RESTART: Innovative Entrepreneurship Model

The Impact of COVID-19 on MSMEs

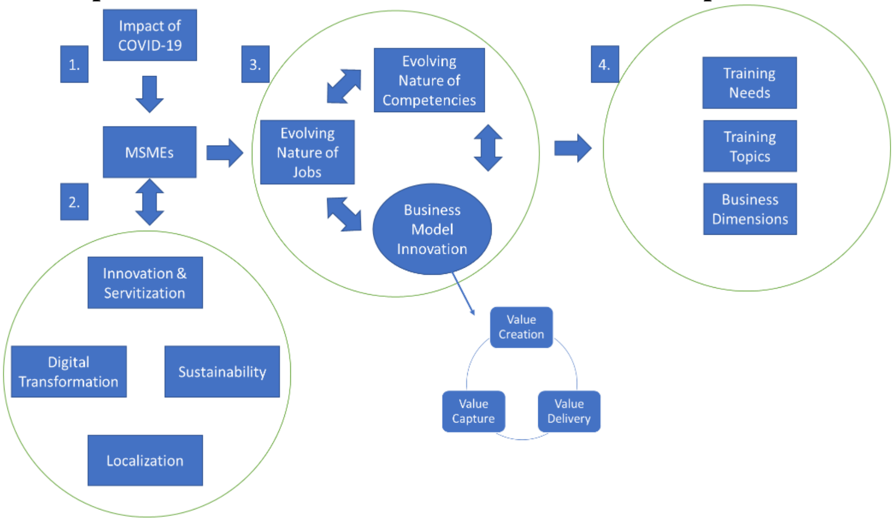
(RESTART PR2 T2.2 Output)

HUNGARY Mapping Input

Introduction

The core of this mapping is based on the investigation of the impact of COVID-19 on MSMEs in Hungary. It has been prepared by the Hétfa Research Institute as the secondary mapping output within the RESTART Project Result 2, Task 2.2 "Gauging pandemic impact on business operations". The analysis is through the "VET lens" and is not aimed at collecting generic impact, but rather identifying the emergence of new and evolving needs for training, upskilling, retraining due to the impact of COVID-19 on MSMEs. The informed insight contained in this Mapping Input will be used for the next stages of the project, namely: a) PR2 Task 2.3 Match Innovative Biz Models and MSME needs, and b) PR2 Task 2.4 Define Evolving MSME Jobs in Post Pandemic.

The impact of COVID-19 on MSMEs: RESTART conceptual framework



Research questions:

1. How has COVID-19 impacted MSMEs?

2. What has been the impact of 4 megatrends on MSMEs?

3. What changes have occurred in business models, MSME´s jobs, and entrepreneurial competencies?

4. How have these changes affected business dimensions, training needs, and training topics for growth and competitiveness?

Topic 1: Impact of COVID-19 on MSMEs

The review of secondary resources on the impact of COVID-19 on MSMEs in Hungary revealed the following list of inputs:

- **The sudden halt in production and growth** – The pandemic endangered the existing macroeconomic balance and the provision of existing public services and SME support schemes (Matheika, Z. et al, 2021, p. 29.). The funds re-organised for immediate actions (health, protection, etc.) further diverted public budget and foreshadowed a strict and prudent tax policy for the near future.
- **Effect of the first measures in support of SMEs and employment -** First measures included exemption from public burdens on employers in certain selected sectors, reducing social contribution and corporate tax rate. Sector-specific tax incentives included VAT and tourist tax cuts (Erdélyi, A., 2021, p. 49.). Most tax incentives were instrumental in only helping those companies that operated with legally registered employees (KPMG, 2020). SMEs working in the grey/black zone, most often working with short term, non-registered staff in the hospitability and tourism sector were not able to use the measures.
- **Public call for a higher level of autarky and tackling supply chain disruptions** –A clear call was made on many levels for a higher level of economic autarky, at least in certain key sectors. Even before the pandemic, concerns about negative consequences of globalization (social effects of deindustrialization in advanced countries or exposure to potentially hostile foreign partners for example) resulted in reorganizations in certain sectors, still, the size of the disruption caused by the COVID-19 pandemic in supply chains, as well as in other elements of international economic relations caught most countries largely unprepared (Nagy, K. et al., 2021, p. 100; Bogóné Jehoda, R, et al., 2021, p. 114)
- **Impact of COVID on certain sectors of the economy -** was tremendous, especially in case of the tourism, restaurant and hospitability sector, transportation, commerce and trade, manufacturing, agriculture, energy sector. SMEs in education, art and cultural sector, recreation (including sports, wellness, gyms) were also hit seriously. (Szepesi, B., 2021, p. 13-14.)
- **The tourism sector suffered the most** (Bogóné Jehoda, R, et al 2021, p. 113) (Keller, K.-Tóth-Kaszás, N.2020, p.61-62.) - The traditional hotel and accommodation segment already hit hard by the rising trend of AirBnB. For the low-costs segment, legal requirements for COVID quarantine provided a short-term solution, the high-end segment received no support. In the longer run, we see a.) a further promotion of domestic tourism (already a policy priority for the government before the pandemic) b.) policies promoting a shift towards higher-value added cultural tourism instead of cheap mass tourism (Pénzügyminisztérium, 2021, p.23-24).
- **The restaurant and hospitability sector** – also related to a large extent to tourism – suffered just similarly in terms of sudden cut in demand (Szepesi, B., 2021, p. 23). Solutions pointed to the exact other way: while fine dining had troubles with adjusting to the new normal (except for the local and isolated solutions of “home restaurants”, small-scale fine dining events in private homes), most restaurants and caterers have find their way to survive – and to flourish! – with the previously despised home delivery solutions. Upcoming IT/app-based solutions helped them in the adaption.
- **The transport sector also suffered but cargo transport was affected the least**. Governments realized the need to allow the flow of goods internationally. Transport directly serving tourists – airlines, long-distance bus coaches suffered significantly while the taxi and local transport service (rented cars, shared cares and vehicles) bloomed in fright of the pandemic.
- **The commerce and trade sectors were most severely affected in the retail segment**. The customers disappeared from shops during lockdowns. The sector has found very soon the solution in the development of e-markets (supported by ready-to-use website/webshop applications and aggregator sites) and home delivery solutions (again, most successful as

aggregated formats). A new emerging trend was the spread of delivery parcel automates/boxes, a half-way solution to personal collection of goods and home delivery.

- **Most of the manufacturing sector was hit hard more by raw material and supply shortages than the pandemic itself**. Public demand for household goods, appliances and IT went up as people were stuck in their homes, production and import could not keep up with the demand. Significant business model changes are not credited here to the pandemic in terms of products, services and sales. The production method itself was substantially interrupted by the lock-downs, but in Hungary even lock-down regulation allowed for going to work unless someone has tested positive for COVID-19. (Szepesi, B., 2021, p. 13-14.) (Czirfus, M. 2021, p. 10-13)
- **The agriculture sector and its SMEs were also hit hard at the beginning, but their troubles also started even before the pandemic – with a significant labor shortage**. (EIT Food, 2022, p.13) Similarly to the construction business, the low- or unskilled work needed in these two sectors are not satisfied by local labor supply rather by (seasonal) foreign and migrant workers. These two sectors are still searching for the ideal business model and the solution for the challenge of labor shortage, the pandemic temporarily worsened the case, the situation bounced back by now. Many expected that skilled Hungarian workers from Germany, the UK and other Western countries will fly back but the wage levels and the employment culture disillusioned them. (Szőke, V., 2020, p.111-112.)
- **Most of the education, arts and culture segment** – with many SMEs working in them apart from public actors – has emerged transformed. (Szepesi, B. 2021, p. 13-14) The private educational/tutoral segment, together with the arts and culture domain already catered a well-educated and financially more stable customer circle, where the lack of IT equipment, broadband and IT skills were not a barrier to taking up e-lessons, e-visits, e-meetings. Business models switched fast to online mode. Though local languages still offer some market protection for local services, the sector is never expected to go back into the bottle and isolation. (Hervé-Lóránth, E. 2020, p. 177):
- **The segment of sports, recreations, wellness, workout and gyms almost completely collapsed in the first waves of lockdowns** while the public sector suddenly took action and responsibilities. Public areas, parks were renovated and lit in order to support sports and recreations, public and open-and-free to use work out machines and equipment were installed city-and countrywide. The business model change in this sector requires the private segment of the sector to come up with extra value added compared to the previously offered services.
- **The autarky issues raised by the pandemic and highlighted by the war in Ukraine offers an opportunity for SMEs/startups working with the energy efficient and/or alternative energy resources** (sun, wind, biomass, thermal solutions, etc.) The Green Deal adopted by Europe provides many opportunities. Business models here include offering small-scale products and community-shared solutions, all with sufficient IT support. (Losoncz, M, 2021, p. 149.)
- **The emergence and boom of the fintech sector** was also unparalleled. It became clear that the traditional mega-banks of the twentieth century are neither a good solution for all financial issues and nor are unavoidable. With many fintech startups offering solutions for specific problems, they ease working together with other app-based services. (MNB, 2021a, p. 10) (Labancz, A., 2021, p 74-76.)

