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# The COVID-19 outbreak and its impact on business establishments: a study on challenges and strategic approaches

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The Management Association of the Philippines (MAP) commissioned the School of Economics of the University of Asia and the Pacific (UA&P) to conduct a study aimed at understanding the impact of the COVID-19 outbreak on various industry sectors and to draw possible policy measures for both government and private institutions to help the affected sectors deal with the pandemic's negative effects and gradually return to stable business operations. An online survey of pre-selected thirty-three (33) representatives from key priority sectors which recorded sharp contractions in the first two quarters of 2020 and which had a share to GDP of above 1 percent was conducted. To validate the survey results, stakeholder interviews were also conducted with more than 10 firms via the zoom video conferencing platform.

The survey results confirmed the negative impact of the pandemic at the firm-level (i.e., decrease in employee compensation, decline in headcount, loss of revenue and other liquidity crunches, prolonged collection periods, problems in logistics, delayed or cancelled projects and disrupted supply chains and access to labor; among others). Some have had to close branches or altogether cease operations.

The sudden and likely permanent shift towards digitization of operations has disrupted operations and exerted pressure to digitally transform business operations in order to survive in the so-called "new normal." Moreover, this requires investments in equipment and training. Additional costs and investments are also needed to meet health and safety standards and protocols. Thus, required assistance commonly cited by firms were loans, subsidies, and tax relief.

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In the short term, the national government must restore consumer confidence and deploy its fiscal powers to stimulate aggregate demand. With assistance, business can invest in platforms and meeting health and safety protocols for workers and customers to return to work and patronize their business, whether on site or online.

Resuscitating the economy is not solely the responsibility of government. It also requires solidarity and coordinated response from the private sector. Over the long term, both government and business must build more resilient organizations and strategies. This would include adopting digital transformation by both private and public sectors for a more nimble and agile economy.

Business may also revisit the concept of "coopetition". The interconnectedness of each industry calls for a more collaborative approach among businesses. When firms who have been negatively affected by the pandemic recover, this can also increase the rate at which the economy bounces back.

**JEL classification**: O1, L1, L2
**Keywords**: pandemic, coronavirus, entrepreneurs, economic effects, strategies

## 1. Introduction

It has been over a year since the COVID-19 virus arrived on Philippine shores in the first quarter of 2020. In an effort to contain its spread, the economy was placed under the enhanced community quarantine (ECQ), restricting mobility and economic production. As the economy fell into recession, but with positive news of decline in active cases, the National Government (NG) eventually placed Metro Manila and several provinces under the general community quarantine (GCQ) which allowed businesses to re-open, albeit at limited capacity. The primary objective was to revive the economy.

The prolonged restrictive measures during the pandemic dramatically limited business activities of enterprises and therefore affected their liquidity and overall operational efficiency. Despite the easing of mobility protocols, majority of the firms, both in manufacturing and services sectors, have experienced reduction in sales and revenues, forcing them to make adjustments in their workforce (e.g., retrenchment/layoffs, reduced working hours, reduced salaries and benefits, work from home (WFH), no work/no pay arrangements, etc.), including challenges in production scheduling, logistics, and the entire gamut of their operation.

The effect of the pandemic was more pronounced among small and microenterprises that are highly dependent on the cash economy than it was for medium and large enterprises who have better operational systems and financial resources to counter the challenges and stay in the market.

The Management Association of the Philippines sought the assistance of a study team from the UA&P School of Economics to conduct a survey of key businesses to better understand the impact of the lockdown and the plight of business.

The research objective of the study was to understand how the pandemic and the resulting lockdown affected businesses. Another objective was to solicit directly from the business sector what assistance they needed to survive the crisis. Interviews were also conducted with some of the respondents to gain a fuller understanding of their responses. By analyzing the data and responses, the study team sought to propose policies that the government could implement, in partnership with the business sector, to alleviate the situation. At the same time, strategies were proposed that the business sector could undertake.

The above insights are discussed in greater detail in the next section which describes the survey conducted among representatives of priority industry sectors and consultations with key informants. The results of the survey and the stakeholders interviews are then presented and the paper concludes with its recommendations.

As this study commenced, the Asian Development Bank (ADB) had completed its own study survey on the impact of the pandemic.[1] The ADB survey covered many more sectors, with more respondents. This study confirms some findings of the ADB survey. While this study found similar impacts with the ADB study qualitatively, the quantitative results could differ.[2] The lockdown in the wake of the pandemic slashed firms' sales and led to production cuts, workforce reduction, and business closures. In terms of policy assistance, tax relief, loans, subsidies for costs (e.g. utilities) were frequently cited by businesses in the MAP-UA&P survey as well as the ADB study.

## 2. The survey and stakeholder consultations

The team identified the sectors which recorded sharp contractions in the first two quarters of 2020 and which had a share to GDP of above 1 percent (see Table 1). The sectors were consistent with the result of a paper by Terosa and U [2020][3] that used input-output analysis to prioritize sectors with high multipliers for both output and employment and were therefore deemed high impact sectors.

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[1] Asian Development Bank, *The COVID 19 Impact on Philippine Business: Key Findings from the Enterprise Survey*, ADB, Manila, July 2020.

[2] For instance, Fig 15 on page 15 of the ADB survey report suggests 19.9 percent of its respondents did not change wage payments while 43 percent in this survey reported no changes in salaries. The difference in sample size and sectors covered by the respective surveys would likely result in large differences in quantitative results.

[3] Terosa, Cid L. and U, Peter L. *Prioritizing Sectors of the Philippine Economy*, Recent Economic Indicators, Business Economics Club, UA&P, August 2020 Issue

**TABLE 1. High impact sectors**

| |
|---|
| Food Manufactures sector |
| Accommodation sector and Food Service Activities sector |
| Construction |
| Wholesale and Retail Trade and Maintenance and Repair of Motor Vehicles |
| Transport sectors |

Source of data: Authors' notes.

The inclusion of Food Manufactures sector coincides with and reinforces the Inter-Agency Task Force's (IATF) inclusion of food among the initial list of essential businesses. The rationale applies also to the Accommodation and Food Service Activities sector, which includes both hotels as well as restaurants. The 2017 Annual Survey of Philippine Business and Industry (ASPBI) of the Philippine Statistics Authority shows that Restaurants and Mobile Food Service Activities accounted for 61.5 percent of the sector's value-added while Short Term Accommodation Activities accounted for 32.2 percent. Thus, both subsectors account for practically all the sectors' value-added.

Hotels were ordered closed during the ECQ while restaurants were allowed to offer take out services. Even if hotels were allowed to re-open, these would likely not see a lot of foreign travelers as air travel worldwide remains restricted. It would have to rely solely on domestic tourism. Meanwhile, social distancing will limit dine-in revenues and blunt the contribution of the sector to economic recovery. This will be true, though, of many other sectors.

The Construction sector, because of its strong linkages and high employment share, merits support too. The same holds true for the Wholesale and Retail Trade and Maintenance and Repair of Motor Vehicles. The 2017 ASPBI preliminary results for the sector show that Retail Trade accounts for about 42.7 percent of this sector's value added. Much of retail trade activities probably occurs in malls. From the start of the ECQ, malls had shut down operations and opened only those portions housing essential stores. While malls have re-opened, many retail establishments within them remain closed. In many malls, only establishments considered essential like groceries, supermarkets, drugstores, and hardware stores are open. This is another sector whose contribution to the economy will be handicapped under current conditions due to social distancing requirements.

The Transport sectors were hit hard by the quarantine as they were generally prohibited from normal operations and most of the population were confined to their residences. Among the transport sectors, Land Transport ranks highest, followed by Air Transport. Few will probably argue against allowing the Land Transport sector to operate again, as most workers rely on it to get to work. Maintaining social distancing will be a challenge though and means reduced capacities, a challenge that the Air Transport sector faces as well. Airlines face the additional problem of a depressed travel market in the short term.

