



EDITORIAL

“CRISES AND RESILIENCE IN FAMILY FIRMS”

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Abstract

**Purpose:** In this editorial, the Guest Editors introduce the key themes of the Special Issue “Crises and resilience in family firms”. The five papers here presented provide theoretical and empirical contributions to the family business field, by analysing resilience in the context of the pandemic Covid-19. Specifically, resilience is explored at the firm level through the lenses of entrepreneurship, strategic management, and innovation management literature. **Findings:** Authors illustrate how family businesses managed the changes brought by the unexpected spread of the pandemic and underline how the specificities of family firms, like the preservation of SEW, a purpose driven orientation, the routinized capacity of being resilient, the care of customer relationships, the individual resilience of the entrepreneur and the specific female characteristics of successor represent a key competitive advantage of family businesses, especially if female-driven, over non-family firms.

Family firms are a specific organizational archetype due to their unique characteristics, such as the link between the family and the business, their social capital (Pearson et al., 2008; Sanchez-Ruiz et al., 2019), their brand (Astrachan et al., 2018; Casprini et al., 2020), the idiosyncratic relationships emerging across, but also within, generations and family-non family members (Cabrera-Suárez et al., 2001). Due to their exceptional longevity (Zanni et al., 2010) and their family-centered non-economic goals (Beech et al., 2020; Campopiano et al., 2018), family firms develop specific responses with respect to crises. Compared to other organizational archetypes, they are simultaneously subject to both business-related and family-related challenges (Baron and Francois, 2020; Kraus et al. 2020). This evidence clearly emerged in observing how family businesses faced the recent Covid-19 pandemic, shedding light on how organizations, owned and managed by families, can exploit the family attribute as a source of competitive advantage over non-family firms to survive and thrive in such turbulent times.

The context of the pandemic – coupled with natural disasters, terrorist attacks, volatile markets, new disruptive technologies and recent winds of war – drove scholars' attention towards the understanding of the characteristics that make organizations resilient and able to overcome difficulties (Hamel and Välikangas, 2003; Linnenluecke, 2017; De Massis and Rondi, 2020).

The concept of resilience has gathered significant momentum within management and business research during the last two years (Conz and Magnani, 2020; Hillmann, 2020; Linnenluecke, 2017). Family business scholars have also tried to expand previous limited research on resilience, which to date has been concerned with investigating the set of resources and capabilities needed (Akgün and Keskin, 2014; Amann and Jaussaud, 2012; Danes et al., 2009; Mzid et al., 2019) and the strategies practiced (Acquaah et al., 2011; Chrisman et al., 2011) by family firms to be resilient. Despite increasing publications dedicated to resilience of family firms facing uncertainty in the pandemic context (Calabrò et al., 2021; Le Breton-Miller and Miller, 2022; Hadjielias et al., 2022), relatively little is known about how the heterogeneity of family business characteristics lead them to develop and nurture resilience. With the intention to extend the current debate on the resilience of family firms, by considering the Covid-19 pandemic as one of the critical contexts of crisis that boosted and tested the capacity for resilience of family businesses, this *Small Business – Piccola Impresa* Special Issue addresses how family businesses develop resilience during a times of crisis, focusing on the Covid-19 pandemic. The special issue has been motivated by new and compelling research questions arising from the pandemic we experienced – both as citizens and scholars of the management community – such as: how did family firms manage the Covid-19 pandemic crisis? How did they demonstrate resilience in their response to the crisis? How did they meet evolving customers' needs? Which role did the

SEW play in fostering resilience? How did female successors manage family firms in comparison with their male counterparts – to overcome threats stemming from the pandemic widespread? How did entrepreneurs' psychological attributes contribute to build the resilience of the family firm?

This Special Issue integrates both conceptual and qualitative empirical contributions. Single and multiple case studies served to build theoretical contributions on family business phenomena that are “grounded in and connected with the experiences and everyday-life reality of those who live in that world” (Murphy et al., 2019: 420). Resilience is a topic that is particularly suitable for qualitative exploratory studies due to its interdisciplinary nature and the fact that it is an area which has received little empirical exploration through the family business lens. Furthermore, qualitative research is indicated when it is time to explore complex and under investigated phenomena, especially to understand how they change over time, in a context that evolves so rapidly and over which the investigator has no control.

