“In the middle of difficulty lies opportunity”

A qualitative study on inflation and uncertainties impact on global furniture export companies
*Saying attributed to Albert Einstein
Abstract

In today's dynamic business landscape, companies are constantly exposed to a multitude of challenges and uncertainties that can significantly impact their operations and performance. Inflation, a worldwide pandemic, supply chain disruptions, and rising costs are just a few of the disruptive events that have occurred during the last few years. This thesis investigates the effects of inflation and uncertainties on companies operating in the furniture industry.

This thesis adopts a qualitative research approach as its methodological foundation. A comprehensive review of relevant literature and studies pertaining to the subject matter is conducted. To supplement the theoretical insights, empirical data is collected through semi-structured interviews conducted with five company cases. The data collected from these interviews serves as the basis for the development of three key themes: Macroeconomics, export, and crisis management. These themes are consistently woven throughout the thesis, providing a coherent narrative for the reader. This thesis concludes that in times of uncertainties, global furniture export companies have diversified suppliers and markets, managed resources effectively, implemented proactive risk management, and cultivated strong relationships. Prioritizing crisis management, monitoring macroeconomic factors, and optimizing strategic resources have all been key for enhancing resilience and competitiveness in this industry and allows the industry to grow and advance, as in the face of adversity it becomes evident that in the middle of difficulty lies opportunity.

Key words

Inflation, Uncertainties, Macroeconomics, Export, Crisis Management, COVID-19, Supply Chain Disruption, Competitiveness, Global Furniture Export
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Kalmar, Sweden, May 25th 2023

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Appendices

Appendix 1- Interview Guide
1 Introduction

This chapter will introduce the introduction and background of the thesis research topic. The problem discussion will in a clear manner identify the existing research gap and emphasize the managerial issues regarding the impact inflation and uncertainties have on global export furniture companies. The research question, followed by sub-question will be presented to guide the study, subsequently the purpose of the research will be stated. To conclude the introduction, delimitations and a thesis outline will be provided for a clear structure of the thesis.

1.1 Background

Inflation is a macroeconomic factor that affects the cost of production and pricing strategies, which can have a significant impact on the demand for both domestic sales, and exports. In addition, the purchasing power of consumers is also affected, reducing their ability to purchase goods and services, which could lead to an inflation-affected market, impacting a company’s long-term competitiveness (Oner, n.d).

Uncertainties are defined as unforeseen elements and occurrences that have the potential to severely affect how an economy operates, such as pandemics, supply chain disruptions and logistics. These uncertainties can have a strong effect on companies, however, in regards to export, which in economics is the process of producing a good or service in one country and selling it to consumers in another country, the effect can be both positive and negative (Cherunilam, 2010). The exchange fluctuation may still result in a positive impact on the export, however, the current inflation in combination with increasing raw material cost might create higher production cost for companies, a cost that they may or may not have to pass on to the customers. Although some companies may pass on the increasing costs to consumers others may need to absorb them, leading to a decreased profitability. During inflation and times of uncertainty internal costs, such as material costs, labor
costs, maintenance, freight, expenses and overhead costs, in general might increase for companies resulting in a decreased profitability and further challenges. Further, if a company's internal costs increase there is a risk of them becoming less competitive on the market as cheaper competitors may become more attractive to the consumers (Mecalux, 2022). Furthermore, the exchange rate fluctuations could ultimately impact the competitiveness of Swedish furniture export as other exporters may become more competitive.

Sweden has a long tradition of innovation and entrepreneurship and with a relatively small domestic market it has contributed to a strong focus on the global market and export possibilities resulting in job creation and prosperity. The country has a history of a strong, developed and diversified economy and as mentioned exports has been a key aspect in regards to growth (Ekholm et al. 2016). Furthermore, Sweden has been very competitive with highly successful results on the international markets in industries such as pharmaceuticals, automotive and, the sector the authors of this study will focus on, furniture (Berggren & Bernhardt, 2017). However, the rising inflationary pressures alongside global uncertainties have presented new challenges for these companies, and with a lack of research in regards to the effects inflation and uncertainties have on Swedish furniture export companies the aim is to research the impact.

As a result of its small population, Sweden has a relatively small domestic market, which means Swedish companies must look beyond it to continue to sustain and further expand their growth and profitability. This has resulted in Sweden becoming heavily dependent on exports. Since the 1980s Sweden has exported goods and services for a greater value than what the country has imported, resulting in a trade surplus (Macrotrends, n.d.). According to the Swedish Federation of Wood and Furniture Industry’s report of 2021, the Swedish furniture production industry includes 2,379 companies, employing a total of 12,618 people through production. Approximately 31,000 people are employed in the furniture industry and furniture retail trade. Swedish
furniture export is one of the top five Swedish export sectors and has had a steady increase, see table 1, providing a large impact on the Swedish economy. A continuously increasing economic factor, the total export of furniture in 2021 was 19.7 billion SEK, an increase of over 5 billion Swedish crowns in the last 5 years. 75-80 percent of Swedish furniture production is exported, and 90% of this export share is exported within Europe, with the largest importer of Swedish manufactured furniture being Norway at 30% and Denmark at 13% (TMF, 2021).

There are several factors that impact the importance of Norway and Denmark as important export countries of Swedish furniture, such as the geographical advantage resulting in lower logistics, cultural similarities, high net income as well as a high demand of furniture and interior design. The export within the EU continues to increase, showing a further increase of 12% in 2022, and an increase of 12% to the rest of Europe (TMF, 2022). However, although having a large impact on the Swedish economy due to being one of the top export sectors, there is a lack of research in regards to the specific impact that inflation and uncertainties have on export by Swedish furniture and interior companies and furthermore, what strategies that these companies could utilize to uphold their competitiveness in the course of time.

Table 1. (TMF, 2021)
Prices of goods and services are dynamic and constantly changing, inflation occurs when the general price level significantly increases and at this time the purchasing power of a currency decreases, meaning that each unit of currency buys fewer goods and services than it did before. CPI (consumer price index) is a closely watched measure of inflation and many economists believe that the CPI tends to overstate inflation. It is worth remembering that due to the fact that the CPI measures the cost of a predetermined set of goods, it fails to take into account the capacity of consumers to substitute towards products whose relative prices have fallen. Therefore, when relative prices alter, the actual increase in the cost of living is less than that reflected by the CPI (Mankiw, 2013). According to Statistics Sweden (2023) the inflation according to the Consumer Price Index rose to 12% in 2023, resulting in the highest figure the country has seen since February 1991, with the main driver of the increase being electricity cost.

Analyzing the effect of inflation on Swedish furniture export companies can also be challenging due to the complex nature of inflation. External factors such as changes in exchange rates, international trade policies and global economic conditions can influence inflation which therefore can make it problematic to isolate the impact of inflation to these other factors, therefore, the authors will research the combined impact of inflation and uncertainties. For instance, exchange rates have an impact on the relative prices of goods in international markets, which can affect the competitiveness of export companies. As a result of a depreciation of the domestic currency, exports become cheaper and more appealing to foreign buyers, thereby increasing export demand. Alternatively, an appreciation of the domestic currency will lead to higher export prices, reduced competition, and lower sales of exports (Chen, 2021).

Furthermore, as inflation is a gradual process the effects on companies may not be immediately apparent but instead might be apparent much later on. In the short term, some companies may be able to utilize certain positive
aspects of inflation and they might also make adjustments, for example in their pricing strategies. However, over the long term, the effects of inflation could possibly become more pronounced and harder to manage. Other uncertainties that may cause an impact is increasing cost of raw material, freight and labor costs, forcing companies to raise prices to remain profitable. However, if customers are unwilling to pay these higher prices, sales and revenues could decline which could have a long-term effect on the company’s economic results. From a long-term perspective, inflation can also cause uncertainty and volatility throughout the economy, making it challenging for companies to plan ahead and foresee effects of the inflation (Viorica et al., 2014). According to Sveriges Riksbank (n.d., para.2) "Time plays a central role here: the longer inflation remains high, the greater the risk that it will affect expectations in the long term, and the greater the real economic costs of bringing inflation down again."

Identifying ways in which Swedish furniture export companies can maintain their long-term competitiveness in times of uncertainties is a valuable way of providing insights into several key areas. It can for example reveal price tactics that these businesses might use to stay competitive in their market. Increased production costs may be passed on to customers as increased prices, however in times of uncertainty there is also a risk of lower purchasing power of the consumers, which may make products less affordable and reduce demand. In order to keep their market share, businesses may therefore need to change their pricing methods, by providing discounts, bundling products, or looking into new markets for example. Inflation and recent uncertainties have also led to challenges regarding transportation and logistics, which can affect companies' ability to remain competitive. A company's supply chain strategy may need to be altered to lower costs and remain competitive, such as sourcing from local vendors (Mecalux, 2022).
The study will examine the impact macroeconomic effects have on Swedish furniture export companies, analyze the strategies used by them to increase their export competitiveness in the face of disturbance and evaluate the effectiveness of these strategies in the long run. In addition, it will examine the various factors that influence the performance of these companies in the face of inflation, exchange rate fluctuations, lack of raw material, competition and other disturbances.

From both a macro and micro economy perspective, inflation can have multiple effects on organizations, a country and the world. In recent years there have been several factors impacting inflation rates across the globe, including Sweden. The COVID-19 pandemic for example led to disrupted global supply chains and caused shortages of key goods, which in turn led to price increases in many sectors (Attinasi, 2021). Like the rest of the world Sweden is still recovering from the pandemic and since Russia’s invasion of Ukraine in 2022 inflation has risen globally, prompting central banks to increase their interest rates. Riksbanken has increased interest rates as an effort to curb inflation, while signaling that further increases are on the way, however this in turn affects consumption and the country’s economic activity (Sveriges Riksbank, 2022, A).

Although a high inflation rate is generally negative, it has an indirect positive effect on export as a lower exchange rate of the Swedish crown results in higher profit for export companies (Ekn, 2021). In exceptional cases certain industries may be impacted positively by increasing prices as it gives them a reason to increase prices. Further, as export is significant for many organizations and the Swedish economy as a whole there it is a relevant and interesting topic to further analyze. Do they make significant changes right away or do most companies need to wait and see how they are impacted? Furthermore, the authors anticipate generating valuable perspectives in regards to the tactics and strategies used by these companies to maintain their long-term export competitiveness in the face of outside pressure.
1.2 Problem Discussion

1.2.1 Research Gap

As mentioned in Chapter 1, despite the effect inflation and uncertainties have on macroeconomics and the way in which it affects export, in combination with the impact Swedish export companies and the trade surplus have on the Swedish economy, few studies have been done to investigate its effect on companies. There are a few existing studies examining the impact of inflation and uncertainties on profitability in general, however providing mixed results, with some suggesting a positive relationship between for example inflation and net income, while others finding a negative relationship. According to the Swedish Trade and Invest Council furniture is one of the top five export sectors in Sweden (Swedish Trade and Invest Council, 2021) However, a very limited amount of research has been conducted specifically on Swedish furniture and design exporters. Therefore the aim of this research is to fill said gap by exploring the extent to which inflation and uncertainties impact the success of global Swedish furniture export companies, how their crisis management has changed and examine the strategies that these companies use to maintain their long-term competitiveness.

Some studies have explored the relationship between inflation and companies’ performance, such as Gylfason (1999) who explored the connection between exports, inflation and growth as well as Akalper’s case study “Does inflation increase the export” (2013). Gylfason suggested that exports can promote growth by accessing to foreign markets, technology and capital, whereas high inflation may hinder growth by creating uncertainty. Furthermore, Gylfason (1999) concluded that countries should prioritize export oriented policies and strive to maintain low inflation as a way to promote economic growth. Akalper argues that due to increased production cost in times of high inflation and uncertainties, in connection with the country's reliance on imported parts and the volatility of the Turkish lira,
Turkish firms lost their long-term competitiveness in foreign markets. Alkalper's (2013) conclusion coincides with that of Gylfason (1999) that low inflation is critical to promote export oriented long-term growth in Turkey. These studies provide insights into the impact of inflation and uncertainties on firm performance and international trade, but they do not however specifically address the experiences of Swedish furniture export companies and how they maintain their competitiveness in times of increasing inflation.

According to a study conducted by Mauliana et al (2020) in an aim to examine the relationship between exchange rates, inflation and exports in ASEAN-8 between 1990 and 2017, results showed that inflation had a large influence on the growth of the trade stability. Furthermore, it was concluded in the same research that uncertainties such as inflation and exchange rates are some of the main factors that can have a greater influence in the long term than in the short term. However, it fails to mention *how* long-term competitiveness is maintained as well as what strategies used to maintain that long term export competitiveness.

In regards to competitiveness, according to Gazo and Quesada (2005) some of the main impactful factors are low-cost labor, effective communication, government support, low production costs, quality marks, advancement of alternative materials, education of workers, and high productivity on which furniture exporters have based their competitive strategy. In addition, the authors explain how their study did not examine other variables such as currency exchange rates, environmental restrictions, or employee benefits that might also provide competitive advantages. Gazo and Quesada (2005) also demonstrated that when comparing the financial performance of furniture companies, liquidity is the most crucial factor. It is the most reliable sign of a company's capacity to fulfill its financial obligations. While Gazo and Quesada (2005) identified crucial success criterias within the furniture industry one could further analyze if and how these criterias are affected by inflation and other uncertainties.
Moreover, Österholm and Poon (2022) have estimated the evolution of trend inflation in Sweden using data from 1995 and 2022, and Bayesian estimation methods, and it appears that trend inflation has been well anchored during the period, though it has generally been below the target level. Further the authors found that it is important for policymakers to take into account trend inflation when setting inflation targets and conducting monetary policy. They argue that a better understanding of trend inflation can lead to more effective policymaking and help avoid unnecessary fluctuations in the economy. The authors continue stating that this analysis should be of interest not only to the Riksbank but also to the majority of economists and forecasters analyzing the Swedish economy (Österholm and Poon, 2022).

