1. Introduction to *Small and Medium Sized Enterprises and the COVID-19 Response*

Hamid Etemad

Dr Seuss: “When something bad happens you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you.”

**INTRODUCTION**

The publication of this volume coincides with a very unusual time. The global pandemic crisis has continued to expose us, hopefully not for too long, to unexpected decrees, events, occurrences, restrictions and uncertainties that have not been recorded in our collective recent memory. It seems as if humanity is being forced to walk into the increasingly stark darkness created by the invisible and intangible Coronavirus that is threatening to remove the results of the world’s efforts over the past six to seven decades of growth and development in reaching an improved global condition and in moving towards a more peaceful and promising future, before the rapid emergence of the Coronavirus pandemic. There is no quick and foolproof worldwide solution on the near horizon as the virus may rapidly mutate to win the competition with human beings. At times, it seems as if humanity is regressing and suffering increasingly more casualties on a daily basis, which is in contrast to many achievements and improvements in the past six to seven decades. Consider for example, the technological revolution of the 1960s to 1990s, and the new millennium utilizing ever stronger and faster computers and experiencing the ever expanding Internet that we all take for granted now, which have in turn stimulated further innovations in massive technological innovations, including communication and information technologies (CITs), amongst many others. Such developments have enabled individuals in the far corners of the world to communicate with, and become informed about, the activities of other human beings on the opposite corners of the world. Furthermore, they have facilitated innovation in business models in terms of an increasing use of the Internet and cloud computing, which are allowing progressive firms to digitize as rapidly as technology would allow them and to use the ever expanding information
network (the Information Highway in the earlier popular parlance) to assist in the buying and selling of goods and service offerings online. Moreover, the advent of artificial intelligence (AI) and the fourth industrial revolution (I 4.0) are introducing change verging on a paradigm shift. It appeared that humanity could acquire and offer things without much effort through a few strokes of the fingertips on a computer keyboard.

At the same time, many firms questioned, and even resisted, what we routinely now call “digitization”, to reach their buyers and suppliers without the added pleasure of meeting and benefiting from interaction with them in person. Such hesitancy was complicated, if not confirmed, by the misconception that if one could set up a website and offer goods and services attractively, consumers and stakeholders would enthusiastically embrace it on the other side of the line, which did not materialize quickly. From a non-technical outsider’s perspective, the setting up of such a business front, called the “the Front office”, could be done almost effortlessly. However, what supported that front office in the background, in order to deliver goods and services more effectively and efficiently than their rivals, was an involved and sophisticated operation hidden from the public in the “Back office”, which relied on at least three massive infrastructural and support networks, including: (1) the expanding network of communication and information technologies (CITs) involving many computers, IT specialists, the Internet and WWW designers and builders, (2) the integrated network of international financial transaction systems that included many national and international financial institutions; and (3) the well-functioning international logistic systems that trans-shipped supplies and final goods in an efficient, reliable and timely fashion through an integrated network of airlines, marine shipping, railway, trucking and transportation systems. These systems had not come about overnight and involved the immense effort of many agencies, governments, nations and international agreements. The foundations of such an expanding network were slowly built on the ruins of the Second World War that had disrupted the functioning of nearly all systems before it. The redesign and reconstruction of the new system started with the Bretton Woods Agreement in July 1944 which set up supranational institutions, such as the IMF, World Bank, GATT (WTO later on), among others, soon after the Second World War. These are also taken for granted now, as the COVID-19 disruptive event of a similar magnitude is imposing unfathomable harms and uncertainties that have not been experienced in the past seven decades ever since WWII. Therefore, the logical question before us is: will the COVID-19 pandemic’s disruptions and uncertainties entail similar, partial or total, re-examination and possible reconstruction of our vital infrastructures? And if so, who will be the architect(s) for the redesign, reconstruction or updating of the emerging reformed, renovated or reconstructed structures? Similarly, how and when should such
structures begin to replace their past counterparts? We will return to the likely candidates for instituting such changes later on in this introductory chapter and will follow up further in the last chapter of this volume, although this will also be addressed from different perspectives and by different teams of scholars throughout this volume.

A consequence of the increasingly well-oiled prevailing infrastructure is, for example, increased global cooperation and coordination captured by the popular term of “globalization”, manifesting increasing functional efficiency in the late twentieth century without considering the supportive role of the immense infrastructure briefly highlighted above. Globalization enjoyed global goodwill as the massive efforts behind the scenes offered opportune possibilities to SMEs aspiring to grow internationally, or to further internationalize, as rapidly as they intended to achieve and as their capabilities, resources and strategies (Teece et al. 1997; Teece 2018), would allow them. Internationalization witnessed the ever faster pace of international growth by newly-emerging smaller firms, such as born globals (Knight and Cavusgil 2004), international new ventures (INVs) (McDougall et al. 1994), early and rapidly internationalizing enterprises (RIEs) (Romanello and Chiarvesio 2019; Etemad and Wu 2013; Keen and Etemad 2012), global digital ventures (GDVs) (König et al. 2019) and hybrid versions created by the advent of newly arriving technological innovation behind artificial intelligence (AI), the fourth industrial revolution (I 4.0), and the Internet of Things (IoT), amongst many others.

However, the late twentieth century, and especially early in the new millennium, seemed to belong to internationalizing SMEs (iSMEs), regardless of their business models. It was difficult to foresee on the horizon either barriers slowing down their rapid pace of internationalization, or the emergence of a globally disruptive crisis, such as the Coronavirus pandemic (COVID-19), nearly bringing them to a halt. In fact, we had collectively assumed, and expected, that international transactions would function even more smoothly and faster than ever before, and most iSME were taking advantage of that international infrastructure. Ironically, the pre-pandemic rapid pace of integration and internationalization did not give any precautionary signal to prepare for minimizing, and possibly avoiding, a potentially disruptive phenomenon that would expose SMEs to the emergence of a crippling crisis, because it was not expected, perceived or detected at the time. The Coronavirus causing the global pandemic crisis emerged in December 2019 and WHO declare it to be a global pandemic on 11 March 2020. This global pandemic crisis blocked, and even reversed in some cases, the further internationalization of rapidly internationalizing iSMEs, and their respective international transactions, as if they were on the opposite sides of a global conflict. Even countries that were on the opposite sides of hostilities during the First and Second World
Wars had already set their past hostilities aside and paved the way for their firms to further engage in other countries directly or indirectly. Examples of such stimulating efforts are numerous. The formation of the European Union on 31 December 1992 (currently including 27 countries with a population of 448 million after Brexit) and the North American Free Trade Agreement (NAFTA) in 1 January 1994 (NAFTA includes Canada, Mexico and USA, with a total population of 493 million) have been early successful examples of further liberalizations in trade and investments, which facilitated their firms’ growth regionally if not internationally, and have only posed resolvable minor challenges in the latter parts of the twentieth century. Many other countries followed those early agreements. On the positive side, liberalization stimulated the subsequent operational cooperation that exceeded far beyond the formal free-trade and regional agreements – for example, people of different nationalities moved to, and set up enterprises in, neighbouring countries, which started to import from their previous home easily. However, very small structural cracks began to appear, which made it more difficult for firms, and even sovereign national governments, to isolate their economies and firms from such unexpected national or international adversities inflicting damage, some of which were more regional (e.g., the Asian Financial Crisis of 1997–1998) and others reached far beyond (e.g., the Global Financial Crisis of 2007–2009). The latter impacted international firms, especially the smaller and younger iSMEs, more severely than others due to their constrained capabilities and resources. Certain conflicts and crises became nearly impossible for SMEs to contain in the late twentieth century, and some also extended into the twenty-first century, forcing slowdowns or even de-internationalization. As an example of the former, the dispute on wooden shakes and shingles – used in roofing in regions experiencing heavy rain – between Canada and the United States resulted in export restriction, tariffs, and quotas on all softwoods and lumber exports to the USA, which grew eventually into a large bilateral trade dispute and a strong irritant between Canada and USA that lasted for many years. Even the Conflict Resolution and Arbitration mechanism within NAFTA could not resolve the dispute within the NAFTA framework. These disputes had to be eventually submitted to World Trade Organizations for resolution after years of negotiations and court cases back and forth.

Regional disputes notwithstanding, and with the exception of the 2007–2009 period during the global financial crisis (GFC), whose bail-out cost to the US Government alone exceeded $1488 billion, the world grew steadily and did not experience significant global crises, although not all countries, firms and industries were affected equally. As a result of the overall positive global experience before the emergence of the COVID-19 pandemic, crises were viewed as resolvable, as the world had not yet been inflicted by a devastating global pandemic. Even the GFC, which would pale in its damage as compared
to COVID-19, had already raised three fundamental questions that had seemingly gone astray:

1. Could another global crisis, such as GFC, engulf the world soon?
2. Would the world’s institutions and nations be well prepared to resolve that crisis properly and in a timely fashion?
3. How would that crisis affect the well-established system of trade, investment and smaller firms’ entrepreneurial internationalization (EI)?

