

FAMILY BUSINESS RESILIENCE IN CRISIS: STUDY CASE ANALYSIS IN A COLLECTIVIST SOCIETY

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Abstract. In an era marked by persistent challenges and uncertainties, gaining insights into how family businesses navigate crises becomes imperative. While previous research has delved into the resilience of family firms, there is a notable absence of a comprehensive exploration into how inherent traits in family businesses, particularly within collectivist societies, contribute to their resilience during crises. This study aims to fill this gap and elucidate the distinctive dynamics and behaviours exhibited by family businesses in such cultural contexts. Utilising qualitative case studies and interviews, this research delves into nuanced insights into the dynamic approaches employed by these businesses. The family firms demonstrated adaptability by adjusting their operations and leveraged human resources by seeking support from family members. Additionally, they showcased creativity in enhancing market offerings. The study also reveals unique behaviours, particularly resilience through collaboration with competitors. This research makes an academic contribution by offering insights into the behaviour of family businesses within collectivist cultural contexts during crises. From a practical standpoint, it informs the development of tailored crisis management strategies for family business owners and policymakers, underscoring the significance of collaboration among competitors. The study emphasizes avenues for fostering innovative approaches, promoting resilience, and ensuring sustainability within the ever-evolving business landscape. Furthermore, it establishes a foundation for future explorations, urging further investigation into crisis adaptation strategies tailored to the cultural contexts in which family businesses are situated.

Keywords: family business, crisis management, resilience, collectivist society, case study.

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1. Introduction

Crises that persist in firms are not confined to the nature of an industry or its volatility (Burnard & Bhamra, 2011). It is not limited to specific cultural settings either. However, cultural settings may influence how family firms respond to crises. Therefore, it is imperative to analyze how family firms with specific cultural contexts would react to crises. Indeed, people with certain cultures have values that guide their actions, which may differ from countries with different national cultures (Markus & Kitayama, 1991). Culture refers to “general tendencies,” “persistent preferences,” and “responses” (Tse et al., 1988, p. 82).

This study aims to provide an overview of how family firms react when dealing with difficult and uncertain

situations. When facing challenging and uncertain times, it is necessary to identify upon whom the family company will depend, whether they will rely on relatives and other family members or seek help from outside sources. This study also seeks to reveal how family firms cope with the crises they experience when facing difficult and uncertain situations.

Inquiries into cultural context are deeply rooted in Hofstede’s (1980) thoughts on national culture. It is elaborated that national cultures are grouped based on five dimensions: power distance, individualism, uncertainty avoidance, masculinity, and long-term orientation. Hofstede’s study of national culture has inspired various other studies in the field of business and management science (de Mooij & Hofstede, 2010; Soares et al., 2007; Søndergaard, 1994; Steenkamp, 2001).

Crisis and challenges are inherent in competitive business environments, and family businesses often rely on internal capabilities to navigate through them. Family members play a significant role in providing support, including financial assistance (Au & Kwan, 2009) and emotional backing (Sirmon & Hitt, 2003). The emotional attachment within family members encourages mutual assistance, driven by inherent trust and altruism as a familial bond (Lubatkin et al., 2005; Schulze et al., 2002).

The significance of social capital within family firms has been extensively documented (Arregle et al., 2007; Carr et al., 2011; Chang et al., 2009; de Groot et al., 2022). Beyond its intrinsic value, family social capital plays a crucial role in the development of robust organizational social capital through isomorphic, organizational, and rationality processes (Arregle et al., 2007). Relationships among family members form the bedrock of this social capital tapestry (Gudmunson & Danes, 2013), enabling the firm to weave interconnected nets with its external environment (Davidsson & Honig, 2003). These networks facilitate the evaluation, acquisition, and utilization of resources needed to capitalize on emerging opportunities (Davidsson & Honig, 2003).

Innovation plays a vital role in guiding family businesses through periods of crisis, enabling firms to develop strategic systems relevant to the new landscape that emerges after disruptions. The topic of innovation in family businesses has been extensively explored (De Massis et al., 2015a; Nieto et al., 2015). However, family businesses are often perceived as intergenerational family assets, leading owners to exhibit greater caution towards taking risks that might jeopardize the business's continued existence (Savitri, 2018; Ward, 1997). Additionally, family firms, particularly those operating in developing countries, may not have the luxury of abundant resources.

The propensity towards innovation is significantly influenced by cultural context, where national values can either bolster or impede its development (Kaasa, 2016). Existing research has extensively explored the multifaceted impact of culture on innovation (Kaasa & Vadi, 2010; Khan & Cox, 2017; Mercan & Göktaş, 2011; Mutiara et al., 2019; Nugroho, 2010). Espig et al. (2021) examined the relationship between national culture and the level of innovation. To achieve the purpose, Espig et al. (2021) investigated the intricate relationship between national culture and the level of innovation within a framework derived from Hofstede's seminal work (Hofstede, 1980). Their analysis confirmed the undeniable influence of national culture on innovation, revealing a distinct association between high levels of innovation and cultures characterized by low power distance, low uncertainty avoidance, individualism, femininity, and a high level of pleasure-seeking (Espig et al., 2021).

