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Resilience and coping with a long-term crisis: The cases of Cypriot and Greek micro and small firms

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Resilience and coping with a long-term crisis: The cases of Cypriot and Greek micro and small firms

Abstract

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

Design/methodology/approach – On-site, unstructured, face-to-face interviews were conducted among 135 micro and small firm leaders.

Findings – 16 different coping factors were identified as central to participants, resulting in the emergence of four key dimensions. Three dimensions, self-initiative, financial acumen, and human attributes are associated with entrepreneurs' skills, initiatives, passion, and networks, while one dimension, individual-firm advantage, considers firms' and individuals' valuable assets and resources, namely, image/reputation, quality, or location. Almost two-thirds of participants recognised a lack of collaboration beyond their suppliers within their industry. Several intergroup differences were revealed, including Cypriot participants' higher optimism concerning their firms' future.

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

1
2
3 **Keywords:** Micro-small firms; crisis; organisational resilience; resilience; coping
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5 factors.
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8 9 10 **Introduction**

11
12 Micro and small firms (MSFs) play a fundamental role in many economies. From a numerical
13 perspective, in the European Union (EU), for instance, MSFs account for 99 percent of all
14 businesses (European Commission, 2019a). Among other indicators, EU firms can be defined
15 by their number of employees and annual revenue (European Commission, 2019b). Using the
16 first indicator, micro firms employ less than 10 employees, and small firms between 10 and
17 49 (European Commission, 2019b). Also, within the EU, MSFs make substantial
18 socioeconomic contributions to their communities, providing more than 100 million jobs,
19 adding value to their respective economies, and also accounting for over 50 percent of the
20 EU's gross domestic product (European Commission, 2019a).
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23
24 While their significance is undisputable, when crises strike, smaller firms can be severely
25 affected (Eggers, 2020; Kottika et al., 2020). One distinctive challenge that smaller firms
26 have to confront is their lack of resources, preventing them from planning, responding, or
27 recovering from a crisis (Runyan, 2006). Research conducted among small and medium
28 enterprises (SMEs) reveals that, apart from financial shortcomings, firms' limited human,
29 technological and managerial capabilities are key hurdles in their recovery during economic
30 crises (e.g., Bourletidis and Triantafyllopoulos, 2014; Chu and Siu, 2001; Giannacourou,
31 Kantaraki, and Christopoulou, 2015).
32
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34
35 This study is primarily concerned with MSFs operating in Cyprus and Greece, two
36 countries that experienced the full impact of the financial crisis, including through harsh
37 austerity measures (Nikolaou and Loizou, 2015; Papagiannis, 2018; Rapanos and
38 Kaplanoglou, 2014). Having experienced a series of financial bailouts, Greece's case has
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3 drawn the interest of many researchers (e.g., Doudaki et al., 2016; European Council, 2019;
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5 Gibson, Hall, and Tavlás, 2012; Koutsoukis and Roukanas, 2011; Mitsakis, 2014; Tsilika et
6
7 al., 2020). While Greece's crisis was fundamentally due to fiscal imbalances, Cyprus's
8
9 private sector debt, partly due to exposures of key Cypriot banks in the Greek business
10
11 environment, was a fundamental culprit (Giannakopoulos, Koulouris, and Kokkinos, 2014;
12
13 Rapanos and Kaplanoglou, 2014). Further, before the full-blown crisis, Cyprus was
14
15 experiencing a credit boom and a property bubble (Clerides and Stephanou, 2009), which
16
17 further combined for the subsequent drastic worsening of its economic situation. The
18
19 resulting predicament forced Cyprus's government to request financial assistance (Rapanos
20
21 and Kaplanoglou, 2014). As a direct result of the crisis, both countries' economies
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23 deteriorated, and high levels of unemployment and losses in gross domestic product
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25 unparalleled in recent decades ensued (Rapanos and Kaplanoglou, 2014).
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31 Apart from cultural closeness and geographic proximity, Cyprus and Greece share strong
32
33 economic ties, and are reciprocally the main destinations of their respective exports (OECD,
34
35 2018a, 2018b). More related to the present research, Cyprus and Greece have a significant
36
37 percentage of MSFs. Indeed, among all EU members states, Greece leads in micro
38
39 businesses, with these representing over 97 percent of all existing businesses, compared to
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41 Cyprus's 93 percent. Small firms, on the other hand, constitute a much modest share, or 6.1
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43 percent in the case of Cyprus and 2.3 percent in Greece (European Commission, 2019c).
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47 Despite the complexities of operating in challenging socioeconomic environments, only a
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49 few studies have investigated how communities, organisations, or individuals "respond to
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51 disruptive events or contextual changes and transform resources into action"
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53 Williams, and Vorley, 2019, p. 403). This gap is especially pronounced among small
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55 businesses, where research is needed to illuminate aspects associated with how both
56
57 businesses and entrepreneurs "learn from crisis events, manage barriers to learning and/or
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3 incorporate change management” (Doern et al., 2019, p. 408). Moreover, Tsilika et al. (2020)
4
5 make a case for advancing the “understanding of SMEs’ capacity to overcome deficiencies
6
7 externally imposed by the socioeconomic environment” (p. 636).
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10 Against this background, where there is an imperative need for small business operators to
11
12 find, understand, and exploit ways to successfully adapt and thrive in times of crises, and to
13
14 fill an extant research gap in this field, the present study has two core objectives. First, the
15
16 study empirically examines coping factors enabling MSFs’ survival, in this case, in the
17
18 aftermath of the 2007-2008 financial crisis. In this context, the study will ascertain the key
19
20 factors enabling firms to cope with the effects of the crisis. This research will make both an
21
22 empirical and conceptual contribution, thereby also responding to the need for increased
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24 scholarly-based knowledge on small firms in the above dimensions (Doern et al., 2019;
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31 Furthermore, the study will identify the extent to which collaboration between firms is
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33 sought as part of building resilience, and entrepreneurs’ perceptions of the future of their
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35 firms. This line of research could reveal aspects and insights with practical value for firms
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37 operating in similar dire conditions. The resulting findings could also inform representatives
38
39 of national and regional industry associations, and governments in the planning and execution
40
41 of measures and steps to support this extremely important group of businesses.
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45 Second, in gathering the viewpoints of key industry stakeholders, predominantly owners
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47 of MSFs, the study seeks to build theoretical knowledge that provides useful pathways to
48
49 understand how best to cope with a long-term crisis. To inform this process, the study will
50
51 consider the conceptual foundation of coping theory, and organisational resilience.
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54 Furthermore, the inductive approach undertaken will result in the development of a
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56 framework, with emerging insights and related implications for theory and practice.
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3 The article's structure is presented as follows. First, the literature review highlights the
4
5 extant research on organisational resilience and coping theory; in both cases, knowledge gaps
6
7 are identified. Second, the methodology section presents various steps in the development of
8
9 the research, including sampling, criteria for participant recruitment, and analysis. Third, the
10
11 results/discussion section addresses the various research questions under examination.
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14 Fourth, the conclusions section summarises the study, discusses theoretical and practical
15
16 implications, identifies limitations, and suggests future research avenues.
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22 **Literature Review**

