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# How Family Firms In Indonesia Re-Initiate Strategies During Covid 19 Pandemies : Empirical Initial Evidence From 5 Provinces In Java Island

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***Abstract***

*Purpose – Within a very short period of time, the worldwide pandemic triggered by the novel coronavirus has not only claimed numerous lives but also caused severe limitations to daily private as well as business life. Just about every company has been affected in one way or another. This first empirical study on the*
*effects of the COVID-19 crisis on family firms allows initial conclusions to be drawn about family firm crisis management.*
*Design/methodology/approach - Exploratory qualitative research design based on 27 semi-structured interviews with key informants of family firms of all sizes in five Western European countries that are in different stages of the crisis.*
*Findings – The COVID-19 crisis represents a new type and quality of challenge for companies. These companies are applying measures that can be assigned to three different strategies to adapt to the crisis in the short term and emerge from it stronger in the long run. Our findings show how companies in all industries and of all sizes adapt their business models to changing environmental conditions within a short period of time.*
*Finally, the findings also show that the crisis is bringing about a significant yet unintended cultural change. On the one hand, a stronger solidarity and cohesion within the company was observed, while on the other hand, the crisis has led to a tentative digitalization.*
*Originality/value – To the knowledge of the authors, this is the first empirical study in the management realm on the impacts of COVID-19 on (family) firms. It provides cross-national evidence of family firms' current reactions to the crisis.*

***Keywords*** *Corona, COVID-19, Crisis management, Family firms, Strategic management, Business model adaptation*

***Abstrak***

Tujuan – Dalam waktu yang sangat singkat, pandemi di seluruh dunia yang dipicu oleh novel coronavirus tidak hanya merenggut banyak nyawa tetapi juga menyebabkan keterbatasan yang parah pada kehidupan pribadi maupun bisnis sehari-hari. Hampir setiap perusahaan telah terpengaruh dalam satu atau lain cara. Studi empiris pertama ini pada
efek krisis COVID-19 pada perusahaan keluarga memungkinkan penarikan kesimpulan awal tentang manajemen krisis perusahaan keluarga.
Desain/metodologi/pendekatan - Desain penelitian kualitatif eksplorasi berdasarkan 27 wawancara semi-terstruktur dengan informan kunci dari perusahaan keluarga dengan berbagai ukuran di lima negara Eropa Barat yang berada dalam tahap krisis yang berbeda.
Temuan – Krisis COVID-19 merupakan jenis dan kualitas tantangan baru bagi perusahaan. Perusahaan-perusahaan ini menerapkan langkah-langkah yang dapat diterapkan pada tiga strategi berbeda untuk beradaptasi dengan krisis dalam jangka pendek dan muncul lebih kuat dalam jangka panjang. Temuan kami menunjukkan bagaimana perusahaan di semua industri dan dari semua ukuran menyesuaikan model bisnis mereka dengan perubahan kondisi lingkungan dalam waktu singkat. Terakhir, temuan juga menunjukkan bahwa krisis membawa perubahan budaya yang

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signifikan namun tidak disengaja. Di satu sisi, solidaritas dan kohesi yang lebih kuat di dalam perusahaan terlihat, sementara di sisi lain, krisis telah menyebabkan digitalisasi tentatif.
Orisinalitas/nilai – Sepengetahuan penulis, ini adalah studi empiris pertama di ranah manajemen tentang dampak COVID-19 pada perusahaan (keluarga). Ini memberikan bukti lintas negara tentang reaksi terkini perusahaan keluarga terhadap krisis.

**Kata kunci** Corona, COVID-19, Manajemen krisis, Perusahaan keluarga, Manajemen strategis, Adaptasi model bisnis

On March 11th, 2020, the World Health Organization (WHO) declared a pandemic of the highly transmissible coronavirus disease (WHO, 2020a, b, c, d, e) COVID-19, signaling its global spread. Since then, the rapid worldwide outbreak of the novel coronavirus has triggered an alarming global health crisis, including Indonesia. The consequences not only run onto one sector, but also to most of the activities. One aspect gaining more attention during the COVID-19 outbreak is how firm in Indonesia are struggle to cope the pandemies. Along with other contries around the globe, Indonesia's government run the restrictions on all activities (ranging from contact limitations to full curfew); schools, universities and public facilities are shut down; and public events (including sports matches, concerts and even marriages). As a result, economic activities go down significantly.

These measures not only affect the populations' daily life, but have caused significant economic consequences in economies around the world. Stock markets have crashed dramatically (Baker *et al.*, 2020), with economists consistently forecasting harsh economic recessions (Baldwin and Weder di Mauro, 2020; McKibbin and Fernando, 2020). Governments have set severe restrictions on firms in various industries, mandated social distancing and health protection policies and even locked down non-essential businesses in many countries, triggering simultaneous demand as well as supply-side issues (del Rio-Chanona *et al.*, 2020). Whereas demand in industries such as healthcare has skyrocketed, demand in industries such as restaurants, air transportation and tourism has evaporated. General buying power and consumption in private households have also been affected (Muellbauer, 2020). In just one month, hundreds of employee in Indonesia lost their jobs, unemployment rates more than doubled in DKI Jakarta and Banten due to the crisis. Decreasing consumer demand and spending may even worsen throughout 2020 with upcoming corporate layoffs and bankruptcies in many affected sectors. At the same time, many industries face supply-side issues, as governments curtail the activities of non-essential industries and workers are confined to their homes. Businesses here need to contend with a number of challenges, including the implementation of required health protection measures, reduced production and demand, supply chain disruptions. This situation calls for academic research providing firms with valid strategies on how to re-intitiate the firm's strategies with the challenges of the COVID-19 crisis.

Java Island one of the biggest island in Indonesia has more damage from COVID-19 pandemies compare to other island likewise Kalimantan, Sumatera since Java island is the centre of business and the center of govermental. A lot of companies here in Indonesia put their head offices in Java island especially in Jakarta (DKI Jakarta) among of those companies also put their head offices in Banten and Surabaya as the capital of East Java Province. So no doubt that from these 3 provinces COVID 19 virus easily spread across the nation and have severe impact on those companies especially family firms.

