

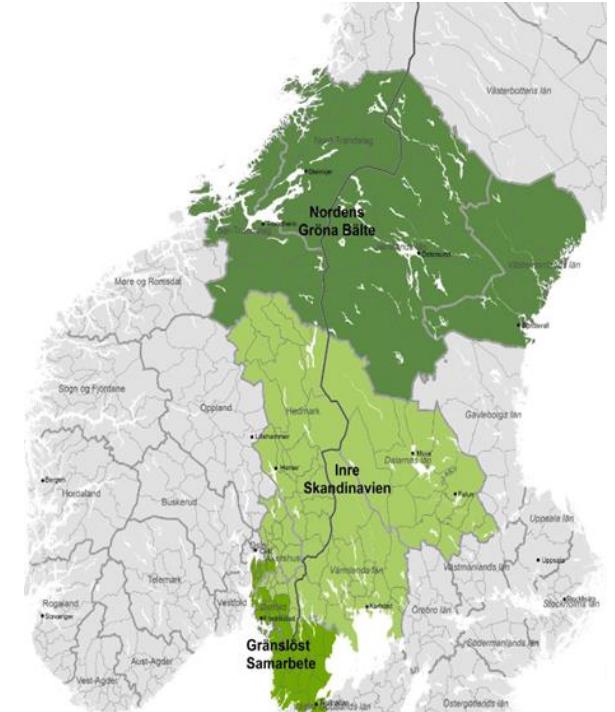
The importance of government Corona support and business robustness

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A comparative study within the food and tourism industry in Norway and Sweden

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Interreg Sweden-Norway Programme 2021-2022: Robust Entrepreneurship in Times of Crisis (Robust)



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The Robust project aims:

- To initiate a Swedish-Norwegian knowledge base around robust businesses in times of crisis.
- To increase knowledge about conditions and adjustment needs in the tourism and small-scale artisan food industries due to social crises, such as the current pandemic.
- To shed light on the possible changes and measures that are important for a long-term and sustainable business.

- Robustness?
- Used strategies?
- Competence management?
- Digital degree?
- Policies vers Robustness?



Background: Covid-19 situation and governmental action

Sweden and Norway government have had different approaches to the pandemic but share many similarities in population, educational and political systems

Norway

- Strict preventive measures
- **Lockdown** and closed everything except grocery stores and pharmacies in the early days
- Several waves of openings and new restriction
- Tourism and restaurants hit hard
- Support: General (bank loans, layoff rules, government contributing most of the unemployment benefits, etc) Local (cash support and investment in R&D)

Sweden

- Unclear to the public and firms what the restrictions meant, as they were not «mandatory», but rather «recommendations»
- No lockdowns, but overarching **societal restrictions**
- Several waves new restriction
- Tourism and restaurant industry hit hard by the pandemic and the restrictions
- Support: General (adjustment-, lay-off-, turnoversupport, fee reductions and subsidies). Local (for example gift cards from municipalities)

Restrictions in the Nordic region

Voluntariness and trust in authorities

Low limit on public gatherings and closed borders

■ Helt
 ▲ Delvis
 ● Inte alls
 ◆ Restriktioner upphävda

Restriktion	Finland	Danmark	Island	Sverige	Norge
Stängda skolor	■	◆	▲	▲	■
Stängda gränser	■	■	▲	▲	■
Besöksförbud på äldreboende	■	■	▲	■	■
Stängda restauranger butiker, frisörer	▲	■	▲	●	▲
Uppmaning till distansarbete	■	■	▲	▲	■
Största tillåtna folksamlingar	10	10	20	50	10

Source: Ekholm et al. (2020). Restrictions in the Nordic region.

Aim of study

- To explore how different Corona policies and support systems in Sweden and Norway might have affected the countries' companies in terms of robustness.

Research questions:

- RQ1:** What is the opinions about, and use of, available support to SMEs within the artisan food and tourism industry in Norway and Sweden?
- RQ2:** Which organizations/individuals have been most important to the companies during the pandemic?
- RQ3:** What impact have available support systems had on businesses in terms om entrepreneurial robustness?

Theoretical approach

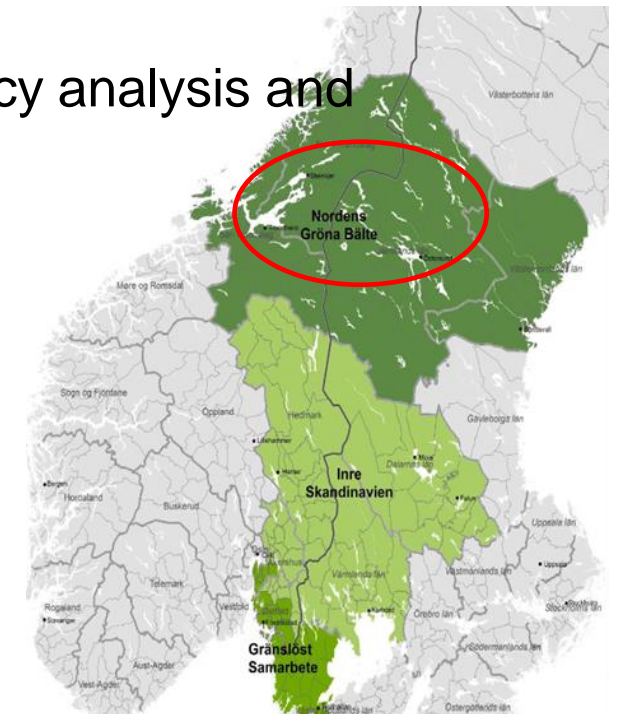
- **Robust business** - Entrepreneurial resilience (Luthar et al., 2000; Dzingirai and Ndava 2021).

