FINANCIAL RESILIENCE AND MANAGEMENT OF A SMALL SKI RESORT

Lappeenrannan–Lahden teknillinen yliopisto LUT

Kauppatieteiden kandidaatintutkielma

2025

Aleksi Näätsaari

Tarkastaja(t): Professor Sanna Heinänen

ABSTRACT

Lappeenranta–Lahti University of Technology LUT

LUT Business School

Business Administration

Aleksi Näätsaari

FINANCIAL RESILIENCE AND MANAGEMENT OF A SMALL SKI RESORT

Bachelor's thesis

2025
31 pages, 1 table and 2 appendices
Examiners: Professor Sanna Heinänen

Keywords: financial resilience, ski resort, strategic management, dynamic capabilities, climate change adaptation, small business

This thesis examines the financial resilience and strategic management of a small ski resort. The objective is to explore how such businesses navigate macroeconomic fluctuations, seasonal challenges, and global warming. The thesis seeks to answer (1) How do macroeconomic conditions affect the profitability of a ski resort? (2) What types of strategies do ski resorts use to balance seasonal fluctuations and prepare for economic downturns? (3) How do climate change-induced weather variations impact the financial sustainability and investment decisions of a ski resort?

The thesis uses a theoretical framework that combines resource-based view, dynamic capabilities, real business cycle and climate change adaptation. Content analysis was used as the research method to analyse a semi-structured interview.

The results highlight that the case resort's succession stems from internal resources. The theories assumed to be linked to the company's success emerged in the interview. They are applied in the company's daily operations and decision making.

The conclusions emphasize that the survival of small ski resorts depends not only on external conditions but also on strategic choices that leverage unique resources, embed operations in local communities, and prioritize long-term stability over rapid expansion. Although the findings are limited by a single case, this thesis provides insights into how small seasonal businesses can build resilience and sustain their role in local economies and communities.

Tiivistelmä

Lappeenrannan–Lahden teknillinen yliopisto LUT

LUT-kauppakorkeakoulu

Kauppatieteet

Aleksi Näätsaari

PIENEN LASKETTELUKESKUKSEN TALOUDELLINEN RESILIENSSI JA JOHTAMINEN

Kauppatieteiden kandidaatintyö

2025

31 sivua, 1 taulukko ja 2 liitettä

Tarkastaja(t): Professori Sanna Heinänen

Avainsanat: taloudellinen resilienssi, laskettelukeskus, strateginen johtaminen, dynaamiset kyvykkyydet, sopeutuminen ilmaston muutokseen, pienet yritykset

Tutkielma tarkastelee pienen laskettelukeskuksen taloudellista resilienssiä ja strategista johtamista. Tavoitteena on selvittää, kuinka laskettelukeskusta johdetaan. Tutkielmassa pyritään vastaamaan seuraaviin kysymyksiin: (1) Miten makrotaloudelliset olosuhteet vaikuttavat laskettelukeskuksen kannattavuuteen? (2) Millaisia strategioita laskettelukeskukset käyttävät tasapainottaakseen kausittaisia vaihteluita ja valmistautuakseen talouden laskusuhdanteisiin? (3) Miten ilmastonmuutoksen aiheuttamat säävaihtelut vaikuttavat laskettelukeskuksen taloudelliseen kestävyyteen ja investointipäätöksiin?

Tutkielman teoreettinen viitekehys yhdistää resurssipohjaisen näkökulman, dynaamiset kyvykkyydet, suhdanneteorian sekä ilmastonmuutokseen sopeutumisen. Tutkimus on laadullinen tutkimus. Tutkimusmenetelmänä käytettiin sisällönanalyysiä. Ainestona käytettiin puoliksistruktoroitua haastattelua.

Tutkielman tulokset korostavat, että tutkimuksen kohteena olleen laskettelukeskuksen menestyminen pohjautuu sen sisäisiin vahvuuksiin. Haastattelussa nousivat esiin teoriat, joiden oletettin liittyvän yrityksen menestykseen. Niitä sovelletaan yrityksen päivittäisessä toiminnassa ja päätöksenteossa.

Pienten laskettelukeskusten selviytyminen ei riipu ainoastaan ulkoisista tekijöistä, vaan sen tekemistä strategisista valinnoista. Valinnoista, jotka hyödyntävät sisäisiä resursseja, sitouttavat toimintaa paikallisyhteisöön ja asettavat pitkäaikaisen vakauden nopean kasvun edelle. Vaikka havainnot rajoittuvat yhteen tapaukseen, tutkielma tarjoaa näkökulmia siihen, miten pienet laskettelukeskukset voivat rakentaa taludellista kestävyyttään ja ylläpitää rooliaan paikallisyhteisöissä.

Table of contents

Abstract

Tiivistelmä

1 Introduction

1.1 Background and motivation

Ski resorts operate in an environment sensitive to economic fluctuations and external shocks. People usually save on luxuries, which skiing can be seen as a luxury sport, during financial abnormalities (Task & Ragoen, 2016). Ski resorts are capital-intensive businesses with seasonality. They must navigate varying macroeconomic conditions, climate change-induced uncertainties, and possible shifts in consumer behaviour due to changes in macroeconomic conditions. Recent global economic trends such as inflation and energy crises have intensified financial challenges for resorts, making their economic resilience and financing strategies increasingly relevant. The unpredictable weather patterns due to climate change add another layer of complexity to long-term investments such as gearing with snow making technology or to store snow over the summer. The stored snow can then be used to survive a warm winter. (Baraniuk, 2024).

