Received 31 March 2022
Revised 1 June 2022
10 August 2022
Accepted 2 September 2022

Bouncing forward or bouncing back? How family firms enact resilience in times of crisis

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Abstract

Purpose – The study aims to develop theoretical understanding about how family-run businesses navigate unexpected and highly disruptive events by examining how family-based resilience capacity is variously transformed into an organizational capability.

Design/methodology/approach – The study relies on a qualitative comparative case study design to explore how Croatian family-run businesses navigated market and operational disruptions brought on by the global coronavirus (COVID-19) pandemic. Drawing on semi-structured interviews and organizational data, this study compares how family-run businesses operating in different industries experienced and coped with disruptions. Using inductive qualitative coding methods, patterns across codes were identified and aggregated into dimensions that describe two broad approaches for leveraging family social capital in the enactment of organizational resilience.

Findings – The analysis shows that family-run businesses may employ family social capital in retrospective and prospective ways. A retrospective approach involves targeted and conservative uses of family social capital, wherein the aim is to maintain organizational functioning and return to "business as usual". In contrast, a prospective approach employs these resources in a more strategic and flexible way to adapt to a "new" future. While both approaches can enable firms to successfully navigate crises, these approaches differ in terms of their temporal orientation and implications for marketing flexibility.

Originality/value – The study contributes to a better understanding of how family social capital can be differentially leveraged in times of crises, and how these differences may stem from having temporal orientations that focus on either preserving the past or adapting to new conditions. The study advances theorizing at the intersection of organizational resilience and family business by deepening understanding of the heterogeneity of ways in which family businesses manage change for long-term business continuity. For owners and managers of family-run business, the study provides insights into how unexpected disruptions can be managed and how businesses might respond to fast-changing market conditions.

Keywords Family business, Resilience, Pandemic, Marketing flexibility, Multiple case study

Paper type Research paper

Introduction

In light of recent global health, political, and environmental crises, family-run businesses are facing new challenges that require organizational resilience to "bounce back" from adversity

Journal of Family Business Management
Vol. 13 No. 1, 2023
pp. 68-86
Emerald Publishing Limited
2043-6238
DOI 10.1108/JFBM-03-2022-0047

or to "bounce forward" toward a new organizational reality (Koronis and Ponis, 2018: Jamrog *et al.*, 2006). Some family firms have survived and even thrived through crises, while others have been notably less successful (Bertrand and Schoar, 2006; Steier, 2009). This raises the question of why? What makes some family-run businesses better able to cope with adversity, strain, or the unexpected?

Research on family firms suggests that the resilience and longevity of this organizational form may stem from having a long-term orientation toward the business and a "stock of affect-related value" (Berrone *et al.*, 2012, p. 259; Lumpkin and Brigham, 2011; Zellweger and Sieger, 2012). Some studies have suggested that this resilience may be rooted in the businesses' non-economic goals and their leaders' having the intention of passing ownership and management of the firm to the next generation of family members (Chrisman *et al.*, 2011; Miller and Le Breton-Miller, 2005). Other studies have emphasized the role of socio-cognitive bonds among family members and their strong identification with the business, which can provide an important buffer during periods of crisis (Berrone *et al.*, 2012; Cennamo *et al.*, 2012). While these aspects of "familiness" can contribute to the continuity of family-run businesses, they may not be sufficient on their own: they need to be carefully managed in ways that enable firms to emerge from crisis in a better state than before (Conz *et al.*, 2020; Tokarczyk *et al.*, 2007). Put simply, having certain attributes and resources is not the same as having resilience capability: "it is only when a capacity for resilience is transformed into action in an organization that resilience becomes an organizational capability" (Richtnér and Löfsten, 2014, p. 138).

During the global COVID-19 pandemic, major disruptions in supply chains and profound shifts in customer needs and demand levels meant that marketing flexibility became a critical factor in enacting organizational resilience. Marketing flexibility refers to the ability to sense market signals and adapt quickly to shifting customer expectations and rapidly changing marketplace circumstances (Prahalad and Hamel, 1990; Hughes and Rajesh, 2021; Kumar and Sharma, 2021). The novelty and extensive market shocks triggered by the COVID-19 pandemic pushed many businesses to enhance their marketing flexibility in order to survive (Moi and Cabiddu, 2022). While some businesses successfully realigned their business models, reconfigured market actions, and/or repositioned their offerings within existing or new markets, others were not as effective or successful in their attempts.

This study aims to develop theoretical understanding of what might make some family-run businesses better able to leverage family-based resilience capacity to survive and thrive. The research question examined is: *how might family social capital be variously used to enhance marketing flexibility in times of crisis and significant disruption in the marketplace?* Therefore, the study explores how family-run businesses in Croatia experienced and responded to the challenges brought on by the COVID-19 pandemic by enhancing marketing flexibility. The Croatian context is illuminative because Croatian businesses have demonstrated resilience, not only through the pandemic but through consecutive periods of profound environmental change and turmoil—from Croatia's transition to a market economy in the 1990s, the economic crisis in 2008, and Croatia's accession to the EU in 2013 (Skokic, 2021; Lussier and Pfeifer, 2000).