At times it is believed that high inflation rates and uncertainties can negatively impact a country's exports. However, the relationship between external uncertainties and export is not always straightforward and various factors such as exchange rates, income levels, and other economic conditions can have an impact, something that Akalpler (2013) analyzed further. Focusing his research on Turkey Akalpler (2013) found that inflation has a positive effect on export in the short-run. The author claims this could be attributed to the fact that a weaker domestic currency resulting from inflation can make exports more competitive and attractive to foreign buyers. Although, it is further stated that the positive impact of inflation on exports is not sustainable in the long-run, as high inflation rates can lead to decreased consumer demand and reduced foreign investment, both of which can ultimately harm a country's export competitiveness (Akalpler, 2013).

There is a clear research gap that needs to be addressed to better understand the relationship between inflation and uncertainties in regards to Swedish furniture and design export companies. Therefore, as furniture is one of Sweden’s largest exports, and therefore has a large impact on the Swedish economy, this topic needs further, deeper research. This study will add to the gap and future research on this topic for companies to better understand the
impact that inflation and uncertainties has on exports and what strategies can be used to maintain a long-term competitiveness.

1.2.2 Managerial Gap

The managerial gap in this context refers to a potential area where managers of global furniture export companies may face challenges or encounter difficulties in dealing with in regard to the effects of inflation and other uncertainties. According to Kotler and Caslione (2010) companies face challenges due to rapid changes in e.g., globalization, changes in technology and economic instability, they argue that traditional management and marketing is insufficient in a turbulent, unpredictable environment.

Furthermore, Kotler and Caslione (2010) argue the importance of being able to rapidly adapt and be flexible to stay competitive in a turbulent market, some of the key concepts discussed is:

- **Turbulence and uncertainty as the new normal**: It is argued that businesses should embrace and anticipate turbulence rather than seek to avoid it.

- **Strategic flexibility**: Kotler and Caslione (2010) emphasize the importance of being flexible to change and acting responsive. Companies need to consciously monitor and adapt their strategies to remain competitive.

- **Innovation and seizing opportunities**: Businesses should attempt to use turbulence to its advantage by gaining competitive advantage in the market.

The research question, "How does inflation and uncertainties impact global furniture export companies?" and its sub questions, "What strategies do the companies use to maintain their competitiveness?" and “How have
companies changed their crisis management strategies in the last years?" focus on understanding the impact of inflation and uncertainties on global furniture export companies and the strategies employed by these companies to sustain their competitiveness.

In the last few years there has been continuous turbulence in the market due to factors such as the COVID-19 pandemic, increasing freight cost, supply chain disruptions due to the war in Ukraine as well as high inflation rates (Jiménez, 2023). Before the pandemic, the focus on crisis management and the preparation for different situations was significantly less, and according to Dr. Jacques (2021), COVID-19 brought real change to how companies handle crisis management. Therefore the authors believe there is a need to further explore the concept of how global furniture export companies are impacted by such turbulence and uncertainties, and how it can be used to their advantage to maintain competitiveness. This will also provide an insight into how companies have handled the impact of inflation and uncertainties and what challenges this has brought, thereby helping global export companies to deal with uncertainties, and prepare, in a more superior manner in the future. It is important for companies to be aware and prepared, as explained by Drucker (1980), that a time of turbulence is a dangerous time, but its greatest danger is a temptation to deny reality.

1.3 Research Question

RQ. How does inflation and uncertainties impact global furniture export companies?

- What strategies do the companies use to maintain their export competitiveness?
- How have companies changed their crisis management strategies in the last years?
1.4 Purpose
The purpose of this thesis is to understand how inflation and other uncertainties impact global furniture export, what strategies are utilized by these companies to stay competitive in the market and to further analyze how companies potentially changed their strategies in regards to crisis management.

1.5 Delimitations
Although this thesis examines furniture exports in a global context, the authors will due to the time constraint solely focus on five Swedish furniture and interior export companies. That means that all empirical data will be from a Swedish perspective and what therefore must be remembered is that companies from other countries might not experience the effects of inflation and uncertainties in the same way as the Swedish respondents did. The study will focus on small and medium sized companies to examine how they have been affected by inflation, what strategies they have employed to stay competitive in the market as well as how they handle crisis management.
1.6 Thesis Outline

Introduction

• The introduction chapter will include a background and a problem discussion which will serve as the foundation for the chosen topic to research. Following this, the research questions will be presented then the purpose and the delimitations of this paper.

Literature Review

• This chapter aims to present a comprehensive review of relevant literature and published articles that are pertinent to the study at hand. Various key concepts will be examined and discussed to equip the reader with essential knowledge for a more profound comprehension of this thesis. Finally, a conceptual framework will be expounded upon to provide a structured and theoretical basis for the research.

Methodology

• This chapter will encompass a comprehensive exposition of various methodologies that can be employed for conducting a thesis. A discussion will also be undertaken to establish the rationale behind the selection of the chosen methodology, highlighting its appropriateness for the research at hand. Furthermore, an operationalization plan will be delineated, providing a systematic approach to implement the chosen methodology effectively.

Empirical Findings

• This chapter, focusing on empirical findings, will present the data gathered from interviews conducted as part of this research study. The presented data will be intricately interconnected with the explanations and data deliberated in the preceding chapters. This linkage will serve to reinforce and augment the coherence of the overall research narrative.

Analysis

• In this chapter, a comprehensive analysis of the empirical findings will be presented. These findings will be carefully correlated with the existing literature review to effectively address the research questions posited in the thesis. By establishing a connection between the empirical evidence and the scholarly discourse, this analysis aims to provide insightful answers to the research inquiries at hand.

Conclusion

• The concluding chapter of this thesis will encapsulate the authors' derived conclusions based on the research findings. Additionally, this chapter will offer recommendations for future research endeavors, aiming to guide and inspire further scholarly investigations in the field.
2 Literature Review

This chapter will feature various theoretical concepts and frameworks, related to the research topic, that will be implemented throughout the thesis. The chapter will present relevant literature in regards to Macroeconomics, Export and Crisis Management, furthermore the authors will explore further sub-headings in regards to these areas and the connection between these subjects and the research question at hand will be found at the end of this chapter under “Conceptual Framework”. The theories and frameworks in this chapter lays the foundation for the upcoming analysis.

2.1 Macroeconomics

Macroeconomics attempts to answer why some countries experience rapid growth in incomes while others struggle with poverty, why countries experience recessions, depressions and inflation and how governments policies can reduce the frequency and severity of these episodes. Macroeconomic factors affect everyone, both businesses and private consumers, in different aspects and it constantly plays a central role in national politics and economics (Mitchell et al, 2019). Macroeconomists study many facets of the economy such as the role of saving in economic growth, the impact of minimum-wage, laws on unemployment, the effect of inflation in regards to interest rates and the influence of trade policy on the trade balance and exchange rate. It can at times be challenging to separate these factors from each other as they in many way are interlinked. Although economists use models and theories to address these factors, no single model can answer every question and no model is “the correct one”, therefore there is a need to analyze and compare multiple ones and to always be critical (Mankiw, 2013).

The impact of the financial crisis in 2008 and the years that followed did not just affect only one area of the economy. Every individual and every business was impacted in some way: businesses lost orders, employees lost
their jobs, pensioners' savings lost value, and homeowners benefited from lower interest rates on their mortgage loans (Awan, 2015). Macroeconomic, or national and international, economic developments can have a significant impact on every single one of us. This is why it is crucial to comprehend how the macroeconomy works. To make wise decisions regarding investments and employment, businesses must have a clear understanding of the direction the economy is taking. A multinational corporation must carefully evaluate the economic future for various countries when deciding where to deploy manufacturing, conduct trade and supply-chain agreements, or develop its sales organization. Financial market participants keep a careful eye on economic developments because they are aware that fresh information has an immediate impact on interest rates and asset values (Gottfries, 2013).

2.1.1 Inflation
Inflation is the increase in the general price levels of goods and services in an economy over a period of time which is measured using an inflation rate. Inflation can have both positive and negative effects on the economy, with moderate inflation being beneficial for economic growth and high or unpredictable inflation posing risks to the economy. The Central Bank uses certain monetary policy tools in an attempt to control inflation and placing it within the target range (Sveriges Riksbank, 2022, B). The higher inflation becomes, the larger a recession then in turn needs to be in order to lower inflation (Hausman, 2023).

A price index is used to determine the average rate of price growth, or inflation, or the average rate of price decline, or deflation. The price index can be used to measure compensations, track inflation trends, and deflate sums by converting them from current values to fixed prices. A typical household's worth of goods and services, a specific basket of goods, is used to calculate the consumer price index. It is calculated as a chain index and with a chain index, the basket weights are successively updated to avoid distortions that may occur as a result of changed consumption patterns. The
Cost of high inflation depends on whether inflation is expected or not because it is the expected inflation that is built into the various agreements that are made in society (Fregert, 2021).

Individuals and corporations can modify their behavior when inflation is anticipated. For instance, they might take the anticipated inflation into account while making price, wages, and investment decisions. This implies that since people can predict it and make plans for it, the effect of inflation on the economy can be somewhat reduced. Unexpected inflation, on the other hand, might cause the economy severe problems. If prices unexpectedly increase, customers might not be able to purchase as many products and services, which would reduce demand and economic activity. Businesses may be compelled to raise prices as a result of increasing input costs, which could result in an inflationary cycle and decreased economic activity. As expected inflation may be taken into account when making economic decisions and agreements, whereas unexpected inflation might result in disruptions and uncertainty, the cost of high inflation varies on whether it is expected or not (Fregert, 2021).

2.1.2 Gross Domestic Product

To gain a further and deeper understanding regarding the development of the Swedish economy, as well as the reactions to different financial occurrences, a small analysis of the Swedish economic history will be presented. Gross Domestic Product (GDP) describes the size of a country's economy and is calculated by summing the value of all goods and services produced in the country during a certain period. By dividing GDP by the population, GDP per capita, one can get an approximate idea of how wealthy the country actually is, GDP is also the most common measure used to describe economic growth (Hernández-Ramírez et al. 2021).

For Sweden, GDP has increased by an average of about two percent per year from 1970 until today. However, during this period Sweden has experienced
several deep recessions. A prolonged interruption in growth occurred in the early 1990s when GDP decreased for three consecutive years. In 2008, the global financial crisis hit, causing a very deep downturn, this in turn led to Sweden's GDP shrinking by over 4 percent in 2009, which was the largest recorded decline for a single year since 1950. However, the banks of Sweden were better prepared compared to the financial crisis of the 1990s, although the credit losses increased, the banks as a whole never had any significant losses (Persson & Skult, 2018). After the financial crisis, there was a rapid recovery with very high growth in 2010, however the increasing debt crisis in the euro area soon slowed down the economy again and it wasn't until 2016 that Sweden entered a period of high economic growth again. The peak of this economic upturn was reached in 2018. Initially, it looked like there would be a relatively minimal slowdown of the economy, but at the end of the first quarter of 2020, the COVID-19 crisis hit and completely changed the conditions, forcing the economy into a recession. Since then, GDP has recovered and is now above the pre-COVID-19 level. Forecasts for future GDP growth are uncertain, but most forecasters anticipate a slowdown in the coming quarters (Öljemark, 2023, A).

The Swedish economy is predicted to enter a period of low economic growth for the next few years, according to the National Institute of Economic Research (KonjunkturInstitutet, 2023). Factors such as high inflation, interest rate hikes and a weakened exchange rate of the Swedish crown are all expected to dampen growth in Sweden. The central bank, Riksbanken, raises interest rates to curb inflation and prevent it from becoming persistent. However, it is anticipated that inflation will eventually fall back in 2023, allowing Riksbanken to cease interest rate hikes and potentially stimulate growth in 2024 (Öljemark, 2023, B ).
2.1.3 Exchange Rates

The price at which one currency can be exchanged for another is referred to as the exchange rate. They serve as an indicator of the relative value of several currencies on the world foreign exchange market. Exchange rates are essential to international trade and finance as they make it easier to convert currencies for numerous types of economic transactions. The dynamics of supply and demand in the foreign currency market are one of the many factors that affect exchange rates. Economic indicators, interest rates, inflation rates, political stability, and market speculation are a few examples of these variables. A country's economy can be significantly impacted by changes in exchange rates, especially in the areas of trade balance, inflation, competitiveness, and financial flow. For enterprises involved in international trade, exchange rates are crucial as they have an impact on the costs of imports and exports and the ability to compete on the global market (Yang & Zeng, 2014).

An analysis of trade patterns between countries who adopted the Euro was conducted by Bergin et al. (2017), where findings showed that joining the currency union had a positive effect on trade, leading to an increase in bilateral trade between countries within the union. This increase was deemed to be due to elimination of transaction costs, exchange rate volatility as well as elimination of exchange rate risk within the member countries. In the study, the importance of currency stability and reduced exchange rate uncertainty is highlighted and deemed to promote a stronger trade relationship within the currency union (Bergin et al., 2017).

Although Bergin et al. (2017) research focus is on currency unions, the findings suggest that a weak currency (outside of the union), could potentially have a positive impact on the country's export competitiveness. Due to the depreciation of the currency value exports become more affordable for foreign buyers, resulting in a stimulated export growth and improved trade balances. However, although the study shows a positive
impact on exports due to a depreciated exchange rate, factors such as economic structure, industry competitiveness, and global market conditions have an additional impact (Bergin et al., 2017).