While cultural influences can play a significant role, it is important to acknowledge the inherent advantages possessed by family firms. These include their informal systems and processes (Craig & Dibrell, 2016; De Massis

et al., 2016; Savitri, 2018), which foster agility and flexibility (De Massis, 2015a). Innovation often demands swift responses and rapid decision-making, a challenge that family firms are well-equipped to tackle. Their internal flexibility allows for quicker resource allocation and deployment, often bypassing the need for cumbersome formal procedures. This inherent nimbleness also enhances their ability to effectively leverage resources for innovative pursuits (Zahra et al., 2004). Moreover, certain family firms possess a unique advantage in identifying and capitalizing on emerging opportunities during periods of crisis (Purnomo et al., 2021).

Despite the extensive exploration of innovation in family businesses within collectivist societies, the specific mechanisms by which these firms exhibit resilience during crises remain relatively understudied. This research aims to bridge this gap by delving into the response strategies employed by family businesses operating within collectivist societies when confronted with various challenges. By doing so, it seeks to contribute to a deeper understanding of family business resilience in the face of adversity.

Therefore, the primary objective of this research is to investigate the adaptive strategies adopted by family businesses within a collectivist context when navigating crises. This study transcends the scope of pandemic-related crises, instead focusing on a broader spectrum of challenging situations as perceived by the business owners themselves. Through a comprehensive case analysis, this research seeks to illuminate the resilience strategies employed by family businesses during times of crisis, with particular focus on the unique characteristics of collectivist societies that may influence their decision-making and coping mechanisms. The findings of this study aim to enrich our understanding of family business resilience in the face of diverse crises, offering valuable insights for both academics and practitioners in the field of entrepreneurship and family business management.

The paper commences by critically examining recent literature, highlighting the existing gaps in our understanding of how family businesses navigate crises. It underscores the limitations in current research, thereby laying the groundwork for a comprehensive investigation into the unique responses of family business owners or managers during turbulent periods. Following this literature review, the study will present empirical findings derived from interviews and in-depth case analyses conducted with various family businesses. These findings aim to shed light on the diverse range of strategies employed by family businesses when confronted with challenging situations.

Subsequently, the discussion section will synthesize and analyze the empirical data, presenting a holistic view of how family businesses navigate crises. This section aims to identify patterns, common challenges, and successful approaches utilized by family businesses during turbulent periods, drawing connections between the experiences shared by different participants. By doing so, it seeks to provide a comprehensive understanding of the

multifaceted strategies employed by family business leaders in response to adversity.

Finally, the paper will conclude by summarizing key insights derived from the study's findings. This section will offer practical recommendations tailored for practitioners and decision-makers within the family business domain. These insights will distill best practices and strategies observed during crises, offering valuable guidance for fostering resilience within family-owned enterprises. The conclusion will encapsulate actionable takeaways derived from the study's comprehensive analysis of family business responses to crises.

2. Literature review

2.1. Resilience and family business

Family-owned enterprises, characterized by significant ownership or managerial roles vested in multiple family members (Miller et al., 2007), experienced a surge in research focus in response to the unprecedented challenges posed by the COVID-19 pandemic. While initial studies during the pandemic's early stages grappled with integrating emerging findings into established theories, a clearer understanding of family business resilience began to crystallize as insights accumulated and the literature expanded.

Resilience within family businesses is a complex, multifaceted process that evolves over time, shaped by dynamic interactions between individuals, families, and communities (Kraus et al., 2023; Schulze & German, 2022). Schulze and German (2022) explored variations in crisis response among owner-managed family businesses, highlighting the link between resilience levels and crisis management efficacy. Their work not only enriches the resilience literature but also sheds light on how family businesses with varying resilience levels navigate crises differently.

Examining the role of resources and capabilities during crises, González et al. (2021) investigated the context-dependent nature of family business resilience. Their study of office furniture businesses in Colombia and the USA revealed how these enterprises exhibited resilience by adapting resources and capabilities according to specific contextual nuances, suggesting that family business resilience during crises is contingent on the surrounding environment. Furthermore, Anggadwita et al. (2022) proposed strategic factors, such as successor motivation, competence, and family support, as key contributors to family business resilience. Their study not only identified these crucial elements but also proposed a comprehensive framework encompassing strategic decision-making and successor development programs.

The COVID-19 pandemic has underscored the criticality of resilience for family businesses, with a reliance on innovative approaches emerging as a key factor in their survival and adaptation (Basu, 2023), with digitalization emerging as a pivotal factor in their survival and adaptation (Digital Transformation of Family Businesses, 2022;

Heider et al., 2022; Kraus et al., 2020). The adoption of e-commerce platforms and online sales channels provided alternative revenue streams for businesses previously reliant on physical stores, demonstrating digitalization as a strategic response to crises. Notably, varying levels of resilience and diverse crisis management approaches were observed among owner-managed family businesses, highlighting the importance of digitalization for fostering resilience during turbulent times.

2.2. Collectivist societies and the business behavior

In collectivist societies, social values and communal interests deeply influence business decisions, fostering an emphasis on cooperation and collaboration among diverse stakeholders. Chen and Chen (2021) contend that, in collectivist societies, decision-making processes actively solicit input from a broad spectrum of stakeholders, including workers, consumers, and organizational members. This fosters an environment that prioritizes collective well-being over individual gain. Conversely, individualist societies, as Mamontov et al. (2014) argue, tend to prioritize individual autonomy and profit maximization in their decision-making processes. These societies exhibit a greater degree of centralization, with decisions often driven by select individuals or leaders rather than through collective consensus.

