



Chapter 10

SMEs in the Face of Crisis: The Supply Chain Risk Management Perspective


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ABSTRACT

COVID-19 has shown how fragile our societies and economies are. Supply chains have particularly been affected. We all had to learn again that the basic supply of some goods is not as crisis-proof as we thought. Moreover, the strong division of labour and the concentration on a few companies in certain areas present considerable weaknesses in the case of a new external crisis such as the pandemic. Small and medium-sized enterprises (SMEs) have been affected by the current pandemic, particularly as they are highly sensitive to external threats. Using data collected between December 2020 and January 2021 through semi-structured interviews conducted with owners and/or managers of SMEs located in six different European countries (i.e., Austria, Estonia, Germany, Greece, Italy, and Portugal), the chapter aims to provide fresh perspectives on how SMEs address supply chain risk management in times of an external and dynamic crisis.

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INTRODUCTION

The strong division of labour and the concentration of a few companies in certain business segments present considerable weaknesses for national economies in the event of an external crisis. Small and medium-sized enterprises (SMEs) face particular challenges in external crises, as they are highly sensitive to external threats (Doern, Williams, & Vorley, 2019; Herbane, 2018; Guan et al., 2020). For example, in the Covid-19 crisis, the flaws of the crisis and risk management approaches utilized in these companies quickly became apparent (Durst & Henschel, 2021), namely, being primarily based on known and past data. From a more general perspective, in an uncertain environment, firm-specific resources are likely to be further dispersed when different types of disruption caused by an external crisis occur simultaneously (Osiyevskyy, Shirokova, & Ritala, 2020), which in turn further restricts the possible scope for action.

Against this background, the authors of this chapter see a clear need to advance the understanding of how SMEs cope with the current uncertain, but at the same time very dynamic, situation concerning supply chain risks. More precisely, the particular interest is in obtaining an understanding of how SMEs handle their supply chains in increasingly uncertain times. Even before the current Covid-19 crisis, supply chains were exposed to a great number of risks; these being triggered by a multitude of developments, such as the increasing digitalization, pressure for (more) sustainable management, and connectivity of supply chains, but also by political instability and the aggressive actions of big players in the marketplace. This situation makes both supply chains and the risks associated with them very promising and timely research subjects. Supply chain risk management (SCRM) is intended to reduce an organization's vulnerability from risks (Wieland & Wallenburg, 2012).

This chapter aims to provide fresh perspectives on how SMEs address supply chain risk management in times of an external crisis. The data for this paper was collected between December 2020 and January 2021 through semi-structured interviews conducted with owners and/or managers of SMEs located in six different European countries (i.e., Austria, Estonia, Germany, Greece, Italy, and Portugal). The SMEs under investigation are of varying size and represent different business segments. Taking this spectrum into account, the authors provide insights into differences and similarities among the SMEs involved.

The chapter is organised as follows. In the initial section, the relevant literature is described. This is followed by a section that presents and describes the methodology chosen. Then the findings are collated and analysed; at the end the authors have included a brief conclusion.

BACKGROUND

Recent literature on SMEs' SCRM indicates that the increasing fragility of SMEs' supply chains and SCRM is one of the dominant topics for research (e.g., Campos, de Andrade Lima, da Silva, & Fernandes, 2019; Fischer-Preßler, Eismann, Pietrowski, Fischbach, & Schoder, 2020; Hoek, 2020; Ivanov & Das, 2020). Factors behind this academic trend include the increased organizational and geographical complexity of supply chains (e.g., increasing number of partners/interactions and locations) as well as intensified inter-organizational sharing of digital data and imbalanced bargaining power for SMEs in (global) supply chains. Furthermore, several scholars note increasing political and economic uncertainty, which in turn influences SCRM in SMEs (e.g., Ferreira De Araújo Lima, Crema, & Verbano, 2020). Chowdhury, Paul, Kaisar, and Moktadir (2021) found that the global pandemic has further exacerbated the otherwise increasing number of supply chain risks, in particular, for SMEs.

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