

# Ruralities and Regions in Transition

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## RESILIENT SMEs - IN TIMES OF CRISIS

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**KEYWORDS:** Entrepreneurial Resilience, Prerequisites, Challenges, Reactions, SMEs



Uppdrag

Landsbygd

# Robust Entrepreneurship in Times of Crisis



Aim: To enhance knowledge about prerequisites and adjustment needs in the Tourism and Artisan food industries due to societal crises

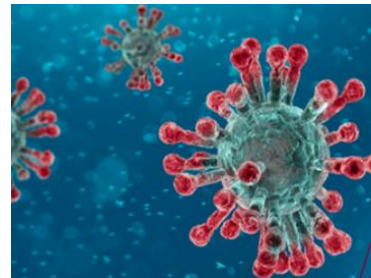
Mars 2021 –  
September 2022

- What strategies do companies use to cope with crises?
- How are the competence supply in the companies affected by the prevailing pandemic?
- Does the companies' digital degree of maturity matter?
- Are there other variables, such as the age gender, geographical demographics that affect entrepreneurial resilience?
- How have different policies in Norway and Sweden affected the resilience?

# The paper: Resilient SMEs – in times of crises

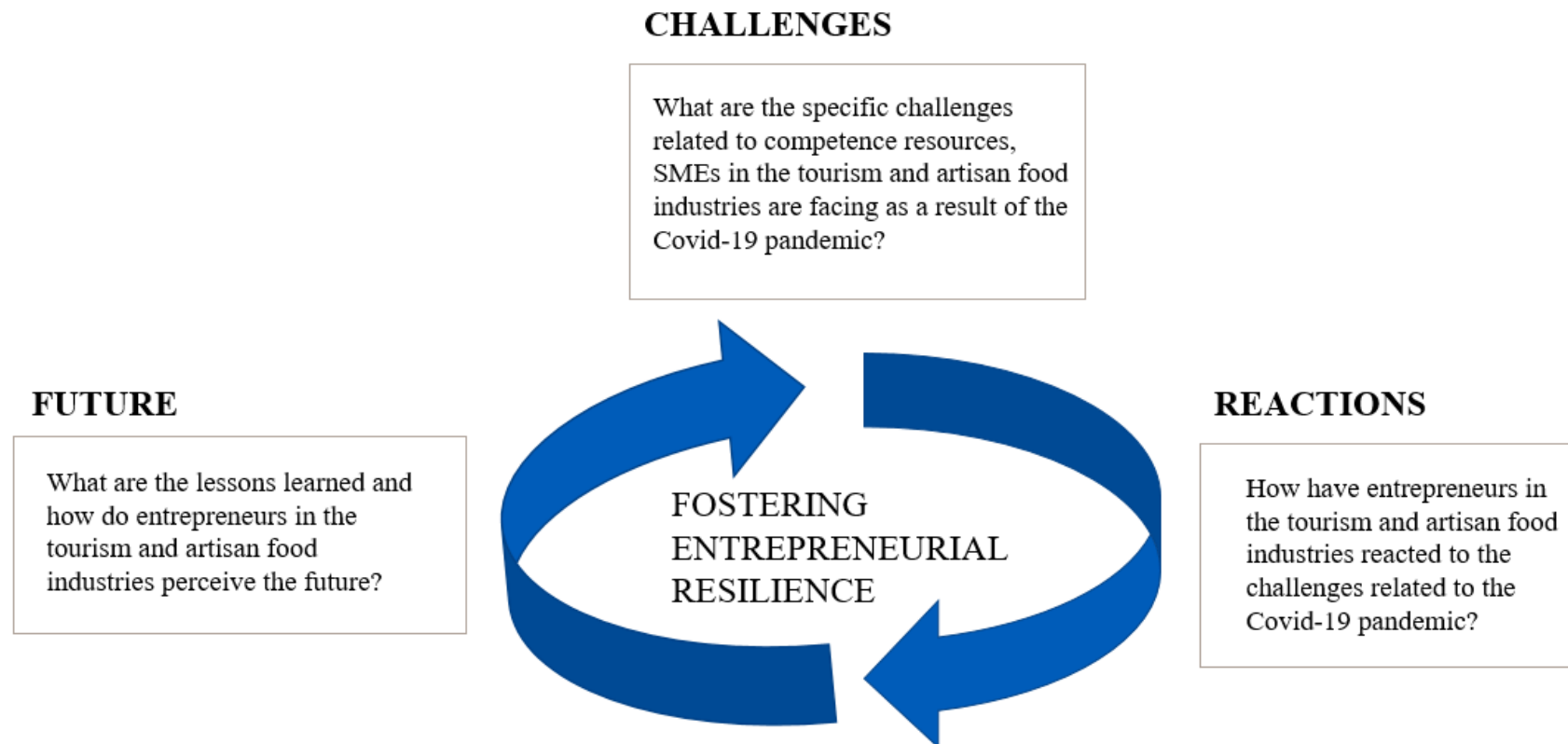
This paper aims to contribute to the research on resilience in SMEs due to the Covid-19 pandemic.

