COVID-19 as an accelerator for developing strong(er) businesses? Insights from Estonian small firms

Susanne Durst & Thomas Henschel

Published online: 07 Jan 2021.

Submit your article to this journal ☞

View related articles ☞

View Crossmark data ☞

Routledge
Taylor & Francis Group

COVID-19 as an accelerator for developing strong(er) businesses? Insights from Estonian small firms

Susanne Durst[a] and Thomas Henschel[b]

[a]Department of Business Administration, Tallinn University of Technology, Estonia; [b]Wirtschafts- und Rechtswissenschaften, Hochschule für Technik und Wirtschaft Berlin, Germany

ABSTRACT

COVID-19 has hit us all unexpectedly. Nevertheless, this pandemic requires decisive actions. Taking this as a starting point, this empirical study investigates how small companies from Estonia have been coping with COVID-19 so far. The article contributes to the study of crisis management in general and crisis management in small firms by providing the Quick, Adapt, and Mobilized framework, which shows how small firms within a short period of time adapt to the new situation and initiate both reactive and proactive responses to mobilize old and new capacities to increase the chance of emerging successfully and strengthened from this sudden and external crisis.

Introduction

The coronavirus disease (COVID-19), which is an infectious disease caused by a newly discovered coronavirus, has hit the world unexpectedly. The virus spread quickly in the city of Wuhan and throughout China, and then across the world. The novelty of this coronavirus also means that the entire world lacks experience and, as a consequence, no solutions have been developed yet to bring the disease under control. Although infectious diseases are not rare, even in our times, they seldom reach pandemic level. Thus, compared with previous external crises that hit individual regions or countries, the entire world is suffering from this new type of virus. Yet COVID-19 has made it clear that people have to learn (again) that not everything is controllable and that crises such as COVID-19 require patience of us all, a capacity we seem to have lost in a world where everything has (had) to be quick. Nevertheless, a crisis requires immediate and decisive action by an organization (Smith & Riley, 2012) regardless of its size and type (Liguori & Pittz, 2020).

In a recent report, the International Labour Organization (2019) highlighted the global contribution of micro- and small enterprises to employment creation—both in the formal and the informal economy (Dragan, 2020;

CONTACT Susanne Durst ✉ susanne.durst@taltech.ee 🌐 Department of Business Administration, Tallinn University of Technology, Ehitajate tee 5, Tallinn 12616, Estonia.

Schaper et al., 2008). The past has also shown that small firms' characteristics, such as flexibility and adaptive capacities (Bartz & Winkler, 2016; Battisti et al., 2012; Burns, 2016), can help them to be far more attuned to survival in a dynamic global world that is subject to many significant economic shocks or crises (Gilmore et al., 2013). At the same time, however, small firms are highly sensitive to external threats (Doern et al., 2019; Herbane, 2013, 2019). Therefore, the probability of failure among such firms, in particular the younger ones, is higher compared with large and established firms (Davidson & Gordon, 2016; May & Lixl, 2019). When it comes to a sudden crisis such as COVID-19, small firms may be less prepared. According to Herbane (2013), a small firm's crisis management (CM) is more oriented toward single crisis events, such as information technology (IT)–related crises, coupled with a strong belief in the firm's ability to plan for such crises. Furthermore, firm-specific resources are likely to be further dispersed when different types of disruptions caused by a crisis such as COVID-19 occur simultaneously (Osiyevskyy et al., 2020), which is further restricting the possible scope for action.

Still, our understanding of CM in small firms is limited, as evidenced by the systematic literature reviews of Kücher and Feldbauer-Durstmüller (2019), Schoenberg et al. (2013), Schweizer and Nienhaus (2017), and Trahms et al. (2013) on organizational decline and turnaround. Having a closer look at existing research on small firms' responses to different types of crises reveals a tendency to focus on either vulnerability or the resilience of such firms (Battisti et al., 2019; Cowling et al., 2015; Doern et al., 2019; Smallbone et al., 2012). Crisis management research tends to be conducted in large and or multinational organizations (Coombs & Laufer, 2018; Herbane, 2010), which typically have at their disposal both significant resources and dedicated crisis management teams (Doern, 2016). The works of Faghfouri et al. (2015), Herbane (2013), Hong et al. (2012), Kraus et al. (2013), and McCharthy (2003) represent examples of the few exemptions, as they exclusively deal with crisis management in small firms. As regards COVID-19 and smaller firms, first papers have been published too. Kuckertz et al. (2020), for example, presented a paper on the crisis and its effects on innovative start-ups from Germany, while Kraus et al. (2020) studied family firms from selected European countries to explore how and by what means these firms responded to the COVID-19 crisis. As regards the CM literature in general, according to Bundy et al. (2017) it is still fragmented. Finally, by considering that the world is currently suffering from a pandemic—the 1918 flu pandemic was the most recent and severe one in the past—there is a lack of handling such a type of crisis in the general literature on CM.

Against this background, the overall aim of the present study is to analyze how small companies react and cope with an unexpected crisis such as COVID-19. Based on the results, the Quick, Adapt, and Mobilized (QAM)

framework is proposed, which visualizes the main actions and measures taken by small firms to cope with an unexpected and new type of crisis. To reach this aim, we explored empirically what small Estonian firms are doing to adapt their business operations in a short period due to COVID-19. Considering that crises follow different phases, several research questions were posed: How have small firms—that is, the business owners and/or managers of these firms—perceived the pandemic? Which approaches and measures have been taken to respond to the pandemic? And, how do business owners and/or managers expect the firm to be after COVID-19? The findings of the present study contribute to both the emerging research on CM in small firms and the general literature on CM.

The focus on Estonia seems interesting based on the following aspects. Estonia has only regained independence from the Soviet Union in 1991 and thus entrepreneurship is still something new for the country. Also, the country has suffered from an outflow of young people from the country (Thornhill, 2020) or the situation that many Estonian workers regularly commute to Finland (Kudel, 2018); COVID-19 and its consequences may trigger new waves of emigration. Consequently, it is important for the country that as many sound, small companies as possible will survive the pandemic. Additionally, extant research on CM in general and CM in small firms has primarily been carried out in the West (for example, Doern, 2016; Herbane, 2010; Kraus et al., 2020; Kuckertz et al., 2020); other regions of the world are underrepresented. Therefore, the overall study of CM would benefit from more diversity.

The article is organized as follows. In the next section, the relevant literature is outlined. This is followed by a section that presents and describes the methodology chosen. Then the findings are presented. Based on that, an analytical framework is presented and discussed. The article terminates with a conclusion section.

Literature background

Crisis: Definition and types

Several definitions of a crisis have been proposed in the extant literature. For example, Cater and Beal (2014) have defined a crisis as "a low-probability situation with significant consequences for the organization, a high degree of uncertainty, and a sense of decision-making urgency" (p. 65). Pearson and Clair (1998), referring to organizational crises, defined a crisis as "… a low probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly" (p. 60).

According to Doern et al. (2019), most definitions describe a crisis as an extreme, unexpected, or unpredictable event that requires an urgent response from organizations and creates challenges for them—by interfering with their operations, creating ambiguity in their decision-making processes, threatening their goals and values, and damaging their public image and bottom line. Lund Pedersen et al. (2020) noted that extant crisis management literature tends to focus on two main strands, separated by their views of crisis as either an event or a process.

The Institute for Crisis Management (2004) identified two primary types of crises: sudden and smoldering. Sudden crises are those unexpected events in which the organization has virtually no control and perceived limited fault or responsibility. Examples are natural disasters or terrorist attacks. Smoldering crises, on the other hand, are those events that start out as small, internal problems within a firm, become public at some point, and, over time, escalate as a result of inattention by management. Examples are scandals, bribery, or sexual harassment. Reviewing the examples presented clarifies that no two crises are the same, yet extant research suggests that there are three common elements in a crisis: surprise, threat, and short response time (Williams et al., 2017). Extant research has also discussed transboundary crises that revolve around threats that easily cut across geographical and/or policy boundaries (for example, the refugee crisis). Crises of that kind have in common that they do not fall within the boundaries of a country or the defined bureaucratic boundaries of a policy sector (Boin & Lodge, 2016). The coronavirus can be viewed as an example of such a type of crisis. As crises of any type have become an integral part of business activity, responses to them could make the difference between survival and failure (Smallbone et al., 1999). Thus, crises call for immediate and decisive responses.

