Departamento de Dirección de Empresas "Juan José Renau Piqueras"

FAMILY FIRMS STRATEGIES IN TIMES OF CRISIS: A STUDY OF THE INFLUENCE OF SOCIO-EMOTIONAL WEALTH AND TOP MANAGEMENT TEAM CHARACTERISTICS

DOCTORAL DISSERTATION

Doctorado en Dirección de Empresas

PRESENTED BY:

Rafael Jordà Gómez

SUPERVISED BY:

Prof. Dr. Alejandro Escribá Esteve

and

Prof. Dr. Vicente Safón Cano

May 2023

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To my sons Rafael and Ignacio and my wife Andrea,
thank you for your unconditional love. I hope to make
up for the time spent away from you.

A mis hijos Rafael e Ignacio y a mi esposa Andrea,
gracias por vuestro amor incondicional. Espero
devolveros el tiempo robado.

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I have dreamed about this moment that I thought would never come. Having finished the Doctoral Dissertation and looking back, I have mixed feelings that are difficult to express in words. However, one of these feelings most often comes up is *Gratitude*.

I am grateful for having met wonderful people who have guided, trusted, and given me wings to fly high. Without them, achieving this critical challenge in my life would not have been possible.

Gratitude to the Universidad San Francisco de Quito for opening its doors to me and showing me the true value of freedom in an environment where the limit is set by oneself. Special thanks to Carlos Montúfar, who, as President of the university, gave me the necessary support to move my residence to Spain. Carlos, I will never forget our conversations in recent years about where higher education should go in the world and the benefits of a Liberal Arts education. Furthermore, I would like to thank Ximena Cordova, who, as Vice President of the university, allowed me to continue my work during a pandemic, thousands of kilometers away and with a 7-hour time difference. Xime, I remember when you asked me, *"Are you sure you want to live in Spain with your wife and children during the pandemic when the borders are closed, and there is still no vaccine?"* My answer was immediate, and I had no doubt when I told you: *"I am willing to pay any price to achieve this goal"*. At that moment, I promised myself to save those words for when I wrote these lines. On the other hand, to Diego Quiroga and Andrea Encalada, current President and Vice-President of the Universidad San Francisco de Quito, I owe the support received during these last two years. Thank you, Diego and Andre, for sharing great projects that align with this other project. I hope to be able to give back to the university twice as much as I have received, thanks to the support I have received from you.

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Estos cuatro años de vuelta en España han sido una oportunidad para rehacer amistades, recuperar algunas de las de toda la vida respetando que cada uno sigue su rumbo y en ocasiones

nos volvemos a encontrar. También hemos tenido la oportunidad de encontrar nuevas amistades con las cuales conectamos de una forma especial como si nos conociéramos de toda la vida, no quiero nombrar a nadie en especial pero cada uno de vosotros lo sabéis sin necesidad de ser nombrados.

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ABSTRACT

Family businesses represent the largest part of the world economy, contribute to the generation of nearly 70% of the global GDP, create 60% of the jobs in the world and are the predominant type of company in most developed economies, representing 65% of the existing companies in the world. In Spain, specifically, they account for 89% of all extant businesses, provide 67% of the country's employment, and generate 57% of the national gross domestic product. Despite the significance of family businesses in the global economy and their vital position in society, less than 30% of businesses reach the second generation and less than 50% reach the third.

There are factors intrinsic and extrinsic to the organization that can partially explain these results. Intrinsic factors are related to the internal management of the organization itself and how this affects the results of the company without taking into account the environment. While extrinsic factors relate to how the external environment influences the company's performance and, in turn, the management team's decision-making.

The 2008 financial crisis, the COVID-19 pandemic, and the recent conflict in Ukraine are just a few examples of the external factors that have caused significant crises for businesses in recent years.

This dissertation examines how adverse environments, such as the 2008 financial crisis, impact the decision-making of family businesses. Specifically, we analyze how the composition of management teams influences the intensity of retrenchment strategies and, in turn, the size of management teams.

To test the hypotheses, a questionnaire was distributed to 113 Spanish family businesses that had experienced the financial crisis of 2008. In order to analyze the reversal process, data from two time periods were collected: 2008-2013 for the retrenchment phase and 2014-2016 for the recovery phase. Specifically, decisions related to the company's strategy during both periods were studied in aspects such as expansion/reduction of the offer, changes in the product/service portfolio, ownership, governance or the composition and structure of the management teams.

The primary objective of this study is to analyze, from the perspective of social-emotional wealth (SEW), the role of top management teams and the influence of the family on the strategic decisions made by family firms. In particular, we investigate how the non-economic motivations that distinguish family firms influence their strategic behavior through the socio-emotional lens.

The first section of this dissertation is a systematic literature review on the turnaround process in family businesses. Few studies on turnaround in family firms are focused on the human dimension, i.e. how factors such as the composition of management teams can influence the strategic decisions of family firms in crisis environments caused by external factors.

The second section of the doctoral dissertation examines the impact of management team composition on the magnitude of retrenchment strategies in response to external crises. In particular, we show that family CEOs are more likely to implement severe retrenchment measures than non-family CEOs, partly because first-generation CEO founders are so intent on protecting their investments. In a similar vein, our results indicate that even though management teams with family members promote more severe retrenchment strategies, the opposite effect occurs when more than 65 percent of the management team consists of family members.

The third section of this thesis demonstrates how, depending on the composition of the top management team, the intensity of retrenchment strategies impacts the size of the management team to a greater or lessened extent. Our findings indicate that as retrenchment strategies intensify, the management team shrinks. In some cases, however, this effect may be moderated by the age of the CEO, the age of the management team, the number of family members in relation to the size of the management team, or the simultaneous implementation of retrenchment and recovery strategies. Specifically, our findings indicate that senior management teams are more likely to reduce their size in response to the implementation of severe retrenchment measures. On the other hand, the data analysis indicates that the size of the top management team will increase as retrenchment strategies become more aggressive. Regarding the percentage of family members in the top management team, our findings indicate that the reduction in the size of the top management team will be lesser as the percentage of family members increases.

Finally, this doctoral dissertation demonstrates that the composition of top management teams in family firms facing externally induced crises influences decision-making on retrenchment intensity and management team size.

RESUMEN

Las empresas familiares representan la mayor parte de la economía mundial, contribuyen a la generación de cerca del 70% del PIB a nivel global, crean el 60% de los puestos de trabajo en el mundo y es el tipo de empresa predominante en la mayoría de las economías desarrolladas, llegando a representar al 65% de las empresas existentes en el mundo. Concretamente en España representan el 89% del total de empresas existentes, proveen el 67% de los puestos de trabajo del país y contribuyen a la generación del 57% del PIB nacional. A pesar de la importancia de las empresas familiares en la economía mundial y de su importante papel en la sociedad, menos del 30% de las empresas alcanzan la segunda generación y de ellas menos de la mitad llegan a la tercera generación.

Existen factores intrínsecos y factores extrínsecos a la organización que pueden en cierta forma explicar estos resultados. Los factores intrínsecos están relacionados con la gestión interna de la propia organización y cómo esto afecta a los resultados de la empresa sin tomar en cuenta el entorno. Mientras que los factores extrínsecos están relacionados en cómo el entorno afecta al desempeño de la empresa y a su vez a la toma de decisiones por parte del equipo directivo.

En los últimos años las empresas en el mundo han sufrido grandes crisis provocadas por factores externos, desde la crisis financiera del 2008, la pandemia del COVID-19 o la reciente guerra de Ucrania.

Esta disertación doctoral se centra en analizar cómo entornos adversos tales como la crisis financiera del 2008, afectan a la toma de decisiones en empresas familiares. Concretamente, nos enfocamos en analizar cómo la composición de los equipos directivos determina la intensidad de las estrategias de retrenchment y cómo esto afecta a su vez al tamaño del equipo directivo.

Para analizar las hipótesis planteadas, se realizó un cuestionario a 113 empresas familiares españolas que habían enfrentado la crisis financiera del 2008. Con el propósito de analizar el proceso de *turnaround* se obtuvieron datos de dos períodos: 2008-2013 relativos a la fase de *retrenchment* y 2014-2016 relacionados con la fase de *recovery*. Específicamente, se estudiaron las decisiones relacionadas con la estrategia de la empresa durante ambos períodos en aspectos tales como la expansión/reducción de la oferta, cambios en el portafolio de productos/servicios, la propiedad, la gobernanza o la composición y estructura de los equipos directivos.

El objetivo principal de este estudio es analizar el rol de los equipos directivos y la influencia de la familia en las decisiones estratégicas tomadas por las empresas familiares bajo la perspectiva de la riqueza socio-emocional (SEW). Concretamente estudiamos cómo las motivaciones no económicas que caracterizan a las empresas familiares y se explican a través de la riqueza socio-emocional determinan su comportamiento estratégico en entornos de crisis provocadas por factores externos.

En la primera parte de esta disertación doctoral se realiza una revisión sistemática de la literatura sobre el proceso de *turnaround* en empresas familiares. Uno de los aspectos que más nos llamó la atención fue que pocos estudios sobre *turnaround* en empresas familiares se centran en la dimensión humana, es decir en cómo aspectos como la composición de los equipos directivos pueden determinar las decisiones estratégicas de empresas familiares en entornos turbulentos.

En la segunda parte del trabajo se analiza el efecto que tiene la composición de los equipos directivos en la intensidad de las estrategias de retrenchment como respuesta a crisis externas. Concretamente, evidenciamos que los CEO familiares son más proclives a aplicar medidas severas de retrenchment que los CEO no familiares, en parte debido a que en la primera generación al tratarse de CEO fundadores están muy centrados en salvaguardar su inversión. En esta misma línea, nuestros resultados demuestran que si bien es cierto que los equipos directivos que incorporan a miembros de la familia promueven estrategias de *retrenchment* más severas, en los casos en los que más del 65% del equipo directivo es miembro de la familia se produce el efecto contrario.

La tercera parte de esta tesis está centrada en demostrar cómo la intensidad de las estrategias de *retrenchment* afecta al tamaño del equipo directivo en mayor o menor medida dependiendo de la composición del equipo directivo. Nuestros resultados evidencian que a medida que las estrategias de *retrenchment* se intensifican, se reduce el tamaño del equipo directivo. Sin embargo, en algunos casos, este efecto puede ser moderado por la edad del CEO, la edad del equipo directivo, el número de miembros de la familia en relación al tamaño del equipo directivo o la simultaneidad de estrategias de *retrenchment/recovery*. Concretamente, nuestros resultados evidencian que los equipos directivos de mayor edad son más proclives a reducir el tamaño del equipo directivo como consecuencia de la aplicación de medidas de *retrenchment* muy severas. Por otro lado, el análisis de los datos demuestra que el tamaño del equipo directivo crecerá cuanto más agresivas sean las estrategias de *recovery*. Por último, en lo referente al porcentaje de miembros de la familia en el equipo directivo, nuestros resultados evidencian que la reducción del tamaño del equipo directivo será menor cuanto mayor sea el número de miembros de la familia en el equipo directivo.

Para finalizar, en nuestra investigación demostramos que la composición de los equipos directivos en las empresas familiares que se enfrentan a crisis de origen externo influye en la toma de decisiones sobre la intensidad del *retrenchment* y el tamaño del equipo directivo.

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CHAPTER 1:
Introduction

1.1 OBJECTIVE AND SUMMARY OF THE DISSERTATION

Family businesses represent a significant portion of national economies worldwide (La Porta *et al.*, 1999; Claessens et al., 2000; Anderson & Reeb, 2003; Morck & Yeung, 2003; Bennedsen et al., 2007). The significant number of family businesses raises the question of whether or not this type of organization is more successful.

In particular, the importance of FF is recognized by management literature as FF are the oldest and the most common form of business organization in the world, as we can see in some countries such as the USA (96%), Spain (89%), Germany (60%) or Brazil (90%) (Timmons & Spinelli, 2009). Specifically, family businesses represent 65% of all companies worldwide, create 60% of jobs and contribute 68% of the world's GDP (Puig, 2016). For example, in Spain, according to the Family Business Institute, they represent 89% of all companies, provide 67% of jobs and contribute 57% of the national GDP. However, despite the prevalence of FF in the business world, less than 30% of FF survive long enough to reach the second generation, and less than 50% of second-generation businesses survive to the third (Le Breton-Miller et al., 2004). Frequently, numerous young family businesses with high growth potential are gravely impacted by external factors they cannot control, such as the pandemic-caused present economic crisis. These facts highlight the need to gain a deeper understanding of the capacity of family businesses to navigate turbulent external environments.

Most of the extant research primarily compares business performance between family enterprises and non-family firms during periods of average economic growth or favorable market circumstance. However, studies during periods of depression or recession are scarce. It is intriguing to reevaluate how family businesses performed in comparison to non-family businesses during the economic crisis because, as Lins *et al.* (2013) contend, family businesses deviate from equilibrium to deal with the shock and other severe financial distress, amplifying both the advantages and disadvantages of family control and making it unclear which side dominates the other.

As a result of COVID-19, the world is experiencing one of the most severe economic crises since the 2008 banking crisis-induced global economic recession (Calabrò et al., 2019). In this challenging environment, many businesses will face significant challenges, both in terms of financial viability and adaptation to the pandemic-induced structural changes. Especially Family Firms (FF) face additional pressure to reconcile their financial and non-financial objectives (Gómez-Mejía et al., 2007; Lee, 2006).

Converserly, strategic management literature in Family Firms (FF) usually focuses on growth-oriented strategies (D. K. Robbins & Pearce, 1993). Nonetheless, in hostile contexts, business failure is a phenomenon that management researchers should study, particularly in FF (Casillas et al., 2019). Moreover, in recent decades, the effects of COVID-19 or the 2008 financial crisis have prompted management scholars and practitioners to prioritize research on crisis, retrenchment, and recovery strategies (Lai & Sudarsanam, 2007; Belling et al., 2022; D. K. Robbins & Pearce, 1992; Schweizer & Nienhaus, 2017; Trahms et al., 2013; Wenzel et al., 2020).

Specifically, business literature demonstrates that the execution of the turnaround/retrenchment process is crucial to a company's success or failure (Pearce & Robbins, 1993). In this regard, the structure of family ownership and the degree of family participation in the strategic decision-making process may influence how these processes are addressed and the turnaround performance of family businesses (DeTienne & Chirico, 2013).

We have evidence within the literature about retrenchment in FF and its scarcity; the literature offers contradictory arguments with conflicting results. Previous studies provide evidence that firm ownership structure influences the implementation of retrenchment measures (Casillas et al., 2019; Daily & Dalton, 1994; Elloumi & Gueyié, 2001). Specifically, some authors demonstrate how family involvement influences the severity of retrenchment measures and, consequently, the success of the recovery process (DeTienne & Chirico, 2013). For instance, Bauweraerts et al. (2021) suggest that CEO owners with highly concentrated decision-making power will take action to anticipate a crisis in turbulent contexts. Regarding the relationship between the CEO and the family, DeTienne and Chirico (2013) argue that when it is necessary to implement substantial strategic changes in a short period, a non-family CEO is recommended. Concerning the relationship between the family and the TMT, Berrone et al. (2012) argue that a high percentage of family members on the TMT adopt distinct perspectives compared to other organizations regarding the retrenchment measures to avoid a potential loss of SEW. Lastly, about founders within management, Cruz and Nordqvist (2012) demonstrate that the affective commitment to the family and the firm progressively diminishes in subsequent generations due to the incorporation of non-family members (Gómez-Mejía et al., 2007). This discrepancy of perspectives might be explained by the heterogeneity of FF (Salvato & Aldrich, 2012) and the different combinations of financial and non-financial goals (Gómez-Mejía et al., 2007). Since retrenchment is rarely examined in Family Firms despite being a critical phase of the recovery strategy, we focus on retrenchment measures in this study (D. K. Robbins & Pearce, 1992). We find evidence that the management literature highlights certain traits that characterize FF in crisis arising from the integration of family and business connections (Chrisman et al., 2002). Nevertheless, despite acknowledging these traits, the management literature is still developing its understanding of their consequences. Little research has therefore examined the specific components of FF and how this impacts their ability to implement turnaround measures in response to a crisis (Cater & Schwab, 2008; Laffranchini et al., 2020).

Therefore, to shed light on the retrenchment process in FF, we evaluate our hypotheses using original data from 113 Spanish family enterprises that confronted the recent global economic and financial crisis between 2008-2013 and 2014-2016. In addition, we examine strategic decisions made by companies about the strategies that firms emphasized during each of the periods analyzed; priorities and changes in their strategy portfolio; ownership and governance issues; and lastly, issues about TMT demographics, composition, and change.

We mainly focus our study on the role of Top Management Teams and the influence of family in strategic decision-making processes from the perspective of Socio-emotional Wealth (SEW) (Gómez-Mejía et al., 2007). Therefore, considering that the Socio-emotional Wealth perspective can explain the strategic decisions made by family businesses related to their heterogeneity and their different objectives (economic and non-economic), this study proposes to deeply understand the role of the top management team as a determinant factor of successful turnaround strategies through the socio-emotional wealth perspective in family firms.

In this dissertation, we contribute toward developing retrenchment literature in FF by extending the contributions of Trahms et al. (2013), who contend that there are significant voids concerning the non-economic motivation of family firms, particularly in a turbulent environment. Additionally, we contribute to developing the line of research initiated by DeTienne and Chirico (2013) and continued by other authors such as Casillas et al. (2019), Laffranchini et al. (2020), and Vandekerkhof et al. (2018). These authors demonstrate the connection between the actions taken during the downsizing process and the resulting composition and structure of the TMT responsible for these decisions. We aim to contribute to developing family firm literature by analyzing the intensity and scope of the retrenchment measures implemented by FF in turbulent contexts and the effects on the size of the TMT.

In the second chapter, we conducted a systematic literature review of the turnaround process in FF and SMEs. We found many aspects of FF that remain unexplored in this context, such as the scarce attention paid to the consequences of the family influence on strategic decisions, the effect of the identity with the firm, the relevance of the relationship with the environment, the role of the emotions and the preservation of the business to the next generations. Consequently, we provide evidence for and explore these intriguing opportunities for future studies. Finally, we highlight how mainstream turnaround academics see the SEW as a crucial component to better understand effective turnaround methods by drawing on the FIBER model (Berrone et al., 2012) that originated from the SEW approach.

Based on these findings, in the third chapter, we anticipate that the role of the family members in the TMT is crucial. Consequently, we analyze how FF intensifies or inhibits retrenchment measures in response to a performance decline caused by external factors during a period of crisis, focusing on the following contexts: a) the CEO is the owner; b) the CEO is a family member; c) family members are present on the top management team; d) members of the founding generation are present in management.

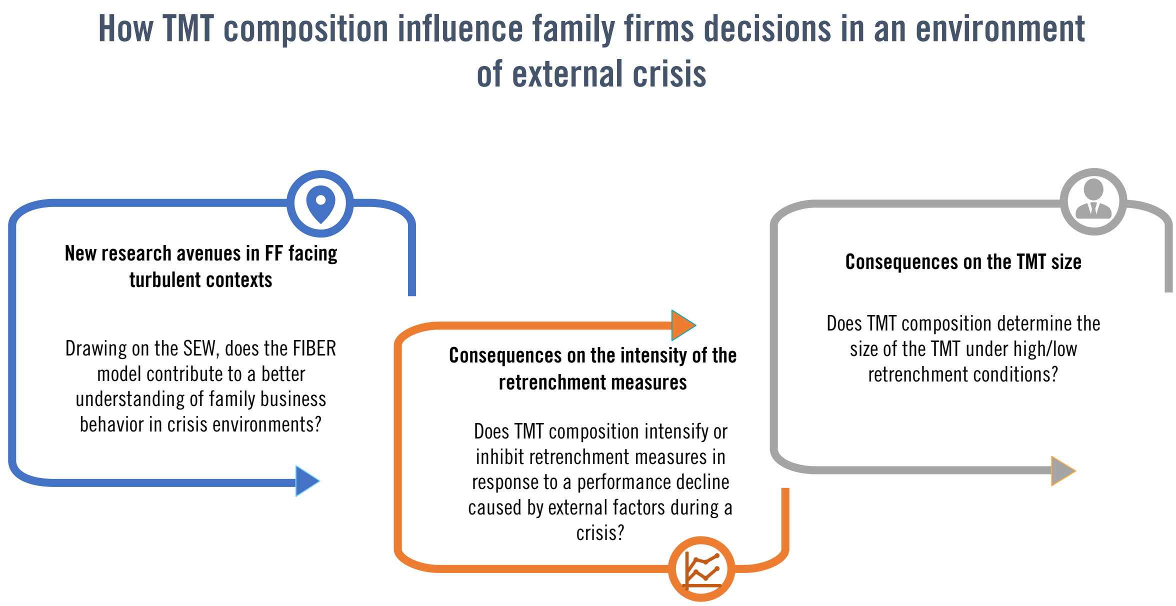
Following the importance of the TMT composition on the turnaround process, in the fourth chapter, we analyze the impact of TMT composition on the decisions taken by family businesses in turbulent environments. More concretely, we examine how the size of the management team expands or decreases under high/low retrenchment conditions. As a result of this study, we find that TMT age, the percentage of family members on the TMT, and the implementation of retrenchment and recovery strategies simultaneously influence the intensity of retrenchment/recovery measures and consequently affect the TMT size.

We based our justification on concepts from the upper-echelons theory (Hambrick & Mason, 1984), which persuasively asserts that managers' traits impact the results at the organizational level and strategic decision-making processes. More particularly, we establish that the CEO owner conducts intense retrenchment measures when the FF suffers high underperformance compared to the CEO non-owner (Che & Zhang, 2016). However, when underperformance is low, the CEO-owner will probably not take retrenchment measures or follow a low-intensity retrenchment order. Regarding the influence of the CEO as a family member, we find evidence that when the CEO is a family member, the intensity of retrenchment measures is less intense (Gómez-Mejía et al., 2007). Considering the percentage of family members on the TMT, our results prove that low levels of TMT family accentuate the relationship between underperformance and retrenchment (Chua et al., 1999). However, this effect is lost at percentages above 65%. Concerning founder generation in management, the results do not support the notion that founder generation in business management influences the intensity of the retrenchment measures.

Moreover, relating to the consequences on TMT composition, we provide evidence that the size of the TMT will decline in direct proportion to the intensity and duration of retrenchment efforts. We agree with Hofer (1980), who proposes that replacing the TMT is almost always necessary in a turnaround scenario, proving that TMT dismissals are crucial to the company's recovery. Nevertheless, our research shows that the slope of the association between retrenchment actions and TMT size will be more pronounced the more significant the TMT age. We contend that younger TMT increases TMT in dangerous circumstances because they are more entrepreneurial than older TMT (Pegels et al., 2000). About the strategy, we argue that the rise in TMT size will be more evident the more aggressive the recovery measures. Recovery measures are strategic changes that restructure and reposition a business for success and sustainable growth (Barker & Duhaime, 1997). Therefore, it is likely that the TMT will require significant modifications to implement these recovery measures, including its extension to encompass a variety of professional profiles that contribute to a more strategic mindset. Regarding the number of family members on the TMT, evidence suggests that the size decrease of the TMT will be less dramatic the more family members there are on the TMT (Wennberg et al., 2010). This notion is further supported by some data showing a substantial correlation between the proportion of family members in the TMT and the size changes under high-underperformance circumstances.

This may be summarized into a central research question and three supporting questions, which we shall attempt to address in this dissertation. We then compile them into a chart (see Figure 1).

Figure 1. Main research questions



Source: Prepared by the authors

To summarize, the main goal of the doctoral dissertation is to investigate how the composition of the management team influences the decisions of family firms in an external crisis environment. For this purpose, we conducted a literature review on family firms facing crises caused by external factors to identify gaps in the literature that enable us to comprehend their organizational behavior better. Furthermore, following Hambrick (1984) and the upper echelons theory, it is necessary to study the composition of management teams to better predict the behavior of family firms. We, therefore, investigated the degree of intensity of retrenchment strategies and compared it with the TMT Composition. Finally, we analyze how TMT composition determines TMT size under high/low retrenchment conditions. To achieve these goals, we investigate the effect of family ownership, the activity context of the firm, and managerial characteristics as potential determinants of this phenomenon. To do so, we employ archival and questionnaire data from a sample of 137 Spanish medium-sized businesses in 2008-2013 and 2014-2016.

1.2 OUTLINE OF THE DISSERTATION

Chapter 2 is based on a systematic literature review of the turnaround process for Family Firms and Small and Medium-Sized Businesses. This article provides an integrated view of this field's current state of the art. Through the socio-emotional wealth lens, our primary objective is to comprehend the role of the top management team as a determinant of successful turnaround strategies in family and small businesses. Specifically, we identify the main gaps in the literature and future study avenues based on the socioemotional wealth perspective of the FIBER model.

We observed that 82% of the sampled studies employ multiple perspectives to shed light on the turnaround process. Still, only 18% of them take the human dimension into account. Companies are composed of individuals, so this fact is unexpected.

Several contributions have been made to comprehend the decision-making process in FF and SMEs. Still, the socioemotional wealth (SEW) proposed by Gómez-Mejía et al. (2007) is one of the most significant advances in recent years. In the Business, Management, and Economics categories of Web of Science, the number of articles referencing SEW has increased from 2 in 2007 to 229 in 2020. As of March 2007, the 2007 article by Gómez-Mejía et al. has received over 3,048 Google Scholar citations and continues to be one of the most sought-after articles in this discipline.

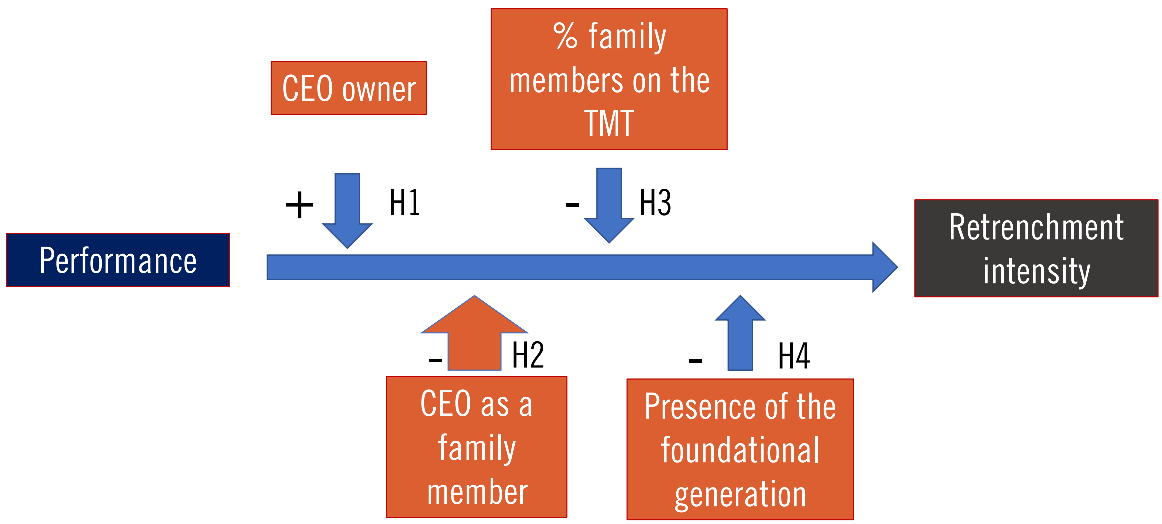
We support the Berrone et al. (2012) contributions, who propose five significant dimensions of SEW that characterize FF and significantly impact the majority of FF. According to Gómez-Mejía et al. (2007), SEW has numerous manifestations, such as exercising control, perpetuating family values, sustaining the family dynasty, conserving social capital, and determining blood ties rather than competence and family altruism. SEW is defined by Berrone et al. (2012, p. 259) as the "stock of affect-related value that a family derives from its controlling position." SEW has been applied to a variety of topics in FF, considering social responsibility (Berrone et al., 2012), corporate governance decisions (Bammens et al., 2011), acquisition behavior (Gómez-Mejía et al., 2018), CEO risk behavior (Cruz et al., 2012), non-family employment decisions (Vandekerkhof et al., 2015), and R&D investments (Berrone et al., 2012). However, employing the SEW perspective to the FF and SME turnaround process is difficult due to the lack of literature on retrenchment in FF.

The results of the systematic literature review of the turnaround process in FF and SME evidence the scarce attention paid to the consequences of the family influence on strategic decisions, the effect of the identity with the firm, the relevance of the relations with the environment, the role of the emotions and the preservation of the business to the next generations.

In the meantime, Chapter 3 examines how Family Firms intensify or inhibit retrenchment measures in response to an externally-caused performance decline during a crisis. This chapter investigates the significance and influence of TMT composition on subsequent organizational behavior considering specifically the following contexts: (a) the CEO is the proprietor, (b) the

CEO is a family member, (c) family members are present on the senior management team, and (d) the founder generation is present in management.

Figure 2. Conceptual Model of Chapter 3

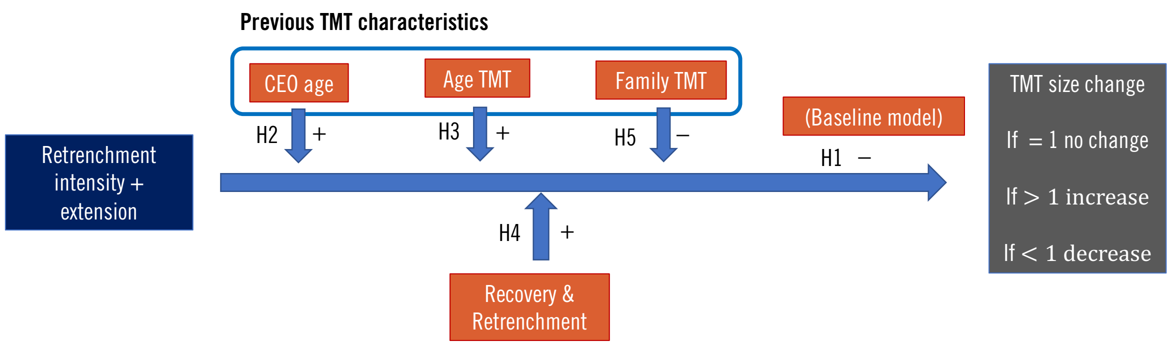


Source: Prepared by the authors

As we can see in Chapter 2, literature on retrenchment in FF is scarce and offers contradictory arguments and results. Casillas et al. (2019), Daily and Dalton (1994), and Elloumi and Gueyié (2001) have demonstrated that the ownership structure of a firm influences the implementation of retrenchment measures. Specifically, DeTienne and Chirico (2013) illustrate how family involvement determines the intensity of retrenchment measures and, consequently, the success of the recovery process. For instance, Bauweraerts et al. (2021) suggest that CEO proprietors with a high concentration of decision-making power will act to anticipate a crisis in turbulent contexts. Regarding the relationship between the CEO and the family, Detienne and Chirico (2013) argue that a non-family CEO is recommended when rapid strategic change is required. Concerning the relationship between the family and the TMT, Berrone et al. (2012) contend that many family members of the TMT hold divergent perspectives from those of other organizations regarding the retrenchment measures taken to prevent a potential loss of SEW. Lastly, about founders in management, Cruz and Nordqvist (2012) demonstrate that the affective commitment to the family and the firm progressively diminishes in subsequent generations due to the incorporation of non-family members (Gómez-Mejía et al., 2007). The heterogeneity of FF (Salvato & Aldrich, 2012) and the various combinations of financial and non-financial objectives (Gómez-Mejía et al., 2007) may account for this disparity in perspectives. Since retrenchment is a phenomenon infrequently examined in Family Firms despite being a critical phase of the reversal strategy (D. K. Robbins & Pearce, 1992), this chapter focuses on retrenchment measures. We continue the line of inquiry begun by DeTienne and Chirico (2013) and continued by authors such as Casillas et al. (2019) and Laffranchini et al. (2020). These authors contend that SEW and agency theory may impact the severity of retrenchment measures taken by FF in response to a decline in financial performance caused by external factors.

Chapter 4 focuses on the retrenchment strategies' consequences on the TMT size. More specifically, we examine how the size of the management team expands or decreases under conditions of high/low retrenchment. The age of the TMT, the percentage of family members on the TMT, and the implementation of retrenchment and recovery strategies have simultaneous effects on the extent of the TMT. Socio-emotional wealth explains this behavior in multiple ways, particularly in the relationship between family members and the TMT.

Figure 3. Conceptual model of Chapter 4



Source: Prepared by the authors

Even though numerous studies have examined the retrenchment process in companies (Hambrick & Schecter, 1983; Hofer, 1980; O'Neill, 1986; D. K. Robbins & Pearce, 1993; Slatter, 1984), the existing literature demonstrates that there are significant research gaps surrounding this topic and its application to future research processes, particularly in FF (Trahms et al., 2013). Despite a lack of research on Top Management Teams (TMT) in family firms undergoing retrenchment, authors such as Cruz et al. (2017), Ling and Kellermanns (2010), Minichilli et al. (2010), and Patel and Cooper (2014) cast light on this topic. There is a consensus in the academic literature that family enterprises are motivated by more than merely financial goals (Berrone et al., 2012; Gómez-Mejía et al., 2010; Miller et al., 2008). Finally, this chapter contributes to the retrenchment literature in FF by extending the contributions of Trahms et al. (2013), who contend that there are significant voids concerning the non-economic motivation of family firms, particularly in a turbulent environment. In addition, we contribute to the development of the research line begun by DeTienne and Chirico (2013) and continued by authors such as Casillas et al. (2019), Laffranchini et al. (2020), and Vandekerkhof et al. (2018). These authors demonstrate the connection between the actions taken during the downsizing process and the resulting composition and structure of the TMT responsible for these decisions. We aim to cover this void and contribute to the literature on family firms by analyzing the intensity and scope of the retrenchment measures implemented by FF in turbulent contexts and the effects on the scale of the TMT.

