

# Crisis management as practice in small- and medium-sized enterprises during the first period of COVID-19

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## Abstract

This article draws attention to the social context and working methods in crisis management. Based on 1000 interviews with business leaders in Swedish small- and medium-sized enterprises (SMEs), we analyze crisis management in practice and ask: What social contexts do business leaders use in crisis management, and what working methods do they rely on? Most companies in this study do not have any form of crisis group; rather, they deal with issues reactively as they occur. Few of the companies work continuously with a crisis plan and only slightly more than half of those that have crisis plans report that it has been helpful in dealing with the COVID-19 situation. The study concludes that Swedish SMEs seem reliant upon a process that has an emerging nature whereby decisions are largely based on gut feeling. However, the companies in our sample that experienced a significant revenue decline due to the COVID-19 situation report that they employ a more centralized and deductive approach with reports and documents as a basis for their work. The study contributes to a developed understanding of how crisis management works in practice.

## KEYWORDS

crisis management, crisis management as practice, social context, working methods

## 1 | INTRODUCTION

Whether a company can handle a crisis situation is arguably rooted in its response to the crisis (Coombs & Holladay, 2002). Decisions made during a crisis are described as complex because they tend to contain paradoxes, such as having to be made carefully but quickly (Vargo & Seville, 2011), and dilemmas, such as balancing short-term effects against long-term results (Smallbone et al., 2012). Reduced costs for survival in the short term can hinder opportunities for long-term value creation. Making quick and sound decisions under pressure is therefore a key competence for effective crisis management. To complement our understanding of the impact of a crisis (see Battisti & Deakins, 2017; Doern, 2016;

Herbane, 2013; Smallbone et al., 2012; Vargo & Seville, 2011) and what measures are taken during a crisis (see, e.g., Blundel et al., 2014; Doern, 2016; Kraus et al., 2020; Smallbone et al., 2012), it is therefore valuable to describe the nature of crisis management and to consider how business managers handle crises in practice. In this sense, crisis management is seen as something people do, and not as something that organizations have (cf., Jarzabkowski, 2004; Johnson et al., 2003; Whittington, 2006), which is why attention is directed towards people and how they act and interact (Kim & Lim, 2020).

Threats of business interruptions are always present (Doern et al., 2019; Herbane, 2010), and the incidence of crises is said to be increasing (Mitroff & Alpaslan, 2003; Vargo & Seville, 2011). Since

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spring 2020, the world has faced a crisis that is rarely encountered: A previously unknown virus (COVID-19) was discovered, spread globally, and has had an impact that has been difficult to understand, let alone to predict. According to Cortez and Johnston (2020), the situation has been more complicated to deal with than traditional crises. While many previous crises occurred at a specific place and time (such as natural disasters) or had global effects that developed over a long period of time (such as financial crises), the COVID-19 crisis combines a global spread with an unknown time frame and extent. No one knows when, and to what extent, activities can be resumed, which significantly complicates the work of dealing with the crisis.

One category of companies that is rarely noticed when it comes to crisis management is small- and medium-sized enterprises (SMEs; Doern, 2016; Eggers, 2020; Herbane, 2010, 2013; Runyan, 2006). This is despite SMEs constituting 99% of all companies and generating 50%–60% of total economic production within the Organisation for Economic Co-operation and Development (OECD, 2019), and their importance for regional economies and the welfare of nations (Björklund et al., 2020; Brown & Cowling, 2021; Doern, 2021; Kraus et al., 2020; Kuckertz et al., 2020; Thorgren & Williams, 2020). A possible explanation for the limited attention to SMEs in the crisis management literature might be the ambiguity about the efficacy of crisis management for SMEs. On the one hand, small businesses might be particularly vulnerable to crises due to a number of size-related characteristics (Battisti & Deakins, 2017; Doern, 2016; Herbane, 2013; Vargo & Seville, 2011). On the other hand, SMEs arguably possess a strategic advantage over larger organizations in their flexibility and adaptability, which means that they can respond quickly to changing environments (Vargo & Seville, 2011). Thus, there are arguments that SMEs may be particularly vulnerable to situations similar to those that have followed in the wake of COVID-19, but there are also arguments that SMEs may be more resilient and better equipped to manage the situation than their larger counterparts. However, OECD (2020) estimates that more than half of all SMEs have been exposed to serious revenue losses due to the pandemic.

