Anatomy of Firms’ Margins of Adjustment: Evidence from the COVID Pandemic

Elías Albagli, Andrés Fernández, Juan Guerra-Salas, Federico Huneeus

Research Department – Central Bank of Chile

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“The Economics of the Covid-19 Pandemic”

Disclaimer: Views do not necessarily correspond to those of the Central Bank of Chile or its Board members.

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Motivation

• The COVID-19 crisis has been a **large macro shock** with substantial **reallocation of resources**

• The crisis in **Chile**:  
  1. Sharp contraction followed by **V-shaped recovery**  
  2. Considerable size of **monetary, fiscal and credit policies**  
  3. Significant **distributional impact** of the crisis  

• What is the **role of firm** behavior in these dynamics?  
  • Literature so far offers only partial evidence on this  
  • Usually study subset of firms, or limited information, or subset of margins of adjustments  

• This paper: we **trace the real effects of the pandemic on firms’ micro patterns** that build into the macro dynamics  
  • Study simultaneously nearly all margins of adjustment of firms  
  • Study the role of policies
How we do it

• We do this for firms in Chile for which we have a **unique administrative dataset** that allow us to document their **activities in all markets** they participate in and for the **universe of firms**

  • 1. We uncover a set of **stylized facts** on firms’ margins of adjustment in the wake of the shock and through the economy’s recovery path along several markets (extensive/intensive margins):
    • Output market: *entry/exit, sales*
    • Intermediate inputs market: *suppliers’ links*
    • Labor market: *employment*
    • Physical capital goods market: *investment*
    • Credit market: *domestic bank credit*

  ➢ This allows us to also quantify the micro sources of **firms’ productivity** under COVID
  ➢ We document the **heterogeneity** of these facts across firms’ **sector and size**

• 2. We also identify the **role of credit & employment protection policies** in these adjustment
Key Takeaways

1. The sharp contraction in economic activity induced by the COVID shock in Chile, and the subsequent fast recovery, brought about significant adjustments by firms along several markets and margins (extensive/intensive), and was characterized by considerable heterogeneity across sectors and firms’ sizes.

2. Policies that supported credit - coupled with sovereign guarantees - as well protected employment mitigated these adjustments and appear to have played a role in the recovery of firms’ sales, their exit & re-entry decisions, and employment. A corollary of credit policies is a considerable increase in firms leverage.
Outline

1. Motivation
2. Data
3. Firms’ margins of adjustment: stylized facts
4. The role of policies
5. Productivity
Data

Massive effort by the Central Bank of Chile of creating a repository with various administrative datasets owned by the State to support policy-making, statistics and research.

For this project we merged five dataset (anonymously)

1. Firm Production Dataset
   Standard tax form (F29) that firms report monthly on total revenues, materials expenditures, investment. Source: Chilean IRS (SII)

2. Firm-to-Firm Intermediate Input Transactions Dataset
   All private firm-to-firm transactions starting from 2015 until last month, includes value flows, prices, products/services traded. This information allows to measure investment at a transaction level. Source: Chilean IRS (SII)

3. Firm-to-Bank Credit Transactions (stocks and flows) Dataset
   All formal credit transactions starting from 2012 until last month, includes information on interest rates and other credit details. Also, for this crisis, Banks are giving information on applications to public credit guarantee loans. Source: Financial Regulatory Commission (CMF)

4. Employer-Employee Dataset
   Firm-month level information on ending formal employer-employee contracts. Source: Administrator of Unemployment Insurance

5. Credit & Employment Policies’ Datasets Firm/level
   Firm-level data on FOGAPE credits & Employment Protection Law (EPL)
Output Market: Exit and Re-Entry

Number of firms *

Decomposition: Entry/Exit/Re-entry *

• **Contractionary Phase:** Sharp decline of 14% (13%) of firms reporting positive sales between February and June 2020

• **2 of every 3 firms that exited re-entered,** and the median length of exit was 5 months between 2020.M3 and 2021.M5

• Substantial heterogeneity across sectors and size: Almost all accounted for by small firms
  • Recovery lead by manufacturing and commerce

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Note: (*) Red vertical line is February 2020. A firm is a single tax ID with positive sales. Only firm that belong to National Accounts directory of firms. Source: Monthly tax form F29.