Within collectivist settings, decision-making typically adheres to a more democratic and participatory approach, prioritizing consensus-building and inclusivity (Verstraete & Jouison, 2019). This inclusive process incorporates diverse perspectives and meticulously considers the needs of all stakeholders, reflecting a collective effort in formulating decisions. Conversely, individualist societies often exhibit a more hierarchical, top-down decision-making structure, where a select group of individuals or leaders wield significant influence over decision outcomes (Pereira & Zwerg-Villegas, 2015). Furthermore, collectivist societies tend to prioritize long-term goals and sustainability, carefully considering the broader societal and intergenerational impact of their decisions (Datu et al., 2018). This emphasis on sustainability aligns seamlessly with the communal nature of their decision-making, underscoring the enduring well-being of the society as a whole.

Despite existing research, an in-depth exploration of how consensus-building mechanisms are formed and how they influence decision-making processes within collectivist societies remains elusive. Bressan et al. (2023) aptly highlight this gap and call for further cross-country investigations. Addressing this critical lacuna necessitates delving deeper into the intricacies of consensus formation and its impact on business decision-making within such societies. Illuminating the nuanced dynamics of these processes and their role in shaping decision outcomes would offer valuable insights into effective decision-making strategies in collectivist contexts.

2.3. Recent research on family businesses in collectivist cultures

Existing research on family businesses in collectivist societies largely focuses on untangling the intricate influence of cultural and traditional contexts on entrepreneurial dynamics (Samara, 2021). These studies underscore the critical need to understand how cultural values and traditions shape the behavior and decision-making processes within family-run enterprises.

Moreover, scholarly works emphasize the importance of comprehensively integrating both family and business aspects when discussing family businesses (Basu, 2023; Bressan et al., 2023; El Fasiki, 2013). This integrative approach acknowledges the intricate interplay between familial relationships and business operations, recognizing their critical interdependence. Within this domain, the cultural dimension of in-group collectivism emerges as a pivotal factor impacting resource accessibility and the sustainability of family enterprises (Bressan et al., 2023; Gupta & Kirwan, 2013). The moderating role of in-group collectivism in shaping various inherent characteristics of family businesses is emphasized, shedding light on how cultural norms influence their functioning and endurance.

However, the existing literature lacks a comprehensive exploration of how unique traits intrinsic to family businesses in collectivist societies confer advantages for navigating and enduring crises. There remains a notable gap in our understanding of how these inherent traits contribute to the resilience and survival of family-run enterprises during challenging times. This dearth of research presents numerous opportunities for further exploration in this domain. Future studies can delve into examining the role of cultural capital and its impact on business sustainability. Furthermore, exploring the effects of innovation amidst rapidly changing environments can offer valuable insights into enhancing the adaptive capabilities of family enterprises during crises.

By addressing these research gaps, this study can contribute significantly to enhancing our understanding of how family businesses in collectivist societies navigate crises. This deeper comprehension will pave the way for developing tailored strategies and interventions aimed at improving the resilience and sustainability of these enterprises, ensuring their enduring success within collectivist cultural contexts.

3. Methodology

This research adopts the case study method, seeking a nuanced understanding of processes and “concept variables” such as the perceived thinking processes, intentions, and contextual influences of the actors involved (Woodside & Wilson, 2003, p. 493). The case study approach allows for a thorough analysis and contextualization due to its selective focus on specific factors (Cunningham et al., 2017). As Henry and Foss (2015) note, the case study method has sometimes received insufficient attention in entrepreneur-

ship journals, highlighting a need for its increased use in this domain.

As elaborated in the literature review, an upsurge in business resilience studies has emerged since the onset of the COVID-19 pandemic, employing a diverse range of methods. Espig et al. (2021), for example, leveraged secondary data from the Global Innovation Index to analyze innovation indicators and compare them with Hofstede’s six cultural dimensions. Similarly, Fietz et al. (2021) investigated the cultural influence on organizational resilience, utilising Hofstede’s framework for comparison. Notably, their study contrasted this data with results from an online survey conducted by the American Management Association. Fietz et al. (2021) argued that this methodological triangulation offered distinct advantages, enabling an analysis of national culture’s influence on organizational resilience from a broader perspective, encompassing more than just specific cultural subsets within particular industries.

While the aforementioned methodologies effectively addressed their specific research questions, they may struggle to illuminate the broader cultural nuances and intricacies of organizational resilience inherent in diverse settings, particularly those distinct from family businesses navigating crises. This research, therefore, adopts a social constructivist lens alongside a case study design, a more fitting strategy for unraveling and interpreting the actions, reactions, and initiatives undertaken by the studied firms (Gonzalez & Perez-Urbe, 2021). This methodological approach aligns with Anggadwita et al.’s (2022) study examining women’s reactions and initiatives in five family firms following the COVID-19 pandemic. Indeed, case studies are particularly well-suited for social research, enabling deep exploration of the “how” and “why” behind phenomena (Cunningham et al., 2017; Yin, 2018, p. 33). Easton (2010) argues that case research is suitable when manipulation of the studied phenomena is not feasible. Yin (2018) echoes this sentiment, stating that case studies are valuable when the researcher lacks control over events.

Addressing potential concerns regarding the suitability of the case study method is crucial. This project does not focus on isolated cases occurring within a confined and specific phenomenon. Instead, it adopts a broader view of what constitutes a case, as Schramm (1971) emphasized. The central focus of a case lies in the decisions behind the phenomena, aiming to shed light on a decision or series of decisions. Therefore, the object of inquiry in case studies can encompass processes, individuals, and organizations, not just limited to an event (Yin, 2018). In this study, the focus rests on the decisions and attitudes of family businesses facing adversity.