2.1.4 J-Curve Theory

![J-Curve Diagram](image)

Figure. 1, J-Curve, (Gordon, 2023)

According to the J-curve theory, a country’s trade balance first declines following a currency depreciation before improving over time. Because the trade balance has a tendency to take the form of the letter "J" on a graph, the hypothesis is known as a "J-curve", see figure 1. The fundamental tenet of the J-curve hypothesis is that a currency depreciation will result in lower export prices and higher import costs for a nation, which should improve the trade balance (Arndt & Dorrance, 1987). However, the demand for exports and imports is comparatively inelastic in the near term, which means that changes in price have little effect on the volume of commodities traded. As a result, the trade balance may actually worsen in the short term as imports become more expensive and exports remain relatively unchanged. However, when consumers become used to the new pricing, demand for imports and exports becomes more elastic over time. This means that when exports become more competitive and imports become less desirable, a currency
depreciation may eventually result in an improvement in the trade balance. The elasticity of demand for exports and imports, the level of competition in export markets, and the state of the economy as a whole are just a few of the variables that might affect how quickly the trade balance improves (Bahmani-Oskooee & Ratha, 2004).

It's crucial to remember that the J-curve theory is not accepted by everyone and has its detractors. Some economists, for instance, contend that the theory is unduly straightforward and ignores the influence of other variables, such as changes in interest rates or governmental policies on the trade balance. The J-curve theory may also not apply to all nations or situations because the effects of currency depreciation on the trade balance depend on a variety of factors that are unique to each nation's economy (Bahmani-Oskooee & Ratha, 2004).

2.2 Export
In economics, exporting is the process of producing a good or service in one country and selling it to consumers in another country (Cherunilam, 2010).

2.2.1 The Global Export Environment
According to Cadogan et al (2005) for many organizations, exports are significant to success in the international marketplace, providing a competitive edge through higher levels of corporate growth, increased use of capacity, and increased sales volumes and profits. The study by Cadogan et al (2005) examines how the importance of interfunctional connections for export performance is affected by uncertainty in a firm's export environment. The authors explore how conflicts might arise from the rivalry for resources between export marketing and other business tasks. They discover that when export markets are turbulent, the degree of interconnectedness between these services is very important for attaining export success. On the other hand, in
circumstances where export success is steady, disputes across business activities are most damaging (Cadogan et al, 2005).

However, according to Cadogan et al (2012) success in today's global business world depends on one's capacity to adjust to shifting market dynamics. A significant component of gaining a competitive edge has been highlighted as strategic flexibility, or the capacity to alter a firm's strategy in response to environmental changes. Cadogan et al (2012) investigated the effects of strategic flexibility on export performance as well as the moderating effects that the export environment and export market-oriented behavior have on this relationship. Cadogan et al (2012) present an overview of the literature on strategic flexibility and point out that, despite the fact that the idea is universally acknowledged as being significant, there is still confusion on how it should be defined and assessed. Their research model contends that both export market-oriented behavior (EMO) and the export environment serve to control the relationship between strategic flexibility and export performance. According to Cadogan et al (2012), EMO refers to the extent to which a firm adopts a customer-centric approach to its export activities. Further, the authors claim that companies with a stronger focus on the requirements and preferences of their clients are better able to recognize changes in those desires and preferences and are therefore more likely to gain from strategic flexibility (Cadogan et al, 2012).

However, the export environment, which includes elements like competition, regulations, and cultural differences, may support or hinder a firm's capacity to adjust to market changes. The authors surveyed exporting companies to put their model to the test and to better understand what influences global competitiveness. According to their findings, organizations with higher levels of EMO have a stronger association between strategic flexibility and export performance. The authors also discover that in more dynamic export situations, the link between strategic flexibility and export performance is stronger. In all, Cadogan et al (2012) highlights the significance of taking
into account the moderating effects of EMO and the export environment. Their findings imply that companies with a focus on customers and the capacity to change with the market are more likely to achieve export success (Cadogan et al, 2012).

When looking at the Swedish export and import over the years, the impact of the financial crisis of 2008 was greater than that of the financial crisis of the 1990s. This due to the fact that the financial crisis of the 1990s was supported by the demand from the rest of the world, in the crisis of 2008 the whole world was in somewhat of a recession (Persson & Skult, 2018). As seen in table 2 both imports and exports slowed down after the financial crisis, although it did recover in the following years.

Table 2: Export & Import in Sweden 1990-2023 (SCB, 2023)

2.2.2 Export Competitiveness

According to Gazo and Quesada’s (2005) research in regards to furniture manufacturers and their competitive strategy, some of the main factors that impact competitiveness are low-cost labor, effective communication, government support, low production costs, quality marks, advancement of alternative materials, education of workers, and high productivity. The authors state that the most frequently identified crucial success criteria in the household furniture sector were quality, innovation, customer service, price,
outsourcing, retail distribution, product operations, and marketing. In comparison, product achievement, customer service, quality, price, distribution to consumers, product operations, and innovation were key success factors for the office furniture sector (Gazo & Quesada, 2005).

The Resource-Based View (RBV) is a theoretical approach that came to light as a response to the tumultuous time in the business environment due to globalization, economic crises and technological innovations (Wernerfelt, 1984). Barney (1991) emphasizes the relationship between resources of the firm and sustained competitive advantage. Barney states that a firm can achieve a competitive advantage when it possesses *valuable, inimitable* and *non-substitutable resources*. Barney (1991) defines resources as physical capital resources (e.g., infrastructure), human capital resources (e.g., knowledge and skills) and organizational capital resources (e.g., culture). Peteraf (1993) emphasizes the importance of firms strategically and successfully coordinating all these resources, as it is considered the cornerstone of competitive advantage.

By studying the RBV framework and acknowledging the key elements of resources the firm can conclude their competitive advantages, Barney highlights the importance of firm resources in regards to obtaining sustainable competitiveness. The capability of firms to either create or acquire, as well as what the cost will be to acquire said resource, affects the company’s performance and their overall competitiveness on the market. By acknowledging what their valuable, rare, and non-imitable resources are, it allows them to differentiate themselves from competitors and maintain long-term success (Barney, 1991).
2.3 Crisis Management

The strategic process of recognizing, evaluating, and managing potential risks and disruptions in order to reduce negative effects and protect an organization's reputation, operations, and stakeholders amid challenging or unforeseen conditions is known as crisis management (Sudareva, 2021).

2.3.1 Risk Identification

Business always involves an element of risk. The environment in which businesses operate is more uncertain as a result of dynamic market relations. In order to maintain high competitiveness, businesses must launch initiatives with a variety of potential outcomes. The risk associated with an organization's operation is based on the likelihood that these outputs may occur. Risk is a component of every project and it is present in all organizational actions (Cohen, 2004). Successful risk management depends on accurate risk identification. One has to observe not only the internal but also the external environment and to observe how the organization’s activities can threaten the environment. Further, it can also allow one to see what may threaten the organization and to what extent. With this knowledge of the organization's internal and external environments, risk managers may see all virtual risks and threats that face the organization, not solely those that are currently known, and can take the necessary actions (Tchankova, 2002).

According to Tchankova (2002) risk identification should start with the basic questions:

- How can the organizational resources be threatened?
- What adverse effect can prevent the organization from achieving its goals?
- What favorable possibility can be revealed?

The process of risk identification identifies and quantifies potential organizational risks, as well as conditions and emerging risks. The
organization can investigate the activities and locations where its resources are exposed to risks by identifying the risks (Williams et al, 1998). To conclude, the necessity of identifying the risks affecting the organization determines the significance of risk identification (Tchankova, 2002).

2.3.2 Supply Chain Disruptions

According to research there are two types of risk in regard to the supply chain (SC), these types of risk can be categorized into Operational risk and Disruption risk (Fahima et al. 2018). Operational risk refers to the ordinary risk and challenges that may appear in the day-to-day operations of a normal supply chain. Operational risk is often recurring however it may vary in intensity or frequency. According to Fahimia et al (2018). Some of the issues that could cause Operational risks are:

- Demand fluctuations: Refers to change in customer demand. An unexpected fluctuation in demand can lead to demand not being met, or that the company has costly, excess inventory.
- Lead time variations: If delays occur within the supply chain it can disrupt operations and eventually impact customer service and the customers view of the company.
- Quality issues: Quality issues refer to issues related to the quality of the product, e.g., the product is not complying with standards, or other defects. Quality issues risk disrupting the flow of the goods as well as impacting the customer satisfaction.
- Capacity constraints: Capacity constraints are caused by limited resources within the supply chain or insufficient production capacity, this in turn may lead to further delays or bottlenecks.
- Forecasting inaccuracies: By not being able to produce a sufficient forecast, companies run the risk of creating an imbalance between supply and demand, which in turn may lead to both financial loss and a lack of customer satisfaction.
Disruption risk on the other hand refers to low-frequency events that have a high impact, posing a high risk of causing great disruptions in the supply chain. According to Fahimia et al (2018), examples of Disruption risks are:

- Natural disasters: For example, earthquakes, hurricanes, flooding etc. that cause physical damage to infrastructure, disrupt the transportation and logistics network, affect the available resources, and thereby cause disruption to the flow of goods and services.

- Political and Regulatory Changes: Shifts in government policies, trade regulations or tension within the geopolitical sphere can impact cross-border trade. Causing high risk to companies as it may cause trade barriers, causing disruption in the supply chain.

- Supplier Disruptions: By using different suppliers, companies somewhat rely on them, issues with key suppliers, such as bankruptcy, delays or problems with quality may thereby cause delays.

- Cybersecurity threats: Cyberattacks, data breaches or system failures can compromise the integrity of both the supplier and the companies that they work with as sensitive information risks being leaked.

- Epidemics and pandemics: COVID-19 showed the world the impact that pandemics may have on the world and the severe impact and disruption can be caused on global supply chains, transportation as well as available labor.

2.4 Conceptual Framework

In order to comprehend the intricate dynamics of the global economy and how organizations and governments adapt to various economic challenges, it is essential to understand the impact that macroeconomics, export, and crisis management all have on a business and its performance. As indicated by the research presented in the literature review, the study of macroeconomics focuses on the operation and behavior of an economy as a whole. It focuses
on comprehending elements such as trade balance, exchange rates, inflation, and economic growth. These macroeconomic variables significantly influence the strategies and choices made by businesses that operate on the global market and have a direct impact on export-related operations. The macroeconomic environment greatly affects exports, which are a crucial part of a nation's economy. In addition, the competitiveness of a nation's exports can be significantly impacted by macroeconomic factors including GDP growth, inflation, and exchange rates.

Furthermore, the impact macroeconomics, export, and crisis management, all topics discussed in the literature review, is particularly more crucial during times of economic crisis and uncertainties. Businesses adopt crisis management methods and tactics to reduce the negative consequences of a crisis and encourage recovery. Businesses often have to adapt their export strategies, diversify their markets, manage risks, and capture new opportunities presented by the crisis in order to effectively manage crises and uncertainties. When this is managed well it further allows for a more significant export competitiveness. It is also examined in the literature review that for businesses to successfully navigate the intricacies of the global economy and proactively address economic challenges and uncertainties, a thorough awareness of macroeconomic dynamics, their impact on export competitiveness, and effective crisis management methods are crucial. A business is a dynamic organism that is complexly interconnected and indirectly impacted by occurrences and uncertainties in the world, which is shown in figure 2. It operates in a constantly evolving ecosystem that is continuously influenced by events in the world as well as potential crises. Furthermore, uncertainties can indirectly affect businesses through the impact they have on e.g., the economy, supply chains, regulations, and consumer behavior. To reduce risk and ensure resilience businesses must continuously monitor and respond to said uncertainties.
3 Method

This chapter outlines a detailed explanation of the methodology used in this research study. The aim of this research study is to explore the impact that inflation and uncertainties have on global furniture export companies. Throughout this chapter we will discuss the selected research approach, research method and research design, followed by data collection, method of data analysis, operationalization and quality of research. The chapter is concluded by providing an overview of the ethical considerations that were taken into account during the research process. Additionally, a paragraph is included to outline the authors’ contribution to the research study.

3.1 Approach

Before initiating any research it is crucial to decide which strategy will be utilized throughout the study. The research approach is a critical component
of any research study, as it establishes the overall framework and strategy for the investigation. The approach chosen has a significant impact on the methodology, data collection, and analysis, as well as the study's general validity and reliability of the study. Depending on the research conducted, and the type of approach that is reasonable to employ throughout the study process, an approach can be deductive, inductive, or abductive (Saunders et al, 2019).

Starting with a general theory or hypothesis, a deductive approach involves testing it with specific observations or experiments. Starting with a hypothesis, the researcher then explores data to support or disprove it. When collecting and analyzing numerical data for quantitative research, this method is frequently used. The deductive method's ability to carefully and methodically examine hypotheses with the aid of factual facts is one of its advantages. Additionally, the results tend to be simple to understand and apply to larger populations because the approach is frequently quantitative. The quality and accessibility of the data can, however, be a constraint on the deductive approach (Saunders et al, 2019).

