

**Survival strategies adopted by microbusinesses during COVID-19: An exploration of ethnic minority restaurants in Northern Finland**

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## **Survival strategies adopted by microbusinesses during COVID-19: An exploration of ethnic minority restaurants in Northern Finland**

### **Abstract**

**Purpose** – This paper explores the survival strategies and coping mechanisms of ethnic minority entrepreneurs operating in Northern Finland during the COVID-19 pandemic.

**Design/methodology/approach** – The paper uses a qualitative research approach based on six exploratory case studies. The in-depth interviews in two phases were conducted with owner-managers of ethnic minority restaurants in Northern Finland.

**Findings** – The findings reveal that all studied case firms undertook quick adjustments in response to the COVID-19 pandemic. For example, staff working hours were reduced through mutual consultation, and readjustments to the supply chain were made so that critical ingredients remain available despite the forced lockdown and supply chain bottlenecks. However, the readjustment of the supply chain was not visible in all case firms. Some of the owner-managers we interviewed decided to keep doing business with the ethnic minority suppliers, despite some transportation problems due to lockdowns, especially in the early phases of COVID-19. Findings also suggest that the support grants announced by the state appeared not to be particularly useful for these restaurants due to restrictive eligibility criteria that many microbusinesses potentially fail to meet. Finally, our sample microbusinesses (restaurants) entrepreneurs recognize the importance of home delivery for their business survival, although they were critical of online food delivery service providers (apps) due to their high charges. Some of the case restaurants gave customers incentives for directly ordering from them, as an alternative strategy.

**Originality/value** – Our paper is one of the first studies to specifically highlight the peculiarities of ethnic minority entrepreneurship and survival dynamics in Northern Finland, where running the restaurant operations, including ensuring the supply chain management, is more complex than in the case of ethnic minority restaurants in more well-connected European countries and cities with an established history of immigrant businesses. Our study is also novel in terms of specifying the strategies adopted by ethnic minority businesses in adjusting to the disruptions caused by the COVID-19 pandemic and surviving through it. At the same time, it has shown limitations and some problems associated with accessing state support announced for the hospitality industry in response to COVID-19. Finally, it offers a new angle by explicitly highlighting the power dynamics between restaurants and food ordering platforms (apps) and the potential alternatives in this specific context.

**Key Words:** Adaptability, Survival strategies, COVID-19, Ethnic minority, Microbusiness, Hospitality industry, Finland

**Paper type** – Research Paper

## 1. INTRODUCTION

This study explores the survival strategies and coping mechanisms of ethnic minority businesses operating in Northern Finland during the COVID-19 pandemic. Ram *et al.* (2006: 297) defined ethnic minority businesses as "small family-run firm, funded and staffed by family members and co-ethnics, and flourishing harmoniously based on trust, loyalty and mutual stake-holding." In a broader context, ethnic minority businesses are characterized as disproportionately represented in low value-added activities and constitute low entry thresholds (Deakins *et al.*, 2007). The ongoing COVID-19 pandemic has influenced all aspects of businesses, and ethnic minority restaurant businesses are no exception.

Since the outbreak of COVID-19, many governments across the globe resorted to lockdown measures to control the spread of the virus, which resulted in significant disruptions (e.g., Amankwah-Amoah *et al.*, 2021a; Dunford *et al.*, 2020) which have been particularly hard for microbusinesses (Arslan *et al.*, 2021). These influences have also been significantly visible in restaurants and other food businesses. They were banned from offering dine-in services during the lockdown (e.g., Foroudi *et al.*, 2021; Song *et al.*, 2021). At the same time, these restrictions have resulted in significant growth in-home delivery service apps; an aspect that has visibly influenced the restaurant business operations (e.g., Ali *et al.*, 2021; Gavilan *et al.*, 2021; Kumar and Shah, 2021). Various governments, especially in developed western economies, have tried to offset the losses of businesses by offering support grants during the COVID-19 pandemic. However, the availability of grant information and grants to microbusinesses, including ethnic minority businesses, have been criticized as mostly the large business groups appear to benefit from such support programs (e.g., OECD, 2020). Whereas access to finances is available for large firms, scholars like Cowling *et al.* (2012) and Ram *et al.* (2003) demonstrate that ethnic minority businesses suffer from access to external finance and bank credit due to various motives: discrimination, poor credit score, lack of a good business plan or communication issues, and so on. Following this line of argument, Sithas and Surangi (2021) posit that the COVID-19 has aggravated ethnic business access to finance due to ethnic entrepreneurs: "lack of resources and experience with money, market, and management." Thus, it is not surprising that Korede *et al.* (2021) call for more research considering the nuanced ways ethnic businesses adapt and innovate in response to a crisis, including the current COVID-19 pandemic.

Ethnic minority and migrant entrepreneurs are increasingly visible in all developed western countries (e.g., Ram *et al.*, 2001, 2002; Czinkota *et al.*, 2021; Dana, 2007; Li, 2019; Burke and Cowling, 2020). In some countries, especially the past colonial powers such as France and the UK, ethnic minority entrepreneurship is a well-established and significantly researched phenomenon (e.g., Dana, 2011; Maxwell, 2012). In the Nordic countries, Denmark, Sweden, and Norway also have a significant ethnic minority population due to immigration in the last few decades (e.g., Loftsdottir and Jensen, 2016), and there have been some academic studies in recent years focusing on a different aspect of ethnic entrepreneurship in these countries (Vinogradov and Kolvereid, 2007; Tavassoli and Tripl. 2019). However, immigration and resulting ethnic minority microbusinesses are a relatively recent phenomenon in Finland compared to its Nordic counterparts (e.g., Koivukangas, 2003; Martikainen, 2013).