The research team conducted a survey among 33 representatives from key priority sectors. The respondents, who are key officials and representatives of industry associations, were pre-selected and invited to answer self-administered questionnaires on-line. To validate the survey results, the team also conducted stakeholder consultations with more than 10 firms via the Zoom Video Conferencing platform. Due to time constraints, convenience sampling was used.

**TABLE 2. Breakdown of survey respondents**

| | |
|---|---|
| Construction | 18% |
| Hotel and Accommodation | 15% |
| Wholesale and Retail | 9% |
| Travel and Recreation, Restaurant | 18% |
| Manufacturing (Food/ Non-Food) | 32% |
| Others | 9% |

Source of data: Authors' notes.

### *2.1. Profile of respondents[4]*

#### *2.1.1. Location of business*

The geographic scope of the business establishments in the survey covered the country's three major islands of Luzon, Visayas, and Mindanao: Majority of the firms (80 percent) are operating Luzon-wide—mostly in the National Capital Region (NCR) and CALABARZON, 17.1 percent in the Visayas (Cebu, Aklan and Bacolod), and 2.9 percent in Mindanao (Davao).

Although some companies are Cebu-based, their operations have expanded to NCR and beyond. The survey can be considered having a good geographic coverage because most of the firms included in the survey have business presence in some of the populous provinces and cities of the country.

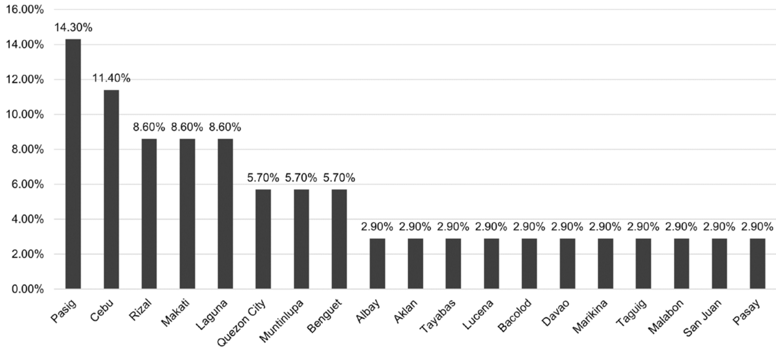
**TABLE 3. Business location of the respondents classified according to major island groupings**

| Business location | Percentage of respondents |
|---|---|
| Luzon | 80% |
| Visayas | 17.1% |
| Mindanao | 2.9% |

Source of data: Authors' notes.

4 Respondents were pre-selected to include top officers of firms and also members or representatives of industry associations. The firms included in the survey belong to micro, small, medium (MSMEs), and large enterprises. Stakeholders consultations (via Zoom meetings) were conducted with one representative from the identified priority sectors.

**FIGURE 1. Business location of the respondents classified according to locality**




Source of data: Authors' notes.

### *2.1.2 Number of years in operation*

A number of the respondents have long histories operating, coping with and growing during the most challenging periods facing the Philippine economy. Once again, the same companies are facing another but unprecedented crisis. Two of the respondents operated their business for more than 50 years, three have been operating for more than 40 years, three for more than 30 years, eight for more than 20 years and only four are relatively young with less than five years in operations.

Respondents with a business lifespan exceeding 50 years (6.3 percent) include a Cebu-based group of companies with core divisions engaged in fashion and food retailing, wood distribution, real estate and medical services (56 years in business), and an establishment engaged in food services and catering that has been serving Bicolano delicacies in Legaspi City for the past 53 years. (See Table 4)

Companies that will soon reach 50 years of operation include a Makati City-based real estate company that has created large-scale developments in residential condominiums, office buildings, retail and commercial centers, townships and master-planned communities (48 years); a Cebu-based construction company which has a wide range of experience in major engineering and construction projects (45 years); and a hotel operator with its two core businesses in hotels & resorts and hospitality education (43 years).

**TABLE 4. Respondents classified according to number of years in operation**

| Number of years in Operation | Percentage of Respondents |
|---|---|
| Less than 10 years | 21.9% |
| 11-20 years | 25.0% |
| 21-30 years | 25.0% |
| 31-40 years | 12.5% |
| 41-50 years | 9.4% |
| More than 50 years | 6.3% |

Source of data: Authors' notes.

### *2.1.3. Employment status*

The employment status of workers of respondent-firms is classified as full-time or regular employee, part-time/casual, or contractual. About 30 percent of total respondents classify their labor (100 percent) under full-time or regular employment. These firms are engaged in the restaurant and accommodation (hospitality) sectors and engineering services. Others use a combination of full-time and contractual workers. One company operating for more than 40 years has about 10 percent of its total workforce employed as full-time. Due to the nature of its operations, a manpower services company has almost its entire total workforce (98.9 percent) on contractual or part-time status.

### *2.1.4. Type of industry*

Using the Philippine Standard Industrial Classification (PSIC) to classify the respondents, their distribution according to the kind of productive activities undertaken is shown in Figure 4. The majority of the respondents are classified under Manufacturing Food/Non-food with 24.6 percent of total respondents, followed by Construction, Wholesale and Retail Trade, Restaurants and Food Service, and Other Services[5] with 9.8 percent each. Hotel and Accommodation, Property Development, and Real Estate Activities (Leasing) each had 8.2 percent of total respondents.

**TABLE 5. Distribution of respondents by industry classification**

| Industry Classification | Distribution of Respondents |
|---|---|
| Property development | 8.2% |
| Other service activities | 9.8% |
| Arts, entertainment and recreation sectors | 1.6% |
| Real estate activities (leasing) | 8.2% |
| Financial and insurance | 1.6% |
| Restaurants and food service | 9.8% |
| Hotel and Accommodation | 8.2% |
| Transportation and Storage | 4.9% |
| Repair of motor vehicles | 1.6% |
| Wholesale retail trade | 9.8% |
| Construction | 9.8% |
| Manufacturing Food/Non-food | 24.6% |
| Agriculture, forestry and fishing | 1.6% |

Source of data: Authors' notes.

[5] Other services activities include other personal services for wellness, except sports activities, laundry services, repair of computers and communications equipment, and others.

## 2.2. Impact of COVID-19 on business establishments

### 2.2.1. Employee headcount

The varying levels of lockdown and community quarantine substantially impacted the workforce. More than half (67 percent) of respondents cut their headcount. The rest retained their labor headcount (27 percent) and a few (6 percent) even increased it.

Two firms in food retail and manpower procurement hired additional labor. Unlike the majority of respondents, both recorded higher demand for their products/service during the quarantine period.

**TABLE 6. Respondent changes in their total headcount as a result of the pandemic**

| Respondent Changes | Total Headcount |
|---|---|
| Decline in head count | 67% |
| No change | 27% |
| Increase in total headcount | 6% |

Source of data: Authors' notes.

The extent of the drop in headcount varies by sector (Table 7). One small firm manufacturing souvenir items had to lay-off all its work force as demand for its products ground to a halt.

**TABLE 7. Average reduction in headcount by sector**

| Sectors | Average Reduction in Headcount |
|---|---|
| Construction | 47% |
| Manufacturing - Non-Food | 39% |
| Manufacturing - Food | 14% |
| Hotel and Accommodation, Recreation | 48% |
| Travel and Recreation | 67% |

Source of data: Authors' notes.

### 2.2.2. Salary levels

In terms of salaries, 43 percent of the respondents did not report any changes in the salaries of their remaining employees as of August 2020. Two firms (6 percent) even indicated an increase of salary by 1-10 percent and above 50 percent. These firms are in the manpower and food manufacturing businesses and recorded positive sales during the lockdown. To avoid further retrenchment, some firms did resort to salary cuts.

