

Assessing the Impact of Covid-19 Pandemic on Businesses in the Old Prilep Bazaar

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Abstract: Without a doubt, the impacts and consequences of the coronavirus pandemic on our lives and our societies are global, severe, and durable. Assessing the magnitudes of those characteristics represents a huge challenge we are all facing, especially having minded the fact that the pandemic is still active throughout the world. What are the solutions we can find to secure the businesses, maintain the jobs, and stabilize financial markets and economies, becomes one of the fundamental questions of today. In this regard, the paper aims to tackle, detect, and highlight the multidimensional impacts of the coronavirus-induced economic recession on the micro-businesses located in the Old bazaar in Prilep, one of the most prominent trade centers in North Macedonia. The findings are based on the results coming out from a descriptive and inferential statistical analysis of the data obtained by a survey, carried out on a representative sample of businesses. They suggest that majority of microbusinesses are severely hit by the pandemic regarding their overall economic well-being; the Government measures are barely enough for them to survive in the short run.

Keywords: COVID-19 pandemic, Economic crisis, Micro-businesses, Old bazaar, Prilep, North Macedonia

JEL classification: L26, R11, C12, C83

1. INTRODUCTION

The global COVID-19 pandemic is causing not just a global health emergency, but also a global and significant economic slowdown. Trade, supply chains, investments, economic growth, and employment are all affected on a local, regional, and global level. The induced economic crisis will have a profound impact on the achievement of sustainable development goals.

The world is currently coping with the challenges posed by one of the most unpredictable economic crises, which is substantially larger, and more specific than previous ones. There is a huge uncertainty related to the duration and the multidimensional consequences of the non-economic shock caused by the pandemic, especially regarding the implications on the global economy. Such ambiguity, vagueness, and insecurity come out from the fact that the cause of the economic crisis is not economically-related, but rather healthy-related. On the other hand, there is a double shock, one existing on the side of the aggregate supply, and another one in effect on the side of the aggregate demand. Having minded the previous observations, the assessments vis-à-vis the real impacts of COVID-19 pandemic on the economic

activities, as well as the assessments regarding the effects of the undertaken fiscal and monetary measures for mitigating the consequences of the crisis, are quite different. Under the International Monetary Fund (IMF) basic scenario, it is expected that the economic activity will decrease globally by 3.0% in 2020, including a decrease of 5.9% in the USA, and a decrease of 7.1% in EU, whilst China is expected to increase its economic activity by 1.2%, despite the global economic recession (MoF, 2020, p. 1). According to the last report issued by the World Bank (WB), the global economy will face the deepest recession in the last 80 years, falling by 5.2% in 2020 (WB, 2020a, p. 4). The report states that a contraction of the economic activity by 7.0% is being expected in advanced economies (USA, EU, and Japan), and by 2.5% in developing countries in 2020, primarily as a consequence of the great disturbances and tectonic shifts in the domain of the domestic supply and demand, trade, and finances.

The projections of the IMF and WB about the economic development of the Republic of North Macedonia in 2020 anticipate a recession with a negative increase of -4.0% (MoF, 2020, p. 1) and -1.4% (Baseline scenario) or -3.0% (Downside scenario) (WB, 2020b), respectively.

Having minded the previous, the paper aims at an assessment of the economic consequences of the COVID-19 pandemic on the micro-businesses located in the Old Prilep bazaar. For this purpose we carried out a survey by means of questionnaire on a representative sample of a heterogeneous and random sample comprised of 74 Old Bazaar firms' owners and/or managers. Obtained results are presented within the paper in details and should be a basis for making recommendations by the government, especially by the local authorities, thereby contributing to the forward-thinking policies that will pave the way for the post-shock recovery.

The paper is organized as follows. The next section sheds light on some of the most prominent research related to the impact of COVID-19 pandemic on the economy, especially in North Macedonia. Section 3 presents some introductory facts about the Old Prilep bazaar, including a brief elaboration of the situation with firms operating in the Old Prilep bazaar after the COVID-19 pandemic burst. In Section 4, the source of data for the research, as well as the used methodology, are elaborated. The results and their interpretation are given in Section 5. The last section concludes.

2. RELATED RESEARCH

Since the emergence of the COVID-19 at the very beginning of 2020, extensive studies have been conducted about the impact of the global pandemic on economies worldwide. Most of them are reports focusing on the economic fallout from the coronavirus pandemic and efforts to slow its spread. Although there is no segment of the society which is not affected by the pandemic, the most affected are small- and micro-businesses, which are recognized proving ground for entrepreneurs, a vibrant source of innovation and competition, and an essential source of employment. They are suppliers and customers to the broader economy and deeply embedded in local communities. In general, small- and micro-businesses are usually hardly hit by economic recessions because the majority of them are vulnerable and financially fragile because of the small cash buffer in reserve. Small- and micro-businesses in labor-intensive or low-wage industries hold fewer cash buffer days than those in capital-intensive or high-wage industries, which is one of the crucial reasons why are they deeply affected by economic crises.

