Regional analysis of Covid19 impact on clusters: needs, challenges and recovery process
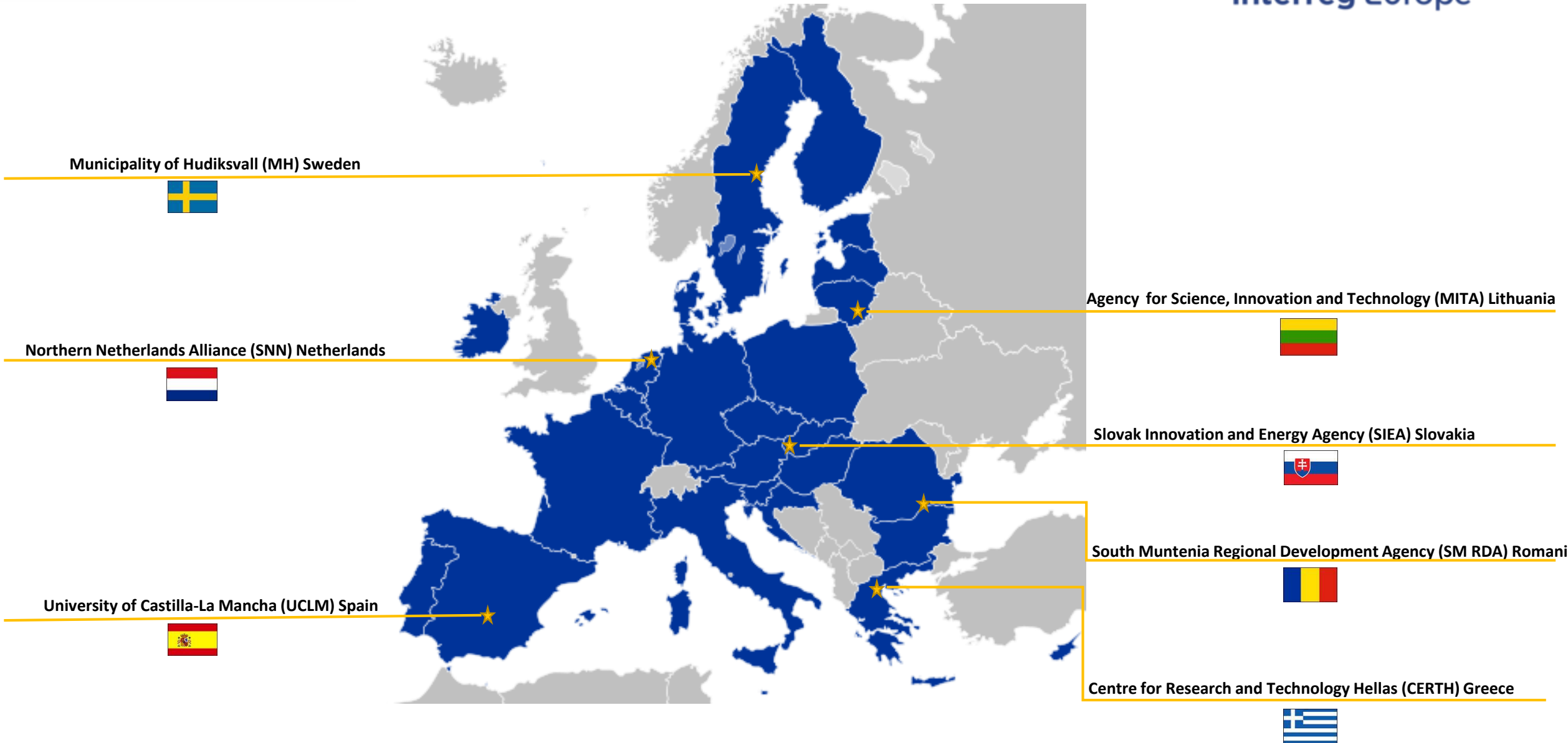
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SM RDA

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Northern Netherlands Alliance (SNN) Netherlands