Ski resorts have not been researched through economic and strategic management generally. The prior research focuses mostly on effects of climate change on bigger resorts mostly located in Europe. The prior research focuses on tourism and its revenue. This research tries to fill the gap and find ways of operating for smaller resorts.

1.2 Objects and research questions

This study examines the economic resilience, strategic management and leadership of a small ski resort located in Southeastern Finland. It aims to find patterns and models used to navigate a business through a changing economic environment, with outer financial shocks and other global uncertainties. The business is lead well and I’m hoping to find generalizable means for other seasonal businesses, involved in winter sports. Specifically, my study seeks to answer the following research questions.

1. How do macroeconomic conditions affect the profitability of a ski resort?

2. What types of strategies do ski resorts use to balance seasonal fluctuations and prepare for economic downturns?

3. How do climate change-induced weather variations impact the financial sustainability and investment decisions of a ski resort?

The research questions were chosen to explore the challenges that a small ski resort may encounter and how they can navigate through them. Research questions tackle the problem from three different dimensions: macro-economic, financial and impacts of climate change. Prior research highlights the vulnerability of seasonal tourism, but there is limited information on how ski resorts focus on surviving the problems.

The relevance of the study comes from the need for entrepreneurs in municipalities otherwise with net population loss, as many smaller ski resorts are in low-population areas, excluding Helsinki metropolitan area. Also, the study aims to answer how ski resorts can manage the effects of climate change through investments and practices. Winter sports are a big part of revenue in tourism in Finland and a part of Finnish national identity. Therefore, finding solutions for smaller ski resorts is relevant for the industry. For example, in Lapland the revenues for the municipalities of Kuusamo and Kittilä from tourism in Laplands two biggest ski resorts Ruka and Levi were 152 743 040 € and 205 366 503 € in 2023 (Visitory, 2024). In small municipalities there are little to no chances for children to be active, these small ski resorts provide an important hobby for children, that keeps them active during winters. Athletic hobbies for children are crucial for the health of Finnish people. Finding ways for these smaller resorts to grow their financial resilience and therefore keep them in business could also help the physical inactivity problem of Finnish children. (SOK, 2023)

1.3 Structure of the study

The study is performed as a qualitative study, and the data is gathered through a semi-structured interview. One in-depth semi-structured interview was conducted with the executive director of the case company. The case company is located in Southeastern Finland. The aim of the interview was to gain detailed insights into the resort's financial strategies, decision-making, and responses to macroeconomic and climate related challenges. The interview allows for the exploration of themes that are difficult to quantify but critical for understanding resilience in practice, such as entrepreneurial mindset, operational flexibility, and local community engagement.

The study sums up these findings with previous literature on economic resilience, small business management, and adaptation to climate change. This helps to situate the empirical insights within a broader theoretical context and validate observations through existing research.

The study will next review relevant literature, outline the research methodology, analyse the interview, and discuss key findings before concluding with conclusions and recommendations for other small ski resorts and further research. A structured approach ensures a comprehensive understanding of how a small ski resort navigates through the changing industry. The results may not be comparable to all smaller resorts because there are regional differences, especially concerning the impact of climate change, infrastructure, and access to funding. However, the findings are intended to offer valuable insights for similar operations facing comparable conditions.

2. Theoretical framework

This chapter presents the theoretical frameworks used to analyse the strategic behaviour and resilience of the case company. Each theory has been selected for its relevance to differentiate aspects of the firm's operating environment, including internal resource management, adaptive capability, investment behaviour, and responses to environmental and economic uncertainty. The chapter begins with an overview of ski resorts and then moves to theories starting with resource-based view, followed by the dynamic capabilities framework, real business cycle theory, and concludes with the climate change adaptation framework. Together, these perspectives offer a comprehensive foundation for understanding the long-term viability of small, resource-constrained firms.

Theory	Reason for Selection	Relevance to Study
Resource-based view	Focuses on internal resources that create sustainable competitive advantage.	Helps analyse how small resorts leverage unique, hard-to-replicate assets (e.g. human capital, snowmaking systems).
Dynamic capabilities theory	Emphasizes adaptation through sensing, seizing, and reconfiguring in dynamic environments.	Suitable for understanding how the resort responds to external changes such as weather volatility or market shifts.
Real business cycle	Explains investment behavior under uncertainty with a long-term, productivity-oriented view (Time to Build).	Provides a macroeconomic lens to interpret strategic infrastructure investments made without immediate returns.

Climate change adaptation	Examines vulnerability, adaptive capacity, and readiness to cope with climate-related risks.	Directly relevant to assessing how the resort anticipates and adapts to changing snow conditions and climate shifts.

Table 1. Theories and why they were chosen (Barney, 1991; Teece et al., 1997; Kydland & Prescott, 1982; Smit & Wandel, 2006)

2.1 Ski resorts

Ski resort is a place or an area, which provides services and infrastructure for winter sports, including skiing and snowboarding. The resorts are located in steep areas with enough height differences for downhill skiing, length of the hill is not crucial. Other parts of a ski resort are lifts, snowmaking technology, services, such as equipment renting, teaching and cafeteria or a restaurant. Ski resorts provide a safer place for the sport compared to free skiing which is done in the nature with natural snow and no safety precautions. Ski resort can be a small local business or a big international tourist attraction. Depending on the size of the resort, they can specialize in tourism or in skiing as a sport. In addition to winter sports, many ski resorts increasingly diversify their activities to mitigate seasonality. Mountain biking, hiking, and cultural events during the summer months have become common strategies to extend revenue streams and reduce reliance on winter conditions. This diversification also supports long-term sustainability by spreading economic benefits across the year.

