

# Abstract

## Purpose

The purpose of this study is to ascertain factors that enable micro- and small firms (MSFs) to cope with the effects of a long-term crisis and develop a model which guides conceptual understanding. This study's setting is represented by the global financial crisis and by Cyprus and Greece, two nations severely affected.

## Design/methodology/approach

On-site, unstructured, face-to-face interviews were conducted among 135 MSF leaders.

## Findings

Sixteen different coping factors were identified as central to participants, resulting in the emergence of four key dimensions. Three dimensions, self-initiative, financial acumen and human attributes, are associated with entrepreneurs' skills, initiatives, passion and networks, whereas one dimension, individual-firm advantage, considers firms' and individuals' valuable assets and resources, namely, image/reputation, quality or location. Almost two-thirds of participants recognised a lack of collaboration beyond their suppliers within their industry. Several intergroup differences were revealed, including Cypriot participants' higher optimism concerning their firms' future.

## Originality/value

This study responds to calls for research that illuminates the understanding of firms' ability to overcome inadequacies imposed by the socio-economic environment in which they operate. To this end, a theoretical framework emphasising the vital significance of four dimensions is proposed. Apart from their conceptual insightfulness, the dimensions identify clear associations with resilience and coping and can therefore be of practical value to micro–small-sized firms and their respective industry.

## Keywords

- Micro–small firms
- Crisis
- Organisational resilience
- Resilience
- Coping factors

## Citation

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## Introduction

Micro- and small firms (MSFs) play a fundamental role in many economies. From a numerical perspective, in the European Union (EU), for instance, MSFs account for 99% of all businesses ([European Commission, 2019a](#)). Among other indicators, EU firms can be defined by their number of employees and annual revenue ([European Commission, 2019b](#)). Using the first indicator, micro-firms employ less than 10 employees and small firms between 10 and 49 ([European Commission, 2019b](#)). Also, within the EU, MSFs make substantial socio-economic contributions to their communities, providing more than 100 million jobs, adding value to their respective economies, and also accounting for over 50% of the EU's gross domestic product ([European Commission, 2019a](#)).

While their significance is undisputable, when crises strike, smaller firms can be severely affected ([Eggers, 2020](#); [Kottika et al., 2020](#)). One distinctive challenge that smaller firms have to confront is their lack of resources, preventing them from planning, responding or recovering from a crisis ([Runyan, 2006](#)). Research conducted among small and medium enterprises (SMEs) reveals that, apart from financial shortcomings, firms' limited human, technological and managerial capabilities are key hurdles in their recovery during economic crises ([Bourletidis and Triantafyllopoulos, 2014](#); [Chu and Siu, 2001](#); [Giannacourou et al., 2015](#)).

This study is primarily concerned with MSFs operating in Cyprus and Greece, two countries that experienced the full impact of the financial crisis, including harsh austerity measures ([Nikolaou and Loizou, 2015](#); [Papagiannis, 2018](#); [Rapanos and Kaplanoglou, 2014](#)). Having experienced a series of financial bailouts, Greece's case has drawn the interest of many researchers ([Doudaki et al., 2016](#); [European Council, 2019](#); [Gibson et al., 2012](#); [Koutsoukis and Roukanas, 2011](#); [Mitsakis, 2014](#); [Tsilika et al., 2020](#)). While Greece's crisis was fundamentally because of fiscal imbalances, Cyprus's private sector debt, partly because of exposures of key Cypriot banks in the Greek business environment, was a fundamental culprit ([Giannakopoulos et al., 2014](#); [Rapanos and Kaplanoglou, 2014](#)). Further, before the full-blown crisis, Cyprus was experiencing a credit boom and a property bubble ([Clerides and Stephanou, 2009](#)), which further combined for the subsequent drastic worsening of its economic situation. The resulting predicament forced Cyprus's government to request financial assistance ([Rapanos and Kaplanoglou, 2014](#)). As a direct result of the crisis, both countries' economies deteriorated, and high levels of unemployment and losses in gross domestic product unparalleled in recent decades ensued ([Rapanos and Kaplanoglou, 2014](#)).

Apart from cultural closeness and geographic proximity, Cyprus and Greece share strong economic ties and are reciprocally the main destinations of their respective exports (OECD, 2018a, 2018b). More related to the present research, Cyprus and Greece have a significant percentage of MSFs. Indeed, among all EU member states, Greece leads in micro-businesses, with these representing over 97% of all existing businesses, compared to Cyprus's 93%. Small firms, on the other hand, constitute a much modest share, or 6.1% in the case of Cyprus and 2.3% in Greece (European Commission, 2019c).