Chapter 5 summarizes the most significant empirical findings per chapter and discusses this dissertation's pertinent theoretical and practical implications. In addition, it accumulates suggestions for future research.

Chapter 6 provides a summary (in Spanish) of the dissertation's objective, theoretical foundation, findings, and conclusions.

References compile a catalog of all references utilized in the development of this dissertation.

In conclusion, the documents sent to the organizations that comprised our sample are detailed in **Appendices**: a questionnaire, an introduction letter, and a pre-notice letter. In addition, this section describes the experiments conducted to control for standard method variance in our analysis. Finally, the figure provides a concise summary of the sections and content of this dissertation[1].

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[1] This section and the remainder of the dissertation follow the APA (American Psychological Association) citation standards, the most widely used format for citing sources in the social sciences. Consult the Publication Manual of the American Psychological Association (American Psychological Association, 1994) for additional information—

Figure 4. Structure of the dissertation: part and contents

STRUCTURE OF THE DISSERTATION
CHAPTER 1: INTRODUCTION Description of the dissertation's purpose and structure.
CHAPTER 2: TURNAROUND STRATEGIES IN FAMILY FIRMS AND SMALL AND MEDIUM ENTERPRISES UNDER SOCIO-EMOTIONAL WEALTH PERSPECTIVE. LITERATURE REVIEW AND NEW RESEARCH AVENUES To provide an integrated view of the state of the art in this discipline, a systematic literature review of the turnaround process for Family Firms is conducted. Through the socio-emotional wealth lens, our primary objective is to comprehend the role of the top management team as a determinant of successful turnaround strategies in family businesses. Specifically, we identify the most significant gaps in the literature and prospective research directions based on the socio-emotional wealth FIBER model.
CHAPTER 3: RETRENCHMENT AND PERFORMANCE: THE MODERATING ROLE OF FAMILY INVOLVEMENT This study investigates how Family Firms intensify or inhibit retrenchment measures in response to an externally caused performance decline during a period of crisis. We consider the following contexts in particular: (a) the CEO is the proprietor, (b) the CEO is a family member, (c) the presence of family members on the top management team, and (d) the presence of the founder generation in management.
CHAPTER 4: RETRENCHMENT AND RECOVERY STRATEGIES IN FAMILY FIRMS: INTERACTIONS AND EFFECTS ON TMT COMPOSITION This study investigates the effect of TMT composition on the decisions made by family businesses operating in volatile environments. More specifically, we examine how the size of the management team increases or decreases under conditions of high/low retrenchment.
CHAPTER 5: CONCLUSIONS Our investigation's empirical findings, theoretical implications, practical implications, and prospective research directions are outlined.
REFERENCES Bibliography of sources utilized in the development of this dissertation*
APPENDICES In this section, we compile the questionnaire, introduction letter, and pre-notice letter that were sent to the sampled companies. In addition, we describe the controls for common method variance implemented in our studies.

Source: Prepared by the authors.

CHAPTER 2: Turnaround Strategies in Family Firms and Small and Medium Enterprises under the Socio-Emotional Wealth Perspective. Literature Review and New Research Avenues

2.1 INTRODUCTION

As a consequence of COVID-19, the world is experiencing one of the strongest economic crises since the global economic recession caused by the 2008 banking crisis (Calabrò et al., 2019). In this challenging context, many firms will face critical challenges, both in terms of financial sustainability and adaptation to the structural changes that are being provoked by the pandemic. Family businesses meet these challenges with additional pressure to balance the financial and non-financial objectives that characterize family businesses (Gómez-Mejía et al., 2007; Lee, 2006).

Many family businesses need to carry out turnaround or retrenchment processes to face a context of a significant decline in their financial performance (Barker & Duhaime, 1997; Hambrick & Schecter, 1983; Trahms et al., 2013) such as that caused by the recent pandemic or the last great recession (2008-2013). Decisions about modifications in the business portfolio, potential sales of assets, or renewal in the leadership teams, to adjust to decline or market´s changes, and to address the necessary recovery processes to undertake the survival of the company over time (Pearce & Robbins, 1993), are extraordinarily complex in family firms due to their peculiarity related to maintenance of control in the hands of the family, emotional attachment and commitment with the project, and potential rigidities in potential restructuration of the upper echelons.

Business literature demonstrates that how the turnaround/retrenchment process is carried out is essential in determining the company's success or failure (Pearce & Robbins, 1993). In this sense, the structure of family ownership and the level of family involvement in the strategic decision-making process may be determinants in how these processes are addressed and may influence family businesses' performance in turnaround processes (DeTienne & Chirico, 2013).

Numerous studies have addressed the turnaround/retrenchment process in companies (Hambrick & Schecter, 1983; Hofer, 1980; O'Neill, 1986; D. K. Robbins & Pearce, 1992; Slatter, 1984). Even though the model proposed by (Pearce & Robbins, 1993) addresses two differentiated stages, the process is more complicated. The empirical literature review on a turnaround by Trahms et al. (2013) shows that there are relevant research gaps around this topic and its application in future research processes on the turnaround.

For example, the role that Top Management Teams play and the influence of family in strategic decision-making processes from the perspective of Socio-emotional Wealth (SEW) (Gómez-Mejía et al., 2007) and the theory of stakeholders in family companies involved in turnaround/retrenchment processes is a subject that has seldom taken into consideration. Therefore, considering that the Socio-emotional Wealth perspective can explain the strategic decisions made by family businesses related to their heterogeneity and their different objectives (economic and non-economic), this study proposes to deeply understand the role of the top management team as a determinant factor of successful turnaround strategies through the socio-emotional wealth perspective in family and small firms. We consider that Family Firms (FF) and Small and Medium Enterprises (SMEs) face similar challenges because they have several common characteristics as limited resources, managerial decisions highly influenced by the founder, singular identity of the firm, and emotional attachment.

In this study, we aim to do a systematic review of the literature on turnaround/retrenchment in FF and SMEs because this topic is unexplored in the context of family businesses (Casillas et al., 2019). On the other hand, we review the existing literature that studies turnaround strategies and the intersection of FF. We critically analyze the current gaps and research opportunities from SEW's perspective to determine how the family component affects family businesses and SME strategic decision-making in a declining situation.

The turnaround in Family Firms and Small and Medium Enterprises

In recent years, scholars have begun to investigate turnaround in SMEs (Boyne & Meier, 2009) and family businesses (Miller et al., 2010). Both types of organizations present similar problems and opportunities during the implementation of turnaround strategies (Brownstein, 2004) due to approximately 80% of new ventures being created with family involvement and through the pooling of a family's financial and human resources (Chrisman et al., 2002). Otherwise, the FF is the primary form of business globally and employs over 80% of the workforce. In the United States, over 30% of the S&P 500 has considerable family characteristics, and more than 50% of the gross national product is generated by FF (Miller et al., 2010; Neubauer & Lank, 1998). Despite FF and SME having different characteristics, they have the same challenges in carrying out a turnaround process. Most SME are FF, and more than 90% of FF are SMEs (Chrisman et al., 2002).

Given the high failure rate of small FF and their economic significance (Shanker & Astrachan, 1996) it is highly recommended a better understanding and improvement of the turnaround process considering the whole dimension.

The turnaround in Family Firms

In terms of prevalence, family businesses represent a dominant form of economic organization throughout the world (Beckhard et al., 1983; Shanker & Astrachan, 1996). Notwithstanding, studies concluded that FF frequently faces organizational crises and displays a high firm failure rate (Ibrahim et al., 2001; Lansberg, 1988; Shanker & Astrachan, 1996).

The management literature recognizes unique characteristics that determine FF in crisis derived from business relationships' embeddedness in family relationships (Chrisman et al., 2002). However, despite recognizing these characteristics, the study of their implications is under development in the management literature. Consequently, few studies focus on the specific elements of FF and how it affects their capacity to carry out turnaround strategies to face a crisis (Cater & Schwab, 2008; Laffranchini et al., 2020).

Turnaround in Small and Medium Enterprises

There is plentiful literature about turnaround strategies for large corporations. The fact is that the commonly recommended turnaround strategies are not often feasible for SMEs (Pearce & Robbins, 1993). Considering the significant contribution of SMEs to the economy, studying the turnaround process in SMEs becomes a vital issue (Collett, 2014). Although retrenchment is one of the most commonly used strategies by SMEs, it is a rarely understood topic, and the literature evidences the limited or equivocal outcomes about when and how retrenchment should be used (Lim et al., 2013).

Scarce literature evidence that the probability of carrying out a successful turnaround strategy in small firms is less than in large firms due to the differences between the structure and the resources and capabilities. Specifically, as Pearce and Robbins (1993) suggest, SMEs lacked the organizational and financial resources required for diversification in the short term. Hence, during recessions, small and less efficient firms are the first ones to enter liquidation (Lim et al., 2013). Age has also been a critical aspect of bankruptcy and turnaround studies, and the literature demonstrates that younger firms are more likely to fail due to the liability of newness (Thornhill & Amit, 2003).

2.2 LITERATURE REVIEW

2.2.1 Turnaround in Family Firms and Small and Medium Enterprises

A systematic literature review is a formal process to analyze the literature, and its goal is to identify gaps unexplored in the literature and avoid potential biases from the authors (Pittaway et al., 2004). This study has been undertaken as a systematic literature review based on the methodology proposed by Calabrò et al. (2019), which is characterized by a systematic and standardized method of selecting and assessing the literature contributions. We consider exclusively peer-reviewed journal articles. Based on Calabrò et al. (2019) the process was applied following the next steps sequentially: identification of research, selection of studies, study quality assessment, data extraction, and data synthesis.

Table 1. Systematic literature review process

Filter	Description	Articles in Family Firms	Articles in Small and Medium Enterprises
Step 1	Articles with selected keywords	335	1315
Step 2	After selection from top journals	64	168
Step 3	After reading the titles and abstracts	35	38
Step 4.	After reading the full articles	20	19
Step 5	Hand searching and citation tracking	6	4
	Final sample	26	23
	Final sample FF and SME	49	

Source: Prepared by the authors.

According to D. K. Robbins and Pearce (1992), the first peer-reviewed article in this field was published in an academic journal in 1976 (Schendel et al., 1976). Therefore, using the 1976-2020 time frame, we search in the next databases WOS, CCC, DIIDW, KJD, MEDLINE, RSCI and SCIELO.

Based on Calabrò et al. (2019) we follow the next consecutive steps:

1. *Search based on keywords*. Considering prior literature, the first step consists of searching the articles with the next keywords in the titles or abstracts [TS=(famil* firm* OR fami* busi* OR famil* enterpri* OR famil* entrepris*) AND SU=(B usiness & Economics)] and
   [TS=(retrench* OR turnarou* OR recover* OR surviv* OR declin* OR exit*) AND S U=(Business & Economics)]. This procedure resulted in 1.308 hits.
2. *Selection articles in top journals*. As we only consider the articles published in high impact journals, we refine the search considering only articles accepted in the journals included in Figure 5. We selected these journals based on the impact factor ranking. The number of articles further reduced to 166, which we then processed in the next step.

Figure 5. Journals selected

Journal of family business management	International business review
International small business journal	Academy of management journal
Family business review	Journal of business research
Entrepreneurship theory and practice	Administrative sciences
Journal of management studies	Journal of family business strategy
Harvard business review	Journal of small business management
Journal of small business and enterprise development	Strategic management journal
Journal of business venturing	Global strategy journal
Small business economics	International entrepreneurship and management journal
Strategic entrepreneurship journal	International journal of entrepreneurial behaviour research

Source: Prepared by the authors.

3. *Title and abstract analysis*. Following Calabrò et al. (2019), we read and classify all the titles and abstracts to identify the contribution of the article to our field of study Rashman et al. (2009) and eliminated those that were out of our scope (Bakker, 2010). We considered as non-relevant the contributions were not investigating turnaround processes in FF as in those articles the following key words are not in the title or the abstract:

   (famil* firm* OR fami* busi* OR famil* enterpri* OR famil* entrepris*)
   and (retrench* OR turnarou* OR recover* OR surviv* OR declin* OR exit*)

   The review was carried out separately and validated by other colleagues in case of discordancy. A total of 35 articles were accepted.
4. *Full-text assessment*. The third step involved a proof review of the 35 articles (Bakker & Demerouti, 2017). After a comprehensive evaluation, we admitted 20 articles to the final sample.
5. *Hand searching*. The next step was a hand searching and citation tracking process (Nabi et al., 2017). We considered a further three contributions leading to a final sample of 26 articles.
6. We expand the search to SME because most FF face similar challenges. The process and criteria selection was the same followed for FF; nevertheless, the keyword search was as follow:

   [TS=(sme* OR smal* firm* OR smal* Busine* OR smal* entrepris*) AND SU=(Business & Economics) and
   TS=(retrench* OR turnarou* OR recover* OR surviv* OR declin* OR exit*) AND SU=(Business & Economics)]

This procedure resulted in 1308 articles. After carrying out the same process as steps 1 to 5, we admitted 23 articles.

We consolidate the results, and the outcome was a final sample composed of 49 studies. The results were analyzed using an excel data extraction considering illustrative elements (e.g., authors, year of publication, methodology, subject, scope, and unit of analysis). The results were analyzed for each article. We pre-validated the structure with two scholars from the field to receive feedback and improve the final pull of data to be considered. We resume the collected data to provide a complete view of the state of the art of the turnaround process in FF literature. The systematization of the results and the clustered data lead to propose new avenues for future research.

Descriptive Results

This section shows different descriptive results from the study of the sampled articles. The distribution of articles per year manifest that the topic is relatively young. Notwithstanding the first article published about turnaround was in 1976 by Schendel et al., surprisingly, the scope in FF starts in 2003 (Oslon et al., 2003). The first authors to consider the SME perspectives were (Pearce & Robbins, 1993). Conversely, 60% of the articles were published in the last ten years, showing a peak in 2019 with nine articles.

Due to the heterogeneity of perspectives employed to study the turnaround process in FF and SME, we classified the studies in two groups depending on the environmental stability: 1) *Unstable Environments*, in this group, we included studies directly related to turnaround process, retrenchment strategies, the recovery process, exit strategies and survival in turbulent environments; and 2) *Stable Environments*, we included studies associated with survival in stable environments, social capital, and multiple topics.

Table 2. Clustering by scope, main subject and group

Group	Main subject	Scope	Studies	Unit of analysis
Unstable environments	Turnaround, retrenchment, and recovery	Turnaround process	Laffranchini et al. (2020); Cater & Schwab (2008)	FF
			Ndofor et al. (2013); Chowdhury & Lang (1996)	SME
		Retrenchment strategies	Casillas et al. (2019)	FF
			Rico et al. (2020); Michael & Robbins (1998); DeDee & Vorhies (1998)	SME
		Strategic response to economic recession in start-ups.	Latham (2009)	SME
		Entrepreneurial recovery strategies on small firms	Pearce & Robbins (1993); D. K. Robbins & Pearce (1994)	SME
		Composition of the board and TMT in declining firms and the influence in the turnaround process	Mueller & Barker (1997)	SME
		Sustainable reorganization from bankrupt SMEs.	Mayr & Lixl (2019)	SME
	Exit strategies	Exit strategies and social network	Kaciak et al. (2020)	FF
		Exit strategies in crisis and SEW	Hirigoyen & Basly (2008)	FF
		Exit strategies in a family business portfolio	Akhter et al. (2016)	FF
		Exit strategies and SEW	DeTienne & Chirico (2013)	FF
		Strategic divestments in family firms	Sharma & Manikutty (2005)	FF
		Determinants of firms exit after economic distress.	Balcaen et al. (2012)	SME
		Entrepreneurial exit through liquidation or sale.	Wennberg et al. (2010); DeTienne (2010)	SME
	Other factors associated with survival strategies	Family firms survive in a hostile environment	Dyer & Mortensen (2005)	FF
		Commitment escalation in FF	Chirico et al. (2019)	FF
		Recession and firm survival.	Bartoloni et al. (2020); Knudsen (2019)	SME
		The influence of corporate governance in survival firms.	Dowell et al. (2011)	SME
		Organizational failure and decline in SMEs.	Kucher & Feldbauer-Durstmuller (2019); Franco & Haase (2010)	SME
		Small firm bankruptcy	Carter & van Auken (2006)	SME
		Firms in decline and bank strategies	Gopinath (1995)	SME

Stable environments	Survival strategies in a long term perspective in stable environments	Survival strategies with low benefits considering SEW	Glover & Reay (2015)	FF
		Family firms survival and federal disaster assistance	Stafford et al. (2013)	FF
		Family firms and life cycles	Hoy (2006)	FF
		Continuation of the family business	Winter et al. (2004)	FF
		Family business sustainability	Olson et al. (2003)	FF
	Exit strategies	Work stressors and exit intentions.	Sardeshmukh et al. (2021)	FF
		Founder's psychological ownership continuity.	Ljungkvist & Boers (2020)	FF
	Social capital	Social capital in family firms	Glover (2013); Zahra (2010)	FF
	Multiple topics	Family involvement and failure	Revilla et al. (2016)	FF
		Inertia in family firms	Santiago (2014)	FF
		External accountant and performance in FF	Barbera & Hasso (2013)	FF
		Marketing skills and logistic networks	Rawwas & Iyer (2013)	FF
		Dependent variables in FF	Andy et al. (2012)	FF
		Strategic flexibility in FF	Zahra et al. (2008)	FF
		Exploration and exploitation in a crisis environment.	Osiyevskyy et al. (2020)	SME
		The role of learning for the resilient performance of small firms.	Battisti et al. (2019)	SME
		Capital structure in micro-enterprise affected by crisis.	Hong et al. (2017)	SME
		The role of the owner family in the sustainable survival.	Ahmad et al. (2020)	FF

Source: Prepared by the authors.

As regards the academic outlets, 16 different journals are considered and the top five in terms of the number of accepted articles on the topic are *Family Business Review* (7 articles in 2005-2019), *Journal in Business Venturing* (7 articles in 1993-2010), *Journal of Business Research* (7 articles in 1997-2020), *Journal of Small Business Management* (7 articles in 1998-2019) and *Small Business Economics* (4 articles in 2011-2020). Four of the five top journals published an article in this discipline last year; this fact evidence the field study's actuality.

Figure 6. Articles per journal

Entrepreneurship Theory and Practice (n = 5)	Journal of Management Studies (n = 1)
Family Business Review (n = 7)	Journal of Small Business and Enterprise Development (n = 1)
International Business Review (n = 1)	Journal of Small Business Management (n = 6)
International Entrepreneurship Management Journal (n = 2)	Philippine family businesses (n = 1)
Journal of Business Research (n = 6)	Small Business Economics (n = 4)
Journal of Business Venturing (n = 7)	Strategic Entrepreneurship Journal (n = 1)
Journal of Family Business Management (n = 1)	Strategic Management Journal (n = 2).
Journal of Family Business Strategy (n = 1)	

Source: Prepared by the authors.

Around 85% of the studies are empirical, and 55% are focused on FF (Akhter et al., 2016; Revilla et al., 2016); while 45% are concentrated in SMEs (Latham, 2009; Wennberg et al., 2010). Among the turnaround process, retrenchment strategies, or recovery strategies as a core of the study, only three articles are oriented to analyze this phenomenal specifically on FF (Casillas et al., 2019; Cater & Schwab, 2008; Laffranchini et al., 2020), while nine articles are based on SME (Pearce & Robbins, 1993; Wennberg et al., 2010). Furthermore, considering the FF definition, around 80% of studies consider the ownership criterion as *family members on the board* (Laffranchini et al., 2020) or *family ownership control* (Casillas et al., 2019), while 20% consider the self-definition criterion by asking the CEO and/or other members of the TMT if they *"consider the firm to be a family firm"* (Zahra, 2010). Concerning the criteria to verify the decline in a firm, we identify multiple approaches, including declining profitability (Pearce & Robbins, 1993), financial ratios such as return on investment (ROI) or return on assets (ROA) (Mueller & Barker, 1997; Rico et al., 2020), and some discrepancies between the periods to analyze that could vary in a range of 2-4 years depending on the author (Mueller & Barker, 1997; Ndofor et al., 2013; Trahms et al., 2013).

Among the 34 quantitative articles, the most statistical technique used is regression analyses, followed by exploratory factor analysis (Kaciak et al., 2020) and confirmatory factor analyses (Zahra, 2010). Regarding the studies' geographic scope, 45% analyze US firms, 30% analyze European firms, and the remaining ones focus on other countries as Australia (Barbera & Hasso, 2013) or Pakistán (Akhter et al., 2016).

Concerning the period of data collected, most of the studies are carried out in three-period. 1997-2000, corresponding to the financial crisis in Asia (Stafford et al., 2013), 2000-2005 corresponding to the dot-com bubble (Dowell et al., 2011; Latham, 2009) and 2007-2012 corresponding the 2008 financial crisis (Revilla et al., 2016). In terms of the perspective used to analyze the field of study, only 18% of the studies consider the influence of top management teams as a critical element to determine the success of the turnaround strategies (Casillas et al., 2019; Hambrick & Schecter, 1983; Laffranchini et al., 2020).

2.2.2 An Integrative View of the Turnaround Process in Family Firms and Small and Medium Firms

Previous literature reviews enhance the complex and scarce literature on the turnaround process in FF and SME (DeTienne & Chirico, 2013; Cater & Schwab, 2008). In the present study, we build on previous literature a larger and more comprehensive idea of the turnaround in FF, and SME under the human factor's perspective throws the socioemotional wealth.

In order to deal with the heterogeneity of the scientific contributions on the FF and SME turnaround process, we organized the 49 articles into three different groups: theoretical (Group A), empirical qualitative (Group B), and empirical quantitative (Group C). This categorization allows identify the different ways the papers contribute to the development of FF and SME turnaround literature. We resume and classify each article based on the typology, theories, and field of the study.

2.2.2.1 Group A: Theoretical Studies

Theoretical articles are fundamental to consolidate the multiple perspectives about the turnaround in FF and SME. Thus, the use of theories is of extreme importance in advancing the academic debate.

The focus on FF predominates in theoretical studies. Precisely eight articles from this group focus on FF, while two are focused on SME. By typology, seven studies are based on a literature review and three studies are based on multiple case study (see Table 3).

Regarding the theoretical framework, 40% of the articles use a multi-theoretic framework (Cater & Schwab, 2008; Wennberg et al., 2010). On the other hand, 60% of the articles are based on the following recognized theories in the field of management. *Resource-Based View* (Barney, 2001) is used to discuss whether and how the cultural environment and the familial norms influence strategic decisions (Sharma & Manikutty, 2005). *Social Identity Theory* (Ashforth & Mael, 1989) allow to understand how individuals who identify themselves with particular social groups, such as a family business, favor those groups. Expressly how FF survive periods of declining performance and remain successful in the long term (Akhter et al., 2016). *Self-justification theory* (Ashforth & Mael, 1989) is used to self-justify managers' prior behavior and identify resistance to change in a failing family business (Chirico et al., 2019). *Organizational Ecology Theory* (Freeman & Hannan, 1989) is employed to argue that organizations' survival is predominantly defined by environmental selection processes (Kücher & Feldbauer-Durstmüller, 2019). *Threshold Theory*

(Gimeno et al., 1997) argues that firm exit is determined by financial outcomes and the organization's performance threshold (DeTienne & Chirico, 2013). *The three-circle model of family business* (Gersick et al., 1999) features three overlapping circles -the company, the family, and the owners- that interact to influence a family business.

Table 3. Group A. Theoretical studies

Theoretical framework	Typology	Studies	Aims	Main findings	Future research	Unit of analysis
Resource-Based View (RBV)	Literature review	Sharma & Manikutty (2005)	Investigate how the organizational culture and family composition influence in family firms divestment decisions.	The main findings provides a framework to better understand how the organizational culture and the familiar environment influence in strategic decisions that determine the future of the firm such as divestments.	Future research try may validate the theoretical framework through empirical research	Family Firm
Social identity theory	Multiple case study	Akhter et al. (2016)	Analyze the response of FF in a underperformance situation.	The results evidence the way of some FF face periods of underperformance and survive in the long term, particularly when they manage different businesses.	Future research should consider the relation between the turnaround strategy and shutting down satellite firms through a longitudinal quantitative approach.	Family Firm
Self-justification theory	Literature review	Chirico et al. (2019)	Study the influence of commitment escalation in resistance to change in declining FF.	Through the emotional ownership effect and self-justification theory identified some factors that consider being primary determinants of commitment escalation.	Future studies should consider how emotional ownership may positively affect FF change-initiatives in a declining situation.	Family Firm
Organizational Ecology Theory	Literature review	Kucher & Feldbauer-Durstmüller (2019)	Contribute to develop the research field of "organizational failure and decline" with bibliometric methods.	The authors carried out a literature review and identified 7 research avenues of organizational failure and decline.	Integrate voluntarist, deterministic and dynamic perspectives.	SMEs
Threshold theory	Literature review	DeTienne & Chirico (2013)	Shed light on better understanding family firm portfolios in exit strategies.	Higher SEW levels negatively affect the threshold of performance, affecting stewardship-based exit strategy of family succession and negatively affects financial reward and cessation exit strategies.	Investigate different exit strategies for FF taking into consideration the SEW perspective.	Family Firm
The three-circle model of the family business	Literature review	Yu et al. (2012)	Contribute to identify dependent variables to advance on the development of the family business domain.	This research's significant contribution is to identify a dependent variable/outcome-driven depiction of the FF literature.	Future research could explore a more holistic understanding of when and why the outcomes from FF systems will conflict or be harmonious	Family Firm

Theoretical framework	Typology	Studies	Aims	Main findings	Future research	Unit of analysis
Multi theoretical approach	Literature review	DeTienne (2010)	Demonstrate the importance of entrepreneurial exit to the entrepreneur, the firm, the industry, and the economy.	The entrepreneurial process is does not end with creation but instead with the entrepreneurial exit.	Provide the initial foundation to consider firm exit as a critical component of the entrepreneurial process.	SMEs
Multi theoretical approach	Literature review	Hoy (2006)	Analyze corporate venturing's role in revitalizing and achieving healthy growth, revenue streams, and profitability in family firms.	Generational involvement and willingness to change are positively associated with corporate entrepreneurship in FF.	Compare the results between FF and no FF.	Family Firm
Multi theoretical approach	Multiple case study	Cater and Schwab (2008)	Compare unique characteristics of FF that influence on their ability to carry out successful turnaround strategies.	Contributes developing literature in FF related to the turnaround process.	The results provide an essential starting point for developing a more comprehensive theoretical framework for family firms' turnaround strategies.	Family Firm
Multi theoretical approach	Multiple case study	Dyer & Mortensen (2005)	Investigate the influence of family involvement in entrepreneurial ventures in decline environments.	The authors identify three major strategies employed by FF to help their businesses survive in a hostile environment	More work needs to be done to develop a contingency framework that matches the hostile environment with the strategies and resources that will likely lead to success.	Family Firm

Source: Prepared by the authors.

Based on *Resource-Based View*, Sharma and Manikutty (2005) argue that the firm's cultural forces and underlying beliefs control the firm. Thus, family business leaders should be facing different degrees of resistance when making strategic divestment decisions in their firms due to the influence of the cultural forces in which a FF is embedded.

Drawing on *Social Identity Theory*, Akhter et al. (2016) highlight how increasing performance decline determines the business family decisions. As a situation becomes more demanding in terms of economic performance, business families tend to show an escalated commitment in the divested satellite businesses.

Through a *Self-justification theory* perspective, Chirico et al. (2019) explain family business decisions and behaviors as consequential to the direct effect of family members' emotional states or non-financial issues. In this sense, they describe the mechanisms underlying the emotions/strategic decision relationship in FF.

Based on *Organizational Ecology Theory*, Kücher & Feldbauer-Durstmüller (2019) argue that environmental selection processes determine survival organizations. In this way, the primary sources for firm decline originate from environmental, ecological, organizational, and psychological factors.

The *Threshold Theory* offers the way to understand associations between FF specific factors, thresholds of performance, and exit strategies (DeTienne & Chirico, 2013). The authors demonstrate that SEW negatively affects financial reward-based processes while favoring the stewardship-based process of family succession. It changes the reference point in the threshold of performance that family owners use to frame exit decisions. Thus, their study contributes to develop the SEW's notion and links between FF literature and SEW perspective.

Drawing on the *three-circle model of family business*, Yu et al. (2012) emphasize the role that governance plays in managing family and business results and managing short-term and long-term problems that affect outcomes.

As regards existent multi-theoretical approaches, we highlight the most significant. DeTienne (2010) argues that entrepreneurial exit is critical to understanding the entrepreneurial process and, therefore, an essential part of entrepreneurship research's specific domain. Yiu et al. (2006) suggest that willingness to change is positively associated with corporate entrepreneurship in FF and must consider the senior generation's life-cycle stages, successors, and key employees. Cater and Schwab (2008) propose a contingency model with particular characteristics of FF that have both turnarounds enabling and turnaround inhibiting effects.

Diverse theoretical views have explored instinct features of family involvement and their influence on the turnaround. The complete vision of these distinct contributions allows reviewing the inconsistent findings in the extant literature and create new research avenues.

2.2.2.2 Group B: Empirical Qualitative Studies

Qualitative empirical methods are used to analyze important research questions to generate new insights. Besides, it provides a means of identifying generalizable patterns concerning essential questions in strategic management (Bettis et al., 2014). Additionally, the qualitative case study can be defined in many ways; two well-known definitions are a "detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events" (George & Bennett, 2005) and "an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not evident; and in which multiple sources of evidence are used" (Yin, 1994).

The emphasis on FF predominates in 60% of the sample. Precisely three articles are focused on FF while two focus on SME. According to the typology, all of them are multiple-case study (see Table 4).

Concerning the theoretical framework, 40% of the articles are drawing on a multi-theoretical framework while 60% of the remaining articles are based on the following recognized theories in management. *A resource-based view* (Barney, 2001) is considered to identify the factors for unsuccessful performance and failure of SME (Franco & Haase, 2010). Drawing on *the product life cycle theory* Abernathy and Utterback (1978), and Santiago (2015) explore whether it is the failure to act or inertia that can also explain family businesses' inability to move forward. Secondly, the *Theory of Capital* (established by Franco Modigliani and Merton H. Miller in 1958) is used by Glover (2013) to explore how individuals maintain the family business using their different forms of capital, which forms a judicial blend of capitals for the family business as an entity. Thirdly, psychological ownership theory is used by Ljungkvist and Boers (2020) to better understand other forms of value from being an entrepreneur and founder, and the consequences of an exit of the founder in the organizational identity.

Drawing on multi-theoretical approach, Pearce and Robbins (1994) analyze entrepreneurial versus efficiency recovery strategies and the implications in firm performance. Glover and Reay (2015) consider a multi-theoretical approach for studying how emotional attachment to the business can determine different strategic behaviors in FF.

Table 4. Group B. Empirical qualitative studies

Theoretical framework	Typology	Studies	Aims	Main findings	Future research	Unit of analysis
Psychological ownership	Single-case study	Ljungkvist & Boers (2020)	Contributes to the psychological literature on business founders and exits by emphasizing continuity after the formal sale of legal ownership and the consequences for the business.	Evidence how the Founder becomes an artifact that can be used for either strategic continuity or discontinuity from the perspective of psychological ownership.	To consider that family dynamics and the link to nonfinancial goals are likely to influence the changes in psychological ownership that follow a business sale to a nonfamily investor or another family business.	FF
Resource-based view	Multiple-case study	Franco & Haase (2010)	Analyze the reasons of underperformance and failure of SME	The most critical factors are limited access to credit, weak market conditions, inadequate staff, lack of institutional support and networking.	Qualitative explorations could best explain the unsuccessful SME.	SMEs
The product life cycle theory	Multiple case study	Santiago (2014)	Explore whether it is the failure to act or inertia that can also explain family businesses' inability to move forward.	The paper's premise is that FF did not respond appropriately because the inertia effect.	Further research in FF may contribute to to improve the knowledge about the impact of emotions to prevent the consequences of inertia.	Family Firm
Theory of Capital	Multiple case study	Glover (2013)	Explore how family members maintain the business using their different forms of capital, which forms a judicial blend capital for the family business.	Social, cultural, and symbolic capital plays an essential role to ensure the FF survival.	More work needs to be conducted to analyze the tensions between different forms of capital and their effects on the FF.	Family Firm
Multi theoretical approach	Multiple-case study	Pearce & Robbins (1994)	Analyze the most relevant functional areas that that determine pursue entrepreneurial versus recovery strategies and firm performance implications.	SME companies' should consider adopting efficiency-oriented recovery strategies to foster economic revival.	The research should consider industries in different stage of the life cycle	SMEs
Multi theoretical approach	Multiple case study	Glover & Reay (2015)	Study the way of emotional attachment to the business determine different strategic behaviors in FF.	Find four different strategies to sustain the business: diversifying, maximizing debt, sacrificing family needs, and compromising.	More works needs to better understand the relationship between emotional ties as part of SEW and strategic decision making.	Family Firm

Source: Prepared by the authors.

Drawing on *Resource-based view*, Franco and Haase (2010) argue that the SME owner-managers attribute poor performance of their firms mainly to causes that differ from reality. Thus, external factors were more often cited, but qualitative analysis revealed that internal factors are imminent and not satisfactorily recognized. In another study based on five family businesses in the

Philippines that were incapable of maintaining the firm's financial health, Santiago (2015) illustrates the family members' problems to make the right decisions. The cases showed that business decline results from family members' failure to address the challenges brought about the change in the different life cycle dimensions (Santiago, 2015). Pearce and Robbins (1994) analyze 32 companies from the manufacturing industry to assess the cause of a downturn that occurred anytime from 1976 to 1985. The significant findings are that companies in mature manufacturing industries should consider adopting efficiency-oriented recovery strategies to foster economic revival.

Drawing on psychological ownership, Ljungkvist and Boers (2020) argues that when founders exit the organization, the new legal owners use the founder as an artifact to show continuity and develop the founder's business approach and strategy.