Now, two years after the outbreak of the pandemic, we can clearly state that the impact was mixed: depending on the sector (e.g. tourism versus home delivery) certain segments faced significant or total losses while others experienced a once-in-a-lifetime boom. SMEs had to find their solutions to various challenges: how to get their messages, products, services to the customers under the new conditions, how to act responsibly in terms of employment and how to manage finances to avoid going bankrupt. (Szepesi, B., 2021, p. 12.)

The lesson learnt and the impact understood is the most important for SMEs: while crises will keep coming, companies must find a resilient and flexible working model that allows easy and fast adaptations to the changing conditions. In this report below we focus at the impacts of the COVID-19, also reflection on the impacts of the war in Ukraine, but in order to draw useful policy lessons for the education system and SME support policy, we shall focus at the aspects of resilience that make the employees and the companies relatively prepared even for the yet-unforeseen crises coming.

Topic 2: Impact of 4 megatrends on MSMEs

The review of secondary resources on the impact of 4 megatrends on MSMEs in Hungary revealed the following list of inputs:

- **Innovation activities improved** – The innovation activities of Hungarian SMEs lag behind the European average but show an improving trend, especially in product innovation. (MNB, 2021b, p. 101-102.) The pandemic forced companies to innovate in several dimensions such as in product innovation, service innovation, marketing and delivery innovation, but there is still a lot of room for improvement. The innovation performance of Hungary has improved in the decade before the pandemic but needs further acceleration in order to counter-balance the challenges arising from the recent crises. (ITM, 2021, p. 17-18)
- **Servitization trends emerged –** Servitization trends are emerging in Hungary as well, though a systematic review and analysis is still awaiting. Pelle and colleagues have found that in the automotive sector of Central and Eastern Europe, only 1-2% of digitalisation decisions are related to servitization. (Pelle at al, 2021, p. 86.) Servitization itself is driven by customers' needs, and is built on the need to create interactive contacts and relations with the customer base. The technological infrastructure is provided by digitalisation. (Mandják, T. et al, 2022)
- **Home officing became more frequent –** According to Pető, before the pandemic only 5% of all jobs in Hungary were conducted from home office. Though after the pandemic, it is estimated to be 37% of all jobs that are home office compatible, just a much smaller share are operated as such, due to the lack of skills and technological infrastructure shortcomings (Pető, R. 2022, p. 208-209). Since labour force was in shortage in many sectors before the pandemic, employers in these areas were strongly motivated to keep the employees and find the ways for home office to work. (Szepesi, B., 2021, p. 7)
- **Online purchase of good and services increased -** Webshops and online sales emerged in massive numbers during the pandemic. The share of online sales increased significantly (% of enterprises with e-commerce sales of at least 1% of their turnover was 13% of all enterprises in 2019, 14% in 2020 and 18% in 2021 for Hungary, according to Eurostat)(Eurostat 2022b). While durable products are available online for long, the availability of non-durable products from webshops (non-durable food, bread and pastries, local fruits and vegetable, raw meat and fish, etc) is rather recent, paralleled with a rise of food takeaways from restaurants. This is clearly made possible by the highly developed home delivery transport segment (Portfolio, 2020).
- **Use of chatbots became much more frequent** – due to the intense development in machine learning and artificial intelligence technologies - in recent years, especially as digital assistants and tools in marketing, sales, customer relations (Szűts, Z – Yoo, J., 2018, p.42) but it has received additional attention recently, partly as a response to increase in wages and lack of labour force but also due to the impacts of COVID-19. Chatbots are considered to be the advanced, 3rd and 4th level of digital transformation (automation and cognitive technologies) and are expected to further advance in use (Moricz, P. et al, 2022, p-34).
- **Sustainability challenges and a ban on single-use plastic affected many SMEs in various sectors (catering, etc).** and issues are on the table for decades now. But the pandemic presented a negative challenge at first for sustainability – especially by an increase in use of plastic, packaging, single-use protective equipment. Not directly connected to COVID-19, the government of Hungary has introduced a new regulation from the 1 July 2021: prohibited the selling of several single-use plastic products and oxidatively degradable plastics, used extensively in the food takeaway industry. (Kormany.hu, 2021)
- **The European Green Deal offers a chance for Hungarian MSMEs as well.** The focus at sustainability does offer an opportunity for MSMEs though. And for their ideas, co-funding shall also be available: as the European Union presented its Green Deal goals, targets and policies, entrepreneurs in this domain will be able to draw funds for further development. European Union (2019).

