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THE COVID-19 PANDEMIC AND RESILIENCE OF SMEs IN LITHUANIA*

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Abstract. The article focuses on a relevant scientific and practical problem of the present, i.e., the resilience of organisations in the face of the COVID-19 pandemic. The aim is, upon analysing the response of organisations to the threats related to the COVID-19-caused restrictions on economic activity, to identify the predominant behaviour of organisations that predetermines their resilience. The theoretical part discusses the leadership aspect of the heads of organisations and the ability of organisations to survive in the conditions of uncertainty. The findings of the research in small and medium-sized enterprises (SMEs) of Klaipėda Region are presented. The research methods chosen to deal with a scientific problem in the theoretical part include an analysis of literature sources, systematisation, synthesis, generalisation, and comparison. In the empirical research, quantitative research, i.e., a questionnaire survey and data processing methods, was applied. Due to the specificity of the region, the majority of the surveyed business entities (71.3%) are from the services sector, while the rest of the surveyed companies belong to the manufacturing (15%) and trade (13.7%) sectors. The research established that most of the organisations surveyed benefited from the government support. On assessing the survey data and summarising the response and efforts of organisations to deal with uncertainties, a conclusion was drawn that SMEs' response to uncertainties was mainly focused on the protection against threats and avoidance of risk, however, the organisations lacked preparedness and consistency when dealing with unforeseen circumstances.

Keywords: organisational resilience; small and medium-sized enterprise (SME); COVID 19 pandemic.

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1. Introduction

Due to the COVID-19 pandemic, after the introduction of the first lockdown in Lithuania (16 March 2020), a large number of Lithuanian companies faced unprecedented challenges. The Government of Lithuania proposed state interventions aimed at reducing the negative economic impact on national businesses. The global pandemic outbreak (COVID-19) continues to pose serious challenges to executives at all levels in different size organisations. Emergency management at various levels is becoming a regular routine for the leaders of organisations. They realise the inevitability of changes, and therefore they improve strategies for dealing with unknown challenges; the behaviour of organisations is to be changed in order to adapt to new situations and changes. People have to accept change as a part of organisational life, which is a more convenient way for them to adapt to the situation, however, the challenges of leadership resilience to extreme conditions in organisations remain a pressing complex issue. Resilience is understood as the ability to regain strength, vitality in recovering from disasters, failures, and traumas, and recovery to a full-fledged life. Resilience in the context of leadership is perceived as an essential feature of high-energy leaders able to take responsibility for maintaining the energy of their team members. Resilience and leadership have so far been more often associated with a team's ability to restore high levels of energy in the face of conflicts, toxic professional situations, and employment relationships. In the face of a crisis, resilient leaders are first of all described in terms of who they are and what they do at different times, given different priorities. The resilience of the employees, described as the ability to continually adapt and prosper even in the face of challenges, is an individual-level design that also benefits organisations. Resilient leadership in the face of the pandemic takes on a broader context: adapting and responding to the current situation, recovering and strengthening, and ensuring continued, sustained, and coherent action. Small and medium enterprises are so sensitive in environment, that managers should keep strength to continue business in all circumstances (Bilan, Mishchuk, Roshchyk, Joshi, 2020; Chen, Liu, 2018). The scientific problem can be formulated by a problematic question: are the organisations under review resilient to emergencies such as the COVID 19 pandemic?

The aim of the research is, upon analysing the response of organisations to threats related to the COVID-19-caused restrictions on economic activities, to identify the predominant behaviour of organisations that predetermine their resilience.

Novelty of the research: assessment of the resilience of small and medium-sized enterprises (SMEs) in Klaipėda Region (Western Lithuania) in response to the impact of the economic restrictions imposed on SMEs by the COVID 19 lockdown.

