



Quality of life

The economic effects of the corona crisis

The purpose of this publication is to shed light on the quality of life in North Macedonia. The publication is ad-hoc and is based on survey and administrative data.

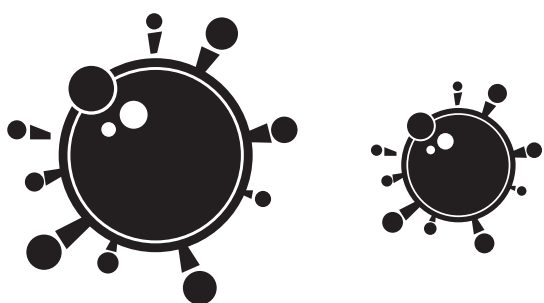
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Three-quarters of employees and companies in North Macedonia have been hit by the economic crisis caused by the spread of Covid-19. The situation with the self-employed and micro-businesses is further critical. The most common mechanism used by employers to adjust to the corona crisis is to reduce wages and suspend any additional payments. Unemployed people have lost hope of finding a job, and their household income has declined. Occasional income was cut short for the unemployed with incidental work arrangements. Most of the population can survive for up to three months in the current economic circumstances, and the main mechanism for coping with the economic crisis is to reduce consumption to a minimum.



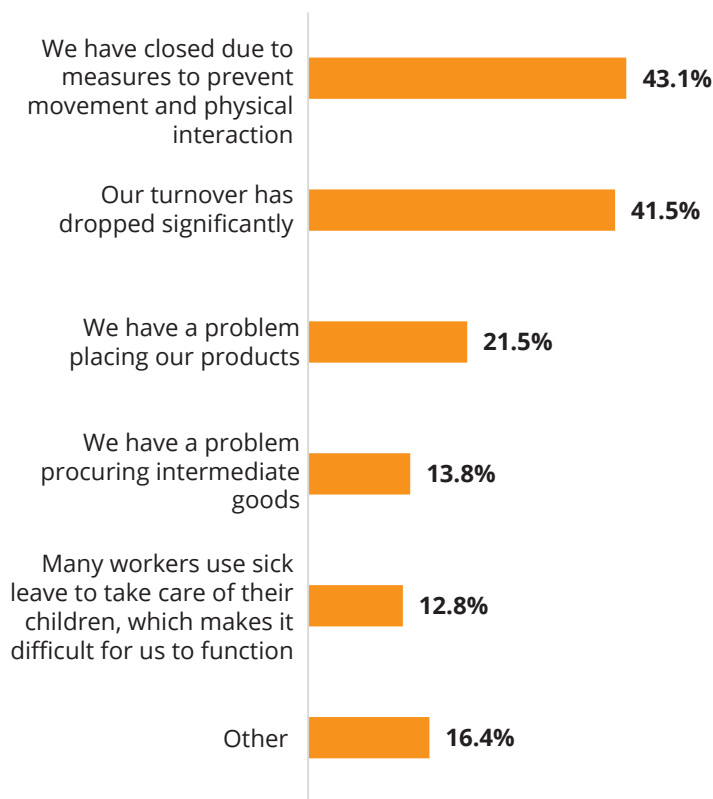
Three-quarters of companies and employees have been affected by the spread of Covid-19

Although the corona crisis began to be felt in several economic sectors - primarily tourism, hospitality and retail - it shortly spread economy-wide. 75.9% of respondents said that the company they work for has been affected by the corona crisis. Note that this question did not cover the self-employed (see below). Given that this survey examined citizens' perceptions, it is noteworthy that 12.8% of respondents said they did not know if the corona crisis had hit the company in which they work. Of the respondents who said the company they were working for was affected by the corona crisis, a large share said it was due to state measures that required closure of certain companies (for example, retail companies operating in shopping malls) and / or because their turnover decreased significantly, 43.1% and 41.5%, respectively (Chart 1). The percentage of companies that had trouble selling their products is also significant, most often referring to export-oriented companies, whose placement was canceled by customers (including parent companies) abroad and / or who were affected by the difficulties in the transportation. Difficult functioning due to a significant contingent of workers sent on a sick leave to care for children up to 10 years of age has not been identified as a particularly significant way in which the economic crisis has hit the company, although this response may be biased because it is provided from the perspective of employees.



