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FAMILY FIRMS AND ORGANIZATIONAL RESILIENCE

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Firma dello studente

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INTRODUCTION

Family firms play a significant role in the global economy by contributing to job creation, innovation, and economic growth. However, they also face unique challenges that can hinder their development and sustainability. These challenges are often linked to their family dynamics and ownership structures, including succession, role conflicts, and agency conflicts, in addition to global challenges. To thrive in today's dynamic and competitive business environment, family firms need effective strategies to overcome these challenges and enhance their resilience.

While existing literature extensively analyzes the concepts of family firms and organizational resilience, a notable gap persists concerning strategies designed to enhance the resilience of family firms. Although facilitators of resilience for organizations have been thoroughly examined, further research is essential to address the unique context of family businesses.

Hence, the objective of this study is to explore how family firms respond to challenges and foster their resilience strategies in the face of adversity. The study will particularly focus on the factors that enhance the resilience of family businesses. By identifying and examining these factors, this study aims to contribute to the development of best practices and guidelines that can help family firms enhance their resilience and ensure their long-term sustainability.

Chapter 1: “Concept of Family Firms” delves into the fundamental concepts of family firms, providing an understanding of their definition, governance structures, family involvement in ownership and management, as well as the mechanisms involved in intra-family succession. The chapter also outlines the specific challenges faced by family firms, including succession issues, role conflicts, and agency conflicts.

Chapter 2: “Concept of Organizational Resilience” shifts the focus to the concept of organizational resilience, defining it and exploring the processes involved. The chapter identifies facilitators of organizational resilience including resourcefulness, planning, human capital, organizational learning, social networks, organizational structure, leadership, information management and culture, and discusses their relevance to family firms. Special attention is given to how family firms can achieve resilience through professionalization and external acquisitions.

Chapter 3: "Methodology" aims to answer the research question through qualitative research. This research involves conducting interviews with three family businesses based in Izmir, Turkey. The interview questions were designed to explore the challenges faced during business operations and the specific measures and strategies implemented to address these challenges. The study also examines the facilitating factors that contribute to organizational resilience by taking into account the challenges that family firms have experienced in the past.

In summary, this study, through its comprehensive exploration of family firms' challenges and resilience strategies, aims to not only fill the existing gap in literature but also provide practical insights for family firm stakeholders, promoting their long-term success and sustainability.

1. CHAPTER 1: CONCEPT OF FAMILY FIRMS

1.1 Definition of Family Firms

Defining a family business is challenging due to its various dimensions and characteristics. Scholars in the field have struggled to establish clear boundaries and identify what makes it unique (Zahra & Sharma, 2004). However, there is still no universally accepted definition for what qualifies as a family firm. Habbershon and Williams (1999) noted the lack of precision in defining a family firm, with over 40 suggested definitions in the 1990s.

While numerous studies have conducted comparisons between family and non-family firms, differences in definitions of family firms have made it difficult to compare these studies and hindered the development of theories (Chua et al., 1999). Astrachan et al. (2002) argued that there is no clear distinction between family and non-family businesses, as there is significant heterogeneity among family firms (Chrisman et al., 2012).

The three-circle model has been widely utilized as a primary conceptual framework for understanding family businesses in the past decade and a half. Tagiuri and Davis (1982) presented the three circle model which describes family, business and ownership as separate, but closely interacting elements.

Family firms differ from otherwise similar organizations because of the critical role that family members play in various business processes. Family firms are typically characterized by the family's control of the business through ownership and management positions (Sciascia & Mazzola, 2008).

Some scholars suggest that a majority stake is necessary for a family to exert influence over the firm, while others argue that control can be significant even without a majority ownership stake. According to Chua et al. (1999) family business is a business governed and/or managed with the intention of shaping and pursuing the vision of the business held by a ruling coalition controlled by members of the same family or a few families in a way that is possibly sustainable across generations of the family or families. Similarly, Miller et al. (2007) defines it as those in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time.

Other scholars suggest that control can be influential even without a majority ownership stake. In case of large and publicly listed firms, the 20% to 25% ownership is often used to qualify as family firms (Zellweger, 2017). The European Union indicates that a public firm is a family firm in case the family controls 25% of voting power.

Chrisman et al. (2005) have discussed two dimensions of family involvement that help to explain familiness: the components of family involvement and the essence of such involvement. The components of involvement approach emphasizes family ownership and control, setting a minimum threshold for family influence. On the other hand, the essence approach focuses on the behaviors, synergistic resources, and capabilities that a family brings to the business.

Based on 82 different empirical studies, Memili and Dibrell (2019) identified various criteria used in defining family businesses. These criteria include ownership, management, control, generational aspects, subsystems, perception, and others. On the other hand, Mustakallio et al. (2002) identified the various criteria of family firms into six categories: ownership, management, generational transfer, the family's intention to continue as a family business, family goals and the interaction between the family and the business. In addition, many scholars suggest that a firm should be viewed as a family firm when there is an intention to transfer it to the next generation (Barach & Ganitsky, 1995; Chua et al., 1999).

1.2 Governance in Family Firms

Family firms are distinguished from others by the involvement of the family in governance through ownership and management, along with their intentions to maintain family control over the firm across generations (Chua et al., 1999). The governance of a family firm is often more complex than that of a firm without family involvement, as it requires managing both business relationships and family relationships. Initially, family firms have unified ownership and management by family members. However, as they pass on to future generations, changes in ownership and management may occur, such as selling shares to external stakeholders, resulting in ownership being distributed among non-family owners (Westhead & Howorth, 2007).

Families exercise governance through various mechanisms such as share ownership, direct management, strategic initiatives, and board monitoring. The governance structure of family firms includes the family itself, along with its institutions like the family assembly and council, the board of directors, and (iii) the CEO (Neubauer & Lank, 1998). Factors such as whether the firm is private or publicly traded, its age, size, industry, family size, and other family dynamics influence the level of family involvement in governance (Memili, 2011).

1.2.1 Family Involvement in Ownership

Family ownership in family firms differs from other types of ownership in several distinctive ways. Owners not only share a business but also maintain lifelong interpersonal relationships, adopting a long-term perspective in their actions. In addition to economic objectives, owners often pursue non-economic goals. Family ownership is not easily relinquished, as it entails both financial and emotional ties.

1.2.2 Family Involvement in Management

In addition to family ownership, family's involvement in management and board (if any) facilitates families' exerting influence on the businesses. In fact, management and board memberships represent active family involvement in governance, as opposed to passive family involvement through ownership, only in cases where families choose to play the role of investors only rather than running the company (Andres, 2008). Family members may hold different authority positions on the top management team, such as the CEO or as members of the board of directors (Zahra, 2003).

Boards of directors is considered a significant governance mechanism in family firms that serve important functions for organizations, as a way to align the interests of shareholders and managers (Voordeckers et al., 2007). It tends to be staffed with family members, especially in small firms (Zellweger, 2017).

1.2.3 Family Governance Mechanisms

Family governance mechanisms, such as informal meetings, family assemblies, councils, and protocols, serve as a link between a family and a business. They provide opportunities for family members to discuss various issues (Frank et al., 2019; Mustakallio et al., 2002). The primary function of these systems is to maintain and enhance unity and communication among family members (Gallo & Kenyon-Rouvinez, 2005).

A family assembly is a periodic gathering of the extended family, usually held annually (Gersick & Feliu, 2014). On the other hand, a family council is a group of family members who meet regularly to discuss and make decisions regarding the family's involvement in the firm (Gersick et al., 1997). The family council often holds decision-making authority parallel to the owners' annual meeting, and it is positioned above the board of directors (Melin and Nordqvist, 2007).

Family assemblies and councils also provide advice, monitoring, and support to the management team. For instance, during challenging decisions like implementing changes or dismissing family members, family councils can facilitate the decision-making process. They can also assist in resolving policy issues, such as defining the rights and responsibilities of family business owners and managing relationships between family and non-family managers (Gersick et al., 1997).

1.2.4 Intra-family Succession Intention

Intra-family succession intentions, along with the increasing number of generations of family members involved in the firm, are crucial aspects of family governance (Chrisman et al., 2012). Family ownership and management that lack the intention to maintain family control through intra-family succession may not significantly differ in their decision-making processes from those without family involvement because, although they have the capability, they lack a compelling reason to do so (Chua et al., 1999).

The intention for transgenerational control through intra-family succession is an important indicator of a family's willingness to leverage its influence to have a distinct impact on firm behavior (Memili et al., 2011). These intentions imply that a firm's strategic behaviors will be directed towards preserving both the economic and non-economic value of the firm for the family in the long term (Le Breton-Miller & Miller, 2006). Consequently, the preference for preserving family involvement makes family-centered goals, such as family harmony, identity, and status, even more significant (Chrisman et al., 2012).

1.3 Succession in Family Firms

Succession is the process of transferring managerial control from one family member to another. It is not a single event but rather a process with several pre-arrival and post-arrival stages. According to Handler (1990) and Le Breton-Miller et al. (2004), the succession process is complex and can be a long-lasting and challenging endeavor. Handler (1990) defines succession as a collaborative arrangement between members of two generations, involving a wide range of individuals. A successful succession process is crucial for a family firm to select a qualified leader who can improve and transform the business.

Pyromalis & Vozikis (2009) identify five critical success factors that influence the outcome of succession: (i) the incumbent's willingness to leave, (ii) the successor's willingness to take over, (iii) positive family relations and communication, (iv) succession planning, and (v) the successor's appropriateness and preparation.

Davis (1968) highlights that the manager/owner's personal stage, the successor's willingness to take control, and their level of preparation are common factors affecting the effectiveness of successions. Handler (1994) adds that the successor's willingness to assume control is influenced by expected rewards, trust in their abilities and intentions, and personal needs alignment. The success of succession depends on reinforcing a shared vision between generations and involving key stakeholders in the family firm.

1.4 Challenges Faced by Family Firms

In a business, there can be various challenges that hinder the firm's development and activities. These challenges prevent the firm from achieving its objectives and can ultimately result in bankruptcy. Family involvement in the family business has often been framed as a major source of conflict in these firms. Conflicts may occur, among the others, due to the work-family conflict created by the competing roles (Cooper et al., 2013), agency conflict between family and non-family shareholders, and/or between majority and minority family shareholders (Meier & Schier, 2016), or (iii) the succession planning process.

1.4.1 Succession

According to Zellweger (2017), family business succession is a complex process influenced by various factors. Firstly, it involves multiple stakeholders, such as the incumbent, successor, family members, the firm itself, and the society in which the business operates. These stakeholders often have different interests and demands, making it challenging to satisfy everyone. For instance, an internal appointment may please family members but negatively impact firm performance, while an external appointment may improve performance but leave some family members dissatisfied. Secondly, the incumbent often assumes multiple roles within the business, simultaneously acting as an owner, manager, family member, and citizen. Additionally, the complexity is further amplified by the presence of "multiple successions" within one succession process. This encompasses not only the transfer of ownership but also the transition of board and management roles.

Succession often gives rise to individual and relational issues among the incumbent, successor, family members, people involved in the company, and those who belong to both the family and business subsystems (De Massis et al. 2008).

Individual factors relate to the incumbent and successor and may concern, for instance, the reluctance of the incumbent to withdraw permanently from the business (Levinson 1971) and/or lacking motivation, interest, and ability of potential successors (De Massis et al. 2008) and/or his/her/their inadequate preparation (Barnes & Herschon 1976), the lack of trust in next generation's entrepreneurial competences.

Relational factors concern problematic relationships between incumbent and successor (Ward 1987), lack of shared values between old and new generations; the insufficient and ineffective transfer of knowledge and skills between the incumbent and successor (Cabrera-Suàrez et al. 2001); conflicts between incumbent or potential successors and non-family member managers (Bruce & Picard 2006); lack of trust and support given to the successor by other family members or non-family member managers (De Massis et al. 2008).

Statistics show that succession is a challenging issue: a PriceWaterhouseCoopers study, with a sample of 1600 family businesses, showed that only 36% of the surveyed businesses survived passage into the second generation, 19% into the third, and a mere 7% into the fourth generation. Likewise, Family Firm Institute, beside the owners' desire to see their businesses transferred to the next generation, estimated similar results: respectively, 70% will not survive into the second generation, and 90% will not make it to the third generation (Muriithi et al. 2016, p. 562). Therefore, effective succession planning is essential for the continued success of family businesses.

Resistance to succession planning and the succession process has also been identified as one of the most important reasons why many first-generation family firms do not survive their founders (Lansberg, 1988). There is some evidence on the lack of succession planning among family businesses (Lee et al., 2003). Christensen (1953) discussed that most of the family firms are not involved in succession planning. According to Levinson (1971), when a founder has built and nurtured their company and watched it grow, they may be very reluctant to give up control of their own creation. They may view selecting and training someone to replace them as "*comparable to building their own casket*" (Calder, 1961). However, it is crucial to identify potential successors, provide them with necessary training, knowledge and experience in order to minimizes conflicts that could damage both the firm and the family (Handler, 1994).

Where succession planning is absent before the founder leaves, there is a risk that a significant number of good managers, both family and non-family, may leave because of conflicts resulting from the lack of planning (Barnes & Hershon, 1976). Similarly, the founder has important connections with the firm's suppliers, customers, government agencies and other interest groups. These connections can easily be lost if the founder does not train someone to manage these relationships after him and prepare such interested parties involved for this transition. Therefore, succession needs to be planned more explicitly to ensure continuity in the family firm.

1.4.2 Role Conflicts

According to Gersick et al (1997), family members working in the family firm have the dual role of being both a family member and an employee of the family firm, which complicates the responsibility of fulfilling both family and business expectations. They can have simultaneous roles: as relatives, as owners, and as managers. Family members prioritize the welfare and unity of the family. They also show interest in the viability of the firm as owners and actively work towards its operational effectiveness as managers.

Kidwell et al. (2012) emphasize this dilemma by showcasing scenarios where a parent-manager promotes an unqualified child, he/she meets the demands of their familial role by taking care of family members. However, this conflicts with their managerial role, which requires objective evaluation and judgment, and prohibits the display of nepotism in the business.

