

ABSTRACT

1. Introduction

With the dynamic changes in the business environment and increasing uncertainty, it has become imperative for family businesses (FB) to strengthen their internal capabilities and values to ensure long-term sustainability. In this context, FB in Assam hold significant socioeconomic importance, and their ability to navigate through challenges is closely tied to socioemotional wealth (SEW) practices and entrepreneurial orientation (EO). This study aims to examine the present status of FB in Assam, with a specific focus on SEW practices and crisis management strategies. The study provides a comprehensive overview of the current state of FB in Assam, highlighting their structure, succession patterns, and governance systems. It further investigates the relationship between EO and family business success (FBS), considering the mediating effect of SEW. A key component of the study is the identification and comparison of resilience factors adopted by FB and non-family businesses (NFB) during crises. Through this comparison, the study distinguishes between general resilience practices and those specifically adopted during the COVID-19 pandemic. By exploring these dimensions, the study contributes to a better understanding of how FB in Assam manage continuity, adapt to crises, and leverage SEW for sustained success.

2. Literature Review

FB have been widely recognized for their distinct dynamics, shaped by EO and SEW, which contribute to their long-term performance and continuity. Existing studies affirm the role of these dimensions in fostering innovation, decision-making, and strategic direction in FB. At the same time, growing scholarship has begun to explore how resilience emerges within these businesses, especially during periods of uncertainty. However, much of this research is centered in Western or national-level contexts, with minimal focus on regionally embedded FB such as those in Assam. Furthermore, while resilience during crises like COVID-19 has gained attention globally, the cultural and contextual responses of FB, particularly in comparison to NFB, remain insufficiently understood. This literature provides the foundation for examining how deeply rooted values, socio cultural influences, and entrepreneurial behaviour contribute to business resilience in Assam's unique economic and familial landscape.

3. Research Gap

Despite the growing significance of FB, research focused on Assam and the broader Northeast region remains scarce. The unique socio cultural and economic dynamics of this region are often overlooked in mainstream FB literature, leading to a contextual gap in understanding business practices in Assam. Second, existing studies tend to adopt a one-dimensional approach, failing to capture the complex interplay of factors that influence FB functioning. There is a need for a multidimensional analysis that considers family, business, and external environmental dimensions. Third, while SEW is a well- established concept in FB research, its application within the Assam context remains largely unexplored. The role of SEW in guiding decisions and shaping FBS requires greater attention. Finally, research on crisis management and resilience in FB is limited, particularly in terms of comparative analysis with NFB. The COVID-19 pandemic has highlighted the importance of understanding how different business types respond to crises, yet such insights from Assam are minimal. This study addresses these gaps by offering a contextualized, multidimensional, SEW perspective and comparative exploration of resilience strategies in Assam's FBs.

4. Objectives of Research

The research objectives of the study are:

Objective 1: To provide an overview of the current state of family business in Assam

Objective 2: To investigate the association between entrepreneurial orientation and family business success in light of socioemotional wealth impact.

Objective 3: To identify the resilience factors of the family businesses at the time of crisis- a comparison with non-family businesses.

Subobjective 3 (a): To identify the resilience factors that the businesses have been generally adopting

Subobjective 3 (b): To identify the resilience factors that the businesses have been adopting in times of Covid

5. Research Methodology

The study adopts both quantitative and qualitative methods and follows a multistage sampling approach to collect data from both FB and NFB across nine selected districts of Assam. These districts were chosen based on having the highest number of registered Udyogs (an industry or enterprises registered under India's MSME registration system) and collectively represent approximately 65% of the total registered MSMEs in Assam. In the first stage, a stratified sampling technique was used by dividing Assam into strata based on districts. In the second stage, a list of Micro, Small, and Medium Enterprises (MSMEs) was obtained from official district-level records. These lists were arranged alphabetically and location-wise to ensure fair geographical coverage. Subsequently, a systematic sampling technique was applied, wherein every 5th enterprise on the arranged list was selected to ensure an unbiased and evenly distributed sample within each district. Following data collection, the sampled enterprises were classified into FB and NFB, based on an operational definition of a FB (i.e., enterprises with family ownership and involvement in management). The study population consists of all registered MSMEs operating in the selected districts of Assam. The sampling unit is the individual MSME, and the sampling element comprises FB owners or successors, and owners or partners of NFB. A total of 740 valid responses were collected during the year 2023–2024, including 436 FB and 304 NFB. Data analysis is structured around three objectives:

- a. *Objective 1* employs descriptive statistics (frequencies, percentages), cross-tabulations, Chi-square tests, Kruskal-Wallis H tests and thematic analysis to explore demographic and operational characteristics.
- b. *Objective 2* uses Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine the relationship between EO, SEW and FBS.
- c. *Objective 3* applies a Systematic Literature Review (SLR), Independent Sample t-test, and Framework Analysis to identify and compare resilience factors across business types under normal and crisis conditions.

