Entrepreneurial resilience (ER) and family business: a perspective article

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Abstract

Purpose – This paper highlights the need for future studies researching the subject of resilience in family firms on different levels.

Design/methodology/approach – This paper reviews the literature on resilience in family businesses.

Findings – Resilience has become more important due to the recent multiple crises, starting with the coronavirus pandemic, followed by high inflation and energy prices, partly resulting from the war in Ukraine. These multiple crises affect the family and the business level. Future research must account for multiple levels when addressing it, i.e. the individual, the team, the family, and the business level. Resilience has to encompass all levels to sustain family business continuity.

Originality/value – By giving an overview of the concept of resilience, taking the family’s perspective, and suggesting future avenues of research, the paper contributes to the development of family business research.

Keywords Entrepreneurial resilience (ER), Family business, Crisis, Family level, Business level, Family business continuity

Paper type Research paper

Introduction

Recently, the topic of resilience has gained momentum as the world is affected by current crises, such as the Corona pandemic (Amaral and Da Rocha, 2023; Mihotić et al., 2023) or the war in Ukraine, leading to inflation and high energy prices (Broccardo and Zicari, 2020; Scholz, 2023). Therefore, more and more research addresses these crises by relating to resilience (Hillmann and Guenther, 2021), which can have a local or global impact, depending on the type of crisis. Family business can be defined differently (Chua et al., 1999; Steiger et al., 2015), but usually refers to emotionally connected people (Ratten, 2023). Due to their global relevance, it is important to understand how family businesses deal with these crises and their consequences. Resilience deals with handling external shocks or adversities (Korber and McNaughton, 2017). Resilience can equally refer to extraordinary events or daily adversities (Linnenluecke, 2017; Verreyinne et al., 2018). In this paper, the purpose is to analyze the phenomenon of entrepreneurial resilience (ER) in the complex family business context, by accounting for different levels (Ratten and Jones, 2021).

Past research

Much research has taken its start in either individual resilience (Santoro et al., 2020) or organizational resilience (Linnenluecke, 2017), which is also something that has spilled over
to the study of resilience in entrepreneurial firms (Korber and McNaughton, 2017; Verreyenne et al., 2018). Entrepreneurial resilience (ER) has been defined as “… the ability of entrepreneurs to anticipate potential threats, to cope effectively with unexpected events, and to adapt to changes to become stronger than before” (Duchek, 2018, pp. 434–435). The family business literature has only rarely investigated the topic (Ljungkvist and Boers, 2016; Ventura et al., 2020; Zehrer and Leiß, 2019). If so, often about distinct catastrophic events (Brewton et al., 2010; Salvato et al., 2020) such as natural disasters (Martinelli et al., 2018) and riots (Doern, 2016), but it seems that in light of the current crises, more research on the topic is developing, in particular about the Corona pandemic (Mihotic et al., 2023; Santos et al., 2022; Źukowska et al., 2021). However, crises or catastrophes can also have an impact on smaller, more delimited regions (Salvato et al., 2020) or industries (Ljungkvist and Boers, 2016) asking for a different type of resilience.

Resilience can be seen as a phenomenon (Czakon et al., 2023), which can relate to extreme and extraordinary events (Źukowska et al., 2021) as well as daily challenges in family firms (Santoro et al., 2021). Accordingly, different demands are put on the owning family, the business and the organizational members as well as family members. While some adversities can be seen as a question of resources, others are a question of organizing (Hutter, 2013; Sutcliffe, 2003). However, in the context of family businesses, it is a complex multi-level question (see Table 1).

