WHEN SO MUCH IS AT STAKE:

UNDERSTANDING ORGANIZATIONAL BRINKMANSHIP IN FAMILY BUSINESS

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Abstract

The role of brinkmanship in politics and international affairs has captured headlines and popular attention around the globe. It is a behavioral phenomenon whereby to gain concessions actors like states and governments take actions that may not only harm their adversaries, but also themselves. However, hidden from view, and far less understood is its role in business and management. This is an important oversight not only because stakes can be high in business, but also because how members of a firm's dominant coalition respond to existential threats can be critical for organizational outcomes. We introduce the notion of *organizational brinkmanship* and outline how the process unfolds in a context where family engagement in the business can also serve to heighten potential stakes. With our focus on family business we unravel circumstances where the propensity to maintain historical and current family control over the business can increase susceptibility to engaging in organizational brinkmanship. The cornerstone of our contribution is to develop a conceptual model that explains how the process of brinkmanship can unfold in a family business. We also offer a future research agenda to guide scholarly attention on this important yet under-explored area of research and suggest propositions. This work is particularly timely in light of increasing environmental instability around the globe.

Keywords: family business, brinkmanship, external threat, goals, family control

1. Introduction

The Cuban missile crisis is perhaps the most celebrated example of brinkmanship in the modern era. A dispute over the siting of ballistic missiles in the 1960s brought the US and the USSR to the edge of war (Allison & Zelikow, 1971). The world held its breath as it waited to see which country would back down first. Decades later, it held its breath yet again as tensions between the then US President Trump and North Korea's president Kim Jong-Un escalated, culminating in fears of another 'brinkmanship' showdown[1] [2]. Both cases are high profile examples of brinkmanship behavior in international relations, although brinkmanship has also been documented in other arenas. For instance, Catalonia's October 2017 race towards independence and the escalating aggression between its regional government and the Spanish central government is an example of brinkmanship in domestic politics.

Drawing on Schelling's (1960) work in behavioral economics, Schwarz & Sonin (2007: 165) define brinkmanship as "the ability of an aggressor to undertake an observable action that will lead with positive probability to war or some other mutually undesirable outcome." However, whereas brinkmanship research has evolved mostly at the state (Kroenig, 2013; Powell, 1988) or inter-institutional levels in international relations (Schwarz & Sonin, 2007), its evolution in management and organizations has largely gone undocumented. Consequently, scholars have less understanding about how businesses may deliberately engage in aggressive

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[1] See for example *The Washington Post* (https://www.washingtonpost.com/outlook/the-case-for-brinksmanship-with-north-korea/2017/10/06/f8f93da8-a958-11e7-b3aa-c0e2e1d41e38_story.html?utm_term=.6980de1a4a5a); and *The New York Times* (https://www.nytimes.com/2017/09/22/world/asia/kim-trump-north-korea.html).

[2] Brinkmanship is different from the concept of escalation of commitment first developed by Staw (1976) because while the latter refers to behaviours in which actors continue to engage in a losing course of action despite negative feedback and uncertainty of outcomes, brinkmanship is essentially about a conflict between two adversaries. This condition does not exist in escalation commitment since actors involved in this behaviour can act alone and without the involvement of an adversary. It can for example involve getting carried away during an auction (Ku, Galinsky, & Murnighan, 2006). Brinkmanship in contrast necessitates an identifiable perceived opponent.

brinkmanship with a high likelihood that it could lead to relational disruption, economic demise, or other mutually undesirable consequences. With the exception of just one study, its effects in family business also remains under-explored (Smith, 2016).

Yet, there are compelling and important examples of brinkmanship in family business, such as the showdown between the family-owned Washington Post and the US government over the publication of the so-called Pentagon Papers that implicated the government in massive cover-up activities (Graham, 1997; Tifft & Jones, 1999). By publishing the papers, the directors risked imprisonment and the survival of the business itself. Nevertheless, they published, threatening the government and themselves in turn. The case was retold in Steven Spielberg's movie, *The Post* (2017)[3].

Understanding brinkmanship in family business is especially important not only because it is the most ubiquitous organizational form in any world economy (La Porta, Lopez-de-Silanes, & Shleifer, 1999; Villalonga & Amit, 2009) but also because the stakes are particularly high there (Bartelesman, Scacarpetta, & Shivardi, 2005). The coupling of family and business systems puts much at stake for family owners and managers, and this renders them vulnerable to events and processes that can threaten their business existence (Gomez-Mejia, Haynes, Nuñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Scholars have noted that family businesses sometimes gamble or take decisions that "place the organization at peril of total ruin through its failure to survive" (Gomez-Mejia et al., 2014; Gomez-Mejia et al., 2007; Kotlar, Signori, De Massis, & Vismara, 2018). Building on Smith's (2016) first observation of brinkmanship behavior in the family business setting, and applying Schwarz & Sonin's (2007) view of brinkmanship to family business research, we define *organizational brinkmanship* as behavior that demonstrates an organization's readiness to take action that

[3] Please note that as is common in works of fiction that seeks to represent a story based on real events, there has been some critique towards the movie's plot voiced e.g. in the *Times,* December 26, 2017 (The True Story Behind *The Post*).

risks mutually negative outcomes for itself and its adversaries. We do so with the aim of providing a more detailed conceptual account of how and why a family business would engage in brinkmanship and risk imperiling its business. This offers a more nuanced understanding than currently available in extant research.

We also further understanding about the link between organizational brinkmanship and central aspects of the socioemotional wealth (SEW) perspective in family business research (Gomez-Mejia et al., 2007). According to this perspective family firm owners with socioemotional endowments invested in their business would rather endure negative outcomes than suffer its loss (Gomez-Mejia et al., 2007). This prediction is based on the premise that owning-families cherish both their past and current control of their business (Berrone, Cruz, & Gomez-Mejia, 2012). The historical and present control of the business means that family influence and power, strong identification with the firm, close social relations, emotional attachment and family bonds to the business are renewed through succession (Berrone et al., 2012). In the first study to identify brinkmanship behavior in family business, Smith (2016) emphasized the importance of two additional factors that strengthen this process: family business longevity and family business place attachment

Nevertheless, much remains unclear regarding how and why a family firm would progress to organizational brinkmanship.

More specifically, we lack a more fine-grained conceptual understanding of how various family and business factors influence this process. Our purpose is therefore to further integrate the notion of organizational brinkmanship into family business research and to outline the process of engagement in this behavior. Accordingly, the following question guides our research: *How and why do family firms engage in brinkmanship that can engender negative outcomes for themselves and their adversaries?*

We argue that family firms engage in brinkmanship as a last resort and as a response to an external threat that is perceived by the dominant coalition as jeopardizing cherished family goals and control, and survival of the family business itself. Our thesis is twofold. First, because owning families are so closely linked to their firms, they will work more assiduously than other types of organizations to appease or resolve aggressions that diminish control over their businesses. Second, because so much is at stake, if vigorous attempts at resolution fail, owner families are especially likely to put a great deal on the line both personally and financially in the belief that much more would be lost by not doing so. We do not seek to judge this behavior but rather present it as a feature of how family businesses may deal with significant events that are perceived as an existential threat.