Note: (*) Numbers refer to the change in the number of firms since Feb. 2020; NAT is non allocated turnover. Source: Monthly tax form F29.
Output Market: Sales

**Sales * **

**Sales Growth Distribution **

**Size**

Note: (*) Sales are normalized so that Feb./2020 is 100; (**) Distribution refers to the ratio of sales for March-May 2021 Vs 2019. Source: Monthly tax form F29 and Electronic Invoice.

- **Two phases also in sales**: Hard fall in sales with a trough in May/20 in both final sales and B2B sales; and a steady rebound with a pre-pandemic recovery by end of 2020

- **Strong heterogeneity**: less than half of firms have recovered relative to 2019 (more heterog. than in other 2-year periods)

- Recovery holds across all firm size, but **smaller firms –the hardest hit- lead the recovery**. By sectors, manufacturing and commerce have also lead it.
In the contractionary phase, employment fell as much as sales and has been lagging behind in the recovery phase.

Only 33% of firms are hiring more than pre-covid.

Magnitude of contraction ordered by size. Recovery lead by manufacturing and commerce.
Intermediate Input Market: Suppliers’ Links

- There was strong net destruction of links that bottomed in 2020.Q4, with links decreasing by close to 10% in annual growth terms, driven by a slowdown of gross creation and a sharp rise in gross destruction.

- Yet by the end of 2020, the recovery was complete and firms had rebuilt their connections with suppliers.

- At the peak, close to half of the links were destroyed, yet nearly one third of those recovered.

Note: (*) Annual growth rate of number of firms’ links. Source: Electronic Invoice.
Credit Market and Leverage

- **Domestic Bank Credit was countercyclical during COVID**, unlike in previous crises
- **Credit flowed non linearly**: both to highly impacted firms as well as those that with higher sales
- In turn, this triggered an unprecedented three-fold increase in leverage, across the board

**Credit during crises in Chile**

**Credit & Sales in 2020**

**Leverage: Bank Debt to Sales**

*Note: (*) 12 month growth for each month after the onset of the crisis (t=0), defined as the month when monthly GDP index (IMACEC) displays negative growth. For COVID-19, t=0 is February.*

Outline

1. Motivation

2. Data

3. Firms’ margins of adjustment: stylized facts

4. The role of policies
   - FOGAPE: Loans with sovereign guarantees
   - LPE: Fast and cheap furlough mechanism

5. Productivity
FOGAPE-Sovereign Guarantees: Access

- **Widespread access of FOGAPE loans**: Close to 40% of all firms (~250k) at some point obtained one.

- **Amount accessed was strongest at the onset of the program** in May 2020—with a peak flow of 3% of GDP—and has been gradually decreasing.

- Credit flowed **largely to firms with significant decreases** in sales.

- Concentrated in **small firms**, and **commerce** (details).

**Note:** (*) Firms that at a given month had gotten a FOGAPE loan; Source: Financial Regulator Commission and tax form F29.
Firms that accessed FOGAPE loans saw their sales drop more—with a trough in April of about 20% relative to February—than firms that did not access.

Yet firms they have also rebounded more than others.

Qualitatively the same can be said about investment.

Currently working on a micro event study design.

Note: (*) Firms that at a given month had contracted a FOGAPE loan; Source: Financial Regulator Commission and tax form F29.
LPE – Furlough Program: Access

• Widespread access to employment protection (LPE): Some ~120k firms accessed LPE (nearly 45% of firms with at least one employee)

• At the trough, about 10% of employment was lost and an additional 15% was enrolled in LPE

• Among firms that accessed LPE, close to 80% of payroll was enrolled in LPE by mid-2020.