Contrarily, the inductive approach begins with specific observations and builds a more broad theory or hypothesis from there. To build a theory the researcher first collects data and then examines it for trends or themes. This strategy is frequently applied in qualitative research, when information is gathered by non-numerical approaches such as observations and interviews. Furthermore, Saunders et al (2019) point out that one of the key benefits of this strategy is that it can contribute to the creation of new, original ideas or theories that might not have been taken into account using a deductive approach. Saunders et al (2019) claim the inductive approach to be a useful tool in business research, especially when examining novel or complicated phenomena or trying to gain a thorough grasp of a certain scenario or setting.
The abductive approach differs from deduction and induction, as an abductive approach moves back and forth and thereby, according to Suddaby (2016), as cited in Saunders et al (2019), an abductive approach combines deduction and induction. An abductive theory starts with the observation of a *surprising fact*, continuing with a potential theory of how this could have occurred. The theory is then tested by analyzing and examining both new and existing data. By combining the deductive and the inductive approach through an abductive approach, new insights and theories that are not easily explained by existing theories can be developed. The abductive approach is flexible and allows researchers to remain open to new ideas and theories and allows them to change and adapt their approach throughout the data collection and analysis (Saunders et al. 2019).

According to Easterby-Smith et al. (2002) there are three reasons to why choosing the correct approach to theory development is important:

1. It enables the researcher to make a more informed decision about the research design, what kind of data is collected and from where and how such information is interpreted in order to provide adequate answers to the initial research question.
2. It will provide a tool for the researcher about how to think about the research strategies and methodological choice that will work and what will not.
3. Knowledge of different research traditions allows the researcher to adapt the research design to cater to potential constraints, e.g., limited access to data, one may not be able to form a hypothesis due to insufficient knowledge and information in regards to the topic.

The aim of this research is to investigate to what extent inflation and uncertainties affects global furniture export companies and for this an abductive approach will be used. This will involve utilizing the benefits of both empirical evidence and theoretical frameworks. As the abductive
approach involves a flexible and iterative process, a conceptual framework will be tested by evaluating existing theory with new data, combining empirical findings with the new data that is encountered. The abductive approach was chosen due to the explanatory nature of the research question and the need to develop new insights and theories (Saunders et al. 2019).

3.2 Research Method

Following the research approach, either a quantitative or a qualitative approach should be used to carry out the study. There are two main ways to do research: qualitative research methods and quantitative research methods. Saunder et al (2019) emphasize the value of employing quantitative research techniques when examining phenomena that may be measured or quantified using numbers. Data is typically gathered for quantitative research using standardized tools such as questionnaires, surveys, or experiments. To make inferences regarding the relationships between variables, the data is often analyzed using statistical methods. Furthermore, Saunders et al (2019) state that the utilization of a large sample size is a crucial component in quantitative research. This improves the validity and reliability of the research by ensuring that the results are representative of the population under study (Saunders et al, 2018).

The aim of qualitative research is to investigate and comprehend the significance and context of social phenomena. Data collection techniques used in qualitative research frequently include observations, interviews, and document analysis. Thematic analysis and content analysis are two techniques used to assess the non-numerical data that is often obtained in qualitative research (Saunder et al, 2019). According to Saunder et al (2019) a qualitative research method is especially suited in exploratory research, complex research questions, contextual research and theory development. Furthermore, some of the advantages with a qualitative method include, but are not limited to, rich and detailed data, which can be difficult to obtain through quantitative research methods. As with quantitative methods there
are potential consequences to using a qualitative method too and Saund er et al (2019) state how qualitative research methods at times are criticized for being subjective and lacking objectivity. It is also a time-consuming method and it often requires a significant amount of resources to complete. Small sample sizes are another limitation of qualitative research methodologies, which can restrict the generalizability of the results (Saunders et al, 2019).

Based on the thesis research question and objectives, how inflation and uncertainties impact furniture companies export, the research method will be qualitative. Further, researchers are able to thoroughly examine the experiences and viewpoints of firms using qualitative research techniques such as interviews which will be beneficial in this particular case. This can assist in identifying elements that may have an effect on their export performance and competitiveness, such as shifts in consumer demand, issues in the supply chain, or adjustments to governmental regulations. The complexity of the relationships between variables may be beyond the capabilities of quantitative methodologies, especially when it comes to comprehending how several elements interact and influence one another, while qualitative methods, on the other hand, are useful in the discovery of these complicated relationships (Saunders et al, 2019) (Sekaran and Bougie, 2016).

### 3.3 Research Design

According to Yin (2016), research design ensures that the data collected is relevant to the specific research question. Research design is defined by Bell et al. (2019) as the framework used to analyze and collect data (Bell et al., 2019). It is the research design that connects the data with the research question, turning it into a research project (Saunders et al., 2019).
3.3.1 Case Study

A case study is an in-depth inquiry into a single case or a multiple number of cases within its real-life setting in order to understand the underlying processes, relationships, and context (Yin, 2018). Yin (2018) highlights the importance of using case studies when the research question at hand involves a how or why, allowing the researcher to understand uncertainty between the boundaries and context. Furthermore, Yin (2018) suggest that case studies can be performed using a number of different data collection methods, including but not limited to, interviews, document analysis and observations while empathizing the importance of using multiple sources and triangulating data to ensure their validity and reliability. A case study strategy allows the researcher to gain insight from in-depth research into the study of a phenomenon in its real-life context leading to a rich, empirical description and the development of theory (Dubois & Gadde 2012)

When conducting the research, the authors will use a case study approach in order to gain an in-depth understanding of this specific case, to understand the underlying mechanisms, processes and relationships that have shaped the case. In this study, the aim is to explore the experiences of global furniture export companies in relation to the impact of inflation and uncertainties. Data will therefore be collected through in-depth, semi structured interviews to gain an understanding of the participants’ experiences and knowledge about the research question at hand (Saunders et al, 2019).

Single case studies and multiple case studies can both offer insightful analyses of a phenomenon and be helpful for various research purposes. A single case study involves an in-depth examination of a single entity or unit, which could involve a company, organization, or individual. A multiple case study on the other hand aims to find patterns and distinctions among the cases and come to general conclusions that apply to a larger population (Saunders et al, 2019). In a multiple case study, instances that are comparable in some ways and dissimilar in others are chosen, and they all
have data collection techniques that are consistent. The cases are then contrasted and compared in order to find commonalities and trends among them (Yin, 2018). Based on these reasons, the research question and objectives of this thesis, the authors will conduct a multiple case study.

3.3.2 Sample Selection

When conducting research a sampling design needs to be selected, depending on the study being conducted this can be done either through probability sampling or non-probability sampling. Probability sampling is most commonly used in regards to quantitative research as it allows the researcher to make statistical inferences about the population being studied. When conducting probability sampling the sample is selected from a population using a random process, making it equal for all in the population to be included (Saunders et al. 2019). Non-probability sampling on the other hand does not involve random selection, the sample is based on the researchers judgment and/or convenience. This type of sampling is most commonly used in qualitative research as it allows the researcher to choose the participants that they deem able to provide them with significant information. However, it can be recommended in research where the research is exploratory or it is difficult to gain a sample of the population (Saunders et al. 2019).

For the research to be as efficiently and carefully conducted as possible the authors decided to use purposive sampling. The sample consists of five global furniture export companies. The purpose of the selection process is to conduct interviews with exporting furniture manufacturers with different approaches and various years on the market to be able to explore potential differences in relation to approach and experience. By using a purposive sampling technique it allows the authors to select the cases depending on what is deemed most suitable for this specific research (Saunders et al. 2019).
The authors have in conjunction decided on the following criteria for this research in regards to the purposive sample:

- Needs to be working within a global exporting furniture company in a decision making role.
- Be familiar and knowledgeable with what impact uncertainties put on the company.
- Have good knowledge of the financial position and results of the company.
- Knowledge in regards to what actions are taken by the company to uphold its competitiveness.
- Experience or knowledge in regards to the company’s crisis management.

3.3.3 The Cases

3.3.3.1 Interior Cluster - Anna Rosenqvist
Interior Cluster Sweden is a collaborative cluster in the furniture and interior design industry. It consists of furniture manufacturers, designers, subcontractors, and municipalities working together to support the local business community. The cluster aims to facilitate sustainable growth, improved profitability, and increased employment for its member companies (Interior Cluster, n.d). Mrs. Rosenqvist has a long history in furniture export and now works as the CEO at Interior Cluster.

3.3.3.2 Essem - Robert Bladh
Essem Design is associated with simple and functional hallway interior design. Essem Design aims to develop, manufacture, and market sustainable, functional, and designed hallway interior for private and public environments in the global market. Robert Bladh is the CEO at Essem Design (Essem Design, n.d).
3.3.3.3 SENAB Concept- Johan Olsson
SENAB Concept is a Swedish company, specializing in workplace solutions and interior design services, dedicated to designing innovative and functional solutions. Johan Olsson works as Sales Director at SENAB Concept (SENAB, n.d.).

3.3.3.4 Anonymous company - Per Brorsson
Per Brorsson has a long history in the furniture industry, he now works as the Export Manager at a large Swedish outdoor furniture company which exports furniture globally. Although Mr. Brorsson has agreed to have his name in the thesis, he has requested that the company name and further specific company information remains anonymous.

3.3.3.5 Smedbo - Malin Möller
Smedbo dates back to 1967 and today, the company is a leading manufacturer of bathroom accessories in Scandinavia, but they also operate on the global market. Smedbo offers a wide range of bathroom products with Scandinavian timeless design and value high quality and the environment and thus work for sustainable and responsible development (Smedbo, n.d). Malin Möller works as Purchaser at Smedbo.

3.4 Data Collection
3.4.1 Primary and Secondary Data
Data collection is a critical part of any research project and can involve several different measures, e.g., interviews, surveys, experiments, focus groups, research diaries and observation. The different tools used for collecting data are divided into primary and secondary data. Primary data is collected by the authors from a primary source, and has not been processed or interpreted by another source, e.g., interviews, whereas secondary data is collected by someone other than the authors, e.g., existing publications (Yin, 2016).
However, it is noted that the type of data collection used depends on the type of research and research question and data needed (Saunders et al. 2019). Furthermore, Saunders et al (2019) highlight the importance of verifying the reliability of the data and ensuring that the researcher is able to gather the necessary information needed to be able to answer the research question. Moreover, they highlight the importance of creating a structured and clear plan of how to collect the data as it should include details about methods used, the strategy used for sampling, time and location for data collection and any other ethical considerations needed. To answer the research question the authors will use both primary and secondary data. As primary data is highly time-consuming to collect, secondary data will be used to verify and analyze the result of the primary data (Saunders et al, 2019).

3.4.2 Conducting Interviews

The majority of data in this study will be conducted through interviews. A guided purposeful conversation between two or more individuals is referred to as an interview and there are numerous varieties of interviews, individual or group interviews can be performed face-to-face, over the phone, or online, and they can be both unstructured or structured. The advantage of using interviews to gather primary data is that they can be flexible and enable dialogue to be tailored to the responder. Different interview structures are possible, and these structures can be used to address various kinds of research questions. Therefore, selecting the most suitable structure is of high importance and will result in the most accurate and appropriate information. Structured, semi-structured, and unstructured interviews are the most common types (Yin, 2018).

According to Sekeran and Bougie (2016) structured interviews are described as a data gathering technique in which a researcher poses a preset list of questions in a predetermined sequence. Structured interviews are frequently utilized when the aim is to compare responses across different participants or when the research question is well-defined. In comparison, unstructured
interviews are characterized as a data gathering technique where one asks open-ended questions without a predetermined list of inquiries or a predetermined sequence. When one wishes to investigate new subjects or when the research issue is not clearly specified, unstructured interviews are frequently used (Sekaran & Bougie, 2016).

There are both advantages and limitations with these interview structures which is important to be aware of as it will allow one to better utilize those advantages. While an advantage with a structured interview is that it has the capacity to gather standardized data, compare participant replies, and reduce interviewer bias, an unstructured interview has the ability to collect rich and detailed data, to clarify responses and explore new topics. However, a limitation with unstructured interviews is the data's potential for being difficult to comprehend and possibility that respondents might not give correct or truthful answers. Structured interviews may have the drawback of not allowing for the examination of unexpected topics and discussions or the chance to go further into an interviewee's response. This may reduce the amount of rich data that is gathered from an interview (Sekaran & Bougie, 2016).

In this research, the researchers will conduct semi-structured interviews. This is mainly due to the fact that semi-structured interviews are more flexible, compared to structured interviews, since they allow for the use of open-ended inquiries as well as questions that are posed in reaction to the interviewee's responses. A few predefined questions are often asked at the start of a semi-structured interview to help direct the conversation, but the interviewer is able to be more flexible and to follow up with other inquiries or go deeper in response to the interviewee's responses. Furthermore, this makes it easier for a more casual conversation to take place and can provide unexpected insights or details that could not have been discovered during a rigidly scheduled interview (Saunders et al, 2019). In the table below the
interviewee, firm, duration of interview and how and where it took place is displayed.

