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- Crises and resilience in family firms
- SEW effectiveness in family firms resilience during pandemic
- Managing unexpected events in tourist family businesses
- Innovative actions during Covid-19 and family firms' resilience
- Female successor's resilience in family firms
- Adaptive resilience and improvisation in family business
- Gender and financial strategies in food and beverage industries
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EDITORIAL

"CRISES AND RESILIENCE IN FAMILY FIRMS"

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Abstract

Purpose: *In this editorial, the Guest Editors introduce the key themes of the Special Issue "Crises and resilience in family firms". The five papers here presented provide theoretical and empirical contributions to the family business field, by analysing resilience in the context of the pandemic Covid-19. Specifically, resilience is explored at the firm level through the lenses of entrepreneurship, strategic management, and innovation management literature.* ***Findings:*** *Authors illustrate how family businesses managed the changes brought by the unexpected spread of the pandemic and underline how the specificities of family firms, like the preservation of SEW, a purpose driven orientation, the routinized capacity of being resilient, the care of customer relationships, the individual resilience of the entrepreneur and the specific female characteristics of successor represent a key competitive advantage of family businesses, especially if female-driven, over non-family firms.*

Family firms are a specific organizational archetype due to their unique characteristics, such as the link between the family and the business, their social capital (Pearson et al., 2008; Sanchez-Ruiz et al., 2019), their brand (Astrachan et al., 2018; Casprini et al., 2020), the idiosyncratic relationships emerging across, but also within, generations and family-non family members (Cabrera-Suárez et al., 2001). Due to their exceptional longevity (Zanni et al., 2010) and their family-centered non-economic goals (Beech et al., 2020; Campopiano et al., 2018), family firms develop specific responses with respect to crises. Compared to other organizational archetypes, they are simultaneously subject to both business-related and family-related challenges (Baron and Francois, 2020; Kraus et al. 2020). This evidence clearly emerged in observing how family businesses faced the recent Covid-19 pandemic, shedding light on how organizations, owned and managed by families, can exploit the family attribute as a source of competitive advantage over non-family firms to survive and thrive in such turbulent times.

The context of the pandemic – coupled with natural disasters, terrorist attacks, volatile markets, new disruptive technologies and recent winds of war – drove scholars' attention towards the understanding of the characteristics that make organizations resilient and able to overcome difficulties (Hamel and Välikangas, 2003; Linnenluecke, 2017; De Massis and Rondi, 2020).

The concept of resilience has gathered significant momentum within management and business research during the last two years (Conz and Magnani, 2020; Hillmann, 2020; Linnenluecke, 2017). Family business scholars have also tried to expand previous limited research on resilience, which to date has been concerned with investigating the set of resources and capabilities needed (Akgün and Keskin, 2014; Amann and Jaussaud, 2012; Danes et al., 2009; Mzid et al., 2019) and the strategies practiced (Acquaah et al., 2011; Chrisman et al., 2011) by family firms to be resilient. Despite increasing publications dedicated to resilience of family firms facing uncertainty in the pandemic context (Calabrò et al., 2021; Le Breton-Miller and Miller, 2022; Hadjielias et al., 2022), relatively little is known about how the heterogeneity of family business characteristics lead them to develop and nurture resilience. With the intention to extend the current debate on the resilience of family firms, by considering the Covid-19 pandemic as one of the critical contexts of crisis that boosted and tested the capacity for resilience of family businesses, this *Small Business – Piccola Impresa* Special Issue addresses how family businesses develop resilience during a times of crisis, focusing on the Covid-19 pandemic. The special issue has been motivated by new and compelling research questions arising from the pandemic we experienced – both as citizens and scholars of the management community – such as: how did family firms manage the Covid-19 pandemic crisis? How did they demonstrate resilience in their response to the crisis? How did they meet evolving customers' needs? Which role did the

SEW play in fostering resilience? How did female successors manage family firms in comparison with their male counterparts – to overcome threats stemming from the pandemic widespread? How did entrepreneurs' psychological attributes contribute to build the resilience of the family firm?

This Special Issue integrates both conceptual and qualitative empirical contributions. Single and multiple case studies served to build theoretical contributions on family business phenomena that are "*grounded in and connected with the experiences and everyday-life reality of those who live in that world*" (Murphy et al., 2019: 420). Resilience is a topic that is particularly suitable for qualitative exploratory studies due to its interdisciplinary nature and the fact that it is an area which has received little empirical exploration through the family business lens. Furthermore, qualitative research is indicated when it is time to explore complex and under investigated phenomena, especially to understand how they change over time, in a context that evolves so rapidly and over which the investigator has no control.

Nicola Capolupo of the University of Salerno, in his manuscript, *Exploring the SEW Effectiveness in Family Firms Resilience: Insights from the Pandemic* focuses on the role of Socioemotional wealth (SEW) in promoting resilience during the pandemic. He carried out a multiple case study research, by comparing the resilient response of two Italian micro-family firms operating in the agri-food industry and interviewing the two CEOs, triangulating first sources with second order data. The interviews were structured according to the FIBER dimensions of SEW (Berrone et al., 2012), exploring how family control and influence, the identification of family members with the firm, the binding social ties, the emotional attachment of family members to the firm, and the renewal of family bonds to the firm through dynastic succession have been key in surviving the crisis and fostering firm resilience. He found that the identification of family members with the family is a critical factor for fostering family firm resilience. Especially, the integration of family-specific values into the business revealed to be key in enhancing the commitment and involvement of family and non-family members in preserving family business continuity in times of crisis. Strong ties with non-family members employees and the sense of belonging to the firm have been also critical in providing a resilient response to the unexpected effects of the pandemic outbreak, as well as the emotional attachment of family members, showed through altruistic behaviours towards their employees. These preliminary findings complement literature at the crossroad among resilience and SEW (Firfiray and Gomez-Mejia, 2021), confirming the dual role of SEW: on one side, its preservation is central when it is time to take important decisions and when CEOs perceive that the continuity of the business is at risk; on the other, SEW dimensions, such as binding social ties and strong emotional attachment, contribute to building resilience (Capolupo, 2022).

Gianluca Pusceddu, Ludovica Moi and Francesca Cabiddu from the University of Cagliari in *Managing the Different Stages of Unexpected Events: an Exploratory Analysis of Tourism Family Businesses* investigate how family businesses adjust and redefine their business strategies to address costumer relationships during different stages of an unexpected crisis. Adopting the methodology of multiple case study, they analyzed how 10 Italian family-owned and managed accommodation hotels reshaped their strategies during the different stages of the Covid pandemic. The focus on the tourism industry is of particular interest because it represents one of the most hit sectors, especially for travel restrictions. Through a data analysis process of primary and secondary sources and building on crisis management literature (Smith, 1990), the authors develop a circular event framework, which illustrates how the business strategies of family organizations evolve in a time of crisis. They adopt a dynamic perspective on the resilience of family firms, i.e. resilience is a dynamic attribute of the firm that is built over time, characterized by a) a proactive phase at time (t-1); an absorptive or adaptive phase at time t, and b) a reactive phase at time (t+1), where t is the time when an unexpected event occurs and alters the equilibrium of the firm (Conz and Magnani, 2020). They identify three phases: "prevention" at time (t-1) which involves the acceleration of the process of digitalization of booking procedures; "response" at time *t* which concerns meeting customers' needs and expectations in terms of safety and be flexible in changing reservations; "recovery" at time (t+1), which is about the collective effort of the local industry to reshape and expand the value proposition, thus associating the destination to a sense of safety. They propose an integrated framework which demonstrates how responses of family business during one stage of the crisis will impact how they respond during subsequent stages. Their findings show how family business in the tourism industry developed adaptive resilience by exploiting the accumulated intangible knowledge proper of long-lasting family businesses and the closed ties with customers, being capable of emotionally embrace their fears and worries. A key contribution of this paper to the family business field is the focus on the temporal aspect of the crisis and how family business strategies change over time in a crisis. The managerial implications are also of relevance: they offer indications to owners and managers about how to understand the main priorities of customers and preserve the customer relationships when facing unexpected crises, thus protecting the family business continuity (Pusceddu, Moi and Cabiddu, 2022).

Valentina Cucino, Andrea Piccaluga from the Scuola Superiore Sant'Anna and Giulio Ferrigno from the Università Cattolica del Sacro Cuore in *Pursuing Innovative and Entrepreneurial Actions during Covid-19 Crisis: a Qualitative Analysis of Family Firms' Resilience* explore how resilient behaviours influence family firms' innovative actions when facing a significant challenge such as the pandemic. After reviewing the literature, they concentrate on four factors which are specific of family firms and impact resilience and innovative actions: i) mutual trust among family members; ii) long-term orientation and multitemporal perspectives; iii) social capital and social exchange and iv) knowledge structure and opportunity identification. Their manuscript presents a qualitative multiple case study of 5 Italian family firms that showed to be resilient by exploiting the pandemic as an opportunity to innovate. A fifth resilience factor enhancing innovation inductively emerged from the analysis of primary and secondary data – referred to as purpose driven orientation. Accordingly, the purpose of the business, namely the social mission of family firm which looks also to intangible positive externalities as the social impact of the production, represents a driver for both family members and employees to strive and resist withstanding the environmental turbulence, by finding creative solutions to adapt their product offering to new emerging market needs (Cucino, Ferrigno and Piccaluga, 2022).

Niccolò Fiorini from University of Siena, Francesca Masselli from Confartigianato Toscana, Jacopo Cammeo and Tommaso Pucci from the University of Siena, in *Female Successor's Resilience in Family Firms: an Introductory Analysis Based on an Italian Case Study* illustrates how women manage crises in family firms, especially female successors, dealing with endogenous, for instance the founder's death, and exogenous shocks, like the outbreak of the Covid-19 pandemic. The study, based on a single case study design, underlines how women show specific competences and capabilities which can represent a competitive advantage in overcoming threats and enhancing the resilience of the organization. Primary data have been collected by means of three in-depth interviews and triangulated with archival data. The case of an Italian family firm operating in the textile industry pictures how a female successor has been able to manage critical events, as the sudden death of the father (founder) and the pandemic. Authors confirm that women tend to be collaborative when it is time to manage succession and this approach, coupled with the strong entrepreneurial competence of the female successor, contribute to further strengthening the resilience of the company. Her communication and mediation skills helped also in creating new ties with external partners. Her female qualities as conciliation and flexibility have been favourable to develop firm resilience. Her experience with the previous shock – the unexpected death of the father – worked as a training to adverse events. In dealing with the Covid-19, the family business had already experienced huge shocks, thus replicating existing resilience strategies to overcome difficulties. Such resilience "replication protocol" could represent a key competitive source especially for long lasting family businesses, that have been able to survive to multiple shocks by replicating existing resilience strategies. This represents an important managerial implication for family businesses because it suggests exploiting critical events of the owning family – such as the death of the founder or new family arrangements – as an opportunity to develop resilience protocols and routines. Having a woman as CEO could also represent a source of competitive advantage because women are more prone to manage multiple fronts of uncertainty and to better strategize in conditions of stress (Fiorini, Masselli, Cammeo, and Pucci, 2022).

Ali Mchiri from the New Mexico State University in *Adaptive Resilience in Family Business during Post-crisis: the Mediating Role of Improvisation* proposes a multi-level conceptual model of family firm's resilience by linking individual level attributes as grit, entrepreneurial improvisation, and entrepreneurial self-efficacy to the firm-level outcome of adaptive resilience, i.e., the ability of firms to adapt to changing circumstances. His framework contributes to the call for a multidimensional understanding of resilience as a dynamic process for innovation and transformation to increase business survival. The study has relevant practical implications: first, it suggests paying attention to the psychological attributes of who manages the firms in situation of uncertainty as that of the pandemic, training entrepreneurs to develop individual resilience and be psychologically ready when the unexpected comes. It also highlights the need to provide training and shared best practices with entrepreneurs and to spread a culture of anticipating potential shocks and be ready. Improvisation could lead to favourable outcomes but could not be a routinized practice when facing the unexpected. It could be costly and inefficient because it asks firms to deviate from established plans (Michiri, 2022).

In conclusion, the five manuscripts of this special issue contribute to the family business literature by analysing and exploring firm level resilience through the lenses of entrepreneurship, strategic management, and innovation management literature. They provide in-depth exploration of how family businesses managed the changes brought by the unexpected spread of the pandemic and underline how the specific traits of family firms, like the preservation of SEW, a purpose driven orientation, the routinized capacity of being resilient, the care of customer relationships, the individual resilience of the entrepreneur and the specific female characteristics of successor represent a key competitive advantage of family businesses, especially if female-driven, compared to non-family firms. Further research should build on the work presented here to test the many theoretical propositions and contributions developed by the authors. Building on this Special Issue, future research could explore and demonstrate if family firms present a superior resilient performance over non-family firms and, if so, how resilience strategies proper of family businesses could be replicated in non-family ones. Finally, we think that the qualitative – and conceptual – contributions are also interesting for SMEs' managers and practitioners since they provide in-depth descriptions that could be inspiring for those family firms facing similar challenges.

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EXPLORING THE SEW EFFECTIVENESS IN FAMILY FIRMS RESILIENCE. INSIGHTS FROM THE PANDEMIC

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Abstract

Purpose: *This paper explores the impact of Socioemotional Wealth (SEW) on family firms' resilience during the Covid-19 pandemic.*
Design/Methodology/Approach: Through a multiple case study analysis, constructs drafted from the literature were associated with each of the FIBER approach dimensions and investigated through open-ended interviews with two family firm managers.
Findings: *Results revealed which dimensions of this approach proved to be most relevant, and by which conditions they were influenced.*

1. Introduction

During the Covid-19 pandemic, family firms have proven to be better performers and more stable than non-family businesses (Leppäaho & Ritala, 2021). Even though they have experienced a drop in demand with an impact on turnover and income, family firms showed several critical success factors: fewer cash flow issues (Yu-Thompson *et al*., 2016), less need to implement customer or product changes, prompter smart, and remote working adoption.

More consolidated and larger family businesses have gone through several difficult periods over time, and experienced managerial skills to address the pandemic outbreak. Not by chance, for many family businesses, an unexpectedly positive outcome of the pandemic has been reached, especially in intangible values. In the organizational setting, values result in that set of preferences that members have for behaviors and outcomes that proliferate within the workplace, family legacy, trust, commitment, and reputation (Camilleri & Valeri, 2021).

Family businesses usually focus on business continuity and the future of the company to ensure succession to the next generation. This long-term outcome-focused mindset has allowed family businesses to understand the full impact of Covid-19 on their business and to adopt long-term response plans, rather than simply mitigating the impacts of the pandemic in the short term. For many firms, the pandemic resulted in an opportunity for greater involvement of younger generations (Kosmidou, 2020). Literature observes that generational involvement improves performance (Kellermanns *et al.*, 2012), strengthens family members' bonds, promotes a shared vision (Cesaroni *et al*., 2021), and increases firm commitment (Claver *et al*., 2009).

Moreover, members from different generations may help family firms to handle emerging challenges better than traditional small and medium-sized enterprises [(SMEs) Zahra, 2005], innovate (Kellermanns *et al.*, 2008), and solve their problems consistently (Talke *et al*., 2011).

With a slowdown in business operations, several family firm owners had time to focus on new ideas, products, markets, and projects. Others invested their time in reorganizing their internal operations, such as implementing new digital solutions or focusing on important family issues. In this scenario, generational involvement has proven to be the lever through which pivoting not only to ensure the organizational resilience of the firm but also to unlock those new organizational and entrepreneurial capabilities that, by adopting an "old-fashioned" approach, would not be possible to reach (Comino-Jurado *et al.*, 2021).

This occurs particularly nowadays since different generations have faced a profound transformation of the socio-economic fabric (Nigri & Di Stefano, 2021). This is specifically true within the Italian ecosystem, made up of almost 90% of family businesses (Pounder, 2015), particularly SMEs, with a simplified organizational structure driven by the central role of the entrepreneur/family founder (Ruggieri *et al.*, 2014). Still, this approach often tends to underestimate openness to the external environment: this sensitivity could be enhanced by those who, among new generations, have experience of that context and understand its dynamics (Sreih *et al.*, 2019).

Nevertheless, this transition does not always guarantee success. New entrepreneurial generations are not always already capable of keeping up with challenges and threats emerging from the environment. Managerial experience, in disruptive circumstances such as the pandemic, is essential to ensure the survival of the organization. Covid-19 has brought to light that, dealing with a business crisis, family owners' duty is amplified since they value objectives that usually are intangible, and go well beyond financial returns [(family legacy, reputation) Baron & Francois, 2020]. Moreover, handing over the business leadership often results in generational transfers among that within the family (Härtel *et al.*, 2010, Zehrer, & Leiß, 2019) whose process involves long-term periods.

In circumstances of crisis, where economic and social transitions even within family businesses are characterized by pressing deadlines and decisions to be made, it is still challenging to address new generations as managers of the family business under the current pandemic.

In a nutshell, Covid-19 has challenged the resilience that gives family firms their competitive advantage. Adapting to the new normal is crucial to the continued success of these businesses and, sometimes, requires different "intangible" assets to deal with. Accordingly, Socioemotional wealth (SEW) theory makes its way into family business studies, which refers to the non-economic and affect-based values that a given family derives from a firm (Berrone *et al.*, 2012).

Therefore, this paper aims shed a light on the role of Socioemotional Wealth in promoting resilience during the pandemic within family firms. The importance of this topic is considerably relevant given the post-pandemic scenario within which family firms must act. The new opportunities generated by the Recovery Fund must find families attached to their businesses, dynamic and, above all, resilient.

With this in mind, the work is structured as follows: after this brief introduction, the second chapter will present a theoretical review of family firms' structure, resilience, and SEW approaches from the literature. A multiple case study analysis (third chapter) including semi-structured interviews was employed and submitted to two Campania region (Italy) family firms, which answers are analyzed, synthesized (fourth chapter), and discussed (fifth chapter). Research limitations and perspectives will conclude this contribution.

2. Literature review

2.1 Family firms: an overview

Literature provides a wide range of definitions of the family business. Nevertheless, they are overlapping and interchangeable with each other. According to scholars, a family business is configured as an enterprise of any size in which:

- most of the ownership and decision-making power is held by the founding entity or his family members (Powers & Zhao, 2019);
- the decision-making power can be exercised in a direct or indirect form (Brinkerink, & Bammens, 2018);
- at least one member of the family is formally involved in governance (Daspit *et al.*, 2018).
- Chua *et al.* (1999, p.25) state that a "*family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families*". Accordingly, a family business can be configured as an organization usually owned and controlled by family members through more than one generation (Cherchem, 2017). Over time, family owners' preferences in managing the firm and its stakeholders have received much attention in management literature. Churchill & Hatten (1987) look at family businesses distinguishing the critical differences between family businesses and those that are owner-managed: "*these differences seem to be two: involvement of family business members in the business, and nonmarket-based transfers of power between family members... There are two aspects of this transfer of ownership or control of property rights, and a transfer of management control of the business's operations and strategic direction*" (p.52)

Nevertheless, a parallel strand of literature argues that just ownership is not enough to describe a given business as family-owned, since sometimes the family unit is disinterested in controlling it, preferring to externalize management to professionals (Santiago, 2000; Duh, 2015).

Habbershon & Williams (1999) stated that family firm innovation behavior may be due to family-specific and firm-specific heterogeneous resources, which impact business performance.

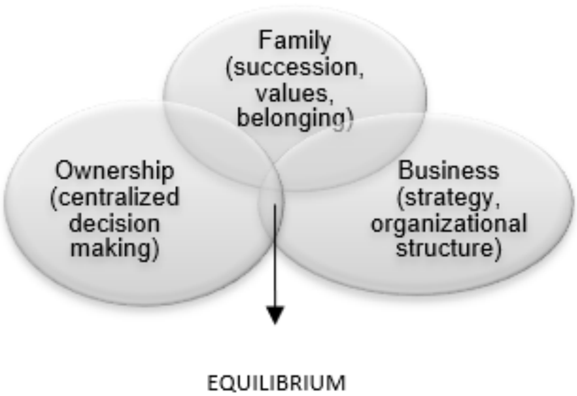
Sticking to this assumption, Zellweger (2017) depicted multiple dimensions of family firms that should be investigated in different directories:

(I) The amount of family control and involvement in ownership, management, and governance of the firm itself;
(II) the complex nature of family control (number of family owners, ma-

nagers, and ownership and management);
(III) the business goal;
(IV) family control (the role of Socioemotional wealth);
(V) generational change.

Ciambotti (2011), pivoting on Tagiuri & Davis (1996), points out that the family business is composed of three different social systems: family, ownership, and business. Those systems possess an area in common in which they converge and overlap, giving rise to a complex system (the family business) in which the founder or entrepreneur-owner is both a family member and CEO of the company (fig.1):

Fig.1 Family business social systems



Source: author's elaboration from Ciambotti (2011).

The family dimension includes all those affective, emotional, and therefore intangible values that indicate a sense of belonging to that business core, including managerial control succession to new generations. Concerning business, organizational structures in family firms are various and more centralized than in non-family firms. Fries et al. (2021) recently argued that family companies are used to centralize decision-making since owners are unwilling to dilute their control over it. A statement that finds confirmation in Bartholomeusz & Tanewski (2006), for whom family members maintain strict control over decision-making.

The equilibrium emerging from the three systems can be induced both by the systems themselves and external variables. The latter characterizes the evolution or development path of the family business in stages, according to a life cycle whose final step is typically represented by the loss of the economic assets connoting it. When this equilibrium is threatened, the organization must deploy the whole available resources to enact organizational resilience to overcome those conditions (stimuli) that emerge from the external environment.

2.2 Family business resilience

In literature, the concept of resilience has been addressed by scholars from multidisciplinary areas. It is largely identified as the capability of ecosystems with alternative attractors to persist in the original state through crises and disturbances occurring at different levels (Folke, 2006; Scheffer, 2009). According to Walker et al. (2004, p.4) is "*the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedback*". Nevertheless, the resilience definition remains dependent on its context application and can be reinterpreted according to specific circumstances. For example, some trends of resilience literature configure the term as the system's capacity to absorb disturbance before it must adapt to change (Cumming *et al.*, 2005; Gunderson, 2000); others as the capacity to engage various ecosystem components in handling a constant range of disruptive variables (McDonald, 2006).

Different strands of literature have contextualized family firms' resilience approaches into two major strands. The first one has a firm-oriented nature (Basco, 2013), in which resilience consists of a set of attributes and actions that define the practice of resilience as an exclusive firm attribute. Therefore, resilience is a measurable property of the firm (Hosseini et al., 2016). which do not depend on individuals' issues and characteristics.

On the other hand, scholars (Conz et al., 2020; Hanson et al., 2019) address resilience under the lens of individual traits, characteristics, attributes, psychological issues, experiences, and owners' knowledge. The so-called ecological approach configures resilience as the business system's ability to adapt to and overcome a critical situation that threatens its stability (Folke et al., 2002; Gunderson & Holling, 2001; Holling, 2001).

In fact, in business systems, resilience implies developing capacities for timely and appropriate responses to the multiple and changing competitive challenges that modern organizations face (Ortiz-de-Mandojana & Bansal, 2016). Is conceived as a holistic construct based, firstly, on the firm awareness of environmental instability and, secondly, on the ability to set ad hoc organizational and managerial solutions, aimed at increasing the ability to contain unforeseen phenomena occurring in the external context (Palumbo & Manna, 2019).

Recent literature focusing on businesses and organizations configure resilience as an integrated asset of strategic and managerial skills that the firm must leverage to absorb environmental disruptiveness (Palumbo & Manna, 2018) and prevent threats to the organization's survival (Burnard & Bhamra, 2011).

Family business resilience has been acknowledged by the literature as the tendency of firms to outperform non-family peers dealing with financial crises (Minichilli *et al.*, 2016). In fact, family firms, have resulted in better facing economic downturns (Lee, 2006), and mobilizing their resources.

This resource-based perspective paves the way for "familiness" as an important concept that enhances resilience more impactfully than in non-family firms (Bertrand & Schoar, 2006). "Familiness" presents an alternative, informal, and recurring relations system based on intangible values, oriented towards an emotion-building approach (Arregle *et al.*, 2007). It presents different communication, narratives, routines, and values: valuable could be considered the coherence and moral nature of the family mission and vision instead of the mere profitability (Beech *et al.*, 2020). These intangible assets result in strengthening the group's relationships and generate a common perspective which allows the firm to overcome crises leveraging on family cohesion, unlike non-family firms.

2.3 The "SEW" perspective

The concept of "*familiness*" in family business studies has been put under the lens of a relatively new theoretical perspective, based on the concept of Socioemotional Wealth [(SEW) Gómez-Mejía et al., 2007], which analyzes the distinctive behaviors and characteristics of family firms (Gomez-Mejia *et al.*, 2011). The term refers to the non-financial aspects of the enterprise that satisfy the "emotional" needs of the family, i.e., the identification and retention of family members with the company; the ability to exert family influence within the enterprise; the family values and dynasty continuum. Family firms SEW arises in different forms, such as the ability to exercise authority over the company belonging, affect, and intimacy with family needs, family values spread through the business family firm's social capital strength, meeting family obligations based on bonds rather competencies and to show empathy and altruism to other family members (Umans *et al.*, 2021).

Those issues constitute the uniqueness of the family business, given the prevalence of non-economic goals [(emotional and social needs of the family) Yu et al., 2015] that result in the way in which their members address problems and choices. Therefore, family firms' leader priority is to maintain the family's control over the business, adopt a conservative approach, and avoid decisions that may threaten business continuity (Cesaroni *et al.*, 2020).

The SEW perspective in family firms influences decision-making processes through the non-financial need to preserve its intangible social-emotional assets (Carr *et al.*, 2016).

According to Berrone et al. (2012), five specific dimensions of SEW may be explored:

(1) the desire to keep control and influence over the business;

(2) the sense of dynasty, which results in long-term planning;
(3) the all-encompassing identification with the firm and its reputation;
(4) the emotional attachment to the firm;
(5) binding social ties.

Those dimensions are investigated by their FIBER model which consists of five different constructs.

Family control and influence. This first dimension concerns family control and influence over strategic decisions (Cennamo et al. 2012) and can be both exerted by the founder or by a dominant family coalition.

Identification of family members with the firm. The identity of a family firm's owner (or group) is bonded to the organization that possesses the family's name. This confirms that, even before that SEW emerged, the firm was seen by both internal and external stakeholders as an extension of the family. From the internal perspective, the family acquires strong influence among employees and followers, and even on the quality of services and goods it offers.

Binding social ties. According to Cruz et al., (2012), SEW allows the creation of strong emotional and intangible ties with some individuals in closed networks, such as collective social capital, trust, a sense of closeness, and, lastly, solidarity.

Emotional attachment of family members. Yu et al. (2015) explain the concept of emotions as an essential part of daily organizational work, particularly in organizations where family relationships are pivotal. Since the boundaries between family and the business are quite blurred (Berrone *et al.,* 2010), emotions permeate the organization all-encompassing, involving even external employees in this cycle.

Renewal of family bonds to the firm through dynastic succession. The last dimension refers to the willingness to pass the torch to future generations. This long-term sustainable dynasty impacts the decision-making process and enables family identity to survive over time.

The FIBER approach engenders the opportunity to better depict family firms' attitudes towards both the internal and the external context and paves the way for further contributions on which of these cornerstones take priority in family firms' decision-making process. SEW consistency varies alongside family firms' structure evolution from a controlling owner to a more dispersed (sibling aggregations) governance structure over time (Gomez-Mejia *et al.,* 2007). Accordingly, the sense of dynasty succession may grow stronger in some firms rather than in others, whereas emotions may spread weaker in cases in which ownership is extended and dispersed in family groups.

To resume, the SEW dimensions may weigh differently according to the family preferences: while some owners might place a greater value on dynasty and transgenerational vision (Chrisman & Patel, 2012), contrarywise others tend to reinforce family identification with the firm as their core value (Hennart et al., 2019). In addition, external critical conditions such as the Covid-19 pandemic may have moved the needle towards specific assets.

Motivational and emotional factors, which lie in SEW dimensions, induced behavioral changes in both firm decision-makers and employees' responses (Soluk et al., 2021). Values are based on a familiar atmosphere and strong identification with the organization. In such a disruptive environment, businesses that do not possess this attachment to family values struggle to find extra motivations to survive the pandemic, whereas family firms naturally leverage these intangible assets to run their business.

Therefore, the following research question (RQ) informs this paper:

RQ: Which SEW factors were found to be successful in surviving the crisis and fostering firm resilience?

Considering that SEW is anchored at a deep psychological level among members of the family, it is particularly challenging to universalize the FIBER dimension – which is primarily based on feelings and perceptions – and address them with standardized tools.

3. Methodology

3.1 Rationale

This study was based on a multiple case study analysis (Yin, 2009) which compared two Italian micro-family firms. The case study method has been chosen for this investigation to provide a more detailed understanding (Yin, 1994) of SEW perspective in those specific businesses. To Yin (Ibid, p. 9), case studies should be preferred when a "*… question is being asked about a contemporary set of events over which the investigator has little or no control*". Furthermore, it allows to investigate of a phenomenon within its context, collecting data from various sources to answer the queries which inspired the study (Baxter & Jack, 2008). Since the Covid-19 pandemic remains a phenomenon in- progress-based exploratory methods are most appropriate, particularly in family business studies (Eisenhardt, 1989; De Massis & Kammerlander, 2020).

To illustrate the case firms, a protocol for family firms' qualitative research has been adopted following Soluk et al. (2021), which includes:

(1) *n.2* semi-structured interviews on the family business with their

CEOs. Several exploratory studies from both the established and recent literature on family firms (Tsang, 2001; Kraus et al., 2018; Basly & Paul-Laurent Saunier, 2020) show us that even a small sample of interviewed managers is sufficient - albeit limited - for an effective illustration of the phenomena observed;

(2) secondary data analysis[1] websites and reports provided by both firms.

Semi-structured interviews were conducted via telephone, and each of them lasted for 30 minutes. They consisted of a set of questions divided into five main sections (see the Appendix), according to the critical dimensions identified in the previous step.

3.2 Data collection

Owners were asked a set of open-ended questions about the five dimensions of the FIBER model. Each query investigated a single construct that conceptually merges SEW with firms' resilience and which can be reported in the table below (tab.2):

Tab. 2: Interviews' design

FIBER dimensions	**Construct**
Family control and influence	Decision-Making Process (Romano et al., 2001) Management Style (Barnes & Hershon,1976)
Identification of family members with the firm	Family involvement & commitment (Zellweger et al., 2010)
Binding social ties	Emotional and intangible bonds outside the family nucleus (Davis, 1983)
Emotional attachment of family members	Emotions – performance relation (Becker, 1974)
Renewal of family bonds to the firm through dynastic succession	The long-term succession of family management (Zellweger, 2007)

Source: author's elaboration.

The questions' dataset employed is included in *Appendix*.

[1] No. 2 company reports containing the organizational chart and recent changes of La Bifora and Prosciuttificio Ciarcia were considered to confirm the respondents' statements. N.2 websites (https://ristorante-la-bifora.business.site & https://www.vittoriociarcia.com/) were analyzed to depict the history, traditions, and attachment to the values of both family firms (case vignette).

3.3 Case vignette

The non-probability sampling methodology in business research (Ried, 1972) is defined as a sampling technique in which the researcher chooses case studies based on personal judgment rather than random selection. Thus, this less stringent methodology, which highly depends on the author's expertise on the topic, is particularly employed in qualitative research.

No. 10 firms were chosen in the geographical area of knowledge and interest of the author, within the survey areas. The samples are based on cases of interest in the agri-food sector (a pivoting one for the Italian economy), which can help to answer the research question (Eisenhardt & Graebner, 2007).

An interview was made specifying the topics of interest, asking them (a) a willingness to be interviewed non-anonymously and (b) adherence and coherence to the interview topics. Some of them, after an initial willingness to be interviewed, chose not to participate in this study.

Therefore, two firms have been identified for this study pivoting on some key factors:

(1) knowledge of the common geographic area, the Campania region (Martinus & Hedgcock, 2015) in which firms operate;
(2) knowledge of the firms and their management, to which the interview was submitted;
(3) knowledge of the historical step that the business has gone through in recent years;
(4) common economic agri-business and food (Huan-Niemi et al., 2016) sectors.

Through the semi-structured interviews and the combination with secondary data (Prior & Miller, 2012), it was possible to draw up an ID card of the family businesses interviewed (tab.3):

Tab..3: Firms' data

Case firm	Sector and business	Business owner	Family members	Employees	Geographical area	Generation
La Bifora	Catering sector / Restaurant	Eldest son	4	2	Bacoli (Naples, Italy)	2nd
Prosciuttificio Ciarcia	Agri-food sector / Ham Factory	Father and uncle	6	15	Venticano (Avellino, Italy)	3rd-4th

Source: author's elaboration.

In addition, a descriptive narrative of both family firms was provided to contextualize the case studies even during the pandemic period. This data analysis in business sciences is explained by Tufte & Johannessen (2003) to address a given phenomenon from different perspectives.

3.3.1 The agri-food sector

The agri-food industry is listed as one of the most relevant economic sectors in many countries, particularly in European Union, for employment and income rate (Zouaghi & Sánchez, 2016). It includes both the transformation of raw materials, food production, and marketing. Particularly in the agri-food sector, family firms are common (Vrontis et al., 2019). These companies, due to their will to transmit the firm to future generations, "*are interested in carrying out new, related diversification activities within the value chain and take advantage of economies of scale that allow them to obtain improvements in profitability*" (Gallizo Larraz et al., 2019, p.11).

Family firms are mainly financed by the owner families, with limited debts. They aim to produce value and to foster business survival. Furthermore, they are often characterized by a low innovative capacity and attitude to change. In contrast with this assumption, scholars (Aibar-Guzmán et al., 2022; Muller et al., 2022), recently argued that this conservative trend has dramatically changed, not least because of the pandemic, which has led these companies to radical innovations in their business models, working practices, and organizational product management processes. They have, therefore, adapted to change more than other companies. For this reason, two family firms that have gone through this change in different ways were chosen, highlighting several aspects of SEW as critical success factors to manage change itself and trigger resilience.

3.3.2 La Bifora

The business was founded in 1983 by the Grande family initiative to open a quite small (only 40 seats) restaurant in the Phlegrean area (Naples). They were just two, husband, and wife, to manage this small company, from cooking to accounting. In 1998, half of the business passed to the son, with whom the company expanded and needed additional staff, two units overall, which added to the family nucleus composed of a mother, brother-in-law, aunt, and sister. Each of them possesses a specific role within the firm. The son, Michele, oversees taking care of the business administration, suppliers' relations, and, over time, the kitchen as well. This generational transition brought a series of innovations and revisions to the products and services offered to the customers, without upsetting the typical cuisine of the region.

The restaurant appears intimately and cozy, conveying a familiar atmosphere, especially in winter next to the fireplace, where guests find it hard to leave, always staying with a few glasses of typical infusions. Accordingly, this business is oriented towards permanently strengthening customer loyalty, which are mainly made up of regulars, and lovers of typical Campanian food and drink. During and after the lockdown imposed by the pandemic, La Bifora has been through several threats that still today is currently affecting the restorative-tourist sector:

(1) the need the help employees, in layoffs;

(2) the lack of workforce in the post-lockdown period.

Employees, who are considered part of the family unit, were offered all kinds of support to help them and their families. On the other hand, new hires have been a pipe dream, despite the efforts made (use of online recruiting platforms, word of mouth, etc.).

3.3.3 Prosciuttificio Ciarcia

Ciarcia ham factory was founded in 1972, when the great-grandfather Nicola, together with his sons, used to visit the Irpinian countryside and the weekly village markets to buy the thighs of pigs, skillfully raised by local farmers. The meat was salted and seasoned naturally to produce raw ham and the whole range of typical cold cuts of the Irpinian tradition. Therefore, thanks to Michelangelo (father) first and Vittorio (son) then, Prosciuttificio Ciarcia, form a small agri-food laboratory turned into a business. From '800 to today processing techniques, handed down from generation to generation, remain unchanged.