• Allowed to maintain the same turn-over at the firm than in a normal year (nearly 75%)

• Concentrated in small firms, and commerce (details)

Note: (*) Firms with at least one worker enrolled in LPE. (**) Not seasonally adjusted. (***) Percent of payroll under LPE among firms that accessed the policy.

Source: Employer-employee dataset, and employment protection program (LPE) dataset.
Macro Event Study of Furlough Program (LPE)

Note: (*) Sales and employment of firms that accessed LPE in any month during the period March-December 2020. Employment includes workers enrolled in LPE. Seasonally adjusted. Source: tax form F29, employer-employee dataset, and employment protection program (LPE) dataset.

• We identify **firms that had any access to employment protection (LPE) in Mar-Dec** and track their performance before and after the crisis hit. Among firms that accessed LPE:
  • **Sales dropped substantially**—with a trough in May of about 30% lower sales than in February, and a lagged recovery followed that of firms that did not access the policy
  • The **decline in employment was like that of firms that did not access LPE** (workers under LPE are considered employed)
  • However, employment has stayed below pre-pandemic level (details)
Econometric Analysis

\[ Y_{i, July} = \alpha_t(i) + \alpha_s(i) + \alpha_{a(i)} + \alpha_{c(i)} + \beta_1 FOGAPE_{i, Apr-Jun} + e_i \]  (*)

<table>
<thead>
<tr>
<th></th>
<th>No Report</th>
<th></th>
<th>Reentry</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Change debt stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOGAPE</td>
<td>-0.040***</td>
<td>(0.0085)</td>
<td>0.035***</td>
<td>(0.0246)</td>
</tr>
<tr>
<td>Dummy Fogape</td>
<td>-0.005***</td>
<td>(0.0013)</td>
<td>0.013***</td>
<td>(0.0035)</td>
</tr>
<tr>
<td>N. Obs</td>
<td>354,729</td>
<td>354,729</td>
<td>76,419</td>
<td>76,419</td>
</tr>
</tbody>
</table>

- **No Report:**
  - One SD increase in the change of debt stock reduces the probability of no report by 0.2%.
  - Accessing to FOGAPE credits between April-June/2020 is associated with a decrease of 0.5% in the probability of not reporting sales in July, relative to firms that do not access the policy (unconditional probability of no report is 6%).

- **Reentry:**
  - One SD increase in the change of debt stock increases the reentry probability by 0.2%.
  - Accessing FOGAPE credits between April-June/2020 is associated with a 1.3% increase in the reentry probability, relative to firms that do not access the policy (unconditional probability of re-entry is 10.8%).

(*) Fixed effects: Firm size (\(\alpha_t\)), sector (\(\alpha_s\)), age (\(\alpha_a\)), and municipality (\(\alpha_c\))
Econometric Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Des. Stats</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOGAPE</td>
<td></td>
</tr>
<tr>
<td>Change debt stock</td>
<td>0.254 *** (0.0235)</td>
</tr>
<tr>
<td>Dummy Fogapec</td>
<td>0.019 *** (0.0032)</td>
</tr>
<tr>
<td>LPE</td>
<td></td>
</tr>
<tr>
<td>Ratio LPE</td>
<td>0.146 *** (0.0041)</td>
</tr>
<tr>
<td>Dummy LPE</td>
<td>0.204 *** (0.0028)</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.203*** (0.0014) -0.202*** (0.0015) -0.154*** (0.0016) -0.277*** (0.0017)</td>
</tr>
<tr>
<td>N. Obs</td>
<td>145,884 145,884 132,583 145,884</td>
</tr>
<tr>
<td>Adj R2</td>
<td>0.048 0.048 0.029 0.081</td>
</tr>
</tbody>
</table>

- **FOGAPE:**
  - A 1% (1 SD) increase in the stock of debt, generates a rise of 0.3% (1.3%) in total employment
  - Access to FOGAPE raised employment by 1.9% (see constant is -20.2%)

