# External crises and family social capital reconfiguration: Insights from the European debt crisis and the Covid-19 pandemic

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# External Crises and Family Social Capital Reconfiguration: Insights from the European Debt Crisis and the Covid-19 Pandemic

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### Abstract

Drawing on 62 interviews with 23 family businesses in Cyprus concerning the 2013-2018 (Eurozone) debt crisis and the Covid-19 pandemic, this study offers new knowledge on why and how family social capital reconfigures during external crises to support survivability. The findings reveal new psychological and situational mechanisms motivating structural and relational changes in family social capital during crises. However, we find nuances and complexities acting on the motives and content of these changes, attuned to the type of external crisis that the family business faces. We contribute a context-sensitive theory of family social capital's reconfiguration during external crises.



**Keywords:** Family social capital, family business, external crises, European debt crisis, Covid-19 pandemic


## Introduction

Global crises are becoming increasingly frequent and unpredictable (Doern, Williams, & Vorley, 2019), with severe consequences for individuals, societies, and businesses (Wanberg et al., 2020). Global crises maximize uncertainty (Marshall & Schrank, 2014) and render on firms severe financial, human, and knowledge resource constraints, cumulatively threatening their survival (Gupta, Gregoriou, & Healy, 2015). Understanding how firms can withstand severe disruptions in their external environment is essential to enable entrepreneurs, managers, and policymakers to safeguard business continuity during global crises (Grözinger et al., 2021).

Global crises and their social and economic reverberations trigger acute challenges for family businesses (De Massis & Rondi, 2020). We theorize that the ability of family firms to respond effectively to different external crises can be attributed to a unique asset: their family social capital (Herrero, 2018). Defined as the goodwill resource and bonds of family members within and outside the firm (Danes et al., 2009; Herrero & Hughes, 2019; Herrero, Hughes, & Larrañeta, 2021;

Sorenson & Bierman, 2009), family social capital forms when family values, relationships, and moral behavior synthesize, influence, and activate familial bonds (Arregle et al., 2007; Herrero & Hughes, 2019; Hoffman, Hoelscher, & Sorenson, 2006). Because family members influence business activities and decisions (Hughes et al., 2018), their unique ability to create and use social capital forms an exceptional opportunity to access resources in ways that can enable survivability capital (Salvato & Melin, 2008) during unforeseen events (Sirmon & Hitt, 2003).

While past work presents family social capital as somehow crucial for survival during external crises, there is no set of theoretical features in family social capital theory that anticipates how, why, or through what mechanisms family firms reconfigure this capital in ways that enable survivability (Mzid, Khachlouf, & Soparnot, 2019). First, the drivers and content of change in family social capital during external crises require attention. Previous work highlights opportunity, motivation, and ability as drivers of social capital (Adler & Kwon, 2002; Herrero, 2018; Salvato & Melin, 2008; Sirmon & Hitt, 2003; Sorenson & Bierman, 2009), but the motives behind the reconfiguration of family social capital during external crises remain unaddressed. Second, like any social capital, family social capital is not static and can fluctuate and change over time (Kontinen & Ojala, 2011), often necessarily so (Hughes & Perrons, 2011). In practice, social capital is characterized by change, as actors create or quit networks and increase or decrease bonds and trust with others (Krishna, 2007). Relationships change in importance during events (Hughes & Perrons, 2011). Family social capital may then change structurally (the density, strength, and configuration of ties) and relationally (the trustful bonds between network actors) in order to mobilize resources (Herrero & Hughes, 2019; Mani & Lakhal, 2015). Surprisingly, the dynamics associated with family social capital change have escaped scholarly attention.

Our study answers two urgent research questions: *Why does family social capital change during external crises? How and through what mechanisms does family social capital reconfigure across* *various external crises?* We interviewed 62 stakeholders within 23 small privately-owned family businesses in Cyprus, which has experienced two catastrophic external crises: the 2013-2018 Eurozone debt crisis and the 2020-2021 Covid-19 pandemic. We develop a theory conceptualizing the mechanisms for family social capital change during these external crises and the content of those changes. Our findings reveal changes in structural (the density of ties and direction of resource mobilization) and relational (the trust and binding) elements of family social capital during external crises, activated by psychological and situational mechanisms. We reveal nuances and complexities acting on the motives and content of family social capital changes, attuned to the type of external crisis the family business faces. The debt crisis strengthened *internal* family social capital: family members' identification, obligations, and shared commitment towards the family and business motivated family social capital reconfiguration, fostering denser family ties, mobilizing resources from among family members, and increasing trust within the family. The Covid-19 pandemic strengthened *external* family social capital: family and nonfamily members' identification, obligations, and shared commitment towards the firm motivated changes in family social capital, fostering denser ties between family and nonfamily actors, broadening resource mobilization from both cohorts, and increasing trust between family and nonfamily actors within and outside the firm.

We contribute several advancements to family social capital theory. First, we provide a context-sensitive theory of how family social capital is motivated, used, and transformed during two different external crises. We reveal new psychological and situational mechanisms that drive changes in family social capital and show that these mechanisms have been more pronounced in the Covid-19 pandemic. Although these mechanisms are built around identification and obligation (psychological) and the nature of shared value commitment (situational), they were much more complex during the Covid-19 crisis. Our contribution calls on scholars to carefully evaluate the sensitivity of family firms to psychological and situational mechanisms to theorize best which families will change their family social capital in ways that unlock survivability. Second, we provide new insights into the micro-foundations and boundary conditions of social capital change, typically neglected in the literature (Estrin, Mickiewicz, & Stephan, 2013; Gedajlovic et al., 2013; Nordstrom & Steier, 2015), to explain how family social capital changes in its composition during external crises. Therefore, we provide scholars with a theoretical framework to theorize future changes in family social capital as a crisis-response strategy and the theoretical mechanisms driving those changes. Third, we provide a new conceptual understanding of the sources and heterogeneity of family social capital. The extent to which a family business experiences a crisis will change the activation and intensity of psychological and situational mechanisms, leading to differences in family social capital reconfigurations. The broader social capital literature also implicitly assumes that social capital grows continually. We fracture this consensus by revealing new mechanisms under which family social capital changes in the density of ties, resource mobilization (structural), and trust (relational).

## Social Capital and the Family Business

Social capital theory centers on the structure, content, and quality of relationships in which individuals or businesses are embedded (Nahapiet & Ghoshal, 1998). Nahapiet and Ghoshal (1998) argue that social capital is not unidimensional and can be understood through three analytically-distinct dimensions: structural, relational, and cognitive social capital. Structural social capital relates to linkages between organizational actors (e.g., people, organizations) (Burt, 1992; Granovetter, 1985). It encompasses the presence or absence of network ties, the way network ties are configured (i.e., in terms of density of ties, connectivity, and hierarchy), and their appropriability (i.e., whether ties created in one context, e.g., family, can be applied in another context, e.g., business). Relational social capital focuses on the normative conditions that drive the relationships between individuals in networks. These conditions include trust, obligations, and identification, explaining social relations between networked actors (Hughes et al., 2014). Cognitive social capital refers to shared mental schemas, language, codes, and systems of meaning among the actors involved in the network of relationships. In this study, we focus on social capital's structural and relational dimensions because in a family context the cognitive dimension of social capital is relatively stable, due to well-established and broadly shared family codes, languages, expectations, and values (e.g., Herrero & Hughes, 2019; Herrero et al., 2021).

Organizational social capital involves the assets that an organization accumulates or can access as part of human interactions within and beyond the business (Maurer et al., 2011) and that rely on individual relations to operate (Zaheer, McEvily, & Perrone 1998). Social capital benefits the organization in several ways, including innovation, organizational knowledge accumulation, new resources, and improved organizational performance (Fischer & Pollock, 2004). Organizational social capital embodies external and internal social capital dimensions (Maurer et al., 2011). Internal organizational social capital builds up as part of interactions and relations between members of the same organization. External organizational social capital, in turn, emerges as part of the relations between organizational members and external stakeholders such as business clients and suppliers (Cuevas-Rodríguez, Cabello-Medina, & Carmona-Lavado, 2014; Maurer et al., 2011). Drawing on previous work (Cuevas-Rodríguez et al., 2014; Leana & Pil, 2006), we consider both internal and external dimensions to our study of *family* social capital.

The family business is unique because of its family social capital (Arregle et al., 2007; Dyer et al., 2014; Pearson, Carr, & Shaw, 2008). Family social capital is the goodwill available to a family and family business (Herrero, 2018). It consists of positive network relationships among family members (including extended family or kin) and is between owning family members and their customers, partners, and community members (Danes et al., 2009; Sorenson & Bierman, 2009). It comprises a unique bundle of resources accumulated through the connections and long-term ties of the family across generations (Danes et al., 2009; Dyer et al., 2014; Herrero, 2018), allowing family members to nurture long-lasting relationships of trust and obligation between them and key external partners (Dyer et al., 2014; Salvato & Melin, 2008). Family businesses rely on family social capital to support and sustain business activities (Cesinger et al., 2016; Salvato & Melin, 2008; Herrero, 2018; Herrero and Hughes, 2019).

## Exogenous Crises and Social Capital Reconfiguration

Current evidence sheds light on the general role of social capital during external crises (Aldrich, 2012; Aldrich & Meyer, 2015; Putnam, 2000). However, the existing literature concentrates predominantly on its role in helping regions and communities recover from disaster situations (Gunderson, 2010; Putnam, 2000). Social capital is relevant because it contributes to the transfer of critical resources (e.g., finance, knowledge) when an organization needs them (Blyler & Coff, 2003). Therefore, social capital can play a critical role in enabling a business to anticipate, avoid, and adjust to shocks in the external environment (Ortiz-de-Mandojana & Bansal, 2016). Family social capital can synthesize survivability capital (Salvato & Melin, 2008), essential to surviving a crisis. However, it must be realized that survivability depends on how well the family firm can reconfigure its family social capital to maintain and secure access to vital resources. At the organizational level, businesses with a higher stock of social capital can potentially resist - and respond more effectively - to external shocks (Lins et al., 2017), where trust between individuals, for example, is linked to the mobilization of resources (Makridis & Wu, 2021). Economic shocks erode relational ties, particularly the trust between a business and its stakeholders (Lins et al., 2017), to the detriment of a firm's relationships and cooperation with other organizations

(Salampasis, Mention, & Torkkeli, 2014). Pandemics devastate people, businesses, and the socio-economic fabric of nations worldwide (Brammer et al., 2020; Wanberg et al., 2020). Recent efforts to examine the social capital implications of the pandemic observe that organizational social capital has enhanced the ability of businesses to cope (Visentin et al., 2021) and has helped firms seize new opportunities (e.g., digitalization) (Al-Omoush et al., 2020). The consequences are more complex in family terms, with the pandemic increasing family mortality, exacerbating divorce rates, and straining intra-generational succession (De Massis & Rondi, 2020; Jayakumar & De Massis, 2020).