Klaipėda Region in Western Lithuania with the population of 317,199 (11.3% of the Lithuanian population) includes seven municipalities: those of Klaipėda, Palanga, and Neringa Cities and Klaipėda, Kretinga, Skuodas, and Šilutė Districts. It is the only region in Lithuania on the seacoast: as many as four municipalities of the region are located on the Baltic Sea coast, boasting long-established traditions of maritime business and a developed tourism and recreation sector. Klaipėda Region is the third largest region in Lithuania, covering the area of 5,209 km2 with the average density of population being 61 per km2 (1). It produces 12% of the national GDP (EUR 4.29 bn.), EUR 1.11 bn Federal Direct Investments, and 48% share of exports of Lithuanian origin products.
The methods applied in the research include analysis of literature sources, systematisation, synthesis, generalisation, and comparison in the theoretical part, and quantitative research, i.e., a questionnaire survey and data processing methods, in the empirical research.

2. Analysis of literature

In general, resilience is understood as the ability to regain strength, vitality in recovering from disasters, failures, and traumas, and recovery to a full-fledged life. In the context of leadership, resilience is perceived as an essential feature of high-energy leaders able to take responsibility for maintaining the energy of their team members. Resilience and leadership have so far been more commonly associated with a team's ability to restore high levels of energy in the face of conflicts, toxic professional situations, and employment relationships. In the face of a crisis, resilient leaders are first described in terms of who they are and what they do at different times, given different priorities. Employee resilience is described as the ability to continually adapt and prosper even in the face of challenges, i.e., an individual-level design that is also a benefit for organisations. Resilient leadership in the face of a pandemic takes on a broader context: adapting and responding to the current situation, recovering and strengthening, and ensuring further sustained and coherent action.

To survive in an uncertain environment and operate successfully in the future, organisations need to be able to operate in conditions of uncertainty. Companies need to develop resilience capabilities that allow them to respond appropriately to unexpected events that may threaten the survival of the organisation (Lengnick-Hall et al., 2011; Walker at al., 2003).

In performing the said function, resilience differs from other resilience-related constructs, such as flexibility, mobility, or strength. Although flexibility as an ability to adapt quickly to environmental changes (Golden and Powell, 2000) and mobility as an ability to quickly identify opportunities, change direction, and avoid collisions share several elements inherent in resilience, some specific accents of these constructs tend to be different (Duchek 2020). While flexibility and mobility are needed to address day-to-day challenges and change, resilience is an important success factor in coping with unexpected threats and crises (Lengnick-Hall et al. 2011). In addition, resilience is associated with adaptation and allows organisations to emerge from the crisis by "jumping" to a better position, a more advanced stage in the development process than it was before. This quality distinguishes resilience from strength, which is defined as the ability of a system to maintain its functions despite disturbances (Capano, Woo, 2016). Resilience is not the final state of being, but rather a process of progressive development in a risky (uncertain) environment throughout the lifetime (Southwick et al., 2017).

Organisational resilience is defined as the ability of an organisation to effectively master and develop responses to a specific situation and ultimately engage in transformational activities with the aim of taking advantage of uncertainties that threaten the survival of the organisation (Lengnick-Hall, Beck, Lengnick-Hall, 2011).

According to Linnenluecke (2017), research in resilience in the area of business and management is fragmented, broken down into several streams: organisational response to external threats, organisational reliability, employee strengths, adaptability of business models, and design principles that reduce supply chain vulnerabilities.

The findings of that kind of research resulted in the development of definitions, conceptualisations, and the measures of resilience. Denyer (2017), who summarised the development of thought on the topic of organisational resilience, examined it in five directions: (1) preventive control (risk management, removal of physical barriers, copying of operational systems, standardisation of procedures, etc.); (2) conscious action (detection of threats and efficient response to unfamiliar or challenging situations); (3) optimisation of productivity (improvement and extension of existing competencies, upgrading of working methods and technologies used, etc., to serve existing customers and markets); 4) application of innovation (development, invention, and exploration of unknown markets and new technologies); and (5) paradoxical thinking (combining the first four stages for a more comprehensive and precise adaptation in line with the character and needs of the specific organisation activity). Denyer (2017) also identified two main factors of organisational resilience, i.e. protective and progressive, and two main perspectives for building resilience, i.e. consistency and flexibility; all that was to be integrated into a holistic system that required integration, balance, and relevance (in accordance with the purpose).

