Understanding the Relationship Between Family Member Employees’ Resilience Capacity and Family Firm Sustainability: A Look at Organizational Factors

Purpose – A number of studies have shown that family businesses are more likely to survive at times of turbulence than non-family firms, which is interesting given that they tend to be lesser resourced and process-driven organizations than their traditional counterparts. What is unique about these family firms? We specifically explore the relationship between family member employees’ resilience and family firm sustainability, which we argue is mediated by consistency of employee performance at times of turbulence. We then look closer at the impact of various organizational factors on the individual resilience of family member employees, who are the key response agents in family firms.

Design/methodology/approach – Drawing from the resilience, sustainable family firm theory, and family business literatures, the presented conceptual paper argues that the positive relationship between employee resilience capacity and sustainability of the family firm is moderated by family firms’ transparency culture, clearly defined reward/penalty systems, family conflict, and growth stage of the firm.

Findings – The conceptual model provides insights that can enhance our understanding of resilience in family firms in times of external environmental turbulence and calls for future studies to empirically examine the propositions.

Practical Implications – Given the strategic role that family firms play in the economy, insights on how to increase the resilience capacity of family members is key for sustainability of the organization. Resilience may represent important considerations for human resource personnel in the hiring process. Furthermore, being aware of the organizational factors that can impact the relationship between resilient capacity and sustainability can help business owners/founders address them before times of external environmental turbulence actually arise, which is often the time when the survival of the firm is tested.

Originality/value – Family firms have gained attention in the management literature as possessing unique characteristics compared to conventional business at times of turbulence, we sought to shed light on how such uniqueness impacts firm sustainability. We develop a conceptual model that integrates how key family firm organizational factors can impact the relationship between resilience capacity and firm sustainability. Additionally, we provide for a conceptualization of the resilience construct as comprised of two factors, trait resilience and enabled resilience.

Keywords: Turbulence, Resilience, Family Firms Sustainability, Employee Performance

Article Type: Research paper- Conceptual
INTRODUCTION

Family firms are the backbone of most economies today and will continue to be for years to come (The Economist, 2015). Therefore, protecting their survival is of strategic importance to any growing economy. Of particular scholarly importance is the impact of turbulent events on family firms. Whether the environmental turbulence results from natural causes (like the storms of “Harvey” or “Irma” in the United States) or man-made political revolutions (such as Arab Spring), turbulent events have increased significantly and are threatening the survival of organizations worldwide (Burnard and Bhamra, 2011; van der Vegt et al., 2015). The literature on crisis management calls for a proactive strategic management approach, whereby organizations need to plan ahead rather than react to turbulent times (Ackoff, 1981; Fleming, 2012). At the heart of surviving these high-impact/low probability (HILP) events (Sheffi, 2005) is the construct of building resilience capacity (Bernard & Barbosa, 2016), which is defined as the “ability to absorb, adapt and recover in order to control and respond to changes or disturbances” (Abullah et al., 2013:320) and employees are at the core of this capacity (Friedman, 2005). While larger corporations may follow a process-based approach to reacting to environmental turbulence, most vulnerable are small medium enterprises (SMEs) (particularly family businesses) who may not. This is particularly alarming given the strategic function they serve in the economies of developed as well as developing markets. We attempt to shed light on resilience in family business, which as a firm type tends to receive less attention in the management literature, but interestingly has been found to be more resilient at times of crisis compared to non-family firms (Amann and Jaussaud, 2012). We explore the impact of various organizational factors on the individual resilience of family member employees, the key response agents in family firms.

We seek to respond to the call for studies that focus on how organizations function in times of environmental turbulence (Van der Vegt et al., 2015:971) hoping to provide a better understanding of the process behind building resilience capacity which heretofore remains “largely undefined and ambiguous” (Burnard and Bhamra, 2011:5583). Although family business is identified in the management literature as having unique characteristics compared to conventional business (Sciascia & Bettinelli, 2013), we are still exploring how such uniqueness impacts managerial processes and outcomes, particularly at times of environmental turbulence.