The study advances research at the intersection of organizational resilience and family business by contributing to a better understanding of the heterogeneity of the ways in which family-run businesses manage change for long-term business continuity (De Massis and Rondi, 2020; Hadjielias *et al.*, 2022; Mzid *et al.*, 2019). Building on prior research, the study shows how temporal orientations influenced dimensions of marketing flexibility, thereby illuminating different ways in which resilience capacity can be transformed into an organizational capability. On a practical level, the study provides owners and managers of family-run business important insights on how to cope with unexpected and highly disruptive events, as well as respond to fast-changing market situations.

The remainder of the paper is organized in four sections. It begins with the literature review on organizational resilience in family firms and marketing flexibility. Next, a brief overview of the research context and methodology used in this study are presented. The subsequent section presents the key findings. The paper concludes with a discussion of the theoretical and practical implications of the study.

Literature review

Organizational resilience and family firms

Organizational resilience can be broadly defined as "a firm's ability to effectively absorb, develop situation-specific responses to, and ultimately engage in transformative activities to capitalize on disruptive surprises that potentially threaten organization survival" (Lengnick-Hall *et al.*, 2011, p. 244). A "resilient" organization is, therefore, understood to be able to not only identify and respond to critical developments and potential threats (Boin and van Eeten, 2013; Danes *et al.*, 2009; Gittell *et al.*, 2006; Linnenluecke and Griffiths, 2012; Salanova *et al.*, 2012), but also reflect, learn, and innovate after critical situations (Duchek, 2020; Sutcliffe and Vogus, 2003).

Research on resilience in the context of family firms suggests that this organizational form may have certain characteristics and attributes that make it more attuned to market changes than non-family firms (Amann and Jaussaud, 2012; Bertrand and Schoar, 2006; Coutu, 2002; Chrisman *et al.*, 2011). Studies have found, for example, that reciprocal altruism and socio-cognitive bonds among family members (Chrisman *et al.*, 2003) can enhance the identification of opportunities (Patel and Fiet, 2011), which is important for anticipating and adapting to external changes. Similarly, having non-economic goals, strong emotional commitment, and a long-term orientation have been shown to provide family-run businesses with a potential cushion against disruptions and financial shocks—such as when family sacrifice their economic well-being by accepting lower compensation or contributing personal finances to buffer against losses (Gomez-Mejia *et al.*, 2011; Mzid *et al.*, 2019). Another important feature of these businesses is that their social capital is generally embedded in the business family, which has been shown to have extensive and strong relationships with external stakeholders (Arregle *et al.*, 2007; Herrero, 2018; Longenecker *et al.*, 1989; Lyman, 1991; Yeung and Soh, 2000). Indeed, studies have documented how the enduring personal networks of family members—e.g. longstanding relationships with customers, suppliers, and financers—fosters trust and creativity in problem-solving (Brewton *et al.*, 2010; Visentin *et al.*, 2021; Salvato and Melin, 2008). Taken together, insights from this body of work suggest that family-run businesses may have characteristics and attributes that enable them to flexibly cope with, and even capitalize on, disruptive events (Bertrand and Schoar, 2006; Carney, 2005; Perez and Gonzalez, 2021).

Marketing flexibility and the enactment of resilience in times of crisis

Although certain characteristics and attributes associated with familiness can enhance organizational resilience, this potential may not be realized without policies, routines, and practices in place to actively attend to and utilize the firm's capacity for resilience (Lengnick-Hall *et al.*, 2011). Recognizing resilience as an "activity in the making" moves away from firm- and individual-oriented approaches that depict resilience as a kind of property and "static outcome" practice; and, instead, emphasizes the critical role of family firm owners and managers in building and "practicing" resilience (Conz *et al.*, 2020). To be resilient thus requires the development of resilience potential and "the ability to realize and continuously enhance this potential" before, during, and after unexpected events (Duchek, 2020, p. 233).

Navigating major shifts in competitive contexts typically requires marketing flexibility to sustain organizational performance and manage disruptions. Marketing flexibility refers to

the ability to sense and respond quickly to changes in the marketplace—be it through effective monitoring and forecasting of market signals (Kalaignanam *et al.*, 2021; Shalender and Singh, 2015) and/or through the development of easily adjustable marketing processes that allow for greater responsiveness and optimization as circumstances change (Prahalad and Hamel, 1990; Sanchez, 1999). Research examining marketing flexibility in times of crisis has often drawn on single case study research designs to advance theorizing on how businesses can strengthen their agility, and potentially capitalize on unanticipated market changes (Combe *et al.*, 2012; Hamlin *et al.*, 2012).