23 *Organisational resilience*

24
25 This study aligns with contemporary research that emphasises the significance of
26
27 organisational resilience as a crucial element providing support and cushioning to firms
28
29 experiencing severe crises (e.g., Crichton, Ramsay, and Kelly, 2009; Herbane, 2019; Prayag,
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31 Ozanne, and de Vries, 2020; Seville et al., 2008; Sobaih et al., 2021; Sullivan-Taylor and
32
33 Branicki, 2011). Consequently, conceptual principles of this domain will be discussed.
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38 According to Seville, Van Optsal, and Vargo (2015), the ability of business organisations
39
40 to deal with volatility is a fundamental strategic competency and at the same time a
41
42 cornerstone to their competitiveness. Moreover, a fundamental issue that concerns both
43
44 decision makers and their organisations is how they can manage risk and maintain their
45
46 growth during crises (Chen, Xie, and Liu, 2021). Resilience in this context is more than
47
48 managing or minimising the effects of crises or disasters; it is about developing much-needed
49
50 agility "to adapt to unexpected challenges... and the capacity to seize opportunity from
51
52 adversity" (Seville et al., 2015, p. 6). Definitions of resilience abound; for instance, it has
53
54 been referred to as "the maintenance of positive adjustment under challenging conditions"
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56 (Sutcliffe and Vogus, 2003, p. 95) in ways that an organisation can emerge from these more
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3 resourceful and strengthened (Vogus and Sutcliffe, 2007). Extending from these premises,
4
5 organisational resilience ensues when specific competencies are enhanced (Sutcliffe and
6
7 Vogus, 2003). These competencies include processes that a) encourage mindfulness, and b)
8
9 improve capabilities to deploy and recombine resources in novel ways (Sutcliffe and Vogus,
10
11 2003). Thus, in a business setting, resilience is found through both organisational and
12
13 individual responses to discontinuities and turbulence (Burnard and Bahmra, 2011).
14
15 Therefore, resilience has significant relevance in the field of entrepreneurship (Korber and
16
17 McNaughton, 2018).
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21
22 Nilakant et al. (2014) perceive two dimensions explicating resilience. The first, planned
23
24 resilience entails using predetermined, existing capabilities and planning that, together
25
26 illustrate risk management and business continuity, and are mainly part of pre-disaster
27
28 activities (Nilakant et al., 2014). Drawing on the work of Lee, Vargo, and Seville (2013),
29
30 Nilakant et al. (2014) posit that the second dimension, adaptive resilience, is revealed in post-
31
32 disaster stages, notably, as organisations acquire new capabilities that emerge through
33
34 dynamic responses to unplanned situations.
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39 More recently, Chen et al.'s (2021) discussion of resilience among model companies
40
41 identified five dimensions, each demonstrated through the following results: 1) Capital:
42
43 organisations' debt service; 2) Strategic: product features; 3) Cultural: community sense; 4)
44
45 Relationship: relationship enhancement; and 5) Learning: organisations' learning ability.
46
47 Chen et al. (2021) recognise two key limitations in the extant academic research. The first
48
49 limitation is the missing unified scholarly view concerning the examination of organisational
50
51 resilience, while the second is the limited number of in-depth assessments of the dimensions
52
53 related to this construct.
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57 In the field of SME research, Herbane (2019) explains that while resilience is associated
58
59 with adaptation, recovery, and response to an unexpected shock, organisational resilience
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1
2
3 provides “an explanation for longer term strategic renewal in SMEs” (p. 479). Some authors
4
5 have made important inroads in the conceptual development of resilience, including in SME
6
7 research. In reviewing the pertinent literature, Burnard and Bhamra (2011) developed a
8
9 ‘resilient response framework.’ Departing from the event and threat to a business, the
10
11 framework suggests a critical period, where detection, activation, and enhanced monitoring
12
13 lead towards firms’ responses. In this context, the framework identifies a reciprocal
14
15 relationship between a resilient response and ‘positive adjustment’ (Burnard and Bhamra,
16
17 2011), notably, in responding to the turbulence caused by the threat.
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22 Furthermore, positive adjustment represents an organisation’s “proactive approach during
23
24 the phases of detection and activation” (Burnard and Bhamra, 2011, p. 5590). In contrast, the
25
26 framework identifies a ‘negative adjustment’, which underlines that during the threatening
27
28 event, “control is restricted to a central authority and the organisation functions through its
29
30 traditional channels” (Burnard and Bhamra, 2011, p. 5584). A final section of Burnard’s and
31
32 Bhamra’s (2011) model illustrates that both positive and negative adjustments leads to
33