One risk for ski resorts is the climate change and the lack of snow following the global warming. Snowmaking is essential for ski resorts because with only 2-degree global warming 53 % of European ski resorts would face high risks in snow supply. With 4-degree global warming it rises to 98 %. Artificial snowmaking helps mitigate the risks, but it comes with ecological and economic challenges. Strategic planning and management must balance economic viability, environmental sustainability, and climate adaptation. (François et al., 2023)

The seasonality of the business brings its own risks with the revenue coming from only winter months when the resort is operational. Unsteady cash flow brings risks to investments with the investments being mostly expensive, e.g. lifts, snowcats and snowmaking technology. Smaller resorts have more risks usually having less capital compared to bigger resorts. Poor investment decisions or timing of investments can lead to shutting down operations. (Bonanomi et al., 2024) Therefore, the importance of planning and management is crucial, especially for smaller resorts. The seasonal nature of the business also demands seasonal workers. It’s important for the resort to commit the work force for more than one season.

Smaller ski resorts could be compared to family businesses, at least in this case, where strategic decision making is influenced by lifestyle orientation and personal values. These smaller businesses lead more by passion and lifestyle, and not with the goal to maximize profit can contribute to the local communities through employment, services, and recreational opportunities, making them important anchors for regional vitality. (Getz & Carlsen, 2025)

2.2 Resource-based view

Resources-based view categorizes resources in three different types of strategic categories: physical capital, human capital and organisational capital resources. Physical capital resources cover for example location, infrastructure and technology. Human capital includes skills, relationships and specific know-how. Organisational capital is formed through firms’ culture, systems and routines. For any of the resources to be able to create sustainable competitive advantage for the firm that resource must meet the VRIN criteria. VRIN is an acronym for valuable, rare, imperfectly imitable and non-substitutable. Meaning that only resources that fulfil all four criteria can offer enduring strategic benefits. In this context valuability means that the resource contributes to improved efficiency, effectiveness or value creation. Rare means that the resource is unique and not widely possessed by other firms. Imperfectly imitable means that the resource is hard to duplicate. Non-substitutable means that there are no available substitutes for the resource. (Barney, 1991)

Research offers strong support for the practical relevance of the resource-based view. Valuable and rare resources are closely linked to competitive advantage, which is associated with improved firm performance. Importantly, the research emphasizes that advantage stems not from resource possession alone, but from the firm's ability to effectively combine and apply those resources strategically. Intangible assets such as knowledge, reputation, and routines are particularly impactful due to their in-imitability. The role of resource bundling is also highlighted, where synergies between resources contribute more to advantage than any single resource. These findings reinforce RBV's usefulness, especially for smaller firms seeking to build unique, hard-to-replicate strengths. (Newbert, 2008)

In addition to resource characteristics, another study underlines the significance of how resources are developed and embedded within the organization over time. The study argues that competitive advantage is often rooted in path-dependent learning processes, where a firm's routines, experiences, and accumulated tacit knowledge gradually shape unique capabilities. This historical layering makes the replication of such resources especially difficult for competitors. Moreover, the organizational context, such as managerial practices, firm culture, and internal coordination mechanisms play a critical role in determining whether resources can be effectively leveraged. These insights extend the RBV by emphasizing that it is not only the static attributes of resources that matter, but also the way they evolve and are managed within firms. As such, firms that systematically invest in learning and internal development processes may create deeply embedded capabilities that strengthen long-term resilience and strategic differentiation. (Maijanen, 2020)

Together, these perspectives suggest that the strength of RBV lies not just in identifying strategically significant resources, but also in understanding the organizational mechanisms that protect and enhance them. This makes RBV particularly useful for analysing the long-term resilience of small, resource-constrained firms. (Newbert, 2008; Maijanen, 2020).

2.3 Dynamic capabilities

The dynamic capabilities framework is a theory in strategic management that extends the traditional resource-based view by focusing on how firms adapt, renew, and reconfigure their internal and external resources in response to environmental change. Sustained competitive advantage in rapidly evolving markets depends not only on possessing valuable resources but more crucially on the firm's ability to continuously reshape its resource base in alignment with shifting external conditions. This perspective highlights the importance of organizational agility, learning, and strategic flexibility as key enablers of long-term success. (Teece et al., 1997)

A central element of the dynamic capabilities framework is the division of capabilities into three interconnected dimensions: sensing, seizing, and reconfiguring. Sensing refers to the firm's ability to systematically identify and anticipate changes in the environment, including technological developments, shifts in consumer preferences, and competitive dynamics. It requires strong learning mechanisms, information gathering processes, and the ability to filter and prioritize signals. Seizing involves the effective mobilization of resources to exploit the opportunities identified through sensing. This includes strategic decision-making, investment allocation, and the development of new products, services, or business models. Reconfiguring refers to the ongoing renewal and transformation of the firm's resource base and operational routines. It enables the organization to maintain alignment with its environment by modifying existing assets, organizational structures, or capabilities. Together, these dimensions form the foundation of a firm's ability to achieve and sustain competitive advantage. (Teece et al., 1997)

