

# Family businesses SMEs through Covid-19 Crisis Management

Adrian Motoc<sup>1</sup>

<sup>1</sup> National University of Political Studies and Public Administration, Bucharest, Romania

Correspondence: Adrian Motoc, National University of Political Studies and Public Administration, 30A Expozitiei Blvd., Bucharest, 012104, Bucharest, Romania. E-mail: [adrian.motoc@facultateademanagement.ro](mailto:adrian.motoc@facultateademanagement.ro)

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## Abstract

The Covid-19 dilemma has resulted in a slew of restrictions that have had major economic ramifications around the world. Most economic actors are in a difficult condition as a result of the prolonged crisis. Every business, particularly family businesses that play an important role in the global economy, has been impacted by the crisis in some manner. Small and medium-sized enterprises (SME) make up the majority of family businesses, which account for a significant share of the economy. Given the obvious importance of family SMEs, the current crisis necessitates an urgent investigation into the strategic measures that family SMEs employ in order to survive. This research sought to answer the question of what strategic actions Romanian family SMEs are taking to deal with the Covid-19 crisis situation. Qualitative research method was used to carry out this study. Seven Romanian family SMEs in the IT, e-commerce, construction, design, building, education, and sports industries were interviewed in twelve semi-structured in-depth interviews. The findings revealed that in order to deal with the crisis, Romanian family SMEs employ different sets of strategies. The implementation of strategic measures was discovered to be dependent on five key factors: the impact of the crisis on the enterprises, the firms' industry, the particular governmental constraints, the firms' crisis readiness, and the strategic measures' evolution through time. One noteworthy finding was that, despite the challenges of supply chain interruptions, all of the enterprises in the sample profited financially in the long term from the crisis.

**Keywords:** Covid-19, crisis, family business, SMEs, strategic measures

## 1. Introduction

The World Health Organization declared a pandemic on March 11<sup>th</sup>, 2020. Because of its high transmissibility, the coronavirus has a devastating impact on global health (WHO, 2020). Many countries have been forced by the epidemic to drastically curtail day-to-day activities in an effort to stem the disease's spread. "Social distance" is a regularly used strategy, and other countries have gone even further by closing down all social services. Social distancing and other containment strategies' limits have helped save countless lives. Limitations imposed significant economic ramifications around the globe. There have been huge stock market crashes since the onset of the pandemic (Baker et al., 2020) that have led to severe economic recessions and corporate bankruptcies (McKibbin & Fernando, 2020). Various industries have been subjected to severe restrictions as a result of social distancing mandates, health protection policies, and even the closure of businesses deemed unnecessary in several countries. These constraints imposed by the companies have resulted in problems with the supply chain and demand (del Rio-Chanona et al., 2020).

Every business, especially family-owned ones, has been impacted by the crisis in some manner. Family businesses are important wealth generators, employers, and innovators for a country's economy (Filser et al., 2016). This is why family businesses are vital to the global economy, accounting for almost two-thirds of all companies in the world (Ballini et al., 2020). Family businesses are companies in which at least one family member participates in governance and where the majority of decision-making rights are held by one or more family members, according to the European Commission (European Commission, 2012a).

For their self-governing, family-oriented lifestyle and limited cash and resources, family businesses are known to be vulnerable in times of crisis; however, this is changing (Kim & Vonortas, 2014). Family businesses react differently to adversity than their non-family peers. One factor that affects emergency response performance is the emotional attachment of the responder to his or her family (Faghfoury et al., 2015). There's more emphasis on long-term viability than on immediate outcomes, therefore immediate profits are frequently forgone in favor of

long-term ones (Herbane, 2010.) People with family business-like behavior may develop new coping methods to deal with the differences in their personality types.

Small and medium-sized enterprises account for more than half of the EU's gross domestic product (GDP) (Tudor & Mutiu, 2008). In academic research, SMEs are highlighted as being critical to a country's economy (Hillary, 2000). SMEs play a critical role in creating jobs all over the world, and they are a major source of innovation, entrepreneurial spirit, and modernization (Hillary, 2000). SMEs in Romania account for over half of the non-financial business economy's value-added and for over sixty-six percent of the country's total employment rate (ONRC, 2021). For every 1000 Romanians, there are 29 SMEs (ONRC, 2021). This demonstrates the critical role that small and medium-sized enterprises have in the economy. Families with small businesses are more vulnerable during economic downturns, according to the research. Due to their inadequate financial resources (Thorgen & Williams, 2020), lack of cash flow disruption readiness, and lack of competent management, they are vulnerable (Herbane, 2010).

