

Who supported their employees during the first wave of the pandemic?

An analysis of the financial support granted through the Antivirus B programme²

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Summary

- This study examines the structure of Czech firms' use of the *Antivirus B* programme in the second quarter of 2020, i.e. during the first “spring wave” of the Covid-19 epidemic. We compare application of the programme benefits with the structure of the economy and with the structure of demand shocks, approximated by the drop in hours worked against those worked in the second quarter of 2019. The study provides an example of how this type of programme could be continuously monitored in the future. The study's findings can be useful when making long term decisions about how to set up tools such as *kurzarbeit* in Czech legislation.
- In total, 315,000 employees in companies with more than 10 employees received financial support from the *Antivirus B* programme in the second quarter of 2020. Expressed in FTE, this translates into support for more than 80,000 full time positions. For perspective, the number of registered unemployed individuals increased by approximately 80,000 between March 2020 and March 2021.

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- Companies with more than 1,000 employees were 40 % more likely to draw on support from the programme than small firms with fewer than 50 employees. Whether the employer had a collective agreement in place or not had no impact on the likelihood to draw on support. There were substantial differences between the various branches of the economy in terms of how intensively they made use of available support.
- It is natural to expect that firms which are more heavily affected by the epidemic, measured by reductions in hours worked, would make more frequent use of support than those less affected. In the manufacturing industry, time worked in companies that made use of the support fell by an average by 30 %. In manufacturing companies that did not claim support, the reduction was around 10 %. However, in the accommodation, catering, and hospitality sector, in administrative and supportive activities, and culture, entertainment, and recreation, hours worked were also significantly reduced in companies that did not make use of support; those companies must have substantially reduced the numbers of employees or employee hours.
- Support from the programme was used most intensively in the manufacturing industry, where companies were able to make up for approximately one third of the reduction in time worked, and thus to maintain a relatively large proportion of their employment contracts. Only 10 % of the reduction in time worked was covered by the support claimed in the similarly strongly affected administrative and supportive activities field. When looking at full time equivalents, the manufacturing industry received almost three quarters of all support paid out through the Antivirus B programme. Manufacturing companies with more than 250 employees accounted for 13 % of all hours worked in the business sector in the Czech Republic in the second quarter of 2019. A year later, they claimed as much as 60 % of all support provided through the Antivirus B programme.
- Companies that had already faced a drop in demand prior to the onset of the pandemic claimed support more frequently. A 10 % reduction in overall wages in the pre-pandemic period is associated with a 3 percentage point increase in the likelihood of a company drawing on funding from the Antivirus programme, approximately one-tenth more than the average likelihood of drawing on funding across all firms (31 %).