The company started as a small artisan laboratory and, over time, it became a modern and efficient organization. In 2002, a new factory was built on a surface of 4000 square meters, where innovation and tradition are combined and allow the Ciarcia ham factory to become the reference point in Campania for hams and salami production and processing. In 2008, the new retail outlet was inaugurated. In 2015, Venticano ham is recognized as a traditional agri-food product of the Campania Region by the fifteenth revision of the national list of Ministerial Decree 350/99 published in the ordinary supplement no. 43 of the Official Gazette no. 168 of 22/07/2015.

Craftsmanship and tradition characterize the firm distinctiveness:

- the quality of the raw material chosen;
- Italian sea salt is the only preservative;
- long seasoning in open space.

The main challenge encountered during Covid-19 is the drop in business revenue due to the restaurant's closure, which represents the ham factory's core business. In fact, the company suffered a significant decrease in orders during the lockdown. Fortunately, Covid-19 management was less challenging than expected, as none of the organization's members contracted the disease.

4. Findings

Findings were classified following each case study. Responses were summarized and coded following Macrì and Tagliaventi (2000), who suggested reporting parts of the interviews that can be illustrative of the investigated phenomena.

4.1. La Bifora

Owners' control and influence over decision-making has drastically changed after Covid-19.

The owner observed how his company was forced to reorganize all its organizational processes based on the various ministerial policies. Therefore, it has undergone constant changes.

Catering was one of the sectors most affected by the pandemic, first by the closure, then by takeaway and home delivery service restrictions, and lastly by reopening. The firm had to deal with stringent government regulations on customer and guest management (sanitizing, social distancing, use of PPE, etc.), so the manager had to make the decisions on his own, relying on the advice of an external consultant for Covid-19 regulations, to create a normative plan for resilience management. Family members were informed of the choices made, and in turn, trained staff on the operational steps. Choices that, on the other hand, resulted in higher costs and consulting fees.

The emotional attachment of the family towards employees was all-encompassing. Each member tried to feel as close as they could to them as they were during their job before Covid. The owner stated that he felt almost a moral sense of duty, for this very reason: being there for each member of the organization, both family members and employees. It is like he felt a sense of responsibility toward them, and he believes that this feeling is shared by all family members as well:

"*The moment you work night and day with a group of good people, who are committed and show a willingness to grow up with your idea, you can't stay indifferent. They are family, and you must support them*".

Therefore, family values coincide with organizational values and vice-versa. There is a strong sense of identification, commitment, and solidarity. The sense of closeness increased during the pandemic in every aspect and led to greater flexibility of the firm towards the external environment.

"Looking at one of your employees in the early morning helping you with tasks that do not concern him, makes you believe that my family's values (which express togetherness and resilience) are perfectly understood by our followers as well".

The owner has emphasized this value, which is that of a strong bond with employees. Proximity and closeness are the key concepts that emerged from the questions:

"One of our employees is purchasing a house, and then getting a mortgage. I am doing everything I can to facilitate this process. As a manager, especially in times like we have been through, you always feel responsible for who is around you".

Therefore, has the crisis raised professional performances to improve, such as human relations? From this point of view, the owner stated that not much has changed. Tasks were approached as professional as always. What has changed, as a Covid-19 consequence, is the desire to return to work:

"We were excited to start again. We could not wait to see each other again and get back to doing what made us bring home the bacon, but also to go back to the job we love, together".

Lastly, a shift in family business managerial changes has occurred to dynamically respond to the crisis. Covid-19 approached the need to pass the baton to new generations, to replace those who, due to age, had to take a step back in family management. Ownership percentage shifted between the oldest son and his mother, from 50-50% pre-Covid to 80-20% post-lockdown.

"Elder people required more time to recover from this period, which has psychologically challenged us a lot. I wanted my mother to be safe from the pandemic, and to have time to recover. In that sense, it was almost a duty to take over the reins of our family business".

4.2. Prosciuttificio Ciarcia

The Covid lockdown forced restaurants to stay closed. This dramatically impacted the ham factory since they represent the firm core business. Therefore, to activate a resilient mechanism, an e-commerce system was implemented to open to new markets. Therefore, an innovation was introduced within the company, suggested by the owner's son and his sister, which represent the future generation of the family ownership. During the lockdown, Vittorio stated, the company received several emails from customers asking for new ways to order their products. Then, they stated that it was necessary to make them available in a digital showcase.

"We now have a specific website to sell and deliver our products. It is still not expressing its full potential, but in the digitization era it was crucial to make move in this direction".

This has highlighted how the decision-making process was not centralized nor hierarchical, but rather horizontal, inclusive, and democratic, open to new solutions to safeguard the firm's business. Accordingly, the different roles of family members were not narrow at all. On the contrary, within the family ownership nucleus, there is a harmonious generational coexistence.

Moreover, the issue of generational coexistence has been tackled even when asked if a change in family ownership was planned after the lockdown. In this case, the organization does not believe it needs to change leadership for a few main reasons:

(1) the existing dual leadership of the two sibling owners;

(2) a decision-making structure open to other family members' input;

(3) the still "young age" of the owners.

"*Our company has never been a closed system; decisions are made collectively. In addition, it is a tested system, since the one between my father and my uncle is not the first generational coexistence we have faced. There is no need to change leadership, even despite the Covid-19*".

Concerning the sense of attachment with the firm, the interview shows that family ties are strong and connected to the mission and history of the company, which has conveyed tradition and method within the generations and the different family units:

"*We represent the classic Italian family that on Sundays have lunch together. The Covid has certainly had some effects: on the one hand, it has prevented us from getting together and living our daily family life but, on the other, it has certainly increased the sense of responsibility*".

Those strong family ties and the sense of community are also reflected in the relationship with employees. Strengthening social ties through the creation of a familiar climate at work is the key. Working methods have not changed as anyone in the organization has contracted the virus. Relationships are managed not as a boss-employee but as a family member, with a particular inclination towards discovering the best professional skill of the collaborator.

"*We have been very lucky for the fact that no one has had covid, so we have not changed the work organization so much. Of course, we have tried to meet the needs of the employee, with more flexible working hours, and giving them those roles that are best suited to their characteristics. In that sense, Covid has not changed us*."

The role of talent management, in this circumstance, promptly answers to an individual's need to express their will and potential.

4.3 Findings overview

To facilitate the discussions of each FIBER dimension employed, the interview results have been categorized (table 1) and associated to respondent's quote. A code was assigned to the answers in order to be operationalized for discussion.

Fiber construct	Respondent	Quotes
Family control and influence	La Bifora Prosciuttificio Ciarcia	FCI – B *"The moment you work night and day with a group of good people, who are committed and show a willingness to grow up with your idea, you can't stay indifferent. They are family, and you must support them"* FCI – C *"We now have a specific website to sell and deliver our products. It is still not expressing its full potential, but in the digitization era it was crucial to make move in this direction"*.
Identification of family members with the firm	La Bifora	IFT – B *"Looking at one of your employees in the early morning helping you with tasks that do not concern him, makes you believe that my family's values (which express togetherness and resilience) are perfectly understood by our followers as well"*
Binding social ties	La Bifora Prosciuttificio Ciarcia	*BST – B "One of our employees is purchasing a house, and then getting a mortgage. I am doing everything I can to facilitate this process. As a manager, especially in times like we have been through, you always feel responsible for who is around you"*. BST – C *"We have been very lucky for the fact that no one has had covid, so we have not changed the work organization so much. Of course, we have tried to meet the needs of the employee, with more flexible working hours, and giving them those roles that are best suited to their characteristics. In that sense, Covid has not changed us."*
Emotional attachment	La Bifora Prosciuttificio Ciarcia	*EA – B "We were excited to start again. We could not wait to see each other again and get back to doing what made us bring home the bacon, but also to go back to the job we love, together"*. EA – C *"We represent the classic Italian family that on Sundays have lunch together. The Covid has certainly had some effects: on the one hand, it has prevented us from getting together and living our daily family life but, on the other, it has certainly increased the sense of responsibility"*.
Renewal of family bonds through dynastic succession	La Bifora Prosciuttificio Ciarcia	*RFB – B "Elder people required more time to recover from this period, which has psychologically challenged us a lot. I wanted my mother to be safe from the pandemic, and to have time to recover. In that sense, it was almost a duty to take over the reins of our family business"*. RFB – C *"Our company has never been a closed system; decisions are made collectively. In addition, it is a tested system, since the one between my father and my uncle is not the first generational coexistence we have faced. There is no need to change leadership, even despite the Covid-19"*.

5. Discussions

Results discussions were formally divided for each of the FIBER constructs. Results codes were associated to each dimension discussed.

5.1. Family control and influence (FCI B-C)

Family involvement in ownership, governance and management of the firm generates dynamics that impact different businesses, strategies, behaviors, and long-term plans (Sciascia & Mazzola, 2008). Accordingly, it is well known that achieving continuity within the family business (Lambrecht & Lievens, 2008) is ensured by generational change or succession (Chiesa et al., 2007; Cassia *et al.,* 2011). This process is defined as the set of actions, events, and developments that result in transferring a firm's governance from one member of the same family to another (De Massis *et al.,* 2008). A factor that represents one of the greatest challenges that today's family businesses must handle (Calabrò et al., 2021) to survive. Heterogeneity (Pittino et al., 2018) in strategic decision-making choices leads to a variety of structures in family business ownership that can differ for both the decision-making process, which changes according to the forced environmental stimuli like in the case of La Bifora, and the management style, which still retains its democratic nature despite the pandemic crisis (Prosciuttificio Ciarcia).

5.2. Identification of family members with the firm (IFT – B)

Family business literature (Razzak *et al*., 2021) defines Organizational Identification as the perception of oneness with / or belongingness to the firm. Family firm identity results from the integration of family-specific values into the business and from non-members' perceptions of family behavior. Its focus aims to reach the final and long-lasting commitment and loyalty to the family value, according to Shepherd and Haynie (2009).

The interviews showed how both firms possess an all-encompassing attachment to family values among all its members within the family core, almost as if it were a model to be exported outside the organization itself, and which is reflected in the relationship with other non-family actors. Both commitment and involvement are, therefore, levers to be considered for an in-depth analysis of family firm resilience critical success factors.

5.3. Binding social ties (BST B-C)

Employees' emotional attachment to, identification with, and involvement in the organization (Matherne *et al*., 2017) is the consequence of the strong social ties established by family members through their behaviors. Family ties and traditions "*lengthen the perspective of the family manager by linking his actions regarding the business to the welfare of other family members. This is a consequence of membership within a family system*" (James, 1999, p.48).

Social ties enable greater involvement of employees, who feel so tied to the organization that they will go beyond simple organizational tasks and join the firm cause (Tabor et al., 2018). From the interviews emerged that ties that can be pushed further where some conditions occur:

(1) as long as the number of employees is smaller, there is more familiarity and daily routine in this relation;
(2) dialogues are confidential and go beyond the simple business/employee relationship;
(3) owners involve individuals in explaining the rationale for their decisions.

5.4. Emotional attachment of family members (EA B-C)

The literature argues that emotions strongly affect individuals' strategic judgment (Humphrey et al., 2021). They shape information processing, including risk assessment and strategy formulation, and, sometimes, emotions "*outweigh rational considerations in decision making and other cognitive processes*" (Baron, 2008, p. 331). Nevertheless, the "emotional-oriented" family business literature emphasizes how that emotion could evolve into such specific values of equality, altruism, and a sense of loyalty (Çetin, 2021). McLarty et al. (2019), observe that exchange in family dynamics rarely has a pure economic motivation and consequently, it leads to behaviors that differ from profit reasons.

More appropriately, firms establish a "*continuum of family altruistic rationality and business economic rationality that makes it possible to position each system, especially as they differ according to the cultural setting*" (Labaki *et al.*, 2013, p.741).

The interviews confirmed this trend. Both organizations adopt a paternalistic approach, showing trust, comprehension, closeness, and altruism towards their employees, and taking care of them, especially in a crisis. Factors that positively affected the firm performance despite the pandemic threats.

5.5. Renewal of family bonds to the firm through dynastic succession (RFB B-C)

Establishing policies to ensure dynastic continuity, according to Razzak & Jassem (2019), is a process aimed at enhancing a sense of accomplishment at a family level. Still, family managers are aware that ensuring generational continuity is subordinated to guaranteeing business success and stability. Therefore, despite external stimuli like the pandemic, a family's trans-generational continuity remains strongly connected to longer-term performance strategies rather than changing their path because imposed by a given phenomenon (Razzak et al., 2019).

This was confirmed in the case of Prosciuttificio Ciarcia, where there was no generational change where it was not foreseen, and there was already a consolidated generational coexistence (Magrelli *et al*., 2020). On the contrary, generational transition already planned for the medium term, like in La Bifora, could be anticipated – at least non-formally – because of external circumstances (Covid-19), age, and the potential state of health of the owner (Firfiray & Gomez-Mejia, 2021).

5.6 Overview

The study explored what factors of the FIBER approach might have contributed to the organizational resilience of family businesses during and after the lockdown imposed by Covid-19, and helped identify some of the potential conditions (tab. 2) that characterize each dimension:

Tab. 2: FIBER approach conditions overview resulting from the case-study

Dimension investigated	Condition to happen
Family control and influence	Normative decision-making (in the case of Covid-19) Collegial decision-making (in case of Covid-19 absence)
Identification of family members with the firm	Commitment to the firm Involved in the firm
Binding social ties	Internal ties (firm orientation towards reinforcing family values) External ties (firm orientation towards exporting family values)
Emotional attachment	Positive impact on firm performance
Renewal of family bonds through dynastic succession	No shift. Long term plan is required (without Covid-19 influence) Shift occurred. A medium-term plan should be settled (to face Covid-19 influence)

Source: author's elaboration.

6. Conclusions

This study is based on empirical research that makes use of the FIBER 5-steps model proposed in literature which addresses Socioemotional Wealth as a lever of Family Firms' resilience during Covid-19.

From a theoretical perspective, it sheds some light on the features that should be considered to investigate family firms after the pandemic.

The interviews highlighted a strong response of family firms to the pandemic crisis, mainly due to "soft" and non-tangible factors of "familiness". Values and a sense of belonging, trust, commitment to the organization, and strong ties s with employees are critical success factors that deserve a further study of a quantitative nature.

Still, several limitations affect this research. Given the exploratory nature of the interviews, the manager sample is not quantitatively relevant to replicate the answer given to the proposed RQ. Moreover, the literature review on Family Business has been carried out in a non-systematic way, and therefore, it does not contemplate the full range of scholarly efforts to contextualize SEW approaches. In addition, items chosen to set up the interviews were based on the existing literature contributions to family business literature, but they followed discretionary criteria. Finally, despite the encouraging results from the interviews, it is still too early to account the FIBER approach as one of the most impactful models to evaluate family firms' resilience over the Covid-19 pandemic crisis.

Appendix – Open-ended questions for each of the five FIBER dimensions

(1) Family control and influence

Who is in control of the management power and decisions - strategic and operational - of the company? Does it share decisions with other members? Does it make use of external consultants? How does the leader make decisions?

(2) Identification of family members with the firm

How involved is the family in the relationship with the firm, employees, and your customers? Does the firm convey family values within and outside the organization? Has this sense of belonging improved/weakened during/after Covid-19? Please provide some examples

(3) Binding social ties

Did you notice the emergence of stronger emotional and intangible bonds with some groups/collaborators/communities within your organizational network? Has this tendency increased/weakened during/after Covid-19? Please provide some examples

(4) Emotional attachment of family members

To what extent do you feel that emotional ties coincide with and influence the performance of your organization? Has this trend increased/weakened during/after Covid-19? Please provide some examples

(5) Renewal of family bonds to the firm through dynastic succession

Have you experienced the willingness to transfer decision-making power in the short/medium/long term to younger family members? If yes, was this willingness fostered by Covid-19? If yes/no, please explain the reasons

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MANAGING THE DIFFERENT STAGES OF UNEXPECTED EVENTS: AN EXPLORATORY ANALYSIS OF TOURISM FAMILY BUSINESSES

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Abstract

Purpose: *This study aims to explore how family businesses (FBs) redesign their business strategies throughout the different stages of unexpected events.*
Design/methodology/approach: *This article performs an exploratory multiple-case in the context of 10 Italian firms operating in the tourism sector.*
Findings: *The study develops a circular event framework illustrating the key business strategies implemented by FBs in the different moments of unpredicted circumstances: (1) leverage digital tools to facilitate relationships with customers and ensure business operations, during the crisis prevention phase; (2) identify and meet customer protection and safety needs, and take care of customers human-ly, during the crisis response phase; (3) renew customer value creation, in the crisis recovery phase.*
Originality of the study: *This study contributes to the extant literature on crisis management by identifying the main strategies developed by FBs to address customer relationships across the crisis prevention, response, and recovery phases. This work represents a robust benchmark for managers and practitioners to make more informed strategic and operational decisions, increasing their capacity to act when addressing the different moments of a crisis event.*

1. Introduction

Crisis management is a systematic approach, supported by internal and external stakeholders, to identify crisis signals, avoid and plan for potentially harmful situations, and recover and learn from a crisis (Mitroff, 1988; Pearson & Clair, 1998; Pearson & Mitroff, 1993). Literature acknowledges that the implications of crisis management are particularly challenging for family businesses (FBs) (Laffranchini *et al*., 2021). Indeed, unlike non-FBs, FBs are characterized by a strict connection between family, business, and ownership components (D'allura *et al*., 2019; Tagiuri & Davis, 1982). Consequently, since different types of interests (e.g., economic, socioemotional) may overlap (Baron & Francois, 2020; Gomez-Mejia *et al*., 2007, 2011; Kraus *et al*., 2020), the attitude to hazardous and risky choices can be even more relevant when FBs have to cope with a situation of crisis (Boers *et a*l., 2017). Dealing with unforeseen circumstances can insidiously raise tensions at physical and emotional levels across family and non-family members, considerably jeopardizing the clarity of thought of FBs' key decision-makers (De Massis & Rondi, 2020). Due to the aforementioned factors, FBs may find it tricky to deal with crises and choose what steps or strategies to take when they arise. Remarkably, the business family owning and/or governing the firm is heavily involved (Calabró *et al*., 2021; Chirico & Nordqvist, 2010; Minichilli *et al*., 2016; Salvato *et al*., 2020; Siakas *et al*., 2014). Hence, when this proactiveness fails, families can inflict severe damage on their companies (Calabró *et al*., 2021; Habbershon *et al*., 2003).

Although the growing academic interest in crisis management in the context of FBs (e.g., Cater & Beal, 2014; Cater & Schwab, 2008; Faghfouri *et al*., 2015; Herbane, 2013; Kraus *et al*., 2013, 2020; Rovelli *et al*., 2021; Van Essen, 2015), research about how these specific types of firms deal with unexpected events is still in its infancy. Some studies have analyzed the implications of the last financial crisis on FBs (Van Essen, 2015) and stressed how FBs outperformed non-FBs thanks to a greater motivation of FBs' founders to overinvest to enhance short-term revenues during the crisis (Zhou *et al*., 2017). More recent studies have analyzed the effects of the pandemic Coronavirus (Boers & Henschel, 2021; Kraus *et al*., 2020; Żukowska *et al*., 2021) and outlined a long array of internal and external changes in the management of FBs operating in the tourist and hospitality sector (Schwaiger *et al*., 2021), including, for instance, unplanned generational transitions, more "dehumanized" relationships due to social distancing and virtual interactions, and profound financial upheavals (De Massis & Rondi, 2020).

Moreover, previous literature has mainly investigated how, during a crisis, FBs may modify and adapt their business strategies from an internal perspective (e.g., changes in the internal business or family challenges) (Soluk *et al*., 2021). Less attention has been paid to explaining how FBs manage and fight adversities in their external relationship with customers, and examining how the pandemic affected their relationship with them.

Most studies on crisis management in the context of FBs did not also consider how a crisis event may evolve over time. Scholars identify different stages that might characterize a crisis (e.g., crisis prevention, crisis response, and crisis recovery) (Elliott *et al.*, 2005; Hills, 1998; Pusceddu et al., 2021; Smith, 1990). However, existing literature does not explain how FBs' strategies change over time across the entirety of the crisis in its three distinctive stages. Hence, it becomes critical in the context of FBs to adopt an integrative approach to contemplate and explicate the different business strategies implemented across the various, specific phases of crisis management to allow the business to navigate the crisis. Each stage should be considered interdependent, such as one strategy appearing in the prevention phase will affect another strategy in the response or recovery phase and vice-versa.

To fill these gaps, this study performs an exploratory multiple-case study in the context of 10 Italian tourism-based FBs (Eisenhardt & Graebner, 2007; Miles & Huberman, 1984; Yin, 1994) to investigate how FBs adjust and redefine their business strategies to address customer relationships during the different stages of unexpected events. The research question is as follows: *"How do family businesses redefine their strategies during the different stages of unexpected events?"*.

The present work extends prior research and practice in significant ways. It improves prior literature on crisis management by investigating how FBs effectively adjust and redefine their business strategies to address customer relationships during crises (i.e., addressing in detail the crisis prevention, response, and recovery phases). Therefore, we propose a circular event framework that identifies the main strategies developed by FBs to cope with crises across the phases of crisis prevention, response, and recovery. Finally, the study advances three theoretical propositions that categorize the main strategies intersecting with the different moments of unpredicted circumstances, providing a foundation for further theoretical and empirical research on this topic. From a managerial perspective, this study offers significant guidance to the managers of FBs in orienting their behaviours when interacting with customers during a crisis event's different crucial moments.

2. Theoretical background

2.1 Crisis management in the context of FBs

In the management and entrepreneurship fields of research, a crisis is generally defined as "a low-probability, high-impact situation perceived by critical stakeholders to threaten the viability of the organization" (Pearson & Clair, 1998: 66). Literature acknowledges that crisis management is particularly relevant in the context of FBs as it involves both business and family issues (Baron & Francois, 2020; De Massis & Rondi, 2020; Kraus *et al.*, 2020). Notably, when dealing with FBs, failure can have much more severe implications than non-FBs owners and managers (Cater & Beal, 2014). Indeed, the danger of losing family property and compromising the family heritage (Calabró *et al.*, 2021) exposes FBs to extreme duress conditions when unforeseen external situations suddenly arise.

Remarkably, the recent COVID-19 pandemichas triggered profound financial upheavals and issues related to sudden generational transitions, less closed relationships because of virtual interactions, and more pressure at the psychological level (De Massis & Rondi, 2020). In addition, studies have shown that FBs adopt behaviors and measures during crises that do not follow formal crisis procedures (Faghfouri *et al.*, 2015) and that the family's emotional attachment affects the performance of FBs during a crisis (Gomez-Mejia *et al.*, 2007). Furthermore, FBs usually rely on their employees and suppliers to overcome the crisis, emphasizing the value of personal and regular connection and the operational usage of digital technologies (Kraus *et al.*, 2020). For these reasons, FBs need to redesign the underlying mechanisms of business activities, improving their capacity to respond quickly and act effectively to outward environmental changes (Chrisman *et al.*, 2011; Siakas *et al.*, 2014).

Research on how FBs handle unexpected events is still in its infancy, despite the rising academic interest in crisis management within the setting of FBs (e.g., Cater & Beal, 2014; Cater & Schwab, 2008; Faghfouri et al., 2015; Herbane, 2013; Kraus et al., 2013, 2020; Rovelli et al., 2021; Van Essen, 2015). Prior research has focused chiefly on how FBs may adjust and adapt their strategies from an internal viewpoint (e.g., investigating changes to internal business processes or family concerns) during a crisis (Soluk et al., 2021). Less focus has been placed on describing how FBs deal with challenges in their external relationships with customers and how the pandemic altered those relationships.

2.2 Crisis prevention, response, and recovery

Given the ever-changing nature of crises (Bazerman & Watkins, 2004; Hermann, 1963; Quarantelli, 1988; Weick *et al.*, 1999), researchers have stressed the need to focus on analyzing the entirety of the unexpected event itself to explore better how a crisis may progress, and how businesses thrive under such circumstances (Buchanan & Denyer, 2013; Moi & Cabiddu, 2022).

Literature acknowledges that the prevention, response, and recovery phases represent crucial moments of crisis events (Elliott *et al.*, 2005; Hills, 1998; Pusceddu et al., 2021; Runyan, 2006; Smith, 1990).

Regarding the prevention stage, scholars investigated how business leaders – entrepreneurs, owners, CEOs, and managers – and employees plan to address future unforeseen situations to mitigate potential risks (Fink, 1986). Thus, they stress comprehensively preparing the organizations for unanticipated events (Elliott *et al*., 2005; Fink, 1986; Hale *et al*., 2005; Smith, 1990; Quarantelli, 1988). For instance, firms could foster flexible organizational structures that adapt quickly to changing environments (Herbane, 2019; Moneva-Abadía *et al*., 2019) and proactive solutions to anticipate changes in customer demand (Cassia *et al*., 2012; Herbane, 2010). Also, it is necessary to adopt financial resource management methods that mitigate unexpected risks, ensuring the quantification of financial needs and the sources of coverage necessary to safeguard business management and the supply chain (Kraus *et al*., 2012; Tognazzo *et al*., 2016). Furthermore, prior literature outlines the need to collaborate through business networks and partnerships, creating an open environment where sharing knowledge and skills supports firms in addressing unforeseen situations (Branicki *et al*., 2018).

The crisis response phase focuses on how organizations shift or reconfigure their resources to minimize business damage (Hale *et al*., 2005). Notably, the response phase is crucial to researchers because decisions made during this period will help reduce the crises' disruptive effects (Elliott *et al*., 2005). Organizations increase their ability to navigate unpredicted challenges through cost minimization and cash flow protection strategies, defining expenses to suspend or reduce to cover potential liquidity shortages (Eggers & Kraus, 2011; Smallbone *et al*., 2012). When firms commit to making the most of their financial resources, they reevaluate or modify their existing business model and value proposition by pursuing revenue generation strategies (Macpherson *et al*., 2015; Morrish & Jones, 2020). Furthermore, businesses accept the need for collaboration, strengthening or building the relationship with the stakeholders (Doern, 2016; Mayr *et al*., 2017). Finally, combining existing skills with new knowledge deriving from investments in research and development is seen as a successful element in reacting effectively during unpredictable circumstances (Battisti *et al*., 2019; Osiyevskyy *et al*., 2020).

In the crisis recovery phase (Smith, 1990), organizations implement innovative actions to return to business as usual based on what they have learned from the crisis (Elliott *et al*., 2005; Hale *et al*., 2005; Smith & Sipika, 1993). Hence, organizations mainly reflect on the measures that would have been necessary to modify the organizational structure and better prepare for the future (Doern, 2016; Le Nguyen & Kock, 2011). Unlike the prevention and response phases, which suggest the importance of minimizing risky projects (Kraus *et al*., 2012), scholars highlight a common trend of firms diversifying risk during the recovery phase (Morrish & Jones, 2020).

Furthermore, re-employment plans, the establishment of funds for personnel, and re-establishing stakeholder relationships confirm the importance of investments in human resources, which, impacted during the early stages of the crisis, take on a pivotal role in the restart (Doern, 2016; Hong *et al*., 2012).

Despite the growing knowledge regarding crisis management for FBs (e.g., Kraus *et al*., 2020; Santiago *et al*., 2021), little research has examined how FBs have reshaped their business strategies to manage and overcome adversities in the relationship with customers in the different moments of the crisis. Notably, a crisis occurrence may develop over time, and although different phases that might define a crisis have been identified by academics (i.e., crisis prevention, crisis response, and crisis recovery) (Elliott et al., 2005; Hills, 1998; Smith, 1990), this was not considered in most research on crisis management in the context of FBs. To traverse the crisis, it is crucial for FBs to take an integrated outlook in order to consider and explain the numerous business strategies used across the various phases of crisis management. Additionally, it is essential to consider each stage as interrelated, where the impact on a strategy in one particular phase reverberates to the following ones.

3. Methodology

This empirical study adopts a theory-building process based on an indepth exploratory multiple-case study (Eisenhardt & Graebner, 2007; Miles & Huberman, 1984; Yin, 1994). On the one hand, if a qualitative approach is particularly relevant due to the emphasis on the "how" issue (Yin, 2003), especially for studies addressing how FBs deal with crises (Boers & Henschel, 2021), on the other hand, the multiple-case is an excellent method for exploratory inquiries, facilitating the cross-case comparison and generalization of emergent findings (Eisenhardt & Graebner, 2007). As a result, the chosen method was considered appropriate and aligned with the aim of this research, which was to investigate how FBs reshape their business strategies during the different stages of unexpected events.

3.1 Research setting and case selection

For this study, we adopted a theoretical sampling approach and sought cases likely to provide an initial extension of theory on the investigated topic (Eisenhardt & Graebner, 2007). We selected cases corresponding to specific dimensions developed in advance, including the type of firm (family firm), industry, and country of origin.

As concerns the type of firm, we ensured that the firms involved in this study were coherent with the definition of FB as "a business governed and/or managed to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua et al., 1999, p. 25).

Furthermore, we chose to focus on the tourism industry, which represents one of the sectors most affected by the COVID-19 pandemic (Gössling *et al*., 2021; World Tourism Organization, 2020; Zenker & Kock, 2020). Scholars claim that the implications of the recent pandemic have been particularly challenging for FBs operating in the tourism and hospitality sector (Davahli *et al*., 2020; Schwaiger *et al*., 2021) due to the lockdowns and travel restrictions imposed by Governments worldwide to prevent the virus' spread (Baum & Hai, 2020; Gössling *et al*., 2021; Hall *et al*., 2020). Also, as the strict norms and regulations regarding hygiene and social isolation have made consumers more cautious and anxious, the pandemic has powerfully impacted the long-term tourism FBs *modus operandi* (Kraus *et al*., 2020), sawing a significant, persistent drop in revenue (Baum & Hai, 2020).

Finally, concerning the country, we focused on the Italian context, where about 784,000 family firms account for more than 85 percent of total business and over 70 percent of employment (AIDAF, 2022). As a result, it embodies a valuable and compelling research setting to investigate the underlying strategies that FBs enact in managing the different stages of unexpected events. To collect data from a homogeneous sample, we considered additional critical elements, such as industrial settings in the tourism sector (hotel accommodation facilities), average turnover ranging from 200.001€ to 500.000€ in the years preceding the pandemic outbreak, Italian Regions with 2020 GDP supply-side higher than 45.000€.

The case selection procedure included purposive sampling by choosing exemplary cases to extend the theory (Patton, 2002) and snowball sampling by combining cases relating to tourism businesses purely causal (Goodman, 1961).

Theoretical saturation was reached at ten cases, which are generally considered adequate to provide a suitable empirical foundation to develop the theory (Eisenhardt, 1989).

The majority of tourism FBs included in the sample were hotel accommodation facilities with less than 250 employees and yearly sales exceeding 2.000.000€ in 2019. The data revealed that more than half of consumers during the COVID-19 emergency came from Italy (excluding the Region where the company is based). However, in 2019, the most significant percentage was of international clients, followed immediately after by Italian customers (not including the Region where the enterprise is located). Finally, almost all the tourism FBs examined (8 out of 10) exhibited a decreasing trend in their activity during the Covid-19 emergency concerning the 2019 turnover (see Table 1).

Tab. 1: Summary of the cases

General information				**Impact of the COVID-19 emergency**			
Case	**Region**	**Tourist sector in which it operates**	**Firm size**	**Customer origin[1] (Before Covid)**	**Turnover in 2019**	**Origin of tourists during the Covid-19 emergency**	**Trend of the activity during the Covid-19 emergency concerning the turnover of 2019**
Case-1	Latium	Hotel accommodation facility	<10	D	up to 200.000€	D	Increasing
Case-2	Trentino Alto Adige	Hotel accommodation facility	<50	C	from 200.001€ to 500.000€	C	Increasing
Case-3	Apulia	Resort	<50	B	up to 200.000€	B	↓ 1- 25%
Case-4	Emilia Romagna	Hotel accommodation facility	250 +	B	over 2.000.000€	B	↓ 26-50%
Case-5	Sicily	Hotel accommodation facility	<50	C	over 2.000.000€	B	↓ 51- 75%
Case-6	Lombardy	Hotel accommodation facility	<250	C	over 2.000.000€	D	↓ 76- 100%
Case-7	Campania	Hotel accommodation facility	<50	A	over 2.000.000€	A	↓ 76- 100%
Case-8	Campania	Extra-hotel accommodation facility	<10	C	up to 200.000€	A	↓ 1- 25%
Case-9	Lombardy	Hotel accommodation facility	<250	C	over 2.000.000€	C	↓ 51- 75%
Case-10	Veneto	Other: Hotel accommodation facility, congress center, spa and restaurant	<250	B	over 2.000.000€	B	↓ 51- 75%

3.2 Data collection

To ensure data triangulation (Miles & Huberman, 1984) and robustness (Dubé & Paré, 2003; Eisenhardt, 1989; Yin, 1994), data were collected from various sources, including online questionnaires, social networking sites, and official websites.

Primary data were collected through an online questionnaire (Shafi *et al.*, 2020) due to the government's social distancing measures during data collection (September-October 2020). The questionnaire included 14 open-ended questions, developed based on the literature on crisis management in the context of FBs. Examples of guiding questions were as follows: *What have been the main changes in the relationship with tourists during the first phase of the pandemic crisis? How are you trying to meet tourists' needs and expectations? How are you using technology to reorganize your work? Tell me about the initiatives you consider helpful to promote and support a faster recovery. What do* *you feel you can recommend to other firms in the sector?* Participation was voluntary, assuring the anonymity of participants (Shafi *et al*., 2020). The questionnaire involved key respondents of the FBs included in this study (primarily CEOs and managers) chosen because they were highly knowledgeable in the field (Kumar *et al*., 1993). Each interviewee was representative of his/her respective firm (Eisenhardt & Graebner, 2007; Yin, 2003).

Secondary data were collected via social networking sites (e.g., Facebook and Instagram) and the official website (Miles & Huberman, 1984), covering the period between January 2020-October 2021 (see Table 2).

Tab. 2: Summary of secondary data sources

Case	Source	Type	Number of items
Case-1	Social networks	Posts on Facebook and Instagram	Facebook (25 posts) Instagram (11 posts)
	Official website	Web page	Capture (1)
Case-2	Social networks	Posts on Facebook and Instagram	Facebook (99 posts) Instagram (283 posts)
	Official website	Web page	Capture (5)
Case-3	Social networks	Posts on Facebook and Instagram	Facebok (55 posts) Instagram (18 posts)
	Official website	Web page	Capture (1)
Case-4	Social networks	Posts on Facebook and Instagram	Facebok (147 posts) Instagram (137 posts)
	Official website	Web page	Captures (22)
Case-5	Social networks	Posts on Facebook and Instagram	Facebok (105 posts Instagram (89 posts))
	Official website	Web page	Capture (1)
Case-6	Social networks	Posts on Facebook and Instagram	Facebok (21 posts) Instagram (10 posts)
	Official website	Web page	Capture (1)
Case-7	Social networks	Posts on Facebook and Instagram	Facebok (128 posts) Instagram (62 posts)
	Official website	Web page	Capture (1)

Case-8	Social networks	Posts on Facebook and Instagram	Facebok (50 posts) Instagram (30 posts)
	Official website	Web page	Capture (1)
Case-9	Social networks	Posts on Facebook and Instagram	Facebook (131 posts) Instagram (255 posts)
	Official website	Web page	Capture (1)
Case-10	Social networks	Posts on Facebook and Instagram	Facebok (200 posts) Instagram (63 posts)
	Official website	Web page	Capture (4)

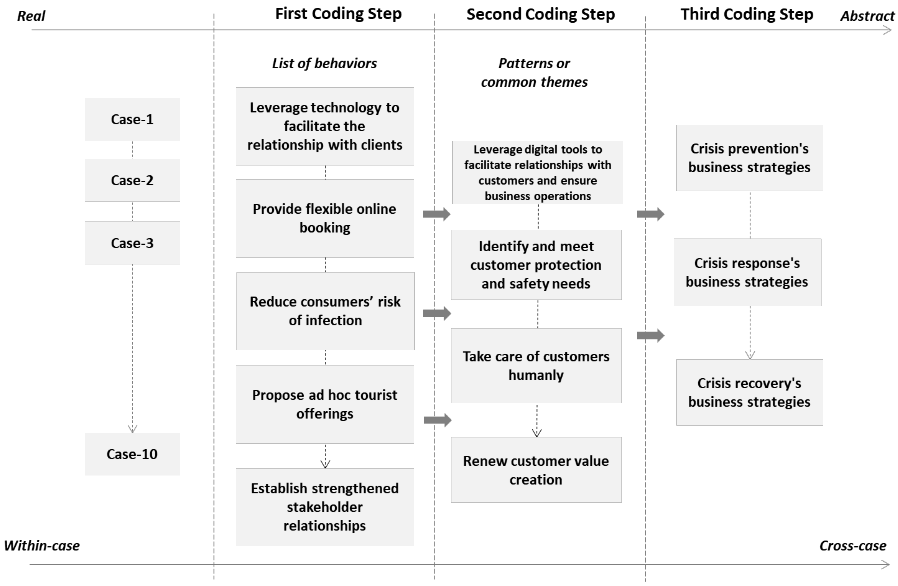
3.3 Data analysis

Using Nvivo software, this study performed both within- and between-case analyses (Eisenhardt & Graebner 2007). In the data analysis, an abductive technique was used, which combined a deductive and an inductive procedure. If, on the one hand, a deductive method directed the work in the first phase, i.e., in the experiences and their classification, the inductive approach added uniqueness to the contents by addressing new insights not covered in the prior literature (i.e., the circular event framework of tourism FBs' business strategies in a time of crisis) (Kennedy and Thornberg, 2018).