This article contributes an enhanced understanding of organizational brinkmanship, and proposes a model that captures the conditions under which family business brinkmanship engagement would result. Focusing on family business' responses to external threats, we also contribute to research on family business strategies that deal with the external environment (e.g. Arregle, Naldi, Nordqvist, & Hitt, 2012; Minichilli, Brogi, & Calabrò, 2016). While brinksmanship may be an important option for some firms, especially family firms, it is rarely considered in the literature. With most research still focused on the role of internal resources, characteristics, and priorities for family business strategy, this is an important oversight. Our work nevertheless heeds recent calls in the family business strategy literature to unravel what leads firms to behave in ways that are aggressive and potentially suboptimal for business outcomes (Berrone et al., 2012; Chua, Chrisman, & De Massis, 2015). In the following, we outline our brinkmanship perspective, put forward propositions, and make suggestions for future research.

2. Understanding Family Firm Brinkmanship Engagement

Brinkmanship is a form of organizational behavior that has its roots in economics and political science, where it has been applied to international negotiation and crisis bargaining (Nalebuff, 1986; Powell, 1988; Schwarz & Sonin, 2007). There is still only a limited body of conceptual and empirical work in this area, but it shows that actors engage in actions which may be damaging not only to an adversary in a negotiation, but also to themselves (Powell, 1988; Schelling, 1960; Schwarz & Sonin, 2007). This literature suggests that an actor engaging in brinkmanship is prepared to take both himself or herself and an adversary to a point of mutual destruction to achieve the upper hand in a situation. Schelling (1980: 200) described it as "the tactic of deliberately letting the situation get somewhat out of hand, just because its being out of hand may be intolerable to the other party and force his [*or her*[4]] accommodation." This involves taking a high degree of risk which is more extreme than conventional risk taking. We argue that taking a business to the brink implies that the final outcome of this behavior is not calculable, and losses are not absorbable. Importantly, in contrast to conventional risk taking, brinkmanship involves intentional harm to adversaries *and* potential harm to oneself in order to win a conflict (Schwarz & Sonin, 2007). Although he did not formalize a definition, Schelling (1960) did provide an early graphic illustration of how one actor can gain advantage over another by being prepared to take the greater risk. He depicted a scene in which two adversaries are tied one to another at the ankle on the edge of a steep cliff. By shuffling closer and closer to the edge one party can convince the other that he or she is prepared to take a higher risk of accidentally falling, thereby endangering both parties (Payne, 2018).

A core idea in brinkmanship is that actors may significantly enhance their bargaining power by taking observable credible action that supports their threat to raise the stakes (Schelling, 1966; Shavell, 1993). This is supported by the notion of divisibility, viewed as a

[4] Our emphasis

situation in which risks can be shared or divided between a protagonist and adversaries (Powell, 1988; Schelling, 1960; Schwarz & Sonin, 2007). Schwarz & Sonin (2007) argue that the bargaining power of a protagonist increases when they are able to demonstrate they could rationally take action that could wreak harm on an adversary. This would be the case with a threat to deploy superior conventional weapons for example because with these weapons a protagonist could bestow harm on an adversary without causing harm to themselves. However, if the adversary does not believe a threat is credible because the protagonist is unlikely to take action that would lead to its own demise (as in threatening nuclear war since it may not be able to escape harm from this weapon itself), this is deemed "indivisible." A threat viewed as indivisible by an adversary has little bargaining power, because the aggressor is perceived to be unable to shield itself from the severe harm. Think of a potential whistle-blower for example threatening to make public extremely damaging illegal activities engaged in by their employer. This threat could be viewed as divisible if the whistle-blower had no part in these nefarious activities and could thereby be shielded from any harm to the firm as a result of making these activities public. Now imagine that this whistle-blower had also engaged in those same illegal activities. The threat here could be viewed as indivisible if he or she could not avoid the harm that would befall the firm as a result of also participating in those illegal activities. Under these circumstances the firm or adversary would likely believe that the threat to blow the whistle was less credible. We argue that divisible risks are likely to characterize family firm engagement in brinkmanship, where they can enhance their bargaining position. A “probabilistic threat” is an action that convinces an adversary that a threat is credible, however as its outcomes cannot be assured, overall brinkmanship remains an inherently uncertain strategy (Schwarz & Sonin, 2007). Given the inherent risk in engaging in brinkmanship we seek to understand the conditions that could give rise to engagement in this behavior in family business. Drawing on the brinkmanship literature and research on the

SEW perspective within family business research, we identify factors that we posit are particularly important for understanding what leads to brinkmanship. The process begins with an external event. When this is perceived as a threat to both economic and non-economic family goals, which impacts the family socioemotional endowments due to the socioemotional attachment of family members to the firm, and family resource control, we theorize that initial defensive actions are set in motion. If these are not resolved and the threat continues rising, emotional anxiety about survival will give way to desperation. In short, family businesses will be quick to resolve potential threats in keeping with what many scholars view as their conservative and careful character especially as they become older and have little appetite for risk-taking (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007; Zahra, 2005). However, they will be slow to engage in brinkmanship since it requires not only a severe threat to their economic and highly cherished non-economic goals as the threat persists, but also failure in negotiated processes. The model, illustrated in Figure 1, schematizes our understanding of how family businesses come to engage in organizational brinkmanship. In the pages that follow, we describe each part of this model and develop propositions for the relationships among them.

INSERT FIGURE 1 ABOUT HERE

Our focus is on established family businesses with little or no external involvement in ownership and management, where a dominant coalition of one or more family members as owners and managers hold sway, and where they have the most influence on the organization's goals and strategies with a shared vision of the future (Cyert & March, 1963). This is in line with the definition of a family business as a "business governed and/or managed with the intention to shape and/or pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, & Sharma, 1999: 25). Here, we expect that the profound influence of the family is manifest in the behavior of the firm.

2.1 External Threat as Trigger

Our notion of brinkmanship, and the model we develop assumes that an external event which the dominant coalition within a family business perceives as a threat to firm survival triggers the possibility of brinkmanship action. An external event perceived as a threat can take many forms: aggressive moves by competitors (Meyer, Brooks, & Goes, 1990), strikes and labor conflicts (Meyer, 1982), catastrophic events of external actors (Billings, Milburn, & Schaalman, 1980), forced relocation (Smith, 2016), or other significant environmental changes that are unprecedented, unforeseen by the dominant coalition, and may be threatening (Meyer, 1982). Even external events that can be anticipated, such as industrial strikes, or political events such as Brexit,[5] may pose a significant threat and trigger brinkmanship.

Hence, our interest is in external events that can threaten family business survival, not just unfavorable family or business conditions; and where there is an identifiable counterpart with whom to engage in brinkmanship. An external event will only trigger brinkmanship when there is a perceived adversary or aggressor. Brinkmanship is consequently a two-sided process; however, our interest in this study is the perspective of one of the actors – the family business as antagonist. In this view, an adversary is the party the family business' dominant coalition believes has key control over outcomes that can directly negatively impact that coalition and its business. An adversary may be an individual, group, organization, or even state, perceived as having decision-making power and influence that can, in the face of a

[5] https://www.bloomberg.com/news/newsletters/2019-08-28/brexit-brinkmanship

threat, be challenged by the family business. However, if a decision is uncontestable, outside authority is total, or there is no identifiable counterpart, then brinkmanship cannot result because the family business cannot challenge the source of the threat.

Finally, the external event that causes the perceived threat to business survival must be noticed. This starts with perception by one or more individuals (Billings et al., 1980) within the family business' dominant coalition, who interpret circumstances as threatening (Weick, 1988: 306). As Weick states, "preconceptions determine appropriate action". However, it is *how* the family business' dominant coalition frames an initial perception of the threat that causes the events (Billings et al., 1980; Weick, 1988) triggering brinkmanship.