The above questions point to the extent of the world’s preparedness for a crisis of GFC magnitude, and the COVID-19 crisis has already far exceeded the overall damage of GFC by an order of magnitude. Four related subsidiary questions specific to International Business (IB), and especially for International Entrepreneurship (IE) disciplines have also emerged and point to the challenges facing us in both fields:

1. Were the IB and IE (or EI) well equipped to resolve crises involving global problems beyond a free trade area (FTA) or a regional agreement?
2. What magnitude of adverse impact(s) could a typical iSME tolerate within their respective home country’s independent national policy designed to minimize the national damages of the global crises?
3. What combination of national policy actions, firm- and industry-specific strategies could properly resolve a global crisis at firm or industry level?
4. What level(s) of coordinated actions, by national and international institution(s), would be required to control the magnitude of unfolding damages and the crisis’ adverse impacts on iSMEs and the society as a whole?

The debate on the above, and similar, questions is still open; some of these questions fall within the scope of this introductory chapter and will be discussed in later sections, as well as being examined further in the remaining 16 chapters of this volume; while all others merit further examination in different forums. However, and due to the critical importance of the fourth question above, that topic will be taken up and further examined in the last and concluding chapter of the volume (Chapter 17). In short, the collective fear is that our disciplines are also facing substantive scholarly and theoretical challenges in need of fresh rethinking for strategic and structural change. A brief examination of IE’s current state of preparedness as the context for the pending change is briefly highlighted in the next part, below.

**The Structure of this Chapter**

Following this introductory review of selective crises in the past and the global infrastructure put in place to avert and avoid crisis, the next section explores
if the young field of IE is theoretically, and even practically, well prepared to
guide internationalizing SMEs and iSMEs to navigate through a global crisis. It
then raises a set of fundamental questions, and seeks to explore what dis-
tinguishes unsuccessful firms from others, especially iSMEs facing the threat
of demise due to the restrictions of the global pandemic crisis, while others
embedded in the same policy environments have managed to flourish. The
next section presents a brief examination of a selective sample of case studies
of firms in Canada providing some answers to questions raised earlier. These
firms deployed innovative and strategic solutions in terms of reconfiguring
their capabilities and resources to deal with the pandemic crisis soon after the
lockdown in Canada. Their brief case studies may also provide examples of
entrepreneurially innovative milestones in guiding the pathway for getting
smaller firms to the brighter side of a global Pandemic crisis facing us all. The
last section of this introductory chapter offers a glance at the highlight of the
16 other chapters contained in this volume, organized in five parts, to provide
a small window through which to view the contents of this volume. This
includes a rich and varying theoretical and practical perspective on successful
corporate strategies for countering the pandemic crisis, each embedded in its
own respective national (and international environments in case of iSMEs)
policy environment(s), which deployed a range of innovative and strategic
solutions for encountering global buyers and suppliers facing the global pan-
demic’s restrictions and uncertainties. A brief review of the learned lessons
and implications of the chapters of this volume appears at the end of this
introductory chapter.

THE EXTENT OF IE’S PREPAREDNESS FOR THE
NEXT GLOBAL CRISIS

IE’s extent of preparedness to resolve a serious crisis properly is unclear at
this point in time, and the basic reason for it is not clear either. This lack
of clarity suggests a need for examining the extent of contribution, or lack
thereof, of the basic fundamentals in international entrepreneurship (IE), or
entrepreneurial internationalization (EI), to its preparedness, theoretically
and practically, for empowering iSMEs to deal with the current and the
next crises. IE has inherited its basic and early theoretical foundations and
principles from its principal parental disciplines – International Business
(IB) and Entrepreneurship (E) (McDougall and Oviatt 2000 and 1997), each
of which were built on their own respective parents and dynamic evolu-
tions over time. Microeconomics and the Theory of the Firm, International
Economics and Internationalization theories provided the early guiding prin-
ciples to IB in the early twentieth century. Similarly, Behavioural Economics,
Consumer Behaviour and fast developments in Entrepreneurship, amongst
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others, guided the IE’s early entrepreneurship-related aspects. Furthermore, practitioners and decision-makers in rapidly internationalizing firms learned how to draw from other relevant complementary fields, for example, Finance, Operations Management, Organizational Behaviour and Strategies, amongst others, to complement foundational principles borrowed from Economics, Entrepreneurship and International Business, when they did not offer clear guidance. Combined, they have contributed, enriched and expanded the scope of international entrepreneurship beyond its foundational heritage. It seems that IE has become a multi-disciplinary field already; but a clear and urgent pathway, and the immediate advantages of, a multi-disciplinary approach for resolving the difficulties of an unfolding crisis, such as COVID-19, in need of quick and prudent decisions, is not yet very clear.

Although most of the fields have been dynamically developing and enriching steadily, they have traditionally relied mostly on axiomatic and logical principles somewhat adapted to their prevailing environment(s) at the time; but less on unexpected or uncertain change(s) requiring institutional change as well as re-evaluations of personal, psychological, managerial and evolutionary trends; nor requiring the use of alternative or innovative strategies that would not necessarily be based on the received theoretical principles or their implications, lessons and accepted practices of the past. The rapid emergence of the COVID-19 pandemic exemplifies an unexpected and uncertain change that has exposed, and still continues to expose, firms, industries and countries to an unexpected global crisis, the magnitude of which has not been experienced in modern times and which has no clear pathway to the brighter side beyond the near horizon. Seemingly, the pandemic is portraying near improbable crisis conditions, for which neither past theories had prepared, nor the previously accumulated experiential knowledge had anticipated how to resolve. These are what distinguish this crisis from its past counterparts. Consider for example that, even with our collective and accumulated knowledge and wisdom of the past, the world found no “off-the-shelf” or “ready-to-apply” solution in the early months of 2020. Some of the reasons for the pandemic crippling countries, one after another, had not been experienced before, and no experientially based lesson in our collective memories, except for a few exceptions, were initially perceived as potent solutions early in 2020, as their effectiveness had not yet been examined. Given the rapidly changing conditions, and mounting economic, socio-cultural and institutional damages, in addition to exceedingly higher mortalities, it is fairly understandable why countries, firms and industries resorted to alternative, innovative and ad hoc solutions. This has already made this crisis management one of the larger, and possibly the largest, live and ongoing experimentation at national, regional and even global levels, where governments’ different national policies (e.g., financial assistance to badly affected firms and their unemployed workers on the positive side; and
punishing restrictions on the other side), their loose regional coordination (e.g., vaccination procedures in the European Union countries, or regional and international travel), embryonic global initiatives (e.g., WHO’s Global Vaccine Alliance, COVAX,7 and the Coalition for Epidemic Preparedness Innovations,8 CEPI), some of which have not been used since the Second World War, have yet to stop COVID mounting damage in the past year and a half. Consider, for example, that the world is experiencing reduced productivity of some five billion workers, in each passing day, regardless of their respective pre-COVID productivities.

In short, no dominant experiential or theoretical solution to, and crisis management of, the global pandemic crisis, has yet emerged as different live experimentations are still ongoing and the effectiveness of their ultimate results is not yet clear at the time of this writing.9 On the bright side, however, this volume offers not only a rich sampling of enacted, applied and ongoing conducive public policies at 14 different national levels, but it also documents the innovative strategies by entrepreneurially oriented firms with successful results within their respective policy environments in terms of multiple case-studies in each of the volume’s chapters. It is noteworthy that most firms’ and industries’ strategies have been embedded in their respective policy environment and it is their interactive combination that generated the results. An isolated similar policy or strategy may not generate the same result in a different environment. The “Brief glance at the highlights of the chapters” section later in this introductory chapter, and also the longer discussions on the individual chapters offer more detailed perspectives in the subject. Accordingly, the collective contribution of this volume is in its presentation of many policy and strategy combinations, from which nearly everyone can learn without bearing the potential costs of having participated in those live experimentations at the time (and which are mostly still ongoing). Therefore, this volume offers a modest contribution to the advancement of our collective knowledge. Moreover, the volume will also present a chapter in the last part of the volume suggesting consistent and ongoing innovation as an enabling strategy to prepare for the next crisis, regardless of its cause and magnitude.

As briefly discussed above, the early international theories had axiomatically developed and required behavioural and experiential adaptation and enrichments that may not yet have experienced a serious global crisis. As a result, they were unlikely to have been fully prepared to offer potent defensive and effective solutions quickly, where time has been a critical factor in minimizing the pandemic’s damages, and hopefully avoiding its harms, as early as possible.

It is noteworthy that no internationalization-related theory had entertained the case of rapid closure of national borders, the near collapse of international logistics and transportation, and the enactment of highly self-centred national
policies, even against close trading partners, mostly in response to the rapidity of the unfolding global crises at the time. Some of these protective policies not only ran counter to the prevailing internationalization theories or globalization practices, but also further intensified certain aspects of the crisis over time (e.g., the early banning of personal protective equipment (PPE) exports to trading partners, who could reciprocate similarly on the former’s imports later on).

**CONTRASTING PAST LESSONS AND PREVAILING REALITIES**

The reality is that most iSMEs are highly efficient firms with few reserves for a rainy day. Facing the crisis, they undoubtedly found precious few experiential and theoretical lessons to guide them through the unfolding and intensifying pandemic crisis, which was simply attributed to the highly damaging characteristics of the COVID pandemic, but not to the impotency of our theories, strategies and even collective knowledge on how to help SMEs out of the crisis.

