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**CRISIS MANAGEMENT MECHANISM AND LEADER'S ROLE  
DURING COVID-19 PANDEMIC: LESSONS FROM INDIAN  
SME**

Master's thesis

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 14681 words from the introduction to the end of conclusion.

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## **ABSTRACT**

Crisis management is a widely used method in the business world that has become even more relevant today with most companies struggling to come to terms with the challenges posed by the novel coronavirus. This study aims to find out how companies in a developing country manage the effects of such a crisis. The central question that directs the research is how small-medium enterprises (SMEs) deal with crises in terms of crisis management mechanism, leadership competency and innovative practices during the Covid-19 pandemic. The most practiced crisis management mechanisms were the involvement of management, strong leadership, and communication among different stakeholders of the organisation. Quick decision making, being accessible during the crisis, effective communication, and understanding the employees as well as the situation came out as key leadership competencies that helped the companies survive the pandemic. Innovative practices were not as instrumental in helping companies out of the crisis.

The study adopts a case study methodology of data collection and analysis. It is concluded from the results that small businesses have a reactive response to crisis management focusing on saving the business and managing finances. The information access and infrastructure in place in India is not adequate to address the demands of the SME sector during the crisis. Even though their small size helps them to innovate and adapt quickly, a well-laid crisis management plan is needed to withstand future crises and become more resilient.

Keywords: crisis management, leadership competencies, innovative practices, small medium enterprises (SME)

## INTRODUCTION

Being a small business is not easy in times of crisis, in particular the ongoing Covid-19 pandemic. The Covid-19 pandemic, caused by the novel coronavirus and its multiple mutations, has brought the world to a standstill beginning in the early 2020s. The virus has claimed more than 5.36 million lives and infected 275 million people worldwide, and India stands second with 34.75 million cases out of its 1.38 billion population (WHO, 2021). To curb the spread of the disease, governments implemented stringent lockdowns, closing borders, and stopped trading activities. Global trade plummeted to 20% in the second quarter of 2020 (UNCTAD, 2021), marking a grim outlook for the businesses, more so for the small businesses. These small firms were already ripe with their share of woes caused by scarcity of resources and the threat of globalisation. Especially, the Indian businesses trying to come out of the effects of demonetisation and the new tax system, GST (Goods and Services Tax). The Indian government imposed one of the stricted lockdowns in April 2020 to manage the developing health crisis. Economic ramifications of the Covid-19 pandemic were soon visible on businesses both big and small, witnessing more than 40% loss in business due to the closure of businesses Kumar et al. (2020).

Indian SMEs, are called the engines of the economy, contribute about 30% to India's GDP and livelihood to 120 million (GOI, 2021). The lockdown forced millions of workers to stay at home, and the unemployment rate touched 23.5% in May 2020 during the lockdown. The Indian economy shrank more than 7.5% in the past 18 months. Even though the Indian government announced schemes targetting the MSME sector, numerous firms failed to benefit from it. Many of these companies are privately owned and managed (ten employees at most). They come under the purview of the MSME (Micro, Small, and Medium Enterprises) sector referred to as SMEs. The composition and conditions of these small businesses are distinct from big corporates who enjoy unlimited government support, easy access to liquidity, and the trust of their suppliers. An event like this highlights the need to understand how they managed a crisis of such large scale and scope. Managing crises calls for specific steps to resume normalcy in business which falls under the crisis management plan (CMP). SMEs are not known to have any CMP, and they do not want to devote

any time or money towards developing one, owing to a shortage of resources. Hence, it is imperative to study the approaches that helped these businesses to recover.

Crisis management has gained more relevance in the current scenario to understand the impact on organisations. Many Research focusing on SMEs and their practices during the covid-19 crisis (Cowling, Brown, & Rocha, 2020) (Juergensen, Guimón, & Narula, 2020) (Kenny & Dutt, 2021) (Lu, Wu, Peng, & Lu, 2020), (Kukanja, Planinc, & Sikošek, 2020), (Shafi, Liu, & Ren, 2020)). Research in the Indian context has focused mainly on the impact of the crisis on the small businesses and their reponses but works of literature on the topic of crisis management practices in Indian SMEs is sparse and dispersed across the recent years. A crisis management model provides a suitable process to manage crisis in its various phases (Pearson and Mitroff (1993); James and Wooten (2005); Hong et al, 2012). Studies have shown that certain factors are crucial in steering the companies during the crisis. A leaders' role is one of the important element (Hong et al. (2012); (Kim, 2021); (Bhaduri, 2019); (Van Wart, 2011). Crisis acts a catalyst for change and innovation leading to improved chances of survival in crisis (Caballero-Morales, 2021) (Gorzelany-Dziadkowiec, 2021) In order to examine the factors that helped the Indian firms manage this crisis, the study adopts the crisis management model proposed by Hong et al and examines the various aspects of the crisis phases in respect to the leader's competencies and strategies implemented by the Indian SMEs.

### **Statement of the Problem**

While not having a laid out process to follow makes the SMEs highly responsive when faced with uncertainties, crisis management is non existent in Indian SMEs as the companies do not want to invest in additional resources. They are also not aware of crisis management practices that they can implement as they would rather adhere to traditional approaches, making them resistant to change. In this study, the author tries to find the crisis management mechanism adopted by Indian SMEs during the Covid-19 pandemic. The Covid-19 crisis poses a new challenge where organizations are striped of the pre-crisis phase for sense making and perspective taking, but are confronted with the consequences of the events over which they had no control (Danielak, 2021). The crisis has economic, social and environmental consequences which makes them difficult to manage (Ratten, 2021). Body of works covering crisis management in SMEs is not widely available, particularly in the Indian context. Conducting qualitative analysis helps in examining the companies in diverse industries to explore the different crisis management mechanisms, key

leadership traits, and competencies of the managers. This leads us to the research question for the study.

The aim is to find how SMEs in India deal with crises and how leaders perceive and experience crisis management in different phases. Based on the crisis management model (Hong et al, 2012), the factors that influence how leaders perceive their organisations' preparedness for crisis will be examined along with the mechanisms implemented to manage crises. Consequently, this will lead to the development of an understanding of how organisational learnings and leaders' competencies can be improved from crisis experience.

The central research question for this study is *How Indian SMEs deal with crisis?* The following research questions help us answer the central research question.

RQ 1 What **crisis management mechanism** exist in the company?

RQ 2 Which **leadership competencies** are important in managing crisis?

RQ 3 What **innovative practices** did the company employ to deal with the crisis?

There is a growing need to collect and collate information regarding the company practices in India during the ongoing pandemic. The definition of SMEs used for this research is as per the European Commission (Commission, 2020). Qualitative analysis is done to bring out the common theme from the interviews about crisis management in Indian SMEs. The interviews were conducted during the pandemic and we have kept the scope restricted to crisis occurrence and recovery phase. Moreover, SMEs are not known to plan ahead to detect a crisis and mostly respond to a crisis when it has taken effect and hence pre-crisis phase has less significance in this context.

The thesis consists of Introduction, followed by chapters on literature review, methodology, results and finishes with a conclusion. In the literature review the main concepts behind the research is discussed. It is followed by the methodology section which describes the data collection method. Then the results section presents the analysis, implications and limitations of the research. The paper ends with a conclusion and recommendation for future work.

# 1. LITERATURE REVIEW

This section presents the literature used in conducting the study about crisis management in Indian SME. In addition to the academic work related to crisis management, two key factors, namely, competencies of the leaders required for dealing with crisis, and innovative practices in crisis management were examined. Relevant publications from the recent years have been taken into account consisting of academic database of articles, peer reviewed research papers, and reports. Google Scholar was used as a secondary search engine. Search terms like *crisis management*, *crisis management in SMEs*, *SME crisis management practices*, *crisis management mechanism*, *SME leadership*, *leadership competencies in crisis*, *innovation in crisis management*, etc. were explored. The same search terms were used with the added qualifier *India* and/or *Indian* to find the literature concerning Indian companies. The literature review helps understand the topic within the context of the current field of research and present the gaps in the research related to the knowledge of crisis management mechanism in Indian SMEs. This helps develop the framework to support and answer the research questions of the study.

The section starts with definitions of the key terms of the thesis in subsection 1.1 followed by relevant research on crisis management in small and medium enterprises (SME) in subsection 1.2. The third subsection 1.3 describe the importance of leadership competencies for crisis management, finishing with the last subsection on studies related to innovative practices in crisis management.

## 1.1. Definitions

In this section, key terms used in this thesis are defined for conceptual background.

### 1.1.1. Small and Medium Enterprises (SME)

Small and medium sized enterprises (SME) are firms with upto 250 employees and they represent almost 99% of all EU businesses. For this study, the EU definition of SME is followed. They are defined in [EU recommendation 2003/361](#) (Commission, 2020)/(European Commission, 2020).The



SME constitute major portion of the businesses and contribute about 80% to the world economy. They are small in size and have limited availability to resources. Many of these firms are owned and managed by one person (sole proprietor) or are micro sized (0-10) employees. As per to the European Commission annual report on European SMEs (Schroder, et al., 2019) they are the backbone of the economy. Similarly, the Indian SMEs contribute to 30% of the Indian GDP and support millions of households.

### **1.1.2. Crisis Management**

Crisis management (CM) is a method of dealing with a crisis that has been the subject of numerous research on its definition, actors, and steps. There are three stages in crisis management, pre-crisis prevention, crisis management, and post crisis outcomes Bundy et. al. (2017). In pre-crisis stage, the organisation can detect the crisis and prepare for it. The second phase where the crisis occurs, crisis management plays a central role in deciding the future of the firm (Herbane, 2013) (Lindström, 2012). Finally, the post-crisis stage allows for recovery and learn from the crisis, so that they can be better prepared for future crises. Hong et al. (2012) provided a five-stage crisis management model which is adapted to represent the three stages by Bundy et al. (2017). The three stages of CM are relevant for this study because the Covid-19 pandemic gave no time to prepare for the pre-crisis stage and most of the CM was done as a response to the crisis in the occurrence stage. In addition, the last stage of crisis management, post-crisis recovery and outcomes is not completely over for most organisations, and they are still reeling under the effects of the Covid-19 pandemic.

### **1.1.3. Leadership Competencies**

Competencies are skillset and behaviour of the leaders. “*Leadership competencies are leadership skills and behaviors that contribute to superior performance.*” (SHRM, 2008). In their pivotal work, Wooten & James (2008) have brought about the competencies needed for leadership to manage crisis. Considering the challenges of managing crisis in organisations a substantial number of papers have studied the factors that result in successful crisis management increasingly covering the role of leaders “ particularly chief executive officers (CEOs), in dealing with organizational crises” Konig et al. (2020). Thus it can be said that leadership and crisis management go hand in hand. A good leader plays a key role in managing the company out of the crisis.