Two essential conditions identified in previous research: * The exposure to adversity and * The positive adaptation.

- Entrepreneurial Eco-system (Isenberg, 2011; Malecki, 2018)
- Societal crises and strategies (Andersen, T M, S Holden och S Honkapohja, 2022)
- Government Support-system (Baker et al. 2021)

Research Design

- A quantitative methods approach.
- Digital survey, questionnaire sent out to 811 Mid-Nordic tourism and artisan food firms in the fall of 2021. (The regions of Trøndelag and Jämtland). Responses n=215 (27%), 155 (S) and 60 (N)
- The survey data was processed in SPSS, first step descriptive frequency analysis and correlations.
- A measure for evaluation of firm robustness was developed.



Industries:
Artisan Food and
Tourism



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MID SWEDEN UNIVERSITY

The sample

Characteristics	Norway	Sweden		Norway	Sweden
Age, Business			Age		
0- 3 years	7%	14%	Younger than 30	2%	1%
4-9 years	33%	20%	30-39 years old	12%	11%
10-19 years	33%	33%	40-49 years old	33%	26%
20 years or older	27%	33%	50-59 years old	33%	37%
			60 years or older	20%	25%
Corporate form			Gender		
Ltd	59%	55%	Women	50%	46%
Privat firm	34%	32%	Men	47%	52%
Other forms	7%	13%	Will not specify	3%	2%
Sales 2019			Education		
EUR 0	4%	5%	Primary school	0%	6%
EUR 0- 10 000	7%	8%	Secondary school	35%	45%
EUR 10 001- 50 000	13%	20%	University 3 years	32%	21%
EUR 50 001 - 100 000	16%	12%	University more than 3 years	33%	28%
EUR 100 001 - 300 000	23%	21%			
EUR 300 001 - 500 000	5%	11%			
EUR 500 000 or more	32%	23%			
Employees 2019			Active business		
No employees/The owner(s)	27%	40%	Yes	98%	100%
1-4	36%	33%	No	2%	0%
5-9	17%	11%			
10-19	9%	10%			
20 or more	11%	6%			
			Industry ***		
			Artisan food	22%	22%
			Hotel & Restaurant	19%	33%
			Tourism and experience	0%	13%
			Diversified business	59%	32%

Descriptive statistics Norway & Sweden

Prerequisites – Before the pandemic

Most similarities for example: Revenue mainly come from the local market; equal access to broadband, collaborations in the same degree.

Differences in financial buffert and contacts to business developers.

