



# Improvise. Adapt. Overcome?

A study on firms dealing with the Covid-19 Crisis in Germany

**Part 2**

**What Are Firms' Expectations towards Partners, Employees,  
and Authorities?**

# 52 business owners and managers share their experience in dealing with Covid-19.

## Part 1

When and How Did Companies Notice the Covid-19 Crisis?

## Part 2

What Are Firms' Expectations towards Partners, Employees, and Authorities? What Role Do Networks Play?

## Part 3

upcoming

How Did Companies React to the Crisis? What Measures Did They Take?



### Qualitative Interviews

1h to 2h



### 52 Participants

in management positions



### 52 Firms

with subsidiaries in Germany\*

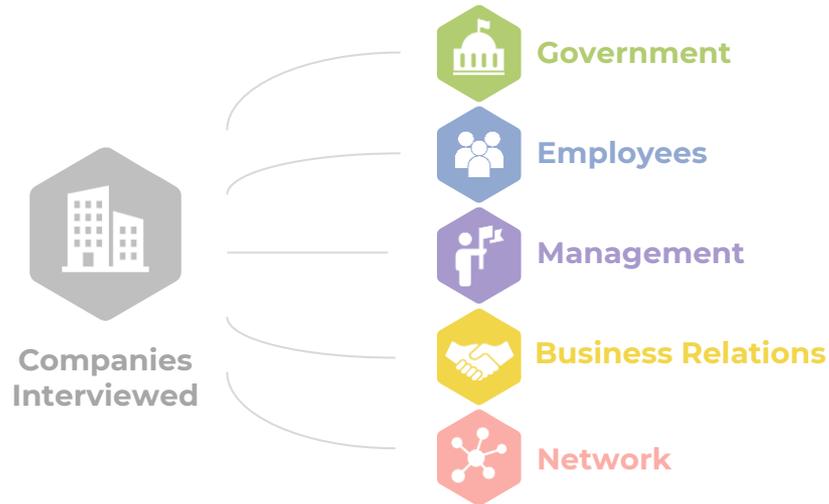


### 2 Weeks

survey period

# Covid-19 affects all stakeholders. **What expectations do companies have towards them?**

Companies Interviewed and Stakeholder Groups

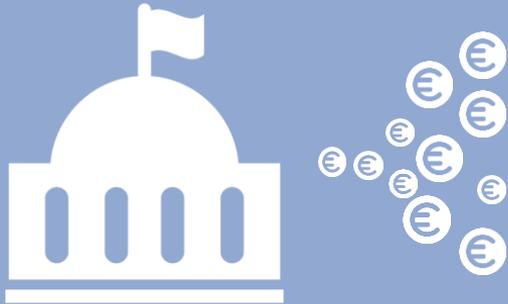


## Companies Interviewed

- 52 KMUs and mid-sized companies operating in Germany
- Established companies and newly founded startups with up to 10,000 employees
- Annual revenue from 1 million to 1.7 billion €
- Multinationals and companies with domestic focus

**Disclaimer:** This study reflects respondents' perceptions and does not make claims to general validity, nor does it represent the opinions of Digital Oxygen or University Siegen.

What are firms' expectations  
towards the government?

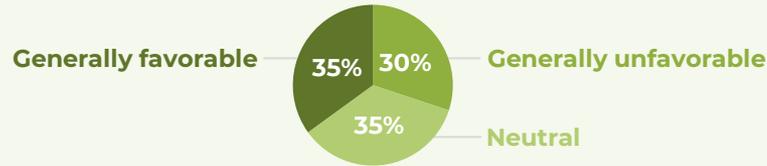


Companies expect  
**precisely targeted  
financial aids, consistency**  
in regulations, and  
**less bureaucracy** in  
requests for assistance.

