. In the months ahead, these industries are particularly expected to experience continued knock-on effects of the global crisis: their performance will greatly depend on whether goods can move freely to and from the countries their partners are based in

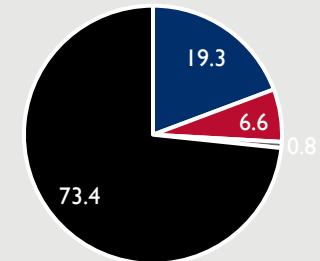




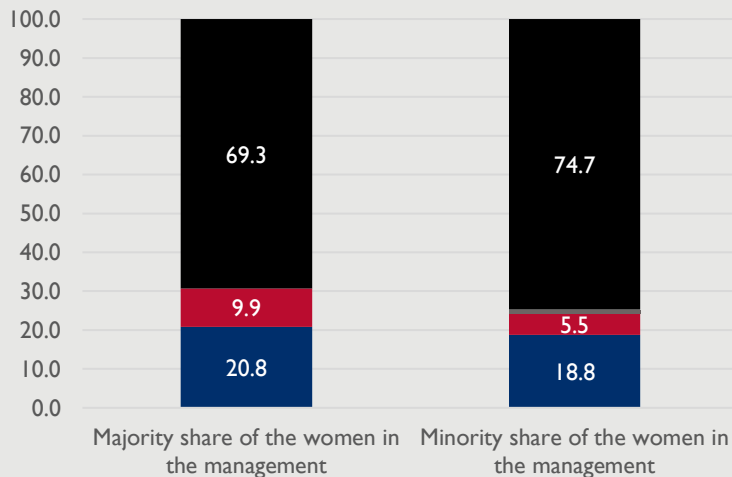
# Can your business operate online, without or independently from physical facilities?

- The nature of their businesses makes two-thirds of all firms inherently unable to move completely online.
- As in previous surveys, these findings show that type of industry is decisive in determining whether a firm can abandon a brick-and-mortar business model. On average, companies that can work online (either completely or partly so) are more likely to be run by women.

Possibility to work online, %



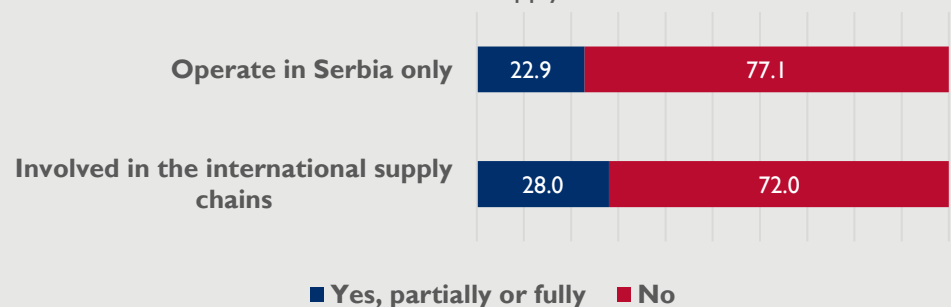
Possibilities to work online, by the share of the women in the management, %



- No, due to the business requirements (we depend on brick and mortar space)
- No, due to the lack of resources
- Yes, fully

- Yes, partially
- Yes, fully
- No, due to the lack of resources
- No, due to the business requirements (we depend on brick and mortar space)

Possibility to work online, by the involvement in the international supply chains %

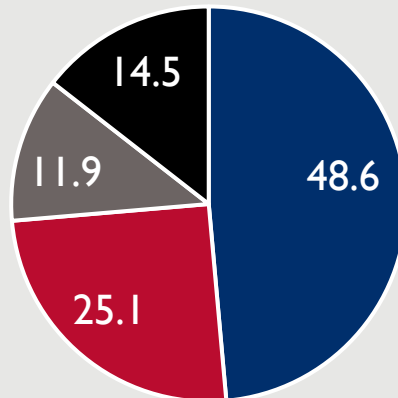


- Yes, partially or fully
- No

# Compared to the same month of 2019, how much revenue do you estimate to have lost?

- **Optimism has risen slightly.** The number of firms that estimate they have lost at least half of their usual revenue has declined to one-quarter (26 percent).
- **One in two companies put their revenue loss at up to 30 percent relative to the same month one year previously.**
- **Nevertheless, a large proportion of respondents (15 percent) claim to be seriously affected (with earnings falling by 70 percent).** Most of these companies operate in industries that have borne the brunt of the initial impact and have experienced nearly all the effects of the demand crisis (such as tourism, transport, creative industries, etc.).

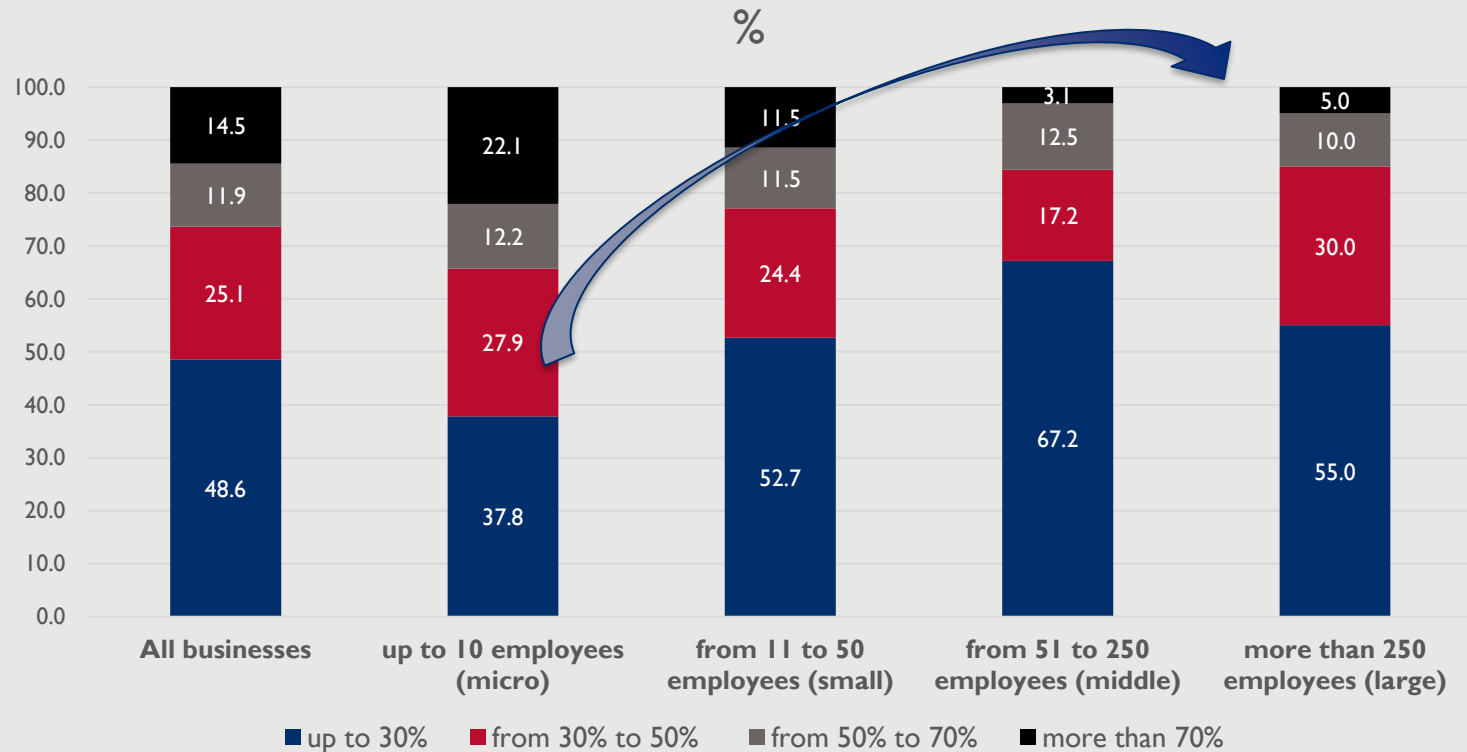
Compared to the same month of 2019, how much revenue do you estimate to have lost?



■ up to 30% ■ from 30% to 50% ■ from 50% to 70% ■ more than 70%

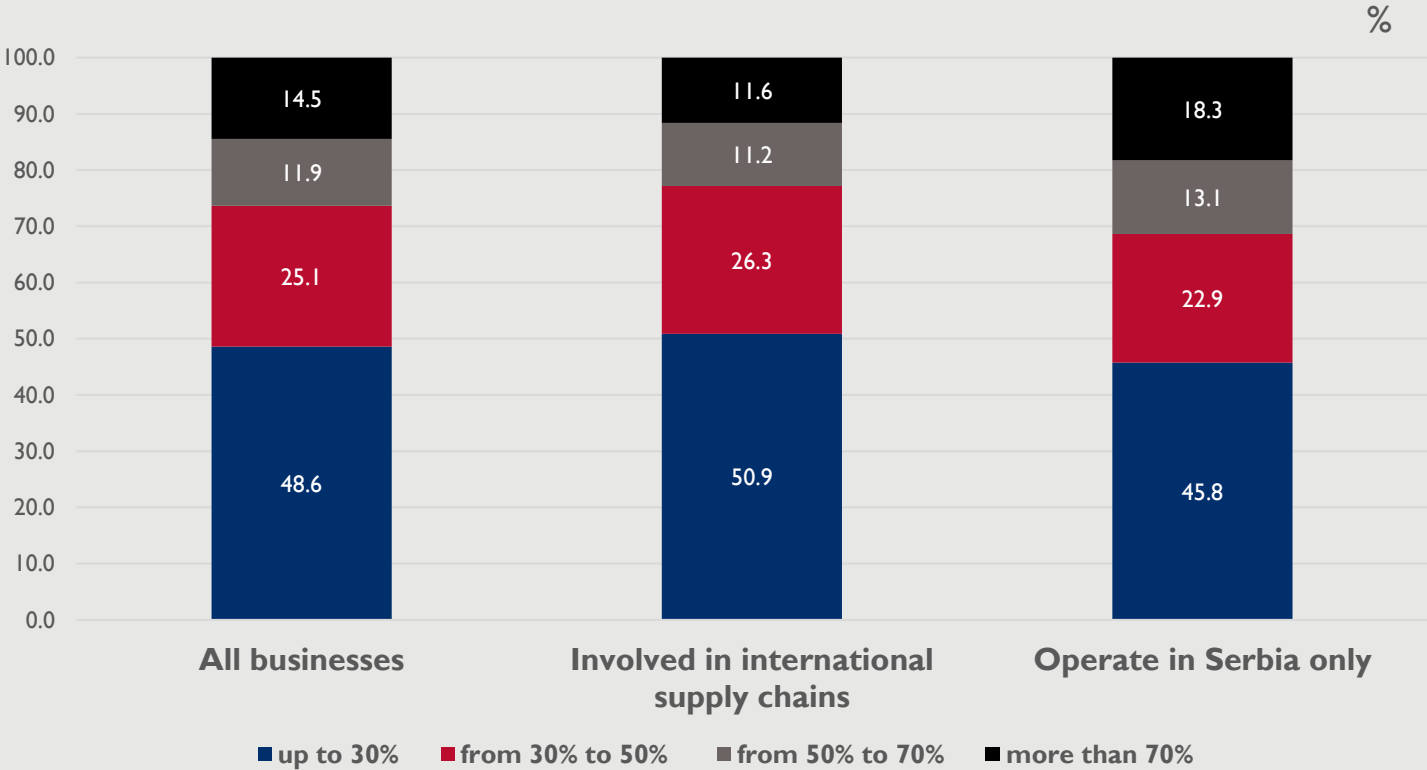
# Compared to the same month of 2019, how much revenue do you estimate to have lost?

- Small firms have suffered the most – the larger a firm, the likelier it is to estimate smaller loss in revenues.
- One-fifth of all micro-enterprises earned 70 percent less than in the same month of 2019.



