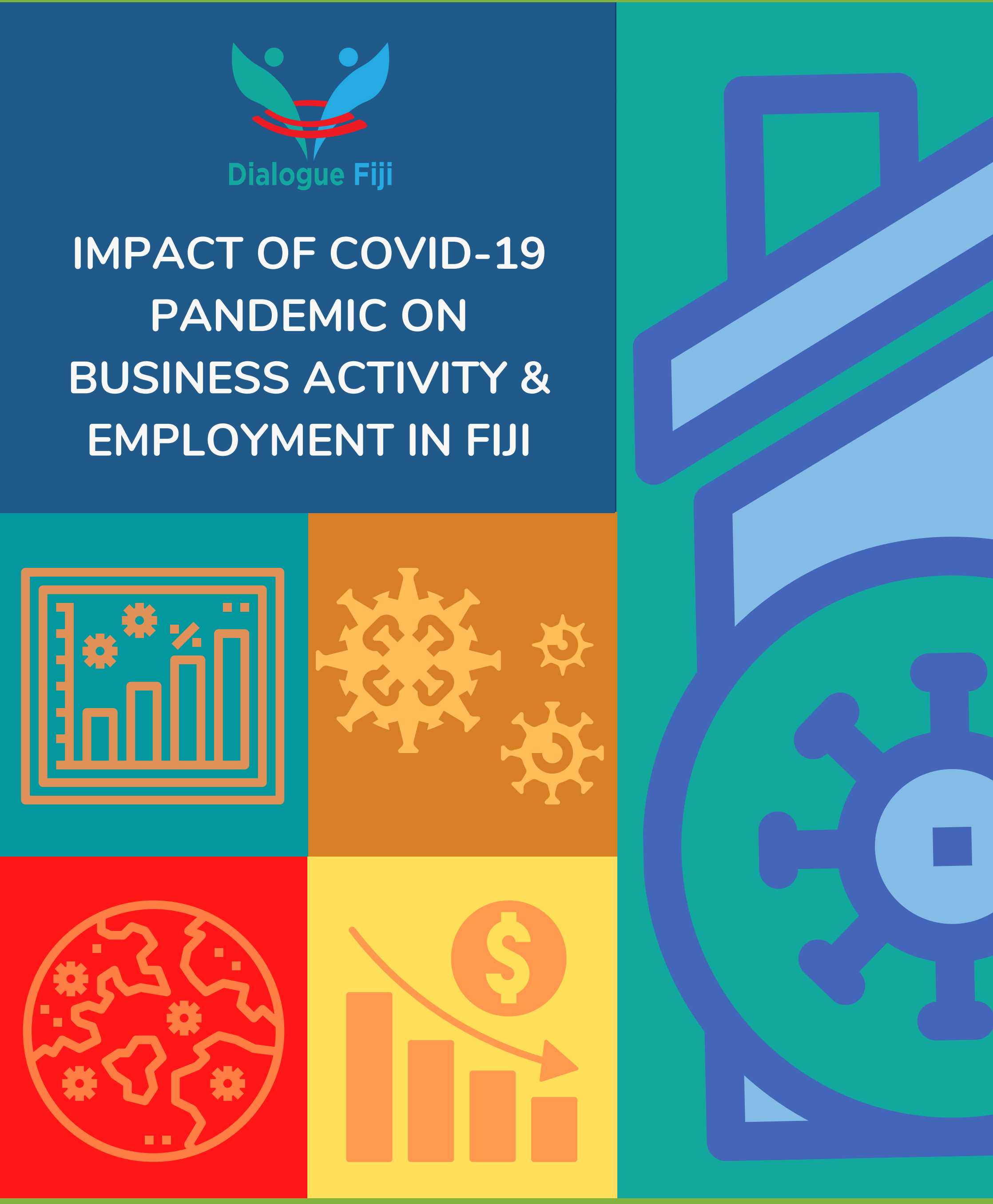
SURVEY REPORT - APRIL, 2020

Dialogue Fiji

IMPACT OF COVID-19 PANDEMIC ON BUSINESS ACTIVITY & EMPLOYMENT IN FIJI



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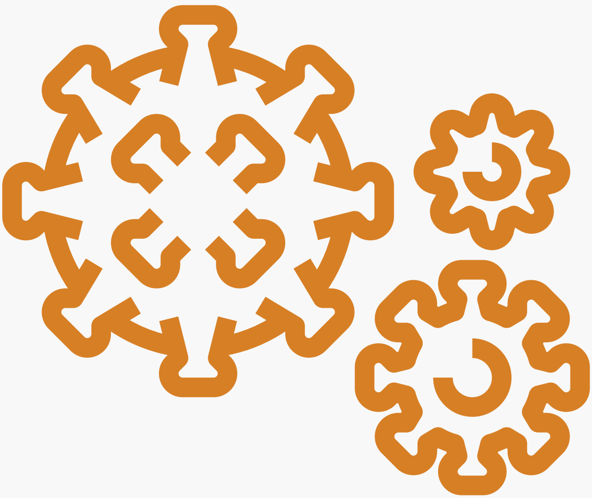
- All survey respondents- every business that filled in the questionnaire online or responded through telephone interviews.
- Fiji Commerce and Employers Federation for contributing to this survey and circulating survey questionnaire link to its membership.
- The European Union - for funding this survey as part of research activities under the Participative Democracy & Accountability (PDA) project.



INTRODUCTION

The CoVID-19 pandemic has had a devasting impact on businesses globally and Fiji is not immune to this. The slump in tourism income meant that most businesses dependent directly on the industry suffered a huge decline in business. Those that are indirectly dependent on tourism income also took a huge hit.

Moreover, aggregate demand has significantly declined. Even before the first case of CoVID-19 was announced in Fiji, aggregate demand had already been low and business activity was subdued. The government lockdowns of two of the major commercial hubs of Fiji further dampened retail activity in Fiji. As non-essential businesses closed down, a large number of them were unable to continue paying wages of staff, cost of rent and utilities without any sales incomes.

AIMS OF THE SURVEY

- To measure the impact of the COVID-19 pandemic on Fijian businesses.
- To measure impact on employment and the labour market.
- To gauge business optimism levels amongst business owners.
- To test cost-effective methodology for quick surveys during economic crisis to encourage evidence/data based approaches to policy making.

A host of factors, government restrictions, the already sluggish economic environment and changes in consumer behaviour now threatens the viability of many businesses in Fiji. In economic recessions, protecting the viability of businesses and maintaining their capacities to continue the employment of workers, becomes the most sustainable way of ensuring worker's welfare , protecting household incomes and ensuring that some level of productive output is maintained.

This survey was aimed at gathering sempirical data to demonstrate the impact of the CoVID-19 pandemic on Fijian businesses, the business optimism of operators, and to provide an indication of the impact on private sector employment.