Although the term crisis seems to have a negative connotation, it can also be seen as something positive, as it can be used to increase a firm's adaptability to generate new knowledge and competencies to gain a competitive advantage and thus to sustain in the long run in its industry and markets (Osiyevskyy et al., 2020). A crisis can provide the impetus for developing new opportunities and resource gains (Doern et al., 2019). While crises such as conflict situations have been found to impact negatively on entrepreneurial intentions (Bullough & Renko, 2013), in some ways they can lead to resource voids that create opportunities for starting or changing business. Crises can further promote ingenuity and the development of alternative products/ services (Doern et al., 2019) or even fuel business expansion (Eggers, 2020)

According to Doern et al. (2019), a process-based definition of a crisis has not yet been adopted in small and medium-sized enterprise (SME) research. Nevertheless, it is argued that it has the potential to capture more fully the kinds of crises entrepreneurs face from the unexpected to everyday, and how they come into being, and the opportunities or challenges they bring. Within

the area of SMEs specifically, crisis-based research has typically centered around external, extreme major crises, particularly the economically oriented ones (Kottika et al., 2020; Smallbone et al., 2012; Williams & Vorley, 2015).

If one compares COVID-19 with previous crises (for example, the financial crisis of 2008–2009), one can see that the current pandemic has manifold facets or causes (external and internal) that require from the organization different and multiple actions both at the strategic (for example, development of new skills and competences and repositioning) as well as the operational level (for example, organizational reorganization and cost retrenchment). Thus, COVID-19 is different from past crises (Rapaccini et al., 2020; Ratten, 2020) and asks for new approaches.

Crisis management and phases of a crisis

According to Thomas and McNair-Connolly (2017), CM refers to the planning for and managing of a realized risk, an unexpected disaster, or a business disruption and Gilstrap et al. (2016) argued that "crisis management unfolds from situational planning, crisis response, and learning" (p. 2790). To master a crisis, it is important to do different kinds of planning activities. That is, to employ strategic planning and CM planning in a crisis situation (Doern et al., 2019). In a recent study, Herbane (2019) found that those SMEs that use both forms of planning are far better attuned to short-term survival and long-term development, protecting their business from organizational disruptions.

Research on CM has argued for a rational approach to crises; that is, one that is based on logic and rationality (Liu et al., 2017). Given the dynamic nature of COVID-19, Ratten (2020), however, saw a stronger need for rapid actions based on intuition and gut feeling.

According to Doern et al. (2019), there is some merit to examining a crisis from the perspective of the crisis event sequence. Extant crisis literature features debates about how many stages constitute a crisis life cycle. Following Coombs (2007) and Lund Pedersen et al. (2020), a crisis in its simplest form has three phases: precrisis, crisis, and postcrisis. CM process models are therefore seen as a means to better deal with crisis events (Hong et al., 2012). There is some debate in the CM literature about how many stages such a CM process model should entail (Eggers, 2020; Trahms et al., 2013). The majority of the literature seems to cover four to five phases, namely precrisis normality, crisis emergence, crisis occurrence, crisis aftermath, and postcrisis normality (Lund Pedersen et al., 2020; Trahms et al., 2013).

Extant research on CM process models sees detection or analysis as an initial step (see, for example, Hong et al., 2012; Trahms et al., 2013). This research discusses different perspectives that can be taken on for both crisis

and its management. For instance, Hong et al. (2012) introduced a CM process model that includes four sequential steps: detection, occurrence, recovery, and resolution. In the first stage, early-warning signals have to be detected. When the crisis is there, immediate actions need to be taken to overcome the consequences. In the recovery stage, efforts are undertaken to recover from the crisis and go back to the noncrisis mode. The resolution stage aims at coming back to a normal situation, as before the crisis (Hong et al., 2012). This requires learning from the crisis as well as identifying the root cause of it, which can become critical if the crisis originates from the organization. Bundy et al. (2017) divided extant literature on CM into internal and external perspectives situated around three phases: precrisis prevention, CM, and postcrisis outcomes.

There is also some criticism on crisis process models. The models have in common that they are based on a rather linear approach (Jaques, 2007) and may not work in the case of a crisis such as COVID-19 given its dynamic character. Moreover, the occurrence and nature of COVID-19 could not be anticipated by managers and thus standard response procedures may not apply. A linear model also suggests that a crisis has a defined start, and thus also a defined "end." As regards COVID-19, the end is still unclear. A division of the crisis into different phases is nevertheless considered useful to better approach the topic under investigation in the empirical part. Thus, our focus has been put on three phases, namely precrisis, crisis, and postcrisis, which are discussed in the following subsections.

Precrisis

The emergence of a crisis creates a high degree of ambiguity in which cause and effects are unclear. It leads to uncertainty and confusion among the people. All this in combination destabilizes an organization and the crisis can mean a significant threat to its strategic goals (Smith & Riley, 2012). Compared with previous crises, COVID-19 takes another form of uncertainty; it is hard to anticipate its end, which, in turn, hampers future planning options (Ratten, 2020).

Concerning small firms, Herbane (2010) has noted little focus in small firms on the precrisis phase, more precisely on planning for and preventing the occurrence of the threat. Instead, these firms appear to focus on other phases, the author-labeled trans- and postcrisis phases. Herbane (2010) attributed this weakness in the precrisis phase to lack of financial resources, experience, training, or awareness.

Crisis

In terms of what organizations should do to respond to a crisis, extant literature highlights that managers should be prepared to make available

more time and resources to expand the required operating space (Bowers et al., 2017). Moreover, the need for continued internal and external communication has frequently been highlighted (see, for example, Bowers et al., 2017; Gilstrap et al., 2016). The role of leaders during the crisis also has been emphasized (Herbane, 2019; Hong et al., 2012). Smith and Riley (2012), for example, have proposed nine key attributes for crisis leadership, which are (a) decisive decision-making capacity in the face of limited and unreliable information; (b) powerful two-way interpersonal communication skills; (c) procedural intelligence; (d) highly developed synthesizing skills; (e) the capacity to empathize with the feelings of others and respect the legitimacy of their perspectives; (f) a capacity to continually remain optimistic in the face of adversity, and to tenaciously battle on; (g) flexibility; (h) strong intuitive thinking capacity, and the preparedness to use it; and (i) the ability to quickly develop new ideas and solutions, and to turn problems into opportunities (pp. 68–69).

Characteristics often assigned to SMEs, such as being flexible and disposing of adaptive capacity, may help when a crisis unfolds, as decision making can be shorter and faster, which in turn can also make reduced response time possible (Branicki et al., 2018).

During a crisis, business leaders are also exposed to a huge challenge. They must not only make tough business decisions under pressure and uncertainty but also take a psychological role to address the immediate needs and sorrows of their staff (Sandler, 2009). Thus, leaders need to show behavior patterns that help reduce anxiety, fear, and anger; that build trust, loyalty, and commitment; and generate resilience and optimism (Sandler, 2009), highlighting that the stakes are very high and are more difficult to achieve in smaller companies due to the lack of support for the entrepreneur; for example, by a human resources department. Bullough and Renko (2013) have underlined the link between the business leaders'/entrepreneurs' personal belief in their entrepreneurial aptitude and ability to bounce back in positive ways in the face of adversity and the pursuit of entrepreneurial activities. At the same time, coping with a crisis is challenging for everyone and may affect personal well-being. In conjunction with entrepreneurs, it has been argued that—even without a crisis such as COVID—they face working conditions that are more extreme than those of salaried employees (Stephan, 2018). Thus, entrepreneurs will have to find ways to adapting positively to the adversity caused by COVID-19. This also refers to employees. On the other hand, the situation of being used to coping with uncertainty and the question of survival may make entrepreneurs or small business owners more comfortable with uncertainty than their counterparts in bigger and more stable organizations, which in turn can make it easier for the former to perceive a crisis as something positive, something they could grow along with (Branicki et al., 2018).

There are also first publications addressing responses to COVID-19. Ritter and Lund Pedersen (2020), for example, recommended that managers should assess the impact of the crisis on the firm's business model, both immediately and over the long term. The authors suggested focusing on the core dimensions of the business model, namely customers, value propositions, value demonstrations, and capabilities. Once an understanding of the position of the company in the different dimensions is established in the next step, managers should figure out what a change in one dimension would mean for the other dimensions. In other words, the change in one dimension will also entail changes in other dimensions, which in turn can also lead to new opportunities. Balis (2020), on the other hand, stressed the need for companies to adapt their branding strategies to the changes in consumer behavior—many of which may become permanent. Wenzel et al. (2020), based on a review of articles published in Strategic Management Society journals, identified four strategic responses to a crisis: retrenchment, persevering, innovating, and exit. *Retrenchment* involves cost-cutting measures that may reduce the scope of a company's business activities. This strategy seems to support firms in surviving a crisis in the short run. *Persevering* is about the preservation of the status quo of a company's business activities. This may be realized through debt financing and seems to be a suitable response to the crisis in the medium run. Yet, in the long run, it may threaten the survival of the company. *Innovating* means that the company engages itself in strategic renewal in response to a crisis. It may be the inevitable solution for a company to survive in the long run. Finally, *Exit* means the discontinuation of a company's business activities, a strategy that is not limited to a crisis but that could be chosen at any time.