The paper seeks to contribute to the resilience literature because the concept of individual resilience has been examined only in contexts of high stress, such as in the information system and healthcare sectors (Riolli and Savicki, 2003; Van et al., 2013) and therefore remains understudied in the context of family business. Such context is worthy of investigation because family businesses are often smaller organizations who are comparatively more vulnerable than their traditional counterparts at times of turbulence. While other studies focused on the resiliency of the owner (Marshall et al., 2015), we focus on the family member employee who is a key factor in family firm sustainability. We further contribute to the conceptualization of the resilience capacity construct as being comprised of two factors: trait resilience and enabled resilience. The moderators of the relationship between resilience capacity and family firm sustainability that we investigate focus on organizational factors because (1) prior research has investigated the moderating factors...
role of various psychological factors and (2) organizational factors have yet to be explored. For example, Rees et al. (2015) propose the psychological factors of neuroticism, mindfulness, self-efficacy (see also Schaubroeck & Merritt 1997), and coping. Other psychological moderators include positive affect (Schaubroeck, Ganster & Fox 1992) and self-esteem (Ganster & Schaubroeck 1995). In contrast, we propose the organizational moderators of transparency culture, reward/penalty system, family size, and business life cycle stage.

The macro external business environment is generally thought of as comprised of about six sectors: socio-cultural, legal, economic, political, environmental, and technological. Turbulence can be caused by significant and substantial events in any or some combination of these sectors. Examples mentioned previously include natural disasters from the environment or terrorism from arguably the political and/or sociocultural sectors. The scope of this article deals with significant and substantial external events. Examples include such occurrences as disasters (hurricanes), revolutions, and acts of terrorism (Boyne and Meier, 2009; Burnard and Bhamra, 2011). These are events that impact all industries in a given market. The challenges in dealing with such turbulence are significant and require the incorporation of a holistic approach that involves both individual and organizational processes to arrive at an adaptive organization with high levels of performance and competitiveness (McCann and Selsky, 2012). While traditionally the focus on addressing these events has concentrated on designing effective risk assessment and proactive management programs, increased attention today is given to the concept of resilience (Van der Vegt et al., 2015). In this article we focus on the role of family employees’ resilience capacity and the impact on employee performance in family business whereby a family business is defined as “one in which the members of a specific family own the majority of business shares, or constitute the majority of business management” (Barnes and Hershon, 1989; Dede and Ayranci, 2014:3379).

In family business, the continuity of the business is directly linked to the preservation and development of positive family interactions, which is tied to the behaviors of family member employees (Danes et al., 2009). Building resilience in family business members is likely to matter because closing the business is less socially accepted and is often associated with greater sensitivity and the possibility of family conflict. We draw from Sustainable Family Business Theory to develop a series of research propositions (Carr et al., 2011; Long 2011) regarding different organizational factors that can influence the relationship between resilience capacity and family firm sustainability as mediated by employee performance consistency.

The paper is presented in three main sections. In the first section, we provide an overview of the literature on resilience with a focus on family business. Next, we present propositions related to family employees’ resilience capacity and firm sustainability during turbulent times. Finally, we discuss managerial and research implications.
RESILIENCE AND FAMILY BUSINESS

The growing research on resilience is described as “largely undeveloped” but has the potential as an “area that yields an interesting stream of research” (Burnard and Bhamra, 2011: 5596). Concurrently, we are witnessing increased attention to the impact of family ownership on business processes (Kumar and Zattoni, 2016; Stewart and Hitt, 2011) with a particular emphasis on the concept of resilience (Konopaski, et al., 2015; Danes et al., 2009). Organizational resilience (OR) refers to “a business management strategy that abandons the old approach of managing risk in siloed disciplines, but instead uses a multidisciplinary systems’ approach to increase the adaptive capacity of the organization” (Leflar and Siegal, 2013:1). Organizations with resilient organizational capabilities are able to recover the aftermath of turbulence within an expected time frame and may also develop new capabilities (Abdullah et al., 2013). They are more likely to withstand the effects of turbulence (Burnard and Bhamra, 2011) and “spring back” (Fleming, 2012), while those who lack resilience start to experience falling market shares. The literature on building OR has examined several organizational level factors including firm innovation, flexibility, processes, business models and financial capital (Friedman, 2005; Gittell, et al., 2006). Scholars make a distinction between mechanisms for detection versus response to turbulence (Burnard and Bhamra, 2011), where both organizational and individuals behaviors need to be examined (Burnard and Bhamra, 2011; Riolli and Savicki, 2003; Cooper et al., 2013). Focusing on the response aspects to turbulence, we build on the argument that “an organization can only be resilient if its human capital is resilient” (Friedman, 2005:26; Mallak, 1998; Benard, 1991). Organizational resilience capacity is “developed through strategically managing human resources to create competencies among core employees, that when aggregated at the organizational level, make it possible for organizations to achieve the ability to respond in a resilient manner when they experience severe shocks” (Abdullah et al., 2013:321).