Little is known about the motives or drivers of social capital reconfiguration and how social capital is reconfigured across its structural and relational dimensions due to external crises, whether social capital reconfigures differently across various external crises, or whether mechanisms for those reconfigurations are consistent. We argue that the family business context can provide valuable opportunities for filling these voids in social capital research.

## Methodology

We draw on a qualitative investigation method (Bell, Bryman, & Harley, 2018; Denzin & Lincoln, 2008). An abductive logic is employed to guide our data collection and interpretation (Dubois & Gadde, 2002; Suddaby, 2006). Abductive research allows the use of a tight, yet evolving, theoretical framework (Dubois & Gadde, 2002; Timmermans & Tavory, 2012): 'Tight' in the sense that it articulates the researcher's theoretically-informed preconceptions; 'evolving' since it facilitates iterative movements between theory and empirical data to allow the theoretical framework to develop during the study (Dubois & Gadde, 2002). Consequently, we frame our phenomenon within existing (family) social capital theory and concepts but allow space for unanticipated and surprising observations that extend family social capital theory in novel ways (Timmermans & Tavory, 2012). Through careful coding, we have ensured that theory is not imposed on data (Timmermans & Tavory, 2012) and that surprising (novel) concepts blend with established concepts to generate new insights (Dubois & Gadde, 2002).

***Research Context***

We focus on two contextual layers: (a) the crisis and (b) the country. We examine family social capital mobilization during the Eurozone debt crisis and the Covid-19 pandemic. The Eurozone debt crisis, an extension of the 2008 Great Recession (Martin & Philippon, 2017), occurred between 2010 and 2018 and spread primarily in Greece, Portugal, Ireland, Italy, Spain, and Cyprus (Hausken & Welburn, 2020). Cypriot businesses, including family businesses, experienced extreme financial and liquidity pressures due to a lack of state and private financing, reduced working capital, and a sharp decline in market sales (Apostolides, 2013; Kapetaniou, Samdanis, & Lee, 2018). Most SMEs in the country (about 80%) experienced a reduction in their activities, forcing many businesses to close (Charalambous & Polemidiotis, 2017).

The Covid-19 pandemic had acute and wide-ranging economic and non-economic (e.g., health, wellbeing) consequences for the people and businesses of Cyprus (ICAEW, 2020; PWC, 2020). The Cypriot government responded with a support package for the Cypriot economy (Deloitte, 2021), but the economic impact of the pandemic on Cypriot businesses has been devastating (PWC, 2020). According to the European Investment Bank (2021), because of Covid-19, around half of businesses in Cyprus abandoned or delayed their investments, while a substantial portion had to close for financial reasons. The pandemic also forced businesses to embrace digital technologies to diminish some obstacles to their functioning (Amankwah-Amoah et al., 2021).

Table 1 summarizes the key features of the debt crisis and the Covid-19 pandemic. While both crises feature commonalities in their acute economic effects on businesses, they are idiosyncratic in many ways. Specifically, the debt crisis had an ‘acute focused effect’ on small (family) businesses, centered on elongated economic and financial problems. In contrast, the Covid-19 pandemic has had an ‘acute wide-ranging effect’ on small (family) businesses, including economic and non-economic (e.g., health, wellbeing, psychological) consequences. These idiosyncrasies are essential in understanding differences in how family businesses reconfigure social capital (see the Findings section).

[Insert Table 1 here]

In terms of the country context, we carry out our study within the EU island nation of Cyprus. It is a country where 90% of enterprises are family businesses, primarily small, and the controlling family usually has hands-on involvement in the firm’s management (Leonidou, Christodoulides, & Thwaites, 2016; Mandl, 2008). Traditional Cypriot families are bound by increased cohesiveness and strong values (Georgiou, 1995), shaped by high collectivism (Papadakis, 1998), the Greek identity and Christian Orthodox religion (Hoffman, 1972), and closely-knit ties between family members (Apostolou, 2014). Relationships between family members are highly interdependent and cooperative, drawing heavily on trust and loyalty to the family (Georgiou, 1995). Studies illustrate a tender and egalitarian relationship between parents and children, where children influence family decisions (Georgiou, 1995). Family members behave with ‘philotimo’ (a Greek word for goodness and generosity of spirit) and respect towards their communities (Georgiou, 1995). We expect that the strong family-oriented culture of the country context makes it a suitable research site to examine family social capital, its reconfiguration during crises, and the mechanisms behind this.

***Sampling and Data Collection***

We employed purposive sampling to select study units representing diverse family businesses. This approach aimed to select those study units that would yield the most relevant and plentiful data and "obtain the broadest range of information and perspectives on the subject of study" (Kuzel, 1992, p. 37). We define a family business as a firm where the owning family has effective control over strategic direction, a family member is directly involved in the day-to-day operations, and the business intends to remain in the family (Shanker & Astrachan, 1996). The following additional criteria were set when choosing businesses and interviewees: (a) businesses needed to have experienced both the 2013-2018 debt crisis and the Covid-19 pandemic; (b) businesses needed to be from diverse business sectors to create sufficient sample diversity; and (c) interviewees needed to be family business owners, successors, or nonfamily members who could elaborate on the reconfiguration of family social capital during the crises. The above criteria were coupled with the saturation principle (Eisenhardt, 1989), cycling back and forth between data collection and analysis (Miles & Huberman, 1994) until we reached 'data saturation'.

This process led to the inclusion of 23 small privately-owned family businesses in Cyprus, with two to four interviews each. Interviewee role diversity was important to view the phenomenon from different angles, thus establishing a spherical understanding of the phenomenon within each case (Yin, 2018). In most cases, repeat interviews were carried out to allow the same respondents to articulate their meanings on changes in family social capital across the two crises (Ma, Seidl, & McNulty, 2020). In-depth interviews were carried out at two separate times, namely June to August 2018 (phenomenon linked to the debt crisis) and November 2020 to February 2021 (phenomenon linked to the Covid-19 pandemic). We carried out 62 in-depth interviews across the 23 selected family businesses. Of these, 50 were unique, and 12 were repeat interviews. We disclosed the study's purpose to research participants to safeguard research ethics. People, businesses, and places were anonymized to protect their true identities (Denzin & Lincoln, 2008). Table 2 provides details on participating businesses and interviewees.

[Insert Table 2 about here]

The interviews lasted from forty minutes to one hour and ten minutes and were conducted in Greek. A semi-structured interview guide was employed with open questions drawing on social capital's structural and relational dimensions as a guiding framework, while providing enough space for emergent insights (Hadjielias, Christofi, & Tarba, 2021). The interview was designed to elicit the following information: (1) General information about the business; (2) the role and influence of family in the business; (3) the structural dimension of family social capital (e.g., key actors in the network; most important contacts; ways family members form connections; strength of ties, stability, and durability size; clusters within a network; openness and closure; nature of resources mobilized and exchanged in a network; motives for relating with others in the network and sharing resources etc.) and differences across the debt crisis and the Covid-19 pandemic; (4) the relational dimension of family social capital (quality of relations in the network; mutuality, bonds, trust, and distrust; drivers of trust or distrust towards others in the network) and differences across the debt crisis and the Covid-19 pandemic.

We pilot-tested the interview guide with two separate owner-managers to ensure that informants comprehended the interview questions. The pilot test allowed us to revisit the interview guide and refine the wording of difficult questions (Hollensbe et al., 2008). Each interview was recorded and subsequently transcribed verbatim (Silverman, 2006). The transcripts were initially produced in the Greek language and then translated into English for data analysis, minimizing the loss of meaning conveyed by focal respondents (Nikander, 2008).

***Data Analysis***

Our analytical approach was driven by abductive logic (Dubois & Gadde, 2002), meaning that data was 'cased' in prior theory (Timmermans & Tavory, 2012). Specifically, social capital theory, and particularly its structural and relational dimensions, guided the analytical process (Suddaby, 2006). Coding was treated carefully to ensure that theory guided the process and was not imposed on data

(Dubois & Gadde, 2002; Timmermans & Tavory, 2012). Our analytical process then relied on a continuous back-and-forth iteration between raw data, emerging concepts, and existing theory and literature (Timmermans and Tavory, 2012).

Aligned with previous abductive studies on family business (Hadjielias et al., 2021) and social capital (Hadjielias, Dada, & Eliades, 2021), a three-step analytical process was used to discern patterns from raw data, to arrive at sub-categories and categories, and to determine the structure of relationships between emergent categories (Gioia, Corley, & Hamilton, 2013; Hahn & Ince, 2016). Timmermans and Tavory (2012) suggest that we draw on grounded theory's methodological steps as heuristics in our abductive analysis. An initial analysis was used via open coding to identify first-order codes during the first analytical step. Chunks of data conceptually the same across interviews were coded using the same conceptual name (Corbin & Strauss, 2008). First-order analysis was carried out until no new codes would emerge, concluding with an extensive list of first-order codes; examples include the *'firm identification of active family during debt crisis'* and the *'obligation of inactive family to help family during debt crisis'* (the final first order codes are included in Table 3).

During the second step, the commonalities and differences between first-order codes were compared and reduced to a smaller number of *second-order codes*. An instance of a second-order code is the '*Psychological – Obligation of family members'*, which was created by grouping together all first-order concepts concerning the obligation of active and/or inactive family members towards the firm and its stakeholders. Another emerging second-order category is the *'Density of ties',* which groups together all first-order concepts reflecting strength or closure of ties within family and between family and nonfamily members (the final second-order categories are included in Table 3).