In this context, our paper focuses on ethnic minority microbusinesses during the COVID-19 pandemic in an under-researched empirical setting— Northern Finland. Microbusinesses are underexplored in the broader business management literature (Arslan *et al.*, 2020; Haq *et al.*, 2021), and policymakers often ignore such enterprises when setting policies (e.g., European Commission, 2015). The phenomenon of ethnic minority entrepreneurship remains under-researched in rural communities (Haq *et al.*, 2021), such as Northern Finland, with only a handful of recent studies (Wahlbeck, 2018; Fornaro, 2018). Most ethnic minority entrepreneurs in Finland are active in the capital city (Helsinki) or large cities like Tampere or Turku. However, the restaurant sector is an arena where ethnic minority entrepreneurs are disproportionately visible throughout the country (Wahlbeck, 2018). Our paper focuses on the adaptability and survival strategy enacted by the ethnic minority entrepreneurs in Northern Finland, a geographical area where immigration is an even more recent phenomenon than the rest of the country. To date, the literature remained scant to focus on the survival strategies of ethnic minority entrepreneurs during COVID-19 times in Northern Finland. Unlike other regions in Finland, ethnic minority restaurants in Northern Finland are more deprived of finance due to a lack of trust and few financial institutions (Wahlbeck, 2004). Hence, there is a clear contextual gap, which is filled by our study. Thus, based on the above discussion, this study aims to answer: “*How did ethnic minority microbusinesses survive during the COVID-19 pandemic?*”

The current paper contributes to the extant literature on adaptability, access to finance, and survivability of minority businesses during a crisis. First, we contribute to the extant ethnic minority entrepreneurship literature by being one of the few studies to specifically highlight the peculiarities of ethnic minority entrepreneurship and their survival strategies in Northern Finland. Compared to other regions and European countries with a longer history of immigration and established relevant networks, running ethnic minority microbusinesses is relatively challenging in Northern Finland. Second, we highlight the specific strategies such as efficient employees' usage, supply chain adjustment, personal financing and adaptability process of ethnic minority-owned small firms as critical strategic responses to external shocks caused by COVID-19. Third, the study provides critical insight into the power dynamics of technological platforms by suggesting that not all firms equally benefit from these technological disruptions. Ethnic minority enterprises are in a precarious situation; on the one side, their survival is at stake given the limited resources such firms possess, and on the other side, the benefits that emerging technologies offer to firms. Nevertheless, these firms find it challenging to cope with the costs associated with the adoption of disruptive technologies. Fourth, the study highlights the challenges associated with accessing state (governmental) support by the ethnic minority-owned firms due to (the perception of) bureaucratic processes and in some cases language barrier. Also support criteria announced is not favorable to microbusinesses. Lastly, the findings highlight the role of entrepreneurs' social (personal) networks in enabling microbusinesses to cope with external shocks like COVID-19.

## **2. THEORETICAL BACKGROUND**

### **2.1 Adaptability**

The concept of adaptability— defined as the inbuilt of an organization to change its strategies, structure, procedures, or other core attributes, in anticipation/response to a change in its environment— stressed that firms that cannot adapt (be able to read and act on a signal of change) and innovate would fail (Hodgson *et al.*, 2017; Tuominen *et al.*, 2004). Extant literature shows that in a high-risk environment (such as the one posed by COVID-19), adaptability is one of the critical prerequisites for business continuity, survival, or growth (see Smallbone *et al.*, 2012; Vargo and Seville, 2011; Tang and Tomlin, 2008; Oktengil and Greenley, 1997). According to Hodgson *et al.* (2017), adaptability in small and medium-sized enterprises can have a small but essential effect in certain circumstances. This is because many small businesses operate under varying internal

and external circumstances— lack of organizational design and market focus, cash reserves, and savings to help them thrive in high-risk environments (Shankar, 2020; Tuominen *et al.*, 2003). To date, the main component of organizational adaptability is resilience (see Golgeci *et al.*, 2020; Ijeoma *et al.*, 2020; Hodgson *et al.*, 2017; Folke *et al.*, 2010).

Using a thirty-seven-year (1977-2014) bibliometric analysis of the literature on resilience in business and management research, Linnenluecke (2017, p.4) defined resilience as "inherent characteristics of those organizations that can respond more quickly, recover faster, or develop more unusual ways of doing business under duress than others". This means that, along with entrepreneurial adaptability, resilience is vital to dealing with distinct types of (un) expected events and sudden changes. Williams and Shepherd (2016) used a grounded methodology to explore 'venture creation initiated by locals in response to suffering, following the 2010 Haiti earthquake and found that despite the unfavorable conditions caused by the natural disaster, locals were able to build resilience and pursue entrepreneurial opportunities. Their analysis revealed two implications of building resilience— access to critical resources and the entrepreneurs' actions and effectiveness in facilitating resilience.