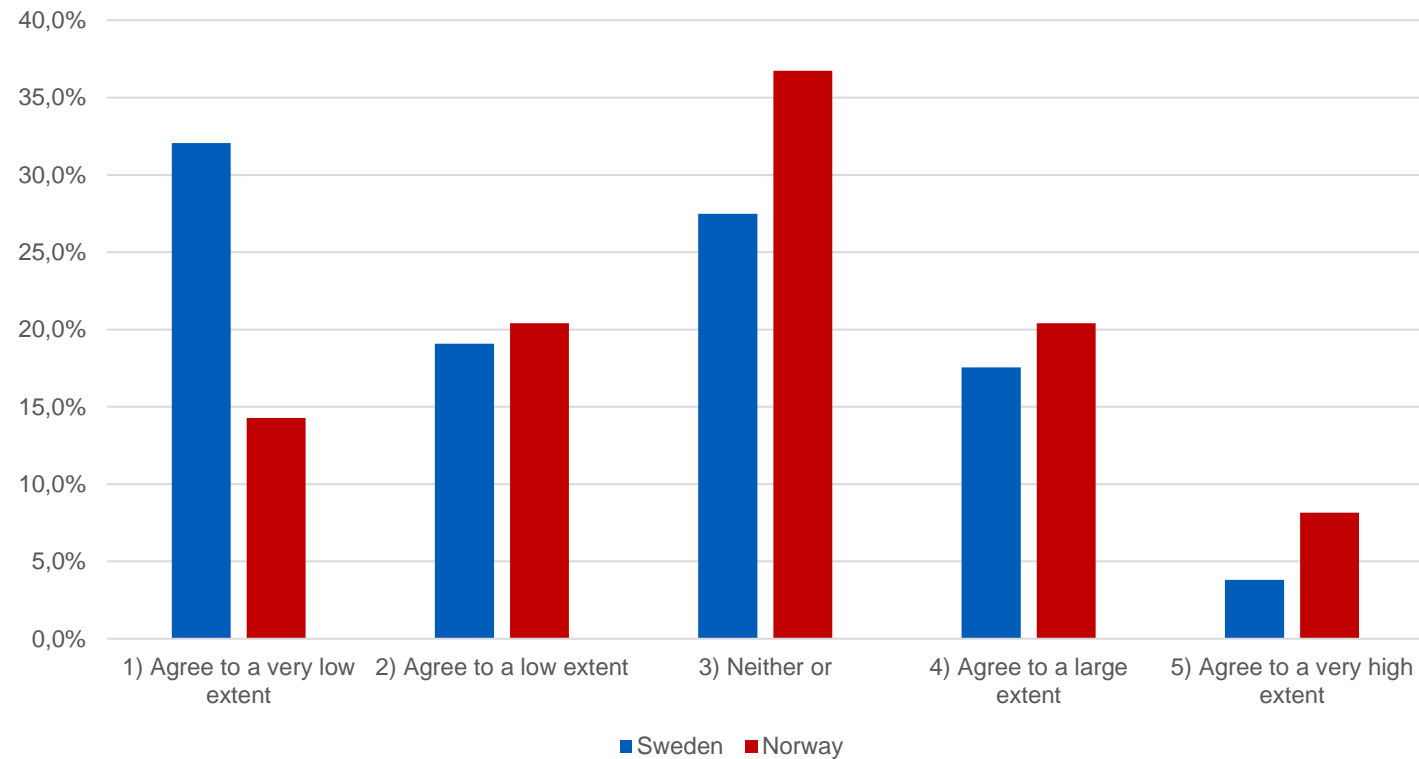
More diversified
businesses in Norway

Effects of the pandemic, Country level and Industry (aggregated level)

	Not at all / to a low or very low extent	To a high or very high extent	Chi ²	
Norway	34%	66%	7.679	#
Sweden	26%	74%		
Artisan food	50%	50%		
Hotel, camping, Restaurant and Café	11%	89%	59.565	***
Tourism and experience	13%	88%		
Diversified business	30%	70%		
# p<0.1; *** p < 0,001				

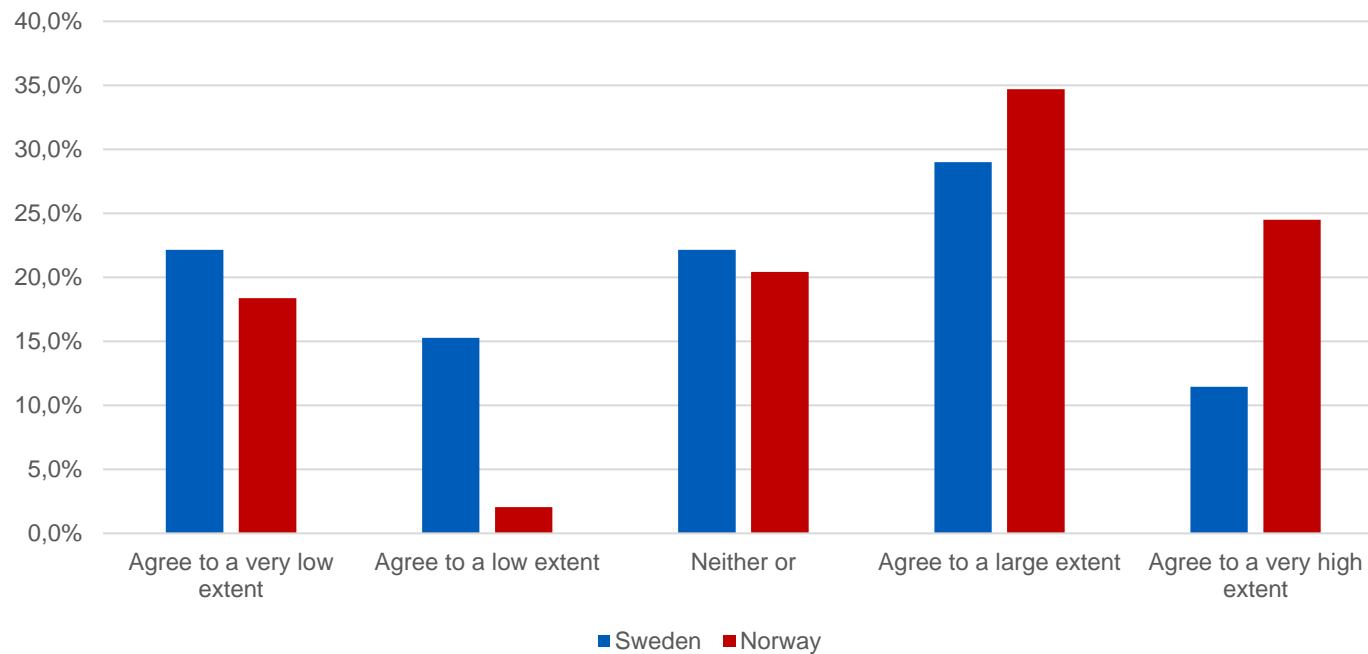
RQ1: Opinions and use of available support in Norway and Sweden