3.1. Case study procedure and data collection method

Seven semi-structured interviews were conducted in mid-2022 with representatives of five Indonesian family busi-

nesses participating in the study. This coincided with the easing of pandemic restrictions and major holidays, requiring careful scheduling to minimize external disruptions. To prioritize objective exploration, interviewers refrained from direct inquiries about pandemic survival. Instead, open-ended prompts encouraged participants to narrate their business experiences, minimizing interviewer influence and fostering genuine perspectives. Interviews were primarily conducted in participants' native Javanese language to facilitate deeper understanding of their perceptions.

Confidentiality was paramount. Participants were assured of anonymity through pseudonymization of both their identities and their companies. Interviews were recorded and supplemented by detailed field notes. Additionally, researchers integrated observations and analyzed physical artifacts to enrich the data's depth and breadth.

The study employed an inductive-iterative approach, allowing for the organic emergence and documentation of recurring themes during the research process. These themes centered on how businesses within collectivist societies adapt, leverage resources, collaborate, and exhibit unique behaviors in the face of adversity. This thematic exploration delved into the dynamic strategies and responses adopted by family businesses navigating challenging circumstances.

Throughout the data analysis phase, researchers implemented direct interpretation techniques for individual cases, drawing upon Stake's (1995) guidance to extract nuanced and contextually relevant insights. This approach facilitated a deeper understanding of the specific nuances within each case, which will be presented in the *results* section. Additionally, the study recorded major factual details to provide a comprehensive contextual backdrop for the studied phenomena. Identifying patterns across cases also allowed for cross-case synthesis, enabling naturalistic generalizations in the *discussion* section and establishing a strong link between the study's findings and prior research in related domains (Stake, 1995; Creswell, 2007).

3.2. Sampling method

Informed by the principles of theoretical sampling as outlined by grounded theory (Elliott & Higgins, 2012; Glaser & Strauss, 2007; Suddaby, 2006; Susila, 2016), this study employed a purposeful participant selection strategy. Unlike snowball sampling (e.g., Mangifera, 2015), each subsequent interviewee was strategically chosen based on the emerging themes and insights gleaned from the previous interviews. This iterative approach, eschewing a "planned or formalized" process (Rodner, 2019, p. 9), ensured the inclusion of diverse perspectives and experiences. The flexibility inherent in theoretical sampling allowed the researchers to adapt the selection criteria dynamically. This enabled them to intentionally recruit participants representing a spectrum of resilience, adaptability, and innovative crisis response strategies within family businesses. By continuously evaluating the evolving dataset and adjusting the selection parameters accordingly, the study aimed to

capture a rich tapestry of experiences, fostering a robust and nuanced exploration of family business dynamics during adversity.

For instance, after the initial two interviews, the researchers identified a need to include family businesses significantly impacted by the COVID-19 pandemic. These individuals were purposefully selected to provide valuable insights into the unique challenges they faced during this unprecedented crisis. This deliberate selection process proved crucial in capturing a diverse range of experiences and responses, enriching the study's findings with a comprehensive understanding of the pandemic's multifaceted impacts on family businesses.

4. Results

The research comprised seven interviews conducted in mid-2022 with five distinct family businesses. These companies, anonymized through pseudonyms in Table 1, are all located within the Greater Surakarta Area of Central Java Province, Indonesia, despite operating in diverse target markets.

Table 1. Interview participants

Company #1	Sinar Bumi Ltd.
<i>Interview Participants</i>	Mrs. Aminah Founder and Board of Director
	Mr. Handy Son of Mrs. Aminah and Current Marketing Manager
	Mr. Akram Current Head of HR
Company #2	Prima Rattan (Abbr. Prima)
<i>Interview Participant</i>	Mr. Adam Current owner and son of the founder
Company #3	Glee Transportation and Rental (Abbr. Glee)
<i>Interview Participant</i>	Mr. Hamka Current owner
Company #4	MBK Awesome Travel and Holiday (Abbr. MBK)
<i>Interview Participant</i>	Mr. Prambodo Co-founder and current Head of Marketing
Company #5	Walrus Pharmacy (Abbr. Walrus)
<i>Interview Participants</i>	Mr. and Mrs. Winarko Founders and owners

4.1. Case #1 Sinar Bumi Ltd. – foundry and machinery company

Sinar Bumi Ltd., established officially in 2002, boasts a legacy exceeding three decades, tracing its roots back to Mrs. Aminah's father's initiative. Currently, the mantle of leadership rests with the third generation of the family. Specializing in foundry and steel casting, Sinar Bumi caters to both local and international manufacturing companies, alongside state-owned enterprises, through custom-made

orders. Their commitment to engineering excellence has successfully secured them a position in the premium market segment.

Interestingly, despite the Covid-19 pandemic's significant impact on various industries, Sinar Bumi emerged relatively unscathed, even experiencing steady growth. However, interviews revealed a stark contrast in the company's trajectory earlier in its journey. Facing a period of severe crisis between 2003 and 2006, Sinar Bumi teetered on the brink of liquidation, plagued by declining profitability and an inability to fulfill financial obligations. These years remain etched as the company's most challenging phase.

A pivotal turning point arrived in 2009 with the acquisition of a significant contract from the Indonesian Government's Train Transportation Bureau for a railway network revamp. This contract not only rescued Sinar Bumi from its impending demise but also provided the crucial capital injection needed for reconstruction.

