

ASSESSING THE IMPACT OF COVID-19 ON SMES IN ARMENIA AND THE EFFECTIVENESS OF GOVERNMENT POLICY

The Avedisian Center for Business Research and Development at Manoogian College of Business and Economics of American University of Armenia has conducted an online survey titled "Assessing the Impact of COVID-19 on SMEs in Armenia and the Effectiveness of Government Policy" covering all of Armenia.

The survey was conducted by filling out the questionnaire designed by Dr. Mane Beglaryan and administered through an online platform.

The potential respondents got invitation to take participation in online survey through emails that were sent to the list of SMEs that have responded to the Ministry of Economy discussion of COVID19-related issues.

Below is the distribution of the sent emails.

Delivered emails	1,036
Not delivered emails	82
Total number of sent emails	1,118

The survey conducted by mobile online version on **24-27.07.2020**.

184 respondents came from both Yerevan and the regions of RA. Quality control procedure deemed **39** of them as invalid, with the final database containing **145** valid questionnaires.

Brief summary of the survey results

Surveyed Enterprises by Industries

The distribution of the participated enterprises by the industries is provided in the figure below.

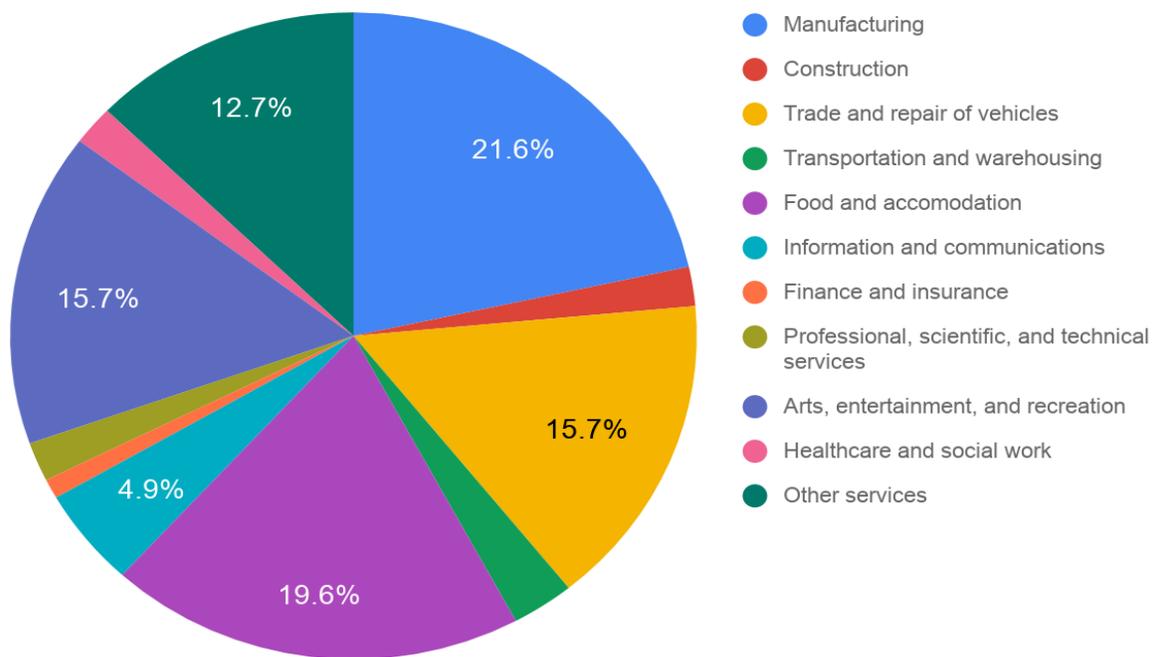


Figure 1. Surveyed Enterprises by Industries

This figure shows how, according to the respondents, the coronavirus epidemic affected their revenue loss in Q1-2 2020 as compared to Q1-2 2019.

52% of respondents assess their revenue loss due to pandemic is 71% and more in Q1-2 2020 as compared to Q1-2 2019, **20.4%** assess it to be 31-50%, and **19.4%** assess it at 51-70%.