Although the uncertainties similar to those caused by the COVID pandemic had not been expected, nor had they been included in past theories, with very few exceptions (e.g., Akerlof (1970), Knight (1921) and Stewart and Roth (2001)), the recent developments in entrepreneurial and innovative start-ups, family firms (e.g., Vandekerkhof et al. 2018) and socially oriented enterprises, have pointed to novel strategies that were not based on the theoretical principles of the past, enabling them to achieve their objectives in their changing and equally uncertain environments. Generally, this family of relatively smaller firms has been relying on combined lessons of different allied and complementary fields to accomplish their objectives. Retrospectively, they seem to have made decisions involving a few not yet well proven, and thus uncertain conditions, including unexpected socio-cultural reactions under distress, and optimistic or normative behaviours not routinely practised before (e.g., achieving social objectives, regardless of their costs at the time), that at times extended far beyond the economics of the firm, or the micro-economics concerned mainly with growth, profitability and higher revenues. The noteworthy point is that massive uncertainties (such as those associated with or caused by COVID-19) could affect most decision factors and frameworks based on the received theories, as discussed earlier. In short, our cherished theoretical principles of the past appear to have lost their perceived potency, and most iSMEs found very little in them on which to rely.

Furthermore, the increasing complexity and uncertainties of the environment, combined with SMEs’ constrained resources, relatively lower experiential knowledge (Johanson and Vahlne 1977) and smaller networks (Johanson
and Vahlne 2009; 2006; Johanson and Mattsson 1988) could be leading
them to deploy strategies far different from those of others (Cardon et al.
2009), not compliant with the received theories, and at times seeming to run
counter to the lessons of the traditional theories. Additionally, not all SMEs
are necessarily profit-maximizers to satisfy the theory firm’s precepts – for
example, they might be family- and life-style, passion-oriented as well as
social-cause-driven firms (e.g., “Benefit” or “B-Corporations”10), among
many other possibilities, that usually use alternative decision-making criteria
and frameworks. Consider, for example, that socially-oriented firms aim to
generate value in accomplishing social causes by asking their stakeholders,
including their clients, owners, suppliers and philanthropists to contribute
funds, and volunteers to give time and effort to accomplish their stated social
objective. They may also realize some left-over funds at the end, which are not
treated as profit nor are they distributed to their stockholders as dividends or
retained earnings. Similarly, ethical and progressive “B Corporations” have
been achieving higher objectives while responding to more difficult problems
or environmental conditions,11 due to their pursuit of difficult-to-accomplish
socio-cultural and popular objectives.

The above brief discussion suggests that important evolutionary trends have
been taking root and slowly unfolding. Consequently, traditional concepts,
constructs and frameworks need a re-examination for possible enrichment to
become more sensitive, and responsive, to the increasing complexities of the
current and emerging environment(s), for which the past decision frameworks
may have become nearly impotent, especially during the challenging COVID
pandemic type of conditions. Therefore, the motivating aim behind such
rethinking, extension(s) or expansion(s) must at least suggest, and possibly
indicate, the potent alternative strategies and pathways capable of solving
crippling emerging problems such as those caused by the COVID crisis.

Consequently, this volume aims to offer diverse strategies deployed by dif-
ferent SMEs within different national policy environments formulated by their
respective governmental authorities facing their respective crises in different
countries. Furthermore, this volume will present the opportunity to learn from
focused research documenting a range of deployed strategies by more than 20
iSMEs in 14 different locations and industries around the world. Each of the
focal firms in case studies presented in different chapters of this volume were
within the context of their respective governments’ enacted policy environ-
ments while encountering or countering the crisis at the time. Naturally, SMEs
formulated alternative strategies appropriate for their environments to get them
to the brighter side of their respective perceived crises; but not all perceived
the crisis correctly, nor did they all achieve ultimate success, as discussed in
various chapters throughout the volume.
A BRIEF EXAMINATION OF CANADIAN INNOVATIVE FIRMS ENCOUNTERING THE GLOBAL PANDEMIC CRISIS

A dominant question, which has no clear answer yet, is what distinguishes successful firms from others when they are exposed to similar crisis-like conditions? In search of answers to the above question, a systematic search for successful firms in different industries in Canada was undertaken and selected findings and lessons are presented here. Generally, not only had most of the selected focal firms rapidly deployed an innovative strategy to minimize COVID’s damage; but also they had exploited its potential advantages, benefits and opportunities. This research points out that the relatively more successful firms identified at least five critical and related factors soon after they perceived the gravity of the pandemic crisis, including:

1. They recognized new opportunities in the early stages of the COVID-19 crisis after the introduction of restrictive and rapidly evolving public policy environments.
2. They perceived the time pressure and urgency as a critical constraint.
3. They prepared rapidly to respond to all aspects of the crisis quickly.
4. They responded rapidly, entrepreneurially and strategically following their entrepreneurial (Lumpkin and Dess 1996; Miller 1983) and market orientations (Jaworski and Kohli 1996; 1993; Kohli and Jaworski 1990; Slater and Narver 1994a; 1994b; Narver and Slater 1990).
5. They engaged in collaborative partnerships seeking collaborative advantages (Etemad, 2020c; Kanter 1994), to save time, generate high value or novel technologies based on their capabilities to cut costs, save time and offer higher values, amongst others.

A further observation indicates that the pandemic crisis exerted severe time pressures on nearly all decisions, and such shortage of time made it difficult for some firms to devise well-formulated alternatives, which may have adversely affected them. Furthermore, the urgent sense of collective social responsibility may have also influenced their respective risk–reward equation (Stewart and Roth 2001) in favour of delivering social benefits at the time. The case studies of the focal companies pointed to unexpected socio-cultural benefits that were difficult to foresee or quantify at the outset. Overall, potent decisions in the successful firms seem to have benefited from the firms’ entrepreneurial orientations (Covin and Covin 1990; Lumpkin and Brigham 2011; Lumpkin and Dess 1996; Miller 1983), rich managerial experience, dynamic capabilities and resources (Teece et al. 1997), strategic managerial agility (Etemad and Wu 2013) and collaborative advantages (Kanter 1994) that compensated for
their shortage, or lack of, certain resources at the time. These factors helped the focal SMEs (and their network of collaborating partners) to select the most potent strategic choice from a wide range of possible actions – ranging from ad hoc, experimental, collaborative and novel strategic decisions – and then implemented them collectively as quickly and as resolutely as possible. Retroactively, most of their undertakings were novel, and less likely to achieve their respective objectives at the time; but decisions were perceived as feasible. However, some firms, industries and even conducive national and regional public policy environments seem to have benefited from some elements of managerial optimism, if not luck, at the time.

A more extensive and deeper examination shows that a set of highly aware and well-prepared firms recognized the value of acting rapidly due to the urgency of the crisis facing society. However, a large number of under-prepared SMEs suffered substantially. Retrospectively, their respective operations fall into five broad categories of firms. An example of each is briefly discussed below and compared in Table 1.1.

1. Large and Resourceful Companies

These companies could not directly and independently act in resolving aspects of the pandemic crisis, but saw value in helping others in terms of contributing advice, funds and resources to satisfy other firms’ various needs. They were the unsung heroes of the pandemic’s early days. Their assistance was delivered in the form of donations, financial and technical assistance, philanthropy, and technical advice, amongst other things, which enabled their fellow firms, clients, and possibly society at large, to benefit from their actions. In turn, they were equally, but indirectly, rewarded for their acts of goodwill. Large banks, financial institutions, insurance companies, consulting companies, and large firms with surplus resources that could assist others exemplify this category of firms. For example, larger banks delayed loan repayments and cancelled late penalties, while insurance companies offered rebates and discounts, or consulting companies published sage advice in reports or through free webinars. On the manufacturing side, many firms redirected their normal production line to produce parts or goods that were needed, and in some cases, they offered them at cost, if not free of charge, to those in need, including health-care related institutions. The number of such companies easily exceeds the hundreds and includes both national and international firms, amongst many others. (Because of time and space constraints, only one example of each group of firms is presented.)
Corby Distillers
Corby Distillers, of Coryville, Ontario, a producer and distributor of the 25 most popular spirits and liquors, exemplifies the above category of firms. It produced pure alcohol in the early days of the pandemic and made it available to health-care institution and to smaller firms producing sanitizers and sterilizer products at cost or free of charge (Etemad 2021).

The historic distillery in Windsor, Ont., has been converted to begin producing hand sanitizer, with a commitment to contribute up to 20,000 liters per week to help people keep their hands clean and free of germs. Hiram Walker and Corby have partnered with the Ontario government and the City of Windsor to help get sanitizer where it’s needed most. The first batch was delivered two weeks ago [on 3 April 2020] to the Village of Lake Aspen Nursing Home in Windsor, and an additional 1000 liters were delivered to St. Joseph’s Hospital and St. Michael’s Hospital in Toronto. Hiram Walker will also be supplying much needed alcohol to large manufacturers for their production of hand sanitizer. (Source: https://www.newswire.ca/news-releases/corby-spirit-and-wine-supporting-canadian-communities-during-covid-19-outbreak-866943359.html. Accessed on 17 April 2020).

The publicity on their collaborative actions rewarded Corby (and its partners) handsomely as the value of its stock began to increase rapidly due to the positive publicity that the firm’s socially-oriented action generated.