Organistional resilience was defined as a multilevel concept related to an organisation's resources, routine, and process (Wang et al. 2017). Organisations built resilience through the complex interplay of many factors at the individual, group, and organisational levels (Xiao, Cao, 2017).

Those differences in attitudes and behaviours led to a lot of disagreement and misunderstandings in organisations, therefore, not surprisingly, the heads of an organisation who wanted to enhance its resilience received conflicting instructions. The role of the heads, i.e., controlling tension and balancing the four ways of building resilience, required paradoxical thinking. The shape of the "stress square" of an organisation's resilience depended on the nature of the organisation, its activity and its industry, and in particular on the level of uncertainty and the pace of the industry development (the pace of changes in technology, regulations, and market). Focusing on one specific aspect could create blind spots that might undermine an organisation's resilience.

When viewing an organisation's resilience from a procedural point of view, three stages of the resilience process could be identified (Duchek, 2020): (1) anticipation, (2) overcoming, and (3) adaptation; resilient organisations responded not only to the past (reactive action) or current problems (parallel action), but also to the future (active action). That temporary structure of the resilience process was associated with the crisis management approaches.
Adaptation could help organisations avoid the negative effects of unexpected events or mitigate them in two ways: through reflection and learning and through making use of the opportunities for organisational change. On the one hand, organisations needed to be able to reflect on a crisis and incorporate the knowledge gained into their existing knowledge base. On the other hand, they had to act on that knowledge and to implement change. Promoting positive, strong employee relationships helped organisations adapt to change and maintain consistency. Greater sustainability potential helped organisations to more successfully address unknown problems and deal with future challenges. Also, entrepreneurs need not to forget about competitiveness and innovations in organizations (Decyk, 2020).

Researchers around the world had been actively involved in research into the implications of COVID-19. Some of them placed more emphasis on the importance of medical professionals' general condition (Greenberg, Docherty, Gnanapragasam, Wessely 2020; Flanagan, Chadwick, Goodrich, Ford, Wickens 2020), on psychosocial societal issues (Dubey, Biswas, Ghosh, Chatterjee, Dubey, Chatterjee, Lahiri, Lavie 2020; Al-Tammemi, Akour, Alfalah 2020), and the need for clear communication with the public in the event of the pandemic (Vaughan, Tinker 2009, Brooks, Webster, Smith, Woodland, Wessely, Greenberg, Rubin, 2020), on information and communication technologies empowerment in remote work (Pretorius, Davidavičienė, 2018; Davidavičienė, Al Majzoub, Meidute-Kavaliauskiene 2020) while other researchers modelled the scenarios of their countries' development during and after the pandemic (Rezk, Piccinetti, Radwan, Salem, Sakr, Khasawneh, 2020). Such researchers as Besenyő and Kármán (2020) examined effects of COVID-19 pandemy on a counry’s health, political and economic strategy. State intervention in the operation of organisations by suspending their activity or providing support in the case of crises is not a new phenomenon (Maşca, Văidean, Golgut, 2011), however, it became a global phenomenon in the context of the global COVID-19 pandemic. Therefore, we will review the impact of COVID 19 on the organisations in Klaipėda Region.

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3. Methodology

According to the data of the Department of Statistics of the Republic of Lithuania, in 2020 January 1 there were 10427 business entities operating in Klaipėda region, of which 1041 in the manufacturing sector, 2913 in trade and 6473 in services. The participant SMEs came from seven municipalities of Klaipėda Region. The research questionnaire was designed, based on theoretical assumptions and the information on the Government aid packages to support small and medium-sized business enterprises.

