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Impact of COVID-19 on Enterprises in Jordan:

One year into the pandemic

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Foreword

Over the past few months, COVID-19 cases in Jordan have dropped significantly and the country is gradually opening up. The full impact of the pandemic on the economy, enterprises as well as livelihoods, however, is still unfolding.

Impact of COVID-19 on Enterprises in Jordan – One Year into the Pandemic, a partnership effort of ILO, Fafo Institute for Labour and Social Research and the UNDP in Jordan, seeks to contribute to a better understanding on how COVID-19 and government response measures continue to affect enterprises across Jordan. The report is part of a series of assessments undertaken by the United Nations and its partners to support Jordan's efforts of 'building forward better'. Data and evidence-driven interventions are critical and a central pillar of the UN's Socio-Economic Framework for COVID-19 Response.

The report includes the analysis of two rounds of surveys of enterprises across Jordan. The first one was conducted in April 2020 and the second in February/March 2021, almost one year into the crisis. Enterprises across Jordan, particularly micro and smaller enterprises, continue to face significant challenges: only a small minority of enterprises surveyed (ten per cent) benefited from response measures, four out of ten laid off one or more employees, and many saw their debt increase with the costs of energy and utilities remaining major concerns. Informal workers faced some of the greatest burdens exacerbating pre-existing vulnerabilities. Only ten per cent of surveyed enterprises had introduced e-commerce and online platforms, a worryingly low percentage suggesting a growing digital divide. With most enterprises 'just coping' rather than introducing new business models and processes, the long-term competitiveness and resilience of Jordanian enterprises is at stake.

Pessimism remains high with one in five enterprises indicating that they would not be able to bounce back to pre-pandemic levels of operation. The report provides a list of priority policy recommendations that would help Jordan 'build forward better'. The policy recommendations include targeted support to SMEs which provide employment to a large share of the population and constitute the majority of enterprises in Jordan, strengthening public private dialogue as well as incentives for digital transformation and the introduction of new business models.

Building on the report's findings and recommendations, the ILO and UNDP and its partners are keen to support Jordan to seize the opportunity to build a more resilient, inclusive and sustainable economy and society.

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This report is the result of a team* effort led by Tewodros Aragie Kebede, Svein Erik Stave and Åge Tiltnes from Fafo Institute for Labour and Social Research (FAFO), Maha Kattaa from the International Labour Organisation (ILO), Michaela Prokop, Ramzi Maaytah, and Silke Handley from the United Nations Development Programme (UNDP) Jordan.

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Executive summary

For more than a year, the COVID-19 pandemic has had severe negative effects on people, businesses and workers around the world as well as in Jordan. In Jordan, national lockdowns, border closures, and movement restrictions have forced enterprises to close or reduce their businesses as well, including by laying off employees and reducing workers' wages. In spite of the Jordanian governments' efforts to mitigate the negative economic effects of the pandemic, the reported effects have been severe for businesses and workers.

This report presents the impact of the pandemic on Jordanian enterprises one year after the first lockdown was introduced, and describes the challenges that enterprises continue to face. The report is primarily based on data collected from a phone survey of more than 2,000 Jordanian enterprises in February and March 2021, complemented by individual interviews and focus group discussions with representatives from various industrial sectors, including business organisations, trade unions, enterprise owners, and workers. Furthermore, the report draws on data from a similar, albeit less extensive, phone survey carried out at the beginning of the COVID-19 pandemic in April 2020. About 700 of the same enterprises from the first survey participated in the more recent one. This has enabled an analysis of the impacts on these enterprises and their development over a period of ten months.

Negative impacts on enterprises of all sizes and across all sectors

- While the pandemic affects all enterprises, it has been particularly harmful to micro and small businesses. One year into the pandemic, 98 per cent of the surveyed enterprises confirmed that they were negatively impacted in one way or another. Most enterprises saw revenues decline and faced financial difficulties; 89 per cent reported lower demand for their products and services. Half of the surveyed enterprises were impacted by the mandatory closures and more than one third by closed marketplaces. Hardly any enterprises reported to be benefiting from the pandemic. The majority of start-ups (90 per cent) stated that they were heavily impacted.
- Some enterprises have been forced to close temporarily — unable to cover fixed operating costs and risking permanent closure. Micro and small enterprises, own account businesses, and those operating in the informal economy are found to be the least likely to have cash reserves and hence are the most vulnerable.
- Four out of ten interviewed enterprises confirmed that they had laid off one or more employees since the outbreak of the COVID-19 pandemic. Despite the government measures to curb lay-offs and unemployment, one-third of the enterprises claimed the dismissals to be COVID-19 related. The largest percentage of lay-offs was in the tourism sector (48 per cent), followed by construction (45 per cent) and manufacturing (34 per cent).
- The greatest economic burden on enterprises during the pandemic was rent (61 per cent), wages and social security payments (51 per cent) and payment of invoices (30 per cent). As for the greatest economic impact, eight of out of ten enterprises confirmed reduced sales, followed by poor access to capital and liquidity problems (six out of ten). Nearly half reported revenue losses.
- One in five enterprises confirmed that their debt grew, taking into consideration that one-quarter of enterprises surveyed had bank loans plus more than one-third had either supplier credit or informal credit from family or friends. The burden of debt to banks was highest among large and medium enterprises, particularly in the manufacturing and construction sectors. Meanwhile, the informal debt burden was higher among small and micro enterprises.
- One in five enterprises were extremely pessimistic and replied that they would never bounce back to pre-pandemic levels of operation. Many enterprises indicate that more diverse measures and policies would help strengthen their economic viability and reduce uncertainty of doing business.
- Informal workers have faced some of the greatest burdens, exacerbating vulnerabilities. Informal daily wage workers — comprising a large proportion of the workforce in the construction, agriculture, and tourism sector — were not able to benefit from social security payments.
- The crisis has exacerbated the impact of ‘structural challenges’ that were pre-existing and hinder economic recovery. Key informants highlighted that the challenges businesses are facing predate the current crisis. They also believe the recovery process provides an opportunity to address some critical root causes and to lay out the path for a sustainable and inclusive recovery.

Majority of surveyed enterprises reported to be 'just coping'

- Key informants noted the lack of clear policy directives pertaining to pandemic-related sector closures, reopening and recovery plans hampering enterprises' ability to forecast and plan. This is leading many businesses to maintain the status quo rather than proactively introduce new strategies or transforming business models.
- One-third of the surveyed enterprises did not offer any 'non-pay' benefits to their employees, particularly in the micro and small enterprises sector. Part-time and temporary employees were frequently unable to benefit from employment and pay protection measures of the Social Security Cooperation. More than half (56 per cent) of surveyed enterprises did not offer written contracts to employees particularly in the wholesale and retail services, agriculture, hospitality and tourism sectors.
- Overall, half of the surveyed enterprises responded that they did not introduce measures to sustain production and business continuity during the pandemic. This negatively affected productivity and the ability to rebound from the crisis. This is because most enterprises did not adopt alternative measures i.e., working remotely or ability to adopt new business models or products through technology, innovation, or digital transformation.
- The national SME business support ecosystem — industry associations, business development centres, export and investment promotion, chambers, business parks — has had limited involvement in the design of response measures and in rolling out rapid technical assistance to support businesses. Examples of this include sharing good practices, providing data on access to markets, access to finance, and encouraging inclusive digital transformation.
- Only 10 per cent of enterprises introduced e-commerce and online platforms. While the pandemic increased awareness of the importance of digital solutions and e-commerce platforms, only 7 per cent of micro and 11 per cent of small enterprises surveyed had introduced e-commerce and online platforms. Considering that technology-enabled SMEs and start-ups have been the more resilient enterprises during the pandemic globally, it is worrying that there is a low uptake of digital platforms and online solutions amongst companies in Jordan. This is in spite of the fact that that rent and office space is one of the highest overheads facing companies and that digital businesses have greater abilities to work from home. This will likely affect their long-term competitiveness and resilience as well as affect overall market competitiveness for Jordan.

Limited update and effect of support measures

- To-date, government response measures have not been linked to businesses digital transformation or incentivising resilience and building forward better[3] strategies. Measures have focused on short-term support targeted largely at medium and larger enterprises.
- The number of enterprises accessing and benefiting government support mechanisms declined. A comparison of enterprises interviewed in the 2020 survey and the 2021 survey indicates that one-tenth of the enterprises is currently benefiting from government support mechanisms compared to one-third of enterprises in April 2020.
- Most enterprises (90 per cent) confirmed that they did not benefit from government support. While nearly one-quarter (22 per cent) of medium and large companies confirmed they received support, only 7 per cent of micro and 13 per cent of small enterprises confirmed receiving support. This suggests that government support measures were more tailored to the medium and large enterprises than to micro and small enterprises.
- Six in ten enterprises received government support in the form of reduction or deferral of payroll taxes or wage subsidies through social security breaks or discounts on employers and employee contributions. However, only 6 per cent reported a freeze of loan repayments or extensions of loan terms or partial debt relief.
- One in four enterprises that benefited from government support mechanisms were above 5 to 10 years old. Most small businesses take at least 2 to 3 years to be profitable and become truly successful once they have hit the 7 to 10-year mark. [4] Start-ups and younger businesses — which are more susceptible to shocks — did not benefit from support mechanisms.
- One in five medium and large enterprises benefited from government support programs, with variation across regions and sectors. For example, 13 per cent of the Amman enterprises were beneficiaries versus 7 per cent of Irbid enterprises. Thirteen percent of enterprises benefited from government support in the hospitality and tourism sector. This was driven mainly by accommodation and hospitality reaching 29 per cent. In contrast, only 8 per cent of the restaurant segment benefitted, which shows variances among segments in the same sector.
- Regarding the role and agility of business associations, focus group discussions found that the experience and engagement of these groups was highly varied. In general, their role is under-developed, without wide or formal recognition within the sector and by government. Some were found to be proactive, adapting and innovating quickly to continue to reinforce their role as advocates for their members. Several business associations are trying to represent and advocate with the government on the interests and needs of enterprises in the current crisis. They are bringing policy recommendations for support to economic and social recovery, and seeking opportunities to deepen dialogue with key stakeholders.

3 The "building forward better" approach promotes recovery that is sustainable, resilient, and inclusive.
4 https://www.oecd.org/mena/competitiveness/sme-policy-effectiveness-in-jordan-user-guides.htm.

Outlook and conclusion

Only four in ten enterprises (41 per cent) trust their economic resilience and feel confident that they will come through the pandemic as profitable and resilient businesses. While women-owned businesses represent only 7 per cent of the sample, respondents from women-owned enterprises were slightly more confident. More than half expressed confidence in their ability to cope.

The top three risk concerns expressed by enterprises in 2021 are reduced sales/demand, cash/liquidity problems, and loss of revenue. Half of the respondents stated that they foresee liquidity problems as the greatest risk in 2021 and post COVID-19. This calls for bringing back consumer confidence to increase demand and injecting liquidity in the markets, in addition to providing tax breaks and rebates and financial inclusion for micro and small enterprises.

This assessment has shown that virtually all Jordanian enterprises were negatively affected by the COVID-19 pandemic and the restrictions on social movement and business performance associated with the pandemic. In particular, small and informal types of enterprises have been hit hard by the pandemic. Most of these are struggling to keep their heads above water under the present circumstances. This is of particular concern given that micro and small enterprises make up the vast majority of private enterprises in the Jordanian economy.

It is also of great concern that most micro and small enterprises have taken mainly reactive measures to cope with the present situation. These include expanding their debts, something that might make it harder to resume business once the pandemic is over. The fragile state of many micro and small businesses is related to their relatively poor resilience from the outset of the pandemic. This is largely caused by structural constraints in the wider business environment, resulting in low profitability in general, dependency on narrow niches in the market, and one-directional business models. Furthermore, due to the high grade of informality of micro and small enterprises, most of them also fall out of the government's support packages for mitigating the negative effects of COVID-19. Hence, to increase the enterprises' resilience, policies and programmes need to focus as much on creating an enabling business environment for SMEs in Jordan post-COVID as on supporting them through the pandemic.

Based on the findings of the report as well as the programmatic experiences of the ILO and UNDP, we identify the following recommendations.

- Promote social protection and sustaining minimum wages to protect workers;
- Incentivise enterprises to invest in employee training, upskilling and job creation through business scale-up tax breaks and deferrals; and
- Design sector-recovery strategies and plans focused on enterprise size and geographic needs, including tailored responses to reach enterprises operating in the informal economy, which have limited capacities and resources to cope with the crisis.

Contents

List of abbreviations

BPS	Business Pulse Survey
CATI	Computer assisted telephone interviewing
CEO	Chief Executive Officer
FGD	Focus group discussions
JEDCO	Jordan Enterprise Development Corporation
ILO	International Labour Organization
KII	Key informant interviews
MENA	Middle East and North Africa
MSME	Micro, small and medium enterprises
SME	Small and medium enterprises
SSC	Social Security Corporation
UNDP	United Nations Development Programme

Introduction

Since early 2020, COVID-19 has affected people and economies around the globe. More than one year later, the pandemic still takes a heavy toll on people and businesses. Enterprises are affected by the pandemic, directly and indirectly. The effects range from lower demand and sales of their products and services, to difficulties in importing and purchasing raw material and intermediate goods, to challenging access to labour. To limit the spread of the COVID-19 virus, governments have introduced restrictions on people's movement and on business operations. These include lockdowns and forced closure of enterprises, directly affecting their operation and revenue — and, ultimately, the income and livelihoods of workers and their families.

In Jordan, the first positive COVID-19 case was identified on 2 March 2020 and the initial restrictions affecting businesses were introduced two weeks later. King Abdullah II signed a royal decree to enact the National Defence Law, activating the state of emergency to contain the spread of the virus. A national response team led by the Prime Minister and the National Centre for Crisis Management introduced strict lockdown and response measures. These included the closure of schools and universities, air and land border crossings, and the closure of private businesses, banks, and non-essential public services as well as all public religious gatherings and social events.

Until August 2020 the number of daily cases in Jordan remained low and the government began relaxing restrictions. However, soon after parliamentary elections on 11 November, the number of daily infections spiked, reaching nearly 8,000. A second lockdown and partial curfew measures were introduced, including a lockdown of businesses from 6 pm to 6 am on weekdays and for 24 hours on Fridays. In March 2021 Jordan entered its second wave with more than 9,500 daily cases of COVID-19. Jordan launched the vaccination campaign in January 2021.

The protracted nature of the pandemic and the rapid surge in infections in two consecutive waves exacerbated the socio-economic effects of COVID-19 and disrupted the ability of enterprises to recover from the total lockdown enforced in the first half of 2020. The government introduced several measures to mitigate the negative impact of the crisis on people and businesses. This includes several stimulus measures targeting the private sector. Figure 1 provides an overview of the defence orders issued to cope with the COVID-19 pandemic of relevance for businesses.

Despite the support packages, the effects of the measures have not been as effective as expected. In general, the outreach has been low, and most small and medium-sized enterprises have not been able to benefit from them. Reasons for that include lack of awareness of their existence, complicated administrative procedures, and the fact that they are excluded from support packages due to their informality, i.e., not being registered with the authorities. The consequence of the protracted pandemic and largely ineffective government support packages combined, is that most enterprises still face critical challenges. These challenges threaten the very survival of some businesses.

This report presents the findings of a study of impacts of the pandemic on enterprises in Jordan and describes the challenges they face nearly one year after the introduction of the first lockdown. The report is primarily based on data collected from a phone survey of more than 2,000 Jordanian enterprises in February and March 2021. This was complemented by individual interviews and focus group discussions with representatives from various industrial sectors, including business organisations, trade unions, enterprise owners, and workers. Furthermore, the report draws on data from a similar, albeit less extensive, phone survey carried out at the beginning of the COVID-19 pandemic in April 2020. About 700 of the same enterprises from the first survey participated in the more recent one. This allows an analysis of the impacts on these enterprises and their development over a period of ten months.

Figure 1 Timeline of relevant defence orders in Jordan.

Study objectives

The purpose of the study is to generate empirical knowledge on how the COVID-19 pandemic affects businesses and their employees. It contributes to the growing body of evidence that informs policies and programmes used for mitigating the negative effects of the pandemic on enterprises and workers. More specifically, the study aims at answering the following questions:

1. What are the impacts of the COVID-19 pandemic on enterprises and their employees?
2. To what extent have enterprises been able to cope with the effects of the pandemic, and what characterises those enterprises that have managed better than other enterprises?
3. What kind of assistance have the enterprises received to cope with the pandemic, and to what degree have these support mechanisms been effective in addressing the needs of the enterprises?

The report is organised according to these three research questions — or topics: Impacts are described in Chapter 3; how the surveyed enterprises have coped is discussed in Chapter 4; and Chapter 5 considers the support provided to the enterprises. In addition, the report examines the post-COVID prospects of the enterprises (Chapter 6) and provides a set of policy recommendations based on key findings (Chapter 7). Chapter 2 provides a description of the main characteristics of the surveyed enterprises, while the remaining part of this chapter (Chapter 1) outlines the study's methodology and data sources and defines core concepts and terms used throughout the report.

Methodology and data sources

As mentioned briefly in the introduction, the findings in this report are based on data from three main sources: (i) an extensive phone survey of about 2,000 enterprises carried out in February 2021 ('the 2021 survey'); (ii) a smaller phone survey of about 1,200 enterprises conducted in April 2020 ('the 2020 survey'); out of the approximately 1,200 enterprises, 750 were also included in the 2021-survey; and (iii) interviews with representatives and workers of selected industrial sectors. This section provides an overview of these data sources, including the sampling and data collection procedures.

The 2021 survey

The 2021 survey was implemented from 16 February to 17 March and resulted in a total of 2,039 completed interviews out of nearly 4,000 enterprises that were targeted, giving a response rate of 51 per cent. The interviews were conducted via phone, based on phone numbers obtained from various registers of enterprises (see below) and guided by a questionnaire containing about 90 questions divided into three main modules (Table 1). The full questionnaire is found in Annex A. Each interview lasted about 30 minutes and was performed by interviewers recruited by ILO and UNDP, and then jointly trained by Fafo and ILO.

Table 1 General structure of the questionnaire.

Modules	Content
Cover	Enterprise identifiers, telephone numbers, location, etc.
Enterprise profile	Type of business, ownership, location, labour force, financial health prior to the COVID-19 outbreak.
Impacts of COVID-19	Assessment of the effects of the pandemic, revenues and overall financial conditions, response measures.
Coping measures & support	Coping with the effects of COVID-19, type of support received, risks and challenges, satisfaction with response measures.

The sample of enterprises was drawn from various databases containing contact persons and phone numbers for the enterprises. About 30 per cent of the sample was drawn from databases that the ILO, UNDP and their partner organizations in Jordan provided. The remaining 70 per cent of the sample, primarily covering industries such as agriculture, and hospitality and tourism, was drawn from the enterprise database maintained by KINZ.[5] Since the sample is drawn from existing databases, it is not statistically representative for enterprises in Jordan as a whole. In general, the KINZ database contains formal and well-established types of enterprises, while the organisations' databases mainly contain small-scale, entrepreneurial, and more informal enterprises. Whether enterprises are registered with the authorities is a key indicator of formality. In our sample, only about 4 per cent of the surveyed enterprises are unregistered, yet according to ILO, most enterprises in Jordan are informal.[6] The survey used

5 KINZ is a private company doing corporate data mining and building databases with business information. See, https://kinz.jo/.
6 'Jordan endorses a national framework for regulating the informal economy', ILO, 27 April 2015. https://www.ilo.org/beirut/media-centre/news/WCMS_363990/lang--en/index.htm.

computer-assisted telephone interviewing (CATI).

The 2020 survey and the panel data

The 2020 survey was carried out between 14 and 29 April, i.e., right after the outbreak of the COVID-19 pandemic in Jordan and in the first period of national lockdown. The 2020 dataset is in fact derived from two interrelated surveys, conducted by ILO/Fafo and UNDP, respectively. The surveys used the same tools, including the questionnaires, but were implemented separately. While the ILO/Fafo survey was carried out by interviewers recruited by ILO and trained by Fafo, the UNDP survey was executed by Crystel.[7] Like the 2021 survey, both these surveys used CATI techniques.

The sample for the ILO/Fafo survey was drawn from ILO registers comprising contact details of enterprises that had participated in the organisation's programme and project activities. The database is mainly developed by its employment centres, which facilitate job matching between job seekers and employers. The sample for the UNDP survey was drawn from three separate databases: (i) The Municipal Property Tax database; (ii) The IRADA[8] Program 17 database; and (iii) The Ministry of Digital Economy and Entrepreneurship (MODEE) Tech start-up database. The ILO/Fafo survey resulted in 714 completed interviews whilst the UNDP survey generated 476 completed interviews. These interviews were then merged into one dataset containing a total of 1,190 enterprises, referred to in this report as 'the 2020 survey' or 'the 2020 dataset'.[9]

The 1,190 enterprises interviewed in the 2020 survey, were also targeted in the 2021 survey. Out of these, 750 enterprises participated in the 2021 survey. This provided panel data that enabled us to follow the development of enterprises over time during the COVID-19 pandemic. However, as the 2021 questionnaire was considerably more extensive than the 2020 questionnaire, and only a few indicators are comparable across surveys. When panel indicators are used in the report, they are referred to as 'panel data'.

The qualitative interviews

To complement the survey data with more in-depth and contextual information, several Key Informant Interviews (KII) and Focus Group Discussions (FGD) were carried out. The list of key informants, and the sectors they represent, is provided in Table 13.