Trait vs Enabled Resilience

According to Mallak (1998, p.8), employees “need to learn how to be resilient – that is, how to design and implement positive adaptive behaviors quickly that are matched to the immediate situation – while enduring minimal stress all the while.” He sets forth seven resilience principles for managers to implement to improve employee resilience. These include (1) encouraging employees to perceive experiences constructively, (2) encouraging positive adaptive behaviors as opposed to programmed responses, (3) ensuring that employees have adequate external resources, (4) expanding employee’s decision-making boundaries, (5) encouraging employees to remain creative under pressure, (6) developing tolerance for uncertainty, and (7) providing a work environment in which a team can continue in the absence of one or more members (Mallak 1998). These principles are likely to be carried out differently in family versus non family businesses. Further, in family firms these principles are more likely to be shaped by social capital than other forms of capital. A similar conceptualization of resilience is offered by Trim and Lee (2008). They contend that leaders can build a “resilience value system” in their organizations in order to develop resilience among employees (Trim and Lee 2008).
The conceptualization of resilience by Mallak (1998) and Trim and Lee (2008) points out that resilience can be taught or supported in the workplace. In fact, there are multiple examples of resilience training for employees, such as the Resilience Training Institute (http://www.resiliencetraininginstitute.com/) who provide organizations with a number of on-site resilience training programs. In fact, resilience training in organizations is increasing dramatically.

In addition, a second perspective is that resilience may be a personality trait (Agaibi and Wilson, 2005). Trait resilience is conceptualized as an idea of “resistance,” indicating the ability to resist negative change and remain stable (Bonanno, 2004). Individuals with high trait resilience remain resilient before, during, and after they experience trauma (Duan et al., 2015). Trait resilience (comprised of aspects of optimism, hope, self-improvement, self-regulation, self-enhancement, positive effect and vitality) helps an individual to effectively deal with and overcome traumatic experiences (Agaibi and Wilson, 2005; Tedeschi and Calhoun, 2004).

Seligman (2011), one of the creators of the Penn Resiliency Program at University of Pennsylvania explains that while individuals differ in terms of resilience, the skills of individuals who are low in resilience can be enhanced through training. Similarly, Glenn Schiraldi Ph.D., founder of Resilience Training International, acknowledges that resilience is “both innate and developed” (http://www.resiliencefirst.com/). Therefore, individual resilience may be taught or encouraged by management and it may be a personality trait of some individuals. We refer to the first conceptualization as ‘enabled resilience’ and the second as ‘trait resilience.’

Patterson (2002) makes the distinction between resilient capacity and the resiliency process. Research results support the notion that family business have greater resilient capacity than conventional firms during and after times of crisis (Amann and Jaussaud, 2012; Minichilli, Brogí, and Calabrò, 2015). But unlike conventional firms who may develop formal plans to build “enabled “resilience, family business are often limited in resources and do not have the luxury to pursue a process-based approach to resiliency.

Family firms are often characterized by human capital and process limitations (Verbeke and Kano, 2010), greater resistance to change (Gatrell et al., 2001), and a heightened aversion to risk compared to non-family firms (Daily and Dollinger, 1992). Further, family firms are found to suffer from inertia which makes them slow reactors to changing market conditions. They are described as being “plagued by conflicts that can cause them to flounder, if not fail and that they are vulnerable to a form of inertia that can paralyze decision making and threaten firm survival” (Schulze et al., 2003:180). They also have desire to maintain control of the firm within the family, which is reflected in their preference for internal funding rather than equity/external funding (Blanco-Mazagatos et al., 2010). But interestingly, several studies also find family business to have higher survival rates during and following times of crisis (Stamm and Lubinski, 2011; Minichilli et al., 2015), which raises questions about their resilience capacity and the factors that can enhance or hinder such resilience (Chrisman et al., 2011). Family businesses are directly impacted by individual capabilities more rather than formalized operational
processes and therefore in this paper we focus on how organizational factors can impact the relationship between individuals’ resilience capacity and family firm sustainability.

The mentioned studies above point to the notion that family businesses are unique relative to traditional non-family firms (Steier, 2009; Berrone et al., 2010). Unlike traditional firms, “family businesses represent ‘life projects’, vigorous centers that combine entrepreneurial skills and activities with typical traits of the family as a community of values and strong relationships” (Schillaci et al. 2013:3). Sometimes, their existence is connected to the honor of a highly respected family member. Furthermore, at the upper leadership level, the decision to close down the business is often complicated by emotions rather than being solely based on objective hard facts. Therefore, we assume that they will also be unique in their sense of resilience since the decision to continue to survive may be driven by reasons beyond efficiency or material gains.

