

The impact of the pandemic crisis on the digital transition process of Italian SMEs

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Abstract

In recent years, the digital revolution has impacted the entrepreneurial system globally, forcing companies to review their business models, products, and services value proposition. Companies must implement digital technologies in production processes to exploit new opportunities. This requires investing in machinery and devices and acquiring new knowledge.

The national and European economic system mainly comprises Small and Medium-Sized Enterprises (SMEs), characterized by low managerial skills and undercapitalization, which may hinder the required investments in information technology.

In Italy, the digital transition is constrained by the structural limits of its conservative entrepreneurial fabric. However, the recent pandemic crisis has accelerated this digital transition process. More and more companies have invested in R&D to increase the production process's automation level and improve their digital capabilities.

Literature has been widely investigating the impact of the pandemic crisis on the innovation process of SMEs adopting different perspectives.

The study aims to answer the following research questions (RQs).

RQ1: Which main foci can be identified in literature facing the impact of COVID-19 on the SMEs' innovation process?

RQ2: Which new needs arose during the pandemic fostering digitalization?

To answer RQ1, a Structured Literature Review (SLR) is adopted (128 studies identified on the SCOPUS database).

To answer RQ2, a qualitative methodology is used based on direct observation of two Italian firms

Keywords: Digital disruption, Small and Medium Enterprises, COVID-19, crisis, innovation

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Appendix

Based on Paoloni and Demartini (2016), the authors elaborated the framework shown in Figure 6 appropriately declining it according to the sample extracted.

Figure 6: The framework

A. Topic	B. Research area	C. Geographical area	D. Research methods
1 - Industry 4.0 and new technologies	1 - Business, Management and Accounting	1- Middle East	1- Literature review
2 -Performance	2 - Economics, Econometrics and Finance	2- South and Central America	2- Qualitative
3 - Innovation management		3- North America	3- Quantitative
4 - Resilience		4- North Europe	4- Mixed methods
5 - Other		5- South Europe	
		6- Asia	
		7- Africa	
		8- UK	
		9- Oceania	
		10- Comparative	

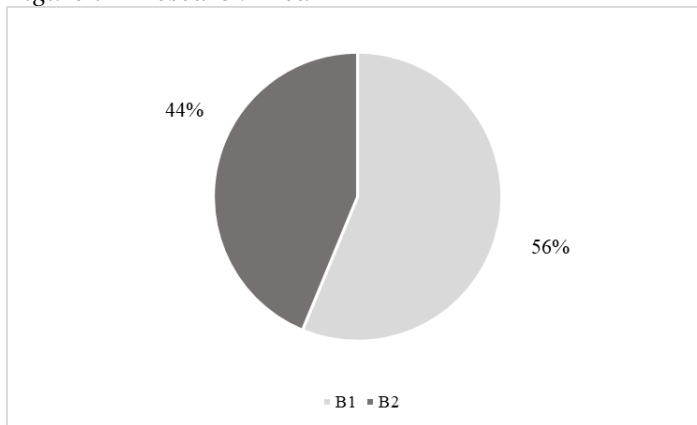
Source: Authors'elaboration

The analysis of the article focus has already been discussed in the Findings. Below is proposed a literature analysis according to Research Area, Geographical Area, and Research methods.

Research Area

Figure 7 shows in which research area the extracted studies are mainly placed.

