



Support for Small Businesses During a Health Crisis

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Abstract

Purpose – Crises threaten the operations of small businesses and endanger their survival; however, when the crisis is not attributable to the firm, consumers may rally around the business. This article examines how attitudes towards helping others can create support for small businesses, which in turn can direct consumers to help businesses with increased financial support. It is hoped that this article will inform how consumers will help firms pivot during crises.

Design/methodology/approach – A conceptual model was proposed which linked support for helping others to increased willingness to tip/amount tipped. The model was tested using structural equation modeling from two surveys given to customers of two small businesses, a coffee shop and an independent movie theater, respectively.

Findings – During a crisis, support for helping others has a positive impact on feelings of support for small businesses. Consumers direct their support to small businesses that they are interested in seeing survive and continue operations. They either tip more or tip when they otherwise would not have tipped.

Practical implications – Firms that pivot their operations because of a crisis imposed on them can still generate revenues. Consumers who have a self-interest in the continuing operations of the firm want to support it, and by pivoting their business model the firm gives consumers the opportunity to give the firm and its employees more than they would have in the form of tips.

Originality/value – Prior work in crisis management has focused primarily on how firms recover and respond to a crisis of their doing. Overwhelmingly, consumers have been shown to punish firms during times of crisis. However, for a crisis that is imposed on the firm, consumers may rally behind the firm and respond by supporting it more than they are required to.

Keywords Crisis; Consumer support; Small Businesses; Tipping.

Paper type Research paper

Introduction

The COVID-19 pandemic represents a major crisis for many service-oriented businesses. Businesses around the world have had to cope with reduced demand because of social distancing efforts to limit the spread of the deadly virus. The firms that depend on consumer interaction or large gatherings have had to pivot their business models or limit their operations. This reduction in operations, or the pivot to alternative models, has put many businesses in a precarious position. A survey of small businesses (defined as less than 250 employees) by the United States Census Bureau in May 2020 found that over 85% of small businesses indicated that the COVID-19 pandemic has had negative impacts on their operations with 42.9% indicating a large negative impact. It is estimated that as of May 2020 over 100,000 businesses across the United States have ceased operations as a result of the economic impact of the COVID-19 pandemic (Bartik *et al.*, 2020). It is during times of crisis, such as the pandemic, when businesses that serve their communities most need the help of their communities. Prior work on crisis management in business has focused primarily on the perspective of the firm (Martin, 2005), and how they would mitigate or react to the event (Smith, 2005). The works that have examined consumer responses to a crisis have taken the view that consumers react negatively to businesses during times of crisis by reducing their demand (Rhee and Haunchild, 2006). For example, after the terrorist attacks of September 11th, consumers reduced demand for air travel (Bureau of Transportation Statistics, 2005), and after the outbreaks of e-coli at several Chipotle restaurants in the United States, consumer spending at Chipotle establishments plummeted (Baertlein, 2015). The inclination is for consumers to recoil at businesses impacted by a crisis, but it is in times of crisis when businesses most need the support of consumers. Anecdotally, there is evidence that when a crisis external to the firm occurs, consumers will rally behind the firm and give it increased support. For example, in 2018, customers of a donut shop in California regularly

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3 purchased all the daily donuts in the morning, so that the owner could close the shop early to be
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5 with his ailing wife (Hines, 2018). One customer explained that she is buying more because “It is
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7 heartbreaking to hear her misfortune” (Hines, 2018). We argue that feelings of sympathy from
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9 consumers towards the business can be created when an external crisis is imposed on the
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11 business, and this can be leveraged to support the business during the crisis.
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15 Crises are a constant threat within the life of any business (Greiner, 1998), they can
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17 originate both internally, such as the case of a product recall (Rhee and Haunschild, 2006) or
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19 externally, such as the case of a terrorist attack (Liu and Pratt, 2017). Prior work has shown that
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21 the organization can mitigate damage from the crisis through deliberate planning beforehand
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23 (Elliott, Swartz, and Herbane, 2002). Crises represent critical points for the business, where their
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25 capabilities to adapt are tested, and they are forced to change their operations (Greiner, 1998).
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27 For businesses in the service sector, a true test during an external crisis is whether they can
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29 modify their operations and continue to garner support from their customers. The majority of
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31 research on crisis management explored the reactions to crises that have originated from within
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33 the organization, or which were attributed to the organization (Coombs, 2006). Research on a
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35 crisis that is not attributed to the firm, but rather imposed on the firm (e.g. the local health crises)
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37 is scarce (Irvine and Anderson, 2004). This gap in the literature is important to address because
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39 the last several years have seen a rise in crises events, such as natural disasters, civil unrest,
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41 and/or global health threats that are external to the average business.
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48 In this article, we use the current pandemic to explore how consumers react to a crisis
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50 external to the business. Specifically, we are interested in exploring how consumers may rally
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52 around or give extra support to small businesses who are impacted by the external crisis. We
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54 argue that during such crises, consumers are motivated to give more to businesses than they have
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3 to. They are motivated by the prosocial needs to help others (Algoe, 2012), as well as their own
4 interest in keeping the business alive, so they can continue to patronize it (Miller, 2001). The
5 increased support manifests itself in tipping behavior, where consumers offer more than they are
6 required to (Lynn and McCall, 2000). Although, the tips are received by the employees they
7 invariably help the business as well by relieving the pressure on owners to provide pre-pandemic
8 levels of compensation to employees, and their likelihood of retention increases. Thus, if patrons
9 provide greater tips, the business is more likely able to retain their employees during the crisis.
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11 Much has been written about tipping and the motivations as to why consumers tip (Lynn and
12 McCall, 2000). Traditionally, consumers tipped to reward good service (Lynn and Grassman,
13 1990), to comply with social norms (Azar 2002), to display generosity (Azar 2004), or to create a
14 form of equitable exchange between the patron and the customer (Lynn and McCall 2000).
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29 Our focus in this article is on the last motivations for tipping, equitable exchanges and
30 displays of generosity. Lynn and McCall (2000, p. 3) wrote: “a relationship is inequitable when
31 the participants’ outcomes from the relationship are disproportionate to their respective inputs to
32 the relationship”. The pandemic, and the restrictions encountered by businesses have put the
33 traditional exchange relationship into an unequitable position, where consumers may feel
34 distressed by the harm occurring to their local businesses, and their employees. Consumers who
35 have not had their livelihoods threatened, or have been able to mitigate the harm that the crisis
36 poses, are likely to feel a sense of inequity that they are not in the same difficult position.
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38 Feelings of inequity brought on by the contrast between the consumer’s position and the position
39 that the business (or employee) is in would arguably lead to greater tipping. It can be argued that
40 the greater tipping may be a way of alleviating the difficulties of those who are less fortunate
41 during the pandemic, a similar motivation that leads to charitable giving (Small and Cryder,
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3 2016). One of the largest motivators of charitable giving is the desire from those in a positive
4 position to improve the conditions of those in a negative position. In this article, we argue that
5 motivation to help others and ameliorate unequitable exchanges may not only motivate greater
6 tipping, but may also cause consumers to tip in situations they otherwise would not have.
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13 The pandemic provides us with a unique opportunity to study consumer support for small
14 businesses during a crisis. The value that this study adds is twofold. We examine how consumers
15 can be motivated to support small businesses during times of crisis; we also explore how they
16 support these businesses, and how this support changes from before the crisis. Our study uses
17 two small businesses, an independent coffee shop and an independent movie theater. We
18 measure support through tipping or willingness to tip. Tipping provides an insightful measure,
19 because it represents the consumer willingness to pay more than they are required to pay, and
20 thus we can connect the current crisis to changes in the amount they are willing to give. If we
21 simply examined sales as a measure of support, we are constrained by what the businesses are
22 able to sell. Most service firms are constrained from fully operating during the pandemic, which
23 makes sales a representation of the firm's ability to sell, rather than consumer willingness to
24 purchase. We hope that our work will provide small businesses with insights into how they can
25 pivot their operations during times of crisis, while receiving additional revenues from customers.
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The article is structured as follows: we first discuss the need for small businesses to pivot their operations during times of crisis; we then discuss prosocial behaviors and the charitable behaviors that result. A testable model is advanced that links charitable giving to support for small business and ultimately to increased tipping. The model is tested on both of our small businesses, and we then discuss the findings from the model testing. We conclude with a discussion of theoretical and practical implications.