2. Larger and Older Companies Engaging in a Collaborative Partnership with Smaller and Younger Companies

The larger firms arranged collaborative partnerships, supply chain relations and technical assistance, mainly with smaller firms in their supply chain and value generating network to produce and provide for the essential immediate needs of front-line workers and the population, which were in critically short supply. With the full knowledge of their own and their supply-chain capabilities, a large number of such companies responded to government pleas for help and participated in offering valuable, and at times unique, resources, technologies and manufacturing to jointly produce the required goods for immediate use where there was a dire shortage, or to enable services depending on those missing supplies or equipment. Shortages were in part due to a combination of factors, including lockdown disruptions, the near collapse of international logistics to deliver previously outsourced parts and products from off-shore site facilities abroad and nationalistic policies imposing embargoes on exporting outsourced goods. In some cases, the Government of Canada’s incentive programmes and contracts triggered these firms’ rapid response and innovative actions. Examples included, but were not limited to, companies in transportation and avionics, and parts manufacturing, amongst others, that had
excess capabilities and used their R&D, resources and underused facilities to assist others, or companies that made part of their exclusive technologies and resources available to a selected network of partners to jointly and collaboratively make goods and provide services, such as life-saving aspirators, ventilators (e.g., made by CAE), and lung and heart machines, all of which were in very short supply in the early days of the pandemic.

On the other side of these collaborative arrangements were the various smaller entrepreneurial firms in need of a helping hand in terms of activating or reorienting their underutilized, or unused, capabilities, capacities, resources, space and personnel on their own premises (or on others’ premises), which were all made idle because of layoffs in the workforce due to decreased demand and shortage of supplies due to international supply chain difficulties. They were, therefore, available for alternative re-utilization. Consequently, they benefited tremendously from their collaboration and contributed positively to the success of their collaborative efforts. Such collaboration with their network partners produced goods and services in short supply, which delivered both direct benefits to the firms involved and to society at large in terms of manufacturing products in short supply, reducing unemployment, and higher capacity utilization, amongst other things. They also benefited indirectly due to positive publicity on their respective operations in an emergency. Parts manufacturers for goods and services with reduced demand, and in short supply, fell into this very large category serving society’s needs at large as well. Naturally, the conducive public policy environments and government incentives – for example, rent and wage subsidies and a government contract – enabled smaller firms to survive and respond positively. Examples include, but are not limited to, parts manufacturers and sub-contractors, amongst many others. The cases of CAE’s COVID-related efforts, briefly highlighted below, exemplify the above type of arrangements and their collective and responsive initiatives.

CAE Inc. and its network

In June 2020 a CAE spokesperson stated that CAE was a global leader in training for civil aviation, defence and security, and healthcare markets. Backed by a record of more than 70 years of industry firsts, CAE had continued to help define and set standards in global training, mainly with its innovative flight simulators for training civil aircrew members and maintaining readiness of the defence forces and enhancing patients’ safety.

On 17 June 2020, CAE announced that its CAE Air1™ Ventilator had been certified by Health Canada. “This made-in-Canada ventilator is destined for hospitals across the country where it will be used in the fight against COVID-19. Certification comes two months after CAE signed a contract with
the Government of Canada to manufacture and supply 10,000 ventilators” (source: http://www.cae.com/ (accessed 1 July 2020).

Prior to the pandemic, CAE had the broadest global presence in the training industry, with 160 sites and training locations in over 35 countries and over 10 500 employees. It had trained more than 220 000 civil and defence air crew-members, including more than 135 000 pilots, and thousands of healthcare professionals worldwide (http://www.cae.com). It responded to the Canadian Federal government’s plea for help and quickly mobilized its R&D, other capabilities and network to create and manufacture a made-in-Canada and fully functional ventilator for use in the health-care system for COVID patients. The CAE Air1 Ventilator delivers pressure and volume-controlled oxygen, using the ambient air, or the hospital system’s oxygen. It also has an intuitive and simple operating touchscreen interface to support COVID-19 patients in Intensive Care Units (ICUs) undergoing treatment for respiratory difficulties, including COVID-19. “The agility shown by CAE in designing and succeeding to have the CAE’s Air1 Ventilator certified in a fraction of the usual time points to the CAE’s innovative, engineering and advanced manufacturing capabilities enabling CAE to start shipping hundreds of CAE Air1 Ventilators to the Government of Canada every week”.

Canada’s Minister of Innovation, Science and Industry at the time acknowledged CAE’s contribution by stating, “I am glad that we were able to support CAE in accelerating the design and manufacturing of CAE Air1 Ventilator that is now ready to be used by our frontline healthcare workers” (Source: http://www.cae.com/).

3. Companies with resources complementing the supply chain and value creation of others

As discussed earlier, smaller firms suffered more severely than their larger and more capable counterparts. Consider for example that the total immobility of their workforce and reduced demand and national lockdowns caused smaller suppliers and transportation firms to shut down. Many of these firms had to refocus quickly to survive. For example, local transport companies examined their capabilities and offered to pick up online purchases from warehouses or platform hubs and to deliver the goods to the buyers for a nominal fee, which also assisted their online suppliers and end customers. Even in the absence of alternative strategic and collaborative initiatives, some such firms not only avoided a slow demise but also prospered. Grocery supermarkets, department stores, and even small restaurants, which had limited to no transport capabilities of their own, benefited from such delivery services to their customers, who could not pick up their purchases from distribution centres’ offline or online hubs. Similarly, taxi companies, which had lost nearly all their regular passen-
agers due to the lockdown and because most people were working from home, offered similar delivery services, and survived, even prospering in some cases. Some offered to deliver patients’ medication free of charge from pharmacies, especially to the elderly, and they were rewarded well by their customers (see Chapter 9’s discussion of B-corporations in Columbia for more complex and systematic efforts of social-entrepreneurship firms focused on accomplishing social causes). In short, these smaller companies could be viewed as the mirror images of type 2 firms, who assisted their larger counterparts to continue serving their buyers and suppliers. A typical example is provided below.

**Intertape Polymer Group collaborating to complement Stanfield**

Stanfield is a company based in the provinces of New Brunswick and Prince Edward Island, Canada, which has been in operation for more than 50 years. It has been producing cotton and cotton blend underwear for men and women as well as woollen clothing. In March 2020, it saw international suppliers’ non-delivery, with delays of unclear duration and consequent shortages, as an opportunity to exploit. Collaborating with another local company, such as the Intertape Polymer Group producing “industrial house wrap products” and synthetic fabrics, it was able to produce protective gowns for health-care clinics, hospitals and front-line workers. Both companies saw the national lockdown as an uncertain event, with massive potential losses and layoff prospects on the one hand and opportunities in solving a crisis-related problem on the other; but it was mainly the supplies and capabilities of Intertape Polymer Group that enabled Stanfield’s production and distribution to make the collaboration a success.

A Stanfield executive at the time observed: “We then matched up Intertape with several other Canadian companies that are now also using this fabric [the synthetic fabric of Intertape] to produce gowns. Equipped with alternative polymer material, Stanfield’s has retooled its production to meet this need of Canada’s front-line health care workers” (sources: https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h__07683.html and http://www.stanfield’s.com). The synthetic fabrics of the Intertape Polymer Group enabled Stanfield to re-strategize rapidly to save employment in the two companies and many jobs at their respective suppliers, while delivering critical products that were in short supply in the early days of the COVID-19 pandemic.

4. The Agile, Capable and Innovative SMEs

These SMEs recognized opportunities, mobilized and reconfigured their own capabilities and resources to devise potent strategies very rapidly in their entrepreneurially oriented firms to exploit them. They perceived the pandemic crisis as a time-sensitive event offering a big opportunity, with relatively few dis-
advantages and harms and low risk, and approached the unfolding crisis very quickly. They redefined their value-generation equation by examining a broad set of alternative objectives (e.g., socio-cultural aspects as well as economic and financial ones). In nearly all of the firms in this category, either principals or partners rapidly modified or totally reconfigured their value-generation operations accordingly in order respond to, and also benefit from, COVID’s perceived opportunity on the one hand and possibly avoid its damaging and harmful effects on their customers, employees and suppliers and supply the society in need on the other hand. The observed end results in most of the above cases were (and still continue to be) social admiration for their initiative and rapid response in addition to consequent profitability. As anticipated, they were, and have been, rewarded handsomely socially and economically as well. There were many examples of such SMEs and iSMEs. Canada Goose, a very successful Canadian iSME, exemplifies the above type of innovative iSME.