Two studies of the sample are centered on the farms' industry (Glover & Reay, 2015; Glover, 2013). Comparing ten family farms, Glover (2013) evidence that social, cultural, and symbolic capital are determinant in maintaining the family farm business and ensuring its survival. Thus, social networks are critical to FF, and these networks have been deteriorated over the years. Knowledge transfer is critical to successful succession in the FF. Cultural capital (knowledge, skills, qualifications, etc.) is retained within the company and accumulated from more expansive fields through educational qualifications. Symbolic capital is significant to farmers and their families. It could enlighten family business researchers on why family farm businesses manage to survive the transition from one generation to the next (Glover, 2013). In another study, Glover and Reay (2015) analyze 20 family dairy farms operating in the United Kingdom. The authors identify four different strategic behaviors chosen by the family farm businesses—diversifying the industry, maximizing debt, sacrificing family needs, and compromising. Each strategy allows the firm to survive but has consequences for the family, the business, or both. This study provides evidence of how emotional commitment to the company may influence strategic decisions.

2.2.2.3 Group C: Empirical Quantitative Studies

Empirical quantitative research intended to clarify the factors influencing business decisions might proceed in several ways. One may determine the opinion of experts who usually rely on a combination of casual observation and deduction from theoretical (e.g., profit-maximizing) model. Or one may analyze data collected and published for practical or legal purposes.

We furthered clustered the selection of quantitative studies into two subgroups according to the theoretical framework. Thus, the clusters are identified as One Single Theoretical Framework (n= 20) and Multi-theoretical Framework (n=11).

One single Theoretical Framework

In this subgroup, we identify six streams clustering the multiple studies in distinct approaches.

Stream 1. Setup up the Resources and Capabilities to Deal with Turbulent Environments

A consistent stream of literature analyses how the companies deal with a crisis drawing on *The Resourced Based View* (RBV) theory (Barbera & Hasso, 2013; Bartoloni et al., 2020; Mayr et al., 2017; Rico et al., 2020). Under the (RBV), intangible assets are a significant source of competitive advantage (Vicente-Lorente & Zúñiga-Vicente, 2018). Rico et al. (2020) study the probability of companies' survival in a bankruptcy proceeding. In this sense, contrary to Pearce and Robbins (1993), they argue that neither an intangible asset nor tangible asset retrenchment is associated with survival. Furthermore, retrenchment of inventory and employees is related to liquidation. The RBV emphasizes that strategic behavior can be highly heterogeneous, and so are the patterns of skill accumulation (Barney, 1989). In this sense, Bartoloni et al. (2020) analyze the corporate skills and capabilities as a determinant of firm survival in turbulent environments. They suggest that firms adopting strategic ways based on the accumulation of practical skills to deal with environmental complexity are expected to proactively react to the recession, increasing the likelihood of survival.

On the contrary, firms oriented on cost retrenchment are expected to lack such skills, thus reducing their survival chances. Under the RBV perspective, the firm must develop and possess specific essential resources characterized by value, rareness, barriers to duplication (imitability), and non-substitutability (Barney, 1991). In this sense, the study of Mayr et al. (2017) identified critical elements of a sustainable reorganization of bankrupt SMEs that guarantee long-term survival and competitiveness. They argue that strategic repositioning is essential and influences sustainable reorganization most strongly and positively. According to the RBV, a company can be considered a group of physical and intangible resources (Barney, 2001) potentially creating a competitive advantage. These resources may be internal or external; thus Barbera and Hasso (2013) suggest that external accountants positively impact sales growth and survival.

Stream 2. Stakeholders as a Critical Factor for Guarantee the Sustainability

When looking at the firm-environment relationship, the most appropriate theoretical lens is the *Stakeholders Theory*. However, the role stakeholders play in family businesses' turnaround process has been partially overlooked (Trahms et al., 2013). Firstly, one of the most important stakeholders for FF and SME are the banks, principally because liquidity is a predominant problem in most of them. Firms are dependent on banks for a significant part of their economic resources. In this sense, Gopinath (1995) suggests that firms must evidence cooperation to guarantee favorable terms, as long as the bank's funds are fully guaranteed. However, since bank strategies are dependent on their perceptions of the motives of the troubles, managers need to be conscious of the importance of giving appropriate information to create the right perception

(Gopinath, 1995). Secondly, based on a similar perspective, Laffranchini et al. (2020) argue that the owning family facing a turnaround situation accommodates stakeholder groups' claims who provide critical resources (Dekker, 2011). In this sense, FF appears to frame their decisions to preserve the support of those focal stakeholders who helped the owning family continue deriving SEW. Finally, Ahmad et al. (2020) enhance the importance to center the business model in the stakeholders through corporate social responsibility in order to guarantee the survival of FF. Their study provides empirical evidence of a positive relationship between family firm involvement and corporate social responsibility. Drawing in stakeholders' theory, their findings demonstrate that active participation in social activities enhance FF to sustain survival in the context of a Muslim country.

Stream 3. The Role of the Family in the Strategic Decision-Making Process

A consistent stream of literature analyses the effects of family involvement in the decision-making process (Casillas et al., 2019; Zattoni et al., 2015). *Business sustainability* results from a blending of family functionality and business success (Stafford et al., 1999). A family business's sustainability is a function of both business success and family functionality (Stafford et al., 1999). Specifically, Winter et al. (2006) argues that the most important influence on business and manager continuity is the manager's view of business success. This subjective variable is considerably stronger than gross business income, an objective measure of success. Olson et al. (2003) argues that the nature of the family's effects on business ventures is as important as the size of impacts. In this sense, some family structures and relationships among the board have adverse effects on business ventures' success. Finally, Stafford et al. (2013) argue that family or firm resource and interpersonal processes may facilitate or inhibit FF sustainability. Otherwise, a positive symbiosis between family, firm, and unity host is productive (Stafford et al., 2013). Following the family's influence on strategic decisions, *Behavioral Agency Theory* is considered a Socio-Emotional Wealth basis. Conforming to this theory, Casillas et al. (2019) propose that enterprises make decisions based on the principal's criterion family business. The most critical issue is preserving the owning family's SEW (Gómez-Mejía et al., 2007). Otherwise, the *firm's behavioral theory* suggests that FF pursue a diversity of goals, both economic and non-economic, which reflect those of the organization's different perspectives (Baumol et al., 1964). In this sense, Revilla et al. (2016) suggest that firms with a large share of family members in the board, on average, more likely avoid business failure, but that such relationship only holds in firms showing relatively low levels of Entrepreneurship Orientation.

Table 5. Group C. Empirical quantitative studies. One single Theoretical Framework

Theoretical framework	Studies	Aims	Main findings	Future research	Unit of analysis
Resources Based View (RBV)	Rico et al. (2020)	Analyze the probability of companies' survival in a bankruptcy proceeding.	The authors evidence that retrenchment of assets is significantly associated with liquidation and retrenchment of debt is associated with survival.	Develop a longitudinal case study based on quantitative and qualitative data.	SMEs
Resource-based view theory.	Bartoloni et al. (2020)	Investigates the role of strategic conducts in determining firm exit before and during an economic recession	Skills development can successfully empower smaller and more vulnerable firms during a recession.	The authors suggest carrying out further longitudinal studies in other countries of the same phenomenon.	SMEs
Resource-based view theory.	Mayr & Lixl (2019)	Identify factors and resources essential for SMEs to over-come a crisis and bring about a sustainable reorganization.	The critical factor in a sustainable turnaround is repositioning, which comprises several aspects: a distinctive and unique service bundle (USP), some kind of innovation and change, and integration into networks.	Future research should focus on verifying our results by drawing on larger samples.	SMEs
Resource-based view theory.	Barbera & Hasso (2013)	Explore the impact of the usage of external accountants in the FF performance.	External accountant usage is positively related to sales growth if the firm has appropriate strategic planning processes and highly embeds its accountant.	Future researchers could explore results in emerging markets.	Family Firm
Stakeholder theory; Transaction cost economics; Theory of family firms;	Ahmad et al. (2020)	To investigate the impact of the owner family's involvement in the business on the sustainable survival of small and medium-sized family businesses (SMEs) and to empirically validate the intervening role of corporate social responsibility	Family involvement in the business has a positive impact on the sustainable survival of family SMEs, while corporate social responsibility partly mediates this relationship.	Further research is needed to generalize the findings to all types of family businesses in a global context.	FF
Stakeholders theory	Gopinath (1995)	Examine the relationship between firms and commercial banks under conditions when the firm is in decline.	Banks were found to follow four distinct strategies: (1) managerial, (2) financial, (3) legal, (4) restructuring.	Researchers in decline and turnaround need to incorporate external influences, such as that of the bank, in their conceptual models.	SMEs
Stakeholders theory	Laffranchini et al. (2020)	Explain heterogeneity across family firms in decline through SEW perspective.	FF frame the strategic decisions considering the stakeholders perspective to continue deriving SEW from the owning family.	Investigate the next step of the turnaround response and identify critical stakeholders for SEW during the recovery stage part of the cycle.	Family Firm
Sustainable Family Business Model	Winter et al. (2004)	Predict the owner-manager's continued	The manager's perspective of business success influence on business and manager continuity.	Attrition can be corrected by including measures of	Family Firm

Theoretical framework	Studies	Aims	Main findings	Future research	Unit of analysis
		involvement in a FF over time.		business stability in next studies.	
Sustainable Family Business Model	Olson et al. (2003)	Analyze strategies for FF to increase the success of the family and the firm.	Business assets, life-cycle of the firm, personnel management, owner's weekly hours in the company and family employees were positively associated with FF success.	Employ longitudinal data to compare the results of the model.	Family Firm
Sustainable Family Business Theory (SFBT)	Stafford et al. (2013)	Examine the influences of the family's adaptative skills to survival and growth in a long term	FF benefitted from disaster assistance when firm owners and community leaders responded to the natural disaster by requesting federal disaster assistance.	Explore resources that can be drawn to respond effectively to a disruption.	Family Firm
Behavioral Agency Theory	Casillas et al. (2019)	Explore the role of decision-makers in FF that affect the retrenchment process.	Family involvement accentuate retrenchment strategy in underperformance situation.	Focus the research on the particular quirks of the ownership composition, stakeholders influence, or the owning family's characteristics.	Family Firm
The behavioral theory of the firm.	Revilla et al. (2016)	Sheds light on how family involvement influences business failure risks.	Explore how family involvement influences business failure risks.	Investigate the consequences of EO for the relationship between family involvement and business failure.	Family Firm
Resource Dependence	Mueller & Barker (1997)	Analyze differences in BoD as the size, CEO duality, TMT size, and TMT change in turnaround and nonturnaround declining firms.	At the end of the recovery process, TMT's teams are smaller in turnaround firms than in non-turnaround firms.	Top management teams' literature should be strongly developed due the changes on the role of the TMT in some studies.	SMEs
Strategic Contingency Theory (Hofer, 1980)	Ndofor et al. (2013)	Explore the consequences of strategic decisions and retrenchment processes on companies in munificent industries to turn around from decline.	Retrenchment strategies would impede, the likelihood of successful turnaround for declining firms in a munificent industry.	Analyze different turnaround strategies in a more significant diversity of industry environments.	SMEs
Strategic Fit Approach	Osiyevskyy et al. (2020)	Analyze the effects of exploration and exploitation on firm performance level and variability in a crisis period.	Exploration strategies are recommended under crisis but the cost is a higher volatility, while exploitation leads to a "reliable decline of performance."	The authors suggest carrying out further longitudinal studies and compare the results..	SMEs
Organisational Learning (OL) Theory	Battisti et al. (2019)	Deeply understand the role learning plays for the resilient performance of SME's.	During unstable periods such as the Global Financial Crisis, the individual's adaptive response patterns related with learning goal orientation are determinant for sustain the firm performance.	Repeat this study in different contextual environments and stable small firms.	SMEs
Pecking Order Theory	Hong et al. (2017)	Analyze the consequences of firm-related factors on micro-	The firm-related factors significantly affect SME's capital structure.	Future studies should increase the size of the sample including inter-	SMEs

Theoretical framework	Studies	Aims	Main findings	Future research	Unit of analysis
		enterprises' capital structure during a financial and economic crisis.		sectorial or inter-country analysis.	
Human capital theory	Wennberg et al. (2010)	Explore the different ways to exit of individual entrepreneurs from the firm.	The likelihood of exiting by harvest sale are determined by entrepreneurial experience and entrepreneur's age. The probability to exit via distress liquidation are determined by the entrepreneur education level.	Future works should take in consideration the exit strategy and the entrepreneur's behavioral aspects.	SMEs
Threshold theory	Hirigoyen & Basly (2008)	Explore the impact of some of the emotional costs experienced by owners on their FF sale decision	A turbulent environment does not seem to be determinant to take the decision to sell the FF even in a underperformance situation.	Consider other variables such as inefficiencies due to the inseparability of ownership and management as determinant motives pushing owners to renounce to the control.	Family Firm
Theory of strategic niches	Rawwas & Iyer (2013)	Analyze some marketing skills and logistics aspects related with enhancing small and large wholesalers' performance.	Small wholesalers were interested in the supplier's financial assistance and the buyer's services.	Further research should consider potential internal and external context variables.	Family Firm
Stewardship theory	Zahra et al. (2008)	This paper proposes family firms' characteristics related with the degree to which they evidence strategic flexibility.	The results evidence that those families committed the FF and those who possess a stewardship culture are well-prepared to lead change's turbulence.	Future research needs to investigate the relationship between a high commitment to the firm and entrepreneurship.	Family Firm
Organizational behavior and human resource management theory	Sardeshmukh et al. (2021)	To explain the role of work stressors as antecedents of business owners' emotional exhaustion and subsequent exit intentions.	Entrepreneurs are assumed to be aware of the challenges of business ownership, self-selecting into their careers, especially women business owners.	To consider an overarching combination of resources such as psychological capital, which includes hope, optimism, resilience, and efficacy and examine how they relate to an entrepreneur's or founder's stress and well-being.	FF

Source: Prepared by the authors.

Stream 4. Alignment of the Resources with External Factors

Based on the *Resource Dependence Theory*, firms pursue to align firm resources with the environment. Mueller and Barker (1997) argue that turnaround firms are more likely to have CEOs with board chairs, medium-sized boards, and greater outsider control of the board. Furthermore, by the end of their recoveries, turnaround firms have reduced the top management team's structure of their pre-decline situation compared to non-turnaround firms. These results evidence that turnaround firms develop strategic decision-making structures that are fast yet influenced by outside perspectives.

Considering the relevance to adapt the strategic decisions to the context, under the *Strategic Contingency Theory* (Hofer, 1980), many scholars suggest that the effectiveness of specific actions in response to decline are contingent upon the causes of decline (Arogyaswamy et al., 1995; Schendel et al., 1976). In this sense, Ndofor et al. (2013) argue that turnaround attempts benefited from strategic actions (i.e., acquisitions, partnerships, and new products). Retrenchment activities (i.e., product withdrawals, asset reduction, and layoffs), on the other hand, tended to reduce the chances to reach a successful turnaround. Following the importance of adjusting the firm response to the environmental challenges, the *strategic fit* literature emphasizes that the strategic fit of firms' responses to the decline driven by "environmental jolts" is decisive to economic performance. In this sense, Osiyevskyy et al. (2020) relate the exploration activities lowers the firm performance but at the same time increases the performance variability, creating by this means the optimal scenario for both reach abnormally high returns and suffering significant losses.

In terms of capital structure on SMEs, the *Pecking Order Theory* (Myers & Majluf, 1984) is suited by Van Hoang et al. (2018) to predict smaller firms' financing preferences and capital structure in decline. Thus, these authors evidence that during the difficult period of the financial crisis followed by an economic recession, SMEs stopped growing. In many cases, they even reduced their activity, relying mainly on internal sources of financing.

Stream 5. Managerial Cognition and Skills as a Determinant of the Firm Direction

The *Organizational Learning Theory* reinforces that firms need to adapt to changing environments continuously to achieve resilient performance. Thus, Battisti et al. (2019) highlight that heterogeneity of managerial cognitions affects firm performance. In a declining performance context, higher levels of owner-manager learning goal orientation are more strongly related to sustained and stable performance, and lower levels are more related to survival (Battisti et al., 2019). In the same trend of thought, Wennberg et al. (2010), drawing on the *Human Capital Theory*, argue that specific human capital is made up of skills that are more specialized and valuable in a particular context or organization, but less useful in the general labor market and propose three human capital variables that may be associated with a specific exit route: entrepreneurial experience, age, and education. Also, drawing threshold *theory,* Hirigoyen and Basly (2019) shed light on the role of the emotional factor behind the decision to continue or sell the business in a context of business renewal through generational family succession. Finally, Sardeshmukh et al. (2021) centered this research in the psychological antecedents of personal exit decisions and the emotional processes that influence the exit decisions. Antecedents such as stress-inducing conditions, working long hours, taking on multiple roles, dealing with an unpredictable environment and work-family conflicts incentivize the business exit intentions.

Their findings suggests that the persistent stressors associated with owning a business can lead emotional exhaustion, which can trigger exit intentions that are a precursor to the end of the entrepreneurial process.

Stream 6. Trust and Commitment as Determinant of the Successful Turnaround

Rawwas and Iyer (2013) used the theory of strategic niches to explain the importance of trust, loyalty, and efficient communication as key elements to reach high performance and avoid financial decline. In this sense, the managerial style of the board is directly related to the account. On the other hand, Zahra (2010), drawing on the stewardship theory, argues that a FF ability to respond to strategic contingencies is shaped by the family's commitment to the firm, as well as the adoption of stewardship-oriented practices designed to engage and bond members to the organization (Eddleston et al., 2008).

Multi Theoretical Framework

The theoretical frameworks adopted and the features analyzed are multiple and heterogeneous, so that clustering these into thematic clusters is challenging.

Stream 1. Diversity of Retrenchment Response

Environmental turbulence generates important sets of contextual factors, each with multiple impacts on firm strategy direction (Prahalad & Hamel, 1994) and on the process by which strategies are designed. Latham (2009) provides one of the few detailed examinations on how small, entrepreneurial firms respond to an economic recession. In this sense, it argues that smaller firms tended to be more adaptive in their response, focusing on revenue-generating activities. In contrast, larger firms relied on cost reductions to improve performance. Moreover, Michael and Robbins (1998) analyze small firms' use of retrenchment in decline periods describing how small firms retrench and why they do what they do. The author's evidence that retrenchment is a common but not universal response of small firms to a recession. In this sense, asset reduction or cost optimizing will have multiple results depending on the firm and the environment. The DeDee and Vorhies study (1998) describes how small firms retrench operations and the effects of retrenchment on company performance regarding return on common equity and cash flow to sales. The results show that many everyday retrenchment activities did improve the performance of the firms studied. Following multiple retrenchment responses, Chowdhury and Lang (1996) examine whether short-term actions that have preceded turnaround in larger firms are the right prescriptions for smaller firms. They identify several differences in strategies for little firm turnaround success compared to large firms. For example, small firms regularly do not have the product/market scope to prune a viable alternative. They do not evidence that the purchase of newer (and more efficient) assets is a component of the performance increase.

Nevertheless, contrary to Rico et al. (2020), Chowdhury and Lang (1996), and D. K. Robbins and Pearce (1993) evidence that firms that pursued retrenchment were more successful than firms that follow growth with the preexisting assets, even after a period of hardly cost-cutting. The results show that managers of successful small firms must identify and improve underperforming assets when facing turnaround situations. Moreover, drawing on the relational perspectives on inter-organizational relationships. Zahra et al. (2008) propose that FF can employ their Organizational Social Capital to reach new ventures. FF can invest in these ventures, build profitable business relationships and alliances with them, and assist in governing their operations. This example shows the multiple perspectives from different authors to explain a similar situation in the retrenchment literature.

Table 6. Group C. Empirical quantitative studies. Multi Theoretical Framework

Theoretical framework	Studies	Aims	Main findings	Future research	Unit of analysis
Multi theoretical approach	Latham (2009)	Understand how smaller and start-up firms fit their strategies to react to an economic recession.	In a economic recession, small and young companies are much more oriented to pursue revenue-generation strategies than cost reductions.	Extend the debate between strategy scholars and managerial veterans to improve the tools necessary for small firms to navigate in economic crisis.	SMEs
Multi theoretical approach	Michael & Robbins (1998)	Analyze retrenchment strategies carried out by small firms during the 1990-1991recession and offers guidance to small firms facing the next recession.	Retrenchment represents a common but not the unique alternative to recession for SME to face a recession.	Investigate the consequences of retrenchment in different industries.	SMEs
Multi theoretical approach	DeDee & Vorhies (1998)	Investigate a set of retrenchment activities that small businesses can use to improve their performance during periods of economic downturn.	Many everyday retrenchment activities did improve the performance of the small firms studied. When a recession forces cutbacks among a small manufacturing firm's customers, these companies must be flexible enough to respond to their customers' need for less expensive products.	Analyzes different industries and compare the results.	SMEs
Multi theoretical approach	Chowdhury & Lang (1996)	Examine whether short-term actions that have preceded turnaround in larger firms are the right prescriptions for smaller firms.	On of the most significative predictor of the turnaround is employee productuvuty.	Further corroboration is needed to demonstrate the possibility that turnaround firms have been successful in either persuading creditors to accept delayed payments or extending more credit	SMEs
Multi theoretical approach	D. K. Robbins &	The study is oriented on the turnaround strategy most often	Successful turnaround strategies are characterized by	Identify the assets that could be shielded from	SMEs

Theoretical framework	Studies	Aims	Main findings	Future research	Unit of analysis
	Pearce (1993)	referred to as entrepreneurial retrenchment.	entrepreneurial retrenchment instead of cost-cutting.	reduction in different contexts.	
Multi theoretical approach	Knudsen (2019)	Analyze why some firms are more affected than others by recessionary shocks.	The results evidence that companies are affected differently by recessionary shocks due to pre-recession characteristics.	Shed more light on identify factors that affect the performance of the firms.	SMEs
Multi theoretical approach	Dowell et al. (2011)	Analyze how the governance mechanisms contribute to firms survive in declining situation.	In firms that are suffering financial problems the capacity of small TMT to make quick decisions are determinant to survive.	Analyzes the relative power of the TMT as a determinant of the survival.	SMEs
Multi theoretical approach	Carter & van Auken (2006)	Study the causes experienced by SME during a decline situation.	There are e main problems that determine the bankrupt firms: lack of knowledge, inaccessibility to debt, and the economic climate.	A longitudinal study by region of the world may contribute to a deeper understand of patterns and variables that affect bankruptcy.	SMEs
Multi theoretical approach	Kaciak et al. (2020)	Explore insights into how entrepreneurial exit strategy are determined by social capital.	The impact of healthy and weak networks influence in strategic decisions related to entrepreneurial exit strategy.	Investigate patterns regarding entrepreneurial exits for larger firms and SME.	Family Firm
Multi theoretical approach	Balcaen et al. (2012)	Identify firm-level determinants of the type of exit encountered by mature and economically distressed firms differentiating between bankruptcy, voluntary liquidation, and M&A.	The study provides evidences on firm characteristics that are related with bankruptcies and others related with exits strategies.	Analyze how FF identify signals of decline an how the firm reaction influences the exit strategies.	SMEs
Multi theoretical approach	Zahra (2010)	It shows how FF use their Organizational Social Capital to develop beneficial relationships with new ventures.	The results clarify how family firms exploit Organizational Social Capital to build viable relationships that can enhance their market positions and performance.	There is also a need for more fine-grained analyses that document the ventures with which family firms connect.	Family Firm

Source: Prepared by the authors.

Stream 2. Causes of Bankruptcy and Factors that Affected Recessions

Carter and Auken (2006) explore the bankrupt of firms and argues that the most critical problems of bankrupt firms are: lack of knowledge, inaccessibility to debt, and economic climate. Moreover, Knudsen (2019) analyzes the factors that explain why some firms are more severely affected by recessions than others. In this sense, firms pursuing a pre-recession strategy emphasizing quality, firms with high pre-recession growth, firms with many competitors, and firms selling durable goods are more likely to experience reduced demand during the recession. These findings imply that recessionary shocks are not randomly assigned to firms. Considering whether corporate governance matters more for firms facing financial distress, Dowell et al. (2011) argue that governance mechanisms' relative value is contingent on both firm and environmental conditions. Different governance configurations are valuable for firms facing other challenges.

Stream 3. The role of Emotions and Relations as a Determinant to the Future of the Company

Drawing on the relational perspectives on inter-organizational relationships, Zahra et al. (2008) propose that FF can employ their Organizational Social Capital to reach new ventures. FF can invest in these ventures, build profitable business relationships and alliances with them, and assist in governing their operations.

Stream 4. Multiple Exit Ways as an Alternative to Turnaround

Balcaen et al. (2012) examine firm-level determinants of mature firm exits after economic distress. They argue that the distressed firm exit follows two distinct stages. First, a firm either decides to exit voluntarily or is forced into bankruptcy, which is the least efficient exit strategy. Compared to bankruptcy, the probability of a voluntary exit increases with higher cash levels, lower leverage, holding no secured debt, and being embedded in a group. If a firm exits voluntarily, it enters a second stage and decides either to exit through voluntary liquidation or an M&A. Moreover, Kaciak et al. (2020) investigate social networks' role in shaping entrepreneurial exit strategies drawing on SEW. They argue that the higher levels of SEW increase the likelihood that an entrepreneur will select a stewardship-based exit strategy.

2.2.3 Socio-Emotional Wealth

We found that 82% of the studies analyzed in the sample are drawing in various perspectives to shed light on the turnaround process. Still, only 18% of them consider the human dimension. This fact is surprising considering that people compose companies.

There are several contributions to understand the decision-making process in FF and SME. Still, one of the most critical developments in recent years is the concept of socioemotional wealth (SEW), proposed by Gómez-Mejía et al. (2007). The volume of articles that reference SEW has risen from 2 in 2007 to 229 in 2020 within the Web of Science categories of Business, Management, and Economics. The 2007 article by Gómez-Mejía et al. (2007) has had over 3.048 Google Scholar citations, as of March of 2007, and continues to be one of the most searched articles in this field in the last years.

Berrone et al. (2012) propose five significant dimensions of SEW that characteristic FF and affect most SME. Gómez Mejía et al. (2007) suggest SEW has many forms, such as exercising control, perpetuating family values, maintaining the family dynasty, conservation of social capital, and deciding on blood-ties rather than competence and family altruism. Berrone et al. (2012, p. 259) summarize SEW as the "stock of affect-related value that a family derives from its controlling position."

These dimensions are labeled as FIBER and are described below.

1. *Family control and influence*. One of the most remarkable characteristics of FF is that members exert control over strategic decisions (Chrisman et al., 2002). Control and influence are an integral part of SEW and are highly desired by family members (Zellweger et al., 2010). Therefore, FF are more likely to perpetuate owners' direct or indirect control and influence over the firm's affairs regardless of financial considerations (Berrone et al., 2012). Cleary et al. (2019, p. 120) define this variable as "Control and influence of family members" – for example, CEO or top management are or are appointed by family members. In SME, we also identify these characteristics. For example, when some candidates to be incorporated into the firm are recommended by one of the board of directors during the selection process.
2. *Family member's identification with the firm*. The family members confer a singular identity to the firm. This identity is inextricably linked to the firm that usually carries the family's name. The quality of the products and services that the company provides affect directly to the family reputation. Therefore, family members are quite sensitive about the external image to their customers, suppliers, and other external stakeholders (Micelotta & Raynard, 2011). Considering that public condemnation could be emotionally damaging for family members (Westhead et al., 2001), it is comprehensible that family members demonstrate higher corporate social responsibility and citizenship (Berrone et al., 2012). Cleary et al. (2019) define this variable as "Close identification of the family with the firm", for example, the business carries the family name. This dimension also affects SME in terms of how the employee's performance increases with a company's commitment.
3. *Binding social ties*. The mutual commitment within a family business is not exclusively between family members. Still, it is extended to stakeholders like suppliers, customers, or the community, promoting a sense of stability and commitment (Miller et al., 2010). Cleary et al. (2019) define this variable as social relationships of FF, both between family members and the family and others such as a supplier. In SME, we also identify how the firm's commitment to the stakeholders contributes to enhancing the firm reputation and increasing the trust with the different players.
4. *Emotional attachment*. Although emotions are an integral and inseparable part of everyday organizational work (Ashforth & Mael, 1989), the emotional component is more accentuated in the context of FF. By their nature, families are characterized by a wide range of emotions, some of them positive, such as warmth, tenderness, love, consolation, and happiness, and others that are negative, such as anger, fear, loneliness, anxiety, sadness, disappointment, and depression (Epstein et al., 1993). Because of the symbiosis between family and firm, emotions permeate the organization, influencing the family business's decision-making process. In this sense, they consider the influences of

emotions in managerial decisions, whether family or non-family firms. We also include emotional attachment as a fundamental element to consider in SME.

5. *Renewal of family bonds to the firm through dynastic succession*. Represents one of the central aspects of SEW and refers to handing the business down to future generations. The FF represents heritage and tradition, is not just an asset that may be quickly sold (Casson, 1999). For FF, maintaining the business for future generations and perpetuating family values is considered the primary goal (Berrone et al., 2012). But to achieve this goal is necessary to consider the implications for the long term planning horizon in the decision-making process (Miller et al., 2010). Cleary et al. (2019) define this variable as handing business from one generation to the next, keeping family heritage and tradition in the longer-term.

SEW has been applied to a variety of topics in FF and non-family firms, considering social responsibility (Berrone et al., 2012), corporate governance decisions (Bammens et al., 2011), acquisition behavior (Gómez- Mejía et al., 2018), CEO risk behavior (Cruz et al., 2012), nonfamily employment decisions (Vandekerkhof et al., 2015), and R&D investments (Berrone et al., 2012). However, applying the SEW perspective in FF and SME's turnaround process is challenging because the literature on retrenchment in FF and SME is scarce. Few studies are considered this perspective (Casillas et al., 2019).

2.3 RESULTS AND DISCUSSION

Integrative View and Research Avenues

The results of the systematic literature review of turnaround process in FF and SME evidence the scarce attention paid to the consequences of the family influence on strategic decisions, the effect of the identity with the firm, the relevance of the relations with the environment, the role of the emotions and the preservation of the business to the next generations.

These research gaps represent exciting opportunities for future research, which we evidence and discuss below. Drawing on the FIBER model (Berrone et al., 2012) emerged from the SEW perspective, we suggest how mainstream turnaround scholars consider the SEW a pivotal element to understand successful turnaround strategies better. Thus, contributing thus enriches general turnaround strategies theories and offers a set of parallel avenues to add value to mainstream turnaround literature.

Research Avenue 1 – Family Control and Influence

As Hauck et al. (2016) suggest, preserving current family control and influence over the firm can be a priority than financial outcomes. In this sense, the exercise of control can be pushed either directly (e.g., a family member being CEO) or indirectly (e.g., family members influencing top executives). Furthermore, control does not necessarily have to be related to formal ownership but can be managed in informal ways (Berrone et al., 2012). In FF, cultural forces from the family could generate resistance in strategic divestment decisions (Sharma & Manikutty, 2005) and negatively affect the turnaround process in which the firm is involved. Otherwise, the governance plays a relevant role in determining short-term and long-term problems that affect results (Yu et al., 2012). Therefore, the determination of priorities that defines the survival likelihood could be influenced by the governance. The inertia understood as the family business's inability to move forward is related to family control (Santiago, 2015). Following on the failure to respond appropriately to the threats and weaknesses, Franco and Haase (2010) suggest that rarely the managers recognize internal factors to explain the decline's causes. This is a way to self-justify and maintains control of the firm, no matter the financial performance. Furthermore, Winter et al. (2004) argue that the most important influence on business and manager continuity is the manager's view of business success. Consequently, some family structures and relationships among the board may evidence adverse effects on the business ventures' success.

Otherwise, the influence in the family's strategic firm decisions is evidenced in Santiago (2015) study, where shows how the family members are incapable of making the right decisions in the different life cycle dimensions in declines FF.

These results evidence financial underperformance, however, represents a perspective of SEW, "the ability to exercise family influence" and shows as many FF prefer to exercise control over the firm being conscient of the consequences to the financial performance (Gómez-Mejía et al., 2007).

Research on the turnaround literature could explore the relevance of cultural firm forces on retrenchment strategies, the role of governance in establishing long-term and short-term priorities in decline firms, and the effect of self-justification theory in the survival strategies, and the influence of the family on the managerial decisions in turbulent environments.

Research Avenue 2. Perception of Identity with the Firm

Identification of family members and employees with the firm evidence the linkage between the family and the firm. In this sense, perception of identity is driven not only by the family context but also by a broader social context (Berrone et al., 2012). The family members' strong commitment to the FF inhibits organizational changes as retrenchment strategies. Still, at the same time, this commitment supports altruistic tendencies and long-term goal orientation (Cater & Schwab, 2008). Otherwise, social, cultural, and symbolic capital play a relevant role in FF survival (Glover, 2013). Also, Bartoloni et al. (2020) suggest that the concentration of practical skills to deal with turbulent environments increases survival likelihood. In other words, the strong identification with the firm represents intangible assets that can be used to create a competitive advantage potentially.

Further research on the turnaround should study the firm's identity effect to inhibit or exacerbate managerial changes in turbulent contexts. Otherwise, it is necessary to deeply understand the potential to create a competitive advantage through firms' intangible assets in decline.

Research Avenue 3. Binding Social Ties

A relevant field on the SEW perspective is the social relationships between the firm and the stakeholders as employees, suppliers, and the community. The firm is considered as part of the local area of influence. In this sense, Kücher and Feldbauer-Durstmüller (2019) suggest that survival organizations are determined by environmental, ecological, organizational, and psychological factors. As Stafford et al. (2013) propose, a positive symbiosis between the firm and its community host is productive. The stakeholders are key actors in prominent companies and gain more importance in the turnaround process. For example, cash flow is a prevalent problem in most FF and SMEs. Therefore, managers need to prioritize giving accurate information to the banks to create the right perception (Gopinath, 1995), fundamentally if the firm faces a decline situation. Otherwise, firms need to consider other stakeholders who provide critical resources as shareholders (Dekker & Hasso, 2016). In terms of social behavior, we identify that trust, loyalty, and efficient communication are vital elements to reach high performance and avoid financial decline (Ranwas & Iyer, 2013). Furthermore, build profitable relationships contribute to increasing Organizational Social Capital to reach new ventures (Zahra, 2010).

