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Developing Potential in the Family Business – Learnings from a Queen Concert

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Abstract

Psychological Capital (Hope, Optimism, Resilience, Efficacy) is a powerful psychological resource to leverage the idiosyncratic potential of the family firm and to enhance performance through the attainment of goals. By developing Psychological Capital, the family firm can address critical issues which threaten sustainability, including reduced access to financial, human and social capital resources. The family firm is unique in terms of human capital due to the psychological attributes which are rooted in the duality of the organization, namely, family and business. As a result, the family business has a high dependency on the collaboration of both family and non-family members. This article demonstrates the benefit of developing Psychological Capital through lessons learned from a Queen concert.

Keywords: psychological capital, family business, potential, development, positive psychology.

You can be anything you want to be,
Just turn yourself into anything you think you could ever be.
— Freddie Mercury

The Contagion Effect

As a Queen concert demonstrates, Freddie Mercury's model of leadership ensured the uniqueness of the band, high energy engagement with fans and a willingness to evolve. Unafraid to be unique, the family business has more in common with these rock legends than they realise. It was LiveAid 1986 and Queen were the Champions. Queen's Radio Ga Ga performance was a global iconic sensation at the biggest concert the world has ever seen. Freddy Mercury led Queen to strategically prepare for a show of extraordinary magnitude, hoping to revive a stalled career, as the band, were thought to be past their prime. Resilient and optimistic, Freddie Mercury, fuelled by self-belief was hopeful that his goal of reinventing Queen would pay

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Figure 1: Queen performing Radio Gaga Live aid 1986. Source: Queen Official

off. Freddy Mercury dominated the stage with electrifying energy which snowballed through the contagion effect, as his bandmates matched his enthusiasm. Through call and recall, he and the band encouraged audience participation, resulting in the entire audience performing that famous overhead clapping sequence in unison. Freddy Mercury died in 1991. Bohemian Rhapsody, the film autobiography, was released in 2018. Even now, 27 years after his death, the next generation adores his music and realizes his musical legacy. If you have been to a concert, you will have experienced that high energy whereby the visceral positivity is shared by your fellow fans. A rock concert is more an exchange of energy than a music gig.

The Family Business

Now imagine working in a family business whose legacy transcends generations and whose leader inspires you to exchange such positivity with co-workers. A family business is defined as: an enterprise 'managed or governed by a principal coalition from within the same association or kinship of families who shape the vision of the business with a view to enabling successful succession throughout the generations'.[2]

The family business is the largest global employer, and its economic impact is enormous. The economic landscape of Ireland is also dominated by family businesses, most notably in the services sector. The sustainability of the family business in Ireland is vital for both social and economic reasons. In Ireland, the small to medium-sized family business employs 68% of the Irish workforce, and 75% of all businesses are family-owned, contributing to more than 50% of Ireland's Gross Domestic Product (GDP) and employment. Such stark statistics are more than a

small business issue – they are a serious economic issue for our economy, given the dominance of the family business in providing employment and contribution to GDP. The family business thinks long-term which fosters risk-averse actions and behaviours that facilitates an ability to navigate the tough times. An example of a risk-averse action would be the propensity to avoid debt. A robust family business leads to a robust economy. As the family business faces reduced access to economic capital, human capital, and social capital, the family business must look inwards and develop what resources it has available to remain competitive in the marketplace. One unique resource the family can draw on is Psychological Capital, which is defined as "an individual's positive psychological state of development"[3] and which is underpinned by the four elements of Hope, Efficacy (self-belief), Resilience, and Optimism. Developing Psychological Capital can subsequently help the family business build the other forms of capitals desperately needed.