In light of the special circumstances of the COVID-19 pandemic, the general lack of crisis management studies regarding SMEs, and the specific value of studying the nature of crisis management, this article considers the nature of crisis management in Swedish SMEs during the first months of the COVID-19 crisis; in other words, it studies crisis management in real time (cf. Doern, 2021). With the help of 1000 telephone interviews, the following questions are answered:

- What social contexts do business leaders use in crisis management?
- What working methods are used in crisis management?

In what follows we discuss crisis management as practice to further our understanding of the social context in which our respondents met the COVID-19 pandemic. Next we describe the applied research method, including data collection and sample characteristics. Subsequently, the findings are presented and discussed. We conclude with a summary of the key findings, limitations of the study, and possible avenues for future research.

## 2 | CRISIS MANAGEMENT AS PRACTICE

In this paper, we introduce the concept of crisis management-as-practice (CM-as-practice) to denote how SMEs cope with crises in their actual day-to-day operations. Our work is rooted in the social constructivist assumption that individuals construct their understanding of the situation in their interactions with each other (Berger & Luckmann, 1966). According to Weick (1995), knowledge always develops in a social context where the physical or implied presence of others influences thoughts, feelings and behaviours. Therefore, knowledge develops because of social interactions (Berger & Luckmann, 1966).

Bundy et al. (2017) described crises as a behavioural phenomenon, which implies that crises are socially constructed by the involved actors rather than a function of factors in an objective environment (see also, Deverell, 2021). Crisis management is said to involve shaping perceptions/experiences by interacting with stakeholders to prevent, resolve and learn from crises (Jankelová & Mišún, 2021; Kim & Lim, 2020). Attention is directed to the interactions between actors within an organization, interactions between organizations and external stakeholders, and how these interactions affect social perceptions and experiences. Torres et al. (2019) also highlighted the importance of social interactions in connection to crisis management, illustrating how small business social networks explain the ability to withstand a disaster and recover. Likewise, Elliott et al. (2010) indicated that relationships with others provide access to key resources, such as information, physical and emotional resources; Sauser et al. (2018) highlighted that formal and informal social ties are as important as physical resources for the recovery process. Dahles and Susilowati (2015) showed how interactions with, and connections to, actors outside the current industry can also be decisive for companies' resilience—that is, the ability to withstand turbulence and recover from interference. Regardless of where actors come from, on what basis they are involved, and the time they spend on the issue, they shape the interpretation of the business's situation and alternative measures through the concepts and vocabulary they add.

However, which actors are involved depends on which arenas small business managers use. The term 'arena' refers to where the work takes place rather than to the formal organization (Melander et al., 2011). Nordqvist (2005) described an arena as any place in which there is an opportunity to reflect, or interact, regarding business-related issues. Depending on the arenas used, the business leader encounters different types of actors and information. Thus, the understanding of the situation and the activities undertaken cannot be separated from the social context in which they take place (Bogenrieder, 2002; Deverell, 2021; Lave & Wenger, 1991; Lave, 1997; Rouleau, 2005; Wenger, 1998).

A specific arena commonly present in the crisis management literature is the crisis group, which may exist in many variant forms. In their review of the crisis management and resilience literature, Williams et al. (2017) testified to the dubious nature of crisis groups, or crisis management teams. On the one hand, they argued that the 'highly capable teams and other relational systems embedded in

organizations can generate positive outcomes and facilitate a return to (or improvement upon) the status quo' (Williams et al., 2017, p. 739). On the other hand, they contended that reactive crisis management groups may fail to make sense of the crisis, thus limiting the recovery of the organization. As such, team composition, experience among significant individuals and shared images are essential for creating effective crisis groups (Deverell, 2021; Spillan & Hough, 2003). The ambiguous nature of the role of crisis groups extends to SMEs, where we have limited knowledge of the arenas and actors involved in crisis management (Hong et al., 2012). Arguably, relationships and networks are of major importance for SMEs and, as such, the existence and composition of crisis groups in SMEs may differ extensively from those of their larger peers (see Hong et al., 2012).