Information about available support has been good



More positive in Norway

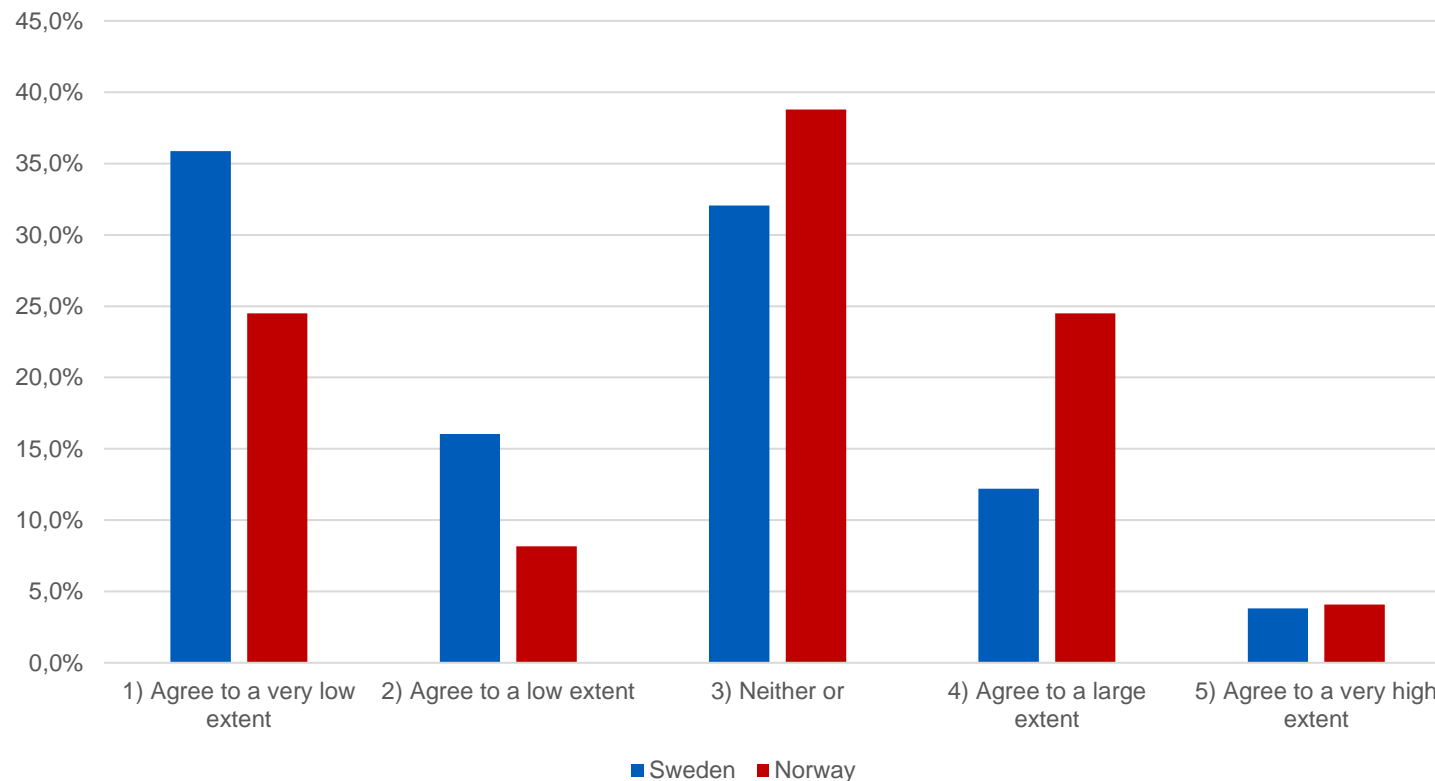
Actively searched for information about available Corona support



More active in Norway

* $p < 0.05$

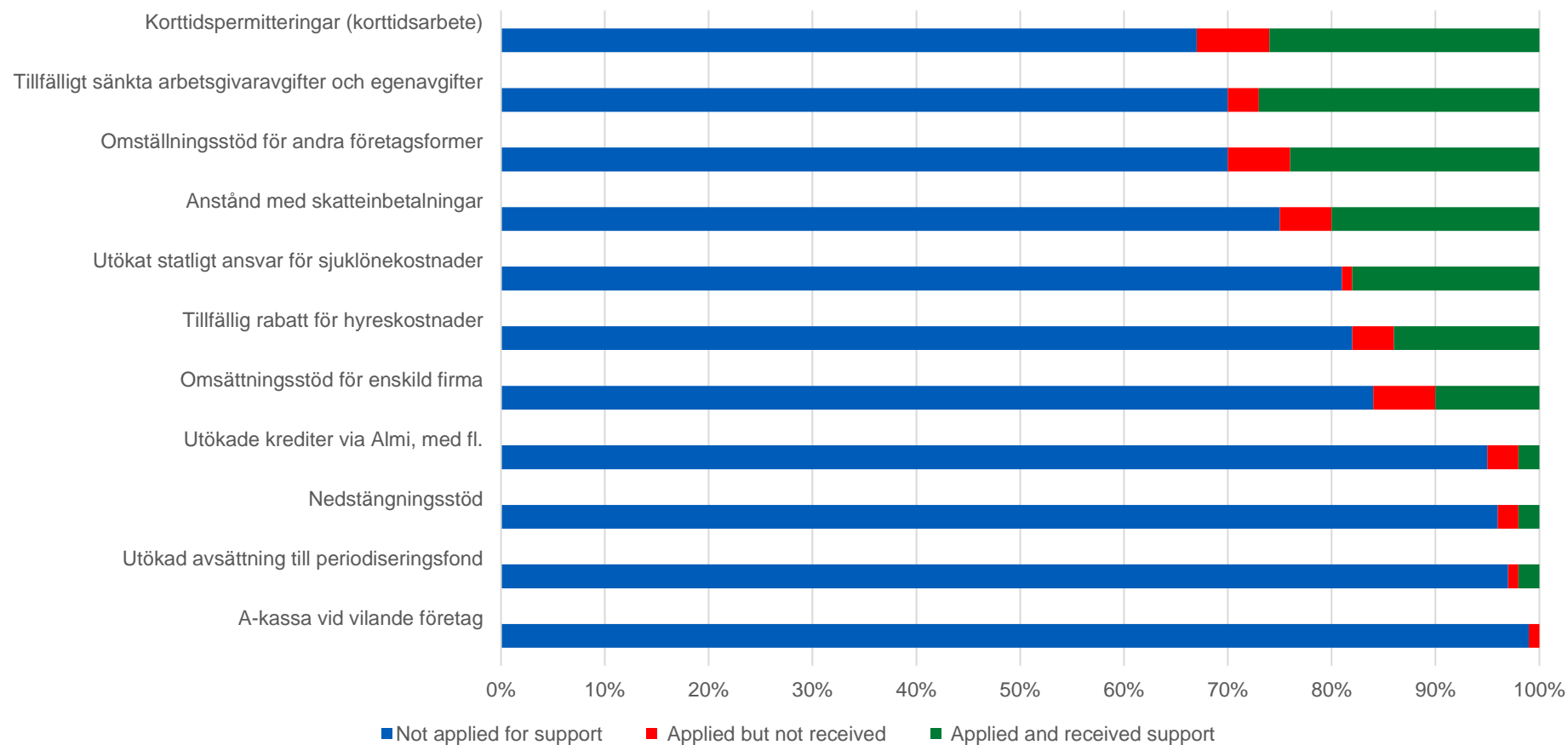
Opportunities, due to the support, to reduce negative effects of the pandemic