In a similar vein, Corner *et al.* (2017) explored the 'emotional and psychological functioning of entrepreneurs after venture failures' and shows that resilience plays a critical role in re-entry into entrepreneurship. Their analysis showed that entrepreneurs show a trajectory of resilience and stable functioning to facilitate subsequent new venture creation despite their venture failure's emotional and psychological distress. These authors used a qualitative, narrative research design across eleven New Zealand entrepreneurs and challenged the assumption that recovery is required after venture failure. In times of the COVID-19 pandemic, the concepts of adaptability and resilience have focused on short and long-term business continuity. For example, in their bibliometric analysis of (107 articles) of COVID-19 literature in business and management fields, Verma and Gustafsson (2020) explain the overall impact of COVID-19 on business. They reveal that short, medium, and long-term plans are needed to revive the global economy. Thus, emergent entrepreneurs adapting to the pandemic and building resilient businesses are essential to respond effectively, survive and grow to the 'new normal' business life situation. Since the COVID-19 is an ongoing crisis, adaptability and resilience are central to our study because, it has been argued that integrating these two concepts is crucial for small business continuity and survival (Folke *et*

*al.*, 2010), given that these businesses also suffer due to the liability of smallness and have a weak resource base (e.g., Aldrich and Auster, 1986). In such a context, resilience capability is crucial for microbusinesses to cope with external shocks.

Moreover, in its essence, COVID-19 has forced restaurants to react hastily and adapt their business models to respond to changing environmental conditions effectively. In addition, restrictions on social gatherings continue to pose a significant business risk for restaurant survival due to the pandemic (Byrd *et al.*, 2021). For instance, National Restaurant Association (2020) indicates that 47% of nationwide sales went down from March 1 to March 22 as well as 7 out of 10 restaurants must lay off the employees and reduce the number of working hours. Accordingly, the need for adaptability creates an ideal avenue for us to understand survival strategies adopted by ethnic microbusinesses (restaurants) during the ongoing COVID-19 situation in Northern Finland— wherein, despite some linguistic barriers, cultural differences, and the difficulty of obtaining start-up capital from banks, most ethnic restaurants are still in operations (Katila and Wahlbeck, 2011; Aaltonen and Akola, 2012; Wahlbeck, 2018).

Extant literature has found resilient strategies critical for microbusiness survival and growth (Alves *et al.*, 2020; Chaudhry and Crick, 2004; Doem, 2016; Gray and Jones, 2016; Poutziouris, 2003). For example, in their investigation of microbusinesses, Martinelli *et al.* (2018) posit that in addition to social capital: "dynamic capabilities—reconfiguration, leveraging, sensing, interpreting, learning, and knowledge integration, build micro entrepreneurs' resilience strategies during a crisis." Martinelli's and colleagues' findings demonstrate valuable insights on how dynamic capabilities can practically support microbusinesses' strategic recovery path during a crisis. Thus, they call for research considering: "the role of microbusinesses resources in designing resilient responses to natural disasters". In a similar vein, Schindehutte and Morris (2001) posit that for microbusinesses, strategies for adapting are related to organizational performance. Through their analysis, Schindahutte and colleague also call for insights: "into the ways managers in microbusinesses deal with adaptation- is it more intentional, planned, strategic, proactive, or is it more reactive, defensive, and limited to what must be done".

## 2.2 Access to finance

The literature on access to finance suggests that to nurture, support, and enhance a healthy small business requires institutions to provide 'risk' finance that lower operational costs and ensure business continuity and growth prospect (see Asiedu *et al.*, 2012; Beck and Kunt, 2006; Berger and Udell, 1998; Hussain and Matlay, 2007; Rao *et al.*, 2021). Ethnic minority microenterprises, widely cited in business, management, and marketing fields, are more prone to difficulties accessing finance (see Bruder *et al.*, 2011; Carter *et al.*, 2015; Irwin and Scott, 2010; Ram *et al.*, 2003; Smallbone *et al.*, 2003; Yano and Shiraishi, 2015). Using a ten-year (2010-2020) systematic review of the literature on ethnic minority enterprises covering 174 articles, Sithas and Surangi (2021) addressed critical themes derived from the literature and identified ethnic discrimination as a critical factor hindering ethnic minority enterprises access to finance. Their analysis further revealed that lack of business understanding, language barriers, distrust, poor awareness about law and legislation, and lack of familiarity with the culture of the larger society— are other critical factors that explain ethnic minority enterprises' failure to access finance.

In a similar vein, Smallbone *et al.* (2003) explain the variation between 'ethnic minority groups' than between ethnic minority enterprises and white-owned enterprises' access to finance. Their analysis shows that African/Caribbean-owned enterprises face more difficulties accessing bank loans than either 'white or other ethnic minority groups. In addition to contributing to the variation between ethnic minority groups, their empirical evidence on ethnic minorities' apprehensive attitude and perceptions to access external finance from banks offer an exciting insight into the challenges facing ethnic minority enterprises.

In their article on 'finance and the development of ethnic minority businesses,' Ram *et al.* (2003) offer an insight into ethnic minority enterprises difficulty to access bank credit despite their effort to "break out from the cramped ranged of generally marginal activities historically occupied by South Asian, African-Caribbean, and other immigrant-origin entrepreneurs". Their study acknowledged that notwithstanding some sound 'track records' and 'personal resource endowments,' ethnic minority entrepreneurs continue to face financial marginalization. While cash flow problems were the main reason for trying to get financial assistance (Cowling *et al.*, 2021),

the emergent of COVID-19 have remarkably deteriorated enterprises expectations of access to finance through credit lines, bank loans, and trade credits (Cowling *et al.*, 2020; Ferrando, 2020).

