

6-11-2016

## HOW FAMILY FIRMS ENGAGE IN EXTREME RISK-TAKING THAT COULD JEOPARDIZE THEIR BUSINESS (SUMMARY)

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### Recommended Citation

Smith, Celina and Nordqvist, Mattias (2016) "HOW FAMILY FIRMS ENGAGE IN EXTREME RISK-TAKING THAT COULD JEOPARDIZE THEIR BUSINESS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 36 : Iss. 10 , Article 5.  
Available at: <https://digitalknowledge.babson.edu/fer/vol36/iss10/5>

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≈ SUMMARY ≈

## HOW FAMILY FIRMS ENGAGE IN EXTREME RISK-TAKING THAT COULD JEOPARDIZE THEIR BUSINESS

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### Principal Topic

The processes that lead to firms engaging in deliberate aggressive and risk-taking behaviors that can have negative consequences for their business are little understood in management research. Drawing on work developed in international negotiations this study centers on brinkmanship behavior, where in order to gain concessions or to advance their position with adversaries firms take actions that not only harm their adversaries but also themselves. While there is research in the strategy and organization literature that considers risk-taking, aggressive competitive behavior (e.g. price wars) and hostile take overs, scholars have paid little attention to the processes in which firms may deliberately engage in aggressive behavior with a high likelihood that it leads to relational disruption, economic demise or other mutually undesirable consequences. Yet, such behavior has been noted in brinkmanship theory. Although this work has clear implications for business and management it has largely been developed at the level of the state, or inter-institutional level, and with international bargaining in mind, but to our knowledge no attention has been focused on management issues at the firm level. Thus we have little understanding of the processes by which firms may imperil their business and others.

### Method

We take as our context the family business as owners not only have financial motives for their engagement, but also an emotional attachment, and often significant affect related value invested in the firm. Using a case-study approach we center on two cases of brinkmanship in one family firm based in the UK.

### Results and Implications

Our findings suggest that engagement in brinkmanship is a last resort when all other alternatives have been exhausted. It is a progressive and cumulative process in which a firm passes through four phases: *Framing threat as negative*, *Appeasing adversaries*, *Losing faith in negotiation process*, and *Perceiving pre-emptive action as a last option*. Our contributions are to introduce organizational brinkmanship into management research as a notion to better understand forms of high risk-taking behaviors in organizations; and we contribute to the SEW perspective in the family business literature by unraveling processes that lead to firms taking risks and behaving in ways that are aggressive and knowingly suboptimal for their business.

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