7 Crystel is a Jordanian company that offers various services to several business sectors, amongst which are market research and telephone interviewing. See, https://www.crystel.co/.
8 www.irada.org.joThe Enhanced Productivity Centres Programme (IRADA) aims to help Jordanians develop a readiness for entrepreneurship and empower them to become self-reliant, productive citizens.
9 A more detailed description of the 2020 survey can be found in Kebede et al. (2020), 'Impact of the COVID-19 pandemic on enterprises in Jordan', ILO, https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_749136.pdf.

Table 2 List of key informants.

Name	Institution	Position
Omar Hazineh	Jordan Inbound Tourism Association (JITOA)	Executive director
Abdulhakim Hindi	Jordan Hotels Association	General manager
Eliana Janini	Jordan Restaurants Association	General manager
Khaled Yehya	Royal Society for the Conservation of Nature	General manager
Nour Shayab	Jordan Trail Association	Deputy CEO
Osama Abbasi	Jordan Housing Developers Association	Board member
Dr. Ahmad Shawabkeh	General Federation of Jordanian Trade Union	President
Nayef Stetieh	Business Development Center	CEO
Dr. Mohammad Halaika	Economic and Social Council (ESC)	Chairman
Thaer Edwan	Janat alurdun farm	Owner of agribusiness
Mohammad Bataineh	Investor in agribusiness	Investor in agribusiness

In addition to the KIIs, four FGDs were conducted with workers from the construction sector, artisans' workers, workers in informal unregistered home-based businesses, and a group of workers from small, registered businesses. Like the KIIs, a list of topics and questions were raised and responses from the participants in each focus group were recorded and used in sectorial analyses of the impacts, mitigation, and resilience related to the COVID-19 pandemic in these types of businesses. The participants in the FGDs are described in Table 3.

Table 3 Characteristics of the focus groups.

#	Number of participants	Gender	Background of participants
Focus Group 1	8	5 men 3 women	Formal sector/MSME beneficiaries
Focus Group 2	7	5 men 2 women	Hospitality & tourism /MSMEs & artisans
Focus Group 3	10	10 women	Informal women-owned micro businesses
Focus Group 4	10 (4 Syrians)	10 men	Construction sector (informal)

Definition of terms and concepts

In our analyses, we applied some concepts and terms further described in this section. The concepts have made it possible to aggregate individual indicators from the study into measures that are more universal and of relevance to policy and programme development, e.g., focusing on issues such as the role of 'formality' in protecting enterprises and workers from shocks and instability, factors contributing to resilience, and long-term effects of various coping measures. Rather than theoretical definitions, we present the concepts and terms as used in this report.

Resilience

Resilience is the ability of enterprises to withstand external shock or pressure (e.g., as imposed by the COVID-19 pandemic) and to resume their operations and profitability once the pressure or shock has disappeared. The resilience (or 'robustness') of enterprises depends on how well they are fitted to the realities of the markets in which they operate at all times. Resilience is a key indicator of the sustainability of businesses, i.e., the likelihood of enterprises to stay profitable and operational for a long time. To stay resilient and sustainable, enterprises should regularly adjust (or 'adapt') their business models and operations to their ever-changing environments and markets. Investing in technology and innovation also is a key component of building forward better.

Coping measures

Coping measures are introduced to deal with an ongoing crisis and to survive until the crisis ends. Coping measures do not aim to alter the business model or normal enterprise operations, but rather to do what is necessary until operations can resume (exactly) as before the crisis. However, coping measures may also include aspects of adaptation, i.e., adjustments that change the way the enterprise resume business after the crisis. Whether coping measures are adaptive or not could be important for the ability to sustain business after the COVID-19 pandemic. Hence, in this report we distinguish between 'reactive' and 'proactive' coping measures.

Reactive coping measures

Reactive coping measures are those that solely focus on keeping an enterprise alive through a crisis and enable it to resume 'normal' operations after the crisis. Reactive coping measures do not contribute to strengthening the resilience of an enterprise, i.e., to sustain business after the crisis and improve its capacity to meet future challenges. In fact, reactive coping measures can reduce an enterprise's resilience, for instance by expanding debt as a mean to cope and thereby affect adversely its ability to resume operations. Adjusting sales prices is another example of a reactive coping measure that does not contribute to resilience — although not undermining it the same way debt does.

Proactive coping measures

Proactive coping measures can help an enterprise endure a crisis while at the same time strengthening its ability to recover and sustain business when the crisis is over, in other words improving its resilience. Examples of such measures are introducing new products, expanding to new markets, introducing web-based sales, and reducing costs by improving resource and production efficiency.

Enterprises

In this report, the term 'enterprise' refers to the individual business establishments interviewed. An enterprise can in principle include more than one production unit and can have branches at more than one location. However, most enterprises surveyed in this study represent entities based in one place. Hence, data used in the analyses mainly represent single production units, that is shops, offices, workshops, factories, etc. located at one single location.

The enterprises covered in the study are sub-divided into four different types according to size, defined by the number of employees (Table 4). This grouping is partly based on the assumption that enterprises are exposed to the COVID-19 pandemic in different ways depending on size, that they have different means of coping, and that they will have different needs with respect to support.

Table 4 Categories of enterprises described in this report. Categorisation by number of employees.

Type	Number of employees	Characteristics
Micro enterprise	< 5	Entrepreneurial business with a single owner and none or very few employees
Small enterprise	5-19	Privately owned business with few employees and low revenue
Medium enterprise	20-49	Like small enterprises but with more employees and higher revenue
Large enterprise	50 and above	High number of employees and high revenue. In our sample, large enterprises include primarily large hotels and manufacturing enterprises

Informal enterprises

Informal enterprises refer to enterprises that perform their businesses in the informal market, i.e., by transactions of money and labour that is not subject to taxation nor conform to or follow any formal government regulations. In principle, the formality of enterprises may be defined by their registration status only, i.e., whether they are registered as a legal enterprise with the government or not. However, being registered does not automatically imply that an enterprise is not taking part in informal market transactions. Yet, being registered does mean that the government in principle can monitor and control the activities of the enterprise. When we allude to the 'formality' of enterprises in this study, we combine registration status with indicators of 'informal employment' (see below) to provide a more realistic picture on the enterprises' grade of formalisation. Which indicators we use when referring to (in)formality in the different sections of the report, are specified in each case.

Informal employment

How formal an enterprise is in practice, can partly be determined by the formality of its employment procedures and conditions. In this report, the formality of employment is primarily defined by the type of contracts and social benefits that enterprises offer their employees. Enterprises offering neither written nor oral employment contracts are clearly into informal employment, as are enterprises not offering any social security, such as retirement pension, disability benefit, health insurance, and paid leave, to their employees.

Industrial sectors

In this report, the surveyed enterprises are divided into eight industrial sectors, based on their classification in the International Standard Industrial Classification system (ISIC)[10] combined with a wish to keep the number of enterprises in each group above a certain threshold. The industrial sectors are listed in Table 5.

Table 5 Industrial sectors used in this report, and their classification in the ISIC system.

Label used in the report	ISIC Section	ISIC Division
Accommodation	I	55
Food & beverage services	I	56
Tourism (travel agencies & tour operators)	N	79
Manufacturing	C	All
Agriculture	A	01
Wholesale & retail trade	G	45
Construction	F	All
Other industries	Various	Various

10 United Nations (2008): International Standard Industrial Classification of All Economic Activities - Revision 4. Statistical papers Series M, No. 4/Rev.4. Department of Economic and Social Affairs, Statistics Division. New York. https://unstats.un.org/unsd/publication/seriesm/seriesm_4rev4e.pdf.

Basic characteristics of surveyed enterprises

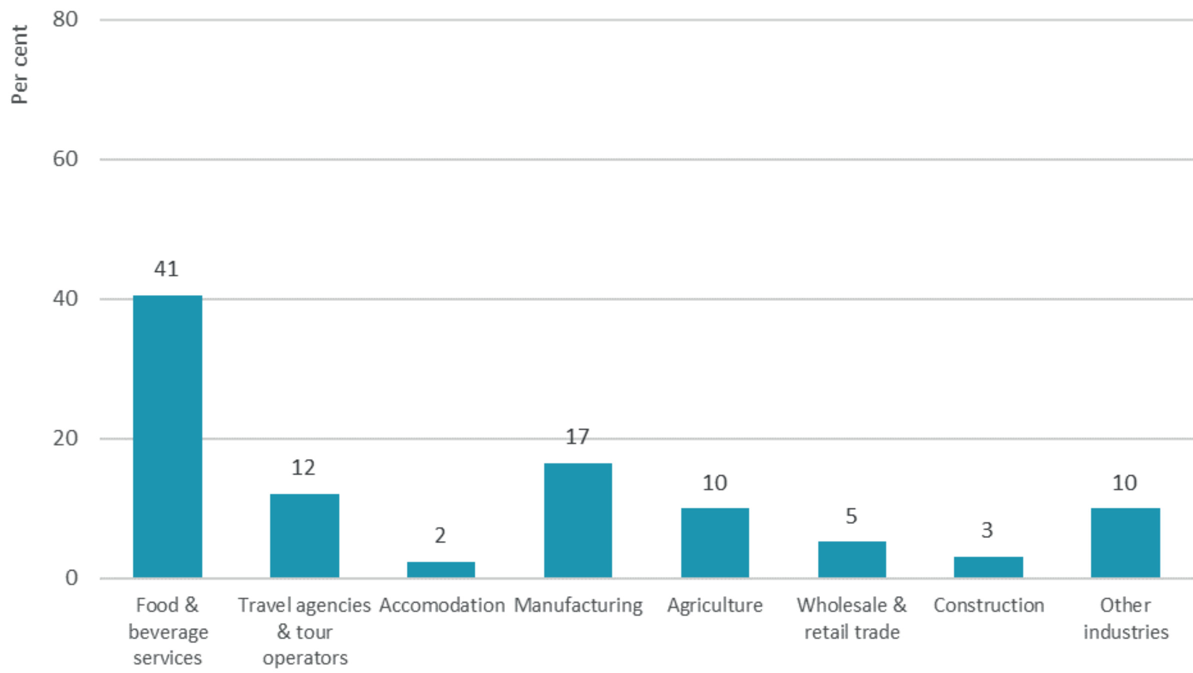
This chapter provides the main characteristics of the enterprises covered in the 2021 survey, the 2020 survey, and those covered in both surveys, i.e., the enterprises that are included in the panel data. The characteristics are used as background variables in the tables and graphs throughout the report.

The enterprises in 2021 survey

Industrial coverage

The data resulting from the 2021 survey contains information about 2,039 enterprises. Nearly all (98 per cent) are registered with the appropriate public authorities, and they operate within many different industrial sectors. However, they are far from evenly distributed across these sectors; nor does the coverage reflect their relative importance to the Jordanian economy. The enterprises are distributed across industries as follows (Figure 2): hospitality (i.e., accommodation, food and beverage) and tourism (tour operators, guides, souvenir shops at tourist sites etc.), representing 55 per cent taken together; manufacturing, 17 per cent; agriculture, 10 per cent; wholesale and retail trade, 5 per cent; construction, 3 per cent; and various other industries, 10 per cent.

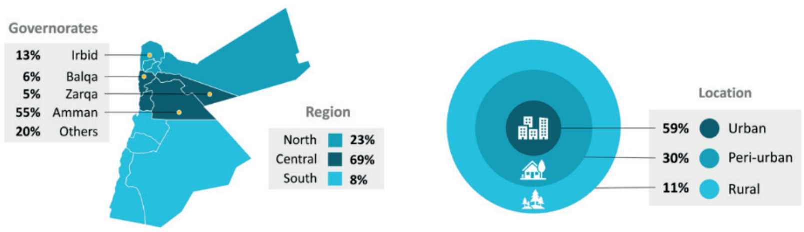
Figure 2 Industry categories. Percentage of enterprises (n=2,039).



Geographical distribution

Geographically, more than half of the enterprises (55 per cent) are situated in Amman, and together with enterprises in Balqa, Zarqa and Madaba the enterprises in the capital make up the central region — which houses about two-thirds of the sampled enterprises (Figure 2). Less than one in ten enterprises are in the southern mohafazat (governorates) of the country, and about one in five are based in the north. The enterprises are generally located in urban or peri-urban areas, whilst just one in ten enterprises (11 per cent) operate from rural locations.

Figure 3 Distribution of the surveyed enterprises by geographical location and the location's rural-urban status (n=2,039).

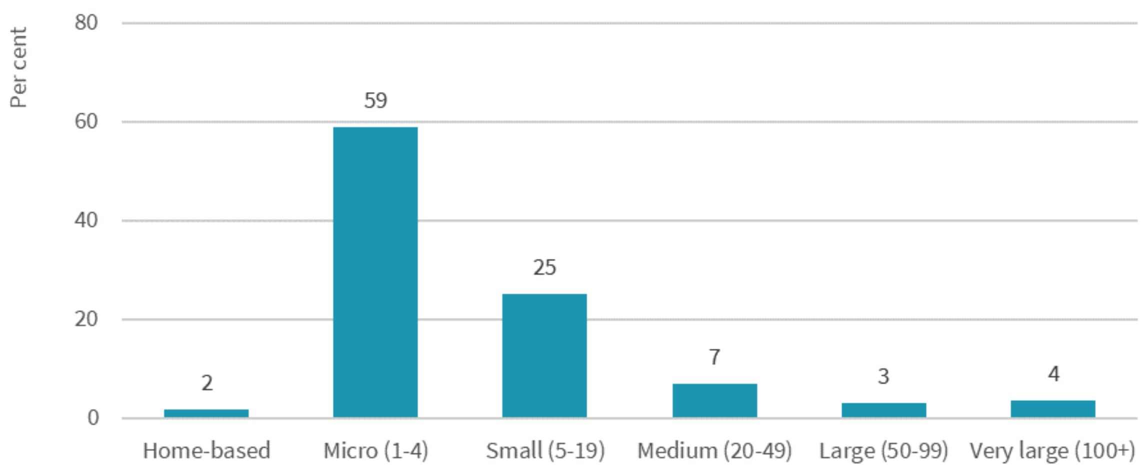


Size

The type of size of enterprises is categorized merely by the number of employees in this study (Figure 4; see also 'Enterprises' in Chapter 1). Six in ten enterprises in the 2021 sample are very small and comprise less than five employees. Nearly 17 per cent of all enterprises employ only one person. Two per cent of the enterprises are home-based businesses, out of which more than a half are one-person operations. Only 7 per cent of the sample is made up of medium-sized enterprises, and the same percentage of establishments are large or very large, i.e., employing 50 persons or more. The largest enterprises are most often found in manufacturing, where as many as 23 per cent have 50 workers or more. This is contrasted with 2 per cent amongst enterprises in both food and beverage, and the tourism industry.

Fourteen per cent of all enterprises utilise daily workers or casual labour. The highest prevalence of such short-term, occasional, or intermittent labour is found in agriculture at 27 per cent whilst there is insignificant variation across other sectors.

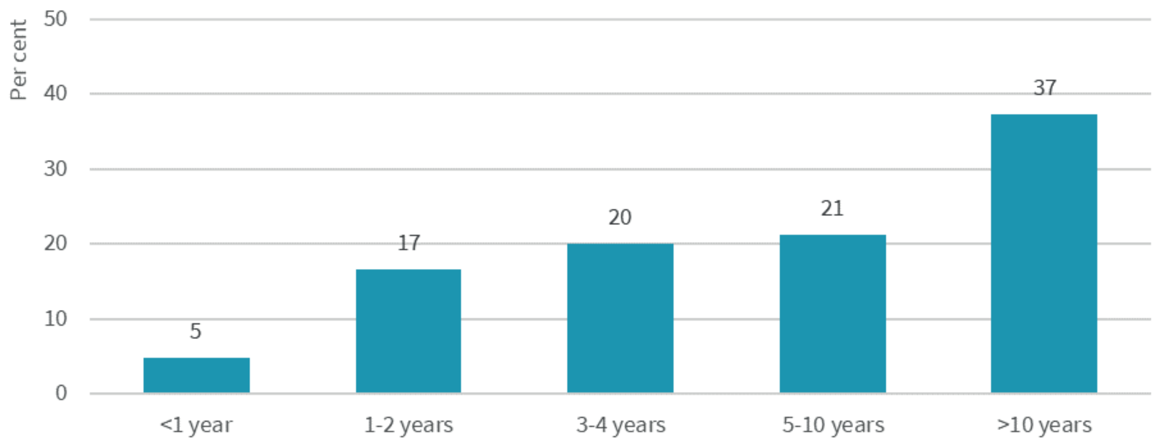
Figure 4 Businesses by size (number of employees). Percentage of enterprises (n=2,039).



Age

Age-wise, the sample of enterprises is quite diverse with about one-fifth younger than 3 years, one-fifth 3 to 4 years old, one-fifth 5 to 10 years old, and about two-fifths of the enterprises having been operational for more than a decade (Figure 5). Five per cent of the enterprises were established during the 12 months preceding the survey. Manufacturing and construction enterprises are generally the most mature enterprises covered by the 2021 survey, as six in ten have been operating for 10 years or more. Agriculture has the highest proportion of young enterprises, with 13 per cent being in business for less than a year.

Figure 5 Age of businesses. Percentage of enterprises (n=2,039).



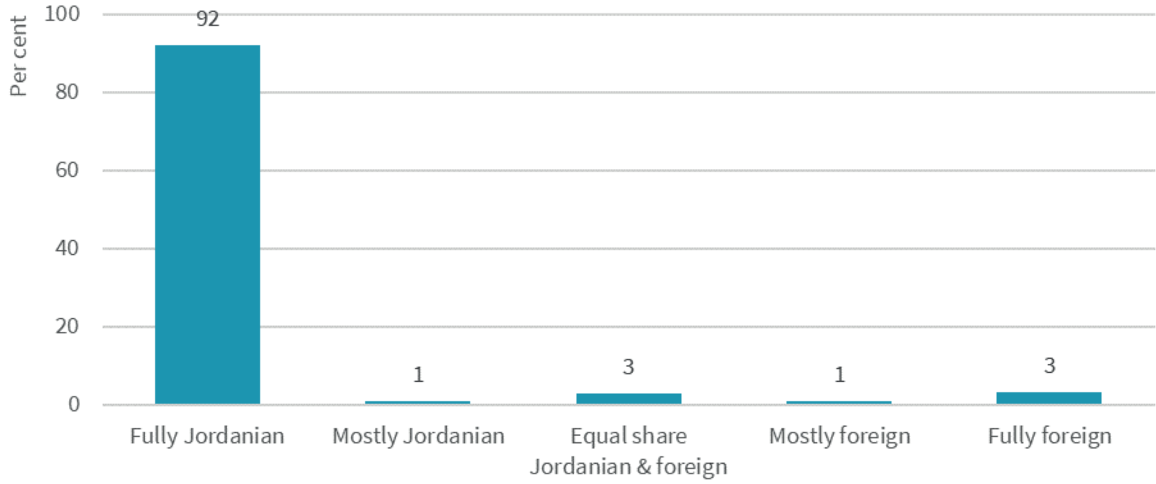
Ownership

Ninety-two percent of all enterprises in our sample are fully owned by Jordanian citizens, who own an additional 4 per cent with partners from one or more foreign country (Figure 6). Foreign nationals either fully or mainly own the remaining 4 per cent of the surveyed enterprises. Foreign ownership is mainly found in the manufacturing sector (where only 75 per cent are owned by Jordanians in its entirety).

Whilst there is at least one woman employed in approximately one in three enterprises, women own only 8 per cent of all surveyed enterprises — all of them micro or small businesses, e.g., establishments with fewer than 20 employees. In fact, four out of five are micro enterprises. Businesses owned by women belong to all sectors.

Nearly one in five enterprises (19 per cent) own the premises from which they operate (one-fourth of them have debt) whilst about four in five enterprises are run from rented properties.

Figure 6 Nationality of business owners. Percentage of enterprises (n= 2,039).



Profitability

Nearly two-thirds of the surveyed enterprises (64 per cent) can be classified as financially robust in the sense that they were operating with a surplus in the period before the onset of the COVID-19 crisis. One-third (33 per cent) described themselves as running at a break-even, whilst very few, 3 per cent, reported to be losing money. Agriculture had the lowest pre-COVID-19 share of profitable enterprises (54 per cent) whilst the construction sector had the highest proportion of enterprises with a deficit (10 per cent). Size is associated with economic performance as the medium and large enterprises did somewhat better than the smaller ones: respectively 75 and 80 per cent of the former establishments reported profitability, contrasted with 59 and 67 per cent, respectively, of micro and small enterprises.

Markets

The 2021 survey enquired which market, or markets, the enterprises target. This is the result: 79 per cent produce goods or services meant for consumption in the local market whilst 36 per cent target the wider national market, some of them on top of the local market. Fifteen per cent of all surveyed enterprises serve the Middle East, whilst 8 per cent have customers in the global market outside the region, some along with regional export and/or in addition to serving the Jordanian market.