In fact, crises such as the COVID-19 pandemic are likely to have an inordinate effect on SMEs, given their limited resources (human, financial and technical) compared to large firms. On the other

hand, SMEs are more flexible and adaptable than their larger counterparts because of their small size, their tendency to be privately owned, and their relatively flat hierarchical structures, all of which can be beneficial during a crisis. Overall, however, SMEs are generally less resilient compared to larger firms, meaning that they take longer to return (if at all) to 'normal operations' following a crisis (Jill J., José G., Rajneesh N., 2020). Ruochen Dai *et.al.* (2020, p.10) examined both the short-term and mid-term impact of COVID-19 restrictions on small and medium-sized enterprises (SMEs), based on two waves of phone interviews with a previously surveyed large SME sample in China. The outbreak of COVID-19 and resultant lockdowns cast a heavy toll on SMEs. Affected by problems of logistics blocks, labor shortages, and drops in demand, 80 percent of SMEs temporarily closed at the time of the first wave of interviews in February 2020. After reining in COVID-19, authorities largely eased lockdown restrictions in April. Consequently, most SMEs had reopened by the time of the second round of surveys in May. However, many firms, particularly export firms, ran at partial capacity, primarily due to inadequate demand. Alexander W. Bartika *et.al.*(2020, p.17 666) explore the impact of coronavirus disease 2019 (COVID-19) on small businesses in USA by a survey of more than 5,800 small businesses between March 28 and April 4, 2020. In their sample, which is skewed toward the retail sector, they found that 43% of businesses were temporarily closed and that employment had fallen by 40% just a few weeks into the crisis. This represents a shock to America's small firms that has little parallel since the Great Depression of the 1930s. Their results suggest that many of these firms had little cash on hand toward the beginning of the pandemic, which means that they will either have to dramatically cut expenses, take on additional debt, or declare bankruptcy. Karim T. *et.al.* (2020, p.1) conducted a survey about the impact of COVID-19 on SMEs in five European countries—France, Germany, Italy, Spain and the United Kingdom. The results of a recent survey indicate just how hard SMEs prosperity has been hit by the COVID-19 crisis. Namely, some 70 percent said their revenues had declined as a result of the pandemic, with severe knock-on effects. One in five was concerned they might default on loans and have to lay off employees, while 28 percent feared they would have to cancel growth projects. In aggregate, more than half felt their businesses may not survive longer than 12 months—despite the fact that 20 percent of those surveyed had already taken advantage of the various forms of government assistance aimed at easing their financial distress, such as tax breaks or payments to furlough staff.

Abdulkadir Ahmed Warsame (2020) analyzed the impacts of COVID 19 on the Small and Medium Enterprises (SMEs). This study is limited to SMEs located in Garowe to assess how the pandemic was affected the SME's supply and demand, revenue, the employees and other business operations. The study found that the supply decreased 38% whereas the demand declined 83% as the respondents of the study confirmed. The income experienced 89% of fall down and pressured that 60% SMEs reduced the working hours. On the other hand 75% of the respondents confirmed that they are planning or already lay off the employees. Most of the SMEs met decline of cash, the cash receipts from sales declined 72%, also the accounts receivable reduced 61% this resulted that 64% SMEs failed to cover the operating expenses. The SMEs faced financial distress or insolvency which resulted to trigger massive job losses and the shuttering of businesses. The COVID 19 has potentially dire implications for SMEs, it needs financial assistance to protect the lives and livelihoods of people, especially the most vulnerable. Simillar results are obtained in the conducted research in Iraq (2020). The findings revealed that COVID-19 crisis has negatively impacted SME production levels, with an average decline of 67 per cent across all sectors. Food and agriculture, as well as general trade, are five percentage points below the average reduction. Among the five sectors with higher than average production declines, education and technology suffered the biggest contraction at 77 per cent. The pandemic also heavily impacted businesses' ability to retain employees. The average reduction in full-time employment from February, before lockdown measures were implemented, to June was 27 per cent. Food and agriculture, general trade and services had the smallest reduction in employment, with an average loss of 2 out of 10 employees.

As per the Republic of North Macedonia, most of the research on the economic and social impacts of the COVID-19 pandemic has been accomplished by world organizations, such as OECD, UNDP, ILO & EBRD, The World Bank, and alike.

OECD (2020) states that the coronavirus pandemic is expected to lead to a notable slowdown in the Macedonian economy, which is heavily reliant on trade with and investments from the EU (e.g. almost 50% of exports are directed to Germany). Within the domestic markets, SMEs, manufacturing, and tourism sectors will be among the most affected. Unemployment rates may rise again and labor market conditions may deteriorate, given that a notable share of the workforce (around 20% of the population) lives abroad (OECD, 2020). The same source argues that "indicators for the first two

months of 2020 signal growth in the first quarter, but first readings for March 2020 indicate that the coronavirus pandemic containment measures are taking a toll on economic performance. The industrial production index increased by 1.9% y-o-y in January and February 2020, but suffered a heavy decrease in March (-13.4% y-o-y), leading to a drop of 3.7% in the first quarter. Manufacturing output declined by 2%. On average in the first three months, trade turnover amounted to 2.7%, due to strong increases in January and February 2020, but fell in March (-9.4% y-o-y)".