Similarly, if the status of a family member in the business system significantly differs from their status in the family system, problems can arise. Hierarchical differences among family members, especially in terms of age or experience, can result in internal power struggles and resentment. For example, the eldest son may struggle to accept a younger sibling as their supervisor at work. As another example, Beckhard and Gibb Dyer (1981) argue that the founder's children, especially those who are not involved in the business, face the dilemma of deciding whether to use the company's assets for the benefit of their own family or to use the assets in a way that would benefit their parents and siblings.

1.4.3 Agency Conflict

Agency theory is a conceptual framework that examines the relationships and interactions between two key actors within an organization: the principal and the agent (Jensen & Meckling, 1976). Fama and Jensen (1983) extend the agency theory to family shareholders, emphasizing that conflicts arise due to the separation of ownership.

1.4.3.1 Conflict of Interest Between Owners and Managers

From the principal-agent perspective, this conflict of interest represents the classic agency problem described by Jensen and Meckling (1976) and Fama and Jensen (1983), which results from the separation of ownership and control. The fundamental problem is that when a firm is not managed directly by its owners but by a manager hired to act on their behalf, the manager is most likely to favour his or her own interests, which may diverge from those of the principal.

When a principal delegates a task he or she finds him-herself unable to perform to an agent, thus giving the agent the possibility to shirk and to gain additional benefits by exploiting the information asymmetries present in the transaction (Jensen & Meckling, 1976). Thus, the misalignment of interests is inherent, as the owner seeks to maximise family wealth and legacy, while managers may prioritise individual career goals or short-term financial gains (Jensen & Meckling, 1976).

According to La Porta, Lopez-De-Silanes & Shleifer (1999), 69% of the family firms among the largest 20 firms in each of 27 countries have a family member serving as CEO, chairman, honorary chairman, or vice-chairman. Volpin (2002) reports that 50% of Italian family firms' top executives are family members. Villalonga and Amit (2006) find that 51% of Fortune 500 family firms have a family member as CEO and 66% as chairman or CEO. These findings demonstrate that reducing or eliminating the separation between owners and managers has the potential to create value by resolving Agency Conflict.

1.4.3.2 Conflict of Interest Between Majority and Minority Family Shareholders

From a principal-principal perspective, the conflict of interests might also emerge between majority and minority family shareholders, as majority shareholders seek the long-term value such as growth of the business, while minority shareholders may seek immediate returns through dividends. (Meier & Schier, 2016). For example, minority shareholders may prefer a high-risk development policy financed through a strong leverage effect. In contrast, majority shareholders may be more likely to favor low-risk investments that minimize the need for external funding (Fama & Jensen, 1983).

2. CHAPTER 2: CONCEPT OF ORGANIZATIONAL RESILIENCE

2.1 Definition of Organizational Resilience

Today's business landscape is becoming increasingly complex and unstable, and crises seem to have become regular events in the development of organizations (Riddell, 2012). These events create increasing challenges for the survival and development of organizations (Annarelli & Nonino, 2016). Organizational resilience is an important way of handling crises. There is growing evidence that resilient organizations have the ability to adapt to market changes and are more likely to be responsive to such changes (Hamel & Valikangas, 2004).

Although the academic interest in organizational resilience has steadily grown in recent years, academics have not yet reached a common consensus on what constitutes organizational resilience. The concept of resilience is unstable and can mean both one thing and the opposite at the same time.

According to Duchek et al., (2020), organizational resilience is the ability to predict potential challenges, respond effectively to unexpected events and learn from these events, resulting in a dynamic capability designed to facilitate organizational change. Wildavsky (1988, p. 77) defines resilience as “*the capacity to cope with unanticipated dangers afterthey have become manifest, learning to bounce back*.” Similarly, Luthans (2002) defines it as the ability to “bounce back” from adversity, uncertainty, conflict, and failure. Resilience refers to the capacity to effectively perform functions and return to a stable state after major disturbance or stress by considering the before and the during (Cumming et al., 2005).

Walker et al. (2004, p.4) define it as "*the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedback*." organizational resilience, a critical capability for business, is the ability of an organisation to adapt rapidly and maintain core functions in the face of uncertainty, complexity and dynamic environmental change (Lengnick-Hall & Beck, 2005). Amann and Jaussaud (2012) follow Lengnick-Hall and Beck's (2009) definition by stating that resilience describes how an organisation reacts or acts "when faced with unexpected and powerful events that have the potential to threaten its long-term survival".

Organizational resilience can be seen as the ability to recognize and adapt to unexpected change, as well as the ability to absorb and adapt to disturbance and change. (Koronis & Ponis, 2018). Lengnick-Hall et al. (2011) explain that organizational resilience is 'a firm's ability to effectively absorb, develop situation-specific responses to, and ultimately engage in transformative activities to capitalize on disruptive surprise that potentially threaten organizational survival'.

Martin and Sunley (2015) have determined three different definitions for resilience as: "bounce back" from shocks, "ability to absorb" shocks, and positive "adaptability" in anticipation of, or in response to, shocks. Resilience is a dynamic process involving the capacity to learn and adapt in a positive way, but more importantly actors and systems have the capacity to cope with and withstand significant adversity (Fletcher & Sarkar, 2013).

Organizational resilience is a function of an organisation's recognition of the overall situation, its management of critical vulnerabilities and its capability to adapt to a complex, dynamic and interdependent environment (McManus et. al, 2008). Tengblad and Oudhuis (2017, p.3) refers to resilience as "*the capacity to use its technical, economic and social resources in order to develop long-term skills and competencies, in an efficient, reliable and flexible manner, and in a way it could manage challenges and exploit opportunities.*" Annarelli and Nonino (2016) point out that resilience is the ability to face disruptions and unexpected events in advance, thanks to strategic awareness and related operational management of internal and external shocks.

2.2 Organizational Resilience Process

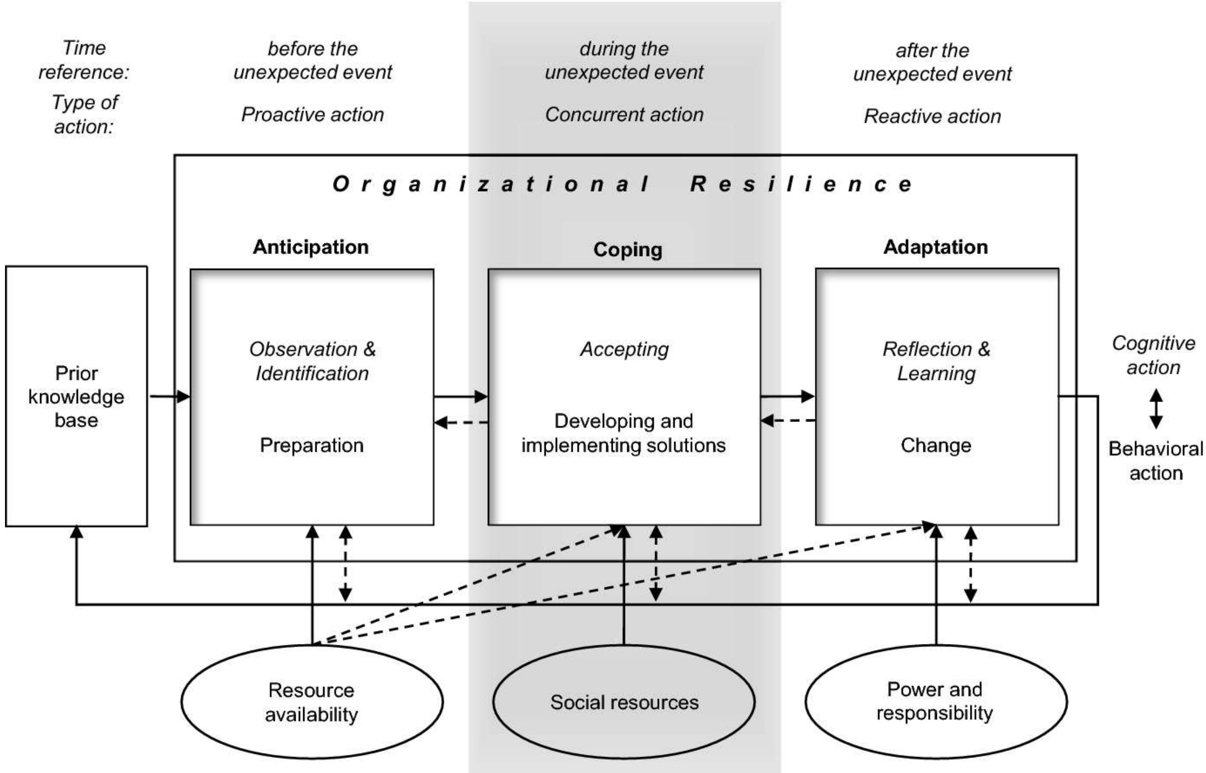
McManus et al. (2008) propose a resilience management process consisting of three key dimensions: building situational awareness, managing keystone vulnerabilities, and enhancing adaptive capacity. Situational awareness involves comprehending the entire operating environment, including crisis triggers, available resources, and minimum operating requirements. It also extends to comprehending stakeholder expectations, obligations, and limitations both internally and externally. Keystone vulnerabilities refer to critical components that, if lost or impaired, could have a significant impact on the entire system. These vulnerabilities require careful management during crisis situations. Adaptive capacity, which reflects an organization's culture and dynamics, enables timely and appropriate decision-making in both day-to-day operations and crises. It encompasses leadership structures, information management, knowledge acquisition and retention, as well as the organization's creativity and flexibility.

Gallopín (2006) points out the conceptual links between vulnerability, resilience and adaptive capacity. Resilience is viewed as a subset or component of a system's capacity to respond. The capacity to respond refers to a system's ability to adapt to disturbances, mitigate their effects, seize available opportunities, and handle the consequences of any system transformations. In the model of vulnerability components, vulnerability is the overarching concept, while resilience and adaptive capacity are considered conceptual subsets. Vulnerability refers to the capacity to preserve the structure of a system, while resilience refers to the capacity to recover from disturbances.

Duchek (2020) outlines the resilience process in three stages: anticipation, coping, and adaptation (Figure 1). Resilient organizations not only address past and present issues but also future challenges. Anticipation involves detecting critical developments and potential threats, comprising observation, identification, and proactive preparation for unexpected events. Coping, a crucial aspect of resilience, requires accepting problems and promptly developing and implementing solutions through creative problem-solving. The ability to develop solutions not only means idea generation, but also both formal and informal coordination. The final phase, adaptation, entails adjusting to critical situations and leveraging change for organizational advancement. Reflection and learning are key, requiring organizations to incorporate crisis insights into their knowledge base.

The long-term learning increases the knowledge base of a firm, which in turn acts as a main antecedent for the anticipation dimension. In summary, anticipation establishes a foundation, coping ensures real-time responses, and adaptation facilitates long-term learning and organizational progress.

Figure 1: *Organizational Resilience: A Capability-Based Conceptualization*



Source: Duchek (2020). "Organizational Resilience: A Capability-Based Conceptualization", p.224.

2.3 Facilitators of Organizational Resilience

Organizations need to develop resilience capacity that enables them to effectively deal with unexpected events, recover from crises, and even promote future success. Studies have linked various resources and capabilities such as financial resources, information system, technology orientation, information sharing, social capital, innovation, leadership, collaboration and many tangible and intangible resources and capabilities to organizational resilience (Dubey et al., 2018).

McManus et al. (2008) have highlighted the importance of physical (buildings and services) and human (communication, coordination, management, planning, etc.) components in improving resilience. On the other hand, Pal et al. (2014) identified three broad assets of key facilitators for organizational resilience in the Swedish textile and clothing industry: resourcefulness (material resources, financial resources, social resources, network resources, intangible resources), competitiveness (flexibility, redundancy of resources, robustness, networking), and learning and culture (leadership and top-management rapid decision-making, collectiveness and sense-making, employee well-being).

2.3.1 Resourcefulness

The availability of resources is recognized as a crucial determinant of organizational resilience (Barasa et al., 2018 & McManus et al., 2007) because a lack of resources limits the flexibility of the organization's resource arrangements and thus reduces the organizational resilience. For example, Pal et al. (2014) found that resource constraints, particularly physical, financial and technological, affected the resilience of small and medium-sized enterprises to the economic crisis in Sweden. McManus et al. (2007) examined factors influencing the resilience of 10 case study organizations to acute shocks in New Zealand and found that an organization's financial position was a key component of its resilience.

2.3.2 Organizational Learning

Organizational learning is seen as a dynamic capability through which organizations can foster a learning culture in order to learn and acquire new knowledge, improve their skills and competences, and enhance their ability to adapt and respond to the external environment pressures. Scholars suggest that organizational learning positively influences firm resilience and innovation in several ways (García-Morales et al. 2012). Organizations that strive to be resilient usually acquire knowledge that is useful for enhancing organizational adaptation, flexibility, and competitiveness (Kantur & Say, 2015).

2.3.3 Planning

Planning for adversity refers to focusing on how to address threats before they arise and before they have undermined the organization, and thereby creates the potential for resilience. In contrast, failing to plan for adversity risks the firm being overwhelmed by a crisis and having to reallocate resources to survive, leaving little time to identify new opportunities (Campagnolo et al., 2022).

Adequate planning can enhance resilience to acute shocks (McManus et al., 2007). One example of such planning is the development and testing of business continuity and risk management plans. These plans ensure the continued functioning of core services. Barasa et al. (2018) suggest that one of the strategies used by organizations to prepare for crises or disasters is to go through scenario exercises.

2.3.4 Human Capital

Human capital encompasses firms' employee knowledge, skills, health, training and education. Various studies have linked human capital to organizational resilience. Lengnick-Hall et al (2011) argued that an organization's capacity for resilience is rooted in the competencies of its employees, the aggregation of which creates the collective capacity of the organization to appear resilient. Teamwork and increased trust among employees are essential to distinguish organizations that have the potential to bounce back from plausible disruptions (Sheffi, 2007).

