Pre and post COVID-19 Analysis of the Efficiency of SMEs in the Republic of Congo

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Abstract: This article analyzes the efficiency levels of SMEs before and after COVID-19. We used data from surveys conducted by the National Institute of Statistics in 2017 and 2020, covering 7.029 and 5.492 SMEs and applied a two-step semi-parametric procedure proposed by Simar and Wilson (2007). The results indicate that, before COVID, 71% of Congolese SMEs had an efficiency score below 0.1, while 29% had a score of 0.1 or higher. After COVID, the trend has significantly reversed. The proportion of SMEs with an efficiency score below 0.1 has dropped to 0.1%, whereas those with a score of 0.1 or higher now account for 99%. The second stage, which involved bootstrap method, reveals that, compared with companies in a business group, those without similar affiliations are more likely to be efficient. These results imply that to improve the country's entrepreneurial health, the authorities should reduce taxes in stages.

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