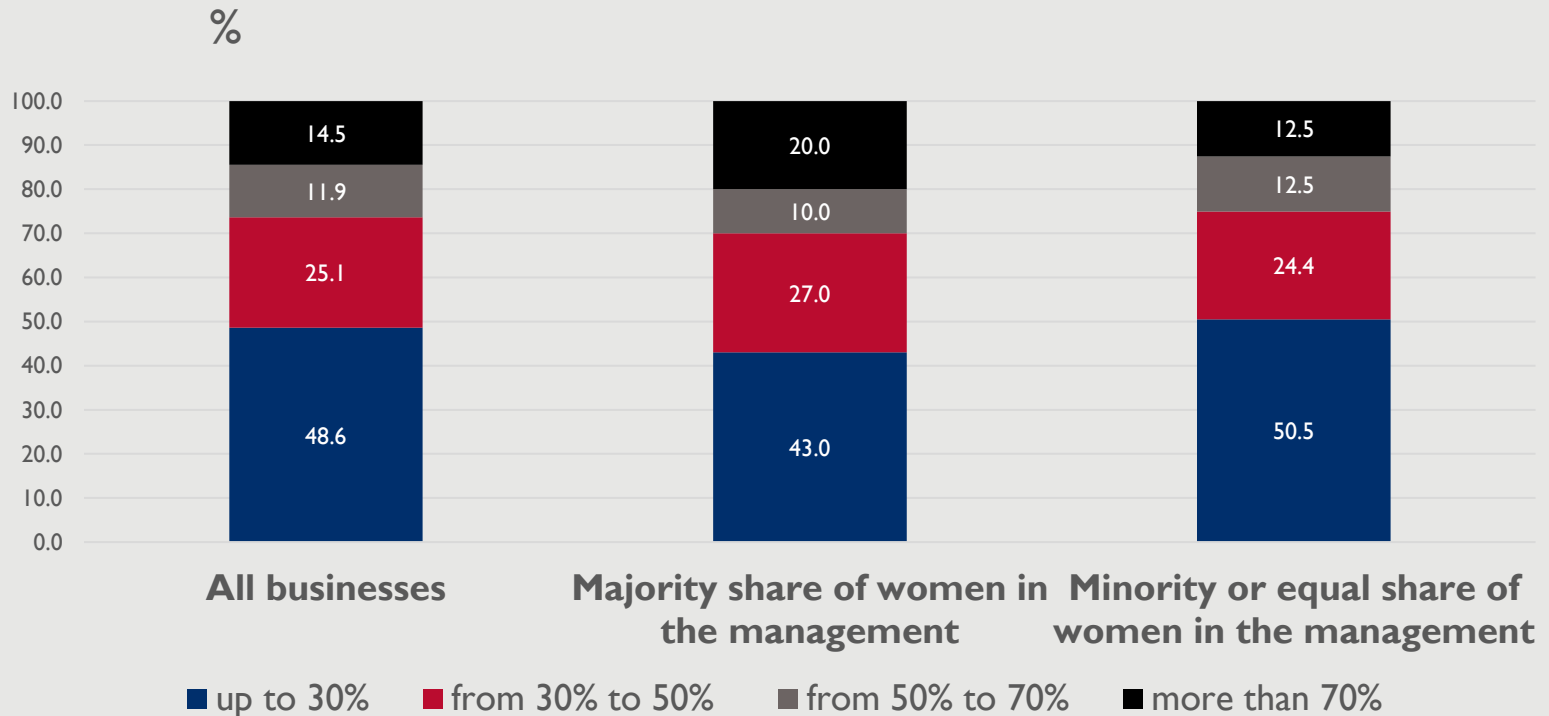
# Compared to the same month of 2019, how much revenue do you estimate to have lost?

- Firms that operate only in Serbia, on average, have been hit harder by now.



# Compared to the same month of 2019, how much revenue do you estimate to have lost?

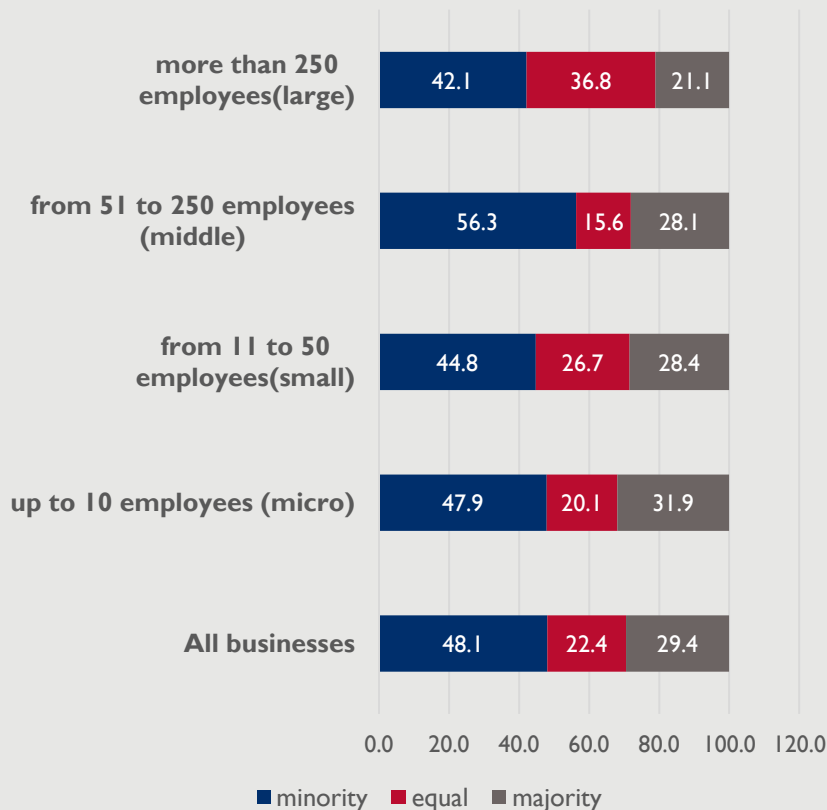
- Companies managed by women (mainly in services sectors) have on average reported somewhat greater revenue losses than other businesses



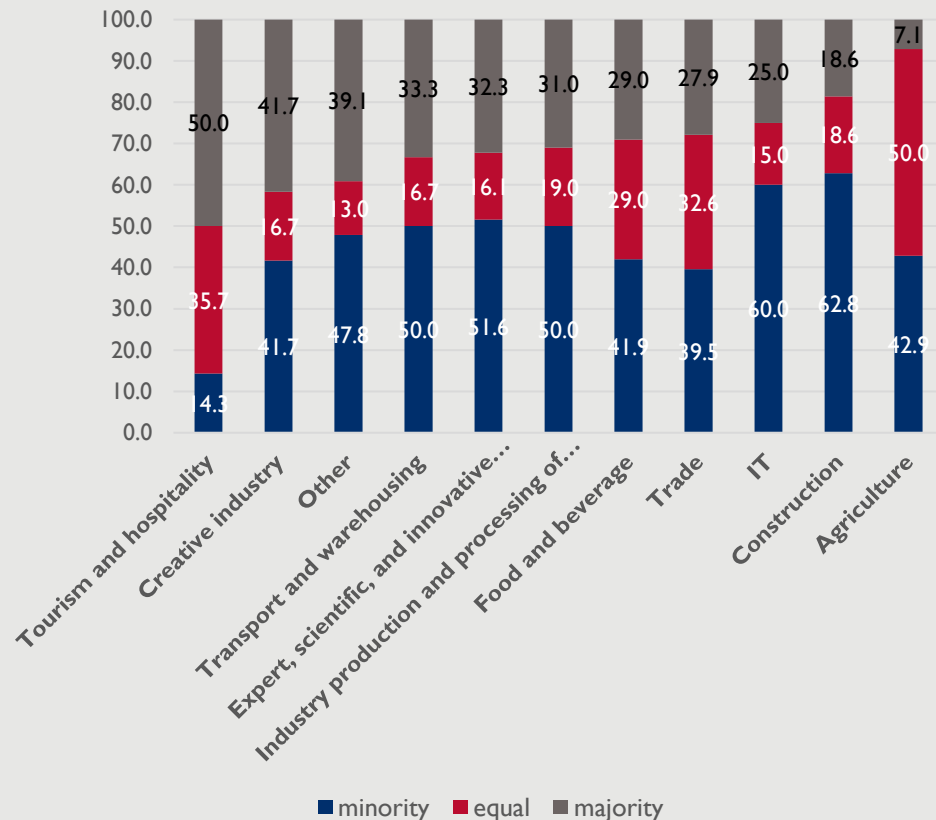
# What is the percentage of women in the management of your company?

- On average, women are more likely to run micro- and small enterprises (one in three), whilst men are in the majority in the management structures of one in two medium-sized and large companies. One-third of medium-sized and large companies have equal numbers of women and men managers. Women are equally represented in the managements of the hardest-hit sectors, namely tourism and the creative industries.

Share of the women in the management, by size %

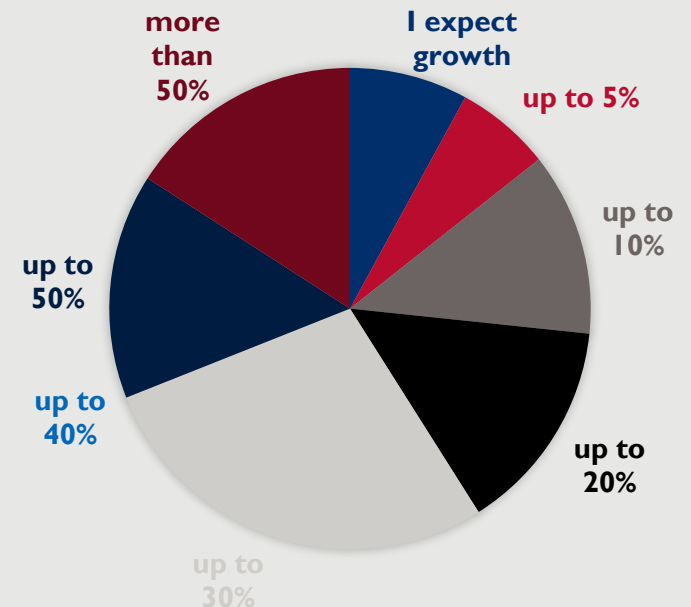
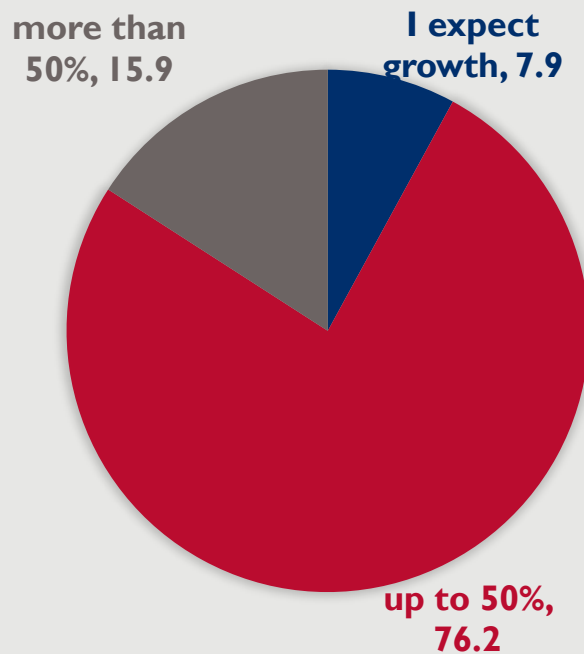


Share of the women in the management, by sector %



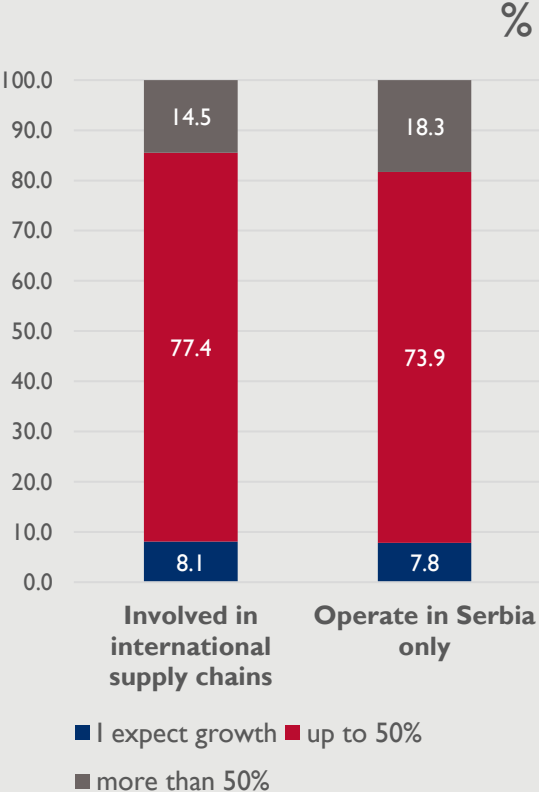
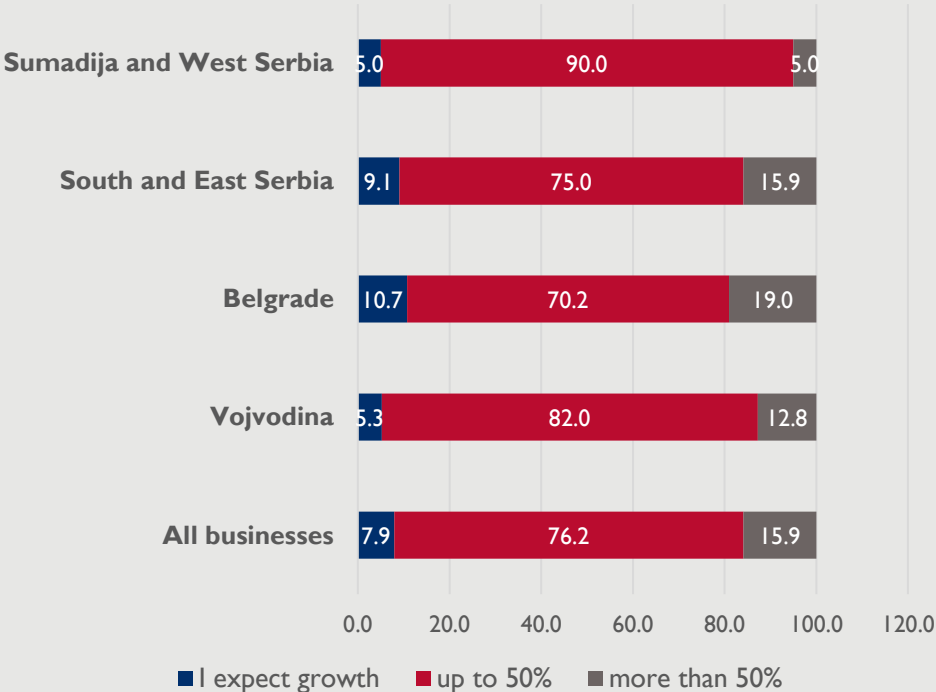
# How much revenue do you expect to lose in 2020 relative to the previous year due to coronavirus? %

- By far the most companies (92 percent) are expecting revenues to fall this year compared to 2019. The slope of the downturn depends partly on company size but is mainly determined by its industry.
- In contrast to expectations voiced during the state of emergency, the latest findings indicate a slight decline, to 16 percent, in the number of businesses that believe their revenues will be more than halved.