#### **1.1.4. Innovative practices**

For the context of this research, innovative practices are defined as an activity that involves technology advancement, product development, improved business processes, or any novel approach to manage the crisis. Hong et al. (2012) have also cited innovation in different phases of crisis management and how it helps an organisation manage a crisis. Creative ways of solving the problem and innovation have been linked with crisis where there exists no system. Innovative working style of SMEs help them to stay flexible and learn from crisis (Saunders, Gray, & Goregaokar, 2014). Through the building of flexible *and innovative strategies* and foretelling of potential crises, organizations can react more efficient to surprises and uncertainty.

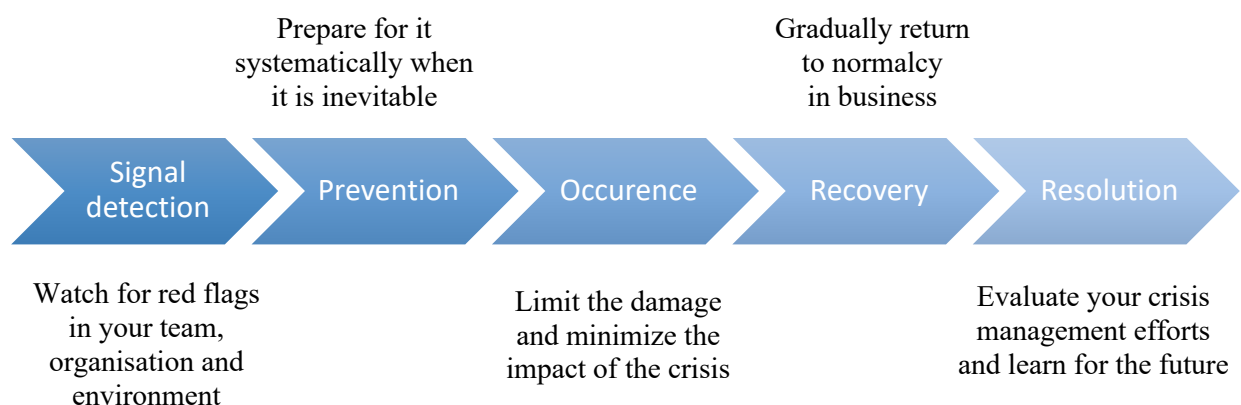
### **1.2. Crisis Management in SME**

Crisis is often often unprecedented and offers the leaders an opportunity or an enormous challenge. Oxford dictionary defines it as, “*a time of great danger, difficulty, or confusion when problems must be solved or important decisions must be made*”. It denotes a moment in decision making and change in a particular situation (Muşetescu & Shayb, 2019). In the business management context, IACM in their latest report define business crises as “*Any issue, problem or disruption which triggers negative stakeholder reactions that can impact the organization’s reputation, business and financial strength.* ” (Institute for Crisis Management, 2020). Another widely accepted definition states, “An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly” (Pearson & Clair, 1998). The novel coronavirus pandemic was one such crisis that took every organisation big or small by surprise and is still continuing to shape how they operate. The virus has claimed millions of lives while continuing to change how people are living even to this day. Scientists are still trying to establish its origin. Governments and organisations that took swift action to contain the pandemic are surviving while many businesses had to close shops. Worst effected were the small and medium sized organisations where crisis management is almost non-existent (Sauvagnargues, et al., 2018) (Miskuva, 2011). On the other hand a crisis offers opportunity to revamp and upgrade business processes. Businesses can create value by correctly identifying the risks and opportunities (Chapman & Ward, 2011). Crises also brings community closer by providing opportunity for

collaboration, consensus building and transformative societal change (Ozawa, et al., 2012). This innovative collaborative planning offers an alternate method of dealing with crisis, instead of relying on governments and institutions for help. Brockner and James (2008) argue that little is known about the idea of crisis as opportunity and identified factors affecting the mindset of the managers susceptible to this idea. They further provided a framework to achieve success while considering the opportunity which a crisis offers.

A crisis management model provides a suitable process to manage crisis in its various phases (Pearson and Mitroff (1993); James and Wooten (2005); Hong et al (2012)). The phases of crisis management is shown in Figure 1.

Figure 1 Five phase of crisis management



Source: Pearson and Mitroff (1993); James and Wooten (2005)

Before a crisis becomes an uncontrollable force, there are certain signs to detect its onset. This is the gist of the first phase of the crisis management model called the pre-crisis phase, where the early warning signals can be seen. A good leader perceives the onset of the crisis and starts preparing for it. This is the proactive approach to manage crisis (Herbane 2010). Then comes the next phase where the crisis occurs and disturbs the functioning of the businesses. This phase is the point of no return where the decisions can either result in a win or failure of the organisation. (Muşetescu & Shayb, 2019) (Osotimehin & Pappadà, 2017) (Pearson & Clair, 1998). In this phase the managers have no other choice but to take reactive approach to mitigate the impact of crisis. The outcome of a crisis event depends on how an manager or the leader defines the situation wherein each crisis can become a learning opportunity (Wang, Anne, & McLean, 2016 ). The final phase is the post crisis recovery and resolution phase (Van Wart, 2011). The outcome of this phase, provides the learnings for future crisis management.

Managing crisis has been widely studied and researched, yet a study by (Johansen, Aggerholm, & Frandsen, 2012) reflect the need for addressing the gaps in large undeveloped areas. Research for the crisis management in SMEs is sparse and disparate. Most studies have focused on the processes of larger organisations, and the industry practice trickles down to the small enterprises. It has been observed that these small companies often follow the reactive method of dealing with crisis (Keller et al. 2005, cited in Hong et al., 2012, p.539) and normally are unconcerned about managing crisis beforehand (C. & Spillan, 2003) as they have had no prior experience in dealing with it. They perceive the crisis as part of the business challenges and would not want to spend additional time and effort in dealing with it. Dynamic business environment changes are more stressing for the small businesses as they have no cushion to absorb the impact (Mikusova, 2011). The paper is also instrumental in highlighting the views of SMEs that they see investment in crisis management as futile because a crisis can't be averted. Furthermore, the managers of these businesses are aware of the threats but managing them was not considered under routine duties. Alonso-Almeida et al. (2015), in their paper talk about the commonly practised strategies for dealing with crisis. These include crisis identification, proactive and reactive crisis management strategies. Proactive strategies calls for preparedness in anticipation of a crisis and planning in case of occurrence of one (Pop, 2017). It is a preventive measure and the firm has already employed a team for it. On the other hand, the reactive strategy or the responsive strategy is more spontaneous finding favor among the small businesses. In general practice, a good crisis management strategy is a mix of both proactive and reactive measures. (Alonso-Almeida et al., 2015)

Miskuva, 2011 found that small enterprises don't have any crisis management process in place and are restricted by the scarce resources at their disposal. SMEs are also vulnerable to the changes and global environment. (Detarsio, North, & Ormaetxea, 2016). In their paper, Vargo & Seville (2011) (Vargo & Seville, 2011) offer a model for strategic planning to reduce their vulnerability. (Herbane, 2013) Herbane (2013) provides six factors that makes these small firms resilient in the face of crisis. Studies have shown that despite their small size they show agility in managing crisis and the founder or the owner plays a pivotal role in turning the business around in face of the crisis. Covid-19 reinvented businesses by becoming a cleansing process and providing the impetus for reallocation of their resources (Osotimehin & Pappadà, 2017) (Belitski, Guenther, Kritikos, & Thurik, 2021). Effective leadership in crisis involves various tasks from recognizing the early signs of the crisis and the emerging threats, making things happen directing the decisions to mitigate the threats, communicating, and after the acute crisis period is over, re-establishing a sense of

normality (Boin, Kuipers, & Overdijk, 2013). The outcome of a crisis event depends on how an individual defines the situation and each crisis can become a learning opportunity (Wang, Anne, & McLean, 2016 )

Also of note is the peculiar nature of Indian firms. The Indian SME are classified based on manufacturing and services sector defined under the MSME Act 2006. Amidst the corona virus pandemic, the government of India revised these guidelines for SME classification by increasing the limits, (shown in Table 1.1b). The difference between manufacturing and service sector has been removed and the component of turnover of the units has been added. 99.5 percent of these SMEs are the micro businesses with upto 2 employees and have inadequate access to the credit facilities provided by the banks. In researching the companies that faced covid-19 threats and were able to turn around their business, the author seeks to find the most suitable solution for managing the crisis and add to the literature available for the topic.

Extant research has been carried out majorly in the western part of the world and there are limited number of papers about Indian SMEs. Many of these small businesses are family run and they depend on multiple source to manage their financing (Ghosh S. , 2015) Baker et al., (2020) (Baker, Kumar, & Rao, 2020). They also focus more on profit earning and not expansion of the business as most of these firms are either proprietorship or partnership. Miskuva (2011) stated that the small firms would rather face the crisis instead plan for it to utilise their resources elsewhere for the benefit of the business. In the era of digitalisation, many of the SMEs are hardly skilled in use of digital platforms and technology (Kumar, Syed, & Pandey, 2020) which makes them reluctant to adopt technology for business.

These small businesses are characterised by their small size, paucity of resources, and traditional work culture dominated by collectivism and stringent hierarchical orientation. (Wang, Anne, & McLean, 2016). Another paper presents the impact and policy implications of Covid-19 crisis for SMEs in Europe (Juergensen, Guimón, & Narula, 2020) (Juergensen et al, 2020). They emphasise that different practices and solutions are suited for SMEs as there is no one size fit all solution. Hong et al (2012) proposes strategic vision, leadership roles, and technical capabilities for SMEs to combat crisis, which provides the groundwork to carry out the research in the current pandemic for Indian SME.

Most of these firms are non formally managed with many contractual workers or consists only of a few family members. (ADB, 2009) Hence, they are not known to practice any crisis management or have a business continuity plan in place. They operate mainly on cash based transactions and rely on oral contracts, thereby it is a close collaboration of highly trusted participants. The small businesses were already trying to recover from the demonetisation that took India by surprise in Novemeber 2016. Due to lockdowns, the access to resources for the small firms had become even more restricted and many businesses were shut. In addition to the supply of materials and workers, there were operations and sales related problems too. Strict quarantine forced customers to stay at home, hampering the sales as small businesses earn mainly from day to day retail sales. Covid-19 brought change in their business models (Seetharaman, 2020). The reason many SMEs are unable to manage such crisis of critical nature is due to the lack of resources. Owing to their small size, the SMEs don't have enough funds to manage a big crisis which Covid-19 posed. Being small in size and limited in their use of resources, most managers would rather deal with the crisis when they face it and spend their time in other ventures instead of preparing in advance (Miskuva, 2011). Given the available approaches to crisis management, SMEs tend to adopt the reactive strategy as it fits with their business model and they do not have to allot resources for it ahead of time (Jugo, 2017).