<table>
<thead>
<tr>
<th>Name</th>
<th>Firm</th>
<th>Duration</th>
<th>Date</th>
<th>Place</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna Rosenqvist</td>
<td>Interior Cluster</td>
<td>1:15:45</td>
<td>⅖-2023</td>
<td>Zoom</td>
<td>Swedish</td>
</tr>
<tr>
<td>Per Brorsson</td>
<td>Company demanded to be anonymous. Outdoor furniture</td>
<td>00:42:37</td>
<td>3/5-2023</td>
<td>Telephone</td>
<td>Swedish</td>
</tr>
<tr>
<td>Robert Bladh</td>
<td>Essem</td>
<td>00:41:12</td>
<td>⅘-2023</td>
<td>Telephone</td>
<td>Swedish</td>
</tr>
<tr>
<td>Johan Olsson</td>
<td>SENAB Concept</td>
<td>00:39:06</td>
<td>8/5-2023</td>
<td>Zoom</td>
<td>Swedish</td>
</tr>
<tr>
<td>Malin Möller</td>
<td>Smedbo</td>
<td>00:32:02</td>
<td>11/5-2023</td>
<td>In person</td>
<td>Swedish</td>
</tr>
</tbody>
</table>

### 3.4.3 Data Analysis

The primary goal of analyzing the collected data is to develop a thorough understanding of the research and to gain further knowledge about the research topic, which in turn will enable the researcher to address the research questions and the findings effectively in subsequent stages. Qualitative data is data in the form of words and it has an interrelated and interactive nature, it is therefore important to plan the qualitative data collection as an interconnected process where the researcher collects and analyzes the data during the collection as well as after. Qualitative data collected in natural settings, such as interviews, tend to be rich in detailed
descriptions of a particular context or phenomenon, allowing the researcher to obtain certain details to produce well-grounded and contextual explanations from emerging themes (Saunders et al. 2019). Unlike quantitative data which is analyzed using statistical methods to allow the researcher to identify patterns and relationships, qualitative data is analyzed through interpretive methods where the researcher identifies themes, categories and meaning (Brekhus et al. 2005). Qualitative data analysis involves making sense of the collected data to be able to generate relevant findings in regard to the research question at hand. As cited in Saunders et al. (2019), according to Creswell (2009), Miles et al. (2014) and Braun and Clarke (2006), analyzing qualitative data involves the researcher identifying themes and patterns in the collected data to allow interpretation leading to insights in regard to the research. Bougie and Sekeran (2016) state that there are generally three steps in regard to qualitative data analysis: data reduction, data display and drawing of conclusions.

However, qualitative data analysis is as previously mentioned not solely a step-by-step process but rather continuous throughout the process and the authors will use these steps continuously while conducting interviews to find themes and patterns as well as a final step to draw conclusions based on both existing theories and new findings.

As the research is conducted with an abductive approach, the authors will continuously contemplate the literature review when analyzing the empirical findings to answer the research question at hand. To ensure that the correct conclusions are made from the primary data, both authors will review the recorded material separately, draw their own conclusions and then coincide to compare the conclusions that have been made. The following step will be to summarize the joint conclusions of the transcript as a tool to more efficiently, side-by-side, be able to analyze the conducted interviews for potential contrasting effect.
3.5 Operationalization

Before conducting the Interview Guide (seen in Appendix 1), it is crucial to perform a thorough literature review. Saunders et al. (2019) highlight that operationalization should be based on a conceptual framework and theory to assure that the researchers are measuring the intended data. Operationalization is vital as it transform abstract concepts into more concrete and tangible data (see table 3), which in turn enables the researcher to collect empirical data for analysis (Saunders et al. 2019).

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview Questions</th>
<th>Reasoning</th>
</tr>
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<tbody>
<tr>
<td>Initiating Questions</td>
<td>1-2</td>
<td>Questions in regards to anonymity and ethical considerations are discussed.</td>
</tr>
<tr>
<td>Background Information</td>
<td>3-5</td>
<td>To get a general understanding of the interviewee and the case company, the researchers asked the interviewee to give a brief introduction of themselves as well as the company. The researchers further wanted to know how long they had been in the business to understand what potential uncertainties they had met.</td>
</tr>
<tr>
<td>Business operations</td>
<td>6-7</td>
<td>To gain knowledge about the company’s history as well as the different actors/countries they work with.</td>
</tr>
<tr>
<td>Inflation and Uncertainties</td>
<td>8-17</td>
<td>What potential changes have they seen and if they see a pattern between changes and inflation/uncertainties. What potential challenges uncertainties have brought, as well as potential.</td>
</tr>
</tbody>
</table>
Strategies for Maintaining Long-term Competitiveness

18-24
What strategies do they use to maintain competitiveness, in “normal” times as well as uncertain times.

Crisis Management

25-26
How do they handle crises and has this changed lately? Preparation as well as potential strategies that were implemented in times of uncertainties, but were later implemented into their daily routines.

Prognosis for the future

27-28
What is their prognosis on the future in regards to global furniture export.

3.6 Validity and Reliability

Saunders et al (2019) emphasize the importance of a high-quality research design in ensuring the validity and reliability of research findings. In qualitative research, validity and reliability refer to the ability to explain how the authors have collected and processed data in a methodical and truthful manner. As this research is conducted in a qualitative method, gathering carefully analyzed data ensures the quality of the study. Reliability refers to the consistency, stability and replication of research findings over time, among various researchers, and across different settings. A research design that is reliable produces consistent and replicable results, which are not affected by chance or random error. Reliability is crucial for delivering credible and reliable research findings (Saunders et al, 2019). However, stated by Saunders et al (2019), reliability is a key characteristic of research quality although while it is necessary, it is not sufficient by itself to ensure quality research. Furthermore, the quality of research depends not only on its
reliability but also its validity. Validity refers to the accuracy and truthfulness of the measures used and the analysis of the results. Results from a valid research design are those that are pertinent to the research topic and accurately depict the situation. Validity is essential for delivering relevant and practical research, according to Saunders et al (2019).

In addition to ensuring that the theoretical sources that are chosen for the study are of high quality and reliable sources, the use of semi-structured interviews and making sure the interview guide (as seen in Appendix 1) is followed will also allow for an increase of similarities in the data collected. The findings will be based on the parallels and divergences of the information acquired from the interviews, therefore the respondents were carefully chosen for the sampling. The similarity of the information obtained from the interviews will thus ensure the quality, reliability and validity of the study. Overall, a crucial step in conducting high-quality interviews for this study is informing the subjects of the interviews in advance of the purpose of the interview. This promotes trust, ensures desire to participate, helps the preparation of the respondents, and minimizes bias—all of which are essential for gathering accurate data and generating reliable research findings. This will, in addition, also result in higher quality of findings and the results conducted at the end (Saunders et al, 2019).

3.7 Ethics

Ethics refer to the standards of behavior that guide the researcher while conducting the research. There are several ethical considerations that need to be taken into account by the authors when conducting the research, such as obtaining informed consent from the participants, maintaining confidentiality and anonymity of the participants, and ensuring that the research does not cause harm to the participants or their organizations (Saunders et al 2019). Saunders et al (2019) as well as Sekaran and Bougie (2016) emphasize the
importance of ethical considerations when conducting research and collecting primary data. Further, Sekaran and Bougie (2016) highlight that ethical concerns can arise at various stages of the research process, including the data collection, analysis of data and when presenting the findings of the research.

Saunders et al (2019) emphasize that the responsibility of the researchers ensures that the research is conducted in an ethical manner and that the rights and welfare of participants is taken into consideration. Saunders et al (2019) also highlight the importance of being aware of potential ethical issues that could arise, and that conducting ethical research is not only a legal requirement but needed to maintain the credibility and integrity of the research. The importance of ethical considerations is empathized, specifically in qualitative research and it is highlighted that researchers should stay vigilant and proactive to ensure that the research is fully conducted in an ethical manner (Sekaran & Bougie 2016).

When contacting companies and individuals of interest for interviews the authors will ensure that all participants are informed in regard to the purpose of the research and the context in which the data collected would be utilized. Furthermore, in terms of an ethical standpoint, all participants will be allowed to decide if they should appear in the research with their name and the company they work at and should anonymity be requested this will be granted. Participants will be allowed to, at any point, decline to answer any question or to end the interview and withdraw their previous answers.

3.8 Contribution of the Authors

This thesis has been a collaborative effort between two authors. From the start of this project the workload has been equally distributed among both authors working on this project. Although each person was given certain sections to work on in order to maximize time efficiency, the authors
meticulously examined and reviewed every detail to ensure a seamless and cohesive collaboration. Consequently, the authors jointly bear equal accountability for all the content presented in this research.

4 Empirical Findings

This chapter of empirical findings presents the key findings from the conducted interviews. The chapter is divided into different sections and subsections related to previously presented theory and previously stated research question. Our interviewees are all working for Swedish furniture or design companies and their aspect will thereby be from a Swedish perspective. The different sections refer to macroeconomic, export and crisis management. Furthermore, the researchers will throughout the empirical findings have an ongoing focus on the indirect impact that these factors and inflation and uncertainties, as illustrated in figure 2, have on businesses and their performance.

<table>
<thead>
<tr>
<th>Interior Cluster - Mrs. Rosenqvist - CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interior Cluster Sweden is a collaborative cluster in the furniture and interior design industry consisting of manufacturers, designers, subcontractors, and municipalities working together to support the local business community.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Essem - Mr. Bladh - CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essem Design aims to develop, manufacture, and market sustainable, functional, and designed hallway interior for private and public environments in the global market.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SENAB Concept Mr. Olsson - Sales Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENAB Concept is a Swedish company, specializing in workplace solutions and interior design services, dedicated to designing innovative and functional solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Anonymous company - Mr. Brorsson - Export Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Brorsson has a long history in the furniture industry, works at a large Swedish outdoor furniture company which exports furniture globally.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Smedbo - Ms. Möller - Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smedbo is a leading manufacturer of bathroom accessories in Scandinavia and values high quality and the environment and thus works for sustainable and responsible development.</td>
</tr>
</tbody>
</table>


4.1 Macroeconomics

4.1.1 Economic Impact

As previously stated, macroeconomics is a field of economics that focuses on the behavior of the economy as a whole, including the markets, businesses, customers, and governments. Further, macroeconomic factors affect everyone, both businesses and private consumers, in different aspects and it constantly plays a central role in national politics and economics (Mitchell et al, 2019). As one of the main focuses of this research paper is inflation, a good insight was given by Mrs. Rosenqvist. She stated that due to large number of uncertainties and turbulence in the market in the last few years, it is impossible to distinguish between what impact has been due to inflation, and what impact has been due to other uncertainties, such as COVID-19, increasing logistics cost and supply chain disruptions due to the war in Ukraine, therefor a large focus was put on this by our interviewees.

Mrs. Rosenqvist continued to explain that there were uncertainties regarding profitability already before the pandemic, due to the Swedish crown being depreciated along with logistics costs increasing significantly in 2019. This is confirmed by our other interviewees who also mentioned the increasing cost due to the exchange rate, however, Mr. Olsson and Mr. Bladh pointed out that they often buy and sell in Euros, meaning that the depreciated Swedish crown does not have a negative impact. However, when buying in Euros and selling in Swedish crown there is a large negative impact, and this is something that they need to be vigilant about and Mr. Bladh pointed out that there may be an increase in the prices of their products shortly to stay ahead of the increasing costs due to the exchange rate.

Mr. Brorsson further explained that uncertainties can create challenges and risks for companies that may impact their profitability and they therefore need to put a high focus to strategic planning, he states that in uncertain times it is even more important to look at the bigger picture, and thereby closely analyze macroeconomics factors as unforeseen events can negatively
impact the company’s economic growth. He points out the importance of closely monitoring investment decisions in uncertain times, as well as strategically choosing stable partners and sources to minimize disruption. In the interview with Mr. Bladh, he seconds the importance of closely monitoring macroeconomic factors as these can create challenges and risks for companies that in turn can have a negative impact on the company’s growth.

When discussing uncertainties due to macroeconomic factors with Mrs. Rosenqvist, she pointed out the importance of diversifying the markets to minimize the impact of e.g. inflation. By expanding into new geographic markets as well as diversifying the customer base it can mitigate risk and impact of a single market’s regional economic decline. Mrs. Rosenqvist further explained that a large company like Ikea, where she worked for over 30 years, is not impacted by an unstable Swedish economic environment in the same way as a smaller company, due to their ability of spreading the risk on a large global scale.

In regards to the future of Swedish furniture all interviewees are hopeful, and as stated by Mr. Bladh, people always need homes, and homes need to be decorated. However, all interviewees agreed that the environmental focus will only grow stronger and there needs to be a responsibility and interest among the companies to focus on sustainability and less waste. This is second by Ms. Möller who pointed out the importance of focusing on sustainability by choosing the correct material, using recycled materials as well as finding new areas to use potential waste materials.

Mr. Brorsson further described how he hopes the economic environment in the coming years will be more stable and that there will be less uncertainties as they are still trying to manage the effects of the covid-19 pandemic, the war in Ukraine and inflation to mention some of the factors. However, he does also add that one has to be realistic and realize that there will always be
situations and external events to adjust to. Furthermore, Ms. Möller highlighted the need to stay optimistic for the future and the importance of attempting to utilize the lessons learned from these recent turbulent years in order to move forward.

4.2 Export

4.2.1 The Global Export Environment

In economics, exporting is the process of producing a good or service in one country and selling it to consumers in another country (Cherunilam, 2010). As previously mentioned, furniture is one of the top five export sectors in Sweden (Swedish Trade and Invest Council, 2021). Throughout the interviews and research “Möbelriket”, in english called “The Furniture District”, is brought up, an area in the southern part of Sweden, encompassing several municipalities including Lammhult, Värnamo and Gnosjö. This district is known for its longstanding tradition of furniture and interior production and has a strong heritage in regards to furniture design, production techniques and craftsmanship that is known internationally (Visit Småland, n.d.). This is further pointed out by Mrs. Rosenqvist who points out the strong feeling of the “Gnosjö-spirit” in the area, referring to the business culture and entrepreneurial spirit associated with the area. The businesses are known for their independent yet collaborative ways, as well as ability to adapt to market changes.

When discussing export, she continued by explaining that “business works over both municipality and country borders”, and although it might be a safer option to bring production to the nearby areas, and thereby not risking as much disruption in uncertain times, it is not always the safest option in regard to price. She stated that, although it is not impossible to increase the prices, the company needs to be able to validate why their product is worth the extra cost. Knowing the price elasticity of the product allows the company to make informed decisions about pricing strategy. Although there
might be a possibility to shorten the supply chain from an international to a national level, Mrs. Rosenqvist highlights that there is no actual value of shortening the supply chain, the question companies need to ask is why they shortened it. If we only want to buy from Sweden we can not expect to sell on the international market, and to quote Mrs. Rosenqvist, “If we do not import, we should not assume that we can export“. As an ex employee of IKEA, Mrs. Rosenqvist has a long-standing experience of the furniture industry, and points out that the reason why IKEA started to source from other countries over five decades ago was due to the high prices in Sweden after the war. For companies to succeed they should act local but be global.