Canada Goose
Canada Goose is a highly successful and internationalized family firm based in the Province of Ontario, Canada. Prior to COVID conditions, it produced and marketed high quality, highly positioned and specialized winter clothing as well as extreme winter garments for worldwide distribution and sale. At the outset of the COVID-19 pandemic, it detected the extreme shortages of personal protective equipment (PPE) for those exposed to coronavirus during the pandemic crisis in Canada. It quickly re-strategized and switched very rapidly to respond to the critical shortage of PPE. It re-configured its two operating production factories that were manufacturing winter outwear products and opened its idle third factory to produce PPE in response to the extreme shortages. The PPE supply shortages were mainly caused by foreign national governments prohibiting the export of PPE to their international customers. In the absence of adequate capabilities and rapid strategies for re-orientation, re-configuration of production lines, and consequent switching of its products, Canada Goose would have been forced to close its facilities, lay off its skilled and specialized employees, and suffer from losses due to the approaching end of the winter clothing season for high-priced winter and sub-zero garments combined with the closure of international borders and shipping for sale in international markets. Canada Goose benefited handsomely economically and supplied PPE to those in need, thus saving invaluable time and effort, if not untold lives, of the frontline health-care workers, patients and others. It also safeguarded the employment of its employees who would have remained unemployed for an unknown period of time due to the extreme uncertainties at the time (at least during the national lockdown associated with the COVID-19 pandemic). Its strategic efforts and prompt reply to a social need elevated the company’s social status, if not its brand equity, to far beyond its economic
value prior to the emergence and unfolding of the COVID pandemic.\textsuperscript{17} Furthermore, it did not suffer from the economic shutdown or the closure of international borders as severely as its competitors did. It is noteworthy that this iSME detected the unfolding uncertainty as a time-sensitive opportunity and quickly re-strategized to minimize its losses.\textsuperscript{18}

5. Smaller and Underprepared Companies

Many smaller firms accustomed to the stable Canadian environment in the immediate past, and possibly satisfied with their operations prior to the emergence of the global COVID crisis, were caught underprepared, if not unprepared. For example, SMEs that had not digitized to complement their routine offline operations prior to the COVID-19 lockdown were forced to shut down for some time. According to Statistic Canada reports, those who had already adopted some digitization suffered relatively less. In general, smaller companies suffered more despite the generous support programmes of both the federal and provincial governments to cover their fixed and some of their variable costs. The extent of their digitization and preparedness prior to the lockdown correlated with their relative success during the early days of the global pandemic crisis. Some who could quickly re-orient their operations – for example further digitizing and operating online partially or fully – slowly recovered.\textsuperscript{19}

In short, and as stated earlier, the highlighted focal Canadian companies of different sizes and industries perceived the crisis both as a timely opportunity and as being capable of inflicting damage. Those who were better endowed with diverse capabilities and resources rapidly analyzed their situation from a new perspective, which was different from their immediate past, and rapidly reconfigured their resources and capabilities. In this way they exploited the newly emerging opportunities independently, collaborating with others, or benefiting from supplying others, and succeeded in avoiding the crisis’ potentially high damage, and even benefited and prospered. The rapid unfolding of the pandemic, and its potential high damage notwithstanding, firms routinely encounter challenges of different magnitudes, some of which can be resolved more easily and within normal operations, and others may need innovation, innovative solutions and reorientation of strategy, which are usually dependent on the firm’s extent of capabilities and innovativeness. Therefore, a range of applicable, ready-to-use innovation is likely to resolve the problem more quickly, partially or totally, and buy time to devise a proper strategy, including promising and focused innovation.

On the darker side of the COVID crisis, however, some smaller firms could not manage the process well and in a timely fashion, as they did not perceive the consequences of the crisis correctly nor had they the capabi-
ties to launch an effective counter-strategy. In light of the rapidly unfolding pandemic crisis, catching nearly everyone worldwide by surprise and unprepared, a three-pronged approach for fighting and managing a crisis was then necessary:

1. A perception or scenario of the immediate to near future and possible strategies to deal with each scenario, should it materialize.
2. A rich and diverse sample of capabilities of different firms of different sizes and possibly in different locations and industries in the world can provide a portfolio of successful strategies, from which firms’ managers, planners and public policy authorities can learn, which they can emulate, and even be called upon to assist.
3. A window to future preparations to avoid another surprise as the history of crisis has already documented that COVID-19 was neither the first crisis nor would it be the last. It is only prudent to be prepared for the next. This perspective has helped the design of the volume and its chapters, as highlighted in the brief glance at the next 16 chapters, below.

A GLANCE AT THE PARTS AND CHAPTERS OF THIS VOLUME

Brief Highlights of the Five Parts

This volume consists of five parts. The introduction to the volume and an extensive literature review are included in Part I. Part II is titled “Firms’ capabilities, resources and strategic response to perceived crisis within their respective enabling and constraining environments”. It presents relatively general, yet critical, topics such as firms’ capabilities, resources and orientations, which collectively influence how smaller firms perceive emerging, approaching or unfolding crisis in their respective environments and how the national public policies as well as the evolution of the crisis affect them.

As discussed earlier, the global Coronavirus pandemic has affected most countries of the world. Various national governments introduced different defensive and protective public policies, which affected both the national environment and the SMEs and iSMEs within that environment much more than their larger counterparts. A sample of extensive national approaches with different eventual impacts is presented in this part. Diverse policies in New Zealand, Canada and Algeria exemplify not only different components and impacts of such defensive, protective and yet fluidly evolving, national policies shaping and reshaping their respective national environment, but also how they affected their SMEs, some of which took advantage of such policies to encounter the emerging and unfolding crisis. In turn, SMEs’ consequent
<table>
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<tr>
<th>Typology of firms</th>
<th>Companies Exemplifying the firm types</th>
<th>Firm’s prior industry</th>
<th>Pre-COVID product lines and services</th>
<th>COVID-oriented product or service offerings</th>
<th>Strategic triggers, indicators of opportunities and damages</th>
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<tbody>
<tr>
<td>1. Large and resourceful firms enabling others</td>
<td>Banking, insurance, consulting, manufacturing, etc.</td>
<td>A wide variety</td>
<td>Assisting other firms in need when responding to the crisis</td>
<td>-Assisting fellow companies -Contributing to the society at large -Benefiting indirectly</td>
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<td>2. Corby Distillery (Example of firms assisting and supplying others to respond to the crisis directly)</td>
<td>Production and representation of 25 popular branded alcoholic beverages and spirits</td>
<td>Sold 25 brands of spirits and hard liquor in Canadian regulated distribution outlets and distributing internationally through Pernod Ricard</td>
<td>Produced pure alcohol for use in health care institutions and to manufacturers of sterilization and sanitization products free of charge</td>
<td>-Provided pure alcohol free of charge in short supply for cleansing, and sterilization -Gained no direct and immediate benefits -Gained indirect economic and social benefits due to distribution of alcohol free of charge</td>
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<td>3. CAE (Example of firms drawing on their supply chain network to expedite products and services)</td>
<td>Aviation and training of air crew members</td>
<td>-Specialized flight simulators -Training of air crew members and other professionals</td>
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<td>-Shut down of airlines and aviation -Shortage of ventilators causing higher mortalities earlier on -Rich dynamic capabilities -Drew on its supply-chain</td>
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<td>Typology of firms</td>
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<td>4.</td>
<td>Canada Goose (Example of innovative firms re-strategizing and reconfiguring its production to respond to the crisis directly)</td>
<td>Highly specialized and top of the range winter clothing</td>
<td>-High priced winter clothing and outerwear -Sold its products domestically and internationally</td>
<td>Switched to producing inexpensive PPE in extremely short supply at the time</td>
<td>-The opportunity to avoid layoffs in workforce -Opened its third and idle factory in less than a month -Its traditionally rich R&amp;D, entrepreneurial and dynamic capabilities -Reconfigured its own resources</td>
</tr>
<tr>
<td>5.</td>
<td>Many unprepared smaller firms</td>
<td>A wide variety</td>
<td>A wide variety of products and services</td>
<td>Unprepared to assist, or receive from, other firms</td>
<td>-Unprepared to change their old strategies -Satisfied with their legacy and routine operations</td>
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actions would affect their national economies, locally, regionally and even nationally.

Part III is a practical extension of Part II. It is titled “International, national and regional firms’ choices of core strategies, including further digitization and ‘servitization’” for higher customer- and market-orientation, and re-examinations of supply chain and overall governance preparing to encounter the crisis impacting them. As the title indicates, this part presents specific examples of how firms have formulated and deployed different core strategies for encountering the crisis within their respective environments, ranging from those in Brazil, Colombia, Italy, Malaysia and Spain. The research supporting the five chapters of this part also shows how firms identified and strengthened different components of their respective core strategies within the boundaries of their capabilities, strength, orientation, past experiences and weaknesses. Naturally, the formulation and deployment of their strategies would be the consequence of interaction with, and influence of, their managements’ perception of the impact of the crisis on the health of their overall operations and the risk of the pandemic crisis’ possible damage to be avoided on the one hand and the potential opportunities of the crisis to be exploited on the other hand.

Part IV is titled “Deploying increased customer and market orientation and innovative customization strategies for international growth to counteract potential stagnation and possible demise” due to the crisis. This part presents specific research-based examples of strategies focusing on the international dimension of firms’ operations, especially those affected, or potentially negatively affected, by the adverse impact of the global pandemic crisis. This part also includes a deeper reflection on the firms’ products and services in their local and international industry positions, as well as the firms’ overall interaction with their respective public policy incentive (and prohibitions) in their relatively smaller national markets (or their relatively small market shares). This enables the understanding of the logic behind their emphasis on the international market in environments such as Finland, Denmark, Greece and Norway, as well as their further internationalization (or de-internationalization) directly or indirectly.