### **1.3. Crisis Management and leadership competencies**

The role of leaders is crucial in navigating the company through the crisis and emerging out of it. Leadership in crisis is different from leadership in normal circumstances and how a crisis is successfully managed is determined by manager's competency. (Dirani K. , et al., 2020)

Leadership is tested during crisis (Eldakak, 2014) and a crisis provides the opportunity for the good leaders to shine and prune the bad ones. Effective leadership in crisis involves various tasks from recognizing the early signs of the crisis and the emerging threats, making things happen directing the decisions to mitigate the threats, communicating, and after the acute crisis period is over, re-establishing a sense of normality (Boin, Kuipers, & Overdijk, 2013). The outcome of a crisis event depends on how an individual defines the situation and each crisis can become a learning opportunity (Wang, Anne, & McLean, 2016 )

Konig et al. 2020, uncovered the critical relation between a CEO's trait of empathy with organisational crisis management. Being highly empathetic allows the CEO to be more perceptive

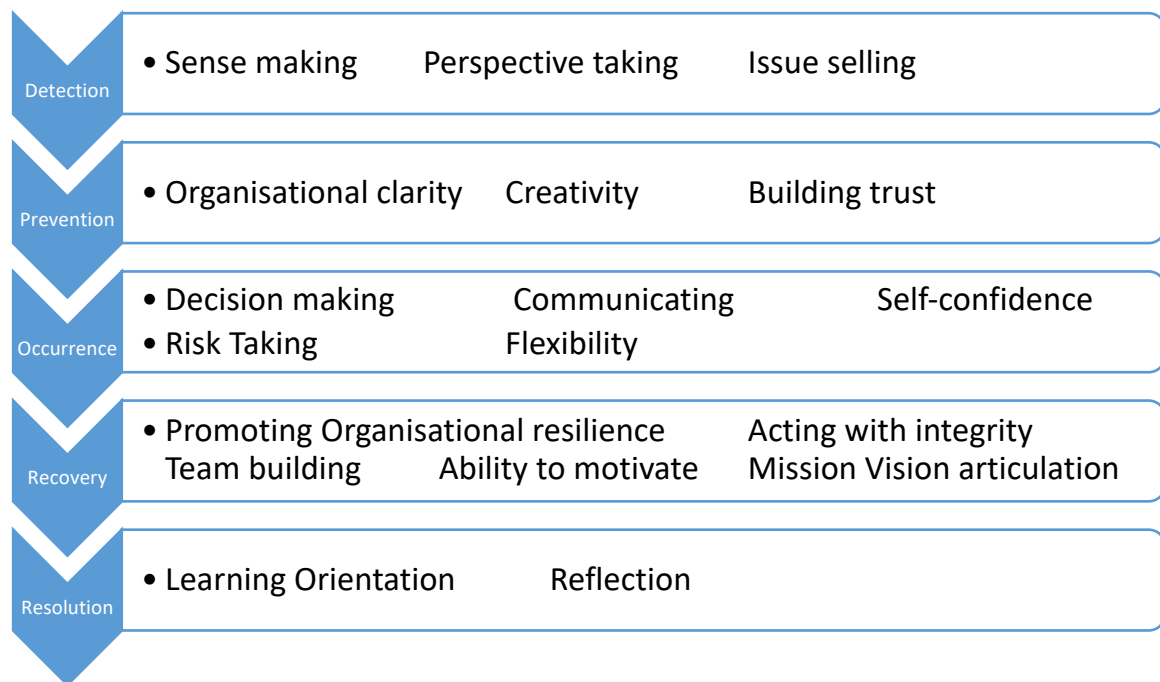
to sensing the crisis in the pre-crisis phase, giving meaning and taking decisions during the crisis phase and restoring normalcy in the post-crisis phase. The study sheds light on the behaviour of a leader in an emotionally driven situation of crisis shouldering the responsibility of decision making. In this scenario quick and appropriate decisions have an

A study by (James & Wooten, 2004) provide a frame work of six leadership competencies that help in not only managing the crisis within the company but also permeating the trust along the value chain. In the context of the covid-crisis, the competencies of leadership were also explored and best practice examples were presented emphasising on employee wellbeing, use of technology & innovation, and sensemaking when faced with turbulent times, among other roles that the leader has to play in current crisis (Dirani K. M., et al., 2020). *Crisis management* can be argued to be a vast field and can include, for example, crisis impact, *strategic visions, leadership*, or technical capabilities (Hong et al. 2012). Effective and successful strategic planning reflects in good crisis management. Through the building of flexible *and innovative strategies* and foretelling of potential crises, organizations can react more efficient to surprises and uncertainty. Research additionally shows that using strategy and processes as tools can help to prevent impacts from crises (Sheffi, 2015). Various literature have focused on examining the leadership competencies in crisis situation (Van Wart, 2011) (Boin, Kuipers, & Overdijk, 2013) (Bhaduri, 2019), etc. In navigating the crisis management landscape and bringing about the organisation change, leaders who do not follow the customs are able to take advantage of the crisis. (Fragouli & Ibidapo, 2015). Hong et al (2012) recommend adopting various strategies together could help in the recovery of the business.

Leaders have to be flexible and agile, Wooten and James (2008) have called leadership style to be 'collective and dynamic'. In times of crisis the leaders should adopt a mix of various strategies to handle the crisis effectively. Crisis leadership competencies can be shown by various skills of the leaders in the different phases of crisis management. It is worth mentioning that while crisis-related organizational and leadership research has focused on man-made threats such as crime and civil unrest, little is known about leadership challenges and organizational outcomes emerging from other types of threat (Fee 2017) including the COVID-19 threats. Regarding the effectiveness of this competency, Kerns and Ko (as cited in Kerns 2017) found that employees under these purpose driven circumstances were likely to have both increased performance and health. When a company is faced with ambiguity and uncertainty, employees often turn to their leaders for counsel and guidance (Probert & Turnbull James, 2011) (Haddon, Loughlin, & McNally, 2015) (Lagowska,

Sobral, & Furtado, 2020). Having the right skills to maneuver through the tough times is imperative for being a good leader. In their pivotal work, Wooten & James (2008) have brought about the competencies needed for leadership to manage crisis and stressed on the need for building organisational capabilities through human resource development. Figure 2 show these competencies based on research by (Wooten & E.H. James, 2008) and (Van Wart, 2011).

Figure 2 Leadership competencies during crisis management



Source: Van Wart and Kapucu (2011); James and Wooten (2008)

#### 1.4. Innovative Practices in Crisis Management

Innovation is one of the methods that Hong et al (2012) recommended for crisis management and it is also a factor that makes small business create a competitive advantage among their peers (Hyvonen & Tuominen, 2006). Since the companies have adopted work from home and taken their business online, using technology to find new ways of doing business and managing the impact of the crisis has become important. The ability of companies to rebrand themselves and grab the opportunity to innovate during the crisis is also one of its survival factor. The outlook of small companies on innovation is different from bigger companies. In a report by OECD on the growth and obstacles faced by small businesses, this approach is further highlighted. These companies are



more market driven and not research driven like the big corporates. In addition, they are more responsive to new opportunities and challenges as they focus more on incremental advances. Their small size allows them offer diversified products and create new markets, especially technology oriented start ups. However in doing so, these SMEs suffer from inadequate information on technological and market opportunities, organisational inadequacies, and low capability trap OECD (1997).

Creative ways of solving the problem and innovation has been linked with crisis where there exists no system. Experts in crisis management have claimed for decades that creative approach to crisis management improves crisis response and preparation (Sommer & Pearson, 2011). Their research provides practical implications for managers to imbibe creativity during stressful times and keeping an open mind to find novel solutions to the crisis. As SMEs do not have a defined crisis management plan, crisis is an opportunity where they can take bold steps and explore new ideas and approaches. Innovative working style of SMEs help them to stay flexible and learn from crisis (Saunders, Gray, & Goregaokar, 2014). Adoption of systemic risk management and innovative practices also leads to the survival and success factor of SMEs (Yiannaki, 2012). Leaders who are empathetic, clear in their communication highlighting the purpose and values will influence shaping the firm during crisis. *“It is organisations which continue to be agile and to adapt and change proactively with “out of the box” thinking who will thrive in the next normal.”* (P. Mather, 2020).

In another study by innovation’s affect on a small business’s performance is rather contextual (Rosenbusch, Brinckmann, & Bausch, 2011). They found three influential factors, namely, the company’s stage in its lifecycle, the type of innovation and cultural context, which drive the direction of the SMEs performance when it comes to innovation. Hyytinen et al, (2015) similarly found that younger companies have higher chances of success when they implement innovativeness. The reason for this was attributed to the company’s unavailability of fixed processes and greater flexibility (Hyytinen, Pajarinen, & Rouvinen, 2015).

In navigating the crisis management landscape and bringing about the organisation change, leaders who do not follow the norm are able to take advantage of the crisis. (Fragouli & Ibidapo, 2015). Creative ways of solving the problem and innovation has been linked with crisis where there exists no system. Innovative working style of SMEs help them to stay flexible and learn from crisis.

(Saunders, Gray, & Goregaokar, 2014). Adoption of systemic risk management and innovative practices also leads to the survival and success factor of SMEs (Yiannaki, 2012).

When using innovation as a crisis management tool, the company has to understand when to apply it (Krotkova & Mullamekhametovna, 2018). The authors also caution the use of innovation as it “destroys stability and sustainability” and ensures stable development “to bring systems to a new qualitative level”. In their study, Roper and Turner (2020) (Roper & Turner, 2020) have stressed innovation as “critical element” for crisis recovery phase. However, innovation is hindered during financial constraint as the result of a Spanish study reveal (Madrid-Guijarro, García-Pérez-de-Lema, & Auken, 2016) . Lee (2015) (Lee, 2015), in a study of Korean firms, suggests that the relationship between financial slack and innovation is the strongest in younger and smaller firms. The implication is that the financial position of firms pre-crisis will influence longer term outcomes, particularly among SMEs.