2.2 Framing External Event as Threat to Family Goals

A family firm's response to an external threat is a function of how it is framed by its dominant coalition (Pérez-Nordtvedt, Khavul, Harrison, & McGee, 2014; Sine & David, 2003). In one well-publicized example in the UK, Archway Sheet Metals (ASM), a long-established London-based family firm, locked horns with the giant Tottenham Hotspur Football Club over its plans to rebuild and extend its stadium. This would require demolishing all nearby property, including premises owned by ASM. The dominant coalition of the family firm interpreted this as a threat, not an opportunity to relocate, and thus over a protracted period, refused to move – thereby preventing the Club from building a new stadium. For ASM, compulsory purchase and an insufficient settlement were perceived as a threat to important family firm goals and ultimately to the family's control of the business.

Conservative family businesses (Miller, Steier, & Le Breton-Miller, 2003; Shepherd & Zahra, 2003; Zahra, 2005) are especially likely to frame external events that disrupt the status quo as negative (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011; Gomez-Mejia, Makri, & Kintana, 2010) and as threatening treasured family economic and non-economic goals. Given their control based on close social and emotional ties between a family and its firm

(Zellweger, Nason, Nordqvist, & Brush, 2013), when these businesses perceive a threat to survival this can engender reactions that "can sometimes outweigh rational considerations in decision making and other cognitive processes" (Baron, 2008: 331). Beckhard and Dyer Jr (1983: 60), for example, suggest that imposed change can trigger events that can create instability in the entire system of firm relationships, "causing" as they state: "previously predictable behaviors to become unpredictable."

2.3 Perceiving threat to economic goals

Family businesses, like other businesses, have economic goals. These include making profit, gaining financial independence, achieving financial growth and economic security for owners, producing returns on assets, and building a strong company (Tagiuri & Davis, 1992). In family businesses, financial decision-making is influenced by family norms and attitudes (Koropp, Kellermanns, Grichnik, & Stanley, 2014), and its outcomes are critical to business survival (Holt, Pearson, Carr, & Barnett, 2017).

2.4 Perceiving threat to non-economic goals.

Whereas the dominant coalitions of all firms pursue economic and non-economic goals (Cyert & March, 1963), family businesses often prioritize the non-economic goals of the controlling family (Lee & Rogoff, 1996; Zellweger & Nason, 2008). For example, passing the business to the next generation or providing employment to family members are often especially central goals for family businesses (Handler, 1994). Moreover, the connection between the family and the business (Habbershon, Williams, & MacMillan, 2003) enables a family to use its power to set unique organizational goals (Kotlar & De Massis, 2013).

Recent studies show that economic and non-economic goals are not independent (Chua, Chrisman, De Massis, & Wang, 2018), such that family businesses often trade losses in one for gains in the other (Gomez-Mejia, Patel, & Zellweger, 2018; Kotlar et al., 2018).

This occurs as they struggle to balance such goals when making strategic, operational, and administrative decisions (Chrisman, Chua, & Sharma, 2005). If in the face of an external event family businesses must sacrifice one goal that cannot be offset by another, they are likely to perceive this as a threat that is pivotal. This would be viewed as an existential threat if both economic *and* non-economic goals were seriously undermined, with no perceived prospect of a satisfactory resolution. Thus, in brinkmanship, the nature of an external event to a focal actor must be perceived as tangible and existential threat.

In the next two sections, we first consider why a perceived threat to family goals would motivate family firms to act to protect their historical interests, then we examine the importance of a threat to family business control, and the implications of this for their behavior.

2.5 Threat to Historical Family Control

Zellweger and Astrachan (2008) suggest that the satisfaction of owner family members is related to the sentiment they feel towards their firm and the meaning they attach to the business. Indeed, socioemotional investments in the business, often pursued over a long period of time may be so highly valued that families are prepared to risk very negative performance outcomes to defend them (Gomez-Mejia et al., 2007). This is key to understanding their ultimate disposition towards brinkmanship when confronted with a deleterious external event. A family's socioemotional investments can affect their judgment, and in the process jeopardize the organization, and these investments tend to grow over time as multiple generations become involved in the business (Kets de Vries, 1993).

Thus, a key component of the heightened socioemotional investments that business owning families make over time is the renewal of the family's bond to the business through intergenerational succession of the business (Berrone et al., 2012; Zellweger, Kellermanns, Chrisman, & Chua, 2011). In addition, Smith (2016) suggests two factors that in combination with the renewal of bonds through succession show why historical control of a family over a business implies that they will do all they can to mitigate diminution in their socio-emotional investments. These are: *Family business place attachment*, and *Family business heritage longevity.* Below we show how these dimensions play a key role in family firms' initial and subsequent responses to an existential threat that ultimately leads a family firm to engage in brinkmanship.

***2.5.1 Renewal of bonds through succession*.**

Renewal of family bonds to the firm through intergenerational succession represents a key family-centered noneconomic goal of family firms (Berrone et al., 2012; Swab, 2020). Succession intention reflects the will to establish a continuous link between the family and the firm and thus to maintain the family's *historical control* of the firm's strategic decisions over time (Chrisman, Chua, Pearson, & Barnett, 2012; Chrisman, Memili, & Misra, 2014). This might include family member taking over as CEO and to pass on family ownership to the next generation (Berrone et al., 2012). Historical family control is critical to pursue both non-economic and economic family-centered goals (Kotlar & De Massis, 2013; Zellweger et al., 2011).

The renewal of the bonds between the family and the firm through succession may also strengthen family members' identification with their firm such that social relations between family owners can be developed over time, and also relationships between the family, its members and a broad range of outsiders (Berrone et al., 2012; Miller, Lee, Chang, & Le Breton-Miller, 2009). Further, the renewal of bonds between the family and the firm tends to build up a strong emotional attachment to the firm among family members (Miller & Le Breton-Miller, 2005). Thus, a perceived threat of losing the firm represents a highly emotional event for family members (Berrone et al., 2012; Sharma & Manikuti, 2005; Shepherd, Wiklund, & Haynie, 2009). Interestingly, research has also shown that the renewal of bonds through succession and continued family control engenders a sense of belonging and attachment often shared by long-tenured non-family members employed in the firm (Miller & Le Breton-Miller, 2005).

2.5.2 Family business place attachment.

A frequently overlooked characteristic of family firm owners and leaders is the importance they accord to the physical location or community in which their business resides and has resided through its history (Fitz-Koch, Nordqvist, Carter, & Hunter, 2018). In fact many individuals build affective bonds to places such as homes, land, churches and neighborhoods over time (Low & Altman, 1992; Vaske & Kobrin, 2001). Place can have symbolic meaning for them (Greider & Garkovich, 1994) and can shape the identity of their institutions (Low & Altman, 1992).

Research indicates that the dominant coalition in family firms experiences strong place attachment relating to their organizational premises (Smith, 2016). This is especially likely where the business has been located in the same place over many generations, where products or services are tied to that location, as for many agricultural products (Fitz-Koch et al., 2018), and where a family has lived in the same location for generations (Smith, 2016). Under these circumstances, family business owners are likely to be emotionally attached to and identify strongly with their location, such that any external event that disrupts the family firm's physical attachment to its location would be considered as a threat. This relationship is likely to be intensified where the family firm is unable to readily relocate.