2.3.5 Social Network

Social network within the context of organizational resilience refers to the intricate web of interpersonal relationships and collaborative connections that organizations establish with external entities, such as other businesses, institutions, and stakeholders. The importance of supportive and collaborative networks is often discussed in the literature on organizational resilience (Barasa et al., 2018; Duchek, 2020; Lengnick-Hall & Beck, 2005).

Social networks provide opportunities for increased mobilization and knowledge transfer, as well as the dissemination of innovations. This ultimately enhances the overall resilience of systems. Collaboration among organizations in a networked environment also expands available resources, improves the ability to learn, and enhances the capacity to respond. Andrew et al. (2011) investigated the resilience of public, private and non-governmental organizations to floods in Thailand and concluded that organizations that strategically collaborate with others are able to mobilize additional resources that are significant for emergency response.

2.3.6 Organization Structure

Governance practices have also been shown to influence firms' resilience to both acute and everyday challenges. Barasa et al. (2018) highlight that one of the governance practices identified as critical to organizational resilience is the degree of decentralization and coordination within the organization. Decentralization means adopting a form of governance characterized by distributed control, rather than a top-down hierarchy under central control. This approach empowers local actors and allows systems to be more responsive to changes in the environment. It also provides the necessary flexibility to facilitate timely responses to everyday challenges and crises. During a major setback or crisis, organizational hierarchies with formal role descriptions and centralization of authority are no longer sufficient (van der Vegt et al., 2015). McManus et al. (2007) find that organizations whose functions and parts operate in an uncoordinated, "silo" manner are less resilient to human-made and natural disasters than organizations that have coordinated systems. Adaptive responses require the ability to quickly change the formal structure and use decentralized, team-based or network approaches to problem solving.

2.3.7 Leadership

The importance of leadership practices for organizational resilience is a common recurring theme in the literature (McManus et al., 2007; Pal et al., 2014). Resilience depended not only on how well these plans were implemented, but also on the leadership capacity of the organizations. According to Barasa et al. (2018), resilience cannot be imposed from the top-down, so rather than being controlling and directive, leaders need to act as mediators and facilitators, bringing people together, encouraging open sharing of information and guiding their efforts.

During a crisis, leaders are expected to not only act as decision-makers, but also convey a sense of hope, optimism, and an inspiring vision (Vargo & Seville, 2011). Leaders ensured that relevant stakeholders were included and involved in the decision-making process. This fostered the resilience of organizations in facing both everyday challenges and sudden shocks, by establishing trust, empowering individuals, motivating them, and fostering commitment among staff and other stakeholders.

2.3.8 Information Management

Information is considered a crucial factor in organizations' ability to respond effectively and promptly to challenges. According to Barasa et al. (2018), effective information management and utilization have the advantage of enhancing organizations' situational awareness. Situational awareness encompasses a better understanding of crisis triggers, minimum operational requirements, and the availability of internal and external resources. To achieve this, organizations should actively monitor their environment. This can be accomplished through activities such as evaluating competitors, conducting market research, and staying informed about political and regulatory developments. By monitoring both the internal and external environment, organizations can identify early warning signals that precede a crisis. Therefore, organizational resilience is closely tied to how knowledge is managed and utilized.

2.3.9 Culture

Resilient organizations view challenges as learning opportunities and use these experiences to develop capabilities that improve their resilience (McManus, 2008). According to Stephenson et al., (2010), resilient organizations support creativity and innovation. They discussed that resilient organizations foster creativity by providing time and resources for experimentation, rewarding innovation, tolerating failure and creating an atmosphere where people feel safe to share new ideas. Groenendaal and Helsloot (2020) also mention the importance of diversity in terms of multiple talents and styles that enable innovation in the context of resilience.

In addition, the COVID-19 pandemic has highlighted the importance of strong relationships between companies and their employees. Research by Shan and Tang (2022) suggests that companies that have established strong connections with their employees are better equipped to navigate the challenges posed by the pandemic. These employees have demonstrated their ability to work effectively under pressure, adapt to alternative work arrangements, and maintain a high level of productivity. By fostering a positive and supportive work environment, companies can cultivate resilient employees who can effectively overcome the obstacles presented by the pandemic.

2.4 Organizational Resilience Aspect in Family Firms

Resilience is important for all organizations, but it is particularly critical for family firms. This is because many family business owners have the intention of passing on the ownership and management of the firm to the next generation of family members (Steier, 2005). Research on resilience indicates that family firms have a greater capacity, compared to non-family firms, to recover opportunities and effectively organize themselves after experiencing unexpected negative events.

Longevity in firms is attributed to their inherent capacity to withstand sudden shocks, such as disaster events, financial crises, and other unfavorable occurrences, enabling them to maintain their operations over extended periods without disruption (Chrisman et al., 2011). Lumpkin and Brigham (2011) disccuss that family firms are more likely to have a long-term orientation. This is due to several factors, including the longer tenures of chief executive officers in family firms, patient capital (Sirmon & Hitt, 2003), and non-economic goals (Zellweger & Nason, 2008). The long-term orientation is a characteristic that puts them in an advantageous position in terms of resilience.

However, it should be noted that the longevity of family firms does not necessarily indicate resilience. The prevalence of family firms worldwide may be attributed to the initial benefits of family involvement during the early stages of venture development (Chrisman et al., 2008). Additionally, Chua et al. (2004) demonstrate that family involvement may occur later in the life cycle of a firm, implying that family organizations are better equipped to thrive over time.

In Section 2.3, "Facilitators of Organizational Resilience," we discussed the key factors that play critical roles in increasing a firm's resilience. These identified facilitators, including resourcefulness, planning, human capital, organizational learning, social networks, organizational structure, leadership, information management, and culture, collectively contribute to a firm's ability to navigate challenges and sustain itself in an ever-changing business landscape.

When examining organizational resilience in the context of family businesses, it becomes clear that the facilitators discussed are also significantly crucial for the resilience of family firms, as they are essentially firms. While family firms introduce distinctive challenges and opportunities due to their family members' involvement, it is essential to recognize that the fundamental principles of resilience remain consistent. However, we can assume that crisis management in family firms is distinct from and more complex than that in non-family firms.

Habbershon and Williams (1999) define family firm’s resources as familiness, which provide them with a sustainable competitive advantage and make them better performers compared to non-family firms. Therefore, performance results in family firms are much likely to facilitate the access to financial resources. The availability of financial resources allows family firms to overcome other resource constraints such as a lack of human or physical resources and absorb disturbances more easily.

Learning capacity is the ability of a firm to learn and grow from past episodes of resilient action. In the case of family firms, the long-term cultural orientation and participative strategic decision-making style facilitate learning capacity (Zahra et al., 2004). Learning after a crisis is a reactive process that can enhance proactive behaviors, thereby fostering resilience. The long-term learning increases the knowledge base of a firm, which acts as a main antecedent for resilience.

Owners are highly dedicated to the organization and share their long-term vision with non-family employees who are involved in decision-making (Miller et al., 2008). In this context, both family and non-family members are better equipped to learn from past experiences and implement corrective actions through constructive debates on improving the firm's existing processes. This process of integrating new knowledge within the firm contributes to long-term learning, which acts as a main antecedent for resilience.

Moreover, in addition to the factors that promote resilience in firms, professionalism and the acquisition of external staff play a crucial role in enhancing resilience in family businesses. Unlike non-family firms, which can easily recruit the most suitable professionals for specific positions, family businesses may be hesitant to bring in external staff. This hesitation, often driven by a desire to maintain control within the family, can be risky. However, it is important to recognize that family members may not possess all the necessary abilities, capacities, and expertise. For instance, appointing a family member as the CEO instead of a professional may be seen as a family tradition but can have a negative impact on the business.

In the following section, we will examine this aspect in more detail and concentrate on the complexities of hiring external staff in family businesses, exploring the potential benefits and challenges associated with it.

2.4.1 Family Firm’s Resilience through Professionalisation and External Recruitment

The professionalization of family firms involves transferring governance and control from the owning family to professional management. The integration of non-family managers may introduce challenges arising from the separation of ownership and management. External managers may have different objectives and priorities compared to the family, potentially prioritizing immediate profits over long-term sustainability. On the other hand, they may also present valuable external resources and expertise gained from their past work experience.

Chua et al. (2009) highlight professionalization and the acquisition of qualified external workers as effective ways to enhance the survival and performance of family firms. Smith (2003) similarly argues that the sustainability of family firms relies on transitioning from entrepreneurial to professional management. However, Amore et al. (2022) argue that family firms would perform better during the crisis period if the owner acts as executive chef, president, or general manager than if he/she comes from outside. Thus, conflicts between owners and managers are decreased and the performance of the firm is increased.

The competitive environment and organizational strategy and structure have become more complex, leading to a shift towards a managerial approach to strategy formulation and management in the middle/advanced stages of a firm's life cycle. Songini (2006) suggests achieving this through delegating firm management to professional managers. This professionalization process involves decentralizing authority, implementing governance and control mechanisms, hiring professional managers, and providing formal training to ensure business continuity and sustainability (Zahra, 2021).

Moreover, family firms often face constraints in terms of the quality and quantity of their human capital. Existing evidence suggests that in developed countries, firms controlled by founders tend to perform better, while firms controlled by later-generation family members perform worse than those run by professional managers (Miller et al., 2007). This can be attributed to successors lacking the same capabilities and drive as the founders, and being less likely to possess superior skills compared to potential candidates in the managerial labor market. As the firm grows, external recruitment becomes necessary for effective business operations.

3. CHAPTER 3: METHODOLOGY

3.1 Aim of this Study

In the first and second chapter, we conducted a literature review on the concept of family firms and resilience. In this chapter, our aim is to validate and contribute to the existing literature through qualitative research involving interviews. Specifically, the purpose is to investigate the research question of “how family firms respond to challenges and foster their resilience strategies in the face of adversity”.

To achieve this, we conducted an examination to identify the challenges faced by the interviewed family businesses and the actions they took to address them. Additionally, the analysis explored the role of resilience facilitators, such as strategic planning, resourcefulness, and organizational structure, in contributing to the ability of family businesses to navigate and overcome adversities. The goal was to assess the effectiveness of these resilience facilitators in enhancing the overall resilience of family businesses. By examining the resilience strategies employed by family firms, this study aims to contribute to the understanding of how these businesses overcome obstacles and maintain their competitive advantage in an ever-changing business landscape.

3.2 Data Collection

Qualitative research involves the collection and analysis of non-numerical data in order to understand concepts, opinions or experiences. Interview is considered an effective and powerful data collection technique in social science studies and is used in most types of qualitative studies (Rice & Ezzy, 1999). The purpose of an interview is to uncover individuals' experiences and how they interpret and understand those experiences.

In this data collection technique, participants in the sample group share their knowledge, intentions, feelings, and thoughts about the research (Baltacı, 2019). The researcher asks questions about the subject of the study in a conversational style (Bogdan & Biklen, 1998) and tries to elicit the participant's knowledge, intentions, and thoughts based on their answers during the interview.

Structured, unstructured and semi-structured questions can be used in the interview. Similar to structured interviews, semi-structured interviews also involve an outline of topics and questions prepared by the researcher (Stuckey, 2013). However, unlike structured interviews, semi-structured interviews do not have rigid adherence. During the interview, the researcher has the flexibility and freedom to generate new questions based on the flow of the conversation. In response to the participant's answers, the interviewer should prepare new questions in the moment and ask them using open-ended questions (Dursun, 2023). The semi-structured in-depth interview is most preferred for qualitative data collection (DiCicco-Bloom & Crabtree, 2006).

For this study, the primary data was collected through face-to-face interviews with three (3) family firms in Izmir, Turkey. Before the interviews, the participants were provided with the interview questions to allow them time to prepare. The interviews were conducted in Turkish, with the questions being translated as needed. Each interview lasted approximately 30-40 minutes.

The interviews were conducted in a quiet office environment to minimize potential misunderstandings. The interview questions were semi-structured, taking into account previous research and existing literature (**Appendix-1**: Interview Form). The goal was to encourage two-way communication and gather in-depth information to answer the research question.

3.3 Ethical Consideration

The basis of interviewing is the safeguarding of participant rights. Consent, anonymity, and confidentiality play a crucial role in the analysis and outcomes of interview data. It is essential to provide participants with clear explanations about the research's nature and the interview format. Prior to the interview, written consent should be obtained, and participants should be given ample time to decide whether they wish to participate (Dursun, 2023). Any information obtained from the interview should not be used against the participant and should not be a threat (Tekin & Tekin, 2006).

Research scholars say that the four ethical issues affecting the credibility of interviews include: reducing the risk of unanticipated harm, protecting the interviewee's information, effectively informing the interviewees about the nature of the study, and reducing the risk of exploitation (DiCicco-Bloom & Crabtree, 2006).

Before commencing the interview for this study, all participants were provided with detailed explanations of the following points:

Only individuals who willingly chose to take part in the study were interviewed. To ensure clarity and understanding, participants were provided with comprehensive information about the study and had the opportunity to have their questions addressed prior to the interview. Each participant confirmed their understanding and agreement by signing a consent form

(**Appendix B - Interview Consent Form**), which served as a record of their consent. During the interview process, participants were afforded the option to exclude or terminate discussions on any uncomfortable topics, ensuring their comfort and autonomy. All participant information was treated with the utmost confidentiality and anonymity, in order to protect personal and company data. It is important to note that the data collected during the study, including interview recordings and memos, will not be published and will solely be used for the purposes of this study. At the conclusion of the designated retention period, this data will be securely disposed of.

Additionally, before incorporating any interview information into the thesis, interviewees were given the chance to review their interview notes and seek clarification if needed.

3.4 Data Analysis

3.4.1 Participants

3.4.1.1 Family Firm X

Family Firm X was established in 1925 and is currently in its 4th generation as a family-owned company. Originally, it operated as a wholesaler of pulses for small-scale domestic sales. As the business grew, it transitioned from domestic wholesale to exporting its products. However, due to changing political landscapes, the founder, who was involved in export activities, had to adapt. As a result, the company strategically shifted its direction. Today, Family Firm X has become a major supplier of pulses for global companies in Turkey. It has expanded its market presence through diversification and specializes in bringing pulses from the field to the table. All shareholders of the firm are family members. The firm employs between 60 and 100 seasonal workers. Additionally, there are 12 permanent consultants, including a company lawyer, doctor, and labor security officer, who are mandatory positions.