Cankurtaran & Beverland, (2020) propose a new way of looking at crisis based on their research on innovative firms during the current pandemic. Using design thinking approach to problem solving and treating the Covid-19 crisis as a wicked problem, they elucidate the three step process of disrupt, develop and deliver, and transform. In doing so, at each stage, disruptive or innovative thinking plays an important role to understand the problem in a particular context and make organisations more resilient. A study on resource based view of innovation has found that there is a significant relation between innovation efforts, technology innovation and financial performance Akinwale, (2020). The result is significant for the managers of the small businesses as it gives them a reason to focus on innovative practices during the crisis to be more financially secure.

## **2. METHODOLOGY**

To collect data for my study, I have used a mixed-method approach, comprising of document analysis and semi-structured interviews with the middle level or senior managers and owners/managers of eight companies from major cities in India. Qualitative methods such as case study offer critical insights while developing an understanding of novel challenges like the repercussions of Covid-19 pandemic. Using the case study method, I have tried to elicit the know-how on the topic based on their opinions and recollection of the events during Covid-19 pandemic. Since the crisis management mechanism in the organisations is studied through the experiences of the participants, these results are not readily generalisable (Austin & Sutton, 2014).

### **2.1. Rationale for using Mixed Method Design**

Mixed method design uses multiple forms of data collection combining quantitative and qualitative research methods (Johnson, Onwuegbuzie, & Turner, 2007) (Yin R. , 2006). For this study, information about the companies was collected through online sources and semi-structured interviews. This process of collecting data by mixed methods allows discovering insights through the interviews and examining them. It helps to gain a deeper understanding of the crisis management practices used in the companies and verifies the knowledge during the online research stage. To supplement certain data, I have utilised online public records and filled in the gaps. Additional information collected through document examination and studying the company website also validates the data. (Fetters, Curry, & Creswell, 2013)

Case studies help analyse real life business scenarios and explore solutions based on theoretical concepts. They provide “in-depth exploration of intricate phenomena within some specific context” (Rashid, Rashid, Warraich, Sabir, & Waseem, 2019) (Rashid, et al 2019) This method can help analyse the businesses in a critical way and provide solutions suited to their needs (Yin R. K., 2018). Case studies are most suitable when there is a lack of available information about a

particular topic and therefore they are apt for my study. According to Ghauri, case study can be described as a learning process and an outcome of that process (Ghauri, 2004).

## 2.2. Sampling

A total of eight interviewees participated in the study, limiting the number to under 15 to avoid making the process complex (Miles & Huberman, 2009). Each interviews lasted from 45 minutes to 90 minutes. Additional information was collected about the companies through document analysis and secondary data. The criteria of selecting the companies is presented in Table 1.

Table 1 Sample selection criteria

| <b>Factors</b>     | <b>Selection Criteria</b>           |
|--------------------|-------------------------------------|
| Location           | India                               |
| Sector             | MSME                                |
| Years of Operation | At least 4 years running            |
| Interviewee        | Senior Managers or Founder or Owner |
| Crisis             | Covid-19                            |
| Status             | Survived the crisis                 |

Source: Author's calculations

## 2.3. Data Collection

Interviews were the main method of data collection. Patton (2002) ascribed interviews as “open-ended questions and probes yielding in-depth responses about people’s experiences, perceptions, opinions, feelings, and knowledge. Data consists of verbatim quotations and sufficient content/context to be interpretable”. The process of data collection was as follows:

1. Preparing interview guideline for the interview to find how the covid-19 crisis was managed in Indian SMEs. The interview was divided into four broad sections- Background/history, Crisis/challenges/Covid-19, Leadership competencies, and Innovativepractices/strategy, drawing on the conceptual SME crisis management framework by Hong et al. (2012). Figure 3 shows the interview guideline.
2. Sending out write up about the interview and taking consent of the participants before the interview for recording the interview. Only one respondent was not comfortable in being recorded.

3. Conducting interviews with the managers and owners of the companies to understand their experiences and find answers to the research questions presented in introduction.
4. The interviews were transcribed using Trint and Otter AI. Data was anonymised and coded.

Figure 3 Interview guideline



Source: Author’s calculation

### 2.3. Case Studies

The following section covers the case of the eight companies. The case study was developed based on responses of the interviewees in relation to the different phases of the crisis: pre-crisis phase composed of detection and prevention, then the crisis occurrence & containment phase, ending with post-crisis recovery and resolution phase.

#### Company A - Textile Dyes Exporter

Company A is a well established exporter of chemical dyes and pigments. The financial controller of the firm who has been in the company for past 15 years was interviewed for the study. With 180 people working in the company, the manufacturing of the chemicals require certain skillset and the employees are not easily replaceable. They are mainly migrant workers who hail from different parts of the country. Their earnings is the only constant source of income for the families back in the villages. The nationwide lockdown announced by the Indian government was a surprise for the

company and they had to shut operations immediately. The initial days was tough for the management and the staff who did not know whether the lockdown will be lifted in the near future or not. During the pandemic, they suffered tremendous business losses. Management grade employees saw pay cuts and tight budgeting. Workers were not able to survive in the city with reduced income. As a result, about 60-70 percent of the workforce had to be sent back to their hometown with special permits on company's expenses. This decision by the company officials was taken for the safety and well being of the workers. The company also suffered another setback when their founder passed away leaving behind a company in turmoil. This loss was attributed as a bigger loss in comparison to the hardships faced during the business closure. The company was able to benefit from the credit line extension and other financial help given by the banks based on their good relations during the three month cessation of the production. They were also able to keep the trust and goodwill of their customers and suppliers even when they were not able to produce anything. After barely surviving the three crucial months, when their inventory was almost reduced to zero, they obtained special permits towards the end of fourth month and started production with limited workers. The company also had to bring back the migrant workers to fully utilise their capacity. They started vaccination campaigns for their employees and their families and when the lockdown was relaxed, they restarted their business with added fervour. After the crisis, health and safety guidelines were strictly followed. Currently the company is trying to reach the same levels of production as the pre-covid times while maintaining high standard of hygiene and health precautions. The company has not witnessed any big changes in their business operations and gives most importance to the wellbeing of its worker.

## **Company B - Silver Jewellery Manufacturer**

Company B is a Silver jewellery maker and the owner/manager was the interviewee. The company had previous experience with crisis when the Indian government discontinued existing currency and introduced new series of currency notes. In their experience, demonetisation of 2016 was one of their worst experiences in crisis management. During that time it was difficult for the company to manage their production as they were dependent on cash for their daily operations. The crisis was sudden and did not allow them to prepare for the effects. Moreover, adequate infrastructure was not in place to meet the demands of cash conversion and withdrawals. ATMs were few and sparsely located and were not sufficiently loaded with new currency notes. Banks and financial institutes were burdened with long workhorse and shortage of new currency. Adding to the woes, the employees were not trained in online methods of cash transfer and payments. There was no trust and belief in the digital cash management system. The owner was able to convince the employees to shift to digital system of payments of salary and also educated them on good financial practices. Their business payment cycle also moved to advance payment and focused less on the credit based transactions. Maintaining strong financial health was seen as a way out of the crisis and all employees had their bank accounts opened with health insurance and term plan. So when the lockdown forced them to close their manufacturing unit, the firm was able to bear the shocks of no cash flow from the business operations. The learning from previous crisis helped them in lessening the harsh of Covid-19 pandemic. During the pandemic, the owner worked on developing new strategies for the business and expansion plans for the business to reach newer markets. They also concentrated their efforts on tallying their account books and also provided the option of pay later when any order was placed on their social media page. After the lockdown was over, the employees returned only after positive medical result. Hygiene and sanitation measures became a part of the manufacturing process. No particular crisis mechanism was practised by the company and even after facing a grave crisis, the company did not create a crisis management plan. They survived the three months of closure by living off their savings and strictly following the lockdown regulations. In the company's ability to manage crisis in future, the words of the owner are, "*..these other crises you can manage, but not the crises like covid or demonetisation*". For many other small companies like this, crisis management is a part of the business and being financially stable is the only way out of crisis.

## **Company C - Aluminium Fabrication**

With 23 years into the sector of aluminium fabrication (mainly aluminium window and door frames), this micro business is led by the second generation of the family. It consists of 7 employees including the owner, the son of the founder. The firm had survived two major crises in its lifetime. The first crisis occurred in early 2000 when a new competitor started vying for the market by offering cheaper goods. The competitor was a bigger sized organisation with excess funds which they invested in the operations, promoting the cheaper priced material and bearing losses. Company C changed their strategy as they were small and not able to compete at such large scale. They implemented value added service by providing consultation on designing the products and also by offering newer products made of aluminium. Shifting the focus from the doors and windows, they expanded their portfolio to include 8 items in total. Another crisis they faced was in 2016 when government ceased the existing currency and introduced new currency. Since their business is primarily cash based, it was a setback for their business. At that time they were not using any digital payment methods and after demonetisation, they adopted use of digital payments. Financial liquidity and procurement of raw materials are two main challenge which afflicts their business. Strict lockdowns during Covid-19 pandemic exacerbated their situation and the owner had to shut their operation for an unknown amount of time. The initial outlook was positive but as the cash reserves dwindled, so did the hope of returning to normalcy. By the second phase of lockdown, the business had opened with sparse functions. Two of the three offices were completely closed and they were receiving orders via their website. This prompted the owner/manager to improve his company's visibility online and improve the webpage. Another benefit of their website was that customers from outside Delhi also started to notice his products and services. Now about 30-40% of his business comes from online channels. After opening of the lockdown, the business resumed its operation slowly. None of the employees were fired. The owner paid his employees from his own savings for about 3 months. They saw orders being cancelled and severe cash crunch during this time, as suppliers were not trusting. With the uncertainty in the economy, none of their parties were willing to transact with advance payments. Meanwhile, the owner also started to upskill himself and focused on market research. He eventually started a second business during the lockdown to supply essential goods in his area. This venture provided his company supplemental income. This new business was based on digital platform and involved no physical contact with the actors. Service fee was collected via digital means and goods were supplied with no contact delivery. After the relaxation of the lockdown in 2021, the owner extended this service



to include other items in his delivery service. He plans to expand his reach by including nearby areas and employing a few delivery people.