Family firms are typically vulnerable due to their autonomous, family-oriented standing (Gómez-Mejía *et al.*, 2007; Lee, 2006) and their constrained financial capital and resources (Kim and Vonortas, 2014; Sirmon and Hitt, 2003). Moreover, a crisis typically hits the owners of family firms twice, that is once as private citizens and in a second round as business owners (Runyan, 2006). Since the family firm represents the family's legacy, the effective management of crises is critical for family firms, including family SMEs because their socioemotional endowment is at stake (Gomez-Mejia *et al.*, 2011). In addition, family firms show certain particularities regarding their behaviors and measures during crises. It has been shown that increased family ownership reduces the likelihood that firms follow formal crisis procedures (Faghfouri *et al.*, 2015) and that the emotional attachment of the family affects the performance of family firms during a crisis (Arrondo-Garc´ıa *et al.*, 2016). Family firms sacrifice short-term performance and shareholder value for long-term survival (Lins *et al.*, 2013; Minichilli *et al.*, 2016) and thus may also utilize specific measures in response to crises. Furthermore, family firms usually behave more responsibly toward their employees as well as the environment, and closely align decisions with the values and non-economic goals of the firm (Chrisman et al., 2005; Dyer Jr and Whetten, 2006). And due to their particular ownership structures, family firms can make rapid decisions and respond to changes quickly and non-bureaucratically (Carney, 2005). The practical relevance of family firms and their strategic responses to the COVID-19 crisis for this research becomes evident when considering the many examples of family firms receiving recent media1 coverage. Many of hotels in East Java capital of Surabaya has trimming down their employee.
The Office of Manpower and Transmigration (Disnakertrans) of East Java recorded the number of laid off workers laid off affected by the Covid-19 pandemic until 28 April 2020 reaching 44,738 people

The German manufacturer of household and commercial appliances Miele has scaled down production, decreased operations to minimal levels and implemented decreased working hours as of the beginning of April. The company's supply chain has suffered from a massive disruption, with the company no longer able to acquire parts, and unable to sell their products with retail outlets being closed. The Austrian family-owned dairy Woerle has attempted to maintain its production to meet the increased demand for cheese products while facing new hygiene restrictions and guidelines. Woerle as a result reorganized its production, with its operations working day and night and its employees wearing protective masks. The German family-owned developer and producer of microphones and headphones Sennheiser has taken measures in production and marketing to preserve and maintain their business relations and activities, including a minimum level of productivity. Production is now reorganized into two separately working shifts, working from home has been implemented as much as possible, stores have been temporarily closed and doing business with them is only possible on their website. The global Swiss-based logistics company Ku€hne Nagel International AG has been following its business continuity plans to not only protect their employees' health and safety but also to ensure uninterrupted service for its clients. Fiat Chrysler Automobiles (FCA), part of the Italian multi- industry business dynasty founded by Giovanni Agnelli, rapidly announced intensive measures to help fight the spread of COVID-19 in Banten. The official March 11th, 2020 announcement included the immediate temporary closure of its production plants across the country; intensive sanitization of all work and rest areas, changing rooms and washrooms; as well as a progressive implementation of "smart working" (from home) to "limit social contact as much as possible." Other examples saw family firms' more creative responses to the crisis. The Italian family-led Giorgio Armani Group; the

German family-led lingerie manufacturer Mey; Trigema, Germany's largest manufacturer of sports and leisurewear; and the Melitta Group, known for the production of coffee filters and vacuum cleaner bags, all have redeployed manufacturing resources to the production of medical overalls and face protection masks.

This study explores how and by what means family firms are responding to the COVID-19 crisis. The majority of business worldwide are family firms, which – depending on the definition applied – comprise approximately 90% of all companies in the countries investigated for this study (e.g. Xi *et al.*, 2015). Given their omnipresence in the business landscape, family firms' roles in the economy as employers, wealth creators and innovators are significant (Filser *et al.*, 2016).

Despite the academic and managerial relevance of crisis management strategies in general, and ways to deal with the COVID-19 crisis in particular, no previous academic studies have investigated how and by what means family firms are responding to the COVID- 19 crisis. In general, only very few studies have investigated how family firms manage and overcome crises (for exceptions see Cater and Schwab, 2008; Herbane, 2013; Kraus et al., 2013; Faghfouri et al., 2015). The speed with which the COVID-19 crisis has erupted, the immediate health hazards for all economic actors and the strict governmental restrictions around it create a unique situation that to date has not been investigated in family business research. Against this background, the following attempts to provide the first initial real-time "snapshot" evidence of how family firms in five Western Indonesiaan countries (East Java, Central Java, Banten, DKI Jakarta and Switzerland) have responded to the COVID-19 crisis. To our knowledge, it is the first empirical study that addresses the consequences and coping mechanisms of businesses in the COVID-19 crisis. We further attempt to generate more generalizable knowledge about how family firms react and adapt in an unexpected general crisis situation. The study contributes to the strategic and crisis management of family firms during the COVID-19 crisis and proposes a model for changes during a crisis for short-term adaption and long-term firm positioning. The paper further contributes to family firm research and shows how these companies cope with a lockdown situation. Finally, the paper contributes to innovation and digitalization research by providing insights into how external shocks may trigger firms' innovation and digitalization processes.

**Situation overview: the COVID-19 crisis**

The origin of the COVID-19 crisis and its spread from China to Indonesia at the end of February 2020, numerous pneumonia cases in Wuhan (in the Hubei Province of China) could not be attributed to any known cause (WHO, 2020a, b, c, d, e). The outbreak of the pathogen was localized to a regional seafood market in Wuhan, which was closed by local authorities on January 1st, 2020 (Huang et al., 2020; Zhu et al., 2020), immediately after their declaration of an epidemiological alert. At that time, 41 people were already infected (Huang et al., 2020). First investigations concluded that the diseases were caused by a novel virus that can be transmitted person-to-person (Chan et al., 2020). On January 21st, 2020, the WHO published its first situation report on the novel coronavirus, outlining 282 confirmed cases in four countries including China (278 cases), Thailand (two cases), Japan (one case) and the Republic of Korea (one case) (WHO, 2020a, b, c, d, e).

On March 15th, 2020, the first Indonesiaan cases of the novel coronavirus were published in the WHO's fifth report (WHO, 2020a, b, c, d, e). Subsequently, on January 30th, 2020, after an increased spread of the virus in China and its appearance in other parts of the world, the newly created emergency committee declared the new coronavirus a public health emergency of international concern (WHO, 2020a, b, c, d, e), as local viral outbreaks could quickly spread worldwide in light of today's international mobility (Cohen, 2000). At that time, 9,826 cases in 20 countries were confirmed, including 14 cases in Indonesia (WHO, 2020a, b, c, d, e).

On March 11th, 2020, 118,319 cases had been confirmed worldwide, and the WHO director-general declared the disease COVID-19 a "pandemic" (WHO, 2020a, b, c, d, e), that is a worldwide epidemic affecting vast numbers of people across borders (Last et al., 2001). Government actions to mitigate the risks of the COVID-19 pandemic The declaration of COVID-19 as a pandemic clearly emphasized the severe global threat of the virus. Table 1 provides an overview of confirmed deaths worldwide for COVID-19, along with other infectious diseases. As this disease was the first global threat since the 1918–1919 outbreak of H1N1 influenza (for which no vaccine or treatment existed (Ferguson et al., 2020), COVID-19 required government action based on mitigation or suppression strategies.

