



BetterWork



Better Work Haiti COVID-19 Business Impact Survey

May 2020

Better Work Haiti, in collaboration with the Bureau for Employers' Activities (ACTEMP) from the ILO Office in Costa Rica, recently conducted an enterprise survey to understand current business disruptions due to the ongoing COVID-19 crisis. The survey was distributed via email to management representatives of all garment-manufacturing enterprises in Haiti. From April 7th to May 9th, thirty responses were received. The firms responding to the survey represent a diversity of enterprise size in the industry: of the firms responding, approximately half employed between 501-2000 workers before the onset of COVID-19, seven firms reported to employ 500 workers or fewer, and seven firms employed 2,000 or more workers. Better Work Haiti will continue to support enterprises in this challenging time, including by continuing to deliver our services in a modified form such as through virtual advisory services. The results presented in this brief are part of our efforts to highlight critical issues facing the industry now and into the near future.



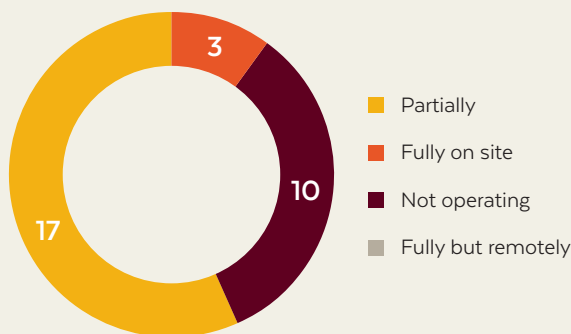
International
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ACT/EMP

Most garment manufacturers in Haiti are experiencing significant operational disruptions because of COVID-19

Just over half of the managers surveyed (17 of 30) report their enterprise is currently only partially operating, while a third report to be not currently operating at the time of the survey (Figure 1). Only three respondents reported to be operational, and none affirmed any form of operation incorporating remote work. These results affirm operational information gathered through Better Work outreach as of April 23rd, which similarly showed one-third, or 14 of 41 factories sector-wide, were experiencing temporary suspensions. Nineteen factories (63 percent) report a *high* level of a negative financial impact on revenues and sales at the current time. Just nine factories (30 percent) reported having insurance before the COVID-19 crisis occurred; seven were not insured at all, while the remaining eleven were only partially insured.

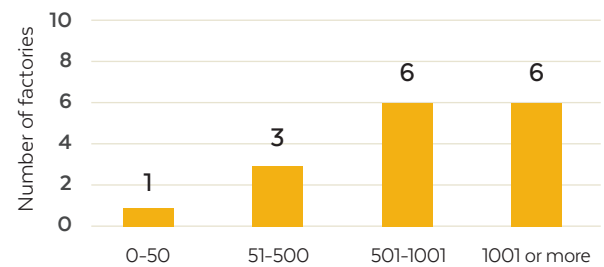
FIGURE 1. IS YOUR ENTERPRISE CURRENTLY IN OPERATION? N=30



Negative employment effects, including suspension and dismissals, are widespread

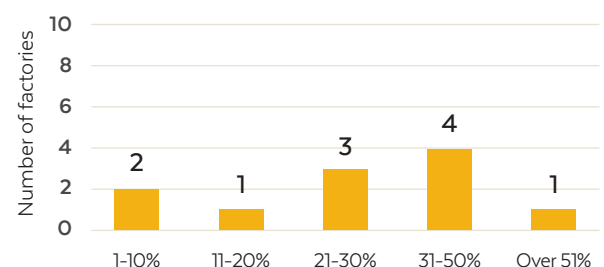
In 53 percent of factories surveyed, managers report having suspended at least a portion of the workforce. Twelve factories in the sample have suspended over 500 workers (Figure 2).

FIGURE 2. WHAT IS THE AVERAGE NUMBER OF WORKERS IN SUSPENSION?



Moreover, in 12 factories (40 percent of the total sample), managers affirm that they have dismissed or plan to dismiss workers due to COVID-19. Six manufacturers report that 30 percent or less of the total workforce was or will be dismissed; in 4 factories, this share is between 31 and 50 percent, and in one factory, this figure is above 51 percent of the workforce (Figure 3).

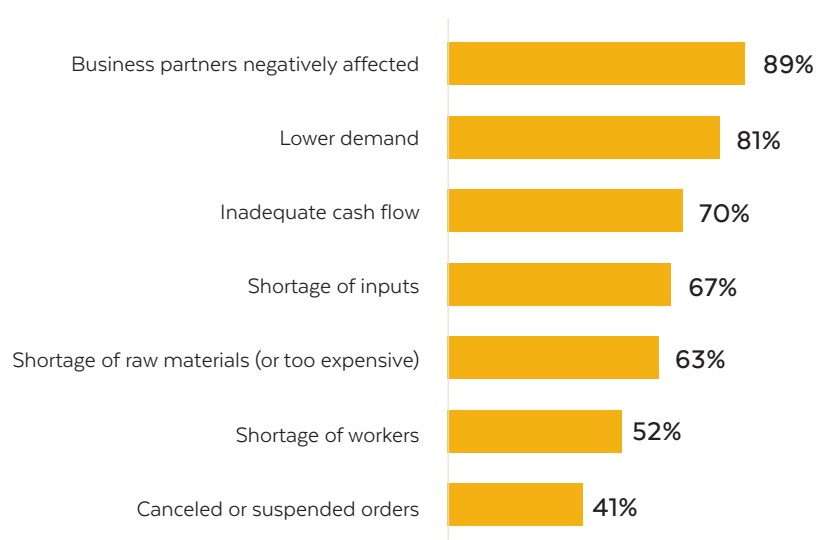
FIGURE 3. WHAT IS THE PERCENTAGE OF WORKERS RELEASED? (RELATIVE TO THE TOTAL WORKFORCE)



Business challenges are numerous, including obstacles for paths to recovery

When asked about the main challenges facing their enterprise (Figure 4), managers most frequently cite an overall poor business environment, including adverse effects on business partners like buyers (89 percent of respondents) and overall lower demand (81 percent of respondents). A majority also report issues with cash flow and shortages of inputs for production processes. Human resource issues, including a shortage of workers potentially due to restrictions on movement, are cited by 52 percent of managers. Forty-one percent said they have already faced canceled or suspended orders at the time of the survey.

FIGURE 4. WHICH ARE THE MAIN CHALLENGES YOUR ENTERPRISE CURRENTLY FACES RESULTING FROM COVID-19?



As far as potential paths to recovery, just over a third of factories benefited from special government measures since the pandemic outbreak – cash transfers and wage subsidies are the most commonly cited type of government support received. Sixty-two percent of factories have not received any form of government support, and only 41 percent of firms have their funding, such as cash on hand; or savings or access to alternative/external sources, such as loans or grant funding to ensure business recovery. Fifty-six percent of firms do not have a written business continuity plan, and one-third of managers report that it would take between 31 and 90 days to restore operations at their factory fully.