To download an e-edition of this report, or to access the survey instruments, please visit the Dialogue Fiji website:
www.dialoguefiji.com

METHODOLOGY

The Survey

The survey was conducted between 2 April and 27 April, 2020. The questionnaires (survey instruments) were disseminated using email, Facebook messenger, Viber and WhatsApp platforms. They were also published on our website and social media pages. In addition, telephone interviews were conducted with 80 participants, who were randomly selected from all major administrative divisions of Fiji.

A total of 151 completed forms were returned, out of which 145 were considered valid for analysis. The remaining 6 were not considered because of incomplete or unreliable data.

The survey used a structured questionnaire that was based on survey instruments designed and used by PYMNTS, a US based business information and analysis online platform. The survey questionnaire contained eight questions which all online respondents and those interviewed by phone were required to answer.

2-27	150	8
APRIL, 2020 *SURVEY DATES*	RESPONDENTS	POINT QUESTIONNAIRE

The major limitation of this survey is its small sample size. The sample size of 150 may not provide a statistically significant sample to make conclusions relating to the target population. Moreover, in a survey of this nature, stratified sampling (in contrast to the fully random sampling method used) would be more appropriate to ensure that the sample includes a proportional number of respondents from businesses of different sizes, from different industries, geographical locations, etc.

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Despite these shortcomings, this survey is still useful in providing an indication of the impact of the pandemic on Fijian businesses and can become a model for further empirical investigations of the same. Since the COVID-19 pandemic and the resultant economic downturn is a rapidly evolving context, it is important that simple, uncomplicated surveys which can be administered in a fast, cost-effective manner are done periodically (for instance, monthly) to continue to collect current data. The eight-point questionnaire can become an invaluable tool for this.

Participants Demographics

Figure 1 shows the distribution of survey respondents by division. Given the distribution of businesses/employers across Fiji, with a majority based in the central division, the distribution of survey respondents by division provided a good representation proportionally although the sampling was fully random.