The online questionnaire was submitted by the end of September 2020 and was composed of three parts. The target groups and economic areas were chosen for the research by SME type: manufacturing, trade, and services. *Stratified sampling* was applied (Forthofer, Lee, Hernandez, 2007). By the end of October, 77 questionnnaires were received, 4 questionnaires were rejected as unsuitable for further data processing, i.e., incomplete, for total analysis used 73 questionnnaires.

The aim of the research was to find out the views of the respondent organisations on the COVID-19-caused state restrictions on economic activity and the efficiency of the intervention measures to support SMEs introduced due to the lockdown. The questionnaire Cronbach α - 0.903 indicated a very high level of internal consistency and justified its reliability.

In order to assess the impact of COVID-19 on SMEs resilience, the results of the research were analysed through the prism of organisational resilience, by comparing how the organizations had managed to combine preventive control, conscious action, performance optimisation, and application of innovation. Conclusions were drawn on how the SMEs had managed to combine defensive and progressive as well as consistent and flexible behaviour in their action.

The majority of the respondents (71.3%) worked in the services sector, including almost half of them (46.6%) providing services that required contact with clients and 24.7% providing services that did not require contact with clients. The rest of the enterprises under survey belonged to the manufacturing (15.0%) and trade (13.7%) sectors.

In terms of activity duration, the largest number of the research participants represented business entities operating for over 10 years (68.8%), 13.7% of them, from 5 to 10 years, 11%, for 2 to 5 years, and 6.8%, for 1 to 2 years; the business entities operating for up to one year accounted for 2.7% of the business entities surveyed.

The largest share of the business entities surveyed (29.2%) had an annual turnover of EUR 100,000 to 300,000; another larger group of the business entities surveyed, whose annual turnover amounted to EUR 300,000 to one million, accounted for 20.8% of the survey participants. Other groups of the business entities that participated in the survey were as follows: 15.3% of them boasted an annual turnover of EUR 30,000 to 100,000, 12%, EUR 2 to 10 million, 8.31%, to 30,000, 8.3%, EUR 10 to 50 million, and 1.48%, over EUR 50 million.

Among the business entities participating in the survey, the majority (50.7%) were subject to the mandatory restriction on economic activities from 16 March 2020. 27.4% of the respondents stated that their activity was not suspended, and the work was organised remotely; 16.4% claimed that their activities did not change, and the work was organised in a routine way; 2.7% marked other than the above named consequences; and 2.7% indicated that their companies suspended their business activities.

During the Covid-19 lockdown from 16 March 2020, the turnover of 35,6% of the respondent business entities fell by more than 50%, of 19,2% of them, by between 20 and 50%, and of another 19,2%, by up to 20%. The turnover did not change in 24.7% of the business entities participating in the survey, while 1.4% of the business entities reported a 20% increase in turnover. The surveyed businesses performed differently due to COVID-19: they either 1) operated without major restrictions or had their economic activities 2) restricted or 3) suspended.

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4. Results

Assessment of the situation caused by the Covid-19 pandemic-related restrictions on economic activity. An analysis of the number of employees in January-February 2020, during the lockdown, and in August 2020 revealed that the number of the respondent business entities with up to 3 employees (2.7% of the survey participants) decreased during the lockdown period (to 1.4%), and in August, such numbers of employees were not reported at all (possibly due to suspension). The number of the business entities with 50 to 99 employees decreased during the first lockdown (from 9.6% to 8.2%), and after the lockdown, the number of such business entities returned to the previous position (9.6%). The most visible change was observed is in the number of business entities with up to 10 employees (during the lockdown, their number increased from 47.9% to 49.3%, possibly due to staff reductions in other groups of business entities); the same trend was observed in the companies with 11 to 49 employees. In other groups of business entities with the number of employees from 100 to 249 and 250 and more, no changes were discovered.

We can presume that the most sensitive reaction to the lockdown restrictions was that of the businesses with up to 3, up to 10, and up to 100 employees. In the business entities with more than 100 employees, no changes in the employee turnover were identified (possibly as a result of state support for such business entities).