In the context of COVID-19, Ratten (2020) has highlighted the need for working with the information and knowledge that is available instead of taking a wait-and-see approach.

According to Smith and Riley (2010), there are five steps to crisis responsiveness: (a) get the facts; (b) implement a contingency plan, or quickly adapt one to meet the current situation; (c) be decisive; (d) show concern; and (e) communicate. The last step underlines once more the role of (crisis) communication, which refers to strategic thinking, relationship work, and information sharing both within and beyond organizations. Crisis communication is also viewed as an important skill set for organizational leaders (Gilstrap et al., 2016).

In addition, in the case of a crisis such as COVID-19, quick learning is needed and this learning should take place throughout the organization (Gilstrap et al., 2016). Learning requires reflection, which is about identifying possible future actions to address the current situation (Smith & Riley, 2012). This reflection requires some time, an overall overview of what has

happened so far, and the development of some ideas on the consequences of the current situation for the organization and its operations to take the next steps.

Postcrisis (after COVID-19)

After a crisis, the firm tries to revert to "business as usual" (Coombs, 2007, p. 6). In a simple categorization of outcomes after a crisis, the organization may be worn off, might revert to its original position, or it could better off, meaning coming out of the crisis strengthened in some way (Eggers, 2020). The outcome likely depends on different systems, networks, and so on. According to Taleb (2012), systems that worsen after a crisis are vulnerable, those that bounce back are resilient, and firms that grow stronger due to adversity are antifragile. Referring to the latter, this postcrisis phase provides opportunities to learn and prepare for future crises, which, according to Lund Pedersen et al. (2020) can result in a circular process of CM in which the postcrisis becomes the new precrisis. Bundy et al. (2017) underlined the crucial importance of learning from the crisis to identify new business opportunities.

A closer look at the extant research on the postcrisis phase reveals that very few studies have investigated how small firms overcome crises and resume "normal" business activities, or how opportunities can be created out of a crisis; for example, for new businesses and collaborations at the individual, organizational, and local or regional levels (Doern et al., 2019).

The limited research available has covered dimensions of entrepreneurial opportunity recognition in the face of disasters (Gur et al., 2020), entrepreneurial resilience (Branicki et al., 2018; Marshall & Schrank, 2014; Morrish & Jones, 2020), and strategic renewal (Herbane, 2019). Gur et al. (2020) viewed entrepreneurial opportunity recognition as a suitable approach for dealing with the effects of a sudden crisis. Rather than encouraging formal planning and cost retrenchment, small firms should pay greater attention to building capacities to cope with uncertainty, generating and leveraging personal relationships, and activating the ability to experiment and think creatively in response to crises. Even though it has been thought that the resilience capacity of small firms is limited because of their scarce internal resources, narrower customer base, and low bargaining power (Smallbone et al., 2012), recent empirical evidence has demonstrated significant resilience among small firms in the context of extreme events. For example, Morrish and Jones (2020) noted that the absence of written CM plans did not undermine resilience in SMEs. This is because small firms are more flexible and better able to respond quickly to changing environments. This adaptive capability is crucial to improve resilience to crises, such as a natural disaster. Most existing studies are concerned with recovery and resilience so far. In turn, there are calls for more research (see, for example, Doern et al., 2019) on how SMEs learn from crisis events, manage barriers to learning, and/or incorporate

changes to their business model to be strengthened out of the crisis. Or as Herbane (2019) put it, there is a complex interplay between an ensemble of entrepreneurial activities and decisions about planning, networks, learning, and location that needs further investigation.

Methodology

Research approach

This study is based on an exploratory qualitative approach to understanding how business owners and/or managers of small firms cope with COVID-19, and is part of a larger research project on CM in small organizations. More precisely, a multiple case approach was chosen (Eisenhardt, 1989). According to Eisenhardt and Graebner (2007), the use of multiple cases is effective for theory development because their replication logic increases the chance of producing a more robust, parsimonious, and generalizable theory. Moreover, we designed the study in a way so that it fits the process structure of crises (Langley, 1999), and by focusing on practices/activities initiated by the owners/founders the potential of reflecting on future operational consequences is offered.

Data collection

Data were collected using semi-structured interviews. This type of interview is suitable when the planned study includes an exploratory element (Saunders et al., 2009). An interview guide supported the interview process (see Appendix). The focal topics of interest were specified at the outset of the study; that is, they were derived from the extant literature (Perry, 1998). In line with the process focus taken in this study, the interview guide had three main sections. In the first section, questions related to the emergence of the crisis are asked. The second section addresses the crisis per se, while the third section focuses on the postcrisis (after COVID-19). The whole guide is rounded off by a series of demographic questions.

Selection of cases

The level of analysis was the small firms. To be selected the firms had to fulfill the following criteria, namely, being a company that falls under the category micro-, small, and medium-sized enterprises (MSMEs), and should be hit to a certain extent by COVID-19. There were no limitations regarding start-ups or more mature small companies. Thus, the firms were selected purposefully (Patton, 2002).

Business owners and/or managers represented the unit of analysis of the study. These individuals were considered suitable participants for the present study because they possessed the necessary knowledge and experience concerning the topic under investigation within a current real-life setting.

Suitable companies and interviewees were identified by taking advantage of one of the authors' contacts at the Estonian Chamber of Commerce and Industry. This person asked several companies in advance whether they would be interested in participating in the study. The contact details of those interested companies were then forwarded to the researcher concerned, who in turn contacted the companies via e-mail. Using these e-mails, the owners/founders were briefly informed about the study and invited to participate in a Zoom interview.

Execution of data collection

The above-described process resulted in 15 interviews that were conducted between April 19 and 30, 2020 (one business owner declined to participate because of lack of time.) As Eisenhardt (1989) identified a saturation degree of newly gained knowledge at approximately 12 interviews, we considered 15 interviews to be appropriate. Each interview lasted between 30 and 45 minutes, and they were all recorded. The interviews were conducted in English.

Table 1 gives an overview of the interviewed owners/founders. The average number of employees in the companies is below 10, which indicates that this study assesses micro firms (Commission of the European Communities, 2003). This dominance of micro companies also reflects the company structure found in Estonia (Statista, n.d.). As regards the sector, different areas of the service sector were included, which increases external validity (Gray, 2017). As for gender distribution, female founders/managers outnumbered male founders/managers, which might be seen as a limitation of this research considering that women account for only about 28 percent of entrepreneurs in Estonia (OECD, 2018).

Data analysis

The overall approach to data analysis followed the ideas of thematic analysis. Thematic analysis can be understood as a search for topics that appear to be important to the understanding of the phenomenon in focus (Fereday & Muir-Cochrane, 2006). This analytical approach helps in data reduction by segmenting, categorizing, and summarizing relevant concepts within the dataset being examined (Ayres, 2008). The data analysis process began by transcribing the recorded interviews. One researcher conducted the transcriptions, which allowed this person to become familiar with the data. The researcher took notes during this process, these notes assisted with most of the initial data

Table 1. Overview of firms included in the study.