Studies have shown that some owners and managers emphasize proactive anticipation of potential market threats, while others aim for the concurrent development of solutions during crises (Duchek, 2020; Williams *et al.*, 2017). Still others focus on reactive reflection and learning after crises in order to emerge strengthened and better able to cope with future disturbances (Mzid *et al.*, 2019; Koronis and Ponis, 2018). Looking across this literature, one can see that family relationships and resources play an important role in shaping how crises are experienced and how businesses respond. Despite the valuable insights provided by this work, the novelty and unprecedented disruptions caused by the global COVID-19 pandemic have raised questions about whether, how, and to what extent family social capital can still be (similarly) used to enable businesses to "bounce back" from this crisis or "bounce forward" towards a new organizational reality (Al-Omoush *et al.*, 2020; Christofi *et al.*, 2021; Evans and Bahrami, 2020; Hadjielias *et al.*, 2022). Many businesses were clearly caught off-guard and few could have anticipated that government-mandated lock-downs and social distancing regulations would have touched off such widespread consequences, including abruptly grinding some business operations to a virtual halt.

In the following section, a brief overview of the research context and the methodology used in this study is provided. Following prior work on marketing flexibility, we draw on a qualitative case study research design to deepen theoretical understanding of what makes some family-run businesses able to thrive through crises; and how family-based resilience capacity might be transformed into an organizational capability. In particular, the research question examined is: *how might family social capital be variously used to enhance marketing flexibility in times of crisis and significant disruption in the marketplace?*

Methodology

The study employs a qualitative comparative case study approach to examine how Croatian family-run businesses navigated the significant market and operational disruptions caused by the global COVID-19 pandemic. A comparative case study approach is ideal for theory building on complex social phenomenon because it allows for within and across case comparisons to identify patterns and relationships (Eisenhardt, 1989, 2021; Yin, 2012). Given the exploratory nature of the present study, this approach is appropriate for the development of understanding around the novel and unprecedented challenges surrounding the coronavirus crisis.

Family-run businesses in Croatia are an illuminating context to examine organizational resilience, as they experienced periods of profound change: the majority being founded in the turbulent 1990s, when Croatia transitioned to a market economy after declaring independence from the former Yugoslavia. Despite the upheaval of transition – which was followed by economic crisis and preparations to accede to the EU family-run businesses have survived and thrived. They currently account for almost 80% of SMEs in Croatia and contribute more than 60% of total employment in the private sector (KPMG, 2022). Through the COVID-19 pandemic, Croatian family-run businesses (like many other businesses around the world) faced numerous challenges including supply chain disruptions, labor shortages, communications challenges, and changes in work-safety policies. While some industries and

businesses were more severely impacted than others (e.g. the hospitality and tourism industry), the market and competitive consequences of the pandemic were felt globally, as customer needs shifted and demand levels for goods and services swung in largely unanticipated directions.

Data sources

To understand how family-run businesses experienced and responded to the significant disruptions caused by the global COVID-19 pandemic, data were collected from fifteen Croatian family-run businesses. A theoretical sampling approach to select the cases was employed (Eisenhardt, 2021): companies that not only survived through the peak disruptions caused by the pandemic, but varied in terms of industry, age, size, and financial situation (see Table 1 for an overview of the selected companies). We initially cast a wide net in the selection process to gain a better sense of the various impacts of the pandemic (i.e. across industries and businesses) and the diversity of responses in navigating the challenges and consequences.

Two main sources of data were collected. The first source was semi-structured interviews with different stakeholders including founders/owners, family member executives, and non-family managers. We asked informants to reflect on their companies, family relationships, organizational culture, typical business and marketing activities, and how their companies responded to crises and change. The second source was organizational documents such as websites, e-mail correspondence, and company brochures. These documents provided insight into the businesses' background and history, key products/services, communications with stakeholders, ownership and governance structures, and areas of operation.

Table 1 provides an overview of the examined cases, including main industry, age, number of employees, total revenue, and liquidity ratio. It also provides a short overview of the sector-specific impacts of the coronavirus crisis.

Preliminary analyses revealed that six of the companies appeared to be particularly "active" in how they managed and responded to the pandemic (e.g. extensive discussions, coordination, and change-related actions). In light of this, we decided to narrow our focus to these six cases because they held the most "analytical promise" (Howard-Grenville *et al.*, 2013) of providing key insights into family-based resilience capacity. We conducted a second round of semi-structured interviews in the companies Manu-Met, Manu-Metstruc, Manu-Can, Serv-Wholtrade, Serv-Wholret and Serv-Rest to further probe their responses. In this round of interviews, we asked more focused questions on the nature of their responses, who was involved, the steps involved in their responses, and how it impacted their businesses and stakeholder relationships.

Both rounds of semi-structured interviews were conducted in Croatian and lasted approximately one hour on average. Where and when possible, the interviews were conducted onsite at the informants' place of business. If this was not possible due to pandemic-related restrictions, the interviews were conducted via Zoom or Meet. All the interviews were recorded and transcribed using NVivo transcription software.