Turnaround researchers might consider the influence of the environment and the community to determine the survival chance in crisis. It is also necessary to investigate the relationship with shareholders and banks as a critical element to reach a successful turnaround. Otherwise, in terms of social behavior, we encourage scholars to study the turnaround process considering the effect of trust, loyalty, and efficient communication between the organization members.

Research Avenue 4. Emotional Attachment

The role of emotions in the business represents one of the most critical considerations of the SEW. Emotions are non-static and emerge and evolve by critical events occurred belong the life cycle of the firm. These feelings are more intense specifically in FF and SME because the managerial decisions are influenced by other factors: succession, divorce, illness, family or business loss, economic downturn, etc. (Berrone et al., 2012). At the same time, emotional attachment has a positive effect on the firm's psychological appropriation.

Some FF decisions are motivated by emotional states or non-financial issues (Chirico et al., 2019), determining different strategic behaviors in FF (Glover & Reay, 2015). Emotional aspects may interfere in critical elements as the performance threshold that family owners use to frame exit decisions in a firm in decline (DeTienne & Chirico, 2013). Thus, Glover and Reay (2015) identified four different strategic behaviors determined by emotional attachment to survive and evidence of how emotional commitment to the firm may influence strategic decisions. Also, Hirigoyen and Basly (2019) shed light on the role of the emotional factor behind the decision to continue or sell the business in a context of business renewal through generational family succession.

Further research on turnaround is necessary to understand how emotional attachment influences firms' strategic decisions in decline.

Research Avenue 5. Renewal of Family Bonds to the Firm

One of SEW's central aspects is related to preserving business from one generation to the next and keeping family heritage in the longer-term. The literature evidence that handing the company for future generations is frequently seen as a critical goal for FF (Zellweger et al., 2010). Many FF consider longer-term planning horizons (Miller et al., 2010).

The life-cycle stages of the senior generation, successors, and key employees are critical elements in corporate entrepreneurship (Yiu et al., 2006). Otherwise, manage appropriately symbolic capital (knowledge, skills, qualifications, etc.) is very important to survive and assure the transition from one generation to the next (Glover, 2013). Besides, the FF ability to respond to strategic contingencies is shaped by the stewardship-oriented practices designed to engage and bond members to the organization (Eddleston et al., 2008).

Turnaround researchers should orient the efforts studying how the life-cycle stages, managing symbolic capital, and stewardship-oriented practices influence the turnaround process and preserve the business to the next generations.

Concluding Remarks

There are several reasons to consider that the turnaround process is enormously different depending on whether it is addressed to large firms or FF and SME. The primary literature on turnaround doesn't consider the peculiarity of FF and SME. We found evidence of the gaps in the literature on turnaround under SEW perspective drawing on the FIBER model. Differentiating this literature review from other similar studies in the turnaround research stream, the results aim to learn from the existing literature and, considering the identified gaps, suggest a research agenda considering distinct avenues to be explored in future research.

CHAPTER 3: Retrenchment and Performance: The Moderating Role of Family Involvement

3.1 INTRODUCTION

Strategic management literature in Family Firms (FF) is usually focused on growth-oriented strategies (D. K. Robbins & Pearce, 1993). Nevertheless, in hostile contexts as the financial crisis in 2008 or the current economic crisis related to the covid-19, business failure is a phenomenon that should be studied by management researchers, specifically in FF (Casillas et al., 2019). The importance of FF is recognized by management literature due to FF are the oldest and the most common form of business organization in the world, as we can see in some countries such as the USA (96%), Spain (79%), Germany (60%) or Brazil (90%) (Timmons & Spinelli, 2009). However, despite that FF are the most common type of company in the world, less than 30% of FF continue to the second generation, and less than 50% of second-generation firms make it to the third generation (Le Breton-Miller et al., 2004). Frequently, many young family firm businesses with high growth potential are severely affected by external factors that they cannot control, such as the current economic crisis caused by the pandemic. These facts highlight the need to better understand the capacity of family firms to manage the company in turbulent contexts caused by external factors.

Business failure is a situation preceded by a phase of decline characterized by a deterioration of the firm competitive advantage due to external or internal factors (Casillas et al., 2019). Previous contributions have attempted to illustrate the process that explains the reorientation of the firm direction drawing on terms such as *turnaround strategies* (Barker & Duhaime, 1997; Hambrick & Schecter, 1983). Pearce and Robbins's (1993) contributions evidence that in the turnaround process exists two phases: the retrenchment phase and the recovery phase. The retrenchment phase consists of reducing the firm's operational costs, divestment procedures, and replacing members of the Top Management Team (TMT) (Hambrick & Schecter, 1983; D. K. Robbins & Pearce, 1992). On the other hand, the recovery phase involves reorienting the firm strategic direction to pursue high performance in the long term (Pearce & Robbins, 1994a; Revilla et al., 2016).

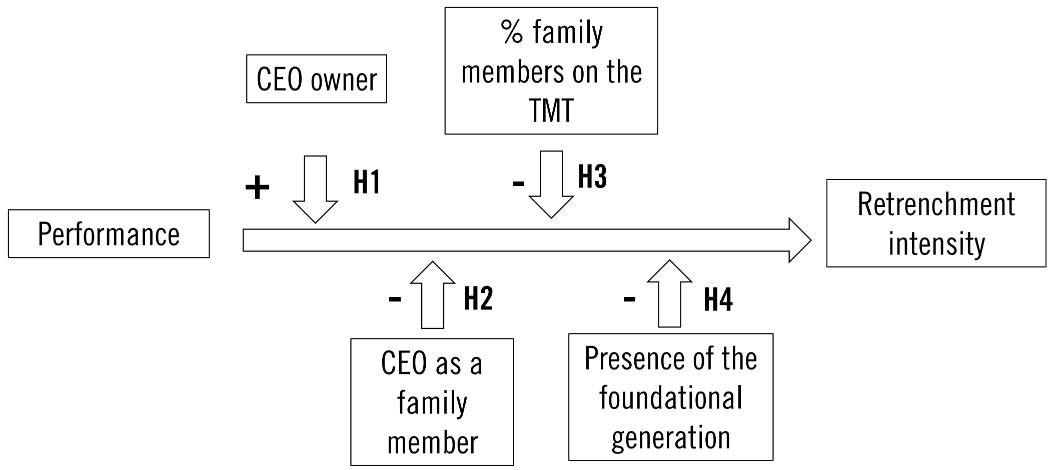
Literature about retrenchment in FF is scarce and provides mixed arguments with conflicting results. Previous studies evidence that firm ownership structure influences the implementation of retrenchment measures (Casillas et al., 2019; Daily & Dalton, 1994; Elloumi & Gueyié, 2001). Specifically, some authors illustrate how family involvement determines the intensity of retrenchment measures and, consequently, the turnaround process's success (Detienne & Chirico, 2013). For example, Bauweraerts et al. (2021) suggest that CEO owners with high concentrated decision-maker power will take action to anticipate a crisis in turbulent contexts. Related to the relation between the CEO and the family, DeTienne and Chirico (2013) argue that when it's necessary to implement substantial strategic changes in a short period, a non-family CEO is recommended. Concerning the relation between the family and the TMT, Berrone et al. (2012) argue that a high percentage of family members on the TMT adopt distinct perspectives compared to other organizations regarding the retrenchment measures to avoid a potential loss of SEW. Finally, related to the founders in management, Cruz and Nordqvist (2012) evidence that the affective commitment to the family and the firm gradually disappears in the next generations due to incorporating new non-family members (Gómez-Mejía et al., 2007). This discrepancy of perspectives might be explained by the heterogeneity of FF (Salvato & Aldrich, 2012) and the different combinations of both financial and non-financial goals (Gómez-Mejía et al., 2007).

In this study, we focus our attention on retrenchment measures due to retrenchment is a phenomenon rarely studied in Family Firms despite is being considered a critical phase in the turnaround strategy (D. K. Robbins & Pearce, 1992). We follow the line of research started with DeTienne and Chirico (2013) and continued by other authors as Casillas et al. (2019) and Laffranchini et al. (2020). These authors argue that SEW influence the intensity of the retrenchment measures in FF that are facing a decline in financial performance caused by external factors.

To shed light on the retrenchment process in FF, we test our hypotheses using original data from a sample of 113 Spanish family firms that faced the recent global economic and financial crisis between two different periods, 2008-2013 and 2014-2016. Specifically, we examine strategic decisions carried out by the companies related to the strategies that firms were emphasizing in each of the periods considered; priorities and changes in their strategy portfolio; ownership and governance issues; and finally, topics related to TMT demographics, composition, and change.

Overall, this study contributes to the literature in family firms in multiple ways. First, we evidence that, to protect their investment, CEOs owners are more predisposed to intensify the retrenchment measures than CEOs non-owners, especially in the first generation of the company's. Second, family influence on managerial decisions inhibits the intensity of retrenchment measures carried out by non-family CEO. Third, TMTs with family members are more predisposed to carry out retrenchment measures. However, this effect is lost at percentages above 65% of family members on the TMT.

Figure 7. Theoretical model chapter 3



Source: Prepared by the authors

The remaining sections of the chapter are structured as follows. First, a theoretical context and literature review of family firms and their performance relationship will be presented. Second, a number of factors that may influence or define this relationship are revealed. Third, the study's research methodologies will be described. The findings will then be presented and discussed. The article concludes with concluding thoughts, limitations, and insightful directions for future research.

3.2 THEORY AND HYPOTHESES

3.2.1 The Influence of Socioemotional Wealth in Family Firms Performance

FF represents the most type of organizations in the world's economies and contributes considerably to job generation and wealth creation (Gómez-Mejía et al., 2007). Additionally, FF is characterized by a long-term orientation, high commitment between the employees and the firm, idiosyncratic social context, organizational culture linked to the family values, and an emotional component that influence the firm decisions (Chirico et al., 2019).

The inherent characteristics of FF that allow accomplishing both business and family goals is an attractive and challenging topic in the management literature (Carter & Ram, 2003; Scholes et al., 2010; Sieger et al., 2011; Wennberg et al., 2010; Westhead et al., 2005; Zellweger et al., 2011). Some authors demonstrate how FF split or expand into multiple businesses to meet the needs of the growing family (Ram, 2016) and why FF who diversified their core business into numerous business not just to sustain diversification but also to respond to the family members interests (Mulholland, 2016). The most crucial factor that determines the strategic decisions in FF is the loss of Socio-Emotional Wealth (SEW), defined by Gómez-Mejía et al. (2007) as "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty". In this context, as DeTienne and Chirico (2013) suggest, to prevent a loss of SEW, family owners are disposed to accept low performance or even sacrifice financial outcomes.

Nevertheless, while frequently FF are considered homogeneous organizations, some authors suggest differences in their organizational behavior (Chrisman et al., 2015; Chua et al., 2012). For example, under DeTienne and Chirico (2013) perspective, the behavior of family firms is determined by the degree/level of each family's SEW. In other words, the level of orientation to achieve non-financial goals by FF is moderated by the SEW degree (Chua et al., 2004). In this sense, SEW enhanced the importance of emotions, social capital, and noneconomic goals in the strategic decision process in FF (Chrisman & Patel, 2012).

Performance Perception in Family Firms

The firm performance perception by the family members is directly related to the degree of SEW (DeTtienne & Chirico, 2013). In this sense, a low-performance level during a long period could threaten the firm survival. However, as Gimeno et al. (1997) evidence, in this context, many family owners may persist in maintaining a business instead of taking decisive retrenchment actions due to a low threshold level. The authors' evidence that companies may differ considerably in their performance thresholds (Gimeno et al., 1997). As Gómez-Mejía et al. (2007) evidence, high levels of SEW make family owners prepared to tolerate and be satisfied with low performance to maintain non-financial goals. Consequently, the long-term perspective deriving from SEW stimulates family owners to give considerable resources and efforts for the company no matter the financial implications (Chirico et al., 2011; Sirmon & Hitt, 2003; Zellweger et al., 2010).

Some authors assume that FF survives at lower performance levels than non-family firms to guarantee longevity (Casillas et al., 2019). In this sense, to preserve SEW, FF undertakes less retrenchment when their survival is guaranteed. Considering the threshold as the minimum performance level to avoid dissolving the firm (Gimeno et al., 1997), we assume that retrenchment processes in FF are oriented to safeguard the SEW. For instance, as DeTienne and Chirico (2013) evidence, in FF with low performance, the board have a proclivity to carry out non-traumatic responses that will considerably affect internal relationships (between family and employees) and external relationships (with customers, suppliers, etc.) which delays the promulgation of retrenchment measures (Berrone et al., 2012).

As suggest DeTienne and Chirico (2013), in some cases, aspects as the family reputation, social ties and succession constitute the main element to be considered to sustain the strategic decisions in FF. For instance, one of the reasons why family owners accept low or even negative performance is because "the family owners' self-concepts are strongly emotionally tied to the family firm's identity and intimately linked to the family firm's history" (DeTienne & Chirico, 2013). Thus, DeTienne and Chirico (2013) consider underperforming firms drawn on SEW as those who can accept or even justify low-performance levels for emotional reasons. In consequence, this is not strange that some scholars identify a poor performance related to financial goals as a "sickness" but, in reality, represents a high degree of SEW (Kaye, 2016).

The Intensity of Retrenchment Measures

Retrenchment has been conceptualized as part of a turnaround strategy (D. K. Robbins & Pearce, 1993). Under Hofer (1980) perspective, the way to carry out operating turnaround strategies is through cost-cutting, asset reduction, and revenue-generating. Hofer (1980) suggests that selecting each retrenchment strategy depends on the severity of the operating situation in terms of how closer or far the company is from the breakeven. Specifically, following Hambrick and Schecter (1983), firms that are "far below" breakeven must carry out an intense retrench process. In this context, D. K. Robbins and Pearce (1993) argue that companies that carried out a retrench process have achieved a higher level of performance than those that did not. D. K. Robbins and Pearce (1993) establish two classes of retrenchment: cost retrenchment and entrepreneurial retrenchment to carry out a retrenchment process. Cost retrenchment is focused on reductions in administrative overhead and operational, marketing and selling expenses.

In contrast, entrepreneurial retrenchment represents the basis of a strategic direction change through replacing members of the top management team, asset restructuring, and invest in new competitive moves. Additionally, in their study, D. K. Robbins and Pearce (1993), based on 33 small-market-share firms that achieve a high-performance turnaround, evidence that is necessary to carry out both cost retrenchment and entrepreneurial retrenchment strategies simultaneously. However, they recognized that to extend this finding to other business firm populations should be required to analyze various contexts.

3.2.2 The Influence of Family CEO Owner

The relationship between performance and CEOs' ownership has been a significant research area in public firms (Chandler & Hanks, 1998; O'Boyle & Aguinis, 2012; Miller et al., 2010; Villalonga & Amit, 2006), but the literature in FF is scarce.

A family CEO owner, by definition, is a member of the controlling family and often has an ownership stake in the business. In many cases, especially in FF firms managed by the first generation, the CEO and the owner are the same people, usually the founder. Drawing on the agency theory, this situation generates positive and negative consequences for the firm performance.

FF might be affected by some agency costs related to the CEO owner (Dawson, 2011). The main governance problem in FF is the power lobbied by majority shareholders over minority shareholders. In other words, when the owner CEO has a high shareholding is more probable that expropriate minority owners (Che & Zhang, 2016). Otherwise, the CEO owner might generate agency problems such as entrenchment and expropriation (Daily & Dalton, 1994; Gómez-Mejía et al., 2001; Schulze et al., 2001). First, when the CEO owner increases operational costs by carrying out strategies that don't create value for the company is described as entrenchment. Thus, the intensity of entrenchment might be positively associated with the CEO ownership proportion (Eddleston et al., 2008; Oswald et al., 2009). In other words, the consequences of CEO owner entrenchment are poor results and underperformance (Gómez-Mejía et al., 2001). The second agency cost is related to expropriation. As Villalonga and Amit (2006) evidence, CEOs large owners with high influence power extract personal benefits at the expense of other shareholders, causing negative consequences to the firm performance. As a result, the FF ownership structure might increase the likelihood of the CEO owner expropriating other shareholders. In the long term, owner CEOs' value-destroying decisions might negatively affect the firm performance.

On the other hand, the association between the CEO and the owner cultivates the CEO's responsibility for the reputation and survival of the FF (Che & Zhang, 2016). In other words, drawing on the agency theory, the principal-agent costs derived from the separation between owner and CEO could be mitigated in FF (Jensen & Meckling, 1976), especially when the owner and the CEO are the same people. As a result, due to the reduced principal-agent costs, the CEO owner might focus the efforts on the firm performance and long-term orientation. Additionally, the high level of ownership concentrated in the hands of the CEO owner allows aligning the priorities of owners and managers, reducing the agency costs. Therefore, family CEO owners probably will have positive effects on firm performance (Che & Zhang, 2016).

Following Beckhard et al. (1983), the first-generation firm's commitment and concentrated decision process might develop the entrepreneurship orientation. Bauweraerts et al. (2021) suggest that a CEO owner with high concentrated decision-maker power at an earlier generation may improve the strategic orientation and will take actions to anticipate a crisis in turbulent contexts.

As Che and Zhang (2016) suggest, other long-term value outcomes are derived from CEO owners. For instance, the CEO owner owns social bounding. Social bounding represents the CEO's commitment to the rest of the family members who participate in the business. In this sense, as a family member, the CEO owner priories the family reputation in the long term and is motivated beyond economic incentives. Additionally, related to parental altruism, CEO owners are more motivated to take risks to benefit the company's long-term survival. Consequently, a CEO owner contributes to enhancing the efficiency of carrying out long-term strategies (Anderson & Reeb, 2003) and reducing agency costs.

Following Che and Zhang (2016), CEO owners require significant influence above the family members. Thus, a CEO owner with deep knowledge of each family member might be better prepared to resolve family issues and lead the family business efficiently. Consequently, a high ownership CEO will benefit CEO's decision-making power to carry out long-term strategies, and firm performance will improve (Che & Zhang, 2016).

Accordingly, we propose:

> H1. In FF, the relation between performance and retrenchment during a recession is more intense if the CEO is the owner

3.2.3 The Moderating Role of CEO as a Family Member

One of the most critical decisions in many companies is related to the designation of the CEO. In FF, this decision is crucial due to the implications for the family and the firm because the CEO retains the most direct influence on the firm's strategies and consequently in the firm performance (DeTienne & Chirico, 2013).

To better understand the relationship between the family and the firm, the SEW perspective suggests that FF develops strong connections with internal stakeholders (employees, family members, etc.) and external stakeholders (customers, organizations, associations, etc.). Internal stakeholders promote altruistic relationships, trust, and nonopportunistic behaviors (Wennberg et al., 2010), while external stakeholders are related to the reputation of the organization and the family (Deephouse & Jaskiewicz, 2013; Miller et al., 2010). Therefore, both internal and external stakeholders might increase FF performance compared with non-family firms. These two aspects illustrate why the familiar CEO diminishes or increases the chances to carry out robust retrenchment strategies such as cost reductions or asset liquidations in a high underperformance context. Specifically, Casillas et al. (2019) propose three arguments to better understand this managerial behavior related to the capacity to interpret poor performance, the importance of internal and external relations and consider stakeholders as a critical element in the organization.

Concerning the capacity to interpret poor performance, some authors evidence that family involvement in managerial decisions when the CEO is a family member implies a lower level of control than family companies (Cruz et al., 2012; Gómez-Mejía et al., 2001). In this context, financial underperformance frequently is attributed to external causes evading the responsibility of the familiar CEO (Gómez-Mejía et al., 2001). Consequently, the family CEO might evidence biased cognition of the FF performance (Zellweger & Dehlen, 2012).

Related to the resistance of FF to carry out strong measures that might impact the internal and external relations, some retrenchment strategies might erode the trust relationship between family owners and non-family employees (Le Breton-Miller & Miller, 2011) and affect the perception of customers, suppliers and the local environment about the firm (De Massis et al., 2018). As Le Breton-Miller and Miller (2011) suggest, a priority for familiar CEOs is preserving the SEW, affecting both the employees and all associated family members. Also, the firm's reputation is a crucial aspect to consider for familiar CEO because exists a direct relationship between the company name and the family name (Salvato & Melin, 2008).

However, concerning the stakeholders as a critical element, retrenchment strategy might be interpreted as a consequence of poor management and failure and affects the company's reputation (Ucbasaran et al., 2013), especially when the company name is linked with the family name. In this context, the familiar CEO will probably act as a defender of the family's reputation and reject any action that affects social capital (Jaskiewicz et al., 2015).

Related to the consequences of family or non-family CEO, some authors (Blumentritt, et al., 2007; Salvato & Aldrich, 2012; Sciascia et al., 2013) suggests that FF prefers to designate a non-family CEO to take strategic decisions more objectively and under a professional perspective free of familiar influences. In this trend of thought, DeTienne and Chirico (2013) argue that when it's necessary to implement substantial strategic changes in a short period, a non-family CEO is recommended. Also, Gómez-Mejía et al. (2001) argue that non-family CEO is more advised for enhance firm performance than family CEOs. These results are congruent with Woods et al. (2012), they evidence the role of non-family CEO to avoid bankruptcy caused by under-performing activities. Additionally, Blumentritt et al. (2007) argue that non-family CEOs generate superior financial performance than family CEOs.

Concerning the relation between the family CEO and the TMT, a "CEO's perception of TMT opportunism decreases when the CEO and the majority of the TMT belong to the same family" (Gómez-Mejía et al., 2011). The SEW may explain this behavior as a consequence of blood ties between the CEO and the TMT. In terms of the agency contract, this relation protects the welfare of family managers and consequently the legacy for future generations (Gómez-Mejía et al., 2011).

Related to the process of firm professionalization through the incorporation of professionals from outside of the family in strategic positions some authors evidence that FF is unwilling to incorporate non-family members in managerial positions (Gersick et al., 1999; Goel & Jones, 2016; Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011; Schulze et al., 2003a). In this sense, the reluctance of FF to consider a high professional structure is related to the family's resistance to delegating authority and the decrease of strategic decision control (Gómez-Mejía et al., 2011). Additionally, Jones et al. (2008) suggest that concentrate the specialized know-how outside of the family owners increases the information asymmetries and the employee's behavioral uncertainty. In this context, a family CEO usually satisfies the family needs and, consequently, probably avoids strategic decisions that might reduce the family SEW (Gómez-Mejía et al., 2011). Based on agency theory, "family CEOs tend to be unwilling to risk the family's wealth and jeopardize the financial and social well-being of future generations" (DeTienne & Chirico, 2013).

Thus, we propose:

> H2. In FF, the relation between performance and retrenchment during a recession is less intense if the CEO is a family member

3.2.3 The % of Family Members in the TMT as a Moderator of the Performance

Underperforming FF are oriented to survive due to motivational aspects and consequently accept a lower performance threshold (DeTienne & Chirico, 2013). Drawing on SEW, FF considers it a priority to conserve the family control over the firm and accept poor performance (Gómez-Mejía et al., 2011). According to Casillas et al. (2019), SEW is variable depending on the FF (DeTienne & Chirico, 2013). In other words, family-controlled firms facing a performance declining may simultaneously promote and hinder the implementation of a retrenchment strategy. First, any factor that jeopardizes the firm's survival has considerable repercussions when the company is associated with a particular family, due to the bankruptcy of the firm has negative consequences for the family's reputation (DeTienne & Chirico, 2013) and emotions (Shepherd et al., 2009). Second, FF with a high percentage of family members in the Top Management Team tends to trust the business management on the board of directors. Consequently, the control and regulatory mechanisms usually are low and scarce (Cruz et al., 2017). From the SEW perspective, family decision-makers consider SEW more significant than those managed by non-family members (DeTienne & Chirico, 2013). Consequently, the SEW dimensions evidence a change of the perspective of the FF, giving priority to family perceptions and organizational behavior (Zellweger & Dehlen, 2012). Third, when the financial outcomes are poor but don't jeopardize the firm survival, family-controlled firms tend to carry out soft measures to avoid internal tensions (with employees, suppliers, clients…), which postpone the announcement of retrenchment measures (Berrone et al., 2012). Fourth, FF management structures with a high percentage of family members in the Top Management Team usually are more flexible and centralized, which allowed them to react more efficiently (Salvato & Melin, 2008).

Following Casillas et al. (2019), when a FF suffers underperforming, the family board of directors often evaluates if the poor financial outcomes jeopardize the perdurability of the family business (Shepherd & Haynie, 2011). As a result of this evaluation, the family board will determine the intensity of the retrenchment measures to preserve the firm survival, considering that some retrenchment measures could negatively affect SEW (Gómez-Mejía et al., 2001). However, taking into consideration that FF consider a priority to establish a talented, embedded, and motivated employees team collaborating to enhance the financial outcomes for its future (Miller & Le Breton-Miller, 2005), when there is a poor performance, it will be less probable that with a high percentage of family members in the Top Management Team dismiss employees.

Concerning the stewardship in family-owned firms, Casillas et al. (2019) highlight the stewardship over customer relationships proposed by (Miller et al., 2008). This stewardship approach is based on the fact that the firm and the customers are evolving from a transactional relationship to a high loyalty relation. In this context is less probable that FF with a high percentage of family members in the Top Management Team carry out retrenchment measures that affect this relation.

The literature evidence that FF with a high percentage of family members on the TMT adopt distinct perspectives compared to other organizations regarding the performance to avoid a potential loss of SEW (Berrone et al., 2012; Gómez-Mejía et al., 2007; Miller et al., 2008). Consequently, as DeTienne and Chirico (2013) suggest, underperforming FF are motivated to survive due to motivational aspects (DeTienne et al., 2008) accepting a lower performance threshold.

For family firms, business failure is more than a professional failure because the name and the reputation of the family are threatened. In a situation where the family's survival is jeopardized, the family directors probably will take action to save the firm and its legacy (Jaskiewicz et al., 2015; Yu et al., 2012). In this context, the family's commitment accentuates the intensity of retrenchment strategies, given the speed with which decisions can be taken (Schulze et al., 2003a). In other words, only when the underperformance is so evident that it endangers the strong legacy will the family members on the TMT be likely to consider that their stewardship role requires carrying out retrenchment strategies to preserve SEW (De Massis et al., 2018; Zellweger & Dehlen, 2012).

The stewardship role of the family members on the TMT bears the commitment to ensuring the firm's continuity. When the poor results affect the financial performance and firm survival, an authoritative TMT can implement extreme retrenchment measures using the leadership position to make hard decisions (De Massis et al., 2013). If retrenchment measures are not well aligned, then the FF continuity could be at risk, and the SEW will be affected.

Accordingly, we propose:

> H3. In FF, the relation between performance and retrenchment during a recession period is negatively moderated by the percentage of family members on the Top Management Team

3.2.4 The Moderating Role of the Founders in Management

Many scholars have focused their interest on the managerial influences of generation in control (Casillas et al., 2010; Cruz & Nordqvist, 2012; Gómez-Mejía et al., 2007). The literature evidence that family owners from various generations perceive both financial and non-financial priorities differently, and consequently, these perceptions determine the strategic decisions (Gómez-Mejía et al., 2007; Salvato et al., 2010). In this context, "when the familial distance is significant in terms of controlling owners, sibling partnership and cousin consortium, the values, beliefs, and consensus of the family become more diluted, and family relationships become more complicated" (DeTienne & Chirico, 2013). Additionally, the degree of family and business commitment, social capital, and family values decreases in the next generations (Gómez-Mejía et al., 2007). Consequently, the affective commitment to the family and the firm tends to gradually disappear in the next generations due to incorporating new non-family members. As Bauweraerts et al. (2021) suggest, at earlier generational stages is recommended a CEO owner due to their capacity to transform entrepreneurship orientation into performance. On the contrary, the peculiarities of FF beyond the second generation sharpens the limitations of a CEO owner compared to a CEO external, with negative consequences on their capacity to transform entrepreneurship orientation into performance.

These considerations and the increasing professionalism of the next generations lead some FF to priories financial rather than non-financial goals (Stewart & Hitt, 2011). Consequently, financial consideration will be more critical as more generation transitions occur in the FF (Gómez-Mejía et al., 2007; 2011). In other words, SEW will be high in firms managed by the first generation and decrease as the firm moves on (Gómez-Mejía et al., 2007).

In situations where the firm survival is at risk, later generations will prioritize financial outcomes and be likely to choose a financial-based exit strategy (DeTienne & Chirico, 2013). The basis of this decision is to reinvest into other business opportunities and preserve the financial resources for the family (Salvato et al., 2010). Consequently, less productive resources are divested and reinvested in another profitable.

Concerning the role of the generational level in strategic decisions, Debicki et al. (2016) argue that multigenerational FF evidence more entrepreneurial orientation (EO) in the second and subsequence generation, and consequently, the performance improves. For instance, second-generation is more focused on the external environment and pays more attention to innovation, risk, and proactiveness (Casillas et al., 2010). In this sense, the second generation is oriented to develop new concepts and change to the organization (Chirico et al., 2019). Additionally, second-generation and subsequence offer a professionalization business management degree higher than the founder (Casillas et al., 2010). Consequently, second-generation top management teams tend to promote the recruitment of non-family members, with a lower emotional charge in the firm and with higher potential to identify new opportunities to develop the business and increase the performance (Schulze et al., 2003a). As Casillas et al. (2010) suggest, in second or subsequent generation businesses, the high degree of professionalization implies a better strategic and management orientation than earlier generations. Consequently, the strategic orientation of second-generation versus the founders (Debicki et al., 2016) enforces proactive orientation to increase performance in terms of profitability and efficiency.

Additionally, the motivation from the first generation is based on the legacy for the family and the perpetuity of the firm. However, the next generations are more motivated to transform entrepreneurship orientation and sustain business growth (Bauweraerts et al., 2021).

Related to the relationship between risk-taking and performance, as Casillas et al. (2010) suggests, "the participation of non–family members in management or executive positions together with a greater formalization in the decision-making processes facilitate a more balanced risk management approach, less dependent on the vision of the founder and leader of the business". In addition, (Cruz et al., 2012) evidence that firms managed by the founding family have greater value, are more efficient and carry less debt than other firms.

Thus, we propose:

> H4. In FF, the relation between performance and retrenchment during a recession is less intense if the founder generation is present

3.3 METHODS

3.3.1 Study Context, Sample, and Data

We carried out our study on a sample of family firms that faced the recent global economic and financial crisis (GFC). The last GFC offers a unique context for analyzing the retrenchment strategies of firms. It is commonly accepted that the starting of the GFC was fall of 2008 (DesJardine et al., 2019). Spain was one of the European countries most affected by the crisis (European Central Bank, 2013; 2019). This country entered recession in 2008 and came out of it in 2013. Therefore, our sample is drawn from this country.

Cross-sectional quantitative data for this research were drawn from field research designed to explore how previous performance is related to strategic changes in family firms over two different periods, 2008-2013 and 2014-2016. The data was collected through a questionnaire mailed to the CEOs of companies matching EU Commission Recommendation criteria of an SME but limiting the number of employees to a minimum of 20 to discard micro-companies. Medium-sized companies represent the appropriate framework for analyzing the effect of the factors encouraging, limiting, or facilitating changes in business strategy, as well as they have sufficient management structure to study its evolution when facing strategic changes (Sanchez-Peinado et al., 2010). Our goal was to include diverse industries and firm sizes in the sample. Randomly sampled firms were drawn from SABI database representing primary, secondary, and tertiary industries.

Our survey instrument was administered in 2017 after being substantially pretested, professionally produced, and preceded by a personalized letter. First, a preliminary version of the questionnaire was reviewed by eight executives. Then we piloted a revised version with another group of 3 executives, yielding the final version. The formal presentation letter included four sections: the inquiry's objectives, sponsors' information, contact information to solve any doubt, and the FAQs section answering why this inquiry, which is for, what you get in return, and confidentiality issues. After a first round, we sent a follow-up mailing to non-respondents. The questionnaire was composed of three parts. The first one was related to the strategies that companies were emphasizing in each of the periods considered. This allowed us to identify both priorities and changes in their strategy portfolio. The second part of the questionnaire was related to ownership and governance issues. And finally, the third section of the questionnaire was concerned with TMT demographics, composition, and change between the two periods that have been studied. Our response rate was 8%, somewhat lower than the 10 to 12 percent typical for mailed surveys to top executives in large American firms (Hambrick et al., 1993). We got answers from 151 companies, but only 113 identified themselves as family firms (109 with complete data). A statistical comparison of respondents and non-respondents and first-round respondents and second-round ones showed no differences in their most apparent characteristics –e.g., firm size, industry– or the values of the variables included in our study.

Given that our dependent (retrenchment strategies) and independent (previous performance) variables come from different sources, common method variance should not be a problem. However, to minimize potential problems associated with collecting data from single informants (Podsakoff et al., 2003) we checked the validity of our questionnaire data by comparing it with objective information obtained from the SABI database. We also followed well-established recommendations (Chang et al., 2010; Podsakoff et al., 2003) to gather the survey data. We assured respondents' confidentiality and asked them to respond as honestly as possible. Moreover, we structured questions related to the dependent variable. Thus, it was difficult for the respondent to find any pattern or theoretical link with the independent variables or edit their answers to be more socially desirable, acquiescent, or consistent. Likewise, we used different types of questions and scales, and we avoided using ambiguous, vague, or unfamiliar terms.