Slovak Innovation and Energy Agency (SIEA) Slovakia

University of Castilla-La Mancha (UCLM) Spain

South Muntenia Regional Development Agency (SM RDA) Romania
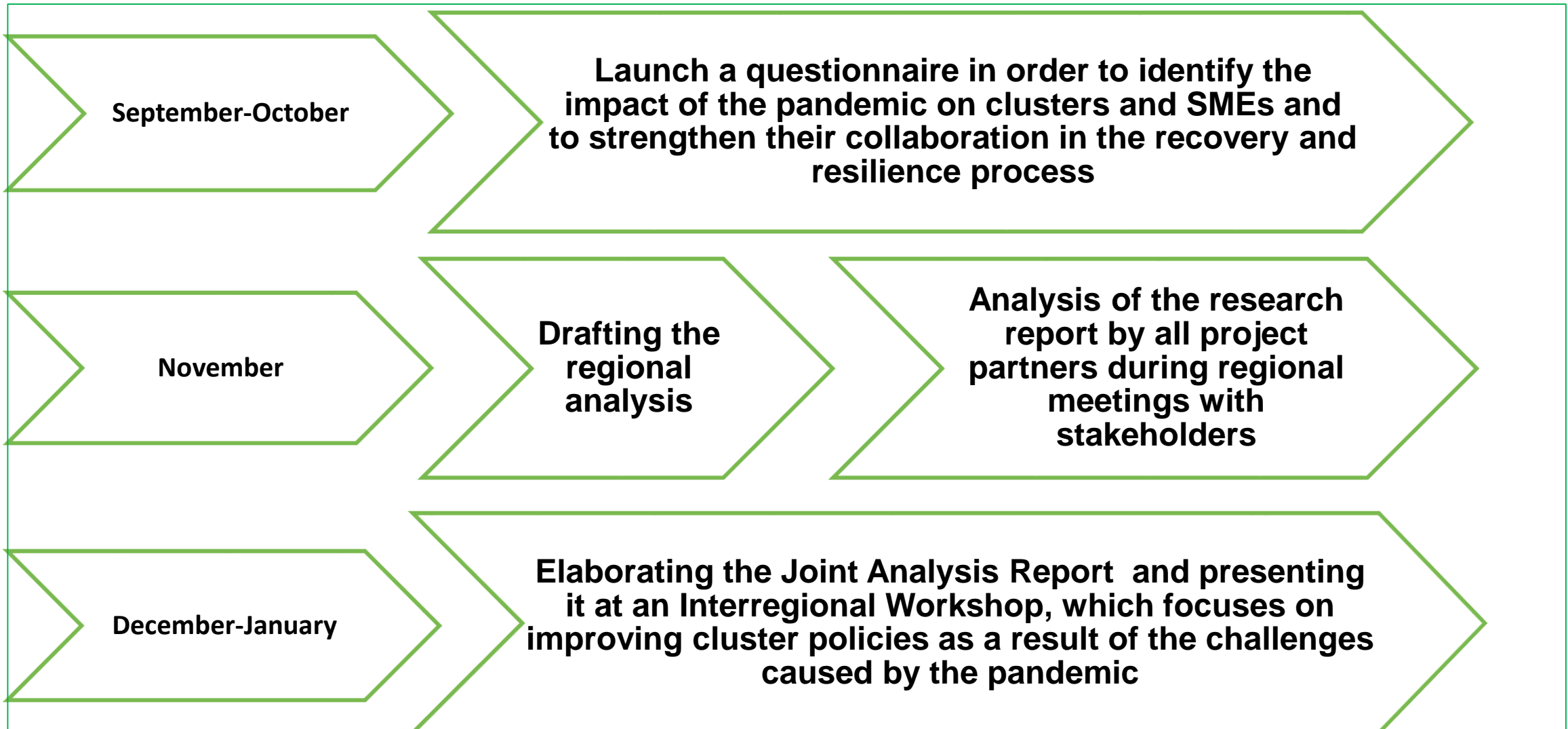
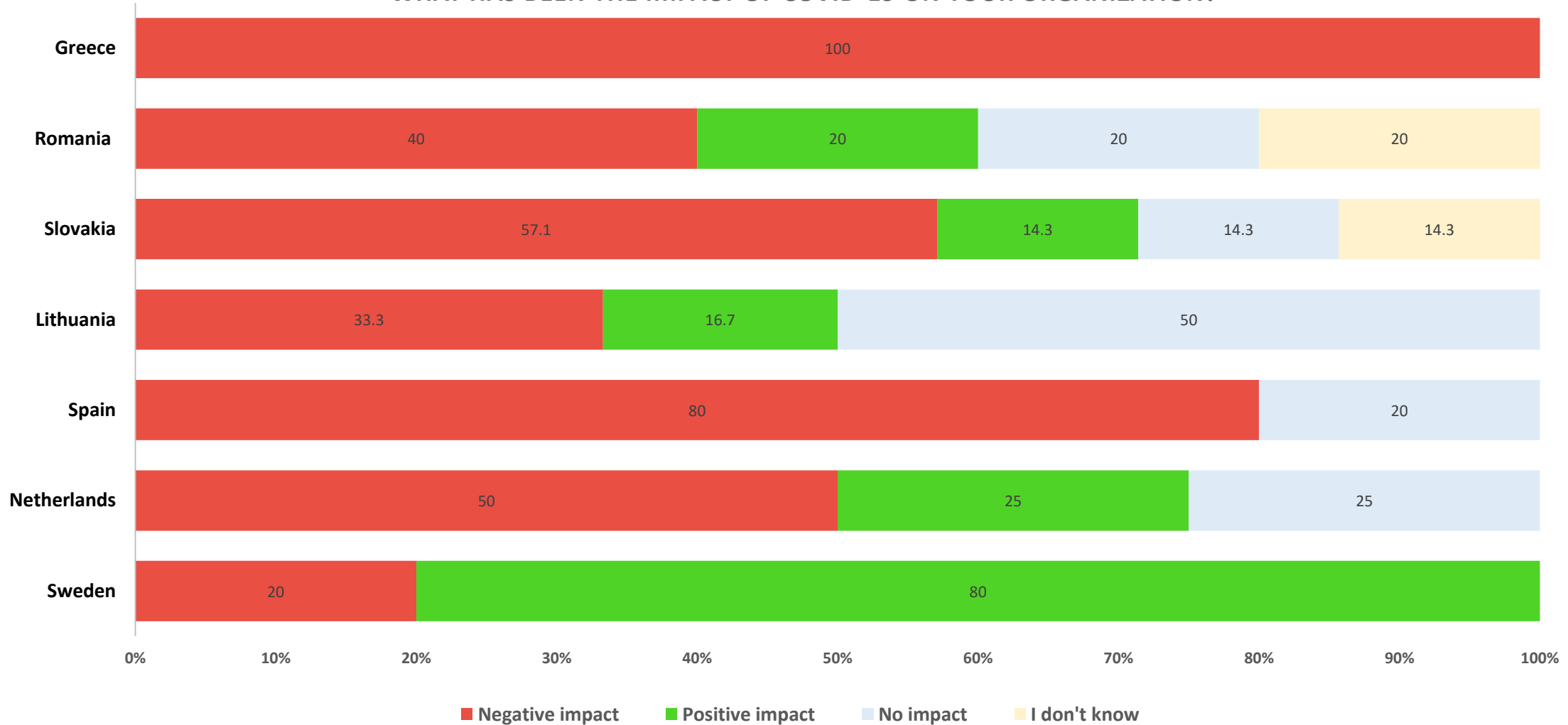Centre for Research and Technology Hellas (CERTH) Greece