Reflecting on this period of adversity, Mrs. Aminah, the company's founder, underscores the transformative power of hardship in shaping exceptional entrepreneurs. During this testing time, Sinar Bumi doubled down on operational excellence, making bold moves such as recruiting top talent from prestigious Indonesian universities. Simultaneously, the company demonstrably prioritized quality by confidently charging premium prices.

An intriguing aspect of this case study is the undeniable element of religious faith interwoven with pragmatic action. Both Mrs. Aminah and Mr. Akram emphasize the pivotal role of trusting in God's plan while simultaneously undertaking diligent efforts. Mr. Akram further illustrates this principle by recounting an occasion where, despite their financial straits, they actively participated in a charity drive during Eid-al Adha. Remarkably, this act of giving was followed by a substantial order from Indonesia's Marine, exceeding both the charity's value and their own production costs.

4.2. Case #2 Rattan furniture manufacturer

Prima Rattan, a furniture manufacturer specializing in handcrafted rattan products, boasts its roots in Surakarta, Indonesia. However, its reach extends beyond regional boundaries, with a significant clientele established within villas and hotels in Denpasar, Bali. Embarking on an ambitious internationalization journey, the company has begun actively participating in overseas exhibitions and fairs.

Mr. Adam, the interviewee and son of the founder, assumed leadership in 2014, armed with a Bachelor's degree in psychology. Yet, his early tenure coincided with a period of internal crisis (2012–2017) marked by prolonged business stagnation and financial underperformance.

In a bold move, Mr. Adam temporarily stepped away from Prima Rattan in 2014 to co-found a similar business in Denpasar, Bali. This strategic sabbatical provided him with invaluable firsthand experience and new skillsets within the industry. Notably, he leveraged this time to remotely establish Prima Rattan's online presence through

a dedicated website and local e-commerce platform registration.

Returning to Prima in mid-2017, Mr. Adam resumed his managerial role and has since steered the company towards success. Despite the challenges posed by the Covid-19 pandemic, he distinctly views this period as Prima Rattan's most prosperous. Attributing this to the invaluable networks and connections cultivated during his Bali venture and the robust online marketing tools implemented earlier, Mr. Adam now confidently navigates Prima Rattan's expansion into the Australian and North American markets, solidifying the company's global ambitions.

4.3. Case #3 Car Rental

Glee Transportation and Rental, a car rental business solely managed by Mr. Hamka, navigates the local market of Surakarta, Indonesia, with a fleet of 12 MPVs and minibuses. While Mr. Hamka ventured into other family businesses, including a sticker-printing operation and a Soto restaurant, both sadly succumbed to the pandemic's economic pressures.

Unlike these ventures, Glee Transportation and Rental faced significant pandemic-related challenges. To secure the family's basic needs, the company was forced to sell 13 of its initial 25 vehicles¹. Months during the pandemic were characterized by zero rentals, starkly revealing the crisis's severity. However, following the easing of restrictions and rising vaccination rates in May 2022, Glee Transportation and Rental experienced a welcome economic recovery, reflected in improved cash flow.

"Total dead!"

Mr. Hamka poignantly described the state of his business during the pandemic's peak.

Despite downsizing its fleet, the company encountered a surge in demand for rented vehicles following the Eid al-Adha holiday, fueled by the re-emergence of social gatherings. To address this increased demand without incurring additional vehicle acquisition costs, Mr. Hamka adopted a strategic approach. He established reciprocal leasing partnerships with fellow members of the Solo Car Rental Association. This collaborative arrangement enabled Glee Transportation and Rental to access additional vehicles without committing to further capital expenditure. This prudent strategy stemmed from the shared recognition among Mr. Hamka and other association members of the potential for future pandemic waves and associated restrictions, rendering further car purchases a last-resort option.

4.4. Case #4 Travel agency

MBK Awesome Travel and Holiday, co-founded seven years prior to the research, transitioned to the management of

¹ It is noteworthy that, unlike car rental companies in other parts of the world, Indonesian companies in this sector rarely lease their vehicle.

Mr. Prambodo's eldest son shortly before the study. This travel agency, employing 21 part-time and full-time personnel, faced significant challenges during two of its operating years.

The onset of the Covid-19 pandemic in March 2020 coincided with Mr. Prambodo's resignation from his senior position in a financial institution to dedicate himself to the travel agency. Unfortunately, the pandemic's immediate impact was severe. Government-imposed mobility restrictions, including a mid-2020 ban on non-essential travel beyond city limits, effectively shuttered the business (Sutrisno, 2020).

Mr. Prambodo vividly described this period as devoid of any business activity for MBK. To secure family sustenance, he was compelled to sell his prized collection of vintage cars, primarily at prices below market value. The pandemic's economic repercussions also forced him to close two additional ventures: a Muslim clothing store and a t-shirt franchise.

"Are you truly asking me, or mocking me?"

Mr. Prambodo when sat on the interview and was first asked how were the ups and downs of managing MBK Awesome Travel and Holiday.

This poignant quote, uttered by Mr. Prambodo during the interview when asked about the challenges of managing MBK, reflects the depth of his desperation, a sentiment likely relatable to anyone experiencing similar circumstances. He pursued alternative income streams, such as buying, refurbishing, and reselling used cars, but these endeavours offered limited financial relief.

Driven by a glimmer of hope in early 2022, Mr. Prambodo defied lingering travel restrictions by organizing a trip for a group of tourists within the province. However, this attempt backfired when authorities apprehended the group, subjecting them to a mandatory two-week quarantine. To minimize inconvenience for his guests, Mr. Prambodo incurred a financial penalty of 30 million Rupiahs (approx. US\$ 2,000) to secure their release.