During the first wave of COVID-19, the majority (93.2%) of the respondents had no cases of diseases in the company, merely 2.7% had one case, and 4.1% reported having had several cases. Assessing the impact of the COVID-19 pandemic on the companies, we found out that, with the onset of the lockdown, the areas that changed the least during the lockdown could be identified. The introduced lockdown stopped the opening of new outlets (average 1.48, standard deviation (SD) 0.75); moreover, the surveyed business entities noted that they did not actively develop Ecommerce (average 1.59, SD 0.83). The respondents also argued that the changes in, or updates of, technology did not reduce the time of customer paying for goods / services (average of the answers to the item customer time of paying for goods or services decreased was 1.74 points, SD 0.88). The business entities did not observe an increase in consumer demand for the company's products (1.96, SD 1.18), or in the volumes of logistics services (1.89, SD 1,12), or in online sales (2.04, SD 1.20). The cost of renting business premises did not decrease (2.00, SD 1.20), nor did the business entities participating in the survey actively initiate technological changes and upgrades during the first lockdown (assessment average 2.15 points, SD 1.19). An analysis of the negative consequences of the lockdown on the activities of companies revealed that the lockdown increased the level of bureaucracy (the item scored 3.84 points, SD.1.18), the companies faced the problem of order cancellation (the item scored 3.75 points), and the demand for certain products dropped (the item scored 3.70 points, SD 1.75). The above statements suggested that the companies faced a decline in demand for their products during the lockdown.

Preventive action. When changing the nature of work organization due to the COVID-19 pandemic, the following measures were most often indicated by the respondents: distance work organised (58.9%), downtime introduced (50.7%), staffing suspended or canceled (31.5%), and working hours reduced (30.1%). More drastic measures were also named, such as a reduction in the number of working days (16.4%) or redundancies (13.7%), as well as a reduction in the number of shifts (8.2%) (Figure 1).

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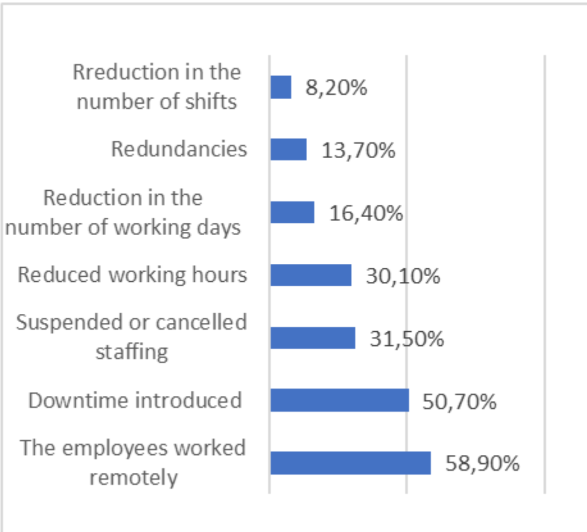

Figure 1. Changes in nature of work organization

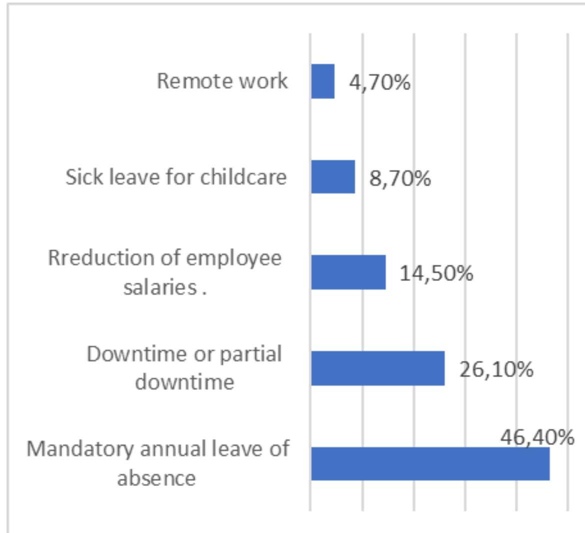

Figure 2. The most significant measures for retaining employees in the enterprises

16.4% of the respondents stated that the nature of work organisation had not changed. 5.5% of business entities hired more employees, while extended working hours and an increased number of shifts was reported by 2.7% and 1.4 % of the business entities, respectively. 6.8% of the business entities indicated that other measures had been taken to change the nature of work organisation.