The remaining 51 percent of the respondents had reduced the salary of their employees (Table 8). The table below shows the percentage of the respondents and the corresponding reduction.

**TABLE 8. Extent of salary reduction by sector**

| Salary Reduction | % of respondents (out of 51%) | Sectors Affected |
|---|---|---|
| 1-10% decrease | 9% | Construction |
| 11-30% decrease | 12% | Manufacturing, Construction |
| 31-50% decrease | 18% | Hotel and Accommodation, Recreation |
| More than 50% decrease | 12% | Travel and Recreation |

Source of data: Authors' notes.

### *2.2.3. Work hours*

Over 64 percent of the respondents reduced work hours with lower production due to lower demand for their products and services. The sectors that reduced headcount and salary and/or benefits are the same ones that also cut work-hours: recreation, travel, restaurant, and construction industries which reported a large number of employees (20 percent and above) affected by reduced work hours.

Some respondents did not change their employees' number of work hours. Majority of these firms are in manufacturing (food and non-food).

### *2.2.4. Sales revenues*

Given the unexpected and prolonged duration of the lockdown, most of the respondents experienced a significant drop in sales and/or revenues. Majority (67 percent of the respondents) were hit hard, with sales from January to August 2020 plunging by 10 percent to as much as 90 percent compared to their sales in the same period in 2019 (Table 9). These affected companies have been in business for about 31 years on average.

**TABLE 9. Respondents' change in YOY sales from January to August**

| Change in sales in YOY | Percentage of Respondents |
|---|---|
| 50-90% decline in sales | 52% |
| 10-45% decline in sales | 15% |
| Increase in sales | 21% |
| No change | 12% |

Source of data: Authors' notes.

Among the hardest hit are the hotel and accommodation, food services, arts, entertainment and recreation sectors. Their year-on-year (YOY) sales registered as much as a 50 percent fall. The construction and manufacturing of non-food sectors also suffered a reduction in sales, especially in the first three months of the lockdown, albeit not as much as firms in the tourism sector. These firms indicated lower sales of 10 percent to as much as 45 percent.

As a response to falling sales and revenues, one of the first items immediately affected is salaries. Majority had slashed their employees' compensation by as much as 31 to 50 percent. Those badly hit reported more than 50 percent slash in the payroll.

Some (21 percent) of the respondents however reported between 20-50 percent increase in sales. Most of these firms are in the food and retail business, and two from construction. The increase in sales was brought about by higher demand for their products, which were considered essential items during the lockdown. The remaining 12 percent of the respondents did not have any changes in their sales revenues.

**TABLE 10. Extent of respondent's reduction in sales and the cut in salaries**

| Decline in Sales | Sectors Affected | Extent Salary Cut |
|---|---|---|
| Above 50% decline in sales | Hotel and Accommodation<br>Restaurant and Food Activities<br>Arts, entertainment and recreation | Majority had to scale down salary by 31-50% but a number resorted to a more than 50% cut in salary of their employees |
| 10-50% decline in sales | Construction<br>Manufacturing of non-food | Majority had to scale down salary by 31-50% |

Source of data: Authors' notes.

### *2.2.5. Impact on manpower, salary, and sales*

Firms in services (i.e., intangible goods) reported deeper cuts in their employee headcount than manufacturing (i.e., tangible goods). Their sales for January to August 2020 slid by as much as 61 percent from the same period last year. In contrast, manufacturers recorded a lower 44 percent drop in sales.

Services sector firms reported an average 43 percent decline in employment versus an average 30percent drop for manufacturing firms. Consequently, the services sector cut their salary/benefits 22 percent, deeper than firms in the manufacturing sector that reported a lower cut of 18 percent.

Although a majority of the respondents (80 percent) are based in Luzon and the rest are located outside Luzon, the latter experienced more severe contraction in sales during the lockdown, and thus higher reduction in manpower and payroll expenses (see Table 11 for comparison).

**TABLE 11. Impact on manpower, salary, and sales classified according to primary area of location**

| | Luzon | Outside of Luzon |
|---|---|---|
| Average % Reduction in manpower | 29% | 49% |
| Average % Reduction in salary | 13% | 33% |
| Average % Reduction in Sales (from Jan-Aug 2020 vs. 2019) | 34% | 61% |

Source of data: Authors' notes.

### *2.3. Impact on various areas of business operations*

The survey asked respondents to rank from one to three (one being most serious) the impact of various issues impinging on the following areas of business operations: production, transport logistics, workplace safety, sales and marketing. This section reports which issues were most frequently rated respectively as the top three most challenging. See Annex 1 for a more detailed breakdown of the responses.

#### *2.3.1. Production aspects*

Disruptions in production activities were a result of COVID-19 quarantines. Majority of the respondents (15.10 percent) ranked as the most challenging (Rank #1) the strict mobility restrictions (lockdowns), cancellation of projects, drop in volume of orders of customers. Ranked #2 by 17.9 percent of the respondents was "Reduced productivity due to scheduling". "Shortage of production workers" was ranked #3 as the most challenging aspect of production by 18.20 percent of the respondents.

#### *2.3.2. Increased cost of raw materials*

Despite the decline in demand and sales experienced by most of the sectors in the survey, raw material costs still soared. This can be directly attributed to the cost of moving goods through the various lockdowns and checkpoints. The bulk of respondents noted that raw materials cost had increased: 48 percent said the cost of raw materials jumped 25-50 percent  and another 48 percent of the respondents said it increased by less than 25 percent. Another 4 percent of the respondents indicated that the cost of raw materials increased by as high as 75 percent.

**TABLE 12. Respondents' response to the impact of the lockdown on their cost of raw materials**

| Increase cost of raw materials | Percentage of Respondents |
|---|---|
| More than 75% | 4.0% |
| 25-75% | 48.0% |
| Less than 25% | 48.0% |

Source of data: Authors' notes.

### *2.4. Scheduling challenges*

Scheduling is the process of arranging, controlling and optimizing work and workloads in a production process. The prolonged lockdown and mobility restrictions had affected productivity as firms adjusted their scheduling of operations to accommodate the demands of the lockdown. Majority of the respondents (40.7 percent) said they experienced reduced productivity due to these adjustments. About 30 percentof the respondents said that their productivity fell less than 25 percent, 41 percent said it fell between 25 to 50 percent, while 22.2 percent said productivity slid by 51-75 percent, and 7.4 percent stated it declined by more than 75 percent. Some of the major reasons of productivity declines are the following:

a. LGU lockdowns and transportation freeze (difficulties in transporting materials due to strict government checkpoints),
b. Difficulty in availability of driver/s,
c. Slow release of imported raw materials at ports.

A number of firms mentioned declines in production and delivery activities simply because orders from customers also declined. For orders that did come, fulfilling these orders was a challenge given the reasons stated.

**TABLE 13. Percentage of reduction in production due to scheduling changes**

| Reduced productivity due to scheduling | Percentage of reduction |
|---|---|
| More than 75% | 7.4% |
| 51-75% | 22.2% |
| 25-50% | 40.7% |
| Less than 25% | 29.6% |

Source of data: Authors' notes.

### *2.5. Transportation and distribution challenges*

The lockdown posed serious challenges to firm logistics especially in transportation and distribution. Majority of the respondents (31.50 percent) said that "Limited movement of manpower/personnel" has been the primary reason for their difficulties (Rank #1). This aspect also received the most votes as Rank #2 and was tied in the vote for Rank #3, underscoring its prevalence. "Difficulty/delays in getting transport logistics" was the other aspect tied for the Rank #3 votes.

### *2.6. Workforce safety concerns*

Conducting business as usual while maintaining safety in the workplace is a challenge for business establishments. Punitive measures for those not implementing safety measures pose another risk to business continuity. Majority of the respondents (31.70 percent) identified "Safety protocol required in workstations" as the most challenging (Rank #1) aspect in sustaining their business operations "Safety protocols also figured in a four-way tie for most Rank #2 votes. The other tied aspects were "Major disruption of labor skills", "Adjustment in wages", and "Transforming people operations towards work from home arrangements". This last issue on work from home was also the most cited third significant challenge facing the business (Rank #3).