Times of Crises

There is a great deal of difficulty in conceptualizing an organizational crisis. It has been applied to a variety of organizational problems, thereby stripping it of a clear conceptualization (Baron *et al.*, 2005). Baron and colleagues (2005) do well to identify that an organizational crisis contains four key features: they involve multiple stakeholders, there are time pressures requiring an urgent response, a crisis is unexpected, and the crisis creates a significant threat to the organization. Note that we refer to an organizational crisis as a crisis that the organization faces, and not a crisis from within the organization. For example, product recalls are viewed as crises which originated from within the firm (Rhee and Haunschild, 2006), but when a natural disaster disrupts the supply chain of a firm, it is still viewed as an organizational crisis, although it originated from outside of the firm (Park *et al.*, 2013).

For firms facing a crisis, the key factor espoused across prior work is the need to adapt and change as a response to the crisis (Baron *et al.*, 2005; Martin, 2005; Smith, 2005). An ‘operational crisis’ occurs when the firm must manage the crisis as it is occurring (Smith, 1990). At this stage the business faces a pivotal time, where it will either adapt and learn in order to emerge stronger after the crisis, or the crisis causes so much damage that the firm never achieves its former stature (Smith and Elliott, 2007). It is unclear whether the factors that characterize businesses that are service providers make the business more vulnerable to the negative impacts of external crises; however this study hopes to shed light on how service providers can cope with a crisis. Perhaps the greatest vulnerability that service providers have is that their efforts are often perishable, meaning that their revenues are linked to time (Gronroos, 1993). A hotel which has only 50% capacity one night cannot store the leftover capacity for sale later. This is also the

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3 case with restaurants, movie theaters, and a multitude of other service providers who achieve
4 revenues linearly with time.
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8 Based on the earlier identification of the key features of crisis by Elliott and colleagues
9 (2005), there are two features that are particularly salient for service providers: 1) significant
10 threat and, 2) time pressure to respond. For a significant threat, we extrapolate that this would
11 prevent the firm from operating as it normally does, and for service providers the time pressure
12 needed to respond would arguably make them even more vulnerable. For a manufacturer of
13 goods such as an automaker, products could be warehoused until the crisis is over, but in the
14 service industries, each day of lost sales cannot be recouped later on. Thus, we contend that
15 crises which prevent the firm from acting in their normal capacity make service firms more
16 vulnerable than goods manufacturers or retailers. Prior work in crisis management espoused that
17 a crisis exposes vulnerabilities and allows the firm to mitigate them (Smith and Elliott, 2007).
18 Through mitigation, the business can become stronger and more adaptable (Dahles and
19 Susilowati, 2015). For service firms, this may entail diversifying their revenue stream as to limit
20 the vulnerabilities caused by a reduction in their service delivery. To illustrate, some movie
21 theaters, which are not allowed to show movies during the pandemic, have instead resorted to
22 selling products such as popcorn and candy in order to partially compensate the loss of movie
23 revenues. Based on prior work on crisis management, it is likely that service firms will learn how
24 to mitigate their vulnerabilities and become stronger in the future (Elliott, Swartz, and Herbane,
25 2002). As another example, if the firm is too reliant on service delivery, it may find alternative
26 methods of service delivery or augment its services with products to become more adaptable to
27 demand changes. However, this positive impact often occurs after the crisis has passed, and the
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3 firm has survived. The key for the business to become stronger after the crisis has passed is for
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5 the firm to have survived the crisis.
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9 The focus of our work is how a business can cope during a crisis. For the business to
10 cope it must not only continue to receive support from its customers, but it may need additional
11 support from them as well. A crisis, such as the current pandemic, has limited the ability of firms
12 to operate as they normally would, so the question is what would motivate consumers to rally
13 around the business. We contend that the motivation is rooted in the relationships that the
14 consumer has with the business and the community formed as a result of these relationships. It is
15 understood that consumers form relationships with the firms they purchase from, which extends
16 beyond a purely functional nature (Fournier, 1998). These relationships are formed for
17 businesses when consumers feel that they are part of the community of the business
18 (McAlexander, Schouten, and Koenig, 2002). At the pre-crisis stage, consumers have formed
19 both affective and functional bonds with the business. The consumer receives positive feelings
20 from their interactions with the business, and feels a sense of connection (De Wulf, Odekerken-
21 Schroder, and Iacobucci 2001). If the consumer feels a connection with the small business, they
22 are more likely to frequent it, even as other options are available. During a crisis, this type of
23 relationship can be very valuable, because it can lead to feelings of loss if the business is not able
24 to function as the consumer is accustomed to (Russell, Schau, and Bliese, 2019). A crisis
25 impacting a business may be a situation that evokes feelings of loss for consumers, and serves to
26 give more to the business for fear of losing the business.
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50 An additional point, related to how consumers respond to crises, and what this may mean
51 for service firms, is the level of attribution given to the origins of the crisis. The majority of prior
52 work has approached the view of a crisis as originating from the firm, such as an organizational
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3 scandal or a product failure (Ahluwalia, *et al.*, 2000; Dawar and Pillutla, 2000; Rhee and
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5 Haunschild, 2006). Less attention has been given to what firms can do when a crisis is imposed
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7 on them. Consumers take a more sympathetic view of crises that cannot be attributed to the
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9 business (Coombs and Holladay, 2001), and may see the firms as victims as well.
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16 **Theoretical Background**