The research was carried out by running three coding stages (Saldaña, 2015). During the first coding step, we analyzed in-depth the primary data and identified descriptive and interpretative codes about how FBs responded to and handled the pandemic (Miles & Huberman, 1984). Following a concept-driven coding process, data were abstracted (Gibbs, 2007) to develop a list of critical actions implemented by each FB when dealing with the pandemic (i.e., first-order codes). Therefore, we looked for similarities and differences between the cases (cross-case analysis). We grouped data and identified common themes. This step identified common strategies across data: *leverage digital tools to facilitate relationships with customers and ensure business operations; identify and meet customer protection and safety needs; take care of customers humanly; renew customer value creation.* Finally, the identified business strategies were classified according to each phase of the pandemic crisis: "crisis prevention", "crisis response", and "crisis recovery" (Elliott *et al.*, 2005; Hills, 1998; Smith, 1990) (see Figure 1).

Two of the co-authors carried out the coding procedure independently and simultaneously. At each step, a Coding Comparison Query was run to address any discrepancies until achieving a Kappa coefficient[1] above 0.75. (Bazeley and Jackson 2013).

Fig. 1: Overview of the data analysis process



Source: adapted from (Saldaña, 2015).

4. Findings

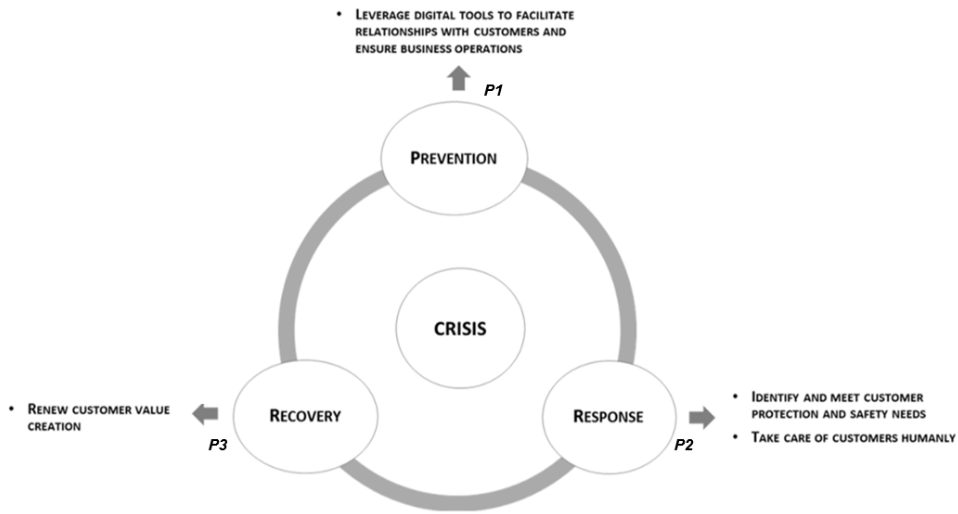
This study showed that FBs have adopted different strategies to respond to each phase of the pandemic crisis, summarized in the circular event framework (see Figure 2).

The framework organizes the business strategies into intersecting categories to provide accurate insights into how FBs redefined their business strategies across the different stages of unexpected events: crisis prevention, response, and recovery (Elliott *et al.*, 2005; Hills, 1998; Smith, 1990). The framework goes beyond a mostly adopted sequential and linear analysis of crisis management strategies found in previous literature—focusing on the event occurrence rather than the intersection and effect of each phase on subsequent ones. The circular characteristic of the crisis prevention, response, and recovery phases depicted in the framework demonstrates how the strategic responses during the various phases of the crisis—prevention, response, and recovery—have distinct effects and interact with one another. For example, during the crisis prevention phase, the business strategies adopted influence how the management acts through the crisis response

[1] The coefcient quantifies the degree of agreement among coders. A K-coefficient close to 1 suggests "high agreement," whereas a value of 0 (or below) shows coder disagreement.

phase and their understanding and preparedness to navigate the challenging time ahead successfully.

Fig. 2: The circular event framework of tourism FBs' business strategies in a time of crisis



Source: own elaboration

4.1 Crisis prevention: Digitalize business processes to better fit unexpected changes in the marketplace

The first phase looks at the crisis preventive strategies adopted by FBs to mitigate unfavorable crisis outcomes in the tourism context. Crisis prevention is characterized by moderation and planning (Fink, 1986). During this phase, FBs' owners—CEOs and managers—strive to learn how to be best prepared, whether they have faced hardship due to an unanticipated circumstance.

The analysis has revealed that, during crisis prevention, FBs are committed to leveraging digital tools to facilitate relationships with customers and ensure business operations [Case-4]. They have shown to be deeply aware of the importance of implementing more digitalized processes (*"We were already at the forefront with Booking Engine, Channel Manager etc."* [Case-6, CEO/Manager]; *"(…) less paper and more things online"* [Case-4, CEO/Manager]), to adapt business operations in changing conditions.

In the tourism context, adopting web-based reservation systems helps convert the FBs' websites into a 24/7 direct sales channel. Having a robust, intuitive booking engine that is easy to understand and administer lowers management time and allows the small FBs' team to work efficiently. This could help increase client loyalty throughout the purchasing process, boosting firms' productivity.

4.2 Crisis response: Boost the attention of customers

The response phase looks at firms' actions pursued and implemented to reduce the crisis' harmful consequences (Elliott *et al.*, 2005).

In this heightened state of the COVID-19 crisis, the central dilemma of the enquired tourism FBs was deciding whether to open tourism accommodation facilities or skip the current season. Tourism FBs deciding to reopen bravely re-invented their business approach to cope with the pandemic's challenges. Hence, they rapidly pivoted the unexpected event into a "game-changing" opportunity, embracing advanced business strategies in their ways of performing to meet the shifted guest demands and expectations.

In this phase, a strong focus was given to enhancing customer attention. Namely, from the data analysis, it could be observed that, in the crisis response phase, FBs employed two main response strategies: (1) identify and meet customer protection and safety needs, and (2) take care of customers humanly.

As tourism FBs slowly reopened, fulfilling the latest COVID-19 World Health Organization and government regulations and recommendations on social distancing, cleanliness, and safety for travelers and staff was crucial to satisfy guest expectations during their stay [Case-1, -2, -3, -4, -5, -6, -7, -8, -9, -10]. For example, to optimize the guest experience and hotel operations, firms establish staggered timings to access shared amenities like breakfast rooms; they also ensure that guests and employees dispose of hand sanitizing gel in common areas, such as lobbies, restaurants, and pools. Customers had higher service expectations than ever before. Notably, the enquired tourism FBs stressed the importance of maintaining travelers' confidence, letting guests know about tourism FBs' efforts in maintaining a healthy "COVID-secure" environment within tourism facilities, minimizing the exposure to the virus. As the business leader of one hotel accommodation facility stated: *"The tourist expects the structure to comply with all the rules in order to counter the spread of Covid (sanitized environments, respect for distances, use of masks)"* [Case-10, CEO/Manager]. In this regard, FBs sent out messages informing consumers about how they were actively striving to prioritize customer safety: *"Sanitation work continues to ensure the health of our staff and customers and to allow us to restart"* [Case-10, Facebook].

Tourists' demands for safety, hygiene, social distancing requirements, and consistent service standards forced tourism FBs owners to constantly rethink customer interactions, stimulating the implementation of new, digital technologies to make procedures more straightforward and faster. Hence, guests were prompted, for example, to download specific applications from their devices – mobile, tablet, or laptop – to check-in and check-out [Case-1, -2]. As a result, moving interactions to digital channels helped avoid non-essential physical interactions and reduce touch points.

Coughing up in reimagining and delivering outstanding services for the limited number of guests allowed to stay in tourist facilities, business leaders provided their workers with regular ongoing training to help keep them and visitors safe [Case-2, -10]. Specific training included, for example, proper use of safe work practices on Personal Protective Equipment (PPE), COVID-19 testing, daily fever measurement, the entrance of one person at a time in staff rooms, and effective behaviors to sensitively serve guests in challenging circumstances. Moreover, employees had to adjust their regular roster and duties to help manage the impacts of Coronavirus: *"The housekeeping staff has implemented completely new procedures, postponing their arrival at work to allow the machines to sanitize the room before any intervention by the staff"* [Case-2, CEO/Manager]; *"(...) Our staff will continue, as always, to follow precise practices for the safety, health, and well-being of our guests. Our large and well-kept spaces, both inside and outside, have all the right characteristics to guarantee a natural distance (...)"* [Case-4, Official website].

During periods of uncertainty and turbulence in the FBs context, another aspect involved providing customers with constant assistance, thereby developing authentic engagement. Because they faced the same struggles arising from the COVID-19 pandemic landscape, tourism FBs and consumers showed exceptional mutual empathy for one another. Creating a human, Empathetic engagement with customers, making them feel valued and safe again, was a vital issue that the tourism firms raised. The psychological impacts of the social isolation guests encountered during lockdowns and the unclear information on travel restrictions sparked concerns: *"Much more demanding and nervous ... need reassurance"* [Case-4, CEO/Manager]. Guests were unsure about booking and planning ahead of time due to the unprecedented uncertainty brought by the pandemic, including border closures and travel restrictions. Travelers showed to be eager to stay in the tourism accommodation facilities only in the presence of certain conditions [Case-1, -8]. Hence, offering adjustments to cancellation policies and change fees (e.g., full or partial refund, credit for future dates) was widely adopted by the interviewees: *"[…] Commercially it is necessary to activate a sale without cancellation penalties, avoid the prepaid, possibility of changing dates without costs […]"* [Case-8].

Customers expected companies to look after them. Remarkably, tourism firms had to step forward to understand what services might be given to visitors, thinking from their consumers' perspectives. Thus, customers were actively supported by tourism FBs owners who actively listened to and responded to their needs. This proactive attitude entailed paying close attention to details and providing individualized services, as well as maintaining outstanding and focused solutions to meet clients' demands as quickly as possible: *"[…] personalized services and attention to special requests that are sometimes new to our work experience"* [Case-1]; *"[…] much distrust, a request for more attentive service"* [Case-5, CEO/Manager].

Ensuring constant communication with customers was indispensable to satisfy their needs and requests promptly. Tourism FBs strengthened communication through clear, timely, and relevant messaging to thrive, keeping communication channels open. Truthfully informing visitors on how tourism FBs handled the crisis was the key to gaining and re-establishing trust among the guests: *"Vacation is the time we all look forward to. We know the value it has for each of you. For this reason, we have always dedicated all our energy and passion to our guests and to the time we spend together (…). Today, more than ever, this touch does not disappear. However, it is transformed into even greater attention (…)"* [Case-4, Official website]. Since travelers were suffering anxiety spikes due to COVID-19 uncertainty, this strategy was necessary to reassure them before and throughout their stay: *"[…] Strengthened pre-arrival communication"* [Case-2]. Notably, the research shows that with the outbreak of the Coronavirus pandemic, tourism FBs shifted their online communications to include more engaging interactions with clients, for example, attempting to express how they were psychologically closed to clients during the difficult period: *"You will travel again, and we will be here to welcome you"* [Case-7, Facebook]; *"(…) We care about the health and protection of our employees, their families and our guests (…)"* [Case-4, Instagram].

4.3 Crisis recovery: Reshape business models to address the next normal

The final phase is dedicated to understanding the recovery techniques used by tourism FBs in the aftermath of unpredictable circumstances.

During the crisis recovery stage (Smith, 1990), tourism FBs change the organization structure and implement preventive action plans for the future (Doern, 2016; Le Nguyen and Kock, 2011).

From the investigated sample, it becomes evident that some of the measures implemented during the lockdown will persist long after the pandemic is over (e.g., adjusted client interactions, safety upgrades, strengthened communication) since consumers have changed and have developed higher expectations than before.

As a result, the area on which tourism FBs should stay focused during this crisis containment process can be identified as renewing customer value creation.

One aspect that emerged from the questionnaire results is how the promotion of the tourist destination will change [Case-2]. Notably, respondents often mentioned the necessity to be flexible and adaptive in turning positive and inspirational business models, inextricably linked with quality improvement as a structural need and value-added. The analysis showed that even after unforeseen occurrences, FBs must continue to seek gaps and pain spots in the customer journey – increasing and focusing on service quality and innovation, thereby containing costs [Case-5, -9]. As a result, tourism companies' prioritized innovations and improvements are shaped by current consumer preferences and habits. Remarkably, the respondents repeatedly stressed the need to change the marketing of the tourist destination toward safety concepts [Case-10], both as a necessity and as a value-added of the structure: *"Working on communicating that Italy is a safe destination"* [Case-10, CEO/Manager]; *"Marketing aimed at reassuring individuals and companies to organize meetings"* [Case-4, CEO/Manager].

Hence, FBs owners courageously strengthen and elevate the tourism offer while remaining focused on the most outstanding customer results.

Finally, company success will be facilitated by the relationships with the stakeholders. Finding partners enables the creation of unique tourist offerings, thereby increasing consumer value and trust. Using leadership teams creates a feeling of community that everyone can benefit from, allowing tourism FBs to mobilize the extra support they need to expand and to shape new, more diverse tourist offerings: *"[…] mainly reactivate sales through travel agencies in Italy"* [Case-8, CEO/Manager].

Therefore, in the "new normal", offering superior experiences thus, experimenting, and promoting the destination through attentive and differentiated services will be built up by the relationship between FBs leaders and stakeholders.

5. Discussion

Despite increasing academic research on crisis management in the context of FBs (e.g., Cater & Schwab, 2008; Cater & Beal, 2014; Faghfouri *et al*., 2015; Herbane, 2013; Kraus *et al*., 2013, 2020; Rovelli *et al*., 2021), research on how FBs deal with unforeseen events like the recent pandemic crisis is still in its infancy. By elaborating upon prior crisis management literature involving FBs, this study extends current research in meaningful ways.

Previous research has focused chiefly on how FBs modify and adapt their organizations from an internal perspective (e.g., changes in internal business or family hurdles) during a crisis (Soluk *et al*., 2021). More specifically, previous research has primarily analyzed the specific actions or interventions implemented internally by FBs after unexpected events. Scholars, for instance, argued about short-term adaption and long-term firm positioning crises models (Kraus *et al*., 2020), the relationship between family ownership and formalized crisis procedures (Faghfouri *et al*., 2015), and FBs' characteristics that affect their ability to initiate turnaround strategies during an organizational crisis (Cater & Schwab, 2008). This research contributes to extending prior knowledge by examining how FBs manage and overcome hardship in their external relationships with customers or how the pandemic affected their relationships with clients. For instance, tourism FBs stressed the need to be adaptable and agile in shifting the tourist destination's marketing toward safety principles, thus focusing on positive and inspiring business models as a structural need and value-added. The research also revealed that creating personal, Empathetic contact with clients was a critical concern identified by the tourism companies.

Secondly, most studies concentrating on crisis management in the context of FBs did not consider how a crisis may develop over time. By extending prior literature, this study explains how FBs' strategies in addressing crisis events change and evolve across the stages of crisis prevention, response, and recovery (Bazerman and Watkins, 2004; Fink, 1986; Hermann, 1963; Quarantelli, 1988; Weick *et al*., 1999). Thanks to a circular event framework, this analysis shows how the strategies implemented by the FBs intersect with each other; hence, implementing a strategy during a specific moment of a crisis also affects the following phases, determining FBs' success. By identifying the strategies implemented by FBs, this study also enhances prior literature on crisis management in meaningful ways.

Prior studies on the crisis prevention phase have highlighted the importance of being fully prepared for unanticipated events (Elliott *et al*., 2005; Fink, 1986; Hale *et al*., 2005; Smith, 1990; Quarantelli, 1988). Scholars show how organizations encourage flexible organizational structures to adapt quickly to changing environments (Herbane, 2019; Moneva-Abadía *et al*., 2019), for instance, through proactive strategies to anticipate client demand fluctuations (Cassia *et al*., 2012; Herbane, 2010), financial resource management procedures (Kraus *et al*., 2012; Tognazzo *et al*., 2016), and collaborations through business networks and partnerships (Branicki *et al*., 2018). This study extends previous literature by explaining how leveraging technology into business operations during the crisis prevention phase not only helps firms ensure their flexibility in managing activities when unforeseen issues arise but, more importantly, facilitates relationships with customers, building up consumer loyalty throughout the purchasing process. Therefore, this research proposes that:

Proposition 1 (P1): Leveraging digital tools to facilitate relationships with customers and ensure business operations increases firms' ability to prevent unwanted outcomes of unforeseen events.

Moreover, scholars have shown multiple ways to restructure themselves during the crisis response phase to mitigate the crisis' disruptive effects (Elliott *et al*., 2005). For instance, organizations may respond to a crisis by cutting costs (Eggers and Kraus, 2011; Smallbone *et al*., 2012), modifying their existing business model (Macpherson *et al*., 2015; Morrish & Jones, 2020), strengthening or building relationships with stakeholders (Doern, 2016; Mayr *et al*., 2017), or investing in new skills (Battisti *et al*., 2019; Osi-yevskyy *et al*., 2020). The empirical qualitative evidence presented in this study suggests that, in the case of FBs, the key priority in the crisis response stage is searching for more empathetic, customer-centric approaches based on identifying and meeting customer protection and safety needs and taking care of customers humanly. Remarkably, our findings demonstrate how safety for travelers and personnel and continuing human support toward consumers will be crucial in creating value during periods of uncertainty. Accordingly, this study proposes that:

Proposition 2a (P2a): Identifying and meeting customer protection and safety needs increase firms' ability to respond to unforeseen events.

Proposition 2b (P2b): Taking care of customers humanly increases firms' ability to cope with unforeseen events.

Finally, scholars have underlined how, in the crisis recovery phase, organizations reflect on the measures that would be necessary to implement to adapt the organizational structure and prepare for the road ahead (Doern, 2016; Le Nguyen & Kock, 2011). Hence, the literature highlights a risk diversification attitude from the business side (Morrish & Jones, 2020), with re-employment plans and stakeholder relationships re-establishment while recovering from adverse events (Doern, 2016; Hong *et al*., 2012). By extending previous studies, this analysis advances that FBs focus on renewing customer value creation to bounce back from unexpected circumstances in the crisis recovery phase. Specifically, it was possible to observe how firms might find outside new partnerships to improve the offer proposal, thus, meeting the needs of customers who are increasingly inclined to a service that is attentive to outstanding customer experiences and personal needs. Therefore:

Proposition 3 (P3): Renewing customer value creation increases the capacity of firms to bounce back from unforeseen events.

5.1 Managerial implications

From a managerial perspective, this study offers critical insights into efficient business strategies when interacting with customers in the crucial moments of a crisis, such as the recent COVID-19 pandemic. Given the intense emotional and economic failure implications for FBs owners and managers, it is necessary to undertake the proper initiatives that prevent FBs from losing family property and compromising the family heritage. In this regard, the framework conceptualized in the study offers practical guidelines on business strategies redefinition about external relationships with customers in the FB context throughout the different stages of unexpected events. Hence, it could provide remarkable insights for managers and practitioners to understand the main priorities (e.g., leverage digital tools to facilitate relationships with customers and ensure business operations, identify and meet customer protection and safety needs) to be addressed to handle and overcome difficulty in their external relationships with customers, in the specific phases of distress (i.e., crisis prevention, response, and recovery) (Hills, 1998; Smith, 1990; Elliott, Harris, and Baron, 2000), thus ensuring the continuity of business operations successfully.

5.2 Limitations and future research

Despite its important insights, this paper owns several limitations that could be addressed by future research.

First and foremost, this study examined how FBs manage and fight adversities in the external relationship with customers and explored how the pandemic affected their relationship with customers. Future research could examine how FBs modify and adapt their business internally during crisis prevention, response, and recovery stages.

Then, since this study analyzed how FBs operating in the tourism context reshaped their business strategies during the different stages of unexpected events, it would be interesting for future studies to investigate whether the identified strategies effectively allow FBs and/or companies, in general, to be more resilient considering the definition of resilience referred as "the process by which an actor (i.e., individual, organization, or community) builds and uses its capability endowments to interact with the environment in a way that positively adjusts and maintains functioning prior to, during, and following adversity" (Williams et al., 2017, 742).

Furthermore, future works could also focus on other research contexts. For instance, it would be interesting to involve FBs which operate in other sectors, like Industrial and Consumer Goods. Also, this work could be extended to other types of companies to see if this study's results and our propositions can be applied in different business contexts.

Moreover, this study looked at tourism FBs operating in Italy. It would be interesting to extend the research to other countries. Additionally, future studies could investigate how socioemotional factors influence the risk perception of FBs owners, affecting how FBs may respond to fight adversities.

Also, the selected firms exhibited differences in the increase in activities during the pandemic. Hence, future research could deepen the underlying reasons that could motivate this evidence (e.g., differences in size, strategic positioning, and the efficacy of the strategy implemented).

Finally, this study was based on a qualitative approach. Future research paths could therefore test and validate the proposed framework.

6. Conclusion

Our study illuminates the significance for tourism FBs to rethink their business strategies when addressing the different stages of unexpected events as a crisis. Thus, this study argues that ignoring how crises may evolve can be problematic for such organizations. Implementing digital technologies to improve customer relationships and guarantee company operations will improve FBs capacity to avoid unfavorable results from unanticipated situations in the crisis prevention phase. FBs' capacity to respond to unanticipated issues strengthens when FBs identify and address consumer protection and safety demands and take care of consumers on a human level in the crisis response phase. Finally, increasing the potential of FBs to bounce back from unanticipated obstacles by renewing customer value generation is paramount in the crisis recovery phase. Scholars are invited to advance knowledge on this critical line of inquiry since gaining a deeper understanding of crisis management in tourism FBs can provide further theoretical and practical insights into the existing literature.

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PURSUING INNOVATIVE ACTIONS DURING COVID-19 CRISIS: A QUALITATIVE ANALYSIS OF FAMILY FIRMS' RESILIENCE

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Abstract

Purpose: *The study aims to broaden and refine the extant theory in the area of resilience in family firms during a grand challenge such as Covid-19. More specifically, the study aims to explore how characteristics that normally contribute to the resilience of family businesses also influence their innovative actions when facing a grand challenge.*

Design/methodology/approach. *This study adopts an inductive approach based on multiple case studies. Primary and secondary data of five Italian family businesses that have successfully responded to Covid-19 crisis are triangulated and analysed.*

Findings. *The findings indicate that, during Covid-19, some features that normally contribute to the resilience of family firms (i.e., trust, long-term orientation, centralized and personalized authority structures, and patient capital) also contribute to their resilience, through innovative actions, to react to the Covid-19 crisis.*

Originality of the study. *The study suggests that a further element (namely purpose driven orientation) not previously discussed in family business literature allowed the firms analyzed to be resilient during the Covid-19. Drawing on these findings, this study tries to enrich the current understanding of family firms' resilience for both academics and managers.*

1. Introduction

The Covid-19 crisis has been dramatic from a health perspective and has been very severely slowing down economic activity around the world and pushing many organizations into bankruptcy (OECD, 2020). The decrease in consumer demand and spending could even worsen in the last few months of 2020, with impending layoffs and bankruptcies in many sectors concerned (Kraus et al., 2020). Consequently, the Covid-19 and subsequent policy measures may have a long-term impact on how society operates, and in particular how organizations implement new opportunities, create new forms of innovative actions, rescue existing organizations during crisis (Shepherd et al., 2020).

As a matter of fact, many firms have developed the ability to face crises by developing forms of resilience. Resilience generally has been used to describe organizations that are able to react to and recover from duress or disturbances with minimal effects on stability and functioning (Linnenluecke, 2015). However, resilience is more than just an "additive composite of individuals" (Lengnick-Hall et al., 2011, 245). It also implies the interaction between firms, their, stakeholders, and generally their external environment.

The concept of resilience in the economic field has assumed increasing importance especially since the global financial and economic crisis of 2008. This crisis has produced significant effects in regional and local economies, which have reacted differently to the shock (Christopherson et al., 2010; Lazzeroni, 2016). While many firms have just suffered the crisis and waited for government interventions and supports, many other firms have instead positively adjusted their processes in a form "sufficiently flexible, storable, and malleable to avert maladaptive tendencies" in dealing with the unexpected (Gittell et al., 2006, 303). In this regard, some scholars have emphasized that firms organizing and adjusting their innovation process to responding to major disturbances are generally more durable and therefore more resilient than others to deal with a crisis (Williams and Shepherd, 2016; Williams et al., 2017).

A particular type of firms that are likely to develop resilience during unexpected circumstances such as crises is represented by family firms. Family firms are companies in which a considerable share of the capital is owned for more than one generation by family's members (Rößl, Fink, and Kraus, 2010). These companies are generally more resilient than non-family firms because they are usually more long-term oriented and less risk-taking (Lubatkin et al., 2007, Xi et al., 2015).

Albeit there is research available about how family firms react to crises (D'Aurizio et al., 2015), additional studies are needed to investigate special challenges and family firms' innovative actions to the current Covid-19 crisis (Eggers, 2020).

Therefore, in this paper, we aim at studying the intent to engage in innovative actions during a grand challenge. In particular, we study the determinants of innovative actions within family firms as a reaction during Covid-19 crisis. Based on these premises, existing research has clearly identified what features characterize family firms' resilience. Despite this progress, we noted that extant research has been limited to the study of the resilience of family firms in contexts that differ from the health emergency brought by the Covid-19. More specifically, the few studies on resilience mainly focus on the pre-crisis period and on the skills or resources that family firms build up to resist or adapt to crisis events (Bullough et al., 2014; Korber & McNaughton, 2018).

However, an unexplored but important issue of family firms' literature deserving further investigation relates to the understanding of the characteristics that epitomize family firms' reactions during Covid-19 crisis. As a matter of fact, recent research calls for additional studies that investigate special challenges and more specifically family firms' reactions to the current Covid-19 crisis (Eggers, 2020, 206).

Given the importance of this unexplored issue, we try to broaden and refine the extant theory in the area of resilience in family firms by addressing the following research question: *"What factors allowed family firms to be resilient?"*

To address this research question, we examine the existing literature on resilience of family firms (Chrisman et al., 2011) to analyze whether and how family firms have engaged in innovative, proactive, and risky actions to deal with the crisis. By doing so, we found that the literature has pointed to the importance of the four resilience factors: 1) trust as a management succession strategy (Eddleston et al., 2010; Mayer et al.,1995; Stanley et al., 2014; 2) long-term orientation and multitemporal perspectives (Lumpkin & Brigham, 2011); 3) social capital and social exchange (Gedajlovic and Carney, 2010; Long, 2011, Pearson et al., 2008; Sirmon & Hitt, 2003); and 4) knowledge structures and opportunity identification (Carney, 2005; Patel & Fiet, 2011). Moreover, we aim to provide a detailed qualitative analysis of the four factors in the context of Covid-19 through the adoption of an inductive and qualitative approach based on multiple case studies (Ozcan & Eisenhardt, 2009). More specifically, we will ground our analysis on five Italian family businesses (Cifra, Erbolario, Licofarma, Miroglio, and Roncato) that have distinguished themselves in the Italian panorama for their reactivity to the Covid-19 crisis.

The study is organized as follows. Section 2 reviews the flourishing research on covid-19 and their implications on family businesses, and analyzes the factors connoting family business' resilience. Sections 3 provides a detailed account of the case study analysis of the five family firms. Section 4 presents the findings of our qualitative analysis. Finally, section 5 concludes by discussing the theoretical and managerial implications and suggesting avenues for future research.

2. Theoretical Background

2.1. Covid-19 crisis implications on family businesses

The Covid-19 crisis has had serious implications on several countries around the world, putting a strain on the survival of businesses (Liguori & Pittz, 2020; Passarelli et al., 2022, Passarelli, M., Bongiorno, G., Cucino, V., & Cariola, A. (2023). Adopting new technologies during the crisis: An empirical analysis of agricultural sector. Technological Forecasting and Social Change, 186, 122106., which are the ones that have most suffered (Eggers, 2020). Covid-19 crisis led to business reduction (Cowling et al., 2020), financial stringency (Duarte et al., 2018), temporary business closures (Brown et al., 2020), staffing problems (Lim et al., 2020), and supply chain disruptions (Manolova et al., 2020). These implications are similar to the ones caused by financial crises, or disasters (Herbane, 2010; Lee et al., 2015; Shepherd, 2020).

However, the Covid-19 crisis has also fostered businesses' resilience (De Massis & Rondi, 2020). Firms are particularly oriented to recognize, evaluate, and exploit new opportunities associated with crises (Giones et al., 2020), and during the Covid-19 crisis many of them have adopted a mindset of opportunity recognition and succeeded in discovering and exploiting opportunities, maintaining a keen eye on the needs and desires of their customers (Liguori & Pittz, 2020). To deal with this crisis, some firms have altered their usual routines by promoting teleworking or decreasing their costs significantly. Some other companies have augmented their usage of online platforms to maintain solid partnerships with their stakeholders. Some others, instead, have started to use new distribution channels or to sell new products and services, or to involve new partners in their businesses (Wade & Bjerkan, 2020). Taken together, these responses to the crisis enabled companies' resilience during and after the pandemic. However, we lack qualitative studies that document the major changes that family companies adopted to last, retrieve, and prosper during Covid-19 crisis. As for other firms, the pandemic has strained the resilience that gives family businesses their competitive edge. Family businesses account for about two-thirds of global businesses, 70% of global annual output, and between 50% and 80% of all jobs in most countries (De Massis et al., 2018). The ability of family businesses to adapt to Covid-19 crisis is critical to the continued success of these companies and their key stakeholders (De Massis & Rondi, 2020). The pandemic has strained the inherent strengths that have fostered longevity and stability in family businesses (De Massis & Rondi, 2020).

2.2. Family firms' reactions: a look into resilience

According to the ecological approach (Conz et al., 2020) resilience is the capacity of a system exposed to change to adapt to and overcome a situation that threatens its stability, reaching a new point of equilibrium. In this study, we follow Lengnick-Hall and Beck (2005) and we define resilience as *the ability of organizations to avoid, absorb, respond to, and recover from, situations that could threaten their existence* (Lengnick-Hall and Beck, 2005). Following this perspective (Folke et al., 2002; Gunderson and Holling, 2001; Holling, 2001; Plummer and Armitage, 2007; Walker, Holling, Carpenter, and Kinzig, 2004), firms may develop and strengthen their adaptive capabilities to survive when facing change through the exploitation of their resources and capabilities, and their intrinsic characteristics (Ates, Assarlind, Maguire, Bititci, & MacBryde, 2011; Pal, Torstensson, and Mattila, 2014).

Resilience is important for all firms, but for family firms resilience seems especially critical and intrinsic (Chrisman et al., 2011; Steier, 2005). Thus, the inherent nature of family business resilience leads us to argue that family businesses are more resilient than the rest of businesses. For instance, extant research has shown that many owners of family organizations intend to pass the ownership and management of the company to the next generation of family members, guaranteeing continuity for the company (Chrisman et al., 2011; Eddleston et al., 2010). Consequently, effective crisis management is fundamental for family businesses because their socio-emotional endowment is at stake (Gomez-Mejia et al., 2011). However, there are also other basic characteristics-factors associated with family businesses that could be considered a form of family business resilience. In other words, several factors underlie the resilience of family businesses (Patel & Fiet, 2011).

In particular, according to the literature on family firms, we can identify several important characteristics that contribute to the resilience of family businesses and grouped them into four main factors: (1) *trust as a management strategy* (i.e. vulnerability and expectation that an non-familiar component will not behave opportunistically even when such behavior cannot be detected (Eddleston et al., 2010; Mayer, Davis, & Schoorman, 1995; Stanley et al., 2014); (2) *long-term orientation and multitemporal prospects* (i.e. the ability to (a) predict and plan the long-term consequences of business decisions; (b) understand the value associated with long-term assets; and (c) develop awareness and persistence associated with a lasting commitment to a strategy) (Lumpkin and Brigham 2011); (3) *knowledge structures and innovation* (i.e. the need to balance economic and noneconomic goals over varying time frames, to the need to use their unique governance systems to innovate) (Carney, 2005; Patel and Fiet, 2011); and (4) *social capital and social exchange* (i.e. the maximum value that can be extracted from the social capital among family members) (Gedajlovic & Carney, 2010; Long, 2011, Pearson et al., 2008; Sirmon & Hitt, 2003). Taken together, these elements lead family firms to take advantages of the processes associated with research, identification, and exploitation of opportunities (Patel & Fiet, 2011), thereby resulting in the creation of resilience of family firms. Therefore, these four aspects that epitomize the resilience of family firms will be the theoretical basis upon which we will explore the elements that epitomize family firms' resilience during Covid-19 crisis.

2.2.1. Trust as a management strategy

The family business literature has shown that family firms are not solely based on economic considerations (Sundaramurthy, 2008). Usually they are also based on mutual trust in their governance (Corbetta & Saved, 2004; Steier, 2001a). Because of that, many family firms capitalize on trust (e.g. Cruz et al., 2010; Steier, 2001). Albeit it may bring out negative externalities associated to blind faith, amoral familism, and complacency (e.g. Banfield, 1958; Cruz et al., 2010; Sitkin & Stickel, 1996; Steier, 2001; Sundaramurthy, 2008), the trust between family members is a very important source of competitive advantage for family businesses (Chrisman et al., 2007). According to Arrow (1974), trust provides some clear advantages: "*Trust is an important lubricant of a social system. It is extremely efficient; it saves people a lot of trouble to have a fair degree of reliance on other people' sword*" (Arrow, 1974, 23). Since it is inherent in almost all relationships between family members, the trust developed in family firms consent to significantly decrease the transaction costs as well as the monitoring and incentive costs that are required to overcome agency problems (Dyer & Handler 1994; Sirmon & Hitt 2003; Steier 2001).

2.2.2. Long-term orientation and multitemporal perspectives

The most obvious implication of a transgenerational sustainability intention on the part of family owners is the long-term orientation towards business (James, 1999; Le Breton-Miller & Miller, 2006). In particular, according to Lumpkin & Brigham (2011), long-term orientation probably represents a dominant logic factor in family businesses and it has three components: (1) future, understood as the prediction and planning of the long-term consequences of business decisions; (2) continuity, considered as an understanding of the value associated with durable goods; and (3) perseverance, conceived as conscientiousness and perseverance associated with a lasting commitment to a strategy. More concretely, family businesses are more likely to have a long-term orientation due to three elements. The first is the longer term of office of CEOs of family businesses (Lumpkin & Brigham, 2011, Gómez-Mejia, Núñez-Nickel, & Gutierrez, 2001), the second is patient capital (Sirmon & Hitt, 2003), and the third is represented by the non-economic objectives (Zellweger & Nason, 2008). These elements allow family businesses to be more likely to have a long-term orientation.