UNDP (2020, p. 3) points out their general findings that the COVID-19 pandemic has had a serious impact on the Macedonian economy of a magnitude that is higher than the global financial crisis of 2007-2009. Such an impact requires accordingly larger socio-economic package, whilst imposing the need for good public financial management and fiscal sustainability in financing the economic recovery packages. The impact is multidimensional, attacking both the supply and the demand side of the economy. Certain sectors have been more affected, especially the micro, small, and medium enterprises.

ILO & EBRD (2020, p. 7) focus on the employment impacts in North Macedonia and policy responses. Their rapid assessment communicates several important key messages. For instance, the decline in working hours during the second quarter of 2020 is equivalent to the loss of 85,550 full-time jobs, assuming a 40-hour working week; the pandemic has severely affected 82% of Macedonian enterprises; the majority of them (43%) reported a reduction in revenues by 50% or more, and 11% closed down their company temporarily; micro-companies are hardest hit by the crisis, with 50% reporting that their revenues have halved; 19% of micro-companies have closed their businesses; 47% of the companies have access to financial support to help their business recover; compared to micro, small, and medium-sized enterprises, large companies have shown more resilience. Their sectoral analysis shows that nine sectors, including food and beverage services, retail, transport, warehousing, personal services, food manufacturing, construction, and related specialized activities, and services to buildings combine high labor vulnerabilities and a high impact of the COVID-19 crisis. There are over 26,000 own-account workers and over 50,000 micro-enterprises in these nine sectors. Without adequate measures to support these workers and enterprises, the employment rate in North Macedonia could fall immediately by around 5 percentage points.

The World Bank's Western Balkans Regular Economic Report (WB, 2020c, pp. 31-36) points out

the fact that, after a robust 3.6% growth in 2019, up from 2.7% in 2018, the outlook for 2020 is for a recession amid the unprecedented downside risks due to the coronavirus pandemic. If the coronavirus outbreak is largely contained by mid-2020, by year-end the economy will still have to deal with a recession of 1.4%. On the other hand, prolonged disruption of economic activities until August 2020 would cause growth to fall by -3.2%, the biggest drop since 2001. Such slowdown in both supply and demand sides calls for strong fiscal and monetary responses. The Report concludes that "mitigating the near-term impact of the crisis is urgent, but it is also important to keep in focus long-term policy priorities of addressing low and declining human capital, weak competition policy and judiciary, declining productivity, and rising emigration. Over the medium term, growth is expected to return as demand strengthens after the outbreak loses force."

According to Finance Think, one of the rare domestic independent and non-profit institutes which make continuous research vis-à-vis the pandemic effects on the Macedonian economy, 75.9% of the employees in North Macedonia have been hit by the economic crisis induced by COVID-19 pandemic (FinanceThink, 2020a). In most cases, the employers have reduced the salaries and have ceased any additional payments. Still, 10.8% of the employees have been fired, and the income in their families has become significantly reduced. The unemployed have lost their hopes of finding a job during the crisis. The situation with the self-employed and micro-businesses is additionally critical since 89% of them have been hit harshly by the crisis. Micro-businesses have faced a significant drop in their turnover (54.9%) and/or they have temporarily closed their stores (49.3%). Moreover, 18.3% of the micro-businesses have used their savings to cope with the economic consequences of the pandemic. Since wholesale and retail, transport and warehousing, accommodation and food services have the largest share of North Macedonia's gross domestic product (22%), these are the most exposed sectors that have been hit by the coronavirus on the demand side, whilst the most exposed sector to the coronavirus impact on the supply side is the manufacturing industry (16%), the second most important sector in the Macedonian economy, except the public sector (FinanceThink, 2020b). The economic measures brought by the Macedonian government, providing financial support to firms, allowed for 80% out of 75,000 working places, which were under a high risk to be lost, to be preserved (FinanceThink, 2020c).