## 2.1 | Working methods and tools of crisis management

Distinctive to a perspective where crisis management is seen as contextually bound is the importance attributed to the mediating tools of interaction (cf., Kim & Lim, 2020; Lave & Wenger, 1991; Säljö, 2000). Mediating tools refer to the languages and artefacts—such as newspapers, reports, models and plans—with which the actors involved create a system according to their way of thinking and acting within a context. Humans rely on psychological and physical tools to interact, which affects how the individual perceives reality (Brown-Devlin et al., 2020). Thus, the working methods used in crisis management organize the interaction and reflection of the actors involved (cf., Jarzabkowski, 2004; Jarzabkowski et al., 2007) and influence how those actors perceive and form an understanding of the situation.

The crisis management literature has paid specific attention to the planning for potential crisis (Doern, 2016; Herbane, 2013; Runyan, 2006; Tyler et al., 2020). Common to several studies is the view that preparation for crises pays off (Corey & Deitch, 2011; Mitroff & Alpaslan, 2003; Pearson & Clair, 1998; Runyan, 2006), and that planning is key to success both for individuals and for companies. In other words, companies should plan for positive events *and* for adversity. Some have even argued that with an effective plan, companies should be able to turn adversity into an advantage. Despite the potential positive effects of crisis plans, several studies have revealed the absence of formal plans for crisis among SMEs (Herbane, 2010; Runyan, 2006), and that the preparedness measures taken by firms differs greatly (Tyler et al., 2020). A study by Woodman and Hutchings (2010) found that only 29% of small businesses had a crisis management plan, while Herbane (2010) referred to a study of 1000 SME owners/managers in which 49% of them reported that they had no plans to deal with threats to their business.

Other aspects of working methods concern whether crisis management, when a crisis occurs, takes place systematically or in a more ad hoc manner, and whether decisions are made based on gut feeling or via more structured approaches, such as reports and forecasts. According to Hong et al. (2012), successful crisis management requires a process in which different steps are handled systematically. Similarly,

Bourgeois and Eisenhardt (1988) argued that effective leaders deal with the uncertain world by structuring it with rational techniques to identify and evaluate available alternatives. On the other hand, Drabek (1985) and Stallings and Quarantelli (1985) pointed out that effective crisis management also includes ad hoc abilities, such as improvised decision-making. These types of improvisational abilities is oftentimes referred to as bricolage, which includes the notion of seeking to respond and adapt to an unprecedented event (Alonso et al., 2021), such as the COVID-19 pandemic. Thus, there are two fundamentally different approaches that have been described as successful, although Williams et al. (2017), based on their review of previous studies, stated that successful crisis management requires a balance between structure and flexibility.

## 3 | METHOD

### 3.1 | Data collection

To develop our understanding of what social contexts and working methods business leaders use in crisis management, we conducted a telephone survey with 1000 randomly selected business leaders in Swedish SMEs. Based on a list purchased from UC (Sweden's leading business and credit reference agency) of more than 9000 companies, business leaders were contacted based on the strata that guided the random selection (company size, type of business and geography). The interviews were conducted during June 2020 through a professional survey organization (Origo Group). The interviewers followed a structured interview guide that was developed by the research team based on literature on crisis management in SMEs (specifically, Doern, 2016; Herbane, 2010, 2013; Runyan, 2006; Smallbone et al., 2012), and a pilot study consisting of 26 semi-structured interviews with business leaders in SMEs conducted during May 2020. One of the authors conducted an on-site training session with the interviewers to ensure that they understood the interview guide. Almost 900 out of the 1000 SMEs that participated agreed to take part in a follow-up study, indicating that the interview guide was relevant to their current situation.