# How much revenue do you expect to lose in 2020 relative to the previous year due to coronavirus? %

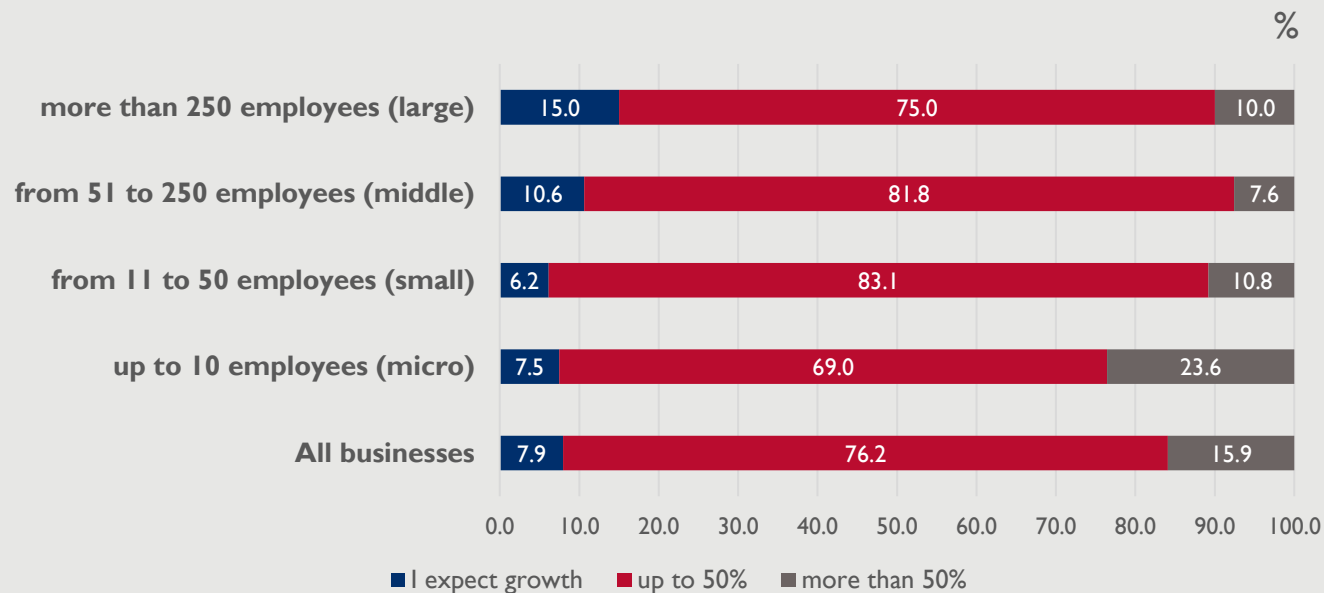
- Even though there are no major differences, companies based in the Belgrade region are on average more likely to expect their revenue to increase this year than their peers from elsewhere in Serbia (every fifth).
- Additionally, firms that neither export nor import are forecasting somewhat sharper declines in earnings for 2020.





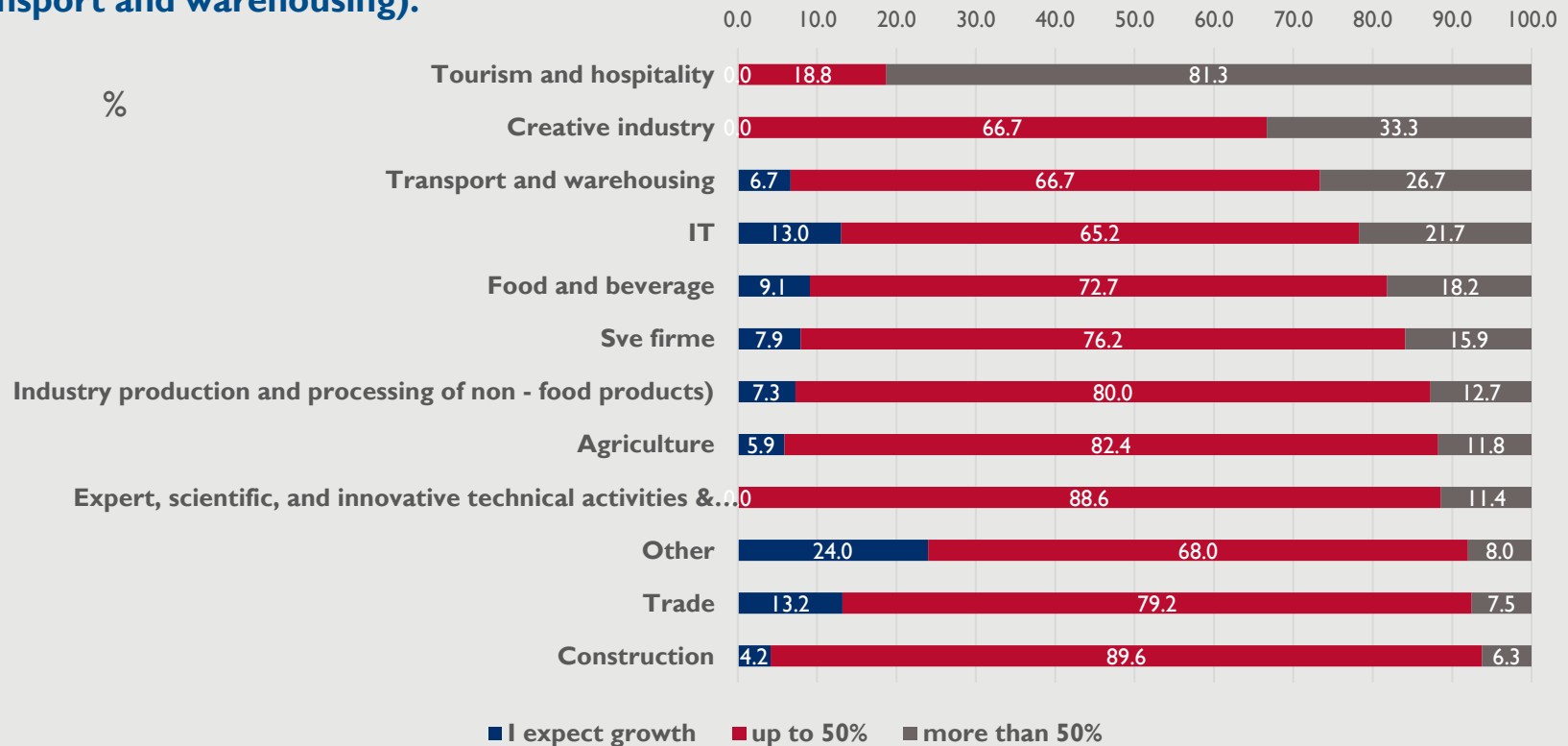
# How much revenue do you expect to lose in 2020 relative to the previous year due to coronavirus? %

- By size of the firms, micro-enterprises expect to see the largest falls, with nearly one-quarter believing revenues will slide by more than 50 percent.
- Conversely, the larger the company, the more likely it is to believe its revenues will increase: on average, 13 percent of medium-sized and large firms are optimistic. *Examining these businesses' recovery strategies may make a useful contribution to understanding recipes for recovery and success in a world changed by the pandemic.*



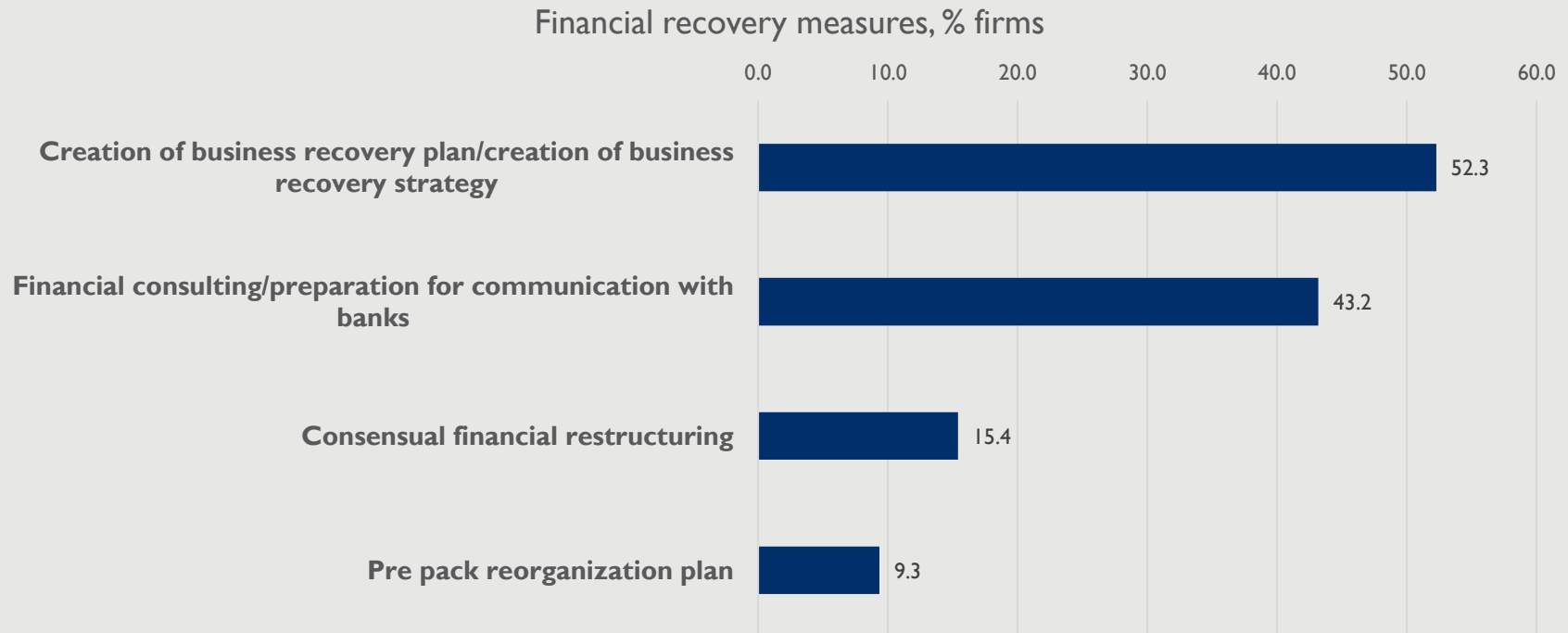
# How much revenue do you expect to lose in 2020 relative to the previous year due to coronavirus? %

- Tourism, the creative industries, and transport have remained the most pessimistic about their revenues (in a trend unchanged from the first and second rounds of the survey).
- As suggested by the findings of the second round (late April 2020), the crisis is spilling over into the IT sector and the various manufacturing industries.
- These results again highlight how important it is to devote more attention to the decline in performance in industries that have a major impact on other sectors in the same value chain (such as transport and warehousing).