Data analysis

The data were analyzed in three main steps. First, we compiled and collated the interview and organizational data into detailed case reports for each company. We then "zoomed in" on each case, using thematic coding to identify the various challenges brought on by the pandemic and how these were perceived (major/minor threat, potential opportunity, critical shift, emerging trend, etc.). We also coded for coping strategies and responses—as well as the short- and long-term implications of these. For example, we created open codes for segments of interview text and organizational documents that described how companies managed

Case company (pseudonym)	Industry	Age (yrs)	Number of employees (2020)	Total revenue in HRK (2020)	Current liquidity ratio (2020)	Sector-specific impacts of the Covid-19 pandemic
MANUFACTURING						
Manu-Met	Manufacture of fabricated metal products	32	77	23,756,054	2.28	• Supply chain disruption: delivery delays, increased costs, uncertainty • Changes in demand • Social distancing and remote work imposition • Changes in consumer behavior patterns
Manu-Metstruc	Manufacture of metal structures	31	45	23,933,388	1.37	
Manu-Can	Can manufacture	30	83	45,645,748	1.63	
Manu-chemia	Manufacture of chemicals	26	15	6,723,244	10.30	
Manu-machine	Manufacture of other general-purpose machinery	32	469	383,674,376	0.95	
Manu-forest	Manufacture of wood and cork products	66	260	81,397,041	4.20	
Manu-omet	Manufacture of other fabricated metal products	30	81	39,557,526	8.62	
Manu-constr-elect	Specialized construction and electrical activities	21	49	119,078,391	4.45	
Manu-constr-finish	Finishing construction works	49	40	3,885,395	2.14	
SERVICES						
Serv-Wholtrade	Non-specialized wholesale trade	30	64	75,446,717	1.81	• Increased prices and shortened payment terms • Online business expansion • Limitation of activities caused by lock-down and therefore reduced number of employees
Serv-Wholret	Wholesale and retail trade; repair of motor vehicles	44	549	785,495,559	2.44	
Serv-who-spectrade	Non-specialized wholesale trade	31	43	53,691,731	3.12	
Serv-print	Printing services	22	2	182,885	33.44	
Serv-Rest	Accommodation and food services	34	60	5,412,953	7.17	
Serv-consult	Engineering and related technical consultancy	30	11	23,569,761	5.09	

Source(s): Croatian Digital Chamber of Commerce and own research

Table 1.
Description of sample

drops in consumer demand, production delays, the introduction of new workplace safety measures, and supplier and customer communications. We also coded descriptions of how and to what extent the businesses and operations changed.

In the second step, we compared across the cases to identify patterns of similarity and difference in our coding scheme. We did so through axial coding, which involves relating

codes to each other and drawing connections between them (Strauss and Corbin, 1998). As our analysis progressed, we refined our coding and identified three conceptual categories relating to how businesses *redeployed internal resources*, *managed communications*, and *approached problem solving*. During this step in the data analysis process, we met regularly to debrief and discuss our emerging impressions. In one such session, we noted that the businesses seemed to draw on their family social capital in different ways which it appeared to play an important role in these areas. We, then, returned to our data with this "embryonic insight" to perform further rounds of coding and comparison (Howard-Grenville *et al.*, 2013; Raynard *et al.*, 2020).

In the last step, we iterated between the data and our emerging interpretations to move further along the stages of abstraction—linking conceptual categories, and then collating and collapsing them into aggregate dimensions (Gioia *et al.*, 2013; Smets *et al.*, 2012). These aggregate dimensions were tied to our previous embryonic insight that businesses seemed to employ family social capital differently. We identified two broad clusters of response categories, each of which was associated with three of our case companies.

Findings

The global COVID-19 pandemic significantly impacted labor markets, consumer demand for goods and services, and global supply chains, thereby pushing many businesses to enhance their marketing flexibility to survive. Our analysis surfaced notable differences in how family-run businesses in Croatia experienced and responded to the significant disruptions: while all the businesses we examined relied on their family social capital to cope with and adapt to market shifts, they did so in different ways. We found that these differences were rooted in temporal orientations that either privileged the preservation of the past or sought to move towards a new future. We labeled these two approaches *retrospective* and *prospective*. A retrospective approach employs family social capital in a more conservative and targeted way—with the aim of maintaining organizational functioning and returning to "business as usual". A prospective approach employs these family-based resources in a more flexible and expansive way, transforming businesses to "bounce forward" towards a new organizational reality (Koronis and Ponis, 2018).

Below, we structure our findings based on comparisons between the two approaches, showing how they differentially enhanced marketing flexibility along three dimensions: *redeployment of internal resources*, *management of communication*, and *engagement in problem solving*. We highlight, in particular, the extent to which family-run businesses strategically and flexibly employed family social capital and family resources–with companies adopting a retrospective approach being rated low to medium, while those adopting a prospective approach being rated medium to high along the three dimensions of marketing flexibility (see Tables 2 to 4).