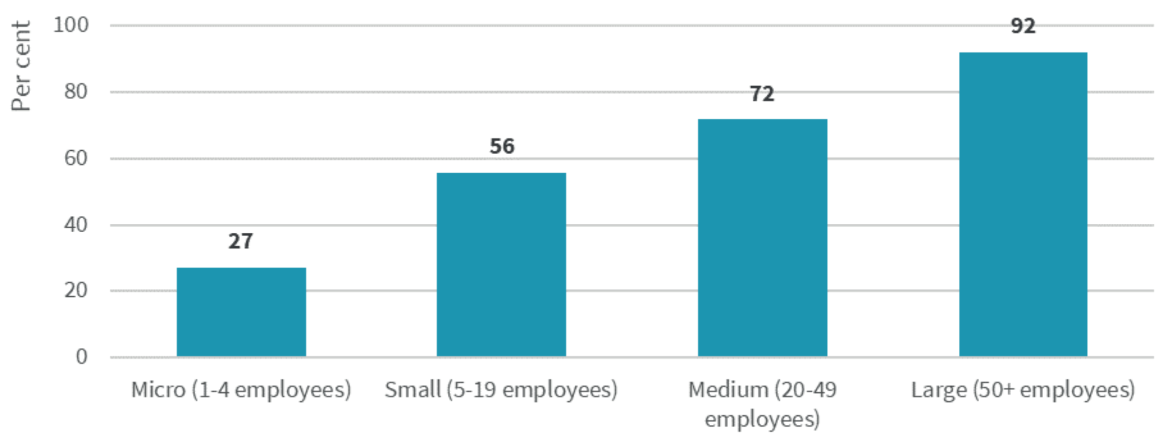
The manufacturing industry is by far the most internationally oriented of the enterprises in our sample. Thirty-one per cent of the enterprises target the Middle East and 13 per cent have foreign customers elsewhere in the world. Non-Jordanian markets are also important for enterprises in the hospitality and tourist sector: 13 per cent consider regional customers as important whilst 10 per cent define foreigners outside the region as crucial to their business models. For approximately one-third of the enterprises in the accommodation industry (hotels), the Middle East (37 per cent) and the wider world (31 per cent) are significant markets. For travel agencies and tour operators in our sample this is even more so. About half (51 per cent) consider the region to be important to them, and one-third (37 per cent) consider the wider world as vital to their business. The food and beverage-oriented enterprises in our sample are mainly catering to the local and domestic markets (94 and 12 per cent, respectively). The larger the enterprise. the more important international markets become. While 5 and 9 percent, respectively, of micro and small enterprises report to have main markets outside the Middle East, 16 and 26 percent, respectively, of medium-sized and large enterprises do so.

Formality

It's estimated that more than half of total employment in Jordan is informal, most of 'which consists of low-income, unskilled labour, lacking any legal protection'.[11] The construction, agriculture, and tourism sectors rely heavily on informal and foreign daily-wage labour. Moreover, the informality leaves most workers vulnerable due to a lack of access to social protection, exclusion from government aid packages, and limited access to finance (i.e., opening bank accounts, obtaining credit, etc.). The informal sector employs Jordanians, refugees, and migrants, and constitutes a primary source of income for their households. Despite the seasonality, risky contract modalities, and lack of social protection and health insurance, informal employment remains the only choice for many.

As mentioned in section 1.4, it can be challenging to measure formality in the labour market. The fact that an enterprise is registered with public authorities is certainly an indicator of formality because it makes it easier for the state to ensure that it complies with existing laws and regulations. Work contracts between enterprises and their employees is another indicator, as it regulates the relationship between the two parties and bestows them certain obligations and rights. We argue that a written contract is a stronger legal document than an oral agreement and provides a basis for formal employment. Whilst as many as 98 per cent of the enterprises in our sample are registered with the authorities, as mentioned above, solely 45 per cent offer written work contracts to some or all employees. The prevalence of written work contracts increases with the size of the enterprise and reaches 92 per cent amongst the large enterprises in the 2021 survey (Figure 7).

Figure 7 Percentage of enterprises offering written work contracts to their employees. By size of enterprise (n=1,688).



Two-thirds of the surveyed enterprises (not considering home-based businesses) offer one or more non-pay benefits to their employees. We do not know, however, whether all or only some of their employees are entitled to the five benefits we have asked about — and which are listed in Table 6. It is perhaps reasonable to assume that enterprises that provide such benefits, grant them to permanent employees but not casual labour. Six in ten enterprises offer social security; four in ten provide paid holidays; and three in ten enterprises offer paid sick leaves. On the other hand, less than one in ten enterprises offer health insurance and parental leave to their workers.

11 'Jordan endorses a national framework for regulating the informal economy', ILO, 27 April 2015. https://www.ilo.org/beirut/media-centre/news/WCMS_363990/lang--en/index.htm.

The survey identified some variation across industries (Table 6). Manufacturing and construction offer better benefits with only 15 and 16 per cent of the enterprises, respectively, not offering any non-pay benefits. Also, when the hospitality and tourism sector is broken up into three 'sub-sectors', an equally low share of enterprises in accommodation and tourism (16 and 14 per cent, respectively) do not offer any such benefits. Instead, over 80 per cent of the enterprises in these four industries provide social security. Overall, manufacturing seems to provide more work benefits than other industries with more than half of all manufacturers offering both paid holidays and paid sick leaves. However, enterprises in accommodation and tourism are not far behind.

Furthermore, the larger the enterprise, and the older it is, the higher the likelihood that it grants its employees various non-pay benefits (Table 6). More than half of the youngest enterprises and nearly 50 per cent of the smallest ones, do not provide any benefits. In contrast, one in five enterprises in operation for more than a decade, and only 3 per cent of the largest enterprises, do not offer any such benefits at all. Amongst the largest businesses, 97 per cent provide social security and 80 per cent provide paid holiday.

Only 5 per cent of the enterprises offering written work contracts to (at least some of) their employees do not provide any of the non-pay benefits. Yet, this is the case for 56 per cent of enterprises that do not offer written contracts. As seen from the workers' perspective, there is no doubt that being employed by enterprises that offer a formalised regulation of the rights and obligations of the employer and employee, brings with it other benefits. These include improved welfare, retirement benefits, decent work and the social protection umbrella.

Table 6 Percentage of enterprises providing non-pay benefits to its employees. By industry, size of enterprise, registration status and use of written work contracts. Home-based enterprises are excluded from the calculation (n=1,698).

	Health insurance	Social security	Paid holiday	Paid sick leave	Parental leave	No benefit	Total	Sample size
All enterprises	7	62	41	31	7	33	100	1,698
Industry								
Wholesale & retail trade	9	43	26	32	6	57	100	69
Agriculture	5	46	29	20	2	45	100	172
Other industries	12	54	29	26	13	40	100	164
Hospitality & tourism	5	59	42	27	4	36	100	927
Accommodation	20	82	57	45	14	16	100	44
Food & beverage	3	49	35	21	1	44	100	670
Travel agencies, tour operators	9	85	60	41	11	14	100	213
Construction	2	84	26	29	-	16	100	58
Manufacturing	14	83	56	50	19	15	100	308
Age of enterprise								
< 1 year	2	24	21	10	-	69	100	62
1-2 years	3	40	31	19	3	51	100	245
3-4 years	6	51	33	24	6	43	100	327
5-10 years	6	62	39	31	7	33	100	360
> 10 years	11	78	50	40	11	20	100	682
Size of enterprise								
Micro	2	46	26	18	1	48	100	915
Small	8	75	52	36	9	21	100	502
Medium	15	85	57	55	17	13	100	143
Large	31	97	80	72	33	3	100	138
Registration with public authorities								
Unregistered	7	34	14	17	-	59	100	29
Registered	7	62	41	31	8	33	100	1,663
Offer written contracts to employees								
No contracts	2	38	23	16	2	56	100	935
Contracts	14	91	63	49	15	5	100	753

Panel data

The 2021 survey covered 392 of the same enterprises as in the 2020 survey. Since the two surveys contained many of the same questions, we have been able to establish a set of panel data, and, hence, to follow how the pandemic has affected these individual enterprises over time.

The majority of the panel enterprises belong to the manufacturing sector (67 per cent), while 13 per cent belong to the construction sector. With respect to geographical location, the vast majority are located in the governorate of Amman (85 per cent), while most of the remaining enterprises are located in Mafraq (5 per cent), Zarqa (4 per cent) and Irbid (3 per cent). With respect to size, about one-third of the panel enterprises are classified as micro enterprises, with less than five employees. About the same share (31 per cent) are classified as small enterprises (5-19 employees), while the remaining are medium (15 per cent) or large (22 per cent) enterprises.

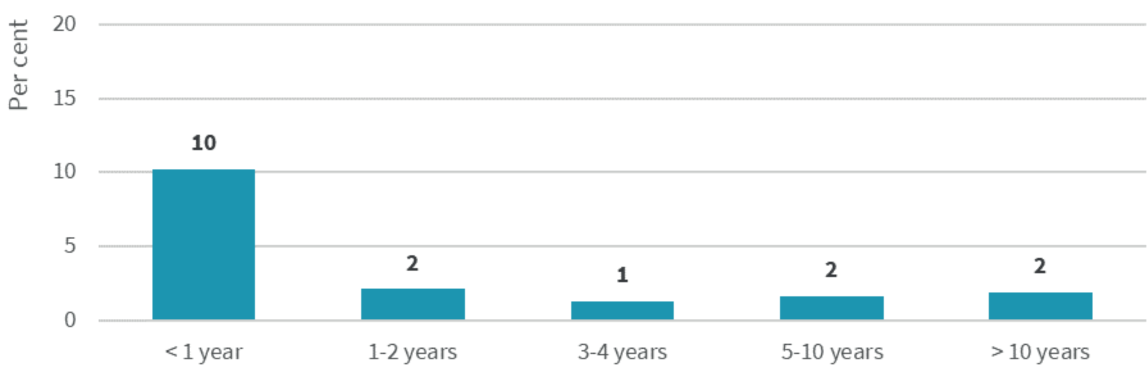
Impact

This chapter presents the direct operational and economic impacts that the COVID-19 pandemic has had on the surveyed enterprises. When describing impacts, it might be difficult to distinguish between direct impacts caused by the spread of COVID-19 and government response, and indirect impacts brought about by the enterprises' response to the challenges they have faced, such as lay-offs of employees and wage reductions to lower costs. Such measures can be understood as both impacts and as coping measures, steps taken to sustain operations during the pandemic. In this report, we have chosen to label indirect impacts as 'coping measures'. Details on those are provided in the next chapter. This chapter focuses on the direct effects of the COVID-19 pandemic.

Enterprises affected by COVID-19

One year into the COVID-19 pandemic, the pandemic itself and the measures taken to fight its detrimental health consequences, including death, has affected literally all Jordanian enterprises in one way or another: as many as 98 per cent of the surveyed enterprises, with largely negligible variation between industrial sectors and type of enterprises, report being impacted. The only dissimilarity worth mentioning is found for the youngest enterprises — those established during 2020 — of which 10 per cent state that they have not been affected by the pandemic (Figure 8). Four in five of these are micro enterprises, seven in ten are engaged in the tourism, accommodation, food and beverage industry, and more than half of the enterprises claiming no negative consequences from the pandemic (56 percent) are based in Amman and Irbid. Some of them may in fact have been established because of the pandemic, because it offered an opportunity: since some enterprises were forced to reduce services or even shut down for good, competition may have diminished, or COVID-19 may have resulted in demand for new services or products — gaps the new enterprises are filling, or at least attempting to fill.

Figure 8 Share of enterprises unaffected by the COVID-19 pandemic in January 2021. By age of enterprise (n=2,039).



Most of the affected enterprises — with little variation across industry, size, and age — report lower demand for their products and services (89 per cent). Virtually half of the enterprises (47 per cent) were negatively affected by mandatory closures and nearly as many by closed marketplaces (38 per cent) due to government measures aimed at preventing the spread of the coronavirus disease. One in five enterprises (19 per cent) suffered the consequences of restrictions on the movements of their employees and 13 per cent experienced workers simply not being able to show up at the workplace. Higher prices and lower supply of raw materials and intermediate goods affected 18 and 8 per cent of the enterprises, respectively. Hardly any enterprise reported positive effects from the COVID-19 crisis. A few mentioned higher demands for their products or services (1 per cent), or higher prices (3 per cent), whilst a handful of the surveyed enterprises benefitted from cheaper raw materials and intermediate goods required as inputs in their production (1 per cent).

Restrictions in the movement and supply of workers affected the agricultural sector somewhat more (28 per cent of the affected enterprises) than other sectors, while reduced demand for products was reported slightly less often by farms and other agribusinesses (80 per cent) than other industries. This is in keeping with information from the qualitative interviews, which highlighted fewer work permits provided to Egyptian workers, rise in wages, movement restrictions, reduced public transportation, and problems in moving produce to markets as major challenges. Representatives of the agricultural sector felt their sector was somewhat less hurt by the pandemic and government measures than other sectors. They even reported an increase in local demand for agricultural products in 2020 compared to the year before. This makes sense when considering closed borders. On the other hand, closure of land border crossings as well as ports and airports hampered the export of agricultural produce. Furthermore, the representatives emphasised that many of the challenges faced by agricultural enterprises at present, were also very much there prior to the COVID-19 pandemic.

> *Let's not use COVID-19 as the main reason for suffering. As the agriculture sector was not healthy prior to the pandemic, let's learn how to use COVID-19 in opening new opportunities.*
>
> *Investor, agricultural sector*

Not surprisingly, enterprises in wholesale and retail trade are the ones most strongly impacted by closed marketplaces and shops (53 per cent), while the youngest enterprises (those established during the 12 months leading up to the survey) are the least affected by closed marketplaces. Interestingly, registered enterprises seem to be significantly more disturbed by closed marketplaces and mandatory closure of their businesses than unregistered enterprises. One possible explanation might be that most unregistered enterprises are micro businesses, oftentimes operating from small or home-based premises. Hence, they are frequently not forced to close, unlike fixed shops and marketplaces. This finding should, however, be used with caution, as unregistered enterprises constitute only 2 per cent of the surveyed enterprises. Information from the qualitative survey corroborates that the main effects of the pandemic on micro businesses were reduced demand for products and services followed by lack of financial liquidity, rather than forced closure of their businesses. In contrast to last year (the 2020-survey), most respondents did not identify insufficient protective equipment as a major concern.

Taken together, micro enterprises and small enterprises with up to 19 employees represent 98 per cent of all businesses in Jordan. They account for about 50 per cent of the country's employment in the private sector.[12] Most micro-business owners participating in the focus group discussions confirmed that their businesses where heavily impacted by the crisis. The most common problems they had faced were related to decline in costumers and falling demand for products and services.

Since reduced demand is such a crucial negative aspect, we take a closer look at it. It is related to a

12 'Jordan Enterprise Development Corporation outlines steps for growth of Kingdom's small enterprises', Jordan Times, 4 October 2019. https://jordantimes.com/news/local/jordan-enterprise-development-corporation-outlines-steps-growth-kingdoms-small.

variety of factors, but social distancing for health reasons as well because of government regulations is one. Furthermore, falling labour force participation rates and rising unemployment rates — trends that Jordan has observed for some time even before the COVID-19 crisis,[13] combined with reduced salaries for many of those who remained employed during the crisis — have meant reduced purchasing power and household consumption. This is particularly seen in the reduction of non-essential spending, akin to reduced domestic demand. Closed borders induced by COVID-19 have implied a steep fall in visitors from Arab countries as well as from further afield. The tourist industry (growing in the years preceding the pandemic[14]) was crippled, and related sectors such as accommodation, food and beverages were drastically affected as well.

As just shown, many small businesses in one sector are closely connected to activities in other sectors. And so, if a related sector is interrupted for any reason, it may have a direct impact on these businesses. For example, when schools and universities closed to contain the spread of the virus, the demand for certain products like food and beverages, notebooks, stationary, and photocopies — often offered by nearby micro businesses — was hurt badly.

Full closures at the beginning of the COVID-19 crisis and the continuation of lockdowns on Fridays as well as evening curfews led to major income losses for those businesses that typically sell their products on weekends or late in the day. In addition, reducing working hours has added further burden to businesses as workers had to leave earlier especially if they reside outside Amman.

The tourism sector is one of the sectors hit hardest by the COVID-19 pandemic, and about half of all tourist enterprises were forced to lay off employees since March 2020.

Tourism

“Investments in the tourism sector are among the highest in the country. It provides job opportunities for about 55,000 workers, while the indirect and informal jobs in this sector is estimated to be at around 213,000.[15] *The tourism sector revenues in 2019 was estimated at about 4.3 billion JD, but in the year 2020, it did not exceed 1 billion JD. Since 15 March 2020 until now, the occupancy rate in Petra hotels was zero. […] Unfortunately, until now, 2,500 workers were dismissed and 144 out of 520 hotels have been closed, only 5-18 per cent of the hotels operated during the lockdown.”*

General manager, Jordan Hotels Association

“Around 600 rural livelihoods opportunities available through the Jordan trail and related to the engagement of local communities in serving local food to tourists, especially females, were lost. These were mainly operating informally.”

Deputy CEO, Jordan Trail Association

13 Jordan Economic Monitor. Weathering the Storm, the World Bank, June 2020. http://documents1.worldbank.org/curated/en/895901594653936142/pdf/Jordan-Economic-Monitor-Spring-2020-Weathering-the-Storm.pdf.
14 Ibid. More on tourism below.
15 https://acorjordan.org/2020/07/15/jordans-tourism-sector-in-the-wake-of-covid-19-where-do-we-go-from-here/

The general manager of the Jordan Restaurant Association pointed out that his sector was less affected than other tourism sub-sectors, such as hotels and tourism agencies. About 350-400 cafes were closed while fast food restaurants continued working owing to their delivery services.[16] Ecotourism was also affected due to the lockdowns and the movement restrictions. The Royal Society for the Conservation of Nature faced a huge threat as the loss of revenue from ecotourism — representing 50 per cent of its budget — harmed its conservation efforts.

The handicrafts sub-sector was also seriously affected since this it relies heavily and directly on Arab and international visitors. However, there are no official statistics on the impact of COVID-19 on it and other informal freelance Jordanian and Syrian refugees artisan vocations.[17] The full lockdown and disruptions to exports made it difficult to import raw materials. The sector employs many women, refugees and craftsmen in rural Jordan.

Prior to the pandemic, this sector relied heavily on seasonal bazars and festivals to market their products. However, the ban on bazars and festivals implemented to minimise the contagious effect of the virus resulted in major disruption of cash flow to the sector and its workers, which subsequently led to salary reductions and job loss.

As for the construction sector, considering the decline in the construction sector already prior to the pandemic, and a further decline in sales exacerbated by the pandemic, more than one third of surveyed enterprises expressed low level of confidence in their economic robustness and the ability to resume profitable business when the crisis is over. Almost have (45 per cent) of respondents stated that they had laid off employees.

Operational impacts

At the time of the 2021 survey, just about one in five enterprises (22 per cent) operated the way they did before the pandemic. Sixty-one per cent operated with reduced capacity. In other words, with a reduced number of staff and/or fewer operating hours; 16 per cent of the enterprises were either temporarily (10 per cent) or permanently (6 per cent) closed at the time of the survey (Table 7).[18] A higher proportion of the larger and older enterprises compared to the smaller and younger enterprises operated as they used to. Meanwhile, a larger share of young and small enterprises were temporarily and permanently closed. In comparison with enterprises that were losing money or operated at break-even before the pandemic, a higher percentage of the enterprises that used to be profitable, currently run their businesses 'as normal' (25 per cent versus 16 and 17 per cent, respectively). As many as 45 per cent of all enterprises that were losing money before the pandemic, are now permanently (25 per cent) or temporarily (20 per cent) closed.

Altogether, 39 per cent of the enterprises included in the 2021 survey reported a reduction in the number of employees compared to the pre-pandemic situation. Nevertheless, for the 392 enterprises included in both survey rounds, and which were still operating at the time of the most recent survey, the average (mean) downscaling was merely two workers, and the median was one worker. For micro, small, and

16 Samer Altwal, member of the Board of Restaurants Association, interview with Al-Mamlaka TV, 29 November 2020.
17 Jordanian and Syrian Refugees Artisan Entrepreneurship in Jordan, Global Challenge Research Fund, UK, 2018.
18 Out of 745 cases interviewed in both surveys, as many as 55 per cent were temporarily closed at the time of the 2020 survey, because very strict anti-COVID-19 measures were in place. At the time of the 2021 survey, Jordanian society was more 'open'. However, 6 per cent of the enterprises were permanently closed, and 9 per cent had ceased their operations temporarily.

medium enterprises, the mean dropped from six to three employees, with a median reduction of one or two employees. This means that the size of micro enterprises was halved, on average. For manufacturing businesses, making up two-thirds of this sample, there was only an insignificant change to their size.

Enterprises that were offering home delivery or pick-up services for their products and services before the onset of the pandemic seem to be less severely affected by the pandemic than those that did not. In the 2021 survey, only 4 and 3 per cent, respectively, of the former enterprises reported a temporary closure or had ceased their activities completely. This is in contrast to 12 and 7 per cent of enterprises, respectively, who did not reach their customers at home or offer pick-up services.

A smaller share of enterprises in the tourism, accommodation, food, and beverage sector (12 to 14 per cent) and the construction sector (14 per cent) were able to maintain normal operations during the pandemic compared to enterprises in other sectors (33 to 41 per cent). Instead, a larger proportion of enterprises in these sectors are currently operating with reduced capacity. Not surprisingly, the tourism industry — which contributed 19 per cent of Jordan's GDP in 2018 and employed more than 53,000 people in 2019[19] — was hurt badly by the COVID-19 pandemic. Reasons were due to travel restrictions, the long closure of the airport, compulsory closure of spaces where people gather, and other government regulations to combat the spread of COVID-19.

19 Nizar Al Adarbeh et al., 15 July 2020, 'Jordan's Tourism Sector in the Wake of COVID-19: Where Do We Go From Here?', American Center of Research (ACOR), Jordan. https://acorjordan.org/2020/07/15/jordans-tourism-sector-in-the-wake-of-COVID-19-where-do-we-go-from-here/.

Table 7 Current operational capacity among enterprises. By age, size, industry, region, registration status, level of profitability prior to the COVID-19 pandemic and home services prior to the pandemic (n=2,039).