2.5.3 Family business heritage longevity

A family business′ heritage is often invested with value and meaning by family members (Graham & Howard, 2008). The longer the heritage, oftentimes stretching back across generations, the more value it holds for the family (De Massis, 2016). A lengthy business heritage reinforces family members′ identification (Akhter, Sieger, & Chirico, 2016), their sense of being connected with a meaningful legacy, and builds confidence in a firm′s ability to survive (Allio, 2004; John & Kim, 2009). In a study of some of the oldest family businesses, Micelotta and Raynard (2011: 209) found enduring heritage to have a fortifying influence on a firm and its members, enabling them to endure the ′storms of time.′ Hence any interruption to such heritage would represent a threat to cherished links with the past. As an example, in a study of family firm responses to external threats, one family firm in the U.K., Forman's, took the most aggressive action to counter the threat they faced. While they enjoyed family control in common with other family firms in the study, unlike the others they lived and worked in the same area for decades, and had survived for more than 100 years over several generations (Smith, 2016).

In summary, when the dominant coalition perceives that an external event threatens historical family control of the business and its attendant non-economic and economic benefits, they will experience the threat as highly pertinent and stressful, and therefore seek to mitigate its effects. Thus, we propose:

> ***Proposition 1.*** If the family business dominant coalition frames an external event as a threat to family goals tied to historical family control, it will seek with exceptionally strong resolve to mitigate the perceived negative effects to the family firm by taking defensive action.

2.6 Threat to Current Family Control

We highlight two factors that combine to build a strong sense of current family control over firm resources[6] in addition to historical family control outlined above. These are: *ownership concentration*, and *management and ownership overlap*. It is the potential loss of

[6] We focus here on the threat to family control of firm resources assuming that the firm is endowed with some amount of resources, but we acknowledge that the threat to the resources themselves that a

each due to an external threat perceived as jeopardizing family goals that can ultimately influence their behavior and engagement in brinkmanship. We recognize that some triggers, for example perceived threats to a business family's values and beliefs, may also impact on goals. However, as we discuss below control is a critical issue in family firms' response and without this brinkmanship is unlikely.

2.6.1 Ownership concentration

The voting rights deriving from concentrated ownership give family owners substantial power over resource allocation (Carney, 2005). This allows them for example to fill executive roles based on personal relationships (Cannella, Jones, & Withers, 2014; Cruz, Gómez-Mejia, & Becerra, 2010). As firm control is in the hands of a few owners and their associates, family ownership centralizes power and authority (Geeraerts, 1984; Pondy, 1969). Decision-making is thereby often limited to the highest levels of the organization, with owners holding virtually unlimited control (Carney, 2005; Gedajlovic, Lubatkin, & Schulze, 2004; Hambrick & Finkelstein, 1987; Miller & Le Breton-Miller, 2005). Moreover, having a substantial ownership stake and being in control over an extended period provides family owners with access to private benefits (Dyck & Zingales, 2004). Research has shown that family owners are reluctant to adopt organizational forms that reduce their current control (Palmer, Friedland, Jennings, & Powers, 1987) or access to information (Kellermanns & Eddleston, 2004). Concentrated ownership releases family owners from the instrumental rationality that typically ensues from formal procedures, checks, and balances (Carney, 2005). As power concentration relaxes procedural rigor, family owners' decisions on the deployment of firm resources become conceivably less predictable, more capricious and less subject to conflicts with other owners,

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family uses to satisfy family goals such as job security, reputation in the community, or wealth for offspring may also precipitate engagement in an aggressive extreme behavioral response.

and enable higher control of the family over firm resources (Kotlar, De Massis, Frattini, & Kammerlander, 2020)

Thus, knowledge, information and ideas are often concentrated within the top echelon, with great power discrepancies between top and middle managers who are left with little autonomy (Ibarra, 1992). Hence, ownership concentration is associated with the *power* of family owners, particularly those in the family business dominant coalition, to deploy firm resources in their own interest.

2.6.2 Management and ownership overlap

Family firms are also typically characterized by overlapping ownership and management (Demsetz, 1983; Fama & Jensen, 1983; Jensen & Meckling, 1976)[7]. This can lead to personalism, i.e. authority embodied within one or few family owner-managers (Carney, 2005), which again confers substantial decision-making power (Gedajlovic et al., 2004). This personalization of authority allows a family firm's dominant coalition to instill its vision in the business (Chua et al., 1999). It also bestows exceptional authority over resource allocation. This is consistent with prior empirical studies that argue authority over resource allocation is amplified in the presence of ownership and management overlap, i.e. when family owners appoint the CEO and other top executives based on personal relationships, thereby forming relational rather than arm's-length agreements (Cannella et al., 2014; Cruz et al., 2010; Gomez-Mejia, Nuñez-Nickel, & Gutierrez, 2001) and so gaining substantial decision-making authority (Carney, 2005). Therefore, we argue that the *power* of family owners, particularly those in a family business' dominant coalition, to deploy firm resources in their own interest, becomes stronger in light of management and ownership overlap.

[7] Our argument applies to the many family firms where there is overlap between ownership and management. Although this is very common (e.g., Carney, 2005), in some family firm owners are not involved in management. This is a boundary condition of our theorizing.

Thus, when the family business' dominant coalition frames an external event as a threat to family goals, they generally cannot be made to surrender their power (Connelly, Hoskisson, Tihanyi, & Certo, 2010; Hambrick & Mason, 1984); that would force them to sacrifice control over the resources they currently use to pursue family goals. In sum, when the family business′ dominant coalition perceives an external event as a threat to its current control over the family firm and its resources, the dominant coalition will experience this as highly negative and seek to mitigate its effects. Formally stated:

> ***Proposition 2.*** If the family business dominant coalition frames an external event as a threat to family goals tied to current family control, it will seek with exceptionally strong resolve to mitigate the perceived negative effects.

In the foregoing sections we have discussed how the existence of family goals creates the necessary conditions that motivate family firms to perceive any diminution of these as a threat. In the following sections we explore how this leads to their seeking first to pacify aggressors, before potentially taking brinkmanship action.

2.7 Taking Defensive Action

As indicated, long established family businesses like the ones we focus on in this article tend to be conservative and resistant to externally imposed change that challenges their status quo. Thus, they are likely to do their utmost to minimize the impact of an external threat in their initial response. Taking defensive action allows the dominant coalition of the family business to protect historical family control of the firm, to continue to benefit from the pursuit of economic and non-economic goals arising from their relationship to the firm (Gomez-Mejia et al., 2007), and crucially, to also retain current family control of firm resources (Banalieva, Eddleston, & Zellweger, 2015). Taking such action as a first response to a threat can also be a product of the long-term orientation of family businesses, and identification with the firm of family owners and managers (Miller & Le Breton-Miller, 2005).

For example, Lumpkin and Brigham (2011) suggest that the long-term orientation of a family business mitigates excessive risk-taking and aggressive behavior, in part because of a desire to protect family reputation, stakeholder relations, and the business' heritage. Aggressive actions represent more of a short-term response that "may sully a family business' reputation and inhibit its ability to form strategic alliances or join in other collaborative efforts that might be beneficial in the long run" (Lumpkin, Brigham, & Moss, 2010:250). Further, their identification with the business induces the family dominant coalition to perceive an external event not just as an economic threat, but as a threat to their identification with the business – which in turn can trigger a powerful commitment to defend the business in difficult times (Kets de Vries, 1993; Zellweger et al., 2013). This response may take two common forms: appeasement and exhausting feasible options.