In spite of the complexities of operating in challenging socio-economic environments, only a few studies have investigated how communities, organisations or individuals “respond to disruptive events or contextual changes and transform resources into action” (Doern *et al.*, 2019, p. 403). This gap is especially pronounced among small businesses, where research is needed to illuminate aspects associated with how both businesses and entrepreneurs “learn from crisis events, manage barriers to learning and/or incorporate change management” (Doern *et al.*, 2019, p. 408). Moreover, Tsilika *et al.* (2020) make a case for advancing the “understanding of SMEs’ capacity to overcome deficiencies externally imposed by the socioeconomic environment” (p. 636).

Against this background, where there is an imperative need for small business operators to find, understand and exploit ways to successfully adapt and thrive in times of crises and to fill an extant research gap in this field, the present study has two core objectives. Firstly, the study empirically examines coping factors enabling MSFs’ survival, in this case, in the aftermath of the 2007–2008 financial crisis. In this context, the study will ascertain the key factors enabling firms to cope with the effects of the crisis. This research will make both an empirical and conceptual contribution, thereby also responding to the need for increased scholarly based knowledge on small firms in the above dimensions (Doern *et al.*, 2019; Tsilika *et al.*, 2020).

Furthermore, the study will identify the extent to which collaboration between firms is sought as part of building resilience and entrepreneurs’ perceptions of the future of their firms. This line of research could reveal aspects and insights with practical value for firms operating in similar dire conditions. The resulting findings could also inform representatives of national and regional industry associations and governments in the planning and execution of measures and steps to support this extremely important group of businesses.

Secondly, in gathering the viewpoints of key industry stakeholders, predominantly owners of MSFs, the study seeks to build theoretical knowledge that provides useful pathways to understand how best to cope with a long-term crisis. To inform this process, the study will consider the conceptual foundation of coping theory and organisational resilience. Furthermore, the inductive approach undertaken will result in the development of a framework, with emerging insights and related implications for theory and practice.

The article’s structure is presented as follows. Firstly, the literature review highlights the extant research on organisational resilience and coping theory; in both cases, knowledge gaps are identified. Secondly, the methodology section presents various steps in the development of the research, including sampling, criteria for participant recruitment and analysis. Thirdly, the Results and discussion section addresses the various research questions under examination. Fourthly, the Conclusions section summarises the study, discusses theoretical and practical implications, identifies limitations and suggests future research avenues.

## Literature review

### Organisational resilience

This study aligns with contemporary research that emphasises the significance of organisational resilience as a crucial element providing support and cushioning to firms experiencing severe crises ([Crichton et al., 2009](#); [Herbane, 2019](#); [Prayag et al., 2020](#); [Seville et al., 2008](#); [Sobaih et al., 2021](#); [Sullivan-Taylor and Branicki, 2011](#)). Consequently, conceptual principles of this domain will be discussed.

According to [Seville et al. \(2015\)](#), the ability of business organisations to deal with volatility is a fundamental strategic competency and at the same time a cornerstone to their competitiveness. Moreover, a fundamental issue that concerns both decision makers and their organisations is how they can manage risk and maintain their growth during crises ([Chen et al., 2021](#)). Resilience in this context is more than managing or minimising the effects of crises or disasters; it is about developing much-needed agility “to adapt to unexpected challenges [...] and the capacity to seize opportunity from adversity” ([Seville et al., 2015](#), p. 6). Definitions of resilience abound; for instance, it has been referred to as “the maintenance of positive adjustment under challenging conditions” ([Sutcliffe and Vogus, 2003](#), p. 95) in ways that an organisation can emerge from these more resourceful and strengthened ([Vogus and Sutcliffe, 2007](#)). Extending from these premises, organisational resilience ensues when specific competencies are enhanced ([Sutcliffe and Vogus, 2003](#)). These competencies include processes that encourage mindfulness and improve capabilities to deploy and recombine resources in novel ways ([Sutcliffe and Vogus, 2003](#)). Thus, in a business setting, resilience is found through both organisational and individual responses to discontinuities and turbulence ([Burnard and Bhamra, 2011](#)). Therefore, resilience has significant relevance in the field of entrepreneurship ([Korber and McNaughton, 2018](#)).

[Nilakant et al. \(2014\)](#) perceive two dimensions explicating resilience. The first, planned resilience (PR), entails using pre-determined, existing capabilities and planning that together illustrate risk management and business continuity and are mainly part of pre-disaster activities ([Nilakant et al., 2014](#)). Drawing on the work of [Lee et al. \(2013\)](#), [Nilakant et al. \(2014\)](#) posit that the second dimension, adaptive resilience (AR), is revealed in post-disaster stages, notably, as organisations acquire new capabilities that emerge through dynamic responses to unplanned situations.

More recently, [Chen et al.'s \(2021\)](#) discussion of resilience among model companies identified five dimensions, each demonstrated through the following results:

1. capital: organisations' debt service;
2. strategic: product features;
3. cultural: community sense;
4. relationship: relationship enhancement; and
5. learning: organisations' learning ability.