The practical relevance of the Dynamic Capabilities Framework has been explored in a growing body of empirical research. In a literature review of dynamic capabilities was concluded that these capabilities: sensing, seizing, and reconfiguring, play a critical role in enabling firms to adapt to rapidly changing environments and improve performance. The analysis synthesized a wide range of empirical studies and emphasized the strategic value of dynamic capabilities in maintaining competitiveness in uncertain conditions. However, several limitations were identified in the existing research, including conceptual ambiguity and a lack of consistent definitions. (Barreto, 2010)

An empirical study was conducted on 217 Finnish firms and found that dynamic capabilities were positively associated with international performance, particularly when combined with an entrepreneurial orientation. Their findings support the notion that dynamic capabilities enhance firms' ability to respond proactively to environmental change. The study did not explore the distinct effects of individual capabilities in detail, nor did it address how these capabilities evolve over time. (Jantunen et al., 2005)

Together, these studies provide empirical support for the theoretical foundations of the dynamic capabilities framework, while also underscoring the need for further research to clarify its internal mechanisms and long-term effects. They reinforce the importance of dynamic capabilities as a strategic response to complexity and change but also point to methodological challenges that remain unresolved in the literature. These insights are particularly relevant for analysing firms, when adaptability and strategic flexibility are essential for long-term resilience.

2.4 Real business cycle theory

Real business cycle (RBC) theory is a macroeconomic framework that explains economic fluctuations as responses to real and exogenous shocks, particularly changes in productivity, rather than to monetary or demand-side disturbances. The theory presents a supply-side alternative to traditional Keynesian models. RBC assumes that economic agents are rational and forward-looking, and that markets operate efficiently with flexible prices and wages. Fluctuations in output, investment and employment are therefore interpreted as optimal adjustments to shifts in the economic environment, such as technological improvements or adverse supply conditions. (Kydland & Prescott, 1982)

The "time-to-build"-hypothesis is a key application of RBC theory. It emphasizes the delayed effects of capital-intensive investments, such as infrastructure or technological upgrades, which do not yield immediate output but instead increase productive capacity gradually over time. These time delays introduce inertia into the economy and contribute to sustained fluctuations even when external shocks are temporary. The model underlines how future expectations shape investment behaviour and influence the long-term path of economic activity. It offers a valuable lens for examining situations where decision making is forward-looking but constrained by implementation lags. (Kydland & Prescott, 1982)

The validity of real business cycle was reassessed by extending the model to include intangible capital, such as research and development, software, brand equity, and human capital. They argue that previous RBC models underestimated the economic significance of these intangible investments, which constitute a growing share of modern firms' capital expenditures. By incorporating intangible capital into the RBC framework, the model better captures observed fluctuations in output, employment, and investment over time. Crucially, the study highlights that intangible investments follow a similar delayed return structure as physical capital, aligning with the "time-to-build"-hypothesis. It demonstrates that these investments do not generate immediate returns but contribute to long-term productivity, reinforcing the relevance of RBC theory for understanding strategic investment behaviour and long-term decision-making in firms. This extension supports the applicability of RBC-based reasoning not only at the macroeconomic level but also for firm-level financial planning and strategic management. (McGrattan and Prescott, 2014)

Small and large firms respond differently to aggregate economic fluctuations within the framework of real business cycle theory. Small firms are more cyclically sensitive than large firms. In the research confidential U.S. Census Bureau microdata was used to show that small firms exhibit significantly greater volatility in output, employment and investment over the business cycle. Specifically, during recessions, small firms reduce employment and capital expenditures more aggressively than large firms, while also showing stronger expansions during recoveries. By integrating firm-level heterogeneity into a quantitative RBC model it was demonstrated that structural differences such as scale, capital adjustment costs and productivity dynamics explain much of the stronger cyclical fluctuations observed in small firms. The results show that real-side mechanisms alone, without relying on financial frictions, can account for the differential behaviour of small and large firms during economic cycles. (Crouzet and Mehrotra, 2020)

2.5 Climate change adaptation

A widely used theoretical framework for examining climate-related challenges is the climate change adaptation theory, which focuses on the interconnected concepts of adaptation, adaptive capacity, and vulnerability. In this framework, adaptation refers to the process, action, or outcome by which systems adjust to actual or expected climate stimuli, aiming to reduce harm or take advantage of potential benefits. Adaptation can be planned or spontaneous, and it may occur at various levels, from individuals to entire regions. Adaptive capacity describes the ability of a system or community to implement effective adaptation. It is determined by factors such as access to resources, institutional strength, knowledge, and social networks. A high level of adaptive capacity enables more flexible and proactive responses to change. Vulnerability, on the other hand, is defined as the degree to which a system is likely to experience harm due to climate stress. It is a function of exposure (the extent to which a system is subject to climate impacts), sensitivity (how strongly it is affected), and adaptive capacity. The framework emphasizes that vulnerability is context-specific and dynamic, shaped by both environmental conditions and socio-economic factors. Overall, this theoretical model helps to explain why some systems are more at risk than others, and how enhancing adaptive capacity can reduce vulnerability and support more resilient development. (Smit and Wandel, 2006)