### **Company D - Retail Card payment**

Being a young fintech startup, this company had young blood rushing and taking an aggressive stance even during the pandemic. The head of engineering department was interviewed for this case study who has a rich experience in the startup industry and a strong technical background. The model of the company D is based on Buy Now Pay Later (BNPL) targeted at the millennials in India. They offer easy access to credit cards for youngsters which is customised based on their requirements. The company was on its expansion path when covid-19 hit and they had to shut down for the first phase of lockdown. They soon resumed their work with a more aggressive strategy when the lockdown relaxed. The founder worked with his team of strategists and top managers and revamped the operations of the business. Saving the business was their top priority and they took swift actions on making that happen. The product they sell is a credit system designed for the youth. In the crisis, they cut back on credit limits of risky customers and marketed to new customers. Backup of all key resources was made and redundancies in the system were removed. The founders decided to grow as fast as possible while also creating enough cash buffer. The company was also able to onboard a new partner within a short period of time as the crisis continued. They went the cost-cutting route, reducing expenses while the employees received no increments during this period. The company also focused on improving their products and creating a buffer for the unforeseeable future. Financial planning and prudence were observed during and after the crisis. The employees would interact regularly via video chats and work closely with their respective teams as they shifted to a work-from-home model. Health and wellness of the employees was also a big part of their strategy. The company made sure that the employees were insured and even provide medical reimbursements for tests and medical expenses. The families of the employees were also covered. Finding and retaining the right talent was a challenge for this company. During the lockdowns, the company ensured that the employees were kept satisfied and even provided counselling for mental wellbeing. It was 'all hands' during this time to define their business processes and implement new strategy. These steps helped them survive the crisis by maintaining a healthy credit portfolio and strengthening their product and processes. The company has plans to expand to other cities and capture the majority of the market. Their competition has been eliminated in this crisis and the company has moved in the ranks of top 5 retail lenders.

## **Company E – Supply chain financing**

Company E is an upcoming supply chain financing platform which provides fast access to credit for many small businesses. Their cutting edge proprietary technology creates innovative lending products matching customers based on a superior underwriting process. Being a young company every project is a challenge for them. Persistence and perseverance plays an important role in reaching out to customers and credit providers alike. Other challenge include hiring employees, scaling fast and regulatory hurdles. Covid did not directly hit their business model but had a huge impact on their revenue streams and growth as their major customers are SMEs. When small businesses shut operations and were not seeking for credit, the company E was not able to generate new sales. During the first phase of lockdown, they focused on improving their product and setting new directions for the business. One of the co-founder foresaw the challenges of the pandemic and said *“when the world is coming to an end, then we should act fast and do something about it”* (Interviewee I5) due to which this company moved to work from home model at least a week in advance. During the whole lockdown period, the company was not able to lend and underwrite for upto nine months. Only collection of past dues was being carried out via phone. The teams communicated with Zoom or MS teams, phones and WhatsApp. The company negotiated with vendors for cheaper pricing for office/admin expenses and in-house legal counsel was to save every penny. The employees did not see salary cuts as the company had a comfortable financial position. By the second phase of lockdown, they were in a better position. They started lending again online and collection process also continued but no incremental and new sales were made. The management was directing the company during the crisis and taking quick decisions to reduce the impact on the stakeholders. During the second lockdown the operations were continued in a better manner. The company launched a new product and starts geographical diversification. They also developed a new strategic growth plan to expand to foreign markets. Doubling down on technology was a mantra that they abided by. After the lockdown, the company saw changes in how they worked. Work from home is a model they have kept for the technology team. Their focus has shifted to a different target segment of customers while they are also offering their technology on subscription model to create a new revenue stream. All in all the company has come out much stronger from the crisis and is ready to capture more market share in its industry.

## **Company F – Retail E- Commerce**

The company was established in 2016 with the mission to bring handwoven Indian clothing line to millions of households by 2 sisters. The target clientele was young, urban women who wear their Indian traditions and culture in their daily social interactions. The founders had no background in fashion but they were immensely inspired by the huge collection of heirloom sarees which their mother possessed, and wanted the same accessibility to be available to every Indian women irrespective of class or status. They quit their jobs and pooled in their savings to start their venture by clearly defining the challenges the weaver face and building a business model around it to keep it real and sustainable. In the initial days of the business, the founders had difficulty convincing the suppliers to sell them their products as they were quite young with no reputation in the business circles. They quickly resolved the issue by roping in their father who was a Bank officer with the street credibility to convince the suppliers. After initial hiccups their business started to grow, steadily increasing in the next 3 years till they launched their online shop in 2019. Tragedy struck once again when during the promotional event of their online shop at a local mall, their pop up store caught fire and they lost half their merchandise. The sisters didn't lose hope and rallied on to keep the business growing, finding alternate sources of funding till the revenue from the online store stabilised. By the beginning of 2020, Covid-19 had hit India and the government announced strict lockdowns. Orders stopped coming in and supply chain got backed up. It was quite a set back for the business as the online sales was just picking up with the website being launched a few months back. Since there was no other choice, the company was forced to close for 2 months and more than 1400 daily wage workers were also affected by this closure. During this time, the founders revisited their growth and expansion strategy meanwhile focusing on online marketing strategies to stay connected with the customers. Now the time called for keeping the business afloat and try to keep their supply chain functioning and not stop. They maintained connection with their customers by various campaigns on social media channels like Instagram and back to back collection launches. They also started taking orders on Whatsapp for local delivery. They also reassured their handloom artisans to keep producing for them despite not getting any sales or generating revenues. Since the sale of non essential items was not allowed, the company added cotton masks to their offerings which they could sell under health section. They also introduced care hampers as gifts to be sold through their Instagram account. The employees and artisans were guaranteed employment with job security. Communication channels were kept open and transparent both within and outside the company. Employees were encouraged to up skill themselves and they moved to 'work from home' model after the initial lockdown was relaxed in

their city. By the end of 2020, when the festive season was starting, the retail sector witnessed a huge boom and the company was ready to fulfill all the orders that they received through various channels. As of the first quarter of 2021, the company is back on its track of expansion to 2 new cities and also tweaking the marketing strategy to cater to their growing online consumers. To manage the growth in their business the company has grown from a humble 30 to almost 100 employees. The pandemic gave this young business time to steer their ship and the leaders took this opportunity to dive into the digital space.

### **Company G – Business process automation**

Company G is a business transformation and automation consultancy with a team of 15 people. The interviewee is head of marketing with more than 10 years of experience in the industry. The company provide business automation tools and advisory services to businesses who do not have technological capacity. The crisis was termed as silver lining for their business as the shift to online model of operations is a validation of the automation and digital transformation for which they are a part. The founders of the company detected the upcoming lockdown scenario and quickly organised a webinar for marketing their services, before the lockdown came in place. Even though they had to dispose of their previously planned campaigns which were planned to take place physically. Their business operations continued online but during the long lockdown, the number of customers dropped significantly as most businesses were closed. The only cost saving initiative was holding back on bonuses and sales commission sales. Employees had to share the work load as it was still tough to manage the crisis. The teams met on Zoom and WhatsApp calls to discuss the next steps. When the business witnessed a lull period, employees were anxious and worried about their job security. Peculiarly, there was no mention of health practices, as the employees never met once during the entire lockdown. The company management started a rewards and recognition program during that time to keep the employees motivated and engaged. There was no financial remuneration. Once the lockdown was relaxed, the founders decided to stick with remote work and starting conducting more of the Townhall meetings virtually. Six months after the lockdown was implemented, the company witnessed increase in sales and by the first quarter of 2021, they were back on track. It was being decided that the employees would receive a mid year bonus after a year no incentives. The interviewee was hopeful for full recovery of the business by the end of 2021.

## **Company H – Automation and Business transformation**

Being an industry leader in IT transformation services and consultancy, this old school slightly slow moving company has kept its doors open since 1970. Most of its work is outsourced to third party vendors and contractual consultants. The hierarchy is matrix based and some departments report to a 2 or more bosses based on the task to be achieved. The culture of the company is still very employee centric and open lines of communication exist. Strong emphasis is given on ownership and creativity. Feedback and suggestions are always welcomed by the senior bosses even from the junior employees. The company aims to always follow the industry best practices. During crisis like situations, they follow Root Cause Analysis (RCA) to resolve the problem and every member of the team equally participates. In 2017, the company began the task of automating their marketing campaigns and created a special department for it. By 2018, they were still struggling to fully automate their systems due to legacy issues. They had just struck a deal with a marketing service provider in Oct 2019 to help them manage the automation process, and were on the way to complete the shift when the Government of India enforced lockdown and closing non essential businesses in March of 2020. They also had to close the offices in the cybercity. Employees were asked to take paid time off for 2 weeks while the top leaders worked with HR and legal teams to come up with a solution. Before the 2 weeks were over, the company migrated to full work from home model and even gave the option to young mothers on their maternity leave to join back. This led to increase work force during the time the crisis was in full swing. Contracts for third party vendors were put on hold and clear communication was sent to the employees that no one will be fired. Extra tasks were taken by all employees irrespective of the position in the hierarchy, focusing on fulfilling client needs based in America and Canada. Turn around times for projects were shortened, vigorous marketing and sales promotion was done online, and any sort of frills was cut down. Client engagement was kept at the top to avoid any major loss to business. Targets were not achieved but neither the numbers touched zero. Employee morale was boosted by carrying out various online team events and parties. Shout out awards were held twice in the span of 6 months on Zoom webinars to recognise and award hard workers. The company also used the professional media platform LinkedIn to provide courses on working from home, time management, productivity and employee well being. Employees could take any number of leaves without pay cuts. Keeping employee health and wellbeing on point, the revenues bounced back to pre-covid times. Relentlessness and agile processes have made this company sail through the storm.

## **2.4. Analysis of Interview data**

Thematic analysis of the data helped reveal the sub themes from the manager's experiences. The responses were read multiple times to interpret further themes and insights. Thematic analysis is good approach in qualitative studies as it allows to discern participants' views and opinions from a set of data such as interview transcripts (Caulfield, 2021)

Data collected for the study remains anonymous as requested by the participants and have been coded as Company A through company H and Interviewees have been assigned codes from I1 to I8. The interview questions were open ended comprising sections on background information, crisis management practices, covid and its impact, any previous crisis/challenge faced, learning from crisis, leadership competencies and skills, and finally about the change in the crisis management practise after covid-19. The interviewees were sent a brief write up about the interview process a few days before the scheduled interview. On the day of the interview, the questions followed a conversational tone and the repondents were allowed to give original and unbiased answers. Expression of their opinions and detailed account of their experience was encouraged. They were assured of data storage policy and anonymity in data processing. This helped them to talk freely about their organisation and provide biographical accounts from their memory. Consent was also gathered from the interviewees to record the main part of the interview for research purpose so that the key words could be used during the analysis. Only one participant was not comfortable being recorded. The audio recordings were transcribed for analysis using free transcriber tools and provide accurate transcriptions. Themes identified from the data are arranged for presentation in the tables in the next sections. These transcripts were analysed thorough thematic analysis which brought out the common themes.