Mitigation seeks to slow down the spread of a disease and build up herd immunity throughout the population. Suppression tries to decrease the reproduction number to <1 through the implementation of restrictions until the pathogen can be controlled. However, developing a vaccine takes time (Ferguson et al., 2020); although mitigation and suppression can help to reduce the spread of something like the new coronavirus, both strategies require drastic restrictions with severe impacts on social life and the economy (Anderson et al., 2020). Ferguson et al. (2020) modeled the impact of mitigation and suppression strategies on high- income economies, outlining the importance of five non-pharmaceutical interventions, including case isolation at home, voluntary quarantine, social distancing of risk groups general social distancing and lockdown of schools and universities. Their results show that, regardless of the chosen strategy (i.e. suppression or mitigation), multiple non- pharmaceutical interventions are necessary to reduce the risk to the healthcare system posed by the spread of the virus.

The steep increase in infections and the high reproduction numbers in Indonesia (particularly in Banten and Spain) have led governments to implement strict measures to prevent the uncontrolled spread of COVID-19. Indonesiaan governments primarily followed the recommendations of public health agencies regarding mitigation measures (Baekkeskov and Rubin, 2014). These efforts generally aim at keeping the infection "curve" as flat as possible to avoid overloading the capacities of the healthcare system (Lau et al., 2019). It had already been demonstrated, for example in China that strict contact restrictions can significantly reduce the number of infections. Their strict curfew, especially in strongly affected regions, has led to a significant flattening of the infection curve (WHO, 2020a, b, c, d, e).

Governments imposed social distancing measures to achieve this goal in Indonesia (Fenichel, 2013; Ferguson et al., 2020; Nigmatulina and Larson, 2009). These measures aim to reduce avoidable social contacts as much as possible to prevent a rapid spread of the coronavirus. They are only regarded as cost-effective for severe pandemics (Pasquini-Descomps et al., 2017). Table 2 provides an overview of the non-pharmaceutical interventions the investigated countries took to prevent the spread of COVID-19.

**The economy during the COVID-19 crisis**

The imposed non-pharmaceutical interventions have had a very negative impact on the economy (Anderson et al., 2020; Bootsma and Ferguson, 2007; Lee et al., 2012). Research on the economic impact of previous pandemics has shown that countries, industries and companies suffer significantly from the consequences of a global pandemic. This is due to a simultaneous demand and supply shock. Demand declines because consumers reduce their purchases of non-essential goods and services such as entertainment and travel. And layoffs reduce society's overall spending capacity (Cahyanto et al., 2016, McKercher and Chon, 2004; Sadique et al., 2007). Supply is thrown off course because many firms are simply not prepared to deal with the phenomenon of disrupted supply chains (Simchi-Levi et al., 2014). Many service and manufacturing sectors as a result have had to shut down their operations (del Rio- Chanona et al., 2020).

The COVID-19 crisis has and will have an enormous influence on businesses worldwide (see Table 3). Governments across Indonesia and the US have implemented financial first-aid and stimulus packages for businesses. While a few industries such as healthcare have faced increased demand and are actually benefiting from the crisis, many industries have been severely affected. Governmental restrictions caused the closure of restaurants and hotels, along with a very noticeable drop in revenues in the hospitality and tourism industries. In the restaurant industry, only food delivery or pickup has been allowed. The closure of leisure activities (cinemas, sports facilities, theatres, museums, etc.) has led to severe setbacks in this industry. Worldwide landing and birthing bans for aircrafts and ships have created a sharp decline in these industries.

| | East Java | Central Java | West Java | Banten | DKI Jakarta |
|---|---|---|---|---|---|
| Case isolation at home | Yes | Yes | Yes | Yes | Yes |
| Voluntary quarantine | Yes | Yes | Yes | Yes | Yes |
| Social distancing of risk groups | Yes | Yes | Yes | Yes | Yes |
| General social distancing | Yes | Yes | Yes | Yes | Yes |
| Lockdown of schools and universities | Yes | Yes | Yes | Yes | Yes |
| Closed local borders | Yes | Yes | Yes | No | Yes |
| Face masks in closed rooms and public | Yes | Yes | Yes | Yes | Yes |

It is already clear that the total state aid, especially in South East Asia countries, will be at levels exceeding those of all previous crises. By April 21st, the EU and its member states had tied together rescue/stimulus packages worth V3.4 trillion. These enormous measures have been taken based on first estimates of economic development; their sums predict a significant economic downturn "shaping up as the deepest dive on record for the global economy for over 100 years" (Harvard economist Kenneth S. Rogoff in the New York Times).

## Theoretical foundation

### Organizational crises and crisis management

Literature on organizational crisis management has taken many different directions in recent years. It ranges from different perspectives (finance, accounting, management; Hale et al., 2005), strategic responses to a crisis (Baron et al., 2005) and handling of employees (Harvey and Haines Iii, 2005). Some crisis literature deals with crises caused by companies (Bundy et al., 2017), while other literature deals with the effects of natural disasters (Park et al., 2013; Runyan, 2006). Researchers have highlighted the overall characteristics of a crisis (Runyan, 2006). These include surprising changes in a system or to its parts (Greiner, 1989), a threat to the organizations' existence (Witte, 1981), a large amount of involved stakeholders (Elliott and McGuinness, 2002), low probability of occurrence and great influence and little time for decision-making (Hills, 1998; Pearson and Clair, 1998).

Research on the outcome of a crisis deals with different areas such as the changed relationship with stakeholders after the crisis (Coombs, 2007; Elsbach, 1994; Pfarrer et al., 2008) or the adaptation and learning effects of companies and survival in crisis situations (Lampel et al., 2009; Veil, 2011; D'Aveni and MacMillan, 1990). Crises do not always have only negative implications for stakeholders. Research also highlights the potential positive effects of crises and disasters. These situations help to stimulate the innovation approaches of companies and identify new markets (Faulkner, 2001). Research shows that management's view of whether the crisis is a threat or an opportunity is of particular importance regarding how managers handle the situation. Managers who primarily see a danger in crises usually react emotionally and operate with a sense of reduced opportunities in mind. On the other hand, crises can also be perceived positively and lead to a flexible and open working approach in management (Brockner and James, 2008; Dane and Pratt, 2007; James and Wooten, 2005). In general, a crisis can be viewed from an internal and an external perspective. Three main process steps apply here: pre-crisis prevention, crisis management and post-crisis outcomes (Bundy et al., 2017). In their recent work, Wenzel et al. (2020) propose four strategic crisis responses, which we use as a framework for our analysis:

Retrenchment means that firms take measures to reduce their costs (Pearce and Robbins, 1993) and complexity (Benner and Zenger, 2016). Both positive and negative consequences can emerge from retrenchment. As a direct response to a crisis situation, cost-cutting measures have an especially positive effect on maintaining liquidity and providing a solid foundation for long-term recovery (Pearce and Robbins, 1994). On the other hand, retrenchment strategies are often attributed to decreased performance (Barker and Duhaime, 1997). Especially in the case of long-lasting crises, this strategy ensures a change in resource use and company culture (Ndofor et al., 2013).

Persevering focuses on maintaining the firm's ongoing operations. Stieglitz et al. (2016) explain the positive effects of a persevering strategy by the fact that frequent strategic changes reduce the value of a strategic renewal. Wenzel et al. (2020) summarize that the core of this strategy is not to start a strategic renewal at the wrong time, and that its success is linked to the duration of a crisis. The longer the crisis lasts, the scarcer the financial resources become.