- **LPE:**
  - A 1% (1 SD) increase in the ratio of workers under LPE is linked to an increase of 0.1% (4.4%) in employment
  - Access to LPE is linked to an increase of about 20% in employment.
Outline

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3. Firms’ margins of adjustment: stylized facts
4. The role of policies
5. Productivity
Productivity

• Productivity growth driven by stronger decline in employment than value-added

• Masks substantial heterogeneity. 38% of firms increased their productivity, including medium and large firms

Productivity

- **FOGAPE**: linked to **increases in productivity** and strong correlation between productivity and investment

- **LPE**: linked to **productivity and employment falls**

**Heterogeneity in productivity growth across policies***

Note: (*) Annual productivity growth in 2020 and annual growth of each variable employed in its computation, for each group of firms. Firms are grouped according to the policies they accessed during March-June 2020. Numbers in parenthesis denote the share of value added of each group. Firm-level productivity is aggregated using each firm’s value added as its weight. (**) Correlation between firm-level productivity growth (X axis) and employment and investment growth (Y axis). Non-parametric correlations with local linear regressions.
THANKS!
Appendix
Output Market: Extensive Margin Heterogeneity

• Heterogeneity in sectors: Manufacturing and Commerce have led the recovery, while others continue to lag (e.g. services and restaurants/hotels)

• Heterogeneity in size: All firms that exited were micro & small, unlike in the Social Unrest episode

Note: (*) Displaying only 4 aggregate sectors of 15 in total; (**) Size defined as per yearly sales of previous year as follows: Micro&Small less than USD960.000 per year; Median: less than USD3.8M per year; Large: more than USD3.8M per year.
Output Market: Entry & Exit

“Exit” – 3+ Months *

New Entry & Re-entry **

Note: Exit is computed as firms that do not report sales in F29 for 3 or more consecutive months; (**) Entry is computed as newly entrant firms (i.e. firms with a never seen before tax ID), and re-entry are firms that were classified as Exit that post sales afterwards. Source: Monthly tax form F29.

- **Firm exit peaked in April**, with close to 70k firms (~10%)
- **Reentry of firms** soon after that became an **important force** with a peak of 40k firms in 09/2020
- **Newly entrant firms** had a trough in april/2020, and then quickly recovered to exhibit record numbers
Output Market: Heterogeneity in Sales Across Firms


- Left panel: For each firm, we compute the ratio of average real sales in March-May 2021 with respect to March-May 2019 and plot the distribution.
  - An average of these three distributions shows the recovery from the COVID shock features more heterogeneity across firms than normal times.
Output Market: Sales Heterogeneity

- **Heterogeneity in sectors**: manufacturing and commerce leading here too.
- **Heterogeneity in size**: Micro&Small falling harder and recovering most
- **Heterogeneity in Entrants**: Micro&Small falling harder and recovering most

Labor Market Extensive Margin: Heterogeneity

- Employment has lagged less in more active sectors (industry and commerce) but has fallen in others
- It has lagged across all firms’ size
- Has lagged much more in re-entrants

Note: Source: Monthly tax form F29 and Electronic Invoice.
Physical Capital Market: Investment

**Investment & Sales** *

- Machinery & Equipment investment fell **harder and faster** than sales, with a trough in April 2020 of about 70% that in February 2020.
- There has been a **strong recovery** as well, with a level close to 20% that of pre-pandemia.
- Recovery across size and sectors, except for restaurants and hotels.

*Note: (*) Investment in Machinery & Eq. Source: Tax form F29.*
Physical Capital Market: Heterogeneity

- Investment is recovering in all sectors, even those that are still lagging in sales
- This is robust to size and re-entrants/incumbents

Investment & Size *

Investment & Sector **

Investment & Entry ***

Note: (*) Investment in Machinery & Eq. Source: Tax form F29.
Credit Market and Leverage: Heterogeneity

- Leverage nearly tripled across all sectors, even those with low historical levels of leverage.
- It increased across all sizes, though slightly more on medium and small firms.
- It increased relatively more on incumbent firms.