34 organisational learning, and in turn to enhanced monitoring, with implications for detection
35
36 and activation of the threat.
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40 Despite these efforts towards developing conceptual understanding, Alberti, Ferrario, and
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42 Pizzurno (2018) identify several research gaps. For instance, while SMEs’ significance for
43
44 nations’ economies is unequivocal, Alberti et al. (2018) argue that these have been less
45
46 studied from a resilience perspective. Furthermore, limited research has empirically tested or
47
48 demonstrated such theories (Alberti et al., 2018). Consequently, little empirical evidence
49
50 exists on how organisations, including SMEs, attain levels of resilience (Alberti et al., 2018).
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55
56 *Coping theory*
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3 Coping is a key concept for research and theory in the domains of adaptation and health,
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5 where it is similarly linked to a personality characteristic and to process (Lazarus, 1993). Part
6
7 of the academic literature juxtaposes or draws parallels between both resilience and coping in
8
9 the context of confronting crises. For instance, Macpherson, Herbane, and Jones (2015)
10
11 suggest that, by embedding coping routines that complement a firm's dynamic capabilities,
12
13 long-term resilience can be created. Furthermore, in referring to reinvention, Herbane (2019)
14
15 posits that, increasingly, scholars are emphasising "the inseparability of resilience from the
16
17 aspirations of formal strategic planning" (p. 479), including in regard to coping routines such
18
19 as renewal, innovativeness, competition, and responsiveness. In turn, arguably, strategic
20
21 planning is intrinsically associated with coping. The seminal work of Lazarus and Folkman
22
23 (1984) illuminates such association. First, these authors conceptualise coping as behavioural
24
25 and cognitive efforts that are constantly changing "to manage specific external and/or internal
26
27 demands that are appraised as taxing or exceeding the resources of the person" (p. 141). More
28
29 associated with psychological models, coping can be defined as flexible, realistic acts and
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31 thoughts that can solve problems and reduce stress (Lazarus and Folkman, 1984).
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38 Furthermore, in discussing coping as a process, Lazarus and Folkman (1984) revealed
39
40 three key features. The first, assessment and observations, concerns what an individual
41
42 does/thinks, as opposed to what she/he usually does (Lazarus and Folkman, 1984). The
43
44 second feature underlines that what an individual does or thinks is evaluated within a specific
45
46 setting; in other words, to understand and evaluate coping, one needs to understand what an
47
48 individual is coping with (Lazarus and Folkman, 1984). Thirdly, a coping process highlights
49
50 changes in acts and thoughts associated with an unfolding stressful circumstance, or in the
51
52 changes in relationships between the person and the environment (Lazarus, 1993; Lazarus
53
54 and Folkman, 1984). Therefore, coping entails a shifting process, whereby, at specific times,
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56 individuals might rely more significantly upon one type of coping, for instance, defensive
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3 strategies, while at other times reliance might be heavier upon problem-solving strategies
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5 (Lazarus and Folkman, 1984).
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7
8 To some extent, academic discourses have also examined coping within a small firm
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10 context. Among other authors, Macpherson et al. (2015) identified three coping routines
11
12 among small firms, namely, “the combination of coping mechanisms, the extension of
13
14 networks, and the reprisal of previously successful solutions” (p. 259). Nevertheless, given
15
16 the size of their studied sample (eight small firms), Macpherson et al. (2015) encourage
17
18 further research on routines that small firms adopt when they attempt “to cope with
19
20 uncertainty and to adapt dynamically to changing contexts” (p. 284). Zutshi et al. (2021)
21
22 identify yet another research gap in the SME literature, in that, while there are efforts to
23
24 understand SMEs’ coping with adversity, the emphasis tends to be on the digital technology
25
26 aspect as a structural tool. Consequently, and in specifically referring to the current COVID-
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28 19 crisis, Zutshi et al. (2021) argue that the SME literature has fallen short of referring to
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30 practical issues that go beyond financial difficulties, including resilience setbacks that have
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32 emerged from this unprecedented event.
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40 Based upon the above literature, this study proposes the following overarching research
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42 question:

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47 How do MSFs confront the effects of a long-term crisis, in this case, the global financial
48
49 crisis? Under the umbrella of this main question, the following will be addressed:

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- What are the key factors enabling resilience among the studied MSFs?
 - How do they cope while operating under the impacts of a long-term crisis?
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- To what extent is a collaboration with other businesses important to develop resilience or cope with the crisis?
- How do MSF owners-managers perceive the future of their firms in overcoming the crisis?
- To what extent do the participating groups, including firms of different sizes, geographic location, or gender differ when confronting the crisis?

Methodology

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

Accordingly, the study utilises a qualitative approach in both the data collection and analysis process, reflecting this constructivist framework, and in line with an inductive analysis approach. The inductive approach allows the study the opportunity to understand and identify emergent themes and rich stories in the dataset, facilitating the development of a framework that best illustrates the research findings (Bell et al., 2018; Thomas, 2006).

Building upon this notion, the study utilises qualitative interviews in the data collection process to elicit rich information from micro and small firm leaders. The approach is aligned with a purposive sampling methodology, where information-rich respondents who are best placed to provide insights and rich data in the areas of this study's focus (Patton, 2015) are strategically selected. According to Smith and Noble (2014), "purposeful sampling has

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2
3 advantages... in that bias is reduced because the sample is constantly refined to meet the
4 study aims” (p. 100). In line with Smith and Noble (2014), in the case of this study, the large
5 number of participants intercepted allowed for the continued refinement of the sample.
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9 The study is concerned with gathering data from micro and small firms in Greece and
10 Cyprus, which have been affected by the global financial crisis. Based upon this focus, the
11 following purposive sampling criteria of the firm and respondent were utilised:
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- 15 • The firm 1: Micro and small firms.
- 16
- 17 • The firm 2: Geographic setting, or firms operating in Greece or Cyprus.
- 18
- 19 • The firm 3: Firms had been established at least five years before to the time of the
20 study.
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- 22 • Participant: Direct leadership involvement in the firm, for instance as owner or
23 manager.
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35 During the period from December 2016 to June 2018, 375 micro and small firm leaders
36 were contacted to participate in this study. Correspondence was sent inviting firm owners-
37 managers to participate in on-site, face-to-face interviews, where an information pack
38 detailing the aims of the study along with university ethics approval, and an informed consent
39 form were similarly included. In total, 135 respondents participated in the interviews,
40 affording the study an overall response rate of 36 percent. While all interviews were also
41 conducted during the above period, contact maintained with firms after June of 2018 allowed,
42 where applicable, for clarifying details of the interviews.
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53 Interviews ranged between 45 to 60 minutes in length where interviewees were able to, as
54 per the nature of unstructured interviews, freely discuss any pertinent issues or opinions
55 related to the financial crisis and how they have been able to cope with the negative effects of
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3 this crisis in their respective firms.
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5 The interviews, which were audio recorded with the agreement of participants, were then
6 transcribed. The interviews were conducted in Greek, where members of the research team
7 then translated these into English. The translated interviews were then cross-checked by a
8 team of volunteering researchers, who provided feedback where appropriate. Qualitative
9 content analysis was applied to analyse the qualitative data alongside a statistical analysis in
10 the form of Pearson Chi-Square tests. In content analysis, recurrent categories and themes are
11 identified from the dataset and through examining these patterns and meanings emerge from
12 within the text (Zhang and Wildemuth, 2009). The approach requires the coding of text in a
13 way that 'nodes' or thematic issues are identified.
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25 Content analysis was undertaken against approaches espoused by Gioia, Corley, and
26 Hamilton (2012), where systematic coding of first-order initial terming followed by second-
27 order dimensions and conceptualisations were conducted. The approach allows for the voice
28 of informants as well as that of the researcher to be examined in tandem and facilitate
29 rigorous identification of existing links in the data (Gioia et al., 2012). Cross-checking of
30 coding and the nomenclature of themes was undertaken by the research team to ensure
31 validity and accuracy in the process and subsequent findings. The approach further enhances
32 the trustworthiness of the data and facilitates the development of robust interpretation of the
33 data (Elo et al., 2014). NVivo version 12 was used to support the qualitative analysis. While
34 the study is inductive in nature, Pearson Chi-Square tests were also utilised as an exploratory
35 tool to identify associations in the thematic dataset (Field, 2013). Pearson's Chi-Square tests
36 were undertaken through SPSS v26 software package.
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54 In line with Gioia et al.'s (2012) approach to qualitative content analysis, the study further
55 embeds Locke's (2007) guidelines for the development of inductive theories, and applies a
56 valid philosophical axiom as a base, alongside developing a substantial body of data that,
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3 ultimately, facilitates the formulation of valid concepts. Furthermore, through the integration
4
5 of previous discourse in the building of theory, this study's resulting framework embeds and
6
7 reflects concepts based upon reality and the existent relationships (Locke, 2007).
8
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10 11 12 *Demographic characteristics: Participants and MSFs*

13
14 Table 1 highlights various dominant groups. For instance, more than 90 percent of
15
16 participants were owners of the firms; similarly, the large majority were males, with less than
17
18 20 percent of female participation. Nearly two-thirds of the firms were family-owned, and
19
20 while clear differences existed between firm size and country, overall, almost 75 percent are
21
22 micro-sized firms. All firms are well established, or at least 10 years old, which reflects the
23
24 merit of selecting these businesses as information-rich cases (Patton, 2015). Finally, retail
25
26 and hospitality/tourism were the most represented industries. In the next sections,
27
28 respondents' verbatim observations will be labelled with abbreviations (e.g., Cyprus 1: CY1,
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30 Greece 1: GR1).
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Table 1 Here

41 42 **Results and Discussion**

43 44 45 *Factors enabling coping and resilience*

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47 The inductive analysis revealed 16 different factors contributing to firms' resilience and
48
49 coping with the long-term financial crisis that was affecting their nations for nearly a decade.
50
51 These factors were 'distilled' (Gioia et al., 2012) into four distinctive dimensions (Figure 1).
52
53

54
55 While previous SME research (Sullivan-Taylor and Branicki, 2011) highlights that
56
57 resourcefulness is a fundamental hurdle to firm resilience, in this study, participants did
58
59 evoke various forms of resourcefulness that unequivocally contributed to their resilience and
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3 coping with the effects of the crisis. In addition, drawing on the research note by Nilakant et
4
5 al. (2014), the findings lend support to discourses of planned and adaptive resilience, and
6
7 overall, to the notion of long-term strategic renewal predicated concerning organisational
8
9 resilience (Herbane, 2019).
10

11
12 First, the *individual-firm advantage dimension* emphasises the significance of the quality
13
14 of the firms' products, service, and work performance. The consistent delivery of quality was
15
16 also associated with firm owners' accumulated expertise, and the resulting reputation and
17
18 positive word-of-mouth promotion that ensued and continued to draw consumers. The aspect
19
20 of quality further supports contemporary research among small Greek firms (Sainis et al.,
21
22 2017), that similarly identified firms' quality efforts in their journey to satisfactory financial
23
24 performance.
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27
28 Earlier strategic decisions, such as location, or continuously accumulated knowledge,
29
30 further underscored resourceful ways to strengthen the firm and provide a vital cushion in
31
32 light of the severity of their situation. Thus, the first dimension also reveals relationships with
33
34 the planned resilience dimension (Nilakant et al., 2014), where arguably existing as well as
35
36 predetermined capabilities provide support at times of crisis. The following selected views
37
38 support the above points:
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45 CY3: The business has a long tradition in the local market. The business has
46
47 operated for many years and has established a very good reputation and benefits
48
49 from its good brand name. Having studied engineering, I have the know-how and
50
51 expertise to respond to the high expectations of my profession. I can offer
52
53 solutions, and accordingly guide my staff members.
54

55
56 GR2: My family has expertise after many years of experience in the industry. My
57
58 father has raised animals all his adult life; I have been helping him since an early
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3 age. We can guarantee the quality since we know exactly the type of food used
4
5 and the environment in which the animals were reared.
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9