3.3.2 Variables and Measures

Retrenchment is the dependent variable. This variable captures the company's activity in retrenchment during the years 2008 to 2013. It is measured via a summative scale of two formative dimensions: the intensity and the extension of the retrenchment. The companies rated on a scale of 1 to 5 the degree of use of the following strategies: reduction of markets, reduction in the number of products, reduction of distribution channels, cost reduction, and divestments. The "extension" was calculated as the sum of all initiatives with a rating above 2. The sum was then divided by 5 (the number of initiatives considered). "Intensity" was calculated as the average of all scores divided by 5. The final variable was calculated using the product of extent and intensity.

Firm underperformance during the recession phase of the GFC (years 2008-2010).

There are four moderating variables. *CEO owner* takes the value of 1 if the CEO was a shareholder of the company at the time of the survey, and zero otherwise. *CEO family* takes the value of 1 if the CEO was part of the family at the time of the survey; and zero if not. Table 7 shows the cross-tabulation of these two variables. *TMT family* is the percentage of members of the top management team who are part of the family. And *Founders in management* takes the value of 1 if there are any founders in the company's management at the time of the survey; and zero otherwise.

Table 7. CEO family and CEO owner cross-tabulation

		CEO family		
		No	Yes	Total
CEO owner	No	13	13	26
	Yes	34	49	83
	Total	47	62	109

Source: Prepared by the authors.

According to the literature on retrenchment strategies, we also included dummy variables for the more prevalent *industries* in our sample, firm *Size* (log of the number of employees in 2008) and *Age* (log of the age in 2008) as control variables.

3.4 RESULTS

3.4.1 Hypotheses Tests

We used ordinary least squares (OLS) for the analysis of *retrenchment*. Table 8 and Table 9 provide the descriptive statistics and the results for the regression models.

Table 8. Descriptive statistics

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10
1. Retrenchment	3.84	1.28										
2. *Industry* (NACE1)	.14	.35	-.14									
3. *Industry* (NACE2)	.24	.43	.12	-.22								
4. *Industry* (NACE4)	.45	.50	.10	-.36	-.51							
5. Age	3.07	.58	.31	.14	.02	.03						
6. Size	3.75	1.01	.13	-.03	.12	.03	.28					
7. Firm underperformance	.00	1.00	.21	.01	.06	.02	.01	.17				
8. CEO owner	.76	.43	-.10	.10	.01	.07	-.07	-.07	.09			
9. CEO family	.57	.50	.04	.03	.05	.04	.21	-.02	-.03	.08		
10. TMT family (%)	.00	1.00	.17	.08	.06	.03	.19	.04	-.07	.05	.76	
11. Founders in management	.44	.50	-.17	-.03	-.02	-.02	-.36	.02	.06	.06	-.16	-.09

Note. N=109. Statistically, significant correlations are shown in bold (p<.05, two-tailed). Source: Prepared by the authors.

As can be seen in Table 8, *retrenchment*, the dependent variable, is statistically significantly correlated with the independent variable (*Firm underperformance*) but not with the moderating variables. The correlation with *Firm underperformance* is moderate (.21)[2], and it has the direction to that expected.

[2] Following Sun et al. (2010), our interpretation of effect size focuses on explicitly and directly comparing between effect sizes in our results and prior effect sizes in the related literature (e.g. Junni et al., 2013)

Table 9. Analysis of Retrenchment via OLS

	Model 1			Model 2			Model 3			Model 4			Model 5			Model 6		
Variable	B	beta	p	B	beta	p	B	beta	p	B	beta	p	B	beta	p	B	beta	p
Constant	2.68	.00	.00	2.67	.00	.00	2.68	.00	.00	2.87	.00	.00	2.62	.00	.00	3.08	.00	.00
Industry (NACE1)	-.52	-.14	.22	-.42	-.11	.32	-.52	-.14	.23	-.59	-.16	.17	-.47	-.13	.27	-.34	-.09	.41
Industry (NACE2)	.33	.11	.37	.38	.13	.30	.33	.11	.37	.33	.11	.37	.31	.10	.40	.43	.15	.22
Industry (NACE4)	.24	.09	.47	.29	.11	.38	.23	.09	.49	.17	.07	.60	.22	.09	.50	.29	.11	.37
Age	.65	.29	.00	.65	.30	.00	.65	.29	.00	.61	.28	.01	.60	.28	.01	.48	.22	.03
Size	-.05	-.04	.69	-.10	-.08	.43	-.05	-.04	.69	-.05	-.04	.66	.00	.00	.98	-.05	-.04	.68
Firm underperformance	.30	.23	.01	-.20	-.16	.44	.31	.24	.08	.31	.24	.01	.43	.34	.00	-.45	-.35	.14
CEO owner (M1)	-.26	-.09	.33	-.22	-.07	.41	-.27	-.09	.33	-.29	-.10	.28	-.23	-.08	.40	-.17	-.06	.52
CEO family (M2)	-.79	-.31	.03	-.70	-.27	.05	-.79	-.31	.03	-.80	-.31	.02	-.82	-.32	.02	-.84	-.33	.02
TMT family (M3)	.47	.37	.01	.45	.36	.01	.47	.37	.01	.45	.35	.01	.45	.35	.01	.46	.36	.01
Founders in management (M4)	-.22	-.09	.37	-.22	-.09	.36	-.22	-.09	.37	-.29	-.11	.23	-.24	-.09	.33	-.35	-.14	.14
Firm underperformance * M1				.63	.44	.03										.72	.50	.01
Firm underperformance * M2							-.01	-.01	.96							.66	.37	.07
Firm underperformance * M3										-.18	-.15	.097				-.46	-.38	.01
Firm underperformance * M4													-.37	-.18	.13	-.43	-.21	.07
R^2 (%)	25.37			28.74			25.37			27.47			27.14			36.42		
Adjusted R^2 (%)	17.75			20.65			16.91			19.24			18.88			26.95		
F change	2.29		.06	4.58		.03	.00		.96	2.80		.097	2.36		.13	4.08		.00
Maximum VIF	2.46			5.77			2.51			2.46			2.46			8.40		

Source: Prepared by the authors.

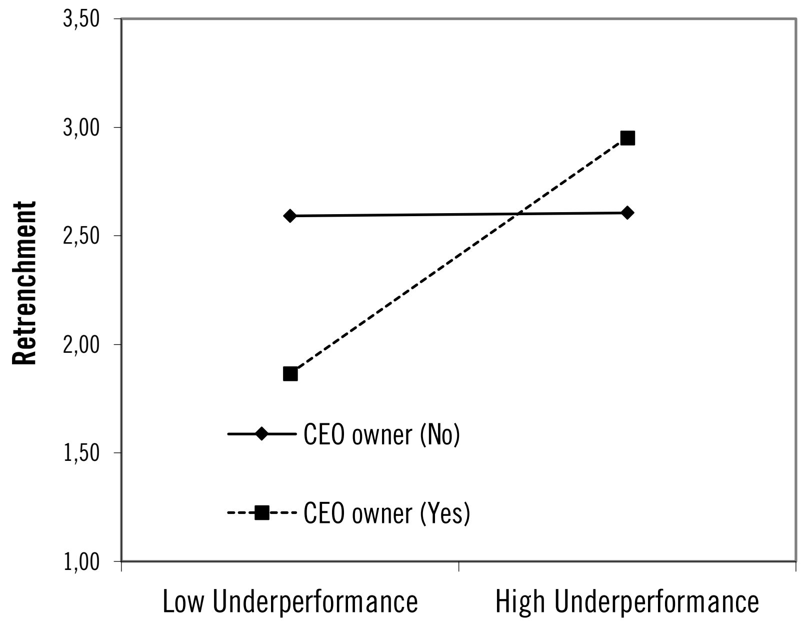
Table 9 shows the regressions carried out to test the hypotheses. Four models based on OLS are presented that allow for hypothesis contrast and effect size analysis. The first model (Model 1) introduces the control, independent, and moderating variables. The model have high explanatory power, reaching an adjusted R^2 of 17.75%. The most relevant variables are *Age* and *Firm underperformance*. Two moderators (M2 and M3) also have statistically significant direct effects, although the correlations were not statistically significant with the dependent variable. These two variables are strongly correlated them which greatly affects the partial correlations with the dependent variable.

Models 2 to 5 introduce the interaction terms that allow the moderating effects to be evaluated. Each model studies one effect and should therefore always be evaluated using Model 1 as a baseline model. In Model 2, the parameter associated with the interaction term of *CEO owner* (M1) is significant (β=.63, p=.03), and the effect size is moderate, with a significant increase in adjusted R^2 of 2.90% (p=.03). This result supports hypothesis 1. Model 3 studies the moderation of *CEO family* (M2). The parameter associated with the moderating term is not statistically significant (p=.96). Thus, this result does not support hypothesis 2. The moderating effect between *Firm underperformance* and *TMT family* (M3) on *retrenchment* is studied in Model 4. The parameter associated with the interaction is significant (β= –.18, p<.10) with the predicted direction, which would be a favorable result for hypothesis 3. However, the effect size is low, managing to raise the adjusted R^2 only by 1.49%. Model 5 studies the moderation of *Founders in management* (M4). The parameter associated with this effect is not statistically significant (p=.13). Thus, this result does not support hypothesis 4.

Finally, Model 6 includes all interactions in a single model. The increment of the adjusted R^2 is high (+9.20%). All interaction terms are statistically significant (p<.10), but only the interactions associated with M1 and M3 are significant at the 95% confidence interval (p<.05). The results of this model confirm those of the partial Models 2 and 4, providing evidence favorable to our hypotheses 1 and 3.

The interaction effects of M1 and M3, as suggested by Dawson (2014), are plotted in Figure 8 and Figure 9. Figure 8 shows that the relationship between *Firm underperformance* and *retrenchment* is stronger when the CEO is the owner. Moreover, when the CEO is not an owner, there is no relationship between *Firm underperformance* and *retrenchment*.

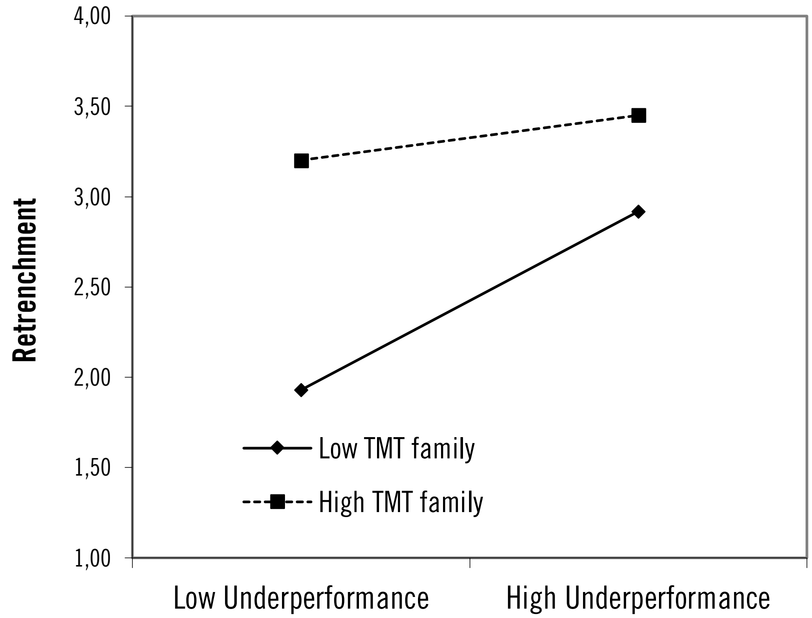
Figure 8. Descriptive statistics



Source: Prepared by the authors.

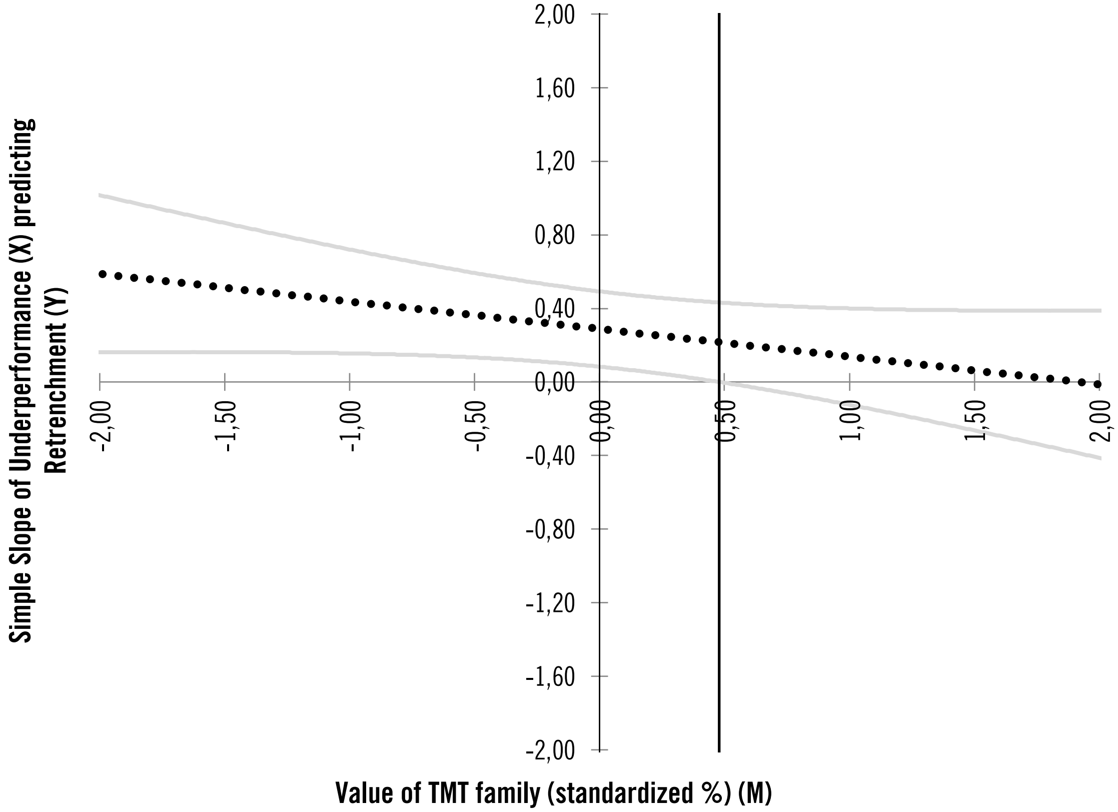
Figure 9 shows the positive effect of *Firm underperformance* on *retrenchment* for low and high values of the *TMT family* (both lines have a positive slope). It also shows that the direct effect of the moderator is positive since the lines do not cross with each other, and the one corresponding to a high level of *TMT family* is above the one corresponding to low levels of this variable. Also shows that when *TMT family* is high, the relationship between the dependent and independent variables is smoothed. To study this effect in more detail, Figure 10 shows the region of significance obtained with the Johnson-Neyman procedure. According to this plot, the moderator has a positive effect on the relationship between the independent and dependent variable in the range between 0% and 65% (-1.16 and 0.48 on the standardized scale). This means that when more than two-thirds of the TMT is from the family, the connection between the firm's results (bad performance) and the company's response (retrenchment activities) is weakened.

Figure 9. Interaction effect between TMT family and Firm underperformance on retrenchment



Source: Prepared by the authors.

Figure 10. The Johnson-Neyman plot for the model relating Retrenchment to Firm underperformance, TMT family (%), and their interaction



Source: Prepared by the authors.

3.5 DISCUSSION

3.5.1 Contributions

Our study analyzes how FF intensifies or inhibit the retrenchment measures when facing a decline in performance during a period of a crisis caused by external factors, specifically considering the following contexts: (a) the CEO is owner, (b) the CEO is a family member, (c) the presence of family members on the top management team, and (d) the presence of founder generation in management.

Concerning *the influence of CEO owner*, results support our view that CEO owner carries out intense retrenchment measures when the FF suffers high underperformance compared to CEO non-owner. Accordingly, we support hypothesis 1. Drawing on agency theory, in FF managed by CEO owners, the decisions are taken to protect his investment, reducing the agency costs because the agent and the owner are the same person (Che & Zhang, 2016). This overlapped role allows aligning economic interests between owners and managers (Fama & Jensen, 1983;

Jensen & Meckling, 1976). Hence, our results support the Che and Zhang (2016) contributions, which reported that CEO owners are predisposed to carry out intense retrenchment measures if the underperformance increase to avoid financial losses. Our findings are also in line with Anderson and Reeb (2003) who argue that CEO owners exercise considerable influence on strategic decision-making, and it's expected that they manage the business efficiently. Consequently, it is reasonable to assume that CEO owner may be better prepared to handle family issues and, as a result of high under-performance, increase the retrenchment measures (Che & Zhang, 2016).

However, in situations where the underperformance is low, the CEO-owner probably will not carry out retrenchment measures or follow a retrenchment orientation with low intensity. We draw upon the SEW arguments (Gómez-Mejía et al., 2007) to suggest that emotions, social capital, and noneconomic goals, especially in FF managed by CEO-owners, might determine the intensity of the retrenchment measures. Thus, as Casillas et al. (2019) suggest, in a context with low underperformance, FF managed by CEO owners probably implement nontraumatic measures to avoid eroding relationships with stakeholders, delaying the implementation of retrenchment measures (Berrone et al., 2012). In this scenario, we partially support the Che and Zhang (2016) arguments related to the agency theory, which implies that, in a low underperformance context, CEO owner with high shareholding might generate agency problems such as entrenchment and expropriation (Gómez-Mejía et al., 2001; Schulze et al., 2001). However, CEO owners have more flexible and centralized management structures that enable them to adopt reactive measures more efficiently (Salvato & Melin, 2008) and accelerate the retrenchment measures when the underperformance increases considerably and jeopardizes the CEO owner's investment.

Related to the influence of the *CEO as a family member*, we identify a negatively direct effect on the retrenchment (β = -0,31). Consequently, when the CEO is a family member, the intensity of retrenchment measures is less intense. Conversely, the moderator effect between performance and retrenchment is not significant when the variable *CEO as a family member* interacts with the dependent variable. Therefore, we don't support hypothesis 2. Following Gómez-Mejía et al. (2007), under the SEW perspective, the CEO family might avoid carrying out traumatic measures such as cost reductions or divestments to preserve the legacy and the relations with the stakeholders. Our results support the Casillas et al. (2019) contributions; they argue that the capacity of the CEO family to interpret poor results is directly related to the intensity of the retrenchment measures. In this context, following Wennberg et al. (2010), family CEO, in his role as a steward and attempting to protect the firm's reputation, avoids generating negative news and adverse comments from stakeholders. This occurs predominantly when the firm name or the trademark are directly linked with the family name (Salvato & Melin, 2008). Consequently, according to Jaskiewicz et al. (2015), the family CEO will defend the family's reputation and avoid most actions that might erosion the SEW in a low underperformance context. Some authors suggest that family CEO might avoid the implementation of retrenchment measures because of the emotional link, irrespective of economic considerations, or altruism toward family members (Gómez-Mejía et al., 2011; Jaskiewicz et al., 2015; Salvato & Melin, 2008; Ucbasaran et al., 2013). Our results partially support these arguments because the intensity of the retrenchment measures is higher in non-family CEO. However, we don't identify significatively differences in the interaction between retrenchment and underperformance.

Following De Massis et al. (2013), we believe that non-family CEO might be influenced by family members and pursue a diversity of conflicting economic and noneconomic goals that impede intensify the retrenchment measures exponentially. In line with Kammerlander and Ganter (2015), we presume that due to the pressure to satisfy family members' priorities, non-family CEO may develop a family-influenced orientation, prioritizing family-related goals. Consequently, when the underperformance evolves from low to a high degree, some non-family CEO might behave altruistically toward other family members at any cost (Schulze et al., 2003b), inhibiting the intensity of the retrenchment in relative terms in comparison with family CEO.

Related to the *percentage of family members on the TMT*, some authors evidence that FF are remarkably heterogeneous (Chrisman et al., 2002; Chua et al., 2012) in terms of how the family are involved in the business. Some authors suggest that even when families demonstrate a similar level of implication in the business, they differ in their willingness to apply strategies such as retrenchment (De Massis et al., 2014). In contrast, we find that family involvement in the TMT causes a significatively positively direct effect on the retrenchment. In this line, we assume that the presence of family members in the TMT enhances the intensity of the retrenchment measures due to the diversity of perspectives from family members and commitment to the business. Specifically, the participation of family members in the strategic decisions allows for fragmenting the CEO's power decisions. Some authors evidence that family involvement reduces agency costs and increases performance (Chua et al., 1999). According to Sciascia and Mazzola (2008) family participation in management decreases the likelihood of business failure and positively affects the firm performance. Specifically, as Lee (2006) suggests, family involvement positively affects profitability and revenue growth; this will be more predisposed to carry out retrenchment measures.

Besides that, we argue that the presence of family members has positive effects on firm performance. Our results evidence that low levels of TMT family accentuate the relationship between underperformance and retrenchment. However, this effect is lost at percentages above 65%. Above this threshold, the reaction to poor performance is less intense. Therefore, we support hypothesis 3.

We are in line with the Sciascia & Mazzola (2008) contribution, they evidence that the negative effects of family involvement on the TMT are more pronounced at higher levels of family members involved in the management and less evident at lower levels of family member participation in management (p. 341). Some authors argue that drawing on the SEW perspective, family involvement might negatively affect performance and consequently diminish the likelihood to carry out retrenchment measures (Cruz et al., 2017; DeTienne & Cardon, 2012; DeTienne & Chirico, 2013) For instance, Filatotchev et al. (2005) illustrate a negative relation between the percentage of family members in charge of managerial positions and outcomes as profitability and firm value. Following Sorenson (1999), the family business might be negatively affected by familiar conflicts between members that pursue their own goals. As Frank et al. (2011) suggests, family members can experience disagreements about goals priorities and experience interpersonal incompatibilities on values and attitudes with other family members. These arguments allow us to sustain that a high percentage of family members negatively affects the intensity of the retrenchment measures.

Concerning the presence of *founder generation in management*, the results don't support the notion that founder generation in business management influence the intensity of the retrenchment measures. Even in the case of multigenerational business management, were coexist the founder generation and successive generations our results evidence that the moderator effect is not significatively. Therefore, we don't support hypothesis 4. These results are partially in contrast with the findings of Kellermanns and Eddleston (2006), Salvato and Melin (2008), and Casillas et al. (2010). We support these author's contributions because the presence of founder generation might hinder the professionalization of the firm, inhibit proactive orientation, and consequently limit the retrenchment measures. However, our results evidence that regardless of the generation in control, some variables such as ownership perspective or percentage of family members on the TMT influence more significatively on the degree of the retrenchment measures. According to Gómez-Mejía et al. (2007), and Salvato et al. (2010), family firms controlled by the founder generation perceive financial and non-financial goals differently. Consequently, the intensity of the retrenchment measures might be defined by the SEW.

3.5.2 Theoretical and Managerial Implications

This study has both theoretical and managerial implications. Our results highlight the importance of family influence to inhibit or intensify the retrenchment measures in family firms. We found that approximately half of 109 firms that compose the sample are managed by CEO owners and family members. However, despite the fact that that CEO owners don't directly affect performance and retrenchment, the moderator effect of the CEO owner / CEO non-owner is significatively. Drawing on the agency theory, we suggest that the primary motivation of the CEO owner compared with CEO non-owner is to protect his investment. Therefore, the CEO owner will be more predisposed to intensify the retrenchment measures when his investment is jeopardized, especially in the first generation of the company's life cycle.

Conversely, the results illustrate that family CEO directly affects performance and retrenchment, but the moderator effect of the family CEO / non-family CEO is not significatively. Drawing on SEW perspective (Gómez-Mejía et al., 2010), we argue that the family influence on the managerial decisions related to the *family's desire for control and influence over the firm* (Berrone et al.,

2010) inhibit the intensity of the retrenchment measures that might suggest a non-family CEO with a more objective perspective.

In our results, we evidence that despite the direct effect between performance and retrenchment caused by the presence of family members on the TMT, managers need to consider that this effect is lost at percentages above 65%. In this sense, drawing on the agency theory, some authors suggest that family involvement reduces agency costs and increases performance (Chua et al., 1999; Lee, 2006; Sciascia & Mazzola, 2008), but this effect is limited. Therefore, managers need to be aware of the negative implications of an excess of family members on the TMT.

3.5.3 Limitations and Future Research Avenues

This work contributes to developing the family firms literature by showing the complexity of the family influence in the retrenchment measures carried out by family firms. Since various studies have investigated the family influence on strategic decisions, scholars have recently called for more contributions on the family influence on managerial behavior under different contexts (Bauweraerts et al., 2021; Casillas et al., 2019; Hernández-Linares & López-Fernández, 2018; Lee, 2006; Martínez-Alonso et al., 2018; Stanley et al., 2019). Our contribution responds to this call by showing that the relation between the CEO and the family, ownership perspective, and generation in control are relevant factors that predict the intensity of the retrenchment measures in family firms. This article evidences these implications following the line of research started with DeTienne and Chirico (2013) and followed by Casillas et al. (2019), and Bauweraerts et al. (2021).

The results of our study are not free from limitations that offer exciting opportunities for future research. First, our results, although significant for the family firm literature, must be interpreted carefully because we do not correctly distinguish the degree of ownership of the CEO; the involvement of the family members on the TMT; and the life cycle of the firm to analyze the influence of founder generation. Therefore, these limitations provide direction for new studies to fine-grained the results and provide more information upon the degree of these variables in our study. For instance, concerning the degree of ownership of the CEO, new investigations should explore the differences in the intensity of the retrenchment measures between firms with high shareholding CEO and firms with low shareholding CEO. Second, concerning the involvement degree of the family members on the TMT, we identify the percentage of family members on the TMT. However, this ratio not necessarily evidence the degree of involvement and influence of the family. This difficulty extends to testing for differences caused by family involvement in FF research, which the literature has rarely studied. Finally, we consider an opportunity to further research to analyze the company's life cycle to better understand the influence of the founder's generation in the retrenchment measures.

Second, our data are limited to Spanish firms and may hence pertain specifically to this regional context. Nevertheless, future research in other geographic scopes could reinforce the external validity of our results.

Third, related to the time frame, another limitation is that the study was carried out in a period of financial crisis from 2008-2013 and post-crisis 2014-2016. This national context and time frame is no easily comparable to other national contexts or time frames. Additionally, some firms that compose the sample began to suffer the consequences of the crisis before 2008, and others have continued facing the turbulent contexts after 2013. Hence our results should be interpreted with caution.

Fourth, the work considers the intensity of retrenchment measures drawn specifically on managerial decisions related to geographic markets; actions related to the products with which the company competes; segmentation and distribution channels; competitive arguments; and strategic growth options. However, other authors might consider further actions to analyze the intensity of the retrenchment measures (Pearce & Robbins, 1994b; D. K. Robbins & Pearce, 1992).

Finally, new models should be provided to complement our contributions, such as the particular idiosyncrasies of the ownership structure, the size of the firm (small, medium, etc.), the influence of some stakeholders, or the particularities of the owning family (Jaskiewicz et al., 2017).

3.5.4 Conclusion

In conclusion, we contributed to the family firm literature by analyzing how the family influences on the intensity of the retrenchment measures in FF that face a crisis caused by external factors. Our study evidence that the ownership perspective from the CEO increases the likelihood to intensify the retrenchment measures to protect his investment. Because our research did not find significant differences in the influence of the CEO family or CEO non-family on the interaction between performance and retrenchment, our study refutes the common misperceptions that CEO non-family is more objective and carry out more intense retrenchment measures. In addition, we evidence that TMT with family members increases the retrenchment measures. However, this effect is lost at percentages above 65%. We recommend taking into consideration that this study was only the first step in applying the family influence on retrenchment strategies in FF. Considering the economic impact of FF on the global economy (Miroshnychenko et al., 2021) and the high failure rate of family firms that face a crisis (Ibrahim et al., 2001; Lansberg, 1988; Shanker & Astrachan, 1996), research need to better understand how family influence facilitate or inhibit retrenchment measures to achieve successful turnaround process.

CHAPTER 4: Retrenchment and Recovery Strategies in Family Firms: Interactions and Effects on TMT composition

4.1 INTRODUCTION

In the last decades, the consequences produced by COVID-19 or the 2008 financial crisis have pushed management researchers and practitioners to prioritize the studies related to the crisis, retrenchment, and recovery strategies (Lai & Sudarsanam, 2007; Belling et al., 2022; D. K. Robbins & Pearce, 1992; Schweizer & Nienhaus, 2017; Trahms et al., 2013; Wenzel et al., 2020). Companies worldwide are emerging from one of the biggest recent crises caused by the coronavirus (2020), the supply crisis (2021), and the Ukrainian war (2022). Despite the challenges caused by these crises, stability in the markets is being maintained. It is, therefore, necessary to study the strategies carried out by companies to overcome difficult situations caused by external factors.

The context in which we focus our study is on crises generated by external factors, specifically in the global financial crisis of 2008. We consider that is important to deeply understand how companies face a crisis caused by external factors due to in the last years companies worldwide had experimented many challenges. Specifically in Family Firms (FF), the challenge is greater due to FF pursuing conflicting interests, their ultimate ambition is to transfer the business from one generation to the next (Berrone et al., 2012; Gómez-Mejía et al., 2007). Hence, diminishing firm performance and, therefore, an increased danger to firm survival generate distinctive reactions in family firms (Casillas et al., 2019). Decisions related to changes in the business portfolio or renewal in the leadership teams to adjust to market decline are extraordinarily complex in FF due to their peculiarity related to maintenance of control in the hands of the family (Pearce & Robbins, 1993), emotional attachment and commitment with the project, and several rigidities in potential restructuration of the upper echelons (Gómez-Mejía et al., 2007). However, family businesses have certain characteristics (commitment, values, culture, trust, reputation, etc.) and a mode of operation that are valuable intangible resources that can provide these family businesses with specific competitive advantages that ensure their long-term success.

Pearce and Robbins (1993) evidence that the retrenchment process's intensity is essential to guarantee the company's success in turbulent environments. In this sense, the structure of family ownership and the level of family involvement in the strategic decision-making process may be determinants in how these processes are addressed and may influence family businesses' performance in turnaround processes (DeTienne & Chirico, 2013).

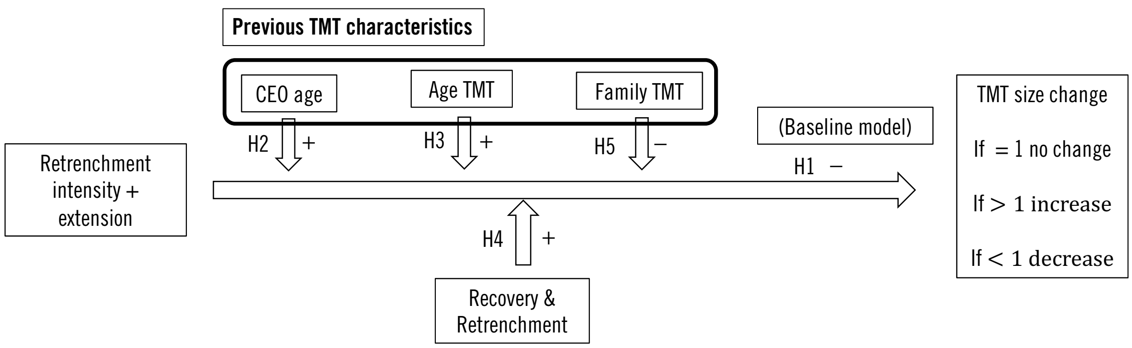
Despite that many studies have addressed the retrenchment process in companies (Hambrick & Schecter, 1983; Hofer, 1980; O'Neill, 1986; D. K. Robbins & Pearce, 1993; Slatter, 1984), the existing literature evidence that there are relevant research gaps around this topic and its application in future research processes, specifically in FF (Trahms et al., 2013). Besides that Top Management Teams (TMT) studies in family firms involved in retrenchment processes are scarce, some authors contribute to shed light on this topic such as Cruz et al. (2017), Ling and Kellermanns (2010), Minichilli et al. (2010), and Patel and Cooper (2014). There is some consensus in the literature to argue that family firms are motivated by more than mere financial objectives (Berrone et al., 2012; Gómez-Mejía et al., 2010; Miller et al., 2008).

Grounded on the management literature, our paper responds to the Special Issue published by Simsek et al. (2015) related to strategic leadership in an entrepreneurial context. It is difficult to provide the concept of "entrepreneurial context" with a single description that is both accurate and broad. According to Busenitz et al. (2003), entrepreneurship can be viewed as a phenomenon that arises from the interaction and interrelationship of environments, people and teams, opportunities, and organizational modes. Venkataraman and Shane (2000) argue that entrepreneurial orientation does not require creating new companies. They consider entrepreneurial context as an organizational setting to achieve particular actions, behaviors, and perspectives. Despite new or emerging ventures are probably the most characteristic and widely used context to address entrepreneurial issues, survival, and performance are also considered entrepreneurial context, especially in FF (Sternberg & Wennekers, 2005). Simsek et al. (2015) encourage developing new studies to deeply understand the idiosyncratic elements of entrepreneurial firms and their leaders. In this regard, several potential future theoretical and experimental relevant areas to entrepreneurial contexts remain unexplored such as the essential characteristics of strategic leaders in entrepreneurial environments, contrasting the similarities and variations in identifying and capturing strategic leaders, and pertinent entrepreneurial behaviors in various entrepreneurial contexts, or how do these similar and distinct aspects influence the behavior and consequences of the business.

Drawing from the Simsek et al. (2015) Special Issue, we focus our study on the following research directions: *contextualized effects* and *temporal and recursive effects*. Related to *contextualized effects*, variations in the structure, behavior, and effect of strategic leaders across entrepreneurial environments remain unexplored. There are still many unanswered questions about what, how, and why various contextual variables may impact the antecedents, traits, processes, and outcomes of strategic leaders in entrepreneurial settings. In this context, we argue that characteristics of the TMT and the socioemotional wealth (SEW) influence the decision-making process in a context characterized by the external crisis. Otherwise, concerning the *temporal and recursive effects*, Simsek et al. (2015) argue that while entrepreneurial organizations grow, expand, diversify, or disappear, they may need distinct leadership styles, talents, and competencies within the TMT. Therefore, they encourage future research that seeks to elucidate the temporal aspects of strategic leadership's consequences such as: why and how do strategic leaders leave entrepreneurial organizations? or what consequence does strategic leadership fluidity have on the behavior and results of entrepreneurial firms? Drawing on the *temporal and recursive effects* we shed more light on how the action influences the characteristics of the TMT, which is the opposite of the usual way in which the characteristics of the TMT influence the action.

