Resiliency in Family Businesses: Contributions from Family Science

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Abstract

"Resiliency" is a synergistic collection of attributes of individuals and their families that allows them to (a) stand up to stress and (b) grow from it. Extension of this model to family businesses is inchoate. Resiliency is being explored as a stable characteristic of family functioning in its business. This variable also is expected to have an intuitive relationship to family business "sustainability". Resiliency in family-run businesses is assessed by an on-line Q-sort wherein individuals involved in family-run businesses individually and/or collectively describe that business according to characteristics known to be associated with resilient family systems. Ongoing development requires a substantial number of participants across diverse family business settings. Such a growing sample will allow psychometric-based strengthening of the assessment device and useful comparisons within and between family business types: family involvement only; family as management team; new v. multi-generational family businesses; family-run businesses demonstrating diverse levels of "stability", "growth", and "success".

Key Words: Resiliency, sustainability, family business, family enterprise

Introduction

Resiliency is a collection of individual and family traits that have been found to facilitate *(*a) standing up to stress and (b) growing from it (see reviews in Walsh, 2003). Because this model is so powerfully associated with the success of family social systems under duress (see Lee and his associates, 2005, 2006, 2007, 2010), we wish to extend it to family businesses. We hypothesize that traits which are known to corporately characterize other resilient social systems can and should be extended to and cultivated in family businesses. Family businesses have difficulty making it into the second generation (see Family Business Statistics, 2011, among others). Success commonly is understood to be a product of moderating contextual factors such as business climate, capitalization, family health, succession issues, and mediating family dynamics. Family science has contributed to our understanding of these. For example, it is known that adjustment is influenced by the mutual influence of size, frequency, and perception of stressful events, as well as by the resources available to deal with it (Aldwin, 2009).

Family (business) resiliency is a strengths-based model. It is based on identifying the characteristics of successful individuals and their social systems. These are to be appreciated in each family business and cultivated. This approach contrasts starkly with contemporary "deficit detecting", a common approach that seeks to identify the characteristics of social systems that fail. Resiliency in individuals has been associated with social competency, problem-solving skills, autonomy, optimism, and the ability to recruit social support (e.g., Cicchetti & Garmezy, 1993). When a family has these same traits as a functional unit, it too is able to adapt to and even prosper from crises (Walsh, 1994, 2003). Contemporary resiliency models (based on Bronfenbrenner, 1992) recognize that resiliency is neither a function of individual traits, nor of facilitating environments. It is a product of individual and environmental interaction. Specifically, environments must possess resources necessary for survival and growth, and their inhabitants must be aware of them, want them, and be able to use them (e.g., Lee & Lee, 2006). For example, the authors' community has the Family Owned Business Institute, within Grand Valley State University, the Family Business Alliance, and their joint Family Enterprise Research Conference. These institutions have strong outreach missions to all family businesses in their region, and they interact with diverse family enterprises ranging from "mama/papa" businesses to large corporate entities.

Program of Research

Our *long-term research and service goals* are to establish the validity of the resiliency model to diverse family businesses, and to assess and cultivate it in individual family business systems; that is, to ascertain to what extent it is useful, for whom. Our *immediate goal*, however, is to refine our fundamental assessment instrument, *Family Business Assessment of Resiliency (FBAR)*. We have developed and installed an on-line Q-sort (see Block, 2008) wherein individuals involved in family-run businesses individually and/or collectively describe their businesses according to characteristics known to be associated with resilient family systems. Respondents are required to sort descriptors of a family business into a fixed number of categories ranging from "Most like us" to "least like us". The number of items allowed in each category is fixed, and all categories must be used. Consequently a great deal of thought is often required. Pilot explorations demonstrated that a Q-sort was superior to a traditional paper-and-pencil survey format: With a Q-sort, questions can neither can be skipped nor given common responses. Moreover, each business is considered as its own unique entity; that is, each business generates its own profile of resiliency traits. Other advantages of our assessment system are:

- The respondents describe the business, not themselves.
- There are no negative descriptors; the traits to describe the business are all positive.
- A business member can generate a single profile, or group responses can allow two profiles: the highest scores on the traits, and the lowest scores. Anonymity is preserved.
- Although a business can compare itself to an "ideal" profile, the most insight for members likely will be provided by (guided) discussions of the highs and lows in its own profile(s).

Many family assessment devices exist (see, for example, the three-volume compendium by Touliotos, Perlmutter, Strauss, and Holden, 2001). However, they differ in empirically-established validity. Moreover, despite what these instruments are said to measure, they in fact may assess the same - very limited - things (Jacob & Windle, 1999; Windle & Jacob, 2007). Therefore, it is our intention to validate our instrument thoroughly: Establishing that it measures what it claims to measure through item and factor analyses; Ascertaining that what it measures is associated with specific kinds of family business in specific circumstances. It seems unlikely that "one size fits all" and holds true no matter the business climate. This step requires recruitment of diverse individual family business members in order to acquire vital psychometric properties for our instrument. The assessment instrument is now administered, and its data archived and interpreted, on-line. Volunteers are needed to complete the Q-sort anonymously. Their responses would be archived to a secure database and, when there are enough responses, the requisite psychometric analyses will be made. (The leader author, JJH, will give volunteers access to the website and feedback after completion.) Next, diverse family businesses must participate in a variety of research/validity studies wherein we attempt to measure the strength with which our resiliency factors are related to gross indicators of family business success, for example, age of the business and annual sales.

Conclusion

The purpose of this initial paper has been to announce our program of research and to earn it credence by sharing our service goals and how we rigorously are attempting to meet them. We personally believe that much family business consultation is done on the basis of "common sense", an interesting concept, or loose borrowing from the counseling profession, as opposed to being informed by meticulous scientific evidence. In contrast to other such ventures (e.g., use of the Myers-Briggs, etc.), with intuitive appeal, our work intends to be soundly based on empirical science from the ground up: Extension of a model empirically proven helpful in certain settings to a closely-related setting; Extensive psychometric validation of the assessment instrument itself and its predictive validity. As responsive as well as responsible family scientists, we intend to disseminate our discoveries continuously. This is intended as the first step. (See also, Horak and Lee, 2011).

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