

Press-Information

Ways out of the Covid 19 crisis

International researchers discussed the current challenges for SMEs with policy makers and representatives from business

Bonn/Berlin, 29.10.2020. How will the Covid 19 crisis affect small and medium-sized enterprises (SMEs) in the short and long term? Which support measures may be necessary to revive the economy? Will the coronavirus pandemic change our idea of society and entrepreneurship? Today, more than 40 leading entrepreneurship researchers from Europe, the USA and South Africa discussed these and further questions with representatives from business and politics at the International Roundtable on SMEs.

The Federal Government Commissioner for Small and medium-sized enterprises and Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy, Thomas Bareiß, Member of the German Bundestag, thanked the researchers for the impetus from entrepreneurship research: “We will continue to need strong and agile SMEs in the future, and we are currently doing our utmost to mitigate the immediate consequences of the COVID-19 crisis for the companies. At the same time we are looking ahead – and the analyses and recommendations from academia provide us with valuable input for our SME policy”.

In her introduction, Prof. Dr. Friederike Welter (IfM Bonn/University of Siegen) warned against neglecting the societal consequences of the Covid 19 crisis and focusing only on the economic ones. After all, Mittelstand companies in Germany, for example, make an important contribution to society: "The diversity of the German Mittelstand is currently being tested if certain forms of Mittelstand do not survive the current crisis – and, in turn, important parts of their societal contribution.“

According to Prof. Julia Rouse (Manchester Metropolitan University/UK), the Covid 19 crisis has exposed the vulnerability of many self-employed workers and policies to support them have been partial. She argues that the wider lens

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for policy makers is to think how to use public investment through the crisis to create 'Decent Self-Employment'.

In his talk, Assoc. Prof. Ewald Kibler (Aalto University/Finland) drew on an on-going European cross-country research project – in cooperation with Johannes Kepler University – to reflect on the question of how entrepreneurs' existential threat in times of the Covid 19 crisis impact on their venture resources. In particular, he discussed why resource loss causes severe emotional exhaustion and despair among entrepreneurs. Assoc. Prof. Kibler concluded his talk by summarizing some of the key practical and policy implications.

According to studies by Prof. Dr. Candida Brush (Babson College/USA), men are more heavily affected by the health effects of the COVID-19 pandemic, but the resulting economic crisis is disproportionately affecting women entrepreneurs: The sectors in which most female entrepreneurs are active have been disproportionately affected by the crisis. In addition, during the lockdown phase they often had to take care of saving their business as well as their families and households.

Prof. Dr. Erik Stam (Utrecht University/Netherlands) addressed the question of how economies are able to transform themselves after a crisis in a way that enhances economic welfare. In the Netherlands, for example, during and after the previous financial crisis in 2008/09, some regions were able to achieve a positive economic transformation process.

In this context, Dr. Georg Licht (Zentrum für Europäische Wirtschaftsforschung), pointed out that the cleansing effect of Joseph Schumpeter's "creative destruction" should be taken into account when implementing economic policy support measures for SMEs: "There is extensive literature that shows that in times of economic crises the process of creative destruction is particularly strong enabling newcomers and existing firms which are more eager to innovate to gain market shares", he said.

Prof. Dr. De Massis (Free University of Bozen/Bolzano/Italy) illustrated, on the basis of a European study, key actions and decisions of highly innovative SMEs that increase their chances of surviving the crisis. His research, conducted with a research team from Sant'Anna University in Pisa/Italy, reveals five different paradoxes faced by these SMEs and unearths the key actions and decisions

that allowed such companies to successfully absorb and react to the shock caused by the COVID 19 pandemic.

In her presentation, Prof. Dr. Ute Stephan (King's College, UK) addressed the question of how SMEs respond to the pandemic: Obviously, the chances of survival are higher if entrepreneurs do not wait and see and delay action until uncertainty lifts, but if they show agility and explore new opportunities for their business.

The results from the International Roundtable on SMEs directly contribute to a panel discussion in the course of the SME Assembly under Germany's Presidency of the Council of the European Union. The [SME Assembly](#) will be held as an online and virtual assembly on 16 and 17 November 2020.

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