10 Figure 1 Here
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14 While the individual-firm advantage dimension is based upon earlier strategies and ways
15 of operating, as well as gradually developing skills and expertise, the second revealed
16 dimension, *self-initiative*, underpins the vital need to continue finding ways to remain
17 competitive in a marketplace facing critical challenges through proactive behaviour. Related
18 to this finding, recent research (Parker and Ameen, 2018) confirms the positive effects that
19 proactive risk management, for instance, can have on firm resilience. In the present study,
20 networking with industry representatives at trade shows and similar events, or receiving
21 direct feedback from clients and consumers, supported firms and complemented the existing
22 cushion represented by their quality performance, expertise, and reputation, thus, further
23 developing resilience and coping strengths.
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37 Equally important was diversifying, innovating, scanning the markets and industry to
38 understand or identify ongoing or new changes, and spending more time at the business. This
39 last finding was also critically linked to the dire need of many firms to cut down on
40 expenditures. Several parallels exist between the self-initiative dimension and the adaptive
41 resilience dimension predicated in earlier research (Lee et al., 2013, in Nilakant et al., 2014),
42 notably, in that firms, or in this case, the earlier capabilities to respond to the threatening
43 environment dynamically built by owners and staff. Finally, the self-initiative dimension also
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54 relates to the second and third features of coping as a process (Lazarus and Folkman, 1984),
55 notably in that individuals' actions or thoughts are assessed within specific contexts, and
56 these actions and thoughts are to change to adapt to unravelling stressful or challenging
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3 situations (Lazarus, 1993; Lazarus and Folkman, 1984). Selected comments highlight the
4
5 relevance of the self-initiative dimension:
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10 CY5: We decided to create an additional income stream for the business. We
11
12 import fertilisers from abroad... It is a profitable business since we are supplying
13
14 a large network of producers.
15

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17 GR74: We try to visit various exhibitions to get updated on possible products or trends
18
19 that could be useful to our business.
20

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22 GR11: We try to increase the range of products on offer at all times... We try to
23
24 encourage customers to try new flavours and products.
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29 The third dimension, *financial acumen*, further supports discourses of planned and
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31 adaptive resilience (Nilakant et al., 2014), and those concerning long-term renewal of
32
33 enterprises (Herbane, 2019). This dimension also demonstrates the dramatic and painful,
34
35 though strongly needed, decisions to alleviate financial strains on their suppliers and
36
37 customers/consumers, thereby enabling the firm's survival. Adjusting pricing was therefore a
38
39 commonly observed practice, while having previously exercised caution and managed the
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41 firm's finances successfully provided the firms with more stability and strength to cope with
42
43 potential downturns in cashflow or revenues. Nevertheless, in numerous cases, financial
44
45 acumen also meant reducing costs and expenditures that directly affected stakeholders of the
46
47 supply chain. More dramatically, as some comments illustrate, financial management also led
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49 to loss of jobs, and to working more hours:
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56 CY13: I had to reduce the staff's working hours period to balance the operational
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58 expense with income. Also, I have increased my contribution to the business. I
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3 work more hours to support both the production, sales, and promotion of the
4
5 products.
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8 CY23: We dropped our room rates significantly and offered special packages...
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10 we were forced to lay off some employees in order to reduce expenses.

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12 GR32: We had to lay off some staff members during the crisis. Of 32 staff
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14 members, only 18 employees are currently employed.
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19 The fourth dimension, *human attributes*, underlines entrepreneurs' intrinsic
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21 characteristics, or motivational factors (passion, drive), as well as the vital role of
22
23 close/strong ties in supporting entrepreneurs and firms, both hands-on and emotionally. The
24
25 following examples further reinforce the significance of these attributes:
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30 CY7: Many family members work for the company, like my brother, his wife,
31
32 and myself. This is very beneficial as there are no external managers or assistants
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34 to consider certain variables and take a decision.
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38 CY44: We are young, passionate and determined to continue the success of our
39
40 fathers.

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42 GR52: Family support is another area that has significantly helped the business.

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44 All members of the family support different sections of the business. I, my wife,
45
46 and my son, who is a lawyer in Athens, are actively involved in running the
47
48 business.
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53 These findings are partly aligned with contemporary research. For instance, in examining
54
55 factors helping firms overcome the aftermath of a natural disaster, Fraccastoro (2008)
56
57 identified that, as opposed to the age of the firm, passion was central in entrepreneurs'
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3 motivation or drive to succeed amidst adversity. Furthermore, concerning the role of the
4 family in supporting entrepreneurs and their business, Jack's (2005) research revealed that
5 family links, or strong ties, which developed based upon family bonds, trust, and expectation,
6 strongly contributed to family members' progression into entrepreneurial activities.
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12 Extending the scope of the analysis, Pearson's Chi-Square tests were undertaken to
13 ascertain any potential differences between groups of participants. For instance, comparing
14 participants from both countries, four statistically significant differences were noted (Table
15 2). While Greek participants appeared to be more engaged in innovative activities, Cypriot
16 respondents clearly emphasised the importance of adjusting prices, networking, and expertise
17 as ways to cope with the crisis more.
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28 Table 2 Here
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33 Overall, the findings of this section lend support to conceptual notions of coping among
34 small firms (Macpherson et al., 2015), where the amalgamation of coping mechanisms,
35 expansion of networks, in the case of the study, constantly searching or referring to these, and
36 revisiting earlier successful solutions prove successful in enabling firms' survival. The results
37 also have direct links with Zutshi et al.'s (2021) review of recent COVID-19 research, where
38 they revealed five steps for SMEs to cope with the crisis. Indeed, the self-initiative dimension
39 has links with the second step, openness, which entails communication strategies, where
40 challenges and resolutions are transmitted to the firm's stakeholders, thus, maintaining
41 transparency and relationships (Zutshi et al., 2021). Furthermore, self-initiative is in tune with
42 the innovation step, through diversifying and innovating in the business. Innovation entails
43 the assemblage of the various pieces of the organisational jigsaw puzzle, including by
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3 investing in transferable resources and skills, or learning about these, thereby elevating them
4 from an individual to an organisational level (Zutshi et al., 2021).
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8 The dimensions observed through the data analysis are also linked to the framework
9 proposed by Burnard and Bhamra (2011), concerning ‘proactive and negative adjustment’.
10