During the third step, the data analysis focused on relating second-order codes to one another to understand how they fit and interact together and how they can explain the study's phenomenon. This stage of analysis involved constant comparisons between first and second-order codes and the literature to identify the extent to which emerging concepts reflect existing literature concepts and determine which concepts were nascent. This iterative process led to greater abstraction by distilling second-order codes to 'aggregate dimensions'. Four aggregate dimensions emerge from our analysis: The '*Psychological Mechanisms influencing family social capital', 'Situational Mechanisms influencing family social capital', 'Structural family social capital reconfiguration', 'Relational family social capital reconfiguration'*. Table 3 depicts our three-stage analysis structure and the paths between first, second, and third-order codes.

[Insert Table 3 about here]

## Findings

The findings suggest that family social capital reconfigures to support the family business during an external crisis. From our findings, reconfiguration refers to changes in family social capital's structural and relational dimensions. Such changes can manifest as new developments in network ties or the reactivation of latent network ties. For instance, a crisis may bring family members within and outside the business closer to one another (i.e., reactivation of latent ties). At the same time, it can establish denser ties, which may have been missing between family members and employees (i.e., a change/development in the structure of ties).

Specific psychological and situational mechanisms emerged in our abductive analysis to explain family social capital reconfiguration internally (i.e., among family members) and externally (between family and nonfamily members). Our first emergent theme, 'psychological mechanisms', concerns an individual actor's (family or nonfamily) psychological state. An individual's ‘identification’ with the firm and his/her ‘obligation’ towards the firm and its stakeholders (e.g., family, employees, partners) emerged as key motives for the mobilization of personal ties and resources during a crisis, in part to support organizational and family goals. Our second emergent theme, ‘situational mechanisms’, relates to the contextual conditions within the organization, such as aspects of the work environment, which people share. Our findings highlight the role of shared value commitment, a collective culture, and alignment of people with the values of the business. The following sections present how psychological and situational mechanisms underpin the reconfiguration of structural (e.g., the density of ties) and relational (e.g., trust between actors) family social capital to enable responses to external crises.

*Psychological Mechanisms and Social Capital Reconfiguration*

Individual actors nurture behaviors as part of psychological mechanisms, which are essential for mobilizing resources and connections to support the family business. According to the findings (Table 4), the first mechanism is an actor’s *identification* with the firm (e.g., a family member identifying him or herself with the goals of the family business). The second mechanism reflects the *obligation* felt by actors towards the firm and its stakeholders (e.g., a family member feels obliged towards the family business or the family). However, not all family social network actors draw on these motives in the same way to mobilize social capital during crises. The unique features of each crisis (Table 1) exert diverse influences on individuals, leading to heterogeneous responses across the two crises. For instance, the devastating financial consequences of the debt crisis bring an inactive family member closer to the firm (through enhanced firm identification), resulting in them transferring financial resources to support the firm. Meanwhile, during Covid-19, the well-being and psychological problems associated with the pandemic enhance an active family member’s obligation to support non-family employees emotionally.

[Insert Table 4 about here]

*Identification and Family Social Capital Reconfiguration:* Our study illustrates that an actor's identification with the family business reconfigures family social capital in its structural and relational dimensions. Regarding structural influences, the findings suggest that in an external crisis, firm identification leads to transformations of 'network density' and 'resource mobilization'. Regarding relational influences, we find evidence that strong identification influences trust relations between actors. However, the debt crisis and the Covid-19 pandemic exhibit diverse dynamics on how firm identification manifests and influences structural and relational social capital.

During the debt crisis, both active and inactive family members articulated their strong identification with the firm, which motivated them to reconfigure ties and mobilize resources (i.e., structural family social capital). In terms of denser ties, Larry from Micro-Plast said: "*This [debt crisis] was a difficult period, which made us realize that we needed to come closer as a family, irrespective of being involved in the business or not. We needed this since the family is the business and the key persons whom the business can rely on for immediate assistance in adverse times."* The connection with mobilizing resources was illustrated by William from Best Cars, who stated that *"most of the money our business had in the bank vanished during the [debt] crisis, but because this is our business, it was myself and my kids and my wife who are not working in the firm, who had to work more hours without gain to help the business to make it through."* The effect of firm identification on trust, relational family social capital, was articulated by Mary from Food-Care: *"In a crisis, family members will try more for the best interest of the business, and you can depend on them for help. My husband was helping me after his work and my daughter in between her studies, and this way we kept the business operational. The business is being protected when it is surrounded by family members because of this type of trust".*

During the Covid-19 pandemic, firm identification and its influence on structural and relational family social capital manifested differently. On the structural side, nonfamily employees also identified with the firm, forming denser ties with active family, and joined a process to mobilize personal resources (e.g., ideas, knowledge, extra working hours). George from Construction Masters stated: *"The employees were trying to help in every way, ideas, solutions and so on; they made the shop their own in essence and they fought next to us to keep it alive."* The findings illustrate increased bonding and trust between active family and nonfamily members on the relational side. Andrew from Chief Bakers stated: *"Our relationship [between active family and employees] became tighter. We gained more trust between us through the seriousness that we dealt with the pandemic at work. The employees have showed great concern for the business and readiness to take initiatives to find solutions. Trust increased together with our cooperation and the quality of the cooperation."*

*Obligations and Family Social Capital Reconfiguration:* The findings illustrate that individual obligations reconfigure family social capital in its structural and relational dimensions. First, structurally, the obligation towards family was made explicit in the minds of inactive family members when they realized the financial hardships that their firm was going through during the debt crisis. Dave from Donkey Life stated, "*It was an obligation, a responsibility of all family members to come nearer to the firm to help the [active] family when these hardships [debt crisis] occurred."* Active family members also felt a strong obligation to use their contacts to acquire financial and other resources to fill financial gaps caused by the debt crisis. Alan from Tronics stated: *"Since I am at the helm of the business, I had to act fast to secure the resources and changes needed to keep the business. It was an obligation dictated by my position in the firm."* On the relational side, there was increased trust between active and inactive family members. Interviewed family members linked their perceived obligation to the firm with their perceptions of the difficult financial conditions that their firm was going through. Oliver from Quali-Markets explained: *"Family members are committed and will act for the best interest of the family business. This may be even more obvious during difficult financial periods [debt crisis]. Family located outside the business was also sensitized [..] My cousin, the son of my uncle who co-owns the firm, works in a major company as a data analyst and helped us to optimize our inventory and reduce nonessential marketing costs. Trust is, therefore, important between family members."*

During the Covid-19 pandemic, active family members expressed an obligation towards nonfamily members as a driving motive. The findings highlight that this obligation responded to the adverse health and wellbeing problems that the pandemic caused for employees, engaging the family actively in reconfiguring network density and resource mobilization to support employees. The pandemic crisis made active family members feel obliged to come closer to their employees (thus structurally enhancing the density of ties and mobilizing resources) to help them overcome personal and work-related problems associated with the pandemic. Aria from Creative Studios stated: *"Coronavirus scared people at work. Both myself and my father have been trying hard to come closer to help them overcome these fears by reducing the pressure, by offering them flexibility to work from home, by being more humane and showing them that we understand their pain."* Active family members highlighted that they provided emotional and psychological support towards their employees (mobilization of resources), citing this as an obligation towards their people affected by the pandemic. Rick from Perfect Paints indicated that, *"a main challenge with the pandemic was the psychology of our people and to be by their side in any way we could".*

Further, the findings show that nonfamily employees mobilized their own resources (e.g., ideas, knowledge, labor) to support family management during the pandemic, based on an obligation felt by employees towards the firm. Ava, a nonfamily interviewee from Fruitopia cited: *"An obligation to suggest ideas and become more active in order to support the managers and the business in a period [Covid-19 pandemic] that they need my help to find solutions".* Additionally, the findings illustrate an enhanced trust between active family and (external) nonfamily partners concerning the merits of an increased obligation to support each other's business. The findings suggest that by perceiving the acute wide-ranging risks of the Covid-19 pandemic, active family and nonfamily partners would nurture an obligation to support one another. Together, an enhanced trust formed between them. Oliver from Quali-Markets contrasted the conditions between the debt crisis and the Covid-19 pandemic: "*During the debt crisis, our relations with partners were tested to a great extent. There was a trust crisis, I would say. The serious losses in profits and sales were leading to actions on behalf of the suppliers, which were disrupting the trust relationship between us. In the pandemic, there is nothing similar. On the contrary, the pandemic brought us close and helped in regaining the trust between us through relevant actions from both sides.*"

*Situational Mechanism: Value Commitment and Family Social Capital Reconfiguration*

The findings suggest that family members (within and outside the business) and nonfamily actors connected with the controlling family exhibit a collective value commitment towards the firm and/or its stakeholders (e.g., firm, family, employees, partners). This exerts influences on the structural and relational dimensions of family social capital. However, network actors do not behave the same regarding this mechanism across the two crises, which influences their motives differently to reconfigure social capital. The findings illustrate that the unique features of each crisis (Table 1) have exerted diverse influences on collective value commitment, leading to heterogeneous responses across the two crises. For instance, the debt crisis shaped a shared commitment on behalf of active and inactive family members to mobilize resources to help the firm overcome its serious financial difficulties. On the other hand, the Covid-19 pandemic has shaped a joint commitment to support their employees on behalf of active family members. Such commitment has been primarily driven by a need to help employees to overcome health and wellbeing-related problems caused by the pandemic. The findings are summarized in Table 5 and are explained below in more detail.