### *2.7. Managing sales, marketing, and customer relations*

The survey confirmed the adjustments the respondent-firms made to manage the pandemic by ensuring an effective crisis management in sales, marketing, and customer relations—the areas that immediately bore the adverse impact of the pandemic. Customers dramatically shifted their purchasing power towards more essential products and services. Majority of the survey respondents reported that "loss of demand for products and services" had most adversely affected their operations (27.8 percent ranked #1 and 23.4 percent ranked #2), "Scaled down operations" received the most third place votes (25.9 percent).

Survey respondents, particularly those engaged in services like retail trade, restaurants and accommodation, that demand direct in-person interaction took measures and incurred additional costs to reduce the risks of virus transmission among their customers. Meanwhile, the same respondents continue to explore other measures to safeguard their own workforce and to optimize their operations to sustain their business operations.

### *2.8. Scaled-down operations*

Overall, a majority of the respondents reported scaling down their operations. Almost 35 percent of the respondents cut their outputs and/or suspended operations in affected business segments. Retail outlets in food and non-food businesses located in malls experienced very low foot traffic and plunging sales.

The extent of the scaling down varied across business sectors as firms calibrated their operations to mitigate losses and sustain operations due to the dire circumstances. Some 32 percent of the respondents scaled-down their operations by less than 25 percent while close to 20 percent of them by 51 to as much as 75 percent. Unfortunately, others, especially those in retail trade, had no other viable option but to close their outlets.

**TABLE 14. Percentage of respondents on the extent of scaling down operations and of loss of demand for products and services due to the pandemic**

| Scaled-down Operations | Percentage of Respondents | Loss of demand for Products and Services |
|---|---|---|
| More than 75% | 15.6% | 22.6% |
| 51-75% | 18.8% | 22.6% |
| 24-50% | 34.4% | 29.0% |
| Less than 25% | 31.3% | 25.8% |

Sources of data: Authors' notes.

### *2.9. Scaled-up operations*

While many scaled down their operations, a few managed instead to scale-up their operations by immediately adopting alternative solutions to the lack of access to markets and materials. These respondents in the restaurant and retail trade businesses resorted to contactless delivery options (e.g., on-line ordering and door to door deliveries) especially of essential goods and services.

**TABLE 15. Percentage of respondents on scaled-up operations due to COVID-19**

| Scaled up Operations | Percentage of Respondents |
|---|---|
| More than 75% | 6.7% |
| 51-75% | 6.7% |
| 25-50% | 26.7% |
| Less than 25% | 60.0% |

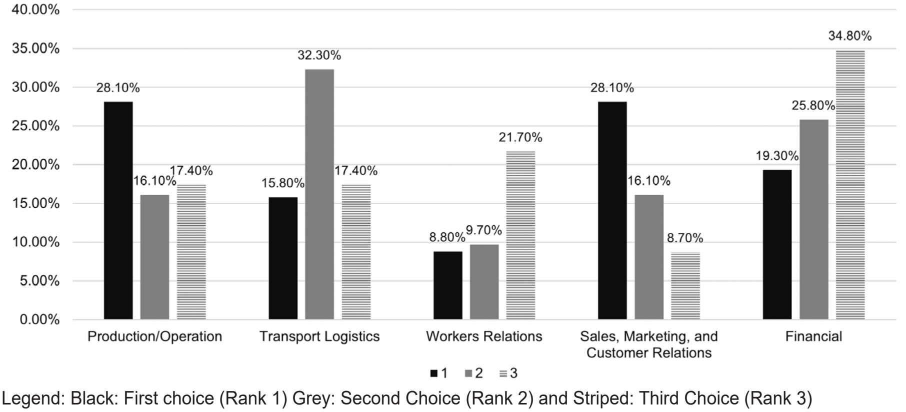
Source of data: Authors' notes.

### *2.10. Business functions directly affected*

In the foregoing discussion, the area of finance had not been touched on. At this point the study includes the financial side of business in looking at the impact of the pandemic.

Following the loss of access to markets and the plunging sales and revenues, the business areas significantly affected were sales, marketing and customer relations and production (Rank #1) followed by transport logistics (Rank #2), and the financial operations (Rank #3).

**FIGURE 2. Frequency ranking on most significant area in operations affected by COVID-19**




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

### *2.11. Financial liquidity crunches*

With the loss of sales, reduction in production capacity, and increasing raw material costs, the ultimate impact is on the bottom line and erosion of liquidity. The survey revealed the liquidity pressures facing many respondent-firms. Thirty-one percent (31.3 percent) of the respondents revealed that with the measures they adopted, their financial liquidity would allow them to continue operating for one year and even beyond. Others may immediately face a liquidity crunch if the lockdown and the anemic consumer demand are prolonged: Some 21.9 percent have about 3 months' worth of liquidity, another 18.8 percent have 3 to 5 months, 18.8 percent have 9 to 11 months, and 9.4 percent have 6-8 months. Liquidity management for businesses to remain in business will depend on the measures adopted, the financial structure (i.e., leverage), the extent of the plunge in sales and/or costs of operations, etc.

**TABLE 16. Percentage of respondents on financial liquidity for sustainability**

| How long can your financial liquidity allow you to continue operating your business? | Percentage of Respondents |
|---|---|
| 1 year and beyond | 31.3% |
| 9-11 months | 18.8% |
| 6-8 months | 9.4% |
| 3-5 months | 18.8% |
| Less than 3 months | 21.9% |

Source of data: Authors' notes.

### *2.12. Respondent firms' recommendation for policy intervention*

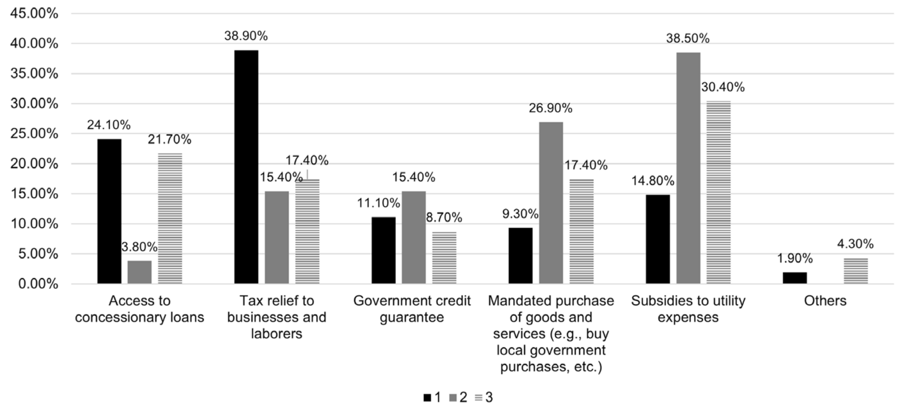
#### *2.12.1. Stimulus packages and other financial aspects*

Since businesses are the ones directly and direly affected by the lockdown, and they know better the issues confronting them, hearing out their recommendations can enlighten policy makers on how best to resuscitate their business operations and restart the engines of commerce.

The respondents' recommendations on the stimulus packages the government can push vary. But a clear majority of the respondents (38.9 percent that ranked it as number #1) said that a tax relief to businesses and to laborers would cushion the impact of the crisis and spawn consumer demand. Another 38.50 percent (that ranked it as #2) of the respondents said that subsidies for utility expenses to defray the additional expenses incurred and mitigate the low revenues would significantly help. More than 70 percent of the respondents who are likely leveraged, indicated that low or interest-free loans would also help them address, preserve and maintain their financial liquidity.