There is an urgent need to look into how the crisis has affected family SMEs in light of the current circumstances, which can be described as both unique and complex. As a result, it is critical to examine how these countries are dealing with the current crisis in order to better prepare themselves for the future. The failure of family-run SMEs, which are vital to a country's economy, can have far-reaching implications. Family business research benefits greatly from gaining a thorough grasp of the coping methods used by family business owners (Wenzel et al., 2020). The Romanian government's constraints on industry have resulted in a distinctive business climate. Because of the particular economic environment that exists in the midst of a long-term crisis, it would be worthwhile to pay attention to Romanian family-owned SMEs.

### *1.1 Research Problem and Purpose*

Few academic studies have examined how and by what measures family businesses are responding to the crisis because of its novelty (Kraus et al., 2020). The research conducted by the few studies has primarily depended on the findings of Wenzel et al. (2020). According to Wenzel et al. (2020), four strategic responses are used by family businesses in times of crisis: retrenchment, persistence, ingenuity, and exit. Retrenchment is a term that describes the cost-cutting strategies that businesses take. With perseverance, commercial activities are maintained despite the difficulties of a crisis. By ingenuity, we mean taking strategic actions to seek new opportunities and alter operations in response to shifts in the business environment brought on by crises. As a final response, corporations discontinue operations if all other strategic steps prove ineffective in ensuring their survival.

Many studies have been conducted in the sectors of family business and crisis management separately, but few studies have combined the two. Studies on how family businesses react to a crisis, for example, are quite rare (Faghfour et al., 2015; Kraus et al., 2013). When it comes to the current crisis, just a few academic studies have looked into how and by what means family businesses are responding to it. The current problem's novelty, intricacy, and distinctiveness explain why so little research has been done. As a result, there are certain research holes in the areas of family business and crisis management. When you take into account the crucial economic function of family SMEs, the current scenario makes it imperative to look into the strategic measures that may be used to weather the crisis. Adapting family SMEs to the present environment will necessitate significant research to identify the best possible strategic options.

One of the few studies that look into the impact of the Covid-19 crisis on family businesses and the strategic actions taken was that of Kraus et al. (2020). During the early stages of the crisis, the investigation was conducted in five Western European countries. For the first time, empirical research in the management profession provided proof of the current crisis' economic impact on family businesses. Despite the fact that the study yielded a wealth of information, it can only be regarded as preliminary. For starters, the study was limited to only five countries in Western Europe. Second, the investigation was conducted during the early stages of the pandemic. Third, the analysis concentrated on family businesses of all sizes and did not specifically target family SMEs. The study's limitations motivate researchers to conduct research in other countries, as well as in later stages of the epidemic, to gain a broader global perspective on the strategic tactics used by family-owned SMEs. Other nations' family SMEs operate in distinct business contexts and may have unique characteristics that influence the deployment of strategic measures. Focusing on Romanian family SMEs, which operate in a specific business context with regulatory constraints, can help to gain a broader global perspective. In addition, conducting a study at a later stage in the crisis can yield additional insights. In a later stage of the crisis, family SMEs' strategic actions may take a different path and observe more complex changes. Strategic measures can be progressively developed or completely changed over time depending on the situation (Kraus et al., 2020).

Monitoring the evolution of strategic measures over time can give a better understanding of how family SMEs make decisions (Wenzel et al., 2020).

Investigating the strategic actions taken by family SMEs in the new setting of Romania during a later stage of the pandemic can help researchers from a variety of perspectives. The study may uncover new strategic measures that may be used to further enhance the framework. The findings of Kraus et al. (2020) can then be corroborated by looking for the same strategic measures combinations. More sophisticated or evolved combinations may be discovered as a result of the inquiry. Furthermore, focusing on family SMEs rather than family businesses of all sizes can lead to new insights into strategic measures implementation. This is due to their distinct traits and vulnerability during times of crisis.

The aforementioned arguments have steered this study toward the following research question:

*“What strategic measures are being used by Romanian family SMEs to deal with the Covid-19 crisis?”*

Only family SMEs in Romania were studied, and it was limited to a certain target demographic. The interviews did not include non-family SMEs or larger family businesses. The research was broadened to include Romanian family SMEs from a variety of industries in order to gain a more comprehensive picture of how strategic actions were implemented. The findings of this study have aided family business research and crisis management by offering a detailed understanding of the strategic methods used by family SMEs to deal with the current crisis, as well as other crises.

## **2. Literature Review**

In order to find the most suitable articles a preliminary search had been conducted with further refined searches within the largest database of peer-reviewed literature. To better understand the articles and the connection between them VOSviewer had been used to create, envisage and analyze bibliometric networks. This process helped in understanding the literature and how subjects are interlinked based on the commonly occurring keywords sourced from abstracts and bodies of the articles.