Leverage by Sector *

Leverage by Size

Leverage by Entry

Public Credit Guarantee: Heterogeneity

- Flows of FOGAPE loans were directed more to commerce and manufacturing
- They were evenly distributed across sizes
- They were overwhelmingly given to incumbent firms

Note: (*) Firms that at a given month had gotten a FOGAPE loan; Source: Financial Regulator Commission and tax form F29.
Public Credit Guarantee: Heterogeneity

- Firms in manufacturing & industry accessed relatively more
- Mostly Micro & Small firms, and also incumbent

Note: (*) Firms that at a given month had gotten a FOGAPE loan; Source: Financial Regulator Commission and tax form F29.
Employment Protection: Heterogeneity

- Acess to LPE has been largely concentrated in micro and small firms.
- Among micro and small firms that accessed LPE, between 60–80% of the payroll was enrolled.

**Note:** (*) Cumulative number of firms with at least one worker enrolled in LPE. (**) Percent of payroll under LPE among firms that accessed the policy. Source: Employer-employee dataset, and employment protection program (LPE) dataset.
Employment Protection: Heterogeneity

- Access to LPE has been **largely concentrated in commerce and manufacturing firms**.
- Among the firms that accessed LPE, those in the restaurants and hotels sector enrolled a larger fraction of their payroll.

**Note:** (*) Cumulative number of firms with at least one worker enrolled in LPE. (**) Percent of payroll under LPE among firms that accessed the policy. Source: Employer-employee dataset, and employment protection program (LPE) dataset.
Employment Protection: Performance

- Among firms that accessed LPE at the start of the crisis (Mar–May 2020):
  - Employment in firms that never left policy support (left panel) have seen a slower recovery than that of firms that had left policy support by November at the latest (right panel).

**Note:** (*) Solid and dashed red lines refer to firms that enrolled workers in March, April or May 2020 and had at least one worker enrolled each month until December. (**) Solid and dashed red lines refer to firms that enrolled workers in March, April or May 2020 and had no workers enrolled by November, at the latest; and have positive sales in Nov and Dec. Not seasonally adjusted. Source: Employer-employee dataset.
Employment Protection: Performance

Among workers that enrolled in LPE at the start of the crisis (March–May):

- By December, more than 75% were still with the firm they worked for at the time of enrollment in employment protection, with more than 50% back to work.

- By December, about 24% had left LPE the firm they worked for at the time of enrollment (they must be unemployed, inactive, or working for another firm).

Workers that enrolled in LPE in Mar-May:
Status throughout 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jun</td>
</tr>
<tr>
<td>Under LPE</td>
<td>94,13%</td>
</tr>
<tr>
<td>Back to work in the same firm</td>
<td>4,42%</td>
</tr>
<tr>
<td>Other</td>
<td>1,45%</td>
</tr>
</tbody>
</table>

Note: We track the status of workers that enrolled in LPE in March, April or May 2020 throughout the rest of the year. Under LPE: workers enrolled in LPE (with any firm). Back to work in the same firm: workers recalled to the firm they worked for in Mar-May. Other: workers that may be out of the labor force, unemployed, or working for a firm other than the one they were working for when they enrolled in LPE. Source: Employer-employee dataset.
LPE & FOGAPE: Performance

- Among firms that accessed policy support in March–June 2020 (2nd row), 31% accessed LPE only, 41% accessed FOGAPE only, and 28% accessed both LPE and FOGAPE.
- For each of these three sets of firms, we compute the median annual growth of sales at the start of the crisis (Mar–Apr).
- Firms that suffered the sharpest decline in sales growth (nearly 50%) accessed LPE only; firms that were relatively less affected (16% decline in sales growth) accessed FOGAPE only. The median firm that accessed both programs experienced an initial decline of sales growth of about 39%.
- In terms of sector, firms in commerce, and restaurants and hotels suffered substantial declines in sales growth.