	As usual	Reduced hours	Reduced staff	Reduced hours & staff	Closed temporarily	Closed permanently	Total	Sample size
All enterprises	22	22	6	33	10	6	100	2,039
Age of enterprise								
Less than 1 year	14	27	1	27	22	9	100	98
1-2 years	13	25	5	35	14	10	100	333
3-4 years	18	23	6	37	9	6	100	402
5-10 years	25	22	5	34	9	5	100	426
More than 10 years	29	21	7	31	9	3	100	750
Size of enterprise								
Micro	18	24	4	33	14	7	100	1,240
Small	21	22	8	38	8	4	100	517
Medium	35	19	6	31	3	4	100	144
Large	57	11	9	20	-	2	100	138
Industry								
Hospitality & tourism	12	26	4	41	11	6	100	1,123
Accommodation	14	14	2	37	31	2	100	49
Food & beverage	12	27	5	42	8	6	100	827
Travel agencies & tour operators	11	22	3	38	18	8	100	247
Manufacturing	38	15	10	26	9	3	100	337
Agriculture	37	15	6	27	11	3	100	204
Wholesale & retail trade	41	21	2	18	8	11	100	106
Construction	14	16	14	39	9	8	100	64
Other	33	25	5	20	12	5	100	205
Region								
North	25	22	5	32	9	7	100	466
Central	22	22	6	34	10	5	100	1,411
South	16	25	4	33	17	4	100	162
Financial status prior to the pandemic								
Profitable	25	23	7	29	10	5	100	1,219
Break even	17	22	3	44	9	4	100	627
Losing money	16	13	5	21	20	25	100	61
Registration status								
Registered	23	22	6	34	10	5	100	1,987
Unregistered	16	25	2	11	20	25	100	44
Offered home-delivery or pick-up services before the pandemic								
Yes	26	23	5	38	4	3	100	459
No	21	22	6	32	12	7	100	1,580

As an example, post-COVID-19 occupancy rates of the popular Dead Sea hotels dropped to approximately 10 per cent, and to zero in Petra, Jordan's most popular tourist destination with over 1 million yearly visitors.[20] Moreover, the negative effects by lockdowns and other government measures on the tourism

20 'Jordan's tourism suffers 'all-time low' holiday business under shadow of COVID-19 pandemic', Global Times, 7 January 2021. https://www.globaltimes.cn/page/202101/1212129.shtml; and Jane Arraf, 6 May 2020, '1st time to see it

industry has trickled down to souvenir shops, tourist guides, car rentals, hotels, restaurants, cafes, and other kinds of enterprises, which are dependent on international and national tourism. This is yet another example of how various sectors are coupled together, and how negative impacts on one sector are easily dispersed to other sectors as well.

However, according to interviews and focus group discussions, the pandemic's impact on restaurants and cafes varies considerably. While the operations of formal in-dining restaurants and cafes were highly restricted/constrained, fast-food establishments and other businesses serving takeaway or providing home delivery were less affected. Yet, as just mentioned, the survey statistics do not corroborate their impression.

> *"We are devastated because of the very difficult requirements and changing regulations. They requested distancing between tables, and we did that; they limited the number of people on each table, and we did so; then they asked for hygienic materials on each table, and we complied; finally, they came up with the Friday lockdown and limited the opening hours to 6 pm only. They destroyed our businesses."*
>
> *Owner of coffee shop, who has closed his business*

According to representatives from the construction industry, operations were badly affected by rising prices of raw material resulting from closed borders, government restrictions on their activities, and the falling demand for private housing caused by economic hardship among the general public. Furthermore, reduced capacity and closure of municipal and governmental offices, including at the Ministry of Public Works, have led to delays and a reduction in public construction and maintenance projects.

However, the participants in the focus group discussions and key informant interviews also pointed out that the construction sector has been contracting over the past five years due to a steadily dwindling demand in the market for housing and public works. Like the agriculture sector, the informants highlighted that most of the challenges that construction enterprises faced today existed even before the pandemic. Yet, they remarked that COVID-19 and the policies implemented to fight it had made these challenges more pronounced and deeper. Among the challenges mentioned in the interviews were lack of clear and supportive legislations, changing construction licensing procedures and fees for the sector, and the increased competition from informal employment. The representatives claimed that the latter development was reinforced by the high unemployment in other sectors during the pandemic, which had encouraged many people to seek work in construction. The increased competition was from job seekers and informal workers who had lost their employment in hospitality, tourism, and other sectors.

Workers in the construction sector also stated that seasonality and temporary employment have increased their vulnerability amidst the COVID-19 pandemic. According to them, the main reason behind not subscribing for the Social Security Cooperation (SSC) was seasonality and temporary contracts, which have excluded them from government aid packages. In addition, workers and small business owners in this sector depend on short-term agreements, which means that once a certain project finishes they can replace them with other workers for the next project and so on. Young daily wage workers and

like this: Petra tourism workers long for visitors to return', https://www.npr.org/2020/05/06/850157824/1st-time-to-see-it-like-this-petra-tourism-workers-long-for-visitors-to-return?t=1619418250114.

craftsmen who are living with their families reported that they were excluded from the total lockdown wage compensation or unemployment benefits as these were only distributed to household heads.

> *"It has become an unnatural competition. Workers now accept any price and any job, even if it is not their specialty. This his has affected the quality of the work and the reputation of workers in the sector."*
>
> *Construction worker*

Construction workers participating in the focus group discussions did not benefit from the defence orders since they were not registered in the Social Security Cooperation. They added further that the Social Security Cooperation provided support to heads of households while the majority of many of the workers in this sector are youth. The self-subscription conditions and terms to the Social Security Cooperation were high according to the participants and did not offer return on investment i.e., health insurance work accidents and life insurance coverage benefits.

> *"My average monthly income is 350 JDs, of which 200 JDs goes for rent, 10 JDs for phone subscription, 25 JDs for internet subscription, electricity, and water costs around 53 JDs, in addition to transportation cost. The money I could put into social security is better spent on my house."*
>
> *Syrian construction worker*

As for the access to loans, all the daily-wage workers and self-employed in the construction sector stated that they were not able to take loans, because they already had accumulated personal loans or debts to repay families, suppliers, local shop owner credit etc. In addition, one of the major conditions that must be provided to take a loan is to be employed, yet most employees within this sector are daily waged labourers and seasonal. Next to that, they are considered to be high risk clients, which means higher premiums in case they were given the loan by commercial banks or micro-finance institutions.

In addition, representatives from the agriculture sector indicated that the agricultural sector is somewhat less affected than other sectors. They highlighted that at the local level there was an increase in demand for agricultural products compared to a shortage in production in 2020, due to fear of farmers not being able to market their products due to the lockdown. However, they highlighted that production was affected by a shortage of labour force, due to the difficulty of movement and public transportation. On the exports level, they mentioned that the main impact was the difficulty of exporting due to the cancellation of shipping and consignments several times, the closure of roads, closure of border crossings, ports and airports, comprehensive curfews, as well as the high costs of export, which tripled when compared to original costs, particularly with the closure of the Syria borders, which was the gate of exports to Eastern and Western Europe.

Some farmers mentioned that the food supply chain was interrupted. Farmers were not able to get to the farms and people were not able to get to the local market so the supply was more than the demand which made farmers lose money. Representatives said that export of high-value and tech-based agricultural products was not affected as badly as the local market-based agriculture.

On average, the enterprises sampled by our survey — that had not already closed permanently or temporarily — reduced their number of weekly days of operation by one (Table 8). Prior to the COVID-19 pandemic, six or seven workdays were the 'rule' for most businesses. At the time of the survey, however, the proportion of enterprises doing business seven days a week had fallen from 51 to 11 per cent. The largest share of such enterprises was found in the wholesale and retail trade (33 per cent) and agriculture (21 per cent). Amongst enterprises offering a place to sleep, food and beverage, and serving tourists in various ways — a sector where one would normally expect many and perhaps most enterprises to be operating daily — only 8 per cent were doing business seven days a week. Some of this reduced activity can be explained by falling demand, but it is also due to the government policy of disallowing business operations on Fridays, and in the evening. Whereas before the pandemic, hardly any enterprise (less than 1 per cent) operated fewer than five days a week, this was the case for 21 per cent of the enterprises at the time of the interview (Table 8), a change providing additional testimony to the reduced activity level in many Jordanian business sectors. More evidence of the contraction of the Jordanian private-sector economy during the pandemic will follow in the coming sections.

Table 8 Weekly days of operation before the pandemic and at the time of the survey (1 year into the pandemic). Percentage of enterprises that were in operation at both points in time (n=1,676).

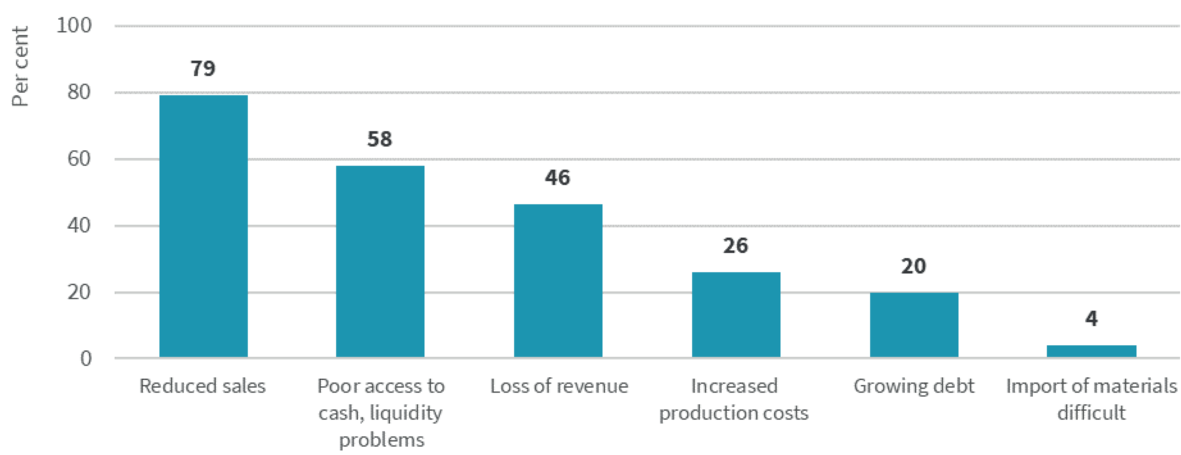
	Weekly days of operation	
Number of days	**Before the pandemic (usual days)**	**Past week (actual days)**
0	-	1
1	-	3
2	0	7
3	0	6
4	0	5
5	3	8
6	45	60
7	51	11
Total	**100**	**100**
Mean	6.5	5.3
Median	7	6

Economic impacts

As mentioned in the introduction, nearly two-thirds of the surveyed enterprises were profitable prior to the COVID-19 pandemic, whilst one-third of them were operating at a point of break-even and a small number of enterprises were losing money. In this sub-section, we consider some of the effects that the pandemic — and the measures put in place to contain it — has had on the enterprises. We also describe their financial obligations and debt, which the survey tells us have increased due to the pandemic, but first, we present some statistics on their revenues and profits.

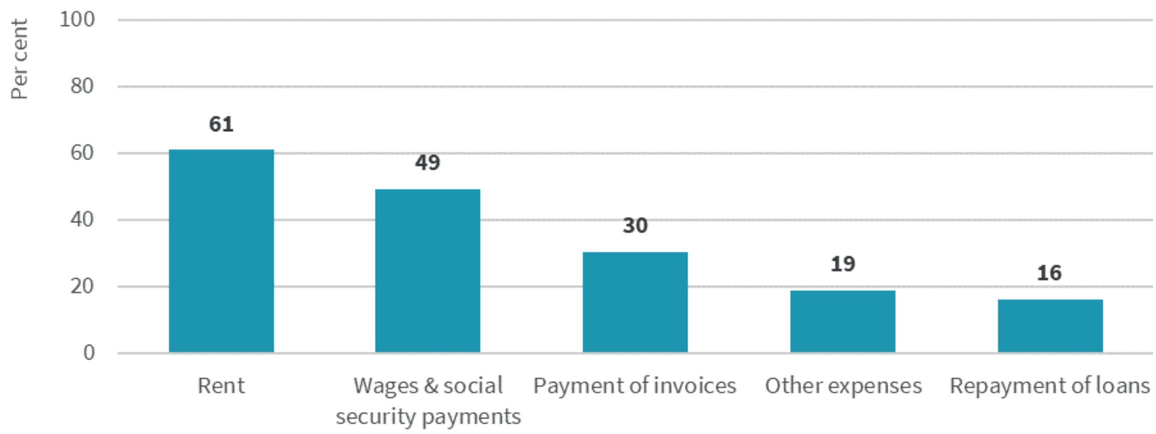
The survey asked the enterprises for the most severe economic impacts that the COVID-19 pandemic has had on them. The responses are shown in Figure 9, with the exception of the 2 per cent of enterprises that reported no economic impacts. Reduced sales, which follow from a drop in demand for products and services, were reported by some eight in ten enterprises. As a consequence, falling revenues were reported by nearly five in ten enterprises. Another result of declining income is liquidity problems, mentioned by nearly six in ten establishments as a major negative implication of the COVID-19 crisis. Challenges related to the production of goods is also listed as a serious negative result of the pandemic by quite a few — both growing costs and problems with the import of materials and supplies required in the production. To keep their business afloat, many enterprises have taken up loans and credits, and/or postponed the repayment of previous loans, and in the process of doing so, they have accumulated an increasing amount of debt. This has become such a problem that one in five enterprises mentions growing debt as one of the gravest economic consequences of the pandemic for them.

Figure 9 The most severe economic effects of the pandemic on enterprises. Up to three answers allowed. Percentage (n=1,988).



Another and related survey question enquired about the enterprises' most significant financial difficulties during the pandemic. Figure 10 shows the results of the answers provided by 95 per cent of respondents — those who claimed having suffered at least one payment problem. These difficulties are not all caused by the pandemic and containment measures. However, the financial problems presented in the graph are likely to be seriously exacerbated by the impact of COVID-19. The highest proportion of businesses consider covering rent (61 per cent) followed by wages and social security payments (49 per cent) and payment of other invoices (30 per cent) as key challenges. One in six enterprises mentions repayment of loans as a substantial problem, which is in line with a rising number of enterprises reporting increased levels of debt (see Figure 9).

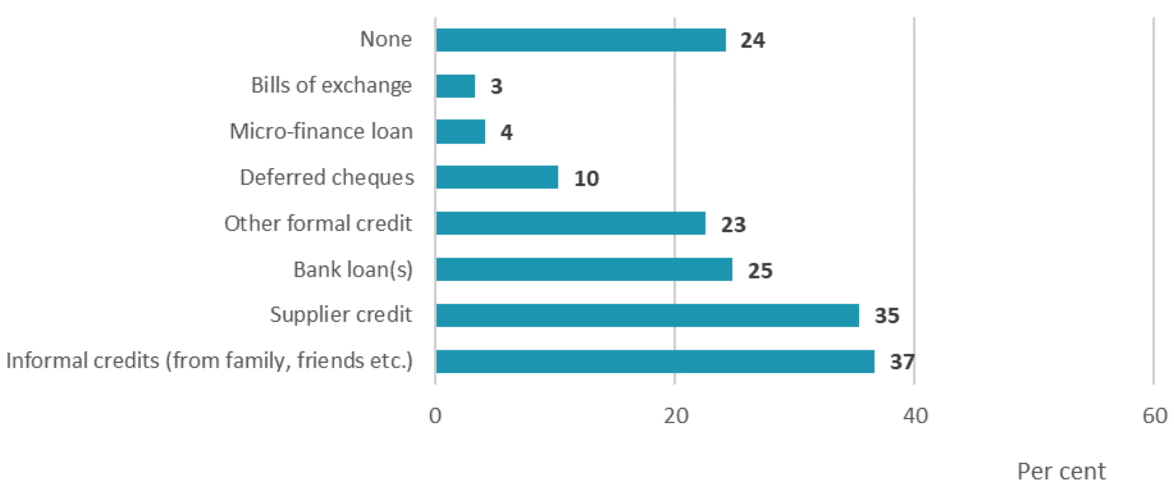
Figure 10 The most significant economic problems during the pandemic. Percentage of enterprises. Up two answers allowed (n=1,993).



The survey does not tell us exactly by how much debt amongst enterprises has increased; nor how much the debt has increased as a result of the crisis. However, as mentioned above, one in five enterprises stated that the pandemic had made their debt grow, which is indicative of a worrying trend. However, having financial obligations is not something inherently bad or negative. Quite the opposite, access to credit and loan etc. may be very important for a sustainable business operation — and as a coping mechanisms during hard times (see Chapter 4). It is when the credit accumulates to reach a level threatening continued operation because the enterprise fails to fulfil its repayment obligations, that debt becomes a problem.

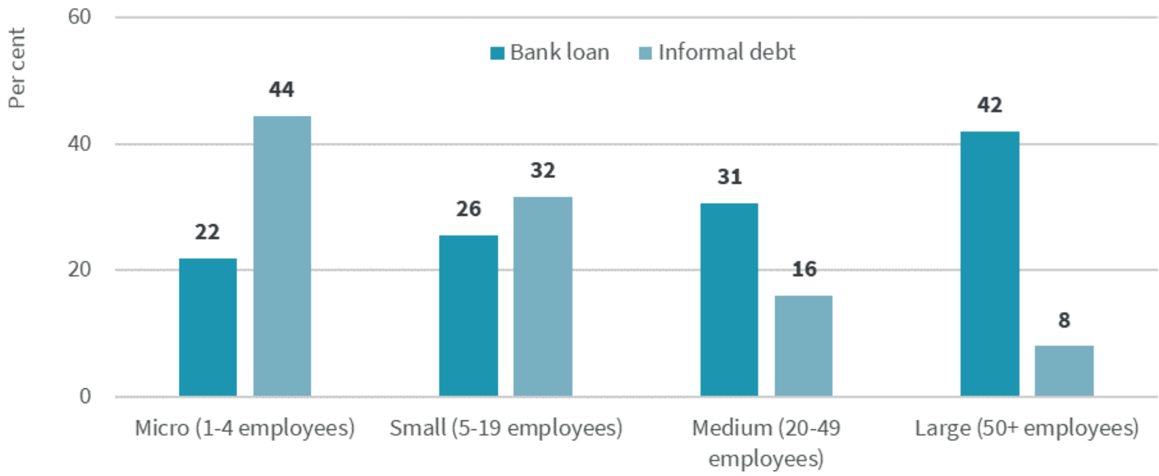
Three in four enterprises (76 per cent) had economic commitments at the time of the 2021 survey (Figure 11). Over one-third of them owed family and friends money or had informal debt of other sorts, and nearly the same proportion of enterprises had debt to a supplier. One in four had bank loans and a similar proportion of enterprises reported credit or loans from another type of formal institution. One in ten enterprises had deferred cheques.

Figure 11 Percentage of enterprises with current financial obligations. By type of obligation (n=2,039).



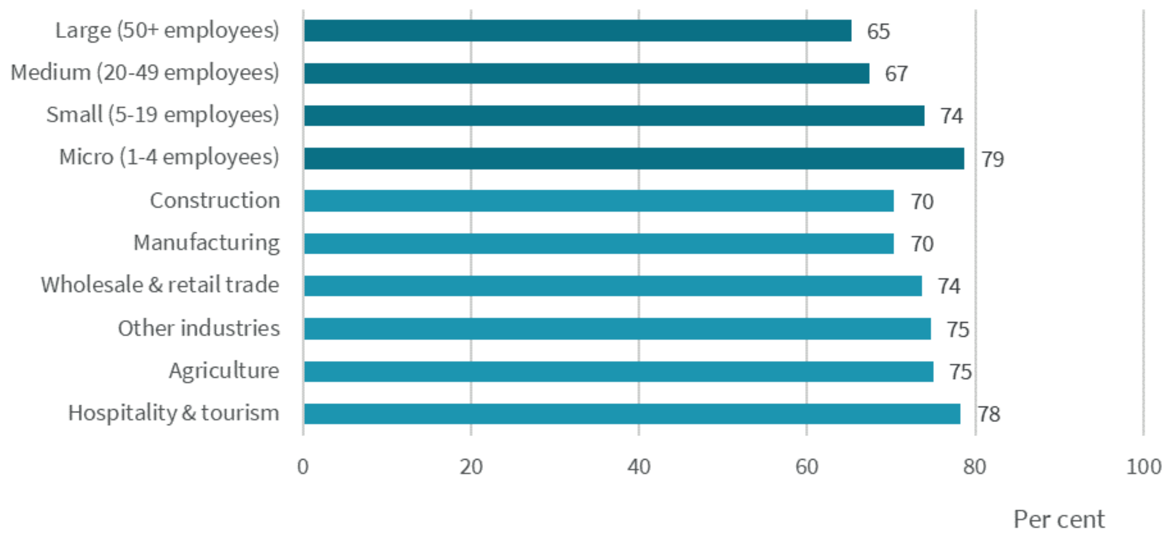
Informal debt is a common mechanism for dealing with economic challenges in Jordan and the Middle East in general. Hence, it is also likely that informal debt plays a significant role in enterprises' strategies to cope with the COVID-19 pandemic, particularly for small family businesses and self-employed freelancers. Among the surveyed enterprises, informal debt is most common in the hospitality and tourism sector (44 per cent) and amongst young enterprises (49 per cent of those that started up during the past year). Furthermore, and this should perhaps be expected, the smaller the enterprise the higher the percentage with debt to family and friends and other informal creditors, and the lower the prevalence of enterprises with bank loans (Figure 12).

Figure 12 Percentage of enterprises with debt to banks and informal sources at the time of the survey. By size of enterprise (n=2,039).