2.7.1 **Appeasement**

This is a desire to avoid unnecessary aggression with a counterpart. It is conciliatory and non-adversarial in nature. An actor taking this approach seeks to pacify and engage in dialogue with actors posing the external threat (Keltner, Young, & Buswell, 1997). As such, appeasement is non-confrontational and cooperative. It can be expected from family firms that prioritize long-term relationships, positive reputation, and non-aggressive relations with stakeholders (Miller & Le Breton-Miller, 2006). If appeasement is successful, it brings about reconciliation, and re-establishment of cooperative relationships between the parties (Keltner et al., 1997). If appeasement is not successful, the perceived threat is intensified, and the probability of confrontation increases. In the situation where attempts to appease do not work, the family business will search for other feasible options for resolution to retain control.

2.7.2 Exhausting feasible options

Seeking to find and exhaust feasible options to deal with a threat and avoid confrontation is a natural next step after appeasement (Keltner et al., 1997). To exhaust such options the dominant coalition may engage in dialogue, organize meetings with the counterpart, and actively search for alternatives to reach a solution. If this works out and an option to deal with the threat and avoid confrontation is found, there is no need to progress to brinkmanship (hence the dotted arrow "resolution achieved" in Figure 1). If a resolution is achieved using this approach it will influence the way the firm responds to future threats. However, if searching for other feasible options is not successful, felt threat and emotional tension are intensified (Sayegh, Anthony, & Perrewé, 2004). A deadline can intensify this sense of jeopardy, priming the firm for more aggressive action. If, despite their best efforts to exhaust all options, a business still faces an undiminished, or even greater, threat, the family business dominant coalition is primed to progress from defensive to more aggressive action.

However, a family firm will not progress to a more aggressive response on the basis of failed defensive action alone. To proceed to a response that engenders more risk, family firms must also perceive a continuing threat to both historical family control and current family control over firm resources. That is to say, if, after taking defensive action, the threat to the renewal of family bonds through succession, family business place attachment and family business heritage, as well as to current ownership and management control continues undiminished, these factors in combination will set the stage for a more aggressive response to the external threat. This is because, as noted, when an external event is perceived as threatening family goals, it induces defensive action. The dominant coalition would not however seek to take destabilizing or destructive action if it could retain historical family control, even if it were to lose some current family control.

Conversely, if the renewal of family bonds through succession, family business place attachment and family business heritage longevity are threatened, whereas this represents a fundamental challenge, family firms could still continue to enjoy current family control over resources related to the firm. This is often the case, for example, when family members are removed from the business in a bid to become more professionalized through the hire of non-family directors. While this might cause family problems and division, it would not push the business to aggressive response if the current family control of all of the assets of the firm could be salvaged. The family could continue to extract engagement benefit by virtue of continuing current family control through ownership concentration and management and ownership overlap. In short, each factor by itself is a necessary but insufficient condition to motivate brinkmanship.

Thus, we argue that engaging in brinkmanship is a 'last resort' when family firms are faced with threats to *both historical family control and current family control over resources related to the firm* that cannot be mitigated following defensive action. This raises the level of desperation for family firms, rendering them susceptible to more aggressive action as they seek last-ditch solutions. This was evident in the case of ASM in their battle against Tottenham Football Club. The family firm engaged in discussions with the club over many years before it resorted to litigation. We therefore propose:

> ***Proposition 3.*** If the family business dominant coalition frames an external event as a threat to family goals, it will advance to brinkmanship only if it perceives this as a threat to family historical control, a threat to current family resource control, and had taken defensive action that failed to generate a resolution.

In the next section we explore how a family firm could ultimately engage in brinkmanship to the detriment of its business.

2.8 Brinkmanship conditions

We suggest that brinkmanship is a critical next step when alternative outcomes are not attainable (Powell, 1987; Powell, 1988; Schelling, 1960; Schwarz & Sonin, 2007). It is likely to occur when no other options appear feasible, when an external event perceived as a threat has a lapsed deadline, and when the dominant coalition of the family business, as a result, experiences a strong sense of desperation. Prior work on brinkmanship in the disciplines of political sciences and international relations suggests three key aspects in taking brinkmanship action (Dixit & Nalebuff, 2008; Powell, 1988; Schelling, 1960, 1966; Schwarz & Sonin, 2007; Shavell, 1993), and we argue that they all need to be satisfied before brinkmanship is enacted.

2.8.1 **Readiness to risk loss of control**

Engaging in brinkmanship as a response to a threat entails being ready to risk a loss of control. This means losing control of the circumstances that could influence the outcome of a brinkmanship response. The brinkmanship literature indicates that as a result actors engaged in brinkmanship may not only harm their adversaries but risk harming themselves as well. Dixit and Skeath (1999) refer to this as "a controlled loss of control", which is an inherently risky behaviour because it can have uncertain and (uncontrollable) outcomes for both parties.

There are increasing indications in the literature that family firms would be willing to take action that could engender risking a loss of control (Berrone et al., 2012; Gomez-Mejia et al., 2007). This could result even when a key motivation for owning families is to retain control of decision-making and resources (Banalieva et al., 2015; Miller et al., 2003; Zahra, 2005). For example, Gomez-Mejia et al., (2007) show that in response to an external threat family firms are willing to sacrifice profits even at the risk of business survival. Gomez-Mejia and his colleagues have also shown that family firms gamble with performance outcomes in order to protect their socioemotional interests (Gomez-Mejia et al., 2014). This work emphasizes the power of non-economic utilities for the dominant coalition of family members controlling the family firm – it is not just economic threats that they care about, but also those in which they would sacrifice benefits related to family centered non-economic goals. However, when a dominant coalition finds that there is little prospect of mitigating the effects of an external event that is perceived to threaten its survival, they will sense that there is little left to lose. Under these circumstances the dominant coalition would be prepared to take the risk of losing control and the business, but only as a last resort.

This was evident in the case of ASM: following numerous attempts to appease and find feasible solutions, the company chose to raise the stakes by commencing costly legal proceedings[8] whose outcome would be uncertain for either party. However, it did not take the ire of Tottenham FC fans into account. The backlash from them was severe - online abuse, bomb threats, death threats, and under mysterious circumstances ASM's premises were burned to the ground[9]

2.8.2 Making demonstrable commitment to action

Schelling (1960) introduced the notion of "credible commitment" as a key dimension of brinkmanship. The argument is that an actor engaging in brinkmanship may increase its bargaining power by taking an observable credible action that could lead to war. According to Schwarz and Sonin (2007: 163), even if carrying out a threat would be harmful to both parties, brinkmanship can induce a counter-party to back down and allow the party engaging in brinkmanship behavior to extract a payoff. The extent to which an actor can demonstrate credible commitment in support of a threat is key to this response (Schelling, 1966; Shavell,

[8] https://www.dailymail.co.uk/sport/football/article-2911481/Tottenham-wait-February-18-court-battle-Archway-Steel-Metal-Works-business-stands-way-400m-stadium-redevelopment.html
https://www.mirror.co.uk/sport/football/news/tottenham-hotspurs-400million-stadium-plans-5178618

[9] https://www.telegraph.co.uk/news/uknews/11252068/Fire-breaks-out-at-sheet-metal-firm-blocking-Tottenham-Hotspurs-new-100m-stadium.html

1993). By taking action that is observable by an adversary, a family firm can show that its actions are a credible threat. For example, commencing legal proceedings in ASM's dispute with Tottenham Hotspurs was a strong and credible signal of commitment to its course of action. Two other cases involving The New York Times and The Washington Post, both family firms, are also illustrative (Graham, 1997; Tifft & Jones, 1999). Despite being threatened with severe criminal penalties, which ultimately could mean the owning family losing its business for publishing the Pentagon Papers – classified documents that the Nixon government wanted to conceal relating to the Vietnam war – The New York Times would not back down. It demonstrated commitment to action by first publishing one set of documents followed up with a sequence of further publications over several successive days. The Washington Post, as detailed in Spielberg's movie "The Post", followed suit. Both put themselves in harm's way.