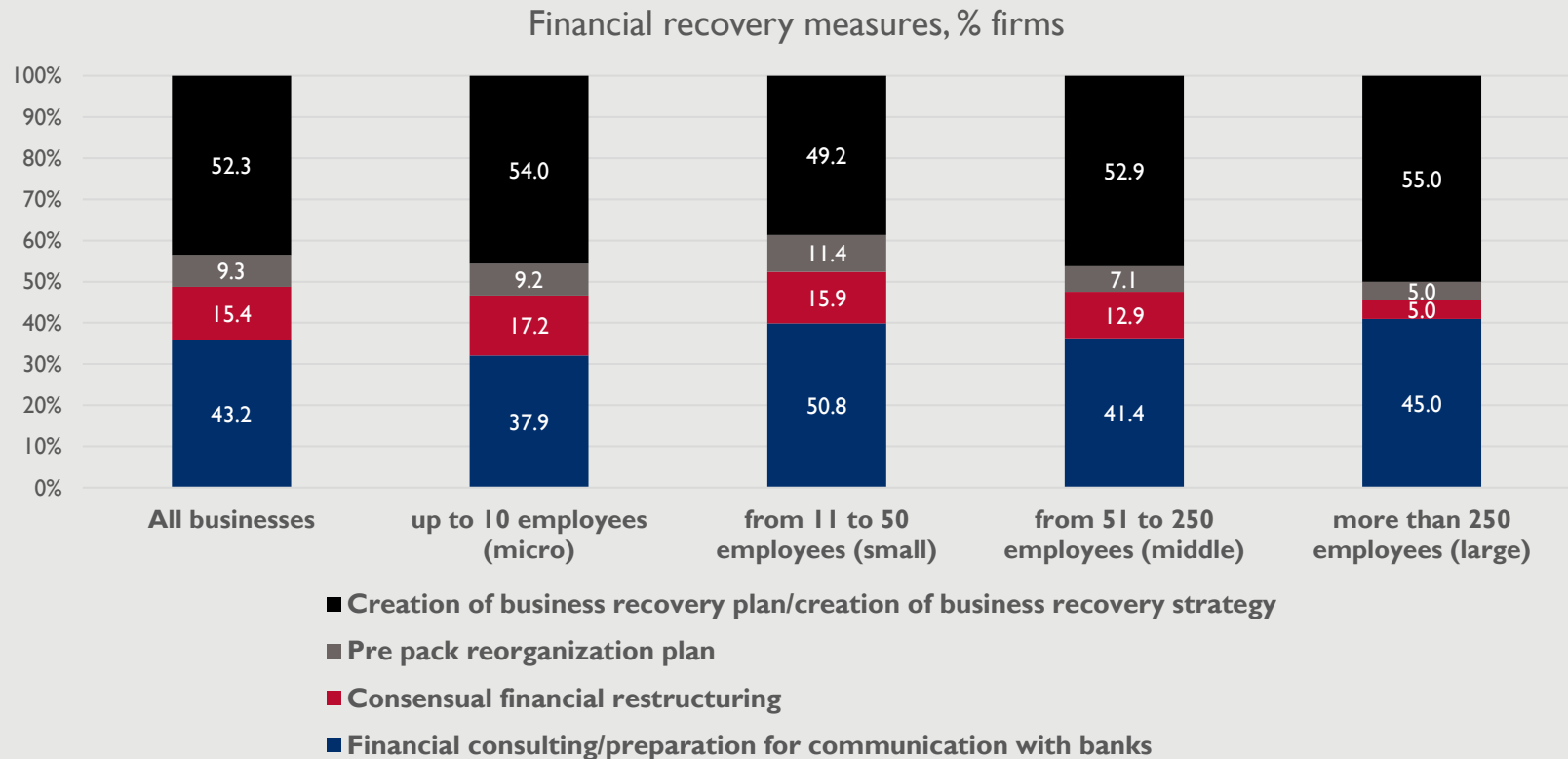
# Which financial recovery measures are you planning to take in the upcoming period?

- **One-half of all companies (52 percent) are looking to develop recovery strategies or plans. As many as 43 percent have opted for financial advice and consulting on how to build their business cases with banks.**
- **Fewer firms are planning to take advantage of consensual financial restructuring (15 percent) or pre-packaged reorganization plans (9 percent).**



# Which financial recovery measures are you planning to take in the upcoming period?

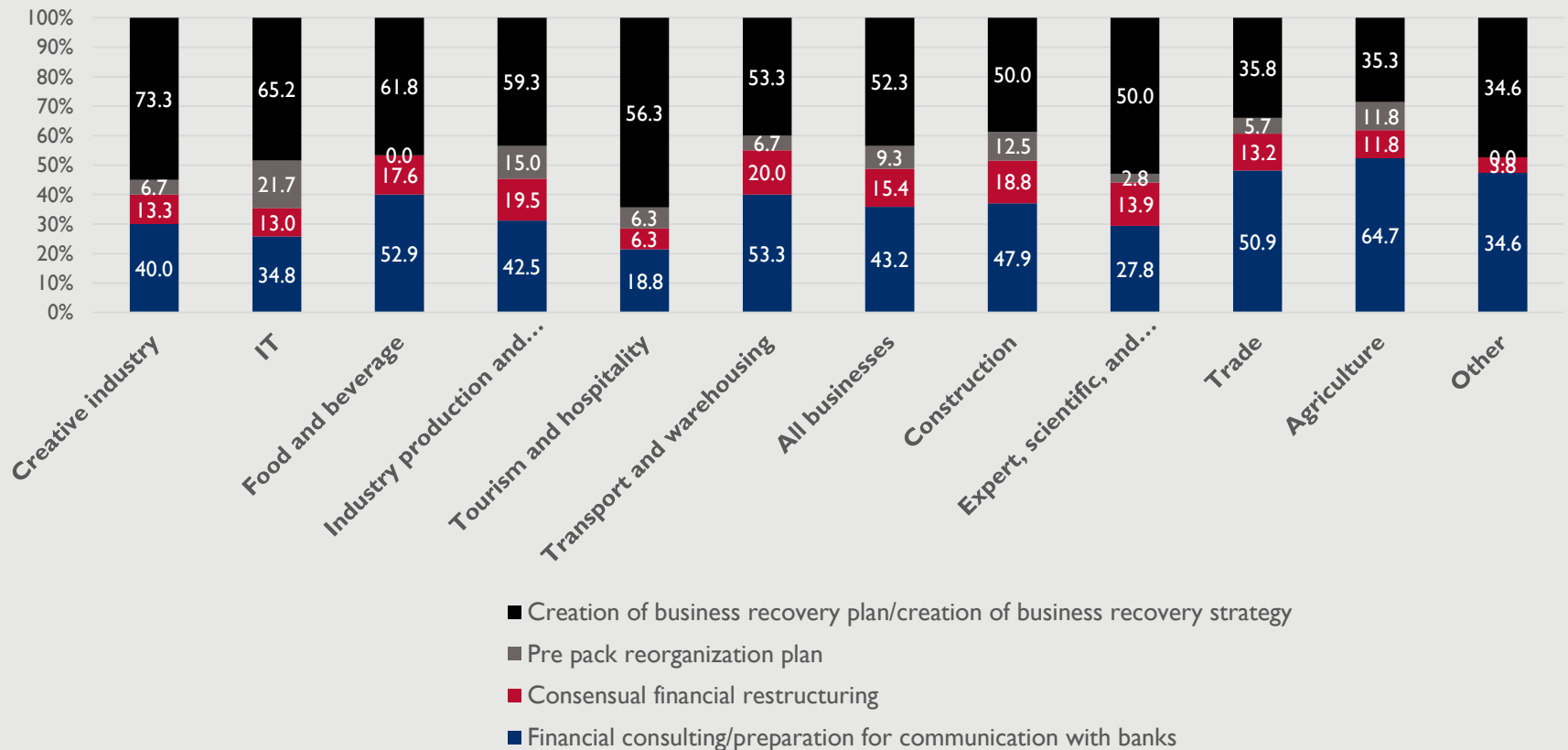
- One in two firms are looking to develop recovery plans. Micro- and small enterprises are likelier to seek consensual financial restructuring (15 percent) than their medium-sized and large peers, whilst larger businesses have more need of financial consulting and advice in their dealings with banks.



# Which financial recovery measures are you planning to take in the upcoming period?

- Recovery planning is a particularly pressing issue for the hardest-hit businesses (in tourism and transport), as well as for those starting to see knock-on effects (IT, food and beverage industry, and general manufacturing).

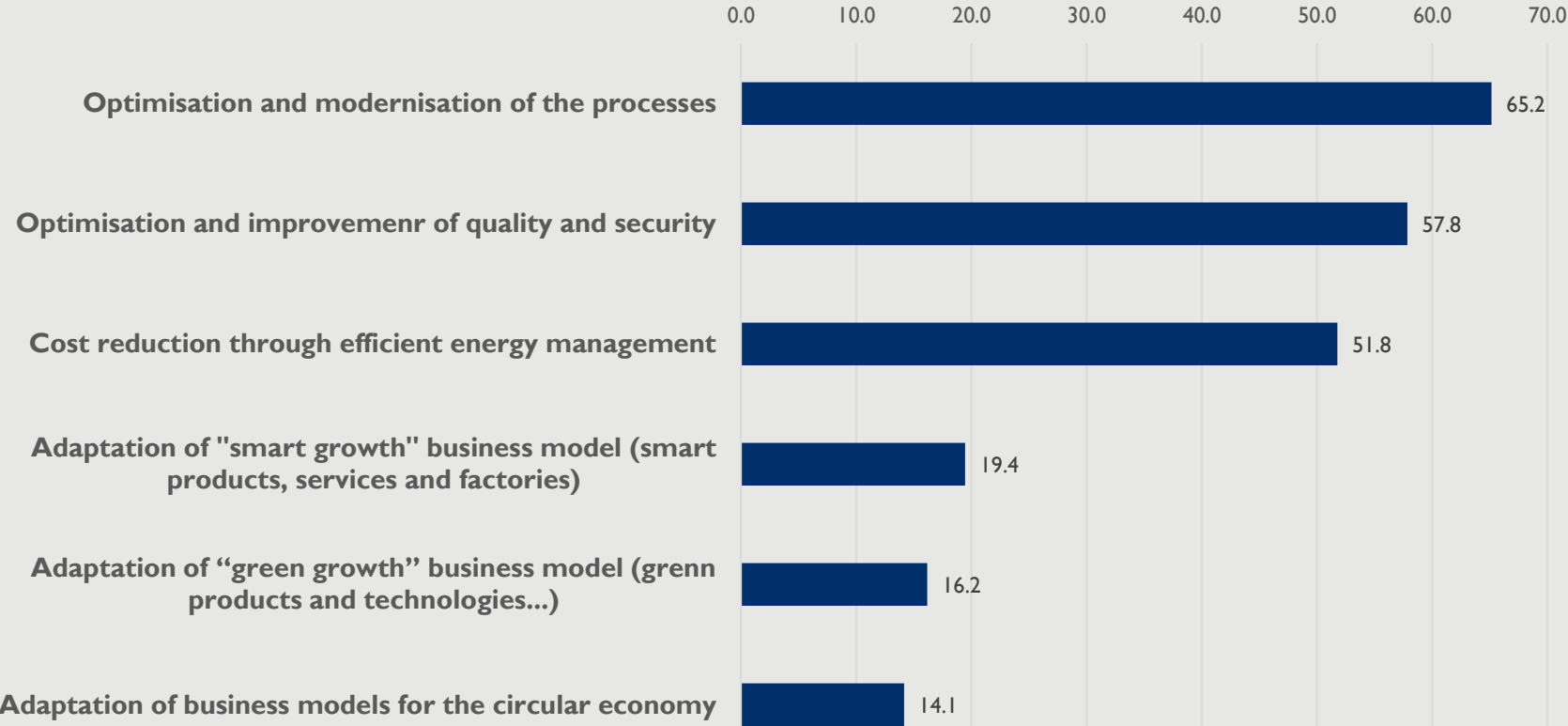
Financial recovery measures, % firms



# Have you taken or are you planning to shortly take any of the following measures to optimize (cut) costs?

- More than one-half of all companies are planning to streamline and modernise processes and/or enhance quality and safety.
- Although the emergency has made businesses focus on surviving and avoiding a liquidity crunch, some firms have kept an eye on sustainable growth, with one-fifth planning to introduce smart technologies and 15 percent looking to apply green growth and/or circular economy models.