[Chen et al. \(2021\)](#) recognise two key limitations in the extant academic research. The first limitation is the missing unified scholarly view concerning the examination of organisational resilience, whereas the second is the limited number of in-depth assessments of the dimensions related to this construct.

In the field of SME research, [Herbane \(2019\)](#) explains that while resilience is associated with adaptation, recovery and response to an unexpected shock, organisational resilience provides “an explanation for longer term strategic renewal in SMEs” (p. 479). Some authors have made important inroads in the conceptual development of resilience, including in SME research. In reviewing the pertinent literature, [Burnard and Bhamra \(2011\)](#) developed a “resilient response framework”. Departing from the event and threat to a business, the framework suggests a critical period, where detection, activation and enhanced monitoring lead towards firms’ responses. In this context, the framework identifies a reciprocal relationship between a resilient response and “positive adjustment” ([Burnard and Bhamra, 2011](#)), notably, in responding to the turbulence caused by the threat.

Furthermore, positive adjustment represents an organisation’s “proactive approach during the phases of detection and activation” ([Burnard and Bhamra, 2011](#), p. 5590). In contrast, the framework identifies a “negative adjustment”, which underlines that during the threatening event, “control is restricted to a central authority and the organisation functions through its traditional channels” ([Burnard and Bhamra, 2011](#), p. 5584). A final section of [Burnard and Bhamra’s \(2011\)](#) model illustrates that both positive and negative adjustments lead to organisational learning and in turn to enhanced monitoring, with implications for detection and activation of the threat.

In spite of these efforts towards developing conceptual understanding, [Alberti et al. \(2018\)](#) identify several research gaps. For instance, while SMEs’ significance for nations’ economies is unequivocal, [Alberti et al. \(2018\)](#) argue that these have been less studied from a resilience perspective. Furthermore, limited research has empirically tested or demonstrated such theories ([Alberti et al., 2018](#)). Consequently, little empirical evidence exists on how organisations, including SMEs, attain levels of resilience ([Alberti et al., 2018](#)).

### Coping theory

Coping is a key concept for research and theory in the domains of adaptation and health, where it is similarly linked to a personality characteristic and to process ([Lazarus, 1993](#)). Part of the academic literature juxtaposes or draws parallels between both resilience and coping in the context of confronting crises. For instance, [Macpherson et al. \(2015\)](#) suggest that by embedding coping routines that complement a firm’s dynamic capabilities, long-term resilience can be created. Furthermore, in referring to reinvention, [Herbane \(2019\)](#) posits that, increasingly, scholars are emphasising “the inseparability of resilience from the aspirations of formal strategic planning” (p. 479), including in regard to coping routines such as renewal, innovativeness, competition and responsiveness. In turn, arguably, strategic planning is intrinsically associated with coping. The seminal work of [Lazarus and Folkman \(1984\)](#) illuminates such association. Firstly, these authors conceptualise coping as behavioural and cognitive efforts that are constantly changing “to manage specific external and/or internal demands that are appraised as taxing or exceeding the resources of the person” (p. 141). More associated with psychological models, coping can be defined as flexible, realistic acts and thoughts that can solve problems and reduce stress ([Lazarus and Folkman, 1984](#)).

Furthermore, in discussing coping as a process, [Lazarus and Folkman \(1984\)](#) revealed three key features. The first, assessment and observations, concerns what an individual does/thinks, as opposed to what she/he usually does ([Lazarus and Folkman, 1984](#)). The second feature underlines that what an individual does or thinks is evaluated within a specific setting; in other words, to understand and evaluate coping, one needs to understand what an individual

is coping with ([Lazarus and Folkman, 1984](#)). Thirdly, a coping process highlights changes in acts and thoughts associated with an unfolding stressful circumstance, or in the changes in relationships between the person and the environment ([Lazarus, 1993](#); [Lazarus and Folkman, 1984](#)). Therefore, coping entails a shifting process, whereby, at specific times, individuals might rely more significantly upon one type of coping, for instance, defensive strategies, whereas at other times reliance might be heavier upon problem-solving strategies ([Lazarus and Folkman, 1984](#)).

To some extent, academic discourses have also examined coping within a small firm context. Among other authors, [Macpherson et al. \(2015\)](#) identified three coping routines among small firms, namely, “the combination of coping mechanisms, the extension of networks, and the reprisal of previously successful solutions” (p. 259). Nevertheless, given the size of their studied sample (eight small firms), [Macpherson et al. \(2015\)](#) encourage further research on routines that small firms adopt when they attempt “to cope with uncertainty and to adapt dynamically to changing contexts” (p. 284). [Zutshi et al. \(2021\)](#) identify yet another research gap in the SME literature, in that, while there are efforts to understand SMEs’ coping with adversity, the emphasis tends to be on the digital technology aspect as a structural tool. Consequently, and in specifically referring to the current COVID-19 crisis, [Zutshi et al. \(2021\)](#) argue that the SME literature has fallen short of referring to practical issues that go beyond financial difficulties, including resilience setbacks that have emerged from this unprecedented event.