Better opportunities to reduce negative effects in Norway

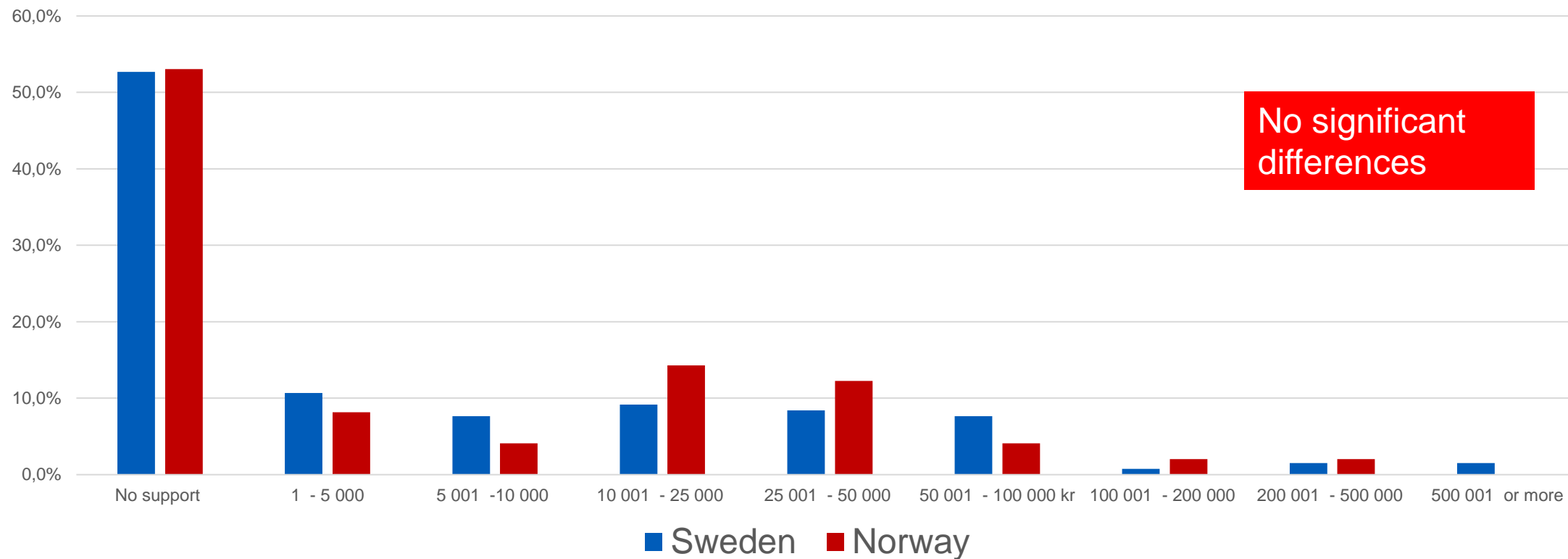
$p < 0.1$

Applications – Corona support (Sweden)