The board of directors is made up entirely of family members. It comprises three members: two females who are sisters and one male who is the nephew of the female members. One of the female members serves as the product quality manager, while the other female member holds multiple roles as the export and purchasing manager, as well as the general manager.

As part of our firm's culture, there is a tradition that has been passed down from the founder to the new generations. The founder placed great importance on building relationships with employees, considering them as family members and valuing their opinions. This culture is still upheld by the current generation. While decisions within the organization are typically made from top to bottom, the family members actively listen to employees and make decisions that align with their ideas. However, there have been some changes. In the past, the decisions of the older generation were highly respected. But now, the new generations have adopted a decision-making process that involves a majority vote from the board of directors. They also support the recruitment of talented professionals, including for management positions, and entrust them with making efficient decisions.

3.4.1.2 Family Firm Y

Family Firm Y was founded in 2010 and is currently in its 1st generation as a family-owned company. It operates in the food industry, serving as a food wholesaler. Family Firm Y supplies a range of out-of-home establishments, such as hotels, restaurants, factories, and hospitals, meeting all of their food requirements. All shares of the firm are owned by family members. The Family Firm Y has a total of 12 employees.

The board of directors is exclusively composed of family members, consisting of three members: two siblings (a male and a female) and the husband of the female member. The female member holds the position of general manager.

As a 1st generation firm, the Family Firm Y has not yet established a firm culture. Everything is being created from scratch. However, it emphasizes the importance of professionalism in each field. The culture they aim to create is one that entrusts the work to people who have a deep understanding of the business and the principle of decision-making by majority vote.

3.4.1.3 Family Firms Z

Family Firm Z was established in 1980 as a small workshop for metal machining and fabrication. Currently in its 2nd generation, it remains a family-owned company. Over the years, it has grown into a larger organization, employing approximately 120 people. Family Firm Z offers a diverse range of products, and all shareholders are family members.

The board of directors is composed entirely of family members. It consists of five members, three of whom are male and two of whom are female. One of the female members serves as the sales and marketing manager, while the other female member holds concurrent roles as the human resources manager.

The Family Firm has a well-established culture that was created by the founder and still dominates today. However, some family members are dissatisfied with this culture and are demanding a change. One aspect of the culture is the unconditional acceptance of decisions made by family elders, which often disregards professionalism and the position of other family members. As a result, the decision-making mechanism does not function in a healthy manner.

Section 3.4.1 analyzes the family firms that participated in this study individually. Specifically, it examines the year of establishment of the family business, its field of activity, number of generations, number of employees, shareholding, and board structure and culture. While analyzing the structure of the board of directors, it is examined whether there are women in management and, if so, in which roles.

Accordingly, Table 1 provides an overview of the family firms, including the role of the interviewee representing the family firms. This information helps determine the interviewer's competence on the specific subjects. Table 2 summarises the general characteristics of the board structure of family firms. Thus, it allows for a clear observation of the management structure of each family firm, the gender distribution of the members, and the role of women in management.

Table 1: Overall characteristics of the interviewed family firms

	Year of Foundation	**Sector**	**Number of employees**	**Role of the interviewee**
Company X	1925 (4th generation)	Food supplier	60-112	Export and purchasing manager + general manager (dual role)
Company Y	2010 (1st generation)	Food supplier	12	Financial manager
Company Z	1980 (2nd generation)	Metal machining and fabrication	120	Sales and marketing manager

Source : made by author

It is understood that the ownership and management of all three companies are entirely in the hands of family members. Furthermore, there is a presence of female family members in both ownership and management. All 3 Family Firms are located in Izmir province of Turkey.

Turkey is a large peninsula that bridges the continents of Europe and Asia. It is surrounded by the Black Sea, the Mediterranean Sea, and the Aegean Sea. With a GDP of approximately $906 billion, Turkey has the 19th largest economy in the world. It is a member of the OECD and the G20, and has a population of around 90 million people. All interviewed Family Firms are based in Izmir, a metropolitan city in the western part of Turkey. Izmir is the third most populous city in the country, with a population of approximately 5 million people. Known for its bustling streets, modern infrastructure, and dynamic economy, Izmir serves as a thriving commercial center in the region. It is also proud to host the seventh largest port in Turkey, acting as a vital gateway for international trade and commerce.

Table 2: General characteristics of the board structure of the interviewed Family Firms

	Number of board members	**Gender distribution of members**	**Proportion of female members**	**Role distribution of female members (if any)**
Company X	3	2 female 1 male	66%	1st female: Export and purchasing manager + general manager (dual role) 2nd female: Product quality manager
Company Y	3	1 female 2 male	33%	General manager
Company Z	5	2 female 3 male	40%	1st female: Sales and marketing manager 2nd female: Logistics and

				supply chain manager

Source : made by author

3.4.2 Findings Regarding to Family Firm X

3.4.2.1 Challenges Faced by Family Firm X and Corresponding Actions

This section analyzes the challenges faced by Family Firm X and the actions taken by the firm to address these challenges. To provide an overview of the description of these challenges and the corresponding actions, Table 3 has been created. Then, the challenges indicated in Table 3 are analysed in detail.

Table 3: Challenges faced by Family Firm X and corresponding actions

Challenges faced	**Description**	**Action taken**
Absence of agricultural policy in Turkey	Lack of clear guidelines on crops, quantities and prices in Turkey, which creates uncertainty in the market	Preparing import strategies from foreign countries and negotiating agreements with global clients on this matter
The lack of job descriptions within the family firm and decision making approach	Absence of clear roles and responsibilities within the firm, leading to emotional or personal decision-making	Recruitment of specialists in their fields and delegation of authority to them Adoption of a majority decision-making approach. Minor decisions are made by the relevant manager, while major decisions prioritize the majority opinion of the board of directors

Source : made by author

Challenge 1: the absence of an agricultural policy in Turkey.

The main challenge faced by Family Firm X is the absence of an agricultural policy in Turkey. Family Firm X describes this situation as follows:

"*Unlike European countries, Turkey does not have clear guidelines on which crops to plant, how much to plant, and the expected prices. This makes it difficult for us to forecast prices. In some years, certain crops are produced in smaller quantities due to weather conditions or previous year's price policies. As a result, if wheat production decreases and the market* *supply is low, prices will increase, and we cannot predict this in advance*."

The main issue arises because Family Firm X supplies food to global companies in Turkey. As per the agreements with its clients, they are obligated to provide specific quantities of products such as wheat, lentils, and tomatoes. However, the absence of an agricultural policy in Turkey introduces uncertainty. If a client requests 10 tonnes of wheat, but the farmer has not planted 10 tonnes that year, it becomes an unforeseen challenge for Family Firm X.

Family Firm X has stated that it has planned for unexpected scenarios and has found a solution for them. They express this action as follows:
"*For example, if we supply a large quantity of products to a company and there is underproduction, we can import from another country. There is always a solution. We always have an action plan. These plans are shared and approved with global clients in advance.*"

When examining the impact of this action on firm performance, it was discovered that their incomes remained unchanged. Consequently, Family Firm X imports products from another country to mitigate potential shortages in product supply without incurring any loss of income. This shows that the action plan is of vital importance for them.

Challenge 2: the lack of job descriptions within the firm.
Another significant challenge that Family Firm X has faced in the past is the lack of clarity about the job description of family members within the firm. Family Firm X described this situation as follows:
"*In the past, decisions were made without considering the majority opinion. My uncle and father used to make all kinds of decisions, but often ignored my uncle's wishes, resulting in wrong decisions. The key is to make the right decisions, regardless of their ages or family member status. That's why we are always open to hiring non-family members. These individuals won't be shareholders, but anyone who can contribute to the company's success can hold any position, including top-level positions.*"

This highlights a pervasive challenge faced by family businesses—the inclination to base decisions on personal preferences rather than objective considerations. Family Firm X is committed to addressing this challenge by fostering a more structured and objective decision-making process within the organization and hiring specialists in their fields and delegation of authority to them.

Family Firm X believes that having clear roles and responsibilities is crucial in the context of a family business. They recognize the significance of avoiding emotional decisions by establishing well-defined responsibilities for everyone involved. The firm adopts a majority decision-making approach. Minor decisions may be taken at the discretion of the relevant manager. However, when it comes to major decisions, Family Firm X prioritizes the majority opinion of the board of directors.

3.4.2.2 Family Firm X's Approach to Professionalisation and External Recruitment

When it comes to hiring non-family members for business, including managerial positions, there is a strong affirmative stance with the exception of the purchasing manager position. An example of this is the employment of a business manager who is an agricultural engineer from outside of the family. Competence is considered the most important criterion, and there is a firm belief that board membership should not be limited to family members.

The Family Firm X actively seeks professional expertise, particularly in areas such as accounting and investment decision-making, which are outside the family's area of expertise. As the company focuses on growth and aims to minimize ego-related issues, capable individuals are prioritized for managerial roles regardless of their family status.

One reason for this is that its clients are global companies. Global companies are seeking specific standards, so businesses that engage with them are expected to professionalize. Family Firm X described this situation as follows:
"*They have specific requirements and expectations, such as green energy. Without meeting these conditions, it is not possible for us to work with global companies. Therefore, we learn about institutionalization from them. To engage in business with global companies, it is essential for us to work with professionals. In other words, the system compels us. Companies determine our standards.*"

However, the role of purchasing manager is exempted due to this role being heavily reliant on social relations. Family Firm X described this situation as follows:
"The villagers prefer to negotiate and do business with a family member. I could hire a CEO

who is 50 years old, but the villagers would not want to work with them. I have taken on the purchasing role because of my long-standing connection with the company and the villagers. As a child, I used to come to work with my father, and I have maintained a strong relationship with the villagers over the years. They prefer to work with me due to this personal connection."

3.4.2.3 An Analysis of the Factors that Contribute to the Resilience of Family Firm X

Below, Table 4 includes the statements made by the interviewer related to resilience facilitators. These statements provide an understanding of the Family Firm X's perspective on the mentioned factors.

Table 4: An analysis of the factors that contribute to the resilience of Family Firm X

Factors	**Expressed by the Family Firm X**
Resourcefulness	"*Financial resources are the most crucial factor. Money is the biggest challenge of our time. We strive to avoid taking foreign loans and instead rely on our own equity capital. We continue to grow using equity capital without distributing dividends. Without money, there can be no growth*."
Planning	"*We always have a business continuity plan for production, along with comprehensive insurance coverage for natural disasters. Additionally, our BRC certificate mandates the development of risk management plans. This is a requirement for maintaining our quality certification*."
Human capital	"*It is crucial for our employees to have long tenures with the company, as they gain valuable experience over the years and encounter various challenges. By witnessing how we solve these challenges, they acquire valuable experience. As a result, our employees are well-equipped to handle different types of challenges, and we rarely encounter any issues*."
Social network	"*Social networks have a positive impact because they enable us to be in contact with*

	external organizations and exchange ideas. Through this exchange, our thinking is developed and we gain insights into the challenges they face. We are solution-oriented and continuously exchange ideas. This support helps us navigate crises more easily."
Organizational structure	"*Decisions are made collaboratively by the board of directors and employees. We don't make decisions by simply saying "we wanted it". Instead, we strive to make decisions collectively. We prioritize listening to our employees before making decisions and aim to make decisions together with them. They face the challenges alongside us.*"
Communication	**"***There is constant communication between each department. The main objective of using Whatsapp is to have documented evidence. All conversations are written down. Written communication is crucial to prevent misunderstandings. We cannot use the excuse of "I didn't see it, I didn't know". Transparency is maintained, as everyone has access to all information.*"
Knowledge transfer	"*Our knowledge transfer practices primarily revolve around the principles of professionalism and deep understanding of the business. For instance, in the past year, we faced a significant challenge in adapting to new food safety regulations imposed by the industry. Recognizing the need for a collective understanding and response, we organized a series of informal workshops. During these workshops, the business manager shared his insights on interpreting and implementing the new regulations, drawing from her extensive experience in the food industry. The success of this knowledge transfer instance was evident as the team quickly adapted to the new regulations, ensuring compliance and maintaining the high standards of professionalism the company values*."

Source : made by author

Based on the statements mentioned above, it is evident that all the factors investigated have a positive impact on the resilience of the Family Firm X. Some of these factors have been implemented voluntarily, while others have been implemented out of necessity to professionalize and meet client demands. For instance, the business continuity plan is an important factor they rely on to handle difficulties, but it is also a requirement for obtaining the necessary standard certificates for their business. Similarly, they have adopted the principle of hiring qualified staff and granting decision-making authority to them. However, in all cases, they are obligated to adhere to this rule in order to collaborate with global companies.

3.4.3 Findings regarding to Family Firm Y

3.4.3.1 Challenges Faced by Family Firm Y and Corresponding Actions

This section analyzes the challenges faced by Family Firm Y and the actions taken by the firm to address these challenges. To provide an overview of the description of these challenges and the corresponding actions, Table 5 has been created. Then, the challenges indicated in Table 5 are analysed in detail.

Table 5: Challenges faced by Family Firm Y and corresponding actions

Challenges faced	**Description**	**Action taken**
Customer portfolio establishment and management	Frequent changes occur due to business closures or competition	Implementing a robust financial planning approach to manage cash flow effectively Adapting and updating the portfolio regularly and expanding the portfolio by targeting customers from various segments
Skilled Labor Shortage	Difficulty in finding and retaining skilled employees	Maintaining a high wage policy for employees and increase social opportunities to ensure their satisfaction and promote business continuity Fostering sincerity with the employees

Turkish legal system	Lack of a legal system that facilitates trade, especially inability to collect debts	Making a risk analysis related to customers

Source: made by author

Challenge 1: Customer portfolio establishment and management.

The main challenge faced by Family Firm Y is customer portfolio establishment and management. Family Firm Y describes this situation as follows:

"One of the significant challenges we faced was in the initial establishment of our customer portfolio. This portfolio is dynamic and constantly evolving, as customers may close their businesses, leading to missed business opportunities."