11 Proactive adjustment is clearly illustrated by the suggested strategic approaches encapsulated
12 in the self-initiative dimension, whereas negative adjustment can be observed in firms’
13 reliance upon traditional channels (quality, reputation). Nevertheless, this reliance can
14 represent vital support during a long-term crisis, providing vital financial breathing space
15 while other steps or strategies are under development.
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19 Some of these findings resonate with Alexander’s (2013) report card concerning disaster
20 risk reduction, which emphasises the role of knowledge, innovation, and education as pillars
21 in building a culture of resilience and safety. Here, the work of Zutshi et al. (2021) is also
22 useful. First, in referring to the ‘victory’ step for SME’s resilience to be enhanced in light of
23 COVID-19, Zutshi et al. (2021) emphasise the significance of accepting threats in the
24 external environment while the firm’s management identifies or exploits opportunities.
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30 Second, facing an extreme situation, SMEs need to consider a resilient approach. In this case,
31 the ‘durability’ step highlights SMEs’ mindful execution and also unorthodox thinking, and is
32 associated with firms’ strengths, weaknesses, opportunities, and threats (Zutshi et al., 2021).
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38 Thus, traditional channels of securing vital income are arguably part of a firm’s strengths and
39 opportunities while it regroups and seeks to adapt to a long-term crisis through other strategic
40 means.
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45 *Perceived importance of collaboration*

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47 Despite empirical evidence illuminating the value of collaborations among SMEs (e.g.,
48 Ferreras-Méndez, Fernández-Mesa, and Alegre, 2019; Muscio, 2007; Sawang and Matthews,
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3 2010; Srivastava and Tyll, 2020), in this study, a minority of participants acknowledged
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5 involvement in this area other than strictly with members of the supply chain. This close
6
7 relationship with suppliers is aligned with research among SMEs (Sullivan-Taylor and
8
9 Branicki, 2011) that stresses the dependence of this group of businesses upon external
10
11 organisations that include the supply chain and customer base. While differences were
12
13 noticed between the two country groups concerning some of the emerging themes,
14
15 participants of both nations shared similar thoughts concerning collaboration, with 75.0 and
16
17 63.7 percent of Cypriot and Greek respondents, respectively, acknowledging a lack of
18
19 collaboration beyond their suppliers. The following observations demonstrate that for many,
20
21 collaboration was devoid of value and strategic sense, or did not fit within their business
22
23 context:
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31 CY34: Collaboration with others is unsustainable. We can barely survive, not to
32
33 mention collaborating with others. We only still have a business partnership with
34
35 selected suppliers.
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38 GR39: It would be nice to collaborate with other businesses, however, I don't
39
40 think there is a culture to nurture any similar attempt.
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43 GR91: It is not possible. We need to fight individually.
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47 Collaboration, another step Zutshi et al. (2021) identified, could be enabled through a
48
49 support system formed by relatives, friends, or neighbours, and in this research is depicted by
50
51 the self-initiative and human attributes dimensions. Together with the identification of skills
52
53 and expertise, collaboration could result in contributions and in positive impacts on a firm's
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55 survival (Zutshi et al., 2021).
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3 *How participants perceive the future of their firms*

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5 To further extend discourses of resilience and coping among MSFs, this study also sought to
6 ascertain how entrepreneurs perceived the future of their firms within the severe business
7 environment they were confronting. As Table 2 indicates, a clear difference emerged between
8 Cypriot and Greek participants, with the first group (86.4%) being much more optimistic than
9 were their Greek counterparts (48.4%). One likely reason for such optimism was found in
10 some of the comments that verbalised different responses and outcomes of the crisis for both
11 nations. Moreover, while in the main there was a clear undertone of unhappiness and concern
12 with the state of the economy, Cypriot participants recognised recent improvements, and
13 partial abatement of the crisis; these developments appeared to instil more confidence
14 regarding firms' future:
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31 CY4: Today, the conditions in the market are much more favourable than the
32 previous years. The banking system and the whole economy show signs of
33 recovery, while people slowly dine more and increase their spending.
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38 CY26: I believe we have finally surpassed the difficult period and there is fertile
39 ground for business endeavours... people feel more relaxed than in the previous
40 years and started again to go out more, shop, and spend money...
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47 Thus, in this case, external factors, such as the steady improvement in the nation's
48 economy, provided much-needed breathing space, with implications for planning,
49 investments, and execution of new business activities. In contrast, Greek participants'
50 perceptions evoked a different tone:
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3 GR32: I am pessimistic. I used to believe that if you are doing a great job the
4
5 rewards will be high. However, it seems that everything is a matter of
6
7 coincidences or external factors.
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10 GR89: I would like to be positive but can't see how this could be the case. I can't
11
12 even tell how the future of the country will be, let alone our sector.
13

14 15 16 17 **Conclusions**

18
19 This empirical investigation fulfilled two key objectives. First, by examining resilience and
20
21 coping among Cypriot and Greek MSFs facing the years following the global financial crisis,
22
23 the study made an empirical contribution to the small business literature. In addition, the
24
25 study responded to recent calls to scholarly investigate how small firms and entrepreneurs
26
27 learn from crisis situations (e.g., Doern et al., 2019), and for an enhanced understanding of
28
29 small and medium firms' ability to manage the threat of deficiencies that exist in the
30
31 socioeconomic environment (Tsilika et al., 2020). The study also complemented scholarly
32
33 discourses on SMEs facing the current COVID-19 crisis (e.g., Chen et al., 2021; Zutshi et al.,
34
35 2021).
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40 Face-to-face, on-site, semi-structured interviews were carried out among 135 individuals,
41
42 predominantly business owners, between 2016 and 2018. The study considered various
43
44 conceptual tenets of the resilience and coping theory literature. The inductive analysis
45
46 revealed 16 themes or factors that participants perceived as critical in helping their firms
47
48 build resilience and cope with the ongoing crisis.
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51 Second, the study set out to conceptually inform the research in various ways. For
52
53 example, apart from its links to academic discourses, extending from the revealed themes,
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55 and adhering to notions of Gioia's methodology in seeking rigour in qualitative research and
56
57 Locke's (2007) approach towards inductive theories, four dimensions were developed. The
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3 following section will present the proposed theoretical framework resulting from both
4
5 empirical analysis and existing underpinning. Thus, overall, the study makes several
6
7 contributions, with theoretical and practical value.
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10 11 12 *Theoretical Implications*

