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УДК 334.722.24

STRATEGIES OF SMALL FAMILY BUSINESSES SURVIVAL DURING AND AFTER QUARANTINE

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The issue of creation of Small Family Business Survival Strategies during and after quarantine has been worked out in the study.

Family business unlike any other type of business has some specific features which might well help it to survive. They are: Strength in unity, Ability to handle conflicts, Fairness, Social

engagement, Strong values, Pride and Mutual support. Therefore, based on these features, the Survival Triangle of Small Family Business has been developed in the paper. It is based on Short-term measures (immediate response to the quarantine challenges), Long-term Strategy (for the next several years of recession) and Family Values.

Besides, the scheme of working out a strategy of Small Family Business Survival during and after quarantine has been offered. A Strategy of Survival should include a short-term part and a long-term one (in case low market demand after a quarantine is over). A long-term strategy must be based on strategic analysis, clear identification and enhancing of competitive advantages.

Additionally, Decision Stages for Survival of Small Family Business being quarantined have been offered. Stage 1. Applying for governmental aid. The first immediate action is to get to know what kind of help can the government provide and apply for it on time. Stage 2. Examination of the possibility of remote work. Not every business can be run remotely, therefore businessmen should consider delivery of their products to consumers even though they did not have such an option before. Consequently, their business models should be adjusted to the changed situation (for example, a classical shop keeper model could be transferred into Internet shop model). Stage 3. Examination of the possibility of changing your business specialization. It means application of a horizontal diversification strategy. For instance, a sewing company could be reoriented to tailoring medical gowns and masks. If this fails, Small Family Business goes to the next stage. Stage 4. Revision of skills of all the family members in order to find some way of their monetization. Stage 5. Socially responsible fundraising 50/50 (for maintaining business and anti-epidemic struggle).

Implementation of all the aforementioned may well help Small Family Businesses in different countries survive quarantine and live after it. The results obtained in the study can be used in further research in this realm.

The results obtained in the study can be used in further research in this realm.

Key words: *Family Business, Small Business, Crisis, Quarantine, Survival strategy*

СТРАТЕГІЇ ВИЖИВАННЯ МАЛОГО СЕМЕЙНОГО БІЗНЕСУ ПІД ЧАС ТА ПІСЛЯ КАРАНТИНУ

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У статті досліджено питання створення стратегій виживання малого сімейного бізнесу під час та після карантину. Сімейний бізнес, на відміну від будь-якого іншого типу бізнесу, має деякі специфічні особливості, які цілком можуть допомогти йому вижити. Це: сила в єдності, здатність вирішувати конфлікти, справедливість, соціальна залученість, сильні цінності, гордість, взаємодопомога. Тому, виходячи з цих особливостей, в роботі розроблено трикутник виживання малого сімейного бізнесу. Він базується на короткострокових заходах (негайна відповідь на виклики карантину), довгостроковій стратегії (протягом наступних кількох років рецесії) та сімейних цінностях.

Крім того, розроблена схема розробки стратегії виживання малого сімейного бізнесу під час і після карантину. Стратегія виживання повинна включати короткострокову та довгострокову частини (у випадку низького попиту на ринку після закінчення гарантії). Довгострокова стратегія повинна базуватися на стратегічному аналізі, чіткій ідентифікації та посиленні конкурентних переваг.

Також запропоновано етапи термінового вирішення питань виживання малого сімейного бізнесу, які перебувають у карантині. Етап 1. Звернення за державною допомогою. Перша негайна дія - дізнатись, яку допомогу може надати уряд та звернутися за нею вчасно. Етап 2. Вивчення можливості віддаленої роботи. Не кожен бізнес можна вести віддалено, тому підприємці повинні розглянути можливість доставки своєї продукції споживачам, хоча раніше вони не мали такої можливості. Отже, їх бізнес-моделі повинні бути пристосовані до зміни ситуації (наприклад, класична модель власника магазину може бути трансформована у модель Інтернет-магазину). Етап 3. Вивчення можливості зміни спеціалізації бізнесу. Це означає застосовувати стратегію горизонтальної диверсифікації. Наприклад, швейна фірма може переорієнтуватися на пошиття медичних суконь та масок. Якщо цього не вдається, малий сімейний бізнес переходить до наступного етапу. Етап 4. Перегляд навичок усіх членів сім'ї, щоб знайти певний спосіб їх монетизації. Етап 5. Соціально відповідальний збір коштів 50/50 (для підтримання бізнесу та боротьби з епідемією).

Впровадження вищезазначеного може допомогти малому сімейному бізнесу в різних країнах вижити на карантині та успішно працювати після нього.