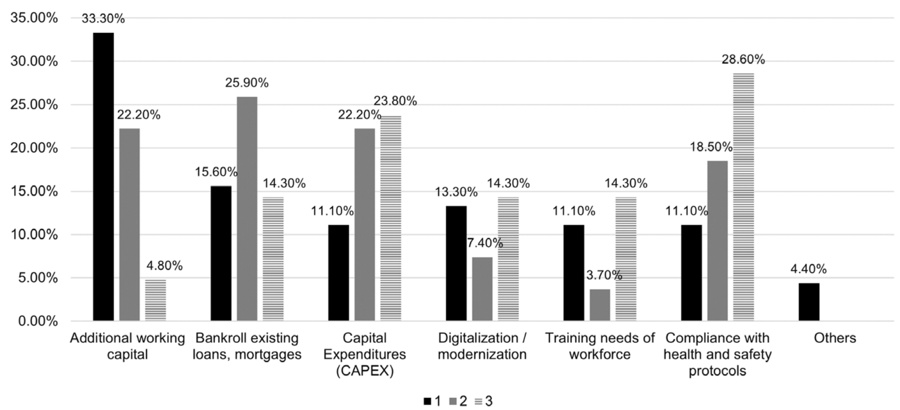
While some of these have been included in the Bayanihan Act, some respondent-firms, likely belonging to the accommodations sectors, specifically mentioned that it would also help if the restrictions on foreign business travelers and foreign visitors be reviewed and eased without compromising the necessary measures to avoid bringing in new infections and/or transmitting the virus to them (visitors). Another respondent firm also suggested for the government to cut mortgage rates of consumers so as to liberate more funds or induce more stimulus.

**FIGURE 3. Frequency ranking on financial stimulus package needed by firms**




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

**FIGURE 4. Frequency ranking on purpose of loan assistance**




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

With declining sales and dwindling liquidity, a number of the respondents also sought direct financial relief in the form of loans. The bulk of respondents (33.30 percent) said that they need loan assistance for additional working capital (Rank #1), while 15.6 percent need to bankroll existing loans/mortgages (Rank #2) and 28.6 percent just to allocate resources to comply with health and safety protocols

(Rank #3). Low or interest free loans for as much as ₱1-million was cited by micro, small and medium enterprises (MSMEs represented in the accommodation and restaurant sectors) owing to their higher levels of vulnerability and lower resistance.

**TABLE 17. Percentage of respondents on preferred terms on loan assistance package**

| Preferred Terms in loan Assistance Package | Percentage of Respondents |
|---|---|
| Prolonged principal payment terms | 8.3% |
| Low or interest free loans | 70.8% |
| Prolonged principal payment, low or interest free loans | 20.8% |
| **Loan Assistance package needed in ₱** | |
| Above ₱999,000.00 | 54.3% |
| ₱699,000.00-₱799,000.00 | 5.7% |
| Less than ₱500,000.00 | 40.0% |

Source of data: Authors' notes.

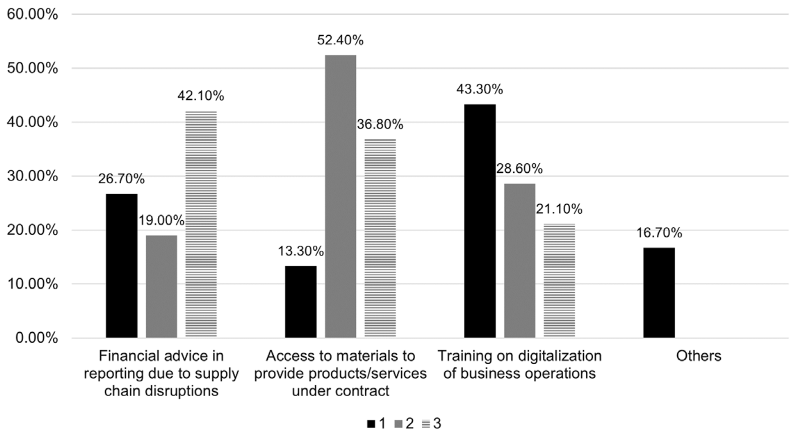
### *2.12.2. Non-financial aspects*

In addition to financial aspects, the respondents also cited the non-financial aspects they need to alleviate their burden. These non-financial aspects serve as the levers that they can use to maximize the value of their core business and to prevent their businesses from going further downhill.

The sudden and likely permanent shift towards digitization of operations within and along the value chain upstream and downstream have disrupted operations and has exerted pressure to digitally transform business operations in order to stay relevant in the so-called "new normal." Almost half of the respondents mentioned that training on business digitization and transformation is essential (Rank #1). From taking the stance "our processes work just fine", most of the respondents are now taking the digitalization route seriously, owing to the shift of end-user markets and suppliers online. A number of respondents representing various sectors such as housing, retail trade and medical diagnostics have started digitization of their processes even prior to the pandemic. This time, the pandemic has compelled them to accelerate the process.

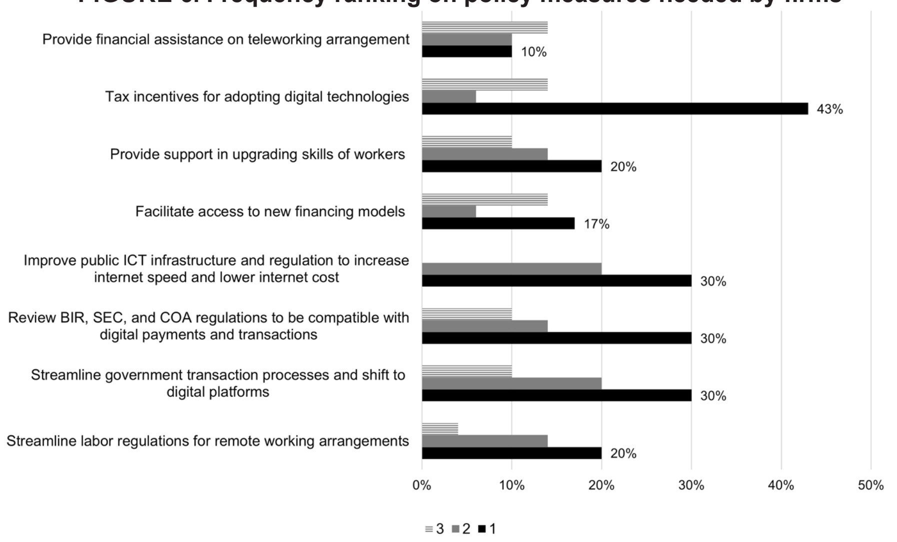
Easing restrictions and allowing more access to raw materials especially those covered under contract was also cited as an important non-financial aspect to relieve pressures facing the respondent firms (Rank #2). A number too are seeking financial advice in reporting due to supply chain disruptions (Rank #3). Another recommendation touched on providing relief from the tedious permits, licenses, particularly involving Bureau of Customs and the ports, and tax assessments can further ease the cost of doing business.

**FIGURE 5. Frequency ranking on non-financial aspects needed by firms**




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

**FIGURE 6. Frequency ranking on policy measures needed by firms**




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

### *2.13. Policy response*[6]

The survey also offers insights for policy measures to aid in the recovery of the affected sectors. Majority of the firms view tax incentives as an important and appropriate policy response to support their business operations moving forward. About 40 percent of the respondents ranked #1 that tax incentives be extended to those firms investing in digital technologies (Rank #1).

[6] The policy response options were taken from the ADB study: *The COVID-19 Impact on the Philippine Business Key Findings from the Enterprise Survey* (July 2020).

The respondents also sought government intervention to improve the public ICT infrastructure, specifically to expand coverage, increase internet speed, and lower internet costs. About 30 percent of the respondents encouraged key government agencies they regularly transact with, such as the Commission of Audit (COA), the Bureau of Internal Revenue (BIR), and the Securities and Exchange Commission (SEC), to immediately streamline their processes by shifting to digital platforms. Another suggestion came from 13 percent of the respondents (ranking it #3) who mentioned facilitating access to new financing models such as crowdfunding, peer-to-peer (P2P) lending, including extending financial assistance for teleworking arrangements, as important for them to operate in the new normal.