Moreover, in family businesses, time is a fundamental element that guides choices (Lowenstein & Thaler, 1989). In fact, the time needed to take a choice usually depends on the authority of the family's member involved and the family generation in which he/she is called to manage the future of the company. Likewise, their capacity to temporarily curb immediate gratification to pursue a desired future state is particularly important for family businesses because they could find a perfect equilibrium between the business goals of the business with the non-business goals of the family. These elements allow the family business to be resilient during a crisis context.

2.2.3. Social capital and social exchange

Social exchange theory suggests that social regularities, such as the capital social family or the associated concept of family (Nason & Sharma, 2013). Pearson et al., 2008), are the result of a rational choice or a symbolic ritual. Social exchange has been indicated as one of the characteristics that increases resilience in family businesses (Chrisman et al., 2011; Long, 2011). According to De Carolis et al. (2009), social capital implies "the existence of resources that can be easily" mobilized at the moment of impact, and therefore greatly facilitates the ability to deal with events. In the case of family firms, this can be accompanied by the company's ability to build on the family's assets and, more generally, on the family's share capital.

Nahapiet & Ghoshal (1998, 243) defined social capital as "the sum of actual and potential embodied resources, available through and derived from the network of relationships owned by an individual or a social unit". Social capital theory focuses on how the quality, content and structure of social relationships influence other resource flows and further facilitate the sustainability of an organization (Wright et al., 2001), providing information, access to technological knowledge and markets, as well as to complementary resources (Hitt et al., 2001, 2002).

More concretely, the role of social capital as an enhancer of the resilience capacity of family businesses was supported by Long (2011) and Chrisman et al. (2011). Indeed, through the bridge of social capital, family businesses can therefore have access to other resources and can therefore mobilize them to their advantage.

Attempts to conceptualise social capital more deeply have led to several taxonomies and characterizations, where the distinction between internal and external is the most common. Internal social capital or "bond" is the network of relationships between actors within a community, such as a business organization or a family, and focuses on the internal characteristics that strengthen cohesion within it (Adler & Kwon, 2002; Yli-Renko et al., 2002; Kontinen & Ojala, 2010). On the other hand, external social capital or 'bridging' can be explained as a process of creating and mobilizing network connections that binds one focal actor to others, through direct or indirect links, and allows them the opportunity to gain recognition, favorable negotiations and access to resources between a range of benefits (Adler & Kwon, 2002). Linking social capital contributes to achieving the resilience of a family business by increasing its potential resources through donors (ties), which allows the family business to expand the options available when facing disruptive conditions.

2.2.4. Knowledge structures and opportunity identification

Family firms' characteristics, such as an orientation towards non-economic goals, long-term orientation and social capital favor inclinations towards thrift, personal control, and particularistic decisions (Carney, 2005). Thus, these features allow family businesses to gain many benefits from developing the knowledge structures that are needed for identifying new business opportunities (Chrisman et al., 2011).

More concretely, the non-economic goals of family firms make their knowledge structures more difficult to copy (Patel & Fiet, 2011). In addition, family businesses have advantages in the durability, adaptability, responsiveness, economics and continuity of their knowledge structures and opportunity-seeking routines. Indeed, the long-term orientation of family businesses increases the incentives for knowledge sharing and investment in firm-specific routines to seek opportunities. Furthermore, the social capital and shared knowledge structures of family members lead to economies of scope in the exploitation of information channels made available through specific knowledge.

3. Research Methodology

To address our research question (i.e. *what factors allowed family firms to be resilient?*), we conduct an inductive and qualitative approach based on multiple case studies (Ozcan & Eisenhardt, 2009). We are aware that a qualitative approach can be risky. What makes qualitative work risky is the lack of a "standard model" of how to collect, analyze, and report data. Qualitative research is based more on implicit and tacit rules and norms and the risk is that of not having a standard. In other words, research is conceived more as "art" than as "craftsmanship" (Kammerlander & De Massis, 2020) and there are also no established conventions for reporting data. The reason is that research design must be closely tailored to the specific research question and setting, so that deviations from standards may be necessary or even beneficial. Furthermore, the data collection and analysis process is often iterative and non-linear and the researcher could be misled in selecting the data.

Notwithstanding with these limitations, we believe that a qualitative approach is an adequate methodology to tackle our research question. Indeed, family businesses offer a particularly rich context for qualitative research (Fletcher et al., 2016). Given their multi-objective dimensions (Berrone et al., 2012), family businesses are characterized by idiosyncratic emotions (Kammerlander & De Massis, 2020), sense (Strike & Rerup, 2016), attention (Kammerlander & Ganter, 2015), and paradoxical behavior (Erdogan et al., 2019). Such complex processes at some interdependent levels and their microfoundations (De Massis & Foss, 2018) are particularly suitable for studying through a multitude of qualitative methods. A qualitative investigation is also consistent with the suggestion of Erdogan et al., (2020) to use a multiple case study approach to understand family businesses. This methodological approach is recognized as "a valuable method for family business scholars to describe complex phenomena, develop new theories or refine and extend existing theories" because they follow a specific path (Eisenhardt, 1989; Gerring, 2006). As Jiang & Rüling (2019) and Amata et al., (2021) noted, an additional advantage of case studies over extensive sample-based research is the ability to run a process perspective to switch to more dynamic modes of appreciation of the phenomena related to management (Tsoukas & Chia, 2002).Indeed, "a process view involves paying particular attention to temporality and change over time" (Cloutier & Langley, 2020, 3). Given the reasons above, plus considering the peculiarities of innovative actions within diversified family businesses (mainly due to different sector, history, business activities, size, location, etc.), we believe that adopting a qualitative approach can be particularly useful for understanding which factors have enabled the resilience of family businesses during Covid-19.

Among the various qualitative approaches that can be used, we decided to adopt a multiple case study (Yin, 2013). We are aware that the use of a multiple case study brings with it some risks or disadvantages. Conducting a multiple case study may be enormously costly and time consuming (Baxter & Jack, 2008). Moreover, single case studies are better suited than multiple cases to build high impact theory (Dyer & Wilkins, 1991). In fact, they usually allow the researcher to develop a deeper understanding of the phenomenon under scrutiny (Siggelkow, 2007). Likewise, when the number of case studies increases, the researcher has less observation time to study each individual case study.

However, we decided to adopt a multiple case study design for several research opportunities this type of qualitative approach brings with it. First, multiple case studies are particularly suitable for answering the "how" and "why" questions (Eisenhardt, 1989). Multiple case study generally allows the researcher to explore wider research questions and provide more theoretical contribution than quantitative methods (Eisenhardt & Graebner, 2007).

Second, they allow a thorough investigation of the phenomenon (Yin, 2018) and the identification of similarities and differences among the cases (Eisenhardt & Graebner, 2007; Yin, 2003). When the case studies are compared to each other the researcher can also provide the literature with an important influence from the contrasts and similarities (Eisenhardt and Graebner, 2007; Ferrigno, 2017). In fact, when the suggestions are more intensely grounded in several empirical evidence (Dell'Era et al. 2020), the researcher may create a more generalizable theory than single case studies (Eisenhardt, 1989).

Last but not least, multiple case studies have already been adopted for the study of family businesses by various scholars (Craig & Moores, 2006; De Massis et al. 2013).

3.1. Data collection

The context of our study is formed by Italian family businesses and we believe that such context is appropriate for several reasons. First, Italy has been severely affected by the Covid-19 crisis (Cucino et al., 2021; Pepe et al., 2020).

Second, Italy is among the European countries with the highest number of family businesses. Furthermore, according to AIDAF Italian Family Business - the Italian association for family businesses - the turnover of family businesses accounts for 15% of the Italian GDP (AIDAF, 2020).

Having clarified this, we rely on the principal basics of theoretical sampling to select five Italian family businesses (Cifra, Erbolario, Licofarma, Miroglio, and Roncato) that have distinguished themselves in the Italian panorama for their reactivity to the Covid-19 crisis (Table 1).

Tab. 1: Key information of the cases selected

Company	Description	Size	Location	Products/services
Cifra	a manufacturing company better known as "warp knit center of excellence" that produces garments for private brands with an exclusive technology. It was founded in Northern Italy in the late '70s	50-250	Monza	Masks

Licofarma	a private high-tech company that in the last ten years developed research and development for the production of natural antioxidants free of chemical solvents	11-50	Lecce	Gel and spray sanitizers
Erbolario	an artisan herbalist's shop and produces natural cosmetic products. Founded in 1978, today it has 5,500 sales points in Italy and exports products to 42 countries worldwide	50-250	Lodi	Gel sanitizers
Miroglio	an Italian firm, founded in 1947, that specializes in the manufacture and distribution for sale of ready-to-wear clothing and fabrics. Incorporated in Alba, Cuneo, Italy, the Group has 37 business operations in 22 countries	>250	Cuneo	Masks
Roncato	a family firm that designs, manufactures and markets a wide range of products intended for travel. Founded in 1956 today it sells its products in more than 100 countries worldwide on 5 continents	50-250	Padova	Masks, gel sanitisers, spray sanitizers, front visors

In particular, the cases identified are (1) family businesses located in different parts of Italy (north, central, south) which (2) have reacted proactively to the Covid-19 crisis (i.e. they have developed new innovative activities). This combination of elements has (3) made them known to the Italian context with a notable diffusion in the media.

We collected several secondary data (press releases, videos etc.) to explore the suitability of our research question. In May 2020, we contacted the firms to identify suitable informants. In most of the cases, they were the founders, and in a few cases, they were CEOs, CMOs, or Head of Marketing (Table 2). After, we conducted nine semi-structured interviews by Skype or phone. The interviews lasted from 30 to 70 minutes and were then transcribed.

Tab. 2: Key information about the informants' interviews

Interviewee' name	Informal Role	Date	Interview span time	Type of the interview
Cesare Citterio	Founder of Cifra	May 22, 2020	1h 19m 20 s	Phone
Mario Radaelli	Production and security manager of Cifra	December 20, 2020	45m 60s	Phone
Alessandro Mariani	CFO of Cifra	December 20, 2020	40m 10s	Phone
Francesca Revelant	CMO of Roncato	May 12, 2020 December 15, 2020	47m 18s 40m 08s	Phone Phone

Stefano Mulasso	Manager of Miroglio	May 26, 2020	1h 05m 49s	Skype
Franco Bergamaschi	Co-Founder of Erbolario	May 11, 2020	58m 39s	Phone
Daniela Villa	Co-Founder of Erbolario	May 11, 2020	55m 27s	Phone
Consiglio Rescio	Chief Financial Officer of Licofarma	May 29, 2020	1h 07m 57s	Phone

With these and other primary and secondary data collected we explored how characteristics that contribute to the resilience of family businesses influence innovative actions to grand challenge. Thus, we triangulate these qualitative data (Jick, 1979) to disclose the unexplored dynamics of innovative actions of family firms during Covid-19. Table 3 reports some of the questions and the answers obtained during the interviews.

3.2. Data analysis

Given the aim of this paper, and the notable amount of data collected about the five cases, we decided to adopt an inductive and confirmatory approach (Lee et al. 1999), which is widely accepted in management literature (Ruddin, 2006; Yin, 2018). More concretely, we organized the data analysis in line with approaches used by prior literature (Casprini et al., 2014; Ferrigno & Cucino, 2021). First, we conducted a within case analysis of each family company. More specifically, two of the authors have conducted a content analysis (Weber, 1990) to understand the massive quantity of documents collected per each case study (interviews, videos, data available from websites, press releases, newspaper articles). Second, we performed a cross-case analysis among the four family business case studies. More specifically, we followed Eisenhardt (1989) to dissect themes, similarities, and differences across cases. Last but not least, to ensure internal and external validity of data analysis, we involved in the evaluation process three scholars and nine managers. In the following section, we present the findings of our study.

4. Discussion of the findings

In this paper, we used the lens of resilience capacity to explore the pathways family firms adopted when they faced with a hostile environment such as Covid-19 crisis. Resilience is defined 'as the organizational ability and confidence to act decisively and effectively in response to conditions that are uncertain, surprising, and sufficiently disruptive that they have the potential to jeopardize long-term survival' (Lengnick-Hall & Beck, 2009, 41). In general, the resilience capacity influences an organization's response to environmental change and it can help organizations redefine their business models and strategies as the environment changes. An organization's resilience capacity can be cognitive, behavioural and contextual (LengnickHall & Beck, 2005).

In this paper we focus on behavioural resilience, identifying which elements characterize the basis of the resilience of family firms. In particular, we identify four elements that underlie the resilience of family firms: 1) trust as a management succession strategy (Chrisman et al., 2009; Chrisman, Chua, Kellermanns, & Chang, 2007); 2) long-term orientation and multitemporal perspectives (Lumpkin & Brigham, 2011); 3) social capital and social exchange Gedajlovic & Carney, 2010; Long, 2011, Pearson et al., 2008; Sirmon & Hitt, 2003); and 4) knowledge structures and opportunity identification (Carney, 2005; Patel & Fiet, 2011).

4.1. Trust as a management strategy

Trust usually indicates that an individual is willing to be vulnerable to another individual because of the expectation that he/she will not behave opportunistically Mayer et al., 1995. Therefore, the affinity between individuals is of fundamental importance because it reduces the amount of monitoring and incentives required to solve agency problems (Chrisman et al., 2007). This governance mechanism is particularly important for the resilience of family businesses (Chrisman et al., 2009).

In fact, in our cases we have seen how affinity based on trust have increased the resilience of family businesses (Karra et al., 2006; Peredo, 2003; Steward, 2003). In particular, in "normal" contexts, ownership leads the company, while during crisis contexts the strong bond of trust established with some key players in the company (project manager) has allowed to increase the resilience of family businesses during the covid-19 crisis.

"*I have been working with Cesare Citterio, the founder of the company, for 20 years. Most of the ideas come from Cesare, but in this emergency situation we have all worked together as a big family to keep the business open*" (Mario Radelli, project manager of Cifra, a manufacturing company better known as "warp knit center of excellence" that produces garments for private brands with an exclusive technology).

The links created with these key players have allowed to overcome some cognitive barriers by creating successful teams.

"We have a small internal team dedicated to this thing, we were initially four

and five people. We managed this project as if we were a big family" (Stefano Mulasso, project manager of Miroglio, an Italian firm, founded in 1947, that specializes in the manufacture and distribution for sale of ready-to-wear clothing and fabrics).

Trust creates strong bonds between the family board and the managers. In particular, this relationship could lead to greater openness in working style and decision-making delegation (Forbes & Milliken, 1999), but also a greater reluctance to disciplinary measures in family businesses (Gómez-Mejía et al., 2001; 2007). Therefore, family businesses create dense social bonds, which influence the recognition and importance of trust especially in crisis contexts (Lohe & Calabro, 2017). These often-long-lasting relationships incorporate potential of collective social capital and feelings of sense of community and solidarity (Berrone et al., 2012; Hauck et al., 2016). More concretely, during a crisis it is not only the property that plays a main role. In fact, ownership intensely involves key players in the company, increasing the sense of belonging of employees.

"*We immediately felt involved by the owners. The owners called us immediately as soon as they had the idea ... We are selling suitcases in a sector very affected by the lockdown. We can take care of something else. it gave the illusion, at least momentarily, that things were going back to the way they used to.... This gave us a breath of optimism, certainly a positive thing*" (Francesca Relevant, Chief Marketing Officer of Roncato, a family firm that designs, manufactures and markets a wide range of products intended for travel).

In particular, the climate of trust that was created within family businesses made it possible to establish easier and less formal access to information (Lohe & Calabrò, 2017; Sundaramurthy, 2008). Thus, the family was more likely to share valuable information and resources, especially in crisis contexts.

4.2. Long-term orientation and multitemporal perspectives

In family businesses, time is a fundamental element that guides choices (Lowenstein & Thaler, 1989). In particular, the strategic decisions of the property are framed to protect the family and the generation that runs the company. In addition, self-control, the ability to forgo instant gratification to achieve a desired future state, are particularly important for family businesses, especially in a context of crisis.

"*We preferred to be stricter than the protocol, in fact we used 37.5 but 37.0 as the body temperature limit. This is because we are convinced that prevention is worth more than treatment*" (Daniela Villa and Franco Bergamaschi, founders of Erbolario, an artisan herbalist's shop and produces natural cosmetic products).

In fact, during the lockdown caused by the Covid-19 crisis, family businesses implemented more severe protection actions than those indicated by the Italian Ministry of Health, adopting very expensive and time-consuming actions. These additional restrictions were adopted to protect the family, employees and the company in the long term. In addition, family businesses have shown interest in the long-term interests of other companies. Suppliers and customers are protected in the same way as employees with the aim of protecting the long-term balance of all stakeholders.

"To all those who asked us how we made these masks we explained it in detail also because the need and the emergency had priority and it was worth more to keep a secret to be kept inside at a time like this " (Stefano Mulasso, project manager of Miroglio).

More concretely, non-economic objectives prevail in family businesses (Zellweger & Nason, 2008). In this new orientation towards well-being and not towards profit goals, employees are considered on a par with family members or as colleagues.

"In our company we have never considered employees as mere workers. Our employees are colleagues" (Daniela Villa and Franco Bergamaschi, founders of Erbolario).

4.3. Social capital and social exchange

Social capital has been indicated as one of the characteristics that increases resilience in family businesses (Chrisman et al., 2011; Long, 2011). Social capital is understood as "the sum of real and potential embodied resources, available through and derived from the network of relationships owned by an individual or a social unit" (Nahapiet & Ghoshal, 1998, 243). During the lockdown, family businesses increased their resilience through their share capital.

"We have worked together with our stakeholders and we have acquired many commercial contacts for the company" (Consiglio Rescio of Licofarma, a private high-tech company that in the last ten years developed research and development for the production of natural antioxidants free of chemical solvents).

Social capital theory focuses on how the quality, content and structure of social relationships influence other flows of resources and further facilitate the sustainability of an organization (Wright et al., 2001) and the sense of belonging of the company.

"During this moment of great difficulty, we have once again experienced first-hand the sense of belonging and cohesion of all the colleagues of this great family called Erbolario. Thus, we have strengthened our values" (Daniela Villa and Franco Bergamasco, founders of Erbolario).

In particular, within family businesses a strong sense of belonging was established both on the side of the family and on the side of the employees. In fact, the ability to invest in human capital and retain qualified employees allowed the companies analyzed to attract qualified and motivated collaborators. The sense of belonging allowed to fully understand the family approach and reduced the risk of poor integration of knowledge flows due to the decline or lack of understanding of family values, cultural gaps and the ineffective transfer of information from family to employee (Casprini et al., 2017). Through this approach, family businesses were more ready to face external environmental crises (Cesaroni et al., 2020; Pearce & Michael, 2006).

4.4. Knowledge structures and opportunity identification

The knowledge systems of family businesses are typically more integrated and difficult to copy (Patel & Fiet, 2011). These characteristics can provide family businesses with advantages in developing the knowledge structures and constrained systematic research processes necessary for the identification of business opportunities (Chrisman et al., 2011).

"We have very specific technical and technological knowledge in the company and this has allowed us to leave the group of companies selling simple masks. However, this was possible thanks to our solid knowledge of over twenty years of experience in the sector" (Cesare Citterio, founder of Cifra).

More concretely, the non-economic goals of family firms make their knowledge structures very difficult to be imitated (Patel & Fiet, 2011).

"We had already produced hand sanitizer gels at the time of SARS 10 years ago, it was a proven formula. We have done nothing but take that tried and tested formula and adapt it, we had a frenetic work in the laboratory and we made it even more performing" (Franco Bergamasco, founder of Erbolario).

In addition, family businesses have advantages in terms of durability, adaptability, responsiveness, economy and continuity of their knowledge structures and opportunity-seeking routines. The social capital and shared knowledge structures of family members lead to economies of scope in the exploitation of information channels made available through specific knowledge.

"Our advantage is that having an integrated supply chain that goes from the fabric to the finished garment, we had everything at home, especially for the development of the prototypes. So, for this reason, the timing was shortened to the extreme and in a few hours we made the prototypes" (Stefano Mulasso, project manager of Miroglio).

4.5. An unexpected result: purpose-driven orientation

According to recent literature (Lortie et al., 2021; Lumpkin & Bacq, 2021), family businesses show a strong commitment to addressing social challenges with direct consequences for internal (employees) but also external (e.g. neighborhoods) stakeholders, cities, and regions) where businesses are located. In the cases analyzed we found that purpose-driven orientation allowed the family firms to be resilient.

First, family businesses felt the need to protect their employees earlier than other businesses without burdening state aid.

"The price is very low, but it allowed me to pay salaries, and not access any state funding" (Cesare Citterio, founder of Cifra).

In fact, family businesses were able to activate processes of credibility, solidarity, and loyalty that generated a unique virtuous circle mutual reinforcement between sophisticated human resource management practices and innovation, ultimately fostering mutual gains for the family business and its employees. In other words, family businesses managed not only to actively involve their employees but also to share the business purpose with them.

"We felt involved right from the start on the part of the owners ... this new project certainly gave hope" (Francesca Revelant, marketing production manager of Roncato).

Second, during the crisis, family businesses felt the need to have a greater "purpose" for which they could work and even sacrifice.

"It was also a way of doing something in a difficult moment" (Stefano Mulasso, project manager of Miroglio). More concretely, the social mission that guided these family businesses was about helping others outside the family and benefiting their communities outside the company.

"If there hadn't been an emergency, I would never have started making masks. I will continue to produce masks until there is a demand even if I hope that the pandemic situation will end up and we go back to a normal situation" (Cesare Citterio, Cifra).

This ability to respond to social needs was linked to their relatively higher level of community rootedness, defined as the extent to which an organization is associated with, relies on, and perceives a commitment to its community (Lumpkin & Bacq, 2021).

"*We saw the altruism and courage of the Italian healthcare staff, so we thought it was absolutely natural that we humbly make our small contribution to society*", (Franco Bergamasco, founder of Erbolario).

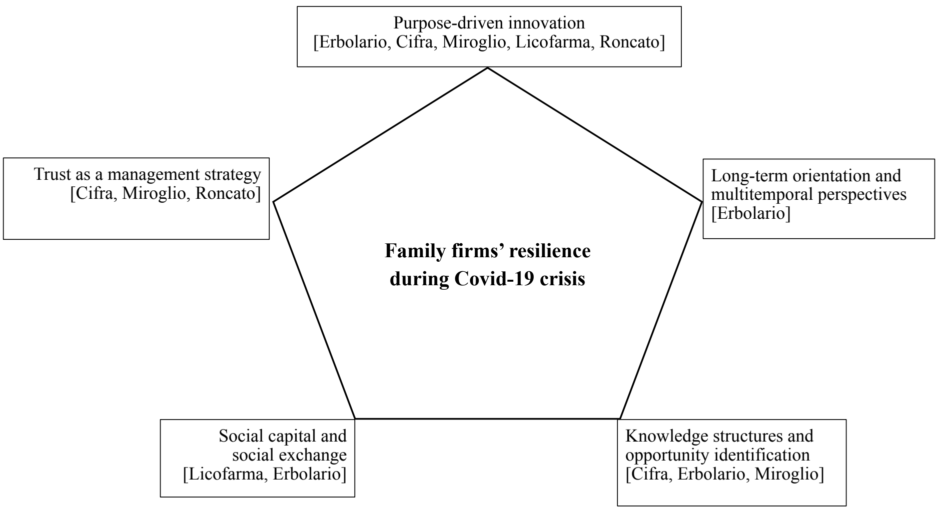
Thus, deep community rootedness was an expression of the purpose-oriented orientation of family businesses. In particular, purpose-driven orientation enabled family businesses to withstand environmental turbulence (Auger et al., 2019) and to help the community.

"*Since we saw that prices were skyrocketing, we tried to moderate the market. We set a low price and we never changed it ... it was born as a service that we had to give to our customers. We were not interested in economic speculation*" (Consiglio Rescio, Chief Financial Officer of Licofarma).

5. Discussion and conclusions

Previous research on family firms has clearly identified what features epitomize the resilience of family firms. Notwithstanding these valuable contributions, existing research has been limited to the study of the resilience of family firms in contexts that differ from the health emergency brought by the Covid-19. In particular, the current studies on resilience and crises were traditionally focused on the pre-crisis period and on the skills or resources that family firms build up to resist or adapt to crisis events (Bullough et al., 2014; Korber & McNaughton, 2018). However, an unexplored but important issue of family firms' literature deserving further investigation relates to the understanding of the factors that enabled family firms' resilience during Covid-19 crisis. Recent research calls for additional studies that investigate family firms' reactions to the current Covid-19 crisis (Eggers, 2020, 206). To unearth this issue, we reviewed the existing literature on resilience of family firms (Chrisman et al., 2011) and found that that the literature pointed to the importance of four resilience factors: 1) trust as a management strategy (Eddleston et al., 2010; Mayer et al., 1995; Stanley et al., 2014); 2) long-term orientation and multitemporal perspectives (Lumpkin & Brigham, 2011); 3) social capital and social exchange (Gedajlovic & Carney, 2010; Long, 2011, Pearson et al., 2008; Sirmon & Hitt, 2003); and 4) knowledge structures and opportunity identification (Carney, 2005; Patel & Fiet, 2011). After, we performed a qualitative case study analysis of five representative family firms (namely Cifra, Erbolario, Licofarma, Miroglio, and Roncato) that immediately reacted to Covid-19 crisis. The primary and secondary data collected allowed us to understand the features that characterized the reactions of these family companies during Covid-19 crisis. More specifically, a comparison of the similarities and the differences among the cases and our current understanding of family firms' resilience (Eisenhardt & Graebner, 2007; Miles & Huberman, 1984) enabled us to extrapolate the features connoting the resilience of family firms during Covid-19 crisis. First, we found that four factors were particularly important: trust as a management strategy (Cifra, Miroglio, and Roncato); long-term orientation and multitemporal perspectives (Erbolario and Licofarma); social capital and social exchange (Licofarma and Erbolario); and knowledge structures and opportunity identification (Miroglio, Erbolario, and Cifra). More importantly, we found a fifth factor which was not discussed by previous family firms' literature. Indeed, a key insight of our research is that purpose-driven orientation enabled the resilience of the five family firms analyzed. Fig. 1 summarizes the main findings regarding the features connoting the resilience of the five cases during Covid-19 crisis.

Fig. 1: The factors connoting family firms' resilience during Covid-19 crisis



5.1. Theoretical contributions

Drawing on these findings, our paper aimed at contributing to the literature on family firms in two ways.

First, the evidence presented in this paper will refines features of the resilience that bring family firms to rescue their businesses and offers new insights on family firms' reactions to grand challenges (Chrisman et al. 2011). In particular, in this paper, we highlight how, among other factors, the resilience of family firms during Covid-19 appears to be a function of how they respond to the need to balance economic and noneconomic goals over varying time frames (Lumpkin & Brigham, 2011; Zellweger & Nason, 2008), to the need to use their unique governance systems to innovate (Patel & Fiet 2011). More concretely, in line with Lohe and Calabrò (2017), our analysis shows that family businesses create dense social bonds, which influence the recognition and importance of trust especially in crisis contexts. Furthermore, the ability to attract personnel who share corporate values allows family businesses to attract not only qualified but also motivated personnel. Through this approach, family businesses are more ready to face external environmental crises (Cesaroni et al., 2020; Pearce & Michael, 2006).

Second, in addition to the well-known characteristics that are a source of resilience of family businesses, another element was found: purpose-driven orientation. In particular, family businesses are generally recognized for orientation towards family-centered non-economic goals that influence behavior such as showing how family firm resilience is linked to family-centered non-economic goals (Campopiano et al., 2019; Chrisman et al., 2012). However, this study expands the literature on family businesses by showing that family businesses have a social mission - defined as purpose-oriented - not only towards the family, but also towards employees and the surrounding community. Indeed, during Covid-19 family businesses have adopted an attitude to support not only local businesses but also local communities in order to create civic wealth. Thus, building on existing research on family firm resilience, our study discusses the impact of family-centered non-economic goals on a firm's ability to absorb and react to environmental shocks.

5.2. Managerial implications

Our study also provides implications for managers. First, this study shows how motivations can influence business decisions, especially during a Grand challenge. Therefore, sharing a corporate culture oriented towards solving social problems would facilitate the sharing of the corporate mission.

Second, family business culture can lead to an energetic and highly productive workforce that is often very difficult for competitors to imitate. Therefore, this combination facilitates the circulation and accumulation of innovative ideas within the organization.

Third, given that innovation requires new knowledge and external collaboration (Ferrigno et al., 2022), the family's attention to issues external to the company (e.g. environmental sustainability, solidarity) would help to trigger a virtuous circle between employees, communities and local companies.

5.3 Limitations and future research

Albeit its merits, our study present several limitations, some of which offer a fertile ground for cultivating research opportunities. First, we have based our analysis on five representative case studies of family firms (i.e. Cifra, Erbolario, Licofarma, Miroglio, and Roncato) that have shown to be resilient during Covid-19 crisis. It would be interesting whether future studies might complement and build upon the findings of this study by conducting empirical analyses of companies operating in other markets and industries.

Second, we are aware that family business scholars stressed the importance of some features other than those we have considered that may contribute to the resilience of family firms (Chrisman et al. 2011). Therefore, we believe that our analysis could be complemented by future studies that, drawing on a longitudinal approach, offer some nuances about the evolution of family firm's reaction during the pandemic. Therefore, future studies may complement our analysis by studying to what extent other type of companies were resilient to the pandemic. Third, despite Italy is a representative empirical setting to study (Banks, 2020; Tognini, 2020), it might be useful to validate our findings in different empirical settings (e.g., China).

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FEMALE SUCCESSOR'S RESILIENCE IN FAMILY FIRMS: AN INTRODUCTORY ANALYSIS BASED ON AN ITALIAN CASE STUDY

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Abstract

Purpose: *This research aims to investigate how women, specifically female successors, deal with endogenous (founder's death) and exogenous (COVID-19) critical events thus making family businesses resilient. Amongst the endogenous events, the founder's death represents one of the most critical since it forces succession processes.*
Design/methodology/approach. *Because of the exploratory nature of this research, we conduct a single case study.*
Findings: *The research points out which are the women's peculiar competencies and capabilities that allow them to succeed in overcoming critical events and in turning the firm into a resilient one.*
Practical and Social implications: *This paper might be helpful for prospective female successors to understand how to deal with critical events and how to turn their companies into resilient ones thanks to female's abilities. From a social perspective it underlines the abilities of female successors and how family businesses can benefit from female successions.*
Originality of the study: *The originality of this research comes from being, to the best of our knowledge, amongst the first times that a study analyses how female successors cope with endogenous and exogenous events to build a resilient family firm.*

1. Introduction

Companies can face two different types of critical events: endogenous and exogenous ones. Some academics underline that amongst the endogenous critical events, succession represents not only a pivotal change (Koropp et al., 2013), but also a critical event (Cabrera-Suárez et al., 2001; Bizri, 2016; Zehrer and Leiß, 2019), stating that family firms' successions are critical events that are worth to be studied. This is in line with the literature, pointing out by some scholars that enlightens how family businesses are better at managing crisis than non-family ones (Amann and Jaussaud, 2012; D'Aurizio et al., 2015). This pushed some researchers to investigate how family firms manage crisis and how they react with them (Acquaah et al., 2011; Lins et al., 2013; van Essen et al., 2015; Minichilli et al., 2016; Beech et al., 2020; Conz and Magnani, 2020). -This seems to follow what stated by Chrisman et al. (2011): successors are less able to manage the firm than founders. Therefore, it seems interesting to consider critical events and succession. According to the current literature, the family firms' succession phenomenon has been intensively studied (Zahra and Sharma, 2004; Calabrò et al., 2018; Casprini et al., 2020), however a specific subset has been scantily investigated: female succession (Overbeke et al., 2013). Hence there is the need to deepen this topic.

Exogenous critical events are as shocking as endogenous ones. COVID-19 pandemic represents a good example of an exogenous shock for family (Soluk et al., 2021) and non-family businesses. This is why right after the recent COVID-19 pandemic outbreak, much work has been done to investigate firms' responses to such unexpected critical events. Some scientific works studied the general impact of COVID-19 on companies in specific countries, sectors or value chain's stages (Fonseca and Azevedo, 2020; Remko, 2020; Rapaccini *et al.*, 2020; Klein and Todesco, 2021; Yang *et al.*, 2021), others analysed the challenges and opportunities arising from this event (Finsterwalder and Kuppelwieser, 2020; Liu *et al.*, 2020).

Some scholars have focused their attention on COVID-19 pandemic related issues over companies' adaptation to critical events (Evans and Bahrami, 2020). However, the analysis of critical events' impact and companies' resilience has been intensively investigated over the past decades focusing on several issues, such as: financial crisis (Jüttner and Maklan, 2011; Smallbone *et al.*, 2012), tourism (Cioccio and Michael, 2007; Biggs *et al.*, 2012; Lew, 2014; Dahles and Susilowati, 2015), nonetheless being organisational management-centred amongst the most common ones (Mallak, 1998; Boin and Van Eeten, 2013; Pal *et al.*, 2014; Williams *et al.*, 2017).

Starting from the rising interest and the lack in the academic literature of that topic, our study aims to investigate the resilience of companies led by female successors. Hence, our research question is the following: *How do* *female successors in family businesses manage critical events?*

We conduct our analysis over one case study. It represents an example of women's succession in family businesses due to critical events.

The paper is organised as follows: in the next section an analysis of the literature on firm's resilience and women and successions is performed; in the third section the applied qualitative methodology is described; the case study is analysed in the fourth section; a discussion with findings and practical implications on succession in family businesses after a critical event are reported thereafter; in the last section, the conclusion and limitations of the study are summarised.

2. Literature Review

2.1 Firms' Resilience

In 2016 Kossek and Perrigino verified that an online search for the term "resilience" on Google Scholar impressively yielded more than 1.1 million results in 0.04 seconds. On August 1st 2021, the number or results increased to 3.1 million. That number gives an idea about the importance of this topic.

The concept of resilience has a multidisciplinary nature deriving first from the applied sciences (Holling, 1973; Herrman *et al.*, 2011) and then extending to several disciplinary domains, including that of management (Linnenluecke, 2017). This multidisciplinary nature of the concept is an obstacle to achieving a univocal definition of resilience (Conz and Magnani, 2020): it can be essentially considered as the capacity to positively adapt to a shock and cope with adversities (Hamel and Valikangas, 2003). Two significant streams of research have identified resilience as an individual trait on the one hand, or a dynamic process that arises thanks to the contribution of systems (*e.g.* families, groups, communities) on the other (Herrman *et al.*, 2011).

This topic is increasingly relevant in management, business and entrepreneurial studies (Kossek and Perrigino, 2016) too. A literature review performed by Linnenluecke (2017) showed a strong growth of the concept in the specialised publications over the last decades, also underlying the difficulties to uniquely define and operationalize resilience (see also McManus *et al.*, 2007) and identifying five different perspective about resilience in those fields of studies, in which the idea of resilience concerns, simultaneously or alternately, "*organizational responses to external threats, organizational reliability, employee strengths, the adaptability of business models, or design principles that reduce supply chain vulnerabilities and disruptions*" (Linnenluecke, 2017). Korber and McNaughton (2017) agreed on the idea of resilience as a concept related to the individual (entrepreneur) and/or the collective (firms) adaptability to respond quickly to shocks and confirmed the fuzzy nature of the definition in the management context. However, from a dynamic perspective, in Kossek and Perrigino (2016) resilience is not just an individual trait but a resource that comes from a "*process by which an individual adapts to risk in their environment*" (Kossek and Perrigino, 2016), useful at the organizational level for coping with adversities.

Moreover, the dichotomy between individual and collective resilience is analysed in Fisher *et al.* (2016): for them individual resilience is a predictor of entrepreneurial success. Again, from a dynamic perspective, other authors are less focused on individual characteristics and more aware of firms' resilience and its systemic nature (Conz and Magnani, 2020). In this case, the definition of the concept is elaborated trying to reduce the fuzziness of the previous settings, linking the resilience of firms to its organizational dimension over time ("absorptive resilience" and "adaptive resilience") (Conz and Magnani, 2020). Adaptive behaviours play a key role to reinforce the organizational resilience, defined as the firm's capacity to correct maladaptive tendencies (Ortiz-de-Mandojana and Bansal, 2016) and understood as an adaptation to the changing environment rather than an obstinate maintenance of the structure (Buliga *et al.*, 2016).