Adaptation to climate change is frequently discussed in both academic and policy contexts. A systematic literature review synthesizing findings from over 400 peer-reviewed articles examines the extent to which actual adaptation is occurring across different sectors and regions (Berrang-Ford et al., 2011). The review concludes that concrete, planned, and proactive adaptation measures remain relatively rare. Most observed actions are reactive, incremental, and often ad hoc, particularly among smaller actors. From a theoretical perspective, established frameworks, such as the one developed by Smit and Wandel (2006), have been useful in structuring the analysis of vulnerability and adaptive capacity. However, further empirical research is needed to better understand how adaptation operates in practice, especially within small-scale and localized contexts, where institutional and informational constraints are usual. (Berrang-Ford et al., 2011)

Building on the conceptual foundation laid by Smit and Wandel (2006), the adaptation readiness framework emphasizes the shift from theoretical capacity to practical implementation (Ford & King, 2015). The existence of adaptive capacity alone does not ensure successful adaptation. Instead, readiness depends on a set of enabling conditions that influence whether and how adaptation can be implemented. These include political commitment, institutional arrangements, financial and human resources, risk assessment processes, implementation mechanisms, and monitoring systems. The framework provides a structured approach for evaluating the institutional and governance contexts that affect abilities to respond to climate risks. It is particularly relevant for identifying barriers that extend beyond environmental or technical limitations and complements vulnerability-based models by focusing on decision-making and execution. (Ford & King, 2015)

3. Analysis of interview

Content analysis was chosen as the research and analysis method for this study. Content analysis is well-suited for many types of data and documents. The method condenses the underlying themes and reasons from a volume of data. After the condensing left is a concise description of the phenomenon under investigation, while still preserving its essential content and meaning. By structuring the data, content analysis helps identify recurring themes, categories, and patterns, providing a foundation for interpretation and deeper understanding. (Tuomi & Sarajärvi, 2018)

To deepen the understanding of how small ski resorts build financial resilience, management and leadership in the face of macroeconomic and climate-related challenges, a semi-structured interview was conducted with the Executive Director of the case company. The interview served as the only source of qualitative data, offering practical insights from within the industry. The purpose of the interview was to identify strategies, resources, and behaviours that contribute to longevity under economic uncertainty, seasonal variation, and increasing environmental pressures. Given the limited availability of public financial data for privately owned businesses in this sector, the interview provided an essential lens into the realities of managing and adapting a small-scale winter sports business. The following sections analyses the key themes and insights emerging from the discussion.

The interview questions (Attachment 1) were designed based on the theoretical framework of the study to find alignment between theory and empiricity. Their purpose was to translate concepts into practical insights by targeting key aspects of financial resilience, strategic behaviour, and adaptation. The questions were structured to explore the lived experiences of a small ski resort and to gather data that reflects both internal operations and responses to external challenges and changes. During the interview many concepts were discussed at the same time, therefore some of the questions were answered before they were asked. This approach helped to ensure that the data collected would be relevant to the research objectives and support a coherent analysis. Moving frm theme to theme gave the opportunity to gather data and insights of aspects not included in the interview questions.

3.1 RBV in the interview

"*Our staff has extremely diverse expertise across many professional fields*" (Interview, 2025)

One of the most significant internal strengths identified in the interview is the resort's human capital. Enabling them to handle tasks ranging from instruction to equipment maintenance. This versatility reduces reliance on external service providers and allows for lean, cost-efficient operations. The skillset is not only valuable and rare among small ski resorts but also difficult to imitate due to the time and experience required to develop and commit such workforce.

"*We've invested heavily in snowmaking over the past ten years…*" "*We can start the season reliably regardless of weather conditions*" (Interview, 2025)

Another core resource is the resort's snowmaking and snow storage infrastructure. It has allowed the business to start the season early and consistently. These assets are particularly valuable in the face of climate-related uncertainty. As snow equipment and snowcats are essential to all ski resorts, snow storing is a new technology in the field and not used by many resorts. Their technical complexity and price and the resort's accumulated operational know-how around them make them difficult for competitors to replicate, further reinforcing their strategic value.

"*Our operations are fully self-funded. We've never received any project or institutional funding*." (Interview, 2025)

The resort's financial autonomy is also noteworthy. While this independence may limit access to rapid growth capital, it enhances resilience by ensuring that the business is not exposed to policy shifts, administrative delays or changes in interest rates. This self-reliance reflects strong internal discipline and supports long-term strategic flexibility, which can be particularly advantageous during economic downturns.

"We try to keep prices affordable so that as many local kids as possible can participate" (Interview, 2025)

Finally, the company's embeddedness in the local community serves as a powerful resource. The business has built a reputation as an accessible and affordable destination for families and youth. This community orientation strengthens customer loyalty and fosters goodwill, which are assets that are not easily substituted or imitated by larger competitors with less personal engagement in the region.

3.2 DCT in the interview

"*We try to plan a rough direction of where we're going, even if the timing depends on the season."* ... "*We're trying to better serve visitors from a larger circle, since the local population is declining*." (Interview, 2025)

The resort shows a strong ability to sense changes in its external environment, particularly in economic and weather-related factors. This is evident in how the company identifies future challenges and adapts early. The comment reflects forward-looking behaviour and an effort to anticipate both short- and long-term disruptions. The firm's attention to the declining number of residents and the importance of expanding the customer base beyond the immediate area further illustrates its environmental scanning.