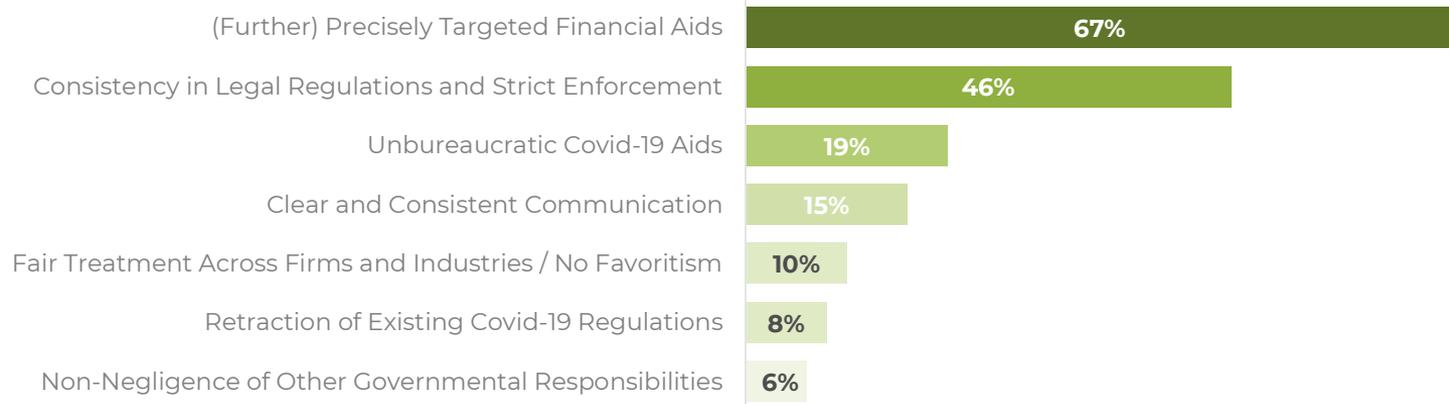
# Most companies want **further financial aids** but are generally **in favor of Covid-19 restrictions**.

Expectations Towards Government

## View on Government Actions



## Expectations for the Future\*





# Loan assistance is helpful in theory, but poses the risk of getting caught up in long-term debt.

Deep Dive: (Further) Precisely Targeted Financial Aids

## Companies Want Financial Aid in Form of...\*

**30%**

Government Loans and Aid

**24%**

Measures to "Boost the Economy"

**22%**

Infrastructure and Other Investments



**14%**

Tax Aids and Reductions

**5%**

Flexible Payment Deadlines for Loans

**5%**

Guarantee of Sufficient PPE\*\*

**8%** of interviewees agree that loans will become fatal for companies in the long run as revenue losses are permanent.

"It doesn't make sense to take out a loan, because there is no revenue. It is a false conclusion to think you will be able to pay it back."

**Managing Director, Industrial Manufacturing**





# Small companies suffer from bureaucratic hurdles disproportionately and have less resources to take them on.

Deep Dive: Unbureaucratic Aid

## Bureaucratic Hurdles Mentioned



### Bureaucracy

1. Unclear requirements for *Soforthilfe* (non-repayable aids)
2. Too many, unjust, or irrelevant requirements for *Soforthilfe*
3. Taxation on granted financial aids
4. Additional investment costs through Covid-19 not recognized
5. Short-term liquidity support but no long-term solution
6. Not enough low-interest loans available
7. Unwillingness of banks to grant loans
8. No non-refundable payments, no governmental participation in case of loss



"I was asked to compare losses from March '19 to March '20. But invoices are never paid the same month. They are paid two months later. So, am I eligible for support? And how can I prove it?"

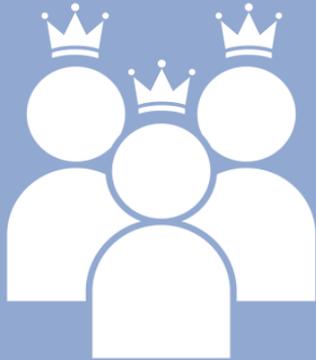
**Self-Employed, Media**

"The increased hygiene requirements for retail due to Covid-19 require several investments but there is simply no money. We used liquidity aids for 3 months, but we'll need more to survive."