### 3.2 | Sample characteristics

The structure of our sample reflects an active choice to exclude the smallest companies (those with a turnover of less than SEK 4 million, approximately EUR 365,000), because these firms tend to differ in terms of formalization and, as such, are likely to display a completely different approach to crisis management. Given this active choice, our selection is representative of the size structure of Swedish SMEs, meaning that 94% of participating companies are categorized as small, while 3% of participating companies are medium-sized (see Table 1). The basis for this study consists primarily of well-established companies (see Table 1), associated with 17 of the sections presented in the Swedish statistical classification of economic activities (SCB, 2020) (see Table 2) and thus corresponding well with the structure of Swedish industry. In addition, the geographical

**TABLE 1** Participating companies: size and age

Size: number of employees	No.	%
0–4	324	32
5–9	306	31
10–19	184	19
20–49	119	12
50–99	24	2
100–249	14	1
No info	29	3
Sum	1000	100
Firm age (years)	No.	%
0–3	29	3
4–10	234	23
11–20	282	28
21–	455	46
Sum	1000	100

spread of companies participating in the study corresponds to the prevailing structure in Sweden. Overall, this means that the size, industry distribution and geographical spread of the companies in this study accurately represent the Swedish SME structure as a whole.

## 4 | FINDINGS

The reported general impact of the pandemic on companies is mixed (see Table 3). Among our respondents, 48% reported that their company's turnover has remained unchanged, or has even improved, in comparison to before the pandemic outbreak. Among the remaining companies, 17% experienced a decline of up to 20%, 21% reported a decline of 20%–50%, and 10% of the companies had suffered a halving or even worse of their business (4% reported that they did not know the impact on turnover). In the following description of the nature of crisis work, we split our sample based on companies whose sales were unchanged or even improved ( $n = 484$ )—here called 'business-as-usual' companies—and those whose sales decreased by 20% or more ( $n = 309$ )—here called 'crisis' companies.

### 4.1 | The social context of crisis management: Arenas and actors

Only 7% of the interviewed companies in this study relied on a specially designated crisis group to deal with the COVID-19 situation (see Table 4). Of these, one-third reported that the group had been set up recently. In addition, 25% of the companies stated that the regular management team functions as a crisis group, while 68% reported that they have no crisis group at all. This means that the

**TABLE 2** Participating companies by industry

Sector	No.	%
Agriculture	20	2
Manufacturing	161	16
Construction	158	16
Wholesale and retail; repair of motor vehicles and motorcycles <i>Wholesale and retail trade and repair of motor vehicles and motorcycles (41) Wholesale trade, excluding motor vehicles and motorcycles (155) Retail (93)</i>	289	29
Transportation and storage	46	4.5
Accommodation and food service activities	42	4
IT and other information services <i>Computer programming, consultancy and related activities (25)</i>	40	4
Real estate activities	52	5
Professional, scientific and technical activities <i>Legal and accounting activities (18) Business and other management consultancy activities (21) Architectural and engineering activities (39)</i>	103	10
Administrative and support service activities	37	4
Education	17	2
Human health services	15	1.5
Other Arts, entertainment, and recreation (5); Other services (5); Mining (1); Sewerage (1); Electricity, gas, steam, and air-conditioning supply (8)	20	2
Sum	1000	100

**TABLE 3** Impact on turnover

	No.	%
Increased turnover	131	13
Unchanged turnover	353	35
Decrease of up to 20%	165	17
Decrease of 20%–50%	209	21
Decrease of 51%–75%	61	6
Decrease of 76%–100%	39	4
Don't know	42	4
Sum	1000	100

majority of SMEs did not have a designated crisis group, and this result is the same for both the crisis and the business-as-usual companies.