"Instead of making a profit, I had to lose!"

Mr. Prambodo recounted his testing the water experience.

MBK's eventual revival in May 2022 coincided with a rise in national vaccination rates and subsequent relaxation of restrictions. Mr. Prambodo finally witnessed his travel agency's return to profitability after two years of dormancy.

However, it is crucial to note that this resurgence stemmed primarily from external factors, namely the improved public health situation, rather than internal resources or innovative business strategies. The interview did not reveal evidence of any transformative initiatives or adaptations undertaken by MBK during its period of hardship. Mr. Prambodo himself acknowledged that if the pandemic had persisted for another two years, MBK's survival would have been highly unlikely, necessitating his exploration of alternative business ventures.

4.5. Case #5 Walrus pharmacy

Motivated by the mixed outcomes observed in the initial four cases, the researchers sought to include examples of family businesses that experienced potential advantages during the pandemic. Consequently, they invited Tom and Jenny Winarko, proprietors of a small pharmacy established in 2011, to participate.

Jenny Winarko, a qualified pharmacist, and her husband Tom, an industrial engineer, collaborated to launch the pharmacy. While Jenny expertly managed the pharmaceutical operations, Tom assumed responsibility for clerical duties and marketing initiatives. The interview revealed a strong sense of compatibility as both business partners and life partners.

In stark contrast to the negative pandemic impact endured by MBK and Glee, Walrus Pharmacy witnessed its most prosperous period during this time. Sales surged, particularly for immune-boosting medications and vitamins, while the exponential demand for masks and hand sanitizers significantly outpaced available supply, stretching the Winarkos' capacity to restock.

Meeting this unprecedented demand constituted the most significant challenge the Winarkos' encountered in their eleven-year history. Disappointing customers due to product shortages, a frequent occurrence during the peak of the pandemic, weighed heavily on them. Notably, Tom resorted to acquiring essential supplies from other pharmacies to mitigate these stockouts.

While the Winarkos perceived this period as a significant crisis, an external observer might readily conclude that they were exceptionally fortunate. The interview revealed that their business thrived while others struggled, operating within a largely stable environment. Despite the interviewer's attempts to delve deeper into the Winarkos' decision-making processes during past challenges, the conversation yielded limited insights.

5. Discussion

This study ventures into the uncharted territory of consensus-building dynamics within family businesses and their profound influence on decision-making processes during crises. The observed agility in business model adaptation exhibited by the participating family businesses sheds light on the critical role of consensus-driven decisions. A prime example is the car leasing company's swift pivot from owning vehicles to leasing them from other providers. This agile maneuver, facilitated by a family-driven consensus-building approach, highlights the remarkable adaptability and responsiveness of family businesses to shifting market demands. Such instances underscore the significance of consensus and collaboration within family firms, enabling them to make rapid decisions and adjust their business models effectively in response to crises or market fluctuations.

Furthermore, the collaboration and resource-sharing strategies identified in this study exemplify how specific

characteristics inherent to family businesses offer distinct advantages during challenging times. The case of car rental businesses collaborating with competitors to share vehicles showcases the collective resilience fostered by such partnerships within industry associations. Additionally, Walrus Pharmacy’s utilization of inter-pharmacy personnel sharing, which will be further elaborated upon, demonstrates the unique adaptive resource management strategies employed by family-owned enterprises. These findings highlight the collaborative nature of family businesses, showcasing their ability to leverage shared resources and alliances, ultimately enhancing their resilience and adaptability in navigating crises and regulatory changes. By revealing the practical implications of consensus-building and collaborative strategies, this research enriches our understanding of how family businesses harness their inherent traits to thrive amidst challenges.

The central research question sought to explore the reactions of family business owners or managers during crisis situations. As previously mentioned, not all participants identified the Covid-19 pandemic as the most significant crisis they had encountered. While some businesses experienced considerable hardship, others recounted prior setbacks that they deemed more intense. Figure 1, presented within the study, illustrates the diverse reactions exhibited by the participating family businesses when confronted with the specific crisis they identified.

5.1. Reacting through business operation adjustments

Drawing upon family-related concepts and theoretical frameworks, recent studies have sought to illuminate the unique innovation mechanisms within family businesses (Jaskiewicz et al., 2017; Jaskiewicz & Dyer, 2017; Rondi

et al., 2019). These studies highlight that reaping the benefits of innovation in family firms is facilitated by factors such as structural and decision-making flexibility (Craig & Dibrell, 2016; De Massis et al., 2016), reduced process formality (De Massis et al., 2015b), and internal dependencies (Kotlar & De Massis, 2013; Nieto et al., 2015).

The initial, and arguably most overt, strategic maneuver observed among the family businesses in this study involved the adaptation of their business operations. While some alterations were minor adjustments to existing practices, others reflected deliberate strategic shifts.

Faced with unwelcome inertia, Prima Rattan seized the opportunity to establish their digital presence during a period of reduced activity. The owner recognized a gap in the digital strategies of other rattan companies and capitalized on this opportunity. This effort broadened their audience reach and, more importantly, opened avenues for catering solely to custom-made orders. By shifting focus away from mass-produced items, they reduced their reliance on inventory and subsequently scaled back daily production output. This strategic move yielded two key benefits. Firstly, it lowered daily operating costs. Secondly, and more significantly, it prepared them for the impending Covid-19 crisis by pre-empting reliance on in-store purchases.