- **Localisation challenges raised by COVID-19 and now by the war in Ukraine pose new threats and opportunities for MSMEs.** Supply chains have been broken by the COVID-19 very evidently, but underlying trends show that the European technological-industrial sovereignty is at stake and this will re-structure global production chains in the upcoming decade. China's technological and innovation advantage is not a question anymore (NikkeiAsia, 2022). The new European industrial policy is a policy of re-industralisation and industrial relocation. (European Union, 2021). It finetunes the preferences of the 2020 Industrial Strategy in light of the pandemic and in realization of the disruptions in the industrial production chains, as proven by the COVID-19 impacts. After decades of globalization tendencies and emphasizing the importance of international division of labour, the focal point of European industrial policy is "strengthening the EU's open strategic autonomy" – on other words, reclaiming the industries that are too crucially important for Europe's future for simply relocating and outsourcing them to another continent.

The identified megatrends have a pervasive effect on Hungarian MSMEs, but advantages are just as numerous as the drawbacks. Innovation is most needed as there is a lag behind more developed European counterparts, but improving trends are promising. Innovation is needed in all segments (product, service, marketing, production, process, etc) to allow the sector becoming resilient in the turbulences of the early 2020s. Servitisation is one aspect of those innovation trends. Digitalisation is the tool, the means to carry out those innovations, and Hungarian MSMEs are slowly catching up with the trends. At the same time, both the sustainability and the localisation issues are representing a future full of new challenges (the energy crises, sustainability) and opportunities (the European Green Deal and the European reindustrialisation policies).

Topic 3: Changes in business models, MSME´s jobs, and entrepreneurial competences

The review of secondary resources on changes in business models, MSME´s jobs, and entrepreneurial competences in Hungary revealed the following list of inputs among the 3 subtopics:

Changes in business models

- **From offline to online: switching business models towards a higher share of internet-based selling:** The most visible change in business models was turning towards online sales: whether it is through an existing e-marketplace, or the company's own webshop, or a new market aggregator platform. The Eurostat survey identified 14% of Hungarian companies that started or increased efforts to sell goods or services via the Internet during 2020 due to the COVID-19 pandemic (EU27 average is 12%). (Eurostat, 2022a)
- **The emergence and shift towards sharing economy, online marketplaces and aggregator platforms**. There are several typologies of online business models (see for example Schmuck, R., 2021). Deloitte identifies three main models: the Omni-channel Model, the Ecosystem Driver Model and the Modular Producer Model (Deloitte, 2021, p.8). The common aspect of the sharing economy, the gig economy and various online platform models is the aggregation of demand and supply in an otherwise fragmented marketplace. This new power-play of actors re-writes how SMEs and small service providers can interact with their clients.
- **Home delivery became the ultimate solution**: Regarding products, home delivery became The Solution, as other delivery channels were closed/limited. This also brought along a sudden sky-rocketing demand for courier and delivery services. The share of those who buy online regularly increased from 55% to 67% in a survey analysis (Kovács, J. Cs. – Sikos, T. T. 2021). The survey also showed that 31% of respondents planned to keep up a more frequent use of home delivery even after the pandemic, demonstrating that this distribution channel also offered a significant value proposition.
- **The concept of the office space was changing**: The COVID-19 brought along the realisation of what a workplace is for but there is not one single lesson to learn. Studies of organisational development devote a lot of attention to the need for socialising in the office: all that small-talk in the office kitchen, the personal connections, the networking, the coffee breaks are the real oil in the machine of the workplace, seed of joint ideas, innovation, smooth cooperation. (Creo, Robert, 2021). The post-COVID business models must look at office ownership/rent in a different way: it may not be the single point of work, but is definitively a place where colleagues of different background meet, discuss and cooperate. (Majó-Petri, Z.,2022). The clear relevance of office space for the business model is that every given company must find the level of joint office working time and conditions that are optimal for the given company, taken into account the costs and benefits of having such a place.
- **The concept of working time and work assignment are also changing**. While in many sectors and positions the traditional "9 to 5" provided the framework of understanding for working time and work assignments had to fit the working time allowed by the labour code, the pandemic has changed this in many cases. Concepts such as empowerment, authorisation and taskification were common in top-level management work but now they became more well-utilised in lower level administrative and other positions as well. When exact working hours blur, there are two (opposing) concepts of assigning work: a.) with a higher level of authorisation, empowering the employee to make their own and responsible decisions and b.) taskification, when a detailed and operative task list and their fulfilment are the measuring unit, not working hours. (Majó-Petri, Z.,2022) Business models and employment strategies must be able work with these concepts of employment.

Changes in MSME´s jobs

- **After the first wave of the pandemic, most people were able to return to their jobs.** In order to see clearly in terms of COVID 19's impacts, we have to differentiate between short-term and mid/long-term effects and changes in the job market. In the short term, almost all jobs were in danger as in a complete lockdown the economy functions at a very minimal level. But as soon as the most serious lockdowns were eased, most people were able to return to their jobs. Taking 2019's employment level as 100%, the number of employed people shrank to 96.6% of its 2019 value by 2020, but almost grew back completely, reaching 99.6% of its 2019 value by 2021. (KSH, 2022)

- **The sectors most seriously affected negatively were tourism, hospitability, arts and various other services.** The sectors (NACE divisions) with the heaviest losses were: (I) Accommodation and food service activities (2020: 83,1%, 2021: 90,7%, (N) Administrative and support service activities (2020: 88,7%, 2021: 97.4%), (R) Arts, entertainment and recreation (2020: 94,5%, 2021: 98,1%), (S) Other service activities (2020: 93,6%, 2021: 102,7%). As the data shows, most of the losses in employment were gained back by 2021. (KSH, 2022)
- **The sectors with the most significant employment increase were IT, professional services (legal, accounting, managerial, architectural, etc.) and R&D**. In NACE divisions, (J) Information and communication (2020: 106,0%, 2021: 117,1%) and M (Professional, scientific and technical activities (2020: 101,2%, 2021: 106,9%). (KSH, 2022).
- **Home office was used widely in several sectors, though employees struggled with isolation and parallel commitments.** Some employees were content with working home office, as it allowed for a more flexible working time schedule in most cases, and relieved them from the burden of commuting. But many others suffered from the parallel commitments of home officing, home schooling and general disruption in the everyday routine of life. For many, home officing proved that a healthy work/life balance is not possible without dedicated spaces. Isolation and reduction of personal relations outside the family often led to mental stress and health deterioration. (Dávid et al, 2021)
- **Employees were nonetheless expected to manage these challenges and meet the expectations on their own**, depending on the given balance of power with their employer, as no regulation was put in place to define the order of home officing during the pandemic. A mindset open for flexibility and innovation was expected from employees, furthermore
- **Home officing also expected employees to have an office-like infrastructure at home,** most importantly an adequate IT equipment and proper broadband connections, and in addition, often a room setting that allowed a professional looking background (for videoconferencing, etc.). But in most cases no official compensation or other arrangement were organised in return and the labour code has no specific instructions for such cases (Herczog, L., 2021, p. 55).