Отримані результати дослідження можуть бути використані для подальших досліджень у цій царині.

Ключові слова: сімейний бізнес, малий бізнес, криза, карантин, стратегія виживання.

СТРАТЕГИИ ВЫЖИВАНИЯ МАЛОГО СЕМЕЙНОГО БИЗНЕСА ВО ВРЕМЯ И ПОСЛЕ КАРАНТИНА

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В исследовании разработан вопрос создания стратегий выживания малого семейного бизнеса во время и после карантина. Во-первых, разработан «Треугольник выживания малого семейного бизнеса», который включает краткосрочные меры, долгосрочную стратегию (на ближайшие несколько лет рецессии) и семейные ценности. Кроме того, предложена схема разработки стратегии выживания малого семейного бизнеса во время и после карантина. Во-вторых, предложены этапы принятия решений для выживания малого семейного бизнеса в карантине. Этап 1. Подача заявки на государственную помощь; 2 этап. Проверка возможности удаленной работы; 3 этап. Экспертиза возможности изменения специализации вашего бизнеса; 4 этап. Пересмотр навыков всех членов семьи с целью найти способ их монетизации; Этап 5. Социально ответственный сбор средств 50/50 (для сохранения бизнеса и борьбы с эпидемией).

Реализация вышеупомянутого может помочь малым семейным предприятиям в разных странах пережить карантин и успешно работать после него.

Ключевые слова: семейный бизнес, малый бизнес, семейный бизнес, малый бизнес, кризис, карантин, стратегия выживания.

Introduction.

On 23 January 2020, the central government of China imposed a lockdown in Wuhan and other cities in Hubei in an effort to quarantine the centre of an outbreak of coronavirus disease 2019 (COVID-19). The

incident was commonly referred to in the media as the "Wuhan lockdown" The World Health Organization (WHO), although stating that it was beyond its own guidelines, commended the move, calling it "unprecedented in public health history" [1].

All restaurants and cafes, bars, entertainment venues (nightclubs, cinemas, theatres, concert halls), museums and galleries, spas, wellness centres and massage parlours, leisure centres, gyms, and other sports facilities, non-food shops, shopping and entertainment centres, and, of course, travel agencies, some transportation firms, etc., have been shut in the whole region of China affected by the coronavirus disease.

An unexpected outbreak of coronavirus COVID-19 infection has started in China and is likely to be spread all over the world, causing shutdowns of a great deal of businesses in many branches of economy (because of implementing quarantine). It may affect the European Union and Ukraine, too.

The epidemic is highly likely to hit mostly small businesses which do not have sufficient savings and stock of financial stability. Under these circumstances billions of small businesses will go bankrupt unless they timely develop and use adequate survival strategies. It definitely concerns small family businesses all over the world.

Family business is known to be one of the foundations of the world's business community. It has its own organization - The Family Business Network (FBN) is the world's leading organization of business families. Founded in 1989 and headquartered in Lausanne, FBN is a federation of Member Associations spanning 65 countries. According to FBN data, the percentage of Family Business contribution to National GDP is nearly 45% in Belgium, 49% in the Netherlands, 50% in Finland, Brazil and Portugal, 57% in Germany, 63% in the United States, 68-70% in Argentina, 70% in Singapore, Uruguay and Costa Rica, 94% in Italy [2].

As we pointed out in [3], there is no accurate statistical data about family business in Ukraine, but we assume that majority of medium-size, small and microenterprises are family-owned (especially those which are registered as individual entrepreneurs). As for Ukraine, according to V. Burda, the

president of FBN Ukraine, a part of the global FBN International [4], the entire retail, from grocery to household appliances, as well as the construction business (the two largest thriving sectors that create jobs) is nothing else than family business.

We agree with the definition of family business as «a business which belongs to the members of one family (totally or mainly) and is bequeathed to the next generations by right of heredity» [5, p. 392].

Taking into account all the aforementioned, we can state that there is an urgent necessity of development of survival strategies for small family businesses which could be affected by quarantine in Ukraine and other countries.

Analysis of recent researches. The issue of developing small business in Ukraine is discussed in the works of V. Dykan, O.Schramenko, O. Poliakova, H. Obruch, A. Tolstova and other scientists [6 – 9]. Features of family business, problems and prospectives of its development are discussed in [10 - 12], some aspects of creation of business strategies of small businesses during an economic crisis are investigated in [13, 14].

Unexplored aspects of the issue. Although several short publications about some urgent measures for survival of small businesses in China have appeared recently, there is still a great lack of scientific researches in this field, because this problem has just arisen. Both strategies of immediate reaction and of long-term survival are needed to be developed.