[Insert Table 5 about here]

The findings suggest that shared value commitment enables structural and relational social capital reconfiguring during external crises. The debt crisis, for instance, led to an increased (shared) commitment from all family actors to support the firm to overcome financial distress. In terms of structural changes, the 'shared commitment towards the firm' brought the active and inactive family closer, thus enhancing their ties' density. Andrew of Chief Bakers emphasized: *"You could sense the dedication of the family in all corners of the business and beyond. It helped a lot that family members had the same sense of responsibility to assist in any means possible, so that the firm can make it through the [debt] crisis."* Both active and inactive family highlighted that they were induced to search or transfer essential resources (e.g., money, ideas, own labor) to the firm due to a 'shared commitment towards the family'. Jessica from Herbs4all, elaborated: *"It is our job, our obligation [active and inactive family] to keep the business viable to help the family to survive. At the occurrence of the [debt] crisis, family survival was the point of our departure [..]. We started to discuss more on the dinner table to encourage ideas from all family members; we needed ideas for new streams of revenues, and it was soon after that one my children threw the idea of creating a maze in our botanical garden"*

Other participants provided facets of value commitment linked to family members' shared desires to facilitate 'business continuity' and keep the firm in the family during tough financial conditions for the business. Jane from MyGrocery explained: *"The [debt] crisis brought the family [active and inactive family] into a state of desperation. What would happen next, we could lose the most valuable asset of our family [..]. We did few moves as a response. Unfortunately, we had to dismiss employees to cut costs and myself and my husband had to work extra hours. My son just finished his studies, and chose to become fully immersed into the business, despite having different career aspirations".*

While shared commitment tends to lead to denser ties within the internal social capital of the family (i.e., between active and inactive family), the opposite conditions were evident within findings on the family's external social capital. The findings illustrate that ties within the family's external social capital weakened in the absence of a shared commitment between family and nonfamily partners. The findings link such observations with the idiosyncrasies of the debt crisis and lack of mutual support at that time. Iris from Agro-Market explained: "*It is a fact that after the debt crisis, the trust with suppliers was shaken. It was shaken because in their hunt to keep their shares and sales, they were doing a lot of strange things, which were unfair towards us, such as giving much better prices to others. It was evident that they were no longer committed to us and the agreements we had together."*

On the relational side, shared value commitment between active and inactive family towards both the firm and the family was essential in enhancing the trust between them. Alan from Tronics elaborated that: "*The economic crisis was a big challenge for us. But the positive thing was that it strengthened the relationships and trust between family members because it brought them together to take decisions and actions to help the business to make it through. It made us realize the common care we have for this business."* On the contrary, the sudden absence or relinquishment of a shared commitment between family members and external partners shattered the long-term trusted relations with partners. This is exemplified from the experience of George, from Construction Masters: *"A crisis is also testing relationships and makes you understand who is eventually trustworthy. It happened to us with some companies, who are our clients, who refused to pay the bills for the products being supplied. I am talking about thousands of euros each. I was not expecting this reaction since we were collaborating for a long time. The [debt] crisis showed that they were not serious in the collaboration with us […] when there is lack of common understanding during difficult times, the partnership doesn't last long."*

During the Covid-19 crisis, the reconfiguration of family social capital was justified through the merits of a shared commitment of (active) family members towards nonfamily actors. Enzo of Farm Inc. indicated that family managers, responding to a shared commitment towards employees during the crisis, mobilized social resources such as compassion and care. Enzo emphasized: *"My brother and myself felt that the conditions [Covid-19 pandemic] were critical for the staff and that they needed our full attention and care in such difficult times."* Additionally, the findings illustrate that a shared commitment establishes denser ties between (active) family members and employees and triggers the mobilization of resources from both actors into the business during the pandemic. As Aria from Creative Studios stated: *"Generally, the pandemic brought employees and [family] managers having a mutual understanding and generally, a strong will to do something [..] We have in our business this kind of people who can find solutions because they carry knowledge and they know what is needed to deal with difficult situations."*

In contrast to the debt crisis, the ties with supply chain partners during the pandemic strengthened. Certain participants highlighted that the pandemic brought them closer to partners in their efforts to eliminate health risks and supply chain obstacles threatening their sales and operations. Consequently, the findings highlight the presence of a collective commitment between (active) family members and partners to overcome pandemic obstacles through mutual support. Oliver from Quali-Markets stated that, *"The conditions brought by the coronavirus helped in establishing better communication and coordination with our suppliers to speed up orders through mutual support, which was not the case with the economic crisis, where the suppliers were not that cooperative, due to the financial pressures that they were facing."* On the relational side there was an increase in trust. Andrew from Chief Bakers stated that, "*Our relations with employees have changed, they became more positive. The trust between us has been enhanced. This is because the coronavirus brought us together to join our forces to fight for the business. There was enhanced desire from both parties and a common* *understanding, which helped in the survival of the business."* Trust also increased with supply chain partners, as Mario from Micro-Plast stated: *"This situation [Covid-19 pandemic] brought us closer to partners to overcome supply chain problems brought by Covid and the lockdowns of the government [..] We worked together, having a common concern for the safety of our people and by being sensitive enough to the problems faced by each partner."*

The following section offers a conceptual model and positions the findings in the existing literature to set out the key contributions to family business theory and practice.

## Discussion

Family social capital is unique to the family business (Danes et al., 2009; Dyer et al., 2014; Herrero, 2018; Herrero & Hughes, 2019) and represents a vital stock of relations that family firms rely on for survivability capital. Prior work illustrates the role of family social capital in facilitating family business survivability and continuity amid unforeseen events (Salvato & Melin, 2008; Sirmon & Hitt, 2003). However, scholars have overlooked how and why family social capital reconfigures in external crises to enable survivability. In turn, the family business field has lacked a context-sensitive theory of family social capital that might predict the drivers of its reconfiguration and the form of its reconfiguration. Our study contributes to the literature by offering a mid-range theory depicting the psychological and situational mechanisms driving family social capital change and how family social capital changes across its structural and relational dimensions. The chosen contexts generate new insights into how family social capital is motivated and reconfigured differently across different external crises. Our findings, depicted diagrammatically in Figure 1, establish the (motivating) mechanisms and reconfigurations (changes) in family social capital during external crises. Figure 1 depicts a general model, allowing scholars to draw generalizations on how an external crisis nurtures linkages between motivating mechanisms and family social capital reconfigurations. During external crises, family social capital changes structurally (i.e., the density of ties and resource mobilization flows) and relationally (trust and distrust) when psychological and situational mechanisms are activated. In the absence of these mechanisms, family social capital may not reconfigure, resulting in a loss of trust and an inability to mobilize resources.

[Insert Figure 1 about here]

However, and importantly, our analyses of two external crises, in which the global pandemic was even more severe, demonstrate that a theory of family social capital reconfiguration is contingent on the crisis itself. For example, the findings suggest that the seriousness of the pandemic conditions (especially the wellbeing and health-related problems at work) made active family members and nonfamily members identify with the firm, which enhanced their trust. Figure 1 offers contextualized theorization linked to the idiosyncrasies of each type of crisis being considered: the debt crisis and the Covid-19 pandemic. The debt crisis features a context, which has an 'acute-focused', primarily economic, effect on family businesses. This crisis context strengthens internal family social capital by relying on increasing family members' psychological identification with the family business and heightened sense of obligation towards the firm and the family. Situationally, increasing shared value commitment between family members also reconfigures family social capital. The results are denser family ties, mobilizing resources from among family members (structural) and increasing trust within the family (relational).

Conversely, the Covid-19 pandemic features an 'acute wide-ranging' impact, encompassing economic and non-economic effects on family businesses. This crisis context strengthens external family social capital, suggesting that a more acute crisis is better for the business, as it makes the firm more robust and better positioned to face the future. Activating family and nonfamily members' identification with the family business is important, and both sets of stakeholders should have a sense of obligation to the business. Fostering mutual obligation among both groups is central to family social capital's reconfiguration and firm survival. Similarly, evoking shared commitment of family members to employee-centric values and the shared commitment of nonfamily actors are needed as situational mechanisms to reconfigure family social capital further. The results are denser ties between family and non-family actors, broadening resource mobilization from both cohorts (structural), and increasing trust between family and nonfamily actors within and outside the firm (relational).

Previous studies have highlighted the dynamic nature of family social capital in enabling family firms to access and recombine resources to sustain their continuity and transgenerational succession (Gudmunson & Danes, 2013; Salvato & Melin, 2008). Previous works have also highlighted that mobilizing resources from family members to the firm (Danes et al., 2009; Sirmon & Hitt, 2003) acts as survivability capital during poor economic times (Sirmon & Hitt, 2003). However, these works lack theoretical and empirical insights on how family social capital must change during such crises. The danger of not reconfiguring social capital is that when circumstances change, social capital loses its value and usefulness as ties become outdated, inadequate, or incapable of providing the resources needed at that juncture (Hughes & Perrons, 2011). For instance, while family social capital mobilizes resources from internal and external family ties (e.g., free labor, loaned labor, knowledge, equity investments, and financial loans) (Herrero et al., 2021), a crisis places immense strain on network actors' ability to supply resources. Therefore, insofar that family social capital can act as a 'safety net' during crises, a static treatment of family social capital runs the very real danger of jeopardizing survivability capital. Further, while research has examined the *content* of social capital in terms of its structural (e.g., the strength of ties) and relational (e.g., bonding, trust) dimensions (Herrero, 2018; Herrero & Hughes, 2019), it does not account for the varying *forms* of this content under different circumstances. Our findings draw attention to the psychological (e.g., identification and obligation) and situational (e.g., value commitment) mechanisms for its reconfiguration. However, they show too that the mechanisms are more in number the severer the crisis. A single thesis of family social capital change is impossible, but we provide the building blocks for a context-sensitive theory of reconfiguring family social capital.

While family social capital has been examined with natural disasters such as earthquakes (Salvato et al., 2020), our insights into how it has unfolded during the Covid-19 pandemic compared to the debt crisis suggest that a single theory of family social capital change under external crisis is mistaken, as we reveal much more complexity and nuance. For instance, past research suggests that family ties may be redundant in family firms, limiting the firm's quantity and variety of resources to face adversity (Mariotti & Delbridge, 2012; Salvato et al., 2020). However, this thesis overlooks the role of external family social capital, which governs the connections between family members and nonfamily actors, including employees and business associates (Salvato & Melin, 2008). Our findings draw attention to shifting from strengthening internal family social capital and family bonds in the Eurozone debt crisis to strengthening external family social capital and ties between family and nonfamily actors during the Covid-19 pandemic. Concurrently, as illustrated in Figure 1, the density of psychological mechanisms has been far greater in the Covid-19 crisis, revealing the context-sensitivity of family social capital and its reconfiguration—essential nuances omitted among studies to date.

***Theoretical Contributions***

Our study makes several theoretical contributions to knowledge on family social capital. First, our study paves the way for the transition from contextualization to context theorizing (Bamberger, 2008) of family social capital. We provide a context-sensitive mid-range theory explaining why (i.e., motivating mechanisms) and how (i.e., reconfigurations) family social capital changes because of two diverse external crises. Considering that family businesses will be exposed to different types of idiosyncratic external crises over their lifecycle (Bordo & Haubrich, 2017), the situation- or context-specific qualities and dynamics of family social capital need to be acknowledged (García-Villaverde, Parra-Requena, & Molina-Morales, 2018). We reveal new psychological mechanisms (personal identification and obligation) and situational mechanisms (shared commitment and employee-centric values) necessary to reconfigure family social capital. We also notice how these mechanisms are especially pronounced and more complex in the Covid-19 pandemic compared to the debt crisis. Our study provides the building blocks for a context-sensitive theory of family social capital change.