2.8.3 **Sharing danger with adversaries**

A key element of brinkmanship is the notion of divisibility (Schwarz & Sonin, 2007). Central to this idea is that actors run the risk not only of harming their adversaries but also themselves because of the actions they take (Powell, 1988; Schelling, 1960; Schwarz & Sonin, 2007). As noted, this is referred to as *divisibility* to illustrate the shared nature of the risk. The importance of historical family control would suggest that the dominant coalition of a family business is so emotionally attached to their business that although their aim is to threaten an adversary, to achieve this they will have to risk also harming themselves as well, ironically, to protect their interests. This is a manifestation of the intensity of the emotional attachment that can pervade family businesses.

In the Nixon government's battle with both The New York Times and The Washington Post over their intended publication of the Pentagon Papers, the government faced embarrassment and exposure for providing misleading accounts of its engagement in the

Vietnam War. However, as a history of The New York Times reveals, the newspaper was so committed to its ideals of public service, a key family value, that it was prepared to endanger the viability of the firm itself (Tifft & Jones, 1999:480-508). The values of the family business dominant coalition drove the company's ethics and behavior[10]. ASM's costly legal challenge against Tottenham FC's plans could have had catastrophic consequences with the potential to seriously harm both parties: the club faced the prospect of its development being delayed and disrupted, and the family firm risked enforced relocation and crippling and prohibitive legal bills if it lost its case thereby threatening the survival of the business. In the light of the foregoing, we suggest the following propositions:

Proposition 4. The more a family business dominant coalition a) experiences a sense of desperation about the prospect of finding a resolution to an external threat, b) is ready to accept a loss of control, c) is prepared to make a demonstrable commitment to action, and d) is willing to share danger with adversaries, the more likely it is to take brinkmanship action.

Proposition 5: If a family business dominant coalition experiences a sense of desperation about the prospect of finding a resolution to an external threat, but a) is not ready to accept a loss of control, or b) is not prepared to make a demonstrable commitment to action, or c) is not willing to share danger with adversaries, it will not take brinkmanship action.

If after taking brinkmanship action there is no immediate resolution, the effect of the threat is likely to intensify, especially where there is a deadline. This may increase the pressure to raise the stakes and continue with brinkmanship behavior. When adversaries feel

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[10] See 'Succession lessons at The New York Times'. The Family Business Consulting Group. https://www.thefbcg.com/Succession-Lessons-at-The-New-York-Times/

that they must win at all costs, participants experience heightened emotions and this can lead to poor decisions (Malhotra, Ku, & Murnighan, 2008). In their study of hypercompetitive environments such as auctions, Massimo and Zaldokas (2016) find that time pressures force decisions to be taken quickly and lead to an over reliance on simple heuristics. Such pressures can also cause exhaustion, negative mood and burnout (Teuchmann, Totterdell, & Parker, 1999). As a deadline approaches, the dominant coalition of a family business may not only experience deep emotional attachment that disrupts decision-making, they may also seek other ways to increase the stakes of a battle, which may end in a vicious cycle. Henderson (1967) argues that arbitrary, obstinate, uncompromising behavior can be self-defeating. Once a deadline is reached, action will occur whether it is negotiated, satisfactory or not.

2.9 Influence on Future External Threat Response

We suggest that the outcome of taking brinkmanship action may act as a blueprint for the next external threat (Sydow, 2009; Sydow, Schreyögg, & Koch, 2009). If a family business that takes brinkmanship action succeeds in achieving a satisfactory threat resolution, it is likely to deploy this same kind of action in the future when it faces similar threats. This is, for instance, supported by recent research on family imprinting (Erdogan, Rondi, & De Massis, 2020) which indicates that formative experiences can have an imprinting effect on the family firm and thereby lead to similar behavior in the future. By the same token if they step back from brinkmanship and opt not to pursue this option, this is likely to influence a future behavioral response. We therefore propose:

> ***Proposition 6:*** If a family business dominant coalition takes brinkmanship action its outcome will influence its response to future external threats.

> ***Proposition 7:*** If a family business dominant coalition opts not to take brinkmanship action its outcome will influence its response to future external threats.

We suggest that regardless of the outcome, taking brinkmanship action is likely to engender costs for the family business notwithstanding whether it was successful or not in protecting its interests. This is because it will inevitably consume inordinate amounts of firm resources and divert them away from focusing on their primary business.

3. Discussion

This study has sought to understand how family businesses may be drawn into organizational brinkmanship. Until now this issue has received virtually no attention in management and business research (Schwarz & Sonin, 2007) yet several cases have received significant attention in the media, showing that brinkmanship does occur in these areas as well as in family business. This insight is important for understanding such behavior in family firms. In this article, we have for instance illustrated our conceptual reasoning with the dispute between ASM and Tottenham FC, and *The New York Times* and *The Washington Post* vs. the US Government. Many organizations are exposed to external events that are perceived to threaten their existence sooner or later. In family businesses this is an especially salient issue because, as we have argued, in the face of a threat, they are driven by both economic and non-economic priorities. This renders them susceptible to especially risky behavior when threats to the survival of their business cannot be readily resolved. Here, there is more at stake in the face of an external threat as both economic and non-economic goals and family control of the business are at risk. Many family businesses certainly do their utmost to avoid engaging in aggressive behavior like brinkmanship due to their often conservative and careful nature. But an external threat that is perceived to threaten their existence can incentivize the dominant coalition to take aggressive action that is especially credible since these parties often have more to lose when their business and personal endowment is threatened.

3.1 A Model of Organizational Brinkmanship in Family Businesses

Figure 1 visualizes the factors that we argued would lead family businesses to engage in brinkmanship and outlines our propositions. First, following an external event, the dominant coalition in the business must frame such an event as a *Threat to family goals*. It must also be seen as a threat to survival and not just a mere inconvenience, that is, the survival of the firm or of a key priority of the dominant coalition realized via the firm must be perceived as being at stake. Threats to economic or non-economic goals alone may not appear to threaten survival. Many family firms, for example, are willing to sacrifice economic performance to stay in business (Villalonga & Amit, 2010). It is the perceived threat to family-related non-economic *and* economic goals that poses a perceived threat to survival. And time pressures may intensify the sense of jeopardy as events continue with no prospect of resolution.

Threat to historical family control is a family's fear of losing its investments in relation to the renewal of the family's bonds to the firm through succession, in addition to its heritage longevity and place attachment associated with the family business. These reflect individual and family attachment to the firm which bestows personal esteem, identification, family reputation (Donaldson & Davis, 1991; Gomez-Mejia et al., 2007; Westhead, Cowling, & Howorth, 2001) and intergenerational security (Handler, 1994; Lansberg, 1988). It is accentuated when the family and its business have been socially embedded in the same location for many years (Low & Altman, 1992; Smith, 2016; Vaske & Kobrin, 2001), and when the business has a long-established heritage tied to family identity (John & Kim, 2009). These attachments determine the family business dominant coalition's *willingness* to defend themselves aggressively (De Massis, Kotlar, Chua, & Chrisman, 2014).