3. THE OLD PRILEP BAZAAR AND THE COVID-19 PANDEMIC

The Old Bazaar is one of the most famous landmarks of the city of Prilep. Previously known as the Prilep Market, the Old Bazaar was established and has evolved since the very creation of the city. Initially, it was a place where people from the city and the surrounding towns, villages, and other urban settlements traded with various goods and food products. Not too long after it was established, people began to open groceries, i.e. stores where basic food products, such as flour, salt, lamp oil, sugar, cooking oil, candies, and other necessary stuff for living were sold. Later on, the Prilep Market has grown into a recognizable urban complex, the Prilep Bazaar, comprised of small craftsmen shops, where craftsmen produced utility goods manually. The most common craftsmen were goldsmiths, colorful cotton fabric makers, coopers (makers or repairers of casks and barrels), tinsmiths, blacksmiths, tailors, bakers, button makers, moccasin makers, knife makers, frame makers, hairdressers, souvenir makers, ax makers, etc. Not only villagers from nearby villages, but also traders from cities all over the country and abroad bought supplies, food, and other necessary household items. The biggest rise of the Old Prilep bazaar happened during the second half of the XVIII century and early XIX century, the time when the city of Prilep became a widespread trade and craft center. In the second half of the XIX century, the economic and trading power of the Old Bazaar declined, after a series of fires that struck it in 1854, 1866 and 1873. Still, between the two world wars, about five hundred craftsmen were operational in the bazaar.

The Old Bazaar has got its today's look in the second half of the XIX century. However, the complex problems of the social living during that period, coming out from the numerous crises affecting all the layers of social structures, have led to a severe devaluation of the aesthetical and functional specifics of the Old Bazaar. Lately, with the rapid development of the technology and the emergence of mass production, which both caused the disappearance of small craftsmen, a great portion of the Old Bazaar in Prilep has changed irreversibly and has modernized, whilst only some of the old trades and crafts still exist. Before the pandemic outburst, although with difficulties, the last remaining craftsmen in the Old Prilep bazaar, who nurture old crafts, have worked very hard and with devotion: the last goldsmith, blacksmith, locksmith, tinsmith, watchmaker, frame maker... Some of the craftsmen, such as the last bagpiper, cooper, and hat maker, decided to leave their stores in the Old

Prilep bazaar and continued working from home, due to their inability to pay the taxes.

Nowadays, the core of the Old Prilep bazaar represents the rectangular-shaped area (7.21 ha) around the old city watchtower, surrounded by the "Goce Delchev" Boulevard, and the streets "Brakja Lameski", "Metodija Shatorov - Sharlo", and "Kej 1. Maj". Most of the old stores are now converted into fast-food restaurants, trading shops, coffee bars, and fashion boutiques. It is estimated that the total number of stores in the Old Bazaar core is just about 180 today, or around 350 including the stores situated in the nearby surrounding.

After the COVID-19 pandemic outbreak in March 2020, more than 350 independent craftsmen and entrepreneurs, owners of micro-businesses, and small traders, who work within the complex of the Old Prilep bazaar, have suffered severe damage due to the economic crisis induced by the COVID-19 pandemic (Meta.mk, 2020).

Even now, four months after the coronavirus outbreak, some of the shops are still with padlocks on the doors, and many craftsmen, who could barely survive before the pandemic, have not had almost any income for two or more months.

The "New Normal" reality, recognizable by the early signs of economic recovery and slow reopening of businesses, has introduced completely new living and working conditions. After the period when the stores and shops were temporarily closed, people just do not go out for shopping, they do not enter the stores, and they do not buy as frequently as they used to before the pandemic.

Besides the common persuasion that "such a condition will not and cannot last forever", and besides the fact that the stores and shops have been reopened a long time ago, their owners are facing the harsh consequences of the economic crisis:

- The reduced purchasing power of people, due to many layoffs and reduction of salaries;
- Reduced need for people to buy things (e.g. clothes, accessories, etc.), due to the moratorium on organizing mass celebrations (weddings, baptism celebrations, prom celebrations, graduation celebrations, funerals, etc.);
- Increased need for saving money, due to the emphasized instinct for survival;
- The unbalanced spending of money mainly for food and only highly necessary products, as opposed to non-food products (inessential products), again, due to the emphasized instinct for survival;

- Reduced need for people to go out, especially for shopping, due to the increased fear of becoming contaminated.

As the analysis of the survey data will show, the majority of small entrepreneurs operating in the Old Prilep bazaar are, mainly, satisfied by the financial support of 14,500 MKD per employee, as a minimal salary, for April, May, and June 2020. However, they are worried about the payment of contributions to employees, because their firms are economically too fragile due to the absence of substantial financial reserves. Some of the firms, which are harshly hit by the economic crisis, will not be able to recover soon, especially those which were not able to make payments for their employees' salaries and contributions even before the emergence of the pandemic. The criteria needed to apply for getting interest-free bank loans cannot be matched by the majority of the small entrepreneurs and craftsmen. On the other hand, the Prilep Chamber of Crafts has no funds to be used in such situations to help and financially support their members to cope with the pandemic successfully. Having minded the tough financial situation with almost all of the small entrepreneurs and craftsmen in the Old Prilep bazaar, the Municipality of the city of Prilep has reduced the amount of the tax they pay for their stores (500 MKD for those which do not issue fiscal receipts and 1,500 MKD otherwise). Despite this measure, still, some firm owners will not be able to earn enough money to pay those reduced administrative taxes.