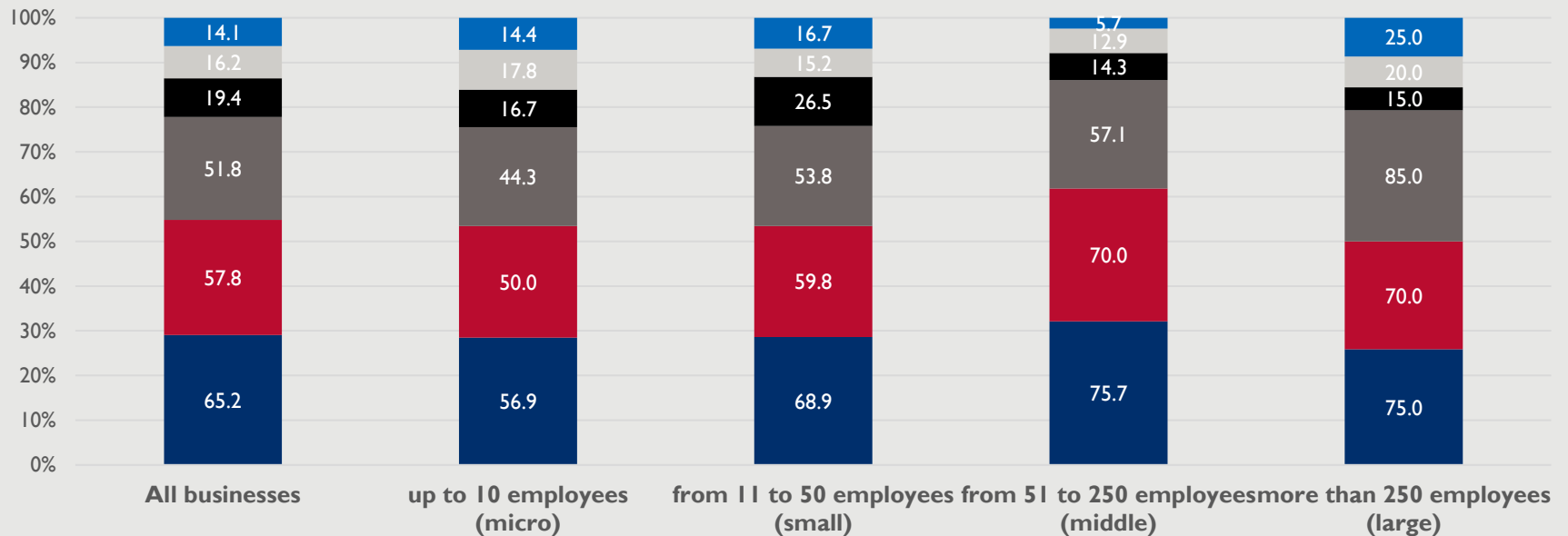
Measures for optimization (cut costs), % firms



# Have you taken or are you planning to shortly take any of the following measures to optimize (cut) costs?

- Medium-sized and large companies are more likely to opt for cost optimisation measures associated with achieving sustainable growth objectives.

Measures for optimization (cut costs), % firms

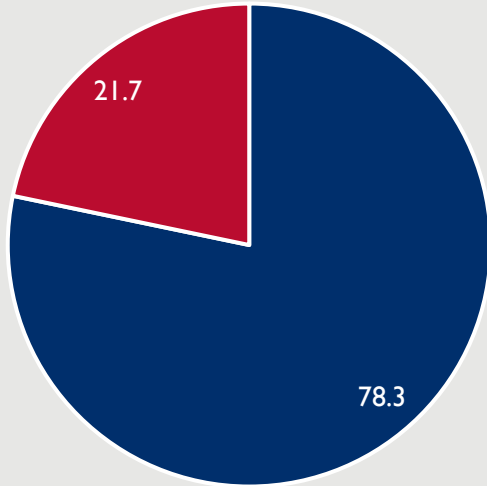


- Adaptation of business models for the circular economy
- Adaptation of "green growth" business model (green products and technologies...)
- Adaptation of "smart growth" business model (smart products, services and factories)
- Cost reduction through efficient energy management
- Optimisation and improvement of quality and security
- Optimisation and modernisation of the processes

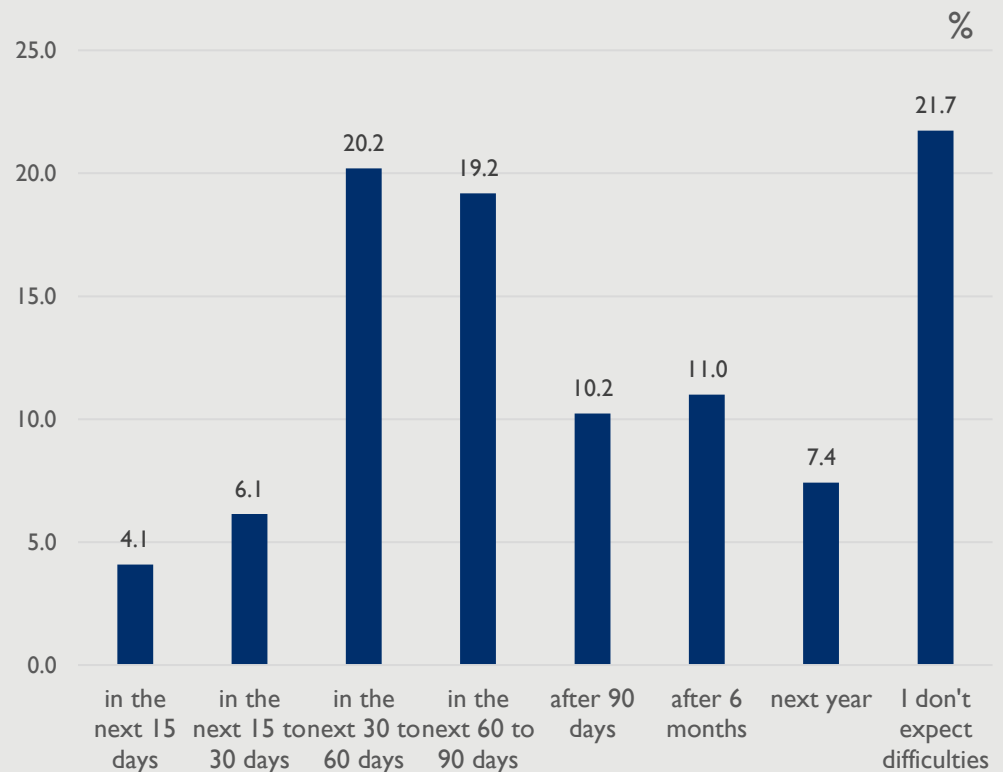
# When do you expect to see difficulties in paying your debts?

- After the state of emergency was lifted, the proportion of businesses that reported not expecting to face any difficulties in paying their debts increased noticeably. That being said, most (80 percent) still assume they will have issues paying debts and remain vocal in highlighting the seriousness of the private sector's liquidity issues.
- No major differences are in evidence from the previous survey round (late April), as most (one in two) companies still expect to encounter difficulties in paying what they owe within the next 30 to 90 days. There has been a noticeable increase, to 7 percent, in the proportion of businesses that believe they will have issues with paying their debts in the coming year.