During uncertain times it is important to spread the risk, especially for smaller furniture companies, not to be too vulnerable to what is happening on the local market. All interviewees point out that by being global, the inflation and uncertainty has not been as big of a threat as it might have been if they operated only on the Swedish market. Furthermore they all point out that although it might be expensive to source from outside of Sweden due to the current exchange rate, it is cheap to buy Swedish goods due to the same reason, resulting in a high demand of Swedish goods. Mr. Olsson pointed out he was grateful that the exchange rate had stayed low during the high inflation, as a strong Swedish Crown combined with a high inflation would have led to a “double-impact” on export, making it very expensive and unfavorable for their global customers to import Swedish goods. In regards to unstable times, Mr. Brorsson pointed out the importance of creating good, strong relationships and the importance of these in uncertain times. He stated that this has at times been challenging in recent years due to the unstable business environment, but they now focus more on building strong foundations with their agents abroad. Furthermore he pointed out that he sees these relationships as a strong and highly valuable company resource.

When asked if there had been an impact on the export due to customers wanting to buy local products as a result of recent uncertainties, there was an
overall agreement that Swedish products still were in high demand due to its
good reputation and high standards. Mrs. Rosenqvist pointed out that the
responsibility starts with the designer, it is up to them to create a product that
is relevant and will live on for a long time while meeting the high standards
of today. She continues to point out that everyone within the supply chain
carries a responsibility, and as long as the logistics and production of goods
is handled correctly there is no apparent “shame” of importing/exporting
goods from far away.

4.2.2 Export Competitiveness
According to Porter (1998), a company's ability to compete in the
international arena is based on an interrelated set of location advantages of its
home country, as a high level of pressure on the home base forces the
company to be innovative, further evolve and create firm specific
advantages. Porter (1998) states that companies benefit from having strong
domestic competition and demanding local customers, something Mr.
Brorsson pointed out that Swedish furniture export companies have. When
asked how recent uncertainties has affected their competitiveness, Mr.
Brorsson explained how significant the demand for Swedish design and
furniture is in times like these. He mentioned that although Swedish
companies have a good reputation on the international market it all “starts at
home”, and that a large part of the international success is due to the high
demand of good quality from the domestic market. Scandinavia has a long
tradition of furniture and interior design. When asked what has brought on
this success Mr. Bladh stated that he believes Swedish companies have a
good reputation. There is a certain safety attached to conducting business
with Scandinavian companies and he stated that Swedish companies are
known for keeping their promises. In regards to the design he stated that
Scandinavian companies are at the forefront in regards to design and its
distinctive, minimalistic design style. Mr. Olsson pointed out the rich design
heritage of both Sweden and Denmark, creating a high demand on the
international market and a high local competitiveness which is something they have had to utilize in times of uncertainties.

When discussing competitiveness Mr. Brorsson explained that a large part of their success, even in an unstable business environment, is due to the fact that they have created a strong product with distinctive strengths and value propositions compared to their competitors. This is supported by Mr. Olsson who highlighted the importance of fulfilling one's promises, especially in a disruptive environment. Due to inflation the price span is greater than that of the past, as some actors have increased their pricing strategy accordingly to the inflation while others have tried to maintain lower prices, resulting in significant differences in price, and thereby resulting in relationships becoming an even more important factor than before. He pointed out that “things need to work”, there is a strong need for things to work efficiently alongside a defensible pricing strategy for companies to obtain repetitive customers. Another change he stated that they made to maintain a competitive advantage in uncertain times was limiting the validity of quotes, this way they can make sure the price is according to the current market.

Mrs. Rosenqvist stated that in order for the Swedish Furniture industry to maintain the competitive advantage in times of inflation and uncertainties they need to stand for something that the foreign competitors do not. She explained that Sweden is known for its innovative products and for being an innovative country, however, it is not a given and they need to make continuous efforts to maintain their positioning. She explained that it is important to continuously explore and think of how one stays high performing. In an ever changing market one should try to be a leader and an innovator trying to predict and impact the market instead of being a follower waiting for change. Mrs. Rosenqvist pointed out that although many companies are family owned, passed down through generations and run in the same spirit as when they started 100 years ago, there are also new companies, created by born globals who do not see national borders as a
barrier. These companies have a different mindset than the more well-established companies, and are run on interest in a certain area or the idea they have of a specific product or service, rather than tradition.

Mr. Brorsson explained that customers are more aware in today's market, competition is high and if the job is not done correctly there is always someone else who will do it. Therefore it is important to make sure that everyone follows the standards of the company, from the raw material source, production team and the one responsible for logistics and delivery of the complete product. He stated that the biggest danger of being successful is becoming complacent.

Mr. Bladh further described that when one is acting globally, one can not pretend all markets are the same and different strategies should be used for different markets to find what works best. He pointed out that they use different representatives on different markets and different marketing campaigns are used for different markets. He continued to explain that although Norway might be very similar to Sweden in regards to marketing, Germany is very different and they are still experimenting with what works best on the German market. The country and the specifics of the market, impacts the product and marketing used, however, it is important to maintain the Swedish culture and not adapt too much, as pointed out by Mrs. Rosenqvist, it is important to make sure everyone has the same goal and standard, while maintaining Swedish culture and staying proud of our heritage”. To quote Mrs. Rosenqvist,“The world does not need another chair, trust me, not a single one. If one wants to put a new product on the market it needs to be something better and smarter than the products that we already have”.

4.3 Crisis Management

4.3.1 Risk Identification

As previously mentioned, the strategic process of recognizing, evaluating, and managing potential risks and disruptions in order to reduce negative effects and protect an organization's reputation, operations, and stakeholders amid challenging or unforeseen conditions is known as crisis management (Sudareva, 2021). A critical process that businesses use to identify and assess potential risks that could have an influence on their operations, objectives, and stakeholders is risk identification. Risk is inevitable for any business and especially in uncertain times such as inflation, pandemics or financial shocks. Every risk can not be foreseen and avoiding all risks is impossible. Mrs. Rosenqvist stated that even if you as an organization are prepared for what is about to happen, something else will occur instead that you did not prepare for. Mr. Brorsson also stated how one can take all necessary precautions and based on previous experience prepare for certain possible risks but even then you can not be certain if that will occur. However, Mr. Brorsson continued by stating that even if one can not foresee all possible risks as a business it is still essential to prepare to the best of your ability.

According to Tchankova (2002) the key objective of risk identification is to detect potential risks early so that companies can take the necessary precautions to reduce them. Businesses can create risk management strategies, put controls in place, and create contingency plans to limit the negative effects of such risks by understanding the nature and potential impact of risks (Tchankova, 2002). When elaborating on risk identification Mrs. Rosenqvist further stated the importance of also being aware of the opportunities that can be derived from certain risks and being ready to act on those opportunities as it can allow for great outcomes if successfully implemented. According to Mrs. Rosenqvist it is important not to put all your eggs in one basket, meaning it is unwise to concentrate all your resources, efforts, or investments in a single place or venture. Instead, diversification can reduce the potential impact of a single failure and spread the risk. This is
something Mr. Olsson highlighted too and stated that their purchasing department are now working with alternative sources to spread the risk.

Mr. Olsson claimed that many companies within the furniture industry have had to incorporate a different risk awareness now compared to what they used to. He believes this can be connected to not only inflation but also factors like the COVID-19 pandemic, the war in Ukraine and the supply chain disruptions. Ms. Möller stated that the war affected their sales negatively, but not to the extent that the forecasts showed. However, she continued, it is noticeable that people are holding on to their money and choosing not to spend it on their homes. Ms. Möller furthermore described how the impact of the war and consumer behavior illustrated how unstable the market is. This ambiguity prompted their business to acknowledge the need for a deeper comprehension of the risks that might result from circumstances like these. She further explained how for the business strategy to be modified and any negative effects to be mitigated, identifying and evaluating risks has become essential.

Furthermore, Mr. Olsson stated that due to risk awareness the way companies construct contracts and communicate with their customers has had to be adjusted. He continued to explain how a company has to protect themselves in uncertain times and for example one can not promise that the lead times are as fast as they used to be due to the reasons previously mentioned. Something that both Mr. Brorsson and Mr. Olsson highlighted is the importance of everyone in an organization being aware of risks and risk identification as in a business environment that constantly evolves, the organization is better positioned for long-term success due to this collective comprehension and involvement in risk management.

4.3.2 Supply Chain Disruption
The fact that shipping prices and material costs have risen lately is something both Ms. Möller, Mr. Bladh and Mr. Olsson agreed on. According to Mr.
Olsson the war in Ukraine has driven up the price of wood, especially plywood has become much more expensive. At times uncertainties, such as the war and the covid-19 pandemic, controls which raw material can be selected and it might mean that certain raw materials can not be obtained at all. Furthermore, Mr. Bladh explained how their suppliers who cast in aluminum have raised their prices as their production expenses have risen. He continued explaining how the COVID-19 pandemic also meant that some suppliers had to increase their prices and this in turn affected the whole supply chain from manufacturer to customer. Ms. Möller agreed that due to the increasing cost of raw material and freight costs, prices had to be adjusted. She continued to explain that as the company does not have any in-house production, but instead it is located overseas with their suppliers, the increasing prices in combination with the exchange rates was the main reason for the price hikes.

Mr. Olsson also highlighted that the suppliers their suppliers utilized also have had to make certain changes and look for alternative purchasing options leading to changes and certain challenges in the supply chain. This is further mentioned by Moosavi (2022) who states that the unexpected changes in supply and demand plus border closures created significant supply chain disruptions across the world. These significant issues prompted organizations worldwide to study the supply chain disruptions due to the COVID-19 pandemic more closely and develop mitigation and adaptation strategies (Moosavi, 2022). Mr. Brorsson described that the pandemic meant there were certain materials they could not obtain from their suppliers and instead their company had to adjust to the new situation at hand and look for suppliers closer to the Swedish market. He continued to explain how it was a timely and costly process but non the less a necessary action to take in order for them to receive the necessary material for their production. In contrast, Mr. Bladh explained that they, during the uncertainties of the pandemic, had most of their suppliers rather close by and were not affected as much.
It was highlighted by Mrs. Rosenqvist that the increasing freight prices impacting all import/export, the pandemic, the ongoing war in Ukraine, inflation as well as the increasing electricity cost all had a big impact on Swedish furniture export. She pointed out that although there had been support from the government, the spiking electricity prices were in fact the nail in the coffin for some companies.

4.3.3 Impacts of the COVID-19 Pandemic

When discussing uncertainties with the interviewees it is clear that the COVID-19 pandemic was, and still is, a significant factor. This is further stated by Donthu and Gustafsson (2020) who explain that the pandemic led to dramatic changes in how businesses act and consumers behave. The pandemic meant that organizations had to adapt to a new business situation and strategies previously utilized no longer worked or had to be altered in order to suit the new business environment. Due to the pandemic businesses had to navigate new challenges and find new ways to conduct business both internal and external (Donthu & Gustafsson, 2020). Ms. Möller explained some of the positive effects of the pandemic and how their sales increased during the pandemic when people were at home more and renovating their homes.

Mrs Rosenqvist, Mr. Bladh, Mr. Olsson and Mr. Brorsson all mentioned how they conducted more business digitally when the pandemic hit and how they in many ways still continue to do so. Mr. Brorsson explained that in many ways the digital ways to conduct business has opened up new opportunities and provides a more convenient way to operate and conduct meetings. According to him, what was previously a timely and costly process, such as traveling from Sweden to China for a project meeting, can now be done online in a much more convenient way. Mr. Brorsson continued by stating that this is something they now do on a regular basis and has allowed them to be more time efficient.
Mrs. Rosenqvist also highlighted the convenience with digital tools and how it is now difficult to imagine not having those options available. She continued explaining how some companies within the furniture and design industry have now tried to conduct fairs online instead of traveling from different countries and meeting up. She believes the way many companies conduct business changed due to the pandemic and new ways to operate were found that have been proven successful and therefore been continued utilized. Furthermore, Mr. Bladh also highlighted the fact that they travel much less for business meetings after the pandemic and instead utilize digital tools for convenience. However, both Mr. Bladh and Mrs. Rosenqvist state the importance of not excluding face-to-face meetings completely as it is still highly useful in many situations. For example in regards to meeting new customers or partnerships there is still much to gain from having meetings face-to-face rather than online. According to Mrs. Rosenqvist “It is next to the coffee machine that the most unexpected contacts and conversations are made”.

For many firms, managing remote teams, adopting safety procedures, and adjusting to new work arrangements presented logistical and communication issues (Donthu & Gustafsson, 2020). Mr. Olsson mentioned that customers became more reserved with their purchasing decisions and this is still something that is being managed by everyone in the supply chain as consumers' behaviors were altered. Mr. Bladh also explained how, due to the effects of the pandemic and consumers' purchasing behavior, there are many retailers who are still cautious about bringing in new brands and goods as they are concerned about liquidity. Ms. Möller second this by explaining how they have chosen to focus on inventory turnover and reduce stock-value to avoid maintaining excessive inventory during declining sales. She continued by explaining how capital that may be used for other crucial business needs can be tied up by excess inventory. Instead their company tried to maximize their cash flow and lessen the financial burden brought on
by excess inventory by concentrating on inventory turnover and lowering stock value.