Based upon the above literature, this study proposes the following overarching research question:

How do MSFs confront the effects of a long-term crisis, in this case, the global financial crisis? Under the umbrella of this main question, the following will be addressed:

*Q1.*

What are the key factors enabling resilience among the studied MSFs?

*Q2.*

How do they cope while operating under the impacts of a long-term crisis?

*Q3.*

To what extent is a collaboration with other businesses important to develop resilience or cope with the crisis?

*Q4.*

How do MSF owners–managers perceive the future of their firms in overcoming the crisis?

*Q5.*

To what extent do the participating groups, including firms of different sizes, geographic location or gender, differ when confronting the crisis?

## Methodology

The main objectives of this study are to ascertain factors that enable MSFs in Greece and Cyprus to deal with the effects of a long-term crisis, identifying coping mechanisms and resilience building that facilitate firms’ survival. The desire to develop a model which guides conceptual understanding against these notions reflects a constructivist framework ([Jonassen, 1991](#)). The constructivist paradigm facilitates true discovery, uncovering embedded meanings within words and text, mirroring the strengths of qualitative interviews ([Ponterotto, 2002](#)).

Accordingly, the study uses a qualitative approach in both the data collection and analysis process, reflecting this constructivist framework, and in line with an inductive analysis

approach. The inductive approach allows the study the opportunity to understand and identify emergent themes and rich stories in the data set, facilitating the development of a framework that best illustrates the research findings (Bell *et al.*, 2018; Thomas, 2006). Building upon this notion, the study uses qualitative interviews in the data collection process to elicit rich information from MSF leaders. The approach is aligned with a purposive sampling methodology, where information-rich respondents who are best placed to provide insights and rich data in the areas of this study's focus (Patton, 2015) are strategically selected. According to Smith and Noble (2014), "purposeful sampling has advantages [...] in that bias is reduced because the sample is constantly refined to meet the study aims" (p. 100). In line with Smith and Noble (2014), in the case of this study, the large number of participants intercepted allowed for the continued refinement of the sample.

The study is concerned with gathering data from MSFs in Greece and Cyprus, which have been affected by the global financial crisis. Based upon this focus, the following purposive sampling criteria of the firm and respondent were used:

- the firm 1: MSFs;
- the firm 2: Geographic setting or firms operating in Greece or Cyprus;
- the firm 3: Firms had been established at least five years before to the time of the study; and
- participant: Direct leadership involvement in the firm, for instance, as owner or manager.

During the period from December 2016 to June 2018, 375 MSF leaders were contacted to participate in this study. Correspondence was sent inviting firm owners–managers to participate in on-site, face-to-face interviews, where an information pack detailing the aims of the study along with university ethics approval and an informed consent form were similarly included. In total, 135 respondents participated in the interviews, affording the study an overall response rate of 36%. While all interviews were also conducted during the above period, contact maintained with firms after June of 2018 allowed, where applicable, for clarifying details of the interviews.

Interviews ranged between 45 and 60 min in length where interviewees were able to, as per the nature of unstructured interviews, freely discuss any pertinent issues or opinions related to the financial crisis and how they have been able to cope with the negative effects of this crisis in their respective firms.

The interviews, which were audio recorded with the agreement of participants, were then transcribed. The interviews were conducted in Greek, where members of the research team then translated these into English. The translated interviews were then cross-checked by a team of volunteering researchers, who provided feedback where appropriate. Qualitative content analysis was applied to analyse the qualitative data alongside a statistical analysis in the form of Pearson chi-square tests. In content analysis, recurrent categories and themes are identified from the data set and through examining these patterns and meanings emerge from within the text (Zhang and Wildemuth, 2009). The approach requires the coding of text in a way that "nodes" or thematic issues are identified.

Content analysis was undertaken against approaches espoused by Gioia *et al.* (2013), where systematic coding of first-order initial terming followed by second-order dimensions and conceptualisations were conducted. The approach allows for the voice of informants as well as that of the researcher to be examined in tandem and facilitate rigorous identification of

existing links in the data ([Gioia et al., 2013](#)). Cross-checking of coding and the nomenclature of themes were undertaken by the research team to ensure validity and accuracy in the process and subsequent findings. The approach further enhances the trustworthiness of the data and facilitates the development of robust interpretation of the data ([Elo et al., 2014](#)). NVivo version 12 was used to support the qualitative analysis. While the study is inductive in nature, Pearson chi-square tests were also used as an exploratory tool to identify associations in the thematic data set ([Field, 2013](#)). Pearson's chi-square tests were undertaken through SPSS v26 software package.