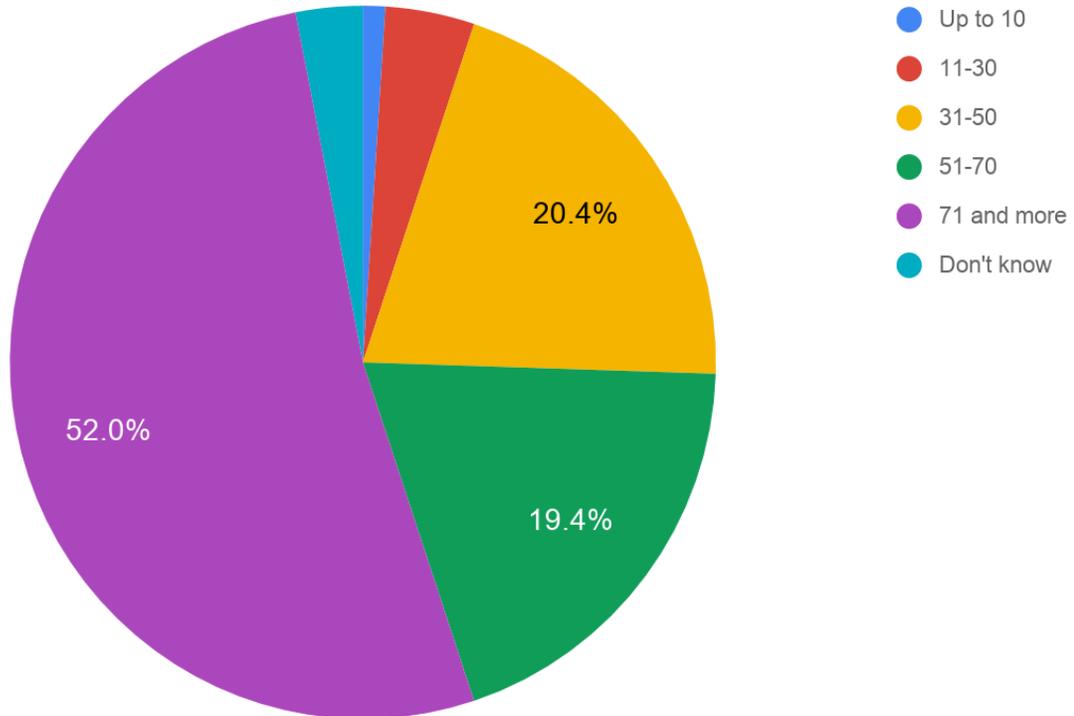


Figure 2. Revenue Loss among the Surveyed SMEs (% decrease in Q1-2 2020 as compared to Q1-2 2019)

Below is the distribution of the measures taken by the SMEs to mitigate the effects of the crisis.

21.9% of respondents used private means and loans to mitigate the effects of the crisis, **20%** of them temporary or permanent closed the business, **13.3%** of the respondents made changes in business plan and strategy, including move to online mode, **12.4%** reduced wages, **10.5%** of them had to lay off the employees and the **21.9%** of the respondents did not take any measures.