Firm access to LPE and FOGAPE policies

<table>
<thead>
<tr>
<th></th>
<th>LPE only</th>
<th>FOGAPE only</th>
<th>LPE and FOGAPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>Share of firms</td>
<td>Median sales growth</td>
<td>Number of firms</td>
</tr>
<tr>
<td>2020</td>
<td>50566</td>
<td>25,6%</td>
<td>-45,4%</td>
</tr>
<tr>
<td>Mar-Jun 2020</td>
<td>42488</td>
<td>30,9%</td>
<td>-49,2%</td>
</tr>
<tr>
<td>Micro and Small</td>
<td>38435</td>
<td>32,1%</td>
<td>-52,0%</td>
</tr>
<tr>
<td>Medium</td>
<td>2531</td>
<td>20,4%</td>
<td>-23,6%</td>
</tr>
<tr>
<td>Large</td>
<td>1522</td>
<td>28,3%</td>
<td>-14,5%</td>
</tr>
<tr>
<td>Services</td>
<td>6373</td>
<td>42,4%</td>
<td>-44,5%</td>
</tr>
<tr>
<td>Commerce</td>
<td>14163</td>
<td>27,4%</td>
<td>-51,8%</td>
</tr>
<tr>
<td>RRHH</td>
<td>4967</td>
<td>42,4%</td>
<td>-68,3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5486</td>
<td>28,2%</td>
<td>-39,6%</td>
</tr>
</tbody>
</table>

Note: To compute median sales growth in Mar-Apr of each set of firms, we begin by computing, for each firm, average annual sales growth in March-April; we then compute the median across firms. Source: Electronic Invoice, employer-employee dataset, employment protection law (LPE) dataset, Financial Regulator Commission, and FOGAPE credits dataset.
Variables in Probit & OLS Regressions

- **Extensive margin - dependent variables**
  - **No report**
    - Report no sales or null sales for the first time starting in July 2020.
  - **Reentry**
    - Over a subset of firms, which reported no sales for the three months of Apr-Jun 2020, we determine if a firm reenters.
      - Reentry dummy equals 1 if a firm in this group reports positive sales in July 2020.

- **Intensive margin - dependent variables**
  - **Employment**: annual growth of total employment reported by the firm (includes LPE)
  - **Investment**: annual growth is the difference in the flow of investment in July 2020 relative to that in July 2019 divided by historical sales.
    - Historical sales is the average of sales over Oct 2018 through Sept 2019, times 12.

- Two explanatory variables related to credit
  - Credit intensity: Change in the stock of domestic bank debt between the end of February 2020 and June 2020, scaled by historical sales.
  - Dummy variable that takes the value of 1 if the firm accessed to FOGAPE loans during April, May or June 2020.

- Two explanatory variables related to the employment protection program (LPE)
  - Ratio of workers enrolled in LPE as a share of a firm’s total employment.
    - Numerator: Total number of workers enrolled in LPE during March, April, May and June 2020.
    - Denominator: Total number of workers during March, April, May and June 2020.
  - Dummy variable that takes the value of 1 if the firm accessed to LPE during March, April, May or June 2020.
    - To be considered in LPE, firms must report at least one worker under LPE for at least one of the months stated above.
Effects of policy support – Timing identification

- Regressions where outcome is “No report” or employment and investment growth
  - We consider firms that report sales during March, April, May and June 2020.
  - In July, we evaluate if the firm reports no sales (No Report = 1) or sales (No Report = 0)
  - In July, we evaluate annual growth of total employment and investment

- Regressions where outcome is “Re-Entry”
  - We consider firms that report no sales during April, May and June 2020.
  - In July, we evaluate if the firm reports positive sales (reentry is 1) or no sales (reentry is 0)

Return
Effects of policy support – sample of firms

Sample of firms considered for regressions

• We consider all firms that have at least one month of positive sales since January 2018.