Redeployment of internal resources

In response to the challenging market conditions brought on by the global COVID-19 pandemic, many companies were pushed to redeploy internal resources, yet they did so in different ways (Table 2).

Companies that adopted a *retrospective approach* sought to preserve family social capital by redeploying human and financial resources in a targeted and conservative way. For these companies, it often meant filling gaps in consumer demand and maintaining operations in existing markets through retrenchment tactics directed at cutting costs and protecting employee jobs and stakeholder relationships. An illustrative example could be seen in how one engineering company worked to maintain its workforce despite demand shortages:

"*We had less ongoing projects, but still high costs in running a second shift – electricity and other costs. We did not change anything in the process itself. We moved all employees into one shift, and tried to keep our employees in the company as long as possible, maintain their salaries to avoid family hardships . . . our employees are part of our family*" (CEO, Manu-Met). The CEO of a hospitality company, similarly, stressed the importance of preserving existing relationships and ensuring employee job security by redirecting resources to activities that they had put off before the pandemic: *"Because the service industry was directly affected by lock-downs, we decided to start up some activities that employees had suggested before the pandemic . . . We decided to use the "extra" time during lock-down to renovate our premises and improve our offering with a catering and delivery service"* (CEO, Serv-Rest). The emphasis on maintaining the status quo and redeploying resources in a targeted manner was reflected in minor changes, which were used as a kind of stopgap until things returned to "normal". As the CEO of a manufacturing company described: "*We tried to [maintain business as usual], but focused on ensuring safety and introducing preventive and protection measures for our employees. We provided them with protective equipment, medical examinations, health and safety education, and more space for social distancing*" (CEO, Manu-Metstruc).

While companies that adopted a retrospective approach overcame disruptions by preserving family social capital through retrenchment tactics and efforts to maintain the status quo, those that adopted a *prospective approach* were more experimental and exploratory in how they redeployed internal resources. For example, a company involved in wholesale construction materials redirected human and financial resources to intensify its online business and exploit new market opportunities. Doing so involved extending family social capital through investments in training and the delegation of additional roles and responsibilities to employees: "*Employees were moved to different units, from packaging and administration to online and telephone sales activities"* (VP for HR and Tech Development, Serv-Wholtrade). A similar expansion in business models was documented in another company, which established a spin-off company in response to supply chain disruptions. In describing the emergence of the spin-off, one board member explained: *"The automotive industry faced a lack of chips globally, deliveries were prolonged and usual everyday daily activities were delayed. Therefore, the technical director and his team directed their time and energy into development of a new IT company, which was an innovation that required shifting employees from different departments"* (Board member, Serv-Wholret). Another family-run business engaged in packing production, emphasized on the redeployment financial resources to stabilize existing operations and buffer from shocks: *"During the pandemic, we tried to rely more on our own financial resources [. . .] and less on banks [. . .] We also learned from a previous experience that we need to pay attention to material procurement – trying to have 20% more than we need in case of potential increases in demand from our customers. Our focus is on meeting the requirements of our suppliers, partners, employees and clients [. . .] relying on our own financial resources and managing long-term relationship allowed us to negotiate necessary changes*" (CEO, Manu-Can). Taken together, these examples illustrate how some family-run businesses attempted to proactively leverage market shifts to transform their companies to thrive in a new future, as opposed to trying to return to business as usual.

Management of internal and external communications

In addition to the need to redeploy internal resources, the global COVID-19 pandemic necessitated a major shift in businesses' communication methods and channels. Because face-to-face meetings and interactions became increasingly difficult due to health and safety concerns, companies had to rely more on digital communications. Our analysis revealed that those employing their family social capital in retrospective and prospective ways differed significantly in how communication was managed during the pandemic (Table 3).

Table 2.
The extent of redeployment of internal resources

	Retrospective			Prospective		
	Manu-Met	Manu-Metstruc	Serv-Rest	Manu-Can	Serv-Wholtrade	Serv-Wholret
Redeployment of Internal Resources	*Medium*: Minor changes in the redeployment of human resources – e.g. moving all employees to one shift (instead of two) to minimize overhead expenses	*Low*: No specific changes in the redeployment of human resources – just introduced social distancing measures and switched to home office where possible	*Medium*: Minor changes in the redeployment of human and financial resources – e.g. under-utilized resources redirected to renovations and catering activities started before the pandemic	*Medium*: Minor changes in the redeployment of financial resources – e.g. relied less on banks and more on "own" sources of financing to stabilize existing operations and buffer from shocks	*High*: Redeployment of internal resources to expand online business; expansion of employee roles and responsibilities (e.g. move employees from packaging to online activities)	*High*: Fast and flexible redeployment of financial and human resources to new business opportunities (e.g. established a spin-off IT company)