While Prima Rattan utilized the pandemic-induced slowdown to establish their digital presence, MBK Awesome Travel and Holiday found themselves in disarray during the initial stages. However, upon the lifting of COVID-19 restrictions, MBK adopted a proactive approach, leveraging external resources to carve out a unique niche in the market. Instead of offering conventional tours and site visits, MBK sought to add extra value by catering to customers’ intrinsic needs. One example involved collaborating with local schools seeking outdoor educational trips

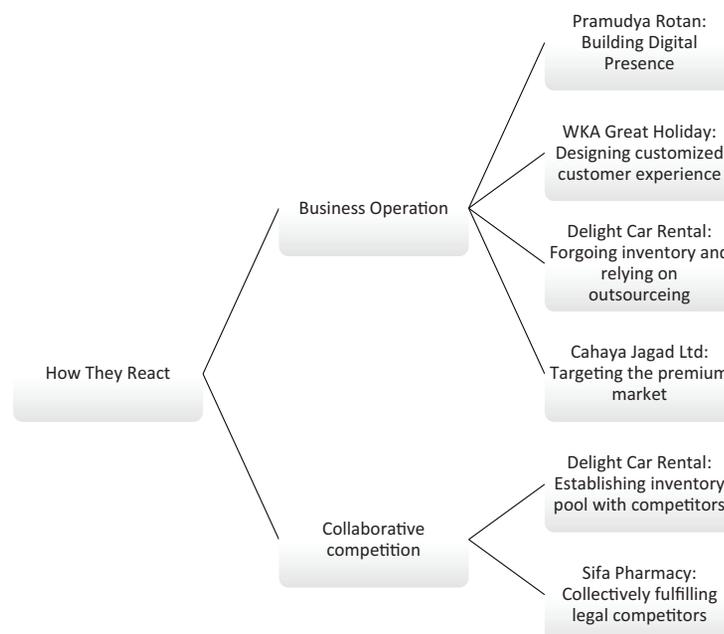


Figure 1. How the family firms react to crisis

for their students. MBK ingeniously incorporated foreign tourist guides as companions, enriching the experience for the students by providing them with conversational English practice, while simultaneously offering international students studying nearby an opportunity to earn extra credit through extracurricular engagement. This innovative solution created a win-win situation for both schools and international students, and, crucially for MBK, it enabled them to differentiate themselves from competitors in a cost-effective manner. This adeptness in harnessing external resources corroborates existing findings (Mithani, 2020), suggesting that the resilience of small and medium-sized enterprises (SMEs) is often more heavily influenced by contextual and relational factors, rather than solely relying on resource abundance or rigid structures.

In contrast to both Prima and MBK, Glee Transportation and Rental, along with Sinar Bumi, adopted drastic business model transformations. Like other car rental companies, Glee struggled during the pandemic, ultimately resulting in the sale of half their fleet. This seemingly limiting factor, however, unexpectedly opened up new possibilities. Previously reliant on their own vehicles, Glee strategically partnered with other car rental companies to create a shared vehicle pool. Participating companies contributed their vehicles to the pool, enabling any member facing demand exceeding their reduced capacity to access additional cars. This collaborative approach proved highly successful for Glee and its partners. Reduced individual fleet sizes translated to lower maintenance costs and streamlined loan repayments, without significantly compromising the ability to meet customer demand. Glee's owner was so impressed with the model's efficacy that he intends to maintain it even beyond the pandemic.

Sinar Bumi, a manufacturer of bespoke foundry products, presents a particularly noteworthy case of family business innovation in the face of adversity. Faced with the imminent threat of liquidation, the company, under the leadership of second-generation owner Mrs. Aminah, undertook a bold strategic shift: targeting the premium market. While conventional strategic management principles may advocate for such a move, the context in which Sinar Bumi implemented it amplified its significance. This decisive action, undertaken on the brink of collapse, allowed the company to secure increased profit margins, enabling higher quality product offerings. While acknowledging the considerable initial investment required for this transition, Mrs. Aminah firmly maintains that visionary entrepreneurs readily invest in lucrative opportunities, even amidst challenging circumstances.

It is noteworthy that all but one of the presented examples are intergenerational family businesses. This longevity fosters a unique "emotional endowment" within family members towards the ventures they inherit (Berrone et al., 2012; Plana-Farran & Gallizo, 2021). This emotional attachment, coupled with a well-documented prioritization of long-term sustainability (Plana-Farran & Gallizo, 2021; Ward, 1997), often motivates family businesses to employ unconventional strategies to keep their ventures afloat, even during challenging times.

Crucially, this research confirms the exceptional agility of family businesses in enacting swift strategic changes and investments (Heider et al., 2022; Kotlar et al., 2014). This ability to navigate crisis and outperform competitors appears to stem from their inherent flexibility in decision-making processes. The self-governing structure of family ventures empowers them to make rapid and even radical decisions regarding business model adjustments (Chrisman et al., 2016). Further contributing to this agility is the streamlined nature of their decision-making structure, with a limited number of key stakeholders involved in the execution of strategic changes (Chrisman et al., 2016; König et al., 2013). This streamlined structure allows family businesses to circumvent the "inertial forces" that often impede swift implementation in larger, more bureaucratic organizations (König et al., 2013, p. 418).