Nicola Capolupo of the University of Salerno, in his manuscript, *Exploring the SEW Effectiveness in Family Firms Resilience: Insights from the Pandemic* focuses on the role of Socioemotional wealth (SEW) in promoting resilience during the pandemic. He carried out a multiple case study research, by comparing the resilient response of two Italian micro-family firms operating in the agri-food industry and interviewing the two CEOs, triangulating first sources with second order data. The interviews were structured according to the FIBER dimensions of SEW (Berrone et al., 2012), exploring how family control and influence, the identification of family members with the firm, the binding social ties, the emotional attachment of family members to the firm, and the renewal of family bonds to the firm through dynastic succession have been key in surviving the crisis and fostering firm resilience. He found that the identification of family members with the family is a critical factor for fostering family firm resilience. Especially, the integration of family-specific values into the business revealed to be key in enhancing the commitment and involvement of family and non-family members in preserving family business continuity in times of crisis. Strong ties with non-family members employees and the sense of belonging to the firm have been also critical in providing a resilient response to the unexpected effects of the pandemic outbreak, as well as the emotional attachment of family members, showed through altruistic behaviours towards their employees. These preliminary findings complement literature at the crossroad among resilience and SEW (Firfiray and Gomez-Mejia, 2021), confirming the dual role of SEW: on one side, its preservation is central when it is time to take important decisions and when CEOs perceive that the continuity of the business is at risk; on the other, SEW dimensions, such as binding social ties and strong emotional attachment, contribute to building resilience (Capolupo, 2022).

Gianluca Pusceddu, Ludovica Moi and Francesca Cabiddu from the University of Cagliari in *Managing the Different Stages of Unexpected Events: an Exploratory Analysis of Tourism Family Businesses* investigate how family businesses adjust and redefine their business strategies to address customer relationships during different stages of an unexpected crisis. Adopting the methodology of multiple case study, they analyzed how 10 Italian family-owned and managed accommodation hotels reshaped their strategies during the different stages of the Covid pandemic. The focus on the tourism industry is of particular interest because it represents one of the most hit sectors, especially for travel restrictions. Through a data analysis process of primary and secondary sources and building on crisis management literature (Smith, 1990), the authors develop a circular event framework, which illustrates how the business strategies of family organizations evolve in a time of crisis. They adopt a dynamic perspective on the resilience of family firms, i.e. resilience is a dynamic attribute of the firm that is built over time, characterized by a) a proactive phase at time (t-1); an absorptive or adaptive phase at time t, and b) a reactive phase at time (t+1), where t is the time when an unexpected event occurs and alters the equilibrium of the firm (Conz and Magnani, 2020). They identify three phases: “prevention” at time (t-1) which involves the acceleration of the process of digitalization of booking procedures; “response” at time t which concerns meeting customers’ needs and expectations in terms of safety and be flexible in changing reservations; “recovery” at time (t+1), which is about the collective effort of the local industry to reshape and expand the value proposition, thus associating the destination to a sense of safety. They propose an integrated framework which demonstrates how responses of family business during one stage of the crisis will impact how they respond during subsequent stages. Their findings show how family business in the tourism industry developed adaptive resilience by exploiting the accumulated intangible knowledge proper of long-lasting family businesses and the closed ties with customers, being capable of emotionally embrace their fears and worries. A key contribution of this paper to the family business field is the focus on the temporal aspect of the crisis and how family business strategies change over time in a crisis. The managerial implications are also of relevance: they offer indications to owners and managers about how to understand the main priorities of customers and preserve the customer relationships when facing unexpected crises, thus protecting the family business continuity (Pusceddu, Moi and Cabiddu, 2022).

Valentina Cucino, Andrea Piccaluga from the Scuola Superiore Sant’Anna and Giulio Ferrigno from the Università Cattolica del Sacro Cuore in *Pursuing Innovative and Entrepreneurial Actions during Covid-19 Crisis: a Qualitative Analysis of Family Firms’ Resilience* explore how resilient behaviours influence family firms’ innovative actions when facing a signifi-

cant challenge such as the pandemic. After reviewing the literature, they concentrate on four factors which are specific of family firms and impact resilience and innovative actions: i) mutual trust among family members; ii) long-term orientation and multitemporal perspectives; iii) social capital and social exchange and iv) knowledge structure and opportunity identification. Their manuscript presents a qualitative multiple case study of 5 Italian family firms that showed to be resilient by exploiting the pandemic as an opportunity to innovate. A fifth resilience factor enhancing innovation inductively emerged from the analysis of primary and secondary data – referred to as purpose driven orientation. Accordingly, the purpose of the business, namely the social mission of family firm which looks also to intangible positive externalities as the social impact of the production, represents a driver for both family members and employees to strive and resist withstanding the environmental turbulence, by finding creative solutions to adapt their product offering to new emerging market needs (Cucino, Ferrigno and Piccaluga, 2022).