17 *Prosocial behavior and the self-interest motive*

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22 When a crisis occurs, businesses become vulnerable, and often need help. While people usually
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24 want to help others, it is not clear if the desire to help extends towards private businesses.
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26 Prosocial behaviors are acts that people perform to help others (Batson, 2012). People act in
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28 prosocial ways for a variety of reasons, including the anticipation that their behavior will be
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30 reciprocated in the future (Zhang and Epley, 2009), and to feel better about themselves (Algoe,
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32 2012). Prosocial behavior is also considered to be a personality trait because people vary in their
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34 typical levels of helping (Boer and Fischer, 2013). We propose a model to explain why
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36 consumers will help businesses in need, based in part on the research that shows that we feel
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38 better when we help others. But we also propose that consumers will help businesses in crisis,
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40 because it is in their self-interest to do so.
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Researchers who focus on self-interest as a motivation for behavior contend that when given a choice between behaviors that result in positive outcomes, the individual makes the choice that leads to greater material benefit for themselves (Miller, 2001). For example, in a study on willingness to donate blood, Miller and Ratner (1998) found that while most participants were willing to donate even if they were not compensated, the addition of a

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3 monetary reward for donating blood elicited greater willingness to donate. Social exchange
4 theory (SET) also uses self-interest as an explanation for behavior. SET indicates that, in many
5 situations, we look at the costs and benefits of a behavior to determine what to do (Cook *et al.*,
6 2013). If the benefits are higher than the costs, then it is in our best interest to perform the
7 behavior, and we are more likely to do so. Research on social exchange has, among other things,
8 evaluated social exchange in the workplace (Chernyak-Hai and Rabenu, 2018), and in
9 interpersonal relationships (Rusbult *et al.*, 1998). In terms of prosocial behavior, research
10 showed that if the benefits of helping are stronger than the costs, we are more likely to help
11 (Zhang and Epley, 2009). In the COVID-19 crisis, self-interest could be reflected in our support
12 for small businesses that we frequent. If the business does not survive, this may have a negative
13 impact on consumers. Thus, self-interest would cause consumers to direct their helping behaviors
14 towards businesses that they have an interest in seeing survive.
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33 Additional research on prosocial behavior shows that attributions of responsibility
34 influence how likely we are to help others (Weiner, 2012). This research shows that, in many
35 cultures, people are more likely to help others if they perceive that individuals are not
36 responsible for the situation they are in (although see Pilati *et al.*, 2015 for an example of cultural
37 differences). In addition, research by Greitemeyer and Rudolph (2003) shows that higher levels
38 of sympathy lead to more helping behavior. This research from the prosocial behavior literature
39 aligns nicely with work by Coombs and Holiday (2001) that shows that consumers take a more
40 sympathetic view of crises that cannot be attributed to a business. Thus, attributions of
41 responsibility are clearly relevant for businesses in the current pandemic.
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3 Taken altogether, the research on prosocial behavior and self-interest supports the
4 contention that consumers will go out of their way to help businesses they like during the
5 COVID-19 crisis. The business is not responsible for the crisis, and helping the business will not
6 only make consumers feel better about themselves, it will also help ensure the business survives
7 so they can continue to enjoy it in the future.
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18 **Tipping and equitable exchange**

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20 So far, we have argued that consumers would be willing to help small businesses in which they
21 have a self-interest. The challenge with a crisis, such as the pandemic, is that the firm is
22 restricted in how it can operate. Consumers can continue to purchase from the business in limited
23 capacity, but their desire to help would have to involve offering more than they would normally
24 offer. In other words, consumer willingness to support particular small businesses may manifest
25 in the increased amount consumers offer to the business and its staff in the form of tipping. If
26 employees of the business receive more tips, it can ease the cost burden on the firm by reducing
27 the amount it has to pay in salaries (Lynn and Withiam, 2008). When employees receive
28 additional tips, it helps alleviate the pressure that businesses face to provide enough work to
29 retain employees. Prior work has demonstrated that small businesses are representations of their
30 employees (Muse et al., 2005). More than their larger counterparts, the employee embodies the
31 spirit and culture of small businesses. The loss of multiple employees due to the crisis can be
32 detrimental to small businesses. Ideally, the best way for consumers to support a small business
33 would be through increased patronage. However, this crisis has reduced the capacity of firms. If
34 consumers are not able to patronize more, they can show their support through increased
35 voluntary tipping to the employees who represent the business. Prior work found that employees
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3 are an extension of the firm (Parasuraman et al., 1988). They play a key role in service delivery
4 and their quality has a positive impact on perceptions towards the firm (Parasuraman et al.,
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6 1988). Although, employees are the ones receiving the tips, both the employee and the business
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8 invariably benefit.
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13 The practice of tipping has historically been intended to reward good service (Speer,
14 1997), although consumers have indicated that they tip out of obligation, even if the service level
15 does not merit a tip (Wessels, 1997). A great deal has been written on consumer motivations for
16 tipping (Lynn and McCall, 2000). However, given that consumers usually tip regardless of the
17 quality of the service, it is less a question of will a consumer tip, but of how much to tip. Apart
18 from monetary reasons such as the size of the bill (Koku, 2005; Lynn and Latane, 1984), or the
19 motivation to round to a whole number (Lynn, 1988), consumer may tip to create equity between
20 themselves and the employee. Consumer tipping is a method by which equity is created between
21 the efforts of the employee and the outputs of the customer (Lynn and Grassman, 1990). Based
22 on equity theory (Adams, 1965), we are socialized to feel a sense of dissonance when we are in
23 inequitable exchange relationships. The following formula by Adams (1965) illustrates the
24 exchange relationship between consumers and service providers:
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$$1) \frac{O_A}{I_A} = \frac{O_B}{I_B}$$