Next, we focus on the parties with whom the respondents interacted to develop their understanding of how the company should handle the COVID-19 situation. Members of the management team (as well as the crisis group, where such groups existed) constituted the primary actors (45%) (see Table 5). The second largest category

**TABLE 4** Existence and types of crisis groups

Existence of crisis groups	All (%)	Business as usual companies (%)	Crisis companies (%)
No form of crisis group	68	68	67
Management team functions as crisis group	25	25	24
Newly established crisis group	2	2	4
Crisis group established for a few years	5	5	5
Sum	100	100	100

**TABLE 5** Actors in crisis work

	All (%)	Business-as-usual companies (%)	Crisis companies (%)
Members of the management team	45	39	51
Company employees (general)	44	39	30
Specific employees	9	8	12
External advisors	11	7	19
Industry associations	11	10	13
Customers, suppliers, competitors	7	6	8
None	10	13	7

of actors was the company's employees (44%), of which about 9% stated that they had a specific employee they talked about the situation with. External advisers were used by 11% of the companies. Industry associations (11%) and customers, suppliers and competitors (7%) were also mentioned as actors with whom the respondents interacted to make sense of the situation. Additional actors included banks, auditors, boards, municipalities, authorities, lawyers, families and trade unions; in all cases, these were reported by 1% or less of the respondents. Among the respondents, there was also a category (10%) that reported not having anyone to discuss the situation with; respondents in this category had to develop on their own their understanding of how the situation should be handled.

A comparison between crisis and business-as-usual companies shows that crisis companies tended to rely, to a greater extent than business-as-usual companies, on the management team/crisis group (51% compared to 39%), specific employees (12% compared to 8%) and external advisers (19% compared to 7%) to develop their understanding of how to handle the situation (see Table 5). However, it seems to have been less common for the crisis companies to discuss the situation with employees (30% compared to 39%). As a substitute for input from employees, they relied on various forms of management consultants, business intelligence experts and so on.

## 4.2 | Working methods of crisis management

Among participating companies in this study, 72% stated that they did not have any form of continuity/crisis plan before the outbreak of

the pandemic, 13% stated that they did have a plan but that it was not updated regularly, while 14% reported they had a regularly updated continuity/crisis plan before the outbreak of the pandemic (see Table 6). If the plan is to be regarded as an active tool for anticipating and managing possible interruptions in operations, then only 14% of the companies can be said to have been active users of continuity/crisis plans. A comparison of crisis versus business-as-usual companies regarding the existence of continuity/crisis plans shows little difference between them. Slightly more of the business-as-usual companies (75%) than the crisis companies (70%) lacked continuity/crisis plans, and the incidence of updated plans was slightly higher among crisis companies (15% vs. 13%).

Having a plan is one thing, but experiencing it as a useful and valuable tool is another. To find out the experienced usefulness of crisis plans, we asked those who stated that they had a crisis plan whether they felt that the continuity/crisis plan had been of great help/support in dealing with the COVID-19 situation. The results show that 61% of those who had some form of crisis plan, whether this was continuously updated or not, felt that the plan had helped/supported them. Conversely, this means that 39% stated that they did not gain much support from the plan. Among those who worked with a plan that was continuously updated, the usability was perceived as higher. This means that only 10% of the companies participating in this study worked continuously with a crisis plan and felt that it was helpful in dealing with the COVID-19 situation. The experience of usability did not differ much between business-as-usual and crisis companies. That relatively few perceived the crisis plan as valuable can perhaps be explained by the fact that pandemics did not

**TABLE 6** Existence of crisis plans and perceived value

	All (%)	Business-as-usual companies (%)	Crisis companies (%)
No crisis plan	72	75	70
Crisis plan in place but not updated, no perceived value	6	4	7
Updated crisis plan, no perceived value	4	4	5
Crisis plan in place but not updated, perceived value	7	6	7
Updated crisis plan, perceived value	10	8	10
Don't know (about plan or value)	1	3	1
Sum	100	100	100

**TABLE 7** Crisis work process

	All (%)	Business-as-usual companies (%)	Crisis companies (%)
<b>Nature of the work process</b>			
Emerging character, solve things gradually	61	67	53
Structured process with plans and budgets	14	8	23
Combination of structure and emerging character	17	12	22
No applicable work process	8	13	2
Sum	100	100	100
<b>Basis for decisions</b>			
Gut feeling	34	39	29
Documents, reports and forecasts	20	18	22
Both gut feeling and documents, reports and forecasts	40	33	47
No decisions made regarding COVID-19	6	10	2
Sum	100	100	100

belong to the events that many of the companies had identified as possible threats to the business.