Graph 1

How did economic crisis hit the company you work for?
(multiple answers possible)



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.

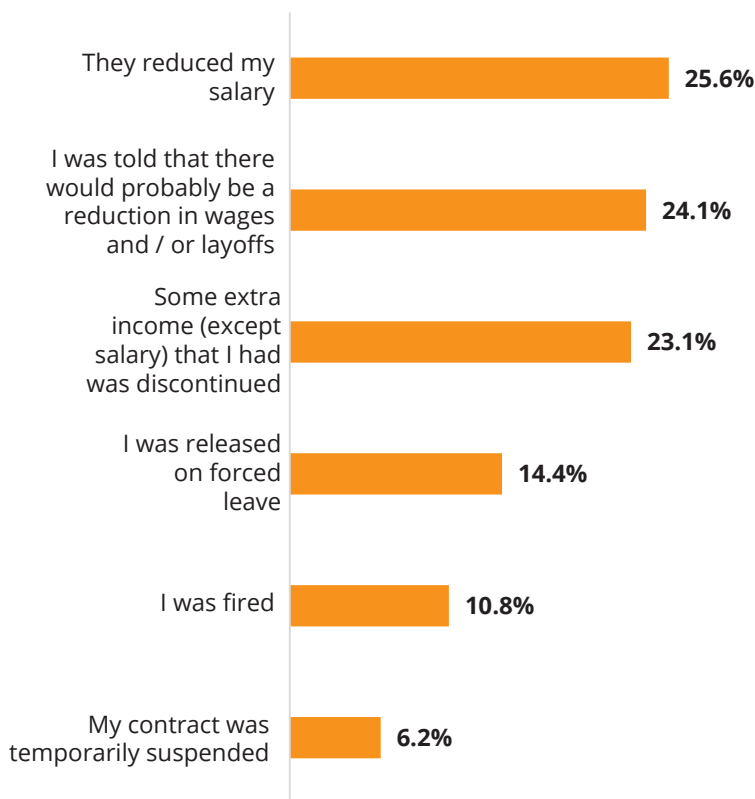
The more important economic effect of the corona crisis, when it is measured from the perspective of employees, is how it has affected their employment relation. 78.3% of employees said they were personally affected by the corona crisis. Graph 2 shows that the most common way employers responded to the corona crisis in the first month of its outbreak is by reducing wages (25.6%), though responses of a similar magnitude have been the announcement of possible reduction in wages and / or layoffs, as well as the cessation of additional income. This shows that the first response of the employers to the corona crisis has probably not been the dismissal of workers. However, 10.8% of employees said they were fired.



Graph 2

How did the economic crisis hit you personally?

(a maximum of 3 answers possible)



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.

