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Unpacking Impact of COVID-19 on Vietnamese Firms: Evidence from a Novel Survey
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ABSTRACT: Using a unique representative panel survey of Vietnamese enterprises in 2020, we find that the pandemic and associated government support package had a heterogeneous impact across firms. The government support package, particularly tax cuts and deferrals, helped alleviate short term stress, but tight ineligibility criteria and cumbersome procedures impacted take-up. Econometric analysis suggests that the likelihood of accessing support was associated with firm size, with larger firms more likely to receive support compared to smaller firms, even after controlling for sector, firm ownership and financial health. Credit support was effective in alleviating liquidity constraints and allaying firm pessimism only for large firms. Interestingly, firms experiencing sales losses and those with lower pre-crisis productivity were more likely to resort to digitalization, suggesting that the pandemic could help narrow productivity gaps.

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