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47 The equation represents inputs (I) and outputs (O) from both the service provider and the
48 consumer. Balance must be achieved between both sides to reach equitable exchange. For the
49 service provider, the work that they do in terms of providing the service is represented by I_A ,
50 while the output provided to consumers is O_B . For consumers, their input to the provider, I_B is
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3 the tip which is the output to the employee, O_A . Based on this theory, if the service is excellent
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5 then a lower tip would produce feelings of inequity on the consumer's part. Similarly, if they
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7 tipped highly and the service was poor, then the same feelings of anxiety would exist. Research
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9 on the causal role of equity theory on the amount that consumers tip has produced non-
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11 significant results (Lynn and Latane, 1984; Lynn 1988); however, this has been attributed to the
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13 poor operationalization of service quality (Lynn and Grassman, 1990). We believe that this
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15 theory may be applicable to a crisis, because of the unique position in which service providers
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17 are. When a crisis occurs, the regular operations of the business are negatively impacted, which
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19 means that they must not only cope with the crisis, but also provide the service. In the case of the
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21 pandemic, the service provider must overcome the challenges that the crisis imposes on the
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23 employee and the business, while providing the service. For example, servers in restaurants must
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25 face the risk that, throughout their shift, they could be exposed to the virus, or they may have to
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27 manage their household at home, while they work to provide for their families. Crises external to
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29 the business impacts more than the firm, and those who work in the service sector often have to
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31 cope with the crisis imposed on them personally, while continuing to provide services to others.
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33 This scenario creates a situation where service providers are going above and beyond their
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35 regular service –the efforts of which should be rewarded by the tips they receive from
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37 consumers.
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48 **Conceptual Framework and Research Hypotheses**

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51 As discussed, a crisis creates a situation where service providers are facing a significant threat to
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53 their operations, and it imposes a cost on those who work in this sector. Prosocial behavior is
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55 more likely evoked when consumers view others as not responsible for the negative situation in
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3 which they are in (Pilati *et al.*, 2015). A crisis that is affecting firms, but is not attributable to
4 them, can elicit a need to help, and although businesses are clearly not charities, we argue that
5 feelings of charitable giving can be transferred onto small businesses during times of crises.
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10 Small businesses are at greater risks of harm from an external crisis, and consumers may feel that
11 their actions have a greater impact on a small business than on large enterprises. Consumers who
12 view small businesses as struggling may have a sense of empathy, which can lead to monetary
13 support for the business. This is unique because we are arguing that crises can evoke the same
14 support for private business as it does for charitable organizations. In the first part of our model,
15 we advance the following hypothesis:
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24 H1: Charitable support has a positive impact on feelings of support for small businesses
25 during a crisis not attributable to the firm.
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30 A crisis may evoke feelings of support for small businesses in general, but in terms of
31 actions that consumers can take and their focus will be on a few small businesses toward which
32 they have an affinity. Of the thousands of small businesses that can use their help, relationship
33 theory advances the view that consumers likely have relationships with a few businesses and see
34 them as more than a private business (Fournier, 1998). Rather, consumers feel a sense of
35 friendship and loyalty to firms that they see as relationship partners (Fournier, 1998; Lemon and
36 Verhoef, 2016). We contend that they would be particularly motivated to help these firms
37 survive the crisis. In other words, the crisis evokes charitable support for small business and their
38 affection for certain firms gives them a target to direct their support. Formally:
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51 H2: Feelings of support for small businesses during a crisis have a positive impact on
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53 affection.
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3 The final portion of our model pertains to how consumers show their support for small
4 businesses during a period of external crisis. As discussed, the crisis creates a significant threat
5 to the organizations. It can require them to limit their operations or pivot their business model.
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7 Crises such as natural disasters, civil unrest, or financial collapse have previously compelled
8 firms who are directly impacted by the crises to pivot their operations, so that they are not
9 functioning at full capacity (Dahles and Susilowati, 2015). In the case of the pandemic, it has
10 caused service-oriented businesses to limit interactions with customers. Restaurants no longer
11 allow indoor seating, airlines only sell a small portion of their seats to keep passengers physically
12 apart, and professional sports have had to play games without live audiences. Businesses that
13 rely heavily on having consumers in close proximity to each other have had to pivot their
14 models, so that they can mitigate losses versus maximizing profits. For service firms, their
15 survival resides on their employees working, and their communities supporting them. Employees
16 who are already some of the lowest paid workers face the prospect of exposing themselves to the
17 physical and monetary harm created by the crisis. Each day brings stories of employees who
18 became exposed to harm while working, but were compelled to work to provide for themselves
19 and their families (Kinder, 2020). Earlier, when we introduced equity theory as a basis for the
20 amount that consumers tip, we made the assumption that equity theory starts at a baseline level,
21 where employee and consumers inputs are set to zero. During a crisis, the baseline level of inputs
22 may be higher for employees before the interaction occurs. Using Adams' (1965) formula, we
23 argue that the risks and costs of providing services increases the input on the part of the service
24 provider. Thus, the service provider incurs more costs (equation 2).
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$$2) \frac{O_A}{I_A + 1} = \frac{O_B + 1}{I_B}$$

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3 This imbalance exists because of the cost that the crisis imposes on the firm and its
4 employees. Employees who provide a service during the crisis must personally cope with the
5 harm that the crisis could impose on them physically or monetarily. In the case of the COVID-19
6 crisis, the employees risk exposure to the virus throughout their workday, but they also risk
7 unemployment or the business failing, if they do not work. The employee and business are
8 making a greater effort than is typically the case by working during the crisis. To compensate for
9 the increased efforts, the consumer then feels compelled to tip more. Based on our modification
10 to the original equation by Adams (1965), consumers would tip more for the same level of
11 service during a time of crisis, compared to interactions before the crisis. We also expect the
12 modified equation to apply to interactions with employees that do not normally receive tips. For
13 positions, such as cashiers or customer service personnel, the convention in the United States is
14 to not provide a tip. However, their presence at work evokes an unequitable relationship in the
15 exchange, even if the exchange is minimal. For consumers who want to support the business,
16 their outlet beyond purchasing from the firm may be through additional compensation in the
17 form of tipping. We expect that the inequity in the exchange relationship brought on by the crisis
18 would not only cause consumers to tip more, but also to tip when otherwise they would not have.
19 Stated formally:
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43 H3a. During a crisis, support for the small business has a positive impact on consumer
44 willingness to tip employees who do not typically receive tips.

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46 H3b. During a crisis, support for the small business has a positive impact on the amount
47 consumers intend to tip employees who do not typically receive tips.