Based on the survey data, we can argue that the business entities participating in the survey experienced business stagnation; those unable to organise work remotely were forced to declare downtime and/ or to reduce working hours and the number of shifts or working days, stop the staffing, or even lay off their employees.

The majority (89%) of the surveyed businesses managed to save jobs during the first Covid-19 pandemic: 6.8% of them reported having retained 51 to 75% of jobs, 2.7%, 26 to 30% of jobs, and 1.42% managed to retain merely up to 25% of jobs.

The most significant measure for retaining employees in the enterprises was making them take a mandatory annual leave of absence (46.4%) and declaring downtime or partial downtime (26.1%). The third most frequently used measure to retain employees was the reduction of employee salaries (14.5%). 8.7% of the respondents took a sick leave for childcare. Although the business entities were active in organising work remotely, that measure was identified as the least significant for employee retention (it accounted for only 4.3%) (Figure 2).

Conscious action. An analysis of the action taken by the surveyed businesses to cope with the COVID-19 pandemic revealed that the most frequently named measure was a change in the terms of the leases. The said measure was named by 30.1% of the respondents. The next most popular measure identified by the respondents was staff reductions (named by 24.7% of the respondents). Activity suspension was the third most popular measure taken by the respondents to overcome the effects of the pandemic. That measure was taken by 20.5% of the respondents. The respondents also identified the three actions least frequently taken by the companies to reduce the impact of the pandemic on their activities: transfer of employees to other companies (named only by 2.7% of the respondents); launching an online shop, which as a means of reducing the negative impact of the pandemic on the company's operations was named by 5.5%; and change in the terms of the bank credit agreements in response to the negative impact of the pandemic on the company's operations was named by 6.8% of the respondents.

A significant part of the respondents (39.7%) argued that their companies had been consistently accumulating contingency funds, which allowed them to continue operating in the conditions of the COVID-19 pandemic.

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However, the remaining respondents admitted that their companies did not have financial reserves to enable their activity during the pandemic. 32.9% of the respondents indicated that the accumulated reserve was sufficient to allow them operate for only one month. The remaining part of the respondents (27.3%) stated that the companies did not have any financial reserve, therefore they would be forced to suspend, or had already suspended, their activities.

In the assessment of the businesses continuity under the conditions of the COVID-19 pandemic, only 31.5% of the respondents reported having a business continuity plan in the event of a pandemic. 37% of the respondents indicated that such a plan was currently being prepared, while 31.5% of the respondents believed that their company did not need such a plan.

Performance optimisation. During the survey (mainly in October 2020), the respondents indicated that the priorities related to the improvement of employee productivity in their SMEs over the next three to six months included: the organisation of flexible work (41.6%), the improvement of the motivation system (35.1%), training for distance work (28.6%), application of alternative professional development models (19.5%), and cross-training through integrated learning, when the employee was trained to perform other functions in the organisation and knowledge transfer (18.2%). Only 9.1% of the respondents were thinking of the implementation of automation or AI, while 28.6% did not name any measures planned to optimise performance. The results of the research revealed indolent enagement of the SMEs in performance optimisation and the lack of consistency in strengthening, improving, and expanding the existing competencies, improving working methods, and using the existing ones for the organisations to build resilience.

Application of innovation. During the assessment of the state support for business in the context of the COVID-19 pandemic, the respondents were asked whether they used state support measures for their businesses. 58.9% of the respondents reported having used state support to mitigate the impact of the pandemic on their companies. Another part of the respondents (35.6%) said that their companies did not use such support, and part of the respondents (5.5%) stated that their companies planned to use such support.

The majority of the respondents (88%) indicated that the support was used for the retention of jobs, and 36% of the companies used the support for the preservation of business liquidity. The lowest number of the survey participants (14%) used the state support to preserve business investments.