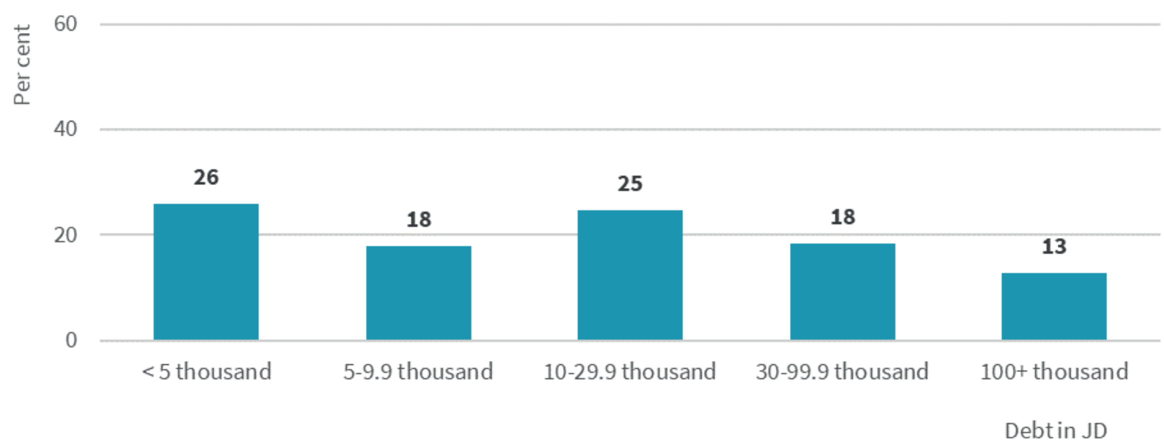
As mentioned above, the prevalence of economic commitments, or debt, is substantial as it was reported by three out of four enterprises in the 2021 sample. It varies somewhat between industries (Figure 13). It was most often reported amongst enterprises in the hospitality and tourism sector (78 per cent) and less often by manufacturing and construction enterprises (both 70 per cent). Also, the smaller the enterprise the higher the incidence of debt, as shown by the graph. Furthermore, a higher proportion of male-owned than female-owned enterprises (78 versus 66 per cent) had economic obligations at the time of the survey. However, it should be noted that the enterprises owned by women only make up 8 per cent of all indebted enterprises in the sample. The establishments, which were profitable prior to the COVID-19 pandemic, were in a slightly better position than other establishments, as 73 per cent of them reported debt, contrasted with 83 per cent of those that reported break-even. Despite these minor variations across selected background characteristics, it is worth repeating the major picture for the surveyed enterprises, which is one of significant economic obligations.

Figure 13 Percentage of indebted enterprises. By size and industry (n=2,039).



Nearly one in five indebted enterprises were unable (14 per cent), and a few not willing (4 per cent), to disclose the extent of their debt. The result for those that did, however, is shown in Figure 14. Since we did not ask for exact amounts, but had respondents classify their commitments into seven pre-defined groups (altered to five groups in the graph), figures for mean and median debt cannot be calculated. However, more than half of the indebted enterprises reported amounts upwards of 10,000 JD, and more than one in ten had debts of 100,000 JD or more. There is variation across industries, and enterprises in manufacturing and agriculture have economic obligations beyond 100,000 JD more often than other enterprises — reported by 30 and 22 percent, respectively, in these two sectors. However, and quite naturally, it is the size of the enterprise, which primarily seems to affect the level of debt: whilst 55 per cent of indebted micro-enterprises owed less than 10,000 JD, 80 percent of the large enterprises had a debt of JD 100,000 or more.

Figure 14 Size of current debt, in 1,000 JD. Percentage of enterprises with debt (n=1,258).



Coping

The ability of enterprises to cope with shocks such as the COVID-19 pandemic depends on a wide range of factors. One fundamental factor is the economic resilience of the enterprise, i.e., the amount of financial reserves (savings) available to buffer a periodic decline in revenues, the capacity to handle everyday cash flows, the ability to cover running expenditures and repay debt, and access to credit. Enterprises can introduce various proactive measures (see chapter 1.3) to cope with crises such as e-commerce to promote and sell products and services and expand to new markets or introduce resource efficiency measures and business process improvements.

However, coping measures also include reactive measures, which basically aim at reducing costs to compensate for the loss of production and revenues during a period of crisis. Such cost reductions also imply a temporary loss of production power, contrary to proactive cost reductions, which do not reduce production power but rather make production more efficient. Hence, while reduced work hours and lay-offs may be seen as an impact of a shock, they are also examples of reactive coping mechanisms.

BOX 1. WHAT COPING MECHANISMS CAN MAKE ENTERPRISES MORE RESILIENT?

As stated in the introduction, the resilience of businesses relates to their capacity to decrease their vulnerability to expected as well as unexpected events, to change and adapt to a changing environment and the ability to recover quickly in the context of crises. Features that determine how resilient an enterprise include: having savings or access to credit when a crisis emerges; having the capability to produce various products and services and adapt production to changing markets; and being able to sell their product and services in different type of markets, e.g., both locally and internationally. Other, more specific, coping mechanisms that may promote an enterprise's ability to cope and contribute to their longer-term resilience are:

- *Availability of a business continuity plan*
- *Being able to adjust and reduce operating costs such as rent*
- *Efficient use of resources such as water and energy*
- *Online platforms for sales or services*
- *Flexible working arrangements, such as remote (home) and part-time work*
- *Capacity to manage existing financial obligations*
- *Capacity to adjust business model*
- *Alternative transportation options for workers*
- *Risk diversion, e.g., multiple suppliers of raw material and other production inputs*

Many of the measures taken to increase resilience can also contribute to 'building forward better'. Especially digital technology and transformation as well as increased resource efficiency and leaner operating costs can contribute to longer-term resilience and more sustainable business practices.

Before venturing into the coping behaviour of enterprises, let us first consider steps taken in consideration of employees' health — some of which may affect productivity and revenue positively but may also have negative consequences for the economic viability of enterprises. However, protecting the health and wellbeing of employees is a sound business decision since human capital is essential for all production, service, and sales endeavours.

Measures to protect employees

Most of the surveyed enterprises took measures to protect their employees from infection from the COVID-19 virus (Table 9). Only 2 per cent had not implemented any measure. Most enterprises that have taken measures (and 93 per cent of all enterprises), disseminated masks, gloves, and hand sanitizers. Half of all enterprises (48 per cent) had improved their cleaning and sanitizing efforts in the workplace, and four in ten enterprises (39 per cent) had put in place strict social distancing. Measures intended to reduce the number of workers at the workplace are not as widespread (taken by 8 per cent). Neither are measures such as providing paid leave (4 per cent), permitting work from home (2 per cent), and establishing new transportation services (1 per cent). Six per cent had taken various other measures. Implementation of measures increases with the size of enterprises, primarily explained by the fact that there are higher requirements for taking measures where more people work together.

Table 9 Safety measures taken to protect workers from COVID-19. Percentage of enterprises. Multiple answers allowed (n=1,963).

	Provided protective gear & hand sanitizer	Enhanced cleaning & sanitizing efforts across facilities	Strict social distancing at workplace	Introduced shift work to minimize number of employees at workplace simultaneously	Granted workers paid leave	Allowed work from home	Established com-muter shuttles	Other measures	No measure taken	Sample size
All enterprises	93	48	39	8	4	2	1	6	2	1,963
Size of enterprise										
Micro	91	44	32	3	2	1	-	7	3	1,173
Small	97	50	49	11	5	2	0	3	2	511
Medium	96	58	53	15	10	5	4	6	2	141
Large	99	62	57	25	15	5	7	7	1	138
Industry										
Hospitality & tourism	93	51	42	8	4	1	0	6	2	1,080
Manufacturing	97	53	46	13	10	3	4	5	2	331
Agriculture	90	39	33	5	1	0	-	5	5	195
Wholesale & retail trade	92	42	32	3	3	1	-	4	5	103
Construction	94	20	13	2	-	-	-	5	3	62
Other industries	91	42	34	4	2	4	0	8	1	192

We next examine the more business-driven measures that the surveyed enterprises have taken to counter the negative effects of the COVID-19 pandemic.

Business coping measures

Less than half of surveyed enterprises (45 per cent) have introduced coping measures aimed at sustaining production and business continuity during the COVID-19 pandemic (Table 10). As could be expected due to the limited number of employees, micro businesses introduced coping measures more seldom than larger enterprises whilst the largest enterprises (50 employees or more) have introduced coping measures most often. The larger enterprises are generally also the most formal enterprises, and a higher proportion of enterprises offering written contracts to their employees have introduced coping measures (54 per cent) than enterprises that do not offer such contracts (43 per cent). At 52 per cent, manufacturing enterprises have introduced measures more often than enterprises in other industries. In construction, just one in four of the surveyed enterprises indicated to have taken steps to maintain business continuity.

Photo Credit: ILO

Table 10 Percentage of enterprises that have introduced one or more measures to sustain production and business continuity during the COVID-19 pandemic (n=2,039).

-	Has taken measures	No measures taken	Total	Sample size
All enterprises	45	55	100	2,039
Size of enterprises				
Micro	43	57	100	1,240
Small	46	54	100	517
Medium	47	53	100	144
Large	61	39	100	138
Industry				
Hospitality & tourism	45	55	100	1,123
- Accommodation	47	53	100	49
- Food & beverage	43	57	100	827
- Travel agencies & tour operators	50	50	100	247
Manufacturing	52	48	100	337
Agriculture	44	56	100	204
Wholesale & retail trade	44	56	100	106
Construction	25	75	100	64
Other	47	53	100	205
Type of contract offered to employees				
Written contract	53	47	100	660
Written & oral agreement	54	46	100	93
Oral agreement	43	57	100	654
None	43	57	100	281

We will revert to some of the various measures (considered or) introduced by the surveyed enterprises in the following sections (Table 11). Out of the enterprises which implemented one or more measures, about one in three (32 per cent) chose to cut the prices of their products and services to preserve (or increase) demand. Many enterprises sought to reduce or postpone and reschedule payments to various creditors, and some even attempted to have creditors forfeit their debt. Other enterprises tried to adjust costs by scaling down and reducing capacity, in other words.

Some enterprises introduced, or considered introducing, more 'positive' or forward-looking measures such as considering the introduction of new products or new ways of marketing them and reaching new customers and markets. Almost half of the enterprises (42 per cent) introduced coping measures that did not fit the categories of the questionnaire. "Other" measures introduced include: closure of business, lay-offs, reduction of working hours and wages, reducing costs, taking out loans, offering promotion sales, and starting home delivery services

Table 11 Types of coping measures. Percentage of enterprises that reported at least one measure (n=922) and percentage of all enterprises (n=2,039). Multiple answers allowed.

Measure	Percentage of enterprises that have taken measures	Percentage of all enterprises
Reduced prices of products & services	32	14
Negotiated delay of payments	14	6
Negotiated reduction or exemption of rent, equipment rental fees	10	4
Negotiated reduced cost of loans, extended debt repayment cycle	7	3
Introduced e-commerce	7	3
Considered new products	7	3
Planned withdrawal from market	7	3
Shut down production lines, outlets	6	3
Applied for subsidies	4	2
Sold assets	1	0
Decided to accelerate innovation	1	0
Strengthened supply chain	1	0
Increased prices	0	0
Other measures (see text above)	42	19

Proactive measures

For the sake of assessing longer-term effects of the COVID-19 pandemic on surveyed enterprises, we have divided the different types of coping measures into proactive and reactive measures. In principle, proactive coping measures should not undermine, but rather support, the enterprises' ability to run and develop their businesses when the pandemic is over, while reactive measures might strengthen the chances of enterprise survival in the short term but may undermine a business' ability to survive in the future/longer term. This section provides an overview of proactive coping measures taken by the surveyed enterprises.

Business continuity planning

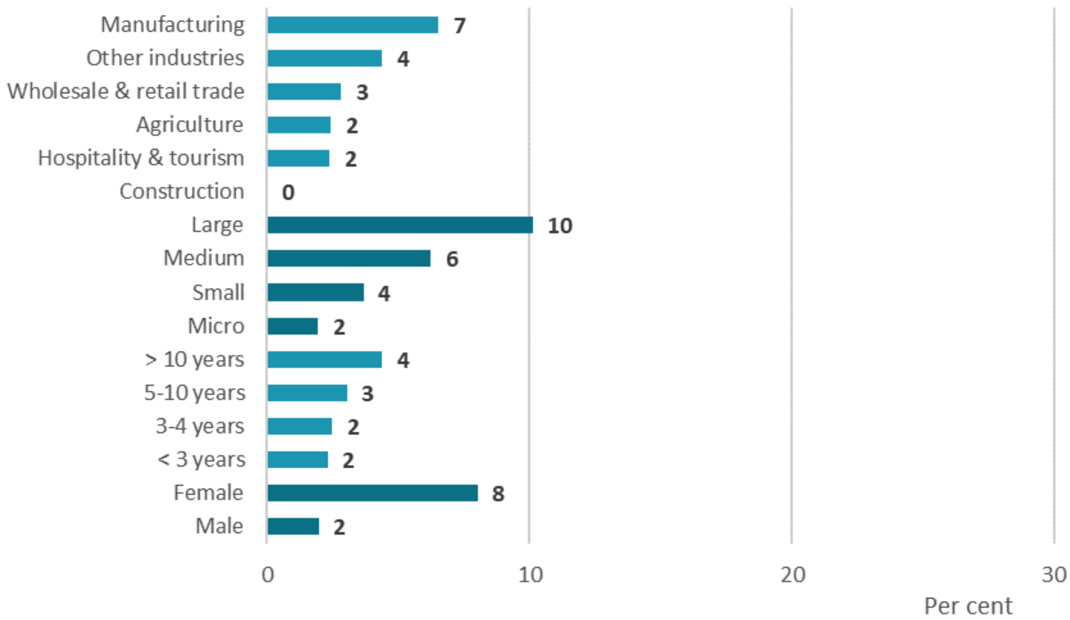
The 2020 survey asked whether enterprises had developed business continuity plans as a response to the crisis and found that one-quarter of enterprises had done so. Unfortunately, this question was not repeated in the more recent survey. Yet, the many different actions taken by small as well as large enterprises suggest that no efforts have been spared to salvage and sustain businesses. As mentioned above, in the 2021 survey nearly half of the enterprises (45 per cent) had taken one or more measures to ensure business continuity, with a higher share (61 per cent) among the largest enterprises. Only 25 per cent of companies in the construction sector had taken any measure while twice as many manufacturing companies (52 per cent) had taken steps to sustain their operations.

Use of e-commerce and online platforms

The 2020 survey found that 18 per cent of the enterprises were using e-commerce or online platforms for marketing and sales prior to the COVID-19 pandemic. The 2021 survey showed that 3 per cent of all enterprises had introduced e-commerce as a response to the pandemic. The panel data suggest that a few of the enterprises that already used e-commerce prior to the COVID-19 pandemic seemed to have improved or expanded their use of the Internet.[21] However, most of the 3 per cent of enterprises are indeed enterprises that launched this measure to counter the negative impact of the COVID-19 crisis. The panel data show that 4 per cent of those enterprises that did not use the Internet for business prior to the pandemic, had introduced it at the time of the 2021 survey — a slightly higher proportion than found when considering the 2021 data only. Most of those enterprises were engaged in manufacturing (most enterprises in the panel data are) and were medium-sized and large businesses. These two trends are confirmed when considering all enterprises interviewed in 2021 (Figure 15). Seven per cent of manufacturing enterprises have introduced e-commerce, which is more than twice the share in the other sectors, and 10 per cent of large enterprises compared to just 2 per cent of micro enterprises and 4 per cent of small businesses have turned to the Internet for marketing purposes and to boost sales. Furthermore, while age has a positive impact on the prevalence of e-commerce, the effect of gender is more pronounced as enterprises owned by women have introduced e-commerce four times as often as those owned by men.

21 Three out of 13 cases.

Figure 15 Percentage of enterprises that have introduced e-commerce during the pandemic. By industry (n=2,039), size (n=2,039), age (n=2,009) and gender of owner (n=1,757).



Introduction of new products

In the 2021 survey 3 per cent of all enterprises stated that they had considered introducing new products or services to ensure business continuity, which is one percentage point lower than in the 2020 survey. Unfortunately, the survey does not tell how many, if any, enterprises went from contemplating the introduction of new products or services, to actually doing so. The share who said they had considered new goods or services in the 2021 survey was higher in manufacturing (7 per cent) than other industries (ranging from 0 per cent in construction to 4 per cent in agriculture), and higher in medium and large enterprises (8 and 6 per cent, respectively) than in micro and small enterprises (both 3 per cent). Women-owned enterprises had considered new products or services more often than enterprises owned by men (7 versus 2 per cent).

Only a few enterprises indicated that they had decided to invest and accelerate technological, product and service innovation or said that they explored new business models (eight and one cases, respectively).

Reactive measures

Most enterprises seemed to have adopted reactive coping measures that may risk undermining their overall resilience and ability to adapt and respond to future crises, or at least to not make the enterprises more fit to resume or continue their businesses when the pandemic is over. In the following, we present the most common of these.

Reducing prices

In the 2021 survey 16 per cent of all enterprises reported to have cut prices on their products and services. This measure is most notable in the construction sector, where as many as 27 per cent of enterprises reported it. It was implemented less often by manufacturing, and wholesale and retail enterprises (both 12 per cent). The survey shows no significant variation across other background factors. A much higher proportion of enterprises implemented this measure a year into the pandemic than those that had chosen to do so in its early stages (3 per cent in April last year). Only one enterprise surveyed in 2021 informed that it had boosted the prices to compensate the fall in sales caused by the pandemic.

Negotiating cost reductions and delayed payments

The 2021 survey shows that 6 per cent of companies had entered negotiations to delay various payments; 5 per cent had negotiated for a reduction or exemption in rents of equipment or premises; and 3 per cent of all companies had entered talks with creditors to lower interests and other financial costs or extend the payment cycle of debt. The comparable percentages after the 2020 lockdown were 5, 2 and 3 per cent, respectively — implying a modest but significant increase in the use of these coping measures. In 2021, altogether 11 per cent had negotiated some form of cost reduction or postponed debt repayment with lessors and creditors, etc. (some enterprises had applied more than one of the three measures just mentioned). Construction businesses had done this less often (3 per cent) than other industries, amongst which there were only insignificant differences. The application of these coping strategies increases slightly with size of enterprise (14 per cent of large businesses compared with 10 per cent of micro and small businesses) whilst size of enterprise shows no effect. Quite naturally, enterprises that owned their premises without debt have negotiated better terms of debt payment (4 per cent) more seldom than those that owned their premises but had taken up loans to manage the purchase (21 per cent). Whether an enterprise was profitable before the onset of the COVID-19 pandemic (two-thirds of all enterprises) or not (one-third of the enterprises) does not seem to have impacted the tendency to negotiate for better terms. Female enterprises have ventured into such negotiations less often than male-owned enterprises (6 versus 11 per cent).

Shutting down certain production lines and outlets

In the 2021 survey 3 per cent of all enterprises reported to have shut down one or more production lines or closed one or more outlets, a step that was mentioned by 2 per cent of surveyed businesses ten months earlier. This measure has been applied far more often by manufacturing businesses than other industries — as many as 10 per cent reported it. Obviously, it is also more often reported by medium and large-sized enterprises (both 9 per cent) than small and micro enterprises (3 and 1 per cent, respectively). Furthermore, the older the enterprise the higher the share of enterprises that have reduced production (or services) one way or another. However, even for the oldest enterprises, no more than 4 per cent have done so.

Yet, this indicator is very specific and should be understood in connection with other indicators, which capture the downscaling of business operations. For example, we have reported above that only one in five of all enterprises participating in the 2021 survey are able to operate 'as usual', i.e., as prior to the pandemic. Instead, six in ten enterprises have reduced their hours of operation and/or the number of employees. These are serious negative impacts of COVID-19 and the government measures implemented to contain the spread of the virus but at the same time they should be recognised as coping measures implemented by the enterprises to reduce expenditure, steps that might help salvage and sustain their operations.

Reducing wages

The burden of paying wages on the overall economic well-being of the surveyed enterprises is considerable. In the month preceding the survey, they spent three-quarters of total expenditures (76 per cent) on wages, ranging from 71 per cent in construction to 78 per cent in the hospitality and tourism sector. For the largest enterprises in our sample, wages made up as much as 84 per cent of their total expenditure. Fourteen per cent of the surveyed enterprises report that they have cut the salaries of their current employees since March 2020. This should be seen against a context where the Jordanian government has provided wage support to many enterprises. There is little systematic variation in the data across background variables except that this measure has been more common amongst enterprises in the hospitality and tourism sector (21 per cent) than in the other sectors. Those that have reduced the salaries of their workers, appears to have implemented a cut in the order of 33 per cent.

BOX 2. COPING MEASURES – REFLECTIONS FROM THE QUALITATIVE INTERVIEWS

Representatives from the tourism sector mentioned that inbound travel agencies launched interactive websites and mobile applications to communicate their packages and to attract tourists. There has also been a concerted effort to encourage more local tourism. Together with the Ministry of Tourism and Antiquities, the Jordan Tourism Board launched the campaign 'Urdunna Janna', where locals can choose field trips to local sites with minimal fees, including transportation in tourist buses.

Many handicraft businesses, most of them micro or small enterprises, shifted to marketing their products on social media platforms, partly facilitated by the Traditional Handicrafts Association. Some businesses developed new products or took advantage of training received from photographers to promote their products in social media and via online stores.

Representatives of the construction sector mentioned that prices of houses and apartments had come down, but that the high profit margins of earlier years provided a buffer mitigating the impact of the current crisis. Where feasible, some workers in the construction sector had carried out maintenance and home renovation projects to compensate for lower demand.

Like in the handicrafts sector, farmers and suppliers of fruit and vegetables have started using online marketing and home delivery, some also turning to, or concentrating more on high-quality packaging.