Changes in entrepreneurial competences of MSMEs´owner-managers

- **Entrepreneurial competences were challenged by the pandemic, but not changed - as the mere definition of an entrepreneurial mind is to always look for new horizons and to find innovative solutions to emerging challenges.** Having said that, this challenge was not easy to be conquered at all, especially by those who are not startuppers but small business owners – meaning they did not sign up to conquer global markets with innovative solutions but to cater local markets with established solutions.
- **Capacity for resilience was crucial in this period for the MSMEs.** The most important entrepreneurial competence required was the capacity to change, to adapt, to accept the modified conditions and find a way to work. This means most small business owners were also forced to show outstanding entrepreneurial performance – resilience - in order to survive. (Holling, 1973, Gallopin, 2006)
- **Upskilling in IT use, understanding and application, applying various digital solutions seems key to SME development:** To break this down, most MSME owners were force to up their game in terms of IT use, understanding and application, in applying various digital solutions. As a result of the lessons learnt under the pandemic, 65.5% of the Hungarian companies plan to invest into information and communication technologies. Most preferred

areas of development – besides general communicational tools – are electronic personal identity management and various mobile technologies (51,7 and 48,3% of survey respondents plan to invest in these). (Fehér, 2021).

- **Adapting more flexible employment solutions was necessary:** MSME owners were also forced to think more flexibly in terms of employment – whether this meant the location of it (home officing, etc) or changing the direct employment terms (e.g. collective payment reductions to save jobs, or cutting certain jobs and letting employees go, switching over to more flexible labour contracts, outsourcing certain tasks, etc.). This meant that MSME owners had to be aware of the various available solutions and also had to show the flexibility to apply them. (Kőműves et al, 2022).
- **Home officing is currently not well-treated in labour code.** Several issues are not properly addressed: scheduling working time, definition of a working accident, managing sensitive business information while working from home, amortisation of IT equipment, cost-sharing for telecommunication etc. are all issues that are currently very much not regulated, and may create conflicts between entrepreneur and employee (Herczog, L., 2021, p. 55). Entrepreneurs must have a clear vision of their preferences and also aware of what stands currently in the labour code(s).
- **Developing unique personal leader and management skills helped in retaining and managing employees:** Entrepreneurs depending on their staff for their small business also had to make sure they support their people and lead the way – which requires unique personal leader and management skills. Administrational skills were also put to test in several sectors, figuring out governmental financial support requirements and ways to apply for those funds of relief. In several sectors, fluctuation and employment retention was a major issue even before the pandemic, and such leadership and management skills were necessary (remuneration only in itself was not) in keeping employees. (Gelencsér et al, 20209.
- **Developing intrapersonal skills was also crucial for MSME owners and managers just as for anyone else:** Finally, the COVID had a psychological pressure on entrepreneurs just as well - they also had to take care of themselves. Individual strength, integrity became important in order to see though the chaos and find a way to sustain the business with all circumstances. (Dávid et al, 2021)

In terms of changes in the business model, two main trends must be emphasized. The first is the inclusion of digital technologies and solutions into the business models – and all that comes with it. In terms of production, it is the Industry 4.0 technologies. In services and sales, the digital marketing, use of chatbots and modern technological solutions, sharing economy technologies, all reflect a changed environment in which digital is a must. Second, the dichotomy of local-global markets: while for some industries localisation became more emphasized than ever, in certain industries the market opened up via the internet and became global. Business models that were built on serving local customers can be adapted to serving globally. Regarding the changes in jobs, the lesson about flexibility and the urgent need to speak digital was also very hard to learn and will have to be taken into account in training designs. As for entrepreneurial skills, the two main areas are the same but needs application in different areas/levels: entrepreneurs must be good in change management, flexible and open to new solutions, and make good use of all that IT and the internet can offer.

Topic 4: Business dimensions, training needs, and training topics

The review of secondary resources and previous findings for Hungary revealed the following list of recommendations for business dimensions, training needs, and training topics.