"*We've updated our equipment so that we can quickly react when weather conditions allow us to operate*." (Interview, 2025)

In terms of seizing, the company has made decisive moves to capitalize on opportunities and secure long-term operational capacity. Rather than delaying action, the firm has invested in snowmaking and modern maintenance equipment even when conditions allowed postponement. This readiness to commit resources ahead of time demonstrates a proactive strategy for value capture

"*In the summer, we do some equipment rental, space leasing, and even rent out staff for different kinds of work*."…"*We've focused on catching up with maintenance debt and modernizing old equipment*" (Interview, 2025)

The resort has also demonstrated the ability to reconfigure its operations by adjusting its asset use and business model. This is particularly clear in its flexible use of staff and equipment during the off-season. The activities mentioned allow the resort to make use of idle capacity and reduce seasonality-related inefficiencies. Furthermore, internal repairs and upgrades have replaced reliance on external service providers, which suggests a strategic reallocation of internal capabilities to reduce future vulnerabilities and maintain operational readiness.

These actions show that the resort's adaptability goes beyond one-off adjustments. It reflects an ongoing strategic process. The company's ability to sense, seize, and reconfigure in response to changes has become a central feature of its long-term resilience.

3.3 RBC in the interview

"*Snowmaking has been the biggest long-term investment over the past ten years*." (Interview, 2025)

A central idea in real business cycle theory is that firms make investment decisions based on long-term expectations and anticipated productivity gains. This is clearly visible in the resort's long-time investment in snowmaking systems. Rather than focusing on short-term returns, the company has steadily built capacity that enhances operational continuity across winters of varying length and quality. The timing and nature of these investments reflect a forward-looking approach typical of RBC reasoning, where productivity gains accumulate over time rather than being immediate.

"*The snowmaking technology is built around the changing conditions of the 2020s.*" (Interview, 2025)

The "time-to-build" concept is also reflected in how the company handles weather-related uncertainty. Executive director described how the resort has invested in infrastructure that enables fast response when conditions allow. This technological readiness allows the resort to react efficiently to unpredictable weather patterns, reducing exposure to short-term shocks and enhancing long-term viability. It shows that the company incorporates expectations of future environmental conditions into its planning horizon, which is consistent with how RBC theory frames investment behaviour.

The firm's limited exposure to interest rate changes or external financial conditions supports its RBC-style autonomy. Interest rates don't affect the company directly because it is self-financed. This independence allows the resort to make capital allocation decisions based on internal productivity needs rather than financial market fluctuations. By using internal cash flows, the company maintains stability across business cycles. Reinforcing the RBC view that firms adjust optimally to real (rather than monetary) shocks when markets are relatively frictionless.

"*Slow, grassroots growth where the basics are kept in order.*" (Interview, 2025)

Lastly, the resort's overall growth model reflects cautious expansion rather than aggressive risk-taking. This mindset aligns with the RBC view of firms responding rationally to economic signals, adjusting capacity and activity based on expectations of long-run returns rather than short-term volatility. By deliberately managing resources and pacing its growth, the resort maintains operational flexibility and avoids overextending during economic upswings.

3.4 Climate change adaptation theory in interview

"*We've prepared with stored snow, so regardless of weather conditions, we can start the season*." (Interview, 2025)

The company has implemented several clear adaptation measures to respond to changing climate conditions. One of the most significant is the snow storing technology, which enables early-season operations despite unpredictable snowfall. The technology for stored snow is a proactive and planned form of adaptation, aimed at reducing the operational risks of warm or snowless beginning of winter. Rather than reacting to poor conditions after they occur, the resort anticipates them and adjusts accordingly. A component of effective climate change adaptation.

"We've invested heavily in grooming equipment, so even in poor conditions, we can keep everything in shape." (Interview, 2025)

The resort also demonstrates strong adaptive capacity through its infrastructure and operational flexibility. Technological investments have made it possible to maintain slope conditions in marginal weather. The resort's capacity to adapt stems not only from equipment but also from knowledge and routines developed over years. This accumulated expertise allows the company to optimize operations under varying conditions, strengthening resilience to short-term anomalies and long-term shifts in snowfall.

"Honestly, things have even become easier recently... the new systems have been built specifically for these new conditions." (Interview, 2025)

In terms of vulnerability, the company has reduced its exposure to weather-related risks through both investment and operational choices. In the interview it was noted that the effects of recent winters have been manageable due to their preparations. This indicates a shift from reactive to buffered operations, where the company no longer views winter variability as an uncontrollable threat but as a manageable challenge. Lower exposure, combined with increased control over snow production, lowers both climate sensitivity and overall vulnerability.

Adaptation readiness defined as the ability to implement adaptive strategies, is reflected in the resort's self-sufficiency and decision-making independence. Despite acknowledging that external funding from governance exists, the company has not pursued it. While this could be seen as a missed opportunity, it also highlights the firm's capacity to adapt autonomously without waiting for institutional support. Nevertheless, the interviewee acknowledged that support mechanisms could be more accessible and better targeted.

3.5 Additional observations

Beyond the four main theoretical perspectives, the interview revealed several noteworthy strategic and economic insights that are valuable to understanding the case company's viability. These observations highlight the firm's distinctive approach to leadership, decision-making, and market positioning. Particularly relevant in the context of small, seasonal businesses.