Laying off workers

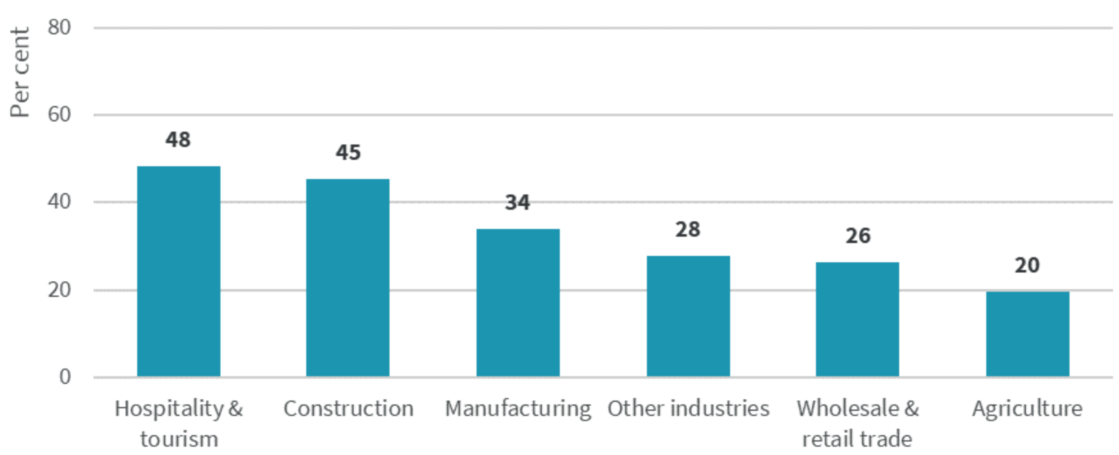
As described above, only a minority of the surveyed enterprises — one in five — were able to operate 'as normal' ten months into the pandemic. A large majority downscaled their operations or even had to cease operating completely, either temporarily or permanently. A drop in employees caused by the COVID-19 pandemic is obviously a very negative and unfortunate consequence, both for the enterprise and for the people losing their jobs, and their families. However, from a business perspective it may also be considered a sound measure, a way to survive and sustain operations under extremely difficult circumstances. This section takes the latter angle. Such laying off of someone implies releasing that person temporarily or permanently from his or her work.

In the 2021 survey, four out of ten interviewed enterprises confirmed that they had laid off one or more employees since the outbreak of the COVID-19 pandemic, i.e., since March the previous year (40 per cent of all enterprises; 38 per cent if the permanently closed enterprises are excluded from the calculation). Thirty-four per cent of the enterprises claimed the dismissals to be COVID-related (32 per cent if closed enterprises are excluded). In April 2020, 21 per cent of all surveyed enterprises reported to have reduced the number of employees due to the coronavirus pandemic and the government-imposed lockdown, suggesting a significant increase in the prevalence of lay-offs as a response to the crisis. For those enterprises interviewed both in 2020 and 2021, the figure is 23 per cent. An interesting finding from the panel data is that those enterprises, which reported adapting swiftly to the COVID-19 lockdown with reduced staff and work hours last spring, laid off fewer workers due to COVID-19 since then: 13 and 14 per cent, respectively, contrasted with 27 and 26 per cent, respectively, amongst those that had not taken such steps ten months earlier. One explanation may be that many of the enterprises that reduced the number of employees in April 2020 used casual labour with work agreements and (sometimes) contracts that could be terminated early. This may not always be defined as 'lay-offs' and, hence, could have made it easier for enterprises to adapt to scale-down their operations and expenditures and the new situation caused by the lockdown.

The prevalence of lay-offs varies only moderately across different background factors save one: industry. As shown in Figure 16, an above-average share of enterprises in the hospitality and tourism as well as the construction sectors have dismissed employees (48 and 45 per cent, respectively) whilst only 20 percent of agricultural businesses have done so. Having a written work contract is supposed to help protect people from losing their job and make them feel safer than without such an agreement. However, our data show little significant effect of formal hire, although enterprises offering written work contracts have dismissed workers slightly less often (37 per cent) than those, which do not offer such contracts (42 per cent). The largest companies — those employing at least 50 people — laid off workers slightly less often than other enterprises (29 per cent).

One would expect the more economically robust enterprises to manage better than other enterprises in times of crisis. Both the 2020 and 2021 surveys asked of all enterprises if they were earning money, operated at a break-even, or lost money before the outbreak of the COVID-19 pandemic. Measured thus, the hypothesis just presented is not confirmed, as the share of enterprises, which have laid off employees is highest (at 45 per cent) amongst those enterprises that were profitable before the pandemic.

Figure 16 Percentage of enterprises, which have laid off employees since March 2020, for any reason. By industry (n=2,039).



Those enterprises that had laid off employees since March last year dismissed eight persons on average (the statistical mean), with a median value of three dismissed persons. Most employees were discharged because of COVID-19 and related containment measures (mean of seven persons; median of three persons).

The survey suggests that the majority of those laid off were on temporary contracts, and that employees with longer-term work relations and 'permanent jobs' fared much better. Nevertheless, only some of those who lost their jobs received compensation. In fact, only one in five enterprises (18 per cent), which laid off employees between March 2020 and January 2021, provided compensation or unemployment benefits to at least some of them. At the same time, it seems that workers with formal employment relations, i.e., those employed in enterprises offering written contracts to their employees, did better than other workers. Whilst 30 percent of enterprises offering written contracts provided compensation to laid-off employees, merely half the number of enterprises (14 per cent) offering only oral work agreements or none, did the same.

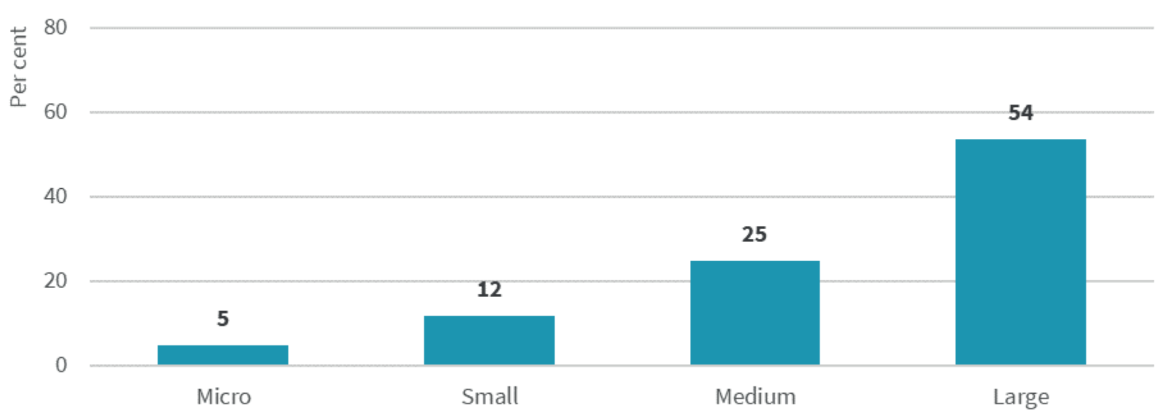
Limiting recruitment

A picture of the workforce of the surveyed enterprises would not be complete unless we also included statistics on those that have hired new workers since the onset of the pandemic. About one in ten enterprises (11 per cent) — one-fourth as many as those reporting lay-offs — had hired people during the ten months prior to the survey. The figure is 31 per cent for the manufacturing sector and varies from 6 to 10 per cent for the other sectors. Larger enterprises have larger manpower needs than smaller ones. Consequently, the tendency depicted in Figure 17 hardly comes as a surprise; namely, that the larger the enterprise, the more likely that it has hired new employees.

Amongst the businesses that have employed new employees, the mean number of persons hired is 18. Quite naturally, this number is by far the highest in large enterprises (at 52), whilst it is rather modest for micro and small enterprises (a mean of one and two, respectively). Manufacturing businesses have hired 30 new persons, on average, whilst the figure on new employees is only three in the construction sector and four in wholesale and trade. About half of the new employees are women, much thanks to the manufacturing industry, where more than 50 per cent of the new employees were women. According to the survey, about two-thirds of those employed since March 2020 were offered a 'permanent' contract whilst the remaining one-third were offered temporary employment.

Also, some enterprises may have expanded their operations during the pandemic and others may have employed staff with new skillsets that the business needed. However, it is fair to assume that under the current difficult circumstances, most of the recruitment was replacement hire.

Figure 17 Percentage of enterprises that have hired new employees since 20 March 2020. By size of enterprise (n=2,039).



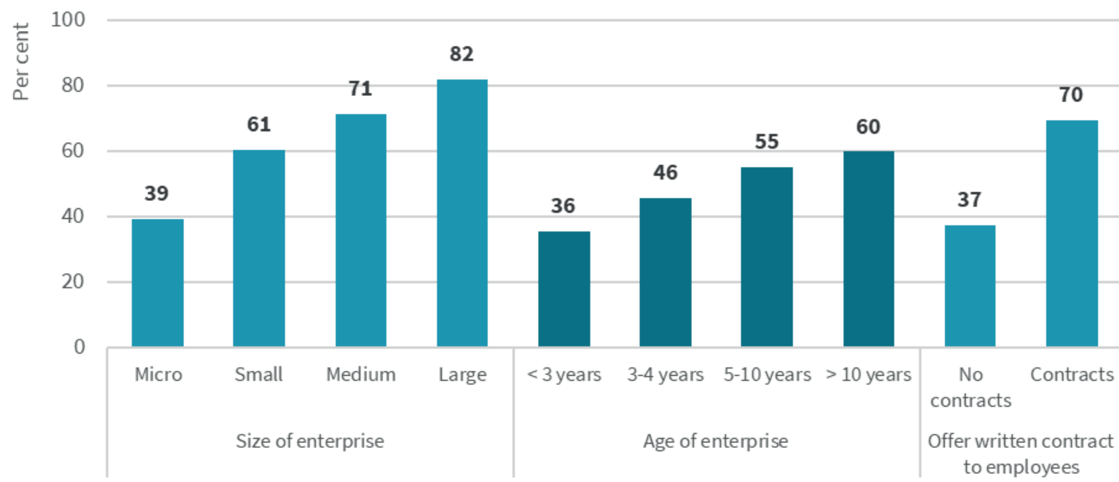
As stated in chapter 2 (on the size of enterprises), 14 per cent of all enterprises have casual labour in their employ. This figure varies from 11 to 15 per cent across all industries except agriculture, where the prevalence of such short-term, occasional, or intermittent labour is significantly higher at 27 per cent. On average, these enterprises employed seven to eight temporary workers at the time of the survey. In agriculture, this figure was more than twice as high and reached 18 temporary employed persons. In contrast, enterprises in the hospitality and tourism sector employing casual labour only reported five temporary workers, on average.

Halting leaves

As shown in Chapter 3, four in ten of the surveyed enterprises normally offer paid holidays or leaves to (all or some) of their employees, presumably in accordance with the labour law.[22] About half of all enterprises (52 per cent) in operation at the time of the survey had offered paid (35 per cent) and/or unpaid holidays (30 per cent) to its employees after the onset of the COVID-19 pandemic in March 2020. Profitability prior to COVID-19, an indicator of financial robustness, does not impact the likelihood that an enterprise has granted leave to its employees. However, it appears that the more well-established an enterprise is, the larger the chance that it has done so. Just consider the trends shown in Figure 18. It shows that the larger the enterprise and the longer it has been operating, the higher the percentage is that it granted leave to their workers. In the same vein, the more formal an enterprise is (using employment contracts as an indicator of formality) the more prevalent was the granting of leave.

The proportion of enterprises that granted holidays to (at least some of) its employees since the early days of the pandemic was significantly higher amongst those enterprises that normally offer paid holidays (70 per cent), That is in contrast to those who do not usually offer the same (39 per cent). However, only 67 per cent of the enterprises in operation at the time of the survey that offer paid holidays to its workers in normal circumstances, had granted them paid holidays in the past 10 months. Instead, 13 per cent of the enterprises had granted unpaid holidays. Denying people paid holidays is a measure that cut costs, but at the same time harm the affected employees by denying them their rights. Whether or not enterprises have laid off workers since March 2020 does not impact the granting of holidays.

Figure 18 Percentage of enterprises that had offered holidays to employees since March 2020. By size of enterprise (n=1,698), age of enterprise (n=1,676) and whether they offer written contracts or not (n=1,688).

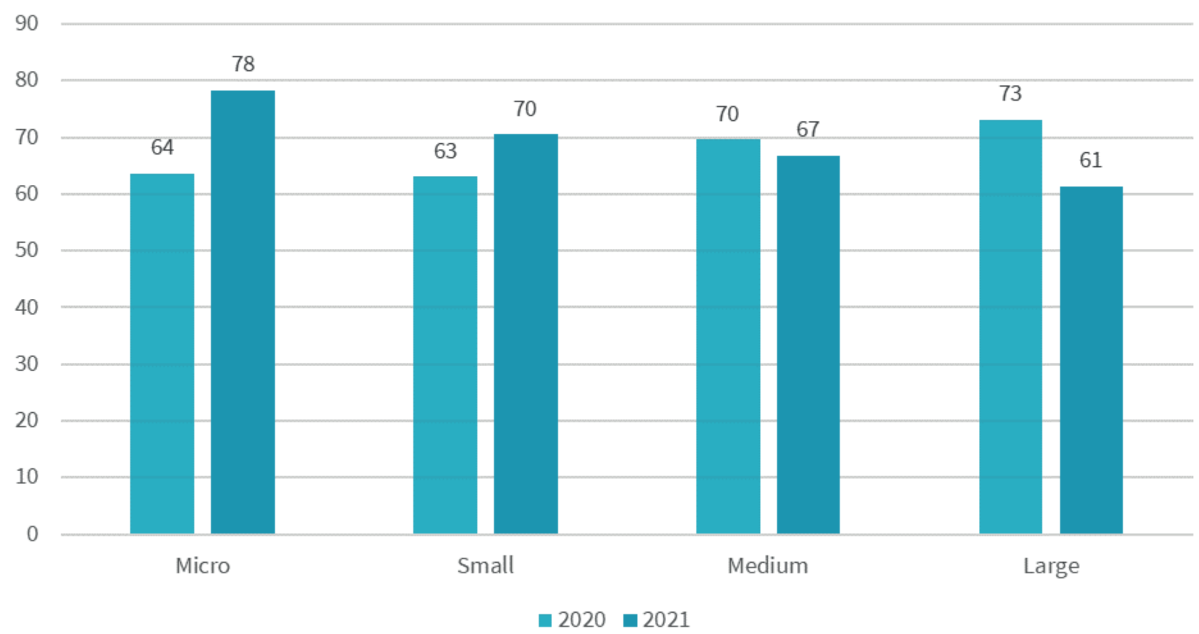


22 The labour law stipulates that all workers are entitled to paid leaves: "Every worker is entitled to annual leave with full pay for a period of fourteen days for every year of employment. This leave is extended to twenty one days where the worker has been in the employment of the same employer for five consecutive years. Official and religious holidays and weekly rest days shall not be counted as part of a worker's annual leave unless they fall in its course. If a worker's employment is terminated for any reason before he uses up his annual leave, he shall be entitled to receive his remuneration for all remaining leave days." (https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158905/lang--en/index.htm).

Increase of debt and financial commitments

One year into the pandemic, about three-fourths of the enterprises have some amount of debt. Eighty per cent of micro enterprises are indebted, compared to 65 per cent of large enterprises. Informal debt to family and friends is an important source of credit, particularly for micro and small enterprises. While 44 per cent of all micro enterprises' debt consists of informal debt, debt type accounts for only 8 per cent of the total debt for large enterprises. Figure 19 compares the share of the panel enterprises that reported having debt to creditors in the 2020 survey and the 2021 survey. While the number of micro and small enterprises that have debt increased in one year, the number of larger enterprises with debt actually decreased somewhat. The latter might be explained by lower activity and use of inputs in manufacturing and other late enterprises, although the result might also be due to a low sample of large enterprises and uncertainty of the data. The figure does not say anything about changes in the amounts of debt that the enterprises have. For micro and small enterprises, it is reason to believe that those already connected to formal and informal creditors in 2020, increased their debts during the pandemic.

Figure 19 Change in the share of panel enterprises having some sort of financial committments 2020-2021



Perceived robustness

Four in ten enterprises (41 per cent) trust their economic resilience and feel highly or somewhat confident that they will come through the COVID-19 crisis as profitable businesses (Table 12). Three in ten businesses (31 per cent) lack confidence in their own ability to do so. The belief in being able to tackle the crisis appears to be highest in the manufacturing industry, where 55 per cent are confident that they will pull through. This sentiment is lowest in the construction sector, where only 33 percent display such self-confidence. The larger the enterprise the stronger the self-confidence: Only one-third of micro-businesses (36 per cent) are confident they will make it through, whilst two-thirds (67 per cent) of the largest enterprises have faith in their own economic robustness and opinion that they will appear profitable after the pandemic. Enterprises that were profitable prior to the pandemic, had more trust they will tackle the crisis well than those that just managed before the pandemic. Respectively, 50 and 27 per cent were highly or somewhat confident they will appear profitable when crisis is over. Enterprises owned by women tend to have a somewhat more pessimistic outlook than those owned by men.

Table 12 Level of confidence in own economic robustness and the ability to resume profitable business when the COVID-19 crisis is over. Percentage of enterprises (n=2,039).

	Highly confident	Somewhat confident	Neither confident nor unconfident	Somewhat unconfident	Highly unconfident	Total	Sample size
All enterprises	9	32	27	21	10	100	2,039
Industry							
Hospitality & tourism	7	29	29	23	11	100	1,123
Manufacturing	16	39	23	16	6	100	337
Agriculture	11	37	25	18	8	100	204
Wholesale & retail trade	7	34	25	16	19	100	106
Construction	2	31	33	25	9	100	64
Other	12	35	26	19	9	100	205
Size of enterprise							
Micro	7	29	29	23	13	100	1,240
Small	11	36	26	21	7	100	517
Medium	16	38	18	19	10	100	144
Large	24	43	24	6	3	100	138
Profitability prior to the pandemic							
Profitable	12	38	19	21	10	100	1,219
Break-even	5	22	46	19	8	100	627
Losing money	2	31	8	30	30	100	61
Gender of owner							
Male	8	30	29	23	11	100	1,620
Female	10	44	27	16	3	100	137

The confidence levels could perhaps be interpreted as very careful optimism. To test that, the survey asked how much time it would take for the enterprise to get back to the pre-COVID-19 activity level. However, only 45 per cent of the enterprises provided an answer to this question. Twenty-one per cent were extremely pessimistic and replied that they would never bounce back to pre-pandemic levels of operation. For the remaining respondents, the mean and median values are 33 and 40 weeks, respectively, i.e., three-quarters of a year. Taken together, this can hardly be summarised as optimism.

Support

The government has introduced several support measures to mitigate the negative effects of COVID-19 on private sector businesses by issuing various Defence Orders (see Introduction). It was also mentioned that these support measures had limited outreach to small-scale businesses and that the effect of the measures has been small, particularly for small- and medium-sized enterprises. In this chapter, we look at the outreach and effects of support measures on the enterprises surveyed. We also compare the provided support measures with the needs and preferences for support as stated by the surveyed enterprises themselves.

Even prior to COVID-19 businesses faced many challenges including access to finance, the tax system, high costs of doing business and an unpredictable policy environment.[23] The Jordan Economic Growth Plan (2018-2022) includes a section for supporting SMEs for accelerating reforms related to the following: the legal and regulatory environment; access to financing with facilitated and suitable terms; training in technical and managerial skills; simplifying patent registration procedures; encouraging and stimulating entrepreneurship and innovation; fostering and building the capacity of existing businesses, and providing the right marketing for products. The implementation of this plan was interrupted by the financing challenges and the onset of COVID-19 pandemic.[24]

In addition to access to finance and the challenges listed above, regional economic difficulties and the protracted impact of the Syria crisis continue to have a strong impact on Jordan's enterprises.[25] According to the late Dr. Bashar Al Zoubi, JEDCO's ex-CEO, approximately 78 per cent of small businesses that were supported by JEDCO between 2012-2017 were already out of business by 2018.[26]

Key informant interviews with micro and small enterprises (formal and informal) in four sectors/segments (tourism, construction, agriculture and informal micro businesses) confirmed that the government response support and measures were not sufficiently targeted. They feel they were designed primarily with formal medium and large businesses in mind.

Formalising or registering with the Social Security Cooperation is a pre-condition to access the support measures (financial or wage subsidies). Many informal micro and small family-owned businesses, fearing repercussions of taxation, inspection, and enforced formalisation thus were not able or willing to access such support. Participants in the focus group discussions with construction sector businesses and workers (including some Syrian refugees) stated that many sub-contractors and craftsmen are informal where employees are temporary, seasonal, or daily waged. Unemployment benefits or financial support during lockdowns for daily waged labour were directed at household heads or formal businesses only excluding self-employed young men or women living in the same households.

Participants from the tourism sector also raised the lack of tailor-made response measures. The lack of consultation and public-private dialogue between the Ministry of Tourism and industry associations increased uncertainty and scepticism of the government response measures. This increased the number of lay-offs and job seekers in the market seeking livelihood and employment opportunities in more resilient sectors.