Part V is titled “A window to the future: learning from the past and exploring implications and lessons of previous chapters” is the last part of the volume with a view extending to beyond the current crisis. It first explores how a firm, especially a smaller firm, becomes resilient and remains competitive over time through continual innovation and innovativeness. It then draws on the salient arguments of the extensive research in the previous 14 chapters, most of which present numerous case studies supporting and enriching their respective arguments. The balance of this part provides a glance at all the chapters’ highlights of the research-based arguments, findings and recommendations for fighting
crises or crisis-like problems. A glance at the highlights of all chapters contained in this volume appears next.

**Brief Glance at the Highlights of the Chapters**

Following this introductory chapter, Chapter 2, “A systematic literature review of crisis management in and by small and medium-sized enterprises”, presents a general literature review of crisis management by SMEs and is co-authored by Aidin Salamzadeh and Léo Paul Dana. Although SMEs play a significant role in the economic and socio-cultural aspects in their respective economies in terms of providing employment, income, economic growth and development in general, we know much less about their crisis management compared to that of larger firms. As international SMEs (iSMEs) operate in the international markets to grow and generate international income, they are exposed more to different elements of foreign environments, including foreign exchange, more than national SMEs, but the literature has offered scant coverage of crisis management by such international firms. Furthermore, as SMEs are exposed to crises, while being relatively more fragile than their larger firms, there is a need for a more in-depth literature review to improve upon our collective knowledge about how they approach and manage their crises, or crisis-like challenges, regardless of size, type and location.

This literature review focuses on the extant literature on crisis management practices by SMEs. Dana and Salamzadeh use a rich combination of bibliometric, descriptive and content analyses to systematically identify and review some 158 publications published between 1998 and August 2020, using different analytical and descriptive methods and frameworks, including graphic representations to present the state-of-the-art on the topic. The chapter concludes with the authors’ remarks on the management of crises by SMEs and also suggests directions for future research on the topic. This chapter can be used as a platform on which to build further.

The overriding theme of Part II, setting the stage for other parts and other chapters to follow, is firms’ prior efforts towards resilience by preparedness in terms of accumulating adequate capabilities, capacities and resources for potent strategic response to perceived crisis within their respective environments. This part starts with Chapter 3, “Resources, capabilities, and crisis management in the SME”, co-authored by Gary Knight and S. Tamer Cavusgil. As the title indicates, this chapter addresses the critical importance of resources and capabilities in managing crisis in general, and in SMEs in particular. Despite their much larger numbers and their significant contribution to their respective economies directly, as well as international trade and investment mostly indirectly, SMEs suffer from relatively limited capabilities and constrained resources as compared to their larger counterparts. However, they
compete with them in similar markets nationally and internationally, which points to the critical importance of how effectively SMEs should develop and utilize their capabilities and resources to enable the deployment of potent strategies to compete in general, and in countering their crises successfully in particular.

Chapter 4 is the second chapter of this part, and is titled “Kiwi ingenuity and a helping hand: how New Zealand’s SMEs are surviving the Covid-19 pandemic”. It is co-authored by Rod B. McNaughton and Deborah Shepherd. This chapter emphasizes the ingenuity and significant contribution of the smaller and medium sized companies to the relatively small economy of the island nation of New Zealand. Similar to most countries, the global pandemic crisis adversely and disproportionately impacted SMEs in New Zealand. However, the New Zealand government’s early, highly protective, and supportive national policies combined with its SMEs’ historic resilience and ingenuity in responding to previous economic shocks and natural disasters avoided large and prolonged adverse impacts, which suggests that assisting SMEs can have a significantly positive and rapid impact on the economy as a whole. The New Zealand government responded to the pandemic by imposing one of the most stringent lockdowns on businesses and communities, having a negative impact on the country’s economy at the pandemic’s outset. Naturally, New Zealand’s early and strict, yet effective, restrictive national policies disrupted SMEs’ pre-pandemic economic activities, leading to unprecedented financial and socio-cultural shocks. However, New Zealand succeeded in eliminating community transmission of the virus quickly, while maintaining relative economic stability, which are still goals for other nations to achieve.

This chapter’s research-based and in-depth examinations document how New Zealand’s SMEs responded to the pandemic’s lockdowns, border closures and other necessary restrictions. It also highlights the New Zealand government’s effective role in assisting, if not stimulating, small businesses to avoid the pandemic’s harms and risks, and to take advantage of the public policy incentive and support to survive, succeed and even thrive. It is noteworthy that many similarly minded national governments examined New Zealand’s earlier exposure to the global pandemic crisis and learned from its experientially novel, but highly successful, national policy response to stabilize the economic, socio-cultural and confidence in New Zealand much earlier than other nations.

Chapter 5, “What policies support SMEs through the crisis? Financial and innovation support in Québec, Canada” is co-authored by Diane-Gabrielle Tremblay and Nathalie Lachapelle. This chapter also documents the primary adverse impact of the pandemic on SMEs in general, and its secondary negative impacts on employment, production and productivity, among others. It discusses the dynamics of two sectors – Information Technology, including
Small and medium sized enterprises and the COVID-19 response

Multi-Media, and Agriculture – both of which are significant and progressive sectors in the Province of Quebec, Canada. It suggests that there is a strong need for extensive, diverse, and deep innovative strategies at different levels, including open innovation and cluster policies, which can be stimulated by national and provincial policies. In the interim, the Canadian and Provincial Governments’ supportive public policies are necessary to assist these sectors and others, in reducing distress and avoiding demise that will have significant impacts on society, provincially and nationally.

In Chapter 6, the fourth chapter of Part II, Sofiane Baba, Taïeb Hafsi and Hind Ouguenoune examine protracted crises in turbulent environments. It is titled “Micro-Macro Dynamics in Managing Crises: Empirical Illustrations in a Volatile Institutional Context”. This chapter examines the general case of firms navigating through a prolonged volatile institutional environment, where the state is omnipresent and possibly contributing to the volatility, which exposes companies of all sizes to crisis-like challenges over time. The chapter reports on an in-depth study of four cases of Algerian firms encountering prolonged crises. Their proposed hybrid theoretical lens, combining inhabited institutionalism and economic proximity, suggests four potent strategies for dealing with such institutional difficulty through four proximity-related strategies using meaningful local micro-interactions to anchor proximity to stakeholders. These strategies are: passive anchoring, productive anchoring, contributive anchoring, and interactive anchoring. This chapter’s practical and theoretical examinations contribute to our better understanding of managing protracted crises in volatile institutional environments, which are at times fuelled by the government and mostly without a clear outcome and conclusion in sight.

Part III’s overarching topic is National, international, and regional firms’ choices of core strategies to encounter the crisis affecting them. The chapters of this part describe how firms have used one or a combination of strategies, in relation to their objectives, not only to face and to counter the negative impacts of the global pandemic crisis, but also to discover and exploit opportunities created by the consequent massive gaps that the pandemic has continued to create and leave behind.

Chapter 7 is the first chapter of this part, and is titled “The relevance of digital dynamic capabilities and servitization under a crisis management context: building a business (re)modelling framework for non-digital international entrepreneurial ventures from the Spanish post-COVID-19 perspective”. It is co-authored by the team of Andreu Blesa, Alex Rialp, Josep Rialp and Maria Ripollés. The research supporting this chapter found that the restrictions of the COVID crisis required much more online services, and most companies of the world were underprepared, if not unprepared, to deploy their digital capabilities to deliver or to facilitate the marketing of goods and services
Spanish companies were no exception. The authors’ in-depth analysis led to the conclusion that digitization and provisions for complementary online services – “servitization” – were necessary for dealing with restrictions such as the lockdown of society that restricted in-person shopping and on-site services. Online engagements through adequate digitization and servitization were necessary to counteract COVID restrictions, which in turn would require a prior re-modelling of the firms’ business model, and greater emphasis on digital dynamic capabilities (DDCs). Such digitization capabilities could also add value to offline services beyond the prevailing COVID-type limitations and restrictions at the time.

Chapter 8, the second chapter of this part, picks up where the previous chapter left off and is titled “The COVID-19 crisis and Italian firms: digitalization, internationalization, and global value chain reconfiguration”. This chapter is co-authored by Valerio Veglio and Rubina Romanello. The chapter acknowledges the highly significant adverse impact of COVID restrictions on Italian businesses and on society as a whole. SMEs were adversely affected, and iSMEs suffered further because their international supply chains were also severely affected. The authors draw on crisis management and global value chain theories to explore the relationship between digitalization, global value chain configurations, coordination and governance mechanisms for countering the impact of crises above and beyond the public policy measures designed to support the Italian firms, related institutions and the economy as a whole. This chapter’s survey-based research points to the serious challenge in foreseeing, forecasting, planning and formulation of adequate strategies for countering expected crises beyond the COVID pandemic. It also reports on emerging trends showing that digitalization is both impacting the structure of global value chains and the reconfiguration of corporate governance in favour of more geographical and local concentration. Moreover, firms are likely to build stronger control and coordination capabilities at their headquarters, leading to less autonomous business functions and narrower subsidiary decisions elsewhere. They also report that the COVID-19 crisis has accelerated the digital transformation of firms, even in sectors that have been relatively less affected. Based on a web survey, this chapter reports on unfolding and emerging trends and highlights potential avenues for future research.

Chapters 9 and 10, the third and fourth chapters of this part, take us to the South American continent. In Chapter 9 we learn about the Colombian “B corporations”, while Chapter 10 informs us about training for further internationalization through a government training programme in Brazil designed to strengthen Brazilian small firms’ export intentions. The team of Vinciane Servantie, Sebastian L. Schorch and Luz Elena Orozco Collazos co-authored Chapter 9, “Decision-making in Colombian B Corps during the COVID-19 crisis”.