5.2. Surviving with competitors

While this study may not have unearthed groundbreaking novelties, a closer examination reveals a noteworthy peculiarity. Glee, the car rental company, adopted an unorthodox approach to navigate crisis: selling their vehicles and establishing a shared inventory pool with competitors within their municipal association. This suggests that seeking assistance from competitors can be a viable strategy for crisis management, offering reciprocal benefits, as exemplified by the other car rentals profiting from Glee's contribution to the pool.

"Having an association is crucial for our survival. ... We rely on our fellow car rental owners who are members of the association and borrow their cars instead of buying new ones"

Mr. Hamka on other car rentals' and his survival

Furthermore, this case of competitor collaboration is not an isolated phenomenon. Walrus, a family-owned pharmacy for over a decade, faced challenges adjusting to a sudden change in government regulations mandating an additional assistant pharmacist per pharmacy. Smaller pharmacies, including Walrus, lacked the financial capacity to hire this additional staff. To circumvent this challenge, Walrus and other local pharmacies devised a collaborative solution: sharing a single assistant pharmacist across multiple pharmacies, registering him/her in each pharmacy to meet the regulation without incurring individual hiring costs. While this practice may raise ethical concerns, it exemplifies the novel finding of this study – the willingness of family-owned businesses to cooperate with competitors for collective survival.

While leveraging social ties and networks for business success is not a new concept (Dyer, 2006; Kerr, 2018; Light & Dana, 2013; Villena et al., 2011), the existing literature on social capital within family businesses primarily focuses on internal dynamics, collective understanding, and familial relationships (Adler & Kwon, 2002; de Groot et al., 2022; Nahapiet & Ghoshal, 2009). This research expands our understanding of social capital beyond internal boundaries,

demonstrating how the “goodwill available to individuals or groups” (Adler & Kwon, 2002, p. 23) can transcend competitive rivalry. Additionally, the cases of Glee and Walrus illustrate how social capital is built through repeated interactions and iterative relationships (de Groot et al., 2022; Gedajlovic et al., 2013; Gudmunson & Danes, 2013), as both businesses possessed close ties with their competitors. Moreover, Kraus et al. (2020) observed a notable shift in the competitive landscape within family businesses, characterized by increased inter-firm connections and a growing sense of solidarity, termed “*coopetition*”.

This study’s findings invite further exploration on two key fronts. Firstly, it warrants deeper investigation into how micro, small, and medium-sized enterprises (MSMEs) turn to similar firms during periods of adversity (e.g. Setyawan et al. (2022)). While this study highlights the potential for shared resources among similar businesses, it is plausible that MSMEs also engage in knowledge and experience exchange for mutual benefit. Secondly, the study underscores the need for increased research attention towards business associations, often considered an understudied area (Marques, 2017). Extending beyond their role in regulation-related contexts (Marques, 2017), future studies should examine business associations within the framework of crisis management. This research demonstrates the potential of such associations as a crucial lifeline for MSMEs during challenging times.

6. Conclusions and suggestion

This study aimed to investigate the responses of small and medium family businesses (SMEs) in a collectivist society during crisis situations. While the COVID-19 pandemic triggered the research, the scope extended beyond its immediate impact to encompass a broader spectrum of crisis scenarios.

The findings reveal the remarkable adaptability and flexibility exhibited by family firms when confronted with adversity. Their inherent agility, compared to non-family counterparts, allowed them to readily adjust business operations in response to challenges. Notably, the study observed an intriguing collaborative approach among competitors through firm associations, exemplified by the municipal car rental association. This suggests that competitor collaboration can be a viable strategy for family businesses navigating crises.

Furthermore, this research significantly contributes to the understanding of family firm behavior in collectivist contexts. By focusing on this specific socio-cultural environment, it sheds light on how such firms respond to crises, adding to the growing body of knowledge on their decision-making processes and behavior under pressure.

While this study offers valuable insights, further avenues for research remain. One such avenue is comparative analysis with individualist societies. Exploring how family firms across cultural typologies handle setbacks would deepen our understanding of the role of cultural context

in their crisis responses. Additionally, examining specific crisis management strategies employed in both collectivist and individualist contexts could offer practical implications for both policymakers and business owners.

Investigating the nuances of crisis response across diverse cultural backgrounds can provide valuable lessons for enhancing family business resilience and long-term sustainability. This study’s discovery of collaborative platforms, such as the car rental association, highlights potential interventions. Funding agencies or supportive institutions in collectivist contexts could establish similar platforms to facilitate resource-sharing, knowledge exchange, and collective problem-solving among rivals, serving as critical support systems during crisis periods.

The findings of this study also offer valuable insights for policymakers and institutions designing educational initiatives and training programs for family business owners. These programs could focus on equipping owners with skills for decisive crisis decision-making, resource-sharing strategies, networking approaches, and adapting business models to evolving market demands. Such knowledge and skills can significantly enhance their preparedness and effectiveness in navigating uncertain times.

It is important to note that this case study aimed for a comprehensive overview of reactions and initiatives within the studied family firms rather than seeking generalizability. Future research is recommended to conduct similar inquiries in diverse cultural contexts, enabling comparisons and broader generalizations. Additionally, while the study focused on MSMEs, the insights may be limited in their applicability to larger family firms. Furthermore, the reliance on interviews and observations in the case study approach may limit the depth and breadth of information gathered. The absence of supplementary quantitative data could potentially restrict the comprehensive understanding of the phenomena under investigation.

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Disclosure statement

The authors confirm that they do not have any known competing financial, professional, or personal interests from other parties

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