6. Findings of the Study

The major findings of the study are:

Objective 1

The study provides an overview of FB operating in Assam, including their structure, industry distribution, and challenges faced. The study reveals that succession planning remains a critical issue, with a majority of businesses lacking formalized succession strategies, particularly within some communities. The Marwari community demonstrates higher levels of pre-succession planning, ensuring continuity and long-term sustainability. The findings also indicate a strong male dominance in succession decisions. Additionally, the study analyses employee relations within different communities and finds significant variation, indicating that employee engagement, loyalty, and participation in decision-making differ notably across community-based FB.

Objective 2

Variables considered- dependent variable: family business success (FBS), independent Variable: entrepreneurial orientation (EO), mediating variable: socioemotional Wealth (SEW).

Key relationships derived:

- i. **EO → FBS (Direct Relationship)-** The direct impact of EO on FBS is marginally significant ($\beta = 0.135$, $p = 0.037$). This suggests that while innovation, proactiveness, and risk-taking contribute positively to business success, their direct impact is relatively weak. This indicates that other factors, such as SEW considerations, might be crucial for enhancing success in FB.
- ii. **EO → SEW (Significant Positive Effect)-** EO has a strong and significant positive influence on SEW ($\beta = 0.709$, $p < 0.001$). This confirms that entrepreneurial activities in FB strengthen family control, emotional attachment, and long-term orientation. Higher EO leads to a greater emphasis on socioemotional priorities, reinforcing the family's commitment to continuity and legacy.
- iii. **SEW → FBS (Significant Positive Effect)-** SEW has a strong positive impact on FBS ($\beta = 0.411$, $p < 0.001$)- This highlights that businesses that prioritize SEW such as preserving family influence and nurturing strong emotional ties

perform better. SEW acts as a key driver of long-term resilience and competitive advantage in FBs.

- iv. **EO → SEW → FBS (Mediating Effect of SEW)**- SEW significantly mediates the EO-FBS relationship (indirect effect: $\beta = 0.292$, $p < 0.001$). This indicates that EO's positive impact on success is largely realized through SEW rather than through a direct effect alone. The total effect of EO on FBS (including indirect influence) is $\beta = 0.427$, $p < 0.001$, confirming that EO enhances business success, but its effectiveness is maximized when SEW is reinforced.

EO contributes to better performance in FBs, but its impact is maximized when SEW is emphasized. FBs should not only focus on entrepreneurial strategies but also integrate socioemotional priorities such as family control, emotional commitment, and generational continuity to achieve sustained success. The findings provide practical implications for FBs, suggesting that balancing entrepreneurial growth with SEW considerations is essential for long-term sustainability and resilience.

Objective 3

A systematic literature review identified 29 resilience factors. Independent samples t-tests confirmed significant differences in resilience factors between FB and NFB, with FB exhibiting higher adaptability and financial prudence. FB were found to be more resilient to crises than NFB due to stronger social capital, human capital and family support. The t test results are classified into 3 categories.

Resilience Factors with a Significant Difference where Family Businesses have a higher Mean Score: The study revealed that FB in Assam exhibit significantly higher resilience across 24 critical factors compared to NFB. These factors span across financial, human, and social capital, as well as organizational culture. Key strengths include the ability to mobilize internal resources such as unpaid family labour, personal assets for securing loans, and delayed remuneration. Family members' continued involvement, both operationally and financially, played a crucial role in crisis management. In terms of human capital, FB demonstrated stronger employee loyalty, commitment, and the ability to retain staff under constrained conditions. Social capital was reflected in easier access to community-based financial and technical assistance and strong external stakeholder

relationships. Organizationally, FB emphasized long-term goals, maintained a clear vision during uncertainty, fostered open communication, ensured employee participation in decision-making, and responded swiftly and flexibly to crises.

Resilience Factors with a Significant Difference where Non-Family Businesses have a higher Mean Score: NFB outperform FB in two key resilience factors which are clearly defined roles and responsibilities and external collaboration.

Resilience Factors with No Significant Difference between Family and Non-Family Businesses: Three resilience factors do not show a statistically significant difference between FBs and NFBs, implying that both types of businesses adopt these strategies at comparable levels, viewing challenges as opportunities, government support and industry support

Resilience Factors with the highest Mean Score: Certain resilience factors exhibit particularly strong responses, with mean scores exceeding 5.60, indicating their critical importance in business resilience which is free support from family members, easy access to financial assistance in the community during crisis, strong and longstanding relationship with external stakeholders and clear vision and focus on goals during uncertainty.

Major Divergences in Resilience between Family and Non-Family Businesses: The resilience factor with the highest mean difference between FB and NFB is "Employee Loyalty and Commitment," with a mean difference of 2.38. This suggests that FB foster significantly higher employee loyalty and dedication, likely due to strong relational ties, emotional attachment, and long-term job security.