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Similar to other firms elsewhere, Colombian “B Corporations” are also sensitive to disturbances and restrictions, such as those caused by the COVID-19 pandemic, but for reasons different from those of others. The difference is because B Corporations view themselves differently compared with most other firms as they aim to contribute to their economy by creating socially and environmentally oriented values. Accordingly, not only is their success defined in terms of contributing to the wellbeing of their stakeholders, which exposes them and their decision-making processes to cost, benefit and risk equations that are not solely in financial terms, but it also depends on the achievement of their socio-cultural aims and objectives. However, financial health is necessary for achieving long-term objectives, which also exposes them to complex trade-offs that are absent in other firms. Such complexity further complicates the challenge of dealing with an unexpected crisis such as the global pandemic, requiring them to include the evolving interests and needs of their stakeholders as well.

The research question of this chapter asked how Colombian B Corporations would respond to the challenges imposed on them by the global pandemic. The chapter examines these organizations’ decision-making processes and suggests that the logic behind their decision processes gravitates mainly towards a hybrid form (i.e., a combination of bricolage, causation, effectuation and planification), their focus (short-term relief vs. long-term strategy), and their scope (core organizational objectives vs. those of the stakeholders, communities and environment).

Chapter 10, the fourth chapter of this part, is titled “The COVID-19 pandemic and the intention to export: a study of small Brazilian entrepreneurial firms”. It is co-authored by the team of Angela da Rocha, Clarice S. Kogut, Luiza Fonseca and Renato Cotta de Mello. As indicated by the title of the chapter, the authors’ research questions included two related parts: (1) Could small entrepreneurial firms be grouped based on their previous export intentions and subsequent changes due to their experience with the COVID-19 crisis? and (2) Were there significant differences between cluster profiles after some export stimulation training? They found unexpected results that a surprising number of firms increased their export intentions during the pandemic, enhanced by digital capabilities to survive the abrupt disruption of their business. Naturally, entrepreneurial and other firm characteristics, including the entrepreneurs’ experience and firm size, amongst others, appeared also to have played a role in enhancing their export intentions.

Chapter 11, the fifth chapter of this part, takes us to the progressive and emerging country of Malaysia in the Asian continent. Titled “The impact of COVID-19 on Malaysian SMEs and policy responses”, this chapter is co-authored by Sedigheh Moghavvemi and Huda Mahmoud. As an emerging economy, Malaysia, and Malaysian SMEs, have been exposed to a few crises
of different magnitudes and impacts, including the 1997 Asian Financial
Crisis and the 2007–2009 global financial crisis, before facing the global
Coronavirus crisis of 2019, each requiring the Malaysian government to enact
a corresponding public policy to minimize the adverse affects of each crisis on
both the smaller firms and the economy as a whole. From a longer-term per-
spective, and similar to other Asian and south-east Asian nations, governments
have had the painful experience of other crises prior to COVID and were better
experientially prepared to introduce effective defensive and protective public
policies to assist their firms and economies. That richer perspective notwith-
standing, emerging economies, especially in the earlier stages of their growth,
are relatively more vulnerable to massive international disturbances, and their
smaller and fledgling firms are both younger and more resource constrained
than their counterparts elsewhere, which makes them more exposed, fragile
and vulnerable to globally restrictive conditions, such as those of the COVID
global pandemic. Combined, these make resilience even harder to achieve
and maintain than SMEs elsewhere. Within such a perspective in the highly
complex socio-cultural and economic environment of the country (with three
strong culturally distinct Chinese, Indian and Malay sub-cultures, amongst
others), both the steady Malaysian protective public policies and the Malaysian
SMEs’ strategic accomplishments should be viewed as instructive for others.
Nevertheless, the chapter presents a brief discussion of possible strategies to
adopt to achieve economic recovery and to foster SME resilience.

Part IV’s overriding and bridging theme is “Deploying increased customer-
and market-orientation and innovative customization strategies for interna-
tional growth to counteract potential stagnation and possible demise”. This
theme poses the possibility of firms encountering decline, stagnation and even
slow demise, which in turn necessitate the use of potent strategies to minimize
the potential damage of a crisis on the one hand, and cognition of opportunities
to exploit on the other. Different aspects of this overarching perspective are
addressed by chapters in this part. However, an interactive combination of dif-
fferences in economic, institutional, socio-cultural environments and the public
policy in different countries and the strategic intent and actions of the focal
firms are designed to counter the COVID crisis and preserve a semblance of
normalcy, while facilitating the long-term health and possibility of economic
growth. Some of these complex and hybrid strategies also created new oppor-
tunities to be exploited during the crisis and afterwards. The four chapters of
this part elaborate on the focal firms’ prognosis of the pandemic’s early-stage
 crisis, and their respective formulation of potent strategies that enabled them
to build different bridges to their targeted stakeholders in order to reach the
bright side of the dark crisis as soon as possible. It is noteworthy that the above
combinations resulted in firms in different country environments deploying
strategic actions not only to preserve their health but also to achieve further growth and thrive.

Chapter 12, the first chapter of this part, is titled “Survival strategies of Finnish SMEs in the time of global crisis” and is co-authored by the team of Sami Saarenketo, Olli Kuivalainen, Lasse Torkkeli, Akseli Isotalo and Alexander Myers. This chapter highlights the strategies of SMEs in the small open economy context of Finland. Similar to other open European economies, COVID-related prohibitions and restrictions affected many Finnish small- and medium-sized enterprises severely, where they had to formulate counter-COVID strategies to avoid demise and even thrive in the newly emerging but evolving “new normal” Finnish (and even European) environments, within which international trade within and beyond the European Union was facing difficulties. The qualitative case analysis of five Finnish SMEs in different Finnish industries documents both internal and external strategic changes that the focal firms’ adopted to counter the crisis, where survival strategies and contingency planning were quickly formulated and deployed to minimize the threatening damage of the crisis. The authors found evidence that internationalization opportunities remained a growth strategy for Finnish SMEs as the small economy of Finland, especially during the restrictions imposed by the crisis, would not be large enough to yield economies of scale for efficient operations. This chapter also highlights the authors’ recommendations for SMEs facing the current crisis and preparing for the next. Although the lessons, recommendations and strategies of Finnish SMEs are highly instructive for others to consider, the authors forewarn readers not to assume generalizability of their recommendations in environments that are far different from that of the Finnish context.

Chapter 13, the second chapter of this part, is co-authored by Yi Wang and Tage Koed Madsen and is titled: “The competitiveness of internationalizing Danish SME suppliers during and in the post-COVID-19 supply chains”. This chapter asks two questions regarding competitiveness during, and after, the COVID crisis: (1) Which strategies could European SMEs adopt to become more competitive than non-European suppliers to increase their market share in Europe? And similarly, (2) Which strategies could Danish firms adopt to become as competitive as suppliers outside Europe? The two illustrative case studies of this chapter indicate that not only would purchasing organizations’ preferences continue to be the reliability and steady flow of supplies; but also the importance of their preferences may even have increased due to increasing uncertainties during the COVID-19 pandemic. The literature review also supports the authors’ empirical findings, which leads to an important and logical conclusion that suppliers’ reliable, responsive, assured and steady flow of supplies, possibly complemented by substantive assurance about their operations through consistent and continual online communications and relations, have
assumed greater importance to both European and international customers than before the COVID crisis, which in turn depends on equally reliable and responsive supply chain operations. By a logical implication, becoming at least as reliable and as responsive as competitors became an important component of competitiveness for the European, regional and international buyers during the crisis and may even gain greater importance beyond the crisis era.

Chapter 14, the third chapter of this part, was co-authored by the late Pavlos Dimitratos and Panagiotis Kyriakopoulos and revised solely by the latter. It is titled “COVID-19 crisis challenges and responses: evidence from selected Greek SMEs”. This chapter complements the previous two chapters of this part and supports their reported findings. As the title indicates, this chapter examines how Greek SMEs from different industries responded to the COVID-19 crisis. The authors report that the dominant and widely-used strategy of Greek smaller firms was a conservative strategy of survival by guarding against, or minimization of, COVID’s negative impacts in order to survive, which was accomplished mainly through a retrenchment strategy of inventory liquidation and employee reductions. Generally, a retrenchment is the consequence of many related factors, including supply chain problems, accelerating decline in demand due to emerging competitors offering more valued goods and services, and management’s expectation of difficulties ahead. Greek SMEs were no exception as the COVID crisis had adversely impacted nearly all the above factors. Such problems, actual or perceived, led to a series of conservative management decisions to reduce variable costs, to cut fixed costs and to reduce the number of employees as defensive strategies to ensure survival during the COVID-19 crisis, and possibly beyond. The authors also found that the COVID crisis led to positive features in Greece SMEs. It stimulated their adoption of several more advanced modes of internationalization beyond exporting or remaining micro-multinational through digitally transforming their firms to capitalize on their strong networking, learning and knowledge capabilities. Interestingly, the authors report that Greek SMEs faced greater challenges than they expected in creating or scaling up their firms’ digital infrastructure in terms of inadequate IT support, cyber security and privacy problems, and remote working conditions as well as managing the COVID-related supply chain difficulties.