Custom search queries were created with the Scopus API utilizing a series of logical operators (i.e. AND, OR, and AND NOT) and field codes (used for searching phrases within a specific field). TITLE-ABS-KEY, SUBJAREA, LANGUAGE, and PUBYEAR field codes were very beneficial. The TITLE-ABS-KEY field code was used to find publications that had the given phrase in the author keyword (keyword assigned by the author), index terms (controlled words assigned to the publication), title, and/or abstract fields. The SUBJAREA and PUBYEAR field codes were also useful for narrowing down the search by subject area and publication year. Finally, the LANGUAGE field code limits the search to a specific language. The search was narrowed to TITLE-ABS-KEYWORDS to find articles with “family business” AND “covid” with a secondary search of “family business” AND “crisis” in the title, abstract, or keywords. Synonyms and similar keywords have been taken into consideration. Furthermore, the papers were limited to the English language, which is often believed to be the most widely used language in science.

The data files with CSV files are utilized as a data set in the VOS viewer tool to provide visualization and citation analysis using several procedures. To begin bibliometric analysis in VOS viewer, a map based on bibliographic data is created. This option offers analytic options including co-citation, citation, and co-occurrence, which are necessary for this study. In order to obtain bibliometric findings of studies based on the keywords “family business”, “Covid-19”, “crisis” a CSV format data sets in the Scopus database had been chosen. The counting method is set to “full counting” in all studies since we want all links (citations, co-citations, co-occurrences, and so on) to have the same weight.

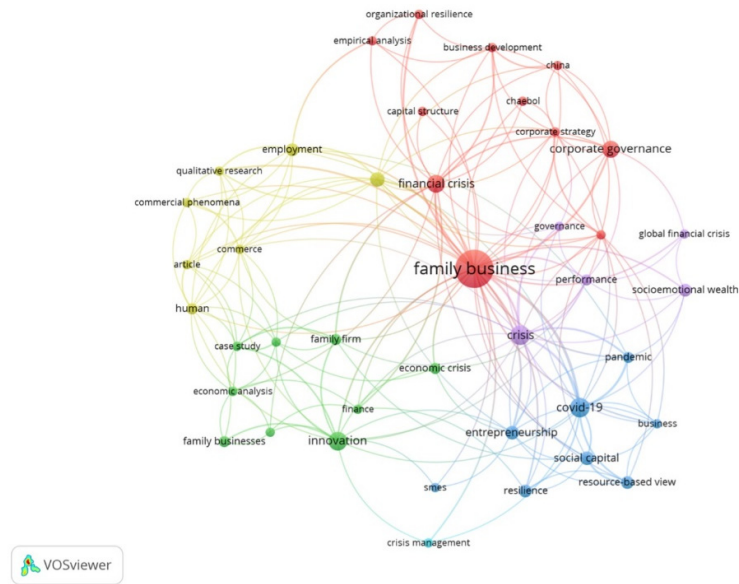


Figure 1. Most commonly occurring keywords on family businesses and crisis

Addressing a broader spectrum with the search based on “family business” AND “crisis”, 151 papers have met the criteria (see Figure 1). Mapping the commonly occurring keywords with a minimum number of occurrences of 3, 42 out of 623 have met the criteria. Out of the six clusters, one emerges, being the covid-19 one. The current crisis is being highlighted in a growing number of papers and links to other 16 keywords, one being central to another cluster, more precisely innovation, which is one of the leading outcomes of proper crisis management.

In determining the most commonly occurring keywords (see Figure 2) between articles from the generated list of 23 documents based on the “family business” AND “covid” search the co-occurrence type of analysis had been selected with a minimum number of occurrences of 3 resulting in 9 meeting the criteria out of 148. This proves the scarce academic resources available regarding the current pandemic and its correlation to the family business environment.

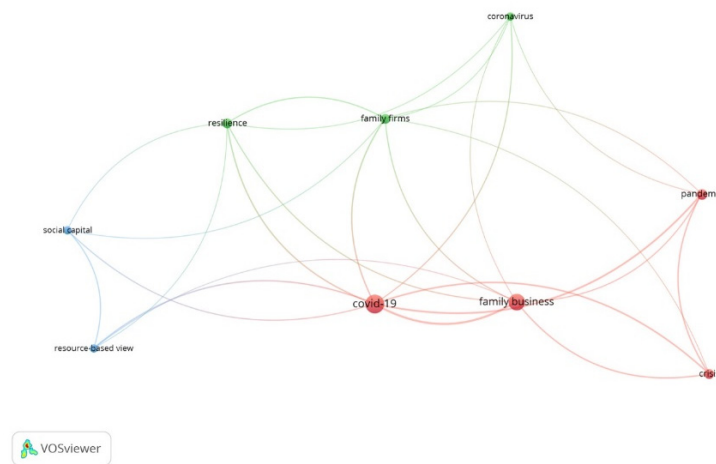


Figure 2. Most commonly occurring keywords on family businesses and Covid-19

### 2.1 Small and Medium-Sized Family Businesses

A family business is defined by a variety of characteristics, according to the European Commission (2012a): First, when "the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in