### **3. RESULTS AND DISCUSSION**

This section presents the responses from the interviews of the managers/owners and the secondary data collected by examining the documents. Results from the interviews are thematically analysed and patterns were generated. Based on the themes derived from the interviews, crisis management practices are identified and this research further verifies the crisis management model by Hong et al. (2012). Specifically, this research categorizes all identified SMEs crisis management practices from the five phases, crisis detection, preparedness, crisis, recovery, and resolution, into three broad phases, namely, pre-crisis phase, crisis and post crisis phase derived from Figure 1. According to Pedersen et al. (2020), the clusters of detection and occurrence can be assigned to the pre-crisis phase, whereas the clusters of recovery and resolution concern the post-crisis phases.

In the following sections, the author discusses the crisis management mechanism of the companies, followed by leadership competencies and the innovative solutions/strategies employed by these companies.

#### **3.1. Crisis Management Mechanisms**

The interviews brought out the perception of the managers related to crisis management situation in their companies. There didn't seem to be a planned approach towards crisis management in any of the companies interviewed and most were taken by the severity and suddenness of the lockdown in March 2020. Sahoo & Ashwani (2020) comment on the impact Covid-19 had on India's economy forecasting upto 7% negative growth as a result of handicapped trade, manufacturing and MSME sectors. In view of that, these companies still practised some form of crisis management mechanism and are now turning their business around. (Kaushal & Srivastava, 2021) Appendix 3.1 gives a summary of the Crisis management mechanisms (CMM) observed in these eight Indian SMEs.

RQ 1 What **Crisis management mechanism** exist in the company?

To answer RQ 1, What Crisis management mechanism exist in the company?, it can be observed from the table that crisis management mechanisms in these companies are a mix of *involvement of management, leadership and strong communication followed closely by cost reduction, and strategic planning*. The result conforms to the earlier research in this area where the role of leadership is found to be critical in companies which bounce back from crisis (Van Wart, 2011; Dirani K. M., et al., 2020; Wooten & E.H. James, 2008 ; Eldakak, 2014 ; Hong et al. 2012; Bhaduri, 2019; Konig A., et al, 2020). In all the phases of crisis, leadership, involvement of management and communication was the most important and adopted practice, followed closely by strategic planning and cost control to recover from the crisis. The owner/founders of the companies viewed the crisis as merely a dip in business cycle and even after re-opening their business, hygiene factors and financial prudence were top priority. Crisis management plan was not even considered during the post crisis phase.

### *3.1.1 Pre-Crisis Phase: Detection and Prevention*

Since the timeline for the virus to spread to major parts of India was long, and the nation-wide lockdown only came into effect on March 24, 2020 (Mitra, S., & P., 2020). The companies had to shut operations abruptly resulting in less time for the first phase of crisis management. No crisis management plan existed in these companies that could have guided them amidst the crisis. Only one company had a Business Continuity Plan (BCP) which was not implemented during this time as it was not applicable for the sudden crisis. Another company had a crisis management plan which again was not put into action as they did not think that the lockdown will last long. Majority of these companies managed the outcome of the pandemic as and when it occurred. Being a sudden type of crisis, the management was not able to foresee it in full. The whole country believed that the government was taking the right decision by implementing nationwide lockdown for 21 days and they assumed that the lockdown will not extend further than that. *“This would not effect our company”* reflected Interviewee I8 when asked about their initial reaction to the lockdown. Many were not worried when their business halted completely during the first lockdown and assumed that it would pass quickly. Especially the companies in the IT sector as they already had the infrastructure for work from home in place. But nonetheless, they also had to shut operations while the HR and IT team tried to get everything in working order.

Add to it the belief that they were better off than the rest of the world and invulnerable to this crisis (James & Wooten, 2004) which was spreading in places like China, Europe and the US. By that



time only 19 deaths were attributed to SARS-CoV-2 virus (Mitra, S., & P., 2020). Companies irrespective of their sector expressed surprise when the pandemic hit their business “*How could this happen to me?*” Interviewee I6 told during the interview recalling her sentiment. Companies D, E, F, G, & H had special meetings and war rooms for addressing the situation and discussed the next steps. The manufacturing companies A, B, & C didn’t have a formal meeting when the lockdown began but their owners also conveyed the clear status of the business to their workers via phone calls and whatsapp messages.

After the initial 21 days were over the lockdown was extended a few more times. It created negative affects on employees’ mental health as there were long halts in the business with no clear timeline of reopening of business. The managers of the firms expressed their trust in the continuance of the business and established calmness among the employees. They provided safe space for the workers and ensured that the jobs were secure. This is one of the crucial steps in crisis management and ensures that the organisation will act as one unit.

### *3.1.2 Crisis Phase: Occurrence and Containment*

In this phase, quick decisions need to be made to limit the damage caused by the crisis to the business and communicating clearly what needs to be done. Leaders play an important part in handling this stage of crisis management (Van Wart, 2011). According to the interviewees, their respective managers/founder acted promptly to take hard decisions and galvanise the employees to brace for the repercussions of the lockdown. Strong and clear communication was evident in all the companies as the number of virtual meetings and activities increased during the lockdown. Whether they waited and watched for the situation to improve or worked hands on with their teams to make changes in their process/product, the companies managed to beat the pandemic. Tough decisions like making salary cuts for only the top level were made keeping the priorities of the business at forefront. The top founders of company F proactively announced that they will not take any salary and reduced remuneration for the top management. “*I survived on savings and also to pay my workers*” affirmed I3. This allowed them to keep the external workers paid during the first few months of the business closure as part of their company’s crisis management mechanism. Company A also sanctioned pay cuts but only for the senior level employees based on the pay grade. The higher the grade, the more percentage of reduction in their salaries. The factory workers and lower rung employees were not part of this move. In this manner, the company A was able to retain their most crucial workforce.

The government policy meant to revive the small businesses proved to be futile for the manufacturing companies (Ghosh J. , 2020), while the IT sector companies hardly had any requirement of government assistance. Revenue and earnings was of major concern for these companies and owing to their small size, limited resources, and the government funding which came too late for to matter, they had to come up with ingenuine methods to survive the crisis. The employees already were ready to compromise on less salary or no bonuses. *“Suppliers were asking for advance payment and I didn’t have additional money after accounting for my worker’s salary”* rued I3 about the situation. As the incomes declined, many huoseholds had to survive on their savings or borrow money from family and friends. The highest negative affect was seen in the lowest rung of the society (Singh, Singh, & Baruah, 2020) . Unable to cope with their lives in the city and long pending governement aid, these workers took a drastic action. A unprecedented migration of the labor workforce was seen amidst the looming health crisis, where millions of families walked back to their villages covering hundreds of kilometers. (Das, 2020) This was imminent in company A, *“.. borders were sealed and we took special permission to transport half of our employees to their respective villages. It was a harrowing experience for them”* - Interviewee I1 recollected.

Innovation was found to be a tool important in the survival kit of SMEs during and after crisis in the recovery phase by a recent study in Mexico (Caballero-Morales, 2021). Founders of company F demonstrated quick decision making and innovative strategy implementation by offering cloth masks for sale under ‘essential item’ as they were not able to sell their merchandise (‘non essential item’) during the lockdown. *“ Since we couldn’t sell our products anymore, we started offering handmade masks on our stores”* I6 told during the interview. They sat down with their strategy team and offered a new product amidst the chaos of lockdown. This helped them start their trade cycle earlier than expected as the lockdown continued to be stretched from initial declaration of 21 days to close to three months. It also showed a streak of creativity in decision making by their leaders. Being small they were nimble enough to take a major business decision and carry it out at such short notice. On the other hand, the owner of company C started a delivery service in his locality to provide medical goods and other essential items to help earn some income for his workers as they were not able to work in the factory. *“I started a side business to supplement income during the second phase of lockdown”* Interviewee I3 spoke of his new venture. This result adds to the previous study by Akinwale, (2020) that innovation efforts contribute positively and significantly to product and process innovations in small businesses.

Companies in not just in IT sector took advantage of technology, adopting agile methodologies and quickly transitioned to work from home(WFH). The owner of company B interviewee I2 started working more on their online store and through it reaching out to their regular customers during the lockdown. He also expanded his clientele to include bigger companies and supply his products to the bigger showrooms. This behaviour is supported by recent studies of SMEs adopting technology and social media for expanding their business (Trawnih, Yaseen, AL-ADWAN, Alsoud, & Jaber, 2021) (Strategic Direction, 2021) (Salam, Imtiaz, & Burhan, 2021).

### *3.1.3 Post-Crisis Phase: Recovery and Resolution*

The organisations either took on WFH early on in their crisis management cycle or completely shut shops. This reduced their recovery time and also avoided unnecessary pay cuts or job losses. Employees of company F were encouraged during the closure time to invest in their learnings via online courses. Though the workers were not doing any work in the initial lockdowns, the organisation gave them the option to be with their families and improve their skillsets. This downtime allowed them to be able to perform better once the company resumed their operations in July 2020 and they were offered the WFH option. *“I took online courses. I paid from my pocket but it helped me not lose hope during that time and be doing something”- Interviewee I6.* On the other hand the company H was able to provide WFH opportunities to its employees within two weeks of company closure.

Company F was already working on the backlog of orders created during the two months cessation of operations. When the lockdown was relaxed to allow sale of non essential items during the festive season, they were ready to deliver their products to their customers. They also put in place new hygiene measures to comply with WHO standards and this will be carried on for their future deliveries. The company H is already proposing that the operations & IT team continue work from home even after the business opens normal operations, as long as it is not required to be physically present. They are also thinking of further reducing cost by giving some of the corporate space in their IT hub office for rent. *“Our bosses have hinted that I can continue to WFH even after the office resumes normal functioning.”*, said I8 excitedly.

For fintech companies, it was a good year. Company D has already witnessed increase in its portfolio and is focusing on developing for foreign markets. *“We are already applying the knowledge that we acquired during the past year and a half to develop the product for US markets..”*, I4 revealed. Interviewee I5 is also positive of the bright future of his company.

*“Our company is definitely stronger after this crisis...even after the second phase of lockdown our operations resumed. Only the collection stopped as we couldn't go out”*. The manufacturing companies are no far behind. *“Our company is back to 80% capacity. We started from zero last year”*, I1 proudly spoke of his company's turn around.