Resilience is particularly important to family businesses because most of them are intended to be passed on to future family generations (Steier, 2005; Christman et al., 2010). Scholars note that “understanding resilience and its antecedents can lead to a fuller appreciation of the role of family firms in national economies” (Chrisman et al., 2011: 1114).

The impact of turbulence on individual performance is likely to be more stressful for family member employees than employees of conventional firms since they have more of their social capital at stake in the firm. Not only do family employees have to worry about making the business strive but they must do so without severing valuable family ties. Internal social capital (Pearson et al., 2008), which is the result of family ties has a significant impact on outcomes in family business, and reaping the most gains from that social capital is a main goal of family firms (Chritmann et al., 2011).

Sustainable Family Business Theory puts equal importance on family and business processes for the sustainability of the family business (Danes, 2006; Danes et al., 2008), meaning family functionality and business performance are both needed for the long-term survival of the family firm (Stafford et al., 1999). The theory further explains that the family firm processes will differ between stable and turbulent times (Danes et al., 2009) and supports the notion that individuals’ roles and “family fortitude” are key. A significant amount of literature has examined the dynamics of family firms during and following turbulent events, particularly natural disasters (Marshall et al., 2015), whereby the owner’s resilience capacity mattered. Winter et al. (2004) also found personal family events to be a predictor of small business failure after disasters.

In the next section, we develop a set of propositions exploring the relationship between resilience capacity of family members and the sustainability of family firms, while taking into account various organizational factors that moderate this relationship.

**CONCEPTUAL MODEL AND RESEARCH PROPOSITIONS**

The starting point for our conceptual model is the occurrence of a significant and substantial event in the external environment. When a significant and substantial event
occurs in the external environment, this puts the resilience capacity of the family firm to the test. Figure 1 depicts the conceptual model for the upcoming proposed relationships.

**Understanding the Relationship between Resilience of Family Member Employees’ and Family Firm Sustainability at Times of Turbulence**

![Diagram of the conceptual model](Image)

**Figure 1**

**Resilience and Sustainability of Family Firm**
In anticipation of turbulence, managers are encouraged to proactively search for ways to build their organizational resilience (Ackoff, 1981; Fleming, 2012). Turbulence has been found to negatively impact organizational performance (Fischer, 2012; Kuivalainen et al., 2004; Power and Reid, 2005) because it impacts all stakeholders. For shareholders, turbulence compromises firm performance (McCann and Selsky, 2012) and threatens assets which further reduce shareholder confidence in management. For managers these factors combined hinder managerial decision making (Axelsson and Rosenberg, 1979; Booth, 1993) leaving firms either in a state of inertia (not reacting at all) or failing to respond effectively, both of which have a negative impact on firm performance (Boyne and Meier, 2009; Anderson and Tushman, 2001; Lin and Germain, 2003; Power and Reid, 2005).

Resilient organizations are made up of resilient individuals (Donovan, 2013), with different levels of resilient capacity (comprised of trait resilience and enabled resilience) which translates to different stress coping behaviors. “A resilient individual uses positive coping strategies. Coping seeks to prevent or reduce the negative effects of stress; resilience seeks to produce eustress (positive stress) in situations” (Mallak, 1998:9). In that respect, resilient individuals represent very valuable company assets and possess high capabilities in three core elements of challenge, commitment, and control, which leads them to deal with uncertainty and change in a more positive matter (Scott, 2010).
Therefore having family member employees with resilience capacity is likely to sustain the firm. Accordingly, we propose,

**P1: Family Member Employees’ Resilience Capacity will positively impact Family Firm Sustainability**

Fleming (2012) explains that during market turbulence, “continuity of operations becomes the key focus, which is to a great extent a function of the continuity of employees’ work performance. The organization is defined as a “community of persons” (Mélé, 2012); therefore, organizational performance is directly driven by employees’ performance (Guérard et al., 2013). One of the most critical aspects of operations during turbulent times due to the uncertainty of the context is ensuring consistency of employee performance. In that light, the resilient capacity of individuals is key to getting the organization to resume operations as usual. In the face of turbulence, companies are expecting employees to perform as usual. Meanwhile, employees are undergoing a stage of self-questioning with concerns raised like: “How will such turbulence impact my employer?” “Will I still have my current job?” “Am I motivated to still work here, now?” Or “Am I up for the challenges that lie ahead?” This self-questioning stage often occurs before organizations can gather themselves and prepare a response to employees on how they will appease or react to the turbulence. These early hours following the occurrence of the environmental turbulence are most critical for organizational response simply because the load or burden lies on their employees’ ability or willingness to perform as expected.