There is a consensus in the literature that the COVID-19 pandemic has quickly led to a massive shift in small enterprises' management capabilities and strategic survival approach (Budhwar and Cumming, 2020; Arslan *et al.*, 2021; Rashid and Ratten, 2021). For this reason, the concepts of adaptability are critical to understanding ethnic minority enterprise response to uncertain, volatile, and rapid changes (e.g., Pike *et al.*, 2010) happening within the macroeconomy e.g., the ongoing COVID-19 pandemic. In addition to financial difficulties, the challenge facing small enterprises today is simultaneously adapting and managing processes of improvisation across all levels of organizational activities (Bailey and Breslin, 2021). These challenges become even more complex for ethnic minority microbusinesses especially during the crisis like COVID-19.

### **3. CONTEXTUAL OVERVIEW**

Ethnic minority immigration is a recent phenomenon in Finland, seen as one of the most 'homogeneous' countries in Europe until the 1990s (Koivukangas, 2003). Uusimaa region, which constitutes the capital of Helsinki, and its surrounding municipalities are the main clusters where migrants and foreigners in Finland reside due to resource enrichment of this region (e.g., Łobodzińska, 2011). For instance, in 2009, 88 per cent of the foreign origin individuals in Finland resided in the Uusimaa Region (Łobodzińska, 2011). Integration of many ethnic minority immigrants into the labor market is relatively low in various parts of Finland, especially outside the capital region (e.g., Heino and Jauhianen, 2020). As a result, a disproportionate percentage of ethnic minorities work in restaurants and other food outlets (Wahlbeck, 2007, 2018). For instance, in 2010, there were over 3500 restaurants set up by ethnic minorities in Finland, with 250 to 300 restaurants bearing Turkish names (Wahlbeck, 2018).

Due to the lack of essential skills and resources needed by immigrant entrepreneurs in Finland (Aaltonen and Akola, 2012), their enterprises are not well established (Sievänen, 2016), which increases their vulnerability to external shocks. In the specific context of the COVID-19 pandemic, the Finnish Hospitality Association indicated that a 'quarter of Finnish restaurants are

at risk of bankruptcy, closure by September 2021' (Teivainen, 2021) primarily due to insufficient compensation package (Teivainen, 2020) and restrictive support criteria announced by the Finnish state (Varila, 2020). Specifically, the Finnish government allocated a 123 million euros scheme to support the COVID-19 affected restaurant industry. The scheme is a two-tiered funding model for restaurants, which entails specific criteria for a firm to qualify. The two-tier model unveiled by the Finnish Ministry of Economic Affairs and Employment (2021) offered 1000 euros per employee for no more than 800 staff and 1000 euros per employee (contingent upon the other form of COVID-19 support received by the company). The state offered further support during lockdown and restrictions, which were paid out automatically based on estimated income from VAT yields. This support was capped at 500,000 euros per company (Valtioneuvosto, 2020). Also, a company is eligible for further support based on specific limits (percentage) of turnover decrease due to the pandemic.

In prior research, it has been referred that there tends to be a lower propensity in ethnic minority entrepreneurs in the hospitality sector to seek mainstream business support that negatively influences their performance, especially during a crisis time (e.g., Altinay, 2010; Ram et al., 2003, 2017). Hence, in the Finnish context, where cultural and linguistic barriers can be higher than other Western European countries with more established ethnic minority business ecosystems, understanding the survival strategies and dynamics of ethnic microbusinesses during COVID-19 becomes even more critical.

## **4. RESEARCH DESIGN AND METHODOLOGY**

### *4.1 Research design*

We employed an exploratory qualitative research design using case studies of ethnic minority-owned microbusinesses to attain a comprehensible, contextually rich, and profound account of the analyzed phenomena (Eisenhardt, 1989; Schmidt, 2004; Yin, 2003). The reliance on inductive research logic allowed us to develop theory, starting with observing specific societal phenomena (Hyde, 2000; Thomas, 2006).

#### *4.2 Data collection and case firms*

Data has been collected through a two-phase as it allows respondents to issue timely information about the phenomena not previously considered by the researchers (Eisenhardt, 1989; Schmidt, 2004). The main form of data collection, semi-structured interview, consisted of ten interviews (two interview rounds with some owners and one with others) across six ethnic minority-owned restaurants conducted during 2021. The reason for conducting two interviews with some owners and one with others was to achieve saturation. Thus, we reached saturation in our study when we “no longer received information that adds insights to our research interest” (Malterud *et al.*, 2016). Before the interviews, participants were reminded about the aim of the research and the anonymity of their firms.