**Business Owner, Retail**



What are firms' expectations towards their employees?



Covid-19 **accelerates the development of a new work culture** with more responsibilities for employees.

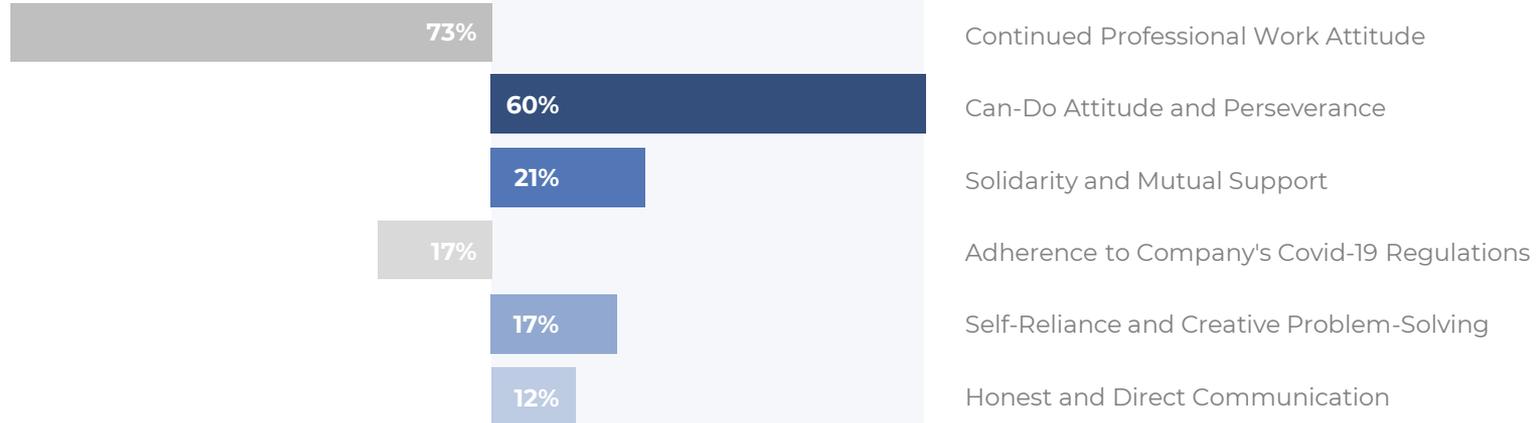
# The pandemic forces leaders to put **trust in their employees' work ethics, loyalty, and perseverance.**

Expectations Towards Employees

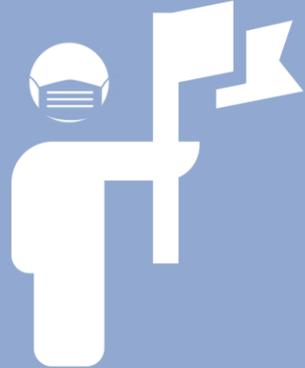
What Leaders  
Expect From  
Employees\*

Working "By-The-Book"

Taking on Responsibility



What are managers' and business leaders' expectations towards themselves?