Other aspects of working methods include whether, when a crisis occurs, crisis management takes place systematically or in a more ad hoc manner, and whether decisions are made based on gut feeling or on reports and forecasts. According to Williams et al. (2017), crisis management requires a balance between structure and flexibility. Most of the respondents in this study described the process as work of an emerging nature. Of the interviewees, 61% stated that they solved issues as these arose and that they did not conduct long, strategic discussions (see Table 7). Only 14% described a structured process where plans and budgets were important for dealing with the situation, while 17% stated that they combined a structured process with solving issues as they arose. It is noteworthy that more crisis companies (45%) seemed to have structured

processes with plans and budgets compared to business-as-usual companies (20%), while the purely emerging nature was more common among business-as-usual companies (67%) than among crisis companies (53%).

With regard to decision-making, 20% of respondents stated that they used documents, reports and forecasts, while 34% reported that they primarily used their gut feeling as a basis for decision-making (see Table 7). However, the largest proportion (40%) stated that they combined gut feeling with documents, reports, and forecasts. Here, too, there was a difference between crisis companies and business-as-usual companies, with 69% of the former, compared to 51% of the latter, stating that their decisions were based wholly or partly on reports and forecasts, while decisions made primarily on gut feeling were more common among business-as-usual companies (39% compared to 29%).



The overall picture is that the companies predominantly used a process of an emerging nature, whereby decisions were largely made on gut feeling, to deal with the COVID-19 situation, but that crisis companies, to a greater extent, combined this approach with the use of documents, reports and forecasts.

## 5 | DISCUSSION

More than 25 years ago, Shrivastava (1993) asserted that crisis management is moving towards a more anticipatory stance. This observation was rooted in the sense that firms were increasingly planning and preparing for crises and emergencies. Furthermore, as a complement to the procedural approach, firms were developing crisis skills through vigilance training of personnel, interdisciplinary crisis management teams, emergency drills and decentralized decision-making. However, our study testifies to the difference between a model of crisis management prescribed by academics and standards setters that builds on planning, preparation, inferred decision-making, and formalized procedures and crisis management in practice, which seems unprepared, reactive, and informal. Thus, it seems as though the movement of crisis management towards the more anticipatory stance and development of crisis skills did not continue—at least within Swedish SMEs, which seem to rely primarily on informal and ad hoc crisis management practices. The COVID-19 pandemic is still developing, and it is too early to determine whether this informal and reactive approach is helpful in mitigating the negative outcome of the ongoing situation. Still, as more evidence is gathered and reported about the experience of COVID-19 among SMEs (such as recent contributions by Fairlie and Fossen (2021) and Belghitar et al. (2021)), we gradually develop our understanding of the policies, preparatory steps and procedures that are best suited in a global type of crisis such as COVID-19.

The 'muddling through' approach, described here, is rooted in the ideas of CM-as-practice and a broader debate of whether the planning paradigm is capable of maximizing economic efficiency and welfare. Critics of the planning approach (e.g., Mintzberg, 1994) have argued that the establishment of routines *ex ante* impose standard operating procedures that drive costs up, because they demand resources to be maintained and upheld before the emergence of adverse events, while also being ineffective when responding to unexpected situations that demand skilled professional responses. Louis Pasteur famously declared that 'chance favours the prepared mind', and this dictum might also apply to unfortunate unforeseen events—that is, a 'prepared mind' is potentially more effective than a fully developed crisis management routine when responding to a crisis situation. For SMEs this may be particularly true, since resources of time and money are often scarce and are deployed where they are most needed at a particular moment in time (Herbane, 2013; Smallbone et al., 2012).