SURVEY CONTEXT

- ClusterFY project extension for the Interreg Europe Programme 5th call: additional funding to support up to one year of exchange of experience activities in order to help in dealing with the COVID-19 crisis

- To understand pandemic's impact on clusters and SMEs and to enhance its collaboration on the path to recovery process, in order to better and quickly adapt to the new situation

- The survey was launched in September 2021, throughout the consortium (7 parteners - 7 countries); over 38 clusters out of more than 100 answered our invitation in participating at the survey
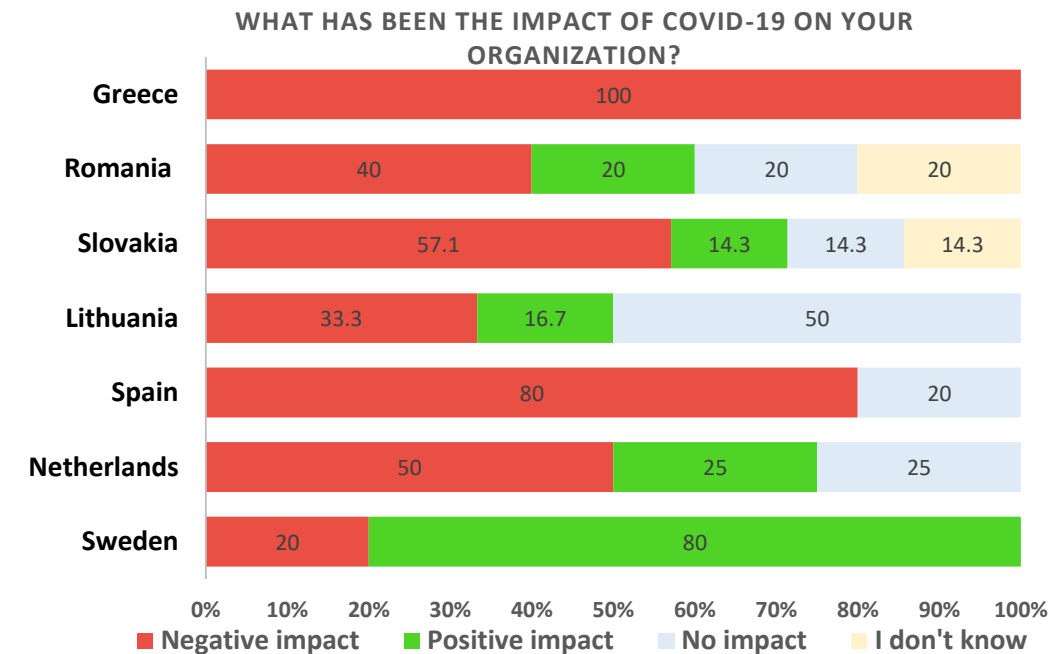
TIMEFRAME