The two-phase interview data set consists of fourteen semi-structured questions and discussion themes. Sub-questions with clear explanations were asked only if an informant needed that help during the discussion. Participants were first asked to provide background information about their business in general and then adaptability to the effect of COVID-19 on management and staff and supply chain dynamics. After that, participants were asked about accessibility to the Finnish government financial support schemes to help restaurateurs re-hire furloughed staff and compensate for lost sales resulting from the COVID-19 crisis. The interviews lasted for 38-60 mins, were digitally recorded using an Olympus digital voice recorder, and were subsequently transcribed. The case firms selected in this study satisfied the following criteria:

- a. Are minority-owned enterprises currently operating in Northern Finland
- b. Must have been in operation for over five years
- c. Operating in the restaurant industry

Moreover, the participants had to know the state of ethnic minority restaurants in Northern Finland before the COVID-19 to provide constructive and valuable information to achieve data saturation (Alasuutari, 1995). All case firms were established between 2008 and 2015. Table 2 summarizes key information about the case firms and participants.

***Insert Table 1 here***

#### *4.3 Data analysis*

We adopted an interactive data collection and analysis approach. Following Gioia *et al.* (2013), we started the initial analysis as soon as we started the data collection process. This approach

helped us to efficiently focus on finding related themes for ethnic minority firms, adaptability, and survival strategies against the backdrop of COVID-19. Specifically, our data analysis consists of four phases, as illustrated in Figure 1. Hence, our research question helped us link relevant themes from the second-order concepts to develop the aggregate dimensions (Gioia *et al.*, 2013).

## 5. FINDINGS

A trajectory of adaptability and resilience enables firms of all sizes to survive and grow in times of crisis (Folke *et al.*, 2010; Pike *et al.*, 2010; Ramón and Koller, 2016). In this case, the COVID-19 pandemic has forced an agile response prompting ethnic minority restaurants in Northern Finland to adapt and develop different capabilities to survive and grow during COVID-19. We present the results in line with the themes arising from our data analysis, as shown in figure 1.

*Insert Figure 1 here*

### 5.1 Adaptability strategies and resilience

#### 5.1.1 Efficient and strategic employees' usage

All the ethnic restaurateurs in Northern Finland expressed the thought that either reducing working hours, furlough, and or adjusting the role that employees play is necessary on their enterprise dispositions and routines during the pandemic (Hodgson *et al.*, 2017; Mercedes and Burrell, 2021; Pike *et al.*, 2010). In the context of reducing working hours, the owner of Firm ER2 reflected that: *"Earlier, I will accommodate 100 working hours for all my staff. With COVID-19, I only allocate 50 percent of that, and we are functioning well. So, I know we can manage that. Earlier, I did not even think about it because I knew money was coming. So now corona has taught us how to save every little penny and still get the work done. It encourages us to innovate."*

Similarly, the owner of Firm ER4 pointed out that: *"Initially, it was difficult to do (reduced the number of working hours), because all our employees are from the Middle East, and they rely heavily on their salaries to take care of their families back at home. However, from the business perspective, it helps us carefully to try innovative ideas,"* and the *"cut in working hours to almost half, means we are saving money while still being in operation during this challenging time"*.

The owner of Firm ER3 was also quick to determine why such structural arrangements were needed to maintain daily operations and survival. The owner of Firm ER3 explained this in the following manner: *"We had to reduce some working hours to stay (operational). Some staff members have 40 hours and (some) 80 hours. Only one employee has 100 hours."*

In a similar vein, the organizational routines were altered by *"managing relationships and developing procedures for dealing with change"* the owner of Firm ER1, said: *"I have a very good relationship with my staff... (When COVID-19 started), I was worried about (not) paying (full) salaries (to the staff). However, we all sat down and agreed to no reduction in staff but a 50 percent decrease in the (working) hours."*

In the process of furloughing employees, the co-owner of Firm ER5 reflected that *"It was a tough call but very necessary. The loss in sales hit our business hard. We do not have enough customers, and the re-hiring (state) support package we get per employee is very small. First, we had 8 employees on our payroll. We had to let go of two (employees) because we did not want to cut salaries, which are already minimal. This is one of the steps we took to keep the business and keep everyone around happy."*

Similarly, the co-owner of Firm ER6 further echoed the positive efficiency associated with furloughing employees to stay operational and bounce back from the pandemic: *"Before COVID-19, everyone was effectively on the job. Today, we come in, sit, and sometimes go for an hour or two before we have a sale. We need to keep the door open, so we cut the staff from eight to five. In that way, we can make efficient use of the numbers."*

### *5.1.2 Customer service, home delivery and role of innovative technology (apps)*

Given the effect of COVID-19 on food delivery, researchers have found that the pandemic has boosted restaurants' innovative practices in utilizing online food delivery services (see Breier *et al.*, 2021; Gavilan *et al.*, 2021; Kumar and Shah, 2021). Customer loyalty due to extra personalized customer service resulting in loyalty also helped our case restaurants during this time; thereby supporting the findings of Haq *et al.* (2021). Brewer and Sebby (2021) found that *"consumers' desire for food and their perceived convenience of online food ordering influenced their purchase intentions"*; thus, restaurants should adapt online food delivery services to increase revenue (e.g.,

Gavilan *et al.*, 2021; Niu *et al.*, 2021). Our findings also reveal that ethnic minority restaurants face several issues with online (app/platform) food delivery services.

The following anecdote from the owner of Firm ER2 provides evidence in this concern: *"There are food delivery services. We avoid using them because they take 35 percent commission from each order. My question concerning using online food delivery services is: How can you give customers the same quality of food if you pay 25-35 per cent commission to the food delivery person? If an order of 20 euros comes in and I give 7 euros for food delivery, how can I break even? "*. Conversely, the owner of Firm's ER3 stated that: *"Before COVID-19, we were using online delivery services like Wolt... Now, I use my car and have assigned one employee to dispatch the food. We no longer lose the 35 percent we pay for delivery services. It is efficient, and maybe after the corona, we will continue like this"*.