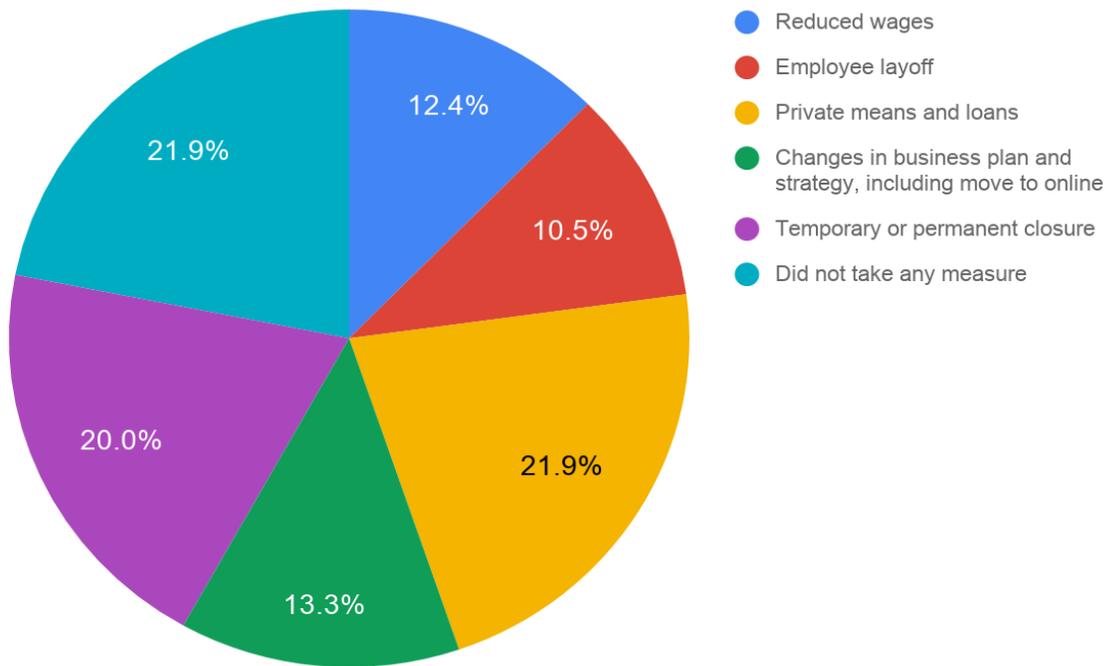


Figure 3. Measures Taken to Mitigate the Effects of the Crisis

This figure shows that the selectivity of the Programs of assistance was on average above 50%.

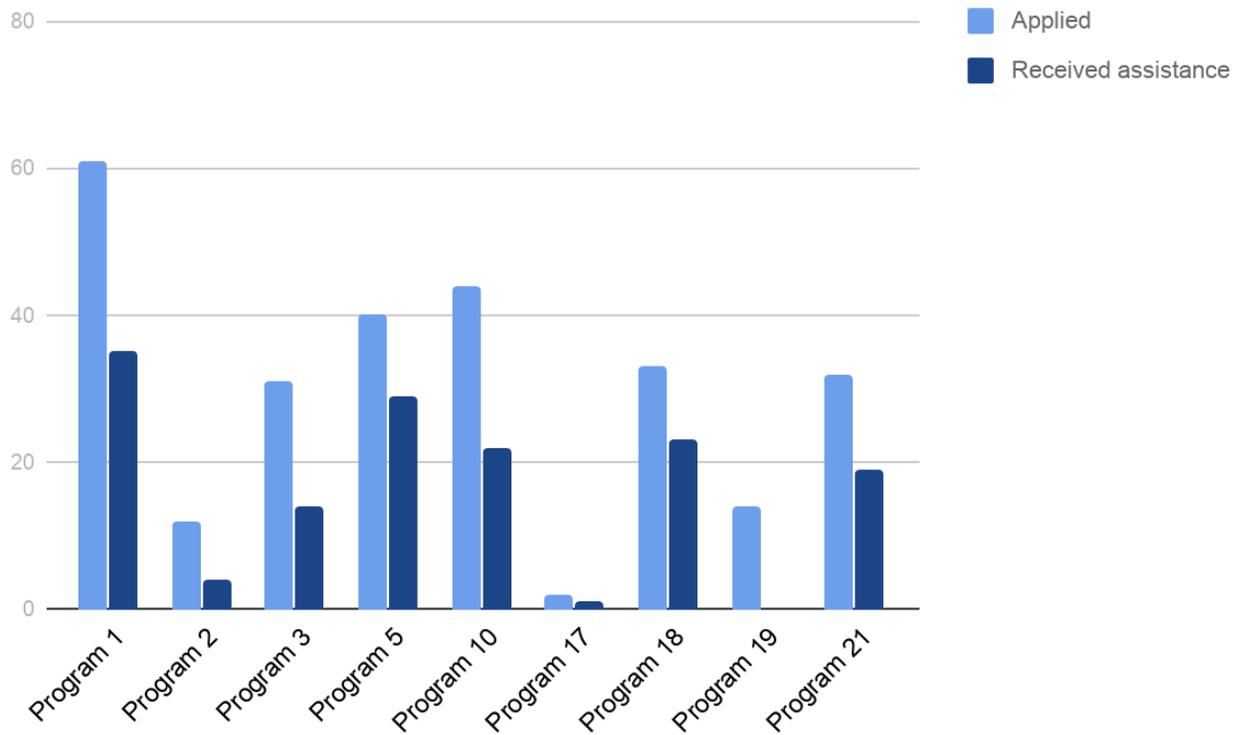


Figure 4. Business Applications and Reception of Government Assistance
https://covid19.gov.am/hy/business_and_coronavirus

The beneficiaries' assessment of the program effectiveness is shown in the figure below, with Program 2 being considered as the most ineffective and Program 18 being the most effective.