Firm	Size of company	Industry/ sector	Year of foundation	Position in the company	Education	Gender
1	Small	IT	2010	Member of management board, 50 percent ownership	Two bachelor's and one master's in IT, business, psychology, and product development	Male
2	Micro	Design company	2016	Cofounder and designer	Bachelor in ceramics (art jewelry), currently last year of PhD student, art jewelry	Female
3	Micro	Digital marketing	Summer 2016	Only shareholder and chief executive officer (CEO)	Studied business administration and marketing	Female
4	Micro	Relocation	2014	Maternity leave (former CEO)	Master's degree in business and technology management	Female
5	Small	Technical architecture and engineering	1989	CEO and owner	First degree in public administration and politics and second degree in business administration	Female
6	Micro	Women's fashion	2013 (2011 for the brand)	General manager (first interviewee) and brand manager (second interviewee)	Law (first interviewee), journalism and philology (second interviewee)	Female
7	Micro	Online marketing	End of summer 2019	Founder	Did not finish college	Male
8	Micro	Construction	2015	CEO/road designer	University degree	Male
9	Micro	Design and production	2012	Cofounders, designer, and CEO	Cinematography and product design	Female
10	Micro	Event videography and photography	2018 in April	Founder, owner	Bachelor's in adult education	Female
11	Micro	Design, production, and consulting	2011	Founder, CEO, and head designer	MA in leather design	Female
12	Micro	Retail and wholesale	2015	Founder, owner (two thirds), and managing director	Higher education in English, philology, and English literature. Study of marketing strategy and esthetics (both not completed)	Female
13	Micro	Consultancy	2010 in January	Owner and shareholder	Master's in directing. Later public relations, Beijing culture, and business Chinese were studied	Female
14	Micro	Consultancy (training)	2018	Founder and owner	Bachelor's in English philology and master's in supply chain management	Female
15	Micro	Wholesale, vegan (food) products	2017 in August	Manager and owner (one third of the firm)	Master's degree in public administration	Female

interpretations. Once the transcripts were produced, the same author deductively coded the data generated. Thus, the first step was to identify all data related to a list of predetermined questions assigned to the three phases and that were covered in the interview guide. Unfortunately, it was not possible to rely on existing questionnaires, thus the authors created their own, which was inspired by Boin and Lodge (2016), Sandler (2009), and Stephan (2018) for questions related to uncertainty and the well-being of both the entrepreneur and staff; Wenzel et al. (2020) for the question related to responses to the crisis; and Bullough and Renko (2013) and Doern et al. (2019) for the question about the perception of the crisis' consequences. Research on CM in SMEs, such as Doern et al. (2019) and Herbane's (2019), provided the reason for introducing questions regarding the presence or absence of CM in the company. As COVID-19 has required changes in working methods, the nature and manner of these changes were also queried. As regards the postcrisis phase, questions were formulated aimed at letting the participants picture the company and the industry after COVID-19, thereby the underlying notion was that COVID-19 can form the basis for becoming stronger; that is, to grow from the crisis (cf., Branicki et al., 2018; Osiyevskyy et al., 2020).

The analysis process was supported by an Excel file that captured the most important data from each interviewee. More precisely, the interviewees' data were displayed under the different areas, which in turn created an overview of the most relevant collected data. This helped the researchers to compare the data, find similarities or differences, and draw conclusions (Miles & Huberman, 1994).

Findings

The findings are presented in accordance with the issues of interest regarding the three phases.

Precrisis

To understand how COVID-19 emerged in Estonia, in the respective companies, the researchers asked about the warning signs as experienced by the interviewees. The various ways reported are summarized in Table 2.

The warning signals started primarily at the end of February/beginning of March 2020 and reached their peak with the declaration of a state of emergency by the Estonian government.

Table 2. Warning signs of the advance of COVID-19.

Item	Interviewees
Friends and business contacts in Asia (for example, China, Singapore)	5, 9
The news	3, 9, 14
Customers stayed away	1, 6
Events/sessions/meetings were	
• canceled	3, 6, 7, 8, 12
• or postponed	6, 10
Customers closed downs[a]	1, 2, 9, 15
Announcement	
• of the state of emergency by the Estonian government (12 March 2020)	
• by the industry (call for self-quarantine)	6, 8, 9, 12, 14, 15
• by business partners who could no longer assume orders/advised	4
to place the orders as fast as possible	6

[a]"Closed downs" means that customers had to close down their stores/businesses.

The crisis

Coping with uncertainty

Regarding the question of how the interviewees deal with the new form of uncertainty that COVID-19 has created, a mixed picture was received (see Table 3).

For some of the interviewees, this uncertainty does not matter but is seen as something stimulating (for example, Interviewee 1), while, for others, time was needed to overcome some state of shock (Interviewees 2, 14, 15). Other

Table 3. Statements on the handling of uncertainty caused by COVID-19.

Interviewee	Statement
1	I personally enjoy the crisis, because it mobilizes people. They want to work more. … It also seems that the employees [are] kind of thinking together and trying to do things better.
2	… for me personally [at the beginning] it was really hard emotionally because I started thinking oh, how is this going with my business, my family, and stuff. But then, for today, it looks like it's fine. It's already like a normal life just different from what we used to have. I see a lot of people are getting used to it now.
5	… the unpredictability is the toughest. … [W]hen is the time where I should be the one who stands strong? … I think the hardest part is that I can't make hard promises anymore because I really don't know what is happening. And this is a little bit conflicting with my personality. So, it has resulted in me showing myself more vulnerable.
6	We are trying to use this uncertainty to maybe hope and dream and predict because you have to be ready for everything. … [I]f you are ready for the worse than you know what to do for example, what will be the next steps.
7	… we cannot change the uncertainty, what does the government do? What are the restrictions, we cannot change them, we just need to be informed about them and deal with them! So, the thing is, it doesn't stop us from working. We need to still find customers, we need to make offers, we need to [do] all these things. So, these are the things that are in our control. So why worry about things that we cannot control? Most of the time, there are uncertainties.
11	I'm just this chunky kind of person who needs problems all the time, although it also gets me down, at the same time I need them … to be innovative or like to start thinking out of the box.

interviewees reported that it would depend (Interviewees 5, 11) and Interviewee 7 made a difference between internal and external control when talking about the handling of COVID-19.

Interviewee 10, by pointing to different kinds of uncertainty, mentioned that for her as a freelancer it is very easy to cope with uncertainty when the world around her is stable. The current situation, however, is a horrible experience for her because the world has become very unstable. As a consequence, she feels stressed because now she is uncertain and the world around her is too. For her, this has become another kind of unknown with which she needs to cope.

Well-being in the face of COVID-19

Personal well-being. To remain optimistic and full of energy in the face of COVID-19, what seems to matter for the interviewees is to keep a good balance between business and private life. Thereby, the roles of nature, family, and doing exercises have been highlighted. The following statements illustrate that:

> I'm very, very focused on also the internal[;] that I sleep well[,] that I do get my exercise[,] that I try to keep my family life organized and balanced well enough. (Interviewee 14)

> I am looking for different ways to change my surroundings. So, going away for a couple of weeks in the nature … just changing the environment. (Interviewee 7)

Furthermore, the interviewees mentioned: playing games online with friends (Interviewee 1), the importance of being informed to have a better understanding of the situation (Interviewee 3), a reduction of media consumption (Interviewee 5), talking a lot and coming up with some new, creative ideas (Interviewees 6), being around like-minded people and looking for alternatives (Interviewees 7, 10), meditation (Interviewees 14, 15), going to a summer house (Interviewees 8), and walks (Interviewees 2, 9, 13, 15).

Staff well-being. About the employees/team members and their well-being, approaches such as asking what keeps them happy and how they are feeling (Interviewees 1, 4, 7), doing online activities together (for example, online gaming; Interviewee 1), "chilling more" (Interviewee 2), explaining the attitude toward the current situation and giving positive feedback (Interviewee 3), giving an overview of what is happening and being transparent and honest (Interviewees 4, 6), celebrating birthdays (Interviewees 3, 4), and communicating and involving as usual (Interviewees 6, 11). Also reducing anxiety, as illustrated by Interviewee 3 who reported that she would work on keeping employees calm: "[A]ssure them that they have a job and we don`t want to lose them."

Responses to the crisis

Additionally, the interest was in gathering information about the companies' responses to the crisis; thus, it refers to how the firms acted once the crisis had shown its severity. The findings reveal that the interviewees have initiated several different measures. To better organize them, the researchers divided the statements received into internal and external responses; that is, the former refers to measures addressing the internal organization and its operations while the latter refers to actions initiated to manage external operations and relations.

Internal responses. Internally, the companies tried to reduce their costs. This happened in the form of sending staff on unpaid vacation (Interviewee 1), short-time work (Interviewees 1, 4, 11, 15) and salaries (Interviewees 4, 6, 8, 15), stopped orders (Interviewee 2), asking for reduced rents (Interviewee 1, 2, 9), reorganization of work (that is, that more or less all organization members could work from home; Interviewees 6), or getting rid of services that are not crucial (Interviewee 4). Also, by making sure to minimize the risks for both employees and clients (Interviewee 4); for example, by changing to a two-shift system for less contact (Interviewee 11) and by providing resting days for recovery in case someone got infected (Interviewee 11). According to Interviewee 5, a gradual approach was put into action:

> … when the measures were announced, we made sure that we have all these patient materials in place, we actually have the same ventilation as in intensive care units. So actually, we started very gradually allocating people to work from home so that our IT would actually be able to manage it. So first, it was so that those who have to work at home, those have to get this opportunity to work at home, either they're in risk groups or their families are in the risk groups or they can attend [to] their children. And we took one and a half weeks before we were able to say that yes, now everybody can work from home[,] we are actually prepared for that.