	Retrospective		Prospective			
	Manu-Met	Manu-Metstruc	Serv-Rest	Manu-Can	Serv-Wholtrade	Serv-Wholret
Management of Communication	*Low*: Internal communication relatively unchanged (substitute face-to-face communication with online modes); external communication with buyers and suppliers decreased	*Medium*: Internal communication was shorter, but more frequent (less "small talk"); external communication remained relatively unchanged	*Low*: Internal communication was less frequent and more focused on reporting; external communication decreased	*High*: More frequent and transparent internal and external communication with stakeholders – informal "family" environment, but strong emphasis on professionalism	*High*: More frequent, personal, and direct internal communication (e.g. daily one-on-one meetings with employees); external communication was frequent and transparent	*High*: More personal and friendly internal communication; external communication was more frequent (e.g. intensified social media and continuous updates)

Table 3.
Approaches to management of communication

	Retrospective			Prospective		
	Manu-Met	Manu-Metstruc	Serv-Rest	Manu-Can	Serv-Wholtrade	Serv-Wholret
Problem-Solving Approach	*Medium*: Problem-solving involving family and top leadership; open to exploring different options (e.g. testing a new product offering)	*Low*: Problem-solving was delegated to specific family members (e.g. health/safety (legal) and business operations/IT)	*Low*: Problem-solving was mostly top-down within the family; short-term focus on minimizing disruptions and "waiting" for things to return to normal	*High*: Collaborative problem-solving among family and internal stakeholders; long-term focus and flexible application of lessons learned from previous crises	*High*: Collaborative problem-solving among family and multiple stakeholders; focus on pre-empting disruptions and finding solutions with partners (e.g. plan for supply shortages and price increases)	*High*: Collaborative problem-solving among family and internal stakeholders; long-term, holistic focus on vulnerabilities and explore new strategic directions

Table 4.
Approaches to problem-solving

Companies adopting a *retrospective approach* made "focused" adaptations to ensure that internal communications with employees remained continuous and undisrupted. These adaptations primarily involved switching communication to digital channels. The CEO of a manufacturing company noted: *"Communication was mainly online due to positive COVID cases, self-isolation requirements, and so on. When possible, communication was through Zoom, Meet, video and telephone"* (CEO, Manu-Metstruc). This was echoed by another CEO, who explained, "*During the pandemic, people adopted the mindset that everything can be done online, which resulted in less requests for meetings in person"* (CEO, Manu-Met). While this switch to digital channels helped to maintain internal communication, it did not make up for the lack of direct, face-to-face communication and informal interactions that occurred on a daily basis prior to the pandemic. As one CEO acknowledged, "*During the pandemic we spent less time on meetings than usual. Online meetings were more content-oriented [. . .] so there were less opportunities for small talk among employees"* (CEO, Manu-Metstruc). Such a substitution of online communication modes enabled internal operations to continue without significant delays or disruptions.

In terms of external communication, however, companies adopting a retrospective approach noted a number of challenges in maintaining prior levels of engagement with external stakeholders. Although communication with suppliers and clients prior to the pandemic had been frequent, open, and friendly, this proved difficult to maintain with the switch to virtual communication modes. The CEO of an engineering company underscored some of the challenges: *"Communication with suppliers and business partners was reduced. Communication in person was not possible, just online communication which was very slow [. . .] in manufacturing, it is very important to see the machines, the parts, and how they work"* (CEO, Manu-Met). Similar communication difficulties were also noted by the CEO of a hospitality business: "*Communication with our customers has always been open and frequent, which helped us during the pandemic when we were faced with lot of challenges. Direct and regular communication was not possible; communication slowed down a lot*" (CEO, Serv-Rest). The same reliance on existing stocks of goodwill and social capital to buffer against the

temporary loss of direct and frequent contact with external stakeholders was noted by the CEO of a production company, who stated: "*Communication with our stakeholders has always been transparent, which helped us to maintain stable and long-lasting relationships. During the pandemic, we always tried to keep customers constantly informed—using clear and written forms of communication"* (CEO, Manu-Metstruc). For most companies adopting a retrospective approach, family social capital was used relatively passively to manage and overcome communication challenges with external stakeholders.

In contrast to this retrospective approach, businesses that adopted a *prospective approach* were more strategic and flexible in employing their family social capital. Instead of relying on built up stocks of goodwill to carry them through the pandemic, these companies went to great lengths to find ways to bridge the "distance" that came with digital forms of communication and limited face-to-face interactions. One company for example, set up daily one-on-one conversations with employees to get a sense of how they were faring through the pandemic. As one Board member described: *"Through one-to-one conversations we managed to make better connections with our employees. Employees also got better connected among each other, solidarity developed. They were in daily contact"* (CEO, Serv-Wholtrade). This more direct, frequent, and personal contact with employees helped build trust and enrich relationships within the company. Another family-run business took a similar step by increasing communication with employees and making sure that employees received psychosocial support: *"Communication with our employees was open and transparent. We made sure that our management team was available to employees throughout the day. We also informed them immediately about all changes and all changes were discussed among the various departments—sales, management, controlling, etc. . . . We were worried about their overall wellbeing, so we provided educational workshops on physical and psychological health"* (CEO, Serv-Wholret). These more personal, transparent, and frequent communication approaches helped strengthen relationships with stakeholders, despite the social distancing requirements.