the possession of their spouses, parents, child, or children's direct heirs," a firm is considered a family business. Direct or indirect decision-making powers are available. Second, at least one member of the family who represents the family must be formally participating in the firm's governance. Finally, the individual who founded or bought the business, or his or her family or descendants, owns 25% of the decision-making power (European Commission, 2012a).

There is no clear definition of SMEs in the literature, owing to the wide range of firms that make up SMEs. The definition defined by the European Commission will be considered for the purposes of this research project. The European Commission (2012b) divides SMEs into three categories, as described below:

- Medium: companies with up to 250 workers and a turnover of less than €50 million
- Small: companies with up to 50 employees and a turnover of less than €10 million
- Micro: companies with less than ten people and a turnover of less than €2 million.

When comparing SMEs to larger corporations, there are a few key distinctions to be made. Three levels can be used to express the primary distinctions. To begin with, SMEs, in contrast to larger firms, have simpler planning and control systems as well as more informal reporting methods. Second, SMEs have a lower level of standardization in terms of procedures, as well as idealistic decision-making procedures. Third, SMEs have a lower degree of specialization in terms of structure, with people performing more multi-tasking duties and being more innovative.

SMEs are the most important part of a country's economy (Hillary, 2000). They are an important source of employment and the economic backbone of any country (Erixon, 2009). SMEs provide and yield employment opportunities, particularly during recessions. Also are seen as a major source of innovation, entrepreneurial spirit, and modernity. Individual innovative effort and competitiveness are fostered within SMEs as a result of the critical role they play in the economy, which benefits business growth in the future. SMEs create two-thirds of all private-sector jobs and half of all new jobs. Their operations account for more than half of the European Union's GDP (Tudor & Mutiu, 2008).

In earlier years, family business literature in the context of crisis management has taken a variety of directions. Diverse research disciplines (management, accounting, finance) (Hale et al., 2005), strategic measures to crisis situations (Baron et al., 2005), and treatment of corporate representatives all have different perspectives. For instance, from one point of view, academics look into the built interaction with stakeholders following a disaster (Coombs, 2007; Pfarrer et al., 2008). Others (Veil, 2011; Lampel et al., 2009) look into the adaptations for survival and learning trips under crises. According to research, crises not only have negative implications for stakeholders, but they can also have some positive consequences. Firms are prompted to use innovative ways and explore new markets when they are faced with a crisis.

## *2.2 Family Businesses and Crisis Management*

Family businesses are noted for being self-governing and family-oriented, as well as having limited cash and resources. When faced with a crisis, this renders family businesses particularly vulnerable (Kim & Vonortas, 2014). It usually causes problems for the owner of a family business on two levels, as a private citizen in society and as a company owner (Runyan, 2006). The owner is a nonlinear integrator of the intellectual capital of the family business (Bratianu, 2013; Bratianu & Vasilache, 2009). The majority of business owners see their company as a continuation of their family's legacy. As a result, effective and practical crisis management is critical to the survival and sustainability of a family business. This is especially true for family-owned businesses, where a crisis might jeopardize their socioemotional assets (Gomez-Mejia et al., 2011).

In terms of behavior and measurements, the companies are distinct. It has been established, for example, that higher family ownership reduces the likelihood of the corporation using formal crisis policies (Faghfour et al., 2015). The performance of family businesses has also been demonstrated to be influenced by the family's strong emotional bond (Arrondo-Garca et al., 2016). They place a higher priority on long-term survival than short-term results, even if it means sacrificing short-term profits. As a result, they may take special precautions. In comparison to nonfamily enterprises, family businesses' survival-oriented business approach leads to underinvestment, which can precede an underperformance. This was demonstrated during the 2008-2009 financial crisis, which proved that they invest less and suffer more during stock market downturns (Lins et al., 2013).

Family businesses, on the other hand, have been shown to outperform nonfamily businesses during times of crisis. Family members' particular commitment might help build and develop resources that are generally unavailable to non-family businesses (Sirmon & Hitt, 2003). They also benefit from unique motivation and

support from family members. This assistance is provided in a variety of ways, including free or borrowed labor, increased capital expenditures, and low-interest loans. Family involvement increases adaptability, which is a very useful skill to have in a crisis (Bauweraerts, 2013). The search for more proactive and imaginative solutions to ameliorate the consequences of rapid crises shocks is aided by less formalized structures and stronger stakeholder solidarity (Berrone et al., 2012).