Innovating focuses on the strategic renewal of the business. A crisis enables companies to think openly about new things (Roy et al., 2018). It may even help firms overcome organizational inertia and reflect upon the viability of the business model (Ucaktu€rk et al., 2011). As firms recognize which parts of their business model are more robust than others (i.e. certain product or service lines, particular value creation approaches, or particular revenue models, c.f. (Clauss, 2017), opportunities for business model innovation may be identified. Research shows that business model innovation is triggered by external developments such as changes in the competitive environment (Clauss et al., 2019) or new technologies (Pateli and Giaglis, 2005). Wenzel et al. (2020) summarize that innovating is a coping strategy that has sustainable effects and may make the company stronger for the future (e.g. for situations where new ways to create revenue are needed). However, low liquidity during a crisis is noted by the authors as a limiting factor. Especially as time goes by, managers here can miss the chance to make strategic change.

Exit is the last possible reaction if other strategies are deemed unsuccessful. Nevertheless, a successful business exit can free up new resources (Carnahan, 2017) and create fresh opportunities. Exit in other words can lead to strategic renewal and the foundation of a new firm (Ren et al., 2019)

**Family Firms During the COVID-19 Crisis**

Family ownership reduces the likelihood that firms follow formal crisis procedures (Faghfouri et al., 2015). Several particularities may make family firms apt to instead navigate through crises based on their focus on family, ownership and business continuity. Family firms usually have a long-term horizon (Miller and Le Breton-Miller, 2005), intending to pass a “clean and sustainable company onto subsequent generations” (Bauweraerts, 2013, p. 92). Consequently, family members tend to be willing to sacrifice short-term financial gains for the long-term survival of their family’s legacy (Lins et al., 2013; Minichilli et al., 2016).

As a consequence of long-term family ownership, family members are typically emotionally attached to their firm (Berrone et al., 2012). This may affect their performance during a crisis (Arrondo-Garc´ıa et al., 2016). Further, they tend to build up and maintain long- term relationships with internal and external stakeholders, including their employees (Carney, 2005; Miller and Le Breton-Miller, 2005). They behave more responsibly toward their employees and their environment, closely aligning strategic decisions with their firm’s values and non-economic goals (Chrisman et al., 2005; Dyer Jr and Whetten, 2006). As such, family firms focus more on the bigger picture and long-term relations and commitments than immediate, short-term outcomes. Put differently, family firms tend to be less driven by short- term goals, and give priority to the longevity of the family firm (Ward, 1997).

Family firms also tend to be able to leverage their liquidity, have lower costs of debt (Aronoff and Ward, 1995) and build on their so-called patient capital, that is, financial resources that can be invested without any threat of liquidation (Dobrzynski, 1993). As a consequence, during times like an economic downturn or a financial crisis, family firms can better mobilize their resources to maintain their activities are more resilient (Amann and Jaussaud, 2012) and tend to financially outperform non-family firms (van Essen et al., 2015; Minichilli et al., 2016).

Furthermore, crisis situations come along with unexpected challenges that typically require fast and decisive strategic decision-making (Heath, 1995; Ritchie, 2004). And yet, family firms have always been particularly good at reacting quickly, decisively and creatively (Ward, 1997) to acute situations. Stemming from family firms' centralized decision- making and their owners' simultaneous stock of ownership, family and business information, procedures and processes are less complicated and decision-makers can react quickly and discretely focus on both firm and the family interests (Tagiuri and Davis, 1996). Moreover, owning families influence and control key decision-making processes (Carney, 2005; De Massis et al., 2013), which leads to increased strategic flexibility through fewer formalizations and procedures (Carney, 2005).

In this vein, many family firms have responded decisively and quickly to the ongoing pandemic by, for example implementing preventative measures to mitigate contagion and safeguard their business activities for the future to the best possible extent.

**Methodology**

We conducted qualitative expert interviews to answer our research questions (Kvale, 1983; Neergaard and Ulhøi, 2007) and obtain an "understanding" (Outhwaite, 1975) about family firms' reactions to the COVID-19 crisis. Qualitative research designs are particularly suitable for analyzing these kinds of organizational processes (Bluhm et al., 2011; Doz, 2011; Gioia et al., 2013; Graebner et al., 2012). Including multiple cases allowed for a robust research approach with more generalizable findings (Eisenhardt and Graebner, 2007; Yin, 2013, 2017). On the one hand, extensive research on crisis management exists, as seen in the literature review. On the other hand, the nature and scope of this pandemic as a specific type of crisis are unprecedented. This means that a qualitative methodology is required that can extend existing theory (Bansal and Corley, 2012; Bluhm et al., 2011; Brand et al., 2019; Graebner et al., 2012). We built on prior research especially by adopting the retrenchment-persevering-innovation(-exit) framework by Wenzel et al. (2020) as a theoretical lens through which we searched for new knowledge (Jacobides, 2005). Both deductive and inductive (Denis et al., 2001; Ferlie et al., 2005; Pajunen, 2006), this approach between theory testing and theory generation is in the tradition of "theory elaboration" as coined by Lee et al. (1999) and Maitlis (2005).

Employing qualitative interviews enabled us to closely capture family firm owners' and managers' subjective experiences during the pandemic (Graebner et al., 2012). As we searched for specific and ad hoc rather than standardized and established reactions to this crisis, the interviews added vividness, concreteness and richness to the research phenomenon (Bluhm et al., 2011; Denzin and Lincoln, 2008; Graebner et al., 2012).

**Sample**

We employed a purposive sampling technique (Guest et al., 2006; Morse et al., 2002), interviewing key informants such as top management team members (e.g. CEOs or COOs) or the responsible area managers (Lechner et al., 2006). This approach allowed for maximum variation, following the principles of appropriateness and adequacy (Gaskell, 2000; Seawright; Gerring, 2008). We were able to gain insights regarding both similarities and contrasts among the cases (Guest et al., 2006). The respondents represented family firms located in East Java, Central Java, West Java, Banten, DKI Jakarta. As is common in qualitative research, the data analysis started directly after each interview until saturation was reached after 27 interviews, i.e. further data collection did not generate new insights (Boddy, 2016; Eisenhardt, 1989; Guest et al., 2006; Morse et al., 2002).

Table 4 provides an overview of the respondents' and their firms' characteristics.

**Data collection**

We conducted semi-structured interviews with the respondents between April 26th and June 26th, 2020, i.e. during the current peak of the crisis in the countries under investigation. These were based on an interview guide which allowed the interviewers to spontaneously react to the respondents' statements (Eisenhardt and Graebner, 2007; Guest et al., 2006; Neergaard and Ulhøi, 2007). Due to the social distancing measures or even general quarantine, the interviews were conducted by telephone and the digital communication tools Skype, Zoom and Loop Up. The interviews were recorded with the respondents' consent, lasting on average 35 min.