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49 H3c. During a crisis, support for the small business has a positive impact on the amount
50 consumers intend to tip employees who typically receive tips.
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3 Our conceptual model is shown in Figure 1, with constructs for attitudes influencing
4 monetary donations to charity, support for small businesses during times of crisis, affinity
5 towards the particular small business, and then measures of tip amount and intention to tip.
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10 [Figure 1 here]
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13 **Methodology**

14 *Data description*

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17 Our conceptual model and the hypotheses were tested using data from two separate businesses.
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19 Both businesses are located within a major metropolitan area on the East Coast of the United
20 States. One business is an independent theater that opened in 1971 across the street from the
21 largest university in the state. The three-screen theater shows second run movies, and does not
22 allow consumers to purchase tickets online or have reserved seating. The cost for an adult ticket
23 is \$5 and for children (12 and under) is \$4. Concessions such as popcorn, soda, and candy are
24 available for purchase at the concession stand, once patrons enter the theater. Prices for popcorn
25 range from \$3 for a small to \$6 for a large portion. Since the pandemic shuttered theaters across
26 the country, many theaters had to pivot to charging consumers for streaming digital features. The
27 independent theater did not have this option with second run movies. To earn some income and
28 continue paying its employees, the owner decided to sell concessions for drive by pick-up. It
29 started selling a large popcorn for \$3, a large soda for \$3, and candy for \$3, promoting the sale of
30 concessions via social media channels, and on the first day, he had approximately \$30 in sales.
31
32 However, by the end of the week he was averaging \$300-\$400 in sales per day. We approached
33 him and offered to share our findings as well as purchase \$200 worth of concessions, if he
34 promoted our online survey via his social media channels. He was enthusiastic about the survey
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3 and posted it to the Theatres' Facebook page. Within seven days of posting, the survey received
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5 1680 responses. Of these responses, 1343 were complete and usable. All incomplete surveys
6
7 were considered not usable.
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10 The second business we drew data from is an independent coffee shop with two locations
11
12 in a smaller town within 60 miles of two major metropolitan areas. The shop prides itself on
13
14 using organic ingredients, bringing together local artists, and their homemade pastries. The first
15
16 location was opened in 2015 by two sisters who grew up in the region, and had returned after
17
18 studying business and culinary arts, respectively. One shop is located on the main street in a
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20 college town with historical significance, and has a steady stream of regular customers and
21
22 visitors. It can seat approximately 50 patrons indoors, and often hosts bands performing live
23
24 music or special interest classes such as American sign language. The shop is known for its
25
26 comfortable atmosphere with local art on the walls and unique furniture adorning the location.
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28 There is parking on the main street where the shop is located, but the store has no designated
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30 parking. It often relies on walk-up traffic from those living or travelling through the historic
31
32 downtown. Almost half of the traffic into the store is from people who stay in the store, either to
33
34 enjoy their beverages, watch music, or take a class. In 2018, the shop opened a second location
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36 inside a local medical center eight miles from the first location. Since the COVID-19 restrictions
37
38 were placed on businesses within the state, the coffee shop had to close any indoor dining. In the
39
40 primary location, customers would come in through one door, place an order while social
41
42 distancing, and leave by another door. The secondary location initially maintained their
43
44 operations by only serving the medical center staff (visitors were not allowed into the medical
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46 center), but at the time of writing this article the secondary location paused operations.
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49 According to owners, sales at the primary location were down to only a third of what they were
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3 before the pandemic. We asked the owners if they could distribute our survey using their social
4 media platforms in exchange for sharing our findings and purchase \$200 worth of gift cards that
5 could be distributed to front-line healthcare workers. The owners distributed the survey on their
6 Facebook page, and within one week there were 494 responses, of which 359 were complete and
7 usable.
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10 Respondents completed an online survey via Qualtrics. They also provided information
11 regarding how frequently they visited the business, their satisfaction, whether they follow the
12 business on Facebook, their age, gender identity, and zip code. Summary statistics for both
13 samples are provided in Table 1.
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15 [Table 1 here]
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25 *Measures*

26 We used an established measure and created two additional measures for the exogenous
27 measures in this study. All measures were deployed simultaneously to audiences of the coffee
28 shop and the independent movie theater via the online survey. The established measure was:
29 Attitudes influencing monetary donations to charitable organizations (Webb, Green, and
30 Brashear, 2000). We created a four-item measure to gauge support for the coffee shop or movie
31 theater, and a three-item measure to gauge support for small businesses during the pandemic.
32 The validity of all of the measures were tested using exploratory factor analysis, while the
33 reliability was tested using Cronbach's Alpha. We used three endogenous variables related to
34 tipping. Respondents to the theater survey provided their willingness to tip on a scale from 1 to 7
35 (anchored by 1 –very unlikely and 7 –very likely). They also indicated how much they would tip,
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3 if at all. Respondents to the coffee house survey completed a different measure for tipping. They
4 answered two questions, 1) how much they would tip before the pandemic (% total bill), and 2)
5 how much they would tip after the pandemic (% total bill). We subtracted the response to 1 from
6 2 and used this as our endogenous variable for the model tested on the coffee shop. The results of
7 our factor analysis and reliability testing for the variables are presented in Table 2.
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15 [Table 2 here]
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21 **Empirical Analysis**

22 *Structural equation models*

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24 We tested our model using structural equation modelling (SEM) in AMOS for both the
25 independent movie theater and the coffee shop.
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28 *Independent Movie Theater*

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30 Figure 2 provides the results of the hypothesized relationships for the independent movie theater.
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32 Model fit was assessed using the Chi-square and degrees of freedom as well as root mean square
33 error of approximation (RMSEA) (Baumgartner and Homburg, 1996; Hair *et al.*, 2006). The
34 model for the movie theater performed well in terms of these indicators, a chi-square test of
35 absolute fit of 449.59, $p < 0.001$, with 63 df which is not ideal; however the Chi-square test is less
36 useful as an indicator than other model fit measures when the sample size is large (Bacon, 1997).
37
38 The recommended amount of cases within a sample is between 200 – 400, our number of cases
39 exceeds 1200 which reduces the strength of the Chi-square test. We examined the RMSEA
40 which is 0.067, below the 0.08 cutoff recommended by Browne and Cudeck (1993). The model
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3 reveals that our paths have positive relationships between constructs in the directions
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5 hypothesized. Attitudes influencing monetary donations to charity have a positive impact on
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7 support to small businesses during times of crisis (H1). This construct then in turn has a positive
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9 impact on support for the theater (H2), and ultimately to willingness to tip (H3a) and the amount
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11 consumers would tip (H3b). Tipping employees at the theater was novel because consumers
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13 typically do not tip the employees of the movie theater.
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18 [Figure 2 here]
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20 21 *Independent Coffee Shop* 22