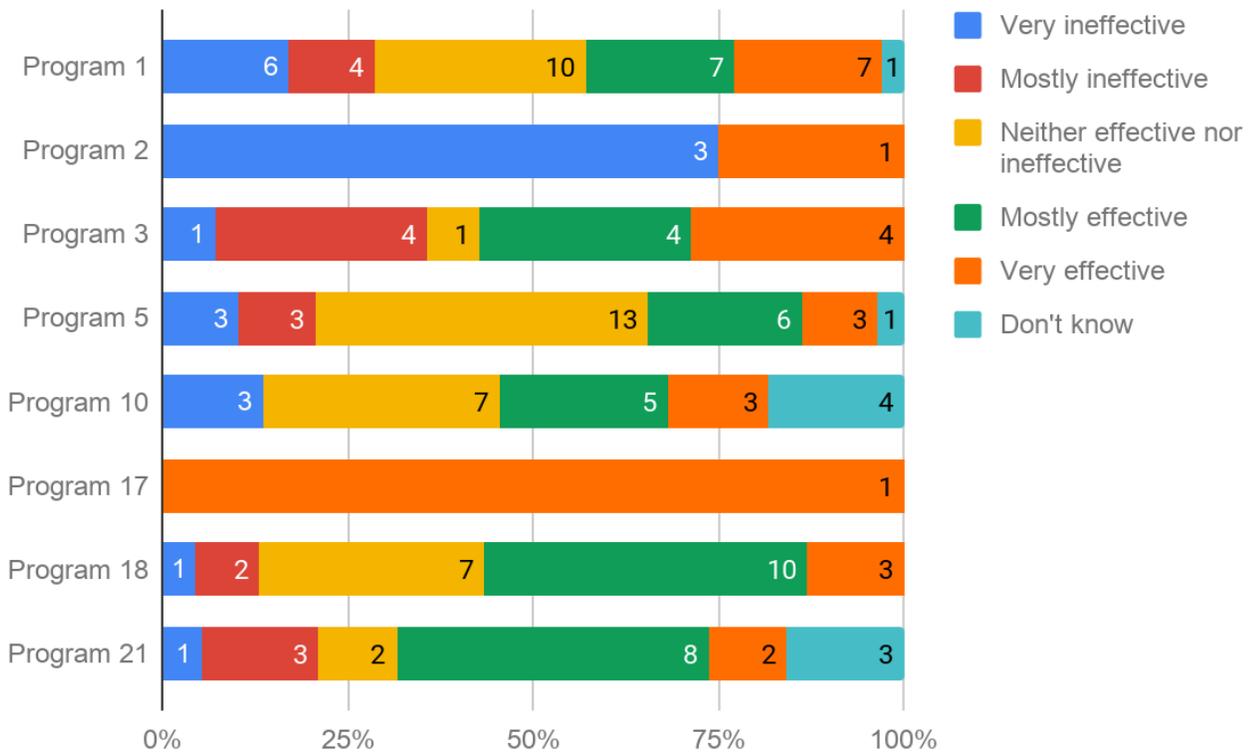


Figure 5. Beneficiaries' Assessment of Program Effectiveness
https://covid19.gov.am/hy/business_and_coronavirus

The figure below shows the respondents' satisfaction with the administration of state assistance.

26% of the respondents are mostly or very dissatisfied and around **45%** of them mostly or very satisfied with the presentation of program aims and scopes.

27% are dissatisfied and around **40%** of respondents satisfied the responses to program inquiries.

46% are mostly or very satisfied with the processing applications and the **30%** are dissatisfied with it.

The **45%** of the respondents are mostly or very dissatisfied and around **35%** of them mostly or very satisfied with provision of assistance.

