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

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Robust Entrepreneurship in Times of Crisis



Objectives

Initial Pandemic Restrictions 2020 Sweden	Extent
Closed schools	Partly
Closed borders	Partly
Prohibition of visiting elderly housing	Completely
Prohibition to visit holiday homes	Not at all
Closed restaurants, shops etc.	Not at all
Recommendation for remote work	Partly
Maximum allowable crowds	50 people

- 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-midsize-businesses-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



Photo: SCB
https://www.scb.se/contentassets/1e02934987424259b730c5e9a82f7e74/lan_namn.pdf

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%

Turnover 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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