The purpose of the study is the creation of immediate and long-term strategies of survival of small family businesses affected by quarantine.

Main body of the study.

An economic crisis significantly affects market conditions by decreasing effective demand that forces firms to fit their strategies into changing environment. But if it is not a usual crisis, but an unexpected and unpredictable one which demands immediate respond (in situation of an epidemic), businessmen should know what urgent

measures to apply.

Family business unlike any other type of business has some specific features which might well help it to survive. According to the research by Denise Kenyon-Rouvinez [15],

main principles of family business are presented in the fig.1. We can count them as specific features as they are not that typical of other types of business.



Fig.1. Specific features of Family Business (built according to [15])

We should add to the point that the degree of manifestation of these specific features depends on concrete firm and its internal organizational culture. Nevertheless, in case Small Family Business is guided by them, they are likely to make its survival in extreme crisis situation less painful and more predictable.

Any business whose target audience is decreasing during quarantine (mentioned at the beginning of the paper) should work out not only immediate measures of survival, but the long-term ones. We presume that a touristic branch and airlines, restaurant business, etc., will not be able to recover instantly after quarantine because of people's

fear of being infected with coronavirus using their services. So, going back to family business, we offer the next Survival Triangle (presented in the fig.2).

The Survival Triangle is based on Short-term measures (immediate response to the quarantine challenges), a Long-term Strategy (for the next several years of recession) and, of course, Family Values which include not only mutual relationships between family members, but their attitude to their customers according to the specific features presented in the fig.1.

Our vision of a Small Family Business Survival Strategy is shown in the fig.3.

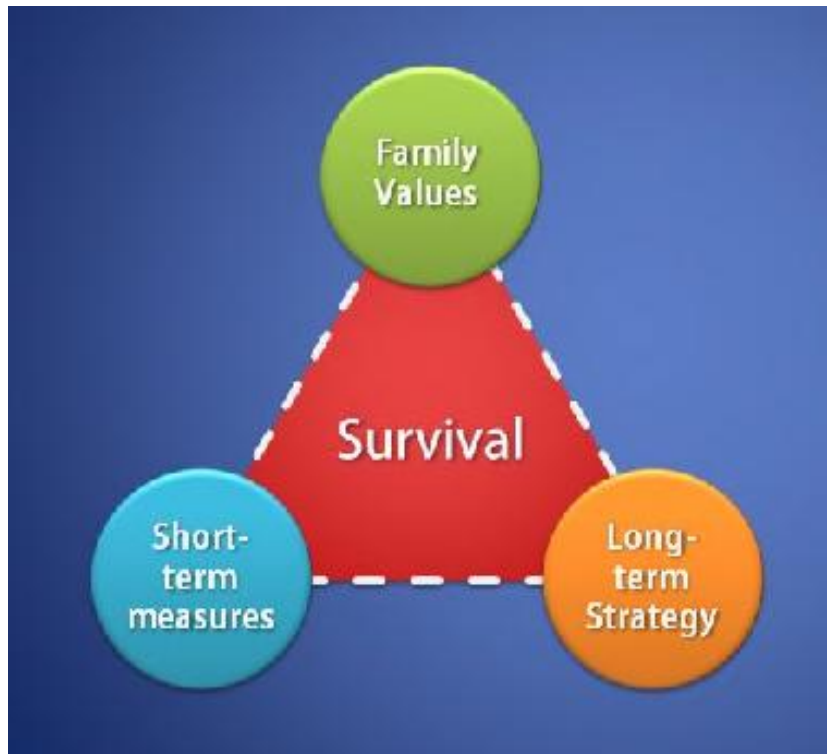


Fig.2. *Survival Triangle of Small Family Business* (developed by the author)