Niccolò Fiorini from University of Siena, Francesca Masselli from Confortigianato Toscana, Jacopo Cammeo and Tommaso Pucci from the University of Siena, in *Female Successor's Resilience in Family Firms: an Introductory Analysis Based on an Italian Case Study* illustrates how women manage crises in family firms, especially female successors, dealing with endogenous, for instance the founder's death, and exogenous shocks, like the outbreak of the Covid-19 pandemic. The study, based on a single case study design, underlines how women show specific competences and capabilities which can represent a competitive advantage in overcoming threats and enhancing the resilience of the organization. Primary data have been collected by means of three in-depth interviews and triangulated with archival data. The case of an Italian family firm operating in the textile industry pictures how a female successor has been able to manage critical events, as the sudden death of the father (founder) and the pandemic. Authors confirm that women tend to be collaborative when it is time to manage succession and this approach, coupled with the strong entrepreneurial competence of the female successor, contribute to further strengthening the resilience of the company. Her communication and mediation skills helped also in creating new ties with external partners. Her female qualities as conciliation and flexibility have been favourable to develop firm resilience. Her experience with the previous shock – the unexpected death of the father – worked as a training to adverse events. In dealing with the Covid-19, the family business had already experienced huge shocks, thus replicating existing resilience strategies to overcome difficulties. Such resilience “replication protocol” could represent a key competitive source especially for long lasting family businesses, that have been able to survive to multiple shocks by replicating existing resilience strategies. This represents an important

managerial implication for family businesses because it suggests exploiting critical events of the owning family – such as the death of the founder or new family arrangements – as an opportunity to develop resilience protocols and routines. Having a woman as CEO could also represent a source of competitive advantage because women are more prone to manage multiple fronts of uncertainty and to better strategize in conditions of stress (Fiorini, Masselli, Cammeo, and Pucci, 2022).

Ali Mchiri from the New Mexico State University in *Adaptive Resilience in Family Business during Post-crisis: the Mediating Role of Improvisation* proposes a multi-level conceptual model of family firm's resilience by linking individual level attributes as grit, entrepreneurial improvisation, and entrepreneurial self-efficacy to the firm-level outcome of adaptive resilience, i.e., the ability of firms to adapt to changing circumstances. His framework contributes to the call for a multidimensional understanding of resilience as a dynamic process for innovation and transformation to increase business survival. The study has relevant practical implications: first, it suggests paying attention to the psychological attributes of who manages the firms in situation of uncertainty as that of the pandemic, training entrepreneurs to develop individual resilience and be psychologically ready when the unexpected comes. It also highlights the need to provide training and shared best practices with entrepreneurs and to spread a culture of anticipating potential shocks and be ready. Improvisation could lead to favourable outcomes but could not be a routinized practice when facing the unexpected. It could be costly and inefficient because it asks firms to deviate from established plans (Mchiri, 2022).

In conclusion, the five manuscripts of this special issue contribute to the family business literature by analysing and exploring firm level resilience through the lenses of entrepreneurship, strategic management, and innovation management literature. They provide in-depth exploration of how family businesses managed the changes brought by the unexpected spread of the pandemic and underline how the specific traits of family firms, like the preservation of SEW, a purpose driven orientation, the routinized capacity of being resilient, the care of customer relationships, the individual resilience of the entrepreneur and the specific female characteristics of successor represent a key competitive advantage of family businesses, especially if female-driven, compared to non-family firms. Further research should build on the work presented here to test the many theoretical propositions and contributions developed by the authors. Building on this Special Issue, future research could explore and demonstrate if family firms present a superior resilient performance over non-family firms and, if so, how resilience strategies proper of family businesses could be replicated in non-family ones. Finally, we think that the qualitative – and conceptual – contributions are also interesting for SMEs' managers and practitioners since they provide in-depth descriptions that could be inspiring for those family firms facing similar challenges.

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