In the assessment of the efficiency of the state support measures for business, based on the research findings, two measures were identified by the respondents as the most efficient: those were subsidies to micro-enterprises (estimated at 3.24 points, SD1.60) and rent compensation (estimated at 3.07 points, SD 1.51). The other measures listed were rated as less efficient.

Moreover, in the assessment of the SMEs' behaviour seeking to maintain the organisational resilience, a trend towards defensive reactive action was revealed, focusing on preventive control (3.51, SD 0.64), conscious action (3.85, SD 0.44), and performance optimisation (3.38, SD 0,82), however, there was a lack of innovation adaptation (1.93 SD0.74) and consistency between different actions, leading to a lack of consistency and flexibility in organizations in order to achieve resilience (see Table 1).

Table 1. SME actions for resilience during COVID-19

Actions	Min.	Max.	Average	Standard deviation SD
Preventive actions	2	5	3.51	0.64
Concious actions	3	5	3.85	0.44
Performance optimisation	1	5	3.38	0.82
Application of innovations	1	4	1.93	0.74

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Based on the findings of the research, performance optimisation solutions were more relevant to the SMEs with a shorter duration of activity (r=-0,318; p=0,142) and lower annual turnover (r=-380; p=0,001), The SMEs whose turnover had significantly changed due to the COVID-19 lockdown stood out through their conscious actions (r=-0,313; p=0,007) (see Table 2).

Table 2. Correlations with sociodemographic characteristics

Sociodemographic characteristics	Values	Preventive actions	Concious actions	Performance optimisation	Application of innovations
Duration of the SME activity	r	,049	-,173	-,318**	-,022
	p-value	,679	,142	,006	,851
Annual turnover	r	,222	-,045	-,380**	,157
	p-value	,061	,709	,001	,189
Change in the SME annual turnover during the COVID-19 lockdown	r	,024	-,313**	-,110	,258*
	p-value	,842	,007	,352	,027

The activity aimed at preventive control was typical of all types of the SMEs (see Table 3), to a lesser extent in the trade sector. The activity of all types of the SMEs was quite actively directed at conscious action. The SMEs that were most inclined towards business optimisation were those providing services where contact was not required (3.64, SD 0.84). More intense actions aimed towards innovation were observed in neither sector of activity (see Table 3).

Table 3. Comparison of SME behavior by type of activity

Actions	Type of activity	Average	Standard deviation SD
Preventive actions	Production	3,60	0,53
	Services where contact is required	3,56	0,72
	Services where contact is not required	3,56	0,53
	Trade	3,15	0,64
Concious actions	Production	3,80	0,37
	Services where contact is required	3,92	0,48
	Services where contact is not required	3,80	0,44
	Trade	3,81	0,37
Performance optimisation	Production	3,22	0,94
	Services where contact is required	3,27	0,83
	Services where contact is not required	3,63	0,84
	Trade	3,45	0,57
Application of innovations	Production	2,05	0,92
	Services where contact is required	1,91	0,77
	Services where contact is not required	1,96	0,50
	Trade	1,81	0,83

Discussion

In order to properly adapt to the market under difficult conditions, to take advantage of the changed situation, and to find new opportunities to modify the business, it is important to build organisational resilience and to ensure sustainable improvement. In the presence of COVID-19, it is important not only to survive at the current moment, but also to see opportunities for further activities, to adapt on time, and to change.