Problem-solving approach

The novel and unprecedented market and operational disruptions forced most businesses tackle a wide range of unexpected issues and problems. The analysis showed that those adopting a retrospective or prospective approach differed in terms of how they engaged with problems and who was involved in finding solutions (Table 4).

Companies adopting a *retrospective approach* tended to take a short-term-oriented perspective in solving problems, i.e. "band-aid" fixes to specific issues or spontaneous reactions to problems as they arose. At the same time, they tended to involve fewer people in discussions of problems and solutions. An illustrative example can be seen in how the CEO of an engineering company explained the decision-making process used to address supply chain disruptions: *"My father, our technical director, and I decided to focus on developing our own product to avoid being dependent on other businesses. This product, an electrical bicycle, was already designed and drafted in 2016, but was never realized because of a lack of time for research and development . . . the pandemic was an ideal time to accelerate it, as we could now get our engineers and designers to dedicate their time and energy to it"* (CEO, Manu-Met). A similar top-down decision-making process was documented in another case company, where responsibility for specific problems and issues were delegated to particular family-member executives: "*While I was in charge of dealing with technical aspects and business operations, my sister took care of health and safety measures for our employees and all legal issues [. . .] we were not able to influence a lot of circumstances, but we immediately informed investors and suppliers about problems—promising to do our best to respond in a prompt way"* (CEO, Manu-Metstruc). In another family-run business, decision-making was more narrowly

centralized, being in the hands of the founder Manu-Metstruc: *"In our company, all decisions during the pandemic – as usual – were made by [the founder] whose word is always the last one. My wife and I made some suggestions . . . and these were partially accepted by the founder. We agreed to work on things that had been put off [. . .] we could focus on them until the end of lock-downs"* (CEO, Serv-Rest).

Companies adopting a *prospective approach* were more forward-looking and inclusive in how they tackled problems. They approached problem solving in a collaborative way, which often meant working with employees and partners to develop solutions that could be applied to diverse problems and future disturbances. As described by the CEO of a manufacturing company: "*All decisions about problems that we faced during the pandemic were made by family and non-family members in our company [. . .] we are focused on results [. . .] there is no difference between family and non-family members"* (CEO, Manu-Can). The same CEO went on to describe their inclusion of external stakeholders in addressing market disruptions, even turning some into opportunities: "*Due to long-term cooperation and good relationships with our suppliers, they understood and accepted that there would be problems [. . .] and when opportunities presented themselves, we worked with our partners to ensure benefits on both sides."* A similar approach was also noted by the CEO of wholesale company: *"In our company, every problem is discussed among family members, employees, and our partners—the same happened during the pandemic [. . .] Because of 30-years of good communication and cooperation with our suppliers and partners, we were able to predict changes in the market and make some strategically important decisions such as forecasting what we would need three months in advance"* (CEO, Manu-Can).

By involving a wider network of stakeholders, companies adopting a prospective approach productively leveraged their family social capital to identify more innovative and effective solutions, ultimately making significant changes to their business operations. As one CEO noted: *"We were open about discussing our problems during the pandemic [. . .] it was important for us to focus on maintaining our relationships with our suppliers and customers. This helped when we were developing a new spin-off IT company"* (CEO, Serv-Wholret).

In sum, the findings presented above show that family-run businesses in Croatia experienced and responded to the coronavirus crisis differently, and that these differences were rooted in having different temporal orientations. Some companies were oriented more toward the past and strove to "bounce back" and return to business as usual; while others were oriented more toward the future and sought to "bounce forward" to a new organizational reality (c.f. Koronis and Ponis, 2018). Both approaches enabled businesses to successfully navigate the coronavirus crisis by enhancing marketing flexibility; however, they reflected fundamentally different ways of employing family social capital. Table 5 provides a summary overview of the retrospective and prospective approaches identified in the study.

Discussion

Recent health, political, and environmental crises have created new acute challenges for family-run businesses (Kumar and Sharma, 2021; Linnenluecke and Griffiths, 2012). While prior research has shown that family-run business have certain characteristics and attributes that may make them especially attuned to and thus resilient in the face of market shifts (Amann and Jaussaud, 2012; Bertrand and Schoar, 2006; Chrisman *et al.*, 2011; Perez and Gonzalez, 2021), few could have anticipated the profound market and operational disruptions that would follow the onset of the global COVID-19 pandemic. Building on prior research documenting how aspects associated with "familiness" can enable firms to cope with crises (Hadjielias *et al.*, 2022; Salvato and Melin, 2008), this study shows how temporal orientations can lead to different approaches to transforming family-based resilience capacity into an organizational capability.