23 Konrad Adenauer Stiftung, Research Study on Strengthening Small and Medium Enterprises in Jordan, 2015.
24 https://jordan.un.org/sites/default/files/2020-08/Socio-Economic_Framework_COVID-19_Response_Jordan.pdf.
25 UNHCR, Building Markets Overview, May, 2019.
26 www.jedco.gov.jo

Only one-tenth of the surveyed enterprises have benefitted from government-initiated support mechanisms to mitigate the negative effects of the COVID-19 pandemic (Table 13). There is variation among the various background variables. The share of enterprises that received support is higher amongst large enterprises than small ones, higher amongst older enterprises than young ones, and higher for enterprises located in Amman than those operating in other governorates. Furthermore, the proportion of enterprises that received government support is higher amongst more formal enterprises (i.e., they are registered with the authorities and offer written employment contracts) than other enterprises. Moreover, it is higher for those businesses that were profitable prior to the pandemic than those that were not. Finally, enterprises in the hospitality and tourism, and manufacturing sectors (both 13 per cent) received government support more often than enterprises in other sectors (3-5 per cent). A closer look at the former of these two industries suggests stark differences across sub-sectors (Table 13). Within hotels and other establishments in the accommodation sector, as many as 29 per cent received support, and 25 per cent of travel agencies, tour operators and similar in the tourist industry did. This stands in sharp contrast to restaurants and coffee shops and similar businesses, of which only 8 per cent reported receiving government support.

A comparable trend was observed among the enterprises surveyed in April 2020. In that sample, one-third (34 per cent) of the registered enterprises had received support from the government or other actors compared to one-fifth (19 per cent) of the unregistered enterprises. Nearly half of the largest enterprises (those with more than 100 employees) had received support compared to only one-fifth (22 per cent) of the micro enterprises. Note that one should only pay attention to the trend and not the exact levels of support here, since the two data sets are not directly comparable. While those receiving support in the April 2020 survey included enterprises that had received support from the government as well as other actors, the more recent survey restricted the question to government support only.

Table 13 Enterprises that have benefitted from government support mechanisms, by age, size, industry, location, registration status, type of employment contracts, and profitability prior to the pandemic. Percentage (n=2,039).

		Received support	No support	Total	Sample size
All enterprises		10	90	100	2,039
Age of enterprise	Less than 1 year	1	99	100	98
	1-2 years	6	94	100	333
	3-4 years	8	92	100	402
	5-10 years	11	89	100	426
	More than 10 years	14	86	100	750
Size of enterprise	Micro	7	93	100	1,240
	Small	13	87	100	517
	Medium	22	78	100	144
	Large	22	78	100	138
Industry	Hospitality & tourism	13	87	100	1,123
	- Accommodation	29	71	100	49
	- Food & beverage services	8	92	100	827
	- Travel agencies, & tour operators	25	75	100	247
	Manufacturing	13	87	100	337
	Agriculture	3	97	100	204
	Wholesale & retail trade	4	96	100	106
	Construction	5	95	100	64
	Other	5	95	100	205
Location	Amman	13	87	100	1,122
	Irbid	7	93	100	270
	Balqa	6	94	100	130
	Zarqa	9	91	100	110
	Rest of Jordan	6	94	100	407
Pre-COVID 19 financial status	Profitable	12	88	100	1,219
	Break-even	7	93	100	627
	Was losing money	3	97	100	61
Registration status	Registered	10	90	100	1,987
	Unregistered	5	95	100	44

Type of employment contracts offered	Written contract	19	81	100	660
	Written & oral agreement	15	85	100	93
	Oral agreement	6	94	100	654
	None	5	95	100	281

Type of support received

Returning to the 2021 survey, nearly two-thirds of the enterprises (64 per cent) that had received government support, benefitted from a reduction or deferral of payroll taxes, or wage subsidies. Other than that, the enterprises report multiple forms of support, of which none stand out as significantly more prevalent than others (Table 14).

Table 14 Type of government support received. Multiple answers allowed. Percentage of enterprises that have received support (n=209).

Support measures	Per cent
Reduction or deferral of payroll taxes, or wage subsidies	64
Freeze of loan repayment, extension of loan terms, or partial debt relief	6
Access to capital through zero-interest loans	4
Access to capital through financial grants	4
Covering, reduction or freeze of operational costs	3
Additional severance pay to laid-off workers	3
Reduction or deferral of pension contributions	3
Waving of taxes payment	3
Reduced costs for electricity, gas, logistics	2
Reduction of bank interest rates	1
Improving of exporting tax rebate services	0
Foreign currency supply	0
Other forms of support	25

Fourteen per cent of all enterprises report that they were working with various institutions and organisations 'to cope with the situation' at the time of the interview. Respectively, six and three per cent, mentioned formal and informal financial service providers; three per cent collaborated with enterprises in the same sector; one and two percent, respectively, mentioned local and central government. One percent worked with civil society organisations (multiple answers were allowed). A similar proportion of the enterprises (11 per cent) have had working relations with such organisations in the past in relation to other shocks and difficulties.

It is not surprising that that six out of ten enterprises benefitted from a reduction or deferral of payroll contribution to the Social Security Cooperation. Government efforts with the Defence Orders focused on mitigating the impact on unemployment through inter alia a reduction of social security contributions, wage subsidies and payment of unemployment benefits. The government protected workers by making the dismissal of workers unlawful for the duration of the emergency.

Several measures sought to help formal as well as informal workers to gain some income benefits during the lockdown emergency periods. These measures include a reduction in employer subscription contributions, unemployment allowance, and advance payments on unemployment benefits. The Social Security Cooperation (SSC), the main governmental body responsible for social insurance, reached an estimated number of more than 960,000 workers during the first wave of crisis with food aid. These important measures come at a cost and may have potentially impacted the SSC's funds and excluded many informal micro and small enterprises. Another challenge is that the multitude of SSC programmes made it difficult for the average worker and employers to understand which one they can apply to. Not all workers were eligible to start with employers that were not able to retain and pay salaries for long periods.

Type of support preferred

Many enterprises are far from convinced they will survive the difficult times shaped by the COVID-19 crisis (see Chapter 4.5) — which at the time of writing is still very present — and think that a variety of measures and policies could be implemented to strengthen their economic viability. Table 15 contains a list of such measures. Nearly half of the enterprises would have liked to see a reduction in the costs of electricity, gas, etc. One would think that this suggestion is not only related to the COVID-19 crisis but is an expenditure that would be a priority for many enterprises even under normal circumstances. Reduced or delayed payments of various taxes and debt repayments are also high.

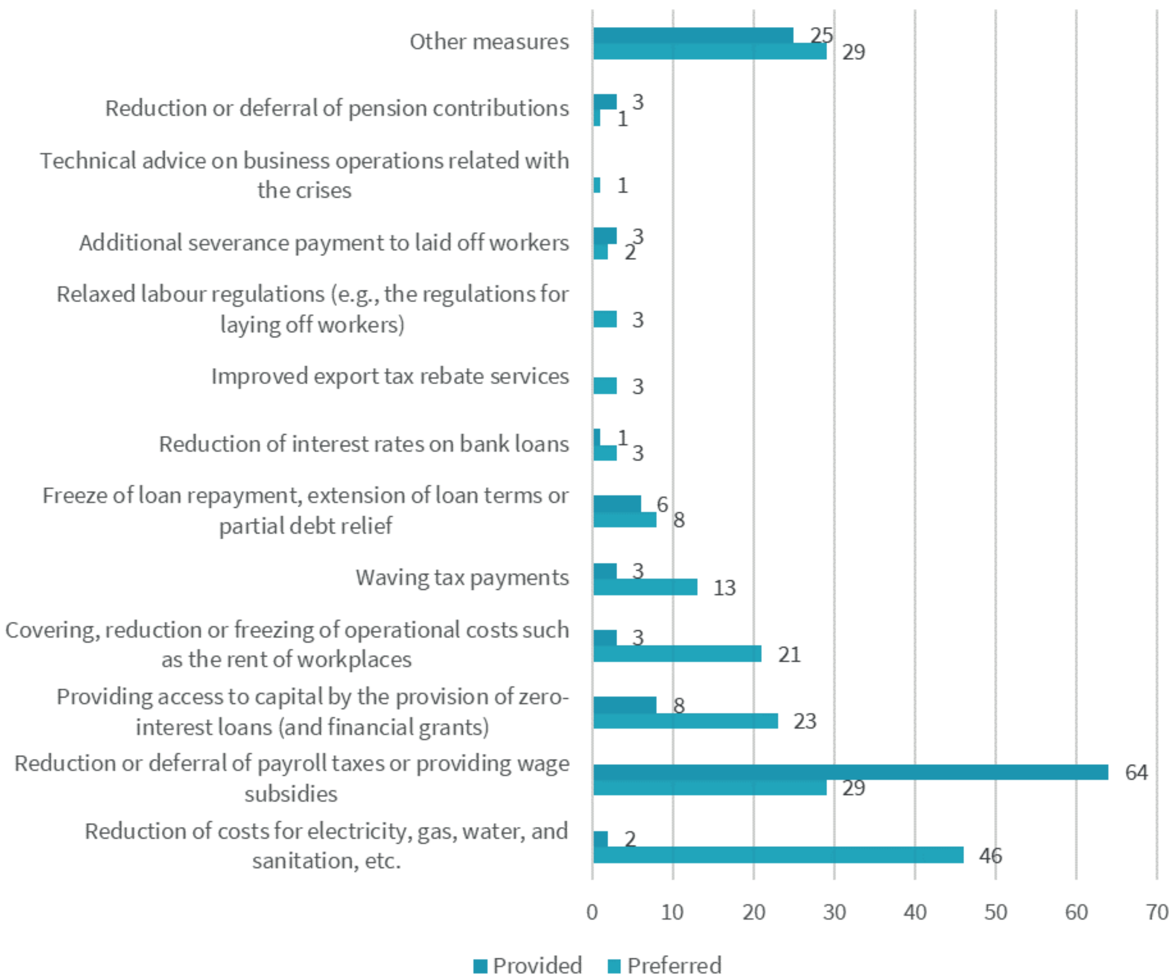
Table 15 The most relevant policy measures in the times of COVID-19, as perceived by the enterprises. Multiple answers allowed. Percentage (n=2,039).

Measures	Per cent
Reduction of costs for electricity, gas, water, and sanitation, etc.	46
Reduction or deferral of payroll taxes or providing wage subsidies	29
Providing access to capital by the provision of zero-interest loans	23
Covering, reduction or freezing of operational costs such as the rent of workplaces (e.g., buildings, production sites, work shops and offices)	21
Waving tax payments	13
Freeze of loan repayment, extension of loan terms or partial debt relief	8
Reduction of interest rates on bank loans	3
Improved export tax rebate services	3
Relaxed labour regulations (e.g., the regulations for laying off workers)	3
Additional severance payment to laid off workers	2
Technical advice on business operations related with the crises	1
Reduction or deferral of pension contributions	1
Other policy measures	29

All types of enterprises equally prefer cost reductions for electricity, gas, water, sanitation, etc., while wage subsidies are preferred by large (51 per cent) rather than small and micro enterprises (22 per cent). Large enterprises (13 per cent) also prefer a freeze of loan repayments, an extension of loan terms or partial debt relief rather than small and micro enterprises (8 per cent). Small enterprises (25 per cent) are more in favour of access to capital through zero-interest loans than large enterprises (15 per cent).

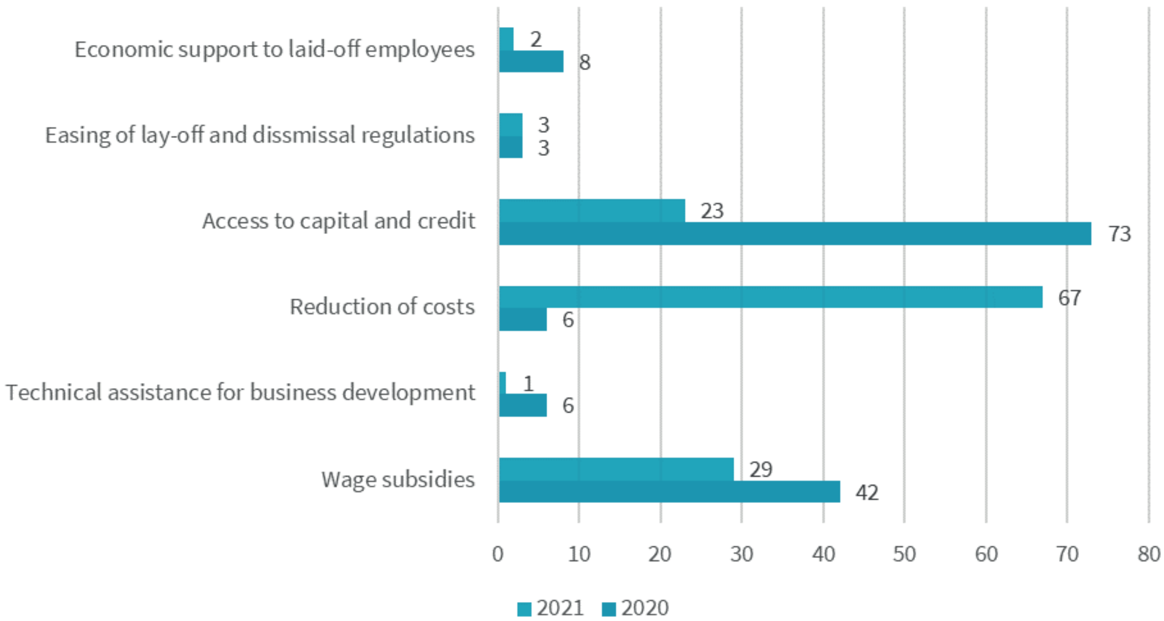
When comparing the types of support that enterprises prefer with the type of support they have received (those that have received support only), there is a large discrepancy. While 46 per cent of enterprises would prefer cost reductions for electricity, gas, water, sanitation, etc., only 2 per cent of the enterprises that were provided support received this type (in real figures, only 4 out of the total of 2,039 enterprises). In contrast, only 29 per cent of the enterprises preferred a reduction or deferral of payroll taxes or a provision of wage subsidies, and 69 per cent of the enterprises that were provided support received this type (in real figures, 60 out of the total of 2,039 enterprises).

Figure 20 The most relevant policy measures in the times of COVID-19, as perceived by the enterprises (n=2,039) versus provided types of support (n=209). Percentage.



When comparing what types of support the enterprises preferred in April 2020 with the support they preferred in the 2021 survey, there is a striking shift from access to capital and credit being the most preferred type of support in 2020 (73 per cent) to cost reducing types of support being the most preferred in 2021 (67 per cent). A natural explanation of this shift may be that the enterprises assumed in the beginning of the pandemic that the effects would be short term and could be mitigated by higher expenditures, while the protracted nature of the pandemic has made them realise that reducing costs is the most sustainable way out of the crisis.

Figure 21 The most relevant policy measures in the times of COVID-19, as perceived by the enterprises in April 2020 versus March 2021. Percentage (n=2,039)



Perceived risks in the time ahead

Table 16 and Table 17 specify some of the worries and risks that enterprises see in the time ahead, which may indicate what type of support they would need in the future. Reduced sales, loss in revenue and liquidity problems top the list in both tables. Concerns over poor sales are strongest in the construction sector. Some enterprises foresee challenges related to production as well, but they are less of a concern overall. As many as one in four enterprises are concerned that political and social instability may create problems for their business, and perhaps further aggravate the situation for some.

Table 16 Major concerns facing the enterprise in context of the COVID-19 crisis in the coming months. Multiple answers allowed. Percentage of enterprises (n=2,039).

Concerns	Per cent
Reduced sales/demand	69
Cash/liquidity problems	45
Political/social instability	25
Other concerns	21
Loss of investment	16
Problems moving raw material/intermediate goods domestically	2
Lack of raw materials/intermediate goods	2
Bank shutdowns	1
No concern	3

Table 17 Perception of greatest risks in 2021. Multiple answers allowed. Percentage of enterprises (n=2,039).

Risks	Per cent
Reduce sales/demand	57
Cash/liquidity problems	49
Loss of revenue	31
Government restrictions preventing the operation	25
Increased production costs	19
Other risks	9
Problems obtaining raw material & intermediate goods	3
Problems keeping qualified staff	2
No risk	3

Conclusions

Since the start of the COVID-19 pandemic and the first national lockdown in Jordan, virtually all of the country's enterprises have been negatively affected in some way (98 per cent). Small and informal types of enterprises were hit particularly hard by the pandemic. One year into the pandemic, only about 20 per cent of micro and small enterprises operate as normal. This is compared to 57 per cent of large enterprises. Micro and small enterprises have also reduced their staff by half during the pandemic, while large enterprises have about the same number of staff as before.

Although about 60 per cent of micro and small enterprises were profitable before the pandemic, 80 per cent of them had a total annual revenue of less than 5.000 JOD (about 7,000 USD), making them vulnerable to market fluctuations. This is of particular concern, given that micro and small enterprises make up the vast majority of private enterprises in the Jordanian economy. They contribute 40 percent of Jordan's GDP and employ 60-70 percent of workers in the private sector.[27]

Micro and small enterprises have also largely not been able to take advantage of support packages provided to Jordanian enterprises by the government during the pandemic. Only 7 per cent of the micro enterprises surveyed in this study have received any form of support from the government, compared to about 50 per cent of the large – and more formal – enterprises. Furthermore, nearly four out of five micro enterprises were not aware of any support packages available to them.

Most micro and small enterprises are struggling to meet their needs in the present situation and they lean heavily towards so-called reactive coping measures. This includes scaling down operations and increasing their debt, which might undermine their ability to resume profitable business when the pandemic is over.

After one year of the pandemic, about three-fourths of enterprises surveyed have some amounts of debt. Eighty per cent of micro enterprises are indebted, compared to 65 per cent of large enterprises. Informal debt to family and friends is an important source of credit for micro and small enterprises. While 44 per cent of all debt to micro enterprises consist of informal debt, this type of debt accounts for only 8 per cent of large enterprises' total debt. Only a small share of all enterprises has introduced so-called proactive coping measures, i.e., measures that have a potential of boosting future profitability. Between 3 and 4 per cent of all enterprises have introduced e-commerce or web solutions during the pandemic. Only 2 per cent of micro enterprises have done so, compared to 10 per cent of the large and more formal enterprises.

With respect to the future outlook for the surveyed enterprises, a large share of the enterprises seem to be balancing on a very thin line economically. About two-thirds of all enterprises are struggling to pay their rent, half of the enterprises have problems with paying wages, and about one-third find it difficult to pay their invoices. If this situation continues, and enterprises accumulate further debt, it is likely that many enterprises will collapse in the near future. This is particularly true for small and informal types of enterprises that were less resilient than larger and more formal types of enterprises even prior to the pandemic.

27 USAID: https://jordanlens.org/success-story/supporting-business-association-excellence-enhance-services-micro-and-small/.

Annex A: Survey Questionnaire

Survey Period: 16 February-17 March 2021

Date	Date of Interview	dd.mm.yyyy I__I___I.I__I___I.I__I__I__I__I		
QI01	Interviewer Name	________________		
QI02	Telephone number of the respondent	________________	10 digits	
Entname	Name of the enterprise	________________		
QI03	Name of the respondent	________________		
QI04	Did anyone answer the call?	Yes, connected Call not answered Busy signal Telephone switched off Number disconnected	1 2 3 4 5	
Intro 1	Greetings! My name is [NAME of INTERVIEWER]. I am calling from [NAME OF AGENCY]. We are currently doing a survey on the impact of the coronavirus on business enterprises. I am trying to reach [NAME OF ENTEPRISE]. Who am I speaking to please?			
QI05	Are you speaking to your assigned respondent?	Yes No, the assigned person was not found on this number	1 2	
Intro 2	ILO, FAFO and UNDP are conducting a survey to better understand the impact of COVID-19 on enterprises. In late April we conducted a first round with over 1,100 enterprises. This assessment was instrumental in informing the UN's response to COVID-19 and contributed to the Government's response measures. This interview will take around 25 minutes. Any information you share with us will be kept strictly confidential and only be used for statistical purposes. If at any point there are any questions you do not feel comfortable answering, you can choose not to answer them. You can also choose to stop the interview at any point. Are you willing to participate?			
QI06	Does the respondent agree to be interviewed?	Yes No, not now, asked to call back No, refused No, respondent is ill/sick	1 2 3 4	➜ QI08
QI07	Do you remember if you participated in a similar survey in April?	Yes, I remember No, not sure No, I am sure I have not been interviewed before	1 2 3	
QI08	Are you asked to call back later?	Yes No	1 2	

QI09	On what day?	______________		
QI10	What time?	______________		➜ Telconfirm
Status	What is the result of the interview	Completed, with the right person Completed, with a new person than assigned (new respondent) Partially completed	1 2 3	
Reason	Details on why the respondent refused or why the interview could not be completed	______________		
Telconfirm	Enter again the telephone number you reached the respondent on.	______________	10 digits	
QI11	Do you have any notes that are relevant when calling this respondent in the future?	Yes No	1 2	
QI12	Interviewer note	______________		

Section 1: Enterprise profile

101	What kind of business, service or activity is carried out by your enterprise? If respondent does not understand, give examples. - What are the main goods/products or services produced? - Describe the main activities carried out by the enterprise. - Record if business is wholesale trade, retail trade, manufacturing, or services.	____________________ ____________________ ____________________ ____________________ ____________________ ____________________ ________		
102	Which industry does this enterprise represent? Interviewer: Conduct the classification; do not ask the respondent!	Agriculture; forestry and fishing Mining and quarrying Manufacturing Construction Wholesale and retail trade Transportation and storage Tourism and hospitality (including restaurants, bars, etc.) Information and financial services Professional and administrative services Education and health Other	1 2 3 4 5 6 7 8 9 10 11	
103	For how long has your enterprise existed?	Less than 1 year 1-2 years 3-4 years 5-10 years More than 10 years Don't know Refusal	1 2 3 4 5 8 9	

104	Where in Jordan is your enterprise mainly operating?	Ajloun Amman Aqaba Balqa Irbid Jerash Karak Ma'an Madaba Mafraq Tafilah Zarqa	1 2 3 4 5 6 7 8 9 10 11 12	
Area	Is your business enterprise located in a rural, a peri-urban or an urban area?	Rural Peri-urban Urban	1 2 3	
105	Are the premises used for the operation of your enterprise owned, rented, or occupied for free? Interviewer: If owned, ask if have debt.	Owned, now debt Owned, have debt Rented Occupied for free	1 2 3 4	
106	What is the size of your enterprise measured by the number of employees? Interviewer: Explain the size in ranges as home-based, micro (1-4), etc.	Home-based business Micro (1-4) Small (5-19) Medium (20-49) Large (50-99) Very large (100 and above)	1 2 3 4 5 6	
107	Was the owner of your enterprise male or female?	Male Female	1 2	Ask if 105<4
108	What was the ownership structure of your establishment?	Fully Jordanian Non-Jordanian Equal share: Jordanian and non-Jordanian Mostly Jordanian Mostly foreign Partially owned by Syrians	1 2 3 4 5 6	
109	What is the total number of employees you currently have?	|___|___|___|___|		
110	How many of these employees are women?	|____|____|		

111	How many of your employees are Jordanians and how many are non-Jordanians? Interviewer: If there are foreign nationals, ask for a distinction between Syrian and other nationalities.	Jordanians I____I____I Syrians I____I____I Others I____I____I		
112	What type of contracts does your enteprise offer to its employees? Mark all that apply.	Written contract Oral agreement No contract Refusal	1 2 3 9	
113	Approximately, how many of the employees have written contracts?	I_____I_____I Don't know Refusal	 98 99	
114	Approximately, how many of the employees have oral agreements?	I_____I_____I Don't know Refusal	 98 99	
115	Approximately, how many of the employees have neither written nor oral agreements?	I_____I_____I Don't know Refusal	 98 99	
116	Approximately, how many of your employees have a contract with duration of 1 year or more?	I_____I_____I Don't know Refusal	 98 99	
117	How many daily labourers or casual workers do you currently employ? Daily labourers or casual workers are those working on a short term, occasional, or intermittent basis. Often, they do not have time-bound contracts with the employer.	I_____I_____I Don't know Refusal	 98 99	
118	Which of the following benefits does your enterprise offer to its employees, other than wages/salaries? Read categories and select all that apply.	Health insurance Social security Paid holiday Paid sick leave Parental leave None	1 2 3 4 5 6	
119	What is the main market, or markets, for your enterprise? Select all that apply.	Local area market Broader domestic Regional (Middle East) Global	1 2 3 4	
120	Is your enterprise a member of any business association?	Yes No	1 2	

121	What is the registration status of your enterprise?	Home-based and registered Home-based, unregistered Unregistered/informal Registered Don't know Refusal	1 2 3 4 8 9	➜ Next Section ➜ Next Section ➜ Next Section ➜ Next Section
122	Would you be interested in registering your business with the Chambers of Commerce/ Ministry of Trade?	Yes No Don't know Refusal	1 2 8 9	➜ Next Section ➜ Next Section ➜ Next Section
123	What is the reason that you are not interested in registering your business?			