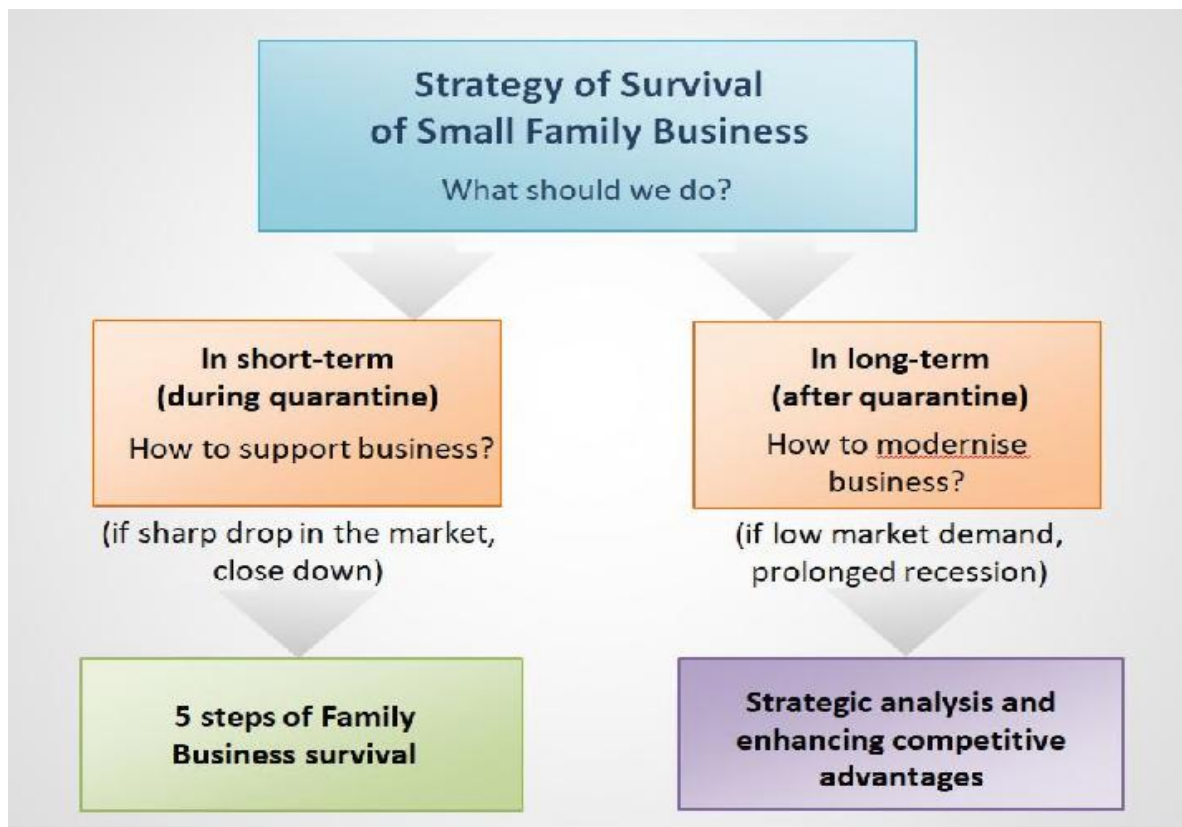


Fig.3. *Scheme of working out a strategy of Small Family Business Survival during and after quarantine* (developed by the author)

A Strategy of Survival should include a short-term part and a long-term one (in case of low market demand after quarantine is over). A long-term strategy must be based on strategic analysis, clear identification and enhancing of competitive advantages. In this paper we will focus on 5 steps of Family Business immediate survival as one of the most urgent tasks for the time being. Decision Stages for Survival of Small Family

Business being quarantined are shown in the fig. 4.

Stage 1. Applying for governmental aid.

The first immediate action is to get to know what kind of help the government can provide and apply for it on time. For instance, coronavirus quarantine could be recognized as a force majeure by a government, the business could be exempt from paying land and real estate taxes, etc.