After the businesses resumed, the health and hygiene standards became extremely important to these companies. *“Regular medical check ups have become part of our business now”* Interviewee I2 disclosed about the changes in their company's regulation. The hygiene and safety factor is even more pronounced in manufacturing units as the workers have no option of working from home. So the manufacturing companies have incurred the cost of ensuring proper PPEs, cleaning and sanitation of the work areas and full vaccination of the workers. *“I got every employee under me to get vaccination”* Interviewee I1 declared while voicing concern about the changes in the work environment in his company. Company C has also ensured that all the employees have health insurance along with their families. This way the burden of the medical expenses do not fall on the employer and the workers also are less worried about availing medical facilities. *“My employees all have health and medical insurance covering their families. I also conduct routine checks in my workshop”* - Interviewee I3 said.

### **3.2. Leadership competencies observed**

As per the studies done on leadership competencies during crisis, certain traits of the leader were discussed in the chapter 1 subsection 1.3 . Some of those traits are covered during the interview with the managers of our study. Sometimes the interviewees mentions similar words to describe the competencies of their leaders/founders. There were some commonality and differences on how each of the leaders managed their company in the time of crisis. Appendix 4 presents the themes extracted from the interviews and compares them across the four participating companies. The results from the interview helps answer the RQ 2.

RQ 2 Which **leadership competencies** are important in managing crisis?

*Effective communication, quick decision-making, being understanding, and accessible* were the top competencies that was observed among the leaders of the eight companies. The second most cited competencies were *trust building and direction setting* followed closely by *risk taking and*

*being empathetic.* In the following section, these competencies are examined in the three stages of crisis management.

### *3.2.1 Pre-Crisis Phase: Detection and Prevention*

Leaders of these companies exhibited some form of sense making, perspective taking, and trust building competencies. *“It was so sudden, that we couldn’t do anything”, Interviewee I6* opined while another interviewee expressed helplessness *“very abruptly.. couldn’t go out and lend (to SME clients).” ( Interviewee I5)*. The founders and CEOs of all the companies exhibited sense making competencies by communicating clearly about the situation of the company as soon as the lockdown was announced. Because of the uncertainty related to reopening of the lockdown, there was fear and anxiety among the employers across all the companies. *“Crisis can trickle down and create fear .If no deals are closed then maybe we will be fired.”* Interviewee I7 expressed her concern and situation during the peak lockdown. Most company leaders managed to assuage the fears and anxieties of their employees. The owners of the manufacturing units went an extra step to calm their workers by treating them like part of their extended family. *“They look up to me eventhough I’m younger to them. I have to assure them of the situation”* said the owner of the company C. The workers were entirely dependent on the employment and the lockdown limited their access to even basic commodities (Singh, Singh, & Baruah, 2020). In such circumstances, the perspective taking and trust building demonstrated by the owners helped the workers remain comfortable in the early phase of the lockdown. *“I told my workers that I’m with them and will help in anyway needed”*- recalled interviewee I2 while interviewee I1 spoke of the mantra which helped him manage his team, *“I had to hold onto my workers. That was the top priority”* - Interviewee I1.

### *3.2.2 Crisis Phase: Occurrence and Containment*

It showed how incorporating human touch can keep the component of ‘trust building’ ongoing from the previous phase of crisis management. Interviewee I1 emphasised on ‘humanism’ way of dealing with employees and suppliers alike.

Clear and direct communication of the situation and open channels are very important to make sure that the remote/online processes are running smoothly. It is observed that the managers were able to keep the employees engaged and dialogues flowing. *“The founders kept us involved in the decision making process”* reflected interviewee I6. Irrespective of the type of the company all managers kept the multi-directional conversations to establish a sense of normalcy. *“We have open*

*channels of communication during this crisis. Anybody can contact the founders*”, said interviewee I8. Interviewee I6 was part of the core strategy group and was involved in planning during lockdown and the next measures for the company. They kept both the internal and external stakeholders informed and insured of the situation of the company. In company G, employees worked multiple roles and took additional responsibilities as there were no hiring during the quarantine period. The founder and her boss showed flexibility by taking up sales and business roles.

Interviewee I4 from company D shared how their bosses became even more aggressive in their approach. Everyone shared equal burden in this circumstance and showed drive and willingness to take risks. The company even acquired new partners and also trimmed their risky customer portfolio and avoided unnecessary spendings.

Another significant outcome was the engagement of the employees and team building during the course of the crisis journey. Since everything was laid out on the table by the leaders of each company there was no hidden anxiety or anguish among the teams. The workers of all the companies stood by with the decisions of their leaders and actively participated in resolution of the situation. “*HR kept us engaged with activities on Zoom and Office intranet*” I8 explained. The spirit and drive witnessed during their regular meeting helped convince the employees that they can weather the storm. “*We were given revised target and shared all sort of responsibilities as there were shortage of staff*”, said I7 when the founders adopted the aggressive strategy to focus only on the most important tasks. Their efforts during the past two years paid off and the company was able to reduce the revenue losses suffered in the beginning of the lockdown.

### *3.2.3 Post-Crisis Phase: Recovery and Resolution*

As these businesses continue to work in the new business space, the leaders also have new strategy in place to keep them going. They see digitalisation as a way to rebrand themselves. Company F is already using social media to improve their marketability and improve sales, so does company C. Company H is allowing for WFH for all the employees wherever possible. They seem to have no problem in implementing their technical skill to their advantage. They are also giving free mental health app like Calm to ensure well being of their employees during the pandemic.

The projects were redistributed by the managers of company H and they even encouraged employees on maternity leaves to join back to manage the workload. It showed prudence in

decision making by the managers as the company was able to offer flexibility, motivate their team, and show resilience in the light of crisis. *“My boss joined midway in her maternity leave. She was thrilled to work from home and still take care of her baby”- Interviewee I8*

### **3.3. Innovative practices adopted during crisis**

RQ 3 What **innovative practices** did the company employ to deal with the crisis?

In answer to RQ 3, What **innovative practices** did the company employ to deal with the crisis?, it was found that innovation efforts contribute positively and significantly to product and process innovations. The research has concluded that the cultural notion of chalta hai impacts adversely the sustainability of business firms operating in India, with its effects being dominant.

(Chatterjee, Chaudhuri, Vrontis, & Thrassou, 2021). All interviewees were of the opinion that innovation was important and that their company practices some sort of innovative practices in their business but only a few companies exhibited the use of innovative practices to manage the crisis. Each manager had a different interpretation of the term and used words like creativity, new methods, new design to describe the innovative practices. Two of the interviewees did not agree that innovation or innovative practices would have made any difference in dealing with the covid challenges. They were of the opinion that in such type of crisis, a creative approach will futile as the future remain extremely uncertain. The changes caused by the lockdown and the covid pandemic was too much to have accounted for any process to be followed.

“In addition to causing dramatic damage to people's health, the coronavirus has affected also the financial health of companies worldwide. Among them, SMEs (small and medium-sized enterprises) tend to be more vulnerable. Characteristics such as scarcity of financial resources and lack of specialized knowledge make their situation even harder. This pandemic has resulted in increased digital transformation, changes in customer behavior and the managerial and technological knowledge gap to address them. (Klein & Todesco, 2021) It was found that innovation efforts contribute positively and significantly to product and process innovations. Meanwhile, process innovation is positively significant in influencing the MSMEs' financial performance whereas product innovation though positive but not significant. This implies that top management in this sector should concentrate more on process innovation as this improve their financial performance during the lockdown.”

Innovation was found to be a tool important in the survival kit of SMEs during and after crisis in the recovery phase by a recent study in Mexico (Caballero-Morales, 2021). Founders of company F demonstrated quick decision making and innovative strategy implementation by offering cloth masks for sale under ‘essential item’ as they were not able to sell their merchandise (‘non essential item’) during the lockdown. “ *Since we couldn’t sell our products anymore, we started offering handmade masks on our stores* ” I6 told during the interview. They sat down with their strategy team and offered a new product amidst the chaos of lockdown. This helped them start their trade cycle earlier than expected as the lockdown continued to be stretched from initial declaration of 21 days to close to three months. It also showed a streak of creativity in decision making by their leaders. Being small they were nimble enough to take a major business decision and carry it out at such short notice. On the other hand, the owner of company C started a delivery service in his locality to provide medical goods and other essential items to help earn some income for his workers as they were not able to work in the factory. “ *I started a side business to supplement income during the second phase of lockdown* ” Interviewee I3 spoke of his new venture. It was found that innovation efforts contribute positively and significantly to product and process innovations for those companies who found a way to implement it.

However the focus mainly remains on marketing and technical advancement. The interviewees equivocally agree that a structured crisis management plan would not have made much differences to the situation they faced in the past two years as the crisis was unanticipated. They agree that a crisis management guide would help them manage their decisions better and also have shown strong faith in their leaders competencies to handle stressful situations. It can be observed that these small companies would rather focus on short term strategy for managing the business crisis than have a crisis management plan attributable to their limited resources and funds. The Covid-19 pandemic has given a taste of whats to come in the next few years and these SMEs see that opportunity in digitalisation. Company F have halted their plans of expansion of shops in other cities as per their previous strategy and are solely focusing on establishing online presence. Their small stature had allowed them to adapt quickly and without much losses, in consistent with the studies of Miskuva 2011 and Herbane (2013).



## CONCLUSION

This chapter summarises the results, limitations and implications of the study, and provides recommendation for future research.

The paper set out to find how Indian SMEs dealt with crisis based on leaders or managers' experience in the Covid-19 pandemic. Significant factors such as leader's role in managing the crisis, and contribution of innovative practices in dealing with crisis was presented bringing forth the crisis management mechanisms used by eight Indian SMEs during the Covid-19 pandemic. The small size of these SMEs prevent them from investing heavily in crisis management practices and the results point to the difficulties they face in adopting a crisis management plan owing to the ever present issues of access to proper financing channels and information availability.

Since there is no one-size fit all solution, an in-depth case analysis was carried out to compare SMEs of different industries in India, to contrast the business processes based on different economic conditions and geographic boundaries. Semi-structured interviews with owners and senior managers helped in developing the insights for crisis management practices of the companies. From the analysis of data, the most popular crisis management mechanisms found were strong leadership, involvement of management, clear and regular communication. These were followed by strategic planning to re-examine the business goals, and cost reduction to bset utilise the available resources during the crisis. Being financially strong and capable was also a very crucial strategy for these small businesses, as access to finances was always an omnipresent issue as discussed before in chapter 3. Attention was also paid to health, safety and hygiene procedures in light of the crisis. Appendix 3.1 presents the cross case summary and showcases the similarities and different approaches to handling the Covid-19 crisis among the Indian companies.