%



■ Yes ■ I don't expect difficulties

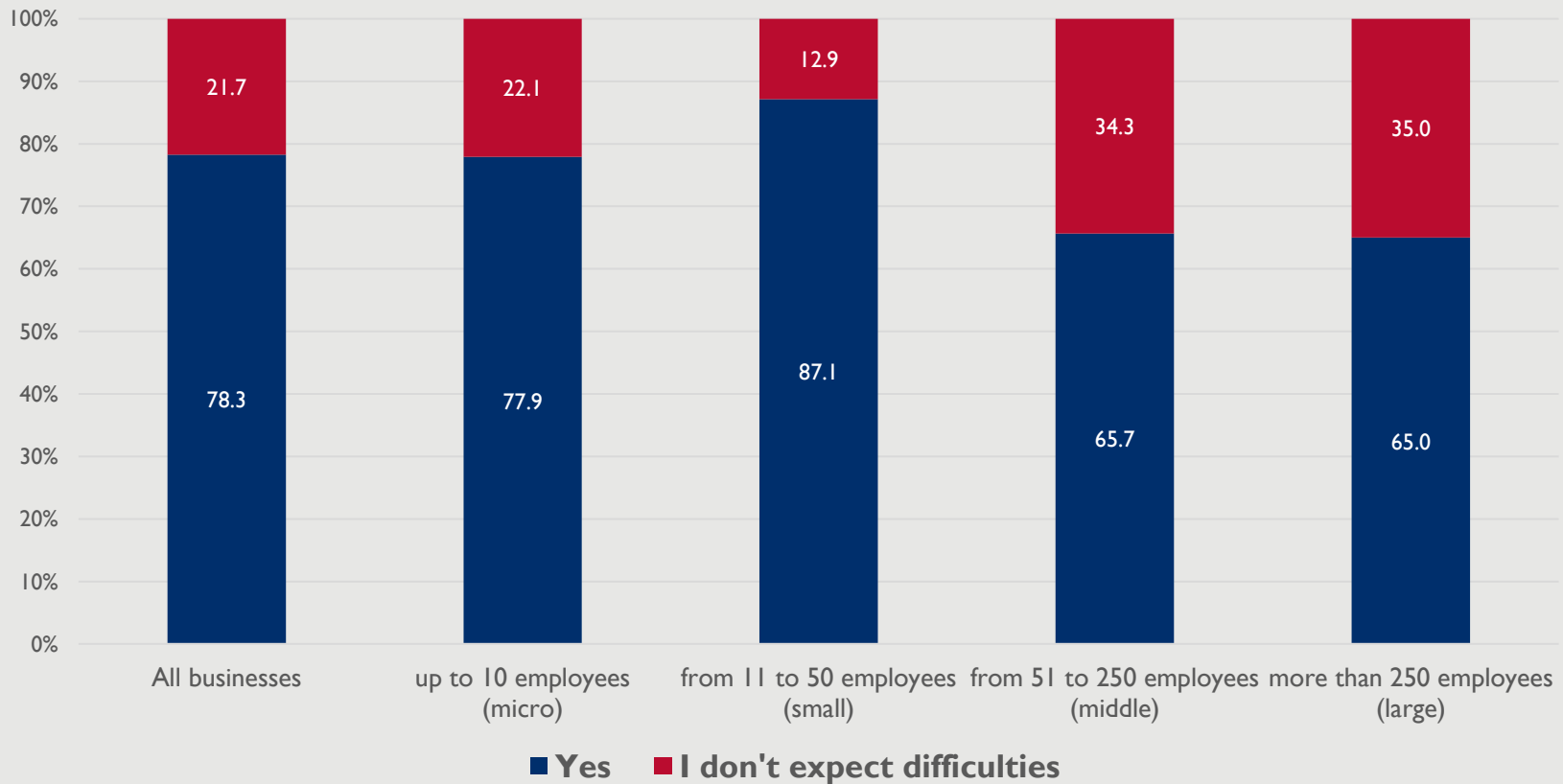




# When do you expect to see difficulties in paying your debts?

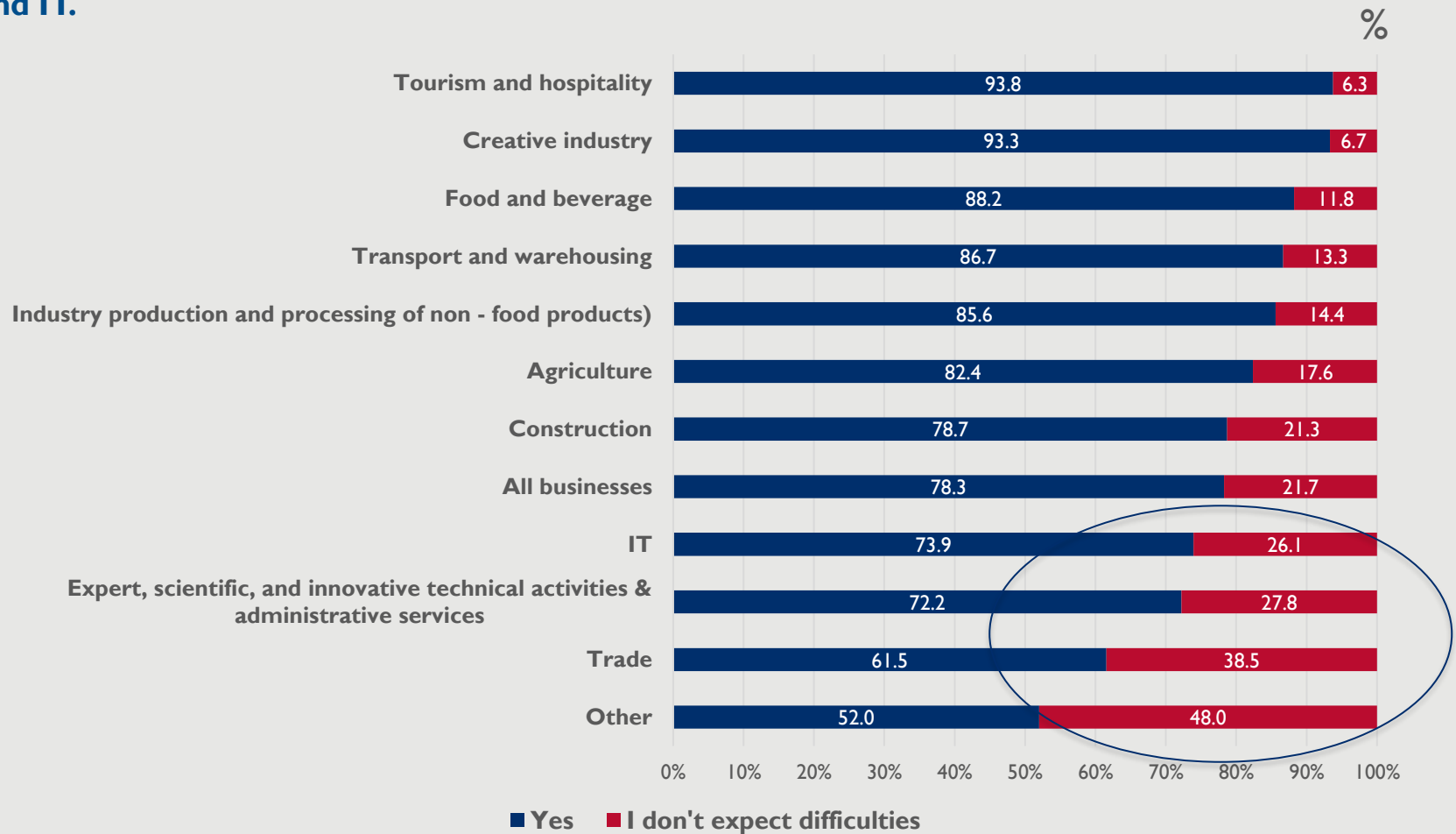
- **Micro- and small businesses were more likely to report expected difficulties in paying their debts. The findings show one in three medium-sized/large firms have plans in place to ensure they stay liquid.**

Do you expect to see difficulties in paying your debts?, %



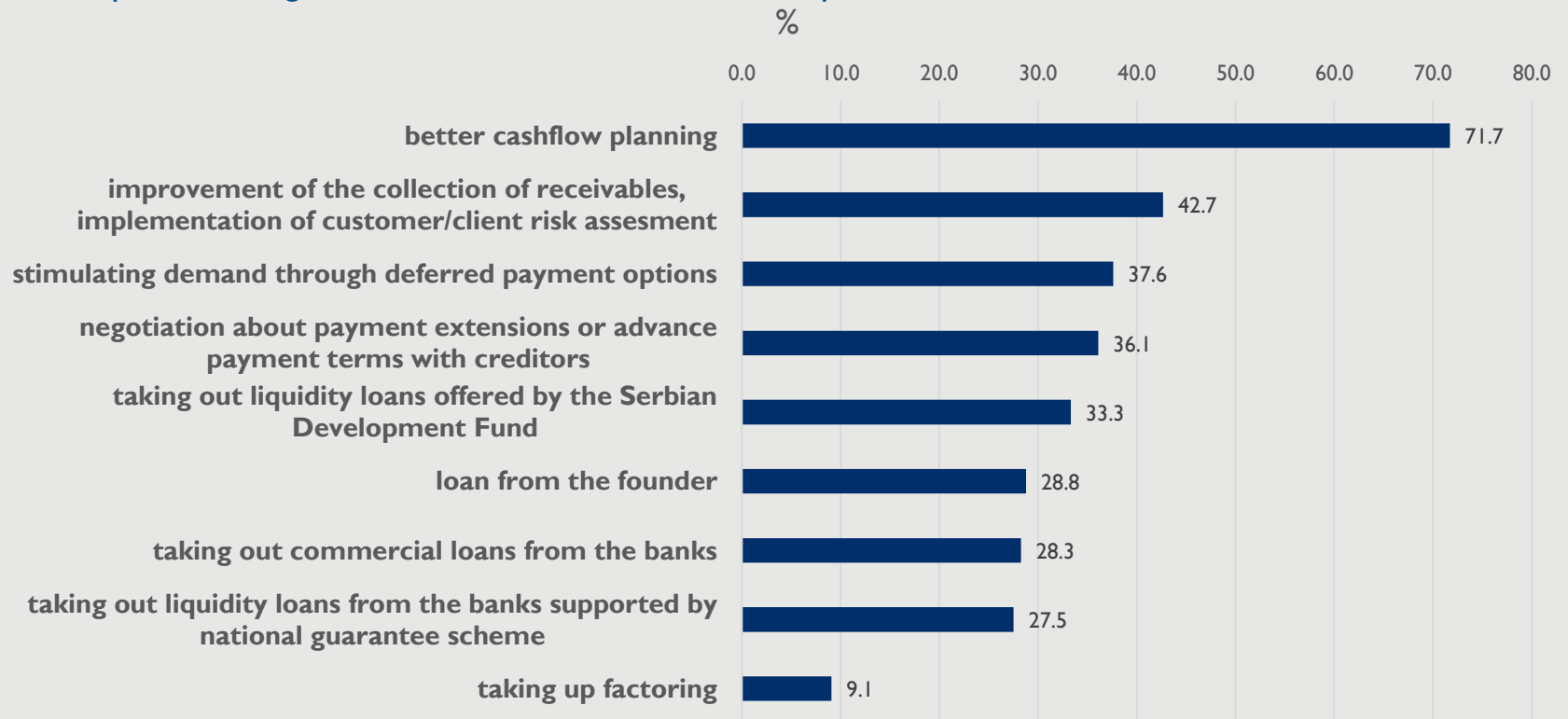
# When do you expect to see difficulties in paying your debts?

- Even though most companies across all sectors are expecting to see issues in paying what they owe, businesses in some industries are more likely to believe they will avoid such problems: these are mainly concentrated in finance and insurance; retail; professional, scientific, and technical activities; and IT.



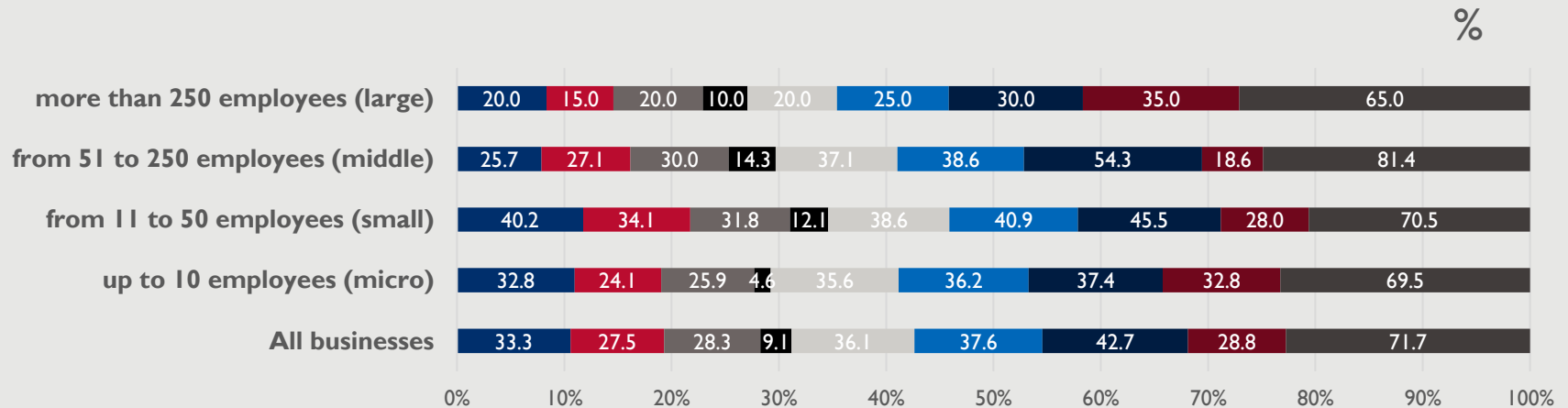
# Which measures are you planning to introduce in response to the crisis to address liquidity issues?

- **Most companies are looking to fend off current and/or potential liquidity crises by managing their cash flow better (as reported by 72 percent).**
- Many firms are planning to introduce client risk assessments (43 percent), stimulating demand through deferred payment options (38%), negotiate payment extensions or advance payment terms with creditors, and take out liquidity loans offered by the Serbian Development Fund (33 percent).
- Lastly, just under one-third of those polled are planning to either borrow from their owners or from commercial banks or, alternatively, seek banks' liquidity loans backed by national guarantee schemes.
- The take-up of factoring remains low with much room for improvement.



# Which measures are you planning to introduce in response to the crisis to address liquidity issues?

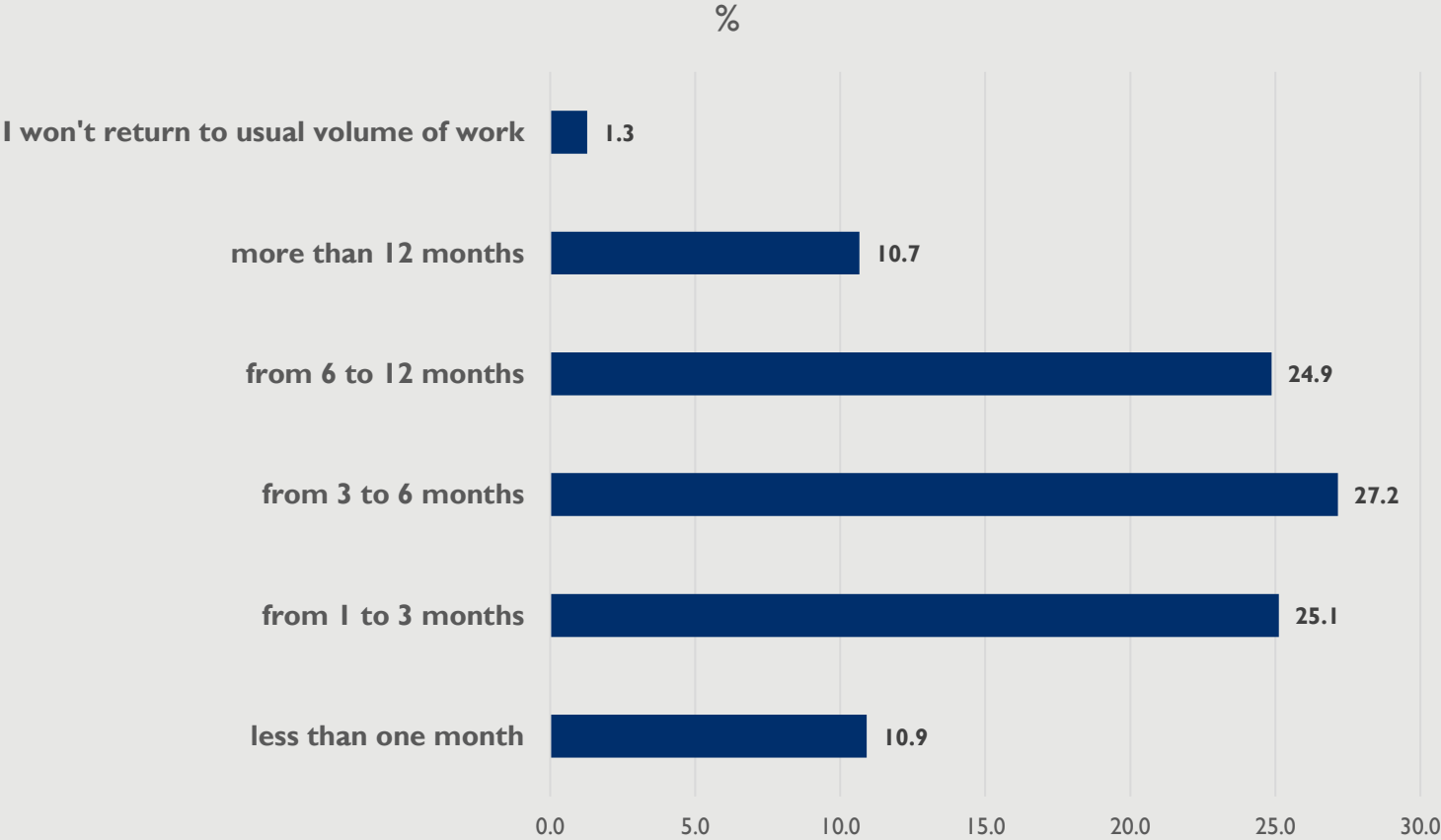
- The larger a firm, the greater its need for better cash flow planning