From an employee perspective, turbulent times are associated with heightened stress levels that often keep employees from performing as usual. Hobfoll’s (1989) Conservation of Resource Theory (COR) explains that stress exists when employees have a sense of fear of resource loss (Grandey and Cropanzo, 1999) which can cause changes in their performance levels. Such a state of uncertainty is also associated with potential job threat, which further hinders the employee’s normal/expected performance level (Ostroff 1992). Riolli and Savicki (2003) explain that turbulence is an example of an acute stressor, a source of stress that is sudden and short-term, to which the employee and the organization must react. Not all employees are equally equipped to deal with acute stressors; it depends on individual differences (Lazarus, 1999; Riolli and Savicki, 2003), which again can give rise to fluctuating performance levels. Interestingly, in the current literature, the term “performance inconsistency” is associated with firm volatile performance or its manifestations, like stock market price, rather than with employee performance. This is interesting given that human behaviors are also subjected to fluctuations and therefore employees can exhibit volatile or fluctuating performance levels that deviate from their individual norms. Accordingly we propose;

**P2: Family Member Employees’ Resilience Capacity will positively impact Employee Performance Consistency.**
**P3: Employee Performance Consistency will positively affect Family Firm Sustainability, thereby partially mediating the relationship between Family Member Employees’ Resilience Capacity and Family Firm Sustainability.**

**Organizational Moderators**

We next identify four constructs that moderate the relationship between Family Members’ Employee Resilience Capacity and Family Firm Sustainability. These include Transparency Culture, the Reward/Penalty System, the Family Conflict, and the Growth Stage. Each of these moderators are discussed as they apply to the conceptual model presented in Figure 1.

**Organizational Transparency.** At an individual resilience level, Mallak (1998) distinguishes between individual level traits that pertain to (a) the cognitive aspect of resilience which pertains to a sense of self efficiency and (b) the executional abilities of individuals when reacting to turbulence. At times of turbulence the call for corporate transparency becomes even more critical (Seyfert, 2016). Times of turbulence are often associated with organizational restructuring or reshuffling. For family business, however, such changes may not go as smoothly and can jeopardize the social ties within the firm. Given the dynamics of environmental turbulence, new information must be shared to all members to facilitate accurate decision making. Mahon and Jones (2016) coin the term “knowledge corruption” to describe the act of intentionally or non-intentionally concealing important information at times of turbulence. Given that many family firms may not have formalized mechanisms for knowledge sharing as compared to non-family firms (Chen et al., 2014; Matherne, 2009), the extent to which everyone will be informed is a challenge and often a choice that some family member managers make (Woodfield, P., & Husted, K. (2017). A transparent culture would facilitate employees’ coping with stress since they will be more likely to engage in open dialogue about the actual impacts of the turbulent events on the organization and their individual careers. Companies with a heightened sense of transparency in policy formulation are better suited to absorb the state of uncertainty and therefore more likely to be sustainable at times of turbulence. Chewning et al. (2013) found information sharing to facilitate the adaptation process, while Morris et al. (2011) found that increased transparency during times of crisis was positively rewarded by the market since it signals to stakeholders the strength of the organization. Accordingly, we propose;

**P4: The relationship between Family Member Employees’ Resilience Capacity and Family Firm Sustainability will be positively moderated by greater transparency culture at times of market turbulence.**

**Resilience and Reward/Penalty System.**

Family firms often adopt a compensation system that is rather fuzzy. A common feature of family firms is the lack of a well-defined career progression or merit-based leadership succession plan, which often becomes an issue when a state of environmental turbulence arises (De Massis et al., 2008; Handler, 1994; Hytti et al., 2016). Family firms often exploit the existing family ties between family member employees, which can either lead
to over-rewarding or under-rewarding employee’s performance. Furthermore, compensation of employees is not only a function of hours worked but is influenced by the perceived level of risk that family employees are expected to have (Carrasco-Hernandez and Sánchez-Marin, 2007).