Thus, organizational resilience seems to be a fundamental feature to cope with disruptions (Parker and Ameen, 2018). Several enabling factors of firms' resilience are identified in literature: for instance, proactive risk management (Parker and Ameen, 2018), high capabilities in terms of business model innovations (Buliga *et al.*, 2016) firm internal elements, such as CEO's origin, tenure and turnover, and the investments in intangible assets (Cucculelli and Peruzzi, 2020) are significant factors that impact positively on firms' resilience. Also, the ownership and governance models influence the relationship, given that family businesses are more likely to invest in intangible assets (Cucculelli and Peruzzi, 2020) and are more ready to face challenges thanks to their deep relational structure (Beech *et al.*, 2019).

2.2 Family Businesses, Women, and Successions

Family businesses represent a substantial share of companies worldwide, hence both their relevance and therefore the attention of academia arose tremendously (Gagné *et al.*, 2019; Nigri and Di Stefano, 2021). Another topic excessively studied in the last forty years concerns female and family firms. The role of women and, more especially, their involvement in family firms has been studied since 1985 (Martinez Jimenez, 2009), but starting from the end of thefirst decade of the XXth century the number of papers about this issue increased significantly (Campopiano *et al.*, 2017). Gupta and Levenburg (2013) divided the literature about female involvement in family business into three generations: invisibility (*i.e.* the work performed by women was not recognised), involvement of women into family business and related positive outcomes (new millennium), and finally an increase in the number of paper (but also databases and case studies) about following the issues emerged in the second generation. The importance of integrating females in family business has been known since the 90's, with scholars proposing fruitful ways for daughter-founder/father collaboration (Dumas, 1992).

Campopiano *et al.* (2017) identified four different kinds of involvement of women in family businesses analysed by the literature: female entrepreneurial entry, female career dynamics, female presence and female succession. Among others, considering the emerging importance of succession issues in the literature (Bennedsen *et al.*, 2007), the last one is the topic we would like to focus our attention on for providing a comprehensive point of view of those two issues.

Successions in family businesses are not only complicated, but might also be distressing (Miller at al., 2003). It represents a pivotal moment in the enterprise's life with many challenges to be managed that increase the difficulty of such demanding occurrence, as for example interrelationship among components (Christensen, 1953; Weber, 2009; Pounder, 2015). Succession is usually considered a long-term process, where the transition from one family component to the successor happens smoothly (among others: Sharma *et al.*, 2001; Cabrera-Suarez, 2005). The need of a long-lasting period is due to the requirement of a sufficient time to let the successor to assimilate knowledge (also the tacit one), to understand the environment in which the company operates and, last but not least, develop management skills (Cabrera-Suárez, 2001). The impact of family business' successions is significant not only for the family itself, but also for all the stakeholders and the local economies (Gagné *et al.*, 2019).

Focusing on female and succession in family firms, scholars individuate some factors that might prevent female successions in family firms (Overbeke *et al.*, 2013; Glover, 2014). Among others: primogeniture, father's preference for male successors, and gender-biassed paternalism. Therefore, even if women have higher levels of human capital, less than one fourth of successors are female (Ahrens *et al.*, 2015). Curimbaba (2002) enlightens that emergency situations (*i.e.* critical events) and no existence of male successors were traditionally the most accessible way for female successions.

However, some aspects might lead to an increasing number of women designated as successors of family businesses.

Becoming successor mainly after a critical (sudden) event divests female successors from a proper succession planning (Harveston *et al.*, 1997; Kubíček and Machek, 2019). Even if this topic has been analysed by some academics, few papers analyse how women find their way to lead the company (Mussolino *et al.*, 2019) while there is still the need to analyse further how they build resilient companies thanks to their ability to overcome critical events.

2.3 Female's competences and capabilities and their collaborative approach

Having less competitive relationships with the father (Galiano and Vinturella, 1995) and furthermore superior communication skills and better relationship with the father (in comparison to father-son relationship that might be competitive) can help females in successfully negotiating the succession process (Smythe and Sardeshmukh, 2013). This is due to the superior emotional competence of women with respect to men, as demonstrated by several case studies (Humphreys, 2013). As a result, women's succession in family business results in higher integration, collaboration and shared meaning at aggregate (family) level (Haberman and Danes, 2007). This is supported also by several studies (among others: Gagné *et al.*, 2019) that underline the importance of psychological attitude of both incumbent and successor. This brings in turn towards the thought of the importance of the socioemotional wealth logic presented in Calabrò *et al.* (2018), which might be as important as economic issues. Female qualities, according to the literature, are favourable for family firms since they include conciliation, sharing of information, development of relationship, cooperation, and flexibility (Vera and Dean, 2005). Therefore, female show a more collaborative approach and socialisation (Carter *et al.*, 1997), that can be used both internally and externally, which is essential for successfully manage the succession process. This capability is even mor important in the case of an unexpected succession, where the owner has no time to accurately plan the succession with due time.

Instead of inferior competences and capabilities, according to Thébaud (2010), we should consider the lower self-perceived ability of entrepreneurship of women. Even if they are well educated and capable, women might self-perceived, or be perceived by males, of being less competent and able to manage a firm.

How women's competence and capabilities, as well as their collaborative approach affect female's successions in family firms and strengthen their (and their company's) resilience is not deeply investigated by the literature.

Furthermore, from the literature we noticed a lack in analysing jointly firms' resilience, women, and succession. Hence a study aiming to consider the issues reported in 2.1, in 2.2, and in 2.3 to the best of our knowledge, is still missing. With this research, we would like to start analysing this matter thanks to a preliminary qualitative research.

3. Methodology

Due to the novelty of the phenomenon and the exploratory nature of the research question, a qualitative case study research approach is used (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2003), going for a single case study design (Leanard-Barton, 1990; Yin, 2003; Flyvberg, 2006; Meyer 2001).

The company was selected by the research group choosing from a set of companies interviewed and studied for a bigger project conducted by a regional association on SMEs in the Tuscan Region. As discussed in Gerring (2004), we wanted to find a "crucial" case study, searching for information richness (Miller, W. L., and Crabtree, 1992); hence we followed was suggested by Patton (2014) and Rashid (2019), and, after an analysis of all the possible cases and a discussion with some of the members that interviewed the SMEs for the European Project mentioned above, we have identified Colzi Fabrizio Orditura Campioni S.A.S. as an illustrative case of how a female successor is able to build a resilient family firm thanks to her competences and capabilities and to her ability in managing critical events. This case has been theoretically selected because it illustrates a case study where both an endogenous and an exogenous critical event happened. In particular, we are in front of a case with an unexpected succession due to the sudden death of the male founder in 2011, and a case operating in industry that has been particularly damaged by the COVID-19 pandemic.

Data were collected through direct in-depth interviews and then they were triangulated with data from other sources as archival data (Gibbert *et al.*, 2008), an appropriate level of internal validity was achieved (Yin, 2003). The interviews were conducted both in person and using telecommunications applications for video chat (real and "virtual" face-to-face interviews), and they lasted between 50 and 110 minutes. The first round of interview was conducted between May and July 2020, while a second round was conducted in July 2021 for updates about the COVID-19 critical event. A third interview for deepening some aspects and further discussing few issues, was conducted in February 2022. The interviewee is the owner and CEO of the company and the one that dealt with the critical events. The interviews were recorded and then transcribed. More information about the case study comes from the study conducted by the "*Ufficio Studi Confartigianato Imprese Toscana*" in 2020.

4. Case study

4.1 Brief Firm's history

La Colzi Fabrizio Orditura Campioni S.A.S. is a limited liability company founded in 1985 in Montemurlo (PO) by the entrepreneur Fabrizio Colzi and is specialised in sample warping, a specific phase of the fabric production process.

Fabrizio's professional history began in a textile company in Prato, where he worked as a sample warper. After a short time, on the owner's proposal, the entrepreneur bought the warping machinery to carry out this activity on behalf of third parties within the same factory. Then, in October 1985, Fabrizio moved the business to a new location, made significant investments in machinery and resources and began working for new customers. Thus, his company constantly grew, specialized, and became one of the flagships of the territory's productive landscape over the years.

Elisa, Fabrizio's daughter, starts working in the family business very early. After graduating from high school, she decides to continue with her studies by enrolling at the university and, at the same time, works in the family business. Her duties mainly concerned the administrative part, *i.e.* relations with suppliers and credit institutions. Fabrizio, on the other hand, takes care of the production and commercial parts. In addition to Elisa, another five employees work at the time in the company.

4.2 The first critical event: an unexpected succession process

Everything changed in February 2011, when Fabrizio got sick and died at the age of 57 after only three months of disease. The tragic event took place very quickly. In addition to catching the family members unprepared from a human and emotional point of view, this event did not allow them to plan and foresee the many changes that Fabrizio's death brought with it.

In that year Elisa was 31 years old, her younger brother Alberto 15 and Fabrizio's wife had another job. However, while her mother has never taken part in the family business, Elisa already knew the family business very well: "*When my father died, I had already been working in the family business for many years. I knew everyone involved in the production tasks, and they knew me very well*".

Therefore, thanks to the skills acquired over the years and thanks to the vital support of the employees, Elisa took the situation in hand and took over the company's reins, following in Fabrizio's footsteps. Her main concerns were to keep the enterprise alive and take care of the family, as her father has done for more than 25 years.

When Elisa decided to take care of the company, her first thought was to maintain the same level of credibility that her father had gained with his clients. However, Elisa worked in a purely male sphere and knew well that gaining credibility and trust would require more outstanding efforts. Moreover, at that moment, Elisa was the mother of a two-and-a-half-year-old child and reconciling work and family aspects was not easy.

The second thought was towards her collaborators. In a family business, very close relational dynamics are often created; it is like having a second family. Before her father's loss Elisa felt she was protected by his figure, but after his death she felt more significant pressure and responsibility both for the company's business and for its employees. She said: "*despite my previous knowledge of the company, taking charge of it meant in a certain sense "taking care" of the people who were part of it* ".

Elisa changed her way of thinking after the death of her father. Faced with her father's disappearance, she has always managed to find solutions and overcome the obstacles that have been presented to her without running away. However, she has always pursued a collaborative approach, rather than a hierarchical way of governance. This also made it possible to obtain the effective collaboration of all the employees, which was crucial in such a challenging situation. Regarding that, she stated: "*When I ran into difficulties, I was not afraid to ask for support. If I was not able to carry out a task well, I fully exploited the power of delegation to involve the best professionals of the company*". According to her, this collaborative and humble approach is a woman characteristic.

Therefore, even if she was the only woman in a world composed only by men, instead of adapting herself to men's attitudes, she maintained her female-conduct and tried to use it to her advantage. In fact, to deal with such issues, she said that the female relational and dialectic capabilities were crucial, since she has always tried to talk with everyone and to build networks with all the actors. At first, she was more fearful; she was more afraid of making mistakes. She was conscious that the responsibilities of the whole company, her family, and moreover of all the employees' families, depended on her decisions. A possible mistake in a crucial managerial decision could turn into a fatal situation for the company.

When the critical succession happened, Elisa was "young, woman, and mother" ("*giovane, donna e mamma"):* these seemed to be three black marks for her. Even if someone could perceive both the death of her father and the responsibilities of carrying the whole company alone and without previous experience as the most critical aspect of this unexpected situation, the main difficulties are instead represented by the fact that Elisa was "young, woman, and mother". About the first two characteristics (young and woman) they led to some problems when dealing with supply chain partners. She was the only (young) woman in a world entirely dominated by men. She was initially afraid of lacking credibility because of her gender.

However, her capabilities were, at the end, more important than being a woman. This was possible thanks to her role in Confartigianato. Here not only she learned to relate better, be more reflective, discuss, and ask for advice from the other entrepreneurs, but she also had the possibility to take advantage of her dialectic and mediation abilities. When Elisa entered in Confartigianato Imprese, she both received help from the association and gave help herself. She noticed that as a woman she was able to mediate and to help in the resolution of some issues. Therefore, thanks to this mediator role she built for herself, she obtained credibility and was able to have an active role amongst all the small entrepreneurs. In this regard, Elisa underlined how women are endowed with a developed dialectical capacity which has been a useful tool for the social network building of the Colzi company: "*the female approach is aimed at solving problems and to face difficulties, rather than trying to avoid critical issues; to do so, creating stable relationships through communication and sharing common actions among competitors is an essential condition*".

Being a mother helped her in being able to manage the company, introducing small yet significant improvements, and to reorganise roles and competencies to survive after the critical event that forced the succession. As a mother and entrepreneur, she had no possibility to delegate and concentrate her attention to her child or, vice versa, to focus on the managerial aspects and delegate her maternal role to someone else. After just one week from the birth, she went back to work bringing with her the one-week-old child. She always had to find a solution that made it possible to carry out both roles. This ability was fruitful also as an entrepreneur: she noticed that she had significant organisational skills which turned out to be better in comparison to her father and to other male entrepreneurs. Again, Elisa thinks that such organisational skills are derived "*in part from my training prior to succession, but in large part from the female ability to be able to carry out and organise several simultaneous tasks*".

The need for adaptation because of her status had an impact also on the overall approach. She developed a different, and sometimes superior, approach which has been shaped by her female's attitudes and capabilities. This made it possible also to avoid any divergence with the employees. Furthermore, her approach made possible a different kind of relationship with them and, moreover, she then obtained the full support of all the workers. This was critical for building the resilience of the whole company.

With her brother Alberto joining the company in 2017, Elisa felt relieved to have a trusted person by her side. In addition, the division of roles (Alberto in production, Elisa in administrative and commercial) have made the company organisation more solid. "*Before my brother joined*" – she said - "*I had already successfully experienced the system of delegation and trust in my colleagues and employees. Being able to do it with a close family member has only* *strengthened this mechanism by which, although I take my responsibilities, some important decisions are shared with others*". Delegating the productive direction to her brother and concentrating on administrative and commercial issues allowed Elisa, and the whole organisation, to take full advantage of her female's competencies and capabilities.

Elisa states that she never thought she could not do it. However, her most excellent satisfaction was continuing the business started by her father and having overcome the obstacles that presented themselves.

Difficult moments and situations have not been lacking over the years, but in Elisa's eyes, having faced such a complex event as the disappearance of her father and the sudden change in management of the company has meant that any problem, if addressed, can be fixed. This is maybe the most relevant lesson learned both for her and for the company.

Under the management of Elisa, the company has not lost customers and suppliers and has found new ones. The activity has always had the same trend, actually recording increases. Today the company is wholly owned and managed by the family since Elisa and her brother Alberto are the owners of the company.

4.3 An exogenous critical event: dealing with COVID-19 pandemic

The financial crisis of 2007/9 made Elisa understand that not always everything can go smoothly. These are events that will often recur in working life. Elisa fears the entrepreneurial error much more than the external problem. She is worried by endogenous errors, *i.e.* errors attributable to Elisa directly, that could affect both the company itself and the workers (and workers' families). The main concern deals with the possible negative outcomes of a bad managerial decision taken by her: "*A wrong decision will always be my responsibility, while dealing with external crises is sometimes stimulating*".

With the outbreak of the COVID-19 pandemic, Elisa's company suffered a setback like several companies within the same sector in Italy. With the blocking of textile trade fairs, representatives unable to go abroad, and cancelled orders, the business suffered a 35% drop in turnover. In Elisa's eyes, it was not a catastrophic event, but there were problems, even in the relationship with credit institutions. However, because of the exogenous nature of the COVID-19, she felt less pressure in comparison to the previous succession period.

At the organisational level, there were no significant repercussions. The changes done for the endogenous critical event made the company ready for this later exogenous event, *"not to mention that in the world of textiles in the Prato area we are used to facing periodic difficulties", she added.*

For some employees, layoffs have been provided, but to a limited extent. As many workers worldwide, Elisa worked from remote during the pandemic and, with a positive and open mindset, she took it as a good opportunity to experience something that could be used also on "regular" times. . In any case, up to now this telecommuting approach was limited to the period of closures, since Elisa prefers to be present in the company. In terms of aid, Elisa took advantage of both the subsidised and non-repayable loans.

Today the company's situation is improving and is experiencing an increase even if it is still far from 2019. While remaining a small company, Fabrizio's successors have made changes in the business, necessary to keep up with what the market demands today. The investments made were not aimed only at purchasing new machinery but also at certifications related to sustainability, a critical issue today. Precisely these choices, which required significant investments, have allowed the Colzi company to expand its customer network, intercepting those that other companies rejected because they had more specific and not easy to satisfy needs. In addition, Elisa has also focused on innovation, for example on the processing of non-traditional yarns.

Being able to survive and move onward after a critical event like the sudden death of Fabrizio helped significantly in going ahead and managing the pandemic situation. This is true especially in terms of mentality and awareness of having the capabilities to cope with critical events, hence building a resilient enterprise.

5. Discussion

The analysed case study shows how in the event of unpredictable threat to the company (Hamel and Valikangas, 2003; Korber and McNaughton, 2017), the ability to respond promptly by the management of a family business can determine the positive overcoming of the shock (Cucculelli and Peruzzi, 2020), especially if the critical event in question concerns the succession at the helm of the company and involves women (Curimbaba, 2002).

The study also confirms the theoretical background on how the quick and traumatic succession from a business founder to an heir can be effectively managed by women thanks to their competencies (Humphreys, 2013), their collaborative approach (Haberman and Danes, 2007) and their psychological attitude (Gagné et al., 2019). In addition, the case suggested that the habit of dealing with unforeseen problems can contribute to further strengthening the resilience of the company, giving rise to a virtuous circle of strengthening mitigation and adaptation skills even for crises subsequent to the first.

The usefulness of the study is to show how being a woman allows one to absorb shocks through peculiar mechanisms, such as the adherence to a collaborative approach and a strong organisational entrepreneurial competence. The collaborative approach is clearly shown in our case study by the behaviour of the female successor towards other players of the chain. Being “young” and “woman” she faced an initial mistrust: *“those characteristics, which later revealed themself as a strength by virtue of the greater female abilities in terms of aptitude for dialogue and adaptability, were initially weak points due to external perception”.*

To obtain credit she started to show to the male colleagues her female dialectic and mediation capabilities. This helped her not only to enlighten capabilities not common in a men-dominated environment, but also to gain the credibility her father, being a man, spontaneously had and that was indeed lacking but needed for her. Her active and mediator role in the association (Confartigianato) was appreciated by the other players (both male and female) and helped the company to build a new network. Thus, her collaborative approach, not only gave her the possibility to be accepted by male entrepreneurs, but also to capitalised more on the organisation’s network which was not previously done by her father.

Being a “mother”, she already had some capabilities that female parents need to have for managing their double role: mothers and entrepreneurs. These capabilities turned out to be important for managing the company successfully after the critical succession: *“a mother is more likely to develop her own multi-tasking skills; in addition, this fact helped me to have a long-term perspective that takes into account the present situation as well as potential future scenarios”.*

She did not shock the company by drastically changing everything, or by modifying the core values. She rather decided to change the organisation, exploiting her female organisational competencies and the different female approach she had. This made it possible to adopt a new organisational approach, significatively different from the one used by Fabrizio, that contributed, together with the newly built network, in moving forward the critical event. *“I was aware that a drastic change would not lead to satisfactory results, at the same time I thought it was good to make changes in order to increase the adaptability and flexibility of the company”* she said.

Thanks to the analysis of the Colzi’s case, the attempt of this work is to propose an integrative model of the various contributions of the literature on succession, female entrepreneurship and resilience. Figure 1 summarises the findings of the work, giving an overview of the interpretation model used for the analysis: the framework represents the dynamic process of interaction of the fundamental theoretical elements (identified with the use of building blocks), that are the aggregate dimensions of the interpretative model.

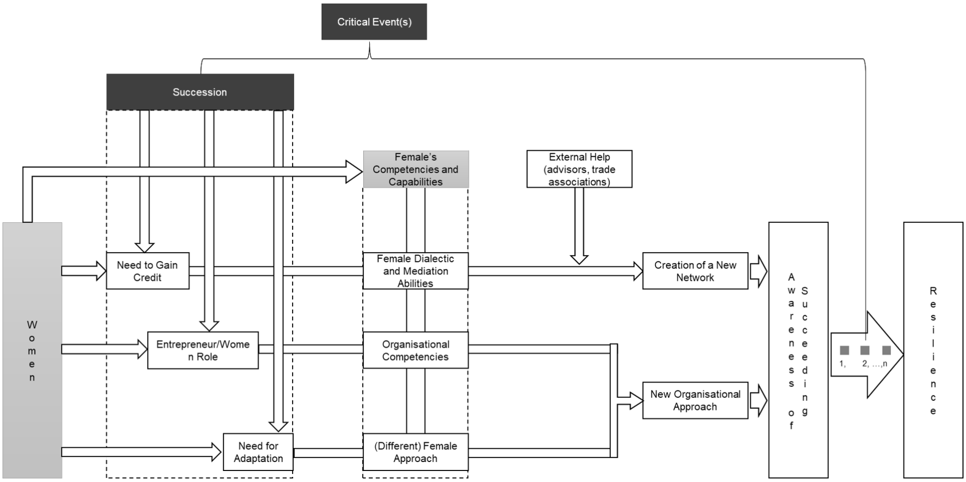

Fig. 1: Interpretation model

Going back to our research question, we would like to go through our model for discussing how female successors manage critical events in family businesses.

In the first phase, the woman entrepreneur had to face the endogenous shock of the handover from the father with unexpected speed, following the critical event (death of the company founder); during this period, lasted a few years, three main elements contributed to the success in the management, as shown in our model. The first one is linked to the collaborative approach developed thanks to the manager's female attitudes and capabilities, to be considered not only within the company but also among the supply chain partners as mentioned by the interviewed female entrepreneur

"*in comparison with males, are more able to build stable and serene relationships with stakeholders, as they are generally more inclined to dialogue*".

This underlines, as verified also by Smythe and Sardeshmukh (2013), that women possess higher dialectics and mediation abilities that allow them to have different ways of relating both with internal workers and external players than those of their men predecessors.

The second and third distinctive female elements that played a crucial role in overcoming the critical event (*i.e.* the unexpected succession) deal with organisational competences and a different approach that female entrepreneurs have. Elisa underlined the importance of critical thinking, team working and the ability to manage responsibilities at once (multitasking skills), but also adaptive capacity. In this sense she talked about an increased adaptability and flexibility under her leadership, which is why:

"*making the company more adaptable to changes fosters its resilience and, therefore, survival in the event of shock*". This made possible to build a high grade of adaptation of the company thanks to her female capabilities, which also allowed a smooth change of the business model instead of modifying it radically, that is in line with one of the research streams individuated in the literature by the review of Linnenluecke (2017).

Furthermore, the entrepreneur reported that, in her experience,

Risk management has assumed a prominent role among its activities. According to her, "*as a woman, I think I am very inclined to consider all possible scenarios, even the worst ones, when making a choice. I would say that I am quite risk averse*".

This female attitude explained by Elisa is also supported by the research on female involvement by Campopiano *et al.* (2017) which stated that the women entrepreneurial approach in family businesses is often characterised by significant risk management skills and it is usually goal oriented. Therefore, the female's competencies and capabilities were a factor not only in the phases immediately following the critical event. Women's higher dialectics and mediation abilities together with the organisational competencies acquired by the entrepreneur from having been involved in the family business before the critical event, and the abovementioned diverse and peculiar women approach to entrepreneurship (Brush, 2006; Carrington, 2006) have been relevant factors of the path to a different, and new, organisational approach and to the creation of a company's new network (also thanks to the proactive collaboration with external partners and trade associations). Therefore, women successors both experience different resistances ("Succession" box in figure 1) and could count on specific female competences and capabilities ("Female's competencies and capabilities" box in Figure 1). These conditions create the premise for female successors to develop a solution for managing critical events consisting in creating a new network and adopting a new organisational approach. Moreover, all these steps were relevant in order to protect the company, adapt its structure and allow the shock deriving from the death of the founder to be overcome, guaranteeing the strengthening of the company's resilience.

So, how does this "training to resilience" could be useful for the company to cope with further adversities?

In this case, the question explicitly refers to the COVID-19 pandemic with the aim to focus on the impact of that exogenous shock on the firm. The results of the study suggest that the company is positively dealing with the pandemic and its consequences (*e.g.* decrease in sales, drop in turnover, remote work, etc.). According to the entrepreneur Elisa Colzi, the experience gained by her and by the other members of the company (for example, his younger brother) in facing adversities during the succession, helped to mitigate the exceptional effects associated with COVID-19. The adaptive capacity in the business model organisation and the existence of a strong external network seems to be important to positively overcome difficulties. In this regard, it is remarkable to point out that the inevitability and unpredictability of critical events, which do not occur due to management's responsibility, makes dealing with a shock paradoxically easier to cope with rather than a routine/recurrent problem, as stated by the entrepreneur during the interview. In other words, resilience in management is not just about facing a crisis but it also concerns controlling stress (Duchek, 2018), and the everyday stress situations could appear more demanding than an unpredictable shock to the system. The ability to overcome previous critical events has a double positive effect: from one side it makes the company stronger and more suitable for dealing with crisis, from the other one it enhances the consciousness, both of the entrepreneur and of the whole firm, of being able to control future critical events. Once more, it is important to underline that it is relevant that the entrepreneur in question is a woman: except from the fear of committing an operational error cited in the interview, here is to mention the greater ability of women entrepreneurs to manage multiple fronts simultaneously and to be more resilient even in relation to situations of partial stress (Humphreys, 2013). The awareness of succeeding despite the circumstances was a key point touched by Elisa Colzi during the interview as stated by her:

"*the death of my father gave me even more awareness that I would be able to face particular critical issues in the management of the company, and to be able to adapt quickly to the changes imposed by the unexpected*".

Also on this issue, the case study seems to be coherent with what stated by the stream of literature on resilience and women's succession analysed in the literature review.

6. Conclusions

The current paper has explored how women successors manage critical events building a resilient family firm. We focused on female succession due to a critical event (representing the first critical event we analyse) and the ability of woman/entrepreneur to overcome this crisis and then her ability to learn from this to survive successive unexpected exogenous events: specifically, the COVID-19 pandemics.

The research provides a twofold contribution. On one hand, it enlarges the current knowledge about female succession and female's ability to deal with succession's challenges (Pounder, 2015). The interviewed entrepreneur was able to successfully handle female successors' related troubles thanks to her dialectical abilities (Smythe and Sardeshmukh, 2013). The entrepreneur managed the need to gain credit among suppliers, customers, partners and organisations thanks to her dialectics and mediation abilities, which were not present, or at least not needed/used by her father. The additional positive outcome of this strategy was the creation of a new network which has been useful for the company also for other situations. This was possible due to the female collaborative approach.

Secondly this paper contributes to research on organisational approaches in critical events (Pal *et al.*, 2014; Ortiz-de-Mandojana and Bansal, 2016; Williams *et al.*, 2017). Rather than drastically change the business model of the company, the entrepreneur decided to go for a different organisational approach. When in charge only of administrative affairs, she had no possibility to redesign the whole organisational approach of the company. Due to the critical event, she then was able to imprint her different female organisational approach to the whole company.

Dialectics and network-building, together with the new female organisational approach build in the interview and in the whole company the awareness of being able to succeed also in future unexpected critical events, like COVID-19. Not only the female/entrepreneur was then conscious of her capabilities and competencies, but also the company, partners and the whole environment had this awareness.

The research additionally offers some valuable managerial implications. First, female successors should not be worried by succeeding in managing the family business since females have competencies and capabilities to deal with it. It is not a problem the fact that those competencies and capabilities are not the same not only of the predecessor, but also of a male successor: the analysed case showed that the different approach was not only successful for managing the critical event but, *e.g.*, was also useful for building a new interesting and advantageous network. Second, the female organisational approach is very interesting since it incorporates diverse points of views (*e.g.*, being a mother and an entrepreneur or managing family and entrepreneurial tasks) that might be useful also for the employees and the internal and external environment.

However, this research has some limitations, common to all single study case research, like having a certain degree of subjectivity in interpreting the results (Gibbert *et al.* 2008). According to this we would suggest including in future research more cases, hence adopting a multiple case study design. This case focused on female succession due to critical events, hence considering how female successors build resilience thanks to this, therefore future research could consider how female successors, not in consequence of a critical event, manage future critical events and build a resilient family firm.

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ADAPTIVE RESILIENCE IN FAMILY BUSINESS DURING AND POST-CRISIS: THE MEDIATING ROLE OF IMPROVISATION

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Abstract

Purpose: *The entrepreneurship literature acknowledges the importance for family businesses to enact their adaptive resilience. However, understanding the mechanisms by which such resilience can be enacted during times of uncertainties remains an unexplored terrain.*
Findings: *Specifically, we suggest that family businesses should draw upon unused psychological resources, including grit and self-efficacy, to increase their adaptive resilience. Adaptive resilience is conceptualized as a continuing process, as opposed to a goal or an end state, that entrepreneurs should refine and streamline to learn from events and consequently increase their capacity to respond effectively during and post-crisis.*
Originality of the study: *This conceptual paper offers several propositions exploring the mediating role of entrepreneurial improvisation, as a coping mechanism, in the relationship between these psychological resources and resiliency, both at the individual and firm levels. Furthermore, we propose that family plays a central role in the quality of improvising and in the hardening of its resilient responses to deal with the crisis. Theoretical and practical implications of the preparedness-improvisation nexus are discussed.*

1. Introduction

The growth and success of family business activities reflect the strength of their founders (i.e., entrepreneurs) in cultivating various resources, including physical, financial, or technological (McDonald et al., 2017; Yilmazer & Schrank, 2010) as well as developing one human and social capital resources (Luthans et al., 2007). While these resources are well investigated in the family business literature (Haynes et al., 2021), much less is known about other resources that could prove to be as valuable for family business owners to draw upon as needed when facing external shocks and unprecedented crises such as the current COVID-19 pandemic. More specifically, this conceptual paper attempts to answer key questions related to the type of resources and skills that family businesses are exploiting and what coping mechanisms are put in place to absorb and manage this acute crisis while increasing the business' resilience.

Given the financial and health impact of the COVID-19 crisis, the concept of entrepreneurial resilience calls for more attention, and recently several contributions have paved the way for others to revisit the resilience construct in the organizational management domain (Conz et al., 2020; Efendi et al., 2021; Santoro et al., 2021). While significant work has been done lately on resilience to assess how individuals and firms are overcoming economic downturns and significant disruptions (Chadwick & Raver, 2020; Mithani, 2020; Zhang et al., 2020; Zhou, 2020), less, however, is known about the operationalization of the adaptive resilience construct within the family business literature. Adaptive resilience, or the "ability to continuously design and develop solutions to match or exceed the needs of their environment as changes in that environment emerge" (Lee et al., 2013, 32), emphasizes the dynamic nature of resilience, as opposed to a mere activation of predetermined plans or actions, which might be inappropriate, outdated or more costly in some instances. Enacting an adaptive approach to resilience is of paramount importance to family businesses for several reasons. First, compared to non-family business founders, family-business owners are vulnerable to higher psychological and financial costs when faced with a significant financial crisis (Siakas et al., 2014). For this reason, it makes more sense for family businesses to remain dynamic and aware of their business environment by adopting a flexible approach to resilience. Second, despite evidence showing that family businesses develop better capabilities to weather crises (Sotirios et al., 2011), they are prone to multigenerational gaps and differences in perspectives in terms of prioritizing, directing, and allocating resources in times of crisis (Rodsutti & Makayathorn, 2005; Ventura et al., 2020). Moreover, when generational differences exist, tensions and conflicts are likely to escalate during crises, negatively impacting business and family relations (Chrisman et al., 2012). Lastly, employing an adaptive orientation to resilience could enhance the continuance of the family business ownership and succession. Pounder (2015) argues that building a culture that accepts continuous change is essential in sustaining and effectively running a family-owned business both in short and long-term. Furthermore, the question of how family owners-managers could enact their adaptive resilience to increase their business survival, especially during extreme adversity (Chowdhury et al., 2019; Lee et al., 2013), is timely and worth investigating. In this study, adaptive resilience is conceptualized as a continuing process, as opposed to a goal or a state, that entrepreneurs should refine and streamline to learn from the crisis and consequently increase their capacity to respond effectively in times of adversity, thus triggering transformation that transcends the need to return to normalcy after major disruptions (Akgün & Keskin, 2014). This conceptualization is in line with prior research on organizational resilience, where resiliency is measured through a firm's ability to recognize and manage its environmental risks and to develop the capacity to adapt to disruptions (McManus et al., 2008). Moreover, to the best of our knowledge, adaptive resilience has not been studied in the family business domain, mainly using psychological factors in the context of COVID-19. Although our paper focuses on examining small family businesses, we are especially interested in studying family firms that meet the SME definition (i.e., firms with less than 500 employees) since most family businesses fall into this category (Amann & Jaussaud, 2012). Additionally, investigating SMEs' resiliency answers Saad and colleagues' (2021) recent calls to pay more attention to exploring the resilience construct within the SMEs' context.

Drawing from Fredrickson's broaden-and-build theory of positive emotions (1998) and Bandura's social cognitive theory (1977), our study incorporates two levels of analysis where we attempt to understand individual factors related to the owners/top-level managers of the family business and their roles in building organizational resilience at the firm level. More specifically, we propose that entrepreneurs' psychological determinants could increase adaptive resilience, thus increasing the probability of family business survival during uncertainties. Therefore, this conceptual paper aims to answer the call for a better understanding of these questions in the context of extreme adversities, including the ongoing global pandemic: (1) What resources and skills have family businesses exploited? (2) How did family businesses handle the Covid-19 pandemic crisis? And (3) What role did the family play in promoting resilience? To answer these relevant questions, we explore the role of psychological resources, such as grit (Salisu et al., 2020) and self-efficacy (Luthans et al., 2007), in influencing how family businesses enact adaptive resilience in response to economic downturns. Furthermore, we propose that family plays a central role in the quality of improvising and in the hardening of its resilient responses to deal with the crisis.

This paper makes several contributions to the broad entrepreneurship literature and the resilience of family businesses during uncertainty. First, this paper relates to the literature on how major crises, such as the COVID-19 pandemic, impact businesses, both family and non-family alike, especially in the context of small and family businesses. In this regard, we provide insights into how businesses should improvise to deal with disruptions. However, we argue that over-reliance on improvisation could be detrimental. Instead, firms should find a balance between their preparedness and improvisation capabilities. Thus, achieving resilience is a function of how businesses are prepared to deal with disruptions and their capacity to improvise. Second, it contributes to the growing body of research on understanding the resilience construct's multidimensionality in the family business literature. Third, this paper joins a growing literature in the inquiry of adaptive resilience as a dynamic process for innovation and transformation to increase business survival and hence move away from the traditional view of resilience as an inherent fixed trait (Haase & Eberl, 2019; Luthar et al., 2000; Nilakant et al., 2014). Fourth, this study suggests a multilevel approach to understanding how building resilience at the individual level could enhance that of the firm level. Finally, this study provides practical insights for entrepreneurs, policymakers, practitioners, and researchers in addressing a prolonged and severe crisis such as COVID-19. Further, given their unique characteristics, family businesses could serve as an ideal context for which the concept of resilience could be better understood to lessen the impact of potential disruptions and crises in the future (González & Pérez-Uribe, 2021).

The remainder of this paper is structured as follows: Section 2 provides a brief literature review on the resilience concept and the role of adaptive resilience in family businesses, followed by propositions and a conceptual model in Section 3. While Section 4 provides the concluding remarks, limitations, and future research.

2. Literature Review

2.1. Resilience

Although there is a lack of consensus on a unique definition of what constitutes resilience (Ayala & Manzano, 2014; Corner et al., 2017; King et al., 2016; Luthar et al., 2000), we are motivated to investigate the resiliency of family businesses in facing significant crises, such as the current pandemic. Furthermore, our inquiry attempts to understand whether resilience can be conceptualized as a trait, characteristic, or a dynamic process to address how family businesses could strengthen their resilience to mitigate the effects of exogenous shocks and, in turn, improve business survivability rates (Luthans et al., 2006; Saridakis et al., 2013). Our study is motivated by prior empirical findings showing that family businesses tend to outperform their non-family counterparts before, during, and post-crisis (Amann & Jaussaud, 2012; Hirigoyen & Basly, 2019) and that resilient businesses were better equipped to cope, bounce back and even thrive during and after crisis (Calabrò et al., 2021). However, some questions remain answered, including how and why some businesses developed resiliency while others did not? And what are the determinants of adaptive resilience? This provides evidence for Blanco and Botella's (2016, 20) claim that differences in firms' resilience can be explained by different attributes and factors, such as human resources and R&D.