Additionally, the findings showed the use of more entrepreneurial/proactive measures, such as sending some staff members to study (Interviewee 1), going more online business-wise (Interviewees 2, 7, 11), realigning the (core) business (Interviewees 4, 7, 10, 11), starting to look for alternative sales channels (Interviewee 13), developing other/new fields or services/ products (Interviewees 4, 7, 9), reacting fast to acquire new customers (Interviewee 1), and working on becoming a more sustainable and independent business (Interviewee 7). The interviewees are proactive, as illustrated in the following:

> … what we have been up to, in this crisis period, we have not been sitting around but we have been very, very busy doing a lot of development work, which we had planned already at the end of last year, and which we're really like actively doing in January. And, and this development work or these new product families will take us a bit further from our original business. So, we expect that the new thing that we

are working on is actually much, much more suitable in this current reality that we're facing. So, we hope that we will even fit better into this new world than we did the previous one. (Interviewee 9)

External responses. As regards external measures, discounts were asked for from sellers or granted to customers (Interviewees 1, 11). Also, the need for more communication and interaction with customers/clients (Interviewees 1, 4, 9, 13, 15), a stronger focus on customer acquisition (Interviewee 1), offering services for free to keep customers (Interviewees 7, 13), helping customers survive (Interviewee 15), as well as increased flexibility concerning the ways customers are served (Interviewee 2) were reported. On the latter, Interviewee 2 said,

> [W]e have a lot of customers coming to our showroom because people enjoy trying on jewelry before. ... Now we have the idea when people order from us, we can send a few pieces, so they can choose and send the pieces they don`t like back to us. ... Of course, offering free shipping and free returns and all that kind of stuff to make people order.

Interviewee 3 stressed that, for her, "[K]eeping the company face in front of our clients and future clients was really important for me because the crisis is not permanent."

Interviewee 5 reported, "[W]e ensured [*sic*] everybody that we keep working in a safe manner."

And the interviewees from Company 6 stressed that they e-mail and have video calls or phone calls: "Just like we normally do."

Perceived consequences of COVID-19

The consequences of COVID-19 as perceived by the interviewees at the time of the study were also captured. They are divided into positive and negative consequences.

Positive consequences. The findings suggest that interviewees have already experienced many positive consequences. It was reported that people have started working more seriously (Interviewee 1), employees are motivated and proactive (Interviewees 1, 6), new orders have come in that are expected to be realized quickly (Interviewee 1), the implementation of plans has been accelerated (Interviewee 2), new customers have been acquired (Interviewee 3), online sales have increased (Interviewees 2, 6), everyone in the company is healthy (Interviewees 5, 6), and their abilities to plan production and communicate with their clients have improved (Interviewees 6). Also, the availability of more time was highlighted, in general (Interviewees 1, 13), or more precisely, for learning new methods (Interviewee 14), developing news skills (Interviewee 10), trying out new tools and approaches (Interviewee 13),

implementing things that there was no time for before (Interviewee 4), concentrating on product development and e-commerce (Interviewee 11), and reflecting on where to go next (Interviewee 14). Also, the negotiation of better conditions (Interviewee 15) was reported. Interviewee 7 mentioned that for him a positive issue is that, due to the increasing and successful execution of online meetings, a lot of time and money can be saved.

Negative consequences. The negative consequences the interviewees reported were the need for short-time work (Interviewee 1, 4), reduced salaries (Interviewees 6, 8) and sales (Interviewees 9, 15), loss of customers (Interviewee 3), restriction in the implementation of the product design (photoshoots were no longer possible) (Interviewee 2), the danger of becoming lazy because of staying at home (Interviewee 7), and the uncertainty (Interviewee 14) as well as the risk of being out of the business should the situation not improve (Interviewee 10).

Working conditions under COVID-19

As regards working under the new situation, some interviewees (Interviewees 1 and 7) reported that meetings have become longer. For example, Interviewee 7 said, "The meetings are much longer than usual. Normally they are 5–10 minutes long. … [N]ow it`s like 30 or 40 minutes because there are so many things to talk about … and people have more questions."

The firms try to limit those activities that require human contact as far as possible and instead try to do most of the things online (Interviewee 4) or work more from home than in the studio (Company 2). It was also mentioned that COVID-19 requires them to react very fast while at the same time not many mistakes are allowed (Interviewees 6).

Firms that have already worked remotely believe that they have been better prepared compared to other firms who are not (Interviewees 5, 14) and could even outsmart the competition (Interviewee 9). Thus, for those firms, switching to working from home did not present any problems (Interviewees 3, 8) or, as Interviewee 7 put it:

> … there hasn't been a lot of change because before the crisis, we met once a week [,] had still the meetings and everything, everybody knew what they needed to do so … so, we are still pretty much in the same routine.

Approaches to CM

Given the type of company involved in the study, it is not surprising that their approaches to CM are far from those CM approaches found in large companies. It was reported that they are too small to have something like CM (Interviewees 3, 8, 9) or they do not have the financial resources for getting access to expertise (Interviewee 2). Interviewee 5 reported that they have

a quality management system that also addresses risk management and that they had a course on crisis communication earlier in the year. Yet she thinks that COVID-19 is something for which they are/were not capable of preparing. In a similar vein, Interviewee 4 stated that even though they had some guidelines in place, nobody expected a pandemic. The interviewees from Company 6, by highlighting the quick changes caused by COVID-19, stressed the importance of being ready and prepared for changes; that is, to take new actions at short notice. Interviewee 7, on the other hand, mentioned that COVID-19 has made him think about how to create a business that does not need so many people or one in which as much as possible is automated. He also stressed the need for having manuals so that onboarding of new people takes less time; according to him, the company has started working on that.

What the companies are counting on is that everyone understands what the company is doing and why (Interviewee 1), that everyone is on board, and that there is always open communication (Interviewee 4). Moreover, teaming up and going through different scenarios (Interviewees 11, 14) seems to matter. Reading recent developments in human resource management and business and being nimble and agile (Interviewee 14) were also mentioned.

Post COVID-19

The interviewees were also invited to picture the time after COVID-19. The first question in this context was related to the company and its position/standing after the crisis. The informants stated that they hope to emerge from the crisis as a stronger company with more customers (Interviewees 1, 5, 14), a company that will stand out from others (Interviewees 3, 12) because the services offered are needed more than before (Interviewee 7). Interviewee 11 hopes to have a company that will be working sustainably for a long time. Others hope for a company that is viewed as a valued employer and reliable partner (Interviewee 5); one that has learned to do things faster and more methodologically (Interviewee 9) and has started selling new products (new designs and with new materials) and in new countries (Interviewee 11). The interviewees from Company 6 hope that they will survive with the same team and that the clients are coming back, not only online but also in the showroom. Interviewee 8, on the other hand, expects that it will take a long time before clients will place orders at the same level as before the crisis. Interviewee 10 can imagine offering something completely new; something she could offer from home (her studio), while Interviewee 15 stated that the survival of her company will depend on those of her clients.

Additionally, the interviewees were invited to speculate about the industry and its structure after COVID-19. Depending on the industry, some

interviewees expect less competition (Interviewees 5, 6, 8, 9), some more (Interviewees 1, 7, 10, 13), and some new market entrants (Interviewee 4). Interviewees 4 and 10 expect more online activities and also a higher appreciation of them. Interviewee 5 expects a demand for new types of products as a consequence of COVID-19, while the interviewees from Company 6 hope for a change in mindset toward more quality and durability, thus less over-consumerism. In a very similar vein, Interviewees 9 and 12 hope for stronger support of both local production and small companies, and Interviewee 11 hopes that the crisis and its consequences further increase the work on circular economy possibilities and climate issues. Interviewee 2 expects a changed industry, yet she could not say what exactly is going to change. Interviewee 4, on the other hand, hopes that her industry would still have a future, even to a lesser extent than before.

Discussion

Our findings show that the dimensions of CM as discussed in the literature (see, for example, Smith & Riley, 2010; Stephan, 2018; Wenzel et al., 2020) are generally appropriate to study and analyze how small companies cope with an unexpected and sudden crisis, even one such as COVID-19, which is different from past crises. Referring primarily to the most recent research on CM—including research that has already addressed COVID-19 (see, for example, Doern et al., 2019; Morrish & Jones, 2020; Osiyevskyy et al., 2020; Ratten, 2020), it seems the companies have acted so far as recommended; that is, they have acted proactively, viewing the crisis as something positive, something that can help them to improve their business models, as COVID-19 has immediately revealed the weaknesses. The findings also suggest that it does not seem to harm the companies not having a systematic approach to CM. Instead, an environment that is based on flexibility, rapid adaptability, and involvement also seems to be a good basis to deal with crises, especially with dynamic ones like COVID-19.