<table>
<thead>
<tr>
<th>Level</th>
<th>Corresponding resilience level</th>
<th>Earlier studies</th>
<th>Important research questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family member</td>
<td>Individual</td>
<td>Brewton et al. (2010), Calabrò et al. (2021)</td>
<td>How does individual resilience contribute to family firm resilience? How do family dynamics strengthen or weaken family resilience?</td>
</tr>
<tr>
<td>Family</td>
<td>Group</td>
<td>Mzid et al. (2019)</td>
<td></td>
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<tr>
<td>Family business</td>
<td>Organization</td>
<td>Beech et al. (2020), Czakon et al. (2023), Zehrer and Leiß (2019)</td>
<td>How does familiness contribute to family business resilience? How do noneconomic factors contribute to family firm resilience?</td>
</tr>
<tr>
<td>Other</td>
<td>Entrepreneur Individual or team</td>
<td>Randerson (2023), Santoro et al. (2020, 2021), Stephan et al. (2023)</td>
<td>How does a group of family members, e.g. board, owners, and management team, influence resilience in the business?</td>
</tr>
<tr>
<td>Process</td>
<td>Pre, during, and post-adversity</td>
<td>Honjo and Kato (2022)</td>
<td>How do family entrepreneurs consider resilience in their entrepreneurial process?</td>
</tr>
<tr>
<td>Region</td>
<td>Regional stakeholders</td>
<td>Amaral and Da Rocha (2023), Ljungkvist and Boers (2016)</td>
<td>How does regional embeddedness enable or hinder the resilience of family businesses? How do different regional prerequisites affect the resilience of family firms in different settings, e.g. regional vs urban? How can family businesses support resilience on an industry level in family business-dominated as well as in nonfamily business-dominated industries?</td>
</tr>
<tr>
<td>Industry</td>
<td>Industry</td>
<td>Engeset (2020), Schwaiger et al. (2022)</td>
<td></td>
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</tbody>
</table>

Table 1. Resilience in family firms: a level approach Source(s): Own creation
**Future research**

For future research, it is necessary to account for the different levels of analysis in family firms, which are explicitly displayed in Table 1. We know that the complexity of family firms lies in the overlap of multiple systems, influencing one another (Nordqvist and Melin, 2010; Pieper and Klein, 2007; Ratten, 2023). This is a challenge for further research to disentangle as actors on different levels will be resilient in different ways such as the entrepreneur and the employees (Santoro et al., 2020).

In opposition to research on organizational resilience, which is often conceptual, a lot of research in the family business field on resilience is empirical, which corresponds to recent calls (Hillmann and Guenther, 2021; Linnenluecke, 2017). Nonetheless, it is recommended to develop theoretical dimensions. This could relate to enablers, barriers, of ER, the process of ER, or other theories, that could help understanding the phenomenon further, such as identity theory (Shepherd et al., 2020) and resource-based theory (Williams and Shepherd, 2016). These theories are already established in family business research (Binz Astrachan and Botero, 2018; Chrisman et al., 2005; Habbershon and Williams, 2016). In addition, organizational development along with crisis development is almost absent in ER literature, so far only represented by a few studies investigating ER at several points in time (e.g. Tognazzo et al., 2016). However, this study is not in the family business, and it does not draw upon organizational change theory. Interesting theories to use to develop ER literature are process theories such as the life-cycle theory, teleology theory, dialectic theory and evolutionary theory (Van de Ven and Poole, 1995). From the family business perspective, it is also important to use process theory for studying the family business life cycle (Zellweger et al., 2019) particularly concerning crisis and ER. A promising area for investigating resilience in family businesses relates to the fact that many family businesses are long-lived, having shown a certain resilience to crises and adversities (Boyd et al., 2023; Löhde et al., 2020) over time. This is explained by the involvement of family members in the management and ownership of the business (Ahmad et al., 2021). However, even here the levels elaborated in Table 1 need to be considered, to understand what is resilient to crises and adversities and what are the different levels contributing to it?

Another recent trend in the study of resilience refers to daily adversities in family firms (Santoro et al., 2020), which might require different capabilities, competencies and resources than handling external shocks, such as natural catastrophes or disasters (Boers and Brozović, n.d.). Here, a further relevant area for further investigation relates to the role of women in contributing to and building resilience in family businesses (Anggadwita et al., 2023; Mogaji, 2023).

**Conclusion**

This article suggests capturing the complexity of resilience by considering the different levels presented in a family business (see Table 1). In combination with the complexity of resilience, including catastrophes, crises and daily challenges, there is a need for also conceptually investigate these multilevel concepts. By drawing on the suggested level approach (Table 1), it is possible to disentangle these and accordingly reduce the complexity to a feasible level of analysis. However, researchers, advisors and practitioners should not forget that there is also a strength in this overlap and entanglement, contributing to the continued existence of family businesses. Therefore, on a conceptual and analytical level, complexity reduction is advisable, but as a matter of fact, this complexity needs to be acknowledged as a factor (McAdam et al., 2020), contributing to family firm resilience. The complexity also warrants multiple solutions to occurring issues, which can be solved by drawing resources outside the business sphere, e.g. the family sphere (Boers and Henschel, 2022).
References


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