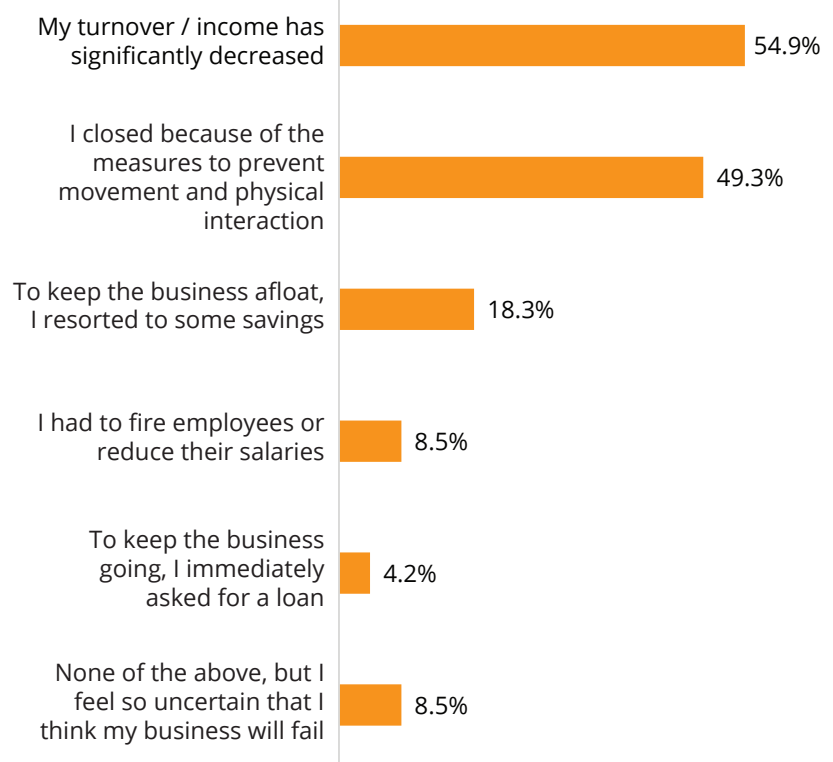
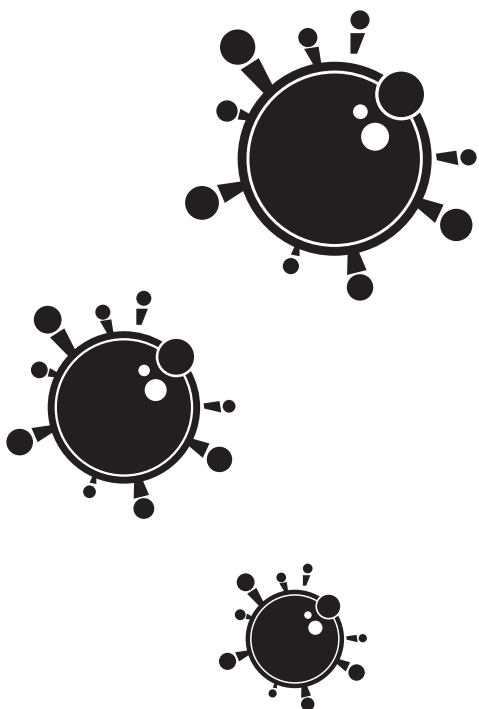
90% of the self-employed have been affected by the spread of Covid-19

Unlike employees, the self-employed (whether an own-account worker or an employer who employs others) have been particularly hard hit by the corona crisis, with 89% of them saying their micro-business was affected. Graph 3 shows that the micro-business faced a significant decline in turnover (54.9%) and / or a temporary closure (49.3%). These percentages are slightly higher than those of other companies (Chart 1), which shows that although the ways in which companies and micro-businesses have been affected are the same, the magnitude of the latter is higher. A significant proportion of micro-businesses resorted to savings (18.3%).

Graph 3

How did the economic crisis hit you and your business?

(multiple answers possible)



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.



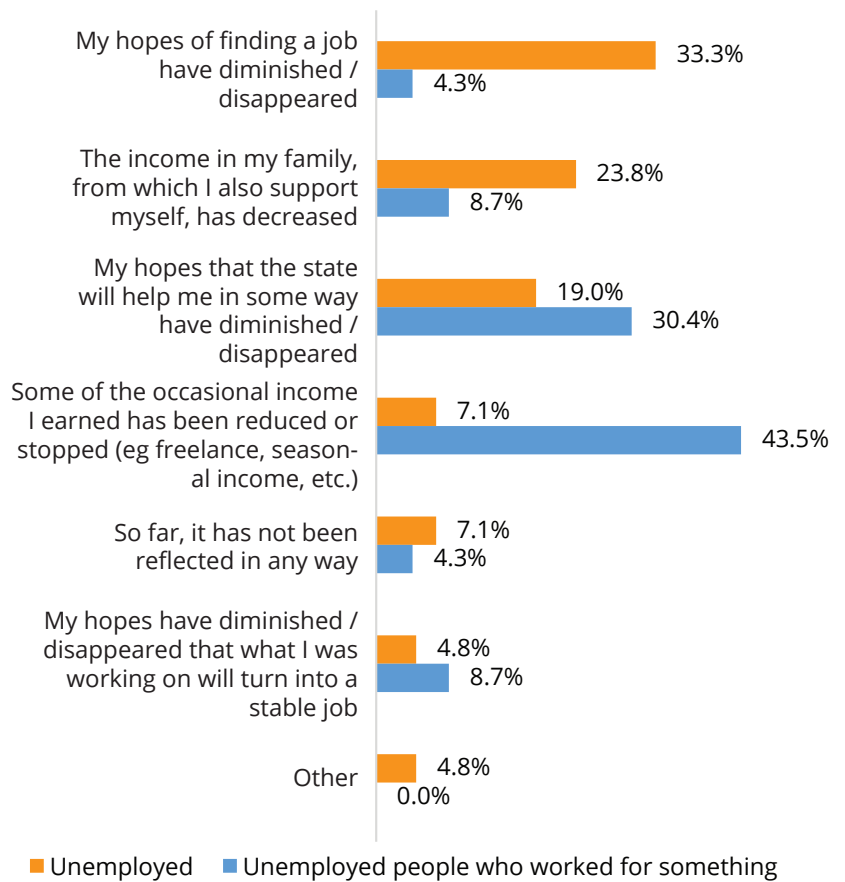
The unemployed have been also affected by the corona crisis