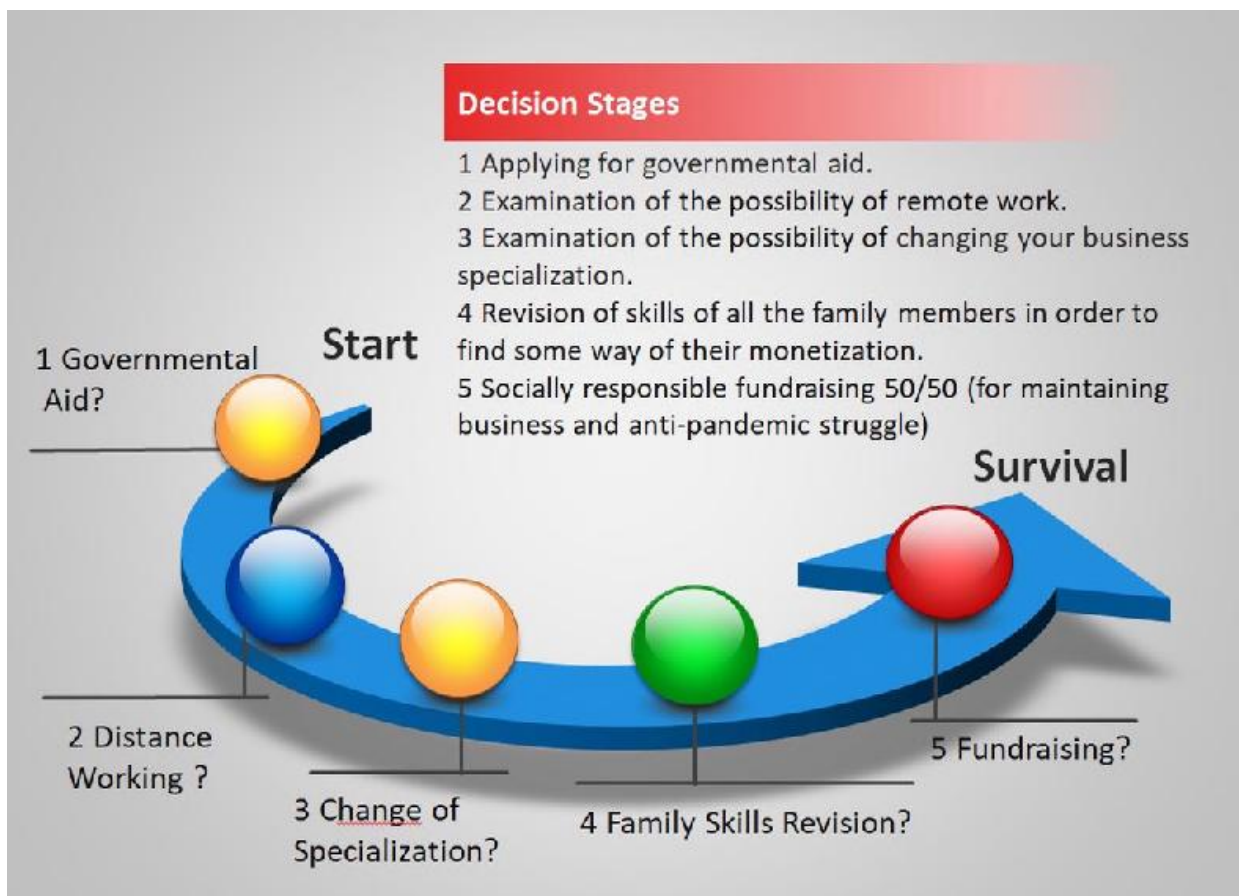


Fig.4. Decision Stages for Survival of Small Family Business being quarantined (developed by the author)

Stage 2. Examination of the possibility of remote work. All companies which could organize distance working should do it: educational organizations, consulting companies, etc. But, unfortunately, not every business can be run remotely (restaurants, for instance). Therefore businessmen should consider delivery of their products to the consumers even though they did not have such an option before. Consequently, their business-

models should be adjusted to the changed situation (for example, a classical shop keeper model could be transferred into Internet shop model).

If it appears to be impossible, Small Family Business goes to the stage 3.

Stage 3. Examination of the possibility of changing its business specialization. It means application of horizontal diversification strategy.

Companies introduce into the production new products which are based on their know-how, experience and technical-economic capabilities. For instance, a sewing company could be reoriented to tailoring medical gowns and masks.

If this fails, Small Family Business goes to the next stage.

Stage 4. Revision of skills of all the family members in order to find some way of their monetization. As we are discussing survival of Small Family Business, we should emphasize that if business can not be either conducted remotely or reorganised, it does not mean that their owners will starve not being able to make money during quarantine. Family members should revise all their skills (including hobbies) and monetize them. For instance, to find some distance job as a teacher, or a photographer, or a designer, or at least an operator of a call centre.

Stage 5. Socially responsible fundraising 50/50 (for maintaining business and anti-epidemic struggle). While being on the previous stage (or if that fails) owners of Small Family Business can start Socially Responsible Fundraising . We suggest spending 50% of money being collected for buying necessary things (medical masks, for instance) and donating them to people. In this way owners of Small Family Business should be guided by their family values and help people, because people's health is more valuable than lost profits.

Conclusions and prospects for the further research.

The issue of creation of Small Family Business Survival Strategies during and after quarantine has been worked out in the study.

Firstly, a Survival Triangle of Small Family Business has been developed, which includes Short-term measures (immediate response to quarantine challenges), Long-term Strategy (for the next several years of recession) and Family Values. Besides, the scheme of working out a Small Family Business Survival Strategy during and after quarantine has been offered. Secondly, Decision Stages for Survival of Small Family

Business being quarantined have been offered. Stage 1. Applying for governmental aid; Stage 2. Examination of the possibility of remote work; Stage 3. Examination of the possibility of changing your business specialization; Stage 4. Revision of skills of all the family members in order to find some way of their monetization; Stage 5. Socially responsible fundraising 50/50 (for maintaining business and anti-epidemic struggle).

Implementation of the aforementioned may well help Small Family Businesses in different countries survive quarantine and live after it. The results obtained in the study can be used in further research in this realm.

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