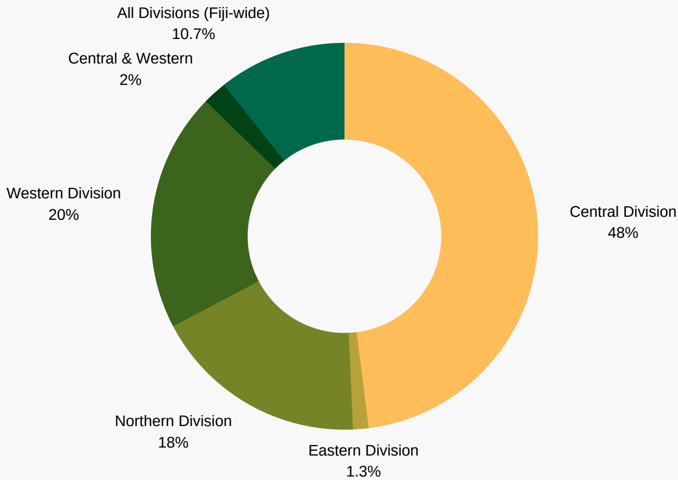

Figure 1: Respondents by Division

Table 1 shows the percentages of respondents by nature/type of business. As discussed above, a stratified sampling would have improved the distribution of respondents by type, scale of business.

Type	Percent	Type	Percent
Hardware	4%	Hotel & Accommodation	4%
Supermarket	1%	Travel Services	2%
Retail	17%	Restaurants	1%
Manufacturing	4%	IT	3%
Events & Entertainment	6%	Real Estate	3%
Non-Profit	1%	Motor Vehicle Services	6%
Health Care	4%	Creative Services	4%
Construction	15%	Wholesale	2%
Printing & Signage	4%	Accounting & Finance, Insurance	1%
Transport & Logistics	6%	Other	4%
Legal Services	1%	Not specified	4%
Engineering Services	2%		

Table 1: Distribution of respondents by nature of business

RESULTS

Employees Made Redundant

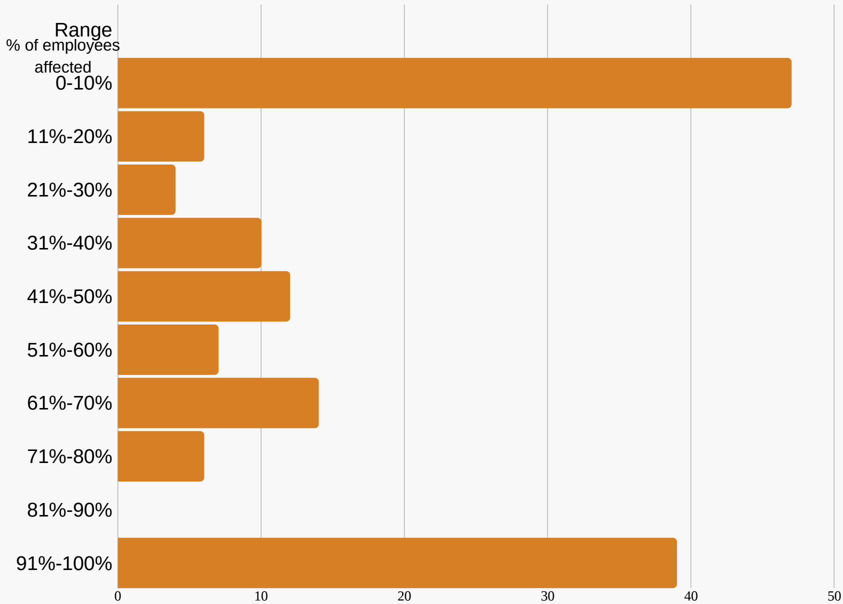

Figure 2: Employees made redundant due to COVID-19 pandemic

Figure 2 above shows the proportion of businesses within each level that have made workers redundant. 54% of businesses surveyed had made redundant more than 50% of their workers by the end of April. Of this, a total of 39 businesses surveyed (or 27% of the total sampled) stated that they had made 90% to 100% of their workers redundant. On the other hand, 28% of businesses surveyed indicated that that they had not made any workers redundant.

From the data, businesses have displayed either of two tendencies- resorting to layoffs of most workers, or continuing to sustain employment of all workers. The latter group of businesses, a significant number of which are adversely affected (as evident from their responses to the question on decrease in sales levels), have demonstrated a strong commitment towards worker's welfare, opting to sustain losses and diminished profit levels, in order to retain jobs. A number of these businesses have opted to reduce working hours of employees in order to be able to keep them on the payroll.