To answer this fundamental question, we shift our attention to the psychology field to better understand the resilience construct. After the pioneering studies of psychologist Norman Garmezy on children of schizophrenic parents, resilience was found to be associated with mental health robustness (Coutu, 2002; King et al., 2016). More recently, resilience has been most often studied in the context of adverse situations, including those related to unexpected conditions that exacerbate disruptions to business continuity. Often, events such as the World Trade Center attacks of 2001 (Bullough & Renko, 2013; Bullough et al., 2014; Coutu, 2002; Gittell et al., 2006), the 2008 economic recession (Martin, 2012) or the current COVID-19 pandemic (Djalante et al., 2020) are considered an appropriate context to examine resiliency. This context is often characterized by severe and extreme events impeding business survival (Chadwick & Raver, 2020; Mithani, 2020). In the management field, however, research at the intersection of resilience and entrepreneurship has been burgeoning (Davidsson & Gordon, 2016; Korber & McNaughton, 2017; Renko et al., 2021; Williams & Vorley, 2014). Some organizational scholars define resilience defined resilience broadly as the capacity of individuals to withstand and rebound from adverse situations, thus, emphasizing the inherent psychological traits and abilities of the entrepreneurs (Block & Kremen, 1996; Coutu, 2002; Fisher et al., 2016; Osiyevskyy & Dewald, 2015; Owens et al., 2013). Other scholars conceptualize resilience as a dynamic process encompassing adaptability, transformability, and learning from hardships or severe disturbances (Conz et al., 2017; Cope, 2005; Sabatino, 2016).

As pointed out by Korber and McNaughton (2017) in their extensive review of the literature, management scholars investigated the antecedent of entrepreneurial resilience using the individual (i.e., entrepreneur) or the firm as their unit of analysis. While these laudable efforts examined factors related to preparedness and resiliency in dealing with disturbances, they failed to explain how entrepreneurs use their intrinsic resilience in times of crisis. Furthermore, the link between how resilience at the individual level could influence firm-level resilience is missing. To emphasize the importance of resilience in entrepreneurs, scholars attempted to link resilience to entrepreneurial intentions (Ayala & Manzano, 2014; Krueger, 2008; Monllor & Murphy, 2017). They argued that resilient individuals are likely to translate their entrepreneurial intent into action through their self-efficacy and optimism. Thus, resilience safeguards against the fear of failure to engage in business ventures. These studies, however, assume that resilient entrepreneurs would pursue every business opportunity regardless of its worthiness. Similarly, studies that explored cognitive behaviors and the actions taken by entrepreneurs when they face adversity assumed that cognitive and behavioral traits are the same for all entrepreneurs and underestimated their heterogeneity. The next section of our review of the resilience literature uses a different lens to understand better how individual resilience could impact a firm's resiliency.

2.2 Individual resilience impacting firm-level resiliency

Several studies attempt to understand how entrepreneurs become resilient in the face of adversity and how they bounce back from failure and even thrive by turning challenges into opportunities and capitalizing on them (Calabrò et al., 2021). De Vries and Shields (2005) describe entrepreneurial resilience as a collection of behavioral characteristics; they identified flexibility, motivation, perseverance, and optimism as resilience-enhancing behaviors. Furthermore, Bullough and Renko (2013) link self-efficacy to entrepreneurial intentions stating that entrepreneurial self-efficacy "allows individuals to believe in their ability to take the appropriate actions necessary for business in challenging contexts, which in turn helps them develop the ability to grow from adversity and thrive rather than recoil" (p. 345). In their recent study, Santoro et al. (2020) confirmed the complementary relationship between self-efficacy and resilience and their impact on increasing entrepreneurial success. Bullough et al. (2014) found a strong relationship between self-efficacy, resilience, and intentions to entrepreneurial intentions, especially in highly adverse contexts.

While some studies focus on individual factors important for entrepreneurial resilience, such as self-efficacy, others conceptualize resilience as a process highlighting its capacity for positive adaption under adverse conditions (Powell & Baker, 2012). Conversely, Hedner et al. (2011) argue that entrepreneurs' resilience depends on internal or personal characteristics and external factors such as structure, strategy, or environment, which impact firm-level. Furthermore, Duchek (2018) found support in her study of billionaires' biographies that these entrepreneurs not only "bounced back" but also learned effectively from their failures to become highly successful. Parents' behaviors and experiences with entrepreneurship served as examples for their children to learn about resilience processes from experience, work attitudes, and behaviors. We assert that family plays a central role in influencing and developing one's resilience. Thus, individual-level resilience is shaped by other members of the family who catalyze developing and promoting resilience responses to the crisis.

Compared to non-family, family businesses tend to have a richer history of exposure to numerous stressors and a repertoire of first-hand knowledge on overcoming prior setbacks. Danes et al. (2009) found that entrepreneurs with previous business experiences increase their success chances as they learn from past mistakes. This learning process helps owners-managers translate lessons learned into effective operational responses to deal with the crisis at hand. Past knowledge and experiences enhance one's resilience by continuing to adapt and improvising various ways to overcome adversities.

2.3 Adaptive Resilience

Chowdhury et al. (2019, 3) define adaptive resilience as "the ability to respond effectively, recover quickly, and successfully renew in the face of adverse events (Nilakant et al., 2014)". Adaptive resilience is a process for recovery and transformation whereby businesses use adaptive responses to help mitigate potential losses and quickly recover and return to equilibrium (Martin, 2012; Rose & Liao, 2005). When discussed in the resilience literature, "adaptive resilience" and "adaptive capacity" are used interchangeably (Engle, 2011; Rocchetta & Mina, 2019). Lee et al. (2013) consider that "an organization's adaptive capacity is their ability to continuously design and develop solutions to match or exceed the needs of their environment as changes in that environment emerge" (p. 32). Similarly, adaptive resilience encompasses the business' "ability to adapt to changed situations with new and innovative solutions and/or the ability to adapt the tools that it already has to cope with new and unforeseen situations (McManus et al., 2008)" (Karman, 2020, 4). Similarly, Blanco and Botella (2016, 19) define adaptive resilience in practice as "the combination of personal talent with a productive environment based on continuous innovation, and balanced management between efficiency and adaptability." From the above definitions, innovativeness emerges as an essential feature of adaptive resilience. The tendency to innovate is a direct result of the owners-managers' ability to improvise and modify one's behavior as a response to external stressors, which is critical in the context of extreme events (Cooper et al., 2013; Hmieleski et al., 2013; Ott et al., 2017).

During times of uncertainty and adversity, businesses become vulnerable to their external environment (Fairlie, 2020). As we previously mentioned, most family businesses are classified as SMEs. Due to the liability of smallness, these small family businesses face higher risks than their larger counterparts (Eggers, 2020). For instance, the current pandemic has hit small businesses the hardest, and the damages were significant enough to cause some businesses to quit their entrepreneurial activities (Barua, 2020; Fernandes, 2020). Operating in unfamiliar territory, owners-managers struggle to comprehend the shocks created by this global crisis as they navigate the new landscape (Pantano et al., 2020). This 'new normal' state is exacerbated by fast-changing events (i.e., economic, social, and political) that give business owners little time to fully make sense of their business surroundings (Bartik et al., 2020). However, many owners-managers interpret these challenges as opportunities (Bullough & Renko, 2013) and quickly adapt to their changing environment by implementing innovative solutions. To remain competitive, firms need to innovate and find creative ways to reach their customer base (Erdogan et al., 2020). This is especially true in times of crisis, such as the current pandemic, since customers and suppliers alike were forced to change and adapt novel behaviors and habits that necessitate innovative approaches at the personal and societal levels. Analyzing 98 SMEs operating in Slovakia's innovation activities (Urbaníková et al., 2020) found that over three-fourths of the surveyed companies considered innovation part of their long-term strategic planning and that 90% of these firms viewed innovation of paramount importance. Interestingly, the authors found that over 30% of the Slovak businesses positively viewed the COVID-19 pandemic as an opportunity to foster their innovation activities.

Although small family businesses disproportionally endure the negative consequences of crises more than larger organizations, small family businesses can withstand adversity and even prosper in similar circumstances. Resilient firms quickly respond to disruptions through their adaptability and flexibility features and implement changes to absorb exogenous shocks (Jüttner & Maklan, 2011; Tehseen & Ramayah, 2015). Also, adaptive firms interact favorably with their new environment and apply lessons learned from past situations to buffer their resilience against current interruptions (Bhamra et al., 2011). Building on previous findings, Karman (2020) assesses that flexible and adaptive organizations are more resilient. Furthermore, the author argues that resilient organizations are "characterized by the presence of informal work practices, local autonomy of action, management systems for feedback, learning, and continual improvement" (p. 3). Building on the tenets of social capital theory, Chowdhury et al. (2019) assert that when faced with unexpected disruptions, firms enhance their adaptive capacity by using their social connections to share information, collaborate with their shareholders, and access resources and thus increase their resilience during and post disastrous events.

One of the characteristics of small family businesses is that their formation and operation are often assumed by the same few people (i.e., owners-managers) (Xiao & Ramsden, 2016). While this feature gives family businesses superior advantages in terms of speed and implementation of decisions making regarding day-to-day operations, it makes the business dependent on its owner-manager resilience. Thus, personality and psychological factors could influence entrepreneurs' ability to resist and adapt to market turbulence in times of crisis. Branicki et al. (2017) argue that "the behaviors and personality attributes of entrepreneurs have been found to have a strong direct impact on SME structure, strategy, and performance" (p. 2). Business owners rely on their interpersonal (i.e., attitudes) and behavioral sources in building their entrepreneurial resilience. These findings are consistent with previous studies showing that entrepreneurs have high-stress tolerance (Rauch & Frese, 2007) and are comfortable with failure, risk, and uncertainties (Hayward et al., 2010; Hedner et al., 2011).

Furthermore, entrepreneurs proactively improvise and seek new innovative ways during economic downturns (Fraccastoro, 2008). As a critical feature of resilience, innovation helps small businesses find new ways to respond and cope with disruptions. Additionally, entrepreneurs are likely to turn challenges into opportunities to exploit by employing innovative solutions to respond effectively and efficiently in the face of adversity and thus enhance their adaptive resilience (Orchiston et al., 2016).

3. Propositions' development

3.1 Grit and adaptive resilience

Entrepreneurship literature contends that entrepreneurs possess qualities including persistent efforts and passion in pursuing long-term goals (Salisu et al., 2020). In times of crisis, entrepreneurs rely on their grit to 'keep them going' and persist despite adversities (Bullough & Renko, 2013). Grit is defined as "perseverance and passion for long-term goals," and [it] "entails working strenuously toward challenges, maintaining effort and interest over the years despite failure, adversity, and plateaus in progress" (Duckworth et al., 2007, 1087). As an essential resource, grit helps entrepreneurs become more resilient and is positively related to entrepreneurial success (Ayala & Manzano, 2014; Clark & Clark, 2019). Mueller et al. (2017) found empirical evidence of the positive relationship between grit and firm performance. Entrepreneurs with high levels of grit persist in the face of adversity and believe in their efforts to find solutions to overcome obstacles. Al Issa (2020) assesses that grit mediates the relationship between entrepreneurial orientation and entrepreneurial success.

Further, in the absence of grit, individuals could get discouraged, stop pursuing their goals, and ultimately giving up in the face of impediments. Through their consistency of interests and perseverance of efforts, entrepreneurs outperform their peers and increase the odds of their business survival (Branicki et al., 2017). Given the above logic, grit, as a psychological factor can affect entrepreneurs' adaptive resilience in times of crisis. Hence, we posit that:

Proposition 1: *grit is positively related to entrepreneurs' adaptive resilience.*

3.2 Entrepreneurial Self-Efficacy and adaptive resilience

According to Bandura's social-cognitive theory (1977), self-efficacy is an individual's belief in their ability to successfully perform a task (Bandura, 1997). Further, the confidence in completing a set of activities is derived from the positive belief in one's capacity to influence the outcome (Bandura, 1977, 1997). Self-efficacy is found to be a differentiator in individuals' performance as the level of motivation and persistence varies from person to person according to their belief levels in their abilities to start or complete specific tasks (Santos & Liguori, 2019; Shane et al., 2003). As a context-specific construct (Chen et al., 1998), self-efficacy has been an increasingly discussed topic in entrepreneurship (Marshall et al., 2020; McGee & Peterson, 2019; Renko et al., 2021; Schmutzler et al., 2019). Although the two terms have been used interchangeably, the distinction between self-efficacy and entrepreneurial self-efficacy is nuanced. McGee and colleagues (2009) defined entrepreneurial self-efficacy (ESE) as "a person's belief in their ability to successfully launch an entrepreneurial venture" (p. 964).

Prior research has shown that entrepreneurial self-efficacy is related to entrepreneurial intentions (Chen et al., 1998; Zhao et al., 2005) and is essential in developing in growing business ventures (Bernal & Cusi, 2021). Various studies have shown that entrepreneurial self-efficacy validates entrepreneurial intentions and success for new and within existing ventures (Krueger & Carsrud, 1993). Cardon and Kirk (2015) empirically tested the relationship between entrepreneurial self-efficacy and entrepreneurial persistence and found a strong relationship, especially in the presence of entrepreneurial passion. During times of uncertainty, entrepreneurial self-efficacy is defined by how well entrepreneurs can adapt and deal with disruptions while using an improvisational mindset (Balachandra, 2019). Entrepreneurs high in self-efficacy strongly believe in their abilities to succeed and are confident to positively influence their environment and persevere through adversity (Osiri et al., 2019). Bullough and Renko (2013) shared similar findings confirming the role of entrepreneurial self-efficacy in overcoming challenges through increasing one's resilience. Together, self-efficacy and resilience were found to influence entrepreneurial success

(Santoro et al., 2020). Motivated by their positive perception of their work and confidence in succeeding, entrepreneurs engage in proactive behaviors that help enhance their creativity, explore opportunities, and improvise solutions to their problems (Baum & Locke, 2004). Thus, we propose that:

Proposition 2: *entrepreneurial self-efficacy is positively related to entrepreneurs' adaptive resilience.*

3.3 Entrepreneurial improvisation and adaptive resilience

When disruptive events occur, individuals and organizations engage in improvisation (Lombardi et al., 2021). Improvisation or the "intentional process of thinking and doing through which individuals and team (organizations) continuously adapt to changing needs and conditions to generate novel responses" (Trnka et al., 2016, 253), is considered an essential component of resilience (Hadida et al., 2015; Son et al., 2020). Resilience and improvisation are closely related concepts; they rely on cognitive processes (Mendonça et al., 2014). Unpredicted crises allow individuals and organizations to improvise to respond to unexpected events while operating within time and resource constraints (Mendonça & Wallace, 2004). Businesses often face a dilemma in balancing contingency plans and allowing their systems and processes the freedom to depart from well-established procedures. Although scholars agree on the importance of improvisation in dealing with emergencies that cannot be handled using existing plans (Roud, 2021), the scant literature on improvisation limits our understanding of how individuals and organizations improvise (Zhang & Mendonça, 2021). This is primarily due to the difficulty of assessing improvisation in practice. Moreover, except for a few studies (Franco et al., 2009; Mendonça et al., 2014; Webb, 2004), research on improvisation tends to rely primarily on simulation exercises and qualitative case studies, limiting the generalizability of the findings.

In their review of the improvisation literature, Hadida and colleagues (2015) asserted that improvisation should not be viewed dichotomously. Instead, the authors focused their discussion on the 'degrees of improvisation' ranging from minor, bounded, and structural improvisation (p. 10). Thus, enacting improvisation is not an "all or none" activity. On the one hand, when organizations configure new ways instead of inventing new solutions, they engage in minor improvisation. On the other hand, structural improvisation could force organizations to change their strategies. Bounded improvisation involves incremental changes to the existing structure (Hadida et al., 2015). According to Zhang and Mendonça (2021), when there is a mismatch of situational demands and organizational capabilities, organizations may depart from original plans to accomplish tasks without following standard operating procedures. Improvisation could also occur at different levels, including individual (single actor), interpersonal (within teams), and organizational (among individuals and teams) levels (Hadida et al., 2015).

Since SMEs and family firms operate in a highly dynamic business environment, they are expected to be flexible and adaptable to changing contexts. Regardless of the degree of improvisation they engage in, businesses showing agility and responsiveness in dealing with unexpected events are deemed successful, irrespective of whether they have prepared deliberate action plans to deal with crises. Furthermore, most studies that portray improvisation in favorable terms underestimate the need for preparedness and overestimate individuals' and organizations' capacity to act effectively and efficiently under unforeseen and stressful circumstances. However, in their analysis of the events of the Costa Concordia collision, Giustininao and colleagues (2016) assess that some improvised actions could lead to unfavorable outcomes. This case exemplifies how improvising can be a veil for noncompliance with regulations. The process of improvising involves an improvisation referent- or a past event that is used as a baseline. Three variables are involved in improvisation: extemporaneity, novelty, and intentionality. Dysfunctional forms of improvisation can jeopardize entire organizations. In formalized environments with high reliability, some sort of improvisation is possible. However, improvisation can prove disastrous when organizational protocols and mandates are overlooked.

The literature on improvisation – a concept that is often related to "bricolage" – asserts that small family business owners possess the ability to function with whatever resources available at hand (Amann & Jaussaud, 2012). (Coutu, 2002) refers to this skill as "bricolage," where entrepreneurs "improvise a solution to a problem without proper or obvious tools or materials" (p. 7). To this extent, 'bricoleurs' imagine possibilities where others are stumped and provoke their innovativeness ability. Entrepreneurs who find themselves "bricoling" are constantly tinkering- building, fixing, making the most of what they have, and putting objects to unfamiliar uses. Therefore, it comes with no surprise that to increase a business' survivability, entrepreneurs' ability to improvise and quickly adapt to new changes is a critical coping strategy (Al Issa, 2020a; Coutu, 2002; Kruke, 2021; Lombardi et al., 2021) and is an effective way to develop resilience to deal challenges and setbacks. As family businesses face disruptions, the need to respond agilely is achieved through improvisation (Hodgkinson et al., 2016). The centrality of the decision-making and the flexibility feature of family businesses allow owners-managers to make necessary adjustments and pivot by finding new ways to deal with the situation.

Further, family businesses rely on their prior knowledge, acquired, and passed on from generation to generation, on how to respond to unexpected disruptions. When the adversity is similar in nature and scope, the ability to quickly access and recall this knowledge constitutes a competitive advantage for family businesses not only to cope with the challenges but to also strengthen their resiliency. Furthermore, the ability to improvise is contingent upon how well organizational knowledge is stored, accessed, and best used as needed. However, when owners-managers deal with unprecedented challenges, they combine their knowledge and expertise with their propensity for risk-taking to improvise a course of action and develop timely alternatives to cope and adapt to the new reality (Hodgkinson et al., 2016). Therefore, we posit that:

Proposition 3: *entrepreneurial improvisation mediates the relationship between the psychological resource of grit and adaptive resilience.*

Proposition 4: *entrepreneurial improvisation mediates the relationship between the psychological resource of entrepreneurial self-efficacy and adaptive resilience.*

3.4. Proposed Conceptual Model:

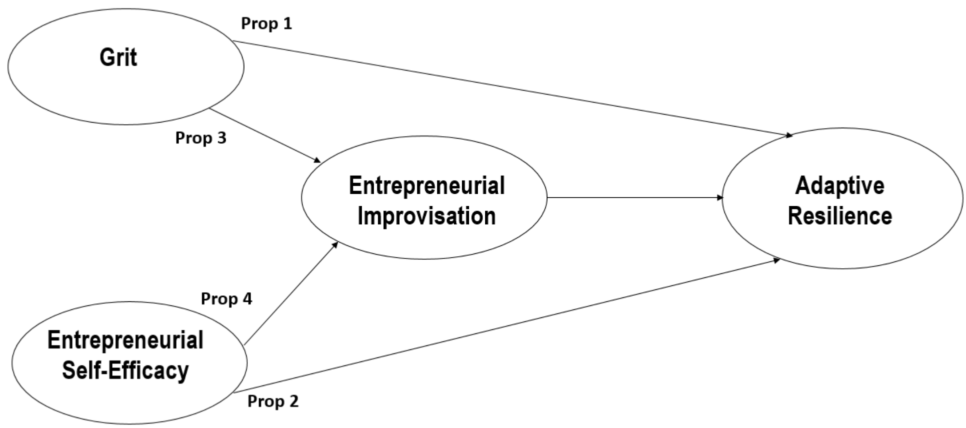

Fig. 1: Conceptual Model

4. Theoretical and Practical Implications, Limitations, and Future Research

Family businesses enact adaptive resilience through innovation, flexibility, and transformation and enhance their survivability during turbulent times. Given their flexibility and adaptability (Acquaah et al., 2011), family-owned firms provide an excellent environment to understand this pertinent concept of adaptive resilience. In this study, we focused on how specific traits necessary in times of crisis, including grit and self-efficacy, could influence family business' resilience through the mediating role of entrepreneurial improvisation. Our study advances the resilience concept theoretically while it provides invaluable insights to practitioners and policymakers.

From a theoretical lens, this study attempts to contribute insights into how family businesses deal with significant adversity such as COVID-19. Recent evidence show that family firms reacted to the current pandemic in different ways and exhibited a mix of behaviors. In their study, Le Breton-Miller and Miller (2022) concluded that "the story of family firms under crisis is complicated" (p.4). Thus, organizational scholars are encouraged to untangle the nuances surrounding how family businesses build and enact resilience in times of crisis. In so doing, we provide several theoretical contributions. First, we extend prior conceptualizations emphasizing the need to understand better the resilience construct (Amann & Jaussaud, 2012; Linnenluecke, 2017). More specifically, there is a paucity of management inquiries investigating adaptive resilience as a dynamic and responsive process to changes in the operating environment (Hillmann & Guenther, 2021). Second, we also offer a perspective that could help shed light on moving the resilience construct from its traditional view as an attribute that firms possess to a dynamic view where resilience becomes an ongoing process of adjustment and adaptation that is unique to each firms' specific situation (Conz et al., 2020). Third, this study advances our knowledge about the need for businesses, including family-owned businesses, to balance efforts between preparedness and improvisation to achieve adaptive resilience. On the one hand, over-reliance on predetermined actions makes businesses less flexible to environmental changes, which impedes firms from responding and bouncing back from adversity. On the other hand, over-dependence on improvisation as a mechanism to cope with changes is costly, hindering business survival. Thus, family businesses should balance the two approaches and develop a culture that fosters an adaptive mindset.

Furthermore, our study provides several practical implications for practitioners and policymakers. First, given the vital role that SMEs and small family firms play in our economies, it is crucial to understand the determinants and the factors influencing the resilience of these businesses. To this extent, organizational researchers and practitioners are encouraged to investigate intangible factors, including psychological resources and their role in enhancing resilience at the individual and family levels. Second, as the frequency and magnitude of adverse events are on the rise, governmental policies are needed to encourage and incentivize small businesses to develop preparedness plans, and the very least, provide training and share best practices on how to deal with major disruptions and more importantly how to turn setbacks into opportunities. Although research has shown that improvisation could lead to favorable outcomes by swiftly responding to deal with the crisis at hand, we argue that small businesses cannot afford to rely solely on an improvising approach and that business owners should emphasize and prioritize preparedness over improvisation. Compared to the value that preparedness can achieve, improvisation can be costly and inefficient since it requires firms to deviate from established plans. Thus, we believe that small family firms should invest more in preparedness instead of relying on improvisation as an approach to managing uncertainty. Third, in addition to providing immediate financial resources, policymakers should also consider investing in programs to develop one's psychological resources. Extreme events, including COVID-19, showed us how important it is for entrepreneurs to secure tangible resources (e.g., financial capital) and tap on their intangible ones (e.g., social and psychological capital).

Our study, however, is no exception when it comes to having a few limitations. First, our paper is conceptual in nature, and our propositions remain untested to verify the discussed relationships among our variables. However, future studies could build on our proposed model by empirically testing the suggested hypotheses. Second, the lack of a clear definition of the resilience construct limits our complete understanding of this concept. In addition, the discussion on adaptive resilience, especially at the individual level, is often fragmented and scarce. Entrepreneurship research could benefit from a multilevel approach to fully understand the role of resilience, both as a process and an outcome, in helping businesses survive and even flourish. Scholars could explore this concept through pertinent theories such as Kolb's experiential learning theory (Kolb et al., 2014). Future studies could also attempt to develop and test new adaptive resilience that encompasses the multidimensionality of the construct of resilience to understand the concept of adaptive resilience better. Finally, we suggest that future studies could empirically test our propositions and advance the resilience literature in the family business context by including other individual traits that could potentially impact different levels of analysis at the group and firm levels. Although existing scales are available to measure the main constructs and their operationalization in our conceptual model (see table 1), we urge scholars to develop new scales to measure entrepreneurial improvisations and adaptive resilience better.

Tab. 1:

Construct	Definition	Authors
Grit	Perseverance and passion for long-term goals" and [it] "entails working strenuously toward challenges, maintaining effort and interest over years despite failure, adversity, and plateaus in progress.	(Duckworth et al., 2007, p. 1087)
Entrepreneurial Self-efficacy	A person's belief in their ability to successfully launch an entrepreneurial venture.	McGee, J. E., Peterson, M., Mueller, S. L., & Sequeira, J. M. (2009, p. 964)
Entrepreneurial Improvisation	Intentional process of thinking and doing through which individuals and team (organizations) continuously adapt to changing needs and conditions in order to generate novel responses.	Trnka, J., Lundberg, J., Jungert, E., (2016, p. 253)
Adaptive Resilience	Adaptive resilience as "the ability to respond effectively, recover quickly, and successfully renew in the face of adverse events.	Chowdhury, M., Prayag, G., Orchiston, C., & Spector, S. (2019) Nilakant, V., Walker, B., van Heugen, K., Baird, R., & De Vries, H. (2014)

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DOES GENDER INFLUENCE THE COMPANIES' FINANCIAL STRATEGIES CHOICES? AN ANALYSIS OF THE FOOD & BEVERAGE ITALIAN INDUSTRIES

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Abstract

Purpose: *The agri-food sector is one of the most important in Europe. Although crises occurred, this industry has always had an anti-cyclical trend because of the increasing food and beverage demand. Albeit the global pandemic due to Covid-19, indeed, Food & Beverage (F&B) sub-sector has shown stability and resilience. The work analyses the financial structure of 1924 Italian SMEs belonging to the F&B, to understand if (and eventually how and why) the owner's gender can affect the preferences about financing sources, and how these choices had influenced the reaction to the worldwide crises.*

Research design: *An empirical analysis is performed on a sample of F&B Italian Small and Medium Enterprises (SMEs) from 2013-2019. The data are collected by AIDA, a database containing the balance sheet data of all the Italian firms. Firstly, the firms extracted were classified according to gender ownership, then their financial structure is explored through an index analysis.*

Findings: *The results demonstrate that both women's and men's businesses tend to move away from the traditional form of bank financing, seeking alternative sources. Secondly, the quantitative gender gap due to a higher presence of male-led SMEs, is not supported by a financial gap in terms of stability, profitability and financial dependence.*

Practical and social implication: *Findings could be useful to agents belonging to the agri-food industry to support the decision-making about the financial structure, especially in a period of uncertainty or crisis. In addition, it could be an opportunity for both SMEs to explore new typologies of financing sources and for investors to be aware of different approaches to financial decisions existing between male and female companies' management.*

Originality of the study: *Although other research has already investigated the relationship between the financial structure and the owner's gender, this type of study has not interested yet the agri-food companies.*

1. Introduction

Food is a critical element of life and of a country's economy. This evidence is demonstrated by the number of firms operating in the food industry and by the results they generate (Tanda, 2018). In 2018, Italy was the first European country to recognize the added value of agriculture with €32.2 billion (ISTAT, 2019) and the food and beverage (F&B) industries have a turnover (total value of sales) that has been growing constantly in the last several years, increasing from €95 billion in 2013 to €114 billion in 2018 (ISTAT, 2019). Data for 2020 and trends in the F&B sector (Food Drink Europe, 2020) show that European companies require 4.82 million employees, generate a turnover of €1.2 trillion, and produce €266 billion in value-added products and services. In particular, the positive performance of F&B industries is connected to the production of registered Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) products, which can be considered the Made in Italy drivers of the Italian economy and an important part of the country's exports: their value represents about 19% of the total Italian agri-food economy (CREA, 2019).

The significant economic development originated mainly from Small and Medium Enterprises (SMEs), that are the main actors in the F&B sector. These companies produce more than 40% of the F&B industry turnover and value-added, providing more than of jobs in the sector (Food Drink Europe, 2020, 7).

This is not atypical for the Italian economy since it has always entrusted its economic power to the work of SMEs, whose output contributes to the majority of Italy's gross domestic product (GDP). Indeed, in Italy, SMEs still represent more than 95% of the companies in the country. They comprise the essence of Italian entrepreneurship. Like in other sectors, female-run enterprises are a minority in the F&B industry, and some scholars (Walken & Robb, 2002; Paoloni, 2021; Antonelli & Vigano, 2012; De Martini, 2018) have asserted that they are undercapitalised and have less experience than male-managed firms. These are only some of the differences that have been identified between male-run and female-run firms. Indeed, focusing on the capital structure, many theories have attempted to explain the reason for specific financial choices, as a consequence of the environmental and social context in which a company develops (Husted, 1999; Hofstede, 2001; Licht et al., 2007), as being based on the economic convenience of debt or equity (Campbell & Kelly, 1994; Berk et al., 2008; Ai et al.,2021) or being influenced by the internal characteristics of the enterprise (Myers & Majluf, 1984; Frank & Goyal, 2003), including gender.

Other theories, such as the gender structure theory (Risman, 2004; Szymanska & Rubin, 2018), affirm that gender does not influence a company's financial structure; they only consider it a structural stereotyping characteristic, not a variable in the capital structure equation.

Given this, the present work aimed to analyse the financial structure of Italian SMEs operating in the F&B sector to understand whether or not female-run and male-run companies make the same financial decisions. A mixed-methods approach was used to achieve this goal, starting with a descriptive analysis of the results given by a balance sheet evaluation, considering a sample of F&B Italian SMEs. The findings were then tested using quantitative analysis to confirm or refute previous results. The research findings concluded that gender could not be a variable that influences the choice of the financial structure of Italian F&B SMEs, as gender structure theory states (Risman, 2004; Szymanska & Rubin, 2018). The present study belongs to the field of study of gender diversity, still, it will be valuable to financial scholars who can find elements about their research. Moreover, the work can have practical implications by providing business managers and owners with relevant information.

The paper is structured as follows. Section 2 presents a literature review on the key themes of this work, such as the theoretical perspectives of the financial decisions that are useful to understanding the behaviour of female- and male-owned companies (2.1) and the major literature that consider gender to be an influential criterion for a company's financial structure (2.2). The last subsection describes the panorama in which the analysis is set (2.3).

Section 3 explains the research design of the study. Section 4 discusses the study's findings. Section 5 presents the conclusion. Section 6 presents the originality and the value of the work. Section 7 presents the study's limitations and suggests further lines of research.

2. Literature Review

The first subsection exposes some of the theories that have identified different variables that can influence the composition of a company's financial structure. The second subparagraph discusses some studies investigating how gender can affect a firm's financial structure. Finally, the third subsection presents the state of the art of financial resources that European SMEs could access, specifically focusing on Italian SMEs operating in the F&B sector.

2.1 Theoretical Perspectives of Financial Structure

Theoretical perspectives can support the analysis of a firm's financial choices and understand why SMEs prefer using internal or external financing sources. As stated in the literature, the choice between equity or debt could be influenced by many elements, such as: i) the characteristics of the capital market (Alves et al., 2015); ii) the economic convenience of financing sources, consisting of the cost of debt and equity (Berk et al., 2008; Domenichelli, 2012); iii) the specific characteristics of the company, i.e., the size and structure of the financial requirement, the profitability, the ability to provide guarantees, the contractual strength (Rajan & Zingales, 1995; Frank & Goyal, 2003). Regarding the external financing sources, scholars (Myers,1984; Ricca et al., 2021; Ai et al., 2021) have affirmed that two benefits essentially influence the preference for the type of debt. The first is a tax benefit. The cost sustained for interest is usually tax-deductible, which means that, unlike dividends, interest paid to bondholders avoids social taxation (Berk et al., 2008). Second, financing through third-party capital sources encourages the manager to be disciplined, since they are forced to find a way to produce a consistent cash flow to pay debts (Alves et al., 2015). Moreover, debt can mitigate the agency costs that arise from conflicts of interest between managers and shareholders (Jensen & Meckling, 1976). Nevertheless, a major disadvantage of resorting to external loans is the increase in bankruptcy costs, equal to the product of the probability of failure and the direct and indirect costs of failure (Alves et al., 2015).

One factor influencing this includes the legal and administrative fees and the costs of terminating operations (Ai et al., 2021). Another factor is the loss of customers, the divestment of managers or employees with greater skills, and fewer credit opportunities (Berk et al., 2008). Over time, many theories have been developed to study the different variables of a company's financial structure. Those studies can be divided into three lines of investigation.

The first stream analyses the financing source's choice as a variable that may or may not affect the corporate value (Campbell & Kelly, 1994; Modigliani & Miller, 1958).

The second stream involves studies that identify a relationship between the financial structure and the environmental and social context in which the company develops (Husted, 1999; Hofstede, 2001; Licht et al., 2007).

The third strand affirms that governance composition can determine a company's preferences regarding financial sources (Myers & Majluf, 1984; Frank & Goyal, 2003).

Regarding the relationship between the company's value and its financial choices, one of the theories that confirm this link is the trade-off theory. According to it, to choose which financing source to rely on and evaluate the convenience of debt capital, it is necessary to weigh the advantages and disadvantages (Campbell & Kelly, 1994; Berk et al., 2008; Ai et al., 2021).

Hence, trade-off theory recognises that the value of an indebted company is equal to the sum of the value of a company that does not resort to debt and the present value of the tax benefits, reduced by the current value of the bankruptcy costs (Ai et al., 2021). If the benefit is represented by deductible interest, the costs cannot be calculated precisely, but they are influenced by three factors: the probability of default, costs to support the enterprise's failure, and the discount for the costs of failure (Alves et al., 2015). The probability of bankruptcy increases with increasing liabilities and with the volatility of the value of the corporate assets. This is the reason why companies that have unstable cash flows must contain their indebtedness in order to not have a high risk of insolvency (Berk et al., 2008). Since the value of an enterprise is greater when the increase in the actual value of the tax savings is equal to the increase in the actual value of the bankruptcy costs, trade-off theory suggests that enterprises will aim to achieve an optimal level of a mix between equity and debt that enhances the difference between them (Ricca et al., 2021).

Instead, the first proposition of Modigliani and Miller (1958) states that there is no optimal combination of credit and debt capital and that the value of a firm is independent of its financial structure. Therefore, value a firm that does not resort to debt (Alves et al., 2015).

For what concern the strand of research that identifies the relationship between the financial structure and the environmental and social context in which the company develops, studies affirm that a firm's financing choices are primarily affected by the environment, which influences both cultures of its and board members and the market trends (Aggarwal & Goodell, 2010). In particular, the demand for equity is higher in countries with better control of corruption and higher regulatory quality (Licht et al., 2007) as well as in countries with a low power distance and a high integration of citizens (Hofstede, 2001). Indeed, power distance increases social fractionalisation, affecting social trust (Aggarwal & Goodell, 2014). However, countries with a civil-law system tend to be bank-based, so they resort to debt (Ergungor, 2004) as donations with higher uncertainty avoidance (Kwok & Tadesse, 2006).