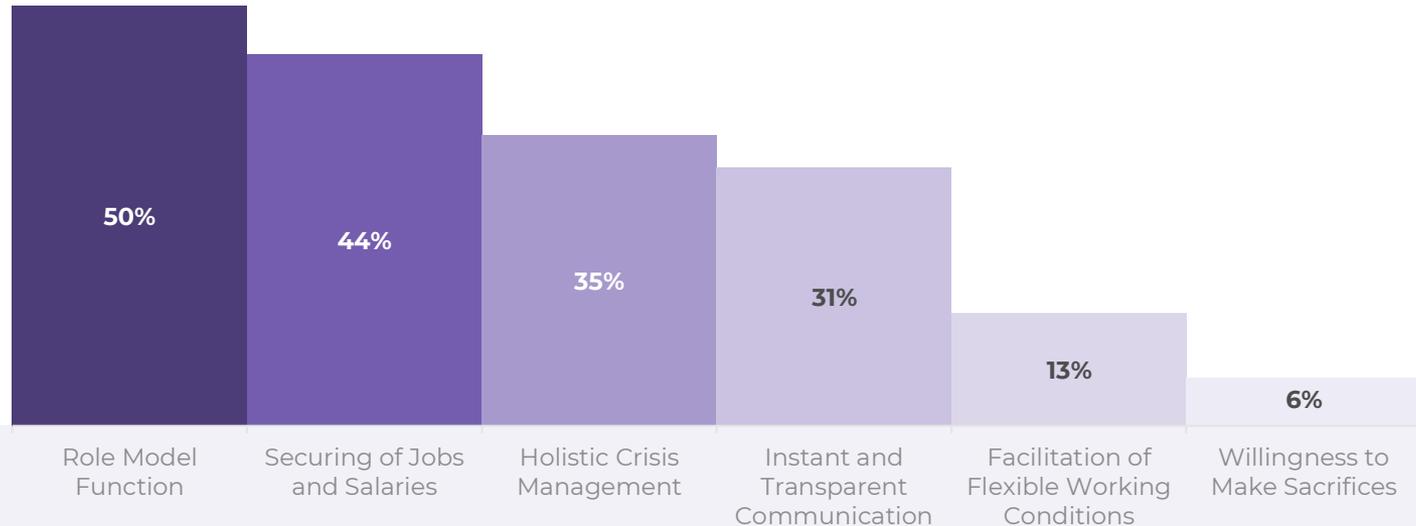


Managers **prioritize saving jobs and salaries**. They feel the responsibility of acting as **role models** in the crisis.

# Managers expect themselves to be **role models**, but **few say they are willing to make sacrifices.**

Expectations of Managers Towards Themselves

**What Managers  
Expect from  
Themselves\***



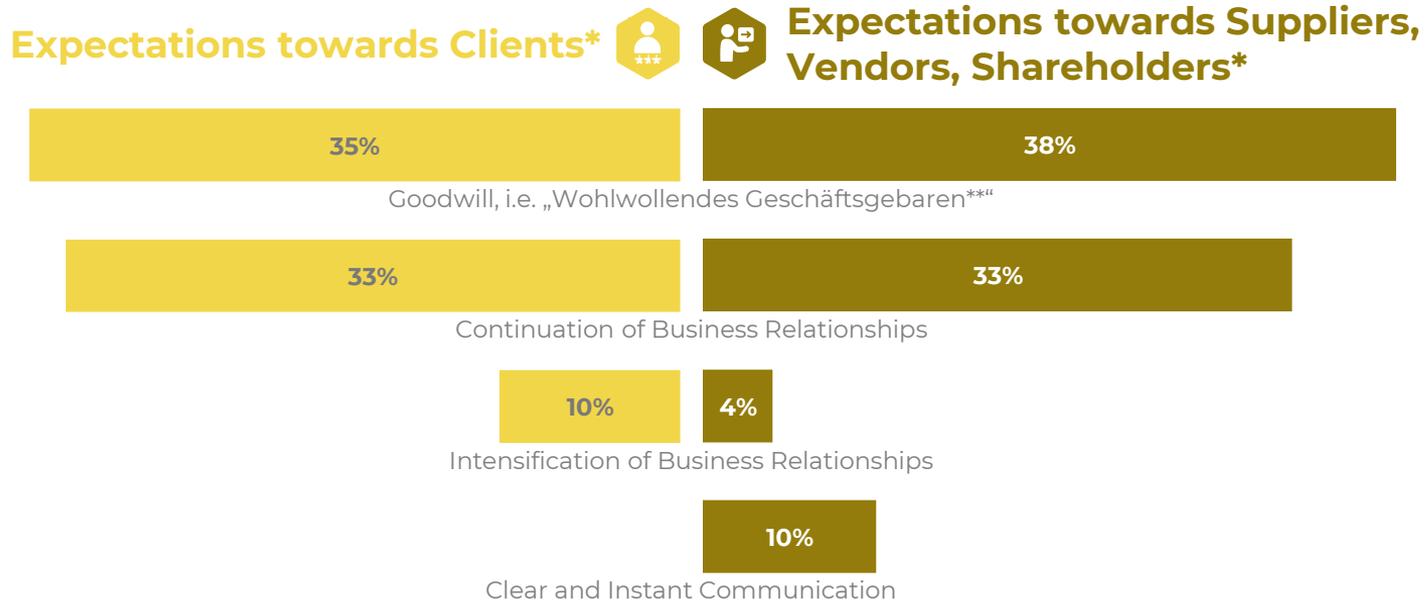
What are firms' expectations towards their business partners?