The Family Firm Y managed to survive the initial challenges by relying on its own capital. The founder played a crucial role in keeping the business afloat by using personal savings. Additionally, the firm has implemented a robust financial planning approach to manage cash flow effectively.

During the management of a customer portfolio, one strategy is to expand the portfolio by targeting diverse segments and continuously adapting and updating it. By engaging multiple sectors, the impact of any sector-specific negativity can be mitigated. Family Firm Y described this situation as follows:

"*We had to continuously adapt and update our portfolio to ensure that we capture new potential customers and capitalize on emerging business prospects… We are expanding our portfolio by targeting customers from various segments. For instance, we do not exclusively focus on hotels as our customers. Instead, we aim to minimize segment-related risks by selecting customers from diverse areas. Our goal is to avoid relying solely on a single customer for income.*"

Challenge 2: Skilled Labor Shortage.

The main challenge faced by Family Firm Y is skilled labor shortage. They indicate that the availability of skilled labor in Turkey is very low. However, ensuring employee continuity is crucial for them. It is difficult to find staff, and even if they are found, the employees tend to work for a short period of time.

Family Firm Y has found a solution to overcome this challenge:

"We are trying to apply a high wage policy for employees and increase social opportunities, we aim to ensure their satisfaction and promote business continuity. We strive to foster sincerity with our employees, such as by organizing weekly meals and encouraging team activities involving everyone, including the boss, warehouse staff, and accountants. It is crucial to motivate them to prevent turnover."

Additionally, they mentioned that unlike large companies, it is challenging to replace staff members when they leave their positions due to the limited number of workers available. It is important to note that Family Firm Y requires capital to implement this solution. The availability of funds is directly proportional to the ability to provide better conditions for employees.

Challenge 3: Turkish legal system.

Another significant challenge faced by Family Firm Y is due to the Turkish legal system. We understand from the given example that conducting trade is challenging in Turkey.

"*For instance, if we receive a check for a transaction, we are unable to process it. This leads to financial loss as the cheque holds no legal power. Even if we file a lawsuit, we may not be able to recover our funds as the person may not have any assets under their name*."

They acknowledge that there is no specific solution for this challenge. Measures are being taken, but the current approach relies solely on trust, as there is no law to enforce payment. To ensure trade security, improvements in the legal system are necessary. However, Family Firm Y attempts to conduct risk analysis to collaborate with less risky companies.

3.4.3.2 Family Firm Y's Approach to Professionalisation and External Recruitment

Family Firm Y aims to have all shares owned by family members, but they recognize the importance of entrusting management to professionals, including the board of directors. They believe that employees should start at the bottom and become familiar with the system. However, they think that the new generation tends to be impatient and desires rapid advancement. Therefore, even though they prefer to hire internal managers, they are forced to hire external managers because there are no qualified internal candidates available.

This situation explained as:

"*The most experienced person has been with us for only three years. Ideally, we prefer to promote individuals who we have trained to top positions, including the board of directors.*"

They also support the idea of appointing a non-family member as CEO. The founder has previous experience working as a CEO for a corporate firm before starting his own family firm. As a result of this experience, his main focus is on professionalism. Since all shares will be held by family members, they do not anticipate any conflicts between themselves and the CEO. He express this sentiment as follows:

"*We will make decisions as family members. The only thing I ask from the top managers is that they bring professionalism and guide us forward. Since we have the majority, we can make any decision we want.*"

3.4.3.3 An Analysis of the Factors that Contribute to the Resilience of Family Firm Y

Below, Table 6 includes the statements made by the interviewer related to resilience facilitators. These statements provide an understanding of the Family Firm Y's perspective on the mentioned factors.

Table 6: An analysis of the factors that contribute to the resilience of Family Firm Y

Factors	**Expressed by the Family Firm Y**
Resourcefulness	"*Without sufficient financial resources, we cannot sustain our business. We do not distribute dividends. Instead, we use our earnings to acquire assets such as properties and vehicles for the company.*" "*Without our own capital during these times, sustaining the business would have been impossible. I personally kept the company afloat by using my own savings.*"
Planning	"*One of our most effective plans is ensuring financial strength. If you have sufficient funds, you can better handle difficulties. We allocate additional funds for this purpose. For instance, we have a reserve fund, which we use when checks are not paid or during*

	crises, or when we need to make significant purchases of goods. Another plan is to increase our workforce by doubling the number of employees. We are currently working on allocating funds for this initiative. With adequate funds, we can increase salaries and ensure the continuity of our staff. We are always proactive in our planning for these situations."
Human capital	"*Our employees are unskilled laborers. Only the skills of the employees on the accounting/finance side, whom we consider close to management, have an impact on us. For instance, we hired a finance manager last year. He contacts customers and monitors debts. His constant control ensures discipline among the unskilled laborers. The workers know they will be supervised, so they work harder. This, in turn, makes our job easier. Since the finance manager started working, we have a better understanding of our incoming and outgoing payments, which brings more organization to our operations*."
Social network	"*Of course, we receive assistance from time to time. We only seek help when we encounter particularly challenging situations. For instance, last month we required the support of two additional staff members to manage a large purchase of goods. Thanks to the organization we collaborate with, we were able to swiftly resolve this issue*."
Organizational structure	"*There is democracy, but whatever the boss says is the last thing to happen. We can't do business if we do everything the employees say. When making decisions, everyone in the board of directors expresses their opinions and we take decisions unanimously*."
Communication	"*Communication is crucial. We have an effective information flow system that keeps us informed about potential challenges and enables us to find solutions promptly. Let me provide an example to highlight the significance of information flow: Last week, a major customer returned a large quantity*

	of foods. We need to understand why the client rejected them and address the issue. These foods required a delivery temperature of -18 degrees, but the customer discovered that the temperature during transportation was -15 degrees. If we hadn't identified the cause of this discrepancy and taken appropriate measures to address it, we would have lost this significant customer, leading to financial difficulties. However, we understood the issue and worked on compensating for the inconvenience. Moreover, considering your previous question, we have planned measures to prevent such situations from occurring again."
Knowledge transfer	"*We implement a knowledge transfer approach that follows a top-down command structure. As part of the upper management team, my responsibility, along with other executives and specialists, is to convey specific information and skills to our lower-tier unskilled workers. We support knowledge transfer through written instructions and procedures. These documents serve as guides for our unskilled workers on how to perform specific tasks. As part of the upper management team, we regularly observe and supervise the performance of our workers. This allows us to correct any misunderstandings and quickly identify and address any shortcomings*."

Source: made by author

As seen also in Table 6, it is evident that most of the investigated factors have a positive impact on the resilience of Family Firm Y. They prioritize resourcefulness by reinvesting earnings into tangible assets and utilizing personal savings during financial challenges. Their planning approach focuses on financial strength, including a reserve fund, workforce expansion, and salary increases.

Another point to consider is that these factors can have indirect effects on each other. Despite a workforce largely composed of unskilled laborers, the impact of skilled finance personnel enhances discipline and organizational efficiency.

Effective communication is emphasized, illustrated by a prompt resolution example, with proactive measures to prevent future challenges. Knowledge transfer follows a top-down approach, involving upper management, written instructions, and regular observation to ensure seamless knowledge sharing within the company.

However, some factors require extra precautions despite their potential to increase resilience. For instance, they believe that social networks can be helpful during challenging times, but they also believe that their use should be limited to prevent interference from other firms.

3.4.4 Findings Regarding to Family Firm Z

3.4.4.1 Challenges Faced by Family Firm Z and Corresponding Actions

This section analyzes the challenges faced by Family Firm Z and the actions taken by the firm to address these challenges. To provide an overview of the description of these challenges and the corresponding actions, Table 7 has been created. Then, the challenges indicated in Table 7 are analysed in detail.

Table 7: Challenges faced by Family Firm Z and corresponding actions

Challenges faced	**Description**	**Action taken**
Generating professionalism	Having unskilled family members do the work instead of skilled and capable professionals	(-) Since a consensus has not yet been reached among the shareholder family members, there is no action that can be taken
Resistance to adapt to market conditions	Reliance on outdated technology, lack of innovation, and resistance to professional management	(-) Since a consensus has not yet been reached among the shareholder family members, there is no action that can be taken
2008 Economic Crisis	Global Financial Crisis was the most severe worldwide	Cost reduction: the number of employees

	economic crisis since the Great Depression	Monitoring the financial situation and emphasizing efficient resource management

Source: made by author

Challenge 1: Generating professionalism.

As shown in Table 7, one of the main challenges of Family Firm Z is internal factors. In the family culture, there is a strong tendency to respect the eldest family member, which originates from the founder. However, while the founder may be competent in running the business, some of his successors may lack competence in certain areas. The interviewee explain this as:

"*When my father was alive, his decisions were always followed without question. In other words, although it was said that decisions were made unanimously, we could not go against what my father had decided. Since his passing, my brother now wishes to have a say in the management. However, he is not as successful in business as my father was. Personally, I believe in professionalism and do not consider my brother to be proficient in financial or investment matters. However, the company culture reflects our family culture. Currently, we are in a transitional period*."

Furthermore, the interviewee highlighted the importance of roles and responsibilities. According to her, tasks should be assigned to individuals who have received the necessary training and are most capable of handling them. Transparency and accountability should be principles of the business.

Challenge 2: Resistance to adapt to market conditions.

The main challenge faced by Family Firm Z is resistance to adapt to market conditions. The interviewee indicates that one consequence of their unprofessionalism, they are unable to adapt to the market. She highlighted that advanced technologies can facilitate streamlined operations and workforce reduction. The interviewee explain this as:

"*The main reason for this is that we rely solely only ourself rather than professionals. My father established this company 44 years ago. Unfortunately, we are still using the same outdated technology. We lack a dedicated technology department. Our competitors leverage more advanced technology to streamline operations and reduce workforce. As a result, our* *reliance on manual labor indirectly increases our costs*."

Challenge 3: 2008 Economic Crisis

During the 2008 economic crisis, the Family Firm Z faced a challenging period. They managed to overcome this period by using their own capital, as they were unable to collect receivables due to client bankruptcies and the lack of government support. To address this, Family Firm Z reduced employee costs and made efforts to maintain their financial strength.

3.4.4.2 Family Firm Z's Approach to Professionalisation and External Recruitment

As it is clear from section 3.4.4.1, there is a difference of perspective among the family members. While the interviewee advocates professionalism, the eldest brother wants to take decisions at his discretion and wants to limit the board of directors to family members only. On the contrary, the interviewee emphasises that it is best to rely on the expertise of professionals when it comes to specialised matters such as investment decisions. This is expressed as follows:

"*Personally, I would prefer to hire an expert as the finance manager, but the board of directors does not share the same view. My siblings believe that the board should consist solely of family members. It seems that this disagreement is rooted in ego, as they are hesitant to share their power. Since we are a strong company, we have not yet experienced any specific negativity in this regard.*"

3.4.4.3 An Analysis of the Factors that Contribute to the Resilience of Family Firm Z

Below, Table 8 includes the statements made by the interviewer related to resilience facilitators. These statements provide an understanding of the Family Firm Z's perspective on the mentioned factors.

Table 8: An analysis of the factors that contribute to the resilience of Family Firm Z

Factors	**Expressed by the Family Firm Z**
Resourcefulness	"*It was a really difficult period and if there was no money in our company, we would have gone bankrupt like our customers.*

	Because we did not receive any government support. We had to fight completely on our own."
Planning	"*We don't have plans. Because the management is in the family, we can take any decision we want immediately. We don't have long procedures. Thus, in case of any difficulty, we can take immediate decisions. I think we should have plans. We experienced the disadvantage of this during the 2008 crisis. Our customers went bankrupt and our customer portfolio decreased. We did not have a plan for this situation and were unsure of what to do. The government did not provide support. I strongly believe that companies should have contingency plans in place for economic crises*."
Human capital	"*Most of our employees are unskilled labour, so I don't think their skills are effective for us. But as I told you, we have to follow new technologies. When we achieve this, we will need qualified staff. I'd like to make another point about the staff. They're always complaining. It's hard to make them happy. We organise in-house meals to strengthen the bond within the company. There are a lot of layoffs. This is not a problem for us because we have many employees, but it creates an extra workload for the company*."
Social network	"*Certainly.. One notable instance that highlights the strength of our collaborative relationships occurred during a period of economic downturn a few years ago. Recognizing the challenges we were all facing, the collaborating company demonstrated a high level of flexibility in our agreements. For instance, they extended payment terms and adjusted delivery schedules to accommodate the financial constraints we were experiencing. This collaborative and supportive approach alleviated some of the immediate pressures on our company, allowing us to navigate through the tough economic times with more resilience.*"

Organizational structure	"*We are a company that listens to the employees, but frankly, whatever we say goes. We make the decision and they have to follow it. The reason we listen to them is to establish a friendly relationship, but they do not have much influence on decision-making*."
Communication	"*Our communication processes have followed a more traditional, top-down structure, especially during challenging times. In these situations, the leadership team takes a central role in disseminating information and directives to the rest of the organization. Critical updates are communicated through meetings led by the board of directors. While this approach may seem more hierarchical, we believe it brings a sense of order and clarity during uncertain times. Having a designated source of information helps avoid confusion and ensures that everyone receives consistent messages*."
Knowledge transfer	"*We have a unique approach to knowledge transfer. Rather than a formal mentorship model, we foster a more traditional master-apprentice relationship. This dynamic involves experienced craftsmen passing down their accumulated knowledge and expertise to the newer generation of workers. It offers a reliable and time-tested method for ensuring that the unique skills and craftsmanship are preserved and passed down to the next generation of workers*."

Source: made by author

Based on the statements mentioned above, it is clear that most of the resilience facilitators have a positive impact on Family Firm Z's resilience. They emphasize the importance of financial resilience and self-sufficiency during difficult economic times. Positive collaboration with business partners is also highlighted as important during economic downturns. Flexible agreements and support from collaborating companies helped alleviate financial pressures. Additionally, traditional, top-down communication during challenging times, with critical updates delivered by the board of directors, emphasized the importance of maintaining order and clarity through a designated source of information, minimizing confusion.