However, such behavior also requires the simultaneous *ability* to so engage (De Massis et al., 2014). Current family ownership and management control and the resulting discretion to mobilize firm resources provide family businesses with the ability to act – first via appeasement, then by exhausting other options. Only when both such *willingness* and *ability* are present will brinkmanship take place. Organizational brinkmanship entails considerable risk that is not absorbable, putting the very survival of the firm in jeopardy. Thus, as a rule, it is not an impulsive act, but rather a product of failed past efforts at appeasement, resolution, and an increasing build-up of tension. Indeed, research in other disciplines reveals that gradual momentum is often a feature of brinkmanship (Schelling, 1960; Schwarz & Sonin, 2007), a final measure pursued when all other feasible options are exhausted.

Moreover, to provoke brinkmanship, the threat to an organization must be credible. If an adversary does not believe a protagonist will actually carry out a threat, it becomes ineffective (Dye & Sicotte, 2006). Research suggests that a threat can be made more credible by a process of escalation (Dye & Sicotte, 2006). It can be further enhanced when a protagonist puts itself in a position where it may lose control over the execution of the threat; what Dixit and Skeath (1999) refer to as "controlled loss of control".

3.2 Unique Aspects of Family Business Brinkmanship

In the original formulation of brinkmanship from political science and international affairs, an aggressor must have the ability to undertake an observable action that has a high probability of leading to 'war' or some other mutually undesirable outcome (Schelling, 1960, 1966; Shavell, 1993). In the context of business, 'war' can be viewed metaphorically, for example, cut-throat price wars, (Whittington, 2001), as a type of confrontational aggressive behavior (Lumpkin & Dess, 1996), or an existential threat from the environment that may lead to severe familial, relational and economic disruption.

Herein lies a key difference between brinkmanship in a governmental versus commercial/organizational context. As suggested by our examples, in the family business context the dominant coalition's prioritization of family-centered non-economic goals, and the way they cherish historical family control allow actors to be less calculative in their behaviors. Indeed, such family-centered priorities are key aspects of brinkmanship in family businesses, and brinkmanship may become increasingly emotionally driven as hope, worry, anger, and anxiety take hold in the light of approaching deadlines for threat resolution. Future empirical research could be designed to examine more in-depth the role of family members' emotional attachment to their family business in the process leading up to taking brinkmanship action. Although our perspective considers socioemotional priorities and the emotional attachment of the dominant coalition to the family business, we have adopted a mostly calculative stance in theorizing the drivers of brinkmanship. Our analysis questions whether the motivation to protect the family's socioemotional wealth in later generations will decrease with time and heritage longevity (Gomez-Mejia et al., 2011). Instead, we believe that its multigenerational history and heritage is an inherent aspect of a family's socioemotional wealth endowment which can foster close identification and emotional attachment with a firm, its family-related stakeholders, and its location. Indeed, it is important to draw attention to the role of location, largely missed in previous research. Smith (2016) has shown it is critical because many family firms are intrinsically tied to their business location and so unable to simply relocate elsewhere. Further, the family firm's physical location and its associated aspects – land and property – are often tied to t tradition to pass it from one generation to the next. Overall, these factors produce a strong tendency to protect family goals, thereby engendering a higher likelihood of taking a defensive action and, in the event of no resolution, engagement in brinkmanship.

Future research that focuses on the emotional complexity behind brinkmanship could also add to the brinkmanship literature from economics and political science where the calculative aspect has dominated (Allison, 1971). More work in the family business field has the potential to provide insight into these critical emotional factors (Kellermanns, Dibrell, & Cruz, 2014; Labaki, Michael-Tsabari, & Zachary, 2013; Naldi, Cennamo, Corbetta, &

Gomez-Mejia, 2011; Shepherd, 2016). Examples of relevant research questions to address here include: what are the emotions that emerge as the dominant coalition becomes successively engaged in a process towards brinkmanship action? How do these emotions differ depending on whether the organization is a family or a non-family business? How and why do the emotions differ among individuals within the dominant coalition? How do individuals within the dominant coalition deal with the tensions that emerge if emotions, with regards to the process of engaging in brinkmanship, are not shared?

Moreover, we encourage scholars to draw on psychological research and especially, research on the psychology of social relationships, to unveil the psychological foundations of management in family firms (Picone, De Massis, Tang, & Piccolo, 2021) that may shape their brinkmanship behavior. Examples of research questions are: What are the psychological foundations of family business actors' brinkmanship decisions? How do specific psychological biases and heuristics used by family business actors, such as overconfidence or hubris (Hayward & Hambrick, 1997), and humility (Ou et al., 2014), affect organizational brinkmanship? Are there generational differences? Do family owners' extraversion and agreeableness affect the drivers and processes of organizational brinkmanship? How do personality constructs (e.g., the Dark Triad, the Big Five, Proactive Personality) alter the determinants of brinkmanship behavior in a family firm?

The importance of the dominant coalition's identification with the business in the decision to engage in brinkmanship may be particularly acute in family firms. Growing up in, owning, and working in a family business creates an intense bond between individual family members and the firm (Zellweger et al., 2011). Family members tend to see the firm as an aspect of who they are, even perhaps as a multi-generational extension of the family (Zellweger et al., 2013). This "identification overlap" becomes even stronger when a firm carries the name of the family (Dyer & Whetten, 2006). We encourage future scholars to examine the role of social identification in organizational brinkmanship in greater depth. Examples of possible research questions are: how do different degrees of identification overlap between family members from different generations, family branches and positions within the family and the family business influence the likelihood of engaging in brinkmanship? Does strong identification overlap, such as when the firm carries the name of the family and many members of the owning family work in the firm, impact how and when the dominant coalition tries to mitigate a threat and when it tries to escalate?

Nederveen Pieterse (2007) notes that a possible factor common to organizational and political brinkmanship is that executives attain its gains but may be sheltered from its losses. This is different in family firms, where the dominant coalition from the owning family directly suffers the losses from brinkmanship. As mentioned, this is likely to mean that they are reluctant to engage in aggressive behavior like brinkmanship if there are other feasible options to deal with a threat perceived to jeopardize their survival. Our conceptual development does not embrace a comparison between family businesses and other forms of organizations, but it is reasonable to assume that executives in non-family businesses would tend to engage in brinkmanship earlier in the process than executives in family firms because they have less to lose[11].

Typically, family owners and executives who are members of the family business dominant coalition cannot just leave the firm and take another job as they have a much closer emotional and economic attachment to the firm. In our understanding of organizational brinkmanship, these actors are likely to feel a significant and growing attachment in response to the threat posed as they enter each stage. Initial concerns about the threat to economic and non-economic goals related to historical family control and current family control over

[11] We thank an anynomous reviewer for this insight.

resources become concerns about the survival of the business in the hands of the family, and perhaps a 'war' for its existence. To examine this, future research can address research questions such as: when and under what circumstances does an unexpected event become interpreted as a threat to the survival of a business? Is it possible to observe 'threat thresholds' before which the dominant coalition does not perceive the threat strong enough to consider engaging in brinkmanship? If yes, how are 'threat thresholds' different depending on the characteristics of the family business, owning family and, possibly, depending on industry, cultural and national contexts?