• Exclude firms without information of sector or firm size.

• Exclude firms in the following sectors: utilities, agriculture, and public administration.

• Restrictions on sales:
  1. Keep firms with positive sales in March and/or April 2019 (to compute annual growths)
  2. Keep firms with positive sales in any of the following months: Dec 19’, Jan 20’ or Feb 20’ (to include firms that did not exit following the riots of Oct./Nov. 2019)
  3. Exclude firms with global exits prior to March 2020 (to study exit only related to COVID)
  4. Keep firms with at least one month of positive sales since February 2020.

• Winsorize debt growth at 5% and 95%, and employment growth at 99%.

• In the regressions where outcome is “No report” or employment and investment growth, we show results for firms that experienced negative average annual sales growth in March and April 2020 (about two thirds of total firms)
## Effects of policy support – sample of firms

### Data for analysis

<table>
<thead>
<tr>
<th>Filter</th>
<th>Number of firms</th>
<th>Negative sales growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>1,269,737</td>
<td></td>
</tr>
<tr>
<td>Sector and firm size</td>
<td>838,394</td>
<td></td>
</tr>
<tr>
<td>Restriction (1)</td>
<td>616,085</td>
<td></td>
</tr>
<tr>
<td>Restriction (1) y (2)</td>
<td>544,089</td>
<td></td>
</tr>
<tr>
<td>Restriction (1), (2) y (3)</td>
<td>529,159</td>
<td></td>
</tr>
<tr>
<td>Restriction (1), (2), (3) and (4)</td>
<td>529,159</td>
<td>354,746 (67%)</td>
</tr>
<tr>
<td>Restrictions (1), (2), (3) and (4) + Have at least one employee</td>
<td>285,099</td>
<td>183,955 (65%)</td>
</tr>
</tbody>
</table>

- Regressions where outcome is “No report”, investment growth and “Re-entry” Restrictions (1) – (4) apply.
- Regressions where outcome is employment growth Restrictions (1) – (4) + at least 1 employee apply.
## Effects of policy support – Descriptive Stats

<table>
<thead>
<tr>
<th>No report (July)</th>
<th>Reentry (July)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of firms</strong></td>
<td><strong>Number of firms</strong></td>
</tr>
<tr>
<td>497.557</td>
<td>68.392</td>
</tr>
<tr>
<td>31.602</td>
<td>8.305</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Sub-total</strong></td>
</tr>
<tr>
<td>529.159</td>
<td>76.697</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>Do not exit</strong></td>
</tr>
<tr>
<td>94,03%</td>
<td>85,51%</td>
</tr>
<tr>
<td>5,97%</td>
<td>14,49%</td>
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<tr>
<td><strong>100%</strong></td>
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<table>
<thead>
<tr>
<th><strong>Total Employment</strong></th>
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<tbody>
<tr>
<td><strong>Annual Growth</strong></td>
</tr>
<tr>
<td>Nº firms</td>
</tr>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Median</td>
</tr>
<tr>
<td>Std Dev</td>
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<table>
<thead>
<tr>
<th><strong>Change in debt stock</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nº firms</td>
</tr>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Median</td>
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<tr>
<td>Std Dev</td>
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<table>
<thead>
<tr>
<th><strong>Access to FOGAPE</strong></th>
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<tbody>
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<td>Nº firms</td>
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<td>Average</td>
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<tr>
<td>Median</td>
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<tr>
<td>Std Dev</td>
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<tr>
<td>Percentage</td>
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<tr>
<td>Std Dev</td>
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<th><strong>Ratio LPE</strong></th>
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<tr>
<td>Average</td>
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<tr>
<td>Median</td>
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<tr>
<td>Std Dev</td>
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<table>
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<tr>
<th><strong>Return</strong></th>
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