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15 Through the proposed framework, various theoretical implications emerge. First, the
16
17 framework depicts the ongoing and after-shocks of the financial crisis, for instance, the
18
19 overall vulnerability that is a characteristic among small businesses when such damaging
20
21 events occur (Eggers, 2020; Kottika et al., 2020). Second, based on the study's findings, and
22
23 in recognising various important contributions, the framework suggests various methods to
24
25 overcome the effects of the crisis. Three of the four dimensions were revealed through
26
27 participants' verbatim comments. Notably, an individual-firm advantage that reflected
28
29 quality, reputation, or accumulated knowledge, was coupled with participants' business
30
31 acumen, and human attributes. Nilakant et al. (2014) recognise these dimensions as
32
33 demonstrations of planned resilience (PR). In contrast, the fourth and final dimension of self-
34
35 initiative has associations with adaptive resilience (AR) where new capabilities to confront
36
37 unplanned or uncontrollable situations (Lee et al., 2013, in Nilakant et al., 2014) are
38
39 developed/acquired.
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45 Furthermore, three of the dimensions (individual-firm advantage, financial acumen, and
46
47 self-initiative) subscribe to principles of long-term strategic renewal (Herbane, 2019). In turn,
48
49 all four dimensions align with principles of changes in acts and thoughts (Lazarus, 1993;
50
51 Lazarus and Folkman, 1984). Consequently, and as observed in numerous verbatim
52
53 comments, all four dimensions have direct impacts on MSFs' resilience building and coping
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55 capabilities. These outcomes have important implications for firms' future, in enabling
56
57 preparedness and in strengthening and enhancing their competitiveness. These dimensions
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3 further instil strategies and practices that adhere to the firm's long-term strategic renewal, as
4 well as facilitate behavioural changes as demonstrated through acts and thoughts. Therefore,
5 the revealed dimensions can equip MSFs to pursue their journey through the challenges that
6 they will likely encounter, where arguably the current COVID-19 crisis represents the
7 ultimate illustration of such an extreme situation. Thus, the framework can illuminate
8 conceptual discourse concerning resilience and coping with a severe crisis, and while this
9 study focused on MSFs, the framework could similarly have conceptual and practical value
10 among firms of larger sizes.
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24 Figure 2 Here
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29 *Practical Implications* 30

31 The results also have practical implications. First, the study extends from previous research
32 (Branicki, Sullivan-Taylor, and Livschitz, 2018), which among other elements identified
33 innovation, social connections or autonomy at the individual level, and expertise, planning,
34 and resources at the firm level. For instance, two of the revealed dimensions, individual-firm
35 advantage, and self-initiative, align with these elements, and unequivocally identify others
36 that could be of benefit to firms and industry/government stakeholders. The significance of
37 time, notably, in building expertise is fundamental.
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47 This study complements this discourse, ascertaining that accumulating knowledge is also
48 vital and can have direct repercussions for the quality of the products/services, reputation as
49 well as the image of the firm, and ultimately, overall competitiveness. In times of severe
50 crises, these traits, capabilities, and resources, all of which have been developed through time
51 and learning, enhance perceptions of consistency and expertise among consumers/customers.
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3 expertise or critical mass. Location is a strategic choice that the individual entrepreneur
4 identifies, and that can also be an additional organisational aspect that supports and
5 complements other key elements of the firm.
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10 However, while self-initiative and individual-firm advantages are vital, without financial
11 acumen or human attributes, firms would be severely vulnerable. Arguably, financial acumen
12 could also be developed over time. The fact that all the participating firms have survived over
13 a decade operating in uncertain or challenged socioeconomic environments, and that many
14 were actively involved in making drastic changes (decreasing inventory purchases/supplies
15 and staff) is clear evidence that, to some extent, time in the industry is a key resource.
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23 Finally, passion, flexibility, and the support of family members were also perceived highly.
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26 Overall, the study also demonstrates that the four different dimensions provide a clear
27 practical and strategic path in the journey to withstanding severe crises. While these
28 dimensions concern firms that are well-established in their respective industries, the results
29 nevertheless have implications for new or future entrepreneurs. Moreover, to build resilience
30 and cope with a challenging environment, new entrepreneurs could reflect upon the need of
31 fulfilling aspects closely associated with these dimensions. In the absence of individual-firm
32 advantages, they could nevertheless seek to achieve excellence in self-initiative and financial
33 acumen, while exhibiting genuine passion and drive, developing flexibility, and considering
34 the support of strong ties.
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50 *Limitations and Future research*

51 Despite a strong contingent of interviewees from two different nations, from a diverse range
52 of industries, and the resulting rich insights, various limitations are acknowledged in this
53 study. The study, for instance, selected two nations that share geographic and cultural
54 closeness; consequently, as opposed to European countries from other regions, their
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3 circumstances might be unique to their socioeconomic and governing histories. Thus, future
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5 research could consider nations that might be culturally or socioeconomically distant, which
6
7 could allow for potentially identifying other aspects that are equally critical in building
8
9 resilience and coping with a severe crisis. This aspect is more relevant nowadays, when the
10
11 world is grappling with the unprecedented COVID-19 crisis, and no clear pathways have
12
13 been fully identified to overcome this unprecedented event. Associated with this observation,
14
15 the study was also conducted before the COVID-19 event erupted worldwide. Thus, future
16
17 research could consider a comparative analysis pre-and post-COVID-19, which could reveal
18
19 alternative ways of coping and building resilience. This line of research could also attempt to
20
21 verify the validity of the proposed framework, either through expanding its applicability or
22
23 enhancing it should other factors enabling resilience and coping with a crisis emerge. Overall,
24
25 given the extreme significance of MSFs for Europe and the economies of other nations, there
26
27 is significant merit in examining the journey of MSFs through the multiple challenges faced
28
29 in the business environment.
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Table 1: Demographic characteristics of the respondents and their firms