Our contribution calls on scholars to move away from a single, static thesis of family social capital and towards one that appreciates boundary conditions to its form and usefulness. First, Herrero (2018) noted that family social capital provides unique advantages to the family firm that nonfamily firms can only synthesize via a rudimentary facsimile. Concurrently, Herrero and Hughes (2019) find that at a high level, family social capital can be unhelpful to the family firm, increasing knowledge redundancy and family lock-in at a cost to new information and innovating. These studies rely on a view of social capital that is 'stable over time'. Second, recent works on network brokerage (Kwon et al., 2020) highlight how an actor in one position may broker new relationships among others, contingent on the breadth of their network and network behavior (Hughes et al., 2014). For the family firm, a crisis destabilizes both scenarios, as family and nonfamily members struggle in their personal and professional lives as they come to terms with a crisis. This new insight matters, because we show that the psychological and situational mechanisms needed to reconfigure family social capital to energize and maintain survivability are context-bound to crises, even though the broad content of the mechanisms center on identification, obligation, and shared value commitment. Therefore, we contribute two new antecedents (psychological and situational mechanisms) to family social capital's change and reveal the content of change in its structural and relational dimensions.

Second, by examining how family social capital is motivated and reconfigured during and across external crises, we provide new insights into the microfoundations and boundary conditions concerning social capital change. Past work has looked into the microfoundations of social capital creation (e.g. Estrin et al., 2013; Gedajlovic et al., 2013), including creating family social capital (de Groot, Mihalache, & Elfring, 2022). However, the literature lacks a theoretical explanation of why and how social capital changes in its composition based on external events (e.g., crises). We observe differences between the two crises, revealing that a single theory of family social capital change in a crisis is a false endeavor. Instead, a crisis acts as a boundary condition, activating psychological and situational mechanisms to decompose and recompose family social capital. Changes in family social capital are not uniform then. We reveal the nature of a crisis as a boundary condition to the content, density, and complexity of psychological and situational mechanisms and the changes subsequently effected on family social capital. We provide scholars with a theoretical framework to theorize future changes in family social capital as a crisis response strategy, with insights into where the focus of those changes may be and the theoretical mechanisms driving these changes.

Third, we provide a new conceptual understanding of family social capital sources and heterogeneity. Our findings illustrate that family social capital is used, changed, and developed as part of idiosyncratic and somewhat context-bound psychological and situational mechanisms. However, prior research generally depicts family social capital as relatively uniform in its content and measurement (e.g., Arregle et al., 2007; Herrero & Hughes, 2019; Zahra, 2010). The broader social capital literature implicitly assumes that social capital grows continually (Hughes & Perrons, 2011). We contribute theory and evidence to suggest that this consensus is premature and unhelpful, as crises require family social capital to change in density, resource mobilization (structural), and trust (relational) to maintain its contribution to survivability capital. Our framework extends early work on family social capital, predicting its contribution to survivability (Salvato & Melin, 2008; Sirmon & Hitt, 2003), but it has overlooked how this contribution occurs and sustains. Crises exacerbate the high emotional dynamics inside family firms, increasing stress and elevating tensions. Some family members may find themselves unable to help due to the impact of an external crisis on them. We observe that the extent to which a family business experiences a crisis changes the activation and intensity of psychological and situational mechanisms, leading to differences in family social capital reconfigurations. Our contribution challenges the perception that family social capital is relatively uniform among family firms and provides scholars with the basis for predicting some of its more dynamic elements to better appreciate family social capital heterogeneity.

***Implications for Family Owners and Managers***

Family business leaders must invest the effort to develop family social capital and systems linked to its reconfiguration. This may prove crucial to family business survival amid severe external shocks, where immediate, coordinated responses are needed to protect business-crucial relationships and fortify access to scarce resources. In severe crises, family social capital can source opportunities, knowledge, and contacts from nonfamily actors within and outside the business to establish a stronger digital presence and thus overcome operational restrictions and limited sales. While our findings offer an account of rather reactive reconfigurations on family social capital following a crisis, owner-managers can use them to prepare a proactive crisis-response culture into the business. One way is to proactively manage the psychological identification of inactive family members with the business and cultivate a similar mindset among nonfamily members. This can help these individuals actively engaging in crisis management teams and within processes designed to allow effective firm response to a crisis. Owner-managers should also proactively cultivate the situational mechanism of shared value commitment between family members but extend this to nonfamily employees and around employee-centric values. This can help design and instill a strong company culture that is resilient coupled with a collective mindset within the organization to proactively manage external crises. For policymakers, the findings suggest that supply-side policies, including training programs for family business owners and their successors, are needed. These should aim to establish awareness on how family social capital can be nurtured, changed, and expanded across generations, and how family businesses can use it as a disaster response measure.

### *Limitations and Future Research*

A small number of businesses are studied, and the qualitative nature of the study prevents generalizability to a broader population. Also, we conduct our investigation in a specific country-context, and we caution against generalizing too far beyond this context. However, our findings and our mid-range theory set prospects for future studies at the nexus of external crisis and family social capital. We recommend our conceptual framework as the basis for large-scale quantitative studies providing empirical evidence for, and relevant extensions to, a theory on family social capital reconfiguration. Future studies should continue to extensively research the (motivating) mechanisms and changes in family social capital during external crises and in general over time. Studies drawing on in-depth longitudinal interviews and triangulating with data from observations and documents can pave the way for a time-based understanding of how family social capital changes and unfolds. The impact of crises on health and wellbeing among family businesses also warrants attention. Another limitation concerns the lack of testimony from inactive family and nonfamily members in every firm in our sample, limiting the strength of our data. Future studies on family social capital need to collect data from all key network actors regarding each case-firm (i.e., active family, inactive family, and nonfamily actors within and outside the firm) to gain a saturated understanding of the phenomenon within each case. Finally, the firms in our study have survived the crises, which implies an underlying survivor bias. Future research would benefit from tracking family businesses longitudinally to detect when family businesses fail to survive and whether the underlying circumstances concerning the use of family social capital are fundamentally different.

**Conclusion**

Our study explains why and how family social capital reconfigures during external crises and how it reconfigures differently across different external crises. Our findings illustrate the (motivating) psychological and situational mechanisms driving structural and relational changes in family social capital. These are attuned to the type of external crisis that the family business faces. The debt crisis saw relations between (active and inactive) family members strengthen internal family social capital through increased closure, resource mobilization, and trust between family members. The Covid-19 pandemic has enhanced relations between family members and nonfamily actors (within and outside the firm) as these relationships have grown to strengthen external family social capital through increased closure, resource mobilization, and trust between family and nonfamily members. Our synthesized theoretical framework (Figure 1) contributes to a context-sensitive theory of family social capital change in external crises.

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**Table 1. Debt Crisis, Covid-19 Pandemic, and the Small Family Business**

<table>
<tr><th>Crisis</th><th>Idiosyncratic features & effects on small family businesses</th><th>Common features & effects on small family businesses</th></tr>
<tr><td>DEBT CRISIS</td><td><u>Key features of Debt crisis</u><br>o Elongated economic recession; money shortage; austerity programs; banks in liquidity crisis; general difficulties in sourcing finance; customers cannot afford to buy - depressed demand<br><u>‘Acute focused effect’ on small (family) businesses:</u> economic<br>o Liquidity/cash flow problems due to the money shortage in the broader economy<br>o Obtaining loans from banks is difficult since banks are facing severe financial difficulties; smaller firms are largely excluded from loan provision<br>o Significant reduction in revenues linked to reduced consumer spending and reduced sales<br>o Government engages in aggressive increases in taxes, which reduces consumers’ disposable income; smaller firms sell less and face series cashflow problems</td><td rowspan="2"><u>Common features of debt and Covid-19 crises:</u> ‘economic effects’<br>o Economic problems for firms - sales significantly contracted<br>o Decrease of activities/operations of many small firms<br>o Dismissal of employees and/or reduction of working hours within many small firms<br>o Bankruptcy/closure of many small firms due to financial difficulties<br>o Several small (family) businesses capitalize on opportunities during crises (e.g., digitalization, low-cost business models)</td></tr>
<tr><td>COVID-19 PANDEMIC</td><td><u>Key features of Covid-19 pandemic:</u><br>o Healthy banks; expansionary fiscal policy; lockdowns and mobility obstacles; operational and functional problems of firms; enhanced role of digitalization; impact on health and wellbeing of people.<br><u>‘Acute wide-ranging effect’ on small (family) businesses:</u> economic & non-economic<br>o Banks are healthy, and even increase loans to firms and consumers; smaller firms have opportunities to draw loans on good terms<br>o Firms favor government subsidized programs to pay wages (e.g., through wage subsidies)<br>o Lockdowns pose obstacles for consumers to purchase physically; firms turn to online channels (social media, e-shops, third-party platforms) to sell<br>o Firms face substantial operational and functional problems - serious obstacles/delays in logistics, transportation, trade, physical retail<br>o Many small family businesses are pushed to change their working models to embrace remote and flexible work<br>o Negative impact on the health and wellbeing of people (e.g., consumers, employees, business owners); health-management and psychological safety issues emerge within firms; businesses need to be rebuilt psychologically.</td></tr>
</table>