Most of the shops and stores in the Old Prilep bazaar were initially closed since the start of the pandemic. Some of the owners have reduced the number of their employees, and some of them closed their businesses temporarily. They closed the facilities on their initiative to prevent and protect both themselves and the customers against coronavirus, having minded the commonly accepted opinion that the bazaar can considerably contribute to the spread of the COVID-19 virus. However, after the first shock, which lasted for several weeks, the majority of the shopkeepers, highly worried about their existence, and the existence of their businesses, reopened their shops and stores, despite the significantly reduced income/turnover due to the absence of customers/shoppers. It is worth mentioning that, on average, the daily turnover per shop dropped to 500 MKD or even 100 MKD, depending on the type of economic activity (A1on, 2020).

4. RESEARCH METHODOLOGY

4.1. OBJECTIVES OF THE STUDY

The paper aims at an assessment of the economic consequences of the COVID-19 pandemic on the micro-businesses located in the Old Prilep bazaar. The main goal of the research is to tackle, detect, and highlight the multidimensional impacts of the coronavirus-induced economic recession on the micro-businesses located in the Old bazaar in Prilep, one of the most prominent trade centers in North Macedonia. The obtained results should be a basis for making recommendations by the government, especially by the local authorities, thereby contributing to the forward-thinking policies that will pave the way for the post-shock recovery.

4.2. DATA AND METHODOLOGY

The owners and/or managers of firms were identified as a primary source of data for the statistical analysis vis-à-vis the impact of COVID-19 crisis on businesses in the Old Prilep bazaar. The research is based on a statistical analysis of primary data, acquired via an anonymous survey, which was carried out using printed questionnaires, on a heterogeneous and random sample comprised of 74 Old Bazaar firms' owners and/or managers, from June 4, 2020, to July 4, 2020, with an error margin of 9%. The sample itself satisfies the requirements of objectivity, randomness, representativeness, and documentation since the random choice of the firms was carried out using a specific statistical procedure in SPSS, whilst the representativeness has been confirmed by applying a stratification procedure with a minimum standard error in the assessment. The sample size is statistically sufficient and significant given the total number of active companies represented in the Old Bazaar. Structurally, the questionnaire comprises of two sections: the first one refers to basic data about each particular firm, and the second one consists of eleven questions related to the impact of COVID-19-induced economic crisis on the business. It was distributed in a printed form to all owners and/or managers of the previously defined sample. The acquired data from the survey, being manually written on the printed questionnaires, has been translated into a statistical database in SPSS. The statistical analysis of those data is based on the use of appropriate statistical methods and techniques, which include descriptive statistics, in terms of structural analysis and appropriate tabular and graphical presentation of data (percentiles, measures of central tendency, measures of dispersion, frequencies), as well as inferential

statistics, which include testing of a set of statistical hypotheses by applying non-parametric statistical tests, such as the Wilcoxon Signed Ranks Test, the Sign Test, and the Test of contingency (the χ^2 test). All statistical analyses and conclusions have been carried out using the SPSS statistical package, and have been made at a risk level of 5%, i.e. at a confidence interval of 95%.

4.3. RESEARCH HYPOTHESIS

On the basis of the scope, goals and tasks of the research in this paper, the following general hypothesis can be defined: "**COVID-19-induced economic crisis does not affect businesses in the Old Prilep bazaar**". Several other statistical hypotheses have been inferred from the basic one and tested.

Hypothesis #1: *There is no statistically significant difference in the number of employees in the firms (shops) operating in the Old Prilep bazaar, before and during the COVID-19 crisis.*

Hypothesis #2: *There is no difference in the number of rented shops used by the companies in the old bazaar, before and during the COVID-19 crisis.*

Hypothesis #3: *The closure of many stores as a result of the impact of the COVID-19 crisis does not depend on the type of store.*

Hypothesis #4: *The reduced turnover/income, as a result of the impact of the COVID-19 crisis, does not depend on the type of store.*

Hypothesis #5: *Problems with the sales of products as a result of the impact of the COVID-19 crisis do not depend on the type of store.*

Hypothesis #6: *Problems with the supply of raw materials or finished products, as a result of the impact of the COVID-19 crisis, do not depend on the type of store.*

Hypothesis #7: *Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on their satisfaction with the economic measures adopted so far by the Macedonian government.*

Hypothesis #8: *Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the economic measure they currently use.*

Hypothesis #9: *Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the type of business activity of their firms.*

Hypothesis #10: *Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the type of the store.*

5. RESULTS AND INTERPRETATION

This section presents some of the most important findings of the survey. In the first subsection, the results of the descriptive statistical analysis are elaborated, and in the following one, the results of the statistical hypotheses testing are being given.