Characteristics	Greece		Cyprus		Totals	
Size of the firm (in full-time employees)	n=91	%	n=44	%	n=135	%*
0	48	52.7	5	11.4	53	39.3
1-9	28	30.8	18	40.9	46	34.0
10-49	15	16.5	21	47.7	36	26.7
Age of the firms	n=91	%	n=44	%	n=135	%
10-20 years	36	39.6	15	34.1	51	37.8
21-40 years	34	37.4	23	52.3	57	42.2
41+	21	23.0	6	13.6	27	20.0
Industry in which firms are involved in	n=91	%	n=44	%*	n=135	%
Retail	35	38.5	13	29.5	48	35.6
Hospitality/tourism	17	18.7	18	41.0	35	25.9
Food production	16	17.5	3	6.8	19	14.1
Winery/distillery	8	8.8	1	2.3	9	6.7
Repair shop	3	3.3	3	6.8	6	4.4
Travel agent	6	6.6	0	0.0	6	4.4
Miscellaneous (e.g., transportation)	6	6.6	6	13.6	12	8.9
Type of business	n=91	%	n=44	%	n=135	%
Family firm	61	67.0	25	56.8	86	63.7
Non-family firm	30	33.0	19	43.2	49	36.3
Role of the participant	n=91	%	n=44	%	n=135	%
Owner	88	96.7	40	90.9	128	94.8
Manager / Director	3	3.3	4	9.1	7	5.2
Gender of the participant	n=91	%	n=44	%	n=135	%
Male	73	80.2	36	81.8	109	80.7
Female	18	19.8	8	18.2	26	19.3

* Where applicable, percentages were rounded off.

Table 2: Intergroup differences – Chi-Square tests

Tested items	Findings	Chi-Square test results
Innovation and country	A higher percentage of Greek participants (34.1%) indicated the importance of innovating as a way to cope with the crisis.	$(\chi^2 (1, n=135) = 6.222, (p=0.013))$
Adjusting prices and country	A much higher percentage of Cypriot respondents (75%) recognized adjusting prices as a way to cope with the crisis.	$(\chi^2 (1, n=135) = 14.908, (p=0.001))$
Networking, interacting, learning from others and country	A higher percentage of Cypriot participants (84.1%) mentioned the importance of networking, interacting with industry stakeholders (e.g., at events), and learning from others (e.g., customer reviews, recommendations) as a way to cope with the crisis.	$(\chi^2 (1, n=135) = 7.039, (p=0.008))$
Expertise, experience of the firm's owners/staff and country	A higher percentage of Cypriot respondents (84.1%) acknowledged the importance of their accumulated expertise, and experience, as well as those of members of their staff as a factor to cope with the crisis.	$(\chi^2 (1, n=135) = 4.835, (p=0.028))$
Perceived future and country	A much higher percentage of Cypriot respondents (86.4%) declared their optimism regarding the future of their firms moving forward in the existing business environment.	$(\chi^2 (2, n=135) = 17.373, (p=0.001))$

Figure 1: Factors enabling firms to cope with a major crisis
Adopting the Gioia's Methodology (Gioia et al., 2012)

First-order codes	Second-order themes		Dimensions			
Quality of products, services, firm performance	Key static and intrinsically valuable characteristics	Individual-firm advantage				
Expertise, experience of the firm's owners/staff						
Earned reputation						
Accumulated knowledge						
Location of the business						
Networking, interacting, learning from others	Key action-related resources and activities	Self-initiative				
Diversifying the business's proposition						
Innovating in the business						
Scanning, understanding, learning about the market						
Working longer hours at the business	Avoiding further financial downturns	Financial acumen				
Adjusting pricing (e.g., lowering prices, discounts)						
Reducing costs, expenditures, shedding jobs						
Being lean (no debts, borrowing)	Individual/group characteristics and ties	Human attributes				
Passion, drive						
Flexibility						
The support of the family members						
Inductive analysis - Themes	Greece		Cyprus		Totals	
	n=91	%	n=44	%	n=135	%
Quality of products, services, firm performance	77	84.6	33	75.0	110	81.5
Expertise, experience of the firm's owners/staff	60	65.9	37	84.1	97	71.9
Networking, interacting, learning from others	56	61.5	37	84.1	93	68.9
Earned reputation	60	65.9	28	63.6	88	65.2
Adjusting pricing (e.g., lowering prices, discounts)	36	39.6	33	75.0	69	51.1
Scanning, understanding, learning about the market	42	46.2	23	52.3	65	48.1
The support of the family firm's members	43	47.3	19	43.2	62	45.9
Reducing costs, expenditures	42	46.2	20	45.5	62	45.9
Accumulated knowledge	35	38.5	21	47.7	56	41.5
Diversifying the business's proposition	42	46.2	13	29.5	55	40.7
Location of the business	33	36.3	22	50.0	55	40.7
Working longer hours at the business	25	27.5	13	29.5	38	28.1
Innovating in the business	31	34.1	6	13.6	37	27.4
Passion, drive	29	31.9	4	9.1	33	24.4
Being lean (no debts, borrowing)	20	22.0	9	20.5	29	21.5
Flexibility	12	13.2	8	18.2	20	14.8

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Figure 2: Proposed theoretical framework – Resilience and coping among MSFs
Sources: Lazarus (1993), Lazarus and Folkman (1984), Lee, Vargo, and Seville (2013), Nilakant et al. (2014), Herbane (2019)