The study also focused on key leadership competencies which helped the businesses to stay strong through the pandemic, and the use of innovative practices by the business to endure the negative setbacks of Covid-19 crisis. Leadership competencies that surfaced with the interviews were quick

decision making, communication, trust building, being accessible and empathetic, along with displaying a risk taking appetite and understanding the needs of the employees. Employees of the companies had strong faith in their leadership and displayed strong obedience to their decisions and strategies. Workers of the manufacturing units are completely dependent on their managers/owner of the businesses for their livelihood and they keep them in high esteem. The owners on the other hand consider them to be part of their extended family. The Indian concept of 'mai baap sarkar' was prominent in the manufacturing firms where the owner was the sole benefactor of his employees. He ensured proper medical help was available for the employees, and also took care of their financial needs. His role was of utmost importance as he counseled, enforced rules, and guided his employees towards better decisions during the covid-19 pandemic.

Innovative practices are used by the small companies in the spirit of 'jugaad', the low cost approach to problem solving that is prevalent in the Indian culture. What is considered novel or innovative was varied among the people interviewed. For some respondents, technological development was innovation while one respondent believed that his routine work involving looking for new designs for his customers was considered as an innovative practice. The innovative practice as defined in the chapter 1 subsection 1.4, was carried out by only four companies, three of which belonged to the IT sector and were start ups. The study again brings out the need for proper education and training for these smaller companies who find it hard to access the facilities available for them to grow. In the end, this study aims to contribute to the literature available for crisis management in SMEs by utilising leadership competencies and innovative practices.

## **Implications**

In the Indian informal economy, more focus is given on collectivism sentiments and owners/employees feel more comfortable if it is shown through the crisis management practices. When the founder of company A died during the crisis, the company considered it to be more critical than the pandemic itself as they felt loss of vision and foresight. "Treating employees like an extended family and participating in their well-being by the proprietors of the micro businesses. Aligns with the collective society in India. The care and concern shown by the bosses is appreciated by the workers and it alleviates their fear and anxiety during crisis (Ahuja, et al., 2021) Crises, like the Covid-19 pandemic, highlight the need for a more nuanced understanding of what organizations can do. Moreover, it illuminates potential research areas which address the seemingly ever rising demands that externalities and stakeholders can place on organizations

(Rosa, 2021). Of the interviewed managers/owners, only 1 company made use of the government aid highlighting the need to raise awareness and have easy channels of accessing the financing schemes. A cohesive effort not just by the government but also involving the numerous disparate associations and other civic bodies could help revive the SME sector. Better implementation of incentives and ‘knowledge about handling the crisis’ is a demand that was evident from the companies as the government aid came too late for many of the SMEs. This implies that top management in this sector should concentrate more on process innovation as this improves their financial performance during the lockdown and give them necessary buffer to survive.

The importance of forming new partnerships and exploring new modes of knowledge sharing to effectively respond to crises also emerged during the study, as per Duvendack & Sonne, 2021. Even after facing the crisis, the owners of the companies were reluctant to plan for managing the crisis. They expressed that they gained knowledge but no proper execution. This is in line with the research on family firms by (Konig, et al, 2020) that learning is hindered by the dominant family culture and inertia. Despite the challenges, these companies still practised some form of crisis management mechanism and are now turning their business around (Kaushal & Srivastava, 2021).

Chatterjee et al, 2021, found in their research that the chalta hai attitude is harming the sustainability of the businesses. (Chatterjee, Chaudhuri, Vrontis, & Thrassou, 2021) This laidback mindset can result in negligence, and forcing the company to always adopt reactive crisis management strategy. During crisis, the leaders have to be proactive and be able to detect the crisis before it can

The caveat by Mitroff et al in 1987 still holds true even after 35 years, *“Every organization therefore has a fundamental choice: Practice insurance against disaster or follow almost a guaranteed design for disaster.”* (Mitroff, Shriwastava, & Udwadia, 1987) . However, in this study, the main objective of crisis management is not face-saving, but to survive. Covid-19 was a ‘disaster’ that aggravated the pre-existing sickness of the Indian economy.

## **Limitations**

This study does not look at the company's response in the different phases of crisis management but rather notes the mechanism used during the occurrence and recovery phase through employees' perception and experience. It only succeeds in getting a snapshot of the crisis through the lens of the managers or the owners working in the company. The responses by the interviewees are based on their ability to recall the events that took place correctly and their experience in dealing with it. The study also relied on voluntary participation by the contacted company officials so the results cannot be generalised. Validity and reliability of the study could be limited by the researcher's own biases and access to the company officials. Lastly, access to documents of various companies was restricted due to company's privacy policy and data concerning the companies was not easily available in public records.

## **Recommendations for future research**

As this study was limited only to major cities, the current results could not be generalized to rural locations where most of the SMEs function in India. The managers and owner were well educated and had a better grasp on the concept of the business and their industry. The same conclusion can not be derived in case of rural enterprises. Thus, a topic for further work is to study the model in a rural context where most owners are semi-literate or illiterate. This study did not account for internal and external factors related to crisis management. Thus, examining the model in that light might bring more insights on the role of these factors play in the decision making during crisis management. Moreover, the crisis is not over and this presents the future researcher with the opportunity to examine the crisis management model in its entirety in conforming with the post crisis resolution and reflection phase of the crisis management model.

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## APPENDICES

### Appendix 1. Consent Form & Interview Questionnaire

The interview seeks to gather information for research involving crisis management in Small medium enterprises (SME) in India and the mechanisms used to deal with it. This questionnaire asks your opinion as it relates to your background in leadership as well as your position as a decision maker in your organisation during the crisis more specifically Covid-19 pandemic.

#### CONFIDENTIALITY

All identifiable information that will be collected about you and the organisation will be anonymised and codes will be assigned. The interview is recorded for research purposes only. If at any point during the interview you feel uncomfortable, the recording will be stopped.

**Data Storage:** All research data will be stored either in a locked desk or on a laptop computer that is password protected.

#### Thank you for your participation!

Participant details

Name:

Email:

Phone number:

Organisation:

Current position:

Years in this position:

Education:

- High School
- Bachelor's degree
- Master's degree
- PhD
- Diploma
- Other\_\_\_\_\_

## Interview Questions

### **Section: Background/History**

1. Can you briefly explain your career path and the positions you've had?
2. How long have you worked here?
3. Can you explain a bit about your responsibilities and what a traditional work- week looks like?
4. Who are the people you interact with daily for your job? (i.e. in terms of colleagues, partners, stakeholders etc.)
5. How is the company culture? Anything special about the company?
6. Are there any challenges you could pinpoint are reoccurring?

### **Section: Crisis/challenges & Covid-19**

1. What was the most challenging project you've encountered?
2. Have you faced any major challenge in your tenure? How did you manage it?
3. What is a crisis for you/company?
4. Does the company follow any practices or mechanisms to deal with crisis?
5. Do you think the company is well equipped to face any crisis? Are employees trained for it?
6. How did your company deal with Covid-19?
7. What did you learn after facing the crisis? Has there been any change in how the business functions?

### **Section: Leadership Competencies**

1. What you do believe is the role of leadership and management in crisis situations?
2. Who do you turn to during crisis?
3. What leadership style was/is followed in the company? What are the leadership characteristics that define your line of work?
4. What do you think is critical to have-knowledge or skills? How & what?
5. Which skills in your opinion are most important to manage a crisis?
6. What would you recommend to younger people in the business?

### **Section: Innovative strategy/solutions**

1. What changes did your company make to deal with the crisis?
2. How does your company perceive creativity or innovation?
3. Did it play a role in managing the crisis?
4. What did your company do different from others?
5. Which strategic changes were made during the time of covid-19?
6. What learnings did you gain from that?
7. How do you imagine the company's working style will change post covid-19?

## **Appendix 2. URL to the interview transcriptions**

<https://drive.google.com/drive/folders/1dvbmTeV-PsJWl44UxnEBhggbLgum-ddK?usp=sharing>

### Appendix 3. Crisis Management Mechanism observed in the companies

| CMM                    | <i>Company A</i> | <i>Company B</i> | <i>Company C</i> | <i>Company D</i> | <i>Company E</i> | <i>Company F</i> | <i>Company G</i> | <i>Company H</i> |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Leadership             | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Management Involvement | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Environment Scanning   |                  |                  |                  |                  | ✓                |                  |                  |                  |
| Market Diversification |                  |                  | ✓                | ✓                | ✓                |                  |                  |                  |
| Insurance              |                  | ✓                |                  | ✓                |                  |                  |                  | ✓                |
| Cost reduction         | ✓                |                  |                  | ✓                | ✓                | ✓                | ✓                |                  |
| Target Market Switch   |                  |                  | ✓                |                  | ✓                |                  |                  |                  |
| Innovation             |                  |                  | ✓                |                  | ✓                | ✓                |                  |                  |
| Employee hiring        | ✓                | ✓                |                  |                  | ✓                | ✓                |                  | ✓                |
| Recovery plan          |                  |                  |                  |                  | ✓                | ✓                |                  | ✓                |
| Customer Communication | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Supplier collaboration | ✓                | ✓                |                  |                  |                  | ✓                |                  |                  |
| New strategic plan     |                  | ✓                |                  | ✓                | ✓                | ✓                |                  |                  |

Source: Table derived from Hong et al (2012, p545), data from author's calculations

#### Appendix 4. Leadership competencies during Covid-19 pandemic

| <i>Leadership Competencies</i> | <i>Company A</i> | <i>Company B</i> | <i>Company C</i> | <i>Company D</i> | <i>Company E</i> | <i>Company F</i> | <i>Company G</i> | <i>Company H</i> |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Effective communication        | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Understanding the team         | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Decision making                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Understood the situation       |                  | ✓                |                  | ✓                | ✓                | ✓                |                  |                  |
| Accessible                     | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                | ✓                |
| Risk Taking                    | ✓                |                  |                  | ✓                |                  |                  | ✓                |                  |
| Trust Building                 | ✓                | ✓                | ✓                |                  |                  | ✓                |                  | ✓                |
| Long term direction            |                  |                  |                  |                  | ✓                | ✓                | ✓                | ✓                |
| Founder's intuition            |                  |                  |                  |                  | ✓                |                  | ✓                |                  |
| Empathetic                     |                  | ✓                | ✓                |                  |                  | ✓                |                  |                  |
| Take responsibility            |                  |                  |                  |                  |                  |                  |                  |                  |
| Transparency                   | ✓                | ✓                |                  |                  | ✓                | ✓                |                  | ✓                |

Source: Data from Interview responses. Author's calculations.

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