5 Analysis

*In this chapter the authors will present an analysis of the empirical findings and the theoretical data presented in the literature review. The analysis aims to emphasize the key aspects from both chapters and establish their interconnection. The analysis is divided into three themes: Macroeconomics, Export and Crisis Management.*

5.1 Macroeconomics

As previously stated, Mankiw (2013) explains how macroeconomists study many facets of the economy and it can at times be challenging to separate these factors from each other as they in many ways are interlinked. This idea is second by Mrs. Rosenqvist when asked about the impact of inflation regarding furniture exports. Mrs. Rosenqvist highlighted that due to the large number of uncertainties and turbulence in the market in the last few years, one can not clearly distinguish what impact has been due to inflation vs. what impact has been due to a combination of other uncertainties as both have an indirect impact on businesses and their performance (as shown in table 2).

Although expected inflation may be taken into account when making economic decisions and agreements, unexpected inflation on the other hand may result in disruptions and uncertainty (Fregert, 2021). While companies need to take inflation into consideration, it is important to not focus solely on inflation, but focus on economic impacts from a larger perspective. Taking into consideration other uncertainties, such as increased logistic costs, COVID-19, the war in Ukraine as well as the supply chain disruption that followed when analyzing the market. Regarding this, one could say that it is crucial to take into account all of the different macroeconomic factors that
impact the business environment as well as causing potential disruption to the economy. One can not simply focus on one factor, but instead focus needs to be put on the bigger picture as all these different factors impact one another. In uncertain times, companies face challenges and risks that can affect their profitability, and it needs to be closely monitored.

As stated by Gottfries (2013), multinational corporations must closely monitor the economic future of countries when deciding where to deploy manufacturing, conduct trade and supply-chain agreements, or develop their sales organization. Keeping a careful eye on economic developments as fresh information has an immediate impact on interest rates and asset values. Strategic planning becomes crucial, especially in times of uncertainty, with a clear focus on analyzing macroeconomic factors. Unforeseen events can have negative impacts on economic growth, emphasizing the need for careful evaluation and monitoring of investment decisions. Stable partnerships and reliable sources are important to minimize disruptions. This theory is supported by both Mr. Brorsson and Mr. Bladh, who highlighted the significance of continuously and closely monitoring macroeconomic factors, as these factors can create challenges and risks for companies, which can ultimately hinder growth. Therefore it could be argued that, global export companies assessing the economic future of various countries is essential when making decisions about manufacturing, trade, supply-chain agreements and sales organization. With this in mind, financial market participants are particularly attentive to economic developments as they understand that new information can have immediate effects on interest rates and asset values. In summary, it can be argued that companies must navigate uncertainties by considering macroeconomic factors, making strategic decisions, and closely monitoring economic developments. This proactive approach is in turn vital to mitigate risks and foster sustained growth.

When speaking about the future of the Swedish furniture and design industry and the prognosis of the coming years with Mr. Bladh had a positive mindset
and stated that even if there are further challenges ahead people always need homes, and homes need to be decorated. In addition, Mr. Brorsson described how he hopes the economic environment in the coming years will be more stable and that there will be less extreme external events as they are still trying to manage the effects of the covid-19 pandemic, the war in Ukraine and inflation to mention some factors. However, he does add that one has to be realistic and realize that there will always be uncertainties to adjust to. Furthermore, Ms. Möller also highlighted the need to stay optimistic for the future and the importance of attempting to utilize the lessons learned from these recent turbulent years in order to move forward. In regards to the coming years it is anticipated that inflation will eventually fall back in 2023, allowing Riksbanken to cease interest rate hikes and potentially stimulate growth in 2024 (Öljermark, 2023, B). Based on this prognosis and the interviewees statements a conclusion can be made that despite the challenges faced by the Swedish furniture and design industry, there is a positive outlook for the future. There certainly is a mix of optimism, cautiousness, and anticipation for the future of the Swedish furniture and design industry. Despite challenges and ambiguities, there is hope for stability, a belief in the enduring demand for furniture, and expectations for positive economic developments.

Bergin et al. (2017) conducted research indicating that joining a currency union has a favorable effect on trade. The elimination of transaction costs, exchange rate volatility, and exchange rate risk within the union are believed to contribute to this positive impact. This sentiment is echoed by both Mr. Bladh and Mr. Olsson, who recognizes that while there have been increased costs due to exchange rate fluctuations, their companies regularly engage in transactions denominated in Euros, thereby mitigating the adverse effects of the depreciated Swedish crown. However, they acknowledge that when transactions involve buying in Euros and selling in Swedish crown, substantial negative consequences arise. Mr. Bladh suggests that an imminent price increase may be necessary to proactively manage the
escalating costs resulting from exchange rate fluctuations. Mr. Olsson additionally explains adjustments made by his company, such as shorter validity periods on quotes, aimed at minimizing losses attributable to exchange rate fluctuations. In contrast to this, it is also stated by the interviewees that due to the decreasing Swedish crown there has been an increase in exports.

Bergin et al. (2017) conducted research primarily centered on currency unions; nevertheless, their findings indicate that a currency depreciation may potentially enhance a country's export competitiveness. This observation was unanimously supported by all interviewees. The implication is that companies engaging in transactions with currencies like the Euro could potentially benefit. It is crucial to acknowledge that there exists a potential risk of forfeiting the competitive advantage associated with a depreciated currency. This notion finds support in the J-curve hypothesis, which posits that a currency depreciation leads to decreased export prices and increased import costs for a nation. As a result, the trade balance should improve, as exports become more competitive and imports become less desirable (Bahmani-Oskooee & Ratha, 2004). In summary, it could be argued that a currency depreciation may eventually lead to a favorable trade balance outcome. Although, the specific impact and timing of these effects depend on various factors, and one has to carefully consider the potential risks associated with a depreciated currency. Therefore, a comprehensive analysis of the specific context and careful consideration of potential risks are essential when assessing the overall impact of currency depreciation on the trade balance.

5.2 Export

In previous research, Cadogan et al. (2012) examined the impact of strategic flexibility on export performance, while also exploring how the export
environment and export market-oriented behavior moderate this relationship. This was confirmed by Mrs. Rosenqvist who pointed out the importance of maintaining flexibility, as well as innovation, to maintain the status of a valuable, important player on the grand export market. Furthermore, she highlighted the importance of continuously exploring how to further grow and how to stay high performing and innovative. Mr. Bladh explained the importance of maintaining strategic flexibility by adopting a global approach that requires acknowledging the diversity of markets and implementing tailored strategies for each market as a tool to achieve optimal results. However, as Mrs. Rosenqvist highlighted, it is crucial to strike a balance between flexibility and strategically adapting while maintaining Swedish culture and heritage while ensuring alignment towards common goals and standards. As a result of this it could be argued that, in order for a company to succeed on the export market and maintain competitive advantage, exporters need to be open to change. It is important to adapt to the current market, and situations, to stay relevant on a global scale. One can not pretend all markets are the same, instead exporters need to explore their markets and make adaptations to them, while still keeping their company persona.

Cadogan et al (2012) emphasizes the importance of considering the moderating effects of Export Market-Oriented Behavior (EMO) and the export environment. Their findings suggest the significance of aligning marketing strategies with customer demands and being adaptable in order to effectively navigate changing market conditions. Essentially, companies that focus on understanding and meeting customer needs while remaining flexible and responsive to evolving market dynamics have a higher probability of achieving positive outcomes in their export activities (Cadogan et al. 2012). Again, this is supported by Mrs. Rosenqvist who continued to highlight the importance of being an innovator, trying to predict and impact the market instead of being a follower waiting for change, or for the customer demands to change into what is offered by the company. Furthermore, Mrs. Rosenqvist pointed out that many companies are run in the same spirit as
when they started 100 years ago, then there are newer companies where change is more common. These companies have a different mindset and are run in a different way. Through this it can be concluded that although the heart of the company and tradition is important, companies must still be able to adapt and strategically change according to the market, and the need for a more rapid change is even more important in times of uncertainty.

Companies and their export market can not be maintained the same due to the fact that ‘this is how it has always been done’, instead companies need to be ready and open for change to be able to grow with the market, in certain as well as uncertain times.

Barney (1991) emphasizes the significance of firm resources in achieving sustainable competitiveness. The capability of firms to create or acquire resources, as well as the associated costs, directly impact their overall performance and competitiveness in the market. Recognizing valuable, rare, and non-imitable resources allows companies to differentiate themselves from competitors and maintain long-term success. This underscores the importance of continual improvement rather than becoming complacent. Building upon this perspective, Mr. Brorsson highlighted the importance of establishing strong relationships, particularly in uncertain times. By forging solid foundations with their agents abroad, his company experienced less impact from uncertainties. He views these relationships as a significant and highly valuable resource for the company.

In the context of competitiveness and firm resources, Mr. Brorsson attributed a significant portion of their success, even during uncertain times, to their strong product with distinctive strengths and unique value propositions compared to competitors. This viewpoint was echoed by Mr. Olsson, who stressed the significance of fulfilling promises, especially in disruptive environments. Adding to the discussion, Mr. Bladh expressed his belief in the positive reputation of Scandinavian companies and how that at many
times provides a strong firm advantage.

As pointed out by Mr. Brorsson, customers are more aware in today’s market and as a result competition is high, resulting in higher requirements on the standards of the company, from the raw material to delivery of the complete product. This is further mentioned by Ms. Möller who pointed out the need for sustainability, as well as the potential in finding new areas for waste materials. In regards to this, the conclusion can be made that in today's market it is important not to become complacent, due to globalization competition is global, and consumers will find an alternative source if not satisfied with the company at hand.

Based on Barney’s (1991) theory and the interviewees’ responses a connection can be drawn between the significance of firm resources and achieving sustainable export competitiveness. Both Barney’s (1991) and Mr. Brorsson’s, Mr. Olsson’s, Mr. Bladh’s and Ms. Möller’s perspectives converge to emphasize the importance of firm resources, such as strong relationships, distinctive product offerings, reliability, and design excellence, in achieving sustainable competitiveness and differentiation in the market.

By leveraging valuable resources, building strong relationships, and delivering on promises, companies can position themselves favorably, even in uncertain and disruptive environments.

5.3 Crisis Management

5.3.1 Risk Identification

In the dynamic and uncertain business environment, the element of risk is always present, businesses must recognize the importance of risk identification to maintain competitiveness and navigate through potential challenges (Tchankova, 2002). This is confirmed by both Mrs. Rosenqvist and Mr. Brorsson as they state that one can prepare for certain risks based on previous experience and knowledge but unforeseen events and risks can still
occur. However, as stated by Mr. Brorsson, being prepared to the best of one's ability is still crucial for business resilience. Furthermore, by quantifying and identifying risks, organizations can determine where their resources are exposed and take necessary actions (Williams et al., 1998). In regards to determining where their resources are exposed, Mrs. Rosenqvist highlighted diversification as a strategy to mitigate risk by spreading resources, efforts, and investments across different areas. Mr. Olsson added to this by emphasizing the need for companies to work with alternative sources to reduce risk and adapt their purchasing strategies. With that in mind, it can be argued that organizations must be able to recognize risk and be able to detect and assess potential risks in order to adjust their strategies, minimize negative effects, and ensure long-term performance in an uncertain business climate. Businesses may better prepare for challenges, grasp opportunities, and take the necessary measures in order to maneuver around the constantly shifting environment by being aware of their risks.

5.3.2 Supply Chain Disruptions

In the realm of supply chain (SC) risk, Fahima et al. (2018) categorize two types of risks: operational risk and disruption risk. In light of recent events, the interviewees have placed a significant emphasis on disruption risk. These events have prompted a heightened awareness and concern regarding the potential for major disruptions within the supply chain as recent events have had an indirect (as shown in table 2), but highly consequential, impact on their operations through e.g., supply chain disruptions and delays.

The interviewees unanimously highlighted rising shipping prices and material costs as key concerns. Ms. Möller further explained that increasing raw material and freight costs have necessitated price adjustments throughout the supply chain. Exchange rates and the dependency on overseas suppliers contribute to the price hikes. Additionally, Mr. Olsson and Mr. Brorsson noted the need for suppliers to make changes and seek alternative purchasing
options, leading to supply chain challenges. Moosavi (2022) supports this by stating that the COVID-19 pandemic has caused significant disruptions in global supply chains, prompting organizations to develop mitigation and adaptation strategies. Mr. Brorsson mentioned his company's efforts to adapt by finding suppliers closer to the Swedish market, while Mr. Bladh indicated that their suppliers' proximity helped them navigate the uncertainties of the pandemic. Overall, these insights highlight the complexities and challenges faced by supply chains in the face of disruptive events, underscoring the need for adaptation and strategic decision making to mitigate the impacts. Mrs. Rosenqvist emphasized the importance of diversifying the markets regarding exports, to mitigate risk and impact of a single market’s regional economic decline. However, one could argue that this advice is also valuable in regards to the supply chain, by diversifying the supplier base companies reduce the vulnerability to supply chain disruption.

With that in mind, it could be argued that in order to effectively address disruption risks in the supply chain, companies should prioritize continuous and comprehensive risk assessment, e.g., by regularly evaluating potential risks and vulnerabilities within the supply chain. Concurrently, establishing robust supplier relationships plays a crucial role in mitigating disruptions. Strong relationships foster open communication and collaboration, enabling timely information sharing and coordinated responses to challenges. Additionally, as mentioned, developing alternative logistical options enhances flexibility and resilience.

As highlighted by Ms. Möller, some companies opt to lower stock value as a risk mitigation strategy. However, in regards to this tactic it is imperative to ensure that careful monitoring and management of inventory levels are maintained to prevent stock levels from becoming excessively low. It can be argued that by striking a balance between risk mitigation and adequate inventory, companies can effectively navigate supply chain disruptions.
These proactive strategies collectively allow enhanced resilience and enable adaptive management of disruptions within the supply chain.