The sub objectives of the third objective aimed to identify general resilience factors that businesses commonly adopt and COVID-19-specific resilience factors that were particularly relevant during the pandemic. The analysis, based on Framework Analysis, categorized resilience into five key themes: Human Capital, Financial Capital, Social Capital, Organizational Culture, and External Assistance.

i. General Resilience Factors

FB exhibited stronger overall resilience due to their long-term orientation, community support, and embedded family involvement. The key general resilience factors that businesses commonly adopted include:

- a. Human Capital: Retaining employees even in competitive labour markets, maintaining loyal and committed employees, and leveraging family members' involvement in crisis management.
- b. Financial Capital: Reliance on family-based financial resources, including monetary support from family members, use of personal assets for securing loans, and internal financial adjustments such as delayed remuneration.
- c. Social Capital: Long-standing trust-based relationships with external stakeholders, easy access to financial and technical assistance from the community, and strong community-based support networks.
- d. Organizational Culture: A focus on long-term goals, adaptive decision-making structures, free flow of communication, and a flexible work environment that fosters quick responsiveness during crises.
- e. External Assistance: Government and industry support played a role in resilience, but FB relied more on internal and community networks, whereas NFB sought structured external collaborations.

ii. COVID-19-Specific Resilience Factors

During the COVID-19 crisis, businesses adapted with specific resilience strategies to navigate unprecedented challenges. The key COVID-19-specific resilience factors included:

- a. Human Capital: Employees' increased willingness to work harder during the crisis, family members stepping in to support the business, and a shift in workforce adaptability to ensure continuity.
- b. Financial Capital: Increased reliance on community-based financial support, government relief programs, and internal financial sacrifices, such as delayed remuneration or unpaid family labour.
- c. Social Capital: Stronger emphasis on external stakeholder relationships, mutual aid within business communities, and leveraging social networks for crisis navigation.

- d. **Organizational Culture:** Fast reactivity, crisis-specific strategies, and conflict management mechanisms became critical to maintaining business operations during the pandemic.
- e. **External Assistance:** Greater reliance on government relief measures, industry collaboration, and external crisis management support.

7. Theoretical Contributions of the Study

First, it is one of the earliest studies to systematically identify resilience factors that are specific to FB in India. First, while prior research has examined resilience in FB, this study adds value by providing a structured, empirical comparison of resilience factors between FB and NFB within a regional context. Drawing on primary data from Assam, it offers new insights into how resilience manifests differently across business types, thereby extending the literature with context-specific evidence. Second, this study bridges the gap between the literature on EO and SEW by incorporating SEW as a mediating variable in the EO- FBS relationship. The findings demonstrate that while EO positively influences business success, the impact is significantly enhanced when socioemotional priorities are considered. This contribution extends previous research by emphasizing the dual role of financial and non-financial goals in shaping FB outcomes. It also underscores the importance of integrating psychological and emotional factors into mainstream entrepreneurship and business strategy research. Third, the study provides a comprehensive assessment of FB dynamics in Assam, shedding light on critical aspects such as succession planning, community- specific entrepreneurial behaviours, and resilience-building mechanisms. The findings highlight the differences in succession preparedness among various business communities. While some FB, such as the Marwari community, demonstrate structured pre-succession planning, others including Assamese and Bengali FB reflect relatively limited readiness in this regard. Beyond succession, the study also explores how FB emphasize distinct resilience factors, offering a deeper understanding of the elements shaping FB sustainability. Importantly, insights from all three research objectives have been consolidated to develop a comprehensive model that captures the unique factors contributing to the success and continuity of FB in the region.

8. Managerial Implications of the Study

The findings of this study highlight several important practical implications for FB strategy, offering valuable insights for business owners, policymakers, and researchers. One of the key implications is the preservation of family legacy, which emphasizes that entrepreneurial initiatives should be designed in a way that reinforces family continuity and heritage. FB that align their entrepreneurial activities with long-term sustainability and legacy preservation are more likely to thrive across generations. By fostering innovation while staying true to the core values and traditions of the family, businesses can ensure a balance between modernization and heritage. Another important practical implication is the enhancement of stakeholder relationships through the effective utilization of SEW. FBs that prioritize SEW are better positioned to foster trust, employee loyalty, and strong customer relationships. This approach not only strengthens internal cohesion within the business but also improves external perceptions, leading to long-term sustainable growth. When employees and customers perceive a strong emotional and ethical connection with a FB, they are more likely to remain loyal, contributing to overall business stability and success. Furthermore, the study underscores the importance of intergenerational continuity, which refers to the ability of FBs to balance innovation with family values. The long-term survival of a FB depends on its ability to adapt to changing market dynamics while maintaining its core values. By fostering adaptability and renewal, businesses can ensure a seamless transition between generations, allowing younger members to introduce innovation while respecting the established principles and vision of the older generation.