Firms want their business relationships to survive, but **only few plan on enhancing them.**

# Over 30% of companies expect their stakeholders to show goodwill and clear communication towards them.

Expectations Towards Stakeholders

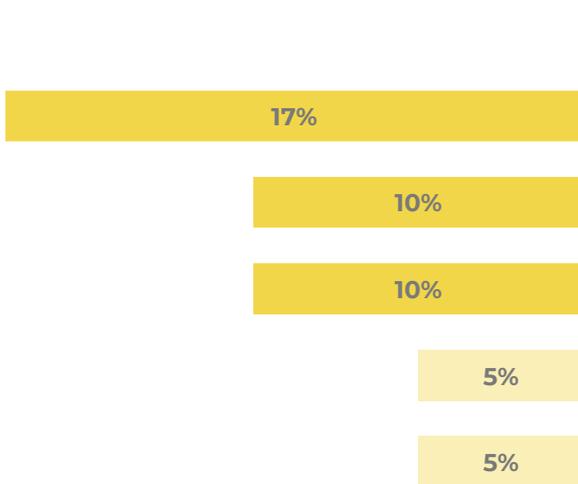


# Goodwill entails similar expectations for companies' relationships with both clients and suppliers.

Deep Dive: Expectations Towards Stakeholders



## Goodwill from Clients ...\*



## Goodwill from Suppliers ...\*

Consistent Prices, Quality & Supply

12%

Understanding for Current Challenges

12%

Flexibility & Patience

12%

Trust & Loyalty

10%

Responsible Behavior

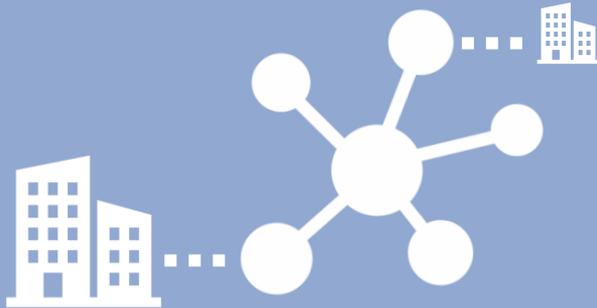
5%

Realistic Expectations

2%



Do companies build new networks  
or partnerships to fight the crisis?

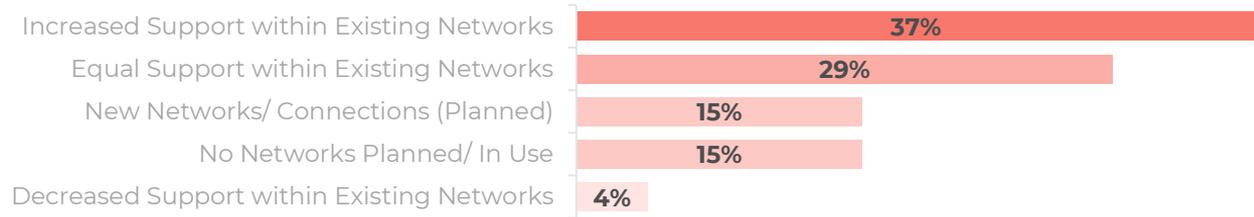


**Existing networks are leveraged** in the crisis, but most companies show **little interest in building new partnerships.**