Interestingly, the owner of Firm's ER5 shared similar sentiments towards online delivery services: *"Indeed, despite the minimal sales we are making, we will have to pay 25-35 percent commission depending on the distance. At this point, such a cut is not sustainable. So, our team has adopted a strategic plan wherein we offer either free delivery to our customers or, based on the number of orders, we offer 10 percent discount or a Coca-Cola drink as a reward"*.

In a similar vein, Firm ER1 also enacted customer reward system as an incentive for ordering directly from the restaurant. In his interview, the owner of Firm ER1 said: *"I try to avoid using online delivery service providers. They charge excessive fees. If I use these delivery services, both customers and I have to pay a significant percentage to that company"*. The owner of Firm ER1 further added: *"I have good regular customers... We encourage them to come and pick their order. For their effort, I give them complimentary food. For example, I give customers papadum, curd or tea. It helps us to cut costs"*.

These findings indicate that ethnic minority restaurants are moving away from working with online food delivery service providers to save costs. They are preferring to incentivize customers to order directly from them for either pick or home delivery, to avoid paying significant commission. Thus, our findings highlight need to look further at the power relationships between restaurants (especially microbusinesses) and these large food delivery apps and platforms.

### 5.1.3 Supply chain adjustments

In adapting supply chain strategies to develop more unusual ways of doing business under the duress of the COVID-19 pandemic (Linnenluecke, 2017), ethnic minority entrepreneurs in Northern Finland cut their supply chains activities such as transportation costs and adapt different service delivery approaches. Firms ER2 and ER4 quickly minimized their transportation costs by shifting away from suppliers from the South (specifically, Helsinki) and seeking new suppliers around Northern Finland. Although minority suppliers' relationships were necessary for these firms (ER2 and ER4), they opted to seek local Finnish suppliers across Northern Finland to reduce transportation costs and limit the impact of future disruptions in their supply chains. For instance, Firm ER2 used to order directly from ethnic minority suppliers from Southern Finland; however, the owner recalled: *"With COVID-19, we started ordering from the local firms. For example, Kespro has been our leading supplier since COVID-19. I still buy from ethnic minority suppliers from Helsinki, but it is less than 1 percent of our total procurement. Our transportation costs have also significantly reduced"*.

However, some firms found it difficult to establish relationships with local Finnish suppliers due to language and cultural differences. Reverting on the challenge and ability to engage with local Finnish suppliers in Northern Finland, the owner of Firm ER4 noted the following: *"Developing new supplier chain with firms in Rovaniemi and Oulu is difficult because we need to work in close contact with the headquarters"* and *"working together with Finnish suppliers is difficult. If I work with Finnish suppliers, I have a language problem. Nevertheless, now, they (local Finnish suppliers) offer us a cost-containment route...We have found a way to order the exact number of products we need per week"*.

The above findings support previous research that found that managers often "combine experience and knowledge, adjust its responses to changing external drivers and internal processes, and continue to develop" during a crisis like COVID-19 (e.g., Folke *et al.*, 2010). However, Firms ER1 and ER3 had a more passive role in their upstream supply chain activities.

The maintenance of ties by firms (ER1 and ER3) with ethnic minority suppliers from Southern Finland can be described as strategic actions due to their owners' Finnish language shortcomings. According to the owner of Firm's ER1, *"Despite trying, it is difficult (due to*

*language barrier). When the COVID-19 started, we decided to stick with our Indian and Pakistani suppliers from Helsinki to avoid the language issue". Similarly, the owner of Firm ER3 told us, "Our supplies are coming from Helsinki. I have an excellent relationship with our suppliers. Language is not a problem. During this (COVID-19) crisis, the business is not perfect, and they give me a discount of 20 percent. That is a good deal in such circumstances".*

The above findings show different approaches to maintaining realistic and efficient supply chains by ethnic minority restaurateurs during COVID-19 due to differences in education and language skills of ethnic minority restaurateurs. However, these aspects have also been found to play a role in ethnic minority businesses in countries where immigration is an old and established phenomenon like in the UK (e.g., Haq, 2015; Ram *et al.*, 2001, 2002).

## **5.2 Access to finance**

### *5.2.1 Role of state support*

All ethnic minority entrepreneurs found the support criteria for accessing the 123 million euros support announced by the Finnish government for the COVID-19 hit restaurant industry, rather tough and unfavorable for microbusinesses such as theirs. Similar findings have been highlighted in some prior studies on similar topics (Sithas and Surangi, 2021; Smallbone *et al.*, 2003). All respondents were of the view that chain fast food restaurants and other large players are the main beneficiary of this state support. This specific point was also highlighted by Finnish hospitality association (MARA) that the scheme unfairly favors large players over small independent restaurants (Helsinki Times, 2020). In this context, co-founder of Firm ER5 mentioned that the challenges to access the government support package is not a new phenomenon facing ethnic minority restaurants. This is primarily because the support criteria are too tough for small restaurants, in their perception. The following quotes from Firm's ER2, ER4, and ER6 further confirm ethnic minority entrepreneur's perceptions the state support package for the restaurant industry:

"I am aware of all the grants and support from the government, but there is no benefit for us particularly. Our turnover loss is just a little under the set limit. So, we do not get the money". (ER2).