Furthermore, family businesses have a strong desire to protect their socioemotional riches, which can contribute to outperformance (Gomez-Mejia et al., 2007). The family's public image and reputation are very important to the family's leaders (Berrone et al., 2012). In this situation, they are less likely to engage in activities that could impair the firm's reputation, such as tax avoidance that could result in administrative inquiries or penalties. Family businesses are able to create strong trade ties with suppliers and customers because they are concerned about maintaining their reputation. During a crisis, the path of organizational resilience enables them to manage gross sales margin efficiently. Owners and management have aligned interests, resulting in competitive advantage (Anderson & Reeb, 2003). This is not the situation in nonfamily businesses, where conflicts of interest between owners and managers are more likely. During a crisis, the clash between owners who have long-term goals and management who have short-term goals can be costly. In this view, when a company is on the verge of failing, managers are more likely to invest in hazardous ventures because they can profit from the excess risk without paying the price of failure (Zhou, 2012). Family businesses don't have to cope with such issues because their owners and management interests are usually aligned.

### *2.3 Family Businesses during Covid-19*

Several researchers have looked into family businesses during the Covid-19 crisis. In five European countries, a high-quality study was conducted to see how they responded to the pandemic. According to the findings, family businesses have shown tremendous solidarity with their employees and stakeholders. Maintaining strong relationships with employees and stakeholders is a valuable strategy for ensuring mutual support and fostering unity (Kraus et al., 2020). Furthermore, research among Dutch family businesses has revealed that they treated their employees exceptionally well during the Covid-19 issue (Floren et al., 2020). It is far more important to keep their staff than it is to generate a dividend payout, for example.

Multiple strategic responses can be used to illustrate the various activities taken by family businesses during the Covid-19 crisis. During crises, family enterprises use four types of strategic responses, which can be summarized as follows:

**Retrenchment:** this strategy approach refers to the steps taken by family businesses to cut expenses and complications (Pearce & Robbins, 1994). Using this method might result in both positive and negative outcomes. Cost-cutting initiatives aid family businesses in maintaining liquidity and laying solid foundations for long-term recovery. On the other hand, is frequently associated with a drop in performance (Barker & Duhaime, 1997). This is particularly true when the crisis lasts for an extended period. When retrenchment is implemented over time, it results in significant changes in resource utilization and organizational culture.

**Persevering:** the strategic goal is to keep corporate operations and activities running amid a crisis. The benefits of perseverance can be explained by the fact that often changing strategic measures decreases the strategy renewal's basic value. The foundation of this strategic reaction is to prevent commencing a strategic renewal at the incorrect time. The success of implementing the persisting strategy is mainly reliant on the length of the crisis. The longer the crisis lasts, the more limited the family firm's financial resources become (Wenzel et al., 2020).

**Innovating:** This strategic metric focuses on identifying opportunities and altering operations and activities in response to changing circumstances. A crisis drives businesses to consider new prospects more freely. It also allows them to consider whether their business ideas are viable. It becomes easier to find opportunities for business model innovation when companies can determine which components of their business models are more stable (Clauss, 2017). The innovative strategic response has the ability to strengthen businesses in the future and give long-term solutions (Wenzel et al., 2020). During a crisis, for example, businesses may need to discover new ways to generate revenue. This is where putting innovative measures in place becomes critical. Low liquidity, on the other hand, is seen as a limiting factor for strategic action. Managers may miss the window of opportunity to implement strategic changes over extended periods during a crisis (Wenzel et al., 2020). Implementing innovation SMEs may become learning organizations and increase their resilience to a crisis (Bratianu, Prelipcean, & Bejinaru, 2020).

**Exit:** When other plans fail, a company's last strategic option is to exit the market. However, successfully closing a business might open up new doors and provide new resources (Carnahan, 2017). To put it another way, the exit

of corporations facilitates strategy renewal and the development of new businesses.

According to research, in order to respond to the Covid-19 problem, family businesses primarily used pure perseverance or a combination of perseverance, innovation, and retrenchment. It's worth noting that these findings are only applicable to the early stages of the crisis. These findings suggest that family businesses' long-term emphasis may naturally lead them to make the most sensible choices. Family businesses, on the other hand, will be unable to take such measures unless they have sufficient liquidity prior to the onset of the crisis.