Employees on Reduced Hours/Wages

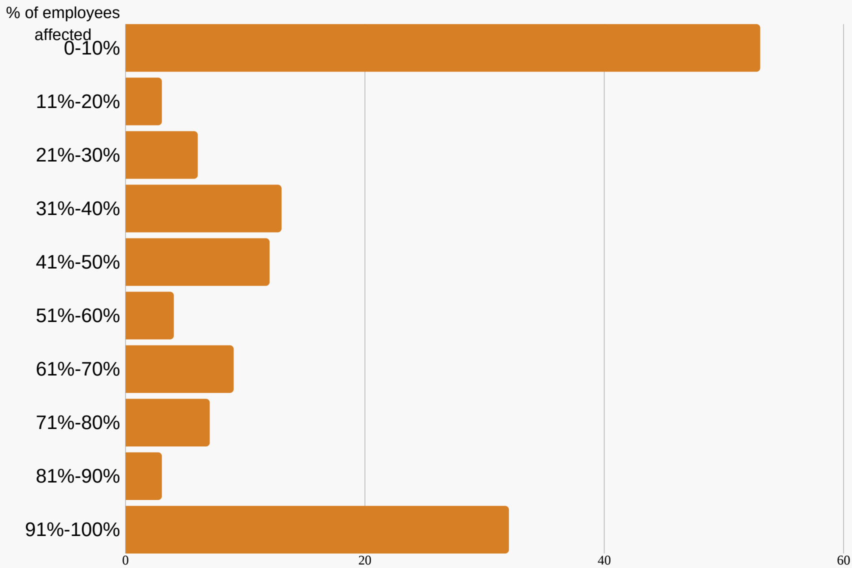

Figure 3: Employees on reduced hours due to COVID-19 pandemic

47% of the businesses surveyed had reduced working hours for more than 40% of their employees. Of this, 22% of businesses surveyed had reduced working hours for all of their employees. On the other hand, 37% of businesses sampled indicated that they had not reduced working hours for any of their employees.

Reducing working hours remains a popular option for businesses that have opted not to make workers redundant. 32 businesses have opted to distribute the burden across all workers, and the reduction in working hours includes all workers. There are others that have reduced working hours for only a third to two thirds of workers and maintained the remaining on full pay. The indispensability of the worker to the business activities of the employer appears to have been the key factor in determining the reductions in working hours.

Regardless of the numbers of workers affected, this option has been a more positive one than the decision to terminate worker's employments which have been taken by some employers. This survey, however, did not collect data on the extent of reduction in working hours that affected employees have been subject to.

Impact on Business Activity

Respondents were asked to indicate if the COVID-19 pandemic has had any impact on their business activities/sales levels. Figure 4 shows the distriubution of responses with an overwhelming 98.7% of respondents stating that the pandemic has had an adverse impact on their sales volumes or business activities. 1.3% of respondents said that the pandemic has had no effect on their business. No respondent said that their sales volumes had increased following the COVID-19 outbreak in Fiji.