5.1. Results of the descriptive statistical analysis

5.1.1. Basic facts about the surveyed firms operating in the Old Prilep bazaar

More than 41% of the respondents (i.e. firms operating in the Old Prilep bazaar) have been registered in the last 10 years. The oldest surveyed firm was registered in 1968. About 20% of the surveyed firms were registered by 1996. Just over 15% of firms have been registered in the last 5 years. The surveyed firms have been active, on average, for more than 14 years. Most of them (7 or 9.46%), are active for 11 years since they have been registered in 2010. Half of the surveyed companies are active for up to 11 years and half of them are active for more than 11 years. Two-thirds of the surveyed companies are active for up to 23 years, and one-third of the companies are active for up to 5 years. Just over 10% of the surveyed companies have been active for 2 and 3 years.

The largest portion of the surveyed companies, or 68.8% of them, is in the business of wholesale and retail trade. Most of the surveyed companies (43.2%) operate in stores that belong to the category of fashion boutiques; however, many types of stores listed in the survey list participate with less than 1.5%.

Half of the surveyed companies have up to two employees, and half of them have more than two employees (both before the pandemic and nowadays). Most of the surveyed companies (30, or 40.54%, before the pandemic; 29, or, 39.19%, nowadays) have two employees.

Before the pandemic, the majority of surveyed companies (27 or 77.14% of those which possess own stores), owned just one store; the rest (8 or 22.86% of those which possess own stores) owned two stores. Nowadays, the majority of surveyed companies (29 or 82.86% of those which possess own stores), own just one store; the rest (6 or 17.14% of those which possess own stores) own two stores.

Before the pandemic, the majority of the surveyed companies (57 or 87.69% of those which used rented stores), rented a single store. The rest (8 or 12.31% of those which rent stores) rented two

stores. Nowadays, after the pandemic outburst, the majority of surveyed companies (58 or 90.63% of those which use rented stores), rent just one store; the rest (6 or 9.37% of those which rent stores) rent two stores.

5.1.2. The impact of the COVID-19 crisis on the surveyed firms

When it comes to the ways how the COVID-19 crisis affected the surveyed firms operating in the Old Prilep bazaar, it is worthy to mention that only 4.1% of the companies closed their businesses temporarily as a result of the impact of the COVID-19 crisis, i.e. due to measures to prevent movement and physical interaction. Only 20.3% of the companies closed their stores/shops temporarily. Out of these, 93.3% closed one store, and 6.7% of the companies closed two stores.

As a result of the pandemic-induced economic effects, the total number of owned stores/shops decreased from 43 (before the pandemic) to 41 (nowadays), a decrease of 4.65%. The total number of surveyed firms that own two stores/shops dropped from 8 (before the pandemic) to 6 (nowadays), as a result of the negative economic effects, which represents a decrease of 25%. Consequently, the total number of surveyed firms that own a single store/shop raised from 27 (before the pandemic) to 29 (nowadays), an increase of 7.41%.

Similarly, the total number of rented stores/shops has also dropped from 73 (before the pandemic) to 70 (nowadays), a decrease of 4.11%. The total number of surveyed firms that rent two stores/shops dropped from 8 (before the pandemic) to 6 (nowadays), as a result of the negative economic effects, which represents a decrease of 25%. Consequently, the total number of surveyed firms that rent a single store/shop raised from 57 (before the pandemic) to 58 (nowadays), an increase of 1.75%.

The total number of employees in the surveyed companies (stores) before the COVID-19 crisis was 207; as a consequence of the COVID-19 crisis, this number has reduced to 185, which is a decrease by 22 employees, or by 10.63%. As a result, the average number of employees per company has also decreased, from 2.8 (before the pandemic) to 2.5 (nowadays). Also, the number of surveyed firms employing just one employee has increased from 19 or 25.68% (before the pandemic) to 23 or 31.08% (nowadays), as a result of the layoffs caused by the economic crisis.

An extremely high percentage of the surveyed companies (69 or 93.24%) think that their

turnover/income has significantly decreased. Out of these, 30 or 43.48% claim that the decrease is more than 90%, whilst 31 or 44.93% say that the decrease is between 50% and 90%. Only 8 or 11.59% have experienced a decrease between 20% and 50%.

59.5% of the surveyed companies experienced problems with the sales of their products. 44.6% of the surveyed companies consider that they have a problem with the procurement of raw materials or finished products. Only 4.1% of the surveyed companies consider that they work in difficult conditions because some employees are absent from work to take care of their children, or they work hard due to the absence of employees.

To mitigate the effects of the economic crisis, 68.9% of managers resorted to their savings (most of them, or 20.3%, for over 100,000 MKD), 12.2% raised a bank loan (most of them, or 5.4%, raised a bank loan for over 100,000 MKD), 18.9% of the companies borrowed money (most of them, or 8.1%, borrowed between 80,000 MKD and 100,000 MKD), 17.6% of the companies fired employees (most of them, or 10.8%, fired one employee each), 25.7% of the companies reduced the salaries of their employees (almost 60% of them reduced their salaries by 30%), and 16.2% of the companies did not use any of the above-mentioned mitigation measures in the aftermath of the crisis.