"There is too much bureaucracy..... If I venture to apply right now, they will ask for all sorts of papers" (ER4).

"...Indeed, we are aware of the state support. But it is difficult for us to apply because of the language. All the documents are either in Finnish or Swedish, so it is not helpful to us. I know some other (ethnic minority) entrepreneurs who are in a similar situation and cannot seek government support because of the language issue. Others are seeking help from their Finnish partners or friends" (ER6).

The above findings reveal that ethnic minority-owned firms had difficulties using state support due to tough support criteria, language, as well as perceptions of (potential) difficulties associated with bureaucracy and paperwork. These aspects have been reported in prior studies undertaken in other countries as well even before COVID-19 pandemic (e.g., Ram *et al.*, 2001, 2002, 2017; Wahlbeck, 2018).

### 5.2.2 Personal financing

We found that personal financing emerged as an alternative due to the difficulties in accessing the government-funded COVID-19 support schemes, consistent with earlier studies (see Ram *et al.*, 2017; Wahlbeck, 2018). All respondents highlighted the role of personal savings and support (including loans) from family and friends important for survival during the ongoing pandemic. The respondents highlighted that they are using personal savings to cover some "*operational costs*". They also referred that using personal savings is critical for ensuring the restaurant door remain open during the COVID-19 and to deal with the "*emotional stress*" during the pandemic. Other ethnic entrepreneurs also share similar effectiveness in using essential personal resources to facilitate their resilience (Williams and Shephard, 2016) and overcome the lack of access to state support. For example, the owner of Firm ER4 said in the interview that they had taken the necessary steps to use their savings to ensure the business survived during the pandemic. The

owner described the effort as rational because the “*employees depend on this business and their salaries to take care of their families back home.*” Hence, he saw it as a moral obligation to keep the restaurant running in some way.

## **6. DISCUSSION AND CONCLUSIONS**

This paper aimed to understand the survival strategies and coping mechanisms adopted by ethnic minority-owned microbusinesses in response to the COVID-19 pandemic. Our findings have demonstrated the adaptability and innovative management strategies played a major role in the survival of ethnic minority restaurants (Korede *et al.*, 2021). The extant literature emphasizes the relationship between ethnic minority businesses, financing, and coping mechanisms (Bruder *et al.*, 2011; Cowling *et al.*, 2021; Ram *et al.*, 2003; Smallbone *et al.*, 2003). Our findings show that the state support package for restaurants was perceived unfavorable for microbusinesses including ethnic minority firms. Our findings generally support the extant literature- highlighting the challenges facing ethnic minority businesses in accessing external funding (see notably: Bruder *et al.*, 2011; Cowling *et al.*, 2021; Sithas and Surangi, 2021). Our findings also shows that lack of external financing leads to innovation adaptation among ethnic minority businesses. In particular, the difficulty of accessing the state and other financial support resulted in ethnic minority businesses to use personal savings and access quick loans (financial support) from family and friends to meet operational costs and maintain business continuity and survival. Extant literature has argued that ethnicity and ethnic affiliation create economic and social-cultural contributions to ethnic entrepreneurs through cultural beliefs, social, emotional, and cultural ties (Chaudhry and Crick, 2004; Korede *et al.*, 2021). Thus, it can be argued that social (and personal) network ties (with families and friends) influenced innovation adaptation among ethnic minority restaurants during the COVID-19 pandemic.

The link between agile adaptability and small businesses' survival appears critical for ethnic businesses' strategic survival approach (Smallbone *et al.*, 2012). Beyond the lack of financing, our findings show adaptability in form of quick adjustments in their employees' shifts and working hours, innovative customer service and supply chain adjustments. While the COVID-19 has aroused agility among businesses of all sizes, small firms like ethnic microbusinesses benefit from a low bureaucracy in adapting critical decisions for business continuity and survival (Alves *et al.*, 2020). Such a low level of bureaucracy specifies the strategies adopted by ethnic

minority businesses in adjusting to the disruptions caused by the COVID-19 pandemic and surviving through it.

### **6.1. Implications**

The findings of this study offer several implications. First, an important implication relates to incorporating the role of "communication/language barriers", "trust", and "access" while theorizing and analyzing the influences of financial support by the states, especially in the European countries during emergency crises like COVID-19 for ethnic minority entrepreneurs. A generic approach highlighting the importance of state support for the entrepreneurs in the restaurant industry cannot address these mechanisms, and may not be applicable for microbusinesses like ethnic minority restaurants. This aspect also needs to be visible in policies for post-COVID-19 rejuvenation of the hospitality (restaurant) sector in Finland and other similar contexts.

Second, our study offers an underexplored contextual perspective to theorizing on the role of food ordering (delivery) apps/platforms by bringing in the power dynamics between parties involved in focus. This aspect emerged as an important and adverse though useful factor in some way in our study despite expectations on the contrary. To date, most of the research on this topic has tended to highlight ease of use, working conditions of the delivery personnel (entrepreneurs), and other benefits (see Ali *et al.*, 2021; Gavilan *et al.*, 2021; Kumar and Shah, 2021). However, bringing in the larger picture with a power dynamics analysis and linking it with the survival of ethnic minority-owned restaurants (and similar-sized restaurants owned by native individuals) can strengthen our understanding of this under-researched area.