- taking out liquidity loans offered by the Serbian Development Fund
- taking out liquidity loans from the banks supported by national guarantee scheme
- taking out commercial loans from the banks
- taking up factoring
- negotiation about payment extensions or advance payment terms with creditors
- stimulating demand through deferred payment options
- improvement of the collection of receivables, implementation of customer/client risk assesment
- loan from the founder
- better cashflow planning

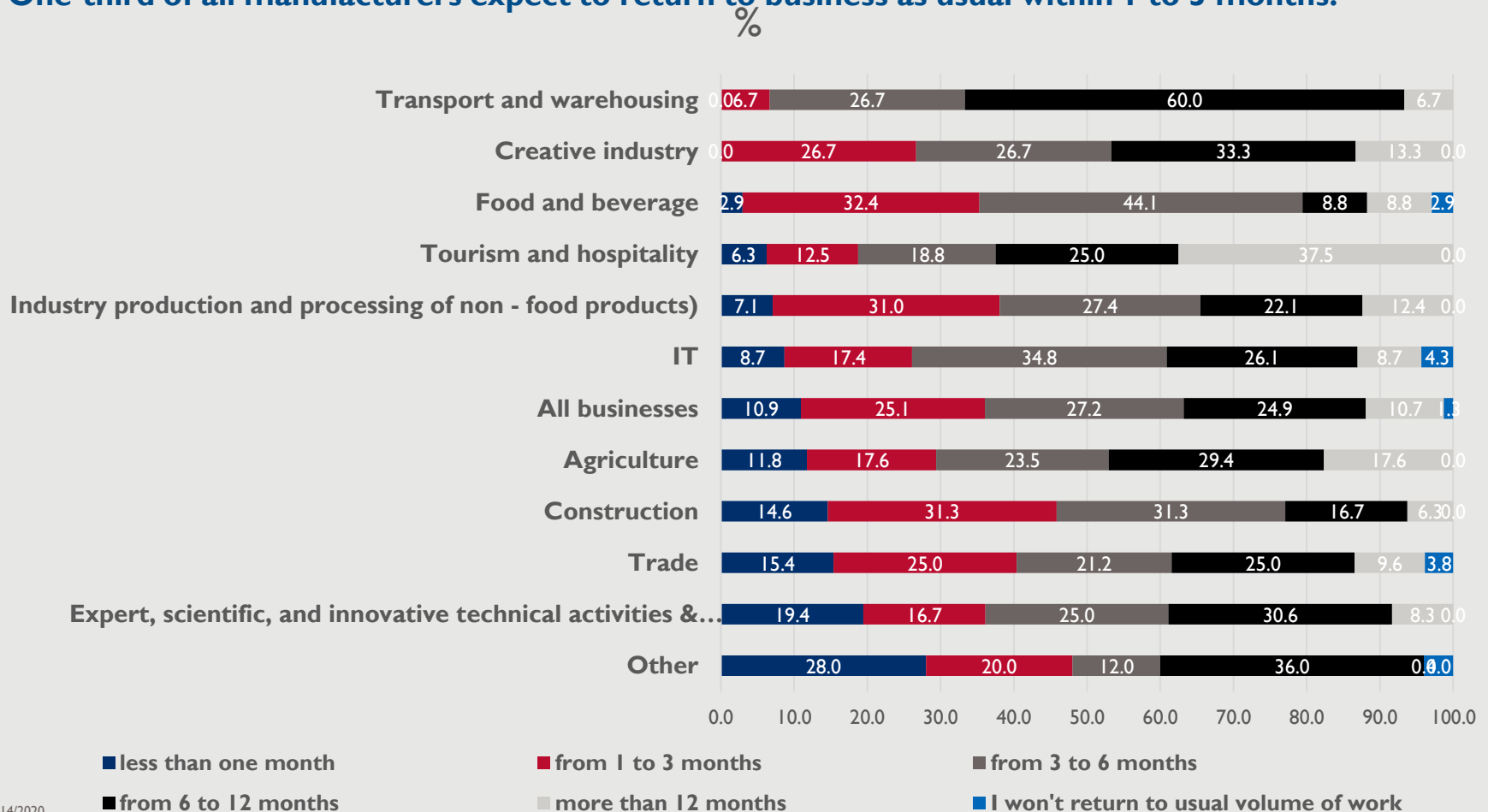
# With business starting to return to normal, how much time do you believe it will take to return to your usual volume of work?

- About 90 percent of the firms surveyed expect to recover within one year.
- Most (27 percent) firms believe this will take between 3 and 6 months.
- Encouragingly, 11 percent of all businesses feel business will return to normal in under one month.



# With business starting to return to normal, how much time do you believe it will take to return to your usual volume of work?

- The hardest-hit sectors (tourism, transport, and the creative industries) believe it will take longer to recover
- One-third of all manufacturers expect to return to business as usual within 1 to 3 months.



# What potential constraints on recovery do you expect?

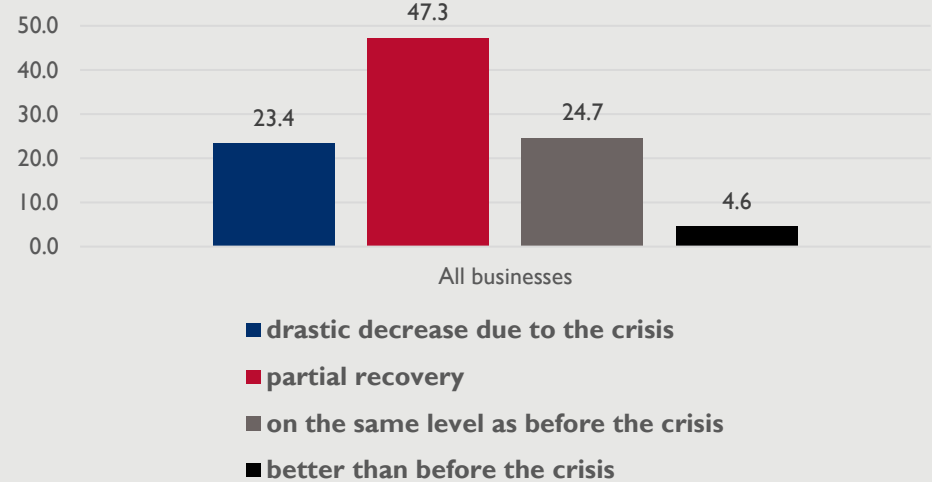
- Firms believe the greatest obstacles on the road to recovery are a potential second wave of the pandemic and a repeated lockdown (as reported by no fewer than 73 percent).
- One-half of all companies (50 percent) fear a drop in demand for their products or services.
- About 40 percent expect to face issues with liquidity, access to finance, and/or changes to import/export policies.
- Nearly one-third expect to see recovery hampered by restrictions on public gatherings and/or new product/service quality standards, mainly determined by their industry.
- One in three businesses believe currency fluctuations are likely to hold recovery back.



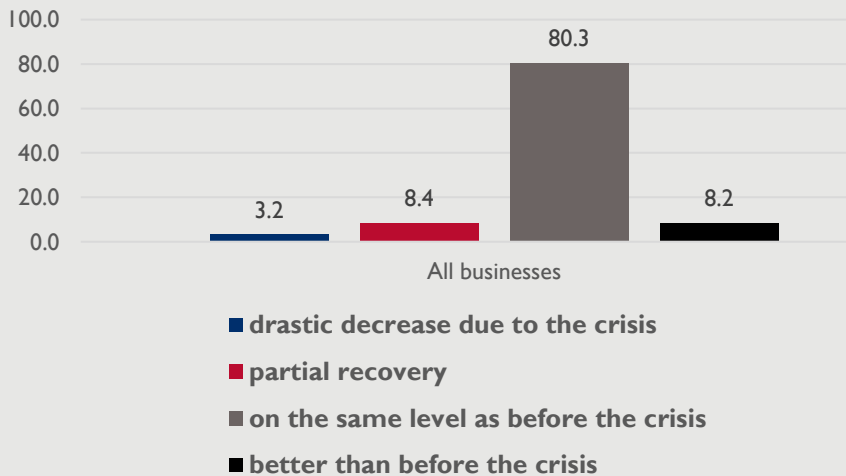
# It has been one month since the state of emergency was lifted. How would you assess the state of your:

- In comparison to the previous survey, there has been a noticeable increase in the proportion of firms reporting a partial recovery in production/service delivery.
- Even though the crisis has seriously imperiled nearly all businesses, the vast majority have been able to retain all staff throughout the state of emergency and into the post-lockdown period.

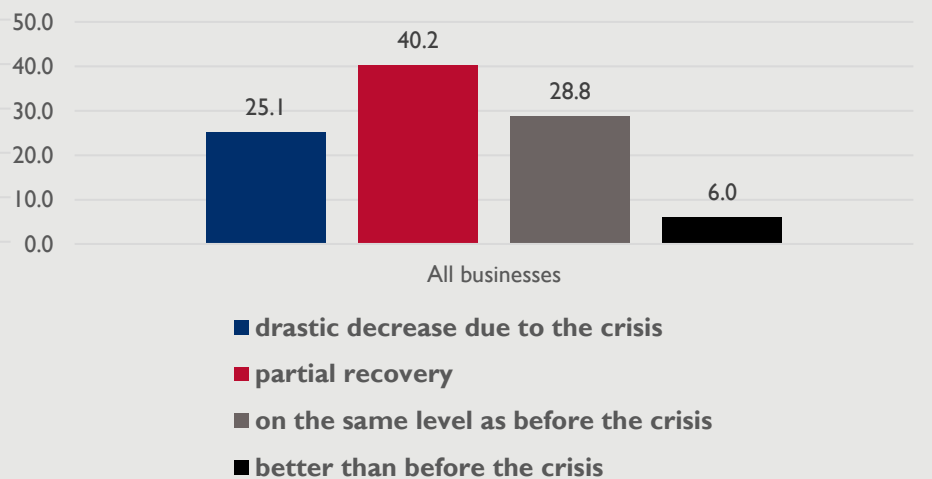
### Volume of production/trade/ services