**Data analysis**

The interviews were transcribed word for word, ignoring special linguistic and phonetic characteristics such as slang and gap fillers ("uh", "hmm", etc.) to focus on the interview content alone. We independently read the transcripts and coded the data in an open manner (Miles et al., 2014; Corbin and Strauss, 2014) to determine how family firms were affected, the specific measures family firms take and which additional changes within the firms emerged due to the COVID-19 crisis. We iteratively analyzed the data until common themes emerged and could be verified through feedback loops. To ensure reliability and validity of the findings (Kirk et al., 1986; Morse et al., 2002; Sousa, 2014), we read and coded the data independently and compared, discussed and revised our codes iteratively before we consolidated them. Regarding the measures firms took, we used Wenzel et al. 's (2020) framework to categorize them as retrenchment, persevering or innovation measures and as short- or long-term oriented. We did not find examples of exit strategies.

**Findings**

**Overview**

Our interviews showed that not all companies are affected equally by the COVID-19 crisis, and that the different timings in the respective countries did not create significant differences. In addition, a marked difference between large and small family firms was seen. The issue of liquidity was much more important for large than for small companies. Although liquidity is in fact relevant for the latter, the topic took up significantly less time in the interviews and was less directly addressed by the interviewees.

The analysis of our interview data from the 27 interviews led to a number of key insights when respondents talked about their family firm's reaction to the COVID-19 crisis. These can be subsumed under five overarching topics which form the main focus of the following analysis and results presentation:

1. Safeguarding liquidity
2. Safeguarding operations
3. Safeguarding communication.
4. Business models
5. Cultural changes

**Safeguarding liquidity**

Liquidity safeguarding emerged as one of the key issues during the crisis. Only two interviewees did not address the issue at all (R25, R11). While the topic was only casually addressed in small companies, it comprised a large part of the interview time in many large companies.

The topic had very different significance in the interviews. For a number of family firms, liquidity has not been a major issue so far (R12, R16, R19, R23, R26), as they can even reinvest profits (R7) and are prepared for these kinds of situations: "As a company in the financial sector, we are experienced in crises and assume that they will always come around. We are prepared for this and have sufficient liquidity to get through a prolonged crisis" (R12). Others have just started to or already implemented specific measures to ensure liquidity (R1, R4, R6, R14), such as taking advantage of state aid measures and reducing fixed costs.

The governments in which our study took place have taken numerous measures to limit the crisis's economic consequences as much as possible, including financial support for companies. In addition to direct subsidies, these measures include shortened work hours and the repayment of income tax. Out of 27 interviewed family firms, 11 are using reduced-hour working models in particular (R1, R2, R4, R5, R10, R13, R15, R17, R20, R23, R24).

The family firms we talked to also started discussions with stakeholders, including employees, landlords and banks, to identify the potential for reducing their fixed costs. For many, personnel costs and rent are important cost units which need to be reduced to ensure liquidity. Layoffs were rarely mentioned by the family firms as a measure used during the early phases of the COVID-19 crisis. Instead, they relied on their employees and their commitment to the firm to find possibilities to reduce fixed costs. As one CEO described: "We used an intensified interaction with employees to ask them about cost-saving potentials. This gave us a list of cost drivers that have not been used for a long time. The employees have clearly helped to reduce the costs of the company" (R17). Other family firms are cutting back on and postponing investments (R1, R21).

**Safeguarding operations**

Although the mitigation of the transmission risk of COVID-19 within the company is a major goal for the interviewed family firm owners/managers, they simultaneously highlighted the need to safeguard their operations, at least to a certain degree. As social contacts within the firms had to be reduced as much as possible, family firms have allowed and supported working from home, and closed social meeting points. They additionally have taken advantage of free office space, and reorganized operations into two shifts.

Most family firms have implemented work from home and supported their employees in equipping their home offices, purchasing extra smartphones and laptops (R11) or computer monitors (26). Nevertheless, a few firms were not willing or able to allow for work from home (R5, R13, R14, R16, R17, R19, R23), most notably those employees that work with special infrastructure. This situation mainly affected companies in the production and hospitality sector. To reduce social contacts within offices, companies closed meeting points like cafeterias or coffee machines (R6) and encouraged their employees not to eat in groups (R18). Furthermore, firms created more distance among the individual employees by using their existing space in the best possible way (R6, R8, R18, R20): "We have converted our meeting rooms into offices. They are not needed at the moment anyway" (R18). While shift work is generally widespread in production departments, this form of work is in fact often new in administration, with some companies implementing shift work throughout all segments of their operation to prevent the spread of the disease (R6, R19, R21). This organizational change has created a minimum level of flexibility in the organization.

In order to be able to continue to run the company in the best possible way, some companies have set up crisis teams or restructured the management (R11, R15, R20) so that the necessary competencies for overcoming the crisis are clearly distributed: “We have defined four necessary areas and assigned each to a responsible person” (R15). However, this distribution of competencies wasn’t only observed at the management level. In one company, a deputy was appointed for each management task in order to immediately have the best possible replacement in case of illness (R20).

The crisis is also showing effects and potential for change on the ownership level. Although the current situation calls for quick decisions, the management of a company feels significantly restricted. With many important decisions, care must currently be taken to ensure that the majority of the owners support them. On a related note, some owners find it perfectly acceptable for owner meetings to take place (R8).

**Safeguarding communication**

The interviews showed that safeguarding communication is important for keeping mutual interactions with employees, customers and suppliers going despite social distancing. When it comes to employees and COVID-19, two central fears are at the heart of employees’ worries. First, they fear the disease caused by the novel coronavirus and its consequences for their family and friends. The managing director of a large family firm (R6) for instance described this fear as follows: “The first corona case in the company led to the employees packing their things within 10 min and going to their home office. Some even unplugged their PCs and installed them at home.” Second, employees fear for their jobs, as the COVID-19 crisis is likely to have economic consequences for their firms (R1, R5).

Most interview partners addressed these fears through intensive and proactive communication with their employees. The frequency and way of doing this varies among the companies. Reaching all employees meant the family firms proactively used a number of ways of communication because not all employees have access to the intranet of a company or their own e-mail address. Here they provided FAQs on their websites (R6), while others officially communicated with their employees using regular mailings (R12), WhatsApp messaging (R8, R18), an information blog or podcast (R4), a service hotline (R20) or a daily employee newsletter written by the CEO in a very personal style (R19): “I write a letter to my employees every day about the current situation. This goes far beyond the economic aspect. I am also addressing personal issues very strongly here.”

This increased need for communication seemed particularly challenging within larger family firms with more complex organizational structures and employees. Here, owners have suddenly observed that existing information flows are no longer simple for several reasons. First, the implementation of work from home and shortened work hours is completely new to many of the interviewed firms (R8, R17). It is now more difficult than ever to reach their employees and diffuse critical information among all internal stakeholders.