From a manager’s perspective, managing employees with fluctuating performance levels can be very frustrating since one may not be clear as to the extent to which he/she should utilize penalties or rewards for employee actions. While it is clear how to reward a top performer and how to penalize a poor performer, the mechanism for dealing with an inconsistency in performance level is not covered in standard policies. This is more complicated in family business, given that the social ties that exist among members may mean management is more accepting of performance fluctuations; this is why family firm employees may be more likely to get away with greater inconsistency in performance compared to employees of traditional firms. Family employees may have the common perception of “My family will not fire me”. The historical ties among members often prevents them from characterizing inconsistent performance as “poor performance,” which is how it would likely be considered in non-family firms.

The lack of a well-defined rewards and penalty system hinders the sustained performance of family member employees, preventing them from exerting the needed effort to survive during turbulent times. In fact, compensation practices, particularly those that are merit-based, are directly linked to firm performance (Combs et al., 2006). Furthermore, organizations characterized with a climate of following procedural justice in determining pay have been found to positively impact outcomes for both organizations and employees; this effect was higher at times of turbulence (Sung et al., 2015). Accordingly, we propose:

\[ P5: \text{The relationship between Family Member Employees’ Resilience Capacity and Family Firm Sustainability will be positively moderated by clearly defined reward/penalty policies at times of market turbulence.} \]

Resilience and Family Conflict.

Resilience capacity needs to be combined with social processes to translate into positive outcomes. Yang and Danes (2015:3) explain that “the process perspective on resilience indicates that unless a person’s internal resources as well as social resources from their immediate decision context are accessed and utilized, serving as protective mechanisms against the stressors of change, the probability of achieving productive outcomes decreases.” Furthermore, social exchange theory explains that the continued exchange relationships between members is the focus for understanding how social capital is developed in family business. Preservation of social ties is the glue that holds family members together at times of turbulence, which then forms a source of social capital not found in other business types. On the other hand, family conflict can be potentially detrimental to family firms’ performance (Nosé et al., 2017; Eddleston and Kellermanns, 2007). The preservation of social capital in family firms can yield positive or negative organizational results depending on the situation (Danes & Brewton, 2012; Werbel & Danes, 2010).

In family business, the stress level in turbulent times is likely to be intensified because of the family and emotional ties that connect the members, which often adds to the
complexity of the business operation making it “emotionally draining” (Ainsworth and Cox, 2003). A recent study found family work conflict has more negative results on founders of family firms than in non-family firms (Carr and Hmieleski, 2015). Patterson (2002) developed the Family Adjustment and Adaptation Response (FAAR) theory which examines resilience in the context of couple entrepreneurs and Yang and Danes (2015) draw from the FAAR theory to highlight the need of combining employee resilience with the dynamics of the family decision context. Similarly, Nosé and colleagues (2017) argue that the presence of relationship family conflict can hinder the resiliency of a firm. However, we contend that family conflict does not in fact reduce the resilience of the family member employees, but rather reduces the effect of family employee member resilience on organizational performance as measured by family firm sustainability.

Family conflict often increases when there is more than one son or daughter working for the same family firm. Multiple siblings can often be a source of tension and as a limit to career growth and advancement. Furthermore, gender roles within the family can also complicate the relationships in family firms (Martinez, 2009). The previously described stage of self-questioning at times of turbulence, which includes staying or jumping ship, is likely to be associated with a greater sense of anxiety when there is sibling rivalry. Fears of not wanting to be perceived as the comparatively “bad” son or daughter or the sense of guilt for thinking of “deserting” the family business, as well as a stigma of losing family support (e.g., “What will they think of me if I do leave?”) are heightened in the presence of multiple siblings. Avloniti (2014) argues that family member “poisonous” rivalry was a determinant of shutting down the family business and plays a key role in shaping the long term survival of the term, because it impacts the succession process. In accordance with the existing literature, we suggest that both the number of siblings and mixed gender siblings contribute to family conflict. In light of these factors, we propose,

**P6: The relationship between Family Member Employees’ Resilience Capacity and Family Firm Sustainability will be negatively moderated by Family Conflict at times of market turbulence.**