5.3.3 Impacts of the COVID-19 Pandemic

The COVID-19 pandemic necessitated organizational adaptations to a new business landscape, rendering previous strategies ineffective or in need of modification to align with the altered circumstances. Businesses encountered novel challenges and were compelled to explore alternative approaches to conducting both internal and external operations (Donthu and Gustafsson, 2020). Nevertheless, Mr. Bladh and Mrs. Rosenqvist both highlighted the continued relevance of face-to-face meetings in certain situations, emphasizing their value within the context of supply chain management although acknowledging that a large part of traveling had been replaced by digital meetings. Therefore, it could be argued that the pandemic prompted organizations to adapt their strategies and operations, while recognizing the enduring significance of face-to-face meetings in specific supply chain-related scenarios. However, this indicates that despite the prevalence of online communication, face-to-face meetings remain highly advantageous at times, particularly when establishing connections with new customers or forging partnerships. Although the pandemic has prompted companies to become more digitalized, in turn leading to more time and cost efficiency, replacing certain meetings and follow-ups with virtual meetings.

6 Conclusion

In this chapter, the authors will address the research questions outlined in Chapter 1 by deriving conclusions from the analysis conducted in Chapter 5. Additionally, the authors will discuss the theoretical and practical implications of the findings and provide recommendations for future research.
6.1 Answering the Research Question

RQ: *How does inflation and uncertainties affect global furniture export companies?*

- What strategies do the companies use to maintain their competitiveness?
- How have companies changed their crisis management strategies in the last years?

This thesis has shown that companies in the global furniture export industry have, due to inflation and uncertainties, been required to adapt through various means, including diversifying suppliers and markets, efficient resource management, proactive risk management, and building strong relationships. Prioritizing crisis management, monitoring macroeconomic factors, and optimizing strategic resources are crucial for enhancing resilience and competitiveness, enabling companies to achieve growth and progress.

The last few years of market disruptions and uncertainty have led to a challenging time for many businesses. Due to an unstable market and several unforeseen events such as inflation, a global pandemic, supply chain disruptions, lack of raw materials due to war as well as spiking electricity and logistic cost which forced global furniture export companies to analyze their strategies and adapt to new situations. Companies have had to navigate new challenges while trying to maintain profit.

It has been proven difficult to distinguish what impact has been due to solely inflation and thereby the focus has been on the combined effects of inflation as well as uncertainties. From the empirical findings the conclusion can be drawn that the last year's uncertainties caused a significant impact on the supply chains and logistics resulting in delays and lack of material. Due to
the chain reaction within the supply chain one minor disruption to one actor can cause significant disruption for a company and cause a potential extra cost. This is also evident in regards to pricing, as increased prices along the supply chain eventually leads to increased prices for the company. The company then consequently needs to find a way to either lower cost to maintain the same price or change their price strategy, which in addition may lead to a lower competitiveness. In uncertain times where consumers are more reserved in regards to their spending, increasing prices to cover for increasing costs along the supply chain may be critical as it could result in less sales. This in turn has forced businesses to look at alternative pricing strategies, or alternative suppliers.

Through the empirical findings it has become evident that during COVID-19 companies were forced to search for alternative sources and suppliers as a form of crisis management. This continued during the upcoming uncertain times as companies have become more vulnerable due to delays in deliveries, lack of raw materials as well as the uncertainties leading to increased prices. However, according to the empirical findings, this has been a greater problem previously, as companies have identified the risk of relying on solely one supplier. Due to this, many companies have instead sourced for further suppliers and diversified their supplier portfolio to minimize the risk. This has in turn become the new normal, and as a precaution and preparation in case of potential crisis, or uncertainties, companies are trying to spread the risk to make themselves less vulnerable. The empirical findings have shown that after the pandemic companies have a larger, more constant risk assessment, and their crisis management has become an everyday task, something that is done to be prepared for new potential crises. Although they can never know exactly what crisis lies ahead, they are more aware of the importance of being prepared for the unexpected uncertainties by having a back-up plan for e.g., logistics and suppliers.

In addition the empirical findings have shown that uncertainties have
emphasized the significance of diversifying the markets in which companies sell their products. By expanding into new geographic markets and diversifying the customer base, companies can minimize the impact of inflation or uncertainties. Expanding into new geographic markets also presents the company with opportunities for growth and access to new customer segments. This strategic approach helps mitigate the risk associated with a single market's regional economic decline and enhances the company's resilience.

The realization that a company's resources play a significant role has become more apparent due to recent uncertainties amongst global furniture export companies. Resources can indicate financial resources, human capital, technology infrastructure, manufacturing capabilities, and marketing and distribution networks to mention a few. Through previous research and the empirical findings it is acknowledged that the management and allocation of a company's resources are essential to its success and resilience during a crisis. The significance of efficiently utilizing and deploying a company's resources to get through challenging conditions and keep a competitive edge has been brought to light by these uncertainties. Companies are better prepared to adapt to unforeseen difficulties and seize new opportunities when they have a comprehensive grasp of their available resources and the strategic acumen to utilize them effectively.

Furthermore, another implication has been that retailers and customers tend to be more cautious before purchasing. In the beginning of COVID-19 sales were high, but as the uncertainties remained, buyers became more sensitive to bringing in new brands and products due to concerns regarding liquidity. This further showed companies the importance of strong relationships, although the pandemic resulted in a whole new way of creating relationships. Due to COVID-19, meetings became more digitalized, and thereby removed the traditional way of creating and maintaining relationships while meeting face-to-face, as well as minimizing the creation of unexpected connections at
expos, sales fairs etc. This forced companies to change how they create new connections as well as how they work to maintain them. Furthermore companies have changed the way they travel, and whereas Furniture Expos were previously a great way of promoting oneself and creating new connections, people are no longer as tempted to travel to visit these fairs, nor pay the significant amount needed to participate and build a display.

Companies have been forced to navigate these uncertainties by making strategic decisions, closely monitoring economic developments and implementing a more proactive risk management, all while looking at the bigger picture. The importance of monitoring macroeconomic factors has become crucial, as it can be a tool to navigate and be able to prepare and stay one step ahead. The global market disruptions and uncertainties has prompted global furniture companies to have a higher risk awareness. The empirical findings suggest that companies have had to navigate fluctuations in demand, production costs, and market conditions. To mitigate these risks, companies have become more vigilant and proactive in risk assessment and management. Although the strategies utilized in regards to risk identification have varied between companies, an agreement can be found that prioritizing crisis management is essential. By adopting a proactive approach, furniture companies have been able to better anticipate and mitigate potential risks, minimizing the impact of market disruptions and uncertainties on their operations.

Furthermore, inflation and recent uncertainties has led companies to understand that there will always be certain uncertainties and unexpected events that no company can prepare for. One can prepare to the best of one's ability, based on previous experience and knowledge, but there is also a strength in knowing that adaptability is essential in navigating such situations. In summary, the recent uncertainties faced by global furniture export companies have called attention to the critical role of preparing for different scenarios as well as resource management and allocation. By fully
and effectively taking advantage of financial resources, human capital, distribution networks, manufacturing capabilities, companies can build resilience, prepare for disruptions and difficulties, while capitalizing on emerging opportunities and increasing competitiveness. By optimizing strategic resources through a proactive mindset, it enables companies to maintain a competitive edge and even thrive amidst uncertainty in today's ever-changing business environment.

To conclude, the global furniture export industry has faced a great deal of challenges and companies have been forced to adapt by diversifying suppliers and markets, efficient resource management, proactive risk management, and building strong relationships. Prioritizing crisis management, closely monitoring macroeconomic factors, and optimizing strategic resources are pivotal for enhancing resilience and competitiveness and allows companies to grow and advance, as in the face of adversity it becomes evident that in the middle of difficulty lies opportunity.

6.2 Managerial Implication

The study on the impact of inflation and uncertainties on global furniture export companies reveals important managerial implications. In light of the observations in this study it is found that managers would benefit from concentrating on efficient resource management and diversifying both suppliers and markets, building strong relationships, and implementing risk identification in the early stages. In regards to implementing risk identification, managers should, on a regular basis, evaluate potential risks, both internal and external, and establish actions and mitigation plans. To stay ahead of potential obstacles, this entails doing detailed risk assessments, implementing contingency strategies into place, and regularly monitoring the business environment. It is important for managers to understand the dynamic business landscape that companies are constantly exposed to. A multitude of challenges and uncertainties that can have and indirect, but significant, impact on the company’s operations and performance. Managers
must be aware and prepared for the impact that said uncertainties have on factors such as macroeconomics, export, and crisis management (as shown in figure 2), and how these all can impact the business. Further, based on this study the recommendation for managers is to assess the most significant assets and search for ways to improve their efficiency. Companies may increase their competitive position and be better able to withstand the effects of inflation and uncertainty by investing enhancing operational efficiency, and building core capabilities. It is further advocated to monitor macroeconomic factors, and optimize strategic resources to enhance resilience and competitiveness. Additionally, companies need to adapt to digital relationship-building and be prepared for various scenarios and remain adaptable while still maintaining the company’s values. The authors of this thesis conclude that managers should aim to adopt a proactive approach in order to navigate uncertainties, evaluate risks, adapt to market demands, and build resilient relationships. By taking these implications into considerations, companies can effectively navigate challenges, capitalize on opportunities, and attain success in the face of uncertainties.

6.3 Limitations

Throughout this thesis, several limitations can be identified as challenges that impact the interpretation of the research. Firstly, it is important to acknowledge that the empirical data collected exclusively pertains to Swedish companies operating within the furniture and design industry. This restriction may limit the generalizability of the findings, as they predominantly reflect the perspectives of Swedish companies within a specific industry. Secondly, the complexities surrounding inflation and uncertainties make it challenging to observe immediate and comprehensive effects. Therefore, there may be effects later on that become evident only in the future, beyond the scope of this study. Furthermore, the absence of a defined initiation and termination point for inflation and uncertainty in general poses a difficulty in drawing conclusive remarks, given the ongoing
and evolving nature of these phenomena. Moreover, it should be noted that the empirical data is derived from a modest sample size of five respondents, which may introduce subjectivity and limit the objectivity of the thesis.

6.4 Suggestion for Future Research

Due to its significant role as one of Sweden’s largest export sectors, there is an identified need for further research in the furniture industry to address existing gaps in knowledge and explore potential areas of improvement. One could for example suggest future researchers to further analyze how this industry could utilize and benefit from the impact of emerging technologies, such as augmented reality (AR) and virtual reality (VR). Further research could investigate how such technologies could optimize production, customization, e-commerce and consumer experience.

While this study focused on the furniture and design industry, future research could extend its scope by examining the effects of uncertainties in other industries. Researchers may identify similarities and variances in how uncertainties affect corporate operations, decision-making processes, and performance outcomes by comparing diverse industries. Such a comparison examination could possibly enable cross-learning possibilities and offer a wider view on the strategies and adaptive measures used across industries.

Furthermore, the fast advancement of digital technologies has radically altered how businesses function and react to uncertainties and unforeseen events. Future studies could explore how digitalization improves organizational resilience and adaptability in difficult circumstances. Investigating the use and effects of digital tools in managing uncertainty may fall under this category. For practitioners and policymakers, understanding the mechanisms by which digitization enables businesses to foresee, react to, and profit from risks could be extremely beneficial.
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Appendix 1 – Interview Guide

Initiating Questions

• Do you wish to be anonymous?
• Is it okay to record this meeting?

Background Information

• Can you tell us a bit about yourself and your current position?
• How long have you been in the company/industry for?
• Can you tell us about your company and what the company does?

Business Operations

• Could you provide some background on your company's exports, such as the types of product, markets, and countries you export to?
• What is the distribution between import/export? Mainly companies or private consumers?

Inflation and Uncertainties

• Have you been able to see a difference within your business during recent uncertainties? If so, can you give some examples?
• How has demand from your customers been affected by recent uncertainties? How have you addressed these changes?
• Have you seen a change in furniture export in general during the last few years?
• What changes have you been forced to make when it comes to sales/logistics?
• What do you see as the biggest challenges for furniture exports during uncertain times like these?
• Have you had to adjust your supply chain or sourcing strategies in response to these uncertainties? If so, how has this impacted your business?
• Has there been any significant increasing cost in your production?
• Have these increasing costs forced you to change your pricing model and pricing strategies?
• Have you had to consider diversifying your product offerings or expanding into new markets to mitigate the impact of these recent uncertainties? If so, how have you approached this?
• Do you believe that inflation and uncertainties also present any opportunities for this industry?

Strategies for Maintaining Long-term Competitiveness
• What strategies does your company use to maintain long-term competitiveness in times of uncertainties? Do you analyze and modify it over time?
• Have you had any challenges in regards to these strategies, and what have you done to overcome them?
  - If you made any changes that did work, what were those changes?
  - How have those changes affected you and your company?
  - If you made any changes that did not work, what were those changes?
• Are there any changes that you have made due to recent uncertainties that you will continue to implement when the market stabilizes?
• Have you expanded into new markets in an attempt to maintain profitability during this time?
• How do you maintain a good collaboration with stakeholders in both the Swedish and international market?
• In case of future uncertainties, what learnings do you bring with you?
• Are there any specific worries you have about future inflations based on previous experiences and results?

Crisis management
• How does your company act in regard to crisis management?
• Has the company changed its strategies in regards to crisis management in response to recent events?

Prognosis for the future
• How do you think the Swedish furniture and design industry will develop in the coming years?
• Why do you think Swedish furniture and design is so popular on the international market?