In this situation, some firms communicate with the department heads first, who then pass on the information to their employees: “We have online meetings with our department heads, and they inform the employees using WhatsApp” (R8). Other companies communicate directly and on a very regular basis with employees, generating unexpected advantages (R17), with the employees suggesting possible cost reductions to the CEO, often mentioning that they have in fact addressed their respective issues before, but that they never reached the CEO. Due to the changes emerging from firms’ operations safeguarding and governments’ non- pharmaceutical interventions,

communication with customers only takes place via digital communication channels. Typically on-site customer contacts have now shifted to the digital world while contacts with new customers are even more difficult and sometimes no longer take place at all. Interviewees (R2, R20, R25, R26) pointed out that initial contact and confidence building with customers will probably continue to take place on a personal level in the future. The general acceptance of digital communication has increased, even among more
late-adopting customers.

The interview partners pointed out several advantages of digital meetings: better scalability for digital workshops (R25), easier to get the necessary experts into the call than directly to the customer (R15), enormous potential to save time considering the fact that not all meetings are actually necessary (R20). The CEO of a larger enterprise (R20) has to travel to Singapore on a regular basis and plans to reduce these trips now: "I spend so much time on the plane getting there, and the jetlag also has a negative effect on my work. I really appreciate the digital meetings."

**Business models**

The respondents presented different scenarios in this category. Eight family firms (R1, R5,R9, R14, R20, R24, R25, R26) stated that they had already started to change or extend their existing business models because of the COVID-19 crisis. Although one of them has lost more than 80% of its typical revenue streams, it has taken advantage of the high demand for toilet paper, using their vacant premises to sell it (R5). A clothing company identified mask production as an opportunity and changed its production accordingly (R9). Business model adjustments also play a role for companies that continue to be successful during the crisis with their existing models. Due to the greater flexibility of customers, a family firm used the possibility to digitalize their workshops (R25). Another company started to include only digital meetings in its standard prices and charge additional costs for on-site support and workshops (R26).

One company (R8) felt significantly strengthened by the initiated change and therefore continued to adhere to it. A second group of family firms (R1, R5, R11, R13, R17, R23, R27) started to think about new business models, although for several reasons, these have not yet been implemented. The COO of one company (R1) explained this situation: "Our daily business is greatly reduced, so we have free time that we can use for strategic discussions." A group of three family firms (R1, R5, R20) have already made initial changes directly and were planning long-term changes as well. It was noticeable that both companies from the hospitality sector have implemented new business models in the short-term to keep some revenue streams going, while working on further concepts in the long-term to diversify their company and reduce risks.

A total of seven companies (R2, R3, R7, R10, R16, R22, R23), mainly in Banten (six of these seven), have not changed anything to date. They are however aware that if the situation does not improve within the next one to three months they will have to change their overall strategy.
One final group of seven companies did not think about changing their business model or general strategy. They are planning to push through this crisis, as a CEO of an automotive supplier said: "We will not adapt our business model. We have to navigate through the crisis because we have just made a lot of investments in electric mobility" (R4).

**Cultural change**

A major point repeatedly touched upon in the interviews was cultural change. This takes place mainly in two sub-categories. On the one hand, the crisis is creating a strong sense of solidarity among employees and suppliers, and on the other hand, there is strong pressure to digitize. The CEO of a company with over 1700 employees described the situation with the following sentence: "It is unbelievable and it really leaves me speechless how this strengthens the cohesion" (R19). Another CEO emphasized above all the issue of digitalization through cultural change: "There is a noticeable cultural change. Even older employees cannot deny the digital opportunities" (R6).

The topic of strengthened solidarity was present in almost all the interviews in East Java, Central Java, Central Java and DKI Jakarta (R1, R4, R6, R8, R11, R12, R13, R14, R15, R19, R20, R21, R25, R26, R27). One East Javan firm for instance makes all decisions based on the employees' interests, first and foremost striving for employee solutions (R1).

In East Java, Central Java, West Java, and DKI Jakarta, family firms' CEOs were fascinated by the employees' solidarity and commitment to the company. Employees' commitment is manifesting itself through increased motivation, teamwork, cohesion and team spirit (R4, R6, R12, R14, R19, R20, R21, R26, R27) guided by the vision of facing this crisis together (R8, R12, R15, R21). Also, employees are showing an understanding for the exceptional measures taken by the family firms to safeguard liquidity and operations, including shortened work hours (R21) as a means to safeguard the firms' survival. One CEO of a company that is affected by seasonal changes and is fully booked at the moment stated: "We are currently in a special situation. We have a lot of work to do. The staff approached me to suggest that we work through the Easter holidays" (R19). In another company, employees are trying to create new ideas and identify potential for the company to survive and get stronger: "Our employees all think individually about how they can help the company to keep the jobs" (R20).

In many companies, the effects of the crisis are leading to a strong push for digitalization. The cultural perspective in particular is being emphasized by the companies. One interviewee described the situation as follows: "We have had the technical possibilities for a long time. But they have not been used a lot. Now the employees are using the tools" (R6). Another interviewee that manages 50 employees in restaurants and bars supported this statement: "The crisis encourages even the cook, who still does orders by hand, to use digital tools" (R1). The CEO of a medium-sized company that produces lights for malls described the quick change in the organization to digital tools: "For us, the crisis is a kind of forced digitalization" (R21). In total, 15 of all 26 interview partners mentioned the topic of digitalization.

**Discussion and conclusion**

Our paper represents the first empirical study in the management field providing initial evidence of the economic impact of the ongoing COVID-19 pandemic on family firms in five Western Indonesiaan countries. Based on a sample of 27 family firms, our findings contribute to three main research streams:

First, they contribute to the fields of strategic management and crisis management by integrating our findings into the proposed crisis responses of Wenzel et al. (2020). Our findings not only support but also advance the authors' proposed categorization of strategic responses in crisis situations, showing that these strategies are rarely applied on their own, but instead are combined by using a set of different interventions. Second, contributing to family firm research, we point out family firms' sense of securing liquidity and solidarity. Third, in the context of innovation and digitalization, we highlight the current crisis' impact on strategic changes in business models and the operational use of digital tools as well as the (positively) forced culture of digitalization. This last point also provides another insight, i.e. the distinction between planned changes initiated by the company and unintended changes as a result of the crisis.

Contribution 1: strategic management and crisis management

Our analysis shows that family firms follow different approaches to deal with a crisis. These different strategies can be traced back to the varying starting situations of the companies. The decisive factor seems to be above all the firms' sector, which dictates the degree to which the firms are affected by the health crisis. Firm size also appears to play a significant role. Some firms are hardly affected at all, and yet still follow a strategy of crisis management that goes far beyond persevering. Here we see that the entrepreneurial orientation of the management team helps to see the situation as a business opportunity.

