Spotlight
by CeFEO

Can Family CEOs handle crises better than others?

CEO resilience in family firms during crisis: How do leaders adapt and thrive?

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Crises are an inevitable part of business, but not all leaders respond to them in the same way. In family firms, the CEO plays a particularly crucial role in steering the company through turbulent times. Their ability to remain resilient—adapting, innovating, and leveraging available resources—can determine whether the business survives or fails. This study investigates the conditions that shape CEO resilience in family businesses, revealing a dynamic interplay between personal attributes, family support, and digital transformation.

WHAT WE STUDIED

To uncover what drives CEO resilience in family firms, the authorsused **Social Cognitive Theory (SCT)** as a framework, which highlights how personal, environmental, and social factors influence behavior. They employed **fuzzy-set qualitative comparative analysis (fsQCA)** to analyze data from **67 family businesses** in the Flemish region, collected during the COVID-19 pandemic. This methodology allowed them to identify different pathways through which resilience emerges, depending on whether a firm is run by a single generation or multiple generations.

KEY INSIGHTS

1. Different Generations, Different Resilience Strategies

The study found that CEO resilience varies depending on whether the business is led by **one** or **multiple generations**:

- **Single-generation firms** tend to rely more on **business capabilities**, such as digital tools, and on family board influence.
- **Multi-generational firms** leverage **CEO education, family social capital, and younger leadership** to foster resilience.

2. Digital Transformation Enhances CEO Resilience

For family businesses led by a single generation, **e-business capabilities** (e.g., digital sales, online customer engagement, and remote operations) were a key factor in CEO resilience. This suggests that technology adoption helps family CEOs navigate crises effectively.

3. Family Support Can Be a Double-Edged Sword

While family influence on the board helps single-generation CEOs stay resilient, **family social capital** (strong trust and networks within the family) plays a bigger role in multi-generational firms. However, family conflicts can also create stress and hinder decision-making during crises.

4. CEO Education Matters More in Multi-Generational Firms

Well-educated CEOs were found to be **more resilient**, particularly in businesses with **multiple generations** involved. Education fosters **critical thinking, risk-taking, and adaptive decision-making**—all of which are crucial in navigating crises.

5. CEO Age Affects Risk Appetite

Younger CEOs in multi-generational firms displayed **greater adaptability and willingness to take bold actions**, while older CEOs tended to be more **conservative and risk-averse**. This highlights the importance of balancing experience with fresh perspectives in family firms.

TAKEAWAYS FOR FAMILY BUSINESSES

1. Invest in Digital Transformation

Family firms—especially those led by a single generation—should prioritize **e-business capabilities**. Investing in digital tools can increase efficiency, improve communication, and make the business more adaptable in times of crisis.

2. Strengthen Family Governance

A well-structured **family board** can provide crucial guidance during crises. However, families should also develop clear governance structures to prevent conflicts from undermining resilience.

3. Promote Education and Leadership Development

Encouraging CEOs and future leaders to pursue **higher education** and continuous learning can boost their **confidence, decision-making ability, and resilience**—especially in multi-generational firms.

4. Balance Experience with Fresh Perspectives

While older CEOs bring stability, younger leaders are more willing to take risks and innovate. A mix of both perspectives can help family businesses stay **agile and competitive**.

5. Leverage Family Social Capital Wisely

Strong family relationships and trust can be a **source of strength** in times of crisis, but they need to be managed carefully to **avoid conflicts and emotional decision-making**.

IMPACT

Understanding CEO resilience in family firms is **more important than ever**, as businesses face rapid changes due to **technological advancements, economic fluctuations, and global disruptions**. This study offers actionable insights for family business leaders, policymakers, and advisors who aim to **strengthen leadership resilience** and **ensure long-term business sustainability**.

RECOMMENDATIONS

- **For single-generation firms**: Focus on building **e-business capabilities** and leveraging strong family governance.
- **For multi-generational firms**: Invest in **CEO education**, foster **collaborative decision-making**, and ensure **effective use of family networks**.
- **For policymakers**: Support family businesses through **digitalization programs**, leadership training, and conflict resolution initiatives.

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