# Table 2. Profile of Participating Businesses and Interviewees

| N | Company pseudonym | Industry/ activity | Size - # employees | Est. Year | # family members in business | Generation in Ownership | Generation in Management | Succession Stage | Person interviewed (generation, role) | Interview period | Interview dur. mins |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sweet Heaven | Confectionery | 12 | 1991 | 3 | 1st | 1st/ 2nd | Working together | Peter (1st gen, General Manager) \|<br>Peter (1st gen, GM) \| Rony (2nd gen, Sales Manager) | Jun 2018<br>Dec 2020 | 61<br>45 \| 41 |
| 2 | Olive Garden | Olive oil refinery & theme park | 11 | 2003 | 6 | 1st | 1st | Working together | Lisa (1st gen, General Manager)<br>Ben (1st gen, inactive family) | Jul 2018<br>Nov 2020 | 42<br>48 |
| 3 | Dairy Masters | Dairy products manufacturer | 48 | 1967 | 8 | 2nd | 2nd & 3rd | Working together | John (2nd gen, CEO)<br>Leo (3rd gen, Production Manager) \| Noah (3rd gen, inactive family) | Jul 2018<br>Dec 2020 | 63<br>51 \| 49 |
| 4 | Chief Bakers | Bakery products | 35 | 1989 | 5 | 1st | 2nd | Passing the baton | Andrew (2nd gen, General Manager)<br>Andrew (2nd gen, GM) \| Sally (nonfamily, Confectionery Head) | Jun 2018<br>Feb 2021 | 44<br>55 \| 42 |
| 5 | Medi-Restaurants | Restaurant business (3 restaurants) | 36 | 1988 | 12 | 1st | 1st & 2nd | Working together | Theo (2nd gen, Restaurant Manager)<br>Theo (2nd gen, Restaurant Manager) \| Arthur (2nd gen, inactive family) | Jul 2018<br>Nov 2020 | 48<br>66 \| 42 |
| 6 | Tronics | Imports & sales of electronic products | 15 | 1996 | 3 | 1st | 2nd | Passing the baton | Alan (2nd gen, General Manager)<br>Costa (2nd gen, inactive family) | Aug 2018<br>Jan 2021 | 44<br>48 |
| 7 | Car Care | Car accessories (imports and sales) | 9 | 1990 | 3 | 1st | 1st & 2nd | Working together | Steve (1st gen, General Manager)<br>Scot (2nd, Head of Imports) | Jun 2018<br>Dec 2020 | 49<br>52 |
| 8 | Perfect Paints | Imports, exports, and distribution of paints | 16 | 1967 | 4 | 2nd | 2nd & 3rd | Passing the baton | Rick (3rd gen, Commercial Director)<br>Rick (3rd gen, Commercial Director) \| Sam (2nd gen, Shop Manager) | Jul 2018<br>Dec 2020 | 56<br>45 \| 48 |
| 9 | Construction Masters | Construction material | 8 | 1995 | 2 | 2nd | 2nd | Post succession | George (2nd gen, General Manager)<br>George (2nd gen, GM) \| Hugh (2nd gen, inactive family) | Jun 2018<br>Dec 2020 | 43<br>46 \| 55 |
| 10 | Silicone Experts | Construction material – importers of silicone | 7 | 2002 | 2 | 1st | 1st & 2nd | Working together | Harry (1st gen; General Manager)<br>Harry (1st gen; GM) \| Tom (2nd gen; Shop Manager) | Jul 2018<br>Nov 2020 | 42<br>62 \| 53 |
| 11 | Quali-Markets | Chain of supermarkets | 49 | 1987 | 7 | 1st | 1st & 2nd | Working together | Oliver (2nd gen; Purchasing Manager)<br>Oliver (2nd gen; Logistics Manager) \| Jake (1st gen; inactive family) | Aug 2018<br>Feb 2021 | 51<br>47 \| 44 |
| 12 | Hunt & Shoot | Gun importers and distributors | 12 | 1987 | 4 | 1st | 1st & 2nd | Working together | Hannah (2nd gen; Accounting Head)<br>Hannah (2nd gen; Accounting Head) \| Ali (2nd gen; inactive family) | Jun 2018<br>Jan 2021 | 55<br>39 \| 52 |
| 13 | Creative Studios | Design and advertising | 11 | 1998 | 4 | 1st | 1st & 2nd | Working together | Chris (1st gen; General Manager)<br>Aria (2nd gen; Graphic Designer) | Jun 2018<br>Nov 2020 | 42<br>48 |
| 14 | Food-Care | Confectionery and ready foods | 13 | 2006 | 5 | 1st | 1st & 2nd | Working together | Mary (1st gen; General Manager)<br>Mary (1st gen; GM) \| Cleo (2nd gen; inactive family) | Jun 2018<br>Dec 2020 | 40<br>34 \| 53 |
| 15 | Best Cars | Car imports, sales, and rentals | 10 | 1990 | 3 | 1st | 2nd | Passing the baton | William (2nd gen; General Manager)<br>Frank (1st gen, incumbent) | Jun 2018<br>Dec 2020 | 41<br>54 |
| 16 | MyGrocery | Grocery | 7 | 1988 | 3 | 2nd | 2nd | Post succession | Jane (2nd gen; General Manager)<br>Jane (2nd gen; GM) \| Ann (3rd gen; inactive family) | Jun 2018<br>Feb 2021 | 38<br>35 \| 47 |
| 17 | Donkey Life | Theme park & donkey milk producer | 12 | 2008 | 3 | 1st | 2nd | Post succession | Dave (1st gen, founder)<br>Ivy (2nd gen, General Manager) \| Lois (2nd gen, inactive family) | Aug 2018<br>Nov 2020 | 43<br>51 \| 49 |
| 18 | Herbs4all | Adventure park and herbal store | 10 | 2002 | 4 | 1st | 1st | Working together | Jessica (1st gen; General Manager)<br>Jessica (1st gen; GM) \| Saul (1st gen; inactive family) | Aug 2018<br>Nov 2020 | 48<br>54 \| 52 |
| 19 | Super Kids | Nursery school | 15 | 2007 | 2 | 1st | 1st | Working together | Olivia (1st gen; General Manager)<br>Elsa (2nd gen; Operations Manager) | Jun 2018<br>Nov 2020 | 42<br>56 |
| 20 | Agro-Market | Supermarket | 25 | 1979 | 6 | 2nd | 2nd | Working together | Luke (2nd gen; General Manager)<br>Iris (3rd gen; Purchasing Manager) | Jul 2018<br>Dec 2020 | 52<br>46 |
| 21 | Fruitopia | Fruit & vegetables importer and distributor | 39 | 1982 | 2 | 2nd | 2nd | Post succession | Jack (2nd gen; General Manager)<br>Jack (2nd gen; GM) \| Ava (nonfamily, Imports Officer) | Jul 2018<br>Dec 2020 | 45<br>41 \| 50 |
| 22 | Micro Plast | Producer of micro plastic parts | 42 | 2003 | 3 | 1st | 1st | Working together | Larry (1st gen; General Manager)<br>Mario (2nd gen; Product Development) \| Ella (nonfamily, Store Manager) | Aug 2018<br>Feb 2020 | 52<br>58 \| 43 |
| 23 | Farm Inc. | Cow farm | 18 | 1999 | 4 | 2nd | 2nd | Post succession | Kurt (2nd gen; General Manager)<br>Enzo (2nd gen; Animal Nutritionist) \| Ian (1st gen; inactive family) | Jun 2018<br>Dec 2020 | 39<br>51 \| 54 |

**Table 3. Data Structure and Sources**

| Data Sources | | | Data Structure | | |
|---|---|---|---|---|---|
| Companies (cases) | Interviewee roles across cases | Interview period | 1st Order Codes | 2nd Order Codes | 3rd order Codes - Aggregate Dimensions |
| Micro-Plast \| Best Cars \| Donkey Life \| Quali-Markets \| Sweet Heaven \| Perfect Paints \| Food Care \| Construction Masters \| Creative Studios \| Dairy Masters \| Olive Garden | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Firm identification of active family (debt crisis) | Psychological – Identification of family & nonfamily members | Psychological mechanisms influencing FSC |
| Micro-Plast \| Best Cars \| Donkey Life\| Quali-Markets \| Hunt & Shoot \| Food Care \| Construction Masters \| Creative Studios \| Dairy Masters | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Firm identification of inactive family (debt crisis) | Psychological – Identification of family & nonfamily members | Psychological mechanisms influencing FSC |
| Hunt & Shoot \| Car Care \| Construction Masters \| Micro-Plast \| Chief Bakers \| Sweet Heaven \| Silicone Experts \| Medi-Restaurants | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Firm identification of active family (Covid-19) | Psychological – Identification of family & nonfamily members | Psychological mechanisms influencing FSC |
| Micro-Plast \| Chief Bakers \| Silicone Experts \| Quali-Markets \| Dairy Masters \| Construction Masters \| Herbs4all \| Medi-Restaurants | 1st gen founder-GM \| 2nd gen GM \| successor \| inactive family \| nonfamily | Nov 2020 - Feb 2021 | Nonfamily identification with the firm (Covid-19) | Psychological – Identification of family & nonfamily members | Psychological mechanisms influencing FSC |
| Donkey Life \| Hunt & Shoot \| Construction Masters \| Quali-Markets \| Perfect Paints \| Micro Plast | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Obligation of inactive family to help family (debt crisis) | Psychological – Obligation of family members | Psychological mechanisms influencing FSC |
| Tronics \| Quali-Markets Sweet Heaven \| Super Kids | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Active family member obligation linked with business role (debt crisis) | Psychological – Obligation of family members | Psychological mechanisms influencing FSC |
| Creative Studios \| Perfect Paints \| Fruitopia \| Chief Bakers \| Food Care | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Active family members feeling obliged to help employees (Covid-19) | Psychological – Obligation of family members | Psychological mechanisms influencing FSC |
| Herbs4all \| Fruitopia \| Chief Bakers \| Micro Plast \| Car Care \| Perfect Paints | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Nonfamily employee obligation towards active family and firm (Covid-19) | Psychological – Obligation of nonfamily members | Psychological mechanisms influencing FSC |
| Quali-Markets \| Silicone Experts \| Agro-Market \| Perfect Paints \| Car Care \| Dairy Masters | 1st gen founder-GM \| successor \| inactive family | Nov 2020 - Feb 2021 | Nonfamily partner obligation towards active family and family firm (Covid-19) | Psychological – Obligation of nonfamily members | Psychological mechanisms influencing FSC |
| Chief Bakers \| Tronics \| Silicone Experts \| Creative Studios \| Hunt & Shoot \| Donkey Life \| Agro Market | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Commitment between family members towards the firm (debt crisis) | Situational – Shared Value Commitment of family | Situational mechanisms influencing FSC |
| Best Cars \| Herbs4all \| Tronics \| Sweet Heaven \| Medi Restaurants \| Perfect Paints \| Donkey Life | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Commitment between family members towards the family (debt crisis) | Situational – Shared Value Commitment of family | Situational mechanisms influencing FSC |
| MyGrocery \| Tronics \| Quali-Markets \| Perfect Paints \| Hunt & Shoot \| Donkey Life | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Commitment between active and inactive family towards firm continuity (debt crisis) | Situational – Shared Value Commitment of family | Situational mechanisms influencing FSC |
| Farm Inc \| Food-Care \| Chief Bakers \| Dairy Masters \| Quali-Markets \| Creative Studios \| Hunt & Shoot | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Commitment between family members towards employees (Covid-19) | Situational – Shared Value Commitment between family and nonfamily | Situational mechanisms influencing FSC |
| Creative Studios \| Food-Care \| Chief Bakers \| Micro-Plast \| Super Kids \| Car Care | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily | Nov 2020 - Feb 2021 | Commitment between family and nonfamily employees towards the firm (Covid-19) | Situational – Shared Value Commitment between family and nonfamily | Situational mechanisms influencing FSC |