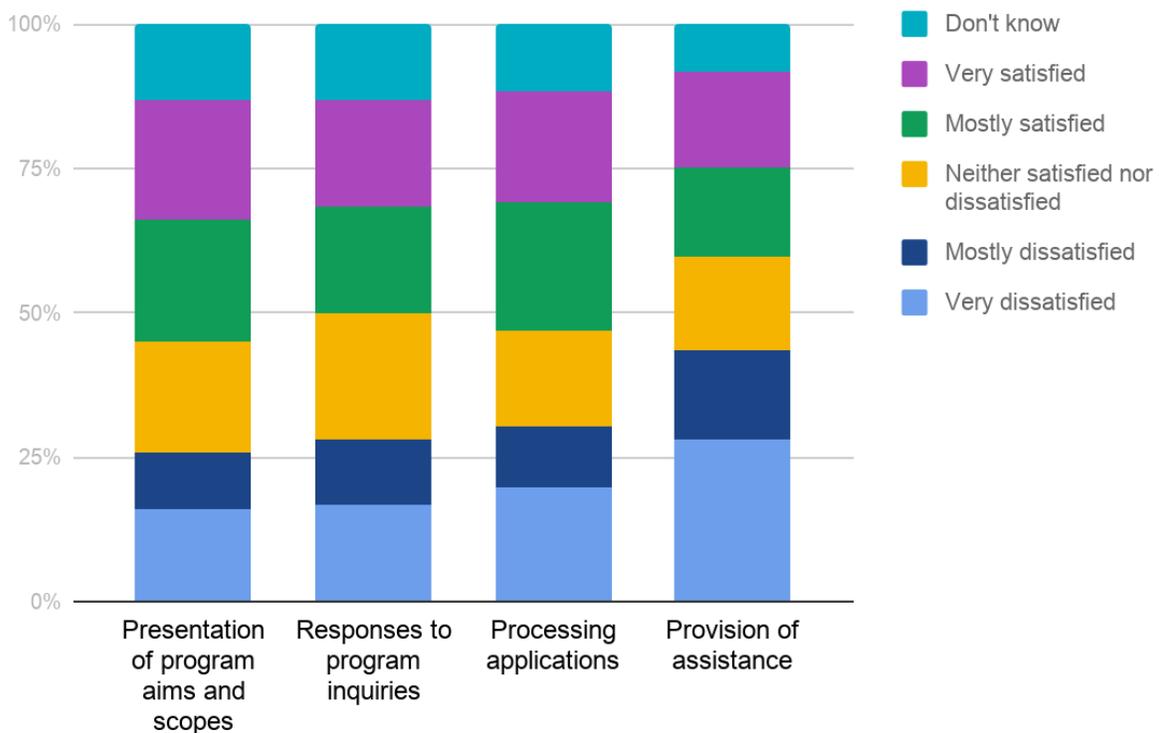


Figure 6. Business Satisfaction with Administration of State Assistance

This figure shows the respondents' perceptions of the impact of the crisis and their expectations for the future.

For around **80%** of the respondents the expectations for the upcoming 6 months are very or mostly negative and only around **5%** of them has positive expectations.

The prospects for the next 12 months are still negative, but brighter than for the next 6 months. Around **67%** of the respondents has negative expectations and around **10%** of them has positive expectation.

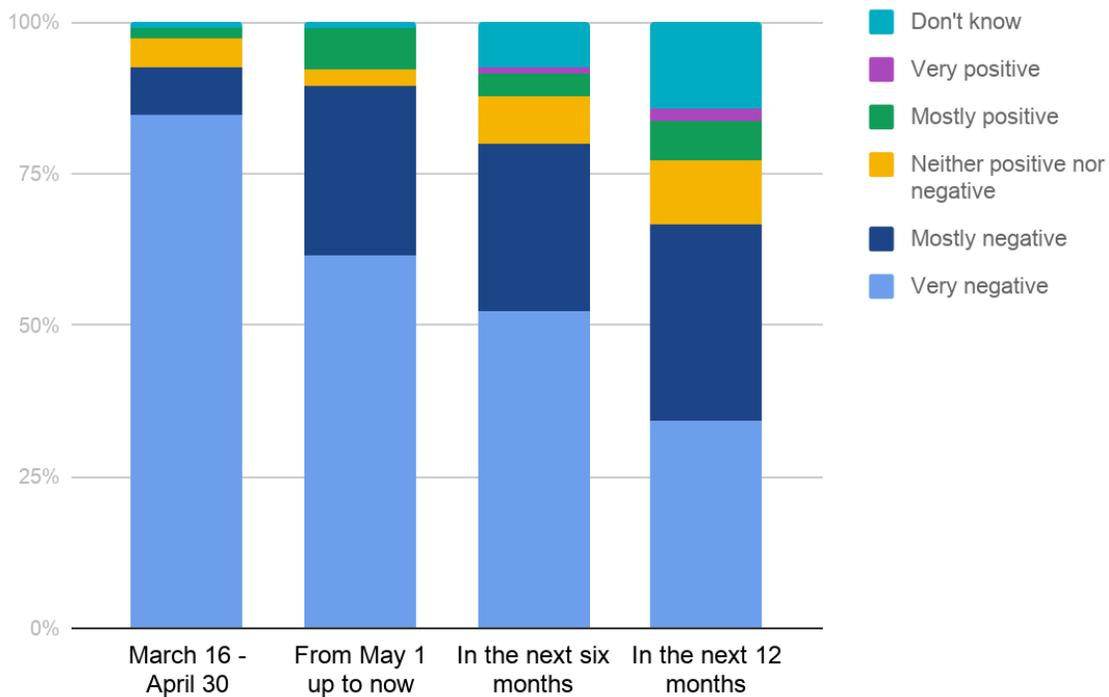


Figure 7. Business Perceptions of the Impact of the Crisis and Expectations for the Future