Although the focus of policymakers and public debate in the aftermath of the corona crisis has been on companies and employees, the crisis is particularly significant for the unemployed. Note that we differentiate between unemployed people (those who do not have and are looking for a job) and people who have declared themselves unemployed but who have done some work incidentally (which includes informal work in the informal economy). Graph 4 shows that the corona crisis has largely eroded hopes of finding a job among unemployed, followed by a decline in household income on which they relied. In contrast, the main impact on the unemployed who had incidental work arrangements has been through reduced or interrupted occasional income, followed by reduced hopes that the state will help in any way.

Graph 4

How did the economic crisis affect you personally?

(maximum 2 answers possible)



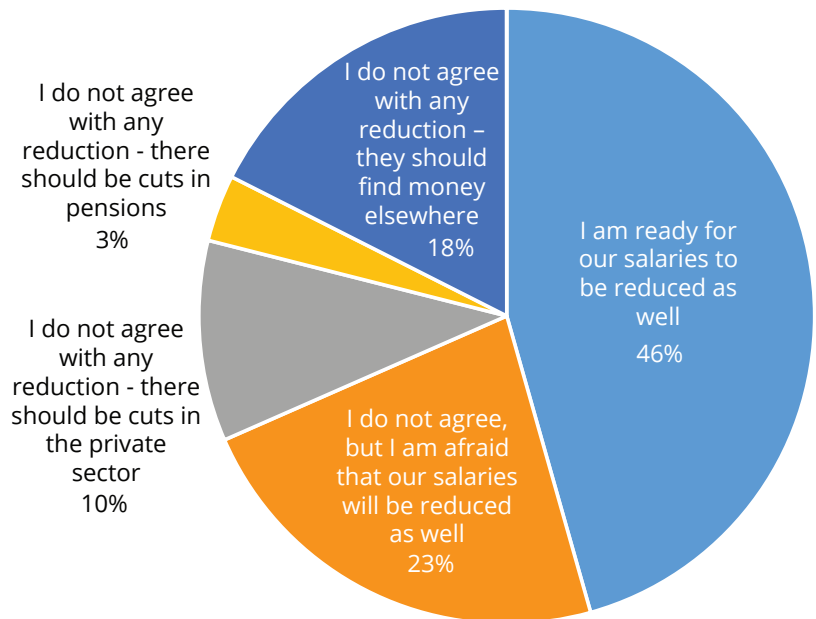
Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.



Public administration employees and retirees have largely been solidary in bearing the burden of the corona crisis

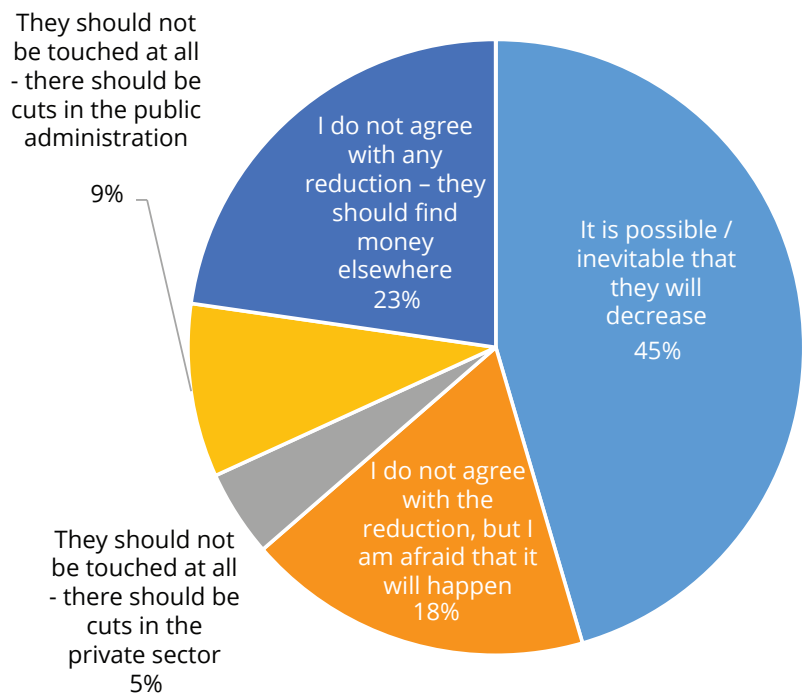
Nearly half of the respondents employed in the public administration (Chart 5) and of the retired respondents (Chart 6) showed a willingness to cut their incomes under the onslaught of the corona crisis. Additional 23% of public administration employees and 18% of retirees indicated that they did not agree with cuts, but feared that would happen. However, it should be noted that about one-fifth of the two groups do not agree to bear part of the economic burden of the corona crisis.