Among the studies that considered the composition of governance to be a relevant factor that affects a firm's financial choices, some utilised pecking order theory (POT) in their analysis. According to POT, companies in which agency costs are particularly low, due to the usual coincidence between ownership and management, prefer to use internal financial sources, represented both by self-financing and contributions made by the shareholders (Myers, 1984). The asymmetry incentivises managers to prefer using internal resources between managers and outside investors, which makes financial markets imperfect (Jensen & Meckling, 1976). Furthermore, indebtedness would only be used if internal capital resources are insufficient to finance all investment projects. Although POT has been developed for large companies and in Anglo-Saxon financial systems, recent studies have also highlighted its adaptation, as amended, to SMEs and bank-centric systems (Myers & Majluf, 1984; Domenichelli, 2007).

Scholars (Lemmon & Zender, 2010) have affirmed that a company's financial choices are significantly influenced by the composition of its board of directors; in particular, companies with a higher percentage of independent directors and a wider variety of genders (Adams & Ferreia, 2009; Ahmed & Atif, 2020) prefer long-term debt over short-term debt and external equity over debt. The reason is that a more independent board of directors enhances the quality and quantity of information insiders provide to the public, reducing the adverse selection costs considered by POT (Frank & Goyal, 2003).

According to other scholars (John & Litov, 2010; Jiraporn et al., 2012; Harford & Zaho, 2008), more independent board members should prompt an equity financing or a long-term debt preference. Additionally, some characteristics of company owners, such as education levels, work experience, age, gender, and skills, are recognised by investors as factors that influence business prospects since they compose the human capital of the firm and have an impact on business performance (Bates,1991; Loan et al., 2020). In particular, according to some previous studies (Schouten, 2019; Thandabhani, 2020), enterprises owned by males tend to use more debt than those led by females since they are less reluctant to take risks than their female counterparts (Beckmann & Menkhoff, 2008). In contrast, most other studies have not yet identified a significative bond between the ownership factors and the level of debt used (Loan et al., 2020); moreover, the relationship between female ownership and lower debt is not statistically significant (at 5%) in the Ordinary Least Square and the Fixed- Effects model (Loan et al., 2020). These findings appear to confirm the ideas posited in gender structure theory, according to which the differences between females and males are attributable to stereotyping structural characteristics, whereas there is no reason to believe that the biological sex category could influence choices or personal capacities. Rather, the interactions between males and females are the variables that can reproduce or challenge the gender system (Risman, 2004; Szymanska & Rubin, 2018).

Considering the previous literature discussed in this section and the aim of the present study work, the following section analyses the existing literature on the influence of gender on a company's financial structure.

2.1 Is the financial structure influenced by Gender?

During the economic crisis of 2008–2013, companies demonstrated strong prudence, which is typical of both men and women. Therefore, there was a decrease in the demand for bank loans. Indeed, even if SMEs are forced to count on third-party financing, they usually only try to rely on external sources if internal ones are insufficient to create great value (Watson, 2006). Among all the firms, 78% of SMEs, both male-run and female-run enterprises, were very cautious during the crisis and did not take on new debt (Cesaroni & Sentuti, 2016). However, what is different is the reason why they did not, if males predominantly declare that they do not rely on bank loans because they do not want to risk too high of a debt load and women declare that they prefer to adopt a downsizing strategy or ask for personal capital (Cesaroni & Sentuti, 2016). In fact, since the crisis started in 2007, firms owned by male-run companies have asked for smaller amounts of funding, while female-run companies have more rarely requested for funding.

Many studies (Coleman & Robb, 2009; Cesaroni & Sentuti, 2016; Stefani & Vacca, 2014) have also attempted to investigate either women prefer not to rely on bank loans because they do not need, or if there are other reasons for that decision. The result is that, from the demand side, women tend to be more skeptical about securing loans and they maintain a lower proportion between debt and equity because they prefer "personal capital" loans, so they tend to ask for capital investments from family or friends (Coleman & Robb, 2009). This choice can be attributed both to the characteristics of their business—size, age, sector—and to the personal characteristics of female entrepreneurs. Indeed, according to Cesaroni and Sentuti (2016), female-run companies are smaller and younger than man-run entities and mainly operate in the retail trade or service sectors; consequently, they tend to need fewer financial resources in the start-up phase. Additionally, the differences in the financial strategy used by male-run and female-run companies may also be attributed to the differences in business structures. For instance, women-owned companies are often organised as individual firms; they are rarely part of a group. This is another element that may justify a lower reliance on bank loans (Stefani & Vacca, 2014). Other studies have found that a lower appeal to third-party financing could be attributed to personal managerial choices (Watson, 2006).

Regarding gender stereotypes (Rita et al., 2018), males are more aggressive and inclined to risk; while females are more emphatic and prefer stability. These personal traits reflect on their behavior (Heilman, 2001) as well as on the way they manage a business. Indeed, women have a stronger aversion to risk than men in terms of financial policies. Nevertheless, this does not mean that women-led businesses deliver lower performances; however, female owners are less confident, and they prefer to use internal resources (Powell & Ansic, 1997).

Scholars (Bianchi et al., 2021) have also investigated the correlation between female presence in the company's governance and corporate performance. A financial analysis conducted among Italian innovative start-ups found that the start-ups managed by women do not reflect a gender gap in terms of size, profitability (this affirmation will be later identified as Hp1), efficiency, and financial management; however, their sources of financing grow proportionally less than those of start-ups managed by men

(De Martini, 2018). However, the inexperience of female-run firms, due to their more recent presence in the market than male-run companies, makes banks consider them riskier investments. Indeed, from the supply side, banks adopt discriminatory attitudes towards financing loans to female-run businesses: they ask for higher interest rates (this affirmation will be later identified as Hp2); those rates become a little lower if there is a male guarantor and are often higher if the guarantor is another woman (Alesina et al., 2013). The result is that female-run companies tend to avoid asking for loans because they develop a fear of being rejected by banks (Walken & Robb, 2002), which prevents them from pursuing that financing option. Although this is a common condition, for male-run and female-run SMEs, the difference between female-owned and male-owned businesses is statistically significant (this affirmation will be later identified as Hp3) (Walken & Robb, 2002). The percentage of women rejected by banks is twice that of men (Cesaroni & Sentuti, 2016). Bank discrimination regarding male and female loan policies does not consider the risk's proportionality; in fact, women do not take more risk than men. Moreover, women-run businesses have statistically filed for bankruptcy less often than those run by men. However, there is a more widespread trust for the latter, which eases the conditions for determining interest rates (Alesina et al., 2013).

In conclusion, the literature agrees that female-led firms are more likely to refrain from credit applications than male-led firms (Galli et al., 2020). In this context, it is interesting to verify if these specific differences in financial strategies are also confirmed for Italian SMEs operating in the F&B sector, the biggest manufacturing sector in terms of jobs and value-added, where only a small number of firms are female-led.

2.3 F&B sector's financial sources

In a larger framework, micro, small, and medium-sized enterprises (SMEs) are the engine of the European economy. They are essential for job creation and economic growth, and they ensure social stability. In 2013, more than 21 million SMEs offered 88.8 million jobs throughout the European Union (EU). Nine out of ten businesses are SMEs, and they create two out of three available jobs. SMEs also stimulate the spirit of entrepreneurship and innovation across the EU; therefore, they are essential for promoting competitiveness and ensuring employment (European Commission, 2019).

Many scholars have investigated the determinants of the debt policies of SMEs, finding out that, because of their structure, SMEs are often characterised by important limits that prevent them from easily raising funds via capital markets (Caglayan & Xu, 2016; Cingano et al., 2016). This results in undercapitalisation, uncertain availability of short-term liquidity, and insufficient working capital, without considering the usual inability of managers, which represents a very dangerous loss possibly leading to a business failure (Birley & Niktari, 1995). Consequently, managers and owners frequently evaluate their recourse to external financing (Mazzoleni & Pollonini, 2020). They largely rely on banks to finance their projects. In fact, about 70% use bank loans or overdrafts (Butzbach et al., 2020). However, that causes a problem. Due to the aforementioned reasons, banks impose strict limits on and obstacles for this kind of enterprise, which has to struggle to access affordable credit facilities (Butzbach et al., 2020). To solve this problem, the EU has introduced specific policies to support an expansion in the stock market and their investments in the research and development field, despite the financial crisis due to COVID-19 (European Commission, 2020). Furthermore, the EU is looking for alternative financing forms that may support the same purpose, such as crowdfunding, which simplifies the ability to match investment demand with the growing number of SME loan requests (Maier, 2016; Cillo et al., 2019). To address the high level of SME-related risk, these options include mini bonds, consisting of a bond that can be issued by unlisted companies on regulated markets under some conditions (Nassr & Wehinger, 2015), hybrid instruments, such as subordinated debt, convertible debt, bonds with a warrant, mezzanine finance, or even relying on private equity or venture capitalists (Schäfer et al., 2004).

However, a poor financial culture that characterizes SMEs in terms of alternative financial instruments, together with the strict attitude of banks, discourages a company's growth (Rossi et al., 2016). Precisely because of their structural characteristics and their economic relevance, SMEs should be supported by third-party financing, so they can be encouraged to invest.

All of this has an even greater impact on firms operating in the F&B sector, which is part of the agri-food sector, since they employ most of the people in the manufacturing sector and they are the greatest source of innovation (Kafetzopoulos et al., 2020). In fact, 59% of food companies have the necessary skills to deal with a digital transformation and they are becoming used to employing robotics all along the production line. In Europe, the robotics density is highest in Sweden, Denmark, the Netherlands, and Italy (Food Drink Europe, 2020).

For an ecosystem that cannot be independent, that is, it needs external capital and support, a crisis obviously seems to have a greater impact.

Nevertheless, while crises persist, the SMEs in the F&B sector reveal their resilience (Mazzoleni & Pollonini, 2020). Although the EU accession of Central and Eastern European Countries and the global economic crisis of 2008 have influenced the output of the F&B industry, business in that sector showed an even better performance than the overall European market, leading to economic growth (Carraresi & Banterle, 2015). Hence, they have not been totally shocked; rather, they have demonstrated the ability to resist the significant events that occur. Specifically, in Italy, during the economic crisis that started in 2007, SMEs confirmed their competitiveness in the European market, which could even be increased by exploiting the opportunities coming from traditional products made in Italy or introducing innovations in distribution channels (Carraresi & Banterle, 2015). Currently, according to the International Monetary Fund, the COVID-19 pandemic is the worst economic and financial crisis since the Great Recession of 1929. Italy is expected to see a marked contraction of its GDP in 2020 (-8.9%) and just a partial recovery in 2021 (+ 4.0%) (ISTAT, 2020). Yet, the analysis of the XVIII ISMEA qualitative report confirms the stability of the F&B sector that is capable of promoting the development of the entire Italian region because it can count on its strategic pillars: PDO and PG (ISMEA 2020). Nevertheless, Italian SMEs are characterized by having chronic difficulty accessing financing, due to a strict administration of banks and a high gap between interest rates applied to large and small enterprises (Rossi et al., 2016).

3. Research Design

3.1 Context of the Search and Sample Selectione

To analyze the financial structure of the SMEs operating in the F&B sector, and to understand if there are any differences in the companies owned by women and men to determine if these are divergent trends, a sample of 1.924 Italian firms were analyzed to compare their financial structure from 2013 to 2019.

The work focuses on the Italian F&B industry because the Italian agri-food system represents 15% of Italy's GDP and it is the first country in Europe to recognize the agricultural added value (CREA, 2019). The data about the PDO economy, relative to 2019, highlight a sector that has primary importance and that is growing: it generated €16.9 billion of value-added production (+ 4.2% in one year), contributing 19% to the turnover of the Italian agri-food sector, resulting in exports of €9.5 billion (+ 5.1% in one year) (ISMEA 2020). Indeed, a large share of Italian production is exported. In recent years, there has been an increase in that volume thanks to a reduction in average prices (Rossi, 2013).

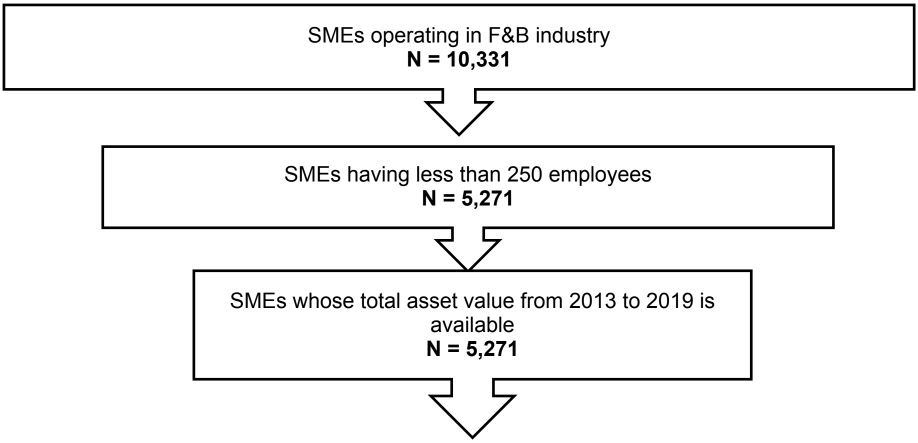
This study utilized the data extracted by AIDA, a database in which financial statement data of Italian firms are collected; the data were obtained on February 18, 2021. The firms involved in the analysis were selected through an industry classification, focusing on the firms belonging to the following ATECO code categories:

10 - Manufacturers of food products

11 - Manufacturers of beverages

The original sample included 10,331 firms, which are skimmed with additional boundaries that are imposed. The firms involved in the analysis were selected based on the definition of SMEs provided by the European Commission. Consequently, a limit of 250 employees is fixed. Additionally, the sample is restricted to firms whose turnover and financial statements are available for the 7 years that are considered. The resulting sample included 5,271 firms. These steps are summarized in Fig. 1.

Fig. 1. Methodology Flow



Source: Our elaboration (2021)

The other two boundaries of European SMEs, turnover, and total asset value, were later verified, but the number of firms did not change. Furthermore, to answer the research question, the sample was manually restricted to the SMEs whose owner's name was accessible. This finally resulted in identifying a group of 1,924 SMEs, of which only 19% are firms owned by women.

Table 1. Sample of SMEs in the F&B sector

	Owned by Women	**Owned by Men**
No	372	1572
%	19%	81%

Source: Our elaboration (2021)

3.2 Methodology

This study was conducted using a mixed-methods approach starting with a descriptive analysis of the results given by the data from the firms' balance sheets. This technique is based on the elaboration of several ratios, and it could be used for several purposes, such as the prediction of failure or, more generally, the observation of the health status of the firms (Beaver, 1966). It also allows for verifying the relevant condition of firms, such as their liquidity, stability, and profitability. The result of the index analysis was then tested using quantitative analysis consisting of two statistical tests: the t-test and the Mann-Whitney U test.

The full results of the descriptive analysis are reported in Appendix A.

The following indicators were taken into account:

- Return on investment (ROI). This is fundamental to understanding if the change in the financial structure has a negative impact on the economic performance of the firms. If the impact is positive, firms are able to improve their financial structure and, consequently, their rating.
- Return on debt (ROD). This indicates the average cost of money that the company incurs for the use of third-party capital.
- Debt on equity (D/E) ratio. This is given by the relationship between third-party financing and equity.
- The elasticity of liabilities (EoL). This is given by the relationship between current liabilities and total assets.

The statistical analysis consisted of two different kinds of tests, where data are analyzed considering 95% confidence interval. The first is a t-test, which is used to verify the means equivalence and to evaluate the significance of the result that is obtained. The second, is the non-parametric Mann-Whitney U test, which is used to compare two independent samples and to identify the median differences.

Considering what is stated in the literature, it is possible to recognize four hypotheses that this research study aimed to verify through qualitative and quantitative analyses of the key performance indicators (KPIs).

Hp1: Female inexperience does not affect economic performance, so the ROI is equal, regardless of the owner's gender.

ROI m = ROI f

Hp2: For the same loans, women have to pay a higher interest rate, so the ROD is lower in male-owned companies.

ROD m < ROD f

Hp3: Women tend to avoid asking for loans, so the level of indebtedness of enterprises managed by men is higher.

D/E m > D/E f

Hp4: Different financial preferences influence the EoL.

EoL m ≠ EoL f

4. Findings and Discussion

4.1 Descriptive Analysis

The findings show that ROI increased in the first four years of the time period considered. This could probably be explained by the new attention paid to guaranteeing a higher qualification of human capital, better quality products, and an extraordinary relational capacity, that have increased since 2010 (Capitanio et al., 2010). In contrast, ROI promptly decreased later, with a deep contraction in 2019, provoked by the high economic and political uncertainty. Indeed, 2019 was a year of economic global weakening due to worldwide political instability, the Brexit question; trade tensions, largely related to the evolution of the trade policies of the United States and China; and general uncertainty. In the first quarter of 2018, the Economic Sentiment Indicator showed a sign of uncertainty, with a worsening of the climate of confidence of entrepreneurs in March; additionally, the Euro-Coin indicator marked its second decline after 11 months of consecutive growth, settling at high levels (ISTAT, 2018). Hence, the trends seem to reveal that there would not be a significant difference in economic performance attributable to gender since ROI follows a very similar path in both female-led and male-led companies.

Regarding ROD, a decrease was seen throughout the entire time period considered in both of the analyzed samples. The reason for this is that, after the financial crisis of 2007 to ensure price stability in the context of low underlying price pressures in the medium-term and to favor the gradual recovery economic, in 2013 the European Board management lowered rates twice on European Central Bank benchmark interest rates (European Annual Report, 2013). Money market interest rates continued to decline even in 2015, when, after some attempts by investors, market frictions against negative interest rates gradually faded away (European Annual Report, 2015). Finally, in 2019 the European Council communicated its intention to keep the key ECB interest rates low, at least until the first half of 2020 (European Annual Report, 2019). Given that, it is possible to conclude that, in this case, the trends do not follow a gender logic.

For D/E, the index revealed a general contraction for the entire time period considered. Thus, the growth of profitability is almost directly proportional to the increase in investment made with equity. This phenomenon may be encouraged by the credit crunch that has characterized banks in the last 8 years; because of that, the overall credit disbursed by the banking system decreased by over 200 billion € (Lainà, 2015). Moreover, in this case, the index analysis result does not confirm a lower proportion between debt and equity, due to the tendency of women being more skeptical than men about securing bank loans; they prefer to resort to personal loans (Watson, 2006; Coleman & Robb, 2009; Stefani & Vacca, 2014; Galli et al., 2020). Finally, based on the debt contraction mentioned above, it is easy to deduce that the index analysis also shows a homogenous decline in the EoL. In conclusion, in female-led and male-led SMEs, the findings identified a very similar path of KPIs representing profitability (ROI), financial autonomy (D/E and ROD), and elasticity of capital structure (EoL). Hence, these findings refute all the hypotheses deduced from what was stated in the literature. Nevertheless, to further confirm this contradiction and to better justify it, we investigated previous results using quantitative analysis.

4.2 Quantitative Analysis

Quantitative analysis was conducted considering the hypotheses previously defined Section 3.2. When the empirical data did not confirm the hypotheses (the cases are identified with an asterisk), the alternative hypothesis (H1) was used in both tests.

H1: $\text{Index}_{man} \neq \text{Index}_{woman}$

The findings from the t-test are presented in Tab. 2; the Mann-Whitney U Test results are presented in Tab. 3. The grey cells contain values that do not represent significant differences; in white cells contains values that are significant.

Tab. 2: The t-Test findings

	INDEX P-VALUE			
YEAR VALUE	ROI	ROD	D/E	EoL
2013	0.326	*0.355	*0.253	0.037
2014	0.250	*0.772	*0.218	0.010
2015	0.831	*0.506	0.141	0.060
2016	0.623	*0.729	*0.992	0.011
2017	0.999	*0.423	*0.121	0.041
2018	0.439	*0.842	*0.192	0.488
2019	0.166	*0.312	0.422	0.007

Source: Our elaboration (2021)

Tab. 3: The Mann-Whitney U Test findings

	INDEX P-VALUE			
YEAR VALUE	ROI	ROD	D/E	EoL
2013	0.2813	*0.0586	*0.0066	0.0233
2014	0.5799	*0.4468	*0.0254	0.0060
2015	0.6616	*0.3454	*0.0334	0.0444
2016	0.4148	*0.7090	*0.0450	0.0132
2017	0.4663	*0.9908	*0.0006	0.0113
2018	0.6137	0.4100	*0.0005	0.0301
2019	0.4666	0.3800	*0.0074	0.0054

Source: Our elaboration (2021)

As seen in Table 2 and Table 3, concerning ROI and ROD, the findings are not significant, since the hypotheses that emerged from the literature (Hp1, Hp2) are not supported by empirical evidence. More interesting is the analysis of D/E. Indeed, if the t-test shows that an insignificant difference persists, refusing Hp3, the Mann-Whitney U test shows that the median is significantly higher for women-run businesses than businesses run by men; and it reverses what the literature states because it means that the level of debt incurred by women-run businesses would be even higher than the level incurred by businesses run by men. Finally, regarding EoL, the t-test shows a significant difference between the average of male-run and female-run firms except in 2013 and 2018; whereas the Mann-Whitney U test, which was conducted to see if there is a significant difference between the two samples' median, appears to provide significant results throughout the time period considered.

In conclusion, the quantitative analysis results also show that, most of the time, the differences between the financial choices made by men and women are not significant, providing empirical proof that gender cannot be a variable to determine a firm's capital structure.

5. Conclusion

Micro, small and medium-sized enterprises are the essence of the European economy, although they are characterised by significant limits. The F&B industry is one of the most influential in Italy, and in the rest of Europe. In fact, it employs the most people in the manufacturing sector, and it is a significant source of innovation (Kafetzopoulos et al., 2020). It has also demonstrated a strong resistance to crises. In Italy, from the financial crises started on 2007, F&B SMEs confirmed their competitiveness in the

European market, introducing innovations in distribution channels or relying on PDO designation (Carraresi & Banterle, 2015). Moreover, in spite of the COVID-19 pandemic, it is still considered to be a stable and powerful sector (ISMEA, 2020). Like other industries, the F&B sector has a large gender gap; nevertheless, the literature review demonstrates that this gap has not been explored yet (Paoloni, 2021; Antonelli & Vigano, 2012). Hence, this work aimed to deepen the understanding of the financial differences between female-led and male-led enterprises.

The work used data about SMEs operating in the F&B sector extrapolated by AIDA to answer the following Research Question: *"As the Italian SMEs belong to the food & beverage sector, could the difference in gender ownership influence a firm's financial policies?"* This was investigated using descriptive analysis based on KPIs trends and quantitative analysis, consisting of a t-test and a Mann-Whitney U test.

Observing the four hypotheses deduced from the literature, the findings confirm that male-owned and female-owned enterprises follow a very similar path in terms of profitability, efficiency, and financial management (Powell & Ansic, 1997, De Martini 2018), and they agree with the gender structure theory (Risman, 2004; Szymanska & Rubin, 2018), according to which the distinction between men and women is attributable to stereotypes rather than real biological differences that influence their financial choices.

6. Originality/Value of the Work

The value of the study discussed in this article consists of analyzing the financial choices of SMEs operating in the F&B sector by comparing the trends seen in female-owned and male-owned enterprises. Thus, it aims to provide a deeper understanding of financial gender differences related to this specific sector. While other research studies have investigated the relationship between the financial structure and the owner's gender, they have not focused on agri-food companies. Consequently, the study discussed in this paper fits into the field of gender diversity, but its findings can be valued by financial scholars, who can identify elements pertaining to their research.

7. Study Limitations and Suggestions for Future Research

This study has some limitations. One limitation is the indistinction between interest-bearing debt and interest-free debt, which made it impossible for us to investigate the bank's attitude toward offering loans to women-owned enterprises. Another limitation is attributable to the index that was used, because this was selected by the authors, so they only chose the data they considered to be relevant to the aim of the work. Future research may be needed to verify if banks are as discriminatory as the literature has reported. Another limitation is represented by the benchmark territory, which is restricted to Italy. In the future, a multiple case study comparative analysis between different countries in Europe, and between different continents, would be more interesting and exhaustive. Another future line of research can an analysis of the composition of equity: does it actually come from alternative financing sources? If so, which ones?

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DIGITAL TRANSFORMATION AND THE INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED FIRMS

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Abstract

Purpose. *We propose a reflection on the role of technologies in the internationalization process of small and medium-sized enterprises (SMEs).*
Design/methodology/approach. *Through a narrative literature review, we comprehensively synthesize the current state of the art of literature, including academic and non-academic findings.*
Findings. *The study's outcomes confirm the role of digital technologies (DTs) as tools to support SMEs' business processes and, more specifically, their internationalization process. We propose a summary of the main impacts of adopting DTs and the related barriers that SMEs may face along the process.*
Practical and Social implications. *Many companies have recently had to change how they do business to respond to the new market needs and to everything that the new realities have brought, such as the shortage of raw materials or the significantly increased cost of logistics and transport. At the same time, however, these external forces have boosted processes and trends such as digital transformation. Such a process can help, for example, to reach foreign markets or to create international partnerships and collaborations; however, its impact varies depending on the size, sectors, and countries in which businesses operate. Understanding both the impact and the barriers they may face while engaging in the digital transformation process is of high importance not solely for the successful implementation of these DTs but also for the survival of the firm itself.*
Originality of the study. *Most academic literature seems to focus mainly on the determinants of DTs' adoption. Nevertheless, there is an increasing interest in investigating their role in SMEs' international growth process. Thus, we highlight how these DTs could actively help SMEs' survival and success.*

1. Introduction

Companies have long been coping with increasingly uncertain and complex markets (Ghobadian et al., 2020; Hoisl, Gruber, & Conti, 2017), where it is difficult to maintain a competitive advantage that lasts over time (Elia et al., 2021; Lindskov, Sund, & Dreyer, 2021; Mahto, Ahluwalia, & Walsh, 2018). They must respond and react to external shocks in the shortest possible time (Deloitte, 2020). On the one hand, small and medium-sized enterprises (SMEs) appear to have more agile organizations than large enterprises. This is mainly due to their small size allowing faster communication and a more agile internal organization (Vanninen et al., 2022), thus allowing them to react more readily to market changes. On the other hand, it is well known that they have more limited resources, especially regarding the availability of financial and human capital (Pergelova et al., 2019; Tseng & Johnsen, 2011). However, the market is increasingly competitive, and the presence in foreign markets seems to have become a necessity for the survival of many SMEs (Durmaz et al., 2015; Westerlund, 2020). Digital technologies (DTs) seem to play a key role in facilitating access to international markets (Olejnik & Swoboda, 2012; Sinkovics et al., 2013), though their contribution to the international growth of SMEs has not been explored enough.

Academic contributions mainly focus on the determinants of adopting, disseminating, and implementing specific digital solutions such as the Internet, e-commerce, and IoT (Fosso Wamba and Carter, 2016; Pradhan et al., 2018; Gregory et al., 2019; Cassette). Little attention is addressed to the impact of these and other technologies on a company's different growth pathways. Some authors have highlighted how these technologies can help companies expand in foreign markets (Olejnik & Swoboda, 2012; Sinkovics et al., 2013), mainly focusing on the international expansion of start-ups or young companies (i.e., Piqueras, 2020; Überbacher et al., 2020; Veglio & Romanello, 2020). Established SMEs, which represent the overwhelming part of the Italian production system, are instead hardly considered (Confindustria & Cerved, 2022). This, in turn, highlights existing gaps within the current academic literature, particularly concerning the actual role of these technologies in SMEs' internationalization process, but also the barriers and difficulties SMEs face in this realm. Thanks to a narrative literature review that highlights findings from academic and non-academic works and focuses on Italian SMEs, the current study starts filling the gaps mentioned above and calls for scholars' attention to the topic by examining how digital transformation can support SMEs' internationalization.

Digital technologies, which include both production technologies such as 3D printing, the Internet of Things (IoT), and robotics, as well as commercial technologies such as e-commerce, are increasingly present in the day-to-day reality of businesses of all sectors and sizes (Kolagar et al., 2022; Sjödin et al., 2020). The increasing use of these technologies has led to a process that is identified as a digital transformation (Hanelt et al., 2021) or digital revolution (Pencarelli, 2020). It is often questioned what is actually meant by this concept, which definition in both academic and grey literature is generally unclear also because of the variety of potential technologies and tools available (Elia et al., 2021; Rachinger et al., 2019; Ulas, 2019). In the context of the current study with the term digital transformation, we mean a process of change that involves the adoption of technologies to carry out actions previously undertaken by individuals or not launched at all (Raimo et al., 2021). This transformation has a cross-cutting impact. On one side, it changes how actions are carried out within the company, thus influencing the business organization and the various business models that should be changed accordingly (Cassette et al., 2020; Spiezia, 2012). On the other side, it also often affects the management of global value chains, entire sectors, and how a business operates within them. It is, therefore, a complex and multi- faceted phenomenon. It influences a range of different strategies, from the simple purchase of software or IT products (such as a CRM tool) to a total revision of existing processes (e.g., purchase and positioning of 3D printers close to the end consumer or adoption of smart solutions such as IoT or robotics for warehouse automation).

DTs have thus become one of the most powerful forces for transformation in economic systems and enterprises (Raimo et al., 2021; Salvi et al., 2021; Vitolla et al., 2020). These are used by companies of different sizes but are particularly important for SMEs as they have the advantage of reducing distances and some trade barriers, typical limits for SMEs (Pergelova et al., 2019; Tseng & Johnsen, 2011). Such technologies allow for expanding horizons to markets that would otherwise be difficult to reach (Denicolai et al., 2021; Raimo et al., 2021). Some DTs (e.g., IT software and blockchain technology) allow for better communication within the organization and more effective communication with actors upstream and downstream along the value chain. Thus, communication becomes more accessible and faster, allowing anyone to easily create and share information (Hervé et al., 2020; Raimo et al., 2021). Other DTs, on the other hand, may have effects on the production chain (e.g., 3D printing and robotics), on in-house security (e.g., IoT), or allow more efficient data collection and analysis for competitive advantage (e.g., artificial intelligence).

On the other hand, digital transformation for SMEs is a complex process because it requires specific resources and expertise that are difficult to find. No less crucial to making such a transition is the need for a change in organizational structures, business culture, and business models (Cassetta et al., 2020; Raimo et al., 2021; Taiminen & Karjaluoto, 2015). In light of this, despite the adoption of DT bringing numerous benefits for SMEs

(Eller et al., 2020; Fisher et al., 2018; Jones et al., 2014; Martín-Peña et al., 2020), to date, they still face several difficulties in their full adoption and implementation (Raimo et al., 2021) which widens the digital divide with large companies (Bughin et al., 2017; Casset al., 2021). These difficulties are mainly attributable to infrastructural and institutional constraints and limitations, lack of technical knowledge of TDs, and scarcity of available resources (Bughin et al., 2017; Cassette et al., 2020; Raimo et al., 2021). These considerations further underline how necessary and complex the digital transformation process for SMEs can be.

The paper is structured as follows. First, we offer an overview of the various DTs and their role in the internationalization process of SMEs. Second, we dig deeper into the difficulties SMEs face when adopting DTs. Third, we present a picture of SMEs' current DTs' adoption degree, focusing on the European area and Italy. Finally, we provide concluding remarks and highlight the main factors outlined in the paper.

2. The internationalization process of SMEs

Internationalization is the process by which companies expand their presence in foreign markets (Welch & Luostarinen, 1988). This development can take place in various ways, from exporting to opening foreign subsidiaries. Several theories have been developed in the literature to explain how this process is taking place, what levers must be considered for successful internationalization, and the limits and barriers companies may face in pursuing this path. Among the leading theories is the Uppsala model (Johanson & Vahlne, 1992), which focuses on the gradual learning process of foreign markets and the existence of a physical and psychological distance with these markets. This construct promotes a sequential view of the outward expansion of business activities by assuming that international markets are approached only after obtaining a competitive advantage within the domestic market and, in any case, starting from the geographically and culturally close markets. However, what companies face in reality is not always a gradual path (Anderson & Narus, 1990; Coviello & McAuley, 1999). Some companies, for example, start expanding abroad from their inception (born global) (Knight & Cavusgil, 2004).

Despite the cases of 'born global' companies, international growth tends to be more complicated for SMEs, mainly due to their small size, which implies limited financial resources (Bellone et al., 2010; Cerrato & Piva, 2012), time and expertise (Freeman et al., 2012), as well as difficulties in obtaining and processing information on target foreign markets for expansion (Bianchi & Wickramasekera, 2013). However, SMEs have a less complex organizational structure, allowing them to adapt better to change (Wang et al., 2017). There are thus also some advantages for SMEs, if compared to larger enterprises with more structural complexity (Bettiol et al., 2020).

In recent years, SME internationalization strategies have undergone significant changes. This process is being pushed towards an increase in digitalization, such as the need for automated transactions, the development of an increasing amount of high- quality data, the development of niche markets, and a service-based economy (OECD, 2017). Digital technologies, therefore, necessarily have a crucial role to play in the international expansion of businesses (Brouthers et al., 2016; Denicolai et al., 2021; Jean et al., 2010).

As anticipated above, talking about digital transformation is complex and dispersive since it is a trend characterized by the breadth of contours, which affects multiple technologies and involves various building blocks of the business organization (OECD, 2016; Kotarba, 2017; Rachinger et al., 2019; Ulas, 2019). To clarify this concept, we will distinguish DTs in trading and manufacturing technologies (Kolagar et al., 2022; Sjödin et al., 2020), focusing on what appears to be, to date, the most widely implemented technologies at the firm organizational level. Among these, *e- commerce* is the most widespread among SMEs, followed by the *Internet of Things*, *blockchain*, *artificial intelligence*, and *3D printing* (Ifis Bank, 2021). How can these technologies affect the process of internationalization?

3. Methodology

The scope of the current study is to highlight what we know and do not know about the role played by DTs in the internationalization process of SMEs. Given the novelty and importance of the topic, we wanted to offer a comprehensive narrative synthesis of previously published information, both at academic and non-academic levels. Thus, we developed a narrative literature review to survey the current state of knowledge on this particular topic (Baumeister & Leary, 1997).

After specifying the scope of the project and the related research question, we have started a first skimming of the extant literature through the three main web-based databases: Clarivate's Web of Science, Elsevier's Scopus, and Google Scholar (Jones et al., 2011). Keywords have been chosen based on the topic's core, thus using terminology referring to DTs in general and specific to each technology (i.e., e-commerce, 3D printing, Internet of Things, etc.) and those referring to SMEs internationalization. Keywords were used with both the "OR" and "AND" Boolean operators for a more comprehensive search of their interplay. To ensure the study's comprehensiveness and due to the topic's novelty, we have also used the Google search engine to look for non-academic publications.

For what concerns the search criteria, we did not set any boundaries on the period, language, types of documents, or sources. The exclusion criteria were if the study (i) does not refer to SMEs but to other firms' typologies; (ii) does not discuss SMEs' internationalization process; (iii) does not include digital technology/ies and internationalization.

After reading the abstracts of the studies and applying inclusion and exclusion criteria, we searched for other related studies through the snowballing procedure. We then read the full manuscripts to finalize our dataset and collectively discussed the results to reach a consensus among all authors. We had a final sample of 52 studies. Then, we pulled together what is known about the role of DTs in SMEs' internationalization process to provide an overview, highlight potential existing gaps, and discuss the current adoption degree of DTs by SMEs. Finally, we propose a general framework for the impact that DTs have on the internationalization process of SMEs at both the initial and subsequent phases.

4. Digital technologies and the internationalization process

Recent studies in the field of international entrepreneurship have identified the adoption of marketing technologies, such as *e- commerce*, as a strong aid for the international expansion of SMEs (Cassette et al., 2020; Dethine et al., 2020; Elia et al., 2021). These expose SMEs to a more significant number of contacts, also offering more partnership opportunities (Westerlund, 2020) and greater chances of entry into previously untapped markets, thus reaching previously untargeted and untargetable consumers (Cassette et al., 2020; Hånell et al., 2020). The inclusion of marketing technologies in the business value chain, especially in the SME sector, not only makes it easier to extend the network of contacts but also makes it possible to do so without the need to face significant investments, as opposed traditional methods (Tolstoy et al., 2021). Export supported by online channels, also known as digital export, entails a robust reduction in entry costs and the presence of lower barriers to entry. It also encompasses simplified and fast sales and payment channels, which therefore bring significant benefits to SMEs wishing to export using DTs (Pezderka & Sinkovics, 2011; Sinkovics et al., 2013). It also appears that these DTs help to compensate for the lower physical presence in foreign SME markets than multinational or large companies with foreign subsidiaries (Dethine et al., 2020).