- **RQ1:** *In which ways has the Covid-19 pandemic affected SMEs? i.e. which challenges have they faced?*
- **RQ2:** *Is it possible to discern various reactions to the pandemic, as an explanation for resilience, for example differences regarding strategies and innovative actions?*



# Theoretical Framework

- Fostering Entrepreneurial Resilience (*Challenges, Reactions, Learnings*)



# Entrepreneurial Resilience

Two essential conditions identified in previous research:  
The exposure to **adversity** and the **positive adaptation** (see Luthar et al. 2000).

1. Turnover 2021 compared to 2019
  2. Positive long-term effects of Corona
  3. Managed the pandemic better than average
- } 36%



# Research Design

- A quantitative methods approach.
- A survey was distributed via Netigate in September 2021 to 551 industry-specific SMEs located in the mid-Sweden region of Jämtland.
- After four reminders 154 responses were received which means a response rate of 28 percent.
- The survey data was processed in SPSS where descriptive frequency analysis, correlations and regression analysis techniques was used to analyze the quantitative data.
- Data generated from the open-ended questions in the survey was analyzed by coding narrative statements in overarching themes.

**Industries:**  
Artisan Food and  
Tourism

# Findings – Characteristics & Prerequisites

## *Age, Business*

0- 3 years	14%
4-9 years	20%
10-19 years	<b>35%</b>
20 years or older	31%

## *Corporate form*

Ltd	<b>55%</b>
Privat firm	33%
Other forms	12%

## *Employees 2019*

<b>No employees</b>	<b>11%</b>
<b>The owner/owners</b>	<b>30%</b>
1-4	32%
5-9	11%
10-19	10%
20 or more	6%

## *Age, Owner*

Younger than 30	1%
30-39 years old	11%
40-49 years old	26%
50-59 years old	<b>37%</b>
60 years or older	25%

## *Gender, Owner*

Women	46%
Men	53%
Will not specify	1%

## *Education*

Primary school	5%
Secondary school	45%
University 3 years	21%
University more than 3 years	29%

## *Main source of income*

The company	69%
Other source of income	31%

## **Prerequisites before the pandemic** To a high or very high extent

The place where the business is located is important in order to run the business 83%