Graph 5
As a public sector employee:



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.

Graph 6
In the face of this economic crisis, your pensions:

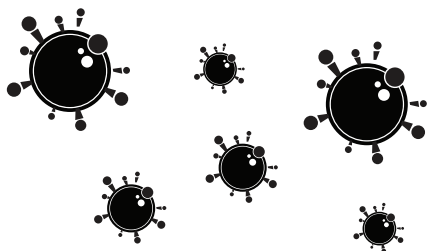


Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.



Under the current circumstances - job, salary, savings, household income - most of the citizens can endure up to 3 months

A high 70% of citizens answered that in the current circumstances of the economic crisis caused by the spread of Covid-19, they could sustain up to 3 months (Chart 7).



At the same time, almost two thirds of the respondents answered that they would endure the months under the impact of the corona crisis by reducing the consumption to a minimum (Chart 8) and / or by resorting to the savings (34.1%). Not to be overlooked, a quarter of the population expects the state to help, and surprisingly, a small percentage (14.9%) are willing to accept any job in order to overcome the income crisis in the household. 12.5% said they would survive the months without taking any action.



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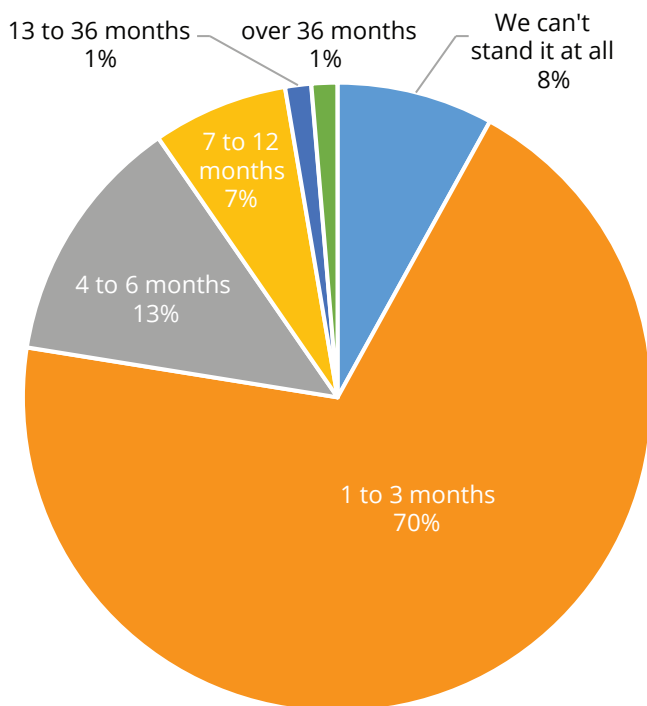
Frederic Chopin 1/2
1000 Skopje,
North Macedonia
www.financethink.mk

+389 2 6156 168
info@financethink.mk



Graph 7

If the economic crisis lasts, how long (in months) can you endure given current personal circumstances?



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.

Graph 8

How will you survive these months? (a maximum of 3 answers possible)



Source: Internet survey conducted by Finance Think in the period from 6 to 14 April 2020, on a heterogeneous sample of 520 respondents and a margin of error of 4.1%. Selectivity is possible.