Psychological Capital,[3] an overlooked yet powerful psychological resource is composed of four pillars: Hope, Efficacy, Resilience, and Optimism. Psychological Capital (PsyCap) can influence your perspective positively. Research shows that our perspective influences our behaviour. There is a robust behavioural science concerning Psychological Capital, as Hope, Efficacy, Resilience and Optimism can be measured and developed.[3,4] These constructs are not fixed personality traits but rather states of development. Neuroscience research shows that 40% of our levels of positivity are open to development, meaning that we can actively and intentionally improve our positivity and develop our potential – which is future-oriented.[5] According to Albert Bandura,[1] the acclaimed social cognitive psychologist, 50% of our levels of positivity are pre-determined by genetics, cultural environment and learning experiences. A further 10% of our positivity levels are dictated by circumstances such as age or income. Essentially, 60% of our brain positivity function is a product of our circumstances. This means that 40% of our positivity is developmental or malleable. As a result, we can become become an intentional and active agent in the development of our own positivity. Neuroscience data shows high levels of Psychological Capital presents as significant activity in the left prefrontal cortex - an area of the brain which processes rational thinking.[3] Activation of the pre-frontal cortex is associated with happiness and a positive perspective on life. A positive perspective on life can transition negative emotions to positive emotions. Positive emotions coupled with an intentiontal commitment can trigger productive behaviours such as goal-setting. As a result, developing Psychological Capital has a positive impact on life perspective.

Hopeful, optimistic, confident, and resilient individuals (or those high in Psychological Capital) are persistent and disciplined goal-setters who remain positive in the face of adversity, with strong beliefs in their abilities and an capability to not just deal with but also learn from adverse events. Rooted in positive psychology, Psychological Capital is interdisciplinary and is distinct from other sources of capital such as; human capital (*what do we know* – our experience, our education, our skillset); social capital (*who do we know* - our network of contacts), financial capital and economic capital (*what do we have?*). Psychological Capital can be developed, and

as a result captures the untapped potential that lies within – *who* can *we* become?[3] High levels of Psychological Capital can deliver increased performance, employee engagement and creativity, whilst low levels of Psychological Capital identify as anxiety, cynicism and absenteeism. So how can Psychological Capital affect the family business?

The family business is unique in terms of human resources, as a result of the psychological characteristics deeply embedded in the duality of the organization, which includes both family and business. The family business depends strongly on family and non-family members working together toward the same purpose. Psychological Capital is a powerful psychological resource that can develop family business employees' unique hidden potential. It does this by generating positive behaviours, such as belief in the achievement of goals, successful expectations, or the ability to rebound from crisis events such as a global pandemic. Developing a competitive advantage is a necessity for the family business looking not to just survive, but to thrive. Increased Psychological Capital will deliver an energised, motivated, goal-driven, conscious employee effort throughout the family business which leads to a more competitive organization. The family business requires a serious commitment to market competitiveness as it competes for staff and other resources, especially in Ireland - a country with government policy leaning towards the multi-national.

We do not know, and the problem this research is trying to understand is *how* PsyCap is developed in the family business. Why is this important? The family business faces several issues which threaten their future. These issues include difficulty accessing financial, human, and social capital resources. Reasons which contribute to this difficulty of access include the size of the family business, market share and, in Ireland significantly, the lure of the multinational. For instance, the social impact of the family business on our community is enormous – providing employment, keeping taxes local, creating an innovative marketplace and supporting local social ventures. This is very relevant as the family business delivers high socio-econmic impact in all geographical areas either directly through employment or indirectly through suppliers. With their long-term strategic outlook, the family business is critical to the future health and growth of every country's economic well-being during the post-pandemic recovery. This research aims to understand precisely how Psychological Capital is developed in the context of the complex family business. The results can contribute to a body of research that can assist the family business in leveraging its unique capabilities and strengthening its foothold in our economy.

Hope

The behavioural science of hope is not to be confused with wishful thinking. Hope is concerned with motivation, driven by goal-directed energy and subsequent planning to meet goals. Hope, in other words, **is** the individual process of focusing on personal goals aligned with belief, intentional motivation and pathways thinking - the cognitive ability to work out how to achieve those goals, both of which have a cyclical relationship. High levels of hope are linked to a



Figure 2: Global economic impact of the percentage rate of family businesses.

robust ability to achieve goals. The most common scientific understanding of hope concerns subjective or agency thinking which drives the internal motivation or self-drive necessary to propel oneself along the route to success. Research shows that pathways thinking develops the potential for creating one or more ways of achieving a goal. Hope is concerned with both agency and pathway thinking. Put simply, agency thinking is the goal thought process and pathway thinking is the experience of finding ways to achieve that goal.