The advantage of CM-as-practice is that, rather than departing from an optimum according to which firms should be fully prepared to deal with the crisis through business continuity plans, analytical methods, and specific crisis teams, it zooms in on the actors and

arenas where crisis management is conducted. In line with contemporary research on crisis management (see especially, Alonso et al., 2021; Kim & Lim, 2020; Kuckertz et al., 2020; Tyler et al., 2020), our results show clearly that we should not expect these SMEs to have any of the features of the planning paradigm. Instead, they rely on established arenas and, if anything, they seem to become less reliant on input from others, which previous studies have shown to be a success factor in crisis management (Elliott et al., 2010; Sauser et al., 2018; Torres et al., 2019). This is particularly pronounced with respect to their employees. Existing research tells us that employee involvement is critical for SMEs to develop and improve processes, products and strategies to generate new ideas and creative solutions (Cabrales et al., 2009; Kim & Lim, 2020; Rasheed et al., 2017), and to increase motivation, loyalty and commitment (Allen et al., 2013; Wilkinson et al., 2018). There are also indications that new knowledge structures develop primarily in the periphery where employees interact, while managers with a distance from everyday life tend to resort to exploitative strategies within existing knowledge structures (Regnér, 2003). Therefore, when a crisis arises and change might be a prerequisite for survival, there should be an effort from management to involve employees to a greater extent. However, the crisis companies in our study seemed to involve their employees to a lesser extent than did the business-as-usual companies, which differs from the development of crisis management described earlier (cf., Shrivastava, 1993). Thus, when the need for innovation increased, the crisis companies responded by increasingly excluding one of the main sources of new knowledge structures. This pattern is consistent with observations from strategy-as-practice in larger companies (cf., Regnér, 2003). The combination of relatively few inputs from external actors and a tendency to reduce inputs from employees in the event of crisis means that the crisis work can generally be described as centralized. Thus, this represents the opposite way of handling crisis compared to what Torres et al. (2019), Elliott et al. (2010), and Sauser et al. (2018) described in regard to success factors for dealing with crises.

Our chosen perspective also reveals the interdependent nature of crisis work, where a combination of procedural and interactive crisis management (cf., Jarzabkowski, 2005; Williams et al., 2017) is used by the SMEs. In general, interactive and exploratory crisis management is probably more applicable than procedural crisis management in a situation characterized by ambiguity and complexity, and vice versa (cf., March, 1991). However, previous studies have shown that companies often react in the exact opposite way, by switching to deductive techniques in times of uncertainty and turbulence (Regnér, 2003). This is similar to our finding of crisis companies making greater use of traditional planning and deductive management techniques. This indicates that although procedural and interactive crisis management approaches differ from each other, they are also complementary working methods used by companies to understand and manage crises; moreover, companies can practice both forms of crisis work at the same time. However, the more pronounced the uncertainty becomes, the greater the tendency to move to procedural activities.

## 6 | CONCLUSION

In this article, we have used a practically oriented approach to crisis management (CM-as-practice) that is based on social constructivist assumptions, according to which individuals construct their understanding of the situation by interacting with each other (Berger & Luckmann, 1966). This means that an individual's understanding is not universal; rather, it is always linked to the social context and working methods used in their crisis work. Based on these points of departure, this article has described the nature of crisis management in Swedish SMEs during the first months of the COVID-19 crisis.

First, we were interested in the social contexts that business leaders use in crisis management. Based on the interviews, we can state that the vast majority of companies did not use any form of crisis group, and focused instead on dealing with current issues within regular organization. Only a small proportion of the companies used a specially designated crisis group to handle the COVID-19 situation, while in slightly more of the companies it was the management team that functioned as a crisis group. Among the existing crisis groups, the CEOs, CFOs and chairmen of the board were the most common actors; and among all companies, members of the management team (as well as the crisis groups in cases where one existed) were the primary actors with which business leaders interacted to develop their understanding of how the company should handle the COVID-19 situation. The second largest category of actors was the employees, although the proportion of companies reporting that they used employees in their dialogue to develop an understanding of the situation was lower among crisis companies than in business-as-usual companies. The respondents also contained a category of business leaders who did not consider themselves as having anyone to talk with, so these leaders had to develop their own understanding of how the situation should be handled. Overall, external actors made up a remarkably small proportion of the actors that respondents used to deal with the COVID-19 situation.