Owners of companies that use a rented shop have faced an additional problem with paying rent. Only 27.0% of the companies were "forgiven" by the shop owner (for most of them, or 40%, the rent was "forgiven" for just two months). 23% of companies that use a rented shop had their rents reduced (58.8% of them had their rents reduced by two months; also, most of them, or 75%, had their rents reduced by 50%). However, 40.5% of owners of companies that use a rented shop state that they continually pay the full amount of rent all these months, regardless of the negative impact of the COVID-19 pandemic on their business' turnover/income.

Purchasing raw materials or finished products from abroad is especially challenging when the state borders are closed. That's why only 25.7% of the surveyed companies procured goods from abroad while the borders were closed. Out of those companies that purchased goods from abroad while the borders were closed, 31.6% did so by direct phone call, 47.4% via the Internet by sending an e-mail order, 15.8% by they did it via the Internet with an online order from an e-Commerce website, and 10.5% of them did so via the Internet with an online order via social media. Procurement of goods from abroad while the borders were closed, without the

physical presence of the buyer during the shopping process, created an additional problem for many companies in terms of matching what was ordered with what has arrived. Most of those companies that procured goods from abroad while the borders were closed, or 57.9%, answered that the delivered products "mainly" corresponded to the ordered products.

A moderate number of owners of the surveyed companies operating in the Old Prilep bazaar, or 31.1% of them, are neutral in terms of their satisfaction with the economic measures adopted so far by the Macedonian government. Only 28.4% of the owners of companies are completely satisfied or are mainly satisfied with those economic measures, and as many as 40.5% are mainly dissatisfied or not at all satisfied. It is noteworthy to point out that 68.9% of the surveyed companies currently use some of the economic measures adopted so far. 66.2% of the surveyed companies are currently using the economic measure of providing financial support - minimal salary (14,500 MKD) per employee, for April, May, and June 2020. More than half of the surveyed business owners, or 51.4%, propose specific, i.e. additional measures that would help mitigate the consequences of the COVID-19 crisis on their businesses.

Most of the surveyed owners of companies, or 83.8%, said they were fully concerned or mainly concerned about the company's survival due to the COVID-19 crisis. 10.8% of the surveyed owners of companies show neutrality in their attitude towards their survival concerns, and only 5.5% of the surveyed owners of companies have the attitude that they are mainly not worried or not at all worried about the survival of the company due to the COVID-19 crisis.

5.2. Results of the inferential statistical analysis

5.2.1. Statistical hypotheses related to the basic facts about the surveyed firms

Hypothesis #1: There is no statistically significant difference in the number of employees in the firms (shops) operating in the Old Prilep bazaar, before and during the COVID-19 crisis.

Result of the testing: Since the p-value of the Wilcoxon Signed Ranks Test ($Z = -3.267$, p-value = 0.001) is much smaller than the chosen significance level (0.05), one can reject the null hypothesis with a probability of 95%, in favor of the alternative one. Therefore, it can be concluded that the difference in the number of employees in the firms (shops) in the Old Prilep bazaar, before and during the COVID-19

crisis, is statistically significant, which means that the COVID-19 crisis significantly affects the decrease of the number of employees.

Hypothesis #2: There is no difference in the number of rented shops used by the companies in the old bazaar, before and during the COVID-19 crisis.

Result of the testing: Since the p-value of the Wilcoxon Signed Ranks Test ($Z = -1.732$, p-value = 0.083) is greater than the chosen significance level (0.05), one cannot reject the null hypothesis with a probability of 95%, in favor of the alternative one. Therefore, it can be concluded that there is no statistically significant difference in the number of rented shops used by the firms in the Old Prilep bazaar, before and during the COVID-19 crisis. In other words, this means that the COVID-19 crisis does not affect significantly the number of rented shops.

5.2.2. Statistical hypotheses related to the impact of the COVID-19 crisis on businesses

Hypothesis #3: The closure of many stores as a result of the impact of the COVID-19 crisis does not depend on the type of store.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(5) = 0.938$, p-value = 0.967) is greater than the chosen significance level (0.05), the null hypothesis is not rejected with a probability of 95%. Rather, it can be concluded that the closure of many stores as a result of the impact of the COVID-19 crisis occurs regardless of their type, i.e. irrespective of the business activities that are performed in stores.

Hypothesis #4: The reduced turnover/income, as a result of the impact of the COVID-19 crisis, does not depend on the type of store.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(299) = 339.667$, p-value = 0.053) is almost equal to the chosen significance level (0.05), the null hypothesis can be barely rejected with a probability of 95%, in favor of the alternative one. So, it can be concluded that the reduced turnover/income, as a result of the impact of the COVID-19 crisis, depends on the types of stores, i.e. it depends on the business activities that are performed in stores. This means that different types of stores cope differently with the conditions imposed by the COVID-19 crisis.