### Number of employees



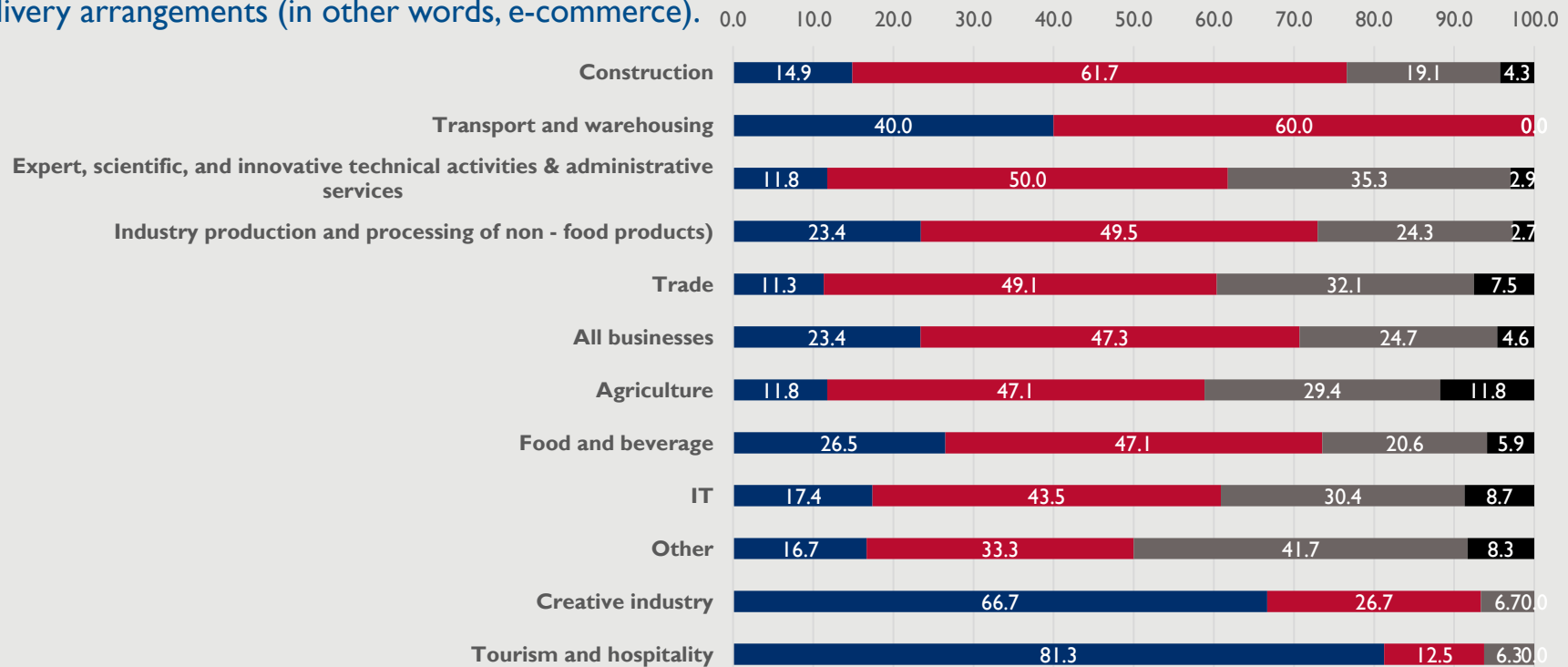
### Demand for your products/services





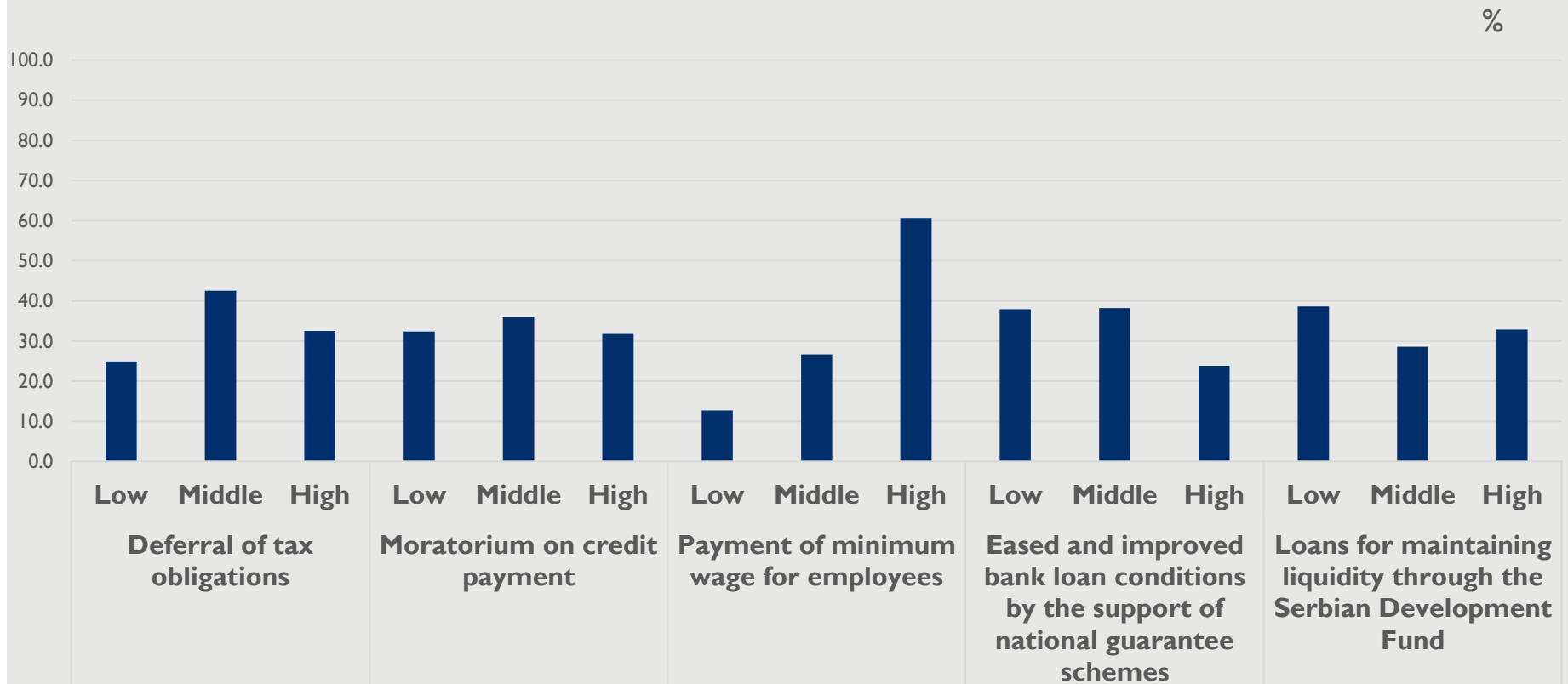
# It has been one month since the state of emergency was lifted. How would you assess the state of your production/retail/service delivery business?

- It is especially heartening to see sectors that have a strong impact on supply chains reporting a degree of recovery, as is the case with 60 percent of all transport companies.
- Tourism, catering and hospitality, and the creative industries remain significantly depressed by the crisis.
- Some agricultural producers, IT firms, and retailers have seen their performance improve relative to before the downturn.
- Their growth is highly likely to be associated with greater preparedness to shift to digital ordering, payment, and delivery arrangements (in other words, e-commerce).



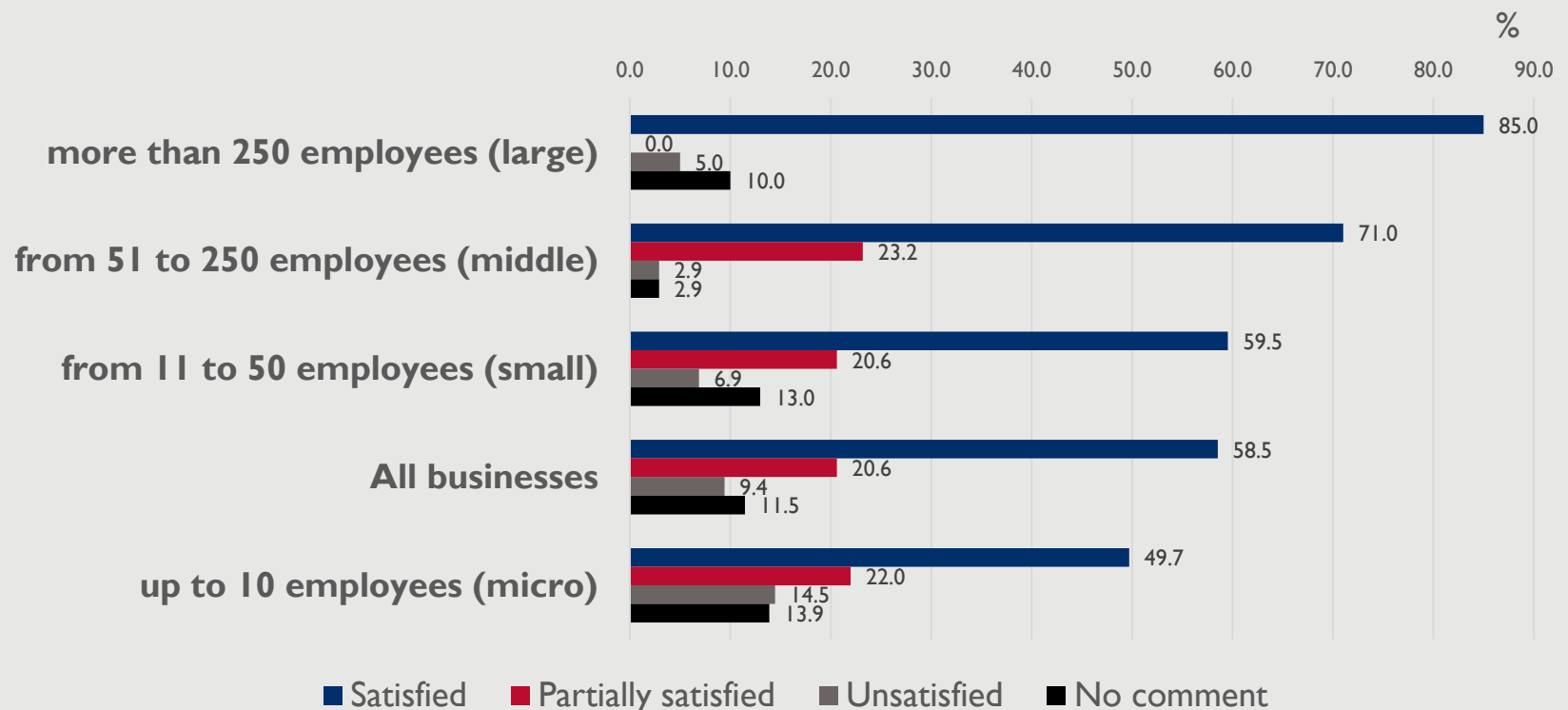
# How useful was each of the Government's support measures you have benefited from or expect to benefit from for the recovery of your business?

- In a finding similar to that of the previous survey round, businesses believe minimum wage support and deferral of tax liabilities have been the most useful of the Government's crisis response measures.
- Most firms also view other policies deployed by the Serbian Government in a positive light.



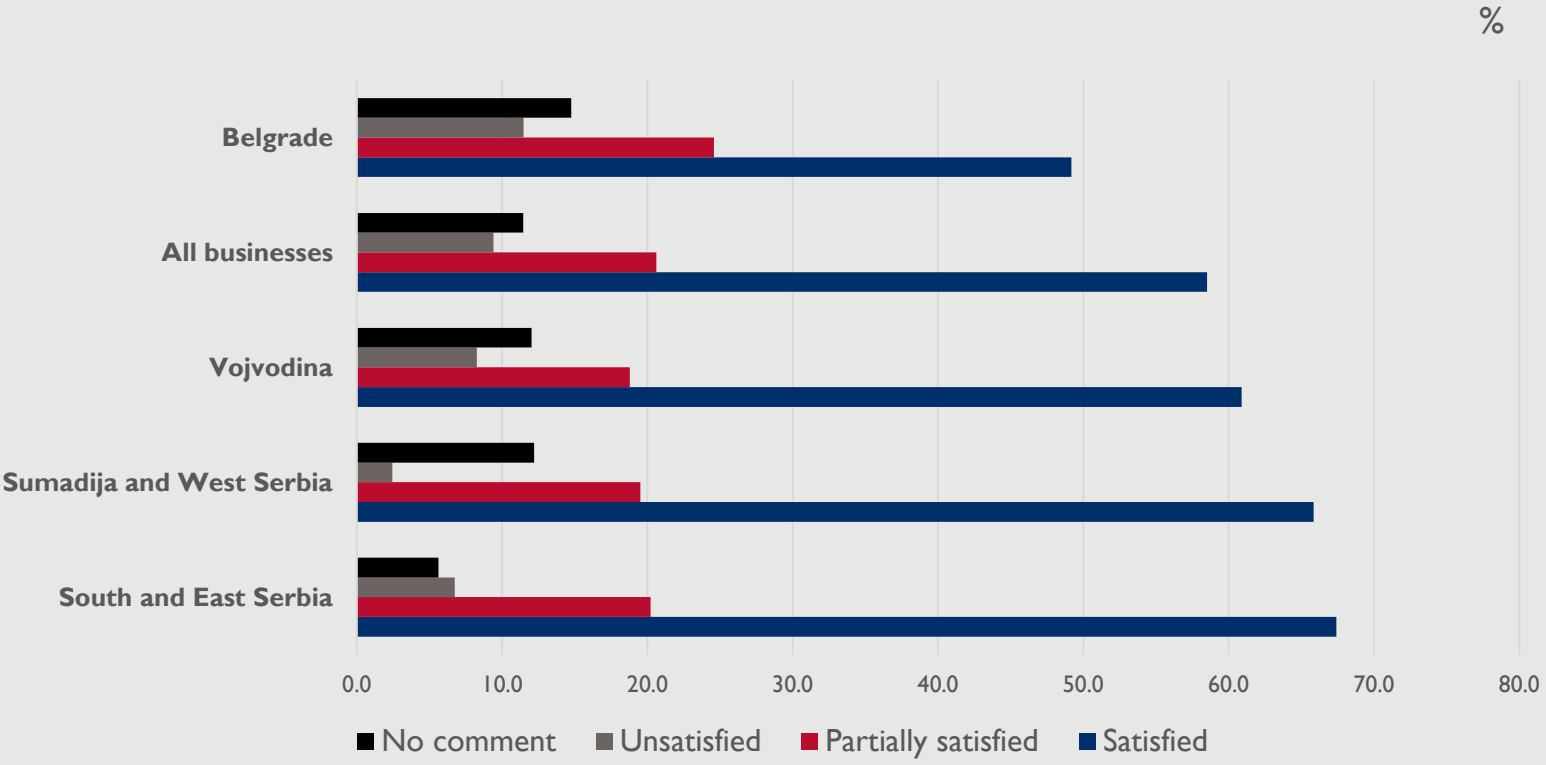
# How satisfied are you with the engagement and support of the Serbian Chamber of Commerce in addressing issues caused by the crisis?

- Most businesses (78 percent) are satisfied with the level of engagement and support received from the Serbian Chamber of Commerce (SCC), and this is especially true of medium-sized and large firms.



# How satisfied are you with the engagement and support of the Serbian Chamber of Commerce in addressing issues caused by the crisis?

- The SCC's assistance was especially important for companies away from large urban centres (chiefly in Southern and Eastern Serbia).





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