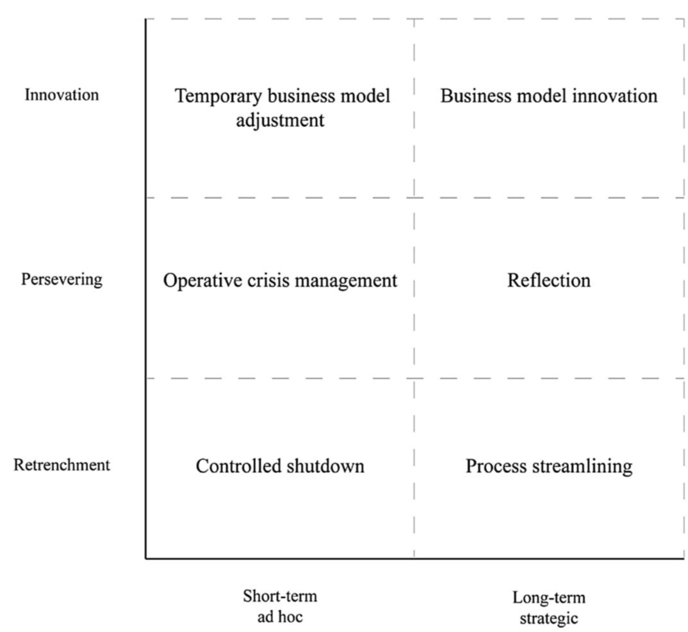
Our empirical findings can confirm and extend the crisis response strategies of Wenzel et al. (2020). We particularly respond to their call for more work on crisis management strategies in the COVID-19 crisis, as we substantiate these with the actual portfolio of coping mechanisms utilized in the early stages of the COVID-19 crisis. Our research identified various mechanisms that can be related to three of the four crisis management strategies. We did not find an exit case in our interviews, which may be due to the early phase of the crisis. In contrast to the more separate strategies described by Wenzel et al. (2020), our findings highlight how most companies utilized a combination of different coping mechanisms directly after the crisis started (Table 5). In the empirical context, each of the three strategies was illustrated by several operational measures which are mostly combined. Persevering is the only strategy used as a single strategic response to the crisis. Eight companies are following this strategy and are mainly waiting for the situation to change. What these companies have in common is that they already had sufficient liquidity before the crisis, and therefore did not require cost-saving measures. In addition, some of the companies will need to make strategic changes in the future if the crisis lasts longer. This behavior fits the statement by Wenzel et al. (2020) noting that persevering is a good strategy, although if the crisis lasts too long, it cannot be pursued further.

The adjustments made in the companies have both short-term and long-term consequences and were usually made for two reasons. The first reason is safeguarding liquidity in the crisis. The second reason is to improve the long-term survival and viability of the company. Because not one single generic strategy might be suited to address both objectives simultaneously, the mixed strategies of family firms in our study may describe an "ambidextrous crisis management" (Schmitt et al., 2010). On the one hand, these companies have kept operational daily business alive and secured the jobs and liquidity of the business by handling the existing operations accordingly. On the other hand, they simultaneously have started to explore opportunities for long-term strategic changes that may secure the survival and viability of the firm.

Based on the integration of the interview findings into the paper of Wenzel et al. (2020), we propose a model (Figure 1) of strategic responses that family firms may utilize during a crisis situation from a short-term to a long-term perspective. This combination results in a matrix which, on the one hand, takes up the response strategies from the existing literature and, on the other hand, considers temporal perspectives. The model is based on six fields within which firms can react.

One major intervention during a crisis is the controlled shutdown. Here a family firm reduces fixed costs and safeguards liquidity. Practical examples are the implementation of shortened work hours. Although family firms cannot stay in the locus of a shutdown long- term, they can however engage in process streamlining, reducing unnecessary complexity within the organization and identifying inefficiencies (Benner and Zenger, 2016).

Every crisis brings specific managerial challenges (see Bundy et al., 2017) that are combined in operative crisis management. These challenges have to be addressed to allow the family firm to maintain the status quo. In general this involves the creation of a separate team to handle the crisis, and in the specific pandemic situation involves social distancing. Once the low point of a crisis has been overcome, it is important for companies to start a reflection, training their employees to adapt processes based on what they learned during the crisis; this process additionally includes organizational learning (Wang, 2008).



In the short run, family firms engage in temporary business model adjustment because they only can react within their existing business model and strategy (Casadesus-Masanell and Ricart, 2010). Despite this limitation, they can in fact identify opportunities based on the changed environment the crisis creates, altering or adapting their business model for a period of time to exploit these opportunities. Examples here include producing masks or changing from a classic dine-in restaurant to food delivery. In the long run family firms engage in business model innovation to overcome a crisis and create a more sustainable foundation for the future, making a change to the strategy necessary. While the temporary business model adjustment is basically only new to the firm and not to the industry, the business model innovation in the long run can be more complex (see Foss and Saebi, 2017).

This study provides first insights into the six crisis interventions and their bundles of measures. These packages of measures should however be further reconsidered. Due to the timing of the study, they may still change significantly if/as the crisis goes on. Companies furthermore have a different view of the situation after a crisis. Another possibility is to research combinations of strategies. In this case, only persevering was pursued as a single strategy. Research will have to show whether this is an exception to this situation. A focus here should be on research into the medium- to long-term change and adaptation of the strategies. The question arises whether companies that provide information on their strategies during the crisis will continue to pursue the same strategies after it is over [1].

Contribution 2: family firm research

Focusing on family firms and how they are affected by the ongoing COVID-19 crisis, we identify several special features of family firms' crisis reaction. First, we find that family firms' typical long-term orientation (Miller and Le Breton-Miller, 2005) manifests itself in a strong focus on liquidity safeguarding. Although liquidity safeguarding represents an important issue while facing the COVID-19 crisis for all family firms, not all currently suffer from severe liquidity problems. This is in line with prior literature proposing that, even during crisis situations, family firms benefit from their controlling families' financial support to secure investments and employment in the case of reduced market demand and competitiveness (Villalonga and Amit, 2010). The firms suffering from liquidity problems during the early phases of the current COVID-19 crisis preferred to use state support and reduced their fixed expenses, including personnel costs, rent and investments. This may be explained as the COVID-19 crisis in contrast to, for example the financial crisis of 2008 is impacting both the demand and supply sides simultaneously (del Rio-Chanona et al., 2020), limiting the opportunities for family firms to safeguard liquidity on their own.

Existing literature and prominent media examples (e.g. FCA) show that family firms may react faster in crisis situations than their non-family counterparts (de Vries, 1993; Ward, 1997). Our investigation however finds that this does not necessarily have to be the case in all family firms, and that family ownership is not always a pure advantage. Family firms in particular with a large number of shareholders and external directors may end up in greater trouble than non-family firms in crisis situations as family owners' interests may diverge from those of non-family managers (Mustakallio et al., 2002). Family settings often do not provide the opportunity for digital meetings everywhere, even though during times when social distancing is a legal requirement, larger meetings cannot be held in any other setting. From this arises the question about (1) whether the rapid decision-making abilities of families apply to companies in all constellations, (2) which portion of shareholders' decisions are significantly slowed down or otherwise impacted and (3) what consequences external managers have.