# In the crisis, companies **rely on what they know**. New relationships are barely formed.

## Network Building Activities During Crisis

### Firms' Network Activities



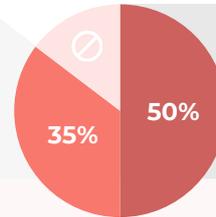
### Network Types\*

#### Supportive Partnerships

Companies actively handling the crisis together, e.g. through joint purchasing ventures.

“The time is right now. We exchange views with competitors about the effects of Corona. Cooperations with companies and employees emerge.”

**Managing Director, Personnel Consulting**



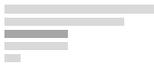
#### Informative Partnerships

Companies primarily exchanging information on crisis management and industry news.

“We are in intensive consultation with other companies, customers, and suppliers to be able to work effectively during this period.”

**Manager, Industrial Services**





# Fear of change or competition and lack of opportunity are most cited reasons for firms not forming partnerships.

Deep Dive: No Networks Planned/In Use

## Why Firms Don't Build New Networks



### Fear of Change

Networks are seen as a threat to the status-quo rather than an opportunity.

"We do not consider working with others because we want to keep our company as it is."

**Business Owner, Craft Trade**



### Lack of Opportunity

Companies are generally interested but the right partners are not available.

"At the end of the day, everything must fit. Partnerships only make sense if there is a certain business volume behind it."

**CFO, Digital Services**



### Fear of Competition

Other businesses are seen as enemies, not as potential partners.

"Many companies are hindered by the fear of taking away each other's customers. Everyone fights for themselves."

**Managing Director, Retail**



### Lack of Relevance

Companies are not affected by the crisis and doing business as usual.

"It's just not necessary, we are doing well. Therefore, we do not take any special measures in the crisis."

**Managing Director, Engineering Office**



# This **Covid-19 study** is jointly conducted by Siegen University and Digital Oxygen.

## The Study's Purpose

This three-part study aims at understanding the economic and social implications of the Covid-19 pandemic in companies doing business in Germany. The study shall help to mitigate the consequences of an impending recession by recognizing challenges and pointing out constructive solution approaches.

## Contents

<b>Situation and Challenges</b>	What is the current situation of companies in Germany? What are companies' needs and challenges during this crisis? Which business areas are affected in what way?
<b>Expectations and Reactions</b>	What do companies expect from key stakeholders? What are the plans to overcome current and future challenges?

## Results

<b>Best Practices</b>	Discovery of possible approaches and constructive solutions (cost reduction, increases in productivity).
<b>Digital Solutions</b>	Identification of digital solutions to proactively manage the crisis and emerge with competitive advantage.

## Cooperation Siegen University and Digital Oxygen



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# Appendix

## Appendix – Category Definitions A-E

Category	Definition
Adherence to Company's Covid-19 Regulations	Employees should adhere to the measures decided upon by the company and/or state. This goes especially for hygiene regulations in the workplace, e.g. compulsory masks and social distancing.
Can-Do Attitude and Perseverance	Employees are expected to accept constraints and changes without complaining. They should show motivation and initiative to overcome the prevailing crisis.
Clear and Consistent Communication	Government measures and decisions should be communicated immediately and the reasoning behind measures should be explained.
Clear and Instant Communication	In the context of business relations, partners, suppliers, and other stakeholders should communicate any changes, restrictions, or risks clearly and instantly in their network.
Consistency in Legal Regulations and Strict Enforcement	There should be transparency in actions and decisions. Furthermore, those actions and decisions should be consistent over time/ across federal states.
Continued Professional Work Attitude	Employees should be loyal to the company, not take unnecessary sick leave, accept measures such as short-time work ( <i>Kurzarbeit</i> ) and continue to work professionally even under changing circumstances.
Continuation of Business Relations	Clients should continue to buy products and/or services from the company. Suppliers should continue production and maintain the supply chain.
Decreased Support within Existing Networks	Companies utilize or maintain existing networks less during the crisis.
Equal Support within Existing Networks	Companies utilize or maintain existing networks in the same way as before the crisis. The support and information exchange remains constant.