**Growth Stage of the Firm Life Cycle.**

The age of the firm directly impacts its strategic choices, process and outcomes (Hannan and Freeman 1984; Serrasqueiro et al., 2016). Vernon (1991) explains that all firms undergo a life cycle which includes the four stages of introduction, growth maturity, and decline. Marshall et al. (2015) report there are “inconclusive findings” regarding the relationship of “business age” and recovery following disasters. While most firms build social capital as they mature, family firms often start at birth with a heightened sense of collective excitement and high aspirations to stay strong or resilient despite tough market forces. At the start-up stage, family members are likely to have pooled personal funds to start the business and represent the family name; therefore, their resilient capacity is likely to be very high accompanied by a heightened sense of optimism. While having enthusiasm and fortitude at the launch stage of the family business is important, maintaining these levels throughout the life of the business (De Vries and Shields, 2006) can be challenging. Personal conflict often becomes apparent at the growth stage of the firm (Breton-Miller & Miller, 2013). To a great extent, individual fortitude is often threatened by the “plague” of limited career development and non-existence of a career
path, which becomes increasingly obvious in the growth stage of the family firm’s life. [It should be noted that the contrary to this would be family firms that establish a well communicated succession process (Handler, 1994)]. When employees are not clear on their career path as family members, enthusiasm for the long term is reduced which thereby impacts employee performance at times of turbulence. Because of these changing dynamics from launch to the growth stage of family firm, we expect that realizations by family firm employees regarding their future career paths associated with growth stage is likely to hinder the relationship between resilient capacity and the sustainability of the firm.

**P7: The relationship between Family Member Employees’ Resilience Capacity and Family Firm Sustainability will be negatively moderated by the Growth Stage of the Firm Life Cycle at times of market turbulence.**

**CONCLUSION**

Market turbulence refers to “the degree of instability and uncertainty within a firm’s markets” (Lichtenthaler, 2009:824; Jaworski & Kohli, 1993). It is an “unpredictable change (Milliken, 1987) whereby the extent of that change is difficult to estimate. “Turbulence is not simply a dynamic environment, because the extent of change is unexpected. The larger the unpredictable change, the bigger is the negative impact on organizational results” (Boyne & Meier, 2009: 803). An example of significant and substantial external turbulence is exemplified by the financial crisis of 2008, considered by some economists to be the worst economic disaster since the Great Depression. Additionally, environmental catastrophes include the Harvey floods in Texas (August, 2017), Hurricane Irma (September 2017) and Hurricane Michael the state of Florida (September 2017), and the devastation wrought by Hurricane Florence in the Carolinas (September 2018). These events lead us to investigate further the importance of building resilience in organizations. Given that we are witnessing an era of increased environmental turbulence, organizations that possess high levels of resilient capacity are at a competitive advantage. This is of particular importance in family firms, which represent the foundation of most economies worldwide and are gaining scholarly attention (Berrone et al., 2010). Interestingly, previous literature noted that family firms reflect greater survival rates at times of crisis, which is why we raise the question of what factors enhance or detract from the effect of resilient capacity of individuals in family firms on family firm sustainability. We consider both the direct effect of family member employees’ resilience capacity on family firm sustainability as well as the indirect effect of family member employees’ resilient capacity on family firm sustainability during turbulent times. We further present arguments for various organizational level moderators that can impact the relationship between family member employees’ resilience capacity on family firm sustainability.
Managerial Implications
Building ‘resiliency’ among employees has become the most recent buzz word among consultants which is greatly driven by the increased occurrence of turbulent events both natural and man-made. Today, more firms are realizing that employees arrive to the workplace with varying levels of innate resilience; this is driving managers to launch resilience training to increase and then maintain uniformity of resilience levels across team members. According to a recent survey released by Buck Consultants at Xerox, resilience training is the fastest growing employer sponsored program: 22% of employers currently offer resilience training to their employees and an additional 28% plan to do so in the future (Livingston, 2015). Similarly, survey data from The National Business Group on Health reports that “improving resiliency and reducing stress is among the top five behaviors employers say they are focused on in 2016” (Mayer 2016). Companies offering resilience training programs include IBM, Com Psych Corp. of Chicago, and Aetna (Livingston 2015). Specifically, Com Psych Corp. offers resilience training to workers in companies that are involved in mergers and acquisitions while Aetna encourages focuses on helping employees “remain calm when dealing with distractions” (Livingston 2015). Royal Dutch Shell now offers its five-year old resilience training program to 50 countries and observed that the positive effects last up to four years (Landro, 2016). Another example, Health Partners, a Minneapolis non-profit with seven hospitals and 55 primary care clinics, provided resilience training for about 4,200 employees and managers and found a significant difference between those employees who participated and those who did not (Landro, 2016; Mayer, 2016). Similar training programs are also being empirically evaluated in other sectors, including police departments (Seligman, 2011) and the military (Weltman et al., 2014) with findings in support of efficacy of resilience training and psychological wellness.