## 3. Highlights of stakeholder consultations

This section presents the highlights of the stakeholder consultations with the identified priority sectors of this study. The sectors represented were the housing, construction, wholesale and retail trade, banking, recreation and entertainment sectors. The consultations were conducted among key representatives and industry players via the Zoom Video Conferencing platform. Firm level challenges and impacts arising from the pandemic were generated from the responses.

The consultations further validated and complemented the findings and recommendation from the online survey questionnaire. More importantly, the consultations generated frank responses, especially on the appropriate pandemic policy responses from government and private institutions to bring the affected sectors as well as the economy to recovery.

One frequent call was for the government to manage the lockdown well. Restrictions posed operational challenges and limited workforce and consumer mobility, which reduced productivity and sales. This was especially the case for sectors like wholesale and retail trade and the arts, entertainment and recreation sectors, which are dependent on consumer spending.

Thus, the sectors all recognized the importance of stimulating their consumers to start spending again. Even the housing and construction sector called for measures to help their consumers or buyers. They called for facilitating housing loans and streamlining PAG-IBIG and Home Development Mutual Fund procedures.

To this end, the business sector recognized they also had a role in creating a safe and healthy environment that would inspire consumer confidence to return to their stores. Beyond abiding by strict health protocols, this included investments in health and sanitation equipment for disinfecting premises and to protect customers and workers (PPE, face masks, shields, etc.) Of note also is the recognition of the need for digitalization, including the government.

The business sector realizes that unless consumers start spending again sales revenues will not recover. In that case, even if financial assistance is extended to firms today, they may turn into non-performing loans tomorrow, a danger that the bank stakeholder was cautious about in the consultation.

The lockdown has brought about a shift in consumer buying behavior, as they prioritized essentials like food, health, and wellness, and reduced spending on non-essentials. Businesses also noted the increased trend by consumers to purchase online, thus making it imperative for them to digitize their operations.

Businesses recognize the need to invest in digitalization including training their workers to shift to digital modes of working, e.g., Work-From-Home (WFH). But they also point out that the government should make the move as well. In fact, digitization may be a step towards reducing bureaucracy in procedures when transacting with the government, such as the processing of permits (as cited in the housing and construction sectors' consultation).

Other government assistance that businesses proposed included tax relief, wage and importation subsidies, and even economic stimulus packages for consumers.

Annex 2 summarizes the impact of the lockdown brought on by the pandemic as gleaned from the survey responses and stakeholders' consultations.

## 4. Conclusion and recommendations

### *4.1. Lessons from the survey and stakeholder consultations*

This study had been initiated by the Management Association of the Philippines to solicit from selected firms how they had been impacted by the pandemic and resulting lockdown. An important objective of the study was to solicit from businesses what assistance they needed to survive this crisis so that these could be communicated to policymakers.

The study confirmed that the pandemic has negatively affected business operations, employment, and revenue following the various levels of community quarantine and lockdown. Some sectors were impacted more than others. For example, the hospitality and accommodation sector showed a greater decline in revenue. The drop in revenue was keenly felt by small enterprises. As a consequence, these firms resorted to reduced salaries, in some cases by about 30-50 percent.

### *4.2. Assistance requested by businesses*

Due to mobility restrictions, some firms had to resort to WFH arrangement which unfortunately, crippled production. Some firms reported difficulty adjusting to this set-up, especially in terms of digital preparedness. Others encountered technical issues like unreliable internet connections, low-quality video calls, and complicated software programs. In cases where firms need their employees on site, additional cost was incurred in providing transport services and temporary lodging. Maintaining health protocols posed another challenge. Firms have to invest in sanitation technology; e.g., thermal scanners and UV disinfection lights.

Among the assistance the firms requested to survive the crisis were: loans (for liquidity, working capital and meeting additional costs), subsidies (e.g., for utility expenses), tax incentives and relief (both for business and labor).

Businesses recognized the need to move to digital or online modes of business. Some needed financial assistance for the necessary investments in equipment and training. Tax incentives were also cited for this purpose. Many businesses cited the need for the government itself to keep pace with digitalization, so as to reduce bureaucracy and streamline the business sector's transactions with government. Lastly, there were also calls for the government to improve the competitiveness of the country's telecommunications industry, including the regulatory aspect.

### *4.3. Short term responses*

#### *4.3.1. Demand pull and supply push policies*

The pandemic is both a demand and a supply shock. Thus, it should not be viewed solely on the producer or supply side, especially since the Philippines is a consumption-driven economy.

The survey revealed that most firms suffered huge drops in sales and revenue due to dampened demand. As people stayed at home and could not spend (except on food and other essentials), businesses suffered loss of revenues, leading to loss of jobs and incomes, and even business closures.

The government has to find ways to cushion the shock and get people to spend again. If consumers still do not spend, financial assistance extended to the business sector may just turn into non-performing loans later.

But what will make people spend again? One-time financial assistance to households is not sustainable. Households of workers laid off or furloughed across affected industries will not have income to spur consumer spending. Businesses need to start employing people again, thereby putting income into their wallets and spark spending.

Consumer confidence and mobility should be restored consistent with health protocols being strictly enforced. Though many consumers have resorted to shopping online and having purchases delivered, there will still be consumers who prefer on-site purchase and/or consumption if they feel comfortable going out again. There are also goods and services that are difficult to deliver.

But most people are risk averse and may not be willing to spend because they are worried that if infected by the virus, medical expenses could wipe out their savings. The uncertainty could induce them to save rather than spend.

On the supply side, as the respondents pointed out, curtailment of mobility impacted not just access to customers, but also workforce availability and the logistics of moving their raw materials through supply chains. The workforce scheduling adjustments, including shifting to work from home arrangements affected productivity. The respondents called for consistent quarantine guidelines and protocols, especially as businesses must now invest in making their workplaces compliant with health and safety standards.

Financial assistance can be extended to the firms (subsidies, tax deferrals, soft loans) to enable them to stay afloat and take back their workers. Household spending has fallen also because many workers lost their jobs or suffered salary reductions. The pandemic has posed a vicious cycle: fall in spending means businesses cut production and employment, but the loss of incomes by workers means their households will spend less, and so on.

Government could consider a program partially subsidizing hospitalization costs due to COVID-19. Last March 2020, Philhealth announced it would cover the entire medical expenses of COVID-19 patients. By April, the agency declared it would cease covering the entire amount.[7] The government may not be able to afford shouldering the entire hospital bill, but some 'socialized' health assistance could bolster consumer confidence and loosen the purse strings of households.[8]

Public confidence could further be bolstered by an effective investment campaign to augment health facilities and pursue negotiations to procure vaccines and medicines for combatting COVID-19. The government could wage an information campaign to encourage the public to return to a 'new normal' consistent with health officials' prescribed guidelines.

Countercyclical policies to stimulate economic activity amidst the economic slowdown are necessary. Since physical and human capital formation will be the path on which economic recovery will run, investments in physical infrastructure and human capital formation (e.g., health and education) should continue.

Governance is vital, since resources for economic growth and development have to be managed in ways that will consummate their full potential.

### *4.4. Long term responses*

The national government can shore up the ability of individuals and households to help themselves and society as whole by directly providing opportunities for productive employment through government programs.

To protect gains from recovery, the creation of sustainable and resilient local provinces, cities, and municipalities is indispensable. To enable the country to adapt efficiently to disruptive, adverse, and disintegrative future events, a national directive for sustainable and resilient communities is obligatory.