In contrast, it is evident that certain factors have no impact. Family Firm Z does not prioritize planning as part of their resilience strategies. As a family business, they make quick decisions without formal procedures. Furthermore, human capital is not an effective resilience strategy due to a lack of professionalism and a tendency towards independent decision-making on various issues.

3.5 Discussion

In the previous sections of this methodology, we conducted separate analyses for three different family firms: Family Firm X, Family Firm Y, and Family Firm Z. We explored their unique challenges, examined the actions they took to overcome these challenges, and discussed the resilience facilitators they utilized, as discussed in the literature. Now, our main objective is to merge these individual analyses of the three family firms, assess them collectively, and delve into the potential hypotheses that emerge from these insightful findings. This section will provide a summary of the previous sections without specific examples.

3.5.1 Role of Resourcefulness in Resilience

All three family firms prioritize the importance of financial resources and self-sufficiency, especially during challenging times. They recognize resourcefulness as a critical factor in their resilience, which is evident from the various difficulties they have faced. Financial resources have served as a solution in some cases, while in others, their presence has been crucial for implementing alternative solutions. Furthermore, these firms refrain from distributing dividends in order to maintain their financial power and to ensure robustness. Therefore, it is clear that strong financial resources are one of the primary reasons for the robust survival of all three family firms.

Accordingly, this study once again confirms the findings of Barasa et al. (2018), Dubey et al. (2018), McManus et al. (2007), and Habbershon and Williams (1999), who all indicate that the availability of resources is recognized as a crucial determinant of organizational resilience. The family firms participating in the study also support this finding. It is worth noting that this finding aligns with the conclusions drawn in Pal's study (2014), further reinforcing the importance of resource availability in maintaining resilience.

3.5.2 Planning for Uncertainties

Both Family Firm X and Family Firm Y emphasize the importance of planning to address uncertainties. Both firms implement strategies to handle unexpected situations, such as robust financial planning and the creation of action plans for potential challenges. Family Firm X specifically highlights the need to obtain documentation on the standards to be maintained in the business, emphasizing the essential nature of such planning in obtaining the documentation. In contrast, Family Firm Z lacks a formalized planning structure. The absence of lengthy procedures and the ability to make immediate decisions, while indicative of agility, is seen as a potential disadvantage during economic crises. It has been emphasized that if the firm is not financially strong, the lack of planning could result in bankruptcy.

Thus, Family Firm X and Family Firm Y support the perspective of MacManus et al. (2007) and (2008) by emphasizing the importance of planning in addressing challenges. Similarly, Family Firm Z demonstrates the validity of Campagnolo et al.'s (2022) viewpoint, as their lack of planning has placed them in a difficult situation during a crisis. As discussed in the literature, the failure to plan for challenges exposes the firm to the risk of being overwhelmed by a crisis and leaves limited time to identify new opportunities. Sufficient planning can enhance the firm's resilience to sudden shocks.

3.5.3 Impact of Social Networks

All three family firms believe that social networks have a positive impact on their business, especially during challenging economic periods. They find that social networks enable them to navigate tough economic times with increased resilience. The reasons for this belief vary among the firms. Family Firm X emphasizes the importance of connecting with external organizations to exchange ideas and gain insights into their challenges. On the other hand, Family Firm Z values the flexible conditions and pressure relief provided by social networks. While Family Firm Y acknowledges the potential support from social networks, the perspective of Family Firm Z suggests that collaborative relationships might be challenging due to potential interference.

Accordingly, this study reaffirms the findings of Barasa et al. (2018), Duchek (2020), and Lengnick-Hall & Beck (2005) regarding the importance of supportive and collaborative networks in organizational resilience. These findings are consistent with the experiences of family firms that participated in the study. It is worth noting that these findings align with the conclusions drawn in Pal's study (2014), further emphasizing the significance of social networks in maintaining resilience.

However, it is important to note that Family Firm Z highlights the need for caution when relying on social network support. Mixing this support with internal decisions may pose a threat to the firm's existence. Therefore, a different perspective has been introduced in the literature.

3.5.4 Workforce Dynamics

The perspectives of the 3 family firms towards employees differ. However, all three firms organize events involving both family members and employees to maintain business integrity. While Family Firm X and Family Firm Y prioritize long-term employee retention and growth within the company, this is not a concern for Family Firm Z. Family Firm X and Family Firm Y encourage employee advancement and value their competencies for crisis management. In contrast, Family Firm Z is not worried about employee resignations.

The participant family firms in the study reaffirmed the validity of the existing studies in the literature. Firstly, Family Firm X and Family Firm Y's efforts to integrate employees align with Sheffi's (2007) perspective. Both firms organize events to foster strong relationships between employees and management, aiming to support long-term working relationships.

Additionally, this study supports the results of Shan and Tang (2022), which suggest that companies with strong connections to their employees are better equipped to navigate the challenges posed by the pandemic. In conclusion, the findings of this study demonstrate that the long-term commitment of employees effectively contributes to crisis management in both companies. However, the impact of employee engagement does not apply to Family Firm Z. Therefore, the findings in the literature are not applicable to Family Firm Z.

3.5.5 Organizational Structure

Based on our analysis, we can conclude that all three family firms have a centralized structure. When making decisions, all three family firms engage in discussions with employees and seek their opinions. The goal is to establish a friendly relationship. However, only Family Firm X takes into account the opinions of its employees, although it does not authorize them to make decisions directly. In contrast, Family Firm Y and Family Firm Z merely listen without incorporating their input and take independent action. Therefore, Family Firm Y and Family Firm Z adhere to a hierarchical chain of command and implement decisions accordingly. As a result, employees have limited influence on the decision-making process.

The findings in this study contradict the literature. According to the research conducted by van der Vegt et al. (2015), organization hierarchies based on formal role definitions and authority centralization are no longer sufficient. Similarly, Manus et al. (2008) found that adaptive responses require the use of decentralized, team-based, or network-based approaches in the problem-solving process. However, the participants in this study have a central structure and believe that it enhances their organizational resilience.

3.5.6 Communication Process

The communication process is of utmost importance for all three family firms, each with their own unique reasons for prioritizing it. Family Firm X recognizes the value of constant interdepartmental communication and utilizes WhatsApp as a tool to facilitate this. By doing so, they aim to ensure proper documentation and minimize misunderstandings. On the other hand, Family Firm Y places a strong emphasis on communication in order to effectively address challenges as they arise. They understand that timely communication is key to resolving issues promptly and preventing them from escalating further. As for Family Firm Z, they have a more traditional top-down structure where communication is centralized through the leadership team, particularly during difficult periods. Critical updates and important announcements are conveyed through board-led meetings, which helps maintain order and clarity within the organization.

The diverse approaches to communication highlight the different organizational priorities of each family firm, which include the importance of documentation, swift issue resolution, and the preservation of order and structure. The findings of this study are consistent with those of McManus et al. (2008). Effective communication is an organizational resilience strategy in all three family businesses.

3.5.7 Knowledge Transfer

Each of the three family firms has a different structure for knowledge transfer. Family Firm X emphasizes professionalism and a deep understanding of the business. Through informal ways, they are facilitating a collective understanding and quick adaptation. In contrast, Family Firm Y employs a top-down command structure for knowledge transfer. Upper management, including executives and specialists, takes responsibility for conveying specific information through written instructions and procedures. Family Firm Z takes a unique approach by nurturing a traditional master-apprentice relationship for knowledge transfer. Experienced craftsmen play a central role in passing down their accumulated knowledge and expertise to the newer generation of workers. These diverse knowledge transfer strategies reflect each family firm's commitment to effective information dissemination and skill development within their organizational structures.

3.5.8 The Importance of Retaining Ownership in the Family Member

All three family firms express their strong confidence in maintaining ownership of the firm. Family Firm X and Family Firm Y have explicitly stated that their strategic decision to not distribute shares to non-family members managers has proven to be effective in their willingness to entrust management to highly skilled professionals. Moreover, in alignment with their commitment to preserving family values and legacy, Family Firm Z also places a high emphasis on retaining management control within the family and avoiding the inclusion of non-family members in the board of directors.

3.5.9 Family Culture and Decision-Making

In all three family firms, decisions are made through majority vote, but the decision-making mechanisms differ due to their prevailing firm cultures. Family Firm Y, being in its 1st generation, is actively establishing a culture that emphasizes professionalism. Family Firm Y adopts a democratic approach to decision-making, where every member has an equal say. On the contrary, Family Firm Z has a distinct culture of honoring and respecting family elders, which has been passed down from the founder to the successors. In this firm, family members give more importance to their position within the family hierarchy rather than relying solely on expertise when making decisions.

Although Family Firm X initially shared a similar culture with Family Firm Z, the fourth-generation members have veered away from this tradition. They consistently advocate for expertise and democratic decision-making, prioritizing meritocracy over family status. This shift in perspective and values showcases the evolving nature of decision-making within

Family Firm X and highlights the influence of generational changes on the decision-making process.

3.5.10 Professionalization and External Recruitment

Family Firm X and Family Firm Y actively seek professional expertise and external recruitment for managerial roles, prioritizing competence over family membership. They believe that this approach allows the firms to tap into a wider pool of talent and bring in fresh perspectives that can contribute to overcoming challenges. Therefore, we can clearly say that professionalism and external recruitment enhances their resilience.

In contrast, Family Firm Z faces an issue with disagreement among family members regarding the inclusion of external professionals in key roles. The majority of shareholders argue that management should be entrusted to family members. The Family Z does not consider lacking the necessary skills and abilities for the role and tasks to be important.

Contrasting views on professionalization are present in the literature, as mentioned in the previous sections. Family Firm X and Family Firm Y align with the findings of Chua et al. (2009) and Smith (2003). These studies emphasize the importance of professionalization and the recruitment of qualified external workers in enhancing the survival and performance of family firms. However, Family Firm Z presents an opposite result, consistent with the study conducted by Amore et al. (2002). Similar to Amore et al. (2002), Family Firm Z argues that family firms perform better during crisis periods when the owner assumes the role of executive chef, president, or general manager, rather than bringing in an external candidate. Zahra (2003) and Zellweger (2017) also support the idea that family members tend to hold different positions of authority within the top management team.

Through in-depth analyses of three family firms, several key themes emerged. Firstly, the role of resourcefulness was found to be paramount, with strong financial resources and self-sufficiency playing a critical role in resilience. Planning for uncertainties was identified as another crucial factor, highlighting the importance of proactive strategies in navigating unexpected situations. Additionally, the impact of social networks was significant, with collaborative relationships contributing positively to resilience, albeit with the caveat of potential interference. Workforce dynamics and communication processes, knowledge transfer strategies, and ownership retention within the family were also found to influence resilience outcomes. These findings align with and contribute to existing literature on organizational resilience in family firms, emphasizing the multifaceted nature of resilience-building processes.

Notably, the organizational structure played a pivotal role, with all three firms favoring a centralized decision-making approach. Contrary to the prevailing literature advocating for decentralized structures, the findings suggest that a centralized structure contributes to resilience by facilitating swift decision-making and maintaining clear lines of authority.

3.6 Limitations and Further Researches

While the selected family firms in this study exhibit various interesting aspects, it is not possible to directly generalize the findings and establish a definitive correlation between family firms and resilience. Family firms, like families themselves, vary greatly from one another. Therefore, further examination of the findings with a broader range of empirical examples is needed to gain a deeper understanding of resilience dynamics in family businesses and to validate the general applicability of our assumptions.

The limited scope of our study is also evident in the absence of a comparable non-family firm that could serve as a counterpart. However, it is important to note that by including both family firms and non-family firms in future research, we will be able to expand the breadth of our analysis and gain a more comprehensive understanding of the topic at hand.

Lastly, culture is a significant factor to consider when analyzing family firms. These firms have the potential to reflect and embody the unique cultural characteristics of the region or country in which they are situated. Exploring and conducting a comprehensive cross-regional or cross-country study can provide us with a deeper understanding and more precise insights into the dynamics and impact of culture on family firms.

CONCLUSION

This study conducted a comprehensive examination of the challenges faced by family firms and how they foster resilience, addressing a significant gap in the existing literature. The study examined the fundamental aspects of family firms, including their governance structures, family involvement, succession mechanisms and the challenges faced by them. Additionally, it investigated the concept of organizational resilience and identified important factors that contribute to it, such as resourcefulness, planning, human capital, organizational learning, social networks, organizational structure, leadership, information management, and culture. The study particularly highlighted the role of professionalization and external acquisitions in promoting resilience within family firms.

Through qualitative research involving interviews with three family firms located in Izmir, Turkey, this study carefully examined the challenges they faced in their daily operations and the specific measures they took to overcome these challenges. The findings from Family Firm X, Family Firm Y, and Family Firm Z revealed the complex nature of resilience strategies and emphasized the key factors that contributed to their resilience. These factors included access to financial resources, effective planning, utilization of social networks, promotion of communication and knowledge transfer, and establishment of a strong organizational structure. Additionally, the importance of retaining ownership within the family and balancing professionalism with family values emerged as critical themes.

This research not only contributes to addressing the current lack of literature on resilience strategies in family firms but also provides valuable practical insights for stakeholders. By identifying and analyzing these factors, the study aims to contribute to the development of best practices and guidelines specifically tailored to the unique context of family businesses. Ultimately, the findings of this research aim to support the long-term success and sustainability of family firms in today's dynamic and highly competitive business environment.

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APPENDIX A
INTERVIEW QUESTIONS

1. Background

Can you provide a brief introduction to your family firm, including its history, size, number of employees, and primary business activities? What is your role in this firm?

2. Governance

Can you provide information about the current composition of the board of directors? If there are women on it, which positions do they hold?

Could you share insights into the founder's role within the organization and their influence on its direction? In what ways does the founder's presence impact the company culture and decision-making processes?

3. Understanding Challenges

What specific challenges has your family firm faced in its history, and how did you address them? Could you provide specific examples of actions or steps that the family firm took to address these challenges, and describe the outcomes? As an example, cost cutting, recruiting/training employees, adopting a new technology, strategic partnership, etc.