# Appendix – Category Definitions F-I

Category	Definition
Facilitation of Flexible Working Conditions	Companies should offer employees various options to ensure flexible working conditions, e.g. home office or flexible working hours.
Fair Treatment Across Firms and Industries/No Favoritism	Every company should be treated equally, no matter its size or industry. There should be no special aid for economically important companies.
Flexible Payment Deadlines for Loans	The government should extend deadlines for loans in order to offer more financial flexibility for companies.
(Further) Precisely Targeted Financial Aids	References to financial aid for companies or industry sectors. Precise targeting refers to deliberate support for companies that are hit hardest.
Goodwill	This is a reference to the German term „Wohllollendes Geschäftsgebaren“, meaning goodwill. In a business context it can mean understanding, flexibility, patience, trust, loyalty, responsible behavior, and realistic expectations. Business partners should not exploit the situation.
Government Loans and Aid	Reference to financial aid for companies in form of loans or direct aid.
Guarantee of Sufficient PPE	The government should take charge in guaranteeing and distributing sufficient Personal Protective Equipment to companies.
Holistic Crisis Management	The management should guide the company through the crisis with the least possible damage. In some cases, the goal is also to emerge from the crisis stronger than before.
Honest and Direct Communication	Employees should communicate problems, concerns and complaints clearly and honestly in order to find a satisfactory solution.
Increased Support within Existing Networks	Companies utilize or maintain existing networks more intensely/ frequently than before the crisis.
Infrastructure and Other Investments	References to government investments in order to ensure business continuity, e.g. investments in infrastructure, digital tools.
Instant and Transparent Communication	Companies should communicate measures and decisions quickly and openly.
Intensification of Business Relationships	Customers should buy more products and/ or services from the company and should favour local businesses over international ones. Suppliers should collaborate with companies by producing and delivering more goods.

## Appendix – Category Definitions M-Z

Category	Definition
Measures to „Boost the Economy“	References to unspecified government support to stimulate the economy.
New Networks/ Connections (Planned)	Companies have created new networks or cooperations or are currently planning to create them.
No Networks Planned/ in Use	Companies have not created any new networks or cooperations and none are planned.
Non-negligence of Other Responsibilities	The government should not neglect any of its other tasks because of the Covid-19 crisis, e.g. environmental responsibility.
Retraction of Existing Regulations	In order to restore normality, companies expect the government to completely or partially relax Covid-19 restrictions.
Role Model Function	The company's management should behave in an exemplary manner, maintain a positive attitude, and encourage optimism.
Securing of Jobs and Salaries	The company's management should preserve as many jobs as possible and pay wages on time and in full.
Self-Reliance and Creative Problem-Solving	Employees are expected to work independently and assume greater self-responsibility during the crisis. Creative solutions for challenges caused by the pandemic are encouraged.
<i>Soforthilfe</i>	A direct aid provided by the government to assist eligible companies in securing their economic standing and bridging immediate funding shortfalls. Companies have no repayment obligation but must fulfil several conditions to be eligible for receiving it.
Solidarity and Mutual Support	Employees should express their solidarity with the company and their colleagues. Mutual support should be offered, e.g. in childcare.
Tax Aids and Reductions	Reference to governmental concessions regarding tax obligations.
Unbureaucratic Covid-19 Aids	When it comes to financial aid or access to bank loans, the government should reduce the bureaucratic burden for companies in need.
Willingness to Make Sacrifices	The company's management is prepared to make personal sacrifices for the good of the company, e.g. waiving part of their salaries, taking on more tasks to relieve employees.