[7] Bonz Magsambol, "Getting treated for coronavirus comes with a hefty price tag", Rappler, April 17,2020. https://www.rappler.com/newsbreak/iq/getting-treated-coronavirus-price-tag

[8] Arguably, PhilHealth probably never should have covered 100 percent and certainly should have employed some socialized form of assistance where COVID-19 patients with means would be subsidized less. The amount of medical assistance must also be calibrated so as not to be so generous as to promote complacency.

### *4.5. Role of Local Government Units*

The pandemic should make policymakers, businessmen, investors, and local government units (LGUs) take stock of the importance of urban resilience. Urban resilience shields cities against shocks and stresses. It is the "capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience."[9] According to the Organization for Economic Cooperation and Development (OECD), resilient cities have the ability to absorb, recover and prepare for future shocks (economic, environmental, social & institutional). Hence, to fast track the recovery of the economy and businesses, resilient cities have to be formed and nurtured.

The COVID-19 pandemic has drawn our attention to the Health and Well-being dimension of urban resilience in the Philippines. The challenges and difficulties faced by many LGUs and their residents during the long quarantine period clearly demonstrated that an urban health crisis can lead to a crisis in overall urban resilience. Indeed, the pandemic pushed the resiliency of many local economies, infrastructure, and leadership to the brink. Strengthening urban resilience and giving it powerful traction are therefore timely.

LGUs need to strengthen their facilitatory and regulatory capabilities to serve as conduits for government programs and incentives that will spawn productive employment, profitable businesses, and gainful investment opportunities. Since LGUs provide the physical environment for employment, business, and investment opportunities, they need to ensure that their economic and social infrastructures can shelter these opportunities from future economic, social, environmental, and institutional crises.

Finally, another reason the government should step up its digitalization program was demonstrated by the difficulties experienced early in the pandemic with the distribution of cash assistance and administration of the lockdown (e.g. issuance of quarantine passes etc.). A seamless computerized system (national and LGU) would have simplified identifying the appropriate recipients of aid, and coupled with a digital payment system delivered the aid faster. Such a system would also enable a smoother implementation of the vaccination program.

### *4.6. Private sector-led initiatives amidst the pandemic*

The business landscape has radically changed and continuously evolves. The business and non-government sectors are also expected to set in motion initiatives to jumpstart the engines of growth and recovery. Discussed below are some initiatives firms in the private sector can adopt to help the government jumpstart the economy.

[9] 100 Resilientcities.org

### *4.7. Build business resilience*

Business resilience is the "ability of an organization to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets, and brand equity".[10] To adapt effectively and efficiently to the demands of the present and future uncertainties, businesses must be nimble, agile, innovative, creative, open to acquire new knowledge, and willing to embrace the so-called "creative destruction" or the new ways of doing business brought about by the disruptions in the business landscape. To achieve these, firms should revisit their strategies and business models and engagement with key stakeholders and business impacts.

### *4.8. Revisit business strategies and business models*

The industry landscape has drastically shifted so that cash flow management as a short-term measure is a basic step to survive the liquidity crunch. But business should not forget to look at the long term in order to thrive. For instance, distribution and logistics as well as supply chain resilience have become an indispensable aspect of the value chain in order to reach both customers and suppliers. Digitization and digital transformation cannot be postponed as more activities within and outside of the business operations are going virtual. Formation of management teams equipped with the right mindset and attitude to adapt to change and motivate people are needed to fast-track business transformation and cultural change in the workplace. The workforce needs to feel that their welfare is primordial and that their special circumstances are appreciated, while at the same time their skills are being retooled and upscaled in order to adapt to activities demanded by the business model, by competition, and new regulations.

When employees feel that they are valued and well taken care of, it creates a sense of belongingness and brings greater employee productivity. While firms cited that the special arrangement for employees and operations translates to additional cost, the long-term benefit would offset the cost in the long run.

### *4.9. Coopetition*

Competitors or firms operating upstream or downstream when they cooperate in pursuit of a common cause can closely collaborate and support each other. "Coopetition" is relevant now more than ever because of the close interdependence between firms regardless of their size and capabilities. Firms help themselves by helping other firms. For example, the larger supplier firms, by extending better terms to their smaller buyers, help themselves in the longer run when the economy bounces back and their buyers start to recover. Mall operators can review their agreements with their loyal tenants to help the latter recover and bounce back.

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[10] Anonymous, Definition of Business Resilience, searchcio.techtarget.com.

Others that collect on installment basis, whether banks or non-banks, can extend better terms to their lenders as much as possible until the latter fully recover. Larger firms can also provide non-financial support or pro-bono services such as training and assistance to micro and SMEs.

While it is true that the pandemic has negatively affected most firms, those with more resources should extend a helping hand to firms in distress. This is to keep distressed firms afloat and retain their business and employees. The more firms stay afloat, the higher the economy bounces back.

### *4.10. Community engagement*

The pandemic has dramatically shown that firms can never stand apart from their host communities and from society as a whole. When host communities and societies collapse and crumble under pressure, even the firms suffer. Hence, it is important for firms to build and fortify social support, presence, and social responsibility by undertaking programs that will enable their host communities to cope with the shocks and stresses. Firms can navigate locational or geographical obstacles to risk and crisis management by adopting what Michael Porter calls a shared value mindset.[11]

### *4.11. Public-Private partnership*

Governments around the world are hard-pressed to come up with solutions to problems spawned by the pandemic. Even if the government can provide initiatives and solutions to pandemic-related problems, it may not be able to scale them up because of competing needs. Firms can ease the burden by partnering with the government to expand accessibility and widen the distribution of pandemic-related goods and services. For example, private drug companies should support the development of a rapid, accurate and inexpensive test for the coronavirus.

While the government has progressively eased quarantine restrictions and initiated policy responses to help beleaguered businesses bounce back, firms should continue to frame a broader, more resilient approach to risk management and response capabilities that can best protect their employees and overall business operations. Creating an organization that is strong in the face of adversity requires a new mind-set as the present pandemic shows that companies with superior adaptive capabilities can stay in the business.

### *4.12. Role of business/industry associations and professional organizations*

Many of the proposals involve businesses working together to achieve a common purpose. One potential stumbling block in such efforts could take the

[11] The shared value mindset can be defined as generating economic value in a way that produces value for society by addressing its challenges. (ssir.org/articles/entry/business_collaboration_with_government_does_reward_outweigh_risk)

form of what economists call 'coordination failure'. Some firms may be reluctant to put their shoulder to the wheel if they are not sure whether other firms will also join them. In the vernacular, this is what we call 'naghihintayan'. Some firms in the pursuit of narrow interests might also "free-ride" or "free-load',' at the expense of the common good of society.

Business and professional associations can play the critical role of a "facilitator" much like the conductor of an orchestra. The association can become the venue for member firms to work together for a common purpose or serve as a forum for dialogue among members and between other organizations. For example, the mall owners association is better placed to convene the mall owners and hammer out guidelines on rental reprieves or reductions. The specific industry associations are more familiar with the respective industries and would be better placed to help its members come to an agreement of what would be feasible for their industry. The Bankers' Association of the Philippines, for example, can better coordinate its member banks on length of extensions of debt repayment etc. These associations will also be better placed to monitor the cooperation of members.

As for the free rider problem, where associations cannot impose sanctions, it may nevertheless bring moral suasion and peer pressure to bear on its members to do their part. For example, some scholars have pointed to studies of how peer pressure can play a role in raising debt repayment rates in microcredit.

We believe the Bayanihan spirit can be rekindled at this time of the pandemic in the Philippine business scene. It may just need active 'Gideons' from the business and government sector to sound the trumpet call to action and combine their best initiatives to achieve a faster and stronger response towards normalcy and recovery.