Additionally, our study contributes to the retrenchment literature in FF by expanding the contributions of Trahms et al. (2013) who argues that there are considerable gaps related to the non-economic motivation of family firms, especially in a turbulent context. Additionally, we contribute to developing the line of research initiated by DeTienne and Chirico (2013) and continued by other authors such as Casillas et al. (2019), Laffranchini et al. (2020), and Vandekerkhof et al. (2018). These authors evidence the relation between the actions carried out in the retrenchment process and the consequences on the composition and structure of the TMT responsible for these decisions. We seek to fill this gap and contribute to the literature on family firms by examining the intensity and extension of the retrenchment measures carried out by FF in turbulent contexts and analyzing the consequences on the TMT size.

Figure 11. Theoretical model Chapter 4



Source: Prepared by the authors

The remaining sections of this chapter are as follows: In the next part, we will provide a summary of the relevant literature on retrenchment strategies and consequences of the TMT size in FF, which we will integrate to develop our hypotheses. Before presenting our findings, we describe the sampling procedure, variables, and methodology. In the concluding parts, we address the findings, contributions, limits, and future research directions.

4.2 THEORY AND HYPOTHESES

A large body of literature highlights the distinctive characteristics of family businesses in comparison to nonfamily businesses throughout the world. Stability has come to be often associated with family businesses, either as a defining characteristic (Machek et al., 2019). Stability is commonly cited as a benefit of family-controlled businesses in the academic literature (Kets de Vries, 1993). Villalonga and Amit (2014), for instance, argue that the benefit of family control is countercyclical, making family enterprises more stable and enduring than nonfamily firms in turbulent contexts.Many scholars argue that successful turnarounds depend on effective retrenchment activities (Morrow et al., 2004; Pearce & Robbins, 1993). The main goal of retrenchment is to reduce assets and/or improve operational efficiency to increase benefits and reinforce the company’s market position (D. K. Robbins & Pearce, 1993).

Under Hofer's (1980) perspective, selecting each retrenchment strategy depends on the severity of the operating situation in terms of how closer or far the company is from the breakeven. Specifically, following Hambrick and Schecter (1983), firms that are "far below" breakeven must carry out an intense retrenching process. In this context, D. K. Robbins and Pearce (1993) argue that companies that carried out a retrenching process achieve a higher level of performance than those that did not. The authors purpose that entrepreneurial retrenchment represents the basis of a strategic direction change through replacing members of the TMT, asset restructuring, and investing in new competitive moves as part of the turnaround process.

Notwithstanding research about the first response of FF to a turnaround process reveals contradictory views and outcomes. Kavadis and Castaeda (2015) argue that FF with high levels of family ownership reacts to declines in financial performance that threaten the company's long-term viability by engaging in considerable corporate restructuring. Others (e.g. van Essen et al. 2015) suggest that the desire of FF to be socially responsible toward workers and to protect their reputation inhibits their ability to respond effectively in a turnaround scenario. Some authors argue that FF is a very heterogeneous group (Salvato & Aldrich, 2012), pursuing various mixes of financial and nonfinancial objectives (e.g. Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2018). Hence, the satisfaction of a stakeholder's demands may differ based on the nonfinancial resource the owning family seeks to acquire (Vardaman & Gondo, 2014). While SEW encompasses many nonfinancial outcomes (Berrone et al., 2012; Debicki et al., 2016), the complicated relationships between financial and nonfinancial objectives and diverse types of SEW can only be disentangled if its multidimensionality is taken into consideration (Vardaman & Gondo, 2014). The five-dimensional FIBER conceptualization reflects the multidimensional character of SEW (Berrone et al., 2012). This includes family control and influence over the company (F), family member's identification with the firm (I), binding social relationships (B), emotional attachment (E), and the renewal of family links to the company via dynastic succession (R).

Taking into consideration the FF heterogeneity and the multidimensionality of the FIBER model, the findings of Trahms et al. (2013) contribute to a better understanding of the responses of FF to a crisis caused by external factors. They evidence that in turbulent contexts, the pressure to replace members of the TMT usually increases. Winn (1997) found that organizations that successfully turned around from asset productivity did not change their top management, but companies that failed to turn around from asset productivity replaced 21.5% of the TMT.

As Belling et al. (2022) argue, the singular relationship between family and company, as well as the pursuit of noneconomic goals impact resource creation (Barros et al., 2017) and mobilization (Chirico et al., 2019; Llanos-Contreras & Alonso-Dos-Santos, 2018; Sirmon & Hitt, 2003) building a unique set of family resources that improve the competitive advantage. Such resources enhance family company resilience by improving the capacity to absorb and adapt to environmental changes (Mzid et al., 2019). Therefore, family companies are better predisposed to deploy resources during a crisis (Amann & Jaussaud, 2012).

4.2.1 Consequences of *Retrenchment Activities* on the TMT Size

We follow contradictory arguments related to the retrenchment activities and the TMT size in response to performance decline compared with non-family firms. A decrease in performance may suggest a misalignment between management human capital and the needs of the firm (Gilson, 1989). Hence, it may be necessary to restructure management human capital by removing ineffective managers. Even though the considerable personal costs of withdrawal for the manager may provide them with a strong incentive to put forth more effort in responding to a decline, many scholars (Hofer, 1980) believe that it is almost always necessary to replace the TMT in a turnaround situation, indicating that TMT dismissals play a crucial role in firm recovery (Mueller & Barker, 1997). Therefore, following Belling et al. (2022), firing a TMT member could be hazardous to the family's SEW, hence boosting opportunity costs and the performance threshold compared to non-family firms. Sustain family control is a crucial aspect of SEW (Berrone et al., 2012), family CEOs prefer to concentrate decision-making and develop deep social links within the TMT. The family may view top managers as an extension of the family and also be unwilling to terminate the employment relationship because of a sense of perceived loyalty or to preserve social links (Belling et al., 2022). To minimize emotional conflicts, a crucial non-economic family goal (Chrisman & Patel, 2012), family companies may be hesitant to dismiss TMT members (Cater & Schwab, 2008).

Retrenchment activities' objective is to decrease assets and/or enhance operational efficiency to boost company profitability and improve the business's industry position (D. K. Robbins & Pearce, 1992). Empirical studies evidence that effective retrenchment activities are necessary for successful turnarounds (Lohrke et al., 2012; Morrow et al., 2004; Pearce & Robbins, 2008). Therefore, high retrenchment would be expected to lead to the centralization of decision-making and a reduction in the size of the TMT.

A change in the TMT is defined as any change in the set of individuals who integrate the board (Barron et al., 2011). Conversely, a change in the strategy of a company, particularly at the level of corporate strategy in which new businesses can be incorporated, and other current ones can be put aside, represents a change in the demanded operational managerial requirements, this is, knowledge, experience and cognitive capacities (Bantel, 1993). Following Westphal & Fredrickson (2001), psychological and social commitments make managers and successors to management resistant to change. However, managers outside the company not tied to the political status quo or psychological ties have greater freedom to change. In addition, these managers, coming from other companies or outsourcing versus managers from internal promotions or coming from different positions in the organization, additionally import new knowledge on how to implement alternative strategies. Thus, the boards of directors should choose TMT members from outside the organization as the first step in implementing strategic changes in such a way that they replicate the strategies used in their companies of origin (Westphal & Fredrickson, 2001). However, as Wielsma and Brunninge (2019) argue, in family firms, the ownership and management team are usually unified. And it is for this reason, in these types of companies, the role of the board is diluted, and the CEO or owner dominates the decisions to change, making it more unlikely that a change of TMT members occurs due to the change in strategy (Sarbah & Xiao, 2015).

We argue that the multidimensional character of SEW and the TMT composition explains how in many cases the reaction of FF in a retrenchment process is singular. Depending on some characteristics of the TMT such as the CEO and TMT age, or the percentage of family members on the TMT, the size of the TMT could even grow in situations of high retrenchment.

Therefore, we propose:

> H1. The higher the intensity and extension of retrenchment activities, the higher will be the decrease in the TMT size

4.2.2 The Moderating Role of *CEO Age* on the TMT size Change

Previous literature suggests that CEO age and tenure do not make a difference in the strategic decision process. However, the relation between CEO age and performance is much more complex than was originally thought (Hambrick et al., 1993). As Simsek (2007) proposes, short-tenured CEOs may lack the understanding necessary to successfully identify and evaluate strategic risks. In addition, they are unknown, untested, and illegitimate, which may hinder their performance in implementation. Hence, the attempts of short-tenured CEOs to encourage TMT risk-taking may be inefficient, even if they voluntarily accept strategic risks. Notwithstanding, Long-tenured CEOs develop a track record, and a better understanding of the firm's environment and job-specific competencies. A long tenure indicates the degree to which the CEO has been integrated into the networks of important stakeholders and has established the resources and alliances that allow the CEO to organize, nurture, and promote hazardous projects. With longer tenure, CEOs are also likely to have been exposed to more strategic risk circumstances and may be anticipated to utilize TMT in strategic risk-taking more effectively. Following Simsek (2007), short-tenured CEOs may lack contrasted experience and legitimacy and consequently could be more predisposed to integrate new TMT members to complement these deficiencies.

Additionally, following Simsek (2007) throughout their tenure, CEOs amass significant human capital. Hence, strategic risk-taking, due to the pressure it exerts on business resources and its uncertain return, may jeopardize a CEO's entrepreneurial orientation. Under these circumstances, Kahneman and Tversky (1979) suggest that long-tenured CEOs would become risk-averse. Thus long-tenured CEOs become averse to incorporating new members on the TMT.

Otherwise, following Zellweger et al. (2012), near-retirement intensifies concerns about protecting family career prospects and the wealth-generating potential of family assets for future generations. Long-tenured CEOs may regard overseas acquisitions as a viable strategy for alleviating these worries as a form of entrepreneurship orientation. International acquisitions have the potential to increase long-term value by increasing a firm's market power through entry into new geographic markets and by acting as a vehicle for accommodating the increasing ownership and management obligations of a larger family. Hence, when retirement nears, the CEO of a family business may consider entrepreneurship orientation as a chance to expand the ownership and management positions for future generations, rather than as a challenge to his or her authority. Hence, when CEOs of family businesses near retirement, a feeling of dynasty takes hold, and their evaluation of the value attributed to overseas acquisitions changes (Strike et al., 2015). Following Ahn et al. (2020), when a company is severely affected by an external shock (such as a global recession), it must find a strategy to effectively adapt to new circumstances (Ahn et al., 2020) by transferring resources from sustaining obsolete capabilities, this includes the incorporation of new members on the TMT with a different vision of the business. In the context of an external crisis, the allocation of limited resources towards an exploratory search for new technical knowledge or markets becomes the preferred strategy, as it enables the development and exploitation of new valued skills on the TMT that may enhance environmental adaptability (Osiyevskyy et al., 2020). Some studies have demonstrated that exploratory alignment may help organizations overcome economic crises and increase their innovation performance and revenue recovery (Archibugi et al., 2013).

Notwithstanding, according to Fernández-Mesa et al. (2013), CEO age will influence their capacity to seize opportunities and reorganize assets. Thus, younger CEOs adopt riskier strategies (Hambrick & Schecter, 1983; MacCrimmon & Wehrung, 1990; Wiersema & Bantel, 1992), since their career horizons enable them to seek long-term outcomes. Yet, elder CEOs would concentrate primarily on an exploitative orientation with short-term gains, lowering their exploration and exploitation dexterity. Following this line, McClelland et al. (2010) argue that since older top management teams possess a well-developed set of organizational and strategic problem-solving formulas that have worked well in the past, they may become firmly confident of the enduring quality of these problem-solving methodologies and therefore develop an increasing commitment to the strategic and procedural status quo. While young CEOs can afford to be risk-takers, even if they fail, since they have more time to recover from a setback and achieve success in the future. Yet, senior executives with shorter career horizons tend to be risk-averse (Carpenter et al., 2004; MacCrimmon & Wehrung, 1990; McClelland et al., 2010).

It is therefore extremely probable that a younger CEO would want to hire new members of the TMT to develop new business opportunities increasing the TMT size.

Accordingly, we propose:

> H2. The relationship between the intensity and extension of retrenchment activities and TMT size change is moderated by the CEO age: The younger is the CEO, the more pronounced will be the slope of the relationship

4.2.3 The Moderating Role of *TMT Age* on the TMT Size Change

In TMT diversity research, the average age of TMT has often been employed merely as an indication of the overall features of TMT or as a control variable (Tanikawa & Jung, 2016). Notwithstanding, age reflects the collective accumulation of experience and knowledge of the TMT members (Hambrick et al., 1993), hence it has also been viewed as a predictor of TMT company performance.

While it is commonly accepted that aging leads to a deterioration in people's skills, some researchers argue that this view is too simple and misleading (Kanfer & Ackerman, 2004). The average age of TMT members is acknowledged as an indication of their attitudes, values, and views (Bantel & Jackson, 1989), and many academics consider it a major determinant of firm performance as well.

Hambrick and Mason (1984) emphasize that teams comprised of individuals from various age groups tend to represent distinct values, attitudes, and/or cognitions. In addition, the age of TMT members reflects psychological structures comprised of experience, beliefs, and perceptions that influence collective strategic decision-making and firm success. Following Tanikawa and Jung (2016), empirical studies in the area of upper echelons study reveal that the average age of TMTs affects organizations' strategic decisions and performance. Nevertheless, the published data on TMT age are contradictory and scarce. Tihanyi et al. (2000), for example, evaluated the effect of TMT average age on the worldwide diversification of enterprises. A sampling of 126 enterprises in the electronics sector indicates a negative correlation between the two variables. In addition, Mayr (2011) investigated the association between the average age of TMT and business performance by analyzing data from five countries and more than 360 significant organizations. She discovered that the link between the two variables is U-shaped. Therefore, we assume that younger TMT are more entrepreneurial than older TMT and consequently, are more predisposed to increase the TMT size in turbulent contexts.

Considering the literature on the age-related theory, Tanikawa and Jung (2016) evidence a consistent pattern in which age development influences individual behavior, namely that older employees may be more driven to preserve social interactions. Several researchers find that the values, attitudes, and behaviors of individuals tend to change with age (Hambrick & Mason, 1984) and that executives of different ages who work together have different values and attitudes

(Wooldridge & Wester, 1991). According to Pegels et al. (2000), a senior manager tries to avoid risk (Vroom & Pahl, 1971), while a youthful manager tends to pursue hazardous endeavors and adopt new strategies. Hambrick and Mason (1984) hypothesize that companies with younger executives suffer higher growth and performance unpredictability and that their age influences their strategic choices. Thus, younger TMT is connected with more adaptability, creativity, and risk-taking while older TMTs are seen to be more experienced, better at making decisions, and attentive to work ethics and quality (S. P. Robbins & Judge, 2015).

We assume that young management teams are more prone to risk and therefore in a process of implementing retrenchment strategies they do not choose to reduce the management team but to increase its size. Thus, some academics have claimed that bigger groups are better than small ones since they possess greater skills and resources to complete collective activities (Hill, 1982; Shull et al., 1970). Large groups can improve problem-solving by (1) increasing the number of items of information that can be absorbed and recalled, (2) increasing the number of critical judgments available to correct errors in inference and analysis, (3) increasing the number of potential solution strategies, and (4) increasing the diversity of perspectives brought to bear on a problem (Hoffman & Maier, 1961; Shaw, 1981; Shull et al., 1970). This approach is compatible with Hambrick and D'Aveni's claim that "on a fundamental level, the resources available to a team are a function of the number of team members" (1992, p. 1449). Eisenhardt and Schoonhoven (1990) similarly utilized this reasoning to explain why big teams were favorable in the new businesses they examined. Hence, large TMT has more information processing and decision-making ability than small teams (Haleblian & Finkelstein, 1993). Increasing the size of TMT in periods of crisis is considered a risky action, thus we agree with these authors that young management teams are more prone to risk.

Thus, we propose:

> H3. The relationship between the intensity and extension of retrenchment activities and TMT size change is moderated by TMT age: The older the TMT average age the more pronounced will be the slope of this relationship

4.2.4 The Moderating Role of *Recovery Strategies* on the TMT Size Variations

Corporate turnarounds are dynamic processes consisting of a succession of activities that move companies from a decline in performance to either continuous success or failure (Boyne & Meier, 2009). Although the research does not give a universally agreed conceptualization of the turnaround process, the many models have a similar theme: throughout the turnaround process, enterprises engage in retrenchment and recovery operations (D. K. Robbins & Pearce, 1993).

Recovery seeks to improve a company's market position via strategic change, whereas retrenchment emphasizes improving efficiency via cost and asset reductions (Lamberg & Pajunen, 2005). Following Schmitt and Raisch (2013), most studies on business turnaround characterize retrenchment and recovery as opposing forces and caution against pursuing them simultaneously. According to early studies (Hofer, 1980; Schendel et al., 1976), turnaround enterprises choose between retrenchment and recovery based on the reason for their decline: retrenchment when internal inefficiencies endanger their existence, and recovery when their strategies and the environment are mismatched. However, subsequent turnaround stage models argue that turnarounds always require both retrenchment and recovery implemented sequentially (D. K. Robbins & Pearce, 1993). The sequential perspective has many adherents (Bruton et al., 2003; Lohrke et al., 2012), but it also faces criticism. Scholars argue that trying to engage in retrenchment without a clear understanding of the recovery strategy could improve short-term performance, but also that retrenched resources may be critical for long-term market adaptation (Morrow et al., 2004; Schmitt & Raisch, 2013).

Recovery activities are strategic modifications that reshape and reposition a business for sustained growth and profit (Barker & Duhaime, 1997). They include market penetration, product introduction, market entrance, acquisitions, and structural change (Bibeault, 2018; D. K. Robbins & Pearce, 1993). These recovery activities could thus be expected to require major changes in the TMT, even increasing its size to try to incorporate different professional profiles that contribute to more strategic thinking.

Accordingly, we propose:

> H4. The relationship between the intensity and extension of retrenchment activities and TMT size change is moderated by the intensity of recovery strategies developed during the same period: The more intense the recovery strategies, the more pronounced will be the slope of the relationship

4.2.5 The Moderating Role of *the Number of Family Members on the TMT* on the TMT Size Variations

The influence of family members on the strategic decision process in family firms has been studied in the last decade (Cruz et al., 2012; Gómez-Mejía et al., 2001). SEW contributes to a better understanding of the duality between the company and the family due to family members developing strong connections with internal and external stakeholders (employees, shareholders, suppliers, customers, etc.). While internal stakeholders consider altruistic relationships, trust, and nonopportunistic behaviors (Wennberg et al., 2010), external stakeholders consider the reputation of the organization and the family (Deephouse & Jaskiewicz, 2013; Miller et al., 2010). These two aspects illustrate why FF diminishes or increases the chances to carry out robust retrenchment strategies such as reductions of the TMT size in a high underperformance context.

A priority for family members on the TMT is preserving the SEW (Gómez-Mejía et al., 2007). Consequently, the firm's reputation is a crucial aspect to consider for familiar TMTs' because exists a direct relationship between the company name and the family name (Salvato & Melin, 2008). Following Casillas et al. (2019), when a FF suffers underperforming, the family board of directors often evaluates if the poor financial outcomes jeopardize the perdurability of the family business (Shepherd & Haynie, 2011). As a result of this evaluation, the family board will determine the intensity of the retrenchment measures to preserve the firm survival, considering that some retrenchment measures could negatively affect SEW (Gómez-Mejía et al., 2001). With a high percentage of family members in the Top Management Team, however, it will be less likely that employees will be rescinded in the event of poor performance. This is because FF has prioritized building a team of talented, embedded, and motivated employees who collaborate to improve the company's future financial outcomes (Miller & Le Breton-Miller, 2005).

According to agency theory (Jensen & Meckling, 1976), agency costs often result from the separate management and ownership roles owing to the distinct priorities and knowledge asymmetries of the owner (principal) and the employed manager (agent). In the case of family businesses, there would be less goal conflict between owners and management. Controlling families are present on the board of directors or in the senior management team, in addition to owning a major proportion of the company's shares (Sciascia et al., 2013). Family members are more likely to share objectives, which somewhat eliminates the need for incentives (Carney, 2005). This objective alignment minimizes the likelihood of internal disputes arising when businesses are underperforming (Dougherty and Hardy, 1996), hence facilitating a faster decision-making process and the execution of actions aimed at reversing the poor situation to safeguard the TMT members.

Following Capelleras et al. (2019), one of the principal characteristics of FF is that their actions are largely influenced by their desire to safeguard their families (Gómez-Mejía et al., 2001; Gómez-Mejía et al., 2007). SEW is considered the stock of affect-related value that the family has invested in the firm (Berrone et al., 2010) and is a composite of various factors including the ownership of the company, the identification of the family members with the company, the emotional attachment of family members, and the renewal of family bonds through dynastic succession (Berrone et al., 2012). Thus, family ownership of a company requires a strong commitment to and identification with the business, as well as a long-term perspective that tries to ensure the enterprise's survival and transfer to the next generation. There is reason to believe that this commitment and identity, and what it implies for the long-term survival of the ruling family, supports the recovery of underperforming family enterprises and maintain the TMT size. Firstly, it must be highlighted that although some authors have claimed that controlling families may utilize their power position to expropriate minority shareholders and pursue family interests (Schulze et al., 2003) other research suggests that when performance falls below expectations, family goals and economic goals tend to converge (Chrisman & Patel, 2012). This enhanced focus on economic objectives is hardly unexpected when we realize that the family's financial wealth is tightly related to the business and that if the business fails, the family stands to lose all of its financial and SEW assets (Gómez-Mejía et al., 2010). Second, according to Berrone et al. (2012), controlling families are "more likely to endure the expense and uncertainty associated in pursuing specific acts, motivated by a sense that the risks such actions entail are outweighed by noneconomic advantages rather than prospective financial returns". In this regard, some authors suggest that controlling families are more willing to tolerate lower performance and resist short-term pressures to downsize the top management team (DeTienne & Chirico, 2013; Shanker & Astrachan, 1996; Zellweger et al., 2012; Zellweger & Dehlen, 2011). This patient capital, which is likely to sacrifice short-term performance to ensure control and long-term survival of the firm, is an asset of family firms because it allows the firm to navigate bad times for a prolonged period and, as a result, explore and exhaust all possible ways to recover without decreasing TMT size. A third related point is that this devotion causes controlling families to actively intertwine business and family resources (Stafford et al., 2013) and spend all available resources to assist the company and aid in its recovery. In a similar line, Lins et al. (2013) noticed that families who control numerous enterprises use resources from well-performing firms under their control to help other firms in financial distress. So, underperforming family enterprises may have greater resources than non-family firms to overcome adverse circumstances and maintain the TMT size.

Thus, we propose:

> H5. The relationship between the intensity and extension of retrenchment activities and TMT size change is moderated by the involvement of family members on the TMT: The higher the involvement of family members in the TMT the less pronounced will be the slope of this relationship.

4.3 METHODS

4.3.1 Study Context, Sample, and Data

We carried out our study on a sample of family firms that faced the recent global economic and financial crisis (GFC). The last GFC offers a unique context for analyzing the retrenchment strategies of firms.

It is commonly accepted that the start of the GFC was in the fall of 2008 (DesJardine et al., 2019). Spain was one of the European countries most affected by the crisis (European Central Bank, 2013 and 2019). This country entered a recession in 2008 and came out of it in 2013. Our sample is drawn from this country.

Cross-sectional quantitative data for this research were drawn from field research designed to explore how previous performance is related to strategic changes in family firms over two different periods 2008-2013 and 2014-2016. The data was collected through a questionnaire that was mailed to the CEOs of companies matching EU Commission Recommendation criteria of an SME, but limiting the number of employees to a minimum of 20 to discard micro companies. Medium-sized companies represent the appropriate framework for analyzing the effect of the factors encouraging, limiting, or facilitating changes in business strategy, as well as they have sufficient management structure to study its evolution when facing strategic changes (Sanchez-Peinado et al., 2010). Our goal was to have diverse industries and firm sizes included in the sample. Randomly sampled firms were drawn from the SABI database representing primary, secondary, and tertiary industries.

Our survey instrument was administered in 2017 after being substantially pretested, professionally produced, and preceded by a personalized letter. A preliminary version of the questionnaire was reviewed by 8 executives. Then we piloted a revised version with another group of 3 executives, yielding the final version. The formal presentation letter included four sections: the inquiry's objectives, sponsors' information, contact information to solve any doubt, and the FAQs section answering why this inquiry is who is for what you get in return, and confidentiality issues. After the first round, we sent a follow-up mailing to non-respondents. The questionnaire was composed of three parts. The first one was related to the strategies that companies were emphasizing in each of the periods considered. This allowed us to identify both priorities and changes in their strategy portfolio. The second part of the questionnaire was related to ownership and governance issues. And finally, the third section of the questionnaire was concerned with TMT demographics, composition, and change between the two periods that have been studied. Our response rate was 8%, somewhat lower than the 10 to 12 percent typical for mailed surveys to top executives in large American firms (Hambrick et al., 1993). We got answers from 151 companies, 139 with complete data. A statistical comparison of respondents and non-respondents and first-round respondents and second-round ones showed no differences in either their most apparent characteristics –e.g. firm size, industry– or the values of the variables included in our study.

Common method variance (CMV) is a potential problem that can occur in research studies when the same method is used to measure multiple variables in a study, leading to an overestimation or underestimation of the relationships among the variables. To minimize potential problems associated with the collection of data from single informants (Podsakoff et al., 2003), we checked the validity of our questionnaire data by comparing it with objective information obtained from the SABI database. We also followed well-established recommendations for the gathering of the survey data (Chang et al., 2010). We assured the respondents' confidentiality and asked them to respond as honestly as possible. Moreover, we structured questions related to the variables in such a way that it was difficult for the respondent to find any pattern or theoretical link between the dependent variable, and the independent and moderating variables or to edit their answers to be more socially desirable, acquiescent, or consistent. Likewise, we used different types of questions and scales, and we avoided using ambiguous, vague, or unfamiliar terms. Finally, the dependent variable is calculated as a ratio of two responses, which reduces the possibility of the CMV problem.

4.3.2 Variables and Measures

TMT size change is the dependent variable, and it is measured as *ln* [TMT size in 2013 / TMT size in 2008].

The retrenchment strategy is the independent variable. It captures the firm's activity in retrenchment during the years 2008 to 2013, and it is measured with two constructs: the "intensity" and the "extension" of the retrenchment. The companies rated on a scale of 1 to 5 the degree of use of the following strategies: reduction of markets, reduction in the number of products, reduction of distribution channels, cost reduction, and divestments. The "extension" was calculated as the sum of all initiatives with a rating above 2. The sum was then divided by 5 (the number of initiatives considered). "Intensity" was calculated as the average of all scores divided by 5. The final variable was calculated using the product of extent and intensity.

There are four moderating variables. The recovery strategy is a measure based on the number of growth strategies that firms carry out at the same time as they implement the retrenchment strategy. Surveyed firms indicated whether, between 2008 and 2013, they carried out the following 8 strategic choices or initiatives: new strategic alliances, new M&A, new distribution channels, new market segments, whether they developed or launched new products, whether they developed or launched new services, and whether they entered new markets. The variable ranges from 0 (no initiatives) to 8 (all initiatives). *TMT age* is the average TMT age in 2008. *TMT family* is the number of members of the top management team who are part of the family. *CEO age* is the CEO age in 2008.

We also included *TMT size* in 2008 and the financial performance of the industry (measured by ROA in 2008) as control variables.

4.4 RESULTS

4.4.1 Hypotheses Tests

We used moderated regression for the analysis of change in the TMT size. Table 10 and Table 11 provide the descriptive statistics and the results for the regression models.

Table 10. Descriptive statistics

Variable		Mean	s.d.	1	2	3	4	5	6	7
1.	TMT size change (ln)	.199	.421							
2.	Industry profitability	.021	.024	-.081						
3.	TMT size	3.201	1.411	-.441	.156					
4.	Retrenchment	.166	.199	-.197	-.102	.093				
5.	Recovery	2.324	1.994	-.001	-.056	.133	.209			
6.	TMT Age	43.559	6.952	.040	.049	-.231	-.107	-.083		
7.	TMT Family	1.158	1.247	-.217	-.134	.129	.126	.192	-.073	
8.	CEO age	44.552	11.154	-.033	.145	-.172	-.120	-.138	.410	.208

Note. N=139. Statistically significant correlations are shown in bold (p<.05, two-tailed). Source: Prepared by the authors.

As can be seen in Table 10, *TMT size change*, the dependent variable, is statistically significantly correlated with the independent variable (Retrenchment), and with one of the moderating variables. The correlation with Retrenchment is moderate (-.197)[3], and it has the direction that is expected.

Table 11 shows the regressions carried out to test our theoretical model (Figure 7). Four regressions are presented that allow for hypothesis contrast and effect size analysis. The first model (Model 1) introduces the control variables. Model 2 adds the independent variable. This model has high explanatory power, reaching an adjusted R^2 of 20.2%. *Retrenchment* is statistically significant and the increase of R^2 too ($p < .05$). Its effect on *TMT size change* is negative as expected ($\beta = -.161$). Thus, H1 is supported.

Model 3 introduces the moderators' direct effects. Only the *TMT family* has a statistically, negative significant direct effect ($p < .10$) on the outcome variable.

[3] Following Sun et al. (2010), our interpretation of effect size focuses on explicitly and directly comparing between effect sizes in our results and prior effect sizes in the related literature (e.g. Junni et al., 2013).

Model 4 adds the interaction terms that allow the moderating effects to be evaluated. The parameter associated with the interaction term of *CEO age* is not significant but does the ones regarding the other three moderators. In addition, the adjusted R^2 increase of model 4 on model 3 is significant, reaching an adjusted R^2 of 29.6%, and the sign of the betas associated with the interaction terms are in the right direction. Thus, our results support the H3, H4, and H5, but not H2.

Table 11. Hypotheses testing

	Dependent variable = *TMT size change*											
	Model 1			Model 2			Model 3			Model 4		
	B	Beta	p	B	Beta	p	B	Beta	p	B	Beta	p
Constant	.211		.000	.211		.000	.216		.000	.211		.000
Industry profitability	-.005	-.013	.872	-.013	-.032	.683	-.015	-.036	.653	.007	.016	.838
TMT size	-.195	-.439	.000	-.187	-.421	.000	-.193	-.435	.000	-.176	-.397	.000
Retrenchment				-.068	-.161	.039	-.074	-.175	.026	-.074	-.175	.028
Recovery							.045	.109	.169	.053	.129	.095
TMT Age							-.025	-.059	.487	-.032	-.075	.362
TMT Family							-.066	-.158	.058	-.073	-.173	.032
CEO age							-.025	-.052	.564	-.044	-.091	.291
Retrenchment * Recovery										-.088	-.238	.004
Retrenchment * TMT Age average										-.068	-.172	.027
Retrenchment * TMT Family										.074	.179	.031
Retrenchment * CEO age										-.063	-.136	.110
R^2	19.4%			21.9%			26.3%			35.2%		
Adjusted R^2	18.2%			20.2%			22.3%			29.6%		
F	16.389		.000	12.648		.000	6.663		.000	6.277		.000
F Change	16.389		.000	4.357		.039	1.917		.111	4.393		.002
Max VIF	1.025			1.040			1.411			1.436		
N	139			139			139			139		

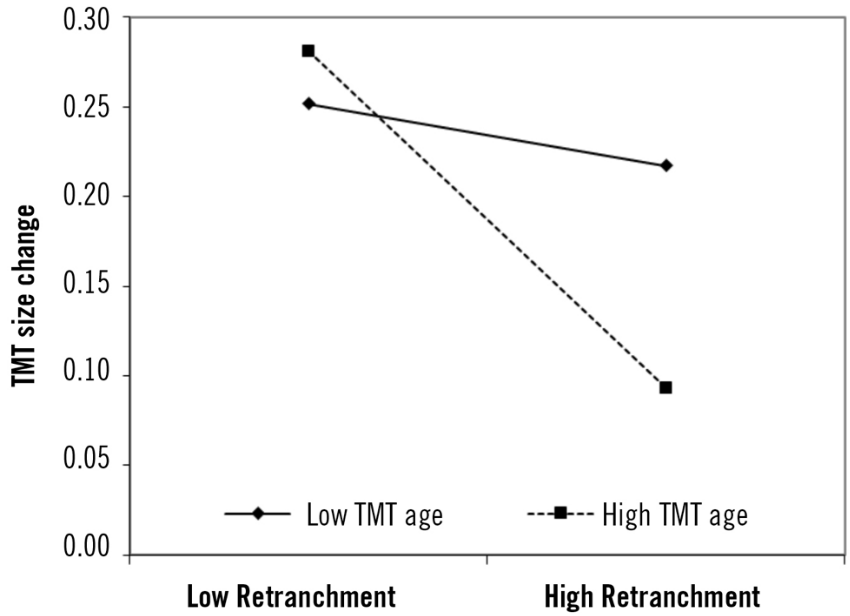
Source: Prepared by the authors.

Figure 12, Figure 13 and Figure 14 plot the interaction effects of moderators with significant effects following Dawson (2014).

H3 predicts a positive moderating effect of *TMT age*. This means that as the level of *TMT age* increases, the relationship between *Retrenchment* and *TMT size change* intensifies (increases the slope) and conversely, as the level of *TMT age* decreases, the relationship between *Retrenchment* and *TMT size change* softens (reduces the slope). Figure 12 shows that the relationship between *Retrenchment* and *TMT size change* is stronger, and more negative when the *TMT age* is high.