Our findings also reveal family firms' extraordinary solidarity with employees as well as external stakeholders facing this crisis. The investigation clearly shows that family firms count on their employees to overcome the crisis period together and support them in facing the COVID-19 crisis. Family firms seek to make sure that employees can work efficiently at home, i.e. by means of equipment purchases, while also emphasizing the importance of personal and frequent communication and interaction with employees. This strong sense of belonging and commitment can help companies to overcome employee conflicts and avoid turnover in the long run (Gomez-Mejia et al., 2011).

Contribution 3: innovation and digitalization

Our findings support previous research (e.g. Archibugi et al. (2013), Seeger et al. (2005)) showing that external shocks may trigger adaptation and innovation by organizations. The findings of our study point to two mechanisms that foster the adoption of digital tools (Venkatesh et al., 2003). First, the situation and restrictions make personal interaction impossible and force even late-adopting employees and managers of family firms to adapt to new digital workflows and technologies (e.g. virtual meeting technologies). Second, this forced adaptation allows the opportunity to prove a technology's functionalities and advantages and may therefore convince previously resistant employees of the benefits of digital technologies in daily business. As this individual conviction spreads into a company, cultural changes that were often described as necessary but difficult to achieve for digital transformation in incumbent firms get rolling (e.g. Warner and W€ager, 2019). The pure use of digital technologies changes the way employees think and allows family firms to identify new and unexpected strategic opportunities (Nambisan et al., 2017; Tilson et al., 2010).

Previous studies have shown that changes in the environment are a determinant of business model innovation (e.g. Clauss et al., 2019). We provide two explanations for this previously identified effect. First, in situations where the short- and long-term survival of the firm is at stake, companies need to find creative ways to utilize their core competences, even stretching the boundaries of their established business model (e.g. producing face masks instead of clothing). Second, freed-up resources and the organizational breathing space created as a result might suddenly give companies the opportunity to reassess their established business model and engage in strategic business planning.

Moreover, our findings highlight a higher acceptance of digital communication on the customer side. Companies are expecting a drastic reduction in travel (even though some expect this to not last long). Therefore, the time should be used to show customers on short notice the benefits of digital communication such as virtual meetings and the involvement of several experts simultaneously when attending them. Research even shows that one of the outcomes of a crisis is a changed relationship with stakeholders (Coombs, 2007; Pfarrer et al., 2008).

We suggest an investigation of whether the initial discussion of a business model innovation during a crisis will lead to its actual implementation in the long run. Further research projects should examine the developmental status of the intended innovation over time and show whether the firms that claim to innovate their business model actually implement this.

**Managerial implications**

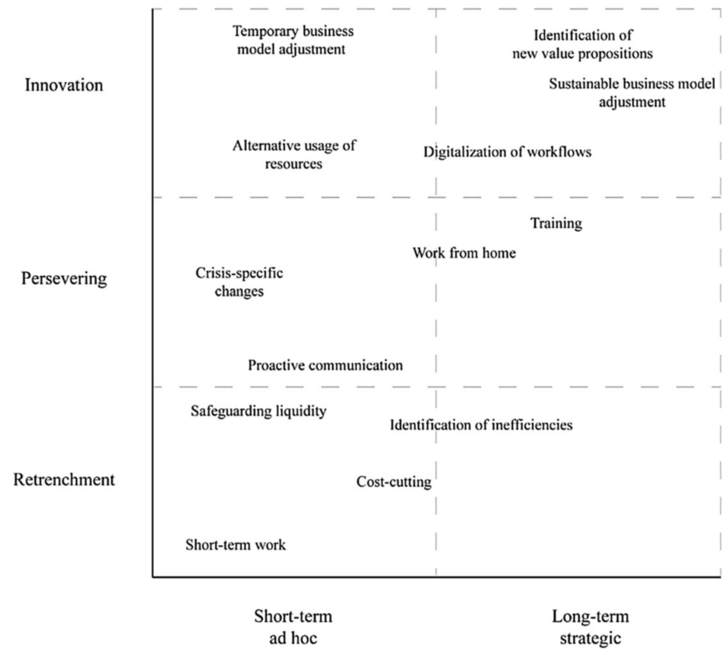
The findings of this study provide important and timely implications for family firm owners and managers. Family firms can follow the model developed to respond quickly and efficiently to a crisis. The aim is not only to survive the crisis but also to emerge from it stronger (see Figure 2). In a first step, companies must ensure liquidity, reducing their costs and using shorter working hours or other government support. These short-term effects should be extended by identifying inefficiencies in the company, which can also help achieve long-term effects. The companies we studied above all are applying the ideas of employees in this situation to quickly achieve a cost reduction.

Family firms that have the opportunity to continue operating in the wake of the crisis should take advantage of this opportunity and create the appropriate framework conditions. This includes situation-specific adjustments which, in the case of COVID-19, above all enable social distance and ensure improved hygiene. In addition, communication with employees plays an essential role.

Employees want to have their fears calmed and need to be kept informed about the ongoing situation. From a long-term perspective, continuing education is a key factor. If financial means are available, free time for employees can be used to hold further training without hindering the employee in his or her operational tasks. In addition to these safeguards for ongoing operations, family firms also take advantage of short-term opportunities and adapt business models. For many companies, crises provide these opportunities for adjustment. Innovations can also be external (Chesbrough, 2020). These include the numerous companies that now produce medical protective clothing or restaurants that are creating new ideas to continue generating sales. Short-term opportunities may also give rise to long-term ones. Therefore, companies should be thinking now about the long-term effects of the crisis and the potential business models that will emerge in the future. One main focus of these long-term considerations is to improve the company's resistance to crises.

## Limitations and Future Research

Twenty-seven family firms in a total of five countries were qualitatively examined in the context of this study. The study design was carefully selected to objectively evaluate the findings. Despite its important early contribution to business research and management in the realm of the COVID-19 crisis, our exploratory study only provides preliminary findings. It will hopefully trigger future studies that investigate their underlying mechanisms and procedures as well as the consequences of the coping mechanisms identified here. We look forward to a multitude of subsequent further research on the specifics of this crisis.




We encourage future research that investigates how family managers as well as the business families related to the firm perceive and assess the current as well as any crisis situation, and how decision-making about coping mechanisms is utilized in various family situations. We particularly consider this an important research area, with one interviewee mentioning that if there are serious conflicts in the family, handling a crisis becomes a nightmare.

Due to the fact that this study took place immediately after the onset of the crisis, and that it cannot be said at this time which companies will emerge stronger from it, it is not possible make conclusion about the success of the coping mechanisms and crisis management strategies described. The special situation and time in which this study was created leaves open a comparative assessment of the usefulness of these mechanisms. Large-scale empirical assessments may be suited to continuing this research effort. Due to the forecasted enormous long-term impact of the COVID-19 crisis, our study should be followed up with longitudinal analyses to investigate the long-term strategic responses of family firms to it.

We finally would like to encourage researchers to do further studies in other countries as well to achieve a global picture of the outcomes.

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