Section 2: Enterprise conditions

	Now, I would like to ask you about the conditions of your enterprise related to employment and revenue.			
201	Currently, what is the operational status of the enterprise?	Operating as usual Operating with reduced hours Operating with reduced staff Operating with both reduced hours and reduced staff Closed temporarily Closed permanently Other	1 2 3 4 5 6 7	
202	Prior to the onset of the COVID-19 pandemic, how many days did your enterprise usually operate per week?	|_____| Number of days per week		
203	How many days did your enterprise operate past week? Record 0 if the enterprise was closed the entire period.	|_____| Number of days in operation		If >0 ➔ 206
204	How many weeks do you think the enterprise will remain closed?	|_____|_____| Number of weeks		
205	Last week, how many hours per day did your enterprise typically operate on days that it was operating?	|_____|______| Average number of hours		
206	Have you hired any worker for pay since March 2020?	Yes No	1 2	➔ 211
207	How many workers have you hired for pay since March 2020?	|_____|_____| Number of workers		
208	How many of these were women?	|_____|_____|		
209	How many of these hires were on a permanent contract?	|_____|_____|		
210	How many of these hires were on a temporary contract?	|_____|_____|		
211	Have you used daily workers or casual labour since March 2020? Daily labourers or casual workers are those who work on a short-term, occasional, or intermittent basis. Often, they do not have time-bound contracts.	Yes No	1 2	➔ 213
212	How many daily labourers or casual workers have you used since March 2020?	|_____|_____|		

213	Did you lay off any workers since March 2020, for any reason?	Yes No		➜ 222
214	How many workers have you laid off since March 2020?	|_____|_____|		
215	How many workers have you had to let go because of the COVID-19 pandemic?	|_____|_____| Number of workers		
216	How many of these were women?	|_____|_____|		
217	How many of these lay-offs were on a permanent contract before being laid off?	|_____|_____|		
218	How many of these lay-offs were on a temporary contract before being laid off?	|_____|_____|		
219	Were any of the laid off workers given compensation?	Yes No	1 2	à 222
220	How was the compensation calculated?	A proportion of monthly salary A severance pay Other unemployment benefits	1 2 3	
221	What was the total value of the compensation to workers who were laid off?	|_____|_____|______|_____| JD		
222	Did you grant any of your workers leave (holidays) since March 2020? Not including workers who were laid off or those who quit of their own accord.	Yes No	1 2	➜ 224
223	How many were granted leave/ holidays with pay and how many were granted leave/holidays without pay?	Number of workers with pay Number of workers without pay		
224	Do you expect to hire any workers in the next 3 months?	Yes No	1 2	➜ 226
225	How many workers do you expect to hire in the next three months?	|_____|_____|		
226	How many of the workers who are currently working with you do you expect will not be working with you 3 months from now (for any reason)?	|_____|_____|		
227	Have you reduced the salary of any of your current workers since March 2020?	Yes No	1 2	➜ 229
228	Approximately, what was the average percentage reduction in the salary of your current workers since March 2020?	|_____|_____| Percentage reduction		

<table>
<tr><td>229</td><td>During January 2021, what percentage of your total expenditure was for wages and salaries?</td><td>|_____|_____|</td><td></td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>98</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>99</td><td></td></tr>
<tr><td>230</td><td>What was the enterprise’s monthly sales revenue during the last completed month (January 2021)?
In 1,000 JD.</td><td>Less than 5,000 JD</td><td>1</td><td></td></tr>
<tr><td></td><td></td><td>5-9.9 thousand JD</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>10-29.9 thousands JD</td><td>3</td><td></td></tr>
<tr><td></td><td></td><td>30-49.9 thousands JD</td><td>4</td><td></td></tr>
<tr><td></td><td></td><td>50-79.9 thousands JD</td><td>5</td><td></td></tr>
<tr><td></td><td></td><td>80-99.9 thousands JD</td><td>6</td><td></td></tr>
<tr><td></td><td></td><td>>100 thousands JD</td><td>7</td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>9</td><td></td></tr>
<tr><td>231</td><td>Did the enterprise have income from other, supplemental, sources?</td><td>Yes</td><td>1</td><td>Ask if 230=1</td></tr>
<tr><td></td><td></td><td>No</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>9</td><td></td></tr>
<tr><td>232</td><td>What was the enterprise’s monthly profit during the last completed month (January 2021)?
Profit = Revenue - Expenditure.</td><td>Less than 5,000 JD</td><td>1</td><td></td></tr>
<tr><td></td><td></td><td>5-9.9 thousand JD</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>10-29.9 thousands JD</td><td>3</td><td></td></tr>
<tr><td></td><td></td><td>30-49.9 thousands JD</td><td>4</td><td></td></tr>
<tr><td></td><td></td><td>50-79.9 thousands JD</td><td>5</td><td></td></tr>
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<tr><td></td><td></td><td>>100 thousands JD</td><td>7</td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>9</td><td></td></tr>
<tr><td>233</td><td>Approximately, what was the amount of total sales revenue for the enterprise during 2020?
In 1,000 JD.</td><td>Less than 5000 JD</td><td>1</td><td></td></tr>
<tr><td></td><td></td><td>5-9.9 thousand JD</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>10-29.9 thousands JD</td><td>3</td><td></td></tr>
<tr><td></td><td></td><td>30-49.9 thousands JD</td><td>4</td><td></td></tr>
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<tr><td></td><td></td><td>>100 thousands JD</td><td>7</td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>9</td><td></td></tr>
<tr><td>234</td><td>How would you describe the financial status of your enterprise prior to the onset of the COVID-19 pandemic, i.e., before March 2020?</td><td>Profitable</td><td>1</td><td></td></tr>
<tr><td></td><td></td><td>Break-even</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>Was losing money</td><td>3</td><td></td></tr>
<tr><td></td><td></td><td>Don’t know</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td>Refusal</td><td>9</td><td></td></tr>
</table>

235	Compared to last year (2020), what do you expect your profit to become in 2021? Will it be ...	Much higher Higher About the same Lower Much lower	1 2 3 4 5	
236	Currently, do you have any financial commitments? Read answer categories and mark all that apply.	Micro-finance loan Bank loan(s) Bills of exchange Deferred cheques Open letters of credit None	1 2 3 4 5 6	➜ 238
237	How much debt does your enterprise currently have?	Less than 5,000 JD 5-9.9 thousand JD 10-29.9 thousands JD 30-49.9 thousands JD 50-79.9 thousands JD 80-99.9 thousands JD >100 thousands JD Don’t know Refusal	1 2 3 4 5 6 7 8 9	
238	Does your enterprise have web/ internet-based sales or provision of sevices?	Yes No	1 2	
239	Before the onset of the pandemic, did your enteprise offer home-delivery or pick up for its sales or services?	Yes No	1 2	➜ 241
240	How is the delivery or pick-up arranged? Select all that apply.	Phone calls, incl. by Whatsapp, Viber, etc Text messages, incl. by Whatsapp, Viber, etc. Own website Own mobile app Delivery mobile apps, such as Talabaat. Other, specify:___________________________	1 2 3 4 5 6	
241	Currently, does your enterprise offer home delivery or pick up for its sales or services?	Yes No	1 2	

242	How is the delivery or pick-up mainly arranged? Select all that apply.	Phone calls, incl. by Whatsapp, Viber, etc Text messages, incl. by Whatsapp, Viber, etc. Own website Own mobile app Delivery mobile apps, such as Talabaat. Other, specify:___________________	1 2 3 4 5 6	
243	Is these change in forms of delivery introduced because of the coronavirus?	Yes No	1 2	

Section 3: Impact of COVID-19

	Next, I would like to ask you about the effects of the coronavirus/COVID-19 pandemic on your business.			
301	Currently, is your enterprise affected by the pandemic in any way, either positively or negatively?	Yes No	1 2	 ➔
302	How is your enterprise affected? Select all that apply.	Lower demand of products Lower supply of raw materials and intermediate goods Restricted movement of workers Forced closure of business Workers' absence from workplace Closure of marketplace/shops Insufficient protective equipment Higher demand for produce/services Higher price for produce/services Lower price of raw materials and intermediate goods Higher price of raw materials and intermediate goods Other, specify: ____________	1 2 3 4 5 6 7 8 9 10 11 12	
303	So far and since the onset of the pandemic in the country, what are the three most severe economic impacts of COVID-19 on your enterprise? Maximum 3 options!	Loss of revenue Reduce demand/sales Increased cost of production Access to cash/liquidity problems Problems importing needed materials Increased revenue Increased debt Bankruptcy No economic impact Other, specify: ____________	1 2 3 4 5 6 7 8 9 10	

304	Are there any organizations or groups you are working with to cope with the situation? Select all that apply.	Formal financial service providers Informal savings associations Enterprises operating in the same sector or area Civil society organizations National authorities (i.e., ministries) Local government None Other, specify: ______________________________ ________	1 2 3 4 5 6 7	
305	Have you worked with any of these groups to cope with other shocks that have impacted your business in the past? Select all that apply.	Formal financial service providers Informal savings associations Enterprises operating in the same sector or area Civil society organizations National authorities (i.e., ministries) Local government None Other, specify: ______________________________ ________	1 2 3 4 5 6 7	
306	Because of the COVID-19 pandemic, how many of your employees are unable to come to work at present?	|_____|______| Fill 0 if none are affected		
307	Among those unable to come to work, how many are currently working from home? Employees are considered to “work from home” if they carry out their jobs when being at home.	|_____|_____| Number of workers working from home		
308	Because of the COVID-19 pandemic, what percentage of monthly sales revenue did you lose during January 2021?	|_____|______| Record 0 if no revenue is lost		
309	What are/have been the two most significant financial problems for your company during the COVID-19/COVID-19 pandemic. Allow up to two answers.	Staff wages and social security payments Rent Repayment of loans Payment of invoices Other expenses No specific problem Other, specify: ______________________________ ________	1 2 3 4 5 6 7	

310	How many weeks from today do you think it will require your company to reach a pre-COVID-19 market situation (a normal situation) for your product(s)?	|_____|_____| Number of weeks Never Don't know	 97 98	
311	Has your enterprise taken any measures to remain operational and ensure business continuity during COVID? Ask if the enterprise made any changes to the business model, to its operations, or to its delivery mechanisms to ensure business continuity, or too any measures to stimulate demand. If it was able to stay in business without any problem, select no.	Yes No	1 2	
312	What measures were taken or changes made? Enquire in detail!	Introduced e-commerce	1	
		Selling assets	2	
		Considering introduction of new products	3	
		Reduce prices of products and services	4	
		Increase prices of products and services	5	
		Negotiated delay of payments	6	
		Decided to accelerate technological, product and service innovation	7	
		Explored new office and business models	8	
		Strengthened global reach of supply chain	9	
		Planning to withdraw from market	10	
		Negotiated for reduced financing costs and extended repayment cycle	11	
		Negotiated for the reduction or exemption of rent, equipment rental fees	12	
		Shut down certain production lines, outlets	13	
		Applied for subsidies	14	
		Other, specify: ______________________________ ________________________	15	

313	In the face of the growing concern of the COVID-19 pandemic, what policy measures do you believe are the most relevant for your enterprise? Do not read out the options!	Covering, reduction or freeze of operational costs such as costs for workplaces	1	
		Reduction of costs for electricity, gas, logistics	2	
		Reduction or deferral of payroll taxes, or wage subsidies	3	
		Additional severance pay to laid off workers	4	
		Waving taxes payment	5	
		Reduction or deferral of pension contributions	6	
		Reduction of bank interest rates	7	
		Freeze of loan repayment, extension of loan terms or partial debt relief	8	
		Providing access to capital through access of zero-interest loans	9	
		Providing technical advice on business operations related with the crisis	10	
		Improved exporting tax rebate services	11	
		Foreign currency supply	12	
		Relaxed labour regulations (e.g., easing laying off or firing of workers)	13	
		Other, specify: ______________________ ________	14	
314	Have you benefitted from any government support related to the COVID-19 pandemic?	Yes	1	
		No	2	➜ 317

315	What type of support did you receive? Do not read out the options!	Covering, reduction or freeze of operational costs such as costs for workplaces	1	
		Reduction of costs for electricity, gas, logistics	2	
		Reduction or deferral of payroll taxes or providing wage subsidies	3	
		Additional severance pay to laid off workers	4	
		Waving taxes payment	5	
		Reduction or deferral of pension contributions	6	
		Reduction of bank interest rates	7	
		Freeze of loan repayment, extension of loan terms or partial debt relief	8	
		Providing access to capital through financial grants	9	
		Providing access to capital through access to zero-interest loans	10	
		Providing technical advice on business operations related with the crises	11	
		Improving of exporting tax rebate services	12	
		Foreign currency supply	13	
		Relaxing labour regulations (e.g. easing laying off or firing of workers)	14	
		Other, specify	15	
316	How many workers were you able to keep due to the government support?	0 |_____|_____|	None	
317	What measures has your enterprise taken to increase the safety of its workers? Select all that apply.	Disseminated protective gear (i.e., hand sanitizer, masks, gloves) for employees to use at their discretion	1	
		Enhanced cleaning and sanitizing efforts across facilities	2	
		Implemented a shift schedule to rotate staff and minimize the number of people at the worksite	3	
		Established a dedicated commuter shuttle for our employees	4	
		Permit workers to work from home	5	
		Grant workers paid leave	6	
		Strict social distancing requirements in the workplace	7	
		No measures have been taken yet	8	
		Other, specify: ____________________	9	

318	In the past two years, has your enterprise been affected by any of the following shocks or stresses outside the current situation? Read all categories and select all that apply.	Price increases for raw materials/intermediate goods	1	
		Lack of raw materials/intermediate goods	2	
		Difficulty recruiting qualified employees	3	
		Conflict has prevented enterprise operations	4	
		Reduced demand for products	5	
		No, not affected	6	
		Other, specify: ____________	7	
319	What do you consider the greatest risks to your enterprise during 2021? Select the three risks that are most relevant to you. Maximum three answers allowed.	Loss of revenue	1	
		Reduce demand/sales	2	
		Increased production costs	3	
		Access to cash/liquidity problems	4	
		Problems obtaining materials needed	5	
		Problems maintaining qualified staff	6	
		Gov't restrictions preventing the enterprise from operating	7	
		Conflict preventing the enterprise from operating	8	
		None, no risk	9	
		Other, specify: ____________	10	
320	With regards to the coronavirus crisis, what are the biggest obstacles facing your enterprise in the coming months? Select all that apply.	Reduced sales/demand	1	
		Restrictions on foreign currency	2	
		Bank shutdowns	3	
		Political/social instability	4	
		Low liquidity/ cash flow problems	5	
		No re-stocking of intermediate goods/raw materials	6	
		Problems moving goods/raw materials domestically	7	
		Loss of investment	8	
		None	9	
		Other, specify: ____________	10	
321	How confident are you that the enterprise is economically robust enough to come through the crisis and resume profitable business when the crisis is over?	Highly confident	1	
		Confident	2	
		Neither confident nor unconfident	3	
		Unconfident	4	
		Highly unconfident	5	

Annex B: Interview guides

Consent/ Privacy

Please do let us know if you feel comfortable for you/ the name of your company to be quoted. If not, we will keep all your feedback anonymous.

We will ask you questions and feedback on the following:

- Some background on your company/ the company you are working for.
- The impact of COVID-19 and the government's response on your company/ the company you have been working for so far.
- Measures you/ your company has already taken or are considering taking in response to the crisis.
- Support you may need, your awareness of currently available support measures, and feedback on their relevance to your company's needs; and
- Your expectations on how this crisis will play out on your business in the medium to longer term.

I. Basic information about company to be collected prior to interview	
To be filled by interviewer prior the participating company (not to be asked unless not known)	
Company name:	
Industry/ sector:	
Main geographical focus (list governorates in which business is operational):	
Is your company focusing on local/ domestic/ regional/ international markets? (please mark all appropriate)	
Number of employees:	
How many of your employees are female? (give rough percentages) and at what level?	
Do you have any non-Jordanian employees? If yes, how many? (in percentage)	

Operating revenue in 2019/ prior to COVID-19	
How would you describe the financial status of your enterprise prior to the onset of the pandemic?	
Is the owner of the business female?	
Key sector(s)/ sub-sector of your company business	
Memberships in industry association or chambers	

II. Coping Mechanisms and Resilience of Company

With more than 9 months into the crisis, how has your business fared? How do you continue to be impacted? List the three most important/ most severe impacts.	
What measures have you put in place to protect workers and customers from contracting COVID-19? (protective equipment, distancing, shifts etc.)	
Did you use e-commerce or website platforms for marketing and sales prior to the crisis? (ask question only if relevant for sector/ type of business) Have you introduced such platforms as a response to the crisis? If yes, what has been the main impact? If yes, did you receive any technical or financial support to roll this out?	
What other innovations/ new business processes have you introduced? Would you be interested in introducing? What type of support did you receive? Or would you require to make your business more resilient?	
What about your employees? / how has the crisis affected your employees?	

Have female employees been affected differently? If yes, how and why?	
For how long can you continue to pay salaries for your employees? (ask only if relevant)	

Support Measures and Their Effectiveness

What (new) services have you found your company needing due to the pandemic?	
Are there any support packages /measures your enterprise is currently benefitting from? If yes, please list. How would you evaluate their effectiveness?/ your satisfaction with these services?	
What type of enterprise support would be most needed for you/ your enterprise to cope with the crisis? Who should deliver such support services?	
What are your suggestions for support from government? From others?	
What regulation is missing to face the challenges the pandemic presents? What regulation could be obsolete in the current situation?	

Medium- and Long-Term Perspective

How long do you think will this crisis affect your business?	
What do you think are the longer-term implications of this crisis and regional challenges for your business?	
Where do you see the medium to longer-term challenges for the market in your sector?	
How confident are you about the future development of your company?	

Impact of COVID-19 on Enterprises in Jordan:

One year into the pandemic

Over the past few months, COVID-19 cases in Jordan have dropped significantly and the country is gradually opening up. The full impact of the pandemic on the economy, enterprises as well as livelihoods, however, is still unfolding.

This report presents the impact of the pandemic on Jordanian enterprises one year after the first lockdown was introduced, and describes the challenges that enterprises continue to face. The report is primarily based on data collected from a phone survey of more than 2,000 Jordanian enterprises in February and March 2021, complemented by individual interviews and focus group discussions with representatives from various industrial sectors, including business organisations, trade unions, enterprise owners, and workers. Furthermore, the report draws on data from a similar, albeit less extensive, phone survey carried out at the beginning of the COVID-19 pandemic in April 2020. About 700 of the same enterprises from the first survey participated in the more recent one. This has enabled an analysis of the impacts on these enterprises and their development over a period of ten months.

This report was made possible with the support of the Government of the Netherlands, within the framework of the project entitled “Partnership for improving prospects for forcibly displaced persons and host communities” (PROSPECTS), which addresses education, employment and protection in the context of forced displacement in eight countries, including Jordan.

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