In line with [Gioia et al.'s \(2013\)](#) approach to qualitative content analysis, the study further embeds [Locke's \(2007\)](#) guidelines for the development of inductive theories and applies a valid philosophical axiom as a base, alongside developing a substantial body of data that, ultimately, facilitates the formulation of valid concepts. Furthermore, through the integration of previous discourse in the building of theory, this study's resulting framework embeds and reflects concepts based upon reality and the existent relationships ([Locke, 2007](#)).

### Demographic characteristics: participants and micro- and small firms

[Table 1](#) highlights various dominant groups. For instance, more than 90% of participants were owners of the firms; similarly, the large majority were males, with less than 20% of female participation. Nearly two-thirds of the firms were family-owned, and while clear differences existed between firm size and country, overall, almost 75% are micro-sized firms. All firms are well established, or at least ten years old, which reflects the merit of selecting these businesses as information-rich cases ([Patton, 2015](#)). Finally, retail and hospitality/tourism were the most represented industries. In the next sections, respondents' verbatim observations will be labelled with abbreviations (e.g. Cyprus 1 [CY1], Greece 1 [GR1]).

## Results and discussion

### Factors enabling coping and resilience

The inductive analysis revealed 16 different factors contributing to firms' resilience and coping with the long-term financial crisis that was affecting their nations for nearly a decade. These factors were "distilled" ([Gioia et al., 2013](#)) into four distinctive dimensions ([Table 2](#)). While previous SME research ([Sullivan-Taylor and Branicki, 2011](#)) highlights that resourcefulness is a fundamental hurdle to firm resilience, in this study, participants did evoke various forms of resourcefulness that unequivocally contributed to their resilience and coping with the effects of the crisis. In addition, drawing on the research note by [Nilakant et al. \(2014\)](#), the findings lend support to discourses of planned and AR, and overall, to the notion of long-term strategic renewal predicated concerning organisational resilience ([Herbane, 2019](#)).

Firstly, the *individual-firm advantage dimension* emphasises the significance of the quality of the firms' products, service and work performance. The consistent delivery of quality was also associated with firm owners' accumulated expertise and the resulting reputation and positive word-of-mouth promotion that ensued and continued to draw consumers. The aspect of quality further supports contemporary research among small Greek firms ([Sainis et al., 2017](#)), which similarly identified firms' quality efforts in their journey to satisfactory financial performance.



Earlier strategic decisions, such as location or continuously accumulated knowledge, further underscored resourceful ways to strengthen the firm and provide a vital cushion in light of the severity of their situation. Thus, the first dimension also reveals relationships with the PR dimension ([Nilakant et al., 2014](#)), where arguably existing as well as pre-determined capabilities provide support at times of crisis. The following selected views support the above points:

CY3: The business has a long tradition in the local market. The business has operated for many years and has established a very good reputation and benefits from its good brand name. Having studied engineering, I have the know-how and expertise to respond to the high expectations of my profession. I can offer solutions, and accordingly guide my staff members.

GR2: My family has expertise after many years of experience in the industry. My father has raised animals all his adult life; I have been helping him since an early age. We can guarantee the quality since we know exactly the type of food used and the environment in which the animals were reared.

While the individual-firm advantage dimension is based upon earlier strategies and ways of operating, as well as gradually developing skills and expertise, the second revealed dimension, *self-initiative*, underpins the vital need to continue finding ways to remain competitive in a marketplace facing critical challenges through proactive behaviour. Related to this finding, recent research ([Parker and Ameen, 2018](#)) confirms the positive effects that proactive risk management, for instance, can have on firm resilience. In the present study, networking with industry representatives at trade shows and similar events, or receiving direct feedback from clients and consumers, supported firms and complemented the existing cushion represented by their quality performance, expertise and reputation, thus, further developing resilience and coping strengths.

Equally important was diversifying, innovating, scanning the markets and industry to understand or identify ongoing or new changes and spending more time at the business. This last finding was also critically linked to the dire need of many firms to cut down on expenditures. Several parallels exist between the self-initiative dimension and the AR dimension predicated in earlier research ([Lee et al., 2013](#); [Nilakant et al., 2014](#)), notably, in that firms, or in this case, the earlier capabilities to respond to the threatening environment dynamically built by owners and staff. Finally, the self-initiative dimension also relates to the second and third features of coping as a process ([Lazarus and Folkman, 1984](#)), notably in that individuals' actions or thoughts are assessed within specific contexts, and these actions and thoughts are to change to adapt to unravelling stressful or challenging situations ([Lazarus, 1993](#); [Lazarus and Folkman, 1984](#)). Selected comments highlight the relevance of the self-initiative dimension:

CY5: We decided to create an additional income stream for the business. We import fertilisers from abroad [...] It is a profitable business since we are supplying a large network of producers.

GR74: We try to visit various exhibitions to get updated on possible products or trends that could be useful to our business.

GR11: We try to increase the range of products on offer at all times [...] We try to encourage customers to try new flavours and products.