Business dimensions

- **The understanding of global-local (geographical) dimensions are changing:** First, many services and products offered before the pandemic to local clients were forced to find their customers online – and re-interpret their localisation strategies. Stepping out on the global market became much easier than before (from the technological point of view). Parallel to this, "being local" is also enforced as a market value (buying local to reduce harmful emissions from transport, to assist local workers, to support the local economy, etc.) It is important in case of each SME to find their own position in the globalisation-localisation dimension, that best fits their products, services and the potential clientele they can address.
- **Definition of the SME's scope and services -** The need to integrate services provided by others (whether that is e-commerce, or delivery, etc.) makes the boundaries of the individual business more amorph, self-sufficiency challenged by dependence. The sharing economy, and the platform economy further distort the relative size and dimension for SMEs, re-writing the previously existing power plays between the SMEs and the customers by involving further actors, such as platforms. (Acs, 2022, Davidson-Potts, 2022)

Training needs

- **Digital skills in general -**Especially, digital skills in terms of webshops, e-commerce, connecting to platforms (in terms of suppliers, marketplaces and delivery services) are necessary to be acquired by both employees as well as employers.
- **Chatbots** – not yet taking over the MSME companies but will be a hot topic of the close future. The capacity and skill to work with and work parallel to chatbots is a special segment of digitalisation skills.
- **New marketing skills** – Skills to reach customers are a must now even for MSMEs that were offline before the pandemic. Use of social media, new technologies and addressing either new generations, or older ones online – are both significant challenges that need good skills to overcome.
- **The capacity to adapt, change management** is not only a buzzword but a reality for many MSMEs now. Further training must include and emphasize these skills and capacities.
- **Knowledge and skills related to human resource management -** A good MSME leader must find a way to lead its staff, communicate well, react to their needs and address human/personal necessities as well.
- **Innovative funding, and innovative business budgeting** skills – These skills are necessary in terms of being ready for upcoming challenges and finding ways to keep the business afloat.
- **Skills to apply for, realise, manage and administer governmental and EU funds** – Whether they are relief funds, grants to support sustainability, loans to build resilience, the support is crucial and a necessary counterpart to use those governmental and EU policies successfully.

Training topics

- IT and digitalisation in the production – the basics to Industry 4.0 technologies, including retrofitting, 3D printing, sensors and smart production line designs
- IT and digitalisation in service offering – including big data, data mining, artificial intelligence, public sector data reuse, etc.
- IT and digitalisation in sales and Customer management – including chatbots, new communication methods and CRM

- Change management and new business strategies – the theory and methods of change management and how they help entrepreneurs understand business challenges and create new business strategies
- People's skills, HR management, teambuilding – tools for the entrepreneurs to better selection, more successful motivation and training of employees and employee retention
- Administration of EU and state grants in order to make best use of available grant funding for MSMEs, growth and job retention, Green Deal and innovation
- Innovation (product, service, process, marketing) – basic understanding of the innovation types, cycle, the innovation ecosystem, main actors and tools to use
- Green/circular economy and sustainability – why are these important for an everyday MSME and how can they find financial and knowledge support for introducing gren, sustainable and circular solutions
- Working with aggregator platforms – how to understand the global platform economy and how to cooperate with aggregator platforms
- General understanding of local and global supply chains, how they work, what are the advantages and vulnerabilities – and what is expected in the short/mid-term future to change, due to shifting global powers (role of China, role of Russia, EU-US economic relations, etc.)

The most important first step for training development is to **precisely identify the potential groups** that undergo the trainings and identify **the current level of expertise, skills and experiences** they may be equipped already, furthermore, to **develop such a modular system** that allows for a variety of starting points in terms of learning. **Business dimensions** have to be evaluated in the post-Covid understanding, including all features that bring new actors into the game and redefine traditional business dimensions. In terms of **training needs**, several branches can be identified from IT and digitalisation to finance, but most importantly all must be underlined with the need to be flexible and accepting change. **Training topics** suggested reflect the themes identified in this report as most impactful for post-Covid SME operations: various aspects of digitalisations joined with reinforced people's skills and tools to understand the modern framework – from innovation to circular economy, from aggregator platforms to global supply chains.

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