

EIS survey findings on the impact of COVID-19 on the internationalisation of SMEs and business support operations, April 2022

Following our survey of SMEs and Business Support Organisations during winter 2021/22 of their experience of the impact of COVID-19 on international trade, we can report on the findings of 147 respondents across the three thematic areas covered by the EIS extension project: (i) disruption to international supply chains; (ii) uptake of digital in response to the pandemic; and (iii) resilience of the international business support eco-system.¹

Theme 1: Disruption to international supply chains as a result of the pandemic

1.1 Key findings about trade disruptions due to COVID-19

- When comparing disruption to trade operations due to COVID-19, SMEs experienced disruptions in international trade to a greater extent than in the domestic market. However, the opinion of BSOs and SMEs differs on this: “Yes, somewhat” was selected by most of the BSOs (55%), while most of the SMEs (30%) declared to be “substantially” affected in international operations by COVID-19.
- Medium sized enterprises suffered least from trade disruption both in national and international operations.

Messages for policy makers and practitioners

→ Specific support is needed for the smallest enterprises, especially micros.

1.2 Key findings about reappraisal of the international trade strategy due to COVID-19

- The survey recorded that no SMEs had to cease international operations during the pandemic (responses from both SMEs and BSOs). But, most BSOs reported (45% vs 14% of SMEs) that SMEs had “to reduce their international operations as a temporary measure” while most SMEs (42% vs 30% of BSOs) reported being able to continue trading internationally regardless of COVID-19.
- The size of the enterprise does not unduly affect this result.

Messages for policy makers and practitioners

→ International trade was not structurally affected, and SMEs demonstrated resilience.

1.3 Key findings about support from BSOs during the pandemic

- Naturally, BSOs were more positive in assessing their impact: 40% of BSOs responding to the survey consider they/the support system reacted “very well” (vs 20% of the SMEs). Most of the SMEs (35%) consider the reaction of BSOs “moderately good”.
- During the pandemic, BSOs mainly offered remote information support (e.g., online training/webinars 79%) followed by financial support (60%). SMEs mainly received financial support (28%) and online training/webinars (25%). 22% of SMEs did not receive support for internationalisation from BSOs.

¹ The EIS project partners would like to thank Simona Cavallini for her work in drawing together the material from the survey.

Messages for policy makers and practitioners

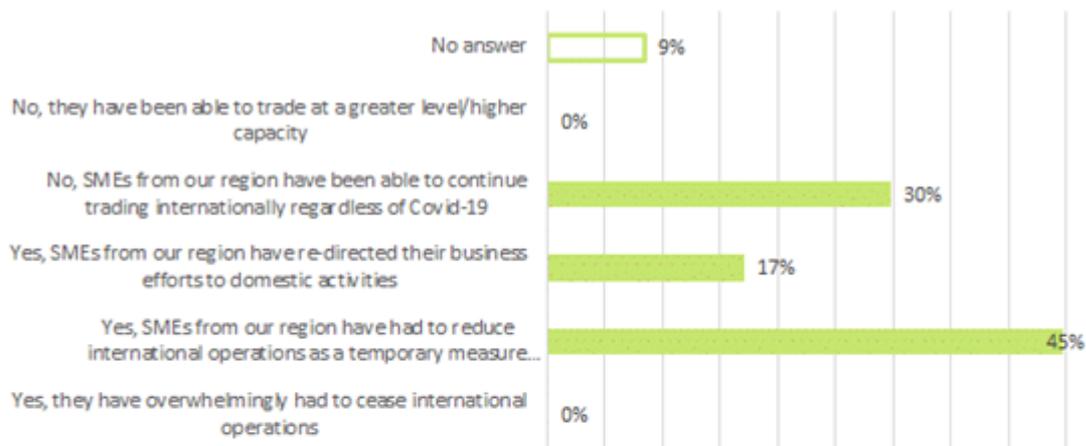
→ Financial support for internationalisation should be allied to “information capital”. The pandemic gave a clear remit for BSOs to reach out widely to SMEs in their region.

Theme 1: Disruption to international supply chains as a result of the pandemic

Evidence on the reappraisal of the international trade strategy due to COVID-19

Has COVID-19 forced SMEs from your region to reappraise their international trade strategy?