| | | | | | |
|---|---|---|---|---|---|
| Tronics \| Quali-markets \| Olive Garden \| Construction Masters \| Chief Bakers \| Dairy Masters | 2nd gen GM \| successor | Jun-Aug 2018 | Absence of shared commitment between active family and nonfamily partners towards mutual support (Debt-19) | | |
| Quali-Markets \| Micro-Plast \| Agro-Market \| Perfect Paints \| Dairy Masters \| Chief Bakers | 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Commitment between active family and nonfamily partners towards mutual support (Covid-19) | | |
| Micro-Plast \| Best Cars \| Donkey Life \| Hunt & Shoot \| Construction Masters \| Tronics \| Chief Bakers \| Herbs4all \| MyGrocery \| Perfect Paints | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Stronger ties between family members (debt crisis) | Density of ties | Structural FSC reconfiguration |
| Car Care \| Micro-Plast \| Chief Bakers \| Farm Inc \| Perfect Paints \| Fruitopia \| Silicone Experts \| Creative Studios | 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Denser ties between active family and nonfamily employees (Covid-19) | | |
| Car Care \| Dairy Masters \| Agro-Market \| Perfect Paints \| Food Care \| Quali-Markets \| Micro Plast \| Chief Bakers | 1st gen founder-GM \| 2nd gen GM \| successor inactive family | Nov 2020 - Feb 2021 | Denser ties between active family and external nonfamily (Covid-19) | | |
| Micro-Plast \| Best Cars \| Tronics \| Best Cars \| Herbs4all \| MyGrocery \| Fruitopia \| Quali-Markets \| Super Kids | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Mobilization of personal resources from active family to the firm (debt crisis) | Resource mobilization | |
| Micro-Plast \| Best Cars \| Donkey Life \| Hunt & Shoot \| Construction Masters \| Best Cars \| Herbs4all \| MyGrocery\| Tronics \| Medi-Restaurants \| Hunt &Shoot \| Creative Studios \| Agro-Market | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Mobilization of personal resources from inactive family to the firm (debt crisis) | | |
| Car Care \| Construction Masters \| Chief Bakers \| Herbs4all \| Fruitopia \| Food-Care \| Creative Studios \| Perfect Paints | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Mobilization of resources from nonfamily employees to firm (Covid-19) | | |
| Micro-Plast \| Creative Studios \| Perfect Paints \| Fruitopia \| Farm Inc \| Food-Care \| Hunt & Shoot | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Mobilization of resources from active family to employees (Covid-19) | | |
| Quali-Markets \| Chief Bakers \| Sweet Heaven \| Donkey Life \| Hunt & Shoot \| Construction Masters \| Food Care \| Tronics \| Dairy Masters \| Micro Plast \| Best Cars | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Enhanced trust between (active and inactive) family members (debt crisis) | Interpersonal trust | Relational FSC reconfiguration |
| Best Cars \| Quali-Markets \| Agro-Market \| Construction Masters \| Medi-Restaurants \| Sweet Heaven \| Olive Garden | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Reduced trust between active family and external (nonfamily) actors (debt crisis) | | |
| Micro-Plast \| Chief Bakers \| Food-Care \| Olive Garden \| Super Kids \| Fruitopia \| Car Care \| Medi-Restaurants | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Increased trust between active family and nonfamily employees (Covid-19) | | |
| Quali-Markets \| Silicone Experts \| Micro-Plast \| Agro-Market \| Perfect Paints \| Chief Bakers \| Dairy Masters | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily | Nov 2020 - Feb 2021 | Increased trust between active family and external partners (Covid-19) | | |
| Micro-Plast \| Best Cars \| Donkey Life \| Hunt & Shoot \| Construction Masters \| Chief Bakers \| Herbs4all \| MyGrocery \| Tronics \| Food Care | 1st gen founder-GM \| 2nd gen GM \| successor | Jun-Aug 2018 | Increased bonds and solidarity within family (debt crisis) | Bonding & solidarity | |
| Micro-Plast \| Chief Bakers \| Creative Studios \| Farm Inc \| Food-Care \| Medi-Restaurants \| Super Kids \| Fruitopia | 1st gen founder-GM \| 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Increased bonds and solidarity between active family and employees in the firm (Covid-19) | | |
| Quali-Markets \| Micro-Plast \| Construction Masters \| Donkey Life \| Agro-Market \| Perfect Paints \| Chief Bakers \| Dairy Masters | 2nd gen GM \| successor \| nonfamily \| inactive family | Nov 2020 - Feb 2021 | Increased empathy and understanding active family and partners (Covid-19) | | |

**Table 4. Psychological Mechanisms and Family Social Capital Reconfiguration**

<table>
<tr><th rowspan="2">SHOCK</th><th rowspan="2">PSYCHOLOGICAL MECHANISMS</th><th colspan="2">FAMILY SOCIAL CAPITAL RECONFIGURATION</th></tr>
<tr><th>STRUCTURAL</th><th>RELATIONAL</th></tr>
<tr><td rowspan="2">DEBT CRISIS</td><td>FIRM IDENTIFICATION<br><br>○ Active and inactive family member identification with the firm</td><td>Denser ties between active and inactive family<br>When the bank system collapsed, from day one my brothers [inactive family] rushed to help me [active family] financially and by being on a standby with anything, even placing products on the shelves. This is because they are connected to the business in the same way as I am". [George, Construction Masters]<br><br>Mobilization of personal resources from active and/or inactive family members to the firm (e.g., money, ideas, knowledge, personal working hours)<br>My wife and my son, as well as the wife of my brother [co-owner] are not directly involved. But they still feel the business as their own and in difficulties, like when the "haircut" occurred, they will jump in to help. They met and said that they must help with their contacts. So, they started talking to people they knew who then talked to others and this way they brought new clients to the business [Chris, Creative Studios].</td><td>Increased trust between active and inactive family members<br>The contribution of the family to the business is like an iceberg. There is family, which is not engaged in the business but can act as a safety net during difficult periods. The crisis helped us to realize how much we can rely on one another and how much we can trust each other. My son Noah was studying in the UK when things started becoming bad with the crisis. Because I trusted him and I knew he would deliver, I asked him to look for an importer in the UK to export halloumi there. It took him a couple of weeks and he came up with a Cypriot contact who owned a distribution firm in the UK. Due to Noah, we initiated exports to the UK [John, Dairy Masters].</td></tr>
<tr><td>○ Lack of firm identification from nonfamily contacts (i.e., partners)</td><td></td><td>Reduced trust between active family and external (nonfamily) actors<br>What cost us and made it difficult for us for a while, was our distributor who abandoned us suddenly as soon as the crisis started. They visited us on the Friday the "haircut" of deposits was announced by the government, and all was fine. However, by Monday they sent us a letter that they would not represent us anymore. Suddenly, they thought that they should leave out some products, including ours. While we were seeing a long-term cooperation with them, they were not seeing us in the same way. Ok, me and my husband we trust each other, we complemented one another during the crisis, so that helped a lot. But trust with outsiders, especially after this incident with the distributor, has changed. We ask for written assurances now instead of trust [Lisa, Olive Garden].</td></tr>
</table>

| | | | |
|---|---|---|---|
| | **FAMILY MEMBER OBLIGATIONS**<br>○ **Inactive family member feeling obliged to help family in difficulty**<br><br>○ **Active family member's role-specific obligation to steer the firm through the crisis** | **Denser ties between active and inactive family**<br>*It [the Debt crisis] activated unwritten rules within the family to help the business in danger. A kind of obligation sensed by our family in different corners of the world, from Cyprus to Australia and to the UK. It obviously challenged us, but the family members came closer to one another* **[Rick, Perfect Paints].**<br>**Mobilization of personal resources from inactive family members to the firm**<br>*My brother Ali, who was working for the Bank of England when the crisis hit Cyprus, did not hesitate to quit this 'ideal job' of his to return to the company, as he was feeling obliged to help our family to deal with this situation [..] Without his help, the business would be long gone* **[Hannah, Hunt & Shoot].**<br>**Mobilization of personal resources from active family members to the firm**<br>*Carrying the responsibility of the business, I did everything possible to assist. All savings that I had at that time, which I was saving for my retirement, I put them into the business to keep it alive* **[Olivia, Super Kids].** | **Increased trust between active and inactive family members**<br>*The crisis obviously strengthened the trust in the family and brought the family closer, than ever, to the business. It was a shock that made me reconsider the role of the family. I found myself becoming more open to views, especially on the family table which often served for the exchange of ideas. I was feeling assured that I should rely on the family, both psychologically but also with ideas on new products or services, that could benefit the firm in the middle of the crisis* **[Larry, Micro Plast].** |
| **COVID-19 PANDEMIC** | **FIRM IDENTIFICATION**<br>○ **Active family and nonfamily identification with the firm** | **Denser ties between active family and nonfamily employees**<br>*It [pandemic] brought the employees closer to us to brainstorm for solutions on how customers can make and receive their orders, to ensure that we will continue to do business whilst the shop was closed* **[Tom, Silicone Experts].**<br>**Mobilization of resources (ideas, knowledge, technology) from nonfamily employees to the firm**<br>*About a week after the first general lockdown, when we started realizing the consequences, an employee who is with us the past ten years came to me and told me that he has been nurtured in this business and doesn't want it to go down like this. He said that since knows few things about websites he could build an e-shop where people could order our products online. I agreed and this was a useful initiative as it helped us to generate a decent income during the pandemic. It also made me feel good as I have noticed employees doing their best to help the business"* **[Jessica, Herbs4all].** | **Increased trust and bonds between active family and nonfamily employees**<br>*Owners and employees, we sat together at the start of the season in a friendly environment and discussed. 'Guys this season is not like other seasons'. We explained that we did not want to send people home, but we will have to reduce working hours and salaries by providing extra day offs. It was explained that this is a way for the business to make it through a very touch season. There was mutual understanding, from both owners and employees. The employees accepted to give up certain things since they were understanding that this is essential for keeping the business operational during the pandemic. The season closed harmonically, and it even allowed us to build stronger ties with our employees because we had less work to do and more time to discuss. All these happened, despite the losses we incurred* **[Theo, Medi-Restaurants].** |