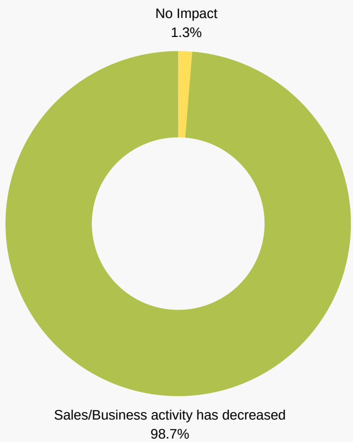

Figure 4: Type of Impact on Business Activity

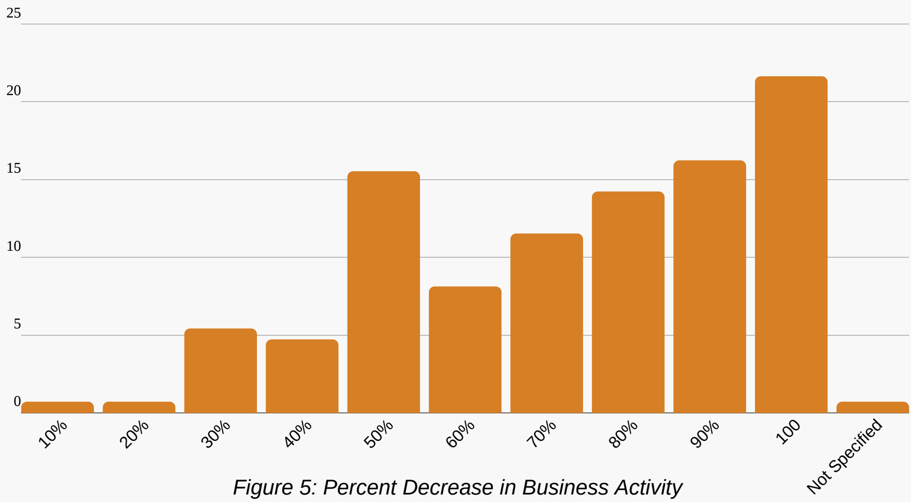

Figure 5: Percent Decrease in Business Activity

88% of businesses surveyed stated that their business activity/sales volume had decreased by more than 50%. A significant 22% of those surveyed indicated that their sales/business activity had decreased by 100%.

From the sample, a majority of businesses are reporting adverse impacts on business activities. This essentially means that businesses across various sectors in Fiji have been negatively impacted and are reporting declines in income. The extent of the impact has been very high for a majority of businesses.

Business Optimism

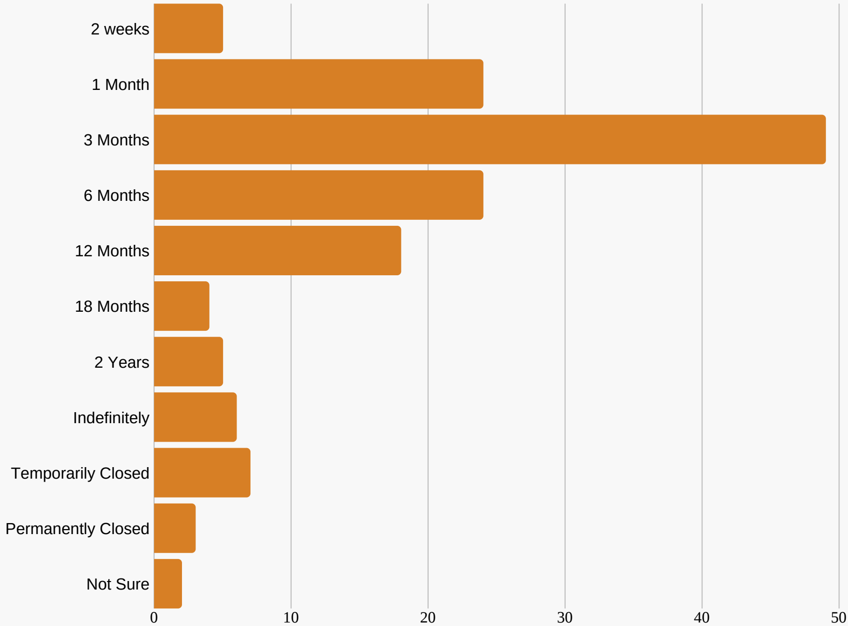

Figure 6: Length of time business can be sustained

Of the businesses surveyed, the highest proportion (33%) believed that they would be able to sustain their businesses at the prevalent levels of business activity for three months only. 16% of respondents said that they would be able to operate their businesses for the next 6 months, whilst 12% said that they would be able to sustain operations for an year. 2.7% of respondents said that they had already closed their businesses temporarily. Another 2% of those surveyed said that they had permanently closed their businesses. Only 4.1% of those surveyed said that they would be able to sustain their business beyond 2 years.

From responses received, majority of businesses do not foresee being able to sustain themselves beyond 3 months. This means that their financial positions, and ability to absorb losses are weak. It also shows that a significant proportion of business operates are unwilling to operate on losses. In the case of SMBs, a number of businesses surveyed believe it is in their interests to wind down, rather than accumulating losses and debt.

At the time of survey, some businesses had closed operating. This means that they had already run out of business by then and were unable to keep operating.