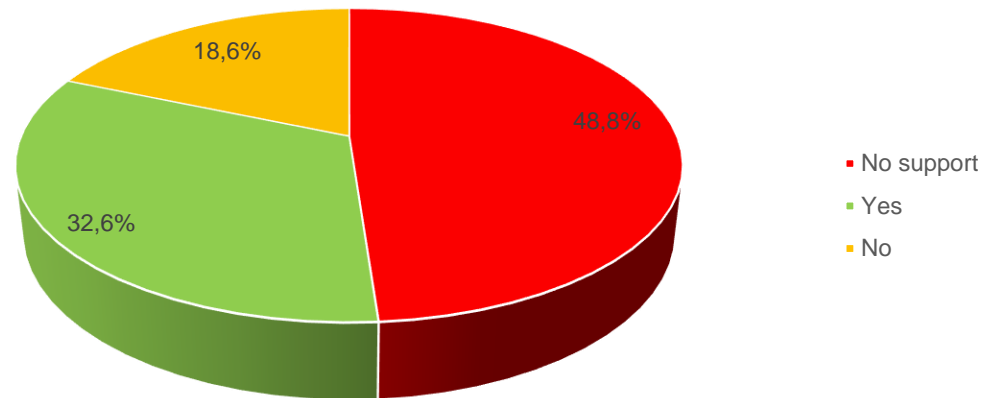


Support sought
to a low extent

Corona support EUR



Has the support(s) been sufficient to maintain the company's operation? (Sweden)



Opinions about the subsidies - Sweden

- Did not receive support - Newly started business - lacks comparison figures for before the pandemic.
- Not enough support - Forced to borrow money
- The company has still made a big loss despite the support.
- The low levels of support we have received have not been decisive for driving the business forward, but decisive for profitability and liquidity
- A huge reduction in income, but thanks to loans and credits and other financial instruments, the business has continued
- Criticism – long time and low competence *[at Tillväxtverket/The Swedish Agency for*

Economic and Regional Growth]

Opinions about the subsidies – Norway

- Refusal of corona support was a blow to us.
- We have lost endless amounts of money.
- Large parts of the business income disappeared over a night without the compensation scheme being able to sufficiently compensate for this.
- We who run small businesses fell outside the usual compensation schemes because fixed costs were too low. Support from the municipality.

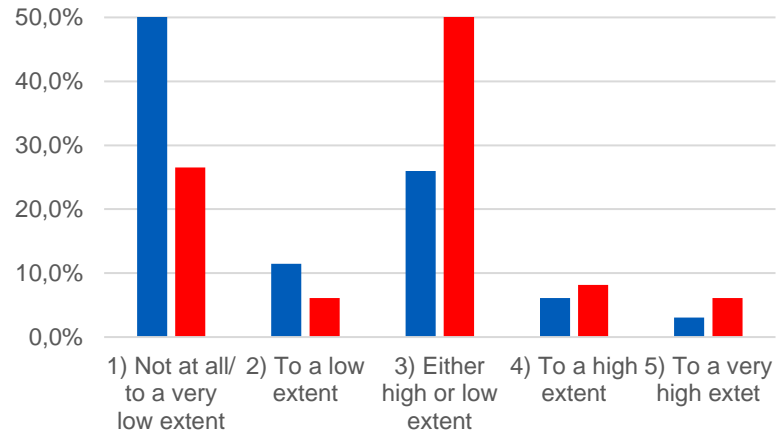


RQ2: Important organizations/individuals?