4. Resilience Facilitators

Now, please evaluate the following topics, taking into account the challenges mentioned in the previous question:

- **Resourcefulness:** Do you believe that firm resources play a role in overcoming challenges? Have you experienced specific examples?
- **Planning:** did you have any pre-established plans in place to address challenges, such as risk management or business continuity plans? If so, were these plans effective in managing the challenges? Do you believe they are effective in dealing with challenges?
- **Human Capital:** do you think that the capacity and skills of your employees are effective in dealing with challenges? Can you provide examples from the challenges you have experienced?

- **Social Network:** for the sake of this question, please refer to social network as the interconnected web of relationships and collaborative connections established with external entities, including other businesses, institutions, and stakeholders. Was there a difference in your social networks before and after the challenges? Do you think that the social networks that existed during the challenges (if any) were effective in overcoming the challenges?
- **Organizational Structure:** how was your current organizational structure before and after the challenges (centralized/decentralized)? Do you think your current structure has an impact on challenge management?

5. **External Staff**

   Do you prefer hiring external staff? Do you place them in senior positions such as CEO?

   Do you believe that external staff have an impact on challenges response? If so, what contributes to this impact (e.g., abilities and capacities)?

6. **Communication and Knowledge Transfer**

   Could you provide examples of how communication processes have evolved during challenging periods? Do you believe these processes have been effective in dealing with challenges?

   What are the knowledge transfer practices in your organization? Do you believe these practices are effective in dealing with challenges?

7. **Final Remarks**

   Is there anything else you would like to share about your experience in dealing with challenges?

APPENDIX B
INTERVIEW CONSENT FORM

I……………………………………… voluntarily agree to participate in this research study:

I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.

I agree to my interview being audio-recorded.

I understand that all information I provide for this study will be treated confidentially.

I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

I understand that disguised extracts from my interview may be quoted in dissertation, conference presentation, published papers etc.

I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.

I understand that signed consent forms and original audio recordings will be retained until the exam board confirms the results of their dissertation. I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years from the date of the exam board.

I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.

Signature of Participant	Signature of Researcher
Date:	Date:
____________________	_____________________

APPENDIX C

Interview Transcript of Family Firm X

A: Can you provide a brief introduction to your family firm, including its history, size, number of employees, and primary business activities? What is your role in this firm?
B: Our company was founded in 1925 by my grandfather, and this year we are celebrating our 99th anniversary. Initially, we started as a pulses wholesale business. Today, we are a family-owned company in its 4th generation. While my father was an exporter, political conditions in the country led us to shift our focus to being a supplier for global companies in Turkey. We are currently the largest supplier in Turkey, specializing in bringing pulses from the field to the table. All our shareholders are family members.

A: What is the number of your employees?
B: The number of employees varies between 60-100 depending on the season. Additionally, we always have 12 consultants, including lawyers, doctors, investment experts, and occupational safety experts.

A: Can you tell us about the board of directors? Are there women? If yes, what are their roles?
B: Our board of directors consists entirely of family members. I, along with my sister and nephew, serve on the board. My sister is the product quality manager, while I hold the positions of export and purchasing manager and general manager. I have taken on the purchasing role because of my long-standing connection with the company and the villagers. As a child, I used to come to work with my father, and I have maintained a strong relationship with the villagers over the years. They prefer to work with me due to this personal connection. This should not be seen solely as a business relationship. Even when I was in university, I used to visit the company on weekends and have lunch with the villagers. They perceive me as the owner of the company and prefer to communicate with me.

A: So, you believe it is not appropriate to hire non-family members for the purchasing role?
B: While I believe it is useful to hire non-family members in our company, I personally believe that a family member should handle the purchasing task. As I mentioned earlier, this role is heavily reliant on social relations. The villagers prefer to negotiate and do business with a family member. I could hire a CEO who is 50 years old, but the villagers would not want to work with them. This should not be seen as unprofessional, but rather as a market

effectiveness strategy. I view the purchasing role as an exception to the normal standards of professionalism. Someone else can handle the selling, but the responsibility for purchasing should come from within the family.

A: So, do you hire non-family members for managerial positions?
B: Yes, definitely. Non-family members can serve on the board of directors since they won't be shareholders. Currently, our business manager is an agricultural engineer from outside the family. The most important factor for us is to have competent individuals. We believe that board membership should not be limited to family members only. We rely on professionals for tasks such as accounting and investment decision-making. These responsibilities are not within our scope. Our company's objective is growth, and we have no ego issues. We prioritize hiring capable individuals for managerial positions, regardless of their background. However, it is crucial that these individuals join the company from within and contribute over time. This is of great importance to us. However, if someone is directly qualified for a managerial role, we have no objections. Another important aspect is that we collaborate with global companies. They have specific requirements and expectations, such as green energy. Without meeting these conditions, it is not possible for us to work with global companies. Therefore, we learn about institutionalization from them. To engage in business with global companies, it is essential for us to work with professionals. In other words, the system compels us. Companies determine our standards.

A: Do you think the founder of the company has an impact on the company culture? In what ways does the founder's presence impact the company culture and decision-making processes?
B: Yes, I learned this company culture from my father, who learned it from his father. We have learned to establish a family-like relationship with the employees, thus continuing the culture created by the founder. However, there have been changes, such as the decision-making process. In the past, decisions were based on the authority of the older family member, but now decisions are made jointly.

A: Let's discuss the challenges you have faced in your family business. Can you share some unexpected challenges you have encountered in your history and how you dealt with them?
B: Our main challenge is the absence of an agricultural policy in Turkey. Unlike European countries, Turkey does not have clear guidelines on which crops to plant, how much to plant,

and the expected prices. This makes it difficult for us to forecast prices. In some years, certain crops are produced in smaller quantities due to weather conditions or previous year's price policies. For example, farmers may choose to stop planting wheat if they did not make a profit the previous year or if weather conditions are unfavorable. As a result, if wheat production decreases and the market supply is low, prices will increase, and we cannot predict this in advance. The lack of an agricultural policy is a significant issue. Each farmer cultivates according to their own preferences, and there is a lack of investment and support in the agricultural sector. Instead of enduring losses, many villagers opt to quit the business. Another recent example is the rise of tomato paste factories, which led to farmers shifting their focus to growing tomatoes, as it proved to be more profitable. Consequently, we lost our position as the top exporter of wheat. This situation can be attributed to the absence of an agricultural policy.

A: So, are there any measures you can take to deal with these unforeseen situations?
B: For example, if we supply a large quantity of products to a company and there is underproduction, we can import from another country. There is always a solution. We always have an action plan. These plans are shared and approved with global clients in advance.

A: Do external imports affect your performance?
B: No, my earnings remain the same. It does not harm us economically, but the country incurs losses.

A: Is there any other challenge you would like to share?
B: Yes, the lack of job descriptions within the firm. I believe this is crucial in a family business. It is important for everyone to have clear roles and responsibilities to avoid making emotional decisions. We typically rely on majority decision-making. Small decisions are made collectively with individual discretion. For major decisions, we consider the majority opinion of the board of directors. This is the primary issue faced by family businesses: the tendency to make decisions based on personal preferences.

A: Do you have any specific examples of this?
B: Yes, we have many examples. In the past, decisions were made without considering the majority opinion. My uncle and father used to make all kinds of decisions, but often ignored my uncle's wishes, resulting in wrong decisions. The key is to make the right decisions,

regardless of their ages or family member status. That's why we are always open to hiring non-family members. These individuals won't be shareholders, but anyone who can contribute to the company's success can hold any position, including top-level positions. While we have the final say in decision-making, we are open to ideas and value everyone's opinion.

A: Now, let's discuss financial and physical resources. Do you believe that firm resources play a role in overcoming challenges?
B: Definitely. For me, financial resources are the most crucial factor. Money is the biggest challenge of our time. We strive to avoid taking foreign loans and instead rely on our own equity capital. We continue to grow using equity capital without distributing dividends. Without money, there can be no growth.

A: Do you have any plans in place to address challenges? Do you believe that this is an important factor in overcoming them?
B: We always have a business continuity plan for production, along with comprehensive insurance coverage for natural disasters. Additionally, our BRC certificate mandates the development of risk management plans. This is a requirement for maintaining our quality certification.

A: Do you think your employees have the necessary skills and abilities to effectively cope with challenges?
B: Yes, our department heads are long-time employees who are experts in their respective fields. It is crucial for our employees to have long tenures with the company, as they gain valuable experience over the years and encounter various challenges. By witnessing how we solve these challenges, they acquire valuable experience. As a result, our employees are well-equipped to handle different types of challenges, and we rarely encounter any issues. Employee satisfaction is also of utmost importance. The happier they are, the more invested they become in their roles.

A: To this question, talk about the relationships and cooperation links established with external organisations, including other businesses, institutions and stakeholders. Do social networks have a positive impact on tackling challenges?
B: Yes, social networks have a positive impact because they enable us to be in contact with external organizations and exchange ideas. Through this exchange, our thinking is developed

and we gain insights into the challenges they face. As we have established business relationships with global companies, we are always striving to maintain this process. Consequently, we are solution-oriented and continuously exchange ideas. This support helps us navigate crises more easily.

A: How is the current company structure? Are decisions made from the top down or is there a decentralized structure?
B: Decisions are made collaboratively by the board of directors and employees. We don't make decisions by simply saying "we wanted it". Instead, we strive to make decisions collectively. Our goal is to ensure employee productivity, and we highly value the opinions of our employees. After all, they have a better understanding of their own work. We don't consider ourselves as bosses; we are like family members working here and receiving a salary. We don't distribute dividends. We are what our employees are. Even though we own the company as a family, we avoid projecting that image. We prioritize listening to our employees before making decisions and aim to make decisions together with them. Everyone is treated equally. They face the challenges alongside us.

A: How does communication occur within the company?
B: We use Whatsapp groups for this purpose. There is constant communication between each department. The main objective of using Whatsapp is to have documented evidence. All conversations are written down. Written communication is crucial to prevent misunderstandings. We cannot use the excuse of "I didn't see it, I didn't know". Transparency is maintained, as everyone has access to all information.

A: What are the knowledge transfer practices in your organization? Do you believe these practices are effective in dealing with challenges?
B: Our knowledge transfer practices primarily revolve around the principles of professionalism and deep understanding of the business. For instance, in the past year, we faced a significant challenge in adapting to new food safety regulations imposed by the industry. Recognizing the need for a collective understanding and response, we organized a series of informal workshops. During these workshops, the business manager shared his insights on interpreting and implementing the new regulations, drawing from her extensive experience in the food industry. The success of this knowledge transfer instance was evident

as the team quickly adapted to the new regulations, ensuring compliance and maintaining the high standards of professionalism the company values.

A: Is there anything else you would like to share?

B: Being a family-owned company has been beneficial for us. For instance, during the Covid period, a global company we collaborated with requested quick delivery of goods. We responded by opening our factory even on Sundays, and we managed to avoid any losses during that time. As a family business, we are able to make decisions more quickly and organize ourselves more effectively during crises. Unlike in a corporate company, we are not bound by strict procedures. When we decide to open the factory, we do so without delay. This enables us to solve problems and make progress at a faster pace.

APPENDIX C

Interview Transcript of Family Firm Y

A: Can you give information about the history, field of activity and size of your company?
B: Our family company operates in the food industry, specifically as a food wholesaler. We supply various out-of-home establishments, including hotels, restaurants, factories, and hospitals, meeting all of their food requirements. All shares are owned by family members. Currently, we have a team of 12 employees.

A: What year was your company established?
B: We founded in 2010. It's a company I founded. We are still the first generation.

A: Can you give information about the board of directors? If there is a woman, what is her role?
B: There are 3 of us on the board: me, my sister and her husband. My sister holds the position of general manager. She has all signature authorisations. Actually, I am the financial manager but honestly I provide the overall management, but we made my sister as a general manager in order for her to be a woman entrepreneur.

A: What do you think about your family firm culture?
B: We are a new firm. For this reason, we have not yet established a culture. I am trying to create everything from scratch. We will see if this will be passed on to the second generation.

A: Let's discuss some of the unexpected challenges your company has encountered in the past. Can you provide examples of these challenges? How were they addressed? Were the solutions successful?
B: One of the significant challenges we faced was in the initial establishment of our customer portfolio. This portfolio is dynamic and constantly evolving, as customers may close their businesses, leading to missed business opportunities. As a result, we had to continuously adapt and update our portfolio to ensure that we capture new potential customers and capitalize on emerging business prospects. This ongoing process of managing our customer portfolio has proven to be crucial in maximizing our business growth and staying ahead in the competitive market landscape. Without our own capital during these times, sustaining the business would have been impossible. I personally kept the company afloat by using my own

savings. In addition, we carry out solid financial planning to manage cash flow effectively. Another way to overcome this is that we are expanding our portfolio by targeting customers from various segments. For instance, we do not exclusively focus on hotels as our customers. Instead, we aim to minimize segment-related risks by selecting customers from diverse areas. Our goal is to avoid relying solely on a single customer for income.

Another example was the impact of Covid. The customers we collaborated with during the pandemic had to close their companies, which affected our business continuity. Once again, I relied on my personal savings to overcome the financial challenges during this difficult period and carried out solid financial planning. If similar crises like Covid occur in the future, I am uncertain if we can continue operating.

Our main challenge is the availability of skilled labor in Turkey, which is very low. It is difficult to find the staff we need, and even if we do find them, they tend to work for a short period of time before leaving. Ensuring employee continuity is crucial for us.

A: You said that the lack of constant staff is an important challenge for you. Are there any measures you have taken against this?

B: We are trying to apply a high wage policy for employees and increase social opportunities, we aim to ensure their satisfaction and promote business continuity. However, this requires financial resources. Additionally, we strive to foster sincerity with our employees, such as by organizing weekly meals and encouraging team activities involving everyone, including the boss, warehouse staff, and accountants. It is crucial to motivate them to prevent turnover. In large corporate companies, staff turnover may not be a major issue due to the abundance of employees. However, in small companies, it can be challenging to replace staff members when they leave their positions. We aim to avoid increasing the headcount beyond a certain threshold, as doing so would require additional personnel such as doctors, labor guards, and so on.

A: Considering the political conditions of the country, did you encounter any difficulties due to this? What was your solution?