The third dimension, *financial acumen*, further supports discourses of planned and AR ([Nilakant et al., 2014](#)) and those concerning long-term renewal of enterprises ([Herbane, 2019](#)). This dimension also demonstrates the dramatic and painful, though strongly needed, decisions to alleviate financial strains on their suppliers and customers/consumers, thereby enabling the firm's survival. Adjusting pricing was therefore a commonly observed practice, while having previously exercised caution and managed the firm's finances successfully provided the firms with more stability and strength to cope with potential downturns in cashflow or revenues. Nevertheless, in numerous cases, financial acumen also meant reducing costs and expenditures that directly affected stakeholders of the supply chain. More dramatically, as some comments illustrate, financial management also led to loss of jobs and to working more hours:

CY13: I had to reduce the staff's working hours period to balance the operational expense with income. Also, I have increased my contribution to the business. I work more hours to support both the production, sales, and promotion of the products.

CY23: We dropped our room rates significantly and offered special packages [...] we were forced to lay off some employees in order to reduce expenses.

GR32: We had to lay off some staff members during the crisis. Of 32 staff members, only 18 employees are currently employed.

The fourth dimension, *human attributes*, underlines entrepreneurs' intrinsic characteristics, or motivational factors (passion, drive), as well as the vital role of close/strong ties in supporting entrepreneurs and firms, both hands-on and emotionally. The following examples further reinforce the significance of these attributes:

CY7: Many family members work for the company, like my brother, his wife, and myself. This is very beneficial as there are no external managers or assistants to consider certain variables and take a decision.

CY44: We are young, passionate and determined to continue the success of our fathers.

GR52: Family support is another area that has significantly helped the business. All members of the family support different sections of the business. I, my wife, and my son, who is a lawyer in Athens, are actively involved in running the business.

These findings are partly aligned with contemporary research. For instance, in examining factors helping firms overcome the aftermath of a natural disaster, [Fraccastoro \(2008\)](#) identified that, as opposed to the age of the firm, passion was central in entrepreneurs' motivation or drive to succeed amidst adversity. Furthermore, concerning the role of the family in supporting entrepreneurs and their business, [Jack's \(2005\)](#) research revealed that family links, or strong ties, which developed based upon family bonds, trust and expectation, strongly contributed to family members' progression into entrepreneurial activities.

Extending the scope of the analysis, Pearson's chi-square tests were undertaken to ascertain any potential differences between groups of participants. For instance, comparing participants from both countries, four statistically significant differences were noted ([Table 3](#)). While Greek participants appeared to be more engaged in innovative activities, Cypriot respondents clearly emphasised the importance of adjusting prices, networking and expertise as ways to cope with the crisis more.

Overall, the findings of this section lend support to conceptual notions of coping among small firms ([Macpherson et al., 2015](#)), where the amalgamation of coping mechanisms, expansion

of networks, in the case of the study, constantly searching or referring to these, and revisiting earlier successful solutions prove successful in enabling firms' survival. The results also have direct links with [Zutshi et al.'s \(2021\)](#) review of recent COVID-19 research, where they revealed five steps for SMEs to cope with the crisis. Indeed, the self-initiative dimension has links with the second step, openness, which entails communication strategies, where challenges and resolutions are transmitted to the firm's stakeholders, thus, maintaining transparency and relationships ([Zutshi et al., 2021](#)). Furthermore, self-initiative is in tune with the innovation step, through diversifying and innovating in the business. Innovation entails the assemblage of the various pieces of the organisational jigsaw puzzle, including by investing in transferable resources and skills, or learning about these, thereby elevating them from an individual to an organisational level ([Zutshi et al., 2021](#)).

The dimensions observed through the data analysis are also linked to the framework proposed by [Burnard and Bhamra \(2011\)](#), concerning "proactive and negative adjustment". Proactive adjustment is clearly illustrated by the suggested strategic approaches encapsulated in the self-initiative dimension, whereas negative adjustment can be observed in firms' reliance upon traditional channels (quality, reputation). Nevertheless, this reliance can represent vital support during a long-term crisis, providing vital financial breathing space while other steps or strategies are under development.

Some of these findings resonate with [Alexander's \(2013\)](#) report card concerning disaster risk reduction, which emphasises the role of knowledge, innovation and education as pillars in building a culture of resilience and safety. Here, the work of [Zutshi et al. \(2021\)](#) is also useful. Firstly, in referring to the "victory" step for SME's resilience to be enhanced in light of COVID-19, [Zutshi et al. \(2021\)](#) emphasise the significance of accepting threats in the external environment while the firm's management identifies or exploits opportunities. Secondly, facing an extreme situation, SMEs need to consider a resilient approach. In this case, the "durability" step highlights SMEs' mindful execution and also unorthodox thinking and is associated with firms' strengths, weaknesses, opportunities and threats ([Zutshi et al., 2021](#)). Thus, traditional channels of securing vital income are arguably part of a firm's strengths and opportunities while it regroups and seeks to adapt to a long-term crisis through other strategic means.