September-October — Launch a questionnaire in order to identify the impact of the pandemic on clusters and SMEs and to strengthen their collaboration in the recovery and resilience process

November — Drafting the regional analysis — Analysis of the research report by all project partners during regional meetings with stakeholders

December-January — Elaborating the Joint Analysis Report and presenting it at an Interregional Workshop, which focuses on improving cluster policies as a result of the challenges caused by the pandemic

KEY FINDINGS

- There can be noticed a very big **negative impact** in **Spain and Greece** but the surprising data comes from **Sweden- 80% Positive impact**

- Another interesting finding: **Lithuania- 50% No impact**

WHAT HAS BEEN THE IMPACT OF COVID-19 ON YOUR ORGANIZATION?

Country	Negative impact	Positive impact	No impact	I don't know
Greece	100			
Romania	40	20	20	20
Slovakia	57.1	14.3	14.3	14.3
Lithuania	33.3	16.7	50	
Spain	80		20	
Netherlands	50	25	25	
Sweden	20	80		

Legend: Negative impact, Positive impact, No impact, I don't know

COVID IMPACT

- **<u>Impact on operations</u>**, in most of the countries it was a significant impact, except for **Sweden – 85% Medium impact** and for **Lithuania – 50% Low impact**. **Greece** experienced a **High impact** on operation- **75%**

Another interesting finding**: Lithuania- 50% No impact**

- **<u>Impact on workforce</u>:**

Netherlands- 75% No Impact.

Romania and Slovakia- 40-43% Significant Impact

- **<u>Impact on activities</u>:**

While most of the countries faced significant or high impact on activities, Lithuania- **67% Low and Medium impact**

- **<u>Impact on funding</u> and <u>Impact on finance/ cash flow</u>:**

Lowest impact: Netherlands- 75%

- **<u>Impact on short / long term strategies</u>**

Netherlands- 75% No impact vs **Romania- 60% Significant impact**

- **<u>Impact on network</u>**

Greece- **75%** and Spain- **60% Significant impact** and **Sweden- 43% High Impact**

COVID IMPACT

- **In terms of innovation process/ strategy, did the pandemic forced you in any way to improve or to rethink the business model/ approach?**

65%- Yes and **35%- No**
Yes: Romania and Netherlands – 100%
No: Spain- 60% and Slovakia- 57%

Respondents admitted that the digitalization process was quickly improved and the changes that followed during the pandemic had to do mostly with new ways of working remote, comunicating online or digital networking.

Also, companies were able to see how important is to quickly adapt to online and to be always prepared to invest in a digital infrastructure, no matter the industry.

- Therefore, **considering the Covid-19 crisis, did the organizations managed to build/accelerate a digital technology infrastructure?**

61%- Yes and **39%- No**

An important remark stands for **Romania- 100% answered No,** the main reason being that it managed to switch the activity to online through the already existing infrastructure.

COVID IMPACT

- Regarding the **external assistance sought during the COVID-19 crisis,** the **main source** of assistance for which the respondents applied was **the government**.