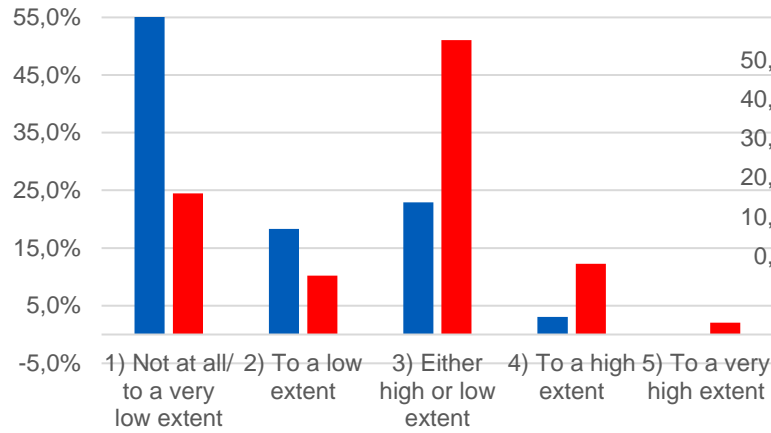
Important support / network

■ Sweden
■ Norway

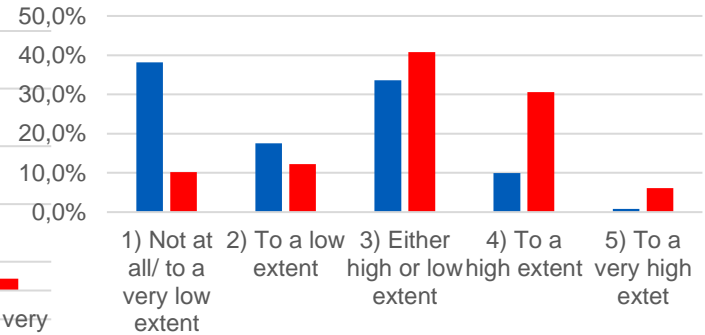
Banks and other lending institutions **



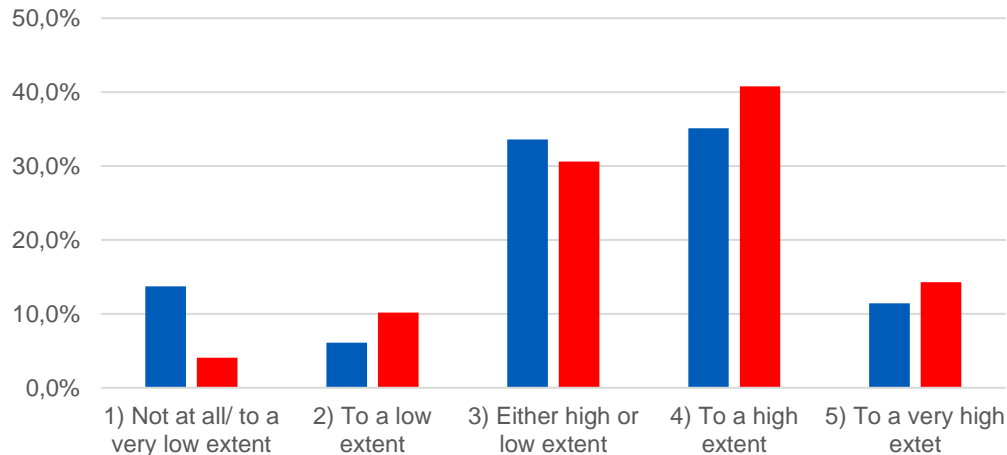
Business advisers ***



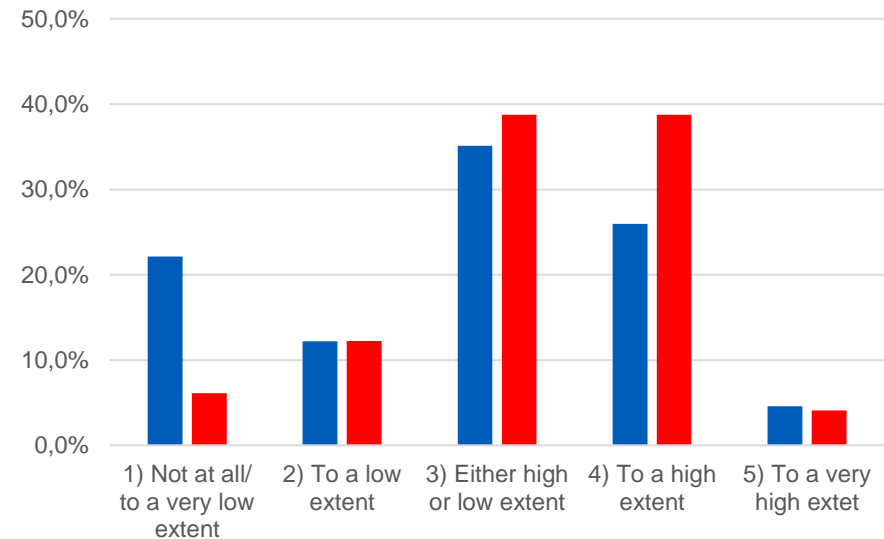
Municipality



Personal networks



Business networks



* p < 0.05; ** p < 0.01; *** p < 0.001

RQ3: Support system and Impact on entrepreneurial robustness?

Robustness measurement

A mean value was created based on the following questions:

- How have the pandemic affected the company's:
 - liquidity
 - competitiveness
 - profitability
- Future
 - How is the turnover expected to be in 2021?
 - How is the long-term effect of covid19 expected to be?

A five 5-point Likert-type scale, anchored by 1 = Much lower than before the pandemic, to 5) Much higher than before the pandemic.

1) strongly negative to 5), strongly positive)

Robust businesses: > 3

	Mean	SD	(1)	(2)	(3)	(4)
1. Changes in liquidity	2.61	1.206	(-)			
2. Changes in competitiveness	3.08	0.943	.584**	(-)		
3. Changes in profitability	2.62	1.243	.871**	.637**	(-)	
4. Long-term effects of Covid19	3.07	1.026	.677**	.608**	.711**	(-)
5. Changes in turnover 2021	3.23	1.206	.593**	.458**	.605**	.517**