Our study also offers practical implications for ethnic minority entrepreneurs. Specifically, an important implication concerns the importance of agile adaptation and their potential of using experiences from their backgrounds where uncertainty is a constant element. Quick adjustments to the "new normal" of working conditions and "supply chain aspects" appeared to be vital in the survival of ethnic minority-owned small firms. Incorporating this aspect continuously in their organizational strategizing may be beneficial in the battle for survival against food and retailing conglomerates, which are increasingly visible in the restaurant and food sector. Also, better alignment and collaboration with local (native) restaurants (microbusinesses) is needed for these ethnic minority restaurants to ensure their long-term survival. Such alignment and better

integration, including improved language skills, are also expected to help in strengthening their understanding (and reduce perceptual barriers) concerning different bureaucratic procedures including state support, and lower uncertainties associated with dealing with state bodies.

### ***6.2. Limitations and future research directions***

Our paper does have several limitations. It is a qualitative study based on six ethnic restaurants from Northern Finland cases, so the findings cannot be easily generalized to other settings. Despite this, the sample and findings represent the critical survival dynamics in an environment where immigration is a relatively recent phenomenon. Our paper offers a sound basis for future scholars to delve further into these dynamics and look at specificities of different internal and external factors highlighted in our paper. Also, future studies need to pay more attention to the role of social networks and how these enable firms to cope with external shocks. At the same time, we did not explore the micro-level processes and how these mechanisms support the coping mechanisms of ethnic minority-owned enterprises. Thus, future studies can also try to undertake a similar endeavor in a context where comparable conditions exist in the Nordic region and see if any differences or similarities are found or not. Lastly, future studies can expand the sample size and examine ethnic micro-businesses operating in industries other than restaurants and explore their coping mechanisms in response to external shocks like COVID-19.

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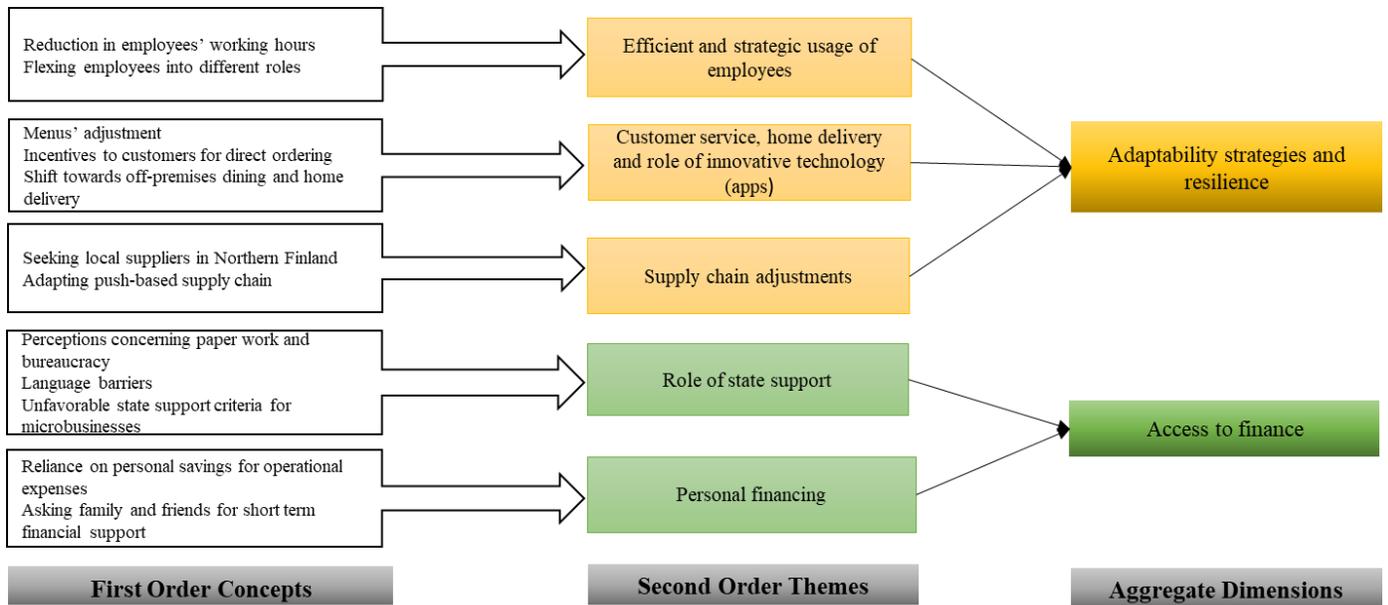
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**Table 1: Case firms and interviewees' details**

<b>Case firm (Ethnic Minority Restaurant)</b>	<b>Number of employees</b>	<b>Cuisine Type</b>	<b>Informant title</b>	<b>Number of interviews</b>
ER1	8	Indian/ South Asian	Owner	2
ER2	5	Indian/ South Asian	Owner	2
ER3	4	Kebab	Owner	2
ER4	4	Kebab	Owner	2
ER5	6	Kebab	Co-owner	1
ER6	5	Indian/ South Asian	Owner	1
<b>Total</b>				<b>10</b>



**Figure 1: Data analysis and coding presentation**