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| | **OBLIGATIONS OF ACTIVE FAMILY AND NONFAMILY**<br>○ **Active family members feeling obliged to help employees to overcome personal and work-related problems associated with the pandemic** | **Denser ties between active family and nonfamily employees**<br>*I have dealt with this matter [pandemic] more than I would do in the past. I showed them [employees] understanding and compassion to help them overcome the problems which they were dealing with"* **[Jack, Fruitopia].**<br>**Mobilization of resources (emotional and psychological support) from active family to nonfamily employees**<br>*We [active family] had to go the extra mile to support our people during the pandemic. One of our employees is from Greece. Because of the lockdowns and travel difficulties we told him to stay in Greece and work from home. This was done to ensure that he would be with his family* **[Aria, Creative Studios].** | |
| | ○ **Nonfamily members feeling obliged to help active family to steer the firm through the crisis** | **Denser ties between active family and nonfamily employees**<br>*Despite the adverse situation with the pandemic, we [active family] didn't want to dismiss anyone from our staff and there was a lot of pressure. A solution was given by employees themselves. Seeing the situation, they discussed between them and proposed a temporary reduction in their weekly hours until things would become better* **[Andrew, Chief Bakers].**<br>**Mobilization of resources (ideas, knowledge, technology) from nonfamily employees to the firm**<br>*We [active family] helped our employees by offering them a safe environment to work and protection during the pandemic. Certain people whose presence was not essential, we encouraged them to work from home like Petros who oversees the sales to business customers who remained online and did an excellent job. The same with Maria who oversees orders and marketing. We did not expect that these two people would work together to strengthen our presence on social media and create electronic forms to ease orders from customers. So, investing in their safety brought improvements for the business, because these employees were very appreciative for all the support we have provided to them during this difficult period"* **[Rick, Perfect Paints].** | |

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| | ○ **Increased obligation for mutual [business] support between active family and external nonfamily contacts (e.g. customers, partners)** | **Denser ties between active family and external (nonfamily) contacts**<br>*The relationships with our suppliers were strengthened during the pandemic. Because of the way we [active family] have chosen to collaborate; with a broader cooperative mindset. If you ask them, they will tell you how much our company has supported them. In turn, they have increased the credit they give to us, they are standing next to us. They may be closed but they will serve us because it is us. Because they know it is a win-win situation; they will help us to sell the X product, I will get paid and they will get paid* **[Scot, Car Care].** | **Increased trust between active family and external (nonfamily) contacts**<br>*The business went beyond what was expected to serve our customers on time. As owners, we were personally available to discuss difficult problems with them, we gave them better prices without them asking. Many customers were feeling obliged, and they were speaking about it. I believe the pandemic gave us the opportunity to show a human face and establish better relationships and trust with our customers"* **[Leo, Dairy Masters].** |
| **Shifts across crises (Debt vs pandemic)** | From family member (active and/or inactive) identification with the firm during debt crisis to family and nonfamily member identification during the pandemic<br>From inward-looking (family-focused) obligations during the debt crisis to outward-looking (employee-oriented) obligations during the Covid-19 pandemic<br>Obligation for mutual support between family members and partners becomes important during the pandemic | From denser internal ties (i.e., between active and inactive family) during debt crisis to denser external ties (between active family and nonfamily actors) during Covid-19<br>From mobilization of resources from family (active or inactive) to the firm during the debt crisis to the mobilization of resources from nonfamily [employees] to the firm and from active family towards employees during the pandemic | From enhanced trust within family during the debt crisis to enhanced trust between active family and nonfamily employees during the pandemic<br>From reduced trust of active family towards external (nonfamily) contacts during debt crisis to increased trust towards external contacts during the pandemic |

**Table 5. Situational Mechanisms and Family Social Capital Reconfiguration**

| SHOCK | SITUATIONAL MECHANISM | FAMILY SOCIAL CAPITAL RECONFIGURATION: STRUCTURAL | FAMILY SOCIAL CAPITAL RECONFIGURATION: RELATIONAL |
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| **DEBT CRISIS** | **SHARED VALUE COMMITMENT**<br>○ **Shared commitment between active and inactive family towards the firm/ family/ business continuity** | **Denser ties between active and inactive family**<br>*I don't think that any of us [family] would like this business to be taken away from the family. We got scared because of the collapse of the economy and we came close to the firm, to help it with anything we had* **[Dave, Donkey Life].**<br>**Mobilization of personal resources from active and inactive family members to the firm**<br>*I believe that irrespective of working or not into the business, a family member is and should be committed to the family business. My younger son studied accountant and works as an auditor in a big audit firm. During the first year of the crisis, he was coming every day to the store, after his work, to assist. To check spending, to check again the financials, to offer his opinion, and join important decisions* **[Luke, Agro-Market].** | **Increased trust between active and inactive family members**<br>*Many things changed after the financial crisis. The financial pressures changed trust [..] The level of trust towards clients is not the same anymore [..] The most trusted persons in the business are the family members because they are a committed team and you know they will not try to cheat you* **[William, Best Cars].** |
| | ○ **Absence of shared commitment between active family and external (nonfamily) contacts (e.g. customers, partners)** | **Weaker ties with external nonfamily actors**<br>*The relationships worsened with a lot of companies that we supply. They acted selfishly and dishonestly by constantly delaying their payments. They knew that it was a period [debt crisis] that was also very financially difficult for us but still they acted selfishly at our expense* **[Allan, Tronics].** | **Reduced trust between active family and external (nonfamily) contacts**<br>*The recession [debt crisis] proved that there is no such thing as loyalty from partners and makes it difficult to operate based on trust. For example, while a supplier was selling me a specific pen one euro, I saw the same pen in a small shop for 50 cents. Then, I telephoned them and asked them why this is happening; 'we are your partners for 30 years'. This is one example from which trust was deteriorated between us, between partners* **[Oliver, Quali-markets].** |
| **COVID-19 PANDEMIC** | **SHARED VALUE COMMITMENT**<br>○ **Active family's shared commitment towards nonfamily employees:** | **Denser ties between active family and nonfamily employees**<br>*We [active family] didn't want to risk any harm with our employees. From day one of the pandemic, we asked everyone to work from home. We were trying to facilitate a frequent communication between us, in a good and ambitious climate. We were informing them constantly, full transparency on problems. We saw that this was beneficial for us without any delays or disruptions in our projects. It helped that we were a good team, but we came even stronger as team out of this experience* **[Aria, Creative Studios].** | |

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| | | **Mobilization of resources (emotional, and psychological support) from active family to nonfamily employees**<br>*Each employee was carrying different worries because of the situation [pandemic]. We felt committed, as owners, to discuss separately with each one of them to assess the situation and get these problems out of them, either their fears to come to work or their excessive stress. In any case, we tried to offer support by giving them extra days off work or allowing some of them to work from home* **[Hannah, Hunt & Shoot].** | |
| | ○ **Shared commitment between active family and nonfamily employees towards the firm:** | **Mobilization of resources (e.g. ideas, knowledge, labor) from active family and nonfamily employees to the firm**<br>*Thank God, we have very committed and experienced managers, people that care as much as we [active family] do for this business and they helped us in effectively managing issues linked to the pandemic, such as people's morale and health issues* **[Mario, Micro Plast].** | **Increased trust between active family and nonfamily employees**<br>*Despite many of us working on a distance basis during the lockdowns, we were very focused and coordinated on our tasks and all the work was done without any delays or disruptions. We also had a Viber group where we were sending each other jokes about Covid, which was smoothening the seriousness of the situation. In my view, the relationship and trust between us strengthened more* **[Scot, Car Care].** |
| | ○ **Shared commitment between active family and nonfamily partners towards mutual support to overcome pandemic obstacles:** | **Denser ties between active family and external (nonfamily) contacts**<br>*This crisis [pandemic] was a good test of our relationship with clients, a positive test, as it brought both sides doing their best to serve each other in the middle of so many obstacles. Amongst other things, we supported construction firms with seamless supply of paint products despite the supply chain problems we were facing. In turn, they would facilitate larger orders in advance to give us time to obtain and prepare the needed supplies* **[Sam, Perfect Paints].** | **Increased trust between active family and external (nonfamily) contacts**<br>*The suppliers were very collaborative. They made sure that all orders would be delivered on time, and whatever our company needed they were there to help. We also did things during the pandemic to assist our suppliers such as to pay them through standing orders which is fixed and allows them to get paid at the date that they should get paid. Before they were running after us to pay them with cheques and there were delays in payments. Because of such mutual actions, the level of trust with suppliers has been increased during the pandemic* **[Andrew, Chief Bakers].** |
| **Shifts across crises (Debt vs pandemic)** | From shared commitment between family members during debt crisis to shared commitment between family and nonfamily actors during the pandemic. | From denser internal ties (i.e., between active and inactive family) during debt crisis to denser external ties (between active family and nonfamily actors) during Covid-19<br><br>From mobilization of resources from family (active or inactive) to the firm during the debt crisis to the mobilization of resources from active family and nonfamily [employees] to the firm, and from active family towards employees during the pandemic | From enhanced trust within family during the debt crisis to enhanced trust between active family and nonfamily employees during the pandemic<br><br>From reduced trust of external (nonfamily) contacts during debt crisis to increased trust towards external contacts during the pandemic |

**Figure 1: Drivers and Content of Family Social Capital (FSC) Reconfiguration During External Crises**