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24 Next, we tested our model with customers of an independent coffee shop. The measures were the
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26 same as the survey given to customers of the movie theater with one exception. Our endogenous
27
28 variable was the difference between what consumers tipped before the pandemic, and what they
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30 were willing to tip during the pandemic (both as a percentage). Figure 3 provides the results of
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32 the hypothesized relationships for the independent coffee shop. Our model achieved a chi-square
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34 test of absolute fit of 4.73 (5 df), $p=0.450$. Our RMSEA is 0.063, lower than the 0.08 standard.
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38 [Figure 3 here]
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41 *Robustness Check* 42 43

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45 The central argument is that the crisis will lead to increased support from consumers who want
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47 the small business to survive. This support will manifest itself in the form of greater tipping
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49 behavior on the part of consumers. If the crisis leads to increased support, we should see both
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51 variables “Support for small business during times of crises” and “Support for a particular small
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53 business” have a positive relationship with the amount consumers tip during the pandemic but
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55 not before it. If consumer attitudes are equally positive towards tipping before and during the
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3 crisis then it would be difficult to argue that the crisis lead to enhanced support. For the coffee
4 shop, consumers regularly tipped before the crisis. We assessed the correlation between support
5 for small businesses and a particular small business as well as tipping intentions pre and post
6 crisis. Our results revealed that for the coffee shop neither of the measures were significantly
7 related to tipping intentions before the pandemic, but both had a positive impact on tipping
8 intentions during the pandemic (Table 3). The positive correlation supports the two models, and
9 confirms that a crisis can lead to enhanced support for small businesses. We also explored the
10 interaction of support for small businesses and support for a particular small business on tipping
11 intention before the crises as well as tipping intention after the crisis. This was explored through
12 a simple linear regression model using both independent variables and the interaction term
13 (*support for small businesses * support for a particular small business*). The dependent variables
14 for the two models were *tipping intention before the crisis* and *tipping intention after the crisis*
15 respectively. The interaction term was not significant in either model. However, we did find that
16 the interaction terms had a smaller impact on tipping intentions before the crisis (coefficient of
17 interaction with first DV =0.164, $p =0.82$) than it did after the crisis (coefficient of interaction
18 with second DV =0.678, $p =0.61$).

43 Discussion

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46 Crises are threats to the viability of any business because of the impact they can have on limiting
47 the operations of the firm. Small businesses, and those in the service sector, may be vulnerable to
48 a crisis for two reasons: 1) they lack the cash reserves of their larger competitors, and 2) the
49 services they offer are perishable. Our findings reveal that when a crisis external to businesses
50 occurs, consumers feelings of helping others can be transferred to support towards small
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3 businesses. The business is not responsible for the crisis, and this can activate feelings of support
4 by consumers. When the feeling to help is activated, consumers can evaluate whether they have
5 the ability to help, and then direct their help to businesses they have a self-interest in; what they
6 get in return for helping drives consumers to support businesses. We found that an external crisis
7 can drive consumers to the door of small businesses. Once at the business, they are willing to
8 offer more than they are required to. The increased amount they are willing to offer comes in the
9 form of increased tipping. The decision to tip or the amount to tip may be driven by feelings of
10 inequity between the employee and the consumer. The current COVID-19 pandemic has created
11 a situation where employees are in an unequitable position before the interaction with the
12 consumer occurs. By working, the employee risks personal harm from the crisis, in this case the
13 risk of catching the virus. They also incur greater costs by running the risk of losing their job if
14 they are unable to work. Consumer can alleviate the feeling of inequity they have by offering a
15 tip to employees who typically do not receive tips, or by offering a larger tip to employees who
16 typically receive tips. By tipping, consumers not only relieve feelings of inequity, but they can
17 also support small businesses that they have an affinity towards during times of crises.

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38 In our study, consumers of both businesses felt inclined to offer more than they needed to
39 during the crisis. In order to provide insights on how firms can motivate consumers to support
40 them during times of crisis, we drew upon prior work in marketing, management, and small
41 business management to identify some of the factors that contributed to increased support from
42 customers. We identify these factors and provide examples that are applicable to the businesses
43 in this study. The list of factors is by no means exclusive, but we extracted these four to capture
44 what makes these businesses unique, and how this relates to prior work on how consumers value
45 small businesses. The four factors and the examples are provided in Table 4.

[Table 4 here]

Theoretical and Managerial Implications

From a theoretical perspective, our work adds to the literature on how consumers think and act during a crisis. A crisis that is external to the firm can activate feelings of prosocial behavior towards businesses. This in itself is unique, because the feelings of helping that are evoked through prosocial behavior are typically directed towards charitable causes. Businesses are clearly not charities, but a crisis can place them in a charitable light. The second contribution to theory pertained to how consumers supported businesses through tipping. Previously, it has been argued that the effort and output expended from employees started at a zero point until the interaction occurred (Lynn and McCall, 2000). Increased inputs (effort) on the part of the employee would then result in greater output to the customer, and the customer would then reward the increased effort with greater tips (Lynn and McCall, 2000). This explains the service quality and tipping relationship, but it does not explain why an employee would receive a tip when they normally do not. We argue that a crisis creates inequity before the interaction occurs between the employee and the customer. Consumers feel compelled to tip, whereas previously they did not, and employees who typically receive tips would receive a greater amount for the same level of service.