Moreover, when the *TMT age* is low, the relationship between *Retrenchment* and *TMT size change* is very weak.

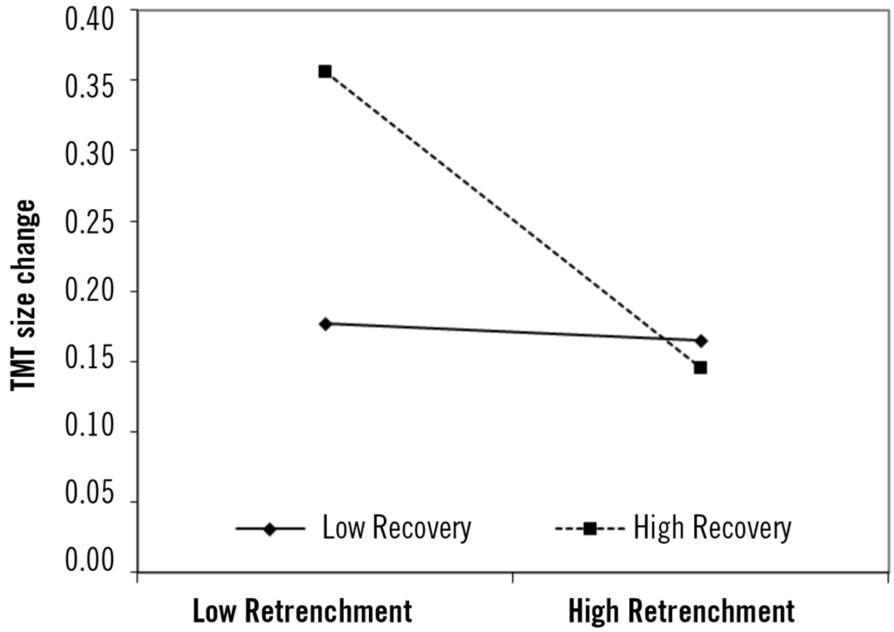
Figure 12. Interaction effect between TMT age and Retrenchment on TMT size change



Source: Prepared by the authors.

H4 predicts a positive moderating effect of *Recovery*. This means that as the level of *Recovery* increases, the relationship between *Retrenchment* and *TMT size change* intensifies and conversely, as the level of *Recovery* decreases, the relationship between *Retrenchment* and *TMT size change* softens, as Figure 13 shows.

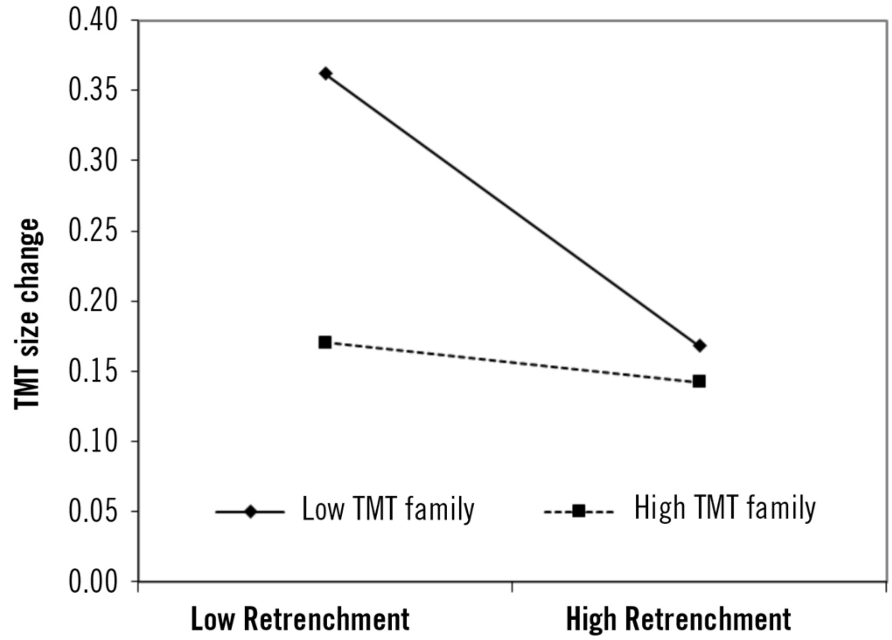
Figure 13. Interaction effect between Recovery and Retrenchment on TMT size change



Source: Prepared by the authors.

Finally, H5 predicts a negative moderating effect of the *TMT family*. This means that as the level of the *TMT family* increases, the relationship between *Retrenchment* and *TMT size change* softens (reduces the negative slope), and conversely, as the level of the *TMT family* decreases, the relationship between *Retrenchment* and *TMT size change* intensifies (increases the negative slope). Figure 14 shows that the relationship between *Retrenchment* and *TMT size change* is stronger, and more negative when the *TMT family* is low. Moreover, when the *TMT family* is high, the relationship between *Retrenchment* and *TMT size change* is very weak.

Figure 14. Interaction effect between TMT family and Retrenchment on TMT size change



Source: Prepared by the authors.

4.5 DISCUSSION

4.5.1 Contributions

The main objective of this study is to examine the impact of the composition of TMTs on the decision-making process in family-owned businesses confronting a crisis. In this study, we examine how the age of the CEO, the age of the TMT, the number of family members on the TMT, and the simultaneity of retrenchment and recovery influence the decision-making process for retrenchment strategies. Particularly, we examine the consequences of the decisions on the TMT size.

We propose that the greater the intensity of retrenchment strategies, the greater the reduction in TMT size- In some cases, this relationship may be moderated by factors such as the age of the CEO, the age of the TMT, or the percentage of family members on the TMT due to the family effect in family firms. To illustrate our views, we collected data from 139 Spanish family businesses from 2008 to 2016 to examine their responses to the economic crisis throughout both the contraction and recovery phases.

This study is one of the few studies focused on family firm TMTs facing turbulent environments. Traditionally, family firm research is concentrated on boards, where the agency perspective prevails (Bammens et al., 2011; Crossland et al., 2014; Hambrick, 2007; Herrmann & Datta, 2005). The limited attention to TMTs in family firm research is an important gap in the field because many studies in the upper echelons tradition show that TMTs strongly affect firm decision-making processes and outcomes (Finkelstein et al., 2009).

4.5.2 Theoretical and Managerial Implications

Theoretical Implications

In this paper, we evidence that the higher the intensity and extension of retrenchment activities, the higher will be the decrease in the TMT size. We agree with Hofer (1980) who argues that in a turnaround scenario, it is almost always required to replace the TMT, demonstrating that TMT dismissals play an essential role in the recovery of the company. Notwithstanding, our contribution demonstrates that the older the TMT age the more pronounced will be the slope of the relationship between retrenchment activities and TMT size. We argue that younger TMT is more entrepreneurial than older TMT and, as a result, are more likely to expand the TMT in volatile environments. According to Pegels et al. (2000), a senior TMT attempts to avoid risk, instead, a younger TMT is more likely to embrace risky initiatives and adopt more aggressive strategies. Increasing the size of TMT during times of crisis is seen as a risky decision; thus, we agree with Eisenhardt and Schoonhoven (1990) that youthful management teams are more prone to risk and consequently more predisposed to increase the TMT size.

Related to the strategy, we argue that the more intense the recovery strategies, the more pronounced will be the increase in the TMT size. Recovery measures are strategic changes that reorganize and reposition a company for sustainable development and profit (Barker & Duhaime, 1997). They consist of market penetration, product launch, market-entry, acquisitions, and structural transformation (Bibeault, 2018; D. K. Robbins & Pearce, 1993). Thus, it is probable that these recovery measures will need substantial changes to the TMT, including its expansion to embrace diverse professional profiles that contribute to a more strategic mindset.

Concerning the number of family members on the TMT, we have evidence that the higher the number of family members in the TMT the less pronounced will be the reduction of the TMT size. This assumption is further confirmed by some preliminary evidence, based on our data, indicating a significant relationship between the percentage of family members in the TMT and the TMT size changes in high-underperformance situations. According to Wennberg et al. (2010), internal stakeholders involve altruistic connections, trust, and nonopportunistic actions, whereas external stakeholders examine the organization's reputation and the family's reputation (Deephouse & Jaskiewicz, 2013; Miller & Le Breton-Miller, 2005). These two factors demonstrate why FF reduces the likelihood of implementing strong retrenchment tactics, such as TMT size reductions, in a high-underperformance environment. Additionally, a priority for family members on the TMT is preserving the SEW (Gómez-Mejía et al., 2010). Preserving the SEW is an important goal for family members on the TMTs (Gómez-Mejía et al., 2001). Due to there being a direct connection between the corporate name and the family name, the company's reputation is a vital factor to consider for familiar TMTs (Salvato et al., 2010). With a large proportion of family members on the TMT, however, it will be less probable that TMT members will be terminated for poor performance. This is because FF has focused on establishing a competent, entrenched, and motivated workforce that collaborates to better the company's future financial performance (Miller et al., 2008).

Managerial Implications

The findings of this research evidence that the composition of TMT in family businesses facing situations of crisis brought on by external causes affects decision-making, particularly on the size of the management team. Therefore, variables such as the average age of the TMT, the number of family members within the TMT, and the age of the CEO influence decisions about the size of the management team after retrenchment strategies have been implemented. Specifically, since they are more risk-averse, older TMTs tend to reduce the size of the management team. In terms of family engagement in decision-making, we find that TMTs with more family members reduce their size less often and that SEW explains this behavior. Firms with stronger recovery initiatives, on the other hand, expand the size of their management teams by recruiting new members with diverse business perspectives. The results also contribute to our understanding of how top managers within TMTs interact and the effects of business strategy shifts on organizational performance.

4.5.3 Limitations and Future Research

This work contributes to developing the family firms literature by showing the complexity of the family influence in the retrenchment measures carried out by family firms. Since various studies have investigated the family influence on strategic decisions, scholars have recently called for more contributions on the family influence on managerial behavior under different contexts (Bauweraerts et al., 2021; Casillas et al., 2019; Hernández-Linares & López-Fernández, 2018; Lee, 2006; Martínez-Alonso et al., 2018; Stanley et al., 2019). Our contribution responds to this call by showing the effects on the TMT size caused by retrenchment strategies in FF facing an external crisis.

As a further research avenue, our findings demonstrate that SEW is an essential characteristic of family-owned companies and that changes in SEW positions within a team impact team operations and outcomes. However, there is still considerable study to be done to determine the effects of SEW diversity on family business behavior. On the other side, it should be taken into account that extreme scenarios occur, such as poorly functioning family businesses. Several research on SEW has shown that individuals' SEW preferences may shift when presented with severe conditions (Chrisman & Patel, 2012; Gómez-Mejía et al., 2010; 2018). We assume that SEW separation may alter family business TMTs with negative financial outcomes. Future research evaluating the link between TMT decision processes and company performance should consider these extreme scenarios.

Our research includes several limitations that provide fascinating opportunities for further research. First, from the perspective of methodology, we measured family influence using a dichotomous variable, but the real amount of family control may vary at various levels of family involvement on the ownership, management, and supervisory boards. Continuous assessment of family participation in ownership and management, in addition to capturing other components of familiness, would more accurately represent the diversity of forms that family firms may take. Consequently, the absence of family company homogeneity is a further limitation of our research. Secondly, the geographical emphasis of the research is also one of its limitations, since we exclusively analyzed Spanish family enterprises. Different systems may exist in different nations or among foreign families engaged in business. Thirdly, the research was conducted throughout the 2008-2013 financial crisis and the post-crisis years of 2014-2016, which is a constraint relating to the time frame. This national background and historical period cannot be simply compared to those of other nations. In addition, some sample enterprises started to experience the effects of the recession before 2008, while others faced unstable conditions beyond 2013. Our findings should thus be regarded with care.

4.5.4 Conclusion

In conclusion, our research demonstrates the impact of TMT composition on the crisis-related decisions taken by family businesses. Specifically, we examine how the size of the management team expands or decreases under high/low retrenchment conditions. In several ways, SEW explains this behavior, particularly regarding the connection between family members and the TMT. We end by evaluating a model of moderated mediation using a unique sample of 139 private Spanish family enterprises. Our work contributes to contemporary debates in the family business literature by providing intriguing implications for theory and practice as well as future research opportunities for future scholars.

CHAPTER 5: Conclusions

5.1 OUTLINE

This doctoral dissertation aims to identify insights related to the decision-making process of family firms in crisis environments caused by external factors, and more particularly, to deeply understand how the composition of top management teams influences decision-making in firms that have carried out retrenchment strategies. As no decision can be evaluated without its repercussions, the purpose of this research is to determine why some organizations behave differently strategically than others, particularly during the most recent global financial crisis. Based on three separate research efforts, this dissertation discusses and fills in gaps in several literature streams. This chapter provides a summary of the empirical results of each research project and discusses the principal theoretical and practical contributions. Finally, significant recommendations for future research are provided.

5.2 EMPIRICAL FINDINGS

Findings of Chapter 2

This chapter is based on a systematic literature review of the turnaround process for Family Firms and Small and Medium-Sized Businesses to provide a comprehensive view of the state of the art in this field.

In particular, we discovered that 82% of the sampled studies employ multiple perspectives to shed light on the turnaround process. Still, only 18% of them consider the human dimension. Companies are composed of individuals, so this fact is unexpected.

Through the socio-emotional wealth lens, our primary objective was to comprehend the role of the top management team as a determinant of successful turnaround strategies in family businesses. Specifically, we identify the major voids in the literature and propose prospective research avenues based on the socioemotional wealth perspective.

Furthermore, there are numerous reasons for considering that the turnaround process is significantly distinct from that for FF and non-FF. The primary literature on turnaround does not take into account the peculiarities of FFs and non-FF. Using the FIBER model, we discovered gaps in the literature on turnaround from a SEW perspective. Differentiating this literature review from other similar studies in the turnaround research stream, the results search to learn from the existing literature and, based on the identified gaps, we proposed a research agenda for future research that considers diverse avenues to be explored.

The research results of this first chapter allowed us to identify the importance of people in decision-making processes in family firms facing hostile environments. We especially focused on deeply investigating how the composition of management teams influences decision-making in retrenchment strategies in family firms. Specifically, the results of our systematic review of the literature evidence that in retrenchment processes carried out by family firms, little attention is paid to the consequences of family influence on strategic decisions, the effect of the firm's identity, the relevance of its relationships with the environment, the role of emotions, and the preservation of the business for future generations in hostile environments.

Findings of Chapter 3

The purpose of this chapter was to also contribute to the literature on family firms facing hostile environments by examining how Family Firms intensify or inhibit retrenchment measures in response to an externally provoked performance decline during a period of crisis.

Particularly, we focus our attention on the TMT composition in the following specific situations: the CEO is the owner; the CEO is a family member; the presence of family members on the top management team; the presence of the founder generation in management.

Furthermore, we also contribute to the turnaround process literature (Pearce & Robbins, 1994) by showing how FF intensifies or inhibits retrenchment measures when external factors cause a performance decline during a period of crisis.

Thus, overall this chapter provides evidence to demonstrate that the CEO's ownership perspective increases the likelihood that he will intensify retrenchment measures to safeguard his investment. Our research found no significant differences between the influence of the CEO family and non-family on the interaction between performance and retrenchment. Therefore, our study contradicts the common misconception that non-family CEOs are more objective and implement more severe retrenchment measures. Furthermore, we provide evidence that TMT with family members increases retrenchment measures. However, this effect is diminished above 65 percent. We suggest keeping in mind that this study was only the initial stage in implementing the family influence on FF's retrenchment strategies. Considering the economic impact of FF on the global economy (Miroshnychenko et al., 2021) and the high failure rate of family firms facing a crisis (Ibrahim et al., 2001; Lansberg, 1988; Shanker & Astrachan, 1996), more research is required to determine how family influence facilitates or inhibits retrenchment measures to achieve a successful turnaround process.

Findings of Chapter 4

In this chapter, we analyze the impact of TMT composition on the family business decision-making process in turbulent environments. Specifically, we examine how the size of the top management team expands or decreases under high/low levels of retrenchment.

This study's primary objective is to investigate how the composition of TMTs influences the decision-making process in family-owned businesses facing a crisis. We investigate how the age of the CEO, the age of the TMT, the number of family members on the TMT, and the simultaneous occurrence of retrenchment and recovery affect the decision-making process for retrenchment strategies. Specifically, we investigate the effects of the decisions on the TMT magnitude.

Particularly, socio-emotional wealth explains this behavior in multiple ways, particularly in terms of the relationship between family members and the TMT.

In our study, we evidence that the greater the intensity of retrenchment strategies, the greater the reduction in TMT size. Nevertheless, in some instances, this relationship may be moderated by the age of the CEO, the age of the TMT, or the proportion of family members on the TMT due to the family effect in family firms.

This is one of the few studies that focus on TMT family businesses operating in turbulent environments. Traditionally, the focus of family firm research has been on boards, where the agency perspective has predominated (Bammens et al., 2011; Crossland et al., 2014; Hambrick, 2007; Herrmann & Datta, 2005). The lack of focus on TMTs in family firm research is a significant gap in the field, as numerous studies in the upper echelons tradition demonstrate that TMTs have a significant impact on firm decision-making processes and outcomes (Finkelstein et al., 2009).

5.3 THEORETICAL IMPLICATIONS

In this section, the dissertation's major theoretical contributions are summarized. Specifically, this dissertation contributes to several streams of literature that will be examined next.

First of all, we start by defining family firms and highlighting the strong relationship that the family component of companies has in the decision-making process according to Gómez-Mejía et al. (2007). Several contributions have been made to comprehend the decision-making process in FF. The concept of socioemotional wealth (SEW) proposed by Gómez-Mejía et al. (2007) is one of the most significant advances in recent years. In the Business, Management, and Economics categories of Web of Science, the number of articles referencing SEW has increased from 2 in 2007 to 229 in 2020. As of March 2007, the 2007 article by Gómez-Mejía et al. has received over 3,048 Google Scholar citations and continues to be one of the most sought-after articles in this discipline. In addition, we discovered a gap in the literature concerning the relationship between SEW and retrenchment strategies implemented by family firms in crisis environments brought on by external factors. Little research on retrenchment addresses the human dimension, particularly focused on the composition of top management teams and the effect this has on decision-making.

Specifically, the results of our systematic literature review on the turnaround process indicate that little attention is paid to the consequences of family influence on strategic decisions, the effect of the firm's identity, the relevance of its relationships with the environment, the role of emotions, and the preservation of the business for future generations in family firms facing turbulent environments. This was the basis of our research gap for this dissertation.

To do so, based on the FIBER model (Berrone et al., 2012), we propose five research avenues that contribute to a deeper understanding of how family firms make decisions in a context of a crisis caused by external factors. Concerning the research avenue related to family control and influence, we highlight the importance of better understanding the relevance of cultural firm forces on retrenchment strategies, the role of governance in establishing long-term and short-term priorities in declining firms, the effect of self-justification theory in the survival strategies, and the influence of the family on the managerial decisions in turbulent environments (Sharma & Manikutty, 2005; Yu et al., 2012; Franco & Haase, 2010; Santiago, 2015). The second research avenue is related to the perception of identity within the firm, we emphasize the need to study the firm's identity effect to inhibit or exacerbate managerial changes in turbulent contexts. Otherwise, it is necessary to deeply understand the potential to create a competitive advantage through firms' intangible assets in decline (Berrone et al., 2012; Cater & Schwab, 2008; Glover, 2013; Bartolini et al., 2020). Our third research avenue refers to binding social ties, is important to consider the influence of the environment and the community to determine the survival chance in a crisis (Stafford et al., 2013; Ranwas & Iyer, 2013; Zahra, 2010). The company is considered to be within the local sphere of influence. In this sense, Kücher and Feldbauer-Durstmüller (2019) suggest that environmental, ecological, organizational, and psychological factors determine the survival of organizations. The fourth research avenue is related to emotional attachment, the role of emotions in the business represents one of the most critical considerations of the SEW. Emotions are dynamic and arise and evolve in response to critical events that occur during the firm's life cycle (Gómez-Mejía et al., 2001; Berrone et al., 2012; Chirico et al., 2019; Glover & Reay, 2015). Finally, the fifth research avenue refers to the renewal of family bonds to the firm. We evidence that FF's capacity to respond to strategic contingencies is influenced by stewardship-oriented practices intended to engage and attach members to the organization (Eddleston et al., 2008). Life-cycle stages, administering symbolic capital, and stewardship-oriented practices should be studied to determine how they affect the reversal process and the preservation of the business for future generations (Zellweger et al., 2010; Miller et al., 2010; Yiu et al., 2006; Eddleston et al., 2008).

Traditionally, the focus of family firm research has been on boards, where the agency perspective has predominated (Bammens et al., 2011; Crossland et al., 2014; Hambrick, 2007; Herrmann & Datta, 2005). The lack of focus on TMTs in family firm research is a significant gap in the field, as numerous studies in the upper echelons of tradition demonstrate that TMTs have a significant impact on firm decision-making processes and outcomes (Finkelstein et al., 2009).

Our next building block of theoretical contributions also relates to turnaround literature in family firms. In previous sections, we demonstrated that there are some research gaps in this field of study. Specifically, the composition of management teams and their impact on decision-making are the focal points. As previously stated, scholars don't seem to agree on the reporting of consistent evidence on this topic.

Our study contributes to the agency theory by showing that in FF managed by CEO owners, decisions are made to safeguard their investment, thereby reducing agency costs because the agent and the owner are the same individuals (Che & Zhang, 2016). This allows owners and administrators to align their economic interests (Fama & Jensen, 1983; Jensen & Mecklenburg, 1976). By the findings of Che and Zhang (2016), CEO proprietors are inclined to implement drastic cost-cutting measures if underperformance worsens to prevent financial losses. Our findings are also consistent with those of Anderson and Reeb (2003), who contend that CEO proprietors wield substantial influence over strategic decision-making and are expected to administer the business effectively. Therefore, it is reasonable to infer that a CEO owner may be better equipped to manage family issues and, as a consequence of poor performance, increase retrenchment measures (Che & Zhang, 2016). However, when underperformance is minimal, the CEO-owner will likely not implement retrenchment measures or follow a retrenchment orientation with a low degree of intensity. We suggest, drawing on the SEW arguments (Gómez-Mejía et al., 2007), that emotions, social capital, and noneconomic objectives, particularly in FF managed by CEO-owners, may determine the severity of retrenchment measures.

Following the implications of SEW we support the Gómez-Mejía et al. (2007) contributions, arguing that when the CEO is a family member, retrenchment measures are less severe. According to Gómez-Mejía et al. (2007), the CEO family may avoid traumatic measures such as cost reductions or divestments to preserve the legacy and the relationships with the stakeholders. Our findings support Casillas et al.'s (2019) argument that the capacity of the CEO family to interpret poor performance is directly proportional to the severity of retrenchment measures. In this context, according to Wennberg et al. (2010), a family CEO endeavoring to safeguard the company's reputation avoids generating negative news and negative remarks from stakeholders.

This research also complements the literature related to the influence of the family on TMT, we are in line with Chua et al., (1999), and Lee (2006), who argues that family involvement in TMT has a significant positive direct influence on retrenchment. In this regard, we argue that the presence of family members in the TMT increases the severity of retrenchment measures due to the diversity of perspectives and dedication of family members. Consequently, they will be more predisposed to carry out retrenchment measures such as reductions of the TMT size. However, we support Sciascia and Mazzola's (2008) contributions who argues that the negative effects of family involvement on the TMT are more pronounced at higher levels of family participation in management and less evident at lower levels of family participation (Cruz et al., 2017; DeTienne & Cardon, 2012; DeTienne & Chirico, 2013).

Through Chapter 4, we contribute to the family business literature through multiple research streams in a turnaround context. Hofer (1980) contends that in a turnaround scenario, it is almost always necessary to replace the TMT, demonstrating that TMT composition plays a crucial role in the company's recovery.

Concerning the relationship between retrenchment and TMT size, we are in line with Lohrke et al. (2012); Morrow et al. (2004), and Pearce and Robbins (2008), who propose that the greater the intensity of retrenchment strategies, the greater the reduction in TMT size.

Related to the TMT age, we evidence that a senior TMT avoids risk, according to Pegels et al. (2000), whereas a junior TMT is more likely to pursue hazardous initiatives and employ more aggressive strategies. Increasing the size of TMT during times of crisis is viewed as a hazardous decision; therefore, we agree with Eisenhardt and Schoonhoven (1990) who argues that younger management teams are more prone to risk and, as a result, more likely to increase the size of TMT.

Furthermore, regarding the strategy, following Pearce and Robbins (1994) recovery measures are strategic adjustments that reorganize and reposition a company for sustainable development and profit. We are in line with Barker and Duhaime (1997) who evidence that the decrease in TMT size will be less pronounced the more intensive the recovery strategies are.

Last but not least, concerning the number of family members on the TMT, we support the contributions of Wennberg et al. (2010); Deephouse and Jaskiewicz (2013), and Miller and Le Breton-Miller (2005), who argues that reduction in TMT size will be less pronounced as the number of family members increases. So, in a high-underperformance environment, FF reduces the likelihood of implementing severe retrenchment tactics, such as TMT size reductions.

5.3 PRACTICAL IMPLICATIONS

This dissertation has multiple implications for managers, TMT members, and family businesses. Our findings emphasize the significance of family influence in inhibiting or intensifying retrenchment measures in family businesses. We observed that roughly half of the 109 companies in the sample are administered by CEO owners and family members. Based on the agency theory, we propose that the primary motivation of a CEO owner, as opposed to a CEO without ownership, is to secure his investment. Consequently, the CEO owner will be more inclined to intensify retrenchment measures when his investment is threatened.

In contrast, the results indicate that family CEOs directly impact performance and retrenchment, but the family CEO/non-family CEO moderator effect is not statistically significant. Drawing on SEW perspective (Gómez-Mejía et al., 2010), we argue that family influence on managerial decisions is related to the family's desire for control and influence over the firm (Berrone et al., 2010) and inhibits the intensity of retrenchment measures that might suggest a non-family CEO with a more objective perspective.

Furthermore, we demonstrate that, despite the direct relationship between performance and retrenchment induced by the presence of family members on the TMT, managers must take into account that this effect disappears at percentages above 65 percent. In this way, utilizing the agency theory, some authors argue that family involvement decreases agency costs and improves performance (Chua et al., 1999; Lee, 2006; Sciascia & Mazzola, 2008), but this effect is limited. Consequently, managers must be aware of the negative effects of an excessive number of family members on the TMT.

Note that in our research we evidence that the composition of TMT in family businesses confronting externally-caused crises influences decision-making, particularly regarding the extent of the management team. Consequently, variables such as the average age of the TMT, the number of family members within the TMT, and the age of the CEO influence decisions regarding the size of the management team following the implementation of retrenchment strategies.

Practitioners should also be aware that senior TMTs tend to reduce the extent of the management team because they are more risk-averse. We find that TMTs with more family members reduce their size less frequently and that SEW explains this behavior. Companies with more robust recovery initiatives, on the other hand, increase the size of their management teams by recruiting new members with a range of business perspectives. In addition, the findings contribute to our knowledge of how senior managers within TMTs interact and the effects of business strategy alterations on organizational performance.

5.5 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

To conclude this dissertation, we would like to suggest some intriguing directions for future research to contribute to the literature on family firms.

In thirst place, this research illustrates the complexity of the family's influence on the retrenchment measures implemented by family businesses. Since various studies have studied the family influence on strategic decisions, researchers have recently called for additional research on the family influence on managerial behavior under various scenarios (Bauweraerts et al., 2021; Casillas et al., 2019; Hernández-Linares & López-Fernández, 2018; Lee, 2006; Martínez-Alonso et al., 2018; Stanley et al., 2019). Our contribution responds to this request by demonstrating that the relationship between the CEO and the family, the ownership point of view, and the generation in control are significant predictors of the severity of retrenchment measures in family firms. This dissertation demonstrates these ramifications by extending the line of inquiry begun by DeTienne and Chirico (2013) and continued by Casillas et al. (2019), and Bauweraerts et al. (2021).

Second, although our results are significant for the family firm literature, they must be interpreted with caution because we do not correctly differentiate the degree of CEO ownership, the involvement of family members on the TMT, and the life cycle of the firm to analyze the impact of founder generation. Consequently, these limitations point the way for future research to refine the results and provide more information on the extent of these variables in our study. Regarding the degree of ownership of the CEO, for instance, new research should investigate the differences in the intensity of retrenchment measures between firms with a high shareholding CEO and those with a low shareholding CEO.

In third place, another subject that presents intriguing research opportunities is related to the role of the family. We identify the percentage of family members on the TMT about the extent of their participation. However, this ratio does not inherently reflect the family's involvement and influence. This difficulty extends to testing for differences resulting from family involvement in FF research, which has been studied infrequently in the literature. Additionally, we evaluate the possibility of conducting additional research to analyze the company's life cycle to deeply understand the impact of the founder's generation on the retrenchment measures.

Although pertinent and significant for the family firm literature, our findings must be viewed with caution due to our data being limited to Spanish firms and may hence pertain specifically to this regional context. However, future research in other geographic regions could strengthen the external validity of our findings. On the other hand, the study was conducted during the 2008-2013 financial crisis and the post-crisis years of 2014-2016, which is a limitation relating to the time frame. This national context and period cannot be readily compared to those of other nations. In addition, some sample firms began to experience the effects of the recession before 2008, while others continued to face turbulent conditions after 2013. Our findings should therefore be interpreted with prudence.

Fifthly, the research examines the intensity of retrenchment measures based on managerial decisions about geographic markets; actions about the products with which the organization competes; segmentation and distribution channels; competitive arguments; and strategic growth options. Nevertheless, other authors may wish to investigate the severity of the retrenchment measures in greater detail (Pearce & Robbins, 1994b; D. K. Robbins & Pearce, 1992).

In sixth place, from the point of view of methodology, we evaluated family influence using a dichotomous variable. However, the real degree of family control may vary at different levels of family participation on the ownership, management, and supervisory boards. Besides, documenting other aspects of families, continuous assessment of family participation in ownership and administration would more accurately represent the diversity of forms that family firms may take.

Lastly, new models must be provided to support our contributions, such as the peculiarities of the ownership structure, the size of the firm (small, medium, etc.), the role of certain stakeholders, or the peculiarities of the owning family (Jaskiewicz et al., 2017).

CHAPTER 6:
Resumen y resultados de la tesis doctoral

Las empresas familiares (EF) tienen un rol clave en la economía mundial por su gran participación en el mercado y su contribución al PIB. Concretamente las empresas familiares representan a nivel mundial el 65% de todas las empresas, crean el 60% de los puestos de trabajo y aportan al 68% del PIB mundial (Puig, 2016). En España, según el Instituto de Empresa Familiar, representan el 89% del total de empresas, proporcionan el 67% de los puestos de trabajo y aportan con el 57% del PIB nacional.

Las empresas familiares españolas suelen ser de tamaño pequeño y mediano relativamente jóvenes en comparación con otros países del norte de Europa. Sin embargo, existen casos de grandes empresas familiares con más de tres generaciones.

Las empresas familiares, independientemente de su tamaño, nivel de facturación, tamaño de la plantilla o ubicación geográfica tienen un elemento común entre ellas, la relación entre la familia y la empresa.

Si bien no es tarea fácil encontrar una definición de empresa familiar estándar aceptada en la literatura, existen tres elementos que son comunes en las definiciones existentes tanto en la literatura sobre empresa familiar, el Instituto de Empresa Familiar o la Unión Europea (Gallo, 1995). Se trata de: a) la propiedad o el control familiar sobre la empresa; b) el poder de la familia sobre la gestión de la organización; c) la intención de transferir la empresa a las próximas generaciones. Estos elementos están presentes en la mayoría de las definiciones existentes sobre empresa familiar (Amat, 2004; Handler, 1992; Lansberg, 1988; Litz, 1995). De esta forma, se puede inferir que el carácter familiar de una empresa es un aspecto multidimensional en el que la propiedad, el control, la participación en la gestión y la voluntad de transmitir la empresa a las siguientes generaciones son los elementos centrales (Puig, 2016).

La elevada prevalencia de empresas familiares plantea la cuestión de si están mejor preparadas para afrontar crisis externas que las no familiares. La gran mayoría de las investigaciones existentes comparan el rendimiento empresarial de las empresas familiares y no familiares durante periodos de desarrollo económico normal o condiciones de mercado favorables, mientras que los estudios realizados durante periodos de depresión o recesión son escasos. Resulta intrigante reevaluar cómo se comportaron las empresas familiares en relación con las no familiares durante las crisis económicas globales debido a que según algunos autores (Casillas *et al.,* 2019; Elloumi y Gueyié, 2001; Lins *et al.,* 2013), las empresas familiares se comportan de forma distinta en situaciones de crisis externas, lo que influye tanto en los beneficios como en los inconvenientes del control familiar y no permite observar con claridad qué lado predomina sobre el otro.

Por otro lado, como consecuencia del COVID-19, el mundo ha experimentado una de las crisis económicas más graves desde la recesión económica mundial provocada por la crisis bancaria de 2008 (Calabrò *et al.,* 2019). En este difícil entorno, muchas empresas se enfrentan a importantes obstáculos, tanto en términos de su viabilidad financiera como de su capacidad para adaptarse a los cambios estructurales provocados por la pandemia. Adicionalmente las Empresas

Familiares tienen un reto mayor ya que se enfrentan a una presión adicional para conciliar sus objetivos financieros y no financieros (Gómez-Mejía *et al.,* 2007; Lee, 2006).

La mayor parte de la literatura sobre gestión estratégica en Empresas Familiares se centra en estrategias orientadas al crecimiento (D. K. Robbins y Pearce, 1993). A pesar de ello, Casillas *et al.* (2019) sostienen que la investigación también debería centrarse en contextos de crisis, especialmente en las EF que afrontan crisis provocadas por factores externos. Los efectos de la COVID-19 o la crisis financiera de 2008 han impulsado a priorizar la investigación sobre estrategias *retrenchment* y *recovery* en las últimas décadas como parte del proceso de *turnaround* (Lai y Sudarsanam, 2007; Belling *et al.,* 2022; D. K. Robbins y Pearce, 1992; Schweizer y Nienhaus, 2017; Trahms *et al.,* 2013; Wenzel *et al.,* 2020).