A second area of interest in this study was the working methods used in crisis management. Here, we found that 70% of participating companies stated that they did not have any form of continuity/crisis plan before the outbreak of the pandemic. Among those who had a continuity/crisis plan, about half stated that it was not updated regularly. Only 10% of companies worked continuously with a crisis plan and felt that it had been helpful in dealing with the COVID-19 situation. There were also companies that predominantly used an emerging process whereby decisions were largely based on gut feeling (or, in some cases, in combination with the use of documents, reports and forecasts) to deal with the COVID-19 situation. However, a higher proportion of crisis companies than business-as-usual companies used a deductive approach that relied on reports and documents.

### 6.1 | Managerial implications

The COVID-19 pandemic is an example of a rarely seen disruption to business and daily life. It is essential for owners and managers of

SMEs to prevent business disruption and economic damage resulting from the pandemic and related restrictions. The findings of this paper offer some insights on how SMEs can adapt. First, previous studies have indicated that openness is a success factor in crisis management (Dahles & Susilowati, 2015; Elliott et al., 2010; Torres et al., 2019; Sauser et al., 2018). However, our results show that, at least in Sweden, owners and managers of SMEs actually seemed to gather less input from others during the initial phase of the COVID-19 pandemic. The combination of relatively few inputs from external actors and a tendency to reduce inputs from employees in the event of crises can inhibit the opportunities to find solutions to the challenges they face. A developed interaction with both employees and external actors may provide access to key resources, such as information, physical and emotional resources. However, these relationships are difficult to build during a crisis; rather, they require continuous work to build the type of trust upon which successful crisis management is based.

Second, the crisis management literature has paid specific attention to the planning for potential crises, where planning is regarded as a key to success for companies (Corey & Deitch, 2011; Mitroff & Alpaslan, 2003; Pearson & Clair, 1998). However, in line with some previous studies (e.g., Herbane, 2010; Woodman & Hutchings, 2010) this study shows that only a small proportion of SMEs are active users of continuity/crisis plans. It is still too early to determine the characteristics of companies that successfully managed the COVID-19 situation. However, contingency/crisis plans seem to be important, and there is ample evidence to suggest that these plans and routines should require limited time and money to maintain, to ensure that SMEs actually prepare for how to manage eventual crises. The issue of planning links to the challenge for business leaders to balance between formal and procedural crisis management and flexibility. Based on this study, which shows a practice that can largely be described as reactive and informal, there is a need to move in the direction of increased systematization to find a balance between structure and flexibility.

### 6.2 | Limitations and future research

This study contributes by developing our understanding of how crisis management works in practice. However, like other studies, it also contains limitations that open up paths for future studies. First, this study was conducted only a couple of months after the COVID-19 outbreak in Sweden. No one knows when, or the extent to which, activities can resume. At the time of writing this article, a second wave of the pandemic is being reported around the world, so we still do not know how companies will emerge from the crisis. Therefore, this study captures only how companies acted during the first months after the initial pandemic outbreak. We know nothing about how business leaders' working methods change over time, or how working methods affect business results; more longitudinal studies of business leaders' crisis work could contribute to a deeper understanding of these aspects.



Second, this study is limited to one country and its prevailing institutional, cultural and work context. To develop an understanding of practical crisis work, it is desirable to be able to compare the work of business leaders in different institutional contexts. Third, this study is also limited to a country that, unlike many other countries, has adopted a mitigation strategy to curb the pandemic rather than necessarily to stop the spread of the virus; such a strategy aims to build herd immunity without overburdening the healthcare system (Kraus et al., 2020). The choice of strategy affects companies' ability to act. Therefore, it is also desirable to compare the actions of these business leaders with other business leaders who have been forced to act in a context where a suppression strategy has been used—that is, one where restrictions such as social distancing among all age groups, quarantining of households, and shutting down of large parts of society have been implemented to curb the pandemic until the spread of the virus can be controlled (Kraus et al., 2020). A suppression strategy presents a fundamentally different context compared to that in which the companies in this study operated.

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## DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author, J.F. The data are not publicly available due to their containing information that could compromise the privacy of research participants.

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