### Perceived importance of collaboration

In spite of empirical evidence illuminating the value of collaborations among SMEs ([Ferrerias-Méndez et al., 2019](#); [Muscio, 2007](#); [Sawang and Matthews, 2010](#); [Srivastava and Tyll, 2020](#)), in this study, a minority of participants acknowledged involvement in this area other than strictly with members of the supply chain. This close relationship with suppliers is aligned with research among SMEs ([Sullivan-Taylor and Branicki, 2011](#)) that stresses the dependence of this group of businesses upon external organisations that include the supply chain and customer base. While differences were noticed between the two country groups concerning some of the emerging themes, participants of both nations shared similar thoughts concerning collaboration, with 75.0% and 63.7% of Cypriot and Greek respondents, respectively, acknowledging a lack of collaboration beyond their suppliers. The following observations demonstrate that for many, collaboration was devoid of value and strategic sense, or did not fit within their business context:

CY34: Collaboration with others is unsustainable. We can barely survive, not to mention collaborating with others. We only still have a business partnership with selected suppliers.

GR39: It would be nice to collaborate with other businesses, however, I don't think there is a culture to nurture any similar attempt.

GR91: It is not possible. We need to fight individually.

Collaboration, another step [Zutshi et al. \(2021\)](#) identified, could be enabled through a support system formed by relatives, friends or neighbours and in this research is depicted by the self-initiative and human attributes dimensions. Together with the identification of skills and expertise, collaboration could result in contributions and in positive impacts on a firm's survival ([Zutshi et al., 2021](#)).

### How participants perceive the future of their firms

To further extend discourses of resilience and coping among MSFs, this study also sought to ascertain how entrepreneurs perceived the future of their firms within the severe business environment they were confronting. As [Table 3](#) indicates, a clear difference emerged between Cypriot and Greek participants, with the first group (86.4%) being much more optimistic than were their Greek counterparts (48.4%). One likely reason for such optimism was found in some of the comments that verbalised different responses and outcomes of the crisis for both nations. Moreover, while in the main there was a clear undertone of unhappiness and concern with the state of the economy, Cypriot participants recognised recent improvements, and partial abatement of the crisis; these developments appeared to instil more confidence regarding firms' future:

CY4: Today, the conditions in the market are much more favourable than the previous years. The banking system and the whole economy show signs of recovery, while people slowly dine more and increase their spending.

CY26: I believe we have finally surpassed the difficult period and there is fertile ground for business endeavours [...] people feel more relaxed than in the previous years and started again to go out more, shop, and spend money [...]

Thus, in this case, external factors, such as the steady improvement in the nation's economy, provided much-needed breathing space, with implications for planning, investments and execution of new business activities. In contrast, Greek participants' perceptions evoked a different tone:

GR32: I am pessimistic. I used to believe that if you are doing a great job the rewards will be high. However, it seems that everything is a matter of coincidences or external factors.

GR89: I would like to be positive but can't see how this could be the case. I can't even tell how the future of the country will be, *let alone* our sector.

## Conclusions

This empirical investigation fulfilled two key objectives. Firstly, by examining resilience and coping among Cypriot and Greek MSFs facing the years following the global financial crisis, the study made an empirical contribution to the small business literature. In addition, the study responded to recent calls to scholarly investigate how small firms and entrepreneurs learn from crisis situations ([Doern et al., 2019](#)) and for an enhanced understanding of small and medium firms' ability to manage the threat of deficiencies that exist in the socio-economic environment ([Tsilika et al., 2020](#)). The study also complemented scholarly discourses on SMEs facing the current COVID-19 crisis ([Chen et al., 2021](#); [Zutshi et al., 2021](#)).

Face-to-face, on-site, semi-structured interviews were carried out among 135 individuals, predominantly business owners, between 2016 and 2018. The study considered various conceptual tenets of the resilience and coping theory literature. The inductive analysis revealed 16 themes or factors that participants perceived as critical in helping their firms build resilience and cope with the ongoing crisis.

Secondly, the study set out to conceptually inform the research in various ways. For example, apart from its links to academic discourses, extending from the revealed themes, and adhering to notions of Gioia's methodology in seeking rigour in qualitative research and [Locke's \(2007\)](#) approach towards inductive theories, four dimensions were developed. The following section will present the proposed theoretical framework resulting from both empirical analysis and existing underpinning. Thus, overall, the study makes several contributions, with theoretical and practical value.