From a managerial standpoint, firms need additional support during times of crisis. The crisis limits the ability of the firm to function normally, and both small businesses and service firms are the most vulnerable. Consumers who feel compelled to help during times of crises may feel the need to support small businesses. For firms, this means leveraging their relationships

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3 with consumers, pivoting to alternative models, and communicating this to consumers. Our study
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5 examined two businesses that moved to alternative business models. The coffee shop offered
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7 take-out only or the purchase of gift cards, while the movie theater sold popcorn, soft drinks, and
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9 candy which consumers could drive up to receive. On the surface, one may ask why a consumer
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11 would go out of their way to pay more for less than they normally receive. However, we found
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13 that consumers see small businesses in a charitable light, and want to support those they have a
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15 relationship with. This goes back to community building for the businesses. For both businesses
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17 that took part in our study, community building has been an active endeavor. The coffee shop has
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19 built their community by getting to know their customers by their first names, displaying the
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21 work of local artists, and inviting the customers to take free classes at their location. They also
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23 maintain an active social media presence on platforms such as Instagram and Facebook. The
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25 theater has built its community by maintaining its prices at the same level for the past 15 years,
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27 and by showing classic movies that were released decades earlier (such as *Back to the Future* and
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29 *Rocky Horror Picture Show*). Previous research demonstrated how important it is for firms to
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31 build communities, especially through online channels (Dou and Krishnamurthy, 2007; Habibi *et*
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33 *al.*, 2014; McAlexander *et al.*, 2002). This often involves building relationships with consumers
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35 through continued engagement either in person or virtually (Habibi *et al.*, 2014). The value of
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37 building this community is that during times of crisis, consumers can rally around the business
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39 and act in a charitable manner. The inclination to support small businesses that consumers feel
40
41 positively towards gives firms the ability to pivot their business model, when faced with an
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43 external crisis. The longer a business in the service sector remains closed, the more likely it is to
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45 fail because it will not be able to recoup the lost revenues from not providing the service. If the
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3 firm can pivot its operations, so that it receives some revenues compared to none at all, it may be
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5 able to survive the crisis or delay closing until it can function normally again.
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10 11 **Limitations**

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14 The pandemic is a crisis external to the firm, but it is unique in terms of its size and impact.
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16 Unlike natural disasters, which are localized, or civil unrests, which are often country or region
17
18 specific, the pandemic is truly global. It impacts not only businesses, but how society as a whole
19
20 functions with very few aspects of society completely immune to the negative impact of the
21
22 pandemic. The COVID-19 was declared a global pandemic on March 13, 2020, and at the time
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24 of this writing it has grown to over twenty million documented cases worldwide and is
25
26 responsible for over 2 million deaths worldwide. Clearly, in terms of severity the pandemic
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28 represents one of the most severe crises of the past 100 years. We acknowledge that the
29
30 magnitude of the crisis may prevent our findings from being fully generalizable. However, the
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32 pandemic provides a unique opportunity to study a crisis that has a similar impact on multiple
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34 businesses simultaneously, and for an indefinite time-period.
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41 A second potential limitation of the current research is our sample. Current customers
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43 who followed each business on social media completed our surveys, and this could lead to bias
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45 in their responses. However, given that one of our main goals was to determine how much more
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47 customers would support specific businesses they frequent, it was necessary to survey these
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49 customers to answer our research questions. And there was variability in the level of
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51 commitment to each business. For example, Table 1 shows that some participants visited
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53 businesses more frequently than others. Some were more satisfied than others. And some
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3 followed each business on Facebook, and felt more loyalty than others. Given this variability, we
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5 are confident that our data represents a wide range of commitment and loyalty to each business.
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8 In fact, the statistical analyses we ran require variability in the data for the models to be
9
10 statistically significant. So, while we acknowledge the potential limitation of our samples, we are
11
12 also confident that our data is answering the research questions. Future research could look at
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14 samples of participants that do not have direct ties to a business to determine how well that data
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16 fits the models tested in the current study.
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22 **Conclusion**

23 Crises represent threats to the viability of businesses, and the pandemic has threatened the
24
25 viability of service businesses around the world. When a crisis occurs, the goals of a business
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27 often shifts from thriving and growing to simply surviving long enough for the crisis to pass. A
28
29 crisis forces a firm to pivot, and they need consumers to rally around them and pay more than
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31 they otherwise would for the services that they receive. This study found that consumers are
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33 willing to transfer their charitable attitudes towards firms, and support small businesses that they
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35 have an affinity towards, and are willing to pay more to do so. The crisis creates an inequitable
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37 situation between employees and customers of the firm, which increases the propensity of
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39 customers to tip and/or tip more than they otherwise would have. These results show that
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41 businesses can pivot their operations during times of crisis and survive when they have loyal
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43 customers who are willing to support them.
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Table 1 Summary Statistics

Variables	Movie Theater		Coffee Shop	
	Median	Distribution	Median	Distribution
Frequency of visit	4	1 = 36 2 = 241 3 = 353 4 = 281 5 = 182 6 = 127 7 = 70 8 = 53	6	1 = 10 2 = 39 3 = 54 4 = 39 5 = 26 6 = 37 7 = 54 8 = 99
1 = Never, 2 = Once Yr, 3 = Once 6 months, 4 = Once 3 months, 5 = Once 2 months, 6 = Once per month, 7 = Twice per month, 8 = 3+ times a month				
Satisfaction (1 = Extremely satisfied, 7 = Extremely unsatisfied)	1	1 = 997 2 = 285 3 = 18 4 = 36 5 = 5 6 = 7 7 = 2	1	1 = 305 2 = 37 3 = 4 4 = 12
Age	5	1 = 4 2 = 103 3 = 180 4 = 331 5 = 361 6 = 224 7 = 100 8 = 21 9 = 2	4	2 = 24 3 = 102 4 = 87 5 = 70 6 = 49 7 = 17 8 = 4
1 = <18, 2 = 18-24, 3 = 25-34, 4 = 35-44, 5 = 45-54, 6 = 55-64, 7 = 65-74, 8 = 75-84, 9 = 85+				
Gender Identity (1 = male, 2 = female, 3 = other, 4 = not disclosed)	2	1 = 320 2 = 978 3 = 5 4 = 34	5	1 = 61 2 = 286 3 = 2 4 = 4
Follow on Facebook (1 = yes, 2 = unsure, 3 = no)	1	1 = 816 2 = 86 3 = 441		1 = 284 2 = 18 3 = 56
Lives within 5 miles of business		718/ 1343 or 53%		221 / 358 or 62%

Table 2 Validity and Reliability of Measures

Construct (number of items)	Coffee Shop		Movie Theater	
	Eigenvector(s)	Cronbach's Alpha(s)	Eigenvector(s)	Cronbach's Alpha(s)
Attitudes towards donations to charitable organizations (4 items)	3.179	0.908	3.013	0.886
<ul style="list-style-type: none"> ▪ People should be willing to help others who are less fortunate ▪ Helping troubled people with their problems is very important to me ▪ People should be more charitable toward others in society ▪ People in need should receive support from others 				
Support of coffee shop/ movie theater (4 items)	2.775	0.838	2.249	0.818
<ul style="list-style-type: none"> ▪ How satisfied are you with (coffee shop/ theater)? ▪ Please state your level of agreement: I feel loyalty to (coffee shop/ theater) ▪ Please state your level of agreement: I really care about the fate of (coffee shop/ theater) ▪ Please state your level of agreement: I talk up (coffee shop/ theater) to my friends as a great place to go to 				
Support for small business during pandemic (3 items)	1.849	0.833	2.021	0.727
<ul style="list-style-type: none"> ▪ Please state your level of agreement: We should support small businesses during difficult times ▪ Please state your level of agreement: I intend to do more to support small businesses during this time ▪ Please state your level of agreement: When given the choice I would rather support a small business than a large enterprise 				