"*We're still newcomers in the ski industry, so we learn a lot from other sectors and forms of entrepreneurship*." (Interview, 2025)

One notable theme is the company's use of cross-sectoral learning. Although relatively new to the ski resort industry, the executive director emphasized a background in various other business sectors. This suggests a strategic openness to external practices and knowledge transfer, allowing the company to implement operational models that may not be typical within its own industry. This kind of comparative learning and experience can foster innovation, especially in resource-constrained environments where traditional best practices may not be viable.

Another observation relates to the company's cost-aware culture and internal organization of work. Already mentioned that the company does as much as they can in-house. Not needing external help or workers leads to savings in operational costs. It reflects a deeply embedded strategy of frugality and self-reliance, where lean operations are not simply a necessity, but a deliberate choice. This internal discipline enhances operational agility and builds resilience, particularly during financially weaker seasons.

"We try to keep prices affordable so as many local kids as possible can participate," (Interview, 2025)

In addition, the company clearly follows a values-driven strategic orientation rooted in social and regional responsibility. Indicating that accessibility and youth engagement are strategic priorities. While this may reduce short-term profitability, it strengthens long-term legitimacy and customer loyalty, particularly within the local community. This socially anchored strategy creates relational capital that distinguishes the resort from larger, profit-driven competitors.

"We focus on keeping what we've built…we're not really chasing rapid expansion," (Interview, 2025)

Finally, the company demonstrates a preference for financial stability over aggressive growth. This conservative approach to growth, reflects a rational response to the seasonal nature of the industry. By prioritizing continuity and sustainability, the company builds structural resilience into its model, even if it sacrifices short-term scaling opportunities.

These insights contribute depth to the overall analysis by emphasizing strategic behaviours that do not always align neatly with traditional frameworks, but which are nonetheless critical in this context of a small local ski resort.

4. Conclusions

This study examined the financial resilience of small ski resort in Finland through the lens of strategic management and macroeconomic theory. Drawing on qualitative data from a semi-structured interview with the resort's executive director, the research provides an understanding of how such businesses are managed and how they adapt.

The main findings suggest that the case resort's viability is rooted in its ability to strategically leverage internal resources, maintain operational agility, and proactively invest in long-term capabilities. From a resource-based perspective, the resort benefits from a combination of local human capital, self-financing capability, and advanced snowmaking infrastructure. Every one of them meeting the VRIN criteria. These resources provide a buffer against both economic shocks and climatic uncertainties.

Dynamic capabilities were also evident throughout the resort's strategic behaviour. The company demonstrated a clear ability to sense emerging threats (e.g., declining local population and uncertain winter conditions), seize opportunities through targeted investments and pricing strategies, and reconfigure operations by utilizing underused assets and skills during the off-season. These dynamic processes reflect an organization that is actively adapting to its environment rather than passively reacting to change.

The application of real business cycle theory further reinforced the resort's forward-looking investment logic. Long-term decisions regarding snowmaking and infrastructure upgrades were made not in response to immediate pressures but based on rational expectations of future productivity. The "time-to-build" approach resonates with the resort's incremental and capital-intensive development model, which favours internally financed growth over debt-driven expansion.

From the climate adaptation perspective, the resort has made progress in reducing its vulnerability to changing snow conditions and global warming. Snow storage systems, flexible operations, and maintenance readiness have allowed the resort to not only maintain functionality, but succeed, even during warmer winters. While adaptation efforts remain largely self-directed due to the lack of external funding, the resort exhibits a high level of adaptive capacity and organizational readiness.

To answer and revise the set research questions. *1. How do macroeconomic conditions affect the profitability and investment decisions of a ski resort?* Macroeconomic conditions influence both the cost side and demand side. Interest rate changes have had little to no effect since the company is self-financed. On the demand side, economic downturns reduce disposable income, making skiing more sensitive to cutbacks. The resort has responded by keeping prices moderate to maintain accessibility. *2. What types of strategies do ski resorts use to balance seasonal fluctuations and prepare for economic downturns?* The case resort relies heavily on efficiency and flexibility. Seasonal risks are managed by storing snow and energy in advance, which stabilizes operating costs. Maintenance and other operations are done internally, reducing costs. The case company balances seasonal fluctuations through frugality. *3. How do climate change-induced weather variations impact the financial sustainability and investment decisions of a ski resort?* The case company has tackled the risks caused by global warming through investments and through these investments the company is doing better than before.

The findings underscore the importance of local knowledge, cost-consciousness, social embeddedness, and entrepreneurial passion. In particular, the resort's values-driven orientation emphasizing accessibility, community engagement, and youth participation provides a model for balancing economic sustainability with broader societal impact.

Despite the insights, this study is not without limitations. The sample size is restricted to a single interview, and financial data were not accessible due to the private nature of the company. Also, the business is not managed to turn a profit, but to offer a service for locals. Therefore, generalizability remains very limited. Future research could expand the empirical scope by including multiple resorts and triangulating interview data with financial and climatic records.

In conclusion, this research shows that even small ski resorts, when managed strategically and adaptively can thrive. Their succession depends not only on external conditions, but on the intentional choices they make to harness their unique strengths, anticipate future challenges, and maintain a clear vision of their role in the local ecosystem.

References

Baraniuk, C. (2024) *Wired: Ski Resorts Are Stockpiling Snow to Get Through Warm Winters.* [web document] Available: https://www.wired.com/story/ski-resorts-are-stockpiling-snow-to-get-through-warm-winters/. [Referenced 8.2.2024]

Barney, J. (1991). *Firm Resources and Sustained Competitive Advantage*. Journal of Management, 17(1), 99-120.