The company has access to well-functioning broadband 66%

The revenue mainly come from the local market (within the county) 41%

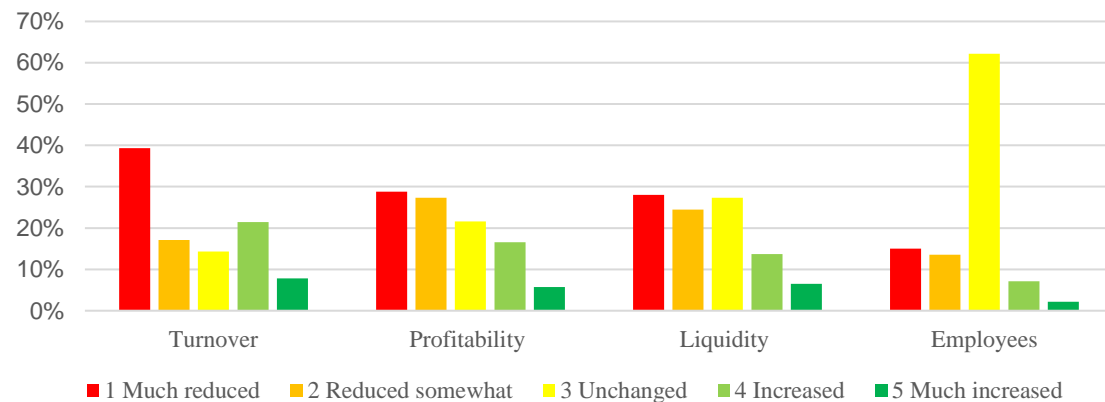
It is easy to attract staff with the necessary skills 18%

Before the pandemic, the company had a large financial buffer 19%

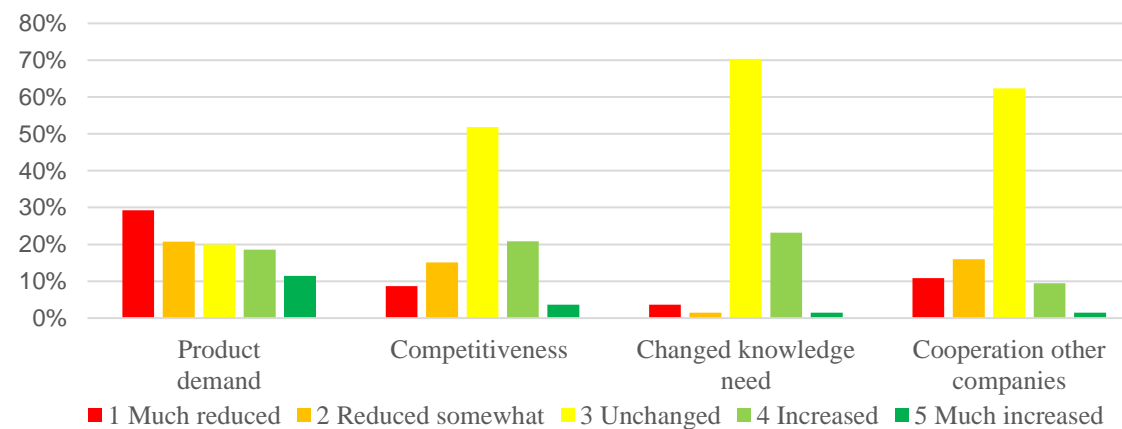
The company can to a large extent be managed remotely 4%

# Findings - Challenges

Financial Challenges



Strategical Challenges





# Findings - Reactions

<i>To what extent do the following statements correspond with the business' reaction due to the pandemic?</i>	To a high or very high extent				Chi <sup>2</sup>	
	Artisan food	Hotel etc.	Tourism etc.	Div. business		
Reduced company costs	30%	<b>61%</b>	<b>53%</b>	28%	12,290	**
Identified new customer groups	33%	23%	24%	30%	1,248	
Increased use of digital communication channels	18%	38%	<b>53%</b>	30%	6,998	#
Dismissed staff	12%	<b>38%</b>	12%	20%	9,258	*
Created new opportunities that otherwise would not have been realized	12%	21%	41%	26%	5,724	
Identified new sales channels	<b>39%</b>	12%	12%	24%	9,549	*
Increased use of digital tools	3%	26%	<b>41%</b>	13%	13,801	**
Developed digital skills in the company	3%	<b>24%</b>	<b>24%</b>	22%	6,723	#
New investments	6%	7%	18%	<b>22%</b>	6,235	#
Increased mortgaging	12%	19%	12%	9%	2,000	
Developed skills in the company	0%	7%	12%	9%	3,463	
Increased the number of employees	0%	7%	12%	9%	3,463	
Reduced prices	0%	<b>12%</b>	0%	0%	11,858	**