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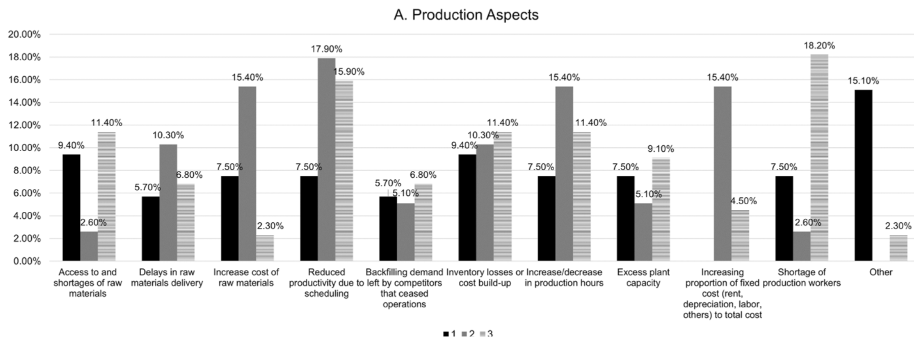
## Annex 1. Details of responses to survey

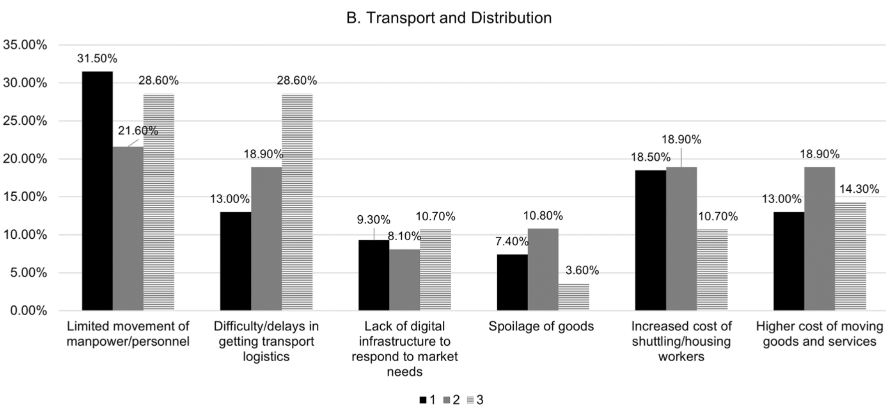
The survey asked respondents to choose and rank the top three issues with "1" being the most important. The following figures present the results (percent of respondents) pertaining to four areas of operations.

### FIGURE 7. Frequency ranking of COVID-19 impact on production



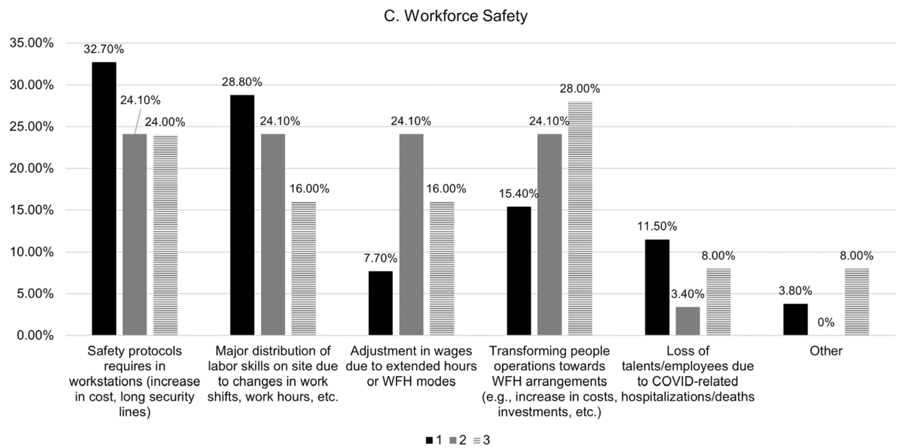

Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

### FIGURE 8. Frequency ranking of COVID-19 impact on transport and distribution



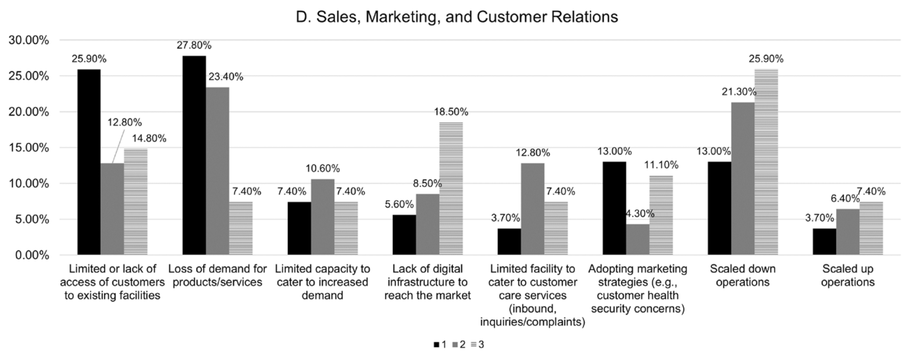

Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

## FIGURE 9. Frequency ranking of COVID-19 impact on workforce safety




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

## FIGURE 10. Frequency ranking of COVID-19 impact on operational management in sales, marketing and customer relations




Legend: Black: First choice (Rank 1) Grey: Second Choice (Rank 2) and Striped: Third Choice (Rank 3)

## Annex 2. Summary of challenges and recommended intervention

| Aspect | Challenges | Intervention needed |
|---|---|---|
| Production | Production, especially in the manufacturing and sector, was largely affected due the strict mobility restrictions (lockdowns), cancellation of projects, drop in volume of orders of customers.<br><br>Conducting business as usual during the virus outbreak while maintaining safety in the workplace is a big challenge for business establishments.<br><br>Not implementing safety measures poses a tremendous risk to business continuity. Majority of the respondents identified safety protocols as the most challenging in their business operations.<br><br>A significant number of respondents also pointed to major disruption of labor skills on site due to changes in work shifts, work hours, and others as significantly challenging aspects of their operation.<br><br>Transforming to Work from Home arrangements with their workers also entailed additional cost in investment and operations. | Clear and consistent health and safety protocols or provide subsidy for the additional cost incurred (provision of masks, alcohol, service and lodging to some employees)<br><br>DTI to help facilitate the mobility of goods (domestic and international exchange)<br><br>Government help in improving public ICT infrastructure and regulation to increase internet speed and lower internet cost, including its role in streamlining government transaction processes and shift to digital platforms (especially that of COA, BIR, and SEC)<br><br>Facilitating access to new financing models (e.g., crowdfunding, peer-to-peer (P2P) lending) and providing financial assistance on teleworking arrangement is also considered a valuable policy response |
| Sales | Firms in the hotel and accommodation, restaurants, food service activities, arts, entertainment and recreation sub-sectors recorded above 50 percent decline during the pandemic. Sales in the construction and manufacturing sectors likewise recorded losses ranging from 10-45 percent.<br><br>This has resulted in salary cuts by about 31-50 percent .<br><br>Low consumer confidence also dampened demand. Demand for most goods and services (except for basic necessities) was low because people preferred to stay at home (afraid to contract the virus) and to hold on to their money amidst the uncertainties of the pandemic. | Tax relief to business and laborers.<br><br>Subsidies to utility expenses<br><br>Low or interest free loans will help them address financial liquidity issues. Majority of the respondents indicated that they need loan for additional working capital, bankroll existing loans/mortgages, and to comply with health and safety protocols.<br><br>More than 50 percent of the respondents said that they need at least ₱1-M loan assistance package.<br><br>The above will help firms maintain business operations and provide employment<br><br>NG to promote a visible investment campaign to augment health facilities and continuing negotiations to procure vaccines and medicines for combatting COVID-19.<br><br>The NG should also pursue an information campaign to encourage the public to return to a 'new normal' consistent with health officials' prescribed guidelines.<br><br>Provide safety net for those who will possibly contract the virus (subsidy to hospitalization due to COVID-19) |