Despite the unprecedented economic recovery package in Lithuania during the coronavirus pandemic intended for the retention of jobs and the maintenance of enterprise liquidity and despite the optimistic mood after the first wave of coronavirus that left Lithuania as one of the countries least affected by the coronavirus, the view of business people on the situation differed from that of the media. The differences were especially noticeable in the analysis of the regional situation. The changes in consumer behaviour and habits and the structural changes in business were believed to affect a significant share of business activity even after the crisis. Small and medium-sized businesses were particularly sensitive to such changes. As revealed, the leap in the unemployment rate, associated with the restrictions on economic activities due to the COVID-19 pandemic, hit the hardest the most vulnerable segment of the workforce; similarly, in the business environment, COVID-19 tended to particularly hit small and medium-sized enterprises whose activity was based on self-employment. In that way, the group of the workforce regarded as vulnerable was expanded to include employees of small and medium-sized enterprises. The EU's approval of the new support package maintains expectations and optimism on the stock exchange. However, with the drastic acceleration of the second wave of coronovirus in Lithuania, the optimism of business entities facing restrictions on their activity fades, businesses are suspended, the range of business support measures is limited, or targeted support does not reach small and medium-sized businesses for various reasons: complex bureaucratic mechanisms; discriminatory treatment of support for different business entities; the business itself fears that the support received may adversely affect future trends in the business financing and development due to the potentially negative assessment of the business potential upon receiving state support; or hard-to-reach information due to chaotic activities of public bodies in the face of the pandemic.

The prevailing behaviour of the small and medium-sized enterprises under the conditions of uncertainty and the use of support for mitigation of the COVID-19 effects revealed that, in the current period, the enterprises were oriented towards survival. That was confirmed by the indolent behaviour of businesses in initiating change at the onset of the lockdown during the first wave of COVID-19.

On assessing the survey findings and summarising the response of the organisations and their efforts to cope with uncertainties, we can conclude that the response of the SMEs to the circumstances of uncertainty was mainly focused on protection against threats and avoidance of risk, while the organisations themselves lacked preparedness and consistency.

The indolent response of the SMEs to the challenges of the pandemic (e-shops, planning, standardisation of procedures, etc.) illustrated inconsistency in action, which weakened defense against emerging threats and reduced the resilience of organisations not only to recover after the economic restrictions but also to prosper in the future. Due to the concentration on the maintainance of the status quo and economic difficulties, the SMEs lacked consistent progress-oriented solutions for improving working methods, mastering new technologies, and developing competencies. Due to the lack of flexibility and progressiveness, the opportunities of adapting new technologies to enter or create new markets were neither observed nor sought.

Because of the concentration on preventive control, weak response to change (and lack of conscious action: unaccumulated financial reserves), as well as lack of determination to optimise activities through the expansion of competencies and the use of technology, no progressiveness was observed in the adaptation of recent technology, which resulted in the absence of a holistic approach to the balancing of preventive control, conscious action, efficiency optimisation, and adaptive innovations as well as to managing tensions in order to build organisational resilience.

Conclusions

The resilience of organisations to unforeseen external influences is particularly important. Such resilience was also important in the past, but the heads of organisations especially need it today, in the face of the global COVID-19 pandemic. Therefore, it is important for the heads of companies not only to be able to generate that trait, but also to engage employees so that they do not lose optimism as well as the ability to collaborate; they have to spread ideas in order to help the organisation focus and find the best solutions together. That, of course, requires not only the qualities of determination and optimism, but also the planning of financial and human resources and the modelling of different scenarios under changing conditions. Therefore, the heads of organisations should rely not only on their innate or developed traits but also on scientist-developed models for coping with unforeseen conditions.

The results of the research in Klaipėda Region revealed that small and medium-sized businesses suffered significant losses during the pandemic. Losses also increased due to the specificity of the region. A large part of the regional small and medium-sized enterprises belonged to the services sector, providing accommodation, catering, and tourism services. The findings of the research revealed that only some organisations had contingency funds. It was gratifying to see that some businesses had been able to transform and transfer some of the services to the virtual space, and employees had been able to continue working remotely. However, to summarise all the findings of the research, we must conclude that the prevailing behaviour of small and medium-sized enterprises under the conditions of uncertainty and the ways of using support for mitigating the effects of COVID-19 revealed that, in the current period, enterprises were oriented towards survival. That was confirmed by the indolent behaviour of businesses in initiating change at the onset of the lockdown during the first wave of COVID-19.

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