Barreto, I. (2010). *Dynamic Capabilities: A Review of Past Research and an Agenda for the Future.* Journal of Management, 36(1), 256–280

Berrang-Ford, L., Ford, J.D. & Paterson, J. (2011) *Are we adapting to climate change*? Global Environmental Change, 21(1), pp.25–33.

Bonanomi, G., Gherardelli, M., Spigno, S. & Idbella, M. (2024) *Winter is coming for ski resorts: Insights from the Apennines (Italy).* Journal of Mountain Science, vol(21), pp. 3847–3858

Crouzet, N. and Mehrotra, N. R. (2020) *Small and large firms over the business cycle*. American Economic Review, 110(11), pp. 3549–3601

Getz, D. & Carlsen, J. (2005*). Family business in tourism: State of the art*. Annals of Tourism Research, 32(1), 237–258.

Ford, J.D. & King, D. (2015) *A framework for examining adaptation readiness*. Mitigation and Adaptation Strategies for Global Change, 20(4), pp.505–526.

François, H., Samacoïts R., Bird D.N., Köberl, J. & Franz Prettenthaler (2023) *Climate change exacerbates snow-water-energy challenges for European ski tourism.* Nature Climate Change, 2023 pp.1-32.

Interview. (2025) Executive director. Company X. Phone interview. 21.05.2025

Jantunen, A., Puumalainen, K., Saarenketo, S., & Kyläheiko, K. (2005*). Entrepreneurial orientation, dynamic capabilities and international performance.* Journal of International Entrepreneurship, 3(3), 223–243

Kydland, F. E., & Prescott, E. C. (1982). *Time to Build and Aggregate Fluctuations*. Econometrica, 50(6), 1345-1370.

Maijanen, P. (2020). *"3 Approaches from strategic management: Resource-based view, knowledge-based view, and dynamic capability view".* In Management and Economics of Communication. Berlin, Boston: De Gruyter Mouton. doi: https://doi.org/10.1515/9783110589542-003

McGrattan, E. R. and Prescott, E. C. (2014) *A reassessment of real business cycle theory*. American Economic Review, 104(5), pp. 177–182.

Newbert, S. L. (2008). *Value, Rareness, Competitive Advantage, and Performance: A Conceptual-Level Empirical Investigation of the Resource-Based View of the Firm*. Strategic Management Journal, 29(7), 745–768.

Smit, B., & Wandel, J. (2006). *Adaptation, adaptive capacity and vulnerability*. Global Environmental Change, 16(3), 282-292.

Taks, M. & Ragoen, J. (2016). *Coping with recession in the ski-industry: A suppliers' and consumers' perspective.* Journal of Sports Management and Commercialization. 6(4), 1-17.

Teece, D. J., Pisano, G., & Shuen, A. (1997). *Dynamic capabilities and strategic management*. Strategic Management Journal, 18(7), 509-533.

Tuomi, J. & Sarajärvi, A. (2018). *Laadullinen tutkimus ja sisällönanalyysi*. Uudistettu laitos. Helsinki: Kustannusosakeyhtiö Tammi.

Suomen olympiakomitea (2023) *Lasten liikkumattomuuskriisi syvenee – seuraavalta hallitukselta tarvitaan toimia Suomen toimintakyvyn pelastamiseksi*. [web document] Available: https://www.olympiakomitea.fi/ajankohtaista/uutiset/lasten-liikkumattomuuskriisi-syvenee-seuraavalta-hallitukselta-tarvitaan-toimia-suomen-toimintakyvyn-pelastamiseksi/ [Referenced 8.2.2024]

Visitory (2024) *Matkailun tulo- ja työllistymistutkimus*. [web document] Available: https://www.insights.visitory.io/fi/tourismincome [Referenced 2.8.2025]

Attachments

Attachment 1 Interview questions

How has your company coped with economic downturns in recent years?

What kinds of strategies have you implemented to prepare for unexpected financial challenges?

Have you had to change your operations due to financial pressures? If yes, how?

What role has cost-saving and operational efficiency played during weaker seasons?

How have inflation, rising energy prices, and interest rate changes affected your financial planning?

How sensitive is your business to broader economic cycles, such as recessions or periods of growth?

What is your company's competitive position? Do you, for example, collaborate with other operators?

What unique resources or strengths does your ski resort have compared to other competitors?

Do you use your location, staff, or brand as a competitive advantage? Do you consider your size or local nature as an advantage?

What long-term skills or projects have you invested in?

How do you evaluate your most important assets (e.g., snowmaking equipment, experienced staff)?

To what extent is your decision-making based on planning versus reacting to changing conditions?

Do you set clear goals for new projects or do you proceed more based on available resources?

What kind of activities does your company have outside the skiing season?

How have changing snow conditions and weather variability affected your operations?

Have you invested in snowmaking or snow storage technology? If yes, how effective has it been?

How do you prepare for potentially shorter or warmer winters in the future?

How have recent changes in tourism demand affected your pricing, staffing decisions, or investment planning?

How has the decline in Russian tourism affected your ski resort?

Have you felt that the Finnish government or regional institutions have supported or hindered your adaptation to these macro-level changes?

Attachment 2 Waiver for using AI.

AI was used to check and modify grammar and spelling.