Dimensions of Marketing flexibility	Retrospective approach	Prospective approach
Redeployment of internal resources	Targeted redeployment of internal resources to fill gaps in consumer demand and maintain operations in existing markets *Example*: Preserving family social capital through maintaining the status quo—including using retrenchment tactics to cut costs and protect employee jobs and customer relationships	Expanded redeployment of internal resources to experiment with new business models and enter new markets *Example*: Extending family social capital by expanding operations, investing in training, and delegating additional roles and responsibilities to employees
Management of internal and external communication	Continuous and undisrupted internal communication and solution-focused external communication to manage disruptions in existing markets *Example*: Relying on existing business relationships and established trust to bridge the distance created by virtual communication modes and providing frequent status reports to stakeholders	Intensification of internal and external communication to exploit market opportunities and exit unattractive markets *Example*: Enriching business relationships and trust by increasing direct lines of communication and providing psychosocial support to employees
Problem-solving approach	Short-term ad hoc solutions to address pressing problems and maintain business operations *Example*: Reinforcing family social capital to preserve valued practices and avoid radical strategic changes	Collaborative problem-solving to manage evolving challenges and explore new markets and opportunities *Example*: Expanding family social capital through participatory and inclusive practices around strategic planning, forecasting, and procurement

Table 5. Overview of approaches to enacting resilience through marketing flexibility

Within family-run businesses, there is often an inherent tension between wanting to uphold and preserve the past and needing to adapt to fast-changing market and competitive conditions (Hjorth and Dawson, 2016). These competing temporal orientations can have important implications for a wide range of organizational phenomenon including company culture, values, succession decisions, product offerings, and future business development. Insights from this study suggest that a temporal orientation that privileges the past – as opposed to the future – can manifest in a fundamentally different approach to enhancing marketing flexibility and enacting resilience. Companies that adopt a retrospective approach tend to be problem-focused: leveraging family social capital in targeted, conservative ways that enabled them to minimize disruptions and "bounce back" (i.e. to similar business models, product offerings, and operations). Those that adopt a prospective approach, in contrast, are more change-focused: leveraging family social capital, strategically and flexibly, to proactively exploit potential opportunities created by market disruptions (i.e. to bounce forward to new markets and product offerings).

Insights from our study suggest several fruitful avenues for future research. One such avenue would be to unpack the conditions and circumstances that might make one approach more effective than the other. For example, would a retrospective approach be more appropriate when crises and disruptive events are expected to be short-term – e.g. disruptions caused by a flood as opposed to longer-term political instability or social unrest? Would a prospective approach be more appropriate in industries or sectors that are especially vulnerable to crises because of broader societal changes (e.g. oil and gas, air travel, etc.)? Another interesting avenue would be to examine the factors and characteristics that might

push some companies to adopt a retrospective versus prospective approach. In our study, we found that companies adopting a retrospective approach tended to be more traditional and focused on security and conformity. They also had very dominant founders who were highly involved in day-to-day operations and decision-making processes. In contrast, companies adopting a prospective approach tended to be more experimental and more willing to take risks. Family executives were often given more freedom to pursue different options and were included in most decision-making processes. They also tended to be larger in terms of number of employees and had international networks of clients and suppliers. It would be interesting for future studies to explore the interplay between such organizational characteristics and their influence on marketing flexibility and the enactment of resilience.

The role and importance of family-run businesses in the global economy is now widely recognized (Chrisman *et al.*, 2011; Miller and Le Breton-Miller, 2005). As competitive and market contexts continue to shift and experience significant disruptions, it is important to deepen understanding of the longevity and resilience of this organizational form (Boin and van Eeten, 2013). In this study, we sought to contribute to this understanding by showing how temporal orientations can generate heterogeneity in the ways in which family-run businesses employ family social capital to manage change for long-term business continuity. From a practical point of view, our study shows how family businesses can respond to unexpected market and operational disruptions. It emphasizes the importance of having a contingency plan in place, and how implementing new HR practices and preparing employees to expand their responsibilities and adjust to the new conditions. Moreover, the study underscores the importance of forecasting and crisis management, which is sometimes overlooked in family businesses that aim to preserve family legacies and traditions.

Conclusion

This study examined how Croatian family-run businesses experienced and responded to the global COVID-19 pandemic. It shows how family-run businesses can draw on family social capital in different ways to flexibly redeploy internal resources, manage internal and external communication, and engage in problem-solving to navigate challenging conditions. Two different approaches were identified, each of which was associated with a different temporal orientation and implications for marketing flexibility. A retrospective approach enabled companies to withstand the peak challenges of the pandemic through a focused response directed at "bouncing back" and returning to business as usual. A prospective approach enabled companies to adapt themselves to new market conditions and new competitive landscape (i.e. to bounce forward). To address the limitation of this study's single-country focus and small sample size, future studies could expand the focus to other countries and larger samples to see how cultural contexts and different company characteristics might influence the ways in which retrospective and prospective approaches manifest. Cross-cultural comparisons and the inclusion of more diverse family businesses could deepen our theorizing around how this important organizational form can enhance marketing flexibility and enact resilience in increasingly fast-changing, competitive and market environments.

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