Hypothesis #5: Problems with the sales of products as a result of the impact of the COVID-19 crisis do not depend on the type of store.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(25) = 32.092$, p-value = 0.155) is greater than the chosen significance level (0.05), the null hypothesis is not rejected with a probability of 95%. Rather, it can be concluded that the problems related to the sales of products as a result of the impact of the COVID-19 crisis occurs regardless of the type of stores, i.e. irrespective of the business activities that are performed in stores. All types of stores are equally affected by the same problems related to the sales of their products.

Hypothesis #6: Problems with the supply of raw materials or finished products, as a result of the impact of the COVID-19 crisis, do not depend on the type of store.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(25) = 44.691$, p-value = 0.009) is smaller than the chosen significance level (0.05 or even 0.01), the null hypothesis can be rejected with a probability of 95% or even 99%, in favor of the alternative one. So, it can be concluded that the problems related to the supply of raw materials or finished products, as a result of the impact of the COVID-19 crisis, depend on the types of stores, i.e. they depend on the business activities that are performed in stores. This means that the COVID-19 crisis has different effects on different types of stores.

Hypothesis #7: Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on their satisfaction with the economic measures adopted so far by the Macedonian government.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(16) = 10.866$, p-value = 0.818) is greater than the chosen significance level (0.05), the null hypothesis is not rejected with a probability of 95%. Rather, it can be concluded that firm owners' concerns about the survival of their companies due to the COVID-19 crisis are irrespective of their satisfaction with the economic measures adopted so far by the Macedonian government. Although in a way, the economic measures can reduce the concern for the survival of the companies due to the COVID-19 crisis, it still exists among the owners of the firms operating in the Old Prilep bazaar, regardless of the degree of their satisfaction/dissatisfaction with the economic measures adopted so far.

Hypothesis #8: Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the economic measure they currently use.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(4) = 6.720$, p-value = 0.151) is greater than the chosen significance level (0.05), the null hypothesis is not rejected with a probability of 95%. Rather, it can be concluded that firm owners' concerns about the survival of their companies due to the COVID-19 crisis are irrespective vis-à-vis the economic measure they currently use. Although in a way, the economic measures can reduce the concern for the survival of the companies due to the COVID-19 crisis, it still exists among the owners of the firms operating in the Old Prilep bazaar, regardless of the economic measures they currently use.

Hypothesis #9: Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the type of business activity of their firms.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(16) = 46.784$, p-value = 0.000) is smaller than the chosen significance level (0.05 or even 0.01), the null hypothesis can be rejected with a probability of 95% or even 99%, in favor of the alternative one. So, it can be concluded that firm owners' concerns about the survival of their companies due to the COVID-19 crisis statistically significantly depend on the type of business activity of their firms, i.e. they depend on the business activities that are performed in stores. In other words, this means that the concerns about the survival of the company, due to the COVID-19 crisis, are differently understood and treated, depending on the type of economic activity realized by the companies in the Old Prilep bazaar.

Hypothesis #10: Firm owners' concerns about the survival of their companies due to the COVID-19 crisis do not depend on the type of the store.

Result of the testing: Since the p-value of the Chi-Square Test of Independence ($\chi^2(100) = 148.236$, p-value = 0.001) is smaller than the chosen significance level (0.05 or even 0.01), the null hypothesis can be rejected with a probability of 95% or even 99%, in favor of the alternative one. So, it can be concluded that firm owners' concerns about the survival of their companies due to the COVID-19 crisis statistically significantly depend on the type of store operating in the Old Prilep bazaar. This means that, in the Old Prilep bazaar, the firm owners' concerns about the survival of their firms, as well as their approaches to dealing with these new conditions, caused by the COVID-19 pandemic, is different at different types of shops.

4. CONCLUSION

The outbreak of COVID-19 disrupted people's daily lives and changed the way a lot of businesses operate. The workload in the Old Prilep bazaar, which consists of, mainly, micro-businesses, has been significantly and continually reduced during the last several years (before the pandemic break!) for many reasons, including the increased number of emigrants from both the city and the state, the significant reduction of the natural increase of the population at both local and state level, the low purchasing power of the population, etc. The COVID-19 pandemic has additionally worsened and deteriorated the unenviable situation, especially with the micro and small businesses, bringing them on the edge of a disaster. Frequent layoffs and reduction of employees' salaries, many closures of stores/shops, and a significant drop of income/turnover, broken supply chains, as well as a substantial lack of financial resources to keep the businesses alive are just some of the many challenges owners of the micro and small companies operating in the Old Prilep bazaar are facing at the moment. The analyses show that firms belonging to the cluster of wholesale and retail trade are most affected by the pandemic-induced economic recession. Without a substantial and continuous financial support from the Government, the shopkeepers in the Old Prilep bazaar will be forced to put padlocks on the doors, sooner or later.

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