The tools to support digital export are divided into three basic types: *e-commerce*, *e-marketing*, and *e-business* (Dethine et al., 2020). The first group refers to the use of digital platforms for purchasing and selling goods and services transactions (Cassette *et al.*, 2020; Dethine *et al.*, 2020). The second relates mainly to the use of digital technologies for marketing and promotion purposes. Finally, the third group concerns using digital tools to improve production processes and internal corporate organization (Dethine *et al.*, 2020; Mazzarol, 2015).

E-commerce helps to reduce distances and barriers to entry into international markets while increasing the sales channels of SMEs that, through digital platforms, are more able to reach foreign markets and obtain data and information about their activities in different countries. Having the possibility to get more easily data on global customers, as well as specific information about sourcing, delivery times, and inventory in stock, leads to increasingly efficient value and supply chains, provided that the companies involved can make the most out of such data (Astuti & Nasution, 2014; Dethine et al., 2020). At the same time, reducing costs and distances can optimize SME business models and improve customer relations while responding efficiently to their needs.

E-marketing also has an impact on business relations with foreign partners. Studies show that SMEs prefer to adopt tools for their relationships with consumers rather than in their relations with other companies. They still prefer to avoid using technological tools in these contexts because they fear losing control and confidentiality of information, with obvious repercussions on their competitive advantage (Dethine et al., 2020; Pergelova et al., 2019).

Finally, *e-business* refers to everything that significantly impacts the internal business organization and is crucial for penetration into international markets, optimizing the acquisition of information in these markets. This involves using common databases or software, videoconferencing, and smart-working tools. They can reduce cultural distances while not entirely eliminating aspects of traditional communication, which still seems to play an important role in this digital age (Cassette et al., 2020). Ultimately, these tools reduce uncertainty in the relationships between the various actors by improving communication and creating a kind of common language that represents the basis for sharing values (Dethine et al., 2020). E- business is particularly important for international expansion as it reduces the risk of conflict due to misunderstandings, mitigating cultural differences and physical distances (Casset al., 2020).

The diversification of sales channels (e.g., e-commerce vs. traditional) and the use of different technologies makes data collection and aggregation increasingly complex (Gijzen, 2013; Prüfer & Prüfer, 2020). Therefore, in a digital transformation context, the role of data mining and analysis is crucial. Information plays a valuable role, for example, in predicting purchases and indicating the direction to be taken in terms of marketing (Tajoli, 2020). This role of data is perhaps even more critical in the internationalization process as it can help to identify the particular preferences and characteristics of each market and thus guide the choices of corporate strategic policy towards the countries that are to be reached (Bertello et al., 2021; Elia et al., 2021). SMEs have increasingly understood the key role of a data analysis strategy in extracting meaningful information to guide policy choices (Dam et al., 2019). These companies, therefore, need to develop specific data analysis knowledge to better manage this large amount of available information. It can help to identify and monitor current and future market trends and to reach different consumer segments by offering products and services aligned to their needs. Moreover, analyzing machine and component reports of domestic and foreign plants can help achieve better production efficiency in various areas, reducing waste and associated costs (Kien et al., 2020).

Other DTs, such as IoT, 3D printing, and blockchain, facilitate the management of domestic and international operations. Blockchain and IoT, for example, improve the coordination and integration of value chains (Elia et al., 2021). On the other hand, manufacturing technologies such as 3D printing help achieve higher productivity, which results in better performance, thereby increasing international competitiveness (Laplume et al., 2016; Murmura & Bravi, 2018; van Beveren & Vandenbussche, 2010).

The *Internet of Things (IoT)* refers to the use of technology to connect objects and make them smart in the sense of being interconnected (Kramp et al., 2013). This technology is increasingly present and is mainly used by SMEs to improve the efficiency and organization of production systems in different countries. For example, using sensors for real-time monitoring allows for an increase in the controls on the productivity and quality of the production processes in the various plants. It also monitors the localization of the products, providing valuable data to optimize the production and logistics systems, thus responding to the needs of the actors upstream and downstream of the production chain better (Rachinger et al., 2019). These technologies allow consumption efficiency, which is then reflected in decreased production costs (D'Arpa, 2022). The use of sensors, therefore, can help to strengthen trade relations because, through real-time monitoring and correct data processing, it makes foreign markets less complex and more attractive, guaranteeing comprehensive centralized control.

3D printing is a technology that enables firms to create entire products from a drawing made with appropriate software tools (Frazier, 2014). The drawing is then transmitted to the 3D printer, which creates, layer by layer, the product in a single solution without the need to assemble multiple parts to build the finished product (ibid). This technology helps to reduce waste in the creation of the product since, by drawing on software, you can accurately predict and adjust the amount of material needed. Consequently, it allows the production wherever there is a 3D printing device. It is easy to think of the impact this technology can have on production and distribution models for SMEs, which will gain from a potentially facilitated internationalization process. Access to a 3D printing device means that the end user can have direct and quick access to the product, which can be conceived and designed remotely (Akbari & Ha, 2020; Laplume et al., 2016; Strange & Zucchella, 2017). The most significant impact will therefore be on the much shorter supply chains. Thanks to the potential joint use of other technologies, such as artificial intelligence, it could lead to increasingly efficient mass customization (Mohr & Khan, 2015; Rehnberg & Ponte, 2018). If a future mass deployment of the 3D printer were to occur, like that of a smart-TV object in people's homes everywhere, barriers to entry to foreign markets and logistics and transportation costs would be significantly reduced if not eliminated (Chan et al., 2018; Rehnberg & Ponte, 2018; Steenhuis et al., 2020). The downside to this innovative technology could be the high risks of IPR infringements that have not yet been regulated by international governments (Mohr & Khan, 2015; Strange & Zucchella, 2017).

The *blockchain*, which is fundamental for rapid and secure data transmission, is a *"shared and immutable register which facilitates the process of recording transactions and the traceability of goods in a commercial network"* (Gupta, 2020, 3). This technology offers excellent expansion opportunities, but few studies are concerned with its adoption and potential effects on the internationalization of companies. The blockchain optimizes production and execution times and increases the transparency of transactions and, consequently, their reliability, thereby improving the perceived reputation of external actors (Gupta, 2020; Rakshit et al., 2022). However, this technology requires a large number of sellers and buyers to use it in order to operate to its full potential (Rakshit et *al.*, 2022). When properly integrated into the production chain of the company, this technological tool allows for obtaining correct and truthful details that can offer considerable support to the strategic choices underlying a process of internationalization (ibid). For example, this technology can identify the location of the raw materials and track their transformation into a finished product. Such information could then be made available to all users and actors interested in knowing the origin of the raw materials and the various steps they undergo in the related production chain. Blockchain, like artificial intelligence, has endless applications; the role of SMEs is to identify the best use of this technology to gain competitive advantages in domestic and international markets.

Artificial intelligence (AI) encompasses several techniques, such as machine learning or deep learning, which aim to develop the machine's self-thinking and learning capabilities (Artificial Intelligence Observatory, 2022). Its uses are diverse, but it is now mainly adopted to support decision-making and business process automation (Cassette et al., 2020; Denicolai et al., 2021). This DT provides an opportunity to improve the flow of information between the different actors in the value chain and to optimize data collection and analysis. From an internationalization perspective, data from AI tools can provide relevant information about foreign markets, customers, and competitors within those markets and then direct business policy choices in those markets (Denicolai et al., 2021; Martín-Peña et al., 2020; Neubert, 2018). Ths is reflected in better awareness and knowledge of international markets and a potentially optimal allocation of SME resources.

Thus, DTs allow SMEs to undertake expansion into foreign markets without the need to grow through traditional approaches, which would be much costlier (Hånell et al., 2020; Raimo et al., 2021; Tolstoy et al., 2021). If properly organized and combined, such technologies can strongly impact SME internationalization and global value chains (Strange & Zucchella, 2017). For example, 3D printing coupled with IoT could bring the production process to maximum productivity and minimum waste levels, substantially impacting the company's balance sheet (Elia et al., 2021). Finally, studies show that SMEs see DTs supporting their internationalization strategies and processes, but the effects often tend to be indirect. In other words, it seems that SMEs do not adopt DTs for international expansion purposes but that they are, in practice, also helpful for such a purpose (Dutot et al., 2014).

5. SMEs and the difficulties they face while adopting digital technologies

DTs are increasingly adopted to support the organizational processes of enterprises in every sector and size. However, their adoption is still complex and problematic. SMEs mainly perceive the associated difficulties. While these 4.0 technologies help these companies expand their contacts networks and reach foreign markets, they require financial and organizational investments (Casset al., 2020; Elia et al., 2021; Tolstoy et al., 2021).

Academic contributions have recently highlighted some of the major challenges SMEs face in this digital transformation process, including limited financial and human resources and expertise, difficulties in reconfiguring business models, and issues related to specific institutional contexts (Denicolai et al., 2021; Luo et al., 2005; Simmons et al., 2016; Wolcott et al., 2008). In this context, SMEs still have too much to do with traditional business models, which constrain the adoption of new DTs, often identified as costly in terms of time and financial resources, as well as high technologically complex (Hånell et al., 2020).

Increasing awareness of the importance of the use of DTs is therefore crucial. SMEs should be supported not only from a financial but also from a technical knowledge point of view, first and foremost by enhancing the infrastructure underlying data communication and analysis and expanding the workforce's digital skills and knowledge (Ulas, 2019). Digital transformation involves both the mere adoption and implementation of the different technologies and a change in the company's organizational structure to make the most out of the tools that these technologies offer (Cassette et al., 2020; Dethine et al., 2020; Salvi et al., 2021).

In general, the reduced access to specific resources, such as financial or technological, can create major barriers to the implementation of complex strategies such as internationalization (Stockdale & Standing, 2006). While digital export or the adoption of specific marketing technologies avoids certain investments and costs related to the expansion on foreign markets, such as the physical creation of foreign subsidiaries, others remain the same or even increase. This is the case of trade barriers, like tariffs, of transportation costs (Elia et al., 2021; Teltscher, 2002), and of the necessary revisions to branding and product marketing (Guercini & Runfola, 2015), but also costs related to market insecurity (Giuffrida et al., 2020).

Even the adoption of technology often perceived as less cost- intensive, such as online sales or e-commerce, requires business organization efforts to avoid being overwhelmed by orders (Elia et al., 2021). There is a need to create functional, fast, and user-friendly websites (Sinkovics et al., 2013; Sinkovics et al., 2007). Entering a foreign market, even simply through e-commerce, requires a stable and amplified network of contacts: delivery will be more complicated and will face higher costs and risks than delivery in the domestic market. Moreover, after-sales services will have to be targeted to international customers, with potentially very different requests and expectations (Elia et al., 2021; Lee, 2017). When comparing the situation of SMEs with that of large companies, it is clear that the latter has a privileged position in relation to the aspects that have just been highlighted. They already have a very extensive network of contacts on which they can rely, together with higher availability of resources to better address the internationalization process and related risks (Alon et al., 2019; Elia et al., 2021; Tolstoy et al., 2021). Barriers to DT adoption result from internal and external factors (Costa & Castro, 2021). The external factors identified in the literature refer to the environment in which SMEs operate, particularly policy measures, regulations, and political stability (Costa & Castro, 2021; Bauer & Schembera, 2020). It is noted that policies and their various instruments strongly impact SMEs' uptake of DTs (Ha, 2020). In countries with unstable political systems, companies are less inclined to invest in digital transformation. Part of the reasons is a lack of confidence in the markets, reflected in transaction security issues, impediments, and difficulties in accessing credit to cope with the costs of a digital transition (OECD, 2021).

Internal factors mainly relate to a lack of general awareness and competence in the field of DTs and digital transformation. Academic contributions dedicated to investigating the barriers to commercial technologies identify in the role of managers - especially in their technology-related experiences

- a factor that strongly influences the success of technologies adoption in the company in which they work (Costa & Castro, 2021; Chuang et al., 2017). Among the common barriers to the take-up of different technologies, the lack of human resources and skills remains a key and characteristic feature of SMEs. For manufacturing technologies, this common barrier is combined with the difficulty of recognizing a priori the value that such technologies can bring (Osservatorio IoT, 2022). A further factor that often hampers the successful implementation of DTs is the alignment of the objectives for the technological uptake by teams from different business areas (ibid).

In particular, IoT technologies face barriers mainly erected by suppliers, which, especially in an Italian context, seem to offer SMEs tools unsuited to their needs. IoT providers tend to develop technically excellent tools that are, in practice, too complicated in their daily use (Elia et al., 2021; Melnyk t al., 2018; Rachinger et al., 2019).

As regards the adoption of 3D printing by SMEs, the most concrete barrier appears to be financial (Jiménez et al., 2019; Kunovjanek & Reiner, 2019; Mehrpouya et al., 2019). Indeed, there is a need for substantial investment to implement this technology since it does not simply require the purchase of suitable machinery and raw materials for production but a drastic change in internal organization to adapt its production processes (Chan et al., 2018; Laplume et al., 2016; Rogers et al., 2018).

A key issue in understanding barriers to DT adoption is the technological readiness of companies. Readiness, mainly studied by the information systems stream of research, is often applied in those contexts where changes are needed (Shahrasbi & Paré, 2014). It can be discussed in several aspects, financial, business, culture, and technology. The latter is identified as the ability of a company to adopt new technology (Richey et al., 2007) in terms of skills, knowledge, and resources for its proper implementation (Alsheibani et al., 1997). The technological readiness to implement DTs is crucial for SMEs to compete in global and national markets (Chen et al., 2019; Weiner, 2009).

Despite its importance, a specific technology readiness index has not yet been developed for companies. The adoption and subsequent successful implementation of DT require human skills and knowledge about the technological aspect currently lacking in the market (OECD, 2021). This makes it difficult to adopt such technologies, creating even more pronounced complications about the proper use and exploitation of such technological resources (Costa & Castro, 2021). DTs are rightly considered corporate resources and, as such, if not correctly implemented at the organizational level, they may remain mere skills that will not turn into a competitive advantage (Barney, 1991; Dethine et al., 2020). Indeed, once adopted and implemented, DTs such as e-commerce bring even more significant challenges to SMEs. They no longer interact with known local competitors but with a competition that is defined as global, where it is often difficult even to identify who the direct competitors are (Costa & Castro, 2021; Dethine et al., 2020). However, if used correctly and promptly implemented at the organizational level, DTs offer data that can support the entry and survival of SMEs in the international market (Costa & Castro, 2021). SMEs that own these resources and can make the most of them for their own purposes are ready for the proper adoption of these technologies (Weiner, 2009).

However, we should bear in mind that the adoption of DTs and the choice among them is often not the result of a free choice by SMEs but the direct consequence of partnerships. SMEs wishing to expand their market abroad are often part of global value chains. To create and maintain the links necessary for their survival, they usually have to adopt the same technologies as their partners (Jean et al., 2010; Sanders, 2005).

6. DTs' adoption degree by SMEs

The European Commission has created an index, the Digital Economy and Society Index (DESI), to monitor digitization in the countries of the European Union. According to DESI, Italian SMEs appear to have a lower level of digital transformation than the European average, despite many companies' efforts to introduce DTs during and after the pandemic. The main delays compared to the other European countries are found in their web presence, in the analysis of big data, and in a lack of general integration of the most advanced DTs (DESI, 2021). Thus, despite the efforts of the public administration who dedicated funds to increase digital investment, for about 63 percent of Italian SMEs, the digital infrastructure still appears to be a complicated issue to solve. Despite the better position in the 2021 DESI, which sees Italy ranking 20th and improving its performance by five positions compared to the previous year, there are still strong limits in adopting DTs. In Italy, the main barrier seems to be aligned with what is highlighted in the literature; in fact, it is a lack of specialized human resources and skills.

The most worrying figure in the DESI index is not so much the adoption of technology for online sales and purchases but the ability of companies to use DTs to create, extrapolate, and then analyze big data. As mentioned above, analyzing these data offers the possibility to optimize internal and external business processes, implying better cost management and resulting in competitive advantages that allow SMEs to compete in domestic and foreign markets (D'Arpa, 2022). In addition, a recent study prepared by the Digital Agenda Observatory (Osservatorio Agenda Digitale, 2021), shows a persisting digital divide between SMEs in Northern Italy and those in the South. In fact, the best seven regions per DESI score are situated in the North, although in terms of the DESI index, they are still about 18 percent lower than in other European realities (Digital Agenda Observatory, 2021). Among the enabling DTs most adopted by Italian SMEs, the first places are dedicated to all those tools needed to ensure web presence and online sales, here identified as e- commerce (Ifis Bank, 2021). Only afterward are technologies such as the Internet of Things, 3D printing, blockchain, and artificial intelligence.

As regards the adoption of IoT, it is estimated that, since the pandemic, 44% of global companies have increased their investment in IoT. According to a study by the Hypothesis Group commissioned by Microsoft (2021) and conducted on a sample of large companies with more than 1,000 employees, 47 percent of manufacturing companies use IoT to improve quality and corporate compliance, while 45 percent claim to use them for industrial automation goals (Microsoft, 2021). In the United States, 81% of respondents state that they use IoT with other technologies, such as artificial intelligence, mainly for predictive maintenance purposes (67%). In contrast, the remainder uses IoT to improve consumer experience since this technological combination allows the development of skills such as facial or linguistic/verbal recognition. In addition, 74 percent of companies in the US use IoT as a physical technology to connect their production reality with a digital twin, virtual replicas of the physical world (Microsoft, 2021). Combining the two technologies has enabled these companies to reduce operating costs and optimize production efficiency by impacting the products' time to market.

In Europe, 91 percent of companies say they have adopted at least one IoT technology; however, the combination of this technology with others, such as digital twins, is even less implemented than in the United States (Microsoft, 2021). Regarding Italy, 95% of companies say they have heard about IoT tools and technologies; of these, only 58% have undertaken at least one project to adopt and implement these tools (Osservatorio IoT, 2022). However, the digital divide between companies of different sizes remains as marked for IoT as for other technologies. Indeed, while 73 percent of large companies have started at least one project to introduce such tools into their business processes, only 29 percent of SMEs state they have done so (ibid).

The 3D printing market grew by 21 percent in 2020 compared to previous periods and is expected to reach 27 billion in 2023 (Statista, 2022). A recent study by Hp and 3dpbm Research (Hp & 3dpbm Research, 2021) shows that 96 percent of the companies surveyed use this technology to speed up the introduction of new products to the market, thereby reducing the so-called time to market. This study highlights the dominant factors and motivations for the adoption of 3D printing, including the improvement of the sustainability of production processes, the possibility to produce specific parts at the consumer's request, and the ability of this technology to easily adapt to fluctuations in market demand (ibid). A second study (Reichelt elektronik & OnePoll, 2021) on about 250 Italian and foreign corporate managers reported that nearly 80 percent of respondents said they already used 3D printing in production processes. These companies use this technology mainly to develop prototypes and small-scale production of specific products, spare parts, or medical products, such as prostheses. The most interesting fact is perhaps the impact on the supply chain. In fact, 45 percent of the Italian respondents consider using 3D printing to support internal production aimed at overcoming limits and delays in the event of external shocks such as those they have been exposed to in recent years (ibid).

Blockchain technologies, increasingly widespread, need to be adopted by a large number of users to bring the desired results (Blockchain & Distributed Ledger Observatory, 2022). Worldwide, there is an estimated 370 initiatives developed by companies of various sizes in this field. According to a recent study (Osservatorio Blockchain & Distributed Ledger, 2022), Italian companies are divided into two large groups: those that are still skeptical and therefore far from adopting these technologies and those that are already reaping up the benefits. Some 116 Italian SMEs have adopted blockchain technologies for their business activities, and there are currently 26 projects with international implications in this field (ibid). In line with the evidence from the academic literature, this technology is mainly implemented to improve transaction security and increase the transparency of the different steps of the company's production chain (Osservatorio Blockchain & Distributed Ledger, 2022).

Finally, the use of AI technologies is growing strongly at the global scale. It seems that companies have gradually increased their investment in these technologies, overcoming initial distrust, because of their clear organizational, productive and economic benefits (Piacentini, 2022). In 2022, the global adoption of artificial intelligence increased by four percentage points compared to the previous year, despite the fact that there is still a significant shortage of talent in this area - as we have seen, a characteristic barrier to the implementation of all DTs. Most companies say that they have implemented this technology to improve automation and safety in their manufacturing plants in both domestic and international markets (ibid). In this field, Italy has experienced an even greater adoption than the European average. In fact, the market has grown by more than 27 percent compared to 2021, even though there is still a strong digital divide in the adoption and implementation of artificial intelligence compared to the size of the company. If about 60 percent of large companies have adopted at least one AI project or tool, this is only true for six percent of SMEs (Piacentini, 2022). A recent study of companies in Lombardy confirmed that the companies in the region are oriented towards digitalizing production processes and are adopting artificial intelligence tools to achieve this goal (Osservatorio Artificial Intelligence, 2022).

7. Concluding remarks

The overview of the literature and the adoption trends of DTs presented in the current study confirm the role of these technologies as tools to support SME business processes, and their internationalization process is no exception. Although most academic literature seems to focus on other topics, mainly related to the determinants of the adoption of such technologies (Fosso Wamba and Carter, 2016; Pradhan et al., 2018; Gregory et al., 2019; Cassette), we highlight that there is nevertheless an increased interest in the international growth process (Denicolai et al., 2021; Magnani et al., 2021; Olejnik & Swoboda, 2012; Sinkovics et al., 2013).

We summarize below the main impacts of the adoption of DTs as highlighted by the current study.

Table 1:SMEs' DTs' adoption impact

E-commerce	IoT	3D Printing	Blockchain	Artificial Intelligence
Increases network ofcontacts	Optimizes coordination, integration and iteraction of the value chain	Increases organizational performance	Optimizes coordination, integrationm and iteraction of the value chain	Increases organizational performance
Reduces distances (physical and cultural)	Increases efficiency and organization ofproduction systems – across and in different countries	Provides direct and fast accessto the final product	Improves and increases data processing	Optimizes resources allocation
Reduces entry barries	Optimizes product quality	Can be designed remotely	Fast, clear and secured transactions	Increasesavailable information on
	and efficiency control			international and domestic activities
Increases sales channels	Optimizes consumption and costs efficiency	Reduces costs of logistics and transportation	Traceability of goods	Automation of production processes
Increases available information on international and domesticactivities	Improves partners relationships	Reduces CO2 emissions (due to decreased transportation)	Optimizes production	Helps in decision-makingprocesses
Data on procurement, delivery timing, and stock	Improves security in production facilities	Reduces barriers to entry in international markets	Increases firm's trust perception	

Improves and simplifies relationships with customers	Potential centralizedcontrol	Optimizes resources allocation and reduces production waste	Increases brand reputation	
E-marketing: improves upstream and downstream communication				
E-business:				
Increases information from both international anddomestic markets				
Reduces inter-organizational cultural and physical distance				
Creates common language				
Reduces communication uncertainties				
Reduces conflictual risks				
Increases trust on the firm				

Source: own elaboration

Table 1 summarizes the current study's main findings, focusing on the impacts of these technologies on the growth of SMEs in foreign markets. This table summarizes the issues that are affected by each of the investigated technologies.

From an initial glance, it is clear how marketing technologies (e- commerce, e-marketing, e-business) result in tools facilitating the entry into new markets. Other technologies, on the other hand, appear to have a more significant impact on the organization of production systems and on global value chains. Therefore, the DTs that were taken into account seem to be relevant for the preparatory phase of the internationalization process. Clearly, the support these technologies offer for expansion in foreign markets does not stop at the preliminary preparation stage but is also a critical aid when this process is actually implemented. Figure 1 tries to summarize this concept graphically, identifying the impacts on the internationalization process of the different DTs here considered.

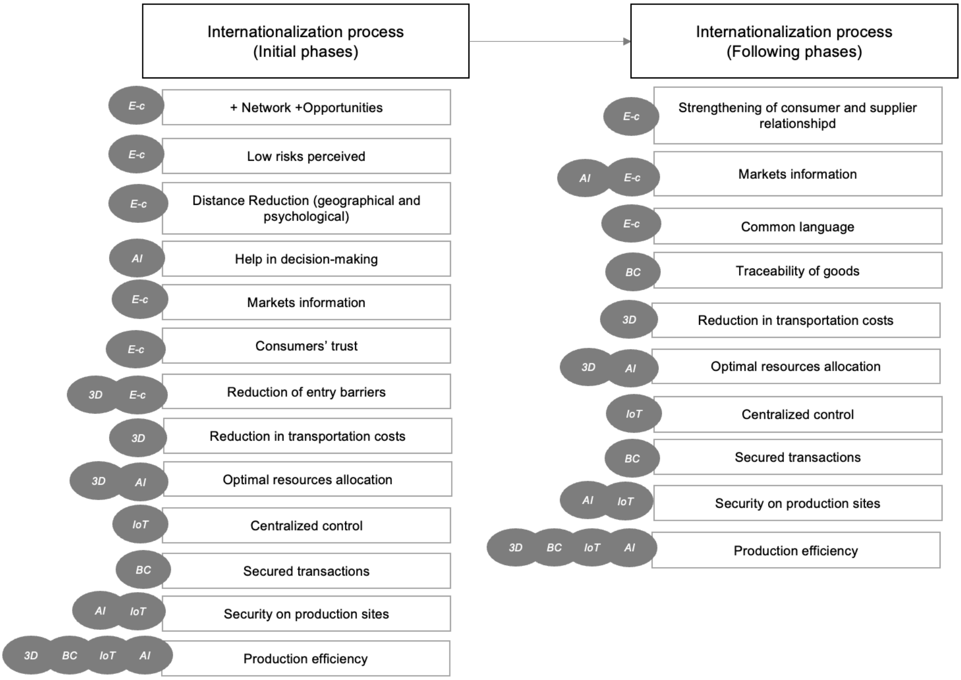

Fig. 1: DTs impact on SMEs' internationalization process

Source: own elaboration; Legend: E-c = e-commerce; 3D = 3D printing; IoT = Internet of Things; BC = Blockchain; AI = Artificial Intelligence.

Internationalization is a process that takes place as a result of a series of decisions taken by corporate management in a usually gradual manner (Cavusgil, 1980; Johanson & Vahlne, 1977). Even in cases where this is done more quickly, a more or less in-depth knowledge of the rules of the markets in which one decides to expand its business is essential (Anderson & Narus, 1990; Coviello & McAuley, 1999). In Figure 1, this process is greatly simplified by subdividing it into two phases to optimize the representation. This graphic reproduction aims to highlight the impacts of the various technologies in support of the initial phases of international expansion.

It should be noted that marketing technologies seem more likely to facilitate entry into foreign markets by, for example, reducing entry barriers (Cassette et al., 2020; Hånell et al., 2020). By implementing these technologies, the company will, for example, be able to promote online sales to global consumers. Another facilitation to the internationalization process by these technologies results in a decrease in geographical and cultural distances between the country of origin and the markets where international expansion is intended to happen (Dethine et al., 2020). Apart from the potential need to revise product marketing to ensure that end consumers have a unified experience across multiple real and digital touchpoints (Zucchella & Magnani, 2019), online sales via digital platforms do not necessarily require to be tailored to the specifics of different markets (Elia et al., 2021). Such technologies can therefore be more conducive to reaching foreign markets. Other technologies, however, seem to have a greater impact on internal business organizations. Here we highlight the collection of data and information needed to optimize the allocation of company resources, support strategic decisions about international expansion, and improve the security of both transactions and domestic and foreign production plants (Denicolai et al., 2021; Martín-Peña et al., 2020; Neubert, 2018). If adequately implemented, almost all the technologies studied would achieve production efficiencies, resulting in competitive advantages in domestic and international markets (Astuti & Nasution, 2014; Dethine et al., 2020). To adopt IoT instruments, SMEs can plan to expand their market outside their home borders with the possibility of maintaining centralized control of productivity and production quality (D'Arpa, 2022).

The DTs explored in this study appear to have an impact not only during the early stages of the internationalization process but also when the company has already established its presence in foreign markets. By leveraging DTs, SMEs could strengthen their relationships with actors upstream and downstream in their production chain and create a common language through e-business tools to reduce misunderstandings and optimize communication between business areas, regardless of where they are based.

The overview of the uptake trends of digital technologies and the current literature on their impact on internationalization processes have highlighted that SMEs are aware of the strategic role these tools play in the internationalization process. However, there are some indications that this awareness is being challenged by factors that may complicate its adoption. These factors, or barriers, appear to be both internal and external (Cassette et al., 2020; Costa & Castro, 2021). The objective of Table 2 is to summarize the main factors outlined in the current study without claiming to be exhaustive.

Table 2: Potential limits to SMEs' adoption of DTs

Internal Factors	External Factors
Technological Readiness	Tariff and non-tariff entry barriers
Limited I4.0 specific resources and capabilities	Transportation costs
Difficulties in reconfiguring business models	Difficulties in accessing credit

Difficulty in recognizing the value of a DT in advance	Global competitiveness
Product branding and marketingrevisions required	Political instability
Increased market insecurity	DT-specific regulations
Team goals alignment across business areas	Different regulations in different countries
Initial investment costs	
Difficulties in accessing credit	

Source: own elaboration

The ability, interpreted as the set of human and technological resources, skills, and knowledge that a company demonstrates about a specific technology, represents its technological readiness (Richey et al., 2007; Shahrasbi & Paré, 2014). SMEs must have the necessary resources and technical expertise to implement DTs properly. However, this type of undertaking is characterized by limited financial, human, and technical resources (Bellone et al., 2010; Cerrato & Piva, 2012; Freeman et al., 2012). While, as we have seen, DTs can support an optimal allocation of resources, they require technical and professional skills that are lacking in the market. In addition to these limitations, SMEs also face difficulties in assessing a priori the value that DTs could bring to their business organization, together with the issues they encounter in accessing credit (IoT Observatory, 2022). To be able to implement these technologies, it is necessary to make significant investments not only in introducing the appropriate human skills and technical resources, such as specific software and hardware but also in reconfiguring the business model to adapt its activities to the proper use of these tools. Some external factors, including regulations and policies, can be transformed from a barrier to an enabler supporting SMEs in their digital transformation (Ministero dell'Economia e delle Finanze, 2021). In the case of Italy, for example, the National Recovery and Resilience Plan (PNRR), part of the European Union's Next Generation program, has, among its various objectives, the objective of supporting SMEs to foster growth. It targets their digitalization, innovation, and internationalization. In particular, the Italian government has also identified a shortage of human skills as one of the main barriers to SMEs. A tax credit for Training 4.0 (Formazione 4.0) is available to help develop these skills (ibid). The incentives to invest in human capital have therefore been greatly enhanced.

The current study offers theoretical contributions at different levels. First and foremost, we contribute to the international entrepreneurship field by providing an overview of the roles that each digital technology plays in SMEs' internationalization process. Offering a simplified figure summarizing their impacts on SMEs' internationalization and specifying their effects on both the initial and following phases is aimed at emphasizing what we currently know while nourishing the interest for future studies in the field.

Similarly, we shed light on SMEs' difficulties and barriers when adopting the various DTs, contributing with a list of different internal and external factors rooted in the current literature. The latter is important both in terms of academic contribution and practical implications.

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Abstract

The book faces the topic of uncertainty that affects the economy. The social unrest, the pandemic, and the effects of climate change are features of this time when small businesses must operate. But how can small companies react and control external factors? It is the question that authors try to answer. This book distinguishes itself with a multidisciplinary approach, combining research and practitioner perspectives.

Review

First of all, the Authors clarify the relevance of small firms in most economies, highlighting the necessity to understand their behavior better. The peculiarities of this type of firm make them different from large companies. Unfortunately, the shortage of knowledge, skills, and resources characterize the small size, it making difficult to overcome barriers determined by the uncertain business environment.

A unique definition of a small firm does not exist. The size criteria vary across jurisdictions (Australia, UK, Canada). The UK follows the EU definition of SMEs (European Commission, 2003) based on the number of employees, balance sheet value, and revenue. In 2019, there were 5.9 million private companies in the UK, of which more than 99% were SMEs.

External factors identified by the Authors as the main affecting SMEs are seven: political, economic conditions, social, technology, legal, environmental, and competitive forces. But the capacity to face the uncertain external environment depends on the internal business environment identified by the configuration of the following elements: organizational structure, management, human resources, organizational culture, physical assets, and financial strength.

The Authors highlight the differences between SMEs and large companies. Informality and the strength of personal relationships make SMEs diverse from large company. They suffer the shortage of financial resources, marketing problems, operational difficulties, incapacity to attract talent employees, and scarcity of physical assets. Thus, how can SMEs manage the uncertain environment?.

The chapter 2 examines small business strategic management practices through a comparative perspective. The research, in fact, is based on the small business development within a developed country as UK, the emerging economies of Ghana and Malaysia, and the transitional economy context of Russia. The case studies allow to reveal some interesting processual dimensions of small business strategy formation. The following chapter examines in depth the strategic management, making explicit micro-level actions, activities and behaviors which compose the strategic process. The Authors want to accompany readers inside the "Black Box" of the small business strategy development process, using exciting case studies.

Then, the focus passes to the start-ups and to the resources, capabilities, and personal attributes which create a unique organizational context of start-ups. Despite the shortage of resources, start-ups grow and innovate thanks to members' passion and conviction.

In the fourth chapter, the Author investigates the influence of Western paradigms on transnational education and the impact on small businesses. Universities and educational institutions, with their educational paths, should support small business growth and development, upskilling the management and the employees.

The leader guides small business growth, and leadership style can determine the success or failure of SMEs. The leadership style should change taking into account each stage of an organization's lifecycle. Leaders need to create a corporate culture that fosters an inclusive environment, based on interactive communication, and trust. Leadership style impacts small business performance, so it deserves attention.

SMEs must face significant changes in the competitive environment. The uncertainty and volatility in the Covid-19 and Post-covid-19 era require SMEs to invest in customers' trust and loyalty, creating value for them and assessing the environmental volatility to adapt the organization to the changes promptly.

Skill shortages and talent mismatches can represent a severe problem for SMEs. The policy supports small businesses' digital inclusion and skills development. Governments must implement measures to foster STEM education paths and skills to solve the gender gap in this area. Additionally, knowledge sharing through business partnerships can help SMEs to overcome these difficulties.

"Small is beautiful?" The Author tries to answer the question that has tormented academics, policymakers, entrepreneurs, and managers for many years. The focus is on the consequences and challenges for SMEs determined by the exit of the UK from the European Union. The Author proposes some recommendations to support SMEs in the transition phase.

SMEs can win the challenge of uncertainty by improving employee engagement. The Author suggests six significant drivers of employee engagement: the work people do, the people they work with, opportunities, total rewards, company practices, and the quality of life.

Chapter 11 analyses the implications of Brexit for SMEs through a theoretical framework based on economics, political events, and human resource management. The study shows that SMEs have started opting for newer and innovative technologies to face the transitional phase. Chapter 13 examines in depth the benefits and disadvantages of E-business adoption by small firms. From the literature analysis, some factors influencing E-business adoption are identified: perceived relative advantage, perceived compatibility, CEO's innovativeness, information intensity, buyer/supplier pressure, support from technology vendors, and competition.

Chapter 12 focuses on Human Resource Management (HRM) practices in Japanese SMEs to discover if these practices are the same or different from those used in the past. Western HRM practices would influence Japanese HR practices in SMEs.

One of the main obstacles for SMEs is securing funding. Chapter 14 considers the Greek environment and offers a comparison to other European states. Findings report data about Greek SMEs' access to finance, and non-banking sources, such as the stock market, EU funding, investment laws, and venture funds.

The book offers an interesting point of view about the challenges SMEs must face in the uncertain external environment, thanks to a multidisciplinary approach. Protagonists are the UK SMEs, but not only them, with particular attention to the implications of Brexit for small firms. Small business success requires strategic management practices that allow SMEs to react and control uncertainty, a leadership style able to adapt itself to the lifecycle phase of the firm, and an essential investment in human resources to create an inclusive and trusting internal environment so that employee engagement could increase. Digital innovation is necessary to compete in a volatile context and this transitional phase caused by Brexit. It is an exciting reading I suggest to both academics and practitioners.

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