Chapter 15, the fourth chapter of this part, is co-authored by the team of Ottar Bakås, Arild Aspelund and Øystein Moen and is titled “Customer-oriented manufacturing as a resilience strategy for Norwegian small international manufacturers”. This chapter enriches other chapters in this part and in the rest of this volume by presenting specific strategic details for gaining resilience. Similar to other countries, the Norwegian SMEs, especially those in manufacturing, suffered from the COVID crisis’ severe disruptions in both supply and demand, which were further intensified by the national (and international)
restrictions having adverse effects on work organizations. This chapter’s empirical case studies point to the potential of increasing customer-oriented manufacturing as the principal strategy for gaining competitiveness and resiliency. Specifically, the authors discuss how three critical core capabilities of mass customization – robust process-design, solution space development and choice navigation – have become the critical tools for increased end customer orientation and market responsiveness to face the challenges of the COVID crisis and beyond. Combined, these dynamic capabilities enabled Norwegian companies to ensure flexibility in production in order to deliver competitive value efficiently and support the required product and process innovation to meet the unfolding and emerging challenges. Operationally, the mass customization capabilities, combined with close collaboration with value chain partners, served as key components in exploiting opportunities by offering the highest value to the end customers in particular, and markets at home and abroad, in general. Based on customer-, and market-oriented manufacturing and marketing, the authors suggest recommendations to guide SMEs to increase their global competitiveness and strengthen their resiliency for the future.

“A window to the future: learning from the past and exploring implications and lessons of previous chapters” is the title of Part V of this volume and it includes two chapters. Chapter 16, the first chapter in this part, is co-authored by the team of Sorin Cohn-Sfetcu, Hamed Motaghi and Julie Ricard and is titled “Averting or avoiding a crisis: innovate or decline”. This chapter seeks a longer-term strategic solution for the next, and yet-to-emerge, crisis-like difficulty in terms of preparing from the outset to achieve continued resilience and higher competitiveness in firms in general, and for start-ups and SMEs in particular. As indicated in the title, the authors suggest that innovation is a highly viable long-term strategy for averting and avoiding a crisis. Its overall theme, message and recommendations are experientially based and theoretically supported. However, from a corporate executive’s perspective, it would be far too late to begin preparing a strategic solution when facing a crisis, especially one that is rapidly unfolding and with a high potential for inflicting major negative impacts. Preparations and readiness for fighting a probable crisis on the planning horizon should start as early as possible and continue, to allow for simulation, testing and improvements periodically as future prospects change over time. Ideally, this should be an integral part of the corporate culture and instituted from the very inception of the firm to ensure continuity in preparing for the next crisis-like event in terms of innovations that are ready to apply at a moment’s notice. As argued in other earlier chapters, emerging crises do not generate perceptible early warning signals to allow sufficient time for adequate preparations. As a result, continually successful institutions have found it prudent, and possibly necessary, to develop an enabling innovative
culture and infrastructure to support innovation and creative solutions for all rainy days well ahead of time, including crises, so that they can draw on them if and when necessary. Such a future-oriented perspective enables the firm to achieve greater competitiveness and resilience through its innovations on the one hand and to be prepared to face potential emerging difficulties, regardless of the source and timing, on the other. From a strategic perspective, such continual innovativeness can be used at the time of firm’s choosing to disrupt competitors’ normal course of conduct as opposed to fighting the disruptive impact of competitors’ disruptive actions. Empirical evidence suggests that successful innovators can create a competitive crisis for others in the marketplace as opposed to catching up with and countering the disruptive strategies of other innovatively progressive firms. From that vantage point, the preparation for facing a series of potential crises, regardless of magnitude, should be an integral and routine part of the strategic plans of any firm, especially SMEs, along with other plans from the start, and should continue onward.

Chapter 17 is the last chapter of this volume. It is simply titled “Learning from the past and exploring implications and lessons of previous chapters”. The above glance at the previous 16 chapters, and the chapters themselves, have offered a rich discussion of diverse topics, which can serve as significant milestones on the path to guide firms out of a crisis, including the COVID-19 pandemic, and possibly take them to the brighter side beyond and in a much better competitive shape than before. In contrast to the extant early literature’s perspectives on crisis management in larger institutions, such as large banks, financial institutions and multinational enterprises (MNEs), based mainly on learning from past global experience – for example, the 2007–2009 GFC – the last chapter of this volume attempts to integrate the highlights of research on crisis management by SMEs in some 14 different national environments and summarize the significant learned lessons from more than 20 current case studies conducted for this volume on the one hand and suggest innovative preparations for fighting crisis-like problems, regardless of the source, cause and timing on the other.

It is hoped that this volume provides a bridge over the troubled waters of a crisis, and points to a clear pathway for travelling and remaining on the bright and opportune side, and avoiding the darker side of a perceived or real, unfolding or emerging, crisis.

NOTES

1. Source: Annual letter to Amazon’s shareholders in 2020; Jeff Bezos quotes Dr Seuss near the end of his statement. See: https://www.cbinsights.com/research/bezos-amazon-shareholder-letters/?utm_source=CB+Insights+Newsletter&
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2. The dispute resolution mechanism at the heart of NAFTA was a contentious issue even in the 2019 re-negotiations and slowed down the final agreement. It is covered by Chapter 19 of the re-negotiated NAFTA agreement in 2019.

3. The human cost of COVID-19 as of late April 2021 has exceeded 20.5 million years of human lives (more than 3 million deaths so far), exceeding all other crises in the late twentieth and early twenty-first centuries: Source: https://www.nature.com/articles/d41586-021-01037-4.

4. The corollary would be: what if the enacted public policies resolved their national crises differently depending on their respective environments? Would they also be shaped and re-shaped by firms’ and industries’ entrepreneurial, managerial and strategic orientations and practices, drawing on other affiliated disciplines mentioned above?

5. The WHO announced the new Coronavirus in December 2019 (hence the short form COVID-19) and some national governments resorted to highly crude and extraordinary lockdowns of their societies in the hope of controlling the virus’ rapid intra-community transmissions soon after. Most nations introduced severe restrictions after WHO’s announcement of a pandemic on 11 March 2020.

6. Consider that the early internationalization theories – e.g., Johanson and Vahlne (1977) – stressed that learned experiential knowledge was a fundamental principle for prudent internationalization, especially for SMEs and ISMEs.

7. Source: https://www.who.int/initiatives/act-accelerator/covax.

8. Source: https://cepi.net/about/whoweare/.

9. This introductory chapter was composed in early April 2021.

10. See examples of nine ethical B-Corporations’ accomplishments at https://bthechange.com/9-b-corps-leading-in-ethical-fashion-c7c659f6c92e.

11. In contrast to maximizing short to medium-term economic objectives, the B-Corporations, for example, have much further and wider decision horizons, which enables them to spend more funds, time and effort in the time of crisis as opposed to retrenching by laying off their employees to save resources.

12. At times, time pressure alone can deprive a firm of sufficient time to formulate alternative strategies and experimentation to resolve difficulties. Retrospectively, many unsuspecting, and thus unprepared, SMEs collapsed during the COVID pandemic crisis due to lack of time to explore and deploy alternative strategic solutions.

13. For more detailed information on distribution of expected losses, see Tables 2, 3 and 5 in Statistics Canada’s survey results found at https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00009-eng.htm.

14. Reportedly, the current surplus of Canadian-made ventilators as of 27–28 April 2021 is planned to be shipped to India, where there is a dire shortage of such aspirators and ventilators.

15. The current Chief Executive Officer of the Canadian clothing company, Canada Goose Inc., is Dani Reiss, who is the son of the company’s founding entrepreneur (for more information, see: https://investor.canadagoose.com/English/corporate-governance/default.aspx).

16. At the time of this writing in late April 2021, the current surplus of Canadian-made personal protective equipment (PPE) is reportedly planned to be shipped to India, who are in dire need of such PPE.
17. In the early days of the pandemic in mid-March, 2020, the average market value of Canadian Stocks declined by 25–35% due to the shutdown of the Canadian economy that affected “non-essential items” more severely than others. For example, professional and even recreational sports were ordered to shut down to avoid further infection of the highly virulent virus due to social contact in the community.

18. Because of time and space restrictions, only brief highlights of the focal case companies are presented here. More descriptive details are presented in Etemad (2021, 2020a and 2020b).

19. For more detailed information on the extent of expected gains for different small firm sizes in Statistics Canada’s survey, see Tables 1 and 4 found at https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00009-eng.htm.

20. Some national governments embargoed, or even prohibited, exportation of critical materials to other countries, which contributed to the near collapse of outsourcing and internationalized supply chains. On the receiving side of such transactions, SMEs with outsourced components in their international supply chains suffered greatly due to foreign governments prohibitive national policies.

21. The shortages during the pandemic crisis highlighted not only the lack of certain dynamic capabilities, but also firms’ inabilitys to produce and respond to dire shortages, especially when their local suppliers were shut down or facing difficulties.

22. A few other chapters, especially the four in Part IV, point to SMEs’ strategic agility in responding to changing conditions as a result of their greater flexibility compared to their larger counterparts, who may suffer from inertia associated with their larger size.

REFERENCES