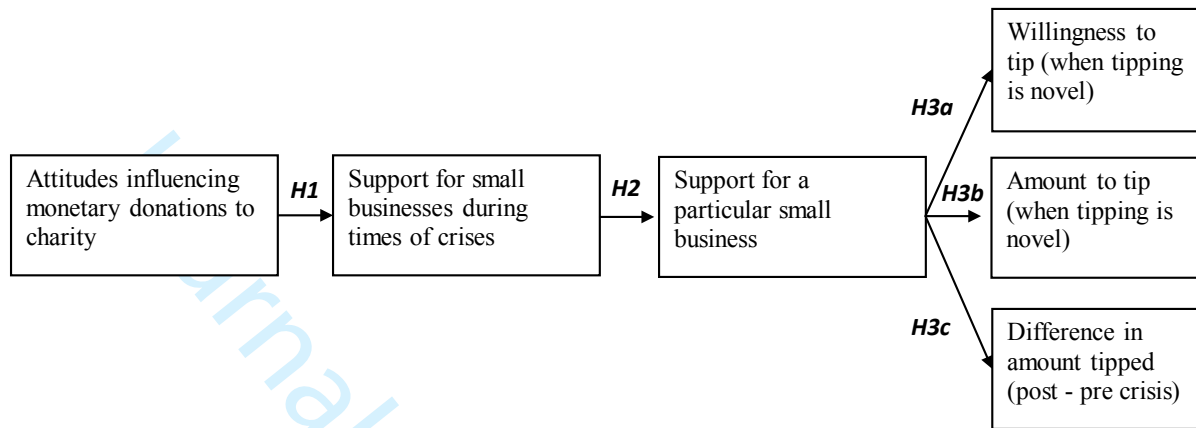
Table 3 Correlations (Coffee shop)

Variable	1	2	3	4
1. Support for small business during a time of crisis	1	0.258 (0.000)	0.053 (0.322)	0.099 (0.061)
2. Support for a particular small business		1	0.066 (0.217)	0.152 (0.004)
3. Tipping intention before the crisis			1	0.397 (0.000)
4. Tipping intention after the crisis				1

Level of significance in parenthesis

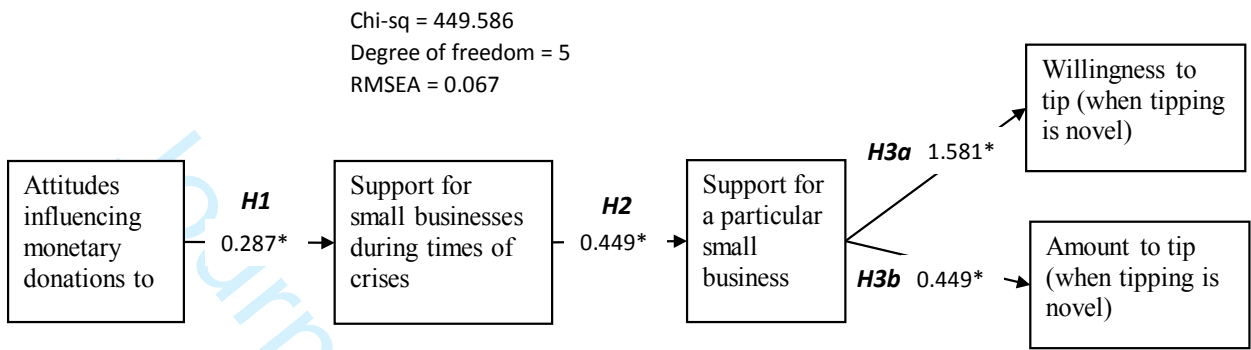
Table 4 Factors motivating support for the two small businesses during crisis

Factor	Description	Movie Theater	Coffee Shop
Place in the marketplace	The firm occupies a place in the marketplace that makes it unique or necessary for consumers (Brooksbank, 1994).	The movie theater is less than 50% of the cost of other movie theaters in the area.	The coffee shop is a unique venue that holds live music, classes, and community meetings.
Shared values	Shared values represent the perceived value of the business and how they align with the values of the consumer (Iglesias, Sauquet, and Montana, 2011).	The movie theater promotes itself as a theater for everybody and a contrast to the rising costs families face to see a movie in a theater.	The coffee shop promotes itself as an inclusive environment that prides itself on its locally sourced ingredients and home-made goods.
Loss	If the business, no longer existed then consumers would incur a loss (Russell, Schau, Bliese, 2019).	If the theater no longer existed, then consumers would have to pay more to see a movie which means they would lose the savings they otherwise incur.	If the coffee shop closes then consumers will lose a unique local venue where they can dine-in and enjoy social gatherings while doing so.
Community identification	The business is an active member of the local community and identifies with it (Besser, 1999)	The movie theater is owned by a local resident who wanted to save the theater from closing because he enjoyed attending it when he was younger. The theater hosts summer camps and offers discounts to local students.	The coffee shop was founded by two sisters who grew up in same town that the coffee shop is located. The location is in a renovated historic building on the town's main street. The shop also serves as a marketplace for local artisans to sell their wares.

Figure 1 Conceptual Model

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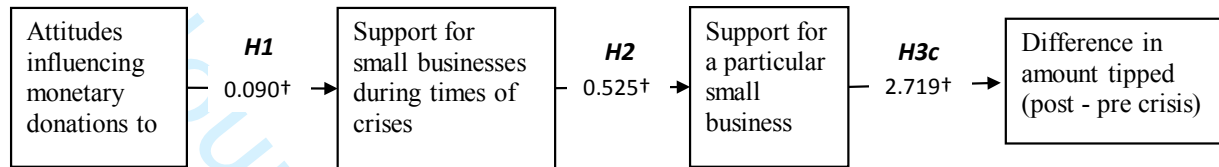
Figure 2 Movie Theater



Note: *Represents significance at: $p < 0.01$

Figure 3 Coffee Shop

Chi-sq = 4.726
Degree of freedom = 5
RMSEA = 0.063



Note: †Represents significance at: $p < 0.05$

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