BSOs



Has COVID-19 forced your organisation to reappraise its international trade strategy?

SMEs



Theme 2: uptake of digital in response to the pandemic

2.1 Key findings about “digital” as a tool to cope with the pandemic

- Almost 40% of SMEs did not consider digital processes as an option to cope with the impact of COVID-19 and 14% of SMEs surveyed considered digital processes only as offering a “temporary solution”.
- BSOs dispelled the notion that digital processes were not considered an option to cope with the impact on business caused by the pandemic. 30% of SMEs reported that *“digital transformation was not considered as an option to manage changes of market demand for products/services caused by the COVID-19 outbreak”*.

Messages for policy makers and practitioners

→ Digitalisation is not the solution that fits all cases. Is this an issue of awareness about the potential of digital and the future role and requisite outreach of Digital Innovation Hubs?

2.2 Key findings about investment and support for digital in mitigating the impact of COVID-19 (and future crises)

- BSOs and SMEs agree on the key priorities: *“Digitally enabled workforce, acquisition of digital skills, promotion of culture for innovation”* (“Very relevant” for 34% of SMEs and for 38% of BSOs) and *“Adoption of digital technologies and software as key enabling factors for business development”* (“Very relevant” for 31% for SMEs and for 43% of BSOs).
- Actions taken by BSOs in supporting the digital needs of SMEs were considered *“appropriate”* (more than 40% of the SMEs vs almost 65% of BSOs). Among SMEs, Micros expressed more satisfaction (11% *“Fully appropriate”* and 54% *“Appropriate”*)

Messages for policy makers and practitioners

→ The challenges of COVID-19 provided the opportunity to digitalise micro-enterprises.

2.3 Key findings about actions for digitalisation need to continue to be taken to support the international operations of SMEs.

- BSOs and SMEs agree on the key infrastructure priority: *“Improve fast and/or ultra-fast broadband connection (fixed or mobile)”* (“Very urgent” for 62% of BSOs and for 47% of SMEs). The second priority for BSOs is *“Favour the creation of digital skills, or retain digital skills”* (47%). The second priority for SMEs is *“Provide public financial support/incentives”* (44%)
- Digital skills are among the *“at least quite urgent”* actions for BSOs of all the EIS regions.

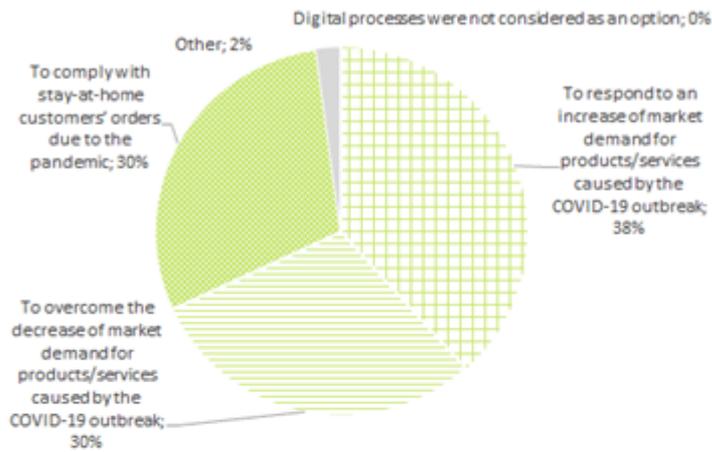
Messages for policy makers and practitioners

→ Good broadband connections and digital skills are therefore necessary conditions.

Theme 2: uptake of digital in response to the pandemic
Evidence on “digital” as an option to cope with the pandemic