Self-Efficacy

Self-efficacy beliefs tap into the determination and dedication to achieve personal goals irrespective of what roadblocks occur. Self-efficacy beliefs are concerned not with intended behaviour but rather with assumptions about what we believe we have the potential or ability to achieve. In the workplace, we activate our self-efficacy by mobilizing our motivation, experience, intellectual ability, and knowledge to make decisions needed to perform tasks. We can develop our self-efficacy through thoughtful observation, reflection, curiosity, life-long learning, mastery of skills and positive feedback, reducing anxiety and building confidence to set and accomplish clear goals.

Resilience

An essential construct in a world of increasingly rapid, turbulent changes, resilient individuals accept the reality of situations and can adjust to ever-changing conditions. In the context of business, resilience refers to the ability to 'bounce back' from difficult situations or situations that can jeopardize the business's sustainability, functioning, and development. Resilience is distinguished from the other capacities already mentioned, however, because it is reactionary and builds futures based on past experiences.

Optimism

Optimism is a positive psychological frame of reference for the world that concerns predictions for the future. Of course, predicting the future is nothing less than hocus pocus. Optimism extends beyond the dispositional tendency to expect a positive return from life. An optimistic bias provides a strong cognitive and affective foundation for motivation. Motivation and persistence is require to pursue goals, recognise opportunities and recover from setbacks. Optimism requires not just the focus on positive events, but the interpretation and ability to analyse as to why certain events occur. This ability in turn strengthens internal coping mechanisms. Conversely, the pessimist tends to create negative expectations or adopt cognitive avoidance which creates stress in times of difficulty. As a result, optimism is a strong indicator of well-being. Optimism does however throw up a conundrum, in that the overly optimistic person can place high expectations on themselves, leading to subjective pressure and poor decision-making. There are different types of optimism, examples of which include:

Realistic optimism essentially balances out the negative and the positive, with the belief that today's actions lead to a better tomorrow. For example: 'I planned and took inspired action to achieve my goal of getting the job. If I don't get the job then it is beyond my control. I will use it as a learning experience when applying for another job'. Realistic optimists believe that they can make success happen though effort and preparation.

False optimism operates with a reduced reality check concerning abilities and preparation. For example 'I deserve that new job - if I do not get the job, they are bad interviewers; it is nothing to do with me and my fabulous self.' False optimists believe that success will happen to them just because they are positive – which in essence is just reckless.

Hope, Optimism, Resilience and Efficacy have a much more profound effect than simple positivity. These constructs demand a conscious, intentional effort which requires purposeful hard work. Now that you understand the principles of Psychological Capital, it is essential to acknowledge the downside to positivity, because, in the words of the beautiful Queen ballad:

Life is Real

— Queen

Toxic Positivity

Despite the well-known implications of positive psychology, numerous studies agree that positivity in the workplace is not all positive. Being overly positive can mask toxic behaviour, place the blame for work conditions on the individual for not coping and shift responsibility for organizational issues from the organization to the individual. Therefore, acknowledging the negative influences or failures in the workplace creates a balanced experience of work-life.

Conducting this Research

This PhD research aims to understand how Psychological Capital develops in the family busi-

ness context. I aim to uncover how the intricate web of Psychological Capital exchange occurs across the business, from owner to manager to customer-facing employee. This is more than understanding the impact of positivity in the workplace. By interviewing family and non-family members of several third-generation family businesses spanning several industry sectors of varying size, turnover and scale, I hope to understand 'the Freddie Mercury effect'. How does the family business leader inspire and engage not just their managers but also those employees who operate at a distance from the leader, those who may barely know their employer, to engage in positive behaviour? When I say positive behaviour, I mean behaviour that generates and creates a sense of well-being, happiness and engagement that has an overall positive impact on the performance of the business.

Conclusion

Psychological Capital can potentially determine how the employees in a family business can respond competitively to the chaotic, turbulent and ever-evolving business environment characterized by a global pandemic, globalized supply chains, technological advances, hybrid work practices and a constantly-evolving global market. Developing Psychological Capital will add value to the uniqueness of the family business, given that Psychological Capital is an intangible resource that other companies cannot imitate. The resulting impact can strengthen the competitive advantage of the family business in a volatile marketplace. As you swish your freshly washed L'Oreal hair, wave your Louis Vuitton handbag, devour your locally sourced O'Flynn's hotdog and wear your Portwest raincoat at your next rock concert, may you appreciate the impact these local and global family businesses have on your daily life.

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