The strategic actions have both short- and long-term implications, and they were primarily implemented for two purposes. To secure and protect liquidity in the first place, and to ensure long-term survival in the second. There is no single strategic answer that can achieve both aims at the same time. This is why family businesses have taken an ambidextrous crisis management approach, using a combination of strategic measures (Kraus et al., 2020).

### 3. Method

#### 3.1 Research Philosophy

The knowledge in this study was characterized as reality dependent on the perspective of the external world, using a relativistic ontology. This position affirms that individuals and interaction produce understanding, knowledge, and reality, implying that what is good for one person may be wrong for another (Esterby-Smith et al., 2018). This implies that there is no single objective truth or reality to be discovered, but rather a variety of viewpoints on the same problem, depending on the observer's perspective (Esterby-Smith et al., 2018). In this context, time and place are also two variables to consider, especially since the researcher in a study will be interacting with a variety of enterprises that operate in different places and have varying resource endowments.

The epistemology of this paper is founded on a social constructionism paradigm, as is the selected ontological viewpoint. Interactions with people, the environment, and the traits in people's behaviors all contribute to the creation of realities (Saunders et al., 2012). Language has an impact on how people convey their experiences since it can make a difference in people's understandings (Esterby-Smith et al., 2018).

#### 3.2 Research Approach, Method, and Strategy

To achieve conclusions, the inductive approach selected for this study is based on learning from experience, regularity patterns, and correlations. The reasoning is frequently referred to as a "bottom-up" approach to learning, in which researchers use observations to explain or construct a picture of the topic under study (Lodico et al., 2010).

Because the study's goal was to uncover techniques used by Romanian family SMEs during the current crisis, it was critical to concentrate on real-life observations. These observations were made in an attempt to discover trends that might lead to the development of a new theory. This study began with minimal understanding of the techniques used by family SMEs, particularly in the current setting of Romania, which is in the advanced stages of the pandemic. The study's goal and research questions were developed using prior information and ideas in the areas of crisis and strategic management. The inductive approach was thought to be the best since theory combined with real-life experiences and observations would lead to fresh insights. The method will aid in gaining a thorough and current understanding of strategic and crisis management in the new environment. Identifying novel techniques or combinations that have not been uncovered in the previous study can lead to a new theory.

A qualitative technique design was adopted for this study. The many in-depth responses are critical for comprehending the study's phenomenon. This indicates that the study will rely on non-numerical data, such as spoken words and language, to acquire a thorough knowledge of the situation. The goal of the study has been to conduct a large multi-case study in order to learn about the measures that companies are employing to withstand the Covid-19 issue. Case studies have the advantage of capturing and understanding real-life events on a deeper level.

#### 3.3 Data Collection and Analysis

The inquiry was conducted with data acquired through semi-structured interviews. A total of seven family-owned small businesses operating in various industries have been identified and contacted (see *Table 1*). A total of 12 interviews were done as part of this research. The study's chosen approach was purposive sampling, which was based on a qualitative research design and a narrow research question (Esterby-Smith et al., 2015). The study's goal is to collect information on the strategic actions used by Romanian family SMEs to deal with the crisis. It's critical to collect data that are both accurate and reliable. Only a small group of members who work in family

businesses can provide accurate information. Specifically, from family members who are active in decision-making, strategy development, and management of the family's SMEs. This particular set of members has a thorough awareness of how the crisis has impacted their businesses and how this has influenced their decision to implement strategic actions. Collecting data from people who aren't part of this category could lead to inaccurate and misleading results. The suitable and appropriate members for data gathering can be picked utilizing deliberate sampling.

Table 1. Companies' details

Firm	Code	Industry	Location	Informant position	Interview mean	Duration
FAM Constructii SRL	A	Construction, design & interior design business	Bucharest	CEO; Founder	Online	38min; 31min
Byggnad Renovering & Arkitektur SRL	B	Construction, design & interior design business	Bucharest	Founder	Online	40min
B&IT Consulting SRL	C	IT services	Bucharest	CEO; Founder	Online	27min; 36min
Lindcon SRL	D	Building, construction, design, drawings	Bucharest	Founder	Online	45min
Edelweiss SRL	E	Education, Sports	Bucharest	Founder; Partner	Online	25min; 45min
Turago Consulting SRL	F	Retail	Bucharest	Founder; Partner	Online	50min; 35min
Neky Grow SRL	G	E-commerce	Bucharest	CEO; Founder	Online	38min; 50min

To be chosen, the companies under investigation had to meet four main criteria. First and foremost, the company had to be a family business. This means that family members must be involved in the company's management and have influence over strategic decisions. Second, the businesses are required to be operational in order to research the study's goal. To meet the scope of the study, the firm had to be medium, small, or micro-sized. Fourth, because the study's goal was to look at crisis management in family SMEs, it was critical to be able to reach high-ranking members of the management team.