Reliability Statistics

Cronbach's Alpha	N of Items
.892	5

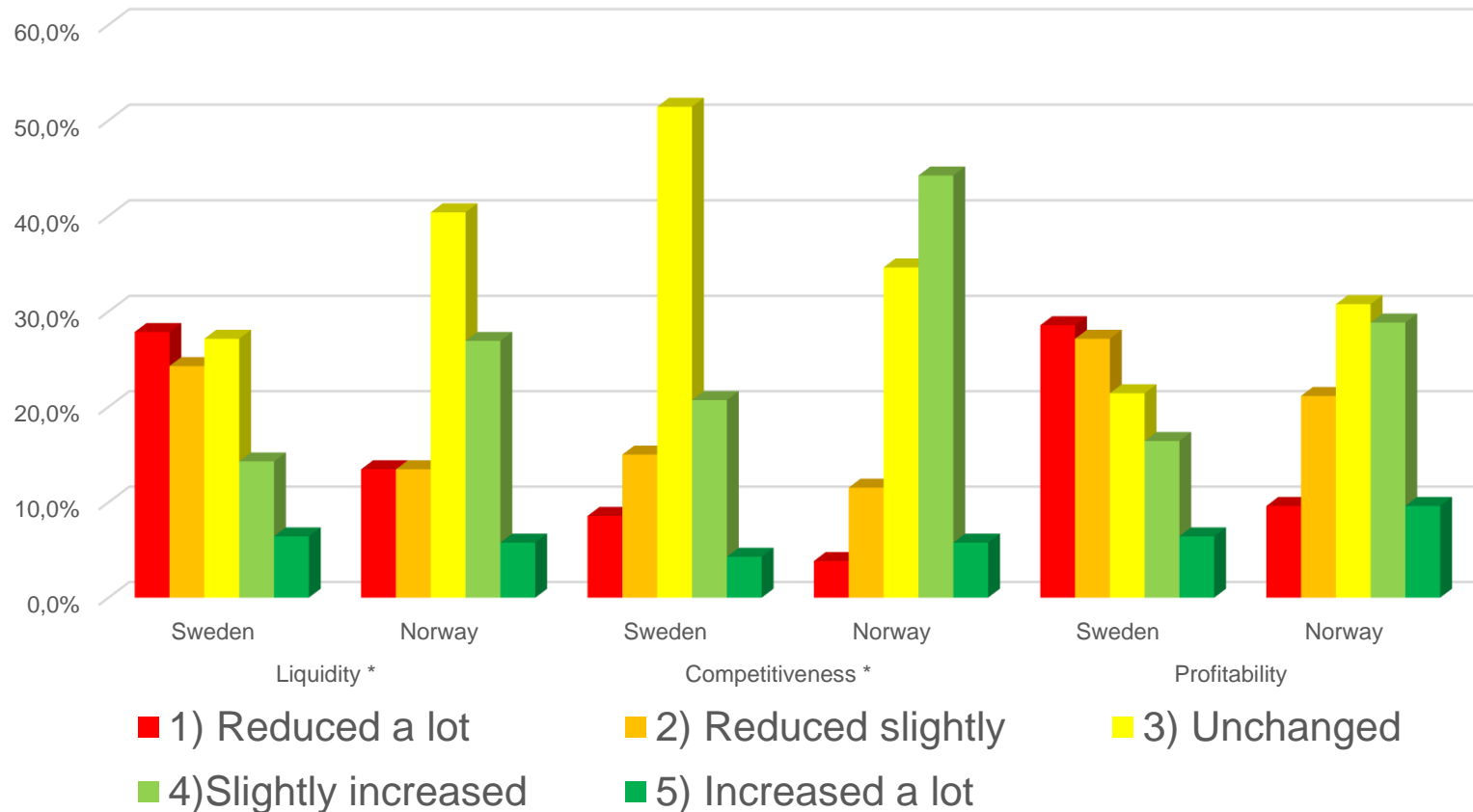
Total sample

Yes	46%
No	54%



Changes in Liquidity; Competitiveness, and Profitability compared to times before pandemic, and view of the future

Country differences



Future?	Sweden	Norway
Expected turnover 2021	3,05	3,73
Long-term effect of covid19	2,99	3,33

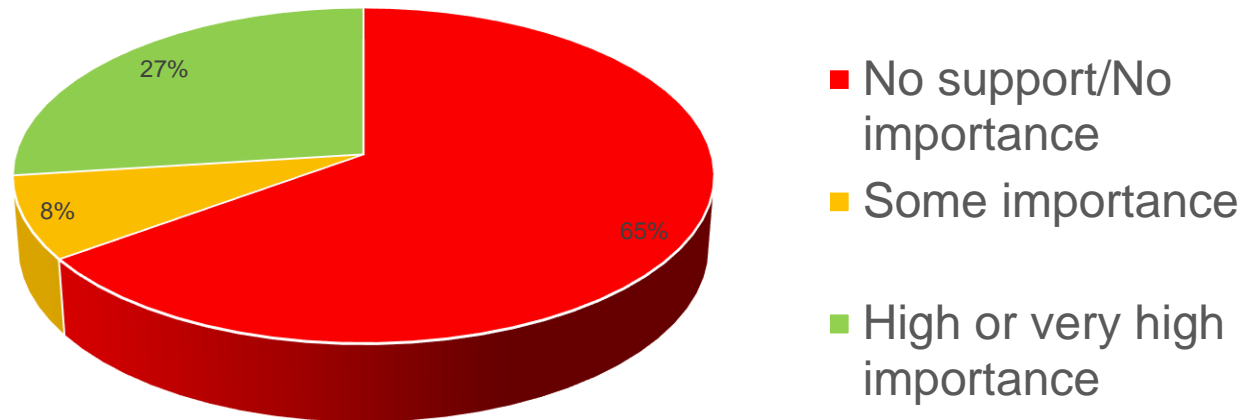
More Robust businesses in Norway

Robust businesses		
Sweden	Norway	All
39%	67%	46%

- I think the pandemic has given us a positive long-term effect because we have been able to adapt and create new products that we will benefit from in the future. It has given us more legs to stand on. (N)

But

The importance of the support - for company survival (Norway)



Conclusions

- Sweden and Norway have had different preventive measures and support system, and ...
- In Norway, business owners are more **Robust**, more **satisfied** with existing support system and **more positive** about the future,
but....
- the Norwegian businesses say that received supports has meant rather little, and...
- there are more companies that have diversified operations in Norway – which means that identified differences could be industry depending
So...
- It is difficult to yet say whether it is differences in the support systems that have resulted in identified differences between Sweden and Norway
- A need for more comparative studies

Thank you!



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