Differences in strategies depending on industry-affiliation



# Findings – Entrepreneurial Resilience

Entrepreneurial resilience																		
1	(-)																	
2 Gender	-0,12	(-)																
3 Turnover 2019	-0,06	0,072	(-)															
4 Artisan food	0,00	-0,008	-0,12	(-)														
5 Hotel etc	-,221*	-0,099	0,11	-,368**	(-)													
6 Tourism etc	0,04	0,079	-0,03	-,216*	-,231*	(-)												
7 Diversified business	0,188*	0,049	0,02	-,423**	-,452**	-,266**	(-)											
8 Income from local market (Pr)	,235*	-0,097	-0,12	,328**	-,257**	-,197*	0,08	(-)										
9 Competence in sustainability (Pr)	-0,07	-,220*	-,216*	,196*	-0,15	0,08	-0,09	0,08	(-)									
10 Company' skills difficult to copy (Pr)	-0,06	-0,038	-0,02	0,09	-,320**	0,1	0,15	-0,02	,346**	(-)								
11 Technical and digital competence (Pr)	-,227*	0,114	-0,11	,224*	0,13	-0,06	-,282**	-0,01	0,11	0,05	(-)							
12 New opportunities (Re)	,236*	-0,126	0,07	-0,13	0,04	0,02	0,07	-0,03	0,05	,189*	0,07	(-)						
13 New investments (Re)	,415**	-0,053	0,04	-0,12	-0,09	0	,199*	0,07	-0,02	0,13	-0,05	,489**	(-)					
14 Staff training (Re)	0,11	-0,036	0,07	0,02	-,193*	0,07	0,12	-0,01	0,05	,198*	0,18	,337**	,505**	(-)				
15 Increased staff (Re)	,331**	-0,082	-0,04	-0,02	-0,06	0	0,08	0,12	0,02	0,02	0,1	,368**	,575**	,611**	(-)			
16 Reduced company costs (Re)	-,309**	-0,008	,394**	-0,07	,273**	0,04	-,221*	-0,12	-,212*	-,191*	0,15	-0,09	-,289**	-0,05	-,247**	(-)		
17 Dismissed staff (Re)	-,225*	-0,187	,518**	-0,1	,271**	-0,09	-0,1	-0,08	-,194*	-0,11	0,09	-0,01	-0,1	0,01	-0,1	,496**	(-)	
18 Increased digital competence (Re)	0,06	-0,002	0,16	-,234*	0,12	0,18	-0,01	-,203*	0,03	0,04	0,02	,324**	,209*	,265**	0,07	0,07	,242*	(-)
19 Increased focus on sustainable production and products (Re)	,197*	-0,093	-,201*	0	-0,07	0,06	0,03	0,11	,285**	,192*	0,17	,314**	,300**	,305**	,241*	-,247**	-0,14	,444**

\* p < 0.05; \*\* p < 0.01

1. Turnover 2021 compared to 2019
2. Long-term effects of Corona
3. Managed the pandemic better than average

# Implications and Contribution

1) The investigated industries was affected in very different ways – and used therefore different strategies to cope with the pandemic.

- New distribution channels (AF)
- New investments and innovations (DO)
- Increased use of digital channels and competence (T & Ex)
- Cost reduction (H, C, R, C)

2) Regarding ER, industry affiliation showed to be an important factor.

3) The existing support system seems not have been able to counteract the negative effects.

# Implications and Contribution

- 4) The location and the rural context proved to be paradoxical. The use of available infrastructure cannot be fully utilized. On the other hand, advantageous since a strong income from the local market.
- 5) Difficulties in attracting educated staff, and the SMEs in the study have not changed their competence strategies due to the Covid-19 pandemic.

## **Further investigations:**

To work proactively with competence, skills and resources within the firm is seen as important and the competence strategy issues might become a major problem when businesses are to adapt to a “normal” business environment again.

**Thank you!**



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