Finally, we suggest that quantitative methods are likely to yield useful new insights such as measuring differences in the proclivity to engage in brinkmanship between family firms and non-family firms, and between family firms themselves based on for example different ownership and management structures. Nevertheless, qualitative methods including process case-studies would be particularly valuable as these facilitate in-depth investigation, at multiple levels in single cases, and over time (Langley, 1999; Ven & Poole, 1995; Yin, 2003). These methods are well-suited to strong theory-building that is so necessary when little is known about a research area (Eisenhardt, 1989; Eisenhardt & Graebner, 2007).

3.3 Organizational Brinkmanship Boundary Conditions

Examining the boundary conditions of our model, future researchers might also study whether organizational brinkmanship is more likely under specific conditions. The length and quality of a firm's heritage is likely an important factor. Where the dominant coalition values their business-related heritage and history, they are likely to strive to protect them. They are also more likely to be able to do so in family firms where there are fewer obstacles from external directors or shareholders (Carney, 2005).

Another direction for future research is to investigate whether the understanding of organizational brinkmanship developed in this article is appropriate for other types of organizations such as large, publicly listed companies with diverse top management teams and diffuse ownership, or how organizational brinkmanship plays out in social ventures driven by a strong ideological purpose if key actors perceive this purpose to be threatened. Engaging in organizational brinkmanship is likely to incur costs for a family firm irrespective of whether a final resolution is satisfactory or not (Henderson, 1967; Malhotra et al., 2008; Smith, 2016). This is because it consumes resources and diverts focus away from the business. Assessing the performance implications of organizational brinkmanship is a relevant area for future research as well. However, to design such studies more work is needed to determine how to measure organizational brinkmanship and firm engagement. We also welcome studies investigating the effect of organizational brinkmanship on other outcomes at organization-, family- and/or individual-level such as stress, commitment, satisfaction, turnover intention, organizational citizenship behavior.

Furthermore, an important boundary condition of our perspective is the focus on external threats to the business. We deliberately did not focus on threats originating internally in the family and firm. While threats from the external environment are likely to be particularly salient for family firms in the future due to the Covid-19 pandemic and its social and economic reverberations (De Massis & Rondi, 2020; Rivo-López, Villanueva-Villar, Michinel-Álvarez, & Reyes-Santías, 2021) we acknowledge that this is a limitation of our study since threats may also emerge from internal sources. Thus, we encourage future scholars to extend and enrich our work by considering the *source* of threats. This could, for example, involve distinguishing between family-related and business-related and internal or external threats, and developing insights with regards to whether how and why family businesses engage in brinkmanship differs depending on the source of the threat. We believe it would be particularly intriguing if future research could explore cases where the source of the threat triggering brinkmanship engagement originates from inside the family firm and the owning family.

Also, we have assumed that the dominant coalition of the family business has the full discretion to direct, allocate, add to, or dispose of a firm’s resources for engaging in brinkmanship. Future research could draw on the corporate governance literature to examine how brinkmanship may change when this boundary condition is released and there are, for instance, other actors and groups of actors with significant influence in the firm’s strategic decision-making. Moreover, our theoretical examination has illustrated how and why family firms engage in brinkmanship as a response to an external event they perceive to threaten their survival. However, we have assumed that if a family business dominant coalition is willing to respond, it has the ability to do so. This ability assumption seems correct given the definition of dominant coalition of a firm. Nevertheless, we invite scholars to design future studies that challenge this assumption and explicitly distinguish between the dominant coalition’s willingness and its ability to engage in brinkmanship, ideally differentiating between ability as discretion and ability as competence.

Finally, our theoretical examination, although depicting a process of organizational brinkmanship in family business, did not explicitly take into account how long engaging in brinkmanship may take for a business organization, or variation in the timing associated with taking brinkmanship actions among different family business organizations. We therefore encourage scholars to examine aspects associated with temporality and the temporal evolution of brinkmanship, its varying speed among different types of family firms (e.g., family firms from different generations or characterized by different duration of family ownership) as well as in family versus nonfamily firms. Also, examining the effect of situational factors such as the imminence of family business succession or family business exit on the brinkmanship behavior of the family firms is another promising area for future research. As our focus in this study is the family business and its attempts to defend or protect its interests, more work would be warranted on protagonists – those on the counter or opposing side of a dispute with family firms. Further research could also investigate the evolution or character of brinkmanship when family firms are the aggressors rather than antagonists. Future research in this area would be a good step to consider brinkmanship as a two-sided process and embrace the perspective of not only one actor in the process, as we have done in this article.

3.4 Contributions

The main contribution of this study is to the family business literature where we develop and extend the notion of organizational brinkmanship (Smith, 2016), and outline how and why a family business may opt to engage in this behavior. In our understanding of brinkmanship in family businesses, augmented perceived threat to family goals, historical family control and current family control increases susceptibility to assiduous attempts at both appeasement and resolution. If that fails, it determines significant aggression in the form of brinkmanship towards a protagonist that may be harmful to both a firm and its threatening rival. We describe how engaging in organizational brinkmanship is a last resort solution to address a threat, how it builds successively, with iterative attempts to resolve issues before progressing to the final stage of aggression. We have argued that brinkmanship action is likely to be a last resort to deal with an external threat. In our model, it follows appeasement and exploring alternative solutions. Thus, most family businesses will work hard to avoid taking brinkmanship action. Brinkmanship will typically be centered on one issue, as in the ASM arena conflict, and The Washington Post and The New York Times decision to publish the Pentagon Papers, and where there is an impending deadline. As a family business dominant coalition becomes increasingly fearful about the survival of their business it stands for, a dispute is more likely to end in brinkmanship.

In essence, our examination proposes a conceptual description of how the family business dominant coalition may frame external events as threats to their family goals, and how they may choose to act to protect these goals (Berrone et al., 2012; Gomez-Mejia et al., 2011). We provide a conceptual framework of how the family business dominant coalition may respond especially aggressively to external threats to the family's economic and non-economic goals (Chua et al., 2015). This way we contribute to the still rather limited literature on family business strategy that concentrates on the link between family businesses and the external environment (e.g. Arregle et al., 2012; Minichilli et al., 2016). This contribution is valuable since most family business research tends to focus on the role of their internal features such as resources, interpersonal dynamics, and culture for family business strategy.

There are practical contributions flowing from this study. First, it helps owners and managers to establish their firm's policies regarding potential escalation, so that they may better analyze the risks and options for taking further action. To aid in the process, firms may usefully draw upon independent advisors and outside board members to provide less emotionally charged assessments. Indeed, how outsiders on the board can mitigate the likelihood of brinkmanship may be an interesting topic for future research.

4. Conclusion

Although the significance of brinkmanship has been well documented in the realms of politics and international affairs, it has received virtually no attention in management and business research. We have proposed an understanding of organizational brinkmanship in family businesses – a type of organization in which family-centered utilities can have important meanings for engaging in aggressive behaviors such as brinkmanship, and where the owning family members' position in the firm increases the complexity and intensity of its underlying motivations. We hope our analysis will encourage scholars to further examine how family businesses respond to external events that are perceived to threaten the existence of the business and, more generally, to stimulate studies on brinkmanship in different organizational settings.

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Figure 1. Organizational brinkmanship in family businesses