B: Finally, there is the challenge of conducting trade in Turkey. Currently, there is no legal framework in place for trade. For instance, if we receive a cheque for a transaction, we are unable to process it. This leads to financial loss as the cheque holds no legal power. Even if we file a lawsuit, we may not be able to recover our funds as the person may not have any assets under their name. We are left relying on the individual's goodwill, as there is no law to enforce payment. Trust becomes the basis of our trade operations in such circumstances. We cannot do anything about the legal difficulties arising from the political structure. Trade security should be ensured by improving the legal system. However, we are trying to make a risk analysis. We do not work with companies that we think are risky, but it is not always possible to foresee this.

A: Now let's shift our focus to financial and physical resources. Are these resources effective when we encounter difficulties? Does the state of resources change before and after a crisis?
B: The main challenge arises when the companies we work with terminate the business relationship. This results in a significant loss for us. Without sufficient financial resources, we cannot sustain our business. We do not distribute dividends. Instead, we use our earnings to acquire assets such as properties and vehicles for the company.

A: Do you have plans for dealing with difficulties? Have these plans been useful in the past when you faced difficulties?
B: That's a great question. Yes, we do have plans in place. One of our most effective plans is ensuring financial strength. If you have sufficient funds, you can better handle difficulties. We allocate additional funds for this purpose. For instance, we have a reserve fund, which we use when checks are not paid or during crises, or when we need to make significant purchases of goods. Another plan is to increase our workforce by doubling the number of employees. We are currently working on allocating funds for this initiative. With adequate funds, we can increase salaries and ensure the continuity of our staff. We are always proactive in our planning for these situations.

A: Let's focus on the employees. How do you think their skills and competences relate to challenge management? Can you provide specific examples?
B: Our employees are unskilled laborers. Only the skills of the employees on the accounting/finance side, whom we consider close to management, have an impact on us. For instance, we hired a finance manager last year. He contacts customers and monitors debts. His constant control ensures discipline among the unskilled laborers. The workers know they will be supervised, so they work harder. This, in turn, makes our job easier. Since the finance manager started working, we have a better understanding of our incoming and outgoing payments, which brings more organization to our operations.

A: To this question, talk about the relationships and cooperation links established with external organisations, including other businesses, institutions and stakeholders. Do social networks have a positive impact on tackling challenges?
B: Of course, we receive assistance from time to time. However, it is important to carefully organize when and where to utilize these aids. Otherwise, they may interfere with our business operations. For recruitment, we have a co-operator who assists us. We also receive help with data processing, as we are unable to handle it ourselves. However, this assistance is not provided on a regular basis. We only seek help when we encounter particularly challenging situations. For instance, last month we required the support of two additional staff members to manage a large purchase of goods. Thanks to the organization we collaborate with, we were able to swiftly resolve this issue.

A: How is your company organised? How are decisions made? Do you take everyone's opinion?
B: We always listen to the employees at the social events for the firm I mentioned to you. But the employees always complain. All ideas converge on me. There is democracy, but whatever the boss says is the last thing to happen. We can't do business if we do everything the employees say. They always want more. When making decisions, everyone in the board of directors expresses their opinions and we take decisions unanimously.

A: You said that the board of directors always consists of family members? Do you favour hiring non-family members for the top management positions? Do you think that non-family skilled labour will be effective in overcoming difficulties?
B: Employees should start from the bottom and familiarize themselves with the system. However, the new generation tends to be impatient and desires rapid advancement. Sales employees are not willing to wait and become managers overseeing a team of four. As a result, we have to hire external managers since we lack qualified internal candidates. The most experienced person has been with us for only three years. Ideally, we prefer to promote individuals who we have trained to top positions, including the board of directors. While we aim to maintain our family business structure through shared ownership, we can entrust management to professionals. Given my past experience as a CEO, I believe I am well-suited for this role. All I seek is professionalism.

A: Do you think there will be conflict if you make a non-family employee CEO?

B: No, because we already own the shares. We will make decisions as family members. The only thing I ask from the top managers is that they add professionalism and carry us forward. Otherwise, since we are the majority, we can make any decision we want.

A: How is the communication process for the firm progressing? Do you think that the communication process has a combating effect?
B: Yes, communication is crucial. We have an effective information flow system that keeps us informed about potential challenges and enables us to find solutions promptly. Every Monday, we have a meeting with the finance team to prepare weekly payments and align our planning based on the information they provide. On Tuesdays, we meet with the warehouse team to discuss inventory levels for different products. Additionally, we have daily meetings with the sales team. All these meetings are interconnected.
Let me provide an example to highlight the significance of information flow: Last week, a major customer returned a large quantity of foods. We need to understand why the client rejected them and address the issue. These foods required a delivery temperature of -18 degrees, but the customer discovered that the temperature during transportation was -15 degrees. If we hadn't identified the cause of this discrepancy and taken appropriate measures to address it, we would have lost this significant customer, leading to financial difficulties. However, we understood the issue and worked on compensating for the inconvenience. Moreover, considering your previous question, we have planned measures to prevent such situations from occurring again.

A: What are the knowledge transfer practices in your organization? Do you believe these practices are effective in dealing with challenges?:
B: In our firm where the majority of our workforce consists of unskilled workers, we implement a knowledge transfer approach that follows a top-down command structure. As part of the upper management team, my responsibility, along with other executives and specialists, is to convey specific information and skills to our lower-tier unskilled workers. We support knowledge transfer through written instructions and procedures. These documents serve as guides for our unskilled workers on how to perform specific tasks. As part of the upper management team, we regularly observe and supervise the performance of our workers. This allows us to correct any misunderstandings and quickly identify and address any shortcomings.

A: Is there anything else you would like to share?

B: We should avoid engaging in ego-driven behavior. The person who can do the job well should be the one to do it. Being the boss doesn't automatically make me better at doing the task. In addition, the staff should have a little patience. They shouldn't change jobs all the time. As a firm, we constantly have to think about the salaries of our employees. Will he quit if I don't change his car? We can't focus on what we really need to focus on.

APPENDIX D

Interview Transcript of Family Firm Z

A: Can you provide a brief introduction to your family firm, including its history, size, number of employees, and primary business activities? What is your role in this firm?
B: Our family business was established in 1980 as a small workshop for metal machining and fabrication. Over the years, it has grown into an organization known today as Z Company. I co-founded the firm with my father, who unfortunately passed away last year. As a result, we are now a second-generation company. With approximately 120 employees, we offer a diverse range of products. Currently, I hold a managerial position in the Sales and Marketing Department of the company.

A: Can you provide information about the current composition of the board of directors? If there are women on it, which positions do they hold?
B: Currently, our board of directors consists of five members, including two females. One of the female members is myself, and the other is my sister. As previously mentioned, I work in the sales and marketing department, while my sister serves as the Logistics and Supply Chain Manager. We have three of my brothers serving on the board of directors with us. One is the general manager, another is the financial manager, and the third is the human resources manager.

A: Could you share insights into the founder's role within the organization and their influence on its direction? In what ways does the founder's presence impact the company culture and decision-making processes?
B: As I mentioned, our founder passed away last year. However, there is a long-standing culture that he established, and it is difficult to break away from it, even if I personally find it problematic. We come from a family in Anatolia, where there is great respect for the father and brother. Therefore, when my father was alive, his decisions were always followed without question. In other words, although it was said that decisions were made unanimously, we could not go against what my father had decided.
Nevertheless, my father was also a skilled businessman who consistently guided the company forward with his decisions. Since his passing, my brother now wishes to have a say in the management. However, he is not as successful in business as my father was. Personally, I believe in professionalism and do not consider my brother to be proficient in financial or

investment matters. However, the company culture reflects our family culture. Currently, we are in a transitional period.

A: What specific challenges has your family firm encountered in its history, and how did you tackle them? Could you give specific examples of actions or steps that the family firm took to overcome these challenges, and share the outcomes? For instance, implementing cost-saving measures, investing in employee recruitment and training, embracing new technologies, forming strategic partnerships, and so on.

B: I believe the problem I mentioned earlier is the most critical issue we are facing. It is essential to maintain professionalism within the company. Each person should have their assigned roles and responsibilities, and we should not base it on age. The tasks should be assigned to those who have received the necessary training and are most capable of handling them. Family conflicts can also arise from a lack of transparency and accountability among family members. My brother, who believes he can make decisions independently, does not consider himself accountable to us.

A: Apart from conflicts between family members, are there any other difficulties you can share with me?

B: Let me think.. I believe the company struggles to adapt to changes in market conditions, particularly when it comes to new technologies or rapid shifts in competitive dynamics. The main reason for this is that we rely solely only ourself rather than professionals. My father established this company 44 years ago. Unfortunately, we are still using the same outdated technology. We lack a dedicated technology department. Our competitors leverage more advanced technology to streamline operations and reduce workforce. As a result, our reliance on manual labor indirectly increases our costs. While the board of directors may see no problem due to our current financial progress, it is crucial for us to adapt to the market to ensure long-term success. I believe that investing in new technologies and innovation can enhance a company's competitive advantage and improve its ability to adapt to external influences. However, no actions have been taken thus far.

In addition, we have faced a major crisis in the past. During the economic crisis in Turkey in 2008, we made cost reductions. We reduced the number of employees from 200 to 80 at that time. Otherwise, it was not possible for us to survive the crisis. The reason for this was our inability to collect our receivables. Many of our customers went bankrupt. During this period, we closely monitored our financial situation and emphasised efficient resource management.

A: now, please evaluate the following topics, taking into account the challenges mentioned in the previous question. Do you believe that firm resources play a role in overcoming challenges?
B: The economic crisis of 2008, which I just mentioned, I said we reduced the number of our employees. But it was a really difficult period and if there was no money in our company, we would have gone bankrupt like our customers. Because we did not receive any government support. We had to fight completely on our own. If we didn't have money, we could go bankrupt like our competitors. We don't distribute dividends and save them. Sometimes we buy property and cars for the firm.

A: Okay, another question… did you have any pre-established plans in place to address challenges, such as risk management or business continuity plans? If so, were these plans effective in managing the challenges? Do you believe they are effective in dealing with challenges?
B: Honestly, we don't have plans. Because the management is in the family, we can take any decision we want immediately. We don't have long procedures. Thus, in case of any difficulty, we can take immediate decisions. I think we should have plans. We experienced the disadvantage of this during the 2008 crisis. Our customers went bankrupt and our customer portfolio decreased. We did not have a plan for this situation and were unsure of what to do. The government did not provide support. I strongly believe that companies should have contingency plans in place for economic crises.

A: Do you think that the capacity and skills of your employees are effective in dealing with challenges? Can you provide examples from the challenges you have experienced?
B: Most of our employees are unskilled labour, so I don't think their skills are effective for us. But as I told you, we have to follow new technologies. When we achieve this, we will need qualified staff. I'd like to make another point about the staff. They're always complaining. It's hard to make them happy. We organise in-house meals to strengthen the bond within the company. There are a lot of layoffs. This is not a problem for us because we have many employees, but it creates an extra workload for the company.

A: Okay, now let's talk about social networks. For the sake of this question, please refer to social network as the interconnected web of relationships and collaborative connections

established with external entities, including other businesses, institutions, and stakeholders. Was there a difference in your social networks before and after the challenges? Do you think that the social networks that existed during the challenges (if any) were effective in overcoming the challenges?
B: Certainly.. One notable instance that highlights the strength of our collaborative relationships occurred during a period of economic downturn a few years ago. We were facing a challenging situation where market conditions were unfavorable, and our usual business operations were significantly impacted. In this context, one of our key collaborators, a company owned by close family friends, played a crucial role. Since our collaboration was based on longstanding personal relationships, there was a level of trust and understanding that went beyond typical business partnerships. Recognizing the challenges we were all facing, the collaborating company demonstrated a high level of flexibility in our agreements. For instance, they extended payment terms and adjusted delivery schedules to accommodate the financial constraints we were experiencing. This collaborative and supportive approach alleviated some of the immediate pressures on our company, allowing us to navigate through the tough economic times with more resilience.

A: How was your current organizational structure before and after the challenges? Are decisions made from top to bottom? Do you think your current structure has an impact on challenge management?
B: We are a company that listens to the employees, but frankly, whatever we say goes. We make the decision and they have to follow it. The reason we listen to them is to establish a friendly relationship, but they do not have much influence on decision-making.

A: You indicated that there were only family members on the board. Do you favour having non-family members in the management? Do you believe that external staff have an impact on challenges response?
B: If the decision was up to me, I would be in favor of professionalism. While we have a family business, when it comes to making investment decisions, it is best to rely on the expertise of professionals. Personally, I would prefer to hire an expert as the finance manager, but the board of directors does not share the same view. My siblings believe that the board should consist solely of family members. It seems that this disagreement is rooted in ego, as they are hesitant to share their power. Since we are a strong company, we have not yet experienced any specific negativity in this regard.

A: Okay, how communication processes have evolved during challenging periods? Do you believe these processes have been effective in dealing with challenges?
B: Our communication processes have followed a more traditional, top-down structure, especially during challenging times. In these situations, the leadership team takes a central role in disseminating information and directives to the rest of the organization. Critical updates are communicated through meetings led by the board of directors. While this approach may seem more hierarchical, we believe it brings a sense of order and clarity during uncertain times. Having a designated source of information helps avoid confusion and ensures that everyone receives consistent messages. The leadership team also takes responsibility for addressing concerns and providing guidance to navigate challenges.

A: Similarly, what are the knowledge transfer practices in your organization? Do you believe these practices are effective in dealing with challenges?
B: In our organization, where the emphasis is on manual craftsmanship and hands-on skills, we have a unique approach to knowledge transfer. Rather than a formal mentorship model, we foster a more traditional master-apprentice relationship. This dynamic involves experienced craftsmen passing down their accumulated knowledge and expertise to the newer generation of workers. It offers a reliable and time-tested method for ensuring that the unique skills and craftsmanship are preserved and passed down to the next generation of workers.

A: Thanks, I have finished my specific questions. Is there anything else you would like to share about your experience in dealing with challenges?
B: I think that's all I can think of. Let me conclude by underlining that being a family business should not prevent us from professionalism.