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ZHAW School of Management and Law

SMEs Fear Consequences of Geopolitical Situation

Sixty percent of Swiss SMEs expect geopolitical developments to have a negative impact on their businesses in the next 12 months. In contrast, less than one-third still expect to suffer due to the recent pandemic. These are the findings of the 7th ZHAW Coronavirus SME Panel.

For the majority of small and medium-sized enterprises in Switzerland, the pandemic has lost its ability to send shockwaves. Sixty-six percent anticipate either no impact on their businesses in the next twelve months or even some positive effects. Thirty-one percent still expect some negative consequences, but this figure is eight percentage points less than six months ago. At the same time, 60 percent of SMEs expect the current geopolitical situation to have a negative or very negative impact on their companies. These facts have been published by the 7th Coronavirus SME Panel at the ZHAW School of Management and Law and are based on a recent survey of nearly 200 SMEs.

Shortage of raw materials

"The war in Ukraine has replaced the pandemic on the SME worry barometer," says Andreas Schweizer, a project manager from Corporate Performance and Sustainable Financing at ZHAW. Fears are most pronounced among companies active in the manufacture of chemical products, retail trade, and the mechanical and electrical engineering sectors. Despite this, only nine percent of all SMEs think it likely or very likely that they will run into financial difficulties in the next 12 months due to geopolitical conflicts. Similarly, just one in 10 companies anticipate future financial problems owing to the recent pandemic.

However, the companies surveyed were more pessimistic about the availability of raw materials and semi-finished products. Slightly more than half rate the current situation and the next three months as quite bad or threatening their existence. Thirty-six percent also make this prediction regarding availability a year from now. "The short-term outlook in this area has been doubtful for some time, but SMEs are now becoming more concerned about the long term as well," explains Schweizer.



Most SMEs claimed support

Twenty percent of SMEs had to lay off employees during the past six months, with around half of them (11 percent) citing the pandemic. In comparison, more than a quarter of the companies surveyed announced redundancies between March and September 2021, and most of these were due to the ongoing effects of the pandemic. "The Corona crisis is now no longer the overriding reason for layoffs in small and medium-sized companies," says Andreas Schweizer.

To mitigate the economic consequences, three out of five SMEs took advantage of at least one of the federal or cantonal support schemes offered during the pandemic. Forty-five percent required short-time compensation, 38 percent needed a COVID-19 loan, and 20 percent received hardship assistance. The majority of the companies that had received external support said it had helped their businesses.

Continuous surveys

The latest "ZHAW Coronavirus SME Panel" follows on from six earlier surveys conducted since March 2020. For the current study, ZHAW researchers conducted an online survey of 197 small and medium-sized enterprises in German-speaking Switzerland between 16 and 27 March 2022. As the companies surveyed had already taken part in the earlier research, the study shows how the economic situation among SMEs developed during the pandemic. To keep the study as up to date as possible, it was decided not to provide a fully representative weighted coverage of all industries and company sizes.

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