Study Type
Descriptive / Surveillance

Article Link
https://covid19sbs.org/

Research Implemented by IPA
Yes

COVID-19 International Small Business Study

Researchers

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Abstract

Micro, small, and medium enterprises are being severely affected by the COVID-19 pandemic. As a response to the severe economic implications of this crisis, state and federal governments around the world are enacting relief programs to aid small firms, which include special credit lines, forgivable loans, and job retention schemes. This project combines a longitudinal survey and an experiment design to, on one side, document how small businesses have been impacted and generate evidence about the role of information frictions in their utilization of government assistance. On the other side, it evaluates how access to different forms of information impacts business owners' use of government economic relief programs (Eg. loans, subsidies, tax discounts, etc.), and if participation in such programs affects future business decisions such as laying off workers or closing. In the experiment, firm owners will randomly receive information about the available economic relief programs for small businesses in their countries in three different flavors: (1) an informational email with a summary of the existing programs, (2) an informational email with the summary plus an one-to-one telephone session where firm owners will be walked through the characteristics and application process, and (3) an informational email with the summary plus a digital assistant (chatbot) that will guide firm owners through the characteristics and application process. In this way, this study will provide valuable lessons on how to increase small businesses take up of government programs and the cost-effectiveness of different strategies.

Project Outcomes of Interest

The project has two primary objectives. First, to learn more about how small businesses have

been affected by the COVID-19 crisis, their expectations about the future, and their awareness and utilization of government assistance programs targeting small businesses. Second, to better understand how different forms of information impact business owners' use of government loan programs, and if participation in such programs affects future business decisions such as laying off workers or closing.

Partners

J-PAL, Princeton University, University of Oxford, Yale University

Link to Results

Preliminary results are being made available here.

Impact Goals

- Build resilience and protect the financial health of families and individuals
- Build resilient and adaptable businesses and employment opportunities
- Improve social-safety net responses

Project Data Collection Mode

- CAPI (Computer-assisted personal interviewing)

Results Status

Results