

Resilience Strategies of Danish Firms Under Pandemic. A Survey Analysis

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Abstract:

This paper examines diverse strategies employed by firms in response to the COVID-19 pandemic. A range of studies explores factors such as employees' adaptability, supply chain resilience, management practices, and the adoption of digital technologies (Orlando et al., 2022; Huang and Farboudi Jahromi, 2021; Ge et al., 2023; Lamorgese et al., 2021; Acciarini et al., 2021). We explore how Danish firms addressed disruptions in their day-to-day operations during pandemic-related restrictions, such as workplace lockdowns.

We conducted a nationwide survey of firms between April and June 2023. The objective of this survey was to study firms' decisions during the pandemic. We included in this survey firms that were operational one year before the initiation of COVID-19 restrictions in March 2020 and remained active during the survey period in Spring 2023. Thus, all respondent firms in the survey survived the pandemic-related crisis. This survey is representative of different sizes, regions, and sector groups. In total, we have 5,081 firms. This survey contains information not available in administrative registers, such as the firm's strategies and decisions taken during the COVID-19 restrictions. Nonetheless, we can merge firms in this survey with their respective registers for additional information about them. Using these data, we study various management strategies that led the firms to survive and sometimes be resilient (grow) during the pandemic-related crisis.

Some firms had to dismiss employees to stay active, and others even managed to grow. The question is what management strategies these firms employed during the pandemic to achieve these outcomes. The findings underscore the significance of strategic actions in navigating the uncertainties of the pandemic, highlighting the role of various factors in fostering resilience. The paper identifies the "survival firms" as those that fired employees to survive the crisis and the "resilient firms" as those that hired and grew activities during the pandemic. Using the survey data and micro register data for firms, this paper investigates the extent to which different management strategies were explanatory of the firms' growth (resilience) and decline (survival), such as investing, centralization or decentralization of the decision-making process, receiving state support as compensation, insourcing, and outsourcing, as well as firm's supportive measures for remote working (WFH) possibilities for employees. By knowing the WFH capabilities of the Danish labour force during the pandemic (Javakhishvili-Larsen et al., 2023), we also explore the remote working possibilities from the firms' perspective – i.e., as one of the resilience strategies under COVID-19 restriction period.

Previous studies note the positive impact of remote work on firm resilience during the pandemic. While WFH enhances resistance capacity, it also extends recovery time (Cheema-Fox et al., 2021; Ge et al., 2023; Lamorgese et al., 2021; Bai et al., 2021; Kawaguchi et al., 2022; Boeri et al., 2022). The effects of WFH on a firm's survival are influenced by firm attributes and worker factors. It is arguable whether the firm's strategy to provide employees with WFH possibility and support could positively influence its growth during the pandemic. According to the survey, many respondent firms provided flexible working hours to their employees; some could even send office equipment and pay for internet connection at home. Thus, this paper explores which type of support for employees to work remotely was significant in the growth of firms during COVID-19 restrictions.

Our preliminary results show that some strategies, like supporting employees to WFH as well as making new investments, are positively correlated with resilience. However, the firms that received compensation from the state, centralized the decision-making process in the firm, and insourced or outsourced some activities, among other management strategies, are associated with a higher survival probability. The overarching theme highlights the complexity of firms' responses to the pandemic, the complementary or supplementary

strategies, and the importance of understanding the margins of adjustment considering different sectors, firm size, and location (urban/rural).

With this study, we aim to contribute to the literature on the firm's resilience, especially during the pandemic-related crisis, and the literature on WFH as one of the firm's resilience strategies. The study will also be useful in terms of public policies and actions towards a more resilient business climate regionally (urban/rural) and nationally as will enhance our understanding on the decisions firms make under national unexpected shocks.

Keywords: Firms Resilience Strategies, Remote Work, Survey Analyses, Pandemic-related

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