

Article

The Impact of the Stimulus Packages on the Economy during COVID-19 in Bangladesh: A Mixed-Method Approach

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Supplementary Materials

Theories and Hypotheses Development for working capital loan for CMSMEs.

The components chosen to understand the efficacy and impact of the financial stimulus are (i) Knowledge, (ii) Access, (iii) Production, (iv) Delivering, and (v) Employing. Each component was selected to understand the packages' impact and efficacy. This led to hypotheses being formed for each component.

Knowledge

Knowledge is considered a key component in finance as it makes receiving financial help easier to obtain and to negotiate in order to avoid moral hazards and adverse selections. A study of enterprises in Indonesia showed that there are significant direct and indirect effects of financial knowledge on entrepreneurs (Bire et al., 2019).

H1: There are positive effects of knowledge on the recovery from the stimulus package.

Access

Access to information is a key factor when considering economic growth. There is a direct relation between access to financial services and economic growth, as access allows for the taking of credit in order to expand businesses or purchase assets. Access is, therefore a key component to consider when assessing efficacy and impact of any such programs (A. Khan, 2001).

H2: Access to the stimulus package had a positive impact on all operations of the business.

Production

Loans have been used in financing business operations at times of emergencies in the past. Loans for financing business operations are regarded as a key to stability when the enterprise is facing difficulties such as recessions, production slumps and exogenous shocks. The loans are a means of stability especially for small and medium sized businesses hence, it is important to look at the production capacity provided by these loans (Ozili, 2018).

H3: The stimulus package increased the production of goods and services of CMSMEs.

Delivery

The COVID-19 pandemic created a massive shock for the world economy largely because of the lockdowns. Identifying this as the key obstacles for businesses it is important to look at how the stimulus loan aided businesses in overcoming this hurdle (Gourinchas et al., 2021).

H4: The stimulus package increased the delivery of goods and services of CMSMEs.**Employability**

A key concern for governments was immediate unemployment following the lockdowns. This was of particular concern as SMEs employ many people across the country. The working capital loans are expected to provide the enterprises with the ability to retain workers and maintain a reasonable unemployment rate (Kaufmann, 2020.).