Anticipated Recovery Time

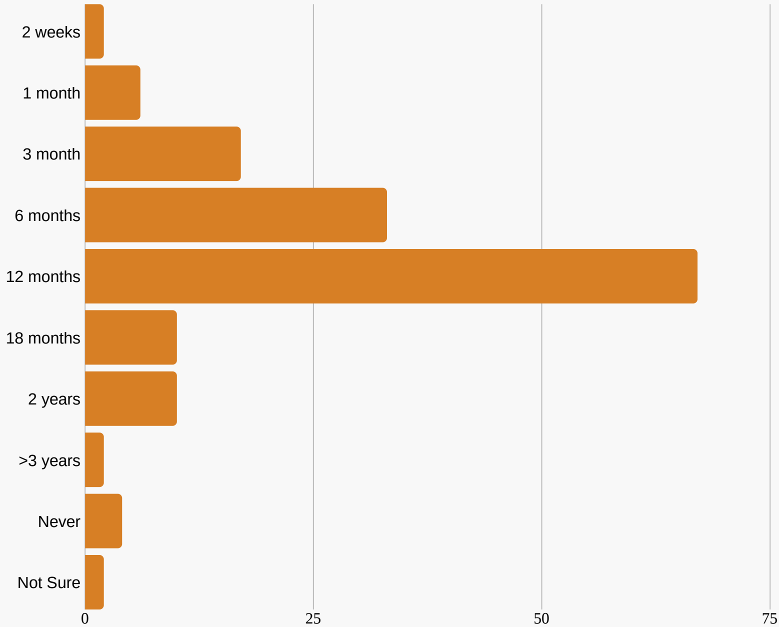

Figure 6: Length of time business expected to take to recover

Respondents were asked to make projections of the length of time their businesses would take to recover from the impacts of the pandemic. Most of the respondents surveyed (45%) believed that it will take 12 months for their businesses to recover. 37% of respondents placed the recovery period as 6 months. 7% of respondents believed that they needed 2 years to recover while 2% of those surveyed said that their business will never recover from the impacts of the pandemic. There were some respondents who were not able to predict a time frame for recovery and others who indicated that they were not sure.

It appears from the projections made by businesses that the majority of Fijian businesses believe that the worst of the pandemic will be over in around 6 months and they would have recovered in about an year's time. This is a rather optimistic view given the lack of reliable data or projection models of the trajectory of the COVID-19 outbreak in Fiji. Less than 20% of those surveyed believe that they will need more than an year to recover from the impacts of the pandemic.

CONCLUSION

The survey results show:

• Significant declines in business activities across sectors/industries.

• Businesses in all divisions have suffered significant downturns, regardless of the extent of government restrictions on non-essential business activity.

• A majority of businesses have made employees redundant or reduced work hours, regardless of the actual impact on sales and business activity.

• A significant proportion of businesses are on the verge of closing down or have already closed down. The highest proportion of business owners surveyed estimate that they can sustain their businesses for 3 months (from April, 2020).

• A majority of business owners hold the optimistic view that the pandemic can be contained, the economy would transition into recovery phase, and their businesses would recover in 12 months.

• The future projections of businesses differ significantly, even within the same sector, based on the personal views of the business owners on the duration and extent of impact of the pandemic.

About Dialogue Fiji

Dialogue Fiji is a civil society organisation based in Suva, Fiji. The organisation has the mission to engage with others to create inclusive spaces for dialogue and peace building, and develop capacities in Fiji's society for a culture of dialogue, resulting in dialogue processes being applied to increase understanding, respect and collaboration across divides. The vision of the organisation is "a Fiji where people respect each others' differences and share a common will to build a free, just, peaceful, and inclusive nation".

Dialogue Fiji's current projects are in a range of areas such as inclusive and sustainable democracy, democratic institution building, human rights, conflict transformation and climate change, which constitute key areas for peacebuilding work in the Fijian context. Our work involves convening dialogues, engaging in advocacy, providing community education, facilitating community engagement with statutory actors, undertaking research, social and political commentaries, policy analysis, media analysis, etc.

Dialogue Fiji promotes the use of dialogue and other deliberative processes to encourage and facilitate civic engagement in Fiji to strengthen a democratic culture, build social cohesion and advocate for the use of peaceful ways of dealing with conflict.

About the PDA Project

The Participative Democracy and Accountability (PDA) project is jointly implemented by the Citizens' Constitutional Forum, Conciliation Resources, Dialogue Fiji, Pacific Centre for Peace-building and Transcend Oceania. The three year EU funded project aims to strengthen democratic governance in Fiji through effective and sustained participation of civil society and marginalised groups in local and national policy making.

The PDA project engages with communities and their leaders, in particular women and youth, to improve their skills and knowledge to enable them to participate effectively in local and national governance processes and engage with the authorities in social dialogue and policy formulation processes.

The project aims to improve effective engagement monitoring and reporting by civil society on democratisation and development issues to public authorities. Recognising the important roles that Fijian CSO's play, the project also strengthens their capacities to operate effectively, cohesively and sustainably in Fiji's emerging democracy including increased engagement with public authorities and strengthen linkages with communities, national and regional Pacific civil society and international stakeholders.

Dialogue Fiji

This report is produced as part of research activities under the Participative Democracy & Accountability (PDA) Project

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