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# **Business Support Systems in Times of Crisis:** Lessons Learned from Institutional Mismatch

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#### **Objectives**





# Different Covid-19 pandemic approach in Sweden

- No lockdowns
- □ "Recommended" restrictions



### **Purpose & Research Questions**

To examine the adaptation of the Swedish business support system to SMEs during the Covid-19 pandemic

- **RQ1:** In what way have the SMEs been affected by the Covid-19 pandemic?
- **RQ2:** Which SMEs have received business support, and has the support been sufficient?
- **RQ3:** What could have been done differently in terms of the business support system to SMEs?
- **RQ4:** What lessons can be learned from the pandemic regarding the public business support system for SMEs for future crises?



Photo: Noam Galai/Getty Images (retrieved from Yale University Insights) https://insights.som.yale.edu/insights/federal-program-is-supposed-to-keep-midsizebusinesses-afloat-why-isn-t-it-reaching-them



#### **Theoretical Framework**

- Government Business Support Systems -
- □ Importance of institutions (Acs *et al.*, 2011).
- Entrepreneurial Ecosystems (Isenberg, 2011; Malecki, 2018; Stam, 2015)
- SME and support systems (Curran, 2000; Hart *et al.*, 2021; Plusnin & Slobodskoy-Plusnin, 2013; Sebestova *et al.*, 2018; Tucker & Lean, 2003; Wren & Storey, 2002;)

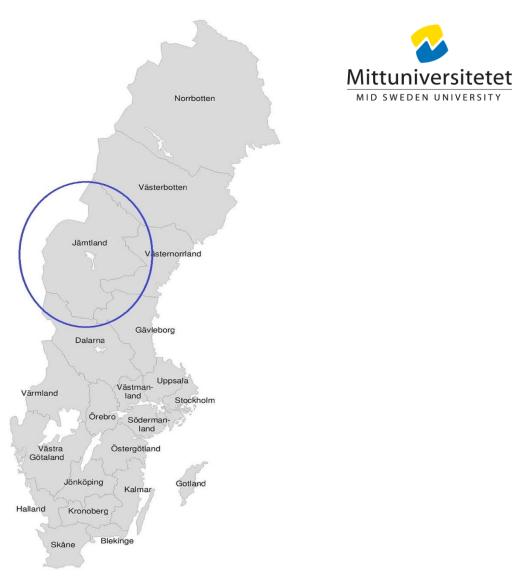


Photo: Linnaeus University https://lnu.se/en/library/search-and-evaluate/theory-books/

#### **Methods**

#### **Sample and Data Collection – Mixed-Methods**

- □ Fall 2021 Online-based questionnaire sent to 554 business owners in the artisan food industry and the tourism industry in the rural county of Jämtland in mid Sweden
- □ Total response rate 28 % (= 155 responses)
- □ Spring 2022 A follow up by structured interviews with 14 small-scale artisan food entrepreneurs operating in Jämtland
- Spring 2022 4 structured interviews with the regional business advisors from 4 different municipalities regarding governmental and regional business support systems during the Covid-19 pandemic





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

## **Descriptive Statistics – Survey**

- Artisan food and hospitality industries
- Active, private, small, mature enterprises
- No or < 20 employees

### Findings



- Major differences in pandemic effects depending on industry
- □ The support system in Sweden has not succeeded in counteracting the negative impacts of the pandemic
- □ The municipalities claim that they provided proactive and significant support to all local firms
- ❑ A majority of the firms did not receive any government business support during the pandemic Mainly due to that they were not eligible to apply
- ❑ According to the SMEs, the government business support were misdirected and mismatched in relation to their business needs



Photo: Martina Holmberg/TT (retrieved from Sveriges Radio) https://sverigesradio.se/artikel/7532332



#### **Conclusion and Implications**

- Inaccuracy in targeted Swedish government business support and SME business needs during the Covid-19 crisis
- ❑ However, large listed firms have received large amount of financial support, even though it was not a necessity for firm survival
- ❑ A mismatch regarding how SMEs and the regional institutions experienced business support distribution during the pandemic
- More open dialogue between governmental institutions and SMEs can help in the development of better targeted support in future crisis scenarios



Photo: TT (retrieved from Dagens Industri) https://www.di.se/nyheter/landerna-som-leder-eus-skatteliga/



Thank you!



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