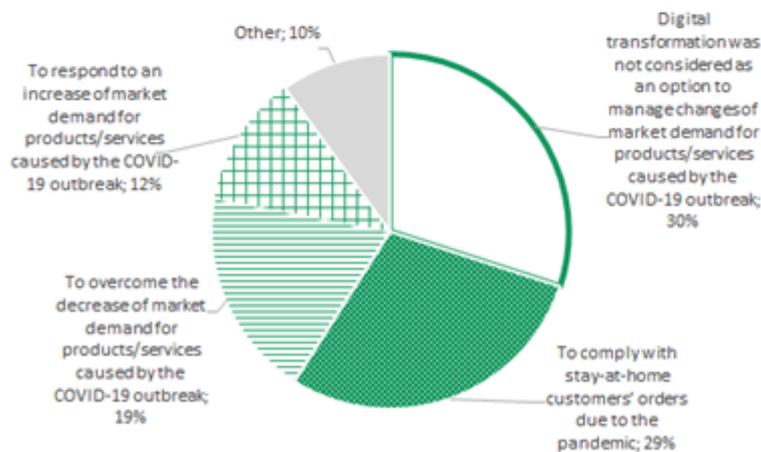
To the best of your knowledge, during the pandemic, the acceleration of the adoption of digital processes in SMEs was primarily...

BSOs



During the pandemic, the acceleration of digital transformation in SMEs was primarily...

SMEs



Theme 3: general resilience of the international business support ecosystem in the face of the pandemic

3.1 Key findings about resilience of international trade

- BSOs are less optimistic than SMEs about “structural resilience”. Only 4% of BSOs believe that SMEs were very resilient and that the pandemic had little impact on international operations whereas 23% of SMEs stated the opposite. For 60% of BSOs, actions were needed to cope with COVID-19 (25% of SMEs).
- Support provided by BSOs was considered a “great help” for 32% of SMEs surveyed. 40% of SMEs received financial support.

Messages for policy makers and practitioners

→ SMEs seem to be more resilient than expected by BSOs. Still, support of BSOs remains crucial.

3.2 Key findings about side-effects on overall resilience of regions.

- BSOs and SMEs agree on the fact that COVID-19 has helped foster the digital transition. BSOs are more optimistic. The green transition is also a positive side effect of the COVID-19 when dealing with international trade. Especially from the SMEs’ perspective (around 30% of the SMEs have taken the two transitions in consideration)
- According to BSOs, the COVID-19 experience facilitated cooperation among key actors in the region improving the regional international business support eco-system (24% significantly, 61% marginally).
- This is confirmed by responses from BSOs of all the EIS regions (to differing extents).

Messages for policy makers and practitioners

→ Given the high profile importance of the climate agenda, much more awareness and throughput need to be achieved to drive more SMEs towards green transition objectives.

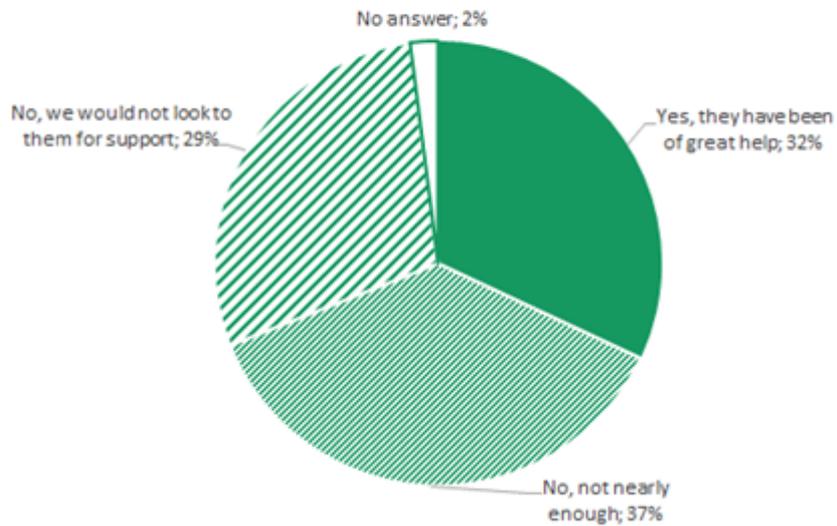
→ The challenges of COVID-19 enabled regions to respond with certain positive developments in supporting digital/green transition and structural cooperation in internationalisation of SMEs, although highly targeted business support for internationalising SMEs remains an ongoing and moving target.

Theme 3: general resilience of the international business support ecosystem in the face of the pandemic

Evidence on the resilience of international trade

SMEs' perspective

Has your organisation received help from business support organisations in the region to cope with the pandemic?



What type of support was received?