Against this background, the QAM framework as depicted in Figure 1 was derived by bringing together the theoretical and empirical findings and highlights the main actions that have taken place so far, namely from the emergence of the crisis (end of February/beginning of March 2020) until the date of the interview. Moreover, the framework provides an initial outlook of the after COVID-19 stage.

As mentioned earlier, QAM stands for "**Q**uick reactions to stabilize," "**A**dapting by innovating," and "**M**obilized and strengthened" and reflects the different actions/responses in the crisis process. Thus, the framework has a clear action-focus.

In the stage "quick reactions to stabilize," the primary focus seems to be working on damage control. The crisis has occurred, customers have stopped
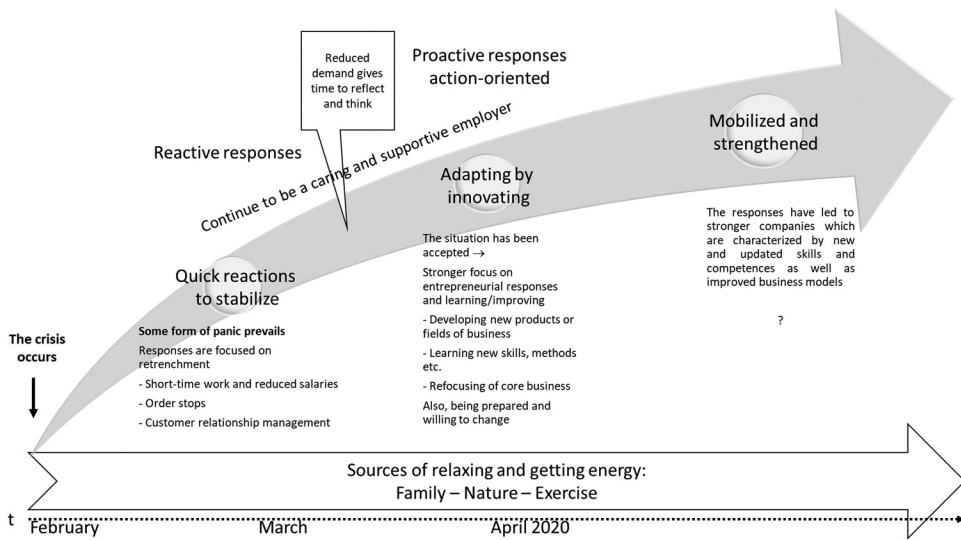
Figure 1. The QAM model.

buying, and planned events have either been postponed or canceled. To keep the business running, the companies are emphasizing retrenchment (Wenzel et al., 2020). As soon as the first shock phase is over, the insight develops that the situation must not only be accepted but that appropriate proactive measures must be taken as well. This coincides with the free time resulting from the loss of customers and reduced demand for the companies' products and services. This in combination gives the business owners/managers the time to reflect on the current situation and its consequences for the companies and based on that they can start initiating several proactive measures. As regards the QAM framework, it means the stage "adapting by innovating" has set in—if one goes back to Wenzel et al.'s (2020) four responses, it would be "innovating." The findings suggest that the companies have started many different proactive measures to adapt their business to the current situation and that ideally will help them to come out of the crisis in good shape. The last phase of the QAM framework, which is "mobilized and strengthened" refers to the period after the crisis. As suggested by the findings, the business owners/managers seem to be dominantly in a positive mood and hope that the measures introduced will help them to emerge stronger from the crisis. As indicated by the ascending arrow, it is assumed that the crisis has led the companies/the organization members to acquire new competencies within a short time or allowed them to further develop existing activities and competencies.

All these aforementioned responses are accompanied by making sure that the business owners/managers have a good balance between business and private life so that the necessary energy is available to meet the current and future

challenges that have arisen or will arise from the crisis. Additionally, those business owners/managers having employees try to make sure that they continue to be a careful and supportive employer to help the latter better deal with the uncertainty created by COVID-19. Thus, there is a permanent and strong link between responses, entrepreneurial well-being, and social cohesion.

Conclusion

Based on a multiple case study, the present article proposes the QAM framework, which shows how small firms can take advantage of a sudden and unexpected crisis as an accelerator to adapt rapidly their potentially outdated business models to learn and become stronger for the future (May & Lixl, 2019; Osiyevskyy et al., 2020; Ratten, 2020; Schoenberg et al., 2013).

COVID-19 has given the unique opportunity to study CM in real-time. The findings suggest that a dynamic crisis such as COVID-19 requires particular skills, such as being flexible and adaptive, typically assigned to smaller firms (Branicki et al., 2018) as they support in initiating rapid actions based on the information at hand (Ratten, 2020). In addition to the proposed QAM framework, this article contributes to the practice of CM in general and with regard to small companies. As regards CM in general, the article contributes empirical insight into coping with a dynamic external crisis. By using a dataset from Estonia, the present study expands existent research that is dominated by studies from the Western world (see, for example, Herbane, 2013; Kraus et al., 2020). Moreover, by having primarily female business owners/managers involved, the present study contributes to diversity in entrepreneurship in general (Urbano et al., 2019) and in the face of crises (Elsesser, 2020). The study also contributes to the emergent research on entrepreneurs' well-being (see, for example, Stephan, 2018) by underlining the critical importance of having a balance between work and private life for coping with the additional business challenges posed by COVID-19.

Compared with larger organizations (both private and public), smaller firms seem to have certain advantages for dealing with COVID-19, such as being flexible and agile, and being used to working with uncertainty and cohesion between owners/founders and employees. Thus, the liability of smallness could in a dynamic crisis such as the current one be viewed as an asset.

Managers and owners of small firms can benefit from this research as well by getting ideas of behaviors that can support their firms to handle COVID-19 as well as similar forthcoming crises in a proactive manner. The findings have made it clear that smallness can be a strength in a crisis such as the present one, as it enables companies to adapt more quickly to the new circumstances. This can serve as a confirmation for other managers and owners who have also adapted their businesses due to the crisis. Moreover, the QAM framework can act as a visualization method showing several

different actions and measures that may be relevant for coping with a dynamic crisis in different phases.

When referring to the study's limitations, one has to highlight that, since the firms involved in our study operate in the service sector, the characteristics found may not be found in different sectors, such as manufacturing. Thus, the presented findings cannot be generalized for small firms altogether but are limited to small firms working in the areas of the service sector covered in this study or similar ones. Moreover, the heterogeneity of MSMEs should also be considered when assessing the presented findings. Having studied primarily micro companies, the findings may not work in samples covering "bigger" small companies. As a further limitation the focus on managers and owners as the primary data source can be named, yet successful CM depends on the contributions of many stakeholders.

As regards future research, the replication of this study across different cultural settings would be useful to determine whether and to what degree the cultural background affects the way small firms behave when faced with a sudden and dynamic crisis. Firms located in regions of the world that often face crises of a different kind (such as Latin America) may vary in their approaches to CM compared to firms located in more stable regions of the world (such as Europe). Future research on CM would also benefit from the inclusion of additional actors (for example, employees, customers, or business partners) to better understand how the measures and actions were perceived by them. Overall, our research proves a good contingent and initial theoretical generalization of what is done by small firms operating in the service sector to cope with COVID-19. Given the underdeveloped body of knowledge in CM in small firms, there is a huge demand for more rigorous research to further our understanding of managing different types of crises in small firms. In its entirety, the proposed QAM framework will hopefully act as a useful starting point.

References

Ayres, L. (2008). Thematic coding and analysis. In L. M. Given (Ed.), *The SAGE encyclopedia of qualitative research methods* (Vol. 1, pp. 868–868). SAGE Publications, Inc. https://www.doi.org/10.4135/9781412963909.n451

Balis, J. (2020, May 3). Brand marketing through the coronavirus crisis. *Harvard Business Review*. https://hbr.org/2020/04/brand-marketing-through-the-coronavirus-crisis

Bartz, W., & A. Winkler. (2016). Flexible or fragile? The growth performance of small and young businesses during the global financial crisis—Evidence from Germany. *Journal of Business Venturing, 31*(2), 196–215. https://doi.org/10.1016/j.jbusvent.2015.10.002

Battisti, M., M. Beynon, D. Pickernell, & D. Deakins. (2019). Surviving or thriving: The role of learning for the resilient performance of small firms. *Journal of Business Research*, *100* (July 2019), 38–50. https://doi.org/10.1016/j.jbusres.2019.03.006

Battisti, M., & D. Deakins. (2012). Perspectives from New Zealand small firms: Crisis management and the impact of the Canterbury earthquakes. In New Zealand Centre for Small & Medium Enterprise Research (Ed.), *BusinesSMEasure* (pp. 1–41). Massey University.