En particular, la literatura empresarial demuestra que la ejecución del proceso de *turnaround* es crucial para el éxito o el fracaso de una empresa (Pearce y Robbins, 1993). En este sentido, la estructura de la propiedad familiar, la composición del equipo directivo y el grado de participación de la familia en el proceso de toma de decisiones estratégicas pueden influir en la forma en que se abordan estos procesos y en los resultados de las empresas familiares (DeTienne y Chirico, 2013).

En nuestra investigación, encontramos que la literatura sobre retrenchment en empresas familiares es escasa y con resultados contradictorios. Algunos autores como Casillas *et al.* (2019), Daily y Dalton (1994), Elloumi y Gueyié (2001) han aportado evidencias de cómo influye la estructura de propiedad de una empresa en la aplicación de medidas de *retrenchment*. En concreto, han demostrado cómo la implicación de la familia afecta a la severidad de las medidas de *retrenchment* y, en consecuencia, al éxito de la recuperación como parte del proceso de *turnaround* (DeTienne y Chirico, 2013). Otros autores como Bauweraerts *et al.* (2021) sugieren que los CEO propietarios con una alta concentración de poder de decisión actuarán para anticiparse a una crisis en contextos turbulentos. En cuanto a la relación entre el CEO y su familia, DeTienne y Chirico (2013) sostienen que se recomienda un CEO no familiar cuando es necesario implementar cambios estratégicos sustanciales en un breve periodo de tiempo. Por otro lado, en lo referente a la relación entre la familia y el equipo directivo (TMT), Berrone *et al.* (2012) sostienen que una gran proporción de miembros de la familia en el equipo directivo emplean perspectivas distintas en comparación con otras organizaciones en lo que respecta a las medidas de *retrenchment* para evitar una posible pérdida de *Socio-emotional Wealth (SEW*). Por último, en relación con los fundadores dentro de la dirección, Cruz y Nordqvist (2012) demuestran que el compromiso afectivo con la familia y la empresa disminuye a lo largo de las sucesivas generaciones debido a la incorporación de miembros no familiares (Gómez-Mejía *et al.,* 2007). La heterogeneidad de las empresas familiares y las diversas combinaciones de objetivos financieros y no financieros pueden explicar esta disparidad de perspectivas (Salvato y Aldrich, 2012).

Debido a esta heterogeneidad de perspectivas, en este estudio nos centramos en analizar cómo la composición de los equipos directivos influye en la intensidad de las estrategias de *retrenchment* ejecutadas por empresas familiares que se enfrentan a crisis provocadas por factores externos. Este es un tema muy poco desarrollado en la literatura sobre turnaround y empresas familiares (Cater y Schwab, 2008; Lafranchini *et al.,* 2020).

En particular, considerando que la perspectiva de la Riqueza Socioemocional puede explicar las decisiones estratégicas tomadas por las empresas familiares relacionadas con su heterogeneidad y sus diferentes objetivos (económicos y no económicos), este estudio propone comprender en profundidad el papel de los equipos de alta dirección y su composición como factor determinante del éxito de las estrategias de *turnaround* a través de la perspectiva de la riqueza socioemocional en las empresas familiares.

Este trabajo contribuye al desarrollo de la literatura de *retrenchment* en empresas familiares ampliando las aportaciones de Trahms *et al.* (2013), quienes argumentan que existen importantes lagunas en la literatura respecto a la motivación no económica de las empresas familiares, especialmente en entornos turbulentos. Además, contribuimos al desarrollo de la línea de investigación iniciada por DeTienne y Chirico (2013) y continuada por autores como Casillas *et al.* (2019), Laffranchini *et al.* (2020) y Vandekerkhof *et al.* (2018). Estos autores ilustran la relación entre las medidas adoptadas durante el proceso de *retrenchment* y la posterior reestructuración del equipo directivo responsable de tomar estas decisiones. Pretendemos contribuir a la literatura sobre la empresa familiar analizando la intensidad y el alcance de las medidas de *retrenchment* aplicadas por las empresas familiares en contextos turbulentos y los efectos sobre el tamaño del equipo directivo. En este trabajo iniciamos con una revisión sistemática de la literatura para obtener el estado del arte sobre el proceso de *turnaround* en empresas familiares, analizamos la influencia de las características del equipo directivo en la intensidad del *retrenchment*, y por último ilustramos cómo la intensidad de las estrategias de *retrenchment* afectan al tamaño del equipo directivo en función de sus características.

De esta manera, en el segundo capítulo, realizamos una revisión sistemática de la literatura del proceso de *turnaround* en las empresas familiares y descubrimos que muchos aspectos de las empresas familiares siguen sin explorarse en este contexto. Algunos de ellos están relacionados con la escasa atención prestada a las consecuencias de la influencia familiar en las decisiones estratégicas, el efecto de la identidad con la empresa, la relevancia de la relación con el entorno, el papel de las emociones y la preservación de la empresa para las generaciones futuras. Como consecuencia, sugerimos una serie de tendencias de investigación relacionadas con este tema. Utilizando el modelo FIBER (Berrone *et al.,* 2012), que se derivó de la SEW (Gomez Mejía *et al.,* 2007), hacemos hincapié en cómo los principales investigadores de turnaround interpretan la SEW como un componente crucial para comprender mejor los métodos eficaces de *turnaround.*

En concreto, descubrimos que el 82% de los estudios revisados en la literatura emplean múltiples perspectivas para arrojar luz sobre el proceso de cambio. Sin embargo, sólo el 18% de ellos tiene en cuenta la dimensión humana. Las empresas se componen de individuos, por lo que este hecho resulta inesperado. Además, existen numerosas razones para considerar que el proceso de *turnaround* es significativamente distinto en las empresas familiares y en las no familiares. La literatura principal sobre *turnaround* no tiene en cuenta las peculiaridades de las empresas familiares y las no familiares. Por ello, utilizando el modelo FIBER, descubrimos lagunas en la bibliografía sobre la reestructuración desde la perspectiva de la SEW.

Los resultados de la investigación de este capítulo nos permitieron identificar la importancia de las personas en los procesos de toma de decisiones en las empresas familiares que se enfrentan a entornos hostiles. En concreto, los resultados de nuestra revisión sistemática de la literatura evidencian que en los procesos de *retrenchment* llevados a cabo por empresas familiares se presta escasa atención a las consecuencias de la influencia familiar en las decisiones estratégicas, el efecto de la identidad de la empresa, la relevancia de sus relaciones con el entorno, el papel de las emociones y la preservación del negocio para las generaciones futuras en entornos hostiles.

Así pues, el siguiente capítulo aporta pruebas que demuestran que la perspectiva de propiedad del CEO aumenta la probabilidad de que intensifique las medidas de *retrenchment* para salvaguardar su inversión. Nuestra investigación contradice la idea errónea de que los CEO no familiares son más objetivos y aplican medidas de recorte más severas. Además, aportamos pruebas de que los equipos directivos en los que participan miembros de la familia propietaria aumentan las medidas de *retrenchment*. Sin embargo, este efecto disminuye cuando la representación de la familia en el equipo directivo está por encima del 65%. Teniendo en cuenta el impacto económico de las empresas familiares en la economía mundial (Miroshnychenko *et al.,* 2021) y la elevada tasa de fracaso de las empresas familiares que se enfrentan a una crisis (Ibrahim *et al.,* 2001; Lansberg, 1988; Shanker y Astrachan, 1996), es necesario seguir investigando para determinar cómo la influencia familiar facilita o inhibe las medidas de *retrenchment* para lograr un proceso de *turnaround* exitoso.

Basándonos en estas conclusiones, en el siguiente capítulo evidenciamos que el papel de los miembros de la familia en el equipo directivo es crucial. Para demostrarlo, analizamos la forma en que las empresas familiares intensifican o inhiben la reducción del tamaño del equipo directivo en respuesta a un declive de los resultados causado por factores externos durante un periodo de crisis, centrándonos en los siguientes contextos: a) el CEO es el propietario; b) el CEO es un miembro de la familia; c) presencia de miembros de la familia en el equipo directivo; d) presencia de miembros de la generación fundadora en la dirección.

Basamos nuestra justificación en conceptos de la teoría de los upper-echelons (Hambrick y Mason, 1984), que afirma que los rasgos de los directivos repercuten en los resultados a nivel organizativo y en los procesos de toma de decisiones estratégicas. Más concretamente, establecemos que el CEO propietario lleva a cabo intensas medidas de *retrenchment* cuando la empresa sufre *underperformance* en comparación con el CEO no propietario (Che y Zhang, 2016). Sin embargo, en situaciones en las que *underperformance* es bajo, el CEO-propietario probablemente no llevará a cabo medidas de *retrenchment* o seguirá una orientación de *retrenchment* con baja intensidad. En cuanto a la influencia del CEO como miembro de la familia, encontramos evidencias de que cuando el CEO es miembro de la familia, la intensidad de las medidas de *retrenchment* es menor (Gómez-Mejía et *al.,* 2007). Teniendo en cuenta el porcentaje de miembros de la familia en el equipo directivo, nuestros resultados aportan pruebas de que niveles bajos de familia en el equipo directivo acentúan la relación entre los malos resultados y las medidas de recorte (Chua *et al.,* 1999). Sin embargo, este efecto se pierde en porcentajes superiores al 65%. En cuanto a la presencia de la generación fundadora en la dirección, los resultados no apoyan la idea de que la generación fundadora en la dirección de la empresa influya en la intensidad de las medidas de recorte.

Siguiendo la importancia de la composición del equipo directivo en el proceso de *turnaround*, en el siguiente capítulo analizamos el impacto de la composición del equipo directivo en las decisiones tomadas por las empresas familiares en entornos turbulentos. Más concretamente, examinamos cómo el tamaño del equipo directivo aumenta o se reduce en condiciones de alto/bajo *retrenchment*. Como resultado de este estudio, descubrimos que la edad del equipo directivo, el porcentaje de miembros de la familia en el equipo directivo y la aplicación de estrategias de reducción y recuperación simultáneamente influyen en la intensidad de las medidas de *retrenchment*/*recovery* y, en consecuencia, en el tamaño del equipo directivo.

Este es uno de los pocos estudios que se centran en las empresas familiares equipo directivo que operan en entornos turbulentos. Tradicionalmente, la investigación sobre empresas familiares se ha centrado en los consejos de administración, donde ha predominado la perspectiva de agencia (Bammens *et al.,* 2011; Crossland *et al.,* 2014; Hambrick, 2007; Herrmann y Datta, 2005). La falta de atención a los equipos directivos en la investigación de la empresa familiar es una laguna importante en este campo, ya que numerosos estudios de equipos directivos demuestran que los equipo directivo tienen un impacto significativo en los procesos de toma de decisiones y los resultados de la empresa (Finkelstein *et al.,* 2009).

En este trabajo, comprobamos que cuanto mayor es la intensidad de las estrategias de *retrenchment*, mayor es la reducción del tamaño del equipo directivo, como sería de esperar. No obstante, en algunos casos, esta relación puede verse moderada por la edad del CEO, la edad del equipo directivo o la proporción de miembros de la familia en el equipo directivo, debido al efecto familia en las empresas familiares.

Concretamente, en relación con las consecuencias sobre la composición del equipo directivo, aportamos pruebas de que el tamaño de dicho equipo disminuirá en proporción directa a la intensidad y duración de las medidas de *retrenchment*. Coincidimos con Hofer (1980), quien propone que la sustitución del equipo directivo es casi siempre necesaria en un escenario de *turnaround*, lo que demuestra que la salida de miembros del equipo directivo es crucial para la recuperación de la empresa. No obstante, nuestra investigación muestra que la pendiente de la asociación entre las acciones de *retrenchment* y el tamaño del equipo directivo será más pronunciada cuanto mayor sea la edad del equipo directivo. Sostenemos que los equipos directivos más jóvenes reducen menos el tamaño del equipo directivo en circunstancias inestables porque son más flexibles que los equipos directivos de más edad (Pegels *et al.,* 2000). En relación con la estrategia, proponemos que el aumento del tamaño del equipo directivo será más evidente cuanto más agresivas sean las medidas de *recovery*. Las medidas de *recovery* son cambios estratégicos que reestructuran y reposicionan a la empresa para lograr el éxito y un crecimiento sostenible (Barker y Duhaime, 1997). Por lo tanto, es probable que el equipo directivo requiera modificaciones significativas para aplicar estas medidas de recuperación, incluida su ampliación para abarcar una variedad de perfiles profesionales que contribuyan a una mentalidad más estratégica. En cuanto al número de miembros de la familia en el equipo directivo, los datos sugieren que la disminución del tamaño del equipo directivo será menos drástica cuantos más miembros de la familia haya en el equipo directivo (Wennberg *et al.,* 2010). Este argumento está respaldado por algunos de los resultados que muestran una correlación sustancial entre la proporción de miembros de la familia en el comité de dirección y los cambios en el tamaño del equipo directivo. En particular, la riqueza socioemocional explica este comportamiento de múltiples maneras, sobre todo en lo que respecta a la relación entre los miembros de la familia y el equipo directivo.

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APPENDICES

1 QUESTIONNAIRE

Proyecto de Investigación desarrollado por

Cátedra de Empresa Familiar de la Universitat de València

Cátedra promovida por:

AVE asociación valenciana de empresarios EDEM Escuela de Empresarios IVEFA INSTITUTO DE LA EMPRESA FAMILIAR

Con el patrocinio de:

Bankia BROSETA

RESPUESTAS Y CAPACIDAD DE ADAPTACIÓN A LOS CAMBIOS DEL ENTORNO DE LAS EMPRESAS FAMILIARES Y NO FAMILIARES

La **Cátedra de Empresa Familiar de la Universidad en Valencia** (CEF_UV), en colaboración con sus promotores, está desarrollando una **investigación cuyo objetivo es comprender las similitudes y diferencias en las respuestas que las empresas familiares y no familiares** han dado durante el periodo de fuerte hostilidad del entorno que provocó la crisis económica comenzada en 2008, así como en el contexto más reciente, y el efecto que todo ello ha tenido en las características, composición y estructura de sus órganos de dirección.

Centrando la atención en la Comunidad Valenciana, este estudio pretende dar continuidad al informe publicado por AVE en 2015 en el que se analizaba la competitividad de las empresas de la Comunidad Valenciana, especialmente en relación a la de las de comunidades situadas en mejor posición como Madrid, Cataluña o País Vasco. Dicho estudio está a su disposición en **www.cefuv.es** y en **www.ave.org.es**.

Conocer las respuestas que han dado las empresas y el modo en que han adaptado sus equipos de dirección ante situaciones difíciles **nos ayudará a comprender los factores que explican la capacidad de reacción, supervivencia y competitividad de las empresas**, y comprender las diferencias de comportamiento, si las hubiere, entre las empresas familiares y no familiares.

Sabedores de que **no hay recetas únicas ante situaciones como las vividas** en estos últimos años y de que es muy importante conocer la realidad de primera mano a través de sus principales actores, **le rogamos que conteste de la forma más sincera posible**. Le llevará aproximadamente 10 minutos y, para poder formar parte de nuestro estudio, debería devolvérnoslo cumplimentado **antes del 23 de DICIEMBRE de 2016**.

Si desea más información sobre el estudio o requiere ayuda para cumplimentar el cuestionario, puede ponerse en contacto con el director de la Cátedra, el Dr. Alejandro Escribá (teléfono 963.828.880 / 610.292.620, e-mail: **cef@uv.es**).

¿Por qué llevamos a cabo esta investigación *y por qué pedimos su ayuda?*

Conocer el modo en que las empresas actúan, y las implicaciones de dichas acciones es clave para **comprender mejor los factores de competitividad empresarial**, más allá de las conocidas y recurrentes referencias al tamaño, la internacionalización o la I+D. Pensamos que hay aspectos internos, relacionados con las actitudes estratégicas, y con las características de los equipos de dirección, que juegan un papel clave en dicha competitividad.

No existe información fiable publicada sobre las acciones empresariales, por lo que el único modo de poder indagar en estos factores es contando con la colaboración de los verdaderos actores.

¿Quién debe contestar?

Somos conscientes de que el tiempo es un bien muy escaso y que las empresas reciben decenas de cuestionarios cada año, algunos de ellos de cumplimentación obligatoria y otros de cuya cumplimentación nunca se obtiene ningún beneficio.

El cuestionario **debería ser respondido por una persona que conozca bien las estrategias llevadas a cabo por la empresa, así como las características de sus órganos de gobierno y dirección.**

¿Qué recibe Ud. a cambio de su tiempo?

La Cátedra de Empresa Familiar de la Universidad de Valencia **organiza anualmente varios eventos en los que se tratan aspectos específicos de gran utilidad para las empresas**, tales como los factores de competitividad, fiscalidad, estrategia de negocio, sucesión en la dirección, gestión del conflicto, órganos de gobierno, etc. **Esta constante actividad**, junto con la supervisión de las entidades promotoras de la cátedra, **garantiza que los resultados de este trabajo serán presentados públicamente en eventos a los que podrá asistir, y que se elaborarán documentos que Ud. recibirá como agradecimiento por su participación**. Puede ver la colección de publicaciones de la CEF_UV en **www.cefuv.org**. Si Ud. nos facilita sus datos de contacto, le mantendremos puntualmente informado de los eventos y documentación que se deriven de este trabajo, así como de nuestras futuras investigaciones.

Por otro lado, **sólo por devolver debidamente cumplimentado el cuestionario, su empresa recibirá una BECA (EXENCIÓN DE TASAS DE MATRICULA) PARA LA REALIZACIÓN DEL CURSO DE EMPRESA FAMILIAR Y DESARROLLO PROFESIONAL**. Este curso podrá ser realizado por aquella persona seleccionada por la empresa entre sus empleados o allegados a los accionistas o propietarios. Se recomienda que la persona asistente posea o esté cursando estudios universitarios. En la web de la CEF_UV (**www.cefuv.org**) podrá acceder al programa del curso, de 40 horas de duración, y que es impartido por excelentes profesionales con una exitosa carrera y gran experiencia en diferentes ámbitos de las empresas familiares. **El precio habitual de este curso se sitúa entre los 100€ y los 140€,** dependiendo de si el asistente es estudiante o miembro activo de la Universidad de Valencia o no. La próxima edición del curso comenzará en febrero de 2017.

¿Está garantizada la confidencialidad de la información que Ud. nos proporciona?

Sí, el equipo de investigación responsable de este proyecto ha asumido el **compromiso de mantener sus datos en la más estricta confidencialidad**. Para ello hemos depositado nuestro compromiso en el **Comité de Ética de la Universidad de Valencia**. Ninguna información individualizada será hecha pública, por ningún medio oral o escrito, sin el expreso consentimiento de la empresa o persona a la que pertenece. Los datos serán tratados estadísticamente, y presentados únicamente de modo agregado.

Reseñas sobre el estudio

asociación valenciana de empresarios

El conocimiento del comportamiento estratégico de las empresas valencianas tanto en los periodos recientes de crisis como en la coyuntura actual de recuperación económica, y de cómo han adaptado las características de sus órganos de gobierno y dirección, es de gran importancia para poder evaluar qué necesidades tiene el sistema económico empresarial valenciano y trabajar en el desarrollo de acciones y planes que contribuyan a mejorar la competitividad y capacidad estratégica de las empresas valencianas.

La Asociación Valenciana de Empresarios AVE (**www.ave.org.es**) le anima a responder este cuestionario elaborado por el equipo de investigación de la Cátedra de Empresa Familiar de la Universidad de Valencia (**www.cefuv.org**), de la que AVE es entidad promotora y con la que colaboramos estrechamente para lograr un mejor conocimiento de nuestra realidad empresarial.

DIEGO LORENTE
Secretario General de AVE

IVEFA
INSTITUTO VALENCIANO PARA EL ESTUDIO DE LA EMPRESA FAMILIAR

El IVEFA (Instituto Valenciano para el Estudio dela Empresa Familiar) (**www.ivefa.com**) tiene como misión la de ayudar a las Empresas Familiares a prosperar en sus actividades, a facilitar el desarrollo profesional de las Familias Empresarias en el seno de las Empresas Familiares y a proteger sus intereses económicos.

Entre sus actividades, el IVEFA promueve y contribuye al desarrollo de estudios que nos permitan conocer mejor las peculiaridades de las empresas familiares. Nuestra colaboración con la Cátedra de la Empresa Familiar de la Universidad de Valencia, en la que actuamos como entidad promotora, es una de las líneas estratégicas de trabajo en este sentido.

El estudio que la Cátedra de Empresa Familiar lidera en esta ocasión, puede ser de gran valor para conocer mejor la realidad de las estructuras de gobierno y dirección de las Empresas Familiares y su vinculación con la capacidad de respuesta competitiva ante diferentes contextos.

Os animamos, pues, a contribuir respondiendo el cuestionario que se adjunta. Os llevará un máximo de 15 minutos, pero os proporcionará un enorme valor pues todos los participantes recibirán como compensación una beca de formación en el curso de Empresa Familiar y Desarrollo Profesional que la Cátedra organiza periódicamente.

JOSÉ BERNARDO NOBLEJAS
Presidente de IVEFA

Recuerde...

El cuestionario debe ser respondido por:

- Una **persona que conozca bien las estrategias llevadas a cabo por la empresa, así como las características de los órganos de gobierno y dirección** de la misma.

Los resultados contribuirán a:

- Obtener una mejor caracterización de las empresas Familiares y No Familiares de la Comunidad Valenciana
- Conocer mejor cómo las empresas valencianas adaptan sus estrategias a las condiciones cambiantes del entorno
- Comprender cómo evolucionan los equipos de dirección y órganos de gobierno, tanto en función de las condiciones como de las estrategias que se persiguen
- En qué medida esta capacidad de adaptación contribuye a lograr mejores niveles de supervivencia, resiliencia y competitividad

A cambio de su participación:

- Su empresa dispondrá de la opción de designar a alguien **para realizar gratuitamente el curso "Empresa Familiar y Desarrollo Profesional"**, organizado periódicamente por la Cátedra de Empresa Familiar, mediante una **beca de "exención de tasas"** (con un valor situado entre los 100€ y los 140€). Dispondrá de 3 cursos para disfrutar de esta opción. La próxima edición del curso comenzará en febrero de 2017
- Recibirá un **documento de presentación de resultados** elaborado por la Cátedra de Empresa Familiar de la Universidad de Valencia. El documento estará disponible en el verano de 2017.
- **Inclusión, si lo desea, en la comunidad de amigos de la CEF_UV**, por la cual se le mantendrá periódicamente informado de las actividades desarrolladas por la Cátedra.

Garantías:

- La Cátedra de Empresa Familiar de la Universidad de Valencia y el equipo de investigación que la sustenta, se COMPROMETEN explícitamente A MANTENER ABSOLUTA CONFIDENCIALIDAD SOBRE LOS DATOS INDIVIDUALIZADOS QUE SE LES FACILITAN.
- Ninguna información específica de ninguna empresa concreta será hecha pública ni cedida a terceros (incluidos nuestros promotores), por ningún medio oral o escrito, sin el expreso consentimiento de la misma.
- Los datos serán presentados únicamente de modo agregado, a través de descripciones de carácter estadístico.

RESPUESTAS ESTRATÉGICAS DE LAS EMPRESAS VALENCIANAS

[1] Nos interesa conocer el tipo de **acciones estratégicas** que su empresa ha llevado a cabo para responder a los desafíos y condiciones del entorno **en cada uno de los dos periodos** que se indican:

1. PERIODO 1. Durante la crisis internacional (años 2008 a 2013).
2. PERIODO 2. Periodo más reciente (años 2014 a 2016).

Para cada uno de los aspectos indicados (A.; B; C...) valore el grado de relevancia de las acciones que llevó a cabo su empresa utilizando una **escala de 1 a 5, siendo:** ***(1) acción NADA relevante en la estrategia de su empresa en el periodo indicado; (2) POCO relevante; (3) relevancia MEDIA; (4) MUY relevante; y (5) acción CLAVE en la estrategia de su empresa en el periodo indicado.***

Epígrafe		**Valore las acciones, para cada periodo: de 1 (nada relevante) a 5 (clave)**	
A.	**Acciones relativas a los mercados geográficos (en cada periodo)**	**Periodo 1 2008-2013**	**Periodo 2 2014-2016**
A.1.	Consolidación de la posición en los mercados en los que se estaba operando	1 2 3 4 5	1 2 3 4 5
A.2.	Salida de algunos de los mercados en los que venía operando	1 2 3 4 5	1 2 3 4 5
A.3.	Entrada en nuevos mercados en los que todavía no estaba presente	1 2 3 4 5	1 2 3 4 5
B.	**Acciones relativas a los productos con los que compite la empresa**	**P1: 2008-2013**	**P2: 2014-2016**
B.1.	Mejora de los productos/servicios de la empresa	1 2 3 4 5	1 2 3 4 5
B.2.	Desarrollo y lanzamiento de nuevos productos/servicios para los mercados actuales de la empresa	1 2 3 4 5	1 2 3 4 5
B.3.	Desarrollo y lanzamiento de nuevos productos/servicios dirigidos a nuevos mercados	1 2 3 4 5	1 2 3 4 5
B.4.	Eliminación o desinversión de productos o servicios que se venían ofreciendo hasta ahora	1 2 3 4 5	1 2 3 4 5
C.	**Políticas relativas a la segmentación y canales de distribución**	**P1: 2008-2013**	**P2: 2014-2016**
C.1.	Mayor concentración (enfoque) en algunos segmentos de mercado	1 2 3 4 5	1 2 3 4 5
C.2.	Apertura a nuevos segmentos de mercado no atendidos previamente por la empresa	1 2 3 4 5	1 2 3 4 5
C.3.	Entrada en nuevos canales de distribución no utilizados hasta el momento	1 2 3 4 5	1 2 3 4 5
C.4.	Abandono/reducción de segmentos o canales de distribución utilizados hasta el momento	1 2 3 4 5	1 2 3 4 5
D.	**Argumentos que utiliza su empresa para competir**	**P1: 2008-2013**	**P2: 2014-2016**
D.1.	Lograr costes más competitivos y poder fijar precios más bajos que los de mis competidores	1 2 3 4 5	1 2 3 4 5
D.2.	Lograr un producto o servicio de más calidad (mayor valor añadido o superioridad tecnológica) que los de mis competidores	1 2 3 4 5	1 2 3 4 5
D.3.	Ofrecer un servicio al cliente (atención, rapidez, flexibilidad, adaptación...) superior al de mis competidores	1 2 3 4 5	1 2 3 4 5
E.	**Modalidades de desarrollo estratégico utilizadas**	**P1: 2008-2013**	**P2: 2014-2016**
E.1.	Realización de fusiones o adquisiciones de otras empresas	1 2 3 4 5	1 2 3 4 5
E.2.	Ventas / liquidaciones de activos o de divisiones de negocio	1 2 3 4 5	1 2 3 4 5
E.3.	Establecimiento de alianzas estratégicas con otras empresas (*joint ventures*, consorcios...)	1 2 3 4 5	1 2 3 4 5
E.4.	Externalización de actividades con menos valor añadido (outsourcing, subcontratación, offshoring...)	1 2 3 4 5	1 2 3 4 5
E.5.	Inversión en nuevos recursos de la empresa (instalaciones, maquinaria, nuevos puestos de trabajo, programas de I+D+i)	1 2 3 4 5	1 2 3 4 5

[2] Con relación a los cambios (señalados en la pregunta [1]) que se han producido en las estrategias de su empresa entre los dos periodos P1 (2008-13) y P2 (2014-16), escoja en primer lugar los **tres cambios más relevantes** (ponga el **epígrafe correspondiente** de la opción elegida en la **Columna [2.1.]**, *p.e. A.1, D.3, E.5...*). A continuación rellene la **columna [2.2.]** indicando el número de años que fueron necesarios para implantar dicho cambio estratégico. Por último indique año de inicio y final de dicho cambio en la **columna [2.3.]**.

Vea un ejemplo en la primera fila.

[2.1.] Estrategia clave modificada	**[2.2.] Indique cuántos años fueron necesarios para la implementación del cambio (en años). P.ej.: 1, 2, 3, etc.**	**[2.3.] Periodo de implementación del cambio**	
		Año inicio	**Año final**
Ej:. Epígrafe de la pregunta 1:_A.2._	*3 (años)*	*2012*	*2015*
Epígrafe de la pregunta 1:			
Epígrafe de la pregunta 1:			
Epígrafe de la pregunta 1:			

[3] **¿En qué sector/industria opera principalmente su empresa?**

....

[4] **¿Se trata de una empresa con propiedad familiar mayoritaria?** ☐ Sí ☐ No (pase a p.5)

¿Qué generaciones familiares participan actualmente en puestos de dirección? *(puede marcar más de una)*

☐ 1ª– Fundador/a	☐ 2ª–Hijos/as	☐ 3ª– Nietos/as	☐ 4ª–Bisnietos/as o más
Familia política (esposas/os, cuñados/as...) de los ☐ Fundador; ☐ Hijos/as; ☐ Nietos/as; ☐ Bisnietos/as o más			

¿Se ha constituido o tiene su empresa un Consejo de Familia? **Sí, ¿desde qué año?** .... ☐ No

En caso afirmativo, ¿Participa en el Consejo algún externo experto en Empresa Familiar? ☐ Sí ☐ No

¿Dispone la empresa de protocolo familiar? ☐ Sí, ¿desde qué año? .... ☐ No

[5] ¿Tiene su empresa un **Consejo de Administración**? ☐ Sí ☐ No (pase a la p.6)

En caso afirmativo

¿Cuántas personas lo formaban en el año 2008? .... ¿y en diciembre de 2016? ....

¿La persona que preside el consejo es la misma que ocupa la dirección general? ☐ Sí ☐ No

Indique el **número** (aprox.) **de reuniones** del consejo de administración al año

☐ Una ☐ Dos ☐ Menos de 6 ☐ Más de 6

Indique el **número de consejeros** para cada uno de estos roles **en los dos periodos indicados**:

	En 2008	**En 2016**
Son accionistas y miembros de la familia propietaria (si procede)		
Son miembros de la familia propietaria no accionistas (si procede)		
Son accionistas (no familiares) o sus representantes		
Son ejecutivos o directivos de la empresa		
Son externos/independientes (indique abajo su perfil):		
• Son expertos en aspectos financieros o legales		
• Son expertos en Gobierno Familia/Empresa		
• Son expertos en aspectos del mercado o sector		
• Otros		

[6] **Consejos o comités asesores o consultivos**

¿Dispone la empresa de algún comité asesor/consultivo, con carácter formal y estable, en el que participen profesionales externos a la empresa? ☐ Sí ¿desde qué año? .... ☐ No

[7] **Equipo Directivo.** Entendiendo que el equipo directivo está formado por el (la) director(a) general y por aquellas personas que le reportan y participan en las decisiones importantes de la empresa,

¿Cuántas personas (incluyendo al (a la) director (a) general) formaban el equipo directivo de la empresa en el año 2008? .... ¿y al finalizar al año 2016? ....

CARACTERÍSTICAS Y ADAPTACIÓN DE LOS EQUIPOS DIRECTIVOS

[8] Indique las características de los **miembros de su equipo directivo en el año 2008**. Si había más personas en el equipo, escoja las 5 (incluyendo a la dirección general) que participaban de un modo más activo y relevante en la toma de decisiones estratégicas de la empresa.

	Evolución de la persona en el equipo directivo	**Principal área de responsabilidad** *(marque una)*	**Nivel educativo y especialidad dominante** *(Marque una)*	**Características** *(puede marcar varias)*
Dirección General / Gerente ***Si existe, indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Directivo 1 ***Si existe, indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Directivo 2 ***Si existe, indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Directivo 3 ***Si existe, indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Directivo 4 ***Si existe, indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas

[9] ¿Se han producido incorporaciones de nuevas personas al equipo directivo **a partir del año 2009?** ☐ SÍ (conteste p.10) ☐ No (fin del cuestionario)

[10] Indique las características de los NUEVOS miembros del equipo directivo que se incorporaron al mismo **a partir de 2009**

	Evolución de la persona en el equipo directivo	**Principal área de responsabilidad** *(Marque una)*	***Nivel educativo y especialidad dominante*** *(Marque una)*	***Características*** *(puede marcar varias)*
Nuevo directivo 1 ***Indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Nuevo directivo 2 ***Indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Nuevo directivo 3 ***Indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas
Nuevo directivo 4 ***Indique:*** ☐ Varón ☐ Mujer Edad aprox. en 2016	**Año de incorporación** al equipo directivo (aprox.) .... ***Marque e indique*** año si corresponde: ☐ Cambió de función directiva (indique el año-aprox.: ....) ☐ Salió del equipo directivo (indique el año-aprox.: ....)	☐ Dirección/Administración ☐ Comercial/Marketing ☐ Financiera/Contabilidad ☐ Producción/Operaciones ☐ RRHH/Personal ☐ I+D/Ingeniería ☐ Otros	☐ No universitaria ☐ Si universitaria, indique la rama ☐ Empresa/Economía... ☐ Sociales, Derecho, o similar ☐ Ciencias salud o básicas ☐ Ingenierías/Técnicas ☐ Otras	☐ Participa en la propiedad ☐ Miembro familia propietaria ☐ Tenía experiencia directiva previa en otras empresas ☐ Era persona clave en las decisiones estratégicas

MUCHAS GRACIAS POR DEDICAR SU TIEMPO A COLABORAR EN ESTA INVESTIGACIÓN

Para recibir su BECA DEL CURSO DE EMPRESA FAMILIAR y aviso de la publicación de resultados, por favor, indique aquí su nombre y su correo electrónico, y nos pondremos en contacto con Ud.

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