Following the collection of empirical data through interviews, grounded analysis (Bryman & Bell, 2015) was determined to be the most appropriate method for assessing the data. Transcribing all of the recorded interviews was the initial step in the process. To improve the transcription process, both Word and Sonix.ai had been used. The data was then translated from Romanian to English. After each interview, the data was methodically collected, transcribed, and organized. The analytic procedure began when all of the interviews had been completed and all of the data had been collected, transcribed, and organized. To do the grounded analysis, the steps outlined by Easterby-Smith et al. (2015) had been followed. To avoid and reduce mistrust, it is critical to raise the quality of research with reliability and validity (Bryman & Bell, 2015). Because the author is learning about the phenomenon and the aspects surrounding it, the reader is not necessarily at the same stage of understanding as to the writer (Bryman & Bell, 2015). As a result, the readers can cast doubt on it. There are four factors to evaluate the trustworthiness that influence the quality of the study, including credibility, transferability, dependability, and confirmability, to achieve stronger reliability and validity.

Because the goal of the study was to look at the strategic measures that companies take during a crisis, it was critical to have a good grasp of the elements that could have influenced how these measures were implemented. The impact of the crisis on the firms, the firms' industry, the unique governmental constraints, the firms' crisis readiness, and the development of strategic measures through time were discovered to be five elements that influenced the usage of strategic measures. These five criteria, taken together, prompted the firms to implement a set of strategic measures, which were ranked in order of priority in the findings.

#### 4. Results

The impact of the crisis on businesses was discovered to be the most critical factor in the implementation of strategic initiatives. In general, the crisis has benefited all of the companies in the sample. The data revealed that



the enterprises were affected by the crisis in varied ways. Some of the companies (A, B, and C) incurred financial losses in the early months of the crisis but were able to resume operations. Following the recovery of the operations, the companies set new sales, revenue, turnover, and profit records. This means that the companies suffered in the short term but benefited in the long term. Consumers locking their doors (F), customers not being physically present (E), and delivery and supply chain delays were among the causes of short-term pain (F, G). Other businesses (D) were able to continue operating during the crisis without experiencing any financial difficulties. In fact, the companies have set new financial records that have eclipsed previous years' marks. Despite the financial benefits and the lack of downturns, the companies have had some delivery issues. Due to a reduction in supplier production capacity, some companies (A, B, D, G) faced extended product and material delivery periods. During the crisis, most enterprises (A, B, D, F, G) saw higher prices from suppliers due to greater transportation expenses, a decrease in production, new restrictions imposed by the European Union, and a high speculative market. The measures were examined one by one and classified into the framework's four categories: retrenchment for cost-cutting measures, persevering for measures aimed at sustaining the firm's activities, innovation for measures aimed at identifying new opportunities and readjusting the firm's operations, and exit for measures aimed at stopping and discontinuing the firm's operations.

To deal with the crisis, most businesses have used a combination of strategic measures. Three companies (A, B, and C) combined perseverance and innovation measures. One company (D) combines metrics of retrenchment, perseverance, and innovation. Another company (F) used a combination of retrenchment and innovation strategies. One company (G) used a combination of retrenchment and perseverance tactics. Finally, only one company (E) did not deploy a combination of strategic initiatives and relied solely on perseverance. Because enterprises that have ceased operations were not within the study's target group, no cases of firms using exit measures were detected in the sample.

The industry has influenced how businesses were affected by the crisis, and as a result, how strategic actions were implemented. The majority of businesses are in industries that have benefited from the crisis. The construction, design, building, and manufacturing industries, for example, account for the majority of the firms (A, B, D). Due to a variety of factors, many industries have clearly grown during the crisis. Many people now work from home, which has increased their desire to modify their homes, garages, businesses, and other structures. Tougher travel restrictions made it easier to put money into improvements that would otherwise be spent on vacations. The need for these services has increased as a result of more individuals remaining at home. "More people work from home and have more time to renovate their houses," said the CEO of the firm (B). People also have extra money, which was formerly spent on trips. This, I believe, explains why we have benefited from the circumstances." Some businesses (B, D, G) now have more workers, projects, and customers than they did before the recession. E-commerce companies (G) have set new sales records.

Sporting services companies have benefited from the crisis as well. One company (E) had faced an increase in demand. People have more time to spend on sports and trying new things, according to the firm. The firm also has a very narrow concentration in a sector that was quite popular throughout the financial crisis. A small number of people can participate in the sport while maintaining a safe distance. Some municipal facilities (associations, swimming pools, libraries, and so on) have closed, allowing the company to attract additional clients.