In the case of family business, we argue that the preservation of family relationships is central to the dynamics behind the resiliency of these firms. The understanding of these relationships can help family firms enhance their resilience capacity as well as protect them against threats embedded in the risks associated with the preservation of family ties. Furthermore, the recognition that resilience capacity of the family firm can fluctuate over its life can help family firms be more proactive in addressing future threats. While family firms may brag about the number of siblings working for the same firm, we raise the red flag that this can also foster anxiety and stress in the company, particularly at times of turbulence. Furthermore, our model calls for the creation of a transparent culture as opposed to a more “information sheltering” culture, which some family firms adopt at times of turbulence.

Given the increasing focus on employee resilience, it is critical for family firms to understand the concept of resilience and its effects. First, trait resilience potentially represents an important initial consideration for human resource personnel in the hiring process. Given that family firms often hire family member employees, it is important for family managers to be able to assess trait resilience as a starting point. Second, family firm managers who seek to ensure cohesiveness of their teams will want to implement appropriate measures to increase enabled resilience across employees through guiding principles as the firm grows. It is critical that succession plans are in place prior to the occurrence of turbulent events to enhance the likelihood of firm survival. Finally, the
insights shared can also benefit non-family firms who may be struggling to build resilience within their firm. There are implications related to the provision of appropriate social resources as well as the sharing of authority to make adaptive decisions for the benefit of the organization during times of crisis.

**Research Implications**
The increased frequency and impact of extreme turbulence on organizations warrants further research investigation by future scholars. The empirical testing of research propositions presented herein is likely to yield interesting insights necessary for enhancing our understanding of building organizational resilience in family firms. Initially, measures need to be developed for the separate resilience capacity factors of trait resilience and enabled resilience. Then, each of the research hypotheses presented above need to be examined empirically.

Longitudinal studies can track organizations over time to assess baseline measures and the impact of different types of resilience during and after environmental turbulence. Future studies can also investigate how the source and degree of turbulence impacts the proposed relationships. Does it matter of the turbulence caused by a natural vs. man-made disaster? This would necessitate that measures of the turbulent event be added to the model.

The effects of culture could also be explored. Researchers would want to check our model for external validity by examining the extent to which our model holds true in other countries by conducting cross-cultural studies. For example, examining resiliency of family firms post political crisis and the Arab spring can yield insights of how context matters (Abdelzaher et al., 2017). It would also be interesting to examine whether the nationality of the firm is associated with lesser or greater levels of enabled resilience. For example, are cultures high in collectivism or masculinity more immune to significant and substantial external turbulence? Are cultures rated high in uncertainty avoidance less immune and do they engage to a greater degree in building enabled resilience as a result?

Future research can extend the proposed model in several ways. Individual characteristics that have yet to be examined as potential moderators of the relationship between family member employees’ resilience capacity and family firm sustainability include, for example, employee spirituality, employee emotional intelligence (Harrison-Walker 2008) and work-related resourcefulness. The owner’s level of spirituality and emotional intelligence might similarly be investigated, and their effect on the culture of the firm (as an additional organizational moderator). Future research can investigate the role of other organizational moderators, such as the strength of the family firm’s physical infrastructure (the extent to which the environmental event caused physical damage to the building or equipment) and the level of workplace flexibility to maintain operations (such as the ability for employees to work from home). For example, when Hurricane Ike hit Texas, university faculty were able to maintain class scheduling and connections with students by shifting work online to the Blackboard course delivery platform.
While turbulence is driven by factors beyond the control of organizations, how to respond to such turbulence is not only a function of employees’ response but also its leadership (Fleming, 2012), which calls for the incorporation of leadership constructs to this model. The description of resilience (which refers “to the maintenance of positive adjustment under challenging conditions”) calls for studying the change mechanisms embedded in family firms needed to make necessary decisions at times of turbulence. Sutcliffe and Vogus (2003: 95) emphasize the critical role of leaders who are responsible for managing the organizational adjustment.

Finally, extensions of this model can examine the relationship between resilient capacity and key strategic outcomes like the degree of innovativeness and creativity, which may prove highly relevant as a response to market turbulence. Researchers should also investigate the extent to which the resilience capacity of employees in family firms causes them to behave differently towards their competitors or when called to take a stand towards corporate social responsibly.

Works Cited


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