Figure 7 – Research Area



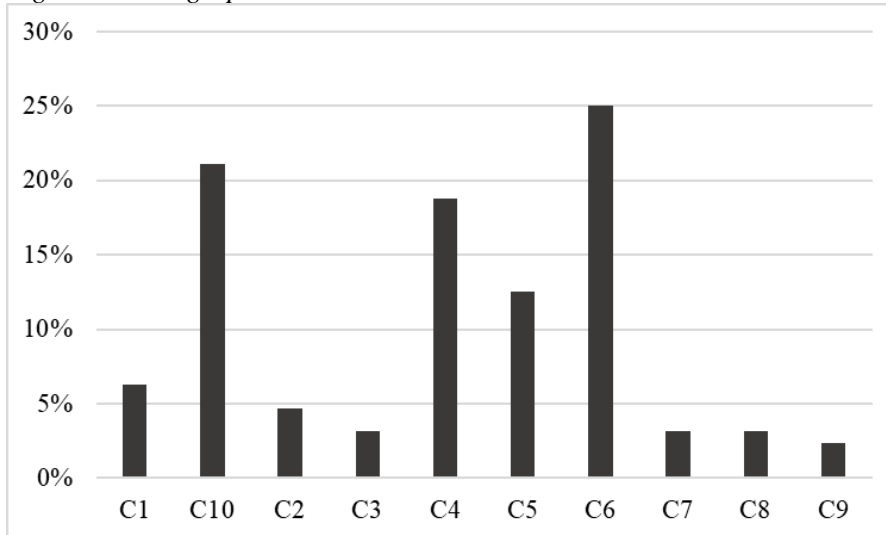
Source: Authors

Observing the graphs is clear that there is a negligible difference in the distribution of the two clusters. The largest category is Business, Management and Accounting (B1), representing 56% (72 papers) of the total sample, whereas the cluster Economics, Econometrics and Finance (B2) counts the residual 44% (56).

Geographic Area

Figure 8 shows the distribution of studies focused on different geographical areas.

Figure 8 – Geographical Area



Source: Authors

As shown in Figure 8, there is a significant disparity between the geographical areas of the scholars that have been studying the impact of COVID on the SMEs' innovation process.

The most significant number of studies are published by scholars affiliated with universities located in Asia (C6), covering 25% (32 contributions) of the total. In contrast, Universities located in Oceania (C9) only produced 2% (3) of the works, representing the least numerous category.

Studies realized by scholars affiliated with Universities located in different countries represent the second largest category (C10) counting for 21% of the sample (27).

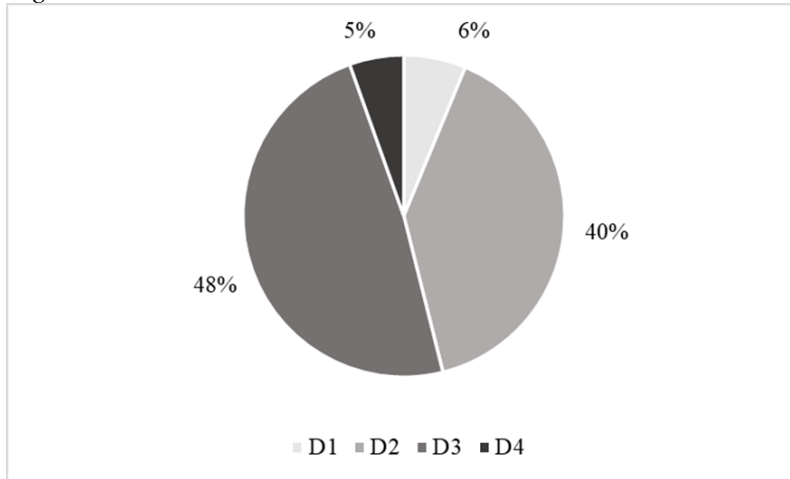
The European production is well-balanced among the territory, indeed studies from North Europe (C4) are 19% (24) and those from the South (C5) are 13% (16).

Middle East (C1) represents 6% (8) of the sample, followed by South and Central America (C2) which produce 5% (6) of the works. Finally, North America, Africa and UK count 3% (4) of the contributions for each.

Research Method

Figure 9 shows the distribution of the different research methods in the sample.

Figure 9 – Research Method



Source: Authors

As Figure 9 shows, the most used methodology is quantitative research (D3), used in 48% of the contributions (62), followed by the qualitative method (D2), applied in 40% of the studies (51). Research conducted through a literature review (D1) represents 6% (8) and mixed methodologies (D4) were used in 5% (7) of the contributions.