There were no explicit crisis management plans in existence before the crisis, according to any of the companies. When it comes to disaster preparedness, however, there are some disparities across the companies. Two companies (A and D) did not have any solid preparations in place for dealing with a crisis. Three other companies (B, F, and G) were considering cost-cutting measures to protect their liquidity. One company (D) has been through past crises (the 2008 crisis) and has learned to respond to unforeseen external shocks with swift responses rather than following formal crisis plan procedures. Another company (C) was well-insured in the event of a disaster. Regardless of their preparedness, all enterprises reacted fast and were able to devise strategic solutions that enabled them to survive. "We didn't have any official crisis plans before," said the CEO of the firm (A), "but we sought to make certain modifications in our firm as soon as the crisis started."

During the crisis, the applicable tactics for the majority of enterprises (B, C, D, E, F, G) did not change much. From the time they were implemented during the early phases of the study until the data was collected, the firms continued to use the same strategic measures. Some companies have adopted a specific strategic measure to varying degrees. For example, one firm (F) has adjusted the severity of its retrenchment measures based on the severity of its need. The company went from employing a variety of cost-cutting methods at the outset to employing fewer ones, later on, coupled with some investments in its manufacturing line. Only one firm (A) experienced a change in its implemented strategy measures. At the commencement of the crisis, the company used a combination of retrenchment, perseverance, and innovative strategies. Because of the crisis'

unpredictability, the company has resorted to short-term layoffs as a precaution to protect its cash. After some time, the company decided to stop implementing retrenchment measures and stop making short-term layoffs. This occurred as the company became more confident in its ability to maintain operations in the event of a financial slump. "We stopped the short-term layoffs as soon as everything returned to a more normal pace," said the firm's founder (A). Following that, the company simply used perseverance and innovation measures.

## 5. Discussion

The findings support Kraus et al. (2020) conclusions that family businesses typically utilize a combination of strategic tactics to deal with the current situation. This study identified all strategic measure combinations. Because enterprises that ceased operations were not among the target set of firms, no departure cases were discovered. Some general statements may be made regarding why family SMEs choose a certain mix of strategic measures in the current crisis based on the combination of strategic measures identified in this study:

- Companies that combine perseverance and innovation do not perceive the need to decrease costs and are unconcerned about liquidity. These companies typically profit monetarily from a crisis situation and do not incur any financial downturns. Stakeholder communication is maintained through digital technologies, and incremental changes in the workplace are made. Small innovation initiatives become critical for a company's survival, as they allow for cost savings and increased productivity. Non-financial difficulties continue to plague the companies, forcing them to persist through the crisis.
- Companies that combine retrenchment measures with perseverance and innovation are more likely to experience financial downturns at the outset of a crisis, and they are concerned about their liquidity. Following a rebound from a slump, these companies tend to stop implementing cost-cutting initiatives.
- Companies that mix retrenchment and innovation initiatives are usually well aware of the crisis's obstacles and have devised a strategy to overcome them before entering the market. These companies are often founded during a crisis and are able to navigate through potential hazards and run their businesses accordingly without having to persevere.
- Companies that mix retrenchment and perseverance measures are less likely to need to employ innovative strategies such as the use of digital tools or digital marketing to stay in business.
- Companies that use enduring just persevere their way through the crisis' non-financial issues without having to cut expenses or make new changes.

The impact of the crisis on businesses is the most significant deciding element. Despite the fact that all of the enterprises in the sample have profited financially from the crisis in the long run, there are some variances. Some businesses have incurred financial losses in the short term but have recovered and prospered in the long run. Other businesses have benefited from the crisis without experiencing any financial hardships. Because of these variations, the companies have used various combinations of strategic measures. The overall good financial impact on the businesses was still accompanied by certain supply chain disruption challenges.

The second most crucial deciding element for applying strategic measures has been found as the firms' industry. This is consistent with Kraus et al.'s (2020) findings, which show that a firm's industry is one of the most important criteria. The majority of the companies in the sample work in the construction, design, construction, manufacturing, and sports industries. These industries have benefited from Romania's economic crisis, which has resulted in financial gains for the companies. This indicates that the industry has influenced how businesses were affected by the crisis, and as a result, the strategic actions have been influenced. The firms have been able to keep their doors open and continue operations as a result of the loosened limitations. This suggests that the enterprises were able to use strategic methods to deal with the crisis due to the unique constraints. More stringent restrictions, such as being compelled to shut down operations, would have prohibited firms from implementing strategic actions, resulting in the bankruptcy of the majority of the enterprises in the sample owing to financial constraints.

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