

Chapter 6

The Organizational Resilience in Family Firms Studies: Role and Impact in Generational Succession

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ABSTRACT

This research analyses how Strategic Planning impacts the organizational resilience in Family Firm. Several contributions show that succession planning in FF has become a particularly sensitive topic over time, where the actors involved had to redefine roles and relations, especially during their generational succession like the moment of the greatest crisis in a firm's life. Theorists and researchers agree that the continuity of businesses from one generation to the next depends highly on succession planning. To achieve this aim, the significance and impact of resilience during this phase is analyzed and discussed in this chapter to offer new insight and perspective to the studies of resilience in FFs.

INTRODUCTION

Family Firm (FF) identifies many types of firms in the world's economy. One distinctive characteristic of FF is firm ownership centered on the entrepreneur's family. It is estimated that FF is widely present in all the countries of the world (Miller & Le-Breton Miller, 2003). History is full of examples of spectacular ascents of family firms, and even today, a large fraction of companies across the world are organized around families (Bertrand & Schoar, 2006). However, the relationship between business and family is a particularly tight bond, especially regarding the characteristics of the economic system with a lot of small and medium-sized enterprises (SMEs). Recent economic recessions created challenges for SMEs, requiring them to be resilient (Pal, Torstensson, & Mattila, 2014). During this economic recession, in the social sciences field, resilience has become a hot topic in academic literature. In fact, in the last decade, many studies have analyzed the phenomenon of resilience with different definitions and perspectives of analysis.

The complexity and uncertainty of the socio-economic context require flexible organizations able to respond to the constant drive for change quickly. For this reason, understanding the different aspects of resilience can be decisive for the strategic planning and survival of organizations. A common definition of resilience is "a deliberate effort to become better able to cope with surprise" (Wildavsky, 1988, p. 98). Resilience is more than mere survival; it involves identifying potential risks and taking proactive steps to ensure that an organization thrives in the face of adversity. The objective is to build resilience by maximizing the capacity of the organization to adapt to complex situations (Lengnick-Hall & Beck, 2005; Wildavsky, 1988). Lengnick-Hall and Beck (2005) believed that "organizational resilience is a complex blend of behaviors, perspectives, and interactions that can be developed, measured and managed" (p. 10). It is important to consider whether certain elements of the planned activities can lead to an effective response by building an organizational resilience potential that, once implemented, enables adaptive behaviors and increases the possibility of gaining benefits. Generational succession is a particular crisis that Family firms face.

Starting from the definition that several authors in the literature give of FF "governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, & Sharma, 1999, p. 25) it is clear how the generational succession opens a moment of strong organizational crisis. For this reason, organizational resilience plays an important role in the strategic planning and survival of the organization. This moment is considered as an important problem that the FF must face. Indeed, it must be considered that, as reported by the data of AIDAF (Associazione Italiana delle Imprese Familiari), only 31 percent of FFs survive the transition from the first to the second generation and only 15 percent reach the third generation (Panato, 2014).

The generational succession is, above all, a moment of crisis that brings the FFs to fail or to survive. Traditional principles and guidelines to manage organizational crises are spread in several disciplines and corporate processes, including risk management, crisis management, crisis communications, generational continuity, strategic planning, most often handled in a siloed and poorly coordinated fashion (Koronis & Ponis, 2018). In order to guarantee the continuity of the company, it is, therefore, necessary to plan the passage among entrepreneurs and the heirs in a strategic and timely manner, carefully assessing the main risks and potential opportunities. Planning as an outcome of a process is to be utilized in a step-by-step mode during a crisis; perhaps it is best to consider whether certain elements of planning activities can

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