Boin, A., & M. Lodge. (2016). Designing resilient institutions for transboundary crisis management: A time for public administration. *Public Administration*, 94(2), 289–298. https://doi.org/10.1111/padm.12264

Bowers, M. R., J. R. Hall, & M. M. Srinivasan. (2017). Organizational culture and leadership style: The missing combination for selecting the right leader for effective crisis management. *Business Horizons*, 60(4), 551–563. https://doi.org/10.1016/j.bushor.2017.04.001

Branicki, L., B. Sullivan-Taylor, & R. Livschitz. (2018). How entrepreneurial resilience generates resilient SMEs. *International Journal of Entrepreneurial Behavior & Research*, 24(7), 1244–1263. https://doi.org/10.1108/IJEBR-11-2016-0396

Bullough, A., & M. Renko. (2013). Entrepreneurial resilience during challenging times. *Business Horizons*, 56(3), 343–350. https://doi.org/10.1016/j.bushor.2013.01.001

Bundy, J., M. D. Pfarrer, C. E. Short, & W. T. Coombs. (2017). Crises and crisis management: Integration, interpretation, and research development. *Journal of Management*, 43(6), 1661–1692. https://doi.org/10.1177/0149206316680030

Burns, P. (2016). *Entrepreneurship and small business*. Palgrave.

Cater, J. J., & B. Beal. (2014). Ripple effects on family firms from an externally induced crisis. *Journal of Family Business Management*, 4(1), 62–78. https://doi.org/10.1108/JFBM-02-2013-0006

Commission of the European Communities. (2003). Commission recommendation concerning the definition of micro, small and medium-sized enterprises. *Official Journal of the European Union*, OJ L 124, 36–41. http://data.europa.eu/eli/reco/2003/361/oj

Coombs, W. T. (2007). *Crisis management and communications*. Institute for Public Relations Gainesville, University of Florida.

Coombs, W. T., & D. Laufer. (2018). Global crisis management—Current research and future directions. *Journal of International Management*, 24(3), 199–203. https://doi.org/10.1016/j.intman.2017.12.003

Cowling, M., W. Liu, A. Ledger, & N. Zhang. (2015). What really happens to small and medium-sized enterprises in a global economic recession? UK evidence on sales and job dynamics. *International Small Business Journal*, 33(5), 488–513. https://doi.org/10.1177/0266242613512513

Davidson, P., & S. Gordon. (2016). Much ado about nothing? The surprising persistence of nascent entrepreneurs through macroeconomic crisis. *Entrepreneurship Theory and Practice*, 40(4), 915–941. https://doi.org/10.1111/etap.12152

Doern, R. (2016). Entrepreneurship and crisis management: The experiences of small businesses during the London 2011 riots. *International Small Business Journal*, 34(3), 276–302. https://doi.org/10.1177/0266242614553863

Doern, R., N. Williams, & T. Vorley. (2019). Special issue on entrepreneurship and crises: Business as usual? An introduction and review of the literature. *Entrepreneurship & Regional Development*, 31(5–6), 400–412. https://doi.org/10.1080/08985626.2018.1541590

Dragan, R. (2020). Small matters! *Journal of the International Council for Small Business*, 1(1), 24–27. https://doi.org/10.1080/26437015.2020.1714357

Eggers, F. (2020). Masters of disasters? Challenges and opportunities for SMEs in times of crisis. *Journal of Business Research*, 116(August 2020), 199–208. https://doi.org/10.1016/j.jbusres.2020.05.025

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550. https://doi.org/10.5465/amr.1989.4308385

Eisenhardt, K. M., & M. E. Graebner. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, *50*(1), 25–32. https://doi.org/10.5465/amj.2007.24160888

Elsesser, K. (2020, July 27). *Are female leaders statistically better at handling the coronavirus crisis?* https://www.forbes.com/sites/kimelsesser/2020/04/29/are-female-leaders-statistically-better-at-handling-the-coronavirus-crisis/#31a2ef79539c

Faghfouri, P., N. D. Kraiczy, A. Hack, & F. W. Kellermanns. (2015). Ready for a crisis? How supervisory boards affect the formalized crisis procedures of small and medium-sized family firms in Germany. *Review of Managerial Science*, *9*(2), 317–338. https://doi.org/10.1007/s11846-014-0158-0

Fereday, J., & E. Muir-Cochrane. (2006). Demonstrating rigor using thematic analysis: A hybrid approach of inductive and deductive coding and theme development. *International Journal of Qualitative Methods*, *5*(1), 80–92. https://doi.org/10.1177/160940690600500107

Gilmore, A., A. McAuley, D. Gallagher, P. Massiera, & J. Gamble. (2013). Researching SME/entrepreneurial research. *Journal of Research in Marketing and Entrepreneurship*, *15*(2), 87–100. https://doi.org/10.1108/JRME-10-2012-0026

Gilstrap, C. A., C. M. Gilstrap, K. N. Holderby, & K. M. Valera. (2016). Sensegiving, leadership, and nonprofit crises: How nonprofit leaders make and give sense to organizational crisis. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, *27*(6), 2787–2806. https://doi.org/10.1007/s11266-015-9648-1

Gray, D. E. (2017). *Doing research in the business world.* Sage.

Gur, F., S. Bendickson, L. Madden, & W. McDowell. (2020). Entrepreneurial opportunity recognition in the face of disasters. *International Journal of Entrepreneurial Behavior & Research*, *26*(4), 671–693. https://doi.org/10.1108/IJEBR-09-2019-0537

Herbane, B. (2010). Small business research: Time for a crisis-based view. *International Small Business Journal*, *28*(1), 43–64. https://doi.org/10.1177/0266242609350804

Herbane, B. (2013). Exploring crisis management in UK small- and medium-sized enterprises. *Journal of Contingencies and Crisis Management*, *21*(2), 81–95. https://doi.org/10.1111/1468-5973.12006

Herbane, B. (2019). Rethinking organizational resilience and strategic renewal in SMEs. *Entrepreneurship & Regional Development*, *31*(5–6), 476–495. https://doi.org/10.1080/08985626.2018.1541594

Hong, P., C. Huang, & B. Li. (2012). Crisis management for SMEs: Insights from a multiple-case study. *International Journal of Business Excellence*, *5*(5), 535–553. https://doi.org/10.1504/IJBEX.2012.048802

Institute for Crisis Management. (2004). *Annual ICM crisis report: News coverage of business crises during 2003.*

International Labour Organization. (2019). *Small matters: Global evidence on the contribution to employment by the self-employed, micro-enterprises and SMEs.*

Jaques, T. (2007). Issue management and crisis management: An integrated, non-linear, relational construct. *Public Relations Review*, *22*(2), 147–157. https://doi.org/10.1016/j.pubrev.2007.02.001

Kottika, E., A. Özsomer, P. Ryden, I. Theodorakis, K. Kmaniska, K. Kottikas, & V. Stathakopoulos. (2020). We survived this! What managers could learn from SMEs who successfully navigated the Greek economic crisis. *Industrial Marketing Management*, *88*(July 2020), 352–365. https://doi.org/10.1016/j.indmarman.2020.05.021

Kraus, S., T. Clauss, M. Breier, J. Gast, A. Zardini, & V. Tiberius. (2020). The economics of COVID-19: Initial empirical evidence on how family firms in five European countries cope

with the corona crisis. *International Journal of Entrepreneurial Behavior & Research*, *26*(5), 1067–1092. https://doi.org/10.1108/IJEBR-04-2020-0214

Kraus, S., P. Moog, S. Schlepphorst, & M. Raich. (2013). Crisis and turnaround management in SMEs: A qualitative-empirical investigation of 30 companies. *International Journal of Entrepreneurial Venturing*, *5*(4), 406–430. https://doi.org/10.1504/IJEV.2013.058169

Kücher, A., & B. Feldbauer-Durstmüller. (2019). Organizational failure and decline – A bibliometric study of the scientific frontend. *Journal of Business Research*, *98*(May 2019), 503–516. https://doi.org/10.1016/j.jbusres.2018.05.017

Kuckertz, A., L. Brändle, A. Gaudig, S. Hinderer, M. Reyes, A. Prochotta, M. Steinbrink, & E. Berger. (2020). Startups in times of crisis – A rapid response to the COVID-19 pandemic. *Journal of Business Venturing Insights*, *13*(June 2020), e00169. https://doi.org/10.1016/j.jbvi.2020.e00169

Kudel, S. (2018). Bridging the 82-km happiness gap can Estonia stem the labour exodus to Finland? *Green European Journal*, *17*(May 2018), 72–78.

Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review*, *24*(4), 691–710. https://doi.org/10.5465/amr.1999.2553248

Liguori, E., & T. Pittz. (2020). Strategies for small business: Surviving and thriving in the era of COVID-19. *Journal of the International Council for Small Business*, *1*(2), 106–110. https://doi.org/10.1080/26437015.2020.1779538

Liu, Y., V. Shankar, & W. Yun. (2017). Crisis management strategies and the long-term effects of product recalls on firm value. *Journal of Marketing*, *81*(5), 30–48. https://doi.org/10.1509/jm.15.0535

Lund Pedersen, C., T. Ritter, & C. Di Benedetto. (2020). Managing through a crisis: Managerial implications for business-to-business firms. *Industrial Marketing Management*, *88*(July 2020), 314–322. https://doi.org/10.1016/j.indmarman.2020.05.034

Marshall, M., & H. Schrank. (2014). Small business disaster recovery: A research framework. *Natural Hazards: Journal of the International Society for the Prevention and Mitigation of Natural Hazards*, *72*(2), 597–616. https://doi.org/10.1007/s11069-013-1025-z

May, S., & D. Lixl. (2019). Restructuring in SMEs – A multiple case study analysis. *Journal of Small Business Strategy*, *29*(1), 85–98.

McCharthy, B. (2003). Strategy is personality-driven, strategy is crisis-driven: Insights from entrepreneurial firms. *Management Decision*, *41*(4), 327–339. https://doi.org/10.1108/00251740310468081

Miles, M., & A. Huberman. (1994). *An expanded sourcebook, qualitative data analysis*. Sage.

Morrish, S., & R. Jones. (2020). Post-disaster business recovery: An entrepreneurial marketing perspective. *Journal of Business Research*, *113*(May 2020), 83–92. https://doi.org/10.1016/j.jbusres.2019.03.041

OECD. (2018). *Inclusive entrepreneurship policies: Country assessment notes Estonia*. Retrieved May 3, 2020, from https://www.oecd.org/cfe/smes/ESTONIA-IE-Country-Note-2018.pdf

Osiyevskyy, O., G. Shirokova, & P. Ritala. (2020). Exploration and exploitation in crisis environment: Implications for level and variability of firm performance. *Journal of Business Research*, *114*(June 2020), 227–239. https://doi.org/10.1016/j.jbusres.2020.04.015

Patton, M. Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). Sage.

Pearson, C. M., & J. A. Clair. (1998). Reframing crisis management. *The Academy of Management Review*, *23*(1), 59–76. https://doi.org/10.5465/amr.1998.192960

Perry, C. (1998). Processes of a case study methodology for postgraduate research in marketing. *European Journal of Marketing*, *32*(9/10), 785–802. https://doi.org/10.1108/03090569810232237

Rapaccini, M., N. Saccani, C. Kowalkowski, M. Paiola, & F. Adrodegari. (2020). Navigating disruptive crises through service-led growth: The impact of COVID-19 on Italian

manufacturing firms. *Industrial Marketing Management*, *88*(July 2020), 225–237. https://doi.org/10.1016/j.indmarman.2020.05.017

Ratten, V. (2020). Coronavirus (Covid-19) and entrepreneurship: Changing life and work landscape. *Journal of Small Business & Entrepreneurship*, *32*(5), 503–516. https://doi.org/10.1080/08276331.2020.1790167

Ritter, T., & C. Lund Pedersen. (2020). *The impact of the corona crisis on your business model: Workbook*. Copenhagen Business School, CBS.

Sandler, C. (2009). The psychological role of the leader in turbulent times. *Strategic HR Review*, *8*(3), 30–35. https://doi.org/10.1108/14754390910946558

Saunders, M. N. K., P. Lewis, & A. Thornhill. (2009). *Research methods for business students* (5th ed.). Pearson.

Schaper, M., L. Dana, R. Anderson, & P. Moroz. (2008). Distribution of firms by size: Observations and evidence from selected countries. *International Journal of Entrepreneurship and Innovation Management*, *8*(8), 718–726. https://10.1504/IJEIM.2009.024676

Schoenberg, R., N. Collier, & C. Bowman. (2013). Strategies for business turnaround and recovery: A review and synthesis. *European Business Review*, *25*(3), 243–262. https://doi.org/10.1108/09555341311314799

Schweizer, L., & A. Nienhaus. (2017). Corporate distress and turnaround: Integrating the literature and directing future research. *Business Research*, *10*, 3–47. https://10.1007/s40685-016-0041-8

Smallbone, D., D. Deakins, M. Battisti, & J. Kitching. (2012). Small business responses to a major economic downturn: Empirical perspectives from New Zealand and the United Kingdom. *International Small Business Journal*, *30*(7), 754–777. https://doi.org/10.1177/0266242612448077

Smallbone, D., D. North, & C. Kalantaridis. (1999). Adapting to peripherality: A study of small manufacturing firms in Northern England. *Entrepreneurship & Regional Development*, *11*(2), 109–128. https://doi.org/10.1080/089856299283227

Smith, L., & D. Riley. (2010). *The business of school leadership*. Acer Press.

Smith, L., & D. Riley. (2012). School leadership in times of crisis. *School Leadership & Management*, *32*(1), 57–71. https://doi.org/10.1080/13632434.2011.614941

Statista. (n.d.). *Number of small and medium-sized enterprises (SMEs) in Estonia in 2018, by size*. https://www.statista.com/statistics/879041/number-of-smes-in-estonia/

Stephan, U. (2018). Entrepreneurs' mental health and well-being: A review and research agenda. *Academy of Management Perspectives*, *32*(3), 290–322. https://doi.org/10.5465/amp.2017.0001

Taleb, N. (2012). *Antifragile: Things that gain from disorder*. Random House.

Thomas, C., & C. J. McNair-Connolly. (2017). An effective response: Smoldering crisis and capacity cost management. *Cost Management, Nov/Dec,,* 1–28. https://doi.org/10.13140/RG.2.2.31803.46885

Thornhill, J. (2020, July 13). e-Estonia welcomes digital nomads. *Financial Times*.

Trahms, C. A., H. A. Ndofor, & D. G. Sirmon. (2013). Organizational decline and turnaround: A review and agenda for future research. *Journal of Management*, *39*(5), 1277–1307. https://doi.org/10.1177/0149206312471390

Urbano, D., S. Aparicio, & D. Audretsch. (2019). Twenty-five years of research on institutions, entrepreneurship, and economic growth: What has been learned? *Small Business Economics*, *53*(June 2019), 21–49. https://doi.org/10.1007/s11187-018-0038-0

Wenzel, M., S. Stanske, & M. B. Lieberman. (2020). Strategic responses to crisis. *Strategic Management Journal, 41*, V7– V18. https://doi.org/10.1002/smj.3161

Williams, G. A., C. L. Woods, & N. C. Staricek. (2017). Restorative rhetoric and social media: An examination of the Boston Marathon bombing. *Communication Studies*, *68*(4), 385–402. https://doi.org/10.1080/10510974.2017.1340901

Williams, N., & T. Vorley. (2015). The impact of institutional change on entrepreneurship in a crisis-hit economy: The case of Greece. *Entrepreneurship and Regional Development*, *27* (1–2), 28–49. https://doi.org/10.1080/08985626.2014.995723

Appendix

Theme	Questions
Crisis management (CM)	**The crisis' beginning (precrisis)** (1) What were the first warning signs of the crisis; how did they appear? **The crisis** (2) What have been the consequences of COVID-19 for your company so far? (3) How are you handling the crises internally? For example, communication, working. (4) How are you handling the crises externally? For example, communication with external stakeholders. (5) How are you coping with the uncertainty caused by COVID-19? (6) What are you doing to keeping yourself in a good mood? (your personal mood and that of the employees, if any) **Steps taken** (7) What have you done so far to address the consequences mentioned above? (a) Have any of the changes incorporated as a consequence of COVID-19 contributed to a changed business model? **CM approach in the company** (8) Is there something like CM installed in your company? (9) If you do not have CM, could you think of implementing something like it to handle future crises? **Post COVID-19** (10) How do you see the company after COVID-19? (For example, lessons learned, company has improved) (11) How will the industry/sector and the related ecosystem be reshaped by COVID-19?
Demographics	**Size of company** • Micro (up to 9 employees) • Small (10–49 employees) • Medium-sized (50 to 249 employees) **Industry/sector** **Year of foundation** **Position in the company** **Educational background** • No formal education • Non-university • University degree **Gender** • Male • Female