### Theoretical implications

Through the proposed framework, various theoretical implications emerge. Firstly, the framework depicts the ongoing and aftershocks of the financial crisis, for instance, the overall vulnerability that is a characteristic among small businesses when such damaging events occur ([Eggers, 2020](#); [Kottika et al., 2020](#)). Secondly, based on the study's findings and in recognising various important contributions, the framework suggests various methods to overcome the effects of the crisis. Three of the four dimensions were revealed through participants' verbatim comments. Notably, an individual-firm advantage that reflected quality, reputation or accumulated knowledge was coupled with participants' business acumen and human attributes. [Nilakant et al. \(2014\)](#) recognise these dimensions as demonstrations of PR. In contrast, the fourth and final dimension of self-initiative has associations with AR where new capabilities to confront unplanned or uncontrollable situations ([Lee et al., 2013](#); [Nilakant et al., 2014](#)) are developed/acquired.

Furthermore, three of the dimensions (individual-firm advantage, financial acumen and self-initiative) subscribe to principles of long-term strategic renewal ([Herbane, 2019](#)). In turn, all four dimensions align with principles of changes in acts and thoughts ([Lazarus, 1993](#); [Lazarus and Folkman, 1984](#)). Consequently, and as observed in numerous verbatim comments, all four dimensions have direct impacts on MSFs' resilience building and coping capabilities. These outcomes have important implications for firms' future, in enabling preparedness and strengthening and enhancing their competitiveness. These dimensions further instil strategies and practices that adhere to the firm's long-term strategic renewal, as well as facilitate behavioural changes as demonstrated through acts and thoughts. Therefore, the revealed dimensions can equip MSFs to pursue their journey through the challenges that they will likely encounter, where arguably the current COVID-19 crisis represents the ultimate illustration of such an extreme situation. Thus, the framework can illuminate conceptual discourse concerning resilience and coping with a severe crisis, and while this study focused on MSFs, the framework could similarly have conceptual and practical value among firms of larger sizes ([Figure 1](#)).

### Practical implications

The results also have practical implications. Firstly, the study extends from previous research ([Branicki et al., 2018](#)), which among other elements identified innovation, social connections or autonomy at the individual level and expertise, planning, and resources at the firm level. For instance, two of the revealed dimensions, individual-firm advantage and self-initiative, align with these elements and unequivocally identify others that could be of benefit to firms

and industry/government stakeholders. The significance of time, notably, in building expertise is fundamental.

This study complements this discourse, ascertaining that accumulating knowledge is also vital and can have direct repercussions for the quality of the products/services, reputation as well as the image of the firm and ultimately, overall competitiveness. In times of severe crises, these traits, capabilities and resources, all of which have been developed through time and learning, enhance perceptions of consistency and expertise among consumers/customers. These can provide support and an advantage against competitors which lack such perceived expertise or critical mass. Location is a strategic choice that the individual entrepreneur identifies and that can also be an additional organisational aspect that supports and complements other key elements of the firm.

However, while self-initiative and individual-firm advantages are vital, without financial acumen or human attributes, firms would be severely vulnerable. Arguably, financial acumen could also be developed over time. The fact that all the participating firms have survived over a decade operating in uncertain or challenged socio-economic environments and that many were actively involved in making drastic changes (decreasing inventory purchases/supplies and staff) is clear evidence that, to some extent, time in the industry is a key resource. Finally, passion, flexibility and the support of family members were also perceived highly.

Overall, the study also demonstrates that the four different dimensions provide a clear practical and strategic path in the journey to withstanding severe crises. While these dimensions concern firms that are well-established in their respective industries, the results nevertheless have implications for new or future entrepreneurs. Moreover, to build resilience and cope with a challenging environment, new entrepreneurs could reflect upon the need of fulfilling aspects closely associated with these dimensions. In the absence of individual-firm advantages, they could nevertheless seek to achieve excellence in self-initiative and financial acumen, while exhibiting genuine passion and drive, developing flexibility and considering the support of strong ties.

#### Limitations and future research.

In spite of a strong contingent of interviewees from two different nations, from a diverse range of industries and the resulting rich insights, various limitations are acknowledged in this study. The study, for instance, selected two nations that share geographic and cultural closeness; consequently, as opposed to European countries from other regions, their circumstances might be unique to their socio-economic and governing histories. Thus, future research could consider nations that might be culturally or socio-economically distant, which could allow for potentially identifying other aspects that are equally critical in building resilience and coping with a severe crisis. This aspect is more relevant nowadays, when the world is grappling with the unprecedented COVID-19 crisis and no clear pathways have been fully identified to overcome this unprecedented event. Associated with this observation, the study was also conducted before the COVID-19 event erupted worldwide. Thus, future research could consider a comparative analysis pre- and post-COVID-19, which could reveal alternative ways of coping and building resilience. This line of research could also attempt to verify the validity of the proposed framework, either through expanding its applicability or enhancing it should other factors enabling resilience and coping with a crisis emerge. Overall, given the extreme significance of MSFs for Europe and the economies of other nations, there is significant merit in examining the journey of MSFs through the multiple challenges faced in the business environment.

# Figures