Also, it is important to add that respondents in **Spain marked health and safety/ medical firms as the second most needed external assistance.**

KEY WORDS OF THE COVID IMPACT DIMENSION

- **Digital infrastructure**

- **Flexibility**

- **Need to adapt**

- **Shift of operations**

- **Need of resources**

- **Structural changes**

NEEDS AND CHALLENGES

The most challenged aspects in organizations during the pandemic

- **Reassigning staff responsibilities due to working from remote locations**

Not a challenge for **Netherlands- 75%, Lithuania- 67%, Sweden- 50%**

Very challenging for **Romania- 75%** and **Greece- 50%**

- **Making decisions**

Not a challenge for Lithuania- 83%, Spain- 60%, Sweden- 50%

Very challenging for Romania and Netherlands- 75%

- **Innovating and launching new projects**

Not a challenge for Lithuania- 67%

Very challenging for Spain- 80% and Sweden- 57%

- **Government support**

Not a challenge for Netherlands- 75% and Sweden- 71%

Very challenging for Romania- 60%

NEEDS AND CHALLENGES

The most challenged aspects in organizations during the pandemic

- **Maintaining flow of activities/ operations**

The majority of respondents in the 7 countries answered with being **Somewhat a challenge** or **Very Challenging**

- **Employee retention**

Not a challenge for **Netherlands- 75%, Sweden** and **Slovakia- 71%, Greece- 50%**

Very challenging for **Spain- 80%** and **Romania- 60%**

- **Impact on finance/ cash flow**

The majority of respondents in the 7 countries answered with being **Somewhat a challenge** or **Very Challenging**

NEEDS AND CHALLENGES

- **<u>Other aspects that were the main challenged when trying to cope with the COVID-19 emergency</u>**

✓ Travel restrictions and quarantine rules

✓ Problems with the value chain supply

✓ Uncertainty and unpredictability about the future of business, education and health system

✓ Outbreak of Covid cases in companies.

✓ Canceling project or postpone them

✓ Lack of personal contacts especially for startups

✓ Financial problems of cluster members

✓ Slow government response or assistance

✓ Keeping the synergies with staff, partners, stakeholders

✓ Lack of interaction, stressful situations, which affects cooperation and creativity in general

NEEDS AND CHALLENGES

- **The most important action taken by organization during the COVID-19 lock down**

- ✓ Safety rules and health measures for the employees while working from the office
- ✓ Staff support during remote work
- ✓ Boosting online communication
- ✓ Provide advice and support for cluster members and encourage them to keep investing
- ✓ Trying to make the staff working from home as involved as the ones in the office
- ✓ Organizing activity in such manner that project launched before Covid pandemic would continue

Most of the actions taken concerned the staff, both on profesional level and personal level. Also, cluster members were offered support and advice. Activities and communication were influenced by the digital infrastructure.

RECOVERY PROCESS

- **Support measures clusters expect/need from the government side for a quick recovery from pandemic caused situation**

✓ Improved legislation for clusters

✓ Programs to cooperate with other clusters

✓ Fiscal facilities and subventions

✓ Development of a national cluster strategy

✓ Eligibility of clusters as state aid beneficiaries

- **The most helpful actions/ measures taken for the following categories**

a. **Employees:** offering support (psychological, technical and financial) and flexibility in order to be able to work from home

b. **Cluster members**: enhancing online communication and offering legal or technical advice

c. **Stakeholders**: access to local and international events; updates on projects;

RECOVERY PROCESS

- **The existence of a crisis response plan and/ or a business continuity plan**

Yes – 79%
No − **21%**

Most of those that answered *No* also added that they do not think that having a crisis response plan or a business continuity plan would have been helpful

- **Development of a dedicated pandemic plan in the future**

Yes - 44%
Not sure - 56%

- **The most important measures of a future pandemic plan**

Most of the anwers were related to the health and protection of the employees but also to the development of a system that updates in real time the measures taken by the government and the official information.

RECOVERY PROCESS

- **The main steps your organization is following in the recovery process plan**

The majority of respondents indicated:

✓ Reassessing employees responsibilities

✓ Organizing more physical networking meetings with cluster members/ stakeholders

✓ Working on a new financial strategy

✓ Developing a more advanced/ efficient digital infrastructure

✓ Setting up a new approach of flexible working (work from home and from the office)

(?) *Digitally enabled organizations have the capabilities to face the impact of pandemics and their path to recovery is more quick-moving*

69% of the respondentes **agree** with this statement. None of them disagree.

CONCLUSIONS

- Clusters should receive financial help in order to keep jobs and to continue activity.

- The amount: depending on the pandemic's impact on sectors (not all the sectors can shift to digital).

- Communication and interaction online: a stressful activity but the only safe way during an outbreak.

- Digital infrastructure is the key factor in keeping the work flow and all it implies.

- The pandemic impact on people's personal life: visible on their day to day activities at work (efficiency, creativity, ways of interacting with colleagues and clients etc)

- Thus, employees should have permanent access to skilled professionals offering them support.

Is going back to normal what organizations actually need? (frequent trips and events, many meetings etc)

Thank you!

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